

# State of Alabama

## Comprehensive Annual Financial Report



For the Fiscal Year Ended September 30, 2011

Front cover: Black bear, *Ursus americanus*. The black bear was designated as the official state mammal in 1996.  
Photo by Steve Pfiffer, Coldwell Banker, Bugwood.org

Comments concerning this report should be addressed to:  
Office of the State Comptroller  
Financial Reporting Section  
RSA Union, Suite 206  
Montgomery, AL 36130-2602

# STATE OF ALABAMA

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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For the Fiscal Year Ended  
September 30, 2011



Robert Bentley  
Governor

Young Boozer  
State Treasurer

Marquita F. Davis, Ph.D.  
Director of Finance

Samantha Shaw  
State Auditor



*Prepared by the*  
*Department of Finance, Office of the State Comptroller*  
Thomas L. White, Jr. • State Comptroller

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STATE OF ALABAMA  
Department of Finance  
Office of the State Comptroller

100 North Union Street, Suite 220  
Montgomery, Alabama 36130-2620  
Telephone (334) 242-7050 Fax (334) 242-7466  
[www.comptroller.alabama.gov](http://www.comptroller.alabama.gov)

Robert Bentley  
Governor

Marquita F. Davis, Ph.D.  
Director of Finance

Thomas L. White, Jr.  
State Comptroller

Janice A. Hamm  
Deputy State Comptroller

March 30, 2012

To the Honorable Governor,  
Members of the State Legislature, and  
the Citizens of Alabama:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the State of Alabama for the year ended September 30, 2011. I believe the information as presented is accurate in all material respects and complies with Article IV, Section 72 of the *Constitution of Alabama of 1901* and Section 41-4-3(4) of the *Code of Alabama 1975*, as amended. The completeness and fairness of the presentation, including all disclosures, rests with the State's management. This report complies with Article V, Section 137 of the *Constitution of Alabama of 1901* and Section 36-16-1(6) of the *Code of Alabama 1975*, as amended, as the financial report for the State Auditor, State Treasurer, and State Comptroller.

### **Introduction to the Report**

#### **Internal Controls**

The internal controls in the State's accounting system have been designed to comply with Alabama statutes requiring the audit of receipts and receivables; the determination of legality and correctness of each claim and expenditure; and that funds are appropriated, allotted, and on deposit in the State Treasury before any warrant is issued. The internal controls include manual pre-audit and automated system edits. As an additional control, the State Auditor's Office is responsible for a post-audit of the accounts and records of the Department of Finance and the State Treasurer's Office. These internal accounting controls provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss or unauthorized disposition and the reliability of the financial records from which the financial reports are prepared. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefits.

#### **Audit**

This CAFR has been audited by the Department of Examiners of Public Accounts. The Examiners conducted their audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Examiners' unqualified opinion appears at the beginning of the financial section of this report. The State will also undergo an audit of federal programs to conform to the requirements of the *Single Audit Act Amendments of 1996* and the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Information relating to the single audit, including the schedule of expenditures of federal awards, and audit findings and recommendations, is issued in a separate report and will be available at a later date from the Department of Examiners of Public Accounts.



## **Management's Discussion and Analysis**

Governmental Accounting Standards Board (GASB) Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report. The MD&A provides an overview of the State's financial activities addressing both governmental and business-type activities reported in the government-wide financial statements. In addition, the MD&A focuses on the State's major funds, such as the General Fund, Education Trust Fund, Alabama Trust Fund, and Unemployment Compensation Trust Fund.

## **Profile of the Government**

### **Reporting Entity**

This report presents financial information on all of State government as a single reporting entity. While state law allows many state organizations to operate largely independent of the daily central control and scrutiny of the Department of Finance, State Auditor, and State Treasurer, this report combines the financial data of all state organizations in order to present a comprehensive picture of state finances. The numerous departments, agencies, elected officials, boards, commissions, authorities, colleges, universities, and other organizational units of the State are included in this report in accordance with standards established by the Governmental Accounting Standards Board. These standards make a distinction between organizations which are considered to be part of the primary government of the State and those which are component units. A component unit is defined as a legally separate corporate entity for which the State is considered to be financially accountable. The criteria used to determine financial accountability include the appointment of a majority of the governing board, the ability of the State to impose its will on the organization, and the potential for the organization to be a financial benefit or financial burden to the State. The State is also considered financially accountable for any organization having an independently appointed board if that organization is fiscally dependent on the State. An organization is fiscally dependent if it is unable to adopt a budget, set rates or charges, or issue bonded debt without the approval of the State. Component units can be reported as if they are a part of the primary government ("blended presentation") if they provide services solely to the government, but most of the State's component units do not and are therefore presented separately ("discrete presentation") in these financial statements. The largest of the blended component units includes the Federal Aid Highway Finance Authority, State Parks Improvement Corporation, and the Building Renovation Finance Authority. The major discretely presented component units are the Alabama Public School and College Authority, the Department of Mental Health, the Alabama Housing Finance Authority, the Alabama Water Pollution Control Authority, the Public Education Employees' Health Insurance Board, the State Employees' Health Insurance Board, the University of Alabama, Auburn University, and the University of South Alabama. Note 1 to the financial statements provides a more complete description of the State's reporting entity.

### **Budgetary Controls**

Budgetary control is exercised through the Executive Budget Office of the Department of Finance based on the Appropriation Acts of the State Legislature. Alabama's annual Appropriation Acts include legally adopted budgets for the General Fund, the Education Trust Fund, and other budgeted funds. The Appropriation Acts identify the source of funding and the programmatic (functional) areas for which expenditures are authorized. Both the *Constitution of Alabama of 1901* and the statutes require a balanced budget for annual financial operations. In the event that revenue collections do not meet budget projections, the Governor is required to prorate appropriations and restrict allotments to prevent an overdraft in any fiscal year for which appropriations are made. Allotments of appropriations are made quarterly based on plans of operations submitted by the departments and agencies. These appropriations and allotments are enforced by automated edits that prevent allotments in excess of appropriations and expenditures in excess of allotments. Encumbrance accounting is utilized as purchase orders are issued to insure that purchase orders plus expenditures do not exceed allotment balances. Controls are further tightened at fiscal year-end by verifying that the total of purchase orders plus expenditures plus any obligations (accounts payable) incurred against fiscal year appropriations do not exceed allotments, and remaining allotments do not exceed cash in the Treasury.

**Cash Controls**

The State's controls on cash are fiscally very conservative. Constitutional Amendment 26 prohibits the State Comptroller from drawing warrants on the State Treasury unless there is money on hand to cover those warrants. This is more restrictive at the end of the fiscal year when obligations (encumbrances and accounts payable) cannot exceed the available cash balance (cash less warrants payable). This control is enforced by automated edits and tends to result in positive fund balances, even when generally accepted accounting principles (GAAP) basis accruals are made in the financial statements. Compliance with Amendment 26 is demonstrated in the following exhibits for the General Fund and the Education Trust Fund.

Summary of Receipts, Disbursements, and Cash Balances  
General Fund  
Last Five Fiscal Years - Cash Basis (Treasury Cash Only)  
(Amounts in Thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Beginning Cash Balance, October 1</b>	<b>\$ 135,668</b>	<b>\$ 187,281</b>	<b>\$ 264,727</b>	<b>\$ 286,670</b>	<b>\$ 325,122</b>
Receipts	1,517,092	1,428,089	1,602,572	1,814,313	1,634,581
Disbursements	<u>1,574,733</u>	<u>1,479,702</u>	<u>1,680,018</u>	<u>1,836,256</u>	<u>1,673,033</u>
<b>Net Increase (Decrease) in Cash Balance</b>	<b>(57,641)</b>	<b>(51,613)</b>	<b>(77,446)</b>	<b>(21,943)</b>	<b>(38,452)</b>
<b>Ending Cash Balance, September 30</b>	<b>78,027</b>	<b>135,668</b>	<b>187,281</b>	<b>264,727</b>	<b>286,670</b>
Cash Balance Reserved for Obligations	<u>33,640</u>	<u>40,974</u>	<u>46,971</u>	<u>44,424</u>	<u>46,335</u>
<b>Unobligated Cash Balance, September 30</b>	<b><u>\$ 44,387</u></b>	<b><u>\$ 94,694</u></b>	<b><u>\$ 140,310</u></b>	<b><u>\$ 220,303</u></b>	<b><u>\$ 240,335</u></b>

Summary of Receipts, Disbursements, and Cash Balances  
Education Trust Fund  
Last Five Fiscal Years - Cash Basis (Treasury Cash Only)  
(Amounts in Thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Beginning Cash Balance, October 1</b>	<b>\$ 80,532</b>	<b>\$ 51,280</b>	<b>\$ 48,003</b>	<b>\$ 315,967</b>	<b>\$ 739,687</b>
Receipts	5,337,664	5,217,470	5,679,120	6,414,631	5,854,027
Disbursements	<u>5,358,916</u>	<u>5,188,218</u>	<u>5,675,843</u>	<u>6,682,595</u>	<u>6,277,747</u>
<b>Net Increase (Decrease) in Cash Balance</b>	<b>(21,252)</b>	<b>29,252</b>	<b>3,277</b>	<b>(267,964)</b>	<b>(423,720)</b>
<b>Ending Cash Balance, September 30</b>	<b>59,280</b>	<b>80,532</b>	<b>51,280</b>	<b>48,003</b>	<b>315,967</b>
Cash Balance Reserved for Obligations	<u>50,676</u>	<u>68,759</u>	<u>51,280</u>	<u>48,003</u>	<u>35,922</u>
<b>Unobligated Cash Balance, September 30</b>	<b><u>\$ 8,604</u></b>	<b><u>\$ 11,773</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 280,045</u></b>

**General Fund and Education Trust Fund Balances**

The fund balances for the General Fund and the Education Trust Fund for the last five fiscal years are presented in the following table. The fiscally conservative nature of Amendment 26 tends to produce positive fund balances. However, in 2009 the Education Trust Fund used the provisions of Amendment 803 to the *Constitution of Alabama of 1901* to borrow \$437.4 million from the Alabama Trust Fund in order to avoid deeper cuts from proration. The General Fund borrowed \$161.6 in 2010 under the provisions of Amendment 803 to the *Constitution of Alabama of 1901*. The full amount of both loans remain outstanding, leaving the Education Trust Fund with a deficit fund balance the past three years and the General Fund a deficit fund balance in 2011.

**Fund Balances - GAAP Basis**

(Amounts in Millions)

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
General Fund	\$ (20.2)	\$ 84.7	\$ 222.1	\$ 381.7	\$ 404.8
Education Trust Fund	(203.1)	(244.5)	(221.5)	186.8	528.4

**Cash Management**

The State Treasurer has the responsibility for the investment of cash balances. In accordance with statutory requirements, treasury cash may be invested in time deposit open accounts, or demand accounts held in Alabama banks, or repurchase agreements, U.S. Treasury securities and Agency securities.

The State Treasurer has placed considerable emphasis on cash management. In cooperation with state agencies, the receiving of funds into the State Treasury is expedited, with all excess funds earning interest. Interest earnings during the 2011 fiscal year were as follows:

Bank Deposits	\$ 8.3 million
US Treasury and Agency Securities	\$ 9.4 million

Interest income is deposited in the State's General Fund to be appropriated by the State Legislature for government operations. In addition to the management of the investment of these funds, the State Treasurer initiates investments for several state agencies, with interest earnings being credited to those agencies.

**Long-term Financial Planning**

In 2011, the State Legislature passed the Education Trust Fund Rolling Reserve Act. The Act caps the amount that the budget for the State's largest operating fund, the Education Trust Fund (ETF) can grow from year to year. The growth is capped at the average long term (15 years) growth in recurring revenues. In fiscal years when revenues exceed the calculated cap, any excess revenues will first be used to repay amounts borrowed from the ETF Rainy Day Account. If all Rainy Day Account amounts are paid in full, then any excess amounts go into a Budget Stabilization Fund. Once the Stabilization Fund reaches 20% of the current year appropriations, any further excess revenues are split between a Capital Fund, Pension Liability Fund, and Retiree Health Benefits Liability Fund.

**Major Initiatives**

In addition to the passage of the Education Trust Fund Rolling Reserve Act, three major financial initiatives passed the State Legislature in 2011. In an effort to reduce expenses the State Legislature raised the employee and teacher retirement contributions from 5 percent of salary to 7.25 percent effective October 1, 2011. A further increase to 7.5 percent will take effect October 1, 2012. As a result the State was able to reduce its contribution for fiscal year 2012. The State further reduced the cost of the retirement plans by eliminating the Deferred Retirement Option Plan (DROP) which allowed employees to retire and still continue employment for a period of three to five years while having their retirement earnings accumulate with interest. The third major financial item to pass the legislature was a modification in post employment health insurance. Employees and teachers who retire but are not yet 65 years old and eligible for Medicare must pay higher premiums for health insurance.

### Economic Condition and Outlook

In 2011, Alabama's economy displayed signs of a very modest recovery. In the face of a federal domestic debt ceiling crisis and a weak labor market, there was an increase in consumer spending. Alabama's gross domestic product (ALGDP) rose by 2.2 percent. Although the State's unemployment was higher than the national average by 0.1 percent, it was an overall improvement from last year's unemployment figure of 9.5 percent in Alabama. The average unemployment rate for 2011 was 9.0 percent. State tax revenues increased 2.6 percent. Sales tax receipts were a particularly encouraging sign for the economy with a growth of 3.6 percent for the fiscal year ended September 30, 2011.

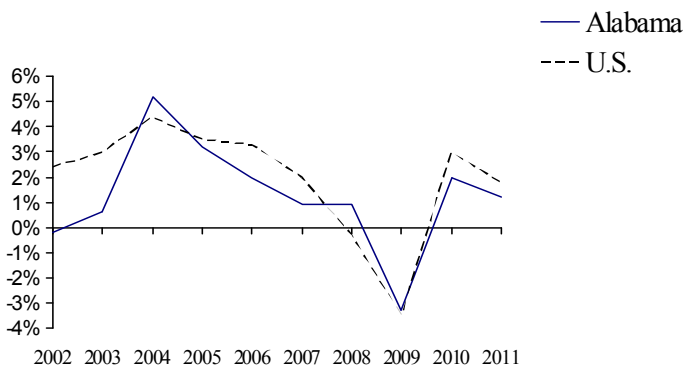
Alabama gained 3,800 jobs during the 12-month period ending in October 2011. Industries with job increases included retail trade, professional and business services, durable manufacturing goods, and financial activities. On the other hand, construction and government shed the most jobs during the same period ending 2011.

Manufacturing sector output rose by 4.1 percent during 2011, with an upsurge of 9.6 percent for manufacturers of fabricated metals. Other contributors to the growth in the manufacturing sector output include petroleum and coal products, other transportation equipment, and motor vehicles and parts. The construction sector's output shrank by 0.3 percent in 2011 due to the continued weakness in both residential and commercial real estate. Wholesale trade grew 3.95 percent and was accompanied by a 2.4 percent increase in employment. Retail output rose 1.5 percent with an employment increase of 2.3 percent.

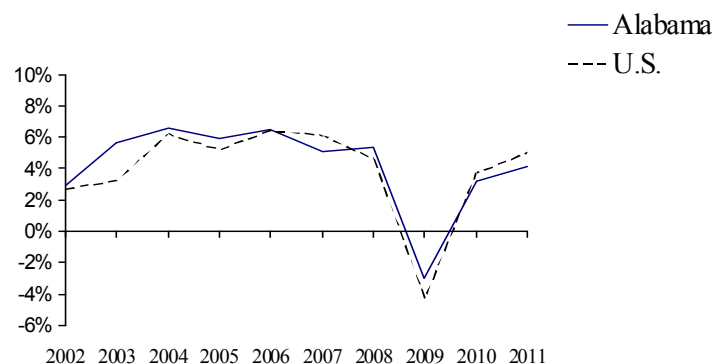
There was a 17.9 percent leap in Alabama exports to \$13.2 billion for the first nine months of 2011 compared to the same period in 2010 according to data from the U.S. Department of Commerce's International Trade Administration. Exports to Canada, Alabama's largest trade partner, slumped from \$3.2 billion in 2010 to \$2.4 billion for the first three quarters of 2011. Other major export destinations for Alabama products included Germany, Mexico, China, Japan, the United Kingdom, and Brazil. For the first three quarters of 2011, transportation equipment exports amounted to \$4.3 billion, a 17.3 percent increase from the same period in 2010. Other major exports during the first three quarters of 2011 were chemicals, minerals and ores, machinery, paper products, primary metals, and computers and electronic products.

Alabama's economy is expected to expand moderately in 2012 with a 2.4 percent increase in output. Non-agricultural employment will experience a slight gain of 1.1 percent. Large manufacturing and services employers will be the major economic drivers in 2012. These include firms in industries such as automotive manufacturing, steel, utilities, biotechnology, and the state's major universities. Due to uncertainties about federal budgets and spending, many of the state's private contractors and government facilities engaged in aerospace and defense-related projects will be cautious in hiring and investment.

**Annual Growth of Gross Product  
Last Ten Years**



**Annual Growth in Personal Income  
Last Ten Years**



Source: Center for Business and Economic Research, University of Alabama  
University Outreach, Auburn University Montgomery

**Awards**

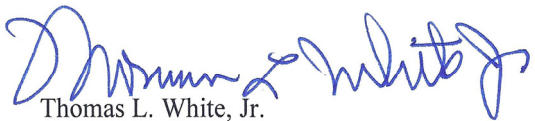
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Alabama for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2010. This was the thirteenth consecutive year that the State has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgements**

Production of this report would not have been possible without the assistance of all state organizations which supplied financial information vital to the accuracy of this report. As we strive to produce this report in future years and to further enhance its quality, the continued support and cooperation of all agencies remain essential. I also wish to express my appreciation to the entire staff in the Division of Control and Accounts, whose daily efforts to improve the accountability of state government make the quality of this report possible.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Thomas L. White, Jr.", is positioned above the printed name and title.

Thomas L. White, Jr.  
State Comptroller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## State of Alabama

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Sandison*

President

*Jeffrey R. Enner*

Executive Director

# STATE OF ALABAMA

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## PRINCIPAL STATE OFFICIALS

September 30, 2011

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### EXECUTIVE BRANCH

Robert J. Bentley  
Governor

Kay Ivey  
Lt. Governor

Young Boozer  
State Treasurer

Beth Chapman  
Secretary of State

John McMillan  
Commissioner of Agriculture  
and Industries

Luther Strange  
Attorney General

Samantha Shaw  
State Auditor

### JUDICIAL BRANCH

Charles R. Malone  
Chief Justice of the Supreme Court

#### Justices of the Supreme Court

Glenn Murdock

Alisa K. Wise

Michael F. Bolin

Champ Lyons, Jr.

Greg Shaw

Lyn Stuart

Thomas A. Woodall

Tom Parker

### LEGISLATIVE BRANCH

Del Marsh  
Senate President, Pro Tempore

Mike Hubbard  
Speaker of the House

Ronald L. Jones  
Examiners of Public Accounts

Joyce Bigbee  
Legislative Fiscal Office

Jerry Bassett  
Legislative Reference Service

### EXECUTIVE BRANCH DEPARTMENTS

Marquita Davis, Ph.D.  
Department of Finance

H. Mac Gipson  
ABC Board

Greg Canfield  
Alabama Development Office

Irene Collins  
Department of Senior Services

John D. Harrison  
State Banking Department

N. Gunter Guy, Jr.  
Department of Conservation  
and Natural Resources

Hugh B. McCall  
Department of Public Safety

James K. Lyons  
Alabama State Port Authority

Cynthia S. Dillard  
Board of Pardons and Paroles

Jim Byard, Jr.  
ADECA

Major General Perry G. Smith  
State Military Department

Nancy Buckner  
Department of Human Resources

Jim Bennett  
Department of Labor

Zelia Baugh  
Department of Mental Health

Lee Sentell  
Tourism Department

Dr. Susan McKim  
Department of Children's Affairs

Kim Thomas  
Department of Corrections

Art Faulkner  
Emergency Management Agency

John R. Cooper  
Department of Transportation

Tom Surtees  
Department of Industrial  
Relations

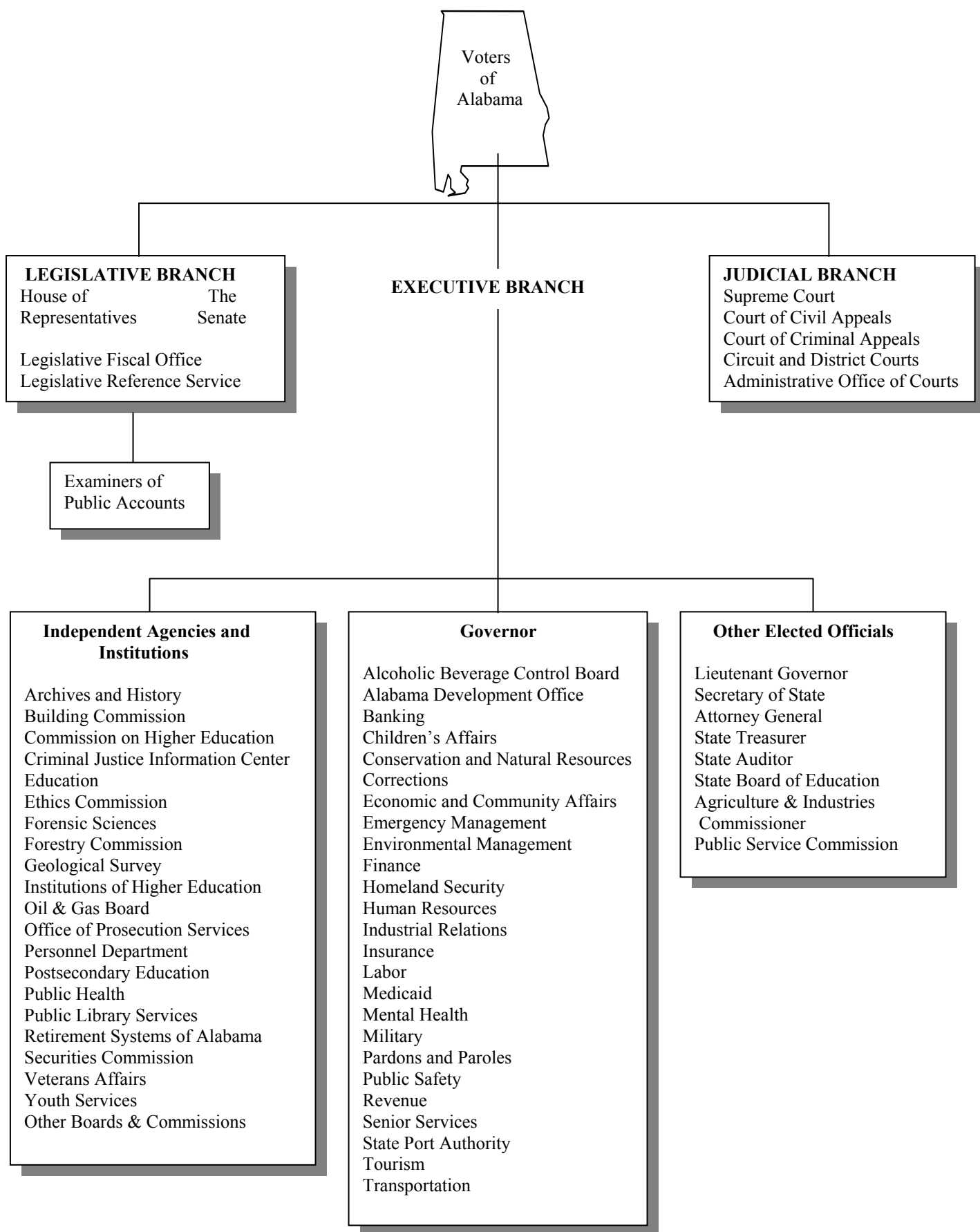
Dr. R. Bob Mullins, Jr.  
Alabama Medicaid Agency

Julie P. Magee  
Department of Revenue

Jim L. Ridling  
Department of Insurance

Spencer Collier  
Office of Homeland Security

ORGANIZATION CHART









**State of Alabama**  
**Department of**  
**Examiners of Public Accounts**

Ronald L. Jones  
 Chief Examiner

***Independent Auditor's Report***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alabama, as of and for the year ended September 30, 2011, which collectively comprise the State of Alabama's basic financial statements listed in the table of contents. These financial statements are the responsibility of the State of Alabama Department of Finance and management of the State of Alabama. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain agencies and funds. These agencies and funds reflect the following percentages of total assets and revenues or additions of the indicated opinion units:

Opinion Unit and Related Agencies/Funds Audited by Other Auditors	Percent of Opinion Unit's Total Assets	Percent of Opinion Unit's Total Revenues/Additions
Governmental Activities: Alabama Educational Television Foundation Authority Alabama Public Health Care Authority	0.11%	0.04%
Business-Type Activities: Alabama State Port Authority	32%	5%
Aggregate Discretely Presented Component Units: State Employees' Insurance Board Public Education Employees' Health Insurance Fund Alabama Housing Finance Authority Alabama Water Pollution Control Authority Space Science Exhibit Commission Alabama Drinking Water Finance Authority Alabama Higher Education Loan Corporation University of Alabama Auburn University University of South Alabama Alabama State University University of Montevallo	85%	77%

Opinion Unit and Related Agencies/Funds Audited by Other Auditors	Percent of Opinion Unit's Total Assets	Percent of Opinion Unit's Total Revenues/Additions
Proprietary/Enterprise Fund: Alabama State Port Authority	100%	100%
Aggregate Remaining Fund Information: Retirement Systems of Alabama Employees' Savings Plans (PEIRAF and RSA-1) Retired Education Employees' Health Care Trust Retired State Employees' Health Care Trust Prepaid Affordable College Tuition Program Alabama College Education Savings Plan Alabama Educational Television Foundation Authority Alabama Public Health Care Authority	91%	37%

The financial statements of these agencies and funds were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Retirement Systems of Alabama, the RSA Employees' Savings Plans (the Public Employees' Individual Retirement Account Fund and the RSA-1 Deferred Compensation Plan), the Public Education Employees' Health Insurance Fund, the State Employees' Insurance Board, the Retired Education Employees' Health Care Trust, the Retired State Employees' Health Care Trust, and the Alabama Higher Education Loan Corporation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alabama as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The State of Alabama implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the fiscal year ended September 30, 2011. This resulted in a change in the format and method of reporting fund balance in the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012, on our consideration of the State of Alabama's internal control over financial reporting and our tests of the State of Alabama's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, and the other Required Supplementary Information, listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Management's Discussion and Analysis and the other Required Supplementary Information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Alabama's basic financial statements. The introductory section, the combining and individual fund statements and schedules, and the statistical section, listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



RONALD L. JONES  
Chief Examiner

Department of Examiners of Public Accounts

March 30, 2012



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the State of Alabama for the fiscal year ended September 30, 2011. Please consider the information presented here in conjunction with the letter of transmittal, which is located in the Introductory Section of this report, and the State's financial statements, which immediately follow this discussion and analysis.

### Financial Highlights

- The State's net assets increased by \$335 million during fiscal year 2011. The assets of the State exceeded its liabilities at the close of the fiscal year by \$24.1 billion (*net assets*). Of this amount, \$19.9 billion was invested in capital assets (net of related debt), and \$3.0 billion was Alabama Trust Capital.
- The Change in Net Assets in governmental activities was \$165 million.
- Governmental activities have \$3.3 billion in investments, \$2.5 billion of which is held in the Alabama Trust Fund.
- Revenues from program grants and contributions decreased \$363 million as federal stimulus money ended late in the fiscal year.
- Tax revenues were up for the first time in four years, increasing \$190 million, or 2.6 percent as the economy began to recover.
- Total revenues declined \$105 million, or 0.5 percent. Spending was therefore flat, increasing a mere \$50 million, or 0.2 percent.
- Spending on food assistance programs was up 21 percent, or \$270 million, while spending in other areas was down.
- Investment earnings were down \$185 million, a steep drop of 57.6 percent from the previous year.
- The business-type activities reported net assets at year-end of \$1.3 billion, an increase of \$170 million for the fiscal year. The Unemployment Compensation Trust Fund reduced its liability to the Federal Government by \$239 million, and the Alabama Community College System had an increase in cash of \$56 million.
- The State's total bond debt at the end of the fiscal year was \$1.65 billion, a decrease of \$36 million.
- During the year the State made payments on general obligation bonds of \$25 million. The State issued \$20 million in new revenue bonds and \$197 million in refunding revenue bonds.
- As of the close of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$4.9 billion, a decrease of \$211 million from last year. \$78 million of fund balance is in nonspendable form and \$5.1 billion is restricted leaving a net deficit unassigned fund balance of \$351 million.
- On a budgetary basis, General Fund expenditures and other uses exceeded revenues and other sources by \$52 million. However, on a GAAP (Generally Accepted Accounting Principles) basis, General Fund expenditures and other uses exceeded revenues and other sources by \$105 million. The Budgetary Comparison Schedule in Required Supplementary Information reconciles these amounts and lists the accounting basis differences.
- The General Fund budget was prorated by 15 percent and the Education Trust Fund budget was prorated by 3 percent because cash collections did not meet budget projections.

### Overview of the Financial Statements

This discussion and analysis is an introduction to the State of Alabama's basic financial statements. The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

#### **Government-wide Financial Statements**

The *government-wide financial statements* provide a broad overview of the State's financial position and activities measured in a manner similar to a private-sector business. Assets, liabilities, revenues, expenses, gains, and losses are measured and reported using the economic resources measurement focus and accrual basis of accounting. The government-wide financial statements exclude fiduciary activities.

The *Statement of Net Assets* presents information on all of the State's assets and liabilities at the end of the fiscal year. The difference between the State's assets and its liabilities is its net assets. Increases or decreases in net assets from year to year may serve as a useful indicator of whether the financial position of the State is improving or not.

The *Statement of Activities* presents information showing how the State's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the State that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the State include general government,

economic development and regulation, education and cultural resources, natural resources and recreation, health- physical and mental, social services, protection of persons and property, and transportation. Examples of business-type activities of the State are operation of the State's system of community and technical colleges, unemployment compensation services, operation of facilities for the distribution and sale of alcoholic beverages, and services for shippers at the Port of Mobile.

The government-wide financial statements include not only the State of Alabama itself (known as the *primary government*), but also legally separate *component units* for which the State is financially accountable. The major *component units* include the Public School and College Authority, Housing Finance Authority, State Employees' Insurance Board, Public Education Employees' Health Insurance Board, Water Pollution Control Authority, Department of Mental Health, University of Alabama, Auburn University, and University of South Alabama. Financial information for the *component units* is reported in a separate column from the financial information presented for the primary government. The government-wide financial statements can be found immediately following this discussion and analysis.

### **Fund Financial Statements**

A *fund* is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental funds**

Most of the State's basic services are reported in governmental funds. The governmental fund financial statements focus on near-term inflows and outflows of resources of these funds and the balances of those resources available at year-end. These funds are measured and reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances are followed by a reconciliation to the government-wide statements.

The types of funds which are categorized as governmental funds are the General Fund, special revenue funds, capital projects funds, debt service funds, and permanent funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Alabama Trust Fund, Education Trust Fund, Public Road and Bridge Fund, Public Welfare Trust Fund, and Alabama Medicaid Fund, all of which are considered to be major funds. Data from the nonmajor governmental funds are combined into a single aggregated column on the basic financial statements. Individual fund data for each of the nonmajor governmental funds can be found in the combining and individual fund statements and schedules section of this report.

### **Proprietary funds**

Services for which the State charges customers a fee are generally reported in proprietary funds. The State maintains two different types of proprietary funds: enterprise funds and internal service funds. Like the government-wide statements, proprietary funds use the accrual basis of accounting.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. These funds report activities that provide supplies and services to the general public in a manner similar to private business enterprises. The major enterprise funds are the Unemployment Compensation Trust, State Port Authority, Alabama Community College System, and the Alcoholic Beverage Control Board. Individual fund data for each of the nonmajor enterprise funds can be found in the combining and individual fund statements and schedules section of this report.

Internal service funds report activities that provide supplies and services to other state agencies on a cost-reimbursement basis. These funds are reported as governmental activities on the government-wide financial statements. These funds provide computer services, information technology, telecommunications, rental of office buildings, janitorial services, building maintenance, manufacturing activities, and liability protection. The internal service funds are aggregated in a single column on the proprietary fund statements.

### **Fiduciary funds**

The State acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These funds, which include pension and other employee benefits, private-purpose, and agency funds are reported using accrual accounting. The government-wide financial statements exclude fiduciary fund activities and balances because the resources of those funds are not available to support the State's own programs.

## Notes to the Financial Statements

The notes to the financial statements are an integral part of the financial statements. They explain amounts shown in the financial statements and provide additional information that is essential to the fair presentation of the government-wide and fund financial statements.

## Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which includes (1) budgetary comparison schedule reconciling the budgetary fund balances and generally accepted accounting principles fund balances at fiscal year-end, (2) ten year loss development information for the State Insurance Fund, (3) a schedule of funding progress for the Employees' Retirement System, (4) a schedule of funding progress for the Retired State Employees' Health Care Trust, and (5) information about infrastructure assets reported using the modified approach.

## Other Supplementary Information

Other supplementary information includes combining financial statements for nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds, and nonmajor discretely presented component units. These funds are added together by fund type and presented in single columns in the basic financial statements.

## Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. The State's combined assets exceeded liabilities by \$24.1 billion as of September 30, 2011.

The largest component (83 percent) of the State's net assets reflects its investment in capital assets, such as land, buildings, equipment, and infrastructure (e.g., roads, bridges, tunnels), less any related outstanding debt used to acquire those assets. The State uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Capital Assets increased \$439 million, which included \$316 million in increases in infrastructure and infrastructure construction in progress.

The total of Current and Other Assets is \$7.9 billion, a decrease of \$341 million, or 4.1 percent. Included in that amount was a decrease in cash and cash equivalents of \$277 million and a decrease in securities lending collateral of \$114 million. The balance of \$7.9 billion includes \$3.5 billion in investments, \$2.5 billion of which is held in the Alabama Trust Fund. Investments increased \$116 million, \$26 million of which was from normal growth in the Alabama Trust Fund.

Long-term liabilities increased 2.3 percent, or \$58 million. Over half of total liabilities are in long-term liabilities and 72.4 percent of those long-term liabilities are in governmental activities. The State has \$2.6 billion in long term liabilities, which includes \$1.6 billion in bonds payable and \$478 million in other post employment health care benefit liabilities. Bond debt decreased by \$36 million while post employment health care benefit liabilities rose \$94 million. Other Liabilities for business-type activities decreased by \$205 million, or 40.7 percent, primarily because the Unemployment Compensation Trust Fund reduced Due to Other Governments by \$239 million by paying down an advance from the federal government.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or legislative restrictions on how they may be used. Internally imposed designations of resources are not presented as restricted net assets. The State's net assets that are unrelated to capital assets include \$5.0 billion in restricted net assets. Unrestricted net assets represent the remaining amount of net assets that may be used to meet the State's ongoing obligations that are not funded by resources that are restricted. The State has a deficit in unrestricted net assets of \$842 million. Unrestricted net assets for governmental activities are a deficit of \$1.1 billion, while business-type activities have a positive balance in unrestricted net assets of \$292 million.



## Net Assets as of September 30

(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 7,141,224	\$ 7,443,546	\$ 776,520	\$ 815,240	\$ 7,917,744	\$ 8,258,786
Capital Assets	19,385,942	18,970,584	1,528,112	1,504,016	20,914,054	20,474,600
Total Assets	26,527,166	26,414,130	2,304,632	2,319,256	28,831,798	28,733,386
Long-term Liabilities	1,858,717	1,820,575	707,591	687,653	2,566,308	2,508,228
Other Liabilities	1,873,154	1,963,507	298,430	503,038	2,171,584	2,466,545
Total Liabilities	3,731,871	3,784,082	1,006,021	1,190,691	4,737,892	4,974,773
Net Assets						
Invested in Capital Assets, Net of Related Debt	19,002,496	18,563,915	900,972	881,681	19,903,468	19,445,596
Restricted	4,926,432	4,795,170	105,790	102,653	5,032,222	4,897,823
Unrestricted	(1,133,633)	(729,037)	291,849	144,231	(841,784)	(584,806)
Total Net Assets	\$ 22,795,295	\$ 22,630,048	\$ 1,298,611	\$ 1,128,565	\$ 24,093,906	\$ 23,758,613

The table on the following page was derived from the government-wide Statement of Activities. As a result of the excess of expenses over revenues, the State's net assets increased by \$335 million during fiscal year 2011. Taxes provided \$7.4 billion, or approximately 34 percent, of the State's total revenue. Tax revenues increased by \$190 million, or 2.6 percent, compared to the previous year as the economy began to improve. Overall revenue decreased slightly by \$105 million, or 0.5 percent. Operating Grants and Contributions revenue decreased \$353 million, or 3.4 percent, because federal grants from the federal stimulus programs ended late in the fiscal year.

General revenues, which include taxes, were \$8.6 billion, a decrease of \$63 million, or 0.7 percent. Grants and contributions not restricted to specific programs dropped from \$40.3 million to \$9.1 million because in the previous year the State received a \$39.1 million bonus award from the federal government for outstanding performance in the State's Medicaid program. Investment earnings were \$136 million, a steep drop from last year's \$321 million. Charges for Services revenue increased \$194.6 million, or 8.9 percent. \$136 million of the increase was for unemployment compensation. The revenue for unemployment compensation was higher because of a tax rate increase that was effective in the second quarter of the prior fiscal year; therefore, the revenue of the first quarter of fiscal year 2011 is greater than the revenue of the first quarter of fiscal year 2010. Miscellaneous revenues are up \$90 million, or 9.5 percent, on the strength of a one time boost of \$51.5 million in revenues from unclaimed property.

As a result of the overall slight drop in revenue, spending was flat as compared to the previous year, increasing \$50 million, or 0.2 percent. Education and Cultural Resources spending was up \$242 million, or 3.8 percent, and Social Services spending was up \$210 million, an increase of 8.8 percent. Education is supported by tax revenue sources, primarily sales tax and income tax, the two of which were up \$204 million. In social services federal grants to the Department of Human Resources was up \$207 million while expenditures rose \$205 million. Within the Department expenditures rose for food assistance by \$270 million, a 21.2 percent increase, while spending in other areas was generally down.

In business-type activities, spending overall was down \$273 million, or 10.3 percent. The Unemployment Compensation Fund was down \$316 million, some 23.9 percent because many claimants exhausted their maximum benefits and a special extra weekly benefit of \$25 expired in 2011. Port Authority was up \$5.1 million, or 4.1 percent as interest expense on bonds rose \$4.4 million. The Alabama Community College System was up \$21.3 million, or 2.4 percent, Alcoholic Beverage Control Board was up \$12.4 million, or 4.9 percent, and Other Nonmajor Proprietary Funds was up \$3.6 million, or 7.8 percent.

**Changes in Net Assets**  
**For the Fiscal Year Ended September 30**  
(Amounts in Thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,198,661	\$ 1,165,690	\$ 1,174,101	\$ 1,012,435	\$ 2,372,762	\$ 2,178,125
Operating Grants and Contributions	8,985,149	9,148,048	986,502	1,176,837	9,971,651	10,324,885
Capital Grants and Contributions	929,145	927,443	20,137	31,809	949,282	959,252
General Revenues:						
Taxes	7,377,883	7,188,700	11,065	10,558	7,388,948	7,199,258
Grants and Contributions Not Restricted to Specific Programs	9,093	40,323	-	-	9,093	40,323
Investment Earnings	134,485	318,292	1,432	2,572	135,917	320,864
Miscellaneous	1,020,971	932,348	12,759	11,561	1,033,730	943,909
Total Revenues	<u>19,655,387</u>	<u>19,720,844</u>	<u>2,205,996</u>	<u>2,245,772</u>	<u>21,861,383</u>	<u>21,966,616</u>
Expenses:						
Economic Development and Regulation	206,420	228,957			206,420	228,957
Education and Cultural Resources	6,676,127	6,434,122			6,676,127	6,434,122
Natural Resources and Recreation	135,576	148,043			135,576	148,043
Health	6,097,299	6,143,061			6,097,299	6,143,061
Social Services	2,579,249	2,369,709			2,579,249	2,369,709
Protection of Persons and Property	1,114,812	1,146,961			1,114,812	1,146,961
Transportation	1,192,066	1,248,882			1,192,066	1,248,882
General Government	1,106,306	1,065,323			1,106,306	1,065,323
Debt Service - Interest and Other Charges	48,631	47,829			48,631	47,829
Unemployment Compensation			1,007,325	1,323,058	1,007,325	1,323,058
State Port Authority			128,655	123,551	128,655	123,551
Alabama Community College System			918,402	897,134	918,402	897,134
Alcoholic Beverage Control Board			266,472	254,001	266,472	254,001
Nonmajor Proprietary Funds			49,212	45,639	49,212	45,639
Total Expenses	<u>19,156,486</u>	<u>18,832,887</u>	<u>2,370,066</u>	<u>2,643,383</u>	<u>21,526,552</u>	<u>21,476,270</u>
Increase (Decrease) in Net Assets						
Before Contributions and Transfers	498,901	887,957	(164,070)	(397,611)	334,831	490,346
Contributions to Permanent Funds & Endowments	-	-	462	102	462	102
Special Items	-	-	-	(9,147)	-	(9,147)
Transfers	<u>(333,654)</u>	<u>(335,150)</u>	<u>333,654</u>	<u>335,150</u>	<u>-</u>	<u>-</u>
Change in Net Assets	165,247	552,807	170,046	(71,506)	335,293	481,301
Net Assets- Beginning	<u>22,630,048</u>	<u>22,077,241</u>	<u>1,128,565</u>	<u>1,200,071</u>	<u>23,758,613</u>	<u>23,277,312</u>
Net Assets- Ending	<u>\$ 22,795,295</u>	<u>\$ 22,630,048</u>	<u>\$ 1,298,611</u>	<u>\$ 1,128,565</u>	<u>\$ 24,093,906</u>	<u>\$ 23,758,613</u>

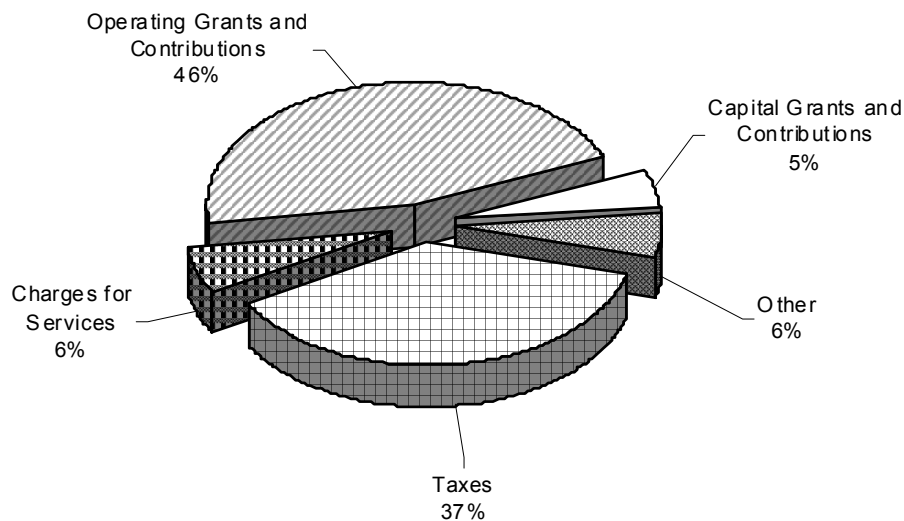
## Governmental Activities

Total revenues for governmental activities in fiscal year 2011 were \$19.7 billion. Revenue is categorized as either program revenue, which is generated by the program itself or is received from another government, or general revenue. Program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Operating grants and contributions along with taxes together accounted for 83 percent of governmental activities revenue.

Program revenues totaled \$11.1 billion, down slightly from \$11.2 billion the previous year. Operating grants and contributions are the largest program revenues, and at \$9.0 billion, make up 46 percent of total governmental revenues. Operating grants and contributions decreased \$163 million compared to the previous year. Operating grants and contributions to Medicaid were down \$385 million. Medicaid received \$144 million less in federal stimulus grants than in the prior year. Revenues for Certified Public Expenditures (CPE) in Medicaid were down \$155 million. CPE is used to fund the Disproportionate Share Hospital (DSH) program. In the previous year the State exceeded its allowable DSH allotment for the federal fiscal year by \$138 million. Operating grants and contributions were down at Corrections by \$118 million because of the loss of one time federal stimulus funds. Operating grants and contributions at Human Resources was up \$207 million because of an increased need for food assistance while Emergency Management was up \$60 million because of the April 2011 tornado outbreak. About 93 percent of operating grants and 98 percent of the capital grants were received from the Federal government. Capital grants and contributions were \$929 million, a slight increase of \$2 million over the previous year. Charges for services increased \$33 million, or 2.8 percent, compared to the previous year. Miscellaneous revenues are up \$89 million, or 9.5 percent, on the strength of a \$51.5 million increase in revenues from unclaimed property.

Taxes were \$7.4 billion, an increase of \$189 million from the previous year. Revenue from all tax types were 37 percent of total governmental revenues earned during fiscal year 2011. Of the \$7.4 billion in tax revenues, the largest taxes were income taxes of almost \$3.1 billion and sales and use taxes of \$2.2 billion. Sales and use taxes were up \$79 million, or 3.7 percent, while income taxes increased \$126 million, or 4.2 percent.

**Revenues - Governmental Activities  
Fiscal Year Ended September 30, 2011**

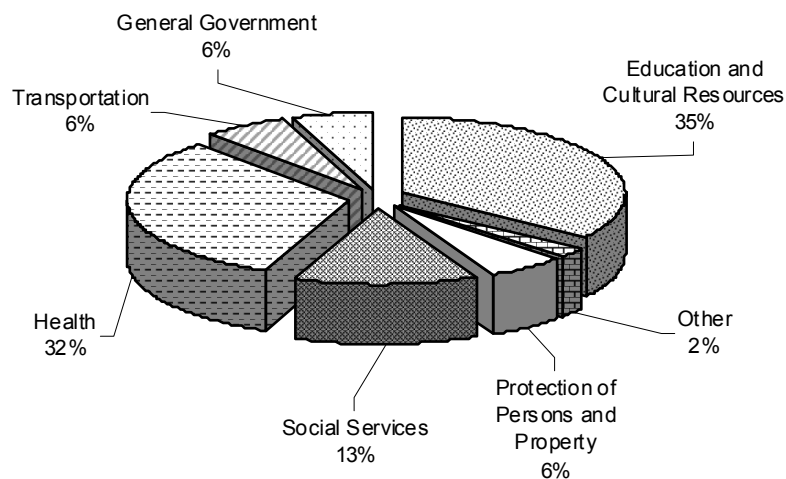


Total operating expenses for governmental activities in fiscal year 2011 were \$19.2 billion. Expenses for governmental activities are grouped by functional area. The two largest functional areas were (1) Education and Cultural Resources and (2) Health. These two areas together accounted for 67 percent of the governmental activities expenses for fiscal year 2011. Social Services accounted for 13 percent of the governmental activities expenses. Overall expenses increased by \$324 million, or 1.7 percent.

Education spending increased 3.8 percent, or \$242 million. Education and Cultural Resources now makes up 35 percent of governmental activity expenses, up from 34 percent last year. Within Education and Cultural, 90 percent is support for local school systems and state universities. Support for local school systems increased \$182 million, or 3.9 percent, support for universities decreased \$13 million, or 1.2 percent.

Health accounted for 32 percent of governmental activity spending, down slightly from 33 percent last year. The Medicaid program accounts for 81 percent of Health spending and the Department of Public Health accounts for 12 percent. Social Services spending increased \$210 million, or 8.8 percent. Within Social Services, food assistance was up sharply, rising \$270 million while spending on other social programs generally declined. Food assistance now makes up 60.4 percent of all social service spending.

**Expenses - Governmental Activities**  
**Fiscal Year Ended September 30, 2011**



## Business-type Activities

The largest business-type activity is the Alabama Community College System, which accounts for 79.2 percent of business-type net assets. The other major business-type activities are the Alabama Port Authority, the Alcoholic Beverage Control Board, and the Unemployment Compensation Trust. In fiscal year 2011 the net assets of business-type activities increased by \$170 million. The Alabama Community College System capital assets increased by \$37 million and cash grew by \$56 million. The Unemployment Compensation Trust Fund decreased its liabilities by repaying the Federal Government \$239 million for advances received in prior years. Overall expenses were \$2.4 billion, down by \$273 million, primarily because Unemployment Compensation expenses decreased \$316 million, or 24 percent. Unemployment Compensation expenses decreased because more claimants exhausted their benefits. Also, the ARRA Federal Additional Compensation program, which provided an additional \$25 weekly benefit ended in 2011. Revenues of business-type activities totaled \$2.2 billion, a decrease of \$40 million, or 1.8 percent. Most of this revenue was self-generated program revenues; only \$25.2 million of the \$2.2 billion revenues came from general revenues. The program revenues consisted of \$1.2 billion of charges for services, a 16 percent increase, and \$987 million of operating grants and contributions, a 16 percent decrease. Operating Grants decreased because of the ARRA Federal Additional Compensation program mentioned above. Charges for services increased because of an assessment rate change for Unemployment Compensation. Of the \$333.7 million in net transfers between governmental activities and business-type activities, most of the transfers are from the Education Trust Fund to the Alabama Community College System as mandated by the legislature in the appropriation acts.

## Financial Analysis of the State's Funds

### Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unassigned General Fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of fiscal year 2011, the governmental funds reported combined ending fund balances of \$4.9 billion. Of this total amount, \$5.1 billion is restricted to spending for specific purposes. Those restrictions have been imposed by external parties, constitutional provisions, or enabling legislation. Because restrictions exceed fund balance, there is a deficit in unassigned fund balance of \$351 million. Deficit unassigned fund balances outside the General Fund indicate that expenditures incurred for specific purposes exceeded the resources restricted for those specific purposes. The largest restricted amount of \$3.0 billion is for Alabama Trust Capital. The Alabama Trust Fund originally was a permanent fund, but is now a special revenue fund because of Amendment 666 to the *Constitution of Alabama of 1901* which allows spending of principal equal to the previous year's unrealized gains. An additional \$2.1 billion of governmental fund balance has been restricted for a wide variety of purposes which includes \$143 million restricted for various capital projects and debt service.

The General Fund is the primary operating fund of the State. At the end of the current fiscal year, unassigned fund balance of the General Fund had a \$25 million deficit, \$3 million nonspendable fund balance, and \$1 million assigned fund balance. Revenues for the General Fund increased \$24 million, or 2 percent, as taxes increased \$19 million, fines, forfeits and court settlements increased \$14 million, other revenue decreased \$1 million, and investment income decreased \$7 million. Most of the tax increase, \$23 million, is due to an increase in sales tax revenue. The increase in fines, forfeits, and court settlement revenue is due to a one time court settlement with the pharmaceutical industry.

Expenditures for the General Fund increased \$66 million, or 5 percent. Health expenditures increased \$100 million, as overall grant payments related to Medicaid programs increased \$117 million. Medicaid hospital care program grants increased \$87 million. The Medicaid nursing home care program grants increased \$22 million. The Medicaid Health Support program increased \$48 million. Medicaid Health Insurance Premiums increased \$44 million. The Medicaid Pharmaceutical program was down \$64 million. The Medicaid Physician Care Program was down \$20 million. Protection of Persons and Property expenditures increased \$28 million, with \$21 million of increase being spent for correctional facility operations. Spending on General Government decreased \$53 million. Most of the decline was in employee salaries and benefits of \$47 million. Across all functional categories General Fund spending for grants and benefits were up 32 percent due to Medicaid benefits being paid with general fund dollars in lieu of federal stimulus funds. Rentals and lease expenditures increased 120 percent and transportation equipment operation expenditures increased 59 percent because of the spring 2011 tornado disasters. Spending for employee salaries and benefits was down 2 percent. Due to Other Funds was relatively unchanged from the previous year because a large portion, \$162 million, is a loan owed to the Alabama Trust Fund. The money was borrowed in fiscal year 2010 to alleviate revenue shortages in accordance with Amendment 803 to the *Constitution of Alabama of 1901*.

The Education Trust Fund (ETF) is the largest governmental fund of the State. Revenues credited to the ETF are used for the support, maintenance, and development of public education in Alabama, debt service and capital improvements related to educational facilities, and other functions related to educating the State's citizens. Programs and agencies supported by the ETF include K-12 education, public library services, performing and fine arts, scholarship programs, the State's education regulatory departments, and two and four-year

colleges and universities. Funding from the ETF is also provided to non-state organizations that provide educational services to the people of Alabama. Various tax sources are allocated to the ETF, the largest of which are income tax, sales tax, utility tax, and use tax. Tax revenues in the ETF for fiscal year 2011 were up \$154 million, or 3 percent as compared to fiscal year 2010. Income tax revenues were up by \$128 million and sales and use tax revenues were up by \$18 million. Expenditures, as limited by the budget, were up 3 percent, or \$141 million. A large portion of the increase, \$133 million, was in financial assistance to local school systems. The ETF transferred out \$382 million, with the largest of these transfers going to supplement operations of the Alabama Community College System, a major Proprietary fund. The Alabama Community College System received \$338 million in transfers as mandated by the legislature in the appropriations acts. Due to Other Funds in the ETF of \$445 million includes \$437 million owed to the Education Rainy Day Account in the Alabama Trust Fund. The ETF fund balance increased \$41 million to a deficit of \$203 million, as taxes receivable increased \$71 million and payables had a net increase of \$32 million.

The Alabama Trust Fund consists of income from the sale or lease of rights for offshore exploration and drilling for oil and gas off the Alabama coast, as well as investment income earned on the accumulated capital. Revenues from royalties and other payments related to the production of oil and gas decreased by \$3 million in 2011. Investment income plummeted from \$256 million in 2010 to \$97 million in 2011, a decrease of \$159 million. Various amendments to the *Constitution of Alabama of 1901* require that Alabama Trust income be used to support the General Fund, Forever Wild Land Trust, and a variety of state and local capital projects and debt service. In compliance with constitutional requirements, \$215 million was transferred out to support these other funds. During the 2011 fiscal year, the amount constitutionally restricted for Trust Capital decreased by \$29 million, a 1 percent decrease.

The Medicaid Fund accounts for a portion of the Medicaid program that is funded by Federal revenues and certain other non-state revenue sources. Federal revenues decreased 6 percent, or \$241 million. Overall, revenues were down 7 percent, or \$341 million. Expenditures decreased 4 percent or \$187 million with the largest decrease being \$307 million in hospital care program. Nursing Home Care decreased \$23 million with most of the decrease being due to payments being made in the Medicaid Fund last year, but were shifted to the General Fund this year. Alternative care programs increased \$20 million or 6 percent. The net change in fund balance for Medicaid was a \$120 million decrease, bringing the total fund balance to an \$82 million deficit.

The Public Road and Bridge Fund is the general operating fund of the Department of Transportation (DOT) and receives all state revenues for that department, including all federal aid reimbursements. Amendment No. 93 (as amended by Amendment No. 354) to the *Constitution of Alabama of 1901* provides that monies derived from any fee, excise or license taxes levied by the State on motor fuels shall be expended for the cost of construction, reconstruction, maintenance and repair of public highways and bridges; the cost of highway rights-of-way; the payment of highway obligations; the cost of traffic regulations; and the expense of enforcing state traffic and motor vehicle laws. For the most part, federal revenues remained fairly steady. Expenditures increased \$24 million, or 2 percent. The cash balance rose from \$425 million to \$477 million. Of the \$484 million fund balance, \$26 million is in inventory of materials on hand and \$458 million is restricted to cover construction and maintenance contracts.

The Public Welfare Trust Fund is used to account for a broad range of social, protective, and financial assistance programs for citizens. This is the major operating fund of the Department of Human Resources. 89 percent of the revenue is from federal funds, but is supplemented by whiskey tax and a portion of the Alabama Alcoholic Beverage Control Board profits, sales tax, franchise tax, and beer tax. Overall spending rose \$205 million, or 10 percent. The economic downturn continued to create a huge increase in demand for food assistance, as spending increased \$270 million, a 21 percent increase. Spending on various children's programs declined \$13 million, or 3 percent. Expenses for the Temporary Assistance to Needy Families program declined \$31 million, a decrease of 28 percent. State administration costs for the fund declined \$12 million, a decrease of 21 percent. The fund balance at year end is \$65 million, a decrease of \$18 million. The small fund balance is normal for this fund, since the Federal Cash Management Improvement Act does not allow the State to draw money and hold it for more than a few days.

The Education Trust Fund & General Fund had negative fund balances at September 30, 2011. This is not typical for the State's major governmental funds because the fiscally conservative nature of the State's controls generally results in positive fund balances. Constitutional Amendment 26 requires the State to have on hand at year end in each budgeted fund enough cash to cover all outstanding warrants and any remaining unspent obligations (encumbrances and accounts payable). The General Fund and Education Trust Fund had negative fund balances at September 30 resulting from the interfund loans owed to the Alabama Trust Fund. Without the loans, the accrual of taxes receivable in the General Fund and Education Trust Fund almost always assures a positive fund balance. Medicaid often has a negative fund balance because GAAP requires the accrual of claims payable and the related federal receivable, but not the State matching amounts which will be recorded as revenues when received in the next fiscal year. The Public Road and Bridge Fund retains enough cash to cover their outstanding construction contracts and commitments so that fund historically has a large fund balance.

## **Proprietary Funds**

The State's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. During the fiscal year, total net assets for all enterprise funds increased by \$170 million.

The Unemployment Compensation Trust Fund reversed its downward trend as net assets increased by \$120 million in contrast to a prior year decrease of \$131 million. Revenues increased because the assessed rate was higher for the first quarter of the fiscal year as compared to the first quarter of the prior year. Also, a special assessment was collected September 9, 2011 which provided additional revenue to be used to pay interest owed to the Federal Government. The assessment was approximately \$6 for each employee. Benefits dropped \$320 million as more claimants exhausted their benefits and the ARRA Federal Additional Compensation program, which provided an additional \$25 weekly benefit, ended in 2011. Also, revenue from Federal grants decreased \$201 million because of the end of the ARRA stimulus program. Due to Other Governments decreased by \$239 million because the Unemployment Compensation Trust Fund repaid advances owed to the Federal Government. The trust fund has a \$33 million deficit at year end because of the \$44 million remaining balance for Federal Government advance.

The net assets of the State Port Authority are \$311 million, a decrease of \$6 million. A contributor to the decrease in net assets for 2011 was the elevated non-operating expenses. Interest expense increased from approximately \$13 million to \$17 million as a result of the issuance of the Series 2010 long term fixed rate bonds to refund the Series 2008B and Series 2009A long-term bond anticipation notes that had been indexed to the historically low LIBOR rates. The economy has a significant effect on the State Port Authority's interest expense as well as its operating revenues. Operating revenues were \$122 million, an increase of \$15 million, or 14 percent over the prior year, resulting from a number of factors. Revenues at General Cargo/Intermodal Terminal increased by \$10 million, in large part due to the ramp up of the Pinto Island Steel Terminal. The Terminal Railway experienced an increase of \$2 million, largely due to higher rates for handling railcars containing hazardous materials. Other operating revenues experienced increases associated with new surcharges and an increase in vessel traffic.

The Alabama Community College System's net assets increased \$62 million in 2011, primarily because of increases in charges for services and increases in Federal Grants. The College System has \$37 million more in capital assets and \$56 million more in cash available at year end. The College System has an operating loss of \$707 million. However, federal grants of \$402 million and transfers from the ETF and other governmental funds of \$363 million result in an increase in net assets.

The net assets of the Alcoholic Beverage Control Board declined by \$6 million in fiscal year 2011, resulting in a \$19 million deficit. The Board is required by law to distribute all of its profits and cannot own real property; therefore, net assets generally will remain negative.

## **Budgetary Highlights**

### **General Fund**

The original budget for the General Fund was decreased by a net of \$61 million during fiscal year 2011. Expenditures were decreased by \$41 million and Transfers Out decreased by \$20 million, and the increases and decreases are reflected in the final budget on the Budgetary Comparison Schedule. 15 percent proration was declared on March 31, 2011 because cash collections were not meeting budget projections. This decreased the budget by \$250 million. The Medicaid Agency, the Department of Corrections, the Department of Mental Health, the Department of Public Health, the Department of Human Resources, and the Department of Public Safety were cut by \$71 million, \$51 million, \$16 million, \$16 million, \$15 million, and \$11 million, respectively. Actual tax revenues were \$68 million less than the final budget because of the weak economy. Also, the budgeted tax revenues were reduced by \$44 million because cash collections were short.

There were significant budgetary variances between the final budget and actual results. Unexpended and reverted appropriations from fiscal year 2011 were reappropriated to fiscal year 2012; therefore, many agencies did not spend all of their appropriations during fiscal year 2011. The Medicaid Agency only has \$2 million to carryover which is \$33 million less than the prior year because most of the funds were spent. The Department of Public Safety, the Legislature, Department of Corrections, Department of Economic and Community Affairs, and the Department of Finance have \$2 million, \$2 million, \$4 million, \$3 million, and \$3 million, respectively. These appropriations will be needed in the future because federal stimulus funds have ended and projections for State revenues are not improving.

There were budget increases to various agencies as a result of supplemental appropriations which totaled \$156 million. The Medicaid Agency received \$126 million of this supplemental appropriation. The Medicaid Agency uses these funds to match the federal grants for Medicaid programs. Conditional and other appropriations were approximately \$33 million to various agencies. Conditional amounts are not included in the budget until the conditions have been met. Some expenditures are required by law to be fully funded, and estimated amounts are approved in the General Fund appropriation bill. Increases to these estimated amounts do not require a new bill and are included as other appropriations. Emergency appropriations of \$2 million are included in the original budget and are included in the budgeted amounts as Other on the Budgetary Comparison Schedule. Also, there was a supplemental appropriation of \$4 million for the

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Departmental Emergency Fund. Emergency appropriations cannot exceed two percent of the total amount appropriated. On a budgetary basis, General Fund expenditures and other uses exceeded revenues and other sources by \$52 million. However, on a GAAP (Generally Accepted Accounting Principles) basis, General Fund expenditures and other uses exceeded revenues and other sources by \$105 million. The Budgetary Comparison Schedule in Required Supplementary Information reconciles these amounts and lists the accounting basis differences.

## Capital Asset and Debt Administration

### Capital Assets

At the end of fiscal year 2011 the State had invested \$20.9 billion, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation charges for the fiscal year totaled \$152 million.

#### **Capital Assets as of September 30**

(Amounts in Thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Capital Assets Not Being Depreciated:</b>						
Land	\$ 293,018	\$ 281,616	\$ 83,498	\$ 82,691	\$ 376,516	\$ 364,307
Historical Exhibits	2,671	2,658	2,349	2,349	5,020	5,007
Construction In Progress	187,794	147,290	96,095	114,258	283,889	261,548
Construction In Progress - Infrastructure	5,044,586	5,043,948	-	-	5,044,586	5,043,948
Infrastructure	12,853,456	12,540,902	3,026	-	12,856,482	12,540,902
Inexhaustible Intangible Assets	-	-	10	10	10	10
<b>Total Capital Assets</b>						
<b>Not Being Depreciated</b>	<b>18,381,525</b>	<b>18,016,414</b>	<b>184,978</b>	<b>199,308</b>	<b>18,566,503</b>	<b>18,215,722</b>
<b>Capital Assets Being Depreciated:</b>						
Buildings	1,348,967	1,278,403	1,632,662	1,554,743	2,981,629	2,833,146
Equipment	649,343	632,722	557,117	533,445	1,206,460	1,166,167
Software and Other Intangible Assets	15,948	8,068	3,248	3,248	19,196	11,316
<b>Total Capital Assets</b>						
Being Depreciated	2,014,258	1,919,193	2,193,027	2,091,436	4,207,285	4,010,629
Less Accumulated Depreciation	1,009,841	965,023	849,893	786,728	1,859,734	1,751,751
<b>Total Capital Assets</b>						
<b>Being Depreciated, Net</b>	<b>1,004,417</b>	<b>954,170</b>	<b>1,343,134</b>	<b>1,304,708</b>	<b>2,347,551</b>	<b>2,258,878</b>
<b>Capital Assets, Net</b>	<b>\$ 19,385,942</b>	<b>\$ 18,970,584</b>	<b>\$ 1,528,112</b>	<b>\$ 1,504,016</b>	<b>\$ 20,914,054</b>	<b>\$ 20,474,600</b>

As allowed by GASB Statement No. 34, the State has adopted the modified approach for reporting roadway and bridge infrastructure assets. Under the modified approach, depreciation is not recorded. Infrastructure costs that result in an increase in the capacity or an improvement in the efficiency of the infrastructure network are capitalized and added to the historical cost of the assets. Costs that allow the infrastructure network to be used efficiently over the expected useful life of the assets are expensed as general maintenance costs. Certain maintenance costs that extend the useful life of the assets but do not increase capacity or efficiency are classified as preservation costs. Preservation costs are expensed and reported in lieu of a charge for depreciation expense.

Extensive project documentation is required to meet various federal and state guidelines concerning the construction of infrastructure. The completeness of this documentation affects the timing of project capitalization. The State capitalizes infrastructure when all costs for a project are incurred and all project documentation is satisfactorily completed, filed, and accepted with the appropriate entities. Projects that meet the cost and documentation criteria are closed, and appropriate entries are made to adjust the Infrastructure Construction in Progress and Infrastructure asset accounts annually. Due to the documentation requirements, there can be substantial time lags between the date a project is put into service on the State's roadway network and the date the project is capitalized. A significant portion of Infrastructure Construction in Progress consists of projects that have been put into service and maintenance costs could have been incurred.

The State uses the International Roughness Index (IRI) to measure and monitor pavement conditions. The IRI is a standard representing the perceived smoothness of pavements while traveling in passenger cars. A lower IRI measurement represents a smoother condition of pavement. The United States Department of Transportation developed suggested values for IRI of <60 inches/mile to >220 inches/mile to



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grade the smoothness condition of the roadway. A range of 60 to 94 is considered “Good” condition, with negligible maintenance required, and a range of 95-119 for Interstate Highways or 95-170 for non-interstate highways is considered “Fair”, requiring routine maintenance such as pavement patching. The weighted average rating of Alabama’s roads was 82.03, which exceeds the State’s goal.

The State maintains 5,395 bridges and culverts. The State rates the major structural components and deck area of the bridge or culvert on a scale of one to ten and assigns a weighted rating to the bridge or culvert. The State expects those bridges and culverts to be maintained at a rating within the range of 5 - 6.99, which is considered “satisfactory,” meaning the structural elements are sound but have minor deterioration. The actual weighted average rating for the most recent condition assessment was 6.60, in the upper end of the satisfactory range.

In fiscal years 2011 and 2010 the State estimated it would need to spend \$319.6 and \$306.0, respectively, to preserve and maintain all roadway assets and \$10.0 million in each year to preserve all bridge assets at or above the “Established Condition Levels” presented above. In fiscal year 2011, the State spent \$375,563,000 for roadway preservation and \$60,306,000 for bridge preservation. The State spent \$387,793,000 for roadway preservation and \$47,020,000 for bridge preservation in fiscal year 2010. In the next fiscal year, the Alabama Department of Transportation estimates that it will need to spend approximately \$334,931,000 to preserve all roadway assets and approximately \$10,000,000 to preserve all bridge assets at or above the “Established Condition Levels” presented above.

More detailed information about the State’s capital assets is presented in Note 3 to the financial statements and in the Required Supplementary Information section.

### Long-term Debt

The only method under which general obligation debt can be incurred by the State is by amendment to the *Constitution of Alabama of 1901*. The debt prohibition does not apply to debts incurred by separate public corporations functioning as State instrumentalities. The revenue bonds issued by these corporations are limited obligations of the corporation, not general obligations of the State, and the full faith and credit of the State is not pledged for their repayment. Certain revenues, usually earmarked taxes or revenues generated from the project financed, are pledged for the payment of the debt. Some of these corporations are blended with the primary government and some are reported discretely. The State and its component units issue serial and term bonds and capital appreciation bonds. Alabama has traditionally received high bond ratings from both Standard and Poor’s Corporation and Moody’s Investors Service. Currently, an exception is the upper medium bond ratings for the Tobacco Settlement Revenue Bonds issued by the Alabama Twenty-first Century Authority, a component unit of the State. Also, Fitch Ratings Ltd and Standard and Poor’s Corporation lowered the bond ratings for the State Port Authority to BBB+ in September 2009. Moody’s withdrew their rating for the State Port Authority in June 2009.

#### Outstanding Bonded Debt as of September 30

(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 742,217	\$ 769,330	\$ -	\$ -	\$ 742,217	\$ 769,330
Revenue Bonds	246,086	274,283	657,155	638,109	903,241	912,392
Total	<u>\$ 988,303</u>	<u>\$ 1,043,613</u>	<u>\$ 657,155</u>	<u>\$ 638,109</u>	<u>\$ 1,645,458</u>	<u>\$ 1,681,722</u>

The Alabama Federal Aid Highway Finance Authority issued \$91,195,000 in refunding bonds. The State Port Authority issued \$106,045,000 in refunding bonds. The Alabama Community College System issued \$20,160,000 in new bonds. More detailed information regarding the State’s long-term debt is presented in Note 4 to the financial statements.

#### Economic Factors and Next Year’s Budgets and Rates

On March 16, 2012 the Governor declared 10.6 percent proration of the fiscal year 2012 General Fund budget. The Governor cited several factors in his declaration, the largest of which is the need for tens of millions of dollars in State funding required for tornado recovery. Also cited were poor market conditions which resulted in low interest earnings on State investments which benefit the General Fund.

The Education Trust Fund budget for fiscal year 2012 is \$249 million greater than fiscal year 2011. The K-12 Local Boards of Education received an appropriation increase of \$175 million for fiscal year 2012 over fiscal year 2011 from the Education Trust Fund. The 4 year Universities received an increase of \$55 million.

Total tax collections are up approximately 3 percent for the first 5 months of fiscal year 2012 as compared to the first 5 months of fiscal year 2011. The State's seasonally adjusted unemployment rate, at 7.8 percent in January 2012, was down from December 2011's rate of 8.0 percent, and well below January 2011's rate of 9.3 percent. However, many unemployed workers have exhausted their unemployment benefits. The number of employed workers actually decreased from January 2011 to January 2012 from 1,975,000 to 1,958,000.

### **Requests for Information**

This financial report is designed to provide a general overview of the State of Alabama's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Office of the State Comptroller, Financial Reporting Section, RSA Union, Suite 206, Montgomery, AL 36130-2602.



## STATE OF ALABAMA

## STATEMENT OF NET ASSETS

September 30, 2011

(Amounts in Thousands)

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,000,963	\$ 415,639	\$ 2,416,602	\$ 1,974,250
Investments	3,343,837	199,634	3,543,471	6,198,601
Internal Balances	24,298	(24,298)	-	-
Due from Primary Government	-	-	-	194,912
Due from Component Units	5,416	2	5,418	69,153
Investment Sales Receivable	70,612	-	70,612	-
Accounts Receivable	40,262	112,175	152,437	707,281
Due from Other Governments	505,517	280	505,797	762,371
Taxes Receivable	866,415	-	866,415	-
Interest and Dividends Receivable	26,522	14	26,536	21,419
Mortgages, Notes, and Loans Receivable	54	-	54	520,981
Securities Lending Collateral	151,730	608	152,338	20,405
Inventory	38,936	38,827	77,763	37,012
Restricted Assets	54,905	-	54,905	52,148
Other Assets	11,757	33,639	45,396	217,994
Capital Assets, Net of Accumulated Depreciation	1,004,417	1,343,134	2,347,551	4,934,701
Capital Assets Not Depreciated	18,381,525	184,978	18,566,503	862,369
Deferred Outflows	-	-	-	8,972
<b>TOTAL ASSETS</b>	<b>26,527,166</b>	<b>2,304,632</b>	<b>28,831,798</b>	<b>16,582,569</b>
<b>LIABILITIES</b>				
Warrants Payable	18,691	409	19,100	698
Investment Purchases Payable	171,377	-	171,377	627
Salaries Payable	149,161	5,232	154,393	17,046
Due to Primary Government	-	-	-	5,418
Due to Component Units	192,351	2,561	194,912	69,153
Accounts Payable	654,736	93,269	748,005	532,700
Interest Payable	7,892	10,019	17,911	75,540
Tax Refunds Payable	107,015	-	107,015	-
Due to Other Governments	266,979	46,232	313,211	102,607
Securities Lending Obligation	151,730	608	152,338	20,405
Unearned Revenue	11,295	91,055	102,350	698,937
Amounts Held in Custody for Others	55,936	14,652	70,588	314,381
Noncurrent Liabilities:				
Due Within One Year	85,991	34,393	120,384	496,094
Due In More Than One Year	1,858,717	707,591	2,566,308	7,156,847
<b>TOTAL LIABILITIES</b>	<b>3,731,871</b>	<b>1,006,021</b>	<b>4,737,892</b>	<b>9,490,453</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	19,002,496	900,972	19,903,468	3,005,048
Restricted for:				
Permanent - Expendable	-	5,111	5,111	850,521
Permanent - Non-expendable	47,379	6,132	53,511	1,199,381
Forever Wild Stewardship Account	25,538	-	25,538	-
Alabama Trust Capital	3,032,588	-	3,032,588	-
Local Government	8,306	-	8,306	-
Education	208,368	-	208,368	-
Natural Resources and Recreation	61,357	-	61,357	-
Social Services	151,583	-	151,583	-
Protection of Persons and Property	196,444	-	196,444	-
Transportation	358,097	-	358,097	-
General Government	580,210	-	580,210	-
Debt Service	641	66,883	67,524	868,135
Capital Projects	148,970	26,851	175,821	27,239
Other Purposes	106,951	813	107,764	30,328
Unrestricted	(1,133,633)	291,849	(841,784)	1,111,464
<b>TOTAL NET ASSETS</b>	<b>\$ 22,795,295</b>	<b>\$ 1,298,611</b>	<b>\$ 24,093,906</b>	<b>\$ 7,092,116</b>

The Notes to the Financial Statements are an integral part of this statement.



## STATE OF ALABAMA

## STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
Economic Development and Regulation	\$ 206,420	\$ 78,017	\$ 21,805	\$ 0
Education and Cultural Resources	6,676,127	37,438	1,458,387	11,709
Natural Resources and Recreation	135,576	62,694	43,850	-
Health	6,097,299	282,528	4,657,518	-
Social Services	2,579,249	7,251	2,171,396	6,156
Protection of Persons and Property	1,114,812	236,209	318,901	-
Transportation	1,192,066	181,784	27,816	911,280
General Government	1,106,306	312,740	285,476	-
Debt Service - Interest and Other Charges	48,631	-	-	-
Total Governmental Activities	19,156,486	1,198,661	8,985,149	929,145
Business-type Activities				
Unemployment Compensation	1,007,325	546,594	583,551	-
State Port Authority	128,655	121,532	134	2,098
Alabama Community College System	918,402	188,656	401,541	18,039
Alcoholic Beverage Control Board	266,472	265,184	376	-
Nonmajor Proprietary Funds	49,212	52,135	900	-
Total Business-type Activities	2,370,066	1,174,101	986,502	20,137
<b>Total Primary Government</b>	<b>21,526,552</b>	<b>2,372,762</b>	<b>9,971,651</b>	<b>949,282</b>
<b>Component Units:</b>				
Public School and College Authority	421,678	7,161	-	-
Mental Health	953,689	24,819	41,317	-
Housing Finance Authority	93,495	72,475	-	-
Water Pollution Control Authority	34,709	16,979	36,648	-
University of Alabama	3,488,059	2,287,787	829,836	65,878
Auburn University	890,931	457,148	207,992	48,184
University of South Alabama	629,754	421,011	33,614	23,544
Public Education Employees' Health Insurance	752,613	861,832	21,204	-
State Employees' Health Insurance Board	418,044	459,589	18	-
Nonmajor Component Units	1,174,077	529,927	277,377	18,621
<b>Total Component Units</b>	<b>8,857,049</b>	<b>5,138,728</b>	<b>1,448,006</b>	<b>156,227</b>

**General Revenues:**

Taxes:

Sales and Use Taxes

Income Taxes

Motor Fuels Taxes

Utility Taxes

Insurance Premium Tax

Property Tax

Liquor Taxes

Tobacco and Cigarette Taxes

Payments from State of Alabama

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Contributions to Permanent Funds and Endowments

Special Items

Extraordinary Items

Transfers

**Total General Revenues, Contributions,****Special and Extraordinary Items, and Transfers****Change in Net Assets**

Net Assets, October 1, 2010, as Restated

**Net Assets, September 30, 2011***The Notes to the Financial Statements are an integral part of this statement.*

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total Primary Government	Component Units
\$ (106,598)	\$ 0	\$ (106,598)	\$ 0
(5,168,593)	-	(5,168,593)	-
(29,032)	-	(29,032)	-
(1,157,253)	-	(1,157,253)	-
(394,446)	-	(394,446)	-
(559,702)	-	(559,702)	-
(71,186)	-	(71,186)	-
(508,090)	-	(508,090)	-
(48,631)	-	(48,631)	-
(8,043,531)	0	(8,043,531)	0
-	122,820	122,820	-
-	(4,891)	(4,891)	-
-	(310,166)	(310,166)	-
-	(912)	(912)	-
-	3,823	3,823	-
0	(189,326)	(189,326)	0
<b>(8,043,531)</b>	<b>(189,326)</b>	<b>(8,232,857)</b>	<b>0</b>
-	-	-	(414,517)
-	-	-	(887,553)
-	-	-	(21,020)
-	-	-	18,918
-	-	-	(304,558)
-	-	-	(177,607)
-	-	-	(151,585)
-	-	-	130,423
-	-	-	41,563
-	-	-	(348,152)
<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,114,088)</b>
2,187,852	-	2,187,852	-
3,098,756	-	3,098,756	-
547,720	-	547,720	-
671,347	-	671,347	-
263,428	-	263,428	-
315,389	-	315,389	-
156,689	11,065	167,754	-
136,702	-	136,702	-
-	-	-	2,245,866
9,093	-	9,093	6,770
134,485	1,432	135,917	137,971
1,020,971	12,759	1,033,730	101,854
-	462	462	31,125
-	-	-	(2,485)
-	-	-	4,820
(333,654)	333,654	-	-
<b>8,208,778</b>	<b>359,372</b>	<b>8,568,150</b>	<b>2,525,921</b>
<b>165,247</b>	<b>170,046</b>	<b>335,293</b>	<b>411,833</b>
22,630,048	1,128,565	23,758,613	6,680,283
<b>\$ 22,795,295</b>	<b>\$ 1,298,611</b>	<b>\$ 24,093,906</b>	<b>\$ 7,092,116</b>

# STATE OF ALABAMA

## BALANCE SHEET Governmental Funds

September 30, 2011

(Amounts in Thousands)

	General Fund	Education Trust Fund	Alabama Trust	Medicaid Fund	Public Road and Bridge Fund
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 89,538	\$ 134,392	\$ 43,379	\$ 22,323	\$ 476,822
Investments	-	-	2,548,367	-	31,719
Due from Other Funds	17,613	1,710	598,957	2,015	432
Due from Component Units	14	8	-	73	2
Investment Sales Receivable	-	-	70,479	-	-
Accounts Receivable	549	42	19,647	4,463	4,943
Due from Other Governments	-	37	-	209,479	120,404
Taxes Receivable	209,503	265,125	-	-	25,665
Interest and Dividends Receivable	2,057	-	20,555	-	-
Mortgages, Notes, and Loans Receivable	-	-	-	-	-
Securities Lending Collateral	1,263	2,079	119,164	345	6,849
Inventory	3,269	-	-	-	26,123
Restricted Assets	-	-	-	-	-
Other Assets	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 323,806</b>	<b>\$ 403,393</b>	<b>\$ 3,420,548</b>	<b>\$ 238,698</b>	<b>\$ 692,959</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Warrants Payable	\$ 2,323	\$ 5,100	\$ 0	\$ 445	\$ 2,961
Investment Purchases Payable	-	-	171,184	-	-
Salaries Payable	44,378	6,371	-	1,792	19,649
Due to Other Funds	169,743	445,019	48	26,767	3,318
Due to Component Units	52	386	-	35,472	26
Accounts Payable	11,490	36,301	158	256,179	152,527
Tax Refunds Payable	-	107,015	-	-	-
Due to Other Governments	4,982	4,177	-	4	10,453
Securities Lending Obligation	1,263	2,079	119,164	345	6,849
Deferred Revenue	108,065	-	3,392	-	-
Amounts Held in Custody for Others	330	1	-	11	12,157
Compensated Absences	1,330	39	-	101	776
<b>Total Liabilities</b>	<b>343,956</b>	<b>606,488</b>	<b>293,946</b>	<b>321,116</b>	<b>208,716</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	3,269	-	-	-	26,123
Permanent Fund Principal	-	-	-	-	-
Restricted for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	-
Natural Resources and Recreation	-	-	28,233	-	-
Health	-	-	-	-	-
Social Services	-	-	-	-	-
Protection of Persons and Property	-	-	-	-	-
Transportation	-	-	-	-	458,120
General Government	-	-	32,556	-	-
Capital Projects	-	-	33,225	-	-
Debt Service	-	-	-	-	-
Alabama Trust Capital	-	-	3,032,588	-	-
Assigned for:					
Economic Development and Regulation	1	-	-	-	-
Education and Cultural Resources	3	-	-	-	-
Health	28	-	-	-	-
Protection of Persons and Property	1,104	-	-	-	-
General Government	241	-	-	-	-
Unassigned	(24,796)	(203,095)	-	(82,418)	-
<b>Total Fund Balances</b>	<b>(20,150)</b>	<b>(203,095)</b>	<b>3,126,602</b>	<b>(82,418)</b>	<b>484,243</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 323,806</b>	<b>\$ 403,393</b>	<b>\$ 3,420,548</b>	<b>\$ 238,698</b>	<b>\$ 692,959</b>

The Notes to the Financial Statements are an integral part of this statement.



