

STATE OF ALABAMA

---

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

---

For the Fiscal Year Ended  
September 30, 2017



Kay Ivey  
Governor

Young Boozer  
State Treasurer

Clinton Carter  
Director of Finance

Jim Zeigler  
State Auditor



*Prepared by the*  
*Department of Finance, Office of the State Comptroller*  
Kathleen D. Baxter, Ph.D, CGFM, CPM • State Comptroller

	Page
INTRODUCTORY SECTION	
Letter of Transmittal . . . . .	2
Principal State Officials . . . . .	7
Organization Chart . . . . .	8
FINANCIAL SECTION	
Independent Auditor's Report . . . . .	10
Management's Discussion and Analysis . . . . .	14
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position . . . . .	28
Statement of Activities . . . . .	30
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet — Governmental Funds . . . . .	32
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position . . . . .	34
Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds . . . . .	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities . . . . .	38
Proprietary Fund Financial Statements	
Statement of Net Position — Proprietary Funds . . . . .	40
Statement of Revenues, Expenses, and Changes in Net Position — Proprietary Funds . . . . .	42
Statement of Cash Flows — Proprietary Funds . . . . .	44
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position — Fiduciary Funds . . . . .	48
Statement of Changes in Fiduciary Net Position — Fiduciary Funds . . . . .	49
Component Unit Financial Statements	
Statement of Net Position — Component Units . . . . .	50
Statement of Activities — Component Units . . . . .	52
Notes to the Financial Statements . . . . .	54

**REQUIRED SUPPLEMENTARY INFORMATION**

Budgetary Comparison Schedule — All Budgeted Funds . . . . .	140
Budgetary Comparison Schedule — Budget-to-GAAP Reconciliation . . . . .	142
Notes on Budgetary Accounting and Reporting . . . . .	144
State Insurance Fund Ten Year Loss Development Information . . . . .	147
Ten Year Trend Information — Teachers' Retirement System . . . . .	148
Ten Year Trend Information — Judicial Retirement Fund . . . . .	149
Ten Year Trend Information — Employees' Retirement System . . . . .	150
Notes to Schedules for Employees' Retirement System . . . . .	151
Schedule of Funding Progress for Retired State Employees' Health Care Trust . . . . .	152
Notes to Schedule of Funding Progress for Retired State Employees' Health Care Trust . . . . .	153
Information about Infrastructure Assets Reported Using the Modified Approach . . . . .	154

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES****Governmental Funds**

Combining Balance Sheet — Nonmajor Governmental Funds by Fund Type . . . . .	158
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Governmental Funds by Fund Type . . . . .	159
Combining Balance Sheet — Nonmajor Special Revenue Funds . . . . .	162
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Special Revenue Funds . . . . .	164
Combining Balance Sheet — Other Nonmajor Special Revenue Funds . . . . .	166
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Other Nonmajor Special Revenue Funds . . . . .	168
Combining Balance Sheet — Nonmajor Debt Service Funds . . . . .	172
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Debt Service Funds . . . . .	174
Combining Balance Sheet — Nonmajor Capital Projects Funds . . . . .	178
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Capital Projects Funds . . . . .	180
Combining Balance Sheet — Nonmajor Permanent Funds . . . . .	184
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Permanent Funds . . . . .	185
Detail Schedule of Budget and Actual Expenditures — All Agencies and Appropriations, Non-GAAP, Budget Basis . . . . .	188
Schedule of Revenues by Principal Sources — Governmental Funds in State Treasury — Cash Basis, Transfers Excluded . . . . .	222
Schedule of Revenues by Principal Sources and Distributions of Revenues — Governmental Funds in State Treasury — Cash Basis, Transfers Excluded . . . . .	224

**Proprietary Funds**

Combining Statement of Net Position — Nonmajor Enterprise Funds . . . . .	228
Combining Statement of Revenues, Expenses, and Changes in Net Position — Nonmajor Enterprise Funds . . . . .	230
Combining Statement of Cash Flows — Nonmajor Enterprise Funds . . . . .	232
Combining Statement of Net Position — Internal Service Funds . . . . .	238
Combining Statement of Revenues, Expenses, and Changes in Net Position — Internal Service Funds . . . . .	240
Combining Statement of Cash Flows — Internal Service Funds . . . . .	242

**Fiduciary Funds**

Combining Statement of Plan Net Position — Pension and Other Employee Benefit Trust Funds . . . . .	248
Combining Statement of Changes in Plan Net Position — Pension and Other Employee Benefit Trust Funds . . . . .	250
Combining Statement of Fiduciary Net Position — Private-Purpose Trust Funds . . . . .	254
Combining Statement of Changes in Fiduciary Net Position — Private-Purpose Trust Funds . . . . .	255
Combining Statement of Fiduciary Assets and Liabilities — Agency Funds . . . . .	258
Combining Statement of Changes in Fiduciary Assets and Liabilities — Agency Funds . . . . .	260

	Page
Component Units	
Combining Statement of Net Position — Nonmajor Component Units . . . . .	264
Combining Statement of Activities — Nonmajor Component Units . . . . .	266
Combining Statement of Net Position — Other Nonmajor Component Units . . . . .	268
Combining Statement of Activities — Other Nonmajor Component Units . . . . .	270
Supplemental Statements and Schedules	
Schedule of Federal Revenues by Agency — All Funds and Component Units except Higher Education . . . . .	274

## STATISTICAL SECTION

Financial Trends	
Net Position by Component — Last Ten Fiscal Years . . . . .	276
Changes in Net Position — Last Ten Fiscal Years . . . . .	278
Fund Balances of Governmental Funds — Last Ten Fiscal Years . . . . .	282
Changes in Fund Balances of Governmental Funds — Last Ten Fiscal Years . . . . .	284
Revenue Capacity	
Major Revenue Base: Personal Income by Industry — Last Ten Years . . . . .	286
Revenue Rates: Individual and Corporate Income Tax Rates — Last Ten Calendar Years . . . . .	288
Principal Revenue Payers: Individual Income Tax Filers and Liability — Last Ten Years . . . . .	290
Principal Revenue Payers: Corporate Income Tax Filers and Liability — Last Nine Years . . . . .	292
Debt Capacity	
Ratios of Outstanding Debt — Last Ten Fiscal Years . . . . .	294
Ratios of General Bonded Debt Outstanding — Last Ten Fiscal Years . . . . .	296
Debt Limitations . . . . .	297
Pledged Revenue Coverage – Primary Government Bonds — Last Ten Fiscal Years . . . . .	298
Demographic and Economic Information	
Labor Force Statistics — Last Ten Years . . . . .	302
Population/Per Capita Personal Income Statistics — Last Ten Years . . . . .	303
Top Ten Employers in Alabama — Last Ten Years . . . . .	304
Operating Information	
State Government Employment by Function — Last Ten Years . . . . .	306
Indicators of Demand or Level of Service — Last Nine Fiscal Years . . . . .	308
Indicators of Volume, Usage, and Nature of Capital Assets — Last Ten Fiscal Years . . . . .	310





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)

Kay Ivey  
Governor

Kelly Butler  
Acting Director of Finance

Kathleen D. Baxter, PhD, CGFM, CPM  
State Comptroller

Michael G. Hudson, CGFM  
Deputy State Comptroller

November 20, 2018

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, 2017. 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' unmodified 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* and *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements (Uniform Guidance)*. 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 or if their debt is repaid solely by the government, but many 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 Public School and College Authority, Department of Mental Health, and the Federal Aid Highway Finance Authority. The major discretely presented component units are the University of Alabama, Auburn University, the University of South Alabama, the Alabama Housing Finance Authority, the Public Education Employees' Health Insurance Board, and the Alabama Community College System. 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. Amendment 26 to the *Constitution of Alabama of 1901* 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Beginning Cash Balance, October 1</b>	<b>\$ 168,591</b>	<b>\$ 146,054</b>	<b>\$ 128,462</b>	<b>\$ 122,204</b>	<b>\$ 82,198</b>
Receipts	1,919,834	1,845,327	1,851,313	1,754,573	1,725,226
Disbursements	<u>1,857,147</u>	<u>1,822,790</u>	<u>1,833,721</u>	<u>1,748,315</u>	<u>1,685,220</u>
<b>Net Increase (Decrease) in Cash Balance</b>	<b>62,687</b>	<b>22,537</b>	<b>17,592</b>	<b>6,258</b>	<b>40,006</b>
<b>Ending Cash Balance, September 30</b>	<b>231,278</b>	<b>168,591</b>	<b>146,054</b>	<b>128,462</b>	<b>122,204</b>
Cash Balance Reserved for Obligations	<u>40,904</u>	<u>44,959</u>	<u>51,302</u>	<u>44,843</u>	<u>60,901</u>
<b>Unobligated Cash Balance, September 30</b>	<b><u>\$ 190,374</u></b>	<b><u>\$ 123,632</u></b>	<b><u>\$ 94,752</u></b>	<b><u>\$ 83,619</u></b>	<b><u>\$ 61,303</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Beginning Cash Balance, October 1</b>	<b>\$ 191,977</b>	<b>\$ 197,189</b>	<b>\$ 56,967</b>	<b>\$ 325,918</b>	<b>\$ 97,745</b>
Receipts	6,327,327	6,072,933	6,048,341	5,802,736	5,683,296
Disbursements	<u>6,446,225</u>	<u>6,078,145</u>	<u>5,908,119</u>	<u>6,071,687</u>	<u>5,455,123</u>
<b>Net Increase (Decrease) in Cash Balance</b>	<b>(118,898)</b>	<b>(5,212)</b>	<b>140,222</b>	<b>(268,951)</b>	<b>228,173</b>
<b>Ending Cash Balance, September 30</b>	<b>73,079</b>	<b>191,977</b>	<b>197,189</b>	<b>56,967</b>	<b>325,918</b>
Cash Balance Reserved for Obligations	<u>66,160</u>	<u>70,954</u>	<u>54,505</u>	<u>49,893</u>	<u>59,743</u>
<b>Unobligated Cash Balance, September 30</b>	<b><u>\$ 6,919</u></b>	<b><u>\$ 121,023</u></b>	<b><u>\$ 142,684</u></b>	<b><u>\$ 7,074</u></b>	<b><u>\$ 266,175</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 to the *Constitution of Alabama of 1901* 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 loan left the Education Trust Fund with a deficit fund balance from 2010 through 2013. The loan was paid off in 2015.

**Fund Balances - GAAP Basis**

(Amounts in Millions)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund	\$ 437.5	\$ 188.2	\$ 109.2	\$ 121.1	\$ 91.0
Education Trust Fund	400.6	486.8	465.9	28.8	(93.7)

**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 Alabama bank deposits, 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. Investment earnings received during the 2017 fiscal year were as follows:

Bank Deposits	\$ 6.3 million
US Treasury and Agency Securities	\$ 7.1 million

Investment earnings are 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 investment earnings being credited to those agencies.

**Long-term Financial Initiatives**

The State continues to improve its financial processes after the upgrade of the financial and purchasing system on October 1, 2015. Travel reimbursement policies were revised July 1, 2018. Travel booking and reimbursement procedures are being modernized with new technology expected to be in place by September 2018 for most of the large State agencies. Preparation of the annual Governor's budget proposal will be moving to a new technology platform in the fall of 2018. CAFR reporting will begin to migrate to a new technology platform late this summer. Exploration of options for an upgrade to the State payroll software will also continue.

**Economic Condition and Outlook**

In 2017, Alabama's economy grew at a slightly higher pace than in 2016. Consumer spending moderately increased in 2017 as Alabama's gross domestic product (ALGDP) rose by 2.2 percent. The State's unemployment rate decreased to 3.7 percent in 2017 which is below the national average of 4.1 percent. Total state tax revenues increased 3 percent.

Alabama gained 31,600 jobs during 2017. Industries with significant job increases included healthcare and social assistance, accommodation and food services, professional, scientific and technical service, and financial services. Federal jobs increased slightly along with both state and local government sectors. Other industries such as retailers saw considerable losses primarily due to a competitive environment from discount stores and online marketplace.

Manufacturing sector output rose by 1.8 percent from October 2016, with an upsurge of 5.5 percent for motor vehicles, body, trailer, and parts manufacturing. Primary metals along with petroleum and coal products also contributed to the growth in manufacturing output with an increase of 5 percent and 10 percent, respectively. The construction sector's output showed some improvement in the period October 2016 to October 2017 with real output growing by 2.7 percent. Wholesale trade slightly increased 0.8 percent and was accompanied by an increase of 600 jobs in employment for the period October 2016 to October 2017. Although retail output rose 1.8 percent, retail trade employment declined by 1.8 percent.

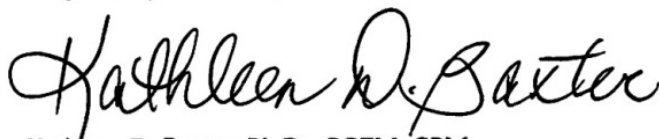
Alabama exports saw an increase to \$16.2 billion in the first nine months of 2017 compared to exports of \$15.1 billion during the first nine-month period of 2016. Exports to Canada, Alabama's largest trade partner, increased by 3.1 percent for the first nine months of 2017. Other major export destinations for Alabama products included China, Germany, Mexico, the United Kingdom, Japan, Belgium, South Korea, France, and Brazil. For the first three quarters of 2017, transportation equipment exports totaled \$10.7 billion. Other major exports during the first three quarters of 2017 were chemicals, primary metals, machinery manufacturing, paper products, computer and electronic products, mineral and ores, fabricated metals, and plastic and rubber products.

Alabama's economy is expected to expand moderately by 2.4 percent in 2018. Non-agricultural employment is expected to experience a slight gain of 1.3 percent, adding approximately 27,000 jobs. Manufacturing of motor vehicles and parts and other transportation equipment will be the major economic drivers in 2018. These include firms in industries such as transportation equipment, aerospace, motor vehicles, and machinery manufacturing. However, until uncertainties about federal spending priorities, as well as deficit reduction plans are resolved, many private contractors and government facilities engaged in defense-related projects will be cautious in hiring and investment.

**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,



Kathleen D. Baxter, Ph.D., CGFM, CPM  
State Comptroller

STATE OF ALABAMA  
PRINCIPAL STATE OFFICIALS

---

September 30, 2017

---

**EXECUTIVE  
BRANCH**

Kay Ivey  
Governor

Vacant  
Lt. Governor

Young Boozer  
State Treasurer

John H. Merrill  
Secretary of State

John McMillan  
Commissioner of Agriculture  
and Industries

Steve Marshall  
Attorney General

Jim Zeigler  
State Auditor

**JUDICIAL  
BRANCH**

Lyn Stuart  
Chief Justice of the Supreme Court

Justices of the Supreme Court

Michael F. Bolin

Tom Parker

Glenn Murdock

Greg Shaw

James Allen Main

Alisa Kelli Wise

Tommy Bryan

William B. Sellers

**LEGISLATIVE  
BRANCH**

Del Marsh  
Senate President, Pro Tempore

Mac McCutcheon  
Speaker of the House

Ronald L. Jones  
Examiners of Public Accounts

Othni J. Lathram, Director  
Legislative Services Agency

**EXECUTIVE BRANCH DEPARTMENTS**

Clinton Carter  
Department of Finance

H. Mac Gipson  
ABC Board

Greg Canfield  
Department of Commerce

Neal Morrison  
Department of Senior Services

Michael E. Hill  
State Banking Department

Chris Blankenship, Interim  
Department of Conservation  
and Natural Resources

Lee Sentell  
Department of Tourism

Jeana Ross  
Department of Early Childhood Education

Nichelle Nix  
Office of Minority Affairs

Kenneth W. Boswell  
ADECA

Major General Perry G. Smith  
State Military Department

Nancy Buckner  
Department of Human Resources

Fitzgerald Washington  
Department of Labor

Jim Perdue  
Department of Mental Health

Jim L. Ridling  
Department of Insurance

Colonel Jeff Dunn  
Department of Corrections

Art Faulkner  
Emergency Management Agency

John R. Cooper  
Department of Transportation

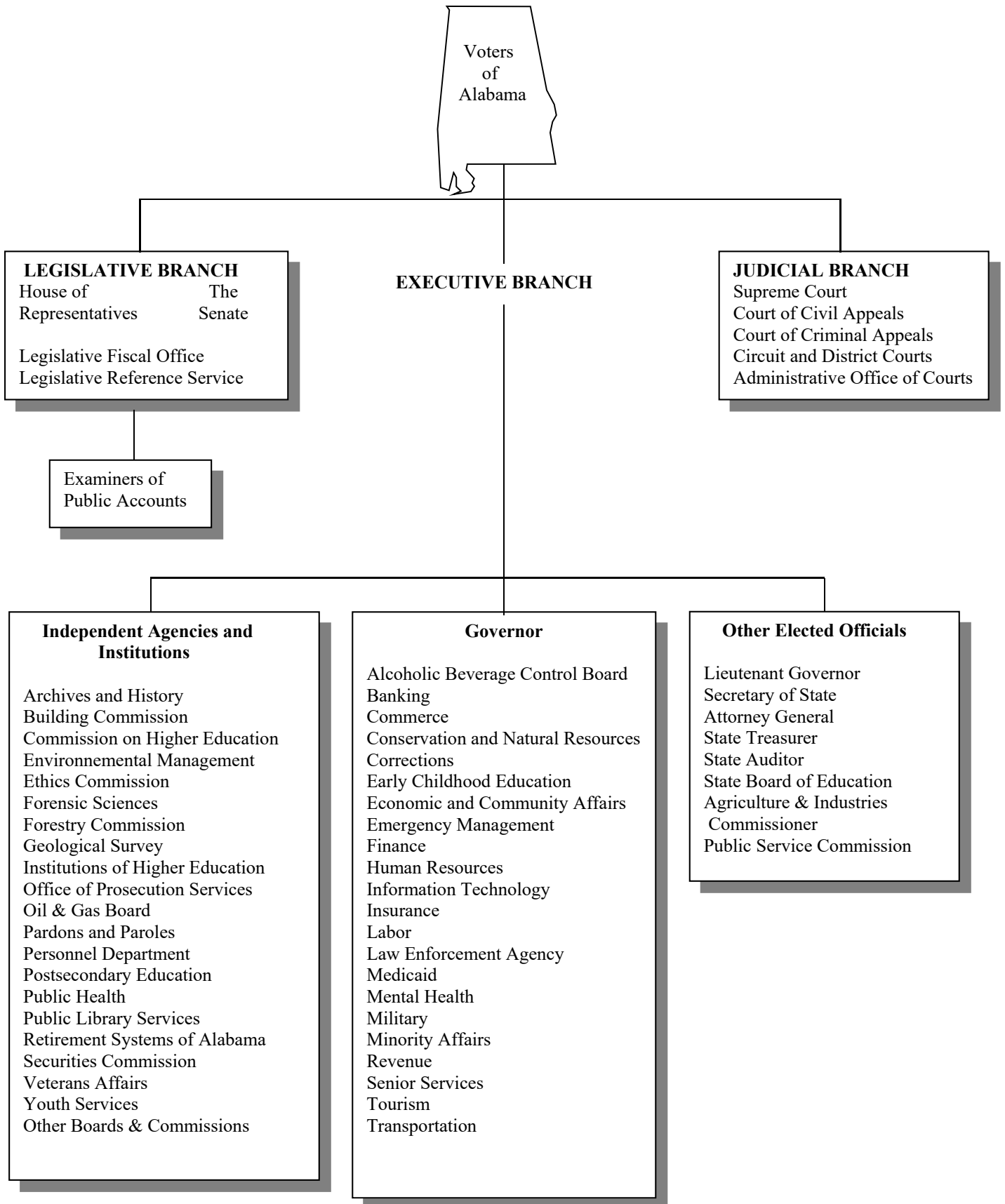
Dr. Joanne Hale  
Secretary of Information Technology

Stephanie Azar  
Alabama Medicaid Agency

Vernon Barnett  
Department of Revenue

Hal Taylor, Acting  
Alabama Law Enforcement Agency

STATE OF ALABAMA  
ORGANIZATION CHART







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

Rachel Laurie Riddle  
Chief Examiner

**Independent Auditor's Report**

Honorable Kay Ivey, Governor  
State of Alabama  
Montgomery, Alabama

**Report on the Financial Statements**

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, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the State of Alabama as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 or deferred outflows 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/Deferred Outflows of Resources	Percent of Opinion Unit's Total Revenues/Additions
Governmental Activities: Alabama Public Health Care Authority	.19%	0%
Business-Type Activities: Alabama Fire College & Personnel Standards Commission Alabama State Port Authority	48%	17%
Aggregate Discretely Presented Component Units: State Employees' Insurance Board Public Education Employees' Health Insurance Fund Alabama Housing Finance Authority Alabama Water Pollution Control Authority Alabama Drinking Water Finance Authority Space Science Exhibit Commission University of Alabama Auburn University Alabama State University Alabama A&M University University of South Alabama University of Montevallo Athens State University Jacksonville State University University of North Alabama University of West Alabama	89%	89%
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 Public Health Care Authority	88%	58%

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 from 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, and the Retired State Employees' Health Care Trust were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those

risk assessments, the auditor considers internal control relevant to the State of Alabama's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Alabama's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the reports of 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matters**

As described in Note 1(F) to the financial statements, in Fiscal Year 2017, the State implemented new accounting guidance, GASB Statement No. 73: *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; GASB Statement No. 74: *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 77: *Tax Abatement Disclosures*; GASB Statement No. 78: *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; GASB Statement No. 79: *Certain External Investment Pools and Pool Participants*; GASB Statement No. 80: *Blending Requirements for Certain Component Units*; and GASB Statement No. 82: *Pension Issues*. Our opinions are not modified with respect to these matters.

As discussed in Note 3(B) to the financial statements, the beginning balances of Governmental Activities, Business-Type Activities, the General Fund, the Alabama Trust Fund, several Nonmajor Governmental funds, a Nonmajor Enterprise fund, Other Pension funds and several Component Units have been restated to correct misstatements. Our opinions are not modified with respect to these matters.

As discussed in Note 3(C) to the financial statements, the Alabama Community College System was reclassified from the primary government to a component unit. This was due to a change in the law granting certain corporate powers to the Alabama Community College System and the re-evaluation of component unit determination for the reporting entity. A Major Enterprise fund, a Miscellaneous Special Revenue fund, and some capital assets and long-term liabilities of Governmental Activities were reclassified to the Alabama Community College System component unit. Our opinions are not modified with respect to these matters.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the other Required Supplementary Information, listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain



limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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 accompanying supplementary information which includes the combining and individual fund statements and schedules, and the accompanying other information which includes the introductory and statistical sections, listed in the accompanying table of contents, are presented for the purposes of additional information and are not a required part of the basic financial statements.

The accompanying supplementary information (combining and individual fund statements and schedules) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information (introductory and statistical sections) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with ***Government Auditing Standards***, we have also issued our report dated November 20, 2018, on our consideration of the State of Alabama's internal control over financial reporting and on our tests of its 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the State of Alabama's internal control over financial reporting and compliance.



Rachel Laurie Riddle  
Chief Examiner

Department of Examiners of Public Accounts

Montgomery, Alabama

November 20, 2018

The following is a narrative overview and analysis of the financial activities of the State of Alabama for the fiscal year ended September 30, 2017. 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 position increased by \$544 million during the fiscal year. The assets and deferred outflows of the State exceeded its liabilities and deferred inflows at the close of the fiscal year by \$21.5 billion (net position). \$20.9 billion was the net invested in capital assets, and \$3.2 billion was Alabama Trust Capital.
- The State had a net pension liability of \$3.7 billion for the primary government.
- The Change in Net Position in governmental activities was \$461 million.
- Governmental activities have \$5.1 billion in investments, \$3.2 billion of which is held in the Alabama Trust Fund.
- Tax revenues increased \$261 million, or 3 percent as the economy improved.
- Income tax revenues increased \$218 million, or 6 percent, because of the improved economy. Sales and use tax revenues increased \$16 million, or 1 percent.
- Revenues and expenses increased modestly. Revenues increased \$658 million or 3 percent while expenses increased \$766 million, or 4 percent.
- The business-type activities reported net position at year-end of \$964 million, an increase of \$83 million, or 9 percent, for the fiscal year. The Unemployment Compensation Trust Fund cash grew by \$49 million. The operating revenues for the State Port Authority increased by 5 percent as a result of a recovery in the global steel markets.
- The State's total bond debt at the end of the fiscal year was \$5.8 billion, an increase of \$1.024 billion.
- The State issued revenue bonds with a par value of \$416.6 million and premiums of \$76.9 million for transportation capital improvements.
- The State issued general obligation bonds with a par value of \$105 million and premiums of \$23.1 million.
- The Alabama Economic Settlement Authority issued revenue bonds with a par value of \$628.7 million and a discount of \$2.6 million. The debt will be serviced with BP Settlement funds. \$74 million will be used for various projects, \$400 million was used to repay the General Fund Rainy Day Account and to repay transfers of the Alabama Trust Fund, \$120 million will be used to fund Medicaid, and \$29.6 was issued to pay interest costs prior to receipt of the BP Settlement funds.
- Capital Assets increased \$356 million to \$22.3 billion, which includes \$19.7 billion in infrastructure assets.
- The Alabama Trust Fund balance increased by \$453 million, or 17 percent, and now stands at \$3.2 billion.
- The Alabama Trust Fund investment earnings increased from \$253 million to \$333 million.
- General Fund revenues increased \$85 million, while expenditures increased \$54 million.
- Education Trust Fund revenues increased \$211 million, while expenditures increased \$309 million.
- On a budgetary basis, General Fund revenues and other sources exceeded expenditures and other uses by \$188 million. However, on a GAAP (Generally Accepted Accounting Principles) basis, General Fund revenues and other sources exceeded expenditures and other uses by \$249 million. The Budgetary Comparison Schedule in Required Supplementary Information reconciles these amounts and lists the accounting basis differences.
- The General Fund was not prorated and the Medicaid Agency has unexpended General Fund appropriations of \$47 million to carry over to fiscal year 2018.

## **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. These statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the economic resources measurement focus and accrual basis of accounting. The government-wide financial statements exclude fiduciary activities.

The *Statement of Net Position* presents information on all of the State's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the fiscal year. Net position represents the difference between all other elements in this statement. Increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 unemployment compensation services, operation of facilities for the distribution and sale of alcoholic beverages, and shipping services 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 Housing Finance Authority, Public Education Employees' Health Insurance Board, University of Alabama, Auburn University, University of South Alabama, and the Alabama Community College System. 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 external users in a manner similar to private business enterprises. The major enterprise funds are the Unemployment Compensation Trust, State Port Authority, 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 Position and Changes in Fiduciary Net Position. 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) Ten Year Trend Information for Teachers' Retirement System, Judicial Retirement System, and Employees' Retirement System (4) related notes to trend schedules for Employees' Retirement System, (5) a schedule of funding progress for the Retired State Employees' Health Care Trust and related notes, and (6) 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 Position**

Net position may serve over time as a useful indicator of a government's financial position. The State's combined net position for governmental and business-type activities is \$21.5 billion in contrast to the prior year balance of \$20.9 billion. The largest component of the State's net position 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, plus capital-related deferred outflows of resources, less capital-related deferred inflows of resources. The State uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Also, it should be noted that the resources needed to repay the capital-related debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Capital Assets increased \$356 million, which included \$284.3 million in increases in infrastructure and infrastructure construction in progress. Business-type capital assets decreased \$21.2 million, or 3 percent primarily due to a \$21.4 million decrease in the State Port Authority capital assets.

The total of Current and Other Assets is \$11.9 billion, an increase of \$1.5 billion, or 15 percent. Included in that amount were cash and cash equivalents of \$3.9 billion and \$1.0 billion due from other governments. A little over half the amount due from other governments consists of loans to local school systems and most of the remaining amount is due from the federal government for amounts earned under federal programs. The balance also includes \$5.3 billion in investments, \$3.2 billion of which is held in the Alabama Trust Fund. Business-type Current and Other Assets increased \$67 million, or 8 percent, primarily because the Unemployment Compensation Trust Fund cash grew by \$49 million.

The total primary government net pension liability for 2017 and 2016 is \$3.7 billion and \$3.5 billion, respectively.

Of total liabilities, 83 percent are long-term liabilities. The State has \$11 billion in long term liabilities, which includes \$5.8 billion in bonds payable, \$3.7 billion in net pension liability, and \$1.4 billion in post-employment health care benefit liabilities. Total liabilities increased 12 percent, or \$1.4 billion. Bond debt increased by \$1.024 billion while post-employment health care benefit liabilities rose \$114.6 million and net pension liability increased \$207.5 million.

Deferred Outflows of Resources is \$568 million, an increase of \$50 million. \$482 million is pension related and \$88 million is losses for bond refundings. Deferred Inflows of Resources is \$53 million at the end of the current fiscal year, a decrease of \$11 million. \$49 million is pension related and \$4 million is gains from bond refundings.

Restricted net position represents 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 position. The State's net position that is unrelated to capital assets includes \$9.2 billion in restricted net position, an increase of \$1.3 billion from the prior year. Unrestricted net position represents the remaining amount of net position 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 position of \$8.6 billion. Business-type activities had an unrestricted net position of \$49 million.

**Net Position as of September 30**  
(Amounts in Thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current and Other Assets	\$ 10,976,607	\$ 9,527,826	\$ 905,293	\$ 838,104	\$ 11,881,900	\$ 10,365,930
Capital Assets	21,674,291	21,297,068	618,227	639,474	22,292,518	21,936,542
Total Assets	32,650,898	30,824,894	1,523,520	1,477,578	34,174,418	32,302,472
Deferred Outflows of Resources	536,385	502,987	31,430	15,013	567,815	518,000
Long-term Liabilities	10,511,437	9,192,825	486,045	492,169	10,997,482	9,684,994
Other Liabilities	2,104,305	2,013,717	102,744	117,387	2,207,049	2,131,104
Total Liabilities	12,615,742	11,206,542	588,789	609,556	13,204,531	11,816,098
Deferred Inflows of Resources	50,613	61,264	2,227	2,317	52,840	63,581
Net Position						
Net Investment in Capital Assets	20,544,621	20,408,863	309,115	297,816	20,853,736	20,706,679
Restricted	8,584,834	7,358,609	605,930	567,493	9,190,764	7,926,102
Unrestricted	(8,608,527)	(7,707,397)	48,889	15,409	(8,559,638)	(7,691,988)
Total Net Position	\$ 20,520,928	\$ 20,060,075	\$ 963,934	\$ 880,718	\$ 21,484,862	\$ 20,940,793



**Change in Net Position**

The table on the following page was derived from the government-wide Statement of Activities. 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. As a result of the excess of revenues over expenses, the State's net position increased by \$544 million during the fiscal year. Taxes provided \$9 billion, or 40 percent, of the State's total revenue. Tax revenues increased by \$261 million, or 3 percent, compared to the previous year as the economy continued to improve. \$218 million of the increased revenue was income taxes, which was up 6 percent. Sales and use taxes increased \$16 million, or 1 percent. Operating Grants and Contributions revenue increased \$251 million, or 3 percent to \$8.8 billion. Federal revenues increased \$186 million for the Medicaid program. Capital Grants and Contributions decreased \$25 million to \$925 million. Charges for Services revenue increased \$71 million, or 3 percent.

General revenues, which include taxes, were up to \$10.4 billion, an increase of \$361 million. Unrestricted investment earnings were \$348 million, an increase of \$90 million. In total, revenues and expenses had modest increases. Total revenues increased \$658 million, or 3 percent, and total expenses were up \$766 million, or 4 percent.

**Governmental Activities**

Total revenues for governmental activities for the fiscal year were \$21.7 billion, an increase of \$665 million or 3 percent. Charges for Services were up by \$79 million. Operating Grants and Contributions increased \$245 million, or 3 percent. Unrestricted Investment Earnings were up \$90 million. Taxes increased \$259 million, or 3 percent, on the strength of improved sales and use tax revenues, while Capital Grants and Contributions decreased \$17 million, or 2 percent.

Expenses for governmental type activities totaled \$21.3 billion, an increase of \$773 million or 4 percent. Education and Cultural Resources spending increased \$46 million, or 1 percent. Included in Education and Cultural Resources spending was an increase in the Local Financial Assistance program of \$164 million. Expenditures for Health increased \$450 million, or 7 percent, as the Hospital Care program increased by \$31 million, the Children's Health Insurance Program (CHIP) increased \$177 million, and the Pharmaceutical program decreased \$25 million. Protection of Persons and Property decreased \$64 million or 5 percent. Transportation decreased \$33 million, or 2 percent. Natural Resources and Recreation spending decreased \$7 million, or 4 percent. Social Services spending increased \$148 million, or 7 percent.

**Business-type Activities**

The largest business-type activity is the Alabama Unemployment Compensation Trust Fund, which accounts for 59 percent of business-type net position. The other major business-type activities are the Alabama Port Authority, and the Alcoholic Beverage Control Board. During the fiscal year the net position of business-type activities increased by \$83 million. Revenues of business-type activities totaled \$839 million, a decrease of \$8 million, or 1 percent. Most of this revenue was self-generated program revenues; only \$14 million of the \$839 million in revenues came from general revenues. The program revenues consisted of \$814 million of charges for services, a decrease of \$8 million, or 1 percent, and \$11 million of operating grants and contributions, an increase of \$6 million, or 122 percent. Capital grants and contributions decreased \$8 million, which was a result of a decrease in capital contributions to the State Port Authority of \$8 million. Of the \$51 million in net transfers between governmental activities and business-type activities, most of the transfers are from the Alcoholic Beverage Control Board as mandated by law.

Overall business-type expenses were \$705 million, down by \$7 million, or 1 percent, primarily because the Alabama Unemployment Compensation Trust Fund's expenses decreased \$21 million, or 11 percent. Alabama Unemployment Compensation Trust Fund expenses decreased because of a decrease in the unemployment rate from 5.9 percent in September 2016 to 3.7 percent in September 2017 and some claimants exhausted their benefits. The cash balance in the Unemployment Compensation Trust Fund grew by \$49 million partially because of this decrease in expenses for claims. Port Authority expenses were down \$3 million, or 2 percent, due to a reduction in charges resulting from a change in responsibility for shaping coal stockpiles, by a moderate reduction in insurance rates, and by a reduction in damage claims. Alcoholic Beverage Control Board expenses were up \$15 million, or 5 percent. Nonmajor Proprietary Funds expenses were up \$1 million, or 1 percent.

**Changes in Net Position**  
**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>2017</b>	<b>2016*</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016*</b>
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,602,691	\$ 1,523,470	\$ 813,771	\$ 822,026	\$ 2,416,462	\$ 2,345,496
Operating Grants and Contributions	8,755,280	8,510,671	11,142	5,029	8,766,422	8,515,700
Capital Grants and Contributions	924,667	941,948	125	7,894	924,792	949,842
General Revenues:						
Taxes	8,951,556	8,692,269	13,317	11,453	8,964,873	8,703,722
Grants and Contributions Not						
Restricted to Specific Programs	5,037	3,419	-	-	5,037	3,419
Unrestricted Investment Earnings	348,038	258,207	-	-	348,038	258,207
Miscellaneous	1,120,197	1,112,012	364	81	1,120,561	1,112,093
Total Revenues	<u>21,707,466</u>	<u>21,041,996</u>	<u>838,719</u>	<u>846,483</u>	<u>22,546,185</u>	<u>21,888,479</u>
Expenses:						
Economic Development and Regulation	155,796	159,378			155,796	159,378
Education and Cultural Resources	7,168,714	7,122,455			7,168,714	7,122,455
Natural Resources and Recreation	151,843	158,738			151,843	158,738
Health	7,419,732	6,969,940			7,419,732	6,969,940
Social Services	2,403,668	2,255,358			2,403,668	2,255,358
Protection of Persons and Property	1,233,440	1,297,498			1,233,440	1,297,498
Transportation	1,532,866	1,566,123			1,532,866	1,566,123
General Government	1,048,882	835,119			1,048,882	835,119
Debt Service - Interest and Other Charges	182,655	159,894			182,655	159,894
Unemployment Compensation			174,746	195,664	174,746	195,664
State Port Authority			131,405	133,920	131,405	133,920
Alcoholic Beverage Control Board			328,276	312,783	328,276	312,783
Nonmajor Proprietary Funds			70,093	68,955	70,093	68,955
Total Expenses	<u>21,297,596</u>	<u>20,524,503</u>	<u>704,520</u>	<u>711,322</u>	<u>22,002,116</u>	<u>21,235,825</u>
Increase (Decrease) in Net Position						
Before Contributions and Transfers	409,870	517,493	134,199	135,161	544,069	652,654
Transfers	50,983	55,350	(50,983)	(55,350)	-	-
Change in Net Position	<u>460,853</u>	<u>572,843</u>	<u>83,216</u>	<u>79,811</u>	<u>544,069</u>	<u>652,654</u>
Net Position- Beginning, as restated	<u>20,060,075</u>	<u>19,487,232</u>	<u>880,718</u>	<u>800,907</u>	<u>20,940,793</u>	<u>20,288,139</u>
Net Position- Ending	<u>\$ 20,520,928</u>	<u>\$ 20,060,075</u>	<u>\$ 963,934</u>	<u>\$ 880,718</u>	<u>\$ 21,484,862</u>	<u>\$ 20,940,793</u>

\* The 2016 amounts for expenses presented here have not been restated for the implementation of GASB Statement 73 because it was not practical to restate years prior to 2017.

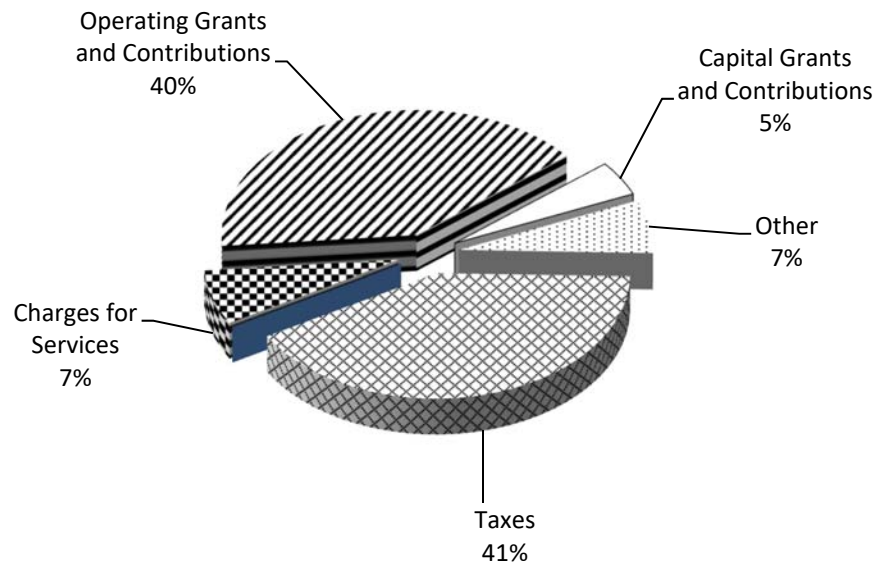
### Governmental Activities

Operating grants and contributions along with taxes together accounted for 81 percent of governmental activities revenue. Taxes are the largest, making up 41 percent of total governmental revenues, while operating grants and contribution make up 40 percent.

Income taxes are 45 percent of the total taxes recorded in governmental activities. Sales and use taxes comprise 30 percent of taxes in governmental activities. Income taxes brought in \$4.0 billion and sales and use taxes \$2.7 billion. Income taxes increased \$218 million, or 6 percent, while sales and use taxes increased \$16 million, or 1 percent.

Capital grants and contributions are 5 percent of revenues. The Department of Transportation received 91 percent of all capital grants and contributions, primarily for road and bridge related projects. About 91 percent of operating grants and 86 percent of the capital grants were received from the Federal government.

**Revenues - Governmental Activities  
Fiscal Year Ended September 30, 2017**





Expenses for governmental activities are grouped by functional area. The two largest functional areas were Education and Cultural Resources and Health. These two areas together accounted for 69 percent of the governmental activities expenses for the fiscal year. Social Services accounted for 11 percent of the governmental activities expenses.

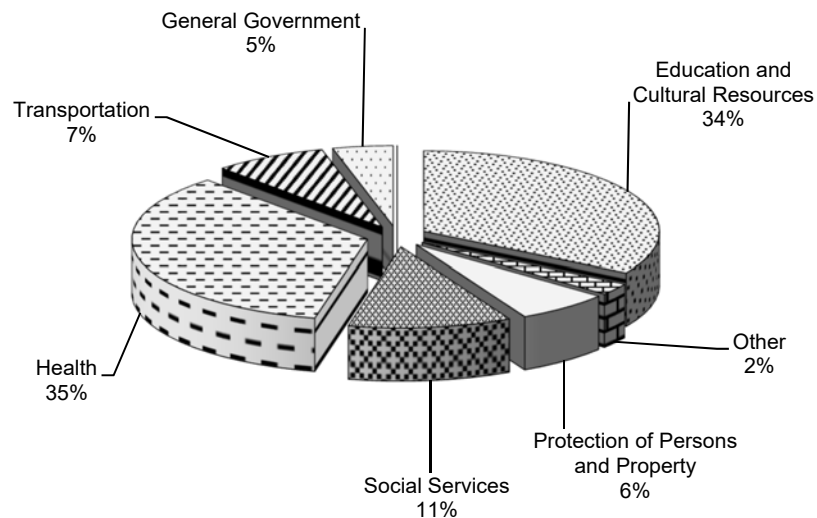
Education and Cultural Resources makes up 34 percent of governmental activity expenses, down from 35 percent the previous year. Transportation decreased from 8 percent to 7 percent and Social Services remained the same at 11 percent. Within Education and Cultural Resources, 71 percent of expenditures were for the Local Financial Assistance program for K-12 school systems and 15 percent was for the Support of State Universities program. Local Financial Assistance increased \$164 million, or 3 percent, and Support for State Universities increased \$31 million, or 3 percent.

Health accounted for 35 percent of governmental activity spending, the same as the previous year. Medicaid programs account for 78 percent of Health spending, while the Department of Public Health was 10 percent and the Department of Mental Health was 11 percent.

Within Social Services, spending on the Food Assistance program makes up 49 percent of all social services spending while 11 percent is spent on various children's programs. Spending on Food Assistance was down \$211 million, or 15 percent.

Protection of Persons and Property continues to comprise 6 percent of total spending. The Department of Corrections makes up 37 percent of Protection of Persons and Property spending, while the Alabama Law Enforcement Agency comprises 13 percent and the 911 Board 9 percent.

### **Expenses - Governmental Activities Fiscal Year Ended September 30, 2017**



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 the fiscal year, the governmental funds reported combined ending fund balances of \$8.1 billion. Nonspendable fund balance was \$127 million and assigned fund balance was \$92 million. Spending restricted for specific purposes comprised \$7.6 billion. Those restrictions have been imposed by external parties, constitutional provisions, or enabling legislation. The largest restricted amount of \$3.2 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 and Amendment 856 to the *Constitution of Alabama of 1901* which allow limited spending of principal. An additional \$4.4 billion of governmental fund balance has been restricted for a wide variety of purposes which includes \$1.1 billion 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 was \$431 million, \$4 million nonspendable fund balance, and \$2 million assigned fund balance. Revenues for the General Fund were up \$85 million, or 5 percent, as taxes increased \$61 million. The largest increase in tax revenues to the General Fund was \$22 million in insurance premium tax and \$19 million in simplified sellers use tax.

Expenditures for the General Fund increased \$54 million, or 4 percent. Health expenditures increased \$16 million, or 2 percent. 95 percent of the General Fund health expenditures were in the Medicaid Agency. Physician Care increased \$29 million while Hospital Care rose \$18 million. Spending on General Government in the General Fund increased \$24 million. Judicial Operations remained the same while Prosecution Services increased \$4 million. Protection of Persons and Property expenditures increased \$15 million. The largest spending for Protection of Persons and Property in the General Fund was \$405 million for the Department of Corrections, an increase of \$10 million from the previous year. Due to other funds decreased by \$163 million primarily because of the repayment of the amount owed by the General Fund to the General Fund Rainy Day account within the Alabama Trust Fund. The Alabama Economic Settlement Authority bond proceeds were the source of funds for this repayment pursuant to Act 2016-469.

The Education Trust Fund (ETF) is the largest operating 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 relating 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, various scholarship programs, the state's education regulatory departments, and two-year and four-year colleges and universities. Funding from the ETF is also provided to non-state agencies that provide educational services to the people of Alabama, including the arts, disease counseling and education, and youth development. Ten tax sources are allocated to the ETF, the largest of which are the individual and corporate income tax, sales tax, utility tax, and use tax. Tax revenues in the ETF for the fiscal year were up \$204 million, or 3 percent as compared to the previous fiscal year. Sales and use tax revenues decreased by \$25 million and income tax revenues were up by \$218 million while mobile telecommunications tax decreased \$2 million. Expenditures, as limited by the budget, were up 5 percent, or \$309 million. A large portion of the increase, \$164 million, was in the Local Financial Assistance program. The ETF transferred out \$312 million, with the largest of these transfers going to supplement operations of the Prepaid Affordable College Tuition Fund (PACT), a Fiduciary fund. Prepaid Affordable College Tuition Fund received \$64 million in transfers as mandated by the legislature in the appropriations acts. Due to Other Funds in the ETF is \$8 million, down from \$12 million. The ETF fund balance decreased \$86 million to a balance of \$401 million, as cash and cash equivalents decreased \$103 million. The fund balance, while legally restricted to a variety of educational purposes, is all available for those purposes in the next fiscal year.

