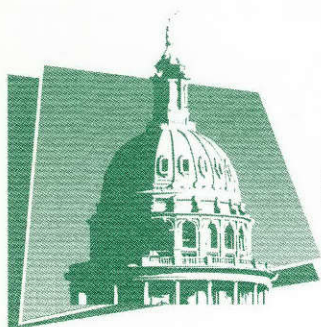


# F.A.C.T.S

Bob Bullock, Texas Comptroller of Public Accounts

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## State Bond Issues: A Closer Look

**T**exas state agencies and institutions of higher education have authority, either by statute or the state constitution to finance projects and new programs through two types of bond issue - General Obligation Bonds (GO) and Revenue Bonds.

Most Texas GO bonds are designed to be self-supporting and are backed by the full faith and credit of the state.

Exceptions to the rule are constitutional appropriation bonds and Public Finance Authority GO bonds paid directly from the state's General Revenue Fund and Permanent University Fund Bonds backed by the Permanent University Fund (PUF).

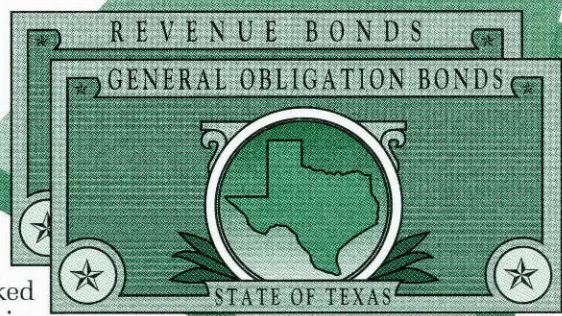
Revenue bonds are backed by pledged revenue sources and funds restricted for that purpose.

Bonds currently approved for issue in Texas include:

### General Obligation Bonds:

- Department of Agriculture, Farm and Ranch Loan Security Bonds
- Texas Higher Education Coordinating Board, College Student Loan Bonds
- General Land Office/Veterans Land Board, Veterans Land Bonds and Veterans Housing Assistance Bonds
- Parks and Wildlife, Park Development Bonds

- Water Development Board, Water Development Bonds
- Higher Education Assistance Fund, Constitutional Appropriation Bonds (issued by higher education agencies, not backed by PUF)
- Public Building Authority, Texas Public Finance Authority GO Bonds (includes bonds for State Purchasing and General Services Commission, Department of Criminal Justice, Texas Youth Commission, Texas Department of Mental Health and Mental Retardation, Texas Department of Public Safety and Texas Youth Commission)
- University of Texas and Texas A&M Permanent University Funds Bonds
- Texas National Research Laboratory Commission, Superconducting Super Collider Bonds



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## STRAIGHT FACTS

Only four of the 10 largest states in this country have better bond ratings than Texas.

Standard and Poor's, one of the two New York bond rating firms, recently notified us that Texas general obligation bonds continue to earn an "AA" rating in the market.

Moody's Investment Service, the other bond rating firm, continues to place an "Aa" rating on Texas general obligation bonds.

**Bond ratings are like a flashing neon sign to prospective investors**

The Standard and Poor's report, reaffirming the state's double-A rating, cites low and manageable debt ratios, along with an improving and diversifying economic base and continued improved finance performance.

Standard and Poor's, however, expressed concerns about the state's financial future due to increased spending measures on public schools to meet the *Edgewood vs Kirby* court decision and the state's use of one-time book-keeping measures to balance the budget at the end of 1991.

Those bond ratings may seem like meaningless letters to the average person, but they are like a flashing neon sign to prospective investors. The higher the bond rating, the lower the interest rate those investors will require us to pay when we go to market to sell our bonds.

While the Standard and Poor's report is positive, we must continue to be cautious in our state budget process. Bond ratings of "AA" and "Aa" are good.

But, bond ratings of "Aaa" are even better.

I like better. ■



## State bond issues *continued*

State agencies must have authorization under the Texas Constitution or by state law before bonds may be issued. Bond issues must also be approved by the Bond Review Board.

