**RECORDS RETENTION INFORMATION**

*(SOURCE: STATE TREASURER’S OFFICE)*

**How long must records be retained?** For IRS audit purposes, records must be retained until at least three years after the bonds issued to finance the projects are paid off. Since most GO bonds are issued with a 30-year final maturity and since there can be a period of time between when a department disburses funds from its PMIA loan account and when that expenditure is included in a bond sale, the STO requests that departments retain records for 35 years after the date of expenditure.

**What records must be retained?** Records that should be retained include the following:

1. Documentation evidencing the expenditure of all GO bond funds, including the following: (a) the timing and amount of the expenditures on the projects; (b) the person to whom the payment was made; (c) whether the transfer of funds was a grant, loan or direct expenditure; (d) the asset financed by the transfer of funds and its expected useful life; and (e) the amount and timing of any grant repaid to the department.

2. Documentation evidencing private activity use of bond-financed assets, including the following: (a) any private ownership, leasing, or other private use contracts relating to the financed assets; (b) any private payments received with respect to the assets; and (c) the amount loaned to a non-governmental entity. *Note: private activity use documentation does not need to be maintained for grants.*

**In what format must the records be kept?** Records may be maintained in a hardcopy format or an electronic format (if certain requirements are satisfied). The IRS' general requirements for an electronic storage system are as follows:

1. The system must ensure an accurate and complete transfer of the hardcopy books and records to the electronic storage system and contain a retrieval system that indexes, stores, preserves, retrieves, and reproduces all transferred information.

2. The system must include reasonable controls and quality assurance programs that: (a) ensure the integrity, accuracy, and reliability of the system; (b) prevent and detect the unauthorized creation of, addition to, alteration of, deletion of, or deterioration of electronically stored books and records; (c) institute regular inspections and evaluations; and (d) reproduce hardcopies of electronically stored books and records that exhibit a high degree of legibility and readability.

3. The information maintained in the system must be cross-referenced with the department's books and records in a manner that provides an audit trail to the source document(s).

*(Records Retention Information – How long records must be kept, what records must be kept, and what format records must be kept)*