ALLIED WORLD

DARWIN NATIONAL ASSURANCE COMPANY

(A member company of Allied World Assurance Company Holdings Ltd.)
1690 New Britain Avenue, Farmington, CT 06032 ·Tel. (860) 284-1300 · Fax (860) 284-1301

POLICE PROFESSIONAL LIABILITY OCCURRENCE POLICY

POLICY NUMBER: 0202-3065 RENEWAL OF: 0202-3065

NOTICES

SUBJECT TO ITS TERMS, THIS POLICY PROVIDES COVERAGE FOR CLAIMS ARISING FROM LAW ENFORCEMENT OCCURRENCES THAT TAKE PLACE DURING THE POLICY PERIOD. GENERALLY, DEFENSE EXPENSES ARE PAID IN ADDITION TO THE LIMITS OF LIABILITY. PLEASE READ AND REVIEW THE POLICY CAREFULLY.

PLEASE READ THE ENTIRE POLICY CAREFULLY AND DISCUSS THE COVERAGE HEREUNDER WITH YOUR INSURANCE BROKER.

DECLARATIONS

ITEM 1. NAMED INSURED:

New York State Bridge Authority

ADDRESS:
P.O. Box 1010/RR 44/55
Highland, NY 12528

ITEM 2. POLICY PERIOD: Inception Date: 08/01/2014 Expiration Date: 08/01/2015
(12:01 a.m. Standard Time at the address stated in Item 1)

ITEM 3. LIMITS OF LIABILITY

(a) EACH LAW ENFORCEMENT OCCURRENCE LIMIT OF LIABILITY
$1,000,000 Insurer's maximum Limit of Liability for all Loss, each Law Enforcement Occurrence;

(b) POLICY AGGREGATE
$1,000,000 Insurer's maximum aggregate Limit of Liability for all Loss from all Claims, all Law Enforcement Occurrences.

ITEM 4. RETENTION:

$5,000 each and every Law Enforcement Occurrence

ITEM 5. NOTICES REQUIRED TO BE GIVEN TO THE INSURER MUST BE ADDRESSED TO:

Notice of Claims and Circumstances:	NoticeofLoss@AWAC.com
All Other Notices:	Darwin Professional Underwriters, Inc. 1690 New Britain Avenue Farmington, CT 06032

ITEM 6. POLICY PREMIUM: $4,084.00

Total Policy Premium: $4,084.00

ITEM 7. ENDORSEMENTS ATTACHED AT ISSUANCE:
See Schedule of Forms and Endorsements

THESE DECLARATIONS, THE POLICY FORM, ANY ENDORSEMENTS AND THE APPLICATION CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE INSURER AND THE INSURED RELATING TO THIS INSURANCE.

In Witness Whereof, the Insurer has caused this Policy to be executed by its authorized officers.

NOTICE: THESE POLICY FORMS AND THE APPLICABLE RATES ARE EXEMPT FROM THE FILING REQUIREMENTS OF THE NEW YORK STATE INSURANCE LAW AND REGULATIONS. HOWEVER, THE FORMS AND RATES MUST MEET THE MINIMUM STANDARDS OF THE NEW YORK INSURANCE LAW AND REGULATIONS.

Authorized Representative 07/18/2014
Date

NYFTZ: 2-14112

SCHEDULE OF POLICY FORMS AND ENDORSEMENTS

Form(s) and Endorsement(s) made a part of this policy at time of issue.

Form Number	Edition Date	Description
DRWN PPL OCC 1005 NY	2012-02-01	Police Professional Liability Occurrence Policy - Dec Page
SAA-100	1998-08-01	Schedule of Policy Forms and Endt's.
DRWN PPL OCC 1000	2012-02-01	Police Professional Occurrence Insurance Policy
PGU 1051	2012-02-01	Minimum Earned Premium
PGU 1091	2009-09-01	New York Amendatory Endorsement
PGU 1068	2012-02-01	Carveback to Pollution Exclusion - Use of Mace, Teargas
NYSBA MANU	2011-12-01	Coverage for Security Coordinator Only Delete Moonlighting and Mutual Aid Coverage
PGU 1026	2012-02-01	Moonlighting Exclusion
PGU 1029	2012-02-01	Punitive Damages Coverage - Most Favorable Venue, Subject to Sublimit

ALLIED WORLD

POLICE PROFESSIONAL LIABILITY
OCCURRENCE INSURANCE POLICY

SUBJECT TO ITS TERMS, THIS POLICY PROVIDES COVERAGE FOR CLAIMS ARISING FROM LAW ENFORCEMENT OCCURRENCES THAT TAKE PLACE DURING THE POLICY PERIOD. DEFENSE EXPENSES ARE PAID IN ADDITION TO THE LIMITS OF LIABILITY. PLEASE READ AND REVIEW THE POLICY CAREFULLY.

In consideration of the payment of the premium and in reliance upon all statements made and information furnished to the **Insurer**, including the statements made in the **Application**, the **Insurer** and the **Insureds**, subject to all of the terms, conditions and limitations of this Policy and any endorsements thereto, agree as follows:

I. INSURING AGREEMENTS; ADDITIONAL COVERAGES

A. Police Professional Liability

The **Insurer** will pay on behalf of any **Insured**, excess of the Retention and subject to the Limits of Liability set forth in the Declarations, **Loss** which the **Insured** is legally obligated to pay as a result of a **Claim** against an **Insured** for a **Law Enforcement Occurrence** that takes place during the **Policy Period**.

The **Insurer** will have the right and duty to defend a **Claim** against an **Insured** for a **Law Enforcement Occurrence** which is covered by this Policy, even if the allegations of such **Claim** are groundless, false or fraudulent.

B. ADDITIONAL COVERAGES

(1) Loss of Earnings

The **Insurer** will pay on behalf of any **Insured**, in addition to the Limits of Liability set forth in the Declarations, all reasonable expenses incurred by the **Insured** at the **Insurer's** request to assist the **Insurer** in the investigation or defense of any **Claim**, including actual loss of earnings of any **Insured**, because of time off from work; provided that the most the **Insurer** shall pay shall be $500 per day, per **Insured**. Such "expenses," as used herein, shall not include salaries paid to officials, officers or employees of the **Named Insured** in the normal course of business.

(2) Emergency Medical Expenses Coverage

The **Insurer** will pay on behalf of any **Insured**, in addition to the Limits of Liability set forth in the Declarations, all reasonable expenses incurred by the **Insured**, or charged to the **Insured** by third parties, for first aid or emergency medical care or assistance rendered in good faith to any ill or injured person, in connection with a **Law Enforcement Occurrence** resulting in **Bodily Injury** which is covered under this Policy.

II. DEFINITIONS

A. "**Application**" means all applications, including any attachments and other materials provided therewith or incorporated therein, submitted in connection with the underwriting of the Policy or for any other policy of which this Policy is a renewal, replacement or which it succeeds in time.

B. "**Auto**" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment.

C. "**Bodily Injury**" means the following, when alleged against an **Insured** by an entity or a person who is not an **Insured**: physical injury, mental anguish, emotional distress, sickness or disease sustained by a person, including death resulting from any of these at any time.

D. "**Claim**" means:

(1) any written demand for monetary relief;
(2) any written request to toll or waive any statute of limitations, or to waive any contractual time bar, relating to a potential suit against an **Insured** for a **Law Enforcement Occurrence**;
(3) any civil proceeding in a court of law or equity, including any appeal therefrom, which is commenced by the filing of a complaint, motion for judgment, or similar proceeding;
(4) any criminal proceeding which is commenced by the return of an indictment or similar document;
(5) any administrative or regulatory proceeding or investigation, commenced by the filing of a notice of charges, formal order of investigation or similar document; or
(6) any arbitration proceeding, or any other alternative dispute resolution proceeding, in which monetary damages are claimed and to which the **Insured** must submit or does submit with the **Insurer's** consent.

E. "**Defense Expenses**" means:

(1) reasonable and necessary fees, costs, charges or expenses resulting from the investigation, defense or appeal of a **Claim**;
(2) premium for an appeal, attachment or similar bond, but without any obligation to apply for and obtain such bond, in connection with a **Claim**;
(3) any fees, costs, charges or expenses incurred by the **Insured** at the specific written request of the **Insurer** to assist the **Insurer** in the investigation, defense or appeal of a **Claim**.

"**Defense Expenses**" do not include: (a) amounts incurred by the **Insured** prior to the date a **Claim** is first made and reported to the **Insurer**; or (b) compensation or benefits of any **Insured Person** or any overhead expenses of the **Insured**.

