

Years ending June 30,	Consolidated Transportation Bonds	County Transportation Bonds	Total Transportation Bond Debt Service Requirements
1987	\$16,592	\$19,062	\$35,654
1988	17,031	19,492	36,523
1989	25,175	19,574	44,749
1990	24,992	19,657	44,649
1991	21,845	19,759	41,604
1992	19,781	19,816	39,597
1993	18,739	19,882	38,621
1994	17,694	19,889	37,583
1995	16,639	19,459	36,098
1996	9,797	19,510	29,307
1997	3,385	12,379	15,764
1998	4,140	11,561	15,701
1999		6,819	6,819
2000		4,122	4,122
2001		1,030	1,030

On February 15 and May 25, 1978 the Department of Transportation issued Consolidated Transportation Bonds, Refunding Series 1978 and County Transportation Bonds First Issue Refunding Series 1978, respectively. The net proceeds of these issues, after underwriters' discounts and other financing expenses, in principal amounts aggregating \$510,625,000 were used to purchase U. S. Government Securities sufficient to fully provide for the timely payment of \$500,585,000 Consolidated Transportation Bonds, State Highway Construction and County Transportation Bonds. The U. S. Government Securities purchased to retire the Consolidated Transportation Bonds and State Highway Construction Bonds were deposited with escrow agents. As a result of these transactions, the refunded bonds are deemed to be retired and, accordingly, are no longer reported as long-term debt in the accompanying financial statements. At June 30, 1986, the refunded bonds outstanding were \$102,355,000.

In December, 1985, the Department of Transportation undertook an exchange of certain securities which were being held in the Consolidated Transportation Bonds, Refunding Series 1978 Sinking Fund. In connection with this exchange, the Department recognized a gain of \$53,337,000, while maintaining sufficient U. S. Treasury obligations to fully provide for the timely payment of \$354,865,000 of Consolidated Transportation Bonds and interest thereon. As a result of this transaction and the subsequent escrow deposit agreement entered into with the State Treasurer as escrow fund agent, these bonds are defeased and are no longer reported as long-term debt in the financial statements. At June 30, 1986, the refunded bonds outstanding were \$354,865,000.

On September 13, 1985, the Department undertook an exchange of certain securities which were being held in the County Transportation Bonds - First Issue, Refunding Series 1978 Sinking Fund. This exchange resulted in the purchase of a sufficient amount of U. S. Treasury obligations to provide for the timely payment of principal and interest on the refunding series. However, an agreement with an escrow fund agent has not been entered into as of June 30, 1986. As a result, the principal amount of \$155,725,000 of County Transportation Bonds - First Issue, Refunding Series 1978 continues to be reported as outstanding as of June 30, 1986.

On August 7, 1986, additional Consolidated Transportation Bonds and County Transportation Bonds in the aggregate amount of \$100,000,000 and \$11,415,000, respectively, were issued by the Department. The interest rates on the Consolidated Transportation Bonds range from 5.2% to 7.1% and mature serially through 2001. The interest rates on the County Transportation Bonds range from 5.3% to 7.25% and mature serially through 2001.