

2009 ANNUAL REPORT NEW YORK STATE THRUWAY AUTHORITY /CANAL CORPORATION

I. THRUWAY AUTHORITY

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

The Thruway is a 570-mile superhighway system crossing the State. It is the longest toll superhighway system in the United States. The Thruway route from the New York City line to the Pennsylvania line at Ripley is 496 miles long and includes the 426-mile mainline connecting the State’s two largest cities, New York City and Buffalo. Other Thruway sections make direct connections with the Connecticut and Massachusetts Turnpikes, New Jersey Garden State Parkway and other major expressways that lead to New England, Canada, the Midwest and the South. In 1991, the Cross-Westchester Expressway and in 1992, I-84 were added to the Thruway System. The Authority operated and maintained I-84 through October 2007 at the Authority’s expense. In October 2007, the Authority returned responsibility for I-84 to the New York State Department of Transportation. However, pursuant to an agreement between the Authority and the New York State Department of Transportation, the Authority currently continues to perform operation and maintenance of I-84 on behalf of the New York State Department of Transportation at the State’s expense. In all, the Thruway (without I-84) is comprised of 2,818 lane miles of roadway, 809 bridges, more than 350 office and maintenance buildings, 27 travel plazas, 275 toll booths, nearly 120 water services, 18 wastewater treatment plants and 26 motor fueling stations for Authority vehicles and equipment. Operationally, the Authority is segmented into four regional divisions - Albany, Buffalo, Syracuse and Suffern (referred to as New York Division) - with Administrative Headquarters located in Albany.

In 1992, legislation was enacted that transferred jurisdiction of the New York State Canal System from the New York State Department of Transportation to the Authority. This legislation also created the New York State Canal Corporation (“Corporation”), a subsidiary of the Authority, charged with operating, maintaining, constructing, reconstructing, improving, developing, financing and promoting the Canal System. This System consists of 524 miles of connected, navigable waterways encompassing: the Erie Canal (338 miles, east to west), the Champlain Canal (60 miles, south to north), the Oswego Canal (24 miles south-east to north-west, between Lake Ontario and the Erie Canal), and the Cayuga-Seneca Canal (12 miles, south-west to north-east linking the Erie Canal with Cayuga and Seneca Lakes). There are also 90 miles of navigable channel through Cayuga Lake to Ithaca and Seneca Lake to Watkins Glen, respectively. Comprised of both “canalized” natural rivers and dug channel, the Canal System’s 57 locks and 20 movable bridges facilitate navigation as part of a larger network of navigable waterways in New York State extending south to Florida, north to Canada, and west to the Great Lakes and the Mississippi River.

A. Capital Program

The Authority is currently delivering its \$2.1 billion multi-year highway and bridge Capital Program (2005-2011) which will enable the Authority to rehabilitate or resurface nearly 500 lane miles; replace, rehabilitate or provide preventative maintenance of nearly 200 bridges; and bring highway speed E-ZPass to specific locations along the Thruway.

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

In 2009, the Authority let 59 projects totaling more than \$161 million.

For more information, please visit the Authority’s website at www.nysthruway.gov/news/capital-plan/capital-program.html.

B. Tappan Zee Bridge Deck Replacement

In August 2006, the Authority awarded the Tappan Zee Bridge Deck Replacement Project (Contract I). Approximately 40% of the entire deck was replaced under this Contract, comprising four of the seven lanes on the west end of the Bridge and the main truss. In previous years, the Authority replaced half of the length of the center lane of the causeway and the entire east truss deck.

By the end of 2009, all of the deck panels and supporting steel beams had been installed as well as most of the new Bridge railing/barrier. Fabrication and installation of railing/barrier transitions will be completed in 2010, along with the removal of the work shield and miscellaneous minor work items.

Scheduled for completion in the Spring of 2010, the new deck, along with related repairs to the superstructure, lighting and rail, will provide more reliable service and increase safety for motorists using this vital east-west corridor.

In March 2010, the Authority will let another Tappan Zee Bridge Deck Replacement Project (Contract II), to complete the replacement of the original 1955 deck. The three center lanes from Nyack through the main span, totaling 407,404 square feet, or 28% of the deck, will be replaced using methodologies similar to those implemented in Contract I.

For more information, please visit the Authority's website at www.nysthruway.gov/projectsandstudies/projects/tzbdeck/index.html.

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

In December 2009, the New York State Thruway Authority announced the completion of a project to provide motorists with a seamless Interstate-to-Interstate connection between I-87 and I-84 in Orange County. The completion of this project not only provided commuters and visitors to the State with seamless transportation within the Hudson Valley Region, it created jobs, upgraded the infrastructure and incorporated environmentally-friendly technology into the design of the maintenance and toll facilities.

Phase II of the I-84/I-87 Interchange Reconstruction Project commenced in March 2006 and was substantially completed in December 2009. Phase II included utility work and the construction of a number of new buildings. During the 2009 construction season, the two new toll plazas were completed and opened to traffic.

Phase III of the I-84/I-87 Interchange Reconstruction Project commenced in March 2007 and was substantially completed in December 2009. Phase III included construction of all remaining service roadways, several new ramps, six new bridges and one bridge widening. Phase III also included the installation of new traffic signals on Route 300 and the construction of a new, larger tandem lot.

For more information, please visit the Authority's website at www.nysthruway.gov/projectsandstudies/projects/i84-i87/index.html.

D. Innovation

1. E-ZPass

In 2009, the Authority opened more than 114,760 E-ZPass accounts and issued more than 401,334 tags. E-ZPass is now used by more than 19 million motorists throughout North America. As of December 2009, the Authority had 2,548,361 active E-ZPass tags issued to Authority accounts.

Introduced in 2004, the E-ZPass On-the-Go Program has made obtaining an E-ZPass tag more convenient for Thruway motorists. By the end of 2009, there were 682 retail locations offering E-ZPass On-the-Go throughout New York State, including several gift shops located in Thruway Travel Plazas. The Program has been successful in that 42% of Thruway E-ZPass accounts opened in 2009 were E-ZPass On-the-Go accounts.

For more information, please visit the Authority's website at www.nysthruway.gov/ezpass/index.html.

2. Highway Speed E-ZPass

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

In 2006, the Authority began improving operations at the existing Woodbury Toll Barrier, in Orange County, by working toward the implementation of Highway Speed E-ZPass. Highway Speed E-ZPass lanes will allow E-ZPass customers to electronically pay their tolls without slowing from highway speeds. Cash customers will still need to stop at a toll booth, make their transactions and accelerate back to highway speeds. In 2009, as part of the Woodbury Mobility Project, the Authority reconstructed the toll lanes at the Harriman Toll Plaza, including repairs to the pavement and toll lanes, drainage, treadles, electronic toll collection equipment and attenuators work, and the installation of various overhead sign structures approaching the Woodbury Toll Barrier. The Authority expects to provide Highway Speed E-ZPass to both passenger and commercial customers at Woodbury in the Spring of 2010; the overall project is slated for completion in the Summer of 2010.

For more information, please visit the Authority's website at www.nysthruway.gov/projectsandstudies/projects/woodbury/index.html.

E. Customer Focus

1. Tappan Zee Bridge / I-287 Corridor Study

The long-term needs of the Tappan Zee Bridge and the adjacent I-287 Corridor are being addressed in a multi-agency study, managed by the New York State Department of Transportation.

For more information, please visit the project website at www.tzbsite.com.

2. Advanced Traffic Management System ("ATMS")

The Authority continues to implement the ATMS, an automation of services to provide more accurate and timely information to travelers, thus increasing the level of service provided. The ATMS automatically updates the Authority's website with incident information, provides real-time information to NYSDOT for the statewide 5-1-1 system and sends emails regarding high priority traffic alerts to subscribers (TRANSalerts).

The system now includes automated Highway Advisory Radio ("HAR"), using text-to-speech, allowing incidents to be updated in real-time to the Authority's 11 HAR stations. Additionally, Regional Audio Messages are available on the Authority's website, which provides travel information in both text and audio formats. This automation allows AMBER Alerts and emergency events to be simultaneously broadcast on all HAR stations.

Upon full implementation, the ATMS will also automate the Authority's 1-800 number, monitor the TRANSMIT system, automatically update Variable Message Signs ("VMS"), and improve dissemination of AMBER Alert information to VMS. These system improvements are scheduled to be completed by the end of 2010.

For more information about TRANSalerts, please visit the Authority's website at www.nysthruway.gov/tas/index.html.

For more information about 5-1-1, the statewide traveler information source, please visit www.511ny.org/.

F. Safety

1. State Police Troop T (Troop T)

In 2009, Commander Major Robert C. Meyers continued to lead New York State Police Troop T.

Troop T, whose members patrol the 570-mile Thruway and 71 miles of I-84 exclusively, conducted numerous safety initiatives in 2009, including: “Operation Work Brake,” aimed at curbing aggressive driving, especially through work zones; “Buckle Up New York,” a 14-day statewide seatbelt enforcement initiative; “Operation Spring Brake” and “Operation Summer Brake,” targeting the prevention of crash-causing behavior such as aggressive driving, speeding and DWI; Safety Break Demonstrations, aimed at educating motorists about safely sharing the road with trucks; and “Pumpkin Patrol,” aimed at preventing dangerous Halloween pranks. In addition, the Commercial Vehicle Enforcement Unit inspected thousands of these vehicles in 2009, ensuring that those with faulty equipment were placed out of service. In 2009, Troop T’s efforts to reduce speeding and DWI resulted in more than 195,000 tickets issued, approximately 86,000 of which were for speeding violations, and more than 1,160 were DWI arrests.

For more information, please visit www.troopers.state.ny.us/.

2. Snow and Ice Program

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

The 2008-2009 snow and ice season (November 2008 - April 2009) was an active one across the Thruway System. Each of the Authority's 23 maintenance sections responded to an average of 38 snow and ice events, ranging from localized squalls to multi-day events. Material usage for the season was approximately 12.4% higher than historical averages. In addition, overall labor hours for snow and ice control were higher than in each of the seven previous seasons.

The Authority maintains covered storage capacity for approximately 135,000 tons of dry de-icing materials in more than 60 buildings strategically placed along the Thruway. Bulk storage tanks located across the System also provide storage capacity for approximately 100,000 gallons of liquid de-icers.

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

Weather forecasting information obtained from professional meteorological services is provided to all Authority maintenance sections and the Thruway Statewide Operations Center. Field personnel use local resources to fine tune weather forecasts and responses. In addition, there are more than 40 locations Thruway-wide where pavement and air temperature sensors provide data to desktop computers that are used by maintenance supervisors to monitor weather conditions and trends on the roadway. This data is used in conjunction with weather forecast information to more accurately manage snow and ice control operations.

3. Construction

In the New York Division (milepost 0.0 - 76.5), work was performed on 11 major projects during 2009, six of which were completed during the year. In addition to the two Interchange 17 contracts, other projects that were completed in 2009 include: Highway Safety Upgrades south of Harriman (\$1.2 million),

Rehabilitation of the Mountain View Avenue Bridge in Clarkstown (\$2 million), East Fishkill and Stormville Rest Area Wastewater Treatment System Rehabilitations (\$1.2 million), and Division-wide Bridge Painting (\$2.5 million). The Tappan Zee Bridge Deck Replacement Project, Contract I, (\$179 million) was substantially completed in 2009 (see specific project write up for further detail).

In the Albany Division (milepost 76.5 - 197.9), work was performed on seven major projects during 2009, six of which were completed during the year. Two bridge projects on the Berkshire Connector were completed in 2009 - the Castleton Bridge Deck Rehabilitation (\$4.0 million) and the replacement of the Interchange B1 (Post Road/Route 9) Bridges over the Berkshire Connector (7.4 million). Additionally, construction work was completed on three highway safety upgrade projects (replacement of guiderail, slope flattening and culvert extensions): Interchange 18-New Paltz to five miles north of Interchange 19-Kingston (\$3.3 million), Interchange 20-Saugerties to five miles south of Interchange 21-Catskill (\$2.0 million) and Interchange 27-Amsterdam to Interchange 28-Fultonville (\$2.3 million). A mill and inlay paving project was completed between Interchanges 23 and 24 in Albany (\$5.0 million). Finally, work was completed on the following canal projects: rehabilitation of Movable Dam 6 at Erie Canal Lock 10 in Montgomery County (\$18.2 million), 2nd rehabilitation of Movable Dam 10 at Erie Canal Lock 14 in Montgomery County (\$17.1 million). The rehabilitation of Erie Canal Lock 6 in Saratoga County (\$14.9 million) is ongoing.

In the Syracuse Division (milepost 197.9 - 350.6), work was performed on five major projects during 2009, two of which were completed during the year. Of these two completed projects, the first resurfaced the Mainline from Interchange 40-Weedsport to the Seneca River Bridge at milepost 313.8 (\$6.8 million). The other project completed the replacement of the Buckley Road Bridge over the Thruway (\$4.7 million). The \$127.9 million project to reconstruct I-90 from Interchange 39 (I-690) to Interchange 40 (Weedsport) continued in 2009 with the completion of 20 lane miles of reconstructed pavement. The \$5.6 million project to replace Rt. 370 over the Thruway began in 2009, and is scheduled to be completed in the Fall 2010. Finally, the project to rehabilitate Oswego Canal Lock 5 (\$10.1 million) continues towards a 2010 completion.

In the Buffalo Division (milepost 350.6 - 496.0), work was performed on nine major projects during 2009, four of which were completed during the year. The projects included repaving the Mainline from east of Interchange 49 (Depew) to the Williamsville Toll Barrier (\$3.5 million), rehabilitation of Interchanges 45 and 46 (\$2.8 million), painting of 11 bridges between Interchange 45 and Interchange 57 (\$6.7 million) and rehabilitation of Black Creek Bridges (\$1.9 million). Substructure repairs on the South Grand Island Bridges (SGIB) began in 2009; the deck replacement work on the South Grand Island Bridges Northbound Bridge (\$48.2 million) will be performed in 2010. Projects to repave the Mainline from east of Interchange 46 (Rochester/I-390) to Interchange 47 (Rochester/LeRoy) (\$12.1 million), to rehabilitate concrete pavement on the Niagara Thruway, I-190 from I-90 to Interchange 14 (Ontario Street) (\$8.6 million) and to repave the Mainline from Interchange 54 (Route 400) to the Lackawanna Toll Barrier (\$2.2 million) are ongoing. Additionally, one project to install intelligent transportation systems equipment along I-190 (\$10.3 million) will continue into 2011.

For more information about the Authority's Capital Program, please visit www.nysthruway.gov/news/capital-plan/capital-program.html.

G. Statistics

1. Commercial Traffic

Commercial traffic for 2009 totaled 24,208,034 trips, representing an 8.8% decrease from 2008. (This number does not include traffic on I-287 or I-84.)

2. Passenger Traffic

Passenger traffic for 2009 totaled 222,511,042 trips, representing a .23% increase from 2008. (This number does not include traffic on I-287 or I-84.)

3. Maintenance

During the 2008-2009 winter maintenance season (November 2008 - April 2009), the Authority used approximately 204,000 tons of salt at a cost of approximately \$11.6 million. The season's snow and ice activities required approximately 250,000 labor hours. This included plowing mainline pavement and ramps, applying liquid anti-icing materials for pre-treatment before a storm, and cleanup activities in service areas, parking lots and around buildings. [Based on a 15-year historical average, the Authority estimates usage for the 2009-2010 season will be approximately 180,000 tons, at an estimated cost of more than \$10.2 million.]

Maintenance crews also spent more than 470,000 hours throughout the year performing pavement and bridge repair activities, guiderail and safety work, and responding to accident damage repairs. Accomplishing this work required the use of more than 22,000 tons of asphalt and 3,200 cubic yards of concrete. Crews also devoted more than 285,000 hours to landscape maintenance including right-of-way cleanup and grass mowing.

In 2009, the Authority's Central Sign Shop, responsible for producing nearly all of the signs along the Thruway, manufactured more than 68,000 square feet of signage. This included more than 230 roadside regulatory, warning and directional signs, totaling more than 9,700 square feet. In addition, the Sign Shop continues to produce specialty signs and graphics for the Thruway Authority, Canal Corporation and State Police, and signs for the New York State Fair and other events.

4. Fatalities

Statistics indicate that 2009 was the safest year in the Thruway's 56-year history. A primary measure of safety is the fatality rate, which is calculated as the number of fatalities per 100 million vehicle miles ("MVM") traveled. In 2009, there were 26 fatal accidents on the Thruway resulting in 27 deaths, reflecting a fatality rate of 0.27, the lowest rate in Thruway history.

The fatality rate along the Thruway remains significantly below the national average as calculated by the National Center for Statistics and Analysis of the National Highway Traffic Safety Administration. While one fatality is one too many, the Thruway's rate was nearly 1/5 of the overall national fatality rate and 1/3 of all roads in New York State.

For more information, please visit <http://www.nhtsa.dot.gov/>.

5. E-ZPass

In 2009, nearly 64% of Thruway customers utilized E-ZPass (electronic toll collection) for their toll transactions. More than 69% of the Authority's toll revenue in 2009 came from E-ZPass users.

The Authority is an active member of the E-ZPass Interagency Group, formed in 1990 to develop an interoperable electronic toll collection system in New York, New Jersey and Pennsylvania, which has now grown to include 25 toll agencies/authorities in 14 states.

For more information, please visit www.e-zpassNY.com/.

H. Environmental Stewardship

In 2009, the Authority's Bureau of Environmental Services ("Bureau") continued to work to meet air, land and water-based environmental requirements. The Bureau developed the Environmental Stewardship Project Implementation and Planning Report ("Report") for the Authority/Corporation; implementation of this Report is ongoing.

