

OGDENSBURG BRIDGE AND PORT AUTHORITY  
Financial Statements and Management's  
Discussion and Analysis  
March 31, 2015  
(With Independent Auditors' Report Thereon)

# OGDENSBURG BRIDGE AND PORT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

The Governing Board  
Ogdensburg Bridge and Port Authority:

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Ogdensburg Bridge and Port Authority (the Authority), as of and for the year ended March 31, 2015, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from 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 Authority'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 Authority'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 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 opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ogdensburg Bridge and Port Authority, as of March 31, 2015, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and on pages 4 through 9 and the schedule of funding progress for other postemployment benefits on page 34 be presented to supplement the basic financial statements. Such information, although not a 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.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other supplementary information as listed in the table of contents is presented for additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such 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 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 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. In our opinion, the other supplementary information and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Report on Summarized Comparative Information

We have previously audited the Authority's 2014 financial statements, and our report dated June 11, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 25, 2015, on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

In accordance with Government Auditing Standards, we have also issued our report dated June 25, 2015 on the Ogdensburg Bridge and Port Authority's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. The purpose of that report is to provide an opinion as to the Authority's compliance with investment guidelines contained therein. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Ogdensburg Bridge and Port Authority's internal control over financial reporting and compliance.

Toski & Co., CPAs, P.C.

Williamsville, New York  
June 25, 2015

# OGDENSBURG BRIDGE AND PORT AUTHORITY

## Management's Discussion and Analysis

March 31, 2015

### USING THIS ANNUAL REPORT

This annual report consists of four parts:

- Management's Discussion and Analysis
- Audited Financial Statements
- Required Supplementary Information
- Other Supplementary Information

### BACKGROUND AND HIGHLIGHTS

In 1950, Governor Thomas E. Dewey signed a bill (Article 3, Title 8), creating the Ogdensburg Bridge Authority. Later, in 1958, legislation (Article 6, Title 3), created the Ogdensburg Port Authority. In 1961, the two Authorities were combined into the Ogdensburg Bridge and Port Authority (Amended Article 3, Title 8). Today, the Ogdensburg Bridge and Port Authority manages \$73.3 million in assets including:

- The Ogdensburg-Prescott International Bridge
- The Port of Ogdensburg
- A short-line railroad (New York and Ogdensburg Railway)
- The Ogdensburg International Airport (OGS)
- The Commerce Park / Heavy Industrial Park (Foreign Trade Zone 118)
- The Ogdensburg Border Station, Inc.

Each asset operates according to the Authority's central mission:

*"While remaining self-sustaining, the Authority creates sound economic business development through the promotion of buildings and river, road, rail and air transportation. This is accomplished by providing exceptional customer service, safe and secure facilities, good environmental stewardship, and focused professionalism."*

In FY 2014, the Authority focused on job creation, expanding key partnerships/funding, and proactive planning laying the groundwork for future Authority successes. The following reports on each of these areas.

#### Job Creation

The Authority's vision of pursuing public-private partnerships which directly create jobs utilizing Authority assets was successful. Through our negotiated agreement with OMLC, the Port is on a new, job-generating path and will have new capabilities, including new grain bins in the fall of 2015. DeFelsko, Derringer, and Maxam are new job generators within the industrial park. Several new developers are interested in upcoming Authority projects. Partnerships with Senator Gillibrand's office have placed Export Import Bank materials in the hands of potential customers at Break Bulk Europe and contacts at the American Wind Energy Association (AWEA) meeting. The

OGDENSBURG BRIDGE AND PORT AUTHORITY  
Management's Discussion and Analysis, Continued

Authority is increasing economic opportunities for the region through our airport runway expansion and the adoption of an Air Carrier Incentive Policy to fuel future growth. Our profile continues to rise and with job creation comes funding opportunities and increased Authority relevance.

Key Partnerships / Funding

Obtaining broad support for Authority projects was the key to our success in creating economic activity and ultimately jobs. For example, \$10 million from the Governor's budget for a dock wall expansion, \$3.5 million from NYSEDA for an industrial park solar array, \$1 million from NYS ESD in Market NY funds, \$200,000 from Senator Ritchie to support port deepening, and \$100,000 from the NBRC in conjunction with DANC enabling fiber-optic installation in the industrial park. These examples would not have been possible without expanding our key partnerships to obtain funding. The Authority continues to expand its relationships with Senators Schumer and Gillibrand, Congresswoman Stefanik, the SLSDC / SLSMC (Seaways), the FAA, the NYSDOT, elected officials, the City of Ogdensburg, and the Regional Council to facilitate job creation. U.S. St. Lawrence Seaway Administrator Betty Sutton was onsite twice during the season updating the port on future Seaway initiatives and advocacy efforts with a meet-and-greet with board members and a general tour of the Port of Ogdensburg. The Authority leveraged its relationship to obtain a TIGER debrief for the bridge application. The Authority regularly networks with the Chair and CEO of the Port of Oswego on a variety of topics sharing best practices. Our military outreach efforts resulted in elements of Delta Company from CFB Petawawa and elements of the 10th Mountain Division utilizing the bridge for NATO exercises at Fort Drum and CFB Petawawa respectively. The Authority is once again providing a venue for "Rediscovering Your Backyard Wedding Expo" held in the industrial park for a large number of vendors and attendees. These key partnerships are essential to the Authority's continued success.

Proactive Planning

Proactive planning efforts for the Authority were successful in achieving positive gains. The Authority achieved another clean management audit. The organization achieved several successes including the OGS Airport Forecast approval, the approval of the ongoing airport runway expansion efforts, a ten-million dollar allocation in the Governor's budget, and the USACE Section 107 (deepening) study which is running a full nine-months ahead of schedule allowing the design and implementation stage of the project to begin significantly ahead of schedule. As part of the planning effort, management held several discussions with key individuals and advocates on many projects including the editor of the Watertown Daily Times, the FAA's EAS program director, and NYAMA officials in Syracuse, NY. Several difficult issues were expedited due to proactive planning efforts. These include MOU approval by the St. Lawrence County Legislature for the transfer of the Route 68 Right of Way, removing a key barrier to the airport runway expansion project, an official answer from USDOT Chief Counsel's Office on a funding-related question for the international bridge, avoidance of two ILA potential grievances with a third resolved by arbitration in the Authority's favor, and avoided labor disputes through pro-active labor negotiations with CSEA. The Authority's positive momentum continues translating into organizational success.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
Management's Discussion and Analysis, Continued

Outlook

Our efforts continue to position the Authority well for future job creation through the use of Authority assets and will remain the driving focus of the Authority's efforts. Jobs create economic growth, increased relevance, and expansion of our key partnerships. Plans require resources. Economic activity directly supports the regional economy. Job creation requires us to deliver proactive planning.

**Job Creation:** The continued vision for the Authority is one that creates jobs utilizing Authority assets. Our new long-term relationship with OMLC will open new opportunities for the Authority at the Marine Terminal. Our relationship with Allegiant will create future opportunities for the airport which must be captured for the public benefit. Existing relationships with the NYOG will be utilized to pursue additional public-private partnerships which directly create jobs. The Authority will continue to be very proficient in our relationship management directly supporting our job-creation goals. We will continue to capitalize on this strength.

