

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis,
Financial Statements and
Supplementary Information
December 31, 2009 and 2008
(With Independent Auditors' Report thereon)

NEW YORK STATE BRIDGE AUTHORITY

Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 8
Financial Statements:	
Balance Sheets	9
Statements of Revenue, Expenses and Changes in Net Assets	10
Statements of Cash Flows	11
Notes to Financial Statements	12 - 24
Required Supplementary Information - Bridge System Assessments	25 - 26
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 <u>Government Auditing Standards</u>	27 - 28
Independent Auditors' Report on Investment Compliance	29

* * * * *

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

To the Governing Board
New York State Bridge Authority:

We have audited the accompanying basic financial statements of the New York State Bridge Authority (the Authority) as of and for the years ended December 31, 2009 and 2008 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 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 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 audits provide 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 Bridge Authority as of December 31, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 8 and the Bridge System Assessments on pages 25 and 26 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. This information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 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, grants 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.

Toski, Scheepers & Co, P.C.

Williamsville, New York
March 10, 2010

NEW YORK STATE BRIDGE AUTHORITY

Management's Discussion and Analysis

December 31, 2009

This management discussion and analysis serves to introduce the other elements of the financial section of this annual report. This includes the basic financial statements, notes to financial statements and other 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 2009 totaled \$37.1 million, \$.7 million below the previous year. Interest income declined by \$1.0 million as interest rates continued to fall to historically low levels.

Total operating expenses of \$31.9 million decreased by \$2.6 million. This 7.5% decline was the result of wide ranging reductions in most expense categories as the Authority sought to minimize the effect of the continuing revenue shortfall.

Net assets at year end were \$67.5 million, which was \$3.2 million above the prior year.

BASIC FINANCIAL STATEMENTS

The Authority's financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Government Accounting Standards Board. These statements are designed to afford an overview of the Authority's finances and consist of the Balance Sheet, Statement of Revenue, Expenses and Changes in Net Assets, and the Statement of Cash Flows.

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

Other supplemental financial information serves to give the reader certain additional knowledge with regard to the condition of the bridge system and capital improvement expenditures.

FINANCIAL STATEMENT ANALYSIS

Balance Sheets

The balance sheets present information on the Authority's assets and liabilities, reporting net assets at year end. Increases or decreases in net assets may indicate whether or not an entity's financial position is improving. A condensed summary of the Authority's balance sheets is shown on the following page.

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis, Continued

	December 31	
	2009 (In 000's)	2008 (In 000's)
Assets		
Current assets	\$ 47,099	49,083
Noncurrent assets:		
Capital assets	89,780	88,817
Other noncurrent assets	248	289
Total assets	\$ 137,127	138,189
Liabilities		
Current liabilities	8,972	9,603
Noncurrent liabilities:		
General revenue bonds	47,615	53,255
Other noncurrent liabilities	13,005	10,971
Total liabilities	\$ 69,592	73,829
Net Assets		
Invested in capital assets	89,779	88,817
Restricted	35,428	36,865
Unrestricted	(57,672)	(61,322)
Total net assets	\$ 67,535	64,360

Statements of Revenue, Expenses and Changes in Net Assets

The statements of revenue, expenses and changes in net assets show the effect of income and expenses on the Authority's net assets for the year. These statements are prepared on an accrual basis, meaning revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they occur. The Authority's statements for 2009 and 2008 are summarized as follows:

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis, Continued

	December 31	
	2009 (In 000's)	2008 (In 000's)
Operating revenue:		
Toll revenues	\$ 37,084	37,759
Other income	88	90
Total operating revenue	37,172	37,849
Operating expenses:		
Salaries	10,788	11,764
Employee benefits	6,100	6,197
Commercial insurance	1,220	1,535
Rehabilitation, reconstruction and bridge repairs	7,846	7,910
Electronic toll costs	2,881	2,821
Other	3,078	4,273
Total operating expenses	31,913	34,500
Operating gain	5,259	3,349
Nonoperating revenue (expenses):		
Interest income	442	1,445
Interest and other	(2,526)	(2,642)
Total nonoperating expenses	(2,084)	(1,197)
Increase in net assets	3,175	2,152
Net assets at beginning of year	64,360	62,208
Net assets at end of year	\$ 67,535	64,360

