

Long-term Debt Training

June 8, 2004

Statewide Accounting
and Reporting Services

Topics

- Overview of Types of Oregon Debt
- Determining the Appropriate Fund Structure
- Recording the Initial Debt Issuance
- Recording Debt Service Payments & Amortization

Topics

- Recording Year End Transactions
- Refunding a Debt Issue
- Disclosure Requirements for Short-term and Long-term Debt

Objectives

- Understand how to set up proper fund structure and record initial debt issuance
- Understand entries needed to properly account for transactions during the year and at year end
- Understand recording refunded debt
- Understand disclosure requirements

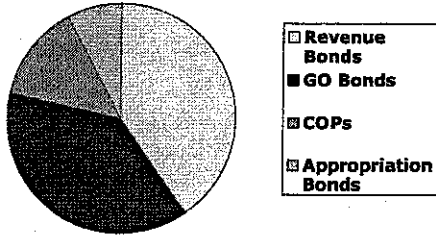
Overview of Types of Long-term Debt in Oregon



Oregon Long-term Debt

- General Obligation Bonds
- Revenue Bonds
- Certificates of Participation
- General Appropriation Bonds

FY 2003 Oregon Debt



General Obligation Bonds

- Authorized by Oregon Constitution
- Secured by pledge of the full faith, credit and taxing power of the State of Oregon
- Includes both governmental purposes and business-type activities

GO Bond Examples

- Highway construction (ODOT)
- Pollution abatement and pollution control facilities (DEQ)
- Farm and home loans for eligible veterans (DVA)
- Multi-family housing for elderly and disabled (OHCS)
- Loans for small-scale energy projects (Office of Energy)

Revenue Bonds

- Authorized by Oregon Statutes
- Secured by pledge of revenues derived from the operation of the program funded by bond issuance
- Includes both governmental purposes and business-type activities

Revenue Bond Examples

- Highway construction & maintenance (ODOT - highway user taxes)
- Infrastructure improvement and water project loans (OECDD - loan repayments)
- Single-family mortgage loans and multi-family housing (OHCS - mortgage and rental payments)

Revenue Bond Examples

- Lottery Revenue Bonds, issued for:
 - Expansion & refurbishment of schools
 - Improvement of State Fair facilities
 - Economic development in rural and distressed communities
 - Infrastructure improvements
 - Light rail transportation
 - State parks
- ❖ Supported by unobligated net lottery proceeds

Certificates of Participation

- Authorized in ORS Chapter 283
- Financing agreements normally secured by the asset being purchased or constructed
- Includes both governmental purposes and business-type activities

COP Examples

- Certificates of Participation, issued for:
 - Acquisition of computer systems (ORBITS)
 - Purchase of telecommunication systems
 - Acquisition, construction or remodeling of State facilities (Warner Creek Correctional facility)
- Issued centrally through DAS, Budget & Management's Finance Unit

General Appropriation Bonds

- Authorized in 2003 legislative session (one-time authorization to provide cash for general government operations during 2003-05 biennium)
- Obligation of the State to pay principal and interest on bonds is subject to appropriation of funds by the Legislature

Major Participants

- State Treasury
- Credit rating agencies (S&P, Fitch)
- Budget and Management
- State Agency issuing debt
- Underwriter
- Legal counsel (AG & private firms)
- Financial advisor (contractor)

State Debt Policy Advisory Commission

Advises the Governor and Legislature regarding policies and actions that enhance and preserve the State's credit rating



Common Terms

- Preliminary Official Statement
- Official Statement
- Comfort letter (from Audits)
- Debt service repayment schedule
- Trustee or fiscal agent.
- Credit rating

Determining the Appropriate D23 Fund Setup to Account for Long-term Debt



Important Factors

- Purpose of debt issuance
 - General government purpose
 - Proprietary purpose
- Legal requirements
 - Debt service reserves
- How costs are budgeted

Considerations

- Where is cash held?
 - Cash in State Treasury
 - Cash in Bank (outside Treasury)
- Where are costs budgeted?
 - Appropriations
 - Appropriated Fund related to an appropriation

Considerations

- Is a debt service reserve required?
- Fund types involved
 - Governmental Funds
 - Proprietary Funds
- Based on particular debt issuance; each issuance is a little different

How Cash is Held

- Cash in Bank **must** be separated from Cash in State Treasury
 - If not, cash controls on SFMA wouldn't work properly
 - Only way to separate the two is with separate D23 funds

How Costs are Budgeted

- Many times costs of issuance are required to be paid out of regular operating budgets
- Some **may** be paid from separate appropriation, but this is less common

Required Debt Service Reserves

- Simplest to separate reserves in separate fund
 - Tracks cash to be appropriately maintained
 - Useful to segregate cash restricted for debt service (for financial reporting purposes)

GAAP Fund Types

- Governmental purpose debt
 - Require **at least** two funds
 - “Project” fund for expenditure of proceeds
 - Debt Service Fund to record capitalized (accrued) interest received from proceeds and payment of principal and interest

GAAP Fund Types

- Governmental purpose debt
 - Possibly a third fund for reserves (Debt Service Fund)
 - Possibly a fourth fund for issuance costs (fund type as budgeted)
 - Government-wide Reporting Fund
 - To record long-term liability

Proprietary Fund Types

- Proprietary purpose debt
 - Best to set up same number of funds as governmental purpose
 - However, all would be of the **same** GAAP fund type
 - Enterprise Fund
 - Internal Service Fund

Governmental Activity Example

- Department of Corrections (COPs)
Construction of Warner Creek Facility
- Debt Service Fund
 - Record capitalized interest received
 - Record payment of capitalized interest for part of first interest payment
 - D23 Fund as needed
 - Appropriated Fund 3430, Other Funds Debt Service Limited
 - GAAP Fund 2002, Certificates of Participation Fund

Governmental Activity Example

- Need one Capital Projects Fund
 - Record all construction costs paid from the COP proceeds
 - D23 Fund as needed
 - Appropriated Fund 3020, Other Funds Capital Construction
 - GAAP Fund 3001, Capital Projects Fund

Governmental Activity Example

- Need one Special Revenue Fund
 - Needed **only** if costs are budgeted in operating funds; otherwise, record where budgeted (Debt Service Fund or Capital Projects Fund)
 - Record cost of issuance expenditures
 - D23 Fund as needed
 - Appropriated Fund (based on budget)
 - GAAP Fund 1103, Community Protection fund

Governmental Activity Example

- May need an additional Debt Service Fund
 - Only if agency didn't have one before
- Government-wide Reporting Fund to record COP liabilities
 - Agency doesn't have to set up a separate fund, just needs one overall

Recording The Initial Debt Issuance

Our Example

\$15,560,000
State of Oregon
Department of Administrative
Services
Certificates of Participation
2003 Series B
Sale Date: October 1, 2003
Settlement Date: October 1, 2003

Official Statement

• **SOURCE OF FUNDS:**

Par Value of 2003 Series B Certificate	\$15,560,000
Net Original Issue Discount/Premium	<u>(98,358)</u>
Total Sources:	\$15,461,642

• **USES OF FUNDS:**

Deposit to the Acquisition Account	\$14,375,038
Capitalized Interest	762,206
Underwriter's Discount	111,565
Cost of Issuance	<u>212,833</u>
Total Uses:	\$15,461,642

Official Statement

• Description of the 2003 Series B projects:

- Department of Administrative Services, Facilities Division-renovation of crime lab
- Department of Administrative Services, Budget and Management-ORBITS project
- Department of Corrections-construction of Warner Creek Correctional Facility

Warner Creek Correctional Facility

• SOURCE OF FUNDS:

Par Value of 2003 Series B COP	\$8,320,000
Net Original Issue Discount/Premium	<u>(73,973)</u>
Total Sources:	\$8,246,027

• USES OF FUNDS:

Deposit to the Acquisition Account	\$7,544,461
Capitalized Interest	528,548
Underwriter's Discount	59,654
Bond Insurance	44,318
Cost of Issuance	<u>69,046</u>
Total Uses:	\$8,246,027

What goes where?

- Capital Projects Fund
 - Project funds
- Debt Service Fund
 - Capitalized Interest
- Government Wide Reporting Fund
 - Record liability

Proceeds

- (1) T-code 567 to record face amount of COP issued (capital projects fund)
 - DR 0077 Cash in Bank
 - CR 3100 Revenue Control-Cash (CO 1506 Certificates of Participation)
- Fund type - governmental
- Amount: \$7,791,452

Proceeds

- (2) T-code 567 to record capitalized interest (debt service fund)
 - DR 0077 Cash in Bank
 - CR 3100 Revenue Control-Cash (CO 1506 Certificates of Participation)
- Fund type - governmental
- Amount: \$528,548

Original Issue Discounts

- (3) T-code 567R to record original issue discount (capital projects fund)
 - DR 3100 Revenue Control-Cash (CO 1507 Original Issue Discount-COP)
 - CR 0077 Cash in Bank
- Fund type - governmental
- Amount: \$73,973

Our example has a net discount. What t-code would be used if there had been a net premium?

