

NEW YORK STATE BRIDGE AUTHORITY

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report
December 31, 2019 and 2018

NEW YORK STATE BRIDGE AUTHORITY

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INDEPENDENT AUDITORS' REPORT

The Governing Board
New York State Bridge Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the New York State Bridge Authority (the Authority), as of and for the years ended December 31, 2019 and 2018, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, Bridge System Assessments on pages 34 and 35, the Schedule of Authority's Proportionate Share of the Net Pension Liability on Page 36, the Schedule of Authority's Employer Pension Contributions on page 37 and the Schedule of Changes in Authority's Total OPEB Liability and Related Ratio's on page 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Reports on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2020, on 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. The purpose of that report is to provide an opinion as to the Authority's compliance with investment guidelines contained therein. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 9, 2020

NEW YORK STATE BRIDGE AUTHORITY

Management's Discussion and Analysis

December 31, 2019

The management's discussion and analysis serves to introduce the other elements of the financial section of this annual report which include the basic financial statements and required supplementary financial information. The objective of this analysis is to enhance the understandability and usefulness of the external financial reports. As in previous years, the Authority is providing a comparative analysis of certain financial information.

FINANCIAL HIGHLIGHTS

Toll revenue in 2019 totaled \$59.0 million, which was the same as 2018 and \$0.2 million above 2017. Other income was \$0.8 million, an increase of \$0.1 million from the prior year and the same as 2017. Grant revenue was recorded in 2019 for \$1.5 million and 2018 for \$0.5 million with no grant revenue in 2017.

Total operating expenses of \$52.2 million decreased by \$2.3 million. This 4.2% decrease was primarily the result of decreased rehabilitation, reconstruction, and bridge repairs, a decrease of \$5.6 million from 2018, as the Authority uses the modified approach for reporting its bridge infrastructure.

Net position at December 31, 2019 was \$66.0 million, which increased \$9.4 million from the prior year.

BASIC FINANCIAL STATEMENTS

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. These statements are designed to afford an overview of the Authority's finances and consist of the Statements of Net Position, Statements of Revenue, Expenses and Changes in Net Position, and the Statements of Cash Flows.

The notes to financial statements include additional information necessary to provide a further understanding of the financial statements.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information serves to give the reader additional information with respect to the condition of the bridge system and capital improvement expenditures.

FINANCIAL STATEMENT ANALYSIS

Statements of Net Position

The statements of net position present information on the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and reporting net position at year end. Increases or decreases in net position may indicate whether or not the Authority's financial position is improving. A condensed summary of the Authority's statements of net position is shown on the following pages.

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis

Net position may serve over time as a useful indicator of the Authority's financial position. As of December 31, 2019 and 2018, assets and deferred outflows exceeded liabilities and deferred inflows by \$65,999,522 and \$56,647,600, respectively.

The Authority's financial position is the product of several financial transactions including the net results of activities, the valuation of certain assets and liabilities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the Authority's financial position as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Current assets	\$ 95,699,768	93,134,840
Capital assets (net of accumulated depreciation)	22,087,228	23,883,880
Bridge system	<u>84,358,269</u>	<u>84,358,269</u>
Total assets	<u>202,145,265</u>	<u>201,376,989</u>
Deferred outflows of resources	<u>15,372,406</u>	<u>4,158,614</u>
Current liabilities	13,171,126	16,396,684
Noncurrent liabilities	<u>135,292,871</u>	<u>124,702,639</u>
Total liabilities	<u>148,463,997</u>	<u>141,099,323</u>
Deferred inflows of resources	<u>3,054,152</u>	<u>7,788,680</u>
Net position	\$ <u>65,999,522</u>	<u>56,647,600</u>

Changes in the Authority's net position can be determined by reviewing the following condensed statements of revenue, expenses, and changes in net position for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Operating revenue	\$ 61,288,796	60,248,199
Operating expenses	<u>52,194,177</u>	<u>54,503,536</u>
Operating income	9,094,619	5,744,663
Nonoperating revenue (expenses)	<u>257,303</u>	<u>(1,209,911)</u>
Change in net position	9,351,922	4,534,752
Net position at beginning of year as previously stated	56,647,600	67,884,718
Restatement	<u>-</u>	<u>(15,771,870)</u>
Net position at beginning of year as restated	<u>56,647,600</u>	<u>52,112,848</u>
Net position at end of year	\$ <u>65,999,522</u>	<u>56,647,600</u>

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis

Statements of Revenue, Expenses and Changes in Net Position

Toll receipts, accounting for the majority of operating revenue, totaled \$59.0 million in 2019, which was the same as 2018. An increase in traffic during 2019 of 0.45% was offset by the mix of traffic responsible for the .09% decrease in toll revenues. Traffic increases were from passenger vehicles, 0.55% with a 1.14% decline in commercial vehicles. Revenue increased from passenger vehicles and decreased from commercial vehicles due to the mix of traffic by 0.38% and 1.21% respectively. The passenger category contributed \$0.2 million and the commercial category contributed -\$0.2 million to the overall decrease in 2019. Other income was \$0.8 million, consistent with the prior year. The Authority booked \$1.5 million from a state grant in 2019 associated with improvements at the Kingston-Rhinecliff Bridge performed in 2019 that related to the Empire State Trail.

Operating expenses decreased \$2.3 million for the year as rehabilitation, reconstruction, and bridge repairs decreased by \$5.6 million due mainly to the decreased activities system-wide. Salaries increased by \$0.4 million primarily due contractually obligated wage and salary increases. Employee benefits expenses increased \$3.2 million, reflecting both an increase in the provisions associated with Governmental Accounting Standards Board (GASB) Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and an increase associated with GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (see accompanying notes to financial statements). Commercial insurance decreased by \$0.3 million associated with lower rates from workers compensation and an audit credit. Professional services increased by \$0.1 million from the traffic consultant as the Authority prepared for the next toll schedule revision. Electronic Toll Costs increased by \$0.2 million from increased E-ZPass utilization. Depreciation decreased by \$0.4 million from a reduction in procurements under the vehicle fleet replacement policy and intelligent transportation system equipment compared to 2018.

Nonoperating revenue, which includes interest income on investments was \$1.8 million for 2019, up \$0.4 million from the prior year as interest rates and funds available to invest in longer maturities both increased. Historically low interest rates on government obligations in which the Authority invests started to ease throughout 2019, but have kept interest income low.

Nonoperating expenses consists primarily of interest. Interest paid on the Authority's outstanding bonds totaled approximately \$2.3 million for 2019. This \$0.3 million decrease is attributable to the continuing payments of outstanding principal on the Series 2012 debt issuance. In April 2012, the Authority issued the Series 2012 General Revenue Bonds to support the Capital Program.

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis

Statements of Cash Flows

The statements of cash flows present information on the major sources and uses of cash during the year, showing net cash provided or used in operating, capital financing and investing activities.

