NEW YORK STATE BRIDGE AUTHORITY

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

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

NEW YORK STATE BRIDGE AUTHORITY

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

INDEPENDENT AUDITORS' REPORT

The Governing Board
New York State Bridge Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the New York State Bridge Authority (the Authority), as of and for the years ended December 31, 2014 and 2013, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Reports on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2015, on the Authority's compliance with Section 201.3 of Title Two of the Official Compilation of Codes Rules, and Regulations of the State of New York. The purpose of that report is to provide an opinion as to the Authority's compliance with investment guidelines contained therein. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Toski & Co., CPAs, P.C.

Williamsville, New York
March 9, 2015

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis
December 31, 2014

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

FINANCIAL HIGHLIGHTS

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

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

Net position at year end was $52.3 million, which was $32.3 million below the prior year.

BASIC FINANCIAL STATEMENTS

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

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

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

FINANCIAL STATEMENT ANALYSIS

Statements of Net Position

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

Statements of Revenues, Expenses and Changes in Net Position

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

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

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

Nonoperating expenses consisted primarily of interest and bond issuance costs. Interest paid on the Authority's outstanding bonds totaled approximately $3.2 million for 2014. This $0.5 million decrease is attributable to the declining outstanding principal on the Series 2011. The Authority issued no new debt in 2014. The Authority refinanced its General Revenue Bonds, Series 2002 (the "Series 2002 Bonds") in December 2011 with the Series 2011 and made the last payment on its General Revenue Bonds, Series 1997 and Series 2002 Bonds on January 1, 2012. In April 2012, the Authority issued the Series 2012 General Revenue Bonds to support the Capital Program.

Statements of Cash Flows

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

Net cash of $26.5 million used in operating activities for 2014 was up $26.6 million from 2013. This increase was primarily a result of payments to contractors associated with rehabilitation, reconstruction, and bridge repairs.

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

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

AUTHORITY BUDGET

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

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

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

TOTAL CAPITAL ASSETS AND LONG TERM DEBT

At December 31, 2014, the Authority's net investment in capital assets was $115.3 million. Capital assets include bridges, roads, buildings, and equipment. In order to fund the commitment to its program of rehabilitation and improvement of the bridge facilities, in March 2002, the Authority issued $50 million General Revenue Bonds having a final maturity on January 1, 2017. In December 2011, the Authority refunded these bonds and issued its $32.4 million Series 2011 Bonds with a final maturity on January 1, 2017. In April 2012, the Authority issued $90.3 million General Revenue Bonds, the Series 2012 Bonds, to support the capital program. All Authority revenue is pledged to repay these bonds. As of December 31, 2014, $110,280 million of debt remained outstanding and funds were in reserve to retire $6.6 million bonds on January 1, 2015.

In 2014, Standard & Poor's affirmed the Authority's AA- rating and stable outlook on its outstanding bonds. Moody's Investors Service in 2014 maintained the Aa3 rating on the Authorities General Revenue Bonds with a stable outlook.

MODIFIED APPROACH FOR INFRASTRUCTURE ASSETS

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

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

ADDITIONAL INFORMATION

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

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

(1) Organization

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

(2) Significant Accounting Policies

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

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

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

(2) Significant Accounting Policies, Continued

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

Invested in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced (as applicable) by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Substantially all of the outstanding borrowings at December 31, 2014 and 2013 are to finance the cost of rehabilitation, reconstruction and bridge repair expenses which are treated as period costs. As such, this debt is not considered for purposes of determining that portion of net position invested in capital assets.

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

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

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

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

(1) General Fund

(a) Revenue Fund

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

(b) Operating Fund

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

(c) General Fund

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

(2) Significant Accounting Policies, Continued

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

(2) Debt Service Funds

(a) Debt Service Fund

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

(b) Debt Service Reserve Fund

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

(c) Subordinated Indebtedness Fund

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

(d) Rebate Fund

Established to hold monies for rebates of certain investment earnings.

(3) Capital Projects Fund

(a) Construction Fund

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

(b) Maintenance Reserve Fund

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

(2) Significant Accounting Policies, Continued

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

(3) Capital Projects Fund, Continued

(c) Insurance Fund

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

(b) Cash Deposits and Investments

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

(c) Capital Assets

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

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

(2) Significant Accounting Policies, Continued

(d) Bridge System

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

(e) Real Property

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

(f) Compensated Absences

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

(g) Subsequent Events

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

(h) Operating Revenue

Operating revenues consist principally of toll revenue.

(i) Nonoperating Revenue

Nonoperating revenues consist principally of interest income.