Toll receipts, accounting for essentially all operating revenue, totaled \$37.1 million, posting a \$675,000, or 1.8% decline. Rising unemployment and a continuation of the severe national economic recession served to drive down both commuter and commercial traffic. Though overall traffic increased by .42%, or 245,266 vehicles, a 7% decrease in the higher tolled truck traffic was responsible for most of the reduced toll revenue.

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis, Continued

The cost of operations declined \$2.6 million for the year as salaries fell by \$1.0 million and both professional services and maintenance and repairs were down \$.4 million. As provided for in its bond resolution and in an effort to properly expense capital costs, in 2009 the Authority began charging to rehabilitation, reconstruction and bridge repairs expense certain capital projects completed with in-house personnel, as well as the cost of biennial bridge inspections. The effect was to lower salaries by \$514,000, professional services for bridge inspection by \$298,000 and maintenance and repairs by \$169,000. Salaries were further reduced through employee attrition, decreased part time and seasonal hirings, and lower overtime costs. The Authority also realized a \$317,000 reduction in commercial insurance expense.

Nonoperating revenue is derived from interest income on investments, which was down \$1.0 million as interest rates on government obligations in which the Authority invests continued a steep decline which started in 2007. Year end 2008 interest rates which were at historical lows due to the weakened economy, fell even further throughout 2009. Interest paid on the Authority's outstanding bonds, which totaled \$2.5 million this year, accounted for substantially all of the nonoperating expenses.

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 \$7.2 million provided by operating activities was up \$5.0 million reflecting \$4.4 million in lower payments to suppliers and contractors and \$.8 million in reduced wages and employee benefits.

Principal and interest payments on Authority bonds held steady at \$8.1 million as capital financing results were similar to those in 2008. Cash flows from investing activities resulted in net cash of \$2.1 million, which includes interest earned on investments and net cash resulting from the purchase and sale of investments.

AUTHORITY BUDGET

The Authority's 2009 budget, approved before the pronounced recession, projected collections of \$38.5 million which was \$1.4 million above the actual result. A much deeper recession than forecasted continued to drive commercial traffic declines, which were down 302,000 vehicles, lowering toll revenue for the year by \$1.0 million. Interest rates on Authority investments fell to levels never before experienced and reduced interest income to \$442,000, or \$753,000 below forecast.

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis, Continued

Operating expenses for 2009 of \$31.9 million were provided for in the Authority's operating and capital improvement plan budgets. The day-to-day operating budget, which was forecasted at \$27.0 million, came in at \$24.1 million. In addition to the weakening economy lowering prices, as mentioned previously, the Authority showed significant reductions in salary, insurance and maintenance expenses.

The Authority's five year capital plan budgeted \$11.7 million in 2009 whereas actual costs totaled \$7.8 million. The difference resulted from a combination of factors including \$2.3 million of work deferred to 2010 or later, equipment purchases which came in \$.7 million under budget, and \$.6 million in Mid-Hudson Bridge main cable inspection costs carried over to 2010.

TOTAL CAPITAL ASSETS AND LONG TERM DEBT

As of December 31, 2009, the Authority's investment in capital assets was \$89.8 million. Capital assets include bridges, roads, buildings, and equipment. In order to fund the commitment to its program of rehabilitation and improvement of the bridge facilities, in March 2002 the Authority issued \$50 million General Revenue Bonds having a final maturity on January 1, 2017. All Authority revenue is pledged to repay these bonds and the outstanding Series 1997 issue. As of December 31, 2009, \$53.3 million of debt remained outstanding and funds were in reserve to retire \$5.6 million of bonds on January 1, 2010.