F. "**Employment Practices Wrongful Act**" means any of the following:

(1) wrongful dismissal, discharge or termination of employment, whether actual or constructive;
(2) harassment (including sexual harassment whether "quid pro quo," hostile work environment or otherwise);

(3) discrimination based upon age, gender, race, color, national origin, religion, sexual orientation or preference, pregnancy or disability or any basis prohibited by federal, state or local laws;

(4) breach of any manual of employment policies or procedures;

(5) retaliatory action in response to an employee's:

(a) disclosure or threat of disclosure of any act alleged to be a violation of any federal, state, local or foreign law, common or statutory, or any rule or regulation promulgated thereunder;

(b) actual or attempted exercise of any right that employee has under law; or

(c) filing of any claim under the Federal False Claims Act or any other federal, state, local or foreign "whistleblower" law;

(6) misrepresentation, libel, slander, humiliation, defamation, invasion of privacy, infliction of emotional distress or mental anguish;

(7) wrongful failure to employ or promote, wrongful deprivation of career opportunity, including tenure, wrongful demotion or evaluation or wrongful discipline; or

(8) breach of a contract to commence or to continue employment.

G. "**Hostile Fire**" means one which becomes uncontrollable or breaks out from where it was intended to be.

H. "**Insured**" shall have the meaning described in Section IV. of this Policy, WHO IS AN INSURED.

I. "**Insured Contract**" means a written mutual law enforcement assistance agreement or contract between the **Named Insured** and another government entity or political subdivision, under which the **Named Insured** assumes the tort liability of another government entity or political subdivision to pay for **Personal Injury**, **Bodily Injury** or **Property Damage** to a third party who is not an **Insured**. "Tort liability," as used herein, means liability that would be imposed by law in the absence of any contract or agreement.

J. "**Insurer**" means the Company identified in the Declarations.

K. "**Law Enforcement Activities**" means;

(1) law enforcement-related duties conducted by any **Insured** for or on behalf of the **Named Insured**;

(2) **Off-Duty Activities**;

(3) law enforcement assistance rendered by any **Insured** pursuant to an **Insured Contract**; or

(4) any special event or activity conducted by any **Insured** for or on behalf of the **Named Insured**; provided that there is no increase in staffing for the **Named Insured** due to such special event or activity.

L. "**Law Enforcement Occurrence**" means an event, including continuous or repeated exposure to substantially the same general harmful conditions, which takes place during the **Policy Period** and results in:

(1) **Personal Injury**, and which arises out of, and is committed during the course and scope of, **Law Enforcement Activities**;

(2) **Bodily Injury** or **Property Damage**, and which arises out of the ownership, maintenance or use of **Premises** by the **Insured** for the purpose of conducting **Law Enforcement Activities**; or

(3) **Bodily Injury** or **Property Damage**, and which results from an actual or alleged act, error or omission, neglect or breach of duty by an **Insured** that arises out of, and is committed during the course and scope of **Law Enforcement Activities**.

M. "**Loading or Unloading**" means the handling of property:

(1) after it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or **Auto**;
(2) while it is in or on any aircraft, watercraft or **Auto**; or
(3) while it is being moved from an aircraft, watercraft or **Auto** to the place where it is finally delivered;

provided, however that "**Loading or Unloading**" shall not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or **Auto**.

N. "**Loss**" means any monetary amount that an **Insured** is legally obligated to pay as a result of a **Law Enforcement Occurrence** covered by this Policy, including but not limited to judgments and settlements, pre-judgment interest and post-judgment interest.

"**Loss**" will not include:
(1) **Defense Expenses**;
(2) fines, taxes or penalties;
(3) punitive or exemplary damages or the multiplied portion of a multiple damages award, or other amounts which may be deemed uninsurable under the law pursuant to which this Policy is construed; or
(4) relief or redress in any form other than monetary damages, including the costs of complying with any injunctive, declaratory or equitable relief, remedy or order.

O. "**Named Insured**" means the entity set forth in ITEM 1. of the Declarations.

P. "**Off-Duty Activities**" are departmentally approved, law enforcement-related, off-duty activities or services performed by an **Insured**, or employment of an **Insured**, for an entity other than the **Named Insured**, as disclosed on the **Application** for this Policy.

Q. "**Personal Injury**" means the following, when alleged against an **Insured** by an entity or a person who is not a past or present **Insured**:

(1) assault and battery;
(2) discrimination, where insurable by law;
(3) false arrest, detention or imprisonment;
(4) malicious prosecution;
(5) erroneous, false or improper service of process;
(6) humiliation or mental distress;
(7) the publication or utterance of a libel, slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right to privacy, except publications or utterances in the course of telecasting activities by or on behalf of the **Insured**;

(8) violation of civil rights protected under 42 USC 1981 et seq. or under any similar state civil rights law;
(9) violation of property rights;
(10) wrongful entry, eviction, or other invasion or denial of the right to public or private occupancy.

R. "**Policy Period**" means the period from the Inception Date of this Policy set forth, in ITEM 2. of the Declarations, to the Expiration Date of this Policy set forth in ITEM 2. of the Declarations, or to any earlier cancellation date of this Policy.

S. "**Pollutant**" means any of the following:

(1) smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials (including medical or pharmaceutical supplies and materials which are intended to be or have been recycled, reconditioned or reclaimed) or other irritants, pollutants or contaminants;
(2) mold(s), mildew(s), fungi and/or spore(s); or any materials, goods or products containing, harboring or nurturing any such mold(s), mildew(s), fungi and/or spore(s);
(3) lead, silica or asbestos, whether or not airborne as a particle, contained in or formed as part of a product, structure or other real or personal property, ingested or inhaled or transmitted in any fashion, or found in any form whatsoever; or
(4) nuclear reaction, radioactive contamination or any radiation of any kind, including but not limited to nuclear radiation and electromagnetic radiation;

provided however, that "**Pollutant**" shall not include heat, smoke or fumes resulting from a **Hostile Fire** at or from the **Premises**.

T. "**Premises**" means the following, if located in the continental United States:

(1) the location designated in ITEM 1. of the Declarations, including the ways and means adjoining such premises on land;
(2) any jail, holding cell, detention or lock-up facility, owned or leased by, and operated by, the **Named Insured** at the location designated in ITEM 1. of the Declarations; and
(3) any other location specifically scheduled in an Endorsement to this Policy.

U. "**Property Damage**" means:

(1) physical injury to or destruction of tangible property, including loss of use thereof at any time resulting therefrom; or
(2) loss of use of tangible property which has not been physically injured or destroyed.

V. "**Retention**" means the amount shown in Item 4. of the Declarations that the **Insured** must contribute to **Loss** and **Defense Expenses**.

W. "**Terrorism**" means "Certified Acts" as defined by the Terrorism Risk Insurance Act of 2002 (TRIA) and as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007. Pursuant to such Acts as currently written, a "Certified Act" is any act that is certified by the Secretary of the Treasury of the United States of America: to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the U.S. (or outside of the U.S in the case of certain air carriers, vessels, and U.S. missions); and to have been committed by an individual or individuals acting as part of an effort to coerce the civilian population of the U.S. or to influence the policy or affect the conduct of the U.S. Government by coercion.

III. EXCLUSIONS

A. The **Insurer** shall not pay **Loss**, but shall only pay **Defense Expenses**, from any **Claim** brought about or contributed to in fact by:

(1) any deliberate misconduct or deliberate dishonest, fraudulent, criminal or malicious act, error or omission by any **Insured**;

(2) any willful violation by any **Insured** of any law, statute, ordinance, rule or regulation; or

(3) any **Insured** gaining any profit, remuneration or advantage to which such **Insured** is not legally entitled.

The applicability of EXCLUSIONS A(1), A(2) and A(3) to any specific **Insured** may be determined by an admission of such **Insured**, a finding, or a final adjudication in the proceeding constituting the **Claim** or in a proceeding separate from or collateral to the **Claim**. If any specific **Insured** in fact engaged in the conduct specified in EXCLUSIONS A(1), A(2) or A(3), such **Insured** shall reimburse the **Insurer** for any **Defense Expenses** advanced to or paid on behalf of such **Insured**.

