

NASSAU COUNTY BRIDGE AUTHORITY
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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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, 2011. These financial statements are the responsibility of Nassau County Bridge Authority's management. Our responsibility is to express an opinion 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, 2010, dated March 8, 2011, upon which we expressed an unqualified opinion.

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. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2011 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The *Management's Discussion and Analysis* on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2011, 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of Nassau County Bridge Authority taken as a whole. The supplementary information contained in the schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in blue ink, appearing to read "Alan I. Blass".

Alan I. Blass, CPA, CFE, P.C.
Lawrence, New York

March 2, 2012

Management's Discussion and Analysis
Year Ended December 31, 2011
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, 2011, with comparative information for the year ended December 31, 2010. 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 increased by \$11,568.
 - A) All capital expenditures for 2011 increased by \$303,404, primarily due to the bridge infrastructure grid project in the amount of \$109,052 and equipment purchases totaling \$176,140.
 - B) Current Assets increased \$1,447,628, primarily due to an increase in cash and cash equivalents of \$1,471,751 and a decrease in Prepaid Expenses of \$23,009.
- Gross operating revenues decreased by \$64,855, primarily due to a summer hurricane, a decrease in the number of trips across the bridge and a decrease in the use of annual fee decals and discount multiple trip swipe cards in 2011.
- Operating expenditures of \$5,967,274 reflect an increase of \$216,277 from the 2010 total of \$5,750,997. Increases in retirement plan contributions of \$161,317 and biennial inspection fees of \$68,081 comprise the majority of the net increase in 2011.
- Total Interest Income decreased by \$30,619 from 2010. The decrease is due to a decrease of interest income from the Marchiselli Funds of \$5,595, decrease in interest earned on the TD Bank / Commerce Investment account of \$20,947, and a decrease in other interest income of \$4,077.
- 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 with a combination of cash and restricted funds, its outstanding Series 1997A and 1997B bonds
- Marchiselli Funds revenue, as stated above, represented funds available to the Authority to be used towards repayment of the principal debt associated with the completed Bridge Rehabilitation Project. This account was closed upon the defeasance of the 1997 Series A & B Revenue Bonds.
- Other income includes non-operating revenue from lease agreements with Verizon and National Grid.

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 Balance Sheets, the Statements of Revenues, Expenses and Changes in Net Assets Retained by the Authority, the Statements of Operating Expenses, and the Statements of Cash Flows.

Balance Sheets

The Balance Sheets present the financial position of the Nassau County Bridge Authority at the end of the fiscal year and include all assets and liabilities of the Authority. Net assets retained by the Authority for capital construction and replacement represent the difference between total assets and total liabilities. A summarized comparison of the Authority's balance sheets at December 31, 2011 and 2010 are as follows:

	2011	2010
<u>Assets</u>		
Current assets	\$ 4,868,791	\$ 3,421,163
Non-current assets:		
Property and Equipment (net)	24,178,442	25,612,898
Other non-current assets	15,096,892	15,098,496
Total assets	<u>\$44,144,125</u>	<u>\$44,132,557</u>
<u>Liabilities</u>		
Current liabilities	\$ 2,248,179	\$ 1,790,443
Non-current liabilities		
Bonds	10,310,000	10,510,000
Other non-current liabilities	406,898	504,751
Total liabilities	<u>\$12,965,077</u>	<u>\$12,805,194</u>
<u>Net assets retained by Authority for capital construction and replacement</u>	<u>\$31,179,048</u>	<u>\$31,327,363</u>

Statement of Revenues, Expenses and Changes in Net Assets Retained by the Authority

The change in net assets retained 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 Assets Retained by the Authority at December 31, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Operating revenues	\$ 6,264,807	\$ 6,329,662
Operating expenses	(4,219,330)	(4,015,183)
Depreciation & Amortization	<u>(1,747,944)</u>	<u>(1,735,814)</u>
Operating profit	<u>297,533</u>	<u>578,665</u>
Net non-operating revenue (expenses)	<u>(445,848)</u>	<u>(409,083)</u>
Change in net assets	<u>\$ (148,315)</u>	<u>\$ 169,582</u>

Revenues

Operating revenues totaled \$ 6,264,807 in 2011 and \$ 6,329,662 in 2010, which is a decrease in revenues of \$ 64,855.

