

Nassau County Sewer and Storm Water Finance Authority 2016 Annual Investment Report

March 23, 2017

Most of the revenues of the Nassau County Sewer and Storm Water Finance Authority (the “Authority”) are derived through the imposition by Nassau County (the “County”) of assessments for sewer and storm water resources services. The County has directed each city and town receiver of taxes to remit all such assessments directly to the trustee for the Authority’s bonds. During 2016, the Authority retained sufficient funds to service all Authority debt and pay its operating expenses. The remaining funds were remitted to the County, on behalf of the Nassau County Sewer and Storm Water Resources District which is responsible for paying for the operations of the County’s sewer and storm water resources services. The Bank of New York Mellon was paid trustee fees of \$1,600 in 2016. The Authority’s 2016 financial statements were audited by RSM US LLP. The audit fee for 2016 and 2015 was \$26,000 and \$32,000, respectively. The Authority does not pay any other fees to any investment banker, broker, agent or dealer for investment services.

Investment income was \$19,959 and \$2,463 in 2016 and 2015, respectively.

The Authority invests in accordance with the applicable law, authorizing resolutions, and the Authority’s Investment Guidelines. The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Investments are recorded at fair value, which includes accrued interest receivable. Revenue and losses related to investments, including interest earned, changes in fair values and realized gains and losses are reported in the statement of revenues, expenditures, and changes in fund balances. Fair value is determined using quoted market values as of December 31, 2016. During 2016, the Authority invested available cash in money market accounts and U.S. Treasury bills. Investments in securities are executed by Bank of New York Mellon through the BNY Mellon Capital Markets, LLC (“BNYMCM”). BNYMCM is compensated for securities transactions based on agreed upon spreads.

As of December 31, 2016 and 2015, the Authority’s total cash, cash equivalents and investments were \$3,745,299 and \$4,060,390, respectively.

Below is a chart showing the breakdown of total cash, cash equivalents and investments, operating expenses, and investment income for the years ended 12/31/16 and 12/31/15.

Nassau County Sewer and Storm Water Finance Authority

Year Ended December 31,

<u>Cash, Cash Equivalents and Investments</u>	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	\$143,590	\$92,328
Investments	<u>3,601,709</u>	<u>3,968,062</u>
Total	\$3,745,299	\$4,060,390

Operating Expenses

Trustee Fee (BoNY)	\$1,600	\$3,000
Legal Fees (Hinckley Allen)	4,000	0
Software (SS&C Technologies)	5,500	0
Auditor (RSM US LLP)	<u>26,000</u>	<u>32,000</u>
Total Operating Expenses	\$37,100	\$35,000

Investment Income

Investment Income	\$19,959	\$2,463
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Included herewith are the Investment Guidelines of the Authority, which are based on applicable law and the investment policy of the County. The Authority's annual independent audit for fiscal year 2016, which includes the Authority's investments, was presented to and accepted by the Authority on March 23, 2017.

This report has been prepared under the direction of the County Treasurer in accordance with Section 3.09 of the Financing Agreement dated as of October 1, 2014 between the County and this Authority.