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Public Welfare Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 110,732	\$ 1,065,256	\$ 1,942,442
-	598,790	3,178,876
16,779	54,591	692,097
2	3,782	3,881
-	133	70,612
-	8,989	38,633
1,273	174,324	505,517
43,173	322,949	866,415
-	3,678	26,290
-	54	54
1,572	19,719	150,991
-	1,114	30,506
-	54,905	54,905
-	473	473
<b>\$ 173,531</b>	<b>\$ 2,308,757</b>	<b>\$ 7,561,692</b>

\$ 1,316	\$ 5,951	\$ 18,096
-	193	171,377
18,483	56,188	146,861
4,890	43,196	692,981
425	149,523	185,884
41,010	128,719	626,384
-	-	107,015
2,012	245,304	266,932
1,572	19,719	150,991
34,928	116,866	263,251
3,372	40,065	55,936
525	1,950	4,721
<b>108,533</b>	<b>807,674</b>	<b>2,690,429</b>

-	1,114	30,506
-	47,380	47,380
-	47,008	47,008
-	119,765	119,765
-	83,849	112,082
-	133,250	133,250
64,998	143,533	208,531
-	231,406	231,406
-	11,297	469,417
-	576,355	608,911
-	109,477	142,702
-	641	641
-	-	3,032,588
-	1,246	1,247
-	310	313
-	-	28
-	-	1,104
-	35,397	35,638
-	(40,945)	(351,254)
<b>64,998</b>	<b>1,501,083</b>	<b>4,871,263</b>
<b>\$ 173,531</b>	<b>\$ 2,308,757</b>	<b>\$ 7,561,692</b>

# STATE OF ALABAMA

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

September 30, 2011

(Amounts in Thousands)

**Total Fund Balances for Governmental Funds** \$4,871,263

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	292,261	
Historical Exhibits	2,670	
Construction in progress	161,324	
Construction in progress - Infrastructure	5,044,586	
Infrastructure	12,853,456	
Buildings	1,198,868	
Equipment	611,985	
Intangibles	14,569	
Accumulated Depreciation - Buildings	(492,147)	
Accumulated Depreciation - Equipment	(369,862)	
Amortization - Intangibles	(1,775)	
		19,315,935

Some of the State's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 251,956

Internal service funds are used by management to charge the costs of certain activities, such as insurance and information technology, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 161,964

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Capital Leases, Notes, and Mortgages	(140,792)	
Compensated Absences	(269,747)	
Claims and Judgments	(10,700)	
Due to Component Units	(5,866)	
Other Post-Employment Benefits	(451,227)	
		(878,332)

Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. Unamortized discounts, unamortized premiums, unamortized loss, deferred debt financing costs, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the total effect of these balances on the statement.

General Obligation Bonds Payable	(715,860)	
Revenue Bonds Payable	(174,700)	
Unamortized Premiums	(41,771)	
Unamortized Discounts	392	
Unamortized Loss	9,496	
Deferred Debt Financing Costs	2,843	
Accrued Interest Payable	(7,891)	
		(927,491)

**Net Assets of Governmental Activities** \$22,795,295

*The Notes to the Financial Statements are an integral part of this statement.*



# STATE OF ALABAMA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES Governmental Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund	Education Trust Fund	Alabama Trust	Medicaid Fund	Public Road and Bridge Fund
<b>REVENUES</b>					
Taxes	\$ 1,042,376	\$ 5,332,900	\$ 0	\$ 0	\$ 349,467
Licenses, Permits, and Fees	155,170	44	-	-	139,060
Fines, Forfeits, and Court Settlements	38,625	-	-	8,384	-
Investment Income	16,848	-	97,379	44	788
Federal Grants and Reimbursements	2,856	418	-	3,727,994	905,514
Other Revenues	1,690	32,248	119,717	528,562	26,138
<b>Total Revenues</b>	<b>1,257,565</b>	<b>5,365,610</b>	<b>217,096</b>	<b>4,264,984</b>	<b>1,420,967</b>
<b>EXPENDITURES</b>					
Current:					
Economic Development and Regulation	7,431	-	-	-	-
Education and Cultural Resources	9,832	4,828,163	-	-	-
Natural Resources and Recreation	4,731	-	891	-	-
Health	557,926	40,039	-	4,185,526	-
Social Services	11,107	25,232	-	-	-
Protection of Persons and Property	469,526	51,429	-	-	-
Transportation	-	-	-	-	1,346,235
General Government	260,780	16,752	5,826	-	-
Capital Outlay	-	-	-	-	-
Debt Service - Principal Retirement	870	86	-	-	994
Debt Service - Interest and Other Charges	63	38	-	-	221
<b>Total Expenditures</b>	<b>1,322,266</b>	<b>4,961,739</b>	<b>6,717</b>	<b>4,185,526</b>	<b>1,347,450</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(64,701)</b>	<b>403,871</b>	<b>210,379</b>	<b>79,458</b>	<b>73,517</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	209,158	19,747	1,201	111,303	1,307
Refunding Bonds Issued	-	-	-	-	-
Capital Leases	-	-	-	-	5,708
Other Debt Issued	-	-	-	-	-
Debt Issuance Premiums	-	-	-	-	-
Insurance Recovery Proceeds	28	-	-	-	1,641
Transfers Out	(249,245)	(382,187)	(214,564)	(311,143)	(80,928)
Payments to Refunded Bond Escrow Agent	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(40,059)</b>	<b>(362,440)</b>	<b>(213,363)</b>	<b>(199,840)</b>	<b>(72,272)</b>
<b>Net Change in Fund Balances</b>	<b>(104,760)</b>	<b>41,431</b>	<b>(2,984)</b>	<b>(120,382)</b>	<b>1,245</b>
Fund Balances, October 1, 2010, as Restated	84,658	(244,526)	3,129,586	37,964	482,526
Increase (Decrease) in Inventory	(48)	-	-	-	472
<b>Fund Balances, September 30, 2011</b>	<b>\$ (20,150)</b>	<b>\$ (203,095)</b>	<b>\$ 3,126,602</b>	<b>\$ (82,418)</b>	<b>\$ 484,243</b>

The Notes to the Financial Statements are an integral part of this statement.

Public Welfare Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 178,622	\$ 1,389,803	\$ 8,293,168
600	369,733	664,607
-	115,349	162,358
-	17,694	132,753
1,856,997	2,798,221	9,292,000
39,943	358,824	1,107,122
<b>2,076,162</b>	<b>5,049,624</b>	<b>19,652,008</b>
-	177,261	184,692
-	1,813,380	6,651,375
-	144,330	149,952
-	1,294,227	6,077,718
2,170,075	371,828	2,578,242
-	636,955	1,157,910
-	156,154	1,502,389
542	809,782	1,093,682
-	52,646	52,646
2,114	50,828	54,892
1,636	49,916	51,874
<b>2,174,367</b>	<b>5,557,307</b>	<b>19,555,372</b>
<b>(98,205)</b>	<b>(507,683)</b>	<b>96,636</b>
176,549	813,201	1,332,466
-	91,195	91,195
-	281	5,989
-	24,262	24,262
-	8,491	8,491
168	3,222	5,059
(96,186)	(343,913)	(1,678,166)
-	(96,755)	(96,755)
<b>80,531</b>	<b>499,984</b>	<b>(307,459)</b>
<b>(17,674)</b>	<b>(7,699)</b>	<b>(210,823)</b>
82,672	1,508,834	5,081,714
-	(52)	372
<b>\$ 64,998</b>	<b>\$ 1,501,083</b>	<b>\$ 4,871,263</b>

**STATE OF ALABAMA****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

**Net Change in Fund Balances for Governmental Funds** (\$210,823)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	510,067
Depreciation Expense	<u>(77,910)</u>

432,157

In the Statement of Activities, only the gain (loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold.

(12,091)

Some capital additions were financed through capital leases. In the governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability.

(5,988)

In the Statement of Activities, the change in the balance of inventories is expensed, whereas in the governmental funds, the change in the balance of inventories is adjusted to nonspendable fund balance.

372

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

(5,538)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and information technology, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

4,772

Capital assets reassigned to internal service funds from the general government are reported in internal service funds as transfers in, but in the Statement of Activities such interfund activity is eliminated.

Capital asset transfers to the general government	21
Capital asset transfers from the general government	<u>(10)</u>

11

Long-term debt principal repayment is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Assets.

Bond proceeds	(91,195)
Bond premium	(8,491)
Repayment of bond principal	44,788
Payments to Refunded Bond Escrow Agent	96,755
Other debt proceeds	(24,262)
Repayment of other debt principal	166
Accrued interest	<u>6,619</u>

24,380

Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported on the Statement of Net Assets and have been eliminated from the Statement of Activities.

Capital lease payments	10,104
Compensated absences payments	11,679
Other post-employment benefit payments	(88,603)
Claims and judgments	4,598
Other debt payments	<u>217</u>

(62,005)

**Change in Net Assets of Governmental Activities**\$165,247

*The Notes to the Financial Statements are an integral part of this statement.*



## STATE OF ALABAMA

STATEMENT OF NET ASSETS  
Proprietary Funds

September 30, 2011

(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama Community College System	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 11,280	\$ 24,054	\$ 331,347	\$ 37,098	\$ 11,860
Investments, Short-term	-	17,914	120,836	-	105
Due from Other Funds	-	-	-	146	-
Due from Component Units	-	-	-	2	-
Accounts Receivable	5,389	17,863	88,399	453	71
Due from Other Governments	7	273	-	-	-
Interest and Dividends Receivable	14	-	-	-	-
Securities Lending Collateral	59	-	-	544	5
Inventory	-	4,024	8,075	25,813	915
Other Current Assets	-	9,736	-	-	300
<b>Total Current Assets</b>	<b>16,749</b>	<b>73,864</b>	<b>548,657</b>	<b>64,056</b>	<b>13,256</b>
<b>Noncurrent Assets</b>					
Investments, Long-term	-	40,656	20,123	-	-
Due From Other Funds, Noncurrent	-	-	-	-	-
Due From Component Unit, Noncurrent	-	-	-	-	-
Other Noncurrent Assets	-	8,690	14,823	90	-
Capital Assets, Net of Accumulated Depreciation	-	543,925	794,782	2,367	2,060
Capital Assets Not Depreciated	-	81,746	100,602	-	2,630
<b>Total Noncurrent Assets</b>	<b>0</b>	<b>675,017</b>	<b>930,330</b>	<b>2,457</b>	<b>4,690</b>
<b>TOTAL ASSETS</b>	<b>16,749</b>	<b>748,881</b>	<b>1,478,987</b>	<b>66,513</b>	<b>17,946</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Warrants Payable	-	-	-	409	-
Salaries Payable	-	1,843	-	3,359	30
Due to Other Funds	355	-	-	23,331	759
Due to Component Units	-	-	-	2,445	116
Accounts Payable	4,944	8,118	45,337	34,728	141
Interest Payable	-	10,019	-	-	-
Due to Other Governments	44,189	-	-	2,040	3
Claims Payable	-	595	-	-	3,385
Unearned Revenue	-	-	81,959	-	411
Funds Held in Escrow	78	-	14,573	1	-
Compensated Absences	-	1,750	2,462	-	-
Securities Lending Obligation	59	-	-	544	5
Notes and Capital Leases Payable	-	-	1,731	-	-
Revenue Bonds Payable	-	7,895	16,575	-	-
<b>Total Current Liabilities</b>	<b>49,625</b>	<b>30,220</b>	<b>162,637</b>	<b>66,857</b>	<b>4,850</b>
<b>Noncurrent Liabilities</b>					
Claims Payable	-	2,235	-	-	-
Unearned Revenue, Noncurrent	-	4,113	4,572	-	-
Due To Other Funds, Noncurrent	-	-	-	-	-
Compensated Absences	-	2,625	17,861	6,694	22
Other Post-employment Benefits	-	8,462	-	12,213	115
Notes and Capital Leases Payable	-	-	5,388	-	1,753
Revenue Bonds Payable	-	372,419	260,267	-	-
Other Long-term Liabilities	-	17,396	141	-	-
<b>Total Noncurrent Liabilities</b>	<b>0</b>	<b>407,250</b>	<b>288,229</b>	<b>18,907</b>	<b>1,890</b>
<b>TOTAL LIABILITIES</b>	<b>49,625</b>	<b>437,470</b>	<b>450,866</b>	<b>85,764</b>	<b>6,740</b>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	-	250,643	645,025	2,367	2,937
Restricted for:					
Permanent - Expendable	-	-	5,111	-	-
Permanent - Non-expendable	-	-	6,132	-	-
Debt Service	-	55,830	11,053	-	-
Capital Projects	-	-	26,851	-	-
Other Purposes	-	-	813	-	-
Unrestricted	(32,876)	4,938	333,136	(21,618)	8,269
<b>TOTAL NET ASSETS</b>	<b>\$ (32,876)</b>	<b>\$ 311,411</b>	<b>\$ 1,028,121</b>	<b>\$ (19,251)</b>	<b>\$ 11,206</b>

The Notes to the Financial Statements are an integral part of this statement.



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Total Enterprise Funds	<u>Governmental Activities</u>	
	Internal	Service
	Funds	Funds

\$	415,639	\$	58,521
	138,855		93,923
	146		14,288
	2		508
	112,175		1,615
	280		-
	14		232
	608		739
	38,827		8,430
	10,036		7,762
	<b>716,582</b>		<b>186,018</b>

	60,779		71,039
	-		12,254
	-		1,027
	23,603		679
	1,343,134		42,780
	184,978		27,227
	<b>1,612,494</b>		<b>155,006</b>
	<b>2,329,076</b>		<b>341,024</b>

	409		595
	5,232		2,300
	24,445		1,436
	2,561		601
	93,268		28,192
	10,019		-
	46,232		47
	3,980		13,538
	82,370		-
	14,652		-
	4,212		20
	608		739
	1,731		1,061
	24,470		8,020
	<b>314,189</b>		<b>56,549</b>

	2,235		49,877
	8,685		-
	-		72
	27,202		4,625
	20,790		6,359
	7,141		2,957
	632,686		57,842
	17,537		779
	<b>716,276</b>		<b>122,511</b>
	<b>1,030,465</b>		<b>179,060</b>

	900,972		6,324
	5,111		-
	6,132		-
	66,883		-
	26,851		6,258
	813		-
	291,849		149,382
<b>\$</b>	<b>1,298,611</b>	<b>\$</b>	<b>161,964</b>

## STATE OF ALABAMA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
Proprietary Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama Community College System	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>					
Charges for Goods and Services	\$ 0	\$ 121,532	\$ 188,656	\$ 261,391	\$ 36,176
Premiums and Contributions	528,662	-	-	-	15,097
Rents and Leases	-	-	-	-	818
<b>Total Operating Revenues</b>	<b>528,662</b>	<b>121,532</b>	<b>188,656</b>	<b>261,391</b>	<b>52,091</b>
<b>OPERATING EXPENSES</b>					
Salaries, Wages, and Benefits	-	-	493,126	49,679	488
Utilities and Communications	-	-	27,817	3,040	165
Professional Services	-	-	-	4,924	377
Supplies, Materials, and Operating Expenses	-	2,501	176,004	189,069	26,881
Interest	3,899	-	11,652	-	-
Depreciation	-	28,773	36,896	2,559	228
Claims and Benefits	996,912	-	-	-	20,951
Operations and Maintenance	-	64,088	-	-	-
General and Administrative	-	16,254	-	-	-
Other	-	-	150,442	17,201	32
<b>Total Operating Expenses</b>	<b>1,000,811</b>	<b>111,616</b>	<b>895,937</b>	<b>266,472</b>	<b>49,122</b>
<b>Operating Income (Loss)</b>	<b>(472,149)</b>	<b>9,916</b>	<b>(707,281)</b>	<b>(5,081)</b>	<b>2,969</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Taxes	-	-	-	11,065	5,510
Grants	583,551	134	401,541	376	900
Investment Income	23	(1,284)	2,651	-	42
Other Nonoperating Revenues	17,932	-	6,645	3,906	535
Interest Expense	-	(16,988)	-	-	(90)
Other Nonoperating Expenses	(6,514)	(51)	(22,465)	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>594,992</b>	<b>(18,189)</b>	<b>388,372</b>	<b>15,347</b>	<b>6,897</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>122,843</b>	<b>(8,273)</b>	<b>(318,909)</b>	<b>10,266</b>	<b>9,866</b>
Capital Contributions	-	2,098	18,039	-	-
Contributions to Endowments	-	-	462	-	-
Transfers In	7,262	-	362,723	589	69
Transfers Out	(10,175)	(55)	-	(16,897)	(9,862)
<b>Increase (Decrease) in Net Assets</b>	<b>119,930</b>	<b>(6,230)</b>	<b>62,315</b>	<b>(6,042)</b>	<b>73</b>
Total Net Assets, October 1, 2010, as Restated	(152,806)	317,641	965,806	(13,209)	11,133
<b>Total Net Assets, September 30, 2011</b>	<b>\$ (32,876)</b>	<b>\$ 311,411</b>	<b>\$ 1,028,121</b>	<b>\$ (19,251)</b>	<b>\$ 11,206</b>

*The Notes to the Financial Statements are an integral part of this statement.*

Total Enterprise Funds	<u>Governmental Activities</u>	
	Internal Service Funds	
\$ 607,755	\$ 71,289	
543,759	52,181	
818	18,374	
<b>1,152,332</b>	<b>141,844</b>	
543,293	32,660	
31,022	19,804	
5,301	11,891	
394,455	42,167	
15,551	3,068	
68,456	5,845	
1,017,863	28,253	
64,088	-	
16,254	-	
167,675	8,150	
<b>2,323,958</b>	<b>151,838</b>	
<b>(1,171,626)</b>	<b>(9,994)</b>	
16,575	-	
986,502	125	
1,432	2,697	
29,018	240	
(17,078)	(198)	
(29,030)	(138)	
<b>987,419</b>	<b>2,726</b>	
<b>(184,207)</b>	<b>(7,268)</b>	
20,137	-	
462	-	
370,643	16,956	
(36,989)	(4,916)	
<b>170,046</b>	<b>4,772</b>	
1,128,565	157,192	
<b>\$ 1,298,611</b>	<b>\$ 161,964</b>	

## STATE OF ALABAMA

STATEMENT OF CASH FLOWS  
Proprietary Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama Community College System	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customer & User Charges	\$ 528,260	\$ 121,114	\$ 169,124	\$ 263,214	\$ 57,583
Receipts from Interfund Services	-	-	-	23	-
Receipts from Operating Grants	761,353	-	144,619	-	-
Receipts from Interfund Reimbursements	6,428	-	-	-	-
Receipts from Other Operating Activities	17,935	-	27,434	14,914	45
Payments for Goods Held for Resale	-	-	-	(179,215)	(26,983)
Payments for Other Goods & Services	-	(52,716)	(205,288)	(21,610)	(21,735)
Payments for Employees Services	-	(32,340)	(493,126)	(47,383)	(461)
Payments for Taxes, Fines, Penalties, & Similar Fees	(93)	-	-	(1)	-
Payments for Interfund Services	-	-	-	(1,914)	(4)
Payments for Other Operating Activities	(417,276)	-	(150,601)	(7,266)	-
Payments for Claims	(1,003,541)	-	-	-	-
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>(106,934)</b>	<b>36,058</b>	<b>(507,838)</b>	<b>20,762</b>	<b>8,445</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Receipts from Noncapital Financing Grants & Donations	7,262	-	265,314	-	919
Transfers from Other Funds for Noncapital Financing	7,665	-	339,617	533	69
Payments for Noncapital Financing Grants & Donations	(7,272)	-	(1,380)	-	-
Transfers to Other Funds for Noncapital Financing	(21,310)	-	-	(12,036)	(9,745)
<b>Net Cash Provided By (Used In)</b>					
<b>Noncapital Financing Activities</b>	<b>(13,655)</b>	<b>0</b>	<b>603,551</b>	<b>(11,503)</b>	<b>(8,757)</b>
<b>Cash Flows From Capital &amp; Related Financing Activities:</b>					
Proceeds from Revenue Bonds & Other Capital Debt	-	118,330	20,222	-	-
Receipts from Capital Grants & Contributions	-	2,756	30,408	-	-
Receipts from Sale of Capital Assets & Insurance Proceeds	-	14,146	370	91	941
Payments to Acquire, Construct, & Improve Capital Assets	-	(18,740)	(75,839)	(852)	(52)
Principal Paid on Revenue Bonds & Other Capital Debt	-	(102,525)	(17,779)	-	(72)
Interest Paid on Revenue Bonds & Other Capital Debt	-	(16,144)	(11,885)	-	(90)
Bond Issuance Cost	-	-	(382)	-	-
<b>Net Cash Provided by (Used in)</b>					
<b>Capital and Related Financing Activities</b>	<b>0</b>	<b>(2,177)</b>	<b>(54,885)</b>	<b>(761)</b>	<b>727</b>
<b>Cash Flows From Investing Activities</b>					
Receipts from Sales & Maturities of Investments	-	708	37,557	-	-
Receipts from Interest & Dividends on Investments & Loans	9	1,118	2,771	-	42
Purchase of Investments	-	(19,212)	(24,981)	-	(1)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>9</b>	<b>(17,386)</b>	<b>15,347</b>	<b>0</b>	<b>41</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>(120,580)</b>	<b>16,495</b>	<b>56,175</b>	<b>8,498</b>	<b>456</b>
Cash Balance as Restated, October 1, 2010	131,860	7,559	275,172	28,191	11,404
<b>Cash Balance, September 30, 2011</b>	<b>11,280</b>	<b>24,054</b>	<b>331,347</b>	<b>36,689</b>	<b>11,860</b>
Add: Warrants Payable	-	-	-	409	-
<b>Cash and Cash Equivalents,</b>					
<b>as Reported on Balance Sheet</b>	<b>\$ 11,280</b>	<b>\$ 24,054</b>	<b>\$ 331,347</b>	<b>\$ 37,098</b>	<b>\$ 11,860</b>

The Notes to the Financial Statements are an integral part of this statement.

Total Enterprise Funds	<u>Governmental Activities</u>	
	Internal Service Funds	
\$ 1,139,295	\$ 31,494	
23	112,767	
905,972	-	
6,428	-	
60,328	54,106	
(206,198)	(14,460)	
(301,349)	(58,191)	
(573,310)	(31,726)	
(94)	-	
(1,918)	(5,461)	
(575,143)	(5,510)	
(1,003,541)	(53,141)	
<b>(549,507)</b>	<b>29,878</b>	
273,495	-	
347,884	17,686	
(8,652)	-	
(43,091)	(4,894)	
<b>569,636</b>	<b>12,792</b>	
138,552	-	
33,164	-	
15,548	225	
(95,483)	(2,197)	
(120,376)	(8,171)	
(28,119)	(3,308)	
(382)	-	
<b>(57,096)</b>	<b>(13,451)</b>	
38,265	353,870	
3,940	3,596	
(44,194)	(375,704)	
<b>(1,989)</b>	<b>(18,238)</b>	
<b>(38,956)</b>	<b>10,981</b>	
454,186	46,945	
<b>415,230</b>	<b>57,926</b>	
409	595	
<b>\$ 415,639</b>	<b>\$ 58,521</b>	

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# STATE OF ALABAMA

## STATEMENT OF CASH FLOWS (Continued from Previous Page) Proprietary Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama Community College System	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>					
<b>Provided (Used) by Operating Activities:</b>					
<b>Operating Income (Loss)</b>	<b>\$ (472,149)</b>	<b>\$ 9,916</b>	<b>\$ (707,281)</b>	<b>\$ (5,081)</b>	<b>\$ 2,969</b>
Adjustments to Reconcile Operating Income (Loss)					
to Net Cash Provided by Operating Activities:					
Due from Other Funds	49	-	-	4	-
Accounts Receivable	(1,332)	(3,992)	(975)	90	(26)
Due From Other Governments	(6)	-	-	-	-
Inventory	-	701	770	441	(94)
Other Assets	-	(119)	218	-	-
Capital Assets	-	-	-	-	-
Salaries Payable	-	-	-	(464)	2
Due to Other Funds	543	-	-	57	90
Accounts Payable	(133)	101	9,522	4,402	-
Due to Other Governments	(239,306)	-	-	1,078	-
Claims Payable	-	-	-	-	(314)
Unearned Revenue	-	-	7,878	-	10
Funds Held in Escrow	3	-	2,452	(1)	-
Compensated Absences	-	-	-	66	2
Other Post-employment Benefits	-	-	-	2,446	21
Other Liabilities	-	(3,220)	(14,403)	-	-
Operating Interest Expense	3,899	-	-	-	-
Depreciation	-	28,773	36,896	2,559	228
Amortization Expense	-	2,633	-	-	-
Nonoperating Revenues	601,498	-	145,433	15,165	5,557
Nonoperating Expenses	-	1,265	11,652	-	-
Total Adjustments	365,215	26,142	199,443	25,843	5,476
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (106,934)</b>	<b>\$ 36,058</b>	<b>\$ (507,838)</b>	<b>\$ 20,762</b>	<b>\$ 8,445</b>

### Noncash Investing, Capital, and Financing Activities

Increase (Decrease):

Transfers and Donations of Capital Assets	-	-	-	224	1
Disposals, Write-offs, and Other Reductions to Capital Asset	-	(272)	(6,163)	(526)	(572)
Capital Assets Acquired on Account	-	-	-	-	(1)
Revenue Bond Amortizations and Other Debt Adjustments	-	-	-	-	-
Interest Accruals and Other Adjustments	(14)	-	-	-	-
Unrealized Gains (Losses) in Investment Fair Value	-	(719)	(1,079)	-	-
Transfers In (Out)	(188)	-	-	4,806	-

The Notes to the Financial Statements are an integral part of this statement.

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	<u>Governmental Activities</u>
Total	Internal
Enterprise	Service
Funds	Funds

---

**\$ (1,171,626)**      **\$ (9,994)**

53	1,496
(6,235)	(663)
(6)	-
1,818	1,577
99	2,952
-	(627)
(462)	(340)
690	71
13,892	(1,312)
(238,228)	-
(314)	26,404
7,888	(10)
2,454	1
68	(65)
2,467	1,186
(17,623)	120
3,899	3,068
68,456	5,845
2,633	-
767,653	216
12,917	(47)
<u>622,119</u>	<u>39,872</u>

**\$ (549,507)**      **\$ 29,878**

225	4,736
(7,533)	(11,406)
(1)	-
-	217
(14)	(219)
(1,798)	1,488
4,618	20

# STATE OF ALABAMA

## STATEMENT OF FIDUCIARY NET ASSETS

### Fiduciary Funds

September 30, 2011

(Amounts in Thousands)

	Pension and Other Employee Benefit Trust Funds	Private- Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 56,529	\$ 11,953	\$ 182,218
Investments			
Time Deposits	-	132	2,115
U.S. Treasury Securities	1,373,067	42,269	34,514
U.S. Agency Securities	525,008	44,030	-
State and Local Government Securities	-	3,850	7,640
Mortgage Backed Securities	813,856	104,808	6,490
Corporate Stocks	10,880,027	3,289	-
Corporate Bonds	5,485,508	160,388	4,210
Real Estate	2,783,294	840	-
Commercial Paper	706,607	-	-
International Stocks	3,381,129	-	-
Mutual and Money Market Funds	354,356	771,026	43
Receivables			
Due from Other Funds	-	-	163
Employer Contributions Receivable	92,685	-	-
Member Contributions Receivable	43,997	-	-
Investment Sales Receivable	1,033,885	791	-
Accounts Receivable	13,798	164	28
Interest and Dividends Receivable	100,752	3,448	-
Securities Lending Collateral	1,981,294	4,285	490
Other Assets	667	-	-
Capital Assets, Net of Accumulated Depreciation	146,733	-	-
Capital Assets Not Depreciated	7,620	-	-
<b>TOTAL ASSETS</b>	<b>29,780,812</b>	<b>1,151,273</b>	<b>237,911</b>
<b>LIABILITIES</b>			
Warrants Payable	\$ 41,647	\$ 750	\$ 14,804
Investment Purchases Payable	176,800	20	-
Salaries Payable	2,196	19	-
Due to Other Funds	7	7	-
Accounts Payable	1,907	40,420	182
Due to Other Governments	-	-	4,691
Claims Payable	45,387	-	-
Securities Lending Obligation	1,981,294	4,285	490
Deferred Revenue	2,228	-	-
Amounts Held in Custody for Others	-	-	217,744
Compensated Absences	4,342	49	-
Other Post-employment Benefits	3,825	61	-
Notes and Mortgages Payable	1,000	-	-
<b>TOTAL LIABILITIES</b>	<b>2,260,633</b>	<b>45,611</b>	<b>237,911</b>
<b>NET ASSETS</b>			
Held in Trust for Beneficiaries	-	1,105,662	-
Held in Trust for Pension and Other Employee Benefits	27,520,179	-	-
<b>TOTAL NET ASSETS</b>	<b>\$ 27,520,179</b>	<b>\$ 1,105,662</b>	<b>\$ 0</b>

The Notes to the Financial Statements are an integral part of this statement.



## STATE OF ALABAMA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

## Fiduciary Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Pension and Other Employee Benefit Trust Funds	Private- Purpose Trust Funds
<b>ADDITIONS</b>		
Contributions:		
Plan members	\$ 796,864	\$ 122,468
Employer	1,560,789	-
Federal On-Behalf	46,700	-
Total Contributions	2,404,353	122,468
Investment Earnings		
Investment Interest and Dividends	1,014,245	35,721
Net Increase (Decrease) in Fair Value of Investments	(410,913)	(15,155)
Securities Lending Income	26,225	11
Total Investment Earnings	629,557	20,577
Less:		
Investment Expense	7,844	-
Securities Lending Interest and Fees	7,579	3
Net Investment Income	614,134	20,574
Other Additions		
Licenses and Fees	3,001	-
Miscellaneous	4,832	955
Total Other Additions	7,833	955
<b>Total Additions</b>	<b>3,026,320</b>	<b>143,997</b>
<b>DEDUCTIONS</b>		
Benefit Payments and Refunds	3,204,698	168,033
Administrative Expense	35,056	12,671
<b>Total Deductions</b>	<b>3,239,754</b>	<b>180,704</b>
<b>Changes in Net Assets</b>	<b>(213,434)</b>	<b>(36,707)</b>
Net Assets Held in Trust		
for Beneficiaries, October 1, 2010, as Restated	27,733,613	1,142,369
<b>Net Assets Held in Trust</b>		
<b>for Beneficiaries, September 30, 2011</b>	<b>\$ 27,520,179</b>	<b>\$ 1,105,662</b>

The Notes to the Financial Statements are an integral part of this statement.

# STATE OF ALABAMA

## STATEMENT OF NET ASSETS Component Units

September 30, 2011

(Amounts in Thousands)

	Public School and College Authority	Mental Health	Housing Finance Authority	Water Pollution Control Authority	University of Alabama
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 423,446	\$ 55,015	\$ 3,132	\$ 100,257	\$ 498,408
Investments	6,914	1	700,198	74,261	2,880,711
Due from Primary Government	15,074	172,355	-	5,866	-
Due from Component Units	-	69,151	-	-	-
Accounts Receivable	-	-	-	-	363,599
Due from Other Governments	-	6,453	-	486,563	-
Interest and Dividends Receivable	-	-	13,439	2,142	396
Mortgages, Notes, and Loans Receivable	-	-	319,034	-	119,268
Securities Lending Collateral	86	757	-	1	-
Inventory	-	1,935	-	-	22,389
Restricted Assets	-	-	-	-	-
Other Assets	6,615	109	21,931	8,391	85,967
Capital Assets, Net of Accumulated Depreciation	10,442	21,840	-	17	2,601,287
Capital Assets Not Depreciated	-	10,164	-	-	298,961
Deferred Outflows	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>462,577</b>	<b>337,780</b>	<b>1,057,734</b>	<b>677,498</b>	<b>6,870,986</b>
<b>LIABILITIES</b>					
Warrants Payable	62	491	-	-	-
Investment Purchases Payable	-	-	-	-	-
Salaries Payable	-	10,631	-	-	-
Due to Primary Government	-	375	-	447	-
Due to Component Units	-	-	-	-	69,130
Accounts Payable	15,464	55,847	259	14	291,457
Interest Payable	37,331	65	17,364	1,356	-
Due to Other Governments	3,667	6,370	-	36,378	23,495
Securities Lending Obligation	86	757	-	1	-
Unearned Revenue	-	-	16,102	90	324,732
Amounts Held in Custody for Others	-	-	262,151	95	19,451
Noncurrent Liabilities:					
Due Within One Year	101,770	1,325	92,181	31,700	43,690
Due In More Than One Year	2,517,205	58,973	344,984	258,478	1,727,260
<b>TOTAL LIABILITIES</b>	<b>2,675,585</b>	<b>134,834</b>	<b>733,041</b>	<b>328,559</b>	<b>2,499,215</b>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	10,442	26,126	-	17	1,475,630
Restricted for:					
Permanent - Expendable	-	-	-	-	529,845
Permanent - Non-expendable	-	-	-	-	603,493
Debt Service	22,032	3,341	256,945	348,922	-
Capital Projects	-	6,041	-	-	-
Other Purposes	-	-	-	-	-
Unrestricted	(2,245,482)	167,438	67,748	-	1,762,803
<b>TOTAL NET ASSETS</b>	<b>\$ (2,213,008)</b>	<b>\$ 202,946</b>	<b>\$ 324,693</b>	<b>\$ 348,939</b>	<b>\$ 4,371,771</b>

The Notes to the Financial Statements are an integral part of this statement.

Auburn University	University of South Alabama	Public Education Employees' Health Insur	State Employees' Health Insurance	Nonmajor Component Units	Total Component Units
\$ 85,267	\$ 134,585	\$ 5,865	\$ 6,822	\$ 661,453	\$ 1,974,250
1,354,977	438,084	192,781	221,044	329,630	6,198,601
-	-	-	1,014	603	194,912
-	-	-	2	-	69,153
47,365	66,981	4,319	130	224,887	707,281
-	-	19,029	-	250,326	762,371
2,868	-	23	972	1,579	21,419
54,126	3,827	-	1,000	23,726	520,981
-	-	91	14,721	4,749	20,405
3,782	-	-	-	8,906	37,012
-	47,601	-	-	4,547	52,148
37,979	17,902	1,404	244	37,452	217,994
1,145,505	404,301	-	2,250	749,059	4,934,701
108,049	113,746	-	-	331,449	862,369
-	4,629	-	-	4,343	8,972
<b>2,839,918</b>	<b>1,231,656</b>	<b>223,512</b>	<b>248,199</b>	<b>2,632,709</b>	<b>16,582,569</b>
-	-	23	5	117	698
-	-	-	600	27	627
1,712	-	157	360	4,186	17,046
-	-	823	1,170	2,603	5,418
-	-	-	21	2	69,153
46,761	42,464	95	4,266	76,073	532,700
13,039	-	-	-	6,385	75,540
-	-	-	-	32,697	102,607
-	-	91	14,721	4,749	20,405
166,485	39,789	-	7,329	144,410	698,937
17,724	-	-	-	14,960	314,381
38,586	16,517	71,550	49,667	49,108	496,094
780,278	438,592	821	1,679	1,028,577	7,156,847
<b>1,064,585</b>	<b>537,362</b>	<b>73,560</b>	<b>79,818</b>	<b>1,363,894</b>	<b>9,490,453</b>
678,298	208,889	-	2,250	603,396	3,005,048
146,500	94,620	-	-	79,556	850,521
275,044	200,072	-	-	120,772	1,199,381
-	-	-	-	236,895	868,135
19,983	-	-	-	1,215	27,239
5,084	-	-	-	25,244	30,328
650,424	190,713	149,952	166,131	201,737	1,111,464
<b>\$ 1,775,333</b>	<b>\$ 694,294</b>	<b>\$ 149,952</b>	<b>\$ 168,381</b>	<b>\$ 1,268,815</b>	<b>\$ 7,092,116</b>

# STATE OF ALABAMA

## STATEMENT OF ACTIVITIES Component Units

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Public School and College Authority	Mental Health	Housing Finance Authority	Water Pollution Control Authority	University of Alabama
<b>Expenses</b>	<b>\$ 421,678</b>	<b>\$ 953,689</b>	<b>\$ 93,495</b>	<b>\$ 34,709</b>	<b>\$ 3,488,059</b>
<b>Program Revenues</b>					
Charges for Services	7,161	24,819	72,475	16,979	2,287,787
Operating Grants and Contributions	-	41,317	-	36,648	829,836
Capital Grants and Contributions	-	-	-	-	65,878
<b>Total Program Revenues</b>	<b>7,161</b>	<b>66,136</b>	<b>72,475</b>	<b>53,627</b>	<b>3,183,501</b>
<b>Net (Expense) Revenue</b>	<b>(414,517)</b>	<b>(887,553)</b>	<b>(21,020)</b>	<b>18,918</b>	<b>(304,558)</b>
<b>General Revenues:</b>					
Payments from State of Alabama	202,246	789,745	-	1,638	481,376
Grants and Contributions Not Restricted to Specific Programs	-	6,770	-	-	-
Investment Earnings	14,038	40	42,656	3,831	6,462
Miscellaneous	-	61,040	-	3,384	2,054
Contributions to Permanent Funds and Endowments	-	-	-	-	26,185
Special Items	-	-	-	-	-
Extraordinary Items	-	-	-	-	4,820
<b>Total General Revenues, Contributions, Special and Extraordinary Items</b>	<b>216,284</b>	<b>857,595</b>	<b>42,656</b>	<b>8,853</b>	<b>520,897</b>
<b>Change in Net Assets</b>	<b>(198,233)</b>	<b>(29,958)</b>	<b>21,636</b>	<b>27,771</b>	<b>216,339</b>
Net Assets, October 1, 2010, as Restated	(2,014,775)	232,904	303,057	321,168	4,155,432
<b>Net Assets, September 30, 2011</b>	<b>\$ (2,213,008)</b>	<b>\$ 202,946</b>	<b>\$ 324,693</b>	<b>\$ 348,939</b>	<b>\$ 4,371,771</b>

*The Notes to the Financial Statements are an integral part of this statement.*

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Auburn University	University of South Alabama	Public Education Employees' Health Insur	State Employees' Health Insurance	Nonmajor Component Units	Total Component Units
<b>\$ 890,931</b>	<b>\$ 629,754</b>	<b>\$ 752,613</b>	<b>\$ 418,044</b>	<b>\$ 1,174,077</b>	<b>\$ 8,857,049</b>
457,148	421,011	861,832	459,589	529,927	5,138,728
207,992	33,614	21,204	18	277,377	1,448,006
48,184	23,544	-	-	18,621	156,227
<b>713,324</b>	<b>478,169</b>	<b>883,036</b>	<b>459,607</b>	<b>825,925</b>	<b>6,742,961</b>
<b>(177,607)</b>	<b>(151,585)</b>	<b>130,423</b>	<b>41,563</b>	<b>(348,152)</b>	<b>(2,114,088)</b>
264,314	108,497	-	-	398,050	2,245,866
-	-	-	-	-	6,770
25,645	24,744	539	5,587	14,429	137,971
-	29,739	-	272	5,365	101,854
1,356	3,431	-	-	153	31,125
-	-	-	-	(2,485)	(2,485)
-	-	-	-	-	4,820
<b>291,315</b>	<b>166,411</b>	<b>539</b>	<b>5,859</b>	<b>415,512</b>	<b>2,525,921</b>
<b>113,708</b>	<b>14,826</b>	<b>130,962</b>	<b>47,422</b>	<b>67,360</b>	<b>411,833</b>
1,661,625	679,468	18,990	120,959	1,201,455	6,680,283
<b>\$ 1,775,333</b>	<b>\$ 694,294</b>	<b>\$ 149,952</b>	<b>\$ 168,381</b>	<b>\$ 1,268,815</b>	<b>\$ 7,092,116</b>

For the Fiscal Year Ended September 30, 2011

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## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Reporting Entity**

As required by generally accepted accounting principles, these financial statements present the State of Alabama (the primary government) and its component units. Component units are legally separate organizations ("public corporations") for which the primary government is financially accountable. Generally, the primary government is financially accountable if it appoints a voting majority of the organization's board and it can either 1) impose its will on the organization, or 2) there is a financial benefit/burden relationship. If the primary government does not control the board, it may be financially accountable if the organization is fiscally dependent on the State. Organizations making up the primary government and its component units are summarized in the following paragraphs.

#### **1. Primary Government**

All state departments, agencies, elected officials, boards, commissions, authorities, committees, halls of fame, educational institutions, and other state organizations (hereafter referred to as "agencies") which are not legally separate are, for financial reporting purposes, part of the primary government. All agencies and funds that operate from within the State Treasury, except those listed later as component units, are part of the primary government. The following non-Treasury agencies operate largely independent of the control of the State Comptroller, State Auditor, and State Treasurer, but lack the corporate powers to make them legally separate and are therefore part of the primary government:

- Alabama Community College System
- Alabama Fire College
- Alabama Technology Network
- Athens State University
- Aviation Hall of Fame
- Cahawba Advisory Committee
- Commercial Mobile Radio Service Board
- Dental Examiners Board
- Dental Scholarships Awards Board
- Gorgas Memorial Board
- Alabama Industrial Development and Training Institute
- Marion Military Institute
- Medical Examiners and Licensure Commission
- Motor Sports Hall of Fame
- Optometric Scholarships Awards Board
- Optometry Board
- Pharmacy Board
- Pilotage Commission
- Podiatry Board
- School of Fine Arts
- St. Stephens Historical Commission
- State Port Authority
- Women's Hall of Fame

#### **2. Blended Component Units**

Blended component units are legally separate but they exist solely to provide services (usually financing) exclusively to the State. Because of this close relationship, they are blended with and reported as though they are a part of the primary government. All references in the financial statements or elsewhere in these notes to the term "primary government" will encompass both the primary government and the blended component units.

The following blended component units were created for the purpose of financing capital expenditures for the State. Each issues revenue bonds that are limited obligations of the component unit. Their boards consist of state officials and specific state revenues are pledged for bond repayment. Those marked with a † are currently inactive and had no financial balances or activity in the past fiscal year.

## For the Fiscal Year Ended September 30, 2011

- Agriculture Markets and Coliseum Authority †
- Corrections Institution Finance Authority
- Federal Aid Highway Finance Authority
- Highway Authority †
- Industrial Access Road and Bridge Authority †
- Toll Road, Bridge and Tunnel Authority †
- Judicial Building Authority
- Alabama Trade School and Junior College Authority †
- Gulf State Park Authority†

The Building Renovation Finance Authority has the same characteristics as those in the previous paragraph, but has the added responsibility of operating, maintaining, and renting buildings in the capitol complex that are occupied by state departments.

The State Parks System Improvement Corporation renovates, improves, maintains, and constructs assets belonging to the State Parks System. The six members of the Corporation are state officials.

The Forensic Science Bond Authority has the power to acquire, construct, and equip laboratories and other facilities for the State Department of Forensic Sciences. The four members of the Authority are state officials. The Authority had no financial activity in the past fiscal year.

The Alabama State Parking Deck Authority has the authority to sell bonds, operate, maintain, and rent space in a parking deck on a block in the capitol complex. The Authority has remained inactive since the enabling legislation was passed.

The Educational Television Foundation Authority raises and manages money and property for the benefit of the Alabama Educational Television Commission, a State agency. The Authority consists of thirteen members who are appointed by the Alabama Public Television Commission. As a non-profit public corporation, the Authority provides financing flexibility that the Commission, as part of the primary government, would not otherwise have.

The Public Health Care Authority was created solely to build, furnish, and maintain facilities for the use of the Department of Public Health, a State agency, financing those facilities with debt issuances which are backed by leases with the Department. Three of the seven board members are state officials but the remaining board members are not appointed by the State and the Authority is not fiscally dependent on the State. The Authority is included in these financial statements because it would be misleading to exclude them because of the close relationship with the State.

### 3. Discretely Presented Component Units

Discretely presented component units are organizations, which are legally separate and do not exist to provide services exclusively to the primary government. Providing services to the citizens of the state is not considered the same as providing services to the primary government institution. Financial information for discretely presented component units is segregated on the financial statements and the notes in the "Component Unit" columns in order to emphasize that they are legally separate.

Most of the discretely presented component units have boards that are controlled by the primary government through the appointment of a majority of the board members. The State has been determined to be financially accountable for each organization because it can impose its will on each organization. Unless otherwise noted, financial accountability for each organization described below exists at least in the ability of the State to modify the component unit's budget. Other manifestations of financial accountability may also exist.

For discretely presented component units whose boards are not controlled by the State, the organization has been determined to be fiscally dependent on the State. Unless otherwise noted, fiscal dependency exists at a minimum in the State's ability to modify the component unit's budget. Other manifestations of fiscal dependency may also exist.

When audited financial statements for a discretely presented component unit exist, the address at which such financial statements can be obtained is included in the following paragraphs describing each component unit. For all other discretely presented component units, complete financial statements may be obtained from the State of Alabama, Office of State Comptroller, RSA Union Building, Suite 206, Montgomery, AL 36130-2602.

The Water Pollution Control Authority operates a revolving loan fund to aid municipalities in financing the construction of wastewater treatment facilities. A five-member board of directors made up of ex officio members governs the Authority. Audited financial



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statements of the Authority may be obtained from the Alabama Department of Environmental Management, 1400 Coliseum Boulevard, Montgomery, AL 36130.

The Alabama Drinking Water Finance Authority operates a revolving loan fund to aid local governments in financing the construction of sanitary drinking water facilities. A five-member board of directors made up of ex officio members governs the Authority. Audited financial statements of the Authority may be obtained from the Alabama Department of Environmental Management, 1400 Coliseum Boulevard, Montgomery, AL 36130.

The Department of Mental Health provides mental health services to the people of Alabama. The Governor of the State and the commissioner of the Department constitute a public corporation and are advised by a sixteen-member board of trustees. The commissioner and ten of the board members are appointed at the discretion of the Governor. The Mental Health Finance Authority exists to provide financing services to the Department, is therefore a blended component unit of the Department, and is included in all amounts reported for Mental Health.

The Crime Victims Compensation Commission awards compensation for economic losses arising from criminal conduct and works to change laws to benefit crime victims. The Commission consists of three members who are appointed by the Governor.

The Tennessee Valley Exhibit Commission was created to operate a public exhibit based primarily on the history of and ongoing activities of the Tennessee Valley Authority and various other public entities involved in energy research and development. The sixteen-member Commission is appointed by the Governor. The building which housed the exhibit has been sold and the board is no longer actively operating but it has not been legally dissolved by the legislature.

The State Industrial Development Authority issues bonds and uses the proceeds to make grants to local industrial development boards. All members of the Authority are elected or appointed state officials.

The Alabama Education Foundation encourages donations of money for local school systems and invests the money for the benefit of each local system. The Foundation is governed by a twelve-member board that is made up of state officials and other individuals appointed by state authorities.

The Supercomputer Authority operates a supercomputer for the use of educational and governmental research institutions, private businesses, and individuals. The twenty directors of the Authority are appointed by state officials.

The Public Education Employees' Health Insurance Board operates a health insurance plan for employees of public school systems, state junior colleges, colleges, universities, and related education administrative employees. The State does not appoint a majority of the Board but the Board is fiscally dependent on the State. Audited financial statements of the board may be obtained at 201 South Union Street, Montgomery, AL 36104-0001.

The State Employees' Insurance Board operates health insurance plans for state employees and for employees of local governments. The State does not appoint a majority of the Board but the Board is fiscally dependent on the State. Audited financial statements of the board may be obtained at Suite 200, 201 South Union Street, Montgomery, AL 36104.

The boards of the four-year colleges of the State, except for the University of Alabama, are appointed by the State. Those colleges are: Alabama A&M University, Alabama State University, Auburn University, Jacksonville State University, University of Montevallo, University of West Alabama, University of North Alabama, University of South Alabama, and Troy University. The University of Alabama board of trustees is not controlled by the State, but the University is subject to budgetary control by the State. The Crimson Tide Foundation, the Southern Research Institute, UAB Research Foundation, and Triton Health Systems, L.L.C. are blended component units of the University of Alabama, therefore, are included in all amounts reported for the University. The University of South Alabama includes the Professional Liability Trust Fund, the General Liability Trust Fund, and the University of South Alabama HealthCare Management, LLC as blended component units.

In addition to the blended component units, there are other legally separate, tax exempt organizations that are discretely presented component units of the universities. These organizations generally exist to raise funds to benefit a specific university. Although the university may not control the timing or amount of receipts from these foundations, the majority of resources that the foundations hold and invest are restricted to benefit the activities of the universities by the donors. Because the resources are held for the benefit of the universities, the foundations are considered the discretely presented component units of the universities and are included in each of the universities' financial statements. For the University of Alabama, the University's discretely presented component units are The National Alumni Association of The University of Alabama, The Capstone Foundation, The 1831 Foundation, Capstone Health

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

### For the Fiscal Year Ended September 30, 2011

Services Foundation, The University of Alabama Law School Foundation, The Donor Advised Fund, and The University of Alabama Huntsville Foundation. For Alabama State University, the Alabama State University Foundation, Inc. and the Trust for Educational Excellence at Alabama State University are component units. For Auburn University, the University's component units are The Auburn University Foundation, The Tigers Unlimited Foundation, Auburn Alumni Association, the Auburn Research and Technology Foundation, and the Auburn University Real Estate Foundation, Inc. The University of Montevallo Foundation, Inc. is a component unit of the University of Montevallo and is included in the amount reported for Montevallo. The University of South Alabama has three component units, the University of South Alabama Foundation, the University of South Alabama Health Services Foundation, and the USA Research and Technology Corporation. The Troy University Foundation is a component unit of Troy University. Jacksonville State University's component unit is Jacksonville State University Foundation, Inc. For the University of North Alabama, the University of North Alabama Foundation is a component unit and is included in the amount reported for North Alabama. The Alabama A&M University has two component units – The Alabama A&M University Foundation, Inc. and the Trust for Educational Excellence at Alabama A&M University.

Complete financial statements for the universities which are audited by other auditors may be obtained at the following addresses: Chief Fiscal Officer, University of South Alabama, Business Office AD 380, Mobile, AL 36688-0002; Office of the Vice President for Business and Finance, Alabama A&M University, P.O. Box 369, Normal, AL 35762; Vice-President for Financial Affairs, University of Alabama at Tuscaloosa, P.O. Box 870136, Tuscaloosa, AL 35487-0136; Office of Accounting and Financial Reporting, The University of Alabama in Huntsville, 301 Sparkman Drive, Huntsville, AL 35899; Vice President for Financial Affairs and Administration, University of Alabama at Birmingham, AB 1030, 1530 3<sup>rd</sup> Avenue South, Birmingham, AL 35294-0110; Director of Financial Reporting, Auburn University, 321 Ingram Hall, Auburn University, AL 36849-5161; Comptroller, Station 6061, University of Montevallo, Montevallo, AL 35115-6000; Vice President for Fiscal Affairs, Alabama State University, 915 S. Jackson Street, Montgomery, AL 36104.

The Alabama Institute for the Deaf and Blind (AIDB) is an educational institution governed by a fourteen-member board, twelve of whom are appointed by the Governor. The Alabama Institute of Deaf and Blind Foundation, Inc. is a component unit of AIDB and is included in the amount reported.

The Marine Environmental Sciences Consortium provides educational programs in marine sciences for the graduate and undergraduate level and conducts research in marine sciences. The board of directors is composed of the chief executive officers of the member institutions.

The Alabama Public School and College Authority issues bonds and uses the proceeds to fund capital construction projects in the local school systems. The Governor, the finance director, and the state superintendent of education constitute the Authority.

The Tombigbee Valley Development Authority consists of six state officials who oversee the development of improvements along the Tombigbee River.

The Higher Education Loan Corporation provides Alabama lending institutions with a secondary market for student loans made under the federal guaranteed student loan program. Audited financial statements may be obtained from Alabama Higher Education Loan Corporation, 1772 Platt Place, Montgomery, AL 36117.

The U.S.S. Alabama Battleship Commission consists of eighteen members appointed by the Governor. The Commission operates a memorial park centered near the historic battleship.

The fourteen-member board of directors of the Housing Finance Authority is appointed by various state officials. The Authority sells bonds and uses the proceeds to make it possible for lenders to make low interest rate mortgages available to low income home buyers. The primary government does not affect the Authority's budget, but the legislature has historically limited the Authority's ability to issue bonds. Audited financial statements may be obtained from the Authority, P.O. Box 230909, 2000 Interstate Park Drive, Suite 408, Montgomery, AL 36123-0909.

The Alabama Historic Ironworks Commission operates an historic park based on one of the State's early ironworks. Fourteen of the eighteen members of the commission are appointed by the Governor. Part of the Commission's budget is subject to State control.

The Space Science Exhibit Commission operates the Alabama Space and Rocket Center along with the Space Camp. All eighteen members of the Commission are appointed by the Governor and part of the Commission's budget is subject to State approval. Audited financial statements may be obtained from the Commission at the Alabama Space and Rocket Center, P. O. Box 070015, Huntsville, AL 35807-7015.

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The Coosa Valley Development Authority oversees developments and improvements along the Coosa River. Six of the seven members of the Authority are state officials.

The Alabama International Airport Authority was created to develop an international airport in the State. The State controls the appointment of only five of the ten members. All funding for the Authority was historically through the General Fund, so the Authority is subject to full budgetary control. The Authority has received no funding for a number of years and is currently inactive.

The Historical Commission is responsible for the preservation of historic sites, buildings, and objects. The twenty-member Commission is not controlled by the State, but the Commission's budget is subject to State control.

The Choctawhatchee Pea and Yellow Rivers Watershed Management Authority develops and executes plans for water conservation and usage, flood control and prevention, water pollution control, wildlife habitat protection, and erosion control within the boundaries of the Authority. The directors of the Authority are elected by local residents, but the Authority is subject to State budgetary control.

The Agricultural Museum Board exists to preserve and exhibit agricultural artifacts. The Board is not controlled by the State, but it is subject to State budgetary control.

The Music Hall of Fame operates a public exhibit displaying music memorabilia in honor of Alabamians who have made a lasting contribution to music. The Hall has both an independent board and is fiscally independent of the State. The Hall is included in these financial statements because it would be misleading to exclude. The State has some limited budgetary influence and the State funded the construction of the Hall's facilities with a general obligation bond issue.

The Historic Blakeley Authority preserves the historic site of the town of Blakeley and operates a park on the site. The Authority has both an independent board and is fiscally independent of the State. The Authority is included in the reporting entity because the State has some limited budgetary influence and the State provides the majority of the Authority's funding.

The Alabama Incentives Financing Authority was created to fulfill the State's financial commitments made to industries locating and expanding in the State under the terms of legislation granting certain financial incentives. The Authority is made up of three state officials and is authorized to issue bonds to fulfill the State's financial commitments.

The Revolving Loan Fund Authority was created to make grants to twelve regional planning commissions for the purpose of financing local economic development projects. Four of the six members of the Authority are state officials.

The Alabama Twenty-first Century Authority was created to promote economic development and industrial recruitment. The Authority can issue revenue bonds and pledge part of the proceeds of the settlement of the tobacco industry litigation to finance the bonds. The Authority is made up of three state officials.

The Agricultural Development Authority promotes development of agriculture in the State by making low interest loans available to persons engaged in agricultural operations. The seven-member board is made up of three state officials and four other persons appointed by the State.

The Public Historical Sites and Parks Improvement Corporation renovates, improves, maintains, and constructs State owned public historical sites and parks not under the jurisdiction of the Department of Conservation and Natural Resources as well as non-State owned public historical sites and parks. The six members of the Corporation are state officials.

The Red Mountain Greenway and Recreational Area Commission is responsible for preserving, restoring, and promoting as a greenway, recreational area, or historic site certain land in Birmingham which played an important role in the steel industry of the State. The fifteen member Commission is not controlled by the State, but the Commission is fiscally dependent on the State.

#### **4. Fiduciary Component Units**

Fiduciary component units are required by GAAP to be reported as fiduciary funds of the primary government rather than as discretely presented component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements.

The Employees' Retirement System (ERS), a discretely presented component unit, operates several pension (and other employee benefit) trust funds for the benefit of state and local governmental employees. The ERS is governed by a thirteen-member board of control, seven of whom are either primary government officials or appointees of the Governor.

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**For the Fiscal Year Ended September 30, 2011**

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The Teachers' Retirement System (TRS), a discretely presented component unit, operates a pension plan for the benefit of all employees of public education institutions throughout the State. It is governed by a fourteen-member board, ten of whom are elected from among the member employees. The administrative budget of TRS is subject to approval by the State. Audited financial statements for the TRS and ERS may be obtained from the RSA at 201 South Union Street, P.O. Box 302150, Montgomery, AL 36130-2150.

**5. Excluded Organizations**

Other entities have been examined but failed to meet the criteria for inclusion in the State's reporting entity. City and county boards of education are legally separate organizations whose boards are not controlled by the State. They are fiscally dependent on both the State and local government. It is more appropriate that they be included in a local government's reporting entity.

The Elk River Development Agency, Bear Creek Development Authority, and Cahaba Trace Commission are legally separate organizations whose boards are not controlled by the State nor are they fiscally dependent on the State. All three of these organizations are excluded. The many local soil and water conservation districts are legally separate organizations which have independent boards and are fiscally independent. In keeping with their independence, they are excluded from this report.

**6. Sources of Information**

The majority of state organizations, whether primary government or component unit, conduct their financial operations from the State Treasury through the State's central accounting system under the supervision and review of the State Comptroller, State Treasurer, and State Auditor. The source of information on these agencies is the State's central accounting system. For these agencies, the recording of cash, warrants payable, encumbrances, salaries payable, compensated absences, most investments, most short-term payables, most revenues, and most expenditures/expenses are controlled by the State Comptroller and/or the State Treasurer and are therefore subject to extensive scrutiny. Accruals of revenues, a few accruals of expenditures/expenses, and all other accounts, such as depreciation, capital assets, inventories, and capital leases, generally are based on data provided by the individual agencies. The data provided by the agencies are reviewed and recorded once a year and are believed to be materially correct even though they are not generally subject to extensive scrutiny by the State Comptroller, State Treasurer, or State Auditor.

There are some organizations and funds which meet the criteria for inclusion as part of the reporting entity even though they have the authority to conduct their financial operations through bank accounts and accounting systems outside the State Treasury, independent of the direct daily control of the State Comptroller, State Treasurer, and State Auditor. These non-Treasury agencies are included in the financial statements based on information provided to the State Comptroller once a year by the agency or the agency's auditors. Whenever possible, the non-Treasury agencies are reported as they appeared in the information submitted to the State Comptroller. However, corrections or modifications have been made whenever required to comply with generally accepted accounting principles or wherever necessary to ensure consistent statewide report presentation.

The following non-Treasury agencies and funds are included in this report:

**a. Primary Government**

- Alabama College Education Savings Trust Fund
- Alabama Community College System
- Alabama Health Insurance Plan
- Alabama Industrial Development Training Institute
- Alabama School of Fine Arts
- Alabama State Port Authority
- Alabama Fire College
- Alabama Technology Network
- Athens State University
- Attorney General Outside Accounts
- Aviation Hall of Fame
- Blind Vendors Fund
- C.C. Smith Trust Fund
- Cahawba Advisory Committee
- Charlotte Thorn Endowment Fund
- Commercial Mobile Radio Service Board
- Corrections Bank Accounts and Agency Funds
- Corrections Canteen Funds
- Court System Local Accounts

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- Dental Examiners Board
  - Dental Scholarships Awards Board
  - Department of Human Resources Local Funds and Child Support Funds
  - Educational Television Foundation Authority
  - Geological Survey Library Revolving Fund
  - Gorgas Memorial Board
  - Hicks Memorial Endowment Fund
  - High School of Math and Science
  - Insurance Department Statutory Deposits
  - Insurance Department Receivership
  - Juror Certificate Fund
  - Marion Military Institute
  - Mary May Eliot Memorial Fund
  - Medicaid Agency Lien Account
  - Medical Scholarships Awards Account
  - Medical Examiners and Licensure Commission
  - Men's Hall of Fame Outside Account
  - Military Department Unit Funds
  - Motor Sports Hall of Fame
  - National Guard Canteen Funds
  - Non-Emergency Transportation
  - Optometry Board
  - Optometric Scholarships Awards Board
  - Peace Officers' Annuity and Benefit Investment Account
  - Pharmacy Board
  - Pilotage Commission
  - Podiatry Board
  - Public Health Care Authority
  - Public Health Local Funds
  - Public Safety Narcotics Funds
  - Sports Hall of Fame Checking Account
  - St. Stephens Historical Commission
  - State Bar Checking Account
  - State Bar Client Security
  - State Bar Foundation
  - State Port Authority Hourly Pension Plan
  - State Port Authority Railway Pension Plan
  - Stonewall Jackson Memorial Fund
  - Student Assistance Initiated Loan Servicing Account
  - Supreme Court Checking Account
  - Supreme Court Law Library Checking Account
  - Unemployment Compensation Funds
  - Victims Services Fund
  - W.V. Chambliss Trust Fund
  - Women's Hall of Fame
  - Youth Service Student Accounts and Local Funds

**b. Discretely Presented Component Units**

- Alabama Agricultural & Mechanical University
- Alabama Drinking Water Finance Authority
- Alabama Higher Education Loan Corporation
- Alabama Historic Ironworks Commission
- Alabama Housing Finance Authority
- Alabama Incentives Financing Authority

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- Alabama Institute for Deaf and Blind
- Alabama State University
- Auburn University
- Historic Blakeley Authority
- Crime Victims' Compensation Fund
- Jacksonville State University
- Marine Environmental Sciences Consortium
- Mental Health Capital Projects - Bank Account
- Music Hall of Fame
- Red Mountain Greenway and Recreational Area Commission
- Space Science Exhibit Commission and  
Space Science Exhibit Finance Authority
- Troy University
- U.S.S. Alabama Battleship Commission
- University of Alabama in Birmingham
- University of Alabama in Huntsville
- University of Alabama System Office
- University of Alabama in Tuscaloosa
- University of Montevallo
- University of North Alabama
- University of South Alabama
- University of West Alabama
- Water Pollution Control Authority

## **B. Government-Wide and Fund Financial Statements**

### **1. Government-Wide Financial Statements**

Government-wide financial statements include two basic financial statements: the Statement of Net Assets and the Statement of Activities. The two statements report the State's governmental activities separately from its business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Fiduciary funds and fiduciary-type component units are excluded from the government-wide financial statements.

The Statement of Net Assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net Assets are reported in three categories:

Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets consist of net assets that do not meet the definition of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported as general revenue.

### **2. Fund Financial Statements**

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

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## C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

### 1. Measurement Focus and Basis of Accounting

These financial statements are reported in conformity with generally accepted accounting principles (GAAP) unless otherwise noted on the face of the statement or in the Notes to the Financial Statements. GAAP basis reporting differs considerably in some ways from the budgetary and cash basis accounting under which the State budgets and operates.

#### a. Accrual Basis

Under GAAP, the government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Agency funds, however, do not have a measurement focus. Revenues are recognized and recorded when earned and expenses are recorded when a liability is incurred for exchange and exchange-like transactions, regardless of the timing of cash flows. For nonexchange transactions, revenues and expenditures and related assets and liabilities are recognized as required by GASB Statement No. 33. For derived nonexchange transactions, receivables and revenues are recognized when the underlying exchange has occurred. For imposed nonexchange transactions, receivables are recognized when an enforceable legal claim has arisen. Revenues are recognized when resources are required to be used or the first period that use is permitted.

Property taxes are recognized as revenues in the year for which they are levied. For government mandated nonexchange revenues such as grants, GAAP require the recognition of assets, revenues, liabilities, and expenditures when all eligibility requirements have been met and (for revenues) resources are available. Agency funds, fiduciary in nature, do not recognize revenues and expenditures.

The State has elected to exercise paragraph 6 of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." Statement No. 20, paragraph 6, requires that all proprietary activities should apply all applicable GASB pronouncements as well as any Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure (CAP) issued on or before November 30, 1989, unless such FASB, APB, and CAP pronouncements conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989, even if they modify an applicable FASB, APB, or CAP pronouncement, are not applicable unless adopted by a GASB pronouncement.

#### b. Modified Accrual Basis

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this focus, only current assets and current liabilities generally are included on the balance sheet. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers tax revenues and court settlements to be available if they are collected within sixty days of the end of the fiscal period. Revenues that the State earns by incurring obligations are recognized in the period when all applicable eligibility requirements have been met and the resources are available. The State considers revenues earned by incurring obligations to be available if they are collected within sixty days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when payment is due and payable.

Under the modified accrual basis of accounting, recognition criteria are different for exchange and nonexchange transactions. For exchange and exchange-like transactions, revenues and related current assets are recognized when measurable and available to finance operations during the year or if available to liquidate liabilities existing at the end of the year. Therefore, in governmental fund financial statements, revenues and the resulting assets are accrued at year-end only if the revenues are earned and the receivables are expected to be collected in time to pay for liabilities in existence at the end of the period. Expenditures are recognized when the related fund liability is incurred, except for items that are not expected to be liquidated with expendable available resources, such as the long-term portion of compensated absences payable and capital lease obligations. Therefore, expenditures and the related liabilities are accrued at year-end only when they are normally payable from current expendable funds. In order to determine which revenues should be accrued, an arbitrary time limit is established. Revenues are recognized when measurable and available. The State uses sixty days after fiscal year end as the time limit for the accrual of revenues. For nonexchange transactions, revenues and expenditures and related assets and liabilities are recognized as required by GASB Statement No. 33. For income taxes, general sales taxes, utility taxes, insurance premium taxes, general use taxes, gasoline taxes, motor fuels tax, electric public utility tax, and other derived nonexchange transactions, receivables and revenues are recognized when the underlying exchange has occurred and the resources are available. For property taxes, business privilege tax, and other imposed nonexchange transactions, receivables are recognized when an enforceable legal claim has arisen. Revenues are recognized when resources are required to be used or the first period that use is permitted and the resources are available. For property taxes, revenues are recognized if received within sixty days;

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For the Fiscal Year Ended September 30, 2011

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otherwise, deferred revenue is recognized. For federal grants and other government mandated nonexchange revenues, assets, revenues, liabilities, and expenditures are recognized when all eligibility requirements have been met and (for revenues) resources are available. For reimbursement-type federal grants, eligibility requirements are met when recipients incur allowable costs, not when those costs are submitted for reimbursement.

Material accruals are for income taxes, general sales taxes, utility taxes, insurance premium taxes, general use taxes, gasoline taxes, motor fuels tax, electric public utilities tax, property taxes, business privilege tax, nursing facility tax, pharmaceutical services tax, federal grants, oil and gas royalties, investment sales receivables, and interest.

## 2. Financial Statement Presentation

### a. Major Funds

The State reports six major governmental funds. The **General Fund** is the State's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The **Education Trust Fund** accounts for the revenues collected for the support, maintenance, and development of public education in Alabama. General sales and uses taxes, income taxes, and utilities taxes are the primary revenues restricted to this fund. The **Alabama Trust Fund** consists of income from the sale or lease of rights for offshore exploration and drilling for oil and gas off the Alabama coast. Investment income earned on the trust balance is used to support the General Fund, Forever Wild Land Trust, and a variety of capital projects and debt service. **Medicaid** accounts for the portion of the Medicaid program that is funded by Federal revenues and Medicaid provider taxes. The **Public Road and Bridge Fund** accounts for highway construction, maintenance, and operations. Revenues in the fund consist of federal revenues, gasoline taxes, and other motor fuel taxes. The **Public Welfare Trust Fund** accounts for the administration of a broad range of social and protective services programs that provide financial assistance to individuals. Revenues restricted to the fund include federal revenues, property taxes, and liquor and wine taxes.

The State reports four major enterprise funds. The **Unemployment Compensation Trust** accounts for the activities of the federal unemployment insurance program including employer contributions, Federal Unemployment Trust advances, and benefit claims to the unemployed. The **State Port Authority** was created to engage in promoting, developing, constructing, maintaining, and operating harbors, seaports, and river ports within the State of Alabama. The **Alabama Community College System** accounts for the revenues and expenses of the State's Community and Technical Colleges, Athens State University, the Alabama Industrial Development and Training Institute, the Alabama Technology Network, the Alabama Fire College, and Marion Military Institute. The **Alcoholic Beverage Control Board** was created to control alcoholic beverages through distribution, licensing, and enforcement.

### b. Nonmajor Funds

The State reports a number of nonmajor governmental funds, proprietary funds, and fiduciary funds.

#### Governmental Fund Types:

Special Revenue Funds account for the proceeds of specific revenue resources that are restricted or committed to specified purposes other than debt service or capital projects. Examples include public health, education, and corrections.

Debt Service Funds account for financial resources that are restricted, committed or assigned to expenditure for governmental debt principal and interest.

Capital Projects Funds account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition, construction, and improvement of major general governmental capital assets.

Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry.

#### Proprietary Fund Types:

Enterprise Funds report the activities for which fees are charged to external users for goods or services such as health insurance.

Internal Service Funds provide goods or services primarily to other agencies or funds of the State, rather than to the general public. Examples include information technology, telecommunications, office building rentals, and the State Motor Pool. In the government-wide statements, internal service funds are included with governmental activities. Eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity on the government-wide financial statements.



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#### Fiduciary Fund Types:

Pension and Other Employee Benefit Trust Funds account for resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit pension plans, deferred compensation plan, individual retirement accounts, post-employment health care plans, and flexible employees' benefit plans. The defined benefit pension plans include plans for state employees, state police, some city and county employees, teachers, judges, peace officers, state dock employees, and circuit clerks of the courts.

Private Purpose Trust Funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's largest private purpose funds are education related for either college tuition benefits or local public schools. There are five endowment funds established by private citizens that the State manages as trustee for local school systems and reports as Local Education Endowments. The Foundation for Local Schools was established so that the Retirement Systems of Alabama can use its investing expertise to get maximum return on investments for numerous small local school foundations and trusts.

Agency Funds report assets and liabilities for deposits and investments entrusted to the State as an agent for others. The State has agency funds that account for some taxes collected, payroll withholdings, child support payments, cash bonds, and other purposes.

#### **D. Fiscal Year**

The State fiscal year ends on September 30. One component unit, the Alabama Space Science Exhibit Commission, has the power to set its own fiscal year (*Code of Alabama 1975*, Section 41-10-307, as amended). The Commission has set its fiscal year to end on the last Sunday in September in order to coordinate its accounting period with the weekly cycle of campers. The Commission's fiscal year for 2011 ended on September 25. The difference in fiscal years had no material effect on the financial statements.

#### **E. Assets, Liabilities, and Net Assets and Fund Balances**

##### **1. Cash and Cash Equivalents**

Cash and Cash Equivalents, as reported on the financial statements (the government-wide and the fund financial statements), are under the control of the State Treasurer or other administrative bodies as determined by law. The cash in all funds operating from the State Treasury is pooled as treasury cash and invested by the State Treasurer. The State Treasurer has statutory authority to invest treasury cash in demand accounts or time deposit-open accounts with any qualified public depository. The State Treasurer can also invest up to twenty percent of treasury cash in securities and obligations of the U.S. Treasury or federal agencies for a period of time that may exceed one year. All of the cash and investments in the State Treasury cash management pool are reported as cash and cash equivalents because the pool is used essentially as a demand deposit account. Commercial paper is reported as an investment regardless of the original maturity date. For funds operating outside the State Treasury, cash and cash equivalents generally include demand deposit accounts, petty cash accounts, and short-term, highly liquid investments with a maturity date of three months or less when purchased.

##### **2. Receivables**

In the government-wide and governmental fund financial statements, the largest receivables are amounts accrued for income taxes, general sales taxes, utility taxes, insurance premium taxes, general use taxes, and property taxes as required by GASB Statement No. 33.

The second largest receivables are amounts due from other governments, consisting almost entirely of grants and reimbursements due from the federal government where collectability is reasonably assured. Accordingly, no allowance for uncollectible accounts has been established. Amounts due from local governments are not a significant portion of amounts due from other governments.

The property tax calendar for the State is simple. The levy date, the assessment date, and the lien date are all the same date – October 1. On October 1, the assessed value of all property is multiplied by the applicable rates to levy the property tax. On that date, the State has a lien (a legal claim) against the property. The property tax is not due until October 1 the following year. The property tax is paid in arrears between October 1 and December 31. After December 31, it is delinquent.

The most significant Accounts Receivable is recorded in the Alabama Trust Fund for oil and gas royalties earned on natural gas produced in Alabama's offshore waters. The primary government has minimal amounts of Notes and Loans Receivable, as such agreements would constitute an illegal extension of credit by the State for any fund operating from the State Treasury. Interest and

For the Fiscal Year Ended September 30, 2011

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Dividends Receivable includes amounts earned on investments, notes, mortgages, and loans receivable. Investment Sales Receivable consists of amounts receivable for investments sold but the transaction was not settled before year-end.

For component units, the largest portion of Mortgages, Notes, and Loans Receivable consists of loans made by the Alabama Housing Finance Authority. The mortgage loans of the Authority are carried at their unpaid principal balances less an allowance for loan losses. Also included in this category are student loans owed to various Universities. The loans are reported net of an allowance for uncollectible loans.

Due from Other Governments as reported for the component units consists almost entirely of amounts owed by local governments. Most of the amount consists of loans made by the Alabama Water Pollution Control Authority and the Drinking Water Finance Authority. Accounts Receivable as reported for the component units are comprised primarily of amounts owed to colleges.

**3. Interfund Activity and Balances**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as either Due To Other Funds or Due From Other Funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as Internal Balances. Receivables and payables involving fiduciary funds are presented as accounts payable or receivable on the government-wide Statement of Net Assets.

Eliminations have been made to minimize the double-counting of internal activity, including internal service fund type activity on the government-wide financial statements. However, interfund services, provided and used between different functions, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Operating transfers between governmental and business-type activities are reported at the net amount on the government-wide financial statements.

In the fund financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund. Reimbursements of expenditures/expenses made by one fund for another are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund. Transfers represent flows of assets between funds of the primary government without equivalent flows of assets in return and without a requirement for payment.

**4. Inventories**

Inventories of supplies in governmental fund financial statements are reported at cost using the purchases method. An inventory asset account is reported on the balance sheet with an offset to Nonspendable Fund Balance. Inventories of materials and supplies on proprietary fund financial statements are determined by both physical counts and through perpetual inventory systems and are valued at the lower of cost or market. Valuation methods used on the proprietary and governmental fund financial statements include first-in first-out, average cost, weighted average, and retail inventory method.

**5. Investments**

Investments as reported on the Statement of Net Assets include long-term investments. As required by GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", most investments are recorded at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. Mortgage-backed securities are reported based on future principal and interest payments discounted at the current interest rate for similar instruments. The fair value of real estate investments held by pension plans and endowments is based on independent appraisals. Real estate investments held by Risk Management, an internal service fund, are reported at cost less accumulated depreciation and less an allowance for any impairment in value. No investments are recorded at amortized cost.

**6. Restricted Assets**

Assets required to be held and/or used as specified in bond covenants, other debt agreements, donor specifications, and court settlements have been recorded as "Restricted Assets." These assets consist primarily of cash and cash equivalents, U.S. Treasury obligations and certificates of deposit.

**7. Capital Assets**

Capital assets, which include buildings, land, equipment, intangibles, and infrastructure (e.g., roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Most capital assets are defined by the State as assets with an initial cost of at least \$5,000 and have initial useful lives extending beyond a single reporting period. Software and other intangibles must have an initial cost of at least \$100,000. Capitalized assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are

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not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements Other than Buildings	25
Equipment	5-12
Software	10

Land, infrastructure, construction in progress and historical artifacts are not depreciated. The State has elected to apply the modified approach to accounting for infrastructure (e.g., roadways, bridges, and tunnels). Under this approach, the infrastructure assets are not depreciated because the State is committed to maintaining the assets at a minimum condition level that the Department of Transportation (ALDOT) has determined to be adequate to meet the needs of the citizens. Costs for maintenance and preservation are expensed in the period incurred. Additions and improvements are capitalized. The ALDOT maintains an inventory of all infrastructure assets and performs regular condition assessments of those assets to establish that they are in fact being maintained at or above the condition level established. ALDOT also makes an annual estimate of the cost necessary to maintain and preserve those infrastructure assets at the target condition level. The cost of infrastructure reported includes historical costs from 1980 to the present as required by GASB Statement No. 34 as well as historical costs preceding 1980.

Extensive project documentation is required to meet various Federal and State guidelines concerning the construction of infrastructure. The completeness of this documentation affects the timing of project capitalization. The State capitalizes road and bridge infrastructure annually when all costs for a project are incurred and all project documentation is satisfactorily completed, filed and accepted with the appropriate entities. Projects that meet the cost and documentation criteria are closed and appropriate entries are made to adjust the Infrastructure Construction in Progress and Infrastructure asset accounts annually. Due to the documentation requirements, there can be substantial time lags between the date a project is put into service on the State's roadway network and the date the project is capitalized. A significant portion of Infrastructure Construction in Progress consists of projects that have been put into service and maintenance costs could have been incurred.

## **8. Compensated Absences**

Employees in permanent positions accrue annual leave at a rate of four hours and twenty minutes to nine hours and forty-five minutes semi-monthly, depending upon their length of service. Upon separation from service, an eligible employee is paid for the actual number of annual leave days he has earned, up to a maximum of sixty days, with the amount being computed on the basis of his daily pay rate at time of separation multiplied by the number of days leave due.

Sick leave is accrued at a rate of four hours and twenty minutes semi-monthly. Employees may accumulate up to a maximum of 150 days sick leave. Employees may be compensated for one-half of the maximum accrued sick leave only upon retirement from state service. The employee must have twenty-five years of service or have attained the age of 60 and have ten years of service to be eligible to retire. State Troopers must have twenty-five years of service or have attained the age of 52 and have ten years of service to be eligible to retire. If a state employee in the classified service dies while in active service to the State, the estate of the deceased employee receives a payment of fifty percent of the accrued and unused sick leave, not to exceed 600 hours, which the employee was credited with at the time of his or her death.

The monetary value of accumulated annual and sick leave payable upon termination or retirement is included in the government-wide statement of net assets, proprietary fund financial statements, and fiduciary fund financial statements. In the governmental fund financial statements, amounts reported are for unused, matured leave amounts payable to employees whose employment was terminated by September 30. These amounts are paid to the employees during the first month after the end of the fiscal year so those actual payments were used to compute the amount payable. Amounts not payable from expendable available resources (long-term liabilities) are reported in the government-wide Statement of Net Assets.

The liability for compensated absences was computed using salary rates effective at fiscal year end including the employer's share of social security and Medicare taxes payable and represents annual and sick leave earned up to the allowable ceilings. The sick leave is calculated separately for vested and non-vested employees. Sick leave is subjected to an actuarially determined probability multiplier that the employee will remain to retire and collect sick leave. The probability multipliers are as follows:

	<u>Vested</u>	<u>Non-vested</u>
Public Education Employees	85.2%	49.5%
State Employees	79.7	37.1

For the Fiscal Year Ended September 30, 2011

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**9. Long-Term Obligations**

Long-term debt is recognized as a liability in governmental fund financial statements when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a liability in governmental fund financial statements. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds in the proprietary fund financial statements.

**10. Net Assets and Fund Balances**

As discussed previously, net assets on the government-wide financial statements and the proprietary fund financial statements are reported in three categories: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets.

Fund balances reported in the governmental fund financial statements are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either 1) not in spendable form, such as inventory and long term receivables; or 2) legally and contractually required to be maintained intact, such as the principal of a permanent fund. Restricted fund balances have constraints placed on the use of the resources that are either 1) externally imposed by creditors, grantors, contributors, or laws of other governments or 2) imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts constrained by formal action of the State's highest decision-making authority. The authorization should have the consent of both the legislative and executive branches of government. Commitments may be changed or lifted only through an equivalent formal high level action. Commitments are not considered to be legally enforceable by an external party. External parties such as citizens or the judiciary can compel the State through legal action to honor restrictions but not commitments. Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes. Assigned fund balances include 1) all remaining non-negative amounts reported in governmental funds other than the General Fund and 2) amounts in the General Fund that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the State legislature or by its delegation to a State official such as an agency head or the Finance Director. Unassigned fund balance is the residual classification and only the General Fund can report a positive unassigned fund balance. Negative unassigned fund balance can be reported in any governmental fund if expenditures incurred for specific purposes exceeded the amount restricted, committed or assigned to those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the State's policy to spend unrestricted fund balance before restricted. Unrestricted fund balance is considered spent in the following order: unassigned, assigned, committed.

**F. Proprietary Fund Operating Revenues and Expenses**

Proprietary funds report operating revenues and expenses separately from non-operating items. Operating items generally result from producing and delivering goods and services that are a normal part of the primary business of the fund. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**G. New Accounting Pronouncements**

During the current fiscal year, the State implemented the following new accounting pronouncements:

- GASB Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions
- GASB Statement No. 59: Financial Instruments Omnibus

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## **NOTE 2 - FUND BALANCES/NET ASSETS**

### **A. Restricted Net Assets**

The Government-wide Statement of Net Assets reports \$5.0 billion of restricted net assets for the primary government, of which \$183 million is restricted by enabling legislation.

### **B. Restatements**

Fund Balances and Net Assets as of October 1, 2010 have been restated for prior period adjustments necessary to conform to GAAP. The General Fund was restated \$1,779,000 for interest receivable not recorded in the prior year. The Public Road and Bridge Fund was restated \$9,726,000 for an overstatement of amounts held. Corrections Institute Finance Authority, a nonmajor debt service fund, was restated \$(117,000) because cash was overstated.

The Service Division Fund, an Internal Service Fund, was restated by \$(150,000) primarily because capital asset accumulated depreciation was understated.

On the government-wide financial statements, beginning net assets for governmental activities were restated from \$22,611,014,000 to \$22,630,048,000, an increase of \$19,034,000. Included in this restatement was \$993,000 for interest receivable, \$(4,976,000) in governmental long-term debt restatements for capital leases which were not reported in the previous year and \$11,778,000 in restatements of governmental capital assets.

Net assets for the Alcoholic Beverage Control Board were restated \$250,000 because a payable was overstated.

The Flexible Employees' Benefits Board, a fiduciary fund, was restated by \$206,000 for employee benefit costs overstated in the prior year. The Retired State Employees' Health Care Trust Fund, a fiduciary fund, was restated \$3,483,000 because Medicare Part D revenues were understated.

The Alabama Public School and College Authority, a major component unit, was restated \$(38,803,000) because grants were erroneously reported as loans receivable in the prior year.

Mental Health, a major component unit, was restated for capital assets by \$(7,000).

Auburn University, a major component unit, was restated by \$24,222,000 primarily from an underreporting of prepaid expense.

Alabama Agricultural and Mechanical University, a nonmajor component unit, was restated by \$(2,216,000), which was the net effect of increases in allowances for student receivables, accrued interest on bonds payable, and accrued expenses.

Alabama State University was restated by \$(2,861,000), primarily from the recording of derivatives liabilities not previously reported.

Among other nonmajor component units, Miscellaneous Nonmajor Component Units were restated by \$(10,000), the Historical Commission had capital asset restatements of \$996,000, and Red Mountain Recreation Commission had a capital asset restatement of \$52,000.

### **C. Fund Balance/Net Assets Deficits**

#### **1. Primary Government**

The General Fund, a major governmental fund, had a deficit in unassigned fund balance of \$24,796,000, and a total fund balance deficit of \$20,150,000. The fund owes the Alabama Trust Fund \$161.6 million that was borrowed from the Rainy Day Trust Account in fiscal year 2009 under the provisions of Amendment 803 of the *Constitution of Alabama of 1901*.

For the Fiscal Year Ended September 30, 2011

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The Education Trust Fund, a major governmental fund, had a deficit in unassigned fund balance of \$203,095,000. The fund owes the Alabama Trust Fund \$437.4 million that was borrowed from the Rainy Day Trust Account in fiscal year 2009 under the provisions of Amendment 803 of the *Constitution of Alabama of 1901*.

