



## City of Riverside Finance Department **BABs Credit Payment Policy**

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*Last Review Date:* 11/2012  
*Prepared by:* Financial Resources Division

### **PURPOSE:**

To make timely filings of Form 8038-CP for interest reimbursements on Build America Bonds (BABs) issued by the City.

### **POLICY:**

The American Recovery and Reinvestment Act of 2009 (ARRA) created Build America Bonds (BABs). Tax Form 8038-CP is used by issuers of BABs who elect to receive a direct payment from the Federal Government equal to a percentage (35%) of the interest payments on these bonds. A separate Form 8038-CP must be used for each bond issue and can only relate to the interest paid on that issue. If an issue has both fixed rate and variable rate bonds, a separate Form 8038-CP must be filed for each type of bond.

#### **Filing**

As the City has only fixed rate BABs, the Form 8038-CP must be filed no later than 45 days before the interest payment date on the bonds and cannot be filed earlier than 90 days before this date. The form must be signed by an Officer of the issuer with the authority to bind the issuer – for Finance that is the City Treasurer/Finance Director. (Please note that an employee of the issuer should not sign on the paid preparer line.) The completed Form 8038-CP is mailed to: Department of the Treasury, Internal Revenue Service Center, Ogden UT 84201-0050.

### **PROCEDURE:**

| <b>Responsibility</b>           | <b>Action</b>  |
|---------------------------------|--|
| Financial Resources Division    | <ol style="list-style-type: none"><li>1. 90 days prior to the interest payment date, Analyst retrieves electronic form 8038-CP from Finance G: drive for the specific issue and updates payment date and interest payment amount from Debt Service Schedules also on G: drive.</li><li>2. Obtains signature of City Treasurer (Finance Director) or other authorized person on the Form.</li><li>3. Scans completed Form for filing of electronic copy on Finance G drive and sending of electronic copy with GL credit account code to the Finance Administration - Administrative Assistant for processing of incoming wire receipt from the IRS.</li><li>4. Mails original Form 8038-CP to IRS center in Ogden UT.</li><li>5. IRS will send a confirmation receipt of Form 8038-CP which is filed in the appropriate bond issue folder.</li></ol> |
| Finance Administration Division | <ol style="list-style-type: none"><li>6. Administrative Assistant prepares Electronic Funds Receipt and credits the expenditure account indicated above when funds are received.</li></ol>   |