



COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

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CS NEWSFLASH: **GOT UNEXPENDED BOND FUNDS?** **SUMMER PROJECTS AWAIT!**

About two (2) years ago, we conducted a cursory audit of the taxing districts we administer. We identified a substantial amount of unexpended bond funds sitting in project accounts from bonds issued between 2005 and 2012. Many of these funds still show little to no expenditures, so now is the perfect time to check these accounts to see if you can fund some projects over the summer! These funds are most often associated with financings that are administered separately from the general fund. Examples of these financings are Community Facilities District ("CFD") Special Tax Bonds, General Obligation Bonds, Lease Revenue Bonds, and Certificates of Participation.

As a reminder, when tax-exempt bonds are issued, the Internal Revenue Service ("IRS") has a "Three-Year Spend Down Rule" (*IRS Code of Federal Regulations § 1.148-2 (e)(2)*) based on a reasonable expectation that proceeds from bond sales will be spent on facilities needs within three (3) years (36 months). In cases where projects are expected to take longer than three (3) years, a five (5) year temporary period applies if the issuer satisfies certain requirements and the issuer and a licensed engineer or architect certifies that the longer period is necessary to complete the project.

These unexpended bond funds are *immediately* available and can be used to finance pressing facilities needs or projects that may have been put on the back burner. Identifying these funds now is a great way to kick off summer projects and check off a few boxes on your facilities needs list.

If you have any questions or need help identifying your unexpended bond funds, please contact us at 949.250.8320 or info@coopstrategies.com.

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