

Bond Payments

Issuing revenue bonds finances many University buildings and facilities. It is the responsibility of Property Accounting to initiate the payment process and record the appropriate entries. Normally, these bonds are set up for payment twice a year, at six-month intervals. One payment includes principal, interest, paying agent fees and any other agreed upon fees, and the second payment excludes principal. These bond issues vary in length, but most are 20 to 30 years in duration.

Procedures:

When the bond payment is due, the trustee bank for the bond issue sends Property Accounting a statement approximately 30 days in advance of the due date. The statement indicates which bond issue is due, the amount to pay, and breaks down what the payment covers.

When this statement is received, Property Accounting sends a Monthly Bond Payment Summary (MBPS), along with a copy of the bank's statement, to the Associate Controller requesting authorization to pay. The signed MBPS authorizes payment for each bond issue.

When Property Accounting receives the authorization to pay the bond issue, the MBPS is provided to the Cash Management Office to initiate the transfer(s) to the paying agent. Property Accounting then completes accounting entries.

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