

**Department of Finance – Division of
Debt Management and Capital Planning**



**Functional Analysis
&
Records Disposition Authority**

**Presented to the
State Records Commission
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Functional and Organizational Analysis of the Department of Finance – Division of Debt Management and Capital Planning

Sources of Information

- Representatives of the Department of Finance - Division of Debt Management and Capital Planning
- Code of Alabama 1975 § 41-4-1 through § 41-4-306 and § 41-10-1 through § 41-10-658
- Alabama Government Manual (1998)
- Correspondence establishing the Division of Debt Management and Capital Planning (July 31, 2000)
- Department of Finance Audit Report (1999-2002)
- Bond Indebtedness Audit Report (1999-2000)
- *Policies and Procedures Concerning Allocation of the State Ceiling for Private Activity Bonds*, State Industrial Development Authority
- Government Records Division, Department of Finance Records Retention Schedules

Historical Context

By authority of the Code of Alabama 1975 § 41-4-37, the Director of Finance, with approval of the governor, may create additional divisions to more efficiently perform the mandated function of the agency. In September 2000, Henry C. Mabry, III, Director of Finance, with the approval of Governor Don Siegelman, created the Division of Debt Management and Capital Planning to analyze and manage debt for Alabama. His goal was to centralize public debt management and administration within one division. This function was previously performed by other divisions of the Finance Department.

Agency Organization

The initial structure of the division required five employees; however, the division operates with four staff members. The division expects to maintain the existing structure because of the ability to fulfill division functions with current staff and because of the lack of office space for further expansion. The State Debt Manager heads the Division of Debt Management and Capital Planning and reports to the State Comptroller. The State Debt Manager then hires the other three employees – an Accountant I, an Administrative Support Assistant I, and an Administrative Support Assistant II. All four employees are part of the state merit system. An organizational chart is attached.

Agency Function and Subfunctions

Various authorities established by the legislature issue bonds to raise money for specific projects or purposes. The mandated function of the Department of Finance – Division of Debt Management and Capital Planning is to analyze and manage debt for the State of Alabama. This

division centralizes public debt management and administration to control costs. It is one of the agencies responsible for performing the Administrative Support Operations – Financial Management function of Alabama government.

In performance of its mandated function, the Department of Finance – Division of Debt Management and Capital Planning may engage in the following subfunctions:

- **Facilitating State Debt Management.** The division monitors certain general obligation bonds and special revenue bonds in Alabama from inception to the receipt of final payment. For certain bond issuing authorities that may have no staff of their own, Division of Debt Management and Capital Planning staff members may maintain accounting records. During the course of a bond issue, the division may be asked to provide information to rating agencies, financial advisors, bond counsel, or even to the finance director or governor. Other reports, such as arbitrage calculations, are a fulfillment of federal regulations.
- **Serving on Authorities.** The director of the Department of Finance serves as secretary for various authorities. Staff members of the Division of Debt Management and Capital Planning attend meetings and record minutes for those authorities.
- **Staffing the State Industrial Development Authority.** Staff members of the Division of Debt Management and Capital Planning serve as the operating staff for the State Industrial Development Authority. Established in 1965, this authority issues bonds and uses the proceeds of those bonds to offer incentives, such as site grants, to entities that brought economic development projects to Alabama. Staff members from the Division of Debt Management and Capital Planning process these grant applications and administer funds. The division also monitors the volume cap allocation for the State Industrial Development Authority. The total dollar amount that makes up the volume cap allocation is calculated by multiplying the population of Alabama by a certain dollar figure established by the federal government. That amount is how much can be issued for tax-exempt bonds by entities that otherwise would not be eligible for such funds. The division keeps track of this process and collects a fee from those that apply; however, the entity that applies for volume cap actually issues these bonds to pay for a particular project. Staff members ensure that the volume cap allocation is not exceeded.
- **Administering Internal Operations.** A significant portion of the agency's work includes general administrative, financial, and personnel activities performed to support the programmatic areas of the agency including:

Managing the Division: Activities include internal office management activities common to most government agencies such as corresponding and communicating; scheduling; meeting; documenting policy and procedures; reporting; litigating; drafting; promoting or tracking legislation; publicizing and providing information; managing records; and managing information systems and technology.

