TENNESSEE STATE SCHOOL BOND AUTHORITY

FOR THE YEAR ENDED
JUNE 30, 1996

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March 10, 1997

The Honorable Don Sundquist, Governor
and
Members of the General Assembly
and
The Honorable W. R. Snodgrass
Comptroller of the Treasury
Secretary of the Tennessee State School Bond Authority
State Capitol
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the financial and compliance audit of the Tennessee State School Bond Authority for the year ended June 30, 1996. You will note from the independent auditor's report that an unqualified opinion was given on the fairness of the presentation of the financial statements.

Consideration of the internal control structure and tests of compliance resulted in no audit findings.

Very truly yours,

Arthur A. Hayes, Jr., CPA, Director
Division of State Audit

AAH/cr
97/011

State of Tennessee

Audit Highlights

Comptroller of the Treasury | Division of State Audit

Financial and Compliance Audit
Tennessee State School Bond Authority
For the Year Ended June 30, 1996

AUDIT OBJECTIVES

The objectives of the audit were to consider the authority's internal control structure; to determine the fairness of the presentation of the financial statements; to determine compliance with laws, regulations, and contracts; and to recommend appropriate actions to correct any deficiencies.

AUDIT FINDINGS

The audit report contains no findings.

OPINION ON THE FINANCIAL STATEMENTS

The opinion on the financial statements is unqualified.

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 741-3697

AUDIT REPORT
TENNESSEE STATE SCHOOL BOND AUTHORITY
FOR THE YEAR ENDED JUNE 30, 1996

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INTRODUCTION

POST-AUDIT AUTHORITY

This is a report on the financial and compliance audit of the Tennessee State School Bond Authority. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to "perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller."

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

OBJECTIVES OF THE AUDIT

The objectives of the audit were

1. to consider the authority's internal control structure to determine auditing procedures for the purpose of expressing an opinion on the financial statements;

2. to determine the fairness of the presentation of the financial statements;

3. to determine compliance with laws, regulations, and contracts; and

4. to recommend appropriate actions to correct any deficiencies.

Although this audit was not intended to serve as an organization-wide audit as described in the Single Audit Act of 1984 and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments," it included tests of compliance with applicable federal laws and regulations and consideration of the internal control structure. This audit is a segment of the organization-wide audit of the State of Tennessee, which is conducted in accordance with the Single Audit Act of 1984 and OMB Circular A-128.

SCOPE OF THE AUDIT

The audit was limited to the period July 1, 1995, through June 30, 1996, and was conducted in accordance with generally accepted government auditing standards. Financial statements are presented for the year ended June 30, 1996, and for comparative purposes, the year ended June 30, 1995. The Tennessee State School Bond Authority has been included as a component unit in the *Tennessee Comprehensive Annual Financial Report*.

The audit covered allotment code 307.07 – Division of Bond Finance (Fund 32).

BACKGROUND AND ORGANIZATION

LEGISLATIVE HISTORY

The Tennessee State School Bond Authority was established by the Tennessee State School Bond Authority Act, Chapter 256 of the Public Acts of 1965. As provided in this act, the authority is to act as a corporate governmental agency of the State of Tennessee for financing projects of the state's higher educational institutions. The authority is empowered to issue negotiable bonds and notes as a means of providing funds for financing approved projects. These projects include buildings, equipment, structures, and improvements. In 1980, the legislature amended the original act to include, as a project, a program for student loans. The amount of funds provided should be sufficient to cover the actual project costs, as well as the authority's administrative expenses, including the cost of conducting the bond and note sales.

ORGANIZATION

The Tennessee State School Bond Authority consists of seven members: the Governor, the State Treasurer, the Secretary of State, the Commissioner of Finance and Administration, the Comptroller of the Treasury, the Chancellor of the Tennessee Board of Regents, and the President of the University of Tennessee. The Governor serves as chairman, and the Comptroller of the Treasury serves as secretary. The Director of the Division of Bond Finance serves as the assistant secretary; the division provides administrative and financial services to the Tennessee State School Bond Authority. An organization chart for the authority is on the following page.

