Nassau County Interim Finance Authority

NIFA

Financial Statements for the Year Ended December 31, 2021 and Independent Auditors' Report

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RSM US LLP

Independent Auditor's Report

Board of Directors
Nassau County Interim Finance Authority

Report on the Audit of the Financial Statements

Opinions
We have audited the financial statements of the governmental activities and each major fund of the Nassau County Interim Finance Authority (the Authority), a component unit of the County of Nassau, New York, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in total other postemployment benefits liability and related ratio, schedule of proportionate share of the net pension liability and schedule of pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

RSM US LLP

New York, New York
May 31, 2022

NASSAU COUNTY INTERIM FINANCIAL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year Ended December 31, 2021
(Dollars in Thousands, Unless Otherwise Noted)

As management of the Nassau County Interim Finance Authority (the "Authority" or "NIFA"), we offer readers of the financial statements this narrative overview and analysis of our financial activities for the year ended December 31, 2021. We encourage readers to consider the information presented within this section in conjunction with the financial statements. *All amounts are expressed in thousands of dollars, unless otherwise indicated.*

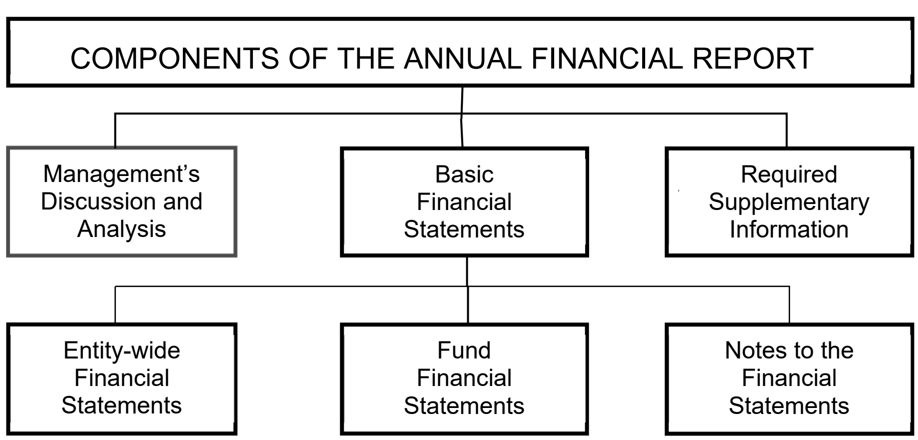
The Authority, created by the Nassau County Interim Finance Authority Act ("Act"), is a New York State Authority empowered to monitor and oversee the finances of Nassau County, New York (the "County") and is, or has previously been, empowered within certain statutory limits to issue bonds and notes for various County purposes. The Authority will continue to be in existence until its oversight, control or other responsibilities and its liabilities (including the payment in full of Authority bonds and notes) have been met or discharged. The Authority is a component unit of the County for financial reporting purposes. In its oversight capacity, the Authority is, or has previously been, empowered to, among other things, review County financial plans submitted to it; make recommendations or, if necessary, adverse findings thereon; make transitional State assistance available as determined; comment on proposed borrowings by the County; and impose a "control period" upon making one or more statutory findings concerning the County's financial position.

In its capacity to issue bonds and notes on behalf of the County, the Authority has funded cash flow, capital and working capital needs of the County since the Authority was created in 2000. In April 2020, NIFA was temporarily granted the statutory authority to issue bonds through 2021 to replace bonds that had previously been issued by the Authority, the County or any of its covered organizations, and to finance cash flow needs for the County for certain defined costs (such costs not to exceed $800 million). NIFA is currently rated in the highest rating category by Standard & Poor's (AAA, negative outlook), and Fitch (AAA, stable outlook), and the second highest rating category by Moody's (Aa1). The recent change to the Authority's statute allowed the Authority to restructure its debt as well as that of the County, which will be discussed at greater length throughout this Management's Discussion and Analysis and in Note 5 Long-Term Debt, to the financial statements.

Revenues to fund Authority operations and pay Authority debt service are provided by a portion of the sales tax revenues of the County on which the Authority has a first lien and, to a much smaller extent, by investment earnings. The Authority has no operating income or taxing power.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of the following components: (1) entity-wide financial statements, (2) fund financial statements, and (3) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements.



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Entity-Wide Financial Statements

The entity-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net position presents financial information on all the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as "net position". This statement combines and consolidates the Authority's current financial resources with capital assets (if any) and long-term obligations. The purpose of this statement is to give the reader an understanding of the Authority's total net worth or deficiency. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as maintaining excellent bond ratings, effectively managing the debt and the amount of cash flow provided to the County.

The statement of activities and changes in net position presents information showing how the Authority's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. This method is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Authority's fund financial statements.

The intent of the entity-wide financial statements is to give the reader a long-term view of the Authority's financial condition.

Fund Financial Statements

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The Authority, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Because the focus of governmental funds is narrower than that of the entity-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the entity-wide financial statements. By doing so, readers may better understand the long-term effect of the Authority's near-term financial decisions. In addition to these two statements, the financial statements include reconciliations between the entity-wide and governmental fund statements.

The Authority maintains two individual governmental funds, the General Fund, and the Debt Service Fund, both of which are reported as major funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for each fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements.

(Dollars in Thousands, Unless Otherwise Noted)

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Other Information

In addition to the basic financial statements, this report contains supplementary information immediately following the notes to the financial statements.

ENTITY-WIDE FINANCIAL ANALYSIS

The statement of net position details the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority based on their liquidity, utilizing current and noncurrent categories for assets and liabilities, while the deferred outflows of resources and deferred inflows of resources are reported separately. The resulting net position, in this statement, is displayed as either restricted or unrestricted, if and as applicable. The Authority's liabilities and deferred inflows exceeded its assets and deferred outflows by $1,343,888 at the close of the most recent year.

Our analysis below focuses on the net position and changes in net position of NIFA's governmental activities.

Condensed Statements of Net Position
As of December 31,

	2021	2020
Governmental Activities:		
Assets		
Current	$ 151,740	$ 168,710
Total Assets	151,740	168,710
Deferred Outflows of Resources	1,445	20,180
Liabilities		
Current	144,143	285,453
Non-current	1,341,568	234,859
Total Liabilities	1,485,711	520,312
Deferred Inflows of Resources	11,362	13,666
Net Position		
Unrestricted	(1,343,888)	(345,088)
Total Net Position	$ (1,343,888)	$ (345,088)

At December 31, 2021 and 2020, the Authority's net position was a deficit of $1,343,888 and $345,088, respectively. Given the purpose for which the Authority was established and its financial transactions, the Authority does not retain significant assets, and thus, the Authority's net deficit position is directly attributable to its long-term liabilities. The long-term liabilities, including current and non-current portions, at December 31, 2021 and 2020 totaled $1,342,103 and $400,369, respectively, and consist of sales-tax secured bonds and related premiums, net pension liability, total other postemployment benefits liability and accrued compensated absences. By far the most significant balance of long-term liabilities is sales tax secured bonds outstanding, which totaled $1,148,194 and $369,748 at December 31, 2021 and 2020, respectively. The net increase in total long-term liabilities of $941,734 is primarily due to a $778,446 increase in sales tax secured bonds payable and $163,567 increase in related premiums. During 2021, the Authority issued $1,110,110 of sales tax secured bonds at a premium of $197,670 (excluding premiums assumed from the County) to refund $331,224 of existing NIFA debt and $856,790 of certain debt NIFA assumed from the County. This transaction is described in more detail in the Debt Service Fund and Debt Administration sections of this Management's Discussion and Analysis. The Authority's deficit net position is expected to improve in each subsequent year, as the Authority uses sales tax revenue to finance the bond principal repayment in addition to all the Authority's operating expenses.

(Dollars in Thousands, Unless Otherwise Noted)

ENTITY-WIDE FINANCIAL ANALYSIS (continued)

At December 31, 2021, the balance of outstanding bonds of $1,148,194 are fixed rate, while at December 31, 2020, the $369,748 of outstanding bonds consisted of $145,798 fixed rate, $75,325 variable rate and $148,625 hedged variable rate (with, effectively, a fixed rate resulting from the hedge).

The reconciliation on page 15 of these financial statements provides additional detail on the determination of the net deficit amount.

Additional information on the Authority's debt activity can be found in the notes to the financial statements and the Debt Administration section within this management's discussion analysis.

Condensed Statements of Activities and Changes in Net Position
For the Years Ended December 31,

	2021	2020
Governmental Activities:		
Revenues		
General revenues:		
Sales tax	$ 1,351,312	$ 1,100,895
Investment income	9	476
Compensation for loss	238	517
Total Revenues	1,351,559	1,101,888
Expenses		
General and administrative	1,709	1,834
Control period expenses	300	1,221
Bond interest and other debt service expenses	24,938	10,051
Distributions to Nassau County	1,372,714	1,025,774
Total Expenses	1,399,661	1,038,880
Change in Net Position before Special Item	(48,102)	63,008
Special Item		
Assumption of County debt	(950,698)	-
Change in Net Position	(998,800)	63,008
Net Position - Beginning of Year	(345,088)	(408,096)
Net Position - End of Year	$ (1,343,888)	$ (345,088)

The single most critical factor in the Authority's financial operations is sales tax revenue, which provided over 99% of the Authority's 2021 revenues. The State legislation that created NIFA in June 2000 granted the Authority a first lien and perfected security interest in net collections from sales and compensating use taxes authorized by the State and imposed by the County, currently at the rate of 4.25%, on the sales and use of personal property and services in the County, but excluding the 0.25% component that is allocable to towns and cities within the County and up to 1/12% allocable to villages within the County. Sales taxes are collected by the State, remitted to the Authority semi-monthly. In accordance with the bond indenture, the Authority then remits required debt service set-asides to the Authority's bond trustee, usually twice each month. After provision for Authority debt service and operating expenses, the remaining funds are remitted immediately to the County.

ENTITY-WIDE FINANCIAL ANALYSIS (continued)

The amount of sales tax revenues to be collected depends upon various factors including the economic conditions in the County, which has experienced numerous cycles of growth, recession and in 2020 the effects of the COVID-19 pandemic. In addition, specific goods and services can be exempted from the imposition of sales tax, and the rate of taxation can be changed. Of the current 4.25% County sales tax rate, 3.00% is a base rate and the remaining 1.25% is subject to periodic renewals. There can be no assurance that historical data is predictive of future trends. The Authority does not make projections of sales tax revenues.

Sales tax revenue for the year ended December 31, 2021 was $1,351,312, an increase of 22.75% from the prior year. Investment income totaled $9 in 2021, a decrease from $476 in 2020.

