



ANDREW M. CUOMO
Governor

JOSEPH RUGGIERO
Executive Director

RICHARD A. GERENTINE
Chairman

COMMITTEE OF THE WHOLE
ACTING ON BEHALF OF THE
AUDIT COMMITTEE &
FINANCE COMMITTEE
MARCH 17, 2016 - 3:00 P.M.

Audit Committee Members

Roger Higgins, Chairman
Joseph Ramaglia

Finance Committee Members

Roderick Dressel, Chairman
Richard Gerentine
Joseph Ramaglia

- I. Adopt the Minutes of the December 17, 2015 Audit Committee Meeting
- II. Adopt the Minutes of the December 17, 2015 Finance Committee Meeting
- III. Review Toski & Co. 2015 Annual Report
- IV. Review 2015 Annual Report Per Section 2800 Public Authorities Law
- V. Review 2015 Public Authorities Law Annual Investment Report
- VI. Review Tronconi, Segarra & Associates 2015 Internal Auditor Report
- VII. Other Business
- VIII. Adjourn

**New York State Bridge Authority Audit Committee
Meeting Minutes of December 17, 2015**

The New York State Bridge Authority's Audit Committee met at the Authority's Headquarters in Highland, New York, at 3:31 p.m. on December 17, 2015.

In addition to Audit Committee members Chairman Roger P. Higgins, C. Vane Lashua, and with the absence of Committee Member Joseph Ramaglia those in attendance included:

Roderick O. Dressel
Joseph Ruggiero
Richard Gerentine
Brian Bushek
Carl G. Whitbeck, Jr., Esq.

Upon a motion made by Mr. Higgins and seconded by Mr. Lashua the minutes of the September 17, 2015 meeting was approved unanimously.

Mr. Bushek noted the Audit Committee materially complied with all requirements of the Charter. The Audit Committee members reviewed the Annual Report on Committee activities. Upon a motion made by Mr. Higgins, seconded by Mr. Lashua the Annual Report of the Audit Committee was approved unanimously and will be sent to the full Board with the committee's recommendation for adoption.

ANNUAL REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF THE NEW YORK STATE BRIDGE AUTHORITY

Overview

Below is an outline of the Audit Committee charter requirements and the activities performed to meet those requirements. This summary will serve as the Audit Committees' review of its own activity for the year 2015.

Meetings

The Audit Committee conducted meetings on March 19, 2015, April 16, 2015, September 17, 2015, and December 17, 2015. This meets the requirement under the charter to have at least one meeting each quarter or four during 2015.

Responsibilities

1. Review and evaluate the independence, qualifications, and performance of the outside auditors and accountants, including (a) discussing with the outside auditors and accountants any disclosed relationships or services that may impact their objectivity and independence, (b) reviewing, at least annually, the outside audit and accounting quality control procedures; and (c) recommending retention of accountants and outside auditors.

During the March 19, 2015 meeting, the committee satisfied the annual requirements of reviewing the outside Auditor's report on the 2014 financial statements with Timothy Thomas of Toski & Co., P.C. In addition the committee reviewed the findings from the report of the contract Internal Auditor, Tronconi, Segarra, and Associates.

2. Review and recommend to the Board the results of such evaluation of accountants and outside auditors and take any action the Committee deems appropriate based on the evaluation.

Audit findings were reviewed during the March 19, 2015 meeting with actions taken for each audit recommendation fully implemented. No further actions were required as the Internal Auditor did not identify any issues for 2014.

3. Review and act upon the scope of accountants' and outside auditors' reports.

The full Board reviewed the audit which produced no audit findings/management letter to be acted upon. The committee reviewed the quality control system peer review report for Toski, Schaeffer & Co., P.C. as part of this review of responsibilities during 2014, this peer review occurs once every three years and will be done next in 2017. This document is evidence of review.

Oversight of the Authority's Internal Audit Function:

4. Oversee the Authority's internal controls and compliance systems.

During the April 16, 2015 meeting the committee satisfied the annual requirements by approving the Agreed-Upon-Procedures report from the Authority's contract internal auditor, Tronconi, Segarra, & Associates.

5. Review the adequacy and direction of the Authority's internal audit function, including whether there are the necessary segregation of duties and clear chain of command procedures in place to maintain proper checks and balances.

The committee contracted with Tronconi, Segarra & Associates to be the Internal Auditor during 2011, 2012, 2013, and 2014. Finding performance acceptable awarded the fifth year of the three year contract with two optional one year extensions at the April 16, 2015 meeting. The internal auditor is the mechanism utilized by the Authority to comply with the requirement to have in place a program to assess the adequacy of internal controls. The authority acts upon the internal auditors findings. Segregation of duties requirements are satisfied through contracting the

internal audit function as opposed to utilizing a staff position that contained additional operational job responsibilities.

6. Approve the Authority's annual internal audit work plan and direct the activities of the internal control officer and internal auditor.

The committee approved the one year Internal Audit Plan during the April 16, 2015 meeting. The audit plan was developed as an extension of the three year plan from 2011 based upon a risk assessment prepared by the internal auditor in conjunction with the internal control officer.

The committee will review the final audit report for 2015 from the contracted internal auditor (Troconi, Segarra & Associates) after the 2015 Audit report is completed. The committee reviewed the 2014 report during the March 19, 2015 meeting.

7. Review the adequacy and direction of the internal controls of the Authority in consultation with the outside auditors and the internal auditor.

The committee reviewed the adequacy and direction of the Authority's internal controls with the internal auditor during its review of the three year Audit Plan at the November 17, 2011 meeting, the incremental one year plan at the April 16, 2015 meeting and the results of 2014 control testing during the March 19, 2015 meeting. In addition, this review was performed by the committee during the review of the 2014 Annual Report.

8. Obtain and review management reports on internal controls.

The committee reviewed and accepted the 2014 Internal Auditor's Report and the Annual Report during its March 19, 2015 meeting.

Financial Statements and Disclosure Matters:

9. In conjunction with the Finance Committee, discuss with the Authority Board and appropriate Executives and Senior Staff of the Authority any significant financial reporting, accounting, and audit issues and judgments pertinent to the preparation and approval of the Authority's Financial Statements.

No issue of significant financial reporting, accounting, and audit issues and judgments pertinent to the preparation and approval of the Authority's Financial Statements arose during 2015.

10. In conjunction with the Finance Committee, consider major changes and other major questions of choice respecting the appropriate auditing and accounting principles and practices to be used in preparing the Financial Statements.

No significant issues related to major changes and other major questions of choice respecting the appropriate auditing and accounting principles and practices pertinent to the preparation and approval of the Authority's Financial Statements have been identified for 2015.

Compliance Oversight Responsibilities:

11. Resolve disagreements with respect to, and oversee compliance with, accounting policies and principles.

No disagreements with respect to accounting policies and principles have been identified in 2015.

12. Serve as a channel of communication among the internal auditor, accountants, outside auditors, the Finance Committee and the members of the Authority Board.

The audit committee serves as the channel of communications for relevant parties where appropriate.

13. Report regularly to the Authority Board on the Committee's deliberations and recommend to the Board any action the Committee deems appropriate with respect to any issues that arise concerning compliance with legal or regulatory requirements, performance and independence of the outside auditors, or performance of the internal auditors and, in conjunction with the Finance Committee report on the quality or integrity of the Financial Statements.

No issues arose of this nature during 2015 that required deliberations.

14. Review all reports and draft reports delivered by the Office of the State Comptroller to the Authority, and recommend to the Authority Board any action the Committee deems appropriate based on the scope of such reports.

No reports or draft reports by the Office of the State Comptroller were received in 2015.

15. Establish procedures for the receipt, retention, investigation, and/or referral to the New York State Inspector General of complaints received by the Authority regarding accounting, internal controls, and auditing.

The Audit Committee approved the procedure on Internal Control Violation Complaints during the December 2010 meeting. The committee has reviewed and recommends no revisions for 2015.

16. Review all reports and draft reports delivered by the State Inspector General to the Authority, and serve as a point of contact with such Inspector General.

No reports or draft reports by the State Inspector General were received during 2015.

17. Investigate compliance with the Authority's policies and/or referring instances of non-compliance to the State Inspector General for investigation.

No reports of non-compliance with the Authority's policies were received during 2015.

Other Responsibilities:

18. Review and reassess annually the adequacy of this charter and request Board approval for proposed changes.

The Audit Committee adopted its current amended charter in June 2010 making changes it deemed appropriate. No further revision was determined necessary during 2015 and this document is evidence of annual review.

19. Confirm annually that all responsibilities outlined in this charter have been carried out.

This outline will serve as the confirmation that responsibilities outlined in the charter have been carried out for 2015.

20. Institute and oversee special investigations as needed.

No special investigations were required or in progress for 2015.

21. Perform such other duties as the Committee considers appropriate.

No other duties had been identified for 2015.

22. Where necessary, consult with the Finance Committee.

The March 19, 2015 and September 17, 2015 committee meetings were joint meetings with the Finance Committee to review the 2014 Annual Report, Internal Auditor's Report, and 2016-2019 Budget and Financial Plan.

Having no other business, the meeting adjourned at 3:32 pm.

New York State Bridge Authority Finance Committee Meeting Minutes of December 17, 2015

The New York State Bridge Authority's Finance Committee met at the Authority's Headquarters in Highland, New York, at 3:33 p.m. on December 17, 2015.

In addition to Finance Committee Chairman Roderick Dressel, Committee member Richard Gerentine and with the absence of Committee Member Joseph Ramaglia, those in attendance included:

Roger P. Higgins
C. Vane Lashua
Joseph Ruggiero
Brian Bushek
Carl G. Whitbeck, Jr., Esq.

Upon a motion made by Mr. Gerentine and seconded by Mr. Higgins the minutes of the September 17, 2015 meeting was approved unanimously.

Mr. Bushek noted the Finance Committee complied with all requirements of the Charter. The Finance Committee reviewed the Annual Report on Committee Activities. Upon a motion made by Mr. Gerentine, seconded by Chairman Dressel, the Annual Report on Committee Activities was approved unanimously.

ANNUAL REPORT OF THE FINANCE COMMITTEE TO THE BOARD OF THE NEW YORK STATE BRIDGE AUTHORITY

Overview

Below is an outline of the Finance Committee charter requirements and the activities performed to meet those requirements. This summary will serve as the Finance Committee review of its own activity for the year 2015.

Meetings

The Finance Committee conducted meetings either itself or in conjunction with the Audit Committee on March 19, 2015, April 16, 2015, September 17, 2015, and December 17, 2015. This meets the charter requirement to have at least one meeting each quarter.

Responsibilities

1. The Finance Committee shall assist the Authority in its oversight of the Authority's long-range financial planning.
The Committee reviewed the Budget and Financial Plan 2016-2019 and sent it to the full Board for approval at its meeting on September 17, 2015.
2. The Finance Committee shall review external debt financing proposals for major construction projects and other types of projects.
No additional debt financing was required in 2015 or during the period

covered by the current Budget and Financial Plan 2016-2019. The Finance Committee reviewed the requirements for external debt financing at the September 17, 2015 meeting.

3. The Finance Committee shall review the status of the Authority's external debt position as required, but no less frequently than once a year.
The Committee performed this review through the analysis of the Budget and Financial Plan 2016-2019 which included the Debt Schedule report at its September 17, 2015 meeting.

4. The Finance Committee shall assist the Authority in its oversight and preparation of the annual budget.
The committee performed a review during the September 17, 2015 meeting where, in conjunction with the Audit Committee, it reviewed the Budget and Financial Plan for 2016-2019 and referred the budget to the full Board for approval.

5. Review and assess at least annually the adequacy of the Finance Committee Charter and submit proposed revisions to the Authority for its approval.
The current charter was adopted during the June 17, 2010 meeting. No further revision was determined necessary during 2015 and this document is evidence of annual review.

6. At least annually, evaluate the Committee's own performance with respect to the requirements of the Charter in such a manner as the Committee deems appropriate.
This outline will serve as an evaluation of the performance outlined in the charter and confirm responsibilities have been carried out for 2015.

Having no other business, the meeting adjourned at 3:34 pm.

REPORT TO THE BOARD

March 7, 2016

The Governing Board
New York State Bridge Authority

Dear Board Members:

We have audited the financial statements of New York State Bridge Authority (the Authority) for the year ended December 31, 2015 and have issued our report thereon dated March 7, 2016. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated January 12, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in note 2 to the financial statements. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

As described in note 2 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68," during the year ended December 31, 2015.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Fund's financial statements were:

- Collection of Accounts Receivable
- Pension and Other Postemployment Benefits

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Significant Disclosures

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures about the bridge system assessments in the required supplementary information and the disclosure of commitments and contingencies.

Difficulties Encountered in Performing the Audit

No difficulties were encountered during the current year audit. No delays were noted in the commencement of the audit or in providing us with needed information. Management and accounting personnel were very helpful in assisting us during our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no material uncorrected misstatements detected as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involved application of an accounting principle to the Authority's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to reappointment as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the required supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. However, we do not express an opinion or provide any assurance on the information.

* * * * *

This information is intended solely for the use of the Governing Board and management of New York State Bridge Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

TOSKI & Co., CPAs, P.C.

TOSKI & CO., CPAs, P.C.

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis,
Financial Statements and
Supplementary Information
December 31, 2015 and 2014
(With Independent Auditors' Report Thereon)

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, 2015 and 2014, 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, 2015 and 2014, 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.

Other Matters

As discussed in note 2(I) to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68," during the year ended December 31, 2015. Our opinion is not modified with respect to these matters.

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 7, Bridge System Assessments on pages 33 and 34, the Schedule of Funding Progress for Other Postemployment Benefits on page 35, the Schedule of Authority's Proportionate Share of the Net Pension Liability on Page 36, and the Schedule of Authority's Employer Pension Contributions on page 37 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 7, 2016, 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 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 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 7, 2016, 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.

Toski & Co., CPAs, P.C.

