

# **Dietrich School District No. 314**

7217

## **FINANCIAL MANAGEMENT**

### **BOND ACCOUNT**

The purpose of this Policy - Bond Account is to establish policies and procedures in connection with the funds to be deposited and retained to pay debt service on general obligation bonds (the “Bonds”) issued by Dietrich School District No. 314, Lincoln County, State of Idaho (the “District”).

#### **Creation, Purpose and Maintenance of Bond Account**

Payment of principal and interest due on Bonds shall be made by the District from an account (the “Bond Account”) established under the resolution(s) authorizing Bonds (“Bond Resolution(s)”). As required by the Bond Resolution, the Bond Account shall be maintained separate and apart from any other accounts of the District. A separate subaccount under the Bond Account shall be established for each series of Bonds. All Bond Tax Receipts and Bond Levy Subsidy Payments, hereinafter defined, shall be credited to the Bond Account separate and apart from the funds for the payment of principal or interest on any other series of bonds, and separate and apart from any Non-Bond Levy Revenues of the District, as hereinafter defined.

The Bond Account shall be monitored by the District’s Business Manager. Unless otherwise provided by District resolutions, agreements entered into in connection with the issuance of Bonds, or any tax certificate with respect thereto, the Business Manager shall maintain records and shall prepare regular, periodic statements regarding the investments, deposits and disbursements involving funds held in the Bond Account.

#### **Definitions**

“Bond Guaranty Programs” mean collectively the programs of the State of Idaho pursuant to the Idaho School Bond Guaranty Act, Title 33, chapter 53, Idaho Code, and the school district bond credit enhancement program under Title 57, chapter 7, Idaho Code.

“Bond Levy Subsidy Payments” mean subsidy payments received by the District from the State of Idaho bond levy equalization fund under Idaho Code, Sections 33-906, 33-906A, and 33-906B, or any successor provision.

“Bond Tax Receipts” mean funds derived from the District’s general obligation bond levy under the applicable Bond Resolution, levied, assessed, certified, extended and collected by the District or on behalf of the District by the County annually at the time when and in the manner in which

other general taxes of the District are levied, upon all the taxable property within the limits of the District, in addition to all other authorized taxes and assessments in the amount specified by Idaho Code Sections 33-802 and 33-802A.

“County” means the County of Lincoln, Idaho.

“Investment Securities” means such investments as shall be legal investments for such funds under Idaho law as then in effect.

“Non-Bond Levy Revenues” mean revenues, including but not limited to, property tax revenues and operating levy property tax revenues, state funds in replacement of property tax revenues, sales tax revenue sharing funds, or other funds collected on the District’s behalf by the County and then disbursed to the District.

#### Deposit of Funds into Bond Account; Payment of Bonds

There shall be deposited into the applicable subaccount under the Bond Account no later than five (5) days of receipt (i) Bond Tax Receipts, (ii) Bond Levy Subsidy Payments, and (iii) such other funds as the District shall designate as irrevocably available to pay principal and interest on the applicable Bonds, in amounts sufficient to meet the payments of principal and interest on Bonds as the same mature, as provided in the applicable Bond Resolution. Non-Bond Levy Revenues shall not be deposited into the Bond Account.

District shall pay debt service on Bonds from funds held in the Bond Account pursuant to the provisions of the applicable Bond Resolution, but nothing herein contained shall be construed to prevent the District from paying the interest on or the principal of Bonds from any other funds in its hands and available for that purpose.

#### Investment of Funds in Bond Account

Moneys held in the Bond Account and subaccounts thereunder shall be invested and reinvested by the District to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payment of debt service on Bonds. All investment earnings shall be retained in the Bond Account.

For purposes of investment of funds in the Bond Account, the District may consider earnings on funds held in the Bond Account which are not expected to be used to pay principal and interest on Bonds to be held for the purpose of paying principal and interest on other bonds issued or to be issued by the District or to be used for any lawful purpose of the District.

#### State Guaranty

## Programs

In the event Bonds are guaranteed by the Bond Guaranty Programs, and pursuant to the applicable Bond Resolution, the District shall transfer moneys from the Bond Account to the Paying Agent sufficient for the scheduled debt service payment on the Bonds at least fifteen (15) days before each principal or interest payment date for the Bonds, pursuant to the provisions of the applicable Bond Resolution.

## Use of Funds in Bond Account

The District shall use the funds held in the Bond Account for the timely payment of principal (including any redemption premium) and interest on the District's Bonds, and related expenses, and for no other purpose. Upon payment in full of the Bonds, remaining funds in the Bond Account may be applied by the District in the manner provided by law.

Policy History:

Adopted on: July 2016

Revised On: