



NASSAU COUNTY BRIDGE AUTHORITY

Financial Statements and Independent Auditors' Report Year Ended December 31, 2022

Morse & Company CPAs, LLP
Certified Public Accountants

**NASSAU COUNTY BRIDGE
AUTHORITY**

**Financial Statements
and Independent Auditors' Report**

Year Ended December 31, 2022

Nassau County Bridge Authority

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Nassau County Bridge Authority
Lawrence, NY 11559

Opinion

We have audited the financial statements of Nassau County Bridge Authority, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, cash flows, and supplemental schedules for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nassau County Bridge Authority as of December 31, 2022 and 2021, and the results of their activities and their cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nassau County Bridge Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nassau County Bridge Authority's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Nassau County Bridge Authority. The supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

A handwritten signature in blue ink that reads "Morse & Company CPAs". The signature is written in a cursive, flowing style.

Morse & Company CPAs, LLP.
April 17, 2023

Management's Discussion and Analysis
Year Ended December 31, 2022
UNAUDITED

Introduction

The following discussion and analysis of the financial performance and activity of the Nassau County Bridge Authority is intended to provide an introduction to and understanding of the financial statements of the Nassau County Bridge Authority, which includes the operation of the Atlantic Beach Bridge, for the year ended December 31, 2022, with comparative information for the year ended December 31, 2021. This section has been prepared by the management of the Nassau County Bridge Authority and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

- The Nassau County Bridge Authority's position decreased by \$697,955.
- Capital expenditures for 2022 increased by \$48,634, primarily due to the purchase of fiber cable for the network remediation upgrade, a barcode reader and furniture and equipment.
- Current Assets increased \$1,079,138, primarily due to increases in cash and cash equivalents of \$1,078,701.
- Gross operating revenues increased by \$90,999 in 2022.
- Operating expenditures of \$6,633,353 reflect a decrease of \$553,041 from the 2021 total of \$7,186,394. The majority of the net decrease in 2022 consisted of decreases in retirement plan of \$98,232, employee benefits of \$103,926, biennial inspection of \$117,860, other post-employment benefits of \$635,745 and increases in salaries of \$66,351, insurance of \$53,111 repairs & maintenance of \$136,457 and professional fees of \$79,586.
- Total Interest Income increased by \$29,128 from 2021. This is due to an increase in interest from Capital One of \$28,412 and from Bank of NY / Mellon of \$716.
- In April 2010, The Nassau Bridge Authority issued \$11,145,000 in Series 2010 Bonds, fixed rate bonds with level debt service and a final maturity of 2040. Proceeds of the Series 2010 Bonds, together with an equity contribution in the amount of \$1,600,000, were issued to: a) finance the costs of certain structural, mechanical and electrical improvements to the Atlantic Beach Bridge, b) fund a debt service reserve fund, and c) pay the costs of issuance. As part of the plan of finance, the Authority defeased its outstanding Series 1997A and 1997B bonds with a combination of cash and restricted funds.
- Other income includes non-operating revenue from lease agreements with PSEG Long Island, as well as income generated from advertising sources.

Overview of the Financial Statements

The financial section of this annual report consists of three parts: management's discussion and analysis, the basic financial statements and the notes to the financial statements. The basic financial statements include: the Statement of Net Position, the Statements of Changes in Net Position and the Statements of Cash Flows.

Statement of Net Position

The Statement of Net Position presents the financial position of the Nassau County Bridge Authority at the end of the fiscal year and includes all assets, liabilities and Deferred Inflows and Outflows of the Authority. Net position retained by the Authority for capital construction and replacement represent the difference between total assets and total liabilities. For presentation purposes only, Deferred Inflows and Outflows are presented as a separate component of the statement yet may be combined with Assets and Liabilities. A summarized comparison of the Authority's balance sheets at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current assets	\$ 12,249,952	\$ 11,170,814
Non-current assets:		
Property and Equipment (net)	22,902,462	25,365,614
Other non-current assets	<u>3,231,893</u>	<u>2,737,855</u>
Total assets	<u>\$ 38,384,307</u>	<u>\$ 39,274,283</u>
Deferred Outflow of Resources: Pension Liability	<u>2,138,885</u>	<u>3,001,729</u>
Total Assets Plus Deferred Outflows of Resources	<u>\$ 40,523,192</u>	<u>\$ 42,276,012</u>
<u>Liabilities</u>		
Current liabilities	\$ 601,544	\$ 638,118
Non-current liabilities		
Bonds	7,625,000	7,920,000
Other non-current liabilities	<u>9,157,441</u>	<u>11,833,468</u>
Total liabilities	<u>\$ 17,383,985</u>	<u>\$ 20,391,586</u>
Deferred Inflows of Resources: Pension Liability	\$ 1,698,692	\$ 1,656,300
Total OPEB Liability	3,326,631	1,412,259
Decal Sales	<u>364,062</u>	<u>368,090</u>
Net Position	<u>\$ 17,749,822</u>	<u>\$ 18,447,777</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 40,523,192</u>	<u>\$ 42,276,012</u>

Statement of Changes in Net Position

The change in net position is an indicator of whether the overall fiscal condition of an organization has improved or worsened during the year. A summarized comparison of the Authority's Statements of Revenues, Expenses and Changes in Net Position at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 6,269,289	\$ 6,178,290
Operating expenses	(4,121,564)	(4,683,951)
Depreciation & Amortization	<u>(2,511,789)</u>	<u>(2,502,443)</u>
Operating profit (Loss)	<u>(364,064)</u>	<u>(1,008,104)</u>
Net Non-operating Revenue (Expenses)	<u>(333,891)</u>	<u>(344,637)</u>
Change in net position	<u>\$ (697,955)</u>	<u>\$ (1,352,741)</u>

Revenues

Operating revenues totaled \$ 6,269,289 in 2022 and \$ 6,178,290 in 2021, an increase in revenues of \$90,999. The increase was a result of the continued recovery from the Covid-19 and the return to regular operations.

Expenses

A summary of operating expenses, including depreciation and amortization, through December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Operating expenses:		
Employee compensation & benefits	\$ 2,929,162	\$ 3,700,382
Contract services	970,293	724,341
Materials, equipment & other	124,416	179,063
Utilities	<u>97,693</u>	<u>80,165</u>
Total operating expenses	\$ 4,121,564	\$ 4,683,951
Depreciation	<u>2,511,789</u>	<u>2,502,443</u>
Total	<u>\$ 6,633,353</u>	<u>\$ 7,186,394</u>

Non-Operating Revenues and Expenses

	<u>2022</u>	<u>2021</u>
Interest income	\$ 33,714	\$ 4,586
Other income	20,345	49,627
Interest expense – bonds	<u>(387,950)</u>	<u>(398,850)</u>
Net non-operating revenues (expenses)	<u>\$ (333,891)</u>	<u>\$ (344,637)</u>

- Interest income increased in 2022 by \$ 29,128.
- See Financial Highlights section for detailed explanation.

Capital Improvements & Equipment

During 2022, the Authority incurred \$ 48,634 in capital asset expenditures. These additions were primarily associated with computer equipment, a barcode reader and furniture and equipment purchased. See additional information on the Authority's capital investments in the footnotes to the financial statements.

Capital Financing and Debt Management

As at December 31, 2022 outstanding bonds of the Nassau County Bridge Authority totaled \$7,920,000. Principal payments on the Series 2010 bonds in the amount of \$280,000 were paid during 2022. The Toll Covenant Requirements as prescribed in the bond resolution have been met. The calculations used in this determination are as follows:

2022 Total Aggregate Debt Service	\$ 667,950
Covenant Requirement – 100%	x 100%
Covenant Net Revenue - Required	<u>667,950</u>
Change in Net Position – 2022	\$ (697,955)
Add: Bond Interest	387,950
Other Post-Employment Benefits	112,983
Depreciation	<u>2,511,789</u>
Covenant Net Revenue - Actual	<u>2,314,767</u>
Surplus – Actual over Required	<u>\$ 1,646,817</u>

Employee Contract Negotiations

An agreement is in force between the union and the Authority. The new agreement term is from January 1, 2022 through December 31, 2025. Specific details are disclosed in the notes to the financial statements.

Investments at Fair Value

During the year ended December 31, 2017, the Authority adopted newly issued Government Accounting Standards Board Statement 72. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Required supplementary information is disclosed in the footnotes to the financial statements.

