

**Notification to Submitters of Debt Information
Under Government Code Section 8855 (i) – (k)**

**Issuance Authorization
System Enhancements and Data Submission Guidance**

Release Date: September 28, 2018

On October 23, 2017, CDIAC launched the Annual Debt Transparency Report (ADTR), an online reporting system resulting from the passage of SB 1029 (Hertzberg) that facilitates the submittal of debt information in accordance with Government Code section 8855(k). CDIAC identified 2,049 statutorily reportable issues and received 1,125 ADTRs. Based upon the reports submitted, data collected, and experience of data submitters in the inaugural reporting cycle, CDIAC formulated plans to enhance the database architecture and submittal process to improve data validity and the submittal experience. The purpose of this notice is to formally announce the enhancements, present a detailed description of how the submission of authorization information will change, and provide a schedule for the deployment of enhancements and training opportunities.

Tracking Issuance Authorization

The current ADTR requires submitters to identify the authorization, either provided by an act of the governing body or a vote of the electorate, under which the debt was issued. The identification is made through the authorization “name”, the date of authorization, and the original amount of authorized issuance. The submitter must enter the amount of unissued authorization at the beginning of the reporting period and how much of that debt authorization was issued during the reporting period. The goal of this section of the ADTR is to disclose a balance of unissued, but authorized debt at the end of each reporting period for the authorization used to issue the specific debt being reported. While this method performed satisfactorily for debt issues under a single authorization utilized for a single issue, it was not designed for debt issues that impacted multiple authorities, issues that caused a replenishment of authorization, or multiple issues from the same authorization. Further, CDIAC recognized that data collected on the Report of Proposed Debt Issuance and Report of Final Sale related to the authorization for the issuance was not integrated into the ADTR creating the need to resubmit data.

The problems tracking issuance authorization were identified early in the ADTR reporting cycle and confirmed upon review of the submitted data. The root cause is that the CDIAC database architecture is issue-centric. Each debt issue, in effect, had a unique authorization, when in reality multiple issues were often related to a single authorization, if not in a single ADTR reporting period, then over multiple reporting periods. The solution was to build an authorization level in the CDIAC database that would allow for reductions and replenishments of a specific authorization as issuance occurs.

System Enhancements

The modification of the database architecture to develop the authorization level creates the opportunity to modify the collection of debt data in a manner that creates process efficiencies for data submitters and reduces the probability of capturing invalid data. Once deployed, submitters of debt data will experience the following enhancements and modifications.

Authorization Information Submitted at Issuance

The authorization for a debt issuance will be reported first on the Report of Proposed Debt Issuance (RPDI). The authorization for a proposed issuance of general obligation bonds is currently reported on the RPDI, but this section will be modified to require the entry of authorization information for *all* debt issues, thus creating the data foundation for a simpler ADTR submission process. The issue-specific authorization data will be stored in the database and carried forward to the report of Report of Final Sale (RFS). Submitters will be able to either keep the authorization information they submitted on the RPDI, modify amounts reduced or replenished, select a different previously stored authorization, or create an entirely new authorization.

Authorization Sections Expanded and Made More Flexible

The authorization sections will be expanded to allow submitters to indicate the amount the subject issue reduces the authorization or replenishes (adds back) an authorization. There will also be a check field to display the net effect of the issue on the authorization.

Second Authorization Added

Up to two authorizations may be used for any specific issuance. Completion of Issuance Authorization 1 is required. Completion of Issuance Authorization 2 is not required, but is available for submitters that have an issuance that has an effect on two authorities. Following are examples of situations when the 2nd authorization field will be useful.

- The total issuance authorization for a single issue is derived from combining amounts from two different authorizations. Example: A \$20 million bond issuance draws authorization for \$8 million from 2008 Measure A and \$12 million from 2014 Measure D.
- Two authorities are required to issue and each is reduced by the total amount of a single issuance. Example: A \$5 million issuance of interim debt legally reduces the voter authorization under 2008 Measure H by \$5 million and also reduces the authorization from the governing body for the issuer's interim debt program by \$5 million.
- The subject issuance reduces the first authorization for the total issuance, but pays down or refinances debt issued under a second authorization; replenishing the amounts in one or both authorizations. Example: Building on the prior example, a long-term debt of \$10 million is issued reducing the authorization under 2008 Measure H. \$5 million of the long-term debt is used to pay-down \$5 million from the interim debt program that was charged against 2008 Measure H. Therefore, 2008 Measure H is replenished by \$5 million by the long-term issue, equating to a net reduction in 2008 Measure H of \$5 million. The authorization for the interim debt program will also be replenished by \$5 million.