The Medicaid Fund, a major governmental fund, had a deficit unassigned fund balance of \$82,418,000. The deficit is the result of the accrual of claims outstanding at September 30, 2011. The expense is recognized in fiscal year 2011 along with a receivable for the federal share of the claims. The State matching money will not be available until fiscal year 2012 when the claims are paid.

The Unemployment Compensation Trust, a major proprietary fund, had a deficit in unrestricted net assets of \$32,876,000. The deficit is the result of a \$44,189,000 advance from the Federal Government which is included in "Due to Other Governments."

The Alcoholic Beverage Control Board, a major proprietary fund, had a deficit in unrestricted net assets of \$21,618,000, with a total net asset deficit of \$19,251,000. The deficits are largely due to the accrual of liabilities for compensated absences, salaries payable, other post-employment benefits, and profits currently due to other funds. The Board, by law, operates on a cash basis and is required to distribute 100 percent of its profits as transfers to other funds.

The Building Renovation Finance Authority, an internal service fund, had a deficit balance of \$3,764,000 in net assets invested in capital assets, net of related debt. The fund's major assets are buildings, which have depreciated values that are less than the principal remaining on the long-term debt associated with them. The fund had overall positive net assets of \$17,441,000.

The Flexible Employees' Benefits Board, an Other Employee Benefit Trust Fund, had deficit net assets of \$1,201,000. The Board owes a note payable to the State Employees' Insurance Board, a major component unit, in the amount of \$1,000,000. The Board also has liabilities to employees for health care and dependent care reimbursements. The fund does not break even on those liabilities until the end of December because benefits are paid out on a calendar year basis.

## **2. Component Units**

The Public School and College Authority, a major component unit, had a deficit in unrestricted net assets of \$2,245,482,000 causing a deficit in total net assets of \$2,213,008,000. The Authority issues bonds to raise money for grants which are made primarily to local school systems for the construction and improvement of educational buildings owned by those systems. The bonds will be repaid with future tax revenues pledged by the primary government.

Alabama Agricultural and Mechanical University, a nonmajor component unit, has a deficit of \$7,541,000 in unrestricted net assets, but overall net assets are a positive \$77,411,000.

The Space Science Exhibit Commission, a nonmajor component unit, had a deficit in unrestricted net assets of \$8,172,000 and positive overall net assets of \$33,119,000. Nearly all of the Commission's assets are either restricted or capital assets.

The Incentives Finance Authority, a nonmajor component unit, had a deficit in unrestricted net assets of \$126,271,000 with an overall deficit in total net assets of \$83,614,000. The Authority issues bonds to raise money to fund commitments for economic development grants to industries relocating to Alabama and therefore the Authority accumulates few assets. The resources to pay the debt will come from future tax revenues pledged by the primary government.

The Twenty-first Century Authority, a nonmajor component unit, had a deficit in unrestricted net assets of \$9,960,000 but an overall positive total net assets of \$15,842,000. The Authority issues bonds to raise money to fund commitments for economic development grants to industries relocating to Alabama and therefore the Authority accumulates few assets. The resources to pay the debt will come from future tax revenues pledged by the primary government.

The Revolving Loan Fund Authority, a nonmajor component unit, had a deficit in unrestricted net assets and in total net assets of \$20,156,000. The Authority issues bonds for making grants to Regional Planning and Development Commissions to be utilized as revolving loans by the grantees. The resources to repay the debt will come from future tax revenues pledged by the primary government.

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## NOTE 3 - ASSETS

### A. Cash Deposits

The State Treasurer has statutory authority to deposit treasury cash in demand accounts or time deposit-open accounts with any qualified public depository. The State Treasurer may also invest up to twenty percent of treasury cash in securities and obligations of the U.S. Treasury or federal agencies for a period of time that may exceed one year. Funds may also be invested in obligations of the United States or its agencies under a repurchase agreement for a shorter period of time than the maturity date of the security.

Deposits of both the primary government and its component units are entirely insured by Federal depository insurance or protected under the Security for Alabama Funds Enhancement (SAFE) Program. The *Code of Alabama 1975*, as amended, requires all State organizations, including component units, to participate in the SAFE Program. The SAFE Program is a multiple financial institution collateral pool. The SAFE Program requires State treasury cash to be deposited in a financial institution designated by the State Treasurer as a qualified public depository. Each qualified public depository is required to pledge collateral in accordance with the rules established by the SAFE Board of Directors. In the event that a qualified public depository defaults or becomes insolvent and the pledged collateral is insufficient to satisfy the claims of public depositors, the *Code of Alabama 1975*, Section 41-14A-9(3) authorizes the State Treasurer to make assessments against the other qualified public depositories in the pool so that there will be no loss of public funds. Also, all other public funds not managed by the State Treasurer are required to be deposited in a qualified public depository or placed through a qualified public depository which arranges for the funds to be deposited in federally insured banks or savings associations so that the funds and accrued interest earned on them are fully insured by the Federal Deposit Insurance Corporation and, at the same time, the qualified public depository receives or is credited with deposits from other banks or savings associations in an amount equal to or greater than the amount it arranged to be deposited in other banks and savings associations.

### B. Investments

Investments are made in accordance with the statutes creating the various agencies of the State of Alabama. The following describes the investments made by the major investing agencies of the State:

#### 1. Primary Government

State Treasurer - The State Treasurer may legally invest state funds in obligations of the U.S. Treasury, Federal Land Bank bonds, Federal Home Loan Bank notes and bonds, Federal National Mortgage Association notes, and debentures or obligations guaranteed by the U.S. government. Investments in obligations of the United States or its agencies under a repurchase agreement are allowed. The State Treasurer may also invest in money market mutual funds which invest solely in U.S. government or U.S. government agency securities.

Alabama Trust Fund – Investments are limited to those authorized by law for the Retirement Systems of Alabama. The investments authorized for the Retirement Systems are described later in this section.

Prepaid Affordable College Tuition (PACT) Program - The State is responsible for the management of the investments of the PACT program, although the investments are not property of the State. The funds may be invested in any instrument, obligation, security or property that constitutes legal investments for investment of public funds in the State, including legal investments of the State Treasurer and the Alabama Trust Fund that are deemed most appropriate by the PACT Board.

Alabama College Education Savings (ACES) Plan – The Board of Trustees administers the program. The Board of Trustees has entered into a contract with UBT 529 Fund Services (Union Bank), a division of Union Bank and Trust Company. Union Bank is the Program Manager and the Board of Trustees has delegated day to day administration to the State Treasurer. The investment alternatives are made available through investment portfolios each of which represents a separate, segregated portfolio of investments in mutual funds.

#### 2. Fiduciary Funds

Retirement Systems of Alabama (RSA) - The RSA administers the Teachers' Retirement System (TRS), Employees' Retirement System (ERS), and Judicial Retirement Fund (JRF). RSA may invest in any types of investments that the Board of Control of each individual system approves. Each Board is limited only by the "Prudent Man Rule" which requires it to use due care, skill, prudence, and diligence under the prevailing circumstances that a prudent man acting in a like capacity and familiar with such matters would use in investing.

For the Fiscal Year Ended September 30, 2011

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Deferred Compensation Plan (RSA-1) – A deferred compensation plan is administered by the Retirement Systems of Alabama (RSA). The plan is named the Public Employees' Individual Retirement Account/Deferred Compensation Plan, and is commonly referred to as RSA-1. By law, RSA-1 investments are made under the same rules, regulations, conditions, and guidelines governing the RSA.

### **3. Component Units**

Alabama Water Pollution Control Authority - The Authority is authorized to invest in (a) any debt securities that are direct or general obligations of the U. S.; (b) any debt security unconditionally guaranteed (principal and interest) by the U. S.; and (c) repurchase agreements collateralized by securities of the type described in (a) and (b) above with any commercial bank, of such broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's Investor Service, Inc., and "A-1" or "A-" or better by Standard & Poor's Corporation.

Alabama Housing Finance Authority - The Authority is authorized to invest in bonds or other obligations issued or guaranteed by the U.S. Government, or any agency thereof, or the State of Alabama. In addition, the Authority may invest in interest-bearing bank and savings and loan association deposits, any obligations in which a State-chartered savings and loan association may invest its funds, any agreement to repurchase any of the foregoing, or any combination thereof. Each of the trust indentures established under the Authority's mortgage revenue bond programs contain further restrictions on the investment of non-expended bond proceeds; however, each trust indenture must be consistent with the Authority's authorizing legislation with respect to the definition of eligible investments. The Authority's program investments consist of Government National Mortgage Association (GNMA) or Federal National Mortgage Association (FNMA) pass-through certificates, all of which are pledged as security for the mortgage revenue bonds.

Other investments include temporary and debt service reserve funds established under the provisions of various trust indentures, and investments of the Authority's general and housing assistance funds.

Investments Made by Colleges and Universities - The colleges and universities invest funds in accordance with the applicable limits set forth in the gift instruments, Board of Trustees guidelines, or other applicable laws. Certain bond indentures require that the bond funds invest all amounts in federal securities or eligible certificates. In accordance with GASB Statement No. 31, most investments are stated at fair value.



The State's investments at September 30, 2011, are as follows:

**Investment Types and Fair Value**  
(Amounts in Thousands)

<b>Investment Types</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Fiduciary Funds (including Fiduciary Component Units)</b>	<b>Discretely Presented Component Units</b>
U S Treasury Strips	\$ 1,161	\$ -	\$ 148	\$ 17,996
Other U S Government Guaranteed Securities	619,993	12,488	1,461,836	547,876
U S Agency Securities	377,119	6,576	576,186	741,620
State and Local Government Securities	11,355	-	11,490	9,523
Mortgage Backed Securities	777,206	648	926,647	732,616
Commercial Paper	58,992	-	706,607	138,059
Corporate Bonds	609,785	285	2,625,514	471,754
Private Placements	49,312	-	3,024,592	29,311
Repurchase Agreements	87,532	-	-	177,673
International Bonds	737	-	-	125,248
Bond Mutual Funds	22,977	6,513	570,883	1,163,110
Domestic Equities	597,938	776	10,883,316	478,917
International Equities	120,518	201	3,381,129	6,506
Other Mutual Funds	71,325	1,419	500,055	1,384,856
Real Estate	17,327	230	2,784,134	425,202
Commingled Funds	-	-	-	125,856
Derivative Instruments	939	-	-	-
Guaranteed Investment Contracts	-	-	-	5,406
	<u>\$ 3,424,216</u>	<u>\$ 29,136</u>	<u>\$ 27,452,537</u>	<u>\$ 6,581,529</u>

**Reconciliation to the Government-wide Statement of Net Assets and Statement of Fiduciary Net Assets**

Investments Per Investment Note	\$ 3,424,216	\$ 29,136	\$ 27,452,537	\$ 6,581,529
Certificates of Deposit †	20,307	75,645	2,221	25,066
Other Cash Equivalents †	9,769	94,853	33,738	(171,616)
Repurchase Agreements ††	(87,532)	-	-	(162,097)
Investments Classified as Restricted Assets	(22,923)	-	-	-
Foundations and pooled investments §	-	-	-	(74,281)
<b>Investments per Statements</b>	<u>\$ 3,343,837</u>	<u>\$ 199,634</u>	<u>\$ 27,488,496</u>	<u>\$ 6,198,601</u>

† Investment types not required to be presented in the investment credit note.

†† Short-term repurchase agreements are included as cash equivalents; however these investments are subject to investment risk disclosures.

§ University foundations follow the investment reporting requirements of the FASB and are not subject to GASB disclosure requirements. For this reason some of the investment information is not available. Also, investments of affiliated entities are included in an investment pool. The investment information that is available is being disclosed.

## C. Investment Risks

### 1. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Nationally recognized statistical rating organizations provide ratings of debt securities quality based on a variety of factors, such as the financial condition of the issuers, which provide investors with some idea of the issuer's ability to meet its obligations.

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2011

The ratings of the State's investments as of September 30, 2011 are presented below.

### Ratings of Fixed Maturities (Amounts in Thousands)

Moody's	Standard & Poor's	Governmental Activities	Business-Type Activities	RSA Fiduciary Component Units	Other Fiduciary Funds	Component Units
Aaa		\$ 951,697	\$ 12,499	\$ 893,699	\$ 420,545	\$ 1,896,050
	AAA	10,682	402	-	15,830	95,193
Aa1		28,205	27	10,035	18,263	1,500
	AA+	2,385	20	-	81,199	33,007
Aa2		45,919	13	126,073	49,097	14,152
	AA	9,682	-	-	56,473	104,324
Aa3		46,588	124	138,436	46,812	2,568
	AA-	6,220	-	-	6,395	-
Aa		-	-	-	568	25,424
A1		50,613	72	132,232	54,738	20,762
	A+	3,783	-	-	5,083	-
A2		109,714	5,093	204,141	71,490	7,666
	A	15,247	-	8,618	19,288	187,268
A3		56,385	40	211,390	71,537	2,378
	A-	10,668	-	12,946	13,417	-
A		-	-	-	1,711	-
P1		8,283	-	209,079	136,647	135,556
P2		58,992	-	428,773	277,835	224,993
Baa1		75,223	36	485,371	130,601	7,291
	BBB+	6,303	-	28,617	12,624	-
Baa2		111,200	58	315,492	94,923	6,337
	BBB	2,633	-	8,001	25,371	114,819
Baa3		40,448	9	121,879	45,639	3,019
	BBB-	12,560	-	-	8,493	-
Baa		-	-	-	95	-
Ba1		16,988	-	79,866	21,810	392
	BB+	397	-	-	-	-
Ba2		5,189	-	33,799	2,974	14
	BB	690	-	-	-	19,508
Ba3		5,376	-	41,874	9,723	473
	BB-	333	-	-	143	-
B1		5,097	-	-	-	-
	B+	2	-	-	143	-
B2		5,549	-	-	-	-
	B	2,953	-	-	274	1,568
B3		1,451	-	-	-	-
	B-	112	-	-	431	-
B		-	-	-	-	3,058
Caa1		1,301	-	-	-	-
	CCC+	44	-	-	50	-
Caa2		3,370	-	732	4,507	-
	CCC	2,365	-	-	1,633	-
Caa3		6,373	-	-	-	-
	CCC-	15	-	-	-	-
	CC	3,493	-	-	478	-
Ca		3,897	-	-	-	-
C		105	-	-	-	4,304
	D	1	-	387	752	-
U S Govt Guaranteed Securities		\$ 836,305	7,995	1,046,802	455,524	498,288
Not Rated †		54,403	122	2,941,831	260,714	754,935
		<u>\$ 2,619,239</u>	<u>\$ 26,510</u>	<u>\$ 7,480,073</u>	<u>\$ 2,423,830</u>	<u>\$ 4,164,847</u>

§ U S Govt rated Aaa (Moody's) and AA+ (Standard & Poor's)

† Consists primarily of private placements and bond mutual funds that are not rated.

The investment policy for the State Treasurer was mentioned earlier. The investments allowed are U.S. government or agency securities, repurchase agreements backed by U.S. government or U.S. government agency securities, or mutual funds investing in U.S. government or U.S. government agency securities. The U.S. government and U.S. government agency securities are rated Aaa or AA+. Bond mutual funds may or may not be rated.

As mentioned earlier the investments of the Alabama Trust Fund are limited to those authorized for the Retirement Systems of Alabama. Domestic fixed-maturity investments may consist of rated or non-rated securities. International fixed-maturity investments may consist of securities with a rating of at least A by one of the principal rating agencies at the time of purchase or acquisition, except that up to 2% of the fair value of each System's total portfolio may be invested in obligations of sovereign countries with a rating of BBB or BAA at the time of purchase. The Systems may hedge against the possible adverse effects of currency fluctuations on each System's portfolio of international fixed income obligations when it is considered appropriate. Short-term investments may consist of commercial paper rated at least A-2 and/or P-2, repurchase agreements, short-term U.S. securities, and other money market investments.

## 2. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of those investments. The Treasurer's Office policy states that the maximum effective maturity of any purchase will be five years. Market accepted average life at time of purchase shall be used in lieu of final maturity for the purpose of maturity acceptability of mortgage-backed securities. Average effective duration should be plus or minus 30% of the index duration. The portfolio is benchmarked against the Barclays Capital 1 - 3 Year Government Index.

The fair value of fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those instruments. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed maturity investments have call provisions that could result in shorter maturity periods.

The investment policy of the Alabama Trust Fund states that the portfolio's average duration is not to exceed 1.5 times that of the benchmark index.

As of September 30, 2011 the State had the following investments and maturities:

Governmental Activities (Amounts in Thousands)					
Investment Type	Maturity in Years at Fair Value				Total Fair Value
	Less Than 1	1-5	6-10	More Than 10	
U S Treasury Strips	\$ -	\$ -	\$ 1,161	\$ -	\$ 1,161
Other U S Government Guaranteed Securities	34,800	366,077	134,500	84,616	619,993
U S Agency Securities	12,463	209,245	67,931	87,480	377,119
State and Local Government Securities	-	522	2,061	8,772	11,355
Mortgage Backed Securities	11	22,773	63,463	690,959	777,206
Commercial Paper	58,992	-	-	-	58,992
Corporate Bonds	71,033	187,719	249,070	101,963	609,785
Private Placements	695	13,764	14,026	20,827	49,312
Repurchase Agreements	87,532	-	-	-	87,532
International Bonds	-	-	737	-	737
Derivative Instruments	816	192	(97)	28	939
Bond Mutual Funds	22,977	-	-	-	22,977
<b>Total</b>	<b>\$ 289,319</b>	<b>\$ 800,292</b>	<b>\$ 532,852</b>	<b>\$ 994,645</b>	<b>\$ 2,617,108</b>

For the Fiscal Year Ended September 30, 2011

**Business-Type Activities**  
(Amounts in Thousands)

<b>Investment Type</b>	<b>Maturity in Years at Fair Value</b>				<b>Total Fair Value</b>
	<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>	
U S Government Guaranteed Securities	\$ 2,047	\$ 5,277	\$ 38	\$ 5,126	\$ 12,488
U S Agency Securities	2,150	3,273	962	191	6,576
Mortgage Backed Securities	-	347	45	256	648
Corporate Bonds	26	107	122	30	285
Bond Mutual Funds	6,156	185	124	48	6,513
<b>Total</b>	<b>\$ 10,379</b>	<b>\$ 9,189</b>	<b>\$ 1,291</b>	<b>\$ 5,651</b>	<b>\$ 26,510</b>

**Retirement Systems of Alabama**  
(Fiduciary Component Units)  
(Amounts in Thousands)

<b>Investment Type</b>	<b>Maturity in Years at Fair Value</b>				<b>Total Fair Value</b>
	<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>	
U S Government Guaranteed Securities	\$ -	\$ 267,802	\$ 601,564	\$ 114,943	\$ 984,309
U S Agency Securities	-	206,768	151,656	27,536	385,960
Mortgage Backed Securities	18	852	19,322	587,624	607,816
Commercial Paper	428,773	-	-	-	428,773
Corporate Bonds	51,385	673,847	746,739	401,988	1,873,959
Private Placements		681,745	30,423	2,278,009	2,990,177
Bond Mutual Funds	209,079	-	-	-	209,079
<b>Total</b>	<b>\$ 689,255</b>	<b>\$ 1,831,014</b>	<b>\$ 1,549,704</b>	<b>\$ 3,410,100</b>	<b>\$ 7,480,073</b>

**Other Fiduciary Funds**  
(Amounts in Thousands)

<b>Investment Type</b>	<b>Maturity in Years at Fair Value</b>				<b>Total Fair Value</b>
	<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>	
U S Treasury Strips	\$ -	\$ 148	\$ -	\$ -	\$ 148
U S Government Guaranteed Securities	14,371	150,325	263,662	49,169	477,527
U S Agency Securities	3,027	98,620	78,957	9,622	190,226
State and Local Government Securities	1,623	3,070	850	5,947	11,490
Mortgage Backed Securities	1,747	18,572	26,548	271,964	318,831
Commercial Paper	277,834	-	-	-	277,834
Corporate Bonds	71,457	279,097	287,538	113,463	751,555
Private Placements	-	16,696	-	17,719	34,415
Bond Mutual Funds	143,427	33,558	184,819	-	361,804
<b>Total</b>	<b>\$ 513,486</b>	<b>\$ 600,086</b>	<b>\$ 842,374</b>	<b>\$ 467,884</b>	<b>\$ 2,423,830</b>

**Discretely Presented Component Units (excluding University of Alabama)**  
(Amounts in Thousands)

<b>Investment Type</b>	<b>Maturity in Years at Fair Value</b>				<b>Total Fair Value</b>
	<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>	
U S Treasury Strips	\$ 8,593	\$ 1,989	\$ 7,414	\$ -	\$ 17,996
Other U S Government Guaranteed Securities	68,206	69,283	95,824	4,548	237,861
U S Agency Securities	22,984	337,486	242,595	138,555	741,620
State and Local Government Securities	4,174	-	-	-	4,174
Mortgage Backed Securities	3,197	2,685	27,933	567,745	601,560
Commercial Paper	121,759	-	-	-	121,759
Corporate Bonds	11,019	11,319	14,043	6,793	43,174
Repurchase Agreements	162,693	-	8,066	6,914	177,673
International Bonds	-	139	530	-	669
Guaranteed Investment Contracts	5,406	-	-	-	5,406
Bond Mutual Funds	686,422	5,339	50,546	123	742,430
<b>Total</b>	<b>\$ 1,094,453</b>	<b>\$ 428,240</b>	<b>\$ 446,951</b>	<b>\$ 724,678</b>	<b>\$ 2,694,322</b>

## For the Fiscal Year Ended September 30, 2011

The University of Alabama discloses the interest rate risk for the System Pool using the effective duration method. The prices of fixed income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in price of a security resulting from a 100 basis point (1 percentage point) change in the level of interest rates. It is not a measure of time. The University does not have a specific policy relative to interest rate risk.

University of Alabama System Pool (Amounts in Thousands)		
Investment Type	Fair Value	Effective Duration
Endowment Fund:		
U S Government Guaranteed Securities	\$ 32,642	4.1
Collateralized Mortgage Obligations	825	2.4
Corporate Bonds	45,243	5.8
Commingled Bond Funds	75,543	4.2
Prime Fund:		
U S Government Guaranteed Securities	11,256	4.9
Collateralized Mortgage Obligations	1,616	1.2
Corporate Bonds	20,786	5.8
Commingled Bond Funds	96,844	3.8
Intermediate Fund:		
U S Government Guaranteed Securities	237,376	2.6
Mortgage Backed Securities	47,674	2.7
Collateralized Mortgage Obligations	80,738	0.9
Corporate Bonds	349,241	2.3
Commingled Bond Funds	106,131	2.2
<b>Total</b>	<b>\$ 1,105,915</b>	

### 3. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The investment policy of the Alabama Trust Fund states that the exposure to emerging market securities shall be limited to 20% of the market value of the international portfolio. Not more than 5% of the total stock portfolio may be invested in the common stock of any one corporation at the time of purchase and no more than 7% in any one corporation at market. Not more than 5% of the outstanding shares of any one company may be held by the portfolio.

In order for an international security to be eligible for purchase by the Retirement Systems of Alabama (RSA), the issuing company must be incorporated in a country whose debt securities are eligible for purchase as discussed earlier, and the fair value of the aggregate outstanding equity of the issuing company must be at least \$100 million.

The State's exposure to foreign currency risk at September 30, 2011 was as follows:

**Deposits and Investments Exposed to Foreign Currency Risk**  
(Amounts in Thousands)

	<b>Governmental-Type Activities</b>			<b>Business-Type Activities</b>	<b>RSA (Fiduciary Component Units)</b>	<b>Other Fiduciary Funds</b>	<b>Discretely Presented Component Units</b>
	<b>Cash</b>	<b>International Equities</b>	<b>International Bond</b>	<b>International Equities</b>	<b>International Equities</b>	<b>International Equities</b>	<b>International Bonds</b>
Argentine Peso	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10
Australian Dollar	-	4,257	-	-	245,909	8,451	6
Brazilian Real	-	2,120	-	-	-	-	-
British Pound Sterling	42	27,813	-	31	647,011	22,212	8
Canadian Dollar	5	4,427	-	-	-	-	11
Chinese Yuan	-	1	-	-	-	-	-
Colombian Peso	-	-	-	-	-	-	17
Danish Krone	-	2,742	-	-	28,670	881	-
Emerging Markets	-	-	-	-	357,072	-	-
Euro	28	30,243	-	134	820,284	28,342	76
Hong Kong Dollar	-	8,700	-	-	77,833	2,669	-
Indian Rupee	-	2	-	-	-	-	-
Indonesian Rupiah	-	-	-	-	-	-	24
Israeli New Shekel	-	-	-	8	18,857	576	-
Japanese Yen	1	20,699	-	28	673,011	22,839	35
Lebanese Pound	-	-	-	-	-	-	7
Lithuanian Litas	-	-	-	-	-	-	5
Malaysian Ringgit	-	-	-	-	-	-	4
Mexican Peso	-	939	737	-	-	-	50
Neth Antilles Guilder	-	5	-	-	-	-	14
New Zealand Dollar	-	-	-	-	2,927	90	4
Norwegian Krone	-	603	-	-	26,153	801	5
Peruvian Nuevo Sol	-	-	-	-	-	-	7
Philippine Peso	-	-	-	-	-	-	27
Qatar Riyal	-	-	-	-	-	-	7
Russian Rouble	-	1	-	-	-	-	21
Singapore Dollar	-	421	-	-	50,333	1,546	-
South African Rand	-	420	-	-	-	-	-
South Korean Won	-	2,779	-	-	-	-	-
Swedish Krona	-	2,885	-	-	83,323	2,887	-
Swiss Franc	-	10,452	-	-	249,895	8,557	-
Taiwan New Dollar	-	1	-	-	-	-	-
Turkish Lira	-	1,008	-	-	-	-	28
Ukraine Hryvnia	-	-	-	-	-	-	6
Venezuela Bolivar	-	-	-	-	-	-	56
Currency Index Funds	-	-	-	-	-	-	150
<b>Totals</b>	<b>\$ 76</b>	<b>\$ 120,518</b>	<b>\$ 737</b>	<b>\$ 201</b>	<b>\$ 3,281,278</b>	<b>\$ 99,851</b>	<b>\$ 578</b>

For the Fiscal Year Ended September 30, 2011

**4. Custodial Credit Risk**

For an investment, custodial credit risk is the risk that an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails.

State Treasurer – The State Treasurer’s policy with respect to repurchase agreements requires that the underlying securities be held in the counterparty’s safekeeping department, in the name of the State.

Alabama Trust Fund (ATF) – The ATF’s custodian, Bank of New York Mellon (BNYM), administers a portion of the program for the ATF. The ATF’s custodial credit risk policy authorizes BNYM to hold securities in registered form in the name of its nominee. The policy requires BNYM to establish and maintain one or more securities accounts (book entry system) in which BNYM will hold the securities. These accounts are in the name of the ATF.

Retirement Systems of Alabama (RSA) – The RSA’s custodial credit risk policy requires the custodial agent to hold or direct its agents or subcustodians to hold, for the account of the RSA all securities and other non-cash property other than securities in the Federal Reserve book-entry system, in a clearing agency which acts as a securities depository, or in another book-entry system. The RSA’s safekeeping agent holds all investments of the RSA in the RSA’s name with the exception of securities purchased with securities lending cash collateral.

**Investments Exposed to Custodial Credit Risk**  
(Amounts in Thousands)

	<b>Governmental- Type Activities</b>	<b>Fiduciary Funds Other Than RSA</b>	<b>Discretely Presented Component Units</b>
U S Treasury Strips	\$ -	\$ 148	\$ -
Other U S Government Guaranteed Securities	1,195	28,876	223
U S Agency Securities	39,320	-	-
State and Local Government Securities	-	7,640	-
Mortgage Backed Securities	6,339	6,490	-
Corporate Bonds	2,236	4,210	-
Bond Mutual Funds	-	-	4,612
Repurchase Agreements	87,532	-	169,012
Domestic Equities	3	-	3,308
Other Mutual Funds	7,807	-	72,612
<b>Total</b>	<b>\$ 144,432</b>	<b>\$ 47,364</b>	<b>\$ 249,767</b>

**5. Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributable to the magnitude of a government’s investments with a single issuer. The State of Alabama has large investments in U.S. Government obligations which are disclosed in the tables in this note. Standard & Poor’s downgraded the rating of the U.S. Government to AA+, however the Moody’s rating is still Aaa.

The investment policy of the Alabama Trust Fund states that the investment portfolio shall be diversified by both asset class and within asset classes, by economic sector and industry. For equity investments, the aggregate investment in equity securities of any one issuing corporation shall not exceed 1% of the outstanding capital of such corporation. For fixed income investments, the portfolio is to be diversified so that no more than 15% is invested in one industry (does not apply to U.S. government and agency securities), and no more than 5% of the total fixed income portfolio may be invested in securities of any one corporation. As of September 30, 2011, there were no investments that exceeded the 5% of the total fixed income portfolio limit in any one corporation.

The investment policies of the Retirement Systems of Alabama limit the aggregate amount that can be invested in each class of investments. Domestic fixed income, international fixed income, domestic equity, international equity, and short-term investments are limited to 50%, 10%, 65%, 25%, and 20%, respectively, of the fair value of each System’s aggregate portfolio. Also, each System may not purchase or hold more than 5% of any class of the outstanding stock of a foreign company. Real estate and alternative investments are limited to 15% and 10%, respectively, of the book value of each System’s portfolio. As of September 30, 2011, the



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Teachers' Retirement System (TRS) and Employees' Retirement System (ERS) owned debt and equity securities of Raycom Media Corporation which represented approximately 8.22% and 9.03%, respectively, of the TRS and the ERS investments.

The Alabama Water Pollution Control Authority has no stated policy for concentration of credit risk. As of September 30, 2011, the Authority entered into Guaranteed Investment Contracts with AIG that comprise 12.45% of total holdings.

The Public Education Employees' Health Insurance Board owned securities in FMC Technologies, Inc., Liberty Mutual Group, Inc., Celgne Corporation, Nextera Energy Capital Holdings, South Carolina Fuel Company, Semptra Energy Global Enterprise, Nissan Motor Acceptance Corporation, Oneok, Inc., and Harris Corporation that constituted 14%, 13%, 12%, 10%, 10%, 8%, 8%, 7%, and 5%, respectively, of the total fair value of investments. The State Employees' Insurance Board owned debt securities in Harris Corporation that comprised 11% of investment holdings.

#### **D. Securities Lending**

The Teachers' Retirement System (TRS), the Employees' Retirement System (ERS), and the Judicial Retirement Fund (JRF) are authorized by the Boards of Control to participate in a securities lending program. The Alabama Trust Fund (ATF) investment managers are authorized by the Board of Trustees to engage in securities lending under guidelines established by the ATF Investment Committee. The Retirement Systems of Alabama's (RSA) custodian, State Street Bank and Trust Company (State Street), administers the program for the TRS, ERS, JRF, a portion of the program for the ATF, and some other funds of the State. Certain securities are loaned to borrowers approved by the RSA for collateral that will be returned for the same type of securities. Approved borrowers of securities provide acceptable collateral in the form of cash (U.S. and foreign currency), any other assets permissible under Rule 15c3-3 under the Exchange Act of 1934, U.S. and non U.S. equities and such other collateral as the parties may agree to in writing from time to time. All security loans are open loans and can be terminated on demand by the lender or borrower. The initial collateral received shall have (depending on the nature of the loaned securities and the collateral received), a value of 102% or 105% of the fair value of the loaned securities, or such other value, but not less than 102% of the fair value of the loaned securities, as may be applicable in the jurisdiction in which such loaned securities are customarily traded. Pursuant to the terms of the applicable securities loan agreement, State Street shall, in accordance with State Street's reasonable and customary practices, mark loaned securities and collateral to their fair value each business day based upon the fair value of the collateral and the loaned securities at the close of the business employing the most recently available pricing information and shall receive and deliver collateral in order to maintain the value of the collateral at no less than 100% of the fair value of the loaned securities. The lender cannot pledge or sell collateral securities received unless the borrower defaults.

Cash collateral for TRS, ERS, and JRF is invested in the State Street Quality D Short-term Investments Fund (QDF). Cash collateral administered by State Street for ATF is invested in the State Street Global Securities Lending Trust (GSLT). As of September 30, 2011, the average term of the loans secured by QDF was 20, 29, and 17 days, respectively for the TRS, ERS, and JRF. As of September 30, 2011, the average term of the loans secured by GSLT was 48 days for the ATF. Cash collateral investments are matured as needed to fulfill loan obligations. There is no direct matching of the maturities of the loans with the investments made with cash collateral. The following describes the QDF's and the GSLT's guidelines. The Investment Manager (State Street Bank) shall maintain the dollar-weighted average maturity of QDF and GSLT in a manner that the Investment Manager believes is appropriate to the objective of each; provided, that (i) in no event shall any eligible security be acquired with a remaining legal final maturity (i.e., the date on which principal must be repaid) of greater than 18 months, (ii) the Investment Manager shall endeavor to maintain a dollar-weighted average maturity of the QDF and GSLT not to exceed 75 calendar days and (iii) the Investment Manager shall endeavor to maintain a dollar-weighted average maturity to final of the QDF and GSLT not to exceed 180 calendar days. At the time of purchase (i) all eligible securities with maturities of 13 months or less shall (a) be rated at least A1, P1 or F1 by at least any two of the following nationally recognized statistical rating organizations: Standard & Poor's Corp. ("S&P"), Moody's Investor Services, Inc. ("Moody's"), or Fitch, Inc. ("Fitch"), or (b) be determined by the Investment Manager to be of comparable quality and (ii) all eligible securities with maturities in excess of 13 months shall (a) be rated at least A-, A3 or A- by at least any two of S&P, Moody's or Fitch, or (b) be determined by the Investment Manager to be of comparable quality. The QDF and the GSLT may invest up to 10% of assets at time of purchase in commingled vehicles managed by the Trustee or its affiliates that conform to the Investment Policy Guidelines. The QDF and the GSLT both have duration pools. The duration pools include all asset backed securities (regardless of maturity) and securities of any type with a remaining maturity of 91 days or greater. Each investor owns a specified percentage interest in the duration pool which is redeemable only in kind, not in cash. The duration pools will not make additional investments.

The Bank of New York Mellon (BNYM) administers a portion of the securities lending program for the ATF. Certain securities from ATF are loaned to borrowers approved by the ATF Board of Trustees. Approved borrowers of securities provide acceptable cash collateral in the form of Federal funds or New York Clearing House funds as applicable for a particular loan. All security loans are

For the Fiscal Year Ended September 30, 2011

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open loans and can be terminated on demand by the ATF, BNYM, or the borrower. The initial collateral received shall have (i) in the case of loaned securities denominated in United States Dollars, cash collateral in the amount of 102% of the fair value of the loaned securities or (ii) in the case of loaned securities which are not denominated in United States Dollars, cash collateral in the amount of 105% of the fair value of the loaned securities. Pursuant to the terms of the applicable securities loan agreement, BNYM shall, in accordance with BNYM's reasonable and customary practices, mark loaned securities to their fair value each business day based upon the fair value of the loaned securities as of the close of the preceding business day, employing the most recently available pricing information, and receive and deliver collateral in order to maintain the value of cash collateral at no less than the collateral requirement. The ATF cannot pledge or sell collateral securities received unless the borrower defaults. As of September 30, 2011, the average term of the loans was 123 days. Cash collateral investments are matured as needed to fulfill loan obligations. All approved investments shall be for the account and risk of ATF. To the extent any loss arising out of approved investments results in a deficiency in the amount of collateral available for return to a borrower, ATF agrees to pay BNYM on demand cash in an amount equal to such deficiency.

The following describes the manner in which BNYM is authorized to invest and reinvest cash collateral for the ATF.

- Securities issued or fully guaranteed by the United States Government and any agency, instrumentality, or establishment of the United States Government ("Government Securities").
- High-grade commercial paper, notes, bonds, and other debt obligations including promissory notes, funding agreements, and guaranteed investment contracts whether or not registered under the Securities Act of 1933, as amended. Such obligations may have fixed, floating, or variable rate interest payment provisions.
- Asset-backed securities which carry the highest credit rating by Standard and Poor's or Moody's.
- Certificates of deposit, time deposits and other bank obligations of U.S. banks, their branches and subsidiaries.
- Repurchase and reverse repurchase agreements collateralized by approved investments.
- Securities, units, shares and other participations in money market funds, unregistered short-term investment funds, pools or trusts.
- Government securities have no maturity limit. Fixed rate instruments shall have a maturity of no greater than 13 months. Floating rate instruments rated "A" or "AA" shall have maturities no greater than three years with resets no less frequent than three months. Floating rate instruments rated "AAA" shall have maturities no greater than five years with resets no less frequent than three months.

**Securities Lending - Investments Lent and Collateral Received**  
(Fair Value in Thousands)

<b>Type of Investment Lent</b>	<b>Governmental- Type Activities</b>	<b>Business- Type Activities</b>	<b>RSA Fiduciary Component Units</b>	<b>Other Fiduciary Funds</b>	<b>Discretely Presented Component Units</b>
<b>For Cash Collateral</b>					
Domestic Fixed Maturities	\$ 117,114	\$ 596	\$ 281,423	\$ 102,011	\$ 16,973
Domestic Equity	28,929	-	1,066,902	108,326	2,970
International Equity	2,014	-	316,562	12,654	-
<b>Total Lent for Cash Collateral</b>	<b>148,057</b>	<b>596</b>	<b>1,664,887</b>	<b>222,991</b>	<b>19,943</b>
<b>For Non-cash Collateral</b>					
Domestic Fixed Maturities	158,192	2,009	1,092,429	390,182	34,068
Domestic Equity	7,477	-	291,876	16,051	-
International Equity	-	-	781,621	11,719	-
<b>Total Lent for Non-Cash Collateral</b>	<b>165,669</b>	<b>2,009</b>	<b>2,165,926</b>	<b>417,952</b>	<b>34,068</b>
<b>Total Securities Lent</b>	<b>\$ 313,726</b>	<b>\$ 2,605</b>	<b>\$ 3,830,813</b>	<b>\$ 640,943</b>	<b>\$ 54,011</b>
<b>Type of Collateral Received</b>					
<b>Cash Collateral</b>					
Cash Collateral - Invested in					
State Street Quality D Fund	\$ 0	\$ 0	\$ 1,754,465	\$ 96,184	\$ 0
State Street Global Securities Lending Trust	95,958	608	851	134,569	20,405
BNYM Investments	55,772	-	-	-	-
<b>Total Cash Collateral</b>	<b>151,730</b>	<b>608</b>	<b>1,755,316</b>	<b>230,753</b>	<b>20,405</b>
<b>Non-Cash Collateral</b>					
For Lent Domestic Fixed Maturities					
Securities Collateral - US Dollars	161,966	2,051	1,131,023	405,945	38,360
For Lent Domestic Equity Securities					
Securities Collateral					
Canadian Dollars	-	-	26,964	-	-
Euro	-	-	5,962	1,577	-
British Pound Sterling	-	-	5,856	663	-
US Dollars	7,928	-	269,684	14,730	-
For Lent International Equity Securities					
Securities Collateral					
Euro	-	-	92,091	3,307	-
British Pound Sterling	-	-	19,571	1,214	-
US Dollar	-	-	714,075	7,813	-
<b>Total Non-Cash Collateral</b>	<b>169,894</b>	<b>2,051</b>	<b>2,265,226</b>	<b>435,249</b>	<b>38,360</b>
<b>Total Collateral Received</b>	<b>\$ 321,624</b>	<b>\$ 2,659</b>	<b>\$ 4,020,542</b>	<b>\$ 666,002</b>	<b>\$ 58,765</b>

**E. Mortgage-Backed Securities**

The State of Alabama invests in mortgage-backed securities to improve yield and adjust the duration of the State's fixed income portfolio. Embedded prepayment options cause these investments to be highly sensitive to changes in interest rates. Prepayments of the underlying assets reduce the total interest payments to be received. Generally, when interest rates fall, obligors tend to prepay the mortgages thus eliminating the stream of interest payments that would have been received under the original amortization schedule. The resulting reduction in cash flow diminishes the fair value of the mortgage-backed securities.

The Alabama Trust Fund (ATF) invests in TBA (to be announced) purchase commitments, pursuant to which it agrees to purchase mortgage-backed securities. The TBA market developed in response to the demands of market participants for more liquidity in trading mortgage-backed securities. The TBA market is essentially a forward or delayed delivery market. The lender, or other market

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2011

participant, will enter into a forward contract to sell mortgage-backed securities in the TBA market, promising to deliver mortgage-backed securities on the settlement date sometime in the future. At September 30, 2011, the ATF had investments in TBA mortgage-backed securities in the amounts of \$91,201,000. Included in investment purchases payable on the Statement of Net Assets is a liability related to the cost of acquiring these securities. Generally, these securities are closed with a gain or loss prior to settlement. However, the ATF would be obligated for those amounts should the securities be delivered.

### F. Capital Assets

Historical costs for infrastructure assets are included in this report. The State elected to include the historical costs of all infrastructure assets, not just assets capitalized since 1980, as required by GASB Statement No. 34. The State capitalizes infrastructure when all costs for a project are incurred and all project documentation is completed and filed with the appropriate entities. Due to the documentation requirements, there can be substantial time lags between the date a project is put into service and the date the project is capitalized. A significant portion of Infrastructure Construction in Progress consists of projects that have been put into service and maintenance costs could have been incurred but the project documentation is not complete. For Business-Type activities, decreases in construction in progress are large relative to increases in capital assets because Port Authority constructs some equipment assets. As of September 30, 2011, the capital assets for the Primary Government and the Component Units are presented in the following tables:

#### GOVERNMENTAL-TYPE ACTIVITIES

(Amounts in Thousands)

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	\$ 281,616	\$ 11,402	\$ -	\$ 293,018
Historical Exhibits	2,658	13		2,671
Construction in progress	147,290	53,566	13,062	187,794
Construction in progress - Infrastructure	5,043,948	313,192	312,554	5,044,586
Infrastructure	12,540,902	312,554	-	12,853,456
<b>Total capital assets not being depreciated</b>	<b>18,016,414</b>	<b>690,727</b>	<b>325,616</b>	<b>18,381,525</b>
<b>Capital assets being depreciated:</b>				
Buildings	1,278,403	75,073	4,509	1,348,967
Equipment	632,722	62,685	46,064	649,343
Software and Other Intangible Assets	8,068	9,799	1,919	15,948
<b>Total capital assets being depreciated</b>	<b>1,919,193</b>	<b>147,557</b>	<b>52,492</b>	<b>2,014,258</b>
<b>Less accumulated depreciation:</b>				
Buildings	577,787	32,042	2,289	607,540
Equipment	385,284	49,909	35,118	400,075
Software and Other Intangible Assets	1,952	1,804	1,530	2,226
<b>Total accumulated depreciation</b>	<b>965,023</b>	<b>83,755</b>	<b>38,937</b>	<b>1,009,841</b>
<b>Total capital assets</b>				
<b>being depreciated, net</b>	<b>954,170</b>	<b>63,802</b>	<b>13,555</b>	<b>1,004,417</b>
<b>Governmental-type activities</b>				
<b>capital assets, net</b>	<b>\$ 18,970,584</b>	<b>\$ 754,529</b>	<b>\$ 339,171</b>	<b>\$ 19,385,942</b>

#### Depreciation Expense for the current year is charged as follows:

Economic Development and Regulation	2,705
Social Services	4,874
Education and Cultural Resources	3,610
Natural Resources and Recreation	7,368
Health	8,532
General Government	8,814
Protection of Persons & Property	23,217
Transportation	24,635
<b>Total Depreciation Expense</b>	<b>\$ 83,755</b>

**BUSINESS-TYPE ACTIVITIES:**  
(Amounts in Thousands)

	<b>Beginning Balance as Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital assets not being depreciated:</b>				
Land	\$ 82,691	\$ 828	\$ 21	\$ 83,498
Historical Exhibits	2,349	-	-	2,349
Construction in progress	114,258	72,901	91,064	96,095
Intangible Assets under Development	-	3,026	-	3,026
Inexhaustible Intangible Assets	10	-	-	10
<b>Total capital assets not being depreciated</b>	<b>199,308</b>	<b>76,755</b>	<b>91,085</b>	<b>184,978</b>
<b>Capital assets being depreciated:</b>				
Buildings	1,554,743	79,658	1,740	1,632,661
Equipment	533,445	28,895	5,222	557,118
Software and Other Intangible Assets	3,248	-	-	3,248
<b>Total capital assets being depreciated</b>	<b>2,091,436</b>	<b>108,553</b>	<b>6,962</b>	<b>2,193,027</b>
<b>Less accumulated depreciation</b>				
Buildings	509,046	40,084	668	548,462
Equipment	275,218	28,291	4,623	298,886
Software and Other Intangible Assets	2,464	81	-	2,545
<b>Total accumulated depreciation</b>	<b>786,728</b>	<b>68,456</b>	<b>5,291</b>	<b>849,893</b>
<b>Total capital assets being depreciated, net</b>	<b>1,304,708</b>	<b>40,097</b>	<b>1,671</b>	<b>1,343,134</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 1,504,016</b>	<b>\$ 116,852</b>	<b>\$ 92,756</b>	<b>\$ 1,528,112</b>
<b>Depreciation Expense for the current year is charged as follows:</b>				
State Port Authority	28,773			
Alabama Community College System	36,896			
Alcoholic Beverage Control Board	2,559			
Other Nonmajor Enterprise Funds	228			
<b>Total Depreciation Expense</b>	<b>\$ 68,456</b>			

For the Fiscal Year Ended September 30, 2011

**COMPONENT UNITS**  
(Amounts in Thousands)

	<b>Beginning Balance as Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital assets not being depreciated:</b>				
Land	\$ 206,449	\$ 12,196	\$ 7,734	\$ 210,911
Historical Exhibits	107,607	3,650	52	111,205
Construction in progress	448,457	501,049	409,253	540,253
<b>Total capital assets not being depreciated</b>	<b>762,513</b>	<b>516,895</b>	<b>417,039</b>	<b>862,369</b>
<b>Capital assets being depreciated:</b>				
Buildings	6,476,465	441,372	41,535	6,876,302
Equipment	1,929,127	119,729	40,350	2,008,506
Software and Other Intangibles	65,159	8,982	1,600	72,541
<b>Total capital assets being depreciated</b>	<b>8,470,751</b>	<b>570,083</b>	<b>83,485</b>	<b>8,957,349</b>
<b>Less accumulated depreciation</b>				
Buildings	2,304,123	185,610	24,163	2,465,570
Equipment	1,425,908	125,455	34,522	1,516,841
Software and Other Intangible Assets	30,300	12,453	2,516	40,237
<b>Total accumulated depreciation</b>	<b>3,760,331</b>	<b>323,518</b>	<b>61,201</b>	<b>4,022,648</b>
<b>Total capital assets being depreciated, net</b>	<b>4,710,420</b>	<b>246,565</b>	<b>22,284</b>	<b>4,934,701</b>
<b>Component Units capital assets, net</b>	<b>\$ 5,472,933</b>	<b>\$ 763,460</b>	<b>\$ 439,323</b>	<b>\$ 5,797,070</b>
<b>Depreciation Expense for the current year is charged as follows:</b>				
Alabama Public School and College Authority	354			
Mental Health	1,298			
Water Pollution Control Authority	12			
University of Alabama	190,388			
Auburn University	54,237			
University of South Alabama	33,756			
State Employee Insurance Board	293			
Other Nonmajor Component Units	43,180			
<b>Total Depreciation Expense</b>	<b>\$ 323,518</b>			

**G. Derivatives**

Alabama State Port Authority - In December 2002, the Alabama State Port Authority entered into a swaption contract with an investment company in order to monetize potential debt service savings on the Authority's callable 1996 Series bond. The swaption gave the counterparty the option to enter into a variable-to-fixed interest rate swap at a specified future date. The counterparty exercised its option on July 18, 2006 and the interest rate swap commenced on October 1, 2006, with the Authority paying a fixed interest rate (5.38%) and the Authority receiving a variable interest rate (67% of the one-month LIBOR). The Authority may be exposed to various risks such as credit risk and interest rate risk through the interest rate swap. As the interest rate swap is a liability at September 30, 2011 and 2010, the impact of credit risk is minimized. The swap agreement is based on an original notional amount

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of \$60,455,000, valued at \$59,760,000 at September 30, 2010, and expires on October 1, 2021. Upon exercising of the option by the counterparty, the Authority issued variable-rate refunding bonds in an amount sufficient to refund the fixed rate Series 1996 revenue bonds. As of September 30, 2011, the interest rate swap had a negative fair value of approximately \$15,350,000 and is included in the Statement of Net Assets in Noncurrent Liabilities: Due in More Than One Year as Other Long-Term Liabilities. The \$719,000 change in fair value is included in investment income in the Statement of Revenues, Expenses, and Changes in Net Assets and is included in investment earnings in the Statement of Activities. The interest rate swap value is calculated using an industry accepted option pricing model that uses market interest rates and volatility assumptions on the valuation date. The interest rate and volatility data is used to calculate the present value of the potential future cash flows of the swap.

University of South Alabama - In January 2008, the University of South Alabama entered into a synthetic advance refunding of the outstanding Series 2004 and 2006 bonds with a counterparty. This transaction was effected through the sale of two swaptions by the University to the counterparty. The transactions resulted in an up-front payment to the University totaling \$9,328,000, which was recorded as a liability, in exchange for selling the counterparty the option to enter into an interest rate swap with respect to the Series 2004 and 2006 bonds in 2014 and 2016, respectively. The objective of this transaction is to realize debt service savings currently from future debt refunding and create an economic benefit to the University. If the counterparty exercises its options in 2014 and 2016, the University would, at the counterparty's option, be forced into an underlying swap. If the option is exercised, the University would begin to make payments on the notional amount, currently \$41,125,000 and \$100,000,000 for the 2004 bonds and 2006 bonds, respectively, of the underlying swap contract. Simultaneously, the University would call outstanding 2004 and 2006 bonds and issue variable rate demand notes (VRDNs) in their place. Under the swap contract, the University would pay a fixed rate of 4.9753% on the 2004 bonds and 5.0% on the 2006 bonds to the counterparty and would receive payments based on 68% of the one-month LIBOR index. Alternatively, although it is not anticipated that this option would be to the University's advantage, the University could, at its option, cash settle the swap and retain its right to refund the 2004 and 2006 bonds. If the interest rate environment is such that the counterparty chooses to not exercise its option, the swaptions would be canceled and the University would have no further obligation under this agreement. A swaption is considered a hybrid instrument and as such the payment by the counterparty to the University must be bifurcated into two components, a borrowing component and an embedded derivative component, and each component treated separately. The embedded derivative value of the swaptions represents the fair value resulting from the fact that the fixed rate stated in the swaptions is greater than the at-the-market rate. The initial value of the borrowing is the difference between the upfront payment and the fair value of the embedded derivative and represents the time value to the counterparty for holding the option, or the probability weighted, discounted values of a range of future possible outcomes. The values of the derivative and borrowings at the date of execution of this transaction are embedded derivatives \$918,000 for 2004 bonds and \$3,343,000 for 2006 bonds and borrowings of \$1,070,000 for 2004 bonds and \$3,997,000 for 2006 bonds. The September 30, 2011 values of the borrowings are included in the Statement of Net Assets in Noncurrent Liabilities and included in Capital Leases/Notes/Mortgages in the table of Changes in Noncurrent Liabilities in Note 4.D.9. Interest is being accreted on, and added to, the borrowing through the expiration date of the option. At September 30, 2011, the fair values of the derivatives are approximately \$(20,661,000), and are included on the Statement of Net Assets in Noncurrent Liabilities and in Other Long-term Liabilities in the table of Changes in Noncurrent Liabilities in Note 4.D.9. For the year ended September 30, 2011, the \$(7,334,000) change in the fair value of the derivatives is included in investment earnings in the Statement of Activities.

*Fair Value.* At September 30, 2011, the embedded derivatives had fair values of \$(20,661,000). The fair values of the embedded derivatives were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the instruments, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement.

*Interest Rate Risk.* Interest rate risk, as a result of rising short-term interest rates causing higher interest rate payments, is effectively hedged by the University's fixed rate bonds. If the counterparty exercises its options, the underlying swaps are expected to effectively hedge the potentially higher payments on VRDNs as well. The University is also subject to interest rate risk, as a result of changes in long term interest rates, which may cause the value of fixed rate bonds or interest rate derivatives to change. If long term interest rates fall subsequent to the execution of this transaction, the value of the swaptions will change, with negative consequences for the University.

*Market Access Risk.* This transaction assumes that VRDNs will be issued as a replacement of the 2004 and 2006 bonds. If the University is unable to issue variable rate bonds after the counterparty exercises its right under the swaptions, the University would still be required to begin making periodic payments on the swaps, even though there are no related bonds. Alternatively, the University could choose to liquidate the swaps, which may create a substantial cash outlay.

## For the Fiscal Year Ended September 30, 2011

*Basis Risk.* If the counterparty exercises its option, there is a risk that the floating payments received under the swaps will not fully offset the variable rate payments due on the assumed VRDNs.

*Credit Risk.* Although the underlying swap exposes the University to credit risk should the swap be executed, the swaption itself does not expose the University to credit risk. If the option is exercised on one or both issues, the University would begin to make payments on the appropriate notional amount of the underlying swap contract. In that situation, if the fair value of the swap is positive, the University would be exposed to credit risk on the swap in the amount of its fair value. As of September 30, 2011, the swap counterparty was rated Aa3 by Moody's Investors Services and AA by Standard and Poors Rating Services.

*Termination Risk.* The University may be required to terminate the swaptions or swaps under certain circumstances, such as credit downgrades or other events specified in the contracts. In the event that a position needs to be terminated, the University may owe a substantial amount of money to terminate the contracts. At September 30, 2011, no events of termination have occurred.

Alabama State University – During fiscal year 2005, the Board of Trustees of the University authorized the University to enter into a swaption agreement relating to a forward-starting interest rate swap in the notional amount of \$6,775,000 relating to the University's Series 2002B Bonds. Under the agreement, the University received a cash payment in the amount of \$550,000 from Bear Sterns Capital Markets, Inc. (BSCM). BSCM transferred its interests in the swaption to J. P. Morgan Chase Bank (JPM) which may, at its option, execute the swap agreement within one year of January 1, 2012, which represents the exercise period. In the event JPM elects to exercise its option to enter into the swap agreement during the exercise period, JPM would be required to pay the University an exercise payment in the amount of \$138,400 or \$70,650 on January 1, 2013. If exercised, the swap agreement would require the University to pay a fixed rate to JPM, which in turn, would be obligated to pay the University a variable rate priced at the Bond Market Association Municipal Swap Index plus 0.25%. As of September 30, 2011, the swaption had a negative fair value of \$3,581,290. Fair values were provided by a third party utilizing proprietary models based upon well recognized financial principles and reasonable estimates about relevant future market conditions. The fair value is included in the Statement of Net Assets in Noncurrent Liabilities: Due Within One Year and included in the table of Changes in Noncurrent Liabilities as Other Long-term Liabilities: Due Within One Year in Note 4.D.9. The change in fair market value (decrease in fair value of \$517,320) is reported as a component of investment earnings in the Statement of Activities.

*Interest Rate Risk.* The University is subject to interest rate risk, as a result of changes in long-term interest rates, which cause the value of fixed rate bonds or interest rate derivatives to change. If long-term interest rates fall subsequent to the execution of the transaction, the value of the swaption will change, with negative consequences for the University.

*Credit Risk.* Although the underlying swap exposes the University to credit risk should the swap be executed, the swaption itself does not expose the University to credit risk. If the option is exercised then the university would begin to make payments on the appropriate notional amount of the underlying swap contract. In that situation, if the fair value of the swap is positive, the University would be exposed to credit risk on the swap in the amount of its fair value.

*Basis Risk.* If JPM exercises its option, there is a risk that the floating payments received under the swap will not fully offset the interest payments due on potential refunded debt.

*Termination Risk.* The University may be required to terminate the swaption under certain circumstances. In the event that a position needs to be terminated, the University must pay JPM the fair value of the swaption.

Alabama Public School and College Authority (Authority) - The Authority and JPMorgan Chase Bank (JPMorgan) entered into a Master Agreement dated March 13, 2002 (the "Swap Option Agreement"), with respect to the Authority's Series 1998 Bonds, Series 1999-A Bonds, Series 1999-C Bonds, and Series 1999-D Bonds (collectively, the "Swap Bonds"). The Swap Option Agreement was subsequently amended on January 16, 2003. Under the terms of the Swap Option Agreement, the Authority received certain lump sum payments in the amount of \$12,587,000 from JPMorgan in return for an option to enter into fixed payer interest rate swaps with respect to each of the Swap Bonds in the notional amounts of \$283,715,000 with respect to the Series 1998 Bonds, \$18,675,000 with respect to the Series 1999-A Bonds, \$254,125,000 with respect to the Series 1999-C Bonds and \$153,700,000 with respect to the Series 1999-D Bonds. Such option is exercisable by JPMorgan upon 150 days prior written notice on November 1 in the years 2008 through 2011 for the Series 1998 Bonds, September 1 in the years 2009 and 2010 for the Series 1999-A Bonds, July 1 in the years 2009 through 2011 for the Series 1999-C Bonds, and on August 1 in the years 2009 through 2011 for the Series 1999-D Bonds. JPMorgan notified the Authority of its intention to exercise its option with respect to the Series 1998 Bonds, effective November 1, 2008, the effect of which under the Swap Option Agreement would have been to require the Authority to issue variable rate bonds for the purpose of refunding the Series 1998 Bonds. On December 20, 2010, the Declaratory Judgment Action from 2008 in regard to the March, 2002 interest swap agreement along with the 2003 amendments between Alabama Public School and College Authority and JP



Morgan Chase Bank N.A., was settled. The Authority made a payment to JP Morgan of \$19,000,000 in return for a full settlement of claims and mutual release from the swap agreement.

The Retirement Systems of Alabama (RSA) - The RSA enters into call and put options. The RSA uses these derivative instruments to make an investment, control risk with certain investment positions, or as a yield enhancement strategy. During the fiscal year, these investment derivative instruments were used exclusively within the RSA's domestic and international equity portfolios and are presented in the financial statements in their respective equity classifications. These derivative instruments are either listed options or executed in the over-the-counter (OTC) market using only credit worthy counterparties. The fair value of the investment derivatives is based on market prices. Investment risks related to investment derivatives have been considered and included in the respective investment risks notes above in Note 3.C.

The following table presents the investment derivative instruments outstanding as of September 30, 2011 (in thousands), as reported in the Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets:

Investment Derivative Instruments (Amounts in thousands)				
	Changes in Fair Value \$		Fair Value	
	Amount	Classification	Amount	Notional
TRS				
Domestic Options Written	\$ (2,909)	Corporate Stocks	\$ (5,476)	\$ 168,510
Domestic Options Purchased	3,437	Corporate Stocks	9,545	(139,897)
International Options Written	212	International Stocks	(118)	73,438
Total Options Written	<u>\$ 740</u>	Totals	<u>\$ 3,951</u>	<u>\$ 102,051</u>
ERS				
Domestic Options Written	\$ (1,403)	Corporate Stocks	\$ (2,630)	\$ 81,441
Domestic Options Purchased	1,641	Corporate Stocks	4,559	(66,816)
International Options Written	101	International Stocks	(56)	35,063
Total Options Written	<u><u>\$ 339</u></u>	Totals	<u><u>\$ 1,873</u></u>	<u><u>\$ 49,688</u></u>
JRF				
Domestic Options Written	\$ (104)	Corporate Stocks	\$ (142)	\$ 2,280
Domestic Options Purchased	(13)	Corporate Stocks	78	(2,088)
International Options Written	3	International Stocks	(2)	1,098
Total Options Written	<u>\$ (114)</u>	Totals	<u>\$ (66)</u>	<u>\$ 1,290</u>

§ the changes in fair value are included in Net Increase (Decrease) in Fair Value of Investments in the Statement of Changes in Fiduciary Net Assets

Alabama Trust Fund (ATF) - Derivatives can be used by the ATF's investment managers to manage cash positions, gain broad stock or bond market exposure and to manage risks with certain investment positions. The ATF Investment Policy allows derivative instruments to be used provided that the collateral is held in highly liquid securities and that they do not create the effect of leverage in the portfolio.

GASB Statement No. 53 requires that the fair value of the financial arrangements called "derivatives" or "derivative instruments" be reported in the financial statements of state and local governments. The statement further requires that derivatives be categorized as either an investment derivative or a hedge derivative. All of the ATF's derivative exposures as of September 30, 2011, are categorized as investment derivatives and therefore the hedge accounting provisions of GASB Statement No. 53 are not applicable.

All derivative instruments are presented in the Statement of Net Assets as Investments and are reported at fair value. ATF's custodian Bank of New York Mellon (BNYM) uses market prices when available. BNYM used two vendors to value derivatives when market values are not available. The two vendors used by BNYM are *Markit*, and *SuperDerivatives*. Both vendors consider their valuation

## For the Fiscal Year Ended September 30, 2011

process to be proprietary and not available for disclosure. Investment risks related to investment derivatives have been considered and included in the respective investment risks notes above in Note 3.C. In the note, futures and credit default swaps are included in derivatives, and total return swaps and interest rate swaps are included in corporate bonds.

The following table presents the derivative instruments outstanding as of September 30, 2011 for ATF:

<b>Investment Derivative Instruments</b> (Amounts in thousands)			
	<b>Changes in Fair Value \$</b>	<b>Fair Value as of September 30, 2011</b>	
	<b>Amount</b>	<b>Amount</b>	<b>Notional</b>
Credit Default Swaps	\$ 33	\$ 3	\$ 5,673
Total Return Swaps	-	-	(41)
Interest Rate Swaps	477	469	(143)
<b>Total Swaps</b>	<b>\$ 510</b>	<b>\$ 472</b>	<b>\$ 5,489</b>
Futures	1,074	936	20,320
<b>Total Futures</b>	<b>\$ 1,074</b>	<b>\$ 936</b>	<b>\$ 20,320</b>
<b>Total Derivatives</b>	<b>\$ 1,584</b>	<b>\$ 1,408</b>	<b>\$ 25,809</b>

§ Included in Investment Earnings in the Statement of Activities and Investment Income in the Statement of Revenues, Expenditures, and Changes in Fund Balances

GASB Statement No. 53 requires the disclosure of the maximum amount of loss due to credit risk, based on the fair value of the instrument at the end of the fiscal year. The maximum amount of loss associated with all derivatives held by the ATF is \$3,536,000. GASB Statement No. 53 also requires additional interest rate risk disclosures for investment derivatives that are highly sensitive to interest rate fluctuations. Presented below are all applicable derivative instruments.

<b>Alabama Trust Fund</b> (Amounts in thousands)				
<b>Type</b>	<b>Fair Value</b>	<b>Notional Amount</b>	<b>Maturity Date</b>	<b>Reference Rate</b>
Interest Rate Swap	\$ 469	\$ (143)	2/15/2041	Zero Coupon LIBOR 3 Month rate
<b>Totals</b>	<b>\$ 469</b>	<b>\$ (143)</b>		

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## **NOTE 4 - LIABILITIES**

### **A. Future Commitments**

#### **1. Construction Projects**

##### **a. Primary Government**

At September 30, 2011, the Department of Transportation had construction and maintenance contracts of \$3,154,255,000. The amount already performed was \$2,574,008,000, leaving an outstanding balance of \$580,247,000. The funding sources for this amount are 80 percent Federal funds and 20 percent state and local funds.

The State Port Authority has contracts for several projects with estimated costs to complete of approximately \$57 million.

##### **b. Component Units**

The University of Alabama at Birmingham had construction and renovation commitments remaining at September 30, 2011 of approximately \$117,151,000, which is expected to be financed from private gifts, grants, bond proceeds, and University of Alabama at Birmingham reserves.

Auburn University had construction and renovation contracts for various facilities that are estimated to cost approximately \$751,000,000. At September 30, 2011, the estimated remaining cost to complete the projects was approximately \$321,400,000 which will be funded from University funds and bond proceeds.

The University of Alabama at Tuscaloosa had construction and renovation contract commitments for several facilities at September 30, 2011. The estimated remaining costs to complete the construction and renovation was approximately \$154,500,000 which is expected to be financed from private gifts, grants, bond proceeds and University funds.

At September 30, 2011, Jacksonville State University had commitments on construction projects of \$1,341,000.

Alabama State University had commitments on construction of capital projects of \$62,129,000 at September 30, 2011. The total estimated cost of these projects was \$159,876,000.

#### **2. Operating Leases**

The State and its component units have entered into various lease agreements for real property. These leases do not represent material commitments by the State, therefore disclosure of minimum future lease payments is not provided.

#### **3. Economic Development**

The State and its component units have made a variety of economic development grant commitments to the private sector to finance the cost of industries locating and expanding in the State, as well as the costs of training employees.

##### **a. Primary Government**

The State has committed to economic development grants totaling \$221,964,000 as of September 30, 2011. It is expected that in fiscal year 2012, \$25,500,000 of commitments will be paid from appropriations, \$4,446,000 from prior year carry forward appropriations, and \$7,896,000 will be paid from existing general obligation bond proceeds restricted for that purpose. The remaining \$184,122,000 is expected to be paid in fiscal year 2013 or later from appropriations.

##### **b. Component Units**

The Alabama Incentives Finance Authority, a component unit, has committed to economic development grants of \$127,000 for fiscal year 2012. The Alabama Public School and College Authority, a component unit, has committed \$1,066,000 for fiscal year 2012. The Twenty-first Century Authority, a component unit, has committed to economic development grants of \$3,045,000 for fiscal year 2012.

##### **c. State Entity**

The State as a whole has an additional \$171,370,000 in economic development grant commitments to meet for which the funding source has not yet been decided, therefore they are not included above as either primary government or component unit. Of these grant commitments, \$31,633,000 is expected to be paid in 2012 and \$139,737,000 is expected to be paid in fiscal year 2013 or later.

For the Fiscal Year Ended September 30, 2011

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**4. Encumbrances**

Encumbrances represent commitments related to unperformed contracts and purchase orders for goods and services. Encumbrances are reported within governmental funds as restricted, committed, or assigned fund balance. At September 30, 2011, there were encumbrances in the Public Road and Bridge Fund totaling \$56,759,000, the Medicaid Fund \$4,374,000, the Public Welfare Trust Fund \$3,073,000, and nonmajor governmental funds \$33,258,000.

**5. Other Commitments**

The Alabama Housing Finance Authority, a component unit, has designated \$66,638,000 of its unrestricted net assets for fiscal year September 30, 2011 for funding of future single-family mortgage revenue bond programs, to support its single-family mortgage loan origination and warehousing operations, and to cover its operating expense budget for the following fiscal year.

**B. Claims and Judgments**

The Department of Transportation finances its own risk for state employee injury compensation. The Department had \$9,366,000 in claims liabilities at the end of the year.

**C. Conduit Debt**

Troy University, a component unit, issued Special Limited Obligation Revenue Bonds Series 1997 to provide athletic facility improvements for Sartain Hall and Memorial Stadium. The total amount of outstanding conduit debt as of September 30, 2011 is \$3,965,000. The bonds are limited obligations of the City of Troy and are payable entirely from the amounts received under the indenture. The bonds do not constitute a debt or pledge of faith and credit of the University or the State of Alabama, and it is not reflected in the accompanying financial statements. Troy University has procured a policy of municipal bond insurance securing payment of debt service on the \$4,820,000 Troy University Special Limited Obligation Revenue Bond Series 1997 from MBIA Insurance Corporation.

Revenue bonds were issued by Alabama Housing Financing Authority, a component unit, which constituted conduit debt outstanding at year-end totaling \$162,554,000 to provide multifamily housing for the citizens of Alabama. The Authority does not actively monitor the operating performance or financial condition of the multifamily properties financed by the bonds. Multifamily mortgage loans are collateralized by varying methods, including first-liens on multifamily residential rental properties located within the State of Alabama, letters of credit, surety bonds and guarantees provided by third parties. These bonds do not constitute a debt or pledge of the faith and credit of the Authority or the State of Alabama, and accordingly, have not been reported in the accompanying financial statements.

**D. Long-term Debt****1. Debt Limitations and Methods of Bond Issuance**

Under Section 213 of the *Constitution of Alabama of 1901*, as modified by Amendment 26, the State is constitutionally prohibited from incurring debt except to repel invasion or suppress insurrection. Therefore, the only method under which general obligation debt can be incurred is by amendment to the *Constitution*. Although conventions proposed by the legislature and approved by the electorate may be called for the purpose of amending the *Constitution*, historically all amendments have been adopted by a procedure which requires them to be proposed by a three-fifths majority of each house of the legislature and thereafter ratified by a majority of the electorate.

The Supreme Court of Alabama has ruled that the debt prohibition does not apply to debts incurred by separate public corporations functioning as state instrumentalities. The State has followed the practice of financing many capital improvements and developmental grant programs by issuing debt through such public corporations. The legislature (through enabling legislation) and the Governor (by executive order) have created public corporations and authorities of the State for the purpose of financing projects and programs such as public highways, public educational facilities, judicial buildings, student loans, affordable housing, economic development grants, and other projects. In most instances, state officials such as the Governor, Lieutenant Governor, Attorney General, State Treasurer, and the Director of Finance serve as board members of these corporations. The revenue bonds issued by these corporations are limited obligations of the corporation, not general obligations of the State, and the full faith and credit of the State is not pledged for their repayment. Certain revenues, usually earmarked taxes or revenues generated from the project financed, are pledged for the payment of the debt. Depending on the GASB criteria discussed in Note 1, some of these corporations are reported by blending them with the primary government and some are reported discretely. The State also enters into lease purchase agreements which are reported in accordance with generally accepted accounting principles as capital lease debt or notes payable.

The State and its component units issue serial and term bonds and capital appreciation bonds. Capital appreciation bonds are sold at a deep discount and do not pay any interest until the bonds mature. Based on the original offering price, the bonds increase in value as semi-annual interest is earned and is compounded from the original issuance date to the date of maturity. The issuance of this type bond postpones the cash flow until the bonds mature or are called. The increase in the value of the bonds is referred to as accretion.

## 2. General Obligation Bonds – Governmental Activities

The State has general obligation bond issues outstanding for the purpose of financing major capital projects for: state waterways, State Port Authority's facilities, prisons, roads, bridges, mental hospitals, Mobile harbor, state parks, youth services facilities, state buildings, the State Coliseum, conservation and preservation projects, educational television, forensic sciences laboratories, agricultural development, diagnostic and research laboratories, and historical projects. General obligation bonds also finance grant programs for public school and college buildings, as well as economic development grants to industry and local government. The full faith and credit of the State is pledged for the payment of the bonds. The following schedule shows the general obligation annual debt service requirements and is followed by a detailed table describing each individual general obligation bond issue outstanding:

<b>GENERAL OBLIGATION BONDS</b>			
<b>Debt Service Requirements to Maturity</b>			
<b>Maturity</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 32,145,000	\$ 32,689,609	\$ 64,834,609
2013	41,790,000	31,397,122	73,187,122
2014	43,075,000	29,571,514	72,646,514
2015	44,705,000	27,567,001	72,272,001
2016	46,410,000	25,541,641	71,951,641
2017-2021	264,430,000	93,370,212	357,800,212
2022-2026	179,670,000	38,331,469	218,001,469
2027-2031	55,980,000	7,874,131	63,854,131
2032-2036	7,655,000	382,750	8,037,750
<b>Total</b>	715,860,000	<b>\$ 286,725,449</b>	<b>\$ 1,002,585,449</b>
Unamort Prem	32,323,163		
Unamort Loss	(5,966,160)		
	<b>\$ 742,217,003</b>		

For the Fiscal Year Ended September 30, 2011

## GENERAL OBLIGATION BONDS PAYABLE

General Obligation Issue	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2011
Series 2001				
Series D - Public Historical Sites & Improvement Corp.	06/01/01	09/30/21	4.0% to 5.0%	3,745,000
Series E - Capital Improvement Bonds	11/01/01	09/01/21	4.0% to 5.0%	60,135,000
Series 2002				
Series A - Economic Development	09/01/02	09/01/22	3.0% to 5.0%	35,385,000
Series 2005				
Series A - Universities and Economic Development	02/01/05	08/01/25	3.0% to 5.0%	80,530,000
Series 2006 - Economic Develop. & Industry Recruitment	02/01/06	02/01/26	3.5% to 5.0%	51,950,000
Series 2007 - Economic Develop. & Industry Recruitment	08/01/07	08/01/27	3.5% to 5.0%	262,085,000
Series 2010				
Series A - Refunding Bonds	03/23/10	06/01/21	3.0% to 5.0%	37,765,000
Series B - Refunding Bonds	03/23/10	06/01/21	3.0% to 4.0%	12,180,000
Series C - Refunding Bonds	05/11/10	06/01/21	3.3% to 5.0%	62,085,000
Series D - Economic Development	05/11/10	06/01/32	3.0% to 5.0%	110,000,000
Sub-total General Obligation Bonds				715,860,000
‡ Plus: Unamortized Premiums				32,323,163
†† Less: Unamortized Loss				(5,966,160)
<b>Total General Obligation Bonds</b>				<b>\$ 742,217,003</b>

‡ Unamortized premiums were \$496,492 for Series 2001-E, \$566,503 for Series 2002-A, \$3,669,148 for Series 2005-A, \$814,088 for Series 2006, \$7,466,160 for Series 2007-A, \$3,428,909 for Series 2010-A, \$589,920 for Series 2010-B, \$5,836,020 for Series 2010-C and \$9,455,923 for Series 2010-D.

†† Unamortized accounting losses were \$913,170 for Series 2010-A, \$267,690 for Series 2010-B, and \$4,785,300 for Series 2010-C.

## 3. Revenue Bonds

## a. Primary Government – Governmental Activities

The Alabama Corrections Institution Finance Authority issues bonds for the purposes of acquiring land and constructing correctional institutions. The bonds are payable from revenues derived from payments under a lease agreement between the Authority and the Department of Corrections.

The Montgomery Downtown Redevelopment Authority issued bonds to fund the construction of the Gordon Persons Building. Debt service is payable solely from the revenues and receipts paid pursuant to leases, proceeds of insurance in the event of damage or destruction of the building, amounts received in the event of condemnation of the building, amounts payable by MBIA under the Insurance Policy, amounts on deposit in the Reserve Fund held by the Trustee, earnings, if any on funds held by the Trustee, and funds received by the Trustee in the event of any foreclosure sale of the building.

The Alabama Building Renovation Finance Authority issues bonds to provide funding for the renovation, reconstruction, operation, and maintenance of public office buildings in the state capitol complex. The Authority also receives income from the rental of the office buildings to state agencies. The bonds issued by the Authority are payable from the rents received by the authority under lease agreements.

The Alabama Judicial Building Authority issues bonds for the purpose of funding the acquisition, construction, and capital improvements of judicial facilities. The bonds are payable from revenues and receipts paid by the Judicial System pursuant to the lease, and earnings, if any, on funds held by the State Treasurer.

The Alabama Public Health Care Authority issues bonds for the purpose of funding the acquisition, construction, and equipping of buildings located in each county for the use of the Department of Public Health. Transfers received from the Department of Public

Health, along with income from investing idle funds, and a Municipal Bond Insurance Policy are used for the payment of principal and interest on the bonds.

The Alabama Federal Aid Highway Finance Authority issues bonds for the purpose of funding the costs of constructing any roads, streets, parks, right of ways, bridges, railroad crossings, drainage structures, signs, guard rails, structures, interstates, surfaces, resurfaces, shoulders, road sides, or any other work which is eligible for federal aid financing assistance under Title 23, Chapter 1, of the United States Code and applicable regulations. The bonds are issued in anticipation of the receipt by the State of the federal share of the costs.

<b>PRIMARY GOVERNMENT Governmental Activities Revenue Bonds</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Interest Rates</b>	<b>Bonds Payable Sept. 30, 2011</b>
Alabama Corrections Institution Finance Authority				
2003-A Refunding Bonds	01/01/03	10/01/13	3.00% to 4.00%	\$ 3,720,000
2003-B Term Bonds	01/01/03	04/01/15	5.00% to 5.00%	4,000,000
Montgomery Downtown Redevelopment Authority				
Series 2002	08/08/02	10/01/13	2.30% to 5.00%	11,425,000
Alabama Building Renovation Finance Authority				
Series 2006	08/01/06	09/01/31	4.00% to 5.00%	27,525,000
Series 2010	07/21/10	09/01/24	2.50% to 4.00%	25,480,000
Alabama Judicial Building Authority				
Series 2007 Bonds	10/01/07	11/01/18	3.50% to 5.00%	24,615,000
Alabama Public Health Care Authority				
Series 2005	09/28/05	09/01/35	4.00% to 4.50%	51,170,000
Alabama Federal Aid Highway Finance Authority				
Series 2011	08/23/11	03/01/17	1.00% to 5.00%	91,195,000
Sub-total Revenue Bonds Payable				239,130,000
‡ Less: Unamortized Discounts				(392,530)
§ Plus: Unamortized Premiums				12,377,744
†† Less: Unamortized Loss				(5,028,954)
<b>Net Primary Government</b>				
<b>Revenue Bonds Payable, Governmental Activities</b>				<b>\$ 246,086,260</b>

‡ Unamortized Discount \$392,530 for Public Health Care Authority.

§ Unamortized premium is \$8,491,449 for Federal Aid Highway Finance Authority, \$631,018 for Montgomery Downtown Redevelopment Authority, \$149,052 for Alabama Corrections Institution Finance Authority, \$2,299,249 for Building Renovation Finance Authority and \$806,976 for Judicial Building Authority.

†† Unamortized accounting losses were \$1,126,717 for the Alabama Building Renovation Finance Authority, \$371,984 for Montgomery Downtown Redevelopment Authority, \$50,208 for Alabama Corrections Institution Finance Authority, \$739,981 for Public Health Care Authority, \$2,476,304 for Federal Aid Highway Finance Authority and \$263,760 for Judicial Building Authority.

#### **b. Primary Government – Business-Type Activities**

The Alabama State Port Authority issued bonds for the construction and maintenance of a wharf, warehouse, open storage area, and other port facilities at Mobile Bay. The bonds are secured by the gross revenues of the Authority derived from charges made by the Authority for all services provided. At September 30, 2011, the outstanding principal balance of the 2008-A bonds was \$60,555,000. The Series 2008-A bonds will bear interest at a rate of 100 basis points plus 67% of LIBOR (London Interbank Offered Rate). The rate at 9/30/11 was 1.16%.

The Alabama Community College System has numerous bond issues outstanding for a variety of purposes. Most were issued for the construction, renovation, and acquisition of buildings for various purposes, including classrooms, research facilities, dormitories, student centers, dining facilities, and athletic facilities.

STATE OF ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2011

<b>PRIMARY GOVERNMENT</b>				
<b>Business-Type Activities</b>	<b>Date</b>	<b>Final</b>	<b>Interest</b>	<b>Bonds Payable</b>
<b>Revenue Bonds, Proprietary Funds</b>	<b>Issued</b>	<b>Maturity</b>	<b>Rates</b>	<b>Sept. 30, 2011</b>
State Port Authority				
Series 2006-A	11/01/06	10/01/36	4.50% to 5.00%	\$ 145,715,000
Series 2006-B	11/01/06	10/01/36	4.50% to 5.00%	54,115,000
Series 2006-D	12/07/06	10/01/30	Variable	21,600,000
Series 2008-A	04/01/08	10/01/21	Variable	60,555,000
Series 2010	12/09/10	10/01/40	5.75% to 6.00%	106,045,000
Alabama Community College System	Various	Various	1.25% to 6.30%	276,841,732
Sub-total Revenue Bonds Payable, Proprietary Funds				664,871,732
§ Less: Unamortized Premium				748,022
†† Less: Unamortized Loss				(8,464,334)
<b>Net Primary Government Revenue Bonds Payable, Proprietary Funds</b>				<b>\$ 657,155,420</b>

§ Unamortized premium \$748,022 for Alabama State Port Authority.

†† Unamortized accounting losses were \$8,464,334 for Alabama State Port Authority.

<b>Revenue Bonds</b>					
<b>Debt Service Requirements to Maturity</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		
<b>Maturity</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2012	\$ 27,950,000	\$ 9,869,441	\$ 24,469,850	\$ 29,694,620	
2013	28,755,000	8,976,701	24,721,463	28,836,100	
2014	23,785,000	7,670,050	31,143,105	27,662,953	
2015	24,840,000	6,511,313	25,734,779	26,592,641	
2016	23,935,000	5,354,413	25,826,485	26,151,165	
2017-2021	50,150,000	17,215,995	138,706,050	113,246,255	
2022-2026	24,910,000	10,850,463	122,445,000	84,536,339	
2027-2031	22,200,000	5,922,450	89,255,000	59,690,938	
2032-2036	12,605,000	1,450,350	84,575,000	38,836,263	
2037-2041	0	0	97,995,000	15,255,388	
<b>Total</b>	<b>239,130,000</b>	<b>\$ 73,821,176</b>	<b>664,871,732</b>	<b>\$ 450,502,662</b>	
Unamort Prem	12,377,744		748,022		
Unamort Loss	(5,028,954)		(8,464,334)		
Unamort Disc	(392,530)		0		
	<b>\$ 246,086,260</b>		<b>\$ 657,155,420</b>		



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### **c. Component Units**

The Alabama Incentives Finance Authority issues bonds to fund financial commitments to industries relocating to Alabama under the terms of the State's Industrial Incentives legislation. Revenues from the Tennessee Valley Authority to the State "in lieu of taxes" are pledged for the payment of these bonds.

The Alabama Public School and College Authority is authorized to issue bonds to construct and improve educational buildings. Revenue from the sales and use taxes, the leasing tax, and the utilities gross receipts and use taxes are pledged for the payment of these bonds.

The State Industrial Development Authority issues bonds for the purpose of financing projects that promote the industrial development of the State. Revenues from cigarette and tobacco taxes are pledged for the payment of these bonds.

The Alabama Mental Health Finance Authority issues bonds for the acquisition, construction, improvement, and equipping of mental health facilities. Revenues from certain tobacco and liquor taxes are pledged for the payment of principal and interest on these bonds.

The Alabama Twenty-first Century Authority issues bonds for the purpose of promoting economic development and industrial recruitment for the State of Alabama. The bonds are special obligations of the Authority payable solely from the Trust Estate created under the Indenture.

The Alabama Revolving Loan Fund Authority issues bonds for the purpose of making grants to the Regional Planning and Development Commissions which are utilized by the grantees as revolving loan funds. Revenues from privilege and license tax on providers of cellular radio telecommunication services are used to pay the debt.

The Alabama Housing Finance Authority issues bonds that are limited obligations of the Authority and are not a debt or liability of the State. Each bond issue is secured, as described in the applicable trust indenture, by all revenues, monies, investments, mortgage loans, and other assets in the funds and accounts of the program. Substantially all of the Authority's assets are pledged as security for the bonds.

