

***Nassau County Interim  
Finance Authority***

**Independent Auditors' Report**

**Financial Statements**

Period June 23, 2000 to December 31, 2000

# NASSAU COUNTY INTERIM FINANCE AUTHORITY

## TABLE OF CONTENTS

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	<b>Page</b>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Balance Sheet as of December 31, 2000	2
Statement of Revenues, Expenditures and Changes in Fund Balances for the Period June 23, 2000 to December 31, 2000	3
Notes to Financial Statements	4-11

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## INDEPENDENT AUDITORS' REPORT

To the Directors  
Nassau County Interim Finance Authority

We have audited the accompanying general purpose financial statements of the Nassau County Interim Finance Authority ("NIFA"), as of December 31, 2000, and for the period June 23, 2000 (date of establishment) to December 31, 2000, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of NIFA. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such general purpose financial statements present fairly, in all material respects, the financial position of NIFA, at December 31, 2000, and the results of its operations for the period June 23, 2000 (date of establishment) to December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Deloitte &amp; Touche LLP". The signature is written in a cursive style and is positioned above a vertical line.

March 5, 2001

# NASSAU COUNTY INTERIM FINANCE AUTHORITY

## BALANCE SHEET

DECEMBER 31, 2000

(Dollars in Thousands)

	Governmental Fund Types				Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	General Long-Term Obligations	
<b>ASSETS AND OTHER DEBITS</b>						
Cash and cash equivalents	\$187,089	\$5,000	\$ -	\$144,812	\$ -	\$336,901
Investments	-	-	2,696	31,254	-	33,950
Investments - Nassau County						
Tax Anticipation Notes (TAN)	224,360	-	-	-	-	224,360
Sales tax receivable	87,244	-	-	-	-	87,244
Interest receivable	259	-	-	421	-	680
Due from general fund	-	-	1,884	-	-	1,884
Due from capital projects fund	-	-	163	-	-	163
Other assets	15	-	-	-	-	15
Amount available in debt service fund for principal retirement	-	-	-	-	172	172
Amount to be provided for general long-term obligations	-	-	-	-	254,674	254,674
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<u>\$498,967</u>	<u>\$5,000</u>	<u>\$4,743</u>	<u>\$176,487</u>	<u>\$254,846</u>	<u>\$940,043</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Accrued liabilities	\$ 287	\$ -	\$4,571	\$ 13	\$ -	\$ 4,871
Bonds payable	-	-	-	-	254,720	254,720
Bond Anticipation Notes (BAN) payable	224,360	-	-	-	-	224,360
Revenue Anticipation Notes (RAN) withholding payable	253,214	-	-	-	-	253,214
Due to Nassau County - Sales tax	18,738	-	-	-	-	18,738
Due to Nassau County - Interest	-	-	-	258	-	258
Deferred revenue - Tax certiorari process reform	-	5,000	-	-	-	5,000
Due to debt service fund	1,884	-	-	163	-	2,047
Accrued vacation and sick pay	-	-	-	-	126	126
<b>Total liabilities</b>	<u>498,483</u>	<u>5,000</u>	<u>4,571</u>	<u>434</u>	<u>254,846</u>	<u>763,334</u>
<b>FUND BALANCES - Unreserved</b>	<u>484</u>	<u>-</u>	<u>172</u>	<u>176,053</u>	<u>-</u>	<u>176,709</u>
<b>Total fund balances</b>	<u>484</u>	<u>-</u>	<u>172</u>	<u>176,053</u>	<u>-</u>	<u>176,709</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$498,967</u>	<u>\$5,000</u>	<u>\$4,743</u>	<u>\$176,487</u>	<u>\$254,846</u>	<u>\$940,043</u>

See notes to financial statements.

# NASSAU COUNTY INTERIM FINANCE AUTHORITY

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES PERIOD JUNE 23, 2000 TO DECEMBER 31, 2000 (Dollars in Thousands)