Cost of Issuance

- (4) T-code 568 to record issuance costs and underwriter's discount (capital projects fund)
 - DR 3500 Expenditure Control (CO 4055 COP Costs)
 - CR 0077 Cash in Bank
- Fund type - governmental
- Amount: \$59,654 + \$44,318 + \$69,046

Capitalize Debt

- (5) T-code 504 to record the debt for the face value of COPS issued
 - DR 3200 GAAP Revenue Offset (CO 1506 Certificates of Participation)
 - CR 1704 COP Payable-Noncurrent
- Fund type - government wide reporting fund
- Amount: \$8,320,000

Capitalize Original Issue Discount

- (6) T-code 504R to record reduction of debt for original issue discount
 - DR 1702 Discount on COP
 - CR 3200 GAAP Revenue Offset (CO 1507 Original Issue Discount-COP)
- Fund type - government wide reporting fund
- Amount: \$73,973

Capitalize Issuance Costs

- (7) T-Code 514 to capitalize issuance costs
 - DR 0603 Deferred Charges
 - CR 3600 GAAP Expenditure Offset (CO 4055 COP Costs)
- Fund type - government wide reporting fund
- Amount: \$44,318 + \$69,046

Capitalize Underwriter's Discount

- (8) T-code 514 to capitalize underwriter's discount
 - DR 1701 Underwriter's Discount - COP
 - CR 3600 GAAP Expenditure Offset (CO 4055 COP Costs)
- Fund type - government wide reporting fund
- Amount: \$59,654

Other Entries

- Accrued Interest Earned:
 - Sale date is not same as settlement date
 - T-code 507
 - DR 0077 Cash in Bank
 - CR 1235 Accrued Interest on COPS Sold
- Debt Service Reserve
 - Separate D23 fund set up in fund type that will make the debt service payments

The example we have used has been for debt issued in a governmental fund type. What would be different for a proprietary or fiduciary fund?

Variations

- Cash in State Treasury
 - Uses different t-codes
- Other types of debt instead of COP
 - Uses different comp objects and general ledger accounts

Accounting Text Book Entry

DR Cash	19,100
DR Discount on Bonds	1,200
DR Bond Issue Costs	400
CR Bonds Payable	20,700

To record debt issuance.

Our Example

DR Cash in Bank	8,073,009
DR Deferred Charges	113,364
DR Underwriter's Discount	59,654
DR Discount on COP Sold	73,973
CR COP Payable	8,320,000

Recording Debt Service Payments and Amortization



Repayments

- In proprietary funds, debt repayments are recorded within the proprietary fund as is the long-term debt.
- In governmental funds, repayments involve both governmental funds (where the payments are recorded) and the government-wide reporting fund (where the obligation is adjusted and amortization is recorded).

Bond Principal and Interest

- Generally, bond principal and interest payments are made using T-code 568. T-code 568 debits expenditure control (GL 3500) and credits cash in bank or cash with fiscal agent.
0077 Cash in Bank
0080 Cash with Fiscal Agents – Restricted
0081 Cash with Fiscal Agents – Unrestricted
(All are current asset accounts)

P & I Payment

Transaction Code 568

Bonds

- Comptroller object 7100 principal
- Comptroller object 7250 interest

Certificates of Participation (COPs)

- Comptroller object 7150 principal
- Comptroller object 7300 interest

Agency Practice

- Some agencies have established bond debt payment practices with other acceptable T-codes.
- Transaction code 714 (BT with TC 715)
 - Debit 3500 Expenditure Control – Cash
 - Credit 0070 Cash on Deposit
- Transaction code 167R (ACH wire transfer)
 - Debit 3500 Expenditure Control – Cash
 - Credit 0065 Unreconciled Deposit

Lottery Bonds

- DAS actually completes the transfer and records cash in bank in the agencies' records, general ledger account 0077.
Balanced Transfer
DAS
- 185R Debit 3550 Operating Transfer Out
Credit 0065 Unreconciled Deposit
Agency
- 186 Debit 0077 Cash in Bank
Credit 3150 Transfers In

COP Debt Payments

- COP's require that agencies remit cash for principal and interest to DAS, who remits the payments to the agent, who then pays COP holders.
- Expenditures are recorded at the time the agency makes payment.

COP Payment T-Codes

- 760 (Balanced Transfer) – Agency
 - Debit 3500 Expenditure Control Cash
 - Credit 0070 Cash on Deposit
- 761 – DAS
 - Debit 0070 Cash on Deposit
 - Credit 0501 Accounts Receivable –
Other - Billed

Interest Earned

Transaction Code 567

<u>GL</u>	<u>CO</u>	<u>Debit</u>	<u>Credit</u>
0077	Cash in Bank	716.44	
3100	0800 Revenue Control - Cash		716.44
	(Interest on Investments)		

Record interest earned per Budget and Management statement.

**Interest Expenditure
(Earned Portion)**

Transaction Code 568

<u>GL</u>	<u>CO</u>	<u>Debit</u>	<u>Credit</u>
3500	7300 Expenditure Control - Cash		716.44
	(Interest -COPs)		
0077	Cash in Bank		716.44

Record expenditure of interest earned per Budget and Management statement.

**1999 Series A/Partial Refunding of
1997 A**

Transaction code 760
For 05/01/2004 Payment

<u>GL</u>	<u>CO</u>	<u>Debit</u>	<u>Credit</u>
3500	7150 Expenditure Control - Cash		410,000.00
	(Principal - COPs)		
3500	7300 Expenditure Control - Cash		2,548,093.56
	(Interest - COPs)		
0070	Cash in State Treasury	2,958,093.56	

Record payment of principal and net interest per schedule in Debt Service Fund.

**1999 Series A/Partial Refunding of
1997 A**

Transaction code 761
For 05/01/2004 Payment

	<u>Debit</u>	<u>Credit</u>
0070 Cash on Deposit - Treas	410,000.00	
0070 Cash on Deposit - Treas	2,548,093.56	
0501 Accts Rec-Other-Billed		2,958,093.56

**Reduce Liability - Principal Payment
T-Code 528**

General Ledger Accounts	
1276	Bonds Payable - Current
1279	COP Payable - Current
1704	COPs Payable - Noncurrent
1714	Bonds Payable - Noncurrent
1540	Tax Anticipation Notes Payable

**Reduce Liability - Principal Payment
T-Code 528**

Comptroller Objects	
7100	Principal - Bonds
7150	Principal - COPs
7050	Refund Debt - Escrow Agent From Bond/COP Proceeds
7410	Principal - Tax Anticipation Notes

Reduce Liability in Government-wide Reporting Fund

Transaction code 528

<u>GL</u>	<u>CO</u>	<u>Debit</u>	<u>Credit</u>
1704		COPs Payable Noncurrent 410,000	

3600	7150	GAAP Offset Expenditure – Cash (Principal – COPs)	410,000
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Amortization Requirements Discount and Premium

- OAM 15 05 00.P0 .106 a. cites the requirements of APB Opinions No. 12, *Omnibus Opinion – 1967*, and No. 21, *Interest on Receivables and Payable*, as amended. These opinions require deferral and amortization of debt issue premium and discount, using the "interest" method. However, other methods of amortization may be used if not materially different from those which would result from the "interest" method.

Amortization of COI

APB 21 also requires issuance costs to be reported as deferred charges. APB opinion No. 21 does not specify an amortization method for issuance costs.

Amortization

The Oregon Accounting Manual refers to a "systematic and rational method" of amortization.

Amortization of Premium and Discount

- The profession's preferred procedure is the *effective interest* rate method.
- The *straight line method* may be used if the results are not materially different than those resulting from the effective interest method. Straight-line is generally used in practice because it is easier.
- The *bonds outstanding method* is an application of straight-line method to serial bonds.

Effective Interest Method

Date	Cash	Interest/ Amort	Bond Discount	Book Value
1/1/99	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>	92,278
1/1/00	8,000	9,265	1,265	93,543
1/1/01	8,000	9,392	1,392	94,934
1/1/02	8,000	9,531	1,531	96,466
1/1/03	8,000	9,685	1,685	98,151
1/1/04	8,000	9,854	1,854	100,005
	40,000	47,727	7,727	

Straight-line Method

Date	Cash	Interest/ Amort	Bond Discount	Book Value
1/1/99	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>	92,278
1/1/00	8,000	9,545	1,545	93,823
1/1/01	8,000	9,545	1,545	95,368
1/1/02	8,000	9,545	1,545	96,913
1/1/03	8,000	9,545	1,545	98,458
1/1/04	8,000	9,545	1,545	100,003
	40,000	47,725	7,725	

Bonds Outstanding Method

Period	Bonds O/S	Fraction of Total Bonds O/S	Total Disc	Yearly Discount Amort
1	100,000	10/30	7,725	2,575
2	80,000	8/30	7,725	2,060
3	60,000	6/30	7,725	1,545
4	40,000	4/30	7,725	1,030
5	20,000	2/30	7,725	515
	300,000	30/30		7,725

Period	Bonds O/S	Interest Payment 8%	Period Discount Amort	Period Interest & Amort
1	100,000	8,000	2,575	10,575
2	80,000	6,400	2,060	8,460
3	60,000	4,800	1,545	6,345
4	40,000	3,200	1,030	4,230
5	20,000	1,600	515	8,460
	300,000		7,725	

**Amortization of Discount, COI,
Deferred Charges
Transaction Code 520**

	Credit General Ledger Accounts
0602	Prepaid Expenses
0603	Deferred Charges
1701	Underwriter's Discount COPs
1702	Discount on COPS Sold
1705	Deferred Loss/Gain on Refunding
1711	Underwriter's Discount Bonds
1712	Discount on Bonds Sold

**Amortization of Discount, COI, Deferred
Charges
Transaction Code 520**

	Comptroller Objects
7420	Amortization - Deferred Charges
7430	Amortization - Prepaid Expenses
7440	Amort - Underwriter's Disc - Bonds
7445	Amort - Underwriter's Disc - COPs
7450	Amort - Disc/Prem on Bonds
7455	Amort - Disc/Prem on COPs
7460	Amortization Cost of Issue - Bonds
7465	Amortization Cost of Issue - COPs

Amortization of Discount Example

Transaction Code 520

GL	CO	Debit	Credit
3600	7455	GAAP Offset Expenditure (Amort Disc/Prem COPs) 1,545	
1702		Discount on COPs Sold	1,545

Record amortization of discount on COPs

**Amortization of Premium
Transaction Code 523**

	Debit General Ledger Accounts
1703	Premium on COPs Sold
1713	Premium on Bonds Sold
1545	Premium on TANs

	Comptroller Objects
7450	Amort - Discount/Premium on Bonds
7455	Amort - Discount/Premium on COPs

Quiz

1. What transaction codes are usually used to adjust cash in bank, GL 0077?
2. What are some examples of transaction codes used to make COP payments to DAS?
3. What transaction code is used to amortize discounts and cost of issuance?
4. What transaction code is used to amortize premium?
5. What transaction code is used to reduce the long term liability for Bond or COPs in the Government-wide Reporting Fund?