Expenses

A summary of operating expenses, including depreciation and amortization, through December 31, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Operating expenses:		
Employee compensation & benefits	\$ 3,391,225	\$ 3,301,985
Contract services	636,804	536,145
Materials, equipment & other	60,044	43,891
Utilities	<u>131,257</u>	<u>133,162</u>
Total operating expenses	\$ 4,219,330	\$ 4,015,183
Depreciation & Amortization	<u>1,747,944</u>	<u>1,735,814</u>
Total	<u>\$ 5,967,274</u>	<u>\$ 5,750,997</u>

Non-Operating Revenues and Expenses

	<u>2011</u>	<u>2010</u>
Interest income	\$ 12,766	\$ 43,385
Other income	15,936	20,345
Interest expense – bonds	<u>(474,550)</u>	<u>(472,813)</u>
Net non-operating revenues (expenses)	<u>(\$445,848)</u>	<u>(\$409,083)</u>

- Interest income decreased in 2011 by \$ 30,619.
- See Financial Highlights section for detailed explanation.

Capital Improvements & Equipment

During 2011, the Authority incurred \$303,404 in capital asset expenditures. These additions were primarily associated with the bridge mechanical, electrical and grid Project and truck and other equipment purchases. 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, 2011, outstanding bonds of the Nassau County Bridge Authority totaled \$10,510,000. Principal payments on the Series 2010 bonds in the amount of \$200,000 were paid during 2011.

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

2011 Total Aggregate Debt Service	\$ 200,000
Covenant Requirement – 100%	x <u>100%</u>
Covenant Net Revenue - Required	<u>200,000</u>
Net Revenue – 2011	\$(148,315)
Add: Bond Interest	474,550
Other Post-Employment Benefits	452,129
Depreciation	<u>1,737,860</u>
Covenant Net Revenue - Actual	<u>2,516,224</u>
Surplus – Actual over Required	<u>\$ 2,316,224</u>

Employee Contract Negotiations

In March 2009, a new four year contract was agreed to between the union and the Authority. The agreement was verified by the union membership and the Board of Commissioners on April 16, 2009. The agreement will be in full force and effect for the period of April 1, 2009 through March 31, 2013.

**Nassau County Bridge Authority
Balance Sheets
December 31, 2011 and 2010**

	2011	2010
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 4,788,512	\$ 3,316,761
Interest Receivable	121	191
Other Receivables	8,469	8,287
Prepaid Expenses	57,694	80,703
Inventory	13,995	15,221
Total Current Assets	4,868,791	3,421,163
Noncurrent assets:		
Restricted Cash and Cash Equivalents	12,304,457	12,295,977
Bond Covenant Restricted Cash and Cash Equivalents	2,000,000	2,000,000
Restricted Time Deposits	500,000	500,000
Property and Equipment, net	24,178,442	25,612,898
2010 Revenue Bond Issue Costs and Original Issue Discount - net	292,435	302,519
Total Noncurrent Assets	39,275,334	40,711,394
Total Assets	\$ 44,144,125	\$ 44,132,557
 Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable & Accrued Expenses	\$ 292,527	\$ 257,099
Current Portion of Long-Term Debt	200,000	200,000
Current Portion of Compensated Absences and Termination Pay	58,954	79,175
Net Other Post-Employment Benefits Payable	1,375,308	923,179
Deferred income	321,390	330,990
Total Current Liabilities	2,248,179	1,790,443
Non-Current Liabilities:		
Long-Term Debt, net of current	10,310,000	10,510,000
Compensated Absences and Termination Pay, net of current	406,898	504,751
Total Noncurrent Liabilities	10,716,898	11,014,751
Total Liabilities	12,965,077	12,805,194
Net assets Retained by Authority for Capital Construction and Replacement	31,179,048	31,327,363
Total Liabilities and Net Assets	\$ 44,144,125	\$ 44,132,557

See accompanying notes to financial statements

Nassau County Bridge Authority
Statement of Revenues, Expenses and Changes in Net Assets
Retained by the Authority
For the Years Ended December 31, 2011 and 2010

