

BONDS**1.0 PURPOSE:**

Wirt County Schools recognizes that it is not permitted to incur any debt in one fiscal year to be paid out of its funds in a subsequent year. However, the Board also recognizes that there may be the need to raise additional funds for major capital improvements and acquisitions and must do so in accordance with WV Code §13-1-3 with the issuance of bonds.

2.0 DEFINITIONS:

The following definitions provide clarification for terms used throughout this policy:

- 2.1 General Obligation Bonds (GO)** – A debt instrument issued for a period of more than one year with the purpose of raising capital by borrowing that is secured by a government's pledge to use legally available resources, in WV, this is authorized by voter approved additional tax levies on property.
- 2.2 Qualified Zone Academy Bonds (QZAB)** – In 1997, school districts were authorized under the Taxpayer Relief Act, to enter into a financing arrangement by the sale of tax-exempt bonds in which the buyer receives a tax credit for the amount of interest that would have charged the school board.
- 2.3 Taxable property** – Assessed value of property within a county that is determined by the local county assessor on March 3rd of each year.

3.0 PROCEDURE:

- 3.1** The Board may issue General Obligation Bonds and thereby become indebted in an amount not to exceed 5%, including all other indebtedness, in the aggregate, on the value of the taxable property in the county.
 - 3.1.1** Bonds are repaid from voter approved additional taxes on the taxable properties in the county.
- 3.2** Additional funds for capital improvements may be secured by arrangement of selling Qualified Zone Academy Bonds if eligible as a recipient by the School Building Authority of WV.
 - 3.2.1** In WV, the QZAB is only eligible for match on capital equipment.
 - 3.2.2** The QZAB takes Board approval and not voter approval unlike a General Obligation bond.
 - 3.2.3** The debt arrangement for the QZAB is structured like a capital financing lease in which the equipment being procured is held as collateral.

4.0 SEVERABILITY:

If any provision of this policy or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this policy. A change or addendum to WV Code or policy shall necessitate a change based upon superintendent's discretion.

BONDS

REVIEW SCHEDULE:

This policy shall be reviewed in accordance with the policy review schedule published by the Superintendent.

Authority: West Virginia Code: §13-1-2, 3, 4

Replaces: Wirt BOE Policy DCA-R, October 12, 1998