

March 21, 2014

CONFIDENTIAL

Members of the Board  
New York State Thruway Authority:

Dear Members of the Board:

In planning and performing our audit of the financial statements of the New York State Thruway Authority (the Authority) as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

We now present for your consideration our comments and recommendations based upon observations made during our audit.

Recent Accounting Pronouncements

The Authority is subject to accounting policies accepted in the United States as promulgated primarily by the Governmental Accounting Standards Board (GASB). The GASB continues to be active and has issued the following statements which will be effective for future financial reporting:

- GASB Statement No. 67 - "Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25" replaces existing standards for financial reporting and note disclosure for most pension plans that are administered through trusts or equivalent arrangements. The requirements of this statement are effective for periods beginning after June 15, 2014. This statement is not expected to have a material effect on the financial statements of the Authority.

- GASB Statement No. 68 - “Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27” replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The requirements of this statement are effective for periods beginning after June 15, 2014. This statement is not expected to have a material effect on the financial statements of the Authority.
- GASB Statement No. 69 - “Government Combinations and Disposals of Government Operations” establishes accounting and financial reporting standards for government mergers, acquisitions and disposals. The statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effect of those transactions. The requirements of this statement are effective for periods beginning after December 15, 2013. This statement is not expected to have a material effect on the financial statements of the Authority.
- GASB Statement No. 70 - “Accounting and Financial Reporting for Nonexchange Financial Guarantees” improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The requirements of this statement are effective for periods beginning after June 15, 2013. This statement is not expected to have a material effect on the financial statements of the Authority.
- GASB Statement No. 71 - “Pension Transition for Contributions Made Subsequent to the Measurement Date” addresses an issue regarding application of the transition provisions of GASB Statement No. 68 - “Accounting and Financial Reporting for Pensions.” This Statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this statement are effective for the same period that the entity implements GASB Statement No. 68. This statement is not expected to have a material effect on the financial statements of the Authority.

We recommend that the Authority review the impact of these pronouncements to ensure that the Authority properly complies with the new accounting guidance. Based on discussions with Authority personnel, this review has already begun and a plan is in place to comply.

Status of Prior Year Recommendations

We reviewed the disposition of recommendations included in our letter dated March 15, 2013. The following is a summary of the action taken by the Authority with regard to our recommendations.

Implementation of GASB Statement No. 61 - "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34." The Authority has reviewed this statement and no significant financial statement impact occurred from adopting its provisions.

Implementation of GASB Statement No. 66 - "Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62." The Authority has reviewed this statement and has concluded that its provisions do not apply.

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This communication is intended solely for the information and use of the Members of the Board of the New York State Thruway Authority, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

TOSKI & CO., CPAs, P.C.

A handwritten signature in black ink, appearing to read "Douglas E. Zimmerman", written over a horizontal line.

Douglas E. Zimmerman, CPA  
Managing Director