Net cash of \$11.8 million provided by operating activities for 2019 increased by \$1.2 million compared to 2018. This was primarily the result of the decrease of expenditures associated with the repairs rehabilitation and reconstruction. The Authority completed various projects system-wide in 2018 and 2019 and spent 2019 in preparation to replace the deck on the North Span of Newburgh-Beacon Bridge in 2020.

Financing activities consumed \$11.5 million of cash in 2019, substantially consistent with 2018.

Cash flows from 2019 investing activities resulted in net a cash outflow of \$0.7 million, which includes interest earned on investments and net cash resulting from the purchase and sale of investments.

AUTHORITY BUDGET

The Authority's 2019 budget projected collections of \$59.1 million, a \$0.1 million increase over 2018. Actual toll revenue was below budget projections by \$0.1 million as passenger traffic improved and commercial traffic mix decreased revenue over prior year and was materially in line with budget. Overall traffic increased from 2018 by 0.3 million vehicles. This increase was attributable to a 0.3 million increase in passenger vehicle traffic and a 0.04 million decrease in commercial vehicle traffic. The increase in traffic was offset by a change in the mix of traffic and resulted in the \$0.1 million decrease in revenue compared to 2018. The Authority budgeted \$0.7 million of other income and actual results were \$0.8 million mostly from higher fiber leasing and advertising revenues. Additionally, because interest rates on Authority investments increased more than expected, despite remaining at historically low levels, interest income of \$1.8 million was substantially higher than budget of \$1.1 million. In addition, the grant of \$1.5 million for work performed in 2019 was also not expected.

Operating expenses, which were budgeted to be \$59.6 million, were \$52.2 million. Repairs, rehabilitation, and reconstruction was budgeted for \$25.3 million, but actual was \$18.4 million as the rehabilitation, reconstruction, and bridge repair work was impacted by changes in expected trending and reconsideration of projects system wide. The day-to-day operating budget, which was forecasted at \$34.3 million, came in at \$33.8 million. Operating reductions compared to budget arose from several different expense types. Salaries were \$0.5 million lower due to lower than expected staffing expenditures associated with vacant positions that remained unfilled. Employee benefits were \$1.8 million higher as a result of both the impact of provisions associated with GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and the effects of GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (see accompanying notes to financial statements). Electronic Toll Costs were lower by \$0.3 million as the Authority projected somewhat higher E-ZPass utilization. Maintenance and repairs were lower by \$0.3 million as a result of lower costs associated with lower general repairs and maintenance and lower fuel costs than projected.

NEW YORK STATE BRIDGE AUTHORITY

Management's Discussion and Analysis

The Authority's five year capital plan budgeted \$25.3 million in 2019 while actual costs totaled \$18.4 million. The \$6.9 million variance was the result of delays in construction and/or reconsideration of various projects system wide. This includes a delayed pedestrian sidewalk repair at Newburgh-Beacon Bridge and the reconsideration of video analytic equipment for the operations and security function. Delayed work will be carried out in 2020.

TOTAL CAPITAL ASSETS AND LONG TERM DEBT

At December 31, 2019, the Authority's net investment in capital assets was \$106.4 million. Capital assets include bridges, roads, buildings, and equipment. In order to finance the commitment to its program of rehabilitation and improvement of the bridge facilities, in April 2012, the Authority issued \$90.3 million General Revenue Bonds, the Series 2012 Bonds, in support of the capital program. All Authority revenue is pledged to repay these bonds. As of December 31, 2019, \$74.5 million of debt remained outstanding and funds were in reserve to retire \$8.1 million bonds on January 1, 2020.

In 2019, Standard & Poor's maintained the Authority's A+ rating with a stable outlook. Moody's Investors Service in 2019 affirmed the Aa3 rating on the Authorities General Revenue Bonds with a stable outlook.

MODIFIED APPROACH FOR INFRASTRUCTURE ASSETS

The Authority has adopted the modified approach in reporting its infrastructure assets. This is an alternative to depreciating its bridge facilities, which requires the Authority to maintain its infrastructure at a certain measurable standard and report the associated cost as preservation (rehabilitation, reconstruction and bridge repair) expenses.

The condition of the Authority's bridge facilities is determined through annual inspections performed in accordance with New York State Department of Transportation (NYSDOT) requirements and Federal Highway Administration guidelines. The yearly inspections by the Authority's consulting engineers, Modjeski & Masters, Inc., measures the ability of each facility to function structurally, utilizing a NYSDOT condition rating ranging between 1 and 7. The Authority's policy is to keep the overall condition rating of each vehicular bridge at a 5, meaning that the bridge shows minor deterioration but is functioning as originally designed.

ADDITIONAL INFORMATION

This report is provided for the use of the Authority's bondholders, the investment community and members of the public interested in the Authority's affairs. Questions with regard to this financial report or requests for additional information may be addressed to the Treasurer, New York State Bridge Authority, P.O. Box 1010, Highland, New York 12528.

NEW YORK STATE BRIDGE AUTHORITY
Statements of Net Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Current assets:		
Cash and equivalents	\$ 10,793,575	11,170,094
Investments	80,084,302	76,852,062
Accounts receivable	2,727,394	3,191,716
Prepaid expenses	<u>2,094,497</u>	<u>1,920,968</u>
Total current assets	<u>95,699,768</u>	<u>93,134,840</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	22,087,228	23,883,880
Bridge system	<u>84,358,269</u>	<u>84,358,269</u>
Total noncurrent assets	<u>106,445,497</u>	<u>108,242,149</u>
Total assets	<u>202,145,265</u>	<u>201,376,989</u>
Deferred outflows of resources:		
Pension	2,478,278	4,158,614
Other post employment benefits	<u>12,894,128</u>	<u>-</u>
Total deferred outflows of resources	<u>15,372,406</u>	<u>4,158,614</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	1,858,193	3,261,506
Accrued wages, payroll taxes and fringe benefits	255,994	684,119
Contracts payable	545,280	2,094,500
Accrued interest on bonds	1,590,950	1,745,850
General revenue bonds, current portion, net	<u>8,920,709</u>	<u>8,610,709</u>
Total current liabilities	<u>13,171,126</u>	<u>16,396,684</u>
Noncurrent liabilities:		
Total OPEB liability	59,468,998	41,367,368
Compensated absences	656,095	632,992
Unearned revenues	700,710	908,640
Net pension liability - proportionate share-ERS	2,802,812	1,208,674
General revenue bonds, net	<u>71,664,256</u>	<u>80,584,965</u>
Total noncurrent liabilities	<u>135,292,871</u>	<u>124,702,639</u>
Commitments and contingencies (note 13)		
Total liabilities	<u>148,463,997</u>	<u>141,099,323</u>
Deferred inflows of resources:		
Pension	1,024,626	3,905,702
Postemployment benefits	<u>2,029,526</u>	<u>3,882,978</u>
Total deferred inflows of resources	<u>3,054,152</u>	<u>7,788,680</u>
Net position:		
Net investment in capital assets	106,445,497	108,242,149
Restricted for:		
Debt service	19,496,728	19,184,327
Insurance	12,225,533	11,508,600
Maintenance reserve	54,473,406	48,583,958
Unrestricted (deficit)	<u>(126,641,642)</u>	<u>(130,871,434)</u>
Total net position	<u>\$ 65,999,522</u>	<u>56,647,600</u>