In 2009, Standard & Poor's affirmed the Authority's AA- rating and stable outlook on its outstanding bonds. Moody's Investors Service affirmed the Authority's Aa2 bond rating this year, making it one of only two public toll agencies in the country to achieve such a rating.

MODIFIED APPROACH FOR INFRASTRUCTURE ASSETS

The Authority has adopted the modified approach in reporting its infrastructure assets. An alternative to depreciating its bridge facilities, this approach requires the Authority to maintain its infrastructure at a certain measurable standard and report the associated cost as preservation (rehabilitation, reconstruction and bridge repairs) 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., measure 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 bridge at a 5, meaning the facility shows minor deterioration but is functioning as originally designed.

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis, Continued

ADDITIONAL INFORMATION

This report is compiled 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
Balance Sheets
December 31, 2009 and 2008

<u>Assets</u>	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and equivalents	\$ 9,167,088	9,496,176
Investments	35,640,841	37,340,978
Accounts receivable	1,698,807	1,624,761
Prepaid expenses	551,007	579,719
Bond issuance costs	41,347	41,347
Total current assets	47,099,090	49,082,981
Noncurrent assets:		
Bond issuance costs	248,080	289,427
Capital assets, net	5,421,161	4,458,404
Bridge system	84,358,269	84,358,269
Total noncurrent assets	90,027,510	89,106,100
Total assets	\$ 137,126,600	138,189,081
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	1,341,654	1,605,850
Accrued wages, payroll taxes and fringe benefits	410,116	643,217
Contracts payable	228,963	487,509
Accrued interest on bonds	1,275,398	1,399,938
Bond premium	76,011	76,011
General revenue bonds, current portion	5,640,000	5,390,000
Total current liabilities	8,972,142	9,602,525
Noncurrent liabilities:		
Accrued fringe benefits	12,548,260	10,439,604
Bond premium	456,069	532,080
General revenue bonds	47,615,000	53,255,000
Total noncurrent liabilities	60,619,329	64,226,684
Net assets:		
Invested in capital assets	89,779,430	88,816,673
Restricted for:		
Debt service	8,427,395	8,322,887
Insurance	9,136,055	8,932,199
Maintenance reserve	17,863,954	19,609,933
Unrestricted (deficiency)	(57,671,705)	(61,321,820)
Total net assets	67,535,129	64,359,872
Commitments and contingencies (note 13)		
Total liabilities and net assets	\$ 137,126,600	138,189,081

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY
Statements of Revenue, Expenses and Changes in Net Assets
Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenue:		
Toll revenue	\$ 37,084,176	37,759,365
Other income	<u>88,142</u>	<u>89,460</u>
Total operating revenue	<u>37,172,318</u>	<u>37,848,825</u>
Operating expenses:		
Salaries	10,788,378	11,763,574
Employee benefits	6,099,987	6,196,557
Utilities	606,150	820,821
Insurance	1,218,825	1,535,800
Professional services	332,183	720,849
Supplies and materials	207,470	245,339
Equipment expense	63,478	109,557
Maintenance and repairs	697,608	1,130,587
Rehabilitation, reconstruction and bridge repairs	7,845,821	7,909,597
Electronic toll costs	2,880,639	2,821,059
Depreciation	602,044	507,177
Other	<u>570,729</u>	<u>739,153</u>
Total operating expenses	<u>31,913,312</u>	<u>34,500,070</u>
Operating income	<u>5,259,006</u>	<u>3,348,755</u>
Nonoperating revenue (expenses):		
Interest income	441,882	1,445,054
Insurance recovery	-	125,084
Amortization of bond issuance costs	(41,347)	(41,347)
Interest and other expenses	<u>(2,484,284)</u>	<u>(2,725,865)</u>
Total nonoperating revenue (expenses)	<u>(2,083,749)</u>	<u>(1,197,074)</u>
Increase in net assets	3,175,257	2,151,681
Net assets at beginning of year	<u>64,359,872</u>	<u>62,208,191</u>
Net assets at end of year	<u>\$ 67,535,129</u>	<u>64,359,872</u>