**Revenue Generation / Financing:** A new challenge threatens the Authority's success in the upcoming year; lack of resources to implement our vision. A good plan must have resources to be successful. This presents a challenge when the Authority's resources are used to accelerate projects for the public benefit while revenue and financing options are flat or decreasing. Without cash coming in-the-door, even the best plan will fail. Our marketing program must be successful to increase cash available for expanding our job-generating activities. Our financing program must have the capacity to support our plans. These activities will be addressed through developmental plans, project reporting, and challenging management objectives. This will be a challenge in the upcoming year and the team will be held accountable for meeting challenging objectives and goals.

**Key Partnerships / Funding:** There is strength in numbers and in unity of purpose. We will continue to expand key partnerships for mutual benefit. Today's environment demands coordinated inter-agency efforts to improve the North Country's economy. Key partnerships are essential to the Authority's continued success. The Authority will continue to highlight joint efforts to create jobs and economic activity through leveraging our existing and new partnerships with like-minded economic development entities. In addition we will continue to obtain broad support for Authority projects.

**Proactive Planning:** Planning remains a constant and necessary challenge for the Authority. With five diverse business units, the "fire-of-the-moment" often overtakes the best laid plans. Rebalancing current projects and competing priorities will continue to be a part of the management team's challenge in FY2015. Solid planning efforts will continue to achieve future positive gains. Substantial management efforts will also continue to achieve clean management audits. Positive team momentum will continue translating into organizational success. Planning activities will be addressed through daily management discussions, project reporting, and challenging objectives.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements consist of four components:

- Statements of net position
- Statements of revenue, expenses and changes in net position
- Statements of cash flows
- Notes to financial statements

The *statements of net position* presents information on all of the Authority's assets and liabilities at a certain date, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statements of revenue, expenses and changes in net position* presents information showing how the Authority's net position changed during a period of time. These changes are recorded on the accrual basis of accounting, as more fully described in the notes to the financial statements.

The *statements of cash flows* reconciles the Authority's operating income (loss) as reported on the accrual basis of accounting with the net cash provided by (used in) operating activities.

The *notes to financial statements* provide additional information that is an integral part of the financial statements taken as a whole.

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Authority's financial position. As of March 31, 2015 and 2014, assets exceeded liabilities by \$50,090,526 and \$48,309,523, respectively.

The Authority's financial position is the product of several financial transactions including the net results of activities, the valuation of certain assets and liabilities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

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Management's Discussion and Analysis, Continued

The following table presents a summary of the Authority's financial position as of March 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Current assets	\$ 1,593,583	3,357,960
Capital assets (net of depreciation)	71,551,690	68,724,252
Other noncurrent assets	<u>163,131</u>	<u>151,842</u>
Total assets	<u>73,308,404</u>	<u>72,234,054</u>
Current liabilities	1,480,422	1,447,617
Noncurrent liabilities	<u>21,737,456</u>	<u>22,476,914</u>
Total liabilities	<u>23,217,878</u>	<u>23,924,531</u>
Net position	\$ <u>50,090,526</u>	<u>48,309,523</u>

Changes in the Authority's net position can be determined by reviewing the following condensed statements of revenue, expenses, and changes in net position for the years ending March 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Operating revenue and grants	\$ 5,540,221	5,906,251
Operating expenses	<u>7,387,400</u>	<u>7,675,021</u>
Operating income (loss)	(1,847,179)	(1,768,770)
Nonoperating revenue and grants	<u>3,628,182</u>	<u>579,739</u>
Change in net position	1,781,003	(1,189,031)
Net position at beginning of year	<u>48,309,523</u>	<u>49,498,554</u>
Net position at end of year	\$ <u>50,090,526</u>	<u>48,309,523</u>

CAPITAL ASSETS

The following table is an analysis of the Authority's capital assets as of March 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Original cost	\$ 112,264,968	107,530,361
Accumulated depreciation	<u>(42,324,032)</u>	<u>(39,562,918)</u>
	69,940,936	67,967,443
Construction in progress	<u>1,610,754</u>	<u>756,809</u>
Total capital assets	\$ <u>71,551,690</u>	<u>68,724,252</u>

OGDENSBURG BRIDGE AND PORT AUTHORITY  
Management's Discussion and Analysis, Continued

LONG TERM DEBT

The following table is an analysis of long-term debt as of March 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Advances due State of New York	\$ 18,629,974	18,629,974
Bonds payable	2,145,000	2,785,000
Mortgages and notes payable	1,232,569	1,341,407
Accrued employee retirement	94,284	103,721
Postemployment benefits other than pensions	<u>340,449</u>	<u>294,876</u>
	22,442,276	23,154,978
Less current portion of debt	<u>(867,951)</u>	<u>(829,906)</u>
Total long-term debt	\$ <u>21,574,325</u>	<u>22,325,072</u>

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the reader with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority at One Bridge Plaza, Ogdensburg, New York 13669.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
 Statements of Net Position - Proprietary Funds  
 March 31, 2015  
 with comparative totals for 2014

<u>Assets</u>	<u>Bridge</u> <u>Fund</u>	<u>Port</u> <u>Fund</u>	<u>Total</u>	
			<u>2015</u>	<u>2014</u>
Current assets:				
Cash and cash equivalents	\$ 349,904	582,250	932,154	2,443,927
Restricted deposits	-	136,669	136,669	2,126
Total cash and cash equivalents	349,904	718,919	1,068,823	2,446,053
Accounts receivable	59,505	139,527	199,032	682,881
Grants receivable	125,920	-	125,920	-
Inventories	3,733	29,750	33,483	39,392
Prepaid expenses	109,688	56,637	166,325	189,634
Total current assets	<u>648,750</u>	<u>944,833</u>	<u>1,593,583</u>	<u>3,357,960</u>
Noncurrent assets:				
Security deposits	6,831	156,300	163,131	151,842
Interfund loans	13,484,126	(13,484,126)	-	-
Capital assets, net of accumulated depreciation	<u>39,079,801</u>	<u>32,471,889</u>	<u>71,551,690</u>	<u>68,724,252</u>
Total noncurrent assets	<u>52,570,758</u>	<u>19,144,063</u>	<u>71,714,821</u>	<u>68,876,094</u>
Total assets	<u>53,219,508</u>	<u>20,088,896</u>	<u>73,308,404</u>	<u>72,234,054</u>

(Continued)

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
Statements of Net Position - Proprietary Funds, Continued

<u>Liabilities and Net Position</u>	<u>Bridge Fund</u>	<u>Port Fund</u>	<u>Total</u>	
			<u>2015</u>	<u>2014</u>
Current liabilities:				
Accounts payable and accrued expenses	\$ 130,707	343,186	473,893	458,708
Accrued interest	30,647	-	30,647	39,791
Accrued vacation compensation	44,610	61,950	106,560	111,434
Restricted deposits	-	1,371	1,371	2,126
Current portion of accrued employee retirement	6,600	-	6,600	7,260
Current portion of due to State of New York	75,000	-	75,000	75,000
Current portion of bonds payable	675,000	-	675,000	640,000
Current portion of notes payable	-	111,351	111,351	107,646
Unearned income	-	-	-	5,652
Total current liabilities	<u>962,564</u>	<u>517,858</u>	<u>1,480,422</u>	<u>1,447,617</u>
Noncurrent liabilities:				
Lease and escrow deposits	6,831	156,300	163,131	151,842
Accrued employee retirement	87,684	-	87,684	96,461
Postemployment benefits other than pensions	153,995	186,454	340,449	294,876
Due to State of New York, excluding current portion	16,573,824	1,981,150	18,554,974	18,554,974
Bonds payable, excluding current portion	1,470,000	-	1,470,000	2,145,000
Notes payable, excluding current portion	-	1,121,218	1,121,218	1,233,761
Total noncurrent liabilities	<u>18,292,334</u>	<u>3,445,122</u>	<u>21,737,456</u>	<u>22,476,914</u>
Total liabilities	<u>19,254,898</u>	<u>3,962,980</u>	<u>23,217,878</u>	<u>23,924,531</u>
Contingencies (note 14)				
Net position:				
Net investment in capital assets	20,285,977	29,258,170	49,544,147	45,967,871
Unrestricted	<u>13,678,633</u>	<u>(13,132,254)</u>	<u>546,379</u>	<u>2,341,652</u>
Total net position	<u>\$33,964,610</u>	<u>16,125,916</u>	<u>50,090,526</u>	<u>48,309,523</u>

See accompanying notes to financial statements.