To assist the Authority's four Divisions with their operation, maintenance and construction oversight, environmental reminders were issued for maintenance supervisors and construction inspectors to use during implementation of day-to-day projects and activities. In addition, to assist with environmental compliance activities, guidance has been issued in the form of Maintenance Directives to assist all Division staff in the application of environmental regulations.

1. Recycling Containers

In 2009, the Authority continued with the recycling program implemented in 2008. The containers at all 27 Thruway Travel Plazas collect newspaper, plastic bottles, glass and aluminum cans from Thruway patrons. Informational brochures have been developed and are available inside the Travel Plazas to provide information on the Authority's recycling program, as well as New York State's recycling program.

2. Alternative Fuel

The Authority continues to strive to meet the requirements of the Federal Energy Policy Act of 1992 and New York State Executive Orders 111 and 142, which urge State agencies and authorities to become less dependent on foreign oil and to provide cleaner air.

The Authority's current fleet includes 496 active alternative fuel vehicles. The Authority utilizes ultra low sulfur diesel at all of its fleet fueling locations and has expanded the use of biodiesel to 13 locations.

The potential to offer alternative fuels for retail sale is also being explored.

3. Invasive Species

The Authority/Corporation is an active member of the New York State Invasive Species Council ("Council"). The Council is charged with implementing specific initiatives to protect native species and prevent the spread of invasive plants and animals.

For more information on the Council, please visit www.dec.ny.gov/environmentdec/38219.html.

4. Municipal Separate Storm Sewer Systems ("MS4")

The Authority/Corporation's MS4 public outreach campaign, "Connecting the Drops," continued in 2009. This initiative is part of a comprehensive Stormwater Management Program intended to educate New Yorkers on the importance of water quality and stormwater pollution prevention, and remind them that what is released into the environment can reach water bodies and put aquatic life, recreation and even drinking water at risk. The "Connecting the Drops" effort includes educating Authority/Corporation employees, as well as the motorists and boaters who use the Thruway and Canal Systems. During the Spring and Fall of 2009, the Authority/Corporation provided educational lessons to fourth grade students who participated in the Canal Corporation's Tugboat Urger program. More than 4,700 fourth grade students and 150 teachers learned the importance of protecting water quality and preventing water pollution. In addition, a video about stormwater pollution prevention is played several times a day to travelers at all Thruway Travel Plazas.

5. Service Area Remediation

The Authority is continuing to work diligently and proactively to carry out remedial compliance responsibilities for more than 30 spills at 22 Service Areas and a number of maintenance facilities. While the Authority is not primarily responsible for the spills at these locations, NYSDEC is requiring the Authority, as owner of the facilities, to provide an expedited program to remediate these sites. The remedial activities are coordinated by the Bureau of Environmental Services in cooperation with the Office of Travelers' Services and in consultation with the Authority's fueling station vendors (currently, Sunoco Inc., (R&M) and Lehigh Oil Company). Direct coordination with various agencies such as the NYSDEC, New York State Department of Health, and local health departments is also necessary. Using independent contractors and consultants, the cleanup of the fueling stations along the Thruway will take a number of years to complete and comply with further site monitoring requirements.

6. Syracuse Reconstruction Project

As part of its environmental stewardship, the Authority incorporates elements of environmental preservation into its operations to every extent practicable. Consistent with this objective, consideration for the environment has been integral to the design and construction of the Syracuse area, Interchange 39 (Syracuse, Fulton, I-690) to Interchange 40 (Weedsport, Auburn) Reconstruction Project. Commenced in 2008, the project includes the complete reconstruction of 15 miles of two travel lanes, in both directions, between Interchanges 39 and 40 along I-90. In 2009, the Authority continued to work closely with the United States Army Corps of Engineers (USACoE), the New York State Department of Environmental Conservation (NYSDEC), the U.S. Fish and Wildlife Service and the U.S. Environmental Protection Agency to protect the environment from construction impacts. At least 11 acres of wetlands are being constructed to mitigate any potential effects of construction to existing wetlands. The mitigation work will be completed in 2010. As the project progresses, additional environmental protection measures will include: soil and erosion control, the prevention of the introduction of invasive plant species in wetlands, the avoidance of impacts to endangered species, and landscaping, such as planting trees at interchanges and other selected areas throughout the 15-mile corridor. The overall project is slated for completion in 2011.

Similar environmental stewardship initiatives are being incorporated into other, large-scale capital projects along the Thruway.

For more information about this project, please visit the Authority's website at www.nysthruway.gov/projectsandstudies/projects/i39-i40/index.html.

II. CANAL CORPORATION

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

For more information, please visit the Corporation's website at www.nyscanals.gov/.

A. Operations and Maintenance

1. Capital Program

Several critical Capital Projects were completed in 2009. These projects included the rehabilitations of the movable dams at Lock E-10 in Cranesville and Lock E-14 in Canajoharie. Another phase of the Utica Harbor remediation project was completed in 2009, with the removal of contaminated soil from Dredge Spoil Area 1.

Additionally, painting of the movable dam at Lock E-12 was initiated in 2009. Two Canalway Trail projects were initiated in 2009; Canastota to Erie Canal Village and City of Schenectady. The City of Schenectady segment is being funded with American Recover and Reinvestment Act (ARRA) funds. Several projects also continued from prior years into 2009, including the rehabilitation of Locks O-5, O-8, and E-6.

2. Maintenance

In 2009, maintenance staff completed winter rehabilitation work at six locations (Locks C-9, E-16, E-20, E-24, E-29 and E-32). Winter rehabilitation work includes installation and removal of cofferdams; valve rehabilitation; minor concrete repairs; and miter gate cleaning, steel repairs and painting. Lift Bridge repairs were completed at the Fairport Lift Bridge. Also, miter gate steel repairs were completed at Locks E-3 and E-9.

Additionally, maintenance projects were completed at various locations Statewide, including the resurfacing of the Canalway Trail in the Fonda Section (involving assistance from Authority maintenance staff); building demolition and repairs in the Fort Edward and Waterford Sections; the rehabilitation of the Utica Harbor Lock in the Utica Section; and the assembly of pontoon sections for floating plant use and steel repairs to the crane boom on the Wards Island vessel. Work continued on the Caughdenoy Taintor Dam in the Syracuse Section and the Dry Dock in the Lyons Section. Emergency embankment repairs were completed at three locations in the Albion Section involving the installation of steel sheet piling to stop severe leakage from the Canal.

3. Flood Recovery

In 2009, the Corporation completed recovery efforts from the June and November 2006 flood events which devastated the Mohawk Valley. Staff continued to work closely with the Federal Emergency Management Agency and the New York State Emergency Management Office to ensure reimbursement for eligible recovery work

4. Structure Inspections

During 2009, Spectra Engineering, P. C. and its sub-consultants completed the contract for the above water inspections of Corporation structures with the submission of final reports for 187 Canal structures.

Collins Engineers, P. C. and its sub-consultants began a new round of above water inspections, completing the inspection and final reports for 102 Canal structures.

Collins Engineers, P. C. completed its contract for the underwater inspection of 107 Canal structures and M. G. McLaren, P. C. was awarded a contract for the next 2 years of underwater inspections.

The remaining Corporation structures – those structures not considered “major” and without underwater elements – are routinely inspected by in-house Division Canal staff.

5. Dredging Program

The Corporation continued its aggressive dredging program in 2009, with a total of 558,271 cubic yards (“cy”) dredged from the navigation channel. Some of these dredging activities were critical to the successful transit of a high priority U.S. Navy shipment through the Canal System, while others were part of the Corporation’s continued emphasis on restoring the Canal System channel to full depth. Major sections undertaken in 2009 included Little Falls (Lock E-17 to E-18 pool), Herkimer (Lock E-18 to E-19 pool), Utica (Lock E-19 to E-20 pool) and Watkins Glen to Montour Falls (South end of Seneca Lake). Dry dredging operations took place at several creek mouths with the goal of removing the dredge material before it migrated into the navigation channel. The dry dredging program has extended the dredge season throughout the winter and has had a significant impact on the condition of the channel.

The total volumes dredged by the respective floating plants during 2009 were:

128,371cy dredged by the Waterford Floating Plant
248,251cy dredged by the Utica Floating Plant
164,149cy dredged by the Syracuse Floating Plant
<u>17,500cy</u> dredged by the Albion Floating Plant
558,271cy - Total

6. Vessel Inventory Management Plan

The Corporation’s varied historic vessels in the Floating Plant have been continuously and rigorously maintained in excellent working condition. These vessels, many more than 50 years old, continue to perform the necessary Corporation tasks of placing, maintaining, and removing buoys, moving dredges, taking depth soundings, and a myriad of other jobs on the Canal System.

During 2009, the Corporation completed an Inventory of the Floating Plant, including photographs, dimensions and facts and figures on each vessel. The Inventory will be used in cooperation with the State Historic Preservation Office and the State Museum to develop a Management Plan for preserving and maintaining the vessels.

7. Water Management

Safe and reliable navigation throughout the Canal System was maintained throughout the 2009 navigation season.

In 2009, the Corporation partnered with the NYSDEC and other State agencies to develop the Mohawk River Basin Action Agenda, a plan designed to enhance the ecosystem, health and vitality of the Mohawk Valley region, with a focus on the protection and restoration of the canal, its watershed and its communities. The Action Agenda is a roadmap to guide and coordinate basin-wide activities of numerous organizations to support this plan.

8. General Electric Hudson River Dredging

The Corporation continued to work closely with the United States Environmental Protection Agency (“USEPA”), state agencies, including the NYSDEC, the New York State Department of Health (NYSDOH) and the New York State Attorney General’s Office, and local officials, to support the USEPA environmental remediation of the Hudson River. The Corporation continued to participate in this process through attendance at Community Advisory Group meetings, State agency monthly coordination meetings and bi-weekly conference calls with the USEPA and state agency officials. Corporation staff provided significant input and recommendations into a variety of planning, design and construction documents related to the dredging, and worked closely with the NYSDEC and NYSDOH on issues related to Hudson River floodplain contamination and remediation.

General Electric completed the first phase of dredging in 2009, including the remediation of the navigation channel between Lock C-7 on the Champlain Canal and the Fort Edward Yacht Basin. Most of the Fort Edward Yacht Basin and approach channel was dredged to full navigation depth, restoring access for commercial and recreational vessels that has been restricted for decades due to the PCB contamination. A total of 1.4 million tons of sediment was transported through Lock C-7.

9. State Police Troop T

During 2009, State Police - Troop T - Canal Detail continued to provide a Recreational Vehicle Enforcement Unit assigned to the Canal System waterways and trails. The nine-member unit utilized All-Terrain Vehicles (“ATV”), bikes, boats, Personal Water Crafts and snowmobiles to patrol canal properties and waters. In 2009, Members of Troop T’s Marine Detail issued more than 1,400 tickets for violations of the Navigation, ATV and Snowmobile Laws including speed/reckless operation, alcohol related offenses and other safety violations. Members of Troop T were also responsible for making more than 700 arrests for violations of criminal, environmental, and Vehicle & Traffic Laws. Troopers continued to utilize snowmobiles and ATVs to assist in searches for lost/missing persons and criminal investigations, and to assist patrols on the Thruway during severe winter storms.

B. Office of Community Relations (“OCR”)

During 2009, efforts to increase and improve local Canal-side amenities and public access were enhanced by the continued implementation of the Erie Canal Greenway Grant Program, and by active participation in federal, state, local, and nonprofit partnerships dedicated to revitalizing and promoting Canal communities.

1. Erie Canal Greenway Grant Program

In 2009, Corporation staff continued to work with the 54 Erie Canal Greenway Grant Program recipients monitoring various stages of design and construction and processing reimbursement requests. To date, seven projects are completed, three projects have accomplished their first phases, 16 are currently under construction, and four projects are finalizing their bidding processes for construction in the Spring of 2010. The latest projects to be completed include a newly built mule/horse stable at the Chittenango Landing Canal Boat Museum, and a \$2.9 million partnership project to restore the Nine Mile Creek Aqueduct in the Town of Camillus to an operable condition.

Two additional contracts were approved for Erie Canal Greenway Grant funding in 2009: \$120,000 will be provided to the Canal Society of NYS, Inc. to assist with costs associated with the 2010 World Canals Conference, and \$200,000 is to be provided to Erie County towards the Black Rock Canal Park project.

2. Canal Recreationway Activities

The 1992 legislation which transferred responsibility for the Canal System to the Thruway Authority and establishing the Corporation also created the 24-member Canal Recreationway Commission (“CRC”) to advise the Authority/Corporation on Canal-related activities. The CRC membership consists of ten individuals involved in Canal use, development, preservation or enhancement and local governments from counties adjacent to or intersected by the Canal System, six individuals from New York State agencies and eight individuals from regional planning commissions located within the Canal System. During 2009, the CRC held five public meetings. Meetings of the CRC are simultaneously webcast and remain posted on the Corporation’s website for a four-month period following the meeting.

During 2009, the CRC determined that two transfers of jurisdiction and 10 abandonments of Corporation lands were consistent with the Canal Recreationway Plan. All Corporation real property transactions were progressed in accordance with the Public Authorities Accountability Act, other applicable State laws, and the rules, regulations, policies and Standard Operating Procedures of the Corporation. Additionally, the CRC approved the Canal System Development Fund Budget for Fiscal Year 2010.

C. Government Partnerships

1. Erie Canalway National Heritage Corridor (“ECNHC”)

The Corporation partnered with the ECNHC on several Canal-wide initiatives during 2009, including an economic impact study of Canal heritage tourism sites, an arts-in-heritage partnership with arts organizations along the Canal, the Quadricentennial voyage of the historic Canal motorship Day Peckinpaugh and the Canal Splash!

2. New York State Department of State (“NYSDOS”)

The Corporation worked closely with the NYSDOS on its Local Waterfront Revitalization Program (“LWRP”) and sits on the advisory committee for LWRPs that include Canal communities. Canal LWRPs developed or updated during 2009 included the Village of Scotia, City of Amsterdam, City of North Tonawanda, Village of Fort Ann, and the Town of Cicero.

3. New York State Environmental Facilities Corporation (NYSEFC”)

In 2009, the Corporation partnered with the NYSEFC to conduct outreach to appropriate sites for pump-out installation grants and on-data gathering to document the ratio of Canal boat traffic to pump-out facilities. In addition, the NYSEFC was a major partner in the Canal “Clean Sweep” event. As part of the “Clean Sweep,” the NYSEFC sponsored a local clean-up event and assisted the Corporation with promotion efforts for the statewide event.

4. New York State Department of Environmental Conservation (“NYSDEC”)

The Corporation served on the New York State Invasive Species Council, headed by NYSDEC and the New York State Department of Agriculture and Markets, to coordinate statewide efforts to prevent the introduction and spread of aquatic and terrestrial invasive species in New York State.

The Corporation also worked with the Lake Champlain Basin Program (LCBP) in 2009 regarding invasive species. The Corporation and LCBP held meetings with New York and Vermont federal representatives to seek funding for the USACoE Feasibility Study of a dispersal barrier for aquatic invasive species on the Champlain Canal. The Corporation and LCBP continue to evaluate invasive species treatment alternatives that could be implemented on the Glens Falls Feeder Canal to address the recently discovered spiny water flea in the upstream Great Sacandaga Lake.

5. New York State Department of Economic Development / I Love NY (“I Love NY”)

The Corporation continued to work with I Love NY in 2009 to help promote the Canal System. In addition to being a member of the Interagency Tourism Task Force, the Corporation attended Tourism Promotion Agency Summits. The Corporation also partnered with I Love NY for Call Center Services through a Memorandum of Agreement.

D. Canalway Trail

In 2009, further progress was made on the multi-year plan to complete the Erie Canalway Trail across New York State from the Hudson River to Lake Erie. When complete, the 365-mile Erie Canal portion of the Canalway Trail will be the longest multi-use recreational trail in the United States.

Construction of two important Canalway Trail segments in the central and eastern parts of New York State moved forward in 2009. In November, work began on the rehabilitation of a 20-mile Erie Canalway Trail segment in Madison and Oneida Counties. The \$2.12 million project is being funded with Federal Transportation Enhancement funds administered by the New York State Department of Transportation. The Corporation also opened contract bids in August 2009 for the rehabilitation of a four-mile Erie Canalway Trail/ Mohawk-Hudson Bike Hike Trail segment in Schenectady County. The \$1.2 million project is funded through the federal ARRA of 2009. Work on both projects is scheduled to be complete by October 2010. At the end of 2009, more than 270 miles of Erie Canalway Trail had been completed.

1. Cycle the Erie Canal

During 2009, the Corporation sponsored Parks and Trails NY's 11th annual "Cycle the Erie Canal" bike tour from Buffalo to Albany. The July event drew approximately 500 participants from across the United States and abroad. Hundreds of volunteers in communities along the route welcomed the riders and provided food and refreshments. Participants also had the opportunity to participate in boat rides on the canal, museum tours and visits to the many historic sites along the corridor. More than half of the 400-mile tour was on completed sections of the Erie Canalway Trail.

2. Canalway Trail Celebration

On June 6, 2009, the Corporation partnered with Parks and Trails NY to sponsor the 6th annual Canalway Trail Celebration in conjunction with National Trails Day. More than 50 events, ranging from trail cleanups to group cycling and walking tours, took place across the State to highlight the importance of the Canalway Trail as a premier recreational destination and acknowledgement of the many volunteers who support the Canalway Trail throughout the year.