State agencies must follow a basic procedure:

**Bond Authorization:** Agencies or universities with legislative authority to issue bonds, must receive approval from their Board or Committee. A financial advisor is hired and notice of the proposed issue is given to the Bond Review Board. The notice must include purpose, amount, timing, terms and date the issuer wishes to meet with the Board. A planning meeting may be called by the Board. The financial advisor prepares the preliminary official statement (POS) and submits it to the Bond Review Board for certification.

**Bid Process:** If approved, the POS and bid forms are mailed to potential investors. The notice of sale is published in the *Texas Bond Reporter*. Bond ratings are requested and meetings are held with the bond counsel, financial advisor, issuer

and rating agencies. When a notice of bond ratings is received, it is communicated to prospective bidders. Bids are received and reviewed, the lowest bid adopted, and the winning bidder notified.

**Resolution and Bond Registration:** The bond counsel prepares the bond resolution for approval by the agency or university board of finance committee. The Comptroller must update and certify the data in the POS, and the Attorney General must issue an opinion regarding the legality of the bond issue. While this is being done, the agency issues transcripts for approval, arranges for delivery of bonds, and proofs the bond printing.

After the Attorney General's approval is received, the sale is completed and the Comptroller receives and registers the bonds, issues certificates of registration and delivers the bonds to the purchaser or the bond house.

Within 30 days of the closing, the agency must issue a final report to the Bond Review Board. This report must include the actual issuance costs, bond transcripts, and other documents. ■

## Notices to state agencies

Following is a list of recent Notices to State Agencies from the Comptroller's Office. For further information, contact the Fund Accounting Division at 512 (463-4992), the Claims Division at (512) 463-4850 or the State Government Accounting Division at (512) 794-8065.

<u>Notice</u>	<u>Division</u>	<u>Date</u>
USAS Executive Support System Design Survey	State Acct.	Mar. 28, 1990
USAS Accounting - Major Milestone Reached	State Acct.	April 13, 1990
Update Questionnaire - Points of Contact	Claims	April 23, 1990
Uniform Statewide Payroll Project Survey	State Acct.	May 14, 1990



# Agencies can speed voucher payments

**T**he Comptroller's Claims Division is committed to help state agencies reduce the time it takes to process vouchers and ensure prompt payment. Here are some tips for state agencies that can speed vouchers through the Claims Division approval process:

- If a voucher is exempt from State Purchasing and General Services Commission approval, send the voucher with original signatures with supporting documentation attached directly to Claims Division. No extra copies of the voucher should be attached to your document set.
- Fold and staple required payee maintenance documents to the front lower half of your single purchase/travel voucher or Batch Cover Voucher. Do not bury these documents in the middle or at the back of your voucher document set.
- **Securely** staple supporting documentation, other than payee maintenance documents, **behind** the voucher at the top of the page. **Do not use paper clips.** Staples should not cover critical processing fields of information such as the Transaction Code, Agency Number, Agency Voucher Number or Comptroller Voucher Number.
- Staple Batch Cover Vouchers to the front of Multi-Vendor Voucher Detail document(s). Type "Purchase" or "Travel" in Item A (Type of Voucher) on the Batch Cover Voucher to correctly identify your multi-vendor voucher type.

- Always include the Transaction Code and Agency Number on your voucher. Correctly prepared vouchers are processed faster than vouchers missing this vital information. Alpha characters in the Agency Voucher Number field should be avoided.
- Sort vouchers by payment type (i.e., payroll, travel or purchase) and sort within type by transaction code. Place payrolls in separate envelopes with "PAYROLL ENCLOSED" written boldly on the outside. We prefer receiving 8 1/2" by 11" envelopes because flat vouchers are easier to process.
- Use the **green** State of Texas Travel Voucher to process travel payments. **Do not** make or submit white copies of travel vouchers since it can result in improper sorting of your voucher.

- When you submit FICA vouchers for payment, highlight "FICA" in yellow.
- Vouchers that require Purchasing Commission approval should be sent directly to the State Purchasing and General Services Commission.
- Submit Interagency Transaction Vouchers and all accounting documents to the Fund Accounting Division of the Comptroller's Office.

