

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

NEW YORK STATE BRIDGE AUTHORITY

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INDEPENDENT AUDITORS' REPORT

The Governing Board
New York State Bridge Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the New York State Bridge Authority (the Authority), as of and for the years ended December 31, 2015 and 2014, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7, Bridge System Assessments on pages 33 and 34, the Schedule of Funding Progress for Other Postemployment Benefits on page 35, the Schedule of Authority's Proportionate Share of the Net Pension Liability on Page 36, and the Schedule of Authority's Employer Pension Contributions on page 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Reports on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2016, on the Authority's compliance with Section 201.3 of Title Two of the Official Compilation of Codes Rules, and Regulations of the State of New York. The purpose of that report is to provide an opinion as to the Authority's compliance with investment guidelines contained therein. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Toski & Co., CPAs, P.C.

Williamsville, New York
March 7, 2016

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis
December 31, 2015

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

FINANCIAL HIGHLIGHTS

Toll revenue in 2015 totaled \$56.7 million, \$1.4 million above 2014 and \$1.8 million above 2013. Other income was \$0.7 million, a decrease of \$0.3 million from prior year and \$0.1 million above 2013.

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

Net position at December 31, 2015 was \$41.5 million, which was \$10.8 million below the prior year.

BASIC FINANCIAL STATEMENTS

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

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

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

FINANCIAL STATEMENT ANALYSIS

Statements of Net Position

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

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis

Statements of Revenues, Expenses and Changes in Net Position

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

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

Nonoperating revenue, which is from interest income on investments was \$0.4 million for 2014, up \$0.1 million from prior year as interest rates and funds available to invest in longer maturities both increased. Historically low interest rates on government obligations in which the Authority invests continued throughout 2015 and have kept interest income low.

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

Statements of Cash Flows

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

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

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis

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

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

AUTHORITY BUDGET

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

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

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

NEW YORK STATE BRIDGE AUTHORITY
Management's Discussion and Analysis

TOTAL CAPITAL ASSETS AND LONG TERM DEBT

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

In 2016, Standard & Poor's affirmed the Authority's AA- rating and stable outlook on its outstanding bonds. Moody's Investors Service in 2014 maintained the Aa3 rating on the Authorities General Revenue Bonds with a stable outlook.

MODIFIED APPROACH FOR INFRASTRUCTURE ASSETS

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

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

ADDITIONAL INFORMATION

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

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements

December 31, 2015 and 2014

(1) Organization

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

(2) Significant Accounting Policies

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

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

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

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

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

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced (as applicable) by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Substantially all of the outstanding borrowings at December 31, 2015 and 2014 are to finance the cost of rehabilitation, reconstruction and bridge repair expenses which are treated as period costs. As such, this debt is not considered for purposes of determining that portion of net position invested in capital assets.

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

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

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

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

(1) General Fund

(a) Revenue Fund

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

(b) Operating Fund

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

(c) General Fund

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

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

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

(2) Debt Service Funds

(a) Debt Service Fund

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

(b) Debt Service Reserve Fund

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

(c) Subordinated Indebtedness Fund

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

(d) Rebate Fund

Established to hold monies for rebates of certain investment earnings.

(3) Capital Projects Fund

(a) Construction Fund

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

(b) Maintenance Reserve Fund

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

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

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

(3) Capital Projects Fund, Continued

(c) Insurance Fund

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

(b) Cash Deposits and Investments

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

(c) Capital Assets

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

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

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(d) Bridge System

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

(e) Real Property

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

(f) Compensated Absences

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

(g) Subsequent Events

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

(h) Operating Revenue

Operating revenues consist principally of toll revenue.

(i) Nonoperating Revenue

Nonoperating revenues consist principally of interest income.

(j) Operations

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

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(j) Operations, Continued

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

(k) Deferred Outflows and Inflows of Resources

In the Statement of Net Position, in addition to assets, the Authority will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has two items that qualify for reporting in this category. The first item is related to pensions reported in the Authority-wide Statement of Net Position. This represents the effect of the net change in the Authority's proportion of the collective net pension asset or liability and difference during the measurement period between the Authority's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the Authority contributions to the pension system subsequent to the measurement date.

