

**NASSAU COUNTY SEWER AND STORM WATER
FINANCE AUTHORITY**

2018 BUDGET

NASSAU COUNTY SEWER AND STORM WATER FINANCE AUTHORITY

BUDGET FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2018

Introduction

The governing body of the Nassau County Sewer and Storm Water Finance Authority (the “Authority”) herein presents the budget of the Authority for the fiscal year beginning January 1, 2018 (the “2018 Budget”) in accordance with New York State Public Authorities Law §2801[2].

The Authority was established in 2003 by the State of New York (the “State”) under the Nassau County Sewer and Storm Water Finance Authority Act, codified as Title 10-D of Article 5 of the Public Authorities Law of the State (the “Act”), as a public benefit corporation. The State Legislature determined the creation of the Authority to be an effective mechanism to achieve substantial savings to Nassau County (the “County”) for past and prospective sewer and storm water resources capital investments. The Authority has been established for the limited objectives of refinancing outstanding sewer and storm water resources debt issued by or on behalf of the County and financing future County sewer and storm water resources projects. The Authority may issue debt in an amount up to \$350,000,000 for such purposes (exclusive of debt issued to refund or otherwise repay Authority debt).

The County has directed each city and town receiver of taxes to pay all assessments imposed by the County for sewer and storm water resources services directly to the trustee for the Authority’s bonds. The Authority retains sufficient funds to service its debt and pay its operating expenses. Excess funds are remitted to the Nassau County Sewer and Storm Water Resources District (the “District”). The District is responsible for paying for the cost of the County’s provision of sewerage and storm water resources services.

Overview of the 2018 Budget

Revenue (Estimated Receipts)

The Authority has three sources of funds in the 2018 Budget: County assessments for sewer and storm water resources services, payments in lieu of taxes (“PILOTs”) and investment income. From time to time, the Authority may also receive grant funds recovered in connection with County sewer and storm water resources projects, in accordance with the Act.

Assessments

The Authority receives County assessments for sewer and storm water resources services directly from the receivers of taxes. The levy for such assessments for 2018 is projected to be \$124,763,530.

Payments in Lieu of Taxes

The Authority receives PILOTs for sewer and storm water resources services directly from the receivers of taxes. The amount of PILOTs in the 2018 budget is \$7,852,738.

Investment Income

The Authority currently invests its cash in money market accounts and Treasury Bills. The Authority projects that it will earn \$20,000 in investment income in 2018.

Expenditures

Contractual Expenses

The Authority has budgeted \$900,000 for contractual expenses in 2018.

Interest Expense

The Authority projects that its interest expense in 2018 will be \$6,685,500.

Principal Payments

The Authority has \$10,815,000 in scheduled principal payments in 2018.

Transfer to the District

The Authority estimates that it will transfer \$114,235,768 to the District in 2018 in accordance with the Act and the Financing Agreement dated as of October 1, 2014 between the Authority and the County.

Capital Construction in the Budget

The Authority is not authorized under the Act to engage in capital construction.

Actual Revenues (Receipts) and Expenditures for the Authority's Last-Completed Fiscal Year (2016), and Projected Revenues (Receipts) and Expenditures for the Authority's Current (2017) and Next (2018) Fiscal Year

SEWER AND STORM WATER FINANCE AUTHORITY				
EXP/REV	OBJECT	2016 Actual	2017 Projected	2018 Budget
EXP				
	DE - CONTRACTUAL SERVICES	\$37,100	29,665	\$900,000
	FF - INTEREST	7,651,295	7,202,750	6,685,500
	GG - PRINCIPAL	10,205,000	10,345,000	10,815,000
	88 - DEBT ISSUANCE COSTS			
	LS - TRANSFER OUT TO SSW			
	LU - TRANSFER TO DEBT SERVICE FUND			
	LZ - TRANSFER OUT TO SSW FOR DEBT SERVICE	105,171,621	105,572,000	114,235,768
EXP Total		\$123,065,016	\$123,149,415	\$132,636,268
REV				
	BE - INVESTMENT INCOME	\$19,962	23,358	\$20,000
	BO - PAYMENT IN LIEU OF TAXES	\$7,852,307	7,852,738	7,852,738
	BH - DEPT REVENUE (FEDERAL AID)			
	R9 - REFUNDED BOND PROCEEDS			
	R1 - BOND PREMIUMS			
	TL - PROPERTY TAX	115,012,138	115,010,494	124,763,530
REV Total		\$122,884,407	\$122,886,590	\$132,636,268
Surplus (Deficit)		(\$180,609)	(\$262,825)	\$0

The 2016 Property Tax Warrant varies from the 2016 Adopted Property Tax Levy due to a transfer of LIPA parcels from Property Tax Levy to Payments In Lieu of Taxes (PILOTS) in order to adhere to a state statute to cap these parcels at 2% for levy purposes.