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY
Statements of Revenue, Expenses and Changes in Net Position
Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenue:		
Toll revenue	\$ 58,968,656	59,020,039
Grant revenue	1,500,000	460,000
Other income	<u>820,140</u>	<u>768,160</u>
Total operating revenue	<u>61,288,796</u>	<u>60,248,199</u>
Operating expenses:		
Salaries	11,712,974	11,287,911
Employee benefits	9,855,637	6,652,346
Utilities	688,066	691,499
Insurance	1,773,269	2,052,714
Professional services	1,060,982	950,973
Supplies and materials	315,125	300,997
Equipment expense	302,664	387,945
Maintenance and repairs	802,373	736,469
Electronic toll costs	4,376,913	4,166,476
Depreciation	2,240,758	2,598,661
Other	<u>698,139</u>	<u>736,941</u>
Total operating expenses before rehabilitation, reconstruction and bridge repairs	33,826,900	30,562,932
Rehabilitation, reconstruction and bridge repairs	<u>18,367,277</u>	<u>23,940,604</u>
Total operating expenses	<u>52,194,177</u>	<u>54,503,536</u>
Operating income	<u>9,094,619</u>	<u>5,744,663</u>
Nonoperating revenue (expenses):		
Interest income	1,822,181	1,389,600
Changes in fair value of investments	753,813	28,980
Interest and other expenses	<u>(2,318,691)</u>	<u>(2,628,491)</u>
Total nonoperating revenue (expenses)	<u>257,303</u>	<u>(1,209,911)</u>
Change in net position	<u>9,351,922</u>	<u>4,534,752</u>
Net position:		
Beginning of the year, as previously stated	56,647,600	67,884,718
Restatement required by GASB Statement No. 75 (note 15)	<u>-</u>	<u>(15,771,870)</u>
Beginning of the year, as restated	<u>56,647,600</u>	<u>52,112,848</u>
End of the year	<u>\$ 65,999,522</u>	<u>56,647,600</u>

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY
Statements of Cash Flows
Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Toll revenue	\$ 59,432,978	58,368,951
Payments to suppliers	(10,489,336)	(7,503,384)
Payments to contractors	(21,021,534)	(24,148,143)
Payments for wages and employee benefits	(18,226,185)	(17,294,816)
Other receipts	<u>2,112,210</u>	<u>1,229,598</u>
Net cash provided by operating activities	<u>11,808,133</u>	<u>10,652,206</u>
Cash flows from capital financing activities:		
Purchases of capital assets	(444,106)	(736,283)
Principal paid on bonds payable	(8,610,709)	(8,315,709)
Interest paid on bonds payable	<u>(2,473,591)</u>	<u>(2,777,491)</u>
Net cash used in capital financing activities	<u>(11,528,406)</u>	<u>(11,829,483)</u>
Cash flows from investing activities:		
Change in invested funds	(2,478,427)	9,988,407
Interest on investments	<u>1,822,181</u>	<u>1,389,600</u>
Net cash provided by (used in) investing activities	<u>(656,246)</u>	<u>11,378,007</u>
Net change in cash and equivalents	(376,519)	10,200,730
Cash and equivalents at beginning of year	<u>11,170,094</u>	<u>969,364</u>
Cash and equivalents at end of year	<u>\$ 10,793,575</u>	<u>11,170,094</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	9,094,619	5,744,663
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	2,240,758	2,598,661
Changes in:		
Accounts receivable	464,322	(651,088)
Prepaid expenses	(173,529)	52,692
Accounts payable and accrued expenses	(1,403,313)	1,343,525
Accrued wages, payroll taxes, fringe benefits, pension and OPEB changes	3,342,426	645,443
Contracts payable	(1,549,220)	916,873
Unearned revenue	<u>(207,930)</u>	<u>1,437</u>
Net cash provided by operating activities	<u>\$ 11,808,133</u>	<u>10,652,206</u>

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements

December 31, 2019 and 2018

(1) Organization

(a) Nature of Activities

The New York State Bridge Authority (the Authority) is a Public Benefit Corporation created in 1932 and existing pursuant to Title 2, of Article 3 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York (the Act). The Act provides that the Authority shall continue its corporate existence and operate and maintain its bridge facilities so long as it shall have bonds or other obligations outstanding and until its existence shall be terminated by law. The Authority currently operates and maintains the Rip Van Winkle, Kingston-Rhinecliff, Mid-Hudson, Newburgh-Beacon, and Bear Mountain bridges crossing over the Hudson River. The Authority also holds and maintains the structure for the Walkway Over the Hudson pedestrian bridge. The Authority consists of a seven member Board appointed by the Governor with the advice and consent of the Senate. The Authority's financial statements are included in the New York State Comprehensive Annual Financial Report.

(b) Reporting Entity

The financial reporting entity is based on criteria set forth by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the organizations for which the Authority is financially accountable and other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the Authority. The Authority is a component unit of New York State. The decision to include a potential component unit in the Authority's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following entity is not included in the Authority's financial statements:

Historic Bridges of the Hudson Valley, Inc.

This organization is a private not-for-profit entity organized for the purpose of establishing a museum to educate the public regarding bridges spanning the Hudson River. The organization's board of directors includes one member of the Authority's board as well as Authority management. The Authority's Board does not appoint members of this organization's governing board.

The Authority provided a payment of \$58,200 and \$57,286 in 2019 and 2018, respectively, for services related to education and obtaining grants to fund a future museum. It is anticipated the organization will continue to run on donations and future grants from New York State and other entities.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies

(a) Basis of Presentation, Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. GASB is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

The operations of the Authority are reported under the business-type activities model and, as such, are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Within this measurement focus, all assets and liabilities, and deferred inflows and outflows of resources associated with operations are included in the statement of net position with revenues recorded when earned and expenses recorded when incurred. The business-type activities model requires the Authority to include a statement of net position, a statement of revenue, expenses and changes in net position and a statement of cash flows. The statements require the classification of net position into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced (as applicable) by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Substantially all of the outstanding borrowings at December 31, 2019 and 2018 are to finance the cost of rehabilitation, reconstruction and bridge repair expenses which are treated as period costs. As such, this debt is not considered for purposes of determining that portion of net position invested in capital assets.

Restricted - This component of net position consists of constraints placed on net position use through external restrictions imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of “restricted” or “invested in capital assets”.

For internal accounting and reporting, the accounts of the Authority are maintained in conformity with fund accounting. Fund accounting facilitates the observance of statutory limitations and restrictions on the use of resources.

The following funds were established by the Authority in compliance with Article V, Section 5.02 of the General Revenue Bond Resolution (“Series 1997 Resolution”) adopted December 19, 1996. These funds are grouped by fund type in accordance with generally accepted accounting principles for governmental entities. All monies are to be transferred to such funds in accordance with terms outlined below, and held in depository by the designated Trustee, with the exception of the operating fund.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(a) Basis of Presentation, Measurement Focus and Basis of Accounting, Continued

(1) General Fund

(a) Revenue Fund

Established to receive daily tolls and make payments to the designated funds in accordance with the terms outlined below.