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

(l) Accounting and Financial Reporting for Pensions

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

NEW YORK STATE BRIDGE AUTHORITY

Notes to Financial Statements, Continued

(3) Cash and Equivalents

The carrying amount of the Authority's deposits with financial institutions at December 31, 2015 totaled \$11,506,835 and the bank balance was \$11,439,197. The bank balance is collateralized/secured as follows:

Amount insured by FDIC	\$ 250,000
Collateral held by a third party in the Authority's name	3,241,464
Fiduciary funds held by trustee	<u>9,068,699</u>
	<u>\$ 12,560,163</u>

(4) Investments

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

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

All Authority investment securities are held by the financial institution's trust department in the entity's name. At December 31, 2015, the Authority's investments and maturities were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than one year</u>	<u>1 to 5 years</u>
U.S. Treasury Notes and Bills	\$ <u>60,381,683</u>	<u>36,586,738</u>	<u>23,794,945</u>

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(5) Funds Held For Restricted Purposes

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

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

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

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(6) Capital Assets

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

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

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

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

(7) Bridge System

The bridge system consists of five bridges (six spans) spanning the Hudson River together with the related toll plazas and approaches. The bridge system is recorded at cost and consists of the following at December 31, 2015 and 2014:

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(7) Bridge System, Continued

<u>Bridge Facility</u>	<u>Opened</u>	<u>2015</u>	<u>2014</u>
Rip Van Winkle Bridge	1935	\$ 2,299,147	2,299,147
Kingston-Rhinecliff Bridge	1957	20,536,609	20,536,609
Mid-Hudson Bridge	1930	12,957,846	12,957,846
Newburgh-Beacon Bridge	1963 and 1980	44,223,796	44,223,796
Bear Mountain Bridge	1924	<u>4,340,871</u>	<u>4,340,871</u>
		<u>\$ 84,358,269</u>	<u>84,358,269</u>

(8) Bonded Indebtedness

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

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

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

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

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(8) Bond Indebtedness, Continued

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

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

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

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

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(8) Bond Indebtedness, Continued

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

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

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

(9) Retirement Plan

(a) Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The Authority participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Authority (the Authority), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Authority and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Authority also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/inex.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(a) Plan Descriptions and Benefits Provided, Continued

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 and before April 1, 2012 who generally contribute 3.0 percent of their salary for their entire length of service. Those joining on or after April 21, 2012 are required to contribute between 3 and 6 percent, dependent on salary, throughout their working careers. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>
2015	\$ 1,678,527
2014	1,876,986
2013	2,050,908

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

At December 31, 2015, the Authority reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Authority's proportionate share of the net pension liability was based on a projection of the Authority's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the Authority.

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

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

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

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

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

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

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

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

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

Significant actuarial assumptions used in the valuations were as follows:

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

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

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

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

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

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(d) Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

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

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of all participating employers as of the respective valuation dates, were as follows:

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

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of December 31, 2015 and 2014 represent the projected employer contribution for the period of April 1, 2015 through March 31, 2016 and April 1, 2014 through March 31, 2015, respectively based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying financial statements.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(10) Postemployment Benefits

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

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

The Authority provides certain health care benefits for retired employees. Substantially all of the Authority's employees may become eligible for these benefits if they reach the normal retirement age, of the respective tier of the New York State Employees' Retirement System, while working for the Authority. The Authority, on an annual basis, accrues the cost which represents the present value of these benefits to be paid over the estimated lives of the retirees. The increase in the OPEB liability for the years ended December 31, 2015 and 2014 totaled \$2,362,352 and \$1,979,711, respectively. At December 31, 2015 and 2014, the OPEB liability included in noncurrent accrued fringe benefits was \$24,734,371 and \$22,372,019, respectively. The amount charged to expense was \$3,515,429 and \$3,118,486 for the years ended December 31, 2015 and 2014, respectively.