E. Land Management

In 2009, the Corporation Board approved and/or extended the approval of the following land transactions:

- .14 acre in the Town of Northumberland, Saratoga County, to Jeffrey and Deborah Schoman.
- Withdrawal of the authorization of the sale of .46 acre in the Village of Newark, Wayne County, to Susan Polakiewicz and authorizing the sale of .515 acre in the Village of Newark, Wayne County, to Gerald and Connie Deary.
- One year extension (March 2010) of the authorization of the transfer of 1,622 acres in the Town of Western and City of Rome, Oneida County, adjacent to and under Delta Lake, to the State Office of Parks, Recreation and Historic Preservation.
- One year extension (March 2010) of the approval of the transfer of 18.75 acres in the Village of Fayetteville, Onondaga County, to the State Office of Parks, Recreation and Historic Preservation.
- .145 acre in the Town of Halfmoon, Saratoga County, to DeWitt Campbell.
- Extension of the authorization (April 2010) to exchange .20 acre of Corporation land located at the Inner Harbor, in the City of Syracuse, Onondaga County for approximately 0.68 acre of land owned by the City of Syracuse.
- Confirming and extending authorization for one year (April 2010) the sale of .14 acre of surplus property in the Town of Fort Edward, Washington County, to Kenneth and Annette Carner.
- 11.43 acres in the Town of Perinton, Monroe County, to the Town of Perinton.
- 5.434 acres adjacent to the Syracuse Inner Harbor for a transfer of jurisdiction of the land to the New York State Department of Transportation.
- Lease of 1.038 acres in the Village of Herkimer, Herkimer County, to the Village of Herkimer .
- 2.8 acres in the Village of Baldwinsville, Onondaga County, to the Village of Baldwinsville.
- .07 acre in the Town of Colonie, Albany County to Natalie Nussbaum and Alan Tallman.
- .1 acre in the Town of Halfmoon, Saratoga County, to Joanne Ropelewski.
- .218 acre in the Town of Forestport, Oneida County to Joanne Charles Rieben.

The Corporation also closed on the sales of the following surplus property:

- .18 acre in the Town of Halfmoon, Saratoga County, to Paul and Gayle Allen.
- 9.455 acres in the Town of Glenville, Schenectady County, to the Schenectady County Historical Society.
- 19.43 acres in the Town of Halfmoon, Saratoga County to Gail Krause.

F. Recreational Boating

Although built to facilitate the transport of goods, the Canal System has evolved into a recreational boating destination. While still very much viable for commercial shipping, the Canal System is now primarily used as a recreational waterway.

G. Traffic Statistics

1. Commercial:

Commercial trips increased from 81 trips in 2008, to 112 trips in 2009. It should be noted that 66 of the trips in 2009 were attributable to the ongoing Hudson River Dredging Project.

2. Recreational:

Recreational traffic increased by 4.9% from 93,073 in 2008, to 97,720 in 2009.*

3. Tour Boat:

Tour boat traffic decreased by 3.4% from 8,348 in 2008, to 8,060 in 2009.*

4. Hire Boat:

Hire boat traffic increased by 2.9% from 6,478 in 2008, to 6,670 in 2009.*

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

H. Events

The Corporation's two major Statewide annual promotional events - the Canal Clean Sweep and the Canal Splash! - experienced continued growth.

For more information about events located along the entire Canal System, please visit www.nyscanals.gov/exvac/index.html.

1. Canal Clean Sweep

In recognition of Earth Day, the fourth annual "Canal Clean Sweep" was held the weekend of April 17-19, 2009. This event encouraged communities, businesses and non-profit organizations along the entire Canal Corridor to help prepare for the opening of the Canal System on May 1, by participating in cleanup and beautification activities along the Canal and the Canalway Trail. The Corporation once again partnered with Parks and Trails NY and the NYSEFC. The New York State Consumer Protection Board ("CPB") was a new partner for this event, hosting a Shredding Day in Utica. More than 85 clean-up events were held in preparation for the 184th navigation season.

2. Canal Splash!

During the weekend of August 7-9, 2009, the Corporation held the fourth annual statewide signature event, "Canal Splash!" to highlight the history, beauty, culture and recreational appeal of the Canal System. In 2009, the "Canal Splash!" featured more than 100 local events, guided walks, bike tours, discounted kayak and canoe rentals, canal cruises, cultural offerings and much more throughout the Canal Corridor. The three-day, multi-location celebration attracted tens of thousands of people to the events organized by State agencies, communities, non-profits and local businesses. The event was widely publicized throughout the Canal Corridor through distribution of 10,000 "Canal Splash!" brochures. The Corporation partnered with the Erie Canalway National Heritage Corridor Commission and Parks and Trails NY to organize the event.

I. Tugboat Urger Education Program

The Tugboat Urger, the Corporation's flagship vessel, continued to serve as the focal point of a program to educate school children and adults regarding the importance of New York's historic Canal System. In the Spring and Fall of 2009, the Tugboat Urger visited communities along the Canal and students in fourth-grade classes at local schools participated in field trips to the Tugboat for "hands-on" shore-side educational sessions. The students learned about the history of the Canals and the role construction of the Erie Canal played in making New York the "Empire State."

In 2009, the Tugboat Urger was visited by more than 5,000 school children throughout the Canal Corridor. For the sixth consecutive year, the Tugboat Urger program partnered with the Waterford Maritime Historical Society, the Waterford Visitors Center, and Peebles Island Visitor Center for the "Canalways Program", a full day of educational activities related to the Canal System. In 2009, this successful program took place over five days and accommodated nearly 500 students. Additionally, in 2009, the Tugboat Urger participated in ten Canal-side festivals and entertained and educated more than 15,000 visitors.

For more information about the Urger program, please visit www.nyscanals.gov/cculture/tugboat.html.

J. Day Peckinpaugh

In 2009, Corporation staff continued to work closely with the New York State Museum ("NYSM"), Office of Parks, Recreation and Historic Preservation, and the Erie Canalway National Heritage Corridor Commission on the Day Peckinpaugh program. The last remaining Barge canal motorship in existence, the Peckinpaugh was acquired by the NYSM and returned to the Canal in 2005, through a partnership between the Corporation and these agencies. Staff also worked closely with the New York State Quadricentennial Commission on the Peckinpaugh's voyage from New York Harbor to Rouses Point on Lake Champlain. The Corporation contributed mooring space and use of the Waterford dry dock during the 2009 season and continued to be an active partner in this project.

K. Hudson Fulton Champlain Quadricentennial Celebration (“HFCQ”)

The Corporation participated in several events as part of the 2009 HFCQ Celebration. The Corporation participated in Working on Water: Celebrating 400 Years of Maritime History (“WOW”). During the months of August and September 2009, the Corporation was a major partner of WOW, a journey of historic vessels, including the motorship Day Peckinpaugh and the Tugboat Urger.

FINANCE

Prior to December, the Authority Board approves the Authority/Canal Corporation budget for the ensuing fiscal year. This financial plan sets forth the sources and uses of funds necessary for the Authority's operations, Capital Program, mandated projects and debt service requirements. The financing components are primarily Thruway revenues, bond and note proceeds, Federal Aid and Other funds.

For the 2009 calendar year, the Authority expended a total of \$914.9 million. Of this amount, \$321.2 million is attributed to the Thruway and Canal Capital Program, which includes the Highway and Bridge Rehabilitation Program, the Canal Infrastructure Program, Mandated Projects and Equipment Replacement.

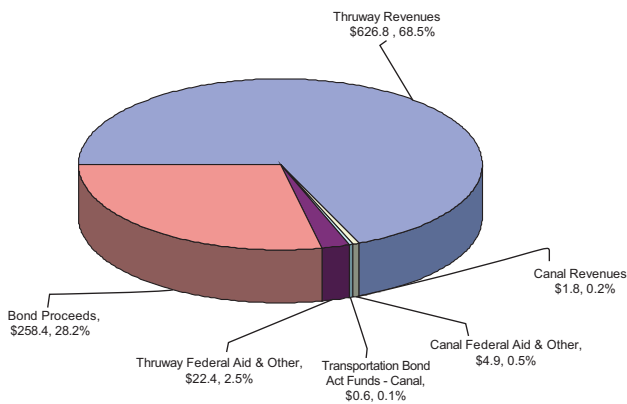
Debt service requirements for 2009 were \$166.3 million for the Authority's General Revenue Bonds. The Authority issued \$700 million in Bond Anticipation Notes in July 2009. The interest expense of \$10.6 million was accrued as payable on January 1, 2010.

Thruway operating expenses totaled \$339.3 million plus an additional \$5.0 million for working capital and an additional \$3.0 million provided for the Claims Liability due to the resolution of several personal injury claims. The Environmental Remediation Liability of \$4.3 million, relative to GASB #49, was provided in 2009. Total Canal, Canal Development Fund and I-84 operating expenses were \$65.2 million. Since November 2007, the Authority has been fully reimbursed for all operating and maintenance expenses on I-84 pursuant to an agreement that is subject to annual renewal with the New York State Department of Transportation. Another agreement with the Division of State Police provides for reimbursement for all costs to continue to have Troop T police I-84. In 2009 these reimbursements totaled \$11.8 million.

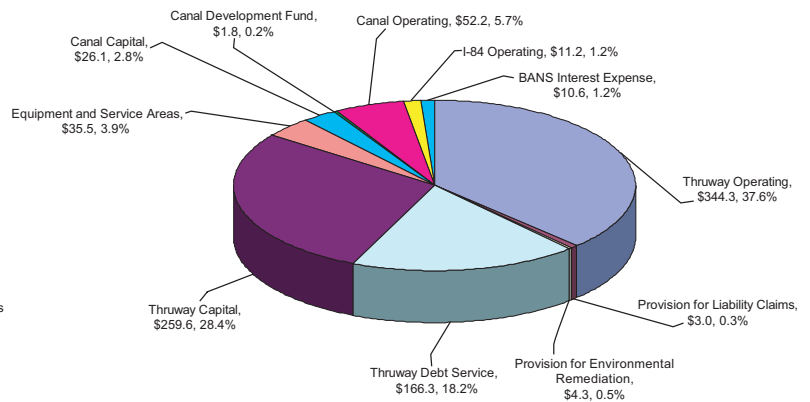
During 2009, the Capital Program was funded through a financing plan, which incorporates the use of Authority Revenues, Bond and Note Proceeds and Federal Aid and Other funds.

2009 FUNDING SOURCES AND EXPENDITURES

SOURCES
\$914.9 Million



EXPENDITURES
\$914.9 Million



SOURCES OF THRUWAY REVENUE

Total Revenues for 2009 were \$638,321,637, an increase of \$42,134,307 or 7.1 percent from 2008. Total Thruway operating expenses for the same period were \$346,650,795, an increase of 2.77 percent from 2008.

Revenues from tolls totaled \$611,641,920, an increase of \$48,929,340, primarily due to 2009 toll adjustments which increased tolls by 5%, effective January 4, 2009. Passenger and commercial toll revenues were \$400,822,351 and \$210,819,569 respectively.

Other revenues amounted to \$26,679,717, including \$2,507,931 from the 28 Thruway gas stations, \$10,044,587 from the 27 restaurants, \$1,033,281 of interest on the Authority's investments in the Revenue Fund, \$1,791,177 in special hauling permits and \$11,302,741 in sundry receipts.

During 2009, \$34,465,993 was provided to the Reserve Maintenance Fund from revenues.

For 2009, \$166,273,037 was remitted to the Authority's trustees for Debt Service requirements. Also, \$10,599,733 was provided for the General Revenue Bond Anticipation Notes issued in July 2009.

In 2008, the Governmental Accounting Standards Board issued Statement #49 that requires the entity to disclose the estimated cost of environmental remediation obligations. As a result, the Authority had provided \$4,325,000 in 2009 and has a year end liability of \$6,940,855. Additionally, due to implementing GASB Statement #45 in 2007, there is a requirement to disclose the future Retiree Health Insurance costs of current employees as a liability. The Unfunded Retiree Health Insurance costs for 2009 were determined by an actuary to be \$40,587,116. The Authority only funds the current year's Retiree Health Insurance costs.

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

	2009	2008
MAINTENANCE:		
Highway.....	\$ 43,952,696	\$ 38,027,369
Highway and Equipment.....	30,600,438	31,997,746
Snow and Ice Control.....	15,533,402	18,155,916
Headquarters and Division Staff.....	18,556,262	19,574,193
Buildings.....	19,347,576	16,241,518
Bridges and Structures.....	22,832,693	19,107,678
Toll Equipment.....	5,640,882	5,324,149
TOTAL MAINTENANCE COSTS	<u>\$ 156,463,949</u>	<u>148,428,569</u>
OPERATING:		
Toll Collection.....	\$ 78,858,111	\$ 80,713,902
Administrative and General.....	30,637,008	31,196,879
Policing.....	50,906,749	48,264,958
Finance and Accounts.....	17,392,291	16,312,145
Traffic Administration.....	12,392,687	12,387,904
TOTAL OPERATING COSTS	<u>\$ 190,186,846</u>	<u>\$ 188,875,788</u>
MAINTENANCE AND OPERATING COSTS.....	\$ 346,650,795	\$ 337,304,357
Unfunded Retiree Health Insurance.....	40,587,115	38,312,111
Net Change in Provision and Liability	<u>(1,643,252)</u>	<u>4,477,250</u>
GRAND TOTALS.....	<u>\$ 385,594,658</u>	<u>\$ 380,093,718</u>

TAXES COLLECTED ON THRUWAY

State and Federal taxes collected on the Thruway totaled \$38,783,025 in 2009, compared with \$38,022,450 in 2008. These came from the following sources:

	2009	2008
State 8 cent-per-gallon tax on gasoline and diesel fuel	\$ 5,434,999	\$ 5,023,481
Federal 18.4 cent-per-gallon tax on gasoline and 24.4 cent-per-gallon tax on diesel fuel	\$ 12,854,063	\$ 11,902,336
State sales tax collected at restaurants	\$ 8,248,112	\$ 8,304,440
State sales tax collected at gasoline stations	\$ 12,245,851	\$ 12,792,193

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

INVESTMENTS AND DEBT SERVICE

INVESTMENTS

The Authority manages its investment portfolio pursuant to the respective general bond resolutions, public authorities law and the Authority's Investment Policy approved annually by the Authority Board. Permitted investments are defined as obligations in which the State Comptroller may invest pursuant to section 98a of the State Finance Law. This includes obligations of the United States and its federal agencies, collateralized time deposits, commercial paper, bankers acceptances and repurchase agreements. Although the actual amount of investments varies from month to month, the following represents the investment portfolio for each program as of December 31, 2009:

	(millions)
Thruway Funds	\$968.0
State Infrastructure Bank	10.7
Local Highway and Bridge Service Contract Bonds	98.0
State Personal Income Tax Revenue Bonds	108.7
Highway and Bridge Trust Fund Bonds	344.5

BONDS AND NOTES DEBT SERVICE AUTHORITY REVENUE BACKED BONDS AND NOTES (in thousands)

Type	Series	Date Sold	Final Maturity	True Interest Cost	Principal Amount	Outstanding 12/31/2008	Additions	Redemptions	Outstanding 12/31/2009
General Revenue Bonds					(Repayment - Secured by first lien on all tolls, rents, fees and other income.)				
	Series F	3/2005	1/2030	4.41%	\$ 624,570	\$ 591,965	\$ -	\$ -	\$ 591,965
	Series G	9/2005	1/2032	4.68%	738,925	737,595	-	-	737,595
	Series H	10/2007	1/2037	4.48%	1,008,910	998,515	-	-	998,515
					<u>\$ 2,372,405</u>	<u>\$ 2,328,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,328,075</u>
	TOTAL								
General Revenue Bond Anticipation Notes									
	Series 2009A	7/2009	7/2011	2.00%	\$ 680,610	\$ -	\$ 680,610	\$ -	\$ 680,610