(b) Operating Fund

Established to make payments from amounts received from the revenue fund, as may be required for the reasonable and necessary operating expenditures of the Authority. Amounts to be maintained in the operating fund are limited to amounts not more than sufficient to provide for reasonable and necessary operating expenditures for the remainder of the current month and ensuing two months.

(c) General Fund

Established to hold monies not required by other Authority designated funds, for any other lawful corporate purpose of the Authority.

(2) Debt Service Funds

(a) Debt Service Fund

Established to make principal and interest payments to the Trustee or paying agent required by the Series 1997 Resolution, from amounts received from the revenue fund.

(b) Debt Service Reserve Fund

Established to receive payments from the revenue fund to the extent necessary to make the amount in such fund, as of the date of the calculation, equal to the maximum amount of principal and interest due to be paid on bonds then outstanding in the then current or any future fiscal year to which the calculation relates, excluding interest to be paid from monies held in the debt service fund.

(c) Subordinated Indebtedness Fund

Established to issue evidences of indebtedness payable out of, and which may be secured by a pledge of, such amounts in the subordinated indebtedness fund or general fund as may from time to time be available for the purpose of payment thereof.

(d) Rebate Fund

Established to hold monies for rebates of certain investment earnings.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(a) Basis of Presentation, Measurement Focus and Basis of Accounting, Continued

(3) Capital Projects Fund

(a) Construction Fund

Established to hold monies paid into it from the sale of bonds to pay for costs of “The Project” or any “Additional Projects” as defined in the Series 1997 Resolution. Any remaining money upon completion or abandonment of such projects shall be transferred to other funds in accordance with the terms of the Series 1997 Resolution.

(b) Maintenance Reserve Fund

Established to make payments from amounts received from the revenue fund, for the cost of construction of additions, improvements or betterments to, or reconstruction of Authority bridge facilities, renewals or replacements of Authority facilities and for the purchase of major or extraordinary vehicles and equipment necessary to operate and/or maintain the Authority bridge facilities.

(c) Insurance Fund

Established to receive payments from the revenue fund to the extent that, together with multi-risk insurance, it shall provide for the adequate protection against the physical loss or damage of a bridge facility. Additionally, the Authority may pay into a separate account in this fund, amounts sufficient to provide coverage, in addition to, or instead of, such commercial insurance policies required by the Series 1997 Resolution.

(b) Cash Deposits and Investments

The Authority is limited under its investment guidelines to the investment of funds in obligations of the United States of America (United States Government Securities), the State of New York or certificates of deposit. All cash and funds invested in certificates of deposit in any fiduciary bank or trust company must be secured at all times by United States Government Securities or obligations of the State of New York, with a market value, combined with any FDIC coverage, at least equal to the amount of such deposits. Monies held by the trustee may also be secured by obligations guaranteed by the United States of America. Investments, consisting principally of U.S. Treasury obligations and certificates of deposit with a remaining maturity of one year or less at the time of purchase, are stated at cost plus accrued interest.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(b) Cash Deposits and Investments, Continued

Fair Value Measurements and Disclosures

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

(c) Capital Assets

Capital assets include buildings, furniture and equipment and the Walkway Over the Hudson structure. Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight line basis over the following estimated useful lives:

Buildings	30 years
Furniture and equipment	3 - 10 years
Walkway Over the Hudson structure	20 years

(d) Bridge System

The bridge system consists of five bridges (6 spans) spanning the Hudson River together with the related toll plazas and approaches. The bridge system is reported at historical cost. The Authority uses the modified approach to account for the bridge system. Under the modified approach expenditures for additions and improvements to eligible infrastructure assets, which increase capacity or efficiency of the assets rather than

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(d) Bridge System, Continued

preserve their lives, are capitalized. All other expenditures, including preservation costs, are expensed in the period incurred and the bridge system is not depreciated. The Authority performs condition assessments on the bridge system, makes annual estimates of the outlay necessary to maintain and preserve the assets at predetermined condition levels and documents that the assets are being maintained at the predetermined condition level.

(e) Real Property

Real property utilized by the Authority is held in the name of the State of New York. The Authority has, however, the right to possess and, with the approval of the Commissioner of Transportation, to sell, lease, exchange, or otherwise dispose of any property or rights therein, not necessary for its corporate purpose.

(f) Compensated Absences

In conformity with pronouncements of GASB, the Authority accrues vacation and other benefits as earned by its employees.

(g) Subsequent Events

Management has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(h) Operating Revenue

Operating revenues consist principally of toll revenue.

(i) Unearned Revenue

The Authority provides access to fiber cables across its bridges through a contract leasing arrangement to various interested users for a term no longer than ten years. One user has paid in advance the entire amount of two separate leases, the long-term balance remaining is \$700,710 and \$908,640 at December 31, 2019 and 2018, respectively.

(j) Nonoperating Revenue

Nonoperating revenues consist of interest income and changes in fair value of investments.

(k) Operations

Provisions of the Series 1997 Resolution require that revenue in excess of expenses for operation and maintenance of the bridge system be used first for the payment of interest and principal on outstanding bonds, then for debt service reserve, subordinated indebtedness (if any), insurance, maintenance reserve, construction and finally general fund requirements. It also requires that expenses for operation and maintenance of the bridge system shall not include any provisions for depreciation of the bridge facilities and equipment, other noncash operating activity (employee benefits) or any principal payment on bonds outstanding or any other debt obligation of the Authority.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(k) Operations, Continued

The Authority's right to operate and collect tolls for the use of the Newburgh-Beacon Bridge is governed in part by an agreement dated December 15, 1988, between the Authority, the State of New York and the United States Department of Transportation. Consistent with the terms of Section 120(c)(2) of Public Law 100-17 and Section 402 of Title II of Public Law 101-45, the Agreement permits the use of revenues collected at that bridge only for construction and reconstruction, debt service, proper operation and maintenance of the bridges, approach roads and support facilities subject to the jurisdiction of the Authority.

(l) Deferred Outflows and Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has three items that qualify for reporting in this category. The first item is related to pensions reported in the Statements of Net Position. This represents the effect of the net change in the Authority's proportion of the collective net pension asset or liability and difference during the measurement period between the Authority's contributions and its proportion share of total contributions to the pension systems not included in pension expense along with changes in actuarial assumptions. The second item is the Authority contributions to the pension system subsequent to the measurement date. The third item is the effect of changes in assumptions related to the total OEPB liability.

The Authority also records deferred inflows of resources, which represents acquisitions of net position that applies to future periods and so will not be recognized as inflow of resources (revenue) until that time. The amounts recorded at December 31, 2019 and 2018 represent the change in the proportion between the Authority's pension contributions and proportionate share of contributions and differences between expected and actual experience. Additionally, the Authority records changes in assumptions relating to the total OPEB liability that will be reflected in future periods.