B. The **Insurer** shall not pay any **Loss** or **Defense Expenses** from any **Claim** based on, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving:

(1) war, whether or not declared, or any act or condition incidental to war, including civil war, insurrection, rebellion or revolution; or **Terrorism**;

(2) any actual, alleged or threatened exposure to, or generation, storage, transportation, discharge, emission, release, dispersal, seepage, migration, release, growth, infestation, spread, escape, treatment, removal or disposal of, any **Pollutant**, or any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Pollutant**, or any action taken in contemplation or anticipation of any such regulation, order, direction or request;

(3) any actual or alleged violation of the Fair Labor Standards Act, the National Labor Relations Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act, any workers' compensation, unemployment insurance, social security, or disability benefits law, other similar provisions of any federal, state or local statutory or common law or any rules or regulations promulgated under any of the foregoing, including, but not limited to, any actual or alleged improper payroll practices, wage and hour policies, and payment of overtime or vacation pay;

(4) any actual or alleged **Employment Practices Wrongful Acts**;

(5) the rendering of, or failure to render, any medical services; provided that any **Insured** who, in good faith, renders first aid or emergency medical care or assistance, to any ill or injured person which results in **Personal Injury** or **Bodily Injury** covered under this Policy, will not be subject to this Exclusion B(5);

(6) any liability assumed by any **Insured** under any contract or agreement; provided that this Exclusion B(6) shall not apply to liability:

(a) assumed in an **Insured Contract** provided the **Law Enforcement Occurrence** occurs subsequent to the execution of such **Insured Contract**; or

(b) that the **Insured** would have had in the absence of the contract or agreement;

(7) **Personal Injury** or **Bodily Injury** to:

(a) an employee of the **Insured** arising out of and in the course of employment by the **Insured**;

(b) an auxiliary law enforcement officer or volunteer law enforcement officer, or reserve officer, while serving under the direction and control of the **Insured**; or

(c) the spouse, child, parent, brother, sister of that employee, or auxiliary or volunteer law enforcement officer, or reserve officer, as a consequence of (a) or (b) above;

This Exclusion B(7) applies whether the **Insured** may be liable as an employer or in any other capacity, and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This Exclusion B(7) shall not apply to liability assumed by the **Insured** under an **Insured Contract.**

(8) the ownership, maintenance, operation, use, entrustment to others or **Loading or Unloading** of any:

(a) **Auto**, watercraft, aircraft, motorcycle or other motorized unit owned or operated by, or rented or loaned to, any **Insured**; or

(b) **Auto**, watercraft, aircraft, motorcycle or other motorized unit operated by any person in the course of his or her employment for the **Insured**;

(9) **Property Damage** to:

(a) property which is owned or rented by, loaned to, or occupied by, any **Insured**;

(b) premises which have been sold, given away, or abandoned by the **Insured** if the **Property Damage** arises out of any part of those premises; or

(c) property in the care, custody and control of any **Insured**;

provided, however, that this Exclusion B(9) shall not apply to property on persons, other than **Insureds**, at the time of arrest, custody or incarceration;

(10) any actual or alleged transmission of, or exposure to, any communicable disease, including, but not limited to, Acquired Immune Deficiency Syndrome, tuberculosis or hepatitis;

(11) the performance of any law enforcement-related professional services by any **Insured**, for any entity or individual other than the **Named Insured**; provided, however, that this Exclusion B(11) shall not apply if such professional services constitute **Law Enforcement Activities.**

IV. WHO IS AN INSURED

Each of the following is an **Insured** under this Policy:

A. the **Named Insured**;

B. past, present or future, full or part-time employees of the **Named Insured**;

C. past, present or future, lawfully elected, appointed or employed officials of the **Named Insured**, with respect to liability arising out of **Law Enforcement Activities**;

D. past, present or future, auxiliary and volunteer law enforcement officers, and reserves, who serve under the direction and control of the **Named Insured**, with respect to liability arising out of **Law Enforcement Activities**; and

E. in the event of death, incapacity or bankruptcy of an individual identified in paragraphs B. through D. above, the estates, heirs, legal representatives or assignees of such individuals but only with respect to liability arising out of **Law Enforcement Activities** committed by such individual;

F. the lawful spouse or domestic partner of any individual identified in paragraphs B. though D. above, but only with respect to liability arising out of **Law Enforcement Activities** committed by such individual, and provided that such spouse or domestic partner is represented by the same counsel as such individual with respect to any **Claim**;

G. the political subdivision in which the **Named Insured** is located, and its elected, appointed or employed officials, but only with respect to vicarious liability arising out of **Law Enforcement Activities** of the **Named Insured**;

H. if the **Named Insured** is providing **Law Enforcement Activities** for an educational institution, the educational institution and its employees and administrators are **Insureds**, but only with respect to vicarious liability arising out of the **Law Enforcement Activities** of the **Named Insured**.

V. LIMITS OF LIABILITY

Regardless of the number of **Insureds** under this Policy, persons or organizations who make a **Claim** under this Policy, or **Claims** brought under this Policy, the **Insurer's** liability is limited as follows:

A. Each Law Enforcement Occurrence Limit of Liability

Subject to the Policy Aggregate Limit of Liability, the amount set forth in ITEM 3(a) of the Declarations shall be the maximum Limit of Liability of the **Insurer** for all **Loss**, in excess of the Retention set forth in ITEM 4. of the Declarations, resulting from all **Claims** arising out of a single **Law Enforcement Occurrence** for which this Policy provides coverage.

B. Policy Aggregate Limit of Liability

The amount set forth in ITEM 3(b) of the Declarations shall be the maximum aggregate Limit of Liability of the **Insurer** for all **Loss** resulting from all **Claims** for all **Law Enforcement Occurrences** for which this Policy provides coverage.

C. Payment of Defense Expenses:

Defense Expenses shall be paid in addition to the Limits of Liability, and payment of **Defense Expenses** by the **Insurer** shall not reduce such Limits of Liability.

D. Retention:

The obligation of the **Insurer** to pay **Loss** or **Defense Expenses**, or to defend any **Claim**, will only be in excess of the Retention set forth in ITEM 4. of the Declarations. The **Insurer** will have no obligation whatsoever, either to the **Insureds** or to any other person or entity, to pay all or any portion of any Retention amount on behalf of any **Insured**, although the **Insurer** will, at its sole discretion, have the right and option to advance such amount, in which event the **Insureds** agree to repay the **Insurer** any amounts so advanced.

F. Related Occurrences:

All **Loss** from **Claims** based on or arising out of the same act or interrelated acts of one or more **Insureds**, or the same or interrelated **Law Enforcement Occurrences** will be deemed to arise out of a single **Law Enforcement Occurrence**, which **Law Enforcement Occurrence** shall be deemed to take place at the time of the first event resulting in **Personal Injury**, **Bodily Injury** or **Property Damage**; and only one "Each Law Enforcement Occurrence" Limit of Liability, and only one Retention, will be applicable to all such **Loss**.

All **Loss** from **Claims** based on or arising out of (1) a riot, (2) a civil disturbance resulting in an official proclamation of a state of emergency, (3) a temporary curfew, or (4) martial law, will be deemed to arise out of a single **Law Enforcement Occurrence**.

VI. CONDITIONS

A. Defense and Settlement of Claims:

(1) No **Insured** may incur any **Defense Expenses** or admit liability for, or settle, or offer to settle, any **Claim** without the **Insurer's** written consent.

(2) The **Insurer** will have the right to make investigations and conduct negotiations and to enter into the settlement of any **Claim** as the **Insurer** deems appropriate, with the consent of the **Insured**. If the **Insured** refuses to consent to a settlement acceptable to the claimant in accordance with the **Insurer's** recommendation, then, subject to the applicable Limit of Liability set forth in ITEM 3. of the Declarations, the **Insurer's** liability for such **Claim** will not exceed:

(a) the amount for which such **Claim** could have been settled by the **Insurer** plus **Defense Expenses** up to the date the **Insured** refused to settle such **Claim**; plus

(b) fifty percent (50%) of any **Loss** and/or **Defense Expenses** in excess of the amount in clause (a) above, incurred in connection with such **Claim**.

The remaining **Loss** and/or **Defense Expenses** will be carried by the **Insured** at its own risk and will be uninsured.

(3) The **Insurer** will have no obligation to pay **Loss** or **Defense Expenses**, or pay or reimburse any expenses under Section I.B. of this Policy, or to defend or continue to defend any **Claim**, after the applicable Limit of Liability, as set forth in ITEM 3. of the Declarations, has been exhausted by the payment of **Loss**. If the **Insurer's** maximum aggregate Limit of Liability, as set forth ITEM 3(b) of the Declarations, is exhausted by the payment of **Loss**, the entire premium will be deemed fully earned and the **Insurer** shall no longer be obligated to make any further payments under this Policy.

B. Other Insurance:

(1) All **Loss** and **Defense Expenses** payable under this Policy will be specifically excess of and will not contribute with other valid and collectible insurance, including but not limited to any other insurance under which there is a duty to defend, unless such other insurance is specifically stated to be in excess of this Policy. This Policy will not be subject to the terms of any other insurance. Other insurance includes, but is not limited to, coverage or benefits provided by self-insurance arrangements, pools, self-insurance trusts, captive insurance companies, retention groups, reciprocal exchanges or any other plan or agreement of risk transfer or assumption.

(2) Notwithstanding CONDITION B(1) above, with respect to any **Claim** under this Policy for which coverage is available under any insurance policy which applies to claims for bodily injury, personal injury or property damage, the **Insurer** will have no duty to defend such **Claim**, or to pay **Defense Expenses** incurred by or on behalf of any **Insured** in connection with such **Claim** or to contribute to any

defense provided to any **Insured** under such other insurance policy, or to reimburse any other insurer, in whole or in part, for **Defense Expenses** incurred in connection with such **Claim**.