BONDS DEBT SERVICE *(Continued)*

STATE OF NEW YORK SUPPORTED BONDS *(in thousands)*

Type	Series	Date Sold	Final Maturity	True Interest Cost*	Principal Amount	Outstanding 12/31/2008	Additions	Redemptions	Outstanding 12/31/2009
Local Highway and Bridge Service Contract Bonds					(Repayment - Secured by a service contract with the State of NY)				
	1999	9/1999	4/2019	5.56%	\$ 370,920	\$ 18,155	\$ -	\$ -	\$ 18,155
	2000	9/2000	2/2020	5.26%	364,465	27,070	-	-	27,070
	2001	11/2000	4/2021	4.56%	205,145	39,380	-	8,600	30,780
	2002	8/2002	4/2017	4.18%	650,000	466,645	-	27,805	438,840
	2003	10/2003	3/2021	3.96%	754,045	612,850	-	572,205	40,645
	2007	5/2007	4/2017	3.98%	203,760	201,210	-	9,730	191,480
	2008	2/2008	4/2017	2.94%	247,045	244,535	-	75,050	169,485
	2009	10/2009	4/2021	3.11%	529,595	-	529,595	-	529,595
TOTAL					\$ 3,324,975	\$ 1,609,845	\$ 529,595	\$ 693,390	\$ 1,446,050
Highway and Bridge Trust Fund Bonds					(Repayment - Secured by a Cooperative Agreement with the State of NY)				
	1999A	3/1999	4/2019	4.62%	\$ 380,040	\$ 45,295	\$ -	\$ \$45,295	\$ -
	2000A	3/2000	4/2020	5.57%	337,910	9,810	-	-	9,810
	2001A	3/2001	4/2020	4.71%	421,355	51,425	-	12,335	39,090
	2001B	10/2001	4/2021	4.35%	338,715	82,535	-	23,120	59,415
	2002A	3/2002	4/2022	4.49%	437,910	150,395	-	29,070	121,325
	2002B	6/2002	4/2022	4.37%	435,805	129,325	-	29,320	100,005
	2002C	6/2002	4/2020	4.28%	628,130	536,245	-	51,415	484,830
	2003A	4/2003	4/2023	4.07%	476,375	118,070	-	-	118,070
	2003B	7/2002	4/2023	3.73%	532,755	200,185	-	-	200,185
	2004A	3/2004	4/2024	3.59%	328,565	151,645	-	-	151,645
	2004B	7/2004	4/2024	4.17%	406,915	182,080	-	-	182,080
	2005A	3/2005	4/2025	4.11%	194,740	130,120	-	-	130,120
	2005B	9/2005	4/2025	4.12%	2,786,000	2,757,080	-	13,805	2,743,275
	2006A	8/2006	4/2026	4.54%	350,895	296,695	-	12,155	284,540
	2007A	3/2007	4/2027	4.22%	356,390	345,290	-	11,800	333,490
	2007B	6/2007	4/2027	4.45%	360,115	351,035	-	11,995	339,040
	2008A	3/2008	4/2028	4.64%	493,720	493,720	-	21,415	472,305
	2008B	8/2008	4/2028	4.17%	658,855	658,855	-	6,180	652,675
	2009A	3/2009	4/2029	4.30%	237,980	-	237,980	-	237,980
	2009B	6/2009	4/2029	4.45%	300,000	-	300,000	-	300,000
TOTAL					\$10,463,170	\$ 6,689,805	\$ 537,980	\$ 267,905	\$6,959,880
State Personal Income Tax Revenue Bonds (Transportation)					(Repayment - Secured by a Financing Agreement with the State of NY)				
	2002A	8/2002	3/2022	4.53%	\$ 250,915	\$ 79,575	\$ -	\$ 10,220	\$ 69,355
	2003A	7/2003	3/2023	4.13%	347,880	184,855	-	13,860	170,995
	2004A	10/2004	3/2024	4.09%	352,300	234,030	-	13,710	220,320
	2005A	7/2005	3/2025	4.04%	333,245	261,785	-	8,630	253,155
	2006A	8/2006	3/2026	4.34%	338,270	299,455	-	12,260	287,195
	2007A	8/2007	3/2027	4.67%	325,160	314,795	-	10,845	303,950
	2007A (Ref)	8/2007	3/2018	4.12%	171,070	171,070	-	-	171,070
	2008A	8/2008	3/2028	4.25%	466,905	466,905	-	9,710	457,195
	2009A	6/2009	3/2029	4.32%	431,030	-	431,030	-	431,030
TOTAL					\$ 3,016,775	\$2,012,470	\$ 431,030	\$ 79,235	\$ 2,364,265

* As of Issue Date

AUTHORITY BOND PROGRAMS

The Thruway Authority is authorized to issue notes and bonds through private (negotiated) sales. The Authority has issued notes and bonds to finance a portion of our capital program as well as to fund various state and local municipal capital transportation programs. The total amount of bonds and notes issued since 1990 for Thruway purposes is \$6.107 billion and for state and local projects is \$23.073 billion. The following describes these bond programs:

GENERAL REVENUE BONDS - The General Revenue Bonds are secured by a first lien on all tolls, rents, fees and other income derived from the operation of the Thruway. The Series F bonds were issued to pay at maturity the CP-1 Notes, to refund portions of the outstanding Series B, D and E bonds at a present value savings of \$18.6 million, and to provide \$25 million for the Authority's Capital Program. The Series G bonds were issued to pay at maturity the 2004A BANs and the CP-2 Notes and to provide \$200 million for the Authority's Capital Program. The Series H bonds were issued to refund a portion of the outstanding Series E bonds at a net present value savings of \$18.4 million, and to provide \$537 million for the Authority's Capital Program. The amount issued for capital projects and refunding is \$4.170 billion with \$2.328 billion currently outstanding. The final maturity of these bonds is January 1, 2037.

GENERAL REVENUE BOND ANTICIPATION NOTES - To take advantage of historically low short term interest rates, the Authority issued \$680.6 million in traditional Bond Anticipation Notes in July, 2009. The Notes were issued to provide funds for a portion of the Authority's Multi-Year Capital Plan over the next two years. The bond anticipation notes mature on July 15, 2011.

LOCAL HIGHWAY AND BRIDGE SERVICE CONTRACT BONDS - The bonds have no pledge on Thruway revenues and are secured solely by payments made by the State under a service contract. These bonds were issued between 1991 and 2003 to provide the Authority with funds to reimburse approximately 1,600 municipalities throughout the State for qualifying capital

expenditures for local highway, bridge and multi-modal projects. The series 2007 and 2008 bonds were issued to refund outstanding bonds for present value savings. In 2009, the Authority issued \$529.6 million in bonds to refund the 2003c variable rate bonds (Auction Rate Securities) and to terminate interest rate exchange agreements (swaps) entered into with the issuance of the 2003c bonds. The total amount of bonds issued since 1991 is \$5.707 billion with \$1.446 billion currently outstanding. The final maturity is April 1, 2021.

STATE PERSONAL INCOME TAX REVENUE BONDS (TRANSPORTATION) - The bonds have no pledge on Thruway revenues and are secured solely by payments made by the State to the Trustee on behalf of the Authority from state personal income tax receipts. The Authority has issued state personal income tax bonds (PIT) each year since August, 2002 for the same program purposes as the local highway and bridge projects under the service contract bonds described above. The Authority is one of five authorized issuers of the PIT bonds. In 2009, the Authority issued \$431.0 million of bonds. The total amount issued since 2002 is \$3.017 billion with \$2.364 billion currently outstanding. The final maturity of these bonds is March 15, 2029.

HIGHWAY AND BRIDGE TRUST FUND BONDS - The bonds have no pledge on Thruway revenues and are secured by a pledge of certain payments to the Authority from funds held in the State's Dedicated Highway and Bridge Trust Fund. These bonds have been issued each year since 1994 to provide funds to reimburse the State for certain expenditures made or to be made by the Department of Transportation in connection with the State's multi-year Highway and Bridge Capital Program. In 2009, the Authority issued two series of these bonds totaling \$538.0 million, which included \$31.7 million to refund certain outstanding bonds and produced \$1.2 million in net present value savings. The total amount of bonds issued since 1994 is \$14.349 billion with \$6.960 billion currently outstanding. The final maturity of the bonds is April 1, 2029.

COMPARATIVE EARNINGS - THRUWAY SYSTEM

	2009	2008	2007	2006	2005
TOLL REVENUES					
PASSENGER					
Woodbury—Buffalo-St. 15-50 Inc.....	\$ 176,408,766	\$ 159,355,340	\$ 150,746,208	\$ 150,912,396	\$ 141,934,214
Erie Section—Sta. 55-61 Inc.....	20,625,064	18,239,692	17,259,306	17,237,239	16,314,082
Grand Island Bridges.....	14,131,931	13,513,436	11,550,730	11,438,089	9,978,973
Tappan Zee Bridge.....	103,456,557	85,385,993	82,113,202	81,962,250	73,843,908
Yonkers Barrier.....	18,036,820	14,261,422	12,306,488	12,249,951	11,354,654
Berkshire Section.....	13,694,911	12,201,224	11,363,333	11,482,563	10,872,177
New Rochelle Barrier.....	29,948,715	24,813,461	22,527,981	22,528,684	21,289,062
Spring Valley Barrier.....	98,064	95,953	104,358	118,296	88,976
Harriman Barrier.....	20,191,856	15,198,901	12,757,777	12,789,089	11,567,220
Niagara Section.....	0	0	1,395	8,886,947	9,723,156
	\$ 396,592,684	\$ 343,065,422	\$ 320,730,778	\$ 329,605,504	\$ 306,966,422
Permits-Sta. 15-61 Inc. B1-B3.....	4,229,667	4,012,880	3,999,407	4,043,995	4,108,232
	\$ 400,822,351	\$ 347,078,302	\$ 324,730,185	\$ 333,649,499	\$ 311,074,654
COMMERCIAL					
Woodbury—Buffalo-St. 15-50 Inc.....	\$ 137,813,258	\$ 141,170,829	\$ 141,141,571	\$ 141,144,373	\$ 127,268,998
Erie Section—Sta. 55-61 Inc.....	26,966,630	29,141,158	29,168,377	29,739,425	26,980,688
Grand Island Bridges.....	3,351,917	3,360,023	3,398,473	3,516,581	3,354,142
Tappan Zee Bridge.....	21,316,570	21,162,140	21,528,070	21,858,659	20,387,600
Yonkers Barrier.....	4,614,010	4,431,566	4,108,167	3,930,335	3,468,644
Berkshire Section.....	15,939,461	16,706,778	16,710,071	17,147,293	15,676,378
New Rochelle Barrier.....	12,036,414	11,531,487	11,086,334	11,037,951	9,787,934
Spring Valley Barrier.....	6,484,438	6,624,931	6,594,188	6,684,711	6,122,016
Harriman Barrier.....	3,474,459	3,198,388	3,005,528	2,970,430	2,772,516
Niagara Section.....	0	0	0	3,794,261	4,191,930
	\$ 231,997,157	\$ 237,327,300	\$ 236,740,779	\$ 241,824,019	\$ 220,010,846
Less Volume Discount.....	(21,177,588)	(21,693,022)	(21,149,706)	(21,110,445)	(19,894,719)
	\$ 210,819,569	\$ 215,634,278	\$ 215,591,073	\$ 220,713,574	\$ 200,116,127
SUMMARY					
Woodbury—Buffalo-St. 15-50 Inc.....	\$ 314,222,024	\$ 300,526,169	\$ 291,887,779	\$ 292,056,769	\$ 269,203,212
Erie Section—Sta. 55-61 Inc.....	47,591,694	47,380,850	46,427,683	46,976,664	43,294,770
Grand Island Bridges.....	17,483,848	16,873,459	14,949,203	14,954,670	13,333,115
Tappan Zee Bridge.....	124,773,127	106,548,133	103,641,272	103,820,909	94,231,508
Yonkers Barrier.....	22,650,830	18,692,988	16,414,655	16,180,286	14,823,298
Berkshire Section.....	29,634,372	28,908,002	28,073,404	28,629,856	26,548,555
New Rochelle Barrier.....	41,985,129	36,344,948	33,614,315	33,566,635	31,076,996
Spring Valley Barrier.....	6,582,502	6,720,884	6,698,546	6,803,007	6,210,992
Harriman Barrier.....	23,666,315	18,397,289	15,763,305	15,759,519	14,339,736
Niagara Section.....	0	0	1,395	12,681,208	13,915,086
Permits-Sta. 15-61 Inc. B1-B3.....	4,229,667	4,012,880	3,999,407	4,043,995	4,108,232
	\$ 632,819,508	\$ 584,405,602	\$ 561,470,964	\$ 575,473,518	\$ 531,085,500
Less Volume Discount.....	(21,177,588)	(21,693,022)	(21,149,706)	(21,110,445)	(19,894,719)
NET TOLL REVENUE	\$ 611,641,920	\$ 562,712,580	\$ 540,321,258	\$ 554,363,073	\$ 511,190,781
CONCESSION REVENUE:					
Gasoline Stations.....	\$ 2,507,931	\$ 2,366,936	\$ 2,784,258	\$ 3,420,675	\$ 3,542,596
Restaurants.....	10,044,587	10,169,720	10,215,407	9,620,589	11,480,428
TOTAL CONCESSION REVENUE	\$ 12,552,518	\$ 12,536,656	\$ 12,999,665	\$ 13,041,264	\$ 15,023,024
SUNDRY REVENUE, INTEREST	\$ 14,127,199	\$ 20,938,094	\$ 28,343,128	\$ 26,594,435	\$ 21,094,545
TOTAL REVENUES (1)	\$ 638,321,637	\$ 596,187,330	\$ 581,664,051	\$ 593,998,772	\$ 547,308,350
OPERATING EXPENSES					
Toll Collection.....	\$ 78,858,111	\$ 80,713,902	\$ 81,497,893	\$ 83,777,610	\$ 78,314,954
Policing.....	50,906,749	48,264,958	46,638,431	45,875,690	45,280,901
Traffic Administration.....	12,392,687	12,387,904	13,237,394	13,086,276	12,646,933
Maintenance:					
Highway and Building.....	120,222,629	111,106,674	113,303,824	93,777,056	97,161,615
Equipment.....	36,241,320	37,321,895	35,426,919	33,140,492	31,367,011
Finance and Accounts.....	17,392,291	16,312,145	14,554,246	12,345,587	11,830,536
Administrative and General.....	30,637,008	31,196,879	34,308,336	48,759,970	28,708,443
TOTAL OPERATING EXPENSES	\$ 346,650,795 (4)	\$ 337,304,357 (3)	\$ 338,967,043 (2)	\$ 330,762,681	\$ 305,310,393
Net Revenues Before Adjustments.....	291,670,842	258,882,973	242,697,008	263,236,091	241,997,957
Provision for Liability Claims.....	0	0	0	7,049,546	(1,994,950)
Adjustments.....	(6,592,440) (7)	5,068,653 (7)	(3,923,420) (7)	(5,980,754) (6)	4,893,439 (5)
Net Revenues after Adjustments.....	\$ 285,078,402	\$ 263,951,626	\$ 238,773,588	\$ 264,304,883	\$ 244,896,446
USE OF NET REVENUES					
Debt Service.....	\$ 166,273,037	\$ 163,527,138	\$ 135,822,037	\$ 127,370,042	\$ 103,821,733
Reserve Maintenance Fund.....	34,465,993	30,727,118	20,748,644	69,794,167	60,900,100
Other Authority Projects.....	48,652,694	45,247,967	56,159,240	54,340,674	50,674,613
General Reserve Fund.....	35,686,678	24,449,403	26,043,667	12,800,000	29,500,000
TOTAL	\$ 285,078,402	\$ 263,951,626	\$ 238,773,588	\$ 264,304,883	\$ 244,896,446

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

(2) Includes \$6.8 million of Claims Liability Expense and excludes \$39.0 million in 2007 Unfunded Retiree Health Insurance costs.

(3) Includes \$2.5 million of Claims Liability Expense and excludes unfunded liabilities of \$38.3 million in 2008 Retiree Health Insurance costs and \$4.5 million in 2008 Environmental Remediation costs relative to the implementation of GASB #49.

(4) Includes the Claims and Environmental expenses net of the \$7.3 million provided and excludes unfunded liabilities of \$40.6 million in 2009 Retiree Health Insurance costs.

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

(6) Includes revenue retained for 2007 Operating Reserves.

(7) Includes revenue retained from prior year Operating Reserves less revenues retained for subsequent year's Operating Reserves.

THRUWAY STATISTICS

	2009	2008	2007	2006	2005
TRAFFIC					
Miles Traveled (1).....	9,713,574,771	10,202,050,919	10,414,180,022	10,487,222,156	10,698,582,256
Miles in Operation-Year's End.....	641	641	641	641	641
Daily Average Miles (1).....	26,612,534	27,874,456	28,532,000	28,732,115	29,311,184
Average Trip (Controlled System).....	40	40	41	41	41
Passenger.....	37	37	38	38	38
Commercial.....	59	61	61	62	63
TOLL					
Total Toll Transactions.....	246,719,076	248,537,994	255,965,320	269,390,856	274,016,131
Passenger.....	222,511,042	221,992,873	228,223,724	240,393,130	241,531,800
Commercial.....	24,208,034	26,545,121	27,741,596	28,997,726	32,484,331
Daily Average Toll Transactions.....	675,943	679,066	701,275	738,057	750,729
Permits Sold.....	34,782	34,442	35,446	35,832	36,889
Permit Trips.....	9,371,004	9,481,256	9,620,327	9,838,057	9,977,286
Permit Miles.....	209,543,086	211,191,169	217,115,608	222,111,417	226,551,491
REVENUE					
Total Income.....	638,321,636	596,187,330	581,664,051	\$593,998,772	\$547,308,350
Passenger Tolls.....	400,822,351	347,078,302	324,730,185	333,649,499	311,074,654
Commercial Tolls.....	210,819,569	215,634,278	215,591,073	220,713,574	200,116,127
Restaurants.....	10,044,587	10,169,720	10,215,407	9,620,589	11,480,428
Gasoline Stations.....	2,507,931	2,366,936	2,784,258	3,420,675	3,542,596
Interest.....	1,033,280 (2)	3,947,955 (2)	10,902,295 (2)	11,466,236 (2)	6,549,724
Other.....	13,093,918	16,990,139	17,440,833	15,128,199	14,544,821
EXPENSES					
Operating Costs (3).....	339,325,795 (8)	334,836,582 (7)	332,216,741 (6)	\$310,713,135 (5)	\$303,805,343 (4)
Transfers to Other Funds.....	123,805,365	100,424,488	102,951,551	136,934,841	141,074,713
Total Debt Service.....	178,217,711	167,623,605	137,140,090	131,401,890	118,909,514
Principal.....	54,195,000	51,765,000	39,530,000	37,675,000	43,535,000
Interest.....	124,022,711	115,858,605	97,610,090	93,726,890	75,374,514
ACCIDENTS AND INCIDENTS					
Fatal.....	26	28	32	37	28
(Fatalities).....	27	33	35	47	30
Personal Injury.....	1,821	1,907 *	2,120	1,989	2,161
(Persons Injured).....	2,654	2,626 *	2,893	2,835	3,095
Property Damage.....	8,033	9,117 *	9,476	8,107	8,579
ACCIDENT RATES					
Per 100,000,000 Miles Traveled					
Fatal Accidents.....	0.27	0.28 *	0.31	0.35	0.26
Personal Injury Accidents.....	18.75	18.81 *	20.36	18.97	20.20
Property Damage.....	82.70	89.94 *	90.99	77.30	80.19
Total Accidents.....	101.71	109.03 *	111.66	96.62	100.65
FATALITY RATES					
Per 100,000,000 Miles Traveled					
Annual.....	0.28	0.33 *	0.34	0.45	0.28
Cumulative.....	0.88	0.90	0.92	0.94	0.96
MISCELLANEOUS					
Gallons Fuel Delivered.....	67,290,785	63,096,546	71,047,628	71,896,885	73,872,045
Emergency Service Calls.....	59,452	61,015	66,828	82,801	94,664

- (1) Due to the toll class realignment on May 15, 2005, passenger traffic now includes passenger vehicles with trailers which were previously counted under commercial vehicles. Also, commercial traffic has decreased because certain commercial vehicles (tandem trailers and 53' tractor trailers) that previously counted as two transactions are now counted as one.
- (2) Total interest was \$1,915,045 for 2009 of which the Revenue Fund received \$1,033,280. Total interest was \$7,451,113 for 2008 of which the Revenue Fund received \$3,947,955. Total interest was \$15,612,679 for 2007 of which the Revenue Fund received \$10,902,295. Total interest was \$18,122,172 for 2006 of which the Revenue Fund received \$11,466,236.
- (3) Includes CWE maintenance expenses.
- (4) Excludes Claims and Indemnity expense of \$1,505,050, which was funded via transfers to the Public Liability Claims Reserve.
- (5) Excludes Claims and Indemnity expense of \$20,049,545, which was funded via transfers to the Public Liability Claims Reserve.
- (6) Excludes Claims and Indemnity expense of \$6,750,302 which was funded via transfers to the Public Liability Claims Reserve and Unfunded Retiree Health Insurance costs of \$38,968,237, recognized in 2007 as a result of implementation of GASB 45.
- (7) Excludes Claims and Indemnity expense of \$2,467,776 which was funded via transfers to the Public Liability Claims Reserve, Unfunded Retiree Health Insurance costs of \$38,312,111 and as a result of implementing GASB 49, Unfunded Environmental Remediation costs of \$4,477,250.
- (8) Excludes Claims and Indemnity expense of (\$148,682) which was funded via transfers to the Public Liability Claims Reserve, Environmental Remediation expense of \$5,830,430, which is funded via transfers to the Environmental Remediation Reserve and Unfunded Retiree Health Insurance expense of \$40,587,116.

