

67A.891 Uses of sinking fund.

All sums received and deposited in the sinking fund shall be held inviolate and applied by the government, or the trustee in respect of the bonds solely for the payment of the principal of, and interest on, the bonds issued for the financing of the identified project. The amount levied, collected and deposited in the sinking fund from initial improvement assessment levies in connection with the project, in excess of maturing principal and interest of the bonds and equal to twenty percent (20%) of maximum annual principal and interest requirements, for the purpose of creating the debt service reserve fund shall be held in the sinking fund as a special reserve for that purpose. Such excess levies shall continue annually until the debt service reserve requirement has been accrued in the debt service reserve fund in respect of all outstanding bonds; provided that the debt service reserve requirement 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 debt service reserve fund shall exceed the debt service reserve requirement, such excess may be taken into account in fixing the rate of the improvement benefit assessment for the ensuing year; and if the amount so held in the debt service reserve fund is below the specified level, the next annual improvement assessment levy shall be increased in a corresponding manner so as to accrue the debt service reserve requirement. In making the improvement assessment levy for the year preceding the final maturity of bonds for any project, the urban-county council may take into account, and make allowance for the amount held in the sinking fund of the project as the debt service reserve fund; and if in making the levy the urban-county council shall miscalculate and provide funds insufficient to pay the final maturing principal and interest, the governing body shall be authorized, 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 KRS 67A.871 to 67A.894 shall result in a surplus after payment and discharge 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 the surplus is ascertained by the governing body to exist.

Effective: March 30, 1976

History: Created 1976 Ky. Acts ch. 371, sec. 21, effective March 30, 1976.