The Alabama Water Pollution Control Authority issues bonds to provide funds for the purpose of making loans to certain local government units to construct sewage treatment plants and related facilities. Proceeds from loan agreements are used for payment of debt service related to the bonds.

The Alabama Drinking Water Finance Authority issues bonds to provide funds for the purpose of making loans to local governments for planning, designing, acquiring, or constructing sanitary drinking water and related facilities. Proceeds from the loan agreements are used for payment of debt service related to the bonds.

The Alabama Space Science Exhibit Finance Authority issued bonds to finance the construction of the Space Camp and related housing facilities for the campers. The bonds are secured by a lease of the facilities to the Space Science Exhibit Commission as well as a pledge of all revenues of the Commission. At September 30, 2011, the outstanding principal balance of the 2009-A bonds was \$4,255,000. The interest rate is variable and equal to 70% of LIBOR plus 3%, but at no time less than 4.3%. The interest rate was 4.3% as of September 30, 2011.

The boards of the various institutions of higher education have numerous bond issues outstanding for a variety of purposes. Most were issued for the construction, renovation, and acquisition of buildings for various purposes, including classrooms, research facilities, dormitories, student centers, dining facilities, hospitals, and athletic facilities.

## STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2011

<b>COMPONENT UNITS</b>	<b>Date</b>	<b>Final Maturity</b>	<b>Interest</b>	<b>Bonds Payable</b>
<b>Revenue Bonds</b>	<b>Issued</b>	<b>Date</b>	<b>Rates</b>	<b>Sept. 30, 2011</b>
Alabama Incentives Finance Authority				
Series 2009-A	09/17/09	09/01/29	3.00% to 4.00%	\$ 22,750,000
Series 2009-B	09/17/09	09/01/29	1.93% to 4.97%	95,510,000
Series 2009-C	09/17/09	09/01/29	3.00% to 4.00%	17,155,000
Alabama Public School and College Authority				
Series 2002-A	08/22/02	02/01/22	3.00% to 5.00%	70,590,000
Series 2002-B	12/01/02	12/01/28	4.00% to 5.00%	25,860,000
Series 2003	12/01/03	02/01/23	2.00% to 5.00%	94,205,000
Series 2005	02/01/05	08/01/25	3.00% to 4.50%	66,255,000
Series 2006	03/01/06	03/01/26	4.00% to 5.00%	44,375,000
Series 2007	12/05/07	12/01/27	2.50% to 5.00%	968,135,000
Series 2008	02/05/08	02/01/28	3.25% to 4.25%	44,145,000
Series 2009-A	10/21/09	05/01/24	5.00% to 5.00%	422,605,000
Series 2009-B	10/21/09	05/01/19	3.00% to 5.00%	146,690,000
Series 2009-C	10/21/09	05/01/29	3.00% to 4.00%	34,430,000
Series 2009-D	12/03/09	12/15/25	5.76% to 5.76%	145,880,000
Series 2010-A	04/14/10	05/01/19	4.00% to 5.00%	109,775,000
Series 2010-B	04/14/10	05/01/14	5.00% to 5.00%	70,980,000
Series 2010-Q	09/14/10	03/01/27	5.15% to 5.15%	154,727,000
Series 2010-C	11/29/10	12/01/20	2.48% to 2.48%	53,000,000
Series 2010-D	11/29/10	12/01/20	3.77% to 3.77%	13,500,000
Series 2011-A	06/02/11	05/01/26	4.60% to 4.60%	51,270,000
Series 2011-B	06/02/11	05/01/21	2.00% to 5.00%	26,900,000
State Industrial Development Authority				
Special Tax Bonds, Series 2003	01/01/03	07/01/13	2.50% to 4.50%	150,000
Mental Health Finance Authority				
Series 2005	06/01/05	06/01/15	3.00% to 5.00%	5,755,000
Alabama Twenty-first Century Authority				
Tobacco Settlement Revenue Bonds, Series 200	09/01/00	12/01/20	5.00% to 6.13%	31,485,000
Tobacco Settlement Revenue Bonds, Series 200	12/01/01	12/01/19	5.25% to 5.75%	77,075,000
Alabama Revolving Loan Fund Authority				
Series 2010	03/01/00	03/01/20	8.18% to 8.18%	20,755,000
Sub-Total Revenue Bonds, Component Units				\$ 2,813,957,000

*Continued on next page*

<b>COMPONENT UNITS, Continued Revenue Bonds</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Interest Rates</b>	<b>Bonds Payable Sept. 30, 2011</b>
<b>Sub-Total from previous page</b>				<b>\$ 2,813,957,000</b>
Alabama Housing Finance Authority				
Single family Bond Programs	2000-2010	2016-2039	Various	437,165,000
Alabama Water Pollution Control Authority				
Refunding Bonds, Series 1997	10/01/97	08/15/12	4.50% to 5.00%	6,995,000
Revolving Fund Loan Bonds, Series 2002-A	01/15/02	08/15/24	3.00% to 5.10%	22,860,000
Refunding Bonds, Series 2002-B	02/01/02	08/15/14	3.00% to 5.40%	17,735,000
Revolving Fund Loan Bonds, Series 2003-A	01/01/03	08/15/26	3.00% to 5.00%	30,600,000
Revolving Fund Loan Bonds, Series 2003-B	01/01/03	02/15/16	3.00% to 4.38%	24,590,000
Revolving Fund Loan Bonds, Series 2003-C	08/01/03	08/15/15	2.50% to 4.25%	4,370,000
Revolving Fund Loan Bonds, Series 2004-A	04/01/04	08/15/16	2.00% to 4.00%	14,795,000
Revolving Fund Loan Bonds, Series 2008	02/01/08	08/15/29	3.00% to 4.00%	34,755,000
Revolving Fund Loan Bonds, Series 2010-A	06/21/10	08/15/23	3.00% to 4.00%	33,815,000
Revolving Fund Loan Bonds, Series 2010-B	08/02/10	08/15/21	2.00% to 3.00%	64,750,000
Revolving Fund Loan Bonds, Series 2010-C	12/01/10	08/15/23	2.00% to 4.00%	34,925,000
Alabama Drinking Water Finance Authority				
Revolving Fund Loan Bonds, Series 1998-A	09/01/98	08/15/22	4.00% to 4.85%	19,490,000
Revolving Fund Loan Bonds, Series 2000-A	02/01/00	08/15/21	4.10% to 6.00%	5,185,000
Revolving Fund Loan Bonds, Series 2000-B	02/01/00	08/15/21	8.35% to 8.35%	3,530,000
Revolving Fund Loan Bonds, Series 2000-C	12/01/00	08/15/23	4.30% to 5.50%	17,250,000
Revolving Fund Loan Bonds, Series 2002-A	01/01/02	08/15/24	3.00% to 5.46%	24,415,000
Revolving Fund Loan Bonds, Series 2003-A	12/01/03	08/15/21	2.00% to 4.50%	32,295,000
Revolving Fund Loan Bonds, Series 2004-A	12/01/04	08/15/28	4.00% to 4.63%	24,435,000
Revolving Fund Loan Bonds, Series 2005-A	10/01/05	08/15/28	4.00% to 5.25%	40,850,000
Alabama Space Science Exhibit Finance Authority				
Series 2005-B	05/01/05	Apr 2026	5.77% to 5.77%	9,900,000
Series 2009-A	09/25/10	09/01/29	4.33% to 4.33%	4,255,000
Sub-total Revenue Bonds Payable, Component Units				<b>\$ 3,722,917,000</b>

*Continued on next page*

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2011

<b>COMPONENT UNITS, Continued Revenue Bonds</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Interest Rates</b>	<b>Bonds Payable Sept. 30, 2011</b>
<b>Sub-Total from previous page</b>				\$ 3,722,917,000
Higher Education				
University of Alabama - Tuscaloosa	2004	2036	2.75% to 5.90%	676,115,000
University of Alabama - Birmingham	1993	2041	2.50% to 5.75%	821,395,000
University of Alabama - Huntsville	05/01/80	09/01/34	1.40% to 5.30%	83,651,000
Alabama A&M University	1980	2033	3.00% to 5.38%	57,110,000
Alabama State University	1965	2038	1.90% to 8.50%	217,592,000
Auburn University	1978	2038	1.40% to 6.00%	752,429,162
Jacksonville State University	1993	2023	2.25% to 5.00%	81,745,000
University of West Alabama	12/01/67	06/01/19	3.00% to 3.00%	28,705,000
University of Montevallo	1985	2030	3.00% to 4.60%	18,744,000
University of North Alabama	1999	2035	1.35% to 5.40%	46,310,000
University of South Alabama	1999	2038	2.00% to 5.25%	326,322,000
Troy University	1998	2028	2.75% to 6.50%	115,985,000
Total Revenue Bonds Payable				6,949,020,162
Less: Unamortized Discounts				(10,693,619) †
Less: Unamortized Loss				(52,552,939) ‡
Plus: Unamortized Premium				141,151,090 §
<b>Net Revenue Bonds Payable, Component Units</b>				<b>\$ 7,026,924,694</b>

† Unamortized discounts were \$7,376,087 for the University of Alabama - Birmingham, \$49,000 for the University of South Alabama, \$45,660 for the University of Montevallo, \$636,807 for the Alabama Drinking Water Finance Authority, \$245,630 for Auburn University, \$10,000 for State Industrial Development Authority, \$779,850 for the University of North Alabama, \$1,319,465 for Alabama State University and \$231,120 for the University of West Alabama.

‡ Unamortized accounting loss was \$3,453,687 for Alabama State University, \$442,108 for the Alabama Space and Science Commission, \$5,280,072 for the Water Pollution Control Authority, \$30,479,384 for the Public School and College Authority, \$2,057,428 for the University of Alabama - Tuscaloosa, \$4,884,921 for Auburn University, \$200,385 for the Mental Health Finance Authority, \$436,000 for the University of South Alabama, \$1,495,710 for Incentives Financing Authority, \$2,697,005 for Alabama A & M University, \$685,814 for Jacksonville State University, \$65,621 for the University of West Alabama and \$374,804 for the Alabama Revolving Loan Fund Authority.

§ Unamortized premiums were \$1,751,725 for the University of Alabama - Tuscaloosa, \$14,620,893 for Auburn University, \$1,028,943 for the Alabama Twenty-first Century Authority, \$106,132,189 for Alabama Public School and College Authority, \$7,307,000 for the University of South Alabama, \$2,945,113 for the Water Pollution Control Authority, \$323,218 for the Mental Health Finance Authority, \$1,019,452 for Alabama State University, \$3,628,394 for Incentives Financing Authority, \$2,327,467 for Alabama A & M University \$15,261 for the University of West Alabama and \$51,435 for the Alabama Revolving Loan Fund Authority.

**COMPONENT UNITS**  
**Debt Service Requirements to Maturity**

<b>Maturity</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 329,407,832	\$ 312,488,940	\$ 641,896,772
2013	374,661,538	300,198,378	674,859,916
2014	338,180,349	286,215,863	624,396,212
2015	321,459,361	271,943,126	593,402,487
2016	333,832,719	258,123,687	591,956,406
2017-2021	1,603,257,363	1,066,792,990	2,670,050,353
2022-2026	1,460,416,000	711,609,169	2,172,025,169
2027-2031	1,047,994,000	399,052,857	1,447,046,857
2032-2036	701,697,000	218,214,637	919,911,637
2037-2041	436,219,000	54,516,178	490,735,178
2042-2046	1,895,000	75,444	1,970,444
<b>Total</b>	6,949,020,162 †	<b><u>\$3,879,231,269</u></b>	<b><u>\$10,828,251,431</u></b>
Unamort Disc	(10,693,619)		
Unamort Loss	(52,552,939)		
Unamort Prem	141,151,090		
	<b><u>\$ 7,026,924,694</u></b>		

† The above table shows interest in the year it will be paid, not the year it is accrued.

#### 4. Refunded Bonds

Advance refunding bonds are issued to retire existing bonds. A portion of the proceeds from the sale of the refunding bonds is deposited with an escrow agent according to an escrow trust agreement. The proceeds are invested by the escrow agent in certain U.S. Treasury obligations in such amounts with certain maturities to provide sufficient funds to pay the remaining maturing principal and interest on the refunded bonds as they become due. The refunded bond debt is considered to be retired for financial reporting purposes even though the debt is still legally outstanding and the issuer of the bonds has not been released from the debt obligations. The U.S. Treasury obligations constitute a trust fund to be held by the escrow agent for the benefit of the holders of the refunded bonds. Advance refundings and early redemptions are discussed in the remainder of this section.

During the year ended September 30, 2011, the Alabama Housing Finance Authority called approximately \$103,083,000 (net of unamortized discounts) of bonds in advance of their scheduled maturities.

On November 17, 2010, the Alabama Revolving Loan Fund Authority issued Special Obligation and Refunding Bonds Series 2010-A in the amount of \$20,755,000 with interest rates from 2.5% to 6.125%. An original issue premium of \$51,435 was received on the sale of the bonds. The bond proceeds were used to refund, on a current basis, the Series 2000 bonds with an aggregate outstanding principal amount of \$8,330,000. The refunding resulted in an accounting loss of \$374,804. The Authority recognized an economic gain of \$1,360,871 and a reduction in the cash flows required to service the new debt compared to the cash flows to service the old debt of \$734,804.

In December, 2010, the Alabama State Port Authority issued Series 2010 Docks Facilities Revenue Bonds in the amount of \$106,045,000. An original discount of \$3,416,756 was discounted on the sale of the bonds. The bond proceeds were used to refund the Series 2008B and 2009A bonds with an aggregate outstanding principal amount of \$95,000,000. As a result of the refunding the Port Authority recognized an economic gain of \$1,526,114.

On May 17, 2011, the Alabama Public School and College Authority (APSCA) issued Capital Improvement Pool Refunding Bonds Series 2011-B in the amount of \$26,900,000 with interest rates ranging from 2% to 5%. An original issue premium of \$3,596,962 was received on the sale of the bonds. The Series 2011-B bond proceeds were used to refund, on a current basis, the APSCA Series 2001-A with an aggregate principal amount outstanding of \$29,795,000. The refunding resulted in an accounting loss of \$562,794. The

For the Fiscal Year Ended September 30, 2011

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APSCA had an economic gain related to the refunding of \$3,992,597 and a reduction in the cash flows required to service the new debt versus the cash flows to service the old debt of \$138,566.

On December 1, 2010, Alabama Water Pollution Control Authority issued the 2010C Refunding Series revolving loan bonds in the amount of \$36,850,000 for the purpose of refunding the Series 2000 Bonds that had an aggregate principal balance of \$43,370,000. The refunding resulted in an accounting loss of approximately \$608,991 that has been capitalized and is being amortized on a straight-line basis, through 2023. Although the refunding resulted in a loss, the Authority reduced its aggregate debt service by approximately \$17,300,000 over the next 13 years and obtained an economic gain (the difference between the present value of old and new debt service requirements) of approximately \$7,300,000. As of September 30, 2011, the unamortized deferred refunding costs totaled \$568,924 for the Series 2000 Bonds.

On August 23, 2011, The Alabama Federal Aid Highway Finance Authority issued the Series 2011 Federal Highway Grant Anticipation Refunding Bonds in the amount of \$91,195,000 with interest rates from 1% to 5%. The 2011 bonds were used to advance refund \$96,755,000 of the Series 2002A bonds. The refunding resulted in an accounting loss of \$2,476,304. The Authority had an economic gain related to the refunding of \$8,544,198 and a reduction in the cash flows required to service the new debt versus the cash flows to service the old debt of \$19,084.

On August 1, 2011, Jacksonville State University issued revenue bonds with an interest rate of 2.94% to advance the refund \$11,580,000 of the 2002 revenue bonds with an interest rate of 4.87%. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of old debt of \$7,384. As a result of the advance refunding, the University reduced its total debt service requirements by \$564,197, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$546,140.

On November 30, 2010, the University of North Alabama issued \$9,850,000 in Series 2010A General Fee Revenue Bonds with an interest rate of 2.00% to 4.00%. The Series 2010A refunded \$10,600,000 Series 1999A General Fee Revenue Bonds. The bonds will mature in 2024.

On December 14, 2010, Troy University issued Series 2010A Revenue Bonds with an interest rate of 3.34% to advance refund the Series 1998, 2001, 2003, and 2004 revenue bonds with an average interest rate of 4.41%. On January 13, 2011, the Series 1998, 2001 and 2004 Revenue Bonds were paid in full and retired with escrow proceeds. The Series 2003 revenue Bonds are considered defeased as of September 30, 2011. As a result of the refunding, the University reduced its total debt service requirements by \$662,537, which resulted in an economic gain of \$568,181.

In November, 2010, the University of Alabama - Birmingham issued \$34,550,000 in Series 2010C General Revenue Bonds. The bonds pay interest at varying rates 2% to 4% with principal due annually through October 1, 2027. The proceeds of this offering are being used to advance refund \$37,700,000 of the Series 2001 General Revenue Bonds.

On October 29, 2010, the Alabama Higher Education Loan Corporation (AHELC), a nonmajor component unit, paid in full at par plus accumulated interest \$75,100,000 Series 2006-A1 and Series 2006-A2 bonds. The Health Care and Education Reconciliation Act (HCERA) of 2010 was signed into law on March 30, 2010. HCERA eliminates the origination and/or guarantee of FFELP loans, effective July 1, 2010. HCERA does allow lenders to make subsequent disbursements on loans originated on or before June 30, 2010. Since the Corporation cannot fund any new FFELP loans after June 30, 2010, a strategic decision was made to sell the entire FFELP Loan Portfolio and utilize the proceeds of that sale and additional equity to redeem its outstanding bonds and eliminate all of the Corporation's debt. The loan portfolio was offered for sale through a competitively bid transaction. On October 19, 2010, the loans were sold to a reputable lender and servicer of FFELP loans who also agreed as a part of the transaction to honor all of the AHELC borrower benefits that were attached to the loans.

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**Defeased Bonds:**

<b>Primary Government</b>	<b>Amount</b>
State Port Authority	\$ 19,287,000
Alabama Federal Aid Highway Finance Authority	96,755,000
<b>Component Units</b>	<b>Amount</b>
University of Alabama in Tuscaloosa	\$ 18,900,000
University of Alabama in Birmingham	35,055,000
Troy University	6,040,000
Jacksonville State University	10,385,000

**5. Arbitrage**

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986, to calculate and rebate arbitrage earnings to the federal government. The U.S. Treasury has issued regulations on calculating the rebate amount and complying with the provisions of the Tax Reform Act of 1986. Governmental issuers must comply with the rebate regulation in order for their bonds to maintain tax-exempt status.

The regulations require the excess of the aggregate amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield to be rebated to the federal government. Income earned on excess earnings is also subject to rebate. Rebate payments, if required, are due at least once every five years over the life of the bonds. Bond issues with arbitrage liabilities outstanding at September 30, 2011, were as follows:

<b>Component Units</b>	<b>Amount</b>
Water Pollution Control Authority	\$ 1,859,165

These lists are based upon incomplete data since some bond issues have not yet been included in arbitrage calculations. Any refunded bond issue is subject to the rebate requirement until the last bond is redeemed. Bond issues that have already been redeemed may be subject to additional payments if an arbitrage rebate or spending payment is owed and has not been paid.

For the Fiscal Year Ended September 30, 2011

**6. Bonds Authorized But Not Issued****Bonds Authorized But Not Issued**  
(Amounts in Thousands)

<u>Primary Government</u>	<u>Authorized</u>	<u>Issued</u>	<u>Unissued</u>
General Obligation Bonds			
State of Alabama	\$ 750,000	\$ 720,025	\$ 29,975
Federal Aid Highway Finance Authority	Based on amount received in federal funds		
Farmers Market Authority	10,000	-	10,000
Highway Authority	20,000	7,000	13,000
Corrections Institution Finance Authority	23,000	19,000	4,000
Public Health Finance Authority	45,000	-	45,000
Public Health Care Authority	Unlimited		
Parking Deck Authority	13,000	-	13,000
Gulf State Park Authority	70,000	-	70,000
Alabama Toll Road, Bridge and Tunnel Authority	Based on Authority's construction of toll road, bridge or tunnel projects payable from tolls and other revenues		
<b>Total Primary Government</b>	<b>\$ 931,000</b>	<b>\$ 746,025</b>	<b>\$ 184,975</b>
<b>Component Units</b>			
State Industrial Development Authority †	\$ 100,000	\$ 38,390	\$ 61,610
Mental Health Finance Authority	100,000	84,265	15,735
Alabama Public School and College Authority-Pool Bonds	Unlimited		
Alabama Public School and College Authority-Capital Improvement Bonds	175,000	-	175,000
Alabama Revolving Loan Finance Authority	24,000	-	24,000
Alabama Incentives Financing Authority	300,000	175,000	125,000
<b>Total Component Units</b>	<b>699,000</b>	<b>297,655</b>	<b>401,345</b>
<b>Total Reporting Entity</b>	<b>\$ 1,630,000</b>	<b>\$ 1,043,680</b>	<b>\$ 586,320</b>

† The State Industrial Development Authority is authorized to issue a total of \$100,000,000 in bonds in addition to any bonds authorized prior to 1991. No more than \$40,000,000 in aggregate principal amount of such bonds may be outstanding at any one time. At 9/30/11, \$150,000 was outstanding.

**7. Derivative Transactions**

University of South Alabama - On February 27, 2007, the University of South Alabama Research and Technology Corporation entered into a derivative transaction with Wachovia Bank, N.A. The derivative is a "receive variable, pay fixed" interest rate swap entered into in connection with the promissory note that came into effect upon conversion of the construction loan into a permanent loan on May 1, 2008. The Corporation utilizes the interest rate swap to convert its variable rate on the promissory note to a synthetic fixed rate. The promissory note came into effect on May 1, 2008, upon conversion of the construction loan. Also, on May 1, 2008, the interest rate swap associated with the loan became effective. The swap will terminate on May 1, 2028, when the loan matures. The notional amount of the swap will at all times match the outstanding principal amount of the loan. Under the swap, the Corporation pays the counterparty a fixed payment of 6.10% and receives a variable payment of the one-month LIBOR rate plus 0.85%. The Corporation paid \$847,000 and \$864,000 under the interest rate swap agreement for the years ended September 30, 2011 and 2010, respectively, which is reflected as an increase in expenses in the Statement of Activities.

*Fair Value.* At September 30, 2011 the fair value of the interest rate swap is \$(4,629,000), and is included on the Statement of Net



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Assets in Noncurrent Liabilities and in Other Long-term Liabilities in the table of Changes in Noncurrent Liabilities in Note 4.D.9. The \$(458,000) change in fair value is reported as a deferred outflow on the Statement of Net Assets since the interest rate swap is a hedging derivative instrument. The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement.

*Interest Rate Risk.* On the Corporation's "receive-variable, pay-fixed" interest rate swap, as LIBOR decreases, the net payment on the swap increases.

*Credit Risk.* As of September 30, 2011 the Corporation was not exposed to credit risk on the interest rate swap because it had a negative fair value. However, if interest rates change and the fair value of the derivative becomes positive, the Corporation would have a gross exposure to credit risk in the amount of the derivatives' fair value. The counterparty was rated Aa3 by Moody's Investors Services and AA by Standard & Poor's Ratings Services as of September 30, 2011.

*Termination Risk.* The interest rate swap contracts use the International Swaps and Derivatives Association, Inc. Master Agreement, which includes standard default and termination events, such as failure to make payments, breach of agreement, and bankruptcy. At September 30, 2011, no events of default or termination had occurred. If the interest rate swap is terminated, interest rate risk associated with the variable rate debt would no longer be hedged. Also, if at the time of termination the interest rate swap had a negative fair value, the Corporation would be liable to the counterparty for a payment equal to the interest rate swap's fair value. To allow the Corporation the maximum flexibility to manage the utilization of Building II and III while at the same time providing protection for the counterparty, the Corporation granted the counterparty a \$2,000,000 mortgage secured by an interest in the ground lease with respect to the parcel of land on which Building II stands, an interest in Building II, a security interest in Building II tenant leases and a security interest in income received from rental of Building II.

Alabama State University – Alabama State University has entered into a pay-fixed interest rate swap agreement with J. P. Morgan Chase Bank with an objective of hedging cash flows on its Series 2004 Series General Revenue bonds with an effective date of August 27, 2004 and a maturity date of March 1, 2033. The terms of the agreement are for Alabama State University to pay 3.222% and receive 68% of the 30 day LIBOR rate. The notional amount at September 30, 2011 was \$22,900,000 and the hedging derivative liability was a negative \$4,343,000. The fair value is included in the Statement of Net Assets in Noncurrent Liabilities and included in Other Long-term Liabilities in the table of Changes in Noncurrent Liabilities in Note 4.D.9. The \$(1,206,300) change in fair value is reported in deferred outflows on the Statement of Net Assets.

As of September 30, 2011, the synthetic interest rates on the swapped portion of the 2004 general revenue bonds were 3.06%. The fair value of the pay-fixed rate swap was estimated through forecasting expected cash flows that are discounted. The University's interest rate swap hedging derivatives have been determined to be effective using the synthetic instrument method.

*Interest Rate Risk.* The University is exposed to interest rate risk on its interest rate swap. The fair value of this instrument is sensitive to interest rate changes. Because rates have changed since the effective date of the swap, a negative fair value existed at September 30, 2011. The negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the University's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. As the yield curve rises, the value of the swap will increase and as rates fall, the value of the swap will decrease.

*Credit Risk.* As of September 30, 2011, the University is not exposed to credit risk because the swap has a negative fair value. However, should interest rates change and the fair value of the swap become positive, the University would be exposed to credit risk in the amount of the derivatives' fair value.

*Basis Risk.* The University receives 68% of 1-month LIBOR Index from J.P. Morgan Chase Bank (JPM) and pays a floating rate to its bondholders set by the Remarketing Agent. The University incurs basis risk when its bonds trade at a yield above 68% of 1-month LIBOR Index. If the relationship of the University's bonds trade to a percentage of LIBOR greater than 68%, the University will experience an increase in debt service above the fixed rate on the swap.

*Termination Risk.* The interest rate swap agreement has a stated termination date of March 1, 2033; however, the University and counterparty, JPM have the right to terminate the agreement prior to such date upon the occurrence of certain extraordinary events, and further, JPM has retained an option to terminate the agreement at any time on or after March 1, 2012 for any reason with no obligation to make any termination payment other than the amount of any regular periodic payment accruing to the termination date.

## For the Fiscal Year Ended September 30, 2011

In addition, if the University terminates the agreement prior to March 1, 2033, the University would be liable to the counterparty for a payment equal to the swap's negative fair value.

*Rollover Risk.* The University is not exposed to rollover risk, because the maturity dates for hedged variable-rate bonds and the interest rate swap agreement are the same, March 2033.

## 8. Notes, Mortgages, and Capital Leases

## Debt Principal Requirements to Maturity

	Governmental Activities	Business-Type Activities	Component Units
<u>Maturity</u>	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>
2012	\$ 6,633,467	\$ 1,730,748	\$ 11,005,279
2013	6,861,537	2,970,705	7,308,001
2014	6,430,054	784,111	6,724,726
2015	5,933,991	331,164	6,930,450
2016	3,901,482	1,990,676	6,820,935
2017-2021	18,160,496	539,453	60,768,649
2022-2026	19,746,559	476,260	23,478,894
2027-2031	17,715,440	48,369	25,644,434
2032-2036	15,371,836	-	29,524,060
2037-2041	16,242,563	-	10,250,551
2042-2046	15,377,001	-	-
2047-2051	10,481,458	-	-
2052-2056	2,219,283	-	-
Total	145,075,167	8,871,486	188,455,979
Interest	(264,127)	-	(15,130,464)
Net	<u><u>\$144,811,040</u></u>	<u><u>\$ 8,871,486</u></u>	<u><u>\$173,325,515</u></u>

At September 30, 2011 assets recorded under capital leases were as follows (amounts expressed in thousands):

	Governmental Activities
Buildings	\$ 95,049
Equipment	5,265
Less: accumulated depreciation	(36,005)
Total	<u><u>\$ 64,309</u></u>

The State leases office buildings and equipment with varying terms and options. Most buildings under capital lease have a term of twenty-five to thirty years, but can range from twenty to forty years. Capital leases are recorded at the lower of the present value of the future minimum lease payments or fair market value. Principal and interest capital lease payments are recorded as expenditures of the applicable governmental function in the governmental fund. The largest capital leases in governmental activities are for buildings in county facilities used by the Department of Public Health and the Department of Human Resources.

## 9. Changes in Noncurrent Liabilities

(Amounts in Thousands)	Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 769,330	\$ -	\$ (27,113)	\$ 742,217	\$ 32,145
Revenue Bonds	274,283	91,195	(119,392)	246,086	27,950
Capital Leases/Notes/Mortgages	117,115	30,251	(2,555)	144,811	6,633
Claims & Judgments	74,582	35,766	(36,233)	74,115	14,522
Compensated Absences †	288,274	14,337	(23,498)	279,113	4,741
Other Long-Term Liabilities ††	779	-	-	779	-
Other Post-Employment Benefits	367,797	191,797	(102,007)	457,587	-
<b>Total Governmental Activities</b>	<b>1,892,160</b>	<b>363,346</b>	<b>(310,798)</b>	<b>1,944,708</b>	<b>85,991</b>
<b>Business-type Activities:</b>					
Revenue Bonds	638,109	126,205	(107,159)	657,155	24,470
Capital Leases/Notes/Mortgages	11,688	-	(2,817)	8,871	1,731
Claims & Judgments	6,460	21,615	(21,859)	6,216	3,980
Compensated Absences †	26,405	11,656	(6,645)	31,416	4,212
Other Long-Term Liabilities ‡	20,444	-	(2,907)	17,537	-
Other Post-Employment Benefits	17,059	7,967	(4,237)	20,789	-
<b>Total Business-Type Activities</b>	<b>720,165</b>	<b>167,443</b>	<b>(145,624)</b>	<b>741,984</b>	<b>34,393</b>
<b>Total Primary Government</b>	<b>\$ 2,612,325</b>	<b>\$ 530,789</b>	<b>\$ (456,422)</b>	<b>\$ 2,686,692</b>	<b>\$ 120,384</b>
<b>Component Units:</b>					
Revenue Bonds	\$ 6,621,074	\$ 769,351	\$ (363,500)	\$ 7,026,925	\$ 329,408
Arbitrage	5,702	-	(3,843)	1,859	-
Capital Leases/Notes/Mortgages	198,075	506	(25,255)	173,326	11,005
Compensated Absences †	131,901	23,736	(21,344)	134,293	29,355
Claims & Judgments	133,498	1,160,239	(1,170,992)	122,745	122,745
Other Long-Term Liabilities §	187,646	14,939	(52,841)	149,744	3,581
Other Post-Employment Benefits	36,087	17,007	(9,045)	44,049	-
<b>Total Component Units</b>	<b>\$ 7,313,983</b>	<b>\$ 1,985,778</b>	<b>\$ (1,646,820)</b>	<b>\$ 7,652,941</b>	<b>\$ 496,094</b>

† Compensated Absences debt is liquidated proportionately by all funds having payroll costs.

†† Other Long-term liabilities are payable as follows: Department of Finance, \$779,000.

‡ Other Long-term liabilities are payable as follows: State Port Authority, \$17,396,000, and Alabama College System, \$141,000.

§ Other Long-term liabilities are payable as follows: University of Alabama, \$9,964,000, Auburn University, \$37,994,000, University of South Alabama, \$77,902,000, University of North Alabama, \$253,000, University of Alabama Huntsville, \$166,000, Alabama State University, \$7,925,000, and University of Alabama at Birmingham, \$15,540,000.

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2011

### NOTE 5 - INTERFUND ACTIVITY AND INTRA-ENTITY BALANCES

#### A. Interfund Balances

Interfund balances as of September 30, 2011 consisted of (amounts in thousands):

DUE TO	DUE FROM												Total
	General Fund	Education Trust Fund	Alabama Trust Fund	Medicaid Fund	Public Road & Bridge Fund	Public Welfare Trust Fund	Nonmajor Governmental	Unemployment Compensation	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General Fund	\$ 0	\$ 142	\$ 0	\$ 7	\$ 0	\$ 0	\$ 1,458	\$ 0	\$ 15,971	\$ 0	\$ 35	\$ 0	\$ 17,613
Education Trust	1,203	-	-	-	-	-	123	-	384	-	-	-	1,710
Alabama Trust	161,566	437,391	-	-	-	-	-	-	-	-	-	-	598,957
Medicaid Fund	17	457	-	-	-	-	1,541	-	-	-	-	-	2,015
Public Road & Bridge Fund	44	-	-	-	-	9	133	-	-	-	246	-	432
Public Welfare Trust Fund	-	-	-	9,786	-	-	566	-	6,427	-	-	-	16,779
Nonmajor Governmental	5,206	6,479	48	16,176	2,000	2,913	19,464	355	349	759	836	6	54,591
Alcoholic Beverage Control Board	-	-	-	-	-	-	146	-	-	-	-	-	146
Internal Service Funds	1,603	550	-	798	1,303	1,965	19,725	-	199	-	391	8	26,542
Fiduciary Funds	104	-	-	-	15	3	40	-	1	-	-	-	163
<b>Totals</b>	<u>\$ 169,743</u>	<u>\$ 445,019</u>	<u>\$ 48</u>	<u>\$ 26,767</u>	<u>\$ 3,318</u>	<u>\$ 4,890</u>	<u>\$ 43,196</u>	<u>\$ 355</u>	<u>\$ 23,331</u>	<u>\$ 759</u>	<u>\$ 1,508</u>	<u>\$ 14</u>	<u>\$ 718,948</u>

The majority of the interfund balances due to the Nonmajor Governmental Funds from the General Fund, Education Trust Fund, Medicaid, and the Nonmajor Governmental Funds consist of routine short term borrowings of cash between funds of individual agencies.

The Education Trust Fund has the most interfund payables, \$445,019,000 in total. Of that amount, \$437,391,000 is due to repay the Education Trust Fund Rainy Day Account within the Alabama Trust Fund which was used to alleviate a budget shortfall in fiscal year 2009. Pursuant to Amendment No. 803 *Constitution of Alabama 1901*, the Legislature must provide for the replenishment of the account within six years after withdrawal.

The General Fund has the second most interfund payables, \$169,743,000 in total. Of that amount, \$161,566,000 is due to repay the General Fund Rainy Day Account within the Alabama Trust Fund which was used to alleviate a budget shortfall in fiscal year 2010. Pursuant to Amendment No. 803 *Constitution of Alabama 1901*, the Legislature must provide for the replenishment of the account within ten years after withdrawal.

Nonmajor Governmental Funds have the third most interfund payables, totaling \$43,196,000. Of that amount, \$1,541,000 is owed to Medicaid, \$19,464,000 is owed to other Nonmajor Governmental Funds, and \$19,725,000 is owed to Internal Service Funds for goods and services.

Medicaid owed \$9,786,000 to the Public Welfare Trust Fund and \$16,176,000 to Nonmajor Governmental Funds. Of the latter amount, \$10,489,000 is due to Public Health, \$1,126,000 is due to Youth Services, \$3,681,000 is due to Senior Services, and \$879,000 is due to Rehabilitation Services. The Alcoholic Beverage Control Board (ABC) has interfund payables totaling \$23,331,000. ABC owed \$15,971,000 to the General Fund and \$6,427,000 to the Public Welfare Trust Fund. ABC is required by law to distribute profits and certain taxes collected to those two funds, local governments, and the Mental Health component unit. The law also allows ABC to delay distribution for 120 days in order to maintain sufficient operating cash.

The Alabama Trust Fund has the largest interfund receivables, \$437,391,000 due from the Education Trust Fund and \$161,566,000 due from the General Fund as discussed previously. Nonmajor Governmental Funds rank second in receivables, at \$54,591,000. The Internal Service Funds rank third in receivables, at \$26,542,000. Risk Management, an Internal Service Fund, financed several buildings and building renovations for various Nonmajor Governmental Funds in the amount of \$11,650,000 for a period of longer than one year. The remaining Internal Service Fund receivable of \$14,892,000 generally represent normal billings for services rendered or goods sold to the other funds late in the fiscal year which will be paid early in the subsequent fiscal year. The General Fund ranks fourth in receivables, at \$17,613,000. \$15,971,000 of that amount is due from ABC as discussed above.

## B. Balances with Component Units

Balances owed by state funds to component units at September 30, 2011, consisted of (amounts in thousands):

PAYABLE BY	PAYABLE TO				
	Public School & College Authority	Mental Health	State Employees' Health Insurance	Nonmajor Component Units	Total
General Fund	\$ 0	\$ 1	\$ 39	\$ 12	\$ 52
Education Trust Fund	-	224	3	159	386
Medicaid Fund	-	35,465	7	-	35,472
Public Road and Bridge Fund	-	-	13	13	26
Public Welfare Trust Fund	-	390	35	-	425
Nonmajor Governmental	15,074	133,827	203	419	149,523
Alcoholic Beverage Control Board	-	2,432	13	-	2,445
Nonmajor Enterprise Funds	-	-	116	-	116
Internal Service Funds	-	16	585	-	601
<b>Totals</b>	<b>\$ 15,074</b>	<b>\$ 172,355</b>	<b>\$ 1,014</b>	<b>\$ 603</b>	<b>\$ 189,046</b>

The largest payable of \$133,827,000 is a short term payable owed by Nonmajor Governmental Funds to Mental Health for tax revenues pledged by the primary government to support Mental Health programs. The second largest short term payable was \$35,465,000 owed by Medicaid to the Mental Health component unit, primarily for funding Medicaid eligible patients in the care of Mental Health. In addition to the above balances with component units, the financial statements report Water Pollution Control Authority has a long term receivable of \$5,866,000 that is due from the primary government as a whole.

Balances owed to state funds by component units at September 30, 2011 consisted of (amounts in thousands):

PAYABLE TO	PAYABLE FROM					Total
	Mental Health	Water Pollution Control Authority	Public Education Employees' Health Insur	State Employees' Health Insurance	Nonmajor Component Units	
General Fund	\$ 0	\$ 0	\$ 0	\$ 14	\$ 0	\$ 14
Education Trust Fund	-	-	-	8	-	8
Medicaid	72	-	-	1	-	73
Public Road and Bridge Fund	-	-	-	2	-	2
Public Welfare Trust Fund	-	-	-	2	-	2
Nonmajor Governmental	23	447	822	1,061	1,429	3,782
Alcoholic Beverage Control Board	-	-	-	2	-	2
Internal Service Funds	280	-	1	80	1,174	1,535
Totals	\$ 375	\$ 447	\$ 823	\$ 1,170	\$ 2,603	\$ 5,418

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2011

The component units of the State owe \$5,418,000 to various funds of the State. The largest amount, \$1,429,000, is owed by Nonmajor Component Units to Nonmajor Governmental Funds. Of that amount, \$1,147,000 is owed by the Drinking Water Finance Authority to the Department of Environmental Management primarily for payroll costs. Risk Management, an Internal Service Fund, financed building renovations for Crime Victims Compensation, a Nonmajor Component Unit in the amount of \$1,070,000 for a period of longer than one year. The remaining Internal Service Fund receivable of \$465,000 is owed for routine billings of services rendered.

### C. Balances Between Component Units

Balances owed between component units at September 30, 2011 consisted of (amounts in thousands):

PAYABLE TO	PAYABLE FROM			Total
	State Employees' Health Insurance	University of Alabama	Nonmajor Component Units	
Mental Health	\$ 21	\$ 69,130	\$ 0	\$ 69,151
State Employee's Health Insurance	-	-	2	2
<b>Totals</b>	<u>\$ 21</u>	<u>\$ 69,130</u>	<u>\$ 2</u>	<u>\$ 69,153</u>

The component units of the State had interfund payables due to other component units totaling \$69,153,000. The largest amount, \$69,130,000, is owed by the University of Alabama to Mental Health for the purchase of the Bryce Hospital property. State Employees' Health Insurance owes Mental Health \$21,000 in refunds.

## D. Interfund Transfers

Transfers among the various funds of the primary government during fiscal year 2011 were as follows (amounts in thousands):

TRANSFERS OUT	TRANSFERS IN													Total
	General	Edu- cation	Ala		Public	Public	Non-	Unemploy-	Alabama	Alcoholic	Non-	Internal		
	Fund	Trust Fund	Trust Fund	Medicaid Fund	Road & Bridge Fund	Welfare Trust Fund	major Govern- mental	ment Compen- sation	Community College System	Beverage Control Board	major Enter- prise	Service Funds		
General Fund	\$ 0	\$ 0	\$ 0	\$ 27,039	\$ 4	\$ 84,124	\$ 130,981	\$ 0	\$ 0	\$ 0	\$ 69	\$ 7,028	\$ 249,245	
Education														
Trust Fund	-	-	-	5,769	-	12,565	25,057	-	337,687	-	-	1,109	382,187	
Alabama Trust	120,163	-	-				94,401	-	-	-	-	-	214,564	
Medicaid	-	-	-	-	-	77,622	233,521	-	-	-	-	-	311,143	
Public Road & Bridge Fund	-	-	-	-	-	-	80,928	-	-	-	-	-	80,928	
Public Welfare														
Trust Fund	-	19,205	-	31,434	171	-	45,376	-	-	-	-	-	96,186	
Nonmajor														
Governmental	72,986	542	1,201	47,061	1,123	1,604	182,438	7,262	25,036	589	-	4,071	343,913	
Unemployment														
Compensation	-	-	-	-	-	-	10,175	-	-	-	-	-	10,175	
State Port Auth	-	-	-	-	-	-	55	-	-	-	-	-	55	
Alcoholic														
Beverage														
Control Board	16,009	-	-	-	-	634	254	-	-	-	-	-	16,897	
Nonmajor														
Enterprise	-	-	-	-	-	-	9,862	-	-	-	-	-	9,862	
Internal														
Service Funds	-	-	-	-	9	-	153	-	-	-	-	4,734	4,896	
Totals	\$ 209,158	\$ 19,747	\$ 1,201	\$ 111,303	\$ 1,307	\$ 176,549	\$ 813,201	\$ 7,262	\$ 362,723	\$ 589	\$ 69	\$ 16,942	\$ 1,720,051	

Transfers are often made between funds as required by the legislature in the appropriation acts as well as by a variety of existing statutes. Of the \$249,245,000 transferred to other funds by the General Fund, \$191,103,000 was transferred in compliance with the appropriation acts. Of that amount, \$84,124,000 was transferred to the Public Welfare Trust Fund, \$40,080,000 was transferred to the Fair Trial Tax Fund, a nonmajor governmental fund, and \$34,545,000 was transferred to the Department of Public Health. The remaining General Fund transfers were made in small amounts to comply with a variety of statutes.

Of the \$382,187,000 transferred out of the Education Trust Fund, the appropriation acts as adjusted by proration required the transfer of \$345,628,000 to other funds. Of that amount, \$337,687,000 was transferred to supplement the operations of the Alabama Community College System. The appropriation acts also mandated that the Internal Service Funds receive \$1,109,000 to fund telephone and computer services and the Public Welfare Trust Fund received \$12,565,000. The remaining Education Trust Fund transfers were made in small amounts to comply with a variety of statutes.

The Alcoholic Beverage Control Board transferred \$16,009,000 to the General Fund and \$634,000 to the Public Welfare Trust Fund, which represents those funds' statutorily mandated share of the Board's profits.

The Alabama Trust Fund, in compliance with amendments to the *Constitution of Alabama of 1901*, is required to transfer to other funds a substantial portion of its investment earnings as well as a portion of new income from offshore oil and gas rights. In

For the Fiscal Year Ended September 30, 2011

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compliance with these amendments, the General Fund received \$120,163,000, and the Nonmajor Governmental Funds received \$94,401,000. Within the Nonmajor Governmental Funds, the Forever Wild Land Trust Fund received \$15,000,000, the County Government Capital Improvement Fund received \$18,152,000, the Municipal Government Capital Improvement Fund received \$18,152,000, the Alabama Capital Improvement Trust Fund received \$34,477,000, the County and Municipal Capital Improvement Trust Fund received \$8,620,000.

Medicaid transferred out \$77,622,000 to the Public Welfare Trust Fund, and \$233,521,000 to Nonmajor Governmental Funds to fund services provided to Medicaid recipients. The Departments of Public Health, Youth Services, Senior Services, and Rehabilitation Services were the Nonmajor Governmental Fund recipients. The financial statements show \$14,000 more transfers in and \$20,000 more transfers out for Internal Service Funds because transfers of capital assets were made between general government and Internal Service Funds.

## **NOTE 6 - RISK MANAGEMENT**

The State manages risk through risk control and risk financing to minimize the adverse effects of certain types of losses. Risk financing includes self-insurance through several different funds. The State Insurance Fund provides coverage for state buildings and contents against fire and casualty losses. The General Liability Trust Fund insures state employees against the risk of loss from employment-related liability claims. The State Employee Injury Compensation Trust Fund was created by the 1994 legislature to provide benefits to eligible state employees for job-incurred injury. The State Insurance Fund, the General Liability Trust Fund, and the State Employee Injury Compensation Trust Fund are administered by the Division of Risk Management of the Department of Finance.

There was no significant reduction in insurance coverage by the three Division of Risk Management funds from the prior year. These funds do not have acquisition costs; therefore, no cost is amortized for the period. The funds use the accrual basis of accounting for reporting purposes. As required by GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools," most investments are recorded at fair value. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Estimated claims liabilities are calculated by a professional actuary based on prior claims data. Non-incremental claims adjustment expenses have not been included as part of the liability for any of the funds.

The separately issued financial report of the Division of Risk Management contains additional note disclosures and supplementary information regarding claims development and liabilities.



## A. The State Insurance Fund

The State Insurance Fund (SIF) was established in 1923 and is under the *Code of Alabama 1975*, Section 41-15-1 for the purpose of insuring direct physical loss on buildings and contents in which title in whole or in part is vested in the State of Alabama or any of its agencies or institutions or in which funds provided by the State have been used for the purchases of land, construction of buildings, purchase or maintenance of any equipment, machinery, furniture, fixtures or supplies in such buildings and public school buildings together with the contents of all such buildings. All covered property shall be insured for no more than its replacement cost and shall be insured for no less than 80 percent of its actual cash value. Ten percent of actual cash value, salvage value, is used for property that is normally uninsurable. City boards of education may insure school buildings and property either in the State Insurance Fund or with an insurance company, whichever in the opinion of such board provides the best coverage for such school buildings and property. The principles of private industry insurance companies are utilized to establish rates, premium discounts, and experience credits to result in equitable premiums charged to policyholders. Excess insurance and reinsurance is acquired to assure the solvency of the fund.

Losses are recorded as current liabilities and expenses in the year reported. IBNR recognizes losses that have occurred but have not yet been reported. This liability and expense is determined by a professional actuary. The SIF has a \$10,000,000 cumulative loss annual deductible and a \$3,500,000 specific loss deductible for all perils except named wind storms, and a \$10,000,000 specific loss deductible for named wind storms. Excess insurance covers claims exceeding the deductible with a \$2 billion limit for named wind storms and a \$1 billion limit for all other perils. Payments received in fiscal years 2011, 2010, and 2009 for settlements in excess of deductibles totaled \$50,917,000, \$2,274,000, and \$14,166,000 respectively.

The following table presents the changes in claims liabilities for the past two years:

(Amounts in Thousands)	September 30,	
	2011	2010
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 10,092	\$ 12,302
Incurring claims and adjustment expenses:		
Provision for insured events of the current year	22,414	11,750
Increase (Decrease) in provision for insured events of prior years	(974)	(1,408)
Total incurred claims and adjustment expenses	21,440	10,342
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(9,192)	(6,493)
Claims and adjustment expenses attributable to insured events of prior years	(7,763)	(6,059)
Total payments	(16,955)	(12,552)
Reported claims payable and estimated claims incurred but not reported at end of year	<u>\$ 14,577</u>	<u>\$ 10,092</u>

A schedule of ten-year loss development information for the State Insurance Fund is in the Required Supplementary Information section of the CAFR.

For the Fiscal Year Ended September 30, 2011

**B. General Liability Trust Fund**

The General Liability Trust Fund (GLTF) was established in 1984 to protect state employees from personal financial liability resulting from lawsuits that are based on alleged negligence while acting within the line and scope of state employment. Claims are investigated and defended through the Office of the Attorney General. Auto liability is fully reinsured and the re-insurer, American Southern Insurance Company, handles all claims. The GLTF is managed much like a commercial insurance company, with exposure evaluated and commensurate premiums assigned to state agencies. Investment activities are an essential part of the General Liability Trust Fund's ability to maintain lower-cost employee liability coverage. Funds in excess of those needed for immediate operations are invested to maximize return and keep premiums down.

Losses are recorded as current liabilities and expenses in the year reported. IBNR recognizes losses that have occurred but have not yet been reported. This liability and expense is determined by a professional actuary. Excess insurance was procured effective January 15, 2011. The coverage will aggregate paid losses in excess of \$500,000 per claim. When these losses exceed \$3,000,000 in a policy year, claims in excess of the \$500,000 deductible will be reimbursed up to a maximum recovery of \$10,000,000 in any policy year. Payments received in fiscal years 2011, 2010 and 2009 for settlements in excess of deductibles for old claims (prior to April 2002) totaled \$199,000, \$0 and \$2,834,000, respectively.

The following table presents the changes in claims liabilities for the past two years:

(Amounts in Thousands)	September 30,	
	2011	2010
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 29,727	\$ 28,721
Incurring claims and adjustment expenses:		
Provision for insured events of the current year	2,102	668
Increase (Decrease) in provision for insured events of prior years	5,003	4,643
Total incurred claims and adjustment expenses	7,105	5,311
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(816)	(654)
Claims and adjustment expenses attributable to insured events of prior years	(7,469)	(3,651)
Total payments	(8,285)	(4,305)
Reported claims payable and estimated claims incurred but not reported at end of year	<u>\$ 28,547</u>	<u>\$ 29,727</u>

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### C. State Employee Injury Compensation Trust Fund

The State Employee Injury Compensation Trust Fund (SEICTF) was created by the legislature on October 1, 1994. Its purpose is to provide benefits to eligible state employees for job-incurred injury. Benefits under SEICTF are administered by the Department of Finance, Division of Risk Management in accordance with the Alabama Administrative Code and include all reasonable medical expenses arising from a job-incurred injury, lost wages (including benefits for time lost from the job), and benefits to dependents of employees who are fatally injured on the job. Specifically excluded from coverage are employees of the State Port Authority, educational institutions, and local boards of education. A key element in assuring effective and efficient operation of SEICTF was the creation of a statewide medical provider network with a focus on professionals who are experts in treating occupational injury.

Losses are recorded as current liabilities and expenses in the year reported. IBNR recognizes losses that have occurred but have not been reported. This liability and expense is determined by a professional actuary.

The following table presents the changes in claims liabilities for the past two years:

(Amounts in Thousands)	September 30,	
	2011	2010
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 29,260	\$ 27,281
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	3,357	4,304
Increase (Decrease) in provision for insured events of prior years	3,864	4,126
Total incurred claims and adjustment expenses	7,221	8,430
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(1,089)	(1,124)
Claims and adjustment expenses attributable to insured events of prior years	(4,933)	(5,327)
Total payments	(6,022)	(6,451)
Reported claims payable and estimated claims incurred but not reported at end of year	<u>\$ 30,459</u>	<u>\$ 29,260</u>

The Department of Transportation finances its own risk for state employee injury compensation. This table includes the changes in claims liabilities for the Department of Transportation as well as Risk Management. The claims incurred but not reported at the beginning of the year for Transportation totaled \$9,796,000, and total claims payments were \$1,986,000 in 2011. The Department of Transportation had \$10,168,000 in claims liabilities at the end of the year.

For the Fiscal Year Ended September 30, 2011

**D. State Employees' Insurance Plan**

The State Employees' Insurance Plan (SEIP) was established in 1965 by Alabama Act No. 833 to provide health insurance benefits for state employees. The SEIP is administered by the State Employees' Insurance Board (SEIB). The monthly premiums for employee and dependent coverage are determined annually and are set at a rate necessary to provide sufficient funds to pay all claims and reasonable expenses of administering the plans. The State pays a monthly premium for each employee and the employee pays the established dependent premium. The SEIB establishes claims liabilities based on estimates of the ultimate cost of claims (including estimated future retroactive claims adjustments) that have been reported but not settled, and of estimated claims that have been incurred but not reported. Because actual claims liabilities are affected by complex changing factors such as inflation, medical technology, and changes in legal doctrines, the process used in computing claims liabilities does not result in an exact amount. Actual claims costs incurred may vary from estimated claims liabilities depending on the similarities in the nature and frequency of the claims between current and prior years. Adjustments of the estimated claims liabilities based on actual results are charged or credited to expense in the periods in which such adjustments are determined.

The SEIB also administers a local government health insurance plan (LGHIP) in the same manner as the SEIP. The following table represents changes in those aggregate liabilities for SEIB during the past two years (approximately 60% of claim liabilities are related to the SEIP and the remainder to the LGHIP):

(Amounts in Thousands)

	September 30,	
	2011	2010
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 55,450	\$ 48,982
Incurred claims and adjustment expenses:		
Provision for insured claims of the current year	417,312	429,067
Adjustment to estimated claims incurred but not reported at end of year	(8,025)	726
Total incurred claims and adjustment expenses	409,287	429,793
Payments:		
Claims and adjustment expenses attributable to insured claims of the current year	(391,673)	(391,773)
Claims and adjustment expenses attributable to insured claims of prior years	(23,398)	(31,552)
Total payments	(415,071)	(423,325)
Reported claims payable and estimated claims incurred but not reported at end of year	<u>\$ 49,666</u>	<u>\$ 55,450</u>

At year-end, unpaid claims liabilities are computed using the gross method without discounting the accrued claims payable. The separately issued financial report contains note disclosures and supplementary information regarding claims development.

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## E. Public Education Employees' Health Insurance

The Public Education Employees' Health Insurance Fund (PEEHIF) was established in 1983 by the provisions of *Act 83-455* to provide a uniform plan of health insurance for current and retired employees of public educational institutions and to provide a method of funding the benefits related to the plan. The plan is administered by the Public Education Employees' Health Insurance Board (PEEHIB).

The State contributes a specified amount monthly to each respective participating school system. Each participating school system must then pay the employer rate to the PEEHIF each month. That rate was \$752 per participant for 2011 and 2010. In addition to the employer payments each month, the employee pays certain premium amounts. PEEHIB established claims liabilities based on the actual cost of claims reported but not settled, and estimates of claims that have been incurred but not reported. Actual claims costs ultimately incurred may vary from estimated claims liabilities should the nature and frequency of actual claims vary from historical claims experience on which the estimates are based. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Note that \$871,000 of unpaid claims at year-end is classified as due to the primary government.

The following table presents the changes in claims liabilities during 2011 and 2010:

(Amounts in Thousands)	September 30,	
	2011	2010
Unpaid claims and claim adjustment expense at beginning of year	\$ 76,793	\$ 78,547
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	750,967	790,024
Increase (Decrease) in provision for insured events of prior years	(15)	(2,808)
Total incurred claims and adjustment expenses	750,952	787,216
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(678,545)	(713,231)
Claims and adjustment expenses attributable to insured events of prior years	(76,779)	(75,739)
Total payments	(755,324)	(788,970)
Total unpaid claims and adjustment expenses at end of year	<u>\$ 72,421</u>	<u>\$ 76,793</u>

The separately issued financial report contains additional note disclosures and supplementary information regarding claims development.

For the Fiscal Year Ended September 30, 2011

**F. Alabama Health Insurance Plan**

The Alabama Health Insurance Plan (AHIP) was established to provide health insurance coverage to eligible individuals as an alternative to federal oversight required in the Health Insurance Portability and Accountability Act of 1996. AHIP was established in 1997 under Regulation 115 pursuant to Act 97-713, codified as Section 27-52-1 in the *Code of Alabama 1975*, and is governed by an eight member Board of Directors. The plan provides major medical benefits limited to \$1,000,000 for the lifetime of a participant. The plan provides that participants pay monthly premiums for health insurance coverage. Coverage is also available for eligible dependents of participants. Premiums are determined annually and are set at a rate necessary to provide sufficient funds to pay all claims and reasonable expenses of administering the plan.

Regulation No. 115 authorizes the Plan to recoup losses by assessing participating insurers based on their health insurance premiums written in the state for any year in which the Plan incurs a deficit. Assessments in excess of actual losses are to be held in interest bearing accounts and used by AHIP to offset future losses or to reduce future assessments. AHIP obtained funding from assessments totaling \$5,510,000 and \$3,901,000 in 2011 and 2010, respectively.

AHIP established claims liabilities based on estimates of the ultimate cost of claims (including future retroactive claims adjustments) that have been reported but not settled and of estimated claims that have been incurred but not reported. The estimation of claims costs depends on many factors including historical loss experience. Adjustments of the estimated claims liabilities based on actual results are charged or credited to expense in the periods in which such adjustments are determined.

The following table presents the changes in claims liabilities during the past two years:

(Amounts in Thousands)	September 30,	
	2011	2010
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 3,700	\$ 3,503
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	21,724	21,194
Increase (Decrease) in provision for insured events of prior years	(773)	173
Total incurred claims and adjustment expenses	20,951	21,367
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(19,330)	(19,374)
Claims and adjustment expenses attributable to insured events of prior years	(1,936)	(1,796)
Total payments	(21,266)	(21,170)
Reported claims payable and estimated claims incurred but not reported at end of year	<u>\$ 3,385</u>	<u>\$ 3,700</u>

The separately issued financial report contains additional note disclosures and supplementary information regarding claims development.

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## G. Alabama State Port Authority

The Alabama State Port Authority is partially self-insured with respect to workers' compensation claims. Each claim for a loss in excess of the \$1,000,000 self-insured retention is covered up to a \$10 million policy limit. The liability for uninsured claims includes an estimated amount for claims that have been incurred but have not been reported. The following represents changes in those aggregate liabilities for the Authority during the past two years:

(Amounts in Thousands)	September 30,	
	2011	2010
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 2,760	\$ 2,334
Provision for claims	663	1,024
Total payments	<u>(593)</u>	<u>(598)</u>
Reported claims payable and estimated claims payable incurred but not reported at end of year	<u>\$ 2,830</u>	<u>\$ 2,760</u>

The separately issued financial report contains additional note disclosures and supplementary information regarding claims development.

## NOTE 7 - RETIREMENT PLANS

### A. Retirement Systems of Alabama

The Retirement Systems of Alabama (RSA) administers the following three retirement programs for the benefit of state employees and public education employees: Teachers' Retirement System, Employees' Retirement System, and Judicial Retirement Fund.

#### 1. Plan Descriptions

The Teachers' Retirement System of Alabama (TRS) is a cost-sharing multiple-employer defined benefit pension plan, established as of September 15, 1939, under the provisions of the 1939 *Alabama Acts* 419. The TRS provides retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The Board of Control has responsibility for the general administration and operation of the TRS.

The Employees' Retirement System of Alabama (ERS) is an agent multiple-employer defined benefit pension plan established as of October 1, 1945, under the provisions of the 1945 *Alabama Acts* 515. The ERS provides retirement allowances and other specified benefits for state employees, state police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. The Board of Control is responsible for the general administration and operation of the ERS.

The Judicial Retirement Fund (JRF) is a cost-sharing multiple-employer defined benefit pension plan, established under the 1973 *Alabama Acts* 1163. The JRF provides retirement allowances and other specified benefits for any Justice of the Supreme Court of Alabama, Judge of the Court of Civil Appeals, Judge of the Court of Criminal Appeals, Judge of the Circuit Court, or office holder of any newly created judicial office receiving compensation from the State Treasury. Act Number 1205 of the legislature of 1975 supplemented the provisions of Act Number 1163 and enlarged the scope and coverage of the JRF to include District and Probate Judges. The Board of Control of the ERS administers and operates the JRF.

The TRS, ERS, and JRF provide retirement benefits as well as death and disability benefits as established by State law. Changes to benefits, including ad hoc cost of living adjustments, must be established by statute. Benefits for TRS and ERS members vest after 10 years of credited service. Teachers and state employees who retire after age 60 (52 for state police) with 10 years of credited service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service retirement benefits are calculated by two methods with the member receiving payment under the method which yields the highest monthly benefit: (1) minimum guaranteed, or (2) formula. Under the formula method, members of TRS and ERS (except state police) are allowed 2.0125 percent of their final average salary (highest 3 of the last 10 years) for each year of service. State police are allowed 2.875 percent for each year of state police service in computing the formula method. Disability retirement benefits are calculated in

## For the Fiscal Year Ended September 30, 2011

the same manner. JRF benefits vest from five to eighteen years. Except for justices or judges who were either disabled, elected prior to July 30, 1979, or have at least 25 years of credited service, no justice or judge shall be eligible to receive judicial service retirement pay prior to attaining sixty years of age. Service retirement benefits for justices and judges are dependent upon the particular office held in the judicial branch of government. A retirement benefit is payable upon the request of any member who has: (1) 25 years of credited service (regardless of age), (2) completed 12 years of credited service and has attained age 65, (3) completed 15 years of credited service and whose age plus service equals or exceeds 77, (4) completed 10 years of credited service and has attained age 70, or (5) been elected prior to July 30, 1979 and has 18 years of service (regardless of age). A member eligible to retire who has not requested his retirement benefit to commence at the end of the term in which his seventieth birthday occurs is entitled only to the refund of his contributions (except for members with at least 25 years of credited service). The service retirement benefit for circuit, appellate, and probate judges is 75% of the member's salary at the time of separation from service. The service retirement benefit for a district judge is 75% of the position's salary immediately prior to retirement.

A pre-retirement death benefit is offered in which the account is credited with TRS and ERS employer contributions and investment income on such funds. The pre-retirement death benefit (group term life insurance) is paid in addition to the return of member contributions upon the death of an active TRS or ERS member who has completed at least one year of active membership in the system and whose date of death was within 180 days of such member's last date of actual service. However, a surviving spouse beneficiary of a deceased member who was eligible for service retirement may elect a survivor allowance in lieu of this benefit. The pre-retirement death benefit is equal to the annual earnable compensation of the member as reported to the system for the preceding year ending June 30, for TRS and September 30, for ERS. There is no pre-retirement death benefit available for JRF members.

When a member withdraws from service prior to becoming vested, the member's accumulated contributions and a portion of accumulated interest credited to the Annuity Savings account are returned to the member. The portion of accumulated interest, which by law is not payable to the member, is transferred to the Expense Fund.

RSA issued a stand-alone financial report that includes financial statements and required supplementary information (including the six-year trend) for the year ended September 30, 2011. Copies may be obtained by writing to:

The Retirement Systems of Alabama  
P.O. Box 302150  
201 South Union Street  
Montgomery, AL 36130-2150

State Law established the contribution requirements and must be amended by state statute. The law provides that the Boards of Control engage an actuary to prepare an annual valuation of the assets and liabilities of the various reserve funds.

At September 30, 2011, the number of participating employers in each system was as follows:

	<u>TRS</u>	<u>ERS</u>	<u>JRF</u>
Cities	-	288	-
Counties	-	65	67
Other Public Entities	-	520	-
Universities	13	-	-
Post-Secondary Institutions	30	-	-
City & County Boards of Education	132	-	-
State Agencies & Other	33	1	1
<b>Total</b>	<b><u>208</u></b>	<b><u>874</u></b>	<b><u>68</u></b>



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## **2. Summary of Significant Accounting Policies**

### **a. Basis of Accounting**

The TRS, ERS, and JRF financial statements are prepared using the accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to plan requirements. The financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board. Under these requirements, the TRS, ERS, and JRF are considered component units of the State of Alabama.

### **b. Investments**

The Boards of Control of the Systems have the responsibility and authority to invest and reinvest available funds, through the Secretary-Treasurer and Investment Committee, in bonds, mortgage-backed securities, common and preferred stock, or other investment vehicles with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use. All plan assets are carried at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. Mortgage-backed securities are reported based on future principal and interest payments discounted at the prevailing interest rate for similar instruments. The fair value of real estate investments is based on independent appraisals.

As of September 30, 2011, the TRS and ERS owned debt and equity securities of Raycom Media Corporation which represented approximately 8.22 percent and 9.03 percent, respectively, of the TRS and ERS investments.

## **3. Contributions Required and Contributions Made**

The actuary has computed, as of the date of the latest available actuarial valuations (September 30, 2010 for TRS, ERS and JRF), the estimated present value of benefits payable to retired members, beneficiaries and active members. The actuarial valuations for the TRS and ERS are prepared using the entry age method, while the JRF valuation utilizes the projected unit credit method. The present value of all expected benefits payable from each system to the present group of members and beneficiaries is calculated by adding the present value of the expected benefits payable to the active members to the present value of the expected future payments to retired members and beneficiaries.

As required by statute, the TRS, ERS, and JRF provide for employer contributions at actuarially determined rates (expressed as percentages of annual covered payroll) that accumulate sufficient assets to pay benefits when due. The employer contributions required to support the benefits of each system are determined following a level funding approach and consist of a normal contribution, an accrued liability contribution, and a portion to finance administrative costs.

For the TRS and ERS, the normal contribution is determined using the “entry age normal” method. Under this method, a calculation is made to determine the uniform and constant percentage rate of the employer contributions which, if applied to the compensation of the average new member during the entire period of the member's anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on the member's behalf. The amortization method is level percent open for the September 30, 2010 actuarial valuations for the TRS and the ERS. The remaining amortization period is 30 years for the TRS, ERS-state employees, and ERS-state policemen.

For the JRF, the normal contribution is determined using the “projected accrued benefit” (unit-credit) method. Under this method, the benefits of each individual included in an actuarial valuation are allocated by a consistent formula to valuation years. The actuarial gains (losses), as they occur, generally reduce (increase) the unfunded actuarial accrued liability. The amortization method is level percent open for the September 30, 2010 actuarial valuation. The remaining amortization period is 30 years.

The required contribution rate of active plan members for TRS and ERS (excluding state policemen, and certified firefighters, police officers and correctional officers) was 5 percent of earnable compensation for fiscal year 2011. State policemen were required to contribute 10 percent of earnable compensation. JRF members and certified firefighter, police officer, and correctional officer members of the TRS and ERS were required to contribute 6 percent of earnable compensation.

For fiscal year 2011, the required contribution rate of the employer for ERS (state employees) was 11.94 percent and the rate for TRS was 12.51 percent. The employer contribution rate for ERS state policemen and JRF was 30.57 percent and 24.20 percent, respectively.

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2011

### a. TRS and JRF

A schedule of Annual Required Contributions (ARC) and the percentage contributed for the TRS and JRF (Cost-sharing plans) is shown below :

<u>System</u>	<u>Annual Required Contribution *</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>TRS</b>			
Primary Government	\$ 56,050	\$ 55,361	\$ 54,042
Major Discretely Presented Component Units			
Auburn University	41,774	39,952	38,698
University of South Alabama	31,420	32,259	30,252
University of Alabama	143,026	134,517	128,725
<b>JRF</b>			
Primary Government	10,906	10,814	10,326

\* Amounts in Thousands. In all instances, 100% of the ARC was paid.

### State Employer Segment of ERS

The funded status of the State employer segment of ERS as of the latest actuarial valuation is as follows:

(Amounts in Thousands)	<u>Employees' Retirement System</u>	
	<u>State Employees and State Policemen</u>	
Actuarial Valuation Date	9/30/2010	
Actuarial Accrued Liability (AAL)	\$	7,468,682
Actuarial Value of Assets		<u>4,983,745</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u>2,484,937</u>
Funded Ratio		66.7%
Covered Payroll	\$	1,551,706
UAAL as a Percentage of Covered Payroll		160.1%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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Contributions in 2011 for agent employer ERS were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at September 30, 2009.

**Actuarial Methods for ERS**

Valuation Date: September 30, 2009  
Actuarial Cost Method: Entry Age  
Asset Valuation Method: 5 Yr Smoothed Market  
Amortization Method: Level Percent Open  
Remaining Amortization Period: State Employees 30 years, State Policemen 26 years

**Actuarial Assumptions for ERS**

Investment Rate of Return: 8% \*  
Projected Salary Increases: 4.61%-7.75% \*  
Cost of Living Increases: None

\*Includes inflation at 4.5%

The annual pension cost for the State employer segment of ERS was as follows:

**Three-Year Trend Information**

<b>Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2009	\$ 191,837,980	100	\$0
2010	191,182,726	100	0
2011	183,211,416	100	0

**B. Other Pension Plans**

The State Port Authority administers two single-employer pension plans, the Hourly Plan and the Terminal Railway Plan, for a small number of hourly workers and railway employees. The Peace Officers Annuity and Benefit Fund is a cost-sharing multiple-employer defined benefit pension plan that provides a small additional pension benefit to state and local peace officers beyond that which is paid by the Employees' Retirement System. The Clerks and Registers Supernumerary Fund is a cost-sharing multiple-employer defined benefit pension plan that provides pension benefits to circuit clerks and registrars of courts. These pension plans are not material to the State.

**NOTE 8 - DEFERRED COMPENSATION**

The State offers employees the opportunity to participate in an optional deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan is available to all state employees and permits them to defer a portion of their salary until future years. The current value of the employee contributions may be withdrawn upon termination, retirement, death, or an unforeseeable emergency.

It is the opinion of the State's legal counsel that the State has no liability for losses under this plan but does have the duty of due care that would be required of an ordinary prudent investor.

The Public Employees' Individual Retirement Account Fund/Deferred Compensation Plan (RSA-1) is administered and operated by its Board of Control. All members of the Teachers' Retirement System of Alabama, Employees' Retirement System of Alabama, Judicial Retirement Fund, and employees of employers eligible to participate in the Employees' Retirement System, are eligible to participate in this plan. At September 30, 2011, net assets of the plan totaled \$1,419,503,000.

For the Fiscal Year Ended September 30, 2011

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State employees may also participate in a plan administered by Great-West Retirement Services. This plan is also a deferred compensation plan organized under IRC Section 457. The plan contract requires the assets to be held in trust for the benefit of plan participants. The State has no fiduciary responsibility for the assets and therefore does not include the plan in its reporting entity.

## **NOTE 9 - POSTEMPLOYMENT HEALTH BENEFITS**

In addition to the pension benefits described in the Retirement Plans note, the State provides postretirement health care benefits, in accordance with *Code of Alabama 1975*, Section 36-29-10, to all retired state employees through the State Employees' Health Insurance Plan (SEHIP) and, in accordance with *Code of Alabama 1975*, Section 16-25A-17, to all retired employees of state educational institutions through the Public Education Employees' Health Insurance Plan (PEEHIP). The retiree portion of the SEHIP is accounted for through the Alabama Retired State Employees' Health Care Trust and the retiree portion of the PEEHIP is accounted for through the Alabama Retired State Employees' Health Care Trust (see plan description). Employees covered under these two plans who retire from active service and begin receiving monthly benefits from the Employees' Retirement System of Alabama or from the Teachers' Retirement System of Alabama may elect to continue coverage under the group insurance plan by consenting to have deducted from their monthly benefit payment the difference in the total cost of their insurance coverage and the portion authorized to be expended by the SEHIP or PEEHIP for coverage of such retired employees. The State Employees' Insurance Board administers SEHIP, and the Public Education Employees' Insurance Board administers PEEHIP.

In order to fund the ongoing costs of these other postemployment benefits (OPEB), the State has established two trust funds as described below to comply with GASB Statements 43 and 45.

### **A. Plan Descriptions**

The Alabama Retired Education Employees' Health Care Trust is a multiple employer cost-sharing defined benefit health care plan established as an irrevocable trust in 2007 by Constitutional Amendment 798. As of the latest actuarial evaluation, there were 197 participating employers.

The Alabama Retired State Employees' Health Care Trust is a single employer defined benefit health care plan established as an irrevocable trust in 2007 by Constitutional Amendment 798.

The Public Education Employees' Health Insurance Board issued a stand-alone plan financial report for the Alabama Retired Education Employees' Health Care Trust that includes financial statements and detailed disclosures for the year ended September 30, 2011. A copy may be obtained by writing to:

The Public Education Employees' Health Insurance Board  
P.O. Box 302150  
201 South Union Street  
Montgomery, AL 36130-2150

The State Employees' Insurance Board issued a stand-alone financial report that includes the Alabama Retired State Employees' Health Care Trust financial statements and detailed disclosures for the year ended September 30, 2011. A copy may be obtained by writing to:

State Employees' Insurance Board  
P. O. Box 304900  
201 South Union Street, Suite 200  
Montgomery, AL 36130-4900

### **B. Summary of Significant Accounting Policies**

#### **1. Basis of Accounting**

Both Trusts are "other employee benefits trust funds" that operate under the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when earned, pursuant to plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

## 2. Investments

All plan assets are carried at fair value except short-term investments which are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Mortgage-backed securities are reported based on estimated future principal and interest payments discounted at the prevailing interest rate for similar instruments. Investments not traded on exchanges are valued based on the selling price of similar investments sold in the open market. In those instances where there are no similar investments sold in the open market, an appraisal is performed to determine the fair value of the investments.

## C. Funding Policy

The cost of the teachers' health care benefits is paid from the regular appropriations made to individual education entities. The retired employee allocation is funded through the active employee premium. Retirees who are eligible for Medicare benefits must pay \$10 per month for the Hospital/Medical coverage while those who are not eligible for Medicare must pay \$146 per month for the coverage. Additional premiums are paid for dependents. Optionally, the retirees may use this insurance allocation to purchase two plans of optional insurance offered by PEEHIP with no out-of-pocket cost. The Early Retiree Reinsurance and Medicare Part D subsidy for fiscal year 2011 totaled \$35,919,000. Of this amount, \$1,652,000 was an on-behalf payment for the primary government of the State of Alabama and \$1,460,000 on-behalf payments of the major discretely presented component units of the State of Alabama. Most of the remaining amount was on-behalf payments for local school boards that are not part of the State's reporting entity.

The State provides health care benefits for retired state employees through SEHIP. For retirees who retired prior to October 1, 2005, the State pays 100 percent of the premium for a retiree who is over 65 and eligible for Medicare. The State pays a portion of the premium for a retiree who is under 65. Under the SEHIP statute, the State contribution per month per retiree is funded on a pay-as-you-go basis through the active employee premiums each agency pays for its active employees. COBRA insurance is also available to state employees who terminate state service, but the employee is liable for the premiums. For retirees, who retire on or after October 1, 2005 except for disability, Act 2004-648 provides that the State contribution for retiree health insurance premiums shall be based on years of service. The State contribution to the health insurance premium shall be reduced by two percent for each year of service less than twenty-five and increased by two percent for each year of service over twenty-five. The retiree is responsible for the amount of contribution not covered by the State. Also, the State may make additional contributions. Additional funds were contributed during fiscal year 2011 in the amount of \$9,950,000 as authorized by the SEHIP Board. The Medicare Part D retiree drug subsidy for the primary government, the component units, and the fiduciary funds was \$9,883,000, \$813,000, and \$85,000, respectively, for fiscal year 2011.

### 1. Annual OPEB Cost and Net OPEB Obligation

Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, requires additional reporting and disclosures for OPEB plans.

The PEEHIP is a cost-sharing multiple-employer plan. Contribution requirements are determined by statute. In all instances, the state and its discretely presented component units paid 100% of the statutorily determined contribution requirements. Therefore, the State has no net OPEB obligation related to the PEEHIP.

The SEHIP is a single employer plan. The following OPEB amounts are for the SEHIP:

(Amounts in thousands)	Primary Government	Component Units	Fiduciary
Annual required contribution	\$ 194,199	\$ 16,534	\$ 1,132
Interest on net OPEB obligation	19,445	1,656	113
Adjustment to ARC	(13,880)	(1,183)	(81)
Annual OPEB cost	199,764	17,007	1,164
Contributions made	(106,244)	(9,045)	(619)
Increase in net OPEB obligation	93,520	7,962	545
Net OPEB obligation, beginning of year	384,856	36,087	3,340
Net OPEB obligation, end of year	<u>\$ 478,376</u>	<u>\$ 44,049</u>	<u>\$ 3,885</u>

Percentage of annual OPEB cost contributed: 53%

For the Fiscal Year Ended September 30, 2011

The net OPEB obligation is liquidated proportionately by all funds paying employee health care benefits through SEHIP.

## 2. Funded Status and Funding Progress

The funded status of the plan for the retired state employees as of the most recent actuarial valuation dated September 30, 2010, was as follows:

### Retired State Employees' Health Care Trust (SEHIP)

(Amounts in thousands)

Actuarial Valuation Date	09/30/2010
Actuarial Accrued Liability (AAL)	\$ 4,162,276
Actuarial Value of Assets	(97,484)
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 4,064,792</u></u>
Funded Ratio	2%
Covered Payroll	\$ 1,594,767
UAAL as a Percentage of Covered Payroll	255%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

## 3. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period.

The actuarial methods and significant assumptions used to determine the ARC for fiscal year 2011 are as follows:

Actuarial Methods for Retired State Employees' Health Care Trust	
Valuation Date:	September 30, 2008
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value of Assets
Amortization Method:	Level Percent of Pay
Remaining Amortization Period:	30 Years
Period Closed/Open:	Open

Actuarial Assumptions for Retired State Employees' Health Care Trust	
Investment Rate of Return:	5%
Medical Cost Trend Rate:	
Medicare Eligible	9%
Pre-Medicare	11%
Ultimate Trend Rate:	
Medicare Eligible	5%
Pre-Medicare	5%
Year of Ultimate Trend Rate:	2016
Dental Trend Rate:	5%

\*Includes Inflation at 4.5%

The assumed investment rate of return reflects the fact that as of September 30, 2008 the Plan had assets in a trust solely to provide benefits to retirees and their beneficiaries. A policy has been established to make regular contributions representing a partial payment toward the ARC each year. If the Plan starts fully pre-funding benefits, the discount rate may be increased to reflect equity investment the fund may have after full pre-funding begins. This investment rate of return assumption is independent of the inflation assumption.

#### 4. Trend Information

The following table details employer contributions to the Alabama Retired Education Employees' Health Care Trust:

(Amounts in Thousands)	Statutorily Required Contribution*		
	2011	2010	2009
Primary Government	\$ 15,223	\$ 17,284	\$ 15,033
Major Discretely Presented Component Units			
Auburn University	10,604	9,214	8,903
University of South Alabama	7,598	6,078	5,598
University of Alabama	28,601	25,573	24,302

\* 100% of the statutorily required contributions were contributed.

The employer contributions and annual OPEB cost of the SEHIP is presented in the table below.

(Amounts in Thousands)				
	Employer Contributions	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 105,967	\$ 214,381	49%	\$ 314,584
2010	106,078	215,777	49%	424,283
2011	115,908	217,935	53%	526,310

For the Fiscal Year Ended September 30, 2011

### **NOTE 10 - RELATED ORGANIZATIONS**

The State's officials are responsible for appointing a majority of the members of the boards of other organizations, but the State's accountability for these organizations does not extend beyond making appointments. The State appoints the nine-member board of the Private Colleges and Universities Facilities Authority and a majority of the eleven member board of the Alabama Family Trust Corporation.

### **NOTE 11 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS**

#### **A. Joint Ventures**

The Tennessee-Tombigbee Waterway Development Authority is a joint venture created by a compact executed between the State of Alabama and the States of Mississippi, Tennessee, and Kentucky. Its purpose is to develop and promote a navigable waterway between the Tennessee and Tombigbee rivers and provide a nine foot deep navigable channel. The State of Alabama provided \$104,000 and \$119,000 to the Authority for fiscal year 2011 and fiscal year 2010, respectively. The fiscal year of the Tennessee-Tombigbee Waterway Development Authority ends on December 31. Key financial data for the Authority is shown below.

(Amounts in Thousands)

	<u>2011</u>	<u>2010</u>
Fund Balance	\$ 228	\$ 212
Revenues	278	337
Expenditures	262	322

Complete financial statements for the Authority can be obtained at P. O. Drawer 671, Columbus, MS 39703.

#### **B. Jointly Governed Organizations**

The Historic Chattahoochee Commission is a jointly governed organization that was created by a compact executed between the State of Alabama and the State of Georgia. The Commission had \$296,000 in revenues in 2011.

### **NOTE 12 - RELATED PARTY TRANSACTIONS**

The Montgomery Downtown Redevelopment Authority, a public corporation, issued \$65,200,000 of bonds in 1988 to construct the Gordon Persons office building. These bonds were partially refunded in 1992 with a new bond issue of \$66,150,000. The Series 1992 bonds were refunded in 2002 with a new bond issue of \$43,265,000. The bonds' final maturity is on October 1, 2013. Members of the board of directors of the Authority are appointed by officials of the City of Montgomery, but the Authority is not a part of the City's reporting entity and is therefore considered a separate "stand-alone government." The bonds issued constitute conduit debt obligations of the Authority, and are therefore reported as revenue bond debt of the State. The Authority has also issued conduit debt on behalf of other governments and third parties, none of which is reported in these financial statements. The State operates and maintains the building and has entered into an agreement with the Authority whereby the rental payments from state agencies occupying the building are paid to the Authority, which then uses the money to pay the bond principal and interest. The payments to the Authority are reported by the State as debt principal and interest expenditures.

These financial statements exclude certain foundations and other organizations affiliated with state colleges and universities. While the purpose of these foundations and associations is to operate exclusively for the benefit of the colleges and universities, such organizations do not constitute component units under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Reporting Entity" and GASB Statement No. 39, an amendment to GASB 14. These are: the University of Alabama at Huntsville Eminent Scholar Foundation, the Alabama Engineering Foundation, the UAH Alumni Association, the UAH Athletic Association, the UAH Foundation for Excellence, the University of South Alabama Medical Science Foundation, the Alabama A & M Foundation, the North Alabama Center for Educational Excellence, the Alabama A&M Research Institute, the



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University of Alabama Birmingham Educational Foundation (UABEF), the University of Alabama Health Services Foundation, P.C. (HSF), the University of Alabama Birmingham Health System, and the Valley Foundation.

The UABEF made contributions to the University of Alabama at Birmingham (UAB) of \$4,985,000 during the 2011 fiscal year. UABEF leases certain facilities to UAB with annual rental expense of approximately \$1,949,000 for 2011.

An affiliation agreement documents the relationship between HSF and UAB. The operating revenues of UAB include approximately \$24,382,000 of funding from HSF in 2011, which is used to support the educational and research activities of UAB.

UAB and HSF have entered into an agreement which established a common management group, the UAB Health System. The purpose of this agreement is to provide common management for their existing and future health care delivery operations. UAB contributed \$6,762,000 during 2011 to the UAB Health System Board.

The South Alabama Medical Science Foundation exists for the purpose of promoting education and research at the University of South Alabama. The Foundation reimburses the University for certain administrative expenses and other related support services. Total amounts received for such expenses were approximately \$1,008,000 for 2011.

## **NOTE 13 - CONTINGENCIES**

### **A. Grants**

The State receives federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes.

Federal grantor agencies from time to time review state records to determine whether the State has complied with the terms and conditions of grant agreements and federal regulations. Any disallowance resulting from a federal audit may become a liability of the State but cannot be reasonably estimated at this time. It is believed that any liability resulting from a determination of noncompliance will not materially affect the State's financial condition.