* Adjusted figures

BRIDGE AND BARRIER TRAFFIC AND REVENUE SUMMARY

STATION	TRAFFIC 2009	TRAFFIC 2008	REVENUE 2009	REVENUE 2008
Grand Island Bridges --				
Passenger	21,438,297	21,334,825	\$ 14,131,931	\$ 13,513,436
Commercial	<u>1,157,512</u>	<u>1,313,360</u>	<u>3,351,917</u>	<u>3,360,023</u>
Total	22,595,809	22,648,185	\$ 17,483,848	\$ 16,873,459
Tappan Zee Bridge ⁽¹⁾ --				
Passenger	22,737,239	22,930,527	\$ 103,456,557	\$ 85,385,993
Commercial	<u>1,293,108</u>	<u>1,394,781</u>	<u>21,316,570</u>	<u>21,162,140</u>
Total	24,030,347	24,325,308	\$ 124,773,127	\$ 106,548,133
Yonkers Barrier --				
Passenger	15,120,814	16,414,277	\$ 18,036,820	\$ 14,261,422
Commercial	<u>1,847,097</u>	<u>2,051,991</u>	<u>4,614,010</u>	<u>4,431,566</u>
Total	16,967,911	18,466,268	\$ 22,650,830	\$ 18,692,988
New Rochelle Barrier ⁽¹⁾ --				
Passenger	17,730,907	18,154,180	\$ 29,948,715	\$ 24,813,461
Commercial	<u>2,238,327</u>	<u>2,425,818</u>	<u>12,036,414</u>	<u>11,531,487</u>
Total	19,969,234	20,579,998	\$ 41,985,129	\$ 36,344,948
Spring Valley Barrier ⁽¹⁾ --				
Passenger	29,262	30,800	\$ 98,064	\$ 95,953
Commercial	<u>1,101,280</u>	<u>1,224,948</u>	<u>6,484,438</u>	<u>6,624,931</u>
Total	1,130,542	1,255,748	\$ 6,582,502	\$ 6,720,884
Harriman Barrier --				
Passenger	17,224,793	17,611,814	\$ 20,191,856	\$15,198,901
Commercial	<u>1,203,518</u>	<u>1,273,876</u>	<u>3,474,459</u>	<u>3,198,388</u>
Total	18,428,311	18,885,690	\$ 23,666,315	\$ 18,397,289
Total Bridges and Barriers --				
Passenger	94,281,312	96,476,423	\$ 185,863,943	\$ 153,269,166
Commercial	<u>8,840,842</u>	<u>9,684,774</u>	<u>51,277,808</u>	<u>50,308,535</u>
Total Toll Traffic	103,122,154	106,161,197	\$ 237,141,751	\$ 203,577,701
Non-Revenue	<u>474,432</u>	<u>476,066</u>	-	-
Total	<u>103,596,586</u>	<u>106,637,263</u>	<u>\$ 237,141,751</u>	<u>\$ 203,577,701</u>

(1) One Way Trips

DAILY THRUWAY RECORDS

REVENUE:

Thruway System.....	August 14, 2009
	\$2,300,209
Controlled System.....	August 14, 2009
	\$1,537,452
Grand Island Bridge South....	August 22, 2008
	\$37,345
Grand Island Bridge North....	August 22, 2008
	\$31,938
Tappan Zee Bridge.....	November 24, 2009
	\$398,365
Yonkers Barrier.....	May 22, 2009
	\$77,218
New Rochelle Barrier.....	May 22, 2009
	\$143,250
Spring Valley Barrier.....	September 23, 2008
	\$34,152
Harriman Barrier.....	November 27, 2009
	\$82,606

TRAFFIC - (Trips)

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

* One Way Trips

** One Way Commercial Trips Only

CONTROLLED SYSTEM TRAFFIC SUMMARY - 2009

EXIT TRAFFIC

INTERCHANGES			ENTRY TRAFFIC TOTAL	Passenger			Non Revenue	Total
No.	Name	Mile Post		Full Fare	Permits	Commercial		
15	Woodbury	45	7,683,549	6,160,030	212,891	1,064,141	39,619	7,476,681
16	Harriman	45	1,044,065	978,633	36,380	48,644	20,719	1,084,376
17	Newburgh	60	5,589,268	4,515,188	310,454	771,514	58,946	5,656,102
18	New Paltz	76	2,589,506	2,318,970	161,609	141,828	22,827	2,645,234
19	Kingston	91	3,109,324	2,754,143	229,489	198,708	29,778	3,212,118
20	Saugerties	101	1,562,255	1,218,292	138,905	83,610	23,145	1,463,952
21	Catskill	114	1,626,716	1,303,305	183,638	118,379	21,202	1,626,524
21B	Coxsackie	124	1,120,208	696,170	258,964	106,937	15,295	1,077,366
22	Selkirk	135	783,387	548,178	104,635	87,394	21,498	761,705
23	Boulevard	142	4,829,098	3,839,670	625,290	364,321	114,429	4,943,710
24	Washington	148	12,964,506	11,432,087	787,898	1,043,884	98,842	13,362,711
25	Schenectady	154	6,924,619	5,925,770	568,112	204,286	54,578	6,752,746
25A	Schenectady I-88	159	3,667,476	2,887,607	51,894	500,079	27,841	3,467,421
26	Rotterdam	162	1,214,057	959,811	147,169	98,222	15,192	1,220,394
27	Amsterdam	174	1,653,509	1,211,483	252,841	174,161	22,593	1,661,078
28	Fultonville	182	899,490	528,324	62,360	287,091	14,755	892,530
29	Canajoharie	194	461,513	337,395	55,602	44,850	8,563	446,410
29A	Little Falls	211	229,468	176,545	21,165	29,108	4,714	231,532
30	Herkimer	220	719,416	602,889	54,087	72,311	13,817	743,104
31	Utica	233	1,813,339	1,442,883	115,045	223,870	24,789	1,806,587
32	Westmoreland	243	1,156,868	934,534	146,677	83,861	11,637	1,176,709
33	Verona	253	2,530,589	2,090,977	240,228	174,531	21,588	2,527,324
34	Canastota	262	1,552,373	1,060,083	291,262	96,487	15,199	1,463,031
34A	Collamer	277	3,293,951	2,725,595	366,057	285,283	21,105	3,398,040
35	Thompson	279	1,942,473	1,492,556	248,462	216,070	26,418	1,983,506
36	Mattydale	283	2,977,363	2,335,027	173,851	368,638	20,408	2,897,924
37	Electronics	284	1,174,076	979,415	165,950	62,267	14,241	1,221,873
38	Liverpool	286	1,317,909	946,356	124,235	89,773	9,038	1,169,402
39	State Fair	290	2,943,321	2,364,890	211,118	401,937	33,036	3,010,981
40	Weedsport	304	1,219,115	832,689	164,494	147,178	39,368	1,183,729
41	Waterloo	320	1,376,763	1,001,198	81,825	300,134	12,519	1,395,676
42	Geneva	327	1,712,637	1,385,668	125,976	193,293	15,032	1,719,969
43	Manchester	340	1,420,067	1,104,347	171,611	98,644	12,109	1,386,711
44	Canandaigua	347	3,468,395	2,939,834	221,876	139,900	18,273	3,319,883
45	Victor	351	5,633,189	5,192,898	346,845	267,261	20,317	5,827,321
46	Henrietta	362	3,559,914	2,784,868	306,614	447,565	22,084	3,561,131
47	LeRoy	379	2,526,892	2,098,188	130,623	261,518	17,227	2,507,556
48	Batavia	390	1,730,423	1,303,219	151,076	202,669	25,823	1,682,787
48A	Pembroke	402	1,844,266	1,324,283	105,174	360,997	11,729	1,802,183
49	Depew	417	3,793,490	3,299,967	85,802	272,054	17,469	3,675,292
50	Williamsville	420	8,758,944	7,357,091	239,770	1,388,413	56,055	9,041,329
SUBTOTAL			116,417,787	95,391,056	8,477,954	11,521,811	1,093,817	116,484,638
B1	Post Road	B7	2,761,358	2,285,860	59,247	384,789	24,220	2,754,116
B2	Taconic	B15	853,593	753,772	21,579	7,664	11,280	794,295
B3	Canaan	B18	3,998,411	3,184,083	32,014	768,339	13,664	3,998,100
SUBTOTAL			7,613,362	6,223,715	112,840	1,160,792	49,164	7,546,511
55	Lackawanna	429	8,617,602	7,168,743	279,582	1,150,815	42,272	8,641,412
56	Blasdell	432	2,868,830	2,550,811	80,772	168,145	13,455	2,813,183
57	Hamburg	436	2,261,585	2,037,164	109,168	101,146	15,829	2,263,307
57A	Angola	445	984,199	806,034	87,633	50,237	10,098	954,002
58	Silver Creek	456	996,589	822,523	97,931	88,273	14,094	1,022,821
59	Dunkirk	468	1,675,580	1,376,268	98,643	181,943	18,633	1,675,487
60	Westfield	485	276,881	239,571	9,013	24,775	7,069	280,428
61	State Line	496	3,161,537	2,242,841	17,468	919,255	12,599	3,192,163
SUBTOTAL			20,842,803	17,243,955	780,210	2,684,589	134,049	20,842,803
GRAND TOTAL			144,873,952	118,858,726	9,371,004	15,367,192	1,277,030	144,873,952

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

Audited Financial Statements

December 31, 2009 and 2008

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

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TOSKI, SCHAEFER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
555 INTERNATIONAL DRIVE
WILLIAMSVILLE, NEW YORK 14221
TELEPHONE (716) 634-0700
FAX (716) 634-0764

INDEPENDENT AUDITORS' REPORT

Members of the Board
New York State Thruway Authority:

We have audited the accompanying basic financial statements of the New York State Thruway Authority (the Authority), a component unit of the State of New York, as of December 31, 2009 as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Authority as of December 31, 2008 were audited by other auditors whose report dated March 31, 2009 expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New York State Thruway Authority as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2010, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis information, as listed in the foregoing table of contents, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Toski, Schaefer & Co., P.C.

Williamsville, New York
March 29, 2010

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

Management's Discussion and Analysis

December 31, 2009 and 2008

The following discussion and analysis of the New York State Thruway Authority's (Authority) financial performance provides an overview of the Authority's activities for the calendar years ended December 31, 2009 and 2008. Please read it in conjunction with the Authority's financial statements that follow this section. This discussion and analysis is intended to serve as an introduction to the Authority's financial statements which are comprised of the basic financial statements and the notes to the financial statements.

2009 Financial Highlights

- Toll revenue for the year was \$611.6 million, an increase of \$48.9 million or 8.7% compared to 2008. This increase is primarily due to toll adjustments implemented in 2009.
- Total operating expenses for the New York State Thruway, the Canal Corporation, Interstate 84 and other Authority projects for the year, excluding depreciation and amortization were \$462.8 million, an increase of \$9.5 million or 2.1% compared to 2008.
- Total net assets as of December 31, 2009 were approximately \$2.22 billion, a decrease of \$129.3 million or 5.5% compared to December 31, 2008.
- Total capital assets (net of depreciation) as of December 31, 2009 were approximately \$4.56 billion, an increase of \$98.9 million or 2.2% compared to December 31, 2008.
- Total liabilities as of December 31, 2009 were approximately \$3.54 billion, an increase of \$826.2 million or 30.5% compared to December 31, 2008. This increase is primarily due to the issuance of General Revenue Bond Anticipation Notes, Series 2009A.

2008 Financial Highlights

- Toll revenue for the year was \$562.7 million, an increase of \$22.4 million or 4.1% compared to 2007. This increase is primarily due to toll adjustments implemented in 2008.
- Total operating expenses for the New York State Thruway, the Canal Corporation, Interstate 84 and for Other Authority Projects for the year, excluding depreciation and amortization, were \$453.3 million, a decrease of \$5.1 million or 1.1% compared to 2007.
- Total net assets as of December 31, 2008 were approximately \$2.35 billion, a decrease of \$129.9 million or 5.2% compared to December 31, 2007.
- Total capital assets (net of depreciation) as of December 31, 2008 were approximately \$4.46 billion, an increase of \$113 million or 2.6% compared to December 31, 2007.

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 assets and related changes. The notes provide explanation and additional disclosures about the financial statements.

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)
Management's Discussion and Analysis

The Authority is considered a special-purpose government engaged in business-type activities and follows financial reporting for enterprise funds. The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

Financial Analysis of the Authority

Net Assets

The Authority's total net assets at December 31, 2009 (See Table A-1) were approximately \$2.22 billion, a 5.5% decrease compared to December 31, 2008. Total assets increased 13.8% to \$5.75 billion and total liabilities increased 30.5% to \$3.54 billion. The Authority's total net assets at December 31, 2008 were approximately \$2.35 billion, a 5.2% decrease compared to December 31, 2007. In 2008, total assets decreased 2.7% to \$5.06 billion and total liabilities decreased 0.4% to \$2.7 billion.

Table A-1
Net Assets
December 31, 2009, 2008 and 2007
(In millions of dollars)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	Percentage Change <u>2009-2008</u>
Unrestricted current assets	\$ 249.4	\$ 207.1	\$ 194.1	20.4
Restricted current assets	911.6	355.6	622.0	156.4
Capital assets	4,555.1	4,456.2	4,342.8	2.2
Noncurrent assets	<u>37.8</u>	<u>38.2</u>	<u>39.8</u>	<u>(1.0)</u>
Total assets	<u>\$ 5,753.9</u>	<u>5,057.1</u>	<u>5,198.7</u>	<u>13.8</u>
Current liabilities	345.5	259.2	251.9	33.3
Noncurrent liabilities	<u>3,189.6</u>	<u>2,449.7</u>	<u>2,468.8</u>	<u>30.2</u>
Total liabilities	<u>3,535.1</u>	<u>2,708.9</u>	<u>2,720.7</u>	<u>30.5</u>
Net assets:				
Invested in capital assets, net of related debt	2,039.2	2,193.0	2,312.1	(7.0)
Restricted for debt service	125.9	86.1	86.8	46.2
Restricted for reserve maintenance	69.5	78.2	46.2	(11.1)
Restricted for construction	24.4	17.4	9.2	40.2
Unrestricted	<u>(40.2)</u>	<u>(26.6)</u>	<u>23.7</u>	<u>51.1</u>
Total net assets	<u>\$ 2,218.8</u>	<u>\$ 2,348.1</u>	<u>\$ 2,478.0</u>	<u>(5.5)</u>

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)
Management's Discussion and Analysis

Restricted current assets increased \$556 million or 156.4% in 2009 compared to 2008. This increase is primarily due to the issuance of General Revenue Bond Anticipation Notes, Series 2009A in July, 2009. This issuance generated \$700 million of net proceeds to fund the Authority's Multi-Year Capital Plan. Unspent proceeds as of December 31, 2009 appear as restricted current assets. Another factor contributing to the increase is the timing of principal and interest payments on bonds and notes. On January 1st of each year a General Revenue Bond principal and interest payment is due and a General Revenue Bond Anticipation Note interest payment is due. In previous years, the Authority made these payments a day early (on December 31st), thus reducing restricted current assets and reducing current liabilities. The principal and interest payments due on January 1, 2010 were made on the first business day in January; as a result, the December 31, 2009 Statement of Net Assets reflects an increased amount of restricted current assets, as well as increased liabilities, compared to December 31, 2008. More detailed information regarding restricted current assets is presented in Note 5.

Capital assets increased \$98.9 million or 2.2% compared to 2008. This increase reflects the Authority's continued investment in infrastructure improvements based on its Multi-Year Capital Plan. More detailed information regarding capital assets is presented in Note 4.