GASB 72 – Fair Value Measurement and Application

This statement generally requires state and local governments to measure investments at fair value. This standard expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. At December 31, 2022, the Authority's investments were not subject to fair value measurement.

Net Pension Liability

During the year ended December 31, 2015, the Authority adopted newly issued Government Accounting Standards Board Statements 68 and 71. Required supplementary information is disclosed in the footnotes to the financial statements. During the year ended December 31, 2018, the Authority adopted newly issued Government Accounting Standards Board Statement 72.

GASB 68 – Accounting and Financial Reporting for Pensions – an Amendment of GASB 27

Establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions via pension plans that are covered under the scope of GASB 68. Net Pension Asset at December 31, 2022 was \$ 493,071.

GASB 71 – Pension Transitions for Contributions Made Subsequent to the Transition Date

Addresses an issue related to GASB 68 – Amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined pension plan after the measurement date of the beginning net pension liability. For the year ended December 31, 2022, this amount was \$238,687.

GASB 72 – Fair Value Measurement and Application

This statement generally requires state and local governments to measure investments at fair value and provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. At December 31, 2022, the Authority's investments were not subject to fair value measurement.

GASB 75 - Accounting and Financial Reporting For Postemployment Benefits Other Than Pensions

Nassau County Bridge Authority ("the NCBA") sponsors medical, prescription drug, and dental plans. Eligible retirees and their dependents may continue health care coverage through the NCBA for life. The plan covers eligible retirees who elect to participate and pay any required contributions. This report is for the actuarial valuation of the postemployment health benefit plan. The NCBA adopted GASB 75 for the year ended December 31, 2018. In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement Number 75 (Accounting and Financial Reporting for Postemployment Benefits Other than Pensions) which are meant to replace GASB 45.

The effective date for this statement is for employers with fiscal years beginning after June 15, 2017. The NCBA is assumed to be a single employer without a special funding situation without a qualified trust for the purposes of reporting under GASB 75.

GASB 75 requires the Total OPEB Liability (TOL) to be calculated based on the Entry Age Normal Level Percent of Pay (EAN) actuarial cost method. These benefits are not currently pre-funded.

This valuation includes:

- All retirees who are currently receiving these benefits; and
- All active employees who will be eligible in the future to receive these benefits.

The calculations were based on an actuarial valuation as of January 1, 2022 using census data and recent health care cost information which was provided by the NCBA.

An actuarial valuation requires assumptions for the following parameters:

- A discount rate, at which future benefit cash flows are discounted, is set as (a) the long-term expected rate return on OPEB Plan investments to the extent that the OPEB plan assets are projected to be sufficient to make projected benefit payments and expected to be invested using a strategy to achieve that return or (b) the yield or index rate for 20 year , tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) if the conditions in (a) are not met.
- Mortality rates relevant to the underlying group of employees and retirees;
- Withdrawal rates relevant to the underlying group of employees;
- Retirement rates relevant to the underlying group of employees; and
- Current and future per capita claim costs for the benefits being valued

In determining the initial per capita claim cost, we have relied on Health Cost information provided by the NCBA (or its benefits administrator on its behalf). The assumptions used in this valuation conform to the requirements of GASB 75 and generally accepted actuarial principles. The calculations were performed using a Valuation Date (VD) of January 1, 2022 for reporting in the NCBA's full accrual financial statements for a Measurement Date (MD) of December 31, 2022. This report presents results as of December 31, 2022 and may be used for December 31, 2022 financial statements. The valuation results as of January 1, 2022 will be rolled-forward and may be used for December 31, 2023 financial statements provided there are no material changes to the of the benefit packages, cost-sharing structures, and/or census. The NCBA's next full valuation should be as of January 1, 2024, for reporting in the NCBA's full accrual financial statement as of December 31, 2023.

NASSAU COUNTY BRIDGE AUTHORITY
Statement of Net Position

<i>Year ended December 31,</i>	2022	2021
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 12,182,570	\$ 11,103,869
Other Receivables	3,431	3,179
Prepaid Expenses	44,387	47,880
Inventory	19,564	15,886
Total Current Assets	<u>12,249,952</u>	<u>11,170,814</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	738,822	737,855
Bond Covenant Restricted Cash and Cash Equivalents	2,000,000	2,000,000
Net Pension Asset	493,071	-
Property and Equipment, net	22,902,462	25,365,614
Total Noncurrent Assets	<u>26,134,355</u>	<u>28,103,469</u>
Total Assets	<u>38,384,307</u>	<u>39,274,283</u>
Deferred Outflow of Resources: Net Pension Liability	958,005	1,163,659
Total OPEB Liability	1,180,880	1,838,070
Total Assets and Deferred Outflow/Inflow of Resources	<u>\$ 40,523,192</u>	<u>\$ 42,276,012</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable & Accrued Expenses	\$ 249,211	\$ 301,180
Current Portion of Long-Term Debt	295,000	280,000
Current Portion of Compensated Absences	57,333	56,938
Total Current Liabilities	<u>601,544</u>	<u>638,118</u>
Noncurrent Liabilities:		
Long Term Debt, net of current	7,625,000	7,920,000
Compensated Absences Payable, net of current	556,464	514,931
Total Other Post-Employment Benefits Liability	8,600,977	11,312,957
Net Pension Liability	-	5,580
Total Noncurrent Liabilities	<u>16,782,441</u>	<u>19,753,468</u>
Total Liabilities	<u>17,383,985</u>	<u>20,391,586</u>
Deferred Inflow of Resources: Net Pension Liability	1,698,692	1,656,300
Total OPEB Liability	3,326,631	1,412,259
Decal Sales	364,062	368,090
Total Liabilities and Deferred Inflow/Outflow of Resources	<u>22,773,370</u>	<u>23,828,235</u>
Net Position	<u>17,749,822</u>	<u>18,447,777</u>
Total Liabilities, Net Position and Deferred Inflow of Resources	<u>\$ 40,523,192</u>	<u>\$ 42,276,012</u>

The attached notes and auditors' report are an integral part of these financial statements.

NASSAU COUNTY BRIDGE AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position

<i>Year ended December 31,</i>	2022	2021
Operating Revenue	\$ 6,269,289	\$ 6,178,290
Operating Expenses		
Salaries	2,258,039	2,191,688
Depreciation	2,511,789	2,502,443
Employee Benefits	332,812	436,738
Insurance	472,013	418,902
Retirement Plan	49,849	148,081
Payroll Taxes	175,479	175,147
Utilities	87,432	70,576
Other Post-Employment Benefits	112,983	748,728
Repairs & Maintenance	250,472	114,015
Professional Fees	215,555	135,969
Biennial Inspection	-	117,860
Pass Cards & Decals	32,253	17,774
Office Expense	73,970	55,998
Automobile	12,280	10,744
Interest Expense - Truck Purchase Leases	-	219
Telephone	10,261	9,589
Uniforms	6,865	2,320
Armored Carrier	16,040	13,976
Payroll Service	9,540	9,116
Bonded Trustee & Call fees	2,750	2,750
Computer	2,971	3,761
Total Operating Expenses	<u>6,633,353</u>	<u>7,186,394</u>
Operating Profit (Loss)	<u>(364,064)</u>	<u>(1,008,104)</u>
Nonoperating Revenue (Expense)		
Interest Revenue	33,714	4,586
Other Revenue	20,345	49,627
Bond Interest Expense	(387,950)	(398,850)
Net Nonoperating Revenue (Expenses)	<u>(333,891)</u>	<u>(344,637)</u>
Change in Net Position	<u>(697,955)</u>	<u>(1,352,741)</u>
Net Position - Beginning of Year	<u>18,447,777</u>	<u>19,800,518</u>
Net Position - End of Year	<u><u>\$ 17,749,822</u></u>	<u><u>\$ 18,447,777</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

NASSAU COUNTY BRIDGE AUTHORITY
Statement of Cash Flows

Year ended December 31,

2022

2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers and other sources	\$ 6,268,093	\$ 6,293,708
Cash payments to suppliers for goods and services	(1,656,782)	(1,781,329)
Cash payments to employees	(2,221,136)	(2,200,410)
Cash payments for employee related benefits	(647,982)	(655,277)
Net cash provided by operations	1,742,193	1,656,692

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash receipts from non-operating sources	20,345	49,627
Net cash provided by non-capital financing activities	20,345	49,627

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and Construction of Capital Assets	(48,634)	(149,256)
Principal Paid on Capital Debt	(280,000)	(270,000)
Interest paid on bonds	(387,950)	(398,850)
Net cash used for capital and related financing activities	(716,584)	(818,106)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	33,714	4,586
Net cash provided by investing activities	33,714	4,586

