

Governmental Bond Financings Compliance Check Questionnaire

This questionnaire asks for information regarding your post-issuance bond compliance and record retention practices. Please complete the questionnaire and follow the instructions in the accompanying letter for returning it to us.

Name of Governmental Entity: _____

Employer Identification Number: _____

PART I - POST-ISSUANCE COMPLIANCE - GENERAL

1. Do you have written procedures to ensure that governmental bond financings remain in compliance with the following federal tax requirements after the bonds are issued:

- | | | |
|--|------------------------------|-----------------------------|
| a. Proper use of bond proceeds? | ☐ Yes | ☐ No |
| If Yes, date they were implemented? _____ (dd/mm/yyyy) | | |
| b. Timely expenditure of bond proceeds? | ☐ Yes | ☐ No |
| If Yes, date they were implemented? _____ (dd/mm/yyyy) | | |
| c. Proper use bond-financed property? | ☐ Yes | ☐ No |
| If Yes, date they were implemented? _____ (dd/mm/yyyy) | | |
| d. Arbitrage yield restriction and rebate? | ☐ Yes | ☐ No |
| If Yes, date they were implemented? _____ (dd/mm/yyyy) | | |
| e. Timely return filings and other general requirements? | ☐ Yes | ☐ No |
| If Yes, date they were implemented? _____ (dd/mm/yyyy) | | |
| f. Documenting compliance with other general requirements? | ☐ Yes | ☐ No |
| If Yes, date they were implemented? _____ (dd/mm/yyyy) | | |

Describe in detail your procedures for each of the above items (a-f) and how you implement them, including dates of revisions, if any. In lieu of the above descriptions, you may attach a copy of your written procedures. If you have no written procedures, explain what guidelines you have in place and from what source these guidelines are derived that ensure bond financings are in compliance with federal tax requirements. *(Attach sheet with description)*

2. Who is primarily responsible for monitoring post-issuance compliance of bond financings?

- | | |
|---|-----------------------------------|
| ☐ Elected or appointed officials | What is the person's title? _____ |
| ☐ Non-elected or non-appointed officials | What is the person's title? _____ |
| ☐ Staff Person | What is the person's title? _____ |
| ☐ Other Person | What is the person's title? _____ |
| ☐ None | |

3. If more than one individual is responsible for maintaining the records related to bond financings, do you have written procedures for assigning responsibilities that would ensure compliance with these financings? ☐ Yes ☐ No ☐ N/A

If Yes, date they were implemented? _____ (dd/mm/yyyy)

Describe in detail your procedures for assigning responsibility to each party involved and how you implement them, including dates of revisions, if any. In lieu of the above description, you may attach a copy of the written procedures used to assign responsibility to those individuals handling the bond financings. If you have no written procedures, explain what guidelines you have in place and from what source these guidelines are derived that ensure bond financings are in compliance with federal tax requirements. *(Attach sheet with description)*

4. Do you provide training or educational resources to personnel that are responsible for ensuring compliance with the post-issuance private use limitations for bond-financed property? ☐ Yes ☐ No
5. Are you aware of the following options available for voluntarily correcting failures to comply with post-issuance compliance activities?
- a. Taking remedial actions described under section 1.141-12 of the Income Tax Regulations? ☐ Yes ☐ No
- b. Entering into a closing agreement under the Tax-Exempt Bonds Voluntary Closing Agreement Program described in Notice 2008-31? ☐ Yes ☐ No

PART II - GENERAL RECORDKEEPING

6. Do you maintain records necessary to support the tax-exempt status of the bond financing? ☐ Yes ☐ No
- If yes, for how long?
- ☐ Less than life of bonds
- ☐ Life of bonds
- ☐ Life of bonds plus 3 years
7. How do you maintain your bond records?
- ☐ On Paper ☐ Electronic media (e.g., CD, disks, tapes) ☐ Combination of paper and electronic
8. Do you maintain copies of the following records:
- a. Your Federal tax or information returns (e.g., Form 8038 series returns)? ☐ Yes ☐ No
- b. Your audited financial statements? ☐ Yes ☐ No
- c. Bond transcripts, official statements and other offering documents of your bond financings? ☐ Yes ☐ No
- d. Minutes and resolutions authorizing the issuance of your bond financings? ☐ Yes ☐ No
- e. Certifications of the issue price of your bond financings? ☐ Yes ☐ No
- f. Formal elections for bond financings (e.g., election to employ an accounting methodology other than specific tracing)? ☐ Yes ☐ No
☐ N/A
- g. Appraisals, demand surveys, or feasibility studies for bond-financed property? ☐ Yes ☐ No
☐ N/A
- h. Documents related to government grants associated with construction, renovation or purchase of bond-financed facilities? ☐ Yes ☐ No
☐ N/A
- i. Publications, brochures, and newspaper articles for your bond financings? ☐ Yes ☐ No
☐ N/A
- j. Trustee statements for your bond financings? ☐ Yes ☐ No
☐ N/A
- k. Correspondence (letters, e-mails, faxes, etc.) for your bond financings? ☐ Yes ☐ No
- l. Reports of any prior IRS examinations of your entity or bond financings? ☐ Yes ☐ No
☐ N/A

