

107.180 Sums received and deposited in sinking fund -- How held -- Debt service reserve -- Deficiency assessment -- Refund of surplus.

All sums received and deposited in the sinking fund shall be held inviolate and applied by the city solely for the payment of the principal of, and interest on, the bonds issued for the financing of the identified improvement project. The amount collected, and deposited in the sinking fund from the first improvement assessment levied in connection with any project, in excess of maturing principal and interest of the bonds, and for the purpose of creating a "debt service reserve," shall be held in the sinking fund for that purpose. If the collections from the first annual improvement assessment levy shall fail to produce a sum sufficient to provide a "debt service reserve" equal to twenty percent (20%) of future average annual principal and interest requirements, the next annual improvement assessment shall be fixed at such level as may be calculated to restore the "debt service reserve" to such level after providing for current principal and interest maturities. The debt service reserve requirement of a wastewater collection project by a metropolitan sewer district may be funded from the proceeds of the bonds. If, at the time of any annual levy of the improvement assessment, the sum held in the sinking fund as said "debt service reserve" shall exceed the level herein specified, such excess may be taken into account in fixing the rate of the improvement assessment for the ensuing year; and if the amount so held in said "debt service reserve" is below said specified level, the next annual improvement assessment levy shall be increased in a corresponding manner. In making the improvement assessment levy for the year preceding the final maturity of bonds for any improvement project, the governing body may take into account, and make allowance for, the amount held in the sinking fund of the particular project as a "debt service reserve"; and if in making such levy the governing body shall miscalculate and provide funds insufficient to pay the final maturing principal and interest, the governing body shall be authorized to, and shall be required, to make a subsequent improvement assessment levy upon the benefited properties sufficient to make up the deficiency, with interest to date of payment. If the procedures required by this chapter shall result in a surplus after payment of the bonds, and all interest thereon to date of payment, such surplus shall be refunded, pro rata, to the owners of benefited properties, as determined at the date such surplus is ascertained by the governing body to exist.

History: Amended 1976 (1st Extra. Sess.) Ky. Acts ch. 13. sec. 23. -- Created 1956 Ky. Acts ch. 239, sec. 18, effective February 29, 1956.