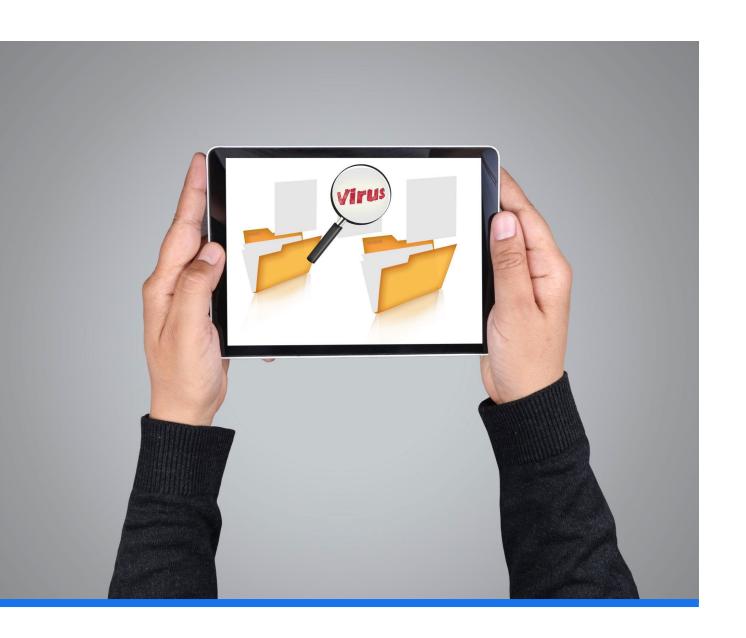
Record Keeping and Reporting: Foundations of Effective Bond Issue Compliance

ESSENTIAL PRINCIPLES FOR COMPLYING WITH YOUR RECORD KEEPING POLICY



Agenda Highlights

- Understanding Your record Keeping Policy
- Principles and Best
 Practices in Record Keeping
- Reporting: Purpose and Processes

Understanding Record Keeping

What records should be kept?



Expenditures of Bond Issue Proceeds

Date, Amount, description, project

Investment Earnings

Date, Amount, Source

Supports possible Arbitrage Rebate Calculations

Reliable and easily accessible records will make for easier and lost costly calculations.

Legal and Regulatory Evidence

Records provide essential evidence in the event the IRS comes knocking at your door

Definition of Record Keeping



Definition of Record Keeping

Record keeping is the process of creating and maintaining accurate documentation of all transactions related to your bond issue.

Ensures Transparency

Accurate records promote transparency by providing clear evidence of actions and decisions.

Supports Decision-Making

Reliable records help managers and stakeholders make informed and effective decisions.

Legal and Regulatory Evidence

Records provide essential evidence in the event the IRS comes knocking at your door

Legal and Regulatory Requirements

Regulatory Compliance

IRS Rules govern how tax-exempt bond proceeds are spent and invested

Records Management

Effective records management provides needed information in the event of and IRS Audit and makes required reporting to the board easier.

Legal Risk Protection

Adhering to legal requirements helps protect the district from having its bonds declared taxable or having to pay a fine to the IRS



Principles and Best Practices in Record Keeping



Accuracy, Consistency, and Completeness

Importance of Accuracy

Accurate records ensure information is reliable and free from errors, supporting sound decision-making.

Maintaining Consistency

Consistent record-keeping practices prevent discrepancies and improve data reliability over time.

Ensuring Completeness

Complete records contain all necessary information, avoiding omissions that could affect outcomes.

Retention and Disposal Policies

Retention Duration

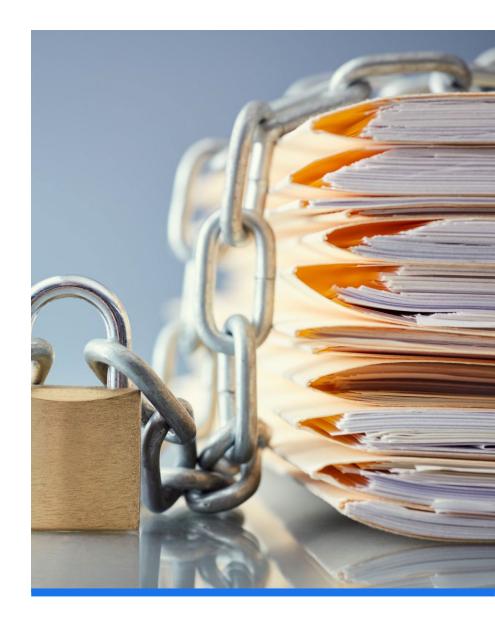
Bond records should be retained for 3 years following the final maturity of the bonds. If the bonds are refunded with another issue that time period could be extended

Secure Disposal Methods

Proper secure disposal methods must be followed to protect sensitive information from unauthorized access.

Legal Compliance

Your Record Keeping and Post Issuance Compliance Policy prepared by Chapman and Cutler is designed to comply with legal requirements to avoid penalties and ensure necessary compliance.