**OGDENSBURG BRIDGE AND PORT AUTHORITY**  
**Statements of Revenue, Expenses and Changes**  
**in Net Position - Proprietary Funds**  
**Year ended March 31, 2015**  
**with comparative totals for 2014**

	Bridge <u>Fund</u>	Port <u>Fund</u>	<u>Total</u>	
			<u>2015</u>	<u>2014</u>
Operating revenue:				
Bridge tolls	\$ 2,373,590	-	2,373,590	2,485,428
Rentals	1,401,265	1,034,723	2,435,988	2,413,451
Fuel sales (net of fuel purchases of \$90,361 in 2015 and \$129,620 in 2014)	-	20,733	20,733	19,107
Port operating fees	-	604,178	604,178	896,225
Construction projects	1,510	12,152	13,662	14
Operating grants	-	7,240	7,240	20,450
Miscellaneous	360	84,470	84,830	71,576
Total operating revenue	<u>3,776,725</u>	<u>1,763,496</u>	<u>5,540,221</u>	<u>5,906,251</u>
Operating expenses:				
Salaries and wages	786,790	929,468	1,716,258	1,782,590
Payroll taxes and benefits	464,380	486,009	950,389	1,351,779
Automotive	55,281	64,100	119,381	176,062
Building and grounds maintenance	141,137	90,218	231,355	219,009
Equipment repairs and maintenance	23,118	57,837	80,955	173,735
Fuel and utilities	84,914	197,512	282,426	313,383
Bridge inspection	151,710	-	151,710	21,406
Insurance	187,621	126,518	314,139	280,919
Telephone and postage	22,580	24,539	47,119	36,839
Advertising	18,770	83,571	102,341	112,546
Professional fees	151,133	211,201	362,334	362,611
Depreciation	1,081,209	1,707,020	2,788,229	2,625,564
Office supplies	16,814	10,362	27,176	18,476
Subscriptions and dues	-	5,268	5,268	9,782
Travel and meetings	1,940	46,955	48,895	37,339
Miscellaneous	16,709	142,716	159,425	152,981
Total operating expenses	<u>3,204,106</u>	<u>4,183,294</u>	<u>7,387,400</u>	<u>7,675,021</u>
Operating income (loss)	<u>572,619</u>	<u>(2,419,798)</u>	<u>(1,847,179)</u>	<u>(1,768,770)</u>

(Continued)

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
 Statements of Revenue, Expenses and Changes  
 in Net Position - Proprietary Funds, Continued

	Bridge <u>Fund</u>	Port <u>Fund</u>	<u>Total</u>	
			<u>2015</u>	<u>2014</u>
Non-operating income (expense):				
Federal and State grants	\$ 125,920	3,828,228	3,954,148	984,940
Interest income	96	24	120	803
Loss on foreign currency exchange	(34,657)	-	(34,657)	(14,949)
Gain (loss) on sale of capital asset	-	32,463	32,463	(149,915)
Pass-through grant expense	(125,920)	-	(125,920)	-
Interest expense	<u>(150,019)</u>	<u>(47,953)</u>	<u>(197,972)</u>	<u>(241,140)</u>
Total non-operating income (expense)	<u>(184,580)</u>	<u>3,812,762</u>	<u>3,628,182</u>	<u>579,739</u>
Change in net position	388,039	1,392,964	1,781,003	(1,189,031)
Net position at beginning of year	<u>33,576,571</u>	<u>14,732,952</u>	<u>48,309,523</u>	<u>49,498,554</u>
Net position at end of year	<u>\$ 33,964,610</u>	<u>16,125,916</u>	<u>50,090,526</u>	<u>48,309,523</u>

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
 Statements of Cash Flows - Proprietary Funds  
 Year ended March 31, 2015  
 with comparative totals for 2014

	Bridge Fund	Port Fund	<u>Total</u>	
			<u>2015</u>	<u>2014</u>
Cash flows from operating activities:				
Receipts from customers	\$3,914,440	2,091,244	6,005,684	5,578,872
Operating grants	-	-	-	5,850
Payments to employees	(788,278)	(903,669)	(1,691,947)	(1,771,352)
Other payments	<u>(1,529,956)</u>	<u>(1,464,144)</u>	<u>(2,994,100)</u>	<u>(3,314,636)</u>
Net cash provided by (used in) operating activities	<u>1,596,206</u>	<u>(276,569)</u>	<u>1,319,637</u>	<u>498,734</u>
Cash flows from non-capital financing activities - operating subsidies and transfers to other funds	<u>(2,205,727)</u>	<u>2,205,727</u>	<u>-</u>	<u>-</u>
Cash flows from capital financing activities:				
Principal paid on capital debt	(640,000)	(108,838)	(748,838)	(903,866)
Capital expenditures	(60,217)	(5,586,080)	(5,646,297)	(1,037,610)
Federal and State grants	-	3,828,228	3,828,228	1,259,646
Interest paid on capital debt	<u>(159,163)</u>	<u>(47,953)</u>	<u>(207,116)</u>	<u>(249,784)</u>
Net cash used in capital financing activities	<u>(859,380)</u>	<u>(1,914,643)</u>	<u>(2,774,023)</u>	<u>(931,614)</u>
Cash flows from investing activities:				
Interest income	96	24	120	803
Receipts from sale of capital assets	-	111,693	111,693	260,613
Loss on foreign currency exchange	<u>(34,657)</u>	<u>-</u>	<u>(34,657)</u>	<u>(14,949)</u>
Net cash provided by (used in) investing activities	<u>(34,561)</u>	<u>111,717</u>	<u>77,156</u>	<u>246,467</u>
Net change in cash and equivalents	(1,503,462)	126,232	(1,377,230)	(186,413)
Cash and equivalents at beginning of year	<u>1,853,366</u>	<u>592,687</u>	<u>2,446,053</u>	<u>2,632,466</u>
Cash and equivalents at end of year	<u>\$ 349,904</u>	<u>718,919</u>	<u>1,068,823</u>	<u>2,446,053</u>

(Continued)

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
Statements of Cash Flows - Proprietary Funds, Continued

	<u>Bridge</u> <u>Fund</u>	<u>Port</u> <u>Fund</u>	<u>Total</u>	
			<u>2015</u>	<u>2014</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 572,619	(2,419,798)	(1,847,179)	(1,768,770)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Noncash rental income	-	(10,800)	(10,800)	-
Depreciation expense	1,081,209	1,707,020	2,788,229	2,625,564
Change in:				
Receivables	18,893	339,036	357,929	(320,082)
Inventories	(759)	6,668	5,909	20,484
Prepaid expenses	8,161	15,148	23,309	(65,458)
Accounts payable and accrued expenses	(99,548)	61,867	(37,681)	(35,105)
Restricted deposits	-	-	-	1,672
Postemployment benefits other than pensions	20,795	24,778	45,573	42,635
Unearned income	<u>(5,164)</u>	<u>(488)</u>	<u>(5,652)</u>	<u>(2,206)</u>
Net cash provided by (used in) operating activities	<u>\$ 1,596,206</u>	<u>(276,569)</u>	<u>1,319,637</u>	<u>498,734</u>
Supplemental schedule of cash flow information - land received in lieu of future rent	<u>\$ -</u>	<u>40,800</u>	<u>40,800</u>	<u>-</u>

See accompanying notes to financial statements.