PRIOR AUDIT FINDINGS

There were no findings in the prior audit report.

RESULTS OF THE AUDIT

AUDIT CONCLUSIONS

Internal Control Structure

As part of the audit of the Tennessee State School Bond Authority's financial statements for the year ended June 30, 1996, we considered the internal control structure to determine auditing procedures for the purpose of expressing an opinion on the financial statements, as required by generally accepted government auditing standards. The report on the internal control structure is on the following pages. Consideration of the internal control structure disclosed no material weaknesses.

Fairness of Financial Statement Presentation

The Division of State Audit has rendered an unqualified opinion on the financial statements of the Tennessee State School Bond Authority. In our opinion, the statements included in this report present fairly, in all material respects, the financial position of the authority as of June 30, 1996, and the results of its operations and cash flows for the year then ended. The independent auditor's report follows the compliance report.

Compliance with Laws and Regulations

The results of our audit tests disclosed no instances of noncompliance that are required to be reported herein under generally accepted government auditing standards. The compliance report follows the report on the internal control structure.

Report on the Internal Control Structure Based on an
Audit of the Financial Statements Performed in Accordance With
Government Auditing Standards

December 20, 1996

The Honorable W. R. Snodgrass
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37243

Dear Mr. Snodgrass:

We have audited the financial statements of the Tennessee State School Bond Authority, a component unit of the State of Tennessee, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 20, 1996.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The authority's management is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the authority's financial statements for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the General Assembly of the State of Tennessee and management. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director
Division of State Audit

AAH/cr

Compliance Report Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*

December 20, 1996

The Honorable W. R. Snodgrass
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37243

Dear Mr. Snodgrass:

We have audited the financial statements of the Tennessee State School Bond Authority, a component unit of the State of Tennessee, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 20, 1996.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, and contracts applicable to the Tennessee State School Bond Authority is the responsibility of the authority's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the authority's compliance with certain provisions of laws, regulations, and contracts. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under generally accepted government auditing standards.

This report is intended for the information of the General Assembly of the State of Tennessee and management. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director
Division of State Audit

AAH/cr

Independent Auditor's Report

December 20, 1996

The Honorable W. R. Snodgrass
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37243

Dear Mr. Snodgrass:

We have audited the accompanying balance sheets of the Tennessee State School Bond Authority, a component unit of the State of Tennessee, as of June 30, 1996, and June 30, 1995, and the related statements of revenues, expenses, and changes in retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the authority's management. Our responsibility is to express an opinion on these financial statements, based on our audits.

We conducted our audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tennessee State School Bond Authority, as of June 30, 1996, and June 30, 1995, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with generally accepted government auditing standards, we have also issued reports dated December 20, 1996, regarding our consideration of the authority's internal control structure and its compliance with laws and regulations.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director
Division of State Audit

AAH/cr

Exhibit A

TENNESSEE STATE SCHOOL BOND AUTHORITY
BALANCE SHEETS
JUNE 30, 1996, AND JUNE 30, 1995

(Expressed in Thousands)

	June 30, 1996	June 30, 1995
ASSETS		
Current assets:		
Cash (Note 2)	$ 14,568	$ 13,005
Cash with fiscal agent (Note 2)	1,685	2,564
Principal due from universities (Note 3)	15,051	14,838
Interest due from universities (Note 3)	586	269
Other receivable from universities	216	-
Total current assets	32,106	30,676
Restricted assets:		
Debt service reserve (Notes 2 and 4)	30,528	30,843
Other assets:		
Advances to universities - principal (Note 3)	287,725	258,096
Deferred charges	995	1,060
Total other assets	288,720	259,156
Total assets	$ 351,354	$ 320,675
LIABILITIES AND EQUITY		
Liabilities:		
Current liabilities:		
Accounts payable	$ -	$ 717
Warrants payable	40	-
Due to universities	1,197	6,376
Matured bonds and interest payable	768	716
Accrued interest payable	2,654	2,658
Notes payable (Note 5)	104,585	53,050
Revenue bonds payable (Note 5)	15,051	14,838
Deferred revenue	38	-
Total current liabilities	124,333	78,355
Noncurrent liabilities:		
Net revenue bonds payable (Note 5)	222,295	237,208
Total liabilities	346,628	315,563
Equity:		
Retained earnings, unreserved	4,726	5,112
Total liabilities and equity	$ 351,354	$ 320,675

The Notes to the Financial Statements are an integral part of this statement.