Analysis of Record Keeping System and Records Appraisal of the Department of Finance – Division of Debt Management and Capital Planning

Agency Record Keeping System

The Department of Finance – Division of Debt Management and Capital Planning currently operates a hybrid record keeping system composed of paper-based and computer systems. Electronic records are maintained on the state accounting system. The division also uses a specially designed database entitled Bond Main to track the state volume cap allocation for the State Industrial Development Authority. Staff members are working with the Information Services Division of the Finance Department to transfer the state volume cap allocation records over to an Access database. The division may back up electronic records on a server at the Information Services Division of the Finance Department.

Records Appraisal

The following is a discussion of the two major categories of records created and/or maintained by the Department of Finance – Division of Debt Management and Capital Planning: Temporary Records and Permanent Records.

I. Temporary Records. Temporary records should be held for what is considered to be their active life and disposed of once all fiscal, legal and administrative requirements have been met. Some of the temporary records created by the Department of Finance – Division of Debt Management and Capital Planning are discussed below:

- **Working Papers Supporting POS (Preliminary Official Statements) and OS (Official Statements).** The division is sometimes requested to contribute to the bond preliminary official statements and official statements, which provide information to potential investors for investment decisions. These papers represent division staff members' research in contributing to these statements; however, summary documentation is maintained and documented in the preliminary official statements and official statements for bond issues. The agency recommends a retention of five years for administrative reference.
- **Financial Reports to Outside Entities.** Rating agencies, financial advisors, or bond counsel may request accounting/financial information. The information from these reports often comes from the accounting records from the state comptroller's accounting system. The agency recommends a retention of five years for the fulfillment of administrative needs.
- **Reports to the Finance Director.** Division staff members provide internal reports of accounting/financial data as required by the finance director. For administrative purposes, the agency recommends a retention of five years.

- **Arbitrage Calculations.** These calculations assure compliance with federal regulations as they relate to arbitrage for certain bond issues. Reports are submitted to the Internal Revenue Service when a payment is due. If no payment is due, the Division of Debt Management and Capital Planning retains the reports. A retention of three years after the bond matures fulfills the administrative needs of the agency and the audit requirements of the record series.
- **Accounting Records for Authorities and Boards.** Division staff members maintain accounting records for certain bond-issuing authorities that may have no staff of their own. Accounting Records are to be retained until the completion of an audit.
- **State Industrial Development Authority – Grant Applications.** Site grants are available to entities that locate or expand their facilities in Alabama. The division receives, audits, and maintains the grant application and required supporting documentation. Approval from the board of directors is required prior to payment. For audit requirements, grant applications are to be kept three years after the end of the fiscal year in which the payment was issued.
- **State Industrial Development Authority – Volume Cap Allocation Files.** This allocation is the amount that can be spent by entities that would not otherwise be eligible for tax exempt bonds. Staff members from the Division of Debt Management and Capital Planning collect fees from applicants and monitor to be sure the total cap is not exceeded. These numbers are only useful until a new cap is established; therefore, the agency recommends a retention of five years.
- **State Industrial Development Authority – Monthly Reports.** Staff members prepare monthly reports on the volume cap allocations and distribute them to the authority's board members. These reports retain only short-term informational value. The agency recommends a retention of five years.

II. Permanent Records. The Government Records Division recommends the following records as permanent.

Facilitating State Debt Management

- **Bond Transcripts.** For each bond issue, a bond transcript is prepared. Bond Counsel (attorneys outside the state merit system that are employed by the issuing authority) prepares this document. The transcript generally contains authorizing and financing documents, opinions of the Counsel, Tax Certificates, and closing documents related to a specific bond issue. **(Bibliographic Title: Bond Documentation)**
- **Bond Preliminary Official Statements and Official Statements.** A document generally prepared by Disclosure Counsel (attorneys outside the state merit system that are employed by the issuing authority) which contains information about a specific bond issue and may contain certain information regarding the State of Alabama, proposed opinions of the Bond Counsel, and Notice of Sale if applicable. The document is

provided to potential investors. **(Bibliographic Title: Bond Financial Disclosure Statements and Bond Preliminary Financial Disclosure Statements)**

Serving on Authorities

- **Meeting Minutes.** Staff members from the division attend meetings and record minutes for those authorities on which the director of the Department of Finance is secretary. These minutes are maintained in the division's office. The minutes document the activity of these authorities. **(Bibliographic Title: Meeting Minutes)**

Staffing the State Industrial Development Authority

- **State Industrial Development Authority – Annual Reports.** The Code of Alabama 1975 § 41-10-44.12 requires that an annual report be submitted to the legislature on projects approved that year and on outstanding projects. These reports are to be kept permanently for their informational value. **(Bibliographic Title: State Publications)**

Administering Internal Operations

- **Web Sites.** The division has a website at: www.finance.state.al.us/debtmanagement.htm. The Information Services Division of the Finance Department maintains this website, which includes the e-mail address for the state debt manager, in addition to the division's address, telephone number, and fax number. The disposition statement calls for retaining a "snapshot" of complete web site information annually or as often as significant changes are made to the site.

