



BALDWIN COUNTY COMMISSION

POLICY # 8.22	
Subject	Financial Management Policy
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<u>TABLE OF CONTENTS</u>	
<u>Section - Page</u>	<u>Title</u>
Sec 1 – Pg 2	Policy Statement
Sec 2 – Pg 2	Budgetary Policy
Sec 3 – Pg 2	Debt Management Policy
Sec 4 – Pg 4	Reserve Balances Policy
Sec 5 – Pg 5	Unassigned Balances Policy
Sec 6 – Pg 6	Construction Programs Fund Policy
Sec 7 – Pg 7	Accounting, Auditing, and Financial Reporting Policy
Sec 8 – Pg 8	Post Issuance Compliance Policy
Sec 9 – Pg 9	Records Retention Policy
Sec 10 – Pg 9	Policy Administration and Review
Sec 11 – Pg 10	Sources of Law and Regulatory References
Sec 12 – Pg 10	Forms / Attachments / Exhibits

1. POLICY STATEMENT

~~The purpose of this document is to serve as an all-encompassing financial management policy for Baldwin County, Alabama (the "County"), which will provide direction for the Baldwin County Commission (the "County Commission") in budgeting, reserve balances, debt management and accounting, auditing and financial reporting practices. Moreover, this will provide recommended methods to accomplish and adhere to the proposed procedures contained herein. This policy document will create, manage and ensure ongoing adherence to a purposeful, planned and deliberate set of guidelines to create both operating and restricted accounts. A conservative approach should be followed when dealing with public funds.~~

PROCEDURAL REQUIREMENT

In order to carry out this policy, the following steps must be taken:

BUDGETARY POLICY PROCEDURES:

- ~~1. **Budget Preparation.** The County Commission prepares an annual budget for each fiscal year of the County. The budget process begins in June of each year when the heads of the various county departments are presented with reports assisting them to prepare and submit budget requests for the immediately succeeding fiscal year. The departmental requests are submitted to and reviewed by the Budget Director upon receipt thereof and public budget deliberations are conducted by the County Commission in July and August to provide an opportunity for department managers to present information on their budgets and to offer comments with respect to the proposed budget. During the deliberations, the County Commission may modify any departmental budget request to such extent as it deems appropriate.~~
- ~~2. **Revenue Estimates.** Budgeted revenues are based on statistical computation of past collections from the previous 5 to 7 years, applied to current revenue trends. Tools utilized for the establishment of these trends include property tax abstracts and other statistical revenue data from current collections. Any growth projections are to be conservative in nature.~~
- ~~3. **Adoption of Budget.** The County Commission is required to adopt the annual budget no later than September 30 of each year. The appropriations must not exceed the total revenues and reserves available for appropriation. Expenditures may not legally exceed budgeted appropriations. Adjustments to the Budget during the fiscal year must be approved by the County Commission. Any changes must be within the revenues and reserves estimated to be available, or as approved by the County Commission.~~
- ~~4. **Budgeting Administration.** Formal budgeting integration is used during the fiscal year as a management control device for the County's General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds. The budget is adopted on a~~

departmental "line item" basis consistent with generally accepted accounting principles. The Purchasing Manager at the request of a department head, may let for bid any routine annual purchase or any equipment purchase or contract which is specifically identified in the annual budget. All contracts must be approved by the County Commission before execution and must comply with Purchasing Policy #3.7. The Baldwin County Commission's expense items are classified in three broad categories: Compensation, Operations, and Capital. The compensation and capital categories are supported by detailed lists of employees by position and approved capital items. The operating category contains many and varied line items. For budgetary control, this operating category will be treated as a total although each department has a detailed line item budget. County staff members are prohibited from encumbering any funds in these broad categories which exceed the budgeted amounts. The Budget Director or designee may make transfers between "operating" line items. Further budget control is maintained by prohibiting transfers between the compensation, operations, and capital categories without the consent of the Commission at a regularly scheduled meeting by resolution spread upon its minutes.