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 increased by \$12 million during the fiscal year. Investment earnings increased from \$253 million to \$333 million during the fiscal year. 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, \$159 million was transferred out to support these other funds. \$98 million was transferred to the General Fund. During the fiscal year, the amount constitutionally restricted for Trust Capital increased by \$457 million, an increase of more than 17 percent. Due from other funds decreased by \$149 million primarily because of the repayment to the General Fund Rainy Day Account within the Alabama Trust Fund. \$400 million was deposited in the Alabama Trust Fund from the Alabama Economic Settlement Authority pursuant to Act 2016-469. \$162 million was a repayment to the General Fund Rainy Day Account of the Alabama Trust Fund. \$238 million was a repayment of transfers from the Alabama Trust Fund.

The Medicaid Fund accounts for the portion of the Medicaid program that is funded 89 percent by Federal revenues. Federal revenues increased 4 percent, or \$190 million. Expenditures increased 7 percent or \$300 million. Pharmaceutical Care program expenditures decreased \$25 million, Hospital Care increased \$31 million, Nursing Home Care increased \$128 million, and the

Children's Health Insurance Plan (CHIP) increased \$177 million. The net change in fund balance for Medicaid was a \$1.8 million decrease, bringing the total fund balance to a deficit of \$53.5 million.

The Public Road and Bridge Fund is the general operating fund of the Department of Transportation (DOT). The Fund 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. Revenues from federal grants were 60 percent of fund revenues while gasoline and motor fuel taxes were 26 percent. Federal revenues increased \$9 million, or 1 percent. Expenditures increased \$24 million or 2 percent. The cash balance increased from \$464 million to \$466 million. Of the \$513 million fund balance, \$30 million is in inventory of materials on hand and \$483 million is restricted to cover existing 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. Revenues from federal funds comprise 89 percent, and 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 decreased \$27 million, or 1 percent. The Food Assistance program accounts for 67 percent of total expenditures. The fund balance at year end is \$46 million, an increase of \$3 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 fund balance, while legally restricted to a variety of social service programs, is all available for those programs in the next fiscal year.

The Medicaid Fund had a negative fund balance at September 30. 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). 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 its 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 position for all enterprise funds increased by \$83 million.

The Unemployment Compensation Trust Fund has again improved its financial condition. The net position increased in 2017 by \$67 million, and in 2016 net position increased by \$75 million. The minimum employer rate remained at 0.00065 and the maximum employer rate remained at 0.0068 for the employer shared cost. Revenues decreased in 2017 as compared to 2016 due to a decrease in the amount of Unemployment Compensation (UC) taxes received. There was a \$32 million decrease in the amount of UC taxes received in 2017 compared to 2016. Federal UC Drawdown programs remained at \$2 million. Benefits paid dropped \$21 million, a decrease of 10 percent. The trust fund cash grew from \$530 million to \$579 million; net position now stands at \$570 million.

The net position of the State Port Authority is \$324 million, a decrease of \$1 million. Operating revenues were \$126 million, an increase of \$6 million, or 5 percent over the prior year, resulting largely from recovery in the global steel markets, affecting demand for metallurgical coal and impacting import and export volumes of semi-finished and finished steel. Revenue at the Authority's McDuffie Coal Terminal increased by \$7 million, or 14 percent, which included a \$1 million allocation of energy port funds collected through the federal harbor maintenance tax. Even with a strong year for steel products, General Cargo/Intermodal revenues decreased by nearly \$1 million, or 3 percent, largely due to the reduced allocation of energy port funds, which were \$2 million in fiscal 2016, compared with \$0.1 million in fiscal 2017. The Terminal Railway revenues were \$3 million, a decrease of 15 percent due to a reduction in rail activity.

The net position of the Alcoholic Beverage Control Board decreased by \$8 million in fiscal year 2017, increasing the deficit in net position to \$90 million. The Board is required by law to distribute all of its profits and cannot own real property; therefore, net position generally will remain negative. Non-current liabilities, such as compensated absences of \$5 million, other post-employment benefits of \$34 million, net pension liability of \$62 million, and some of the current liabilities are not deducted from the distribution amount. The deficit increase of \$8 million in 2017 is due to expenses accrued for these non-current liabilities.

**Budgetary Highlights****General Fund**

The original budget for the General Fund was increased by a net of \$9 million during fiscal year 2017. Expenditures were increased by \$20 million and Transfers Out decreased by \$11 million. These budgetary changes are reflected in the final budget on the Budgetary Comparison Schedule. The General Fund was not prorated during fiscal year 2017. Budgeted revenues were increased by \$8 million and actual tax revenues were \$61 million greater than the final budget because of the improved economy.

There were significant budgetary variances between the final budget and actual results. Unexpended and reverted appropriations from fiscal year 2017 were re-appropriated to fiscal year 2018; therefore, many agencies did not spend all of their appropriations during fiscal year 2017. The Medicaid Agency and the Legislature have \$47 million and \$7 million, respectively to carryover to fiscal year 2018. The Department of Corrections and the Department of Finance have carryovers of approximately \$6 million and \$2 million, respectively. These appropriations will be needed in the future primarily because expenditures are expected to increase.

There were no supplemental appropriations. Conditional and other appropriations were approximately \$9.5 million to various agencies. \$7.5 million of conditional appropriations were transferred to the Fair Trial Tax Fund for indigent defense. 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. Emergency appropriations cannot exceed two percent of the total amount appropriated. On a budgetary basis, General Fund revenues and other sources exceeded expenditures and other uses by \$188 million. However, on a GAAP (Generally Accepted Accounting Principles) basis, General Fund revenues and other sources exceeded expenditures and other uses by \$249 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 2017 the State had invested \$22.3 billion, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation charges for the fiscal year totaled \$129.6 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>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Capital Assets Not Being Depreciated:</b>						
Land	\$ 386,201	\$ 348,854	\$ 77,258	\$ 77,259	\$ 463,459	\$ 426,113
Historical Exhibits	4,126	4,158	2,350	2,350	6,476	6,508
Construction In Progress	149,579	155,710	5,383	4,907	154,962	160,617
Intangible Assets Under Development	-	55,658	-	-	-	55,658
Construction In Progress - Infrastructure	3,304,624	3,610,772	-	-	3,304,624	3,610,772
Infrastructure	16,386,881	15,796,402	-	-	16,386,881	15,796,402
Inexhaustible Intangible Assets	-	-	10	10	10	10
<b>Total Capital Assets</b>						
<b>Not Being Depreciated</b>	<b>20,231,411</b>	<b>19,971,554</b>	<b>85,001</b>	<b>84,526</b>	<b>20,316,412</b>	<b>20,056,080</b>
<b>Capital Assets Being Depreciated:</b>						
Buildings	1,824,769	1,756,178	682,225	677,547	2,506,994	2,433,725
Equipment	722,129	661,588	406,419	403,739	1,128,548	1,065,327
Software and Other Intangible Assets	96,448	42,003	3,266	3,266	99,714	45,269
<b>Total Capital Assets</b>						
Being Depreciated	2,643,346	2,459,769	1,091,910	1,084,552	3,735,256	3,544,321
Less Accumulated Depreciation	1,200,466	1,134,199	558,684	529,604	1,759,150	1,663,803
<b>Total Capital Assets</b>						
<b>Being Depreciated, Net</b>	<b>1,442,880</b>	<b>1,325,570</b>	<b>533,226</b>	<b>554,948</b>	<b>1,976,106</b>	<b>1,880,518</b>
<b>Capital Assets, Net</b>	<b>\$ 21,674,291</b>	<b>\$ 21,297,124</b>	<b>\$ 618,227</b>	<b>\$ 639,474</b>	<b>\$ 22,292,518</b>	<b>\$ 21,936,598</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 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 79.79, 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 6.51, in the upper end of the satisfactory range.

For fiscal years 2017 and 2016, the State estimated it would need to spend \$361,768,000 and \$323,600,000, respectively, to preserve and maintain all roadway assets and \$10 million in each year to preserve all bridge assets at or above the “Established Condition Levels” presented above. In fiscal year 2017, the State spent \$372,860,000 for roadway preservation and \$286,279,000 for bridge preservation. The State spent \$324,726,000 for roadway preservation and \$163,389,000 for bridge preservation in fiscal year 2016. In the next fiscal year, the Alabama Department of Transportation estimates that it will need to spend approximately \$361,768,000 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 4 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. These corporations are blended with the primary government. The State and its component units issue serial and term bonds. Alabama has traditionally received high bond ratings from both Standard and Poor’s Corporation and Moody’s Investors Service.

#### Outstanding Bonded Debt as of September 30

(Amounts in Thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
General Obligation Bonds	\$ 673,634	\$ 722,383	\$ -	\$ -	\$ 673,634	\$ 722,383
Revenue Bonds	4,753,950	3,667,728	327,401	344,610	5,081,351	4,012,338
Total	<u>\$ 5,427,584</u>	<u>\$ 4,390,111</u>	<u>\$ 327,401</u>	<u>\$ 344,610</u>	<u>\$ 5,754,985</u>	<u>\$ 4,734,721</u>

The State issued \$105,140,000 in new general obligation bonds. Additionally, the State issued \$1,421,730,000 in new revenue bonds, which includes \$628,715,000 in Alabama Economic Settlement Authority bonds and \$793,015,000 in Alabama Federal Aid Highway Finance Authority bonds. The Alabama Federal Aid Highway Finance Authority bonds were issued to fund transportation projects and to refund previously issued bonds. Additional detailed information regarding the State’s long-term debt is presented in Note 5 to the financial statements.

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

The General Fund budget was increased from fiscal year 2017 to 2018. The Department of Corrections and Pardons and Paroles received increases of \$38 million and \$8 million, respectively. The General Fund Rainy Day account was fully repaid in fiscal year 2017.

The total ETF budget for fiscal year 2018 is \$6.42 billion. The Rolling Reserve Act (Act 2011-3) cap on the fiscal year 2018 appropriations is \$6.42 billion. The K-12 Local Boards of Education received an appropriation increase of \$24 million for fiscal year 2018 over fiscal year 2017 from the Education Trust Fund. The four-year Universities received an increase of \$1 million.

Total tax collections are up approximately 3.6 percent for fiscal year 2018 as compared to fiscal year 2017. The State’s seasonally adjusted unemployment rate, at 3.8 percent in April 2018, was down from March 2018’s rate of 4.1 percent, and below April 2017’s rate of 4.8 percent. The number of employed workers increased from April 2017 to April 2018 from 2,067,000 to 2,086,000.

### 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 298, Montgomery, AL 36130-2602.



STATE OF ALABAMA  
STATEMENT OF NET POSITION

September 30, 2017

(Amounts in Thousands)

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,182,711	\$ 686,949	\$ 3,869,660	\$ 1,547,918
Investments	5,125,700	150,653	5,276,353	8,348,848
Internal Balances	18,559	(18,559)	-	-
Due From Primary Government	-	-	-	6,380
Due From Component Units	132,744	63	132,807	-
Investment Sales Receivable	74,925	-	74,925	-
Accounts Receivable	129,553	18,245	147,798	884,508
Taxes Receivable	1,023,396	-	1,023,396	-
Due From Other Governments	1,025,288	-	1,025,288	564,307
Mortgages, Notes, and Loans Receivable	60	-	60	874,515
Securities Lending Collateral	220,421	-	220,421	2,748
Inventory	40,768	44,481	85,249	46,303
Restricted Assets	2,295	-	2,295	36,286
Other Assets	187	23,461	23,648	371,320
Capital Assets, Net of Accumulated Depreciation	1,442,880	533,226	1,976,106	7,776,728
Capital Assets Not Depreciated	20,231,411	85,001	20,316,412	971,989
<b>TOTAL ASSETS</b>	<b>32,650,898</b>	<b>1,523,520</b>	<b>34,174,418</b>	<b>21,431,850</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>536,385</b>	<b>31,430</b>	<b>567,815</b>	<b>886,748</b>
<b>LIABILITIES</b>				
Warrants Payable	29,918	156	30,074	68
Investment Purchases Payable	121,297	-	121,297	-
Due To Primary Government	-	-	-	132,807
Due To Component Units	6,379	1	6,380	-
Accounts Payable	997,822	74,819	1,072,641	874,611
Due To Other Governments	205,397	2,487	207,884	154,718
Securities Lending Obligation	220,421	-	220,421	2,748
Unearned Revenue	4,717	2,218	6,935	1,065,421
Amounts Held in Custody for Others	126,046	1,714	127,760	423,887
Noncurrent Liabilities:				
Due Within One Year	392,308	21,349	413,657	389,760
Due In More Than One Year	10,511,437	486,045	10,997,482	8,889,802
<b>TOTAL LIABILITIES</b>	<b>12,615,742</b>	<b>588,789</b>	<b>13,204,531</b>	<b>11,933,822</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>50,613</b>	<b>2,227</b>	<b>52,840</b>	<b>223,888</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	20,544,621	309,115	20,853,736	4,729,462
Restricted for:				
Permanent - Expendable	-	-	-	1,166,955
Permanent - Non-expendable	91,431	-	91,431	1,741,314
Unemployment Compensation	-	570,010	570,010	-
Alabama Trust Capital	3,161,937	-	3,161,937	-
Economic Development and Regulation	219,873	-	219,873	-
Education	1,505,923	2,168	1,508,091	-
Natural Resources and Recreation	191,601	-	191,601	-
Health	407,795	1,051	408,846	-
Social Services	287,152	-	287,152	-
Protection of Persons and Property	275,928	-	275,928	-
Transportation	575,950	-	575,950	-
General Government	720,323	-	720,323	-
Debt Service	175,120	32,701	207,821	729,462
Capital Projects	971,801	-	971,801	36,876
Other Purposes	-	-	-	209,173
Unrestricted	(8,608,527)	48,889	(8,559,638)	1,547,646
<b>TOTAL NET POSITION</b>	<b>\$ 20,520,928</b>	<b>\$ 963,934</b>	<b>\$ 21,484,862</b>	<b>\$ 10,160,888</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, 2017

(Amounts in Thousands)

**FUNCTIONS/PROGRAMS**

**Primary Government:**

Governmental Activities:

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Economic Development and Regulation	\$ 155,796	\$ 153,247	\$ 31,233	\$ 10,273
Education and Cultural Resources	7,168,714	50,197	969,623	8,858
Natural Resources and Recreation	151,843	79,727	45,102	3,085
Health	7,419,732	496,447	5,493,525	252
Social Services	2,403,668	65,738	1,810,130	12,739
Protection of Persons and Property	1,233,440	303,477	153,710	34,228
Transportation	1,532,866	187,680	63,862	845,312
General Government	1,048,882	266,178	188,095	9,920
Debt Service - Interest and Other Charges	182,655	-	-	-
Total Governmental Activities	21,297,596	1,602,691	8,755,280	924,667

Business-type Activities

Unemployment Compensation	174,746	248,199	2,330	-
State Port Authority	131,405	128,542	2,547	-
Alcoholic Beverage Control Board	328,276	336,351	5,125	-
Nonmajor Proprietary Funds	70,093	100,679	1,140	125
Total Business-type Activities	704,520	813,771	11,142	125
<b>Total Primary Government</b>	<b>22,002,116</b>	<b>2,416,462</b>	<b>8,766,422</b>	<b>924,792</b>

**Component Units:**

University of Alabama	4,795,614	3,588,208	776,477	35,880
Auburn University	1,157,204	693,930	227,531	21,518
University of South Alabama	802,236	628,988	36,900	989
Housing Finance Authority	77,823	44,096	32,920	-
Public Education Employees Health Insurance	915,004	1,019,265	862	-
Alabama Community College System	778,430	167,423	230,155	8,757
Nonmajor Component Units	1,476,328	874,140	271,907	8,542
<b>Total Component Units</b>	<b>10,002,639</b>	<b>7,016,050</b>	<b>1,576,752</b>	<b>75,686</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
Unrestricted Investment Earnings
Miscellaneous
Contributions to Permanent Funds and Endowments
Transfers
<b>Total General Revenues, Contributions and Transfers</b>

**Change in Net Position**

Net Position, October 1, 2016, as Restated

**Net Position, September 30, 2017**

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

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total Primary Government	Component Units
\$ 38,957	\$ 0	\$ 38,957	\$ 0
(6,140,036)	-	(6,140,036)	-
(23,929)	-	(23,929)	-
(1,429,508)	-	(1,429,508)	-
(515,061)	-	(515,061)	-
(742,025)	-	(742,025)	-
(436,012)	-	(436,012)	-
(584,689)	-	(584,689)	-
(182,655)	-	(182,655)	-
(10,014,958)	0	(10,014,958)	0
-	75,783	75,783	-
-	(316)	(316)	-
-	13,200	13,200	-
-	31,851	31,851	-
0	120,518	120,518	0
(10,014,958)	120,518	(9,894,440)	0
-	-	-	(395,049)
-	-	-	(214,225)
-	-	-	(135,359)
-	-	-	(807)
-	-	-	105,123
-	-	-	(372,095)
-	-	-	(321,739)
0	0	0	(1,334,151)
2,679,492	-	2,679,492	-
4,021,968	-	4,021,968	-
581,428	-	581,428	-
598,233	-	598,233	-
334,479	-	334,479	-
359,826	-	359,826	-
190,854	13,317	204,171	-
185,276	-	185,276	-
-	-	-	1,517,967
5,037	-	5,037	3,113
348,038	-	348,038	565,135
1,120,197	364	1,120,561	47,623
-	-	-	49,945
50,983	(50,983)	-	-
10,475,811	(37,302)	10,438,509	2,183,783
460,853	83,216	544,069	849,632
20,060,075	880,718	20,940,793	9,311,256
\$ 20,520,928	\$ 963,934	\$ 21,484,862	\$ 10,160,888

## STATE OF ALABAMA

BALANCE SHEET  
Governmental Funds

September 30, 2017

(Amounts in Thousands)

	General Fund	Education Trust Fund	Alabama Trust	Medicaid Fund	Public Road and Bridge Fund
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 340,973	\$ 132,546	\$ 54,105	\$ 56,739	\$ 466,138
Investments	-	-	3,171,264	-	67,234
Due From Other Funds	16,865	741	12,470	20,165	1,234
Due From Component Units	-	-	-	-	5
Investment Sales Receivable	-	-	60,414	-	-
Accounts Receivable	3,223	16	16,082	1,593	7,993
Taxes Receivable	266,018	341,634	-	-	29,482
Due From Other Governments	1	208	-	253,031	124,619
Mortgages, Notes, and Loans Receivable	-	-	-	-	-
Securities Lending Collateral	-	-	212,997	-	-
Inventory	4,196	-	-	-	29,962
Restricted Assets	-	-	-	-	-
Other Assets	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 631,276</b>	<b>\$ 475,145</b>	<b>\$ 3,527,332</b>	<b>\$ 331,528</b>	<b>\$ 726,667</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Warrants Payable	\$ 455	\$ 6,223	\$ 1	\$ 11,188	\$ 1,707
Investment Purchases Payable	-	-	118,602	-	-
Due To Other Funds	14,880	8,081	-	70,622	4,428
Due To Component Units	164	117	-	-	6
Accounts Payable	46,613	54,588	103	302,697	197,367
Due To Other Governments	7,299	5,427	-	498	1,119
Securities Lending Obligation	-	-	212,997	-	-
Unearned Revenue	-	-	-	-	-
Amounts Held in Custody for Others	343	10	-	-	6,090
Compensated Absences	537	56	-	1	78
<b>Total Liabilities</b>	<b>70,291</b>	<b>74,502</b>	<b>331,703</b>	<b>385,006</b>	<b>210,795</b>
<b>Deferred Inflows Of Resources</b>	<b>123,491</b>	<b>0</b>	<b>1,979</b>	<b>0</b>	<b>3,118</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	4,196	-	-	-	29,962
Permanent Fund Principal	-	-	-	-	-
Restricted for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	400,643	-	-	-
Natural Resources and Recreation	-	-	33,692	-	-
Health	-	-	-	-	-
Social Services	-	-	-	-	-
Protection of Persons and Property	-	-	-	-	-
Transportation	-	-	-	-	482,792
General Government	-	-	-	-	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Alabama Trust Capital	-	-	3,159,958	-	-
Assigned for:					
Economic Development and Regulation	87	-	-	-	-
Education and Cultural Resources	2	-	-	-	-
Health	14	-	-	-	-
Social Services	13	-	-	-	-
Protection of Persons and Property	1,812	-	-	-	-
Transportation	-	-	-	-	-
General Government	275	-	-	-	-
Unassigned	431,095	-	-	(53,478)	-
<b>Total Fund Balances</b>	<b>437,494</b>	<b>400,643</b>	<b>3,193,650</b>	<b>(53,478)</b>	<b>512,754</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 631,276</b>	<b>\$ 475,145</b>	<b>\$ 3,527,332</b>	<b>\$ 331,528</b>	<b>\$ 726,667</b>

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

---

Public Welfare Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 89,857	\$ 1,969,182	\$ 3,109,540
-	1,776,787	5,015,285
14,889	104,989	171,353
-	132,636	132,641
-	14,511	74,925
-	99,835	128,742
54,199	332,063	1,023,396
-	145,751	523,610
-	60	60
-	7,424	220,421
-	1,664	35,822
-	2,295	2,295
-	187	187
<b>\$ 158,945</b>	<b>\$ 4,587,384</b>	<b>\$ 10,438,277</b>

\$ 961	\$ 8,667	\$ 29,202
-	2,695	121,297
6,521	65,512	170,044
-	712	999
54,649	287,455	943,472
4,835	186,168	205,346
-	7,424	220,421
-	4,717	4,717
4,365	115,238	126,046
181	776	1,629
<b>71,512</b>	<b>679,364</b>	<b>1,823,173</b>

**41,473                      354,630                      524,691**

-	1,664	35,822
-	91,431	91,431
-	136,438	136,438
-	470,914	871,557
-	157,909	191,601
-	310,139	310,139
45,960	199,717	245,677
-	275,927	275,927
-	90,039	572,831
-	719,872	719,872
-	936,037	936,037
-	175,121	175,121
-	-	3,159,958
-	1,210	1,297
-	1,280	1,282
-	-	14
-	407	420
-	18,186	19,998
-	50,097	50,097
-	18,509	18,784
-	(101,507)	276,110
<b>45,960</b>	<b>3,553,390</b>	<b>8,090,413</b>
<b>\$ 158,945</b>	<b>\$ 4,587,384</b>	<b>\$ 10,438,277</b>

## STATE OF ALABAMA

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

September 30, 2017

(Amounts in Thousands)

<b>Total Fund Balances for Governmental Funds</b>	<b>\$8,090,413</b>
---	--------------------

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

Land	385,656	
Historical Exhibits	4,126	
Construction in progress	145,027	
Construction in progress - Infrastructure	3,304,624	
Infrastructure	16,386,881	
Buildings	1,646,495	
Equipment	671,369	
Intangibles	96,449	
Accumulated Depreciation - Buildings	(668,404)	
Accumulated Depreciation - Equipment	(379,379)	
Amortization - Intangibles	(14,727)	
		21,578,117

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 reported as deferred inflows of resources in the funds.

524,691

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, deferred  
outflows of resources, liabilities, and deferred inflows of resources of the internal  
service funds are included in governmental activities in the Statement of Net Position.

114,963

Long-term loans reported in due from other governments are not collectible  
in the current period and, therefore, are not reported in the funds.

501,655

Deferred Outflows of Resources and Deferred Inflows of Resources associated  
with pension related costs and refunding of debt are long-term in nature and,  
therefore are not reported in the governmental funds.

Deferred Outflows - pension related	460,636	
Deferred Inflows - pension related	(46,171)	
Deferred Outflows - losses on refunding of debt	68,316	
Deferred Inflows - gains on refunding of debt	(3,921)	
		478,860

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	(180,974)	
Compensated Absences	(271,637)	
Claims, Judgments, and Other	(11,496)	
Due to Component Units	(4,868)	
Net Pension Liability	(3,564,192)	
Other Post-Employment Benefits	(1,287,924)	
		(5,321,091)

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, and interest payable are not reported in the funds. However,  
these amounts are included in the Statement of Net Position. This is the  
total effect of these balances on the statement.

General Obligation Bonds Payable	(604,515)	
Revenue Bonds Payable	(4,377,997)	
Unamortized Premiums	(431,024)	
Unamortized Discounts	2,468	
Accrued Interest Payable	(35,612)	
		(5,446,680)

<b>Net Position of Governmental Activities</b>	<b>\$20,520,928</b>
--	---------------------

*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, 2017

(Amounts in Thousands)

	General Fund	Education Trust Fund	Alabama Trust	Medicaid Fund	Public Road and Bridge Fund
<b>REVENUES</b>					
Taxes	\$ 1,480,892	\$ 6,353,786	\$ 0	\$ 0	\$ 371,878
Licenses, Permits, and Fees	161,178	112	-	23	142,584
Fines, Forfeits, and Court Settlements	72,341	-	31	2,221	-
Investment Income	15,185	-	333,066	68	165
Federal Grants and Reimbursements	39,294	8,668	-	4,538,121	855,232
Other Revenues	665	404	47,856	560,815	61,505
<b>Total Revenues</b>	<b>1,769,555</b>	<b>6,362,970</b>	<b>380,953</b>	<b>5,101,248</b>	<b>1,431,364</b>
<b>EXPENDITURES</b>					
Current:					
Economic Development and Regulation	6,110	799	-	-	-
Education and Cultural Resources	2,720	6,016,600	-	-	-
Natural Resources and Recreation	5,757	1,588	1,091	-	-
Health	767,935	18,110	-	4,664,387	-
Social Services	11,622	32,670	-	-	-
Protection of Persons and Property	527,828	46,167	-	-	-
Transportation	-	-	-	-	1,549,859
General Government	207,064	21,460	11,159	-	-
Capital Outlay	-	-	-	-	-
Debt Service - Principal Retirement	134	44	-	-	2,889
Debt Service - Interest and Other Charges	250	90	-	-	160
<b>Total Expenditures</b>	<b>1,529,420</b>	<b>6,137,528</b>	<b>12,250</b>	<b>4,664,387</b>	<b>1,552,908</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over (Under) Expenditures</b>	<b>240,135</b>	<b>225,442</b>	<b>368,703</b>	<b>436,861</b>	<b>(121,544)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	373,062	-	243,014	292,438	314,160
Bonds Issued	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-
Capital Leases	-	-	-	-	-
Debt Issuance Premiums	-	-	-	-	-
Debt Issuance Discounts	-	-	-	-	-
Insurance Recovery Proceeds	10	-	-	-	2,876
Transfers Out	(364,471)	(311,561)	(158,519)	(731,145)	(161,660)
Payments to Refunded Bond Escrow Agent	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>8,601</b>	<b>(311,561)</b>	<b>84,495</b>	<b>(438,707)</b>	<b>155,376</b>
<b>Net Change in Fund Balances</b>	<b>248,736</b>	<b>(86,119)</b>	<b>453,198</b>	<b>(1,846)</b>	<b>33,832</b>
Fund Balances, October 1, 2016, as Restated	188,204	486,762	2,740,452	(51,632)	475,238
Increase (Decrease) in Inventory	554	-	-	-	3,684
<b>Fund Balances, September 30, 2017</b>	<b>\$ 437,494</b>	<b>\$ 400,643</b>	<b>\$ 3,193,650</b>	<b>\$ (53,478)</b>	<b>\$ 512,754</b>

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



---

Public Welfare Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 187,404	\$ 1,543,301	\$ 9,937,261
479	653,335	957,711
9	124,913	199,515
-	63,477	411,961
1,570,239	2,137,551	9,149,105
20,654	393,340	1,085,239
<b>1,778,785</b>	<b>4,915,917</b>	<b>21,740,792</b>
-	134,872	141,781
-	1,250,329	7,269,649
-	211,247	219,683
-	1,898,406	7,348,838
1,845,124	399,436	2,288,852
-	572,764	1,146,759
-	245,242	1,795,101
597	698,397	938,677
-	46,047	46,047
3,643	298,287	304,997
3,890	215,265	219,655
<b>1,853,254</b>	<b>5,970,292</b>	<b>21,720,039</b>
<b>(74,469)</b>	<b>(1,054,375)</b>	<b>20,753</b>
161,915	2,025,652	3,410,241
-	1,281,755	1,281,755
-	245,115	245,115
7,150	-	7,150
-	166,365	166,365
-	(2,587)	(2,587)
13	1,013	3,912
(91,427)	(1,621,124)	(3,439,907)
-	(299,211)	(299,211)
<b>77,651</b>	<b>1,796,978</b>	<b>1,372,833</b>
<b>3,182</b>	<b>742,603</b>	<b>1,393,586</b>
42,778	2,810,980	6,692,782
-	(193)	4,045
<b>\$ 45,960</b>	<b>\$ 3,553,390</b>	<b>\$ 8,090,413</b>

---

## STATE OF ALABAMA

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

September 30, 2017

(Amounts in Thousands)

<b>Net Change in Fund Balances for Governmental Funds</b>		<b>\$1,393,586</b>
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	477,110	
Depreciation Expense	(93,298)	
		383,812
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 position differs from the change in fund balance by the cost, net of accumulated depreciation, of the assets sold.		(11,319)
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.		4,045
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		19,456
Long-term loans to other governments are expenditures in the governmental funds, and the repayment is revenue in the governmental funds.		
Long-term loans to other governments	47,028	
Repayments of loans	(65,319)	
		(18,291)
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.		(9,808)
Capital asset reassignments for the general government have not been reported in governmental fund financial statements.		
Internal service fund capital assets reassigned to the general government	14	
Internal service fund capital assets reassigned from the general government	(28)	
		(14)
Amortization of deferred losses and gains on refunding of debt reported in the Statement of Activities do not use or provide current financial resources and, therefore, are not reported as expenditures or revenue in the governmental funds.		
Amortization of deferred losses	(20,795)	
Amortization of deferred gains	153	
		(20,642)
Long-term debt proceeds provide current financial resources to governmental funds, which increases long-term liabilities in the Statement of Net Position. Long-term debt principal repayment is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Bond proceeds	(1,281,755)	
Refunding bond proceeds	(245,115)	
Capital lease proceeds	(7,150)	
Debt issuance premiums	(166,365)	
Debt issuance discounts	2,587	
Payments to Refunded Bond Escrow Agent	299,211	
Repayment of bond principal	295,183	
Repayment of capital lease principal	9,813	
Accrued interest and debt-related amortization	58,678	
		(1,034,913)
Increases in long-term liabilities for certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Other post-employment benefits	(108,099)	
Compensated absences	(703)	
Claims, judgments, and other	(1,079)	
Pension Expense	(135,178)	
		(245,059)
<b>Change in Net Position of Governmental Activities</b>		<b>\$460,853</b>

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



## STATE OF ALABAMA

STATEMENT OF NET POSITION  
Proprietary Funds

September 30, 2017

(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 578,812	\$ 52,018	\$ 36,073	\$ 20,046	\$ 686,949
Investments, Short-term	-	17,289	-	5,740	23,029
Due From Other Funds	13	-	17	707	737
Due From Component Units	-	-	-	53	53
Accounts Receivable	5,391	11,824	-	1,030	18,245
Due From Other Governments	-	-	-	-	-
Inventory	-	3,549	39,622	1,310	44,481
Other Current Assets	-	9,424	-	9,704	19,128
<b>Total Current Assets</b>	<b>584,216</b>	<b>94,104</b>	<b>75,712</b>	<b>38,590</b>	<b>792,622</b>
<b>Noncurrent Assets</b>					
Investments, Long-term	-	7,823	-	119,801	127,624
Due From Other Funds	-	-	-	8,649	8,649
Due From Component Units	-	-	-	10	10
Other Noncurrent Assets	-	4,314	-	19	4,333
Capital Assets, Net of Accumulated Depreciation	-	520,571	2,936	9,719	533,226
Capital Assets Not Depreciated	-	82,371	-	2,630	85,001
<b>Total Noncurrent Assets</b>	<b>0</b>	<b>615,079</b>	<b>2,936</b>	<b>140,828</b>	<b>758,843</b>
<b>TOTAL ASSETS</b>	<b>584,216</b>	<b>709,183</b>	<b>78,648</b>	<b>179,418</b>	<b>1,551,465</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>0</b>	<b>23,182</b>	<b>7,558</b>	<b>690</b>	<b>31,430</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Warrants Payable	-	-	129	27	156
Due To Other Funds	59	-	26,905	981	27,945
Due To Component Units	-	-	1	-	1
Accounts Payable	14,035	15,765	43,974	1,045	74,819
Due To Other Governments	37	-	2,403	47	2,487
Claims Payable	-	537	-	9,203	9,740
Unearned Revenue	-	-	118	131	249
Funds Held in Escrow	75	-	-	1,639	1,714
Compensated Absences	-	1,833	491	35	2,359
Notes and Capital Leases Payable	-	-	-	-	-
Revenue Bonds Payable	-	9,115	-	-	9,115
Other Long-term Liabilities	-	135	-	-	135
<b>Total Current Liabilities</b>	<b>14,206</b>	<b>27,385</b>	<b>74,021</b>	<b>13,108</b>	<b>128,720</b>
<b>Noncurrent Liabilities</b>					
Claims Payable	-	2,938	-	623	3,561
Unearned Revenue, Noncurrent	-	1,969	-	-	1,969
Due To Other Funds	-	-	-	-	-
Compensated Absences	-	2,749	5,281	254	8,284
Other Post-employment Benefits	-	20,610	34,380	298	55,288
Net Pension Liability	-	26,510	62,154	4,301	92,965
Notes and Capital Leases Payable	-	-	-	1,217	1,217
Revenue Bonds Payable	-	318,286	-	-	318,286
Other Long-term Liabilities	-	6,444	-	-	6,444
<b>Total Noncurrent Liabilities</b>	<b>0</b>	<b>379,506</b>	<b>101,815</b>	<b>6,693</b>	<b>488,014</b>
<b>TOTAL LIABILITIES</b>	<b>14,206</b>	<b>406,891</b>	<b>175,836</b>	<b>19,801</b>	<b>616,734</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>0</b>	<b>1,343</b>	<b>576</b>	<b>308</b>	<b>2,227</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	-	295,048	2,936	11,131	309,115
Restricted for:					
Unemployment Compensation	570,010	-	-	-	570,010
Education	-	-	-	2,168	2,168
Health	-	-	-	1,051	1,051
Debt Service	-	32,701	-	-	32,701
Unrestricted	-	(3,618)	(93,142)	145,649	48,889
<b>TOTAL NET POSITION</b>	<b>\$ 570,010</b>	<b>\$ 324,131</b>	<b>\$ (90,206)</b>	<b>\$ 159,999</b>	<b>\$ 963,934</b>

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

---

**Governmental Activities**

Internal

Service

Funds

\$ 73,171  
3,113  
19,195  
103  
804  
23  
4,946

-

**101,355**

107,302

-

-

-

91,077

5,096

**203,475**

**304,830**

**7,433**

716

1,138

512

18,739

51

4,900

-

-

407

2,203

1,950

-

**30,616**

63,405

-

801

4,375

17,752

56,143

9,120

14,567

-

**166,163**

**196,779**

**521**

68,967

-

-

-

-

45,996

**\$ 114,963**

## STATE OF ALABAMA

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

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>OPERATING REVENUES</b>					
Charges for Goods and Services	\$ 0	\$ 125,873	\$ 336,144	\$ 38,787	\$ 500,804
Premiums and Contributions	226,027	-	-	51,150	277,177
Rents and Leases	-	-	-	897	897
<b>Total Operating Revenues</b>	<b>226,027</b>	<b>125,873</b>	<b>336,144</b>	<b>90,834</b>	<b>778,878</b>
<b>OPERATING EXPENSES</b>					
Salaries, Wages, and Benefits	-	-	56,058	5,698	61,756
Utilities and Communications	-	-	2,658	237	2,895
Professional Services	-	-	7,899	3,359	11,258
Supplies, Materials, and Operating Expense	-	-	248,073	47,217	295,290
Depreciation	-	28,808	513	719	30,040
Claims and Benefits	173,729	-	-	12,208	185,937
Operations and Maintenance	-	67,880	-	-	67,880
General and Administrative	-	16,911	-	-	16,911
Other	-	-	13,074	70	13,144
<b>Total Operating Expenses</b>	<b>173,729</b>	<b>113,599</b>	<b>328,275</b>	<b>69,508</b>	<b>685,111</b>
<b>Operating Income (Loss)</b>	<b>52,298</b>	<b>12,274</b>	<b>7,869</b>	<b>21,326</b>	<b>93,767</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Taxes	-	-	13,317	-	13,317
Grants	2,330	2,547	5,125	1,139	11,141
Investment Income	12,091	2,670	-	9,618	24,379
Other Nonoperating Revenues	10,082	-	532	268	10,882
Interest Expense	-	(16,836)	(2)	(66)	(16,904)
Other Nonoperating Expenses	(1,017)	(970)	-	(521)	(2,508)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>23,486</b>	<b>(12,589)</b>	<b>18,972</b>	<b>10,438</b>	<b>40,307</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>75,784</b>	<b>(315)</b>	<b>26,841</b>	<b>31,764</b>	<b>134,074</b>
Capital Contributions	-	-	-	125	125
Transfers In	1,107	-	60	4,233	5,400
Transfers Out	(9,508)	(63)	(35,055)	(11,757)	(56,383)
<b>Increase (Decrease) in Net Position</b>	<b>67,383</b>	<b>(378)</b>	<b>(8,154)</b>	<b>24,365</b>	<b>83,216</b>
Total Net Position, October 1, 2016, as Restated	502,627	324,509	(82,052)	135,634	880,718
<b>Total Net Position, September 30, 2017</b>	<b>\$ 570,010</b>	<b>\$ 324,131</b>	<b>\$ (90,206)</b>	<b>\$ 159,999</b>	<b>\$ 963,934</b>

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

---

Governmental Activities

Internal

Service

Funds

\$ 98,045  
17,306  
18,183  
133,534

41,777

22,252

36,860

27,447

6,236

19,977

-

-

11,073

165,622

**(32,088)**

-

3,116

2,384

842

(688)

(620)

5,034

**(27,054)**

28

25,653

(8,435)

**(9,808)**

124,771

\$ 114,963

## STATE OF ALABAMA

STATEMENT OF CASH FLOWS  
Proprietary Funds

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customer & User Charges	\$ 249,659	\$ 126,589	\$ 344,757	\$ 87,152	\$ 808,157
Receipts from Interfund Services	-	-	43	6,601	6,644
Receipts from Operating Grants	2,362	-	-	927	3,289
Receipts from Interfund Reimbursements	3,951	-	-	-	3,951
Receipts from Other Operating Activities	9,576	-	31,584	3,006	44,166
Payments for Goods Held for Resale	-	-	(240,785)	(24,137)	(264,922)
Payments for Other Goods & Services	-	(47,714)	(26,238)	(24,113)	(98,065)
Payments for Employees Services	-	(33,543)	(42,185)	(5,300)	(81,028)
Payments for Interfund Services	-	-	(2,026)	(26)	(2,052)
Payments for Other Operating Activities	(41,624)	-	(26,815)	(49)	(68,488)
Payments for Claims	(177,695)	-	-	(12,746)	(190,441)
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>46,229</b>	<b>45,332</b>	<b>38,335</b>	<b>31,315</b>	<b>161,211</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Receipts from Noncapital Financing Grants & Donations	1,614	-	-	605	2,219
Transfers from Other Funds for Noncapital Financing	183	-	60	4,233	4,476
Payments for Noncapital Financing Grants & Donations	(1,068)	-	-	-	(1,068)
Transfers to Other Funds for Noncapital Financing	(9,736)	-	(36,951)	(14,395)	(61,082)
<b>Net Cash Provided By (Used In) Noncapital Financing Activities</b>	<b>(9,007)</b>	<b>0</b>	<b>(36,891)</b>	<b>(9,557)</b>	<b>(55,455)</b>
<b>Cash Flows From Capital &amp; Related Financing Activities:</b>					
Proceeds from Revenue Bonds & Other Capital Debt	-	287,177	-	-	287,177
Receipts from Capital Grants & Contributions	-	2,091	-	125	2,216
Transfers from Other Funds for Capital Financing	-	-	-	-	-
Receipts from Sale of Capital Assets & Insurance Proceeds	-	417	273	-	690
Payments to Acquire, Construct, & Improve Capital Assets	-	(7,219)	(801)	(1,295)	(9,315)
Principal Paid on Revenue Bonds & Other Capital Debt	-	(307,500)	(236)	(96)	(307,832)
Interest Paid on Revenue Bonds & Other Capital Debt	-	(16,861)	(2)	(66)	(16,929)
<b>Net Cash Provided by (Used In) Capital and Related Financing Activities</b>	<b>0</b>	<b>(41,895)</b>	<b>(766)</b>	<b>(1,332)</b>	<b>(43,993)</b>
<b>Cash Flows From Investing Activities</b>					
Receipts from Sales & Maturities of Investments	-	36,539	-	7,316	43,855
Receipts from Interest & Dividends on Investments & Loans	11,833	2,621	-	1,795	16,249
Purchase of Investments	-	(28,551)	-	(18,234)	(46,785)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>11,833</b>	<b>10,609</b>	<b>0</b>	<b>(9,123)</b>	<b>13,319</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>49,055</b>	<b>14,046</b>	<b>678</b>	<b>11,303</b>	<b>75,082</b>
Cash Balance as Restated, October 1, 2016	529,757	37,972	35,266	8,716	611,711
<b>Cash Balance, September 30, 2017</b>	<b>578,812</b>	<b>52,018</b>	<b>35,944</b>	<b>20,019</b>	<b>686,793</b>
Add: Warrants Payable	-	-	129	27	156
<b>Cash and Cash Equivalents, as Reported on Balance Sheet</b>	<b>\$ 578,812</b>	<b>\$ 52,018</b>	<b>\$ 36,073</b>	<b>\$ 20,046</b>	<b>\$ 686,949</b>

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



---

Governmental Activities

Internal

Service

Funds

---

\$ 6,983  
124,638  
-  
-  
360  
(15,138)  
(66,909)  
(35,247)  
(11,210)  
(782)  
(5,592)  

---

(2,897)

-  
16,305  
-  
(8,435)  

---

**7,870**

-  
-  
14,183  
138  
(1,101)  
(3,461)  
(736)  

---

**9,023**

2  
1  
(11,223)  

---

(11,220)

**2,776**  
69,679

**72,455**  

---

716

**\$ 73,171**

*Continued on next page...*

## STATE OF ALABAMA

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

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
<b>Operating Income (Loss)</b>	<b>\$ 52,298</b>	<b>\$ 12,274</b>	<b>\$ 7,869</b>	<b>\$ 21,326</b>	<b>\$ 93,767</b>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Due from Other Funds	(3)	-	(6)	640	631
Accounts Receivable	443	(942)	1	(73)	(571)
Due From Other Governments	-	-	-	-	-
Inventory	-	(39)	(5,561)	(13)	(5,613)
Other Assets	-	(4,004)	-	(90)	(4,094)
Deferred Outflows of Resources	-	(402)	(889)	(123)	(1,414)
Due to Other Funds	(33)	-	660	2,666	3,293
Accounts Payable	(18,452)	18	6,060	646	(11,728)
Due to Other Governments	31	-	1,390	1,639	3,060
Claims Payable	-	(220)	-	2,586	2,366
Unearned Revenue	-	(1,658)	-	(5)	(1,663)
Funds Held in Escrow	-	-	-	-	-
Compensated Absences	-	(3)	115	2	114
Other Post-employment Benefits	-	1,536	3,062	24	4,622
Net Pension Liability	-	(10)	6,717	105	6,812
Other Liabilities	-	3,609	-	-	3,609
Deferred Inflows of Resources	-	98	(328)	140	(90)
Depreciation	-	28,808	513	719	30,040
Amortization Expense	-	3,783	-	-	3,783
Nonoperating Revenues	11,945	2,547	18,732	1,424	34,648
Nonoperating Expenses	-	(63)	-	(298)	(361)
Total Adjustments	(6,069)	33,058	30,466	9,989	67,444
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 46,229</b>	<b>\$ 45,332</b>	<b>\$ 38,335</b>	<b>\$ 31,315</b>	<b>\$ 161,211</b>
<b>Noncash Investing, Capital, and Financing Activities</b>					
Increase (Decrease):					
Capital Assets Acquired by Capital Contribution	-	-	-	-	-
Capital Assets Acquired by Capital Lease or Other Debt	-	-	-	-	-
Disposals of Capital Assets	-	(46)	(337)	(540)	(923)
Assumption of Debt Obligations	-	-	-	152	152
Revenue Bond Amortizations and Other Debt Adjustments	-	4,653	-	-	4,653
Interest Accruals and Other Adjustments	258	-	-	1,846	2,104
Unrealized Gains (Losses) in Investment Fair Value	-	(2,122)	-	4,175	2,053
Transfers In (Out)	9	-	2,000	2,648	4,657
Capital Grants and Contributions Receivable	-	(2,091)	-	-	(2,091)

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

---

Governmental Activities

Internal

Service

Funds

**\$ (32,088)**

(1,367)

(465)

(23)

977

22

(466)

(1,099)

4,585

-

13,577

-

(1)

(67)

1,672

3,036

-

(345)

6,236

-

2,988

(69)

29,191

**\$ (2,897)**

80

10,098

(2,036)

-

160

1,602

781

(2,058)

-

## STATE OF ALABAMA

STATEMENT OF FIDUCIARY NET POSITION  
Fiduciary Funds

September 30, 2017

(Amounts in Thousands)