# OGDENSBURG BRIDGE AND PORT AUTHORITY

## Notes to Financial Statements

March 31, 2015

### (1) Organization

The Ogdensburg Bridge and Port Authority (the Authority) was created pursuant to the Public Authorities Law of the State of New York (the State) by an enactment entitled “Ogdensburg Bridge Authority Act,” on April 18, 1950. The name of the Authority was amended from “Ogdensburg Bridge Authority” to “Ogdensburg Bridge and Port Authority” on April 1, 1960.

The Authority was created for the purpose of constructing, operating and maintaining the international bridge across the St. Lawrence River. The operations of the bridge are accounted for in the Bridge Fund. The Port Fund operations of the Authority consist of the Ogdensburg International Airport, Port of Ogdensburg, New York and Ogdensburg Railway, and an industrial park all of which are accounted for as separate units within that fund.

The reporting entity of the Authority is based on criteria set forth by Governmental Accounting Standards Board (GASB) Statement 14 - “The Financial Reporting Entity.” The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The accompanying financial statements present the activities of the Authority and its component unit, the Ogdensburg Border Station, Inc. (the Border Station). The decision to include a potential component unit in the Authority’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria the following is a brief description of the component unit included in the Authority’s reporting entity.

- Blended Component Unit

Ogdensburg Border Station, Inc. - The Ogdensburg Border Station, Inc. was created as a local development company for the purpose of constructing a new border station for the U.S. Customs and to issue taxable revenue bonds for financing the cost. The governing body of the Authority is the same as the governing body of the Border Station. Separate audited financial statements of the Border Station, which have been blended into the Bridge Fund, can be obtained at the Authority’s business office. The Border Station is independent of the Authority with respect to financial transactions. The Authority charged management fees to the Border Station in the amount of \$380,944 and \$421,033 during the years ended March 31, 2015 and 2014, respectively, for managing and maintaining the customs border station buildings and grounds.

## OGDENSBURG BRIDGE AND PORT AUTHORITY

### Notes to Financial Statements, Continued

#### (2) Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

##### (a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental accounting and financial reporting principles. The Authority's financial statement presentation is prepared in accordance with the provisions of GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This statement codifies all sources of accounting principles generally accepted in the United States of America in the GASB's authoritative literature. The more significant accounting policies are described below.

##### (b) Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles for government entities as prescribed by the GASB as a proprietary fund.

##### (c) Operating Measure

Operating income reported in the financial statements includes revenue and expenses related to the primary continuing operations of the fund. Principal operating revenues include bridge tolls, building rentals and port operating fees. Principal operating expenses include the costs of providing these services, administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

##### (d) Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### (e) Cash and Equivalents

For purposes of reporting cash flows, cash and equivalents includes money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

## OGDENSBURG BRIDGE AND PORT AUTHORITY

### Notes to Financial Statements, Continued

#### (2) Summary of Significant Accounting Policies, Continued

##### (f) Investments

The investment policy of the Authority stipulates that the Authority may invest in obligations of the State, the United States government, repurchase agreements, or money market deposit accounts. Repurchase agreements must be collateralized by obligations guaranteed by the United States government, which are equal in value to the repurchase agreement. The agreements shall not exceed sixty days and payment shall be made only upon delivery of collateral to the Authority's agent. All investments and related collateral are held by the Authority's agent in the Authority's name.

##### (g) Receivables

Accounts receivable are stated at net estimated realizable value by writing off bad debts as they are determined to be uncollectible. An allowance for bad debts is not considered material; accordingly, no allowance is maintained.

Grants receivable from Federal and State agencies are recorded at the time the right to receive such funds occurs.

##### (h) Inventories

Inventories are stated at cost on the first-in, first-out method.

##### (i) Prepaid Expenses

Expenses paid in advance of the period to be benefited are recorded as an asset and are expensed over the period of time to be benefited.

##### (j) Capital Assets

Investments in capital assets are stated at cost. Expenditures for maintenance, repairs, renewals, and improvements, which do not materially extend the useful lives of the assets, are charged to operations when incurred. Infrastructure assets, such as roads and bridges, are recorded at cost and depreciated over their estimated useful lives. Grants received from other governmental agencies to partially finance capital projects are shown as grant income and are not offset against the cost of the facilities. Donated facilities are shown at estimated fair market value at the date of acquisition. Effective for the year ended March 31, 2002, the Authority changed its depreciation policy to record depreciation on infrastructure assets in order to conform with the provisions of GASB Statement No. 34. The Authority's capital asset policy defines capitalization of an expenditure when the dollar amount exceeds \$2,500.

## OGDENSBURG BRIDGE AND PORT AUTHORITY

### Notes to Financial Statements, Continued

#### (2) Summary of Significant Accounting Policies, Continued

##### (j) Capital Assets, Continued

The straight-line method of depreciation is generally used for capital assets, based on their estimated useful lives. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	20 - 50 years
Improvements/infrastructure	10 - 50 years
Bridge	50 - 100 years
Vehicles and equipment	3 - 20 years

##### (k) Real Estate Sales

The Authority accounts for real estate sales under the accrual method when certain criteria are met. Under the accrual method, profit or loss is recognized when a sale transaction has been consummated.

##### (l) Foreign Currency Translation

The Authority translates Canadian assets and liabilities to U.S. currency at rates of exchange in effect at the financial statement date. Expense items are translated at average exchange rates prevailing during the reporting period. Revenue is converted on a daily basis.

##### (m) Retirement Benefits

The Authority provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State and Local Employees' Retirement System (the System). The System provides various plans and options, some of which require employee contributions.

##### (n) Compensated Absences

Union employees and management/confidential employees are allowed to accumulate earned sick time up to a maximum of 160 days and 200 days, respectively. Vacation time earned as of an employee's anniversary date in excess of 30 days may not be carried forward. Upon termination, unused sick leave may be credited toward retirement and/or health benefits, while vacation time accumulated up to 30 days will be paid to the employee.

As of March 31, 2015 and 2014, the liabilities for accrued vacation leave amounted to \$106,560 and \$111,434, respectively.

##### (o) Capitalized Interest

The Authority capitalizes net interest costs as part of the cost of constructing industrial building projects and infrastructure projects in the industrial parks. The Authority did not capitalize any interest for the years ended March 31, 2015 and 2014.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(p) Postemployment Benefits Other Than Pensions (OPEB)

In addition to providing the retirement benefits described in note 2(m), the Authority provides postemployment health insurance coverage to its retired employees and their survivors. The payment of this benefit is not governed by any employment contract and is done at the discretion of the members of the Board of the Authority.

The Authority pays a substantial portion of the cost of premiums to an insurance company which provides health care insurance. The Authority will pay 75% of health insurance premiums for future retirees with 20 years of active service until age 65. At that time, the retiree becomes responsible for the entire premium cost and the Authority will not reimburse retirees for the cost of Medicare.

The Authority also provides Medicare Part B reimbursement coverage for eligible retired employees.