~~DEBT MANAGEMENT POLICY:~~

1. ~~**Purpose.** The purpose of this policy is to establish the guidelines for the issuance of debt by the County. Debt levels and the related annual debt service expenditures are important long term obligations that must be managed with available short and long term resources. This policy also addresses the level of indebtedness that the County can reasonably expect to incur without jeopardizing its existing financial position. Adherence to a debt management policy, along with the utilization of other sound and prudent financial practices and the County's other financial policies, will assure the lending market that the County is well managed and will meet its obligations in a timely manner.~~
2. ~~**Principles.** The County's debt management policy seeks to encourage the following principles:~~
 - a. ~~Complete payment of principal and interest on all outstanding debt.~~
 - b. ~~The payment of County debt will be secured by full faith, credit and taxing power held by the County, in the case of general obligation warrants and by the pledge of specific, limited revenues in the case of revenue warrants. The County may also issue warrants through a public building authority (or other appropriate issuer) secured by an annual appropriation lease (or other revenue source). On occasion the County or a political subdivision thereof may serve as a conduit to other issuers. The County will not pledge revenues to these conduit issuers and will have no obligation, moral or legal, to repay conduit debt issued under the authority of the County, except as approved by the County Commission.~~

- e. ~~Principal and interest retirement schedules will be constructed to: (1) achieve a low borrowing cost to the County, (2) accommodate the debt service payments of existing debt, and (3) respond to market conditions at the time of sale.~~
- d. ~~Factors which the County will consider prior to the issuance of debt include:~~
 - i. ~~Does the useful life of assets being financed exceed the term of the financing?~~
 - ii. ~~Are financial resources available, sufficient and reliable to service both the existing and new debt?~~
 - iii. ~~Will the issuance of debt adversely affect the County's credit ratings, and if so, how can that best be mitigated?~~
 - iv. ~~The County will strive to manage its debt level, operating performance, reserves, and management practices to maintain strong credit ratings, and minimize its cost of capital. As of September 2018, the County's general obligation debt is rated S&P: AA+ and Moody's: Aaa.~~
 - v. ~~The proposed uses of the debt should be expended within 3 years.~~

~~The County reserves the right to conduct a negotiated or competitive sale in the future depending on market conditions. All methods of sale are subject to County Commission approval.~~ The Baldwin County Commission adopts this Financial Management Policy to establish a principled framework for fiscal oversight across budgeting, reserves, debt management, accounting, and financial reporting. This policy sets strategic direction and affirms the County's commitment to fiscal sustainability, transparency, and legal compliance, including adherence to Governmental Accounting Standards Board (GASB) principles.

This document is not intended to serve as a procedural manual. Operational practices shall be defined through administrative policies, internal guidance, or department-specific workflows, as appropriate.

A conservative financial approach shall guide all decisions to safeguard public resources, support long-range planning, and promote accountable governance in service to Baldwin County residents. This policy translates day-to-day financial procedures into long-term strategic guidance—for example, codifying debt issuance thresholds, fund balance targets, and compliance structures into broader principles that shape County financial resilience and capital planning.

2. BUDGETARY POLICY

The Baldwin County Commission's annual budgeting practices are governed by Policy 3.2 – Budget Management Policy, which outlines procedural standards for budget preparation, adoption, and oversight. Financial Management Policy 8.22 affirms the County's commitment to maintaining a balanced budget and fiscal sustainability, with implementation details addressed in the separate budget policy adopted under Series 3, part of the County's Budget/Purchasing policy series.

3. DEBT MANAGEMENT POLICY

Purpose

This policy established the financial principles governing Baldwin County's use of debt instrument to support capital investments, infrastructure development, and long-term financial sustainability. Borrowing decisions shall reflect fiscal responsibility, transparency, and strategic alignment with the County's operating and capital planning framework.

