

NASSAU COUNTY BRIDGE AUTHORITY
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Nassau County Bridge Authority
Lawrence, NY 11559

We have audited the accompanying general purpose financial statements of Nassau County Bridge Authority as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Nassau County Bridge Authority's basic financial statements as listed in the table of contents.

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.

Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the Nassau County Bridge Authority's financial statements as of and for the year ended December 31, 2016.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nassau County Bridge Authority as of December 31, 2017 and the respective changes in financial position and cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2018 on our consideration of Nassau County Bridge Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Alan I. Blass, CPA, CFE, P.C.
New York, N.Y. 10001
March 7, 2018

Management's Discussion and Analysis
Year Ended December 31, 2017
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, 2017, with comparative information for the year ended December 31, 2016. 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 2017 Change in Net Position (Loss) is (\$443,005).
- This Change in Net Position includes \$2,102,828 of Depreciation Expense and \$352,553 of Non-Operating Expenses.
- All capital expenditures for 2017 increased by \$9,365,892, primarily due to the Bridge Open Grating and Painting Project.
- Current Assets decreased \$5,568,861, primarily due to decreases in cash and cash equivalents of \$5,446,482 and Prepaid Expenses of \$121,576.
- Gross operating revenues decreased by \$43,441 in 2017.
- Operating expenditures of \$6,537,706 reflect an increase of \$314,128 from the 2016 total of \$6,223,578. The majority of the net increase in 2017 consisted of increases in salaries of \$111,335, employee benefits of \$48,006, other post-employment benefits of \$43,825, repairs & maintenance of \$36,436, professional fees of \$24,642 and retirement plan expense of \$43,216.
- Total Interest Income decreased by \$1,636 from 2016. The decrease is due to an increase in interest from Capital One of \$8,514 and a decrease from Bank of NY / Mellon of \$10,150.
- 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 a lease agreement 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, 2016 and 2015 are as follows:

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Current assets	\$ 7,737,830	\$ 13,306,691
Non-current assets:		
Property and Equipment (net)	34,356,811	27,093,747
Other non-current assets	<u>2,699,726</u>	<u>4,108,960</u>
Total assets	<u>\$ 44,794,367</u>	<u>\$ 44,509,398</u>
Deferred Outflow of Resources: Pension Liability	<u>331,998</u>	<u>950,052</u>
Total Assets Plus Deferred Outflows of Resources	<u>\$ 45,126,365</u>	<u>\$ 45,459,450</u>
<u>Liabilities</u>		
Current liabilities	\$ 2,259,634	\$ 1,667,567
Non-current liabilities		
Bonds	8,980,000	9,220,000
Other non-current liabilities	<u>4,938,743</u>	<u>4,995,100</u>
Total liabilities	<u>\$ 16,178,377</u>	<u>\$15,882,667</u>
Deferred Inflows of Resources: Pension Liability	\$ 364,845	\$ 486,523
Net Position	<u>\$ 28,583,143</u>	<u>\$ 29,090,260</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$45,126,365</u>	<u>\$45,459,450</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, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Operating revenues	\$ 6,447,254	\$ 6,490,695
Operating expenses	(4,434,878)	(4,136,530)
Depreciation & Amortization	<u>(2,102,828)</u>	<u>(2,087,048)</u>
Operating profit (Loss)	<u>(90,452)</u>	<u>267,117</u>
Net non-operating revenue (expenses)	<u>(352,553)</u>	<u>(373,241)</u>
Change in net position	<u>\$ (443,005)</u>	<u>\$ (106,124)</u>

Revenues

Operating revenues totaled \$ 6,447,254 in 2017 and \$ 6,490,695 in 2016, which is a decrease in revenues of \$ 43,827.