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>REVENUES</b>					
Sales tax	\$ 529,143	\$ -	\$ -	\$ -	\$ 529,143
State aid	-	25,000	-	-	25,000
Interest income, net	1,704	-	-	2,119	3,823
Unrealized gain on investments	-	-	9	105	114
Total revenues	530,847	25,000	9	2,224	558,080
<b>OTHER FINANCING SOURCES</b>					
Principal amount of bonds issued	-	-	-	254,720	254,720
Other sources	190	-	-	917	1,107
Operating transfers in	-	-	4,734	-	4,734
Total revenues and other financing sources	531,037	25,000	4,743	257,861	818,641
<b>EXPENDITURES</b>					
Current:					
General and administrative	322	-	-	-	322
Cost of issuances - Notes/bonds	191	-	-	601	792
Distribution to Nassau County for financeable costs	-	-	-	79,088	79,088
Distribution to Nassau County for general operations	-	25,000	-	1,714	26,714
Total current expenditures	513	25,000	-	81,403	106,916
Debt service	-	-	4,571	-	4,571
Total expenditures	513	25,000	4,571	81,403	111,487
<b>OTHER FINANCING USES</b>					
Transfers to Nassau County - Sales tax	272,497	-	-	-	272,497
Transfers to RAN Withholding Account:					
Sales tax	251,925	-	-	-	251,925
Interest	1,289	-	-	-	1,289
Operating transfers out	4,329	-	-	405	4,734
Total expenditures and other financing uses	530,553	25,000	4,571	81,808	641,932
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>					
	484	-	172	176,053	176,709
<b>FUND BALANCES, BEGINNING OF PERIOD</b>					
	-	-	-	-	-
<b>FUND BALANCES, END OF PERIOD</b>					
	\$ 484	\$ -	\$ 172	\$ 176,053	\$ 176,709

See notes to financial statements.

# NASSAU COUNTY INTERIM FINANCE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS PERIOD JUNE 23, 2000 TO DECEMBER 31, 2000

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### 1. ORGANIZATION

The Nassau County Interim Finance Authority (the “Authority”) 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 (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 for County financial reporting purposes and, accordingly, is included in the County’s financial statements.

The Authority is governed by 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 Assembly and the State Comptroller. The Governor also designates the chairperson and vice-chairperson from among the directors.

The Authority has power under the Act to monitor and oversee the finances of Nassau County, and upon declaration of a “Control Period” as defined in the Act, additional oversight authority. The Authority is also empowered to issue its bonds and notes for various County purposes, defined in the Act as “Financeable Costs.” The Act authorizes the issuance of bonds and notes, without limit, to finance capital projects and cash flow needs of the County, as well as, to the extent authorized by State law, any County deficit. In addition, the Authority may issue bonds up to the limits as currently set forth in the Act, exclusive of any bonds issued to finance reserves, capitalized interest or costs of issuing such obligations, to refinance the County’s indebtedness (up to \$415,000,000) and tax certiorari judgments and settlements of the County (up to \$400,000,000 if the proceeding commenced before June 1, 2000 and up to \$100,000,000 in each ensuing County fiscal year 2001 to 2004, with respect to proceedings commenced on or after such date). The Act currently provides that the Authority may not issue bonds after 2004, other than refunding bonds. No bond of the Authority may mature later than January 31, 2036 or more than 30 years from its date of issuance.

Revenues of the Authority (“Revenues”) 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”), and investment earnings on money and investments on deposit in various Authority accounts. Sales Tax Revenues are collected by the State Comptroller for transfer to the Authority and are not subject to appropriation by the State or County. Revenues of the Authority that are not required to pay debt service, operating expenses or other costs of the Authority are payable to the County as frequently as practicable.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority follows the modified accrual basis of accounting. It recognizes revenue when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal period. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the

current period. Expenditures are accrued when the related liability is incurred, except for unmatured debt service on bonds payable, which is recognized when due (see Note 6).

The Authority uses four governmental fund groups and an account group to report its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions and activities. The General Fund accounts for sales tax and interest revenues received by the Authority and for general operating expenses of the Authority. Short term borrowings of the Authority are also accounted for, as applicable, in the General Fund. The Special Revenue Fund accounts for Transitional State Aid, as defined in the Act, which includes assistance for general County needs and aid targeted to assist the County in streamlining its tax certiorari processing. Both types of aid are provided to the County through the Authority. The Debt Service Fund accounts for the accumulation of resources for payment of principal and interest on the Authority's bonds. Only that portion of bonds payable expected to be financed from expendable available resources is reported as a liability of the Debt Service Fund. The Capital Projects Fund accounts for resources to be transferred to the County for its Financeable Costs. The General Long Term Obligations Account Group accounts for long term bonds payable which at maturity will be paid by the Debt Service Fund and for other estimated liabilities arising from accumulated unpaid vacation, holiday and sick leave of the Authority's employees.