Sales tax revenue of $1,351,312 provided 40.48 times the coverage of the Authority's 2021 debt service requirements (including principal, interest and other debt service costs but excluding amortization of premiums and deferred gains/loss on refundings) of approximately $42,300. This coverage will change as sales tax fluctuates, as the Authority refunds and/or amortizes its debt, or as borrowing rates change. Altogether, the Authority used $35,434 of 2021 sales tax revenue for debt service and Authority operations, remitting the balance of $1,315,878 to Nassau County (excluding general distributions). Of the $1,100,895 of sales tax revenue earned in 2020, the Authority transferred $1,024,631 to the County. In 2020, a mandatory tender was executed in order to provide the County budgetary relief during the COVID pandemic by reducing the Authority's 2020 debt service requirements, which financed a one-time additional transfer to the County of $75,325.

As with sales tax, interest earnings that are not required for Authority operations or debt service requirements are remitted to the County.

The Authority's expenses for 2021 include a distribution to the County of $56,598, of which $55,800 represented a return of debt service set-asides no longer needed due to the debt restructuring, $578 represented a reserve for debt service expense related to variable rate debt no longer needed, and the remaining $220 represented funds set aside to pay expenses related to the debt restructuring. Additionally, $238 was distributed to the County from LIBOR-related settlements. The actual distributions to the County in 2022 will depend upon the investment values at maturity.

The Authority's baseline general and administrative operating expenses were $1,709 and $1,834 for the years ended December 31, 2021 and 2020, respectively. The decrease in baseline operating expenses of $125 from 2020 to 2021 is primarily due to a decrease in professional fees of $48 and other expenses of $38, which was offset by an increase of $39 in compensation and related benefits. NIFA adopted a resolution declaring a control period in Nassau County in accordance with its enabling legislation. NIFA incurred control period-related operating expenses of $300 in 2021 and $1,221 in 2020 for legal, accounting and consulting services and other costs outside the normal course of business that were needed to assist NIFA in carrying out its related statutory mission for the County and its component units.

Bond interest and other debt service expenses of $25,938 in 2021 increased by $14,887 from the prior year. As a result of the debt refunding/restructuring transaction, NIFA incurred $4,918 of bond issuance expenses, $8,965 of interest expense on the assumed portion of the County debt currently refunded from the date of assumption to when actually paid, as well as additional accrued interest of $3,026 at year end due to higher outstanding debt (as a result of the bond refunding transaction including the assumption of County debt) than the previous year.

ENTITY-WIDE FINANCIAL ANALYSIS (continued)

Included in the statement of activities and changes in net position is a $950,698 special item. This balance consists of the amount of debt NIFA assumed from the County in the refinancing. In December 2020, the County executed a Declaration of Need, which provided the ability to effectively transfer certain debt and related amounts (i.e., unamortized premiums and deferred amounts on prior refundings) to NIFA and for NIFA to refund said debt. Accordingly, in February 2021, the Authority assumed $856,790 of general obligation bonds ("Assumed County Debt" or "Assumption of County Debt"), $27,490 of accrued interest and $66,418 of related net unamortized premiums and deferred amounts. Concurrently, this debt was refunded.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, spendable fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At December 31, 2021, the Authority's governmental funds reported total ending fund balances of $12,289, a decrease of $48,548 in comparison with the prior year. This change in total governmental funds is due to revenues and other financing sources exceeding expenditures and other financing uses in the General Fund by $168 and expenditures and other financing uses exceeding revenues and other financing sources Debt Service Fund by $48,716. The total ending fund balances are categorized as follows:

- **Nonspendable fund balance -** $66 (inherently nonspendable) includes the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** - $10,993 (externally enforceable limitations on use) includes amounts subject to limitations imposed by bond indentures, grantors, contributors, or laws and regulations of other governments.
- **Unassigned fund balance** - $1,230 (residual net resources) is the total fund balance in the General Fund in excess of nonspendable, restricted and assigned fund balance.

The Authority has no committed or assigned fund balance.

General Fund

At the end of the current year, the total fund balance of the General Fund was $1,296, increasing $168 from the prior year. Sales tax revenue of $1,351,312 increased by $250,417 from the 2020 level of $1,100,895, primarily due to increases in consumer spending within Nassau County as consumers adapted to the restrictions imposed during the COVID pandemic. Of the $1,351,312 of sales tax revenue, 97.38%, or $1,315,878, was distributed to the County as part of its normal distributions. Additionally, the Authority distributed $56,836 to the County as discussed in the Entity-Wide Financial Analysis section. The additional distribution was almost entirely financed from amounts held in the Debt Service Fund as the debt restructuring transaction in February 2021 revised the debt service set-aside requirements. The amount distributed to the County (sales tax, debt service reserves no long required, and funds from the debt restructuring) of $1,372,720 increased by $346,946 from the 2020 transfers totaling $1,025,774. Transfers to the Debt Service Fund were $57,990 and $141,618 for the years ended December 31, 2021 and 2020, respectively. Additionally, sales tax revenue was retained in the General Fund to pay for the recurring operations of the Authority, as well as to fund the additional costs incurred in fulfilling its responsibilities under the control period, which collectively totaled $1,778.

(Dollars in Thousands, Unless Otherwise Noted)

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS (continued)

Debt Service Fund

At the end of the current year, the total fund balance of the Debt Service Fund was $10,993, all of which is restricted for future debt service requirements. During 2021, the Debt Service Fund received $57,990 from the General Fund to fund principal and interest debt service costs of $25,539 and $334 of other debt service costs. As debt service requirements were reduced due to the refunding, excess monies were transferred to the General Fund. Debt service expense of $49,777 is $9,375 less than the prior year. The notable fluctuations are as follows: $41,791 less in bond principal paid due to the bond refunding transactions described below; $15,605 more interest expense due to the effects of the refunding transaction and additional interest incurred as a result of deferring a $75,325 principal payment to 2021 to provide the County budgetary relief in 2020; and bond issuance expenditures of $15,662.

In order to provide the County with budgetary relief during the COVID-19 pandemic, the Authority issued $1,110,110 of sales tax secured fixed rate bonds at a premium of $197,670. The proceeds of $1,307,780 were used as follows: $1,283,618 deposited with escrow agent for future payment of defeased debt (reported as other financing use), $8,238 deposited with escrow agent for NIFA's portion of interest on current refunding (reported as debt service) and $15,924 of bond issuance fees, including swap termination fee of $11,007. The refunding bonds were issued to refund $331,224 of the Authority's existing debt and $856,790 of assumed debt from the County. The Authority assumed certain debt of the County pursuant to regulations granted under the Nassau County Interim Finance Authority Act, Chapter 84 of the Laws of 2000, as supplemented by Chapter 179 of the Laws of 2000 and as amended, and from the Declaration of Need executed by the County in December 2020. The bond refunding transaction consists of both a current refunding and an advance refunding. As the refunding transaction reduced the 2021 debt service, the Authority transferred $81,106 back to the General Fund, of which $56,836 was then transferred the County.

During 2020, the Debt Service Fund received $141,618 to fund initially planned principal and interest debt service costs of $133,196 and an additional $12,554 pertaining to the $75,325 principal payment deferred until 2021. In order to provide the County with budgetary relief during the COVID-19 pandemic, the Authority executed a mandatory tender, which reduced actual debt service requirements for principal by $75,325 as mentioned previously, resulting in debt service expenditures of $59,152 (including other debt service costs). As the debt service requirements were reduced, the Authority transferred $68,897 back to the operating fund in order to partially finance an additional $75,325 distribution to the County from the General Fund.

DEBT ADMINISTRATION

At the end of the current year, NIFA has total sales tax secured bonded debt outstanding of $1,148,194, all of which is subject to a fixed interest rate.

Outstanding Debt

A summary of changes in sales tax secured bonds for governmental activities is as follows:

	Outstanding Principal Balance at January 1, 2021	Bond Issuance	Principal Retired	Outstanding Principal Balance at December 31, 2021
Sales tax secured bonds:				
Fixed rate	$ 145,798	$ 1,110,110	$ 107,714	$ 1,148,194
Variable rate hedged	223,950	-	223,950	-
General obligations bonds of the County assumed by NIFA	-	856,790	856,790	-
	$ 369,748	$ 1,966,900	$ 1,188,454	$ 1,148,194

As stated earlier, NIFA is currently rated in the highest rating category by Standard & Poor's (AAA, negative outlook), and Fitch (AAA, stable outlook), and the second highest rating category by Moody's (Aa1).

DEBT ADMINISTRATION (continued)

Outstanding Debt (continued)

In accordance with New York State statutes, the Act, as originally enacted, limited NIFA's authority to issue bonds or notes, except for refunding bonds or notes previously issued. NIFA did not have the authority to issue additional bonds or notes, except for refunding bonds or notes previously issued. However, in April 2020, New York State enacted legislation to renew the Authority's ability to issue bonds through December 31, 2021 for various Nassau County purposes as defined in the Act, to help the County close budget gaps created by the COVID-19 pandemic. The legislation allowed for the Authority to issue bonds and notes without limit to finance capital projects, finance cash flow needs of the County, as well as any County deficit including costs resulting from tax certiorari judgments or settlements of the County for proceedings commenced on or after June 1, 2000, in an amount not to exceed $800 million. No bond of the Authority may mature later than January 31, 2051, or more than 30 years from its date of issuance.

On February 17, 2021, the Authority issued sales tax-secured bonds which were issued as Senior Bonds pursuant to an Indenture dated October 1, 2020 as amended. The sales tax-secured bonds (Series 2021A and 2021B) totaling $1,110,110 were issued to refund $331,224 of existing NIFA bonds and $856,790 of Nassau County bonds. The Series 2021A bonds were issued at a premium of $197,670. The Series A bonds bear interest at rates ranging from 4.0% to 5.0% and mature in November 2035 and the Series B bonds bear interest at rates ranging from of 0.0263% to 1.639% and mature in November 2030. The net present value savings to be realized from the 2021 Series A and B bond issuance totals $117,650. The Series 2021 bonds are redeemable or subject to mandatory tender for purchase in lieu of redemption, prior to maturity, in accordance with their terms. In conjunction with the issuance of the Series A and B 2021 Bonds, the remaining swaps on refunded debt were terminated at a cost of $11,007.

Effectively, with this bond issuance, the Authority assumed $856,790 of existing County debt, as well as $93,908 of accrued interest, premiums and deferred loss on prior refundings. The bonds were refinanced with a lower interest rate due to NIFA's superior credit rating. With this bond issuance, the County debt was essentially 'restructured', providing total budgetary relief to the County of $435 million in 2021 and 2022.

Additional information on NIFA's indebtedness is shown in the notes to the financial statements (see Note 5).

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide taxpayers, investors, and creditors with a general overview of the Authority's finances and to demonstrate its accountability for the money it receives. If you have any questions about this report or need additional information, contact Nassau County Interim Finance Authority, 1305 Franklin Avenue, Suite 302, Garden City, New York 11530 or email us at nifacomments@nifa.state.ny.us.