### **B. Tobacco Settlement**

As a party to a successful multi-state legal settlement with the tobacco industry, the State received \$92 million in fiscal year 2011, \$97.2 million in fiscal year 2010, \$116.6 million in fiscal year 2009, \$106.1 million in fiscal year 2008, \$99.0 million in fiscal year 2007, \$94.6 million in fiscal year 2006, \$101.9 million in fiscal year 2005, \$102.6 million in fiscal year 2004, \$118.6 million in 2003 and \$224.7 million in both 2002 and 2001. This settlement money is intended to compensate the State for smoking related health care costs incurred by various state programs. Because the exact amount of the future settlement amounts is not measurable, no receivable for these amounts is recorded in these financial statements.

### **C. Litigation**

The State is a party to numerous legal proceedings that occur in the normal course of governmental operations, some of which involve potentially significant amounts. The lawsuits involving potentially significant amounts are described below. Other proceedings involving amounts that, when aggregated, have no material effect on the accompanying government-wide financial statements, may have an impact on the related individual state agencies and funds. The monetary impact, if any, of litigation resulting in adverse rulings is usually addressed in subsequent state budgets and modifications of state laws. Due to the uncertainty involving the ultimate outcome and amounts of the unresolved litigation described below, no provision for potential liability has been recorded in the accompanying financial statements.

Blaylock, et al. v. American Tobacco Co., et al., filed in the Circuit Court of Montgomery County is an arbitration proceeding concerning the Master Settlement Agreement (MSA) that was negotiated with the tobacco industry in 1998. The MSA was entered into as a settlement of litigation brought against the participating tobacco products manufacturers by the Attorney Generals of the signatory states to reimburse the states for health care expenses in treating their citizens affected by the use of tobacco products sold by the manufacturers. The MSA contains a provision that allows an adjustment to reduce the payments by the tobacco industry if the

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For the Fiscal Year Ended September 30, 2011

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MSA has been determined to be a significant factor in the loss of market share by the manufacturers. States will not be subject to a reduction in their payments if it is determined that they diligently enforced their escrow statutes. The 2003 payment has a potential adjustment of \$1.2 billion nationwide that could be applied to the states that are determined not to have diligently enforced their escrow statutes during 2003. The question of whether the state was diligent will be determined by an arbitration panel consisting of three retired Article III federal judges. The arbitration trial is scheduled to begin in the spring of 2012 with a common case presentation, to be followed by more than 30 individual state presentations that will be set throughout 2012 and 2013. Alabama's individual hearing has not yet been scheduled. Alabama's potential share of the adjustment could be as much as \$80 million if Alabama loses and is deemed to have not diligently enforced its escrow statutes during 2003. If the tobacco industry is successful in the adjustment for 2003, additional arbitration proceedings would be likely for subsequent years.

Lynch, et al. v. State of Alabama, et al., is a class action filed in the U.S. District Court, Northern District of Alabama, on March 13, 2008. This class action suit is brought on behalf of public school students who maintain that their civil rights have been violated by the manner in which Alabama's public schools are funded. The plaintiffs are seeking a declaratory judgment that the property tax restrictions in the Alabama Constitution violate Title VI of the Civil Rights Act, 42 U.S.C. Section 2000d et seq., and the Constitution of the United States. They also seek an injunction against enforcing the current property tax laws until the Governor and legislature enact tax reforms and adequate funding of education. The financial impact is not determinable at this time, but is potentially significant. A trial began in U. S. District Court on March 21, 2011 and a final order was issued on October 21, 2011, rejecting the plaintiffs' claims of discrimination. The plaintiffs filed an appeal to the U. S. 11th circuit Court of appeals on November 18, 2011.

The State of Alabama has been involved in settling lawsuits challenging the constitutionality of the franchise tax in effect before 2000. The U. S. Supreme Court ruled that Alabama's franchise tax scheme unconstitutionally discriminated against interstate commerce. The State is continuing to negotiate settlements with corporations for potential refunds totaling \$15,000,000 plus accumulated interest of \$5 million. The State Legislature enacted laws to remedy the significant loss of revenue.

On August 14, 2009, Colonial Bank failed and was taken over by the State Banking Department and the Federal Deposit Insurance Corporation. The State of Alabama Department of Revenue entered final tax assessments totaling \$154,600,000 and recorded liens against various entities within the Colonial Bank family of entities. Appeals from those assessments are pending in the Administrative Law Division of the Department of Revenue, the Montgomery Bankruptcy Court, and in the Federal district court in Montgomery.

The State of Alabama Department of Revenue is also involved in significant tax-related lawsuits or actions that challenge the legality of certain taxes or challenge other provisions of tax laws and procedures. Other cases challenge tax assessments made by the Department. These cases have a significant combined potential refund liability or reductions of assessments. Adverse rulings in these cases could also reduce future revenues.

Eugene Crum, Jr., et al. v. State of Alabama, et al., was an employment discrimination case filed in 1994 against various state agencies and the State Personnel Department. The Crum case alleges discrimination in all aspects of employment. In March 2006, the State filed a request to the Court for a ruling on the class certification issue citing, in part, the continuing financial burden that expert updates and responses has placed on the State. The Court granted the State's "Motion for a Ruling" in May 2006. The Court recently denied class certification to plaintiffs and defendants. Any individual lawsuits remaining are not considered a significant liability to the state as a whole; however, any relief ordered by the court could involve sums of money above that which has been appropriated for the individual state agencies involved.

#### **NOTE 14 - DONOR-RESTRICTED ENDOWMENTS**

The Uniform Management of Institutional Funds Act, as adopted in Alabama, permits the boards of the educational institutions of the State to allocate an amount of realized and unrealized endowment appreciation as the boards determine to be prudent for donor-restricted endowments. The colleges' policies are to retain the endowments realized and unrealized appreciation with the endowments after the spending rate distributions. Endowments' earnings are classified in accordance with donor restrictions and are reported in the component units as net assets restricted for permanent trust – expendable or non-expendable as appropriate. The Boards of the University of Alabama and University of South Alabama approved a spending rate of 5 percent of a moving three-year average of the fair (unit) value. The other four-year colleges have approved similar spending rate policies with rates ranging between 3 and 6 percent. The net endowment appreciation of the four-year colleges at September 30, 2011 was \$65,166,000.

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## NOTE 15 - SUBSEQUENT EVENTS

### Primary Government

Subsequent to year-end, the Alabama Trust Fund made transfers to other funds in accordance with Amendment 666 to the Alabama Constitution. On October 4, 2011, the Alabama Trust Fund made transfers of oil and gas royalties to the Alabama Capital Improvement Trust Fund and the County and Municipal Government Capital Improvement Trust Fund in the amounts of \$33,224,000 and \$8,306,000, respectively. Also, the Alabama Trust Fund made transfers of capital gains most of which were distributed in October and November 2011. The totals of the capital gains distributions were as follows: General Fund \$279,516,000, Alabama Forever Wild Land Trust \$5,066,000, County Government Capital Improvement Fund \$39,931,000, and Municipal Government Capital Improvement Fund \$39,931,000.

### Component Units

The Alabama Housing Finance Authority called approximately \$15,605,000 of bonds prior to their scheduled maturities in the single family bond program.

On February 29, 2012, the Alabama Public School and College Authority issued \$79,340,000 Series 2012-A Pool Refunding Bonds and \$85,435,000 Series 2012-B Capital Improvement, Economic Development and Training Refunding Bonds. The Series 2012-A and Series 2012-B refunded \$65,895,000 Series 2002-A bonds, \$24,920,000 Series 2002-B bonds and \$90,915,000 Series 2003 bonds. The interest rates on the 2012-A and 2012-B bonds range from 2.75% to 5%. The bonds will be payable on March 1 each year. The maturity date of the 2012-A bonds is March 1, 2024 and the maturity date of the 2012-B bonds is March 1, 2029.

In March, 2012, the Alabama 21<sup>st</sup> Century Authority issued \$92,810,000 Series 2012-A Tobacco Settlement Revenue Refunding Bonds. The interest rate on the bond ranges from 3% to 5% with principal due annually on June 1. The maturity date of the bonds is June 1, 2021. The bonds refunded \$24,955,000 Series 2000 bonds and \$77,075,000 Series 2001 bonds.

On January 3, 2012 J.P. Morgan Chase Bank notified Alabama State University of their intent to exercise an option, as referenced in their International Swaps and Derivative Associates Master Agreement with the University. As a result of JPM exercising the option, the University is required to make a cash settlement payment of \$3,866,950. This payment is currently due on March 15, 2012. The balance of the option agreement as of September 30, 2011 totaled a negative \$3,581,290 and is recorded as a current liability.

The Alabama Space Science Exhibit Finance Authority has received a term offer from First Commercial Bank in relation to its Series 2009A bonds. The amount available on the line of credit will be \$4,500,000 with a step-down to \$4,000,000 on September 30, 2012 and an additional step-down to \$3,500,000 on February 28, 2013. Interest is due monthly and the principle and interest will be due on March 31, 2013. The interest rate will remain at the 30 Day LIBOR plus 2.50% with a 4.75% floor.

On January 25, 2012, the Alabama Drinking Water Finance Authority issued \$45,210,000 Series 2012-A Revolving Fund Loan Refunding Bonds. The interest rates on the bonds range from 0.5% to 4% with principal due annually on August 15. The maturity date of the bonds is August 15, 2024. The bonds refunded \$66,340,000 Series 1998-A, 2000-A, 2000-C and 2002-A bonds.

# STATE OF ALABAMA

## REQUIRED SUPPLEMENTARY INFORMATION

### Budgetary Comparison Schedule

#### All Budgeted Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	with Final Budget
<b>REVENUES</b>				
Taxes	\$ 1,214,636	\$ 1,170,531	\$ 1,102,393	\$ (68,138)
Licenses, Permits and Fees	166,265	160,228	150,901	(9,327)
Fines, Forfeits, and Court Settlements	43,127	41,561	39,142	(2,419)
Investment Income	20,306	19,569	18,430	(1,139)
Federal Grants and Reimbursements	-	-	-	-
Other Revenues	734	707	665	(42)
<b>Total Revenues</b>	<b>1,445,068</b>	<b>1,392,596</b>	<b>1,311,531</b>	<b>(81,065)</b>
<b>EXPENDITURES</b>				
Administrative Office of Courts	129,783	127,002	126,567	435
Agriculture and Industries	15,358	13,053	13,053	-
Attorney General	12,667	10,767	10,241	526
Auditor	901	901	827	74
Commission on Higher Education	-	-	-	-
Corrections	344,228	289,346	285,713	3,633
Economic and Community Affairs	18,703	15,694	13,092	2,602
Education	-	-	-	-
Emergency Management	5,804	19,772	19,537	235
Examiners of Public Accounts	12,361	10,500	10,500	-
Finance	12,595	11,405	7,940	3,465
Governor	4,196	3,959	3,536	423
Human Resources	-	-	-	-
Industrial Relations	2,351	1,790	1,789	1
Legislature	26,467	25,775	23,584	2,191
Medicaid	379,903	434,879	432,501	2,378
Mental Health	-	-	-	-
Postsecondary Education	-	-	-	-
Public Health	54,997	56,875	56,659	216
Public Safety	75,276	62,371	60,078	2,293
Public Service Commission	-	-	-	-
Rehabilitation Services	28	357	357	-
Revenue	90	77	66	11
Secretary of State	2,797	2,378	1,940	438
Transportation	-	-	-	-
Treasurer	2,560	2,176	1,991	185
Youth Services	14,266	12,313	12,313	-
Colleges and Universities	-	-	-	-
Other	251,755	224,551	201,903	22,648
<b>Total Expenditures</b>	<b>1,367,086</b>	<b>1,325,941</b>	<b>1,284,187</b>	<b>41,754</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>77,982</b>	<b>66,655</b>	<b>27,344</b>	<b>(39,311)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	226,434	218,211	205,509	(12,702)
Transfers Out	(304,416)	(284,894)	(284,824)	70
Refunding Bonds Issued	-	-	-	-
Insurance Recovery Proceeds	-	28	28	-
<b>Total Other Financing Sources (Uses)</b>	<b>(77,982)</b>	<b>(66,655)</b>	<b>(79,287)</b>	<b>(12,632)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>(51,943)</b>	<b>\$ (51,943)</b>

EDUCATION TRUST FUND				EARMARKED FUNDS			
Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget
Original	Final			Original	Final		
\$ 5,483,597	\$ 5,334,469	\$ 5,303,117	\$ (31,352)	\$ 1,357,074	\$ 1,662,985	\$ 1,324,469	\$ (338,516)
45	44	44	-	393,333	481,998	383,883	(98,115)
-	-	-	-	34,461	42,229	33,633	(8,596)
-	-	-	-	20,055	24,576	19,573	(5,003)
-	-	-	-	9,438,422	11,566,030	9,211,660	(2,354,370)
209	203	200	(3)	744,236	912,001	726,356	(185,645)
<b>5,483,851</b>	<b>5,334,716</b>	<b>5,303,361</b>	<b>(31,355)</b>	<b>11,987,581</b>	<b>14,689,819</b>	<b>11,699,574</b>	<b>(2,990,245)</b>
-	-	-	-	55,928	64,562	57,360	7,202
-	-	-	-	23,749	29,609	24,077	5,532
-	-	-	-	7,170	15,660	8,976	6,684
-	-	-	-	-	-	-	-
19,897	19,298	16,952	2,346	4,719	4,787	4,076	711
-	-	-	-	100,981	172,710	152,845	19,865
-	-	-	-	454,336	459,177	297,239	161,938
3,764,255	3,648,119	3,636,381	11,738	1,628,310	1,785,379	1,514,610	270,769
-	-	-	-	132,086	136,505	113,885	22,620
6,891	6,685	6,685	-	834	2,688	1,547	1,141
-	-	-	-	137,345	143,259	87,732	55,527
-	-	-	-	-	4,739	1,035	3,704
-	-	-	-	1,973,606	2,267,231	2,204,404	62,827
-	-	-	-	103,341	120,794	89,849	30,945
-	-	-	-	-	-	-	-
-	-	-	-	4,856,756	6,030,164	4,827,395	1,202,769
-	-	-	-	888,089	948,361	892,104	56,257
381,425	370,983	364,948	6,035	68,732	73,988	60,544	13,444
16,170	15,684	15,491	193	770,698	769,439	669,048	100,391
-	-	-	-	99,716	118,960	80,947	38,013
-	-	-	-	18,342	18,472	14,860	3,612
34,575	33,538	33,537	1	147,929	147,879	110,657	37,222
-	-	-	-	135,456	144,542	126,605	17,937
-	-	-	-	19,837	19,837	4,173	15,664
-	-	-	-	1,232,578	2,423,093	1,388,985	1,034,108
-	-	-	-	3,353	4,406	2,818	1,588
63,710	63,353	62,913	440	16,483	30,804	20,638	10,166
1,053,957	1,022,336	1,022,336	-	56,249	108,176	106,240	1,936
125,279	134,428	130,295	4,133	1,183,447	1,326,209	1,053,339	272,870
<b>5,466,159</b>	<b>5,314,424</b>	<b>5,289,538</b>	<b>24,886</b>	<b>14,120,070</b>	<b>17,371,430</b>	<b>13,915,988</b>	<b>3,455,442</b>
<b>17,692</b>	<b>20,292</b>	<b>13,823</b>	<b>(6,469)</b>	<b>(2,132,489)</b>	<b>(2,681,611)</b>	<b>(2,216,414)</b>	<b>465,197</b>
33,961	33,037	32,844	(193)	2,132,490	2,613,196	2,081,256	(531,940)
(51,653)	(53,329)	(53,329)	-	-	-	-	-
-	-	-	-	-	63,336	63,336	-
-	-	-	-	-	5,079	5,079	-
<b>(17,692)</b>	<b>(20,292)</b>	<b>(20,485)</b>	<b>(193)</b>	<b>2,132,490</b>	<b>2,681,611</b>	<b>2,149,671</b>	<b>(531,940)</b>
<b>\$ 0</b>	<b>\$ 0</b>	<b>(6,662)</b>	<b>\$ (6,662)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>(66,743)</b>	<b>\$ (66,743)</b>

# STATE OF ALABAMA

## REQUIRED SUPPLEMENTARY INFORMATION

### Budgetary Comparison Schedule

### Budget-to-GAAP Reconciliation

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	BUDGETARY FUNDS			
	General Fund	Education Trust Fund	Earmarked Funds	Alabama Trust Fund
<b>Net Change in Fund Balance</b>	<b>\$ (51,943)</b>	<b>\$ (6,662)</b>	<b>\$ (66,743)</b>	
Reconciliation to GAAP Basis:				
<b>Perspective Differences:</b>				
Reclassification of budgetary funds to GAAP financial statement fund types	-	-	66,743	\$ 340
<b>Basis Differences:</b>				
Accruals of revenues and other revenue adjustments	(50,321)	48,614		298
Accruals of expenditures, expenses and other non-budgeted items	(14,317)	819		-
To remove asset purchases treated as budgetary expenditures	14,512	-		-
To remove encumbrances recognized as expenditures	59	1,089		74
To recognize prior budget year expenditures/expenses	(4,026)	(2,704)		(104)
To remove budget expenditures/expenses not accrued as liabilities	1,276	275		-
<b>Entity Differences:</b>				
Add net operating results for funds not budgeted				(3,592)
<b>Net Change in Fund Balances/Net Assets - GAAP Basis</b>	<b>(104,760)</b>	<b>41,431</b>	<b>0</b>	<b>(2,984)</b>
<b>Fund Balances/Net Assets, October 1, 2010, as Restated</b>	<b>84,658</b>	<b>(244,526)</b>		<b>3,129,586</b>
Increase (Decrease) in Inventory	(48)	-		-
<b>Fund Balances/Net Assets, September 30, 2011</b>	<b>\$ (20,150)</b>	<b>\$ (203,095)</b>		<b>\$ 3,126,602</b>

FINANCIAL STATEMENT CLASSIFICATION								
Medicaid Fund	Public Road and Bridge Fund	Public Welfare Trust Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Funds	Pension (and Other Employee Benefit) Trust Funds	Private- Purpose Trust Funds	Component Units
\$ (82,454)	\$ 45,841	\$ (24,276)	\$ 48,665	\$ (54,374)	\$ (10,603)	\$ (13,059)	\$ (682)	\$ 23,859
(36,167)	2,403	1,694	120,246	226	13,287	(407)	137	5,007
(2,551)	(27,737)	3,806	(131,705)	58,349	(3,763)	16,175	603	(8,610)
-	-	-	605	740	9,522	1,479	-	1,784
4,374	22,454	3,073	25,179	701	1,800	1,133	4	4,280
(259)	(37,703)	(1,879)	(102,022)	(107)	(742)	(21)	(4)	(227,552)
(2,450)	(1,732)	(72)	9,801	87	(550)	(441)	-	5,965
(875)	(2,281)	(20)	21,532	164,424	(4,179)	(218,293)	(36,765)	607,100
<u>(120,382)</u>	<u>1,245</u>	<u>(17,674)</u>	<u>(7,699)</u>	<u>170,046</u>	<u>4,772</u>	<u>(213,434)</u>	<u>(36,707)</u>	<u>411,833</u>
37,964	482,526	82,672	1,508,834	1,128,565	157,192	27,733,613	1,142,369	6,680,283
-	472	-	(52)	-	-	-	-	-
<u>\$ (82,418)</u>	<u>\$ 484,243</u>	<u>\$ 64,998</u>	<u>\$ 1,501,083</u>	<u>\$1,298,611</u>	<u>\$ 161,964</u>	<u>\$ 27,520,179</u>	<u>\$ 1,105,662</u>	<u>\$ 7,092,116</u>

## STATE OF ALABAMA

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### REQUIRED SUPPLEMENTARY INFORMATION

#### Notes on Budgetary Accounting and Reporting

For the Fiscal Year Ended September 30, 2011

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#### **Budgetary Process**

Formulation of the budget begins with the preparation of estimates of expenditure requirements for the next fiscal year by the administrative head of each budgeted agency and institution. These estimates are submitted annually to the Executive Budget Office of the Finance Department on or before the first day of the third month preceding each regular session of the Legislature. The budget is prepared by program elements for each agency. Requested changes in programmatic expenditures over the prior fiscal year must be explained, and proposed capital expenditures must be justified as required by the Executive Budget Office.

The budget document, as finally developed by the Governor, is published and transmitted to the Legislature on or before the second legislative day of each regular session. For each agency, comparative summaries of appropriations and revenues are presented for the prior year, current year, the agency's request for the next year, and the Governor's recommendation for the next year. The recommended appropriation bills indicate the programmatic appropriation to each agency and the source of funds from which each appropriation is to be paid. The Legislature then legally enacts the State budget into law through the passage of a number of bills as Appropriation Acts. Some conditional appropriations are included in the Appropriation Acts. The agencies do not include these conditional amounts in the original budget, unless the conditions have been met before the fiscal year begins.

The General Fund appropriations were reduced as a result of proration in the amount of \$250 million. Approximately \$156 million of supplemental appropriations and \$33 million of conditional and other appropriations were distributed to various agencies from the General Fund. The Medicaid Agency and the Department of Public Health received supplemental appropriations in the amounts of \$126 million and \$13 million, respectively. Some expenditures are required by law to be fully funded and estimated amounts are approved in the General Fund appropriation bill. Increases to these estimated amounts do not require a new bill and are included as other appropriations. Original appropriations to the Departmental Emergency Fund are included in the original budget. Emergency appropriations cannot exceed two percent of the total General Fund appropriation bill.

The Education Trust Fund appropriations were reduced as a result of proration in the amount of \$164 million. During fiscal year 2011, only Veterans Affairs received a supplemental appropriation from the Education Trust Fund. The supplemental appropriation was \$14 million.

The Appropriation Acts budget by agency and program rather than by GAAP basis funds. The State funds its budgetary activities under three budgetary fund groups. The first is the General Fund, which includes many of the general operations of the three branches of government. The second is the Education Trust Fund (ETF), which is restricted to funding all levels of educational activity in the State. The third budgetary group is referred to in the budget documents as Earmarked Funds. The Earmarked Funds group includes the operations of most governmental funds of both the primary government and the component units, as well as portions of some proprietary and fiduciary operations.

The Appropriation Acts do not include a revenue budget. At the time of their passage, estimates prepared by legislative and executive branch professional staff assure the legislature that adequate revenues will be available to meet the level of appropriations approved. The Appropriation Acts specify that in addition to the appropriations made, all gifts, grants, or contributions in excess of the amount appropriated are automatically appropriated to be used for the purposes specified in the gift, grant, or contribution. This includes federal funds which are included in the Earmarked Funds. Most of the \$3.3 billion increase in the Earmarked Funds is increased federal funds.

Numerous statutes exist which restrict the use of most state revenue sources to specific uses. The General Fund is funded by a wide variety of taxes, licenses, and interest income. The ETF is funded primarily by income taxes and sales taxes. The Earmarked Funds are generally funded by a combination of federal funds, local funds, and specific taxes and licenses. State law also requires that if revenues actually received are inadequate to fund the appropriations, then the appropriations must be prorated to the level that the revenues will support. For the Budgetary Comparison Schedule, the budgeted revenues consist of the amount of budgeted expenditures allocated among the revenue categories in proportion to the actual amounts received.

#### **Budgetary Control**

The legal level of control is the agency and program specified in the Appropriation Acts. For example, "Lab Analysis and Disease Control" and "Agricultural Inspection Services" are two programs within the agency of Agriculture and Industries. Below this legal level of control, the professional management of the Finance Department, under the authority of the Governor's policy, exercises budgetary control at the fund and object level. Each agency must submit an operations plan detailing planned



## STATE OF ALABAMA

### REQUIRED SUPPLEMENTARY INFORMATION

#### Notes on Budgetary Accounting and Reporting

For the Fiscal Year Ended September 30, 2011

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expenditures down to the object level, and then must follow that plan or explain why a change must be made. Allotments of appropriations are made quarterly based on the plans of operations submitted by the agencies.

The Department of Finance enforces both the legal level and the professional management level of budgetary control through automated edits which must be complied with before making expenditures against an appropriation. A change between objects within appropriations for programs (financial management level) must have the approval of the Budget Officer and the Finance Director.

The Budget Management Act legally authorizes the transfer of appropriations between programs within an agency with the approval of the Governor. Any transfers approved by the Governor must be reported to the Legislature. Transfers between agencies, but within the same program, may be made pursuant to interagency agreements executed for the purposes of accomplishing the objectives for which the Legislature made the appropriation. These interagency agreements must also be approved by the Governor. Under the Budget Management Act, the Governor cannot create new budget authority; he can only transfer existing authority.

Both the *Constitution of Alabama of 1901* and the statutes require a balanced budget for annual financial operations. The Finance Department monitors revenue projections during the year to ensure that adequate funds will be available to meet budgeted expenditures. If cash collections do not meet budget projections, the Governor is required to prorate appropriations and restrict allotments to prevent an overdraft or budget deficit in any fiscal year. Within the Alabama Trust Fund, a General Fund Rainy Day Account and an Education Trust Fund Rainy Day Account have been created by constitutional amendment. If proration is declared for the General Fund or the Education Trust Fund, then oil and gas capital payments in the Alabama Trust Fund will be used to fund withdrawals from the Rainy Day Accounts. If proration is declared for the General Fund, Rainy Day withdrawals may not exceed the lesser of (a) ten percent of the previous fiscal year's General Fund appropriations less the total amount of any prior years' withdrawals from the account which have not been repaid to the account, or (b) the average of the estimated available revenue for the General Fund certified by the Finance Director and the Legislative Fiscal Officer prior to the third legislative day of the Regular Session. If proration is declared for the Education Trust Fund, Rainy Day withdrawals may not exceed the lesser of (a) six and one-half percent of the previous fiscal year's Education Trust Fund appropriations less the total amount of any prior years' withdrawals from the account which have not been repaid to the account, or (b) the average of the estimated available revenue for the Education Trust Fund certified by the Finance Director and the Legislative Fiscal Officer prior to the third legislative day of the Regular Session. The Rainy Day Accounts must be replenished within 10 years for the General Fund withdrawals and 6 years for the Education Trust Fund withdrawals. The General Fund was prorated by 15% in 2011. The Education Trust Fund was prorated by 3% in 2011. The General Fund has 9 years to pay back \$162 million which was withdrawn in 2010, and the Education Trust Fund has 4 years to pay back \$437 million which was withdrawn in 2009. At the end of fiscal year 2011 there were no funds left that could be drawn from either Rainy Day Account.

#### **Encumbrance Accounting**

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting is used as purchase orders are issued to ensure that purchase orders plus expenditures do not exceed allotment balances. At fiscal year end this control becomes stricter, as purchase orders plus any other obligations or accounts payable incurred against fiscal year appropriations may not exceed allotment balances.

Encumbrances are reported in the year the orders are placed for budgetary purposes in the Budgetary Comparison Schedule. Encumbrances are reported in the year the goods and services are received for GAAP basis financial statements.

#### **Lapsing of Appropriations**

All non-capital outlay appropriation balances not reserved by encumbrances or accounts payable lapse at September 30 of each fiscal year. Furthermore, any non-capital outlay appropriation balance not reserved by encumbrances lapses at November 30 following each fiscal year. Encumbrances remain valid for a period of one year following the end of the fiscal year. Balances of encumbrances are reported on the Budgetary Comparison Schedule as expenditures. Capital outlay appropriations for the purchase of land, the construction of buildings, or for the maintenance of roads and bridges of the state highway system continue until the completion of the project.

REQUIRED SUPPLEMENTARY INFORMATION

Notes on Budgetary Accounting and Reporting

For the Fiscal Year Ended September 30, 2011

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**Budgetary Basis of Accounting and Fund Structure**

The State budgets and operates primarily on the budgetary basis which approximates the cash basis with certain material exceptions. During the fiscal year, encumbrances, which represent obligations against current fiscal year appropriations, are accrued. At year end, fund balances are reserved to accrue expenditures for those outstanding encumbrances and estimated accounts payable. In compliance with Amendment 26 to the *Constitution of Alabama of 1901*, the total reservation may not exceed the cash on hand in the State Treasury. Therefore, at year end, cash always equals or exceeds obligations (encumbrances and estimated accounts payable). The Budgetary Comparison Schedule (Non-GAAP Basis) presents comparisons of the adopted budget with actual data on a budgetary basis. The budget excludes funds for all entities operating outside the State Treasury, certain distributive accounts such as those for making distributions to local governments, and most debt service accounts. Since the accounting principles used in the State's budgetary basis of accounting differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of the differences is presented on the schedule. Governmental Accounting Standards Board (GASB) Statement No. 41 requires that budgetary comparison schedules be presented as RSI based on the fund, organization, or program structure that the government uses for its legally adopted budget for a government with significant budgetary perspective differences that result in the government's not being able to present budgetary comparisons for the general fund and each major special revenue fund. The budgetary fund structure for the General Fund group and the Education Trust Fund group is essentially the same as the GAAP fund structure. The Earmarked Fund group does not correspond to a major GAAP fund and these perspective differences are included in the Budget-to-GAAP Reconciliation. The budgets of some major funds are spread throughout various agencies and programs in the Earmarked Fund group. A Detail Schedule of Budget and Actual Expenditures appears in the Governmental Funds subsection of the Combining and Individual Fund Statements and Schedules Section of the CAFR. This schedule provides detail information at the legal level of control for each individual appropriation item contained in the budget for all budgetary fund groups.

# STATE OF ALABAMA

## REQUIRED SUPPLEMENTARY INFORMATION

### Ten Year Loss Development Information for State Insurance Fund

For the Fiscal Year Ended September 30, 2011

The following table illustrates how the State Insurance Fund's (Fund) earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the previous ten years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's gross earned premiums and reported investment revenue, amounts of premiums ceded, and reported premiums (net of reinsurance) and reported investment revenue. (2) This line shows each fiscal year's other operating costs of the Fund including overhead and loss adjustment expenses not allocable to individual claims. (3) This line shows the Fund's gross incurred losses and allocated loss adjustment expense, losses assumed by reinsurers, and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called accident year). (4) This section of ten rows shows the cumulative net amounts paid as of the end of successive years for each accident year. (5) This line shows the latest reestimated amount of losses assumed by reinsurers for each accident year. (6) This section of ten rows shows how each accident year's net incurred losses increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known losses, reevaluation of existing information on known losses, and emergence of new losses not previously known.) (7) This line compares the latest reestimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally estimated. As data for individual accident years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature accident years. The columns of the table show data for successive accident years.

(Amounts in Thousands)

	Fiscal and Accident Year Ended									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. Premiums and investment revenue:										
Earned	11,785	20,108	26,051	28,012	28,682	31,625	31,505	32,760	32,489	30,401
Ceded	6,819	9,220	9,355	8,866	11,098	15,067	16,582	17,022	16,803	16,625
Net Earned	4,966	10,888	16,696	19,146	17,584	16,558	14,923	15,738	15,686	13,776
2. Unallocated Expenses	1,630	1,321	1,226	1,435	2,012	2,012	3,030	3,273	3,010	2,863
3. Estimated losses and expenses, end of accident year:										
Incurred	9,033	20,571	19,113	15,806	17,978	34,751	9,843	15,975	17,531	113,642
Ceded	1,042	6,950	5,857	990	89	23,973	-	-	5,781	91,228
Net incurred	7,991	13,621	13,256	14,816	17,889	10,778	9,843	15,975	11,750	22,414
4. Net paid (cumulative) as of:										
End of Accident Year	1,638	6,724	2,956	2,229	6,245	4,617	2,840	5,135	6,493	9,192
One Year Later	6,962	12,336	8,432	10,068	12,391	14,468	6,257	11,681	10,178	
Two Years Later	7,408	11,636	9,549	12,021	14,930	15,893	6,613	14,307		
Three Years Later	7,424	11,983	10,301	12,138	14,977	16,160	6,710			
Four Years Later	7,424	11,066	10,347	12,096	15,160	16,159				
Five Years Later	7,453	10,957	10,231	12,094	15,159					
Six Years Later	7,459	10,730	10,231	12,091						
Seven Years Later	7,278	10,730	10,231							
Eight Years Later	7,278	10,730								
Nine Years Later	7,278									
5. Reestimated ceded losses and expenses	2,221	6,173	23,158	15,668	87	16,293	-	-	2,951	91,228
6. Reestimated net incurred losses and expenses as of:										
End of Accident Year	7,991	13,621	13,255	14,816	17,889	10,778	9,843	15,975	11,750	22,414
One Year Later	7,716	13,058	10,602	13,801	16,170	16,661	7,535	14,850	10,750	
Two Years Later	7,687	12,054	10,662	13,247	15,133	16,120	7,240	14,606		
Three Years Later	7,471	11,999	10,623	12,292	15,160	16,160	7,072			
Four Years Later	7,449	11,113	10,347	12,096	15,160	16,159				
Five Years Later	7,513	10,957	10,231	12,094	15,159					
Six Years Later	7,459	10,730	10,231	12,091						
Seven Years Later	7,278	10,730	10,231							
Eight Years Later	7,278	10,730								
Nine Years Later	7,278									
7. Increase (decrease) in estimated net incurred losses and expenses from end of accident year	(713)	(2,891)	(3,025)	(2,725)	(2,730)	5,381	(2,771)	(1,369)	(1,000)	-

**STATE OF ALABAMA****REQUIRED SUPPLEMENTARY INFORMATION****Schedule of Funding Progress for Employees' Retirement System****For the Fiscal Year Ended September 30, 2011****State Employees and State Policemen**  
(Amounts In Thousands)

<b>Actuarial Valuation Date</b>	<b>(A) Actuarial Value of Assets</b>	<b>(B) Actuarial Accrued Liability (AAL)</b>	<b>(B-A) Unfunded AAL</b>	<b>(A/B) Funded Ratio</b>	<b>(C) Covered Payroll</b>	<b>((B-A)/C) UAAL as a % of Covered Payroll</b>
9/30/2005	5,019,873	6,067,599	1,047,726	82.7	1,322,763	79.2
9/30/2006	5,107,345	6,336,009	1,228,664	80.6	1,335,047	92.0
9/30/2007	5,272,570	6,852,536	1,579,966	76.9	1,541,509	102.5
9/30/2008	5,262,934	7,102,856	1,839,922	74.1	1,582,712	116.3
9/30/2009	5,163,233	7,297,454	2,134,221	70.8	1,563,862	136.5
9/30/2010	4,983,745	7,468,682	2,484,937	66.7	1,551,706	160.1

The Retirement Systems of Alabama issues a stand-alone financial report that includes financial statements and required supplementary information for the year ended September 30, 2011. Copies may be obtained by writing to:

The Retirement Systems of Alabama  
P.O. Box 302150  
201 South Union Street  
Montgomery, AL 36130-2150

**STATE OF ALABAMA****REQUIRED SUPPLEMENTARY INFORMATION****Schedule of Funding Progress for Retired State Employees' Health Care Trust**

For the Fiscal Year Ended September 30, 2011

**Retired State Employees Health Care Trust**  
(Amounts In Thousands)

<b>Actuarial Valuation Date</b>	<b>(A) Actuarial Value of Assets</b>	<b>(B) Actuarial Accrued Liability (AAL)</b>	<b>(B-A) Unfunded AAL</b>	<b>(A/B) Funded Ratio</b>	<b>(C) Covered Payroll</b>	<b>((B-A)/C) UAAL as a % of Covered Payroll</b>
9/30/2008	52,185	3,003,381	2,951,196	1.7%	1,623,879	181.7%
9/30/2009	88,588	4,142,076	4,053,488	2.1%	1,607,097	252.2%
9/30/2010	97,484	4,162,276	4,064,792	2.3%	1,594,767	254.9%

## STATE OF ALABAMA

### REQUIRED SUPPLEMENTARY INFORMATION

#### Notes to Schedule of Funding Progress for Retired State Employees' Health Care Trust

For the Fiscal Year Ended September 30, 2011

Changes in the actuarial assumptions significantly affect the identification of trends in the amounts reported in the Schedule of Funding Progress. The table below summarizes these changes.

<b>Actuarial Valuation Date</b>	<b>Investment Rate of Return *</b>	<b>Medical Cost Trend Rate *</b>		<b>Ultimate Trend Rate *</b>	<b>Year of Ultimate Trend Rate</b>
		<b>Medicare Eligible</b>	<b>Pre-Medicare</b>		
9/30/2008	5%	9.0%	11.0%	5%	2016
9/30/2009	5%	9.0%	10.5%	5%	2016
9/30/2010	5%	8.5%	10.5%	5%	2017

The medical cost trend rate was changed for Medicare-eligible retirees from 9 percent to 8.5 percent for the 9/30/2010 valuation and for pre-Medicare retirees from 11 percent to 10.5 percent for the 9/30/2009 valuation. The effects of these changes are reflected in the actuarial valuations.

The State Employees' Insurance Board issues a stand-alone financial report that includes the Retired State Employees' Health Care Trust financial statements and required supplementary information for the year ended September 30, 2011. A copy may be obtained by writing to:

State Employees' Insurance Board  
P. O. Box 304900  
201 South Union Street, Suite 200  
Montgomery, AL 36130-4900

## STATE OF ALABAMA

### REQUIRED SUPPLEMENTARY INFORMATION

#### Information About Infrastructure Assets Reported Using the Modified Approach

For the Fiscal Year Ended September 30, 2011

#### Modified Approach

As allowed by GASB Statement Number 34, the State has adopted the modified approach for reporting roadway and bridge infrastructure assets. Under the modified approach, depreciation is not recorded. Infrastructure costs that result in an increase in the capacity or an improvement in the efficiency of the infrastructure network are capitalized and added to the historical cost of the assets. Costs that allow the infrastructure network to be used efficiently over the expected useful life of the assets are expensed as general maintenance costs. Certain maintenance costs that extend the useful life of the assets but do not increase capacity or efficiency are classified as preservation costs. Preservation costs are expensed and reported in lieu of a charge for depreciation expense. Assets accounted for under the modified approach in fiscal year 2011 include approximately 10,849 miles of state maintained highways and 5,395 of state maintained bridges and culverts.

In order to utilize the modified approach, Alabama is required to:

- Maintain an asset management system that includes an inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate annually the amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at or above the established condition level.

#### Roads

##### Measurement Scale

The Alabama Department of Transportation uses the International Roughness Index (IRI) to measure and monitor pavement conditions. The IRI is a standard representing the perceived smoothness of pavements while traveling in passenger cars. The smoothness is measured by the cumulative height the wheel of a vehicle travels vertically over a mile long section of roadway. For example, if the wheel of a vehicle travels vertically 1.0 inches every 0.01 miles, the IRI for that 1 mile section of roadway would be the sum of 100 measurements ( $0.01 \times 100 = 1$  mile) of 1.0 inches each or 100 inches/mile. A lower IRI measurement represents a smoother condition of pavement.

Data is collected by route samples and complete route assessments when available. If data is collected in route samples, the samples are weighted by route length to give system averages. If data is collected for the complete route, the frequency of collection is every 0.01 mile and no weighting is used in the computation of system averages.

The United States Department of Transportation developed suggested values for IRI of <60 inches/mile to >220 inches/mile to grade the smoothness condition of the roadway. The Alabama Department of Transportation utilizes this scale of suggested values in its roadway condition assessments. The IRI scale is as follows:

IRI Rating	Condition	Description
> 170 Interstates		
> 220 Other Routes	Poor	Significant Maintenance Required (Resurfacing or Reconstruction)
120-170 Interstates		
171-220 Other Routes	Mediocre	Moderate Maintenance Required (Resurfacing or Reconstruction)
95-119 Interstates		
95-170 Other Routes	Fair	Routine Maintenance Required (Pavement Patching)
60-94 All Routes	Good	Negligible Maintenance Required
< 60 All Routes	Very Good	No Maintenance Required

## STATE OF ALABAMA

### REQUIRED SUPPLEMENTARY INFORMATION

#### Information About Infrastructure Assets Reported Using the Modified Approach

For the Fiscal Year Ended September 30, 2011

##### Established Condition Level

The weighted average rating of all State maintained roadways shall be “Fair” or better.

##### Assessed Conditions

The following table represents the most recent condition assessment for roadways classified by Non-Interstate Non-National Highway System Routes, Non-Interstate National Highway System Routes, and Interstate Routes:

Category	As of September 30,					
	2011		2010		2009	
	Miles	Rating	Miles	Rating	Miles	Rating
Non-Interstate Non-National Highway System	7,146	88.17	7,163	83.90	7,192	79.50
Non-Interstate National Highway System	2,797	70.08	2,807	70.54	2,779	64.08
Interstate System	906	69.91	906	69.37	906	62.77
<b>Total and Weighted Average Rating</b>	<b>10,849</b>	<b>82.03</b>	<b>10,876</b>	<b>79.24</b>	<b>10,877</b>	<b>74.17</b>

##### Bridges

##### Measurement Scale

ALDOT uses a weighted rating of the major structure components and the deck area of a bridge or culvert. The GASB 34 Bridge Rating is a zero to ten score assigned to each component-rating category and then averaged for each bridge asset classification using an algorithm developed by the ALDOT Maintenance Bureau. The algorithm uses the assessed weighted ratings, each bridge deck area, and the sum of all deck areas. The ten point scale is as follows:

Rating	Condition	Description
1 - 4.99	Marginal	Structural elements have been seriously affected by deterioration.
5 - 6.99	Satisfactory	Structural elements are sound but have minor deterioration.
7 or Greater	Good	Structural elements show negligible signs of deterioration.

##### Established Condition Level

The weighted average rating of all State maintained bridges and culverts shall be “Satisfactory” or better.

##### Assessed Conditions

The following table represents the most recent condition assessment for bridges and culverts classified by Non-Interstate Non-National Highway System Routes, Non-Interstate National Highway System Routes, and Interstate Routes:



# STATE OF ALABAMA

## REQUIRED SUPPLEMENTARY INFORMATION

### Information About Infrastructure Assets Reported Using the Modified Approach

For the Fiscal Year Ended September 30, 2011

Category	As of September 30,					
	2011		2010		2009	
	Structures	Rating	Structures	Rating	Structures	Rating
Non-Interstate Non-National Highway System	2,599	6.67	2,594	6.69	2,594	6.71
Non-Interstate National Highway System	1,645	6.90	1,629	6.84	1,625	6.91
Interstate System	1,151	6.04	1,151	6.10	1,149	6.08
<b>Total and Weighted Average Rating</b>	<b>5,395</b>	<b>6.60</b>	<b>5,374</b>	<b>6.60</b>	<b>5,368</b>	<b>6.64</b>

### Estimated and Actual Costs

In fiscal years 2011, 2010, 2009, 2008, and 2007, the State estimated it would need to spend \$319.6, \$306.0, \$310.0, \$320.0, and \$277.7 million, respectively, to preserve and maintain all roadway assets and \$10.0 million in each year to preserve all bridge assets at or above the “Established Condition Levels” presented above. The State spent \$375,653,000 for roadway preservation and \$60,306,000 for bridge preservation in fiscal year 2011. The State spent \$387,793,000 for road preservation and \$47,020,000 for bridge preservation in fiscal year 2010. In fiscal year 2009, the State spent \$316,082,000 for road preservation and \$34,457,000 for bridge preservation. In fiscal year 2008, the State spent \$265,160,000 for roadway preservation and \$22,434,000 for bridge preservation. In fiscal year 2007, the State spent \$293,253,000 for roadway preservation and \$2,188,000 for bridge preservation. In the next fiscal year, the Alabama Department of Transportation estimates that it will need to spend approximately \$334,931,000 to preserve all roadway assets and approximately \$10,000,000 to preserve all bridge assets at or above the “Established Condition Levels” presented above. Condition levels are expected to continue to meet or exceed the “Established Condition Levels”.





## STATE OF ALABAMA

## COMBINING BALANCE SHEET

## Nonmajor Governmental Funds by Fund Type

September 30, 2011

(Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 940,732	\$ 344	\$ 109,865	\$ 14,315	\$ 1,065,256
Investments	538,824	297	-	59,669	598,790
Due from Other Funds	54,591	-	-	-	54,591
Due from Component Units	3,782	-	-	-	3,782
Investment Sales Receivable	133	-	-	-	133
Accounts Receivable	8,850	-	-	139	8,989
Due from Other Governments	174,324	-	-	-	174,324
Taxes Receivable	322,949	-	-	-	322,949
Interest and Dividends Receivable	3,386	-	-	292	3,678
Mortgages, Notes, and Loans Receivable	-	-	-	54	54
Securities Lending Collateral	13,145	-	1	6,573	19,719
Inventory	1,114	-	-	-	1,114
Restricted Assets	54,905	-	-	-	54,905
Other Assets	473	-	-	-	473
<b>TOTAL ASSETS</b>	<b>\$ 2,117,208</b>	<b>\$ 641</b>	<b>\$ 109,866</b>	<b>\$ 81,042</b>	<b>\$ 2,308,757</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Warrants Payable	\$ 5,901	\$ 0	\$ 50	\$ 0	\$ 5,951
Investment Purchases Payable	-	-	-	193	193
Salaries Payable	56,188	-	-	-	56,188
Due to Other Funds	43,079	-	-	117	43,196
Due to Component Units	149,523	-	-	-	149,523
Accounts Payable	128,397	-	276	46	128,719
Due to Other Governments	245,239	-	62	3	245,304
Securities Lending Obligation	13,145	-	1	6,573	19,719
Deferred Revenue	116,866	-	-	-	116,866
Amounts Held in Custody for Others	40,065	-	-	-	40,065
Compensated Absences	1,950	-	-	-	1,950
<b>Total Liabilities</b>	<b>800,353</b>	<b>0</b>	<b>389</b>	<b>6,932</b>	<b>807,674</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	1,114	-	-	-	1,114
Permanent Fund Principal	-	-	-	47,380	47,380
Restricted for:					
Economic Development and Regulation	47,008	-	-	-	47,008
Education and Cultural Resources	115,602	-	-	4,163	119,765
Natural Resources and Recreation	83,849	-	-	-	83,849
Health	133,230	-	-	20	133,250
Social Services	120,986	-	-	22,547	143,533
Protection of Persons and Property	231,406	-	-	-	231,406
Transportation	11,297	-	-	-	11,297
General Government	576,355	-	-	-	576,355
Capital Projects	-	-	109,477	-	109,477
Debt Service	-	641	-	-	641
Assigned for:					
Economic Development and Regulation	1,246	-	-	-	1,246
Education and Cultural Resources	310	-	-	-	310
General Government	35,397	-	-	-	35,397
Unassigned	(40,945)	-	-	-	(40,945)
<b>Total Fund Balances</b>	<b>1,316,855</b>	<b>641</b>	<b>109,477</b>	<b>74,110</b>	<b>1,501,083</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,117,208</b>	<b>\$ 641</b>	<b>\$ 109,866</b>	<b>\$ 81,042</b>	<b>\$ 2,308,757</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Nonmajor Governmental Funds by Fund Type

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals
<b>REVENUES</b>					
Taxes	\$ 1,389,803	\$ 0	\$ 0	\$ 0	\$ 1,389,803
Licenses, Permits, and Fees	368,472	-	-	1,261	369,733
Fines, Forfeits, and Court Settlements	115,349	-	-	-	115,349
Investment Income	16,443	105	255	891	17,694
Federal Grants and Reimbursements	2,798,221	-	-	-	2,798,221
Other Revenues	354,312	2,134	-	2,378	358,824
<b>Total Revenues</b>	<b>5,042,600</b>	<b>2,239</b>	<b>255</b>	<b>4,530</b>	<b>5,049,624</b>
<b>EXPENDITURES</b>					
Current:					
Economic Development and Regulation	177,261	-	-	-	177,261
Education and Cultural Resources	1,812,933	-	-	447	1,813,380
Natural Resources and Recreation	144,330	-	-	-	144,330
Health	1,294,227	-	-	-	1,294,227
Social Services	371,815	-	-	13	371,828
Protection of Persons and Property	636,955	-	-	-	636,955
Transportation	156,154	-	-	-	156,154
General Government	809,782	-	-	-	809,782
Capital Outlay	2,000	-	50,646	-	52,646
Debt Service - Principal Retirement	4,739	46,089	-	-	50,828
Debt Service - Interest and Other Charges	3,364	45,843	709	-	49,916
<b>Total Expenditures</b>	<b>5,413,560</b>	<b>91,932</b>	<b>51,355</b>	<b>460</b>	<b>5,557,307</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over (Under) Expenditures</b>	<b>(370,960)</b>	<b>(89,693)</b>	<b>(51,100)</b>	<b>4,070</b>	<b>(507,683)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	715,405	90,345	6,824	627	813,201
Refunding Bonds Issued	-	90,740	455	-	91,195
Capital Leases	281	-	-	-	281
Other Debt Issued	24,262	-	-	-	24,262
Debt Issuance Premiums	-	8,491	-	-	8,491
Insurance Recovery Proceeds	3,222	-	-	-	3,222
Transfers Out	(339,972)	(3,138)	(58)	(745)	(343,913)
Payments to Refunded Bond Escrow Agent	-	(96,755)	-	-	(96,755)
<b>Total Other Financing Sources (Uses)</b>	<b>403,198</b>	<b>89,683</b>	<b>7,221</b>	<b>(118)</b>	<b>499,984</b>
<b>Net Change in Fund Balances</b>	<b>32,238</b>	<b>(10)</b>	<b>(43,879)</b>	<b>3,952</b>	<b>(7,699)</b>
Fund Balances, October 1, 2010, as Restated	1,284,669	651	153,356	70,158	1,508,834
Increase (Decrease) in Inventory	(52)	-	-	-	(52)
<b>Fund Balances, September 30, 2011</b>	<b>\$ 1,316,855</b>	<b>\$ 641</b>	<b>\$ 109,477</b>	<b>\$ 74,110</b>	<b>\$ 1,501,083</b>



# Nonmajor Special Revenue Funds

*Nonmajor Special Revenue Funds account for specific revenue sources that are legally restricted to finance particular functions and activities of the State.*

## **Public Health Department**

Accounts for resources used for the primary operations of the Department of Public Health, which promotes the general physical health, enforces laws relating to public health and operates programs providing preventive and treatment services to the public.

## **Education Department**

Accounts primarily for Federal programs administered by the State Department of Education.

## **Economic and Community Affairs**

The Department of Economic and Community Affairs oversees federal and State programs related to energy management, skills enhancement and employment opportunities, traffic control and accident prevention, and state and regional planning.

## **Revenues Allocated to Other Governments**

Account for revenues from taxes and other revenue sources which are shared with local governments and component units.

## **Other Medicaid Funds**

Accounts for activity associated with the Medicaid program that is not reported in the Major Governmental Funds under either the General Fund or the Medicaid Fund.

## **Rehabilitation Services**

Accounts for the operation of the Department of Rehabilitation Services which operates programs that provide services to aid handicapped citizens.

## **Public School Fund**

Accounts for revenues and expenditures which are allocated to local boards of education for support of educational programs.

## **Children First Trust**

Accounts for tobacco settlement revenues that are restricted to various programs that benefit children.

## **Revenue Administrative**

Administers the collection of most state taxes and licenses.

## **Industrial Relations**

Administers the employment security, workers compensation, and industrial safety and accident prevention programs.

## **Conservation and Natural Resources**

Is responsible for the management of the State's game and wildlife resources as well as operation of the State parks system.

## **Other Nonmajor Special Revenue Funds**

Are aggregated for reporting purposes and account for various other resources which must be used for specific purposes.

## STATE OF ALABAMA

COMBINING BALANCE SHEET  
Nonmajor Special Revenue Funds

September 30, 2011

(Amounts in Thousands)

	Public Health Department	Education Department	Economic and Community Affairs	Revenues Allocated to Other Governments	Other Medicaid Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 74,892	\$ 45,311	\$ 382	\$ 105,787	\$ 935
Investments	-	-	21,046	-	-
Due from Other Funds	15,229	3,026	2,160	958	-
Due from Component Units	1,870	-	-	-	-
Investment Sales Receivable	-	-	-	-	-
Accounts Receivable	392	575	311	-	-
Due from Other Governments	14,711	99,242	20,005	-	-
Taxes Receivable	254	29	-	175,431	8,330
Interest and Dividends Receivable	-	-	-	-	-
Securities Lending Collateral	888	700	115	1,637	14
Inventory	-	-	87	-	-
Restricted Assets	-	-	7,061	-	-
Other Assets	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 108,236</b>	<b>\$ 148,883</b>	<b>\$ 51,167</b>	<b>\$ 283,813</b>	<b>\$ 9,279</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Warrants Payable	\$ 253	\$ 872	\$ 247	\$ 258	\$ 0
Salaries Payable	15,586	3,604	997	-	-
Due to Other Funds	4,767	696	7,711	1,938	-
Due to Component Units	55	129	8	147,473	-
Accounts Payable	29,953	3,766	13,760	211	-
Due to Other Governments	95	95,742	5,124	132,296	-
Securities Lending Obligation	888	700	115	1,637	14
Deferred Revenue	-	-	57	-	-
Amounts Held in Custody for Others	1	-	-	-	-
Compensated Absences	257	106	35	-	-
<b>Total Liabilities</b>	<b>51,855</b>	<b>105,615</b>	<b>28,054</b>	<b>283,813</b>	<b>14</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	-	-	87	-	-
Restricted for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	41,715	-	-	-
Natural Resources and Recreation	-	-	-	-	-
Health	56,123	-	-	-	9,265
Social Services	-	1,553	328	-	-
Protection of Persons and Property	258	-	-	-	-
Transportation	-	-	-	-	-
General Government	-	-	26,105	-	-
Assigned for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	-
General Government	-	-	-	-	-
Unassigned	-	-	(3,407)	-	-
<b>Total Fund Balances</b>	<b>56,381</b>	<b>43,268</b>	<b>23,113</b>	<b>0</b>	<b>9,265</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 108,236</b>	<b>\$ 148,883</b>	<b>\$ 51,167</b>	<b>\$ 283,813</b>	<b>\$ 9,279</b>



Rehabilitation Services	Public School Fund	Children First Trust	Revenue Administrative	Industrial Relations	Conservation and Natural Resources	Other Special Revenue Funds	Totals
\$ 26,198	\$ 533	\$ 19,522	\$ 21,848	\$ 21,183	\$ 68,420	\$ 555,721	\$ 940,732
-	-	-	-	3,513	117	514,148	538,824
4,493	6	400	9	1,597	353	26,360	54,591
23	-	-	-	1	-	1,888	3,782
-	-	-	-	-	-	133	133
14	-	-	-	146	4,404	3,008	8,850
-	-	2	-	-	1,983	38,381	174,324
-	127,171	-	7,042	-	266	4,426	322,949
-	-	-	-	1	-	3,385	3,386
401	8	302	338	328	1,058	7,356	13,145
175	-	-	-	-	670	182	1,114
-	-	-	-	-	-	47,844	54,905
-	-	-	-	-	-	473	473
<b>\$ 31,304</b>	<b>\$ 127,718</b>	<b>\$ 20,226</b>	<b>\$ 29,237</b>	<b>\$ 26,769</b>	<b>\$ 77,271</b>	<b>\$ 1,203,305</b>	<b>\$ 2,117,208</b>
\$ 156	\$ 5	\$ 160	\$ 13	\$ 95	\$ 507	\$ 3,335	\$ 5,901
2,844	-	34	6,206	4,316	4,224	18,377	56,188
1,387	-	560	1,420	1,012	2,661	20,927	43,079
440	-	375	3	17	21	1,002	149,523
9,465	-	1,287	2,763	1,120	5,421	60,651	128,397
262	165	486	12	26	354	10,677	245,239
401	8	302	338	328	1,058	7,356	13,145
-	104,302	-	-	-	9	12,498	116,866
-	-	-	78	-	245	39,741	40,065
18	-	-	148	317	150	919	1,950
<b>14,973</b>	<b>104,480</b>	<b>3,204</b>	<b>10,981</b>	<b>7,231</b>	<b>14,650</b>	<b>175,483</b>	<b>800,353</b>
175	-	-	-	-	670	182	1,114
-	-	-	-	-	-	47,008	47,008
1,327	23,238	-	-	-	-	49,322	115,602
-	-	-	-	-	61,951	21,898	83,849
-	-	2,323	-	-	-	65,519	133,230
14,829	-	8,128	-	12,858	-	83,290	120,986
-	-	3,826	-	6,680	-	220,642	231,406
-	-	-	-	-	-	11,297	11,297
-	-	2,745	18,256	-	-	529,249	576,355
-	-	-	-	-	-	1,246	1,246
-	-	-	-	-	-	310	310
-	-	-	-	-	-	35,397	35,397
-	-	-	-	-	-	(37,538)	(40,945)
<b>16,331</b>	<b>23,238</b>	<b>17,022</b>	<b>18,256</b>	<b>19,538</b>	<b>62,621</b>	<b>1,027,822</b>	<b>1,316,855</b>
<b>\$ 31,304</b>	<b>\$ 127,718</b>	<b>\$ 20,226</b>	<b>\$ 29,237</b>	<b>\$ 26,769</b>	<b>\$ 77,271</b>	<b>\$ 1,203,305</b>	<b>\$ 2,117,208</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Public Health Department	Education Department	Economic and Community Affairs	Revenues Allocated to Other Governments	Other Medicaid Funds
<b>REVENUES</b>					
Taxes	\$ 3,308	\$ 3,144	\$ 0	\$ 728,862	\$ 297,024
Licenses, Permits, and Fees	29,534	842	-	31,056	-
Fines, Forfeits, and Court Settlements	-	-	1,895	83,129	-
Investment Income	-	(2)	21	-	-
Federal Grants and Reimbursements	445,430	1,351,814	280,521	2,352	-
Other Revenues	45,935	11,716	4,417	14	29,956
<b>Total Revenues</b>	<b>524,207</b>	<b>1,367,514</b>	<b>286,854</b>	<b>845,413</b>	<b>326,980</b>
<b>EXPENDITURES</b>					
Current:					
Economic Development and Regulation	-	-	-	102,635	-
Education and Cultural Resources	-	1,311,096	-	143,176	-
Natural Resources and Recreation	-	-	-	2,009	-
Health	686,020	-	-	199,308	302,945
Social Services	-	54,102	18,692	-	-
Protection of Persons and Property	-	-	-	800	-
Transportation	-	-	-	132,523	-
General Government	-	-	228,834	315,358	-
Capital Outlay	-	-	-	-	-
Debt Service - Principal Retirement	501	-	-	-	-
Debt Service - Interest and Other Charges	636	-	-	-	-
<b>Total Expenditures</b>	<b>687,157</b>	<b>1,365,198</b>	<b>247,526</b>	<b>895,809</b>	<b>302,945</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(162,950)</b>	<b>2,316</b>	<b>39,328</b>	<b>(50,396)</b>	<b>24,035</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	201,478	2,182	9,917	50,396	-
Capital Leases	-	-	-	-	-
Other Debt Issued	-	-	-	-	-
Insurance Recovery Proceeds	15	-	1	-	-
Transfers Out	(26,502)	(1,884)	(47,352)	-	(29,956)
<b>Total Other Financing Sources (Uses)</b>	<b>174,991</b>	<b>298</b>	<b>(37,434)</b>	<b>50,396</b>	<b>(29,956)</b>
<b>Net Change in Fund Balances</b>	<b>12,041</b>	<b>2,614</b>	<b>1,894</b>	<b>0</b>	<b>(5,921)</b>
Fund Balances, October 1, 2010, as Restated	44,340	40,654	21,400	0	15,186
Increase (Decrease) in Inventory	-	-	(181)	-	-
<b>Fund Balances, September 30, 2011</b>	<b>\$ 56,381</b>	<b>\$ 43,268</b>	<b>\$ 23,113</b>	<b>\$ 0</b>	<b>\$ 9,265</b>

Rehabilitation Services	Public School Fund	Children First Trust	Revenue Administrative	Industrial Relations	Conservation and Natural Resources	Other Special Revenue Funds	Totals
\$ 0	\$ 166,857	\$ 0	\$ 123,107	\$ 5,243	\$ 9,656	\$ 52,602	\$ 1,389,803
-	-	-	3,320	199	25,211	278,310	368,472
1,338	-	-	-	30	1,012	27,945	115,349
-	-	-	-	11	1,098	15,315	16,443
71,384	-	22	841	66,829	24,962	554,066	2,798,221
973	4,515	45,773	2,453	3,222	40,224	165,114	354,312
<b>73,695</b>	<b>171,372</b>	<b>45,795</b>	<b>129,721</b>	<b>75,534</b>	<b>102,163</b>	<b>1,093,352</b>	<b>5,042,600</b>
-	-	-	-	-	-	74,626	177,261
8,193	175,082	-	-	-	-	175,386	1,812,933
-	-	-	-	-	108,666	33,655	144,330
-	-	4,704	-	-	-	101,250	1,294,227
92,109	-	16,460	-	69,522	-	120,930	371,815
-	-	7,746	-	8,654	-	619,755	636,955
-	-	-	-	-	-	23,631	156,154
-	-	5,558	115,755	-	-	144,277	809,782
-	-	-	-	-	-	2,000	2,000
-	-	-	2	30	-	4,206	4,739
34	533	-	1	6	-	2,154	3,364
<b>100,336</b>	<b>175,615</b>	<b>34,468</b>	<b>115,758</b>	<b>78,212</b>	<b>108,666</b>	<b>1,301,870</b>	<b>5,413,560</b>
<b>(26,641)</b>	<b>(4,243)</b>	<b>11,327</b>	<b>13,963</b>	<b>(2,678)</b>	<b>(6,503)</b>	<b>(208,518)</b>	<b>(370,960)</b>
29,621	533	-	6,813	12,483	17,223	384,759	715,405
-	-	-	-	281	-	-	281
-	-	-	-	-	-	24,262	24,262
1	-	-	-	-	2,534	671	3,222
(952)	-	(11,588)	(11,905)	(7,516)	(13,992)	(188,325)	(339,972)
<b>28,670</b>	<b>533</b>	<b>(11,588)</b>	<b>(5,092)</b>	<b>5,248</b>	<b>5,765</b>	<b>221,367</b>	<b>403,198</b>
<b>2,029</b>	<b>(3,710)</b>	<b>(261)</b>	<b>8,871</b>	<b>2,570</b>	<b>(738)</b>	<b>12,849</b>	<b>32,238</b>
14,292	26,948	17,283	9,385	16,968	63,273	1,014,940	1,284,669
10	-	-	-	-	86	33	(52)
<b>\$ 16,331</b>	<b>\$ 23,238</b>	<b>\$ 17,022</b>	<b>\$ 18,256</b>	<b>\$ 19,538</b>	<b>\$ 62,621</b>	<b>\$ 1,027,822</b>	<b>\$ 1,316,855</b>

## STATE OF ALABAMA

COMBINING BALANCE SHEET  
Other Nonmajor Special Revenue Funds

September 30, 2011

(Amounts in Thousands)

	Corrections	Environmental Management	Professional and Occupational Boards	Emergency Management	Educational Television Foundation Authority
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 19,788	\$ 53,794	\$ 43,724	\$ 1,526	\$ 1,245
Investments	150	22,586	7,348	-	3,032
Due from Other Funds	4,490	6,049	29	332	-
Due from Component Units	-	1,845	1	-	-
Investment Sales Receivable	-	-	-	-	-
Accounts Receivable	1,044	-	235	-	541
Due from Other Governments	32	328	-	24,705	-
Taxes Receivable	-	-	-	-	-
Interest and Dividends Receivable	-	-	1	-	-
Securities Lending Collateral	264	475	421	22	-
Inventory	-	-	-	-	-
Restricted Assets	47,184	-	-	-	620
Other Assets	-	-	2	-	471
<b>TOTAL ASSETS</b>	<b>\$ 72,952</b>	<b>\$ 85,077</b>	<b>\$ 51,761</b>	<b>\$ 26,585</b>	<b>\$ 5,909</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Warrants Payable	\$ 0	\$ 732	\$ 52	\$ 94	\$ 0
Salaries Payable	98	3,304	1,062	296	-
Due to Other Funds	1,466	11,780	376	475	-
Due to Component Units	-	260	1	303	-
Accounts Payable	3,843	9,363	1,222	89	456
Due to Other Governments	-	517	9	27	-
Securities Lending Obligation	264	475	421	22	-
Deferred Revenue	-	-	10,887	-	156
Amounts Held in Custody for Others	-	26	783	-	-
Compensated Absences	-	33	13	1	-
<b>Total Liabilities</b>	<b>5,671</b>	<b>26,490</b>	<b>14,826</b>	<b>1,307</b>	<b>612</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	-	-	-	-	-
Restricted for:					
Economic Development and Regulation	-	-	2	-	-
Education and Cultural Resources	-	-	-	-	5,297
Natural Resources and Recreation	-	-	33	-	-
Health	-	58,587	-	-	-
Social Services	-	-	-	-	-
Protection of Persons and Property	67,281	-	36,900	25,278	-
Transportation	-	-	-	-	-
General Government	-	-	-	-	-
Assigned for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	-
General Government	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>67,281</b>	<b>58,587</b>	<b>36,935</b>	<b>25,278</b>	<b>5,297</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 72,952</b>	<b>\$ 85,077</b>	<b>\$ 51,761</b>	<b>\$ 26,585</b>	<b>\$ 5,909</b>

Public Health Care Authority	Forever Wild Trust	Fair Trial Tax Fund	Alabama Capital Improvement Trust	County and Municipal Capital Improvement	University Stabilization	Miscellaneous Special Revenue Funds	Totals
\$ 3,343	\$ 373	\$ 792	\$ 208	\$ 0	\$ 0	\$ 430,928	\$ 555,721
209	13,464	-	6,633	407,478	-	53,248	514,148
-	-	-	-	-	-	15,460	26,360
-	-	-	-	-	-	42	1,888
-	-	-	-	133	-	-	133
-	-	3	-	-	-	1,185	3,008
5	-	-	-	-	1,936	11,375	38,381
-	-	101	-	-	-	4,325	4,426
-	-	-	45	3,339	-	-	3,385
-	6	-	3	-	-	6,165	7,356
-	-	-	-	-	-	182	182
-	-	-	-	-	-	40	47,844
-	-	-	-	-	-	-	473
<b>\$ 3,557</b>	<b>\$ 13,843</b>	<b>\$ 896</b>	<b>\$ 6,889</b>	<b>\$ 410,950</b>	<b>\$ 1,936</b>	<b>\$ 522,950</b>	<b>\$ 1,203,305</b>
\$ 0	\$ 1	\$ 655	\$ 0	\$ 0	\$ 0	\$ 1,801	\$ 3,335
-	-	69	-	-	-	13,548	18,377
-	-	19	-	-	-	6,811	20,927
-	-	-	-	-	-	438	1,002
129	62	-	-	-	1,936	43,551	60,651
-	-	-	-	-	-	10,124	10,677
-	6	-	3	-	-	6,165	7,356
-	-	-	10	1,117	-	328	12,498
-	-	-	-	-	-	38,932	39,741
-	-	-	-	-	-	872	919
<b>129</b>	<b>69</b>	<b>743</b>	<b>13</b>	<b>1,117</b>	<b>1,936</b>	<b>122,570</b>	<b>175,483</b>
-	-	-	-	-	-	182	182
-	-	-	-	-	-	47,006	47,008
-	-	-	-	-	-	44,025	49,322
-	13,774	-	-	-	-	8,091	21,898
3,428	-	-	-	-	-	3,504	65,519
-	-	-	-	-	-	83,290	83,290
-	-	-	-	-	-	91,183	220,642
-	-	-	-	-	-	11,297	11,297
-	-	153	6,876	409,833	-	112,387	529,249
-	-	-	-	-	-	1,246	1,246
-	-	-	-	-	-	310	310
-	-	-	-	-	-	35,397	35,397
-	-	-	-	-	-	(37,538)	(37,538)
<b>3,428</b>	<b>13,774</b>	<b>153</b>	<b>6,876</b>	<b>409,833</b>	<b>0</b>	<b>400,380</b>	<b>1,027,822</b>
<b>\$ 3,557</b>	<b>\$ 13,843</b>	<b>\$ 896</b>	<b>\$ 6,889</b>	<b>\$ 410,950</b>	<b>\$ 1,936</b>	<b>\$ 522,950</b>	<b>\$ 1,203,305</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Other Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Corrections	Environmental Management	Professional and Occupational Boards	Emergency Management	Educational Television Foundation Authority
<b>REVENUES</b>					
Taxes	\$ 0	\$ 7,752	\$ 0	\$ 0	\$ 0
Licenses, Permits, and Fees	6,093	69,942	39,167	-	-
Fines, Forfeits, and Court Settlements	2,085	3,704	8,291	-	-
Investment Income	79	85	274	-	5
Federal Grants and Reimbursements	56,636	19,175	73	113,852	-
Other Revenues	25,341	9,043	819	949	6,681
<b>Total Revenues</b>	<b>90,234</b>	<b>109,701</b>	<b>48,624</b>	<b>114,801</b>	<b>6,686</b>
<b>EXPENDITURES</b>					
Current:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	6,255
Natural Resources and Recreation	-	-	-	-	-
Health	-	95,857	-	-	-
Social Services	-	-	-	-	-
Protection of Persons and Property	187,992	-	43,970	101,809	-
Transportation	-	-	-	-	-
General Government	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service - Principal Retirement	-	3,997	-	-	-
Debt Service - Interest and Other Charges	1,105	942	-	-	-
<b>Total Expenditures</b>	<b>189,097</b>	<b>100,796</b>	<b>43,970</b>	<b>101,809</b>	<b>6,255</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over (Under) Expenditures</b>	<b>(98,863)</b>	<b>8,905</b>	<b>4,654</b>	<b>12,992</b>	<b>431</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	28,535	11,920	1,562	3,195	-
Other Debt Issued	24,262	-	-	-	-
Insurance Recovery Proceeds	94	76	1	12	-
Transfers Out	(28)	(5,576)	(1,964)	(12,181)	(436)
<b>Total Other Financing Sources (Uses)</b>	<b>52,863</b>	<b>6,420</b>	<b>(401)</b>	<b>(8,974)</b>	<b>(436)</b>
<b>Net Change in Fund Balances</b>	<b>(46,000)</b>	<b>15,325</b>	<b>4,253</b>	<b>4,018</b>	<b>(5)</b>
Fund Balances, October 1, 2010, as Restated	113,281	43,262	32,682	21,260	5,302
Increase (Decrease) in Inventory	-	-	-	-	-
<b>Fund Balances, September 30, 2011</b>	<b>\$ 67,281</b>	<b>\$ 58,587</b>	<b>\$ 36,935</b>	<b>\$ 25,278</b>	<b>\$ 5,297</b>

Public Health Care Authority	Forever Wild Trust	Fair Trial Tax Fund	Alabama Capital Improvement Trust	County and Municipal Capital Improvement	University Stabilization	Miscellaneous Special Revenue Funds	Totals
\$ 0	\$ 0	\$ 16,824	\$ 0	\$ 0	\$ 0	\$ 28,026	\$ 52,602
-	191	337	-	-	-	162,580	278,310
-	-	-	-	-	-	13,865	27,945
4	28	-	5	14,604	-	231	15,315
-	1,759	-	-	-	108,141	254,430	554,066
-	-	3,935	778	-	-	117,568	165,114
<b>4</b>	<b>1,978</b>	<b>21,096</b>	<b>783</b>	<b>14,604</b>	<b>108,141</b>	<b>576,700</b>	<b>1,093,352</b>
-	-	-	-	-	-	74,626	74,626
-	-	-	-	-	108,141	60,990	175,386
-	8,679	-	-	-	-	24,976	33,655
4,224	-	-	-	-	-	1,169	101,250
-	-	-	-	-	-	120,930	120,930
-	-	-	-	-	-	285,984	619,755
-	-	-	-	-	-	23,631	23,631
-	-	65,305	3	242	-	78,727	144,277
-	-	-	2,000	-	-	-	2,000
-	-	-	-	-	-	209	4,206
-	-	-	-	-	-	107	2,154
<b>4,224</b>	<b>8,679</b>	<b>65,305</b>	<b>2,003</b>	<b>242</b>	<b>108,141</b>	<b>671,349</b>	<b>1,301,870</b>
<b>(4,220)</b>	<b>(6,701)</b>	<b>(44,209)</b>	<b>(1,220)</b>	<b>14,362</b>	<b>0</b>	<b>(94,649)</b>	<b>(208,518)</b>
3,271	15,640	40,190	34,477	8,619	-	237,350	384,759
-	-	-	-	-	-	-	24,262
24	-	-	-	-	-	464	671
(2,497)	(1,664)	(160)	(33,580)	(14,091)	-	(116,148)	(188,325)
<b>798</b>	<b>13,976</b>	<b>40,030</b>	<b>897</b>	<b>(5,472)</b>	<b>0</b>	<b>121,666</b>	<b>221,367</b>
<b>(3,422)</b>	<b>7,275</b>	<b>(4,179)</b>	<b>(323)</b>	<b>8,890</b>	<b>0</b>	<b>27,017</b>	<b>12,849</b>
6,850	6,499	4,332	7,199	400,943	0	373,330	1,014,940
-	-	-	-	-	-	33	33
<b>\$ 3,428</b>	<b>\$ 13,774</b>	<b>\$ 153</b>	<b>\$ 6,876</b>	<b>\$ 409,833</b>	<b>\$ 0</b>	<b>\$ 400,380</b>	<b>\$ 1,027,822</b>





# Nonmajor Debt Service Funds

*Nonmajor Debt Service Funds account for the accumulation of resources which are used for the payment of general governmental debt principal and interest.*

## **Corrections Institution Finance Authority**

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Corrections Institution Finance Authority for the purpose of financing prison construction.

## **Public Health Care Authority**

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction of public health facilities.

## **Judicial Building Authority**

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction of facilities used by the unified judicial system.

## **General Obligation Bonds**

Accounts for the accumulation of resources used to pay general obligation interest and principal on debt issued by the State for the purpose of financing a wide variety of construction projects.

## **Federal Aid Highway Finance Authority**

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing road and bridge construction.

## STATE OF ALABAMA

COMBINING BALANCE SHEET  
Nonmajor Debt Service Funds

September 30, 2011

(Amounts in Thousands)

	Corrections Institution Finance Authority	Public Health Care Authority	Judicial Building Authority	General Obligation Bonds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 344	\$ 0	\$ 0	\$ 0
Investments	-	297	-	-
<b>TOTAL ASSETS</b>	<b>\$ 344</b>	<b>\$ 297</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Fund Balances</b>				
Restricted for:				
Debt Service	344	297	-	-
<b>Total Fund Balances</b>	<b>344</b>	<b>297</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 344</b>	<b>\$ 297</b>	<b>\$ 0</b>	<b>\$ 0</b>

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Federal Aid Highway Finance Authority	Totals
\$ 0	\$ 344
-	297
<u>\$ 0</u>	<u>\$ 641</u>

<u>\$ 0</u>	<u>\$ 0</u>
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-	641
<u>0</u>	<u>641</u>
<u>\$ 0</u>	<u>\$ 641</u>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Nonmajor Debt Service Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Corrections Institution Finance Authority	Public Health Care Authority	Judicial Building Authority	General Obligation Bonds
<b>REVENUES</b>				
Investment Income	\$ 0	\$ 99	\$ 0	\$ 6
Other Revenues	2,134	-	-	-
<b>Total Revenues</b>	<b>2,134</b>	<b>99</b>	<b>0</b>	<b>6</b>
<b>EXPENDITURES</b>				
Debt Service - Principal Retirement	1,750	2,554	2,790	25,390
Debt Service - Interest and Other Charges	384	2,380	1,183	34,161
<b>Total Expenditures</b>	<b>2,134</b>	<b>4,934</b>	<b>3,973</b>	<b>59,551</b>
<b>Excess (Deficiency) of</b>				
<b>Revenues Over (Under) Expenditures</b>	<b>0</b>	<b>(4,835)</b>	<b>(3,973)</b>	<b>(59,545)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	7,970	3,973	59,538
Refunding Bonds Issued	-	-	-	-
Debt Issuance Premiums	-	-	-	-
Transfers Out	-	(3,138)	-	-
Payments to Refunded Bond Escrow Agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>4,832</b>	<b>3,973</b>	<b>59,538</b>
<b>Net Change in Fund Balances</b>	<b>0</b>	<b>(3)</b>	<b>0</b>	<b>(7)</b>
Fund Balances, October 1, 2010, as Restated	344	300	0	7
<b>Fund Balances, September 30, 2011</b>	<b>\$ 344</b>	<b>\$ 297</b>	<b>\$ 0</b>	<b>\$ 0</b>

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Federal Aid Highway Finance Authority	Totals
\$ 0	\$ 105
-	2,134
<u>0</u>	<u>2,239</u>
13,605	46,089
7,735	45,843
<u>21,340</u>	<u>91,932</u>
 (21,340)	 (89,693)
18,864	90,345
90,740	90,740
8,491	8,491
-	(3,138)
(96,755)	(96,755)
<u>21,340</u>	<u>89,683</u>
 0	 (10)
<u>0</u>	<u>651</u>
 <u>\$ 0</u>	 <u>\$ 641</u>



# Nonmajor Capital Projects Funds

*Nonmajor Capital Projects Funds account for the acquisition, construction, and improvement of major general governmental capital assets.*

## **General Obligation Bond Projects**

Accounts for the proceeds of general obligation debt issued by the State for a wide variety of construction projects involving waterways, parks, roads, prisons, mental hospitals, research labs, and other buildings.

## **Public Health Care Authority Capital**

Accounts for the proceeds of debt issued by the Authority for the purpose of financing the construction of public health facilities.

## **Judicial Building Authority Capital Projects**

Accounts for proceeds of debt issued by the authority for the purpose of acquiring, constructing, and equipping judicial facilities.

## **Other Capital Project Funds**

Accounts for the proceeds of all other debt issued by the State to fund capital projects.

## STATE OF ALABAMA

COMBINING BALANCE SHEET  
Nonmajor Capital Projects Funds

September 30, 2011

(Amounts in Thousands)

	General Obligation Bond Projects	Public Health Care Authority	Judicial Building Authority	Other Capital Project Funds	Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 86,557	\$ 20,559	\$ 2,606	\$ 143	\$ 109,865
Securities Lending Collateral	-	-	-	1	1
<b>TOTAL ASSETS</b>	<b>\$ 86,557</b>	<b>\$ 20,559</b>	<b>\$ 2,606</b>	<b>\$ 144</b>	<b>\$ 109,866</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Warrants Payable	\$ 0	\$ 0	\$ 0	\$ 50	\$ 50
Accounts Payable	166	107	-	3	276
Due to Other Governments	62	-	-	-	62
Securities Lending Obligation	-	-	-	1	1
<b>Total Liabilities</b>	<b>228</b>	<b>107</b>	<b>0</b>	<b>54</b>	<b>389</b>
<b>Fund Balances</b>					
Restricted for:					
Capital Projects	86,329	20,452	2,606	90	109,477
<b>Total Fund Balances</b>	<b>86,329</b>	<b>20,452</b>	<b>2,606</b>	<b>90</b>	<b>109,477</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 86,557</b>	<b>\$ 20,559</b>	<b>\$ 2,606</b>	<b>\$ 144</b>	<b>\$ 109,866</b>



## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Nonmajor Capital Projects Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Obligation Bond Projects	Public Health Care Authority	Judicial Building Authority	Other Capital Project Funds	Totals
<b>REVENUES</b>					
Investment Income	\$ 246	\$ 0	\$ 9	\$ 0	\$ 255
<b>Total Revenues</b>	<b>246</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>255</b>
<b>EXPENDITURES</b>					
Capital Outlay	45,831	775	4,040	-	50,646
Debt Service - Interest and Other Charges	283	-	-	426	709
<b>Total Expenditures</b>	<b>46,114</b>	<b>775</b>	<b>4,040</b>	<b>426</b>	<b>51,355</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over (Under) Expenditures</b>	<b>(45,868)</b>	<b>(775)</b>	<b>(4,031)</b>	<b>(426)</b>	<b>(51,100)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	20	6,804	-	-	6,824
Refunding Bonds Issued	-	-	-	455	455
Transfers Out	(58)	-	-	-	(58)
<b>Total Other Financing Sources (Uses)</b>	<b>(38)</b>	<b>6,804</b>	<b>0</b>	<b>455</b>	<b>7,221</b>
<b>Net Change in Fund Balances</b>	<b>(45,906)</b>	<b>6,029</b>	<b>(4,031)</b>	<b>29</b>	<b>(43,879)</b>
Fund Balances, October 1, 2010, as Restated	132,235	14,423	6,637	61	153,356
<b>Fund Balances, September 30, 2011</b>	<b>\$ 86,329</b>	<b>\$ 20,452</b>	<b>\$ 2,606</b>	<b>\$ 90</b>	<b>\$ 109,477</b>



# Nonmajor Permanent Funds

*Nonmajor Permanent Funds report resources that are legally restricted so that only earnings, not principal, may be used for purposes that support the State's governmental programs.*

## **Marine, Game and Fish Endowment**

Invests the proceeds of lifetime hunting and fishing licenses and uses the investment income to preserve, protect, propagate, and develop wildlife within the State.

## **Alabama Research Institute**

Is a trust fund which awards research grants to State universities to promote science and technology.

## **Senior Services Trust**

Invests a portion of the proceeds from the tobacco settlement in order to accumulate money to expand programs benefiting elderly citizens.

## **Other Permanent Funds**

Accounts for several small permanent funds which further educational, health, and social programs.