The Authority receives Sales Tax Revenues several times 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 which in its judgment are required for Authority operations and operating reserves. Residual Sales Tax Revenues and investment earnings are then transferred to the County either as cash or through deposits by the Authority to its "County of Nassau Revenue Anticipation Note Withholding Fund," as established pursuant to the Act (see Note 9).

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Authority's management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

### **3. 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 as well as Authority debt issuance to fund Financeable Costs of the County. Each of these are more fully described and illustrated in charts below.

#### ***Receipt and Use of Revenues (not including the Special Revenue Fund) consist of:***

- The receipt and remittance to the County of Sales Tax Revenues (see Notes 1, 2 and 5);
- The withholding by the Authority of Sales Tax Revenues that would otherwise be remitted to the County, the deposit of those monies into the County of Nassau Revenue Anticipation Note ("RAN") Withholding Fund, and the retention in that fund of earnings thereon (see Note 9); and
- The remittance to the County of earnings on various other funds held by or on behalf of the Authority, to the extent that those earnings are not required for the payment of Authority debt service or expenses.

The following chart summarizes the revenue flows resulting from the financial relationships discussed above:

Period Ended December 31, 2000	Dollars in Thousands		
	Sales Tax Revenues	Earnings on RAN Withholding Acct	Earnings on Other Funds
<b>Inflows:</b>			
Income received prior to December 31, 2000	\$441,899	\$1,033	\$2,110
Additional income accrued to FY 2000	<u>87,244</u>	<u>256</u>	<u>424</u>
Total for year ended December 31, 2000	<u>\$529,143</u>	<u>\$1,289</u>	<u>\$2,534</u>
<b>Outflows:</b>			
Deposited for Authority debt service	\$ 2,445	\$ -	\$ 242
Accrued for Authority debt service	<u>1,884</u>	<u>-</u>	<u>163</u>
Total applied to Authority debt service	<u>\$ 4,329</u>	<u>\$ -</u>	<u>\$ 405</u>
Total applied to Authority operating expense/reserve	<u>\$ 392</u>	<u>\$ -</u>	<u>\$ 415</u>
Deposited to RAN Withholding Account	\$185,303	\$1,033	\$ -
Accrued for RAN Withholding Account	<u>66,622</u>	<u>256</u>	<u>-</u>
Total applied to RAN Withholding	<u>\$251,925</u>	<u>\$1,289</u>	<u>\$ -</u>
Transferred to County prior to December 31, 2000	\$253,759	\$ -	\$1,456
Accrued to County	<u>18,738</u>	<u>-</u>	<u>258</u>
Total transferred to County	<u>\$272,497</u>	<u>\$ -</u>	<u>\$1,714</u>

***Borrowings for Financeable Costs consist of:***

- The sale of Bonds by the Authority to finance Financeable Costs of the County, and the transfer of Bond proceeds to the County upon County requisition (see Notes 1 and 6); and
- The sale of Bond Anticipation Notes by the Authority to finance Financeable Costs of the County, and the transfer of Bond Anticipation Note proceeds to the County upon County requisition and pursuant to a purchase contract between the Authority and the County, whereby the Authority



privately purchased Tax Anticipation Notes of the County with the Bond Anticipation Note proceeds (see Notes 1, 4 and 7).

The following chart summarizes these debt-related financial flows from the Authority to the County:

Period Ended December 31, 2000	Dollars in Thousands	
	Sales Tax Secured Bonds, Series 2000A	Bond Anticipation Notes, Series 2000A-1
Par amount of issue	<u>\$ 254,720</u>	<u>\$ 224,360</u>
Net proceeds to Authority	\$ 255,637	\$ 225,390
Reserved by Authority for costs of issuance	<u>601</u>	<u>190</u>
Net proceeds available to County upon requisition	255,036	225,200
Requisitioned in year ended December 31, 2000	<u>79,088</u>	<u>225,200</u>
Balance available for County financeable costs	<u>\$ 175,948</u>	<u>\$ -</u>

#### 4. CASH 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 Authority Directors in November 2000. As of December 31, 2000 the Authority held cash, collateralized Certificates of Deposit, Treasury Bills, Federal National Mortgage Association Discount Notes and Federal Home Loan Mortgage Corporation Discount Notes. All cash deposits of Authority funds (as distinct from Bond Proceeds, which are pledged to the bondholders until expended) are required to be fully collateralized or insured. Collateral for the Authority cash and certificates of deposit, which is required to be 102 percent of the amount of the cash or certificate of deposit amount and to be held by a third party custodian, may consist of the following: U.S. government and agency obligations, obligations of New York State or New York municipalities which under specific State statute may be accepted as security for deposit of public moneys, other state and local governmental obligations rated in one of the three highest categories by at least one nationally recognized rating organization, obligations of domestic corporations rated in one of the two highest categories by at least one nationally recognized rating organization, and any mortgage related securities which may be purchased by banks under the limitations established by bank regulatory authorities.