Current liabilities increased \$86.3 million or 33.3% compared to 2008. This increase is primarily due to the timing of interest payments on General Revenue Bonds and Bond Anticipation Notes as mentioned above.

Non-current liabilities increased \$739.9 million or 30.2% compared to 2008. This increase is primarily due to the issuance of General Revenue Bond Anticipation Notes, Series 2009A as mentioned above. In addition, liabilities related to postemployment health care benefits continue to increase. More detailed information regarding non-current liabilities and postemployment health care benefits are presented in Notes 6 and 9, respectively.

Net assets invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, rehabilitation, or improvement of those assets. Net assets invested in capital assets, net of related debt decreased \$153.8 million or 7.0% compared to 2008. This decrease is primarily due to the use of debt proceeds to fund the majority of the Authority's Multi-Year Capital Plan.

Net assets restricted for debt service increased by \$39.8 million or 46.2% compared to 2008. This increase is primarily due to the timing change of bond principal and interest payments as mentioned above.

Changes in Net Assets

Net assets decreased by \$129.3 million in 2009 compared to 2008 (See Table A-2). The Authority's total operating revenues for 2009 were \$640.6 million, an increase of \$41.8 million or 7.0% compared to 2008. Total operating expenses including depreciation and amortization were \$701.8 million, an increase of \$25.5 million or 3.8% compared to 2008. Net assets decreased by \$129.9 million in 2008 compared to 2007. The Authority's total operating revenues for 2008 were \$598.8 million, an increase of \$15.2 million or 2.6% compared to 2007. Total operating expenses including depreciation and amortization were \$676.3 million, an increase of \$6.7 million or 1.0% compared to 2007.

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)
Management's Discussion and Analysis

Table A-2
Changes in Net Assets
Years ended December 31, 2009, 2008 and 2007
(In millions of dollars)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	Percentage Change <u>2009-2008</u>
Operating revenue:				
Tolls	\$ 611.6	\$ 562.7	\$ 540.3	8.7
Concessions	12.6	12.5	13.0	0.8
Other	16.4	23.6	30.3	(30.5)
Total operating revenue	<u>640.6</u>	<u>598.8</u>	<u>583.6</u>	<u>7.0</u>
Operating expenses:				
Administrative	19.5	20.8	20.0	(6.3)
Engineering services	6.6	6.7	6.0	(1.5)
Maintenance	109.0	105.5	107.6	3.3
Finance and accounts	8.3	8.2	7.3	1.2
Operations	85.2	85.1	83.4	0.1
General charges	160.4	155.7	155.7	3.0
Canals	62.6	59.0	61.6	6.1
Interstate 84	11.2	10.9	12.6	2.8
Other Authority projects	-	1.4	4.2	(100.0)
Depreciation and amortization	239.0	223.0	211.2	7.2
Total operating expenses	<u>701.8</u>	<u>676.3</u>	<u>669.6</u>	<u>3.8</u>
Operating loss	<u>(61.2)</u>	<u>(77.5)</u>	<u>(86.0)</u>	<u>(21.0)</u>
Non-operating items:				
Interest expense	(98.7)	(95.7)	(83.9)	3.1
Non-operating revenue	18.6	25.4	16.8	(26.8)
Net non-operating items	<u>(80.1)</u>	<u>(70.3)</u>	<u>(67.1)</u>	<u>13.9</u>
Loss before capital contributions	(141.3)	(147.8)	(153.1)	(4.4)
Capital contributions	12.0	17.9	31.3	(33.0)
Change in net assets	(129.3)	(129.9)	(121.8)	(0.5)
Total net assets, beginning of the year	<u>2,348.1</u>	<u>2,478.0</u>	<u>2,599.8</u>	<u>(5.2)</u>
Total net assets, end of the year	<u>\$ 2,218.8</u>	<u>\$ 2,348.1</u>	<u>\$ 2,478.0</u>	<u>(5.5)</u>

Toll revenue increased \$48.9 million or 8.7% compared to 2008. This increase is primarily due to a toll rate increase implemented in January 2009, as well as a full year's impact of reduced E-ZPass discounts. The increase in toll revenue generated by these toll adjustments was partially offset by a decrease in the volume of traffic. Other revenue decreased \$7.2 million or 30.5% compared to 2008. This decrease is due to a reduction in interest earnings and a write-off of uncollectible E-ZPass fees.

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)
Management's Discussion and Analysis

Thruway Maintenance expenses increased by \$3.5 million or 3.3% compared to 2008. This increase is due to higher personal service costs, as well as higher costs for bridge washing, bridge inspections and repairs to damaged bridges.

General charges increased by \$4.7 million or 3% compared to 2008. This increase is primarily due to higher administrative costs being charged to the Authority by the State of New York.

Depreciation and amortization increased \$16.0 million or 7.2% compared to 2008. This increase is primarily due to the Authority's significant investment in bridge and highway improvement projects. Bridge improvement projects include substructure and superstructure repairs, replacement of bridge joints, installation of bridge fencing and bridge painting. Highway improvement projects include pavement rehabilitation, primarily in the form of resurfacing and milling. The Authority's significant investment in these types of projects, which have relatively short useful lives (ten to fifteen years), has resulted in an increase in depreciation expense.

Non-operating revenues decreased \$6.8 million or 26.8% compared to 2008. This decrease is primarily due to the elimination in 2009 of an annual federal grant to operate the Canal System.

Capital contributions decreased by \$5.9 million or 33%. This decrease is due to a continued reduction in the amount of federal funds provided to the Authority for its Multi-Year Capital Plan.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2009, the New York State Thruway Authority had invested approximately \$8.15 billion in capital assets, including roads, bridges, canal structures, buildings, land and equipment. Net of accumulated depreciation, the Authority's capital assets at December 31, 2009, totaled approximately \$4.56 billion (See Table A-3) representing a net increase (including additions, disposals and depreciation) of approximately \$98.9 million or 2.2% compared to December 31, 2008.

As of December 31, 2008, the New York State Thruway Authority had invested approximately \$7.83 billion in capital assets, including roads, bridges, canal structures, buildings, land and equipment. Net of accumulated depreciation, the Authority's capital assets at December 31, 2008, totaled approximately \$4.46 billion representing a net increase (including additions, disposals and depreciation) of approximately \$113 million or 2.6% compared to December 31, 2007.

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)
Management's Discussion and Analysis

Table A-3
Capital Assets
December 31, 2009, 2008 and 2007
(In millions of dollars)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	Percentage Change <u>2009-2008</u>
Land and land improvements	\$ 808.5	\$ 807.3	\$ 804.3	0.1
Construction work in progress	577.5	529.0	450.9	9.2
Thruway System	6,143.2	5,899.1	5,694.3	4.1
Canal System	394.6	371.1	348.2	6.3
Equipment	224.5	225.0	210.0	(0.2)
Less accumulated depreciation	<u>(3,593.2)</u>	<u>(3,375.3)</u>	<u>(3,164.9)</u>	<u>6.5</u>
Total net capital assets	<u>\$ 4,555.1</u>	<u>\$ 4,456.2</u>	<u>\$ 4,342.8</u>	<u>2.2</u>

In 2009, Construction work in progress increased \$48.5 million as the Authority continued to invest in infrastructure improvements based on its Multi-Year Capital Plan. Significant projects in progress as of December 31, 2009 include the re-decking of the Tappan Zee and South Grand Island Bridges, reconstruction of the Woodbury toll plaza, the Tappan Zee Bridge/I-287 Environmental Review, rehabilitation of movable dams near Amsterdam and Canajoharie, and several pavement rehabilitation projects at various locations. The Thruway System capital asset value increased by \$244.1 million compared to 2008. This increase was primarily due to the completion of a number of projects including reconstruction of Interchange 17, replacement of Buckley Road Bridge over the Thruway, and several multi-million dollar pavement and bridge rehabilitation projects. The Canal System asset value increased \$23.5 million primarily due to the completion of the Cranesville Movable Dam rehabilitation project.

In 2008, Construction work in progress increased \$78.1 million as the Authority continued to invest in infrastructure improvements based on a Multi-Year Capital Plan. Significant projects in progress as of December 31, 2008 include the re-decking of the Tappan Zee Bridge, reconstruction of Interchange 17, reconstruction of the Woodbury toll plaza, the Tappan Zee Bridge/I-287 Environmental Review, rehabilitation of movable dams near Amsterdam and Canajoharie, and several pavement rehabilitation projects at various locations. The Thruway System capital asset value increased by \$204.8 million compared to 2007. This increase was primarily due to the completion of a number of projects including rehabilitations of the Castleton Bridge, the Thruway's bridge over the Saw Mill River Parkway and the Harriman bridge; replacement of a bridge that carries Route 980D over the Thruway and several multi-million dollar pavement rehabilitation projects. The Canal System asset value increased \$22.9 million due to the completion of rehabilitation projects at several lock locations on the Erie Canal.

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

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)
Management's Discussion and Analysis

Debt Administration

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

Long-term debt includes general revenue bonds of varying rates and maturities issued primarily to fund a portion of the cost of the Authority's Multi-Year Capital Plan. General Revenue Bond Anticipation Notes have also been issued as an additional source of funds for the Authority's Multi-Year Capital Plan. At December 31, 2009, the Authority had approximately \$2,397.8 million in general revenue bonds and \$697.9 million in bond anticipation notes outstanding, a 29% increase from December 31, 2008 (See Table A-4). Of the \$2,397.8 million in general revenue bonds outstanding, approximately \$736.6 million are insured and rated Aa3 by Moody's and AAA by Standard and Poor's (S&P). The remaining revenue bonds are rated A1 by Moody's and A+ by S&P. The bond anticipation notes are rated MIG-1 and SP-1+ by Moody's and S&P respectively.

During 2009, the Authority received \$702.4 million in proceeds from the issuance of General Revenue Bond Anticipation Notes Series 2009A. The bond anticipation notes mature on July 15, 2011.

In December 2008, Moody's and S&P lowered the ratings on the Authority's outstanding bonds to A1 and A+ from Aa3 and AA-, respectively. The rating downgrades reflect recent traffic declines and an erosion of debt service coverage ratios.

At December 31, 2008, the Authority had approximately \$2,400.1 million in general revenue bonds outstanding, a decrease of \$53.9 from December 31, 2007.

Table A-4
Outstanding Debt
Year ended December 31, 2009
(In millions of dollars)

	Beginning Balance	Additions	Reductions	Ending Balance
General Revenue Bonds	\$ 2,400.1	-	(2.3)	\$ 2,397.8
Bond Anticipation Notes	-	702.4	(4.5)	697.9
Total bonds and notes	<u>\$ 2,400.1</u>	<u>702.4</u>	<u>(6.8)</u>	<u>\$ 3,095.7</u>

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)
Management's Discussion and Analysis

Year ended December 31, 2008
(In millions of dollars)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Revenue Bonds	\$ 2,454.0	0.2	(54.1)	\$ 2,400.1

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

Contacting the New York State Thruway Authority's Financial Management

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

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)
Statements of Net Assets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
	(In thousands)	
Assets:		
Current assets:		
Cash and cash equivalents	\$ 161,039	\$ 127,055
Investments	16,467	11,823
Accrued interest receivable	798	593
Accounts receivable, net	47,807	44,863
Material and other supplies	19,078	18,204
Prepaid insurance and deferred items	4,144	4,570
Restricted:		
Cash and cash equivalents	244,950	195,037
Investments	632,054	134,649
Accrued interest receivable	51	494
Accounts receivable, net	25,806	18,002
Other	8,760	7,411
Total current assets	<u>1,160,954</u>	<u>562,701</u>
Non-current assets:		
Capital assets, net of accumulated depreciation	4,555,140	4,456,185
Investment in State Infrastructure Bank	2,140	3,000
Bond issuance costs, less accumulated amortization	35,642	35,169
Total non-current assets	<u>4,592,922</u>	<u>4,494,354</u>
Total assets	<u>\$ 5,753,876</u>	<u>\$ 5,057,055</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	148,121	131,818
Accrued wages and employee benefits	7,822	10,810
Deferred revenue	52,402	44,121
Accrued interest payable	67,311	-
Current amount due on bonds, notes and other long-term liabilities	69,840	72,490
Total current liabilities	<u>345,496</u>	<u>259,239</u>
Non-current liabilities:		
Bonds and notes payable	3,028,225	2,343,599
Other long-term liabilities	161,356	106,081
Total non-current liabilities	<u>3,189,581</u>	<u>2,449,680</u>
Total liabilities	<u>\$ 3,535,077</u>	<u>\$ 2,708,919</u>
Net assets:		
Invested in capital assets, net of related debt	2,039,226	2,193,010
Restricted for:		
Debt service	125,848	86,117
Reserve maintenance	69,483	78,176
Construction	24,399	17,382
Unrestricted (deficiency)	(40,157)	(26,549)
Total net assets	<u>\$ 2,218,799</u>	<u>\$ 2,348,136</u>

See notes to financial statements.

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)
Statements of Revenue, Expenses and Changes in Net Assets
Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
	(In thousands)	
Operating revenue:		
Tolls	\$ 611,642	\$ 562,713
Concessions	12,553	12,537
Other	<u>16,415</u>	<u>23,557</u>
Total operating revenue	<u>640,610</u>	<u>598,807</u>
Operating expenses:		
Administrative	19,507	20,821
Engineering services	6,577	6,667
Maintenance engineering:		
Thruway maintenance	80,461	75,323
Equipment maintenance	28,553	30,122
Finance and accounts	8,297	8,245
Operations:		
Traffic and services	7,145	6,966
State police	36,310	35,088
Toll collection	41,718	43,034
General charges	160,353	155,691
Canals	62,639	58,976
Interstate 84	11,195	10,912
Other Authority projects	15	1,384
Depreciation and amortization	<u>239,040</u>	<u>223,095</u>
Total operating expenses	<u>701,810</u>	<u>676,324</u>
Operating loss	<u>(61,200)</u>	<u>(77,517)</u>
Non-operating items:		
Interest revenue on investments	1,057	3,384
Interest expense	(98,744)	(95,639)
Federal and other aid	<u>17,508</u>	<u>21,992</u>
Net non-operating items	<u>(80,179)</u>	<u>(70,263)</u>
Loss before capital contributions	(141,379)	(147,780)
Capital contributions	<u>12,042</u>	<u>17,910</u>
Change in net assets	(129,337)	(129,870)
Total net assets, beginning of the year	<u>2,348,136</u>	<u>2,478,006</u>
Total net assets, end of the year	<u>\$ 2,218,799</u>	<u>\$ 2,348,136</u>

See notes to financial statements.

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)
Statements of Cash Flows
Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
	(In thousands)	
Cash flows from operating activities:		
Cash received from toll collections	\$ 626,758	\$ 570,706
Cash received from concession sales	12,581	12,513
Other operating cash receipts	16,448	23,579
Personal service payments	(175,067)	(167,984)
Fringe benefits payments	(81,499)	(81,353)
E-ZPass account management payments	(15,259)	(14,316)
Cash payments to vendors and contractors	<u>(150,118)</u>	<u>(128,391)</u>
Net cash provided by operating activities	<u>233,844</u>	<u>214,754</u>
Cash flows from non-capital financing activities:		
Federal aid and other reimbursements	18,010	22,795
Other items	<u>26</u>	<u>259</u>
Net cash provided by non-capital financing activities	<u>18,036</u>	<u>23,054</u>
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	702,429	-
Federal aid and other capital contributions	9,604	16,859
Acquisition/construction of capital assets	(321,854)	(352,618)
Principal paid on capital debt	-	(51,765)
Interest paid on capital debt	(59,106)	(115,868)
Proceeds from sale of capital assets	<u>606</u>	<u>945</u>
Net cash provided by (used in) capital and related financing activities	<u>331,679</u>	<u>(502,447)</u>
Cash flows from investing activities:		
Purchase of investments	(901,992)	(553,836)
Proceeds from sale and maturities of investments	399,944	866,008
Interest and dividends on investments	<u>2,386</u>	<u>17,238</u>
Net cash provided by (used in) investing activities	<u>(499,662)</u>	<u>329,410</u>
Net increase in cash and cash equivalents	83,897	64,771
Cash and cash equivalents, beginning of the year	<u>322,092</u>	<u>257,321</u>
Cash and cash equivalents, end of the year	<u>\$ 405,989</u>	<u>\$ 322,092</u>

(Continued)

See notes to financial statements.

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)
Statements of Cash Flows, Continued
Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
	(In thousands)	
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (61,200)	\$ (77,517)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization expense	239,040	223,095
Capitalized interest	398	2,342
Net changes in assets and liabilities:		
Receivables	(2,198)	(104)
Inventories	(873)	(797)
Other assets	426	4,455
Accounts payables and accrued expenses	52,758	57,738
Accrued wages and benefits	(2,789)	3,711
Deferred revenue	<u>8,282</u>	<u>1,831</u>
Net cash provided by operating activities	<u>\$ 233,844</u>	<u>\$ 214,754</u>
Reconciliation to statements of net assets:		
Cash and cash equivalents	161,039	127,055
Restricted cash and cash equivalents	<u>244,950</u>	<u>195,037</u>
Total cash and cash equivalents	<u>\$ 405,989</u>	<u>\$ 322,092</u>

See notes to financial statements.