(3) Cash and Equivalents

The carrying amount of the Authority's deposits with financial institutions at December 31, 2019 totaled \$10,793,575, the bank balance was \$879,255 and investment brokerage accounts were \$9,914,320. The bank balance is collateralized/secured as follows:

Amount insured by FDIC	\$ 250,000
Collateral held by a third party in the Authority's name	2,116,303
Insured investments brokerage accounts	<u>9,914,320</u>
	\$ <u>12,280,623</u>

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(4) Investments

The par and market value of investments (United States Government Securities) held by the Authority as of December 31, 2019 and 2018 are summarized as follows:

<u>Restricted</u>	<u>2019</u>		<u>2018</u>	
	<u>Par</u>	<u>Market</u>	<u>Par</u>	<u>Market</u>
Debt Service Reserve Fund -				
U.S. Treasury Notes	\$ 11,075,000	11,319,692	11,414,000	11,329,330
Insurance Fund - U.S.				
Treasury Notes	11,835,000	12,095,314	11,595,000	11,507,585
Maintenance Reserve Fund -				
U.S. Treasury Notes and Bills	<u>53,303,000</u>	<u>55,002,571</u>	<u>50,707,000</u>	<u>50,616,188</u>
Total Restricted	76,213,000	78,417,577	73,716,000	73,453,103
Revenue Fund (Unrestricted) -				
U.S. Treasury Notes	<u>1,655,000</u>	<u>1,666,725</u>	<u>3,389,000</u>	<u>3,398,959</u>
Total	\$ <u>77,868,000</u>	<u>80,084,302</u>	<u>77,105,000</u>	<u>76,852,062</u>

All Authority investment securities are held by the financial institution's trust department in the entity's name. At December 31, 2019, the Authority's investments and maturities were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than one year</u>	<u>1 to 5 years</u>
U.S. Treasury Notes and Bills	\$ <u>80,084,302</u>	<u>53,159,263</u>	<u>26,925,039</u>

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority's policy is to record the U.S. Treasury Notes and Bills at cost plus accrued interest as it intends to hold these securities to maturity.

The Authority has the following recurring fair value measurements as of December 31, 2019:

- U.S. Treasury securities of \$80,084,302 are valued using quoted market prices (Level 1 inputs).

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(5) Funds Held For Restricted Purposes

At December 31, 2019 and 2018, funds held for restricted purposes by fund category consisted of the following:

	2019			
	<u>Cash and</u>	United States	Related	<u>Total</u>
	<u>Equivalents</u>	<u>Governmental</u>	<u>Liabilities</u>	
		<u>Securities</u>		
Debt Service Funds:				
Debt service fund	\$ 9,765,330	-	(1,590,950)	8,174,380
Debt service reserve fund	<u>2,656</u>	<u>11,319,692</u>	<u>-</u>	<u>11,322,348</u>
Fund total	<u>9,767,986</u>	<u>11,319,692</u>	<u>(1,590,950)</u>	<u>19,496,728</u>
Capital Projects Funds:				
Insurance fund	130,219	12,095,314	-	12,225,533
Maintenance reserve fund	<u>16,115</u>	<u>55,002,571</u>	<u>(545,280)</u>	<u>54,473,406</u>
Fund total	<u>146,334</u>	<u>67,097,885</u>	<u>(545,280)</u>	<u>66,698,939</u>
Combined total	\$ <u>9,914,320</u>	<u>78,417,577</u>	<u>(2,136,230)</u>	<u>86,195,667</u>
	2018			
	<u>Cash and</u>	United States	Related	<u>Total</u>
	<u>Equivalents</u>	<u>Governmental</u>	<u>Liabilities</u>	
		<u>Securities</u>		
Debt Service Funds:				
Debt service fund	\$ 9,599,822	-	(1,745,850)	7,853,972
Debt service reserve fund	<u>1,025</u>	<u>11,329,330</u>	<u>-</u>	<u>11,330,355</u>
Fund total	<u>9,600,847</u>	<u>11,329,330</u>	<u>(1,745,850)</u>	<u>19,184,327</u>
Capital Projects Funds:				
Insurance fund	1,015	11,507,585	-	11,508,600
Maintenance reserve fund	<u>62,270</u>	<u>50,616,188</u>	<u>(2,094,500)</u>	<u>48,583,958</u>
Fund total	<u>63,285</u>	<u>62,123,773</u>	<u>(2,094,500)</u>	<u>60,092,558</u>
Combined total	\$ <u>9,664,132</u>	<u>73,453,103</u>	<u>(3,840,350)</u>	<u>79,276,885</u>

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(6) Capital Assets

Capital assets at December 31, 2019 and 2018 consist of the following:

	2019			Balance December 31, <u>2019</u>
	Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Disposals</u>	
Construction in progress	\$ 21,077	3,034	(24,111)	-
Walkway Over The Hudson - structure	32,758,706	-	-	32,758,706
Buildings	8,262,137	24,111	-	8,286,248
Furniture and equipment	<u>9,570,703</u>	<u>441,072</u>	<u>(400,120)</u>	<u>9,611,655</u>
	50,612,623	468,217	(424,231)	50,656,609
Less accumulated depreciation	<u>(26,728,743)</u>	<u>(2,240,758)</u>	<u>400,120</u>	<u>(28,569,381)</u>
	<u>\$ 23,883,880</u>	<u>(1,772,541)</u>	<u>(24,111)</u>	<u>22,087,228</u>
	2018			
	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Disposals</u>	Balance December 31, <u>2018</u>
Construction in progress	\$ -	21,077	-	21,077
Walkway Over The Hudson - structure	32,758,706	-	-	32,758,706
Buildings	8,264,945	-	(2,808)	8,262,137
Furniture and equipment	<u>9,049,455</u>	<u>741,077</u>	<u>(219,829)</u>	<u>9,570,703</u>
	50,073,106	762,154	(222,637)	50,612,623
Less accumulated depreciation	<u>(24,326,848)</u>	<u>(2,598,661)</u>	<u>196,766</u>	<u>(26,728,743)</u>
	<u>\$ 25,746,258</u>	<u>(1,836,507)</u>	<u>(25,871)</u>	<u>23,883,880</u>

Depreciation expense for the years ended December 31, 2019 and 2018 amounted to \$2,240,758 and \$2,598,661, respectively.

In 2010, the pedestrian bridge known as the Walkway Over The Hudson was transferred to the Authority at a historical cost of \$32,758,706. Additionally, the Authority received fully depreciated equipment of \$80,000.