	Pension and Other Employee Benefit Trust Funds	Private- Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 71,440	\$ 13,571	\$ 311,678
Investments			
Time Deposits	-	-	692
U.S. Treasury Securities	1,689,964	13,166	34,387
U.S. Agency Securities	351,469	11,411	-
State and Local Government Securities	-	-	8,010
Mortgage Backed Securities	1,091,393	2,698	3,260
Corporate Stocks	22,609,369	6,174	-
Corporate Bonds	4,599,278	38,136	2,030
Real Estate	3,569,162	20	-
Commercial Paper	928,567	-	-
International Stocks	4,989,936	-	-
Guaranteed Investment Contracts	236,393	-	-
Mutual and Money Market Funds	880,960	1,595,398	108
Receivables			
Employer Contributions Receivable	98,521	-	-
Member Contributions Receivable	58,047	-	-
Federal On-Behalf Contributions Receivable	83,624	-	-
Investment Sales Receivable	80,491	-	-
Accounts Receivable	146,576	3,888	-
Mortgages, Notes, and Loans Receivable	7,342	-	-
Securities Lending Collateral	1,991,221	585	-
Other Assets	712	-	-
Capital Assets, Net of Accumulated Depreciation	136,100	-	-
Capital Assets Not Depreciated	17,966	-	-
<b>TOTAL ASSETS</b>	<b>43,638,531</b>	<b>1,685,047</b>	<b>360,165</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>9,264</b>	<b>0</b>	<b>0</b>
<b>LIABILITIES</b>			
Warrants Payable	\$ 72	\$ 594	\$ 16,691
Investment Purchases Payable	117,206	-	-
Due To Other Funds	2	4	-
Accounts Payable	6,062	22,819	1,083
Due To Other Governments	23,552	-	13,354
Claims Payable	80,544	-	-
Securities Lending Obligation	1,991,221	585	-
Unearned Revenue	3,349	-	-
Amounts Held in Custody for Others	-	2,191	329,037
Compensated Absences	5,292	12	-
Other Post-employment Benefits	11,243	-	-
Net Pension Liability	38,876	-	-
Notes and Mortgages Payable	1,000	-	-
<b>TOTAL LIABILITIES</b>	<b>2,278,419</b>	<b>26,205</b>	<b>360,165</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>893</b>	<b>0</b>	<b>0</b>
<b>NET POSITION</b>			
Restricted or Held in Trust for Beneficiaries	-	1,658,842	-
Restricted for Pension and Other Employee Benefits	41,368,483	-	-
<b>TOTAL NET POSITION</b>	<b>\$ 41,368,483</b>	<b>\$ 1,658,842</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 POSITION  
Fiduciary Funds

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	Pension and Other Employee Benefit Trust Funds	Private- Purpose Trust Funds
<b>ADDITIONS</b>		
Contributions:		
Plan members	\$ 1,050,641	\$ 169,207
Employer	1,569,010	-
Other Contributions	3,925	-
Federal On-Behalf	23,195	-
Total Contributions	2,646,771	169,207
Investment Earnings		
Investment Interest and Dividends	1,036,939	46,890
Net Increase (Decrease) in Fair Value of Investments	3,359,407	112,631
Securities Lending Income	33,779	37
Total Investment Earnings	4,430,125	159,558
Less:		
Investment Expense	12,661	-
Securities Lending Interest and Fees	17,806	23
Net Investment Income	4,399,658	159,535
Other Additions		
Interest from Mortgages and Loans Receivable	345	-
Miscellaneous	182	580
Transfers In	-	63,622
Total Other Additions	527	64,202
<b>Total Additions</b>	<b>7,046,956</b>	<b>392,944</b>
<b>DEDUCTIONS</b>		
Benefit Payments and Refunds	4,081,395	183,681
Administrative Expense	44,060	9,085
Transfers Out	-	191
<b>Total Deductions</b>	<b>4,125,455</b>	<b>192,957</b>
<b>Change in Net Position</b>	<b>2,921,501</b>	<b>199,987</b>
Net Position Restricted or Held in Trust for Beneficiaries, October 1, 2016, as Restated	38,446,982	1,458,855
<b>Net Position Restricted or Held in Trust for Beneficiaries, September 30, 2017</b>	<b>\$ 41,368,483</b>	<b>\$ 1,658,842</b>

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

# STATE OF ALABAMA

## STATEMENT OF NET POSITION Component Units

September 30, 2017

(Amounts in Thousands)

	University of Alabama	Auburn University	University of South Alabama	Housing Finance Authority	Public Education Employees' Health Insur
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 559,536	\$ 149,562	\$ 103,657	\$ 14,040	\$ 4,508
Investments	4,527,014	1,633,900	662,093	264,559	192,792
Due From Primary Government	-	-	-	-	-
Accounts Receivable	470,786	57,662	74,835	19,652	18,495
Due From Other Governments	-	-	-	-	608
Mortgages, Notes, and Loans Receivable	279,481	71,308	6,432	490,563	-
Securities Lending Collateral	-	-	-	-	-
Inventory	27,576	5,948	-	-	-
Restricted Assets	-	-	33,116	-	-
Other Assets	158,313	43,524	17,227	90,667	1,559
Capital Assets, Net of Accumulated Depreciation	3,594,308	1,595,893	562,790	-	-
Capital Assets Not Depreciated	409,786	109,857	152,867	-	-
<b>TOTAL ASSETS</b>	<b>10,026,800</b>	<b>3,667,654</b>	<b>1,613,017</b>	<b>879,481</b>	<b>217,962</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>416,360</b>	<b>192,417</b>	<b>61,253</b>	<b>4,061</b>	<b>874</b>
<b>LIABILITIES</b>					
Warrants Payable	-	-	-	-	-
Due To Primary Government	131,118	-	-	-	727
Accounts Payable	458,400	88,247	71,379	114,701	357
Due To Other Governments	23,229	-	-	-	335
Securities Lending Obligation	-	-	-	-	-
Unearned Revenue	491,008	231,720	60,264	7,690	-
Amounts Held in Custody for Others	37,953	26,643	-	338,507	-
Noncurrent Liabilities:					
Due Within One Year	202,253	44,994	28,202	1,140	27,641
Due In More Than One Year	4,249,526	1,451,830	841,867	26,820	59,989
<b>TOTAL LIABILITIES</b>	<b>5,593,487</b>	<b>1,843,434</b>	<b>1,001,712</b>	<b>488,858</b>	<b>89,049</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>100,716</b>	<b>17,532</b>	<b>40,765</b>	<b>0</b>	<b>89</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	2,008,384	1,026,702	306,774	-	-
Restricted for:					
Permanent - Expendable	799,374	210,909	14,287	-	-
Permanent - Non-expendable	880,513	437,775	224,670	-	-
Debt Service	-	-	-	102,862	-
Capital Projects	-	30,224	-	-	-
Other Purposes	-	5,154	144,245	-	-
Unrestricted	1,060,686	288,341	(58,183)	291,822	129,698
<b>TOTAL NET POSITION</b>	<b>\$ 4,748,957</b>	<b>\$ 1,999,105</b>	<b>\$ 631,793</b>	<b>\$ 394,684</b>	<b>\$ 129,698</b>

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

Alabama Community College System	Nonmajor Component Units	Total Component Units
\$ 334,335	\$ 382,280	\$ 1,547,918
94,172	974,318	8,348,848
-	6,380	6,380
89,457	153,621	884,508
1,276	562,423	564,307
-	26,731	874,515
-	2,748	2,748
4,927	7,852	46,303
-	3,170	36,286
7,180	52,850	371,320
899,821	1,123,916	7,776,728
57,478	242,001	971,989
<b>1,488,646</b>	<b>3,538,290</b>	<b>21,431,850</b>
<b>85,522</b>	<b>126,261</b>	<b>886,748</b>
-	68	68
-	962	132,807
35,470	106,057	874,611
13	131,141	154,718
-	2,748	2,748
75,678	199,061	1,065,421
10,154	10,630	423,887
21,947	63,583	389,760
753,707	1,506,063	8,889,802
<b>896,969</b>	<b>2,020,313</b>	<b>11,933,822</b>
<b>35,954</b>	<b>28,832</b>	<b>223,888</b>
711,221	676,381	4,729,462
5,986	136,399	1,166,955
6,436	191,920	1,741,314
11,286	615,314	729,462
6,637	15	36,876
2,422	57,352	209,173
(102,743)	(61,975)	1,547,646
<b>\$ 641,245</b>	<b>\$ 1,615,406</b>	<b>\$ 10,160,888</b>

## STATE OF ALABAMA

STATEMENT OF ACTIVITIES  
Component Units

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	University of Alabama	Auburn University	University of South Alabama	Housing Finance Authority	Public Education Employees' Health Insur
<b>Expenses</b>	<b>\$ 4,795,614</b>	<b>\$ 1,157,204</b>	<b>\$ 802,236</b>	<b>\$ 77,823</b>	<b>\$ 915,004</b>
<b>Program Revenues</b>					
Charges for Services	3,588,208	693,930	628,988	44,096	1,019,265
Operating Grants and Contributions	776,477	227,531	36,900	32,920	862
Capital Grants and Contributions	35,880	21,518	989	-	-
<b>Total Program Revenues</b>	<b>4,400,565</b>	<b>942,979</b>	<b>666,877</b>	<b>77,016</b>	<b>1,020,127</b>
<b>Net (Expense) Revenue</b>	<b>(395,049)</b>	<b>(214,225)</b>	<b>(135,359)</b>	<b>(807)</b>	<b>105,123</b>
<b>General Revenues:</b>					
Payments from State of Alabama	474,751	254,405	107,285	-	-
Grants and Contributions Not Restricted to Specific Programs	3,113	-	-	-	-
Unrestricted Investment Earnings	347,607	99,054	46,986	15,574	1,298
Miscellaneous	1,003	-	35,173	-	-
Contributions to Permanent Funds and Endowments	44,125	195	5,486	-	-
<b>Total General Revenues and Contributions</b>	<b>870,599</b>	<b>353,654</b>	<b>194,930</b>	<b>15,574</b>	<b>1,298</b>
<b>Change in Net Position</b>	<b>475,550</b>	<b>139,429</b>	<b>59,571</b>	<b>14,767</b>	<b>106,421</b>
Net Position, October 1, 2016, as Restated	4,273,407	1,859,676	572,222	379,917	23,277
<b>Net Position, September 30, 2017</b>	<b>\$ 4,748,957</b>	<b>\$ 1,999,105</b>	<b>\$ 631,793</b>	<b>\$ 394,684</b>	<b>\$ 129,698</b>

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



---

---

Alabama Community College System	Nonmajor Component Units	Total Component Units
<u>\$ 778,430</u>	<u>\$ 1,476,328</u>	<u>\$ 10,002,639</u>
167,423	874,140	7,016,050
230,155	271,907	1,576,752
8,757	8,542	75,686
<u>406,335</u>	<u>1,154,589</u>	<u>8,668,488</u>
(372,095)	(321,739)	(1,334,151)
363,163	318,363	1,517,967
-	-	3,113
2,645	51,971	565,135
4,574	6,873	47,623
1	138	49,945
<u>370,383</u>	<u>377,345</u>	<u>2,183,783</u>
(1,712)	55,606	849,632
642,957	1,559,800	9,311,256
<u>\$ 641,245</u>	<u>\$ 1,615,406</u>	<u>\$ 10,160,888</u>

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....</b>	<b>55</b>
A. Reporting Entity .....	55
B. Government-Wide and Fund Financial Statements .....	62
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation .....	62
D. Fiscal Year .....	64
E. Assets, Liabilities, Deferred Outflows and Deferred Inflows, and Net Position and Fund Balances .....	65
F. New Accounting Pronouncements .....	68
<b>NOTE 2 - TAX ABATEMENTS .....</b>	<b>68</b>
<b>NOTE 3 - FUND BALANCES/NET POSITION .....</b>	<b>70</b>
A. Restricted Net Position .....	70
B. Restatements .....	70
C. Reclassifications .....	71
D. Fund Balance/Net Position Deficits .....	71
E. Governmental Fund Restricted Fund Balances .....	72
F. Education Trust Fund Budget Stabilization Fund .....	72
<b>NOTE 4 - ASSETS .....</b>	<b>73</b>
A. Cash Deposits .....	73
B. Investments .....	73
C. Investment Risks .....	75
D. Fair Value Measurement .....	83
E. Securities Lending .....	85
F. Mortgage-Backed Securities .....	89
G. Investment Derivatives .....	89
H. Capital Assets .....	91
<b>NOTE 5 - LIABILITIES .....</b>	<b>94</b>
A. Future Commitments .....	94
B. Claims and Judgments .....	95
C. Pollution Remediation Obligations .....	95
D. Conduit Debt .....	95
E. Long-term Debt .....	96
<b>NOTE 6 - DEFERRED INFLOWS/OUTFLOWS OF RESOURCES .....</b>	<b>109</b>
<b>NOTE 7 - INTERFUND ACTIVITY AND INTRA-ENTITY BALANCES .....</b>	<b>110</b>
A. Interfund Balances .....	110
B. Balances with Component Units .....	111
C. Balances between Component Units .....	112
D. Interfund Transfers .....	112
<b>NOTE 8 - RISK MANAGEMENT .....</b>	<b>113</b>
A. Finance Department Division of Risk Management .....	113
B. Health Insurance Plans .....	117
<b>NOTE 9 - DEFERRED COMPENSATION .....</b>	<b>119</b>
<b>NOTE 10 - RETIREMENT PLANS .....</b>	<b>120</b>
A. Aggregate Disclosures .....	120
B. Retirement Systems of Alabama .....	120
C. Other Pension Plans .....	133
<b>NOTE 11 - POSTEMPLOYMENT HEALTH BENEFITS .....</b>	<b>133</b>
A. Plan Descriptions .....	133
B. Summary of Significant Accounting Policies .....	134
C. Funding Policy .....	134
<b>NOTE 12 - RELATED ORGANIZATIONS .....</b>	<b>137</b>
<b>NOTE 13 - CONTINGENCIES .....</b>	<b>137</b>
A. Grants .....	137
B. Litigation .....	137
<b>NOTE 14 - SUBSEQUENT EVENTS .....</b>	<b>138</b>
A. Primary Government .....	138
B. Component Units .....	138

---

## **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 Fire College
- Alabama Technology Network
- Aviation Hall of Fame
- Cahawba Advisory Committee
- Commercial Mobile Radio Service Board
- Dental Examiners Board
- Dental Scholarships Awards Board
- Firefighters Annuity and Benefit Board
- Alabama Industrial Development and Training 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 either exist solely to provide services (usually financing) exclusively to the State, or their debt is expected to be paid using primary government resources. 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 State capital expenditures. 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.

- Agriculture Markets and Coliseum Authority †
- Corrections Institution Finance Authority
- Mental Health Finance Authority
- Federal Aid Highway Finance Authority
- Highway Authority †

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

---

For the Fiscal Year Ended September 30, 2017

---

- Highway Finance Corporation
- 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 following blended component units were created primarily for the purpose of financing capital grants and loans. These grants and loans are made to local school systems for building and equipping school buildings, or to local industrial development boards, or to industries locating in or expanding in the State. Each issues revenue bonds that are limited obligations of the component unit. Their boards consist of a majority 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.

- Alabama Public School and College Authority
- Alabama Incentives Financing Authority
- Alabama Twenty-first Century Authority
- State Industrial Development Authority
- Revolving Loan Fund Authority
- Tennessee Valley Exhibit Commission †

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. All of the department's debt is repaid with resources of the primary government.

The Public Historical Sites and Parks Improvement Corporation issues bonds and uses the proceeds to renovate, improve, maintain, and construct 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 debt is repaid entirely with resources of the primary government.

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 debt of the Corporation is repaid entirely with resources of the primary government.

The Tombigbee Valley Development Authority consists of six state officials who oversee the development and improvements along the Tombigbee River. The debt of the Authority is repaid entirely with resources of the primary government.

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 debt of the Authority is repaid entirely with resources of the primary government.

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 members of the Authority are State officials and the debt will be repaid with State resources.

The Educational Television Foundation Authority raises and manages money and property solely for the benefit of the Alabama Educational Television Commission, a State agency. The Authority consists of thirteen members who are appointed by the Alabama Educational Television Commission. The Authority provides fund raising and promotion 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 due to the close relationship with the State.

The Alabama Economic Settlement Authority was created to issue bonds for the purpose of making payments to the Alabama Trust Fund, for additional funds to the Medicaid Agency, for transportation projects, and to appropriate and pledge a portion of the revenues to be received by the State from the settlement of certain claims against BP Exploration and Production, Inc. (and its corporate affiliates) as the source of payment of the bonds. The bonds issued by the Authority are limited obligations of the Authority. The six members of the Authority are state officials.

### **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 298, 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 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 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 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.

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

---

For the Fiscal Year Ended September 30, 2017

---

The State Employees' Insurance Board operates health insurance plans for state 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 Suite 200, 201 South Union Street, Montgomery, AL 36104.

The Alabama Community College System operates a system of community and technical colleges within the State. The System is governed by a board of trustees consisting of the Governor and nine members appointed by the Governor.

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, Athens 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, UAB Research Foundation, Triton Health Systems, LLC, Alabama Care Plan, UAB Hospital Management, LLC, and UAB Athletics Foundation are blended component units of the University of Alabama and are therefore included in all amounts reported for the University. The University of South Alabama includes the Professional Liability Trust Fund, the General Liability Trust Fund, USA HealthCare Management, LLC, and the University of South Alabama Health Services Foundation 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 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, the Capstone Health Services Foundation, the University of Alabama Law School Foundation, the Donor Advised Fund, Southern Research Institute, 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, Tigers Unlimited Foundation, Auburn Alumni Association, and Auburn Research and Technology Foundation. The University of Montevallo Foundation is a component unit of the University of Montevallo and is included in the amounts reported for Montevallo. The University of South Alabama has two component units, the University of South Alabama Foundation and 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. For Athens State University, the Athens State University Foundation is a component unit. The University of West Alabama Foundation is a component unit of The University of West Alabama.

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, 105 Patton Building, Normal, AL 35762; Vice President for Financial Affairs, University of Alabama at Tuscaloosa, P.O. Box 870142, Tuscaloosa, AL 35487-0142; Office of Accounting and Financial Reporting, The University of Alabama in Huntsville, 301 Sparkman Drive, Huntsville, AL 35899; Office of the Vice President for Financial Affairs and Administration, University of Alabama at Birmingham, AB 1030, 1720 2<sup>nd</sup> Avenue South, Birmingham, AL 35294-0106; Controller, Auburn University, 126 Ingram Hall, Auburn University, AL 36849-5161; Controller, University of Montevallo, Station 6060, Montevallo, AL 35115-6000; Vice President for Business and Finance, Alabama State University, 915 S. Jackson Street, Montgomery, AL 36104; Vice President for Financial Affairs, Athens State University, 300 North Beaty Street, Athens, AL 35611; Vice President for Administrative and Business Affairs, Jacksonville State University, 700 Pelham Road North, Jacksonville, AL 36265-1602; Comptroller, University of West Alabama, UWA Station 2, Livingston, AL 35470; Vice President for Business and Financial Affairs, University of North Alabama, Bibb Graves Hall Room 103, Florence, AL 35632-0001; Senior Vice Chancellor Finance and Business, Troy University, Adams Administration Building Suite 159, Troy, AL 36082.

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 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 242967, 7460 Halcyon Pointe drive, Suite 200, Montgomery, AL 36124-2967.

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, 1 Tranquility Base, Huntsville, AL 35807-7015.

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 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 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**

Component units that are fiduciary in nature are required by GAAP to be reported with the fiduciary funds of the primary government rather than as discretely presented component units. In accordance with GAAP, primary government 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.

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

For the Fiscal Year Ended September 30, 2017

---

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 Local Government Health Insurance Board, Elk River Development Agency, Bear Creek Development Authority, Cahaba Trace Commission, and North Alabama Agriplex Board are legally separate organizations whose boards are not controlled by the State nor are they fiscally dependent on the State. All five 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 Deferred Compensation Plan
- Alabama Health Insurance Plan
- Alabama Industrial Development Training Institute
- Alabama School of Fine Arts
- Alabama State Port Authority
- Alabama Fire College
- Alabama Technology Network
- Attorney General Outside Accounts
- Aviation Hall of Fame
- Blind Vendors Fund
- C.C. Smith Trust Fund
- Cahawba Advisory Committee
- Charlotte Thorn Endowment Fund
- Corrections Bank Accounts and Agency Funds
- Corrections Canteen Funds
- Court System Local Accounts
- Dental Examiners Board
- Dental Scholarships Awards Board
- Department of Human Resources Local Funds
- Educational Television Foundation Authority
- Geological Survey Library Revolving Fund



- 
- 
- High School of Math and Science
  - Insurance Department Statutory Deposits
  - Insurance Department Receivership
  - 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
  - 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
  - State Port Authority Hourly Defined Contribution Plan
  - Stonewall Jackson Memorial Fund
  - Supreme Court Checking Account
  - Supreme Court Law Library Checking Account
  - Unemployment Compensation Funds
  - Victims Services Fund
  - W.V. Chambliss Trust Fund
  - Wireless 911 Board
  - Women's Hall of Fame
  - Youth Service Student Accounts and Local Funds

**b. Discretely Presented Component Units**

- Alabama Agricultural and Mechanical University
- Alabama Agricultural Development Authority
- Alabama Community College System
- Alabama Drinking Water Finance Authority
- Alabama Historic Ironworks Commission
- Alabama Housing Finance Authority
- Alabama Institute for Deaf and Blind
- Alabama State University
- Athens 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

For the Fiscal Year Ended September 30, 2017

---

- 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 Position 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 Position presents the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Net Position is reported in three categories:

Net Investment in Capital Assets consists of capital assets less accumulated depreciation, plus capital-related deferred outflows of resources, less capital-related deferred inflows of resources, and less outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Position results when constraints placed on net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position consists of net position that does 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.

## **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, as amended by GASB Statement No. 65. 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. Resources received before time requirements are met, but after all other eligibility requirements have been met, are reported as deferred inflows of resources. Agency funds, fiduciary in nature, do not recognize revenues and expenditures.

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.

#### **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, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Recognition criteria are different for exchange and nonexchange transactions. 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.

For exchange and exchange-like transactions in governmental fund financial statements, revenues 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. 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 debt service, the long-term portion of compensated absences payable, and claims and judgments. The State uses sixty days after fiscal year end as the availability criteria for the recognition of revenues in governmental funds. However, changes in fair value of investments are recognized as revenue immediately.

For nonexchange transactions, revenues and expenditures and related assets and liabilities are recognized as required by GASB Statement No. 33, as amended by GASB Statement No. 65. 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, 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; otherwise, deferred inflows of resources are reported. 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. Deferred inflows of resources are reported until the revenue becomes 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

For the Fiscal Year Ended September 30, 2017

---

**Public Road and Bridge Fund** accounts for funds used to construct and maintain public highways. 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 three 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 **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 expenditures 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.

##### **Fiduciary Fund Types:**

Pension and Other Employee Benefit Trust Funds account for resources that are restricted or held in trust for the members and beneficiaries of the State's defined benefit pension plans, deferred compensation plans, 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, and state dock employees.

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 three endowment funds established by private citizens that the State manages as trustee for local school systems and reports as Local Education Endowments.

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 nonmajor 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. The difference in fiscal years has no material effect on the financial statements.

---

## **E. Assets, Liabilities, Deferred Outflows and Deferred Inflows, and Net Position 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 deposit treasury cash in any available bank product in any bank or savings association that is a qualified public depository and that has been designated as a state depository according to law, so long as the bank or savings association agrees to pay interest on the money. Also, the State Treasurer may invest in 1) bonds, notes, or treasury bills of the United States or in obligations of any agency or instrumentality of the United States of America, including but not limited to the Federal Land Bank, Federal Home Loan Bank, Federal National Mortgage Association, Federal Intermediate Credit Bank, banks for cooperatives, Resolution Trust Corporation, or any of its other agencies, or in any other obligations guaranteed as to principal and interest by the United States, or in money market mutual funds which invest solely in securities otherwise authorized by law; 2) obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself; and 3) commercial paper with the highest quality credit rating at the time of purchase and in banker's acceptances. 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 due from other governments. More than half is due from local governments, primarily for long term loans made by the Alabama Public School and College Authority. The rest consists of grants and reimbursements due from the federal government where collectability is reasonably assured. All receivables are recorded net of allowance for uncollectible accounts.

The second largest receivables are taxes receivable, the largest of which are for income taxes, general sales taxes, utility taxes, insurance premium taxes, general use taxes, gasoline taxes, motor fuels taxes, oil and gas production privilege tax, and property taxes as required by GASB Statement 33.

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 are recorded in the Public Road and Bridge Fund for revenue earned on transportation projects and 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. 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 State 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 to local governments by the Water Pollution Control and Drinking Water Finance Authorities. Accounts Receivable as reported for the component units are comprised primarily of amounts owed to State universities.

### **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 Position.

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

For the Fiscal Year Ended September 30, 2017

eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. 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. The consumption method is used on the proprietary funds financial statements and the government-wide financial statements. 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 government-wide, proprietary and governmental fund financial statements include first-in first-out, average cost, weighted average, and retail inventory method.

#### 5. Investments

Most investments are required to be measured at fair value per GASB Statement No.72, Fair Value Measurement and Application. Money market investments and participating interest-earning contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, bankers' acceptances, and U.S. Treasury and agency obligations. The other investments that are not reported at fair value are common stock using the equity method if the government has significant influence over the operating and financial policies of the investee, investments held by 2a7-like external investment pools, investments in 2a7-like pools measured at the NAV per share provided by the pool, nonparticipating interest-earning investment contracts, nonparticipating unallocated insurance contracts, synthetic guaranteed investment contracts that are fully benefit-responsive, and life insurance contracts.

#### 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, certificates of deposit and mutual funds.

#### 7. Capital Assets

Capital assets, including 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 having an initial cost of at least \$15,000 and have initial useful lives extending beyond a single reporting period. Real Property must have an initial cost of at least \$250,000. Software and other intangibles must have an initial cost of at least \$1,000,000. Proprietary funds can set lower thresholds in accordance with business needs. Capitalized assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 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:

Assets	Years
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. Tier 1 employees must have twenty-five years of service or have attained the age of 60 and have at least ten years of service to be eligible to retire. Tier 2 employees must have attained the age of 62 and have at least ten years of service to be eligible to retire. Tier 1 State Troopers must have twenty-five years of service or have attained the age of 52 and have at least ten years of service to be eligible to retire. Tier 2 State Troopers must have attained the age of 56 and have at least 10 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 position, 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 Position.

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:

	Vested	Non-vested
Public Education Employees	85.8%	47.8%
State Employees	82.1	37.0

## **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. Deferred Outflows and Deferred Inflows**

Deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources in the current period. Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until then.

For the Fiscal Year Ended September 30, 2017

### 11. Net Position and Fund Balances

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

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. The State does not have any policy or procedure for establishing committed fund balances and none are reported in these financial statements. 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. The State Finance Department, under the legal authority of the State Finance Director, has established Fiscal Policies and Procedures which enable agency heads to establish assigned amounts. 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. New Accounting Pronouncements

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

- GASB Statement No. 73: Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (the requirements of this Statement for pensions that are provided through pension plans that are not administered through trusts that meet the criteria in paragraph 4)
- GASB Statement No. 74: Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans
- GASB Statement No. 77: Tax Abatement Disclosures
- GASB Statement No. 78: Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans
- GASB Statement No. 79: Certain External Investment Pools and Pool Participants (provisions in paragraphs 18, 19, 23-26, and 40)
- GASB Statement No. 80: Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14
- GASB Statement No. 82: Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73 (except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end)

## NOTE 2 - TAX ABATEMENTS

As of September 30, 2017, the State participates in the following tax abatement programs:

The Jobs Credit is intended to promote job creation in the State. Companies receiving the tax incentive must agree to a jobs commitment and minimum average wage commitment in a project agreement with the State. Pursuant to the Code of Alabama, Section 40-18-375, the jobs credit is equal to 3 percent of the previous year's payroll for eligible employees for a maximum of 10 years. Also, additional incentives can be granted for the following: (a) 1 percent credit for companies locating in a targeted county (b) .5 percent credit for wages paid to veterans for companies employing at least 12 percent veterans, and (c) .5 percent credit for companies locating within a former active duty military base that was closed by the Base Realignment and Closure process.



---

forward up to 5 years. A company claiming more wages or jobs than paid or created is liable for the unearned portion of the jobs credit. No taxes were abated for fiscal year 2017 as a result of the Jobs Credit.

The Investment Credit is intended to promote capital investment in the State. Pursuant to the Code of Alabama, Section 40-18-376, the investment credit is equal to 1.5 percent of the capital investment up to 10 years or up to 15 years for targeted counties. Taxpayers receiving the tax incentive must agree to a jobs commitment and minimum wage commitment in a project agreement with the State. Income taxes, financial institution excise taxes, insurance premium taxes, or utility taxes can be abated. Depending on the project agreement, the investment credit may be claimed as a credit against taxes actually paid and carried forward up to 5 years. Also, credits may be transferred, or sold, at 85 percent or more of face value for the first 3 years if approved by the Governor. No taxes were abated for fiscal year 2017 as a result of the Investment Credit.

The Apprenticeship Alabama program is intended to ensure the advancement and expansion of registered apprenticeships in the State. Pursuant to the Code of Alabama, Section 40-18-422, the apprenticeship tax credit is equal to one thousand dollars for each apprentice up to a maximum of five. The employer must have a United States Department of Labor Registered Apprenticeship program in one of five industry sectors (advanced manufacturing, construction, healthcare, information technology, and transportation and logistics.) There are no penalties or claw back provisions. Income taxes or financial institution excise taxes can be abated. No taxes were abated for fiscal year 2017 as a result of the Apprenticeship Alabama program.

The Certified Capital Company (CAPCO) program is intended to increase the amount of available venture capital for small technology businesses. Pursuant to the Code of Alabama, Section 40-14B, the CAPCO tax credit is equal to 100 percent of the investment in a CAPCO. Up to 5 percent may be taken each year through 2013 and up to 17.5 percent credit may be taken each year thereafter until the credits equal 100 percent of the investor's capital. The qualifying activities of the business must be manufacturing, processing, assembling products, or conducting research and development. Failure to meet the requirements could result in decertification and result in recapture of credits claimed and forfeiture of future credits. Insurance premium tax can be abated for insurance companies who invest on a CAPCO. The amount of abated taxes for fiscal year 2017 is \$16,226,000 as a result of the CAPCO program.

The Enterprise Zone program is intended to stimulate business and industrial growth in depressed areas of the State both urban and rural. Pursuant to the Code of Alabama, Section 41-23-24, a tax credit of \$2,500 per new permanent employee can be claimed. Also, pursuant to the Code of Alabama, Section 41-23-30, sales and use taxes for construction and equipment, income taxes for 5 years, and business privilege taxes for 5 years can be abated. No taxes were abated for fiscal year 2017 for the Enterprise Zone program.

The Film Incentive is intended to attract investment for qualified productions and qualified production companies, and increase employment opportunities. Pursuant to the Code of Alabama, Section 41-7A-3, a rebate of 25 percent of all state certified expenditures and 35 percent of all payroll can be claimed, and exemptions from sales, use and lodgings taxes. Income taxes can be abated for qualified production companies. The total amount of abated taxes for fiscal year 2017 is \$4,745,000 as a result of the Film Incentive.

The Growing Alabama Credit is intended to promote growth of business, industry and economic development in the State. Pursuant to the Code of Alabama, Section 40-18-403, a credit equal to contributions to a local economic development organization can be claimed. Income taxes can be abated. The amount of abated taxes for fiscal year 2017 is \$6,619,000 as a result of the Growing Alabama Credit.

The Historic Rehabilitation Tax Credit Program is intended to promote the rehabilitation, preservation, and development of historic structures in the State. Pursuant to the Code of Alabama, Section 40-9F-4, a 25 percent credit of qualified rehabilitation expenditures can be claimed. Income taxes or financial institution excise taxes can be abated. The amount of abated taxes for fiscal year 2017 is \$2,929,000 as a result of the Historic Rehabilitation Tax Credit Program.

The New Markets Tax Credit is intended to promote investments in qualifying businesses in impoverished and low income communities. Pursuant to the Code of Alabama, Section 41-9-218, the tax incentive is equal to 50 percent of the investment. The taxpayer must make a Qualified Equity Investment in the qualified community development entity which must be certified under the Federal New Market Tax Credit program. Income taxes, insurance premium tax or financial institution excise taxes can be abated. The amount of abated taxes for fiscal year 2017 is \$16,626,000 as a result of the New Markets Tax Credit.

The Port Credit is intended to promote increased usage of the State's ports. Pursuant to the Code of Alabama, Section 40-18-403, the credit is \$50 per twenty-foot equivalent unit (TEU), \$3 per net ton of bulk cargo or \$0.04 per net kilogram for air cargo. New distribution or warehouse shippers investing at least \$20 million and creating at least 75 net new jobs can be eligible to receive up to

For the Fiscal Year Ended September 30, 2017

\$100 per TEU over a 3 year period. Income taxes can be abated. No taxes were abated for fiscal year 2017 as a result of the Port Credit.

Other tax abatement programs include the Reinvestment and Abatements Act (code section 40-9G), the Tax Incentive Reform Act of 1992 (code section 40-9B), the Brownfield Development Tax Abatement (code section 40-9C), and the Economic Incentive Enhancement Act of 2007 (code section 40-9D). Property taxes, gross utility taxes, and sales and use taxes can be abated. The Reinvestment and Abatements Act is intended to promote capital reinvestment in the State and a tax incentive is based on the taxpayer's eligible capital reinvestment. The Brownfield Development Tax Abatement is intended to promote the redevelopment of former industrial or commercial sites that are probably contaminated. The Tax Incentive Reform Act of 1992 is intended to promote industrial development. The Economic Incentive Enhancement Act of 2007 is intended to attract very large projects which create a substantial number of jobs and economic growth in the State. The amount of abated taxes for fiscal year 2017 is \$99,597,000 as a result of these programs.

### **NOTE 3 - FUND BALANCES/NET POSITION**

#### **A. Restricted Net Position**

The Government-wide Statement of Net Position reports \$9.19 billion of restricted net position for the primary government, of which \$556,493,000 is restricted by enabling legislation.

#### **B. Restatements**

Fund Balances and Net Position as of October 1, 2016 have been restated for prior period adjustments necessary to conform to GAAP. Included in those restatements are differences resulting from the implementation of *Governmental Accounting Standards Board Statement 73 (GASB 73)*. *GASB 73* addresses accounting and financial reporting for pensions and related assets.

The General Fund was restated (\$2,755,000) for an understatement of due to other funds. The Alabama Trust Fund was restated \$7,128,000 for an understatement of accounts receivable. Nonmajor governmental funds were stated differently by \$69,536,000. That difference consists of (\$4,258,000) for an overstatement of cash and cash equivalents and \$10,379,000 for an understatement of due from component units in the Mental Health Finance Authority capital projects fund, \$120,963,000 for an understatement of amounts due from component units in the Conservation special revenue fund, \$2,755,000 for an overstatement of due to other funds in the Department of Economic and Community Affairs special revenue fund, and an understatement of amounts held in custody for others of (\$70,099,000) and \$12,368,000 understatement of investments in the miscellaneous special revenue fund. Included in this restatement is (\$2,572,000) for the reclassification of a miscellaneous special revenue fund for the Alabama Community College System.

On the government-wide financial statements, beginning net position for governmental activities was restated from \$20,095,141,000 to \$20,060,075,000, a decrease of \$35,066,000. That amount includes all of the restatements discussed in the previous paragraph. Also included in this restatement is a \$14,008,000 understatement of capital assets, a \$3,635,000 overstatement of bonds payable, (\$135,556,000) per GASB 73, and \$8,938,000 reclassifications of government-wide balances for capital assets and long-term liabilities of the Alabama Community College System.

Beginning net position for business activities was restated from \$1,525,588,000 to \$880,718,000, a change of (\$644,870,000). The Alabama Community College System was restated (\$648,815,000) due to fund reclassification. Nonmajor enterprise funds were stated differently by \$3,945,000 for an understatement of investments for the State Insurance Fund.

Other Pension Funds were restated (\$12,368,000) for an overstatement of investments.

Component Units were restated from \$8,675,081,000 to \$9,311,256,000, a change of \$636,175,000. The reclassification of ACCS to a component unit was an increase \$642,957,000. Included in this amount for ACCS is a \$514,000 restatement of capital assets. The University of South Alabama was restated (\$680,000) because Gulf Coast Regional Care Organization is not significant enough to warrant inclusion in the University's reporting entity. Nonmajor component units were restated (\$6,102,000).

Alabama Agricultural and Mechanical University, a nonmajor component unit, was restated (\$6,041,228) due to numbers considered in 2016 were inconclusive (\$621,846) and pension related differences (\$5,419,382). The University of North Alabama, a nonmajor component unit, was restated (\$147,000) to adjust for certain pledges that were received in prior year, but not relieved from receivables. The University of West Alabama, a nonmajor component unit, was restated (\$418,500) to reconcile differences between

---

*GASB 68* calculations. Alabama Institute for the Deaf and Blind, an other nonmajor component unit, was restated \$323,700 for adjustments to accounts payable. Athens State University, an other nonmajor component unit, was restated \$188,754 for adjustments to assets. Alabama Agricultural Development Authority, an other nonmajor component unit, was restated (\$7,726) to adjust for accounts payable error.

### **C. Reclassifications**

Act 2017-171 of the legislature granted corporate powers to the Alabama Community College System (ACCS). In accordance with *GASB 14*, the ACCS was reclassified from the primary government to a component unit this year. A major enterprise fund, a miscellaneous special revenue fund, and some capital assets and long-term liabilities of governmental activities on the government-wide financial statements were reclassified to the ACCS component unit.

### **D. Fund Balance/Net Position Deficits**

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

The State Port Authority, a major proprietary fund, had a deficit in unrestricted net position of \$3,618,000. This deficit was caused mainly by the accrual of net pension liability. The Port Authority net pension liability was \$26,510,000.

The Alcoholic Beverage Control Board, a major proprietary fund, had a deficit in unrestricted net position of \$93,142,000 with a total net position deficit of \$90,206,000. The deficits are largely due to the accrual of liabilities for net pension liability, 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 Medicaid Fund, a major governmental fund, had a deficit unassigned fund balance of \$53,478,000. The deficit is the result of the accrual of claims outstanding at September 30, 2017. The expense is recognized in fiscal year 2017 along with a receivable for the federal share of the claims. The State matching money will not be available until fiscal year 2018 when the claims are paid.

The Telecommunications Fund, an internal service fund, had a deficit in unrestricted net position of \$16,628,000 as well as a negative total net position of \$12,148,000. The fund accrued a net pension liability of \$17,370,000, resulting in the negative balances.

Other Internal Service funds had a negative unrestricted net position of \$3,170,000. This deficit was caused by an accrued net pension liability of \$19,007,000. This also drove the overall net position to a negative \$2,050,000.

The Motorsports Hall of Fame, a nonmajor enterprise fund, had a deficit in unrestricted net position of \$8,000. The deficit is caused by an other post-employment benefits accrual of \$41,000, and an accrual for net pension liability of \$100,000. The overall Net Position is a positive \$1,756,000.

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

The University of South Alabama, a major component unit, had a deficit in unrestricted net position of \$58,183,000 due to an accrued net pension liability of \$336,477,000. The University had a positive balance in total net position of \$631,793,000. Alabama Community College System, a major component unit, had a deficit in unrestricted net position of \$102,743,000 due to an accrued net pension liability of \$497,161,000. Alabama Community College System had a positive balance in total net position of \$641,245,000.

The following nonmajor component unit institutions had deficits in unrestricted net position driven by accruals of net pension liability: Alabama State University had a deficit of \$68,466,000, with a net pension liability accrual of \$77,105,000. Alabama Agricultural and Mechanical University had a deficit of \$42,724,000, with a net pension liability accrual of \$78,093,000. Jacksonville State University had a deficit of \$29,801,000 and a net pension liability accrual of \$80,982,000. The University of North Alabama's deficit was \$34,635,000 driven by a net pension accrual of \$68,452,000. The University of Montevallo had a deficit of \$14,257,000 with an associated net pension liability of \$44,736,000. The University of West Alabama had a deficit of \$26,687,000 and a net pension accrual of \$38,424,000. Lastly, the Alabama Historical Commission had a deficit in unrestricted net position of \$2,835,000 driven by a net pension liability accrual of \$5,375,129. All of these institutions had a positive total net position with the exception of West Alabama (\$10,496,000).

The following other nonmajor component unit institutions had deficits in unrestricted net position driven by accruals of net pension liability: Alabama Institute for the Deaf and Blind had a deficit of \$3,124,000, with a net pension liability accrual of \$58,958,000. Athens State University had a deficit of \$6,588,000, with a net pension liability of \$27,086,000. Marine Environmental Sciences

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

Consortium's deficit was \$4,795,000, and their net pension liability was \$7,422,000. All of these institutions had positive total net positions.

The Space and Science Exhibit Commission, an other nonmajor component unit, had a deficit in unrestricted net position of \$9,023,000. The main factor leading to the negative balance is the Commission's large liability for revenue bonds payable of \$9,444,281. The Commission has a positive total net position of \$29,998,000.

The Historic Ironworks Commission, an other nonmajor component unit, had a deficit in unrestricted net position of \$1,218,000 with a net pension liability accrual of \$1,001,946. However, the fund had a positive balance in overall net position of \$1,300,000.

### E. Governmental Fund Restricted Fund Balances

(Amounts in Thousands)

Economic Development and Regulation		Social Services	
Economic Development Incentives	\$ 68,201	Department of Human Resources	45,960
Economic Regulation Programs	68,237	Rehabilitation Services	23,830
Total Economic Development and Regulation	136,438	Veterans	142,489
Education and Cultural Resources		Employment Security	22,620
Alabama Public School and College Authority	77,882	Other	10,778
Local Schools	129,275	Total Social Services	245,677
Industrial Training	61,987	Protection of Persons and Property	
Education Budget Stabilization	400,639	Professional and Occupational Licensing	58,917
Education Trust Fund	178,752	Law Enforcement and Investigations	78,738
Other	23,022	Agricultural Products Oversight	32,389
Total Education and Cultural Resources	871,557	Mine Reclamation	9,076
Natural Resources and Recreation		Youth Services	21,191
Department of Conservation	133,501	911 Service	16,740
Forever Wild Land Trust	19,118	Other	58,876
Forever Wild Stewardship	33,692	Protection of Persons and Property	275,927
Other	5,290	Transportation	
Total Natural Resources and Recreation	191,601	State Roads and Bridges	556,995
Health		Local Government Transportation Programs	310
Health Department	56,824	Airfields	15,526
Medicaid	120,344	Total Transportation	572,831
Mental Health	80,356	General Government	
Environmental Management	47,016	County and Municipal Capital Improvements	493,259
Other	5,599	Judicial System	25,198
Total Health	310,139	Local Government Programs	83,213
		Financial Administration	68,814
		Other	49,388
		Total General Government	719,872

### F. Education Trust Fund Budget Stabilization Fund

The Rolling Reserve Act (Act 2011-003, as amended by Act 2015-538) created an Education Trust Fund Budget Stabilization Fund. This fund will generally be used to reduce any future proration in the Education Trust Fund (ETF). The Education Trust Fund Rainy Day Account within the Alabama Trust Fund has been repaid in full; therefore, the ETF Budget Stabilization Fund and the ETF Advancement and Technology Fund receive money when the ETF has revenues in excess of an appropriation cap defined in the Act. The cap is the sum of recurring revenues deposited into the ETF in the last completed fiscal year preceding the calculation year adjusted up or down by: (1) the average annual percentage change in recurring revenues for the 14 highest of the 15 completed fiscal years preceding the date on which the calculation is made; (2) if legislation is enacted that will increase recurring revenues deposited into the ETF, an amount equal to 95 percent of the fiscal note attached to the legislative act is added to the cap; (3) if legislation is enacted that will decrease recurring revenues deposited into the ETF, the negative impact, based on the enacted fiscal note is subtracted from the cap; (4) any nonrecurring revenue; and (5) the amount required to be appropriated from the ETF to the Prepaid Affordable College Tuition Trust Fund. The Finance Director and the Legislative Fiscal Officer must certify their computation of the cap at the same time as the certification required by Amendment 803 to the Constitution of Alabama of 1901 (prior to the third day of

---

each Regular Session). The Legislature may appropriate from the ETF Budget Stabilization Fund an amount equal to the difference between the preceding fiscal year's total appropriations from the ETF and the cap. Except as provided in the previous sentence, amounts in the ETF Budget Stabilization Fund may be withdrawn only to prevent proration in the ETF. The Governor must certify to the State Comptroller and notify the Legislature that proration would occur in the ETF before funds may be withdrawn. The ETF Budget Stabilization Fund has a balance of \$178 million at the end of fiscal year 2017.

## **NOTE 4 - ASSETS**

### **A. Cash Deposits**

The State Treasurer has statutory authority to deposit treasury cash in any available bank product in any bank or savings association that is a qualified public depository and that has been designated as a state depository according to law.

Bank 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 deposit monies in a bank that participates in the SAFE Program. The SAFE Program is a multiple financial institution collateral pool administered by the State Treasurer. 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 1) bonds, notes, or treasury bills of the United States or in obligations of any agency or instrumentality of the United States of America, including but not limited to the Federal Land Bank, Federal Home Loan Bank, Federal National Mortgage Association, Federal Intermediate Credit Bank, banks for cooperatives, Resolution Trust Corporation, or any of its other agencies, or in any other obligations guaranteed as to principal and interest by the United States, or in money market mutual funds which invest solely in securities otherwise authorized by law; 2) obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself; 3) commercial paper with the highest quality credit rating at the time of purchase and in bankers' acceptances; 4) money market mutual funds which invest solely in securities noted above; 5) direct obligations of the State of Israel; and 6) interest earning bank deposits.

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.