Authorization Data Carries Forward to the ADTR

The ADTR will not only be prefilled with totals from prior year ADTR submittals, but also prefilled with an aggregation of all data for the authorizations (up to two) that were affected by the subject issue. Submitters will no longer be required to add up all issuances under an authorization and report it on each ADTR that utilized that authorization. Only Debt Authorized at the Beginning of the Reporting Period (1st year filers, only), Debt Authorized During the Reporting Period, and Authority Lapsed will be submitted on the ADTR. All other fields in the ADTR authorization sections (1 and 2) will be prefilled with data aggregated from that which has been previously submitted to CDIAC. Of course, accuracy of the ADTR authorization sections will be entirely dependent upon timely and accurate submission of all CDIAC reports (RPDI, RFS, and ADTR).

Submission Process Modifications

Advancing submittal of the ADTR authorization information to align with debt issuance, allowing submitters to indicate if an issuance affects more than one authorization, and providing the ability to establish whether the issuance caused the amount of an authorization to effectively decrease or increase create the opportunity to compile a more accurate ADTR and significantly simplify the submittal of authorization information. However, the enhancements will create changes in how and when authorization data is submitted. Following is a field-by-field description of the changes submitters will experience in each of the three reports.

RPDI Authorization Section

Issuance Authorization 1	
1 Original Authorized Amount:	4 Amount Authority Reduced (By this Issue):
<input type="text"/>	<input type="text"/>
2 Authorization Date: (MM/DD/YYYY)	5 Amount Authority Replenished (By this Issue):
<input type="text"/>	<input type="text"/>
3 Authorization Name:	6 Net Reduction or Increase (By this Issue):
<input type="text"/>	<input type="text" value="Calculated. Uneditable."/>
Issuance Authorization 2	
7 Original Authorized Amount #2:	10 Amount Authority Reduced (By this Issue) #2:
<input type="text"/>	<input type="text"/>
8 Authorization Date #2: (MM/DD/YYYY)	11 Amount Authority Replenished (By this Issue) #2:
<input type="text"/>	<input type="text"/>
9 Authorization Name #2:	12 Net Reduction or Increase (By this Issue) #2:
<input type="text"/>	<input type="text" value="Calculated. Uneditable."/>

Field Nos.

1-3 The data submitted for Authorization 1 is that for the issuance’s primary authorization. In the case of a refunding or revenue bond, this will be the resolution of the governing body. In a general obligation or Mello-Roos bond issue, for example, the authorization will be the election. The data submitted in these three fields combine to form the authorization identifier. The original authorized amount is typically the “not to exceed” amount provided in the authorization. Authorization date is the date of the resolution or election and must follow the MM/DD/YYYY convention. The authorization name is limited to 50

characters and must conform to a few naming conventions. “Measure” will be fully spelled out followed by the capital letter and/or number. “Proposition” will be abbreviated to “Prop” followed by the capital letter and/or number. “Resolution” will be fully spelled out. Submitters are *required* to submit information for Authorization 1. The Report of Final Sale will allow for modification of Authorization 1 if information changes between debt proposal and issuance.

When the RPDI is submitted, CDIAC staff will cross-reference the authorization identifier with other authorizations of the issuer stored in the CDIAC database. If the authorization is already in the database, CDIAC will consolidate the records. If it is new, CDIAC will conform the identifier to the naming conventions and draw-in the new authorization record.

- 4 The number entered shall be the amount that the debt authorization is reduced by the specific issuance. Most often this will be the principal amount of the debt, but could be less than the total principal if the issue is drawing from more than one authorization.
- 5 Submitters will use this field to indicate if the issuance being reported causes the authorization to be replenished contemporaneously with the issue. As an example, this field may be used if all or part of a long-term issue being reported refinances or pays down all or part of a previously issued interim debt that utilized that same authorization for its issuance. This field should not be used for a permitted administrative increase that is not a direct result of the issue being reported. A number entered in this field will cause the balance of debt authorization to increase.
- 6 Net Reduction or Increase is a calculated field. It simply displays the net effect on the authorization of what was reported in 4 and 5. A negative value, the most frequent result, indicates a net reduction in the authorization resulting from the issuance being reported.
- 7-12 The fields associated with Authorization 2 will function in the same manner as fields 1-6 under Authorization 1. Authorization 2 is *not* required, but provides the flexibility issuers may need to accurately reflect an authorization balance. There are many scenarios under which a submitter would complete Authorization 2. A few examples follow.
 - The primary authorization for a single debt issuance (CDIAC number) is derived from two separate authorizations – part of the principal goes to reduce one and the remaining principal to reduce the other. The two authorizations may be two different elections. Or, one authorization could be an election and the other a resolution, as in the case of a combination new money-refunding issue.
 - The issue reduces two different primary authorizations by the full amount of the issue. This circumstance could arise when interim financing legally reduces a voter authorization and at the same time reduces the resolution authorization for the interim financing program, both by the full amount of the issue.
 - The issue that is subject of the report and issued under the primary authorization pays down or refinances debt issued under a secondary authorization, replenishing the second authorization. This happens often when long-term voter authorized debt pays down commercial paper or a line of credit issued under a resolution.

