

NEW YORK STATE BRIDGE AUTHORITY
REQUEST FOR PROPOSAL

CONTRACT INTERNAL AUDIT SERVICES
For The Years Ended
December 31, 2011, 2012, 2013

Contract BA-2011-OA-012PS
September 16, 2011

A. Background Information

1. The New York State Bridge Authority

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, as amended. This act provides that the Authority shall continue its corporate existence and operate and maintain its designated bridges so long as it shall have the bonds or other obligations outstanding and until its existence shall be terminated by law. Upon cessation of the Authority, all its rights and properties shall pass to the State of New York.

The Authority operates and maintains five bridge facilities (namely, Rip Van Winkle, Kingston-Rhinecliff, Mid-Hudson, Newburgh-Beacon, and Bear Mountain) and has its headquarters office in Highland, New York.

The Authority's fund structure is established in accordance with Article V, Section 5.02 of the General Revenue Bond Resolution dated December 19, 1996. All monies are transferred to such funds in accordance with terms outlined in the bond indenture, and with the exception of the operating fund, held in depository by the designated Trustee.

On January 22, 1997, the Authority issued \$49,015,000 of General Revenue Bonds, Series 1997 primarily to provide funds to finance a portion of the costs of the 1997 project, which consists of certain rehabilitation and reconstruction projects for the bridge system, and to provide payment at, or in advance of, maturity of the outstanding Series 1989 and Series 1992 bonds. On March 7, 2002 the Authority issued an additional \$50,000,000 General Revenue Bonds, Series 2002 principally to provide funds to finance a portion of the costs of the 2002 project, which consists of certain reconstruction and rehabilitation projects for the bridge system.

2. Governing Body of the Authority

The corporate governing body of the Authority is a Board currently consisting of six members. The members are appointed by the Governor, with the advice and consent of the State Senate, for staggered terms – one expiring each year. The members receive no compensation for their services.

The many of the current members are residents of the six county area primarily served by the Authority. These counties are Columbia, Dutchess, Westchester, Greene, Orange, and Ulster. A Chairman is elected annually by the members of the Board.

The Authority Board has designated, from among its members, an Audit Committee, which, among other duties, is tasked with recommending to the Board the appointment, replacement and compensation of all public accounting firms and internal auditors.

3. Characteristics of the Authority's Financial Operations

The primary revenue source of the Authority is the collection of tolls for the use of its five bridge facilities (\$37.7 million in 2010). Approximately 99% of the Authority's revenues in 2010 were generated from toll charges. The majority of the remaining revenue comes from the interest income on fund investments.

Operating expenses for 2010 amounted to approximately \$39 million. The largest expense, \$12.9 million, was incurred for rehabilitation, replacement and reconstruction of the Authority's existing bridge facilities. Other significant costs included salaries and benefits of \$18.2 million, \$3.2 million for electronic toll costs and \$1.4 million for insurance. Also provided for was \$8.2 million in principal and interest on outstanding bonds.

The work force consists of approximately 140 permanent, 60 temporary, and 50 seasonal employees serving the Authority in management, toll collection, maintenance, engineering, and information technology positions. Additional information on the Authority, including recent annual reports and financial statements can be obtained on its website at www.nysba.net.

B. Nature of Services Required

The following services are required to be included in your proposal which will assist the Authority in complying with the requirements outlined in New York State Budget Policy and Reporting Manual Annual Internal Control Certification Item B-350:

1. Audit of Internal Controls

- a. To assist the Authority in an examination of the Authority's internal control environment. To assist in assessing risk and documentation of this assessment to support the development of an annual Internal Audit plan in compliance with B-350.
- b. Development of an annual Internal Audit Plan of full scope operational audits that will serve as the Authority's tool to assess the effectiveness of the Internal Control Environment to be presented to the Authority's Audit Committee in compliance with B-350.
- c. Execution of the Internal Audit Plan as approved by the Audit Committee. The audits must comply with Generally Accepted Auditing Standards and be available to the Authority's independent auditor of its annual financial statements as an additional assurance of the effectiveness of Internal Controls.
- d. Reporting of Audit Findings that includes:
 - i. Identification of material weaknesses, if any, in internal accounting controls.
 - ii. Identification of recommendations to improve the effectiveness of the internal control environment.
 - iii. Development of a list of recommendations for process improvements to improve efficiency/effectiveness where applicable.

C. Proposal Requirements

1. Maximum Fee

The maximum fee for this engagement shall be the sum of a not-to-exceed amount for the Independent Accountant's proposal for personnel services plus a not-to-exceed amount for the Independent Accountant's proposal for out-of-pocket expenses. The maximum fee shall be detailed in the proposal showing:

- a. Estimated staffing by levels, estimated hours and rates per hour.
- b. Actual and necessary travel, subsistence and other out-of-pocket expenses incurred in connection with the services performed under the agreement, as approved by the Authority pursuant to the prevailing "Travel and Expense Guidelines of the Office of the State Comptroller and the Authority." See Attachment No. 4.

This maximum fee should be outlined in the fee schedule section attached for the audit calendar years ending December 31, 2011, December 31, 2012 and December 31, 2013.

2. Additional Services

The successful proposer may receive additional assignments from the Authority from time to time for related services. In the event such additional services are required, it is understood the fees for such services will be at the same rates contained in the proposal and in effect at the time of such request. A statement to that effect must be included in the proposer's submission.

3. Experience

The audit staff assigned to the engagement should be individuals familiar with and experienced in the examination of governmental agencies and the accounting and auditing principles, practices, procedures, and methods of Public Benefit Corporations. The proposal should include the qualifications of the individuals responsible for the supervision of the examination and should provide a list of Public Benefit Corporations and State or Local Governmental clients which is representative of the firm's experience in these areas.

4. Other Requirements

All submitted proposals must be typewritten and signed by a member of the proposing firm duly authorized to execute contracts on behalf of the firm. Certification shall be included stating that the firm is properly licensed for public practice and are certified public accountants in the State of New York.

D. Terms of the Contract for Services

The Authority expects to award three one-year contracts covering the previously described services. The Authority will also retain the option to extend the contract for two additional one year periods at substantially the same terms.

E. Assistance Available

1. Authority Assistance

The Authority will provide all data and support necessary to perform the tasks identified. A list of audit schedules should be developed during the audit planning phase and presented to the Authority. All required schedules will be prepared by the Authority.

Accounting and Operations staff will be available to provide system documentation, walk-throughs, system reports, etc.

All requests for assistance should be directed through the Authority's Treasurer. The use of firm developed or provided audit software may be allowed, if agreed upon, in advance, by the Authority.

2. Assistance Available from the Current Independent Auditor

The "Audit of the Financial Statements" and all other required reports have been performed in recent years by Toski, Schaefer & Co., P.C. 555 International Drive, Williamsville, NY 14221. If requested, the Authority will authorize Toski, Schaefer & Co., P.C. to fully respond to all inquiries from the successful proposer and to allow a review of audit work papers related to these services.

F. Timing of Audit Work and Reports

1. Audit of Internal Controls and other required reports.

The Audit Plan for each calendar year shall be completed and available to the Authority Audit Committee by November 10th.

The Audit of the Internal Controls shall be completed and available to the Authority Audit Committee by February 15th following the year ended December 31.

2. Report Draft

A preliminary draft report for all audits conducted under this agreement must be discussed with and approved by the Treasurer and Audit Committee prior to the above dates.

3. Audit Work Plan

For each category of service provided, the Internal Auditor must submit a detailed audit work plan consisting of time schedule, staffing assignments, and a list of any Authority prepared audit work schedules. The initial audit work plan should be received by the Authority no later than Aug 15th.

G. Other Requirements

1. Insurance

The successful proposer is required to have Workers' Compensation insurance for the term of the contract and must furnish to the Authority satisfactory proof of this insurance.

2. Performance

This contract is not assignable and the use of a subcontractor is prohibited without the written approval of the Authority.

3. Payment by Invoice

The Authority will reimburse the firm for services provided following submission of invoiced charges to the Authority. The invoice should contain a description of services provided, itemization of personal service cost by title and number of hours billed. Also, a full detailed description of other out-of-pocket expenses incurred, with receipts, if required by Authority travel and expense guidelines, shall be submitted.

4. Minority and Women Owned Business Enterprises Participation

Information concerning the availability of New York State subcontractors and suppliers is available from the New York State Department of Economic Development, which includes the directory of certified minority and women owned businesses.

It is the policy of the New York State Bridge Authority to encourage the use of New York State subcontractors and suppliers, and to promote the participation of minority and women owned businesses where possible, in the procurement of goods and services.

H. Contractor/Offerer's Disclosures

It is mandatory that each proposer submit, along with their proposal, all forms required with the NYS Bridge Authority's standard contract disclosures Forms A-1, A-2, A-3, B, C, D, & E.

I. Work Paper Retention and Availability

Work papers developed in conjunction with these audits must be retained by the firm for a period of not less than seven years and be available upon request for examination at no additional cost by State and Federal agencies.

J. Adherence to Specifications

The entire proposal is understood to be in accordance with the specifications of the Request for Proposal (RFP), unless the proposer explains otherwise in detail. The Authority reserves the right to request clarification and additional information if deemed necessary.

K. Evaluation Criteria

Each proposal will be evaluated by the Authority according to, but not limited to, the following factors which may not necessarily be in order of importance.

- Experience of the audit staff
- Firm's performance with the Bridge Authority and other similar clients
- Client list with the same professional services as outlined in this proposal
- Hourly rate of pay per staff
- Total cost proposed
- Contractor/Offerer's disclosures (Attached Forms)
- The firms experience/understanding of Office of Management & Budget Item B-350

The Authority reserves the right to incorporate other evaluation criteria which, in its judgment, are necessary for selecting the best proposal.

The Authority reserves the right to reject any and all proposals submitted and/or to request additional information from any and all proposers. Firms whose proposals are not accepted will be notified in writing. Notification of the award is scheduled to be made on or about October 20, 2011. The Authority reserves the right to extend this date if additional clarification is needed, or for whatever reason, in order to allow a decision-making process in the best interest of the Authority.

L. Termination

1. The Authority reserves the right to terminate this agreement. However, prior to taking such action, the Authority shall notify the firm in writing no less than 30 days prior to termination.

2. More specifically, the Authority reserves the right to terminate this contract in the event it is found that the certification filed by the Contractor/Offerer in accordance with New York State Executive Order Number 127 or State Finance Law Section 139 was intentionally false or intentionally incomplete. Upon such finding, the Authority may exercise its termination right by providing written notification to the contractor.

3. The Authority reserves the right to postpone, delay, suspend, or abandon all or any part of an assignment with seven (7) days written notice.

In the event of a termination or abandonment, the firm shall deliver to the Authority all reports and other data and records pertaining to the assignment and the Authority shall pay to the firm all reasonable amounts earned up to the effective date of such termination or abandonment. Except as expressly provided in the previous sentence, such termination, postponement, delay, suspension, or abandonment shall not give rise to any claim or cause of action against the Authority for damages, extra compensation, or for losses of anticipated profits.

M. Submissions

Submissions must be provided in duplicate, signed by an authorized representative of the firm and received by Brian Bushek, Treasurer of the New York State Bridge Authority at the Authority's Headquarters Office, Mid-Hudson Bridge Plaza, Highland, New York 12528, no later than 4:00 p.m., October 10, 2011.

N. Authority's Rights and Prerogatives

1. The Authority reserves the right to exercise the following prerogatives:

- a. To accept or reject any or all proposals.
- b. To correct any mathematical errors in the proposals.
- c. To adopt as the Authority property, all submitted proposals and to use any portions thereafter unless specifically noted as proprietary by the submitting firms.
- d. To change proposal due dates.

- e. To accept or reject any of the Auditor's employees assigned to this relationship and to require their replacement at any time.
- f. To modify the Request for Proposal (RFP) at any time before the award is made, if such action is in the best interest of the Authority.

2. By submitting a proposal, the proposer covenants that they will not make any claims for or have any right to damages because of any misinterpretation or misunderstanding of the specifications or because of any lack of information.

3. The contract award is subject to the availability of funds.

4. Prospective proposers shall not discuss this RFP or responses to it with any Authority employees or officers who have any responsibility hereunder other than the Audit Committee or Treasurer or persons designated by the Audit Committee or Treasurer.

5. New York State law requires that a proposal shall not be considered for award if the price in the proposal was not arrived at independently without collusion, consultation, communication, or agreement as to any matter relating to such prices with any other proposer or with any competitor. In addition, the proposer is generally prohibited from making multiple proposals in a different form, i.e., as a prime proposer or as a subcontractor to another prime proposer.

The proposer must include a statement in the proposal describing all actual or potential relationships which may be considered to be a "conflict of interest." The "conflict of interest" will be taken under consideration by the Authority Proposal Evaluation Committee. The committee's determination of a disqualifying "conflict of interest" is final.

6. The Authority reserves the right to meet with selected proposers prior to the designation of a best qualified proposer, to accept or reject any proposal, to enter into negotiations with any of the proposers designated best qualified in order to determine satisfactory terms and conditions of a final contract, and to end such negotiations, at its discretion, and to designate and commence negotiations with an alternative best qualified proposer.

7. The Authority shall not be obligated for any costs incurred by the proposer in proposal preparation or in activities related to the review the proposal.

8. The Authority's Audit Committee will recommend to the Authority Board the name of the proposer or proposers they believe best qualified to provide the services required. Total discretion to designate the best qualified proposer and to award or refuse to award a contract, however, remains solely with the Authority Board.