Expenses

A summary of operating expenses, including depreciation and amortization, through December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Operating expenses:		
Employee compensation & benefits	\$ 3,535,879	3,279,615
Contract services	618,612	612,077
Materials, equipment & other	153,696	114,434
Utilities	<u>126,691</u>	<u>130,404</u>
Total operating expenses	\$ 4,434,878	\$ 4,136,530
Depreciation	<u>2,102,828</u>	<u>2,087,048</u>
Total	<u>\$ 6,537,706</u>	<u>\$ 6,223,578</u>

Non-Operating Revenues and Expenses

	<u>2017</u>	<u>2016</u>
Interest income	\$ 34,796	\$ 36,432
Other income	51,101	36,139
Interest expense – bonds	<u>(438,450)</u>	<u>(445,812)</u>
Net non-operating revenues (expenses)	<u>\$ (352,553)</u>	<u>\$ (373,241)</u>

- Interest income decreased in 2017 by \$ 1,636.
- See Financial Highlights section for detailed explanation.

Capital Improvements & Equipment

During 2017, the Authority incurred \$ 9,365,892 in capital asset expenditures. These additions were primarily associated with the bridge open grating and painting project. 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, 2017, outstanding bonds of the Nassau County Bridge Authority totaled \$9,220,000. Principal payments on the Series 2010 bonds in the amount of \$230,000 were paid during 2017.

The Toll Covenant Requirements as prescribed in the bond resolution have been met. The calculations used in this determination are as follows:

2017 Total Aggregate Debt Service	\$ 668,450
Covenant Requirement – 100%	x <u>100%</u>
Covenant Net Revenue - Required	<u>668,450</u>
Change in Net Position – 2017	\$ (443,005)
Add: Bond Interest	438,450
Other Post-Employment Benefits	388,764
Depreciation	<u>2,102,828</u>
Covenant Net Revenue - Actual	<u>2,487,037</u>
Surplus – Actual over Required	<u>\$ 1,818,587</u>

Employee Contract Negotiations

An agreement is in force between the union and the Authority. The agreement term is from January 1, 2018 through December 31, 2021. 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

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, 2017, 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, 2016, 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 Liability at December 31, 2016 was \$1,041,507.

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, 2017, this amount was \$255,609.

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, 2017, the Authority's investments were not subject to fair value measurement.

Nassau County Bridge Authority
Statement of Net Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 7,673,654	\$ 13,120,136
Other Receivable	2,783	2,752
Prepaid Expenses	49,132	170,708
Inventory	12,261	13,095
Total Current Assets	7,737,830	13,306,691
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	699,726	2,108,960
Bond Covenant Restricted Cash and Cash Equivalents	2,000,000	2,000,000
Property and Equipment, net	34,356,811	27,093,747
Total Noncurrent Assets	37,056,537	31,202,707
Total Assets	44,794,367	44,509,398
Deferred Outflow of Resources: Net Pension Liability	331,998	950,052
Total Assets and Deferred Outflow/Inflow of Resources	\$ 45,126,365	\$ 45,459,450
 Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable & Accrued Expenses	\$ 1,940,070	\$ 1,362,836
Current Portion of Long-Term Debt	240,000	230,000
Current Portion of Compensated Absences	79,564	74,731
Total Current Liabilities	2,259,634	1,667,567
Noncurrent Liabilities:		
Long Term Debt, net of current	8,980,000	9,220,000
Compensated Absences Payable, net of current	446,034	424,457
Net Other Post-Employment Benefits Payable	3,917,900	3,529,136
Net Pension Liability	574,809	1,041,507
Total Noncurrent Liabilities	13,918,743	14,215,100
Total Liabilities	16,178,377	15,882,667
Deferred Inflow of Resources: Net Pension Liability	127,975	148,078
Decal Sales	236,870	338,445
Total Liabilities and Deferred Inflow/Outflow of Resources	16,543,222	16,369,190
Net Position	28,583,143	29,090,260
Total Liabilities, Net Position and Deferred Inflow of Resources	\$ 45,126,365	\$ 45,459,450

