



ANDREW M. CUOMO
Governor

JOSEPH RUGGIERO
Executive Director

RICHARD A. GERENTINE
Chairman

**Committee of the Whole Acting on behalf of the
Audit Committee & Finance Committee**

Meeting Agenda
September 17, 2015

Audit Committee Members

Roger Higgins, Chairman
C. Vane Lashua
Joseph Ramaglia

Finance Committee Members

Roderick Dressel, Chairman
Richard Gerentine
Joseph Ramaglia

- I. Adopt the Minutes of the April 16, 2015 Audit Committee Meeting
- II. Adopt the Minutes of the April 16, 2015 Finance Committee Meeting
- III. Operating Budget
- IV. Bridge System Net Revenues
- V. Budget and Financial Plan 2016-2019
- VI. Other Business:
- VII. Adjourn

New York State Bridge Authority Audit Committee Meeting Minutes of April 16, 2015

The New York State Bridge Authority's Audit Committee met at the Authority's Headquarters in Highland, New York, at 3:38 p.m. on April 16, 2015.

In addition to Audit Committee members C. Vane Lashua and Roger P. Higgins, and Joseph Ramaglia, those in attendance included:

Roderick O. Dressel
Richard Gerentine
Joseph Ruggiero
Brian Bushek
Carl G. Whitbeck, Jr., Esq.

Upon a motion made by Mr. Higgins and seconded by Mr. Lashua the minutes of the March 19, 2015 meeting were approved unanimously.

Mr. Bushek reported on the Operations Report for the fourth quarter of 2014 reviewing traffic, toll revenue, operating expenses and capital improvements.

Upon a motion made by Chairman Dressel, seconded by Mr. Gerentine, the Operations Report Q4 2014 was accepted unanimously and will be sent to the full Board for informational purposes.

Mr. Bushek reported that in July 2011, the Authority advertised a Request for Proposal (RFP) for the subject services and in September 2011 awarded three one year contracts to Toski, Schaefer, & Co. who subsequently changed its name to Toski & Co., P.C. In the original RFP the Authority provided for two additional one year extensions provided the terms remained materially the same. In the engagement letter for the audit of the year-end 2015 financial statements Toski & Co., P.C. proposes the same \$16,900 fee from the original proposal in 2011. Based on our satisfaction with the Authority's prior audits and the cost which has remained the same for the last eight years Mr. Bushek recommended the Audit Committee and the Board approve the fifth and final year of the original contract with Toski & Co., P.C.

Upon a motion made by Mr. Higgins, seconded by Mr. Lashua, the Independent Account Services – Audit of Year-End 2015 financial Statements was accepted unanimously and will be sent to the full Board with recommendation for adoption.

Mr. Bushek reviewed the 2015 Internal Auditor Engagement. Mr. Bushek indicated that on September 2011, the Authority advertised in the NYS Contract Reporter and our website for a contract internal auditor to assist in compliance with the Public Authorities Accountability Act of 2005 as amended by the Public Authorities Reform Act of 2009. In addition to other requirements, these Acts require all public authorities to have in place a program to assess the effectiveness of their internal control structure and procedures within ninety days after the end of

its fiscal year. The role of the internal auditor is to assist the Authority in completing its annual assessment of the effectiveness of its internal control structure and policies; and to assist the Authority in maintaining a program of internal control review.

The Authority structured the request for proposal to require three one year contracts with the option to extend the contract for two additional years provided the terms and conditions remain materially the same. In November 2011, the Authority awarded three one year contracts to the lowest responsible bidder, Tronconi, Segarra, & Associates. The engagement letter which must be signed, references the 2013 pricing as indicated in the original proposal of \$21,100 and extends this pricing to 2015. The 2015 engagement will continue to execute the program of internal control review with a new 2015 audit program. Based on the Authority's satisfaction with the services provided by Tronconi, Segarra, & Associates Mr. Bushek recommended to the Audit Committee to approve the engagement letter for the additional and final year extension for 2015 to Tronconi, Segarra & Associates.