Net Increase (Decrease) in Cash and Cash Equivalents	1,079,668	892,799
Cash & Cash Equivalents at Beginning of Year	13,841,724	12,948,925
Cash & Cash Equivalents at End of Year	\$ 14,921,392	\$ 13,841,724

Reconciliation of Operating Profit (Loss) to Net Cash Provided by Operating Activities:

Operating Profit (Loss)	(364,064)	(1,008,104)
Adjustments to reconcile operating profit to Net Cash Provided by Operating Activities:		
Depreciation Expense	2,511,789	2,502,443

Change in Assets and Liabilities:

Increase / Decrease in:		
Other Receivables	(252)	(173)
Prepaid Expenses	3,493	(14,685)
Inventory	(3,678)	(11,441)
Net Pension Asset	(493,071)	-
Accounts Payable & Accrued Expenses	(51,969)	(284,807)
Compensated Absences	41,925	(17,112)
Total Other Post-Employment Benefits Liability	(2,711,980)	343,463
Net Pension Liability	(5,580)	(1,514,425)
Deferred Inflow of Resources - Total OPEB Liability	2,571,562	155,134
Deferred Inflow of Resources - Net Pension Liability	248,046	1,393,639
Deferred Inflow of Resources - Deferred Revenue from Decal Sales	(4,028)	112,760

Net Cash Provided by Operating Activities	\$ 1,742,193	\$ 1,656,692
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The attached notes and auditors' report are an integral part of these financial statements.

Nassau County Bridge Authority

Notes to Financial Statements

INTRODUCTION

The Nassau County Bridge Authority is a Public Benefit Corporation created by the New York State Legislature pursuant to Chapter 893 of the Laws of 1945.

The Nassau County Bridge Authority operates and maintains the Atlantic Beach Bridge across Reynolds Channel between the Villages of Lawrence and Atlantic Beach in Nassau County.

The Bridge Authority, pursuant to the state law, is composed of a five-member board which is appointed by the County Executive of Nassau County with approval of the Nassau County Legislature. Each board member serves a five-year term without compensation. The board is presently comprised of a chairman and four board members.

NOTE 1 – SUMMARY OF ACCOUNTING PRINCIPLES

The financial statements of the Nassau County Bridge Authority (Authority) are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standard Board (GASB) pronouncements.

a. Investments

Investments consist of United States Treasury Bills in the amount of \$754,000 and \$737,000 as of December 31, 2022 and December 31, 2021, respectively. These investments were secured by the Treasurer of Nassau County on behalf of the Authority pursuant to Section 39 of the General Municipal Law. Section 39 provides that investments and deposits must be collateralized with securities which are delivered to the custodial bank and held in safekeeping in the name of the Nassau County Treasurer.

b. Inventories

Salt and sand are carried in an inventory account at an average cost and are subsequently charged to expenditures when consumed.

c. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Nassau County Bridge Authority

Notes to Financial Statements

d. Concentration of Credit Risk

Financial instruments which potentially subject the Authority to concentrations of credit risk are cash, cash equivalents and investments. The Authority limits its credit risk by placing its cash, cash equivalents and investments, based upon economic conditions, with highly rated banks, U.S. Government securities, treasury bills and certificates of deposit. The Federal Deposit Insurance Corporation (FDIC) insures deposits in most banks and savings associations located in the United States. The maximum insurance coverage provided is currently \$250,000 per depositor, per insured bank. FDIC Insurance is backed by the full faith and credit of the United States government.

e. Cash and cash equivalents

The Authority considers investments with a maturity of three months or less when purchased to be cash equivalents.

f. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are comprised of monies related to the 2010 bond resolution. The minimum amount required as per the bond resolution is \$2,000,000 (see Note 3 below). Additionally, the total amount of restricted cash and cash equivalents, designated for the 2012 Capital Construction Project, at December 31, 2022 and 2021 was \$738,822 and \$737,855, respectively.

g. Property and Equipment

Property and equipment are recorded at cost. Title and interest in the bridge structure and real estate operated by the Bridge Authority are held in the name of Nassau County. The assets are depreciated from the time they are placed in service under the Straight Line Method. Furniture, Fixtures and Equipment are depreciated over their applicable rates, ranging from four to twenty years. Bridge rehabilitation costs are depreciated over 25 years, while building improvements are depreciated over 39 years. Expenditures for repairs and maintenance are expensed as incurred.

h. Pension Plan

Financial reporting information pertaining to NCBA's participation in the New York State and Local Retirement System is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Nassau County Bridge Authority

Notes to Financial Statements

i. Other Postemployment Benefits Than Pensions (OPEB).

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Nassau County Bridge Authority Retiree Benefits Plan (NCBA) and additions to/deductions from NCBA's fiduciary net position have been determined on the same basis as they are reported by NCBA. For this purpose, NCBA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

NOTE 2 – PROPERTY AND EQUIPMENT

	Cost at 12/31/22	Accumulated Depreciation	Net 12/31/22
Building Improvements	\$2,493,834	\$1,251,668	\$1,242,166
Bridge Rehabilitation	35,082,045	31,277,598	3,804,447
Furniture, Fixtures & Equipment	1,715,918	1,538,486	177,432
Roadway	2,426,095	1,890,858	535,237
Computer Equipment	227,282	196,254	31,028
Tollbooth Equipment	370,900	234,449	136,451
Tollbooth HVAC System	678,235	664,802	13,433
Lock Motor Replacement	268,850	165,791	103,059
NW Bulkhead Rehabilitation	60,150	31,888	28,262
Gas Meter	26,964	18,872	8,092
Fuel Tank Replacement	52,845	28,765	24,080
Bridge Infrastructure Project	9,384,900	2,745,083	6,639,817
Timber Fender System	542,537	203,452	339,085
Bridge Tower Renovation	484,390	142,358	342,032
Open Grating & Painting	11,112,487	2,000,249	9,112,238
Step Down Transformer Elevation	359,871	17,994	341,877
Website Development (WIP)	24,975	1,249	23,726
Total	\$ 65,312,278	\$ 42,409,816	\$ 22,902,462

Nassau County Bridge Authority

Notes to Financial Statements

NOTE 3 – LONG TERM DEBT

In April 2010, The Nassau Bridge Authority issued \$11,145,000 in Series 2010 Bonds, fixed rate bonds with level debt service and a final maturity of 2040. Proceeds of the Series 2010 Bonds, together with an equity contribution in the amount of \$1,600,000, were issued to: a) finance the costs of certain structural, mechanical and electrical improvements to the Atlantic Beach Bridge, b) fund a debt service reserve fund, and c) pay the costs of issuance. As part of the plan of finance, the Authority defeased its outstanding Series 1997A and 1997B bonds with a combination of cash and restricted funds. The 2010 Bonds are special obligations of the Authority and secured by a pledge of toll revenues. As additional security for the bondholders, the Authority has covenanted that it will establish tolls in order to produce revenues in each fiscal year in an amount not less than 100% of maximum annual debt service (MADS). The Authority has further covenanted that on each June 30 and December 31, the Authority shall maintain cash and unrestricted investments in the amount of at least \$2,000,000. If the cash and unrestricted investments on any June 30 and December 31 is below \$2,000,000, the Authority will establish tolls in order to produce net revenues in such fiscal year, in an amount not less than 115% of the MADS. The Authority has also covenanted that this will not affect any reductions in toll rates for any motor vehicles which will reduce the total gross revenues for any fiscal year by more than five percent (5%) of the prior fiscal year.

The Bond Resolution permits the issuance of additional bonds on parity with the Series 2010 Bonds for the purpose of (a) raising funds to pay any part of the cost of completing the project or the costs of another project, (b) refunding any outstanding bonds, or (c) any combination of these purposes. Written certificates of both the consulting engineer and the accountant, among other things, must be obtained for the issuance of additional bonds for any purpose other than the refunding of bonds.

The Authority is obligated to pay principal and interest on the Series 2010 bonds as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest</u>
2023	295,000	379,550
2024	305,000	367,750
2025	315,000	355,550
2026	330,000	341,200
2027	345,000	326,350
And thereafter	<u>6,330,000</u>	<u>2,414,725</u>
	\$ 7,920,000	\$ 4,185,125

Nassau County Bridge Authority

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NOTE 4 – PENSION PLAN

Plan Description

The Authority, via Nassau County, participates in the New York State and Local Employees Retirement System (ERS), which is part of the New York State and Local Retirement System (NYSLRS). The NYSLRS provides retirement benefits as well as death and disability benefits to members.