(7) Bridge System

The bridge system consists of five bridges (six spans) spanning the Hudson River together with the related toll plazas and approaches. The bridge system is recorded at cost and consists of the following at December 31, 2019 and 2018:

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(7) Bridge System, Continued

<u>Bridge Facility</u>	<u>Opened</u>	<u>2018</u>	<u>2018</u>
Rip Van Winkle Bridge	1935	\$ 2,299,147	2,299,147
Kingston-Rhinecliff Bridge	1957	20,536,609	20,536,609
Mid-Hudson Bridge	1930	12,957,846	12,957,846
Newburgh-Beacon Bridge	1963 and 1980	44,223,796	44,223,796
Bear Mountain Bridge	1924	<u>4,340,871</u>	<u>4,340,871</u>
		<u>\$ 84,358,269</u>	<u>84,358,269</u>

(8) Bonded Indebtedness

On May 22, 2012, the Authority issued \$90,325,000 in General Revenue Bonds (Series 2012) in the open market in order to provide funds to finance a portion of the costs of the 2012 Project, which consisted of certain reconstruction and rehabilitation projects for the Authority's bridge system. The proceeds were used to (a) fund the debt service reserve fund to the level required by the bond resolution and (b) pay the costs of issuance of the Series 2012 bonds.

Changes in indebtedness for the years ended December 31, 2019 and 2018 are summarized as follows:

	<u>2019</u>				
	Balances at December 31, <u>2018</u>	<u>Additions</u>	<u>Deductions</u>	Balances at December 31, <u>2019</u>	Due within <u>one year</u>
	Series 2012	\$ 82,270,000	-	(7,745,000)	74,525,000
Unamortized bond premium	<u>6,925,674</u>	-	<u>(865,709)</u>	<u>6,059,965</u>	<u>865,709</u>
Total revenue bonds	\$ <u>89,195,674</u>	<u>-</u>	<u>(8,610,709)</u>	<u>80,584,965</u>	<u>8,920,709</u>
	<u>2018</u>				
	Balances at December 31, <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	Balances at December 31, <u>2018</u>	Due within <u>one year</u>
	Series 2012	\$ 89,720,000	-	(7,450,000)	82,270,000
Unamortized bond premium	<u>7,791,383</u>	-	<u>(865,709)</u>	<u>6,925,674</u>	<u>865,709</u>
Total revenue bonds	\$ <u>97,511,383</u>	<u>-</u>	<u>(8,315,709)</u>	<u>89,195,674</u>	<u>8,610,709</u>

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(8) Bond Indebtedness, Continued

The bonds have serial maturities as of December 31, 2019 as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$	8,055,000	2,859,700	10,914,700
2021		8,380,000	2,524,500	10,904,500
2022		8,710,000	2,176,100	10,886,100
2023		9,060,000	1,813,700	10,873,700
2024		9,425,000	1,436,700	10,861,700
2025 - 2027		<u>30,895,000</u>	<u>1,378,900</u>	<u>32,273,900</u>
		74,525,000	12,189,600	86,714,600
Plus: unamortized bond premium		<u>6,059,965</u>	-	<u>6,059,965</u>
	\$	<u>80,584,965</u>	<u>12,189,600</u>	<u>92,774,565</u>

The Series 2012, which bear interest at rates ranging from 2% to 5%, are general obligations of the Authority and are payable from and secured by a pledge of all monies or revenues of the Authority, including tolls and other revenues derived from the operations of the Authority's bridge facilities.

The Series 2012 Bonds maturing on or after January 1, 2023 are subject to redemption prior to maturity, at the option of the Authority, as a whole or in part at any time on or after January 1, 2022, at the redemption price of par plus accrued interest to the redemption date. The Bonds are subject to optional redemption on any date prior to maturity at the option of the Authority, as a whole or in part at the Make-Whole Redemption Price.

(9) Retirement Plan

(a) Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The Authority participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Authority (the Authority), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Authority and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(a) Plan Descriptions and Benefits Provided, Continued

statute. The Authority also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/inex.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 and before April 1, 2012 who generally contribute 3.0 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>
2019	\$ 1,445,115
2018	1,465,310
2017	1,520,797

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the Authority reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Authority's proportionate share of the net pension liability was based on a projection of the Authority's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the Authority.

Actual valuation date	4/1/2018	4/1/2017
Measurement date	3/31/2019	3/31/2018
Net pension liability	\$ 2,802,812	1,208,674
Authority's proportion of the Plan's net pension liability	0.0395581%	0.0374499%
Change in proportion	0.0021082	(0.0008504)

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

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

For the year ended December 31, 2019 and 2018, the Authority recognized pension expense of \$1,843,561 and \$1,460,798 for ERS, respectively. At December 31, 2018 the Authority's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2019</u>		<u>2018</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ 551,932	188,148	431,095	356,241
Changes of assumption	704,512	-	801,451	-
Net difference between projected and actual earnings on pension plan , investments	-	719,356	1,755,504	3,465,189
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	137,998	117,122	71,581	84,272
Authority's contributions subsequent to the measurement date	<u>1,083,836</u>	<u>-</u>	<u>1,098,983</u>	<u>-</u>
Total	\$ <u>2,478,278</u>	<u>1,024,626</u>	<u>4,158,614</u>	<u>3,905,702</u>

Authority contributions subsequent to the March 31, 2019 measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>ERS</u>
2020	\$ 585,933
2021	(553,330)
2022	(46,707)
2023	383,920

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

Measurement date	March 31, 2019
Actuarial valuation date	April 1, 2018
Investment rate of return (net of investment expense, including inflation)	7.0%
Salary scale	4.2%
Cost-of-living adjustments	1.3%
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(c) Actuarial Assumptions, Continued

Measurement date

March 31, 2019

	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Asset type:		
Domestic equity	36.0%	4.55%
International equity	14.0%	6.35%
Private equity	10.0%	7.50%
Real estate	10.0%	5.50%
Absolute return strategies	2.0%	3.75%
Opportunistic portfolio	3.0%	5.68%
Real assets	3.0%	5.29%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	(0.25%)
Inflation - indexed bonds	4.0%	1.25%

* The real rate of return is net of the long-term inflation assumption of 2.50%.

(d) Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption, Continued

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension (asset) liability	\$ <u>12,254,314</u>	<u>2,802,812</u>	<u>(5,137,143)</u>

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset) liability of all participating employers as of the respective valuation dates, were as follows:

	(Dollars in Millions)	
	3/31/2019	3/31/2018
Measurement date	3/31/2019	3/31/2018
Employers' total pension liability	\$ 189,803	183,400
Plan fiduciary net position	<u>(182,718)</u>	<u>(180,173)</u>
Employers' net pension liability	\$ <u>7,085</u>	<u>3,227</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	96.27%	98.2%

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of December 31, 2019 and 2018 represent the projected employer contribution for the period of April 1, 2019 through March 31, 2020 and April 1, 2018 through March 31, 2019, respectively based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying financial statements.

(10) Postemployment Benefits

The Authority implemented GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" effective for its fiscal year beginning January 1, 2018. with the adoption of GASB No. 75, the method of calculating an recording the OPEB liability was changed significantly.