**Long-term Debt Training
Recording Year End
Transactions**

Covered in this segment

- Interest payable accruals
- Arbitrage rebate liability accruals
- Reclassification of current liability from noncurrent
- Reclassification of restricted assets
- Distinguishing between current & noncurrent restricted assets
- Disclosure of restricted assets

Interest Payable Accrual

- Accrue interest payable at June 30
 - For example, accrue interest attributable to April, May and June for interest payments made April/Oct
- T-code 437 & GL 1230, Interest Payable-Current
- Accrue in proprietary fund or government-wide reporting fund

Arbitrage Rebate Payable

- Arbitrage = refund to federal government for "excess earnings" on unspent debt proceeds
- T-code 526 & GL 1719, Arbitrage Rebate Payable
- Accrue in proprietary fund or government-wide reporting fund
- Provide certification to SARS by October 31
 - Sample certification in OAM 75.15.01 FO

Reclassification of Liability

- Principal payments due within one year = current liability
- Reclassify current portion of bonds/COPs payable from noncurrent bonds/COPs payable using t-codes 475 & 475R
- GL 1276 – bonds payable current
- GL 1279 – cops payable current

Restricted Assets

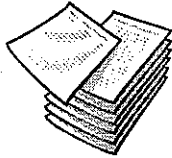
- Reported when restrictions (as defined below) on asset use change the nature or normal understanding of the availability of the asset
- Constraints placed on asset use are either:
 - Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments
 - Imposed by law through constitutional provisions or enabling legislation

Reclassify Restricted Assets

- Assets held outside of State Treasury only
- Debt managed by BAM – information provided by BAM
- T-code 474 & 474R
- Reverse reclassification on July 1
- Assets held at State Treasury should not be reclassified; report on disclosure form

Year End Information from Budget & Management

- Use to determine appropriate reclassifications
- Use to complete year end disclosure forms



Current Restricted Assets

- GL 0080-Cash with Fiscal Agent-Restricted Current
- GL 0290-Investments-Restricted Current
- Used in current operations
 - Cash held in a bond & interest reserve and required to be used to pay current maturities
 - Investments that will be liquidated in the short term for use in current operations

Noncurrent Restricted Assets

- GL 0928-Cash & Cash Equivalents-Restricted
- GL 0940-Investments-Restricted
- Most restricted assets should be reported as noncurrent since they are not available to pay current liabilities

Disclosure of Restricted Assets

- Disclosure form 1.B, 1.E, 1.F, #2
- Include all restricted assets regardless of where held
- Purpose for which assets are restricted must be disclosed in CAFR

Refunding a Debt Issue



Objectives

- Refunding - current and advanced
- Defeased debt
- Accounting entries
- Deferred gain or loss on refunding
- Information for disclosures

Types of Refundings

- **Current:** proceeds of the refunding bonds (new debt) are used to redeem existing debt.
- **Advance:** proceeds of the refunding bonds (new debt) are placed into an escrow account pending the call date or maturity date of the old debt.

Defeasance

- Most advance refundings result in defeasance of the old debt. Debt is treated as though it had in fact been redeemed.
- *The practical effect of both kinds of defeasance is that you need to treat the old debt as having been paid off.*

Legal vs. In-substance Defeasance

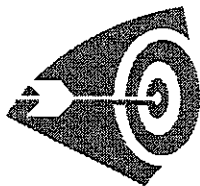
- Legal defeasance occurs when debt is legally satisfied based on certain provisions in the debt instrument (indenture) even though the debt is not actually paid.
- In-substance defeasance occurs when debt is considered defeased for accounting and reporting purposes even though a legal defeasance has not occurred.

Crossover Refundings

The escrow account in a crossover refunding is not immediately dedicated exclusively to debt service on the old debt.

Only at a predetermined future date, called the crossover date, can the resources be used for debt service on the old series. At that point, an in-substance defeasance has occurred.

Accounting Entries



What goes where?

Debt Service Fund ~ *Current financial resources perspective*

- Face value of bonds from sale
- Amounts retained by the Underwriter and Bond/COP issuance costs paid on new debt
- Bond/COP original issue discount paid on refunding debt
- Payment to escrow agent

What goes where?

Government Wide Reporting Fund ~
Economic resources perspective

- Record new liability; remove old liability
- Capitalize original issue discount
- Capitalize deferred charges
- Capitalize underwriter's discount
- Record and defer gain or loss on refunding

Example: COP Refunding

➤ OLD DEBT

DAS has Series 1993A with an original maturity amount of \$12,090,000. COPs were incurred for the Portland State Office Building. Debt service paid monthly.

- Interest rate on 1993A is 5.52%

➤ NEW DEBT

DAS refunds that series with 2002 Series E for \$11,590,000. Debt service paid semi-annually.

- Interest rate on 2002E is 3.74%

Example: COP Refunding

- A portion of Series 1993A was refunded, not the entire. The principal outstanding before the refunding was \$110 million.
- The issue date of the refunding was 10/15/2002. The refunded debt was paid every month; the refunding debt is paid at 5/1/xx and 11/1/xx.

Post Cash Transactions

(1) T-code 567 to record face value of COP issued

DR 0077 Cash in Bank
CR 3100 Revenue Control (CO 1505
Proceeds from Refunding Bond/COP Debt)

Fund type - Governmental or proprietary
Amount: \$11,590,000

Post Cash Transactions

(2) T-code 511R to record original issue premium of new COP issue

DR 0077 Cash in Bank
CR 1703 Premium on COPs Sold (no CO)

Fund type - Proprietary only
Amount: \$686,955

Post Cash Transactions (Debt Service Fund)

(2B) T-code 567 to record original issue premium of new COP issue

DR 0077 Cash in Bank
CR 3100 Revenue Control (CO 1505
Proceeds from Refunding Bond/COP Debt)

Fund type - Governmental only
Amount: \$686,955

**Post Cash Transactions
(Government Wide Reporting Fund)**

(2C) T-code 504 to record original issue premium of new COP issue

DR 3200 GAAP Revenue Offset (CO 1505 Proceeds from Refunding Bond/COP debt)
CR 1703 Premium on COPs Sold

Fund type – GWRP only
Amount: \$686,955

Post Cash Transactions

(3) T-code 568 to record amount retained by the Underwriter

DR 3500 Expenditure Control (CO 4055 COP Costs)
CR 0077 Cash in Bank

Fund type – Governmental or proprietary
Amount: \$58,619

Post Cash Transactions

(4) T-code 568 to record costs of issuance

DR 3500 Expenditure Control (CO 4055 COP Costs)
CR 0077 Cash In Bank

Fund type – Governmental or proprietary
Amount: \$67,648

Post Cash Transactions

(5) T-code 568 to record COP insurance

DR 3500 Expenditure Control (CO 4055 COP Costs – COP insurance)
CR 0077 Cash in Bank

Fund type – Governmental or proprietary
Amount: \$22,163

Post Balance Sheet Transactions

(6) T-code 504 to record liability for new COPS

DR 3200 GAAP Revenue Offset (CO 1505 Proceeds from Refunding Bond/COP Debt)
CR 1704 COPS Payable-Noncurrent

Fund type – GWRP or Proprietary
Amount: \$11,590,000

Post Balance Sheet Transactions

(7) T-code 528 to eliminate defeased debt

DR 1704 COPS Payable - Noncurrent
CR 3600 GAAP Expenditure Offset (CO 7050 Refund Debt Payment-Escrow Agent)

Fund type: GWRP or Proprietary
Amount: \$12,007,500

Post Balance Sheet Transactions

(8) T-code 514R to eliminate deferred charges on defeased COPs

DR 3600 GAAP Expenditure Offset (CO 4055 COP Costs)
CR 0603 Deferred Charges

Fund type: GWRP or Proprietary
Amount: \$73,736

Post Balance Sheet Transactions

(9) T-code 514R to eliminate underwriter's discount

DR 3600 GAAP Expenditure Offset (CO 4055 COP Costs)
CR 1701 Underwriter's Discount - COPs

Fund type: GWRP or Proprietary
Amount: \$66,027

Post Balance Sheet Transactions

(10) T-code 514R to eliminate discount on COPs sold

DR 3600 GAAP Expenditure Offset (CO 4055 COPs Cost)
CR 1702 Discount on COPs Sold

Fund type: GWRP or Proprietary
Amount: \$213,394

Additional Amounts

Interest Payable-Current, GL 1230, \$164,640.

➤ *Interest accrued and owing on the old COPs per SFMA. To be paid to the Escrow agent.*

Trust Funds Payable, GL 1575, \$82,500.

➤ *Amount to be paid to the Escrow agent.*

Accrued Interest on COPs Sold, GL 1235, \$22,388.