Funding Policy

The NYSLRS is noncontributory for those ERS members who joined the New York State and Local Employees' Retirement System prior to July 27, 1976. Employees who joined the NYSLRS after that date must contribute 3% of their salary, however, NYS legislation passed in 2000, suspending the 3% contribution for those employees who have ten or more years of credited service.

In addition, members who meet certain eligibility requirements will receive one month's additional service credit for each completed year of service, up to a maximum of two additional years of service credit. In December 2009, the Governor signed a bill requiring ERS members hired January 2010 and later to contribute 3% of their salary for all their years of public service, increasing the numbers of years required to vest for retirement benefits from five to ten years, and placing a limitation on the annual amount of overtime credited as retirement earnings. Employees who joined the system on or after April, 2012 are required to contribute between 3% and 6% depending upon their salary for their entire career.

The Common Retirement Fund ("Fund") was established to hold all the assets and income of the NYSLRS in a single unified investment program. The Fund's assets come from three main sources: employee or member contributions, investment income and participating employer contributions. The value of the Fund and the rate of return on the investments directly affect the employer's annual contribution rates. Each year, the State evaluates the Fund's assets and compares the value of those assets to the funds needed to pay current and future benefits. The difference between these two amounts is spread over the future working life times of active members to actuarially determine the annual contribution rates.

Membership Tiers

Pension legislation enacted in 1973, 1976, 1983, 2009 and 2012 established distinct classes of membership. For convenience, the System uses a tier concept to distinguish these groups, generally:

Tier 1 – Those persons who last became members before July 1, 1973.

Tier 2 – Those persons who last became members on or after July 1, 1973, but before July 27, 1976.

Nassau County Bridge Authority

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Tier 3 - Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.

Tier 4 - Generally, those persons who last became members on or after September 1, 1983, but before January 1, 2010, except for correction officers.

Tier 5- Those persons who last became members on or after January 1, 2010, but before April 1, 2012.

Tier 6- Those persons who first became members on or after April 1, 2012.

Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 require ten years of service credit to be 100% vested. Subsequent to March 31, 2022, legislation was passed that reduced the number of years of service credit from ten years to five years; therefore, all members are vested when they reach five years of service.

Employer Contributions

Participating employers are required to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2022 was approximately 16.2% of payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2022, the applicable interest rate was 5.9%.

Member Contributions

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System; however, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Benefits

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least 55 to be eligible to collect a retirement benefit. There is no minimum service requirement

Nassau County Bridge Authority

Notes to Financial Statements

for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than twenty years. If the member retires with twenty or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with thirty or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year used in the final average salary calculation is limited to no more than 20% greater than the average of the previous year. For Tier 2 members, each year of the final average salary is limited to no more than 20% greater than the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of the final average salary for each year of service if the member retires with less than twenty years. If a member retires with between twenty and thirty years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than thirty years of service, an additional benefit of 1.5% of the final average salary is applied for each year of service over thirty years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4 and 5 members, each year used in the final average salary calculation is limited to no more than ten percent greater than the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63.

Benefit Calculation: Generally, the benefit is 1.67% of the final average salary for each year of service if the member retires with less than twenty years. If a member retires with twenty years of service, the

Nassau County Bridge Authority

Notes to Financial Statements

benefit is 1.75% of the final average salary for each year of service. If a member retires with more than twenty years of service, an additional benefit of 2% of the final average salary is applied for each year of service over twenty years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10% greater than the average of the previous four years.

Rates of Return

In accordance with U.S. generally accepted accounting principles, the money-weighted rate of return on plan investments, net of investment expenses, was 9.44% for the year ended March 31, 2022. The money-weighted rate of return expresses investment performance after consideration of the impact of the changing amounts actually invested. For internal purposes, the System evaluates investment performance using the time-weighted rate of return, gross of certain investment expenses, which was 9.51% for the year ended March 31, 2022.

Net Pension Liability

At March 31, 2022, NCBA recorded an asset of \$493,071 for its proportionate share of the net pension liability, measured as follows:

Employers' total pension liability	\$13,503,689
Less: Fiduciary Net Position	<u>13,996,760</u>
Employers' net pension asset	\$493,071

Pension Expense

Pension expense includes certain current period changes in the net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. For the year ended March 31, 2022, the Authority recognized a pension expense of \$49,849, its proportionate share of the total pension expense, as follows:

Proportionate Share of Plan Pension Expense	\$ 22,301
Net Amortization of Deferred Amounts from Charges in Proportion and Differences Between Employer Contributions and Proportionate Share Of Contributions	<u>27,548</u>
Total Pension Expense	\$ 49,849

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Balance of Deferred Outflows and Inflows

At March 31, 2022, we reported deferred outflows of resources and deferred inflows of resources from the following sources related to the pension benefits:

Deferred Outflows of Resources

Difference between Expected & Actual Experience	37,341
Changes in Assumptions	822,880
Net difference between projected and actual earnings on Pension Plan Investments	-0-
Changes in Proportion & Differences between Employers Contributions & Proportionate Share of Contributions	<u>97,785</u>
Pension plan investments	
Total – Deferred Outflows	\$ 958,006

Deferred Inflows of Resources

Differences between Expected and Actual Experience	(48,433)
Changes in Assumptions	(13,885)
Net difference between projected and actual earnings on Pension Plan Investments	(1,614,601)
Changes in proportion and differences between Employer Contributions and proportionate share of contributions	<u>(21,772)</u>
Total – Deferred Inflows	<u>(\$1,698,691)</u>

Total Net Deferred Outflows (Inflows) of Resources \$ (740,685)

\$300,458 has been reported as deferred outflows of resources to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction to the net pension liability in the year ended December 31, 2023. Other amounts reported as collective deferred (inflows) / outflows of resources related to pensions totaling (\$740,685), will be recognized in pension expense as follows:

Year Ending March 31:

2023	(\$99,858)
2024	(\$164,592)
2025	(\$402,012)
2026	(\$74,223)
Thereafter	\$0

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Actuarial Assumptions

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021 with update procedures used to roll forward the total pension liability to March 31, 2022. The following assumptions were used:

Inflation	2.7%
Salary increases	4.4%
Investment rate of return (Net of investment expense, including inflation)	5.9%
Cost of Living Adjustments	1.4%

Annuitant mortality rates are based on April 1, 2015–March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2020.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015-March 31, 2020. The long term expected 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 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 the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022:

Domestic equity	3.30%
International equity	5.85%
Private equity	6.50%
Real estate	5.00%
Credit	3.78%
Opportunistic portfolio	4.10%
Real assets	5.58%
Fixed Income	0.00%
Cash	(1.00)%

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Notes to Financial Statements

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. 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.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability of the employers calculated using the current-period discount rate assumption of 5.9%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current assumption:

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$1,269,169	(\$493,071)	(\$1,967,106)

Deferred Outflows of Resources and Deferred Inflows of Resources

Difference in Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five-year closed period, reflecting the average remaining service life of active and inactive NCBA members. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The difference for the fiscal year ending March 31, 2022 is inflows of \$11,092.

Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five-year closed period, reflecting the average remaining service life of active and inactive NCBA members. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The difference between expected and actual experience for the fiscal year ending March 31, 2022 is outflows of \$808,995.

Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments

The difference between the expected rate of return of 7.0% and actual investment earnings on pension plan investments amortized over a five-year closed period in accordance with Statement 68. The first year of amortization is recognized as pension expense with the remaining years shown as either a

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deferred outflow of resources or a deferred inflow of resources. The difference between expected and actual experience for the fiscal year ending March 31, 2022 is inflows of \$1,614,601.

Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions

An individual employer's proportionate share will almost certainly change from measurement date to measurement date, and the financial impact of this change must be quantified. In addition, to the extent that an employer makes actual contributions during the year that are different from its allocated proportionate share of contributions, this difference must also be tracked and accounted for. The change at March 31, 2022 is outflows of \$76,013.

NOTE 5 – RETIREMENT PLAN CONTRIBUTIONS

Pursuant to an agreement with the Civil Service Employees Association, Inc. Local 1000, AFSCME, AFL-CIO, Nassau County Bridge Authority Unit, Nassau County Local 830 (hereinafter referred to as the "CSEA") commencing January 1, 2022 and terminating December 31, 2025, the Authority provided retirement benefits for all its full-time employees under the provisions of the Improved Career Retirement Plan for employees of participating Authorities of the New York State Employees' Retirement System. The agreement provides for annual salary increases of 3.5%. Contributions to the retirement system totaled \$238,687 and \$300,458 in 2022 and 2021, respectively.