Reporting: Purpose and Processes

Objectives of Effective Reporting

Informing the Audience

Keeping the board informed of the district's bonds and how the administration is assuring compliance with the record keeping policies.

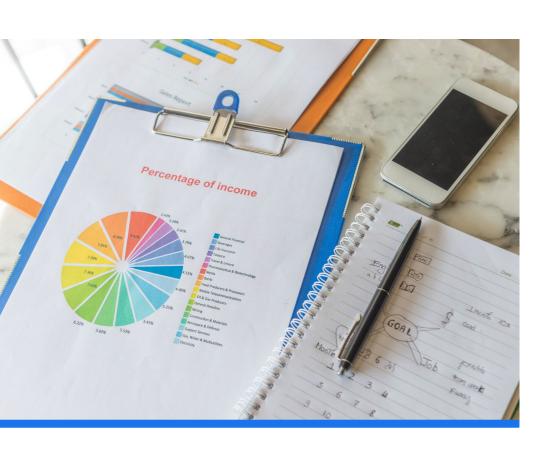
Demonstrating Compliance for the IRS

Providing the Board with an annual compliance report that shows the district has been complying with its reporting requirements can help demonstrate compliance to the IRS in the event of an audit.

Supporting Decision-Making

The reports can also be used to share with the board opportunities for use of bond proceeds as well as possibilities for future bond issues.

Format for Reporting



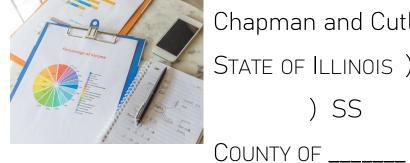
Chapman and Cutler Template

Chapman and Cutler has provided a template that we will review that is easily modified each year for presentation to the Board

Simple Presentation

The Template does not require Board approval.

Most districts just make it an informational item
that is included in the board packet. Of course, the
CFO could make an oral presentation of the report
is desired



Chapman and Cutler Template			
STATE OF ILLINOIS)			
) SS			

POST-ISSUANCE TAX COMPLIANCE REPORT

Board of Trustees of Community College District No. _____, Counties of _____ and To: State of Illinois

Pursuant to my responsibilities as the Compliance Officer as set forth in a Bond Record Keeping Policy (the "Policy") adopted by the Board of Trustees (the "Board") of Community College District No. ____, Counties of ____ and State of Illinois (the "District"), on the ____ day of _____, 20__, I have prepared a report reviewing the District's contracts and records to determine whether the Tax Advantaged Obligations (as defined in the Policy), comply with the applicable federal tax requirements. In accordance with the proceedings and agreements under which the Tax Advantaged Obligations were issued, the District has covenanted generally to take all action necessary to comply with the applicable federal tax rules and regulations relating to the Tax Advantaged Obligations, including covenants necessary to preserve the excludability of interest on the Tax Advantaged Obligations from gross income for federal income taxation purposes. The following sets forth a summary demonstrating the District's compliance with such covenants and expectations.



Chapman and Cutler Template – continued

- (a) Records. [I have in my possession all of the records required under the Policy.] [I am taking appropriate action to recover the records required under the Policy.]
- (b) Arbitrage Rebate Liability. I have reviewed the agreements of the District with respect to each issue of the Tax Advantaged Obligations. At this time, the District [does not have any rebate liability to the U.S. Treasury] [has a rebate liability of approximately \$______ to the U.S. Treasury]. [The District is exempt for arbitrage rebate liability under the ______ exemption.]
- (c) Contract Review. I have reviewed copies of all contracts and agreements of the District, including any leases, with respect to the use of any property owned by the District and acquired, constructed or otherwise financed or refinanced with the proceeds of the Tax Advantaged Obligations and other records. At this time, [each issue of the Tax Advantaged Obligations complies] [certain Tax Advantaged Obligations may not comply] with the federal tax requirements applicable to such issue, including restrictions on private business use, private payments and private loans.



Chapman and Cutler Template – continued

(d) IRS Examinations or Inquiries. The Internal Revenue Service (the "IRS") [has not] [has] commenced an examination of any issue of the Tax Advantaged Obligations. The IRS [has not] [has] requested a response to a compliance check, questionnaire or other inquiry.

Based upon the foregoing, I [believe that the District is currently in compliance with the applicable tax law requirements and no further action is necessary at this time] [recommend that the District consult with outside, independent professional counsel and, if necessary, seek correction of such violations or potential violations through remedial actions described in the United States Treasury Regulations or the Tax Exempt Bonds Voluntary Closing Agreement Program described in Treasury Notice 2008–31 or any similar program instituted by the IRS]. This report will be entered into the records of the District and made available to all members of the Board at the next regular meeting thereof.

Respe	ectfully submitted this $__$	day of	, 20
Ву			-
	Compliance Officer		

Audience Considerations and Tailoring Reports

Know Your Audience

Understanding the audience's background helps tailor the report language and complexity for better comprehension.

Adapt Report Language

Adjusting language style and terminology ensures reports are accessible and understandable to the intended readers.

Customize Format and Detail

Selecting appropriate detail levels and report formats makes information actionable and engaging for different audiences.



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