➤ *Interest earned on COP from issue date to sale date, per Sources & Uses.*

Post Reclassification Transactions

(11) T-code 507R to record payment to Escrow agent for Interest Payable

DR 1230 Interest Payable-Current
CR 0077 Cash in Bank
Obj: n/a

Fund type: Governmental or Proprietary
Amount: \$164,640

Post Reclassification Transactions

(12) T-code 507R to record use of Trust Funds Payable to Escrow agent

DR 1575 Trust Funds Payable
CR 0077 Cash in Bank
Obj: n/a

Fund type: Governmental or Proprietary
Amount: \$82,500

Post Reclassification Transactions

(13) T-code 568R to reclassify cash increase from Escrow agent

DR 0077 Cash in Bank
CR 3500 Expenditure Control (CO 7050 Refund Debt Payment - Escrow agent)

Fund type: Governmental or Proprietary
Amount: \$247,140

Pay Escrow Agent

(14) T-code 568 to pay Escrow agent for old debt

DR 3500 Expenditure Control (CO 7050 Refund Debt Payment - Escrow agent)
CR 0077 Cash in Bank

Fund type: Governmental or Proprietary
Amount: \$12,381,194

Record Accrued Interest on COPs Sold

(15) T-code 507 to record accrued interest on COPs Sold, a cash amount received

DR 0077 Cash in Bank
CR 1235 Accrued Interest on COPs Sold
Obj: n/a

Fund type: Governmental or Proprietary
Amount: \$22,388

Deferred Gain or Loss on Refunding

- GASB 23 requires that for advanced or current refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying value of the old debt be deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Loss or Gain on Refunding Calculation

This is the simplified example of the loss components from OAM 15.65.30 PR.106

Face value of refunded debt	\$5,500
Discount on refunded debt	(160)
Deferred Charges on refunded debt	(45)
Net Carrying Amount	5,295
Net Proceeds to escrow agent	5,000
Additional payment to escrow agent	1,000
Reacquisition price	6,000
Deferred Loss on Refunding	(705)

Deferred Loss on Refunding

COPs Payable- Noncurrent	GL 1704	12,007,500
Deferred Charges	GL 0603	(73,736)
UW Discount-COPs	GL 1701	(66,027)
Discount on COPs Sold	GL 1702	(213,394)
Net Carrying value		<u>11,654,343</u>
Net Proceeds		12,381,194
Additional amts paid to Escrow agent		(247,140)
Reacquisition Price		<u>12,134,054</u>
Deferred Loss on Refunding		<u>(479,711)</u>

Recording the Loss or Gain

(16) T-code 514 to record the deferral of the loss or gain on refunding of COP

DR 1705 Deferred Loss/Gain on Debt Refunding
CR 3600 GAAP Expenditure Offset
(CO 4055 COP Costs)

GAAP requires that the Deferred Loss or Gain offset the liability. Therefore, that amount will be a contra-liability balance which will be amortized.

Disclose Defeased Debt

- Although the liability for the refunded bonds is no longer reported on the face of the financial statements, the amount of in-substance defeasance must be reported in the notes.
- We require defeased debt to be disclosed on the annual Debt Disclosure.

Disclose Economic Gain or Loss

Economic gain or loss is the difference between the present value of the old debt service, discounted at the effective interest rate and adjusted for additional cash paid (issuance costs or payments to escrow agent).

Disclosure Requirements for Long-term and Short-term Debt



Disclosure Requirements

- Description of long-term debt issued by the State, including authorization
- Short-term debt activity for the year
- Changes in long-term debt
- Debt service requirements (P & I)

Disclosure Requirements (continued)

- Terms by which interest rates change for variable rate debt
- Description of demand bond arrangements
- No-commitment debt outstanding at June 30
- Description of debt refunding transactions

Disclosure Requirements (continued)

- Defeased debt
- Arbitrage rebate liability at June 30
- Significant or recurring violations of debt covenants during the year
- Subsequent events, such as new debt issuances

Short-term Debt Disclosure

- Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans
- Examples of anticipation notes are:
 - Tax Anticipation Notes (TAN)
 - Bond Anticipation Notes (BAN)
 - Revenue Anticipation Notes (RAN)

Changes in Outstanding Debt Disclosure

- Outstanding debt, beginning of year
- Additional debt issued during the year
- Reductions of debt during the year
- Outstanding debt, end of year

Debt Repayment Schedule Disclosure

- Repayment of debt included in schedule 2A, 3A, 4A, and 5A
- Includes both principle and interest repayment requirements through maturity of the debt

Variable Interest Rate Information

- Form is new for FY 2004 – schedule 2C, 3C, 4C, and 5C
- Terms by which interest rates change for variable rate debt (rate basis)
- Amount of outstanding bonds
- Interest rate as of June 30

Demand Bonds Disclosure

- These are long-term debt issues that require the issuer to repurchase the bonds upon notice from the bondholder at a price equal to the principal plus accrued interest
- Disclose terms of agreement

No-Commitment Debt Disclosure

- These are long-term debt issues that are issued to finance public purpose expenditures for ownership by private entities. This debt bears the name of the state, but is secured solely by the credit of the private entity.
- Disclose outstanding amount at June 30

Advance or Current Refunding Disclosure

- Description of advance or current refunding of debt that occurred during the year

Defeased Debt Disclosure

- Defeased debt is no longer reported as a liability on the face of the statement of net assets; only the new debt is reported
- Disclose amount of defeased debt as of year end

Arbitrage Rebate Liability Disclosure

- If your agency issued tax-exempt bonds or COPS after 1986, you are required to perform rebate calculations
- Disclose amount of arbitrage rebate liability as of year end

Debt Covenant Violations Disclosure

- Did your agency have any significant or recurring violations of debt covenants during the fiscal year?

Other Debt Disclosures

- Is there other short-term or long-term debt that you are aware of at your agency that should be disclosed?

Subsequent Events

- Significant events after June 30, but before CAFR is published
 - New debt issuances
 - Bond calls
 - Refundings of debt
 - Use of lines of credit

Resources

- OAM policies and procedures:
 - 15.65.10 Bonds & COPS
 - 15.65.20 Arbitrage
 - 15.65.30 Debt Refunding
- T-code reference sheet in handouts
- SARS Analyst
- OAM link:
http://egov.oregon.gov/DAS/SCD/SARS/oam_toc.shtml

OFFICIAL STATEMENT DATED SEPTEMBER 16, 2003

NEW ISSUE-COMPETITIVE
BOOK-ENTRY ONLY

RATINGS: See "Ratings" herein

\$15,560,000

STATE OF OREGON
DEPARTMENT OF ADMINISTRATIVE SERVICES
CERTIFICATES OF PARTICIPATION
2003 SERIES B

Dated: Date of Delivery

Due: May 1, as shown on inside cover

Tax Exemption

In the opinion of Preston Gates & Ellis LLP, Portland, Oregon, Special Counsel, interest with respect to the 2003 Series B Certificates is excluded from gross income subject to federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, subject to certain conditions and assumptions described herein under "TAX EXEMPTION." The 2003 Series B Certificates are not private activity bonds. Interest with respect to the 2003 Series B Certificates is included in the computation of certain federal taxes on corporations. In the opinion of Special Counsel, interest with respect to the 2003 Series B Certificates is exempt from present personal income taxation by the State of Oregon. However, no opinion is expressed with respect to the federal income tax consequences of any payments received with respect to the 2003 Series B Certificates following termination of the Loan Agreement relating thereto as a result of nonappropriation of funds or the occurrence of an event of default thereunder. See "TAX EXEMPTION" herein.

Security

The 2003 Series B Certificates will represent undivided proportionate interests in Loan Payments to be made by the State of Oregon (the "State"). The 2003 Series B Certificates are issued under a Trust Agreement and a Loan Agreement, each dated as of the date of delivery of the 2003 Series B Certificates (as described herein).

Insurance

The scheduled payment of principal of and interest on the 2003 Series B Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2003 Series B Certificates by FGIC. See "BOND INSURANCE" herein.



Financial Guaranty Insurance
Company

FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Government agency.

Interest Payment Dates

Interest on the 2003 Series B Certificates is payable semiannually on each May 1 and November 1, commencing May 1, 2004, until the redemption prior to maturity or maturities thereof.

Denominations

\$5,000 or any integral multiple thereof.

Redemption

The 2003 Series B Certificates are subject to redemption prior to maturity. See "THE 2003 Series B Certificates—Optional Prepayment" herein and "THE 2003 Series B Certificates—Mandatory Sinking Fund Redemption" herein.

Closing/Settlement

It is expected that the 2003 Series B Certificates will be available for delivery through the facilities of DTC in New York, New York on or about October 1, 2003.

Legal Counsel

Preston Gates & Ellis LLP, Portland, Oregon, Special Counsel to the State; Oregon Department of Justice, Salem, Oregon, Counsel to the State and the Department of Administrative Services.

Trustee

Wells Fargo Bank Northwest, National Association.

Paying Agent

The Bank of New York, as the State of Oregon's Fiscal Agent.

\$15,560,000
STATE OF OREGON
DEPARTMENT OF ADMINISTRATIVE SERVICES
CERTIFICATES OF PARTICIPATION
2003 SERIES B

<u>Maturity Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>
2005	\$210,000	2.00%	1.25%	68607H TL 0
2006	815,000	2.00	1.65	68607H TM 8
2007	830,000	2.00	2.05	68607H TN 6
2008	850,000	3.00	2.40	68607H TP 1
2009	875,000	3.00	2.75	68607H TQ 9
2010	435,000	3.00	3.10	68607H TR 7
2011	450,000	3.40	3.40	68607H TS 5
2012	465,000	3.50	3.60	68607H TT 3
2013	480,000	3.75	3.75	68607H TU 0
2014	500,000	3.75	3.85	68607H TV 8
2015	515,000	3.90	3.95	68607H TW 6
2016	540,000	4.00	4.05	68607H TX 4
2017	565,000	4.10	4.15	68607H FY 2
2018	580,000	4.20	4.25	68607H TZ 9
2019	605,000	4.30	4.35	68607H UA 2
2020	630,000	4.40	4.45	68607H UB 0
2021	660,000	4.50	4.55	68607H UC 8
2022	690,000	4.60	4.65	68607H UD 6
2023	720,000	4.60	4.75	68607H UE 4

\$1,550,000 4.60% Term Bond due May 1, 2025 Priced to Yield 4.76% CUSIP No. 68607H UG 9