Attachments

- 1. Exhibit A. Standard Clauses for Bridge Authority Contracts
- 2. Exhibit B. 2010 Internal Audit Program
- 3. Form A-1 Proposer's Affirmation of Understanding of Section 139 Procedures

4. Form A-2 Offeror Certification of Compliance with State Finance Law §139-5 (5)
5. Form A-3 Offeror Disclosure of Prior Non-Responsibility Determinations
6. Form B Conflict of Interest Affidavit
7. Form C Non-Collusive Proposer Certification
8. Form D Business Information
9. Form E Confidentiality Notice
10. 2010 NYS Bridge Authority Annual Report
11. 2010 Agreed Upon Procedures Report (Internal Audit)

EXHIBIT A

STANDARD CLAUSES FOR ALL NEW YORK STATE BRIDGE AUTHORITY CONTRACTS

The parties to the attached contract, license, lease, amendment or other agreement of any kind (hereinafter, "the contract" or "this contract") agree to be bound by the following clauses which are hereby made a part of the contract (the word "Contractor" herein refers to any party other than the Authority, whether a contractor, licensor, licensee, lessor, lessee or any other party):

1. NON-ASSIGNMENT

CLAUSE. This contract may not be assigned, and no part or portion may be subcontracted, by the Contractor nor may its right, title or interest therein be assigned, transferred, conveyed, sublet or otherwise disposed of without the previous consent, in writing, of the Authority and any attempts to assign the contract without the Authority's written consent are null and void.

2. WORKERS'

COMPENSATION BENEFITS. This contract shall be void and of no force and effect unless the Contractor shall provide and maintain coverage during the life of this contract for the benefit of such employees as are required to be covered by the provisions of the Workers' Compensation Law. If employees will be working on, near or over navigable waters, a U.S. Longshore and Harbor Workers' Compensation Act endorsement must be included.

3. NON-DISCRIMINATION

REQUIREMENTS. To the extent required by Article 15 of the Executive Law (also known as the Human Rights Law) and all other State and Federal statutory and constitutional non-discrimination provisions, the Contractor will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, sexual orientation, military status, sex, disability, genetic predisposition or carrier status, marital status or domestic violence victim status. Furthermore, in accordance with Section 220-e of the Labor Law, if this is a contract for the construction,

alteration or repair of any public building or public work, or for the manufacture, sale or distribution of materials, equipment or supplies, and to the extent that this contract shall be performed within the State of New York, the Contractor agrees that neither it nor its subcontractors shall, by reason of race, creed, color, disability, sex or national origin: (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee hired for the performance of work under this contract. If this is a building service contract, as defined in Section 230 of the Labor Law, then, in accordance with Section 239 thereof, Contractor agrees that neither it nor its subcontractors shall, by reason of race, creed, color, national origin, age, sex or disability: (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee hired for the performance of work under this contract. Contractor is subject to fines of \$50 per person per day for any violation of Section 220-e or Section 239 as well as possible termination of this contract and forfeiture of all moneys due hereunder for a second or subsequent violation.

4. EQUAL EMPLOYMENT OPPORTUNITIES FOR MINORITIES AND WOMEN.

In accordance with 312 of the Executive Law, if this contract is: (a) a written agreement or purchase order instrument, providing for a total expenditure in excess of \$25,000, whereby the Authority is committed to

expend, or does expend, funds in return for labor, services, supplies, equipment, materials, or any combination of the foregoing, to be performed for, or rendered or furnished to the Authority; or (b) a written agreement in excess of \$100,000 whereby the Authority is committed to expend, or does expend, funds for the acquisition, construction, demolition, replacement, major repair, or renovation of real property and improvements thereon, or (c) a written agreement in excess of \$100,000 whereby the owner of a State-assisted housing project is committed to expend, or does expend, funds for the acquisition, construction, demolition, replacement, major repair, or renovation of real property and improvements thereon for such project, then the following shall apply and by signing this agreement the Contractor certifies and affirms that it is Contractor's equal employment opportunity policy that:

(a.) The Contractor will not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability, or marital status, shall make and document its conscientious and active efforts to employ and utilize minority group members and women in its work force on State contracts, and will undertake or continue existing programs of affirmative action to ensure that minority group members and women are afforded equal employment opportunities without discrimination. Affirmative action shall mean recruitment, employment, job assignment, promotion, upgradings, demotion, transfer, layoff, or termination, and rates of pay or other forms of compensation.

(b.) At the request of the Authority, the Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union, or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability, or marital status, and that agency, union, or representative will affirmatively cooperate in the implementation of the contractor's obligations herein.

(c.) The Contractor shall state, in all solicitations or advertisements for employees, that in the performance of the State contract, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability, or marital status.

The Contractor shall include the provisions of (a), (b), and (c) above in every subcontract over \$25,000 for the construction, demolition, replacement, major repair, renovation, planning or design of real property and improvements thereon except where such work is for the beneficial use of the Contractor. Section 312 of the Executive Law does not apply to: (i) work, goods or services unrelated

to this Agreement; or (ii) employment outside New York State. The Authority shall consider compliance by the Contractor or subcontractor with the requirements of any federal law concerning equal employment opportunity which effectuates the purpose of this section. The Authority shall determine whether the imposition of the requirements of the provisions hereof duplicate or conflict with any such federal law and if such duplication or conflict exists, the Authority shall waive the applicability of Section 312 to the extent of such duplication or conflict. Contractor shall comply with all duly promulgated and lawful rules and regulations of the Department of Economic Development's Division of Minority and Women's Business Development pertaining hereto.

5. WAGE AND HOURS

PROVISIONS. If this is a public work contract covered by Article 8 of the Labor Law or a building service contract covered by Article 9 thereof, neither Contractor's employees nor the employees of its subcontractors may be required or permitted to work more than the number of hours or days stated in said statutes, except as otherwise provided in the Labor Law and as set forth in prevailing wage and supplement schedules issued by the New York State Labor Department. Furthermore, Contractor and its subcontractors must pay at least the prevailing wage rate and pay or provide the prevailing supplements, including the premium rates for overtime pay, as determined by the New York State Labor Department in accordance with the Labor Law. Additionally, if this is a public work contract covered by Article 8 of the Labor Law, the Contractor understands and agrees that the filing of payrolls in a manner consistent with subdivision 3-a of this Section 220 of the Labor Law shall be a condition precedent to payment by the Authority of any sums due and owing to any person for work done upon the project.

6. **NON-COLLUSIVE BIDDING REQUIREMENT.** In accordance with Public Authorities Law Section 2878, if this contract was awarded based upon the submission of bids, Contractor warrants, under penalty of perjury, that its bid was arrived at independently and

without collusion aimed at restricting competition. Contractor further warrants that, at the time Contractor submitted its bid, an authorized and responsible person executed and delivered to the Authority a non-collusive bidding certification on Contractor's behalf.

7. INTERNATIONAL BOYCOTT PROHIBITION. In accordance with Section 220-f of the Labor Law, if this contract exceeds \$5,000, the Contractor agrees, as a material condition of this contract, that neither the Contractor nor any substantially owned or affiliated person, firm, partnership, or corporation has participated, is participating, or shall participate in an international boycott in violation of the Federal Export Administration Act of 1979 (50 USC App. Sections 2401 et seq.) or regulations thereunder. If such Contractor, or any of the aforesaid affiliates of Contractor, is convicted or is otherwise found to have violated said laws or regulations upon the final determination of the United States Commerce Department or any other appropriate agency of the United States subsequent to the contract's execution, such contract amendment or modification thereto shall be rendered forfeit and void. The Contractor shall so notify the Authority within five (5) business days of such conviction, determination or disposition of appeal.

8. SET-OFF RIGHTS. The Authority shall have rights of set-off. These rights shall include, but not be limited to, the Authority's option to withhold for the purposes of set-off any moneys due to the Contractor under this contract up to any amounts due and owing by the contractor to the Authority with regard to this contract, or any other contract with the Authority, including any contract for a term commencing prior to the term of this contract. This also includes amounts due and owing the Authority for any other reason including, without limitation, monetary penalties, adjustments, fees, or claims for damages by the Authority and third parties in connection therewith.

9. RECORD-KEEPING REQUIREMENT. The Contractor shall

establish and maintain complete and accurate books, records, documents, accounts or other evidence directly pertinent to performance under this contract (the "Records") for a period of six (6) years following final payment or to the termination of this contract, whichever is later, and any extensions thereto. The Authority and Attorney General or any other person or entity authorized to conduct an examination, as well as the agency or agencies involved in this contract, shall have access to such Records during the contract term, extensions thereof and said six (6) year period thereafter for the purposes of inspection, auditing and copying. "Termination of the contract", as used in this clause 9, shall mean the later of completion of the work of the contract or the end date of the term stated in the contract. The Authority shall take reasonable steps to protect from public disclosure any of the Records which are exempt from disclosure under Section 87 of the Public Officers Law (the "Statute") provided that: (i) the Contractor shall timely inform the Authority's Executive Director with a copy to its Records Access Officer, in writing, that said records should not be disclosed; and (ii) said records shall be sufficiently identified; and (iii) designation of said records as exempt under the Statute is reasonable. Nothing contained herein shall diminish, or in any way adversely affect, the Authority's right to discovery in any pending or future litigation.

10. LIABILITY. Contractor shall be responsible for all damage to life and property due to negligent or otherwise tortious acts, errors or omissions of Contractor, in connection with their services under this contract. Further, it is expressly understood that Contractor shall indemnify and save harmless the Authority and/or the State of New York, as their interests may appear, from claims, suits, actions, damages, and costs of every name and description resulting from the negligent performance of the services of Contractor under this contract, and such indemnity shall not be limited by reasons of enumeration of any insurance coverage herein provided.

11. GOVERNING LAW. This contract shall be governed by the laws of the

State of New York except where the Federal Supremacy clause requires otherwise.

12. LATE PAYMENT.

Timeliness of payment and any interest to be paid to Contractor for late payment shall be governed by Public Authorities Law Section 2880 and 21 NYCRR Pt 207.

13. NO ARBITRATION.

Disputes involving this contract, including the breach or alleged breach thereof, may not be submitted to binding arbitration (except where statutorily authorized) but must, instead, be heard in a court of competent jurisdiction of the State of New York.

14. SERVICE OF PROCESS.

In addition to the methods of service allowed by the State Civil Practice Law & Rules, Contractor hereby consents to service of process upon it by registered or certified mail, return receipt requested. Service hereunder shall be complete upon Contractor's actual receipt of process or upon the Authority's receipt of the return thereof by the United States Postal Service as refused or undeliverable. Contractor must promptly notify the Authority, in writing, of each and every change of address to which service of process can be made. Service by the Authority to the last known address shall be sufficient. Contractor will have thirty (30) calendar days after service hereunder is complete in which to respond.

15. OBSERVANCE OF LAWS.

The Contractor agrees to observe all Federal, State and local laws and regulations and to procure all necessary licenses and permits.

16. IDENTIFYING INFORMATION AND PRIVACY NOTIFICATION.

(a.) Federal Employer Identification Number and/or Federal Social Security Number:

All invoices or New York State standard vouchers submitted for payment for the sale of goods or services or the lease of real or personal property to a New York State agency must

include the payee's, i.e., the seller's or lessor's, identification number. The number is either the payee's Federal employer identification number or Federal social security number, or both when the payee has both such numbers. Failure to include the number or numbers may delay payment. Where the payee does not have such number or numbers, the payee must give, on his or her invoice or New York State standard voucher, the reason or reasons why the payee does not have such number or numbers.

(b.) Privacy Notification:

(1.) The authority to request the above personal information from a seller of goods or services, or a lessor of real or personal property, and the authority to maintain such information, is found in Section 5 of the State Tax Law. Disclosure of this information by the seller or lessor to the State is mandatory. The principal purpose for which the information is collected is to enable the State to identify individuals, businesses, and others who have been delinquent in filing tax returns or may have understated their tax liabilities, and to generally identify persons affected by the taxes administered by the Commissioner of Taxation and Finance. The information will be used for tax administration purposes, and for any other purpose authorized by law.

(2.) The personal information is requested by the purchasing unit of the agency contracting to purchase the goods or services or lease the real or personal property covered by this contract or lease. This information is maintained in New York State's Central Accounting System by the Director of State Accounts, Office of the State Comptroller, AESOB, Albany, New York 12236.

17. PROHIBITION ON PURCHASE OF TROPICAL HARDWOODS. The Contractor certifies and warrants that all wood products to be used under this contract award will be in accordance with, but not limited to, the specifications and provisions of New York State Finance Law §165. (Use of Tropical Hardwoods) which prohibits purchase and use of tropical

hardwoods, unless specifically exempted, by the State or any governmental agency or political subdivision or public benefit corporation. Qualification for an exemption under this law will be the responsibility of the Contractor to establish to meet with the approval of the State.

In addition, when any portion of this contract involving the use of woods, whether supply or installation, is to be performed by any subcontractor, the prime Contractor will indicate and certify in the submitted bid proposal that the subcontractor has been informed and is in compliance with specifications and provisions regarding use of tropical hardwoods as detailed in Section 165 of the New York State Finance Law. Any such use must meet with the approval of the State; otherwise, the bid may not be considered responsive. Under bidder certifications, proof of qualification for exemption will be the responsibility of the Contractor to meet with the approval of the State.

18. OMNIBUS PROCUREMENT ACT OF 1992. It is the policy of New York State to maximize opportunities for the participation of New York State business enterprises, including minority and women-owned business enterprises as bidders, subcontractors and suppliers on its procurement contracts.

Information of the availability of New York State subcontractors and suppliers is available from:

NYS Department of Economic
Development
Division for Small Business
30 South Street B 7th Floor
Albany, New York 12245
Telephone: 518-292-5220
Fax: 518-292-5884
<http://www.empire.state.ny.us>

A directory of certified minority and women-owned business enterprises is available from:

NYS Department of Economic

Development
Division of Minority and
Women's Business
Development
30 South Pearl Street, 2nd Floor
Albany, New York 12245
Telephone: 518-292-5250
Fax: 518-292-5803
<http://www.empire.state.ny.us>

The Omnibus Procurement Act of 1992 requires that by signing this bid proposal or contract, as applicable, Contractors certify that whenever the total bid amount is greater than \$1 million:

(a) The Contractor has made reasonable efforts to encourage the participation of New York State Business Enterprises as suppliers and subcontractors, including certified minority and women-owned business enterprises, on this project, and has retained the documentation of these efforts to be provided upon request to the Authority;

(b) The Contractor has complied with the Federal Equal Opportunity Act of 1972 (P.L. 92-261), as amended;

(c) The Contractor agrees to make reasonable efforts to provide notification to New York State residents of employment opportunities on this project through listing any such positions with the Job Service Division of New York State Department of Labor, or providing such notification in such manner as is consistent with existing collective bargaining contracts or agreements. The Contractor agrees to document these efforts and to provide such documentation to the Authority upon request; and

- (d) The Contractor acknowledges notice that the Authority may seek to obtain offset credits from foreign countries as a result of this contract and agrees to cooperate with the Authority in these efforts.