Exhibit B

TENNESSEE STATE SCHOOL BOND AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 1996, AND JUNE 30, 1995

(Expressed in Thousands)

	Year Ended June 30, 1996	Year Ended June 30, 1995
OPERATING REVENUES		
Revenue from universities	$ 14,701	$ 14,167
Investment income	2,751	3,489
Total operating revenues	17,452	17,656
OPERATING EXPENSES		
Interest expense:		
Revenue notes	2,298	1,446
Revenue bonds	15,097	15,529
Total interest expense	17,395	16,975
Administrative expense	412	329
Amortization of bond issuance costs	65	65
Total operating expenses	17,872	17,369
Operating income (loss) before operating transfer	(420)	287
Operating transfer from primary government	34	-
Net income (loss)	(386)	287
Retained earnings, July 1	5,112	4,825
Retained earnings, June 30	$ 4,726	$ 5,112

The Notes to the Financial Statements are an integral part of this statement.

Exhibit C

TENNESSEE STATE SCHOOL BOND AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1996, AND JUNE 30, 1995

(Expressed in Thousands)

	Year Ended June 30, 1996	Year Ended June 30, 1995
Cash flows from operating activities:		
Operating income (loss)	$ (420)	$ 287
Adjustments to reconcile operating income to net cash used by operating activities:		
Amortization	65	65
Investment income	(2,751)	(3,489)
Interest expense	17,395	16,975
Interest income	(14,369)	(13,895)
Changes in assets and liabilities:		
Increase in other receivable from universities	(216)	-
Increase (decrease) in accounts payable	(8)	8
Increase (decrease) in warrants payable	40	(5)
Increase in deferred revenue	38	-
Total adjustments	194	(341)
Net cash used by operating activities	(226)	(54)
Cash flows from noncapital financing activities:		
Proceeds from sale of bond anticipation notes	53,775	18,810
Principal payments - bonds	(14,838)	(14,371)
Principal payments - notes	(2,240)	(2,585)
Interest paid - bonds	(14,989)	(15,234)
Interest paid - notes	(2,247)	(1,363)
Operating transfer from primary government	34	-
Net cash provided (used) by noncapital financing activities	19,495	(14,743)
Cash flows from investing activities:		
Purchase of investments	(7,151)	(16,569)
Proceeds from maturities of investments	21,924	16,892
Interest received on investments	2,751	3,489
Loans issued	(52,350)	(21,240)
Collections of loan principal	16,914	16,829
Interest received on loans	14,080	15,481
Net cash provided (used) by investing activities	(3,832)	14,882
Net increase in cash	15,437	85
Cash, July 1	16,792	16,707
Cash, June 30	$ 32,229	$ 16,792
Reconciliation of cash to the balance sheet:		
Cash	$ 14,568	$ 13,005
Cash with fiscal agent	1,685	2,564
Restricted cash with fiscal agent	15,976	1,223
Cash, June 30	$ 32,229	$ 16,792

The Notes to the Financial Statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Tennessee State School Bond Authority was created to provide a mechanism for financing capital projects for the state's universities and community colleges. The authority is a component unit of the State of Tennessee and a separate legal entity. In accordance with the Governmental Accounting Standards Board's (GASB) Statement 14, the authority is discretely presented in the *Tennessee Comprehensive Annual Financial Report* because the authority's board consists of state officials and, therefore, the state has the ability to affect the day-to-day operations of the authority.

B. Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The Tennessee State School Bond Authority follows all applicable GASB pronouncements as well as applicable private-sector pronouncements issued on or before November 30, 1989.

C. Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting and the flow of economic resources measurement focus. Under this basis, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Investments

Investments in the debt service reserve are stated at cost or amortized cost.

E. Bond Discounts and Issuance Costs

Bond discounts and issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of unamortized bond discount. Unamortized bond issuance costs are reported as deferred charges.

NOTE 2. DEPOSITS AND INVESTMENTS

Under the general bond resolution of the Tennessee State School Bond Authority, the funds of the authority can be invested in direct obligations of the United States, or in obligations of which the principal and interest are guaranteed by the United States, or in certain insured or collateralized accounts. All deposits and investments of the authority meet the requirements of the general bond resolution.

Deposits. Deposits with financial institutions are required to be categorized to indicate the level of risk assumed by the authority. Category 1 consists of deposits insured or collateralized with securities held by the authority or by its agent in the authority's name. Category 2 consists of deposits collateralized with securities held by the pledging financial institution's trust department or agent in the authority's name. Category 3 deposits are uncollateralized. This category includes any bank balance collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the authority's name.

The authority had $14,568,340 in the State Treasurer's pooled investment fund at June 30, 1996, and $13,005,201 at June 30, 1995. The pooled investment fund administered by the State Treasurer is authorized by statute to invest funds in accordance with policy guidelines approved by the State Funding Board. The current resolution of that board gives the Treasurer authority to invest in collateralized certificates of deposit in authorized state depositories, prime commercial paper, prime bankers' acceptances, certain repurchase agreements, various U.S. Treasury and agency obligations, limited money market mutual funds, and obligations of the State of Tennessee pursuant to *Tennessee Code Annotated,* Section 9-4-602(b). The pooled investment fund is also authorized to enter into securities lending agreements in which U.S. government securities may be loaned for a fee. The loaned securities are transferred to the borrower by the custodial agent upon simultaneous receipt of collateral securities. The State Treasurer's pooled investment fund's custodial credit risk is presented in the *Tennessee Comprehensive Annual Financial Report*.

At June 30, 1996, the authority had a carrying amount and bank balance of $767,686 on deposit with the fiscal agent. Of this amount, $420,104 was category 1, and $347,582 was category 3.

At June 30, 1995, the authority had a carrying amount and bank balance of $715,989 on deposit with the fiscal agent. Of this amount, $329,621 was category 1, and $386,368 was category 3.

Investments. Investments are also required to be categorized to indicate the level of risk assumed by the authority. Category 1 consists of investments that are insured or registered or for which the securities are held by the authority or its agent in the authority's name. Category 2 consists of uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the authority's name.

The U.S. Treasury Notes are book-entry through the Federal Reserve Bank. Since the securities are held in the counterparty's account at the Federal Reserve Bank, they are considered to be in the counterparty's custody and are thus placed in category 3.

Authority investments at June 30, 1996, are categorized below (expressed in thousands):

	Category			Carrying	Market
	1	2	3	Amount	Value
U. S. Treasury Notes	$ -	$ -	$14,552	$14,552	$13,670
Mutual Funds				16,893	16,893
	$ -	$ -	$14,552	$31,445	$30,563

Authority investments at June 30, 1995, are categorized below (expressed in thousands):

	Category			Carrying	Market
	1	2	3	Amount	Value
U. S. Treasury Notes	$ -	$ -	$29,620	$29,620	$28,661
Mutual Funds				3,071	3,071
	$ -	$ -	$29,620	$32,691	$31,732

NOTE 3. LOANS TO UNIVERSITIES

The authority and the Board of Trustees of the University of Tennessee and the Tennessee Board of Regents have entered into financing agreements, each dated May 1, 1967, under which the Board of Trustees or the Tennessee Board of Regents, as the case may be, has agreed to construct projects that the authority has agreed to finance. Financing charges payable under the agreement must be sufficient to pay all principal and interest of the notes and bonds of the authority as they become due.