For the Fiscal Year Ended September 30, 2017

---

## **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 Person Rule" which requires it to use due care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with such matters would use in investing.

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 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, 2017, are as follows:

<b>Investment Types and Fair Value</b> (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	\$ 24,403	\$ 11,451	\$ -	\$ -
U S Government Guaranteed Securities	873,752	9,340	1,779,386	761,217
U S Agency Securities	379,276	6,527	378,923	863,666
State and Local Government Securities	3,864	177	-	20,242
Mortgage Backed Securities	347,633	1,296	1,107,888	386,164
Commercial Paper	30,073	60	928,837	37,989
Corporate Bonds	366,332	16,151	2,437,899	265,353
Private Placements	109,178	-	2,166,954	358,878
Repurchase Agreements	50,790	-	-	-
International Bonds	26,615	52	232	70,003
Bond Mutual Funds	729,132	47,440	1,317,353	1,121,042
Domestic Equities	1,432,242	30,707	22,615,542	420,575
International Equities	639,284	-	4,989,937	85,567
Other Mutual Funds	75,591	-	1,178,029	591,360
Real Estate	275,985	8,110	3,569,182	153,464
Commingled Funds	89,985	-	-	2,516,924
Derivative Instruments	626	-	-	-
Guaranteed Investment Contracts	-	-	236,393	-
	<u>\$ 5,454,761</u>	<u>\$ 131,311</u>	<u>\$ 42,706,555</u>	<u>\$ 7,652,444</u>

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

Investments Per Investment Note	\$ 5,454,761	\$ 131,311	\$ 42,706,555	\$ 7,652,444
Certificates of Deposit †	27,123	32,420	692	84,573
Money Market Accounts - Savings †	317,330	1,243	18,932	203,461
Other Cash Equivalents †	(621,405)	(14,321)	(64,198)	(113,491)
Investments Classified as Restricted Assets †	(1,319)	-	-	-
Repurchase Agreements ††	(50,790)	-	-	-
Foundations and pooled investments §	-	-	-	521,861
<b>Investments per Statements</b>	<u>\$ 5,125,700</u>	<u>\$ 150,653</u>	<u>\$ 42,661,981</u>	<u>\$ 8,348,848</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, 2017

The ratings of the State's investments as of September 30, 2017 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		\$ 1,855,881	\$ 18,679	\$ 972,756	\$ 544,721	\$ 1,088,699
	AAA	10,390	429	-	236,433	191,191
Aa1		6,754	20	27,073	15,213	1,121
	AA+	20,087	-	-	-	5,644
Aa2		15,079	1,411	15,258	10,143	13,227
	AA	5,478	25	-	16,148	57,540
Aa3		36,625	976	4,624	5,811	3,178
	AA-	4,660	-	-	-	-
Aa		-	-	-	504	41,275
A1		35,431	4,013	264,675	90,919	47,177
	A+	7,381	-	-	1,500	32,381
A2		17,396	2,963	66,642	33,490	2,375
	A	7,182	-	-	-	124,523
A3		39,901	2,676	234,837	102,197	3,049
	A-	12,340	-	-	-	-
A		-	-	-	1,930	11,709
P1		4,118	60	-	270	24
P2		23,497	-	928,568	-	9,999
Baa1		51,720	1,586	401,113	178,075	3,886
	BBB+	26,765	-	-	-	-
Baa2		58,817	262	303,739	130,841	4,148
	BBB	17,616	-	-	16,589	121,690
Baa3		56,389	266	123,311	57,904	1,665
	BBB-	25,106	-	-	-	-
Ba1		15,637	-	55,530	25,706	548
	BB+	3,822	-	-	-	-
Ba2		20,498	180	29,647	10,803	159
	BB	20,805	-	-	-	10,423
Ba3		9,884	-	27,756	12,634	377
	BB-	33,535	-	-	-	-
B1		10,903	-	14,050	6,776	182
	B+	43,317	-	-	-	-
B2		3,927	-	1,267	670	14
	B	2,766	-	-	5,276	8,128
B3		4,092	-	16,187	8,168	391
	B-	391	-	-	-	-
B		-	-	-	-	107
Caa1		3,452	-	9,310	4,089	124
Caa2		607	-	-	-	-
Caa3		794	-	-	-	-
Ca		1,552	-	-	-	-
	C	-	-	-	-	2,881
C		182	-	-	-	-
U S Govt Guaranteed Securities §		438,428	11,455	1,170,026	615,351	753,002
Not Rated †		78,483	52	2,565,959	989,376	978,673
		<u>\$ 3,031,688</u>	<u>\$ 45,053</u>	<u>\$ 7,232,328</u>	<u>\$ 3,121,537</u>	<u>\$ 3,519,510</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 investments allowed for Treasury monies 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. Bank of Israel bonds are not 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 percent 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 investment guidelines state 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 percent of the index duration. The majority of 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 fixed income portfolio's average duration is not to exceed 1.5 times that of the benchmark index.

As of September 30, 2017, the State had the following investments and maturities:

<b>Governmental Activities</b> <b>(Amounts in Thousands)</b>					
<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	\$ 15,147	\$ 4,420	\$ 4,837	\$ -	\$ 24,404
U S Government Guaranteed Securities	107,232	570,336	78,099	118,085	873,752
U S Agency Securities	20,035	287,133	5,181	66,928	379,277
State and Local Government Securities	436	1,254	477	1,697	3,864
Mortgage Backed Securities	288	18,614	31,774	296,958	347,634
Commercial Paper	30,073	-	-	-	30,073
Corporate Bonds	25,345	116,236	134,341	90,410	366,332
Derivative Instruments	(292)	194	477	244	623
Repurchase Agreements	50,790	-	-	-	50,790
International Bonds	896	9,205	7,934	8,579	26,614
Private Placements	871	17,489	32,985	57,834	109,179
Bond Mutual Funds	717,743	11,419	-	-	729,162
Commingled Funds	-	19,475	54,472	16,037	89,984
<b>Total</b>	<b>\$ 968,564</b>	<b>\$ 1,055,775</b>	<b>\$ 350,577</b>	<b>\$ 656,772</b>	<b>\$ 3,031,688</b>

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

### Business-Type 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	\$ 2,912	\$ 8,538	\$ -	\$ -	\$ 11,450
U S Government Guaranteed Securities	1,661	7,679	-	-	9,340
U S Agency Securities	1,166	5,166	195	-	6,527
State and Local Government Securities	-	50	96	31	177
Mortgage Backed Securities	1	72	370	854	1,297
Commercial Paper	60	-	-	-	60
International Bonds	17	34	-	-	51
Corporate Bonds	3,391	12,542	218	-	16,151
<b>Total</b>	<b>\$ 9,208</b>	<b>\$ 34,081</b>	<b>\$ 879</b>	<b>\$ 885</b>	<b>\$ 45,053</b>

### Retirement Systems of Alabama (Fiduciary Component Units) (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 Government Guaranteed Securities	\$ -	\$ 521,710	\$ 458,336	\$ 150,932	\$ 1,130,978
U S Agency Securities	25,968	137,567	77,453	-	240,988
Mortgage Backed Securities	10,280	440	47,780	685,776	744,276
Commercial Paper	928,567	-	-	-	928,567
Corporate Bonds	212,405	530,161	404,853	506,941	1,654,360
Private Placements	-	297,175	631,449	1,231,853	2,160,477
International Bonds	372,682	-	-	-	372,682
<b>Total</b>	<b>\$ 1,549,902</b>	<b>\$ 1,487,053</b>	<b>\$ 1,619,871</b>	<b>\$ 2,575,502</b>	<b>\$ 7,232,328</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 Government Guaranteed Securities	\$ 27,344	\$ 325,215	\$ 218,334	\$ 77,516	\$ 648,409
U S Agency Securities	14,001	74,001	49,933	-	137,935
Mortgage Backed Securities	4,720	5,283	23,570	330,039	363,612
Commercial Paper	270	-	-	-	270
Corporate Bonds	146,291	246,661	232,800	157,787	783,539
International Bonds	77	155	-	-	232
Private Placements	-	250	780	5,447	6,477
Bond Mutual Funds	426,725	116,577	401,368	-	944,670
Guaranteed Investment Contracts	236,393	-	-	-	236,393
<b>Total</b>	<b>\$ 855,821</b>	<b>\$ 768,142</b>	<b>\$ 926,785</b>	<b>\$ 570,789</b>	<b>\$ 3,121,537</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 Government Guaranteed Securities	\$ 55,100	\$ 355,232	\$ 23,711	\$ 15,436	\$ 449,479
U S Agency Securities	136,746	659,009	66,726	1,185	863,666
State and Local Government Securities	3,219	16,371	651	-	20,241
Mortgage Backed Securities	170	20,028	21,546	165,245	206,989
Commercial Paper	17,111	14,347	-	6,431	37,889
Corporate Bonds	11,577	7,690	5,167	4,816	29,250
International Bonds	340	16	-	-	356
Bond Mutual Funds	327,393	65,446	39,978	40,625	473,442
<b>Total</b>	<b>\$ 551,656</b>	<b>\$ 1,138,139</b>	<b>\$ 157,779</b>	<b>\$ 233,738</b>	<b>\$ 2,081,312</b>

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

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)

<b>Investment Type</b>	<b>Fair Value</b>	<b>Effective Duration</b>
Endowment Fund:		
U S Government Guaranteed Securities	\$ 8,499	8.7
Mortgage Backed Securities	6,136	3.5
Corporate Bonds	21,041	4.8
Commingled Bond Funds	87,428	2.4
Non-U S Bonds	3,039	4.8
Long Term Reserve Pool Fund:		
U S Government Guaranteed Securities	14,143	8.4
Mortgage Backed Securities	11,840	3.3
Corporate Bonds	35,516	5.0
Commingled Bond Funds	114,439	2.1
Non-U S Bonds	5,480	5.0
Short Term Liquidity Pool Fund:		
U S Government Guaranteed Securities	244,194	1.9
Mortgage Backed Securities	149,208	1.0
Collateralized Mortgage Obligations	11,990	2.2
Corporate Bonds	165,646	1.9
Commingled Bond Funds	205,630	2.8
Non-U S Bonds	61,129	1.9
<b>Total</b>	<b>\$ 1,145,358</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 aggregate market value of international equities is limited to 29 percent of the aggregate market value of the total portfolio with a target of 24 percent of the total portfolio. The exposure to emerging market securities shall be limited to 20 percent of the market value of the international portfolio. Not more than 5 percent 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 percent in any one corporation at market. Not more than 5 percent of the outstanding shares of any one company may be held by the portfolio. In addition, no more than the lesser of (2 times the sector weight in the index and 40 percent) valued at market may be held in any one economic sector as defined by the MSCI EAFE (Morgan Stanley Capital International Europe, Australasia, and the Far East) index classifications for developed market portfolios and by MSCI Emerging Markets index classifications for emerging markets portfolios.

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, 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, 2017 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>International Equities</b>	<b>International Bond</b>	<b>International Equities</b>	<b>International Equities</b>	<b>International Equities</b>	<b>International Equities</b>	<b>International Bonds</b>
Argentine Peso	\$ -	\$ 936	\$ -	\$ -	\$ -	\$ -	\$ -
Australian Dollar	5,791	-	-	276,682	9,216	-	-
Bermudian Dollar	2	-	-	-	-	-	-
Brazilian Real	1,740	4,385	-	-	13	-	-
British Pound Sterling	107,730	-	-	707,689	25,861	93	-
Canadian Dollar	27,483	-	-	-	737	21	-
Chinese Yuan	11	1,449	-	-	1,095	14	-
Colombian Peso	-	-	-	-	153	-	-
Danish Krone	11,428	-	-	69,747	2,232	-	-
Emerging Markets	-	-	-	725,814	18,343	97	-
Euro	99,784	-	-	1,303,557	56,204	66	-
Hong Kong Dollar	21,560	-	-	144,003	5,532	-	-
Indian Rupee	5	-	-	-	1,274	-	-
Indonesian Rupiah	1,389	-	-	-	-	-	-
Israeli New Shekel	6	-	-	19,233	585	8	-
Japanese Yen	33,588	-	-	984,410	35,181	35	-
Mexican Peso	72	7,358	-	-	-	-	-
New Zealand Dollar	-	-	-	3,311	101	-	-
Norwegian Krone	-	-	-	28,625	872	-	-
Other	-	-	-	-	4,969	-	332
Russian Rouble	-	3,527	-	-	-	-	-
Singapore Dollar	4,837	-	-	53,638	1,607	-	-
South African Rand	1,253	-	-	-	-	-	-
South Korean Won	1,467	-	-	-	757	-	-
Swedish Krona	10,497	-	-	124,337	4,213	-	-
Swiss Franc	18,126	-	-	366,202	13,156	11	-
Taiwan New Dollar	12	-	-	-	-	-	-
Thai Baht	1,618	-	-	-	-	-	-
Turkish Lira	1,764	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 350,163</b>	<b>\$ 17,655</b>	<b>\$ -</b>	<b>\$ 4,807,248</b>	<b>\$ 182,101</b>	<b>\$ 345</b>	<b>\$ 332</b>

The disclosure does not include some of the International Securities denominated in U.S. dollars.

#### 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 custodian, Regions Bank, requires that the securities be held in registered form in the name of its nominee. Regions has established one or more accounts on behalf of the State Treasurer in the name of the State Treasurer.

Alabama Trust Fund (ATF) – The ATF's custodian, Bank of New York Mellon (BNYM), provides a portion of the custodial services for the ATF. The ATF's custodial credit risk policy authorizes BNYM to hold securities in registered form in the name of its

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

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 sub-custodians 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>Business- Type Activities</b>	<b>Fiduciary Funds Other Than RSA</b>	<b>Discretely Presented Component Units</b>
U S Government Guaranteed Securities	\$ 17,832	\$ -	\$ 27,841	\$ 614
U S Agency Securities	80,375	-	-	78
Mortgage Backed Securities	8,451	-	8,010	603
Commercial Paper	2,458	-	-	-
Corporate Bonds	1,447	-	3,260	941
Private Placements	-	-	2,030	-
Repurchase Agreements	50,790	-	-	-
Domestic Equities	3	-	-	1,198
International Equities	-	-	-	89
Other Investments	8,497	-	-	-
<b>Total</b>	<b>\$ 169,853</b>	<b>\$ -</b>	<b>\$ 41,141</b>	<b>\$ 3,523</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 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 percent of the outstanding capital of such corporation. For fixed income investments, the portfolio is to be diversified so that no more than 15 percent is invested in one industry (does not apply to U.S. government and agency securities), and no more than 5 percent of the total fixed income portfolio may be invested in securities of any one corporation. As of September 30, 2017, there were no investments that exceeded the 5 percent 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 equity, international equity, fixed income, alternative investments, real estate, and short-term investments are limited to 60 percent, 25 percent, 50 percent, 20 percent, 15 percent, and 7 percent respectively, of the fair value of each System’s aggregate portfolio. As of September 30, 2017, the Teachers’ Retirement System (TRS), Employees’ Retirement System (ERS), and Judicial Retirement Fund (JRF) owned debt and equity securities of Goldman Sachs Group, Inc. which represented approximately 7.03 percent of TRS investments, 6.21 percent of ERS investments, and 6.48 percent of JRF investments. TRS and ERS owned debt and equity securities of Raycom Media Corporation which represented approximately 8.05 percent and 9.73 percent, respectively, of the TRS and the ERS investments. Additionally, TRS owned debt and equity securities of New Water Street Corporation which represented 5.19 percent of TRS investments.

## D. Fair Value Measurement

GASB 72 sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in an active market for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy are described as follows:

**Level 1:** Quoted (unadjusted) prices in an active market for identical assets or liabilities.

**Level 2:** Other inputs which are observable either directly or indirectly, including quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in a less active market, or other market-corroborated inputs.

**Level 3:** Valuations derived from valuation techniques using significant unobservable inputs for assets or liabilities.

GASB 72 allows for the use of net asset value ("NAV") as a practical expedient for valuation purposes.

The categorization of investments within the hierarchy is based upon pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments in securities classified as Level 1 are valued using quoted prices in an active market for those securities.

Investments in securities classified as Level 2 are valued using non-proprietary information that is readily available to market participants from multiple independent sources, which are known to be actively involved in the market. Pricing inputs may include market quotation, yields, maturities, call features, and ratings.

Investments in private equity, debt, and direct investments in Real Estate are classified as Level 3 due to lack of observable pricing inputs and are valued using annual appraisals based on a combination of market data and projected cash flows.

As of September 30, 2017, the State had the following fair market value hierarchies:

<b>Governmental Activities</b>					
<b>(Amounts in Thousands)</b>					
<b>Investment Types</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>	<b>Total</b>
U S Treasury Strips	\$ 24,403	\$ -	\$ -	\$ -	\$ 24,403
U S Government Guaranteed Securities	851,355	22,397	-	-	873,752
U S Agency Securities	308,014	71,262	-	-	379,276
State and Local Government Securities	39	3,825	-	-	3,864
Mortgage Backed Securities	12,670	337,432	-	-	350,102
Commercial Paper	3,451	26,622	-	-	30,073
Corporate Bonds	36,453	330,674	145	-	367,272
Derivative Instruments	(406)	1,029	-	-	623
Private Placements	-	105,769	-	-	105,769
Repurchase Agreements	37,641	-	13,149	-	50,790
International Bonds	-	2,687	23,928	-	26,615
Bond Mutual Funds	721,443	7,722	-	-	729,165
Domestic Equities	1,209,202	580	222,460	-	1,432,242
International Equities	587,583	-	51,701	-	639,284
Other Mutual Funds	67,222	-	8,339	-	75,561
Real Estate	-	-	275,985	-	275,985
Commingled Funds	-	-	89,985	-	89,985
<b>Total</b>	<b>\$ 3,859,070</b>	<b>\$ 909,999</b>	<b>\$ 685,692</b>	<b>\$ -</b>	<b>\$ 5,454,761</b>

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

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

Investment Types	Level 1	Level 2	Level 3	NAV	Total
U S Treasury Strips	\$ 11,451	\$ -	\$ -	\$ -	\$ 11,451
U S Government Guaranteed Securities	9,340	-	-	-	9,340
U S Agency Securities	6,527	-	-	-	6,527
State and Local Government Securities	177	-	-	-	177
Mortgage Backed Securities	6	1,291	-	-	1,297
Commercial Paper	60	-	-	-	60
Corporate Bonds	16,151	-	-	-	16,151
International Bonds	-	52	-	-	52
Domestic Equities	30,706	-	-	-	30,706
Other Mutual Funds	47,440	-	-	-	47,440
Real Estate	-	-	8,110	-	8,110
<b>Total</b>	<b>\$ 121,858</b>	<b>\$ 1,343</b>	<b>\$ 8,110</b>	<b>\$ -</b>	<b>\$ 131,311</b>

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

Investment Types	Level 1	Level 2	Level 3	NAV	Total
U S Government Guaranteed Securities	\$ -	\$ 1,130,978	\$ -	\$ -	\$ 1,130,978
U S Agency Securities	-	240,988	-	-	240,988
Mortgage Backed Securities	-	842,461	-	-	842,461
Commercial Paper	-	928,567	-	-	928,567
Corporate Bonds	-	1,654,360	-	-	1,654,360
Private Placements	-	-	2,160,477	-	2,160,477
Bond Mutual Funds	-	274,497	-	-	274,497
Domestic Equities	16,697,320	2,414,214	2,024,293	-	21,135,827
International Equities	4,762,181	-	-	-	4,762,181
Real Estate	-	-	3,569,162	-	3,569,162
<b>Total</b>	<b>\$ 21,459,501</b>	<b>\$ 7,486,065</b>	<b>\$ 7,753,932</b>	<b>\$ -</b>	<b>\$ 36,699,498</b>



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

<b>Investment Types</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>	<b>Total</b>
U S Government Guaranteed Securities	\$ 50,186	\$ 556,623	\$ -	\$ -	\$ 606,809
U S Agency Securities	48,784	114,977	-	-	163,761
Mortgage Backed Securities	25,792	347,854	223	-	373,869
Corporate Bonds	105,630	677,910	-	-	783,540
Private Placements	2,030	-	4,447	-	6,477
Repurchase Agreements	-	232	-	-	232
International Bonds	-	5,785	-	-	5,785
Bond Mutual Funds	745,678	198,993	-	-	944,671
Domestic Equities	1,499,330	25,452	-	-	1,524,782
International Equities	182,689	-	-	-	182,689
Other Mutual Funds	1,084,261	93,764	-	4	1,178,029
Real Estate	-	-	20	-	20
Guaranteed Investment Contracts	236,393	-	-	-	236,393
<b>Total</b>	<b>\$ 3,980,773</b>	<b>\$ 2,021,590</b>	<b>\$ 4,690</b>	<b>\$ 4</b>	<b>\$ 6,007,057</b>

**Discretely Presented Component Units**  
(Amounts in Thousands)

<b>Investment Types</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>	<b>Total Fair Value</b>
U S Government Guaranteed Securities	\$ 15,280	\$ 650,573	\$ -	\$ -	\$ 665,853
U S Agency Securities	8,593	950,253	-	-	958,846
State and Local Government Securities	4,514	15,728	-	-	20,242
Mortgage Backed Securities	185,593	200,571	-	-	386,164
Commercial Paper	7,184	10,027	-	20,778	37,989
Corporate Bonds	10,029	255,325	-	-	265,354
Private Placements	-	-	999	255	1,254
Repurchase Agreements	596	-	-	-	596
International Bonds	332	69,672	-	-	70,004
Bond Mutual Funds	349,638	663,181	-	34,412	1,047,231
Domestic Equities	369,715	48,343	-	5,778	423,836
International Equities	85,747	86	-	-	85,833
Other Mutual Funds	243,192	13	-	508,119	751,324
Real Estate	86,837	120	3,051	63,233	153,241
Commingled Funds	-	162,240	652,515	1,702,170	2,516,925
<b>Total</b>	<b>\$ 1,367,250</b>	<b>\$ 3,026,132</b>	<b>\$ 656,565</b>	<b>\$ 2,334,745</b>	<b>\$ 7,384,692</b>

## E. 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 Board of Trustees. 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

For the Fiscal Year Ended September 30, 2017

---

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 percent or 105 percent of the fair value of the loaned securities, or such other value, but not less than 102 percent 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 percent 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). Cash collateral investments are matured as needed to fulfill loan obligations. As of September 30, 2017, the average term of the loans secured by QDF was 12, 12, and 13 days, respectively for the TRS, ERS, and JRF. As of September 30, 2017, the average term of the loans secured by GSLT was 1 day 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 percent of its assets at time of purchase in commingled vehicles managed by State Street Global Advisors 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 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 percent of the market 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 percent of the market 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 market value each business day based upon the market value of the loaned securities as of the close of business the preceding business day, employing the most recently available pricing information, and receive and deliver collateral in order to maintain the amount 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, 2017, the average term of the loans was 82 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 S&P 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.

Investments purchased with cash collateral are held by the custodial agent, but not in the name of the lender. Securities pledged as collateral are held by the custodial agent, but not in the name of the lender. Letters of credit pledged as collateral are issued by the borrower’s bank and are irrevocable. The fair value of the securities on loan and the fair value of the collateral pledged by the borrowers are demonstrated in the securities lending table. Since the amounts owed by the State and its component units exceeded the amounts the borrowers owed, there was no credit risk exposure as of September 30, 2017. There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior period losses during the year.

For the Fiscal Year Ended September 30, 2017

**Securities Lending - Investments Lent and Collateral Received**

(Fair Value in Thousands)

<b>Type of Investment Lent</b>	<b>Governmental- 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	\$ 36,534	\$ 315,976	\$ 162,372	\$ 2,693
Domestic Equity	170,725	1,277,612	61,876	-
International Equity	8,267	133,582	2,814	-
<b>Total Lent for Cash Collateral</b>	<b>215,526</b>	<b>1,727,170</b>	<b>227,062</b>	<b>2,693</b>
<b>For Non-cash Collateral</b>				
Domestic Fixed Maturities	11,946	823,292	347,388	6,495
Domestic Equity	31,715	2,387,815	124,891	5,456
International Equity	-	219,906	11,934	-
<b>Total Lent for Non-Cash Collateral</b>	<b>43,661</b>	<b>3,431,013</b>	<b>484,213</b>	<b>11,951</b>
<b>Total Securities Lent</b>	<b>\$ 259,187</b>	<b>\$ 5,158,183</b>	<b>\$ 711,275</b>	<b>\$ 14,644</b>
<b>Type of Collateral Received</b>				
<b>Cash Collateral</b>				
Cash Collateral - Invested in				
State Street Quality D Fund	\$ -	\$ -	\$ 132,381	\$ -
State Street Global Securities Lending Trust	15,361	1,759,897	99,527	2,748
BNYM Investments	205,060	-	-	-
<b>Total Cash Collateral</b>	<b>220,421</b>	<b>1,759,897</b>	<b>231,908</b>	<b>2,748</b>
<b>Non-Cash Collateral</b>				
For Lent Domestic Fixed Maturities				
Securities Collateral				
Euro	449	1,727	10,250	399
US Dollar	1,603	608,600	146,361	1,100
British Pound Sterling	1,213	4,662	27,660	1,076
Canadian Dollars	-	19,458	-	-
For Lent Domestic Equity Securities				
Securities Collateral				
British Pound Sterling		105	-	
US Dollars	34,256	2,616,616	138,599	5,668
For Lent International Equity Securities				
Securities Collateral				
Euro	-	28,412	2,679	-
British Pound Sterling	-	2,428	253	-
US Dollar	8,957	448,275	185,529	4,030
<b>Total Non-Cash Collateral</b>	<b>46,478</b>	<b>3,730,283</b>	<b>511,331</b>	<b>12,273</b>
<b>Total Collateral Received</b>	<b>\$ 266,899</b>	<b>\$ 5,490,180</b>	<b>\$ 743,239</b>	<b>\$ 15,021</b>

---

## F. 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 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, 2017, the ATF had investments in TBA mortgage-backed securities in the amount of \$64,090,000. Included in investment purchases payable on the Statement of Net Position 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.

## G. Investment 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 bonds. 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 percent) and the Authority receiving a variable interest rate (67 percent 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, 2017 and 2016, the impact of credit risk is minimized. The swap agreement is based on an amortized notional which was \$36,205,000 at September 30, 2017, and expires on October 1, 2021. As of September 30, 2017 and 2016, the interest rate swap had a negative fair value of approximately \$3,120,989 and \$5,242,924, respectively, and is included in the Statement of Net Position in Noncurrent Liabilities: Due in More Than One Year as Other Long-Term Liabilities. In accordance with the swap agreement, the Authority posted collateral of approximately \$7.6 million at September 30, 2017 and 2016 due to the negative position of the interest rate swap. The interest rate swap value is calculated using Level 2 inputs 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. In December 2013, the counterparty exercised its option with respect to the 2004 swaption. The University refunded its Series 2004 bonds, issued the Series 2014-A variable rate bond and terminated the Series 2004 swaption. As a result of this termination, the borrowing arising from the Series 2004 swaption of \$1,696,000 and the investment derivative (liability) of \$5,213,000 were written off and an investment loss of \$2,229,000 was recognized and reported in the statements of revenues, expenses and changes in net position for the year ended September 30, 2014. An original borrowing arising from the 2014 swap of \$9,138,000 was recognized and is reported, net of current year amortization, as long-term debt in the amounts of \$5,940,000 and \$6,854,000 in the statements of net position at September 30, 2017 and 2016, respectively. In September 2016, the counterparty exercised its option with respect to the 2006 swaption and, as a result, the Series 2006 swaption was terminated. The borrowing arising from the Series 2006 swaption of \$6,939,000 and the investment derivative of \$41,591,000 were written off. An original borrowing arising from the 2016 swap of \$48,530,000 was recognized and is reported, net of current year amortization, as long-term debt in the amounts of \$45,934,000 and \$40,849,000 in the statements of net position at September 30, 2017 and 2016, respectively. Interest on the 2006 swaption was being accreted on, and added to the borrowings through the exercise date of the option, September 1, 2016.

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

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

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, 2017 (in thousands), as reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position:

<b>Investment Derivative Instruments</b>				
<b>(Amounts in thousands)</b>				
	<b>Changes in Fair Value \$</b>		<b>Fair Value</b>	
	<b>Amount</b>	<b>Classification</b>	<b>Amount</b>	<b>Notional</b>
<b>TRS</b>				
Domestic Options Written	\$ (12,691)	Domestic Equity	\$ 0	\$ 0
Domestic Options Purchased	13,739	Domestic Equity	-	-
Total Domestic Options	\$ 1,048		0	0
International Options Written	(18)	International Equity	(463)	(178,505)
<b>Total TRS Options</b>	<b>\$ 1,030</b>		<b>\$ (463)</b>	<b>\$ (178,505)</b>
<b>ERS</b>				
Domestic Options Written	(6,061)	Domestic Equity	-	-
Domestic Options Purchased	6,562	Domestic Equity	-	-
Total Domestic Options	501		0	0
International Options Written	\$ (9)	International Equity	\$ (221)	\$ (85,247)
<b>Total ERS Options</b>	<b>\$ 492</b>	<b>Totals</b>	<b>\$ (221)</b>	<b>\$ (85,247)</b>
<b>JRF</b>				
Domestic Options Written	(190)	Domestic Equity	-	-
Domestic Options Purchased	205	Domestic Equity	-	-
Total Domestic Options	15		0	0
International Options Written	\$ -	International Stocks	\$ (7)	\$ (2,649)
<b>Total JRF Options</b>	<b>\$ 15</b>	<b>Totals</b>	<b>\$ (7)</b>	<b>\$ (2,649)</b>

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

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, 2017, are categorized as investment derivatives and therefore the hedge accounting provisions of GASB Statement No. 53 and No. 64 are not applicable.

All derivative instruments are presented in the Statement of Net Position 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. If market pricing is not available, BNYM uses pricing provided by Alabama Trust Funds' investment managers. 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, 2017 for ATF:

Investment Derivative Instruments (Amounts in thousands)			
	Changes in Fair Value \$	Fair Value as of September 30, 2017	
	Amount	Amount	Notional
Credit Default Swaps	\$ 259	\$ 1,029	\$ (52,040)
<b>Total Swaps</b>	<b>\$ 259</b>	<b>\$ 1,029</b>	<b>\$ (52,040)</b>
Futures	\$ (368)	\$ (403)	\$ (49,358)
<b>Total Futures</b>	<b>\$ (368)</b>	<b>\$ (403)</b>	<b>\$ (49,358)</b>
<b>Total Derivatives</b>	<b>\$ (109)</b>	<b>\$ 626</b>	<b>\$ (101,398)</b>

§ Included in Unrestricted 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 \$3,081,000. GASB Statement No. 53 also requires additional interest rate risk disclosures for investment derivatives that are highly sensitive to interest rate fluctuations.

## H. 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 buildings because Port Authority constructs some equipment assets.

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

As of September 30, 2017, the capital assets for the Primary Government and the Component Units are presented in the following three tables:

### GOVERNMENTAL-TYPE ACTIVITIES

(Amounts in Thousands)

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	\$ 348,854	\$ 38,943	\$ 1,596	\$ 386,201
Historical Exhibits	4,158		32	4,126
Construction in progress	155,710	44,917	51,048	149,579
Construction in progress - Infrastructure	3,610,772	284,331	590,479	3,304,624
Infrastructure	15,796,402	590,479	-	16,386,881
Intangible Assets under Development	55,658	-	55,658	-
<b>Total capital assets not being depreciated</b>	<b>19,971,554</b>	<b>958,670</b>	<b>698,813</b>	<b>20,231,411</b>
<b>Capital assets being depreciated:</b>				
Buildings	1,756,178	71,886	3,295	1,824,769
Equipment	661,305	101,652	40,828	722,129
Software and Other Intangible Assets	42,003	54,445	-	96,448
<b>Total capital assets being depreciated</b>	<b>2,459,486</b>	<b>227,983</b>	<b>44,123</b>	<b>2,643,346</b>
<b>Less accumulated depreciation:</b>				
Buildings	736,722	41,229	2,817	775,134
Equipment	385,717	55,108	30,222	410,603
Software and Other Intangible Assets	11,533	3,196	-	14,729
<b>Total accumulated depreciation</b>	<b>1,133,972</b>	<b>99,533</b>	<b>33,039</b>	<b>1,200,466</b>
<b>Total capital assets being depreciated, net</b>	<b>1,325,514</b>	<b>128,450</b>	<b>11,084</b>	<b>1,442,880</b>
<b>Governmental-type activities capital assets, net</b>	<b>\$ 21,297,068</b>	<b>\$ 1,087,120</b>	<b>\$ 709,897</b>	<b>\$ 21,674,291</b>

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

Economic Development and Regulation	\$ 5,461
Social Services	6,978
Education and Cultural Resources	5,646
Natural Resources and Recreation	6,955
Health	10,419
General Government	10,542
Protection of Persons and Property	26,147
Transportation	27,385
<b>Total Depreciation Expense</b>	<b>\$ 99,533</b>



The capital assets for business-type activities are:

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

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	\$ 77,259	\$ -	\$ 1	\$ 77,258
Historical Exhibits	2,350	-	-	2,350
Construction in progress	4,907	12,100	11,624	5,383
Inexhaustible Intangible Assets	10	-	-	10
<b>Total capital assets not being depreciated</b>	<b>84,526</b>	<b>12,100</b>	<b>11,625</b>	<b>85,001</b>
<b>Capital assets being depreciated:</b>				
Buildings	677,547	4,678	-	682,225
Equipment	403,739	3,639	959	406,419
Software and Other Intangible Assets	3,266	-	-	3,266
<b>Total capital assets being depreciated</b>	<b>1,084,552</b>	<b>8,317</b>	<b>959</b>	<b>1,091,910</b>
<b>Less accumulated depreciation</b>				
Buildings	316,018	17,629	-	333,647
Equipment	210,625	12,330	961	221,994
Software and Other Intangible Assets	2,961	82	-	3,043
<b>Total accumulated depreciation</b>	<b>529,604</b>	<b>30,041</b>	<b>961</b>	<b>558,684</b>
<b>Total capital assets being depreciated, net</b>	<b>554,948</b>	<b>(21,724)</b>	<b>(2)</b>	<b>533,226</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 639,474</b>	<b>\$ (9,624)</b>	<b>\$ 11,623</b>	<b>\$ 618,227</b>
<b>Depreciation Expense for the current year is charged as follows:</b>				
State Port Authority	\$ 28,808			
Alcoholic Beverage Control Board	513			
Other Nonmajor Enterprise Funds	720			
<b>Total Depreciation Expense</b>	<b>\$ 30,041</b>			

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

### COMPONENT UNITS (Amounts in Thousands)

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	\$ 354,481	\$ 14,060	\$ 1,797	\$ 366,744
Historical Exhibits	127,283	1,399	-	128,682
Construction in progress	363,326	489,881	376,644	476,563
<b>Total capital assets not being depreciated</b>	<b>845,090</b>	<b>505,340</b>	<b>378,441</b>	<b>971,989</b>
<b>Capital assets being depreciated:</b>				
Buildings	10,749,028	483,295	19,546	11,212,777
Equipment	2,627,768	181,419	52,690	2,756,497
Software and Other Intangibles	154,165	6,425	1,075	159,515
<b>Total capital assets being depreciated</b>	<b>13,530,961</b>	<b>671,139</b>	<b>73,311</b>	<b>14,128,789</b>
<b>Less accumulated depreciation</b>				
Buildings	3,873,953	290,245	3,823	4,160,375
Equipment	1,981,160	163,974	48,377	2,096,757
Software and Other Intangible Assets	87,885	7,583	539	94,929
<b>Total accumulated depreciation</b>	<b>5,942,998</b>	<b>461,802</b>	<b>52,739</b>	<b>6,352,061</b>
<b>Total capital assets being depreciated, net</b>	<b>7,587,963</b>	<b>209,337</b>	<b>20,572</b>	<b>7,776,728</b>
<b>Component Units capital assets, net</b>	<b>\$ 8,433,053</b>	<b>\$ 714,677</b>	<b>\$ 399,013</b>	<b>\$ 8,748,717</b>
<b>Depreciation Expense for the current year is charged as follows:</b>				
University of Alabama	\$ 236,022			
Auburn University	77,842			
University of South Alabama	44,681			
Alabama Community College System	45,021			
Other Nonmajor Component Units	58,236			
<b>Total Depreciation Expense</b>	<b>\$ 461,802</b>			

## NOTE 5 - LIABILITIES

### A. Future Commitments

#### 1. Construction Projects

##### a. Primary Government

At September 30, 2017, the Department of Transportation had construction and maintenance contracts of \$2,044,092,000. The amount already performed was \$901,806,000, leaving an outstanding balance of \$1,142,286,000. The funding sources for this amount are 57 percent federal funds and 43 percent State and local funds.

The State Port Authority has contracts for several projects with estimated costs to complete of approximately \$1.6 million.

---

**b. Component Units**

The University of Alabama at Birmingham had construction and renovation commitments remaining at September 30, 2017 of approximately \$222.9 million, which is expected to be financed from private gifts, grants, bond proceeds, and University of Alabama at Birmingham reserves.

Auburn University has entered into projects for the construction and renovation contracts for various facilities that are estimated to cost approximately \$488.9 million. At September 30, 2017, the estimated remaining cost to complete the projects was approximately \$300.6 million 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, 2017. The estimated remaining costs to complete the construction and renovation was approximately \$148.3 million which is expected to be financed from private gifts, grants, bond proceeds, and University funds.

The University of Alabama at Huntsville contracted for the construction of various projects. At September 30, 2017, the estimated remaining cost to complete the construction was approximately \$38.4 million dollars which is expected to be financed from University funds.

At September 30, 2017, the University of South Alabama had commitments of approximately \$19.7 million for various capital projects.

**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 has 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.

As of September 30, 2017, the State has committed to funding economic development grants totaling \$132,160,000. Available cash for these commitments includes \$5,132,000 in Alabama Incentives Finance Authority bonds and \$48,183,000 in 2016-A General Obligation bonds. The State anticipates that of these commitments, \$78,845,000 will be paid in fiscal year 2019 and after.

**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, 2017, there were encumbrances in the General Fund totaling \$2,158,000, the Education Trust Fund \$1,911,000, the Public Road and Bridge Fund \$67,642,000, the Medicaid Fund \$117,000, the Public Welfare Trust Fund \$5,295,000, the Alabama Trust Fund \$179,000, and non-major governmental funds \$48,286,000.

**B. Claims and Judgments**

The Department of Transportation finances its own risk for state employee injury compensation. The Department had \$10,784,000 in claims liabilities at the end of the fiscal year.

**C. Pollution Remediation Obligations**

Auburn University conducts groundwater monitoring, monitored natural attenuation and clean-up in accordance with the Resource Conservation and Recovery Act (RCRA) and the Toxic Substances and Control Act. Additionally, asbestos abatement is necessary as older buildings on campus are demolished or renovated. The University, with the assistance of an outside consultant, prepared a 30-year Post Closure Cost Estimate related to all active and inactive solid waste management units managed through the University RCRA Facility permit. As of September 30, 2017, the total estimated pollution remediation liability (estimated using the expected cash-flow technique) is \$6,989,000. The current portion of \$220,000 is included in accounts payable and the long-term portion of \$6,769,000 is included in Noncurrent Liabilities: Due In More Than One Year in the accompanying Statements of Net Position. The University does not expect to recover any funds from insurance or other third parties related to these obligations.

**D. Conduit Debt**

Revenue bonds were issued by Alabama Housing Finance Authority, a component unit, which constituted conduit debt outstanding at year-end totaling \$151,215,000 to provide multifamily housing for the citizens of Alabama. The Authority does not actively monitor

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

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, and accordingly, have not been reported in the accompanying financial statements.

### E. 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 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, 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. These corporations are reported by blending them with the primary government. 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.

#### 2. General Obligation Bonds – Governmental Activities

The State has general obligation bond issues outstanding for the purpose of financing major capital projects for: State Port Authority's facilities, roads, bridges, Mobile harbor, state parks, youth services facilities, state buildings, conservation and preservation projects, forensic sciences laboratories, agricultural development, diagnostic and research laboratories, Improvements to the State's National Guard Armory 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:

#### GENERAL OBLIGATION BONDS Debt Service Requirements to Maturity (Amounts in Thousands)

Maturity	Principal	Interest	Total
2018	\$ 52,410	\$ 27,006	\$ 79,416
2019	54,940	24,563	79,503
2020	57,665	21,884	79,549
2021	60,740	19,102	79,842
2022	49,625	16,192	65,817
2023-2027	207,830	49,422	257,252
2028-2032	83,200	15,229	98,429
2033-2037	38,105	2,887	40,992
<b>Total</b>	<b>604,515</b>	<b>\$ 176,285</b>	<b>\$ 780,800</b>
Unamortized Premium	69,119		
	<b>\$ 673,634</b>		

**GENERAL OBLIGATION BONDS PAYABLE**  
(Amounts in Thousands)

General Obligation Issue (Amounts in Thousands)	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2017
Series 2010 A - Refunding Bonds	03/23/10	06/01/21	3.00% to 5.00%	\$ 17,250
Series 2010 B - Refunding Bonds	03/23/10	06/01/21	3.00% to 4.00%	5,665
Series 2010 C - Refunding Bonds	05/11/10	06/01/21	3.30% to 5.00%	29,195
Series 2013 A - Refunding Bonds	08/01/13	08/01/25	0.20% to 3.30%	108,645
Series 2013 B	08/01/13	08/01/33	0.20% to 4.40%	28,185
Series 2013 C - Refunding Bonds	08/01/13	08/01/21	0.50% to 2.60%	1,015
Series 2014 A - Refunding Bonds	08/01/14	08/01/26	0.60% to 2.60%	184,225
Series 2016 A	02/24/16	11/01/36	0.56% to 3.14%	98,500
Series 2016 B	02/24/16	11/01/21	0.55% to 1.05%	26,695
Series 2016 C - Refunding Bonds	10/06/16	08/01/32	1.19% to 2.64%	105,140
Sub-total General Obligation Bonds				604,515
‡ Plus: Unamortized Premiums				69,119
<b>Total General Obligation Bonds</b>				<b>\$ 673,634</b>

‡ Unamortized premiums \$862 for Series 2010-A, \$126 for Series 2010-B, \$1,277 for Series 2010-C, \$8,824 for Series 2013-A, \$1,199 for Series 2013-B, \$24 for the Series 2013-C, \$22,097 for the Series 2014-A, \$11,036 for Series 2016-A, \$2,313 for Series 2016-B and \$21,361 for Series 2016-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 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 are used for the payment of principal and interest on the bonds. A Municipal Bond Insurance Policy also guarantees payment of 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. Principal and interest paid for the current year and federal revenue were \$79,000,000 and \$831,961,000, respectively.

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

---

For the Fiscal Year Ended September 30, 2017

---

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. Principal and interest paid for the current year and the "in lieu of taxes" revenue were \$17,940,000 and \$14,910,000, respectively.

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. Principal and interest paid for the current year was \$281,983,000. Sales taxes, use taxes, leasing taxes, and utilities gross receipts and use taxes for the current year were \$2,554,547,000.

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. Principal and interest paid for the current year was \$2,093,000. Tobacco and liquor taxes for the current year were \$4,523,000.

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. Principal and interest paid for the current year and tobacco settlement revenue were \$12,891,000 and \$13,000,000, respectively.

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. Principal and interest paid for the current year and cellular radio telecommunication privilege and license taxes were \$1,839,000 and \$45,051,000, respectively.

The Alabama Highway Finance Corporation issues bonds for the purpose of funding the state's share of the cost of constructing roads and bridges that the federal government and state funds jointly. The 0.07 gasoline tax, 0.13 diesel fuel tax, 0.06 diesel fuel tax, motor carrier tax, inspection fees, and identification marker fees are used to pay the debt. Principal and interest paid for the current year and specified taxes were \$3,818,000 and \$365,276,000, respectively.

The Alabama Economic Settlement Authority issued bonds to deposit funds in the Alabama Trust Fund and the General Fund Rainy Day Account, to provide additional funds to the Alabama Medicaid Agency, for the payment of cost of certain transportation projects, and to create a special fund to be known as the BP Settlement Fund. Settlement of claims against BP Exploration and Production, Inc. and proceeds from the bonds issuance will be used for payment of the bond principal and interest. Principal and interest paid for the current year totaled \$17,749,000. \$29,581,000 of bond proceeds was set aside for debt service. The State will begin receiving BP claim settlement funds in fiscal year 2018.

