

Debt Issuance and Management Review Checklist

The Debt Issuance and Management Review Checklist is a tool that will allow public agencies to track their compliance with specific requirements associated with the issuance of bonds and the treatment of bond proceeds.

Debt Issuance and Management Review Checklist¹		
Checklist Item	Completed (√ = Yes)	Comments/Remarks
<i>Agency's General Debt Profile</i>		
The agency maintains a complete inventory of its outstanding bonds. This list is updated after each bond issuance.		
Bond covenants for the agency's outstanding bonds - both financial and non-financial - have been identified and are regularly reviewed and complied with.		
The agency has identified and is currently meeting the terms of the underlying documents (indenture, loan agreement, and tax certification) to the bonds.		
Debt service payments for the outstanding bonds have been incorporated into the agency's annual budget.		

Bond Issuance Project Title:		
<i>Use of Bond Proceeds (for each bond issuance)</i>		
Identify and describe the project(s) financed with bond proceeds.		
Identify the source of repayment for the bonds.		
Identify additional sources of funds for the bond funded project(s), e.g., grants, loans, or other funding sources.		
Confirm project(s) line items are included in agency budget. ²		
Confirm project funds were established in conformity with controlling bond document(s).		
Confirm the agency follows generally accepted accounting principles (GAAP) to account for		

¹ An agency should work with bond counsel, disclosure counsel, tax counsel, and other special consultants to meet the specific requirements of the Internal Revenue Code (IRC), federal securities laws, and continuing disclosure agreements (CDAs) or other documents. This checklist should only indicate that those specific processes have been completed – this checklist by itself would not satisfy compliance with these technical processes.

² Line items can include land acquisition, engineering, design, planning, and construction.

allocation of permitted expenditures in accordance with Governmental Accounting Standards Board (GASB) principles.		
Maintain a detailed project timeline and measure the project's progress against the timeline.		
Establish and maintain an expenditure schedule that includes cash flows in accordance with the project timeline.		
Establish a system to track expenditures that includes a review and approval process that conforms to the controlling bond document(s).		
Establish and follow procedures for the disbursement of bond proceeds.		
Monitor expenditures in conformity with controlling bond document(s):		
<ul style="list-style-type: none"> Identify project line items for which bond proceeds will not be used 		
<ul style="list-style-type: none"> Indicate where bond funds will be used to reimburse the agency for prior expenditures (e.g., planning and design) and identify the type and timing of the reimbursement 		
Track progress of projects:		
<ul style="list-style-type: none"> Identify project line items in agency's proposed expenditure report or budget. 		
<ul style="list-style-type: none"> Identify completed projects. 		
<ul style="list-style-type: none"> For incomplete projects, provide estimated start and completion dates. 		
<ul style="list-style-type: none"> Note total amount of bond proceeds expended on each project to date as well as the cumulative amount of proceeds available for each project. 		
Regularly review and validate trustee reports:		
<ul style="list-style-type: none"> Acceptances and disbursements of bond proceeds. 		
<ul style="list-style-type: none"> Current balances of bond funds. 		
<ul style="list-style-type: none"> Meeting/maintaining reserve fund requirements. 		
<ul style="list-style-type: none"> Investment of bond proceeds. 		
If the project was approved by voters, certify that the project is in conformity with voter authorization.		
Covenants³		

³ Compliance with a tax certificate and reporting requirements contained in a continuing disclosure agreement (CDA) require the agency to work with special counsel (bond/disclosure/tax) or consultants (arbitrage/tax). This

Complete and file tax certificate. ⁴		
Identify information to be reported in compliance with the bond’s continuing disclosure agreement (CDA):		
<ul style="list-style-type: none"> Identify the date the agency’s annual financial information is due. Was the filing made on time? 		
<ul style="list-style-type: none"> When appropriate, the agency filed material event notices in a timely manner. 		
<ul style="list-style-type: none"> Ensure agency’s complete, accurate, and timely filing of information through periodic reviews on what is posted to EMMA.⁵ 		
Review agency’s website and update with currently available debt information.		
If there is a safekeeping requirement in the controlling bond documents, establish procedures to assure property custody and security.		
Establish and maintain a record retention system for documents associated with the bond financing. See tax certificate for agency record retention requirement.		
Regularly monitor the investment of bond proceeds in conformity with the bond documents and state law.		
Regularly schedule audits - both internal and external.		
Prepare reports (such as a Bond Accountability Report) for the governing board and/or oversight committee as required, that include: <ul style="list-style-type: none"> Expenditures to date and remaining balance; Estimate of future expenditures tied to specific projects; Project(s) descriptions tied to voter authorization and controlling bond document(s); Status of projects with amounts spent on 		

checklist should only indicate that those specific processes have been completed – this checklist would not satisfy compliance with those technical processes.

⁴ For detailed information on tax compliance for tax-exempt bonds refer to the IRS’s *Tax-Exempt Governmental Bonds: Compliance Guide* available at www.irs.gov/pub/irs-pdf/p4079.pdf.

⁵ The Electronic Municipal Market Access (EMMA) system is operated by the Municipal Securities Rulemaking Board (MSRB) and is the official source for municipalities to report securities disclosures and related information.

each project; and, • Identifications and explanations of incomplete projects.		
Report to trustee, rating agency(ies), bond insurer, and/or credit enhancer as required.		

Staff Draft