PART III - INVESTMENTS AND ARBITRAGE COMPLIANCE

9. Do you maintain records documenting the allocations and earnings and investments related to your bond financings? ☐ Yes ☐ No
10. Do you maintain records for investments of your bond financing proceeds related to:
- a. Investment contracts (e.g., guaranteed investment contracts)? ☐ Yes ☐ No
☐ N/A
- b. Credit enhancement transactions (e.g., bond insurance contracts)? ☐ Yes ☐ No
☐ N/A
- c. Financial derivatives (swaps, caps, etc.)? ☐ Yes ☐ No
☐ N/A
- d. Bidding of financial products? ☐ Yes ☐ No
☐ N/A
11. Do you maintain records of the following arbitrage documents related to your bond financings:
- a. Computations of bond yield? ☐ Yes ☐ No
- b. Computation of rebate and yield reduction payments? ☐ Yes ☐ No
- c. Form 8038-T, *Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate*? ☐ Yes ☐ No
☐ N/A
- d. Form 8038-R, *Request for Recovery of Overpayments Under Arbitrage Rebate Provisions*? ☐ Yes ☐ No
☐ N/A
12. Do you have written procedures for monitoring instances that will comply with the applicable yield restriction requirements when a subsequent reinvestment of bond proceeds results in a lower investment yield. ☐ Yes ☐ No
☐ N/A

If Yes, date they were implemented? _____ (dd/mm/yyyy)

Describe in detail your procedures and how you implement them, including dates of revisions, if any. In lieu of the above description, you may attach a copy of the written procedures. If you have no written procedures, explain what guidelines you have in place and from what source these guidelines are derived that ensure bond financings are in compliance with federal tax requirements. *(Attach sheet with description)*

13. Do you have specific written procedures that monitor bond financings you expect will comply with the arbitrage rules as a result of the application of a temporary period exception (section 148(c) and section 1.148-2(e) of the Income Tax Regulations) or a spending exception (Regulations section 148(f)(4) and section 1.148-7(c), (d), and (e))? ☐ Yes ☐ No
☐ N/A

If Yes, date they were implemented? _____ (dd/mm/yyyy)

Describe in detail your procedures and how you implement them, including dates of revisions, if any. In lieu of the above description, you may attach a copy of the written procedures. If you have no written procedures, explain what guidelines you have in place and from what source these guidelines are derived that ensure bond financings are in compliance with federal tax requirements. *(Attach sheet with description)*

PART IV - EXPENDITURES AND ASSETS

- | | | |
|--|------------------------------|-----------------------------|
| 14. Do you maintain records documenting the allocation of bond-financing proceeds to expenditures (e.g., allocation of bond proceeds to expenditures for the construction, renovation, or purchase of facilities you own and use in the performance of your public purpose)? | ☐ Yes | ☐ No |
| 15. Do you maintain records documenting the allocations of bond-financing proceeds to bond issuance costs? | ☐ Yes | ☐ No |
| 16. Do you maintain copies of requisitions, draw schedules, draw requests, invoices, bills and cancelled checks related to bond proceeds spent during the construction period? | ☐ Yes | ☐ No |
| 17. Do you maintain copies of all contracts entered into for the construction, renovation or purchase of bond-financed facilities? | ☐ Yes | ☐ No |
| 18. Do you maintain records of expenditure reimbursements incurred prior to issuing bonds for facilities financed with bond proceeds? | ☐ Yes | ☐ No |
| 19. Do you maintain an asset list or schedule of all bond-financed facilities or equipment? | ☐ Yes | ☐ No |
| 20. Do you maintain depreciation schedules for bond-financed depreciable property? | ☐ Yes | ☐ No |
| 21. Do you maintain records that track your purchases and sales of bond-financed assets? | ☐ Yes | ☐ No |

PART V - PRIVATE BUSINESS USE

- | | | |
|--|------------------------------|-----------------------------|
| 22. Do you maintain records of trade or business activities by or with non-governmental entities or persons with respect to your bond-financed facilities? | ☐ Yes | ☐ No |
| | ☐ N/A | |
| 23. Do you maintain copies of the following agreements when entered into with respect to your bond-financed property: | | |
| a. Management and other service agreements? | ☐ Yes | ☐ No |
| | ☐ N/A | |
| b. Research contracts? | ☐ Yes | ☐ No |
| | ☐ N/A | |
| c. Naming rights contracts? | ☐ Yes | ☐ No |
| | ☐ N/A | |
| d. Ownership documentation (e.g., deeds, mortgages)? | ☐ Yes | ☐ No |
| | ☐ N/A | |
| e. Leases? | ☐ Yes | ☐ No |
| | ☐ N/A | |
| f. Subleases? | ☐ Yes | ☐ No |
| | ☐ N/A | |
| g. Leasehold improvement contracts? | ☐ Yes | ☐ No |
| | ☐ N/A | |
| h. Joint venture arrangements? | ☐ Yes | ☐ No |
| | ☐ N/A | |
| i. Limited liability corporation arrangements? | ☐ Yes | ☐ No |
| | ☐ N/A | |
| j. Partnership arrangements? | ☐ Yes | ☐ No |
| | ☐ N/A | |

24. Do you have any additional comments on how you ensure your governmental bonds remain tax exempt after they are issued? *(Attach additional sheets, if necessary)*

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. We need it to ensure that you are complying with these laws.

The IRS may not conduct or sponsor, and an organization is not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103 and 6104.