See accompanying notes to financial statements

Nassau County Bridge Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenue	\$ 6,447,254	\$ 6,490,695
Operating Expenses	6,537,706	6,223,578
Operating Profit (Loss)	<u>(90,452)</u>	<u>267,117</u>
Nonoperating Revenue (Expense)		
Interest Revenue	34,796	36,432
Other Revenue	51,101	36,139
Bond Interest Expense	(438,450)	(445,812)
Net Nonoperating Revenue (Expenses)	<u>(352,553)</u>	<u>(373,241)</u>
Change in Net Position	(443,005)	(106,124)
Net Position - Beginning of Year	29,090,260	29,196,384
Prior Period Adjustment of Pension Liability	<u>(64,112)</u>	<u>-</u>
Net Position - End of Year	<u>\$ 28,583,143</u>	<u>\$ 29,090,260</u>

See accompanying notes to financial statements

Nassau County Bridge Authority
Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers and other sources	\$ 6,438,245	\$ 6,956,227
Cash payments to suppliers for goods and services	(716,310)	(914,184)
Cash payments to employees	(1,966,318)	(1,854,747)
Cash payments for employee related benefits	(662,888)	(620,186)
Net cash provided by operations	3,092,729	3,567,110
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Cash receipts from non-operating sources	51,101	36,139
Net cash provided by non-capital financing activities	51,101	36,139
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition and Construction of Capital Assets	(9,365,892)	(2,188,043)
Principal Paid on Capital Debt	(230,000)	(225,000)
Interest paid on bonds	(438,450)	(445,812)
Net cash used for capital and related financing activities	(10,034,342)	(2,858,855)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest income	34,796	36,432
Net cash provided by investing activities	34,796	36,432
 Net Increase (Decrease) in Cash and Cash Equivalents	 (6,855,716)	 780,826
Cash & Cash Equivalents at Beginning of Year	17,229,096	16,448,270
Cash & Cash Equivalents at End of Year	\$ 10,373,380	\$ 17,229,096
 Reconciliation of Operating Profit (Loss) to Net Cash Provided by Operating Activities:		
Operating Profit (Loss)	(90,452)	267,117
Adjustments to reconcile operating profit to Net Cash Provided by Operating Activities:		
Depreciation Expense	2,102,828	2,087,048
Pension Expense - GASB 68	67,141	-
 Change in Assets and Liabilities:		
Increase / Decrease in:		
Other Receivables	(31)	3,987
Prepaid Expenses	121,576	(139,589)
Inventory	834	3,706
Accounts Payable & Accrued Expenses	577,234	905,236
Compensated Absences & Termination Pay	26,410	26,451
Net Other Post-Employment Benefits Payable	388,764	344,939
Deferred Inflow of Resources - Deferred Revenue from Decal Sales	(101,575)	68,215
Net Cash Provided by Operating Activities	\$ 3,092,729	\$ 3,567,110

See accompanying notes to financial statements

Nassau County Bridge Authority
Notes to Financial Statements

For the Year Ended December 31, 2017

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 Significant Accounting Policies

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 amounts of \$704,000 and \$2,111,000 as of December 31, 2017 and December 31, 2016, 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.

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 4 below). Additionally, the total amount of restricted cash and cash equivalents, designated for the 2012 Capital Construction Project, at December 31, 2017 and 2016 was \$699,726 and \$2,108,960, 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*.

Note 2 – Property and Equipment, net

Property and Equipment, net, consists of the following:

	Cost at 12/31/17	Accumulated Depreciation	Net 12/31/17
Building Improvements	\$2,413,306	\$933,472	\$1,479,834
Bridge Rehabilitation	35,082,045	24,531,707	10,550,338
Furniture, Fixtures & Equipment	1,789,896	1,431,880	358,016
Roadway	2,426,095	1,262,510	1,163,585
Computer Equipment	186,450	184,114	2,336
Tollbooth Equipment	214,506	205,317	9,189
Tollbooth HVAC System	663,310	551,445	111,865
Lock Motor Replacement	268,850	112,021	156,829
NW Bulkhead Rehabilitation	60,150	19,858	40,292
Gas Meter	26,964	12,132	14,832
Fuel Tank Replacement	52,845	11,150	41,695
Bridge Infrastructure Project – WIP	9,384,900	868,103	8,516,797
Timber Fender System	542,537	67,817	474,720
Bridge Tower Renovation	487,165	20,750	466,415
Open Grating & Painting - WIP	<u>10,970,068</u>	<u>-</u>	<u>10,970,068</u>
Total	<u>\$64,569,087</u>	<u>\$30,212,276</u>	<u>\$34,356,811</u>

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 effect 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>
2018	240,000	431,550
2019	250,000	421,950
2020	260,000	411,950
2021	270,000	401,550
2022	280,000	390,750
And thereafter	<u>7,920,000</u>	<u>4,185,125</u>
	\$9,220,000	\$6,242,875

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 1, 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 lifetimes 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.

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.

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, 2017 was approximately 15.5% 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, 2017, the applicable interest rate was 7%.

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 age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement 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% of the previous year. For Tier 2 members, each year of the final average salary is limited to no more than 20% of 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 of 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 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 of final average salary is limited to no more than 10% of 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 11.4% for the year ended March 31, 2017. 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 11.48% for the year ended March 31, 2017.

NET PENSION LIABILITY OF NASSAU COUNTY BRIDGE AUTHORITY

At March 31, 2017, NCBA recorded a liability of \$574,809 for its proportionate share of the net pension liability, measured as follows:

Employers' total pension liability	\$12,402,479
Less: Fiduciary Net Position	<u>11,827,670</u>
<i>Employers' net pension liability</i>	\$ 574,809

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, 2017, the Authority recognized a pension expense of \$322,750, its proportionate share of the total pension expense, as follows:

Proportionate Share of Plan Pension Expense	\$329,168
Net Amortization of Deferred Amounts from Charges in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>(\$6,418)</u>
Total Pension Expense	\$ 322,750

BALANCE OF DEFERRED OUTFLOWS AND INFLOWS

At March 31, 2017, 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	14,404
Changes in Assumptions	172,451
Net difference between projected and actual earnings on Pension Plan Investments	114,813
Changes in Proportion & Differences between Employers Contributions & Proportionate Share of Contributions	<u>30,330</u>
Pension plan investments	
Total – Deferred Outflows	\$ 331,998

Deferred Inflows of Resources

- Differences between Expected and Actual Experience	(87,287)
- Changes in proportion and differences between Employer contributions and proportionate share of contributions	(40,688)
Total – Deferred Inflows	<u>(127,795)</u>
Total Net Deferred Outflows (Inflows) of Resources	\$ 204,023

\$255,609 has been reported as deferred outflows of resources to pensions resulting from contribution subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended December 31, 2018.

Other amounts reported as collective deferred (inflows) / outflows of resources related to pensions totaling \$204,023, will be recognized in pension expense as follows:

Year Ending March 31:

2018	\$91,545
2019	\$91,545
2020	\$93,555
Thereafter	\$(72,622)

Actuarial Assumptions

The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The following assumptions were used:

Inflation	2.5%
Salary increases	3.8%
Investment rate of return (Net of investment expense, including inflation)	7.0%
Cost of Living Adjustments	1.3%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015. 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, 2017:

Domestic equity	4.55%
International equity	6.35
Private equity	7.75
Real estate	5.80
Absolute return	4.00
Opportunistic portfolio	5.89
Real assets	5.54
Bonds and mortgages	1.31
Cash	(0.25)
Inflation-indexed bonds	1.50

Discount Rate

The discount rate used to calculate the total pension liability was 7%. 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 7%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6%) or 1% higher (8%) than the current assumption (in thousands):

	1% Decrease (6%)	Current Discount (7%)	1% Increase (8%)
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$1,835,825	\$574,809	(\$491,378)

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, 2017 is inflows of \$72,883.

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, 2017 is outflows of \$ 172,451.

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 deferred outflow of resources or a deferred inflow of resources. The difference between expected and actual experience for the fiscal year ending March 31, 2017 is outflows of \$ 114,813.

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, 2017 is inflows of \$10,358.

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, 2018 and terminating December 31, 2021, 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 \$255,609 and \$279,534 in 2017 and 2016, respectively.