Williamsville, New York

March 7, 2016

NEW YORK STATE BRIDGE AUTHORITY

Management's Discussion and Analysis

December 31, 2015

The management's discussion and analysis serves to introduce the other elements of the financial section of this annual report. Included are 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 2015 totaled \$56.7 million, \$1.4 million above 2014 and \$1.8 million above 2013. Other income was \$0.7 million, a decrease of \$0.3 million from prior year and \$0.1 million above 2013.

Total operating expenses of \$65.9 million decreased by \$19.8 million. This 23.1% decrease was primarily the result of decreased rehabilitation, reconstruction, and bridge repairs of \$19.5 million.

Net position at December 31, 2015 was \$41.5 million, which was \$10.8 million below 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 Revenues, 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 basic financial statements.

Other supplemental financial 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 and liabilities, 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

Statements of Revenues, Expenses and Changes in Net Position

Toll receipts, accounting for the majority of operating revenue, totaled \$56.7 million in 2015, an increase of \$1.4 million over 2014. An increase in traffic during 2015 of 2.7% was primarily responsible for the 2.6% increase in revenues. Traffic increases were from both passenger and commercial vehicles, totaling 2.7% and 2.3% respectively. Revenue increased from both passenger and commercial vehicles by 2.8% and 2.1% respectively. The passenger category contributed \$1.0 million and the commercial category contributed \$0.4 million to the increase in 2015.

Operating expenses decreased \$19.8 million for the year as rehabilitation, reconstruction, and bridge repairs decreased by \$19.5 million due mainly to the decreased activities at the Newburgh-Beacon Bridge. Salaries decreased by \$0.5 million due to one-time payments related to settlement of the collective bargaining agreement and settlement of a labor issue in 2014, as well as, revised staffing levels at each facility in response to higher E-ZPass utilization in 2015. Employee benefits expenses were consistent with the prior year, reflecting the adoption of the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68," during the year ended December 31, 2015. Utilities decreased by \$0.1 million in 2015 due to lower energy prices and milder weather compared to prior year. Depreciation increased by \$0.2 million as the Authority continues to update equipment. Electronic toll costs increased \$0.2 million due to increased utilization of E-ZPass.

Nonoperating revenue, which is from interest income on investments was \$0.4 million for 2014, up \$0.1 million from 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 continued throughout 2015 and have kept interest income low.

Nonoperating expenses consists primarily of interest and bond issuance costs. Interest paid on the Authority's outstanding bonds totaled approximately \$2.7 million for 2015. This \$0.5 million decrease is attributable to the declining outstanding principal on the Series 2011 debt issuance. The Authority did not issue any new debt in 2015. The Authority refinanced its General Revenue Bonds, Series 2002 (the "Series 2002 Bonds") in December 2011 issuance with the Series 2011 and made the last payment on its General Revenue Bonds, Series 1997 and Series 2002 Bonds on January 1, 2012. In April 2012, the Authority issued the Series 2012 General Revenue Bonds to support the Capital Program.

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 \$6.4 million used in operating activities for 2015 represented a \$20.1 million improvement from 2014. This improvement was primarily a result of declining payments to contractors associated with rehabilitation, reconstruction, and bridge repairs.

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis

Financing activities consumed \$11.8 million of cash in 2015, consistent with 2014.

Cash flows from 2015 investing activities resulted in net a cash inflow of \$17 million, which includes interest earned on investments and net cash resulting from the purchase and sale of investments. Invested cash was utilized during 2015 primarily for rehabilitation, reconstruction and bridge repairs.

AUTHORITY BUDGET

The Authority's 2015 budget projected collections of \$54.3 million, a \$0.9 million decrease over 2014. Actual revenue exceeded the budget projections by \$2.4 million as passenger traffic improved more than anticipated. Overall traffic increased from 2014 by 1.6 million vehicles. This net increase was attributable to a 1.5 million increase in passenger vehicle traffic and an 80,000 increase in commercial vehicle traffic. The increase in traffic and a change in the mix of traffic generated the \$1.4 million increase in revenue. The Authority budgeted \$0.5 million of other income. The actual amount of \$0.7 million arose mostly as a result of higher bridge permit fees and fiber leasing revenues. Additionally, because interest rates on Authority investments continued to remain at historically low levels, interest income of \$0.4 million was materially the same as budget.

Operating expenses, which were budgeted to be \$67.8 million, were \$65.9 million. Repairs, rehabilitation, and reconstruction was budgeted for \$36.2 million, but actual was \$36.6 million as projects for the year were completed materially consistent with budget expectations. The day-to-day operating budget, which was forecasted at \$31.6 million, came in at \$29.3 million. Operating reductions compared to budget arose from several different expense types. Salaries were \$1.0 million lower due to retirements and cost containment efforts. Employee benefits were \$0.3 million lower as a result of both lower employee retirement costs and partially offsetting increases from retiree healthcare. Employee retirement costs were lower primarily due to revisions to reporting requirements from GASB. The Authority adopted the provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68," during the year ended December 31, 2015. Maintenance and repairs were lower by \$0.4 million as a result of lower costs associated with milder weather.

The Authority's five year capital plan budgeted \$36.2 million in 2015 while actual costs totaled \$36.6 million. The \$0.4 million variance was materially consistent with budget and reflects work that was budgeted to be completed in 2014, but extended into 2015.

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis

TOTAL CAPITAL ASSETS AND LONG TERM DEBT

At December 31, 2015, the Authority's net investment in capital assets was \$113.4 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 March 2002, the Authority issued \$50 million General Revenue Bonds having a final maturity on January 1, 2017. In December 2011, the Authority refunded these bonds and issued its \$32.4 million Series 2011 Bonds with a final maturity on January 1, 2017. In April 2012, the Authority issued \$90.3 million General Revenue Bonds, the Series 2012 Bonds, in further support of the capital program. All Authority revenue is pledged to repay these bonds. As of December 31, 2015, \$114.5 million of debt remained outstanding and funds were in reserve to retire \$6.8 million bonds on January 1, 2015.

In 2016, Standard & Poor's affirmed the Authority's AA- rating and stable outlook on its outstanding bonds. Moody's Investors Service in 2014 maintained 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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Current assets:		
Cash and equivalents	\$ 11,506,835	12,681,780
Investments	58,232,419	74,798,655
Accounts receivable	1,883,651	1,942,813
Prepaid expenses	1,442,149	1,858,696
Total current assets	<u>73,065,054</u>	<u>91,281,944</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	29,069,438	30,920,566
Bridge system	84,358,269	84,358,269
Total noncurrent assets	<u>113,427,707</u>	<u>115,278,835</u>
Total assets	<u>186,492,761</u>	<u>206,560,779</u>
Deferred outflows of resources - pensions	<u>1,952,161</u>	-
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	2,471,381	1,951,604
Accrued wages, payroll taxes and fringe benefits	605,807	681,152
Contracts payable	111,523	3,494,666
Accrued interest on bonds	2,217,750	2,348,625
General revenue bonds, current portion, net	8,985,376	8,297,511
Total current liabilities	<u>14,391,837</u>	<u>16,773,558</u>
Noncurrent liabilities:		
Accrued fringe benefits	25,344,701	22,977,461
Deferred revenues	437,129	-
Net pension liability - proportionate share-ERS	1,288,547	-
General revenue bonds, net	105,512,093	114,497,468
Total noncurrent liabilities	<u>132,582,470</u>	<u>137,474,929</u>
Commitments and contingencies (note 14)		
Total liabilities	<u>146,974,307</u>	<u>154,248,487</u>
Net position:		
Net investment in capital assets	113,427,707	115,278,835
Restricted for:		
Debt service	18,223,403	18,065,112
Insurance	10,276,400	9,855,786
Construction	-	5,913,182
Maintenance reserve	33,488,088	43,130,938
Unrestricted (deficit)	<u>(133,944,983)</u>	<u>(139,931,561)</u>
Total net position	<u>\$ 41,470,615</u>	<u>52,312,292</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenue:		
Toll revenue	\$ 56,664,917	55,237,486
Other income	701,969	1,032,533
Total operating revenue	<u>57,366,886</u>	<u>56,270,019</u>
Operating expenses:		
Salaries	10,335,872	10,785,606
Employee benefits	7,721,177	7,720,090
Utilities	664,669	781,558
Insurance	1,577,580	1,622,396
Professional services	675,315	641,532
Supplies and materials	241,018	218,646
Equipment expense	131,299	174,463
Maintenance and repairs	726,594	780,284
Rehabilitation, reconstruction and bridge repairs	36,635,359	56,134,619
Electronic toll costs	4,095,046	3,937,958
Depreciation	2,490,608	2,339,507
Other	597,551	580,587
Total operating expenses	<u>65,892,088</u>	<u>85,717,246</u>
Operating loss	<u>(8,525,202)</u>	<u>(29,447,227)</u>
Nonoperating revenue (expenses):		
Interest income	446,350	389,953
Interest and other expenses	(2,722,739)	(3,216,861)
Total nonoperating revenue (expenses)	<u>(2,276,389)</u>	<u>(2,826,908)</u>
Decrease in net position	<u>(10,801,591)</u>	<u>(32,274,135)</u>
Net position:		
Beginning of the year, as previously stated	52,312,292	84,586,427
Cumulative effect of change in accounting principle (note 11)	(40,086)	-
Beginning of the year, as restated	<u>52,272,206</u>	<u>84,586,427</u>
End of year	<u>\$ 41,470,615</u>	<u>52,312,292</u>

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY
 Statements of Cash Flows
 Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Toll revenue	\$ 56,724,079	55,321,429
Payments to suppliers	(6,914,852)	(7,881,170)
Payments to contractors	(40,876,395)	(58,519,456)
Payments for wages and employee benefits	(16,468,853)	(16,426,440)
Other receipts	<u>1,139,096</u>	<u>1,032,533</u>
Net cash used in operating activities	<u>(6,396,925)</u>	<u>(26,473,104)</u>
Cash flows from capital financing activities:		
Purchases of capital assets	(639,481)	(562,508)
Principal paid on bonds payable	(8,297,511)	(7,877,638)
Interest paid on bonds payable	<u>(2,853,614)</u>	<u>(3,311,987)</u>
Net cash used in capital financing activities	<u>(11,790,606)</u>	<u>(11,752,133)</u>
Cash flows from investing activities:		
Change in invested funds	16,566,236	38,890,026
Interest on investments	<u>446,350</u>	<u>389,953</u>
Net cash provided by investing activities	<u>17,012,586</u>	<u>39,279,979</u>
Net change in cash and equivalents	(1,174,945)	1,054,742
Cash and equivalents at beginning of year	<u>12,681,780</u>	<u>11,627,038</u>
Cash and equivalents at end of year	<u>\$ 11,506,835</u>	<u>12,681,780</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	(8,525,202)	(29,447,227)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	2,490,608	2,339,507
Changes in:		
Accounts receivable	59,162	83,942
Prepaid expenses	416,547	(3,369)
Accounts payable and accrued expenses	519,778	(95,124)
Accrued wages, payroll taxes and fringe benefits	2,025,325	2,079,256
Contracts payable	<u>(3,383,143)</u>	<u>(1,430,089)</u>
Net cash used in operating activities	<u>\$ (6,396,925)</u>	<u>(26,473,104)</u>

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements

December 31, 2015 and 2014

(1) Organization

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. 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 Governmental Accounting Standards Board (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:

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

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, 2015 and 2014 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.

(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.

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

(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.

(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.

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, Continued

(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.

(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

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(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.

(f) Compensated Absences

In conformity with pronouncements of the Governmental Accounting Standards Board, 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) Nonoperating Revenue

Nonoperating revenues consist principally of interest income.

(j) 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 or equipment, 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

(j) 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.

(k) Deferred Outflows and Inflows of Resources

In the Statement of Net Position, in addition to assets, the Authority will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, 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 two items that qualify for reporting in this category. The first item is related to pensions reported in the Authority-wide Statement 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. The second item is the Authority contributions to the pension system subsequent to the measurement date.

The Authority does not have any deferred inflows of resources at December 31, 2015 or 2014.