NOTE 6 – MEDICAL, DENTAL & LIFE INSURANCE

Pursuant to an agreement with the CSEA commencing January 1, 2022 and terminating December 31, 2025, all new employees hired on or after January 1, 2015 will participate in the Excelsior Plan of the New York State Government Employees Health Insurance Plan or a substantially similar plan as selected by the Authority. The Authority provided coverage at no cost for all full-time employees and retired employees (and their respective eligible dependents) hired on or before June 30, 1987 who are enrolled under the Empire Plan (Core Plus Enhancements) of the New York State Government Employees Health Insurance Plan.

For all full-time employees hired on or after July 1, 1987, the Authority shall contribute 85% of the premium cost and the employees shall contribute 15% by payroll deduction. The contribution percentages change upon the enrolled eligible employee reaching their sixteenth and eighteenth anniversary dates.

For all full-time employees hired and who subsequently retire with ten (10) or more years of service, the Authority shall pay 100% of the cost of the premium for health insurance coverage of such retired employees and their eligible dependents.

Any member who elects to waive their Health Insurance Coverage shall be entitled to receive, in lieu of the coverage, \$2,000 (for family coverage) and \$1,200 (for individual coverage). This payment would be made at the end of the plan year for which the waiver is elected.

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The Authority shall provide a fully paid non-contributory dental insurance plan for all of the full-time employees of the bargaining unit electing to participate in such a plan. Employees hired after July 1, 1987 shall contribute 15% of the premium costs.

All employees shall be entitled to group life insurance in the amount of \$15,000. All employees shall be entitled to receive the CSEA Platinum Plus 12 Family Optical Plan insurance coverage. Any employee may elect to waive annual coverage in lieu of \$80. 50% will be paid by the Authority and 50% will be paid by the employee. New York State Disability Insurance cost is paid by the Authority and each employee at a 50/50 split.

NOTE 7 – OTHER POST-EMPLOYMENT

Effective January 1, 2009, the Nassau County Bridge Authority was required to comply with GASB 45, which is an accounting and financial reporting provision requiring government employers to measure and report the liabilities associated with other (than pension) post-employment benefits (or OPEB). Reported OPEBs may include post-retirement medical, pharmacy, dental, vision, life, long-term disability and long-term care benefits that are not associated with a pension plan.

GASB 45 was established by the GASB in July 2004 due to the growing concern over the potential magnitude of government employer obligations for post-employment benefits. The purpose of GASB 45 was to:

1. Recognize the cost of OPEB benefits in the period when services are received.
2. Provide information about the actuarial liabilities for the promised benefits.
3. Provide information useful in assessing potential demands on future cash flows.

In June 2015 the Governmental Accounting Standards Board (GASB) issued Statement Number 75 (Accounting and Financial Reporting for Postemployment Benefits Other than Pensions) which are meant to replace GASB 45. The effective date for this statement is for employers with fiscal years beginning after June 15, 2017. See Note 9 below.

NOTE 8 – GASB 72 – FAIR VALUE MEASUREMENT AND APPLICATION

During the year ended December 31, 2016, the Authority adopted newly issued Government Accounting Standards Board Statement 72. This statement generally requires state and local governments to measure investments at fair value and provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. At December 31, 2022, the Authority's investments were not subject to fair value measurement.

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Notes to Financial Statements

NOTE 9 – GASB 75 – ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Nassau County Bridge Authority (“the NCBA”) sponsors medical, prescription drug, and dental plans. Eligible retirees and their dependents may continue health care coverage through the NCBA for life. The plan covers eligible retirees who elect to participate and pay any required contributions. This report is for the actuarial valuation of the postemployment health benefit plan. The NCBA adopted GASB 75 for the year ended December 31, 2018.

The calculations were based on an actuarial valuation as of January 1, 2022 using census data and recent health care cost information which was provided by the NCBA.

In June 2015 the Governmental Accounting Standards Board (GASB) issued Statement Number 75 (Accounting and Financial Reporting for Postemployment Benefits Other than Pensions) which are meant to replace GASB 45. The effective date for this statement is for employers with fiscal years beginning after June 15, 2017. The NCBA is assumed to be a single employer without a special funding situation without a qualified trust for the purposes of reporting under GASB 75.

GASB 75 requires the Total OPEB Liability (TOL) to be calculated based on the Entry Age Normal Level Percent of Pay (EAN) actuarial cost method. These benefits are currently unfunded.

This valuation includes:

- all retirees who are currently receiving these benefits; and
- all active employees who will be eligible in the future to receive these benefits.

The NCBA has provided a census of these employees and retirees. A summary of this data is presented in Table 11.

An actuarial valuation requires assumptions for the following parameters:

- A discount rate, at which future benefit cash flows are discounted, is set as (a) the long-term expected rate return on OPEB Plan investments to the extent that the OPEB plan assets are projected to be sufficient to make projected benefit payments and expected to be invested using a strategy to achieve that return or (b) the yield or index rate for 20 year , tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) if the conditions in (a) are not met.
- Mortality rates relevant to the underlying group of employees and retirees;
- Withdrawal and retirement rates relevant to the underlying group of employees; and
- Current and future per capita claim costs for the benefits being valued

In determining the initial per capita claim cost, we have relied on Health Cost information provided by the NCBA (or its benefits administrator on its behalf)

The assumptions used in this valuation conform to the requirements of GASB 75 and generally accepted actuarial principles. The calculations were performed using a Valuation Date (VD) of January 1, 2022 for

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reporting in the NCBA's full accrual financial statements for a Measurement Date (MD) of December 31, 2022. This report presents results as of December 31, 2022 and may be used for December 31, 2022 financial statements. The valuation results as of January 1, 2022 will be rolled-forward and may be used for December 31, 2023 financial statements provided there are no material changes to the benefit packages, cost sharing structures, and/or census.

The NCBA's next full valuation should be as of January 1, 2024, for reporting in the NCBA's full accrual financial statement as of December 31, 2023.

In response to the GASB 75 requirements, this section provides the necessary accounting disclosures for the NCBA's financial reports which are shown in the following exhibits:

- Table 1: Executive Summary
- Table 2: Plan Demographics
- Table 3: Assumptions
- Table 4: OPEB Expense
- Table 5: Net OPEB Liability Sensitivity
- Table 6: Change in Total OPEB Liability
- Table 7: Summary of Deferred Inflows and Outflows
- Table 8: Schedule of Future Deferred Inflows and Outflows Amortization

Table 1 - Executive Summary

	FY 2022	FY 2021
Valuation Date (VD)	January 1, 2022	January 1, 2020
Prior Measurement Date	December 31, 2021	December 31, 2020
Measurement Date (MD)	December 31, 2022	December 31, 2021
Membership Data as of Valuation Date		
Inactive Members or Beneficiaries Currently Receiving Benefits	18	17
Inactive Members Entitled to But Not Yet Receiving Benefits	0	0
Active Members	18	20
Total Membership	36	37
Discount Rate		
Municipal Bond Index Rate at Prior MD	2.05%	2.12%
Municipal Bond Index Rate at MD	4.31%	2.05%
Net OPEB Liability as of Measurement Date		
Total OPEB Liability (TOL)	\$ 8,600,977	\$ 11,312,957
Fiduciary Net Position (FNP)	0	0
Net OPEB Liability (NOL = TOL – FNP)	\$ 8,600,977	\$ 11,312,957
FNP as a percentage of TOL	0.0%	0.0%
OPEB Expense	\$ 112,983	\$ 748,728
Deferred Outflows of Resources	\$ 1,180,880	\$ 1,838,070
Deferred Inflows of Resources	\$ (3,326,631)	\$ (1,412,259)

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Table 2 - Plan Demographics

The table below displays the number of employees covered by the benefit terms.

Table 2 - Demographics

Inactive Employees or Beneficiaries Currently Receiving Benefits	18
Inactive Employees Entitled to but not yet Receiving Benefits	0
Active Employees	18
Total Membership	36

Significant assumptions and other inputs used to measure the Total OPEB Liability for the current fiscal year are summarized in the table below.