(j) Operations

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

(2) Significant Accounting Policies, Continued

(j) Operations, Continued

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

(3) Cash and Equivalents

The carrying amount of the Authority's deposits with financial institutions at December 31, 2014 totaled $12,681,780 and the bank balance was $12,601,736. The bank balance is collateralized/secured as follows:

Amount insured by FDIC	$ 250,000
Collateral held by a third party in the Authority's name	3,731,806
Fiduciary funds held by trustee	9,160,914
	$ 13,142,720

(4) Investments

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

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

(4) Investments, Continued

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

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

(5) Funds Held For Restricted Purposes

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

	2014			
	Cash and Equivalents	United States Governmental Securities	Related Liabilities	Total
Debt Service Funds:				
Debt service fund	$ 8,944,561	-	(2,348,625)	6,595,936
Debt service reserve fund	214,003	11,255,173	-	11,469,176
Fund total	9,158,564	11,255,173	(2,348,625)	18,065,112
Capital Projects Funds:				
Insurance fund	557	9,855,229	-	9,855,786
Construction fund	963	9,360,980	(3,448,761)	5,913,182
Maintenance reserve fund	330	43,176,513	(45,905)	43,130,938
Fund total	1,850	62,392,722	(3,494,666)	58,899,906
Combined total	$ 9,160,414	73,647,895	(5,843,291)	76,965,018

(5) Funds Held For Restricted Purposes, Continued

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

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

(6) Capital Assets

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

	2014			
	Balance December 31, 2013	Additions	Disposals	Balance December 31, 2014
Walkway Over The Hudson - structure	$ 32,758,706	-	-	32,758,706
Buildings	8,128,929	-	-	8,128,929
Furniture and equipment	7,855,432	562,508	(347,281)	8,070,659
	48,743,067	562,508	(347,281)	48,958,294
Less accumulated depreciation	(16,045,502)	(2,339,507)	347,281	(18,037,728)
	$ 32,697,565	(1,776,999)	-	30,920,566

(6) Capital Assets, Continued

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

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

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

(7) Bridge System

The bridge system consists of five bridges (six spans) spanning the Hudson River together with the related toll plazas and approaches. The bridge system is recorded at cost and consists of the following at December 31, 2014 and 2013:

Bridge Facility	Opened	2014	2013
Rip Van Winkle Bridge	1935	$ 2,299,147	2,299,147
Kingston-Rhinecliff Bridge	1957	20,536,609	20,536,609
Mid-Hudson Bridge	1930	12,957,846	12,957,846
Newburgh-Beacon Bridge	1963 and 1980	44,223,796	44,223,796
Bear Mountain Bridge	1924	4,340,871	4,340,871
		$ 84,358,269	84,358,269

(8) Bond Indebtedness

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

(8) Bond Indebtedness, Continued

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

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

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

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

	2014				
	Balances at December 31, 2013	Additions	Deductions	Balances at December 31, 2014	Due within one year
Series 2011	$ 26,345,000	-	(6,245,000)	20,100,000	6,435,000
Series 2012	90,325,000	-	(145,000)	90,180,000	145,000
Subtotal	116,670,000	-	(6,390,000)	110,280,000	6,580,000
Unamortized bond premium	14,002,617	-	(1,487,638)	12,514,979	1,717,511
Total revenue bonds	$ 130,672,617	-	(7,877,638)	122,794,979	8,297,511

(8) Bond Indebtedness, Continued

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

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

	Principal	Interest	Total
2015	$ 6,580,000	4,435,500	11,015,500
2016	6,845,000	4,143,250	10,988,250
2017	7,135,000	3,789,700	10,924,700
2018	7,450,000	3,491,700	10,941,700
2019	7,745,000	3,181,900	10,926,900
2020 - 2024	43,630,000	10,810,700	54,440,700
2025 - 2027	30,895,000	1,378,900	32,273,900
	110,280,000	31,231,650	141,511,650
Plus: unamortized bond premium	12,514,979	-	12,514,979
	$ 122,794,979	31,231,650	154,026,629

The Series 2012 and 2011 Bonds, which bear interest at rates ranging from 2% to 5% to , are general obligations of the Authority and are payable from and secured by a pledge of all monies or revenues of the Authority, including tolls and other revenues derived from the operations of the Authority's bridge facilities.

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

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

(9) Retirement Plan

(a) Plan Description

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

(b) Funding Policies

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

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

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

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

(10) Postemployment Benefits

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

(10) Postemployment Benefits, Continued

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

The Authority provides certain health care benefits for retired employees. Substantially all of the Authority's employees may become eligible for these benefits if they reach the normal retirement age, of the respective tier of the New York State Employees' Retirement System, while working for the Authority. The Authority, on an annual basis, accrues the cost which represents the present value of these benefits to be paid over the estimated lives of the retirees. The increase in the OPEB liability for the years ended December 31, 2014 and 2013 totaled $1,979,711 and $1,972,669, respectively. At December 31, 2014 and 2013, the OPEB liability included in noncurrent accrued fringe benefits was $22,372,019 and $20,392,248, respectively. The amount charged to expense was $3,118,486 and $2,998,821 for the years ended December 31, 2014 and 2013, respectively.