(l) Accounting and Financial Reporting for Pensions

During the fiscal year ended December 31, 2015, the Authority adopted the provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transitions for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68." The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the Statements requires the Authority to report as an asset and/or liability its proportionate share of the collective pension asset and/or liability in the New York State Employees' Retirement System. The implementation of the Statements also requires the Authority to report a deferred outflow and/or inflow for the effect of the net change in the Authority's proportionate share of the collective net pension asset and/or liability and difference during the measurement period between the Authority's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as deferred outflows are the Authority contributions to the pension systems subsequent to the March 31, 2015 measurement date. See notes 9 and 11 for the financial statement impact of implementation on the financial statements.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(3) Cash and Equivalents

The carrying amount of the Authority's deposits with financial institutions at December 31, 2015 totaled \$11,506,835 and the bank balance was \$11,439,197. 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	3,241,464
Fiduciary funds held by trustee	<u>9,068,699</u>
	<u>\$ 12,560,163</u>

(4) Investments

The cost and market value of investments (United States Government Securities) held by the Authority as of December 31, 2015 and 2014 are summarized as follows:

<u>Restricted</u>	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Debt Service Reserve Fund -				
U.S. Treasury Notes	\$ 11,374,108	11,682,983	11,255,173	11,501,819
Insurance Fund -				
U.S. Treasury Notes	10,275,462	12,079,050	9,855,229	11,366,620
Maintenance Reserve Fund -				
U.S. Treasury Notes and Bills	33,598,896	33,636,825	43,176,513	43,267,851
Construction Fund -				
U.S. Treasury Notes	<u>-</u>	<u>-</u>	<u>9,360,980</u>	<u>9,360,946</u>
Total Restricted	55,248,466	57,398,858	73,647,895	75,497,236
Revenue Fund (Unrestricted) -				
U.S. Treasury Notes	<u>2,983,953</u>	<u>2,982,825</u>	<u>1,150,760</u>	<u>1,144,449</u>
Total	\$ <u>58,232,419</u>	<u>60,381,683</u>	<u>74,798,655</u>	<u>76,641,685</u>

All Authority investment securities are held by the financial institution's trust department in the entity's name. At December 31, 2015, 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>60,381,683</u>	<u>36,586,738</u>	<u>23,794,945</u>

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(5) Funds Held For Restricted Purposes

At December 31, 2015 and 2014, funds held for restricted purposes by fund category consisted of the following:

	2015			
	Cash and Equivalents	United States Governmental Securities	Related Liabilities	Total
Debt Service Funds:				
Debt service fund	\$ 9,066,286	-	(2,217,750)	6,848,536
Debt service reserve fund	<u>759</u>	<u>11,374,108</u>	<u>-</u>	<u>11,374,867</u>
Fund total	<u>9,067,045</u>	<u>11,374,108</u>	<u>(2,217,750)</u>	<u>18,223,403</u>
Capital Projects Funds:				
Insurance fund	938	10,275,462	-	10,276,400
Maintenance reserve fund	<u>715</u>	<u>33,598,896</u>	<u>(111,523)</u>	<u>33,488,088</u>
Fund total	<u>1,653</u>	<u>43,874,358</u>	<u>(111,523)</u>	<u>43,764,488</u>
Combined total	<u>\$ 9,068,698</u>	<u>55,248,466</u>	<u>(2,329,273)</u>	<u>61,987,891</u>
	2014			
	Cash and Equivalents	United States Governmental Securities	Related Liabilities	Total
Debt Service Funds:				
Debt service fund	\$ 8,944,561	-	(2,348,625)	6,595,936
Debt service reserve fund	<u>214,003</u>	<u>11,255,173</u>	<u>-</u>	<u>11,469,176</u>
Fund total	<u>9,158,564</u>	<u>11,255,173</u>	<u>(2,348,625)</u>	<u>18,065,112</u>
Capital Projects Funds:				
Insurance fund	557	9,855,229	-	9,855,786
Construction fund	963	9,360,980	(3,448,761)	5,913,182
Maintenance reserve fund	<u>330</u>	<u>43,176,513</u>	<u>(45,905)</u>	<u>43,130,938</u>
Fund total	<u>1,850</u>	<u>62,392,722</u>	<u>(3,494,666)</u>	<u>58,899,906</u>
Combined total	<u>\$ 9,160,414</u>	<u>73,647,895</u>	<u>(5,843,291)</u>	<u>76,965,018</u>

Cash in the debt service fund at December 31, 2015 and 2014 was on deposit with the paying agent to meet bond and interest payments due on January 1, 2016 and January 1, 2015, respectively.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(6) Capital Assets

Capital assets at December 31, 2015 and 2014 consist of the following:

	2015			Balance December 31, 2015
	Balance December 31, 2014	Additions	Disposals	
Walkway Over The Hudson - structure	\$ 32,758,706	-	-	32,758,706
Buildings	8,128,929	-	-	8,128,929
Furniture and equipment	<u>8,070,659</u>	<u>639,480</u>	<u>(126,098)</u>	<u>8,584,041</u>
	48,958,294	639,480	(126,098)	49,471,676
Less accumulated depreciation	<u>(18,037,728)</u>	<u>(2,490,608)</u>	<u>126,098</u>	<u>(20,402,238)</u>
	<u>\$ 30,920,566</u>	<u>(1,851,128)</u>	-	<u>29,069,438</u>
	2014			
	Balance December 31, 2013	Additions	Disposals	Balance December 31, 2014
Walkway Over The Hudson - structure	\$ 32,758,706	-	-	32,758,706
Buildings	8,128,929	-	-	8,128,929
Furniture and equipment	<u>7,855,432</u>	<u>562,508</u>	<u>(347,281)</u>	<u>8,070,659</u>
	48,743,067	562,508	(347,281)	48,958,294
Less accumulated depreciation	<u>(16,045,502)</u>	<u>(2,339,507)</u>	<u>347,281</u>	<u>(18,037,728)</u>
	<u>\$ 32,697,565</u>	<u>(1,776,999)</u>	-	<u>30,920,566</u>

Depreciation expense for the years ended December 31, 2015 and 2014 amounted to \$2,490,608 and \$2,339,507, 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, 2015 and 2014:

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(7) Bridge System, Continued

<u>Bridge Facility</u>	<u>Opened</u>	<u>2015</u>	<u>2014</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 January 22, 1997, the Authority issued \$49,015,000 of General Revenue Bonds (Series 1997) in the open market in order to provide funds for (a) 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.

On December 15, 2011, the Authority issued \$32,410,000 in General Revenue Bonds (Series 2011) with an average interest rate of 2.6% to advance refund \$35,535,000 of outstanding Series 2002 Bonds with an average interest rate of 3.4%. The net proceeds of \$36,472,358 were deposited in a trust with an agent to provide for future debt service payments on the bonds. As a result, the bonds are considered defeased and the liability for those bonds has been removed from the Authority's financial statements. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) was approximately \$3.3 million.

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.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(8) Bond Indebtedness, Continued

Changes in indebtedness for the years ended December 31, 2015 and 2014 are summarized as follows:

	2015				
	Balances at December 31, 2014	Additions	Deductions	Balances at December 31, 2015	Due within one year
Series 2011	\$ 20,100,000	-	(6,435,000)	13,665,000	6,690,000
Series 2012	<u>90,180,000</u>	-	<u>(145,000)</u>	<u>90,035,000</u>	<u>155,000</u>
Subtotal	110,280,000	-	(6,580,000)	103,700,000	6,845,000
Unamortized bond premium	<u>12,514,979</u>	-	<u>(1,717,510)</u>	<u>10,797,469</u>	<u>2,140,376</u>
Total revenue bonds	\$ <u>122,794,979</u>	-	<u>(8,297,510)</u>	<u>114,497,469</u>	<u>8,985,376</u>
				2014	
	Balances at December 31, 2013	Additions	Deductions	Balances at December 31, 2014	Due within one year
Series 2011	\$ 26,345,000	-	(6,245,000)	20,100,000	6,435,000
Series 2012	<u>90,325,000</u>	-	<u>(145,000)</u>	<u>90,180,000</u>	<u>145,000</u>
Subtotal	116,670,000	-	(6,390,000)	110,280,000	6,580,000
Unamortized bond premium	<u>14,002,617</u>	-	<u>(1,487,638)</u>	<u>12,514,979</u>	<u>1,717,511</u>
Total revenue bonds	\$ <u>130,672,617</u>	-	<u>(7,877,638)</u>	<u>122,794,979</u>	<u>8,297,511</u>

The bonds have serial maturities as of December 31, 2015 as follows:

	Principal	Interest	Total
2016	\$ 6,845,000	4,143,250	10,988,250
2017	7,135,000	3,789,700	10,924,700
2018	7,450,000	3,491,700	10,941,700
2019	7,745,000	3,181,900	10,926,900
2020	8,055,000	2,859,700	10,914,700
2021 - 2025	45,375,000	8,897,700	54,272,700
2026 - 2027	<u>21,095,000</u>	<u>432,200</u>	<u>21,527,200</u>
	103,700,000	26,796,150	130,496,150
Plus: unamortized bond premium	<u>10,797,469</u>	-	<u>10,797,469</u>
	\$ <u>114,497,469</u>	<u>26,796,150</u>	<u>141,293,619</u>

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(8) Bond Indebtedness, Continued

The Series 2012 and 2011 Bonds, which bear interest at rates ranging from 2% to 5% to , 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.

The Series 2011 Bonds are subject to redemption prior to maturity, at the option of the Authority, as a whole or in part at the redemption price of par plus accrued interest to the redemption date.

(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 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/incx.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(a) Plan Descriptions and Benefits Provided, Continued

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. Those joining on or after April 21, 2012 are required to contribute between 3 and 6 percent, dependent on salary, throughout their working careers. 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>
2015	\$ 1,678,527
2014	1,876,986
2013	2,050,908

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

At December 31, 2015, 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, 2015. 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.

Actuarial valuation date	3/31/2015	3/31/2014
Net pension liability	\$ 1,288,547	1,723,606
Authority's proportion of the Plan's net pension liability	0.0381425%	0.0381425%

For the year ended December 31, 2015, the Authority recognized pension expense of \$1,444,073 for ERS. At December 31, 2015 the Authority's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 41,248	-
Net difference between projected and actual earnings on pension plan investments	223,804	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	8,582	-
Authority's contributions subsequent to the March 31, 2015 measurement date	<u>1,678,527</u>	-
Total	<u>\$ 1,952,161</u>	<u>-</u>

Authority contributions subsequent to the March 31, 2015 measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended</u>	<u>ERS</u>
2016	\$ 68,409
2017	68,409
2018	68,409
2019	68,409
2020	-
Thereafter	-

(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:

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

Significant actuarial assumptions used in the valuations were as follows:

Measurement date	March 31, 2015
Actuarial valuation date	April 1, 2014
Interest rate	7.5%
Salary scale	4.9% Average
Decrement tables	April 1, 2005 - March 31, 2010 System's Experience
Inflation rate	2.7%

Annuitant mortality rates are based on April 1, 2005 - March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

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 returns 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 each 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:

Measurement date	March 31, 2015
Asset type:	
Domestic equity	7.30%
International equity	8.55%
Real estate	8.25%
Private equity	11.00%
Absolute return strategies	6.75%
Opportunities portfolio	8.60%
Real assets	8.65%
Bonds and mortgages	4.00%
Cash	2.25%
Inflation - indexed bonds	4.00%

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(d) Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. 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 7.5%, 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 (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension (asset) liability	\$ <u>8,588,720</u>	1,288,547	(4,874,610)

(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)
Valuation date	3/31/2015
Employers' total pension liability	\$(164,592)
Plan net position	<u>161,213</u>
Employers' net pension asset/(liability)	\$ <u>(3,379)</u>
Ratio of plan net position to the Employers' total pension asset/(liability)	97.95%

(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, 2015 and 2014 represent the projected employer contribution for the period of April 1, 2015 through March 31, 2016 and April 1, 2014 through March 31, 2015, 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.

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 GASB 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, 2015 and 2014 totaled \$2,362,352 and \$1,979,711, respectively. At December 31, 2015 and 2014, the OPEB liability included in noncurrent accrued fringe benefits was \$24,734,371 and \$22,372,019, respectively. The amount charged to expense was \$3,515,429 and \$3,118,486 for the years ended December 31, 2015 and 2014, respectively.

The number of participants as of January 1, 2015 was as follows:

Active employees	117
Retired employees	<u>107</u>
Total	<u>224</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.

<u>Benefit Obligations and Normal Cost</u>	<u>2015</u>	<u>2014</u>
Actuarial accrued liability (AAL):		
Retired employees	\$ 24,191,368	20,547,536
Active employees	<u>27,904,316</u>	<u>25,385,471</u>
Total	\$ <u>52,095,684</u>	<u>45,933,007</u>
Underfunded actuarial accrued liability (UAAL)	\$ <u>52,095,684</u>	<u>45,933,007</u>
Normal cost	\$ <u>1,121,922</u>	<u>1,028,085</u>

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(10) Postemployment Benefits, Continued

Level Dollar Amortization

Calculation of ARC under projected Unit Credit Method:

Amortization of UAAL over 30 years with interest to end of year	\$ 2,558,646	2,237,518
Normal costs with interest to end of year	<u>1,240,806</u>	<u>1,131,351</u>
Annual required contribution (ARC)	\$ <u>3,799,452</u>	<u>3,368,869</u>

Annual OPEB Cost and Net OPEB Obligation

Annual required contribution	\$ 3,799,452	3,368,869
Interest on net OPEB obligation	856,848	781,023
Adjustment to annual required contribution	<u>(1,140,871)</u>	<u>(1,031,406)</u>
Annual OPEB cost (expense)	3,515,429	3,118,486
Contributions made on a pay-as-you-go basis	<u>(1,153,077)</u>	<u>(1,138,715)</u>
Increase in net OPEB obligation	2,362,352	1,979,771
Net OPEB obligation at beginning of year	<u>22,372,019</u>	<u>20,392,248</u>
Net OPEB obligation at end of year	\$ <u>24,734,371</u>	<u>22,372,019</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Year Ending	Annual Required Contribution	Annual OPEB Cost	OPEB Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/15	\$ 3,749,884	3,515,429	1,153,077	32.8%	24,734,371
12/31/14	3,368,869	3,118,486	1,138,715	36.5%	22,372,019
12/31/13	3,200,363	2,998,821	1,026,152	34.2%	20,392,248

Actuarial methods and assumptions:

	<u>2015</u>	<u>2014</u>
Funding interest rate	3.83%	3.83%
2015 and 2014 medical trend rate, respectively	8.00%	9.25%
Ultimate trend rate	5%	5%
Year ultimate trend rate reached	2018	2018
Annual payroll growth rate	2.5%	2.5%
Actuarial cost method	Attained Age	Attained Age
The remaining amortization period at year-end	21 years	22 years

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(11) Cumulative Effect of Change in Accounting Principle

During the fiscal year ended December 31, 2015, the Authority implemented GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68." The implementation of these Statements resulted in the reporting of deferred outflows of resources and a liability related to the Authority's participation in the New York State Employees' retirement systems. The Authority's net position at January 1, 2014 has been restated as follows:

Net position at beginning of year, as previously stated	\$ 52,312,292
GASB Statement No. 68 implementation:	
Beginning System liability - Employees' Retirement System as of December 31, 2014	(1,723,606)
Beginning deferred outflow of resources resulting from:	
Differences between expected and actual experience	275,780
Contributions subsequent to the measurement date	<u>1,407,740</u>
Cumulative effect of implementation	<u>(40,086)</u>
Net position at beginning of year, as restated	\$ <u>52,272,206</u>

(12) 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, 2015 and 2014 amounted to \$369,000.