C. **Cooperation; Subrogation:**

In the event of a **Claim**, the **Insured** will provide the **Insurer** with all information, assistance and cooperation that the **Insurer** reasonably requests, and will do nothing that may prejudice the **Insurer's** position or potential or actual rights of recovery. At the **Insurer's** request, the **Insured** will assist in any actions, suits, or proceedings, including but not limited to attending hearings, trials and depositions, securing and giving evidence, and obtaining the attendance of witnesses, and will also assist in making settlements. In the event of payment, the **Insurer** will be subrogated to the extent of any payment to all of the rights of recovery of the **Insured**. The **Insured** will execute all papers and do everything necessary to secure such rights, including the execution of any documents necessary to enable the **Insurer** effectively to bring suit in their name. The obligations of the **Insured** under this CONDITION C. will survive the expiration or cancellation of the Policy.

D. **Reporting of Claims and Law Enforcement Occurrences:**

(1) The **Insured** must promptly give the **Insurer** written notice of any **Law Enforcement Occurrence** which may subsequently give rise to a **Claim**, including a description of the **Law Enforcement Occurrence** in question, the identities of the potential claimants, the consequences which have resulted or may result from such **Law Enforcement Occurrence**, the damages which may result from such **Law Enforcement Occurrence** and the circumstances by which the **Insured** first became aware of such **Law Enforcement Occurrence**.

(2) As a condition precedent to any right to payment in respect of any **Claim**, the **Insured** must give the **Insurer** written notice of such **Claim**, with full details, as soon as practicable after it is made and a senior officer, official or administrator of the **Named Insured** becomes aware of such **Claim**.

(3) All notices under CONDITIONS D(1) and D(2) must be sent in writing by certified or priority mail with delivery confirmation, or electronically, to the **Insurer** at the physical or email address set forth in ITEM 5. of the Declarations.

E. **Cancellation; No Obligation to Renew:**

(1) The **Insurer** may not cancel this Policy except for failure to pay a premium when due. The **Insurer** will deliver or mail by first class, registered or certified mail to the **Named Insured** at its last known address, written notice of cancellation at least twenty (20) days before the effective date of cancellation. Such notice shall state the reason for cancellation. A copy of such notice shall be sent to the agent of record.

(2) The **Named Insured** may cancel this Policy by mailing to the **Insurer** written notice stating when, not later than the Expiration Date set forth in ITEM 2. of the Declarations, such cancellation will be effective. In such event, return premium will be computed as 0.90 times the pro rata unearned premium shown in ITEM 6.

of the Declarations and rounded to the nearest whole dollar. Premium adjustment may be made either at the time cancellation by the **Named Insured** is effective or as soon as practicable thereafter.

(3) The **Insurer** will not be required to renew this Policy upon its expiration. If the **Insurer** elects not to renew this Coverage Section, the **Insurer** will deliver or mail by first class, registered or certified mail to the **Named Insured** at its last known address, written notice to that effect at least sixty (60) days before the Expiration Date set forth in ITEM 2. of the Declarations. Such notice shall state the specific reason(s) for non-renewal. A copy of such notice shall be sent to the agent of record.

F. **Representations:**

The **Insured** represents that the particulars and statements contained in the **Application** are true, accurate and complete, and agrees that this Policy is issued in reliance upon the truth of that representation, and that such particulars and statements, which are deemed to be incorporated into and to constitute a part of this Policy, are the basis of this Policy.

G. **Separation of Insureds; Protection for Innocent Insureds:**

(1) In the event of any material untruth, misrepresentation or omission in connection with any of the particulars or statements in the **Application**, this Policy will be void:

(a) with respect to any natural person **Insured** who knew of such untruth, misrepresentation or omission; and

(b) with respect to the **Named Insured**, if, and only if, the Chief of Police or Deputy Chief of Police of the **Named Insured**, or any other person in a functionally equivalent position within the **Named Insured**, or the signer of the **Application**, knew of such untruth, misrepresentation or omission.

(2) No act, error or omission of any **Insured** will be imputed to any other **Insured** to determine the application of any Exclusion set forth in Section III. of this Policy. If it is determined that an Exclusion applies to an **Insured** in connection with a **Claim**, no coverage shall be available under this Policy for such **Insured**, however, coverage shall continue in effect under this Policy for any other **Insured**, subject to all other terms, conditions, and Exclusions herein.

H. **No Action against Insurer:**

(1) No action may be taken against the **Insurer** unless, as conditions precedent thereto, there has been full compliance with all of the terms of this Policy and the amount of the **Insured's** obligation to pay has been finally determined either by judgment against the **Insured** after adjudicatory proceedings, or by written agreement of the **Insured**, the claimant and the **Insurer**.

(2) No person or entity will have any right under this Policy to join the **Insurer** as a party to any **Claim** to determine the liability of any **Insured**; nor may the

Insurer be impleaded by an **Insured** or his, her or its legal representative in any such **Claim**.

I. **Inspection and Surveys:**

(1) The **Insurer** has the right, but is not obligated to:

(a) make inspections and surveys at any time;

(b) give reports on the conditions the **Insurer** finds; and

(c) recommend changes to the **Insured**.

(2) Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. Such inspections are not safety inspections. The **Insurer** does not undertake any duty to provide for the health or safety of any person and we do not represent or warrant that conditions are safe or healthful, or comply with any laws, regulations, codes or standards.

(3) This Condition I. applies not only to the **Insurer**, but to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations on the **Insurer's** behalf.

J. **Insolvency of Insured:**

The **Insurer** will not be relieved of any of its obligations under this Policy by the bankruptcy or insolvency of any **Insured**.

K. **Non-Pyramiding of Limits:**

If a **Claim** is made or **Loss** incurred for which coverage is afforded under this Policy and any other policy or policies underwritten by the **Insurer** or any affiliate thereof, to the **Named Insured**, or to any public entity or political subdivision:

(1) which shares an operational budget with the **Named Insured**;
(2) which receives its funding or budget from the same tax base as the **Named Insured**; or
(3) operates or has jurisdiction over the **Named Insured** or which is operated by or under the jurisdiction of the **Named Insured**;

then the maximum amount payable in the aggregate under this Policy, and all such other policies, shall not exceed the single highest Limit of Liability available under all such policies. Only one retention or deductible shall apply, which shall be retention or deductible corresponding to the Limit of Liability applied to the Loss or **Claim**.

L. **Territory:**

This Policy applies to **Law Enforcement Occurrences** taking place anywhere in the world, or to any **Claim** brought against any **Insured** anywhere in the world.

M. **Authorization and Notices:**

The **Insureds** agree that the **Named Insured** will act on their behalf with respect to receiving any notices and return premiums from the **Insurer**.

N. **Changes:**

Notice to or knowledge possessed by any agent or other person acting on behalf of the **Insurer** will not affect a waiver or change in any part of this Policy or estop the **Insurer** from asserting any right under the terms, conditions and limitations of this Policy. The terms, conditions and limitations of this Policy can be waived or changed only by written endorsement.

O. **Assignment:**

No assignment of interest under this Policy will bind the **Insurer** without its consent.

P. **Entire Agreement:**

The **Insured** agrees that this Policy, including the **Application** and any endorsements, constitutes the entire agreement between them and the **Insurer** or any of its agents relating to this insurance.

Q. **Headings:**

The descriptions in the headings and sub-headings of this Policy are solely for convenience, and form no part of the terms and conditions of coverage.

In witness whereof, the Insurer has caused this Policy to be executed on the Declarations Page.

ENDORSEMENT NO.

MINIMUM EARNED PREMIUM

This Endorsement, effective at 12:01 a.m. on 08/01/2014 , forms part of

Policy No. 0202-3065
Issued to New York State Bridge Authority
Issued by Darwin National Assurance Company

In consideration of the premium charged, it is hereby agreed that Section VI. CONDITIONS, Subsection E. Cancellation; No Obligation to Renew, paragraph (2), is deleted in its entirety and replaced as follows:

"(2) The **Named Insured** may cancel this Policy by mailing the **Insurer** written notice stating when, no later than the Expiration Date set forth in ITEM 2. of the Declarations, such cancellation will be effective. In such event, the earned premium amount to be retained by the **Insurer** will be the greater of:

(a) the amount computed in accordance with the customary short rate table and procedure; or

(b) 25 % of the total policy premium shown in ITEM 6. of the Declarations; or

(c) $1,500.0C.

Premium adjustment may be made either at the time that cancellation by the **Named Insured** is effective or as soon as practicable thereafter."

All other terms, conditions and limitations of this Policy shall remain unchanged.

Authorized Representative

ENDORSEMENT NO.