Permanent Records List
Department of Finance – Division of
Debt Management and Capital Planning

Facilitating State Debt Management

1. Bond Transcripts
2. Bond Preliminary Official Statements and Official Statements

Serving on Authorities

1. Meeting Minutes

Staffing the State Industrial Development Authority

1. State Industrial Development Authority – Annual Reports

Administering Internal Operations

1. Web Sites

Department of Finance – Division of Debt Management and Capital Planning Records Disposition Authority

This Records Disposition Authority (RDA) is issued by the State Records Commission under the authority granted by the Code of Alabama 1975 § 41-13-5 and § 41-13-20 through 21. It was compiled by the Government Records Division, Alabama Department of Archives and History (ADAH), which serves as the commission's staff, in cooperation with representatives of the Department of Finance – Division of Debt Management and Capital Planning. The RDA lists records created and maintained by the Department of Finance – Division of Debt Management and Capital Planning in carrying out its mandated functions and activities. It establishes retention periods and disposition instructions for those records and provides the legal authority for the agency to implement records destruction.

Alabama law requires public officials to create and maintain records that document the business of their offices. These records must be protected from "mutilation, loss, or destruction," so that they may be transferred to an official's successor in office and made available to members of the public. Records must also be kept in accordance with auditing standards approved by the Examiners of Public Accounts (Code of Alabama 1975 § 36-12-2, § 36-12-4, and § 41-5-23). For assistance in implementing this RDA, or for advice on records disposition or other records management concerns, contact the ADAH Government Records Division at (334) 242-4452.

Explanation of Records Requirements

- This RDA supersedes any previous records disposition schedules governing the retention of the Department of Finance – Division of Debt Management and Capital Planning. Copies of superseded schedules are no longer valid and should be discarded.
- The RDA establishes retention and disposition instructions for records listed below, regardless of the medium on which those records may be kept. Electronic mail, for example, is a communications tool that may record permanent or temporary information. As for records in any other format, the retention periods for e-mail records are governed by the requirements of the subfunctions to which the records belong.
- Some temporary records listed under the Administering Internal Operations subfunction of this RDA represent duplicate copies of records listed for long-term or permanent retention in the RDAs of other agencies.
- Certain records and records-related materials need not be retained as records under the disposition requirements in this RDA. Such materials include: (1) duplicate record copies that do not require official action, so long as the creating office maintains the original record for the period required; (2) catalogs, trade journals, and other publications received that require no action and do not document government activities; (3) stocks of blank stationery, blank forms, or other surplus materials that are not subject to audit and have become obsolete; (4) transitory records, which are temporary records created for short-term, internal purposes that may include, but are not limited to: telephone call-back

messages; drafts of ordinary documents not needed for their evidential value; copies of material sent for information purposes but not needed by the receiving office for future business; and internal communications about social activities; and (5) honorary materials, plaques, awards, presentations, certificates, and gifts received or maintained by the agency staff.. They may be disposed of without documentation of destruction.

Records Disposition Requirements

This section of the RDA is arranged by subfunctions of the Department of Finance – Division of Debt Management and Capital Planning and lists the groups of records created and/or maintained by the agency as a result of activities and transactions performed in carrying out these subfunctions. The agency may submit requests to revise specific records disposition requirements to the State Records Commission for consideration at its regular quarterly meetings.

Facilitating State Debt Management

BOND TRANSCRIPTS

Disposition: PERMANENT RECORD.

BOND PRELIMINARY OFFICIAL STATEMENTS AND OFFICIAL STATEMENTS

Disposition: PERMANENT RECORD.

Working Papers Supporting POS (Preliminary Official Statements) and OS (Official Statements)

Disposition: Temporary Record. Retain 5 years.