(13) 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 \$10,276,400 at December 31, 2015 to meet its deductible should a claim arise.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(14) 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.

(15) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 72 - "Fair Value Measurement and Application" provides guidance regarding accounting and financial reporting relate to fair value measures of certain investments. The requirements of this Statement are effective for periods beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016 for the Authority. The effects of this Statement on the financial statements of the Authority are not presently determinable.

GASB Statement No. 73 - "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This Statement, issued in June 2015, establishes requirements for defined benefit pension plans and defined contribution pension plans that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as requirements for the assets accumulated for purposes of providing those pensions. The requirements of this Statement for pensions that are not within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016. Requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions as well as the requirements for pension plans within the scope of Statements 67 and 68 are effective for fiscal years beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016. The effects of this Statement on the financial statements of the Authority are not presently determinable.

GASB Statement No. 74 - "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This Statement, issued in June 2015, replaces existing standards of accounting and financial reporting for postemployment benefit plans other than pension plans and also replaces existing requirements for defined contribution OPEB plans. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016, which is the fiscal year beginning January 1, 2017 for the Authority. The effects of this Statement on the financial statements of the Authority are not presently determinable.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(15) Accounting Standards Issued But Not Yet Implemented. Continued

- GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement, issued in June 2015, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for fiscal years beginning after June 15, 2017, which is the fiscal year beginning January 1, 2018 for the Authority. The effects of this Statement on the financial statements of the Authority are not presently determinable.
- GASB Statement No. 76 - "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This Statement, issued in June 2015, supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements for this Statement are effective for financial statements for periods beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016 for the Authority. This Statement is not expected to have a material effect on the financial statements of the Authority.
- GASB Statement No. 77 - "Tax Abatement Disclosures." This Statement, issued in August 2015, requires governments that enter into tax abatement agreements to disclose taxes abated, the gross amount of such taxes abated during the period and any other commitments made by the government other than to abate taxes, as a part of the abatement agreement. The requirements for this Statement are effective for financial statements for periods beginning after December 15, 2015, which is the fiscal year beginning January 1, 2016 for the Authority. The effects of this Statement on the financial statements of the Authority are not presently determinable.
- GASB Statement No. 78 - "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans." This Statement, issued in December 2015 amends GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2015, which is the fiscal year beginning January 1, 2016 for the Authority. The effects of this Statement on the financial statements of the Authority are not presently determinable.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(15) Accounting Standards Issued But Not Yet Implemented. Continued

GASB Statement No. 79 - "Certain External Investment Pools and Pool Participants." This Statement, issued in December 2015, addresses the accounting and financial reporting for certain external investment pools and pool participants. It establishes the criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. For the Authority, this statement becomes effective for the fiscal year beginning January 1, 2016. The effects of this Statement on the financial statements of the Authority are not presently determinable.

GASB Statement No. 80 - "Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14." This Statement, issued in January 2016, amends the blending requirements for the financial statement presentation of component units of all state and local governments. It requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2016, which is the fiscal year beginning January 1, 2017 for the Authority. This Statement is not expected to have a material effect on the financial statements of the Authority.

REQUIRED SUPPLEMENTARY INFORMATION

NEW YORK STATE BRIDGE AUTHORITY

Required Supplementary Information -

Bridge System Assessments

December 31, 2015

<u>Condition Rating*</u>	Number of Bridges					
	2015		2014		2013	
	<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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Estimated	\$ 36,180	80,814	54,953	18,316	18,934
Actual	36,635	56,135	34,446	20,678	15,304

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

In 2011, several projects totaling \$3.2 million were deferred to 2012 or later. Estimated capital improvements were initially projected as net of federal grants to fund projects. The Authority reported federal funds receivable totaling \$0.6 million for 2011 as other income while the cost was reported as capital improvement expenditures.

In 2012, capital improvements exceeded projections primarily as a result of two projects. The first project was to paint a section of the Newburgh-Beacon Bridge. The project schedule was accelerated. More progress was made in 2012 accelerating \$1.8 million into 2012 from subsequent years in the capital program. The second project related to the Mid-Hudson Bridge where deck and joint repair exceeded budget by \$1.0 million. This was the result of more extensive repairs being required than had been originally anticipated.

In 2013, capital improvement projections exceeded actual results because of delays on two projects at the Newburgh-Beacon Bridge. The paint project was projected to be completed in 2013 ahead of schedule, but unanticipated delays during 2013 delayed its completion to 2014, or later. The redecking job was delayed as a result of unanticipated issues encountered in the awarding and commencement of work than had been projected before awarding the contract.

In 2014, capital improvement projections exceeded actual results primarily as a result of slower than projected progress on the redecking of the Newburgh-Beacon Bridge. A late start to the year as a result of weather impacting the start of work in the spring and the contractor rescheduling elements of the project into 2015 as allowed under the contract drove the variance to original estimate. The work originally expected to be completed in 2014 is expected to be completed within the overall original contracted project timeline ending in 2015.

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.

NEW YORK STATE BRIDGE AUTHORITY

Required Supplementary Information

Scheduling of Funding Progress for Other Postemployment Benefits (OPEB)

December 31, 2015

The schedule of funding progress presents the results of OPEB valuations for the past three years. All determined information has been calculated in accordance with the actuarial assumptions and methods reflected in the actuarial valuations as of the indicated actuarial valuation date.

<u>For Year Ended</u>	<u>Valuation Date</u>	<u>Actual Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Ratio UAAL to Budget Covered Payroll</u>
12/31/15	1/1/2015	\$ -	\$ 52,095,684	\$ 52,095,684	0.0%	9,885,850	527%
12/31/14	1/1/2013	\$ -	\$ 45,933,007	\$ 45,933,007	0.0%	10,785,606	426%
12/31/13	1/1/2013	\$ -	\$ 44,242,704	\$ 44,242,704	0.0%	10,426,886	424%

NEW YORK STATE BRIDGE AUTHORITY
 Required Supplementary Information
 Schedule of Authority's Proportionate Share of the Net Pension Liability
 For the year ended December 31, 2015

<u>NYSERS Pension Plan</u>		
	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability	0.0381425%	0.0381425%
Authority's proportionate share of the net pension liability	\$ 1,288,547	\$ 1,723,606
Authority's covered payroll	\$ 9,885,850	\$ 10,118,000
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	13.03%	17.04%
Plan fiduciary net position as a percentage of the total pension liability	97.95%	97.20%

* The amounts presented for each fiscal year were determined as of the March 31, 2015 and 2014 measurement dates of the plans.

NEW YORK STATE BRIDGE AUTHORITY
 Required Supplementary Information
 Schedule of Authority's Employer Pension Contributions
 For the year ended December 31, 2015

	NYSERS Pension Plan				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$1,678,527	1,876,986	2,050,908	1,796,856	2,234,373
Contributions in relation to the contractually required contribution	<u>1,678,527</u>	<u>1,876,986</u>	<u>2,050,908</u>	<u>1,796,856</u>	<u>2,234,373</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$9,885,850	10,118,000	10,047,059	N/A	9,132,299
Contributions as a percentage of covered employee payroll	16.98%	18.55%	20.41%	N/A	24.47%

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, 2015, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 7, 2016.

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 opinions 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.

Toski & Co., CPAs, P.C.

Williamsville, New York
March 7, 2016

INDEPENDENT ACCOUNTANTS' REPORT ON INVESTMENT PROGRAM COMPLIANCE

The Governing Board
New York State Bridge Authority:

We have audited the New York State Bridge Authority's (the Authority) compliance with the types of compliance requirements described in the Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program during the year ended December 31, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the Authority's investment program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the investment program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the investment program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Investment Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its investment program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirement that could have a direct and material effect on the investment program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the investment program and to test and report on internal control over compliance for the investment program in accordance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. Accordingly, this report is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
March 7, 2016

**NEW YORK STATE BRIDGE AUTHORITY
ANNUAL REPORT PER SECTION 2800 OF PUBLIC AUTHORITIES LAW
OPERATIONS, ACCOMPLISHMENTS AND PROJECTS UNDERTAKEN
YEAR ENDED 12/31/15**

The mission of the New York State Bridge Authority is to maintain and operate the vehicle crossings of the Hudson River entrusted to its jurisdiction for the economic and social benefit of the people of the State. The Authority will maintain the vehicular bridges and related infrastructure in good condition for the benefit of the travelling public, provide for long-term financial stability of the Authority, and do so at the lowest cost consistent with long term safety and stability. The Authority will provide for accountability and transparency in its operations.

In 2015, as in previous years, the Authority continued to meet this mission as it operated six superstructures, with a replacement value over \$1.8 billion, together with their ancillary facilities, at one of the lowest tolls in the nation for a self-supporting transportation entity. In fact, since it came into existence 83 years ago, the Authority has raised tolls only three times in its history. In January 2012, the most recent toll schedule revision, the Authority's round-trip base toll was \$1.50 for cash customers and \$1.25 for E-ZPass customers, both lower than the toll charged for the first crossing in 1933.

Maintaining the bridge system, which averages 75 years of age, requires constant monitoring and care. Given the proper maintenance, these spans have an indefinite lifespan. To that end, the Bridge Authority's capital improvement program is driven by annual bridge inspections conducted by independent engineers. Each year three vehicular bridges receive in-depth detailed biennial inspections that meet or exceed the criteria of both federal and state mandatory bridge inspection programs. The inspectors also do a thorough, but less intensive, inspection of the other three vehicular bridges to review the maintenance work done since the last biennial inspection and to identify changing conditions that may require an immediate response.

In 2013, after a public bidding process, the Authority awarded a contract and work commenced on the project to re-deck the South Span of the Newburgh-Beacon Bridge. The project, utilizing a negotiated project labor agreement, was the largest project of its kind in the history of the Authority. In 2015 construction was completed on the project on time and materially on budget. The final cost was \$101.7 million from a projected cost of \$101.6 million or a 0.08% overage. The completed new deck supports the Authority's goal of maintaining its vehicular bridges proactively to allow for an indefinite useful life.

The Authority continues to develop opportunities to generate revenues beyond toll collection to supplement toll revenues. The Authority built fiber optic lines across several of its bridges and has leased excess capacity to third party private entities. The Authority closed five leases in 2015 bringing in \$1.7 million over the coming years. While this program is not large enough to avoid increasing tolls, this type of program has helped supplement reductions in revenue associated with economic cycles.

The Authority began the direct sales of E-ZPass in full service toll lanes in 2013 at each of the toll plazas. The additional convenience of buying a tag at the booth has been very successful with the Authority selling over twenty four thousand tags since inception. While by itself it is difficult to evaluate the incremental E-ZPass utilization attributable to this initiative, the Authority continues to see increased E-ZPass utilization throughout 2015 with overall utilization of 69.8% for the full year.

The single major bridge project expense in 2015 included, as noted above, approximately \$34.1 million expended of an overall \$101.7 million project to re-deck the South Span of the Newburgh-Beacon Bridge.

In 2016, Standard & Poor's affirmed the AA- long term rating on the Authority's outstanding general revenue bonds with a stable outlook. Moody's Investors Service in 2015 assigned an Aa3 rating to the Series 2012 General Revenue Bonds and affirmed the rating for the Aa3 parity bond rating with a stable outlook.

NEW YORK STATE BRIDGE AUTHORITY
 Statements of Net Position
 December 31, 2015 and 2014

Assets:	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and equivalents	\$ 11,506,835	12,681,780
Investments	58,232,419	74,798,655
Accounts receivable	1,883,651	1,942,813
Prepaid expenses	1,442,149	1,858,696
Total current assets	<u>73,065,054</u>	<u>91,281,944</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	29,069,438	30,920,566
Bridge system	84,358,269	84,358,269
Total noncurrent assets	<u>113,427,707</u>	<u>115,278,835</u>
Total assets	<u>186,492,761</u>	<u>206,560,779</u>
Deferred outflow of resources - pensions	<u>1,952,161</u>	<u>-</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	2,471,382	1,951,604
Accrued wages, payroll taxes and fringe benefits	605,807	681,152
Contracts payable	111,523	3,494,666
Accrued interest on bonds	2,217,750	2,348,625
General revenue bonds, current portion, net	8,985,376	8,297,511
Total current liabilities	<u>14,391,838</u>	<u>16,773,558</u>
Noncurrent liabilities:		
Accrued fringe benefits	25,344,701	22,977,461
Deferred Revenues	437,129	
Net pension liability - proportionate share-ERS	1,288,547	
General revenue bonds, net	105,512,093	114,497,468
Total noncurrent liabilities	<u>132,582,470</u>	<u>137,474,929</u>
Commitments and contingencies (note 13)		
Total liabilities	<u>146,974,308</u>	<u>154,248,487</u>
Invested in capital assets	113,427,707	115,278,835
Restricted for:		
Debt service	18,223,403	18,065,112
Insurance	10,276,400	9,855,786
Construction	-	5,913,182
Maintenance reserve	33,488,088	43,130,938
Unrestricted (deficit)	<u>(133,944,983)</u>	<u>(139,931,561)</u>
Total net position	<u>\$ 41,470,615</u>	<u>52,312,292</u>