NEW YORK AMENDATORY ENDORSEMENT

This Endorsement , effective at 12:01AM on 08/01/2014 , forms part of

Policy No. 0202-3065
Issued to New York State Bridge Authority
Issued by Darwin National Assurance Company

To be attached to and form a part of all occurrence based Police Professional Liability Policies written in the State of New York.

In consideration of the premium charged it is hereby agreed:

A. Section V. CONDITIONS E.3 is deleted in its entirety and replaced as follows:

(3) The **Insurer** shall not be required to renew this Policy upon its expiration and may: (i) nonrenew this Policy; or (ii) condition renewal of this Policy upon a:

(a) Change of limits;
(b) Change in type of coverage;
(c) Reduction of coverage;
(d) Increased deductible;
(e) Additional exclusion; or
(f) Premium increase in excess of ten percent (10%) of the expiring rate (exclusive of premiums commensurate with insured value added subsequent to issuance of this Policy or at the request of the **Named Insured** or as a result of experience rating or retrospective rating)

by mailing or delivering at least sixty (60) days but not more than one hundred twenty (120) days advance written notice of nonrenewal or conditional renewal to the first **Named Insured** at the mailing address shown in this Policy. Such notice of non-renewal or conditional renewal shall include the specific reason(s) for non-renewal or conditional renewal. A copy of such non-renewal or conditional renewal notice shall be mailed to the **Named Insured's** agent or broker.

In the event that a late non-renewal or conditional renewal notice is sent by the **Insurer:**

(a) prior to the Expiration Date of this Policy, coverage shall remain in effect on the same terms and conditions of the expiring Policy, and at the lower of the current rates or the rates for the prior period, until sixty (60) days after such notice is mailed or delivered, unless the **Named Insured** has replaced the coverage or elected to cancel (in which event return premium shall be calculated on a pro rata basis); provided, however, that if the **Named Insured** elects to renew on the basis of the conditional renewal notice, then such terms, conditions and rates shall govern this Policy upon expiration of the sixty (60) day period unless such notice was provided at least thirty (30) days prior to the Expiration Date of this Policy, in which event, the terms, conditions and rates set forth in the conditional renewal notice shall apply as of the renewal date;

(b) on or after the Expiration Date of this Policy, coverage shall remain in effect on the same terms and conditions of the expiring Policy, and at the current rates in effect at the time or the prior Policy period's rates, whichever is lower, for another required policy period, unless, during the additional required policy period, the **Named Insured** has replaced such coverage or elects to cancel such coverage (in which event return premium shall be calculated on a pro rata basis).

The annual aggregate Limit of Liability for the expiring Policy shall be increased in proportion to the Policy extension, provided that, if the **Named Insured** elects to accept the terms, conditions and rates of conditional renewal, a new annual aggregate Limit of Liability shall become effective as of the inception date of the renewal Policy.

B. Section VI. DEFINITIONS O "**Loading or Unloading**" is deleted in its entirety.

C. Section V. CONDITIONS D is amended to include the following:

Any notice of an **Occurrence** which may give to rise to a **Claim** or a **Claim** made pursuant to Section V. Conditions D. may also be made to a licensed agent of the **Insurer** in the state of New York, with particulars sufficient to identify the **Insured**.

Failure to give required notice of an **Occurrence** or **Claim** within any prescribed time will not invalidate any coverage that would otherwise have been available if it is shown that (i) it was not reasonably possible to give such notice within the prescribed time, and (ii) notice was given as soon as reasonably possible. This section is amended to the extent necessary to effect the foregoing.

D. Section V. CONDITIONS H No Action Against Insurer is amended to include the following:

If judgment against any **Insured** entitled to coverage under this Policy remains unsatisfied thirty (30) days after the serving of notice of entry of judgment upon such **Insured** (or such **Insured's** attorney) and upon the **Insurer**, then, except during a stay or limited stay of execution against such **Insured** on such judgment, an action may be maintained against the **Insurer** under this Policy for the amount of such judgment. Nothing herein is intended, however, nor shall it be construed, to obligate the **Insurer** to make any payment it would not otherwise be obligated to make under the terms, conditions, limitations and endorsements of this Policy, or to pay any loss or amount in excess of the then-available applicable Limit of Liability under this Policy.

The Policy will be deemed to have been amended to the extent necessary to effect the purposes of this endorsement.

This amendatory endorsement shall supercede and take precedence over any provisions of this Policy or any endorsement to this Policy, whenever added, that are inconsistent with or contrary to the provisions of this amendatory endorsement.

All other terms, conditions, and limitations of this Policy shall remain unchanged.

Martin V. Kanyo Jr.

Authorized Representative

ENDORSEMENT NO.

CARVEBACK TO POLLUTION EXCLUSION
USE OF MACE, TEARGAS

This Endorsement, effective at 12:01 a.m. on 08/01/2014, forms part of

Policy No. 0202-3065
Issued to New York State Bridge Authority
Issued by Darwin National Assurance Company

In consideration of the premium charged, it is hereby agreed that Section III. EXCLUSIONS, Subsection B(2) is amended to read as follows:

"(2) any actual, alleged or threatened exposure to, or generation, storage, transportation, discharge, emission, release, dispersal, seepage, migration, release, growth, infestation, spread, escape, treatment, removal or disposal of, any **Pollutant**, or any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Pollutant**, or any action taken in contemplation or anticipation of any such regulation, order, direction or request;

provided however, that this Exclusion shall not apply to the handling or use of tear gas, mace, pepper spray or any similar substance used by an **Insured** in the ordinary course of **Law Enforcement Activities**;"

All other terms, conditions and limitations of this Policy shall remain unchanged.

Authorized Representative

ENDORSEMENT NO.

COVERAGE FOR SECURITY COORDINATOR ONLY
DELETE MOONLIGHTING AND MUTUAL AID COVERAGE

This Endorsement, effective at 12:01 a.m. on 08/01/2014 , forms part of

Policy No. 0202-3065
Issued to New York State Bridge Authority
Issued by Darwin National Assurance Company

In consideration of the premium charged, it is hereby agreed that:

1. Section IV. WHO IS AN INSURED is deleted in its entirety and replaced with the following:

   Each of the following is an Insured under this Policy:

   A. the **Named Insured**, solely for **Claims** arising out of **Law Enforcement Activities** conducted by the Security Coordinator;
   B. any past, present or future Security Coordinator of the **Named Insured**;
   C. any past, present or future employees or officials of the **Named Insured**, solely for **Claims** arising out of **Law Enforcement Activities** conducted by the Security Coordinator; and
   D. the estates, heirs, legal representatives or assignees of deceased persons who were **Insureds** at the time of a **Law Enforcement Wrongful Act** but only to the extent that such former **Insureds** would otherwise have been provided coverage under this Policy.

2. It is further agreed that neither the New York State Police nor any New York State Trooper is an **Insured** under this Policy.

3. Section II. DEFINITIONS, Subsection K. is amended to read as follows:

   K. "**Law Enforcement Activities**" means:

      (1) law enforcement-related duties, including dispatching duties for all bridges within the jurisdiction of the **Named Insured**, conducted by the **Insured** for or on behalf of the **Named Insured**.

4. The **Insurer** shall not pay any **Loss** or **Defense Expenses** from any **Claim** based upon, arising out of, resulting from, or in any way involving any actual or alleged act, error or omission in connection with **Off-Duty Activities** or any law enforcement assistance rendered by any **Insured** pursuant to an **Insured Contract**.

All other terms, conditions and limitations of this Policy shall remain unchanged.

Martin W. Kamp Jr.
Authorized Representative

ENDORSEMENT NO.

MOONLIGHTING EXCLUSION

This Endorsement, effective at 12:01 a.m. on 08/01/2014 , forms part of

Policy No. 0202-3065
Issued to New York State Bridge Authority
Issued by Darwin National Assurance Company

In consideration of the premium charged, it is hereby agreed that:

1. The **Insurer** shall not pay any **Loss** or **Defense Expenses** from any **Claim** based upon, arising out of, resulting from, or in any way involving any actual or alleged act, error or omission in connection with **Off-Duty Activities**, or any other law-enforcement related activities, services or employment for an entity other than the **Named Insured**, whether or not they are departmentally-approved.

2. "**Off-Duty activities**" shall be deemed deleted from the definition of **Law Enforcement Activities** in Section II. DEFINITIONS of the Policy.

All other terms, conditions and limitations of this Policy shall remain unchanged.

Authorized Representative

ENDORSEMENT NO.

PUNITIVE DAMAGES COVERAGE
MOST FAVORABLE VENUE, SUBJECT TO SUBLIMIT

This Endorsement, effective at 12:01 a.m. on 08/01/2014 , forms part of

Policy No. 0202-3065
Issued to New York State Bridge Authority
Issued by Darwin National Assurance Company

In consideration of the premium charged, it is hereby agreed that Section II. DEFINITIONS, the definition of "Loss" is amended to read as follows:

"N. **"Loss"** means any monetary amount that an **Insured** is legally obligated to pay as a result of a **Law Enforcement Occurrence** covered by this Policy, including but not limited to judgments and settlements, pre-judgment interest and post-judgment interest; and punitive or exemplary damages where insurable by law up to a maximum amount payable by the **Insurer** of $ 1,000,000 , which amount shall be part of, and not in addition to, the **Insurer's** maximum aggregate Limit of Liability shown in ITEM 3. of the Declarations.