BASIC FINANCIAL STATEMENTS

NASSAU COUNTY INTERIM FINANCIAL AUTHORITY
STATEMENT OF NET POSITION
December 31, 2021
(Dollars in Thousands, Unless Otherwise Noted)

Governmental Activities:	
Assets	
Unrestricted cash	$ 885
Restricted cash	2
Restricted investments	5,565
Sales tax revenue receivable	145,222
Other assets	66
Total Assets	151,740
Deferred Outflows of Resources	
Deferred charges on debt refundings	672
Deferred outflows relating to OPEB	462
Deferred outflows relating to pensions	311
Total Deferred Outflows of Resources	1,445
Liabilities	
Accounts payable and accrued liabilities	4,201
Due to Nassau County	139,407
Bonds payable:	
Due within one year	460
Due in more than one year	1,147,734
Unamortized bond premium	190,706
Total other postemployment benefits liability (OPEB)	2,852
Net pension liability	1
Compensated absences payable:	
Due within one year	75
Due in more than one year	275
Total Liabilities	1,485,711
Deferred Inflows of Resources	
Deferred amounts of debt refundings	10,820
Deferred inflows relating to OPEB	247
Deferred inflows relating to pensions	295
Total Deferred Inflows of Resources	11,362
Net Position	
Unrestricted	(1,343,888)
Total Net Position	$ (1,343,888)

See notes to the financial statements.

NASSAU COUNTY INTERIM FINANCIAL AUTHORITY
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
December 31, 2021
(Dollars in Thousands, Unless Otherwise Noted)

Governmental Activities:	
Expenses	
General and administrative	$ 1,709
Control period expenses	300
Bond interest and other debt service expenses	24,938
Distributions to Nassau County from:	
Savings from debt restructing	56,598
Compensation for loss	238
Total Expenses	83,783
Net Cost	83,783
General Revenues	
Sales tax	1,351,312
Less: sales tax distributions to Nassau County	(1,315,878)
Investment income	9
Compensation for loss	238
Total Sales Tax and Other General Revenue Retained	35,681
Change in Net Position before Special Item	(48,102)
Special Item	
Assumption of County debt	(950,698)
Change in Net Position	(998,800)
Net Position - Beginning of Year	(345,088)
Net Position - End of Year	$ (1,343,888)

See notes to the financial statements.

NASSAU COUNTY INTERIM FINANCIAL AUTHORITY
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2021
(Dollars in Thousands, Unless Otherwise Noted)

	Major Funds		Total
	General	Debt Service	(Governmental Funds)
ASSETS			
Unrestricted cash	$ 885	$ -	$ 885
Restricted cash	-	2	2
Restricted investments	-	5,565	5,565
Sales tax revenue receivable	145,222	-	145,222
Due from other funds	138	5,564	5,702
Other assets	66	-	66
Total Assets	$ 146,311	$ 11,131	$ 157,442
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	$ 44	$ -	$ 44
Due to Nassau County	139,407	-	139,407
Due to other funds	5,564	138	5,702
Total Liabilities	145,015	138	145,153
Fund Balances			
Nonspendable:			
Prepaid items and other assets	66	-	66
Restricted for:			
Debt service	-	10,993	10,993
Unassigned, reported in:			
General fund	1,230	-	1,230
Total Fund Balances	1,296	10,993	12,289
Total Liabilities and Fund Balances	$ 146,311	$ 11,131	$ 157,442

See notes to the financial statements.

NASSAU COUNTY INTERIM FINANCIAL AUTHORITY
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2021
(Dollars in Thousands, Unless Otherwise Noted)

Total Fund Balances - Governmental Funds	$	12,289
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Deferred outflows of resources not recorded in governmental funds		1,445
Liabilities that are not due and payable in the current period, and accordingly are not reported in the governmental funds:		
Bonds payable		(1,148,194)
Unamortized bond premiums		(190,706)
Total other postemployment benefits liability		(2,852)
Net pension liability		(1)
Accrued compensated absences payable		(350)
Accrued expenses		(4,157)
Deferred inflows of resources not recorded in governmental funds		(11,362)
Net Position of Governmental Activities	$	(1,343,888)

See notes to the financial statements.

NASSAU COUNTY INTERIM FINANCIAL AUTHORITY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended December 31, 2021
(Dollars in Thousands, Unless Otherwise Noted)

	Major Funds		Total
	General	Debt Service	(Governmental Funds)
Revenues			
Sales tax	$ 1,351,312	$ -	$ 1,351,312
Compensation for loss	238	-	238
Investment income	-	9	9
Total Revenues	1,351,550	9	1,351,559
Expenditures			
General and administrative	1,478	-	1,478
Control period expenditures	300	-	300
Distribution to Nassau County for:			
Sales tax remittance	1,315,878	-	1,315,878
General operations	56,842	(6)	56,836
Debt service	-	49,777	49,777
Total Expenditures	1,374,498	49,771	1,424,269
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,948)	(49,762)	(72,710)
Other Financing Sources and (Uses)			
Refunding bonds issued	-	1,110,110	1,110,110
Premiums on obligations	-	197,670	197,670
Payment to escrow agent	-	(1,283,618)	(1,283,618)
Transfers in	81,106	57,990	139,096
Transfers out	(57,990)	(81,106)	(139,096)
Total Other Financing Sources and (Uses)	23,116	1,046	24,162
Net Changes in Fund Balances	168	(48,716)	(48,548)
Fund Balances			
Beginning of Year	1,128	59,709	60,837
End of Year	$ 1,296	$ 10,993	$ 12,289

See notes to the financial statements.

NASSAU COUNTY INTERIM FINANCIAL AUTHORITY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
Year Ended December 31, 2021
(Dollars in Thousands, Unless Otherwise Noted)

Net Change in Fund Balances - Total Governmental Funds	$ (48,548)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in deferred outflows of resources not reported in the fund statements	(7,804)
Deferred loss assumed from County	(8,328)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Also, the governmental funds report the effects of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Furthermore, changes in certain liabilities do not provide or use current financial resources. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Issuance of debt	(1,110,110)
Repayment of assumed County debt	856,790
Principal payment of bonds	331,664
Premiums on bond issuance	(197,670)
Reduction of premiums on bonds issued	108,848
Change in total other postemployment benefits liability	75
Change in net pension liability	225
Change in accrued compensated absences payable	(21)
Net change in deferred inflows of resources not reported in the funds	2,304
Expenses reported in the statement of activities which do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds:	
Change in accrued expenses, including repayment of assumed debt	24,473
Assumption of County debt and related amounts	(950,698)
Change in Net Position of Government Activities	$ (998,800)

See notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Nassau County Interim Finance Authority (the "Authority" or "NIFA") is a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation created by the Nassau County Interim Finance Authority Act, Chapter 84 of the Laws of 2000, as supplemented by Chapter 179 of the Laws of 2000 and as may be amended from time to time, including, but not limited to, Chapter 528 of the Laws of 2002, and Chapters 314 and 685 of the Laws of 2003 (the "Act"). The Act became effective June 23, 2000. Although legally separate and independent of Nassau County (the "County"), the Authority is a component unit of the County and for County financial reporting purposes is included in the County's financial statements.

The Authority is governed by a Board of Directors ("Directors"), consisting of seven Directors, each appointed by the Governor, including one each appointed upon the recommendation of the Majority Leader of the State Senate, the Speaker of the State Assembly, and the State Comptroller. The Governor also designates the chairperson and vice chairperson from among the Directors. At December 31, 2021 there were five Directors, to whom two were added and one replaced an existing director whose term had expired. No vice chairperson has been designated.

The Authority has power under the Act to monitor and oversee the finances of the County, and upon declaration of a "Control Period" as defined in the Act, provide additional oversight authority. Under the Act, the Authority may at times issue bonds to refund bonds previously issued by the Authority and its initial ability to issue bonds, other than refunding bonds, expired in 2007. However, in April 2020, New York State enacted legislation to renew the Authority's ability to issue bonds through December 31, 2021 for various Nassau County purposes as defined in the Act, to help the County close budget gaps created by the COVID-19 pandemic. The legislation allows for the Authority to issue bonds and notes without limit to finance capital projects, finance cash flow needs of the county, as well as any County deficit including costs resulting from tax certiorari judgments or settlements of the County for proceedings commenced on or after June 1, 2000, in an amount not to exceed $800 million. No bond of the Authority may mature later than January 31, 2051, or more than 30 years from its date of issuance.

Revenues of the Authority consist of sales tax revenues, defined as net collections from sales and compensating use taxes, penalties and interest authorized by the State and imposed by the County on the sale and use of tangible personal property and services in the County ("Sales Tax Revenues"), investment earnings on money and investments on deposit in various Authority accounts. Sales tax revenues collected by the State Comptroller for transfer to the Authority are not subject to appropriation by the State or County. Revenues of the Authority that are not required to pay debt service, operating expenses, and other costs of the Authority are payable to the County.

The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. ENTITY-WIDE AND FUND FINANCIAL STATEMENTS

The Authority's basic financial statements include both the entity-wide (reporting the Authority as a whole) and the fund financial statements (reporting the Authority's major funds).

Entity-Wide Financial Statements

The entity-wide financial statements of the Authority, which include the statement of net position and the statement of activities, are presented to display information about the reporting entity as a whole. The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. ENTITY-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Entity-Wide Financial Statements (continued)

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. The effects of interfund activity have been eliminated in the entity-wide financial statements.

Fund Financial Statements

The Authority's governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures incurred in the current year. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, NIFA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue susceptible to accrual generally includes sales tax revenue and investment income. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension contributions, and other postemployment benefits are recorded when payment is due.

The Authority uses the following governmental funds, which are major funds, to report its balances and transactions.

- The General Fund accounts for sales tax and other revenues received by the Authority and for its general operating expenses, as well as distributions to the County.

- The Debt Service Fund is used to account for and report resources that are restricted or assigned to expenditures for principal and interest, including financial resources that are being accumulated for principal and interest in future years.

The Authority does not have legally adopted budgets for its governmental funds as they are not required; however, the Directors approve a multi-year financial plan annually, with the current year of any given multi-year plan functioning as a budget framework for that year.

B. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE

1. Cash and Investments

Cash consists of all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

Investments, except for highly liquid market investments with maturities of three months or less at the time of purchase, are reported at fair value. Investment income, including changes in fair value of investments, is reported in operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE (continued)

1. Cash and Investments (continued)

Restricted cash and investments represent amounts held by the Authority's Bond Trustee for payment of future debt service payments.

The Authority invests in accordance with the Act, as well as other applicable rules and regulations, the revenue bonds of the Authority as issued pursuant to an Indenture (as supplemented and amended) (the "Indenture"), and Authority's Investment Guidelines. The Investment Guidelines are approved by the Directors annually. As of December 31, 2021, the Authority held cash and U.S. Treasury Notes. All bank deposits of Authority funds are required to be fully collateralized or insured. Collateral required for the Authority's cash and certificates of deposit is 102% of the amount in excess of Federal Deposit Insurance ("FDIC") and is held by a third-party custodian in the Authority's name and consists of U.S. government or agency obligations.