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

Notes to Financial Statements

December 31, 2009 and 2008

(1) Financial Reporting Entity

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

The Authority is responsible for a 641-mile system of highways crossing New York State, the longest toll highway system in the United States. The Authority's 426-mile Thruway mainline connects New York City and Buffalo, the State's two largest cities. Other Thruway sections provide for connections with Connecticut, Massachusetts, Pennsylvania, New Jersey, and to highways that lead to the Midwest and Canada. In accordance with legislation passed by the State Legislature, the Cross-Westchester Expressway (CWE) and I-84 were added to the Thruway in 1991 and 1992, respectively. Under the 1991 legislation, the Authority is prohibited from imposing any tolls or other charges for the use of the CWE or I-84. The 1992 legislation, which transferred responsibility for maintenance of the Canal System to a subsidiary corporation of the Authority, also authorized and directed the Authority to assist in the financing of certain transportation related projects and facilities under the category of "Other Authority Projects." In October 2006, in accordance with the 1991 legislation, the Authority provided the State with one year's notice of its intent to return the operations of I-84 to the State. Additional legislation in 2007 authorized the Authority and the State's Department of Transportation (DOT) to annually enter into agreements under which the Authority will continue to maintain and operate I-84 through October 31, 2010 at DOT's expense, subject to certain monetary caps. Similarly, the Authority entered into an agreement with the Division of State Police (DSP) to maintain Troop T services on I-84 through March 31, 2011 with the costs to be funded by DSP.

The accounts and activities of the Canal Corporation and the "Other Authority Projects" are included in the financial statements of the Authority. Revenues of the Canal System are to be credited to the New York State Canal Development Fund (the Fund), created by the 1992 legislation, and held by the State where they are available, subject to appropriation, only for purposes of the Canal System as directed by the Canal Recreationway Commission. The State may, from time to time, also authorize the Authority by statute to undertake additional financing activities to finance primarily non-Authority transportation projects in the State. The Authority is responsible for administering these special bond programs as discussed in note 7.

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

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

Notes to Financial Statements

(1) Financial Reporting Entity, Continued

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

(2) Summary of Significant Accounting Policies

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

(a) Basis of Accounting

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

The principal revenues of the Authority are toll revenues received from patrons. The Authority also recognizes as operating revenue the rental fees received from concessionaires from operating leases on concession property, special hauling fees charged to overweight or oversize vehicles, and certain revenue collected from the leasing of property. Operating expenses for the Authority include maintenance costs, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating items.

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

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(b) Cash, Cash Equivalents and Investments

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

Investments include financial instruments with an original maturity of more than three months and are recorded at amortized cost. These investments are not included in cash and cash equivalents in the Statements of Cash Flows.

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

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

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

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

(c) Accounts Receivable

Accounts receivable consist primarily of receivables from commercial transportation companies and Federal and State governments under various Federal and State grant programs. All commercial accounts receivable are guaranteed by surety bonds and/or cash deposits. Allowance for uncollectible receivables amounted to \$1,550,000 and \$100,000 at December 31, 2009 and 2008, respectively.

(d) Materials and Supplies

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

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) Deferred Revenue

Deferred revenue consists of prepaid deposits made by private and commercial customers into E-ZPass accounts held by the Authority and 2010 and 2009 annual permit revenues collected in 2009 and 2008, respectively.

(f) Restricted Assets

Certain proceeds of the Thruway revenue bonds are restricted by applicable bond covenants for construction or set aside as reserves to ensure repayment of the Authority's bonds. Certain other assets are accumulated and restricted in accordance with the bond resolutions for the purpose of paying interest and principal debt payments that are due on a semi-annual and annual basis, respectively, and for the purpose of maintaining reserve funds at required levels. Payments from restricted funds are governed by the bond resolutions and, as such, expenses which do not meet these standards are paid from unrestricted funds.

(g) Toll Revenues

Toll revenues are stated net of volume and other discounts approximating \$21.2 million and \$21.7 million in 2009 and 2008. During 2009 and 2008, the Authority implemented certain toll rate adjustments which impacted revenues. In January 2009, the Authority implemented a 5% toll increase. In January 2008, the Authority implemented a 10% increase in cash tolls and in June 2008, a 5% reduction in the E-ZPass discount.

(h) Pensions

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

(i) Other Postemployment Benefits

In accordance with GASB Statement No. 45, the Authority recognizes in its financial statements, the financial impact of postemployment benefits, principally employer funded health care costs. The impact on the Authority's financial position and results of operations is more fully disclosed under note 9.

(j) Compensated Absences

Vacation leave accumulates for all full-time employees of the Authority, ranging from 13 to 25 days per year, and any unused amounts up to 30 days are considered vested and paid upon retirement or termination. Authority employees also accumulate sick leave at the rate of 10 to 13 days per year and personal leave credits at the rate of 3 to 5 days per year. Employees may use the accumulated sick and personal leave credits according to the established policy; however, generally no cash is paid for these accumulated credits at the time of retirement or termination. The liability for vested compensated absences has been computed to approximate \$11,514,000 and \$11,315,000 at December 31, 2009 and 2008, respectively, and is classified as a long term liability.

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(k) Bond and Note Discounts/Premiums, Deferred Losses on Advanced and Current Refunding and Issuance Costs

Bond and note discounts/premiums and deferred losses on advanced and current refunding are presented as components of bonds payable and bond issuance costs are presented as a component of non-current assets on the statements of net assets. The discounts/premiums and issuance costs are amortized over the life of the bonds and notes on a method that approximates the effective interest method. Deferred losses on advanced and current refunding are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. Net amortization related to bond and note discounts/premiums and deferred losses on advanced and current refundings were approximately \$6,894,000 and \$2,066,000 for 2009 and 2008, respectively, and was included as an offset of interest expense. Depreciation and amortization expense includes amortization of bond and note issuance costs and surety bond costs totaling approximately \$2,012,000 and \$1,726,000 in 2009 and 2008, respectively.

(l) Capital Contributions

Capital contributions consist primarily of federal, state and other grants that are provided to fund specific capital projects within the Authority's Multi-Year Capital Plan.

(m) Arbitrage

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and an arbitrage rebate liability on issuers of tax-exempt debt. This Act requires the remittance to the IRS of 90% of the cumulative rebatable arbitrage within 60 days of the end of each five-year reporting period following the issuance of governmental bonds. The Authority's policy is to annually record a liability representing the estimated amount owed. The Authority actively manages its invested bond proceeds to minimize any arbitrage liability. The Authority had no cumulative arbitrage rebate liability for the years ended December 31, 2009 and 2008.

(n) Income Taxes

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

(o) Implementation of New Accounting Pronouncement

During 2008, the Authority adopted GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. Statement No. 49 requires governmental entities, including the Authority, to disclose the nature and estimated cost for environmental remediation obligations. The impact on the Authority's financial position and results of operations is more fully disclosed under note 10 as Environmental Remediation.

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(p) Use of Estimates

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

(q) Reclassifications

Certain items in the financial statements for 2008 have been reclassified to conform with the current year presentation. Such reclassification had no effect on change in net assets.

(3) Cash and Investments

The Authority's cash and investments as of December 31, 2009 and 2008 were as follows (in thousands):

	2009		2008
	Carrying value	Fair value	Carrying value
<u>Cash and cash equivalents:</u>			
Unrestricted:			
Cash:			
Demand deposits	\$ 72,820	\$ 72,820	\$ 82,640
Toll change funds	123	123	138
Total unrestricted cash	72,943	72,943	82,778
Cash equivalents:			
Government discount notes	6,130	6,131	11,447
Government agency notes	-	-	1,417
Repurchase agreements	38,132	38,893	19,934
Commercial paper	43,834	43,834	10,240
Time deposits	-	-	1,239
Total unrestricted cash equivalents	88,096	88,858	44,277
Total unrestricted cash and cash equivalents	\$ 161,039	\$ 161,801	\$ 127,055
Restricted:			
Cash:			
Demand deposits	\$ 15	\$ 15	\$ 6,435
Other deposits	2,868	2,868	1
Total restricted cash	2,883	2,883	6,436

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

Notes to Financial Statements, Continued

(3) Cash and Investments, Continued

	<u>2009</u>		<u>2008</u>
	<u>Carrying</u>	<u>Fair</u>	<u>Carrying</u>
	<u>value</u>	<u>value</u>	<u>value</u>
<u>Cash and cash equivalents, continued:</u>			
Cash equivalents:			
Government discount notes	\$ 44,821	\$ 44,821	\$ 59,381
Government agency notes	-	-	10,340
Repurchase agreements	20,208	20,614	34,985
Commercial paper	166,334	166,360	73,096
Time deposits	-	-	120
Other deposits	<u>10,704</u>	<u>10,704</u>	<u>10,679</u>
Total restricted cash equivalents	<u>242,067</u>	<u>242,499</u>	<u>188,601</u>
Total restricted cash and cash equivalents	<u>\$ 244,950</u>	<u>\$ 245,382</u>	<u>\$ 195,037</u>
<u>Investments:</u>			
Unrestricted:			
Government discount notes	\$ 4,714	\$ 4,715	\$ -
Time deposits	<u>11,753</u>	<u>11,753</u>	<u>11,823</u>
Total unrestricted investments	<u>16,467</u>	<u>16,468</u>	<u>11,823</u>
Restricted:			
Government discount notes	256,776	257,077	131,069
Government agency notes	271,544	271,622	3,580
Treasury securities	<u>103,734</u>	<u>103,947</u>	<u>-</u>
Total restricted investments	<u>\$ 632,054</u>	<u>\$ 632,646</u>	<u>\$ 134,649</u>

At December 31, 2008, the fair value of the Authority's cash and investments approximated the carrying value.

Due to a change in accounting policy, cash surety deposits from Commercial Charge Account customers are now reported as a restricted cash asset. See note 5 for further information.

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

Notes to Financial Statements, Continued

(3) Cash and Investments, Continued

The Authority requires collateral, in the form of federal government obligations or agency instruments guaranteed by the federal government, for all investments in repurchase agreements. The Authority also requires delivery to its trustee (or agent) all securities purchased and collateral for repurchase agreements, regardless of the seller institution. All Authority investment securities are classified as securities acquired by a financial institution for the Authority and held by the financial institution's trust department in the Authority's name. Bank balances, which are comprised of demand and other deposits, approximated \$75,703,000 and \$89,076,000 as of December 31, 2009 and 2008, respectively, and are fully insured or collateralized. Amounts are collateralized with securities transferred to and held by the Authority's trustee in the Authority's name.

As of December 31, 2009, the Authority had the following concentrations of investments:

<u>Security</u>	<u>Credit Exposure (Rating)</u>	<u>% of Total Investments</u>
<u>Agency Obligations:</u>		
Federal National Mortgage Association	AAA/Aaa	15%
Federal Home Loan Banks	AAA/Aaa	21%
Federal Home Loan Mortgage Corporation	AAA/Aaa	15%
Federal Agricultural Mortgage Corporation	nr	9%
<u>Commercial Paper:</u>		
Calyon Bank/ North America (Credit Agricole SA)	A-1+/P-1	5%
FCAR Owner Trust I	A-1+/P-1	2%
Franklin Resources Inc.	A-1+/P-1	2%
General Electric Capital Corporation	A-1+/P-1	2%
Intesa Funding LLC	A-1+/P-1	5%
Nordea North America	A-1+/P-1	3%
San Paolo Bank	A-1+/P-1	4%
<u>U.S. Treasury Securities:</u>		
Treasury Notes	AAA/Aaa	8%
Treasury Bills	A-1+/P-1	2%

(4) Capital Assets

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

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

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

Notes to Financial Statements, Continued

(4) Capital Assets, Continued

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

The following schedule summarizes the capital assets of the Authority and related changes from December 31, 2008 to December 31, 2009 (in thousands):

	December 31, 2008			December 31, 2009
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
Capital assets, not being depreciated:				
Land and land improvements	\$ 807,270	1,220	(17)	\$ 808,473
Construction in progress	<u>528,971</u>	<u>227,714</u>	<u>(179,107)</u>	<u>577,578</u>
Total capital assets, not being depreciated	<u>1,336,241</u>	<u>228,934</u>	<u>(179,124)</u>	<u>1,386,051</u>
Capital assets, being depreciated:				
Thruway System	5,899,096	246,364	(2,243)	6,143,217
Canal System	371,075	23,492	-	394,567
Equipment	<u>225,057</u>	<u>17,453</u>	<u>(18,016)</u>	<u>224,494</u>
Total capital assets, being depreciated	<u>6,495,228</u>	<u>287,309</u>	<u>(20,259)</u>	<u>6,762,278</u>
Less accumulated depreciation for:				
Thruway System	(3,196,258)	(210,425)	2,244	(3,404,439)
Canal System	(44,415)	(4,504)	-	(48,919)
Equipment	<u>(134,611)</u>	<u>(22,099)</u>	<u>16,879</u>	<u>(139,831)</u>
Total accumulated depreciation	<u>(3,375,284)</u>	<u>(237,028)</u>	<u>19,123</u>	<u>(3,593,189)</u>
Net value of capital assets, being depreciated	<u>3,119,944</u>	<u>50,281</u>	<u>(1,136)</u>	<u>3,169,089</u>
Net value of all capital assets	<u>\$ 4,456,185</u>	<u>279,215</u>	<u>(180,260)</u>	<u>\$ 4,555,140</u>

Depreciation expense related to capital assets was \$237,028,000 and \$221,369,000 for the years ended December 31, 2009 and 2008, respectively.

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

Notes to Financial Statements, Continued

(5) Restricted Assets

Restricted assets are established pursuant to bond resolutions and other agreements. The related balances at December 31, 2009 and 2008 are as follows:

Senior Debt Service Fund: Established to receive funds from Authority revenues to make periodic payments of interest and principal. The amounts held in this restricted fund at December 31, 2009 and 2008 were \$96,961,000 and \$0, respectively.

Senior Debt Service Reserve Fund: Established to retain funds equal to the maximum amount of aggregate debt service for any twelve month period on all outstanding bonds secured by the Senior Debt Service Reserve Fund, Series F, Series G and Series H General Revenue Bonds. The amounts held in this restricted fund at December 31, 2009 and 2008 were \$85,599,000 and \$86,117,000, respectively.

Construction Fund: Established to hold moneys paid into it from the sale of bonds and notes to pay for costs of the "Facilities" and "Other Authority Projects" as defined in the bond resolutions. Any remaining money upon completion or abandonment of such projects shall be transferred to other funds in accordance with the terms outlined in the bond resolutions. The amounts held in this restricted fund at December 31, 2009 and 2008 were \$647,948,000 and \$183,485,000, 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. The amounts held in this restricted fund at December 31, 2009 and 2008 were \$67,542,000 and \$75,311,000, respectively.

State Infrastructure Bank Fund (SIB): Established through a joint venture with the Federal Government, the NYS Department of Transportation and the Metropolitan Transportation Authority to hold funds and record transactions associated with an infrastructure funding program established by the National Highway System Designation Act of 1995. This funding program was created to provide states with the financial resources to make loans and provide other assistance to qualified public and private transportation projects. The amounts held in the SIB restricted fund at December 31, 2009 and 2008 were \$10,706,000 and \$10,680,000, 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 their Commercial Charge Account Credit Agreement. Due to a 2009 change in accounting policy, these funds are now reported as a restricted cash asset. In 2008, these funds were not reported in the statement of net assets. The amount held in the account at December 31, 2009 and 2008 was \$2,865,000 and \$3,022,000, respectively.

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)
Notes to Financial Statements, Continued

(6) Long-Term Liabilities

The Authority's bond indebtedness and other long-term liabilities as of December 31, 2009 and 2008 are comprised of the following obligations (in thousands):

	Date of Issuance	December 31, 2008 Balance	Additions	Reductions	December 31, 2009 Balance	Due Within One Year
General Revenue Bonds:						
2005 Series F	3/05	\$ 591,965	-	-	\$ 591,965	\$23,620
2005 Series G	9/05	737,595	-	-	737,595	475
2007 Series H	10/07	998,515	-	-	998,515	30,100
Unamortized bond discounts/ premiums		105,541	-	(4,345)	101,196	4,345
Deferred loss on refundings		<u>(33,474)</u>	-	<u>1,997</u>	<u>(31,477)</u>	<u>(1,997)</u>
General revenue bonds, net of unamortized discounts/premiums and deferred losses		<u>2,400,142</u>	<u>-</u>	<u>(2,348)</u>	<u>2,397,794</u>	<u>56,543</u>
Bond Anticipation Notes:						
Series 2009A	7/09	-	680,610	-	680,610	-
Unamortized Series 2009A premium		-	<u>21,819</u>	<u>(4,546)</u>	<u>17,273</u>	<u>10,909</u>
Total bond anticipation notes and unamortized premium		<u>-</u>	<u>702,429</u>	<u>(4,546)</u>	<u>697,883</u>	<u>10,909</u>
Total bonds and notes, net of unamortized discounts/premiums and deferred losses		<u>\$ 2,400,142</u>	<u>702,429</u>	<u>(6,894)</u>	<u>\$ 3,095,677</u>	<u>67,452</u>
Other Long-Term Liabilities:						
Claims liability		11,789	1,070	(11,239)	1,620	463
Postemployment benefit obligation		94,057	69,423	(20,201)	143,279	-
Compensated absences		11,315	199	-	11,514	-
Environmental remediation obligation		<u>4,867</u>	<u>5,124</u>	<u>(2,660)</u>	<u>7,331</u>	<u>1,925</u>
Total other long-term liabilities		<u>\$ 122,028</u>	<u>75,816</u>	<u>(34,100)</u>	<u>\$ 163,744</u>	<u>2,388</u>
Total classified as current						<u>\$69,840</u>

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

Notes to Financial Statements, Continued

(6) Long Term Liabilities, Continued

The debt service requirements for the Authority's bonds, net of unamortized discounts/premiums and deferred loss on advanced and current refunding, as of December 31, 2009 are as follows (in thousands):

<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 54,195	\$ 112,234	\$ 166,429
2011	56,575	109,790	166,365
2012	59,085	107,181	166,266
2013	61,795	104,306	166,101
2014	64,835	101,301	166,136
2015 - 2019	371,055	458,469	829,524
2020 - 2024	469,365	357,014	826,379
2025 - 2029	599,115	224,105	823,220
2030 - 2034	493,420	69,610	563,030
2035 - 2037	98,635	7,558	106,193
Unamortized discounts/premiums	101,196	-	101,196
Deferred loss on refundings	<u>(31,477)</u>	<u>-</u>	<u>(31,477)</u>
	<u>\$ 2,397,794</u>	<u>\$ 1,651,568</u>	<u>\$ 4,049,362</u>

Prior to 2009, principal reduction payments due on January 1 of each year were paid on December 31 of the prior year. Beginning in 2009, principal reduction payments due on January 1 of the following year will be paid on the first business day of the following year.