	2011	2010
Operating Revenue	\$ 6,264,807	\$ 6,329,662
Operating Expenses	5,967,274	5,750,997
Operating Profit	297,533	578,665
Nonoperating Revenue (Expense)		
Interest Revenue	12,766	43,385
Other Revenue	15,936	20,345
Bond Interest Expense	(474,550)	(472,813)
Net Nonoperating Revenue (Expenses)	(445,848)	(409,083)
Change in Net Assets	(148,315)	169,582
Net Assets Retained by Authority-Beginning of Year	31,327,363	31,157,781
Net Assets Retained by Authority-End of Year	\$ 31,179,048	\$ 31,327,363

See accompanying notes to financial statements

Nassau County Bridge Authority
Statement of Cash Flows
For the Years Ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers for service	\$ 6,290,342	\$ 6,350,317
Cash payments to suppliers for goods and services	(960,470)	(856,667)
Cash payments to employees	(1,923,622)	(1,906,707)
Cash payments for employee related benefits	(976,837)	(815,940)
Net cash provided by operations	2,429,413	2,771,003
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash receipts from non-operating sources	15,936	20,345
Net cash provided by non-capital financing activities	15,936	20,345
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(303,404)	(556,954)
Principal Paid on Capital Debt	(200,000)	(665,000)
Interest paid on bonds	(474,550)	(472,813)
Defeasance of 1997 Series A & B Bonds	-	(6,030,000)
Issuance of 2010 Series Revenue Bonds	-	11,145,000
Series 2010 Revenue Bond Costs & Original Issue Discount	-	(310,082)
Net cash provided by capital and related financing activities	(977,954)	3,110,151
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	12,836	43,385
	12,836	43,385
Net Increase in Cash and Cash Equivalents	1,480,231	5,944,884
Cash & Cash Equivalents at Beginning of Year	17,612,738	11,667,854
Cash & Cash Equivalents at End of Year	\$ 19,092,969	\$ 17,612,738
Reconciliation of Operating Profit to Net Cash Provided by Operating Activities:		
Operating Profit	297,533	578,665
Adjustments to reconcile operating profit to Net Cash Provided by Operating Activities:		
Depreciation Expense	1,737,860	1,728,251
Amortization Expense	10,084	7,563
Change in Assets and Liabilities:		
Increase / Decrease in:		
Other Receivables	(182)	1,422
Prepaid Expenses	23,009	(38,158)
Inventory	1,226	(1,688)
Accounts Payable & Accrued Expenses	35,428	61,263
Compensated Absences & Termination Pay	(118,074)	5,571
Net Other Post-Employment Benefits Payable	452,129	465,549
Deferred Income	(9,600)	(37,435)
Net Cash Provided by Operating Activities	\$ 2,429,413	\$ 2,771,003

See accompanying notes to financial statements

Nassau County Bridge Authority
Notes to Financial Statements

For the Year Ended December 31, 2011

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 time deposits in the amounts of \$500,000 as of December 31, 2011 and December 31, 2010, respectively, which are 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. In order to allow for market fluctuations and to ensure that there is sufficiency of collateral, it is the policy of the County Treasurer to require between 105% and 120% collateralization, depending upon the form of the obligation.

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 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 Projection, at December 31, 2011 and 2010 was \$12,304,457 and \$12,295,977, 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.

Note 2 – Restricted Marchiselli Funds

In connection with the issuance of the 2010 Revenue Bonds, the Marchiselli Funds account was closed.

Note 3 – Property and Equipment, net

Property and Equipment, net, consists of the following:

	Cost at 12/31/11	Accumulated Depreciation	Net 12/31/11
Building Improvements	\$ 2,380,365	\$ 563,867	\$ 1,816,498
Bridge Rehabilitation	35,082,045	16,265,574	18,816,471
Furniture, Fixtures & Equipment	1,565,076	1,253,054	312,022
Roadway	2,426,095	541,418	1,884,677
Computer Equipment	170,626	158,307	12,319
Tollbooth Equipment	205,064	151,198	53,866
Tollbooth HVAC System	663,310	286,251	377,059
Lock Motor Replacement	268,850	47,497	221,353
NW Bulkhead Rehabilitation	60,150	5,422	54,728
Gas Meter	26,964	4,044	22,920
Bridge Infrastructure Project – WIP	606,529	-	606,529
Total	<u>\$43,455,074</u>	<u>\$19,276,632</u>	<u>\$ 24,178,442</u>

Note 4 – 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 with a combination of cash and restricted funds, its outstanding Series 1997A and 1997B bonds.