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

Active employees	120
Retired employees	97
Total	217

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

Benefit Obligations and Normal Cost	2014	2013
Actuarial accrued liability (AAL):		
Retired employees	$ 20,547,536	19,147,638
Active employees	25,385,471	25,095,066
Total	$ 45,933,007	44,242,704
Underfunded actuarial accrued liability (UAAL)	$ 45,933,007	44,242,704
Normal cost	$ 1,028,085	1,003,010
Level Dollar Amortization		
Calculation of ARC under projected Unit Credit Method:		
Amortization of UAAL over 30 years with interest to end of year	$ 2,237,518	2,098,226
Normal costs with interest to end of year	1,131,351	1,102,137
Annual required contribution (ARC)	$ 3,368,869	3,200,363

(10) Postemployment Benefits, Continued

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

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Year Ending	Annual Required Contribution	Annual OPEB Cost	OPEB Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/14	$ 3,368,869	3,118,486	1,138,715	36.5%	22,372,019
12/31/13	3,200,363	2,998,821	1,026,152	34.2%	20,392,248
12/31/12	3,420,373	3,274,024	999,128	30.5%	18,419,579

Actuarial methods and assumptions:	2014	2013
Funding interest rate	3.83%	3.83%
2014 and 2013 medical trend rate, respectively	9.25%	9.25%
Ultimate trend rate	5%	5%
Year ultimate trend rate reached	2018	2018
Annual payroll growth rate	2.5%	2.5%
Actuarial cost method	Attained Age	Attained Age
The remaining amortization period at year-end	22 years	23 years

(11) Administrative Services Assessment

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

(12) Risk Management

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

(13) Commitments and Contingencies

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

(a) Bridge Construction

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

(b) Contingencies

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

(10) Postemployment Benefits, Continued

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

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Year Ending	Annual Required Contribution	Annual OPEB Cost	OPEB Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/14	$ 3,368,869	3,118,486	1,138,715	36.5%	22,372,019
12/31/13	3,200,363	2,998,821	1,026,152	34.2%	20,392,248
12/31/12	3,420,373	3,274,024	999,128	30.5%	18,419,579

Actuarial methods and assumptions:	2014	2013
Funding interest rate	3.83%	3.83%
2014 and 2013 medical trend rate, respectively	9.25%	9.25%
Ultimate trend rate	5%	5%
Year ultimate trend rate reached	2018	2018
Annual payroll growth rate	2.5%	2.5%
Actuarial cost method	Attained Age	Attained Age
The remaining amortization period at year-end	22 years	23 years

(11) Administrative Services Assessment

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

(12) Risk Management

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

(13) Commitments and Contingencies

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

(a) Bridge Construction

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

(b) Contingencies

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

REQUIRED SUPPLEMENTARY INFORMATION

NEW YORK STATE BRIDGE AUTHORITY

Required Supplementary Information -

Bridge System Assessments

December 31, 2014

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

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

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

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

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

NEW YORK STATE BRIDGE AUTHORITY

Required Supplemental Information -

Bridge System Assessments, Continued

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

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

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

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

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

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

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

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

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

NEW YORK STATE BRIDGE AUTHORITY

Required Supplementary Information

Scheduling of Funding Progress for Other Postemployment Benefits (OPEB)

December 31, 2014

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

For Year Ended	Valuation Date	Actual Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Ratio UAAL to Budget Covered Payroll
12/31/14	1/1/2013	$ -	$ 45,933,007	$ 45,933,007	0.0%	10,785,606	426%
12/31/13	1/1/2013	$ -	$ 44,242,704	$ 44,242,704	0.0%	10,426,886	424%
12/31/12	1/1/2011	$ -	$ 59,805,814	$ 59,805,814	0.0%	N/A	N/A

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

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

The Governing Board
New York State Bridge Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the New York State Bridge Authority (the Authority), as of and for the year ended December 31, 2014, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 9, 2015.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Toski & Co., CPAs, P.C.

Williamsville, New York
March 9, 2015

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

INDEPENDENT ACCOUNTANTS' REPORT ON INVESTMENT PROGRAM COMPLIANCE

The Governing Board
New York State Bridge Authority:

We have audited the New York State Bridge Authority's (the Authority) compliance with the types of compliance requirements described in the Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program during the year ended December 31, 2014.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the Authority's investment program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the investment program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Investment Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its investment program for the year ended December 31, 2014.

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Report on Internal Control Over Compliance

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

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

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

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

Toski & Co., CPAs, P.C.

Williamsville, New York
March 9, 2015