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY
 Statements of Cash Flows
 Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Toll revenue	\$ 37,010,130	37,028,222
Payments to suppliers	(6,051,481)	(6,666,245)
Payments to contractors	(8,865,452)	(12,608,624)
Payments for wages and employee benefits	(15,012,810)	(15,811,822)
Other receipts	<u>88,142</u>	<u>214,544</u>
Net cash provided by operating activities	<u>7,168,529</u>	<u>2,156,075</u>
Cash flows from capital financing activities:		
Purchases of capital assets, net	(1,564,801)	(1,413,649)
Principal paid on bonds payable	(5,390,000)	(5,155,000)
Interest paid on bonds payable	<u>(2,684,835)</u>	<u>(2,919,271)</u>
Net cash used in capital financing activities	<u>(9,639,636)</u>	<u>(9,487,920)</u>
Cash flows from investing activities:		
Sale (purchase) of investments, net	1,700,137	5,550,985
Interest on investments	<u>441,882</u>	<u>1,445,054</u>
Net cash provided by investing activities	<u>2,142,019</u>	<u>6,996,039</u>
Net decrease in cash and equivalents	(329,088)	(335,806)
Cash and equivalents at beginning of year	<u>9,496,176</u>	<u>9,831,982</u>
Cash and equivalents at end of year	<u>\$ 9,167,088</u>	<u>9,496,176</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	5,259,006	3,348,755
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	602,044	507,177
Insurance recovery	-	125,084
Changes in:		
Accounts receivable	(74,046)	(731,143)
Prepaid expenses	28,712	(6,818)
Accounts payable and accrued expenses	(264,196)	223,594
Accrued wages, payroll taxes and fringe benefits	1,875,555	2,148,309
Contracts payable	<u>(258,546)</u>	<u>(3,458,883)</u>
Net cash provided by operating activities	<u>\$ 7,168,529</u>	<u>2,156,075</u>

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements

December 31, 2009 and 2008

(1) Organization

The New York State Bridge Authority (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, which currently operates and maintains the Rip Van Winkle, Kingston-Rhinecliff, Mid-Hudson, Newburgh-Beacon, and Bear Mountain bridges crossing over the Hudson River, consists of a seven member Board appointed by the Governor with the advice and consent of the Senate. Since the Authority has no component units or potential component units, the accompanying financial statements include only the accounts of the Authority. The Authority's financial statements are included in the New York State Comprehensive Annual Financial Report.

(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. The Authority's reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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 associated with operations are included on the balance sheets with revenues recorded when earned and expenses recorded at the time the liabilities are incurred. The business-type activities model requires the Authority to include a balance sheet, a statement of revenue, expenses and changes in net assets and a statement of cash flows. The statements require the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in Capital Assets - This component of net assets 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.

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

Restricted Net Assets - This component of net assets consists of constraints placed on net asset 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 Net Assets - This component of net assets consists of net assets that do 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.

(1) General Fund

(a) Revenue Fund

Established to receive daily toll 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 the 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.

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

(2) Debt Service Funds, Continued

(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.

(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.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(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.

(c) Capital Assets

Capital assets include buildings and furniture and equipment. 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

(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 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.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(f) Compensated Absences

In conformity with pronouncements of the Government Accounting Standards Board, the Authority accrues vacation and other benefits as earned by its employees.

(g) Subsequent Events

The Authority has evaluated events after December 31, 2009, and through March 10, 2010, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(h) Operating Revenues

Operating revenues consist principally of toll revenue.

(i) Nonoperating Revenue

Nonoperating revenues consist principally of interest income.

(j) Operations

Provisions of the Series 1997 Resolution require that revenues 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 or equipment, or any principal payment on bonds outstanding or any other debt obligation of the Authority.