Vouchers can be more quickly processed through Claims Division when they follow these guidelines, that is, they arrive flat, sorted, unmarred by staples, and correctly prepared with all entry fields complete

If you have questions about these guidelines, please call Jon Kasper at (512) 463-4860, or Linda Stubblefield at (512) 463-4582. ■

## Tips for preparing travel vouchers

**T**he Comptroller's Office tries to ensure quick reimbursement to state employees for their travel expenses. Here are some ways to help us speed the process.

Employees should review the *State of Texas Travel Allowance Guide*, before preparing and submitting travel vouchers. The guide, published by the Comptroller, covers state travel rules and requirements for preparing travel vouchers. Voucher requirements for claiming an expense are listed after key travel rules. Check to see that your employees meet the voucher requirements when they seek reimbursement.

Vouchers won't process if data is incorrect. Some common errors include using an incorrect Transaction Code or omitting the state agency number. Other errors occur in the amounts listed. Reimbursement amounts in the voucher amount section should be equal to the individual amounts listed for the object codes. If these fields are inaccurate it takes longer for the Comptroller to process a voucher.

Another frequent problem area is the employee Payee Identification number. If the payee number is incorrect, the voucher will not process or a travel warrant may be issued to the wrong individual.

Agencies can also avoid voucher problems by making sure employees sign their travel vouchers. Make sure the agency approval signature is on the agency signature card at the Comptroller's Office.

If state agencies attach unnecessary documentation to the voucher, it may take longer to process the necessary information. For example, direct payments to commercial transportation companies or credit card issuers only require payment of an 092 voucher, the transportation receipts and the reason for each employee's travel.

If you have questions about travel reimbursement rules, please contact the Travel Audit section before an employee's trip occurs. Travel Guides are available from Claims Division. Please call 463-4850 (Tex-An 255-4850). ■



## Q &amp; A

## About USAS

**Q** What type of costs related to USAS should an agency include in its legislative appropriations request (LAR) for the next biennium?

**A** There are two USAS items an agency must consider when preparing its LAR. One is the cost to report to the statewide accounting system. Since all of the hardware and software will be in place by the end of September 1991, an agency's estimate should be for the ongoing maintenance required to continue to report to the accounting system.

Beginning in September 1991, agencies will begin converting to the new payroll system. The second item each agency should include in its LAR is the cost to maintain existing payroll processing for one year. Since the payroll system will be centralized, there will be no on-going maintenance costs to the agency beyond its migration to the statewide system.

**Q** Who should I contact for more information on the agency allocation or on the type of costs to include in the LAR?

**A** Call the State Government Accounting Division at 512/794-8065. Tom Lauger, the Statewide Accounting project manager, can answer questions about accounting systems. Andy Slack, manager of the Uniform Statewide Payroll System, can answer questions about the payroll system. ■



## REPLAYS

## Accurate reporting crucial to HRIS data base

A crucial element of the state-wide personnel/payroll system being developed by the Comptroller's Office is accurate and timely reporting by state agencies of job-related information to the Human Resource Information System (HRIS).

State agency reporting on employee information is crucial to the accuracy of the HRIS data base.

The Human Resource Information System (HRIS) is the first phase of the statewide personnel/payroll system mandated by the Texas Legislature in 1987.

The Human Resource Information System was up and running in May, 1989, though some state agencies are yet to be loaded on the system. HRIS contains information on each employee whose salary and/or benefits are either paid or reimbursed by the state, regardless of the funding source.

This information includes job-related data, descriptive information, salary, health insurance and retirement deductions, entitlements and state-paid benefits. The system provides the information necessary to fulfill state reporting requirements in addition to ad hoc inquiry capabilities.

Information in the HRIS provides a data base that will be used for statewide reporting and will also be accessed by the Executive Support System currently being developed by Andersen Consulting.

The Executive Support System will also use the information as an important tool in the decision-making process for members of the Legislature, the Governor's Office, the Legislative Budget Board and other policy makers in the state. ■

**FISCAL FACTS**

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