In 2004, the GASB released Statement No. 45 (GASB 45) concerning health and other non-pension benefits for retired public employees. GASB 45 was issued to provide more complete and reliable financial reporting regarding the costs and financial obligations that governments incur when they provide OPEB as part of employee compensation. In 2008, the Authority implemented GASB 45.

(q) Unearned Revenue and Revenue Recognition

The Authority recognizes revenue when earned. Revenue associated with cash receipts received in advance from rental operations is deferred until the month they are earned.

(r) Advertising Costs

Advertising costs are charged to operations when incurred and amounted to \$102,341 and \$112,546 for the years ended March 31, 2015 and 2014, respectively.

(s) Pollution Remediation Obligations

In accordance with the GASB Statement No. 49 - "Accounting for Pollution Remediation Obligations," management has concluded that no obligating event has occurred that would require recognition of a future pollution remediation obligation in the accompanying financial statements.

(t) Future Impacts of Accounting Pronouncements

GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" is intended to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of the statement are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect that this statement will have on the future financial statements of the Authority.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(t) Future Impacts of Accounting Pronouncements, Continued

GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date" addresses an issue regarding application of the transition provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions." This Statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of the statement are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect that this statement will have on the future financial statements of the Authority.

GASB Statement No. 72 - "Fair Value Measurement and Application" provides guidance for determining a fair value for financial reporting purposes. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share. The requirements of this Statement are effective for periods beginning after June 15, 2015. This Statement is not expected to have a material effect on the financial statements of the Authority.

(u) Subsequent Events

The Authority has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(v) Reclassifications

Certain reclassifications have been made to the prior year amounts to conform them to the current year presentation.

(3) Cash and Investments

The Authority's investment policies are governed by State statutes. In addition, the Authority has its own written investment policy. The Authority's monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The chief financial officer is authorized to use demand and time accounts and certificates of deposit. Permissible instruments include U.S. treasury bills. Collateral is required for demand and time deposits and certificates of deposit for all deposits not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Deposits are valued at cost or cost plus interest and are categorized as either: (1) insured, (2) collateralized with the securities held by the financial institution's trust department or agency in the Authority's name, or (3) uncollateralized.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
Notes to Financial Statements, Continued

(3) Cash and Investments, Continued

Total financial institution (bank) balances at March 31, 2015 were \$1,392,374. These deposits are categorized as follows:

<u>1</u>	<u>2</u>	<u>3</u>
\$ <u>618,083</u>	<u>774,291</u>	<u>-</u>

In compliance with State regulations for bridge and port authorities, the expenditure of revenue must be authorized by the Comptroller of the State. As of March 31, 2015 and 2014, the Authority had \$75,092 and \$80,486, respectively, in demand deposit accounts subject to State authorization. In addition, the Authority was authorized to establish revolving checking and savings accounts to enable the Authority to process its own checks subject to post audit by the State. As of March 31, 2015 and 2014, the Authority had \$14,085 and \$223,382, respectively, in revolving checking and savings accounts for this purpose.

The restricted deposit account represents an employees' direct benefit fund for the International Longshoremens Association with a balance of \$136,669 and \$2,126 at March 31, 2015 and 2014, respectively.

The Authority, in accordance with State approval, has established a capital improvement reserve account in the Bridge Fund for the deposit of excess monies resulting from a bridge toll rate increase which will be used to fund capital improvement projects. The balances in this account amounted to \$307,547 and \$706,490 at March 31, 2015 and 2014, respectively.

(4) Cash with Fiscal Agent

Pursuant to the terms of a bond issue, the Authority's component unit, the Border Station, was required to enter into a trust indenture with Manufacturers and Traders Trust Company (M&T Bank). The indenture requires that bank accounts be established as follows:

- Base rental account - deposit rents from the United States General Services Administration (GSA).
- Operating expense account - receipts of operating expenses from GSA.
- Redemption account - deposit proceeds from the issuance of bonds.
- Capitalized interest - deposit of interest during construction.

The balance for these accounts, included in cash and equivalents, amounted to \$187,764 and \$185,455 at March 31, 2015 and 2014, respectively.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
Notes to Financial Statements, Continued

(5) Capital Assets

Capital assets of the Bridge Fund for the year ended March 31, 2015 were as follows:

	Balance at <u>April 1, 2014</u>	<u>Increase</u>	<u>Decrease</u>	Balance at March 31, <u>2015</u>
Capital assets, not being depreciated:				
Land	\$ 135,000	-	-	135,000
Construction in progress	<u>-</u>	<u>35,015</u>	<u>-</u>	<u>35,015</u>
Total capital assets not being depreciated	<u>135,000</u>	<u>35,015</u>	<u>-</u>	<u>170,015</u>
Capital assets, being depreciated:				
Land improvements	2,299,056	-	-	2,299,056
Buildings and Bridge	51,072,206	8,564	-	51,080,770
Machinery and equipment	<u>1,946,628</u>	<u>16,638</u>	<u>-</u>	<u>1,963,266</u>
Total capital assets being depreciated	<u>55,317,890</u>	<u>25,202</u>	<u>-</u>	<u>55,343,092</u>
Less accumulated depreciation for:				
Land improvements	(624,339)	(98,513)	-	(722,852)
Buildings and Bridge	(13,190,634)	(883,700)	-	(14,074,334)
Machinery and equipment	<u>(1,537,124)</u>	<u>(98,996)</u>	<u>-</u>	<u>(1,636,120)</u>
Total accumulated depreciation	<u>(15,352,097)</u>	<u>(1,081,209)</u>	<u>-</u>	<u>(16,433,306)</u>
Total capital assets, being depreciated, net	<u>39,965,793</u>	<u>(1,056,007)</u>	<u>-</u>	<u>38,909,786</u>
Total capital assets, net	<u>\$ 40,100,793</u>	<u>(1,020,992)</u>	<u>-</u>	<u>39,079,801</u>

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(5) Capital Assets, Continued

Capital assets of the Port Fund for the year ended March 31, 2015 were as follows:

	Balance at <u>April 1, 2014</u>	Increase	Decrease	Balance at March 31, <u>2015</u>
Capital assets, not being depreciated:				
Land	\$ 3,622,528	143,307	(4,102)	3,761,733
Construction in progress	<u>756,809</u>	<u>818,930</u>	<u>-</u>	<u>1,575,739</u>
Total capital assets not being depreciated	<u>4,379,337</u>	<u>962,237</u>	<u>(4,102)</u>	<u>5,337,472</u>
Capital assets, being depreciated:				
Land improvements	15,206,746	3,647,169	(86,270)	18,767,645
Buildings	29,536,414	504,594	-	30,041,008
Machinery and equipment	<u>3,711,783</u>	<u>504,707</u>	<u>-</u>	<u>4,216,490</u>
Total capital assets being depreciated	<u>48,454,943</u>	<u>4,656,470</u>	<u>(86,270)</u>	<u>53,025,143</u>
Less accumulated depreciation for:				
Land improvements	(5,392,426)	(548,788)	27,115	(5,914,099)
Buildings	(16,102,882)	(918,558)	-	(17,021,440)
Machinery and equipment	<u>(2,715,513)</u>	<u>(239,674)</u>	<u>-</u>	<u>(2,955,187)</u>
Total accumulated depreciation	<u>(24,210,821)</u>	<u>(1,707,020)</u>	<u>27,115</u>	<u>(25,890,726)</u>
Total capital assets, being depreciated, net	<u>24,244,122</u>	<u>2,949,450</u>	<u>(59,155)</u>	<u>27,134,417</u>
Total capital assets, net	<u>\$ 28,623,459</u>	<u>3,911,687</u>	<u>(63,257)</u>	<u>32,471,889</u>

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(6) Donated Property

On January 31, 2011, the Authority received title to a building from Sanmina-SCI Corporation in partial satisfaction of a lease termination fee. The building was recorded at its estimated market value of \$750,000, as determined by an independent appraisal and the Authority on the date of transfer.