---

**PRIMARY GOVERNMENT****Governmental Activities****Revenue Bonds****(Amounts in Thousands)**

	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Interest Rates</b>	<b>Bonds Payable Sept. 30, 2017</b>
Alabama Building Renovation Finance Authority				
Series 2010	07/21/10	09/01/24	2.50% to 4.00%	\$ 15,400
Alabama Judicial Building Authority				
Series 2007	10/01/07	11/01/18	3.50% to 5.00%	5,185
Alabama Public Health Care Authority				
Series 2015	03/12/15	09/01/44	2.00% to 5.00%	54,140
Series 2016	04/24/16	09/01/35	0.75% to 3.12%	21,150
Alabama Federal Aid Highway Finance Authority				
Series 2012	12/06/12	09/01/26	0.35% to 2.40%	147,360
Series 2015	01/21/15	09/01/36	2.34% to 2.99%	522,935
Series 2016-A	11/23/16	09/01/36	3.11% to 3.28%	236,395
Series 2017-A	06/26/17	06/01/37	0.91% to 3.24%	416,645
Series 2017-B Refunding Bonds	06/26/17	09/01/26	1.56% to 2.02%	139,975
Alabama Incentives Finance Authority				
Series 2009-A Refunding Bonds	09/17/09	09/01/29	3.00% to 4.00%	17,010
Series 2009-B Refunding Bonds	09/17/09	09/01/29	1.93% to 4.00%	72,660
Series 2009-C	09/17/09	09/01/29	3.00% to 4.00%	12,820
Series 2012-A	10/23/12	09/01/42	0.45% to 3.85%	123,385
Alabama Public School and College Authority				
Series 2007	12/05/07	12/01/27	2.50% to 5.00%	127,800
Series 2008-A	09/05/08	02/01/18	3.25% to 4.25%	2,215
Series 2009-A Refunding Bonds	10/21/09	05/01/19	5.00% to 5.00%	72,355
Series 2009-B Refunding Bonds	10/21/09	05/01/19	3.00% to 5.00%	40,315
Series 2009-C	10/21/09	05/01/19	3.00% to 4.00%	3,360
Series 2009-D	12/03/09	12/15/25	3.70% to 3.70%	145,880
Series 2010-A Refunding Bonds	04/14/10	05/01/19	4.00% to 5.00%	62,595
Series 2010-Q	09/14/10	03/01/27	5.15% to 5.15%	154,727
Series 2010-C	11/29/10	12/01/20	2.48% to 2.48%	41,075
Series 2010-D	11/29/10	12/01/20	3.77% to 3.77%	9,015
Series 2011-A	06/02/11	05/01/26	4.60% to 4.60%	51,270
Series 2011-B Refunding Bonds	06/02/11	05/01/21	2.00% to 5.00%	18,130
Series 2012-A Refunding Bonds	02/29/12	03/01/24	3.00% to 5.00%	46,355
Series 2012-B Refunding Bonds	02/29/12	03/01/29	2.50% to 5.00%	68,395
Series 2012-C Direct Loan Bonds	10/31/12	11/01/22	1.55% to 1.55%	3,615
Series 2012-D Direct Loan Bonds	10/31/12	11/01/22	2.02% to 2.02%	17,625
Series 2013-A	06/24/13	06/01/33	3.00% to 5.00%	102,270
Series 2013-B	06/24/13	06/01/33	4.00% to 5.00%	50,810
Series 2013-C	10/09/13	09/01/33	1.48% to 4.10%	80,000
Series 2013-D	10/09/13	09/01/33	0.45% to 4.25%	21,010
Series 2014-A Refunding Bonds	05/15/14	02/01/26	0.20% to 2.72%	62,350
Series 2014-B	07/01/14	01/01/27	1.26% to 2.80%	546,850
Series 2015-A Refunding Bonds	04/16/15	05/01/24	1.45% to 2.17%	33,635
Series 2015-B Refunding Bonds	04/16/15	05/01/29	1.27% to 3.23%	47,610
Series 2015-C	04/16/15	06/01/29	0.37% to 2.98%	43,925
Series 2016-A	06/23/16	06/01/36	0.75% to 3.00%	28,230
				<hr/> \$ 3,666,477

*Continued on next page*

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

### PRIMARY GOVERNMENT, Continued

#### Governmental Activities

#### Revenue Bonds

(Amounts in Thousands)

	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2017
<b>Sub-Total from previous page</b>				<b>\$ 3,666,477</b>
Mental Health Finance Authority				
Series 2012	07/01/12	06/01/23	2.12% to 2.12%	11,815
Alabama Twenty-first Century Authority				
Tobacco Settlement Revenue Bonds, Series 2012	03/08/12	06/01/21	3.00% to 5.00%	56,540
Alabama Revolving Loan Fund Authority				
Series 2010	12/01/10	03/01/30	2.50% to 6.13%	15,220
Alabama Highway Finance Corporation				
Series 2014	06/01/14	06/01/21	1.70% to 1.70%	14,630
Alabama Economic Settlement Authority				
Series 2016-A	12/01/16	09/01/33	4.24% to 4.29%	80,925
Series 2016-B	12/01/16	09/01/32	3.16% to 4.26%	547,790
Sub-total Revenue Bonds Payable				4,393,397
§ Plus: Unamortized Premiums				363,022
φ Less: Unamortized Discounts				(2,469)
<b>Net Primary Government</b>				
<b>Revenue Bonds Payable, Governmental Activities</b>				<b>\$ 4,753,950</b>

§ Unamortized premium is \$207,658 for Federal Aid Highway Finance Authority, \$1,117 for Building Renovation Finance Authority, \$52 for the Judicial Building Authority, \$3,719 for the Alabama Twenty-first Century Authority, \$5,802 for the Alabama Public Health Care Authority, \$131,868 for the Alabama Public School and College Authority, \$12,777 for the Incentives Financing Authority, and \$29 for the Alabama Revolving Loan Authority.

φ Unamortized discount is \$2,469 for the Alabama Settlement Authority.

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

The Alabama State Port Authority issues 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. The Series 2008-A bonds pays a variable rate that is indexed to LIBOR (London Interbank Offered Rate). The Authority is in compliance with all debt covenants as of September 30, 2017. Principal and interest paid for the current year and gross revenues were \$26,199,000 and \$125,872,000, respectively.



<b>Business-Type Activities Revenue Bonds, Proprietary Funds (Amounts in Thousands)</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Interest Rates</b>	<b>Bonds Payable Sept. 30, 2017</b>
State Port Authority				
Series 2008-A	04/01/08	10/01/21	Variable	36,575
Series 2017-A	02/23/17	10/01/35	1.12% to 3.89%	123,770
Series 2017-B	02/23/17	10/01/20	1.41% to 1.85%	12,100
Series 2017-C	02/23/17	10/01/36	3.68% to 3.68%	6,130
Series 2017-A	02/23/17	10/01/40	1.32% to 4.72%	132,990
Sub-total Revenue Bonds Payable, Proprietary Funds				311,565
§ Plus: Unamortized Premium				15,836
<b>Net Primary Government Revenue Bonds Payable, Proprietary Funds</b>				<b>\$ 327,401</b>

§ Unamortized premium is \$15,836 for Alabama State Port Authority.

<b>Revenue Bonds Debt Service Requirements to Maturity (Amounts in Thousands)</b>				
<b>Maturity</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 295,985	\$ 192,848	\$ 9,115	\$ 13,994
2019	314,240	179,149	11,825	12,904
2020	246,915	164,615	12,425	12,557
2021	257,130	153,419	13,060	12,186
2022	225,375	141,973	12,985	11,855
2023-2027	1,437,627	552,850	51,040	53,952
2028-2032	886,315	273,388	56,955	41,723
2033-2037	645,465	104,185	69,130	25,850
2038-2042	75,385	13,769	75,030	6,884
2043-2044	8,960	678	-	-
<b>Total</b>	<b>4,393,397</b>	<b>\$ 1,776,874</b>	<b>311,565</b>	<b>\$ 191,905</b>
Unamortized Premiums	363,022		15,836	
Unamortized Discounts	(2,469)		-	
	<b>\$ 4,753,950</b>		<b>\$ 327,401</b>	

### c. Component Units

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 which are used to make 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.

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

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.

COMPONENT UNITS	Date	Final Maturity	Interest	Bonds Payable
Revenue Bonds (Amounts in Thousands)	Issued	Date	Rates	Sept. 30, 2017
Alabama Housing Finance Authority				
Single Family Bond Programs	2000-2016	2018-2039	1.28% to 7.80%	\$ 27,960
Alabama Water Pollution Control Authority				
Revolving Fund Loan Bonds	2010-2012	2021-2023	2.00% to 4.00%	62,655
Alabama Drinking Water Authority				
Revolving Fund Loan Bonds	2012-2015	2024-2027	0.05% to 5.00%	47,385
Alabama Space Science Exh Finance Authority	2014	2032	2.72% to 5.09%	9,999
Higher Education				
University of Alabama - Tuscaloosa	2008-2017	2019-2047	1.00% to 6.28%	988,495
University of Alabama - Birmingham	2005-2016	2019-2044	1.00% to 5.80%	944,599
University of Alabama - Huntsville	1980-2015	2020-2043	0.73% to 6.13%	93,355
Athens State	2007-2015	2018-2030	2.35% to 6.30%	15,095
Alabama A&M University	2015	2030-2045	2.02% to 5.00%	86,404
Alabama State University	1982-2012	2022-2042	2.00% to 5.43%	204,450
Auburn University	1978-2016	2018-2042	1.50% to 5.49%	640,256
Jacksonville State University	2009-2017	2023-2039	various	80,585
University of West Alabama	2011-2012	2041-2042	various	49,410
University of Montevallo	1985-2017	2022-2035	1.34% to 5.00%	48,364
University of North Alabama	2010-2014	2035-2044	2.00% to 6.55%	73,855
Alabama Community College System	various	various	various	253,204
University of South Alabama	1999-2016	2018-2038	2.14% to 5.25%	369,561
Troy University	2009-2015	2020-2037	various	129,415
Total Revenue Bonds Payable				4,125,047
Less: Unamortized Discounts †				(2,042) †
Plus: Unamortized Premium §				175,421 §
				<b>\$ 4,298,426</b>

† Unamortized discounts were \$10 for the University of South Alabama, \$100 for Jacksonville State University, \$545 for the University of North Alabama, \$1,197 for Alabama State University and \$190 for the University of West Alabama.

§ Unamortized premiums were \$43,081 for the University of Alabama - Tuscaloosa, \$59,746 for Auburn University, \$21,822 for the University of South Alabama, \$551 for the Water Pollution Control Authority, \$607 for Alabama State University, \$36,742 for University of Alabama - Birmingham, \$3,993 for Jacksonville State University, \$4 for the University of West Alabama, \$1,919 for the Alabama Drinking Water Authority, \$2,819 for Troy University, \$806 for the University of Alabama - Huntsville and \$1,271 for the University of North Alabama and \$2,060 for the University of Montevallo.

**COMPONENT UNITS**  
**Debt Service Requirements to Maturity**  
**(Amounts in Thousands)**

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 184,162	\$ 162,713	\$ 346,875
2019	171,136	159,962	331,098
2020	173,120	154,697	327,817
2021	178,870	148,740	327,610
2022	174,804	140,019	314,823
2023-2027	892,584	599,699	1,492,283
2028-2032	885,097	415,253	1,300,350
2033-2037	820,749	233,608	1,054,357
2038-2042	541,263	77,028	618,291
2043-2047	103,262	7,736	110,998
<b>Total</b>	<b>4,125,047 †</b>	<b>\$ 2,099,455</b>	<b>\$ 6,224,502</b>
Unamortized Discount	(2,042)		
Unamortized Premium	175,421		
	<b>\$ 4,298,426</b>		

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

##### a. Primary Government

On October 6, 2016, the State issued the 2016C General Obligation refunding bonds (GO) with a par value of \$105,140,000 and premiums of \$23,117,000 with effective interest rates of 1.19% to 2.64%. The proceeds of the bonds were used to advance refund 2007A GO bonds in the amount of \$22,185,000 (par value) and advance refund 2010D GO bonds in the amount of \$93,025,000 (par value). The refunding resulted in an accounting loss of \$4,841,000, a reduction in cash flows of \$9,123,000 and an economic gain of \$11,099,000.

On June 26, 2017, the Alabama Federal Aid Highway Finance Authority (FAHFA) issued the 2017B refunding bonds with a par value of \$139,975,000 and premiums of \$31,886,000 with effective interest rates of 1.56% to 2.02%. The proceeds of the bonds were used to advance refund 2012 FAHFA bonds in the amount of \$146,215,000 (par value). The refunding resulted in an accounting gain of \$3,371,000, a reduction in cash flows of \$11,049,000, and an economic gain of \$10,051,000.

During fiscal year 2017, The State Port Authority issued Series 2017A, 2017B, 2017C, and 2017D bonds with a par value of \$274,990,000 and premiums of \$16,463,000 to advance refund Series 2006A, B, and C bonds and Series 2010 bonds. The refunding decreased the total debt service payments by \$29.2 million. The refunding resulted in an economic gain of \$20.4 million.

##### b. Component Units

During the fiscal year, the University of Alabama at Tuscaloosa issued 2017 bonds to defease certain bonds. The cash flow to service the new debt compared to the old debt decreased \$400,000. The refunding resulted in an economic gain of approximately \$7.9 million.

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

In October 2016, the University of Alabama at Birmingham issued \$65,215,000 in Series 2016A bonds and \$302,530,000 in Series 2016B bonds to refund Series 2006A and Series 2008A, and Series 2012C bonds. The refundings resulted in a \$40.1 million reduction in cash flow service for the new debt versus the old debt and an economic gain of approximately \$30 million.

In May 2017, the University of Alabama at Birmingham issued \$18,385,000 in Series 2017A bonds and \$44,810,000 in Series 2017B bonds to refund Series 2012B bonds. The refunding resulted in a \$23.8 million reduction in cash flow service the new debt versus the old debt and an economic gain of approximately \$18.1 million.

In December 2016, the University of South Alabama issued Series 2016B, C, and D bonds in the amount of \$100,000,000 to refund outstanding Series 2006 bonds.

### c. Advance Refunded Bonds

Advance refunded bonds with remaining balances at September 30, 2017:

<b>Primary Government</b>	<b>Amount</b>
General Obligation 2010-D	\$ 88,560,000
Alabama Public School & College Authority 2007	574,150,000
Alabama Public School & College Authority 2008-A	29,540,000
Alabama Public School & College Authority 2009-A	35,035,000
Alabama Public School & College Authority 2009-C	22,415,000
Alabama Federal Aid Highway Finance Authority	146,215,000
Alabama State Port Authority Refunded Bonds	106,045,000
<b>Component Units</b>	
University of Alabama at Tuscaloosa	34,400,000
University of South Alabama	90,690,000

### 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. At September 30, 2017, there were no known outstanding liabilities for arbitrage.

This arbitrage information is based on 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.

## 6. Bonds Authorized But Not Issued

(Amounts in Thousands)

Primary Government	Authorized	Issued	Unissued
General Obligation Bonds <sup>‡</sup>			
State of Alabama - Constitutional Amend 666	\$ 750,000	\$ 524,695	\$ 225,305
State of Alabama - Constitutional Amend 887	50,000	26,695	23,305
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	83,000	19,000	64,000
Public Health Finance Authority	45,000	-	45,000
Public Health Care Authority	Unlimited		
Parking Deck Authority	13,000	-	13,000
Garrett Coliseum Redevelopment Corporation	100,000	-	100,000
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		
State Industrial Development Authority <sup>†</sup>	100,000	38,390	61,610
Mental Health Finance Authority	100,000	99,981	19
Alabama Public School and College Authority-Pool Bonds	Unlimited		
Alabama Public School and College Authority-Capital Improvement Bonds	308,000	205,710	102,290
<b>Total Reporting Entity</b>	<b>\$ 1,579,000</b>	<b>\$ 921,471</b>	<b>\$ 657,529</b>

<sup>‡</sup> Constitutional amendment 666, as amended, limits the aggregate outstanding general obligation bonds to \$750,000,000. The aggregate limit does not include general obligation bonds authorized by other constitutional amendments. Constitutional amendment 887 authorized \$50,000,000 in General Obligation Bonds for the National Guard Amory.

<sup>†</sup> 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 September 30, 2017, there were no bonds outstanding.

## 7. Hedging Derivatives

**University of South Alabama** - On February 27, 2007, the University of South Alabama Research and Technology Corporation entered into a derivative transaction with Wells Fargo Bank, N.A. (successor to Wachovia Bank, N.A. the original counterparty). 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 percent and receives a variable payment of the one-month LIBOR rate plus 0.85 percent. The Corporation paid \$555,844 under the interest rate swap agreement for the year ended September 30, 2017, which is reflected as an increase in interest expenses.

**Fair Value.** At September 30, 2017, the negative fair value of the interest rate swap is \$2,252,006. The changes in fair value are reported as deferred outflows on the Statement of Net Position since the interest rate swap is a hedging derivative instrument. The fair

For the Fiscal Year Ended September 30, 2017

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, 2017, 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 Aa2 by Moody's Investors Services and AA- by Standard & Poor's Ratings Services as of September 30, 2017.

*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, 2017, 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 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 the University to pay 3.222 percent and receive 68 percent of the 30 day LIBOR rate. The notional amount at September 30, 2017 was \$19,525,000 and the hedging derivative liability was a negative \$3,063,000. The \$1,590,000 decrease in fair value is reported in deferred outflows on the Statement of Net Position. As of September 30, 2017, the synthetic interest rates on the swapped portion of the 2004 general revenue bonds were 3.11% percent. 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, 2017. 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, 2017, 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 percent 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 percent of 1-month LIBOR Index. If the relationship of the University's bonds trade to a percentage of LIBOR greater than 68 percent, 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. 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

At September 30, 2017, assets recorded under capital leases were as follows (amounts expressed in thousands):

Debt Principal Requirements to Maturity			
(Amounts in Thousands)			
	Governmental	Business-Type	Component
	Activities	Activities	Units
Maturity	Principal	Principal	Principal
2018	\$ 22,764	\$ -	\$ 32,906
2019	23,206	1,217	21,196
2020	22,088	-	18,010
2021	17,357	-	31,964
2022	15,587	-	13,493
2023-2027	78,818	-	48,712
2028-2032	61,850	-	37,037
2033-2037	15,054	-	34,178
2038-2042	5,208	-	9,266
2043-2047	842	-	3,043
2048-2052	351	-	-
Total	263,125	1,217	249,805
Interest	(70,828)	-	(51,986)
Net	<u>\$ 192,297</u>	<u>\$ 1,217</u>	<u>\$ 197,819</u>

Governmental	
Activities	
(Amts in Thousands)	
Buildings	\$ 148,932
Less: accumulated depreciation	(57,785)
Total	<u>\$ 91,147</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.

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

### 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	\$ 656,385	\$ 105,140	\$ 157,010	\$ 604,515	\$ 52,410
Revenue Bonds	3,370,042	1,421,730	398,375	4,393,397	295,985
Total Bond Principal	4,026,427	1,526,870	555,385	4,997,912	348,395
Plus: Premiums	360,048	166,365	94,272	432,141	-
Less: Discounts	-	2,587	118	2,469	-
Total Bonds Payable	4,386,475	1,690,648	649,539	5,427,584	348,395
Capital Leases/Notes/Mortgages	191,200	17,320	16,223	192,297	14,466
Claims & Judgments	64,802	25,877	10,873	79,806	5,912
Compensated Absences †	277,210	159,651	158,813	278,048	23,535
Net Pension Liabilities	3,419,659	1,078,121	877,446	3,620,334	-
Other Long-Term Liabilities	343	-	343	-	-
Other Post-Employment Benefits	1,195,905	196,821	87,050	1,305,676	-
<b>Total Governmental Activities</b>	<b>9,535,594</b>	<b>3,168,438</b>	<b>1,800,287</b>	<b>10,903,745</b>	<b>392,308</b>
<b>Business-type Activities:</b>					
Revenue Bonds	344,610	290,291	307,500	327,401	9,115
Capital Leases/Notes/Mortgages	1,549	-	332	1,217	-
Claims & Judgments	10,431	13,536	10,666	13,301	9,740
Compensated Absences †	10,518	3,255	3,130	10,643	2,359
Net Pension Liabilities	86,155	47,542	40,732	92,965	-
Other Long-Term Liabilities ‡	9,012	-	2,433	6,579	135
Other Post-Employment Benefits	50,668	8,284	3,664	55,288	-
<b>Total Business-Type Activities</b>	<b>512,943</b>	<b>362,908</b>	<b>368,457</b>	<b>507,394</b>	<b>21,349</b>
<b>Total Primary Government</b>	<b>\$ 10,048,537</b>	<b>\$ 3,531,346</b>	<b>\$ 2,168,744</b>	<b>\$ 11,411,139</b>	<b>\$ 413,657</b>
<b>Component Units:</b>					
Revenue Bonds	\$ 4,148,378	\$ 1,071,264	\$ 921,216	\$ 4,298,426	\$ 184,162
Capital Leases/Notes/Mortgages	181,322	42,869	26,371	197,820	28,277
Compensated Absences †	177,884	9,921	5,887	181,918	140,505
Net Pension Liabilities	4,133,244	2,000,187	1,828,483	4,304,948	-
Claims & Judgments	119,763	1,186,864	1,193,294	113,333	36,816
Other Long-Term Liabilities §	175,369	208	9,817	165,760	-
Other Post-Employment Benefits	15,828	2,742	1,213	17,357	-
<b>Total Component Units</b>	<b>\$ 8,951,788</b>	<b>\$ 4,314,055</b>	<b>\$ 3,986,281</b>	<b>\$ 9,279,562</b>	<b>\$ 389,760</b>

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

‡ Other Long-term liabilities are reported by the State Port Authority.

§ Other Long-term liabilities are payable as follows: University of Alabama \$26,786, Agricultural Development Authority \$85, Auburn University \$49,587, University of South Alabama, \$84,496, University of North Alabama, \$406, Alabama State University, \$3,063, and the Alabama Community College System, \$1,337.



## NOTE 6 - DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

All of the deferred inflows of resources which total \$524,691,000 reported in the Balance Sheet of the Governmental Funds are unavailable revenues that are not recognized as revenue under the modified accrual basis of accounting in the Statement of Revenues, Expenditures, and Changes in Fund Balances. The other Deferred Outflows of Resources and Deferred Inflows of Resources are summarized in the following tables.

(Amounts in Thousands)	Primary Government			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Units</u>
<b>Deferred Outflows of Resources</b>				
Hedging Interest Rate Swap	\$ -	\$ -	\$ -	\$ 5,477
Losses from Bond Refundings	68,922	19,506	88,428	114,785
Pension Related	467,463	11,924	479,387	766,486
<b>Total Deferred Outflows of Resources</b>	<b>\$ 536,385</b>	<b>\$ 31,430</b>	<b>\$ 567,815</b>	<b>\$ 886,748</b>
<b>Deferred Inflows of Resources</b>				
Hedging Interest Rate Swap	\$ -	\$ -	\$ -	\$ 6,266
Gains from Bond Refundings	3,922	-	3,922	11,804
Advance Grant Revenue	-	-	-	383
Pension Related	46,691	2,227	48,918	205,435
<b>Total Deferred Inflows of Resources</b>	<b>\$ 50,613</b>	<b>\$ 2,227</b>	<b>\$ 52,840</b>	<b>\$ 223,888</b>

(Amounts in Thousands)	Business-Type Activities Enterprise Funds			
	<u>State Port Authority</u>	<u>Alcoholic Beverage Control Board</u>	<u>Nonmajor</u>	<u>Total Business-Type Activities</u>
<b>Deferred Outflows of Resources</b>				
Losses from Bond Refundings	\$ 19,507	\$ -	\$ -	\$ 19,507
Pension Related	3,675	7,558	690	11,923
<b>Total Deferred Outflows of Resources</b>	<b>\$ 23,182</b>	<b>\$ 7,558</b>	<b>\$ 690</b>	<b>\$ 31,430</b>
<b>Deferred Inflows of Resources</b>				
Pension Related	1,343	576	308	2,227
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,343</b>	<b>\$ 576</b>	<b>\$ 308</b>	<b>\$ 2,227</b>

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)	Component Units							
	Housing Finance Authority	University of Alabama	Auburn University	University of South Alabama	Public Educ Emp Health Insurance	Alabama Community College System	Nonmajor Component Units	Total Component Units
<b>Deferred Outflows of Resources</b>								
Hedging Interest Rate Swap	\$ -	\$ 162	\$ -	\$ 2,252	\$ -	\$ -	\$ 3,063	\$ 5,477
Losses from Bond Refundings	-	39,992	50,847	7,439	-	2,161	14,346	114,785
Pension Related	4,061	376,206	141,570	51,562	874	83,361	108,852	766,486
<b>Total Deferred Outflows of Resources</b>	<b>\$ 4,061</b>	<b>\$ 416,360</b>	<b>\$192,417</b>	<b>\$ 61,253</b>	<b>\$ 874</b>	<b>\$ 85,522</b>	<b>\$ 126,261</b>	<b>\$ 886,748</b>
<b>Deferred Inflows of Resources</b>								
Hedging Interest Rate Swap	\$ -	\$ -	\$ -	\$ 6,265	\$ -	\$ -	\$ -	\$ 6,265
Gains from Bond Refundings	-	4,470	-	4,350	-	2,985	-	11,805
Advance Grant Revenue	-	-	383	-	-	-	-	383
Pension Related	-	96,246	17,149	30,150	89	32,969	28,832	205,435
<b>Total Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ 100,716</b>	<b>\$ 17,532</b>	<b>\$ 40,765</b>	<b>\$ 89</b>	<b>\$ 35,954</b>	<b>\$ 28,832</b>	<b>\$ 223,888</b>

## NOTE 7 - INTERFUND ACTIVITY AND INTRA-ENTITY BALANCES

### A. Interfund Balances

Interfund balances as of September 30, 2017 consisted of (amounts in thousands):

DUE TO	DUE FROM											Total
	General Fund	Education Trust Fund	Medicaid Fund	Public Road & Bridge Fund	Public Welfare Trust Fund	Non- major Govern- mental	Unem- ployment Compens- ation	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds	Internal Service Funds	Fidu- ciary Funds	
General Fund	\$ 0	\$ 172	\$ 0	\$ 0	\$ 0	\$ 1,519	\$ 0	\$ 15,153	\$ 0	\$ 21	\$ 0	\$ 16,865
Education Trust	-	-	-	-	-	44	-	697	-	-	-	741
Alabama Trust	-	-	-	-	-	12,470	-	-	-	-	-	12,470
Medicaid Fund	555	-	-	-	1,977	17,633	-	-	-	-	-	20,165
Public Road & Bridge Fund	27	5	-	-	153	868	-	-	-	181	-	1,234
Public Welfare Trust Fund	-	15	6,686	-	-	547	-	7,641	-	-	-	14,889
Nonmajor Governmental	9,698	6,973	60,317	3,271	2,440	17,929	38	3,215	978	129	1	104,989
Unemployment Compensation	-	-	-	-	-	13	-	-	-	-	-	13
Alcoholic Beverage Control Board	-	-	-	-	-	17	-	-	-	-	-	17
Nonmajor Enterprise Funds	2,675	-	-	1	-	5,836	-	-	-	844	-	9,356
Internal Service Funds	1,925	916	3,619	1,156	1,951	8,636	21	199	3	764	5	19,195
<b>Totals</b>	<b>\$ 14,880</b>	<b>\$ 8,081</b>	<b>\$ 70,622</b>	<b>\$ 4,428</b>	<b>\$ 6,521</b>	<b>\$ 65,512</b>	<b>\$ 59</b>	<b>\$ 26,905</b>	<b>\$ 981</b>	<b>\$ 1,939</b>	<b>\$ 6</b>	<b>\$ 199,934</b>

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

The General Fund has interfund payables totaling, \$14,880,000 in total. Of that amount, \$9,698,000 is to due to Nonmajor Governmental Funds. The majority of the interfund payables is \$4,499,000 due to Department of Corrections, \$4,183,000 due to Public Health, \$939,000 owed to Alabama Department of Economic and Community Affairs, \$47,000 due to the Emergency Management Agency, \$22,000 to the Department of Commerce, and \$8,000 to the Secretary of State.

The Education Trust Fund has interfund payables of \$8,081,000 in total. Of that amount, \$6,973,000 was payable to Nonmajor Governmental Funds.

Medicaid owed \$6,686,000 to the Public Welfare Trust Fund and \$60,317,000 to Nonmajor Governmental Funds. Of the amount owed to Nonmajor Governmental Funds, \$42,391,000 is due to Mental Health, \$8,085,000 is due to Senior Services, \$6,776,000 is due to Public Health, \$2,318,000 is due to Youth Services, \$739,000 is due to Rehabilitation Services, with the remainder due to Attorney General and Legislative Reference Services.

Nonmajor Governmental Funds have interfund payables totaling \$65,512,000. Of that amount, \$17,633,000 is owed to Medicaid, \$17,929,000 is owed to other Nonmajor Governmental Funds, and \$8,636,000 is owed to Internal Service Funds for goods and services.

The Alcoholic Beverage Control Board (ABC) has interfund payables totaling \$26,905,000. ABC owed \$15,153,000 to the General Fund and \$7,641,000 to the Public Welfare Trust Fund. ABC is required by law to distribute profits and certain taxes collected to those two funds and local governments. The law also allows ABC to delay distribution for 120 days in order to maintain sufficient operating cash.

Nonmajor Governmental Funds has the largest interfund receivables, at \$104,989,000. More than half, or \$60,317,000 is due from Medicaid. The Medicaid Fund has the second most interfund receivables at \$20,165,000. \$13,126,000 of that amount is due from Department of Mental Health, a Nonmajor Governmental Fund. The Internal Service Funds rank third in interfund receivables, at \$19,195,000. The Internal Service Fund receivables 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.

## B. Balances with Component Units

Balances owed by state funds to component units at September 30, 2017, consisted of (amounts in thousands):

<b>PAYABLE BY</b>	Nonmajor Component Units
General Fund	\$ 164
Education Trust Fund	117
Public Road and Bridge Fund	6
Nonmajor Governmental	712
Alcoholic Beverage Control Board	1
Internal Service Funds	512
Primary Government	4,868
<b>Totals</b>	<u><u>\$ 6,380</u></u>

Water Pollution Control Authority, a Nonmajor component unit, has a long term receivable of \$4,868,000 that is due from the primary government as a whole. The second largest payable of \$712,000 is a short term payable owed by Nonmajor Governmental Funds to the Supercomputer Authority and other nonmajor component units.

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

Balances owed to state funds by component units at September 30, 2017 consisted of (amounts in thousands):

PAYABLE TO	PAYABLE FROM			
	University of Alabama	Public Education Employees' Health Insur	Nonmajor Component Units	Total
Public Road and Bridge Fund	\$ -	\$ -	\$ 5	\$ 5
Nonmajor Governmental	131,118	724	794	132,636
Nonmajor Enterprise	-	-	63	63
Internal Service Funds	-	3	100	103
<b>Totals</b>	<b>\$ 131,118</b>	<b>\$ 727</b>	<b>\$ 962</b>	<b>\$ 132,807</b>

The component units of the State owe \$132,807,000 to various funds of the State. The largest amount, \$131,118,000, is owed by the University of Alabama to the Department of Mental Health for the purchase of the Bryce Hospital property and the construction of replacement facilities and to the Department of Conservation for a construction contract related to the Gulf State Park Project. \$794,000 is owed to Nonmajor Governmental funds by Nonmajor Component Units. Of that amount, \$136,000 is owed by the Water Pollution Control Authority. This payable is owed to the Department of Environmental Management primarily for administrative and payroll costs. State Insurance Fund, a Nonmajor Enterprise Fund, financed building renovations for Crime Victims Compensation, a Nonmajor Component Unit in the amount of \$10,000 for a period of less than one year. The Internal Service Fund receivable of \$103,000 is owed for routine billings of services rendered.

### C. Balances between Component Units

There were not any balances owed between component units at September 30, 2017.

### D. Interfund Transfers

Transfers among the various funds of the primary government during fiscal year 2017 were as follows (amounts in thousands):

TRANSFERS OUT	TRANSFERS IN											
	Alabama			Public Road & Bridge	Public Welfare Trust	Non- major Govern- mental	Unem- ployment Compen- sation	Alcoholic Beverage Control Board	Non- major Enter- prise	Internal Service Funds	Fiduciary Funds	Total
	General Fund	Trust Fund	Medicaid Fund									
General Fund	\$ 0	\$ 0	\$ 20,645	\$ 0	\$ 61,371	\$ 277,977	\$ 0	\$ 0	\$ 0	\$ 4,478	\$ 0	\$ 364,471
Education												
Trust Fund	-	-	7,050	-	31,529	203,740	-	-	4,233	1,387	63,622	311,561
Alabama Trust	98,040	-	-	-	-	60,479	-	-	-	-	-	158,519
Medicaid	-	-	-	-	67,158	663,058	-	-	-	929	-	731,145
Public Road & Bridge Fund	-	-	-	-	-	160,634	-	-	-	1,026	-	161,660
Public Welfare												
Trust Fund	-	-	37,187	498	-	53,119	-	-	-	623	-	91,427
Nonmajor												
Governmental	259,566	243,014	227,556	313,662	1,374	563,475	1,107	60	-	11,310	-	1,621,124
Unemployment												
Compensation	-	-	-	-	-	9,508	-	-	-	-	-	9,508
State Port Auth	-	-	-	-	-	63	-	-	-	-	-	63
Alcoholic												
Beverage												
Control Board	15,456	-	-	-	483	18,949	-	-	-	167	-	35,055
Nonmajor												
Enterprise	-	-	-	-	-	11,747	-	-	-	10	-	11,757
Internal												
Service Funds	-	-	-	-	-	2,712	-	-	-	5,723	-	8,435
Fiduciary Funds	-	-	-	-	-	191	-	-	-	-	-	191
Totals	\$ 373,062	\$ 243,014	\$ 292,438	\$ 314,160	\$ 161,915	\$ 2,025,652	\$ 1,107	\$ 60	\$ 4,233	\$ 25,653	\$ 63,622	\$ 3,504,916

---

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 \$364,471,000 transferred to other funds by the General Fund, \$182,208,000 was transferred in compliance with the appropriation acts. Of that amount, \$61,371,000 was transferred to the Public Welfare Trust Fund, \$51,500,000 was transferred to the Fair Trial Tax Fund, a Nonmajor Governmental Fund, and \$66,300,000 was transferred to the Miscellaneous Special Revenue Funds, a Nonmajor Governmental Fund. The remaining General Fund transfers were made in small amounts to comply with a variety of statutes.

Of the \$311,561,000 transferred out of the Education Trust Fund, \$259,308,000 was transferred in compliance with the appropriation acts. Of that amount, the Prepaid Affordable College Tuition Fund (PACT), a Fiduciary Fund, received \$63,622,000, the Public Welfare Trust Fund received \$31,529,000, and the Mental Health Department received \$44,946,000. The remaining Education Trust Fund transfers were made in small amounts to comply with various statutes.

The Alcoholic Beverage Control Board transferred \$15,456,000 to the General Fund and \$483,000 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 a substantial portion of its earnings to other funds. In compliance with these amendments, the General Fund received \$98,040,000 and the Nonmajor Governmental Funds received \$60,479,000. Within the Nonmajor Governmental Funds, the Forever Wild Land Trust Fund received \$14,209,000, the County Government Capital Improvement Fund received \$14,209,000, the Municipal Government Capital Improvement Fund received \$14,209,000, the Alabama Capital Improvement Trust Fund received \$13,425,000, the County and Municipal Capital Improvement Trust Fund received \$3,007,000 and the Senior Services Trust Fund received \$1,421,000.

Medicaid transferred out \$67,158,000 to the Public Welfare Trust and \$663,058,000 to Nonmajor Governmental Funds to fund services provided to Medicaid recipients. Within Nonmajor Governmental Funds, the Department of Mental Health received \$512,516,000, the Department of Senior Services received \$79,021,000, and the Department of Youth Services received \$25,311,000. The Department of Public Health and the Department Rehabilitation Services were the other Nonmajor Governmental Fund recipients.

## **NOTE 8 - RISK MANAGEMENT**

### **A. Finance Department Division of 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. 72, "Fair Value Measurement and Application," 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.

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

### 1. 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. Salvage value coverage, used on property that is normally uninsurable, is determined by applying eight percent of the property's reconstruction value. 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. The State of Alabama, 122 city and county boards of education, and 19 entities in which State funds were used for capital acquisitions are participants in the pool.

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 and numbered wind, and a \$10,000,000 specific loss deductible for named and numbered wind losses. Excess insurance covers claims exceeding the deductible with a \$450,000,000 limit for named wind storms and a \$2,000,000,000 limit for all other perils. Payments received in fiscal years 2017 and 2016 for settlements in excess of deductibles totaled \$3,143,000 and \$0 respectively.

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

(Amounts in Thousands)

	September 30,	
	2017	2016
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 7,175	\$ 6,855
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	12,822	11,900
Increase (Decrease) in provision for insured events of prior years	(6)	(991)
Total incurred claims and adjustment expenses	12,816	10,909
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(5,240)	(6,316)
Claims and adjustment expenses attributable to insured events of prior years	(4,925)	(4,273)
Total payments	(10,165)	(10,589)
Reported claims payable and estimated claims incurred but not reported at end of year	\$ 9,826	\$ 7,175

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

---

## 2. 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. Excess insurance was not purchased in fiscal year 2015 but was renewed for fiscal year 2016. There were no payments received in fiscal years 2017, 2016, and 2015 for settlements in excess of deductibles for old claims.

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

(Amounts in Thousands)

	September 30,	
	2017	2016
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 21,219	\$ 23,706
Incurring claims and adjustment expenses:		
Provision for insured events of the current year	5,095	4,623
Increase (Decrease) in provision for insured events of prior years	3,281	(4,708)
Total incurred claims and adjustment expenses	8,376	(85)
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(295)	(149)
Claims and adjustment expenses attributable to insured events of prior years	(4,246)	(2,253)
Total payments	(4,541)	(2,402)
Reported claims payable and estimated claims incurred but not reported at end of year	\$ 25,054	\$ 21,219

For the Fiscal Year Ended September 30, 2017

**3. 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,	
	2017	2016
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 27,845	\$ 29,265
Incurring claims and adjustment expenses:		
Provision for insured events of the current year	6,761	5,863
Increase (Decrease) in provision for insured events of prior years	(336)	(2,142)
Total incurred claims and adjustment expenses	6,425	3,721
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(2,008)	(1,879)
Claims and adjustment expenses attributable to insured events of prior years	(3,441)	(3,262)
Total payments	(5,449)	(5,141)
Reported claims payable and estimated claims incurred but not reported at end of year	<u>\$ 28,821</u>	<u>\$ 27,845</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. Claims liabilities at the beginning of the year for Transportation totaled \$9,210,000, and total claims payments were \$901,000 in 2017. The Department of Transportation had \$10,784,000 in claims liabilities at the end of the year.



---

## B. Health Insurance Plans

### 1. 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. 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 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 represents changes in claims liabilities for SEIB during the past two years :

(Amounts in Thousands)

	September 30,	
	2017	2016
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 27,215	\$ 24,967
Incurred claims and adjustment expenses:		
Provision for insured claims of the current year	267,781	283,513
Adjustment to estimated claims incurred but not reported at end of year	5,756	1,103
Total incurred claims and adjustment expenses	273,537	284,616
Payments:		
Claims and adjustment expenses attributable to insured claims of the current year	(261,574)	(264,925)
Claims and adjustment expenses attributable to insured claims of prior years	(10,577)	(17,443)
Total payments	(272,151)	(282,368)
Reported claims payable and estimated claims incurred but not reported at end of year	<u>\$ 28,601</u>	<u>\$ 27,215</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.

For the Fiscal Year Ended September 30, 2017

**2. 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. The employer rate per participant was \$800 in 2017 and \$780 in 2016. 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 \$725,000 of unpaid claims at year-end is classified as due to the primary government.

The following table presents the changes in claims liabilities during 2017 and 2016:

(Amounts in Thousands)

	September 30,	
	2017	2016
Unpaid claims and claim adjustment expense at beginning of year	\$ 90,640	\$ 78,617
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	915,736	898,706
Increase (Decrease) in provision for insured events of prior years	(5,209)	(5,286)
Total incurred claims and adjustment expenses	910,527	893,420
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(832,470)	(808,066)
Claims and adjustment expenses attributable to insured events of prior years	(85,431)	(73,331)
Total payments	(917,901)	(881,397)
Total unpaid claims and adjustment expenses at end of year	<u>\$ 83,266</u>	<u>\$ 90,640</u>

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

---

### 3. 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 established self-insured retention of \$750,000 or \$1,000,000, depending on the classification code of the affected employee, is covered up to a \$25 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,	
	2017	2016
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 3,255	\$ 2,704
Provision for claims	720	1,125
Total payments	(500)	(574)
Reported claims payable and estimated claims payable incurred but not reported at end of year	<u>\$ 3,475</u>	<u>\$ 3,255</u>

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

### NOTE 9 - DEFERRED COMPENSATION

The State offers employees the opportunity to participate in optional deferred compensation plans created in accordance with Internal Revenue Service Code (IRC) Section 457. The plans are available to all state employees and permit 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 these plans 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, employees of employers eligible to participate in the Employees' Retirement System pursuant to provisions of Code of Alabama 1975 Section 36-27-6, and public officials and employees of the State of Alabama or any political subdivision thereof (collectively, participating employers), are eligible to participate in this plan. At September 30, 2017, net position of the plan totaled \$2,044,875,000.

State employees may also participate in the Alabama Deferred Compensation Plan sponsored by the Personnel Board and administered by Empower Retirement. The plan contract requires the assets to be held in trust for the benefit of plan participants. At September 30, 2017, net position of the plan totaled \$596,014,000.

For the Fiscal Year Ended September 30, 2017

**NOTE 10 - RETIREMENT PLANS****A. Aggregate Disclosures****1. Aggregate Pension Liabilities, Pension Assets, Deferred Outflows, Deferred Inflows and Pension Expense All Pension Funds**

**Aggregate Amounts**  
(Amounts in Thousands)

	<b>Total Pension Liabilities</b>	<b>Total Assets</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Pension Expense</b>
Governmental-type Activities	\$ 9,181,918	\$ 5,561,585	\$ 467,463	\$ 46,691	\$ 372,373
Business-type Activities	256,507	163,541	11,923	2,227	15,339
<b>Totals Primary Government</b>	<b>\$ 9,438,425</b>	<b>\$ 5,725,126</b>	<b>\$ 479,386</b>	<b>\$ 48,918</b>	<b>\$ 387,712</b>
 <b>Component Units</b>	 <b>\$ 13,315,457</b>	 <b>\$ 9,013,563</b>	 <b>\$ 766,487</b>	 <b>\$ 205,436</b>	 <b>\$ 437,391</b>

**B. Retirement Systems of Alabama**

The Retirement Systems of Alabama (RSA) administers the following three retirement programs for the benefit of state employees, public education employees, and judges: 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 ERS Board of Control consists of 13 trustees. Four trustees are ex officio members: the Governor, the State Treasurer, the State Personnel Director, and the State Finance Director. Three trustees are vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of State government nor from any department of which an ex officio trustee is the head. The remaining six trustees of ERS are elected by members from the same category of ERS for a term of four years. These six trustees include one from the ranks of retired state employees, one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS, two vested active state employees and two vested active employees of an employer participating in ERS pursuant to *The Code of Alabama* § 36-27-6.

As of September 30, 2016, membership consisted of:

<b>ERS Membership</b>			
<b>Group</b>	<b>State Employees</b>	<b>State Police</b>	<b>Total</b>
Retirees and beneficiaries currently receiving benefits	23,136	890	24,026
Post-DROP Retired Members Still in Active Service	477	3	480
Vested Inactive Members	942	13	955
Non-vested inactive members	21,860	4	21,864
Active members	28,624	652	29,276
Total	75,039	1,562	76,601

The Judicial Retirement Fund (JRF) is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, 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.

Act 498 of the Legislature of 2015 established a new group (Group 3) of members within JRF which consists of all justices, judges, circuit clerks, and district attorneys elected or appointed on or after November 8, 2016. Group 3 members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. A district attorney who has Tier 1 ERS transferred service as an assistant or deputy district attorney is eligible for service retirement with 25 years of service credit, regardless of age. Service and disability retirement benefits are calculated using a retirement formula. Group 3 members who are judges or justices are allowed 4% of their average final compensation (highest five of the last ten years) for each year of service up to 75% of their average final compensation. Group 3 members who are clerks or district attorneys are allowed 3% of their average final compensation (highest five of the last ten years) for each year of service up to 80% of their average final compensation.

As of September 30, 2016, membership consisted of:

<b>JRF Membership</b>	
<b>Group</b>	<b>State Employees</b>
Retirees and beneficiaries currently receiving benefits	384
Terminated employees entitled to but not yet receiving benefits	48
Active members	336
Total	768

#### **a. Benefits Provided**

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.

Tier 1 employees are those employees who were hired before January 1, 2013. This paragraph describes benefits available to Tier 1 employees. 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)

For the Fiscal Year Ended September 30, 2017

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 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 percent of the member's salary at the time of separation from service. The service retirement benefit for a district judge is 75 percent of the position's salary immediately prior to retirement.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for TRS and ERS members hired on or after January 1, 2013. Tier 2 TRS and ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of credited service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS and ERS (except State Police) are allowed 1.65 percent of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375 percent for each year of state police service in computing the formula method.

A pre-retirement death benefit is offered in which the account is credited with TRS, ERS, and JRF 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, ERS, or JRF Group 3 member who has completed at least one year of active membership in the system and whose date of death was within 180 days of the 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 and the JRF.

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.

#### **b. Pension Plan Financial Report**

RSA issued a stand-alone financial report that includes financial statements and required supplementary information (including GASB Statement No. 67 disclosures) for the year ended September 30, 2017. Copies may be obtained from the RSA website at [www.rsa-al.gov](http://www.rsa-al.gov) or by writing to:

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

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

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

The TRS, ERS, and JRF pension plan fiduciary net positions have been determined on the same basis used by the pension plans. The TRS, ERS, and JRF financial statements are prepared using the economic resources measurement focus and accrual basis of accounting consistent with the plans. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. 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 investments. Generally, private placements are valued based on the selling price of similar investments sold in the open market. In those instances where similar investments are not sold in the open market, an independent appraisal is performed to determine the fair value. RSA invests in limited partnerships which are long-term and generally illiquid. As a result, investors are subject to redemption restrictions which generally limit distributions and restrict the ability of limited partners to exit a partnership investment prior to dissolution. These partnership investments are valued using their respective net asset values (NAV). The most significant element of the NAV is the fair value of the investment holdings. These holdings are valued by the general partners in conjunction with management, investment advisors, and valuation specialists. The valuation techniques vary based on investment type and involve a certain degree of expert judgment. The fair value of these investments could differ significantly if a ready market for these assets existed. As of September 30, 2017, the TRS, ERS, and JRF owned debt and equity securities of Goldman Sachs Group, Inc. which represented approximately 7.03%, 6.21%, and 6.48%, respectively, of TRS, ERS, and JRF investments. The TRS and ERS owned debt and equity securities of Raycom Media Corporation which represented approximately 8.05% and 9.73%, respectively, of the TRS and ERS investments. Additionally, TRS owned debt and equity securities of New Water Street Corporation which represented 5.19% of the TRS investments.