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.

(3) Cash and Equivalents

The carrying amount of the Authority's deposits with financial institutions at December 31, 2009 amounted to \$9,167,088 and the bank balance was \$9,387,838. The bank balance is collateralized as follows:

Amount issued by FDIC	\$ 500,000
Collateral held by a third party in the Authority's name	2,986,018
Collateral held by trustee	<u>6,930,924</u>
	\$ <u>10,416,942</u>

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(4) Investments

The cost and market value of investments (United States Government Securities) held by the Authority as of December 31, 2009 and 2008 are summarized as follows:

<u>Restricted</u>	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Debt Service Fund -				
U.S. Treasury Notes	\$ 8,413,478	8,457,156	8,312,221	8,227,799
Insurance Fund -				
U.S. Treasury Notes	9,135,495	9,286,094	8,932,007	8,928,301
Maintenance Reserve Fund:				
U.S. Treasury Notes	6,149,191	6,125,392	18,920,437	18,800,720
U.S. Treasury Bills	<u>11,942,677</u>	<u>11,942,677</u>	<u>1,176,313</u>	<u>1,176,313</u>
Total maintenance	<u>18,091,868</u>	<u>18,068,069</u>	<u>20,096,750</u>	<u>19,977,033</u>
Total	\$ <u>35,640,841</u>	<u>35,811,319</u>	<u>37,340,978</u>	<u>37,133,133</u>

All Authority investment securities are classified as securities acquired by a financial institution for a governmental entity held by the financial institution's trust department in the entity's name. At December 31, 2009, 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	\$ 11,942,677	11,942,677	-
U.S. Treasury Bills	<u>23,868,642</u>	<u>4,528,750</u>	<u>19,339,892</u>
	\$ <u>35,811,319</u>	<u>16,471,427</u>	<u>19,339,892</u>

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(5) Funds Held For Restricted Purposes

At December 31, 2009 and 2008, funds held for restricted purposes by fund category consisted of the following:

	2009			
	Cash and Equivalents	United States Governmental Securities	Related Liabilities	Total
Debt Service Funds:				
Debt service fund	\$ 6,928,820	-	(6,915,398)	13,422
Debt service reserve fund	<u>495</u>	<u>8,413,478</u>	<u>-</u>	<u>8,413,973</u>
Fund total	<u>6,929,315</u>	<u>8,413,478</u>	<u>(6,915,398)</u>	<u>8,427,395</u>
Capital Projects Funds:				
Insurance fund	560	9,135,495	-	9,136,055
Maintenance reserve fund	<u>1,050</u>	<u>18,091,868</u>	<u>(228,964)</u>	<u>17,863,954</u>
Fund total	<u>1,610</u>	<u>27,227,363</u>	<u>(228,964)</u>	<u>27,000,009</u>
Combined total	\$ <u>6,930,925</u>	<u>35,640,841</u>	<u>(7,144,362)</u>	<u>35,427,404</u>
	2008			
	Cash and Equivalents	United States Governmental Securities	Related Liabilities	Total
Debt Service Funds:				
Debt service fund	\$ 6,800,242	-	(6,789,938)	10,304
Debt service reserve fund	<u>362</u>	<u>8,312,221</u>	<u>-</u>	<u>8,312,583</u>
Fund total	<u>6,800,604</u>	<u>8,312,221</u>	<u>(6,789,938)</u>	<u>8,322,887</u>
Capital Projects Funds:				
Insurance fund	192	8,932,007	-	8,932,199
Maintenance reserve fund	<u>692</u>	<u>20,096,750</u>	<u>(487,509)</u>	<u>19,609,933</u>
Fund total	<u>884</u>	<u>29,028,757</u>	<u>(487,509)</u>	<u>28,542,132</u>
Combined total	\$ <u>6,801,488</u>	<u>37,340,978</u>	<u>(7,277,447)</u>	<u>36,865,019</u>