Table 3 - Assumptions

Inflation	2.70%
Salary Increases	Based on the same assumption used in the New York Employees Retirement System (ERS) actuarial valuation; refer to Section 5 for sample rates
Discount Rate	
Prior MD	2.05%
Current MD	4.31%
Mortality Table	Pub-2010 General Employees / Retirees Headcount-Weighted Mortality Table projected fully generationally using MP-2021
Medical / Rx Trends	Actual cost increase from 2022 to 2023, followed by 6.50% from 2023 to 2024, decreasing gradually to an ultimate rate of 4.14% by 2076
Part B Trends	-3.06% decrease from 2022 to 2023, followed by projected Part B premium increase shown in the 2022 Medicare Trustees report, and ultimately decreasing to an ultimate rate of 4.14% by 2076

OPEB EXPENSE

GASB states the OPEB expense also should be recognized in the current reporting period for costs incurred by the government related to the administration of OPEB. The measurement period for these costs should be the same as the measurement period applied to changes in the Total OPEB Liability.

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Notes to Financial Statements

The OPEB Expense consists of:

1. Service Costs for the year
2. Interest on the TOL using bond rate at the beginning of period
3. Change in the TOL due to benefit changes
4. The current year recognition of changes in the TOL due to Actual versus Expected experience
5. The current year recognition of changes in the TOL due to changes of assumptions or other inputs experience (including the change in discount rate)
6. Recognition of Deferred Inflows and Outflows of Resources from prior years.

The following table provides a breakdown of the OPEB Expense as of the current and prior fiscal year-ends:

Table 4 - OPEB Expense

Fiscal Years Ending	December 31, 2022	December 31, 2021
Service Cost	\$ 409,718	\$ 423,103
Interest on Total OPEB Liability and Service Cost	237,731	238,886
Current Period Benefit Changes	0	0
Current Period Recognition of Deferred Inflows and Outflows of Resources		
Difference Between Expected and Actual Experience in the Total OPEB Liability	(447,373)	(463,294)
Changes of Assumptions or Other Inputs	(87,093)	550,033
Other	0	0
OPEB Expense	\$ 112,983	\$ 748,728

Changes in the discount and health care cost trend rates affect the measurement of the TOL. Lower discount rates produce a higher TOL whereas lower trend rates produce a lower TOL. The converse is true for higher discount rates and trend rates. Since discount rate and trend rates do not affect the measurement of assets, the percentage change in the NOL can be very significant for a relatively small change in either rate.

The table below shows the sensitivity of the NOL to the discount rate and healthcare cost trend rates.

Table 5 - Net OPEB Liability Sensitivity

Healthcare Cost Trend	Discount Rate		
	1% Increase (5.31%)	Current (4.31%)	1% Decrease (3.31%)
1% Decrease		\$ 7,413,423	
Current	\$ 7,567,067	\$ 8,600,977	\$ 9,860,310
1% Increase		\$ 10,075,806	

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The following table provides a summary of the Deferred Outflows of Resources and Deferred Inflows of Resources as of December 31, 2022:

Table 6 - Deferred Inflows and Outflows

	FYE	Initial Balance	Initial Amortization Period (in years)	Annual Recognition	Recognized in OPEB Expense through December 31, 2022	Unamortized Balance as of December 31, 2022
Differences Between Expected and Actual Experience	12/31/2018	\$ 0	5	\$ 0	\$ 0	\$ 0
	12/31/2019	\$ (931,767)	5	\$ (186,353)	\$ (745,412)	\$ (186,355)
	12/31/2020	\$ (1,195,269)	5	\$ (239,054)	\$ (717,162)	\$ (478,107)
	12/31/2021	\$ (189,437)	5	\$ (37,887)	\$ (75,774)	\$ (113,663)
	12/31/2022	\$ 79,605	5	\$ 15,921	\$ 15,921	\$ 63,684
Changes in Assumptions	12/31/2018	\$ (854,204)	5	\$ (170,841)	\$ (854,204)	\$ 0
	12/31/2019	\$ 1,743,804	5	\$ 348,761	\$ 1,395,044	\$ 348,760
	12/31/2020	\$ 1,739,525	5	\$ 347,905	\$ 1,043,715	\$ 695,810
	12/31/2021	\$ 121,042	5	\$ 24,208	\$ 48,416	\$ 72,626
	12/31/2022	\$ (3,185,633)	5	\$ (637,127)	\$ (637,127)	\$ (2,548,506)

Deferred Inflows and Outflows of resources for (a) differences between expected and actual experience and (b) changes of assumptions or other inputs should be recognized in OPEB expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

For the current fiscal year, the average expected remaining service life of active and inactive employees is 5 years and the Deferred Inflows and Outflows of resources for (a) differences between expected and actual experience and (b) changes of assumptions or other inputs as of December 31, 2022 are amortized over 5 years.

Nassau County Bridge Authority

Notes to Financial Statements

Table 7 – Unamortized Balance of Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 63,684	\$ (778,125)
Changes of Assumptions or Other Inputs	1,117,196	(2,548,506)
Total	\$ 1,180,880	\$ (3,326,631)

The following table presents the Deferred Inflows and Outflows by year of recognition for each of the next five years and all years after that.

Table 8 - Schedule of Future Deferred Inflows and Outflows Amortization

Measurement Period Ended	
Dec 31	
2023	\$ (363,629)
2024	\$ (526,033)
2025	\$ (634,885)
2026	\$ (621,204)
2027	\$ 0
Thereafter	\$ 0

All employees who have 25 years or more of service to the Authority and are at least 50 years of age shall be entitled to elect to participate in the Early Retirement Health Incentive. The Authority shall pay 75% of the health care premium for those employees who elect to participate in the Early Retirement Health Incentive to member’s age 55, at which time the Authority will pay the full cost of coverage. The employee shall pay 25% of the health care premium until they turn 55. That cost will be invoiced to the employee on an annual basis and payment in full is required within 30 days.

Retirement Eligibility -Early Retirement Health Incentive: age 50 with 25 years of service
Otherwise: age 55 with 10 years of service

Termination Prior to Retirement - Authority-provided coverage ceases

Ordinary Disability Retirement - Must meet minimum service requirement of 10 years; age requirement waived

Work-related Disability Retirement - Age and service requirement waived for non-duty related disability (i.e. immediate eligibility)

Death while Retired - No Authority-paid coverage for surviving spouse

Death while in Vested Status - No Authority-paid coverage for surviving spouse

Nassau County Bridge Authority

Notes to Financial Statements

Death while Active - No Authority-paid coverage for surviving spouse

Death due to Work-Related Illness or Injury - Regardless of age or length of service at the time of death, the Authority pays 100% of the cost of coverage for eligible dependents

Dependent Eligibility- Spouse and unmarried children up to age 26

Medicare Part B Premiums - The reimbursement benefit covers both the Medicare-eligible retiree and spouse. The reimbursement amount effective on January 1, 2022 and 2023 are \$170.10 and \$164.90 per month (basic rate).

Surviving Spouses— Since there is no employee subsidy for surviving spouses, surviving spouses of future and existing retirees are assumed to decline health coverage with the District upon the retirees' death. Existing surviving spouses are assumed to remain enrolled until death.

Health Plans - All employees hired before January 1, 2015 participate in the New York State Health Insurance Plan (NYSHIP) Empire plan. Employees hired on/after January 1, 2015 participate in the NYSHIP Excelsior plan.

The monthly premium rates effective on January 1, 2022 and 2023 used in the valuation, were provided by the Authority as shown below:

2022 Monthly Premiums	Non-Medicare	Medicare
Empire – Individual	\$ 1,196.12	\$ 392.52
Empire – Family	\$ 2,763.34	\$ 1,109.94
Excelsior – Individual	\$ 878.20	\$ 57.62
Excelsior – Family	\$ 1,680.24	\$ 199.91

2023 Monthly Premiums	Non-Medicare	Medicare
Empire – Individual	\$ 1,345.06	\$ 476.69
Empire – Family	\$ 3,175.87	\$ 1,362.01
Excelsior – Individual	\$ 1,097.75	\$ 72.02
Excelsior – Family	\$ 2,100.30	\$ 249.90

Actuarial Valuation Process

Fiscal year 2022 actuarial valuation is based on the January 1, 2022 valuation with liabilities projected to December 31, 2022 on a “no gain/loss” basis. Liabilities as of December 31, 2021 are based on January 1, 2020 valuation projected to December 31, 2021 on a “no gain/loss basis. without any adjustments except for the changes as noted below.

