

## **Annual Bond Debt Service Suspense Accounts**

**WIFA Policy #: V.8**

### **Purpose:**

*Restrict the use of revenues from qualified pledged loans and earnings from the Financial Assistance Accounts for bond debt service payments.*

### **Policy:**

#### **Section 1: Annual Debt Service Suspense Accounts**

Fiscal Services shall maintain within the Clean Water Revolving Fund (CWRF) and the Drinking Water Revolving Fund (DWRf) the following accounts:

- Annual Debt Service Account – Principal (ADSA<sub>P</sub>)
- Annual Debt Service Account – Interest (ADSA<sub>I</sub>)

#### **Section 2: Deposits to Annual Debt Service Accounts**

Upon receipt of loan repayments, Fiscal Services shall deposit:

- Principal Repayments from qualified pledged borrowers to the ADSA<sub>P</sub>.
- Interest Payments from qualified pledged borrowers to the ADSA<sub>I</sub>.
- Any earnings will be deposited in the account from which they were produced.

#### **Section 3: Withdraws from Annual Debt Service Accounts**

From funds deposited in accordance with Section 2, Fiscal Services shall withdraw funds from the ADSA<sub>P</sub> and ADSA<sub>I</sub>, in amounts equal to debt service payable, for transfer to WIFA's trustee. Funds will be transferred in accordance with bond debt service payment requirements.

#### **Section 4: Release of Balances from Annual Debt Service Accounts**

Following transfers to the trustee for the leveraged portion of debt service payments (Section 3) and prior to additional deposits (Section 2), Fiscal Services may transfer the balance of the ADSA<sub>P</sub> to the respective Financial Assistance Account (CWRF or DWRf).

#### **Section 5: Annual Deposits and Debt Service Payments**

In accordance with Policy V.4 – Commitment Balances and within the Commitment Balances review by the Board, Fiscal Services shall:

- Project annual revenues to be deposited to the ADSA<sub>P</sub> and ADSA<sub>I</sub> in accordance with Section 2 by fiscal year.
- Project the bond debt service payments to be paid from balances within the ADSA<sub>P</sub> and ADSA<sub>I</sub> in accordance with Section 3 by fiscal year.

**Responsibility:** Controller

**Statutory Reference:** A.R.S. Title 49, Chapter 8

**Rule Reference:** N/A

**Original Issue Date:** December 13, 2001

**Previous Amendment Date(s):** June 21, 2006, August 17, 2011

**Most Recent Amendment Date:** October 6, 2017 (*Replaces All Previous Versions*)

**Approval:**

  
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**Executive Director**

10/4/17  
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**Date**