NEW YORK STATE BRIDGE AUTHORITY
 Statements of Revenue, Expenses and Changes in Net Position
 Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenue:		
Toll revenue	\$ 56,664,917	55,237,486
Other income	701,969	1,032,533
Total operating revenue	<u>57,366,886</u>	<u>56,270,019</u>
Operating expenses:		
Salaries	10,335,872	10,785,606
Employee benefits	7,721,177	7,720,090
Utilities	664,669	781,558
Insurance	1,577,580	1,622,396
Professional services	675,315	641,532
Supplies and materials	241,018	218,646
Equipment expense	131,299	174,463
Maintenance and repairs	726,594	780,284
Rehabilitation, reconstruction and bridge repairs	36,635,359	56,134,619
Electronic toll costs	4,095,046	3,937,958
Depreciation	2,490,608	2,339,507
Other	597,551	580,587
Total operating expenses	<u>65,892,088</u>	<u>85,717,246</u>
Operating loss	<u>(8,525,202)</u>	<u>(29,447,227)</u>
Nonoperating revenue (expenses):		
Interest income	446,350	389,953
Interest and other expenses	<u>(2,722,739)</u>	<u>(3,216,861)</u>
Total nonoperating revenue (expenses)	<u>(2,276,389)</u>	<u>(2,826,908)</u>
Decrease in net position	(10,801,591)	(32,274,135)
Net position:		
Beginning of the year as previously stated	<u>52,272,206</u>	<u>84,586,427</u>
Cumulative effect of change in accounting principle	<u>(40,086)</u>	
Beginning of the year as restated	<u>52,232,120</u>	
End of year	<u>\$ 41,430,529</u>	<u>52,312,292</u>

**NEW YORK STATE BRIDGE AUTHORITY
ANNUAL REPORT PER SECTION 2800 OF PUBLIC AUTHORITIES LAW
SCHEDULE OF DEBT ISSUANCE
YEAR ENDED 12/31/15**

General Revenue Bonds Series 2011

General Revenue Bonds Series 2012

Outstanding 12/31/15	\$20,100,000	\$90,180,000
Redeemed 1/1/15	\$6,435,000	\$145,000
New Debt Incurred	\$0	\$0
Date Issued	12/15/11	4/26/12
Original Issue	\$32,410,000	\$90,325

<u>Due</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Due</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	6,435,000	4.000%	2015	145,000	3.000%
2016	4,690,000	4.000%	2016	155,000	3.000%
2016	2,000,000	5.000%			
2017	6,975,000	5.000%	2017	160,000	3.000%
			2018	7,450,000	4.000%
			2019	7,745,000	4.000%
			2020	8,055,000	4.000%
			2021	8,380,000	4.000%
			2022	8,710,000	4.000%
			2023	9,060,000	4.000%
			2024	9,425,000	4.000%
			2025	9,800,000	5.000%
			2026	10,290,000	5.000%
			2027	10,805,000	4.000%

- The Series 2011 issuance provided funds solely to defease the Authority's Series 2002 outstanding bonds. The par amount defeased was \$35,535,000. The Authority refinanced the 2002 Bonds on December 15, 2011

NEW YORK STATE BRIDGE AUTHORITY
ANNUAL REPORT PER SECTION 2800 OF PUBLIC AUTHORITIES LAW
COMPENSATION SCHEDULE
YEAR ENDED 12/31/15

Name	*Title	*Group	*Annualized Salary	Health, Dental, Vision Care Insurance	Use of Authority Vehicle	*Total Compensation	*Does the employee also hold another paid State or local government position?
Ruggiero, Joseph	Executive Director	Managerial	\$ 159,000	Yes	Yes	\$ 169,345	No
Wright, Jeff	Chief Engineer	Managerial	142,823	Yes	No	147,856	No
Bushek, Brian	Treasure/Director Of Finance	Managerial	131,477	Yes	No	143,509	No
Fong, George	Manager Of Maintenance	Managerial	127,984	Yes	No	144,034	No
Bellucci, John	Chief Of Staff	Managerial	123,785	Yes	No	129,435	No
Herd, Greg	Director Of IT	Managerial	118,808	Yes	No	137,242	No
Russo, Robert	Director Of Administration	Managerial	118,663	Yes	No	128,068	No
Roberts-Sullivan, Tara	Deputy Executive Director	Managerial	116,000	Yes	No	118,739	No
Smith, Scott	Bridge Manager	CSEA	115,763	Yes	No	126,927	No
Ferguson, Wayne	Director Of Operations	Managerial	115,259	Yes	Yes	126,969	No
Gardner, Craig	Manager Of Maintenance	Managerial	110,315	Yes	Yes	114,224	No
Bielawski, Peter	Manager Of Application Development	CSEA	109,990	Yes	No	120,086	No
Emslie, Scott	Bridge Manager	CSEA	105,414	Yes	No	109,265	No
Pruitt, Dorothy	Bridge Manager	CSEA	105,414	Yes	No	109,362	No
Sullivan, Tara	Bridge Manager	CSEA	105,414	Yes	No	115,793	No
Mazzella, Frank	Manager Of Toll Systems	Managerial	102,259	Yes	No	134,793	No
Savosky, Michael	Computerized Toll Equipment Specialist	CSEA	100,538	Yes	No	113,415	No

**NEW YORK STATE BRIDGE AUTHORITY
ANNUAL REPORT PER SECTION 2800 OF PUBLIC AUTHORITIES LAW
CODE OF ETHICS
YEAR ENDED 12/31/15**

Purpose. The Authority Code of Ethics mirrors Section 74 of the Public Officers Law which, by statute, covers all Authority officers and employees and incorporates the recommendations of the Authority Budget Office. The purpose of this Code of Ethics is to serve as a guide for official conduct. It is intended to enhance the ethical and professional performance of the Authority's officers and employees and to preserve public confidence in the Authority's mission.

b. Definition. The term "Authority employee" shall mean any member, director, commissioner, officer or employee of the New York State Bridge Authority.

c. Rule with Respect to Conflicts of Interest. No Authority employee should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity, or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his/her duties in the public interest.

d. Standards.

- i. All Authority employees shall perform their duties with transparency, without favor, and refrain from engaging in outside matters of financial or personal interest. In this regard, no Authority employee shall accept other employment which will impair his/her independence of judgment or prevent the proper exercise of his/her official duties.
- ii. No Authority employee should accept employment or engage in any business or professional activity which will require the employee to disclose confidential information which he/she has gained by reason of his/her official position or authority.
- iii. No Authority employee shall directly or indirectly, make, advise, or assist any person to make any financial investment based upon information available through the employee's official position with the Authority that could create any conflict between the employee's public duties and interests and the employee's private interests. In this regard, no Authority employee shall disclose confidential information acquired by the employee in the course of his/her official duties nor use such information to further his/her personal interests.
- iv. No Authority employee shall use, or attempt to use, his/her official position to secure unwarranted privileges or exemptions for him/herself, members of his/her family, or others, including employment with the Authority or contracts for materials or services with the Authority.
- v. No Authority employee shall engage in any transaction as representative or agent of the Authority with any business entity in which he/she has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his/her official duties.

- vi.** An Authority employee shall conduct themselves at all times in a manner that avoids any appearance that they can be improperly or unduly influenced, nor shall any Authority employee, by his/her conduct, give reasonable basis for the impression that any person can improperly influence such employee or unduly enjoy his/her favor in the performance of his/her official duties, or that he/she is affected by the kinship, rank, position or influence of any party or person.
- vii.** An Authority employee shall abstain from making personal investments in enterprises which he/she has reason to believe may be directly involved in decisions to be made by him/her or which will otherwise create substantial conflict between his/her duty in the public interest and his/her private interest.
- viii.** An Authority employee shall endeavor to pursue a course of conduct which will not raise suspicion among the public that he/she is likely to be engaged in acts that are in violation of his/her public trust.
- ix.** No Authority employee employed on a full-time basis nor any firm or association of which such an employee is a member nor corporation, a substantial portion of the stock of which is owned or controlled directly or indirectly by such employee, shall sell goods or services to any person, firm, corporation or association which is licensed or whose rates are fixed by the authority in which such employee serves or is employed.
- x.** If any Authority employee should have a financial interest, direct or indirect, having a value of ten thousand dollars (\$10,000) or more in any activity which is subject to the jurisdiction of a regulatory agency, he/she shall file with the Secretary of State a written statement that he/she has such a financial interest in such activity, which statement shall be open to public inspection.
- xi.** Authority employees shall not solicit, accept or receive any gift having more than a nominal value, or multiple gifts in one year collectively totaling more than nominal value, whether in the form of money, service, loan, travel, lodging, meals, refreshments, entertainment, discount, forbearance of an obligation or promise to pay, or in any other form. The term "nominal value" is defined here as having a fair market value of fifteen dollars or less. Notwithstanding the foregoing, any gift, regardless of value, that is intended to influence the employee in the performance of official business or is given as an appreciation for any official act by the individual is strictly prohibited and must be immediately declined and returned.
- xii.** Authority employees shall manage all matters within the scope of the Authority's mission, independent of any other affiliations or employment. Directors, including ex-officio Board members, and employees employed by more than one government shall strive to fulfill their professional responsibility to the Authority without bias and shall support the Authority's mission to the fullest.
- xiii.** Authority employees shall not use Authority property, including equipment, telephones, vehicles, computers, or other resources, or disclose information acquired in the course of their official duties in a manner inconsistent with State or local law or policy and the Authority's mission and goals.

xiv. Authority employees are prohibited from appearing or practicing before the Authority for two (2) years following employment with the Authority, consistent with the provisions of the Public Officers Law.

e. Implementation of Code of Ethics. This Code of Ethics shall be provided to all Authority employees upon commencement of employment or appointment and shall be reviewed annually by the Governance Committee. The Board may designate an Ethics Officer, who shall report to the Board and shall have the following duties:

- i. Counsel in confidence Authority employees who seek advice about ethical behavior.
- ii. Receive and investigate complaints about possible ethics violations.
- iii. Dismiss complaints found to be without substance.
- iv. Prepare an investigative report of their findings for action by the Executive Director or the Board.
- v. Record the receipt of gifts or gratuities of any kind received by an Authority employee, who shall notify the Ethics Officer within 48 hours of receipt of such gifts and gratuities.

f. Violations. In addition to any penalty contained in any other provision of law, any Authority employee who shall knowingly and intentionally violate any of the provisions of this Code of Ethics may be fined, suspended or removed from office or employment in the manner provided for by applicable law, rules or regulations.

g. Reporting Unethical Behavior. Authority Employees are required to report possible unethical behavior by any Authority employee to the Ethics Officer. Authority employees may file ethics complaints anonymously and are protected from retaliation by the policies adopted by the Authority.

h. NYS Joint Commission on Public Ethics (JCOPE) Outside Activity and Approval Procedures. The Authority has adopted an Outside Activity Policy for all compensated employees. All compensated Authority employees shall seek prior approval before engaging in:

- i. outside employment;
- ii. certain political activity;
- iii. other activities that result in outside compensation as defined in the regulation;
- iv. serving as a director or officer of a for-profit or not-for-profit entity; and,
- v. any activity that may pose a conflict of interest or have the appearance of a conflict of interest with the mission of the Authority.

Depending on the nature of compensation and the employee's position with the Authority, approval of an outside activity by JCOPE may be required.

The Authority Outside Activity Policy is also intended to comply with JCOPE regulation Title 19 NYCRR Part 932 for Authority policy makers and heads of State Agencies.

In compliance with section 932.9, this Code of Ethics shall serve as the code of ethical conduct covering conflicts of interest and business and professional activities, including outside activities for uncompensated and per diem Directors, Members and Officer, and shall be filed with JCOPE.

**NEW YORK STATE BRIDGE AUTHORITY
ANNUAL REPORT PER SECTION 2800 OF PUBLIC AUTHORITIES LAW
REAL PROPERTY
YEAR ENDED 12/31/15**

Facility Name	Replacement Costs * (as of 12/31/15)
Rip Van Winkle Bridge Catskill, NY	Bridge: \$197,709,000 Buildings: \$5,083,366
Kingston-Rhinecliff Bridge Kingston, NY	Bridge: \$272,093,000 Buildings: \$4,780,067
Mid-Hudson Bridge Highland, NY	Bridge: \$274,194,000 (main span) \$ 26,429,000 (approach spans) Buildings: \$4,894,799 (Headquarters bldgs.) \$8,713,854 (MHB buildings)
Newburgh-Beacon Bridge Beacon, NY	Bridge: \$249,540,000 (north span) \$348,030,000 (south span) \$ 7,561,000 (approach spans) Buildings: \$9,418,141
Bear Mountain Bridge Ft. Montgomery, NY	Bridge: \$152,498,000 Buildings: \$6,913,374
Walkway Over The Hudson Poughkeepsie-Highland, NY	Bridge: \$227,414,000

* Does not include the value of the Authority's land.

* The Authority has no plans to dispose of any real property during 2016.

**NEW YORK STATE BRIDGE AUTHORITY
ANNUAL REPORT PER SECTION 2800 OF PUBLIC AUTHORITIES LAW
INTERNAL CONTROL STATEMENT
YEAR ENDED 12/31/15**

This statement certifies that the New York State Bridge Authority followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending December 2015. To the extent that deficiencies were identified, the Authority has developed corrective action plans to reduce any corresponding risk.

The Authority contracted Tronconi, Segara & Associates as its Internal Auditor who performed their review of the Authority in 2015. Management will take appropriate action to address all deficiencies identified (if any) within the Internal Auditor's report prior to the next year end. The report can be viewed on the Authority's website at <http://www.nysba.net/Index%20Page/FinanceReports.html>

Based on this assessment and representation, management feels that it is in compliance with the requirements of Public Authorities Law Section 2800.

**NEW YORK STATE BRIDGE AUTHORITY
ANNUAL REPORT PER SECTION 2800 OF PUBLIC AUTHORITIES LAW
AUTHORITY MEASUREMENT REPORT
YEAR ENDED 12/31/15**

The results of the Board adopted performance measurements for the year ended December 31, 2015 are as follows:

1. Goal: Reliable, Safe and Convenient River Crossings

- a. Conduct biennial and annual maintenance inspections by independent consulting engineers.

The Authority had annual or biennial inspections performed at all of its vehicular bridges. No red flags were identified. The Authority also had an inspection performed on the Walkway Over the Hudson in 2011. As a pedestrian bridge, the Walkway Over the Hudson is fully inspected every five years and receives interim specialized inspections when warranted.

- b. Develop and update annually a five year capital plan for the bridges necessary to maintain a good (level 5) condition for the vehicular bridges.