The Authority provides certain health care benefits for retired employees. Substantially all of the Authority's employees may become eligible for these benefits if they reach the normal retirement age, of the respective tier of the New York State Employees' Retirement System, while working for the Authority. The Authority, on an annual basis, accrues the cost which represents the present value of these benefits to be paid over the estimated lives of the retirees.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(10) Postemployment Benefits, Continued

The number of participants as of January 1, 2019 was as follows:

Active employees	105
Retired employees	<u>156</u>
Total	<u>261</u>

A summary of the substantive plan used as the basis of the valuation follows;

All Retirees - Description of Benefits

Duration	Lifetime
Minimum Age	55 for eligibility for cost-sharing of health insurance premium and 65 for Medicare Part B. An employee who terminates prior to retirement and meets the service requirement may receive a retiree health benefit provided that the individual maintains coverage in a NYSHIP plan until retirement and pays the full health insurance premium of this duration.
Minimum Service	If hired before April 1, 1975, 5 years of service. Otherwise, 10 years of service.
Type of Coverage	Retiree may enroll in health and Medicare Part B insurance.
NYSBA Contribution	New York State Bridge Authority covers the total cost of enrollment in Medicare Part B and a percentage of health insurance premium based on Date of Hire.
Dependent Coverage	A survivor of a New York State Bridge Authority retiree is eligible for benefits if the survivor qualifies for a monthly survivor's pension.

Retiree Health Insurance Benefit

Benefit	Retiree health insurance coverage with NYSBA contribution toward premium.
Duration of Coverage	From the later of age 55 or retirement until death. Surviving spouses may continue coverage at 75% of the premium rate.

NYSBA Contribution:

<u>Date of Hire</u>	<u>NYSBA Contribution (Individual/Family Tiers)</u>
Prior to 4/1/1994	90% of Health Plan Premium for Individual and Family.
From 4/1/1994 to 4/1/2009	90% of Health Premium for Individual/75% of Premium difference of Family and Individual.
From 4/1/2009 to 6/19/2014	75% of Primum for both Tiers
From 6/19/2014 to 3/31/2017	85% of Premium for Individual Tier/75% of Premium difference for Family and Individual.
After 3/31/2017	80% of Premium for Individual/75% of Premium difference of Family and Individual.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(10) Postemployment Benefits, Continued

Medicare Part B Benefit

Duration of Coverage - From age 65 until death.

NYSBA Contribution - NYSBA reimburses 100% of premium for Employee and Spouse.

Total OPEB Liability

The Authority's total OPEB liability of \$59,468,998 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.75%
Discount rate	2.75%
Healthcare cost trend rates	6.0% for 2019, trending down to 4.27% over 55 years

Changes in the Total OPEB Liability

Total OPEB liability as of January 1, 2019	\$ <u>41,367,368</u>
Changes for the year:	
Service cost	2,109,599
Interest on total OPEB liability	1,744,224
Differences between actual and expected experience	-
Changes of benefit terms	-
Changes in assumptions	16,117,661
Benefit payments	<u>(1,869,854)</u>
Total changes	<u>18,101,630</u>
Total OPEB liability as of December 31, 2019	\$ <u>59,468,998</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current discount rate:

	1% Decrease <u>(1.75%)</u>	Discount Rate <u>(2.75%)</u>	1% Increase <u>(3.75%)</u>
Total OPEB liability	\$ <u>71,809,906</u>	<u>59,468,998</u>	<u>49,833,628</u>

This analysis represents sensitivity of the OPEB liability as of December 31, 2019.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(10) Postemployment Benefits, Continued

Sensitivity of the total OPEB liability to changes in the healthcare costs trend rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current discount rate:

	1% Decrease (5.0%)	Trend Rate (6.0%)	1% Increase (7.0%)
Total OPEB liability	\$ <u>48,878,757</u>	<u>59,468,998</u>	<u>73,439,291</u>

This analysis represents sensitivity of the OPEB liability as of December 31, 2019.

For the year ended December 31, 2019, the Authority recognized an OPEB expense of \$6,150,630. At December 31, 2019 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumption	\$ <u>12,894,128</u>	<u>2,029,526</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending</u>	
2020	\$ 2,296,807
2021	2,296,807
2022	3,047,459
2023	3,223,529
2024	<u>-</u>
	<u>\$ 10,864,602</u>

(11) Administrative Services Assessment

Through the Public Authorities Law Section 2975, the State of New York (the State) established a cost recovery of central governmental services to various public authorities. This statute directs the New York State Division of the Budget to determine the amount to be assessed to each public authority. The State Treasurer imposes and collects the assessments which are deposited into the State's general fund. The administrative services assessment for the Authority for the years ended December 31, 2019 and 2018 amounted to \$369,000 each year, recorded in other expenses.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(12) Risk Management

The Authority purchases commercial insurance policies in varying amounts for general liability, vehicle liability, damage to fixed assets, and public officials and employee liability coverage. The Authority also pays unemployment claims to the State as incurred. There are no claims relating to the bridge facilities, however, the Authority has funded a reserve of \$12,225,533 at December 31, 2019 to meet its deductible should a claim arise.

(13) Commitments and Contingencies

The Authority is a defendant in a number of lawsuits. While the outcome of these lawsuits or other proceedings against the Authority cannot be predicted with certainty, the Authority does not expect that these matters will have a material adverse effect on its financial position.

(14) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019, which is the fiscal year beginning January 1, 2020 for the Authority. Management is in process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Authority.

GASB Statement No. 89 - "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning January 1, 2020 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Authority.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(14) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 91 - "Conduit Debt Obligations." This Statement, issued in May of 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, which is the fiscal year beginning January 1, 2021 for the Authority. Management is in the process of evaluating the potential impact of this Statement on the financial statements of the Authority.

GASB Statement No. 92 - "Omnibus 2020." This Statement, issued in January 2020, clarifies implementation of GASB Statements No. 73, 74, 84 and 87, generally effective for fiscal years beginning after June 15, 2020, which is the fiscal year beginning January 1, 2021 of the Authority. Management is in the process of evaluating the potential impact of this Statement on the financial statements of the Authority.

(15) Cumulative Effect of Change in Accounting Principle

For the year ended December 31, 2018, the Authority implemented GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other postemployment benefits. The Authority's net position at December 31, 2017 has been restated as follows:

Net position at beginning of year, as previously stated	\$ 67,884,718
GASB Statement No. 75 implementation:	
GASB Statement No. 45 total OPEB obligation reversal	28,848,996
Beginning total OPEB liability	<u>(44,620,866)</u>
Net position at beginning of year, as restated	\$ <u>52,112,848</u>

REQUIRED SUPPLEMENTARY INFORMATION

NEW YORK STATE BRIDGE AUTHORITY

Required Supplementary Information

Bridge System Assessments

December 31, 2019

<u>Condition Rating*</u>	Number of Bridges					
	<u>2019</u>		<u>2018</u>		<u>2017</u>	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
New	-	-	-	-	-	-
Minor Deterioration	9	100%	9	100%	9	100%
Serious Deterioration	-	-	-	-	-	-
Totally Deteriorated	-	-	-	-	-	-
Total	<u>9</u>	<u>100%</u>	<u>9</u>	<u>100%</u>	<u>9</u>	<u>100%</u>

*The condition of the Authority’s bridge system is determined using annual inspection procedures. The inspections are conducted in accordance with New York State Department of Transportation (NYSDOT) requirements and Federal Highway Administration Guidelines. The NYSDOT bridge condition rating, which is an assessment of the ability to function structurally, is determined during biennial inspections using a numerical condition scale ranging from 1.0 (totally deteriorated) to 7.0 (new condition). The complete NYSDOT numerical rating scale is as follows:

- 1 - Totally deteriorated, or in failed condition.
- 2 - Used to shade between ratings 1 and 3.
- 3 - Serious deterioration, or not functioning as originally designed.
- 4 - Used to shade between 3 and 5.
- 5 - Minor deterioration, but functioning as originally designed.
- 6 - Used to shade between 5 and 7.
- 7 - New condition, no deterioration.