The Authority also holds Nassau County Tax Anticipation Notes, Series 2000A, 2000B and 2000C (together, the "TANs"), in the aggregate principal amount of \$224,360,000 and maturing in April, August and November 2001, respectively. The TANs were sold to the Authority at private sale, in connection with the Authority's Bond Anticipation Note issuance in December 2000 (see Note 7). The TANs are not considered to be marketable securities for financial reporting purposes.

The following table summarizes the Authority's cash and investments as of December 31, 2000. Short-term investments with maturities of 90 days or less, and non-marketable securities, are recorded at cost. Marketable securities with maturities longer than 90 days are recorded at fair value and all investment income, including changes in fair value, is reported as revenue on the Statement of Revenue, Expenditures and Changes in Fund Balance. Fair value is determined using market values at December 31, 2000.

On the Balance Sheet, the accrual of interest on short term investments is reported as Interest Receivable, and the unrealized change in fair value of marketable securities with maturities longer than 90 days is reflected in the amount of the investment asset.

	<u>Dollars in Thousands</u>	
	<u>Held by Authority</u>	<u>Held by Trustee</u>
Cash	\$ 19	\$ 185
Certificates of Deposit (maturities less than 90 days)	41,886	-
U.S. government and agency discount notes (maturities less than 90 days)	<u>149,999</u>	<u>144,812</u>
Total cash and cash equivalents	<u>191,904</u>	<u>144,997</u>
Nassau County TANs	<u>-</u>	<u>224,360</u>
Total non-marketable securities	<u>-</u>	<u>224,360</u>
U.S. government and agency discount notes (maturities greater than 90 days)	<u>-</u>	<u>33,950</u>
Total marketable securities	<u>-</u>	<u>33,950</u>
Total cash and investments	<u><u>\$191,904</u></u>	<u><u>\$403,307</u></u>

## 5. SALES TAX REVENUE RECEIVABLE

Sales Tax Revenues are reported on a modified accrual basis. As such, Sales Tax Revenues received after December 31, 2000 but attributable to Fiscal Year 2000 are shown on the Balance Sheet as Sales Tax Receivable. On the Statement of Revenues, Expenditures and Changes in Fund Balance, applicable portions of these funds have been included as Transfers to Nassau County, Transfers to the RAN Withholding Account, and Debt Service expense.

## 6. BONDS PAYABLE

The Authority issued \$254,720,000 of Sales Tax Secured Bonds, Series 2000A (the "Bonds"), on October 25, 2000 and \$224,360,000 of Bond Anticipation Notes on December 22, 2000 (see Note 7). The Bonds were issued pursuant to an Indenture (the "Indenture") between the Authority and the United States Trust Company of New York (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 has no independent taxing power.

Bonds are recorded at the principal amount outstanding and consist of the following:

	Dollars in Thousands		
	Issued	Retired	Balance at December 31, 2000
Sales Tax Secured Bonds, Series 2000A 4.50% to 5.625% Serial and term bonds due 2002 to 2020	\$254,720	\$ -	\$254,720

Debt service to maturity as of December 31, 2000 is as follows:

Year Ended December 31,	Dollars in Thousands		
	Principal	Interest	Total
2001	\$ -	\$ 14,316	\$ 14,316
2002	6,980	13,563	20,543
2003	7,290	13,249	20,539
2004	7,625	12,917	20,542
2005	9,750	12,566	22,316
Thereafter	223,075	111,698	334,773

Interest on the Authority's Bonds is payable on May 15 and November 15 of each year, and principal is payable on November 15. The first principal payment for the Series 2000A Bonds is due on November 15, 2002. A debt service account has been established under the Indenture to provide for the payment of interest on and principal of Bonds outstanding. The Trustee makes monthly deposits to the debt service account in the amount of debt service accrued through the end of that month, 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 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.

As of December 31, 2000, the Authority maintained its required debt service account in the amount of \$2,696,486 (fair value), all of which was for payment of interest on May 15, 2001.