Nassau County Bridge Authority

Notes to Financial Statements

1- The actuarial cost method used in this report is the Entry Age Normal Level Percentage of Pay Cost Method (EAN). For employees who have not yet retired, the accrued benefit is defined to be the pro-rata portion of the benefit projected to be payable upon retirement. For each active employee, the valuation considers the future OPEB benefit and determines the annual cost based on a constant percentage of pay for each individual.

- a) The benefit projected to be payable at retirement is defined to be the per capita claim cost at that date and is subject to increases after that date. The initial per capita claim cost is the value in effect at the Valuation Date. This is developed from either claims or premium information, as appropriate. Subsequent values are determined by applying cost trend factors to the initial value.
- b) For retirees, the accrued benefit is 100% of the benefit currently being received, which is represented by the initial per capita claim cost. This benefit is subject to future increases.
- c) Assumptions for per capita claim costs and cost trend factors are discussed later in this section.
- d) Once each employee's accrued benefit is determined, the TOL is calculated on a seriatim basis.

2- The Service Cost is determined for each employee, by considering the future OPEB benefit and determines the annual cost based on a constant percentage of pay for active member. There is no Service Cost for retirees because, by definition, there is no incremental benefit.

3- The Deferred Inflows and Outflows is that portion of the TOL that is required to be funded in a given year. Under GASB 75 changes in the TOL actuarial experience and assumption change impacts are recognized in the OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period.

4 - The OPEB expense (OE) is the sum of interest to the Measurement Date on the TOL, the Service Cost, benefit payments, and recognition of increases/decreases in the TOL due to changes in benefit structure, difference between expected and actual experience, and assumption changes. The difference between expected and actual experience and assumption changes are spread over the average remaining service lives of the population for the purposes of the OPEB expense.

5 - The item Contribution consists of benefits paid by the NCBA in respect of retirees. This typically consists of amounts spent by the NCBA on retirees' premiums.

Actuarial Assumptions

In accordance with GASB 75, the selection of all actuarial assumptions, in valuations of post-retirement health care plans including the health care cost trend rate, should be guided by Actuarial Standard of Practice No. 6, Measuring Retiree Group Benefit Obligations, as revised from time to time by the Actuarial Standards Board. Accordingly, actuarial assumptions should be based on the actual experience of the covered group, to the extent that creditable experience data are available, but should emphasize expected long-term future trends rather than give undue weight to recent past experience. The reasonableness of each actuarial assumption should be considered independently

Nassau County Bridge Authority

Notes to Financial Statements

based on its own merits, its consistency with each other assumption, and the combined impact of all assumptions.

The demographic assumptions are based on the same assumptions used in the New York State Employees Retirement System (NYS ERS) actuarial valuation, which was first adopted on April 1, 2020.

The actuarial assumptions used to value the post-retirement medical liabilities can be categorized into three groups:

1. Economic assumptions
2. Medical assumptions
3. Demographic assumptions

Changes since Prior Valuation

The following assumptions have been updated since the last valuation:

1. Mortality improvement scale has been updated from MP-2020 to MP-2021, which caused a slight increase in liability.
2. Health care trend rates have been updated as follows, which caused a slight increase in the liability:
 - a) Medical and prescription drug trend rates have been updated from 2020 Getzen model to 2022 updated Getzen model, with an actual initial rate, then decreasing gradually to an ultimate rate of 4.14% in 2076.
 - b) Medicare Part B trend rates have been updated to -3.06% in 2022 followed by projected Part B premium increase shown in the 2022 Medicare Trustees report, and ultimately decreasing to an ultimate rate of 4.14% by 2076.

Discount Rate

GASB 75 specifies that the discount rate should be selected based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

The municipal bond index used was the Bond Buyer 20-Bond GO Index. The rates as of the prior and current measurement dates are as shown below:

Bond Index	December 31, 2021	December 31, 2022
Bond Buyer 20-Bond GO Index	2.05%	Not available
S&P Municipal Bond 20-Year High Grade Index	2.25%	4.31%

Nassau County Bridge Authority

Notes to Financial Statements

As prescribed by GASB 75, since NCBA does not fund the plan, the investment return assumption (discount rate) is set equal to the 20-year municipal bond rate noted above, which are 2.05% as of December 31, 2021 and 4.31% as of December 31, 2022.

Health Care Cost Trend Rates

Medical costs have historically increased more rapidly than the rate of inflation. In estimating future retiree benefits, future increases in medical costs must be taken into consideration. The medical trend assumptions used in the valuation were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model (Version 2018_c). The SOA model was first released in December 2007. The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables were developed under the guidance of the SOA Project Oversight Group.

The following assumptions were used as input variables into this model:

Rate of Inflation	2.5%
Rate of Growth in Real Income/ GDP per capita	1.5%
Extra Trend due to Technology and other factors	1.1%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

Table 9 shows the medical / prescription drug cost trends used in the valuation and are an output of the SOA Long-Run Medical Cost Trend Model. Trend rates applicable to Medicare Part B premiums are also shown in the table below.

Table 9 - Health Care Cost Trend Rate Assumption

Year From	Year To	Medical / Rx	Part B	Year From	Year To	Medical / Rx	Part B
2022	2023	Actual	-3.06%	2030	2031	5.29%	6.21%
2023	2024	6.50%	6.31%	2040	2041	4.73%	4.73%
2024	2025	6.25%	6.16%	2050	2051	4.66%	4.66%
2025	2026	6.00%	8.01%	2060	2061	4.60%	4.60%
2026	2027	5.75%	7.76%	2070	2071	4.39%	4.39%
2027	2028	5.60%	5.96%	2076+		4.14%	4.14%

Nassau County Bridge Authority

Notes to Financial Statements

Medical Assumptions

The valuation projects the healthcare costs for employees who remain insured by the NCBA with coverage after retirement. Under GASB 75 and ASOP 6, the initial per capita claim cost should be based on the recent claims experience of the NCBA and must be age-banded, unless the NCBA has premium equivalent rates or fully-insured rates that are determined using retirees only claims experience.

Depending on the credibility of the experience data provided by the NCBA, industry-wide information may be incorporated into the analysis. The cost of covering retirees is on average significantly higher than the cost of covering active employees. By charging retirees a blended premium that is less than their true cost of coverage would dictate, the NCBA is providing an additional subsidy for these retirees (implicit subsidy). Under the rules set out in GASB 75, both the direct contribution and the implicit subsidy must be considered in measuring the NCBA's postemployment medical benefit obligation.

Following actuarial standards, specifically ASOP 6, leads us to develop age-specific health care cost estimates using provided plan premium rates effective on January 1, 2022, as noted above. The table below shows annual per capita medical plan costs at representative ages for 2022. These costs are assumed to increase with health care trend rates in the future.

Table 10 - Initial Per Capita Claim Costs

Age	Empire Retiree	Empire Spouse	Excelsior Retiree	Excelsior Spouse
50	\$ 13,764	\$ 13,764	\$ 10,105	\$ 10,105
55	\$ 16,190	\$ 16,190	\$ 11,886	\$ 11,886
60	\$ 19,321	\$ 19,321	\$ 14,186	\$ 14,186
64	\$ 22,777	\$ 22,777	\$ 16,723	\$ 16,723
65	\$ 3,584	\$ 6,551	\$ 526	\$ 1,299
70	\$ 4,155	\$ 7,594	\$ 610	\$ 1,506
80	\$ 5,190	\$ 9,486	\$ 762	\$ 1,881
90	\$ 5,593	\$ 10,222	\$ 821	\$ 2,027

Demographic Assumptions

The demographic assumptions include the rates of mortality, withdrawal, retirement, and disability. They are based on the NYS ERS assumptions first adopted on April 1, 2020 with the exception of mortality rates. The mortality rates are based on recent mortality tables published by SOA (Pub-2010), which were based on the public pension plans mortality experience from calendar years 2008 to 2013. Ancillary demographic assumptions include the participation rates, spousal coverage election rate, and plan participation.

Nassau County Bridge Authority

Notes to Financial Statements

The following table shows the current participants as of January 1, 2022. The data has been reviewed for reasonableness and no material modification was made to the information provided.