Upon accessing the Report for Final Sale, submitters will find the authorization section completed with the data submitted on the RPDJ including naming convention modifications made by CDIAC staff. If the information is correct, the entire section can be skipped over. If the information is not correct, submitters may edit the authorization section as described below.

RFS Authorization Section

Issuance Authorization 1	
Original Authorized Amount:	Amount Authority Reduced (By this Issue):
13 <input 15."="" in="" other"="" type="text" value="Prefilled. Uneditable unless "/>	17 <input type="text" value="Prefilled. Editable."/>
Authorization Date: (MM/DD/YYYY)	Amount Authority Replenished (By this Issue):
14 <input 15."="" in="" other"="" type="text" value="Prefilled. Uneditable unless "/>	18 <input type="text" value="Prefilled. Editable."/>
Authorization Name:	
15 <input type="text" value="Prefilled. Editable using pick list. [v]"/>	
Enter Authorization Name (If Other):	Net Reduction or Increase (By this Issue):
16 <input type="text"/>	19 <input type="text" value="Calculated. Uneditable."/>
Issuance Authorization 2	
Original Authorized Amount #2:	Amount Authority Reduced (By this Issue) #2:
20 <input 22."="" in="" other"="" type="text" value="Prefilled. Uneditable unless "/>	24 <input type="text" value="Prefilled. Editable."/>
Authorization Date #2: (MM/DD/YYYY)	Amount Authority Replenished (By this Issue) #2:
21 <input 22."="" in="" other"="" type="text" value="Prefilled. Uneditable unless "/>	25 <input type="text" value="Prefilled. Editable."/>
Authorization Name #2:	
22 <input type="text" value="Prefilled. Editable using pick list. [v]"/>	
Enter Authorization Name #2 (If Other):	Net Reduction or Increase (By this Issue) #2:
23 <input type="text"/>	26 <input type="text" value="Calculated. Uneditable."/>

Field Nos.

15, 22 If the three fields (13-15 and 20-22) that make up the authorization identifier in either Authorization 1 or Authorization 2 indicate the incorrect authorizations, submitters will need to either select a different authorization or create a new authorization. The prefilled authorization identifiers are not directly editable. Submitters will select the pull down arrow in 15 or 22 and select from the pick list either one of the issuer’s authorizations stored in the database or select “Other”. If one of the authorizations from the pick list is chosen, fields 13-15 and 20-22 will populate. If “Other” is selected, submitters will have to complete the authorization identifier information in 13, 14 & 16 and/or 20, 21 & 23.

17, 18, 24, 25 Submitters will be able to edit the amount each authorization is reduced and/or replenished by the issue if there has been a change from the RPDJ submittal to the RFS.

Upon accessing the Annual Debt Transparency Report for the reportable issue, submitters will find that the data from all issues that utilized the same Authorization 1 as the reportable issue will be aggregated. After completing the few remaining fillable fields, the section will present a complete report of the activity within the authorization during the reporting year and a reporting year-end unissued balance. If the reportable issue had an effect on a second authorization, Authorization 2 will

also display with fields prefilled. There are, at most, only three fields in each authorization that must be completed.

ADTR Authorization Section

II. Issuance Authorization 1	
A. Original Authorized Amount	Prefilled. Uneditable.
B. Authorization Date <i>(MM/DD/YYYY)</i>	Prefilled. Uneditable.
C. Authorization Measure/Resolution Name and Number	Prefilled. Uneditable.
27 D. Debt Authorized - Beginning of the Reporting Period	Submitted on 1st year or prefilled.
28 E. Debt Authorized - During the Reporting Period	
F. Total Debt Authorized	Calculated. Uneditable.
G. Issuance Reported to CDIAC - During the Reporting Period	Prefilled. Uneditable.
H. Replenishment Reported to CDIAC - During the Reporting Period	Prefilled. Uneditable.
I. Debt Authorized but Unissued - During the Reporting Period	Calculated. Uneditable.
29 J. Authority Lapsed - During the Reporting Period	
K. Total Authorization Remaining - End of the Reporting Period	Calculated. Uneditable.

