



**NEW YORK STATE THRUWAY AUTHORITY
NEW YORK STATE CANAL CORPORATION**



MINUTES

AUDIT COMMITTEE MEETING NO. 2

March 19, 2007

Minutes of a meeting of the New York State Thruway Authority/Canal Corporation Audit Committee, held in the Board Room at Administrative Headquarters, 200 Southern Boulevard, Albany, New York, 12209 and by video conference from the New York State Thruway Authority's Buffalo Division Office, 455 Cayuga Road, Suite 800, Cheektowaga, New York.

The meeting began at 9:07 a.m.

The following members of the Audit Committee were present, constituting a quorum:

Present:

Chairman John L. Buono, Audit Committee Member
Frederick Howard, Audit Committee Member
Jeffrey D. Williams, Audit Committee Member via video conference

In addition, there were present the following staff personnel:

Michael R. Fleischer, Executive Director
Kevin Allen, Unit Supervisor, Audit and Management Services
John Bryan, Chief Financial Officer
Michael Flynn, Director, Audit and Management Services
David Malone, Assistant Director of Accounting and Disbursements
Sharon O'Connor, General Counsel
Tracie Sandell, Assistant Counsel
Mildred Selby, Supervisor of Cash Investments
Michael Sikule, Director of Investment and Asset Management
Dorraine Steele, Director of Fiscal Audit and Budget
Jill Warner, Board Administrator
Elizabeth Yanus, Special Assistant

Also in Attendance:

Bill Kahn, Partner, UHY LLP
Bob Urban, Senior Manager UHY LLP

PUBLIC SESSION

Chairman Buono called the meeting of the Audit Committee to order.

Ms. Yanus recorded the minutes as contained herein.

Item 1

Minutes of Audit Committee Meeting No. 1

After full discussion, on the motion of Mr. Howard, seconded by Mr. Williams, without any objections, the Audit Committee approved the minutes of Audit Committee meeting No. 1, held January 30, 2007.

Item 2

2006 Financial Statements

Mr. Bryan summarized the Authority's 2006 Financial Statements, noting that approximately \$803 million was anticipated to be spent last year. The actual figure was \$762 million or \$42 million short of the projected estimate, mainly due to delays in Capital Program projects. Operating expenses increased \$26 million, which is mainly attributable to the \$20 million owed for the Lamendola and Church litigations. Mr. Bryan reported that the floods of 2006 significantly impacted the Canal Corporation's operating budget and Capital Program, causing projects to be delayed, postponed and cancelled, which resulted in savings. Although reported fuel revenue was less than expected in 2006, the figure has increased in 2007. Federal funding decreased, however the need to issue bonds and tap reserves was not required to subsidize expenses.

After full discussion, on the motion of Mr. Howard, seconded by Mr. Williams, without any objections, the Audit Committee accepted the Authority's 2006 Financial Statements.

Item 3

2006 Audit Reports prepared by UHY LLP

Mr. Kahn of UHY submitted *New York State Thruway Authority Presentation to the Audit Committee Year Ended December 31, 2006* (Exhibit A). He commenced a summary of the audit, which was conducted consistent with all applicable auditing standards, indicating that no change to the audit strategy was made. Capital assets, cash reconciliation procedures and litigation were the areas of focus, for which no issues of concern were identified. No significant accounting policies were changed or adopted and no significant or unusual transactions were noted.

After full discussion, on the motion of Mr. Howard, seconded by Mr. Williams, without any objections, the Audit Committee accepted the 2006 Audit Reports prepared by UHY LLP.

Adjournment

There being no further business to come before the Audit Committee, on the motion of Mr. Williams, seconded by Mr. Howard, without any objections, the meeting was adjourned at 10:26 a.m.