"Loss" will not include:

(1) **Defense Expenses**;
(2) fines, taxes, penalties;
(3) the multiplied portion of a multiple damages award, or other amounts which may be deemed uninsurable under the law pursuant to which this Policy is construed; or
(4) relief or redress in any form other than monetary damages, including the costs of complying with any injunctive, declaratory or equitable relief, remedy or order."

For purposes of determining the insurability of punitive or exemplary damages under this Policy, the laws of the jurisdiction most favorable to the insurability of such damages shall control, provided that such jurisdiction:

(a) is the location of the court that awarded or imposed such damages;
(b) is where the **Named Insured** is incorporated or otherwise organized or has its principal place of business; or
(c) is where the **Insurer** is incorporated or otherwise organized or has its principal place of business."

All other terms, conditions and limitations of this Policy shall remain unchanged.

Authorized Representative

NEW YORK STATE BRIDGE AUTHORITY

Management's Discussion and Analysis,
Financial Statements and
Supplementary Information

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

NEW YORK STATE BRIDGE AUTHORITY

Contents

* * * * *

TOSKI & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2014 and 2013, 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.

6390 Main Street, Suite 200 | Williamsville, New York 14221 | P 716.634.0700 | TF 800.546.7556 | F 716.634.0764 | ToskiCPA.com

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, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, bridge system assessments on pages 26 and 27 and the schedule of funding progress for other postemployment benefits on page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Reports on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2015, 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 9, 2015, 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 9, 2015

The management 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 the 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 2014 totaled $55.2 million, $0.3 million above 2013 and $1.4 million above 2012. Other income was $1.0 million, an increase of $0.4 million over prior year.

Total operating expenses of $85.7 million increased by $21.9 million. This 34.4% increase was primarily the result of increased rehabilitation, reconstruction, and bridge repairs of $21.7 million.

Net position at year end was $52.3 million, which was $32.3 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, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The notes to the 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 knowledge with regard 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 and liabilities, reporting net position at year end. Increases or decreases in net position may indicate whether or not an entity's financial position is improving. A condensed summary of the Authority's statements of net position is shown on the following pages.

Statements of Revenues, Expenses and Changes in Net Position

Toll receipts, accounting for the majority of operating revenue, totaled $55.2 million in 2014, an increase of $0.3 million over 2013. The milder weather in December 2014 was primarily responsible for the 0.6% increase in toll revenues. Traffic volumes were higher with an increase of 0.6%. Traffic volume decreased in the first half of 2014 and was offset by increases primarily from December. Increases in passenger vehicles were partially offset with reductions in commercial traffic. Passenger car volumes increased by 0.68% and revenue by 1.13%. Commercial volumes declined by 1.36% and revenues decreased by 1.36%. The passenger category contributed $0.4 million and the commercial category offset that increase by $0.1 million.

The cost of operations increased $21.9 million for the year as rehabilitation, reconstruction, and bridge repairs increased by $21.7 million due mainly to the increased activities at the Newburgh-Beacon Bridge. Salaries increased by $0.4 million due pay increases associated with the settlement of the collective bargaining agreement and the settlement of a labor dispute. Insurance decreased by $0.1 million due to lower claims activity compared to prior year. Depreciation decreased by $0.2 million as Authority buildings have become fully depreciated. Electronic toll costs increased $0.1 million due to increased utilization of E-ZPass. Other expenses decreased $0.1 million due mostly to a decreases in intergovernmental assessments related to awarded contracts.

Nonoperating revenue is from interest income on investments. Interest income was $0.4 million for 2014, $0.1 million below prior year as the Authority had expended proceeds of the 2012 series bonds on the related projects at the Newburgh-Beacon Bridge. Interest rates on government obligations in which the Authority invests along with a short time horizon for investment maturities to pay for construction expenditures kept interest income low.

Nonoperating expenses consisted primarily of interest and bond issuance costs. Interest paid on the Authority's outstanding bonds totaled approximately $3.2 million for 2014. This $0.5 million decrease is attributable to the declining outstanding principal on the Series 2011. The Authority issued no new debt in 2014. The Authority refinanced its General Revenue Bonds, Series 2002 (the "Series 2002 Bonds") in December 2011 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 presents 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 $26.5 million used in operating activities for 2014 was up $26.6 million from 2013. This increase was primarily a result of payments to contractors associated with rehabilitation, reconstruction, and bridge repairs.

Capital financing activities consumed $11.8 million in cash in 2014 a reduction of $0.7 million compared to 2013. This difference arose from reductions in interest payments as a result of the reduction of outstanding principal with no new debt during 2014.

Cash flows from 2014 investing activities resulted in net cash inflow of $39.3 million, which includes interest earned on investments and net cash resulting from the purchase and sale of investments. Investment were liquidated during 2014 primarily to fund rehabilitation, reconstruction and bridge repairs.

AUTHORITY BUDGET

The Authority's 2014 budget projected collections of $54 million, a $0.9 million decrease over 2013. Actual revenue of $55.2 million exceeded the budget projections by $1.2 million as passenger traffic continued to improve. Overall traffic increased from 2013 by 321,000 vehicles. This net increase was attributable to a 371,000 increase in passenger vehicle traffic and a 50,000 decrease in commercial vehicle traffic. The increase in traffic and the mix of traffic generated the $1.2 million increase in revenue. The Authority budgeted $0.4 million of Other Income. The actual amount was $0.2 million higher mostly as a result of higher bridge permit fees and fiber leasing revenues. Additionally, interest rates on Authority investments continued to remain at historically low levels, interest income of $0.4 million was materially the same as budget. This budgeted reduction was a result of the payments on capital program projects associated with the Series 2012 bonds proceeding consistent with the original budget.

Weather related delays and changes in scheduling allowed under the contract for the redecking of the Newburgh-Beacon Bridge were largely responsible for the $25.7 million budgetary gain in operating expenses in 2014. The day-to-day operating budget, which was forecasted at $30.6 million, came in at $29.6 million. Operating reductions compared to budget were from several expense types. Salaries were $0.3 million lower due to retirements and cost containment efforts. Maintenance and repairs were lower by $0.3 million as a result of lower sand and salt purchases along with lower fuel costs and repairs of Authority equipment. Other Expenses were lower by $0.1 million associated with lower assessments from Intergovernmental Agencies. Offsetting those reductions, Electronic Toll Costs were higher by $0.2 million due to the increased usage of E-ZPass.

The Authority's five year capital plan budgeted $80.8 million in 2014 while actual costs totaled $56.1 million. This budgetary gain was attributable to delays for the Newburgh-Beacon Bridge redecking project. The original budget anticipated commencement of work earlier in the year that was delayed due to weather. In addition, the contractor rescheduled work on the project to 2015 as allowed under the contract.

TOTAL CAPITAL ASSETS AND LONG TERM DEBT

At December 31, 2014, the Authority's net investment in capital assets was $115.3 million. Capital assets include bridges, roads, buildings, and equipment. In order to fund the commitment to its program of rehabilitation and improvement of the bridge facilities, in March 2002, the Authority issued $50 million General Revenue Bonds having a final maturity on January 1, 2017. 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, to support the capital program. All Authority revenue is pledged to repay these bonds. As of December 31, 2014, $110,280 million of debt remained outstanding and funds were in reserve to retire $6.6 million bonds on January 1, 2015.

In 2014, 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 faculties 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 the facility shows minor deterioration but is functioning as originally designed.