On December 26, 1974, the Authority received from the St. Regis Paper Company, all of the line of railroad extending from Norwood, New York to Waddington, New York, known as the Norwood & St. Lawrence Railroad, and its related assets. The railroad was recorded at its estimated market value as determined by the Authority on the date of transfer, of \$783,022, which was the original cost on the books of St. Regis Paper Company.

(7) Construction in Progress

Construction in progress at March 31, 2015 consists of the following:

<u>Bridge Fund</u> - Revenue Control System	\$ 35,015
<u>Port Fund:</u>	
Industrial Park electronics	6,877
Marine terminal grain bin storage	15,748
Airport master plan	163,752
Marine terminal scale house	7,985
Marine terminal security project	23,086
Airport water project	5,552
Marine harbor deepening project	405,415
Airport obstruction analysis	149,255
Airport terminal expansion and runway expansion	<u>798,069</u>
	<u>1,575,739</u>
Total construction in progress	\$ <u>1,610,754</u>

(8) Interfund Loans

The Bridge Fund has subsidized, through direct loans or allocation of expenses, the costs of operating the Port Fund from 1961 to the present in the amount of \$13,484,126, inasmuch as the Port Fund has been unable to generate consistent income over the years to meet its operating expenses. The actual amount of this interfund account has been understated since not all overhead and other indirect expenses incurred by the Bridge Fund have been allocated to the Port Fund for its proportionate share.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(9) Line of Credit

Effective April 14, 2015 the Authority entered into a line of credit agreement providing available borrowings of \$1,000,000. Outstanding borrowings bear interest at the prime rate plus .75% and are collateralized by the Authority's assets.

Effective April 14, 2015 the Authority entered into a line of credit agreement providing available borrowings of \$5,000,000. Outstanding borrowings bear interest at the prime rate plus .75% and are collateralized by the Authority's assets.

(10) Long-Term Debt

(a) Due to State of New York for First Instance Advances

<u>Appropriations</u>	<u>Amount appropriated</u>	<u>Amount advanced to 3/31/15</u>	<u>Amount repaid to 3/31/15</u>	<u>Amount due at 3/31/15</u>
Chapter 864-1956	\$ 15,000,000	15,006,084	3,650,925	11,355,159
Chapter 218-1958	<u>7,000,000</u>	<u>6,690,717</u>	<u>100,000</u>	<u>6,590,717</u>
	<u>\$ 22,000,000</u>	<u>21,696,801</u>	<u>3,750,925</u>	17,945,876
Add - New York State Auditor's adjustment in 1974 to record first instance advances to finance port terminal construction cost				<u>684,098</u>
Amount due New York State				<u>\$ 18,629,974</u>

The original debt repayment agreement with the State provided for the payment of net revenue to the State when monies exceed the sum of \$250,000 and \$200,000 in the Bridge and Port Fund comptroller's cash accounts, respectively. Transfer of monies from the Bridge Fund to the Port Fund is taken into consideration in determining this amount.

The Authority and the Director of the Budget of the State (Director) entered into a new agreement during the fiscal year ended March 30, 1980, which increased the dollar limits to \$400,000 in the Bridge Fund and \$250,000 in the Port Fund. At such time monies held in these funds exceeded these limits, the excess was to be deposited into a capital construction fund in the State Comptroller's custody. The agreement also provided for an annual repayment, commencing July 1, 1979, of 50% of gross annual revenue less annual expenditures approved by the Director for the preceding fiscal year of the Authority as so certified by an external audit, provided however, that the minimum annual repayment could not be less than \$50,000. This agreement expired on March 31, 1990.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(10) Long-Term Debt, Continued

(a) Due to State of New York for First Instance Advances, Continued

A first supplemental agreement was executed on February 25, 1986, which allowed the Authority to establish a capital improvement account not to exceed \$500,000 in the maintenance undistributed item of both the Bridge Fund and Port Fund budgets. The monies in these accounts could not be considered when computing the amounts of money in either fund.

A second supplemental agreement was entered into on May 29, 1995 with the Director. This agreement superseded all prior agreements with the State and provided that the Authority was to repay the State an amount of \$150,000 on March 31, 1996 and 1997, and \$75,000 each year beginning in March 1998 through 2005. This agreement was considered effective for the period April 1, 1990 through March 31, 2005.

The agreement provided that in addition to the fixed repayment amounts, the Authority was to pay all monies held in the Bridge Fund in excess of \$750,000, provided however, that monies in the bridge economic development account/capital improvement account up to \$850,000 and the monies in the bridge revolving fund up to \$320,000 were not to be considered. Also, monies held in the Port Fund in excess of \$750,000 were to be paid to the State, provided however, that monies in the port economic development account/capital improvement account up to \$850,000 and that monies in the port revolving fund up to \$300,000 were not to be considered. As of March 31, 2009, the Authority had not exceeded these cash limits and consequently no additional debt payment was required.

A third supplemental agreement was entered into during the year ended March 31, 2004 which provided for annual payments of \$75,000 for the years ending March 31, 2004 through March 31, 2009 and provided an emergency deferral of any payment due in the event the Authority encounters extraordinary financial circumstances.

The State approved the Authority's request for a loan repayment forbearance on the annual \$75,000 payments that were due on March 31, 2004, 2005 and 2006 pursuant to the repayment agreement, to allow the Authority to build up its revenue base and make overdue capital investments. The \$75,000 payments that were due on March 31, 2007, 2008 and 2009 were made by the Authority.

A fourth supplemental agreement was entered into which provides for annual payments of \$75,000 for the years ending March 31, 2010 through March 31, 2014, and provides an emergency waiver of any payment due in the event the Authority encounters extraordinary financial circumstances.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(10) Long-Term Debt, Continued

(b) Total Due to State of New York

	<u>2015</u>	<u>2014</u>
Amount due New York State - First Instance Advances	\$ 18,629,974	18,629,974
Less current portion	<u>(75,000)</u>	<u>(75,000)</u>
Total due to State of New York, excluding current portion	<u>\$ 18,554,974</u>	<u>18,554,974</u>

(c) Notes Payable

Notes payable at March 31, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Loan with Community Bank, N.A., dated July 22, 2008, with a variable rate of interest adjusted every five years at the current five year T-Bill rate plus 2.25%, (3.62% at March 31, 2015), in the amount of \$1,600,000 for the construction of a 24,000 square foot shell building. The note is payable in equal monthly payments of \$11,302 with a 20-year term.	\$ 1,190,536	1,280,724
Loan with St. Lawrence Industrial Development Agency Civic Development Corporation, dated June 20, 2012 with a fixed rate of 2.625%, in the amount of \$87,000 to make improvements to the Port of Ogdensburg. The note is payable in equal monthly payments of \$1,549 with a 5 year term.	<u>42,033</u>	<u>60,683</u>
	1,232,569	1,341,407
Less current portion	<u>(111,351)</u>	<u>(107,646)</u>
Notes payable, excluding current portion	<u>\$ 1,121,218</u>	<u>1,233,761</u>