Policy Framework

Debt obligations must be structured and managed to:

- Preserve the County's liquidity and financial flexibility
- Minimize borrowing costs and exposure to interest

~~3. **Planning and Performance.** Debt management means adopting and maintaining financial plans for both the issuance and repayment of debt. Planning for the repayment of debt will include analysis of the operating budget to determine if the fund will incur the additional debt service required by the new debt.~~

~~4. **Use of Short-Term and Long-Term Debt.** Short-term debt should be limited to borrowing to cover short-term, temporary cash flow shortages within the County's fiscal year using tax anticipation notes in those instances where there is an inadequate level of cash flow or using bond anticipation notes when cash is required to initiate a capital project prior to the receipt of bond proceeds. The County Commission should manage the County's finances to avoid the use of short-term debt when possible. Long-term debt should be issued for the acquisition, construction, or improvement of land, buildings, infrastructure, and public improvements when the use of debt is appropriate and within the principles outlined above. Current year budget appropriations and accumulated reserve funds may be used to minimize the amount of long-term borrowing that is required, but, keeping in mind that the County must maintain adequate liquidity and reserves.~~

- ~~• **Purpose** rate risk~~
- Protect and strengthen credit ratings
- Ensure timely repayment of all principal and interest
- Comply with applicable statutory limitations under Alabama law, including debt caps and authorized uses

Debt financing shall be considered only when:

- Capital investments exceed the capacity of current revenues or reserves
- The asset's useful life exceeds the term of the financing
- Reliable repayment sources are identified
- Market conditions favor long-term stability

Debt Instruments and Authorization

The County may utilize various instruments as permitted by law, including:

- General Obligation Warrants – backed by the full faith, credit, and taxing power of the County
- Revenue Warrants – secured by designated non-ad valorem revenue sources
- Temporary Notes – for short-term liquidity in emergencies or capital bridging
- Lease/Purchase Agreements – for select capital acquisitions, subject to review of cost-effectiveness

Debt may also be issued through entities such as a public building authority, provided legal and financial structures are vetted. Conduit issuers shall not receive County credit pledges unless explicitly approved by the County Commission.

Debt Structure Principles

All debt structures shall reflect:

- Fixed-rate preferences for risk mitigation
- Maximum useful life alignment with asset duration (normally not to exceed 25 years)
- Avoidance of balloon payments unless reserves and refinancing strategies are clearly documented
- Annual debt service payments should generally represent no more than 8% of the combined annual revenues of the General Fund and the Seven-Cent Gas Tax Fund, with a strict maximum of 10%. This ratio reinforces fiscal discipline, protects operational flexibility, and aligns with responsible borrowing practices
- Limited use of variable-rate instruments (not to exceed 5% of total County debt)

Debt funds should be deployed within three years of issuance, consistent with federal arbitrage regulations and the County's strategic spending plan.

- ~~5. **Planning and of Debt.** General obligation debt and annual lease appropriation debt funded by general fund receipts and other appropriate sources shall be used for projects that provide a general benefit to County residents and that cannot otherwise be self-supporting. Debt incurred for use by an enterprise fund, even if backed by a general obligation pledge of the County, should be self-supporting and repaid from the revenues of such fund, unless a general benefit to County residents can be demonstrated.~~
- ~~6. **Repayment of Debt.** The County Commission will conservatively project the revenue sources that will be utilized to repay any debt and will analyze the impact of both the additional debt service as well as any additional operating expenses resulting from the improvement, to determine if new debt should be issued and to structure the appropriate repayment terms for each debt issue.~~
- ~~7. **Use of Variable Rate Debt, Balloon Payments, etc.** The County Commission recognizes the use of variable rate debt, balloon payments, derivative products such as interest rate swaps, carries additional risks. While this policy does not preclude the use of such options, additional considerations apply:~~

- ~~a. Generally, fixed rate debt should be preferred over variable rate debt. However, at times there may be considerations which favor variable rate debt. If variable rate debt is utilized, it should be limited to no more than 5% of the County's total debt.~~
- ~~b. Balloon payments pose future refinancing, and interest rate, risks. Before incorporating balloon payments into a financing structure, the County should consider its ability to pay the balloon payment from its reserves in the event a refinancing was not available or advantageous. The size of the balloon payment, its timing and the window of opportunity to refinance prior to the balloon, are all relevant considerations.~~

Oversight

Debt planning shall be integrated into multi-year financial forecasts, reserve planning, and the County's capital improvement framework. The County shall maintain relationships with rating agencies and pursue a minimum long-term bond rating of AA or equivalent, using credit enhancements only when necessary.

Annual debt service schedules shall be reviewed and reconciled to ensure alignment with available funds and fiscal strategy. Compliance with federal arbitrage laws, continuing disclosure obligations, and applicable regulations shall be affirmed through legal counsel and administrative oversight.

