

## **Nassau County Sewer and Storm Water Finance Authority 2012 Annual Investment Report**

July 8, 2014

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 pay all such assessments directly to the trustee for the Authority’s bonds. The Authority retains sufficient funds to service all debt (including bonds issued by or on behalf of the County for sewer and storm water resources facilities), and pay its operating expenses. Excess funds are remitted to the Nassau County Sewer and Storm Water Resources District (the “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, the Trustee for the Authority’s debt, is paid an annual trustee fee of \$34,000. The Authority’s financial statements are audited by Deloitte & Touche LLP. The 2012 audit fee was \$32,000. The 2011 audit fee was \$30,400. The Authority does not pay any other fees to any investment banker, broker, agent or dealer for investment services.

Investment income in 2012 was \$19,727. Net investment income in 2011 was \$5,250. As described in last year’s report, during the financial statement preparation for 2011, it was noted that the prior year’s investment income was overstated, and a \$52,582 adjustment was made to correct this error, which resulted in a \$47,332 net investment loss reported on the financial statements for 2011.

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, 2012. The Authority currently invests available cash in money market accounts. Investments are purchased through the Bank of New York Mellon.

As of December 31, 2011, the Authority’s total cash and cash equivalents was \$20,861,919. As of December 31, 2012, the Authority’s total cash and cash equivalents was \$30,286,857.

Below is a chart showing the breakdown of total cash and cash equivalents, operating expenses, and investment income for the years ended 12/31/11 and 12/31/12.

**Nassau County Sewer and Storm Water Finance Authority**

**Year Ended December 31,**

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<b><u>Cash and Cash Equivalents</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Cash	\$ 137	\$ 668
Investments	<u>30,286,720</u>	<u>20,861,251</u>
<b>Total Cash &amp; Cash Equivalents</b>	<b>\$ 30,286,857</b>	<b>\$ 20,861,919</b>

<b><u>Operating Expenses</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Trustee Fee (BoNY)	\$ 34,000	\$ 34,000
Auditor (Deloitte)	\$ 32,000	\$ 30,400

<b><u>Investment Income</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
	\$ 19,727	\$ 5,250 <sup>1</sup>

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 2012, which includes the Authority's investments, was presented to and accepted by the Authority on October 17, 2013.

This report has been prepared under the direction of the County Treasurer in accordance with Section 3.09 of the Financing and Acquisition Agreement dated as of March 1, 2004 between the County and this Authority.

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<sup>1</sup> Prior to adjustment as described above.