NOTE 4. DEBT SERVICE RESERVE

The general bond resolution of the authority requires that the principal of each bond issue include an amount equal to one year's debt service requirements and that such amounts be placed in special trust accounts with the trustee; $30,527,981 is the sum of such amounts provided at June 30, 1996, for the 1967 Series A, 1972 Refunding, 1976 Series B, 1977 Series A, 1977 Refunding, 1985 Series B, 1987 Refunding, 1989, 1990 Series A and B, and 1992 Series A Bonds.

NOTE 5. BONDS AND NOTES PAYABLE

Revenue Bonds. The authority issues revenue bonds to finance capital projects for the state's universities. The bonds, as well as the notes of the authority, are not general obligations of the State of Tennessee. They are secured by a pledge of the collective revenues from the facilities for which financing has been provided through the sale of the authority's bonds and notes and by other revenues and resources available to the authority and to the educational institutions.

Bonds payable, net of unamortized discount, at June 30, 1996, and June 30, 1995, are as follows (expressed in thousands):

	June 30, 1996	June 30, 1995
Revenue bonds, 3.0% to 9.0%, due in decreasing amounts of principal and interest from $30.5 million in 1997 to $2.5 million in 2022 (net of unamortized discount of $2,192 for 1996 and $2,330 for 1995)	$237,346	$252,046

Debt service requirements to maturity of the revenue bonds payable at June 30, 1996, are as follows (expressed in thousands):

For the Year(s) Ending June 30	Principal	Interest	Total
1997	$ 15,051	$ 15,475	$ 30,526
1998	15,383	14,887	30,270
1999	15,990	14,243	30,233
2000	16,634	13,501	30,135
2001	14,834	12,466	27,300
2002-2022	161,646	94,631	256,277
Total	$239,538	$165,203	$404,741

Notes. Notes payable consist of monies drawn from the Bond Anticipation Notes (BANs) Program established February 24, 1993, with Prudential Securities, Incorporated, as the underwriter and remarketing agent, to fund interim and short-term financing projects under construction. Under the BANs Program, the notes will mature on March 1, 1998, and may bear interest at a variable rate (daily, weekly, monthly, quarterly, semiannually, or annually) or a fixed rate (long-term) determined by the remarketing agent for periods selected by the authority. Currently, interest is determined on a weekly basis and payable monthly. The notes are subject to purchase by the remarketing agent on the demand of the holder on any business day pursuant to the conditions established in the Note Resolution, as described in the

Official Statement relating to the notes. The remarketing agent is to use its best efforts to sell the notes to another holder. If the agent is unable to resell any notes that are "put," the standby note purchaser is required, subject to certain conditions, to purchase the notes. Swiss Bank Corporation, New York Branch, served as the standby note purchaser through June 25, 1996. On June 26, 1996, the authority contracted with Union Bank of Switzerland to serve as standby note purchaser through June 25, 1997. It is expected that a portion of the notes will be redeemed with the proceeds of the sale of bonds at the end of the construction period for the projects being financed. The standby note purchase agreement with Swiss Bank Corporation provided payment of .15% per $1,000 prior to February 24, 1996, and .13% per $1,000 thereafter of the principal and interest commitment of $75,961,644; the fee was payable quarterly in arrears. The agreement with Union Bank of Switzerland provides for payment of .06 of 1% per annum on the available commitment and .05 of 1% per annum on the excess, if any, of $106,173,699 over the available commitment provided that each of the foregoing rates shall each be increased by .10 of 1% per annum effective prospectively to the termination of this agreement. The average interest rate for the year ended June 30, 1996, was 3.52%.

Notes payable at June 30, 1996, and June 30, 1995, are as follows (expressed in thousands):

	June 30, 1996	June 30, 1995
Notes, at the weekly market rate, dated March 1, 1993	$104,585	$53,050

NOTE 6. SUBSEQUENT EVENTS

In October 1996, the Tennessee State School Bond Authority issued $102,710,000 of Higher Educational Facilities Bonds, 1996 Series A; $55,300,000 of Higher Educational Facilities Bonds, 1996 Refunding Series B; $4,045,000 of Higher Educational Facilities Bonds, 1996 Refunding Series C; and $4,400,000 of Higher Educational Facilities Bonds, 1996 Refunding Series D.