Transparency and Public Stewardship

All borrowing decisions shall be approved by the Baldwin County Commission and supported by documentation that outlines financial impacts, repayment sources, and long-term obligations. Non-traditional debt structures or instruments shall include written legal review and a financial risk narrative in the agenda item submitted for Commission consideration.

*Upon formal adoption of Financial Management Policy 8.22, this section shall supersede the provisions outlined in Policy 8.19 – Debt Management Policy. Policy 8.19 may be retired and archived as part of the Commission's policy sunset process.

4. RESERVE BALANCES POLICY

~~Purpose~~ RESERVE BALANCES POLICY:

~~Purpose:~~

1. The Baldwin County Commission ~~believes~~recognizes that sound financial management requires ~~that~~maintaining sufficient reserve funds ~~be maintained by the County for~~to address unanticipated expenditures and revenue shortfalls ~~during the fiscal year as may be caused by.~~

These reserves serve as a safeguard against economic downturns in local/state/federal levels fluctuations, natural disasters, and other unforeseen circumstances. Maintaining such funds will help sustain the, ensuring financial stability of the County's finances and reduce the need for reducing reliance on short-term borrowing.

Objective. ~~The County Commission's objective is for a minimum of thirty percent (~~

To maintain fiscal resilience, the County Commission shall allocate at least 30%)% of the annual budgets, less budget (excluding capital, expenditures) for the reserves across its two main primary operational funds (;

- General and Fund – Supporting core governmental operations.
- 2. Highway) to be set aside in reserves for the purpose stated above. In addition, the Highway Fund will include Fund – Maintaining transportation infrastructure, with an additional \$2.5 million reserve amount specifically reserved for emergency infrastructure needed on County highways and roads highway and road repairs.

Use of Reserve Funds

Use **Balance.** The use of reserve fund balances will require an adopted funds shall reflect demonstrated fiscal necessity and public stewardship. Authorized uses must align with the County's strategic priorities and be approved by formal action of the Baldwin County Commission Resolution specifying the amount to be allocated from the respective reserve along with a reason identified.

Reserve Balance Oversight

Reserve adequacy shall be evaluated annually in conjunction with the purpose section above including how County's financial planning and budget review process. In the event/reason was unforeseen and unable to address without the use of that reserves fall below the established threshold, financial leadership shall recommend replenishment strategies aligned with long-term forecasts and operational needs.

Long-term Financial Strategy

To preserve liquidity and fiscal strength, the County shall:

- Maintain reserve levels appropriate to known risks and forecasted needs
- ~~3. Integrate multi-year financial planning into reserve ~~fund balances~~.strategy~~
- 4. ~~**Maintaining Reserve Fund Balances.** During the annual budget process, the reserve fund balance will be reviewed for the adequacy of meeting the objective of this policy. If use of the reserve balance and/or amount of the existing reserve balance in the General Fund and/or Highway Fund fails to meet the objective of this policy, the County Commission will adopt a plan by resolution to replenish the reserve balance(s) within a time frame of one to three fiscal years including the means to meet the objective.~~
- Monitor financial performance trends and adapt reserve policies accordingly
- Coordinate reserve planning with debt management policies to support responsible borrowing

5. UNASSIGNED BALANCES POLICY:

Purpose

1. ~~**Purpose.** The Baldwin County Commission ~~believes that sound financial management requires that sufficient funds be maintained by the County~~ recognizes the role of unassigned fund balances in preserving fiscal flexibility and enabling timely support for one-time projects ~~or other~~ and capital ~~purchases needs identified during the budget process or opportunities which arise from time to time during a fiscal year.~~~~

~~**Objective.** The County Commission's objective is~~ investments. Maintaining clear guidelines for their use reinforces long-term financial integrity and strategic planning.

~~**Objective**a minimum range of five to ten percent (5%—10%) of the annual budgets, less capital, for the Unassigned Fund Balance in~~

2. ~~To support responsible financial stewardship, the County shall maintain unassigned fund balances within the General Fund and Highway Fund equal to be maintained for one-time projects or~~ 5% to 10% of the annual operating budget, excluding capital ~~needs.~~
3. ~~**Use of Unassigned Fund Balances.** The use of the unassigned fund balance should not be used for ongoing operational type expenditures. Only one-time projects or capital needs should be considered for use of unassigned fund balance as a funding source~~ These balances are designated for one-time initiatives that align with the County's strategic priorities.