\$2,595,000 4.65% Term Bond due May 1, 2028 Priced to Yield 4.80% CUSIP No. 68607H UK 0

Sources and Uses of 2003 Series B Certificate Proceeds

The estimated sources and uses of funds for the 2003 Series B Certificates, exclusive of accrued interest, are as follows:

SOURCE OF FUNDS:

Par Value of 2003 Series B Certificate	\$15,560,000
Net Original Issue Discount/Premium	<u>(98,358)</u>
Total Sources	\$15,461,642

USES OF FUNDS:

Deposit to the Acquisition Account	\$14,375,038
Capitalized Interest	762,206
Underwriters' Discount	111,565
Costs of Issuance ¹	<u>212,833</u>
Total Uses	\$15,461,642

Payment Schedule for the 2003 Series B Certificates

Maturity Date	Principal	Interest	Fiscal Year Debt Service
2004	\$0	\$349,824	\$349,824
2005	\$210,000	\$599,698	\$809,698
2006	\$815,000	\$595,498	\$1,410,498
2007	\$830,000	\$579,198	\$1,409,198
2008	\$850,000	\$562,598	\$1,412,598
2009	\$875,000	\$537,098	\$1,412,098
2010	\$435,000	\$510,848	\$945,848
2011	\$450,000	\$497,798	\$947,798
2012	\$465,000	\$482,498	\$947,498
2013	\$480,000	\$466,223	\$946,223
2014	\$500,000	\$448,223	\$948,223
2015	\$515,000	\$429,473	\$944,473
2016	\$540,000	\$409,388	\$949,388
2017	\$565,000	\$387,788	\$952,788
2018	\$580,000	\$364,623	\$944,623
2019	\$605,000	\$340,263	\$945,263
2020	\$630,000	\$314,248	\$944,248
2021	\$660,000	\$286,528	\$946,528
2022	\$690,000	\$256,828	\$946,828
2023	\$720,000	\$225,088	\$945,088
2024	\$755,000	\$191,968	\$946,968
2025	\$795,000	\$157,238	\$952,238
2026	\$825,000	\$120,668	\$945,668
2027	\$865,000	\$82,305	\$947,305
2028	\$905,000	\$42,083	\$947,083

¹ Includes legal fees, printing costs and bond insurance premiums, the fees and expenses of the trustee, the financial advisor and rating agencies and other miscellaneous expenses.

EXHIBIT B-2

Department of Corrections
Establishing Accounts for 2003 Series B COP's
Warner Creek Correctional Facility

COP Payable:		8,320,000.00
Original Issue Premium (Discount):		(73,973.40)
Underwriters Discount:	59,654.40	
Project Funds:	7,544,460.57	
Bond Insurance:	44,318.44	
Costs of Issuance:	69,045.64	
Capitalized Interest:	<u>528,547.55</u>	

Totals: 8,246,026.60 8,246,026.60

Project Account Funds
Agency Projects
(Funds held at Trustee)

Beginning Balance	7,544,460.57
Estimated Earnings During Construction:	42,420.43
Total:	<u>7,586,881.00</u>

2003 Series B
Costs of Issuance Funds
(Funds held at Trustee)

Bond Insurance Premium:	0
Costs of Issuance:	<u>69,045.64</u>

Totals: 69,045.64

2003 Series B
Certificate Account
(Funds held by Trustee)

Accrued Interest:	
Capitalized Interest:	<u>528,547.55</u>

Totals: 528,547.55

True Interest Cost: 4.58%

Long-Term Debt Training Entries to Record Initial Debt Issuance COP Example Issuance

0077 Cash in Bank			
(1 CP)	7,791,452	73,973	(3 CP)
(2 DS)	528,548	59,654	(4 CP)
		44,318	(4 CP)
		69,046	(4 CP)
	8,073,009		

0603 Deferred Charges			
(7 GWRF)	69,046		
(7 GWRF)	44,318		
	113,364		

1506 Certificates of Participation			
(5 GWRF)	8,320,000	7,791,452	(1 CP)
		528,548	(2 DS)
	0		

1507 Original Issue Discount-COP			
(3 CP)	73,973	73,973	(6 GWRF)
		0	

1701 Underwriter's Discount	
(8 GWRF)	59,654
	59,654

1702 Discount on COP Sold	
(6 GWRF)	73,973
	73,973

1704 COP Payable-Noncurrent	
	8,320,000 (5 GWRF)
	8,320,000

4055 COP Costs			
(4 CP)	173,018	69,046	(7 GWRF)
		44,318	(7 GWRF)
		59,654	(8 GWRF)
	0		

- 1) Record COP proceeds in capital projects fund.
- 2) Record capitalized interest in debt service fund.
- 3) Record original issue discount in capital projects fund.
- 4) Record costs of issuance in capital projects fund.
- 5) Record COP liability in government-wide reporting fund (GWRF).
- 6) Record capitalization of original issue discount in GWRF.
- 7) Record capitalization of issuance costs in GWRF.
- 8) Record capitalization of underwriter's discount in GWRF.

Certificate of Participation Payment Invoice
Oregon Department of Corrections
1999 Series A / Partial Refunding of 1997 A
March 26, 2004

To: Ellie Sjöholm
 Department of Corrections

From: Lyndon Troseth
 Budget and Management Division

COP Certificate Account Status:

Interest Earnings: Sept. 2003 - Mar. 2004	\$	716.44
Transfer In	\$	-
Transfer Out	\$	-
Funds Available	\$	716.44

COP Payment Due:

Total Interest:	\$	2,548,810.00
Total Principal:	\$	410,000.00
Less Funds Available:	\$	(716.44)

Net Payment Due From Agency: \$ 2,958,093.56

METHODS OF PAYMENT

SFMS Agency	Check / Warrant
T-Code 736/737 PCA 25001 Agency Object - None GL Required: 1551 Project / Phase Required: 199901 00	Send to: Department of Administrative Services Attention: Cashier 155 Cottage Street NE, U10 Salem, OR 97301-3965 Please write "1999 A COP" on your remittance

*Please direct all questions regarding payment to Lyndon Troseth at
 (503) 378-3105 or Susan Taylor at (503) 378-2349 extension 311.*

The payment must be received by DAS on or before April 9, 2004.

Certificate of Participation Payment Invoice
Oregon Department of Corrections
1999 Series A / Partial Refunding of 1997 A
September 17, 2003

To: **Ellie Sjöholm**
Department of Corrections

From: **Lyndon Troseth**
Budget and Management Division

COP Certificate Account Status:

Beginning Balance July 1, 2003:	\$	12,174.72
Interest Earnings: July 2003 - Sept. 2003	\$	13.91
Transfer In	\$	-
Transfer Out	\$	-
Funds Available	\$	<u>12,188.63</u>

COP Payment Due:

Total Interest:	\$	2,548,810.00
Total Principal:	\$	-
Less Funds Available:	\$	<u>(12,188.63)</u>

Net Payment Due From Agency: \$ 2,536,621.37

METHODS OF PAYMENT

SFMS Agency	Check / Warrant
<p>T-Code 736/737</p> <p>PCA 25001</p> <p>Agency Object - None</p> <p>GL Required: 1551</p> <p>Project / Phase Required: 199901 00</p>	<p>Send to: Department of Administrative Services</p> <p>Attention: Cashier</p> <p>155 Cottage Street NE, U10</p> <p>Salem, OR 97301-3965</p> <p>Please write "1999 A COP" on your remittance</p>

*Please direct all questions regarding payment to Lyndon Troseth at
(503) 378-3105 or Susan Taylor at (503) 378-2349 extension 311.*

The payment must be received by DAS on or before October 10, 2003.

DEPARTMENT OF ADMINISTRATIVE SERVICES

**Statement of Earnings - COP Certificate Account
February 1, 2003 - June 30, 2003**

Budget and Management Division

Your contact is

Budget and Management Division

Lyndon Troseth
155 Collage St.
Salem, OR 97310
503-378-3105

**FO-02
Ellie Sjöholm
Corrections Department
2575 Center St. NE
Salem, OR 97310-0470**

This statement summarizes account activity from February 1, 2003 to June 30, 2003.

Account Balance	
1999 Series A	
Beginning Balance 2/01/03	2,954,941.58
Interest Earnings	8,350.64
Transfer In - Acquisition Account	0.00
Transfer In - Debt Service	0.00
COP Principal Paid	-395,000.00
COP Interest Paid	-2,556,117.50
Transfer Out - Acquisition Account	0.00

Ending Balance June 30, 2003 12,174.72

Please direct questions regarding account activity to Lyndon Troseth at (503) 378-3105.