2. Receivables/Liabilities/Revenues

Receivables include amounts due from the State for sales tax remittances, as well as interest earned but not yet received. Sales tax revenues received after December 31st but attributable to the prior year are reported in the statement of net position and balance sheet as sales tax revenue receivable. Liabilities associated with the sales tax receivable, such as amounts due to Nassau County and due to the Debt Service Fund to fund debt service requirements, have been reflected in the Authority's financial statements. In the statement of revenues, expenditures, and changes in fund balances, the full amount of the receivable has been recognized as sales tax revenue and applicable portions of these funds have been included as distributions to Nassau County and transfers to fund debt service expenditures. No allowance for doubtful accounts is needed as all balances were subsequently collected.

3. Other Assets

Included in other assets are prepaid expenses and security deposits. Prepaid balances are for payments made by the Authority in the current year to provide services occurring in the subsequent year. Fund balance has been adjusted to reflect an equal amount as nonspendable fund balance, indicating a portion of fund balance is not comprised of spending resources.

4. Capital Assets

Capital assets purchased or acquired with an original cost of greater than $15 are capitalized. The Authority has no such assets.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) of time and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The Authority has several items that qualify for reporting in this category, which are the deferred charges on debt refunding, and amounts related to pension and other postemployment benefits ("OPEB").

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE (continued)

5. Deferred Outflows/Inflows of Resources (continued)

A deferred loss on refunding results from the difference in the carrying value of refunded debt and its acquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources in the entity-wide statement of net position include the deferred gain on debt refunding and amounts pertaining to the pension and OPEB defined benefit plans. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its acquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The pension related deferred outflows and inflows of resources stems from changes in the components of the Authority’s net proportional share of the pension plan’s net pension liability, that is, the Authority’s proportionate share of the changes in the pension plan’s total pension liability and in the pension plan’s fiduciary net position. The OPEB related deferred outflows/inflows of resources represents the effects of changes in the Authority’s total OPEB liability. The related deferred outflows of resources also include contributions paid subsequent to the pension plan’s measurement date and amounts paid by the Authority for benefits subsequent to the OPEB plan’s measurement date.

6. Payable to Broker - Investment Purchase

Investments are recorded as an asset based on the trade date (order date) of the purchase and results in a payable to investment broker until such time as funds for the purchase have been transferred to the broker on the settlement date and delivery of the investments have been received. As of December 31, 2021 there is no liability outstanding.

7. Derivative Instruments - Interest Rate Swap Agreements

Derivative instruments, at January 1, 2021, consisted of interest rate swap agreements, which were classified as hedging derivative instrument. In the entity-wide financial statements, the liability associated with the interest rate swap agreements (derivative instruments) were reported at fair value. Under hedging accounting, changes in the fair value of derivative instruments were reported as deferred outflows of resources. In February 2021, the Authority refunded the underlying debt and terminated the interest rate swap agreements.

8. Long-Term Obligations and Related Amounts

In the entity-wide financial statements, liabilities for long-term obligations consisting of sales tax secured bonds payable, compensated absences payable, net pension liability, and total OPEB liability are reported in the entity-wide financial statement of net position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE (continued)

8. Long-Term Obligations and Related Amounts (continued)

Bond premiums are capitalized and amortized over the lives of the related debt issues using the straight-line method, which approximates the effective interest method, and are reported with the bonds payable. Bond issuance costs are recognized as expenditures/expenses as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

The County has assumed responsibility for calculating arbitrage rebate liability on bonds or notes issued by the Authority; however, any resulting payments would be made by the Authority and reduce sales tax remittances to the County in a like amount. As of December 31, 2021, there is no outstanding arbitrage rebate liability.

9. Interfund Transactions

Interfund transactions and balances have been eliminated from the entity-wide financial statements. In the fund financial statements, interfund transactions consist of transfers to the Debt Service Fund from the General Fund to finance debt service expenditures and the Debt Service Fund transfers investment income to the General Fund for distribution to the County.

10. Other Postemployment Benefits - Healthcare Benefits

OPEB consists of providing healthcare upon an employee's retirement in accordance with employee agreements. The cost for retiree healthcare benefits is measured and disclosed using the accrual basis of accounting in the entity-wide financial statements.

In the governmental fund financial statements, the Authority recognizes the cost of providing these healthcare benefits by recording its share of insurance premiums as expenditures.

11. Pensions

The measurement of the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New York State and Local Retirement System ("NYSERS" / the "System") have been determined on the same basis as they are reported by the System. For this purpose, the System recognizes benefit payments when due and payable in accordance with the benefit terms; and investments are reported at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE (continued)

12. Compensated Absences

The obligation for earned but not paid vacation, holiday and sick leave and related expenses (compensated absences) is recorded as a liability in the entity-wide statements. In the fund financial statements, only the compensated absences liability that is due and expected to be payable from expendable current financial resources is reported.

13. Net Position and Fund Equity Classifications

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources.

In the entity-wide financial statements, net position consists of the unrestricted net position. Unrestricted net position is defined as all other net position that do not meet the definition of "restricted" or "net investment in capital assets". The Authority's unrestricted net position is a deficit balance. The Authority has no net investment in capital assets or restricted net position.

It is the Authority's policy to consider using restricted resources, when available, before unrestricted resources.

In the fund financial statements, governmental funds report aggregate amounts for three classifications of fund balances based on the constraints imposed on the use of these resources; they are: (1) nonspendable, (2) restricted, and (3) unassigned.

(1) Nonspendable fund balance includes amounts that cannot be spent because they are not in spendable form (i.e., prepaid items).

The spendable portion of the fund balance comprises the remaining two classifications: restricted and unassigned.

(2) Restricted fund balance reflects the constraints imposed on resources either: (a) externally by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

(3) Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative residual fund balances in other governmental funds, as applicable.

Resources constrained for debt service or redemption in accordance with the Authority's Indenture is classified as restricted on the statement of net position and the governmental funds balance sheet, as applicable.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources - assigned (when applicable) and unassigned - in order, as needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. REVENUES AND EXPENDITURES

The Authority's primary sources of revenues are sales tax collections and interest/investment income. Normally, the Authority receives sales tax remittances twice each month, and receives interest earnings from time to time as investments mature. Funds for debt service are required to be set aside from revenues on a monthly basis, and the Authority also deducts, as necessary, amounts that in its judgment, are required to maintain sufficient cash balances to fund other debt service expenditures such as professional and administrative fees, as well as potential amounts due pursuant to the interest rate swap agreements. Additionally, the Authority withholds from sales tax revenue sufficient funds for its operations and operating reserves. Residual sales tax revenues and investment earnings are then distributed to the County.

Interest expense is recognized on the accrual basis in the entity-wide financial statements. In the governmental fund statements, interest expenditures are recognized as due.

From time to time, the Authority may receive settlements from litigation. These amounts are reported as other revenue in the statement of activities based in the period the judgment is awarded.

D. SPECIAL ITEM

Special items are transactions or events that are within the control of the Authority's management and that are either unusual in nature or infrequent in occurrence. The special item reported in the 2021 statement of activities and changes in net position consists of the Authority's assumption of certain County general obligation bonds and related amounts (accrued interest, unamortized premiums and deferred losses).

E. USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires the Authority's management to make estimates and assumptions in determining the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities as of the dates of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. NEW ACCOUNTING PRINCIPLES

During 2021, the Authority adopted the following the statements issued by GASB:

- Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period"*, and

- Statement No. 98, *"The Annual Comprehensive Financial Report"*.

The adoption of these statements had no impact on the Authority's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 31, 2022, which is the date the financial statements were available to be issued. There are no significant subsequent events to report.

2. TRANSACTIONS WITH AND ON BEHALF OF NASSAU COUNTY

The Act and other legal documents of the Authority establish various financial relationships between the Authority and the County. The resulting financial transactions between the Authority and the County include the receipt and use of revenues and are summarized below for the year ended December 31, 2021:

Distributions:

- Of the $1,351,312 sales tax revenues recognized as revenue, the Authority distributed $1,315,878 to Nassau County. The remainder was retained for Authority debt service and operations.
- The distribution to the County consisted primarily of debt service set-asides no longer needed because of the debt refunding transaction in the amount of $55,800. The refunding transaction also rendered a reserve fund for variable rate expenses of $578 unnecessary, as well as $220 earmarked for expenses related to the refunding transaction, and therefore were distributed to the County. The Authority also distributed $238 from a settlement related to LIBOR lawsuits.

Special Item:

- Pursuant to the Authority Act and a Declaration of Need signed by the County Executive and approved by the County Legislature, the County effectively transferred to the Authority certain debt and related amounts, resulting in the Authority assuming said debt and related amounts. The debt (general obligation bonds) and accrued interest on said bonds were part of the 2021 bond refunding transaction. The assumption of County debt consists of: $856,790 of its general obligation bonds, $27,490 accrued interest on said bonds, and related net premiums and deferred charges on refunding of $66,418. See Note 5 for additional information.

At December 31, 2021, the Authority owes the County $139,407 for sales tax revenue and when applicable, unrealized investment appreciation not remitted by year end.

3. DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments

The Authority invests in accordance with the Act, as well as other applicable rules and regulations, the Indenture, and Authority Investment Guidelines adopted by the Directors annually. Permitted investments includes obligations of the State or United States governments, obligations guaranteed by the State or United States government, certificates of deposits issued by banks with the highest credit ratings, commercial paper of any bank or United States and state created authorities with the highest credit rating, bonds of any state of United States and repurchase and reserve repurchase agreements.

(Dollars in Thousands, Unless Otherwise Noted)

3. DEPOSITS AND INVESTMENTS (continued)

Permitted Deposits and Investments (continued)

As of December 31, 2021, the Authority held cash and investments consisting of U.S. Treasury Bills. At December 31, 2021, all restricted cash is held by the Authority's Bond Trustee for future debt service requirements and all unrestricted cash is held by the Authority.

Cash

The following is a summary of cash as of December 31, 2021:

Cash classification:	
Unrestricted	$ 885
Restricted	2
	$ 887

Investments

The following is a summary of the fair value of investments of the Authority as of December 31, 2021.

Investment type:	
Restricted - *maturities less than 1 year*:	
U.S. Government securities	$ 5,565
Total Restricted Investments	$ 5,565

At December 31, 2021, all restricted investments are held by the Authority's Bond Trustee for future debt service requirement.

Fair Value Hierarchy

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation of inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As pertaining to the hedging derivative instruments, Level 2 inputs include observable industry, sector, and geographic curves.