### **3. Employee Contribution Requirements**

State Law established the contribution requirements and must be amended by state statute. The required contribution rate of active plan members for TRS and ERS (excluding state policemen, and certified firefighters, police officers and correctional officers) is 7.5 percent and 6.0 percent of earnable compensation for Tier 1 and Tier 2 members, respectively. State policemen are required to contribute 10 percent of earnable compensation. JRF members and Tier 1 certified firefighter, police officer, and correctional officer members of the TRS and ERS are required to contribute 8.5 percent of earnable compensation. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS and ERS are required by statute to contribute 7 percent of earnable compensation. Group 3 members of the JRF contribute 8.50% of earnable compensation to the JRF as required by statute.

### **4. Disclosures of Individual Plans of the Retirement Systems of Alabama**

#### **a. TRS**

##### **Employer Contributions Required and Made**

As required by statute, the employer contribution rate is actuarially determined based on the amount needed in addition to employee contributions to fund the costs of member benefits earned during the year and to fund unfunded accrued liabilities. For fiscal year 2017, the required employer contribution rate was 12.01 percent for Tier 1 and 10.82 percent for Tier 2. Total employer contributions for fiscal year 2017 were \$14,762,000 for the primary government (\$14,450,000 for governmental activities, \$312,000 for business-type activities), and \$293,173,000 for discretely presented component units.

##### **Pension Liabilities, Pension Expense, and Deferred Outflows of**

##### **Resources and Deferred Inflows of Resources Related to Pensions**

The collective net pension liability was measured as of September 30, 2016 and the total pension liability used to calculate the net pension liability (NPL) was determined by an actuarial valuation as of September 30, 2015. Update procedures were used to roll forward the NPL to the reporting date. Each participating TRS unit included in the State's financial report has its own proportion of the collective net pension liability based on the individual participating units' share of contributions to the pension plan relative to the total employer contributions of all participating TRS units. At September 30, 2017, the proportionate share of the primary government and component units' net pension liability was as follows:

For the Fiscal Year Ended September 30, 2017

TRS Proportionate Share of Net Pension Liability					
	Current Year Proportionate Share		Prior Year Proportionate Share		Change in Proportionate Share
Governmental-type Activities	1.89	%	1.88	%	0.01
Business-type Activities	0.03		0.04		(0.01)
<b>Totals Primary Government</b>	<b>1.92</b>	<b>%</b>	<b>1.92</b>	<b>%</b>	<b>-</b>
<b>Component Units</b>	<b>39.10</b>	<b>%</b>	<b>38.80</b>	<b>%</b>	<b>0.30</b>

For the year ended September 30, 2017, the primary government recognized pension expense of \$21,690,000 (governmental-type activities - \$21,355,000 and business-type activities - \$335,000) and component units recognized a pension expense of \$427,606,000.

As of September 30, 2017 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TRS Deferred Outflows and Inflows of Resources (Amounts in Thousands)					
	Govt- type Activities	Business- type Activities	Total Primary Government	Component Units	
<b>Deferred Outflows of Resources</b>					
Net difference between projected and actual earnings on pension plan investments	\$ 2,955	\$ 57	\$ 3,012	\$ 61,140	
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,987	-	6,987	99,761	
Change in Assumptions	14,439	279	14,718	298,681	
Employer contributions subsequent to the measurement date	14,450	312	14,762	293,173	
<b>Total Deferred Outflows of Resources</b>	<b>\$ 38,831</b>	<b>\$ 648</b>	<b>\$ 39,479</b>	<b>\$ 752,755</b>	
<b>Deferred Inflows of Resources</b>					
Differences between expected and actual experience	\$ 5,267	\$ 102	\$ 5,369	\$ 108,945	
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,844	204	7,048	95,794	
<b>Total Deferred Inflows of Resources</b>	<b>\$ 12,111</b>	<b>\$ 306</b>	<b>\$ 12,417</b>	<b>\$ 204,739</b>	

Employer contributions subsequent to the measurement date reported in the above tables as deferred outflows of resources will reduce the net pension liability reported as of September 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources will increase/ (decrease) pension expense reported in subsequent years as follows:



**TRS**  
**Increase/(Decrease) to Pension Expenses**  
(Amounts in Thousands)

<b>Fiscal Year Ended</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Component Units</b>
2018	\$ 2,641	\$ 7	\$ 54,855
2019	2,641	6	54,854
2020	5,895	14	122,446
2021	388	1	8,045
2022	705	2	14,643

**Actuarial Assumptions**

The actuarial assumptions used to determine the total pension liability (TPL) in the September 30, 2015 valuation were updated to reflect changes resulting from a new experience study prepared as of September 30, 2015. The actuarial assumptions used to roll forward the TPL to the measurement date are as follows:

Inflation	2.75%
Projected salary increases	3.25% - 5.00%
Investment rate of returns*	7.75%

\*Net of pension plan investment expense, including inflation

Mortality rates for TRS service retirements and dependent beneficiaries were based on the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using BB and adjusted 105% for males and 120% for females.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	<b>Target Allocation</b>		<b>Long-Term Expected Rate of Return*</b>	
Fixed Income	17.00	%	4.40	%
U.S. Large Stocks	32.00		8.00	
U.S. Mid Stocks	9.00		10.00	
U.S. Small Stocks	4.00		11.00	
International Developed Market Stocks	12.00		9.50	
International Emerging Market Stocks	3.00		11.00	
Alternatives	10.00		10.10	
Real Estate	10.00		7.50	
Cash Equivalents	3.00		1.50	
<b>Total</b>	<b>100</b>	<b>%</b>		

\*Includes assumed rate of inflation of 2.50%.

**Discount rate**

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

For the Fiscal Year Ended September 30, 2017

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75 percent) or 1 percentage point higher (8.75 percent) than the current rate:

<b>TRS</b>			
<b>Sensitivity to Changes in Discount Rate</b>			
(Amount in Thousands)			
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(6.75%)</b>	<b>Rate</b>	<b>(8.75%)</b>
	<b>(6.75%)</b>	<b>(7.75%)</b>	<b>(8.75%)</b>
Governmental-type Activities	\$ 272,452	\$ 204,509	\$ 146,988
Business-type Activities	5,260	3,948	2,838
<b>Total Primary Government</b>	<b>\$ 277,712</b>	<b>\$ 208,457</b>	<b>\$ 149,826</b>
 <b>Component Units</b>	 <b>\$ 5,635,751</b>	 <b>\$ 4,230,337</b>	 <b>\$ 3,040,503</b>

**b. JRF**

As mentioned above, the JRF is a multiple-employer cost sharing plan. The majority of the operations are related to the State. The remaining employers are county governments. All State related operations are governmental-type activities reported within the primary government. The State is responsible for all employer contributions.

**Employer Contributions Required and Made**

As required by statute, the employer contribution rate is actuarially determined based on the amount needed in addition to employee contributions to fund the costs of member benefits earned during the year and to fund unfunded accrued liabilities. For fiscal year 2017, the required employer contribution rate was 40.65 percent. Total employer contributions for fiscal year 2017 were \$17,375,000.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The collective net pension liability was measured as of September 30, 2016 and the total pension liability used to calculate the net pension liability (NPL) was determined by an actuarial valuation as of September 30, 2015. Update procedures were used to roll forward the NPL to the reporting date. All JRF activities are reported in the primary government – governmental-type activities. The State recognized pension expense of \$17,892,000 and grant expense for nonemployer support provided to counties of \$3,301,000.

Information concerning the NPL, deferred outflows of resources and deferred inflows of resources are presented in the following tables:

<b>JRF</b>			
<b>Net Pension Liability</b>			
(Amounts in Thousands)			
	<b>Employer</b>	<b>Nonemployer*</b>	<b>Total</b>
	<b>Share</b>	<b>Share</b>	<b>NPL</b>
	\$ 143,439	\$ 25,522	\$ 168,961
Proportionate Share - Current Year	84.89 %	15.11 %	
Proportionate Share - Prior Year	84.98	15.02	
Change in Proportionate Share	(0.09) %	0.09 %	

\* Represents the portion of the liability paid on behalf of local governments.

**JRF**  
**Deferred Outflows and Inflows of resources**  
(Amount in Thousands)

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ -	\$ 5,651
Net difference between projected and actual earnings on pension plan investments	2,850	-
Change In Assumptions	13,344	-
Employer contributions subsequent to the measurement date	17,375	-
<b>Total Primary Government</b>	<b>\$ 33,569</b>	<b>\$ 5,651</b>

Employer contributions subsequent to the measurement date detailed above as deferred outflows of resources will reduce the net pension liability reported as of September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources will increase/(decrease) pension expense and grant expense reported in subsequent years as follows (all expenses are governmental-type activity expenses):

**JRF**  
**Increase/(Decrease) to Pension Expenses**  
(Amounts in Thousands)

<u>Fiscal Year Ended</u>	<u>Employer Pension Expense</u>	<u>Nonemployer Grant Expense</u>
2018	\$ 2,209	\$ 511
2019	2,230	490
2020	5,522	1,104
2021	(1,227)	(296)

**Actuarial Assumptions**

The actuarial assumptions used to determine the total pension liability (TPL) in the September 30, 2015 valuation were updated to reflect changes resulting from a new experience study prepared as of September 30, 2015. The actuarial assumptions used to roll forward the TPL to the measurement date are as follows:

Inflation	2.75%
Projected salary increases, including inflation	3.25-3.5%
Investment rate of returns *	7.75%

\*Net of pension plan investment expense, including inflation

Mortality rates for JRF were based on the RP-2000 White Collar Mortality projected to 2020 using scale BB and 115% for males and 112% for females older than 78. The rates for disabled mortality were based on the RP-2000 Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

	<b>Target</b>		<b>Long-Term</b>	
	<b>Allocation</b>		<b>Expected Rate of</b>	
			<b>Return*</b>	
Fixed Income	22.00	%	4.40	%
U.S. Large Stocks	41.00		8.00	
U.S. Mid Stocks	11.00		10.00	
U.S. Small Stocks	3.00		11.00	
International Developed Market Stocks	12.00		9.50	
International Emerging Market Stocks	3.00		11.00	
Alternatives	1.00		10.10	
Real Estate	2.00		7.50	
Cash Equivalents	5.00		1.50	
<b>Total</b>	<b>100</b>	<b>%</b>		

### Discount rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75 percent) or 1 percentage point higher (8.75 percent) than the current rate:

<b>JRF</b>			
<b>Sensitivity to Changes in Discount Rate</b>			
<b>Net Pension Liability</b>			
<b>(Amounts in Thousands)</b>			
<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>	
<b>(6.75%)</b>	<b>Rate</b>	<b>(8.75%)</b>	
	<b>(7.75%)</b>		
\$ 209,099	\$ 168,961	\$ 134,210	

### c. State Employer Segment of ERS

#### Employer Contributions Required and Made

As required by statute, the employer contribution rate is actuarially determined based on the amount needed in addition to employee contributions to fund the costs of member benefits earned during the year and to fund unfunded accrued liabilities. For fiscal year 2017, the required employer contribution rate for regular state employees was 13.89 percent for Tier 1 employees and 13.25 percent Tier 2 employees. For fiscal year 2017, the required employer contribution rate for State Policemen was 57.25% for Tier 1 employees and 53.55% for Tier 2 employees. Total employer contributions for fiscal year 2017 were \$190,763,000 for the primary government (\$185,772,000 for governmental activities, \$4,991,000 for business-type activities), and \$1,143,000 for component units.

#### Pension Liabilities, Pension Expense, and Deferred Outflows of

##### Resources and Deferred Inflows of Resources Related to Pensions

The State's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2015 rolled forward to September 30, 2016 using standard roll-forward techniques. The following tables detail the changes in the total pension liability, fiduciary net position and net pension liability:

**Changes in the Net Pension Liability**  
**Employees' Retirement System**  
**Governmental-type Activities**  
(Amounts in Thousands)

	<b>Total Pension Liability (TPL) (a)</b>	<b>Fiduciary Net Position (FNP) (b)</b>	<b>Net Pension Liability (NPL) (a)-(b)</b>
Balances at September 30, 2015	\$ 7,545,177	\$ 4,674,781	\$ 2,870,396
Changes for the year:			
Service costs	112,134	-	112,134
Interest	552,335	-	552,335
Change in Assumptions	191,840		191,840
Difference in expected and actual experience	10,752	-	10,752
Contributions - employer	-	194,215	(194,215)
Contributions - employee	-	96,559	(96,559)
Net investment income	-	437,975	(437,975)
Benefit payments, including refunds of employee contributions	(559,755)	(559,755)	-
Administrative expense	-	(11,893)	11,893
Transfers among employees	(844)	(844)	-
Net changes	306,462	156,257	150,205
<b>Balance at September 30, 2016</b>	<b>\$ 7,851,639</b>	<b>\$ 4,831,038</b>	<b>\$ 3,020,601</b>

**Changes in the Net Pension Liability**  
**Employees' Retirement System**  
**Business-type Activities**  
(Amounts in Thousands)

	<b>Total Pension Liability (TPL) (a)</b>	<b>Fiduciary Net Position (FNP) (b)</b>	<b>Net Pension Liability (NPL) (a)-(b)</b>
Balances at September 30, 2015	\$ 182,283	\$ 105,726	\$ 76,557
Changes for the year:			
Service costs	5,909	-	5,909
Interest	29,034	-	29,034
Change in Assumptions	9,554	-	9,554
Difference in expected and actual experience	206	-	206
Contributions - employer	-	10,018	(10,018)
Contributions - employee	-	5,253	(5,253)
Net investment income	-	23,228	(23,228)
Benefit payments, including refunds of employee contributions	(29,358)	(29,358)	-
Administrative expense	-	(678)	678
Transfers among employees	(21)	(21)	-
Net changes	15,324	8,442	6,882
<b>Balance at September 30, 2016</b>	<b>\$ 197,607</b>	<b>\$ 114,168</b>	<b>\$ 83,439</b>

For the Fiscal Year Ended September 30, 2017

**ERS**  
**Changes in the Net Pension Liability**  
**Employees' Retirement System**  
**Primary Government - Totals**  
(Amounts in Thousands)

	<b>Total Pension Liability (TPL) (a)</b>	<b>Fiduciary Net Position (FNP) (b)</b>	<b>Net Pension Liability (NPL) (a)-(b)</b>
Balances at September 30, 2015	\$ 7,727,460	\$ 4,780,507	\$ 2,946,953
Changes for the year:			
Service costs	118,043	-	118,043
Interest	581,369	-	581,369
Change in Assumptions	201,394		201,394
Difference in expected and actual experience	10,958	-	10,958
Contributions - employer	-	204,233	(204,233)
Contributions - employee	-	101,812	(101,812)
Net investment income	-	461,203	(461,203)
Benefit payments, including refunds of employee contributions	(589,113)	(589,113)	-
Administrative expense	-	(12,571)	12,571
Transfers among employees	(865)	(865)	-
Net changes	321,786	164,699	157,087
<b>Balance at September 30, 2016</b>	<b>\$ 8,049,246</b>	<b>\$ 4,945,206</b>	<b>\$ 3,104,040</b>

**ERS**  
**Changes in the Net Pension Liability**  
**Employees' Retirement System**  
**Component Units**  
(Amounts in Thousands)

	<b>Total Pension Liability (TPL) (a)</b>	<b>Fiduciary Net Position (FNP) (b)</b>	<b>Net Pension Liability (NPL) (a)-(b)</b>
Balances at September 30, 2015	\$ 47,769	\$ 29,421	\$ 18,348
Changes for the year:			
Service costs	1,546	-	1,546
Interest	7,596	-	7,596
Change in Assumptions	2,500	-	2,500
Difference in expected and actual experience	54	-	54
Contributions - employer	-	2,621	(2,621)
Contributions - employee	-	1,375	(1,375)
Net investment income	-	6,077	(6,077)
Benefit payments, including refunds of employee contributions	(7,681)	(7,681)	-
Administrative expense	-	(177)	177
Transfers among employees	(6)	(6)	-
Net changes	4,009	2,209	1,800
<b>Balance at September 30, 2016</b>	<b>\$ 51,778</b>	<b>\$ 31,630</b>	<b>\$ 20,148</b>

For the year ended September 30, 2017, the primary government recognized pension expense of \$295,519,000 (governmental-type activities - \$281,244,000 and business-type activities - \$14,275,000) and component units recognized a pension expense of \$3,735,000.

As of September 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ERS Deferred Inflows and Outflows of Resources (Amounts in Thousands)				
	Govt- type Activities	Business- type Activities	Total Primary Government	Component Units
<b>Deferred Outflows of Resources</b>				
Net difference between projected and actual earnings on pension plan investments	\$ 41,916	\$ 1,187	\$ 43,103	\$ 287
Differences between expected and actual experience	8,163	84	8,247	20
Change in Assumptions	146,577	\$ 3,903	150,480	\$ 943
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,485	203	1,688	183
Employer contributions subsequent to the measurement date	185,772	4,991	190,763	1,143
<b>Total Deferred Outflows of Resources</b>	<b>\$ 383,913</b>	<b>\$ 10,368</b>	<b>\$ 394,281</b>	<b>\$ 2,576</b>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$ 26,441	\$ 761	\$ 27,202	\$ 184
Changes in proportion and differences between Employer contributions and proportionate share of contributions	2,467	965	3,432	149
<b>Total Deferred Inflows of Resources</b>	<b>\$ 28,908</b>	<b>\$ 1,726</b>	<b>\$ 30,634</b>	<b>\$ 333</b>

Employer contributions subsequent to the measurement date reported in the above tables as deferred outflows of resources will reduce the net pension liability reported as of September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources will increase/ (decrease) pension expense reported in subsequent years as follows:

ERS Increase/(Decrease) to Pension Expenses (Amounts in Thousands)				
Fiscal Year Ended	Governmental Activities	Business-type Activities	Totals Primary Govt	Component Units
2018	\$ 47,000	\$ 997	\$ 47,997	\$ 300
2019	55,277	1,206	56,483	363
2020	85,709	1,911	87,620	576
2021	(18,755)	(462)	(19,217)	(139)

#### Actuarial assumptions

The actuarial assumptions used to determine the total pension liability (TPL) in the September 30, 2015 valuation were updated to reflect changes resulting from a new experience study prepared as of September 30, 2015. The actuarial assumptions used to roll forward the TPL to the measurement date are as follows:

# STATE OF ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2017

Inflation	2.75%
Salary increases, including inflation	3.25-5.00% for State Employees and 4.50% For State Police, including inflation.
Investment rate of return *	7.75%

\*Net of pension plan investment expense, including inflation.

Mortality rates for ERS were based on the sex distinct RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and one year for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Mortality Table.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	<b>Target Allocation</b>		<b>Long-Term Expected Rate of Return*</b>	
Fixed Income	17.00	%	4.40	%
U.S. Large Stocks	32.00		8.00	
U.S. Mid Stocks	9.00		10.00	
U.S. Small Stocks	4.00		11.00	
International Developed Market Stocks	12.00		9.50	
International Emerging Market Stocks	3.00		11.00	
Alternatives	10.00		10.10	
Real Estate	10.00		7.50	
Cash Equivalents	3.00		1.50	
<b>Total</b>	<b>100</b>	<b>%</b>		

### Discount rate

The discount rate used to measure the total pension liability was the long term rate of return, 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Projected future benefit payments for all current members were projected for all years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Sensitivity of the net pension liability to changes in the discount rate

The following table presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:



**ERS**  
**Sensitivity to Changes in Discount Rate**  
(Amount in Thousands)

	<b>1% Decrease (6.75%)</b>	<b>Current Rate (7.75)%</b>	<b>1% Increase (8.75%)</b>
Governmental Activities	\$ 3,802,462	\$ 3,020,601	\$ 2,355,159
Business-type Activities	105,425	83,439	64,735
<b>Totals - Primary Government</b>	<b>\$ 3,907,887</b>	<b>\$ 3,104,040</b>	<b>\$ 2,419,894</b>
 <b>Component Units</b>	 <b>\$ 25,457</b>	 <b>\$ 20,148</b>	 <b>\$ 15,632</b>

**C. Other Pension Plans**

The State Port Authority administers three single-employer pension plans, the Hourly Plan, the Terminal Railway Plan, and the Hourly Defined Contribution 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. The Firefighters Annuity and Benefit Fund provides small pension benefits to Alabama certified firefighters. These pension plans are not material to the State.

**NOTE 11 - 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 Education 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' Health 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 financial report for the Alabama Retired Education Employees' Health Care Trust that includes financial statements and detailed disclosures for the year ended September 30, 2017. A copy may be obtained by writing to:

For the Fiscal Year Ended September 30, 2017

---

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, 2017. 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. 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. 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 independent 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 Public Education Employees' Health Insurance Board is authorized to set the contribution requirements for plan members and employers. The contribution requirements are certified to the Governor and the Legislature. The Legislature then sets the premium rate in the annual appropriation bill. The retired employee allocation is funded through the active employee premium. Retirees who are eligible for Medicare benefits must pay \$25 per month for the Hospital/Medical coverage while those who are not eligible for Medicare must pay \$166 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 Employer Group Waiver Plan subsidy was \$23,195,000. Of this amount, \$185,000 was an on-behalf payment for the primary government of the State of Alabama and \$5,642,000 was 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. The contribution requirements of the plan members and State agencies are established and may be amended by the Board of Directors of the State Employees' Insurance Board. 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 other than for disability after October 1, 2005, the employer contribution is less for each year under twenty-five years of creditable coverage and more for each year over 25. For retirees on or after January 1, 2012, the employer contribution is also less for each year under the Medicare age. The retiree is responsible for the amount of contribution not covered by the State. The State may make additional contributions; however no additional funds were contributed during the fiscal year. The Employer Group Waiver Plan subsidy was \$194,122,000 for fiscal year 2017. Of this amount, \$185,941,000, \$6,374,000, and \$1,807,000, were on-behalf payments for the primary government, the component units, and the fiduciary funds, respectively.

### **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 percent 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	\$ 196,957	\$ 2,633	\$ 1,876
Interest on net OPEB obligation	62,204	831	592
Adjustment to ARC	(54,056)	(722)	(515)
Annual OPEB cost	205,105	2,742	1,953
Contributions made	(90,714)	(1,213)	(864)
Increase in net OPEB obligation	114,391	1,529	1,089
Net OPEB obligation, beginning of year	1,246,573	15,828	10,154
Net OPEB obligation, end of year	<u>\$ 1,360,964</u>	<u>\$ 17,357</u>	<u>\$ 11,243</u>

Percentage of annual OPEB cost contributed: 38%

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, 2016, was as follows:

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

(Amounts in thousands)

Actuarial Valuation Date	09/30/2016
Actuarial Accrued Liability (AAL)	\$ 2,346,946
Actuarial Value of Assets	(150,388)
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 2,196,558</u>
Funded Ratio	6.41%
Covered Payroll	\$ 1,511,463
UAAL as a Percentage of Covered Payroll	145.33%

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 consistent with the long-term perspective of the calculations.

For the Fiscal Year Ended September 30, 2017

The actuarial methods and significant assumptions used to determine the ARC for fiscal year 2017 are as follows:

**Actuarial Methods for Retired State Employees' Health Care Trust**

Valuation Date:	September 30, 2016
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	5.75%
Pre-Medicare	7.75%
Ultimate Trend Rate:	
Medicare Eligible	5%
Pre-Medicare	5%
Year of Ultimate Trend Rate:	2021
Dental Trend Rate:	4.5%

\*Includes Inflation at 2.875%

The assumed investment rate of return reflects the fact that as of September 30, 2016 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)	<b>Statutorily Required Contribution*</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Primary Government	\$ 857	\$ 1,119	\$ 827
Major Component Units			
Auburn University	10,695	11,141	10,088
University of South Alabama	8,413	9,184	8,461
University of Alabama	33,022	35,216	31,333
Alabama Community College System	11,968	16,764	15,246

\* 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)				
	<b>Employer</b>	<b>Annual</b>	<b>Percentage</b>	<b>Net</b>
	<b>Contributions</b>	<b>OPEB</b>	<b>of Annual OPEB</b>	<b>OPEB</b>
		<b>Cost</b>	<b>Cost Contributed</b>	<b>Obligation</b>
2015	90,201	237,508	38%	1,142,178
2016	81,442	211,817	38%	1,272,554
2017	92,790	209,801	44%	1,389,566

---

## **NOTE 12 - 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 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. 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 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 was to be determined by an arbitration panel consisting of three retired Article III federal judges. Before Alabama's arbitration hearing began, a settlement was reached in principle between 22 states including Alabama and the participating manufacturers resolving diligent enforcement determinations through 2012. This settlement provided Alabama with a "one-time" distribution on April 15, 2013 of approximately 48 million dollars in addition to its normal distribution. The final settlement agreement is still being negotiated. Six states that did not diligently enforce their escrow statutes must pay the 2003 adjustment to the participating manufacturers for all states. There are several remitter actions nationally attacking the settlement as well as the arbitration awards. If the settlement is set aside, Alabama's potential share of the 2003 non-participating manufacturers' adjustment could be as much as \$80 million if Alabama is subsequently determined to have not diligently enforced its escrow statutes during 2003. Additional arbitration proceedings are likely to continue.

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 the last group of settlements with corporations for potential refunds totaling \$7 million and accumulated interest of \$12 million. The State Legislature enacted laws to remedy the significant loss of revenue.

For the Fiscal Year Ended September 30, 2017

---

**NOTE 14 - SUBSEQUENT EVENTS****A. Primary Government**

Subsequent to the fiscal year end, the State issued Series 2017-A Alabama Public School and College Authority bonds with a face value of \$18,455,000 and premiums of \$1,421,000 for the purpose of providing loans to local boards of education in order to finance capital improvements.

Subsequent to the fiscal year end, the State Port Authority issued a Short-Term Docks Facilities Revenue Bond, Series 2018, held by Regions Capital Advantage, Inc. in the amount of \$50,000,000. These funds are being used to expand the container handling capacity of its operations at the Choctaw Point Container Terminal. The Authority plans to issue long-term revenue bonds to replace the temporary financing.

**B. Component Units**

Subsequent to the fiscal year end, the Alabama Housing Finance Authority called approximately \$525,000 of single-family bonds. The Authority awarded Federal funds totaling \$2,562,00 under the HOME Program. The Authority has called approximately \$8,680,000 of multi-family bond conduit debt and has issued approximately \$8,000,000 of multi-family bond conduit debt.

Subsequent to the fiscal year end, Alabama State University issued two Series A 2018-1 Future Advance Refunding Bonds in the amount of \$152,000,000 used to refund bonds issued in prior years. In addition, the University used a portion of the proceeds to terminate the Swap Agreement with JPMorgan.

Subsequent to the fiscal year end, Jacksonville State University expects partial reimbursement from insurance as well as federal and state grants to aid in the recovery of expenses incurred for post-tornado cleanup costs and property damage resulting from the tornado that touched down on JSU's campus March 19, 2018.



## STATE OF ALABAMA

## REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - All Budgeted Funds

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	with Final Budget
<b>REVENUES</b>				
Taxes	\$ 1,394,085	\$ 1,401,281	\$ 1,462,721	\$ 61,440
Licenses, Permits and Fees	152,677	153,465	160,194	6,729
Fines, Forfeits, and Court Settlements	68,925	69,281	72,319	3,038
Investment Income	12,925	12,992	13,562	570
Federal Grants and Reimbursements	67	67	70	3
Other Revenues	635	638	665	27
<b>Total Revenues</b>	<b>1,629,314</b>	<b>1,637,724</b>	<b>1,709,531</b>	<b>71,807</b>
<b>EXPENDITURES</b>				
Administrative Office of Courts	97,080	97,080	97,079	1
Agriculture and Industries	8,388	8,388	8,388	-
Alabama Community College System	-	-	-	-
Attorney General	10,328	10,643	10,643	-
Auditor	844	844	829	15
Commission on Higher Education	-	-	-	-
Corrections	414,540	414,617	408,378	6,239
Economic and Community Affairs	8,824	9,607	9,055	552
Education	-	-	-	-
Emergency Management	5,649	5,838	5,565	273
Examiners of Public Accounts	5,708	5,708	5,708	-
Finance	5,338	5,288	3,240	2,048
Governor	2,813	5,551	4,648	903
Human Resources	-	-	-	-
Labor	832	832	809	23
Law Enforcement	-	-	-	-
Legislature	26,628	26,873	19,459	7,414
Medicaid	759,637	779,637	732,286	47,351
Mental Health	-	-	-	-
Public Health	32,276	32,301	32,032	269
Public Service Commission	-	-	-	-
Rehabilitation Services	-	-	-	-
Revenue	276	276	52	224
Secretary of State	1,850	1,850	957	893
Transportation	-	-	-	-
Treasurer	-	-	-	-
Youth Services	5,705	5,705	5,705	-
Universities and Training Institutes	-	-	-	-
Other	261,890	258,364	217,136	41,228
<b>Total Expenditures</b>	<b>1,648,606</b>	<b>1,669,402</b>	<b>1,561,969</b>	<b>107,433</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(19,292)</b>	<b>(31,678)</b>	<b>147,562</b>	<b>179,240</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Carryover of funds from prior year	122,821	122,821	122,821	-
Transfers In	200,438	201,472	210,306	8,834
Transfers Out	(303,966)	(292,625)	(292,625)	-
Insurance Recovery Proceeds	-	10	10	-
<b>Total Other Financing Sources (Uses)</b>	<b>19,293</b>	<b>31,678</b>	<b>40,512</b>	<b>8,834</b>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>188,074</b>	<b>\$ 188,074</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		
\$ 6,205,470	\$ 6,328,120	\$ 6,326,806	\$ (1,314)	\$ 1,448,409	\$ 1,621,428	\$ 1,473,110	\$ (148,318)
111	113	113	-	502,589	562,625	511,160	(51,465)
-	-	-	-	25,139	28,142	25,568	(2,574)
-	-	-	-	4,367	4,889	4,442	(447)
-	-	-	-	8,684,690	9,722,113	8,832,797	(889,316)
276	281	281	-	1,060,465	1,187,142	1,078,550	(108,592)
<b>6,205,857</b>	<b>6,328,514</b>	<b>6,327,200</b>	<b>(1,314)</b>	<b>11,725,659</b>	<b>13,126,339</b>	<b>11,925,627</b>	<b>(1,200,712)</b>
-	-	-	-	86,514	86,514	81,038	5,476
-	-	-	-	29,672	31,511	24,811	6,700
362,209	362,209	362,091	118	34,805	37,842	16,393	21,449
-	-	-	-	12,752	12,752	9,471	3,281
-	-	-	-	-	-	-	-
24,025	24,025	23,897	128	2,096	2,096	1,101	995
-	-	-	-	80,962	65,674	41,258	24,416
-	-	-	-	202,428	202,928	146,622	56,306
4,236,786	4,233,478	4,231,956	1,522	1,584,227	1,598,808	1,175,531	423,277
-	-	-	-	64,307	64,734	22,567	42,167
6,266	6,266	6,266	-	5,082	5,082	4,332	750
-	-	-	-	186,221	188,511	120,771	67,740
-	-	-	-	121	1,368	416	952
-	-	-	-	2,028,257	2,028,269	1,848,994	179,275
-	-	-	-	105,713	107,208	78,893	28,315
-	-	-	-	225,653	248,978	173,424	75,554
2,849	2,849	2,712	137	-	-	-	-
-	-	-	-	5,710,102	5,931,595	5,783,369	148,226
-	-	-	-	956,790	990,325	926,746	63,579
19,132	19,132	18,713	419	708,435	727,513	622,447	105,066
-	-	-	-	24,356	24,356	18,970	5,386
41,536	41,536	41,534	2	136,234	136,234	110,066	26,168
-	-	-	-	152,148	169,064	157,974	11,090
-	-	-	-	9,827	10,949	5,048	5,901
-	-	-	-	1,461,034	2,608,055	1,718,633	889,422
-	-	-	-	4,820	5,420	3,677	1,743
54,782	54,782	54,586	196	40,412	40,412	38,057	2,355
1,150,777	1,150,777	1,150,777	-	-	30	30	-
278,900	285,578	280,356	5,222	1,341,253	1,573,178	1,284,665	288,513
<b>6,177,262</b>	<b>6,180,632</b>	<b>6,172,888</b>	<b>7,744</b>	<b>15,194,221</b>	<b>16,899,406</b>	<b>14,415,304</b>	<b>2,484,102</b>
<b>28,595</b>	<b>147,882</b>	<b>154,312</b>	<b>6,430</b>	<b>(3,468,562)</b>	<b>(3,773,067)</b>	<b>(2,489,677)</b>	<b>1,283,390</b>
121,023	121,023	121,023	-	919,425	919,425	919,425	-
123	125	125	(0)	2,549,137	2,853,642	2,592,609	(261,033)
(149,740)	(269,030)	(269,030)	-	-	-	-	-
-	-	2	2	-	-	4,261	4,261
<b>(28,594)</b>	<b>(147,882)</b>	<b>(147,880)</b>	<b>2</b>	<b>3,468,562</b>	<b>3,773,067</b>	<b>3,516,295</b>	<b>(256,772)</b>
<b>\$ 0</b>	<b>\$ 0</b>	<b>6,432</b>	<b>\$ 6,432</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>1,026,618</b>	<b>\$ 1,026,618</b>

## STATE OF ALABAMA

## REQUIRED SUPPLEMENTARY INFORMATION

## Budgetary Comparison Schedule - Budget-to-GAAP Reconciliation

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	BUDGETARY FUNDS			Alabama Trust Fund
	General Fund	Education Trust Fund	Earmarked Funds	
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budgetary Basis</b>	<b>\$ 188,074</b>	<b>\$ 6,432</b>	<b>\$ 1,026,618</b>	
Reconciliation to GAAP Basis:				
<i>Perspective Differences:</i>				
Reclassification of budgetary funds to GAAP financial statement fund types			(1,026,618)	\$ 4,764
<i>Basis Differences:</i>				
Accruals of revenues and other revenue adjustments	222,785	35,644		(619)
To remove prior year funds carried over in budget	(122,821)	(121,023)		(403)
Accruals of expenditures and capitalization of assets	(39,861)	(8,647)		(20)
To remove encumbrances recognized as expenditures	2,158	1,912		179
To recognize prior budget year expenditures/expenses	(1,790)	(560)		(300)
To remove budget expenditures/expenses not accrued as liabilities	191	123		(90)
<i>Entity Differences:</i>				
Add net operating results for funds not budgeted				449,687
<b>Net Change in Fund Balances/Net Position - GAAP Basis</b>	<b>\$ 248,736</b>	<b>\$ (86,119)</b>	<b>\$ 0</b>	<b>\$ 453,198</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
\$ 17,871	\$ 237,593	\$ 277	\$ 751,373	\$ (42,093)	\$ 41,366	\$ 9,517	\$ 746	\$ 5,204
15,724	19,575	12,494	89,791	(185)	(2,375)	152,697	404	(3,077)
(22,915)	(246,603)	(7,865)	(557,743)	(15,621)	(31,950)	(25,912)	(669)	(9,744)
(10,744)	8,623	(1,517)	(104,363)	52,091	(9,736)	(113,704)	239	5,836
117	29,007	4,895	32,124	571	2,141	98	9	95
(1,394)	(5,247)	(1,758)	(39,478)	(191)	(1,477)	(8)	-	(1,333)
3	(4,495)	(1,995)	(6,455)	(21)	(40)	(57)	(8)	246
(508)	(4,621)	(1,349)	577,354	88,665	(7,737)	2,898,870	199,266	852,405
<u>\$ (1,846)</u>	<u>\$ 33,832</u>	<u>\$ 3,182</u>	<u>\$ 742,603</u>	<u>\$ 83,216</u>	<u>\$ (9,808)</u>	<u>\$ 2,921,501</u>	<u>\$ 199,987</u>	<u>\$ 849,632</u>

## **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.

Approximately \$9.5 million of conditional and other appropriations were distributed to various agencies from the General Fund. The Fair Trial Tax Fund received \$7.5 million in conditional appropriations. 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.

During fiscal year 2017, approximately \$5 million of supplemental appropriations were distributed from the Education Trust Fund (ETF) to the Department of Veterans' Affairs.

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, 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 \$1.7 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 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 or she 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. Neither the General Fund nor the Education Trust Fund was prorated in 2017. The Education Trust Fund has paid back all of its withdrawals. The available balance during FY17 for the Education Trust Fund Rainy Day Account was \$396 million. During FY17, The General Fund paid back the balance of \$162 million which was withdrawn in 2010. The General Fund Rainy Day Account available balance during FY17 was \$191 million.

The Rolling Reserve Act (Act 2011-3, as amended by Act 2015-538) caps appropriations from the Education Trust Fund (ETF). The cap is the sum of recurring revenues deposited into the ETF in the last completed fiscal year preceding the calculation year adjusted up or down by: (1) the average annual percentage change in recurring revenues for the 14 highest of the 15 completed fiscal years preceding the date on which the calculation is made; (2) if legislation is enacted that will increase recurring revenues deposited into the ETF, an amount equal to 95 percent of the fiscal note attached to the legislative act is added to the cap; (3) if legislation is enacted that will decrease recurring revenues deposited into the ETF, the negative impact, based on the enacted fiscal note is subtracted from the cap; (4) any nonrecurring revenue; and (5) the amount required to be appropriated from the ETF to the Prepaid Affordable College Tuition Trust Fund. The Finance Director and the Legislative Fiscal Officer must certify their computation of the cap at the same time as the certification required by Amendment 803 to the *Constitution of Alabama of 1901* (prior to the third day of each Regular Session). Revenues in excess of the appropriation cap are required to be used to pay back transfers from the constitutional ETF Rainy Day Account until the account has been repaid in full. Any remaining funds shall be transferred to the ETF Budget Stabilization Fund and the ETF Advancement and Technology Fund. The ETF Budget Stabilization Fund will generally be used to reduce any future proration. At the end of fiscal year 2017 the balance in the ETF Budget Stabilization Fund was \$179 million.

### **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.

**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 detailed 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, 2017

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)										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Premiums and investment revenue:										
Earned	31,505	32,760	32,489	30,401	36,732	40,758	44,343	46,049	55,381	60,037
Ceded	16,582	17,022	16,803	16,625	20,834	26,115	24,153	22,469	21,171	20,273
Net Earned	14,923	15,738	15,686	13,776	15,898	14,643	20,190	23,580	34,210	39,764
2. Unallocated Expenses	3,030	3,273	3,010	2,863	2,774	3,090	3,375	3,710	3,494	3,270
3. Estimated losses and expenses, end of accident year:										
Incurred	9,843	15,975	17,531	113,642	38,861	33,467	11,500	8,300	16,450	19,792
Ceded	-	-	5,781	91,228	28,359	2,757	-	-	4,550	6,969
Net incurred	9,843	15,975	11,750	22,414	10,502	30,710	11,500	8,300	11,900	12,823
4. Net paid (cumulative) as of:										
End of Accident Year	2,840	5,135	6,493	9,192	3,842	16,000	3,823	2,857	6,316	5,240
One Year Later	6,257	11,681	10,178	16,880	22,703	26,555	8,188	6,477	9,680	
Two Years Later	6,613	14,307	10,241	22,070	4,351	29,088	8,275	7,000		
Three Years Later	6,710	14,310	10,859	21,604	11,370	29,611	8,446			
Four Years Later	6,750	14,312	10,858	21,833	11,369	29,609				
Five Years Later	6,750	14,312	10,856	21,833	11,369					
Six Years Later	6,750	14,312	10,855	21,833						
Seven Years Later	6,750	14,312	10,854							
Eight Years Later	6,750	14,312								
Nine Years Later	6,750									
5. Reestimated ceded losses and expenses	-	-	2,929	72,691	18,662	-	-	-	3,148	6,969
6. Reestimated net incurred losses and expenses as of:										
End of Accident Year	9,843	15,975	11,750	22,414	10,502	30,710	11,500	8,300	11,900	12,823
One Year Later	7,535	14,850	10,750	21,000	32,435	29,711	9,000	7,700	11,800	
Two Years Later	7,240	14,606	10,883	22,900	11,045	29,688	8,643	7,700		
Three Years Later	7,072	14,528	10,859	22,062	11,370	29,611	8,446			
Four Years Later	6,750	14,312	10,858	21,833	11,369	29,609				
Five Years Later	6,750	14,312	10,856	21,833	11,369					
Six Years Later	6,750	14,312	10,855	21,833						
Seven Years Later	6,750	14,312	10,854							
Eight Years Later	6,750	14,312								
Nine Years Later	6,750									
7. Increase (decrease) in estimated net incurred losses and expenses from end of accident year	(3,093)	(1,663)	(896)	(581)	867	(1,101)	(3,054)	(600)	(100)	-

**STATE OF ALABAMA****REQUIRED SUPPLEMENTARY INFORMATION**

Ten Year Trend Information  
Teachers' Retirement System

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	<b>2017</b>	<b>2016</b>	<b>2015</b>
% of collective net pension liability (NPL)	41.00%	40.73%	40.86%
Amount of collective NPL	\$ 4,438,794	\$ 4,262,429	\$ 3,710,637
Covered payroll	\$ 2,591,274	\$ 2,538,413	\$ 2,612,755
Proportionate share of NPL as a % of covered payroll	171.30%	167.92%	142.02%
Pension plan fiduciary net position as a % of total pension liability	67.93%	67.51%	71.01%

Information is presented prospectively beginning in 2015.

Information presented was determined based on information as of the measurement date one year prior to the fiscal year end.



**STATE OF ALABAMA****REQUIRED SUPPLEMENTARY INFORMATION**

Ten Year Trend Information

Judicial Retirement System

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	<b>2017</b>	<b>2016</b>	<b>2015</b>
% of collective net pension liability (NPL)	100%	100%	100%
Amount of collective NPL	\$ 168,961	\$ 160,330	\$ 145,093
% Share of NPL due to State operations	84.89%	84.98%	85.05%
Covered payroll	\$ 43,023	\$ 42,814	\$ 42,699
Proportionate share of NPL as a % of covered payroll	392.72%	374.48%	339.80%
Pension plan fiduciary net position as a % of total pension liability	62.54%	62.20%	65.46%

The State is responsible for 100% of employer contributions.

Information is presented prospectively beginning in 2015.

Information presented was determined based on information as of the measurement date  
one year prior to the fiscal year end.

## STATE OF ALABAMA

## REQUIRED SUPPLEMENTARY INFORMATION

## Ten Year Trend Information

## Employees' Retirement System

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

## Schedule of Changes in Net Pension Liability

<b>Total Pension Liability</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Service Costs	\$ 119,589	\$ 159,234	\$ 115,716
Interest	588,965	587,703	579,810
Change in Assumptions	203,894	-	-
Difference in Expected and Actual Experience	11,012	(62,937)	-
Benefit payments, including refunds of employee contributions	(596,794)	(597,910)	(567,669)
Transfers among employers	(871)	19,137	-
Net change in total pension liability	325,795	105,227	127,857
Total pension liability - beginning	7,775,229	7,670,002	7,542,145
<b>Total pension liability - ending (a)</b>	<b>\$ 8,101,024</b>	<b>\$ 7,775,229</b>	<b>\$ 7,670,002</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 206,854	\$ 260,832	\$ 161,114
Contributions - employee	103,187	100,676	100,391
Net investment income	467,280	58,073	556,028
Benefit payments, including refunds of employer contributions	(596,794)	(597,910)	(567,669)
Administrative expenses	(12,748)	(13,068)	
Transfers among employers	(871)	6,241	24
Net change in fiduciary plan net position	166,908	(185,156)	249,888
Plan fiduciary net position - beginning	4,809,928	4,995,084	4,745,196
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 4,976,836</b>	<b>\$ 4,809,928</b>	<b>\$ 4,995,084</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 3,124,188</b>	<b>\$ 2,965,301</b>	<b>\$ 2,674,918</b>
Plan fiduciary net position as a percentage of the total pension liability	61.43%	61.86%	65.12%
Covered payroll - measurement period	\$ 1,295,085	\$ 1,331,883	\$ 1,280,583
Net pension liability as a % of covered payroll	241.23%	222.64%	208.88%

Note that information was determined as of the measurement date  
and is presented prospectively beginning in 2015.

## Actuarially Determined Employer Contributions

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Amount	\$ 191,906	\$ 199,636	\$ 185,110
% Contributed	100%	100%	100%
Covered Payroll	\$ 1,262,409	\$ 1,295,085	\$ 1,331,883
% of covered payroll	15.20%	15.41%	13.90%

Information presented prospectively beginning in 2015

STATE OF ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedules for Employees' Retirement System

For the Fiscal Year Ended September 30, 2017

Valuation Date:

Actuarially determined contribution rates are calculated as of September 30, two years prior to the beginning of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	3.00%
Salary increases	3.75-7.25%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation.

