Nassau County Sewer and Storm Water Finance Authority
2017 Annual Investment Report

March 29, 2018

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 2017, 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 $1,500 in 2017. The Authority's 2017 financial statements were audited by RSM US LLP. The audit fee paid in 2017 (for the 2016 audit) and 2016 (for the 2015 audit) was $26,500 and $26,000, respectively. The Authority does not pay any other fees to any investment banker, broker, agent or dealer for investment services.

Investment income was $20,164 and $19,959 in 2017 and 2016, 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, 2017. During 2017, 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, 2017 and 2016, the Authority's total cash, cash equivalents and investments were $3,479,278 and $3,745,299, respectively.

Below is a chart showing the breakdown of total cash, cash equivalents and investments, operating expenses, and investment income for the years ended 12/31/17 and 12/31/16.

Nassau County Sewer and Storm Water Finance Authority

Year Ended December 31,

Cash, Cash Equivalents and Investments	2017	2016
Cash and Cash Equivalents	$127,275	$143,590
Investments	3,352,003	3,601,709
Total	$3,479,278	$3,745,299
Operating Expenses		
Trustee Fee (BoNY)	$1,500	$1,600
Legal Fees (Hinckley Allen)	0	4,000
Insurance (Arthur Gallagher)	1,665	0
Software (SS&C Technologies)		5,500
Auditor (RSM US LLP)	26,500	26,000
Total Operating Expenses	$29,665	$37,100
Investment Income		
Investment Income	$20,164	$19,959

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 2017, which includes the Authority's investments, was presented to and accepted by the Authority on March 29, 2018.

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.