19. RECIPROCITY AND SANCTIONS PROVISIONS. Bidders are hereby notified that if their principal place of business is located in a country, nation, province, state or political subdivision that penalizes New York State vendors, and if the goods or services they offer will be substantially produced or performed outside New York State, the Omnibus Procurement Act 1994 and 2000 amendments (Chapter 684 and Chapter 383, respectively) require that they be denied contracts which they would otherwise obtain. NOTE: As of May 15, 2002, the list of discriminatory jurisdictions subject to this provision includes the state of South Carolina, Alaska, West Virginia, Wyoming, Louisiana and Hawaii. Contact NYS Department of Economic Development for a current list of jurisdictions subject to this provision.

20. STATE FINANCE LAW SECTION 139. The Contractor hereby certifies that all information provided to the Authority with respect to State Finance Law Section 139 is complete, true and accurate. The Authority reserves the right to terminate this Contract in the event it is found that the certification filed by the Contractor in accordance with New York State Finance Law Section 139-k, was intentionally false or intentionally incomplete. Upon such finding, the Authority may exercise its termination right by providing written notification to the Contractor in accordance with the written notification terms of the Contract.

21. ETHICS. During the term of this Agreement, the Contractor shall not engage any person who is or has been at any time in the employ of the Authority or New York State to perform services under the Agreement, without the consent of the Authority. The Authority may request that the Contractor provide it with whatever information the Authority deems

appropriate about such person's engagement, work cooperatively with the Authority to solicit advice from the New York State Commission on Public Integrity or other body having jurisdiction, and if deemed appropriate by the Authority, instruct such person to seek the opinion of the New York State Commission on Public Integrity. The Contractor agrees that any such employee assigned to perform services under this Agreement shall be assigned in accordance with the provisions of the New York State Public Officers Law and any other laws, rules, regulations, guidelines or policies applicable to the service of current or former Authority or New York State employees. Further, during the term of the Agreement, no person who is employed by the Contractor and who is disqualified from providing services under the Agreement pursuant to the New York State Public Officers Law or any other applicable laws, rules, regulations, guidelines or policies may share in any net revenues the Contractor derives from the Agreement. The Authority shall have the right to cancel or terminate this Agreement at any time if any work performed under the Agreement is in conflict with the provisions of the New York State Public Officers Law, other laws applicable to the service of current or former Authority or New York State employees, and/or the rules, regulations, guidelines or policies promulgated or issued by the New York State Commission on Public Integrity.

22. OSHA 10 HOUR CONSTRUCTION SAFETY AND HEALTH COURSE. If this is a public work contract covered by Article 8 of the New York State Labor Law, it shall be required that on all public work projects of at least \$250,000.00, all laborers, workers and mechanics working on the site be certified as having successfully completed A MINIMUM OF 10 HOURS OF CONSTRUCTION AND HEALTH SAFETY TRAINING, as approved by the United States Department of Labor's Occupational Safety and Health Administration (OSHA). The Contractor, sub-contractor or other person doing or contracting to do the whole or part of the work contemplated by the contract, shall provide proof of certification for successfully completing

the course for each employee prior to performing any work on the project.

23. COMPTROLLER'S

APPROVAL. Unless otherwise provided by resolution of the Authority, to the extent required by Section 2879-a of the Public Authorities Law, if this contract exceeds \$1,000,000, or if this is an amendment for any amount to a contract which, as so amended, exceeds said statutory amount, or if, by this contract, the Authority agrees to give something other than money when the value or reasonably estimated value of such consideration exceeds \$1,000,000, it shall not be valid, effective or binding upon the Authority until it has been approved by the State Comptroller and filed in his office.

24. CONFLICTING TERMS. In the event of a conflict between the terms of the contract (including any and all attachments thereto and amendments thereof) and the terms of this Exhibit, the terms of this Exhibit shall control, except that to the extent required for the purpose of obtaining Federal Aid in connection with this contract, any contract provisions required for Federal Aid projects shall supersede any conflicting provisions.

25. CERTIFICATION OF REGISTRATION TO COLLECT SALES AND COMPENSATING USE TAX BY CERTAIN STATE CONTRACTORS, AFFILIATES AND SUBCONTRACTORS.

To the extent this agreement is a contract as defined by Tax Law Section 5-a, if the Contractor fails to make the certification required by Tax Law Section 5-a or if during the term of the contract, the Department of Taxation and Finance or the covered agency, as defined by Tax Law 5-a, discovers that the certification, made under penalty of perjury, is false, then such failure to file or false certification shall be a material breach of this contract and this contract may be terminated, by providing written notification to the Contractor in accordance with the terms of the agreement, if the Authority determines that such action is in the best interest of the State.

26. COMPLIANCE WITH NEW YORK STATE INFORMATION SECURITY BREACH AND NOTIFICATION ACT. Contractor shall comply with the provisions of the New York State Information Security Breach and Notification Act (General Business Law, Section 899-aa; State Technology Law Section 208).

27. NO WAIVER OF PROVISIONS. The Authority's failure to exercise or delay in exercising any right or remedy under this contract shall not constitute a waiver of such right or remedy or any other right or remedy set forth therein. No waiver by the Authority of any right or remedy under this contract shall be effective unless made in a writing duly executed by an authorized officer of the Authority, and such waiver shall be limited to the specific instance so written and shall not constitute a waiver of such right or remedy in the future or of any other right or remedy under this contract.

28. ENTIRE AGREEMENT. This contract, together with this Exhibit, constitutes the entire understanding between the parties and there are no other oral or extrinsic understandings of any kind between the parties. This contract may not be changed or modified in any manner except by a subsequent writing, duly executed by the parties hereto.



NEW YORK STATE BRIDGE AUTHORITY

MEMORANDUM

DAVID A. PATERSON
GOVERNOR, NEW YORK STATE

JOSEPH RUGGIERO
Executive Director

BOARD MEMBERS

JAMES P. SPROAT
Chairman

FRANCIS VECELLIO
Vice Chairman

RODERICK O. DRESSEL

RICHARD GERENTINE

ROGER P. HIGGINS

C. VANE LASHUA

JOSEPH RAMAGLIA

CARL G. WHITBECK, JR.
General Counsel
436 Union Street
Hudson, NY 12534
(518) 828-9444

BRIDGES

RIP VAN WINKLE
P.O. Box 286
Catskill, NY 12414
518-943-2360

KINGSTON-RHINECLIFF
P.O. Box 1400
Kingston, NY 12402
845-336-8181

MID-HUDSON
P.O. Box 1010
Highland, NY 12528
845-691-7221

NEWBURGH-BEACON
P.O. Box 28
Beacon, NY 12508
845-831-3700

BEAR MOUNTAIN
P.O. Box 323
Ft. Montgomery, NY 10922
845-446-4721

TO: AUDIT COMMITTEE
CHAIRMAN SPROAT
BOARD OF COMMISSIONERS

CC: JOSEPH RUGGIERO, Executive Director
JOHN SEWELL, Internal Control Officer

FROM: Barry Mickle
Senior Accountant

DATE: April 27, 2010

SUBJECT: **2010 Audit Planning Memorandum**

Introduction

In conjunction with the Authority's independent auditors, Toski, Schaefer & Co., P.C., we will perform audit tests of the Authority's major internal accounting control systems for purposes of their work papers (for use in their audit of the Authority's financial statements for the year ending December 31, 2010) and my work papers to update our continued review of the internal accounting controls.

The systems under review are the systems controlling the following functions:

- Cash Balances
- Toll Revenue/Cash Receipts
- Investments/Cash Management
- Purchasing/Cash Disbursements
- Payroll
- Construction Contract Related Expenses
- Bonds Payable
- Fixed Equipment
- Employee/Director Travel and Expense Reimbursement

Scope of Review

Our testing was devised to allow us to statistically conclude as to the functioning of the internal control environments surrounding these accounting functions. Our planned reliability factor is 95%, with a 5% risk of over reliance, expecting zero errors. Based upon guidance from Toski, Schaefer & Co., P.C. and generally accepted standards, this requires a minimum sample of 60 items. The only system(s) for which we will not test 60 items are investments, construction contracts and employee/director travel and expense reimbursements. Since these systems have approximately 100 transactions or less annually, smaller sample sizes will be determined.

Planning

Our examination of the Authority's major accounting systems will be performed in accordance with Generally Accepted Governmental Auditing Standards. We believe this is accomplished based on the following analysis:

General Standards

1. **The examination is to be performed by a person or persons having adequate technical knowledge and proficiency as an auditor.** I have a Bachelors of Science degree in Accounting and to date I have worked as an Internal Auditor with the New York State Bridge Authority for over eighteen years.
2. **Independence of the auditor must be maintained.** I believe I am independent due to the fact that I have no management responsibility over any functional accounting areas. Additionally, I have no authority to develop or implement policy or rulemaking changes at the Authority.
3. **Professional care must be maintained.** My work papers are reviewed by Toski, Schaefer & Co., P.C. and, in my and their opinion, are prepared with due professional care. All work papers prepared by staff (other than me) will be prepared under my direct supervision.

Standards of Field Work

1. **Work must be adequately planned.** Planning consists of preparing detailed documentation of the accounting system as part of the NYS Bridge Authority's internal control policies and procedures manual. Vulnerability assessments are then prepared for each section. Based on the system documentation and vulnerability assessments, an audit program is developed.
2. **There must be a proper study and evaluation of the existing system of internal control and it must be documented.** (See 1 above.)

3. **Sufficient evidential matter must be obtained through inspection, observation, inquiry and confirmation in order to afford a reasonable basis for your opinion.** We will prepare detailed work papers for documentation of procedures performed and results obtained.
4. **A review is to be made of compliance with applicable laws and regulations.** NYS Bridge Authority guidelines are prepared in accordance with all applicable laws and regulations. Therefore, to test compliance with Authority guidelines is to review compliance with laws and regulations.

Standards of Reporting

Our reports will comply with the following standards of reporting, if applicable:

1. Written audit reports are to be submitted to the appropriate official of the organization being audited and to the appropriate officials of the organization requiring the audits unless legal restrictions or ethical considerations prevent it. Copies of the reports should also be sent to other officials who may be responsible for taking action and to others authorized to receive such reports. Unless restricted by law or regulation, copies should be made available for public inspection.
2. A statement in the auditor's report that the examination was made in accordance with Generally Accepted Governmental Auditing Standards for financial compliance audits will be acceptable language to indicate that the audit was made in accordance with these standards. (See ch. V. par. 2b for AICPA-suggested language.).
3. Either the Auditor's report on the entity's financial statements or a separate report contain a statement of positive assurance on those items of compliance tested and negative assurance on those items not tested will be issued. It shall also include material instances of non-compliance and instances or indications of fraud, abuse, or illegal acts found during or in connection with the audit.
4. The auditors shall report on their study and evaluation of internal accounting controls made as part of the financial and compliance audit. They shall identify as a minimum: (a) the entity's significant internal accounting controls or the system reviewed or audited, (b) the controls identified that were evaluated, (c) the controls identified that were not evaluated (the auditor may satisfy this requirement by identifying any significant classes of transactions and related assets not included in the study and evaluation), and (d) the material weaknesses identified as a result of the evaluation, or (e) a negative assurance statement as to the adequacy.

Audit Scope Related to Accounting Functions

Toll Revenue

We will randomly select 60 toll collector shifts from January 1, 2010 – December 31, 2010 to perform the following:

- Review required documentation (and its proper completion).
- Review proof of audit.
- Review completion of toll collector reconciliation.
- Trace proper and timely deposits.
- Trace proper and timely posting to the toll collector EDP system.
- Trace proper posting to the general ledger.
- Any other procedures deemed necessary.

We will also incorporate audit findings from throughout the year, including monthly review of surprise cash audits and collector accuracy.

Purchasing/Cash Disbursements

We will randomly select 60 cash disbursements from January 1, 2010 – December 31, 2010 to perform the following:

- Test for all required documents (and proper completion).
- Test for proper approvals.
- Test for compliance with purchasing/procurement guidelines (including M/WBE solicitation).
- Trace postings to appropriate accounting journals.
- Trace proper posting to general ledger.
- Any other procedures deemed necessary.

Investments/Cash Management

We will perform the following procedures with relationship to the Authority's investment portfolio, in order to test the authorizing, safeguarding, recording, reconciling, valuing and physical existence of the Authority's investment securities:

- Test of a random sample of 15 investment transactions for proper documentation, including written authorization for the transactions, as well as written confirmation from the Authority's Trustee.
- Test of a random sample of 15 investment transactions for proper recording in the Authority's subsidiary records.
- Test all of the monthly reconciliations of the Authority's investment balances from the subsidiary ledger to the general ledger.

- Confirmation of investment balances with the Authority's Trustee as of December 31, 2010. Recalculation of accrued investment income and review of the overall reasonableness of investment income recorded for the year.
- Where possible, inspect investment securities and collateral pledged to secure Authority deposits or related documentation in order to verify compliance of the Authority Trustee's fiduciary responsibilities to the Authority and its bondholders.
- Review of investment transactions and collateral requirements for compliance with provisions of the Authority's General Revenue Bond Resolution.