STATE OF ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for Retired State Employees' Health Care Trust

For the Fiscal Year Ended September 30, 2017

(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>
9/30/2014	156,837	3,072,700	2,915,863	5.10%	1,331,647	219.0%
9/30/2015	149,258	2,948,052	2,798,794	5.06%	1,525,693	183.4%
9/30/2016	150,388	2,346,946	2,196,558	6.41%	1,511,464	145.3%

**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, 2017

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</b>	<b>Investment</b>	<b>Medical Cost Trend Rate *</b>		<b>Ultimate</b>	<b>Year of</b>	<b>Inflation</b>
<b>Valuation</b>					<b>Ultimate</b>	
<b>Date</b>	<b>Rate of Return</b>	<b>Medicare Eligible</b>	<b>Pre-Medicare</b>	<b>Trend Rate</b>	<b>Trend Rate</b>	<b>Rate*</b>
9/30/2014	5%	5.75%	7.5%	5%	2019	3.0%
9/30/2015	5%	5.75%	7.75%	5%	2020	3.0%
9/30/2016	5%	5.75%	7.75%	5%	2021	2.875%

\* The medical cost trend rate for pre-Medicare retirees was increased from 7.5 percent to 7.75 percent for the September 30, 2015 valuation. The year of ultimate trend rate was changed from 2019 to 2020 for the September 30, 2015 valuation and changed from 2020 to 2021 for the September 30, 2016 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, 2017. 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

### 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 2017 include approximately 10,889 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, 2017

#### 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,					
	2017		2016		2015	
	Miles	Rating	Miles	Rating	Miles	Rating
Non-Interstate Non-National Highway System	6,702	85.44	6,705	84.16	6,706	82.15
Non-Interstate National Highway System	3,185	73.75	3,169	72.52	3,169	72.47
Interstate System	1,002	61.15	999	62.97	999	70.61
<b>Total and Weighted Average Rating</b>	<b>10,889</b>	<b>79.79</b>	<b>10,873</b>	<b>78.82</b>	<b>10,874</b>	<b>78.27</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:

Category	As of September 30,					
	2017		2016		2015	
	Structures	Rating	Structures	Rating	Structures	Rating
Non-Interstate Non-National Highway System	2,321	6.66	2,325	6.70	2,303	6.73
Non-Interstate National Highway System	1,834	6.64	1,845	6.67	1,840	6.69
Interstate System	1,240	6.06	1,261	5.99	1,247	6.07
<b>Total and Weighted Average Rating</b>	<b>5,395</b>	<b>6.52</b>	<b>5,431</b>	<b>6.52</b>	<b>5,390</b>	<b>6.56</b>

**Estimated and Actual Costs**

For fiscal years 2017, 2016, 2015, 2014, and 2013, the State estimated it would need to spend \$361.8, \$323.6, \$309.2, \$333.1, and \$334.9, respectively, to preserve and maintain all roadway assets (amounts in millions) and \$10 million in each year to preserve all bridge assets at or above the “Established Condition Levels” presented above. The State spent \$372,860,000 for roadway preservation and \$286,279,000 for bridge preservation in fiscal year 2017. The State spent \$324,726,000 for roadway preservation and \$163,389,000 for bridge preservation in fiscal year 2016. The State spent \$424,506,000 for roadway preservation and \$116,600,000 for bridge preservation in fiscal year 2015. The State spent \$468,464,000 for road preservation and \$80,579,000 for bridge preservation in fiscal year 2014. In fiscal year 2013, the State spent \$496,695,000 for road preservation and \$69,060,000 for bridge preservation. In the next fiscal year, the Alabama Department of Transportation estimates that it will need to spend approximately \$357,767,881 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, 2017

(Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,732,459	\$ 45,200	\$ 191,061	\$ 462	\$ 1,969,182
Investments	829,951	122,130	728,879	95,827	1,776,787
Due From Other Funds	102,975	-	2,014	-	104,989
Due From Component Units	81,823	-	50,813	-	132,636
Investment Sales Receivable	14,511	-	-	-	14,511
Accounts Receivable	99,609	-	-	226	99,835
Taxes Receivable	324,272	7,791	-	-	332,063
Due From Other Governments	145,751	-	-	-	145,751
Mortgages, Notes, and Loans Receivable	-	-	-	60	60
Securities Lending Collateral	1,027	-	-	6,397	7,424
Inventory	1,664	-	-	-	1,664
Restricted Assets	2,295	-	-	-	2,295
Other Assets	187	-	-	-	187
<b>TOTAL ASSETS</b>	<b>\$ 3,336,524</b>	<b>\$ 175,121</b>	<b>\$ 972,767</b>	<b>\$ 102,972</b>	<b>\$ 4,587,384</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Warrants Payable	\$ 8,385	\$ 0	\$ 282	\$ 0	\$ 8,667
Investment Purchases Payable	2,695	-	-	-	2,695
Due To Other Funds	65,436	-	-	76	65,512
Due To Component Units	712	-	-	-	712
Accounts Payable	286,243	-	684	528	287,455
Due To Other Governments	186,168	-	-	-	186,168
Securities Lending Obligation	1,027	-	-	6,397	7,424
Unearned Revenue	4,717	-	-	-	4,717
Amounts Held in Custody for Others	115,238	-	-	-	115,238
Compensated Absences	776	-	-	-	776
<b>Total Liabilities</b>	<b>671,397</b>	<b>0</b>	<b>966</b>	<b>7,001</b>	<b>679,364</b>
<b>Deferred Inflows Of Resources</b>	<b>318,866</b>	<b>0</b>	<b>35,764</b>	<b>0</b>	<b>354,630</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	1,664	-	-	-	1,664
Permanent Fund Principal	-	-	-	91,431	91,431
Restricted for:					
Economic Development and Regulation	136,438	-	-	-	136,438
Education and Cultural Resources	469,335	-	-	1,579	470,914
Natural Resources and Recreation	157,098	-	-	811	157,909
Health	310,038	-	-	101	310,139
Social Services	197,668	-	-	2,049	199,717
Protection of Persons and Property	275,927	-	-	-	275,927
Transportation	90,039	-	-	-	90,039
General Government	719,872	-	-	-	719,872
Capital Projects	-	-	936,037	-	936,037
Debt Service	-	175,121	-	-	175,121
Assigned for:					
Economic Development and Regulation	1,210	-	-	-	1,210
Education and Cultural Resources	1,280	-	-	-	1,280
Social Services	407	-	-	-	407
Protection of Persons and Property	18,186	-	-	-	18,186
Transportation	50,097	-	-	-	50,097
General Government	18,509	-	-	-	18,509
Unassigned	(101,507)	-	-	-	(101,507)
<b>Total Fund Balances</b>	<b>2,346,261</b>	<b>175,121</b>	<b>936,037</b>	<b>95,971</b>	<b>3,553,390</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 3,336,524</b>	<b>\$ 175,121</b>	<b>\$ 972,767</b>	<b>\$ 102,972</b>	<b>\$ 4,587,384</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Nonmajor Governmental Funds by Fund Type

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals
<b>REVENUES</b>					
Taxes	\$ 1,336,852	\$ 206,449	\$ 0	\$ 0	\$ 1,543,301
Licenses, Permits, and Fees	652,009	-	-	1,326	653,335
Fines, Forfeits, and Court Settlements	124,913	-	-	-	124,913
Investment Income	56,039	3,816	3,856	(234)	63,477
Federal Grants and Reimbursements	2,130,752	6,799	-	-	2,137,551
Other Revenues	373,627	8,775	10,924	14	393,340
<b>Total Revenues</b>	<b>4,674,192</b>	<b>225,839</b>	<b>14,780</b>	<b>1,106</b>	<b>4,915,917</b>
<b>EXPENDITURES</b>					
Current:					
Economic Development and Regulation	134,872	-	-	-	134,872
Education and Cultural Resources	1,249,359	-	-	970	1,250,329
Natural Resources and Recreation	211,247	-	-	-	211,247
Health	1,898,406	-	-	-	1,898,406
Social Services	399,389	-	-	47	399,436
Protection of Persons and Property	572,764	-	-	-	572,764
Transportation	245,242	-	-	-	245,242
General Government	698,387	-	-	10	698,397
Capital Outlay	27,804	-	18,243	-	46,047
Debt Service - Principal Retirement	6,202	292,085	-	-	298,287
Debt Service - Interest and Other Charges	10,248	205,017	-	-	215,265
<b>Total Expenditures</b>	<b>5,453,920</b>	<b>497,102</b>	<b>18,243</b>	<b>1,027</b>	<b>5,970,292</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over (Under) Expenditures</b>	<b>(779,728)</b>	<b>(271,263)</b>	<b>(3,463)</b>	<b>79</b>	<b>(1,054,375)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	1,723,551	292,078	7,222	2,801	2,025,652
Bonds Issued	630,812	-	650,943	-	1,281,755
Refunding Bonds Issued	907	244,208	-	-	245,115
Debt Issuance Premiums	-	55,003	111,362	-	166,365
Debt Issuance Discounts	(2,587)	-	-	-	(2,587)
Insurance Recovery Proceeds	1,013	-	-	-	1,013
Transfers Out	(1,303,539)	(2,124)	(313,978)	(1,483)	(1,621,124)
Payments to Refunded Bond Escrow Agent	-	(299,211)	-	-	(299,211)
<b>Total Other Financing Sources (Uses)</b>	<b>1,050,157</b>	<b>289,954</b>	<b>455,549</b>	<b>1,318</b>	<b>1,796,978</b>
<b>Net Change in Fund Balances</b>	<b>270,429</b>	<b>18,691</b>	<b>452,086</b>	<b>1,397</b>	<b>742,603</b>
Fund Balances, October 1, 2016, as Restated	2,076,025	156,430	483,951	94,574	2,810,980
Increase (Decrease) in Inventory	(193)	-	-	-	(193)
<b>Fund Balances, September 30, 2017</b>	<b>\$ 2,346,261</b>	<b>\$ 175,121</b>	<b>\$ 936,037</b>	<b>\$ 95,971</b>	<b>\$ 3,553,390</b>



# Nonmajor Special Revenue Funds

*Nonmajor Special Revenue Funds account for specific revenue sources that are legally restricted or committed to expenditure for specific purposes other than debt service or capital projects.*

## **Public Health**

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**

Accounts for revenues from taxes and other revenue sources which are shared with local governments and component units.

## **Other Medicaid**

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.

## **Mental Health**

Accounts for resources used by the Department of Mental Health to care for citizens who suffer from mental illness.

## **Public School Fund**

Accounts for revenues and expenditures which are allocated to local boards of education for support of educational programs.

## **Alabama Public School and College Authority**

Accounts for resources used by the Authority, primarily to make grants to local public school systems for capital expenditures.

## **Labor**

Administers the employment security, workers compensation, and industrial safety and accident prevention programs.

## **Conservation**

Is responsible for the management of the State's game and wildlife resources as well as operation of the State parks system.

## **Twenty-first Century Authority**

Accounts for resources used by the Authority for the purpose of making incentive grants to major industries locating or expanding within the State.

## **Other 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, 2017

(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	\$ 64,653	\$ 28,275	\$ 11,566	\$ 34,302	\$ 5,836
Investments	-	-	32,281	-	-
Due From Other Funds	16,721	3,216	1,531	1,003	-
Due From Component Units	1,056	-	-	-	-
Investment Sales Receivable	-	-	-	-	-
Accounts Receivable	14	25	1,103	13	-
Taxes Receivable	182	20	-	23,833	9,446
Due From Other Governments	14,057	104,675	11,867	-	-
Securities Lending Collateral	-	-	-	-	-
Inventory	-	-	70	-	-
Restricted Assets	-	-	1,319	-	-
Other Assets	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 96,683</b>	<b>\$ 136,211</b>	<b>\$ 59,737</b>	<b>\$ 59,151</b>	<b>\$ 15,282</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Warrants Payable	\$ 158	\$ 735	\$ 136	\$ 419	\$ 0
Investment Purchases Payable	-	-	-	-	-
Due To Other Funds	8,255	912	2,019	1,975	-
Due To Component Units	-	134	2	-	-
Accounts Payable	35,103	6,568	11,892	45	-
Due To Other Governments	2,266	97,994	2,191	54,881	-
Securities Lending Obligation	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Amounts Held in Custody for Others	-	-	-	-	-
Compensated Absences	129	8	-	-	-
<b>Total Liabilities</b>	<b>45,911</b>	<b>106,351</b>	<b>16,240</b>	<b>57,320</b>	<b>0</b>
<b>Deferred Inflows Of Resources</b>	<b>0</b>	<b>0</b>	<b>3,361</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	-	-	70	-	-
Restricted for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	28,417	-	-	-
Natural Resources and Recreation	-	-	-	70	-
Health	50,772	-	-	-	15,282
Social Services	-	1,443	200	-	-
Protection of Persons and Property	-	-	-	-	-
Transportation	-	-	-	310	-
General Government	-	-	39,866	1,451	-
Assigned for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	-
Social Services	-	-	-	-	-
Protection of Persons and Property	-	-	-	-	-
Transportation	-	-	-	-	-
General Government	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>50,772</b>	<b>29,860</b>	<b>40,136</b>	<b>1,831</b>	<b>15,282</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 96,683</b>	<b>\$ 136,211</b>	<b>\$ 59,737</b>	<b>\$ 59,151</b>	<b>\$ 15,282</b>

Mental Health	Public School Fund	Public School and College Authority	Labor Department	Conservation and Natural Resources	Twenty-first Century Authority	Other Special Revenue Funds	Totals
\$ 110,095	\$ 18,674	\$ 80,407	\$ 30,921	\$ 61,794	\$ 2,375	\$ 1,283,561	\$ 1,732,459
-	-	50	6,875	394	-	790,351	829,951
46,630	-	-	2,017	438	-	31,419	102,975
-	-	-	-	80,304	-	463	81,823
-	-	-	-	-	-	14,511	14,511
69	-	-	130	79	83,435	14,741	99,609
130,869	153,572	-	-	214	-	6,136	324,272
-	-	-	-	-	-	15,152	145,751
-	-	-	-	-	-	1,027	1,027
449	-	-	-	758	-	387	1,664
-	-	-	-	-	-	976	2,295
-	-	-	-	-	-	187	187
<b>\$ 288,112</b>	<b>\$ 172,246</b>	<b>\$ 80,457</b>	<b>\$ 39,943</b>	<b>\$ 143,981</b>	<b>\$ 85,810</b>	<b>\$ 2,158,911</b>	<b>\$ 3,336,524</b>
\$ 2,922	\$ 20	\$ 11	\$ 21	\$ 89	\$ 0	\$ 3,874	\$ 8,385
-	-	-	-	-	-	2,695	2,695
14,272	-	-	882	1,900	-	35,221	65,436
-	-	-	-	-	-	576	712
83,305	-	2,544	6,199	9,316	-	131,271	286,243
9,162	-	20	36	633	-	18,985	186,168
-	-	-	-	-	-	1,027	1,027
-	-	-	-	1	-	4,716	4,717
-	-	-	4	306	-	114,928	115,238
132	-	-	26	22	-	459	776
<b>109,793</b>	<b>20</b>	<b>2,575</b>	<b>7,168</b>	<b>12,267</b>	<b>0</b>	<b>313,752</b>	<b>671,397</b>
<b>97,657</b>	<b>132,712</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>83,435</b>	<b>1,701</b>	<b>318,866</b>
449	-	-	-	758	-	387	1,664
-	-	-	-	-	2,375	134,063	136,438
-	39,514	77,882	-	-	-	323,522	469,335
-	-	-	-	130,956	-	26,072	157,098
80,213	-	-	-	-	-	163,771	310,038
-	-	-	22,620	-	-	173,405	197,668
-	-	-	10,155	-	-	265,772	275,927
-	-	-	-	-	-	89,729	90,039
-	-	-	-	-	-	678,555	719,872
-	-	-	-	-	-	1,210	1,210
-	-	-	-	-	-	1,280	1,280
-	-	-	-	-	-	407	407
-	-	-	-	-	-	18,186	18,186
-	-	-	-	-	-	50,097	50,097
-	-	-	-	-	-	18,509	18,509
-	-	-	-	-	-	(101,507)	(101,507)
<b>80,662</b>	<b>39,514</b>	<b>77,882</b>	<b>32,775</b>	<b>131,714</b>	<b>2,375</b>	<b>1,843,458</b>	<b>2,346,261</b>
<b>\$ 288,112</b>	<b>\$ 172,246</b>	<b>\$ 80,457</b>	<b>\$ 39,943</b>	<b>\$ 143,981</b>	<b>\$ 85,810</b>	<b>\$ 2,158,911</b>	<b>\$ 3,336,524</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	Public Health Department	Education Department	Economic and Community Affairs	Revenues Allocated to Other Governments	Other Medicaid Funds
<b>REVENUES</b>					
Taxes	\$ 2,412	\$ 2,216	\$ 0	\$ 349,944	\$ 376,968
Licenses, Permits, and Fees	141,875	891	2,214	37,687	-
Fines, Forfeits, and Court Settlements	70	-	1,302	1	-
Investment Income	-	-	221	-	-
Federal Grants and Reimbursements	491,679	984,528	134,522	649	-
Other Revenues	13,785	29,010	3,345	-	-
<b>Total Revenues</b>	<b>649,821</b>	<b>1,016,645</b>	<b>141,604</b>	<b>388,281</b>	<b>376,968</b>
<b>EXPENDITURES</b>					
Current:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	923,820	-	42	-
Natural Resources and Recreation	-	-	-	685	-
Health	643,558	-	-	378	372,173
Social Services	-	56,005	-	-	-
Protection of Persons and Property	-	-	-	1,134	-
Transportation	-	-	-	222,354	-
General Government	-	-	140,021	215,513	-
Capital Outlay	-	-	-	-	-
Debt Service - Principal Retirement	772	-	-	-	-
Debt Service - Interest and Other Charges	470	-	15	-	-
<b>Total Expenditures</b>	<b>644,800</b>	<b>979,825</b>	<b>140,036</b>	<b>440,106</b>	<b>372,173</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over (Under) Expenditures</b>	<b>5,021</b>	<b>36,820</b>	<b>1,568</b>	<b>(51,825)</b>	<b>4,795</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	27,956	2,012	9,168	50,569	30,668
Bonds Issued	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-
Debt Issuance Discounts	-	-	-	-	-
Insurance Recovery Proceeds	-	1	-	-	-
Transfers Out	(43,031)	(18,826)	(8,496)	-	(30,668)
<b>Total Other Financing Sources (Uses)</b>	<b>(15,075)</b>	<b>(16,813)</b>	<b>672</b>	<b>50,569</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>(10,054)</b>	<b>20,007</b>	<b>2,240</b>	<b>(1,256)</b>	<b>4,795</b>
Fund Balances, October 1, 2016, as Restated	60,826	9,853	37,861	3,087	10,487
Increase (Decrease) in Inventory	-	-	35	-	-
<b>Fund Balances, September 30, 2017</b>	<b>\$ 50,772</b>	<b>\$ 29,860</b>	<b>\$ 40,136</b>	<b>\$ 1,831</b>	<b>\$ 15,282</b>



Mental Health	Public School Fund	Public School and College Authority	Labor Department	Conservation and Natural Resources	Twenty-first Century Authority	Other Special Revenue Funds	Totals
\$ 202,206	\$ 179,618	\$ 0	\$ 3,800	\$ 8,958	\$ 0	\$ 210,730	\$ 1,336,852
101	18	-	288	21,378	-	447,557	652,009
-	-	-	66	788	93,739	28,947	124,913
-	-	252	21	708	8	54,829	56,039
42,639	-	-	58,162	38,293	-	380,280	2,130,752
6,546	58,355	-	480	50,714	-	211,392	373,627
<b>251,492</b>	<b>237,991</b>	<b>252</b>	<b>62,817</b>	<b>120,839</b>	<b>93,747</b>	<b>1,333,735</b>	<b>4,674,192</b>
-	-	-	-	-	200	134,672	134,872
-	171,876	27,897	-	-	-	125,724	1,249,359
-	-	-	-	164,907	-	45,655	211,247
772,522	-	-	-	-	-	109,775	1,898,406
464	-	-	70,242	-	-	272,678	399,389
-	-	-	10,807	-	-	560,823	572,764
-	-	-	-	-	-	22,888	245,242
-	-	-	-	-	-	342,853	698,387
-	-	23,199	-	-	-	4,605	27,804
-	-	-	23	-	-	5,407	6,202
-	533	-	4	-	13	9,213	10,248
<b>772,986</b>	<b>172,409</b>	<b>51,096</b>	<b>81,076</b>	<b>164,907</b>	<b>213</b>	<b>1,634,293</b>	<b>5,453,920</b>
<b>(521,494)</b>	<b>65,582</b>	<b>(50,844)</b>	<b>(18,259)</b>	<b>(44,068)</b>	<b>93,534</b>	<b>(300,558)</b>	<b>(779,728)</b>
897,740	533	31	22,239	14,877	13,000	654,758	1,723,551
-	-	-	-	-	-	630,812	630,812
-	-	-	-	-	-	907	907
-	-	-	-	-	-	(2,587)	(2,587)
-	-	-	14	258	-	740	1,013
(371,471)	(61,207)	(303)	(1,421)	(10,009)	(106,367)	(651,740)	(1,303,539)
<b>526,269</b>	<b>(60,674)</b>	<b>(272)</b>	<b>20,832</b>	<b>5,126</b>	<b>(93,367)</b>	<b>632,890</b>	<b>1,050,157</b>
<b>4,775</b>	<b>4,908</b>	<b>(51,116)</b>	<b>2,573</b>	<b>(38,942)</b>	<b>167</b>	<b>332,332</b>	<b>270,429</b>
75,877	34,606	128,998	30,202	170,568	2,208	1,511,452	2,076,025
10	-	-	-	88	-	(326)	(193)
<b>\$ 80,662</b>	<b>\$ 39,514</b>	<b>\$ 77,882</b>	<b>\$ 32,775</b>	<b>\$ 131,714</b>	<b>\$ 2,375</b>	<b>\$ 1,843,458</b>	<b>\$ 2,346,261</b>

## STATE OF ALABAMA

COMBINING BALANCE SHEET  
Other Nonmajor Special Revenue Funds

September 30, 2017

(Amounts in Thousands)

	Corrections	Environmental Management	Professional and Occupational Boards	Emergency Management	Rehabilitation Services
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 40,647	\$ 23,658	\$ 52,225	\$ 1,825	\$ 35,765
Investments	-	40,769	13,980	-	-
Due From Other Funds	5,826	366	4	394	4,047
Due From Component Units	-	453	-	-	-
Investment Sales Receivable	-	-	-	-	-
Accounts Receivable	651	-	184	37	57
Taxes Receivable	-	-	-	-	-
Due From Other Governments	9	-	-	1,923	-
Securities Lending Collateral	-	-	-	-	-
Inventory	-	-	-	-	110
Restricted Assets	-	-	-	-	-
Other Assets	-	-	36	-	-
<b>TOTAL ASSETS</b>	<b>\$ 47,133</b>	<b>\$ 65,246</b>	<b>\$ 66,429</b>	<b>\$ 4,179</b>	<b>\$ 39,979</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Warrants Payable	\$ 0	\$ 381	\$ 15	\$ 33	\$ 127
Investment Purchases Payable	-	-	-	-	-
Due To Other Funds	59	6,035	315	385	1,125
Due To Component Units	-	250	-	28	-
Accounts Payable	3,118	10,888	2,255	568	11,799
Due To Other Governments	-	675	10	1,860	417
Securities Lending Obligation	-	-	-	-	-
Unearned Revenue	-	-	3,990	-	-
Amounts Held in Custody for Others	-	-	917	-	-
Compensated Absences	-	1	4	8	35
<b>Total Liabilities</b>	<b>3,177</b>	<b>18,230</b>	<b>7,506</b>	<b>2,882</b>	<b>13,503</b>
<b>Deferred Inflows Of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	-	-	-	-	110
Restricted for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	2,536
Natural Resources and Recreation	-	-	6	-	-
Health	-	47,016	-	-	-
Social Services	-	-	-	-	23,830
Protection of Persons and Property	43,956	-	58,917	1,297	-
Transportation	-	-	-	-	-
General Government	-	-	-	-	-
Assigned for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	-
Social Services	-	-	-	-	-
Protection of Persons and Property	-	-	-	-	-
Transportation	-	-	-	-	-
General Government	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>43,956</b>	<b>47,016</b>	<b>58,923</b>	<b>1,297</b>	<b>26,476</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 47,133</b>	<b>\$ 65,246</b>	<b>\$ 66,429</b>	<b>\$ 4,179</b>	<b>\$ 39,979</b>

Children First Trust	Forever Wild Trust	Fair Trial Tax Fund	Alabama Capital Improvement Trust	County and Municipal Capital Improvement	Revenue Administrative Fund	Miscellaneous Special Revenue Funds	Totals
\$ 8,911	\$ 1,499	\$ 2,684	\$ 937	\$ 12,470	\$ 52,316	\$ 1,050,624	\$ 1,283,561
-	17,491	-	1,626	480,645	-	235,840	790,351
2	147	-	-	-	258	20,375	31,419
-	-	-	-	-	-	10	463
-	-	-	-	14,511	-	-	14,511
22	-	4	5	1,248	2	12,531	14,741
-	-	18	-	-	5,671	447	6,136
-	-	-	-	-	-	13,220	15,152
-	-	-	-	-	-	1,027	1,027
-	-	-	-	-	103	174	387
-	-	-	-	-	-	976	976
-	-	-	-	-	-	151	187
<b>\$ 8,935</b>	<b>\$ 19,137</b>	<b>\$ 2,706</b>	<b>\$ 2,568</b>	<b>\$ 508,874</b>	<b>\$ 58,350</b>	<b>\$ 1,335,375</b>	<b>\$ 2,158,911</b>
\$ 16	\$ 0	\$ 379	\$ 0	\$ 0	\$ 9	\$ 2,914	\$ 3,874
-	-	-	-	2,695	-	-	2,695
799	-	52	-	12,470	2,391	11,590	35,221
73	-	-	-	-	-	225	576
861	19	710	-	-	9,269	91,784	131,271
266	-	7	-	-	42	15,708	18,985
-	-	-	-	-	-	1,027	1,027
-	-	-	-	-	-	726	4,716
-	-	-	-	-	141	113,870	114,928
-	-	-	-	-	51	360	459
<b>2,015</b>	<b>19</b>	<b>1,148</b>	<b>0</b>	<b>15,165</b>	<b>11,903</b>	<b>238,204</b>	<b>313,752</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>450</b>	<b>0</b>	<b>1,249</b>	<b>1,701</b>
-	-	-	-	-	103	174	387
-	-	-	-	-	-	134,063	134,063
-	-	-	-	-	-	320,986	323,522
-	19,118	-	-	-	-	6,948	26,072
987	-	-	-	-	-	115,768	163,771
3,174	-	-	-	-	-	146,401	173,405
1,719	-	-	-	-	-	159,883	265,772
-	-	-	-	-	-	89,729	89,729
1,040	-	1,558	2,566	493,259	46,344	133,788	678,555
-	-	-	-	-	-	1,210	1,210
-	-	-	-	-	-	1,280	1,280
-	-	-	-	-	-	407	407
-	-	-	-	-	-	18,186	18,186
-	-	-	-	-	-	50,097	50,097
-	-	-	-	-	-	18,509	18,509
-	-	-	-	-	-	(101,507)	(101,507)
<b>6,920</b>	<b>19,118</b>	<b>1,558</b>	<b>2,566</b>	<b>493,259</b>	<b>46,447</b>	<b>1,095,922</b>	<b>1,843,458</b>
<b>\$ 8,935</b>	<b>\$ 19,137</b>	<b>\$ 2,706</b>	<b>\$ 2,568</b>	<b>\$ 508,874</b>	<b>\$ 58,350</b>	<b>\$ 1,335,375</b>	<b>\$ 2,158,911</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Other Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	Corrections	Environmental Management	Professional and Occupational Boards	Emergency Management	Rehabilitation Services
<b>REVENUES</b>					
Taxes	\$ 0	\$ 6,629	\$ 0	\$ 0	\$ 0
Licenses, Permits, and Fees	5,428	73,658	41,296	-	-
Fines, Forfeits, and Court Settlements	1,813	1,723	8,920	-	748
Investment Income	1	327	710	-	-
Federal Grants and Reimbursements	644	19,306	1,582	20,303	81,064
Other Revenues	21,132	1,547	989	288	1,145
<b>Total Revenues</b>	<b>29,018</b>	<b>103,190</b>	<b>53,497</b>	<b>20,591</b>	<b>82,957</b>
<b>EXPENDITURES</b>					
Current:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	9,598
Natural Resources and Recreation	-	-	6	-	-
Health	-	101,788	-	-	-
Social Services	-	-	-	-	90,599
Protection of Persons and Property	33,920	-	49,910	20,141	-
Transportation	-	-	-	-	-
General Government	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service - Principal Retirement	2,899	7	-	-	-
Debt Service - Interest and Other Charges	3,132	452	4	-	-
<b>Total Expenditures</b>	<b>39,951</b>	<b>102,247</b>	<b>49,920</b>	<b>20,141</b>	<b>100,197</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over (Under) Expenditures</b>	<b>(10,933)</b>	<b>943</b>	<b>3,577</b>	<b>450</b>	<b>(17,240)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	22,324	5,601	813	250	26,120
Bonds Issued	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-
Debt Issuance Discounts	-	-	-	-	-
Insurance Recovery Proceeds	218	155	37	-	3
Transfers Out	-	(5,170)	(1,967)	(790)	(4,963)
<b>Total Other Financing Sources (Uses)</b>	<b>22,542</b>	<b>586</b>	<b>(1,117)</b>	<b>(540)</b>	<b>21,160</b>
<b>Net Change in Fund Balances</b>	<b>11,609</b>	<b>1,529</b>	<b>2,460</b>	<b>(90)</b>	<b>3,920</b>
Fund Balances, October 1, 2016, as Restated	32,347	45,487	56,463	1,387	22,538
Increase (Decrease) in Inventory	-	-	-	-	18
<b>Fund Balances, September 30, 2017</b>	<b>\$ 43,956</b>	<b>\$ 47,016</b>	<b>\$ 58,923</b>	<b>\$ 1,297</b>	<b>\$ 26,476</b>

Children First Trust	Forever Wild Trust	Fair Trial Tax Fund	Alabama Capital Improvement Trust	County and Municipal Capital Improvement	Revenue Administrative Fund	Miscellaneous Special Revenue Funds	Totals
\$ 0	\$ 0	\$ 11,502	\$ 0	\$ 0	\$ 142,271	\$ 50,328	\$ 210,730
-	230	273	-	-	12,001	314,671	447,557
-	-	-	-	-	1,050	14,693	28,947
-	128	-	(17)	50,538	-	3,142	54,829
362	464	789	-	-	6,831	248,935	380,280
380	1	4,055	-	-	7,442	174,413	211,392
<b>742</b>	<b>823</b>	<b>16,619</b>	<b>(17)</b>	<b>50,538</b>	<b>169,595</b>	<b>806,182</b>	<b>1,333,735</b>
-	-	-	-	-	-	134,672	134,672
-	-	-	-	-	-	116,126	125,724
-	27,354	-	-	-	-	18,295	45,655
4,688	-	-	-	-	-	3,299	109,775
15,075	-	-	-	-	-	167,004	272,678
8,163	-	-	-	-	-	448,689	560,823
-	-	-	-	-	-	22,888	22,888
4,940	-	73,564	1	1,286	133,378	129,684	342,853
-	-	-	-	-	-	4,605	4,605
-	-	-	-	-	-	2,501	5,407
-	-	-	-	-	-	5,625	9,213
<b>32,866</b>	<b>27,354</b>	<b>73,564</b>	<b>1</b>	<b>1,286</b>	<b>133,378</b>	<b>1,053,388</b>	<b>1,634,293</b>
<b>(32,124)</b>	<b>(26,531)</b>	<b>(56,945)</b>	<b>(18)</b>	<b>49,252</b>	<b>36,217</b>	<b>(247,206)</b>	<b>(300,558)</b>
46,620	14,209	52,498	14,578	3,007	3,804	464,934	654,758
-	-	-	-	-	-	630,812	630,812
-	-	-	-	-	-	907	907
-	-	-	-	-	-	(2,587)	(2,587)
-	-	-	-	-	-	327	740
(12,275)	(4,920)	(1,002)	(13,809)	(22,151)	(30,243)	(554,450)	(651,740)
<b>34,345</b>	<b>9,289</b>	<b>51,496</b>	<b>769</b>	<b>(19,144)</b>	<b>(26,439)</b>	<b>539,943</b>	<b>632,890</b>
<b>2,221</b>	<b>(17,242)</b>	<b>(5,449)</b>	<b>751</b>	<b>30,108</b>	<b>9,778</b>	<b>292,737</b>	<b>332,332</b>
4,699	36,360	7,007	1,815	463,151	37,013	803,185	1,511,452
-	-	-	-	-	(344)	-	(326)
<b>\$ 6,920</b>	<b>\$ 19,118</b>	<b>\$ 1,558</b>	<b>\$ 2,566</b>	<b>\$ 493,259</b>	<b>\$ 46,447</b>	<b>\$ 1,095,922</b>	<b>\$ 1,843,458</b>



# Nonmajor Debt Service Funds

*Nonmajor Debt Service Funds account for financial resources that are restricted, committed or assigned to expenditure for the payment of general governmental debt principal and interest.*

## **Public School and College Authority**

Accounts for resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State educational facilities.

## **General Obligation Bond Debt Service**

Accounts for resources used to pay the interest and principal on general obligation debt issued by the State.

## **Twenty-first Century Authority**

Accounts for resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing incentive grants to major industries locating or expanding within the State.

## **Incentives Financing Authority**

Accounts for resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State worker training facilities.

## **Industrial Development Authority**

Accounts for resources used to pay the interest and principal on debt issued by the Authority for the purpose of making industrial development grants to local governments.

## **Federal Aid Highway Finance Authority**

Accounts for resources used to pay interest and principal on debt issued to finance road and bridge construction.

## **Public Health Care Authority Debt Service**

Accounts for resources used to pay interest and principal on debt issued to finance public health facilities.

## **Mental Health Finance Authority**

Accounts for resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State mental health facilities.

## **Judicial Building Authority**

Accounts for 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.

## **Highway Finance Corporation**

Accounts for resources used to pay interest and principal on debt issued by the Corporation for the purpose of financing State roads and bridge projects.

## **Economic Settlement Authority**

Accounts for resources used to pay the interest and principal on debt issued by the Authority for the purposes of Alabama Trust Fund repayment, additional funding of the Medicaid Agency, and transportation projects.

## **Other Debt Service**

Accounts for resources used to pay the interest and principal on all other debt issued by State.

## STATE OF ALABAMA

COMBINING BALANCE SHEET  
Nonmajor Debt Service Funds

September 30, 2017

(Amounts in Thousands)

	Public School & College Authority	General Obligation Bonds	Twenty-first Century Authority	Incentives Financing Authority	Industrial Development Authority
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 238	\$ 0	\$ 17,091	\$ 25,223	\$ 87
Investments	121,362	-	-	-	-
Taxes Receivable	7,641	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 129,241</b>	<b>\$ 0</b>	<b>\$ 17,091</b>	<b>\$ 25,223</b>	<b>\$ 87</b>
<b>Fund Balances</b>					
Restricted for:					
Debt Service	129,241	-	17,091	25,223	87
<b>Total Fund Balances</b>	<b>129,241</b>	<b>0</b>	<b>17,091</b>	<b>25,223</b>	<b>87</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 129,241</b>	<b>\$ 0</b>	<b>\$ 17,091</b>	<b>\$ 25,223</b>	<b>\$ 87</b>



Federal Aid Highway Finance Authority	Public Health Care Authority	Mental Health Finance Authority	Judicial Building Authority	Highway Finance Corporation	Economic Settlement Authority	Other Debt Service Funds	Totals
\$ 0	\$ 0	\$ 2,561	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,200
-	768	-	-	-	-	-	122,130
-	-	150	-	-	-	-	7,791
<u>\$ 0</u>	<u>\$ 768</u>	<u>\$ 2,711</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 175,121</u>
-	768	2,711	-	-	-	-	175,121
<u>0</u>	<u>768</u>	<u>2,711</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>175,121</u>
<u>\$ 0</u>	<u>\$ 768</u>	<u>\$ 2,711</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 175,121</u>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Nonmajor Debt Service Funds

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	Public School & College Authority	General Obligation Bonds	Twenty-first Century Authority	Incentives Financing Authority	Industrial Development Authority
<b>REVENUES</b>					
Taxes	\$ 202,810	\$ 0	\$ 0	\$ 0	\$ 0
Investment Income	3,694	-	64	57	-
Federal Grants and Reimbursements	6,799	-	-	-	-
Other Revenues	8,775	-	-	-	-
<b>Total Revenues</b>	<b>222,078</b>	<b>0</b>	<b>64</b>	<b>57</b>	<b>0</b>
<b>EXPENDITURES</b>					
Debt Service - Principal Retirement	192,160	41,800	9,585	6,015	-
Debt Service - Interest and Other Charges	89,823	29,192	3,306	11,925	-
<b>Total Expenditures</b>	<b>281,983</b>	<b>70,992</b>	<b>12,891</b>	<b>17,940</b>	<b>0</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over (Under) Expenditures</b>	<b>(59,905)</b>	<b>(70,992)</b>	<b>(12,827)</b>	<b>(17,883)</b>	<b>0</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	78,271	70,992	12,659	17,938	-
Refunding Bonds Issued	-	104,656	-	-	-
Debt Issuance Premiums	-	23,117	-	-	-
Transfers Out	-	-	(31)	-	-
Payments to Refunded Bond Escrow Agent	-	(127,773)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>78,271</b>	<b>70,992</b>	<b>12,628</b>	<b>17,938</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>18,366</b>	<b>0</b>	<b>(199)</b>	<b>55</b>	<b>0</b>
Fund Balances, October 1, 2016, as Restated	110,875	0	17,290	25,168	87
<b>Fund Balances, September 30, 2017</b>	<b>\$ 129,241</b>	<b>\$ 0</b>	<b>\$ 17,091</b>	<b>\$ 25,223</b>	<b>\$ 87</b>

Federal Aid Highway Finance Authority	Public Health Care Authority	Mental Health Finance Authority	Judicial Building Authority	Highway Finance Corporation	Economic Settlement Authority	Other Debt Service Funds	Totals
\$ 0	\$ 0	\$ 1,800	\$ 0	\$ 0	\$ 0	\$ 1,839	\$ 206,449
-	1	-	-	-	-	-	3,816
-	-	-	-	-	-	-	6,799
-	-	-	-	-	-	-	8,775
<b>0</b>	<b>1</b>	<b>1,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,839</b>	<b>225,839</b>
31,080	1,505	1,805	3,635	3,510	-	990	292,085
47,920	3,321	288	336	308	17,749	849	205,017
<b>79,000</b>	<b>4,826</b>	<b>2,093</b>	<b>3,971</b>	<b>3,818</b>	<b>17,749</b>	<b>1,839</b>	<b>497,102</b>
<b>(79,000)</b>	<b>(4,825)</b>	<b>(293)</b>	<b>(3,971)</b>	<b>(3,818)</b>	<b>(17,749)</b>	<b>0</b>	<b>(271,263)</b>
79,000	5,587	2,093	3,971	3,818	17,749	-	292,078
139,552	-	-	-	-	-	-	244,208
31,886	-	-	-	-	-	-	55,003
-	-	(2,093)	-	-	-	-	(2,124)
(171,438)	-	-	-	-	-	-	(299,211)
<b>79,000</b>	<b>5,587</b>	<b>0</b>	<b>3,971</b>	<b>3,818</b>	<b>17,749</b>	<b>0</b>	<b>289,954</b>
<b>0</b>	<b>762</b>	<b>(293)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,691</b>
0	6	3,004	0	0	0	0	156,430
<b>\$ 0</b>	<b>\$ 768</b>	<b>\$ 2,711</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 175,121</b>



# Nonmajor Capital Project Funds

*Nonmajor Capital Project Funds account for financial resources restricted, committed or assigned to expenditure for the acquisition, construction, and improvement of major general governmental capital assets.*

## **Public School and College Authority**

Accounts for the proceeds of debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State educational facilities.

## **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 Projects**

Accounts for the proceeds of debt issued by the Authority for the purpose of financing the construction of public health facilities.

## **Mental Health Finance Authority**

Accounts for the proceeds of debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State mental health facilities.

## **Judicial Building Authority**

Accounts for proceeds of debt issued by the authority for the purpose of acquiring, constructing, and equipping judicial facilities.

## **Federal Aid Highway Finance Authority**

Accounts for the proceeds of debt issued by the Authority for the purpose of financing improvements to the State's roads and bridges.

## **Highway Finance Corporation**

Accounts for the proceeds of debt issued by the Corporation for the purpose of funding improvements to the State's roads and bridges.