Upon a motion made by Chairman Higgins, seconded by Mr. Ramaglia, the 2015 Internal Auditor Engagement was accepted unanimously and will be sent to the full Board with the Committee's recommendation to adopt.

Mr. Bushek reported on the Tronconi, Segara & Associates Audit Plan 2015. Based on achieving the objectives identified within the engagement letter to support the Authorities program to evaluate the effectiveness of internal controls, the Internal Auditor has developed the Audit Plan. The audit plan builds upon the two previously provided audit plans given to the Audit Committee at the beginning of the three year contract and extends the plan one additional year consistent with our contract extension. The plan outlines the major Authority functions, assesses the risk associated with each function, and provides an outline for the 2015 testing. The purpose of the audit is not to detect fraud, though any fraud indicated will be brought to the attention of the Audit Committee. The objective is to review each area and determine whether controls adequately mitigate risk to the Authority. For 2015, the Internal Auditor will perform Audit work on the following Cash Management, Investments, Procurement, Accounts Payable, Employee Travel, Toll Collection, Revenues, Fixed Asset Acquisition, Inventory, and Disposal. Mr. Bushek noted that Procurement, Accounts Payable, and Employee Travel along with Toll Collection & Revenues are considered high risk for the Authority.

Upon a motion made by Mr. Higgins, seconded by Mr. Lashua, the Tronconi, Segara & Associates Audit Plan 2015 was accepted and will be sent to the full Board with recommendation for adoption.

Having no other business, the meeting adjourned at 3:40 pm.

**New York State Bridge Authority Finance Committee
Meeting Minutes of April 16, 2015**

The New York State Bridge Authority's Finance Committee met at the Authority's Headquarters in Highland, New York, at 3:36 p.m. on April 16, 2015.

In addition to Finance Committee Chairman Roderick Dressel and Committee members Richard Gerentine and Joseph Ramaglia those in attendance were as follows:

Roger Higgins
C. Vane Lashua
Joseph Ruggiero
Brian Bushek
Carl G. Whitbeck, Jr., Esq.

Upon a motion made by Chairman Dressel and seconded by Mr. Higgins the minutes of the March 19, 2015 meeting were approved unanimously.

Mr. Bushek reported on the Operations Report Q4 2014 reviewing traffic, toll revenue, operating expenses and capital improvement expenses.

Upon a motion made by Chairman Dressel, seconded by Mr. Gerentine, the Operations Report Q4 2014 was accepted unanimously and will be sent to the full Board for informational purposes.

Having no other business, the meeting adjourned at 3:38 pm.

years, is \$52.1 million as of January 2015. In 2016, the Authority projects a net increase of \$0.5 million or 9% again from the same cost drivers.

Workers Compensation:

Workers compensation costs were \$361 thousand in 2014. Through a combination of increases in claims losses in the period of rate computation in prior years and industry wide premium increases, these costs are expected to grow in 2015 to \$460 thousand. In 2016 the costs are expected to rise to \$540 thousand as the Authority is expecting a substantial rate increase in categories utilized for significant portions of Authority payroll.

Commercial Insurance:

Insurance costs of \$1.3 million are up \$46 thousand, or 3.7%, from prior year primarily as a result of rate in increases associated with pending claims. 2016 expenses are projected at \$1.4 million, reflecting continued moderate rate increases.

Professional Services:

Total professional services rise \$43 thousand to \$666 thousand this year. Expenditures increase in 2015 \$25 thousand, or 3.8% as a result of the Authority's inspection cycle.

Maintenance and Repairs:

Maintenance and repairs costs increase in 2015 by \$300 thousand as a result of costs associated with harsh weather in the first quarter and traffic control costs. In 2016 costs increase \$152 thousand on anticipated higher fuel and costs associated with maintaining facilities.