Issuance Authorization 2	
A. Original Authorized Amount	Prefilled. Uneditable.
B. Authorization Date <i>(MM/DD/YYYY)</i>	Prefilled. Uneditable.
C. Authorization Measure/Resolution Name and Number	Prefilled. Uneditable.
30 D. Debt Authorized - Beginning of the Reporting Period	Submitted on 1st year or prefilled.
31 E. Debt Authorized - During the Reporting Period	
F. Total Debt Authorized	Calculated. Uneditable.
G. Issuance Reported to CDIAC - During the Reporting Period	Prefilled. Uneditable.
H. Replenishment Reported to CDIAC - During the Reporting Period	Prefilled. Uneditable.
I. Debt Authorized but Unissued - During the Reporting Period	Calculated. Uneditable.
32 J. Authority Lapsed - During the Reporting Period	
K. Total Authorization Remaining - End of the Reporting Period	Calculated. Uneditable.

Field Nos.

- 27, 30** If this is the first time an ADTR has been submitted using the authorization in the report, the amount of debt authorized at the beginning of the reporting period (July 1 of the reporting year) must be submitted. Submission of this data is necessary because many ADTR reportable issues use authorizations that were used by issues that are not ADTR reportable. In these cases, the system is not able to calculate the first year balance in the authorization at the beginning of the reporting period. If it is not the first year an authorization has been reported in an ADTR, these fields will be prefilled with the year-end authorization remaining from the prior year ADTR.
- 28, 31** The data in these fields must be submitted. Most often it will be zero, but the field accommodates several scenarios when a non-zero entry will be necessary. First, when the Authorization Date is within the reporting period the entry will be the Original Authorized Amount. Secondly, some issuers have authorizations that allow for administrative increases based on specific conditions. Or, an issuer may pay down a line of credit or commercial paper with cash. These administrative actions and pay downs cause the authorized amount of debt to increase, but the increase is not a result or contemporaneous with a specific issue of debt (i.e., not reported as replenishments in field 5). As a result, these increases are not captured in the database anytime during the reporting year except on the ADTR.
- 29, 32** The amount of an authorization that has lapsed during the reporting period must be reported on each ADTR that utilized the authorization. Lapses of authorization are only captured on the ADTR.

It is important to remember that if an authorization is used for multiple issues during the reporting year, the data entered in the fields for that specific authorization *must be the same* on each issue's ADTR.

Under the new database design, accuracy of the authorization data reported on the RPDI and RFS is critical. Issuers and those submitting reports on their behalf should carefully review the submissions and acknowledgement information as submissions are made. Use the data confirmation features of the RFS to ensure the accuracy of the data for each debt issue. If issuers and submitters are attentive to the accuracy of these precedent reports, the ADTR authorization section is designed to nearly complete itself.

In the event mistakes or inaccuracies are discovered on the ADTR authorization section, do not submit the report. Contact the CDIAC Data Unit to have corrections made in the database to allow those corrections to flow through to a revised ADTR. Submitters must wait at least 24 hours after corrections are made before the next attempt to file the ADTR can be made.

Deployment and Training Schedule

The enhanced RPDI, RFS and ADTR will be deployed online on **Thursday, October 18, 2018**. On that day, revised instructions for completing the reports will be posted on the CDIAC website next to the link for each report. Until deployment of the revised reports, the current version of all three reports are available for filing. Statutory requirements for timely filing of all three reports must be adhered to, but if a submitter has time to wait until deployment of the new reports to submit they will find an improved process and reduced need for retroactive modifications of data.

Any issue that is ADTR reportable and did not submit issuance information through the new RPDI and RFS, including those with an ADTR due before January 31, 2019, will find the Authorization 2 fields on the new ADTR blank. However, the Authorization 1 information will be prefilled as described in this notification. The source for Authorization 1 information (prior to the new RPDI and RFS) has been the fields regarding general obligation bond authorization on the current RPDI, issuance documents submitted with the RFS, or prior year ADTRs. No replenishment data will have been captured.

If there are mistakes or inaccuracies in the prefilled data for Authorization 1 or if submitters would like to utilize the second authorization or replenishment field for an ADTR reportable issue, do not submit the ADTR and contact the CDIAC Data Unit to make the required modifications. Again, submitters must wait at least 24 hours after corrections are made before the next attempt to file the ADTR. Given the 24-hour delay and potential for assistance requests to peak as the ADTR filing deadline approaches, submitters should plan extra lead time for filing the 2017-2018 ADTR reports.

Webinars

CDIAC is planning two Webinars during which the topics covered in this notification will be reviewed. Webinars will also include mock filings of an RPDI, RFS, and ADTR for a variety of debt types and issuance scenarios. Webinars will be held on:

- 1. Friday, October 26th at 10:00AM**
- 2. Thursday, November 1st at 10:00AM**

Registration for the webinars is required and can be accessed at:

<https://www.treasurer.ca.gov/cdiac/seminars/index.asp>

Questions about the topics covered in this notification can be directed to the CDIAC Data Unit at cdiac_issuance@treasurer.ca.gov or (916) 653-3269.