Oregon Department of Corrections
1999 Series A Certificate of Participation
Refunding 1997 Series A
Debt Service Schedule / Semi-annual Payments

Date	Principal	Interest	Debt Service	Remaining Balance
05/01/2004	410,000	2,548,810.00	2,958,810.00	103,666,000
11/01/2004	-	2,541,122.50	2,541,122.50	103,666,000
05/01/2005	425,000	2,541,122.50	2,966,122.50	103,241,000
11/01/2005	-	2,532,941.25	2,532,941.25	103,241,000
05/01/2006	440,000	2,532,941.25	2,972,941.25	102,801,000
11/01/2006	-	2,524,141.25	2,524,141.25	102,801,000
05/01/2007	455,000	2,524,141.25	2,979,141.25	102,346,000
11/01/2007	-	2,515,041.25	2,515,041.25	102,346,000
05/01/2008	475,000	2,515,041.25	2,990,041.25	101,871,000
11/01/2008	-	2,505,303.75	2,505,303.75	101,871,000
05/01/2009	495,000	2,505,303.75	3,000,303.75	101,376,000
11/01/2009	-	2,494,908.75	2,494,908.75	101,376,000
05/01/2010	515,000	2,494,908.75	3,009,908.75	100,861,000
11/01/2010	-	2,483,836.25	2,483,836.25	100,861,000
05/01/2011	540,000	2,483,836.25	3,023,836.25	100,321,000
11/01/2011	-	2,471,956.25	2,471,956.25	100,321,000
05/01/2012	5,710,000	2,471,956.25	8,181,956.25	94,611,000
11/01/2012	-	2,343,481.25	2,343,481.25	94,611,000
05/01/2013	5,965,000	2,343,481.25	8,308,481.25	88,646,000
11/01/2013	-	2,194,356.25	2,194,356.25	88,646,000
05/01/2014	6,270,000	2,194,356.25	8,464,356.25	82,376,000
11/01/2014	-	2,037,606.25	2,037,606.25	82,376,000
05/01/2015	6,580,000	2,037,606.25	8,617,606.25	75,796,000
11/01/2015	-	1,881,331.25	1,881,331.25	75,796,000
05/01/2016	6,895,000	1,881,331.25	8,776,331.25	68,901,000
11/01/2016	-	1,713,265.63	1,713,265.63	68,901,000
05/01/2017	7,230,000	1,713,265.63	8,943,265.63	61,671,000
11/01/2017	-	1,537,034.38	1,537,034.38	61,671,000
05/01/2018	7,585,000	1,537,034.38	9,122,034.38	54,086,000
11/01/2018	-	1,352,150.00	1,352,150.00	54,086,000
05/01/2019	7,950,000	1,352,150.00	9,302,150.00	46,136,000
11/01/2019	-	1,153,400.00	1,153,400.00	46,136,000
05/01/2020	8,351,000	1,153,400.00	9,504,400.00	37,785,000
11/01/2020	-	944,625.00	944,625.00	37,785,000
05/01/2021	8,765,000	944,625.00	9,709,625.00	29,020,000
11/01/2021	-	725,500.00	725,500.00	29,020,000
05/01/2022	9,205,000	725,500.00	9,930,500.00	19,815,000
11/01/2022	-	495,375.00	495,375.00	19,815,000
05/01/2023	9,665,000	495,375.00	10,160,375.00	10,150,000
11/01/2023	-	253,750.00	253,750.00	10,150,000
05/01/2024	10,150,000	253,750.00	10,403,750.00	-
Totals:	104,076,000	75,951,063	180,027,063	-



Oregon

Theodore R. Kulongoski, Governor

August 18, 2003

Department of Administrative Services

Budget and Management Division

155 Cottage St. NE, U10

Salem, OR 97301-3965

503-378-3106

FAX 503-373-7643

Statewide Accounting and Reporting Manager
Department of Administrative Services
155 Cottage Street
Salem, Oregon 97310

RE: COP Certification of Compliance with Federal Arbitrage Regulations

The Oregon Department of Administrative Services currently has tax-exempt Oregon Certificates of Participation (COP's) subject to federal tax code and regulations regarding arbitrage rebate. **Section One** of this certification lists the outstanding COP's subject to the arbitrage rebate or penalty provisions with the **most recent estimate of the State's liability for a penalty or rebate, which is not yet due as of June 30, 2003.**

Section two of this certification lists the COP series and amount of the arbitrage rebate or penalty which was calculated, confirmed and paid in a manner consistent with the federal regulations during the past fiscal year.

Section One: Estimated Rebate Liabilities

During fiscal year 2003 the following COP series were subject to the periodic calculation of arbitrage rebate or penalty in order to comply with the provisions of the respective COP documents. The calculations were completed. Rebate payments were not scheduled to be made during fiscal year 2003 on these series.

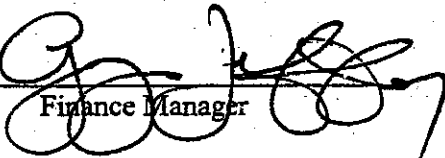
SERIES	ESTIMATED LIABILITY	DUE DATE
1993 E, Reserve	\$254,111	November 1, 2003
Agencies:		
DAS, SFMS	\$180,501	
Higher Education	\$60,972	
Dept. of Human Services	\$12,638	
2000 A, Project Account	\$492,691	May 1, 2004
Agencies:		
* Corrections	\$489,263	
Higher Education	\$3,428	
2000 B, Project Account	\$314,986	May 1, 2005
Agencies:		
Employment	\$3,249	
DAS, Facilities	\$91,331	
Military	\$13,688	
* Corrections	\$79,619	
Oregon Youth Authority	\$52,114	
DAS, Budget & Mgmt.	\$74,985	

SERIES	ESTIMATED LIABILITY	DUE DATE
2001 A, Project Account	\$136,472	May 1, 2005
<i>Agencies:</i>		
Military	\$7,760	
Forestry	\$27,310	
Higher Education	\$8,804	
DAS, Facilities North Mall	\$61,934	
DAS, Facilities Employment	\$2,472	
* Corrections	\$28,192	

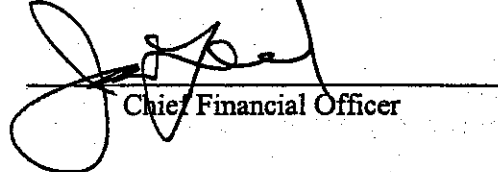
Section Two Rebate Payments Made During Fiscal Year 2003

During fiscal year 2003 two rebate payments were made to the Internal Revenue Service. Rebate payments were made for the 1997 Series B COP in the amount of \$353,100, and, for the 1998 Series A COP, \$280,800. These payments were made by those agencies with projects financed by each respective series.

I certify that the Oregon Department of Administrative Services has complied with the federal tax code and regulations regarding arbitrage rebate, calculated the estimated rebate liability, and made all rebate or penalty payments due during the fiscal year ended June 30, 2003.



 Finance Manager



 Chief Financial Officer

- C: Treasury, Debt Management Division
 DAS Accounting
 Employment
 OUS
 Dept. of Human Resources
 Corrections
 Oregon Youth Authority
 Military
 Forestry
 BAM Analysts

STATE OF OREGON

MEMORANDUM

DEPARTMENT OF ADMINISTRATIVE SERVICES
BUDGET AND MANAGEMENT

DATE: July 31, 2003
TO: State Agencies with Outstanding COP Account Balances as of June 30, 2003
FROM: Lyndon Trøseth, Finance Coordinator
RE: Cash and Cash Equivalent Balances; Investment Balances

Attached are four schedules that provide information regarding your agency's certificates of participation account balances for fiscal year end financial reporting purposes. The balances on these schedules should agree to the balances reported in your accounting records as of June 30, 2003.

The first schedule shows the portion of each outstanding account's ending balance that meets the criteria for classifying deposits as cash and cash equivalents for financial reporting purposes. The Oregon Accounting Manual (OAM) describes the criteria for reporting cash and cash equivalents in Chapter 15.10.00, Accounting and Financial Reporting for Cash and Cash Equivalents. Information pertaining to Investments may be found in chapter 15.15.00. The cash and cash equivalent balances should be recorded in SFMS comptroller general ledger account 0928, Cash and Cash Equivalents - Restricted. The schedule also shows the credit risk disclosure category required to be reported to comply with GASB 3. The second schedule shows the cash and cash equivalent amounts totaled by risk category.

The three categories of credit risk that apply to deposits are:

1. Insured or collateralized with securities held by the State or by its agent in the State entity's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the State entity's name.
3. Uncollateralized.

The third schedule shows the portion of each outstanding account's ending balance that meets the criteria for investments. Agencies should record the investments in SFMS comptroller general ledger account 0940 Investments - Restricted. Again, this schedule also shows the credit risk disclosure category relevant to each investment balance. The fourth schedule shows the investment balances totaled by risk category. The three categories of credit risk for investments are:

1. Insured or registered, with securities held by the State or by its agent in the State entity's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State entity's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State entity's name.

If you have any questions regarding the information in these reports, please give me a call at (503) 378-3105.

CASH & CASH EQUIVALENT BALANCES OF COP ACCOUNTS
 SCHEDULE ONE - SFMS GENERAL LEDGER ACCOUNT 0928
 AS OF JUNE 30, 2003

Series	Agency #	Agency Name	Acquisition Bal	Cert Bal	Res. Bal	Agency Total
2002 Series E	15600	Legislative Administration	124,839.23	15.92	3	N/A
1997 Series B	24800	Military		7.42	3	N/A
2000 Series B	24800	Military	85,243.75			85,243.75
2001 Series A	24800	Military		33.13	3	33.13
2002 Series D	24800	Military Access Road	2,156.81	1.27	3	N/A
2002 Series D	25700	OSP ECC Equip.	1,775.93	14.28	3	N/A
2002 Series D	25900	DPSST Training Fac.	1,302.91	57.39	3	N/A
2003 Series A	25900	DPSST Training Fac. Phase II	8,646.40		3	8,646.40
1995 Series A	29100	DOC		1,612.12	3	1,612.12
1996 Series A	29100	DOC	64,996.00	10,083.13	3	N/A
1996 Series B	29100	DOC	680,675.36	2,173.53	3	N/A
1996 Series C	29100	DOC	656,407.99	10,212.87	3	N/A
1997 Series A	29100	DOC	4,016,124.10	12,612.95	3	N/A
1997 Series B	29100	DOC	848,001.05	965.05	3	N/A
1999 Series A	29100	DOC		12,174.72	3	N/A
2000 Series A	29100	DOC	2,408,867.77	15,840.10	3	N/A
2000 Series B	29100	DOC	417,247.65	653.89	3	N/A
2001 Series A	29100	DOC		1,642.72	3	N/A
2001 Series B	29100	DOC		8,318.26	3	N/A
2002 Series B	29100	DOC		9,984.78	3	N/A
2002 Series C	29100	DOC		13,553.75	3	N/A
2002 Series D	29100	DOC Const. Mgmt	47,750.78	175.87	3	N/A
2002 Series D	29100	DOC OWCC Remodel	16,635.85	47.85	3	N/A
1996 Series A	41500	OYA		954.10	3	N/A
1998 Series A	41500	OYA	7,371.77	565.50	3	N/A
2000 Series B	41500	OYA	95,459.20	2,171.05	3	N/A
2002 Series B	41500	OYA		224.66	3	N/A
1996 Series A	45900	PERS		127.91	3	N/A
2002 Series B	45900	PERS		1,992.32	3	N/A
2000 Series B	47100	Employment	4,350.70	51.47	3	N/A
						124,855.15
						7.42
						85,243.75
						33.13
						2,158.08
						1,790.21
						1,360.30
						8,646.40
						1,612.12
						75,079.13
						682,848.89
						666,620.86
						4,028,737.05
						848,966.10
						12,174.72
						2,424,707.87
						417,901.54
						1,642.72
						8,318.26
						9,984.78
						13,553.75
						47,926.65
						16,683.70
						954.10
						7,937.27
						97,630.25
						224.66
						127.91
						1,992.32
						51.47
						1,992.32
						4,402.17