The Authority's Board adopted the 2016-2020 capital program at its September 17th, 2015 meeting. This program reflects the findings of the maintenance and biennial inspections and has resulted in the Authority retaining the good (level 5) condition for vehicular bridges.

- c. Develop and implement the annual capital program and maintenance plan taking into account the inspection results.

The Authority develops and implements its capital program and maintenance plan based on the findings of the biennial inspections. These programs have resulted in the Authority retaining a good (level 5) condition for vehicular bridges.

- d. Develop emergency response and security plans.

The Authority has documented emergency response and security procedures required to safeguard critical infrastructure embedded within Emergency Operating Plan and its Operating Procedures Manual. They are available at all bridge facilities and the Authority's network shared drive.

2. Goal: Fiscal Prudence

- a. Obtain an Independent Auditors' audit of the Authority's financial statements.

The Authority's Independent Auditor reviewed the 2015 Financial Statements and provided an unqualified opinion.

- b. Prepare and annually update a five year financial plan based on capital funding needs and a fiscally prudent operating budget.

The Authority's Board reviewed the 2015 through 2019 Business and Financial Plans at its September 17th, 2015 meeting. The plan was approved during the November 19st, 2015 meetings as statutorily required.

- c. Annually review and approve a budget for operating and capital expenditures.

The Authority reviewed and approved its Operating Plan as required during its September 17, 2015 meeting.

- d. Provide periodic budget to actual report to enable moderation of controllable expenses throughout the year.

The Authority generated Quarterly Operations Reports for March 2015, and September 2015 during calendar year 2015. It generates the annual reports for each year by the following March 31. The review of expenditures for June 2015 is performed through the development of the Business and Financial Plan reporting and is provided, as required, as part of the reporting package.

3. Goal: Limit Toll Rates

- a. Annually review toll revenue projections taking into account annual receipts.

This objective is achieved through the development of the Business and Financial plan approved by the Board at its November 19th, 2015 meeting.

- b. Include in the five year financial plan a schedule of toll revenue increases based on capital needs and taking into consideration the impact on the traveling public.

All toll revenue increases based on capital needs would be taken into consideration during the development of the Business and Financial Plan.

- c. Plan and approve new toll schedules as required by the financial plan.

No toll increases are being planned or expected to be needed prior to 2019. The Authority projects that it will require a revenue enhancement to support the redecking of the North Span Newburgh-Beacon Bridge some time in the 2020's. Administratively the Authority prepares a long range forecast internally that will be utilized to determine the need for the next toll increase.

- d. Periodically evaluate service levels and associated costs.

The service levels at the Authority are evaluated each year during the development of the Business and Financial Plan. Staffing levels were determined to be adequate based on volumes, which overall increased compared to prior year.

- e. Periodically evaluate shared service opportunities.

The Authority evaluates all functional processes during development of the Business and Financial Plan. Where shared services add value, for example the processing of E-ZPass transactions via the NYS Thruway Authority, they are utilized. In other instances where more cost effective, modernization and outsourcing are utilized.

- f. Promote the use of E-ZPass services in the interest of fiscal prudence and the convenience of the travelling public.

In 2013 the Authority fully implemented an initiative to sell E-ZPass tags in full service toll lanes. This approach provided greater convenience to patrons as previously all direct tag sales were solely from the headquarters building. The Authority has continued selling tags in manned toll lanes along with banner advertising that has resulted in increased E-ZPass penetration. The effort builds on the toll schedule that contains an E-ZPass discounted fare implemented in 2012. The Authority will evaluate the E-ZPass discounts in the toll schedule for the next schedule.

- g. Evaluate and implement methods to obtain additional revenue sources such as conduit leases.

The Authority continued to sell advertising space on Authority facilities during 2015. It continuously pursues other opportunities for greater utilization of the bridge conduits and fiber optic network closing six additional deals in 2015. While this revenue is not sufficient to offset toll increases when major projects require funding, the Authority makes every effort to maximize other revenue opportunities.

4. Goal: Maintain Access to Capital Markets

- a. Provide for timely and comprehensive financial reporting.

The Authority adhered to statutory required reporting time lines for 2015.

- b. Maintain compliance with coverage factors required by bond resolution.

The Authority had a debt service coverage of 2.95 for 2015, exceeding the resolution required 1.75.

5. Goal: Maintain Transparency

- a. Annually evaluate communications with the public regarding the Authority's programs and services and prompt responses to public inquiries.

The Authority maintains a well-developed web site providing details on the Authority's programs and services. Additional resources are located at each bridge facility to accommodate public requests. The Authority responds promptly to inquiries, maintaining a 100% FOIL compliance rate, 100% Subpoena compliance rate and typically responds to general inquiries immediately. The Authority has well developed communication forums on Facebook and Twitter and posts daily Twitter briefs.

- b. Provide website access to the annual audit report.

The annual report is posted on the publically accessible website.

- c. Provide website access to required financial and operating documents as well as other documents of interest to the travelling public.

All financial documents, permit documents, employment documents and other necessary operational information is posted on the website. The Authority also hosts a large and detailed library of information, links and data regarding the region, the Hudson River and the Authority's bridges. The Authority also provides brief information and direct links to all other relevant transportation entities throughout New York State as well as the E-ZPass system.

- d. Coordinate with overlapping municipal, state and federal agencies regarding local construction projects, emergency planning, and other initiatives relevant to authority operations.

The Authority regularly coordinates activities and consults as necessary with FEMA, SEMO, NYSDOT, NYSP, Homeland Security (state and federal), US Coast Guard, contiguous county Emergency Management offices, contiguous county Sheriff's offices, local emergency responders and local law enforcement.

**NEW YORK STATE BRIDGE AUTHORITY
ANNUAL REPORT PER SECTION 2800 OF PUBLIC AUTHORITIES LAW
CERTIFICATION
YEAR ENDED 12/31/15**

As regards the financial report submitted under Section 2800 of the Public Authorities Law, this certifies, based upon our knowledge (a) the information provided therein is accurate, correct and does not contain any untrue statement of material fact; (b) does not omit any material fact which, if omitted, would cause the financial statements to be misleading in light of the circumstances under which such statements are made; and (c) fairly presents in all material respects the financial condition and results of operations of the authority as of, and for, the periods presented in the financial statements.

JOSEPH RUGGIERO
Chief Executive Officer

BRIAN F. BUSHEK
Chief Financial Officer

Authorities Budget Office Policy Guidance



Authority Mission Statement and Performance Measurements

Name of Public Authority: New York State Bridge Authority

Public Authority's Mission Statement

The mission of the New York State Bridge Authority is to maintain and operate the vehicle crossings of the Hudson River entrusted to its jurisdiction for the economic and social benefit of the people of the State. The Authority will maintain the vehicular bridges and related infrastructure in good condition for the benefit of the travelling public, provide for long-term financial stability of the Authority, and do so at the lowest cost consistent with long term safety and stability. The Authority will provide for accountability and transparency in its operations.

Date Adopted: September 29, 2011

List of Performance Goals

1. **Goal: Reliable, Safe and Convenient River Crossings.** The Authority is responsible for providing reliable, safe and convenient access across the Hudson River to all lawful traffic within the framework of a sound long-term financial policy. To that end, the Authority will maintain a vigorous, integrated program of inspection, maintenance, repair and rehabilitation to ensure the structural integrity of its facilities and the safety of its patrons.

Performance Measures:

- Conduct biennial and annual maintenance inspections by independent consulting engineers
- Develop and update annually a five year capital plan for the bridges necessary to maintain a good (level 5) condition for the vehicular bridges
- Develop and implement the annual capital program and maintenance plan taking into account the inspection results
- Develop emergency response and security plans

2. **Goal: Fiscal Prudence.** The Authority will control expenditures to the extent consistent with prudent stewardship and responsible administration.

Performance Measures:

- Obtain an Independent Auditors' audit of the Authority's financial statements
- Prepare and annually update a five year financial plan based on capital funding needs and a fiscally prudent operating budget
- Annually review and approve a budget for operating and capital expenditures
- Annually evaluate compliance with the Authority's procurement policy
- Provide periodic budget to actual report to enable moderation of controllable expenses throughout the year.

3. **Goal: Limit Toll Rates.** Consistent with the financial plan, implement the lowest possible toll rates necessary to enable the Authority to meet its obligations including providing for adequate and necessary reserves.

Performance Measures:

- Annually review toll revenue projections taking into account annual receipts
- Include in the five year financial plan a schedule of toll revenue increases based on capital needs and taking into consideration the impact on the travelling public
- Plan and approve new toll schedules as required by the financial plan
- Periodically evaluate service levels and associated costs
- Periodically evaluate shared service opportunities
- Promote the use of EZPass services in the interests of fiscal prudence and the convenience of the travelling public
- Evaluate and implement methods to obtain additional revenue sources such as conduit leases.

4. **Goal: Maintain Access to Capital Markets.** Maintain access to capital markets in order to provide for the lowest possible tolls necessary to support Bridge maintenance.

Performance Measures:

- Provide for timely and comprehensive financial reporting
- Maintain compliance with coverage factors required by bond resolution

5. **Goal: Maintain Transparency.** The Authority will operate in a fiscally transparent and open manner.

Performance Measures:

- Annually evaluate communications with the public regarding the Authority's programs and services and prompt responses to public inquiries
- Provide website access to the annual audit report
- Provide website access to required financial and operating documents as well as other documents of interest to the travelling public
- Coordinate with overlapping municipal, state and federal agencies regarding local construction projects, emergency planning, and other initiatives relevant to authority operations.

PROJECT SUNLIGHT POLICY

1.1 Introduction

Project Sunlight, an important component of the Public Integrity Reform Act of 2011, is an online database that provides the public with an opportunity to see the individuals and entities that are interacting with government decision-makers. For the text of the law, see Chapter 399 Part A, § 4 of the Laws of 2011. The following sets forth guidance to help agencies comply with the requirements of Project Sunlight.

1.2 Applicability

Project Sunlight applies to every state agency, department, division, office, and board; every public benefit corporation, public authority and commission at least one of whose members is appointed by the governor; the state university of New York and the city university of New York, including all their constituent units except community colleges of the state university of New York; and the independent institutions operating statutory or contract colleges on behalf of the state.

In order for an interaction to be covered by Project Sunlight it must:

1. Be an appearance,
2. Between covered individuals, and
3. Concern one of the five subject areas covered by Project Sunlight (procurement, rate making, regulatory matters, judicial or quasi-judicial proceedings, adoption or repeal of a rule or regulation).

1.3 Definitions

(a) **Appearance shall mean:** An interaction that is an in-person meeting, a telephonic conversation, or a video conference between covered individuals, related to one of the five covered categories. The location and formality of the interaction is irrelevant as to whether it constitutes an appearance, and it is irrelevant who initiates the interaction. There can be numerous appearances related to a single matter.

(b) **Appearance shall not mean:**

- (1) Ministerial or informational appearances, such as communications to schedule meetings or requests for information.
- (2) Written communications such as letters, faxes, or emails.
- (3) Appearances regarding legislation or the budget.
- (4) Any appearance related to individuals or matters that are treated by a state entity as confidential pursuant to federal or state statute, rule or regulation.
- (5) Any appearance that if disclosed could endanger the life or safety of any person.
- (6) Participation in meetings which are open to the public, such as conferences or meetings subject to the Open Meetings Law or where a record of the meeting is otherwise publicly available.

- (c) **A covered individual at a state entity shall mean:** An individual at the state entity who has the power to exercise agency discretion in one of the five covered categories, or advises someone who has such discretion.
- (d) **A covered individual at a state entity shall not mean:** Outside agents of a state agency or authority, such as retained outside counsel.
- (e) **A covered individual outside of a state entity shall mean:** Appearances by both "external" (e.g., a lobbyist) and "internal" (e.g., a general counsel) representatives of an entity, appearances by an individual appearing on behalf of him/herself, and appearances by advocacy groups or organizations or entities representing the interests or concerns of the organization or entity or of its members.
- (f) **A covered individual outside of a state entity shall not mean:**
 - (1) Employees of State and local agencies and authorities, as well as tribal governments and federal government representatives.
 - (2) State elected officials, executive or legislative employees or judges or employees of the judiciary.
 - (3) Individual inmates and parolees and their representatives before state entities regarding their supervision and/or conditions of confinement.
 - (4) Representatives of the media.
 - (5) Persons under the age of 18.
- (g) **Five covered categories:** procurement of goods and services, rate making, regulatory matters, judicial or quasi-judicial proceedings, adoption or repeal of a rule or regulation
- (h) **Reporting:** reporting is the act of transmitting information covered by Project Sunlight into the Project Sunlight database
- (i) **Restricted Period:** State Finance Law Sections 139-j and 139-k impose restrictions on communications between a state entity and an offerer/bidder during the procurement process. An offerer/bidder is restricted from making certain contact (defined in the law as communications intended to influence the procurement) from the date of the earliest notice of intent to solicit offers/bids through the date of the final award and, if applicable, approval of the contract by the Office of the State Comptroller to those other than designated staff. This interval of time is known as the Restricted Period.

1.4 Appearances Related to the Procurement of Goods and Services

- (a) Project Sunlight's reporting requirement for appearances related to the procurement of goods and services applies to those appearances between covered individuals that are for the purpose of procuring a State contract, irrespective of whether there is a governmental procurement planned. Thus, reporting is required for appearances relating to State contracts for which a Restricted Period under the Procurement Lobbying Law has not been established and without regard to whether a governmental procurement is anticipated.
- (b) Appearances during the Restricted Period—whether they are bid clarification meetings or bid interviews or any other permissible contact under the State Finance Law—do not need to be reported.
- (c) Appearances for the purpose of advocating for the receipt of discretionary state funds that have already been appropriated must be reported. However, a meeting to finalize a contract for any discretionary award need not be reported.
- (d) Unsolicited appearances by vendors to attempt to influence a covered individual to purchase the vendor's products, even if not associated with a specific procurement, must be reported.

