

GENERAL OBLIGATION BONDS POST-ISSUANCE COMPLIANCE

Under current federal tax law the interest paid on school district issued general obligation bonds is exempt from income taxation and results in a reduced interest cost to the District. To maintain this important exempt status there are reporting requirements at the time of issuance and the need to maintain records to assure compliance with restrictions on the use of funds and arbitrage rules after issuance. The Board of Education assigns the responsibility for meeting these requirements and for maintaining necessary records to the District's Treasurer. These duties shall include those set forth below and such other tasks as may be deemed necessary to maintain the tax exempt status for District general obligation bonds. As long as the Treasurer determines that District qualifies as a "small issuer" under the tax law this policy shall suffice. At such time as a pending or planned general obligation bond issue would not qualify the District as a "small issuer", the Treasurer shall advise the Board and recommend appropriate changes to this policy.

1. Filing the Information Return for Tax-Exempt Governmental Obligations timely.
2. Assuring that expenditures of bond proceeds are for school district purposes.
3. Assuring timely expenditure of bond proceeds, 10% within one year, 30% within two years, 60% within 3 years, and 85% within 5 years.
4. Maintaining documents supporting the authorization, issuance, tax filings and expenditure of bond proceeds for the life of the bonds plus three years.
5. Reviewing relevant IRS Code and Regulations three months before each general obligation bond issue date and determining whether the District remains a "small issuer" for that issue.

LEGAL REFERENCE: 2011 IRS Publication 4079, *Tax Exempt Governmental Bonds Compliance Guide*
§103 of the IRS Code of 1954