~~Reporting the Use of~~ Fund Balance Classification & Usage Policy

Unassigned ~~and Assigned Fund Balances.~~ ~~When~~ fund balances are not intended to support recurring operational costs. The County shall:

- Define unassigned fund balances ~~are utilized as a revenue source, the~~ exclusively available for non-recurring expenditures
- Align usage with strategic, infrastructure, or asset-related priorities
- Require formal Commission approval for any allocation, affirming fiscal oversight and public accountability

Financial Planning and Transparency

The use of unassigned balances shall be integrated into the County's budgeting ~~action shall indicate whether the proposed funded expenditure is an only~~ framework, ensuring:

- Clear identification of one-time ~~project or projects and~~ capital ~~need. In addition, the requested action shall provide the percentage~~ needs supported by these funds
- 4. • Disclosure of remaining ~~unassigned fund balance available if the action is approved relative to the range stated in the objective of this~~ percentages to confirm alignment with policy. thresholds
- Alignment with long-range financial forecasts and reserve planning strategies

6. CONSTRUCTION PROGRAMS FUND POLICY

Purpose

The Baldwin County Commission supports strategic capital investment through the establishment of dedicated funds for facility development and infrastructure improvement. This policy ensures alignment with County priorities while upholding fiscal responsibility and long-term planning principles.

- ~~1. **Purpose.** The purpose of the Construction Programs Fund Policy is to establish and maintain dedicated funds to be annually budgeted, funded and used for new facilities or facility improvements. The overall goal of the Construction Programs Fund Policy is to order the County's fiscal expenditures while coordinating public investment with adopted plans and policies to properly manage the County's long-term investments.~~

Capital Improvements Budget:

- ~~2. The County will prepare and adopt~~shall maintain a multi-year Capital Improvements Budget ~~which will detail planned capital that identifies priority projects over a five-year period. The Capital Improvements Budget will detail for each capital project, the, estimated project cost, description costs, and anticipated funding source. The Capital Improvements Budget will be adopted in conjunction with sources. This planning framework shall complement~~ the annual budget cycle and support institutional readiness for future investment.

Capital Improvement Project Requirements. All Criteria

To qualify as capital improvement projects ~~must be justified based on providing a basic service, improving~~under this policy, proposed initiatives should meet one or rehabilitating~~more of the following objectives:~~

- Deliver essential public services
- Rehabilitate or replace deteriorating facilities, reducing costs, promoting jobsinfrastructure
- Improve operational efficiency or reduce long-term costs
- Support economic development; or otherwise benefiting a large job creation
- Benefit a substantial portion of the County's population segment or target area of the County. They must also be compatible with other planned

- ~~3. All projects and overall~~shall align with adopted County development plans and investment strategies.

Construction Programs Fund- Establishment and Use

The County may ~~if deemed necessary and/or beneficial,~~ establish one or more ~~dedicated funds to service~~designated exclusively for capital improvement projects ~~undertaken by the County. Funds in the Construction Programs Fund(s) shall be.~~ These funds shall be restricted in use to capital

improvement to facility and infrastructure investments and may not be used for recurring operational expenditures.

Funding Strategy

4. Capital projects of the County may be financed through County appropriations, dedicated revenue streams, or debt instruments approved by the Baldwin County Commission. Allocation decisions shall reflect available resources, project priority, and financial sustainability goals.

~~5. **Funding Sources.** The Construction Programs Fund(s) shall be funded through appropriations from the County Commission on an annual basis. All capital improvement projects of the County shall be funded from the Construction Programs Fund(s) unless specifically financed from other sources such as County warrants, notes or other indebtedness, or other revenue sources specifically dedicated to such projects. All uncompleted projects must be reconsidered annually to determine if unspent funds need to be recommitted to a given project or reallocated to other planned projects.~~

~~6. **Budget Shortfalls.** Notwithstanding anything herein to the contrary, in the event of an operating budget or General Fund shortfall, the funds from the Construction Programs Fund(s) may be transferred into the County General Fund to alleviate in whole, or in part, such shortfall.~~

Financial Oversight and Reallocation

Unexpended capital funds shall be monitored and evaluated annually. Reallocation or roll-forward decisions shall be based on current project status, fiscal capacity, and strategic priorities, with oversight provided by the County Commission.

