

AGENDA

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
AUDIT AND INTERNAL CONTROLS COMMITTEE MEETING
MONDAY, NOVEMBER 25, 2013, 9:00AM
MARRIOTT LONG ISLAND HOTEL & CONFERENCE CENTER
101 JAMES DOOLITTLE BLVD., UNIONDALE, NY 11553**

Call to Order

Action Item

- I. Approval of the Minutes of October 9, 2013 Meeting

Discussion Item

- II. Presentation of Deloitte 2013 Audit Plan

Adjournment

DRAFT – SUBJECT TO REVIEW AND REVISION

NASSAU COUNTY INTERIM FINANCE AUTHORITY
MINUTES OF THE MEETING OF THE
AUDIT AND INTERNAL CONTROLS COMMITTEE
HELD ON OCTOBER 9, 2013

Pursuant to a notice dated October 2, 2013, the Audit and Internal Controls Committee (“Committee”) of the Nassau County Interim Finance Authority (“NIFA”) was convened at 5:05 PM, at the Marriott Long Island Hotel & Conference Center located at 101 James Doolittle Blvd, Uniondale, NY 11553.

The following members of the Audit and Internal Controls Committee of the Authority were present:

Christopher Wright, Chairman
Jon Kaiman
John Buran
George Marlin

Also present were Dermond Thomas, NIFA Director; Paul Annunziato, NIFA Director; Lester Petracca, NIFA Director; Evan Cohen, Executive Director; Maria Kwiatkowski, Deputy Director; Jeremy Wise, General Counsel; Carl Dreyer, (pending Treasurer); and Laurie Boucher, Corporate Secretary.

Upon determining that a quorum was present, the meeting was called to order.

Chairman Christopher Wright stated that the first item on the agenda was a resolution to approve the minutes of the June 5, 2013 meeting.

Upon motion duly made and seconded, the minutes were approved unanimously.

Resolution No. 13-35

**APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JUNE 5, 2013
AUDIT AND INTERNAL CONTROLS COMMITTEE MEETING OF THE NASSAU COUNTY
INTERIM FINANCE AUTHORITY**

RESOLVED, that the Minutes of the Audit and Internal Controls Committee meeting held on June 5, 2013, are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

* * *

Chairman Wright introduced the next item on the agenda, which was a resolution to review and approve NIFA's Budget and 2014-2017 Multi-Year Plan.

Executive Director Cohen stated that the major assumptions include maintenance of staff at current levels, providing no cost of living adjustment for salaries in 2014 and projecting costs for health insurance and pensions based on guidance from the NYS Department of Civil Service and the NYS Comptroller. He stated that the Plan has a contingency line that can be used if salary or staffing needs change in the future. He also stated that the Plan is substantially consistent with the plan adopted by the NIFA Board last year.

Upon motion duly made and seconded, the minutes were approved unanimously.

Resolution No. 13-36

**APPROVE SUBMISSION OF NIFA'S 2014 BUDGET AND FY 2014 – FY 2017 FINANCIAL PLAN TO
THE OFFICE STATE COMPTROLLER AND THE AUTHORITIES BUDGET OFFICE TO COMPLY
WITH 2 NYCRR, PART 203 AND THE TAKING OF RELATED ACTIONS**

RESOLVED, that the materials presented to this meeting (the “Materials”) are ordered to be filed with the records of the Audit and Internal Controls Committee (“Committee”) of the Nassau County Interim Finance Authority; and be it further

RESOLVED, that the Committee acknowledges enactment of 2 NYCRR, Part 203 (the “Regulations”) and its requirement that the Directors of the Nassau County Interim Finance Authority receive, review and approve a proposed Budget for FY 2014 (“Budget”) and a proposed Financial Plan for FY 2014 – FY 2017 (“Plan”); and be it further

RESOLVED, that the Committee hereby conditionally approves the Budget and Plan subject to the conditions outlined in the Materials; and be it further

RESOLVED, that the Committee recommends to the Directors that they approve the Budget and Plan so that they may be disclosed and subsequently, if no negative comments from the public are received, officially filed with the State Comptroller and any other necessary parties.