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique provided by third-party custodians. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

(Dollars in Thousands, Unless Otherwise Noted)

3. DEPOSITS AND INVESTMENTS (continued)

Fair Value Hierarchy (continued)

The following is a summary of the fair value hierarchy of the Authority's investments as of December 31, 2021:

			Fair Value Measurements Using:		
Investment by Fair Value Level	Credit Quality Rating	Total	Quoted Prices in Active Market for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities:					
U.S. Government securities	N/A	$ 5,565	$ -	$ 5,565	$ -
Total Investment by Fair Value Level		$ 5,565	$ -	$ 5,565	$ -

Custodial Credit Risk - Deposits/Investments - Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will be unable to recover the value of its investments or collateral securities that are in possession of an outside party.

Deposits are required to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either.

- Uncollateralized, or
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Authority's name.

At December 31, 2021, the carrying amounts of the Authority's cash and investments were covered by FDIC and collateral held by the Authority's agent, a third-party financial institution, in the Authority's name.

All investments are in the name of the Authority and consist of obligations issued by the United States government or an agency of the United States and therefore do not require collateral.

Credit Risk - State law and the Authority's policies limit investments to those authorized by the State statutes. The Authority has a written investment policy which is designed to protect deposits and investment principal by limiting permitted investments.

Interest Rate Risk - The risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investments are relatively short-term investments (no longer than six months) based on the cash flow needs of the Authority. All investments held at December 31, 2021 mature at various times through May 12, 2022.

(Dollars in Thousands, Unless Otherwise Noted)

3. DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk - Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5% or more in securities of a single issuer. All of the Authority's investments are in U.S. Treasury Bills at December 31, 2021.

All investments are held by NIFA's trustee bank solely as agent of Authority. All investments mature in less than six months.

4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of December 31, 2021, the General Fund owes the Debt Service Fund $5,564 of sales tax revenue to cover debt service set aside requirements, while the Debt Service Fund owes the General Fund $138.

A summary of transfers in 2021, for primarily debt service set aside requirements, is as follows:

	Transfer In	Transfer Out
Debt Service Fund:		
General Fund	$ 57,990	$ (81,106)
General Fund:		
Debt Service Fund	81,106	(57,990)
	$ 139,096	$ (139,096)

5. LONG-TERM DEBT

A summary of changes in long-term debt for governmental activities is as follows:

	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021	Due within One Year	Noncurrent
Bonds payable:						
Sales tax secured bonds payable	$ 369,748	$ 1,110,110	$ 331,664	$ 1,148,194	$ 460	$ 1,147,734
General obligation bonds assumed by the Authority	-	856,790	856,790	-	-	-
Premiums	27,139	272,415	108,848	190,706	-	190,706
Total bonds payable	396,887	2,239,315	1,297,302	1,338,900	460	1,338,440
Total OPEB liability	2,927	190	265	2,852	-	2,852
Net pension liability	226	109	334	1	-	1
Compensated absences payable	329	121	100	350	75	275
	$ 400,369	$ 2,239,735	$ 1,298,001	$ 1,342,103	$ 535	$ 1,341,568

5. LONG-TERM DEBT (continued)

Bonds of the Authority are issued pursuant to the Indenture, as supplemented and amended, between the Authority and the United States Trust Company of New York and its successor The Bank of New York Mellon (the "Trustee"), under which the Authority has pledged its right, title and interest in the revenues of the Authority to secure repayment of Authority debt. The Act provides that the Authority's pledge of its revenues represents a perfected first security interest on behalf of holders of its bonds. The lien of the Indenture on the revenues for the security of Authority bonds is prior to all other liens thereon. The Authority does not have any significant assets or sources of funds other than sales tax revenues and amounts on deposit pursuant to the Indenture. The Authority does not have independent taxing power.

As of December 31, 2021, the Authority had outstanding fixed rate sales tax secured bonds in the amount of $1,148,194 maturing at various dates through the year 2035. The Series 2021A bonds maturing on or after November 15, 2031, are subject to optional redemption or mandatory tender prior to their stated maturity dates, in whole or part, on any date on or after May 15, 2031, at 100% of principal amount plus accrued interest at date of redemption. The 2021B bonds are subject to optional redemption or mandatory tender prior to their stated maturity dates, in whole or part on any date, at 100% of the principal amounts or at the present value of the remaining scheduled principal and interest discounted to the redemption date plus 5 basis points for those bonds maturing in 2023 through and including 2025, 2027 and 2029 or plus 10 basis point for bonds that mature in 2026, 2028 and 2030.

The accrued compensated absences liability, total OPEB liability, and net pension liability will be liquidated through the General Fund.

Fixed Rate Bonds - The Authority has outstanding fixed rate bonds at rates ranging between 0.263% and 5.0%. Interest on the Authority's fixed rate bonds is payable on May 15th and November 15th of each year, and interest on the variable rate bonds is payable on the first business day of each month. Principal on all bonds is payable on November 15th. A debt service account has been established under the Indenture to provide for the payment of interest and principal of bonds outstanding under the indenture. The Trustee makes monthly deposits to the debt service account in the amount of debt service accrued through the end of that month. For the fixed rate bonds, this is essentially one-sixth of the next interest payment and one-twelfth of the next principal payment. Because of this monthly deposit requirement, the amount accrued for debt service ("debt service set aside") in the Authority's financial statements in any year will not be the same as the debt service on the bonds paid to bondholders in that year.

Variable Rate Bonds - Interest rates on the variable rate bonds were reset weekly by remarketing agents at the minimum rate necessary for the bonds to have a market value equal to the principal amount. Interest rates were set separately for each series of variable rate bonds. The variable rate bonds were in most circumstances subject to tender at the option of the bondholder. Payment of the purchase price of eligible Series 2008 A-B bonds were subject to optional or mandatory tender for purchase and if not remarketed by the remarketing agent, payment will be made under and pursuant to, and subject to the terms, conditions, and provisions of liquidity facility agreements. At January 1, 2021, the liquidity facility agreements which were in effect were slated to expire at various dates between November 15, 2021 and May 7, 2024 and were subject to extension or early termination. Bonds that are purchased by financial institutions under the liquidity facility and not remarketed, if any, were to be paid over periods varying between three and five years. All of the variable rate bonds were currently refunded with the 2021 bond refunding transaction.

(Dollars in Thousands, Unless Otherwise Noted)

5. LONG-TERM DEBT (continued)

Bonds are recorded at the principal amount outstanding and consist of the following at December 31, 2021:

	Bond Par Issued	Balance at 1/1/2021	Additions	Retired	Balance at 12/31/2021
Variable Rate Bonds:					
Sales Tax Secured Variable Rate Bonds Series 2008A-B* due through 2025	$ 250,000	$ 223,950	$ -	$ 223,950	$ -
Total Variable Rate Bonds	250,000	223,950	-	223,950	-
Fixed Rate Bonds:					
Sales Tax Secured Bonds Series 2009A 1% to 5% serial bonds due through 2025	303,100	4,580	-	4,580	-
Sales Tax Secured Bonds Series 2012A 3% to 5% serial bonds due through 2025	141,580	42,870	-	42,410	460
Sales Tax Secured Bonds 2012B 0.688% to 2.822% serial bonds due through 2023	176,133	27,383	-	18,009	9,374
Sales Tax Secured Bonds 2015A 4% to 5% serial bonds due through 2025	116,310	70,965	-	42,715	28,250
Sales Tax Secured Bonds 2021A 4% to 5% serial bonds due through 2035	553,065	-	553,065	-	553,065
Sales Tax Secured Bonds 2021B 0.263% to 1.639% serial bonds due through 2030	557,045	-	557,045	-	557,045
Total Fixed Rate Bonds	1,847,233	145,798	1,110,110	107,714	1,148,194
General obligation bonds assumed from Nassau County**	N/A	-	856,790	856,790	-
Total Bonds	$ 2,097,233	$ 369,748	$ 1,966,900	$ 1,188,454	$ 1,148,194

* During 2021, the interest rate on the Variable Rate Bonds ranged from 0.02% to 0.08%.

** As part of the 2021 Refunding Bonds issued, NIFA assumed $856,790 of the County's general obligation bonds, pursuant to a Declaration of Need executed by the County. These bonds were then refunded with the issuance of the 2021 refunding bonds issued by the Authority.

(Dollars in Thousands, Unless Otherwise Noted)

5. LONG-TERM DEBT (continued)

Aggregate debt service to maturity, pursuant to the stated terms of the bond indenture agreements, as of December 31, 2021, is as follows:

Years Ending December 31,	Principal	Interest	Total
2022	$ 460	$ 32,922	$ 33,382
2023	67,914	32,901	100,815
2024	57,850	32,173	90,023
2025	98,815	31,306	130,121
2026	82,985	30,253	113,238
2027-2031	473,370	131,754	605,124
2032-2035	366,800	40,759	407,559
	$ 1,148,194	$ 332,068	$ 1,480,262

Bond Refunding

In accordance with the Act, the Authority and the County have entered into a Financing Agreement, which provides among other things, the issuance of bonds and notes by the Authority to finance various County purposes authorized under the Act. In December 2020, the County executed a Declaration of Need, which provided the authority to effectively transfer certain debt and related amounts (i.e., unamortized premiums and deferred amounts on prior refundings) to NIFA and for NIFA to refunded said debt. Accordingly, in February 2021, the Authority assumed $856,790 of general obligation bonds ("Assumed County Debt"), $27,490 of accrued interest and $66,418 of related net unamortized premiums and deferred amounts. Concurrently, this debt was included in the 2021 bond refunding transaction described below.

In February of 2021, the Authority issued $553,065 of Series 2021A sales tax secured bonds and $557,045 of Series 2021B sales tax secured bonds for the purpose of refunding $331,224 of the Authority's existing debt and $856,790 of Assumed County Debt. The 2021 Series A bonds mature in 2035 and bear interest at rates ranging from 4.0 to 5.0%. The 2021 Series B bonds mature in 2030 and bear interest at rates ranging from 0.263 to 1.639%.

The net proceeds from the issuance of the Series 2021A bonds of $737,169, including a premium of $197,670 less issuance costs of $2,559 and swap termination fee of $11,007, were used to currently refund $683,054 of bonds, and pay $35,728 of accrued interest and a call premium of $18,387. Of the bonds refunded, $246,539 were Authority bonds and $436,515 were Assumed County debt. This resulted in net present value savings of $62,123.

The net proceeds from the issuance of the Series 2021B bonds of $554,686, net of cost of issuance of $2,359, were used to advance refund $504,960 of bonds ($84,685 of Authority bonds and $420,275 of Assumed County Debt). This resulted in net present value savings of $55,527.

5. LONG-TERM DEBT (continued)

Defeasance of Debt

In prior years and the current year, the Authority defeased certain bonds by placing the proceeds of the new bonds in an irrevocable escrow account (the "Trust") to provide for all future debt service payments on the old bonds. Accordingly, the Trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements.