Emergency Transfers

In extraordinary fiscal circumstances, the Baldwin County Commission may authorize transfers from construction program funds to the General Fund to mitigate budget shortfalls. Any such transfer shall preserve infrastructure integrity and reflect prudent financial judgment.

7. ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICY

Purpose

The Baldwin County Commission is committed to maintaining the highest standards of financial accountability, transparency, and professional integrity. This policy establishes the principles guiding accounting practices, external audits, and financial reporting in support of informed decision-making and statutory compliance.

Accounting Standards & Compliance

1. ~~The County shall adhere~~**Purpose.** ~~The purpose of this Accounting, Auditing and Financial Reporting Policy is to establish and maintain high standards for accounting practices in the County, thereby enabling the County Commission, the County Administrator, Budget Director, and the Clerk/Treasurer to make sound decisions in preparing and adopting the County budget and managing County finances.~~

2. ~~**Accounting.** The accounting practices of the County will conform~~ to Generally Accepted Accounting Principles (GAAP) for local governments, as ~~established~~promulgated by the Governmental Accounting Standards Board. ~~The Clerk/Treasurer will establish and maintain a system of (GASB). A structured fund accounting and framework shall measure~~be maintained to accurately reflect financial position ~~and results of operations using GASB approved methodologies and practices,~~ operational performance, and budgetary control.

~~**Auditing.** The County Commission complies with state mandated~~Financial records shall be maintained in accordance with recognized best practices and applicable legal requirements that, with retention and access governed by the County's Records Disposition Authority (RDA).

Auditing Requirements

3. ~~An independent~~ annual ~~audits~~audit shall be conducted by the Alabama Department of Examiners of Public Accounts, consistent with state law and professional standards. The County shall support full cooperation with external auditors and uphold transparency throughout the review process.

~~Monthly and Annual~~ Financial Reporting: Monthly Principles

4. ~~To support operational oversight and fiscal responsibility, the County shall generate the following~~ The County shall ensure the timely production of financial reports ~~are generated for the County Commission's management purposes. These will consist of~~that reflect the organization's fiscal activity and position, including:

- ~~a. Budget Report showing revenues collected and appropriations expended for the previous month with the variance from the budget amounts for each line item;~~
- ~~b. Statement of Revenue, Expenditures, and Changes in Fund Balance showing revenues and expenditures and the difference between the two, the beginning fund balance for the period, the ending fund balance; and~~
- ~~c. Balance Sheet showing County assets less liabilities and the fund balance.~~

~~The Clerk/Treasurer will prepare an annual financial report. This report should include financial statements for each of the funds of the County, as well as appropriate additional disclosures as necessary for the complete understanding of the financial statements presented. In addition, for each item that exceeds a 10% variance from the previous year,~~

~~the report should include a narrative discussion to explain how the County's current financial position and results of financial activities compare with those of the prior year and with budgeted amounts. Input from the entire management team is essential.~~

- ~~• Budgetary performance analysis~~
- ~~• Fund-level statements of revenue, expenditure, and balance changes~~
- ~~• Asset and liability summaries to support capital and operational planning~~

~~Annual financial reporting shall include comparative data and explanatory context where material variances exist. Management input shall support the completeness, accuracy, and accessibility of published financial information.~~

Budgetary Compliance & Fiscal Oversight

~~To maintain institutional accountability and budgetary integrity, the County shall:~~

- ~~• Comply fully with GASB and GFOA financial reporting standards~~
- ~~• Monitor financial variances and assess trends against approved budgets and prior-year performance~~
- ~~• Support long-term fiscal sustainability through proactive evaluation of financial conditions and strategic alignment~~
- ~~• Document financial policies and ensure access to relevant information for internal and external stakeholders~~