Payroll

We will randomly select 60 payroll checks/direct deposits from January 1, 2010 – December 31, 2010 in order to perform the following:

- Review for proper authorized time worked (includes testing the Kronos data collection system).
- Recalculate gross pay (include fringe recalculation where applicable).
- Verify pay rates to Union contracts or other documentation/approvals.
- Review for proper paycheck distribution.
- Review postings to proper subsidiary ledgers.
- Review postings to general ledger.
- Any other procedures deemed necessary.

Fixed Equipment

We will perform a test of the physical inventory of Authority fixed equipment during 2010.

Employee/Director Travel and Expense Reimbursement

We will randomly select 10 travel/expense reimbursements plus all employee reimbursements greater than \$1,000 from October 1, 2009 – September 30, 2010 in order to perform the following:

- Review reimbursement voucher package for proper review and approval.
- Review for reasonableness of business purpose.
- Review reimbursement to ensure they are being paid in accordance with New York State Bridge Authority Guidelines.
- Any other procedures deemed necessary.

Construction Contract Management

We will review the documentation maintained by the Department which let the contract and the Authority's Finance Department to ensure compliance with the NYS Bridge Authority guidelines and the NYS Highway Law (when applicable) for a random selection of 15 contracts, and all

contracts for which payments made in 2010 were greater than \$1,000,000. Such procedures shall include but are not limited to the following:

- Ensure proper consultant selection and/or contract bidding practices are adhered to.
- Review the files for proper documentation and approval of change orders.
- Proper payment by Trustee.
- Proper recording in the general ledger.
- Compliance with standard NYSDOT policies and procedures.
- Any other procedures deemed necessary.

Bonds Payable

We will verify the proper accounting for all bond related accounts (i.e., Unearned Discount) through December 31, 2010.

Other Procedures

From time to time, on an as needed basis, the Authority Board, Audit Committee or Executive Department may request the internal audit function to investigate certain areas, transactions, situations, etc. This is to provide the Authority with an independent review of the situation, which will ultimately lead to my reporting the impact the situation has on the Authority's overall system of internal control. I will maintain detailed work papers, reports and documentation of action made to prevent or detect the situation in the future.

Purpose of Audit Procedures

The purpose of my audit procedures is to prepare management reports to the appropriate parties, in order to perform the functional requirements of a continued internal control review program.

Such reports will serve the Board, Audit Committee or Executive Department as follows:

- Create or adjust policies or procedures to instruct the Authority officers and management of proper internal control procedures.
- Allow them to gain assurance that adequate systems of internal control are being maintained and reviewed.
- Alert them to possible situations or transactions that could be indicative of fraud, abuse and illegal expenditures (Watch Dog Function).
- Assist them as required, for whatever reason.
- Allow them to submit the annual certification of internal controls to the Division of Budget.

FORM A-1
PROPOSER'S AFFIRMATION OF UNDERSTANDING OF SECTION
139 PROCEDURES

Offeror affirms that it understands and agrees to comply with the procedures of the Government Entity relative to permissible Contacts as required by State Finance Law §139-j (3) and §139-j (6) (b).

By: _____ Date: _____

Name: _____

Title: _____

Contractor Name: _____

Contractor Address: _____

FORM A-2
Offeror Certification of Compliance
with State Finance Law §139-k (5)

Offeror Certification:

I certify that all information provided to the Authority with respect to State Finance Law §139-k is complete, true and accurate.

By: _____ Date: _____

Name: _____

Title: _____

Contractor Name: _____

Contractor Address: _____

(Add additional pages as necessary)

5. Has any Governmental Entity or other governmental agency terminated or withheld a Procurement Contract with the above-named individual or entity due to the intentional provision of false or incomplete information? (Please circle):
No Yes

6. If yes, please provide details below.

Governmental Entity: _____

Date of Termination or Withholding of Contract: _____

Basis of Termination or Withholding: _____

(Add additional pages as necessary)

Offeror certifies that all information provided to the Governmental Entity with respect to State Finance Law §139-k is complete, true and accurate.

By: _____ Date: _____
Signature

Name: _____

Title: _____

**FORM B
CONFLICT OF INTEREST AFFIDAVIT**

STATE OF _____)

COUNTY OF _____) SS.:

_____, being duly sworn, deposes and says: He is an officer of _____, which is about to render services to the Authority as a contractor/consultant or in any other professional capacity (the "Firm") and agrees that the Firm has no interest and will not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of its services to be rendered to the Authority.

That it is further agreed in the rendering of services to the Authority, no person having any such interest shall knowingly be employed by the undersigned or the Firm.

Respondent's Name: _____

Signature: _____
Authorized Official

Typed or Printed Name: _____

Title: _____

Date: _____

Sworn to before me this _____

day of _____, 2010.

NOTARY PUBLIC

FORM C
Non-Collusive Proposer Certification

BY SUBMISSION OF THIS RFP, PROPOSER AND EACH PERSON SIGNING ON BEHALF OF PROPOSER CERTIFIES, AND IN THE CASE OF JOINT RFP, EACH PARTY THERETO CERTIFIES AS TO ITS OWN ORGANIZATION, UNDER PENALTY OF PERJURY, THAT TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF:

(1) The prices in this RFP have been arrived at independently without collusion, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other proposer or with any competitor;

(2) Unless otherwise required by law, the prices which have been quoted in this RFP have not been knowingly disclosed by the proposer and will not knowingly be disclosed by the proposer prior to opening, directly or indirectly, to any other proposer or to any competitor; and

(3) No attempt has been made or will be made by the proposer to induce any other person, partnership or corporation to submit or not to submit a RFP for the purpose of restricting competition.

A RFP SHALL NOT BE CONSIDERED FOR AWARD NOR SHALL ANY AWARD BE MADE WHERE [1], [2], [3] ABOVE HAVE NOT BEEN COMPLIED WITH; PROVIDED HOWEVER, THAT IF IN ANY CASE THE PROPOSER(S) CANNOT MAKE THE FOREGOING CERTIFICATION, THE PROPOSER SHALL SO STATE AND SHALL FURNISH BELOW A SIGNED STATEMENT WHICH SETS FORTH IN DETAIL THE REASONS THEREFORE:

[AFFIX ADDENDUM TO THIS PAGE IF SPACE IS REQUIRED FOR STATEMENT.]

Subscribed to under penalty of perjury under the laws of the State of New York, this ____ day of _____, 2010 as the act and deed of said corporation of partnership.

**IF PROPOSER(S) (ARE) A PARTNERSHIP, COMPLETE THE FOLLOWING:
NAMES OF PARTNERS OR PRINCIPALS/ LEGAL RESIDENCE**

_____	_____
Name	Legal Residence
_____	_____
Name	Legal Residence
_____	_____
Name	Legal Residence
_____	_____
Name	Legal Residence

**IF PROPOSER(S) (ARE) A CORPORATION, COMPLETE THE FOLLOWING:
NAMES/ LEGAL RESIDENCE**

President

Legal Residence

Secretary

Legal Residence

Treasurer

Legal Residence

Date: _____

Chief Executive Officer:

Name of Proposer: _____

[Signature]

[Typed or Printed Name]

Date: _____

Chief Financial Officer:

Name of Proposer: _____

[Signature]

[Typed or Printed Name]

Sworn to before me this _____

day of _____, 2010.

NOTARY PUBLIC

FORM D
BUSINESS INFORMATION

This form must be submitted along with all other forms included in this RFP package. All questions must be answered and the data given must be clear and comprehensive. This statement must be notarized.

1. Name of entity:
2. Permanent main office address:
3. Telephone number: Fax number:
4. Contact person regarding RFP:
5. Names of all officers and/or principals in the firm and their titles:

Name of Officer and/or Principals	Titles

6. If respondent is a closely held corporation, list stockholder's information below:

Name	Address	Office Held

7. Date organized (month, day, year):
8. If a corporation, where incorporated (city, state):
9. Number of years entity in business: Federal Tax I.D. No.:

10. Financial References: Give bank reference and names in which accounts are held.

Bank Reference	Bank Name	Bank Address

11. Has the entity or any of its Principals, Owners, Officers, Partners, Directors or Stockholders of the entity been the subject of a criminal investigation? Yes [] No []

12. If the answer to the above question is "Yes", state the court in which the investigation is taking/took place, the approximate date the investigation commenced and, if applicable, concluded as well as the subject matter of the investigation and the identity of the person(s) or entity(ies) involved:

13. Has any indictment arisen out of the investigation? Yes [] No []

14. If the answer to the above question is "Yes", state the person(s) or entity(ies) indicated and the status of any such indictment:

15. Has an entity, (i.e.) corporation, partnership, etc., in which a Principal, Owner, Officer, Partner, Director, or Stockholder has an ownership interest ever been the subject of a criminal investigation? Yes [] No []

16. If the answer to the above question is "Yes", state the court in which the investigation is taking/took place, the approximate date the investigation commenced and, if applicable, concluded as well as the subject matter of the investigation and the identity of the person(s) or entity(ies) involved:

17. Has any indictment arisen out of the investigation? Yes [] No []

18. If the answer to the above question is "Yes", state the person(s) or entity(ies) indicated and the status of any such indictment:

19. List names of any affiliated corporation of respondent, business affiliation with respondent and specify relationship:

Name of affiliated corporation	Business Affiliation	Specify Relationship

20. Identify all subcontractors proposed to be used to fulfill any part of the obligations anticipated by this proposal:

Name of subcontractor	Address	Type of work to be performed

21. Current licenses, permits and certifications are listed on **Form I** and copies of same are attached to Form I.
22. The undersigned hereby authorizes and requests any person, firm or corporation to furnish any information requested by the Authority and/or his designee on behalf of the Authority in verification of the recitals comprising this Business Information Form.

_____ (Name of Entity)

By: _____ (Principal)

_____ (Title)

State of New York)
 County of) ss.

_____ being duly sworn, deposes and says that he/she is
 _____ of _____ and that the answers to
 the foregoing questions and all statements therein contained are true and correct.

Subscribed and sworn to before me this
 _____ day of _____, 2010

 Notary Public

STATE OF NEW YORK VENDOR RESPONSIBILITY QUESTIONNAIRE

1. Vendor is: <input type="checkbox"/> PRIME CONTRACTOR <input type="checkbox"/> SUB-CONTRACTOR			
2. Vendor's Legal Business Name		3. Identification Numbers a) FEIN # _____ b) DUNS # _____	
4. Doing Business As (D/B/A)(if applicable) & County Filed		5. Website Address (if applicable)	
6. Address of Primary Place of Business/Executive Office		7. Phone No. () -	8. Fax No. () -
9. Address of Primary Place of Business/Executive Office in New York State (if different from above)		10. Phone No. () -	11. Fax No. () -
12. Primary Place of Business in New York State is: <input type="checkbox"/> Owned <input type="checkbox"/> Rented If rented, please provide landlord's name, address, and phone number below:		13. Authorized Contact for this Questionnaire Name _____ Title _____ Phone No. _____ Fax No. _____ E-mail Address _____	
14. Vendor's Business Entity is (check appropriate box and provide requested information):			
a) <input type="checkbox"/> Business Corporation	Date of Incorporation	State of Incorporation*	
b) <input type="checkbox"/> Sole Proprietor	Date Established		
c) <input type="checkbox"/> General Partnership	Date Established		
d) <input type="checkbox"/> Not-for-Profit Corporation	Date of Incorporation	State of Incorporation* _____	Charities Registration No. _____
e) <input type="checkbox"/> Limited Liability Company (LLC)	Date Established		
f) <input type="checkbox"/> Limited Liability Partnership	Date Established		
g) <input type="checkbox"/> Other - Specify:	Date Established	Jurisdiction Filed (if applicable)	
* If not incorporated in New York State, please provide a copy of authorization to do business in New York or a current certificate of good standing from your state of incorporation.			
15. Primary Business Activity (Please identify the primary business categories, products or services provided by your business.)			
16. Name of Workers' Compensation Insurance Carrier:			
17. List below ALL of the Vendor's Principal Owners and the three officers who direct the daily operations of the Vendor (attach additional sheets if necessary):			
a) Name	Title	b) Name	Title
c) Name	Title	d) Name	Title

STATE OF NEW YORK VENDOR RESPONSIBILITY QUESTIONNAIRE

FOR QUESTIONS 18 - 29, A DETAILED EXPLANATION IS REQUIRED FOR EACH QUESTION ANSWERED WITH A "YES", AND MUST BE PROVIDED AS AN ATTACHMENT TO THE COMPLETED QUESTIONNAIRE. YOU MUST PROVIDE ADEQUATE DETAILS OR DOCUMENTS TO AID THE NEW YORK STATE THRUWAY AUTHORITY/CANAL CORPORATION (NYSTA/CC) IN MAKING A DETERMINATION OF VENDOR RESPONSIBILITY. PLEASE NUMBER EACH RESPONSE TO MATCH THE QUESTION NUMBER.

18. Is the vendor certified in New York State as a (please check): Yes No
- Minority Business Enterprise (MBE)
 - Women's Business Enterprise (WBE)
 - Disadvantaged Business Enterprise (DBE)

Please provide a copy of any of the above certifications that apply.

19. Does the vendor use, or has it used in the past ten (10) years, any other business name, FEIN, DUNS or D/B/A other than those listed in items 2-4 above? Yes No

List all other business name(s), FEIN(s), DUNS(s) or any D/B/A names and the dates that these names or numbers were/are in use. Explain the relationship to the vendor.

20. Are there any individuals now serving in a managerial or consulting capacity to the vendor, including principal owners and officers, who now serve or in the past three (3) years have served as:

- a) a full or part-time employee at the NYSTA/CC or a New York State agency, or as a consultant, in an individual capacity, to the NYSTA/CC or a New York State agency? Yes No

List each individual's name, business title or consulting capacity, New York State agency name (if applicable) and employment position with applicable service dates.

- b) If yes to item #20a, did this individual perform services related to the solicitation, negotiation, operation and/or administration of public contracts for the NYSTA/CC or a New York State agency? Yes No

List each individual's name, business title or consulting capacity, New York State agency name (if applicable) and the consulting/advisory position with applicable service dates. List each contract name and assigned contract number.