* * *

The Chairman then entertained a motion to adjourn. Upon motion duly made and seconded, the members voted unanimously to adjourn the meeting at 5:09 PM.

Respectfully submitted,

Laurie A. Boucher
Corporate Secretary

November 25, 2013

Audit Committee of Nassau County Interim Finance Authority
170 Old Country Road, Suite 205
Mineola, NY 11501

Dear Members of the Audit Committee,

We have been engaged to perform an audit of the financial statements of Nassau County Interim Finance Authority (the "Authority") as of and for the year ending December 31, 2013, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards"), and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("generally accepted government auditing standards").

We have prepared the following comments related to the planned scope and timing of our audit to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Authority is responsible.

PLANNED SCOPE OF THE AUDIT

We will plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether caused by error or fraud.

Significant Risks

As of the date of this report, we have identified areas where there is the potential for a significant risk, including fraud risk, which could result in a potential material misstatement. A significant risk is a risk of material misstatement of the financial statements that requires special audit consideration. The significant areas of potential risk we have identified during our risk assessment procedures and our audit planning procedures are as follows:

Description of the Significant Risk	Planned Procedures
Management Override	Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements, including entries posted directly to the financial statement drafts. Obtain an understanding of the Authority's

	<p>financial reporting process and the controls over journal entries and other adjustments and determine whether such controls are suitably designed and have been implemented.</p> <p>Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments</p> <p>Consider fraud risk indicators, controls, the nature and complexity of accounts, and entries processed outside of the normal course of business</p> <p>Select journal entries and other adjustments made at the end of a reporting period</p>
Debt Service Accrual	<p>Per the guidance in the bond indenture, D&T will recalculate the expected debt service accrual and trace and agree it to the recorded amount. Additionally, D&T will confirm all debt. For new debt issuances, we will also confirm such amounts through the EMMA (Electronic Municipal Market Access) website, listed by the Municipal Securities Rulemaking Board and obtain all of the corresponding offering statements</p>
Derivatives-Interest rate swaps	<p>D&T uses our National Securities Pricing Center to test the value of the derivative swaps. We will use our Internal Fair Value (“IFV”) Specialist who will compare the independent estimate of the fair value of the swaps to the Authority’s fair value estimates. Additionally, they will determine the appropriateness of the disclosures in the financial statements.</p>

We will separately communicate any additional significant risks that we might identify as we perform our audit procedures.

Internal Control

We do not plan to adopt a control-reliance strategy in the performance of our audit of the financial statements.

Materiality

Materiality is the amount we use as our basis for planning the scope of our audit of the Authority’s financial statements, and is the amount of misstatement we judge to be material to the financial statements on which we are reporting. The determination of materiality is a complex issue requiring consideration of qualitative and quantitative factors and is a matter of professional judgment taking into account our knowledge of the entity, our assessment of engagement risk, and the reporting requirements for the financial statements. Our consideration of materiality is influenced by our perception of the needs of users of the Authority’s financial statements.

PLANNED TIMING OF THE AUDIT

We will plan the performance of our audit in accordance with the following estimated timetable:

	<u>Estimated</u>	<u>Target Completion</u>
Audit Performance Schedule:		
Planning	<u>11/1/2013</u>	<u>11/30/2013</u>
Year-end audit procedures	<u>1/15/2014</u>	<u>3/7/2014</u>
Reporting:		
Report on audit		<u>3/21/2014</u>
Communication of significant findings or issues from the audit to The Audit Committee		<u>3/21/2014</u>
Communication of control-related matters		<u>3/21/2014</u>

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This report is intended solely for the information and use of the Audit Committee, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP

cc: The Management of Nassau County Interim Finance Authority