At December 31, 2021, $456,030 of defeased bonds remain outstanding.

6. DERIVATIVE INSTRUMENTS - INTEREST RATE EXCHANGE SWAP AGREEMENTS

Derivative instruments, at January 1, 2021, consisted of interest rate exchange swap agreements. As the interest rate swap agreements qualified as hedging derivative instruments, the fair value had been recorded as a deferred outflow of resources.

Board-Adopted Guidelines - On March 25, 2004, NIFA adopted guidelines ("Interest Rate Swap Policy") with respect to the use of swap contracts to manage the interest rate exposure of its debt. The Interest Rate Swap Policy establishes specific requirements that must be satisfied for NIFA to enter into a swap contract.

Objectives of Swaps - The objectives of the swaps are to protect against the potential of rising interest rates, to achieve a lower net cost of borrowing, to reduce exposure to changing interest rates on a related bond issue or in some cases where Federal tax law prohibits an advance refunding, and to achieve debt service savings through a synthetic fixed rate. In an effort to hedge against rising interest rates, NIFA initially entered into nine separate pay-fixed, receive-variable interest rate swap agreements in 2004.

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(Dollars in Thousands, Unless Otherwise Noted)

6. DERIVATIVE INSTRUMENTS - INTEREST RATE EXCHANGE SWAP AGREEMENTS (continued)

Background - NIFA entered into the following six swap contracts with an effective date of April 8, 2004, in connection with the issuance of $450 million in auction rate securities to provide for the refunding or restructuring of a portion of the County's outstanding bonds, refunding of certain outstanding NIFA bonds, tax certiorari judgments and settlements to which the County is a party, other legal judgments and settlements, County capital projects and to pay costs of issuance.

These auction rate securities were subsequently refunded on May 16, 2008 with variable rate demand bonds and the swap agreements transferred to the 2008 Bond Series A-E. The original notional amounts are as follows:

- $72.5 million notional amount (2004 Series B - swap agreement) with Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP")
- $72.5 million notional amount (2004 Series C - swap agreement) with GSMMDP
- $80 million notional amount (2004 Series D - swap agreement) with GSMMDP
- $72.5 million notional amount (2004 Series E - swap agreement) with United Bank of Switzerland, Limited ("UBS AG")
- $72.5 million notional amount (2004 Series F - swap agreement) with UBS AG
- $80 million notional amount (2004 Series G - swap agreement) with UBS AG

NIFA entered into the following three swap contracts with an effective date of December 9, 2004, in connection with the issuance of $150 million in Auction Rate Securities to provide for the refunding of a portion of the County's outstanding bonds, tax certiorari judgments and settlements to which the County is a party, other legal judgments, and settlements and to pay costs of issuance. These auction rate securities were subsequently refunded on May 16, 2008 with variable rate demand bonds and the swap agreements transferred to the 2008 Bond Series A-E.

- $50 million notional amount (2004 Series I - swap agreement) with GSMMDP
- $50 million notional amount (2004 Series J - swap agreement) with UBS AG
- $50 million notional amount (2004 Series K - swap agreement) with Morgan Stanley Capital Services ("MSCS")

Pursuant to the terms of the swaps, while the swaps were active, the Authority paid fixed rates and received a floating rate as follows:

2004 Revenue Bonds	Pay Fixed Rate	Receives Floating Rate
Series B, C, E, F	3.1460%	60.0% of USD-LIBOR + 0.16%
Series I, J, K	3.4320%	61.5% of USD-LIBOR + 0.20%

See page 35 for additional information.

6. DERIVATIVE INSTRUMENTS - INTEREST RATE EXCHANGE SWAP AGREEMENTS (continued)

Fair Value - Fair value is described as an exit price that assumes a transaction takes place in an orderly transaction between market participants (buyers and seller that are in the most advantageous market) at the measurement date. The fair values of the interest rate derivative transactions were estimated based on an independent pricing service. The valuations provided were derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The expected transaction cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing benchmark interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the benchmark yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the transactions, where future amounts (the expected transaction cash flows) are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows and time value of money. Where applicable under the income approach (which takes into consideration the risk of nonperformance), an option pricing model technique is applied such as the Black-Scholes-Merton model, the Black-Derman-Toy model, one of the short-rate models, or other market standard models consistent with accepted practices in the market for interest rate option products. The option models would consider probabilities, volatilities, time, settlement prices, and other variables pertinent to the transactions.

Generally, the fair value of the interest rate swaps, including accrued interest, represents the theoretical value/(cost) to NIFA if the swap agreement is terminated. The Authority had determined that the interest rate swaps (a derivative instrument), while the swap contracts/agreements were in effect, were a Level 2 measurement under the fair value hierarchy disclosures standards.

Termination of Swap Agreements

On February 17, 2021, the Authority currently refunded the Series 2008 A and Series 2008 B sales tax secured bonds associated with the interest rate swap agreements and the interest rate swap agreements were terminated at that point. As the prevailing market replacement rates were lower than the contractual fixed interest rates from the effective date of the swaps, the swaps had negative fair values at the date of termination, resulting in a termination payment of $11,007.

As the Authority has no swap agreements in effect at December 31, 2021, the Authority is no longer exposed to risks typically associated with swap agreements.

(Dollars in Thousands, Unless Otherwise Noted)

6. DERIVATIVE INSTRUMENTS - INTEREST RATE EXCHANGE SWAP AGREEMENTS (continued)

A summary of NIFA's Derivative Instrument - Interest Rate Swap Valuation, at the date of termination is as follows:

	Amounts Are Expressed in Terms of Actual Dollars							
Swap Agreements	2004 Series B	2004 Series C	2004 Series E	2004 Series F	2004 Series I	2004 Series J	2004 Series K	Total
Notional Amount:								
Original Amount	$ 72,500,000	$ 72,500,000	$ 72,500,000	$ 72,500,000	$ 50,000,000	$ 50,000,000	$ 50,000,000	$ 440,000,000
At January 1, 2021	$ 12,350,000	$ 12,350,000	$ 12,350,000	$ 12,350,000	$ 33,075,000	$ 33,075,000	$ 33,075,000	$ 148,625,000
At December 31, 2021	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Counterparty	GSMMDP	GSMMDP	UBS	UBS	GSMMDP	UBS	MSCS	
Counterparty Rating (1)	Aa2/AA-NA	Aa2/AA-NA	Aa3/A+/AA-	Aa3/A+/AA-	Aa2/AA-NA	Aa3/A+/AA-	A31/BBB+/A	
Effective Date	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	December 9, 2004	December 9, 2004	December 9, 2004	
Maturity Date	November 15, 2024	November 15, 2024	November 15, 2024	November 15, 2024	November 15, 2025	November 15, 2025	November 15, 2025	
Termination Date	February 17, 2021	February 17, 2021	February 17, 2021	February 17, 2021	February 17, 2021	February 17, 2021	February 17, 2021	
NIFA Paid	3.146%	3.146%	3.146%	3.146%	3.432%	3.432%	3.432%	
Replacement Rate	1.551%	1.154%	1.155%	1.154%	1.396%	1.396%	1.396%	
NIFA Receives	60% of LIBOR plus 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	60% of LIBOR plus 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	61.5% of LIBOR plus 20 basis points weekly (Wednesday)	61.5% of LIBOR plus 20 basis points weekly (Wednesday)	61.5% of LIBOR plus 20 basis points weekly (Wednesday)	
Change in Fair Value:								
January 1, 2021 to date of termination	$ (9,158)	$ (9,197)	$ (3,855)	$ (3,897)	$ (23,349)	$ (7,649)	$ (19,649)	
As of February 17, 2021, date of termination								
Net Accrued	$ (99,214)	$ (98,901)	$ (99,214)	$ (98,901)	$ (289,599)	$ (289,599)	$ (289,599)	
Net Present Value	(666,086)	(666,399)	(660,786)	(661,099)	(2,369,101)	(2,353,401)	(2,365,401)	
Total Fair Value Swap	$ (765,300)	$ (765,300)	$ (760,000)	$ (760,000)	$ (2,658,700)	$ (2,643,000)	$ (2,655,000)	$ (11,007,300)

(1) Moody's/S&P/Fitch

7. RETIREMENT SYSTEM

Plan Description

The Authority participates in the System, a cost-sharing multiple-employer defined benefit employee retirement system. The System provides retirement benefits, as well as death and disability benefits. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. The Authority also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. Benefits can be changed for future members only by enactment of a State statute. The Authority also participates in the New York State Voluntary Defined Contribution Plan ("VDC").

Obligation of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York (the "Comptroller") serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be found at http://www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244-0001.

NYSERS

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit, there is no minimum service requirement.

Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 and Tier 2, is 55 and 62, respectively.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members aged 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the NYSRSSL, Tiers 1 and 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

7. RETIREMENT SYSTEM (continued)

NYSERS (continued)

Benefits Provided (continued)

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

Tiers 3, 4 and 5

Eligibility: Tiers 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tiers 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as aged 55 with reduced benefits. Tiers 3 and 4 members aged 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tiers 3, 4 and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 members is age 63.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

7. RETIREMENT SYSTEM (continued)

NYSERS (continued)

Benefits Provided (continued)

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service, in some case, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any workers' compensation benefits received. The benefit for eligible Tiers 3, 4 and 5 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (1) all pensioners who have attained age 62 and have been retired for five years; (2) all pensioners who have attained age 55 and have been retired for ten years; (3) all disability pensioners, regardless of age, who have been retired for five years; (4) recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and (5) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual consumer price index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

Contributions

The System is noncontributory except for employees who joined the System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and Tier 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31st.

The Authority is required to contribute at an actuarially determined rate. The Authority's actual contributions were equal to the amounts billed by the pension plan.

(Dollars in Thousands, Unless Otherwise Noted)

7. RETIREMENT SYSTEM (continued)

NYSERS (continued)

Benefits Provided (continued)

Contributions (continued)

The contribution paid by the Authority during the current year is as follows:

	Contractually Required Contribution	Total Payment	Percentage of Covered Payroll
2021	$ 75	$ 75	18.16%

As shown in the table above, the Authority's contribution to the system was 100% of the contributions required this year.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2021, the Authority reported a liability of $1 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2020, with updated procedures to roll forward the total pension liability to March 31, 2021. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

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(Dollars in Thousands, Unless Otherwise Noted)

7. RETIREMENT SYSTEM (continued)

NYSERS (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)

Below is the Authority's proportionate share of the net pension liability of the System and its related employer allocation percentage:

Measurement Date	Net Pension Liability	Authority's Allocation of the System's Total Net Liability
March 31, 2021	$ 1	0.00097340%

There was no significant change in the Authority's proportionate share from March 31, 2020 (.0008543%) to March 31, 2021 (.0009734%) measurement dates.