(d) Bonds Payable

The Border Station issued taxable lease revenue bonds, dated July 2, 2002, in the amount of \$7,910,000. These bonds mature January 1, 2018 with interest of 5.715%. The bonds are secured by a trust indenture with M&T Bank, as trustee, and by an assignment agreement dated July 1, 2002 which assigns to the trustee the right, title and interest in the GSA lease agreement. The mortgage grants to the trustee, for the benefit of the owners of the bonds, a leasehold mortgage and security interest in the border facility. The balance on the bond issue amounted to \$2,145,000 and \$2,785,000 at March 31, 2015 and 2014, respectively.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
Notes to Financial Statements, Continued

(10) Long-Term Debt, Continued

(e) Long-Term Debt Maturities

Long-term debt maturities over the next five years and thereafter as of March 31, 2015 are as follows:

2016		\$ 861,351
2017		905,408
2018		937,146
2019		973,664
2020		75,000
Thereafter		<u>18,254,974</u>
		<u>\$ 22,007,543</u>

(11) Pension Plan

(a) General Information

The Authority participates in the New York State and Local Employees' Retirement System. This System is a cost sharing, multiple employer, public employee retirement system. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

(b) Plan Descriptions

(1) Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as a sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(11) Pension Plan, Continued

(b) Plan Descriptions, Continued

(2) Funding Policies

The System is non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 and 6 who also contribute between 3% and 6% of their salary for the entire length of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plan year ended March 31, 2015 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
3 A14	20.3%
4 A15	20.3
5 A15	16.6
6 A15	11.0

The required contributions for the current year and two preceding years are as follows:

2015	\$ 239,847
2014	396,724
2013	<u>258,039</u>

(12) Postemployment Benefits Other Than Pensions

Total expenditures charged to operations for the years ended March 31, 2015 and 2014 amounted to \$106,539 and 94,103, respectively. At March 31, 2015 and 2014, the OPEB liability for retired employees amounted to \$340,449 and \$294,876, respectively.

The number of participants as of April 1, 2014 was as follows:

Active employees	27
Retired employees	<u>10</u>
Total	<u>37</u>

Funding Policy - The Authority currently pays for postemployment health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(12) Postemployment Benefits Other Than Pensions, Continued

Details of the benefit obligation and OPEB cost are as follows as of and for the years ended March 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
<u>Benefit Obligations and Normal Cost</u>		
Actuarial accrued liability (AAL):		
Retired employees	\$ 437,595	372,434
Active employees	<u>599,121</u>	<u>573,151</u>
Total	\$ <u>1,036,716</u>	<u>945,585</u>
Underfunded actuarial accrued liability (UAAL)	\$ <u>1,036,716</u>	<u>945,585</u>
Normal cost for fiscal year	38,544	33,574
Amortization of unfunded UAAL	<u>67,995</u>	<u>60,529</u>
Annual required contribution (ARC)	\$ <u>106,539</u>	<u>94,103</u>
<u>Annual OPEB Cost and Net OPEB Obligation</u>		
Annual OPEB cost	\$ 106,539	94,103
Contribution made on a pay-as-you-go basis	<u>(60,966)</u>	<u>(51,468)</u>
Increase in net OPEB obligation	45,573	42,635
Net OPEB obligation at beginning of year	<u>294,876</u>	<u>252,241</u>
Net OPEB obligation at end of year	\$ <u>340,449</u>	<u>294,876</u>
Actuarial methods and assumptions:		
Funding interest rate	4.0%	4.0%
Current year medical trend rate (health/drugs)	10.5%	10.5%
Next year medical trend rate (health/drugs)	7.25%	7.25%
Ultimate trend rate (health/drugs)	4.2%	4.2%
Year ultimate trend rate rendered	2022	2022
Actuarial cost method	Projected	Projected
	Unit Credit	Unit Credit
The remaining amortization period	23 years	24 years

(13) Operating Leases

The Authority executed a lease agreement with the United States of America, dated July 2, 2002, for rental of the new border station building to the General Services Administration. The lease provides for annual lease payments of \$1,069,860 beginning October 1, 2003, for a term of fifteen years. The lease provides for a change in rent should operating costs differ from the base costs of \$161,200 specified in the lease. Effective October 1, 2010, rents were changed to \$1,135,503 based on changes in consumer price index.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
Notes to Financial Statements, Continued

(13) Operating Leases, Continued

The Authority is the lessor of a customs building in the Bridge Fund and various industrial buildings and airport buildings in the Port Fund under operating leases expiring in various years through 2018.

Estimated minimum future rentals to be received on non-cancelable leases as of March 31, 2015 for each of the next five years are as follows:

	<u>GSA</u>	<u>Other</u>	<u>Total</u>
2016	\$ 1,155,851	937,979	2,093,830
2017	1,155,851	837,419	1,993,270
2018	1,155,851	647,593	1,803,444
2019	577,925	428,724	1,006,649
2020	-	302,636	302,636

(14) Contingencies

A notice of claim dated May 13, 2011, was filed against the Authority by an employee of an Authority contractor alleging personal injuries were sustained on February 22, 2011, during the course of employment on Authority property. An initial meeting with the claims adjuster was held on May 18, 2011 at the Authority and the claim has not yet been assigned to counsel. It is not possible to evaluate the outcome of this matter as of the audit date.

Financial awards from Federal, State, and local governmental entities in the form of grants are subject to special audits. Such audits could result in claims against the Authority for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

OGDENSBURG BRIDGE AND AUTHORITY  
 Required Supplementary Information  
 Schedule of Funding Progress  
 Other Postemployment Benefits

<u>Actuarial Valuation Date</u>	Actuarial value of assets <u>(a)</u>	Actuarial accrued liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded ratio <u>(a/b)</u>	Covered payroll <u>(c)</u>	UAAL as a percentage covered payroll <u>((b-a)/c)</u>
March 31, 2015	\$ -	1,036,716	1,036,716	0.0%	1,705,604	60.8%
March 31, 2014	-	945,585	945,585	0.0%	N/A	0.0%
March 31, 2013	-	930,872	930,872	0.0%	1,614,422	58.0%

OGDENSBURG BRIDGE AND PORT AUTHORITY  
 Schedule of Revenue, Expenses, and Changes  
 in Net Position - Bridge Fund  
 Year ended March 31, 2015  
 with comparative totals for 2014

	<u>2015</u>	<u>2014</u>
Operating revenue:		
Bridge tolls	\$ 2,373,590	2,485,428
Rentals	1,401,265	1,464,507
Construction project	1,510	-
Operating grants	-	5,850
Miscellaneous	360	17,594
Total operating revenue	<u>3,776,725</u>	<u>3,973,379</u>
Operating expenses:		
Salaries and wages	786,790	837,136
Payroll taxes and benefits	464,380	677,423
Automotive	55,281	70,467
Building and grounds maintenance	141,137	137,623
Equipment repairs and maintenance	23,118	36,702
Fuel and utilities	84,914	98,781
Bridge inspection	151,710	21,406
Insurance	187,621	172,499
Telephone and postage	22,580	20,668
Advertising	18,770	9,942
Professional fees	151,133	184,235
Depreciation	1,081,209	1,080,391
Office supplies	16,814	12,758
Travel and meetings	1,940	6,850
Miscellaneous	16,709	19,790
Total operating expenses	<u>3,204,106</u>	<u>3,386,671</u>
Operating income	<u>572,619</u>	<u>586,708</u>
Non-operating income (expense):		
Federal and State grants	125,920	-
Interest income	96	363
Loss on foreign currency exchange	(34,657)	(14,949)
Interest expense	(150,019)	(177,380)
Pass-through grant expense	(125,920)	-
Total non-operating income (expense)	<u>(184,580)</u>	<u>(191,966)</u>
Change in net position	<u>388,039</u>	<u>394,742</u>
Net position at beginning of year	<u>33,576,571</u>	<u>33,181,829</u>
Net position at end of year	<u>\$ 33,964,610</u>	<u>33,576,571</u>