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

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

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

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

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(10) Postemployment Benefits, Continued

Level Dollar Amortization

Calculation of ARC under projected Unit Credit Method:

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

Annual OPEB Cost and Net OPEB Obligation

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

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

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

Actuarial methods and assumptions:

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

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(11) Cumulative Effect of Change in Accounting Principle

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

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

(12) Administrative Services Assessment

Through the Public Authorities Law Section 2975, the State of New York (the State) established a cost recovery of central governmental services to various public authorities. This statute directs the New York State Division of the Budget to determine the amount to be assessed to each public authority. The State Treasurer imposes and collects the assessments which are deposited into the State's general fund. The administrative services assessment for the Authority for the years ended December 31, 2015 and 2014 amounted to \$369,000.

(13) Risk Management

The Authority purchases commercial insurance policies in varying amounts for general liability, vehicle liability, damage to fixed assets, and public officials and employee liability coverage. The Authority also pays unemployment claims to the State as incurred. There are no claims relating to the bridge facilities, however, the Authority has funded a reserve of \$10,276,400 at December 31, 2015 to meet its deductible should a claim arise.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

(14) Commitments and Contingencies

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

(15) Accounting Standards Issued But Not Yet Implemented

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

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

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

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

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

GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement, issued in June 2015, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for fiscal years beginning after June 15, 2017, which is the fiscal year beginning January 1, 2018 for the Authority. The effects of this Statement on the financial statements of the Authority are not presently determinable.

GASB Statement No. 76 - "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This Statement, issued in June 2015, supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements for this Statement are effective for financial statements for periods beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016 for the Authority. This Statement is not expected to have a material effect on the financial statements of the Authority.

GASB Statement No. 77 - "Tax Abatement Disclosures." This Statement, issued in August 2015, requires governments that enter into tax abatement agreements to disclose taxes abated, the gross amount of such taxes abated during the period and any other commitments made by the government other than to abate taxes, as a part of the abatement agreement. The requirements for this Statement are effective for financial statements for periods beginning after December 15, 2015, which is the fiscal year beginning January 1, 2016 for the Authority. The effects of this Statement on the financial statements of the Authority are not presently determinable.

GASB Statement No. 78 - "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans." This Statement, issued in December 2015 amends GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2015, which is the fiscal year beginning January 1, 2016 for the Authority. The effects of this Statement on the financial statements of the Authority are not presently determinable.

NEW YORK STATE BRIDGE AUTHORITY
Notes to Financial Statements, Continued

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

NEW YORK STATE BRIDGE AUTHORITY

Required Supplementary Information -

Bridge System Assessments

December 31, 2015

<u>Condition Rating*</u>	Number of Bridges					
	<u>2015</u>		<u>2014</u>		<u>2013</u>	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
New	-	-	-	-	-	-
Minor Deterioration	9	100%	9	100%	9	100%
Serious Deterioration	-	-	-	-	-	-
Totally Deteriorated	-	-	-	-	-	-
Total	<u>9</u>	<u>100%</u>	<u>9</u>	<u>100%</u>	<u>9</u>	<u>100%</u>

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

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

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

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

NEW YORK STATE BRIDGE AUTHORITY

Required Supplemental Information -
Bridge System Assessments, Continued

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

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

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

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

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

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

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

In 2015, actual capital improvement costs exceeded projections. This was a result of activities carried over from 2014. The redecking project for the Newburgh Beacon south span was completed in 2015 on time and materially on budget.

NEW YORK STATE BRIDGE AUTHORITY

Required Supplementary Information

Scheduling of Funding Progress for Other Postemployment Benefits (OPEB)

December 31, 2015

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

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

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

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

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

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

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

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

The Governing Board
New York State Bridge Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the New York State Bridge Authority (the Authority), as of and for the year ended December 31, 2015, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 7, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Toski & Co., CPAs, P.C.

Williamsville, New York
March 7, 2016

INDEPENDENT ACCOUNTANTS' REPORT ON INVESTMENT PROGRAM COMPLIANCE

The Governing Board
New York State Bridge Authority:

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Investment Program

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

Report on Internal Control Over Compliance

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

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

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

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

Toski & Co., CPAs, P.C.

Williamsville, New York
March 7, 2016