Financial Reports to Outside Entities

Disposition: Temporary Record. Retain 5 years.

Reports to the Finance Director

Disposition: Temporary Record. Retain 5 years.

Arbitrage Calculations

Disposition: Temporary Record. Retain 3 years after the bond matures.

Accounting Records for Authorities and Boards

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Serving on Authorities

MEETING MINUTES

Disposition: PERMANENT RECORD.

Recordings of Minutes

Disposition: Temporary Record. Retain until the official minutes are adopted and signed.

Staffing the State Industrial Development Authority**STATE INDUSTRIAL DEVELOPMENT AUTHORITY – ANNUAL REPORTS**

Disposition: PERMANENT RECORD.

State Industrial Development Authority – Monthly Reports

Disposition: Temporary Record. Retain 5 years.

State Industrial Development Authority – Grant Applications

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the payment was issued.

State Industrial Development Authority – Volume Cap Allocation Files

Disposition: Temporary Record. Retain 5 years.

Administering Internal Operations: Managing the Division

** Note: The Division of Debt Management and Capital Planning's routine financial transactions, personnel, and property management records are maintained by other divisions of the Finance Department.*

Routine Correspondence

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Administrative Reference Files

Disposition: Temporary Record. Retain for useful life.

Records documenting the implementation of the division's approved RDA (copies of transmittal forms to Archives or the State Records Center, evidence of records destroyed, and annual reports to the State Records Commission)

Disposition: Temporary Record. Retain 3 years after end of fiscal year in which the records were created.

Copy of RDA

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the RDA is superseded.

WEB SITES

Disposition: PERMANENT RECORD. Retain a "snapshot" of complete web site information annually or as often as significant changes are made to the site.

System Documentation (hardware/software manuals and diskettes, warranties, Y2K records)

Disposition: Temporary Record. Retain documentation of former system 3 years after the end of the fiscal year in which the former hardware and software no longer exists anywhere in the division and all permanent records have been migrated to a new system.

Printouts of Acknowledgment from the Secretary of State Relating to Notices of Meetings Posted by State Agencies

Disposition: Temporary Record. Retain 3 years.

Approval of Records Disposition Authority (RDA)

By signing this agreement, the Department of Finance – Division of Debt Management and Capital Planning acknowledges its responsibilities for the proper management of its records and agrees to abide by the implementation guidelines listed below:

- The Department of Finance – Division of Debt Management and Capital Planning will designate a managerial position as the division's records officer. This position is responsible for ensuring the development of quality record keeping systems that meet the business and legal needs of the agency, coordinating the transfer and destruction of records, ensuring that permanent records held on alternative storage media (such as microforms and digital imaging systems) are maintained in compliance with national and state standards, submitting an annual report on records management activities to the State Records Commission in April of each year, and ensuring the regular implementation of the agency's approved RDA.
- Permanent records in the Department of Finance – Division of Debt Management and Capital Planning's custody will be maintained under proper intellectual control and in an environment that will ensure their physical order and preservation.
- Destruction of temporary records, as authorized in this RDA, should occur division-wide on a regular basis--for example, after the successful completion of an audit, at the end of an administration, or at the end of a fiscal year. Despite the RDA's provisions, no record should be destroyed that is necessary to comply with requirements of the state Sunset Act, audit requirements, or any legal notice or subpoena.
- The division should maintain full documentation of any computerized record-keeping system it employs. It should develop procedures for: (1) backing up all permanent records held in electronic format; (2) storing a back-up copy off-site; and (3) migrating all permanent records when the system is upgraded or replaced. If the division chooses to maintain permanent records solely in electronic format, it is committed to funding any system upgrades and migration strategies necessary to ensure the records' permanent preservation and accessibility.
- The Department of Finance – Division of Debt Management and Capital Planning agrees to allow the staff of the State Records Commission or the Examiners of Public Accounts to examine the condition of the permanent records maintained in the custody of the division and to inspect records destruction documentation. Government Records Division archivists are available to train the division staff in RDA implementation and otherwise assist the division in implementing its records management program.

The State Records Commission adopted this Records Disposition Authority on April 26, 2002.

Edwin C. Bridges, Chairman
State Records Commission

Date

Receipt acknowledged:

Henry C. Mabry, Director
Department of Finance

Date

Pat Haigler, State Debt Manager
Department of Finance – Division of
Debt Management and Capital Planning

Date