**OGDENSBURG BRIDGE AND PORT AUTHORITY**

Schedule of Revenue, Expenses and Changes

in Net Position - Port Fund

Year ended March 31, 2015

with comparative totals for 2014

	<u>Airport</u>	<u>Industrial Properties</u>	<u>Railroad</u>	<u>Marine Terminal</u>	<u>2015</u>	<u>2014</u>
Operating revenue:						
Rentals	\$ 82,832	733,997	-	217,894	1,034,723	948,944
Fuel sales (net of fuel purchases of \$90,361 in 2015 and \$129,620 in 2014)	20,733	-	-	-	20,733	19,107
Port operating fees	2,914	-	-	601,264	604,178	896,225
Construction projects	649	11,503	-	-	12,152	14
Operating grants	7,240	-	-	-	7,240	14,600
Miscellaneous	1,580	16,847	37,008	29,035	84,470	53,982
Total operating revenue	<u>115,948</u>	<u>762,347</u>	<u>37,008</u>	<u>848,193</u>	<u>1,763,496</u>	<u>1,932,872</u>
Operating expenses:						
Salaries and wages	231,058	227,105	-	471,305	929,468	945,454
Payroll taxes and benefits	108,129	131,390	-	246,490	486,009	674,356
Automotive	8,427	-	-	55,673	64,100	105,595
Building and grounds maintenance	27,312	32,154	-	30,752	90,218	81,386
Equipment repairs and maintenance	12,272	8,625	-	36,940	57,837	137,033
Fuel and utilities	43,651	114,086	-	39,775	197,512	214,602
Insurance	23,822	46,650	-	56,046	126,518	108,420
Telephone and postage	9,672	4,649	-	10,218	24,539	16,171
Advertising	4,269	67,919	-	11,383	83,571	102,604
Professional fees	14,787	133,616	-	62,798	211,201	178,376
Depreciation	742,061	321,998	259,999	382,962	1,707,020	1,545,173

(Continued)

OGDENSBURG BRIDGE AND PORT AUTHORITY  
 Schedule of Revenue, Expenses, and Changes  
 in Net Position - Port Fund, Continued

	Airport	Industrial Properties	Railroad	Marine Terminal	Total
	2015	2015	2015	2015	2014
Operating expenses, continued:					
Office supplies	\$ 1,357	5,954	-	3,051	10,362
Subscriptions and dues	-	-	-	5,268	5,268
Travel and meetings	6,461	6,728	-	33,766	46,955
Miscellaneous	44,784	91,214	6,187	531	142,716
Total operating expenses	1,278,062	1,192,088	266,186	1,446,958	4,183,294
Operating loss	(1,162,114)	(429,741)	(229,178)	(598,765)	(2,419,798)
Non-operating income (expense):					
Federal and State grants	3,828,228	-	-	-	3,828,228
Interest income	6	9	-	9	24
Gain (loss) on disposal of capital assets	-	44,686	-	(12,223)	32,463
Interest expense	-	(46,130)	-	(1,823)	(47,953)
Total non-operating income (expense)	3,828,234	(1,435)	-	(14,037)	3,812,762
Change in net position	\$ 2,666,120	(431,176)	(229,178)	(612,802)	1,392,964
Net position at beginning of year					16,316,725
Net position at end of year					\$ 16,125,916

INDEPENDENT AUDITORS' 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

The Governing Board  
Ogdensburg Bridge and Port Authority:

We have audited, in accordance with the 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, the financial statements of the Ogdensburg Bridge and Port Authority (the Authority), as of and for the year ended March 31, 2015, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York  
June 25, 2015

INDEPENDENT ACCOUNTANTS' REPORT ON  
INVESTMENT PROGRAM COMPLIANCE

The Governing Board  
Ogdensburg Bridge and Port Authority:

Report on Investment Program Compliance

We have audited the Ogdensburg Bridge and Port Authority's (the Authority) compliance with the types of compliance requirements described in the Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program during the year ended March 31, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the Authority's investment program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the investment program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the investment program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Investment Program

In our opinion, Ogdensburg Bridge and Port Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its investment program for the year ended March 31, 2015.

## Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirement that could have a direct and material effect on the investment program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the investment program and to test and report on internal control over compliance in accordance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. Accordingly, this report is not suitable for any other purpose.

*Toski & Co., CPAs, P.C.*

Williamsville, New York  
June 25, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Governing Board  
Ogdensburg Bridge and Port Authority:

Report on Compliance for Each Major Federal Program

We have audited Ogdensburg Bridge and Port Authority's (the Authority) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended March 31, 2015. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Ogdensburg Bridge and Port Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2015.

## Report on Internal Control Over Compliance

Management of Ogdensburg Bridge and Port Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York  
June 25, 2015

OGDENSBURG BRIDGE AND PORT AUTHORITY  
 Schedule of Expenditures of Federal Awards  
 Year ended March 31, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation - Direct Programs - Airport Improvement Program	20.106	-	<u>\$ 3,730,175</u>

See accompanying notes to schedule of expenditures of federal awards.

## OGDENSBURG BRIDGE AND PORT AUTHORITY

### Notes to Schedule of Federal Awards

Year ended March 31, 2015

#### (1) Reporting Entity

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of federal financial assistance programs administered by the Ogdensburg Bridge and Port Authority (the Authority), an entity as defined in the basic financial statements.

#### (2) Basis of Accounting

The Schedule is presented on the accrual basis of accounting and the amounts presented are derived from the Authority's general ledger. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the Schedule up to such amounts.

#### (3) Indirect Costs

Indirect costs are included in the reported expenditures to the extent such costs are included in the Federal financial reports used as the source for the data presented.

#### (4) Matching Costs

Matching costs, i.e., the Authority's share of certain program costs, are not included in the Schedule.

#### (5) Subrecipients

The Authority did not provide any funding to subrecipients during the year ended March 31, 2015.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
 Schedule of Findings and Questioned Costs  
 Year ended March 31, 2015

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
1. Material weakness(es) identified?	___ Yes <u>X</u> No
2. Significant deficiency(ies) identified not considered to be material weakness(es)?	___ Yes <u>X</u> None Reported
3. Noncompliance material to financial statements noted?	___ Yes <u>X</u> No

Federal Awards:

Internal control over major programs:	
4. Material weakness(es) identified?	___ Yes <u>X</u> No
5. Significant deficiency(ies) identified not considered to be material weakness(es)?	___ Yes <u>X</u> None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))?	___ Yes <u>X</u> No
7. The Authority's major program was the Airport Improvement Program, CFDA No. 20.106	
8. Dollar threshold used to distinguish between Type A and Type B programs?	\$ 300,000
9. Auditee qualified as low-risk auditee?	___ Yes <u>X</u> No

Part II - FINANCIAL STATEMENT FINDINGS

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No reportable findings or questioned costs.

OGDENSBURG BRIDGE AND PORT AUTHORITY  
Status of Prior Year Audit Findings  
Year ended March 31, 2015

There were no audit findings with regard to the prior year financial statements (March 31, 2014).