ADDITIONAL INFORMATION

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

NEW YORK STATE BRIDGE AUTHORITY
Statements of Net Position
December 31, 2014 and 2013

	2014	2013
Assets:		
Current assets:		
Cash and equivalents	$ 12,681,780	11,627,038
Investments	74,798,655	113,688,680
Accounts receivable	1,942,813	2,026,755
Prepaid expenses	1,858,696	1,855,327
Total current assets	91,281,944	129,197,800
Noncurrent assets:		
Capital assets, net of accumulated depreciation	30,920,566	32,697,565
Bridge system	84,358,269	84,358,269
Total noncurrent assets	115,278,835	117,055,834
Total assets	206,560,779	246,253,634
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	1,951,604	2,046,728
Accrued wages, payroll taxes and fringe benefits	681,152	553,984
Contracts payable	3,494,666	4,924,755
Accrued interest on bonds	2,348,625	2,443,750
General revenue bonds, current portion, net	8,297,511	7,877,638
Total current liabilities	16,773,558	17,846,855
Noncurrent liabilities:		
Accrued fringe benefits	22,977,461	21,025,373
General revenue bonds, net	114,497,468	122,794,979
Total noncurrent liabilities	137,474,929	143,820,352
Commitments and contingencies (note 13)		
Total liabilities	154,248,487	161,667,207
Net position:		
Invested in capital assets	115,278,835	117,055,834
Restricted for:		
Debt service	18,065,112	17,746,742
Insurance	9,855,786	9,294,789
Construction	5,913,182	57,703,202
Maintenance reserve	43,130,938	31,024,221
Unrestricted (deficit)	(139,931,561)	(148,238,361)
Total net position	$ 52,312,292	84,586,427

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY
Statements of Revenue, Expenses and Changes in Net Position
Years ended December 31, 2014 and 2013

	2014	2013
Operating revenue:		
Toll revenue	$ 55,237,486	54,888,721
Other income	1,032,533	626,575
Total operating revenue	56,270,019	55,515,296
Operating expenses:		
Salaries	10,785,606	10,426,886
Employee benefits	7,720,090	7,686,661
Utilities	781,558	711,949
Insurance	1,622,396	1,732,842
Professional services	641,532	623,158
Supplies and materials	218,646	221,573
Equipment expense	174,463	132,297
Maintenance and repairs	780,284	772,458
Rehabilitation, reconstruction and bridge repairs	56,134,619	34,446,327
Electronic toll costs	3,937,958	3,851,208
Depreciation	2,339,507	2,500,494
Other	580,587	685,334
Total operating expenses	85,717,246	63,791,187
Operating loss	(29,447,227)	(8,275,891)
Nonoperating revenue (expenses):		
Interest income	389,953	477,923
Interest and other expenses	(3,216,861)	(3,698,065)
Total nonoperating revenue (expenses)	(2,826,908)	(3,220,142)
Decrease in net position	(32,274,135)	(11,496,033)
Net position:		
Beginning of the year	84,586,427	96,082,460
End of year	$ 52,312,292	84,586,427

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY
Statements of Cash Flows
Years ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Toll revenue	$ 55,321,429	54,958,903
Payments to suppliers	(7,881,170)	(7,492,390)
Payments to contractors	(58,519,456)	(31,805,905)
Payments for wages and employee benefits	(16,426,440)	(16,165,509)
Other receipts	1,032,533	626,575
Net cash provided by (used in) operating activities	(26,473,104)	121,674
Cash flows from capital financing activities:		
Purchases of capital assets	(562,508)	(714,204)
Principal paid on bonds payable	(7,877,638)	(7,256,435)
Interest paid on bonds payable	(3,311,987)	(4,445,982)
Net cash used in capital financing activities	(11,752,133)	(12,416,621)
Cash flows from investing activities:		
Change in invested funds	38,890,026	7,933,504
Interest on investments	389,953	477,923
Net cash provided by investing activities	39,279,979	8,411,427
Net change in cash and equivalents	1,054,742	(3,883,520)
Cash and equivalents at beginning of year	11,627,038	15,510,558
Cash and equivalents at end of year	$ 12,681,780	11,627,038
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	(29,447,227)	(8,275,891)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	2,339,507	2,500,494
Changes in:		
Accounts receivable	83,942	70,183
Prepaid expenses	(3,369)	(24,347)
Accounts payable and accrued expenses	(95,124)	358,022
Accrued wages, payroll taxes and fringe benefits	2,079,256	1,948,037
Contracts payable	(1,430,089)	3,545,176
Net cash provided by (used in) operating activities	$ (26,473,104)	121,674

See accompanying notes to financial statements.

(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 on 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:

(2) Significant Accounting Policies, Continued

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

Invested 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, 2014 and 2013 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.

(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.

(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

(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.

(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.

(3) Cash and Equivalents

The carrying amount of the Authority's deposits with financial institutions at December 31, 2014 totaled $12,681,780 and the bank balance was $12,601,736. 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	3,731,806
Fiduciary funds held by trustee	9,160,914
	$ 13,142,720

(4) Investments

The cost and market value of investments (United States Government Securities) held by the Authority as of December 31, 2014 and 2013 are summarized as follows:

	2014		2013	
Restricted	Cost	Market	Cost	Market
Debt Service Reserve Fund - U.S. Treasury Notes	$ 11,255,173	11,501,819	11,303,059	11,469,967
Insurance Fund - U.S. Treasury Notes	9,855,229	11,366,620	8,761,488	10,044,512
Maintenance Reserve Fund - U.S. Treasury Notes and Bills	43,176,513	43,267,851	31,300,725	31,378,911
Construction Fund - U.S. Treasury Notes	9,360,980	9,360,946	62,323,408	62,659,860
Total Restricted	73,647,895	75,497,236	113,688,680	115,553,250
Revenue Fund (Unrestricted) - U.S. Treasury Notes	1,150,760	1,144,449	-	-
Total	$ 74,798,655	76,641,685	113,688,680	115,553,250

(4) Investments, Continued

All Authority investment securities are classified as securities acquired by a financial institution for a governmental entity held by the financial institution's trust department in the entity's name. At December 31, 2014, the Authority's investments and maturities were as follows:

Investment Type	Fair Value	Less than one year	1 to 5 years
U.S. Treasury Notes and Bills	$ 76,641,685	56,870,310	19,771,375

(5) Funds Held For Restricted Purposes

At December 31, 2014 and 2013, funds held for restricted purposes by fund category consisted of the following:

	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	214,003	11,255,173	-	11,469,176
Fund total	9,158,564	11,255,173	(2,348,625)	18,065,112
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	330	43,176,513	(45,905)	43,130,938
Fund total	1,850	62,392,722	(3,494,666)	58,899,906
Combined total	$ 9,160,414	73,647,895	(5,843,291)	76,965,018

(5) Funds Held For Restricted Purposes, Continued

	2013			
	Cash and Equivalents	United States Governmental Securities	Related Liabilities	Total
Debt Service Funds:				
Debt service fund	$ 8,845,336	-	(2,443,750)	6,401,586
Debt service reserve fund	42,097	11,303,059	-	11,345,156
Fund total	8,887,433	11,303,059	(2,443,750)	17,746,742
Capital Projects Funds:				
Insurance fund	533,301	8,761,488	-	9,294,789
Construction fund	770	62,323,408	(4,620,976)	57,703,202
Maintenance reserve fund	27,276	31,300,725	(303,779)	31,024,222
Fund total	561,347	102,385,621	(4,924,755)	98,022,213
Combined total	$ 9,448,780	113,688,680	(7,368,505)	115,768,955

Cash in the debt service fund at December 31, 2014 and 2013 was on deposit with the paying agent to meet bond and interest payments due on January 1, 2015 and January 1, 2014, respectively.

(6) Capital Assets

Capital assets at December 31, 2014 and 2013 consist of the following:

	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	7,855,432	562,508	(347,281)	8,070,659
	48,743,067	562,508	(347,281)	48,958,294
Less accumulated depreciation	(16,045,502)	(2,339,507)	347,281	(18,037,728)
	$ 32,697,565	(1,776,999)	-	30,920,566

(6) Capital Assets, Continued

	2013			
	Balance December 31, 2012	Additions	Disposals	Balance December 31, 2013
Walkway Over The Hudson - structure	$ 32,758,706	-	-	32,758,706
Buildings	8,128,929	-	-	8,128,929
Furniture and equipment	7,174,728	714,204	(33,500)	7,855,432
	48,062,363	714,204	(33,500)	48,743,067
Less accumulated depreciation	(13,578,508)	(2,500,494)	33,500	(16,045,502)
	$ 34,483,855	(1,786,290)	-	32,697,565

Depreciation expense for the years ended December 31, 2014 and 2013 amounted to $2,339,507 and $2,500,494, 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, 2014 and 2013:

Bridge Facility	Opened	2014	2013
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	4,340,871	4,340,871
		$ 84,358,269	84,358,269

(8) Bond Indebtedness

On January 22, 1997, the Authority issued $49,015,000 of General Revenue Bonds (Series 1997) in the open market in order to provide funds 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.

(8) Bond Indebtedness, Continued

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.