Cash in the debt service fund at December 31, 2009 and 2008 was on deposit with the paying agent to meet bond and interest payments due on January 1, 2009 and January 1, 2008, respectively.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(6) Capital Assets

Capital assets at December 31, 2009 and 2008 consist of the following:

	2009			Balance December 31, 2009
	Balance December 31, 2008	Additions	Disposals	
	Buildings	\$ 6,704,266	1,424,663	
Furniture and equipment	<u>5,465,941</u>	<u>140,138</u>	<u>(82,013)</u>	<u>5,524,066</u>
	12,170,207	1,564,801	(82,013)	13,652,995
Less accumulated depreciation	<u>(7,711,803)</u>	<u>(602,044)</u>	<u>82,013</u>	<u>(8,231,834)</u>
	<u>\$ 4,458,404</u>	<u>962,757</u>	<u>-</u>	<u>5,421,161</u>
	2008			
	Balance December 31, 2007	Additions	Disposals	Balance December 31, 2008
Buildings	\$ 6,437,163	342,800	(75,697)	6,704,266
Furniture and equipment	<u>4,739,645</u>	<u>1,070,849</u>	<u>(344,553)</u>	<u>5,465,941</u>
	11,176,808	1,413,649	(420,250)	12,170,207
Less accumulated depreciation	<u>(7,624,876)</u>	<u>(507,177)</u>	<u>420,250</u>	<u>(7,711,803)</u>
	<u>\$ 3,551,932</u>	<u>906,472</u>	<u>-</u>	<u>4,458,404</u>

Depreciation expense for the years ended December 31, 2009 and 2008 amounted to \$602,044 and \$507,177, respectively.

(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 consisted of the following at December 31, 2009 and 2008:

<u>Bridge Facility</u>	<u>Opened</u>	<u>2009</u>	<u>2008</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>

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(8) Bond Indebtedness

On January 22, 1997, the Authority issued \$49,015,000 of General Revenue Bonds (Series 1997) in the open market in order to provide funds (a) for the costs of providing for the payment at or in advance of maturity (defeasement) of the Outstanding Series 1989 Bridge System Revenue Bonds (Series 1989) and the Series 1992 Bridge System Revenue Bonds (Series 1992) of the Authority, (b) to finance a portion of the costs of the 1997 Project, which consists of certain reconstruction and rehabilitation projects for the Authority's bridge system, (c) to fund the debt service reserve fund to the level required by the Resolution and (d) to pay the costs of issuance of the Series 1997 Bonds.

On March 7, 2002, the Authority issued \$50,000,000 of General Revenue Bonds (Series 2002) in the open market in order to provide funds to finance a portion of the costs of the 2002 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 2002 Bonds.

Changes in indebtedness for the years ended December 31, 2009 and 2008 are summarized as follows:

	2009		
	Balances at December 31, 2008	Retirements	Balances at December 31, 2009
Series 1997	\$ 16,830,000	(3,905,000)	12,925,000
Series 2002	<u>41,815,000</u>	<u>(1,485,000)</u>	<u>40,330,000</u>
	<u>\$ 58,645,000</u>	<u>(5,390,000)</u>	<u>53,255,000</u>
	2008		
	Balances at December 31, 2007	Retirements	Balances at December 31, 2008
Series 1997	\$ 20,550,000	(3,720,000)	16,830,000
Series 2002	<u>43,250,000</u>	<u>(1,435,000)</u>	<u>41,815,000</u>
	<u>\$ 63,800,000</u>	<u>(5,155,000)</u>	<u>58,645,000</u>

The bonds have serial maturities as of December 31, 2009 as follows:

	<u>Principal</u>	<u>Interest</u>
2010	\$ 5,640,000	2,288,045
2011	5,900,000	2,010,989
2012	6,180,000	1,712,939
2013	6,475,000	1,455,845
2014	6,745,000	1,109,820
2015 - 2017	<u>22,315,000</u>	<u>1,144,400</u>
	<u>\$ 53,255,000</u>	<u>9,722,038</u>

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(8) Bond Indebtedness, Continued

The Series 1997 Bonds, which bear interest ranging from 5% to 6%, and the Series 2002 Bonds which bear interest ranging from 3% 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 1997 Bonds maturing on or after January 1, 2008 are subject to redemption prior to maturity, at the option of the Authority, at prices ranging from 100% to 102% of the principal amount plus accrued interest to the redemption date.