- (e) Appearances that are purely informational and occur at the request of the state entity—e.g., a state agency is conducting market research, seeking information of its own accord to inform a policy decision, or reaching out to an M/WBE firm to determine interest in and availability to provide goods or services—need not be reported.
- (f) Appearances related to procurements under \$25,000 do not need to be reported.
- (g) Appearances related to emergency procurements do not need to be reported.
- (h) Appearances related to public auctions do not need to be reported.

1.5 Appearances Related to Rate Making

- (a) State entities that conduct ratemaking should record all applicable appearances that lead up to the setting of the rate. For example, if a utility company is requesting an increase in a rate from a rate-making agency, all appearances made by covered individuals of that utility company before covered individuals at the agency should be reported, unless otherwise exempted.
- (b) Appearances to influence rates outside of any formal ratemaking proceeding must also be reported; that is, any appearance that is an effort to influence a rate, formal or informal, should be reported.
- (c) Once a rate has been set, the agency or authority need not record appearances related to such rate, unless they are appearances to attempt to influence the application of a particular rate to a particular client or entity or are part of advocacy for future rate changes.
- (d) Factual inquiries about rates, following reports by state agencies or authorities or otherwise, do not need to be reported. These inquiries are informational. If an inquiry about a particular rate is both informational and advocacy, however, the appearance must be reported.

1.6 Appearances Related to Regulatory Matters

- (a) A regulatory matter is one related to agency enforcement of regulations and existing law. An appearance regarding a regulatory matter need only be reported if it is before a covered individual at a state agency or authority.
- (b) Regulatory inspections that are for information-gathering purposes do not need to be reported. However, ancillary or subsequent communications related to the inspection, such as contesting a finding, must be reported.
- (c) Complaints regarding regulated entities, and subsequent investigations into those complaints, do not need to be reported.
- (d) Each agency shall maintain a list of the types of regulatory matters or proceedings that are not covered by Project Sunlight, and shall make such list publicly available.

1.7 Appearances Related to Judicial or Quasi-Judicial Proceedings

- (a) Judicial or quasi-judicial proceedings refers to proceedings that take place before a neutral arbiter. In order to be covered by Project Sunlight, the proceeding must include a state entity as a party to the matter. For example, a challenge to a fine assessed by a state entity that takes place before an administrative law judge is a judicial or quasi-judicial proceeding. Similarly, an enforcement action undertaken by a state entity that requires the involvement of an administrative law judge is a judicial or quasi-judicial proceeding.

- (b) Appearances related to a judicial or quasi-judicial proceeding in which a party bringing an action against another party, where the state entity only serves as a neutral arbiter or as a forum for the resolution of disputes between private parties, does not need to be reported.
- (c) Employee disciplinary matters, the contractual grievance process, and challenges to employee performance reviews are not to be reported.
- (d) Litigation pending in the court system and proceedings related to that litigation are not encompassed by Project Sunlight as they are not appearances before a state entity. Settlement negotiations related to litigation in the courts is therefore also not covered by Project Sunlight.
- (e) Settlement negotiations related to otherwise covered judicial or quasi-judicial proceedings must be reported.
- (f) Each agency shall maintain a list of the types of regulatory matters or proceedings that are not covered by Project Sunlight, and shall make such list publicly available.

1.8 Appearances Related to the Adoption or Repeal of a Rule or Regulations

- (a) An appearance must be reported only if a covered individual is advocating for the repeal or adoption or amendment of a rule or regulation subject to the State Administrative Procedures Act ("SAPA"), and the appearance is before a covered individual at the state entity.
- (b) This reporting category is limited to agency rules and regulations. Appearances regarding the repeal or adoption or amendment of a statute, including an appropriation bill, are exempted.
- (c) This category does not contemplate appearances related to the application or interpretation of rules and regulations that are in effect. Such appearances are covered by the category of "regulatory matters."

2.1 Reporting Logistics

- (a) Appearances should be timely entered into the database within five business days after they occur.
- (b) Each appearance need only be entered into the Project Sunlight database once. If multiple covered individuals from state entities attend a meeting, only one entry need be made. The database allows for the reporting of the names of multiple covered individuals.
- (c) State entities are responsible for internally assigning those staff members who will be responsible for reporting the appearances.
- (d) All inquiries regarding the Project Sunlight database should be directed to _____

2.2 Compliance

- (a) **Liaisons:** Each state entity shall appoint a Project Sunlight liaison who will be responsible for regularly communicating with Project Sunlight, and be further responsible for communicating Project Sunlight directives to state entity personnel and reporting regarding compliance.
- (b) **Training:**
 1. Covered state entities are expected to train all appropriate staff members on the substance and technical aspects of Project Sunlight. Both technical and substantive trainings are available on the Statewide Learning Management System, and will be circulated to each agency liaison.

2. Upon request by Project Sunlight, each covered state entity will be required to report which personnel has received Project Sunlight training.

(c) Compliance Plans

1. Each covered state entity is required to adopt an internal compliance plan for reporting, and to make such plan available for review upon request by Project Sunlight.
2. Each state entity shall adopt a progressive discipline policy for those state employees who do not comply with Project Sunlight reporting duties.

NEW YORK STATE BRIDGE AUTHORITY

LOBBYING CONTACT POLICY

1) Policy:

As required by Public Authority Law 2987, it is the Authority's policy to maintain records of all lobbyist contacts related to the adoption or rejection of Authority rules and regulations, including rate making proceedings.

2) Policy Definition:

Definitions under this policy are as follows:

- (a) "lobbyist" means every person or organization retained, employed or designated by any client to engage in lobbying. The term "lobbyist" does not include any officer, director, trustee, employee, counselor agent of the state, or any municipality or subdivision thereof of New York when discharging their official duties.
- (b) "lobbying" means any attempt to influence the adoption or rejection of any Authority rule or regulation or the outcome of any rate making proceeding.
- (c) "contact" means any conversation, in person or by telephonic or other remote means, or correspondence between any lobbyist engaged in the act of lobbying and any person within the Authority who can make or influence a decision on the subject of the lobbying on behalf of the Authority, and includes members of the Board, as well as all officers and employees of the Authority.

3) Procedures:

- (a) Every Authority member, officer or employee who is contacted by a lobbyist engaged in lobbying should immediately fill out a "Bridge Authority Lobbying Contact Form" indicating the time and date, identity of the lobbyist and a general summary of the substance of the contact.
- (b) Completed lobbying contact forms and any other such records should, as soon as possible after completion, be submitted to the office of the Executive Director.
- (c) The Executive Director is appointed to maintain a filing system, by rule or regulation, of all lobbyist contact forms and any other such records related to such of lobbying activity for a period of not less than seven years.



**Bridge
Authority**

ANDREW M. CUOMO
Governor

JOSEPH RUGGIERO
Executive Director

RICHARD A. GERENTINE
Chairman

MEMORANDUM

Date: March 17, 2016

Subject: 2015 Lobbying Contact Statement

During the year 2015, the Authority did not have any lobbying contact related to the adoption or rejection of Authority rules and regulations, including rate making procedures.

NEW YORK STATE BRIDGE AUTHORITY
BOARD RESOLUTION

Resolution No.:

Resolution Date: March 17, 2016

WHEREAS, Public Authorities Law § 2800 requires that an annual report be prepared and submitted to the Board for approval each year and annual PARIS reporting requires the Mission Statement and Lobbying Contact Policy reported; now therefore and,

BE IT RESOLVED, the New York State Bridge Authority does hereby approve the Annual Report pursuant to Public Authorities Law § 2800 for the fiscal year 2015, the Mission Statement and Lobbying Contact Policy; and

BE IT FURTHER RESOLVED, that the Executive Director, or his designee, is hereby authorized and directed to take the necessary measures to implement this resolution.

IN WITNESS WHEREOF, this resolution has been duly adopted this 17th day of March, 2016.

Joseph Ruggiero, Secretary

INDEPENDENT ACCOUNTANTS' REPORT ON INVESTMENT PROGRAM COMPLIANCE

The Governing Board
New York State Bridge Authority:

We have audited the New York State Bridge Authority's (the Authority) compliance with the types of compliance requirements described in the Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program during the year ended December 31, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the Authority's investment program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the investment program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the investment program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Investment Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its investment program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirement that could have a direct and material effect on the investment program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the investment program and to test and report on internal control over compliance for the investment program in accordance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. Accordingly, this report is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
March 7, 2016

NEW YORK STATE BRIDGE AUTHORITY

INVESTMENT POLICY GUIDELINES

Article I Statement of Purpose

Sec. 101. These Investment Policy Guidelines are adopted pursuant to Section 2925 of the Public Authorities Law, as added by Chapter 838 of the Laws of 1983.

102. These Guidelines replace the Short-term Investment Guidelines for Public Authorities, issued by the State Comptroller in March, 1983, which were adopted in principle, as modified by the Authority's "Investment Practices" memo, by the Board on June 22, 1983.

Article II Investment Policy

Sec. 201. Section 528 (11) of the Public Authorities Law permits the Authority to issue negotiable bonds.

202. Pursuant to said provisions of the Law, the Authority, on December 19, 1996 entered into a General Revenue Bond Resolution (hereafter, "the Bond Resolution") which constitutes a contract with the holders of its bonds. This contract (the Bond Resolution) provides for the custody and control of all Authority funds pledged under the Resolution. The Bond Resolution shall be, and hereby is, fully incorporated by reference herein, including its Section 1.01 "Definitions".

203. All the Bridge Authority Funds authorized in Section 5.02 of the Bond Resolution are available for the production of investment income. These Funds are all, except for the Operating Fund, administered and invested by the Bank of New York, as Trustee for the Bondholders (hereafter "the Trustee").

204. Section 5.03 to 5.14 of the Bond Resolution describe the purpose of each of these Funds, the amounts to be held in them, how moneys are to be transferred between them and the process for the valuation of moneys and Investment Securities.

205. Section 6.01 provides for the deposit of all moneys held by the Trustee with the Trustee or one or more depositories in trust for the Trustee. It also provides for the deposit of moneys held by the Authority in one or more depositories in the name of the Authority.

206. Section 6.02 provides for the investment of all moneys, held by any depository, in demand or interest bearing time deposits or other Investment Securities as defined in the Bond Resolution and further provides for the security of these deposits.
207. Section 6.03 describes how the moneys held in certain Funds are to be invested and how the interest earned on investments in all Funds is to be credited.
208. Within the strictures and limitations of the Bond Resolution, the basic investment objectives of the Authority are:
 - (i) The protection of principal
 - (ii) The safeguarding of all funds, wherever located
 - (iii) The maximization of income from all moneys of the Authority, in interest-bearing bank accounts as well as when invested in authorized debt instruments.

Article III Investments Permitted

Sec. 301. In all Funds administered by the Trustee, Upon instructions signed by an Authorized Officer of the Authority, the Trustee may invest, in so far as the investment is in compliance with the definition of "Investment Securities" in the Bond Resolution, as follows:

- a. In obligations of the United States of America.
 - b. In obligations of the State of New York.
 - c. In certificates of deposit of a New York State bank or trust company.
 - d. When not invested in such debt instruments, the moneys in all Funds shall, insofar as practicable, be kept in interest-bearing deposits, including so-called "money market accounts", (which may be loaned by the Trustee overnight to other major New York banks at the federal funds rate, but may not be loaned to brokers on "repurchase agreements").
302. In all Funds the maturity's of the debt securities purchased shall be selected with due regard to diversification and when the moneys will be needed, and as further specified in Sec. 6.03 of the Bond Resolution.
 303. All securities shall be redeemed promptly upon maturity by the Trustee, acting alone; sales of investments, however, shall be made by the Trustee on instructions signed by an Authorized Officer of the Authority.

Article IV Safeguards (Collateral Security and Audit)

Sec. 401 (a) All moneys held by the Trustee, and all moneys deposited in any other bank or trust company, shall be secured at all times by direct obligations of the United States of America or the State of New York of a market value at least equal to the amount of such deposits. Moneys held by the Trustee, only, may also be secured by obligations guaranteed by the United States of America.

In addition, the market value and accrued interest of the collateral combined with any Federal Deposit Insurance Corporation coverage shall equal the value of the deposits and any accrued interest at all times.

(b) Any certificates of deposit bought as investments in any Funds described in Article III above shall be secured in the same manner.

402. The Trustee, or any other bank or trust company holding Authority deposits, must request and receive the Authority's written consent prior to transferring collateral, or removing a specific security from pledge and replacing it with another.
403. All such collateral shall be clearly earmarked and identified as being held solely for the purpose of securing funds and deposits of the Authority, and no one else. For custodians of collateral, other than the Trustee, there shall be a written custodial agreement which, among other things, specifies the circumstances under which collateral may be substituted and provides that the custodian is holding the securities solely for the benefit of the Authority and makes no claim thereto.
404. All collateral shall be valued to market by the Authority at the time of the initial deposit. All such collateral must be valued to market by the Trustee or other holder of the security at least monthly or more often when requested by an Authorized Officer of the Authority. Such determination of market value shall be verified by the Authority, using an independent source, at the end of each month.
405. At least annually, the Authority's independent accountants shall examine the securities held as investment instruments and as collateral to secure Authority deposits and verify their existence, proper description and segregation, either physically or by examining the comparable record of the "Federal Book Entry" (FBE) from the Federal Reserve Bank, and also independently ascertain their current market value in order to verify sufficiency of fund balances or collateral coverage.

Article V Practice and Procedures

Sec. 501. The Executive Director shall be responsible for the implementation and execution of these Investment Policy Guidelines. He shall review, authorize and approve all investment transactions and decisions of the Authority, in accordance with these guidelines and any directions of the Chairman and policies of the Board. The Authorization and approval of all such investment transactions shall be evidenced in writing on a "Transaction Authorization" form signed by the Executive Director or, in his absence, by the Deputy Executive Director.