21. Within the past five (5) years, has the vendor, any individuals serving in a managerial or consulting capacity, principal owners, officers, major stockholder(s) (10% or more of the voting shares for publicly traded companies, 25% or more of the shares for all other companies), affiliate¹ or any person involved in the bidding, contracting, or leasing process:

- a) i. been suspended, debarred or terminated by a local, state or federal authority in connection with a contract or contracting process; Yes No
 - ii. been disqualified for cause as a bidder on any permit, license, concession franchise or lease;
 - iii. agreed to a voluntary exclusion from bidding/contracting;
 - iv. had a bid rejected on a NYSTA/CC or a New York State agency contract for failure to comply with the MacBride Fair Employment Principles;
 - v. had a low bid rejected on a local, state or federal contract for failure to meet statutory affirmative action or M/WBE requirements on a previously held contract;
 - vi. had status as a Women's Business Enterprise, Minority Business Enterprise or Disadvantaged Business Enterprise denied, de-certified, revoked or forfeited;
 - vii. been subject to an administrative proceeding or civil action seeking specific performance or restitution in connection with any local, state or federal government contract;
 - viii. been denied an award of a local, state or federal government contract, had a contract suspended or had a contract terminated for non-responsibility; or
 - ix. had a local, state or federal government contract suspended or terminated for cause prior to the completion of the term of the contract?
- b) been investigated, indicted, convicted, received a judgment against them or a grant of immunity for any business-related conduct constituting a crime under local, state or federal law including, but not limited to, fraud, extortion, bribery, racketeering, price-fixing, bid collusion or any crime related to truthfulness and/or business conduct? Yes No

**STATE OF NEW YORK
VENDOR RESPONSIBILITY QUESTIONNAIRE**

- c) been issued a citation, notice, violation order, or are pending an administrative hearing, proceeding or determination for violations of: Yes No
- i. federal, state or local health laws, rules or regulations, including but not limited to Occupational Safety & Health Administration (OSHA) or New York State labor law;
 - ii. state or federal environmental laws;
 - iii. unemployment insurance or workers' compensation coverage or claim requirements;
 - iv. Employee Retirement Income Security Act (ERISA);
 - v. federal, state or local human rights laws;
 - vi. civil rights laws;
 - vii. federal or state security laws;
 - viii. federal Immigration and Naturalization Services (INS) and Alienage laws;
 - ix. state for federal anti-trust laws; or
 - x. charity or consumer laws
- d) been investigated by any federal, state or local government agency for a civil violation for any business related conduct? Yes No

For yes answers to any of the above, detail the situation(s), the date(s), name(s), title(s) and address(es) of any individuals involved and, if applicable, and any corrective action(s) taken by the vendor.

22. In the past five (5) years, has the vendor or its affiliates¹ had any claims, judgments (satisfied or unsatisfied), injunctions, liens, fines or penalties secured by any governmental agency including, but not limited to, judgements based on taxes owed or fines or penalties assessed by any federal, state or local government agency? Yes No

Indicate if this is applicable to the submitting vendor or affiliate. State whether the situation(s) was a claim, judgment, injunction, lien or other with an explanation. Provide the name(s) and address(es) of the agency, the amount of the original obligation and outstanding balance. If any of these items are open or unsatisfied, indicate the status of each item as "open" or "unsatisfied".

23. Has the vendor (for profit and not-for-profit corporations) or its affiliates¹, in the past three (3) years, had any governmental audits that revealed material weaknesses in its system of internal controls, compliance with contractual agreements and/or laws and regulations or any material disallowances? Yes No

Indicate if this is applicable to the submitting vendor or affiliate. Detail the type of material weakness found or the situation(s) that gave rise to the disallowance, any corrective action taken by the vendor and the name of the auditing agency.

24. Is the vendor exempt from income taxes under the Internal Revenue Code? Yes No
Indicate the reason for the exemption and provide a copy of any supporting information.

25. During the past three (3) years, has the vendor failed to:

- a) file returns or pay any applicable federal, state or city taxes? Yes No
Identify the taxing jurisdiction, type of tax, liability year(s), and tax liability amount the vendor failed to file/pay and the current status of the liability.

- b) file returns or pay New York State unemployment insurance? Yes No
Indicate the years the vendor failed to file/pay the insurance and the current status of the liability.

26. Have any bankruptcy proceedings been initiated by or against the vendor or its affiliates¹ within the past seven (7) years (whether or not closed) or is any bankruptcy proceeding pending by or against the vendor or its affiliates regardless of the date of filing? Yes No

Indicate if this is applicable to the submitting vendor or affiliate. If it is an affiliate, include the affiliate's name and FEIN. Provide the court name, address and docket number. Indicate if the proceedings have been initiated, remain pending or have been closed. If closed, provide the date closed.

27. Is the vendor currently insolvent, or does the vendor currently have reason to believe that an involuntary bankruptcy proceeding may be brought against it? Yes No

Provide financial information to support the vendor's current position, for example, Current Ratio, Debt Ratio, Age of Accounts Payable, Cash Flow and any documents that will provide the NYSTA/CC with an understanding of the vendor's situation.

28. Has the vendor been a contractor or subcontractor on any contract with any New York State agency and/or with the NYSTA/CC in the past five (5) years? Yes No

List the agency name, address, and contract effective dates. Also provide state contract identification number, if known.

FORM E
CONFIDENTIALITY NOTICE

The data on page(s)

of this proposal, identified by an asterisk (*) or marked along the margin with a vertical line, contain technical or financial information which are considered to be proprietary information or trade secrets, the disclosure of which would cause substantial injury to the Proposer's competitive positions. The Proposer requests that such data be used only for the evaluation of the proposal, but understands that such data may otherwise be disclosed to the extent that the Authority determines is necessary or proper for compliance with any law, order or decree of any court or agency of competent jurisdiction, or necessary or proper in the Authority's view to show compliance with any law, order or decree of any court or agency of competent jurisdiction.

Note:

Proposer is urged to only designate as confidential those materials which, in its opinion, clearly represent proprietary information or trade secrets. Cost proposal information and all proposed forms shall not be considered confidential.

Proposer _____

Signature of Authorized Official _____

Date _____

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis,
Financial Statements and
Supplementary Information
December 31, 2010 and 2009
(With Independent Auditors' Report Thereon)

NEW YORK STATE BRIDGE AUTHORITY

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* * * * *

TOSKI, SCHAEFER & CO., P.C.
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14 CORPORATE WOODS BLVD.
ALBANY, NY 12211
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INDEPENDENT AUDITORS' REPORT

To the Governing Board
New York State Bridge Authority:

We have audited the accompanying basic financial statements of the New York State Bridge Authority (the Authority) as of and for the years ended December 31, 2010 and 2009 as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New York State Bridge Authority as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 8 and the Bridge System Assessments on pages 26 and 27 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. This information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated March 4, 2011 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Toski, Schaefer & Co, P.C.

Williamsville, New York
March 4, 2011

NEW YORK STATE BRIDGE AUTHORITY

Management's Discussion and Analysis

December 31, 2010

Management's discussion and analysis serves to introduce the other elements of the financial section of this annual report. Included are the basic financial statements, notes to 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 2010 totaled \$37.7 million, \$0.6 million above the previous year. Interest income decreased from prior year by \$0.03 million as interest rates continued at historically low levels. A Federal grant of \$0.3 million in other income was obtained for a project to install cameras on Authority facilities.

Total operating expenses of \$39 million increased by \$7.1 million. This 22.3% increase was the result of increased rehabilitation, reconstruction, and bridge repairs of \$5.1 million, employee benefits of \$1.4 million, and electronic toll costs of \$0.3 million.

Net assets at year-end were \$97.6 million, which was \$30.1 million above the prior year. This increase is due to the transfer of the Walkway Over The Hudson to the Authority in December 2010.

BASIC FINANCIAL STATEMENTS

The Authority's financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Government Accounting Standards Board. These statements are designed to afford an overview of the Authority's finances and consist of the balance sheets, statements of revenue, expenses and changes in net assets, and the statements 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

Balance Sheets

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

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

	December 31	
	2010	2009
	(In 000's)	(In 000's)
Assets		
Current assets	\$ 42,373	47,099
Noncurrent assets:		
Capital assets	122,409	89,780
Other noncurrent assets	207	248
Total assets	\$ 164,989	137,127
Liabilities		
Current liabilities	10,800	8,972
Noncurrent liabilities:		
General revenue bonds	41,715	47,615
Other noncurrent liabilities	14,888	13,005
Total liabilities	\$ 67,403	69,592
Net assets		
Invested in capital assets	122,409	89,779
Restricted	30,475	35,428
Unrestricted	(55,298)	(57,672)
Total net assets	\$ 97,586	67,535

Statements of Revenue, Expenses and Changes in Net Assets

The statements of revenue, expenses and changes in net assets show the effect of income and expenses on the Authority's net assets for the year. These statements are prepared on an accrual basis, meaning revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they occur. The Authority's statements for 2010 and 2009 are summarized as follows:

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

	December 31	
	2010 (In 000's)	2009 (In 000's)
Operating revenue:		
Toll revenues	\$ 37,669	37,084
Other income	511	88
Total operating revenue	<u>38,180</u>	<u>37,172</u>
Operating expenses:		
Salaries	10,718	10,788
Employee benefits	7,471	6,100
Commercial insurance	1,402	1,219
Rehabilitation, reconstruction and bridge repairs	12,950	7,846
Electronic toll costs	3,165	2,881
Other	3,337	3,079
Total operating expenses	<u>39,043</u>	<u>31,913</u>
Operating gain (loss)	<u>(863)</u>	<u>5,259</u>
Nonoperating revenue (expenses):		
Interest income	414	442
Interest and other	30,500	(2,526)
Total nonoperating revenue (expenses)	<u>30,914</u>	<u>(2,084)</u>
Increase in net assets	30,051	3,175
Net assets at beginning of year	<u>67,535</u>	<u>64,360</u>
Net assets at end of year	<u>\$ 97,586</u>	<u>67,535</u>

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

Statements of Revenue, Expenses and Changes in Net Assets, Continued

The cost of operations increased \$7.1 million for the year as rehabilitation, reconstruction, and bridge repairs increased by \$5.1 million primarily due to the painting of a portion of the Newburgh-Beacon Bridge. Employee benefits increased \$1.4 million. This was due primarily to 20 employees utilizing the 2010 retirement incentive resulting in a onetime charge for \$1.0 million. A requirement of the Authority to utilize 2010 retirement incentive program is that it will produce a net savings in the first two years. The Authority projects the program will provide net savings in the first two years and continue to provide additional savings in subsequent years. Increased annual contributions to the retirement system also contributed to higher employee benefit costs. Electronic toll costs increased by \$0.3 million, driven by both increased volume and costs per transaction.

Non-operating revenue is from interest income on investments and the capital addition of the Walkway Over The Hudson. Interest income was slightly lower than 2009 as interest rates on government obligations in which the Authority invests continued at historically low levels. The capital addition is from the Authority accepting ownership on December 21, 2010 of the Walkway Over The Hudson (WOH), a 122 year-old railroad bridge converted into a linear state park. This is a pedestrian only structure which will produce no toll revenues. The New York State Office of Parks, Recreation, and Historic Preservation will be responsible for WOH operations and the maintenance of the deck, and the Authority will be responsible for the maintenance of the structure.

Interest paid on the Authority's outstanding bonds, which totaled \$2.2 million this year, accounted for substantially all of the non-operating expenses.

Statements of Cash Flows

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

Net cash of \$3.2 million provided by operating activities was down \$3.9 million reflecting \$4.8 million in higher payments to suppliers and contractors and offset by \$0.6 million in increased toll revenue.

Principal and interest payments on Authority bonds held steady at \$8.1 million as capital financing results were similar to those in 2009. Cash flows from investing activities resulted in net cash of \$5.0 million, which includes interest earned on investments and net cash resulting from the purchase and sale of investments.

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

AUTHORITY BUDGET

The Authority's 2010 budget projected collections of \$37.3 million was \$0.4 million below the actual. An improvement in traffic from the deep recession levels forecasted drove these collection increases. Passenger traffic increased from 2009 by 743,000 vehicles generating \$0.4 million in additional revenue. Commercial traffic increased from 2009 by 37,000 vehicles generating a \$0.1 million increase due to higher usage by five axle trucks. The Authority budgeted Federal grants of \$2.3 million which was \$2.0 million above actual. The progress of the construction for The Port Authority of New York and New Jersey, the entity administering the Federal grant, project fell behind the original projection. The remaining grant funds are expected upon completion of the related projects. Additionally, interest rates on Authority investments continued at historically low levels, interest income of \$414,000 was \$14,000 above forecast.

2010 operating expenses of \$39.0 million came in higher than the Authority's operating and capital improvement plan budget by \$0.4 million due to the 2010 retirement incentive of \$1.0 million. The day-to-day operating budget, which was forecasted at \$24.9 million, came in at \$26.1 million. This included the 2010 retirement incentive program of \$1.0 million that was not budgeted and higher electronic toll costs of \$0.6 million associated with higher EZ-Pass traffic volumes.

The Authority's five year capital plan budgeted \$13.8 million in 2010 whereas actual costs totaled \$13.0 million. The difference resulted from a combination of factors. Approximately \$1.0 million of work was deferred to 2011 or later and the original capital plan excluded costs for the Federal grant project that were funded from the grant. The Federal grant funding \$0.3 million is reflected in other income.

TOTAL CAPITAL ASSETS AND LONG-TERM DEBT

As of December 31, 2010, the Authority's investment in capital assets was \$122.4 million. Capital assets include bridges, roads, buildings, and equipment. In order to fund the commitment to its program of rehabilitation and improvement of the bridge facilities, in March 2002, the Authority issued \$50 million General Revenue Bonds having a final maturity on January 1, 2017. All Authority revenue is pledged to repay these bonds and the outstanding Series 1997 issue. As of December 31, 2010, \$47.6 million of debt remained outstanding and funds were in reserve to retire \$5.9 million bonds on January 1, 2011.