## 7. BOND ANTICIPATION NOTES PAYABLE

On December 22, 2000, the Authority issued \$224,360,000 Bond Anticipation Notes, Series 2000A-1 (the "Notes"). The Notes were issued to finance cash flow needs of Nassau County pursuant to the Act and the Indenture. Bond anticipation notes payable are recorded at the principal amount outstanding and consist of the following:

	Dollars in Thousands		
	Issued	Retired	Balance at December 31, 2000
Bond Anticipation Notes, Series 2000A-1	\$224,360	\$ -	\$224,360

The Notes bear interest at the rate of 5 percent per annum, pay interest only at maturity, and mature in the following amounts (in thousands) at the following dates:

May 11, 2001	\$ 85,000
September 28, 2001	120,000
December 19, 2001	19,360

The Series 2000A-1 Notes are legally payable from the proceeds of future Authority bonds or renewal notes, and such future issuance has been authorized. However, the Authority is permitted to apply certain other funds to the repayment of the Notes, and plans to repay the Notes as follows. Proceeds of the Authority's Note sale were used to purchase general obligation tax anticipation notes of the County (the "TANs"), which are in principal amounts and bear interest rates sufficient to provide, when due, all amounts payable on the Authority Notes (see Note 4). The County will pay principal and interest on the TANs to the Trustee, which will use the funds to pay principal and interest on the Notes. The TANs are not pledged to the holders of the Notes, but the Authority has covenanted that to the extent it receives payments on the TANs, it will apply such payments to the payment of the Notes.

## **8. PENSION LIABILITY**

Eligible Authority employees participate in the New York State and Local Employees' Retirement System and the Public Employees Group Life Insurance Plan (together, the "System"), a cost-sharing multiple-employer defined benefit retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations 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 ("Comptroller") serves as the 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 its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

The System is noncontributory for employees except for employees who joined after July 27, 1976 and have less than ten years of service, who contribute 3 percent of their salary. Employer contribution rates are determined by the Comptroller. Under the Authority of the NYSRSSL, the Comptroller certifies annually the rates, expressed as proportions of the payroll of members, which shall be used in computing the contributions required to be made by the employer to the pension accumulation fund.

As of December 31, 2000, the Authority has not been billed for its employer contribution to the System. The average employer contribution rate for the State fiscal year ended March 31, 2000 was approximately 0.9 percent of payroll. At that rate, the Authority's accrued pension liability for the year ended December 31, 2000 would be \$1,523.

## **9. COUNTY OF NASSAU REVENUE ANTICIPATION NOTE WITHHOLDING ACCOUNT**

In June 2000, the County issued \$245,000,000 County of Nassau Revenue Anticipation Notes (the "RANs") as a general obligation of the County, issued in anticipation of the receipt of sales taxes with respect to the County's fiscal year ended December 31, 2000. The Act required the Authority to set aside Sales Tax Revenues attributable to that fiscal year, after making provision for debt and operating expenses of the Authority, in an amount sufficient to pay principal and interest on the RANs at maturity. The withheld funds were credited to an Authority "County of Nassau Revenue Anticipation Note

Withholding Fund” (the “RAN Withholding Fund”) held separately from funds of the Authority. Interest earned on the RAN Withholding Fund is retained in the fund and will be applied to pay principal and interest on the RANs at maturity. As of December 31, 2000, \$185,303,224 had been retained and \$1,032,465 of interest earned, for a total RAN Withholding Fund balance of \$186,335,689. From Sales Tax Revenues received after December 31, 2000 but accrued to the year ended December 31, 2000, an additional \$66,621,872 was deposited to the RAN Withholding Fund, and from interest accrued to the year ended December 31, 2000, \$255,817 was deposited. These monies, together with future interest earnings thereon, should be sufficient to pay in full, when due, the principal of and interest on the RANs.

## **10. COMMITMENTS AND CONTINGENCIES**

The Authority is not a defendant in any litigation as of December 31, 2000.

Authority employees are entitled to accumulate unused vacation and holiday leave, and to be paid for that leave, up to amounts specified by the Authority, upon separation. At current salary levels, the Authority’s liability for payment of this accumulation is \$46,372, which includes the employers’ share of taxes and other withholdings. Authority employees are permitted to accrue unused sick leave up to amounts specified by the Authority 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 accumulation is \$79,379, 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 leave balances to the Authority. The value of these transferred balances is included in the foregoing amounts. The value of accrued unused leave is included in the General Long Term Obligations Account Group.

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