The number of bridges included in the annual inspection process includes the six spans crossing the Hudson River and three overpasses. The Walkway Over the Hudson, which is a pedestrian bridge, is excluded.

It is the Authority’s policy to keep the overall condition number of each bridge at a condition rating of at least 5.0. Presently, all bridges are inspected annually with three bridges receiving the more thorough biennial inspections and three receiving maintenance inspections.

NEW YORK STATE BRIDGE AUTHORITY

Required Supplemental Information

Bridge System Assessments, Continued

Estimated-to-Actual Capital Improvement Expenditures in (\$000's):

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Estimated	\$ 25,300	26,600	35,200	14,730	36,200
Actual	18,400	23,900	20,200	7,700	36,600

Significant variations between the estimated, or budgeted, and actual costs of capital improvements are noted in each year.

In 2015, actual capital improvement costs exceeded projections. This was a result of activities carried over from 2014. The redecking project for the Newburgh Beacon south span was completed in 2015 on time and materially on budget.

In 2016 capital improvement costs of \$7.7 million were below budget projections of \$14.7 million. The Rip Van Winkle railing construction contract was awarded substantially lower than originally projected. In addition delays in fabrication reduced spending in 2016 on the project by over \$2.0 million. The two year railing project is expected to be completed on time and lower than original budget. Highway improvements at the Kingston Rhinecliff Bridge that were originally projected for \$1.0 million had been pushed back to later years in the capital program due to more favorable conditions than anticipated based on annual inspections. Security camera replacements totaling \$1.0 million were initiated late in the year as technology enhancements were evaluated and will be spent in 2017. A roof replacement at the Mid-Hudson Bridge for \$0.5 million was moved to 2017 due to weather concerns.

In 2017 capital improvement costs of \$20.2 million were below the estimate of \$35.2 million as a result of two projects beginning later than expected. The first project, the redecking of an approach structure at Newburgh-Beacon, was rebid in 2017 saving the Authority \$3.5 million over the initial bid. The project is expected to commence in 2018 and run two years. The second project, repairs at the WOTH, was delayed as recent inspections indicated more favorable conditions that reduced the scope of work. The revised project will begin in 2018.

In 2018 capital improvement costs of \$23.9 million were below the estimate of \$26.6 million as a result of slower construction progress on several projects due to heavy rains in the region causing construction delays.

In 2019 capital improvement costs of \$18.4 million were lower than estimated the \$25.3 million as a result of delays in construction and/or reconsideration of various projects system wide. This includes a delayed pedestrian sidewalk repair at Newburgh-Beacon Bridge that will be completed in 2020 and the reconsideration of procurements related to video analytic equipment for operations and security.

NEW YORK STATE BRIDGE AUTHORITY
 Required Supplementary Information
 Schedule of Authority's Proportionate Share of the Net Pension Liability
 Year ended December 31, 2019

	NYSERS Pension Plan				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability	0.0395581%	0.0374499%	0.0383003%	0.0375630%	0.0381425%
Authority's proportionate share of the net pension liability	\$ 2,802,812	1,208,674	3,598,778	6,028,960	1,288,547
Authority's covered payroll	\$ 10,695,811	10,594,634	10,378,206	10,389,435	9,885,850
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	26.20%	11.41%	34.68%	58.03%	13.03%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.20%	94.70%	90.70%	97.95%

* The amounts presented for each fiscal year were determined as of the March 31, 2019, 2018, 2017, 2016 and 2015 measurement dates of the plans.

This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for those years that are available.

NEW YORK STATE BRIDGE AUTHORITY
 Required Supplementary Information
 Schedule of Authority's Pension Contributions
 Year ended December 31, 2019

		NYSERS Pension Plan						
		<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$	1,445,115	1,465,310	1,520,797	1,445,031	1,678,527	1,876,986	2,050,908
Contributions in relation to the contractually required contribution		<u>1,445,115</u>	<u>1,465,310</u>	<u>1,520,797</u>	<u>1,445,031</u>	<u>1,678,527</u>	<u>1,876,986</u>	<u>2,050,908</u>
Contribution deficiency (excess)	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Authority's covered payroll	\$	10,695,811	10,594,634	10,378,206	10,389,435	9,885,850	10,118,000	10,047,059
Contributions as a percentage of covered payroll		13.51%	13.83%	14.65%	13.91%	16.98%	18.55%	20.41%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for those years that are available.

NEW YORK STATE BRIDGE AUTHORITY
 Required Supplementary Information
 Schedule of Changes in Authority's
 Total OPEB Liability and Related Ratios
 Year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB liability:		
Service cost	\$ 2,109,599	1,315,442
Interest on total OPEB liability	1,744,224	1,557,748
Changes in assumptions	16,117,661	(4,809,704)
Benefit payments	<u>(1,869,854)</u>	<u>(1,316,984)</u>
Net change in total OPEB liability	18,101,630	(3,253,498)
Total OPEB liability - beginning	<u>41,367,368</u>	<u>44,620,866</u>
Total OPEB liability- ending	<u>\$59,468,998</u>	<u>41,367,368</u>
Covered payroll	\$ 7,836,006	10,799,786
Total OPEB liability as a percentage of covered payroll	758.9%	383.0%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>2019</u>	<u>2018</u>
2.75%	4.10%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Authority is presenting information for those years for which information is available.

**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**

The Governing Board
New York State Bridge Authority:

We have audited, in accordance with the 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, the financial statements of the New York State Bridge Authority (the Authority), as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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 material weakness is a deficiency, or a 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, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a 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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 9, 2020

REPORT ON INVESTMENT COMPLIANCE WITH SECTION 201.3
OF TITLE TWO OF THE OFFICIAL COMPILATION OF CODES,
RULES AND REGULATIONS OF THE STATE OF NEW YORK

The Governing Board
New York State Bridge Authority:

We have examined the New York State Bridge Authority's (the Authority), a component unit of the State of New York, 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, 2019. 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 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 our examination provides a reasonable basis for our opinion.

In our opinion, the Authority complied in all material respects with the aforementioned requirements during the year ended December 31, 2019.

In accordance with Government Auditing Standards, we are required to report significant deficiencies in internal control, violations 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 or illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain 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 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 Authority's management, the Governing Board, the New York State Office of the State Comptroller, and the New York State Authority Budget Office and is not intended and should not be used by anyone other than those specified parties.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 9, 2020