In 2010, Standard & Poor's affirmed the Authority's AA- rating and stable outlook on its outstanding bonds. Moody's Investors Service in 2009 affirmed the Authority's Aa2 bond rating, making it one of only two public toll agencies in the country to achieve such a rating.

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

MODIFIED APPROACH FOR INFRASTRUCTURE ASSETS

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

The condition of the Authority's bridge facilities is determined through annual inspections performed in accordance with New York State Department of Transportation (NYSDOT) requirements and Federal Highway Administration guidelines. The yearly inspections by the Authority's consulting engineers, Modjeski & Masters, Inc., measures the ability of each facility to function structurally utilizing a NYSDOT condition rating ranging between 1 and 7. The Authority's policy is to keep the overall condition rating of each 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, NY 12528.

NEW YORK STATE BRIDGE AUTHORITY
Balance Sheets
December 31, 2010 and 2009

	<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:			
Cash and equivalents		\$ 8,837,391	9,167,088
Investments		31,057,268	35,640,841
Accounts receivable		1,730,188	1,698,807
Prepaid expenses		707,272	551,007
Bond issuance costs		41,347	41,347
Total current assets		<u>42,373,466</u>	<u>47,099,090</u>
Noncurrent assets:			
Bond issuance costs		206,733	248,080
Capital assets, net		38,050,583	5,421,161
Bridge system		84,358,269	84,358,269
Total noncurrent assets		<u>122,615,585</u>	<u>90,027,510</u>
Total assets		<u>\$ 164,989,051</u>	<u>137,126,600</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable and accrued expenses		1,576,974	1,341,654
Accrued wages, payroll taxes and fringe benefits		1,470,271	410,116
Contracts payable		632,771	228,963
Accrued interest on bonds		1,144,023	1,275,398
Bond premium		76,011	76,011
General revenue bonds, current portion		5,900,000	5,640,000
Total current liabilities		<u>10,800,050</u>	<u>8,972,142</u>
Noncurrent liabilities:			
Accrued fringe benefits		14,508,045	12,548,260
Bond premium		380,057	456,069
General revenue bonds		41,715,000	47,615,000
Total noncurrent liabilities		<u>56,603,102</u>	<u>60,619,329</u>
Net assets:			
Invested in capital assets		122,408,852	89,779,430
Restricted for:			
Debt service		8,165,101	8,427,395
Insurance		8,607,056	9,136,055
Maintenance reserve		13,702,925	17,863,954
Unrestricted (deficiency)		<u>(55,298,035)</u>	<u>(57,671,705)</u>
Total net assets		<u>97,585,899</u>	<u>67,535,129</u>
Commitments and contingencies (note 13)			
Total liabilities and net assets		<u>\$ 164,989,051</u>	<u>137,126,600</u>

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY
 Statements of Revenue, Expenses and Changes in Net Assets
 Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenue:		
Toll revenue	\$ 37,668,652	37,084,176
Other income	<u>511,128</u>	<u>88,142</u>
Total operating revenue	<u>38,179,780</u>	<u>37,172,318</u>
Operating expenses:		
Salaries	10,718,175	10,788,378
Employee benefits	7,471,135	6,099,987
Utilities	677,298	606,150
Insurance	1,401,805	1,218,825
Professional services	530,199	332,183
Supplies and materials	221,922	207,470
Equipment expense	193,109	63,478
Maintenance and repairs	548,099	697,608
Rehabilitation, reconstruction and bridge repairs	12,949,595	7,845,821
Electronic toll costs	3,164,671	2,880,639
Depreciation	612,990	602,044
Other	<u>553,635</u>	<u>570,729</u>
Total operating expenses	<u>39,042,633</u>	<u>31,913,312</u>
Operating income (loss)	<u>(862,853)</u>	<u>5,259,006</u>
Nonoperating revenue (expenses):		
Interest income	413,798	441,882
Capital addition for Walkway Over The Hudson pedestrian bridge	32,758,706	-
Amortization of bond issuance costs	(41,347)	(41,347)
Interest and other expenses	<u>(2,217,534)</u>	<u>(2,484,284)</u>
Total nonoperating revenue (expenses)	<u>30,913,623</u>	<u>(2,083,749)</u>
Increase in net assets	30,050,770	3,175,257
Net assets at beginning of year	<u>67,535,129</u>	<u>64,359,872</u>
Net assets at end of year	<u>\$ 97,585,899</u>	<u>67,535,129</u>

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY
 Statements of Cash Flows
 Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Toll revenue	\$ 37,637,271	37,010,130
Payments to suppliers	(6,470,475)	(6,051,481)
Payments to contractors	(13,286,995)	(8,865,452)
Payments for wages and employee benefits	(15,169,370)	(15,012,810)
Other receipts	511,128	88,142
Net cash provided by operating activities	<u>3,221,559</u>	<u>7,168,529</u>
Cash flows from capital financing activities:		
Purchases of capital assets, net	(483,706)	(1,564,801)
Principal paid on bonds payable	(5,640,000)	(5,390,000)
Interest paid on bonds payable	(2,424,921)	(2,684,835)
Net cash used in capital financing activities	<u>(8,548,627)</u>	<u>(9,639,636)</u>
Cash flows from investing activities:		
Proceeds from sale of investments, net	4,583,573	1,700,137
Interest on investments	413,798	441,882
Net cash provided by investing activities	<u>4,997,371</u>	<u>2,142,019</u>
Net decrease in cash and equivalents	(329,697)	(329,088)
Cash and equivalents at beginning of year	9,167,088	9,496,176
Cash and equivalents at end of year	<u>\$ 8,837,391</u>	<u>9,167,088</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	(862,853)	5,259,006
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	612,990	602,044
Changes in:		
Accounts receivable	(31,381)	(74,046)
Prepaid expenses	(156,265)	28,712
Accounts payable and accrued expenses	235,320	(264,196)
Accrued wages, payroll taxes and fringe benefits	3,019,940	1,875,555
Contracts payable	403,808	(258,546)
Net cash provided by operating activities	<u>\$ 3,221,559</u>	<u>7,168,529</u>
Supplemental schedule of cash flow information - capital addition - Walkway Over The Hudson pedestrian bridge	<u>\$ 32,758,706</u>	<u>-</u>

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements

December 31, 2010 and 2009

(1) Organization

The New York State Bridge Authority (Authority) is a Public Benefit Corporation created in 1932 and existing pursuant to Title 2, of Article 3 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York (the Act). The Act provides that the Authority shall continue its corporate existence and operate and maintain its bridge facilities so long as it shall have bonds or other obligations outstanding and until its existence shall be terminated by law. The Authority, which currently operates and maintains the Rip Van Winkle, Kingston-Rhinecliff, Mid-Hudson, Newburgh-Beacon, and Bear Mountain bridges crossing over the Hudson River, consists of a seven member Board appointed by the Governor with the advice and consent of the Senate. Since the Authority has no component units or potential component units, the accompanying financial statements include only the accounts of the Authority. The Authority's financial statements are included in the New York State Comprehensive Annual Financial Report.

(2) Significant Accounting Policies

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

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Authority's reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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

Invested in Capital Assets - This component of net assets consists of capital assets, net of accumulated depreciation, reduced (as applicable) by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

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

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

Unrestricted Net Assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets".

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

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

(1) General Fund

(a) Revenue Fund

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

(b) Operating Fund

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

(c) General Fund

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

(2) Debt Service Funds

(a) Debt Service Fund

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

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

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

(2) Debt Service Funds, Continued

(b) Debt Service Reserve Fund

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

(c) Subordinated Indebtedness Fund

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

(d) Rebate Fund

Established to hold monies for rebates of certain investment earnings.

(3) Capital Projects Fund

(a) Construction Fund

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

(b) Maintenance Reserve Fund

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

(c) Insurance Fund

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

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(b) Cash Deposits and Investments

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

(c) Capital Assets

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

Buildings	30 years
Furniture and equipment	3 - 10 years

(d) Bridge System

The bridge system consists of five bridges (6 spans) spanning the Hudson River together with the related toll plazas and approaches. The bridge system is reported at historical cost. The Authority uses the modified approach to account for the bridge system. Under the modified approach expenditures for additions and improvements to eligible infrastructure assets, which increase capacity or efficiency of the assets rather than preserve their lives, are capitalized. All other expenditures, including preservation costs, are expensed in the period incurred and the bridge system is not depreciated. The Authority performs condition assessments on the bridge system, makes annual estimates of the outlay necessary to maintain and preserve the assets at predetermined condition levels and documents that the assets are being maintained at the predetermined condition level.

(e) Real Property

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

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(f) Compensated Absences

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

(g) Subsequent Events

The Authority has evaluated events after December 31, 2010, and through March 4, 2011, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(h) Operating 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.

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, 2010 amounted to \$8,837,391 and the bank balance was \$9,876,570. The bank balance is collateralized as follows:

Amount issued by FDIC	\$ 500,000
Collateral held by a third party in the Authority's name	4,029,484
Collateral held by trustee	<u>7,094,609</u>
	\$ <u>11,624,093</u>

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(4) Investments

The cost and market value of investments (United States Government Securities) held by the Authority as of December 31, 2010 and 2009 are summarized as follows:

<u>Restricted</u>	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Debt Service Fund -				
U.S. Treasury Notes	\$ 8,114,728	8,125,324	8,413,478	8,457,156
Insurance Fund -				
U.S. Treasury Notes	8,607,056	8,848,515	9,135,495	9,286,094
Maintenance Reserve Fund -				
U.S. Treasury Notes	4,589,228	4,598,133	6,149,191	6,125,392
U.S. Treasury Bills	<u>9,746,256</u>	<u>9,746,015</u>	<u>11,942,677</u>	<u>11,942,677</u>
Total maintenance	<u>14,335,484</u>	<u>14,344,148</u>	<u>18,091,868</u>	<u>18,068,069</u>
Total	\$ <u>31,057,268</u>	<u>31,317,987</u>	<u>35,640,841</u>	<u>35,811,319</u>

All Authority investment securities are classified as securities acquired by a financial institution for a governmental entity held by the financial institution's trust department in the entity's name. At December 31, 2010, the Authority's investments and maturities were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than one year</u>	<u>1 to 5 years</u>
U.S. Treasury Notes	\$ 9,746,015	9,746,015	-
U.S. Treasury Bills	<u>21,571,972</u>	<u>10,730,868</u>	<u>10,841,104</u>
	\$ <u>31,317,987</u>	<u>20,476,883</u>	<u>10,841,104</u>

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(5) Funds Held For Restricted Purposes

At December 31, 2010 and 2009, funds held for restricted purposes by fund category consisted of the following:

	2010			
	<u>Cash and Equivalents</u>	<u>United States Governmental Securities</u>	<u>Related Liabilities</u>	<u>Total</u>
Debt Service Funds:				
Debt service fund	\$ 7,058,820	-	(7,044,023)	14,797
Debt service reserve fund	<u>35,576</u>	<u>8,114,728</u>	<u>-</u>	<u>8,150,304</u>
Fund total	<u>7,094,396</u>	<u>8,114,728</u>	<u>(7,044,023)</u>	<u>8,165,101</u>
Capital Projects Funds:				
Insurance fund	-	8,607,056	-	8,607,056
Maintenance reserve fund	<u>212</u>	<u>14,335,484</u>	<u>(632,771)</u>	<u>13,702,925</u>
Fund total	<u>212</u>	<u>22,942,540</u>	<u>(632,771)</u>	<u>22,309,981</u>
Combined total	<u>\$ 7,094,608</u>	<u>31,057,268</u>	<u>(7,676,794)</u>	<u>30,475,082</u>
	2009			
	<u>Cash and Equivalents</u>	<u>United States Governmental Securities</u>	<u>Related Liabilities</u>	<u>Total</u>
Debt Service Funds:				
Debt service fund	\$ 6,928,820	-	(6,915,398)	13,422
Debt service reserve fund	<u>495</u>	<u>8,413,478</u>	<u>-</u>	<u>8,413,973</u>
Fund total	<u>6,929,315</u>	<u>8,413,478</u>	<u>(6,915,398)</u>	<u>8,427,395</u>
Capital Projects Funds:				
Insurance fund	560	9,135,495	-	9,136,055
Maintenance reserve fund	<u>1,050</u>	<u>18,091,868</u>	<u>(228,964)</u>	<u>17,863,954</u>
Fund total	<u>1,610</u>	<u>27,227,363</u>	<u>(228,964)</u>	<u>27,000,009</u>
Combined total	<u>\$ 6,930,925</u>	<u>35,640,841</u>	<u>(7,144,362)</u>	<u>35,427,404</u>

Cash in the debt service fund at December 31, 2010 and 2009 was on deposit with the paying agent to meet bond and interest payments due on January 1, 2010 and January 1, 2009, respectively.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(6) Capital Assets

Capital assets at December 31, 2010 and 2009 consist of the following:

	2010				Balance December 31, 2010
	Balance December 31, 2009	Contributed capital assets	Additions	Disposals	
Walkway Over The Hudson - pedestrian bridge	\$ -	32,758,706	-	-	32,758,706
Buildings	8,128,929	-	-	-	8,128,929
Furniture and equipment	5,524,066	80,000	483,706	(6,500)	6,081,272
	13,652,995	32,838,706	483,706	(6,500)	46,968,907
Less accumulated depreciation	(8,231,834)	(80,000)	(612,990)	6,500	(8,918,324)
	<u>\$ 5,421,161</u>	<u>32,758,706</u>	<u>(129,284)</u>	<u>-</u>	<u>38,050,583</u>

	2009			Balance December 31, 2009
	Balance December 31, 2008	Additions	Disposals	
Buildings	\$ 6,704,266	1,424,663	-	8,128,929
Furniture and equipment	5,465,941	140,138	(82,013)	5,524,066
	12,170,207	1,564,801	(82,013)	13,652,995
Less accumulated depreciation	(7,711,803)	(602,044)	82,013	(8,231,834)
	<u>\$ 4,458,404</u>	<u>962,757</u>	<u>-</u>	<u>5,421,161</u>

Depreciation expense for the years ended December 31, 2010 and 2009 amounted to \$612,990 and \$602,044, 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.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(7) Bridge System

The bridge system consists of five bridges (six spans) spanning the Hudson River together with the related toll plazas and approaches. The bridge system is recorded at cost and consisted of the following at December 31, 2010 and 2009:

<u>Bridge Facility</u>	<u>Opened</u>	<u>2010</u>	<u>2009</u>
Rip Van Winkle Bridge	1935	\$ 2,299,147	2,299,147
Kingston-Rhinecliff Bridge	1957	20,536,609	20,536,609
Mid-Hudson Bridge	1930	12,957,846	12,957,846
Newburgh-Beacon Bridge	1963 and 1980	44,223,796	44,223,796
Bear Mountain Bridge	1924	4,340,871	4,340,871
		<u>\$ 84,358,269</u>	<u>84,358,269</u>

(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.