8. POST ISSUANCE COMPLIANCE POLICY

- ~~1. **Purpose****Continuing Disclosure Requirements.** The Clerk/Treasurer shall maintain and ensure compliance with all continuing disclosure requirements as provided for by the County's outstanding debt obligations, including but not limited to, the posting of the County's audited financial statements to the Electronic Municipal Market System at emma.msrb.org or other such repository as designated by the County's continuing disclosure requirements set forth in the County's outstanding debt obligations or coordinating such filings with a dissemination agent engaged by the County for such purpose.~~
- ~~2. **Issuance of Tax-Exempt Obligations.** Upon the issuance of tax-exempt obligations by the County, the Clerk/Treasurer shall (i) confirm with bond counsel the filing of the Form 8038 or Form 8038G with the Internal Revenue Service, and (ii) obtain and keep the transcript of proceedings prepared by bond counsel.~~
- ~~3. **Recordkeeping.** The following records shall be maintained by the Clerk/Treasurer with respect to the issuance of County obligations:~~
 - ~~a. Transcript of proceedings:~~
 - ~~i. Documentation evidencing the allocation and expenditure of the proceeds of the obligations;~~

- ~~ii. Documentation evidencing the use of facilities financed with tax-exempt proceeds;~~
- ~~iii. Documentation relating to arbitrage rebate compliance; and~~
- ~~iv. Continuing annual disclosures.~~

4. **Arbitrage Rebate and Arbitrage Yield Restriction.** Relating to the issuance and monitoring of outstanding tax-exempt obligations of the County, the Clerk/Treasurer shall:

- ~~b. Engage the services of an arbitrage/rebate consultant for assistance in compliance with any arbitrage-related issues; this consultant may be the bond counsel, financial advisor, or other qualified entity or individual.~~
- ~~c. Work with bond counsel, financial advisor and/or arbitrage/rebate consultant to monitor compliance with "temporary period expenditures" for expenditure of warrant proceeds, typically three years for new money obligations, and provide for yield restriction of investments or "yield reduction payments" if exceptions are not satisfied;~~
- ~~d. Work with bond counsel and/or financial advisor to ensure investments acquired with tax-exempt obligation proceeds are purchased at fair market value. This may include use of bidding procedures under the regulatory safe harbor (Section 1.148-5(d) of the Regulations);~~
- ~~e. Consult with bond counsel prior to the creation of funds which would reasonably be expected to be used to pay debt service on tax-exempt obligations to determine in advance whether such funds must be invested at a restricted yield;~~
- ~~f. Consult with bond counsel and/or financial advisor before engaging in post issuance credit enhancement transactions (e.g., bond insurance, letter of credit);~~
- ~~g. Consult with bond counsel, financial advisor, and/or arbitrage/rebate consultant to identify situations in which compliance with applicable yield restriction depends upon subsequent investments (e.g., purchase of 0% SLGS from U.S. Treasury) and monitor implementation; and~~
- ~~h. Work with arbitrage/rebate consultant to arrange for timely computation of rebate/yield reduction payment liability and, if an amount is payable, for timely filing of Form 8038T, Arbitrage Rebate, Yield Reduction and Penalty In lieu of Arbitrage Rebate (or applicable successor form), and payment of such liability. Rebate Yield Reduction payments are ordinarily due at 5-year intervals.~~

5. ~~**Private Use of Facilities.** "Private Use" means the use of warrant financed property in a trade or business by any person other than a 501(c)(3) or state or local government entity, or by a 501(c)(3) entity in an unrelated trade or business.~~

~~i. Examples of Private Use include:~~

- ~~i. Leases of government property to non-government entities;~~
- ~~ii. Noncompliant management or service contracts;~~
- ~~iii. Transfer of ownership to a private user of warrant financed facilities; and~~
- ~~iv. Naming rights arrangements with a private user.~~

~~While it is not anticipated that there will be a Private Use issue with respect to the warrant financed facilities, if a question arises about a specific proposed Private Use, the Clerk/Treasurer shall consult bond counsel as to whether such use constitutes a Private Use with respect to the outstanding tax-exempt obligations of the County. The Clerk/Treasurer shall keep records of private use, if any, of facilities of the County financed with tax-exempt obligations. Private use of such facilities shall be reviewed once a year. If a change in private use occurs, bond counsel will be consulted to determine if remedial action is necessary.~~

This policy affirms Baldwin County's commitment to compliance with post-issuance obligations associated with tax-exempt financing and disclosure requirements. It establishes the principles supporting regulatory adherence, financial transparency, and responsible debt stewardship.

