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## Certification of the Permanent School Fund Bond Guarantee Program

June 2, 1999

Members of the Legislative Audit Committee:

We certify that the Permanent School Fund Bond Guarantee Program (Program) is in compliance with Section 45.053(a) of the Texas Education Code (Code). As of August 31, 1998, the maximum allowable for guarantee was \$25,308,255,572, which is two times the cost value of the Permanent School Fund (Fund). The total amount of bonds guaranteed by the Program as of August 31, 1998, was \$14,399,226,318.

This certification is required by Section 45.053(b) of the Code. The Code states that the Commissioner of Education may not approve bonds for guarantee if the approval would result in the total amount of outstanding guaranteed bonds exceeding an amount equal to two times the cost value or market value, whichever is less, of the Fund, exclusive of real estate.

The Program was created as a means for school districts to improve the credit rating and marketability of school district bonds. Only bonds issued by accredited school districts under Subchapter A, Chapter 45 of the Texas Education Code or Article 717k, Vernon's Texas Civil Statutes are eligible for guarantee by the Fund.

We appreciate the Texas Education Agency's cooperation on this project. If you have any questions, please contact Carol A. Smith, CPA, Audit Manager, at 479-4700.

Sincerely,

Lawrence F. Alwin, CPA  
State Auditor

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cc: Dr. Mike Moses, Commissioner of Education  
Members of the State Board of Education  
Mr. Dean Murray, Permanent School Fund Executive Administrator

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