Electronic Toll Costs:

In 2015 electronic toll costs are expected to increase to \$4.1 million, an increase of 4.8%. This is as a result of the continued shift from cash to E-ZPass by our patrons. The Authority may have 70% E-ZPass utilization in 2015. In 2016 the trend is expected to continue with electronic toll costs expected to increase another 2.7% to \$4.2 million.

Equipment Depreciation:

Items of equipment costing under \$5 thousand are shown under equipment while items over \$5 thousand are depreciated over a certain number of years determined to be their useful life. Operations expense for equipment decreases to \$166 thousand in 2015 and then increases slightly to \$170 thousand in 2016. At the same time, depreciation increases in 2015 to \$2.52 million and is projected to decrease in 2016 to \$2.34 million. The decrease results from the purchases related to the Command Center equipment beginning in 2010 being fully depreciated.

Differences Between Public Authorities Law and Resolution Reporting

Note that there are significant differences between the budget filed under Public Authorities Law and the document filed with the Trustee, which shows expenses as per provisions of the General Revenue Bond Resolution. The Trustee budget does not indicate either the cost of equipment or depreciation. Equipment is defined as items costing between \$100 and \$5,000. Included in depreciation are the cost of buildings depreciated over a 30-year period, the Walkway Over the Hudson depreciated over a 20-year period, and all pieces of equipment costing over \$5,000.

In addition, the Bond Resolution's definition of operating expenses, in speaking to expenses for pension, retirement, group life insurance, health and hospitalization or other employee benefit funds, defines this expense specifically as the payment to these funds. After discussions with our bond counsel, it was determined that this definition was not intended to include accruals in these expenses, such as the one we make for the future health insurance benefits of our current and future retirees (GASB 45) or adjustments to employee retirement (GASB 68). The reasoning behind this is that the budget would more closely portray the actual cash flow to determine whether there were sufficient net revenues to meet our requirement of 1.75 times the debt service for the year. As such, the Trustee's budgeted numbers do not include these accrued expenses.

A resolution is attached should the Board approve.

Attachments

NEW YORK STATE BRIDGE AUTHORITY
BOARD RESOLUTION

Resolution No.: _____

Resolution Date: September 17, 2015

WHEREAS, §2801 of the Public Authorities Law requires that budget information for fiscal years 2014 and 2015 shall be prepared, adopted, and forwarded in report form to the offices cited in §2801, Public Authorities Law; now therefore

BE IT RESOLVED, that the Authority hereby adopts the proposed 2015 and 2016 budgets; and

BE IT FURTHER RESOLVED that the Executive Director, or his designee, is hereby authorized and directed to take the necessary measures to implement this resolution.

IN WITNESS WHEREOF, this resolution has been duly adopted this 17th day of September 2015.

Joseph Ruggiero, Secretary

NEW YORK STATE BRIDGE AUTHORITY
BOARD RESOLUTION

Resolution No.: _____

Resolution Date: September 17, 2015

WHEREAS, §7.13(c) of the Bridge System Revenue Bond Resolution adopted December 19, 1996, requires a review of the financial condition of the New York State Bridge Authority for the purpose of estimating whether the Net Revenues less investment earnings on amounts held in the General Fund and the Construction Fund for each year and for the next succeeding year will be sufficient to provide all the payments specified in subsection (b) of §7.13; now therefore

BE IT RESOLVED, that the Authority has completed such a review and has determined the Net Revenues less investment earnings on amounts held in the General Fund and the Construction Fund for the years 2015 and 2016 will be sufficient to provide all of the payments specified by subsection (b) of §7.13; and

BE IT FURTHER RESOLVED that the Secretary is directed to provide the Trustee with a certified copy of this resolution together with a certificate setting forth a reasonably detailed statement of actual and estimated Revenues and Operating Expenses and other pertinent information upon which such determination was made.

IN WITNESS WHEREOF, this resolution has been duly adopted this 17th day of
September 2015.

Joseph Ruggiero, Secretary