Note 6 – Medical, Dental & Life Insurance

Pursuant to an agreement with the CSEA commencing January 1, 2018 and terminating December 31, 2021, 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 on or after July 1, 1987 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.

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.

NCBA Management are entitled to group life insurance in the amount of \$150,000
All other NCBA employees are entitled to group life insurance in the amount of \$15,000.

Note 7 – Other Post-Employment Benefits

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. GASB 45 will:

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.

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, 2017, the Authority's investments were not subject to fair value measurement.

SUPPLEMENTARY SCHEDULES

**Nassau County Bridge Authority
Statement of Operating Expenses
December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Salaries	\$ 1,998,611	\$ 1,887,276
Depreciation	2,102,828	2,087,048
Employee Benefits	668,192	620,186
Insurance	385,561	405,632
Retirement Plan	322,750	279,534
Payroll Taxes	157,562	147,680
Utilities	118,106	121,662
Other Post-Employment Benefits	388,764	344,939
Repairs & Maintenance	116,271	79,835
Professional Fees	151,252	126,610
Biennial Inspection	38,968	35,062
Pass Cards & Decals	14,929	16,865
Office Expense	18,265	23,667
Automobile	12,551	12,029
Interest Expense - Truck Purchase Leases	6,337	2,935
Telephone	8,585	8,742
Uniforms	3,686	2,237
Armored Carrier	6,365	6,049
Payroll Service	8,986	9,339
Bonded Trustee & Call fees	2,750	2,756
Computer	6,387	3,495
Total Operating Expenses	<u>\$ 6,537,706</u>	<u>\$ 6,223,578</u>

See accompanying notes to financial statements

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:

	<u>2017</u>	<u>2016</u>
Service cost	\$180,584	189,243
Interest	717,195	726,692
Difference between expected and actual experience	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	<u>12,402,479</u>	<u>12,150,317</u>

Fiduciary net position:

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	<u>574,809</u>	<u>1,041,507</u>
Ratio of fiduciary net position to total pension liability	95.4%	90.7%
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.

See accompanying notes to financial statements

NASSAU COUNTY BRIDGE AUTHORITY

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

March 31, 2017

(Unaudited)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Changes in benefit terms:

There were no significant legislative changes in benefits for the April 1, 2015 actuarial valuation.

Changes in Assumptions:

There were changes in the economic and demographic assumptions used in the April 1, 2015 actuarial valuation.

Methods and assumptions used in calculations of actuarially determined contributions:

The April 1, 2015 actuarial valuation determines the employer rates for contributions payable in fiscal year 2017. 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 (as a percentage of projected pay) amortized over the remaining worker lifetimes of the valuation cohort.

Asset valuation period – 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 - 3.8%

Investment rate of return – 7% compounded annually, net of investment expenses, including inflation.

Cost of Living Adjustments - 1.3%

NASSAU COUNTY BRIDGE AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION

March 31, 2017

(Unaudited)

Assets:

Investments	\$11,546,294
Securities lending collateral — invested	249,019
Forward foreign exchange contracts	5,758
Receivables	315,776
Capital assets, net of accumulated depreciation	<u>13,362</u>
Total assets	12,130,209
Total Liabilities	<u>302,538</u>
Net Position, restricted for pension benefits	\$ 11,827,671

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, 2017

(Unaudited)

Additions:

Income from investing activities	\$ 1,048,908
Income from securities lending activities	<u>2,934</u>
Total net investment income	1,051,842
Contributions	<u>272,610</u>
Total additions	1,324,452

Deductions:

Benefits paid	(599,844)
Administrative expenses	<u>(5,747)</u>
Total deductions	<u>(605,591)</u>
Net increase in Net Position	718,861
Net position, restricted for pension benefits — beginning of year	<u>11,108,810</u>
<i>Net position, restricted for pension benefits — end of year</i>	<i>\$ 11,827,671</i>

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

**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, 2017, and have issued our report thereon dated March 7, 2018. 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.



Alan I. Blass, CPA, CFE, P.C.
New York, N.Y. 10001
March 7, 2018