The Series 2002 Bonds maturing on or after January 1, 2013 are subject to redemption prior to maturity, at the option of the Authority, as a whole or in part at any time after December 31, 2011, at the redemption price of par plus accrued interest to the redemption date.

(9) Retirement Plan

(a) Plan Description

The New York State Employees' Retirement System (System) provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained in writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

(b) Funding Policies

The System is 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 during the year ended December 31, 2009 ranged from 7.0% to 9.3% and during the year ended December 31, 2008 ranged from 8.0% to 10.8%.

The Authority is required to contribute at an actuarially determined rate. The required contribution for the years ended December 31, 2009, 2008 and 2007 amounted to \$678,263, \$879,154 and \$834,287, respectively.

The Authority's contributions made to the System were equal to 100% of the contributions required for each year.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(10) Postemployment Benefits

The Authority implemented the accounting and disclosure requirements of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (OPEB) effective for its fiscal year beginning January 1, 2007. The Authority previously recorded a liability for retiree health benefits for only those who had retired, and not for active employees, as required by Statement No. 45.

Plan Description - The Authority provides continuation of medical coverage to employees that retire at age 55 with five years of service if hired before April 1, 1975 or ten years of service if hired after April 1, 1975. For employees with a date of retirement before April 1, 1983 and at least five years of service, the Authority contributes 100% of costs for employees and 75% for an employee's spouse. For employees with a date of retirement after April 1, 1983 and at least ten years of service, the Authority contributes 90% for employees and 75 % for an employee's spouse.

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. The increase in the OPEB liability for the years ended December 31, 2009 and 2008 amounted to approximately \$2,075,000 and \$2,073,000, respectively. At December 31, 2009 and 2008, the OPEB liability included in noncurrent accrued fringe benefits was approximately \$11,812,000 and \$9,736,000, respectively. The amount charged to expense was \$2,882,077 and \$2,891,541 for the years ended December 31, 2009 and 2008.

The number of participants as of January 1, 2007 was as follows:

Active employees	165
Retired employees	75
Spouses of retired employees	<u>35</u>
Total	<u>275</u>

Funding Policy - The Authority currently pays for post-retirement health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(10) Postemployment Benefits, Continued

<u>Benefit Obligations and Normal Cost</u>	<u>2009</u>	<u>2008</u>
Actuarial accrued liability (AAL):		
Retired employees	\$ 16,018,242	15,470,048
Active employees	25,311,036	26,300,109
Total	\$ <u>41,329,278</u>	<u>41,770,157</u>
Underfunded actuarial accrued liability (UAAL)	\$ <u>41,329,278</u>	<u>41,770,157</u>
Normal cost at beginning of year	\$ <u>1,035,991</u>	<u>1,106,886</u>
 <u>Level Dollar Amortization</u>		
Calculation of ARC under projected Unit Credit Method:		
Amortization of UAAL over 30 years with interest to end of year	1,779,328	1,694,573
Normal costs with interest to end of year	<u>1,132,469</u>	<u>1,206,285</u>
Annual required contribution (ARC)	\$ <u>2,911,797</u>	<u>2,900,858</u>
 <u>Annual OPEB Cost Contribution</u>		
Contribution made by Authority	806,720	818,366
Contribution as a percentage of required contribution	27.7%	28.2%
 <u>Annual OPEB Cost and Net OPEB Obligation</u>		
Annual required contribution	2,911,797	2,900,858
Interest on net OPEB obligation	389,458	318,409
Adjustment to annual required contribution	<u>(419,178)</u>	<u>(327,726)</u>
Annual OPEB cost (expense)	2,882,077	2,891,541
Contribution made on a pay-as-you-go basis	<u>(806,720)</u>	<u>(818,366)</u>
Increase in net OPEB obligation	2,075,357	2,073,175
Net OPEB obligation at beginning of year	<u>9,736,444</u>	<u>7,663,269</u>
Net OPEB obligation at end of year	\$ <u>11,811,801</u>	<u>9,736,444</u>
 Actuarial methods and assumptions:		
Funding interest rate	4.000%	4.155%
2008 Medical trend rate	9%/11%	10%/12%
2009 Medical trend rate	8%/10%	9%/11%
Ultimate trend rate	5%/5%	5%/5%
Year Ultimate trend rate rendered	2012/2014	2012/2013
Annual payroll growth rate	2.5%	2.5%
Actuarial cost method	Attained Age	Attained Age
The remaining amortization period at year end	27 years	28 years