For the year ended December 31, 2021, the Authority recognized pension expense of $45. As of December 31, 2021, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 12	$ -
Changes of assumptions	178	3
Net difference between projected and actual earnings on pension plan investments	-	279
Changes in proportion and differences between the Authority's contribution and proportionate share of contributions	65	13
Authority's contributions subsequent to the measurement date, net of prepaid amounts	56	-
Total	$ 311	$ 295

The Authority's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31, 2022	$ 1
2023	9
2024	(4)
2025	(46)
	$ (40)

(Dollars in Thousands, Unless Otherwise Noted)

7. RETIREMENT SYSTEM (continued)

NYSERS (continued)

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Actuarial value date	April 1, 2020
Discount rate	5.90%
Investment rate of return, net	5.90%
Salary increases	4.40%
Cost of living adjustment	1.40%
Inflation rate	2.70%
Decrement tables	April 1, 2015 - March 31, 2020, System Experience, Scale MP-2020

Annuitant mortality rates are based on the April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' MP-2020.

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The previous actuarial valuation as of April 1, 2019 used a discount rate of 6.8% and the annuitant mortality rates were based on the April 1, 2010 - March 31, 2015 System experience, mortality improvements based on the Society of Actuaries' MP-2018.

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future and real rates or return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected future reals rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Equity:		
Domestic equity	32.00%	4.05%
International equity	15.00%	6.30%
Alternatives:		
Private equity	10.00%	6.75%
Real estate	9.00%	4.95%
Other	10.00%	3.63% - 5.95%
Bonds and mortgages	23.00%	0.00%
Cash	1.00%	0.50%
	100.00%	

(Dollars in Thousands, Unless Otherwise Noted)

7. RETIREMENT SYSTEM (continued)

NYSERS (continued)

Actuarial Assumptions (continued)

The discount rate used to calculate the total pension liability was 5.9% for the System. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at actuarially determined statutorily required rates. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.9%) or 1-percentage point higher (6.9%) than the current rate:

	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Authority's proportionate share of the collective net pension liability (asset)	$ 269	$ 1	$ (246)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NYS ERS financial report. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244-0001, or it may be found at http://www.osc.state.ny.us/retire/publications/index.php.

VDC

The Authority also participates in the New York State Voluntary Defined Contribution ("VDC") Program, pursuant to Chapter 18 of the Laws of 2012, which amended portions of the Retirement and Social Security Law, Education Law, and portions of the Administrative Code of the City of New York. Beginning July 1, 2013, the VDC option was made available to all unrepresented employees of New York State public to certain employees.

Benefits

Eligibility: employees hired on or after July 1, 2013 and earning $75 or more annually on a full-time rate. All employees employed on a permanent full-time basis must join a retirement plan within 30 days of their date of appointment. If an employee fails to make a timely election, state law requires placement in the NYSERS system. Once an election is made, it cannot be changed.

Benefits: Benefits are determined by the amounts contributed each year and the success of the investments.

7. **RETIREMENT SYSTEM** (continued)

VDC (continued)

Contributions

The VDC is contributory and employee contributions are required for the duration of employment based on estimated annual gross wages as follows: employees with gross wages between $75 and $100 contribute 5.75% of gross wages and employees with gross wages of more than $100 contribute 6.00% of gross wages. VDC employee contributions are made through payroll deductions. All contributions are made based upon IRS compensation and contribution limits, which are determined annually.

Employers are required to contribute 8% of gross wages for the duration of employment. During the year ended December 31, 2021, the Authority recognized pension expense related to the VDC of approximately $13. There is no outstanding liability owed to the VDC at December 31, 2021.

Vesting

Employees participating in the VDC are fully vested in all retirement and death benefits provided upon completing 366 days of service (waived for employees who enter service with employer-funded retirement contracts from any of the VDC investment providers). The VDC vesting period is on a calendar basis.

Contributions begin upon Plan entry, but are held by the employer until completion of the vesting period. Once vested, the employer will make a single lump-sum contribution of applicable employer and employee contributions plus interest to the investment provider selected by the participant. A participant who does not complete the vesting period is entitled to a refund of his or her own contributions plus interest.

Funding

This is a defined contribution program under which individual contracts, providing retirement and death benefits for or on behalf of electing employees/participants, are purchased from one of the following authorized investment providers: Fidelity, MetLife, TIAA-CREF, VALIC and Voya. Each investment provider has a variety of approved investment options. Contracts are issued to and become the property of the electing employee. Payments are made in accordance with the contracts and the employer is not liable for the benefit payments provided by such contracts.

8. **OTHER POSTEMPLOYMENT BENEFITS - HEALTHCARE BENEFITS**

Plan Description

Postemployment benefits other than pensions are provided to eligible retirees, beneficiaries and dependents under a single-employer defined benefit plan. Postemployment benefits other than pensions consist of providing healthcare coverage (or a portion thereof) to eligible retirees and spouses in accordance with the provisions of employment agreements in effect at year end. As employee agreements expire in future years, they will be re-negotiated, and the benefits provided may be modified.

To provide these benefits, the Authority currently participates in the New York State Health Insurance Plan (“NYSHIP”), which offers health insurance coverage to New York State public employees through the Empire Plan (an indemnity health insurance plan) or approved Health Maintenance Organizations (“HMO”). The New York State Department of Civil Service administers NYSHIP.

8. OTHER POSTEMPLOYMENT BENEFITS - HEALTHCARE BENEFITS (continued)

Plan Description (continued)

The Authority pays health insurance premiums to NYSHIP monthly. Health insurance premiums paid by the Authority are based on the benefits paid throughout the State during the year or from a choice of HMOs. Under the provisions of the Empire Plan, premiums are adjusted on a prospective basis for any losses experienced by the Empire Plan. The Authority has the option to terminate its participation in the Empire Plan at any time without liability for its respective share of any previously incurred loss.

No assets have been accumulated in a qualified trust.

Benefits Provided

Healthcare benefits consist of providing healthcare insurance coverage. Covered employees include all the Authority's employees who have met the following eligibility requirements:

(1) attained the age of 55 years and,

(2) completion of 5 years of service.

Contributions of 10% toward the costs of these benefits are required of the retirees. Retiree contributions toward the cost of the benefit are a percentage of the premium adjusted for accumulated sick leave credits.

Supplemental benefits include Medicare Part B premium for each covered retiree and spouse eligible for Medicare and for each surviving spouse provided the surviving spouse is payment the required premiums for health benefits. This premium is embedded in the NYSHIP premium rates.

Employees Covered by Benefit Terms

As of January 1, 2021, the effective date of the latest OPEB actuarial valuation, there are 4 active employees, 5 inactive/retired employees and 4 spouses of retirees receiving benefit payments. There have been no significant changes in the number of participants or the type of coverage since the most recent OPEB actuarial valuation date.

Total OPEB Liability

The Authority's total OPEB liability of $2,852 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2021.

Funding Policy

The Authority currently pays for OPEB on a pay-as-you-go basis.

(Dollars in Thousands, Unless Otherwise Noted)

8. OTHER POSTEMPLOYMENT BENEFITS - HEALTHCARE BENEFITS (continued)

Actuarial Assumptions and Other Inputs

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point.

The December 31, 2021 total OPEB liability, measured as of December 31, 2020 (the measurement date), is based on the results of the January 1, 2021 actuarial valuation, and was determined using the following actuarial assumptions and other inputs:

Inflation rate:	2.20%, compounded annually	
Discount rate:	2.12%	
	Current Measurement Date	Ultimate (Yr. 2101)
Healthcare cost trend rates:		
Pre-Medicare eligible	5.30%	3.30%
Post-Medicare eligible	4.90%	3.30%
Medicare Part B reimbursement	6.20%	3.80%
Actuarial Cost Method	Entry Age Normal cost method using the level percentage of pay method	

The discount rate was based on the Bond Buyer-20 Bond General Obligation Bond Index as of the measurement date. The discount rate changed from 2.74% (measurement date of December 31, 2019) to 2.12% (measurement date of December 31, 2020).

The mortality rates used in determining the total OPEB liability as of the December 31, 2020 measurement date are from the August 2020 Annual Report to the Comptroller on Actuarial Assumptions for the System pertaining to the Employees' Retirement System Plan. The mortality projection scale used is SOA Scale MP-2020. As generational tables, they reflect mortality improvements both before and after the measurement date.

The per capita claims cost was developed by adjusting the premium rates paid by Participating Agencies in NYSHIP during 2021 to reflect differences by age in accordance with ASOP No. 6 Premiums paid by Participating Agencies differ based on Medicare-eligible status, whereas premiums paid by Participating Employers do not. The age adjustments were based on manual rates developed by Milliman's Commercial Rating Structures and Ages 65 and Over Health Cost Guidelines, Milliman's standard Part D rating model, Empire PPO plan design information and actuarial judgment. Pre and post-65 NYSHIP premium rates were adjusted separately to be consistent with the way in which demographic factors were developed.

(Dollars in Thousands, Unless Otherwise Noted)

8. OTHER POSTEMPLOYMENT BENEFITS - HEALTHCARE BENEFITS (continued)

Actuarial Assumptions and Other Inputs (continued)

In the January 1, 2021 actuarial valuation, the liabilities were computed using the Entry Age Normal cost method using the level percentage of payroll method.

Changes in the Total OPEB Liability

The following table shows the components of the Authority's other postemployment benefits liability:

Balance at January 1, 2021	$ 2,927
Changes for the year:	
Service cost	104
Interest	82
Effect of economic/demographic gains or losses	(40)
Effect of changes to assumptions and inputs	(123)
Benefit payments, including implicit rate subsidy	(98)
Net Change	(75)
Balance at December 31, 2021	$ 2,852

Sensitivity of the Total OPEB Liability

The following tables present the Authority's total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a (1) discount rates, and (2) healthcare cost trend rates, which are 1-percentage point lower or 1-percentage point higher than the rates used in the actuarial valuation.