On March 7, 2002, the Authority issued \$50,000,000 of General Revenue Bonds (Series 2002) in the open market in order to provide funds to finance a portion of the costs of the 2002 Project, which consisted of certain reconstruction and rehabilitation projects for the Authority's bridge system. The proceeds were used to (a) fund the debt service reserve fund to the level required by the Bond Resolution and (b) pay the costs of issuance of the Series 2002 Bonds.

Changes in indebtedness for the years ended December 31, 2010 and 2009 are summarized as follows:

	<u>Balances at</u>	<u>2010</u>	<u>Balances at</u>
	<u>December 31, 2009</u>	<u>Retirements</u>	<u>December 31, 2010</u>
Series 1997	\$ 12,925,000	(4,100,000)	8,825,000
Series 2002	40,330,000	(1,540,000)	38,790,000
	<u>\$ 53,255,000</u>	<u>(5,640,000)</u>	<u>47,615,000</u>

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(8) Bond Indebtedness, Continued

	2009		
	Balances at December 31, 2008	Retirements	Balances at December 31, 2009
Series 1997	\$ 16,830,000	(3,905,000)	12,925,000
Series 2002	<u>41,815,000</u>	<u>(1,485,000)</u>	<u>40,330,000</u>
	<u>\$ 58,645,000</u>	<u>(5,390,000)</u>	<u>53,255,000</u>

The bonds have serial maturities as of December 31, 2010 as follows:

	Principal	Interest
2011	\$ 5,900,000	2,010,989
2012	6,180,000	1,712,939
2013	6,475,000	1,455,845
2014	6,745,000	1,109,820
2015	7,080,000	756,600
2016 - 2018	<u>15,235,000</u>	<u>387,800</u>
	<u>\$ 47,615,000</u>	<u>7,433,993</u>

The Series 1997 Bonds, which bear interest ranging from 5% to 6%, and the Series 2002 Bonds which bear interest ranging from 3% to 5%, are general obligations of the Authority and are payable from and secured by a pledge of all monies or revenues of the Authority, including tolls and other revenues derived from the operations of the Authority's bridge facilities.

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

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

(9) Retirement Plan

(a) Plan Description

The New York State Employees' Retirement System (System) provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (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.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(b) Funding Policies

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

The rates billed by the Comptroller during the year ended December 31, 2010 ranged from 9.1% to 15.3% and during the year ended December 31, 2009 ranged from 7.0% to 9.3%.

The Authority is required to contribute at an actuarially determined rate. The required contribution for the years ended December 31, 2010, 2009 and 2008 amounted to \$1,182,092, \$678,263 and \$879,154, respectively.

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

(c) Early Retirement Incentive

Chapter 105 of the Laws 2010 established a two-part retirement incentive program for certain public employees participating in the System. The Authority adopted the program and allowed all employees the option to retire early. Twenty employees of the Authority elected early retirement under this program, with a cost of \$982,086.

(10) Postemployment Benefits

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

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

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(10) Postemployment Benefits, Continued

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, 2010 and 2009 amounted to \$2,110,359 and \$2,075,357, respectively. At December 31, 2010 and 2009, the OPEB liability included in noncurrent accrued fringe benefits was \$13,922,160 and \$11,811,801, respectively. The amount charged to expense was \$3,023,015 and \$2,882,077 for the years ended December 31, 2010 and 2009.

The number of participants as of January 1, 2009 was as follows:

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

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

<u>Benefit Obligations and Normal Cost</u>	<u>2010</u>	<u>2009</u>
Actuarial accrued liability (AAL):		
Retired employees	\$ 17,342,514	16,018,242
Active employees	<u>25,894,669</u>	<u>25,311,036</u>
Total	\$ <u>43,237,183</u>	<u>41,329,278</u>
Underfunded actuarial accrued liability (UAAL)	\$ <u>43,237,183</u>	<u>41,329,278</u>
Normal cost at beginning of year	\$ <u>1,061,891</u>	<u>1,035,991</u>
<u>Level Dollar Amortization</u>		
Calculation of ARC under projected Unit Credit Method:		
Amortization of UAAL over 30 years with interest to end of year	1,909,759	1,779,328
Normal costs with interest to end of year	<u>1,162,504</u>	<u>1,132,469</u>
Annual required contribution (ARC)	\$ <u>3,072,263</u>	<u>2,911,797</u>

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(10) Postemployment Benefits, Continued

	<u>2010</u>	<u>2009</u>
<u>Annual OPEB Cost Contribution</u>		
Contribution made by Authority	\$ 912,656	806,720
Contribution as a percentage of required contribution	29.7%	27.7%
<u>Annual OPEB Cost and Net OPEB Obligation</u>		
Annual required contribution	3,072,263	2,911,797
Interest on net OPEB obligation	472,472	389,458
Adjustment to annual required contribution	<u>(521,720)</u>	<u>(419,178)</u>
Annual OPEB cost (expense)	3,023,015	2,882,077
Contribution made on a pay-as-you-go basis	<u>(912,656)</u>	<u>(806,720)</u>
Increase in net OPEB obligation	2,110,359	2,075,357
Net OPEB obligation at beginning of year	<u>11,811,801</u>	<u>9,736,444</u>
Net OPEB obligation at end of year	\$ <u>13,922,160</u>	<u>11,811,801</u>
Actuarial methods and assumptions:		
Funding interest rate	4%	4%
2009 medical trend rate	8%/10%	8%/10%
Ultimate trend rate	5%/5%	5%/5%
Year ultimate trend rate rendered	2013/2014	2013/2014
Annual payroll growth rate	2.5%	2.5%
Actuarial cost method	Attained Age	Attained Age
The remaining amortization period at year-end	26 years	27 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, 2010 and 2009 amounted to \$234,119 and \$312,158, respectively.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(12) Risk Management

The Authority purchases commercial insurance policies in varying amounts for general liability, vehicle liability, damage to fixed assets, and public officials and employee liability coverage. The Authority also pays unemployment claims to the State of New York as incurred. There are no claims relating to the bridge facilities, however, the Authority has funded a reserve of \$8,607,056 at December 31, 2010 in the capital projects fund to meet its deductible should a claim arise.

(13) Commitments and Contingencies

Commitments and contingencies at December 31, 2010 consist of the following:

(a) Bridge Construction

At December 31, 2010, the Authority had contractual commitments outstanding of approximately \$11,328,000 for bridge rehabilitation and repairs on several of its bridge facilities.

(b) Contingencies

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

NEW YORK STATE BRIDGE AUTHORITY
 Required Supplementary Information -
 Bridge System Assessments
 December 31, 2010

Condition Rating*	Number of Bridges					
	2010		2009		2008	
	Number	%	Number	%	Number	%
New	-	-	-	-	-	-
Minor Deterioration	9	100	9	100%	9	100%
Serious Deterioration	-	-	-	-	-	-
Totally Deteriorated	-	-	-	-	-	-
Total	<u>9</u>	<u>100%</u>	<u>9</u>	<u>100%</u>	<u>9</u>	<u>100%</u>

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

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

The number of bridges included in the annual inspection process includes the six spans crossing the Hudson River and three overpasses.

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

NEW YORK STATE BRIDGE AUTHORITY

Required Supplemental Information -
Bridge System Assessments, Continued

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Estimated	\$ 7,910	11,703	16,360	15,480	15,265
Actual	12,950	7,846	7,910	14,022	8,860

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

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

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

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

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

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.

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

To the Governing Board
New York State Bridge Authority:

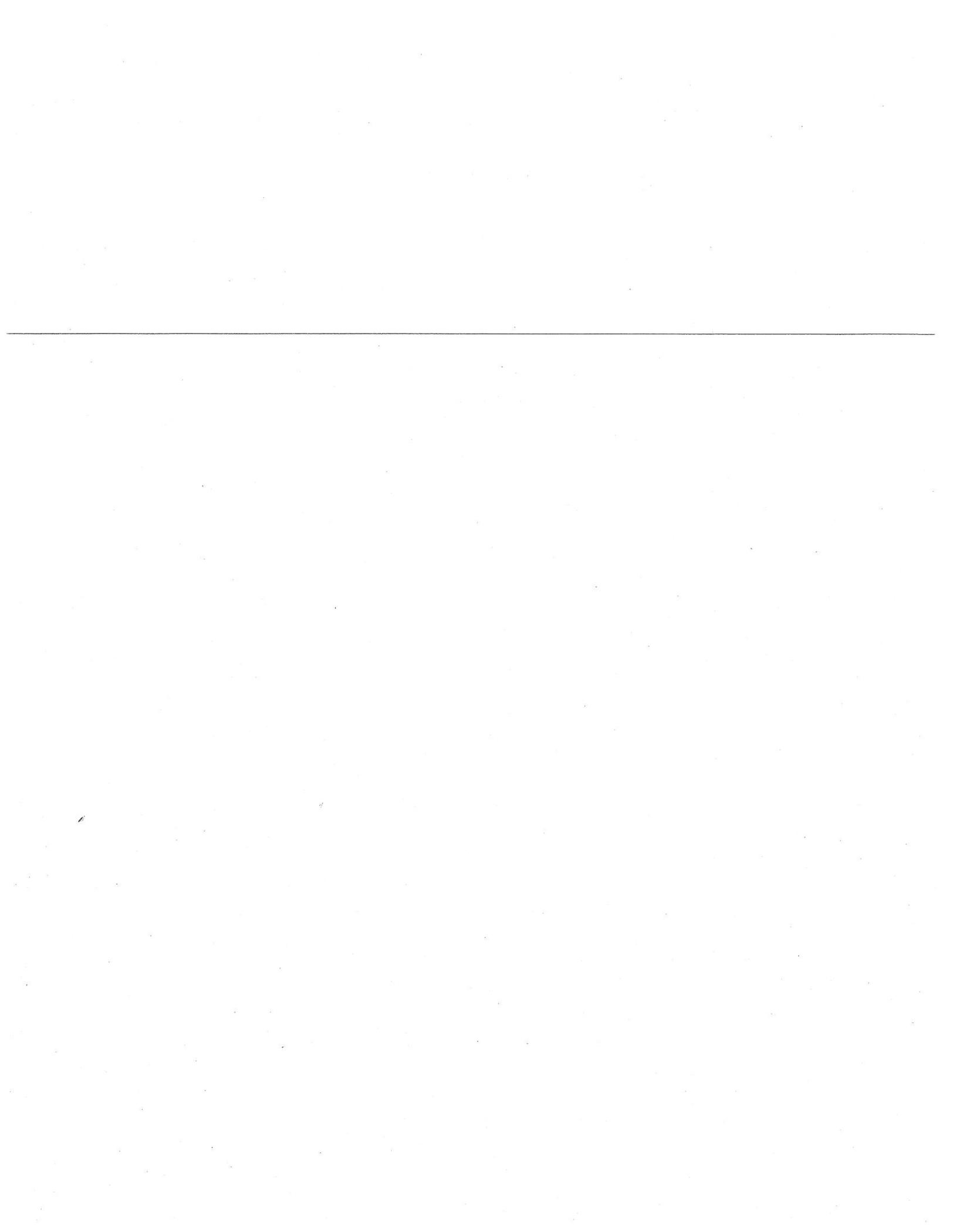
We have audited the financial statements of the New York State Bridge Authority (the Authority) as of and for the year ended December 31, 2010, and have issued our report thereon dated March 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis.

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



Compliance and Other Matters

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

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

Toski, Schaefer & Co., P.C.

Williamsville, New York
March 4, 2011

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

555 INTERNATIONAL DR.
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INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

To the Governing Board
New York State Bridge Authority:

We have examined the New York State Bridge Authority's (the Authority) compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York during the year ended December 31, 2010. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2010.

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

This report is intended solely for the information and use of the Authority's Governing Board, management and the appropriate officials of the State of New York, and is not intended to be and should not be used by anyone other than those specified parties.

Toski, Schaefer & Co., P.C.

Williamsville, New York
March 4, 2011

NEW YORK STATE BRIDGE AUTHORITY

Agreed-Upon Procedures Report

For the period January 1, 2010
through November 30, 2010

NEW YORK STATE BRIDGE AUTHORITY

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INDEPENDENT
ON APPLYING A

The Board of Commissioners
New York State Bridge Authority:

We have performed the procedures enun
procedures, which were agreed to by the N
assist the Authority in testing the internal
November 30, 2010 for the following risk a

- Toll Revenue/Cash Receipts
- Investments/Cash Management
- Purchasing/Cash Disbursements
- Payroll Function
- Construction Contract Related Exp
- Fixed Equipment Inventory
- Employee Travel and Expense Rein
- Cash Balances

The Authority's management is responsibl
This agreed-upon procedures engagement
established by the American Institute of
procedures is solely the responsibility of
make no representation regarding the suffi
schedule of agreed-upon procedures either
or for any other purpose.