## STATE OF ALABAMA

COMBINING BALANCE SHEET  
Nonmajor Permanent Funds

September 30, 2011

(Amounts in Thousands)

	Marine, Game, and Fish Endowment	Alabama Research Institute	Senior Services Trust	Other Permanent Funds	Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 148	\$ 77	\$ 0	\$ 14,090	\$ 14,315
Investments	19,372	15,394	24,802	101	59,669
Accounts Receivable	139	-	-	-	139
Interest and Dividends Receivable	-	99	193	-	292
Mortgages, Notes, and Loans Receivable	-	-	-	54	54
Securities Lending Collateral	3,468	1	3,094	10	6,573
<b>TOTAL ASSETS</b>	<b>\$ 23,127</b>	<b>\$ 15,571</b>	<b>\$ 28,089</b>	<b>\$ 14,255</b>	<b>\$ 81,042</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Investment Purchases Payable	\$ 85	\$ 0	\$ 108	\$ 0	\$ 193
Due to Other Funds	114	3	-	-	117
Accounts Payable	30	16	-	-	46
Due to Other Governments	-	3	-	-	3
Securities Lending Obligation	3,468	1	3,094	10	6,573
<b>Total Liabilities</b>	<b>3,697</b>	<b>23</b>	<b>3,202</b>	<b>10</b>	<b>6,932</b>
<b>Fund Balances</b>					
Nonspendable:					
Permanent Fund Principal	19,430	11,500	2,340	14,110	47,380
Restricted for:					
Education and Cultural Resources	-	4,048	-	115	4,163
Health	-	-	-	20	20
Social Services	-	-	22,547	-	22,547
<b>Total Fund Balances</b>	<b>19,430</b>	<b>15,548</b>	<b>24,887</b>	<b>14,245</b>	<b>74,110</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 23,127</b>	<b>\$ 15,571</b>	<b>\$ 28,089</b>	<b>\$ 14,255</b>	<b>\$ 81,042</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Nonmajor Permanent Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Marine, Game, and Fish Endowment	Alabama Research Institute	Senior Services Trust	Other Permanent Funds	Totals
<b>REVENUES</b>					
Licenses, Permits, and Fees	\$ 807	\$ 0	\$ 0	\$ 454	\$ 1,261
Investment Income	(270)	190	956	15	891
Other Revenues	-	-	2,374	4	2,378
<b>Total Revenues</b>	<b>537</b>	<b>190</b>	<b>3,330</b>	<b>473</b>	<b>4,530</b>
<b>EXPENDITURES</b>					
Current:					
Education and Cultural Resources	-	447	-	-	447
Social Services	-	-	13	-	13
<b>Total Expenditures</b>	<b>0</b>	<b>447</b>	<b>13</b>	<b>0</b>	<b>460</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over (Under) Expenditures</b>	<b>537</b>	<b>(257)</b>	<b>3,317</b>	<b>473</b>	<b>4,070</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	627	627
Transfers Out	-	(3)	(742)	-	(745)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(3)</b>	<b>(742)</b>	<b>627</b>	<b>(118)</b>
<b>Net Change in Fund Balances</b>	<b>537</b>	<b>(260)</b>	<b>2,575</b>	<b>1,100</b>	<b>3,952</b>
Fund Balances, October 1, 2010, as Restated	18,893	15,808	22,312	13,145	70,158
<b>Fund Balances, September 30, 2011</b>	<b>\$ 19,430</b>	<b>\$ 15,548</b>	<b>\$ 24,887</b>	<b>\$ 14,245</b>	<b>\$ 74,110</b>



# **Governmental Funds Supplementary Information**

*Governmental Funds Supplementary Information includes non-GAAP basis schedules demonstrating compliance with the legally adopted budget and summaries of governmental fund revenues in the State Treasury.*

# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>EXPENDITURES:</b>			
<b><u>Administrative Office of Courts</u></b>			
Administrative Services	4,511	4,511	-
Alabama Sentencing Commission	448	448	-
Court Operations	106,333	106,333	-
Drug Court	2,690	2,255	435
Juvenile Probation Officer Services	13,020	13,020	-
<b>TOTAL Administrative Office of Courts</b>	<b>127,002</b>	<b>126,567</b>	<b>435</b>
<b><u>Agriculture and Industries</u></b>			
Administrative Services	2,642	2,642	-
Agricultural Development Services	509	509	-
Agricultural Inspection Services	6,303	6,303	-
Lab Analysis and Disease Control	3,599	3,599	-
<b>TOTAL Agriculture and Industries</b>	<b>13,053</b>	<b>13,053</b>	<b>-</b>
<b><u>Attorney General</u></b>			
Fair Marketing Practices: Consumer Protection	488	483	5
Legal Advice and Legal Service: Attorney General - Operations	10,075	9,557	518
Legal Advice and Legal Service: Consumer Utility Fund	204	201	3
<b>TOTAL Attorney General</b>	<b>10,767</b>	<b>10,241</b>	<b>526</b>
<b><u>Auditor</u></b>			
Fiscal Management	901	827	74
<b>TOTAL Auditor</b>	<b>901</b>	<b>827</b>	<b>74</b>
<b><u>Commission on Higher Education</u></b>			
Alabama Teacher Recruitment Incentive	-	-	-
Planning and Coordination Services	-	-	-
Student Financial Aid	-	-	-
Support - Other Educational Activities	-	-	-
Support of State Universities	-	-	-
<b>TOTAL Commission on Higher Education</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Corrections</u></b>			
Administration Service and Logistical Support	17,350	17,020	330
Correctional Industries	-	-	-
Institutional Service Corrections	271,996	268,693	3,303
<b>TOTAL Corrections</b>	<b>289,346</b>	<b>285,713</b>	<b>3,633</b>
<b><u>Economic and Community Affairs</u></b>			
Administrative Support Service	207	189	18
Energy Management	443	75	368
Law Enforcement Planning and Development	608	462	146
Planning	10,051	8,681	1,370
Skills Enhancement/Employment Opportunities	473	348	125
Surplus Property	597	517	80
Water Resources	3,315	2,820	495
<b>TOTAL Economic and Community Affairs</b>	<b>15,694</b>	<b>13,092</b>	<b>2,602</b>



Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	4,511	4,511	-
-	-	-	-	-	-	448	448	-
-	-	-	59,020	51,818	7,202	165,353	158,151	7,202
-	-	-	-	-	-	2,690	2,255	435
-	-	-	5,542	5,542	-	18,562	18,562	-
-	-	-	<b>64,562</b>	<b>57,360</b>	<b>7,202</b>	<b>191,564</b>	<b>183,927</b>	<b>7,637</b>
-	-	-	3,934	3,401	533	6,576	6,043	533
-	-	-	1,511	1,372	139	2,020	1,881	139
-	-	-	13,468	9,325	4,143	19,771	15,628	4,143
-	-	-	10,696	9,979	717	14,295	13,578	717
-	-	-	<b>29,609</b>	<b>24,077</b>	<b>5,532</b>	<b>42,662</b>	<b>37,130</b>	<b>5,532</b>
-	-	-	-	-	-	488	483	5
-	-	-	15,660	8,976	6,684	25,735	18,533	7,202
-	-	-	-	-	-	204	201	3
-	-	-	<b>15,660</b>	<b>8,976</b>	<b>6,684</b>	<b>26,427</b>	<b>19,217</b>	<b>7,210</b>
-	-	-	-	-	-	901	827	74
-	-	-	-	-	-	<b>901</b>	<b>827</b>	<b>74</b>
1,052	253	799	-	-	-	1,052	253	799
3,322	2,524	798	-	-	-	3,322	2,524	798
6,173	5,587	586	2,991	2,791	200	9,164	8,378	786
2,755	2,592	163	1,721	1,285	436	4,476	3,877	599
5,996	5,996	-	75	-	75	6,071	5,996	75
<b>19,298</b>	<b>16,952</b>	<b>2,346</b>	<b>4,787</b>	<b>4,076</b>	<b>711</b>	<b>24,085</b>	<b>21,028</b>	<b>3,057</b>
-	-	-	3,062	3,062	-	20,412	20,082	330
-	-	-	26,501	13,746	12,755	26,501	13,746	12,755
-	-	-	143,147	136,037	7,110	415,143	404,730	10,413
-	-	-	<b>172,710</b>	<b>152,845</b>	<b>19,865</b>	<b>462,056</b>	<b>438,558</b>	<b>23,498</b>
-	-	-	10,484	10,096	388	10,691	10,285	406
-	-	-	66,064	39,268	26,796	66,507	39,343	27,164
-	-	-	60,871	33,209	27,662	61,479	33,671	27,808
-	-	-	260,893	164,300	96,593	270,944	172,981	97,963
-	-	-	52,169	42,442	9,727	52,642	42,790	9,852
-	-	-	1,858	1,565	293	2,455	2,082	373
-	-	-	6,838	6,359	479	10,153	9,179	974
-	-	-	<b>459,177</b>	<b>297,239</b>	<b>161,938</b>	<b>474,871</b>	<b>310,331</b>	<b>164,540</b>

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# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b><u>Education</u></b>			
Administrative Services	-	-	-
Alabama Science in Motion	-	-	-
At-Risk Student Program	-	-	-
Board of Adjustment	-	-	-
Disability Determination for Social Security	-	-	-
Endowment Interest Program-PSF	-	-	-
Financial Assistance	-	-	-
Foundation Program	-	-	-
Information Technology Services	-	-	-
School Nurses Program	-	-	-
Transportation Program	-	-	-
<b>TOTAL Education</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Emergency Management Agency</u></b>			
Readiness and Recovery	19,772	19,537	235
<b>TOTAL Emergency Management Agency</b>	<b>19,772</b>	<b>19,537</b>	<b>235</b>
<b><u>Examiners of Public Accounts</u></b>			
Legislative Support - Audit Service	10,500	10,500	-
<b>TOTAL Examiners of Public Accounts</b>	<b>10,500</b>	<b>10,500</b>	<b>-</b>
<b><u>Finance</u></b>			
Administrative Support Service	-	-	-
Administrative Support Service: Alabama Building Renovation Finance Authority	-	-	-
Administrative Support Service: Capital Complex Maintenance and Repair	-	-	-
Administrative Support Service: Capitol	875	810	65
Administrative Support Service: Legal Division	104	93	11
Administrative Support Service: Space Management	1,172	-	1,172
Fiscal Management	-	-	-
Fiscal Management: Budget Office	1,080	751	329
Fiscal Management: Comptroller's Office	4,934	4,287	647
Fiscal Management: Director's Office	654	303	351
Fiscal Management: Executive Planning	327	91	236
Fiscal Management: Payroll Conversion	602	5	597
Fiscal Management: Purchasing	1,657	1,600	57
<b>TOTAL Finance</b>	<b>11,405</b>	<b>7,940</b>	<b>3,465</b>
<b><u>Governor</u></b>			
Criminal Investigation: Law Enforcement Fund	116	74	42
Executive Direction: Governor's Contingency Fund	193	188	5
Executive Direction: Governor's Mansion	264	264	-
Executive Direction: Governor's Office	2,399	2,380	19
Executive Direction: Governor's Proclamation Expense	819	469	350
Executive Direction: National Governors' Conference	168	161	7
<b>TOTAL Governor</b>	<b>3,959</b>	<b>3,536</b>	<b>423</b>
<b><u>Human Resources</u></b>			
Human Services	-	-	-
<b>TOTAL Human Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
163,843	154,341	9,502	89,867	32,130	57,737	253,710	186,471	67,239
-	-	-	2,659	1,981	678	2,659	1,981	678
22,736	22,711	25	-	-	-	22,736	22,711	25
623	591	32	-	-	-	623	591	32
-	-	-	86,521	53,243	33,278	86,521	53,243	33,278
-	-	-	533	533	-	533	533	-
40,636	38,457	2,179	1,096,764	933,530	163,234	1,137,400	971,987	165,413
3,148,626	3,148,626	-	509,035	493,193	15,842	3,657,661	3,641,819	15,842
3,593	3,593	-	-	-	-	3,593	3,593	-
30,314	30,314	-	-	-	-	30,314	30,314	-
237,748	237,748	-	-	-	-	237,748	237,748	-
<b>3,648,119</b>	<b>3,636,381</b>	<b>11,738</b>	<b>1,785,379</b>	<b>1,514,610</b>	<b>270,769</b>	<b>5,433,498</b>	<b>5,150,991</b>	<b>282,507</b>
-	-	-	136,505	113,885	22,620	156,277	133,422	22,855
-	-	-	<b>136,505</b>	<b>113,885</b>	<b>22,620</b>	<b>156,277</b>	<b>133,422</b>	<b>22,855</b>
6,685	6,685	-	2,688	1,547	1,141	19,873	18,732	1,141
<b>6,685</b>	<b>6,685</b>	<b>-</b>	<b>2,688</b>	<b>1,547</b>	<b>1,141</b>	<b>19,873</b>	<b>18,732</b>	<b>1,141</b>
-	-	-	106,737	63,131	43,606	106,737	63,131	43,606
-	-	-	14,865	11,494	3,371	14,865	11,494	3,371
-	-	-	12,978	9,067	3,911	12,978	9,067	3,911
-	-	-	-	-	-	875	810	65
-	-	-	-	-	-	104	93	11
-	-	-	-	-	-	1,172	-	1,172
-	-	-	7,669	3,030	4,639	7,669	3,030	4,639
-	-	-	124	124	-	1,204	875	329
-	-	-	551	551	-	5,485	4,838	647
-	-	-	163	163	-	817	466	351
-	-	-	172	172	-	499	263	236
-	-	-	-	-	-	602	5	597
-	-	-	-	-	-	1,657	1,600	57
-	-	-	<b>143,259</b>	<b>87,732</b>	<b>55,527</b>	<b>154,664</b>	<b>95,672</b>	<b>58,992</b>
-	-	-	-	-	-	116	74	42
-	-	-	4,739	1,035	3,704	4,932	1,223	3,709
-	-	-	-	-	-	264	264	-
-	-	-	-	-	-	2,399	2,380	19
-	-	-	-	-	-	819	469	350
-	-	-	-	-	-	168	161	7
-	-	-	<b>4,739</b>	<b>1,035</b>	<b>3,704</b>	<b>8,698</b>	<b>4,571</b>	<b>4,127</b>
-	-	-	2,267,231	2,204,404	62,827	2,267,231	2,204,404	62,827
-	-	-	<b>2,267,231</b>	<b>2,204,404</b>	<b>62,827</b>	<b>2,267,231</b>	<b>2,204,404</b>	<b>62,827</b>

Continued on next page...

# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b><u>Industrial Relations</u></b>			
Administrative Services	-	-	-
Employment Security	-	-	-
Industrial Safety and Accident Prevention	1,785	1,785	-
Regulation Workers Compensation	-	-	-
Small Business Program	5	4	1
<b>TOTAL Industrial Relations</b>	<b>1,790</b>	<b>1,789</b>	<b>1</b>
<b><u>Legislature</u></b>			
Commission to Reduce Poverty	8	-	8
Legislative Operations and Support	25,767	23,584	2,183
<b>TOTAL Legislature</b>	<b>25,775</b>	<b>23,584</b>	<b>2,191</b>
<b><u>Medicaid Agency</u></b>			
Medical Assistance Through Medicaid: Administrative Cost	20,917	18,946	1,971
Medical Assistance Through Medicaid: Alternative Care	15,779	15,779	-
Medical Assistance Through Medicaid: Family Planning	3,085	3,085	-
Medical Assistance Through Medicaid: Health Support	67,250	67,250	-
Medical Assistance Through Medicaid: Hospital Care	176,468	176,468	-
Medical Assistance Through Medicaid: Mental Health- Facilities	-	-	-
Medical Assistance Through Medicaid: Mental Health- Other Health Insurance	4,000	4,000	-
Medical Assistance Through Medicaid: Mental Health- Waivers	2,000	2,000	-
Medical Assistance Through Medicaid: Nursing Home Care	31,145	31,145	-
Medical Assistance Through Medicaid: Pharmaceutical	20,816	20,816	-
Medical Assistance Through Medicaid: Physician Care	27,243	27,243	-
Medical Assistance Through Medicaid: Premiums	66,176	65,769	407
<b>TOTAL Medicaid Agency</b>	<b>434,879</b>	<b>432,501</b>	<b>2,378</b>
<b><u>Mental Health</u></b>			
Administrative Services	-	-	-
Institutional Treatment and Care of Intellectually Disabled	-	-	-
Institutional Treatment and Care of Mentally Ill	-	-	-
Special Services	-	-	-
Substance Abuse Program	-	-	-
<b>TOTAL Mental Health</b>	<b>-</b>	<b>-</b>	<b>-</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	18,900	14,422	4,478	18,900	14,422	4,478
-	-	-	87,892	66,793	21,099	87,892	66,793	21,099
-	-	-	8,048	4,300	3,748	9,833	6,085	3,748
-	-	-	5,954	4,334	1,620	5,954	4,334	1,620
-	-	-	-	-	-	5	4	1
-	-	-	<b>120,794</b>	<b>89,849</b>	<b>30,945</b>	<b>122,584</b>	<b>91,638</b>	<b>30,946</b>
-	-	-	-	-	-	8	-	8
-	-	-	-	-	-	25,767	23,584	2,183
-	-	-	-	-	-	<b>25,775</b>	<b>23,584</b>	<b>2,191</b>
-	-	-	440,449	205,874	234,575	461,366	224,820	236,546
-	-	-	398,969	378,121	20,848	414,748	393,900	20,848
-	-	-	72,151	59,740	12,411	75,236	62,825	12,411
-	-	-	186,189	169,163	17,026	253,439	236,413	17,026
-	-	-	2,259,534	1,581,642	677,892	2,436,002	1,758,110	677,892
-	-	-	38,439	32,663	5,776	38,439	32,663	5,776
-	-	-	136,091	122,149	13,942	140,091	126,149	13,942
-	-	-	304,162	283,805	20,357	306,162	285,805	20,357
-	-	-	918,882	866,807	52,075	950,027	897,952	52,075
-	-	-	595,490	522,642	72,848	616,306	543,458	72,848
-	-	-	423,816	366,835	56,981	451,059	394,078	56,981
-	-	-	255,992	237,954	18,038	322,168	303,723	18,445
-	-	-	<b>6,030,164</b>	<b>4,827,395</b>	<b>1,202,769</b>	<b>6,465,043</b>	<b>5,259,896</b>	<b>1,205,147</b>
-	-	-	32,665	23,906	8,759	32,665	23,906	8,759
-	-	-	449,355	440,181	9,174	449,355	440,181	9,174
-	-	-	396,394	371,690	24,704	396,394	371,690	24,704
-	-	-	19,171	16,637	2,534	19,171	16,637	2,534
-	-	-	50,776	39,690	11,086	50,776	39,690	11,086
-	-	-	<b>948,361</b>	<b>892,104</b>	<b>56,257</b>	<b>948,361</b>	<b>892,104</b>	<b>56,257</b>

Continued on next page...

# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b><u>Postsecondary Education</u></b>			
Administrative Services: Postsecondary/ESL	-	-	-
Adult Education	-	-	-
Adult Education: Adult Basic Education	-	-	-
Firefighters-Fire College: Firefighters/Fire College	-	-	-
Industrial Training: AIDT/Development Program	-	-	-
Industrial Training: AIDT/Training Program	-	-	-
Industrial Training: AIDT/Workforce Development	-	-	-
Postsecondary Administration	-	-	-
Postsecondary Administration: Postsecondary/Chancellor's	-	-	-
Postsecondary-Prison Education: Prison Education-Operations and Maintenance	-	-	-
Postsecondary-Special Line Items: Mine Safety	-	-	-
Postsecondary-Special Line Items: Special Populations Training	-	-	-
Postsecondary-Technical Colleges	-	-	-
Postsecondary-Technical Colleges: Truck Driver Training-CACC	-	-	-
Postsecondary-Two Year Colleges	-	-	-
Postsecondary-Two Year Colleges: Alabama Technology Network	-	-	-
Postsecondary-Two Year Colleges: Marion Military Institute	-	-	-
Postsecondary-Two Year Colleges: Two Year Colleges/Operations and Maintenance	-	-	-
Postsecondary-Two Year Colleges: Workforce Development	-	-	-
Support of State Universities: Athens State - Operations and Maintenance	-	-	-
Support of State Universities: Fiscal Stabilization Fund	-	-	-
Support of State Universities: Knight vs Alabama 2 Year Postsecondary	-	-	-
<b>TOTAL Postsecondary Education</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Public Health</u></b>			
Administrative Services	9,741	9,740	1
Children's Health Insurance	-	-	-
Emergency Medical Service Education	-	-	-
Family Practice Rural Health	-	-	-
Public Health Services	47,134	46,919	215
<b>TOTAL Public Health</b>	<b>56,875</b>	<b>56,659</b>	<b>216</b>
<b><u>Public Safety</u></b>			
Administrative Services	8,467	8,291	176
Police Services	48,274	46,288	1,986
Public Safety Support Services	5,105	4,974	131
Readiness and Recovery	525	525	-
<b>TOTAL Public Safety</b>	<b>62,371</b>	<b>60,078</b>	<b>2,293</b>
<b><u>Public Service Commission</u></b>			
Regulatory Services	-	-	-
<b>TOTAL Public Service Commission</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Rehabilitation Services</u></b>			
Direct Client Services-Handicap	357	357	-
<b>TOTAL Rehabilitation Services</b>	<b>357</b>	<b>357</b>	<b>-</b>
<b><u>Revenue</u></b>			
State Revenue Administration	77	66	11
<b>TOTAL Revenue</b>	<b>77</b>	<b>66</b>	<b>11</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
97	-	97	-	-	-	97	-	97
-	-	-	15,046	8,363	6,683	15,046	8,363	6,683
15,548	11,779	3,769	-	-	-	15,548	11,779	3,769
3,731	3,731	-	-	-	-	3,731	3,731	-
5,559	5,559	-	-	-	-	5,559	5,559	-
4,687	4,687	-	-	-	-	4,687	4,687	-
23,040	23,040	-	-	-	-	23,040	23,040	-
-	-	-	6,394	4,632	1,762	6,394	4,632	1,762
6,231	4,940	1,291	-	-	-	6,231	4,940	1,291
8,344	8,344	-	-	-	-	8,344	8,344	-
238	238	-	-	-	-	238	238	-
5,341	5,061	280	-	-	-	5,341	5,061	280
-	-	-	2,750	1,929	821	2,750	1,929	821
248	248	-	-	-	-	248	248	-
-	-	-	23,827	20,476	3,351	23,827	20,476	3,351
4,753	4,753	-	-	-	-	4,753	4,753	-
5,875	5,875	-	-	-	-	5,875	5,875	-
269,010	269,010	-	19,348	18,853	495	288,358	287,863	495
6,473	5,876	597	5,581	5,249	332	12,054	11,125	929
10,808	10,808	-	-	-	-	10,808	10,808	-
-	-	-	1,042	1,042	-	1,042	1,042	-
1,000	999	1	-	-	-	1,000	999	1
<b>370,983</b>	<b>364,948</b>	<b>6,035</b>	<b>73,988</b>	<b>60,544</b>	<b>13,444</b>	<b>444,971</b>	<b>425,492</b>	<b>19,479</b>
884	884	-	29,416	20,506	8,910	40,041	31,130	8,911
-	-	-	197,179	191,307	5,872	197,179	191,307	5,872
1,427	1,427	-	-	-	-	1,427	1,427	-
1,577	1,384	193	-	-	-	1,577	1,384	193
11,796	11,796	-	542,844	457,235	85,609	601,774	515,950	85,824
<b>15,684</b>	<b>15,491</b>	<b>193</b>	<b>769,439</b>	<b>669,048</b>	<b>100,391</b>	<b>841,998</b>	<b>741,198</b>	<b>100,800</b>
-	-	-	39,010	31,413	7,597	47,477	39,704	7,773
-	-	-	62,056	37,241	24,815	110,330	83,529	26,801
-	-	-	17,894	12,293	5,601	22,999	17,267	5,732
-	-	-	-	-	-	525	525	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>118,960</b>	<b>80,947</b>	<b>38,013</b>	<b>181,331</b>	<b>141,025</b>	<b>40,306</b>
-	-	-	18,472	14,860	3,612	18,472	14,860	3,612
<b>-</b>	<b>-</b>	<b>-</b>	<b>18,472</b>	<b>14,860</b>	<b>3,612</b>	<b>18,472</b>	<b>14,860</b>	<b>3,612</b>
33,538	33,537	1	147,879	110,657	37,222	181,774	144,551	37,223
<b>33,538</b>	<b>33,537</b>	<b>1</b>	<b>147,879</b>	<b>110,657</b>	<b>37,222</b>	<b>181,774</b>	<b>144,551</b>	<b>37,223</b>
-	-	-	144,542	126,605	17,937	144,619	126,671	17,948
<b>-</b>	<b>-</b>	<b>-</b>	<b>144,542</b>	<b>126,605</b>	<b>17,937</b>	<b>144,619</b>	<b>126,671</b>	<b>17,948</b>

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# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b><u>Secretary of State</u></b>			
Administrative Support Service	-	-	-
Administrative Support Service: Administration of Helping America Vote Act	-	-	-
Administrative Support Service: Distribution of Public Documents	299	283	16
Administrative Support Service: Printing of Acts/Journals	336	6	330
Administrative Support Service: Printing of Codes	153	141	12
Administrative Support Service: Secretary of State	1,543	1,510	33
Special Services: Training Elected Officials	47	-	47
<b>TOTAL Secretary of State</b>	<b>2,378</b>	<b>1,940</b>	<b>438</b>
<b><u>Transportation</u></b>			
Aviation Stimulus	-	-	-
General Administration	-	-	-
General Aviation and Aeronautics	-	-	-
Roads and Transit Stimulus	-	-	-
Surface Transportation Improvements	-	-	-
<b>TOTAL Transportation</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Treasurer</u></b>			
Fiscal Management	2,176	1,991	185
<b>TOTAL Treasurer</b>	<b>2,176</b>	<b>1,991</b>	<b>185</b>
<b><u>Youth Services</u></b>			
Community Educational Programs	-	-	-
Financial Assistance	-	-	-
Youth Services	8,593	8,593	-
Youth Services Camp Programs	3,720	3,720	-
<b>TOTAL Youth Services</b>	<b>12,313</b>	<b>12,313</b>	<b>-</b>
<b><u>Colleges and Universities</u></b>			
<b>Alabama Agricultural and Mechanical University</b>			
Support of State Universities: Agriculture Research Station Fixed Costs	-	-	-
Support of State Universities: Alabama A&M-Agriculture Research Extension State Match	-	-	-
Support of State Universities: Alabama A&M-Miles College	-	-	-
Support of State Universities: Alabama A&M-Operations and Maintenance	-	-	-
Support of State Universities: Fiscal Stabilization Fund	-	-	-
Support of State Universities: Urban Affairs and Non-Traditional Program	-	-	-
<b>Total Alabama Agricultural and Mechanical University</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Alabama Institute for the Deaf and Blind</b>			
Alabama Institute for the Deaf and Blind- Adult Programs	-	-	-
Alabama Institute for the Deaf and Blind- Children and Youth Programs	-	-	-
Alabama Institute for the Deaf and Blind- Industries for the Blind	-	-	-
<b>Total Alabama Institute for the Deaf and Blind</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Alabama State University</b>			
Support of State Universities: Alabama State University-Operations and Maintenance	-	-	-
Support of State Universities: Fiscal Stabilization Fund	-	-	-
<b>Total Alabama State University</b>	<b>-</b>	<b>-</b>	<b>-</b>



Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	4,437	1,815	2,622	4,437	1,815	2,622
-	-	-	15,400	2,358	13,042	15,400	2,358	13,042
-	-	-	-	-	-	299	283	16
-	-	-	-	-	-	336	6	330
-	-	-	-	-	-	153	141	12
-	-	-	-	-	-	1,543	1,510	33
-	-	-	-	-	-	47	-	47
-	-	-	19,837	4,173	15,664	22,215	6,113	16,102
-	-	-	1,050	822	228	1,050	822	228
-	-	-	170,885	121,849	49,036	170,885	121,849	49,036
-	-	-	31,390	21,860	9,530	31,390	21,860	9,530
-	-	-	491,660	126,467	365,193	491,660	126,467	365,193
-	-	-	1,728,108	1,117,987	610,121	1,728,108	1,117,987	610,121
-	-	-	2,423,093	1,388,985	1,034,108	2,423,093	1,388,985	1,034,108
-	-	-	4,406	2,818	1,588	6,582	4,809	1,773
-	-	-	4,406	2,818	1,588	6,582	4,809	1,773
4,683	4,683	-	-	-	-	4,683	4,683	-
6,890	6,838	52	914	424	490	7,804	7,262	542
51,780	51,392	388	29,890	20,214	9,676	90,263	80,199	10,064
-	-	-	-	-	-	3,720	3,720	-
63,353	62,913	440	30,804	20,638	10,166	106,470	95,864	10,606
292	292	-	-	-	-	292	292	-
1,190	1,190	-	-	-	-	1,190	1,190	-
359	359	-	-	-	-	359	359	-
30,595	30,595	-	-	-	-	30,595	30,595	-
-	-	-	3,360	3,360	-	3,360	3,360	-
3,945	3,945	-	-	-	-	3,945	3,945	-
36,381	36,381	-	3,360	3,360	-	39,741	39,741	-
9,069	9,069	-	-	-	-	9,069	9,069	-
25,760	25,760	-	-	-	-	25,760	25,760	-
7,230	7,230	-	-	-	-	7,230	7,230	-
42,059	42,059	-	-	-	-	42,059	42,059	-
42,261	42,261	-	-	-	-	42,261	42,261	-
-	-	-	3,260	3,260	-	3,260	3,260	-
42,261	42,261	-	3,260	3,260	-	45,521	45,521	-

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# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Auburn University</b>			
Support of State Universities: Auburn University System-Operations and Maintenance	-	-	-
Support of State Universities: Auburn University-AUM Operations and Maintenance	-	-	-
Support of State Universities: Auburn/Agriculture Experiment Station	-	-	-
Support of State Universities: Auburn/Cooperative Extension Service	-	-	-
Support of State Universities: Fiscal Stabilization Fund	-	-	-
<b>Total Auburn University</b>	-	-	-
<b>Jacksonville State University</b>			
Support of State Universities: Alabama Film Initiative Program	-	-	-
Support of State Universities: Fiscal Stabilization Fund	-	-	-
Support of State Universities: Jacksonville State University-Operations and Maintenance	-	-	-
<b>Total Jacksonville State University</b>	-	-	-
<b>Troy State University</b>			
Support of State Universities: Fiscal Stabilization Fund	-	-	-
Support of State Universities: Troy State University System-Operations and Maintenance	-	-	-
<b>Total Troy State University</b>	-	-	-
<b>University of Alabama - Birmingham</b>			
Support of State Universities	-	-	-
Support of State Universities: Chauncey Sparks Center/University of Alabama Birmingham	-	-	-
Support of State Universities: Fiscal Stabilization Fund	-	-	-
Support of State Universities: University of Alabama-Birmingham-Operations and Maintenance	-	-	-
Support of State Universities: University of Alabama - Birmingham Cancer Center	-	-	-
<b>Total University of Alabama - Birmingham</b>	-	-	-
<b>University of Alabama - Huntsville</b>			
Support of State Universities: Fiscal Stabilization Fund	-	-	-
Support of State Universities: University of Alabama Huntsville-Operations and Maintenance	-	-	-
<b>Total University of Alabama - Huntsville</b>	-	-	-
<b>University of Alabama - Tuscaloosa</b>			
Support of State Universities: Fiscal Stabilization Fund	-	-	-
Support of State Universities: University of Alabama-Tuscaloosa-Operations and Maintenance	-	-	-
<b>Total University of Alabama - Tuscaloosa</b>	-	-	-
<b>University of Montevallo</b>			
Support of State Universities: Fiscal Stabilization Fund	-	-	-
Support of State Universities: University of Montevallo-Operations and Maintenance	-	-	-
<b>Total University of Montevallo</b>	-	-	-
<b>University of North Alabama</b>			
Support of State Universities: Fiscal Stabilization Fund	-	-	-
Support of State Universities: University of North Alabama-Operations and Maintenance	-	-	-
<b>Total University of North Alabama</b>	-	-	-
<b>University of South Alabama</b>			
Support of State Universities: Fiscal Stabilization Fund	-	-	-
Support of State Universities: University of South Alabama-Operations and Maintenance	-	-	-
<b>Total University of South Alabama</b>	-	-	-
<b>University of West Alabama</b>			
Support of State Universities: Fiscal Stabilization Fund	-	-	-
Support of State Universities: University of West Alabama-Operations and Maintenance	-	-	-
<b>Total University of West Alabama</b>	-	-	-
<b>TOTAL Colleges and Universities</b>	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
151,541	151,541	-	-	-	-	151,541	151,541	-
22,827	22,827	-	-	-	-	22,827	22,827	-
30,039	30,039	-	-	-	-	30,039	30,039	-
31,084	31,084	-	-	-	-	31,084	31,084	-
-	-	-	28,822	27,572	1,250	28,822	27,572	1,250
<b>235,491</b>	<b>235,491</b>	-	<b>28,822</b>	<b>27,572</b>	<b>1,250</b>	<b>264,313</b>	<b>263,063</b>	<b>1,250</b>
449	449	-	-	-	-	449	449	-
-	-	-	3,344	3,344	-	3,344	3,344	-
35,707	35,707	-	-	-	-	35,707	35,707	-
<b>36,156</b>	<b>36,156</b>	-	<b>3,344</b>	<b>3,344</b>	-	<b>39,500</b>	<b>39,500</b>	-
-	-	-	4,599	4,599	-	4,599	4,599	-
43,740	43,740	-	-	-	-	43,740	43,740	-
<b>43,740</b>	<b>43,740</b>	-	<b>4,599</b>	<b>4,599</b>	-	<b>48,339</b>	<b>48,339</b>	-
-	-	-	35	35	-	35	35	-
3,407	3,407	-	-	-	-	3,407	3,407	-
-	-	-	27,602	27,068	534	27,602	27,068	534
246,578	246,578	-	-	-	-	246,578	246,578	-
4,053	4,053	-	-	-	-	4,053	4,053	-
<b>254,038</b>	<b>254,038</b>	-	<b>27,637</b>	<b>27,103</b>	<b>534</b>	<b>281,675</b>	<b>281,141</b>	<b>534</b>
-	-	-	5,440	5,440	-	5,440	5,440	-
42,704	42,704	-	-	-	-	42,704	42,704	-
<b>42,704</b>	<b>42,704</b>	-	<b>5,440</b>	<b>5,440</b>	-	<b>48,144</b>	<b>48,144</b>	-
-	-	-	14,699	14,699	-	14,699	14,699	-
137,427	137,427	-	-	-	-	137,427	137,427	-
<b>137,427</b>	<b>137,427</b>	-	<b>14,699</b>	<b>14,699</b>	-	<b>152,126</b>	<b>152,126</b>	-
-	-	-	1,723	1,723	-	1,723	1,723	-
17,259	17,259	-	-	-	-	17,259	17,259	-
<b>17,259</b>	<b>17,259</b>	-	<b>1,723</b>	<b>1,723</b>	-	<b>18,982</b>	<b>18,982</b>	-
-	-	-	2,395	2,243	152	2,395	2,243	152
24,352	24,352	-	-	-	-	24,352	24,352	-
<b>24,352</b>	<b>24,352</b>	-	<b>2,395</b>	<b>2,243</b>	<b>152</b>	<b>26,747</b>	<b>26,595</b>	<b>152</b>
-	-	-	11,548	11,548	-	11,548	11,548	-
96,949	96,949	-	-	-	-	96,949	96,949	-
<b>96,949</b>	<b>96,949</b>	-	<b>11,548</b>	<b>11,548</b>	-	<b>108,497</b>	<b>108,497</b>	-
-	-	-	1,349	1,349	-	1,349	1,349	-
13,519	13,519	-	-	-	-	13,519	13,519	-
<b>13,519</b>	<b>13,519</b>	-	<b>1,349</b>	<b>1,349</b>	-	<b>14,868</b>	<b>14,868</b>	-
<b>1,022,336</b>	<b>1,022,336</b>	-	<b>108,176</b>	<b>106,240</b>	<b>1,936</b>	<b>1,130,512</b>	<b>1,128,576</b>	<b>1,936</b>

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# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Other</b>			
<b>Accountancy Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Accountancy Board</b>	-	-	-
<b>Agricultural Museum Board</b>			
Agricultural Promotional Program	117	98	19
<b>Total Agricultural Museum Board</b>	<b>117</b>	<b>98</b>	<b>19</b>
<b>Agriculture Center Board</b>			
Agricultural Development Services: Livestock Coliseum	-	-	-
Agricultural Development Services: Operations	535	535	-
<b>Total Agriculture Center Board</b>	<b>535</b>	<b>535</b>	-
<b>Alabama Athletic Commission</b>			
Licensing, Regulation and Enforcement	-	-	-
<b>Total Alabama Athletic Commission</b>	-	-	-
<b>Alabama Board of Court Reporting</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Alabama Board of Court Reporting</b>	-	-	-
<b>Alabama Construction Recruitment</b>			
Recruitment/Training Promotion	-	-	-
<b>Total Alabama Construction Recruitment</b>	-	-	-
<b>Alabama Law Institute</b>			
Support - Other Educational Activities	716	714	2
<b>Total Alabama Law Institute</b>	<b>716</b>	<b>714</b>	<b>2</b>
<b>Alabama Onsite Wastewater Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Alabama Onsite Wastewater Board</b>	-	-	-
<b>Alabama Public Historical Sites Improvement Corporation</b>			
Debt Service	-	-	-
<b>Total Alabama Public Historical Sites Improvement Corporation</b>	-	-	-
<b>Alabama Security Regulatory Board</b>			
Licensing, Regulation and Enforcement	-	-	-
<b>Total Alabama Security Regulatory Board</b>	-	-	-
<b>Alabama Trust Fund</b>			
Alabama Natural Heritage	-	-	-
Fiscal Management	26	25	1
<b>Total Alabama Trust Fund</b>	<b>26</b>	<b>25</b>	<b>1</b>
<b>Alcoholic Beverage Control Board</b>			
Administrative Services	-	-	-
Alcoholic Beverage Management	-	-	-
Licensing, Regulation and Enforcement	-	-	-
<b>Total Alcoholic Beverage Control Board</b>	-	-	-
<b>Architects Registration Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Architects Registration Board</b>	-	-	-
<b>Archives and History</b>			
Historical Resources Management	1,694	1,693	1
<b>Total Archives and History</b>	<b>1,694</b>	<b>1,693</b>	<b>1</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	1,502	1,260	242	1,502	1,260	242
-	-	-	<b>1,502</b>	<b>1,260</b>	<b>242</b>	<b>1,502</b>	<b>1,260</b>	<b>242</b>
-	-	-	-	-	-	117	98	19
-	-	-	-	-	-	<b>117</b>	<b>98</b>	<b>19</b>
-	-	-	525	480	45	525	480	45
-	-	-	-	-	-	535	535	-
-	-	-	<b>525</b>	<b>480</b>	<b>45</b>	<b>1,060</b>	<b>1,015</b>	<b>45</b>
-	-	-	165	27	138	165	27	138
-	-	-	<b>165</b>	<b>27</b>	<b>138</b>	<b>165</b>	<b>27</b>	<b>138</b>
-	-	-	105	67	38	105	67	38
-	-	-	<b>105</b>	<b>67</b>	<b>38</b>	<b>105</b>	<b>67</b>	<b>38</b>
-	-	-	2,452	1,681	771	2,452	1,681	771
-	-	-	<b>2,452</b>	<b>1,681</b>	<b>771</b>	<b>2,452</b>	<b>1,681</b>	<b>771</b>
267	263	4	-	-	-	983	977	6
<b>267</b>	<b>263</b>	<b>4</b>	-	-	-	<b>983</b>	<b>977</b>	<b>6</b>
-	-	-	485	353	132	485	353	132
-	-	-	<b>485</b>	<b>353</b>	<b>132</b>	<b>485</b>	<b>353</b>	<b>132</b>
-	-	-	476	476	-	476	476	-
-	-	-	<b>476</b>	<b>476</b>	-	<b>476</b>	<b>476</b>	-
-	-	-	101	66	35	101	66	35
-	-	-	<b>101</b>	<b>66</b>	<b>35</b>	<b>101</b>	<b>66</b>	<b>35</b>
-	-	-	890	861	29	890	861	29
-	-	-	-	-	-	26	25	1
-	-	-	<b>890</b>	<b>861</b>	<b>29</b>	<b>916</b>	<b>886</b>	<b>30</b>
-	-	-	8,292	6,370	1,922	8,292	6,370	1,922
-	-	-	57,382	48,933	8,449	57,382	48,933	8,449
-	-	-	18,948	15,494	3,454	18,948	15,494	3,454
-	-	-	<b>84,622</b>	<b>70,797</b>	<b>13,825</b>	<b>84,622</b>	<b>70,797</b>	<b>13,825</b>
-	-	-	515	466	49	515	466	49
-	-	-	<b>515</b>	<b>466</b>	<b>49</b>	<b>515</b>	<b>466</b>	<b>49</b>
3,239	3,239	-	671	651	20	5,604	5,583	21
<b>3,239</b>	<b>3,239</b>	-	<b>671</b>	<b>651</b>	<b>20</b>	<b>5,604</b>	<b>5,583</b>	<b>21</b>

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# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Assisted Living Examiners Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Assisted Living Examiners Board</b>	-	-	-
<b>Athlete Agent Regulatory Commission</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Athlete Agent Regulatory Commission</b>	-	-	-
<b>Athletic Trainers Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Athletic Trainers Board</b>	-	-	-
<b>Auctioneers Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Auctioneers Board</b>	-	-	-
<b>Banking</b>			
Charter Licensure and Regulation Financial	-	-	-
<b>Total Banking</b>	-	-	-
<b>Board of Adjustment</b>			
Special Services: Damage Claims-Board of Adjustment	34	9	25
Special Services: Death Claims-Board of Adjustment	568	-	568
<b>Total Board of Adjustment</b>	<b>602</b>	<b>9</b>	<b>593</b>
<b>Board of Prosthetists and Orthotists</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Board of Prosthetists and Orthotists</b>	-	-	-
<b>Board of Respiratory Therapy</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Board of Respiratory Therapy</b>	-	-	-
<b>Building Commission</b>			
Professional and Occupational Licensure and Regulation	-	-	-
Special Services	231	195	36
<b>Total Building Commission</b>	<b>231</b>	<b>195</b>	<b>36</b>
<b>Child Abuse Prevention</b>			
Social Services	-	-	-
<b>Total Child Abuse Prevention</b>	-	-	-
<b>Children Services Facilitation</b>			
Human Services	-	-	-
<b>Total Children Services Facilitation</b>	-	-	-
<b>Children's Affairs</b>			
Children's Policy Council	-	-	-
Social Services	381	336	45
<b>Total Children's Affairs</b>	<b>381</b>	<b>336</b>	<b>45</b>
<b>Chiropractic Examiners Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Chiropractic Examiners Board</b>	-	-	-
<b>Choctawhatchee, Pea and Yellow Rivers Watershed Management Authority</b>			
Water Resource Development	353	347	6
<b>Total Choctawhatchee, Pea and Yellow Rivers Watershed Management Authority</b>	<b>353</b>	<b>347</b>	<b>6</b>
<b>Clerk of the House</b>			
Legislative Operations and Support	537	510	27
<b>Total Clerk of the House</b>	<b>537</b>	<b>510</b>	<b>27</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	86	61	25	86	61	25
-	-	-	<b>86</b>	<b>61</b>	<b>25</b>	<b>86</b>	<b>61</b>	<b>25</b>
-	-	-	52	4	48	52	4	48
-	-	-	<b>52</b>	<b>4</b>	<b>48</b>	<b>52</b>	<b>4</b>	<b>48</b>
-	-	-	64	53	11	64	53	11
-	-	-	<b>64</b>	<b>53</b>	<b>11</b>	<b>64</b>	<b>53</b>	<b>11</b>
-	-	-	178	112	66	178	112	66
-	-	-	<b>178</b>	<b>112</b>	<b>66</b>	<b>178</b>	<b>112</b>	<b>66</b>
-	-	-	15,624	13,326	2,298	15,624	13,326	2,298
-	-	-	<b>15,624</b>	<b>13,326</b>	<b>2,298</b>	<b>15,624</b>	<b>13,326</b>	<b>2,298</b>
-	-	-	-	-	-	34	9	25
-	-	-	-	-	-	568	-	568
-	-	-	-	-	-	<b>602</b>	<b>9</b>	<b>593</b>
-	-	-	140	94	46	140	94	46
-	-	-	<b>140</b>	<b>94</b>	<b>46</b>	<b>140</b>	<b>94</b>	<b>46</b>
-	-	-	175	104	71	175	104	71
-	-	-	<b>175</b>	<b>104</b>	<b>71</b>	<b>175</b>	<b>104</b>	<b>71</b>
-	-	-	132	112	20	132	112	20
-	-	-	1,838	1,465	373	2,069	1,660	409
-	-	-	<b>1,970</b>	<b>1,577</b>	<b>393</b>	<b>2,201</b>	<b>1,772</b>	<b>429</b>
-	-	-	8,697	6,677	2,020	8,697	6,677	2,020
-	-	-	<b>8,697</b>	<b>6,677</b>	<b>2,020</b>	<b>8,697</b>	<b>6,677</b>	<b>2,020</b>
-	-	-	4,073	2,597	1,476	4,073	2,597	1,476
-	-	-	<b>4,073</b>	<b>2,597</b>	<b>1,476</b>	<b>4,073</b>	<b>2,597</b>	<b>1,476</b>
-	-	-	1,408	339	1,069	1,408	339	1,069
18,880	17,617	1,263	675	347	328	19,936	18,300	1,636
<b>18,880</b>	<b>17,617</b>	<b>1,263</b>	<b>2,083</b>	<b>686</b>	<b>1,397</b>	<b>21,344</b>	<b>18,639</b>	<b>2,705</b>
-	-	-	488	325	163	488	325	163
-	-	-	<b>488</b>	<b>325</b>	<b>163</b>	<b>488</b>	<b>325</b>	<b>163</b>
-	-	-	70	39	31	423	386	37
-	-	-	<b>70</b>	<b>39</b>	<b>31</b>	<b>423</b>	<b>386</b>	<b>37</b>
-	-	-	-	-	-	537	510	27
-	-	-	-	-	-	<b>537</b>	<b>510</b>	<b>27</b>

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# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Commission on Uniform State Laws</b>			
Special Services	119	119	-
<b>Total Commission on Uniform State Laws</b>	<b>119</b>	<b>119</b>	<b>-</b>
<b>Conservation and Natural Resources</b>			
Administrative Services	-	-	-
Game and Fish	-	-	-
Marine Police	-	-	-
Marine Resources	-	-	-
Outdoor Recreation Sites and Services	-	-	-
State Land Management	-	-	-
<b>Total Conservation and Natural Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cosmetology Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Cosmetology Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Council on the Arts</b>			
Fine Arts	-	-	-
<b>Total Council on the Arts</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Counseling Examiners Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Counseling Examiners Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Court of Civil Appeals</b>			
Court Operations	3,812	3,610	202
<b>Total Court of Civil Appeals</b>	<b>3,812</b>	<b>3,610</b>	<b>202</b>
<b>Court of Criminal Appeals</b>			
Court Operations	4,686	3,909	777
<b>Total Court of Criminal Appeals</b>	<b>4,686</b>	<b>3,909</b>	<b>777</b>
<b>Credit Union Administration</b>			
Charter Licensure and Regulation Financial	-	-	-
<b>Total Credit Union Administration</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Crime Victims Compensation Commission</b>			
Special Services	-	-	-
<b>Total Crime Victims Compensation Commission</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Criminal Justice Information Center</b>			
Criminal Justice Information Services	1,702	1,702	-
<b>Total Criminal Justice Information Center</b>	<b>1,702</b>	<b>1,702</b>	<b>-</b>



Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	119	119	-
-	-	-	-	-	-	<b>119</b>	<b>119</b>	<b>-</b>
-	-	-	13,508	9,235	4,273	13,508	9,235	4,273
-	-	-	38,034	34,464	3,570	38,034	34,464	3,570
-	-	-	12,661	8,618	4,043	12,661	8,618	4,043
-	-	-	15,043	9,924	5,119	15,043	9,924	5,119
-	-	-	7,963	7,575	388	7,963	7,575	388
-	-	-	36,891	14,931	21,960	36,891	14,931	21,960
-	-	-	<b>124,100</b>	<b>84,747</b>	<b>39,353</b>	<b>124,100</b>	<b>84,747</b>	<b>39,353</b>
-	-	-	2,895	2,091	804	2,895	2,091	804
-	-	-	<b>2,895</b>	<b>2,091</b>	<b>804</b>	<b>2,895</b>	<b>2,091</b>	<b>804</b>
4,489	4,435	54	901	901	-	5,390	5,336	54
<b>4,489</b>	<b>4,435</b>	<b>54</b>	<b>901</b>	<b>901</b>	<b>-</b>	<b>5,390</b>	<b>5,336</b>	<b>54</b>
-	-	-	429	314	115	429	314	115
-	-	-	<b>429</b>	<b>314</b>	<b>115</b>	<b>429</b>	<b>314</b>	<b>115</b>
-	-	-	-	-	-	3,812	3,610	202
-	-	-	-	-	-	<b>3,812</b>	<b>3,610</b>	<b>202</b>
-	-	-	-	-	-	4,686	3,909	777
-	-	-	-	-	-	<b>4,686</b>	<b>3,909</b>	<b>777</b>
-	-	-	1,715	1,101	614	1,715	1,101	614
-	-	-	<b>1,715</b>	<b>1,101</b>	<b>614</b>	<b>1,715</b>	<b>1,101</b>	<b>614</b>
-	-	-	3,766	2,217	1,549	3,766	2,217	1,549
-	-	-	<b>3,766</b>	<b>2,217</b>	<b>1,549</b>	<b>3,766</b>	<b>2,217</b>	<b>1,549</b>
-	-	-	14,585	7,651	6,934	16,287	9,353	6,934
-	-	-	<b>14,585</b>	<b>7,651</b>	<b>6,934</b>	<b>16,287</b>	<b>9,353</b>	<b>6,934</b>

Continued on next page...

# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Debt Service and Reserve</b>			
Debt Service	-	-	-
Debt Service: 2001-E Docks/Local Match Bonds	-	-	-
Debt Service: 2002-A General Obligation Bonds	-	-	-
Debt Service: 2005-A General Obligation Bonds	-	-	-
Debt Service: Alabama Building Renovation Fin Authority	-	-	-
Debt Service: Corrections Institution	-	-	-
Debt Service: Department of Mental Health	-	-	-
Debt Service: Department of Public Health	-	-	-
Debt Service: General Obligation 2001-D Historic Site Bonds	476	476	-
Debt Service: General Obligation 2006 Debt Service	-	-	-
Debt Service: General Obligation 2007-A Debt Service	15,000	15,000	-
Debt Service: General Obligation 2010- A Ref Agriculture Dev	-	-	-
Debt Service: General Obligation 2010- B Ref Forensic Science	-	-	-
Debt Service: General Obligation 2010- C Ref Parks Systems Bd	2,878	2,859	19
Debt Service: General Obligation 2010- D Bonds	-	-	-
<b>Total Debt Service and Reserve</b>	<b>18,354</b>	<b>18,335</b>	<b>19</b>
<b>Development Office</b>			
Industrial Development: Alabama Development Office	3,666	3,017	649
<b>Total Development Office</b>	<b>3,666</b>	<b>3,017</b>	<b>649</b>
<b>Dietiticians and Nutritionists Examining Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Dietiticians and Nutritionists Examining Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>District Attorneys</b>			
Court Operations	31,684	31,354	330
<b>Total District Attorneys</b>	<b>31,684</b>	<b>31,354</b>	<b>330</b>
<b>Educational Television Commission</b>			
Educational Television	-	-	-
<b>Total Educational Television Commission</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Electrical Contractors Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Electrical Contractors Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Electronic Security Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Electronic Security Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Environmental Management</b>			
Environmental Management	-	-	-
<b>Total Environmental Management</b>	<b>-</b>	<b>-</b>	<b>-</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	59,077	59,077	-	59,077	59,077	-
-	-	-	7,669	7,669	-	7,669	7,669	-
-	-	-	4,144	4,144	-	4,144	4,144	-
6,000	6,000	-	1,843	1,843	-	7,843	7,843	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	476	476	-
-	-	-	4,764	4,764	-	4,764	4,764	-
-	-	-	9,414	9,414	-	24,414	24,414	-
1,330	1,314	16	388	388	-	1,718	1,702	16
281	272	9	205	205	-	486	477	9
-	-	-	-	-	-	2,878	2,859	19
-	-	-	5,154	5,154	-	5,154	5,154	-
<b>7,611</b>	<b>7,586</b>	<b>25</b>	<b>92,658</b>	<b>92,658</b>	<b>-</b>	<b>118,623</b>	<b>118,579</b>	<b>44</b>
-	-	-	1,734	1,206	528	5,400	4,223	1,177
-	-	-	<b>1,734</b>	<b>1,206</b>	<b>528</b>	<b>5,400</b>	<b>4,223</b>	<b>1,177</b>
-	-	-	150	110	40	150	110	40
-	-	-	<b>150</b>	<b>110</b>	<b>40</b>	<b>150</b>	<b>110</b>	<b>40</b>
-	-	-	-	-	-	31,684	31,354	330
-	-	-	-	-	-	<b>31,684</b>	<b>31,354</b>	<b>330</b>
6,722	6,717	5	798	704	94	7,520	7,421	99
<b>6,722</b>	<b>6,717</b>	<b>5</b>	<b>798</b>	<b>704</b>	<b>94</b>	<b>7,520</b>	<b>7,421</b>	<b>99</b>
-	-	-	428	417	11	428	417	11
-	-	-	<b>428</b>	<b>417</b>	<b>11</b>	<b>428</b>	<b>417</b>	<b>11</b>
-	-	-	384	346	38	384	346	38
-	-	-	<b>384</b>	<b>346</b>	<b>38</b>	<b>384</b>	<b>346</b>	<b>38</b>
-	-	-	132,192	98,949	33,243	132,192	98,949	33,243
-	-	-	<b>132,192</b>	<b>98,949</b>	<b>33,243</b>	<b>132,192</b>	<b>98,949</b>	<b>33,243</b>

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# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>ETF Direct Disbursements</b>			
Debt Service: Auburn University Endowment	-	-	-
Debt Service: Grove Hill Endowment	-	-	-
Debt Service: University of Alabama Endowment	-	-	-
Employee Benefits: Teachers Retirement System Unused Sick Leave Death Benefits	-	-	-
Financial Assistance: Alabama School of Fine Arts	-	-	-
Financial Assistance: American Legion Scholarships	-	-	-
Special Services: Space Science Exhibit Commission	-	-	-
Support - Other Educational Activities: Dental Scholarships	-	-	-
Support - Other Educational Activities: Marine Environmental	-	-	-
Support - Other Educational Activities: Optometric Scholarships	-	-	-
<b>Total ETF Direct Disbursements</b>	-	-	-
<b>ETF Non-State</b>			
Support - Other Educational Activities: Lyman Ward Military Academy	-	-	-
Support - Other Educational Activities: Talladega College	-	-	-
Support - Other Educational Activities: Tuskegee University	-	-	-
<b>Total ETF Non-State</b>	-	-	-
<b>Ethics Commission</b>			
Regulation of Public Officials and Employees	2,350	1,448	902
<b>Total Ethics Commission</b>	<b>2,350</b>	<b>1,448</b>	<b>902</b>
<b>Farmers' Market Authority</b>			
Agricultural Development Services	445	440	5
<b>Total Farmers' Market Authority</b>	<b>445</b>	<b>440</b>	<b>5</b>
<b>Federal Aid Highway Finance Authority</b>			
Debt Service	-	-	-
<b>Total Federal Aid Highway Finance Authority</b>	-	-	-
<b>Finance Special Appropriations</b>			
Administration Service and Logistical Support: Removal of Prisoners	612	612	-
Criminal Investigation: Arrest of Absconding Felons	45	5	40
Executive Direction: Governors' Widow Retirement	14	14	-
Fiscal Management: Cash Management Improvement Act	276	3	273
Institutional Service Corrections: Feeding of Prisoners	8,568	8,567	1
Legal Advice and Legal Service: Automatic Appeal Expense	30	-	30
Legal Advice and Legal Service: Court Assessed Cost Not Provided	223	193	30
Legal Advice and Legal Service: Law Enforcement Legal Defense	4	-	4
Special Services: Court Assessed Cost Not Provided	4,426	4,426	-
Special Services: Election Expenses	3,795	3,745	50
Special Services: Emergency Fund, Departmental	4,129	50	4,079
Special Services: Estate of Robert E Doyle	113	113	-
Special Services: Registration of Voters	2,507	2,507	-
<b>Total Finance Special Appropriations</b>	<b>24,742</b>	<b>20,235</b>	<b>4,507</b>
<b>Finance Special Funds</b>			
Appropriation Transfers	-	-	-
Non-State	-	-	-
Special Services	-	-	-
<b>Total Finance Special Funds</b>	-	-	-
<b>Forensic Sciences</b>			
Forensic Science Services	10,577	10,560	17
<b>Total Forensic Sciences</b>	<b>10,577</b>	<b>10,560</b>	<b>17</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
20	20	-	-	-	-	20	20	-
1	1	-	-	-	-	1	1	-
61	61	-	-	-	-	61	61	-
1,358	1,358	-	-	-	-	1,358	1,358	-
6,222	6,222	-	-	-	-	6,222	6,222	-
113	107	6	-	-	-	113	107	6
515	515	-	-	-	-	515	515	-
266	266	-	-	-	-	266	266	-
3,469	3,469	-	-	-	-	3,469	3,469	-
149	149	-	-	-	-	149	149	-
<b>12,174</b>	<b>12,168</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,174</b>	<b>12,168</b>	<b>6</b>
247	247	-	-	-	-	247	247	-
830	830	-	-	-	-	830	830	-
9,413	9,413	-	-	-	-	9,413	9,413	-
<b>10,490</b>	<b>10,490</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,490</b>	<b>10,490</b>	<b>-</b>
-	-	-	-	-	-	2,350	1,448	902
-	-	-	-	-	-	<b>2,350</b>	<b>1,448</b>	<b>902</b>
-	-	-	5,995	5,602	393	6,440	6,042	398
-	-	-	<b>5,995</b>	<b>5,602</b>	<b>393</b>	<b>6,440</b>	<b>6,042</b>	<b>398</b>
-	-	-	250	212	38	250	212	38
-	-	-	<b>250</b>	<b>212</b>	<b>38</b>	<b>250</b>	<b>212</b>	<b>38</b>
-	-	-	-	-	-	612	612	-
-	-	-	-	-	-	45	5	40
-	-	-	-	-	-	14	14	-
-	-	-	-	-	-	276	3	273
-	-	-	-	-	-	8,568	8,567	1
-	-	-	-	-	-	30	-	30
-	-	-	-	-	-	223	193	30
-	-	-	-	-	-	4	-	4
-	-	-	-	-	-	4,426	4,426	-
-	-	-	-	-	-	3,795	3,745	50
-	-	-	-	-	-	4,129	50	4,079
-	-	-	-	-	-	113	113	-
-	-	-	-	-	-	2,507	2,507	-
-	-	-	-	-	-	<b>24,742</b>	<b>20,235</b>	<b>4,507</b>
-	-	-	211,933	211,933	-	211,933	211,933	-
-	-	-	34,370	34,370	-	34,370	34,370	-
-	-	-	80	80	-	80	80	-
-	-	-	<b>246,383</b>	<b>246,383</b>	<b>-</b>	<b>246,383</b>	<b>246,383</b>	<b>-</b>
-	-	-	18,486	11,543	6,943	29,063	22,103	6,960
-	-	-	<b>18,486</b>	<b>11,543</b>	<b>6,943</b>	<b>29,063</b>	<b>22,103</b>	<b>6,960</b>

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# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Foresters Registration Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Foresters Registration Board</b>	-	-	-
<b>Forestry Commission</b>			
Forest Resources Protection and Development	-	-	-
<b>Total Forestry Commission</b>	-	-	-
<b>Forever Wild Land Trust</b>			
Administrative Services	-	-	-
<b>Total Forever Wild Land Trust</b>	-	-	-
<b>Fringe Benefit Accounts</b>			
Fringe Benefits: Judicial Retirement - General Fund Share	2,130	2,130	-
<b>Total Fringe Benefit Accounts</b>	<b>2,130</b>	<b>2,130</b>	-
<b>Funeral Services Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Funeral Services Board</b>	-	-	-
<b>General Contractors Licensing Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total General Contractors Licensing Board</b>	-	-	-
<b>General Fund Direct Disbursements</b>			
Employment and Social Opportunities: Women's Hall of Fame	13	13	-
Fine Arts: Music Hall of Fame	264	264	-
Historical Resources Management: Brierfield Ironworks Park	59	59	-
Historical Resources Management: Cahaba Advisory Committee	172	172	-
Historical Resources Management: Citizenship Trust	214	214	-
Historical Resources Management: Historic Blakeley Authority	155	155	-
Historical Resources Management: Historic Chattahoochee Commission	228	228	-
Historical Resources Management: Historic Ironworks Commission	70	70	-
Historical Resources Management: Men's Hall of Fame	13	13	-
Historical Resources Management: Sports Hall of Fame	174	174	-
Historical Resources Management: St. Stephens Historical Commission	180	180	-
Tourism and Travel Promotion: Motor Sports Hall of Fame	69	69	-
Water Resource Development: Bear Creek Development Authority	24	24	-
Water Resource Development: Choccolocco Creek Watershed	13	13	-
Water Resource Development: Tennessee-Tombigbee Waterway	103	103	-
<b>Total General Fund Direct Disbursements</b>	<b>1,751</b>	<b>1,751</b>	-
<b>General Fund Non-State</b>			
Non-State: Coalition Against Domestic Violence	379	379	-
Non-State: Kidney Foundation, Inc	172	172	-
Non-State: Network of Children's Advocacy Centers	758	758	-
<b>Total General Fund Non-State</b>	<b>1,309</b>	<b>1,309</b>	-
<b>Geological Survey</b>			
Mineral, Energy, and Water Resources	3,568	2,801	767
<b>Total Geological Survey</b>	<b>3,568</b>	<b>2,801</b>	<b>767</b>
<b>Governor's Office of Faith-Based and Community Initiatives</b>			
Executive Direction	121	55	66
<b>Total Governor's Office of Faith-Based and Community Initiatives</b>	<b>121</b>	<b>55</b>	<b>66</b>
<b>Governor's Office on Disability</b>			
Executive Direction	364	186	178
<b>Total Governor's Office on Disability</b>	<b>364</b>	<b>186</b>	<b>178</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	200	82	118	200	82	118
-	-	-	<b>200</b>	<b>82</b>	<b>118</b>	<b>200</b>	<b>82</b>	<b>118</b>
-	-	-	32,273	27,770	4,503	32,273	27,770	4,503
-	-	-	<b>32,273</b>	<b>27,770</b>	<b>4,503</b>	<b>32,273</b>	<b>27,770</b>	<b>4,503</b>
-	-	-	7,674	1,820	5,854	7,674	1,820	5,854
-	-	-	<b>7,674</b>	<b>1,820</b>	<b>5,854</b>	<b>7,674</b>	<b>1,820</b>	<b>5,854</b>
-	-	-	-	-	-	2,130	2,130	-
-	-	-	-	-	-	<b>2,130</b>	<b>2,130</b>	-
-	-	-	273	224	49	273	224	49
-	-	-	<b>273</b>	<b>224</b>	<b>49</b>	<b>273</b>	<b>224</b>	<b>49</b>
-	-	-	2,060	1,333	727	2,060	1,333	727
-	-	-	<b>2,060</b>	<b>1,333</b>	<b>727</b>	<b>2,060</b>	<b>1,333</b>	<b>727</b>
-	-	-	-	-	-	13	13	-
-	-	-	-	-	-	264	264	-
-	-	-	-	-	-	59	59	-
-	-	-	-	-	-	172	172	-
-	-	-	-	-	-	214	214	-
-	-	-	-	-	-	155	155	-
-	-	-	-	-	-	228	228	-
-	-	-	-	-	-	70	70	-
-	-	-	-	-	-	13	13	-
-	-	-	-	-	-	174	174	-
-	-	-	-	-	-	180	180	-
-	-	-	-	-	-	69	69	-
-	-	-	-	-	-	24	24	-
-	-	-	-	-	-	13	13	-
-	-	-	-	-	-	103	103	-
-	-	-	-	-	-	<b>1,751</b>	<b>1,751</b>	-
-	-	-	-	-	-	379	379	-
-	-	-	-	-	-	172	172	-
-	-	-	-	-	-	758	758	-
-	-	-	-	-	-	<b>1,309</b>	<b>1,309</b>	-
-	-	-	3,264	1,491	1,773	6,832	4,292	2,540
-	-	-	<b>3,264</b>	<b>1,491</b>	<b>1,773</b>	<b>6,832</b>	<b>4,292</b>	<b>2,540</b>
132	81	51	6,256	4,049	2,207	6,509	4,185	2,324
<b>132</b>	<b>81</b>	<b>51</b>	<b>6,256</b>	<b>4,049</b>	<b>2,207</b>	<b>6,509</b>	<b>4,185</b>	<b>2,324</b>
-	-	-	29	29	-	393	215	178
-	-	-	<b>29</b>	<b>29</b>	-	<b>393</b>	<b>215</b>	<b>178</b>

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# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Health Planning and Development</b>			
Health Planning Development and Regulation	187	187	-
<b>Total Health Planning and Development</b>	<b>187</b>	<b>187</b>	<b>-</b>
<b>Hearing Instrument Dealers Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Hearing Instrument Dealers Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Heating, Air Conditioning, and Refrigeration Contractors Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Heating, Air Conditioning, and Refrigeration Contractors Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>High School of Math and Science</b>			
Financial Assistance	-	-	-
<b>Total High School of Math and Science</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Historical Commission</b>			
Historical Resources Management: Alabama Historical Commission	-	-	-
Historical Resources Management: Bellemont	-	-	-
Historical Resources Management: Birmingham Civil Rights Institute	-	-	-
Historical Resources Management: Birmingham Unity Breakfast	-	-	-
Historical Resources Management: Black Heritage	-	-	-
Historical Resources Management: Capitol Preservation	-	-	-
Historical Resources Management: Civil Rights Foot Soldiers	-	-	-
Historical Resources Management: Confederate Park-Soldier Fund	-	-	-
Historical Resources Management: Donnell House	-	-	-
Historical Resources Management: Fendall Hall	-	-	-
Historical Resources Management: fort Morgan	-	-	-
Historical Resources Management: Helen Keller Birthplace	-	-	-
Historical Resources Management: Houston Memorial Library	-	-	-
Historical Resources Management: Jesse Owens Park	-	-	-
Historical Resources Management: Katrina Grants	-	-	-
Historical Resources Management: Nat King Cole Project	-	-	-
Historical Resources Management: Past Time Theatre	-	-	-
Historical Resources Management: Ralph Abernathy House	-	-	-
Historical Resources Management: Roxy Theatre	-	-	-
Historical Resources Management: Russell County Historical Commission	-	-	-
Historical Resources Management: Stewart Community Association	-	-	-
Historical Resources Management: Tallapoosa Historical Museum	-	-	-
Historical Resources Management: Tuskegee Human & Civil Rights	-	-	-
<b>Total Historical Commission</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Home Builders Licensure Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Home Builders Licensure Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Home Medical Equipment Services Provider Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Home Medical Equipment Services Provider Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Homeland Security Office</b>			
Readiness and Recovery	371	350	21
<b>Total Homeland Security Office</b>	<b>371</b>	<b>350</b>	<b>21</b>
<b>Indian Affairs Commission</b>			
Social Services	132	117	15
<b>Total Indian Affairs Commission</b>	<b>132</b>	<b>117</b>	<b>15</b>



Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	1,207	903	304	1,394	1,090	304
-	-	-	<b>1,207</b>	<b>903</b>	<b>304</b>	<b>1,394</b>	<b>1,090</b>	<b>304</b>
-	-	-	54	39	15	54	39	15
-	-	-	<b>54</b>	<b>39</b>	<b>15</b>	<b>54</b>	<b>39</b>	<b>15</b>
-	-	-	1,198	1,087	111	1,198	1,087	111
-	-	-	<b>1,198</b>	<b>1,087</b>	<b>111</b>	<b>1,198</b>	<b>1,087</b>	<b>111</b>
5,827	5,812	15	960	49	911	6,787	5,861	926
<b>5,827</b>	<b>5,812</b>	<b>15</b>	<b>960</b>	<b>49</b>	<b>911</b>	<b>6,787</b>	<b>5,861</b>	<b>926</b>
-	-	-	5,475	4,459	1,016	5,475	4,459	1,016
-	-	-	50	43	7	50	43	7
-	-	-	21	21	-	21	21	-
-	-	-	21	21	-	21	21	-
-	-	-	34	30	4	34	30	4
-	-	-	246	229	17	246	229	17
-	-	-	9	9	-	9	9	-
-	-	-	519	431	88	519	431	88
-	-	-	9	9	-	9	9	-
-	-	-	82	66	16	82	66	16
-	-	-	515	427	88	515	427	88
-	-	-	75	75	-	75	75	-
-	-	-	9	9	-	9	9	-
-	-	-	37	37	-	37	37	-
-	-	-	185	32	153	185	32	153
-	-	-	56	56	-	56	56	-
-	-	-	37	37	-	37	37	-
-	-	-	75	75	-	75	75	-
-	-	-	37	37	-	37	37	-
-	-	-	167	167	-	167	167	-
-	-	-	43	43	-	43	43	-
-	-	-	13	13	-	13	13	-
-	-	-	56	56	-	56	56	-
-	-	-	<b>7,771</b>	<b>6,382</b>	<b>1,389</b>	<b>7,771</b>	<b>6,382</b>	<b>1,389</b>
-	-	-	4,014	2,234	1,780	4,014	2,234	1,780
-	-	-	<b>4,014</b>	<b>2,234</b>	<b>1,780</b>	<b>4,014</b>	<b>2,234</b>	<b>1,780</b>
-	-	-	300	262	38	300	262	38
-	-	-	<b>300</b>	<b>262</b>	<b>38</b>	<b>300</b>	<b>262</b>	<b>38</b>
-	-	-	36,653	17,173	19,480	37,024	17,523	19,501
-	-	-	<b>36,653</b>	<b>17,173</b>	<b>19,480</b>	<b>37,024</b>	<b>17,523</b>	<b>19,501</b>
-	-	-	1,917	114	1,803	2,049	231	1,818
-	-	-	<b>1,917</b>	<b>114</b>	<b>1,803</b>	<b>2,049</b>	<b>231</b>	<b>1,818</b>

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# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Insurance</b>			
Regulatory Services	-	-	-
<b>Total Insurance</b>	-	-	-
<b>Interior Design Registration Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Interior Design Registration Board</b>	-	-	-
<b>Interpreters and Translitterators</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Interpreters and Translitterators</b>	-	-	-
<b>Judicial Inquiry Commission</b>			
Administrative Services	1,037	569	468
<b>Total Judicial Inquiry Commission</b>	<b>1,037</b>	<b>569</b>	<b>468</b>
<b>Knight vs. Alabama Financial Obligation</b>			
Support of State Universities: Alabama State-Ph.D. Microbiology Program	-	-	-
Support of State Universities: Knight vs Alabama 2 year Postsecondary	-	-	-
Support of State Universities: Scholarships to Diversify-Alabama A&M	-	-	-
Support of State Universities: Scholarships to Diversify-Alabama State	-	-	-
Support of State Universities: Trust for Educational Excellence, Match-Alabama A&M	-	-	-
Support of State Universities: Trust for Educational Excellence, Match-Alabama State	-	-	-
<b>Total Knight vs. Alabama Financial Obligation</b>	-	-	-
<b>Labor</b>			
Regulatory Services	601	432	169
<b>Total Labor</b>	<b>601</b>	<b>432</b>	<b>169</b>
<b>Landscape Architect Examining Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Landscape Architect Examining Board</b>	-	-	-
<b>Legislative Building Authority</b>			
Legislative Operations and Support	221	57	164
<b>Total Legislative Building Authority</b>	<b>221</b>	<b>57</b>	<b>164</b>
<b>Legislative Council</b>			
Legislative Operations and Support	1,311	206	1,105
<b>Total Legislative Council</b>	<b>1,311</b>	<b>206</b>	<b>1,105</b>
<b>Legislative Fiscal Office</b>			
Legislative Operations and Support	2,445	1,597	848
<b>Total Legislative Fiscal Office</b>	<b>2,445</b>	<b>1,597</b>	<b>848</b>
<b>Legislative Reference Service</b>			
Legislative Operations and Support	-	-	-
Legislative Operations and Support: Code Supplement - Legislative Reference Service	113	65	48
Legislative Operations and Support: Legislative Reference Service	2,744	2,692	52
<b>Total Legislative Reference Service</b>	<b>2,857</b>	<b>2,757</b>	<b>100</b>
<b>Lieutenant Governor</b>			
Legislative Operations and Support	965	747	218
<b>Total Lieutenant Governor</b>	<b>965</b>	<b>747</b>	<b>218</b>
<b>Liquefied Petroleum Gas Board</b>			
Regulatory Services	-	-	-
<b>Total Liquefied Petroleum Gas Board</b>	-	-	-
<b>Manufactured Housing Commission</b>			
Regulatory Services	-	-	-
<b>Total Manufactured Housing Commission</b>	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	13,261	10,845	2,416	13,261	10,845	2,416
-	-	-	<b>13,261</b>	<b>10,845</b>	<b>2,416</b>	<b>13,261</b>	<b>10,845</b>	<b>2,416</b>
-	-	-	50	23	27	50	23	27
-	-	-	<b>50</b>	<b>23</b>	<b>27</b>	<b>50</b>	<b>23</b>	<b>27</b>
-	-	-	50	36	14	50	36	14
-	-	-	<b>50</b>	<b>36</b>	<b>14</b>	<b>50</b>	<b>36</b>	<b>14</b>
-	-	-	-	-	-	1,037	569	468
-	-	-	-	-	-	<b>1,037</b>	<b>569</b>	<b>468</b>
1,257	1,257	-	-	-	-	1,257	1,257	-
-	-	-	-	-	-	-	-	-
1,000	1,000	-	-	-	-	1,000	1,000	-
1,000	1,000	-	-	-	-	1,000	1,000	-
1,000	-	1,000	-	-	-	1,000	-	1,000
1,231	979	252	-	-	-	1,231	979	252
<b>5,488</b>	<b>4,236</b>	<b>1,252</b>	-	-	-	<b>5,488</b>	<b>4,236</b>	<b>1,252</b>
-	-	-	1,411	1,022	389	2,012	1,454	558
-	-	-	<b>1,411</b>	<b>1,022</b>	<b>389</b>	<b>2,012</b>	<b>1,454</b>	<b>558</b>
-	-	-	69	50	19	69	50	19
-	-	-	<b>69</b>	<b>50</b>	<b>19</b>	<b>69</b>	<b>50</b>	<b>19</b>
-	-	-	-	-	-	221	57	164
-	-	-	-	-	-	<b>221</b>	<b>57</b>	<b>164</b>
-	-	-	-	-	-	1,311	206	1,105
-	-	-	-	-	-	<b>1,311</b>	<b>206</b>	<b>1,105</b>
345	328	17	-	-	-	2,790	1,925	865
<b>345</b>	<b>328</b>	<b>17</b>	-	-	-	<b>2,790</b>	<b>1,925</b>	<b>865</b>
97	97	-	310	192	118	407	289	118
-	-	-	-	-	-	113	65	48
-	-	-	-	-	-	2,744	2,692	52
<b>97</b>	<b>97</b>	<b>-</b>	<b>310</b>	<b>192</b>	<b>118</b>	<b>3,264</b>	<b>3,046</b>	<b>218</b>
-	-	-	-	-	-	965	747	218
-	-	-	-	-	-	<b>965</b>	<b>747</b>	<b>218</b>
-	-	-	1,703	860	843	1,703	860	843
-	-	-	<b>1,703</b>	<b>860</b>	<b>843</b>	<b>1,703</b>	<b>860</b>	<b>843</b>
-	-	-	3,968	1,813	2,155	3,968	1,813	2,155
-	-	-	<b>3,968</b>	<b>1,813</b>	<b>2,155</b>	<b>3,968</b>	<b>1,813</b>	<b>2,155</b>

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# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Marriage and Family Therapy Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Marriage and Family Therapy Board</b>	-	-	-
<b>Massage Therapy Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Massage Therapy Board</b>	-	-	-
<b>Medical Scholarships Awards Board</b>			
Support - Other Educational Activities	-	-	-
<b>Total Medical Scholarships Awards Board</b>	-	-	-
<b>Military</b>			
Military Operations: Active Military Service	6,837	6,589	248
Military Operations: ANG Operations & Maintenance	900	698	202
Military Operations: Counter Drug	-	-	-
Military Operations: Dropping Allowance	-	-	-
Military Operations: Military- Army MCCA	-	-	-
Military Operations: Military Billeting	-	-	-
Military Operations: Operations	534	527	7
Military Operations: Operations and Maintenance	5,692	3,377	2,315
Military Operations: Quartering Allowance to Headquarters	1,500	1,371	129
Military Operations: State Defense Force	4	3	1
<b>Total Military</b>	<b>15,467</b>	<b>12,565</b>	<b>2,902</b>
<b>Nursing Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Nursing Board</b>	-	-	-
<b>Nursing Home Administration Examining Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Nursing Home Administration Examining Board</b>	-	-	-
<b>Occupational Therapy Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Occupational Therapy Board</b>	-	-	-
<b>Office of Prosecution Services</b>			
Prosecution Training Education and Management	1,200	1,200	-
<b>Total Office of Prosecution Services</b>	<b>1,200</b>	<b>1,200</b>	-
<b>Oil and Gas Board</b>			
Management and Regulation of Oil and Gas Exploration/Development	3,357	3,009	348
<b>Total Oil and Gas Board</b>	<b>3,357</b>	<b>3,009</b>	<b>348</b>
<b>Pardons and Paroles</b>			
Administration of Pardons and Paroles	35,579	33,257	2,322
<b>Total Pardons and Paroles</b>	<b>35,579</b>	<b>33,257</b>	<b>2,322</b>
<b>Peace Officer Annuity and Benefit</b>			
Retirement Systems	-	-	-
<b>Total Peace Officer Annuity and Benefit</b>	-	-	-
<b>Peace Officer Standards and Training</b>			
Certified Law Enforcement Academy Program	-	-	-
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Peace Officer Standards and Training</b>	-	-	-
<b>Personnel</b>			
Administrative Support Service	-	-	-
<b>Total Personnel</b>	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	30	29	1	30	29	1
-	-	-	<b>30</b>	<b>29</b>	<b>1</b>	<b>30</b>	<b>29</b>	<b>1</b>
-	-	-	150	111	39	150	111	39
-	-	-	<b>150</b>	<b>111</b>	<b>39</b>	<b>150</b>	<b>111</b>	<b>39</b>
1,031	1,031	-	400	-	400	1,431	1,031	400
<b>1,031</b>	<b>1,031</b>	-	<b>400</b>	-	<b>400</b>	<b>1,431</b>	<b>1,031</b>	<b>400</b>
-	-	-	796	796	-	7,633	7,385	248
-	-	-	7,071	5,985	1,086	7,971	6,683	1,288
-	-	-	78	6	72	78	6	72
-	-	-	-	-	-	-	-	-
-	-	-	51,505	34,761	16,744	51,505	34,761	16,744
-	-	-	918	526	392	918	526	392
-	-	-	-	-	-	534	527	7
-	-	-	37,511	27,703	9,808	43,203	31,080	12,123
-	-	-	-	-	-	1,500	1,371	129
-	-	-	-	-	-	4	3	1
-	-	-	<b>97,879</b>	<b>69,777</b>	<b>28,102</b>	<b>113,346</b>	<b>82,342</b>	<b>31,004</b>
231	228	3	5,469	5,072	397	5,700	5,300	400
<b>231</b>	<b>228</b>	<b>3</b>	<b>5,469</b>	<b>5,072</b>	<b>397</b>	<b>5,700</b>	<b>5,300</b>	<b>400</b>
-	-	-	115	74	41	115	74	41
-	-	-	<b>115</b>	<b>74</b>	<b>41</b>	<b>115</b>	<b>74</b>	<b>41</b>
-	-	-	140	115	25	140	115	25
-	-	-	<b>140</b>	<b>115</b>	<b>25</b>	<b>140</b>	<b>115</b>	<b>25</b>
-	-	-	4,756	3,604	1,152	5,956	4,804	1,152
-	-	-	<b>4,756</b>	<b>3,604</b>	<b>1,152</b>	<b>5,956</b>	<b>4,804</b>	<b>1,152</b>
-	-	-	845	206	639	4,202	3,215	987
-	-	-	<b>845</b>	<b>206</b>	<b>639</b>	<b>4,202</b>	<b>3,215</b>	<b>987</b>
-	-	-	12,857	9,431	3,426	48,436	42,688	5,748
-	-	-	<b>12,857</b>	<b>9,431</b>	<b>3,426</b>	<b>48,436</b>	<b>42,688</b>	<b>5,748</b>
-	-	-	600	485	115	600	485	115
-	-	-	<b>600</b>	<b>485</b>	<b>115</b>	<b>600</b>	<b>485</b>	<b>115</b>
371	371	-	450	375	75	821	746	75
271	257	14	4,500	1,925	2,575	4,771	2,182	2,589
<b>642</b>	<b>628</b>	<b>14</b>	<b>4,950</b>	<b>2,300</b>	<b>2,650</b>	<b>5,592</b>	<b>2,928</b>	<b>2,664</b>
-	-	-	10,082	8,123	1,959	10,082	8,123	1,959
-	-	-	<b>10,082</b>	<b>8,123</b>	<b>1,959</b>	<b>10,082</b>	<b>8,123</b>	<b>1,959</b>

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# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Physical Fitness Commission</b>			
Advisory Services	-	-	-
<b>Total Physical Fitness Commission</b>	-	-	-
<b>Physical Therapy Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Physical Therapy Board</b>	-	-	-
<b>Plumbers and Gas Fitters Examining Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Plumbers and Gas Fitters Examining Board</b>	-	-	-
<b>Polygraph Examiners</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Polygraph Examiners</b>	-	-	-
<b>President Pro Tempore Senate</b>			
Legislative Operations and Support	2,102	999	1,103
<b>Total President Pro Tempore Senate</b>	<b>2,102</b>	<b>999</b>	<b>1,103</b>
<b>Proessional Engineers Registration Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Proessional Engineers Registration Board</b>	-	-	-
<b>Professional Geologists Licensing Board</b>			
Mineral, Energy, and Water Resources	-	-	-
<b>Total Professional Geologists Licensing Board</b>	-	-	-
<b>Psychology Examiners Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Psychology Examiners Board</b>	-	-	-
<b>Public Education Employees Health Insurance Board</b>			
Administrative Support Service	-	-	-
<b>Total Public Education Employees Health Insurance Board</b>	-	-	-
<b>Public Library Service</b>			
Alabama Public Library Service Special Grant Program	-	-	-
Public Library Services	-	-	-
<b>Total Public Library Service</b>	-	-	-
<b>Public Livestock Market Board</b>			
Agricultural Development Services	-	-	-
<b>Total Public Livestock Market Board</b>	-	-	-
<b>Real Estate Appraisers Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Real Estate Appraisers Board</b>	-	-	-
<b>Real Estate Commission</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Real Estate Commission</b>	-	-	-
<b>Retirement Systems of Alabama</b>			
Retirement Systems	-	-	-
<b>Total Retirement Systems of Alabama</b>	-	-	-
<b>Securities Commission</b>			
Regulatory Services	-	-	-
<b>Total Securities Commission</b>	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
1,055	957	98	19	8	11	1,074	965	109
<b>1,055</b>	<b>957</b>	<b>98</b>	<b>19</b>	<b>8</b>	<b>11</b>	<b>1,074</b>	<b>965</b>	<b>109</b>
-	-	-	535	261	274	535	261	274
-	-	-	<b>535</b>	<b>261</b>	<b>274</b>	<b>535</b>	<b>261</b>	<b>274</b>
-	-	-	2,295	1,361	934	2,295	1,361	934
-	-	-	<b>2,295</b>	<b>1,361</b>	<b>934</b>	<b>2,295</b>	<b>1,361</b>	<b>934</b>
-	-	-	30	17	13	30	17	13
-	-	-	<b>30</b>	<b>17</b>	<b>13</b>	<b>30</b>	<b>17</b>	<b>13</b>
-	-	-	-	-	-	2,102	999	1,103
-	-	-	-	-	-	<b>2,102</b>	<b>999</b>	<b>1,103</b>
-	-	-	1,752	1,210	542	1,752	1,210	542
-	-	-	<b>1,752</b>	<b>1,210</b>	<b>542</b>	<b>1,752</b>	<b>1,210</b>	<b>542</b>
-	-	-	60	47	13	60	47	13
-	-	-	<b>60</b>	<b>47</b>	<b>13</b>	<b>60</b>	<b>47</b>	<b>13</b>
-	-	-	305	187	118	305	187	118
-	-	-	<b>305</b>	<b>187</b>	<b>118</b>	<b>305</b>	<b>187</b>	<b>118</b>
-	-	-	4,504	2,779	1,725	4,504	2,779	1,725
-	-	-	<b>4,504</b>	<b>2,779</b>	<b>1,725</b>	<b>4,504</b>	<b>2,779</b>	<b>1,725</b>
-	-	-	-	-	-	-	-	-
7,236	6,739	497	2,620	2,605	15	9,856	9,344	512
<b>7,236</b>	<b>6,739</b>	<b>497</b>	<b>2,620</b>	<b>2,605</b>	<b>15</b>	<b>9,856</b>	<b>9,344</b>	<b>512</b>
-	-	-	4	1	3	4	1	3
-	-	-	<b>4</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>3</b>
-	-	-	1,081	818	263	1,081	818	263
-	-	-	<b>1,081</b>	<b>818</b>	<b>263</b>	<b>1,081</b>	<b>818</b>	<b>263</b>
-	-	-	5,069	3,281	1,788	5,069	3,281	1,788
-	-	-	<b>5,069</b>	<b>3,281</b>	<b>1,788</b>	<b>5,069</b>	<b>3,281</b>	<b>1,788</b>
-	-	-	44,323	33,301	11,022	44,323	33,301	11,022
-	-	-	<b>44,323</b>	<b>33,301</b>	<b>11,022</b>	<b>44,323</b>	<b>33,301</b>	<b>11,022</b>
-	-	-	9,855	7,105	2,750	9,855	7,105	2,750
-	-	-	<b>9,855</b>	<b>7,105</b>	<b>2,750</b>	<b>9,855</b>	<b>7,105</b>	<b>2,750</b>

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# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Senior Services</b>			
Elderly Medication Program	1,934	1,887	47
Medicaid Waiver Services	9,975	9,313	662
Planning and Advocacy for Elderly	4,548	4,384	164
<b>Total Senior Services</b>	<b>16,457</b>	<b>15,584</b>	<b>873</b>
<b>Sickle Cell Oversight Commission</b>			
Support - Other Educational Activities	-	-	-
<b>Total Sickle Cell Oversight Commission</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Social Work Examiners Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Social Work Examiners Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Soil and Water Conservation Commission</b>			
Professional and Occupational Licensure and Regulation	-	-	-
Resource Conservation and Development	2,054	2,054	-
Water Resource Development	2,027	2,022	5
<b>Total Soil and Water Conservation Commission</b>	<b>4,081</b>	<b>4,076</b>	<b>5</b>
<b>Speaker of the House</b>			
Speaker of House, Office of	1,204	614	590
<b>Total Speaker of the House</b>	<b>1,204</b>	<b>614</b>	<b>590</b>
<b>Speech Pathologists and Audiologists Examining Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Speech Pathologists and Audiologists Examining Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>State Bar Association</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total State Bar Association</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>State Employees Insurance Board</b>			
Administrative Support Service	-	-	-
Fringe Benefits	-	-	-
<b>Total State Employees Insurance Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>State Executive Commission - Community Services</b>			
Alabama Community Service Grant: House of Representatives	3,089	3,089	-
Alabama Community Service Grant: Senate	-	-	-
<b>Total State Executive Commission - Community Services</b>	<b>3,089</b>	<b>3,089</b>	<b>-</b>
<b>State Industrial Development Authority</b>			
Industrial Development	-	-	-
<b>Total State Industrial Development Authority</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Supercomputer Authority</b>			
Information Technology Services	-	-	-
<b>Total Supercomputer Authority</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Supreme Court</b>			
Court Operations	10,427	9,202	1,225
<b>Total Supreme Court</b>	<b>10,427</b>	<b>9,202</b>	<b>1,225</b>
<b>Supreme Court Law Library</b>			
Court Operations	1,202	1,146	56
<b>Total Supreme Court Law Library</b>	<b>1,202</b>	<b>1,146</b>	<b>56</b>
<b>Surface Mining Commission</b>			
Industrial Safety and Accident Prevention	-	-	-
<b>Total Surface Mining Commission</b>	<b>-</b>	<b>-</b>	<b>-</b>



Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	1,934	1,887	47
-	-	-	61,334	47,945	13,389	71,309	57,258	14,051
-	-	-	32,042	30,124	1,918	36,590	34,508	2,082
-	-	-	<b>93,376</b>	<b>78,069</b>	<b>15,307</b>	<b>109,833</b>	<b>93,653</b>	<b>16,180</b>
1,305	1,305	-	-	-	-	1,305	1,305	-
<b>1,305</b>	<b>1,305</b>	-	-	-	-	<b>1,305</b>	<b>1,305</b>	-
-	-	-	340	265	75	340	265	75
-	-	-	<b>340</b>	<b>265</b>	<b>75</b>	<b>340</b>	<b>265</b>	<b>75</b>
-	-	-	5	2	3	5	2	3
-	-	-	-	-	-	2,054	2,054	-
-	-	-	1,600	512	1,088	3,627	2,534	1,093
-	-	-	<b>1,605</b>	<b>514</b>	<b>1,091</b>	<b>5,686</b>	<b>4,590</b>	<b>1,096</b>
-	-	-	-	-	-	1,204	614	590
-	-	-	-	-	-	<b>1,204</b>	<b>614</b>	<b>590</b>
-	-	-	296	173	123	296	173	123
-	-	-	<b>296</b>	<b>173</b>	<b>123</b>	<b>296</b>	<b>173</b>	<b>123</b>
-	-	-	6,052	4,990	1,062	6,052	4,990	1,062
-	-	-	<b>6,052</b>	<b>4,990</b>	<b>1,062</b>	<b>6,052</b>	<b>4,990</b>	<b>1,062</b>
-	-	-	10,810	4,938	5,872	10,810	4,938	5,872
-	-	-	1,568	1,568	-	1,568	1,568	-
-	-	-	<b>12,378</b>	<b>6,506</b>	<b>5,872</b>	<b>12,378</b>	<b>6,506</b>	<b>5,872</b>
4,093	4,092	1	-	-	-	7,182	7,181	1
4,092	4,092	-	-	-	-	4,092	4,092	-
<b>8,185</b>	<b>8,184</b>	<b>1</b>	-	-	-	<b>11,274</b>	<b>11,273</b>	<b>1</b>
-	-	-	2,350	639	1,711	2,350	639	1,711
-	-	-	<b>2,350</b>	<b>639</b>	<b>1,711</b>	<b>2,350</b>	<b>639</b>	<b>1,711</b>
-	-	-	11,766	10,566	1,200	11,766	10,566	1,200
-	-	-	<b>11,766</b>	<b>10,566</b>	<b>1,200</b>	<b>11,766</b>	<b>10,566</b>	<b>1,200</b>
-	-	-	-	-	-	10,427	9,202	1,225
-	-	-	-	-	-	<b>10,427</b>	<b>9,202</b>	<b>1,225</b>
-	-	-	-	-	-	1,202	1,146	56
-	-	-	-	-	-	<b>1,202</b>	<b>1,146</b>	<b>56</b>
-	-	-	4,908	3,403	1,505	4,908	3,403	1,505
-	-	-	<b>4,908</b>	<b>3,403</b>	<b>1,505</b>	<b>4,908</b>	<b>3,403</b>	<b>1,505</b>

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# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Tourism</b>			
Tourism and Travel Promotion	412	175	237
<b>Total Tourism</b>	<b>412</b>	<b>175</b>	<b>237</b>
<b>Veterans Affairs</b>			
Administration of Veterans Affairs	3,232	2,502	730
Student Financial Aid	-	-	-
Veterans' Home	-	-	-
<b>Total Veterans Affairs</b>	<b>3,232</b>	<b>2,502</b>	<b>730</b>
<b>Veterinarian Medical Examiners Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Veterinarian Medical Examiners Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Women's Commission</b>			
Employment and Social Opportunities	43	43	-
<b>Total Women's Commission</b>	<b>43</b>	<b>43</b>	<b>-</b>
<b>TOTAL Other</b>	<b>224,551</b>	<b>201,903</b>	<b>22,648</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,325,941</b>	<b>\$ 1,284,187</b>	<b>\$ 41,754</b>
<b>TRANSFERS OUT:</b>			
<b><u>Education Trust Fund Transfers</u></b>			
Building Commission	-	-	-
Child Abuse Board	-	-	-
Education Tech Fund Transfer	-	-	-
Finance-Telephone Revolving	-	-	-
Human Resources	-	-	-
Mental Health	-	-	-
Penny Trust Fund	-	-	-
Public School Fund Endowment	-	-	-
Supercomputer	-	-	-
<b>TOTAL Education Trust Fund Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	25,764	23,402	2,362	26,176	23,577	2,599
-	-	-	<b>25,764</b>	<b>23,402</b>	<b>2,362</b>	<b>26,176</b>	<b>23,577</b>	<b>2,599</b>
2,876	2,277	599	4,545	2,550	1,995	10,653	7,329	3,324
36,106	35,877	229	-	-	-	36,106	35,877	229
-	-	-	50,516	29,661	20,855	50,516	29,661	20,855
<b>38,982</b>	<b>38,154</b>	<b>828</b>	<b>55,061</b>	<b>32,211</b>	<b>22,850</b>	<b>97,275</b>	<b>72,867</b>	<b>24,408</b>
-	-	-	600	415	185	600	415	185
-	-	-	<b>600</b>	<b>415</b>	<b>185</b>	<b>600</b>	<b>415</b>	<b>185</b>
-	-	-	5	4	1	48	47	1
-	-	-	<b>5</b>	<b>4</b>	<b>1</b>	<b>48</b>	<b>47</b>	<b>1</b>
<b>134,428</b>	<b>130,295</b>	<b>4,133</b>	<b>1,326,209</b>	<b>1,053,339</b>	<b>272,870</b>	<b>1,685,188</b>	<b>1,385,537</b>	<b>299,651</b>
<b>\$ 5,314,424</b>	<b>\$ 5,289,538</b>	<b>\$ 24,886</b>	<b>\$17,371,430</b>	<b>\$13,915,988</b>	<b>\$ 3,455,442</b>	<b>\$24,011,795</b>	<b>\$20,489,713</b>	<b>\$ 3,522,082</b>
510	510	-	-	-	-	510	510	-
1,536	1,536	-	-	-	-	1,536	1,536	-
1,691	1,691	-	-	-	-	1,691	1,691	-
1,110	1,110	-	-	-	-	1,110	1,110	-
12,564	12,564	-	-	-	-	12,564	12,564	-
26,748	26,748	-	-	-	-	26,748	26,748	-
342	342	-	-	-	-	342	342	-
533	533	-	-	-	-	533	533	-
8,295	8,295	-	-	-	-	8,295	8,295	-
<b>53,329</b>	<b>53,329</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,329</b>	<b>53,329</b>	<b>-</b>

Continued on next page...

# STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis*

(Continued from previous page)

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b><u>General Fund Transfers</u></b>			
Agriculture and Conservation Development Commission	1,525	1,525	-
Alabama Building Renovation Finance Authority	4,713	4,713	-
Alabama Bureau of Investigation Cost of Evidence	63	63	-
Child Abuse Board	1,059	1,059	-
Child Health Insurance Program	34,545	34,545	-
Children's Policy Council	17	17	-
Conservation and Natural Resources	298	298	-
Crime Victims Compensation Commission	67	67	-
Educational Television Commission	1,785	1,785	-
Environmental Management - Operations	5,070	5,070	-
Environmental Management-Hazardous Substance Fund	17	17	-
Environmental Management-Steel / Dust Sludge	269	199	70
Fair Trial Tax Transfer	40,080	40,080	-
Finance	2,504	2,504	-
Forestry Commission	11,577	11,577	-
Forestry Emergency Forest Fire	153	153	-
Historical Commission	3,075	3,075	-
Human Resources	84,124	84,124	-
Local Emergency Management Agency Assistance	128	128	-
Mental Health	90,510	90,510	-
Peace Officers Annuity and Benefit	67	67	-
Penny Trust Fund	285	285	-
Pollution Control Grant	-	-	-
Postsecondary Department	465	465	-
Revenue-Ad Valorem Equalization	168	168	-
Surface Mining Commission	361	361	-
Tourism and Travel Department	1,802	1,802	-
Treasurer-SAFE Program	167	167	-
<b>TOTAL General Fund Transfers</b>	<b>284,894</b>	<b>284,824</b>	<b>70</b>
<b>TOTAL TRANSFERS OUT</b>	<b>\$ 284,894</b>	<b>\$ 284,824</b>	<b>\$ 70</b>
<b>TOTAL EXPENDITURES AND TRANSFERS OUT</b>	<b>\$ 1,610,835</b>	<b>\$ 1,569,011</b>	<b>\$ 41,824</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	1,525	1,525	-
-	-	-	-	-	-	4,713	4,713	-
-	-	-	-	-	-	63	63	-
-	-	-	-	-	-	1,059	1,059	-
-	-	-	-	-	-	34,545	34,545	-
-	-	-	-	-	-	17	17	-
-	-	-	-	-	-	298	298	-
-	-	-	-	-	-	67	67	-
-	-	-	-	-	-	1,785	1,785	-
-	-	-	-	-	-	5,070	5,070	-
-	-	-	-	-	-	17	17	-
-	-	-	-	-	-	269	199	70
-	-	-	-	-	-	40,080	40,080	-
-	-	-	-	-	-	2,504	2,504	-
-	-	-	-	-	-	11,577	11,577	-
-	-	-	-	-	-	153	153	-
-	-	-	-	-	-	3,075	3,075	-
-	-	-	-	-	-	84,124	84,124	-
-	-	-	-	-	-	128	128	-
-	-	-	-	-	-	90,510	90,510	-
-	-	-	-	-	-	67	67	-
-	-	-	-	-	-	285	285	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	465	465	-
-	-	-	-	-	-	168	168	-
-	-	-	-	-	-	361	361	-
-	-	-	-	-	-	1,802	1,802	-
-	-	-	-	-	-	167	167	-
-	-	-	-	-	-	284,894	284,824	70
\$ 53,329	\$ 53,329	\$ -	\$ -	\$ -	\$ -	\$ 338,223	\$ 338,153	\$ 70
\$ 5,367,753	\$ 5,342,867	\$ 24,886	\$17,371,430	\$13,915,988	\$ 3,455,442	\$24,350,018	\$20,827,866	\$ 3,522,152

# STATE OF ALABAMA

## SCHEDULE OF REVENUES BY PRINCIPAL SOURCES

Governmental Funds in State Treasury

Cash Basis, Transfers Excluded

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

### TAXES

General Sales Tax (4% on gross retail sale of merchandise)	\$ 1,932,919	9.9%
General Use Tax	265,254	1.4%
Income Tax (2% to 5% personal income, 6.5% net corporate income)	3,033,520	15.6%
Property Tax Relief (represents portion of Income Tax used to offset property taxes lost in certain funds due to homestead exemptions)	47,710	0.2%
General Property Tax (6 1/2 mills for state on varying rates not over 30%)	317,425	1.6%
Gasoline Taxes (16¢ per gallon; 3¢ aviation; 1¢ jet)	406,754	2.1%
Utilities Tax (6% telephone, 4% other)	408,982	2.1%
Insurance Premium Tax (1% to 6%)	273,020	1.4%
Liquor & Wine Tax (totals 56%, collected by ABC stores)	99,960	0.5%
Tobacco & Cigarette Taxes (21.25 mills per cigarette; varying amounts on cigars, smoking tobacco, snuff, etc.)	136,615	0.7%
Corporation Taxes (privilege, 25¢ to \$1.75 per \$1,000 net worth; permit, entrance fees for filing)	143,750	0.7%
State Beer Tax (5¢ per 12 oz.)	58,464	0.3%
Public Utilities (2.2%)	149,914	0.8%
Motor Fuel Tax (diesel 17¢ per gallon)	140,614	0.7%
Tennessee Valley Authority (payments in-lieu of all state taxes)	117,206	0.6%
Leasing / Renting Tangible Personal Property - (4% most items, 1.5% vehicles, 2% garments)	61,866	0.3%
Production Privilege Tax (Oil & Gas Severance at amounts varying 2-8%)	110,904	0.6%
Financial Institutions Excise Tax (6.5% of net income of banks and other financial institutions)	14,468	0.1%
Documentary Filing Taxes (auto title, deed, mortgage, securities, etc)	58,086	0.3%
Coal Severance Tax (33.5¢ per ton)	6,416	0.0%
Forestry Severance Tax	5,153	0.0%
Inheritance Tax (amount of federal credit)	41	0.0%
Contractors Gross Receipts Tax (5% of gross receipts)	34,587	0.2%
Lodgings Tax (4% or 5% of charge)	49,683	0.3%
Hydroelectric Companies (tax on 2/5 mill per kilowatt hour and 2.2% per dollar gross receipts)	1,111	0.0%
Lubricating Oil Tax (6¢ per gallon)	2,151	0.0%
Pari-mutuel Betting (1 or 2% on pari-mutuel pools)	1,973	0.0%
Court Cost Taxes	32,266	0.2%
Medicaid Taxes	302,606	1.6%
Cellular Telephones (6%)	94,790	0.5%
Ground Materials Severance Tax	41	0.0%
Miscellaneous Taxes	18,807	0.1%
<b>TOTAL TAXES</b>	<b>8,327,056</b>	<b>42.8%</b>

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**LICENSES AND FEES**

Conservation Licenses (fishing, hunting, boat registration, etc)	27,724	0.1%
Drivers Licenses and Fees	51,705	0.3%
Petroleum Products Inspection Fees (.00025¢ to 15¢ per gallon)	59,634	0.3%
Agricultural Licenses and Fees	12,043	0.1%
Wholesale Oil Company License	4,073	0.0%
Motor Vehicle License (\$23.00 on auto; up to \$845.00 on trucks and up to \$210.00 on buses)	156,972	0.8%
Privilege License (fees for privilege of operating stores, factories, professions, businesses, etc)	81,071	0.4%
Court Fees	76,126	0.4%
Alcoholic Beverage Licenses	2,914	0.0%
Insurance Corporation Licenses and Fees	1,275	0.0%
Miscellaneous License and Fees	156,631	0.8%
<b>TOTAL LICENSES AND FEES</b>	<b>630,168</b>	<b>3.2%</b>

**FINES AND FORFEITS**

Court Fines and Forfeits	31,071	0.2%
Tobacco Settlement	92,001	0.5%
Miscellaneous Fines and Forfeits	44,024	0.2%
<b>TOTAL FINES AND FORFEITS</b>	<b>167,096</b>	<b>0.9%</b>

**INVESTMENT INCOME**

**191,676 1.0%**

**FEDERAL REVENUES**

**9,246,312 47.6%**

**OTHER REVENUES**

Rents and Royalties	146,101	0.8%
Reimbursements	74,335	0.4%
Sales of Property or Services	49,101	0.3%
Contributions	39,659	0.2%
Intragovernmental Services	98,698	0.5%
Local Revenues	27,165	0.1%
Medicaid CPE/IGT Revenues	278,758	1.4%
Miscellaneous Revenues	164,684	0.8%
<b>TOTAL OTHER REVENUES</b>	<b>878,501</b>	<b>4.5%</b>

**TOTAL REVENUES**

**\$19,440,809 100.0%**

# STATE OF ALABAMA

## SCHEDULE OF REVENUES BY PRINCIPAL SOURCES AND DISTRIBUTIONS OF REVENUES

Governmental Funds in State Treasury

Cash Basis, Transfers Excluded

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Total Revenues	Admin- istrative Expense	Net Revenues	Human Resources Funds	General Fund	Public School Fund	Education Trust Fund	Alabama Trust Fund
<b>TAXES</b>								
General Sales Tax	\$ 1,932,919	\$ 45,451	\$ 1,887,468	\$ 73,434	\$ 83,681	\$ 0	\$ 1,581,402	\$ 0
General Use Tax	265,254	4,297	260,957	500	2,414	-	256,999	-
Income Tax	3,033,520	49,437	2,984,083	-	-	-	2,984,083	-
Property Tax Relief	47,710	-	47,710	7,046	19,525	21,139	-	-
General Property Tax	317,425	5,708	311,717	47,127	120,636	143,954	-	-
Gasoline Taxes	406,754	13,660	393,094	-	-	-	-	-
Utilities Tax	408,982	337	408,645	-	-	-	394,045	-
Insurance Premium Tax	273,020	-	273,020	-	236,088	-	30,993	-
Liquor & Wine Tax	99,960	-	99,960	35,849	49,989	-	-	-
Tobacco & Cigarette Taxes	136,615	461	136,154	3,058	118,581	-	-	-
Corporation Taxes	143,750	-	143,750	-	106,541	-	-	-
State Beer Tax	58,464	-	58,464	11,407	18,540	-	22,814	-
Public Utilities	149,914	-	149,914	-	22,652	-	-	-
Motor Fuel Tax	140,614	2,784	137,830	-	-	-	-	-
Tennessee Valley Authority	117,206	-	117,206	-	-	-	-	-
Leasing/Renting Personal Property	61,866	-	61,866	-	61,866	-	-	-
Production Privilege Tax	110,904	-	110,904	-	82,397	-	-	-
Financial Institutions Excise Tax	14,468	252	14,216	-	7,438	-	-	-
Documentary Filing Taxes	58,086	276	57,810	-	57,810	-	-	-
Coal Severance Tax	6,416	-	6,416	-	-	-	-	-
Forestry Severance Tax	5,153	779	4,374	-	-	-	-	-
Inheritance Tax	41	-	41	-	41	-	-	-
Contractors Gross Receipts Tax	34,587	40	34,547	5,171	-	-	-	-
Lodgings Tax	49,683	24	49,659	-	35,737	-	-	-
Hydroelectric Companies	1,111	-	1,111	-	-	-	467	-
Lubricating Oil Tax	2,151	14	2,137	-	717	-	-	-
Pari-mutuel Betting	1,973	-	1,973	-	1,973	-	-	-
Court Cost Taxes	32,266	-	32,266	-	9,472	-	-	-
Medicaid Provider Taxes	302,606	242	302,364	-	-	-	-	-
Cellular Telephone Tax	94,790	-	94,790	-	61,206	-	32,853	-
Ground Materials Severance Tax	41	-	41	-	-	-	-	-
Miscellaneous Taxes	18,807	331	18,476	1	3,896	2	-	-
<b>TOTAL TAXES</b>	<b>8,327,056</b>	<b>124,093</b>	<b>8,202,963</b>	<b>183,593</b>	<b>1,101,200</b>	<b>165,095</b>	<b>5,303,656</b>	<b>0</b>
<b>LICENSES AND FEES</b>								
Conservation Licenses	27,724	-	27,724	-	-	-	-	-
Drivers Licenses and Fees	51,705	-	51,705	-	33,917	-	-	-
Petroleum Products Inspection Fee	59,634	-	59,634	-	-	-	-	-
Agricultural License and Fees	12,043	-	12,043	-	-	-	-	-
Wholesale Oil Company License	4,073	-	4,073	-	4,073	-	-	-
Motor Vehicle License	156,972	1,638	155,334	-	42,373	-	-	-
Privilege License	81,071	1,549	79,522	-	11,185	-	-	-
Court Fees	76,126	-	76,126	-	52,532	-	-	-
Alcoholic Beverage Licenses	2,914	-	2,914	-	2,914	-	-	-
Insurance Corp Licenses and Fees	1,275	-	1,275	-	607	-	-	-
Miscellaneous License and Fees	156,631	133	156,498	630	5,771	-	45	-
<b>TOTAL LICENSES AND FEES</b>	<b>630,168</b>	<b>3,320</b>	<b>626,848</b>	<b>630</b>	<b>153,372</b>	<b>0</b>	<b>45</b>	<b>0</b>
<b>FINES AND FORFEITS</b>								
Court Fines and Forfeits	31,071	-	31,071	-	20,617	-	-	-
Tobacco Settlement	92,001	-	92,001	-	-	-	-	-
Miscellaneous Fines and Forfeits	44,024	-	44,024	-	18,524	-	-	-
<b>TOTAL FINES AND FORFEITS</b>	<b>167,096</b>	<b>-</b>	<b>167,096</b>	<b>0</b>	<b>39,141</b>	<b>-</b>	<b>0</b>	<b>0</b>
<b>INVESTMENT INCOME</b>	<b>191,676</b>	<b>-</b>	<b>191,676</b>	<b>-</b>	<b>18,430</b>	<b>-</b>	<b>-</b>	<b>149,372</b>
<b>FEDERAL REVENUES</b>	<b>9,246,312</b>	<b>503</b>	<b>9,245,809</b>	<b>1,855,179</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Medicaid CPE/IGT Revenues	278,758	-	278,758	-	-	-	-	-
Miscellaneous Revenues	599,743	2,480	597,263	11,905	673	4,863	200	117,466
<b>TOTAL REVENUES</b>	<b>\$ 19,440,809</b>	<b>\$ 130,396</b>	<b>\$ 19,310,413</b>	<b>\$ 2,051,307</b>	<b>\$ 1,312,816</b>	<b>\$ 169,958</b>	<b>\$ 5,303,901</b>	<b>\$ 266,838</b>



Distributed To Local Government	Debt Service Funds	Medicaid	Transportation Department	Health General & Mental	Education Department	Economic & Community Affairs	Other	Distribution of Other Amounts
\$ 4,705	\$ 139,246	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,000	Conservation Dept.
-	-	-	-	-	-	-	1,044	Conservation Dept.
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
174,946	-	-	213,872	-	-	-	4,276	Conservation 3.6M
-	-	-	-	14,600	-	-	-	-
-	-	-	-	4,525	-	-	1,414	Insurance Dept
-	-	-	-	14,122	-	-	-	-
748	600	-	-	10,109	-	-	3,058	State Parks
37,207	-	-	-	-	-	-	2	Secretary of State
5,703	-	-	-	-	-	-	-	-
-	-	-	-	127,262	-	-	-	-
2,446	-	-	135,384	-	-	-	-	-
97,303	19,903	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
28,507	-	-	-	-	-	-	-	-
6,778	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,814	-	-	-	-	-	-	2,602	-
-	-	-	-	-	-	-	4,374	Forestry
-	-	-	-	-	-	-	-	-
-	-	-	-	29,376	-	-	-	-
2,009	-	-	-	-	-	-	11,913	Tourism
-	-	-	-	644	-	-	-	-
781	-	-	639	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	3,147	-	19,647	Fair Trial Fd 16.8M
-	-	302,364	-	-	-	-	-	-
-	731	-	-	-	-	-	-	-
41	-	-	-	-	-	-	-	-
207	-	-	33	-	-	-	14,337	ADEM 7.8M; DIR 5.3M
<b>365,195</b>	<b>160,480</b>	<b>302,364</b>	<b>349,928</b>	<b>200,638</b>	<b>3,147</b>	<b>0</b>	<b>67,667</b>	
-	-	-	-	-	-	-	27,724	Conservation
786	-	-	-	-	-	-	17,002	Public Safety
9,744	-	-	46,927	-	-	-	2,963	Agriculture
-	-	-	-	-	-	-	12,043	Agriculture
-	-	-	-	-	-	-	-	-
20,405	-	-	88,130	-	-	-	4,426	Corrections 3.5M
-	-	-	3,443	3,291	826	-	60,777	Prof & Occup Boards 30.4M
-	-	-	-	137	-	-	23,457	AOC 12.1M; DPS 2.8M; DFS 7.6M
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	668	Insurance Dept
-	-	-	1,287	26,388	-	-	122,377	ADEM 66M; PSC 17M; Bank 9M
<b>30,935</b>	<b>0</b>	<b>0</b>	<b>139,787</b>	<b>29,816</b>	<b>826</b>	<b>0</b>	<b>271,437</b>	
-	-	-	-	-	-	1,897	8,557	DFS 2.6M; DOC 1.9M
-	-	-	-	-	-	-	92,001	21st Century Fund
8	-	8,374	-	-	-	-	17,118	DPS 2.8M; AG 6.1M ADEM 3.7M
<b>8</b>	<b>0</b>	<b>8,374</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,897</b>	<b>117,676</b>	
-	92	44	952	-	-	20	22,766	Co & City CITF 18.5M
2,348	-	3,752,191	902,880	404,768	1,313,687	289,850	724,906	Univ 106 EMA 105 DRS 71 DIR 67
-	-	278,758	-	-	-	-	-	-
-	9,295	126,608	29,580	86,187	11,907	4,210	194,369	Cons 40 Uncl Prop 55 DOC 24
<b>\$ 398,486</b>	<b>\$ 169,867</b>	<b>\$ 4,468,339</b>	<b>\$ 1,423,127</b>	<b>\$ 721,409</b>	<b>\$1,329,567</b>	<b>\$ 295,977</b>	<b>\$ 1,398,821</b>	



# Nonmajor Enterprise Funds

*Nonmajor Enterprise Funds are used to account for the operations of State agencies that provide goods and services to the public in a manner similar to private business enterprises. The cost of providing the goods or services are recovered primarily through user charges.*

## **Alabama Health Insurance Plan**

Provides health insurance coverage for citizens who have lost their group health insurance.

## **Motor Sports Hall of Fame**

Operates a public exhibit displaying the history of automotive racing and other motor sports.

## **Corrections Canteen**

Accounts for the activity of the canteen funds of the Department of Corrections.

## **National Guard Canteen**

Accounts for the activity of the canteen funds of the National Guard.

## **Other Enterprise Funds**

Are aggregated for reporting purposes and account for other small enterprise funds operated by the State, including the Guaranteed Student Loan Fund and Military Billeting.

## STATE OF ALABAMA

COMBINING STATEMENT OF NET ASSETS  
Nonmajor Enterprise Funds

September 30, 2011

(Amounts in Thousands)

	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen	National Guard Canteen
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 7,555	\$ 110	\$ 818	\$ 3,040
Investments, Short-term	-	105	-	-
Accounts Receivable	34	-	37	-
Securities Lending Collateral	-	-	-	-
Inventory	-	-	729	186
Other Current Assets	300	-	-	-
<b>Total Current Assets</b>	<b>7,889</b>	<b>215</b>	<b>1,584</b>	<b>3,226</b>
<b>Noncurrent Assets</b>				
Capital Assets, Net of Accumulated Depreciation	-	1,412	-	596
Capital Assets Not Depreciated	-	2,630	-	-
<b>Total Noncurrent Assets</b>	<b>0</b>	<b>4,042</b>	<b>0</b>	<b>596</b>
<b>TOTAL ASSETS</b>	<b>7,889</b>	<b>4,257</b>	<b>1,584</b>	<b>3,822</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Salaries Payable	-	2	-	8
Due to Other Funds	-	-	759	-
Due to Component Units	116	-	-	-
Accounts Payable	15	15	57	11
Due to Other Governments	-	-	-	-
Claims Payable	3,385	-	-	-
Unearned Revenue	411	-	-	-
Securities Lending Obligation	-	-	-	-
<b>Total Current Liabilities</b>	<b>3,927</b>	<b>17</b>	<b>816</b>	<b>19</b>
<b>Noncurrent Liabilities</b>				
Compensated Absences	-	10	-	-
Other Post-employment Benefits	-	14	-	-
Notes and Capital Leases Payable	-	1,753	-	-
<b>Total Noncurrent Liabilities</b>	<b>0</b>	<b>1,777</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities</b>	<b>3,927</b>	<b>1,794</b>	<b>816</b>	<b>19</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	-	2,289	-	596
Unrestricted	3,962	174	768	3,207
<b>TOTAL NET ASSETS</b>	<b>\$ 3,962</b>	<b>\$ 2,463</b>	<b>\$ 768</b>	<b>\$ 3,803</b>

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Other Nonmajor Enterprise Funds	Totals
\$ 337	\$ 11,860
-	105
-	71
5	5
-	915
-	300
<b>342</b>	<b>13,256</b>
52	2,060
-	2,630
<b>52</b>	<b>4,690</b>
<b>394</b>	<b>17,946</b>
20	30
-	759
-	116
43	141
3	3
-	3,385
-	411
5	5
<b>71</b>	<b>4,850</b>
12	22
101	115
-	1,753
<b>113</b>	<b>1,890</b>
<b>184</b>	<b>6,740</b>
52	2,937
158	8,269
<b>\$ 210</b>	<b>\$ 11,206</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen	National Guard Canteen
<b>OPERATING REVENUES</b>				
Charges for Goods and Services	\$ 0	\$ 0	\$ 22,570	\$ 13,606
Premiums and Contributions	15,097	-	-	-
Rents and Leases	-	201	-	-
<b>Total Operating Revenues</b>	<b>15,097</b>	<b>201</b>	<b>22,570</b>	<b>13,606</b>
<b>OPERATING EXPENSES</b>				
Salaries, Wages, and Benefits	-	58	-	102
Utilities and Communications	-	1	-	-
Professional Services	360	9	-	-
Supplies, Materials, and Operating Expenses	-	43	12,851	13,946
Depreciation	5	172	-	38
Claims and Benefits	20,951	-	-	-
Other	-	31	-	-
<b>Total Operating Expenses</b>	<b>21,316</b>	<b>314</b>	<b>12,851</b>	<b>14,086</b>
<b>Operating Income (Loss)</b>	<b>(6,219)</b>	<b>(113)</b>	<b>9,719</b>	<b>(480)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Taxes	5,510	-	-	-
Grants	898	-	-	-
Investment Income	14	1	-	27
Other Nonoperating Revenues	-	63	-	470
Interest Expense	-	(90)	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>6,422</b>	<b>(26)</b>	<b>0</b>	<b>497</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>203</b>	<b>(139)</b>	<b>9,719</b>	<b>17</b>
Transfers In	-	69	-	-
Transfers Out	-	-	(9,719)	(142)
<b>Increase (Decrease) in Net Assets</b>	<b>203</b>	<b>(70)</b>	<b>0</b>	<b>(125)</b>
Total Net Assets, October 1, 2010, as Restated	3,759	2,533	768	3,928
<b>Total Net Assets, September 30, 2011</b>	<b>\$ 3,962</b>	<b>\$ 2,463</b>	<b>\$ 768</b>	<b>\$ 3,803</b>

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Other Nonmajor Enterprise Funds	Totals
\$ 0	\$ 36,176
-	15,097
617	818
<b>617</b>	<b>52,091</b>
328	488
164	165
8	377
41	26,881
13	228
-	20,951
1	32
<b>555</b>	<b>49,122</b>
<b>62</b>	<b>2,969</b>
-	5,510
2	900
-	42
2	535
-	(90)
<b>4</b>	<b>6,897</b>
<b>66</b>	<b>9,866</b>
-	69
(1)	(9,862)
<b>65</b>	<b>73</b>
145	11,133
<b>\$ 210</b>	<b>\$ 11,206</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF CASH FLOWS  
Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen	National Guard Canteen
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customer & User Charges	\$ 20,626	\$ 199	\$ 22,537	\$ 13,606
Receipts from Other Operating Activities	-	43	-	-
Payments for Goods Held for Resale	(276)	-	(12,932)	(13,775)
Payments for Other Goods & Services	(21,266)	(84)	-	(176)
Payments for Employees Services	-	(55)	-	(96)
Payments for Interfund Services	-	-	-	-
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>(916)</b>	<b>103</b>	<b>9,605</b>	<b>(441)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Receipts from Noncapital Financing Grants & Donations	898	21	-	-
Transfers from Other Funds for Noncapital Financing	-	69	-	-
Transfers to Other Funds for Noncapital Financing	-	-	(9,602)	(142)
<b>Net Cash Provided By (Used In)</b>				
<b>Noncapital Financing Activities</b>	<b>898</b>	<b>90</b>	<b>(9,602)</b>	<b>(142)</b>
<b>Cash Flows From Capital &amp; Related Financing Activities:</b>				
Receipts from Sale of Capital Assets & Insurance Proceeds	-	-	-	941
Payments to Acquire, Construct, & Improve Capital Assets	-	(52)	-	-
Principal Paid on Revenue Bonds & Other Capital Debt	-	(72)	-	-
Interest Paid on Revenue Bonds & Other Capital Debt	-	(90)	-	-
<b>Net Cash Provided by (Used in)</b>				
<b>Capital and Related Financing Activities</b>	<b>0</b>	<b>(214)</b>	<b>0</b>	<b>941</b>
<b>Cash Flows From Investing Activities</b>				
Receipts from Interest & Dividends on Investments & Loans	14	1	-	27
Purchase of Investments	-	(1)	-	-
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>27</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>(4)</b>	<b>(21)</b>	<b>3</b>	<b>385</b>
Cash Balance as Restated, October 1, 2010	7,559	131	815	2,655
<b>Cash and Cash Equivalents,</b>				
<b>as Reported on Balance Sheet</b>	<b>\$ 7,555</b>	<b>\$ 110</b>	<b>\$ 818</b>	<b>\$ 3,040</b>



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Other Nonmajor Enterprise Funds		Totals	
\$	615	\$	57,583
	2		45
	-		(26,983)
	(209)		(21,735)
	(310)		(461)
	(4)		(4)
	<b>94</b>		<b>8,445</b>
	-		919
	-		69
	(1)		(9,745)
	<b>(1)</b>		<b>(8,757)</b>
	-		941
	-		(52)
	-		(72)
	-		(90)
	<b>0</b>		<b>727</b>
	-		42
	-		(1)
	<b>0</b>		<b>41</b>
	<b>93</b>		<b>456</b>
	244		11,404
<b>\$</b>	<b>337</b>	<b>\$</b>	<b>11,860</b>

*Continued on next page...*

# STATE OF ALABAMA

## COMBINING STATEMENT OF CASH FLOWS (Continued from Previous Page) Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen	National Guard Canteen
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
<b>Operating Income (Loss)</b>	<b>\$ (6,219)</b>	<b>\$ (113)</b>	<b>\$ 9,719</b>	<b>\$ (480)</b>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Accounts Receivable	8	-	(34)	-
Inventory	-	-	(81)	(13)
Salaries Payable	-	-	-	6
Due to Other Funds	91	-	-	-
Accounts Payable	(7)	(2)	1	8
Claims Payable	(314)	-	-	-
Unearned Revenue	10	-	-	-
Compensated Absences	-	-	-	-
Other Post-employment Benefits	-	3	-	-
Depreciation	5	172	-	38
Nonoperating Revenues	5,510	43	-	-
Total Adjustments	5,303	216	(114)	39
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ (916)</u></b>	<b><u>\$ 103</u></b>	<b><u>\$ 9,605</u></b>	<b><u>\$ (441)</u></b>
<b>Noncash Investing, Capital, and Financing Activities</b>				
Increase (Decrease):				
Transfers and Donations of Capital Assets	-	-	-	-
Disposals, Write-offs, and Other Reductions to Capital Asset	-	-	-	(572)
Capital Assets Acquired on Account	-	-	-	-

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Other Nonmajor Enterprise Funds		Totals	
\$	62	\$	2,969
	-		(26)
	-		(94)
	(4)		2
	(1)		90
	-		-
	-		(314)
	-		10
	2		2
	18		21
	13		228
	4		5,557
	<u>32</u>		<u>5,476</u>
\$	<u>94</u>	\$	<u>8,445</u>

1	1
-	(572)
(1)	(1)



# Internal Service Funds

*Internal Service Funds account for the operation of State organizations which provide goods and services to other State agencies on a cost-reimbursement basis.*

## **Telecommunications Fund**

Provides for the coordination and promotion of efficiency in the acquisition, operation and maintenance of telecommunications and computer equipment, services, systems, and networks used by state agencies.

## **Service Division**

Accounts for various services provided to State agencies including janitorial services, motor pool, mail services, and building maintenance.

## **Correctional Industries**

Accounts for the manufacturing activities of the State's correctional facilities.

## **Building Renovation Finance Authority**

Accounts for the rental and maintenance of the buildings in the State Capitol Complex.

## **Risk Management**

Accounts for resources used to provide insurance coverage for State buildings, school buildings, and their contents. Risk Management also insures State employees against work related injuries as well as employment-related liability claims.

## **Other Internal Service Funds**

Account for other small internal service funds operated by the Finance and Military Departments.

## STATE OF ALABAMA

COMBINING STATEMENT OF NET ASSETS  
Internal Service Funds

September 30, 2011

(Amounts in Thousands)

	Telecom- munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 11,071	\$ 2,807	\$ 5,368	\$ 24,272	\$ 13,661
Investments, Short-term	-	-	-	-	93,923
Due from Other Funds	8,601	1,515	1,469	1,514	1,189
Due from Component Units	317	112	44	-	35
Accounts Receivable	764	276	-	2	573
Interest and Dividends Receivable	-	-	-	-	232
Securities Lending Collateral	171	43	83	280	141
Inventory	-	836	7,594	-	-
Other Current Assets	-	-	-	-	7,762
<b>Total Current Assets</b>	<b>20,924</b>	<b>5,589</b>	<b>14,558</b>	<b>26,068</b>	<b>117,516</b>
<b>Noncurrent Assets</b>					
Investments, Long-term	-	-	-	-	71,039
Due From Other Funds, Noncurrent	604	-	-	-	11,650
Due From Component Unit, Noncurrent	-	-	-	-	1,027
Other Noncurrent Assets	-	-	-	679	-
Capital Assets, Net of Accumulated Depreciation	5,058	1,371	2,043	34,181	94
Capital Assets Not Depreciated	-	-	620	24,784	1,823
<b>Total Noncurrent Assets</b>	<b>5,662</b>	<b>1,371</b>	<b>2,663</b>	<b>59,644</b>	<b>85,633</b>
<b>TOTAL ASSETS</b>	<b>26,586</b>	<b>6,960</b>	<b>17,221</b>	<b>85,712</b>	<b>203,149</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Warrants Payable	-	102	4	-	489
Salaries Payable	1,139	78	348	222	323
Due to Other Funds	884	11	85	23	403
Due to Component Units	16	-	-	-	585
Accounts Payable	3,664	904	531	584	22,499
Due to Other Governments	-	-	2	39	6
Claims Payable	-	-	-	-	13,538
Compensated Absences	-	-	1	-	19
Securities Lending Obligation	171	43	83	280	141
Notes and Capital Leases Payable	766	295	-	-	-
Revenue Bonds Payable	-	-	-	8,020	-
<b>Total Current Liabilities</b>	<b>6,640</b>	<b>1,433</b>	<b>1,054</b>	<b>9,168</b>	<b>38,003</b>
<b>Noncurrent Liabilities</b>					
Claims Payable	-	-	-	-	49,877
Due To Other Funds, Noncurrent	72	-	-	-	-
Compensated Absences	2,537	85	748	396	367
Other Post-employment Benefits	2,532	366	1,369	865	719
Notes and Capital Leases Payable	2,298	659	-	-	-
Revenue Bonds Payable	-	-	-	57,842	-
Other Long-term Liabilities	779	-	-	-	-
<b>Total Noncurrent Liabilities</b>	<b>8,218</b>	<b>1,110</b>	<b>2,117</b>	<b>59,103</b>	<b>50,963</b>
<b>Total Liabilities</b>	<b>14,858</b>	<b>2,543</b>	<b>3,171</b>	<b>68,271</b>	<b>88,966</b>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	5,058	417	2,663	(3,764)	1,917
Restricted for:					
Capital Projects	-	-	-	6,258	-
Unrestricted	6,670	4,000	11,387	14,947	112,266
<b>TOTAL NET ASSETS</b>	<b>\$ 11,728</b>	<b>\$ 4,417</b>	<b>\$ 14,050</b>	<b>\$ 17,441</b>	<b>\$ 114,183</b>

Other Internal Service Funds		Totals	
\$	1,342	\$	58,521
	-		93,923
	-		14,288
	-		508
	-		1,615
	-		232
	21		739
	-		8,430
	-		7,762
	<b>1,363</b>		<b>186,018</b>
	-		71,039
	-		12,254
	-		1,027
	-		679
	33		42,780
	-		27,227
	<b>33</b>		<b>155,006</b>
	<b>1,396</b>		<b>341,024</b>
	-		595
	190		2,300
	30		1,436
	-		601
	10		28,192
	-		47
	-		13,538
	-		20
	21		739
	-		1,061
	-		8,020
	<b>251</b>		<b>56,549</b>
	-		49,877
	-		72
	492		4,625
	508		6,359
	-		2,957
	-		57,842
	-		779
	<b>1,000</b>		<b>122,511</b>
	<b>1,251</b>		<b>179,060</b>
	33		6,324
	-		6,258
	112		149,382
<b>\$</b>	<b>145</b>	<b>\$</b>	<b>161,964</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
Internal Service Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Telecom- munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
<b>OPERATING REVENUES</b>					
Charges for Goods and Services	\$ 45,660	\$ 11,170	\$ 9,943	\$ 830	\$ 309
Premiums and Contributions	-	-	-	-	52,181
Rents and Leases	-	-	-	18,374	-
<b>Total Operating Revenues</b>	<b>45,660</b>	<b>11,170</b>	<b>9,943</b>	<b>19,204</b>	<b>52,490</b>
<b>OPERATING EXPENSES</b>					
Salaries, Wages, and Benefits	15,768	1,251	5,111	3,373	4,374
Utilities and Communications	15,562	70	550	3,470	125
Professional Services	3,510	237	279	1,584	5,758
Supplies, Materials, and Operating Expenses	4,813	7,794	8,091	461	20,964
Interest	-	-	-	3,068	-
Depreciation	1,451	917	382	2,995	81
Claims and Benefits	-	-	-	-	28,253
Other	3,303	1,528	508	1,354	1,286
<b>Total Operating Expenses</b>	<b>44,407</b>	<b>11,797</b>	<b>14,921</b>	<b>16,305</b>	<b>60,841</b>
<b>Operating Income (Loss)</b>	<b>1,253</b>	<b>(627)</b>	<b>(4,978)</b>	<b>2,899</b>	<b>(8,351)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Grants	51	8	24	17	16
Investment Income	-	-	-	19	2,678
Other Nonoperating Revenues	7	171	31	6	25
Interest Expense	(96)	(102)	-	-	-
Other Nonoperating Expenses	-	-	-	(1)	(137)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(38)</b>	<b>77</b>	<b>55</b>	<b>41</b>	<b>2,582</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>1,215</b>	<b>(550)</b>	<b>(4,923)</b>	<b>2,940</b>	<b>(5,769)</b>
Transfers In	1,789	4	4,074	11,089	-
Transfers Out	(62)	(29)	(38)	(4,761)	(16)
<b>Increase (Decrease) in Net Assets</b>	<b>2,942</b>	<b>(575)</b>	<b>(887)</b>	<b>9,268</b>	<b>(5,785)</b>
Total Net Assets, October 1, 2010, as Restated	8,786	4,992	14,937	8,173	119,968
<b>Total Net Assets, September 30, 2011</b>	<b>\$ 11,728</b>	<b>\$ 4,417</b>	<b>\$ 14,050</b>	<b>\$ 17,441</b>	<b>\$ 114,183</b>



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Other Internal Service Funds	Totals
\$ 3,377	\$ 71,289
-	52,181
-	18,374
<b>3,377</b>	<b>141,844</b>
2,783	32,660
27	19,804
523	11,891
44	42,167
-	3,068
19	5,845
-	28,253
171	8,150
<b>3,567</b>	<b>151,838</b>
<b>(190)</b>	<b>(9,994)</b>
9	125
-	2,697
-	240
-	(198)
-	(138)
<b>9</b>	<b>2,726</b>
<b>(181)</b>	<b>(7,268)</b>
-	16,956
<b>(10)</b>	<b>(4,916)</b>
<b>(191)</b>	<b>4,772</b>
336	157,192
<b>\$ 145</b>	<b>\$ 161,964</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF CASH FLOWS  
Internal Service Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Telecom- munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customer & User Charges	\$ 1,378	\$ 1,297	\$ 2,085	\$ 19	\$ 26,715
Receipts from Interfund Services	45,126	9,649	8,121	19,085	27,409
Receipts from Other Operating Activities	3,107	21	13	41	50,920
Payments for Goods Held for Resale	(12)	(7,489)	(6,959)	-	-
Payments for Other Goods & Services	(25,954)	(1,620)	(1,415)	(6,487)	(22,358)
Payments for Employees Services	(15,390)	(1,199)	(4,989)	(3,259)	(4,253)
Payments for Interfund Services	(1,719)	(509)	(491)	(527)	(1,785)
Payments for Other Operating Activities	(4,103)	(1)	(152)	(1)	(1,246)
Payments for Claims	-	-	-	-	(53,141)
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>2,433</b>	<b>149</b>	<b>(3,787)</b>	<b>8,871</b>	<b>22,261</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers from Other Funds for Noncapital Financing	1,783	-	4,814	11,089	-
Transfers to Other Funds for Noncapital Financing	(54)	(9)	(45)	(4,761)	(16)
<b>Net Cash Provided By (Used In)</b>					
<b>Noncapital Financing Activities</b>	<b>1,729</b>	<b>(9)</b>	<b>4,769</b>	<b>6,328</b>	<b>(16)</b>
<b>Cash Flows From Capital &amp; Related Financing Activities:</b>					
Receipts from Sale of Capital Assets & Insurance Proceeds	3	179	22	6	15
Payments to Acquire, Construct, & Improve Capital Assets	(711)	(413)	(201)	(265)	(588)
Principal Paid on Revenue Bonds & Other Capital Debt	(170)	(346)	-	(7,655)	-
Interest Paid on Revenue Bonds & Other Capital Debt	(21)	(96)	-	(3,191)	-
<b>Net Cash Provided by (Used in)</b>					
<b>Capital and Related Financing Activities</b>	<b>(899)</b>	<b>(676)</b>	<b>(179)</b>	<b>(11,105)</b>	<b>(573)</b>
<b>Cash Flows From Investing Activities</b>					
Receipts from Sales & Maturities of Investments	-	-	-	-	353,870
Receipts from Interest & Dividends on Investments & Loans	-	-	-	19	3,577
Purchase of Investments	-	-	-	-	(375,704)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>(18,257)</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>3,263</b>	<b>(536)</b>	<b>803</b>	<b>4,113</b>	<b>3,415</b>
Cash Balance as Restated, October 1, 2010	7,808	3,241	4,561	20,159	9,757
<b>Cash Balance, September 30, 2011</b>	<b>11,071</b>	<b>2,705</b>	<b>5,364</b>	<b>24,272</b>	<b>13,172</b>
Add: Warrants Payable	-	102	4	-	489
<b>Cash and Cash Equivalents,</b>					
<b>as Reported on Balance Sheet</b>	<b>\$ 11,071</b>	<b>\$ 2,807</b>	<b>\$ 5,368</b>	<b>\$ 24,272</b>	<b>\$ 13,661</b>

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Other Internal Service Funds	Totals
\$ 0	\$ 31,494
3,377	112,767
4	54,106
-	(14,460)
(357)	(58,191)
(2,636)	(31,726)
(430)	(5,461)
(7)	(5,510)
-	(53,141)
<b>(49)</b>	<b>29,878</b>
-	17,686
(9)	(4,894)
<b>(9)</b>	<b>12,792</b>
-	225
(19)	(2,197)
-	(8,171)
-	(3,308)
<b>(19)</b>	<b>(13,451)</b>
-	353,870
-	3,596
-	(375,704)
<b>0</b>	<b>(18,238)</b>
<b>(77)</b>	<b>10,981</b>
1,419	46,945
<b>1,342</b>	<b>57,926</b>
-	595
<b>\$ 1,342</b>	<b>\$ 58,521</b>

*Continued on next page...*

## STATE OF ALABAMA

COMBINING STATEMENT OF CASH FLOWS (Continued from Previous Page)  
Internal Service Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Telecom- munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>					
<b>Provided (Used) by Operating Activities:</b>					
<b>Operating Income (Loss)</b>	<b>\$ 1,253</b>	<b>\$ (627)</b>	<b>\$ (4,978)</b>	<b>\$ 2,899</b>	<b>\$ (8,351)</b>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Due from Other Funds	89	74	324	10	999
Accounts Receivable	7	(21)	-	1	(650)
Inventory	-	455	1,122	-	-
Other Assets	-	-	-	-	2,952
Capital Assets	(627)	-	-	-	-
Salaries Payable	(150)	(23)	(76)	(50)	(29)
Due to Other Funds	(58)	(102)	(47)	(269)	548
Accounts Payable	(181)	(614)	(724)	15	206
Claims Payable	-	-	-	-	26,404
Unearned Revenue	-	-	-	-	(10)
Funds Held in Escrow	-	-	-	-	1
Compensated Absences	(17)	(8)	(55)	(13)	(26)
Other Post-employment Benefits	485	74	229	158	154
Other Liabilities	120	-	-	-	-
Operating Interest Expense	-	-	-	3,068	-
Depreciation	1,451	917	382	2,995	81
Nonoperating Revenues	61	25	36	57	28
Nonoperating Expenses	-	(1)	-	-	(46)
Total Adjustments	1,180	776	1,191	5,972	30,612
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 2,433</b>	<b>\$ 149</b>	<b>\$ (3,787)</b>	<b>\$ 8,871</b>	<b>\$ 22,261</b>
<b>Noncash Investing, Capital, and Financing Activities</b>					
Increase (Decrease):					
Transfers and Donations of Capital Assets	4,248	341	10	128	4
Disposals, Write-offs, and Other Reductions to Capital Asset	(6,780)	(881)	-	(112)	(3,605)
Revenue Bond Amortizations and Other Debt Adjustments	-	-	-	217	-
Interest Accruals and Other Adjustments	-	-	-	-	(219)
Unrealized Gains (Losses) in Investment Fair Value	-	-	-	-	1,488
Transfers In (Out)	3	16	-	-	-

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Other Internal Service Funds		Totals	
\$	(190)	\$	(9,994)
	-		1,496
	-		(663)
	-		1,577
	-		2,952
	-		(627)
	(12)		(340)
	(1)		71
	(14)		(1,312)
	-		26,404
	-		(10)
	-		1
	54		(65)
	86		1,186
	-		120
	-		3,068
	19		5,845
	9		216
	-		(47)
	141		39,872
<u>\$</u>	<u>(49)</u>	<u>\$</u>	<u>29,878</u>

5	4,736
(28)	(11,406)
-	217
-	(219)
-	1,488
1	20



# **Pension and Other Employee Benefit Trust Funds**

*Pension and Other Employee Benefit Trust Funds account for the resources held in trust for members and beneficiaries of retirement plans and other employee benefit plans administered by the State.*

## **Employees' Retirement System**

Accounts for the accumulation of resources for pension benefit payments to State employees, State police, and employees of other eligible governmental organizations such as cities and counties within the State.

## **Teachers' Retirement System**

Accounts for the accumulation of resources for pension benefit payments to employees of state-supported educational institutions.

## **Judicial Retirement Fund**

Accounts for the accumulation of resources for pension benefit payments to judges of the State's Supreme Court, Court of Civil Appeals, Court of Criminal Appeals, and Circuit Court.

## **Peace Officers' Annuity and Benefits**

Provides pension benefits to State and local peace officers.

## **State Port Authority Hourly Plan**

Is a retirement fund for certain hourly employees of the Alabama State Port Authority who are not members of the State Employees' Retirement System.

## **State Port Authority Railway Plan**

Is a retirement fund for certain employees of the Alabama State Port Authority who are not members of the State Employees' Retirement System.

## **Clerks and Registers Supernumerary**

Is a pension plan for certain employees of the court system.

## **Flexible Employees' Benefits Board**

Provides a number of benefit programs to State employees such as a cafeteria plan, health care reimbursement accounts, and dependent care reimbursement accounts.

## **Employee Savings Plans**

Accounts for resources contributed by public employees for deferred compensation plans and individual retirement accounts.

## **Retired Education Employees' Health Care Trust**

Provides post-employment health insurance benefits for retired employees of school systems and institutions of higher education.

## **Retired State Employees' Health Care Trust**

Provides post-employment health insurance benefits for retired State employees.

## STATE OF ALABAMA

COMBINING STATEMENT OF PLAN NET ASSETS  
Pension and Other Employee Benefit Trust Funds

September 30, 2011

(Amounts in Thousands)

	Employees' Retirement System	Teachers' Retirement System	Judicial Retirement Fund	Peace Officers' Annuity and Benefits	State Port Authority Hourly Plan
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 14,628	\$ 38,264	\$ 2,083	\$ 220	\$ 0
Investments					
U.S. Treasury Securities	301,333	660,641	14,974	1,971	2,809
U.S. Agency Securities	115,577	258,571	7,478	772	857
Mortgage Backed Securities	186,204	411,967	8,739	2,965	1,436
Corporate Stocks	3,335,278	6,878,428	101,922	-	1,475
Corporate Bonds	1,589,057	3,241,313	33,766	2,374	3,995
Real Estate	909,719	1,870,629	2,946	-	-
Commercial Paper	212,995	212,778	3,000	-	236
International Stocks	999,317	2,251,886	30,075	-	-
Mutual and Money Market Funds	90,215	114,316	4,548	9,474	1,991
Receivables					
Employer Contributions Receivable	28,397	63,928	360	-	-
Member Contributions Receivable	17,988	25,890	116	-	-
Investment Sales Receivable	326,653	707,221	2	-	-
Accounts Receivable	657	1,109	-	-	-
Interest and Dividends Receivable	26,479	57,447	1,077	64	95
Securities Lending Collateral	530,321	1,191,701	33,294	3	2,299
Other Assets	-	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	48,642	98,084	-	7	-
Capital Assets Not Depreciated	2,535	5,085	-	-	-
<b>TOTAL ASSETS</b>	<b>8,735,995</b>	<b>18,089,258</b>	<b>244,380</b>	<b>17,850</b>	<b>15,193</b>
<b>LIABILITIES</b>					
Warrants Payable	\$ 12,020	\$ 28,198	\$ 535	\$ 98	\$ 0
Investment Purchases Payable	58,336	110,860	288	-	49
Salaries Payable	878	1,278	14	26	-
Due to Other Funds	-	-	-	7	-
Accounts Payable	370	731	24	7	-
Claims Payable	-	-	-	-	-
Securities Lending Obligation	530,321	1,191,701	33,294	3	2,299
Deferred Revenue	-	-	-	-	-
Compensated Absences	1,716	2,466	68	92	-
Other Post-employment Benefits	1,933	1,814	22	56	-
Notes and Mortgages Payable	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>605,574</b>	<b>1,337,048</b>	<b>34,245</b>	<b>289</b>	<b>2,348</b>
<b>NET ASSETS</b>					
Held in Trust for Pension and Other Employee Benefits	8,130,421	16,752,210	210,135	17,561	12,845
<b>TOTAL NET ASSETS</b>	<b>\$ 8,130,421</b>	<b>\$ 16,752,210</b>	<b>\$ 210,135</b>	<b>\$ 17,561</b>	<b>\$ 12,845</b>



State Port Authority Railway Plan	Clerks and Registers Supernumerary	Flexible Employees' Benefits Board	Employee Savings Plans	Retired Education Employees' Health Care	Retired State Employees' Health Care Trust	Totals
\$ 0	\$ 32	\$ 538	\$ 764	\$ 0	\$ 0	\$ 56,529
160	2,661	-	289,811	87,124	11,583	1,373,067
49	893	-	102,666	31,077	7,068	525,008
82	1,460	-	157,821	37,762	5,420	813,856
84	4	-	217,454	305,689	39,693	10,880,027
228	4,259	-	487,423	103,426	19,667	5,485,508
-	-	-	-	-	-	2,783,294
13	-	-	164,589	112,996	-	706,607
-	-	-	-	89,275	10,576	3,381,129
113	1,577	-	82,544	35,339	14,239	354,356
-	-	-	-	-	-	92,685
-	-	-	-	-	3	43,997
-	-	-	-	9	-	1,033,885
-	-	36	-	6,902	5,094	13,798
6	95	-	11,175	3,644	670	100,752
131	2,235	8	96,196	70,207	54,899	1,981,294
-	-	-	-	667	-	667
-	-	-	-	-	-	146,733
-	-	-	-	-	-	7,620
<b>866</b>	<b>13,216</b>	<b>582</b>	<b>1,610,443</b>	<b>884,117</b>	<b>168,912</b>	<b>29,780,812</b>
\$ 0	\$ 32	\$ 0	\$ 764	\$ 0	\$ 0	\$ 41,647
3	47	-	5,457	1,567	193	176,800
-	-	-	-	-	-	2,196
-	-	-	-	-	-	7
-	-	775	-	-	-	1,907
-	-	-	-	34,409	10,978	45,387
131	2,235	8	96,196	70,207	54,899	1,981,294
-	-	-	-	-	2,228	2,228
-	-	-	-	-	-	4,342
-	-	-	-	-	-	3,825
-	-	1,000	-	-	-	1,000
<b>134</b>	<b>2,314</b>	<b>1,783</b>	<b>102,417</b>	<b>106,183</b>	<b>68,298</b>	<b>2,260,633</b>
732	10,902	(1,201)	1,508,026	777,934	100,614	27,520,179
<b>\$ 732</b>	<b>\$ 10,902</b>	<b>\$ (1,201)</b>	<b>\$ 1,508,026</b>	<b>\$ 777,934</b>	<b>\$ 100,614</b>	<b>\$ 27,520,179</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS  
Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Employees' Retirement System	Teachers' Retirement System	Judicial Retirement Fund	Peace Officers' Annuity and Benefits	State Port Authority Hourly Plan
<b>ADDITIONS</b>					
Contributions:					
Plan members	\$ 193,697	\$ 321,137	\$ 2,556	\$ 628	\$ 0
Employer	394,958	779,644	10,906	67	1,271
Federal On-Behalf	-	-	-	-	-
Total Contributions	588,655	1,100,781	13,462	695	1,271
Investment Earnings					
Investment Interest and Dividends	307,111	624,464	6,853	421	412
Net Increase (Decrease) in Fair Value of Investments	(112,758)	(278,407)	(4,961)	(608)	44
Securities Lending Income	6,891	15,643	201	-	13
Total Investment Earnings	201,244	361,700	2,093	(187)	469
Less:					
Investment Expense	2,496	5,309	-	39	-
Securities Lending Interest and Fees	2,038	4,512	72	-	4
Net Investment Income	196,710	351,879	2,021	(226)	465
Other Additions					
Licenses and Fees	-	-	-	3,001	-
Miscellaneous	2,313	2,143	98	278	-
Total Other Additions	2,313	2,143	98	3,279	0
<b>Total Additions</b>	<b>787,678</b>	<b>1,454,803</b>	<b>15,581</b>	<b>3,748</b>	<b>1,736</b>
<b>DEDUCTIONS</b>					
Benefit Payments and Refunds	819,754	1,723,221	26,413	4,445	955
Administrative Expense	14,259	17,207	277	426	-
<b>Total Deductions</b>	<b>834,013</b>	<b>1,740,428</b>	<b>26,690</b>	<b>4,871</b>	<b>955</b>
<b>Changes in Net Assets</b>	<b>(46,335)</b>	<b>(285,625)</b>	<b>(11,109)</b>	<b>(1,123)</b>	<b>781</b>
Net Assets Held in Trust for Pension and Other Employee Benefits, October 1, 2010, as Restated	8,176,756	17,037,835	221,244	18,684	12,064
<b>Net Assets Held in Trust for Pension and Other Employee Benefits, September 30, 2011</b>	<b>\$ 8,130,421</b>	<b>\$ 16,752,210</b>	<b>\$ 210,135</b>	<b>\$ 17,561</b>	<b>\$ 12,845</b>

State Port Authority Railway Plan	Clerks and Registers Supernumerary	Flexible Employees' Benefits Board	Employee Savings Plans	Retired Education Employees' Health Care	Retired State Employees' Health Care Trust	Totals
\$ 0	\$ 349	\$ 27,636	\$ 132,619	\$ 91,351	\$ 26,891	\$ 796,864
170	-	2,736	-	265,910	105,127	1,560,789
-	-	-	-	35,919	10,781	46,700
170	349	30,372	132,619	393,180	142,799	2,404,353
23	412	-	51,821	19,738	2,990	1,014,245
1	47	-	337	(12,814)	(1,794)	(410,913)
1	13	-	2,578	743	142	26,225
25	472	0	54,736	7,667	1,338	629,557
-	-	-	-	-	-	7,844
-	4	-	691	210	48	7,579
25	468	0	54,045	7,457	1,290	614,134
-	-	-	-	-	-	3,001
-	-	-	-	-	-	4,832
0	0	0	0	0	0	7,833
<b>195</b>	<b>817</b>	<b>30,372</b>	<b>186,664</b>	<b>400,637</b>	<b>144,089</b>	<b>3,026,320</b>
169	421	28,456	98,721	372,240	129,903	3,204,698
-	-	1,813	-	849	225	35,056
<b>169</b>	<b>421</b>	<b>30,269</b>	<b>98,721</b>	<b>373,089</b>	<b>130,128</b>	<b>3,239,754</b>
<b>26</b>	<b>396</b>	<b>103</b>	<b>87,943</b>	<b>27,548</b>	<b>13,961</b>	<b>(213,434)</b>
706	10,506	(1,304)	1,420,083	750,386	86,653	27,733,613
<b>\$ 732</b>	<b>\$ 10,902</b>	<b>\$ (1,201)</b>	<b>\$ 1,508,026</b>	<b>\$ 777,934</b>	<b>\$ 100,614</b>	<b>\$ 27,520,179</b>



# Private-Purpose Trust Funds

*Private-Purpose Trust Funds report trust arrangements where the principal and income benefit individuals, private organizations or other governments.*

## **Prepaid Affordable College Tuition**

Accounts for the operation of a prepaid college tuition plan for the benefit of individual citizens of Alabama.

## **Alabama College Education Savings Plan**

Accounts for the operation of an individual college tuition savings plan.

## **Local Education Endowments**

Accounts for the proceeds of several endowments donated by private citizens for the benefit of specific local school systems.

## **Foundation for Local Schools**

Accounts for monies donated by the private sector which are invested and used for the benefit of specific local public schools.

## STATE OF ALABAMA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
Private-Purpose Trust Funds

September 30, 2011

(Amounts in Thousands)

	Prepaid Affordable College Tuition	Alabama College Education Savings Plan	Local Education Endowments	Foundation for Local Schools	Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 10,310	\$ 1,638	\$ 5	\$ 0	\$ 11,953
Investments					
Time Deposits	-	-	132	-	132
U.S. Treasury Securities	41,206	-	852	211	42,269
U.S. Agency Securities	43,691	-	229	110	44,030
State and Local Government Securities	3,850	-	-	-	3,850
Mortgage Backed Securities	104,231	-	462	115	104,808
Corporate Stocks	19	-	3,270	-	3,289
Corporate Bonds	158,787	-	1,259	342	160,388
Real Estate	-	-	840	-	840
Mutual and Money Market Funds	54,186	715,701	1,068	71	771,026
Receivables					
Investment Sales Receivable	-	791	-	-	791
Accounts Receivable	164	-	-	-	164
Interest and Dividends Receivable	3,064	374	1	9	3,448
Securities Lending Collateral	36	2	4,038	209	4,285
<b>TOTAL ASSETS</b>	<b>419,544</b>	<b>718,506</b>	<b>12,156</b>	<b>1,067</b>	<b>1,151,273</b>
<b>LIABILITIES</b>					
Warrants Payable	750	-	-	-	750
Investment Purchases Payable	-	-	16	4	20
Salaries Payable	17	2	-	-	19
Due to Other Funds	7	-	-	-	7
Accounts Payable	37,898	2,522	-	-	40,420
Securities Lending Obligation	36	2	4,038	209	4,285
Compensated Absences	49	-	-	-	49
Other Post-employment Benefits	51	10	-	-	61
<b>TOTAL LIABILITIES</b>	<b>38,808</b>	<b>2,536</b>	<b>4,054</b>	<b>213</b>	<b>45,611</b>
<b>NET ASSETS</b>					
Held in Trust for Beneficiaries	380,736	715,970	8,102	854	1,105,662
<b>TOTAL NET ASSETS</b>	<b>\$ 380,736</b>	<b>\$ 715,970</b>	<b>\$ 8,102</b>	<b>\$ 854</b>	<b>\$ 1,105,662</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
Private-Purpose Trust Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Prepaid Affordable College Tuition	Alabama College Education Savings Plan	Local Education Endowments	Foundation for Local Schools	Totals
<b>ADDITIONS</b>					
Contributions:					
Plan members	\$ 6,353	\$ 116,115	\$ 0	\$ 0	\$ 122,468
Total Contributions	6,353	116,115	0	0	122,468
Investment Earnings					
Investment Interest and Dividends	15,984	19,513	191	33	35,721
Net Increase (Decrease) in Fair Value of Investments	10,098	(24,681)	(575)	3	(15,155)
Securities Lending Income	-	-	9	2	11
Total Investment Earnings	26,082	(5,168)	(375)	38	20,577
Less:					
Securities Lending Interest and Fees	-	-	3	-	3
Net Investment Income	26,082	(5,168)	(378)	38	20,574
Other Additions					
Miscellaneous	790	119	46	-	955
Total Other Additions	790	119	46	0	955
<b>Total Additions</b>	<b>33,225</b>	<b>111,066</b>	<b>(332)</b>	<b>38</b>	<b>143,997</b>
<b>DEDUCTIONS</b>					
Benefit Payments and Refunds	96,199	71,824	10	-	168,033
Administrative Expense	6,903	5,768	-	-	12,671
<b>Total Deductions</b>	<b>103,102</b>	<b>77,592</b>	<b>10</b>	<b>0</b>	<b>180,704</b>
<b>Changes in Net Assets</b>	<b>(69,877)</b>	<b>33,474</b>	<b>(342)</b>	<b>38</b>	<b>(36,707)</b>
Net Assets Held in Trust					
for Beneficiaries, October 1, 2010, as Restated	450,613	682,496	8,444	816	1,142,369
<b>Net Assets Held in Trust</b>					
<b>for Beneficiaries, September 30, 2011</b>	<b>\$ 380,736</b>	<b>\$ 715,970</b>	<b>\$ 8,102</b>	<b>\$ 854</b>	<b>\$ 1,105,662</b>





# Agency Funds

*Agency Funds report assets held by the State in a purely custodial capacity (assets equal liabilities). Agency funds typically involve the receipt, temporary investment, and remittance of resources to individuals, organizations or other governments.*

## **State Clearing Accounts**

Accounts for the collection and distribution of State taxes and licenses as well as amounts collected and held by courts for individuals.

## **Taxes Collected for Local Governments**

Accounts for local taxes which are collected by the State as a service for local governments. These taxes do not represent future revenues of the State.

## **Payroll**

Accounts for amounts withheld from employees that are not yet distributed to outside organizations or governments.

## **Other Agency Funds**

Are aggregated for financial reporting purposes and represent amounts held for child support payments, cash bonds, and numerous other amounts held for individuals and organizations outside of State government.

## STATE OF ALABAMA

## COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

## Agency Funds

September 30, 2011

(Amounts in Thousands)

	State Clearing Accounts	Taxes Collected for Local Governments	Payroll	Other Agency Funds	Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 153,422	\$ 4,223	\$ 2,597	\$ 21,976	\$ 182,218
Investments	-	-	-	55,012	55,012
Due from Other Funds	1	-	6	156	163
Accounts Receivable	5	-	4	19	28
Securities Lending Collateral	131	65	40	254	490
<b>TOTAL ASSETS</b>	<b>\$ 153,559</b>	<b>\$ 4,288</b>	<b>\$ 2,647</b>	<b>\$ 77,417</b>	<b>\$ 237,911</b>
<b>LIABILITIES</b>					
Warrants Payable	\$ 9,871	\$ 179	\$ 1,864	\$ 2,890	\$ 14,804
Accounts Payable	4	-	-	178	182
Due to Other Governments	521	4,044	-	126	4,691
Securities Lending Obligation	131	65	40	254	490
Amounts Held in Custody for Others	143,032	-	743	73,969	217,744
<b>TOTAL LIABILITIES</b>	<b>\$ 153,559</b>	<b>\$ 4,288</b>	<b>\$ 2,647</b>	<b>\$ 77,417</b>	<b>\$ 237,911</b>



# STATE OF ALABAMA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES Agency Funds

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Balance October 1, 2010	Additions	Reductions	Balance September 30, 2011
<b>STATE CLEARING ACCOUNTS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 137,986	\$ 16,426,612	\$ 16,411,176	\$ 153,422
Due from Other Funds	1	450	450	1
Accounts Receivable	6	-	1	5
Taxes Receivable	-	490,585	490,585	-
Securities Lending Collateral	501	131	501	131
<b>TOTAL ASSETS</b>	<b>\$ 138,494</b>	<b>\$ 16,917,778</b>	<b>\$ 16,902,713</b>	<b>\$ 153,559</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 16,927	\$ 695,785	\$ 702,841	\$ 9,871
Due to Other Funds	-	406,884	406,884	-
Accounts Payable	1	26,618	26,615	4
Tax Refunds Payable	-	85,204	85,204	-
Due to Other Governments	591	7,066	7,136	521
Securities Lending Obligation	501	131	501	131
Amounts Held Pending Distribution	-	33,080,938	33,080,938	-
Deferred Revenue	-	5,696	5,696	-
Amounts Held in Custody for Others	120,474	420,415	397,857	143,032
<b>TOTAL LIABILITIES</b>	<b>\$ 138,494</b>	<b>\$ 34,728,737</b>	<b>\$ 34,713,672</b>	<b>\$ 153,559</b>
<b>TAXES COLLECTED FOR LOCAL GOVTS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,470	\$ 267,893	\$ 267,140	\$ 4,223
Securities Lending Collateral	150	65	150	65
<b>TOTAL ASSETS</b>	<b>\$ 3,620</b>	<b>\$ 267,958</b>	<b>\$ 267,290</b>	<b>\$ 4,288</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 96	\$ 261,157	\$ 261,074	\$ 179
Accounts Payable	-	11,365	11,365	-
Due to Other Governments	3,374	267,462	266,792	4,044
Securities Lending Obligation	150	65	150	65
Amounts Held Pending Distribution	-	3,428	3,428	-
<b>TOTAL LIABILITIES</b>	<b>\$ 3,620</b>	<b>\$ 543,477</b>	<b>\$ 542,809</b>	<b>\$ 4,288</b>
<b>PAYROLL</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,257	\$ 2,440,916	\$ 2,441,576	\$ 2,597
Due from Other Funds	7	172	173	6
Accounts Receivable	3	1	-	4
Securities Lending Collateral	140	40	140	40
<b>TOTAL ASSETS</b>	<b>\$ 3,407</b>	<b>\$ 2,441,129</b>	<b>\$ 2,441,889</b>	<b>\$ 2,647</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 2,434	\$ 1,950,037	\$ 1,950,607	\$ 1,864
Due to Other Funds	-	249	249	-
Accounts Payable	-	786,471	786,471	-
Securities Lending Obligation	140	40	140	40
Amounts Held Pending Distribution	-	719,076	719,076	-
Amounts Held in Custody for Others	833	558,402	558,492	743
<b>TOTAL LIABILITIES</b>	<b>\$ 3,407</b>	<b>\$ 4,014,275</b>	<b>\$ 4,015,035</b>	<b>\$ 2,647</b>

	Balance October 1, 2010	Additions	Reductions	Balance September 30, 2011
<b>OTHER AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 36,023	\$ 758,652	\$ 772,699	\$ 21,976
Investments	62,583	808	8,379	55,012
Due from Other Funds	121	174	139	156
Accounts Receivable	17	250	248	19
Securities Lending Collateral	1,326	254	1,326	254
<b>TOTAL ASSETS</b>	<b>\$ 100,070</b>	<b>\$ 760,138</b>	<b>\$ 782,791</b>	<b>\$ 77,417</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 3,082	\$ 334,681	\$ 334,873	\$ 2,890
Due to Other Funds	-	11	11	-
Accounts Payable	618	18,350	18,790	178
Due to Other Governments	147	688	709	126
Securities Lending Obligation	1,326	254	1,326	254
Amounts Held Pending Distribution	-	368,096	368,096	-
Amounts Held in Custody for Others	94,897	387,395	408,323	73,969
<b>TOTAL LIABILITIES</b>	<b>\$ 100,070</b>	<b>\$ 1,109,475</b>	<b>\$ 1,132,128</b>	<b>\$ 77,417</b>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 180,736	\$ 19,894,073	\$ 19,892,591	\$ 182,218
Investments	62,583	808	8,379	55,012
Due from Other Funds	129	796	762	163
Accounts Receivable	26	251	249	28
Taxes Receivable	-	490,585	490,585	-
Securities Lending Collateral	2,117	490	2,117	490
<b>TOTAL ASSETS</b>	<b>\$ 245,591</b>	<b>\$ 20,387,003</b>	<b>\$ 20,394,683</b>	<b>\$ 237,911</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 22,539	\$ 3,241,660	\$ 3,249,395	\$ 14,804
Due to Other Funds	-	407,144	407,144	-
Accounts Payable	619	842,804	843,241	182
Tax Refunds Payable	-	85,204	85,204	-
Due to Other Governments	4,112	275,216	274,637	4,691
Securities Lending Obligation	2,117	490	2,117	490
Amounts Held Pending Distribution	-	34,171,538	34,171,538	-
Deferred Revenue	-	5,696	5,696	-
Amounts Held in Custody for Others	216,204	1,366,212	1,364,672	217,744
<b>TOTAL LIABILITIES</b>	<b>\$ 245,591</b>	<b>\$ 40,395,964</b>	<b>\$ 40,403,644</b>	<b>\$ 237,911</b>



# Nonmajor Component Units

## **Higher Education Loan Corporation**

Provides Alabama lending institutions with a secondary market for student loans made under the Higher Education Act, which established the Federal Guaranteed Student Loan Program.

## **Drinking Water Finance Authority**

Issues revolving loan bonds and lends the bond proceeds to local governments at below market rates for the construction of drinking water treatment and distribution facilities.

## **Alabama Agricultural and Mechanical University**

Reports the operations and balances of the University.

## **Alabama State University**

Reports the operations and balances of the University.

## **Jacksonville State University**

Reports the operations and balances of the University.

## **University of North Alabama**

Reports the operations and balances of the University.

## **Troy University**

Reports the operations and balances of the University.

## **Space Science Exhibit Commission**

Operates the U.S. Space and Rocket Center and the U.S. Space Camp.

## **Historical Commission**

Preserves and maintains buildings, objects, and sites of historical significance.

## **Incentives Finance Authority**

Issues bonded debt for the purpose of making incentive grants to major industries locating or expanding within the State.

## **Twenty-first Century Authority**

Finances economic development and industrial recruitment incentive grants primarily with debt secured by tobacco settlement revenues.

## **Other Nonmajor Component Units**

Combined totals of other nonmajor component units, which are reported in more detail later in this report.