**CASH & EQUIVALENT BALANCES OF COP ACCOUNTS
 SCHEDULE TWO - AGENCY TOTALS BY GASB RISK CATEGORY
 AS OF JUNE 30, 2003**

* Please record in SFMS comptroller general ledger account 0928
 Cash & Cash Equivalents - Restricted

Below is a breakdown by agency and GASB 3 credit category. Please use
 this summary to fill out question 1.E if your CAFR '03 General Disclosure.

AGENCY	AGENCY NAME	RISK CAT. 1	RISK CAT. 2	RISK CAT. 3	AGY TOTALS
10700	DAS	0.00	0.00	3,094,080.09	3,094,080.09
15600	Leg. Admin.	0.00	0.00	124,855.15	124,855.15
24800	Military	0.00	0.00	87,442.38	87,442.38
25700	State Police	0.00	0.00	1,790.21	1,790.21
25900	DPSST	0.00	0.00	10,006.70	10,006.70
29100	DOC	0.00	0.00	9,256,758.14	9,256,758.14
41000	DHS	0.00	0.00	0.00	0.00
41500	OYA	0.00	0.00	106,746.28	106,746.28
45900	PERS	0.00	0.00	2,120.23	2,120.23
47100	Employment	0.00	0.00	4,402.17	4,402.17
58000	OUS	0.00	0.00	8,298.13	8,298.13
62900	Forestry	0.00	0.00	479,305.90	479,305.90
63500	ODFW	0.00	0.00	47,227.47	47,227.47
73000	ODOT	0.00	0.00	83.20	83.20
GRAND TOTAL		0.00	0.00	13,223,116.05	13,223,116.05

INVESTMENT BALANCES OF COP ACCOUNTS
SCHEDULE 3 - SFMS GENERAL LEDGER ACCOUNT 0940
AS OF JUNE 30, 2003

Series	Agency #	Agency Name	Acquisition Bal.	Risk	Inv. Type	Cert. Bal.	Risk	Inv. Type	Reserve Bal.	Risk	Inv. Type	Agency Total
1993 Series E	10700	DAS/SFMS							1,426,905.93	1	5	1,426,905.93
2001 Series A	10700	DAS/N. Mail	2,946,473.58	N/A	7	201.88	N/A	7	N/A			2,946,675.46
2002 Series D	10700	DAS Fac - Crime Lab	401,784.68	N/A	7	351,189.87	N/A	7	N/A			752,974.55
2002 Series D	10700	DAS IRMD E-Proc	1,306,840.51	N/A	7				N/A			1,306,840.51
2003 Series A	10700	DAS OSP Lab-ME Facility	2,970,157.00	N/A	7	263,853.85	N/A	7	N/A			3,234,010.85
2003 Series A	10700	DAS Telecom Switch	1,366,392.84	N/A	7				N/A			1,366,392.84
2001 Series A	24800	Military	20.86	N/A	7				N/A			20.86
2002 Series D	24800	Military Access Road	1,437,658.96	N/A	7				N/A			1,437,658.96
2002 Series D	25700	OSP ECC Equip.	100,192.82	N/A	7				N/A			100,192.82
2002 Series D	25900	DPSST Training Fac.	95,027.12	N/A	7				N/A			95,027.12
2003 Series A	25900	DPSST Training Fac. Phase II	740,377.12	N/A	7				N/A			740,377.12
2001 Series A	29100	DOC	4,989,250.82	N/A	7				N/A			4,989,250.82
2002 Series D	29100	DOC Const. Mgmt	4,396,155.28	N/A	7				N/A			4,396,155.28
2002 Series D	29100	DOC OWCC Remodel	3,878,337.47	N/A	7				N/A			3,878,337.47
2003 Series A	29100	Multnomah County Phase II	1,612,818.31	N/A	7				N/A			1,612,818.31
2001 Series A	58000	OUS	5,108,051.50	N/A	7				N/A			5,108,051.50
2002 Series D	58000	OUS Tech Upgrades	738,993.17	N/A	7							738,993.17
2003 Series A	58000	OUS U of O Technology	2,162,512.12	N/A	7				N/A			2,162,512.12
2001 Series A	62900	Forestry	1,192,343.73	N/A	7				N/A			1,192,343.73
			140,229.40	N/A	7				N/A			140,229.40
Grand Total			<u>35,583,617.29</u>			<u>615,245.60</u>			<u>1,426,905.93</u>			<u>37,625,768.82</u>

Risk Categories:

- 1 Collateralized with securities held by a third party custodian in the State's name.
- 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the State's name.
- 3 Uncollateralized.

Investment Types:

- 4 Repurchase Agreements.
- 5 US Treasury Strip Securities with put protection.
- 6 Government Money Market Funds.
- 7 Guaranteed Investment Contract.
- 8 Oregon State Treasury Short-Term Fund

**INVESTMENT BALANCES OF COP ACCOUNTS
 SCHEDULE 4 - INVESTMENT BALANCES OF COP ACCOUNTS BY GASB 3 RISK CATEGORY
 AS OF JUNE 30, 2003**

Please record in SFMS comptroller general account 0940 - Investments - Restricted

*Below is a breakdown by agency and GASB 3 credit category. Please use
 this summary to fill out question 1.F if your CAFR '03 General Disclosure.*

AGENCY	AGENCY NAME	RISK CAT. 1	RISK CAT. 2	RISK CAT. 3	AGY. TOTALS	CARRYING AMOUNT	FAIR MKT. VALUE
10700	DAS	1,426,905.93	0.00	0.00	11,033,821.00	11,033,821.00	11,033,821.00
24800	Military	0.00	0.00	0.00	1,537,851.78	1,537,851.78	1,537,851.78
25700	State Police	0.00	0.00	0.00	95,027.12	95,027.12	95,027.12
25900	DPSST	0.00	0.00	0.00	5,729,627.94	5,729,627.94	5,729,627.94
29100	DOC	0.00	0.00	0.00	14,995,362.56	14,995,362.56	14,995,362.56
58000	OUS	0.00	0.00	0.00	4,093,849.02	4,093,849.02	4,093,849.02
62900	Forestry	0.00	0.00	0.00	140,229.40	140,229.40	140,229.40
GRAND TOTAL		1,426,905.93	0.00	0.00	37,625,768.82	37,625,768.82	37,625,768.82

*

*

**CAFR GENERAL DISCLOSURES
YEAR ENDED JUNE 30, 2004**

Agency # 291

1. CASH AND INVESTMENTS

E. Restricted Cash and Cash Equivalents, General Ledger Account 0928
(outside the State Treasury)

Please complete the schedules below to indicate your agency's **bank** and **book** balances at fiscal year end for all GAAP funds. Cash Equivalents are typically recorded at year end, based on an analysis of Investments-Other, Account 0250. A portion of investments may qualify as cash equivalents-restricted (such as some COP accounts with DAS) and should be reclassified to cash equivalents-restricted. See OAM on Cash and Cash Equivalents for further information. If this is a COP account, please indicate if it is held with DAS.

Name of Bank	Description / Purpose	0928 Bank Balance
Wells Fargo Bank	COP - construction	\$9,256,758.14 *
Total Bank Balance		

Of the total **bank** balances above, please indicate the amounts in each category of risk as defined below*:

	Category 1	
	Category 2	
	Category 3	\$9,256,758.14 *
Total		\$9,256,758.14

*1= Insured or collateralized with securities held by the entity or by its agent in the entity's name.

*2= Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

*3= Uncollateralized (includes balances collateralized with securities held by the pledging institution, or by its trust department, but not in the entity's name; also includes money market accounts which are uninsured and uncollateralized).