	Sensitivity due to Discount Rate		
	1% Decrease 1.12%	Current 2.12%	1% Increase 3.12%
Authority's total OPEB liability	$ 3,303	$ 2,852	$ 2,487

	Sensitivity due to Healthcare Cost Trend Rates (Pre and Post Medicare Eligible)		
	1% Decrease 4.3%/3.9%	Current 5.3%/4.9%	1% Increase 6.3%/5.9%
Authority's total OPEB liability	$ 2,478	$ 2,852	$ 3,308

(Dollars in Thousands, Unless Otherwise Noted)

8. OTHTER POSTEMPLOYMENT BENEFITS - HEALTHCARE BENEFITS (continued)

OPEB Related Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2021, the Authority recognized OPEB expense of $348. As of December 31, 2021, the Authority reported the following deferred outflows/inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 161	$ 27
Changes of assumptions	202	220
Benefit payments made subsequent to the measurement date	99	-
Total	$ 462	$ 247

The deferred outflows of resources for benefit payments made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent year. Other amounts currently reported as deferred outflows/inflows of resources will be recognized in OPEB expense as follows:

Years Ending December 31, 2022	$ 146
2023	(25)
2024	(5)
	$ 116

9. COMPENSATED ABSENCES

Authority employees are entitled to accumulate unused vacation, holiday, and sick leave. In the event of termination or upon retirement, an employee is entitled to be paid for the vacation and holiday accruals. At current salary levels, the Authority's liability for payment of vacation and holiday pay is $235 which includes the Authority's share of taxes and other withholdings. Authority employees are also permitted to accrue unused sick leave without limitation and, upon certain conditions, apply the salary value of the leave upon retirement to the cost of the retiree's share of his or her health insurance premium. At current salary levels, the Authority's liability for payment of this sick leave accumulation is $115, which includes only the salary value of the time accumulated. Authority employees who were previously employed by the State or a State agency or authority were permitted to transfer certain leave balances to the Authority. The value of these transferred balances is included in the foregoing amounts.

The value of accrued unused leave has been recorded in the statement of net position (deficit). Management believes that sufficient resources will be made available for the payments of the accrued unused leave. As of December 31, 2021, the value of the accumulated vacation time, holiday time and sick leave was approximately $350.

10. RISK MANAGEMENT

The Authority carries coverage for workers' compensation and general liability claims and excess liability insurance coverage of $1,000 per occurrence with a $2,000 annual aggregate. The Authority is self-insured for property protection on the first $10 per loss with insurance protection coverage of up to $150 for any loss. The Authority Directors and employees are indemnified under the NIFA Act Section 3662 (7)(a) by New York State. The Authority is prohibited by the NIFA Act Section 3654 (14) from owning real property. During the past three years, there have been no claims against the Authority's insurance policies. There have been no significant reductions in insurance coverage as compared to the prior year.

11. CONTROL PERIOD EXPENSES

During a control period, NIFA is empowered, among other things, to approve or disapprove proposed contracts and borrowings by the County and Covered Organizations; approve, disapprove, or modify the County's multi-year financial plan; and issue binding orders to the appropriate local officials. It can and did impose a wage freeze on March 24, 2011 for County employees. The wage freeze was lifted on May 3, 2014 for four of Nassau County's five labor unions and on September 9, 2014 for the fifth labor union and for Nassau County's non-union employees. The five unions ratified new labor agreements at the time their respective wage freezes were lifted. NIFA will terminate the Control Period upon finding that no condition exists which would permit imposition of a Control Period. During 2021, NIFA incurred $300 of expenses directly related to fulfilling its expanded oversight responsibilities of the County and the Nassau University Medical Center, for which it declared a Control Period in February 2020.

12. PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

The following statements have been issued by the GASB and are to be implemented in future years, if applicable on the implementation date:

Statement No. 87, *"Leases"* establishes accounting and financial reporting of leases. It requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. For leases with terms in-excess of 12 months, the Statement requires the leases to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (as extended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*").

Statement No. 91, *"Conduit Debt Obligations"* clarifies the existing definition of conduit debt obligations, establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and also improves required not disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 (as extended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*").

Statement No. 92, *"Omnibus 2020"* has been issued to provide guidance in leases, pension plans and a wide range of other accounting and financial reporting issues that were identified during the implementation and application of some earlier pronouncements. The requirements of this Statement are effective as follows: (a) paragraphs 6 and 7, fiscal years beginning after June 15, 2021, and (b) paragraphs 8, 9, 10 and 12, reporting beginning after June 15, 2021.

12. PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (continued)

Statement No. 93, *"Replacement of Interbank Offered Rates"* amends certain provisions of GASB Statement No. 53, *"Accounting and Financial Reporting for Derivative Instruments"* as amended) and Statement No. 87, *"Leases"*. It has been issued to address the various accounting and reporting implications that will result from the replacement of LIBOR, as LIBOR will cease to exist in 2021. Among other provisions, this Statement provides exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, clarifies the hedge accounting termination provisions when a hedge item is amended to replace the reference rate, clarifies the GASB Statement No. 53 definition of a *reference rate*, and identifies a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap. The requirements of this Statement are effective for years beginning after June 15, 2021 (as extended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*"), except for the provisions that LIBOR is not an appropriate benchmark interest rate for a derivative instrument that hedges the interest rate of taxable debt, which is effective for years ending after December 31, 2021.

Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"*, this Statement has been issued to improve financial reporting related to public-private and public-public partnership arrangements, in which one a government (transferor) contracts with an operator (governmental or nongovernmental entity) to provide public services by conveying the right to operate or use a nonfinancial asset. The requirements of this Statement are effective for years beginning after June 15, 2022.

Statement No. 96, *"Subscription-Based Information Technology Arrangements"*, this Statement has been issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *"Leases",* as amended. The requirements of this Statement are effective for years beginning after June 15, 2022.

Statement No. 97, *"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84 and a suppression of GASB Statement No. 32"*, this Statement has been issued to (1) increase consistency in reporting of fiduciary component units in instances where the potential component unit does not have a governing board and the primary government performs the duties of a governing board (effective upon issuance); (2) mitigate costs associated with the reporting of certain defined contribution plans and employee benefits plans other than pension plans or OPEB plans as fiduciary component units (effective upon issuance); and (3) enhances relevance and consistency of accounting and financial reporting for Internal Revenue Service Section 457 deferred compensation plans that meet the definition of a pension plan for benefits provided through those plans. The requirements of this Statement are effective as follows: (a) paragraphs 4 and 5, effective upon issuance, (b) paragraphs 6-9, effective years beginning after June 15, 2021, and (c) all other requirements, effective reporting periods beginning after June 15, 2021.

The Authority is currently evaluating the impact of the aforementioned GASB Statements on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

NASSAU COUNTY INTERIM FINANCE AUTHORITY
SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT LIABILITY
AND RELATED RATIO
(UNAUDITED)
December 31, 2021
(Dollars in Thousands, Unless Otherwise Noted)

Financial Reporting Date, December 31st:	2021	2020	2019	2018	2017
OPEB Measurement Date of December 31st:	2020	2019	2018	2017	2016
Total OPEB Liability:					
Balance, Beginning of Period	$ 2,927	$ 2,404	$ 2,234	$ 1,909	$ 1,884
Service costs	104	78	91	77	79
Interest	82	99	79	73	69
Effect of economic/demographic gains or losses	(40)	-	638	13	-
Effect of changes of assumptions and other inputs	(123)	456	(545)	240	(57)
Benefit payments, including implicit subsidy	(98)	(110)	(93)	(78)	(66)
Balance, End of Year	$ 2,852	$ 2,927	$ 2,404	$ 2,234	$ 1,909
Covered employee payroll	$ 832	$ 798	$ 836	$ 791	$ 832
Total OPEB liability as a percentage of covered employee payroll	342.79%	366.79%	287.56%	282.43%	229.45%
Notes to Schedule:					
Changes in assumptions:					
Discount rate used at each measurement date listed	2.12%	2.74%	4.10%	3.44%	3.78%

Mortality:

2020 Measurement date - August 2020 Annual Report to the NYS Comptroller on Actuarial Assumptions for the New York State and Local Retirement System, modified to use Scale MP-2020.

2018 Measurement date - April 1, 2016 Actuarial Valuation of the New York State and Local Retirement System, modified to use Scale MP-2019.

2017 Measurement date - April 1, 2016 Actuarial Valuation of the New York State and Local Retirement System, modified to use Scale MP-2018.

2016 Measurement date - RP-2000, Scale AA

Dependent Coverage:

The 2018 measurement date assumes the dependent coverage assumption for female members electing spousal coverage from changed from 60% to 50%.

High-Cost Excise Tax:

The liability measured as of December 31, 2019 excludes the impact of the excise tax on high-cost plans.

No assets have been accumulated in a trust which meets the criteria in GASB Statement No. 75, paragraph 4.

Information prior to financial reporting year December 31, 2017 is not available.

NASSAU COUNTY INTERIM FINANCE AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(UNAUDITED)
December 31, 2021
(Dollars in Thousands, Unless Otherwise Noted)

March 31,	Authority's: Proportion of the Net Pension Liability	Authority's: Proportionate Share of the Net Pension Liability	Covered Payroll	Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Pension as a Percentage of Total Pension Liability
2021	0.0009734%	$ 1	$ 413	0.24%	99.95%
2020	0.0008543%	226	407	55.53%	86.39%
2019	0.0010936%	77	432	17.82%	96.27%
2018	0.0011925%	38	429	8.86%	98.24%
2017	0.0013429%	126	406	31.03%	94.70%
2016	0.0017413%	279	586	47.61%	90.70%
2015	0.0016961%	57	636	8.96%	97.95%
2014	0.0016961%	77	625	12.32%	97.20%

Notes:

Amounts presented were determined as of the System/Plan's measurement date of March 31st.

Changes in assumptions from the March 2020 to March 31, 2021 Plan Year and other information:

- The interest (discount) rate was lowered from 6.8% to 5.9%.
- The mortality improvement assumption was updated to the Society of Actuaries' Scale MP-2020.
- The fluctuation in in the Authority's proportionate share of the net pension liability from the prior year is primarily due to impact of investment earnings/gains on the Plan's fiduciary net assets.

Change in assumptions from the March 31, 2019 to March 31, 2020 Plan Year:

- The interest (discount) rate was lowered from 7.0% to 6.8%.
- The mortality improvement assumption was updated to the Society of Actuaries' Scale MP-2018.

Changes in assumptions from the March 31, 2017 to March 31, 2018 Plan year:

- The salary scale rate was lowered from 4.9% to 3.8%.

Changes in assumptions from the March 31, 2015 to March 31, 2016 Plan year:

- The interest (discount) rate was lowered from 7.5% to 7.0%.
- The inflation rate was decreased from 2.7% to 2.5%.

NASSAU COUNTY INTERIM FINANCE AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
(UNAUDITED)
December 31, 2021
(Dollars in Thousands, Unless Otherwise Noted)

Years Ended December 31,	Contractually Required Contributions	Contributions Recognized by the Plan in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	$ 75	$ 75	$ -	$ 413	18.16%
2020	65	65	-	405	16.05%
2019	68	68	-	422	16.11%
2018	67	67	-	339	19.76%
2017	71	71	-	426	16.67%
2016	98	98	-	452	21.68%
2015	115	115	-	640	17.97%
2014	103	103	-	464	22.20%
2013	135	135	-	648	20.83%
2012	125	125	-	721	17.34%

Notes:

Amounts presented for each year were determined as of December 31st and the contractually required contributions are based on the amounts invoiced by the New York State Local Retirement System.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Nassau County Interim Finance Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Nassau County Interim Finance Authority (the Authority), a component unit of the County of Nassau, New York, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 31, 2022.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

New York, New York
May 31, 2022