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(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, 2009 and 2008 amounted to \$312,158 and \$546,000, respectively.

(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 of New York as incurred. There are no claims relating to the bridge facilities, however, the Authority has funded a reserve of \$9,136,055 at December 31, 2009 in the capital projects fund to meet its deductible should a claim arise.

(13) Commitments and Contingencies

Commitments and contingencies at December 31, 2009 consist of the following:

(a) Bridge Construction

At December 31, 2009, the Authority had contractual commitments outstanding of approximately \$20,420,000 for bridge rehabilitation and repairs on several of its bridge facilities.

(b) Contingencies

The Authority is a defendant in 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.

NEW YORK STATE BRIDGE AUTHORITY

Required Supplementary Information -

Bridge System Assessments

December 31, 2009

Condition Rating*	Number of Bridges					
	2009		2008		2007	
	Number	%	Number	%	Number	%
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.

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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Estimated	\$ 11,703	16,360	15,480	15,265	30,926
Actual	7,846	7,910	14,022	8,860	21,371

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

In 2005, projects totaling \$7.2 million were postponed for various reasons and competitive bids or project savings on three other jobs came in \$2.5 million under the budgeted figures.

In 2006, higher than expected bid prices were responsible for the postponement of a \$2.0 million Mid-Hudson Bridge maintenance building replacement which also included a municipal water and sewer installation. In addition, at Mid-Hudson a \$2.75 million project for signage and security cameras was delayed until 2007.

In 2007, the \$2.0 million Mid-Hudson Bridge maintenance building replacement including municipal water and sewer installation was separated into two projects. The water and sewer installation was completed for \$.8 million and the maintenance building replacement was scheduled for 2008.

In 2008, \$3.5 million budgeted for bridge painting at Rip Van Winkle was expended late in 2007. At the Newburgh-Beacon Bridge, the scope of a deck overlay and joint modification project was reduced by \$1.2 million and \$750,000 for replacement of variable message signs carried over into 2009. Also, four other projects came in \$1.1 million under budget and \$1.3 million of work was deferred to 2009 or later.

In 2009, several projects totaling \$2.3 million were deferred to 2010 or later. In addition, equipment purchases were \$0.7 under budget and \$0.6 million of the Mid-Hudson Bridge main cable inspection costs carried over to 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 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

To the Governing Board
New York State Bridge Authority:

We have audited the financial statements of the New York State Bridge Authority (the Authority) as of and for the year ended December 31, 2009, and have issued our report thereon dated March 10, 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 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.

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, or 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 Authority's Governing Board, management and appropriate officials of the State of New York, 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 10, 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

To the Governing Board
New York State Bridge Authority:

We have examined the New York State Bridge 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 Corporation'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 Authority's Governing Board, management and the appropriate officials of the State of New York, 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 10, 2010