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

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

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

Notes to Financial Statements, Continued

(6) Long Term Liabilities, Continued

The General Revenue Bonds Series F are comprised of both serial and term bonds, with varying rates and maturities. Amounts outstanding at December 31, 2009 are as follows:

<u>Type</u>	<u>Rates</u>	<u>Maturity</u>	<u>Amount (in thousands)</u>
Serial Bonds	3.125% to 5.25%	2010 - 2026	\$ 525,310
Term Bonds	4.5%	2030	2,915
Term Bonds	5.0%	2030	<u>63,740</u>
			<u>\$ 591,965</u>

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

General Revenue Bonds - Series G: During September 2005, the Authority issued \$738,925,000 in General Revenue Bonds which, when included with net original issue premium of \$36,371,000, provided funds of \$775,296,000. These funds were used to pay (at maturity) \$525,000,000 in General Revenue Bond Anticipation Notes, to provide \$200,000,000 in funding for a portion of the cost of the Authority's Multi-Year Capital Plan, to fund approximately \$36,897,000 in debt service reserves and to pay approximately \$13,399,000 in bond issuance costs. The Series G Bonds are comprised of both Serial Bonds and Term Bonds, with varying rates and maturities. The amounts outstanding at December 31, 2009 are as follows:

<u>Type</u>	<u>Rates</u>	<u>Maturity</u>	<u>Amount (in thousands)</u>
Serial Bonds	3.25% to 5.25%	2010 - 2029	\$ 324,495
Term Bonds	4.75%	2030	80,000
Term Bonds	5.0%	2030	88,770
Term Bonds	5.0%	2032	<u>244,330</u>
			<u>\$ 737,595</u>

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

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

Notes to Financial Statements, Continued

(6) Long Term Liabilities, Continued

General Revenue Bonds - Series H: During October 2007, the Authority issued \$1,008,910,000 in General Revenue Bonds which, when combined with other available monies, provided funds to refund \$450,045,000 in then outstanding Series E Bonds (for a net present value savings of \$18,429,000), to provide \$536,660,000 to fund a portion of the Authority's Multi-Year Capital Plan, to make a \$14,200,000 deposit to the Reserve Maintenance Fund, and to pay bond issuance costs in the amount of \$15,956,000. The amounts outstanding at December 31, 2009 are as follows:

<u>Type</u>	<u>Rates</u>	<u>Maturity</u>	<u>Amount (in thousands)</u>
Serial Bonds	4.0% to 5.0%	2010 - 2030	\$ 788,935
Term Bonds	5.0%	2032	52,765
Term Bonds	5.0%	2037	<u>156,815</u>
			<u>\$ 998,515</u>

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

General Revenue Bonds - Revenue Pledge and Security: The 2005 (Series F), 2005 (Series G) and 2007 (Series H) General Revenue Bonds are all direct obligations of the Authority, secured by a pledge of revenues and funds established under the Bond Resolution. In accordance with the Bond Resolution, a Senior Debt Service Reserve Fund was established and is funded in an amount equal to the maximum aggregate debt service for any 12 month period. At both December 31, 2009 and 2008, 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.

Bond Anticipation Notes - On July 21, 2009, the Authority issued \$681 million in traditional bond anticipation notes with interest rates of 2.5% to 4.0% to mature July 15, 2011. These notes were sold to fund a portion of the Authority's Multi-Year Capital Plan.

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

Notes to Financial Statements, Continued

(7) Special Bond Programs

The Authority's special bond programs, and the related projects and activities, are entirely separate from the Authority's financing, operation, and maintenance of the Thruway System. As such, these special bond programs are not reflected in the accompanying financial statements. The special bond programs require varying debt service payments which are funded under contractual agreements with the State of New York. The obligation of the State to make such payments is subject to, and dependent upon, annual appropriations by the State Legislature. These bond programs, however, result in no cost to the Authority and provide for no lien on Authority revenues or assets. The following are descriptions of the Authority's special bond programs:

Local Highway and Bridge Service Contract Special Bond Program - The Legislature of the State of New York empowered the Authority to issue Local Highway and Bridge Service Contract Bonds, also known as the Consolidated Local Street and Highway Improvement Program (often referred to as the CHIPS Program) to provide funds to reimburse municipalities and other project sponsors throughout the State for qualifying local highway, bridge and multi-modal capital project expenditures under established State programs. In October 2009, the Authority issued \$529,595,000 of Local Highway and Bridge Service Contract Bonds, Series 2009, to refund the Series 2003C variable rate bonds and to terminate interest rate exchange agreements (swaps) entered into with the issuance of the 2003C bonds. The Authority receives funds from New York State for debt service on these bonds and to fund related administrative costs. Bonds outstanding under this program were \$1,446,050,000 and \$1,609,845,000 at December 31, 2009 and 2008, respectively.

Highway and Bridge Trust Fund Bond Program - The Legislature of the State of New York empowered the Authority to issue Highway and Bridge Trust Fund Bonds to reimburse the State for expenditures made by the State's Department of Transportation in connection with the State's Multi-Year Highway and Bridge Capital Program. In March 2009, a bond sale was issued with a total par of \$237,980,000 for State Department of Transportation expenditures, and to refund certain outstanding bonds for a net present value savings of \$1,239,531. In June 2009, a bond sale was issued with a total par of \$300,000,000 for State Department of Transportation expenditures. The Authority receives funds from New York State for debt service on these bonds and to fund related administrative costs. Bonds outstanding under this program were \$6,959,880,000 and \$6,689,805,000 at December 31, 2009 and 2008, respectively.

State Personal Income Tax Revenue Bonds (Transportation) - The Legislature of the State of New York empowered the Authority to issue Personal Income Tax (PIT) Revenue Bonds to provide funds to municipalities and other project sponsors throughout the State for qualifying local highway, bridge and multi-modal capital project expenditures under established State programs. In June 2009, the Authority issued \$431,030,000 in bonds for capital projects. The Authority receives funds from New York State for debt service on the bonds and related administrative costs. Bonds outstanding under this program were \$2,364,265,000 and \$2,012,470,000 at December 31, 2009 and 2008, respectively.

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

Notes to Financial Statements, Continued

(8) Retirement Benefits

The Authority provides its retirees certain retirement benefits made available to participating employers by the New York State Retirement and Social Security Laws, including Chapters 1046 and 1047 of the Laws of 1973.

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

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

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

The rates billed by the Comptroller for ERS during the year ended December 31, 2009 ranged from 7.0% to 9.3% and during the year ending December 31, 2008 ranged from 8.0% to 10.8%. The PFRS is paid as part of a fringe benefit rate billed to the Authority for the State Police. The PFRS benefit rates billed were 8.82% for April through December 2009, 10.50% for April 2008 through March 2009, and 10.84% for January through March 2008.

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

	<u>ERS</u>	<u>PFRS</u>
2009	\$ 13,135	\$ 3,409
2008	15,040	3,325
2007	18,461	3,671

The Authority's contributions in 2009 and 2008 were equal to 100% of the contributions required for the period.

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

Notes to Financial Statements, Continued

(9) Other Postemployment Benefits

The Authority reports its Other Postemployment Benefits in compliance with GASB Statement No. 45 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." Statement No. 45 requires governmental entities, including the Authority, to recognize in its financial statements the financial impact of postemployment benefits, principally employer funded health care and death benefits which the Authority provides for retired employees. Substantially all of the employees may become eligible for these benefits if they reach normal retirement age while working for the Authority.

The following table summarizes the Authority's valuation of Other Postemployment Benefit (OPEB) costs and obligations at December 31, 2009 and 2008 (in thousands):

	2009			2008
	Thruway Authority	Canal Corporation	Total	Total
Present value of future benefit payments	\$ 1,079,621	\$ 201,500	\$ 1,281,121	\$ 1,268,849
Unfunded accrued liability	827,400	154,284	981,684	985,202
Annual required contribution (30 year amortization)	58,504	11,216	69,720	67,668
Annual OPEB cost	58,259	11,164	69,423	67,610
Valuation payroll	142,466	24,599	167,065	164,066
Annual OPEB expense (as % of payroll)	40.9%	45.4%	41.6%	41.2%
Expected benefit payment	17,673	2,528	20,201	20,949

Actuarial valuations, the most recent of which was completed as of December 31, 2009, involve estimates and assumptions about the probability of events far into the future and are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. These calculations are designed to reduce short term volatility in actuarial accrued liabilities. Projected benefits are based on the types of benefits provided at the time of each valuation and on the cost sharing provisions then in effect.

The Authority participates, pursuant to the provisions of Section 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 currently issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan. The Authority's specific obligation to pay OPEB costs is dependent on the employee's date of hire and labor agreement. Certain retiree costs, described below, are first applied against the value of the retiree's existing sick leave bank balance. A plan summary follows:

(a) Plan Types

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

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

Notes to Financial Statements, Continued

(9) Other Postemployment Benefits, Continued

(a) Plan Types, Continued

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

(b) Eligibility

At least 55 years old with 5 years of service if date of hire is before April 1, 1975 or 10 years of service if date of hire is after April 1, 1975.

(c) Benefit/Cost Sharing

The Authority contributes 80% - 100% of costs for retirees and 75% - 80% for a retiree's spouse.

(d) Spouse Benefit - Yes

(e) Surviving Spouse Benefit - Coverage continues

(f) Survivor Benefit - \$3,000 payable to retiree's designated beneficiary.

The following summary schedule presents the Annual OPEB Cost and Net OPEB Obligation for the years ended December 31, 2009 and 2008 (in thousands):

	<u>2009</u>	<u>2008</u>
Normal cost	\$ 25,065	\$ 23,330
Amortization of unfunded actuarial accrued liability	42,362	42,056
Interest	<u>2,293</u>	<u>2,282</u>
Annual required contribution (ARC)	69,720	67,668
Interest on net OPEB obligation	3,762	1,969
Adjustment to ARC	<u>(4,059)</u>	<u>(2,027)</u>
Annual OPEB cost	69,423	67,610
Contribution/expected benefit payment	<u>(20,201)</u>	<u>(20,949)</u>
Increase in net OPEB obligation	49,222	46,661
Net OPEB obligation at beginning of year	<u>94,057</u>	<u>47,396</u>
Net OPEB obligation at end of year	<u>\$ 143,279</u>	<u>\$ 94,057</u>

The annual OPEB costs are recorded in the Authority's 2009 and 2008 Statements of Revenue, Expenses, and Changes in Net Assets as a component of general charges in the amount of \$69,423,000 and \$67,610,000, respectively. The net OPEB obligation is recorded in the Authority's Statements of Net Assets as a component of other long-term liabilities in the amount of \$143,279,000 and \$94,057,000, at December 31, 2009 and 2008, respectively.

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

Notes to Financial Statements, Continued

(9) Other Postemployment Benefits, Continued

The annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and 2009 are as follows (in thousands):

Year	Annual OPEB cost			Cost contributed			Net OPEB obligation		
	Ending	Thruway	Canal Corporation	Total	Thruway	Canal Corporation	Total	Thruway	Canal Corporation
12/31/08	\$ 56,678	\$ 10,932	\$ 67,610	32.4%	23.6%	31.0%	\$ 77,281	\$ 16,776	\$ 94,057
12/31/09	58,259	11,164	69,423	30.3%	22.6%	29.1%	117,867	25,412	143,279

The following are the actuarial methods and assumptions used in calculating the obligations related to the Authority postemployment benefit plan:

Funding interest rate	4.0%
2008 Medical trend rate (Med/Rx)	9%/11%
2009 Medical trend rate (Med/Rx)	8%/10%
Ultimate trend rate (Med/Rx)	5%/5%
Year ultimate trend rate reached	2012/2013
Annual payroll growth rate	2.50%
Actuarial cost method	Attained age
Remaining amortization period at December 31, 2009	27 years
Amortization method	30 year level percentage of payroll

(10) Contingencies and Commitments

(a) Claims and Litigation

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

Changes in the Authority's claims liability amounts in years 2007 through 2009 were as follows (in thousands):

	Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2007	\$ 22,736	6,750	(14,825)	\$ 14,661
2008	14,661	2,468	(5,340)	11,789
2009	11,789	1,070	(11,239)	1,620

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

Notes to Financial Statements, Continued

(10) Contingencies and Commitments, Continued

(a) Claims and Litigation, Continued

In addition, there are claims where liability is not probable, but is possible and estimable. The range of loss on these claims approximated \$1 million to \$6 million at December 31, 2009.

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 and an estimation of damages cannot be determined.

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

(b) Insurance

The Authority is self-insured for property damage to substantially all buildings and vehicles. The Authority is also self insured for third party liability, including automobile liability. There are two funded reserves for these exposures, a \$2.5 million insurance fund available to fund certain deductibles and a reserve for public liability claims, which currently totals \$7.8 million.

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

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

(c) Construction Commitments

At December 31, 2009, the amounts of remaining unexpended commitments for projects undertaken and the detail by type of contract are as follows:

<u>Project</u>	<u>Commitments (in thousands)</u>
Highway, bridge and facility, construction and design	\$ 308,600
Personal service and miscellaneous	231,000
Economic development and Canal	<u>31,600</u>
Total	\$ <u>571,200</u>

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

Notes to Financial Statements, Continued

(10) Contingencies and Commitments, Continued

(d) Environmental Remediation

During 2008, the Authority adopted GASB Statement No. 49 - "Accounting and Financial Reporting for Pollution Remediation Obligations." Statement No. 49 requires governmental entities, including the Authority, to disclose the nature and estimated cost for environmental remediation obligations. At December 31, 2008, the Authority recorded in its financial statements a cost estimate for environmental remediation of a number of sites on Thruway Authority, Canal Corporation and New York State property. These sites 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 were developed by Authority engineers and remedial contractors based on the nature of remediation needed and comparable clean-up costs at similar sites and updated for payments made and changes to estimated costs as of December 31, 2009. Estimating environmental remediation obligations requires that a number of assumptions be made. Therefore, it is possible that project cost changes due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies and other factors could result in revisions to these estimates. Work has been completed at a few locations and progress payments at others have been made in 2009.

At December 31, 2009, the Authority has estimated its environmental remediation obligations, net of expected recoveries from other responsible parties, as follows (in thousands):

	Beginning of year <u>liability</u>	Current year value and estimated <u>changes</u>	Payments <u>made</u>	End of year <u>liability</u>
2008	\$ -	4,867	-	\$ 4,867
2009	4,867	5,124	(2,660)	7,331

(e) Lease Revenue

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

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)
Notes to Financial Statements, Continued

(10) Contingencies and Commitments, Continued

(e) Lease Revenue, Continued

The following schedule summarizes the future minimum rental revenues to be earned as of December 31, 2009:

<u>Year</u>	<u>Future Minimum Lease Revenue (in thousands)</u>
2010	\$ 12,300
2011	12,300
2012	13,000
2013	12,800
2014	12,300
Thereafter	<u>61,500</u>
Total	\$ <u>124,200</u>

(11) State Infrastructure Bank

The State Infrastructure Bank (SIB) is an infrastructure funding program established by the National Highway System Designation Act of 1995 to provide states with the financial resources to make loans and provide other assistance to qualified public and private transportation projects. The Authority cooperatively constitutes and administers the New York SIB under a Memorandum of Understanding (MOU) with the NYS Department of Transportation Authority and the Metropolitan Transportation Authority. The SIB was capitalized with 80% Federal Funds and a 20% match provided by the parties to the MOU. As of December 31, 2009 and 2008, the value of the Authority's investment in the SIB was \$2.1 million and \$3.0 million, respectively. In 2009, the Authority wrote down the value of its investment to reflect losses incurred by the SIB.

TOSKI, SCHAEFER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

555 INTERNATIONAL DRIVE

WILLIAMSVILLE, NEW YORK 14221

TELEPHONE (716) 634-0700

FAX (716) 634-0764

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the Board
New York State Thruway Authority:

We have audited the financial statements of the New York State Thruway Authority (the Authority) as of and for the year ended December 31, 2009, and have issued our report thereon dated March 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, detected and corrected, on a timely basis.

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

Compliance and Other Matters

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

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

Toski, Schaefer & Co., P.C.

Williamsville, New York
March 29, 2010

TOSKI, SCHAEFER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

555 INTERNATIONAL DRIVE

WILLIAMSVILLE, NEW YORK 14221

TELEPHONE (716) 634-0700

FAX (716) 634-0764

INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

Members of the Board
New York State Thruway Authority:

We have examined the New York State Thruway Authority's (the Authority) compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York during the year ended December 31, 2009. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2009.

In accordance with Government Auditing Standards, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Authority's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Authority complied with the aforementioned requirements and not for the purpose of expressing an opinion on the internal control over compliance with those requirements or other matters; accordingly, we express no such opinion. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Members of the Board of the New York State Thruway Authority, management of the Authority, the New York State Legislature, the New York State Office of the State Comptroller, the New York State Senate, the New York State Division of the Budget, and the New York State Authority Budget Office and is not intended to be and should not be used by anyone other than those specified parties.

Toski, Schaefer & Co. P.C.

Williamsville, New York
March 29, 2010