Our procedures, findings and recommenda

We were not engaged to, and did not,
expression of an opinion on the effective
Accordingly, we do not express such an
matters might have come to our attention t

This report is intended solely for th
Commissioners and management and is n
than these specified parties.

Williamsville, New York
December 10, 2010

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NEW YORK STATE BRIDGE AUTHORITY

Agreed-Upon Procedures Report

For the period January 1, 2010
through November 30, 2010

NEW YORK STATE BRIDGE AUTHORITY

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

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

The Board of Commissioners
New York State Bridge Authority:

We have performed the procedures enumerated in the accompanying schedule of agreed-upon procedures, which were agreed to by the New York State Bridge Authority (the Authority) solely to assist the Authority in testing the internal controls in place for the period January 1, 2010 through November 30, 2010 for the following risk areas:

- Toll Revenue/Cash Receipts
- Investments/Cash Management
- Purchasing/Cash Disbursements
- Payroll Function
- Construction Contract Related Expense
- Fixed Equipment Inventory
- Employee Travel and Expense Reimbursement
- Cash Balances

The Authority's management is responsible for the design and implementation of internal controls. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the accompanying schedule of agreed-upon procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures, findings and recommendations are presented in the accompanying schedules.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the effectiveness of internal controls for the risk areas noted above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Authority's Board of Commissioners and management and is not intended to be and should not be used by anyone other than these specified parties.

Toski, Schaefer & Co., P.C.

Williamsville, New York
December 10, 2010

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NEW YORK STATE BRIDGE AUTHORITY
Schedule of Agreed-Upon Procedures

Toll Revenue/Cash Receipts

We made a random selection of toll collector shifts from January 1 through November 30 and performed the following:

- a. Documented the collector's name, date, bridge, toll lane and shift.
- b. Reviewed that the manually-prepared Collector Shift Report was prepared and signed by the Toll Collector. Searched for evidence that the Senior Toll Collector reviewed the Collector Shift Report for clerical accuracy. If a discrepancy greater than \$10 or 20 axles was discovered, searched for evidence of a properly completed Collector's Discrepancy Reconciliation Report.
- c. Agreed the total cash reported on the Collector Shift Report to the Daily Bridge Report, in total.
- d. Traced the E-ZPass amount on the manual Daily Bridge Report to the amount on the computer-generated Toll Collection Audit Report.
- e. Traced the computer-generated Toll Collection Audit Report to the Collector Shift Report.
- f. Agreed the computer-generated Collector Shift Report (central system) to the plaza system report.
- g. Ensured that the total cash collected and reported on the manual Daily Bridge Report agreed to both the computerized Daily Bridge Report and Daily Revenue Report.
- h. Traced the total E-ZPass amount reported on the manual Daily Bridge Report to the Daily Revenue Report.
- i. Agreed the deposit slips to the cash amount recorded in the Daily Revenue Report and the amount recorded by the bank in the Authority's Bank Statement.
- j. Agreed the total toll amount found on the Casual Use Report to the wire transfer transmittal letter.
- k. Ensured that the total amount of the wire transfer agreed to the bank deposit and the amount recorded in the general ledger.
- l. Agreed the toll transaction counts and dollars on the E-ZPass Reconciliation Report to the Casual Use Report.
- m. Verified the total vehicles, by class, as listed on the Daily Bridge Summary Report agreed to the Traffic and Revenue Report.
- n. Ensured toll collector audits are being performed in accordance with the Authority's policies and procedures.
- o. For each month, the total from the Daily Revenue Report agreed to the cash receipt, accounts receivable and revenue posting in the general ledger.

NEW YORK STATE BRIDGE AUTHORITY
Schedule of Agreed-Upon Procedures, Continued

Investments/Cash Management

1. We made a haphazard selection of investment transactions from the manual "investment worksheet" from January 1 through November 30 and performed the following:
 - a. Obtained the "investment transaction authorization" for the transaction. Agreed the data from the transaction authorization form to the investment worksheet and reviewed for the approval (signature) of the Treasurer.
 - b. Traced the transaction to the approval by the Board through the approved Treasurer's monthly investment report.
 - c. Traced the transaction to the respective "daily report of account transaction" received by the Authority from the Trustee.
 - d. Made certain all appropriate documents are present such as:
 - Transaction form
 - Confirmation letter
 - Trustee statement
 - e. Recalculated year-to-date interest income and accrued interest receivable and premium/discount amortization as calculated on the investment spreadsheet.
2. Obtained every month's investment reconciliations for each fund through November and perform the following:
 - a. Reviewed the reconciliation for signature of the clerk who prepared it and for the subsequent approval (signature) of the Treasurer.
 - b. Reviewed the reconciliation for consistency in format, nature and timely clearance of reconciling items, if any. Verified all reconciling items were adequately supported and reviewed all items for propriety.

NEW YORK STATE BRIDGE AUTHORITY
Schedule of Agreed-Upon Procedures, Continued

Purchasing/Cash Disbursements

We made a haphazard selection of voucher checks from July 1 through November 30 and performed the following:

- a. Obtained the voucher package and performed the following:
 1. Tested for proper preparation of a purchase requisition and purchase order, if applicable. Ensured that for all disbursements greater than \$500, three competitive quotes were solicited. Ensured that disbursements greater than \$500 had at least one supplier (if available) by solicitation from Minority or Women Owned Business Enterprises. Ensured that disbursements greater than \$2,500 had a written submission of no fewer than three competitive quotes. Ensured that disbursements greater than \$2,500 had a "Minority and Women Owned Business Enterprise Goal Plan."
 2. For all procurements greater than \$15,000, we examined evidence that the procurement was advertised in the New York State Procurement Opportunities Newsletter prior to award.
 3. Tested for proper approval by the Bridge Manager or Department Director and ultimately the Executive Office. For individual disbursements or contracts greater than \$10,000, we examined disbursements for approved by the Board.
 4. Tested for agreement of proper account distribution by the accounts payable clerk and reviewed distributions for reasonableness.
 5. Evidenced proper cancellation of the voucher package to prevent duplicate payment. Reviewed for proper preparation of the voucher. Also, reviewed for the accounts payable clerk's evidence of a clerical accuracy check. On a test basis, tested invoice, voucher, etc. for clerical accuracy.
 6. Evidenced that all required documents are obtained prior to disbursement and compared each document for agreement.
 7. Evidenced a properly prepared receiving report.
 8. Traced the purchase of all assets of equipment back to the Fixed Asset Master Information.
- b. Agreed all pertinent data to the voucher entry journal and payment register. Reviewed both subsidiary ledgers for evidence of proper batch control procedures being performed.
- c. Agreed the total debits and credits to proper posting for that day to the general ledger.
- d. For the day on which the individual voucher check selected was run, reviewed the payment register for proper preparation and verification by the Treasurer (or their designee). Reviewed for proper control of checks issued (by number).

NEW YORK STATE BRIDGE AUTHORITY
Schedule of Agreed-Upon Procedures, Continued

Payroll Function

1. Selected a haphazard sample of 51 payroll check control numbers and related supporting documents for the period January 1 through November 30 and determined compliance with the following:
 - a. The names associated with the payroll check control numbers selected agreed to the payroll register.
 - b. The check numbers or direct deposit statement numbers on the sample items agreed to the payroll register.
2. Obtained the following reports for each employee covering the period of the work included in the employees' pay item:
 - a. NYSBA (J.D. Edwards) Time and Pay History Report
 - b. Kronos punch detail history
 - c. Kronos audit file inquiry (screen print)
 - d. History punch inquiry
 - e. Overtime approval forms
3. Determined that the following comply with the Union agreement:
 - a. Appropriate number of hours for each pay type were paid.
 - b. A manager or designee, other than the employee, confirmed/approved each day of pay within Kronos.
 - c. Overtime hours were supported by completed overtime approval forms.
4. Obtained the gross payroll authorization forms and/or union contracts and determined that the rate for each employee selected was supported.
5. Obtained the gross payroll roll forward worksheets and determined that the changes in gross payroll from payroll period to payroll period were supported by payroll authorization change forms.
6. Recalculated each employee's gross pay using the contractual pay rate and information on the Kronos system.
7. Obtained the payment register and for each payroll check selected and determined that the total from the register agrees to the general ledger payroll posting journal.
8. Obtained the appropriate payment register and deposit report and determined that the totals agreed to the transfer log.

NEW YORK STATE BRIDGE AUTHORITY
Schedule of Agreed-Upon Procedures, Continued

Payroll Function, Continued

9. Obtained the appropriate payroll register and determined that the starting and ending numbers for automatic deposits and checks agreed to the payroll processing control summary.
10. Obtained the appropriate payroll check authorization control sheets for each payroll check selected and determined that all of the required items were completed.
11. Obtained the appropriate "time and accrual records" for the employees selected and determined the following:
 - a. Each leave taken was supported by an authorized leave request form.
 - b. The type of leave agreed to the leave requested on the approved leave request form.
 - c. The appropriate time and accrual records were updated for additions resulting from days worked by the employees in the sample.

NEW YORK STATE BRIDGE AUTHORITY
Schedule of Agreed-Upon Procedures, Continued

Construction Contract Related Expense

We made a haphazard selection of construction and engineering contracts from January 1 through November 30 and performed the following:

- a. Reviewed the contract file for proper bidding/request for proposal (RFP) solicitation procedures. For major contracts, made certain that the design engineers are independent from the supervising engineer.
- b. Reviewed engineer's estimates in comparison to the low bid price awarded. Looked for evidence of a proper review of the bid price in comparison to the engineer's estimate to see if the award was in the best interests of the Authority.
- c. Reviewed the contract file for a properly executed written contract or agreement.
- d. Reviewed the contract file for Board approval of contract and related costs.
- e. Reviewed the contract file for the following required documents:
 - RFP of bid specification.
 - Proper advertisement.
 - Bid or RFP results.
 - Correspondence related to award of bid or RFP.
 - Insurance certificates.
 - Copies of Board minutes approving contract and change orders, if any.
 - Consulting engineer's certificate of need.
 - Contractor release forms (construction contracts only).
 - Engineer's estimate (construction contracts only).
- f. Reviewed the file for progress payment review and approval.
- g. Reviewed progress payments for agreement with Board approved amounts and proper documentation. Reviewed for evidence of Finance Department's performance of required procedures.
- h. Reviewed the contract file for proper payment by the Trustee.
- i. Reviewed for proper posting to the vouchers system and general ledger.
- j. Traced the total expense for the year to the project expense report, as of the audit date.

NEW YORK STATE BRIDGE AUTHORITY
Schedule of Agreed-Upon Procedures, Continued

Fixed Equipment Inventory

1. We arranged for the bridge offices to perform a physical inventory of their fixed equipment.
2. We haphazardly selected a sample of 90 items:
 - a. Since the Authority has six locations with equipment inventory, 15 items were selected from each location. Selections were made from the inventory listing to the item and from the item to the inventory listing.
 - b. Ten items were taken from the inventory listings to their location at the facility and five items from the location to the inventory listing.
3. Recorded 15 items on a standard inventory sheet for documentation purposes.
4. Prepared a standard inventory checklist.
5. Reconciled the asset listings for each facility to the general ledger as of the inventory date.
6. Concluded as to the control environment surrounding the assets inventoried.

Employee Travel and Expense Reimbursement

1. Reviewed the voucher for proper approvals in accordance with the policies and procedures manual. This may include, but is not limited to, the approvals of the Executive Function Board minutes (for travel) and Board Chairman.
2. Reviewed expense for a valid Authority business purpose.
3. Reviewed the vouchers for proper performance of Authority guidelines concerning travel expenses:
 - a. New York State Office of the State Comptroller per diem caps followed.
 - b. Properly receipted expenses, where applicable.
 - c. Phone per diem caps maintained (one personal call per day while in travel status).

NEW YORK STATE BRIDGE AUTHORITY
Schedule of Agreed-Upon Procedures, Continued

Cash Balances

Obtained every month's cash reconciliation for each fund through September 30, 2010 and performed the following:

- a. Reviewed the reconciliation for signature of the clerk who prepared it and for the subsequent approval (signature) of the Treasurer.
- b. Reviewed the reconciliation for consistency in format, nature and timely clearance of reconciling items (if any).
- c. Verified all reconciling items in excess of \$1,000 (except for individual outstanding checks recorded on an outstanding checklist) to proper support. Reviewed for proper identification as a reconciling item.
- d. Agreed the general ledger and bank statement balances to proper support.

NEW YORK STATE BRIDGE AUTHORITY
Findings and Recommendations

Toll Revenue/Cash Receipts

No exceptions were found as a result of these procedures.

Investments/Cash Management

No exceptions were found as a result of these procedures.

Purchasing/Cash Disbursements

We noted that the Authority's financial institution does not provide, as a matter of routine, a copy (either the actual or a scanned version) of the cancelled check. This is an important aspect of internal control in that it evidences that the actual vendor was paid appropriately, and is important in detecting fraud. We recommend that the Authority review this aspect of the services performed by its financial institution and determine the costs and benefits of adding this service.

Payroll Function

No exceptions were found as a result of these procedures.

Construction Contract Related Expense

During our examination of construction contract related expenses, we noted that an addendum increasing the contract term and amount of the contract did not clearly state the increased total of the contract. We recommend that any addendum be clearly stated within the amended contract including the new contract amount.

Fixed Equipment Inventory

The Authority received Federal funds for the purchase of equipment in 2010. We noted that documentation of fixed equipment purchased with Federal funds does not identify the amount of Federal participation in the cost of the equipment. In accordance with Federal requirements, records for equipment purchased with Federal funds must contain the following information about the equipment: description (including serial number or other identification number), source of funding, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and any ultimate disposition data including, the date of disposal and sales price or method used to determine current fair market value. We recommend that the Authority establish controls to meet the Federal regulations.

Employee Travel and Expense Reimbursement

No exceptions were found as a result of these procedures.

Cash Balances

No exceptions were found as a result of these procedures.