Changes in indebtedness for the years ended December 31, 2014 and 2013 are summarized as follows:

	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	90,325,000	-	(145,000)	90,180,000	145,000
Subtotal	116,670,000	-	(6,390,000)	110,280,000	6,580,000
Unamortized bond premium	14,002,617	-	(1,487,638)	12,514,979	1,717,511
Total revenue bonds	$ 130,672,617	-	(7,877,638)	122,794,979	8,297,511

(8) Bond Indebtedness, Continued

	2013				
	Balances at December 31, 2012	Additions	Deductions	Balances at December 31, 2013	Due within one year
Series 2011	$ 32,410,000	-	(6,065,000)	26,345,000	6,245,000
Series 2012	90,325,000	-	-	90,325,000	145,000
Subtotal	122,735,000	-	(6,065,000)	116,670,000	6,390,000
Unamortized bond premium	15,194,053	-	(1,191,436)	14,002,617	1,487,638
Total revenue bonds	$ 137,929,053	-	(7,256,436)	130,672,617	7,877,638

The bonds have serial maturities as of December 31, 2014 as follows:

	Principal	Interest	Total
2015	$ 6,580,000	4,435,500	11,015,500
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 - 2024	43,630,000	10,810,700	54,440,700
2025 - 2027	30,895,000	1,378,900	32,273,900
	110,280,000	31,231,650	141,511,650
Plus: unamortized bond premium	12,514,979	-	12,514,979
	$ 122,794,979	31,231,650	154,026,629

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 Description

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

(b) Funding Policies

The System is noncontributory except for employees who joined the ERS after July 27, 1976 and prior to January 1, 2010, who have less than ten years of service or membership, are required to contribute 3% of their salary throughout their active membership. Employees who joined on or after January 1, 2010 and before April 1, 2012 are required to contribute 3% throughout their active membership. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Under the authority of the NYSRSSL, the Comptroller annual certifies the actuarially determined rates expressed used in computing the employer's contributions based on salaries paid during the Systems; fiscal year ended March 31. The required contributions for the current year end two preceding years were:

December 31, 2012	$ 1,796,856
December 31, 2013	2,050,908
December 31, 2014	1,876,986

The rates billed by the Comptroller during the year ended December 31, 2014 ranged from 10.9% to 20.3% and during the year ended December 31, 2013 ranged from 11.4% to 26.2%.

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

(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.

(10) Postemployment Benefits, Continued

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, 2014 and 2013 totaled $1,979,711 and $1,972,669, respectively. At December 31, 2014 and 2013, the OPEB liability included in noncurrent accrued fringe benefits was $22,372,019 and $20,392,248, respectively. The amount charged to expense was $3,118,486 and $2,998,821 for the years ended December 31, 2014 and 2013, respectively.

The number of participants as of January 1, 2014 was as follows:

Active employees	120
Retired employees	97
Total	217

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.

Benefit Obligations and Normal Cost	2014	2013
Actuarial accrued liability (AAL):		
Retired employees	$ 20,547,536	19,147,638
Active employees	25,385,471	25,095,066
Total	$ 45,933,007	44,242,704
Underfunded actuarial accrued liability (UAAL)	$ 45,933,007	44,242,704
Normal cost	$ 1,028,085	1,003,010

Level Dollar Amortization

Calculation of ARC under projected Unit Credit Method:

	2014	2013
Amortization of UAAL over 30 years with interest to end of year	$ 2,237,518	2,098,226
Normal costs with interest to end of year	1,131,351	1,102,137
Annual required contribution (ARC)	$ 3,368,869	3,200,363

(10) Postemployment Benefits, Continued

Annual OPEB Cost and Net OPEB Obligation	2014	2013
Annual required contribution	$ 3,368,869	3,200,363
Interest on net OPEB obligation	781,023	705,470
Adjustment to annual required contribution	(1,031,406)	(907,012)
Annual OPEB cost (expense)	3,118,486	2,998,821
Contributions made on a pay-as-you-go basis	(1,138,715)	(1,026,152)
Increase in net OPEB obligation	1,979,771	1,972,669
Net OPEB obligation at beginning of year	20,392,248	18,419,579
Net OPEB obligation at end of year	$ 22,372,019	20,392,248

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 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
12/31/14	$ 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
12/31/12	3,420,373	3,274,024	999,128	30.5%	18,419,579

Actuarial methods and assumptions:	2014	2013
Funding interest rate	3.83%	3.83%
2014 and 2013 medical trend rate, respectively	9.25%	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	22 years	23 years

(11) Administrative Services Assessment

Through the Public Authorities Law Section 2975, the State of New York (the State) established a cost recovery of central governmental services to various public authorities. This statute directs the New York State Division of the Budget to determine the amount to be assessed to each public authority. The State Treasurer imposes and collects the assessments which are deposited into the State's general fund. The administrative services assessment for the Authority for the years ended December 31, 2014 and 2013 amounted to $369,000 and $368,979, respectively.

(12) Risk Management

The Authority purchases commercial insurance policies in varying amounts for general liability, vehicle liability, damage to fixed assets, and public officials and employee liability coverage. The Authority also pays unemployment claims to the State as incurred. There are no claims relating to the bridge facilities, however, the Authority has funded a reserve of $9,855,786 at December 31, 2014 to meet its deductible should a claim arise.

(13) Commitments and Contingencies

Commitments and contingencies at December 31, 2014 consist of the following:

(a) Bridge Construction

At December 31, 2014, the Authority had contractual commitments outstanding of approximately $38,884,000 for bridge rehabilitation and repairs on several of its bridge facilities.

(b) 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.

(10) Postemployment Benefits, Continued

Annual OPEB Cost and Net OPEB Obligation	2014	2013
Annual required contribution	$ 3,368,869	3,200,363
Interest on net OPEB obligation	781,023	705,470
Adjustment to annual required contribution	(1,031,406)	(907,012)
Annual OPEB cost (expense)	3,118,486	2,998,821
Contribution made on a pay-as-you-go basis	(1,138,715)	(1,026,152)
Increase in net OPEB obligation	1,979,771	1,972,669
Net OPEB obligation at beginning of year	20,392,248	18,419,579
Net OPEB obligation at end of year	$ 22,372,019	20,392,248

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 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
12/31/14	$ 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
12/31/12	3,420,373	3,274,024	999,128	30.5%	18,419,579

Actuarial methods and assumptions:	2014	2013
Funding interest rate	3.83%	3.83%
2014 and 2013 medical trend rate, respectively	9.25%	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	22 years	23 years

(11) Administrative Services Assessment

Through the Public Authorities Law Section 2975, the State of New York (the State) established a cost recovery of central governmental services to various public authorities. This statute directs the New York State Division of the Budget to determine the amount to be assessed to each public authority. The State Treasurer imposes and collects the assessments which are deposited into the State's general fund. The administrative services assessment for the Authority for the years ended December 31, 2014 and 2013 amounted to $276,750 and $276,750, respectively.

(12) Risk Management

The Authority purchases commercial insurance policies in varying amounts for general liability, vehicle liability, damage to fixed assets, and public officials and employee liability coverage. The Authority also pays unemployment claims to the State as incurred. There are no claims relating to the bridge facilities, however, the Authority has funded a reserve of $9,855,785 at December 31, 2014 to meet its deductible should a claim arise.

(13) Commitments and Contingencies

Commitments and contingencies at December 31, 2014 consist of the following:

(a) Bridge Construction

At December 31, 2014, the Authority had contractual commitments outstanding of approximately $38,884,000 for bridge rehabilitation and repairs on several of its bridge facilities.

(b) 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.

REQUIRED SUPPLEMENTARY INFORMATION

NEW YORK STATE BRIDGE AUTHORITY

Required Supplementary Information -

Bridge System Assessments

December 31, 2014

	Number of Bridges					
	2014		2013		2012	
Condition Rating*	Number	%	Number	%	Number	%
New	-	-	-	-	-	-
Minor Deterioration	9	100%	9	100%	9	100%
Serious Deterioration	-	-	-	-	-	-
Totally Deteriorated	-	-	-	-	-	-
Total	9	100%	9	100%	9	100%

*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):

	2014	2013	2012	2011	2010
Estimated	$ 80,814	54,953	18,316	18,934	13,758
Actual	56,135	34,446	20,678	15,304	12,950

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

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

In 2010, several projects totaling $1.0 million were deferred to 2011 or later. Estimated capital improvements were initially projected as net of federal grants to fund projects. The Authority reported federal funds receivable totaling $0.3 million for 2010 as other income while the cost was reported as capital improvement expenditures.

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.

NEW YORK STATE BRIDGE AUTHORITY

Required Supplementary Information

Scheduling of Funding Progress for Other Postemployment Benefits (OPEB)

December 31, 2014

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.

For Year Ended	Valuation Date	Actual Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Ratio UAAL to Budget Covered Payroll
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%
12/31/12	1/1/2011	$ -	$ 59,805,814	$ 59,805,814	0.0%	N/A	N/A

TOSKI & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2014, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 9, 2015.

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.

6390 Main Street, Suite 200 | Williamsville, New York 14221 | P 716.634.0700 | TF 800.546.7556 | F 716.634.0764 | ToskiCPA.com

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 oaf 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 9, 2015

TOSKI & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2014.

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, 2014.

6390 Main Street, Suite 200 | Williamsville, New York 14221 | P 716.634.0700 | TF 800.546.7556 | F 716.634.0764 | ToskiCPA.com

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 9, 2015