



BOND FUNDS

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BROKEN ARROW PUBLIC SCHOOLS



What are bond funds?

Bond funds for school projects are a lot like a home loan. The district sells bonds to investors who are then paid principal and interest.

How do bond funds work?

A bond election is held where voters approve a maximum amount that the district is allowed to borrow without holding another election.



Bond Election: Voters are given the chance to say yes or no on whether to build or renovate school facilities. This is similar to getting a pre-approval on a home loan where a bank tells you the maximum amount they will lend you to purchase a home.

The district does not automatically incur debt once a bond election passes. As with a home loan pre-approval the district does not have to borrow the full amount approved in the bond election. It only sells bonds as needed to fund projects.



To sell the bonds, the district takes bids from interested investors. The district sells its bond to the investor offering the lowest interest rate.

How are bond issues paid off?



Principal and interest for a bond are paid out of the district's Sinking Fund, which is funded by property and sales taxes.

School bonds are limited to a 25 year term by state law. Five to 10 year bonds are typical.

How can bond money be used?



Bond issue proceeds must be spent for purchasing land; constructing or purchasing new facilities; remodeling or repairing existing buildings; or acquiring school furniture, fixtures, equipment, uniforms, technology and transportation equipment.

Eighty five percent of all bond issue proceeds must be spent on the list of projects included in the bond resolution and approved by the voters. The remaining 15 percent can be spent on similar-type projects as approved in the bond issue election or can be used to reduce the sinking fund debt.

Can bond funds pay employee salaries?



According to Oklahoma law, bond funds CANNOT be used to pay employee salaries or benefits.