## STATE OF ALABAMA

COMBINING STATEMENT OF NET ASSETS  
Nonmajor Component Units

September 30, 2011

(Amounts in Thousands)

	Higher Education Loan Corporation	Drinking Water Finance Authority	Alabama Agricultural and Mechanical University	Alabama State University	Jacksonville State University
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,492	\$ 57,942	\$ 6,965	\$ 101,792	\$ 61,543
Investments	-	53,939	6,682	71,682	36,509
Due from Primary Government	-	-	-	-	-
Accounts Receivable	-	-	21,522	13,550	13,007
Due from Other Governments	-	244,670	-	5,211	-
Interest and Dividends Receivable	-	1,206	-	92	-
Mortgages, Notes, and Loans Receivable	-	-	16,120	1,955	875
Securities Lending Collateral	-	-	-	-	-
Inventory	-	-	-	23	3
Restricted Assets	-	-	-	-	-
Other Assets	-	7,634	11,423	6,654	2,543
Capital Assets, Net of Accumulated Depreciation	-	2	97,084	139,499	112,351
Capital Assets Not Depreciated	-	-	25,660	115,099	6,036
Deferred Outflows	-	-	-	4,343	-
<b>TOTAL ASSETS</b>	<b>3,492</b>	<b>365,393</b>	<b>185,456</b>	<b>459,900</b>	<b>232,867</b>
<b>LIABILITIES</b>					
Warrants Payable	-	1	-	-	-
Investment Purchases Payable	-	-	-	-	-
Salaries Payable	-	-	-	-	3,077
Due to Primary Government	-	1,147	-	-	-
Due to Component Units	-	-	-	-	-
Accounts Payable	7	22	16,720	19,191	6,223
Interest Payable	-	1,003	1,386	-	-
Due to Other Governments	-	31,719	-	-	-
Securities Lending Obligation	-	-	-	-	-
Unearned Revenue	-	-	27,317	15,453	21,558
Amounts Held in Custody for Others	-	-	2,889	-	4,073
Noncurrent Liabilities:					
Due Within One Year	-	7,290	2,970	8,106	3,110
Due In More Than One Year	-	159,679	56,763	220,137	79,979
<b>TOTAL LIABILITIES</b>	<b>7</b>	<b>200,861</b>	<b>108,045</b>	<b>262,887</b>	<b>118,020</b>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	-	2	70,514	101,939	35,757
Restricted for:					
Permanent - Expendable	-	-	-	13,403	23,346
Permanent - Non-expendable	-	-	-	48,068	10,758
Debt Service	-	164,530	5,828	-	6,144
Capital Projects	-	-	-	-	-
Other Purposes	-	-	8,610	7,982	2,674
Unrestricted	3,485	-	(7,541)	25,621	36,168
<b>TOTAL NET ASSETS</b>	<b>\$ 3,485</b>	<b>\$ 164,532</b>	<b>\$ 77,411</b>	<b>\$ 197,013</b>	<b>\$ 114,847</b>



University of North Alabama	Troy University	Space Science Exhibit Commission	Historical Commission	Incentives Finance Authority	Twenty-first Century Authority	Other Nonmajor Component Units	Totals
\$ 51,634	\$ 218,208	\$ 327	\$ 6,886	\$ 45,380	\$ 32,242	\$ 75,042	\$ 661,453
49,043	30,839	-	9,131	-	-	71,805	329,630
-	-	-	13	-	-	590	603
5,750	39,384	1,431	-	-	95,000	35,243	224,887
-	-	-	-	-	-	445	250,326
-	-	-	72	-	-	209	1,579
2,220	2,152	-	-	-	-	404	23,726
-	-	-	4,565	2	10	172	4,749
28	98	399	182	-	-	8,173	8,906
-	-	3,109	-	-	-	1,438	4,547
930	2,522	320	-	653	-	4,773	37,452
60,768	168,165	45,803	414	7,893	560	116,520	749,059
8,331	63,492	7,149	76,788	596	-	28,298	331,449
-	-	-	-	-	-	-	4,343
<b>178,704</b>	<b>524,860</b>	<b>58,538</b>	<b>98,051</b>	<b>54,524</b>	<b>127,812</b>	<b>343,112</b>	<b>2,632,709</b>
-	-	-	116	-	-	-	117
-	-	-	27	-	-	-	27
681	-	-	305	-	-	123	4,186
-	-	-	66	-	-	1,390	2,603
-	-	-	1	-	-	1	2
2,406	16,599	3,014	298	6	10	11,577	76,073
594	-	322	-	582	2,361	137	6,385
-	-	-	40	-	-	938	32,697
-	-	-	4,565	2	10	172	4,749
13,314	42,972	1,493	-	-	-	22,303	144,410
553	5,582	-	-	-	-	1,863	14,960
922	4,710	5,567	-	5,045	6,530	4,858	49,108
46,069	138,674	15,023	1,487	132,503	103,059	75,204	1,028,577
<b>64,539</b>	<b>208,537</b>	<b>25,419</b>	<b>6,905</b>	<b>138,138</b>	<b>111,970</b>	<b>118,566</b>	<b>1,363,894</b>
48,785	109,279	38,155	77,202	8,489	560	112,714	603,396
8,752	21,715	-	-	-	-	12,340	79,556
17,207	17,994	-	9,176	-	-	17,569	120,772
736	-	-	-	34,168	25,242	247	236,895
-	-	-	-	-	-	1,215	1,215
2,289	338	3,136	-	-	-	215	25,244
36,396	166,997	(8,172)	4,768	(126,271)	(9,960)	80,246	201,737
<b>\$ 114,165</b>	<b>\$ 316,323</b>	<b>\$ 33,119</b>	<b>\$ 91,146</b>	<b>\$ (83,614)</b>	<b>\$ 15,842</b>	<b>\$ 224,546</b>	<b>\$ 1,268,815</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF ACTIVITIES  
Nonmajor Component Units

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Higher Education Loan Corporation	Drinking Water Finance Authority	Alabama Agricultural and Mechanical University	Alabama State University	Jacksonville State University
<b>Expenses</b>	<b>\$ 4,187</b>	<b>\$ 18,590</b>	<b>\$ 142,256</b>	<b>\$ 147,187</b>	<b>\$ 124,055</b>
<b>Program Revenues</b>					
Charges for Services	71	8,791	53,966	55,383	58,373
Operating Grants and Contributions	-	20,302	45,797	44,914	28,117
Capital Grants and Contributions	-	-	-	7,696	316
<b>Total Program Revenues</b>	<b>71</b>	<b>29,093</b>	<b>99,763</b>	<b>107,993</b>	<b>86,806</b>
<b>Net (Expense) Revenue</b>	<b>(4,116)</b>	<b>10,503</b>	<b>(42,493)</b>	<b>(39,194)</b>	<b>(37,249)</b>
<b>General Revenues:</b>					
Payments from State of Alabama	-	-	39,742	45,521	39,499
Investment Earnings	2	3,700	9	5,862	3,086
Miscellaneous	-	1,677	2,758	-	15
Contributions to Permanent Funds and Endowments	-	-	-	-	-
Special Items	-	-	-	(2,485)	-
<b>Total General Revenues, Contributions, Special Items</b>	<b>2</b>	<b>5,377</b>	<b>42,509</b>	<b>48,898</b>	<b>42,600</b>
<b>Change in Net Assets</b>	<b>(4,114)</b>	<b>15,880</b>	<b>16</b>	<b>9,704</b>	<b>5,351</b>
Net Assets, October 1, 2010, as Restated	7,599	148,652	77,395	187,309	109,496
<b>Net Assets, September 30, 2011</b>	<b>\$ 3,485</b>	<b>\$ 164,532</b>	<b>\$ 77,411</b>	<b>\$ 197,013</b>	<b>\$ 114,847</b>

University of North Alabama	Troy University	Space Science Exhibit Commission	Historical Commission	Incentives Finance Authority	Twenty-first Century Authority	Other Nonmajor Component Units	Totals
\$ 89,697	\$ 261,314	\$ 26,900	\$ 7,047	\$ 10,798	\$ 85,405	\$ 256,641	\$ 1,174,077
44,318	168,343	22,573	1,634	8	-	116,467	529,927
19,475	69,238	35	1,556	-	-	47,943	277,377
3,820	5,492	490	286	-	-	521	18,621
<b>67,613</b>	<b>243,073</b>	<b>23,098</b>	<b>3,476</b>	<b>8</b>	<b>0</b>	<b>164,931</b>	<b>825,925</b>
<b>(22,084)</b>	<b>(18,241)</b>	<b>(3,802)</b>	<b>(3,571)</b>	<b>(10,790)</b>	<b>(85,405)</b>	<b>(91,710)</b>	<b>(348,152)</b>
26,747	48,339	1,500	3,780	19,903	82,001	91,018	398,050
152	1,186	4	325	84	32	(13)	14,429
221	-	-	1	-	370	323	5,365
153	-	-	-	-	-	-	153
-	-	-	-	-	-	-	(2,485)
<b>27,273</b>	<b>49,525</b>	<b>1,504</b>	<b>4,106</b>	<b>19,987</b>	<b>82,403</b>	<b>91,328</b>	<b>415,512</b>
<b>5,189</b>	<b>31,284</b>	<b>(2,298)</b>	<b>535</b>	<b>9,197</b>	<b>(3,002)</b>	<b>(382)</b>	<b>67,360</b>
108,976	285,039	35,417	90,611	(92,811)	18,844	224,928	1,201,455
<b>\$ 114,165</b>	<b>\$ 316,323</b>	<b>\$ 33,119</b>	<b>\$ 91,146</b>	<b>\$ (83,614)</b>	<b>\$ 15,842</b>	<b>\$ 224,546</b>	<b>\$ 1,268,815</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF NET ASSETS  
Other Nonmajor Component Units

September 30, 2011

(Amounts in Thousands)

	Supercomputer Authority	U.S.S. Alabama Battleship Commission	Historic Ironworks Commission	University of West Alabama	University of Montevallo
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 6,847	\$ 2,123	\$ 419	\$ 10,591	\$ 28,703
Investments	-	545	-	20,571	32,848
Due from Primary Government	340	-	-	-	-
Accounts Receivable	-	4	-	24,363	3,608
Due from Other Governments	-	-	-	-	-
Interest and Dividends Receivable	-	-	-	-	-
Mortgages, Notes, and Loans Receivable	-	-	-	-	382
Securities Lending Collateral	106	-	-	-	-
Inventory	-	228	25	1,225	-
Restricted Assets	-	-	-	-	1,438
Other Assets	32	90	-	837	3,298
Capital Assets, Net of Accumulated Depreciation	2,722	9,626	2,543	17,822	41,855
Capital Assets Not Depreciated	174	255	877	8,795	1,155
<b>TOTAL ASSETS</b>	<b>10,221</b>	<b>12,871</b>	<b>3,864</b>	<b>84,204</b>	<b>113,287</b>
<b>LIABILITIES</b>					
Salaries Payable	-	-	4	-	-
Due to Primary Government	45	-	-	-	-
Due to Component Units	1	-	-	-	-
Accounts Payable	1,384	-	56	2,547	3,568
Interest Payable	-	-	-	53	-
Due to Other Governments	19	204	-	-	497
Securities Lending Obligation	106	-	-	-	-
Unearned Revenue	-	-	-	8,513	10,148
Amounts Held in Custody for Others	-	-	-	977	583
Noncurrent Liabilities:					
Due Within One Year	-	-	50	225	931
Due In More Than One Year	294	487	680	30,066	20,529
<b>TOTAL LIABILITIES</b>	<b>1,849</b>	<b>691</b>	<b>790</b>	<b>42,381</b>	<b>36,256</b>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	2,896	9,881	3,010	18,073	22,918
Restricted for:					
Permanent - Expendable	-	-	-	-	10,195
Permanent - Non-expendable	-	-	-	423	14,053
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
Other Purposes	-	-	-	-	-
Unrestricted	5,476	2,299	64	23,327	29,865
<b>TOTAL NET ASSETS</b>	<b>\$ 8,372</b>	<b>\$ 12,180</b>	<b>\$ 3,074</b>	<b>\$ 41,823</b>	<b>\$ 77,031</b>

Alabama Institute for the Deaf and Blind	Marine Environmental Sciences Consortium	Red Mountain Recreation Commission	State Industrial Development Authority	Revolving Loan Fund Authority	Crime Victims Compensation Commission	Miscellaneous Component Units	Totals
\$ 11,222	\$ 2,946	\$ 319	\$ 4,056	\$ 0	\$ 5,866	\$ 1,950	\$ 75,042
13,850	-	436	-	-	3,555	-	71,805
-	-	-	-	-	-	250	590
4,825	2,443	-	-	-	-	-	35,243
-	-	-	-	-	-	445	445
209	-	-	-	-	-	-	209
22	-	-	-	-	-	-	404
-	-	-	63	-	2	1	172
6,543	126	-	-	-	-	26	8,173
-	-	-	-	-	-	-	1,438
158	-	-	-	358	-	-	4,773
28,274	12,191	19	-	-	1,220	248	116,520
2,187	659	14,035	-	-	-	161	28,298
<b>67,290</b>	<b>18,365</b>	<b>14,809</b>	<b>4,119</b>	<b>358</b>	<b>10,643</b>	<b>3,081</b>	<b>343,112</b>
-	-	-	-	-	119	-	123
-	-	-	-	-	1,070	275	1,390
-	-	-	-	-	-	-	1
3,506	505	-	-	-	11	-	11,577
-	-	-	2	82	-	-	137
-	-	-	218	-	-	-	938
-	-	-	63	-	2	1	172
642	3,000	-	-	-	-	-	22,303
187	111	-	-	-	-	5	1,863
1,077	41	40	100	865	1,529	-	4,858
1,911	393	499	40	19,567	566	172	75,204
<b>7,323</b>	<b>4,050</b>	<b>539</b>	<b>423</b>	<b>20,514</b>	<b>3,297</b>	<b>453</b>	<b>118,566</b>
27,972	12,789	13,547	-	-	1,220	408	112,714
2,145	-	-	-	-	-	-	12,340
3,093	-	-	-	-	-	-	17,569
-	-	-	245	-	-	2	247
-	-	-	-	-	-	1,215	1,215
-	215	-	-	-	-	-	215
26,757	1,311	723	3,451	(20,156)	6,126	1,003	80,246
<b>\$ 59,967</b>	<b>\$ 14,315</b>	<b>\$ 14,270</b>	<b>\$ 3,696</b>	<b>\$ (20,156)</b>	<b>\$ 7,346</b>	<b>\$ 2,628</b>	<b>\$ 224,546</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF ACTIVITIES  
Other Nonmajor Component Units

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Supercomputer Authority	U.S.S. Alabama Battleship Commission	Historic Ironworks Commission	University of West Alabama	University of Montevallo
<b>Expenses</b>	<b>\$ 11,211</b>	<b>\$ 4,264</b>	<b>\$ 1,762</b>	<b>\$ 62,139</b>	<b>\$ 56,012</b>
<b>Program Revenues</b>					
Charges for Services	2,523	3,888	1,523	41,365	26,194
Operating Grants and Contributions	3	675	142	14,244	10,966
Capital Grants and Contributions	-	-	-	-	43
<b>Total Program Revenues</b>	<b>2,526</b>	<b>4,563</b>	<b>1,665</b>	<b>55,609</b>	<b>37,203</b>
<b>Net (Expense) Revenue</b>	<b>(8,685)</b>	<b>299</b>	<b>(97)</b>	<b>(6,530)</b>	<b>(18,809)</b>
<b>General Revenues:</b>					
Payments from State of Alabama	8,295	-	129	14,868	18,982
Investment Earnings	-	6	-	35	(187)
Miscellaneous	3	-	-	-	-
<b>Total General Revenues</b>	<b>8,298</b>	<b>6</b>	<b>129</b>	<b>14,903</b>	<b>18,795</b>
<b>Change in Net Assets</b>	<b>(387)</b>	<b>305</b>	<b>32</b>	<b>8,373</b>	<b>(14)</b>
Net Assets, October 1, 2010, as Restated	8,759	11,875	3,042	33,450	77,045
<b>Net Assets, September 30, 2011</b>	<b>\$ 8,372</b>	<b>\$ 12,180</b>	<b>\$ 3,074</b>	<b>\$ 41,823</b>	<b>\$ 77,031</b>

Alabama Institute for the Deaf and Blind	Marine Environmental Sciences Consortium	Red Mountain Recreation Commission	State Industrial Development Authority	Revolving Loan Fund Authority	Crime Victims Compensation Commission	Miscellaneous Component Units	Totals
<b>\$ 85,749</b>	<b>\$ 15,264</b>	<b>\$ 1,169</b>	<b>\$ 1,444</b>	<b>\$ 12,506</b>	<b>\$ 4,204</b>	<b>\$ 917</b>	<b>\$ 256,641</b>
30,897	5,748	-	44	-	4,164	121	116,467
12,028	7,383	413	-	-	2,059	30	47,943
246	-	-	-	-	-	232	521
<b>43,171</b>	<b>13,131</b>	<b>413</b>	<b>44</b>	<b>0</b>	<b>6,223</b>	<b>383</b>	<b>164,931</b>
<b>(42,578)</b>	<b>(2,133)</b>	<b>(756)</b>	<b>(1,400)</b>	<b>(12,506)</b>	<b>2,019</b>	<b>(534)</b>	<b>(91,710)</b>
42,059	3,469	-	2,000	731	67	418	91,018
89	4	9	-	6	(9)	34	(13)
313	-	-	-	-	-	7	323
<b>42,461</b>	<b>3,473</b>	<b>9</b>	<b>2,000</b>	<b>737</b>	<b>58</b>	<b>459</b>	<b>91,328</b>
<b>(117)</b>	<b>1,340</b>	<b>(747)</b>	<b>600</b>	<b>(11,769)</b>	<b>2,077</b>	<b>(75)</b>	<b>(382)</b>
60,084	12,975	15,017	3,096	(8,387)	5,269	2,703	224,928
<b>\$ 59,967</b>	<b>\$ 14,315</b>	<b>\$ 14,270</b>	<b>\$ 3,696</b>	<b>\$ (20,156)</b>	<b>\$ 7,346</b>	<b>\$ 2,628</b>	<b>\$ 224,546</b>





## **Supplemental Statements and Schedules**

*Supplemental Statements and Schedules presents schedules and statements which bring together information spread throughout the statements, presents information in greater detail, or presents information that demonstrates legal compliance.*

# STATE OF ALABAMA

## SCHEDULE OF FEDERAL REVENUES BY AGENCY

All Funds and Component Units, Excluding Amounts Received Directly by Higher Education

For the Fiscal Year Ended September 30, 2011

(Amounts in Thousands)

	Amount
Administrative Office of Courts	\$ 942
Agriculture and Industries	8,599
Attorney General	4,056
Child Abuse Prevention	1,948
Children's Affairs	1,403
Commission On Higher Education	1,718
Conservation and Natural Resources	24,687
Corrections	56,613
Council on the Arts	901
Crime Victims Compensation Commission	2,052
Criminal Justice Information Center	2,030
Drinking Water Finance Authority	20,299
Economic and Community Affairs	280,470
Education	1,351,607
Emergency Management	113,837
Environmental Management	19,009
Farmers' Market Authority	4,476
Finance	1,011
Finance Special Funds	2,352
Forensic Sciences	1,762
Forestry Commission	6,722
Forever Wild Land Trust	1,758
Geological Survey	1,837
Governor's Office of Faith Based and Community Initiatives	2,000
High School of Math and Science	357
Historical Commission	1,427
Human Resources	1,855,748
Industrial Relations	650,125
Insurance	846
Labor	161
Manufactured Housing Commission	267
Medicaid	3,727,888
Mental Health	38,989
Military	63,701
Office of Homeland Security	17,842
Office of Prosecution Services	119
Other Agencies	122
Postsecondary Education	32,043
Public Health	444,410
Public Library Service	2,608
Public Safety	13,527
Public Service Commission	1,102
Rehabilitation Services	71,222
Retired State Employees Health Care Trust	10,781
Revenue	503
Secretary of State	4,315
Senior Services	28,743
Soil and Water Conservation Commission	236
State Employees Insurance Board	898
State Port Authority	2,098
Surface Mining Commission	1,425
Transportation	924,633
University Stabilization Funds	108,142
Veterans Affairs	26,402
Water Pollution Control Authority	36,630
<b>Total Federal Revenues</b>	<b>\$ 9,979,399</b>

This part of the State of Alabama's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

### **Financial Trends**

**Page 270**

These schedules contain trend information to help the reader understand how the State's financial performance has changed over time.

- ◆ Net Assets by Component
- ◆ Changes in Net Assets
- ◆ Fund Balances of Governmental Funds
- ◆ Changes in Fund Balances of Governmental Funds

### **Revenue Capacity**

**Page 280**

These schedules contain information to help the reader assess the factors affecting the State's ability to generate its individual income tax and corporate income tax.

- ◆ Major Revenue Base
- ◆ Revenue Rates
- ◆ Principal Revenue Payers

### **Debt Capacity**

**Page 288**

These schedules present information that helps the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.

- ◆ Ratios of Outstanding Debt
- ◆ Ratios of General Bonded Debt Outstanding
- ◆ Debt Limitations
- ◆ Pledged Revenue Coverage

### **Demographic and Economic Information**

**Page 296**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

- ◆ Labor Force Statistics
- ◆ Population/Per Capita Personal Income Statistics
- ◆ Top Ten Employers in Alabama

### **Operating Information**

**Page 300**

These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

- ◆ State Government Employment by Function
- ◆ Indicators of Demand or Level of Service
- ◆ Indicators of Volume, Usage and Nature of Capital Assets

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.  
Note: The number of years presented on each schedule varies according to available data.

## STATE OF ALABAMA

## NET ASSETS BY COMPONENT

## Last Ten Fiscal Years

(Amounts in Thousands)

	2011	2010	2009	2008	2007
<b>Governmental Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$ 19,002,496	\$ 18,563,915	\$ 18,184,809	\$ 17,609,211	\$ 16,973,157
Restricted	4,926,432	4,795,170	4,448,288	4,624,598	6,020,091
Unrestricted	(1,133,633)	(729,037)	(555,756)	(223,495)	(112,874)
<b>Total Governmental Activities Net Assets</b>	<b>22,795,295</b>	<b>22,630,048</b>	<b>22,077,341</b>	<b>22,010,314</b>	<b>22,880,374</b>
<b>Business-type Activities</b>					
Invested in Capital Assets, Net of Related Debt	900,972	881,681	867,292	754,001	709,460
Restricted	105,790	102,653	92,470	479,666	513,663
Unrestricted	291,849	144,231	240,309	333,954	284,537
<b>Total Business-type Activities Net Assets</b>	<b>1,298,611</b>	<b>1,128,565</b>	<b>1,200,071</b>	<b>1,567,621</b>	<b>1,507,660</b>
<b>Primary government</b>					
Invested in Capital Assets, Net of Related Debt	19,903,468	19,445,596	19,052,101	18,363,212	17,682,617
Restricted	5,032,222	4,897,823	4,540,758	5,104,264	6,533,754
Unrestricted	(841,784)	(584,806)	(315,447)	110,459	171,663
<b>Total Primary Government Net Assets</b>	<b>\$ 24,093,906</b>	<b>\$ 23,758,613</b>	<b>\$ 23,277,412</b>	<b>\$ 23,577,935</b>	<b>\$ 24,388,034</b>

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2006	2005	2004	2003	2002
\$ 16,360,753	\$ 15,717,808	\$ 15,192,120	\$ 14,721,726	\$ 14,004,678
5,853,605	5,004,105	4,245,991	3,869,559	3,145,156
204,854	379,481	348,930	238,603	600,401
<b>22,419,212</b>	<b>21,101,394</b>	<b>19,787,041</b>	<b>18,829,888</b>	<b>17,750,235</b>
643,742	508,280	459,250	425,588	433,667
503,024	352,524	351,847	365,594	470,196
244,630	330,692	228,981	188,449	85,793
<b>1,391,396</b>	<b>1,191,496</b>	<b>1,040,078</b>	<b>979,631</b>	<b>989,656</b>
17,004,495	16,226,088	15,651,370	15,147,314	14,438,345
6,356,629	5,356,629	4,597,838	4,235,153	3,615,352
449,484	710,173	577,911	427,052	686,194
<b>\$ 23,810,608</b>	<b>\$ 22,292,890</b>	<b>\$ 20,827,119</b>	<b>\$ 19,809,519</b>	<b>\$ 18,739,891</b>

## STATE OF ALABAMA

## CHANGES IN NET ASSETS

## Last Ten Fiscal Years

(Amounts in Thousands)

	2011	2010	2009	2008	2007
<b>Expenses</b>					
<b>Governmental Activities</b>					
Economic Development and Regulation	\$ 206,420	\$ 228,957	\$ 306,533	\$ 410,911	\$ 335,373
Education and Cultural Resources	6,676,127	6,434,122	6,393,573	7,197,095	6,680,377
Natural Resources and Recreation	135,576	148,043	113,621	131,327	131,688
Health	6,097,299	6,143,061	5,555,138	5,316,763	5,361,666
Social Services	2,579,249	2,369,709	1,977,390	1,753,526	1,678,091
Protection of Persons and Property	1,114,812	1,146,961	1,112,213	1,095,652	1,014,248
Transportation	1,192,066	1,248,882	1,120,902	1,067,671	997,376
General Government	1,106,306	1,065,323	983,451	1,020,453	925,736
Debt Service - Interest and Other Charges	48,631	47,829	51,184	57,253	43,508
<b>Total Governmental Activities Expenses</b>	<b>19,156,486</b>	<b>18,832,887</b>	<b>17,614,005</b>	<b>18,050,651</b>	<b>17,168,063</b>
<b>Business-type Activities</b>					
Unemployment Compensation	1,007,325	1,323,058	1,005,780	330,068	248,448
State Port Authority	128,655	123,551	127,192	127,200	115,714
Alabama Community College System	918,402	897,134	829,039	812,195	745,122
Alcoholic Beverage Control Board	266,472	254,001	253,312	249,389	230,370
Nonmajor Proprietary Funds	49,212	45,639	45,339	47,168	45,955
<b>Total Business-type Activities Expenses</b>	<b>2,370,066</b>	<b>2,643,383</b>	<b>2,260,662</b>	<b>1,566,020</b>	<b>1,385,609</b>
<b>Total Primary Government Expenses</b>	<b>21,526,552</b>	<b>21,476,270</b>	<b>19,874,667</b>	<b>19,616,671</b>	<b>18,553,672</b>
<b>Program Revenues</b>					
<b>Governmental Activities</b>					
Charges for Services:					
Economic Development and Regulation	78,017	92,134	178,549	166,008	157,421
Education and Cultural Resources	37,438	37,312	9,908	6,665	7,533
Natural Resources and Recreation	62,694	62,347	72,004	164,709	53,920
Health	282,528	249,149	231,929	204,561	259,598
Social Services	7,251	7,622	6,416	6,590	5,905
Protection of Persons and Property	236,209	229,834	230,538	229,574	207,208
Transportation	181,784	186,440	180,924	198,669	199,489
General Government	312,740	300,852	391,715	537,424	431,341
Operating Grants and Contributions	8,985,149	9,148,048	7,609,718	6,670,099	6,618,419
Capital Grants and Contributions	929,145	927,443	812,481	874,111	719,041
<b>Total Governmental Activities Program Revenues</b>	<b>11,112,955</b>	<b>11,241,181</b>	<b>9,724,182</b>	<b>9,058,410</b>	<b>8,659,875</b>
<b>Business-type Activities</b>					
Charges for Services:					
Unemployment Compensation	546,594	411,147	221,086	227,906	228,572
State Port Authority	121,532	120,460	103,422	132,481	108,235
Alabama Community College System	188,656	179,677	160,839	155,559	152,558
Alcoholic Beverage Control Board	265,184	252,647	251,199	252,265	239,852
Nonmajor Proprietary Funds	52,135	48,504	48,011	47,019	49,548
Operating Grants and Contributions	986,502	1,176,837	666,931	305,339	270,897
Capital Grants and Contributions	20,137	31,809	49,654	13,717	19,413
<b>Total Business-type Activities Program Revenues</b>	<b>2,180,740</b>	<b>2,221,081</b>	<b>1,501,142</b>	<b>1,134,286</b>	<b>1,069,075</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 13,293,695</b>	<b>\$ 13,462,262</b>	<b>\$ 11,225,324</b>	<b>\$ 10,192,696</b>	<b>\$ 9,728,950</b>

2006	2005	2004	2003	2002
\$ 215,950	\$ 185,680	\$ 185,115	\$ 204,330	\$ 210,315
5,764,988	5,203,315	4,833,259	4,755,420	4,607,245
145,414	82,841	95,032	101,811	94,449
4,823,686	4,641,315	4,529,302	4,365,295	4,312,713
1,627,951	1,606,588	1,496,160	1,511,438	1,425,124
1,032,088	1,031,731	746,763	692,104	650,341
1,025,928	882,823	856,603	772,935	1,059,637
819,624	777,291	726,150	770,431	641,869
42,672	43,052	42,083	43,493	64,538
<b>15,498,301</b>	<b>14,454,636</b>	<b>13,510,467</b>	<b>13,217,257</b>	<b>13,066,231</b>
232,447	251,137	308,281	410,384	404,133
89,939	85,984	74,679	74,894	66,988
683,618	646,868	627,846	593,278	545,491
215,832	192,278	184,391	177,003	170,550
48,972	47,838	144,714	127,559	114,199
<b>1,270,808</b>	<b>1,224,105</b>	<b>1,339,911</b>	<b>1,383,118</b>	<b>1,301,361</b>
<b>16,769,109</b>	<b>15,678,741</b>	<b>14,850,378</b>	<b>14,600,375</b>	<b>14,367,592</b>
146,568	151,204	155,228	165,122	167,412
5,743	7,148	4,678	4,307	9,177
54,121	60,111	52,059	369,582	72,072
194,339	162,067	142,941	124,527	301,483
6,127	4,141	118,185	114,269	111,610
186,398	182,466	175,469	172,657	162,238
192,458	174,509	168,153	172,801	167,467
534,611	432,197	411,597	178,189	303,632
6,612,934	6,315,902	5,571,379	5,427,425	5,106,726
801,902	651,709	565,871	593,673	802,218
<b>8,735,201</b>	<b>8,141,454</b>	<b>7,365,560</b>	<b>7,322,552</b>	<b>7,204,035</b>
264,895	307,724	263,229	239,871	191,825
90,998	87,022	77,870	66,749	59,832
145,714	146,194	142,786	137,015	123,472
219,429	202,959	198,482	184,758	184,182
52,384	52,886	154,604	133,868	109,990
277,667	269,667	297,858	324,201	265,425
45,053	22,776	6,479	21,121	12,960
<b>1,096,140</b>	<b>1,089,228</b>	<b>1,141,308</b>	<b>1,107,583</b>	<b>947,686</b>
<b>\$ 9,831,341</b>	<b>\$ 9,230,682</b>	<b>\$ 8,506,868</b>	<b>\$ 8,430,135</b>	<b>\$ 8,151,721</b>

Continued on next page...

# STATE OF ALABAMA

## CHANGES IN NET ASSETS (Continued from Previous Page)

### Last Ten Fiscal Years

(Amounts in Thousands)

	2011	2010	2009	2008	2007
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (8,043,531)	\$ (7,591,706)	\$ (7,889,823)	\$ (8,992,241)	\$ (8,508,188)
Business Activities	(189,326)	(422,302)	(759,520)	(431,734)	(316,534)
<b>Total Primary Government</b>					
<b>Net (Expense) Revenue</b>	<b>(8,232,857)</b>	<b>(8,014,008)</b>	<b>(8,649,343)</b>	<b>(9,423,975)</b>	<b>(8,824,722)</b>
<b>General Revenues and Other Changes in Net Assets</b>					
<b>Governmental Activities</b>					
Sales and Use Taxes	2,187,852	2,108,834	2,079,718	2,261,452	2,432,286
Income Taxes	3,098,756	2,973,246	3,108,459	3,512,255	3,446,018
Motor Fuels Taxes	547,720	551,210	542,887	550,811	569,369
Utility Taxes	671,347	684,437	697,141	667,573	656,027
Insurance Premium Tax	263,428	263,243	267,726	292,866	278,139
Property Tax	315,389	315,321	320,603	314,379	301,158
Liquor Taxes	156,689	156,098	155,592	136,125	163,161
Tobacco and Cigarette Taxes	136,702	136,311	140,016	143,836	156,700
Grants and Contributions Not Restricted to Specific Programs	9,093	40,323	785	-	-
Investment Earnings	134,485	318,292	245,601	(141,251)	513,750
Miscellaneous	1,020,971	932,348	754,745	828,785	831,951
Contributions to Permanent Funds and Endowments	-	-	-	-	-
Transfers	(333,654)	(335,150)	(357,623)	(444,314)	(379,209)
<b>Total Governmental Activities</b>	<b>8,208,778</b>	<b>8,144,513</b>	<b>7,955,650</b>	<b>8,122,517</b>	<b>8,969,350</b>
<b>Business-type Activities</b>					
Liquor Taxes	11,065	10,558	9,930	9,912	9,831
Grants and Contributions Not Restricted to Specific Programs	-	-	-	-	-
Investment Earnings	1,432	2,572	13,172	23,788	40,206
Miscellaneous	12,759	11,561	12,274	13,257	3,421
Contributions to Permanent Funds and Endowments	462	102	71	88	131
Special Items	-	(9,147)	-	-	-
Transfers	333,654	335,150	357,623	444,314	379,209
<b>Total Business-type Activities</b>	<b>359,372</b>	<b>350,796</b>	<b>393,070</b>	<b>491,359</b>	<b>432,798</b>
<b>Total Primary Government</b>					
<b>General Revenues and Other Charges</b>	<b>8,568,150</b>	<b>8,495,309</b>	<b>8,348,720</b>	<b>8,613,876</b>	<b>9,402,148</b>
<b>Change in Net Assets</b>					
Governmental Activities	165,247	552,807	65,827	(869,724)	461,162
Business-type Activities	170,046	(71,506)	(366,450)	59,625	116,264
<b>Total Primary Government Changes in Net Assets</b>	<b>\$ 335,293</b>	<b>\$ 481,301</b>	<b>\$ (300,623)</b>	<b>\$ (810,099)</b>	<b>\$ 577,426</b>



2006	2005	2004	2003	2002
\$ (6,763,100)	\$ (6,313,182)	\$ (6,144,907)	\$ (5,894,705)	\$ (5,862,196)
(174,668)	(134,877)	(198,603)	(275,535)	(353,675)
<b>(6,937,768)</b>	<b>(6,448,059)</b>	<b>(6,343,510)</b>	<b>(6,170,240)</b>	<b>(6,215,871)</b>
2,110,577	2,086,070	1,873,359	1,821,912	1,659,796
3,172,117	2,938,046	2,494,384	2,520,393	2,049,460
568,880	533,696	564,031	530,255	510,342
601,473	556,211	598,245	517,757	471,369
275,230	274,698	243,761	231,020	223,448
267,062	252,142	232,275	214,126	340,768
147,651	137,244	129,651	128,746	121,486
152,751	157,715	93,093	64,324	63,190
-	6,159	75,741	84,231	7,018
284,139	236,191	173,657	210,143	113,966
822,058	721,594	850,103	878,035	833,906
-	2	-	204	680
(321,020)	(261,067)	(229,114)	(226,788)	(216,423)
<b>8,080,918</b>	<b>7,638,701</b>	<b>7,099,186</b>	<b>6,974,358</b>	<b>6,179,006</b>
9,314	8,598	8,492	7,790	7,440
-	-	-	1,806	112,684
34,056	25,124	21,545	26,891	27,253
10,056	4,330	2,765	2,026	2,045
122	201	6	207	174
-	-	-	-	-
321,020	261,067	229,114	226,788	216,423
<b>374,568</b>	<b>299,320</b>	<b>261,922</b>	<b>265,508</b>	<b>366,019</b>
<b>8,455,486</b>	<b>7,938,021</b>	<b>7,361,108</b>	<b>7,239,866</b>	<b>6,545,025</b>
1,317,818	1,325,519	954,279	1,079,653	316,810
199,900	164,443	63,319	(10,027)	12,344
<b>\$ 1,517,718</b>	<b>\$ 1,489,962</b>	<b>\$ 1,017,598</b>	<b>\$ 1,069,626</b>	<b>\$ 329,154</b>

## STATE OF ALABAMA

## FUND BALANCES OF GOVERNMENTAL FUNDS

## Last Ten Fiscal Years

(Amounts in Thousands)

	2011	2010	2009	2008	2007
<b>General Fund</b>					
Nonspendable	\$ 3,269	\$ 0	\$ 0	\$ 0	\$ 0
Assigned	1,377	-	-	-	-
Unassigned	(24,796)	-	-	-	-
Reserved	-	5,474	5,519	5,303	5,772
Unreserved	-	79,184	216,623	376,391	399,009
<b>Total General Fund</b>	<b>(20,150)</b>	<b>84,658</b>	<b>222,142</b>	<b>381,694</b>	<b>404,781</b>
<b>All Other Governmental Funds</b>					
Nonspendable	74,617	-	-	-	-
Restricted	5,106,301	-	-	-	-
Assigned	36,953	-	-	-	-
Unassigned	(326,458)	-	-	-	-
Reserved	-	3,450,427	3,163,363	3,191,402	3,498,507
Unreserved, Designated for Capital Projects	-	153,318	83,481	185,790	440,559
Unreserved, Designated for Debt Service	-	689	968	4,513	5,332
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	-	1,368,248	1,192,314	1,351,620	2,133,319
Permanent Funds	-	24,374	30,201	24,938	20,659
<b>Total All Other Governmental Funds</b>	<b>\$ 4,891,413</b>	<b>\$ 4,997,056</b>	<b>\$ 4,470,327</b>	<b>\$ 4,758,263</b>	<b>\$ 6,098,376</b>

Accounting principles for reporting fund balances changed in 2011 with the implementation of GASB Statement 54. Prior years are not required to be reclassified.

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2006	2005	2004	2003	2002
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
-	-	-	-	-
-	-	-	-	-
3,314	6,003	4,228	4,699	4,087
403,022	317,879	249,668	174,636	147,941
<b>406,336</b>	<b>323,882</b>	<b>253,896</b>	<b>179,335</b>	<b>152,028</b>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,165,956	2,888,340	2,667,067	2,528,464	2,452,710
275,528	292,934	381,579	465,437	498,935
4,866	4,606	8,208	8,979	9,249
2,513,422	2,081,782	1,483,001	1,242,256	806,768
16,173	12,147	4,538	4,708	2,123
<b>\$ 5,975,945</b>	<b>\$ 5,279,809</b>	<b>\$ 4,544,393</b>	<b>\$ 4,249,844</b>	<b>\$ 3,769,785</b>

## STATE OF ALABAMA

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

## Last Ten Fiscal Years

(Amounts in Thousands)

	2011	2010	2009	2008	2007
<b>Revenues</b>					
Taxes	\$ 8,293,168	\$ 8,072,384	\$ 8,008,871	\$ 8,446,889	\$ 8,252,828
Licenses, Permits, and Fees	664,607	667,087	659,189	649,742	652,895
Fines, Forfeits, and Court Settlements	162,358	150,366	254,739	148,030	44,180
Investment Income	132,753	313,159	243,477	(142,347)	519,855
Federal Grants and Reimbursements	9,292,000	9,306,121	7,606,333	6,697,069	6,379,007
Other Revenues	1,107,122	1,198,260	1,244,254	1,523,910	1,550,167
Total Revenues	19,652,008	19,707,377	18,016,863	17,323,293	17,398,932
<b>Expenditures</b>					
Economic Development and Regulation	184,692	204,464	226,554	84,627	79,409
Education and Cultural Resources	6,651,375	6,427,782	6,388,357	7,166,373	6,423,025
Natural Resources and Recreation	149,952	183,387	164,682	194,725	133,234
Health	6,077,718	6,129,642	5,535,484	5,125,487	5,165,879
Social Services	2,578,242	2,350,328	1,969,621	1,717,523	1,693,797
Protection of Persons and Property	1,157,910	1,114,794	1,085,493	1,025,662	982,932
Transportation	1,502,389	1,560,242	1,577,388	1,556,330	1,522,329
General Government	1,093,682	1,054,077	959,411	987,302	933,855
Capital Outlay	52,646	42,525	92,995	272,032	168,402
Debt Service - Principal Retirement	54,892	50,493	56,388	71,213	68,616
Debt Service - Interest and Other Charges	51,874	52,672	47,655	61,514	48,453
Total Expenditures	19,555,372	19,170,406	18,104,028	18,262,788	17,219,931
<b>Other Financing Sources (Uses)</b>					
Transfers In	1,332,466	1,247,478	1,391,457	1,841,818	1,520,089
Bonds Issued	-	110,000	-	10,000	305,000
Refunding Bonds Issued	91,195	112,030	-	22,660	-
Other Debt Refunding Proceeds	-	-	-	-	-
Capital Leases	5,989	2,322	9,504	171	11,738
Other Debt Issued	24,262	62,136	-	-	-
Debt Issuance Premiums	8,491	20,746	-	1,210	9,333
Debt Issuance Discounts	-	-	-	-	-
Insurance Recovery Proceeds	5,059	3,465	2,395	4,579	3,024
Transfers Out	(1,678,166)	(1,592,790)	(1,757,948)	(2,289,913)	(1,907,908)
Payments to Refunded Bond Escrow Agent	(96,755)	(74,415)	-	-	-
Current Refunding to Bondholders	-	(52,610)	-	(23,625)	-
Other Debt Refunding Uses	-	-	-	-	-
Total Other Financing Sources (Uses)	(307,459)	(161,638)	(354,592)	(433,100)	(58,724)
<b>Net Increase (Decrease) for the Year</b>	<b>(210,823)</b>	<b>375,333</b>	<b>(441,757)</b>	<b>(1,372,595)</b>	<b>120,277</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.56%</b>	<b>0.55%</b>	<b>0.6%</b>	<b>0.74%</b>	<b>0.69%</b>

2006	2005	2004	2003	2002
\$ 7,758,564	\$ 7,269,833	\$ 6,448,698	\$ 6,304,581	\$ 5,697,642
611,044	564,523	533,120	507,278	499,192
42,347	47,168	40,221	64,204	34,593
300,993	227,980	182,309	204,596	99,879
6,643,162	6,194,503	5,675,945	5,515,520	5,395,655
1,379,486	1,309,343	1,351,088	1,511,073	1,335,183
16,735,596	15,613,350	14,231,381	14,107,252	13,062,144
70,554	62,894	59,263	64,414	66,362
5,643,964	5,087,885	4,710,537	4,657,009	4,530,082
171,848	120,188	120,095	108,638	96,462
4,650,515	4,477,717	4,295,347	4,226,019	4,151,124
1,625,180	1,610,677	1,496,323	1,510,823	1,411,889
1,011,272	1,005,967	730,780	680,605	610,113
1,512,116	1,399,903	1,354,816	1,277,739	1,419,426
840,293	726,704	618,502	681,096	648,099
56,835	66,823	55,833	48,636	38,983
81,727	78,195	73,650	81,963	63,716
40,319	37,201	38,282	40,125	86,902
15,704,623	14,674,154	13,553,428	13,377,067	13,123,158
1,460,110	1,254,049	993,669	1,004,619	712,776
61,150	103,920	-	4,305	345,708
-	57,975	-	17,553	-
-	-	600	-	-
1,989	659	1,152	618	2,048
-	-	-	3,634	4,696
1,085	5,242	-	-	-
-	(580)	-	-	-
7,725	-	-	-	-
(1,791,969)	(1,527,416)	(1,239,110)	(1,239,551)	(917,652)
-	(27,949)	-	-	-
-	-	-	(17,162)	-
-	-	(600)	-	-
(259,910)	(134,100)	(244,289)	(225,984)	147,576
<b>771,063</b>	<b>805,096</b>	<b>433,664</b>	<b>504,201</b>	<b>86,562</b>
<b>0.79%</b>	<b>0.81%</b>	<b>0.83%</b>	<b>0.93%</b>	<b>1.17%</b>

**STATE OF ALABAMA****REVENUE CAPACITY****Major Revenue Base: Personal Income by Industry****Last Ten Years**

(Amounts in Thousands)

<b>Industry</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Mining	\$ 764,122	\$ 702,520	\$ 811,061	\$ 889,288	\$ 927,201
Utilities	1,571,440	1,575,923	1,628,511	1,505,213	1,461,577
Construction	6,975,891	6,823,169	7,727,710	7,590,057	7,430,022
Manufacturing	14,381,681	14,754,738	16,664,315	16,770,330	16,691,485
Wholesale Trade	5,074,717	5,070,929	5,529,409	5,493,300	5,271,910
Retail Trade	7,614,427	7,469,455	7,697,739	7,859,336	7,677,074
Transportation and warehousing	3,452,728	3,310,215	3,596,942	3,539,174	3,503,655
Finance and insurance	5,255,674	5,366,865	5,445,208	5,466,063	5,381,623
Professional and technical services	9,118,730	9,051,503	9,266,832	8,471,217	7,927,651
Government and government enterprises	25,607,094	24,960,445	24,048,175	22,758,317	21,209,975
All other	80,565,762	76,313,544	77,777,461	71,656,736	66,980,434
Total Personal Income	\$ 160,382,266	\$ 155,399,306	\$ 160,193,363	\$ 151,999,031	\$ 144,462,607
State Income Taxes	\$ 2,593,233	\$ 2,700,680	\$ 3,043,025	\$ 3,018,748	\$ 2,842,894
Average Effective Rate*	1.62%	1.74%	1.90%	1.99%	1.97%

Source: Bureau of Economic Analysis, U.S. Department of Commerce

\*Note: The average rate for personal income equals state income taxes divided by total personal income.

Year 2010 is the most recent year data is available.

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2005	2004	2003	2002	2001
\$ 819,878	\$ 704,622	\$ 620,247	\$ 631,854	\$ 603,891
1,379,863	1,434,165	1,373,643	1,289,212	1,265,693
6,856,163	6,399,496	5,943,943	5,800,633	5,848,027
15,768,861	15,078,104	14,636,176	14,262,807	14,296,560
4,919,964	4,589,285	4,234,540	4,161,318	4,039,512
7,444,056	7,102,701	6,853,885	6,547,809	6,276,564
3,298,282	3,054,182	2,792,150	2,712,539	2,728,910
4,905,734	4,513,950	4,270,540	3,992,781	3,718,181
7,231,733	6,932,098	6,463,965	5,983,788	5,772,977
20,011,959	18,892,332	17,872,867	16,912,555	15,968,397
62,999,800	59,318,578	54,999,511	53,118,688	51,494,121
\$ 135,636,293	\$ 128,019,513	\$ 120,061,467	\$ 115,413,984	\$ 112,012,833
\$ 2,564,510	\$ 2,256,483	\$ 2,073,207	\$ 2,067,338	\$ 2,099,772
1.89%	1.76%	1.73%	1.79%	1.87%

**STATE OF ALABAMA****REVENUE CAPACITY****Revenue Rates: Individual and Corporate Income Tax Rates****Last Ten Calendar Years**

Filing Status	2001-2006
Taxable Net Income Level	Rate
Single, Head of Family, Married Filing Separate	Adjusted Gross Income of \$1,875 or more
Not Over \$500	2%
Over \$500 But Not Over \$3,000	4%
Over \$3,000	5%
Married Filing Jointly	Adjusted Gross Income of \$3,750 or more
Not Over \$1,000	2%
Over \$1,000 But Not Over \$6,000	4%
Over \$6,000	5%

Filing Status	2007-2010
Taxable Net Income Level	Rate
Single	Adjusted Gross Income of \$4,000 or more
Not Over \$500	2%
Over \$500 But Not Over \$3,000	4%
Over \$3,000	5%
Head of Family	Adjusted Gross Income of \$7,700 or more
Not Over \$500	2%
Over \$500 But Not Over \$3,000	4%
Over \$3,000	5%
Married Filing Separate	Adjusted Gross Income of \$5,250 or more
Not Over \$500	2%
Over \$500 But Not Over \$3,000	4%
Over \$3,000	5%
Married Filing Jointly	Adjusted Gross Income of \$10,500 or more
Not Over \$1,000	2%
Over \$1,000 But Not Over \$6,000	4%
Over \$6,000	5%

	2001-2010
Corporate Income Tax Rates	6.5%

\*Source: Alabama Department of Revenue





# STATE OF ALABAMA

## REVENUE CAPACITY

### Principal Revenue Payers: Individual Income Tax Filers and Liability by Taxable Income

#### Last Six Years

##### For Tax Year 2010

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Total Income (In Thousands)	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	491,334	27%	467,750	1%	18,570	1%
12,001- 24,000	379,344	21%	3,026,940	6%	135,460	6%
24,001- 39,000	299,181	15%	5,755,270	11%	268,620	11%
39,001- 60,000	248,925	14%	7,662,870	15%	361,130	15%
60,001- 80,000	144,736	8%	6,446,040	13%	305,220	12%
OVER 80,000	270,012	15%	28,031,370	54%	1,338,410	55%
TOTAL	1,833,532	100%	51,390,240	100%	2,427,410	100%

##### For Tax Year 2009

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Total Income (In Thousands)	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	533,337	28%	623,250	1%	24,573	1%
12,001- 24,000	397,273	21%	3,338,044	7%	150,509	6%
24,001- 39,000	309,742	16%	5,891,556	12%	278,400	11%
39,001- 60,000	256,580	13%	7,849,331	15%	376,757	16%
60,001- 80,000	144,920	8%	6,433,191	13%	311,292	13%
OVER 80,000	262,361	14%	26,427,602	52%	1,292,084	53%
TOTAL	1,904,213	100%	50,562,974	100%	2,433,615	100%

##### For Tax Year 2008

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Total Income (In Thousands)	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	514,586	28%	582,000	1%	22,000	1%
12,001- 24,000	377,749	20%	3,544,000	7%	161,000	6%
24,001- 39,000	301,812	16%	5,762,000	11%	269,000	11%
39,001- 60,000	253,458	14%	7,658,000	15%	359,000	15%
60,001- 80,000	146,330	8%	6,389,000	12%	300,000	12%
OVER 80,000	265,237	14%	28,258,000	54%	1,344,000	55%
TOTAL	1,859,172	100%	52,193,000	100%	2,455,000	100%

##### For Tax Year 2007

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Total Income (In Thousands)	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	526,003	27%	500,255	1%	25,258	1%
12,001- 24,000	416,646	21%	2,166,023	4%	159,353	6%
24,001- 39,000	330,490	17%	5,409,918	10%	289,406	10%
39,001- 60,000	268,594	14%	7,771,910	14%	387,854	14%
60,001- 80,000	151,822	8%	6,498,782	12%	320,206	12%
OVER 80,000	272,191	13%	33,444,956	59%	1,576,154	57%
TOTAL	1,965,746	100%	55,791,844	100%	2,758,231	100%

##### For Tax Year 2006

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Total Income (In Thousands)	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 10,000	372,455	22%	1,824,101	3%	22,525	2%
10,001- 20,000	326,257	20%	4,812,957	9%	107,094	7%
20,001- 40,000	408,237	24%	11,726,591	21%	273,349	18%
40,001- 60,000	216,114	13%	8,633,188	16%	230,940	15%
60,001- 80,000	130,007	8%	5,016,392	9%	192,987	13%
OVER 80,000	211,074	13%	23,384,310	42%	680,800	45%
TOTAL	1,664,144	100%	55,397,539	100%	1,507,695	100%

Note: Due to legal confidentiality issues, the names of the ten largest individual income tax payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's income tax revenue.

Source: Alabama Department of Revenue  
Year 2010 is the most recent data available.

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**For Tax Year 2005**

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Total Income (In Thousands)	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 10,000	382,264	24%	1,846,134	3%	23,678	1%
10,001- 20,000	325,968	20%	4,795,552	7%	114,997	6%
20,001- 40,000	396,010	24%	11,383,672	17%	328,108	17%
40,001- 60,000	206,285	13%	10,121,727	16%	302,402	16%
60,001- 80,000	125,030	8%	8,670,249	13%	267,624	14%
OVER 80,000	185,030	11%	28,459,458	44%	895,822	46%
	<u>1,620,587</u>	<u>100%</u>	<u>65,276,792</u>	<u>100%</u>	<u>1,932,631</u>	<u>100%</u>

# STATE OF ALABAMA

## REVENUE CAPACITY

### Principal Revenue Payers: Corporate Income Tax Filers and Liability by Taxable Income

#### Last Five Years

##### For Tax Year 2009

Alabama Taxable Income	Number of Filers	Percentage of Total	Total Income (In Thousands)	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	18,232	84%	82,289	1%	5,295	2%
50,001- 100,000	989	5%	69,955	1%	4,498	1%
100,001- 500,000	1,392	6%	315,320	6%	19,764	6%
500,001- 1,000,000	377	2%	268,633	5%	16,337	5%
1,000,001- and higher	653	3%	4,729,127	87%	279,096	86%
TOTAL	21,643	100%	5,465,324	100%	324,990	100%

##### For Tax Year 2008

Alabama Taxable Income	Number of Filers	Percentage of Total	Total Income (In Thousands)	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	19,535	83%	97,868	1%	6,316	1%
50,001- 100,000	1,217	5%	86,785	1%	5,570	1%
100,001- 500,000	1,624	7%	369,665	5%	23,328	5%
500,001- 1,000,000	423	2%	292,617	4%	17,709	4%
1,000,001- and higher	783	3%	6,931,168	89%	419,016	89%
TOTAL	23,582	100%	7,778,103	100%	471,939	100%

##### For Tax Year 2007

Alabama Taxable Income	Number of Filers	Percentage of Total	Total Income (In Thousands)	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	20,384	82%	104,788	1%	6,815	1%
50,001- 100,000	1,400	6%	98,119	1%	6,378	1%
100,001- 500,000	1,805	7%	413,149	5%	26,855	5%
500,001- 1,000,000	467	2%	330,282	4%	21,468	4%
1,000,001- and higher	784	3%	7,557,012	89%	491,206	89%
TOTAL	24,840	100%	8,503,350	100%	552,722	100%

##### For Tax Year 2006

Alabama Taxable Income	Number of Filers	Percentage of Total	Total Income (In Thousands)	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	20,673	83%	110,469	1%	7,355	1%
50,001- 100,000	1,421	5%	99,716	1%	6,487	1%
100,001- 500,000	1,735	7%	397,866	5%	25,872	5%
500,001- 1,000,000	458	2%	328,316	4%	21,311	4%
1,000,001- and higher	767	3%	7,229,243	89%	469,768	89%
TOTAL	25,054	100%	8,165,610	100%	530,793	100%

##### For Tax Year 2005

Alabama Taxable Income	Number of Filers	Percentage of Total	Total Income (In Thousands)	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	28,371	89%	94,487	2%	6,141	2%
50,001- 100,000	1,166	4%	82,080	1%	5,209	1%
100,001- 500,000	1,392	4%	306,367	5%	20,079	5%
500,001- 1,000,000	362	1%	257,795	4%	16,642	4%
1,000,001- and higher	545	2%	5,224,215	88%	339,126	88%
TOTAL	31,836	100%	5,964,944	100%	387,197	100%

Note: Due to legal confidentiality issues, the names of the ten largest corporate income tax payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's income tax revenue.

Source: Alabama Department of Revenue  
Year 2009 is the most recent data available.



**STATE OF ALABAMA**  
**DEBT CAPACITY**  
**Ratios of Outstanding Debt**

**Last Ten Fiscal Years**

(Amounts in Thousands, Except Per Capita Amount)

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 742,217	\$ 769,330	\$ 687,336	\$ 721,145	\$ 773,253
Revenue Bonds	246,086	274,283	298,712	323,483	333,438
Capital Leases/Notes/Mortgages	144,811	117,115	43,549	41,934	42,352
<b>Total Governmental Activities</b>	<b>1,133,114</b>	<b>1,160,728</b>	<b>1,029,597</b>	<b>1,086,562</b>	<b>1,149,043</b>
<b>Business-type Activities:</b>					
Revenue Bonds	657,155	638,109	619,360	612,959	572,782
Capital Leases/Notes/Mortgages	8,871	11,688	14,275	16,224	20,877
<b>Total Business-Type Activities</b>	<b>666,026</b>	<b>649,797</b>	<b>633,635</b>	<b>629,183</b>	<b>593,659</b>
<b>Total Primary Government</b>	<b>\$ 1,799,140</b>	<b>\$ 1,810,525</b>	<b>\$ 1,663,232</b>	<b>\$ 1,715,745</b>	<b>\$ 1,742,702</b>
<b>Debt as a percentage of Personal Income †</b>	1.12%	1.13%	1.07%	1.07%	1.15%
<b>Amount of Debt per Capita †</b>	\$ 376	\$ 378	\$ 350	\$ 364	\$ 373

Notes: Details regarding the State's outstanding debt can be found in the note 4 of the financial statements.

Fiscal year 2011 personal income and population data are estimated.

All years presented with revised population and personal income data.

† See the Schedule of Demographic and Economic Statistics on page 297 for personal income and population data.

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<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 516,973	\$ 507,503	\$ 445,211	\$ 490,085	\$ 535,080
355,698	351,139	347,429	369,327	386,891
25,643	32,100	38,370	42,316	33,059
<u>898,314</u>	<u>890,742</u>	<u>831,010</u>	<u>901,728</u>	<u>955,030</u>

394,044	411,633	337,291	308,061	299,508
39,228	33,986	17,918	14,948	12,346
<u>433,272</u>	<u>445,619</u>	<u>355,209</u>	<u>323,009</u>	<u>311,854</u>

<u>\$ 1,331,586</u>	<u>\$ 1,336,361</u>	<u>\$ 1,186,219</u>	<u>\$ 1,224,737</u>	<u>\$ 1,266,884</u>
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0.92%	0.99%	0.93%	1.02%	1.10%
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\$ 288	\$ 292	\$ 262	\$ 272	\$ 283
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# STATE OF ALABAMA

## DEBT CAPACITY

### Ratios of General Bonded Debt Outstanding

#### Last Ten Fiscal Years

(Amounts in Thousands, Except Per Capita Amount)

#### Primary Government

<b>Fiscal Year</b>	<b>General Obligation Bonds Payable</b>	<b>Revenue Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Personal Income †</b>	<b>Per Capita †</b>
2011	\$ 742,217	\$ 903,242	\$ 56,471	\$ 1,588,988	0.99%	\$ 332
2010	769,330	912,392	47,562	1,634,160	1.02%	341
2009	687,336	918,072	40,925	1,564,483	1.01%	329
2008	721,145	936,442	42,914	1,614,673	1.01%	342
2007	773,253	906,220	29,930	1,649,543	1.09%	353
2006	516,973	749,742	25,945	1,240,770	0.86%	268
2005	507,503	762,772	25,008	1,245,267	0.92%	272
2004	445,211	684,720	28,844	1,101,087	0.86%	243
2003	490,085	677,388	30,016	1,137,457	0.95%	253
2002	535,079	686,398	42,483	1,178,994	1.02%	263

#### Component Units (Only includes issues that the State has pledged revenue for principal payment)

<b>Fiscal Year</b>	<b>Revenue Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Personal Income †</b>	<b>Per Capita †</b>
2011	\$ 2,813,957	\$ 85,030	\$ 2,728,927	1.70%	\$ 570
2010	2,768,732	109,337	2,659,395	1.66%	556
2009	2,534,100	46,175	2,487,925	1.60%	523
2008	2,621,615	99,039	2,522,576	1.57%	535
2007	1,620,570	113,650	1,506,920	0.99%	322
2006	1,734,825	72,209	1,662,616	1.15%	359
2005	1,822,135	111,376	1,710,759	1.26%	374
2004	1,832,695	112,896	1,719,799	1.34%	380
2003	1,844,164	103,307	1,740,857	1.45%	387
2002	1,886,421	91,252	1,795,169	1.56%	401

Note: Details regarding the State's outstanding debt can be found in the note 4 of the financial statements.

† See the Schedule of Demographic and Economic Statistics on page 297 for personal income and population data.

Fiscal year 2011 personal income and population data are estimated.

All years presented with revised population and personal income data.



## STATE OF ALABAMA

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### DEBT CAPACITY

#### Debt Limitations

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The *Constitution of Alabama of 1901* prohibits the issuance of debt by the State. The State does issue revenue bonds which are limited obligations of public corporations governed by State officials. General Obligation bonds are issued only by voter ratified amendments to the *Constitution of Alabama of 1901*.

**STATE OF ALABAMA****DEBT CAPACITY****Pledged Revenue Coverage – Primary Government Revenue Bonds****Last Eight Fiscal Years**

(Amounts in Thousands)

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>State Port Authority</b>					
Revenue-Charges for facilities usage	121,533	106,460	103,420	125,070	109,735
Debt Service					
Principal	7,525	7,165	6,830	7,250	6,260
Interest	16,775	12,361	14,656	13,428	9,770
Coverage <sup>1</sup>	5.00	5.45	4.81	6.05	6.85
<b>Alabama College System</b>					
Revenue-Tuition and Fees	292,476	267,009	206,769	186,429	184,664
Debt Service					
Principal	15,475	14,955	14,150	14,311	12,970
Interest	11,652	11,393	12,198	12,027	9,448
Coverage <sup>1</sup>	10.78	10.13	7.85	7.08	8.24
<b>Federal Aid Highway Finance Authority</b>					
Revenue-Federal Revenue	923,363	979,460	726,063	831,530	748,952
Debt Service					
Principal	13,605	13,010	12,450	11,920	11,415
Interest	5,259	5,890	6,527	7,136	7,669
Coverage <sup>1</sup>	48.95	51.82	38.26	43.64	39.25

Details regarding the State's outstanding bonds can be found in Note 4 of the financial statements.

<sup>1</sup> Coverage equals revenue divided by debt service.

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<u>2006</u>	<u>2005</u>	<u>2004</u>
88,155	87,022	77,871
5,910	5,575	5,280
10,124	10,459	10,749
5.50	5.43	4.86
137,133	185,013	101,333
12,045	9,112	7,527
9,968	6,521	5,589
6.23	11.83	7.73
790,928	648,831	548,830
10,910	10,430	9,970
8,123	8,550	8,983
41.56	34.18	28.96

# STATE OF ALABAMA

## DEMOGRAPHIC AND ECONOMIC INFORMATION

### Labor Force Statistics

#### Last Ten Years

	2011	2010	2009	2008	2007
<b>Alabama Incentives Financing Authority</b>					
<b>Tennessee Valley Exhibit Commission</b>					
Revenue-Tennessee Valley Electric Payment	19,903	20,851	20,813	19,313	18,328
Debt Service					
Principal	4,935	140	1,760	2,630	2,480
Interest	7,088	6,638	5,982	6,202	7,473
Coverage <sup>1</sup>	1.66	3.08	2.69	2.19	1.84
<b>Public School and College Authority</b>					
Revenue-General Sales Tax, Utility Tax, Use Tax	2,370,684	2,328,626	2,307,959	2,514,550	2,482,747
Debt Service					
Principal	69,180	71,235	130,720	91,215	87,765
Interest	114,892	132,698	116,126	93,359	72,688
Coverage <sup>1</sup>	12.88	11.42	9.35	13.62	15.47
<b>State Industrial Development Authority</b>					
Revenue-Cigarette Tax	4,590	4,654	4,773	4,921	5,121
Debt Service					
Principal	500	1,900	3,100	3,315	3,115
Interest	26	112	258	343	508
Coverage <sup>1</sup>	8.73	2.31	1.42	1.35	1.41
<b>Mental Health Financing Authority</b>					
Revenue-Cigarette Tax	6,121	6,205	6,364	6,562	6,828
Debt Service					
Principal	1,255	1,190	4,710	4,775	4,490
Interest	234	270	505	745	969
Coverage <sup>1</sup>	4.11	4.25	1.22	1.19	1.25
<b>Alabama Revolving Fund Authority</b>					
Revenue-Mobile Telecommunications Tax	94,790	105,919	108,781	101,287	101,057
Debt Service					
Principal	-	515	475	440	405
Interest	746	702	743	780	815
Coverage <sup>1</sup>	127.06	87.03	89.31	83.02	82.83
<b>Alabama Twenty-first Century Authority</b>					
Revenue-Tobacco Settlement	13,000	13,000	13,000	13,000	13,000
Debt Service					
Principal	6,205	5,910	5,625	5,360	5,100
Interest	6,339	6,659	6,958	7,241	7,513
Coverage <sup>1</sup>	1.04	1.03	1.03	1.03	1.03

Details regarding the State's outstanding bonds can be found in Note 4 of the financial statements.

<sup>1</sup> Coverage equals revenue divided by debt service.

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2006	2005	2004
18,592	17,462	16,169
2,340	2,205	2,095
7,920	7,508	7,001
1.81	1.80	1.78
2,374,944	2,162,285	2,048,794
110,240	72,640	68,290
76,720	78,218	77,371
12.70	14.33	14.07
5,247	5,197	3,141
3,050	3,050	3,050
647	776	927
1.42	1.36	0.79
6,996	6,929	4,188
4,420	5,590	5,400
1,145	2,544	2,302
1.26	0.85	0.54
90,919	84,892	75,895
370	345	315
847	876	903
74.71	69.53	62.31
13,000	13,000	13,000
4,855	4,660	4,490
7,773	8,022	8,262
1.03	1.03	1.02

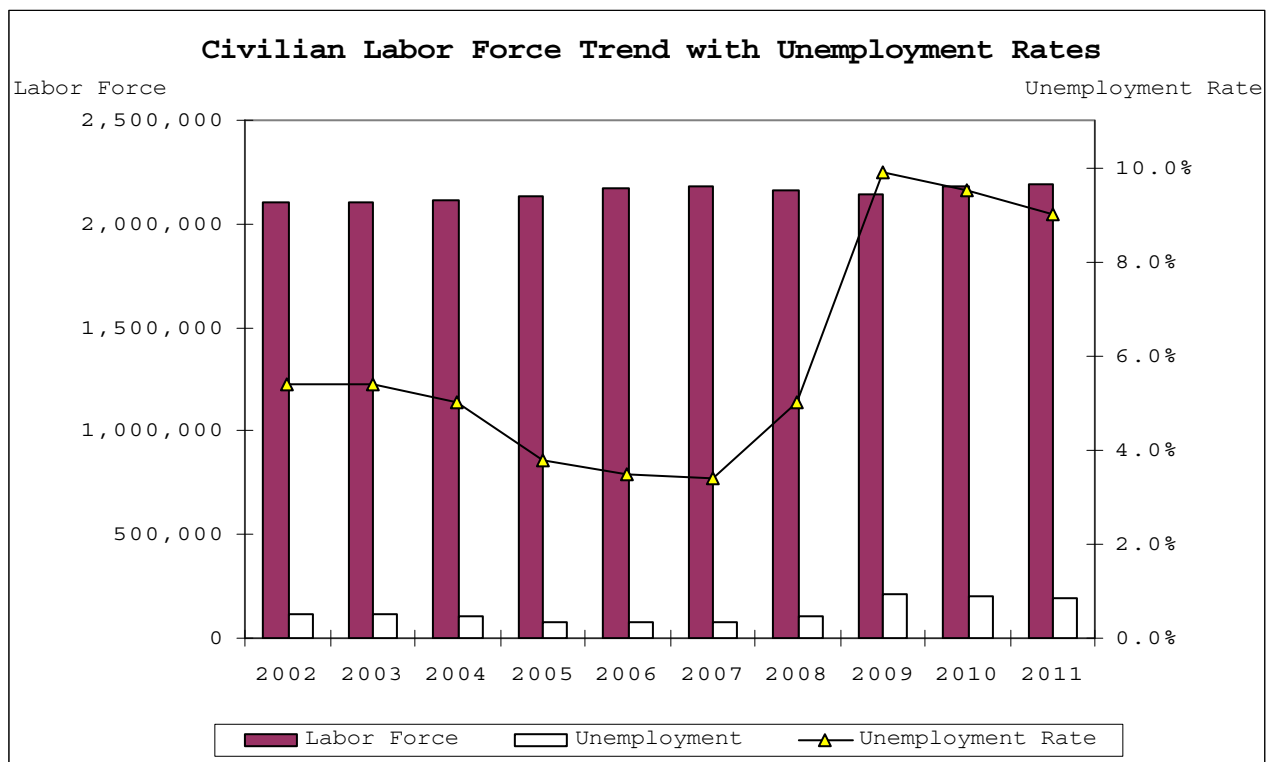
# STATE OF ALABAMA

## DEMOGRAPHIC AND ECONOMIC INFORMATION

### Labor Force Statistics

#### Last Ten Years

<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2002	2,107,858	1,994,748	113,110	5.4%
2003	2,104,209	1,989,784	114,425	5.4%
2004	2,113,781	2,007,153	106,628	5.0%
2005	2,133,177	2,051,893	81,284	3.8%
2006	2,173,817	2,098,462	75,355	3.5%
2007	2,178,480	2,104,157	74,323	3.4%
2008	2,163,252	2,054,849	108,403	5.0%
2009	2,144,592	1,931,814	212,778	9.9%
2010	2,179,163	1,972,387	206,776	9.5%
2011	2,190,519	1,993,977	196,542	9.0%



Note: Data were not seasonally adjusted.

2007-2011 data reflects revised population controls and model reestimation with the Bureau of Labor Statistics.

Sources: Local Area Unemployment Statistics, Bureau of Labor Statistics, U. S. Department of Labor

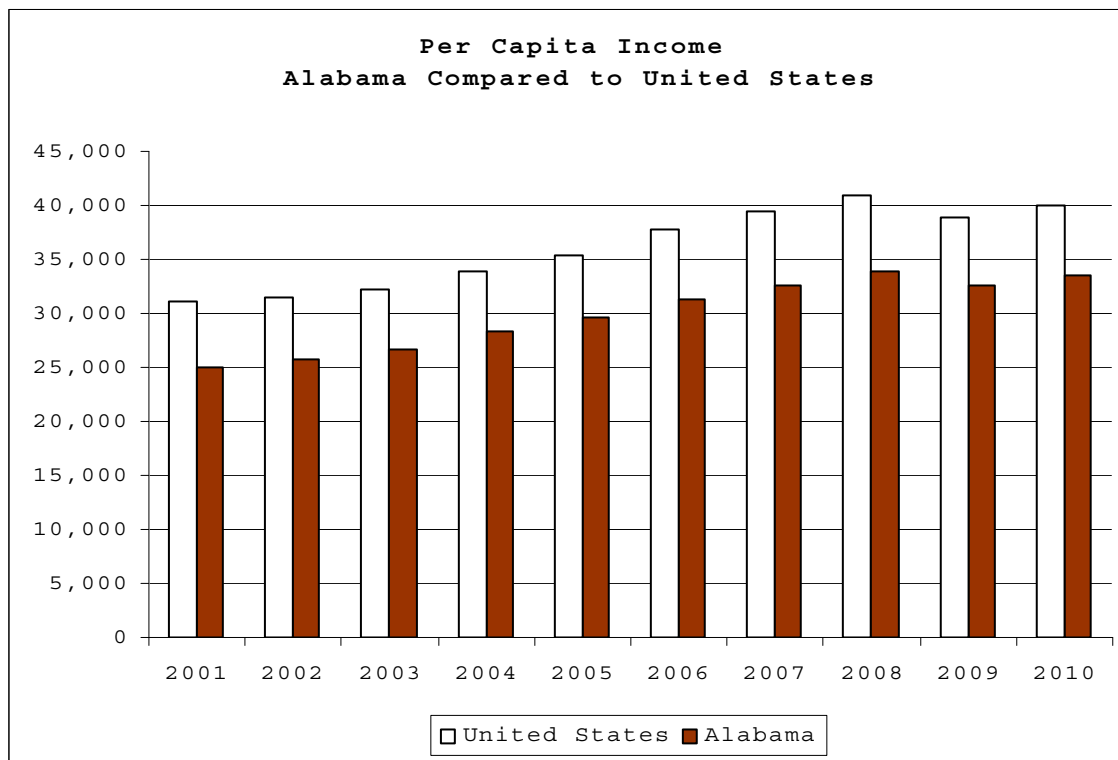
# STATE OF ALABAMA

## DEMOGRAPHIC AND ECONOMIC INFORMATION

### Population/Per Capita Personal Income Statistics

#### Last Ten Years

<u>Year</u>	<b>Population</b>		<b>Per Capita Personal Income</b>		<b>Personal income (in Thousands)</b>	
	<u>United States</u>	<u>Alabama</u>	<u>United States</u>	<u>Alabama</u>	<u>United States</u>	<u>Alabama</u>
2001	284,968,955	4,467,634	31,157	25,072	8,878,830,000	112,012,833
2002	287,625,193	4,480,089	31,481	25,762	9,054,702,000	115,413,984
2003	290,107,933	4,503,491	32,295	26,660	9,369,072,000	120,061,467
2004	292,805,298	4,530,729	33,909	28,256	9,928,790,000	128,019,513
2005	295,516,599	4,569,805	35,452	29,681	10,476,669,000	135,636,293
2006	298,379,912	4,628,981	37,725	31,208	11,256,516,000	144,462,607
2007	301,231,207	4,672,840	39,506	32,528	11,900,562,000	151,999,031
2008	304,093,966	4,718,206	40,947	33,952	12,451,599,000	160,193,363
2009	306,771,529	4,757,938	38,846	32,661	11,916,808,000	155,399,306
2010	309,349,689	4,785,298	39,945	33,516	12,357,113,000	160,382,266



Note: Year 2010 is the most recent year for which data are available.

Each year's data is updated by the U.S. Department of Commerce.

Sources: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce

# STATE OF ALABAMA

## DEMOGRAPHIC AND ECONOMIC INFORMATION

### Top Ten Employers in Alabama

#### Last Ten Years

Employer	2011			2010		
	Employment Range	Rank	% of Total State Employment	Employment Range	Rank	% of Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.93%	30,000-39,999	1	1.94%
Army	20,000-29,999	2	1.38%	20,000-29,999	2	1.39%
Mobile Education Board	5,000-9,999	3	0.41%	5,000-9,999	4	0.42%
University Of Alabama In Birmingham	5,000-9,999	5	0.41%	5,000-9,999	6	0.42%
Alabama Power Co Electric	5,000-9,999	6	0.41%	5,000-9,999	7	0.42%
Univ. Of Alabama In Birmingham Medical Center	5,000-9,999	8	0.41%	5,000-9,999	8	0.42%
U S Postal Service	5,000-9,999	4	0.41%	5,000-9,999	3	0.42%
Regions Bank	5,000-9,999	7	0.41%	5,000-9,999	5	0.42%
Pilgrims Pride Corporation	-	-	-	5,000-9,999	9	0.42%
Huntsville Hospital	5,000-9,999	9	0.41%	5,000-9,999	10	0.42%
The University of Alabama	5,000-9,999	10	0.41%	-	-	-
	90,000-149,990		6.59%	95,000-159,990		6.69%

Employer	2009			2008		
	Employment Range	Rank	% of Total State Employment	Employment Range	Rank	% of Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.90%	30,000-39,999	1	1.80%
Army	20,000-29,999	2	1.36%	20,000-29,999	2	1.28%
Mobile Education Board	5,000-9,999	4	0.41%	10,000-19,999	3	0.77%
University Of Alabama In Birmingham	5,000-9,999	6	0.41%	5,000-9,999	6	0.39%
Alabama Power Co Electric	5,000-9,999	7	0.41%	5,000-9,999	7	0.39%
Univ. Of Alabama In Birmingham Medical Center	5,000-9,999	8	0.41%	5,000-9,999	9	0.39%
U S Postal Service	5,000-9,999	3	0.41%	5,000-9,999	4	0.39%
Winn Dixie Montgomery	5,000-9,999	5	0.41%	-	-	-
Regions Bank	5,000-9,999	9	0.41%	5,000-9,999	5	0.39%
Pilgrims Pride Corporation	5,000-9,999	10	0.41%	5,000-9,999	8	0.39%
Huntsville Hospital	-	-	-	5,000-9,999	10	0.39%
	95,000-159,990		6.54%	95,000-159,990		6.58%

Note: All figures are based on March of each year. Percentage of Total State Employment is based on the midpoints in the ranges given. State of Alabama is excluded.

Source: Alabama Department of Industrial Relations - Labor Market Information Division



Employer	2007			2006			2005		
	Employment	Rank	% of	Employment	Rank	% of	Employment	Rank	% of
	Range		Total State Employment	Range		Total State Employment	Range		Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.79%	30,000-39,999	1	1.82%	30,000-39,999	1	1.87%
Amy	20,000-29,999	2	1.28%	20,000-29,999	2	1.30%	20,000-29,999	2	1.33%
Mobile Education Board	10,000-19,999	4	0.77%	5,000-9,999	3	0.39%	5,000-9,999	3	0.40%
University Of Alabama In Bimingham	5,000-9,999	6	0.38%	5,000-9,999	4	0.39%	5,000-9,999	4	0.40%
Alabama Power Co Electric	5,000-9,999	9	0.38%	5,000-9,999	5	0.39%	5,000-9,999	7	0.40%
U. Of Ala In Bham Medical Center	5,000-9,999	8	0.38%	5,000-9,999	6	0.39%	5,000-9,999	8	0.40%
U S Postal Service	10,000-19,999	3	0.77%	5,000-9,999	7	0.39%	5,000-9,999	9	0.40%
Gold Kist Inc	-	-	0.00%	5,000-9,999	8	0.39%	5,000-9,999	10	0.40%
Winn Dixie Montgomery	5,000-9,999	10	0.38%	5,000-9,999	9	0.39%	5,000-9,999	6	0.40%
Regions Bank	5,000-9,999	5	0.38%	5,000-9,999	10	0.39%	-	-	-
Brunos Supermarkets Inc	-	-	0.00%	-	-	-	5,000-9,999	5	0.40%
Pilgrims Pride Corporation	5,000-9,999	7	0.38%	-	-	-	-	-	-
	100,000-169,990		6.89%	90,000-149,990		6.24%	90,000-149,990		6.40%
Employer	2004			2003			2002		
	Employment	Rank	% of	Employment	Rank	% of	Employment	Rank	% of
	Range		Total State Employment	Range		Total State Employment	Range		Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.91%	30,000-39,999	1	1.92%	20,000-29,999	1	1.37%
Amy	20,000-29,999	2	1.36%	15,000-19,999	2	0.96%	15,000-19,999	2	0.96%
Mobile Education Board	5,000-9,999	3	0.41%	5,000-9,999	3	0.41%	5,000-9,999	4	0.41%
University Of Alabama In Bimingham	5,000-9,999	5	0.41%	5,000-9,999	5	0.41%	5,000-9,999	6	0.41%
Alabama Power Co Electric	5,000-9,999	6	0.41%	5,000-9,999	7	0.41%	5,000-9,999	9	0.41%
U. Of Ala In Bham Medical Center	5,000-9,999	9	0.41%	5,000-9,999	10	0.41%	-	-	-
U S Postal Service	5,000-9,999	8	0.41%	5,000-9,999	8	0.41%	5,000-9,999	8	0.41%
Gold Kist Inc	5,000-9,999	10	0.41%	-	-	-	5,000-9,999	10	0.41%
Winn Dixie Montgomery	5,000-9,999	7	0.41%	5,000-9,999	6	0.41%	5,000-9,999	5	0.41%
Brunos Supermarkets Inc	5,000-9,999	4	0.41%	5,000-9,999	4	0.41%	5,000-9,999	3	0.41%
BellSouth Telecommunications	-	-	-	5,000-9,999	9	0.41%	5,000-9,999	7	0.41%
	85,000-139,990		6.54%	85,000-139,990		6.18%	75,000-129,990		5.63%

# STATE OF ALABAMA

## OPERATING INFORMATION

### State Government Employment by Function

#### Last Ten Years

	2011	2010	2009	2008	2007
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
Economic Development and Regulation	745	802	881	881	882
Education and Cultural Resources	1,183	1,254	1,200	1,226	1,210
Natural Resources and Recreation	1,476	1,451	1,454	1,608	1,378
Health	5,403	5,626	5,513	5,644	5,493
Social Services	5,911	6,108	5,966	5,968	6,163
Protection of Person and Property	8,137	8,521	8,445	8,317	8,057
Transportation	4,989	5,363	5,301	5,368	5,263
General Government	4,464	4,587	4,686	4,731	4,458
<b>Total Governmental Activities</b>	<b>32,308</b>	<b>33,712</b>	<b>33,446</b>	<b>33,743</b>	<b>32,904</b>
<b>Business-type Activities:</b>					
Alcoholic Beverage Control Board	906	902	901	898	895
State Port Authority	181	185	193	200	184
Alabama Community College System	1,953	1,950	1,937	1,916	1,885
<b>Total Business-Type Activities</b>	<b>3,040</b>	<b>3,037</b>	<b>3,031</b>	<b>3,014</b>	<b>2,964</b>
<b>Total Primary Government</b>	<b>35,348</b>	<b>36,749</b>	<b>36,477</b>	<b>36,757</b>	<b>35,868</b>

Note: Includes State Merit System, House, Senate, and Administrative Office of the Courts.

Sources: Alabama Personnel Department  
Alabama Commission on Higher Education  
Alabama Administrative Office of the Courts  
Alabama House of Representatives  
Alabama Senate

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2006	2005	2004	2003	2002
836	824	835	893	899
1,117	1,104	1,086	1,092	1,111
1,460	1,383	1,486	1,575	1,622
5,167	4,890	4,818	5,081	4,931
6,277	6,313	6,323	6,488	6,768
7,842	7,733	7,590	7,583	7,395
5,169	5,138	5,013	4,981	4,688
4,173	4,124	4,166	4,482	4,495
32,041	31,509	31,317	32,175	31,909
851	778	753	746	760
165	150	142	119	119
1,792	1,766	1,796	1,750	1,702
2,808	2,694	2,691	2,615	2,581
34,849	34,203	34,008	34,790	34,490

# STATE OF ALABAMA

## OPERATING INFORMATION

### Indicators of Demand or Level of Service

#### Last Six Fiscal Years

	2011	2010	2009	2008	2007
<b>Economic Development and Regulation</b>					
Forestry Commission					
Number of fires	3,665	2,314	2,094	2,450	4,591
Average acres burned	19	11	11	10	16
Agriculture and Industries					
Pounds of meat processed under inspection	n/a	111,056,537	97,868,453	105,603,617	88,835,448
<b>Educational and Cultural Resources</b>					
Education Department					
Teachers	47,573	48,165	49,364	49,364	49,574
Number of local schools supported	1,523	1,520	1,376	1,367	1,358
Number of children served	749,084	739,198	739,197	744,000	739,552
<b>Natural Resources and Recreation</b>					
Conservation and Natural Resources					
Number of guests to outdoor recreational sites	3,899,694	3,758,217	3,366,161	3,082,009	3,031,646
Acres of land managed	293,559	210,834	198,802	197,451	10,946
Number of registered boats	250,402	248,514	271,206	273,406	273,987
<b>Health - Physical and Mental</b>					
Public Health					
Vital records issued	440,327	432,547	479,904	517,723	584,475
Medicaid					
Citizens enrolled monthly	722,439	878,232	821,602	765,616	732,970
Claims processed monthly	2,670,589	2,848,694	2,700,907	2,180,736	4,819,280
<b>Social Services</b>					
Industrial Relations					
Employment Security claims	346,020	359,287	506,603	285,075	237,697
Human Resources					
Number of visits to licensed child care centers	3,203	3,254	3,435	4,060	3,650
Child support caseload	234,000	229,000	229,635	228,479	228,019
Households receiving food assistance	387,214	344,788	280,625	231,470	226,855
Number of child abuse/neglect assessments	19,538	17,221	n/a	29,301	28,566
<b>Protection of Persons and Property</b>					
Department of Corrections					
Number of inmates	25,651	25,390	25,854	25,303	27,062
Public Safety					
Arrest tickets issued	436,802	533,220	568,505	538,910	407,289
Accidents investigated	30,227	30,520	30,904	33,115	31,939
Pardons and Paroles					
Number of board decisions	11,097	10,284	12,954	12,158	11,546
Number of offenders supervised	75,132	71,578	67,579	66,196	58,862
Forensic Sciences					
Number of death cases investigated	2,476	2,403	2,512	4,098	3,607
<b>Transportation</b>					
Transportation Department					
Roadway miles	10,849	10,876	10,877	10,875	11,235
Bridges	5,395	5,374	5,368	5,362	5,683
<b>General Government</b>					
Administrative Office of Courts					
Caseload	2,248,910	2,589,067	2,611,460	2,589,796	2,353,372
Revenue Department					
Number of payments received	4,368,358	3,318,271	3,296,454	3,304,603	n/a

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**2006**

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4,932  
15  
88,823,389

47,319  
1,364  
742,977

2,961,506  
8,298  
243,483

501,984  
n/a  
4,419,711

237,389  
2,946  
229,078  
209,316  
27,216

24,159

324,627  
36,147

13,375  
49,269

3,756

10,846  
5,328

2,041,982  
n/a

# STATE OF ALABAMA

## OPERATING INFORMATION

### Indicators of Volume, Usage, and Nature of Capital Assets

#### Last Eight Fiscal Years

(Amounts in Thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Economic Development and Regulation</b>					
Forestry Commission					
Buildings	159	160	159	142	142
Vehicles	360	379	380	371	397
Heavy Equipment	569	654	657	671	690
<b>Educational and Cultural Resources</b>					
Education Television					
Buildings	25	26	26	24	24
<b>Natural Resources and Recreation</b>					
Conservation and Natural Resources					
Buildings	677	678	668	659	631
Vehicles	740	760	778	774	759
Heavy Equipment	222	214	211	207	211
<b>Health</b>					
Environmental Management					
Vehicles	177	183	163	178	189
<b>Social Services</b>					
Human Resources					
Buildings	34	31	30	31	30
<b>Protection of Persons and Property</b>					
Agriculture and Industries					
Vehicles	165	246	249	234	233
Corrections					
Buildings	385	370	370	362	362
Vehicles	504	446	421	446	448
Military					
Buildings	657	665	669	680	642
Public Safety					
Vehicles	1,372	1,353	1,275	1,375	1,357
Youth Services					
Buildings	114	115	118	119	118
Vehicles	114	106	103	101	96
Pardons and Paroles					
Vehicles	329	321	322	305	262
<b>Transportation</b>					
Transportation					
Buildings	526	510	510	501	473
Vehicles	2,276	2,039	2,062	2,343	2,379
Heavy Equipment	1,092	1,093	1,061	1,146	1,127
<b>General Government</b>					
Administrative Office of Courts					
Vehicles	22	23	22	20	17
Revenue Department					
Vehicles	34	29	26	27	27

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<u>2006</u>	<u>2005</u>	<u>2004</u>
142	142	142
326	322	307
682	741	715
24	24	24
611	609	604
689	672	645
212	210	213
196	192	172
30	30	30
236	222	186
362	362	345
404	332	332
688	688	688
1,159	1,287	1,062
118	118	118
89	82	74
252	248	211
472	472	471
2,356	2,389	2,241
1,130	1,184	1,138
7	7	7
27	37	24