R*STARS GL Account 0928 **Book Balance:** \$9,256,758.14

*Note: The total bank balances should equal the R*STARS book balances unless there are reconciling items due to timing differences.*



ASSET SUMMARY

<u>INVESTMENT CATEGORY</u>	<u>COST VALUE</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN/LOSS</u>	<u>ACCRUED INCOME</u>
CASH	0.00	0.00		
CASH EQUIVALENTS	47,750.78	47,750.78	0.00	25.13
PRIVATE DEBT OBLIGATIONS	3,878,337.47	3,878,337.47	0.00	0.00
TOTAL INVESTMENTS	3,926,088.25	3,926,088.25	0.00	25.13

Department of Administrative Services

Establishing Accounts for 2002 Series E COP's
Refunding 1993 Series A COP - PSOB

COP Payable:		\$	11,590,000.00
Original Issue Premium:		\$	686,954.80
Underwriters Discount:	\$	58,619.35	
Escrow Account Funds:	\$	12,128,523.87	
Bond Insurance:	\$	22,163.27	
Costs of Issuance:	\$	67,648.31	
Capitalized Interest:	\$	-	

Totals:	\$	12,276,954.80	\$	12,276,954.80
----------------	----	---------------	----	---------------

Escrow Account Funds
Agency Projects
(Funds held at Trustee)

To debt disclosure

SLG Purchase & Cash Deposit	\$	12,128,523.87
Debt Svc. Funds on Hand	\$	252,670.00
Total:	\$	12,381,193.87

2002 Series E
Costs of Issuance Funds
(Funds held at Trustee)

Bond Insurance Premium:	\$	22,163.27
Costs of Issuance:	\$	67,648.31

Totals:	\$	12,471,005.45
----------------	----	---------------

2002 Series E
Certificate Account
(Funds held by Trustee)

Accrued Interest:	\$	22,387.78
Capitalized Interest:	\$	-

Totals:	\$	22,387.78
----------------	----	-----------

True Interest Cost: 3.68%

S089 VER 2.0
LINK TO:

STATE OF OREGON
SUMMARY GENERAL LEDGER ACCOUNT INQUIRY

11/13/02 01:44 PM
PROD

AGENCY: 107 DEPT OF ADMINISTRATIVE SERVICES
COMPTROLLER GL: 1704 COPS PAYABLE -NONCURRENT
AGENCY GL:

STATE FUND GROUP:
APPR FUND:
FUND: 5650 DEBT SERVICE
ORG: TC:
GRANT/PH: 120000 07 PROJ/PH:
DEBT/INV ISSUE #: NACUBO FUND/SUBFUND:

INQ TYPE: MA (MA, YA, MY, YY, MC, YC) DETAIL/SUMMARY: S
INQ YEAR: 03 INQ MONTH: 05

BEGINNING BALANCE	DEBIT	CREDIT	ENDING BALANCE
12,007,499.97	.00	.00	12,007,499.97

F1-HELP	F5-NEXT	F9-INTERRUPT	ENTER-INQUIRE	CLEAR-EXIT
4-©	A MINI F	159.121.106.79	ET56C047	4/21

Exhibit B

**Long Term Debt Training
Entries to Record COP Refunding
Internal Service Fund COP Example**

GL 0077 - Cash in bank	
(1)	11,590,000
(2)	686,955
	58,619 (3)
	67,648 (4)
	22,163 (5)
	164,640 (11)
(13)	247,140
	82,500 (12)
	12,381,194 (14)
(15)	22,388
	<u>230,281</u>

GL 0603 - Def Chrgs	
	73,736 << Beg Bal
	73,736 (8)
	<u>0</u>

GL 1230 - Int Payable-Curr	
(11)	Beg Bal >> 164,640
	164,640
	<u>0</u>

GL 1235 - Accr Int on COPS Sold	
	22,388 (15)
	<u>22,388</u>

GL 1575 - Trust Funds Payable	
	Beg Bal >> 82,500
	82,500
	<u>0</u>

GL 1701 - UW Disc on COPS	
	66,027 << Beg Bal
	66,027 (9)
	<u>0</u>

GL 1702 - Disc on COPS sold	
	213,394 << Beg Bal
	213,394 (10)
	<u>0</u>

GL 1703 - Prem on COPS sold	
	686,955 (2)
	<u>686,955</u>

GL 1704 - COPS Payable-Noncurr	
(7)	Beg Bal >> 12,007,500
	12,007,500
	11,590,000 (6)
	<u>11,590,000</u>

GL 1705 - Def'd Loss/gain on Debt Refunding	
(16)	479,711
	<u>479,711</u>

GL 3100 - Revenue Control	
	11,590,000 (1)
	<u>11,590,000</u>

GL 3200 - GAAP Rev Offset	
(6)	11,590,000
	<u>11,590,000</u>

GL 3500 - Expendit Control	
(3)	58,619
(4)	67,648
(5)	22,163
	247,140 (13)
(14)	12,381,194
	<u>12,282,484</u>

GL 3600 - GAAP Exp Offset	
(8)	73,736
(9)	66,027
(10)	213,394
	12,007,500 (7)
	479,711 (16)
	<u>12,134,054</u>

- | | | |
|--------------------------------|---|--|
| (1) Record COP proceeds | (7) Eliminate defeased COPS | (13) Reclass cash increase to show expense |
| (2) Record premium paid on COP | (8) Eliminate deferred chrgs on old debt | (14) Record cash payment to Escrow agent |
| (3) Record UW discount | (9) Eliminate UW's discount on old debt | (15) Record accrued int on COPS sold |
| (4) Record costs of issuance | (10) Eliminate discount on old debt | (16) Record and defer loss on refunding |
| (5) Record COP insurance | (11) Record payment to Escrow agent | |
| (6) Capitalize new COPS | (12) Record use of trust fund to Escrow agent | |

Exhibit C

\$26,455,000
State of Oregon
Department of Administrative Services
Certificates of Participation
2002 Series E

<u>Refunded Certificates</u>	<u>Refunded Maturities</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP Number</u>
1993 Series A	2003	\$ 110,000	5.00%	*		685913JZ9
	2004	120,000	5.10	01/15/2003	100	685913KQ7
	2005	120,000	5.20	01/15/2003	100	685913KS3
	2006	125,000	5.30	01/15/2003	100	685913KU8
	2007	1,030,000	5.40	01/15/2003	100	685913KW4
	2008	1,085,000	5.40	01/15/2003	100	685913KY0
	2010	2,360,000	5.70	01/15/2003	100	685913KD6
	2015	<u>7,140,000</u>	5.50	01/15/2003	100	685913KF1
TOTAL		\$12,090,000				
1993 Series B	2003	\$ 115,000	5.00%	*		685913KA2
	2004	115,000	5.10	01/15/2003	100	685913KR5
	2005	125,000	5.20	01/15/2003	100	685913KT1
	2006	130,000	5.30	01/15/2003	100	685913KV6
	2007	1,035,000	5.40	01/15/2003	100	685913KX2
	2008	1,090,000	5.40	01/15/2003	100	685913KZ7
	2010	2,365,000	5.70	01/15/2003	100	685913KE4
	2015	<u>7,160,000</u>	5.50	01/15/2003	100	685913KG9
TOTAL		\$12,135,000				

* Maturing on January 15, 2003.

Payment Schedule for the 2002 Series E Certificates

Payment requirements on the 2002 Series E Certificates are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Debt Service Per Fiscal Year</u>
05/01/03		\$ 592,178.61	\$ 592,178.61	\$ 592,178.61
11/01/03	\$ 585,000	543,837.50	1,128,837.50	
05/01/04		537,987.50	537,987.50	1,666,825.00
11/01/04	600,000	537,987.50	1,137,987.50	
05/01/05		531,987.50	531,987.50	1,669,975.00
11/01/05	610,000	531,987.50	1,141,987.50	
05/01/06		525,887.50	525,887.50	1,667,875.00
11/01/06	1,485,000	525,887.50	2,010,887.50	
05/01/07		507,325.00	507,325.00	2,518,212.50
11/01/07	3,035,000	507,325.00	3,542,325.00	
05/01/08		461,800.00	461,800.00	4,004,125.00
11/01/08	2,665,000	461,800.00	3,126,800.00	
05/01/09		401,837.50	401,837.50	3,528,637.50
11/01/09	2,595,000	401,837.50	2,996,837.50	
05/01/10		343,450.00	343,450.00	3,340,287.50
11/01/10	2,715,000	343,450.00	3,058,450.00	
05/01/11		285,512.50	285,512.50	3,343,962.50
11/01/11	2,835,000	285,512.50	3,120,512.50	
05/01/12		221,725.00	221,725.00	3,342,237.50
11/01/12	2,960,000	221,725.00	3,181,725.00	
05/01/13		155,125.00	155,125.00	3,336,850.00
11/01/13	3,110,000	155,125.00	3,265,125.00	
05/01/14		77,375.00	77,375.00	3,342,500.00
11/01/14	<u>3,260,000</u>	<u>77,375.00</u>	<u>3,337,375.00</u>	<u>3,337,375.00</u>
	\$26,455,000	\$9,236,041.11	\$35,691,041.11	\$35,691,041.11

Source: Official Statement

Exhibit D

**CAFR DEBT DISCLOSURES
YEAR ENDED JUNE 30, 2003**

Agency # 107

8. Advance or Current Refundings of Debt (GASB Codification, Section D20)

Did you issue any advance or current refundings of debt during the year? If so, please include the details below for financial statement note disclosure. Please note that you may need to confer with your agency's debt manager to obtain this information.

a. Date of issue (Example = 12/31/2003)	10/15/2002	
b. Amount issued	\$11,590,000	EX. C
c. Proceeds of the new debt for the period	12,276,955	EX. A
d. GAAP Fund receiving the proceeds	5001 (remainder goes to GAAP fund 4013)	
e. Type of debt issued	COP	
f. Average interest rate of new issue	3.74%	EX. F
g. Description of refunded issue	COP 1993 Series A	
h. Amount refunded	\$12,007,500	EX. C
i. Average interest rate of issue refunded	5.52%	EX. F
j. Difference between the cash flow required to service the new debt and complete the refunding and the cash flow required to service the old debt	\$1,672,803 (54.55% x \$3,066,550)	EX. G
k. Period of time over which cash flow savings will occur	12 years (11-2002 to 11-2014)	EX. D
l. The economic gain or loss resulting from the transaction	\$1,467,027 (54.55% X \$2,689,326)	EX. G
m. Indicate if this refunding is current or advanced	Current	

GASB Statement 23 requires that for current and advance refundings resulting in a defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt be deferred and amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. The deferred amount should be reported as a contra-liability on the balance sheet (i.e., deduction from the new debt liability). For presentation and disclosure purposes, please provide the following information:

n. Difference between the reacquisition price (the amount required to repay the old debt) and the net carrying amount of the old debt	\$479,711	
o. Method used to amortize the deferred gain or loss, and the period over which it will be amortized	Straight line, 12 years	EX. G

Exhibit E