Continuing Disclosure Requirements

Baldwin County shall meet all continuing disclosure obligations required by applicable federal securities laws and disclosure agreements, including timely and accurate reporting to designated repositories and coordination with disclosure service providers.

Tax-Exempt Issuance Standards

When issuing tax-exempt obligations, the County shall maintain accurate and complete records supporting issuance, compliance filings, and related audit documentation. Legal counsel shall guide all documentation and filing procedures to ensure conformity with IRS requirements and applicable tax law.

Compliance Recordkeeping

The County shall retain documentation related to debt proceeds, asset use, arbitrage compliance, and financial disclosures to support regulatory transparency and audit readiness. Records shall be maintained in accordance with Baldwin County's approved Records Disposition Authority (RDA).

Arbitrage Rebate & Yield Restriction Compliance

To manage risk related to arbitrage and yield restrictions, the County shall pursue professional guidance to ensure timely expenditure monitoring, investment compliance, and reporting. Financial structures supported by tax-exempt proceeds shall be reviewed for regulatory compatibility and fiscal integrity.

Private Use of Facilities

Properties financed through tax-exempt obligations shall be monitored for compliance with public use requirements. Proposed changes in asset use that may constitute private activity shall be reviewed in consultation with bond counsel to preserve tax-exempt status and implement remedial actions if necessary.

9. RECORDS RETENTION POLICY

Purpose

Baldwin County is committed to maintaining accurate, accessible, and compliant financial records in accordance with federal audit standards and the County's Records Disposition Authority (RDA). This policy affirms the County's responsibility to preserve documentation that supports fiscal accountability, legal compliance, and operational transparency.

Retention Standards

Financial records shall be retained for a minimum of seven (7) fiscal years, regardless of format. Digital storage is permitted provided that records meet applicable standards for accessibility, security, and metadata indexing as outlined by the Alabama Department of Archives and History (ADAH).

Records associated with grant-funded programs or federally reimbursed expenditures shall be retained for the duration of the grant period plus three (3) years, or as required by the governing agreement or regulation.

Baldwin

Storage and Disposition

Archived records may be transferred to off-site physical or digital storage in accordance with ADAH procedures. Records must be clearly identified by audit status and retained in a manner that supports retrieval and legal verification. Destruction of original hard copies shall occur only after ADAH approval via a Local Government Records Destruction Notice.

10. POLICY ADMINISTRATION AND REVIEW

This policy shall be maintained by the Clerk/Treasurer or designee, who shall conduct an annual review to ensure continued alignment with statutory requirements, professional standards, and County financial practices. Recommended updates shall be submitted to the County Administrator and Commission as necessary to reflect changes in law, operational needs, or audit guidance.

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11. SOURCES OF LAW AND REGULATORY REFERENCES

The following authorities and regulatory frameworks provide the foundation for Baldwin County's Financial Management Policy:

- **2 CFR § 200.334**
 - Federal record retention guidelines for grant-funded expenditures
- **Alabama Constitution, Section 224 and Amendment 342**
 - Debt limitation and borrowing authorization for counties
- **Alabama Department of Archives & History (ADAH)**
 - Records retention and destruction standards
- **Alabama Department of Examiners of Public Accounts**
 - Oversight of annual audits and financial compliance
- **Generally Accepted Accounting Principles (GAAP)**
 - Uniform guidelines for accounting practices
- **Government Finance Officers Association (GFOA)**
 - Best practices in budgeting, reporting, and policy development
- **Governmental Accounting Standards Board (GASB)**
 - Financial reporting standards for state and local governments
- **IRS Publication 4077 and Form 8038 Series**
 - Compliance requirements for tax-exempt obligations
- **Municipal Securities Rulemaking Board (MSRB)**
 - Continuing disclosure and transparency standards, including EMMA system filings
- **Title 41, Code of Alabama**
 - Provisions related to public finance, bond issuance, and investment practices

12. FORMS// ATTACHMENTS// EXHIBITS

N/A