502. The Authority Board shall review these Investment Policy Guidelines periodically (at least annually) and revise them as necessary to reflect changes in available investment opportunities and market conditions or as a result of any recommendations from the periodic evaluation of the performance of the investment program or any audits of the investment program.

Article VI Selection of Investment Advisers

Sec. 601. At the time of the adoption of these guidelines, the Authority has no designated investment adviser or investment banker, other than the duties assigned to the Trustee in the Bond Resolution.

602. Should the services of an investment adviser or investment banker be required in the future, the selection and evaluation of such firm shall be based on its experience, size, reputation, and other relevant factors. It shall be selected on a competitive basis in accordance with the procedures set forth in the guidelines for selection of Personal Service Contractors heretofore adopted by this Authority.

Article VII Reports

Sec.701. At each meeting of the Board, at least quarterly, the Executive Director shall render to the Board a report of all investment transactions, and all changes in

collateral, made since the last previous meeting thereof. Such report shall also include any changes in the inventory of existing investments and in the selection of investment bankers, brokers, agents, dealers, or auditors. Such Meeting Report will fulfill the requirements of Public Authorities Law Sec. 2925 (5).

702. (a) The Authority's annual financial statements shall be prepared in accordance with generally accepted accounting principles for Government (GAAP) (with the exception of providing for allowances for depreciation of the bridge facilities as required by the General Bond Resolution) and shall include all internal accounting and disclosure requirements as required by GAAP and the Governmental Accounting Standards Board.

(b) Annual Report. An Annual Investment Report in compliance with Public Authorities Law Sec. 2925 (6) shall be prepared by the Executive Director and submitted to the Board at a Meeting in March or April of each year. It shall consist of the Authority's Annual Report, required by Public Authorities Law Sec. 2802, containing the annual audit by the Authority's independent accountants augmented by:

- a. The Investment Policy Guidelines;
- b. Any amendments thereto;
- c. Any needed explanation of the Guidelines or their amendments;
- d. Investment income record (excerpted from the annual audit);
- e. A list of the total fees, commissions, or other charges, paid to anyone rendering "investment associated services" to the Authority.

703. After having been approved by the Board at such Meeting, the Annual Investment Report shall be submitted to the Division of the Budget, with copies to the Department of Audit and Control, the Senate Finance Committee, and the Assembly Ways and Means Committee.

704. Copies of the Annual Investment Report shall be made available to the public during regular office hours at the Headquarters of the Authority, upon reasonable request thereof.

Article VIII Amendment

Sec. 801. These Investment Policy Guidelines may be amended by the Board by a supplemental Resolution adopted at any duly called Meeting, provided that the wording of such amendment is distributed to all Members of the Board, with the Agenda, in advance of such Meeting.

NEW YORK STATE BRIDGE AUTHORITY
INVESTMENT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

INVESTMENT INCOME

FUNDS HELD BY

THE BANK OF NEW YORK, TRUSTEE – 2011 Series Bonds and 2012 Series Bonds, note that the 2002 Series were refunded to maturity with the issuance in December 2011 of the 2011 Series Bonds.

Revenue Fund.....	\$	5,675
Debt Service Fund.....		4,036
Debt Service Reserve Fund.....		96,274
Insurance Fund.....		260,365
Construction Fund.....		49
Maintenance Reserve Fund.....		77,365
		<hr/>
		\$ 443,764

BRIDGE AUTHORITY

Operating Fund.....	\$	2,586
		<hr/>
		\$ 446,350

The investment associated services rendered to the Authority in 2015 provided by the trustee, The Bank of New York Mellon, and The Bank of America. There are no costs associated with these services.

NEW YORK STATE BRIDGE AUTHORITY
BOARD RESOLUTION

Resolution No.:

Resolution Date: March 17, 2016

WHEREAS, Investment Guidelines adopted by this Authority pursuant to the Public Authorities Law § 2925 require that an annual report be prepared and submitted to the Board for approval each year; now therefore and,

BE IT RESOLVED, the New York State Bridge Authority does hereby approve the Annual Investment Report for the fiscal year 2015; and

BE IT FURTHER RESOLVED, that the Executive Director, or his designee, is hereby authorized and directed to take the necessary measures to implement this resolution.

IN WITNESS WHEREOF, this resolution has been duly adopted this 17th day of March, 2016.

Joseph Ruggiero, Secretary

New York State Bridge Authority

Risk Assessment Recommendations and Findings For 2015

New York State Bridge Authority
*Risk Assessment,
Recommendations and Findings
For 2015*

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Mr. Roger Higgins
Audit Committee Chairman
New York State Bridge Authority
Mid-Hudson Bridge Toll Plaza – State Routes 44/55
P.O. Box 1010
Highland, New York 12528

Dear Mr. Higgins,

We are pleased to report on our annual assessment of the internal controls of the New York State Bridge Authority (the "Authority"). The purpose of our engagement was to assist the Authority in achieving compliance with the applicable provisions of the *Public Authorities Accountability Act of 2005* as amended by the *Public Authorities Reform Act of 2009* (the "Act"). Among other requirements, Public Authorities Law requires all public authorities to complete an annual assessment of the effectiveness of their internal control structure and procedures within ninety (90) days after the end of its fiscal year. Additionally, State authorities with a majority of the members appointed by the Governor must establish and maintain a system of internal control and a program of internal control review.

The importance of an adequate system of internal control is to promote effective and efficient operations so as to help the Authority carry out its mission; to provide reasonable, but not absolute, assurance that assets are safeguarded against inappropriate or unauthorized use; to promote the accuracy and reliability of accounting data and financial reporting to ensure transactions are executed in accordance with management's authorization and recorded properly in accounting records; to encourage adherence to management's policies and procedures for conducting programs and operations; and to ensure compliance with applicable laws and regulations. Furthermore, a successful system of internal control includes performing an annual assessment to identify potential weaknesses in policies and procedures and to implement corrective actions.

This report contains the results of our procedures performed on the following major business functions (cycles):

- Procurement, Accounts Payable, & Employee Travel
- Toll Collection & Revenues
- Cash Management and Investments
- Fixed Asset Acquisitions, Inventory, and Disposal

Internal control testing was performed through tailored procedures designed based on our understanding of the Authority's relevant policies and procedures in effect for the aforementioned cycles between January 1, 2015 and December 31, 2015.

The Authority's risks are the risks that an action or event will adversely affect the Authority's ability to successfully achieve its objectives. The Risk Assessment section of the report analyzes the significant risk findings that were identified during our assessment.

For purposes of complying with the Act, an internal control assessment is an annual evaluation performed by management (or its designee) to determine the effectiveness of the Authority's internal control system. We have evaluated the Authority's current internal controls within the cycles listed above and have provided our risk assessment and a set of recommendations for strengthening controls and reducing identified risks.

As previously discussed, the purpose of our engagement was to assist the Authority in achieving compliance with the Act through the performance of an annual assessment of the effectiveness of its internal control structure and procedures. However, it is ultimately management's responsibility to assess the adequacy of the Authority's internal control structure and the adequacy of its procedures. In performing our assessment, we relied on the accuracy and reliability of information provided by Authority personnel. We have not audited, examined, or reviewed the information, and express no assurance thereon.

The accompanying comments and recommendations are intended solely for the information and use of the Authority, its department heads, and others within the Authority, and should not be used for any other purpose.

We appreciate the opportunity to serve you and thank the employees of the Authority for their cooperation. We have already discussed many of these comments and suggestions with various Authority personnel, and we will be pleased to discuss them in further detail at your convenience. Through our ongoing involvement with you as a client and our knowledge of your processes, we would be pleased to perform any additional studies of these matters, or to assist you in implementing the recommendations.

Troncan Segana & Associates LLP

February 10, 2016

Risk Assessment

New York State Bridge Authority

Risk Assessment

Overview

The Authority's risks are the risks that an action or event will adversely affect the Authority's ability to successfully achieve its objectives. During our engagement we became aware of various sources of risk that impact the Authority. We evaluated these risks by using two distinct assessments of impact and likelihood. A simple rating scale has been developed for this purpose. The rating scale ranges from minor to significant impact, and low to high likelihood, using a 3-point scale.

Impact refers to the extent of the consequences or implications if the risk does occur. To assess impact, we have determined how much of an impact the risk has if it does occur:

- A minor impact suggests that the risk would not have important implications to the Authority.
- A moderate impact suggests that the risk could have implications affecting the Authority's ability to succeed.
- A significant impact suggests that the risk would have important implications to the Authority.

Likelihood refers to the probability that the risk may occur given the current context of the Authority. To assess likelihood, we have determined how likely it is that the risk will occur in the future, given what is currently done to manage said risk:

- A low likelihood suggests that the risk is unlikely to occur, given its nature and current risk management practices in place.
- A medium likelihood of occurrence suggests that the risk has a moderate probability of occurrence.
- A high likelihood of occurrence suggests that the risk is likely to occur, despite the current risk management practices in place.

The Risk Management Tolerance Model and the Risk Assessment Matrix that follows summarizes these risks and assesses their impact and likelihood.

New York State Bridge Authority

Risk Assessment (continued)

Cycles plotted in the red sections of the model are considered to be high risk and, as such, the related deficiencies should be given urgent attention in terms of priority. Cycles plotted in the yellow sections are considered to have moderate risk, are considered to be important, and should be given second priority after the high risk cycles. Cycles plotted in the green section of the model are considered least risky and remediation efforts to address deficiencies in these cycles would be expected to be addressed during routine operations of the Authority.

We have developed the risk assessment around significant transaction cycles as a means by which the associated risks can be easily understood and managed. The Internal Control Recommendations section of this report presents recommendations with more detail information regarding criticality and implementation timeliness. The cycles or areas that have been evaluated are:

- Procurement, Account Payable, & Employee Travel (AP)
- Toll Collection & Revenues (TCR)
- Cash Management and Investments (CM)
- Fixed Asset Acquisitions, Inventory, and Disposal (FA)

New York State Bridge Authority
Risk Assessment (continued)

Risk Management Tolerance Model

Impact	Significant			
	Moderate	TCR		
	Minor	AP, CM	FA	
		Low	Medium	High

Likelihood

New York State Bridge Authority
Risk Assessment (continued)

Risk Assessment Matrix

<u>Cycle</u>	<u>Risk Assessment Based on Procedures Performed</u>	<u>Impact</u>	<u>Likelihood</u>
AP	We noted minor overall in the Procurement, Account Payable, & Employee Travel cycle. The vendor file should be Appropriately restricted to ensure unauthorized vendors are not added.	Moderate	Low
TCR	We noted minor overall risk in the Toll Collection & Revenues cycle. There were no control deficiencies noted at the time of our analysis.	Moderate	Low
CM	We noted minor overall risk in the Cash Management and Investments cycle. There were no control deficiencies noted at the time of our analysis.	Minor	Low
FA	We noted minor overall risk in the Fixed Asset Acquisitions, Inventory, and Disposal cycle. There were no control deficiencies noted at the time of our analysis.	Minor	Medium

*The impact and likelihood noted above relates to the overall risk of the cycles and does not correlate to specific findings noted on the following pages.

Internal Control Recommendations

New York State Bridge Authority
Internal Control Recommendations

Overview

Internal control recommendations represent those areas that afford department heads of the Authority the opportunity to improve financial reporting and internal controls, to better safeguard Authority assets, and/or to more efficiently or accurately record, summarize, and report financial transactions and information. They also represent those areas that may improve efficiency of operations and accounting functions, potentially resulting in cost savings.

We have provided a criticality rating and an implementation timeline for each internal control recommendation and business opportunity. Criticality ratings have been categorized as either routine, important, or urgent, and are intended to assist the Authority in determining priority during remediation. The implementation timelines considered were short-term and long-term, reflecting the effort and time required to implement the applicable recommendation while factoring in the criticality assigned thereto.

As a result of our procedures performed, there is one total recommendation:

<u>Internal Control Area</u>	<u>Recommendations</u>	<u>Criticality</u>			<u>Timeline</u>	
		<u>Routine</u>	<u>Important</u>	<u>Urgent</u>	<u>Short-Term</u>	<u>Long-Term</u>
Procurement, Account Payable, & Employee Travel (AP)	1	-	1	-	1	-
Toll Collection & Revenues (TCR)	-	-	-	-	-	-
Cash Management and Investments (CM)	-	-	-	-	-	-
Fixed Asset Acquisitions, Inventory, and Disposal (FA)	-	-	-	-	-	-
Total Recommendations	1	-	1	-	1	-

Timeline – each of the detail findings includes a timeline reference of either “short-term” or “long term.” Short-term refers to a finding that we believe can be corrected within one year. Long-term refers to a finding that may require changes to organization, systems, and procedures of organization that may require over one year to effectuate change.

New York State Bridge Authority
Internal Control Recommendations (continued)

Procurement, Account Payable, & Employee Travel (AP)

Recommendation #AP1

Criticality: Important

Timeline: Short-Term

Finding: Access to the vendor master file in the General Ledger System may not be adequately restricted.

Background: We noted during our observation that the Accounts Payable Clerk has the ability to create and/or modify vendors in the General Ledger System. An inadequate segregation of duties may exist since the Accounts Payable Clerk prepares the Voucher Packages.

Rationale:

Impact: *Moderate* – Use of unauthorized vendors may have a significant impact on the financial condition of the Authority.

Likelihood: *Low* – In the absence of strong controls over the master vendor file, the likelihood that an unauthorized vendor may be used but remain undetected is deemed to be at a low level as there are various levels of approval and reviews occurring which act as mitigating controls.

Recommendation: The Authority should ensure that access to the master vendor file is appropriately restricted to no more than two employees (primary and backup), and these employees should not also have the ability to solely create purchase orders, process invoices, or issue checks.

Toll Collection & Revenues (TCR)

We have no findings or recommendations as a result of our work in this area.

Cash Management and Investments (CM)

We have no findings or recommendations as a result of our work in this area.

Fixed Asset Acquisitions, Inventory, and Disposal (FA)

We have no findings or recommendations as a result of our work in this area.