Table 11 - Current Retired and Active Population

Retirees ²				Active Employees			
Age Group	Females	Males	Total	Age Group	Females	Males	Total
<55			0	<30		2	2
55 – 59		1	1	30 – 34			0
60 – 64		3	3	35 – 39		2	2
65 – 69	2	1	3	40 – 44		1	1
70 – 74	1	3	4	45 – 49		1	1
75 – 79	3		3	50 – 54	2	1	3
80 – 84	1	1	2	55 – 59	4	3	7
85 – 89	1	1	2	60 – 64		1	1
90+			0	65+		1	1
Total	8	10	18	Total	6	12	18

Average Age	72.6	Average Age	49.3
		Average Service	16.0

Ancillary Demographic Assumptions

Participation Rates

Based on an analysis of the data provided, we have assumed that 100% of eligible participants will elect coverage at retirement. Employees are assumed to remain in the same plan they are currently enrolled in at retirement. Existing retirees are assumed to remain in the same plan they are currently enrolled in for life.

Spousal Coverage Election Rates

For current retirees, actual coverage status and spouse age is used. For future retirees, 60% of the employees are assumed to elect spousal coverage at retirement. Husbands are assumed to be 3 years older than wives.

Plan Participation

Employees are assumed to remain in the same plan they are currently enrolled in at retirement.

SUPPLEMENTAL SCHEDULES

NASSAU COUNTY BRIDGE AUTHORITY

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS*

(Unaudited)

Total Pension Liability:	2022	2021	2020	2019	2018
Service cost	\$244,057	\$232,980	\$193,184	\$201,080	\$176,195
Interest	763,417	623,969	719,216	778,684	707,405
Dif bet expected and actual exp	(60,542)	16,809	42,798	44,007	72,424
Changes In Assumptions	934,411	(1,266,018)	(33,064)	55,519	2,861
Benefit payments	(748,849)	(664,140)	(643,337)	(673, 592)	(598,140)
Other, net	(5,383)	(5,472)	(3,714)	(5,680)	(8,905)
Net change in total pension liability	1,136,111	(1,061,872)	275,113	400,018	351,840
Total pension liability—beginning	<u>12,367,578</u>	<u>13,429,450</u>	<u>13,154,337</u>	<u>12,754,319</u>	<u>12,402,479</u>
Total pension liability—ending	13,503,689	12,367,578	13,429,450	13,154,337	12,754,319
<u>Fiduciary net position:</u>					
Contributions—employer	273,132	227,664	255,033	243,041	231,621
Contributions—member	29,845	23,932	22,693	21,607	18,673
Net investment income (loss)	2,088,084	872,826	(392,860)	558,675	1,086,899
Benefit payments	(748,849)	(664,140)	(643,337)	(673,592)	(598,140)
Refunds of contributions	(5,383)	(5,472)	(3,714)	(5,680)	(6,044)
Administrative expense	(8,693)	(8,083)	(6,985)	(7,453)	(6,273)
Other additions	<u>6,627</u>	<u>5,825</u>	<u>3,068</u>	<u>10,023</u>	<u>10,656</u>
Net change in fiduciary net position	1,634,763	452,552	(802,238)	146,621	737,392
Fiduciary net position—beginning	12,361,997	11,909,445	12,711,683	12,565,062	11,827,670
Fiduciary net position—ending	<u>13,996,760</u>	<u>12,361,997</u>	<u>11,909,445</u>	<u>12,711,683</u>	<u>12,565,062</u>
Net pension (asset) liability—ending	(493,071)	5,580	1,520,005	442,654	189,257
Ratio of fiduciary net position to total pension liability	103.65%	92.05%	88.68%	96.6%	98.5%
Covered-employee payroll	1,735,488	1,567,867	1,616,947	1,710,214	1,564,891
Net pension liability as a percentage of covered-employee payroll	(28.41%)	0.36%	94%	25.8%	12.09%

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of the System's measurement date.*

NASSAU COUNTY BRIDGE AUTHORITY

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

March 31, 2022

(Unaudited)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Changes in benefit terms:

There were no significant legislative changes in benefits for the April 1, 2021 actuarial valuation.

Changes in Assumptions:

The demographic assumptions were updated based on the System's experience from April 1, 2015 through March 31, 2020, the mortality improvement assumption was updated to Society of Actuaries' Scale MP-2020, inflation was updated to 2.7%, cost-of-living updated to 1.4%, salary scale updated to 4.4%, and the interest rate assumption was reduced to 5.9% for the April 1, 2020 actuarial valuation.

Methods and assumptions used in calculations of actuarially determined contributions:

The April 1, 2020 actuarial valuation determines the employer rates for contributions payable in fiscal year 2022. The following actuarial methods and assumptions were used:

Actuarial Cost Method – The system is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.

Asset Valuation Period – Based on the 5-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.

Inflation - 2.5%

Salary scale - 4.5%

Investment rate of return – Calculated at 6.8% compounded annually, net of investment expenses, including inflation.

Cost of Living Adjustments - 1.3% annually

NASSAU COUNTY BRIDGE AUTHORITY

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS*

(Unaudited)

Total Pension Liability:	2017	2016
Service cost	\$180,584	189,243
Interest	717,195	726,692
Difference between expected & actual exper.	13,870	(174,630)
Changes In Assumptions	(59,644)	347,172
Benefit payments	(595,851)	(598,604)
Other, net	<u>(3,992)</u>	<u>(9,753)</u>
Net change in total pension liability	252,162	480,120
Total pension liability—beginning	<u>12,150,317</u>	<u>1,670,197</u>
Total pension liability—ending	12,402,479	12,150,317
 <u>Fiduciary net position:</u>		
Contributions—employer	241,620	282,117
Contributions—member	18,732	18,775
Net investment income (loss)	1,051,840	(21,223)
Benefit payments	(595,851)	(598,604)
Refunds of contributions	(3,992)	(9,753)
Administrative expense	(5,747)	(6,036)
Other additions	<u>12,258</u>	<u>12,870</u>
Net change in fiduciary net position	718,860	(321,854)
Fiduciary net position—beginning	11,108,810	11,430,664
Fiduciary net position—ending	<u>11,827,670</u>	<u>11,108,810</u>
Net pension liability—ending	574,809	1,041,507
Ratio of fiduciary net position to total pension liability	95.3%	91.4 %
Covered-employee payroll	1,602,759	1,580,984
Net pension liability as a percentage of covered-employee payroll	35.9%	65.9%

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of the System's measurement date.*

NASSAU COUNTY BRIDGE AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION

March 31, 2022

(Unaudited)

Assets:

Investments	\$ 13,914,643
Securities lending collateral — invested	1,149,401
Forward foreign exchange contracts	1,202
Receivables	122,818
Capital assets, net of accumulated depreciation	<u>29,516</u>
Total assets	15,217,580
Total Liabilities	<u>1,220,820</u>
Net Position, restricted for pension benefits	\$ 13,996,760

This financial report is designed to provide a general overview of the NCBA's proportionate share of the plan's fiduciary net position. The complete detailed report may be obtained from the New York State and Local Retirement System, 110 State Street, Albany, New York 12244- 0001. The report can also be accessed on the Comptroller's website at www.osc.state.ny.us/pension/cafr.htm.

See accompanying notes to financial statements

NASSAU COUNTY BRIDGE AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

March 31, 2022

(Unaudited)

Additions:

Income from investing activities	\$ 2,086,522
Income from securities lending activities	<u>1,562</u>
Total net investment income	2,088,084
Contributions	<u>309,605</u>
Total additions	2,397,689

Deductions:

Benefits paid	(754,232)
Administrative expenses	<u>(8,694)</u>
Total deductions	<u>(762,926)</u>
Net increase	1,634,763
Net position, restricted for pension benefits — beginning of year	<u>12,361,997</u>
Net position, restricted for pension benefits — end of year	\$13,996,760

This financial report is designed to provide a general overview of the NCBA's proportionate share of the changes in the plan's fiduciary net position. The complete detailed report may be obtained from the New York State and Local Retirement System, 110 State Street, Albany, New York 12244- 0001. The report can also be accessed on the Comptroller's website at www.osc.state.ny.us/pension/cafr.htm.

See accompanying notes to financial statements

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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*

Board of Commissioners
Nassau County Bridge Authority
Lawrence, NY 11559

We have audited the financial statements of the Nassau County Bridge Authority as of and for the year ended December 31, 2022, and have issued our report thereon dated April 17, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

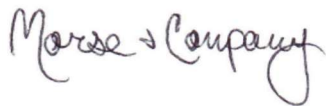
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Commissioners, audit committee, management, and the State of New York Office of the State Comptroller, and is not intended to be, and should not be used, by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Morse & Company".

Morse & Company CPAs, LLP
New York, N.Y. 10018
April 17, 2023