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 net 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>
2012	\$200,000	\$470,550
2013	205,000	466,550
2014	210,000	460,400
2015	220,000	454,100
2016	225,000	447,500
and thereafter	<u>9,450,000</u>	<u>6,683,625</u>
	\$10,510,000	\$8,982,725

The series 1997 bonds were authorized and issued pursuant to the Nassau County Bridge Authority Act, and a bond resolution adopted by the Authority on June 19, 1990 as supplement, by supplemental resolutions adopted by the Authority on August 5, 1997 (collectively, the "Resolution" or the "Bond Resolution").

The Series 1997 A Bonds were issued to:

- (1) refund the Authority's outstanding bonds
- (2) pay the costs of issuance of the 1997 A Bonds.

The Series B Bonds were issued to:

- (1) finance the cost of certain improvements to certain facilities of the Authority and related fees
- (2) fund a debt service reserve fund
- (3) fund a portion of the maintenance reserve fund
- (4) pay the costs of issuance of the 1997 B Bonds

The series 1997 B bonds constituted special obligations of the Authority and were payable from and secured by the pledge of funds and accounts held by the trustee and the Authority under the Bond Resolution (except for the rebate fund) and by a pledge of the gross revenues for payment of the 1997 bonds is subject and subordinate to the prior right of the Authority to apply gross revenues to pay the expenses of operating and maintaining the facilities as provided in the bond resolution.

The Authority has no taxing power. Neither the members of the Authority nor any person executing the series 1997 bonds nor any other bonds of the Authority were personally liable thereon by reason of issuance thereof.

Connie Lee Insurance Company provided a bond insurance policy relating to the series 1997 bond, effective as of the date of issuance of the series bonds.

Note 5 – 2010 Bond Issuance Costs and Original Issue Discount - net

In connection with the issuance of the Series 2010 Revenue Bonds, the Authority incurred various costs totaling \$310,082 that are being amortized over forty years, the life of the bonds. Amortization expense for the years ended December 31, 2011 and December 31, 2010 was \$10,084 and \$7,563, respectively.

Note 6 – Retirement Plan

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 April 1, 2009 and terminating March 31, 2013, the Authority provides 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. Contributions to the retirement system totaled \$345,848 in 2011 and \$184,531 in 2010.

Note 7 – Medical, Dental & Life Insurance

Pursuant to an agreement with the CSEA commencing April 1, 2009 and terminating December 31, 2013, the Authority provides 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, eighteenth and twentieth anniversary date.

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 or subscription charges for health insurance coverage of such retired employees and their eligible dependents.

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 or subscription charges.

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 each year waived.

Note 8 – 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.

SUPPLEMENTARY SCHEDULE

Nassau County Bridge Authority
Statement of Operating Expenses
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Salaries	\$ 1,806,289	\$ 1,919,627
Depreciation	1,737,860	1,728,251
Employee benefits	621,185	578,995
Insurance	274,888	251,918
Retirement Plan	345,848	184,531
Payroll Taxes	165,774	153,283
Utilities	120,682	122,142
Other Post-Employment Benefits	452,129	465,549
Repairs & Maintenance	122,368	106,514
Professional Fees	116,264	121,402
Biennial Inspection	93,229	25,148
Amortization	10,084	7,563
Pass Cards & Decals	16,068	15,180
Office Expense	27,873	19,115
Automobile	22,070	20,513
Telephone	10,575	11,020
Uniforms	7,565	1,986
Armored carrier	4,536	4,682
Payroll service	8,538	7,610
Bonded Trustee & Call Fees	2,676	4,160
Computer	773	1,808
Total Operating Expenses	<u>\$ 5,967,274</u>	<u>\$ 5,750,997</u>

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, 2011, and have issued our report thereon dated March 2, 2012. 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.



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March 2, 2012