## **Other Capital Projects**

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, 2017

(Amounts in Thousands)

	Public School and College Authority	General Obligation Bond Projects	Public Health Care Authority	Mental Health Finance Authority	Judicial Building Authority
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 0	\$ 22,516	\$ 33,450	\$ 8,542	\$ 0
Investments	-	-	26,220	-	308
Due From Other Funds	-	2,014	-	-	-
Due From Component Units	-	-	-	50,813	-
<b>TOTAL ASSETS</b>	<b>\$ 0</b>	<b>\$ 24,530</b>	<b>\$ 59,670</b>	<b>\$ 59,355</b>	<b>\$ 308</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Warrants Payable	\$ 0	\$ 282	\$ 0	\$ 0	\$ 0
Accounts Payable	-	-	680	-	4
<b>Total Liabilities</b>	<b>0</b>	<b>282</b>	<b>680</b>	<b>0</b>	<b>4</b>
<b>Deferred Inflows Of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,764</b>	<b>0</b>
<b>Fund Balances</b>					
Restricted for:					
Capital Projects	-	24,248	58,990	23,591	304
<b>Total Fund Balances</b>	<b>0</b>	<b>24,248</b>	<b>58,990</b>	<b>23,591</b>	<b>304</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 0</b>	<b>\$ 24,530</b>	<b>\$ 59,670</b>	<b>\$ 59,355</b>	<b>\$ 308</b>

---

---

Federal Aid Highway Finance Authority	Highway Finance Corporation	Other Capital Project Funds	Totals
\$ 126,547	\$ 0	\$ 6	\$ 191,061
688,375	13,976	-	728,879
-	-	-	2,014
-	-	-	50,813
<u>\$ 814,922</u>	<u>\$ 13,976</u>	<u>\$ 6</u>	<u>\$ 972,767</u>
\$ 0	\$ 0	\$ 0	\$ 282
-	-	-	684
<u>0</u>	<u>0</u>	<u>0</u>	<u>966</u>
0	0	0	35,764
814,922	13,976	6	936,037
<u>814,922</u>	<u>13,976</u>	<u>6</u>	<u>936,037</u>
<u>\$ 814,922</u>	<u>\$ 13,976</u>	<u>\$ 6</u>	<u>\$ 972,767</u>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Nonmajor Capital Projects Funds

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	Public School and College Authority	General Obligation Bond Projects	Public Health Care Authority	Mental Health Finance Authority	Judicial Building Authority
<b>REVENUES</b>					
Investment Income	\$ 0	\$ 16	\$ 23	\$ 455	\$ 2
Other Revenues	-	-	-	10,924	-
<b>Total Revenues</b>	<b>0</b>	<b>16</b>	<b>23</b>	<b>11,379</b>	<b>2</b>
<b>EXPENDITURES</b>					
Capital Outlay	-	7,502	3,913	6,686	142
<b>Total Expenditures</b>	<b>0</b>	<b>7,502</b>	<b>3,913</b>	<b>6,686</b>	<b>142</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over (Under) Expenditures</b>	<b>0</b>	<b>(7,486)</b>	<b>(3,890)</b>	<b>4,693</b>	<b>(140)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	8	7,178	36	-
Bonds Issued	-	-	-	-	-
Debt Issuance Premiums	-	-	-	-	-
Transfers Out	(31)	-	(201)	(84)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(31)</b>	<b>8</b>	<b>6,977</b>	<b>(48)</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>(31)</b>	<b>(7,478)</b>	<b>3,087</b>	<b>4,645</b>	<b>(140)</b>
Fund Balances, October 1, 2016, as Restated	31	31,726	55,903	18,946	444
<b>Fund Balances, September 30, 2017</b>	<b>\$ 0</b>	<b>\$ 24,248</b>	<b>\$ 58,990</b>	<b>\$ 23,591</b>	<b>\$ 304</b>



---

---

Federal Aid Highway Finance Authority	Highway Finance Corporation	Other Capital Project Funds	Totals
\$ 3,291	\$ 69	\$ 0	\$ 3,856
-	-	-	10,924
<b>3,291</b>	<b>69</b>	<b>0</b>	<b>14,780</b>
-	-	-	18,243
<b>0</b>	<b>0</b>	<b>0</b>	<b>18,243</b>
<b>3,291</b>	<b>69</b>	<b>0</b>	<b>(3,463)</b>
-	-	-	7,222
650,943	-	-	650,943
111,362	-	-	111,362
(310,077)	(3,585)	-	(313,978)
<b>452,228</b>	<b>(3,585)</b>	<b>0</b>	<b>455,549</b>
<b>455,519</b>	<b>(3,516)</b>	<b>0</b>	<b>452,086</b>
359,403	17,492	6	483,951
<b>\$ 814,922</b>	<b>\$ 13,976</b>	<b>\$ 6</b>	<b>\$ 936,037</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 and Game and Fish Endowments**

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 Alliance**

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, 2017

(Amounts in Thousands)

	Marine, Game, and Fish Endowment	Alabama Research Alliance	Senior Services Trust	Other Permanent Funds	Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 213	\$ 145	\$ 2	\$ 102	\$ 462
Investments	25,233	13,358	42,203	15,033	95,827
Accounts Receivable	-	-	226	-	226
Mortgages, Notes, and Loans Receivable	-	-	-	60	60
Securities Lending Collateral	1,766	-	4,631	-	6,397
<b>TOTAL ASSETS</b>	<b>\$ 27,212</b>	<b>\$ 13,503</b>	<b>\$ 47,062</b>	<b>\$ 15,195</b>	<b>\$ 102,972</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Due To Other Funds	\$ 63	\$ 13	\$ 0	\$ 0	\$ 76
Accounts Payable	-	528	-	-	528
Securities Lending Obligation	1,766	-	4,631	-	6,397
<b>Total Liabilities</b>	<b>1,829</b>	<b>541</b>	<b>4,631</b>	<b>0</b>	<b>7,001</b>
<b>Fund Balances</b>					
Nonspendable:					
Permanent Fund Principal	24,572	11,500	40,382	14,977	91,431
Restricted for:					
Education and Cultural Resources	-	1,462	-	117	1,579
Natural Resources and Recreation	811	-	-	-	811
Health	-	-	-	101	101
Social Services	-	-	2,049	-	2,049
<b>Total Fund Balances</b>	<b>25,383</b>	<b>12,962</b>	<b>42,431</b>	<b>15,195</b>	<b>95,971</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 27,212</b>	<b>\$ 13,503</b>	<b>\$ 47,062</b>	<b>\$ 15,195</b>	<b>\$ 102,972</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Nonmajor Permanent Funds

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	Marine, Game, and Fish Endowment	Alabama Research Alliance	Senior Services Trust	Other Permanent Funds	Totals
<b>REVENUES</b>					
Licenses, Permits, and Fees	\$ 1,241	\$ 0	\$ 0	\$ 85	\$ 1,326
Investment Income	(430)	(53)	323	(74)	(234)
Other Revenues	-	-	14	-	14
<b>Total Revenues</b>	<b>811</b>	<b>(53)</b>	<b>337</b>	<b>11</b>	<b>1,106</b>
<b>EXPENDITURES</b>					
Current:					
Education and Cultural Resources	-	970	-	-	970
Social Services	-	-	47	-	47
General Government	-	-	-	10	10
<b>Total Expenditures</b>	<b>0</b>	<b>970</b>	<b>47</b>	<b>10</b>	<b>1,027</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over (Under) Expenditures</b>	<b>811</b>	<b>(1,023)</b>	<b>290</b>	<b>1</b>	<b>79</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	2,801	-	2,801
Transfers Out	-	(13)	(1,042)	(428)	(1,483)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(13)</b>	<b>1,759</b>	<b>(428)</b>	<b>1,318</b>
<b>Net Change in Fund Balances</b>	<b>811</b>	<b>(1,036)</b>	<b>2,049</b>	<b>(427)</b>	<b>1,397</b>
Fund Balances, October 1, 2016, as Restated	24,572	13,998	40,382	15,622	94,574
<b>Fund Balances, September 30, 2017</b>	<b>\$ 25,383</b>	<b>\$ 12,962</b>	<b>\$ 42,431</b>	<b>\$ 15,195</b>	<b>\$ 95,971</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, 2017

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES:</b>			
<b><u>Administrative Office of Courts</u></b>			
Administrative Services	3,230	3,229	1
Alabama Sentencing Commission	323	323	-
Court Operations	82,351	82,351	-
Drug Court	2,034	2,034	-
Juvenile Probation Officer Services	9,142	9,142	-
<b>TOTAL Administrative Office of Courts</b>	<b>97,080</b>	<b>97,079</b>	<b>1</b>
<b><u>Agriculture and Industries</u></b>			
Administrative Services	1,820	1,820	-
Agricultural Development Services	348	348	-
Agricultural Inspection Services	3,788	3,788	-
Lab Analysis and Disease Control	2,432	2,432	-
<b>TOTAL Agriculture and Industries</b>	<b>8,388</b>	<b>8,388</b>	<b>-</b>
<b><u>Alabama Community College System</u></b>			
Adult Education	-	-	-
Adult Education: Adult Basic Education	-	-	-
Postsecondary Administration	-	-	-
Postsecondary Administration: Career Technical Instructor Supplement	-	-	-
Postsecondary Administration: Postsecondary/Chancellor's	-	-	-
Postsecondary Administration: Science, Technology, Engineering, Art, and Mathematics STEAM	-	-	-
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-Central Alabama Community College	-	-	-
Postsecondary-Two Year Colleges	-	-	-
Postsecondary-Two Year Colleges: Alabama Technology Network	-	-	-
Postsecondary-Two Year Colleges: Dual Enrollment	-	-	-
Postsecondary-Two Year Colleges: Industry Certification Initiatives	-	-	-
Postsecondary-Two Year Colleges: Marion Military Institute	-	-	-
Postsecondary-Two Year Colleges: Two Year Colleges/Operations and Maintenance	-	-	-
<b>TOTAL Alabama Community College System</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Attorney General</u></b>			
Fair Marketing Practices: Consumer Protection	998	998	-
Legal Advice And Legal Service: Attorney General-Operations	9,645	9,645	-
<b>TOTAL Attorney General</b>	<b>10,643</b>	<b>10,643</b>	<b>-</b>
<b><u>Auditor</u></b>			
Fiscal Management	844	829	15
<b>TOTAL Auditor</b>	<b>844</b>	<b>829</b>	<b>15</b>
<b><u>Commission on Higher Education</u></b>			
Planning and Coordination Services	-	-	-
Student Financial Aid	-	-	-
Support - Other Educational Activities	-	-	-
Support of State Programs	-	-	-
Support of State Universities	-	-	-
<b>TOTAL Commission on Higher Education</b>	<b>-</b>	<b>-</b>	<b>-</b>



Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	3,230	3,229	1
-	-	-	-	-	-	323	323	-
-	-	-	78,707	73,393	5,314	161,058	155,744	5,314
-	-	-	-	-	-	2,034	2,034	-
-	-	-	7,807	7,645	162	16,949	16,787	162
-	-	-	<b>86,514</b>	<b>81,038</b>	<b>5,476</b>	<b>183,594</b>	<b>178,117</b>	<b>5,477</b>
-	-	-	4,761	4,225	536	6,581	6,045	536
-	-	-	4,417	2,700	1,717	4,765	3,048	1,717
-	-	-	14,921	11,181	3,740	18,709	14,969	3,740
-	-	-	7,412	6,705	707	9,844	9,137	707
-	-	-	<b>31,511</b>	<b>24,811</b>	<b>6,700</b>	<b>39,899</b>	<b>33,199</b>	<b>6,700</b>
-	-	-	17,868	9,237	8,631	17,868	9,237	8,631
12,399	12,286	113	-	-	-	12,399	12,286	113
-	-	-	7,974	5,912	2,062	7,974	5,912	2,062
2,000	2,000	-	-	-	-	2,000	2,000	-
10,274	10,271	3	-	-	-	10,274	10,271	3
250	250	-	-	-	-	250	250	-
9,346	9,346	-	-	-	-	9,346	9,346	-
350	350	-	-	-	-	350	350	-
4,500	4,500	-	-	-	-	4,500	4,500	-
-	-	-	2,000	1,244	756	2,000	1,244	756
241	241	-	-	-	-	241	241	-
-	-	-	10,000	-	10,000	10,000	-	10,000
4,897	4,897	-	-	-	-	4,897	4,897	-
10,300	10,298	2	-	-	-	10,300	10,298	2
3,117	3,117	-	-	-	-	3,117	3,117	-
7,821	7,821	-	-	-	-	7,821	7,821	-
296,714	296,714	-	-	-	-	296,714	296,714	-
<b>362,209</b>	<b>362,091</b>	<b>118</b>	<b>37,842</b>	<b>16,393</b>	<b>21,449</b>	<b>400,051</b>	<b>378,484</b>	<b>21,567</b>
-	-	-	993	636	357	1,991	1,634	357
-	-	-	11,759	8,835	2,924	21,404	18,480	2,924
-	-	-	<b>12,752</b>	<b>9,471</b>	<b>3,281</b>	<b>23,395</b>	<b>20,114</b>	<b>3,281</b>
-	-	-	-	-	-	844	829	15
-	-	-	-	-	-	<b>844</b>	<b>829</b>	<b>15</b>
3,253	3,171	82	425	158	267	3,678	3,329	349
8,244	8,198	46	-	-	-	8,244	8,198	46
2,444	2,444	-	1,671	943	728	4,115	3,387	728
4,843	4,843	-	-	-	-	4,843	4,843	-
5,241	5,241	-	-	-	-	5,241	5,241	-
<b>24,025</b>	<b>23,897</b>	<b>128</b>	<b>2,096</b>	<b>1,101</b>	<b>995</b>	<b>26,121</b>	<b>24,998</b>	<b>1,123</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b><u>Corrections</u></b>			
Administration Service and Logistical Support	22,729	22,644	85
Correctional Industries	-	-	-
Institutional Service Corrections	391,888	385,734	6,154
<b>TOTAL Corrections</b>	<b>414,617</b>	<b>408,378</b>	<b>6,239</b>
<b><u>Economic and Community Affairs</u></b>			
Administrative Support Service	445	445	-
Energy Management	273	189	84
Law Enforcement Planning and Development	625	625	-
Planning	5,557	5,257	300
Surplus Property	642	642	-
Water Resources	2,065	1,897	168
<b>TOTAL Economic and Community Affairs</b>	<b>9,607</b>	<b>9,055</b>	<b>552</b>
<b><u>Education</u></b>			
Administrative Services	-	-	-
Alabama Science in Motion	-	-	-
At-Risk Student Program	-	-	-
Board of Adjustment	-	-	-
Career Tech Operations and Maintenance	-	-	-
Disability Determination for Social Security	-	-	-
Endowment Interest Program-Public School Fund	-	-	-
Financial Assistance	-	-	-
Foundation Program	-	-	-
Gifted Students Program	-	-	-
Information Technology Services	-	-	-
Liability Insurance Program	-	-	-
Reading is Fundamental Program	-	-	-
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	-	-	-
Readiness And Recovery: Administration	2,926	2,653	273
Readiness And Recovery: Federal Emergency Management Agency - Match	2,912	2,912	-
<b>TOTAL Emergency Management Agency</b>	<b>5,838</b>	<b>5,565</b>	<b>273</b>
<b><u>Examiners of Public Accounts</u></b>			
Legislative Support - Audit Service	5,708	5,708	-
<b>TOTAL Examiners of Public Accounts</b>	<b>5,708</b>	<b>5,708</b>	<b>-</b>
<b><u>Finance</u></b>			
Administrative Support Service	-	-	-
Administrative Support Service: Alabama Building Renovation Finance Authority	-	-	-
Administrative Support Service: Capitol	1,775	1,091	684
Administrative Support Service: Capitol Complex Maintenance and Repair	-	-	-
Administrative Support Service: Facilities Management	461	202	259
Administrative Support Service: Leasing Management	239	104	135
Administrative Support Service: Legal Division	127	100	27
Fiscal Management	-	-	-
Fiscal Management: Budget Office	1,616	1,280	336
Fiscal Management: Director's Office	1,070	463	607
<b>TOTAL Finance</b>	<b>5,288</b>	<b>3,240</b>	<b>2,048</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	22,729	22,644	85
-	-	-	26,066	12,480	13,586	26,066	12,480	13,586
-	-	-	39,608	28,778	10,830	431,496	414,512	16,984
-	-	-	<b>65,674</b>	<b>41,258</b>	<b>24,416</b>	<b>480,291</b>	<b>449,636</b>	<b>30,655</b>
-	-	-	11,168	9,699	1,469	11,613	10,144	1,469
-	-	-	58,107	47,681	10,426	58,380	47,870	10,510
-	-	-	52,200	34,425	17,775	52,825	35,050	17,775
-	-	-	71,565	49,110	22,455	77,122	54,367	22,755
-	-	-	2,368	1,895	473	3,010	2,537	473
-	-	-	7,520	3,812	3,708	9,585	5,709	3,876
-	-	-	<b>202,928</b>	<b>146,622</b>	<b>56,306</b>	<b>212,535</b>	<b>155,677</b>	<b>56,858</b>
155,908	154,839	1,069	61,560	23,994	37,566	217,468	178,833	38,635
-	-	-	3,525	1,942	1,583	3,525	1,942	1,583
20,268	20,268	-	-	-	-	20,268	20,268	-
751	584	167	-	-	-	751	584	167
5,000	4,994	6	-	-	-	5,000	4,994	6
-	-	-	101,801	53,957	47,844	101,801	53,957	47,844
-	-	-	533	533	-	533	533	-
39,518	39,243	275	1,256,371	920,087	336,284	1,295,889	959,330	336,559
3,635,439	3,635,438	1	175,018	175,018	-	3,810,457	3,810,456	1
2,500	2,496	4	-	-	-	2,500	2,496	4
4,851	4,851	-	-	-	-	4,851	4,851	-
2,250	2,250	-	-	-	-	2,250	2,250	-
30	30	-	-	-	-	30	30	-
31,185	31,185	-	-	-	-	31,185	31,185	-
335,778	335,778	-	-	-	-	335,778	335,778	-
<b>4,233,478</b>	<b>4,231,956</b>	<b>1,522</b>	<b>1,598,808</b>	<b>1,175,531</b>	<b>423,277</b>	<b>5,832,286</b>	<b>5,407,487</b>	<b>424,799</b>
-	-	-	64,734	22,567	42,167	64,734	22,567	42,167
-	-	-	-	-	-	2,926	2,653	273
-	-	-	-	-	-	2,912	2,912	-
-	-	-	<b>64,734</b>	<b>22,567</b>	<b>42,167</b>	<b>70,572</b>	<b>28,132</b>	<b>42,440</b>
6,266	6,266	-	5,082	4,332	750	17,056	16,306	750
<b>6,266</b>	<b>6,266</b>	<b>-</b>	<b>5,082</b>	<b>4,332</b>	<b>750</b>	<b>17,056</b>	<b>16,306</b>	<b>750</b>
-	-	-	139,347	94,743	44,604	139,347	94,743	44,604
-	-	-	24,824	11,747	13,077	24,824	11,747	13,077
-	-	-	-	-	-	1,775	1,091	684
-	-	-	9,014	3,603	5,411	9,014	3,603	5,411
-	-	-	-	-	-	461	202	259
-	-	-	-	-	-	239	104	135
-	-	-	-	-	-	127	100	27
-	-	-	15,326	10,678	4,648	15,326	10,678	4,648
-	-	-	-	-	-	1,616	1,280	336
-	-	-	-	-	-	1,070	463	607
-	-	-	<b>188,511</b>	<b>120,771</b>	<b>67,740</b>	<b>193,799</b>	<b>124,011</b>	<b>69,788</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b><u>Governor</u></b>			
Criminal Investigation: Law Enforcement Fund	14	-	14
Executive Direction: Governor's BP Oil Spill	-	-	-
Executive Direction: Governor's Contingency Fund	354	318	36
Executive Direction: Governor's Office	3,759	3,072	687
Executive Direction: Governor's Proclamation Expense	1,277	1,111	166
Executive Direction: Justice Reinvestment Initiative	-	-	-
Executive Direction: National Governor's Conference	147	147	-
<b>TOTAL Governor</b>	<b>5,551</b>	<b>4,648</b>	<b>903</b>
<b><u>Human Resources</u></b>			
Human Services	-	-	-
<b>TOTAL Human Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Labor</u></b>			
Administrative Services	-	-	-
Employment Security	-	-	-
Industrial Safety and Accident Prevention	832	809	23
Regulation Workers Compensation	-	-	-
Regulatory Services	-	-	-
<b>TOTAL Labor</b>	<b>832</b>	<b>809</b>	<b>23</b>
<b><u>Law Enforcement Agency</u></b>			
Administrative Bureau	-	-	-
Department of Public Safety	-	-	-
Information Bureau	-	-	-
Readiness And Recovery	-	-	-
State Bureau of Investigation	-	-	-
<b>TOTAL Law Enforcement Agency</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Legislature</u></b>			
Commission to Reduce Poverty	7	-	7
Legislative Operations and Support	26,866	19,459	7,407
<b>TOTAL Legislature</b>	<b>26,873</b>	<b>19,459</b>	<b>7,414</b>
<b><u>Medicaid Agency</u></b>			
Medical Assistance Through Medicaid: Administrative Cost	39,594	36,863	2,731
Medical Assistance Through Medicaid: Alternative Care	36,000	28,146	7,854
Medical Assistance Through Medicaid: Designated State Health Programs (DSHP)	-	-	-
Medical Assistance Through Medicaid: Family Planning	2,400	1,024	1,376
Medical Assistance Through Medicaid: Health Support	26,000	24,272	1,728
Medical Assistance Through Medicaid: Hospital Care	84,000	83,973	27
Medical Assistance Through Medicaid: Medicaid-Children's Health Insurance Program	-	-	-
Medical Assistance Through Medicaid: Mental Health - Facilities	-	-	-
Medical Assistance Through Medicaid: Mental Health - Waivers	-	-	-
Medical Assistance Through Medicaid: Mental Health-Others Health Insurance	-	-	-
Medical Assistance Through Medicaid: Nursing Home Care	181,500	178,504	2,996
Medical Assistance Through Medicaid: Pharmaceutical	184,000	173,436	10,564
Medical Assistance Through Medicaid: Physician Care	126,139	116,609	9,530
Medical Assistance Through Medicaid: Premiums	100,004	89,459	10,545
<b>TOTAL Medicaid Agency</b>	<b>779,637</b>	<b>732,286</b>	<b>47,351</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	14	-	14
-	-	-	1,333	381	952	1,333	381	952
-	-	-	-	-	-	354	318	36
-	-	-	-	-	-	3,759	3,072	687
-	-	-	-	-	-	1,277	1,111	166
-	-	-	35	35	-	35	35	-
-	-	-	-	-	-	147	147	-
-	-	-	<b>1,368</b>	<b>416</b>	<b>952</b>	<b>6,919</b>	<b>5,064</b>	<b>1,855</b>
-	-	-	2,028,269	1,848,994	179,275	2,028,269	1,848,994	179,275
-	-	-	<b>2,028,269</b>	<b>1,848,994</b>	<b>179,275</b>	<b>2,028,269</b>	<b>1,848,994</b>	<b>179,275</b>
-	-	-	19,895	14,496	5,399	19,895	14,496	5,399
-	-	-	68,919	52,352	16,567	68,919	52,352	16,567
-	-	-	11,620	6,743	4,877	12,452	7,552	4,900
-	-	-	5,098	3,865	1,233	5,098	3,865	1,233
-	-	-	1,676	1,437	239	1,676	1,437	239
-	-	-	<b>107,208</b>	<b>78,893</b>	<b>28,315</b>	<b>108,040</b>	<b>79,702</b>	<b>28,338</b>
-	-	-	22,525	11,134	11,391	22,525	11,134	11,391
-	-	-	83,483	63,558	19,925	83,483	63,558	19,925
-	-	-	100,754	71,551	29,203	100,754	71,551	29,203
-	-	-	173	-	173	173	-	173
-	-	-	42,043	27,181	14,862	42,043	27,181	14,862
-	-	-	<b>248,978</b>	<b>173,424</b>	<b>75,554</b>	<b>248,978</b>	<b>173,424</b>	<b>75,554</b>
-	-	-	-	-	-	7	-	7
2,849	2,712	137	-	-	-	29,715	22,171	7,544
<b>2,849</b>	<b>2,712</b>	<b>137</b>	-	-	-	<b>29,722</b>	<b>22,171</b>	<b>7,551</b>
-	-	-	259,682	238,407	21,275	299,276	275,270	24,006
-	-	-	338,621	336,434	2,187	374,621	364,580	10,041
-	-	-	-	-	-	-	-	-
-	-	-	56,659	42,441	14,218	59,059	43,465	15,594
-	-	-	238,060	209,637	28,423	264,060	233,909	30,151
-	-	-	2,159,148	2,152,031	7,117	2,243,148	2,236,004	7,144
-	-	-	248,994	247,016	1,978	248,994	247,016	1,978
-	-	-	2,060	1,887	173	2,060	1,887	173
-	-	-	354,387	349,629	4,758	354,387	349,629	4,758
-	-	-	137,033	127,385	9,648	137,033	127,385	9,648
-	-	-	798,885	765,816	33,069	980,385	944,320	36,065
-	-	-	568,791	546,390	22,401	752,791	719,826	32,965
-	-	-	438,244	438,121	123	564,383	554,730	9,653
-	-	-	331,031	328,175	2,856	431,035	417,634	13,401
-	-	-	<b>5,931,595</b>	<b>5,783,369</b>	<b>148,226</b>	<b>6,711,232</b>	<b>6,515,655</b>	<b>195,577</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<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>
<b><u>Public Health</u></b>			
Administrative Services	8,442	8,442	-
Alabama Medical Education Consortium Program	-	-	-
Children's Health Insurance	-	-	-
Emergency Medical Service Education	-	-	-
Family Practice Rural Health	-	-	-
Public Health Services	23,859	23,590	269
<b>TOTAL Public Health</b>	<b>32,301</b>	<b>32,032</b>	<b>269</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	-	-	-
<b>TOTAL Rehabilitation Services</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Revenue</u></b>			
State Revenue Administration	276	52	224
<b>TOTAL Revenue</b>	<b>276</b>	<b>52</b>	<b>224</b>
<b><u>Secretary of State</u></b>			
Administrative Support Service	-	-	-
Administrative Support Service: Administration Of Help America Vote Act	-	-	-
Administrative Support Service: Distribution of Public Documents	207	207	-
Administrative Support Service: Printing of Acts/Journals	167	23	144
Administrative Support Service: Printing of Codes	464	87	377
Administrative Support Service: Secretary of State	17	17	-
Special Services: Photo Voter Identification	904	597	307
Special Services: Training of Elected Officials	91	26	65
<b>TOTAL Secretary of State</b>	<b>1,850</b>	<b>957</b>	<b>893</b>
<b><u>Transportation</u></b>			
General Administration	-	-	-
General Aviation and Aeronautics	-	-	-
Surface Transportation Improvements	-	-	-
<b>TOTAL Transportation</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Treasurer</u></b>			
Fiscal Management	-	-	-
<b>TOTAL Treasurer</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Youth Services</u></b>			
Community Educational Programs	-	-	-
Financial Assistance	-	-	-
Youth Services	5,705	5,705	-
<b>TOTAL Youth Services</b>	<b>5,705</b>	<b>5,705</b>	<b>-</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	30,700	21,386	9,314	30,700	21,386	9,314
-	-	-	502,410	490,597	11,813	502,410	490,597	11,813
-	-	-	370,942	346,939	24,003	370,942	346,939	24,003
-	-	-	24,596	19,452	5,144	24,596	19,452	5,144
-	-	-	61,677	48,372	13,305	61,677	48,372	13,305
-	-	-	<b>990,325</b>	<b>926,746</b>	<b>63,579</b>	<b>990,325</b>	<b>926,746</b>	<b>63,579</b>
675	675	-	24,358	21,584	2,774	33,475	30,701	2,774
2,000	2,000	-	-	-	-	2,000	2,000	-
-	-	-	212,905	202,891	10,014	212,905	202,891	10,014
1,636	1,425	211	-	-	-	1,636	1,425	211
2,486	2,279	207	-	-	-	2,486	2,279	207
12,335	12,334	1	490,250	397,972	92,278	526,444	433,896	92,548
<b>19,132</b>	<b>18,713</b>	<b>419</b>	<b>727,513</b>	<b>622,447</b>	<b>105,066</b>	<b>778,946</b>	<b>673,192</b>	<b>105,754</b>
-	-	-	24,356	18,970	5,386	24,356	18,970	5,386
-	-	-	<b>24,356</b>	<b>18,970</b>	<b>5,386</b>	<b>24,356</b>	<b>18,970</b>	<b>5,386</b>
41,536	41,534	2	136,234	110,066	26,168	177,770	151,600	26,170
<b>41,536</b>	<b>41,534</b>	<b>2</b>	<b>136,234</b>	<b>110,066</b>	<b>26,168</b>	<b>177,770</b>	<b>151,600</b>	<b>26,170</b>
-	-	-	169,064	157,974	11,090	169,340	158,026	11,314
-	-	-	<b>169,064</b>	<b>157,974</b>	<b>11,090</b>	<b>169,340</b>	<b>158,026</b>	<b>11,314</b>
-	-	-	6,249	4,242	2,007	6,249	4,242	2,007
-	-	-	4,700	806	3,894	4,700	806	3,894
-	-	-	-	-	-	207	207	-
-	-	-	-	-	-	167	23	144
-	-	-	-	-	-	464	87	377
-	-	-	-	-	-	17	17	-
-	-	-	-	-	-	904	597	307
-	-	-	-	-	-	91	26	65
-	-	-	<b>10,949</b>	<b>5,048</b>	<b>5,901</b>	<b>12,799</b>	<b>6,005</b>	<b>6,794</b>
-	-	-	210,753	188,624	22,129	210,753	188,624	22,129
-	-	-	67,698	21,030	46,668	67,698	21,030	46,668
-	-	-	2,329,604	1,508,979	820,625	2,329,604	1,508,979	820,625
-	-	-	<b>2,608,055</b>	<b>1,718,633</b>	<b>889,422</b>	<b>2,608,055</b>	<b>1,718,633</b>	<b>889,422</b>
-	-	-	5,420	3,677	1,743	5,420	3,677	1,743
-	-	-	<b>5,420</b>	<b>3,677</b>	<b>1,743</b>	<b>5,420</b>	<b>3,677</b>	<b>1,743</b>
3,566	3,566	-	-	-	-	3,566	3,566	-
6,402	6,365	37	887	444	443	7,289	6,809	480
44,814	44,655	159	39,525	37,613	1,912	90,044	87,973	2,071
<b>54,782</b>	<b>54,586</b>	<b>196</b>	<b>40,412</b>	<b>38,057</b>	<b>2,355</b>	<b>100,899</b>	<b>98,348</b>	<b>2,551</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b><u>Universities and Training Institutes</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 Agricultural 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: Carter Science Center	-	-	-
Support of State Universities: Dormitory Renovation	-	-	-
Support of State Universities: Urban Affairs and Non-Traditional Program	-	-	-
Support of State Universities: Virginia Caples Learning Living Institute	-	-	-
<b>Total Alabama Agricultural and Mechanical University</b>	-	-	-
<b>Alabama Fire College and Personnel Standards Training Commission</b>			
Firefighters-Fire College: Alabama Fire College	-	-	-
<b>Total Alabama Fire College and Personnel Standards Training Commission</b>	-	-	-
<b>Alabama Institute for the Deaf and Blind</b>			
Alabama Institute for the Deaf and Blind- Children and Youth	-	-	-
<b>Total Alabama Institute for the Deaf and Blind</b>	-	-	-
<b>Alabama Institute for the Deaf and Blind - Adult Program</b>			
Alabama Institute for the Deaf and Blind- Adult Programs	-	-	-
<b>Total Alabama Institute for the Deaf and Blind - Adult Program</b>	-	-	-
<b>Alabama Institute for the Deaf and Blind - Industries</b>			
Alabama Institute for the Deaf and Blind- Industries for the	-	-	-
<b>Total Alabama Institute for the Deaf and Blind - Industries</b>	-	-	-
<b>Alabama State University</b>			
Support of State Universities: Alabama State University-Operations and Maintenance	-	-	-
<b>Total Alabama State University</b>	-	-	-
<b>Athens State University</b>			
Support of State Universities: Athens State University	-	-	-
<b>Total Athens State University</b>	-	-	-
<b>Auburn University</b>			
Support of State Universities: Auburn University System/Operations and Maintenance	-	-	-
Support of State Universities: Aviation Center	-	-	-
<b>Total Auburn University</b>	-	-	-
<b>Auburn University - Agricultural Experiment Station</b>			
Support of State Universities: Auburn/Agriculture Experiment Station	-	-	-
<b>Total Auburn University - Agricultural Experiment Station</b>	-	-	-
<b>Auburn University - Alabama Cooperative Extension</b>			
Support of State Universities: Auburn/Cooperative Extension Service	-	-	-
<b>Total Auburn University - Alabama Cooperative Extension</b>	-	-	-
<b>Auburn University - Montgomery</b>			
Support of State Universities: Auburn/AUM Operations and Maintenance	-	-	-
<b>Total Auburn University - Montgomery</b>	-	-	-
<b>Jacksonville State University</b>			
Support of State Universities: Jacksonville State University/Operations and Maintenance	-	-	-
<b>Total Jacksonville State University</b>	-	-	-
<b>Talladega College</b>			
Support - Other Educational Activities	-	-	-
<b>Total Talladega College</b>	-	-	-
<b>Troy State University</b>			
Support of State Universities: Troy State University System/Operations and Maintenance	-	-	-
<b>Total Troy State University</b>	-	-	-



Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
278	278	-	-	-	-	278	278	-
1,190	1,190	-	-	-	-	1,190	1,190	-
365	365	-	-	-	-	365	365	-
32,448	32,448	-	-	-	-	32,448	32,448	-
100	100	-	-	-	-	100	100	-
400	400	-	-	-	-	400	400	-
3,748	3,748	-	-	-	-	3,748	3,748	-
100	100	-	-	-	-	100	100	-
<b>38,629</b>	<b>38,629</b>	-	-	-	-	<b>38,629</b>	<b>38,629</b>	-
4,233	4,233	-	-	-	-	4,233	4,233	-
<b>4,233</b>	<b>4,233</b>	-	-	-	-	<b>4,233</b>	<b>4,233</b>	-
31,574	31,574	-	-	-	-	31,574	31,574	-
<b>31,574</b>	<b>31,574</b>	-	-	-	-	<b>31,574</b>	<b>31,574</b>	-
11,853	11,853	-	-	-	-	11,853	11,853	-
<b>11,853</b>	<b>11,853</b>	-	-	-	-	<b>11,853</b>	<b>11,853</b>	-
9,577	9,577	-	-	-	-	9,577	9,577	-
<b>9,577</b>	<b>9,577</b>	-	-	-	-	<b>9,577</b>	<b>9,577</b>	-
42,946	42,946	-	-	-	-	42,946	42,946	-
<b>42,946</b>	<b>42,946</b>	-	-	-	-	<b>42,946</b>	<b>42,946</b>	-
12,422	12,422	-	-	-	-	12,422	12,422	-
<b>12,422</b>	<b>12,422</b>	-	-	-	-	<b>12,422</b>	<b>12,422</b>	-
162,700	162,700	-	-	-	-	162,700	162,700	-
5,000	5,000	-	-	-	-	5,000	5,000	-
<b>167,700</b>	<b>167,700</b>	-	-	-	-	<b>167,700</b>	<b>167,700</b>	-
31,190	31,190	-	-	-	-	31,190	31,190	-
<b>31,190</b>	<b>31,190</b>	-	-	-	-	<b>31,190</b>	<b>31,190</b>	-
32,520	32,520	-	-	-	-	32,520	32,520	-
<b>32,520</b>	<b>32,520</b>	-	-	-	-	<b>32,520</b>	<b>32,520</b>	-
22,995	22,995	-	-	-	-	22,995	22,995	-
<b>22,995</b>	<b>22,995</b>	-	-	-	-	<b>22,995</b>	<b>22,995</b>	-
38,209	38,209	-	-	-	-	38,209	38,209	-
<b>38,209</b>	<b>38,209</b>	-	-	-	-	<b>38,209</b>	<b>38,209</b>	-
883	883	-	-	-	-	883	883	-
<b>883</b>	<b>883</b>	-	-	-	-	<b>883</b>	<b>883</b>	-
49,303	49,303	-	-	-	-	49,303	49,303	-
<b>49,303</b>	<b>49,303</b>	-	-	-	-	<b>49,303</b>	<b>49,303</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Tuskegee University</b>			
Support - Other Educational Activities	-	-	-
<b>Total Tuskegee University</b>	-	-	-
<b>University of Alabama - Birmingham</b>			
Support of State Universities	-	-	-
Support of State Universities: Chauncey Sparks Center/University of Alabama at Birmingham	-	-	-
Support of State Universities: University of Alabama at Birmingham- Cancer Center	-	-	-
Support of State Universities: University Of Alabama-Birmingham/Operations and Maintenance	-	-	-
<b>Total University of Alabama - Birmingham</b>	-	-	-
<b>University of Alabama - Huntsville</b>			
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: University Of Alabama-Tuscaloosa/Operations and Maintenance	-	-	-
<b>Total University of Alabama - Tuscaloosa</b>	-	-	-
<b>University of Montevallo</b>			
Support of State Universities: American Village	-	-	-
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: University of North Alabama/Operations and Maintenance	-	-	-
<b>Total University of North Alabama</b>	-	-	-
<b>University of South Alabama</b>			
Support of State Universities: University of South Alabama/Cancer Center	-	-	-
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: University Of West Alabama/Operations and Maintenance	-	-	-
<b>Total University of West Alabama</b>	-	-	-
<b>TOTAL Universities and Training Institutes</b>	-	-	-
<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	93	45	48
<b>Total Agricultural Museum Board</b>	93	45	48
<b>Agriculture and Conservation Development Commission</b>			
Water Resource Development	-	-	-
<b>Total Agriculture and Conservation Development Commission</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>	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
10,595	10,595	-	-	-	-	10,595	10,595	-
<b>10,595</b>	<b>10,595</b>	-	-	-	-	<b>10,595</b>	<b>10,595</b>	-
-	-	-	30	30	-	30	30	-
3,237	3,237	-	-	-	-	3,237	3,237	-
5,053	5,053	-	-	-	-	5,053	5,053	-
263,793	263,793	-	-	-	-	263,793	263,793	-
<b>272,083</b>	<b>272,083</b>	-	<b>30</b>	<b>30</b>	-	<b>272,113</b>	<b>272,113</b>	-
47,833	47,833	-	-	-	-	47,833	47,833	-
<b>47,833</b>	<b>47,833</b>	-	-	-	-	<b>47,833</b>	<b>47,833</b>	-
154,836	154,836	-	-	-	-	154,836	154,836	-
<b>154,836</b>	<b>154,836</b>	-	-	-	-	<b>154,836</b>	<b>154,836</b>	-
75	75	-	-	-	-	75	75	-
19,703	19,703	-	-	-	-	19,703	19,703	-
<b>19,778</b>	<b>19,778</b>	-	-	-	-	<b>19,778</b>	<b>19,778</b>	-
28,186	28,186	-	-	-	-	28,186	28,186	-
<b>28,186</b>	<b>28,186</b>	-	-	-	-	<b>28,186</b>	<b>28,186</b>	-
3,000	3,000	-	-	-	-	3,000	3,000	-
104,285	104,285	-	-	-	-	104,285	104,285	-
<b>107,285</b>	<b>107,285</b>	-	-	-	-	<b>107,285</b>	<b>107,285</b>	-
16,147	16,147	-	-	-	-	16,147	16,147	-
<b>16,147</b>	<b>16,147</b>	-	-	-	-	<b>16,147</b>	<b>16,147</b>	-
<b>1,150,777</b>	<b>1,150,777</b>	-	<b>30</b>	<b>30</b>	-	<b>1,150,807</b>	<b>1,150,807</b>	-
-	-	-	1,476	1,346	130	1,476	1,346	130
-	-	-	<b>1,476</b>	<b>1,346</b>	<b>130</b>	<b>1,476</b>	<b>1,346</b>	<b>130</b>
-	-	-	-	-	-	93	45	48
-	-	-	-	-	-	<b>93</b>	<b>45</b>	<b>48</b>
-	-	-	493	234	259	493	234	259
-	-	-	<b>493</b>	<b>234</b>	<b>259</b>	<b>493</b>	<b>234</b>	<b>259</b>
-	-	-	206	138	68	206	138	68
-	-	-	<b>206</b>	<b>138</b>	<b>68</b>	<b>206</b>	<b>138</b>	<b>68</b>
-	-	-	200	119	81	200	119	81
-	-	-	<b>200</b>	<b>119</b>	<b>81</b>	<b>200</b>	<b>119</b>	<b>81</b>
-	-	-	1,750	1,490	260	1,750	1,490	260
-	-	-	<b>1,750</b>	<b>1,490</b>	<b>260</b>	<b>1,750</b>	<b>1,490</b>	<b>260</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Alabama Innovation Fund</b>			
Alabama Innovation Fund	-	-	-
<b>Total Alabama Innovation Fund</b>	-	-	-
<b>Alabama Law Institute</b>			
Support - Other Educational Activities	324	104	220
<b>Total Alabama Law Institute</b>	<b>324</b>	<b>104</b>	<b>220</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	58	29	29
<b>Total Alabama Trust Fund</b>	<b>58</b>	<b>29</b>	<b>29</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	1,666	1,666	-
<b>Total Archives and History</b>	<b>1,666</b>	<b>1,666</b>	-
<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	36	6	30
Special Services: Death Claims-Board of Adjustment	1,606	1,606	-
<b>Total Board of Adjustment</b>	<b>1,642</b>	<b>1,612</b>	<b>30</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
2,420	2,420	-	-	-	-	2,420	2,420	-
<b>2,420</b>	<b>2,420</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,420</b>	<b>2,420</b>	<b>-</b>
795	795	-	144	2	142	1,263	901	362
<b>795</b>	<b>795</b>	<b>-</b>	<b>144</b>	<b>2</b>	<b>142</b>	<b>1,263</b>	<b>901</b>	<b>362</b>
-	-	-	630	405	225	630	405	225
<b>-</b>	<b>-</b>	<b>-</b>	<b>630</b>	<b>405</b>	<b>225</b>	<b>630</b>	<b>405</b>	<b>225</b>
-	-	-	270	270	-	270	270	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>270</b>	<b>270</b>	<b>-</b>	<b>270</b>	<b>270</b>	<b>-</b>
-	-	-	350	337	13	350	337	13
<b>-</b>	<b>-</b>	<b>-</b>	<b>350</b>	<b>337</b>	<b>13</b>	<b>350</b>	<b>337</b>	<b>13</b>
-	-	-	1,500	860	640	1,500	860	640
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58</b>	<b>29</b>	<b>29</b>
<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>860</b>	<b>640</b>	<b>1,558</b>	<b>889</b>	<b>669</b>
-	-	-	21,993	12,575	9,418	21,993	12,575	9,418
<b>-</b>	<b>-</b>	<b>-</b>	<b>59,100</b>	<b>56,288</b>	<b>2,812</b>	<b>59,100</b>	<b>56,288</b>	<b>2,812</b>
<b>-</b>	<b>-</b>	<b>-</b>	<b>6,650</b>	<b>3,871</b>	<b>2,779</b>	<b>6,650</b>	<b>3,871</b>	<b>2,779</b>
<b>-</b>	<b>-</b>	<b>-</b>	<b>87,743</b>	<b>72,734</b>	<b>15,009</b>	<b>87,743</b>	<b>72,734</b>	<b>15,009</b>
-	-	-	505	470	35	505	470	35
<b>-</b>	<b>-</b>	<b>-</b>	<b>505</b>	<b>470</b>	<b>35</b>	<b>505</b>	<b>470</b>	<b>35</b>
5,574	4,435	1,139	522	402	120	7,762	6,503	1,259
<b>5,574</b>	<b>4,435</b>	<b>1,139</b>	<b>522</b>	<b>402</b>	<b>120</b>	<b>7,762</b>	<b>6,503</b>	<b>1,259</b>
-	-	-	106	76	30	106	76	30
<b>-</b>	<b>-</b>	<b>-</b>	<b>106</b>	<b>76</b>	<b>30</b>	<b>106</b>	<b>76</b>	<b>30</b>
-	-	-	63	45	18	63	45	18
<b>-</b>	<b>-</b>	<b>-</b>	<b>63</b>	<b>45</b>	<b>18</b>	<b>63</b>	<b>45</b>	<b>18</b>
-	-	-	80	64	16	80	64	16
<b>-</b>	<b>-</b>	<b>-</b>	<b>80</b>	<b>64</b>	<b>16</b>	<b>80</b>	<b>64</b>	<b>16</b>
-	-	-	195	182	13	195	182	13
<b>-</b>	<b>-</b>	<b>-</b>	<b>195</b>	<b>182</b>	<b>13</b>	<b>195</b>	<b>182</b>	<b>13</b>
-	-	-	16,730	15,759	971	16,730	15,759	971
<b>-</b>	<b>-</b>	<b>-</b>	<b>16,730</b>	<b>15,759</b>	<b>971</b>	<b>16,730</b>	<b>15,759</b>	<b>971</b>
-	-	-	-	-	-	36	6	30
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,606</b>	<b>1,606</b>	<b>-</b>
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,642</b>	<b>1,612</b>	<b>30</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Board of Cosmetology and Barbering</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Board of Cosmetology and Barbering</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>Child Abuse &amp; Neglect Prevention</b>			
Social Services	-	-	-
<b>Total Child Abuse &amp; Neglect Prevention</b>	-	-	-
<b>Children Services Facilitation</b>			
Human Services	-	-	-
<b>Total Children Services Facilitation</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	218	200	18
<b>Total Choctawhatchee, Pea and Yellow Rivers Watershed Management Authority</b>	<b>218</b>	<b>200</b>	<b>18</b>
<b>Coalition Against Domestic Violence</b>			
Non-State	170	170	-
<b>Total Coalition Against Domestic Violence</b>	<b>170</b>	<b>170</b>	<b>-</b>
<b>Conservation and Natural Resources</b>			
Administrative Services	-	-	-
Game and Fish	-	-	-
Marine Resources	-	-	-
Outdoor Recreation Sites and Services	-	-	-
State Land Management	-	-	-
<b>Total Conservation and Natural Resources</b>	-	-	-
<b>Council on the Arts</b>			
Fine Arts	-	-	-
<b>Total Council on the Arts</b>	-	-	-
<b>Counseling Examiners Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Counseling Examiners Board</b>	-	-	-
<b>Court of Civil Appeals</b>			
Court Operations	3,878	3,606	272
<b>Total Court of Civil Appeals</b>	<b>3,878</b>	<b>3,606</b>	<b>272</b>
<b>Court of Criminal Appeals</b>			
Court Operations	4,110	3,822	288
<b>Total Court of Criminal Appeals</b>	<b>4,110</b>	<b>3,822</b>	<b>288</b>
<b>Credit Union Administration</b>			
Charter Licensure and Regulation Financial	-	-	-
<b>Total Credit Union Administration</b>	-	-	-
<b>Crime Victims Compensation Commission</b>			
Special Services	-	-	-
<b>Total Crime Victims Compensation Commission</b>	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	3,346	2,179	1,167	3,346	2,179	1,167
-	-	-	<b>3,346</b>	<b>2,179</b>	<b>1,167</b>	<b>3,346</b>	<b>2,179</b>	<b>1,167</b>
-	-	-	188	163	25	188	163	25
-	-	-	<b>188</b>	<b>163</b>	<b>25</b>	<b>188</b>	<b>163</b>	<b>25</b>
-	-	-	350	208	142	350	208	142
-	-	-	<b>350</b>	<b>208</b>	<b>142</b>	<b>350</b>	<b>208</b>	<b>142</b>
-	-	-	6,821	6,459	362	6,821	6,459	362
-	-	-	<b>6,821</b>	<b>6,459</b>	<b>362</b>	<b>6,821</b>	<b>6,459</b>	<b>362</b>
-	-	-	4,004	2,338	1,666	4,004	2,338	1,666
-	-	-	<b>4,004</b>	<b>2,338</b>	<b>1,666</b>	<b>4,004</b>	<b>2,338</b>	<b>1,666</b>
-	-	-	504	335	169	504	335	169
-	-	-	<b>504</b>	<b>335</b>	<b>169</b>	<b>504</b>	<b>335</b>	<b>169</b>
-	-	-	12	10	2	230	210	20
-	-	-	<b>12</b>	<b>10</b>	<b>2</b>	<b>230</b>	<b>210</b>	<b>20</b>
-	-	-	-	-	-	170	170	-
-	-	-	-	-	-	<b>170</b>	<b>170</b>	-
-	-	-	10,177	7,475	2,702	10,177	7,475	2,702
-	-	-	42,517	37,178	5,339	42,517	37,178	5,339
-	-	-	21,119	11,953	9,166	21,119	11,953	9,166
-	-	-	44,709	41,417	3,292	44,709	41,417	3,292
-	-	-	23,486	14,766	8,720	23,486	14,766	8,720
-	-	-	<b>142,008</b>	<b>112,789</b>	<b>29,219</b>	<b>142,008</b>	<b>112,789</b>	<b>29,219</b>
4,734	4,577	157	775	756	19	5,509	5,333	176
<b>4,734</b>	<b>4,577</b>	<b>157</b>	<b>775</b>	<b>756</b>	<b>19</b>	<b>5,509</b>	<b>5,333</b>	<b>176</b>
-	-	-	503	316	187	503	316	187
-	-	-	<b>503</b>	<b>316</b>	<b>187</b>	<b>503</b>	<b>316</b>	<b>187</b>
-	-	-	-	-	-	3,878	3,606	272
-	-	-	-	-	-	<b>3,878</b>	<b>3,606</b>	<b>272</b>
-	-	-	-	-	-	4,110	3,822	288
-	-	-	-	-	-	<b>4,110</b>	<b>3,822</b>	<b>288</b>
-	-	-	2,745	1,782	963	2,745	1,782	963
-	-	-	<b>2,745</b>	<b>1,782</b>	<b>963</b>	<b>2,745</b>	<b>1,782</b>	<b>963</b>
-	-	-	3,698	2,388	1,310	3,698	2,388	1,310
-	-	-	<b>3,698</b>	<b>2,388</b>	<b>1,310</b>	<b>3,698</b>	<b>2,388</b>	<b>1,310</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Debt Service and Reserve</b>			
Debt Service	-	-	-
Debt Service: Alabama Incentives Finance Authority 2009-A Bonds	-	-	-
Debt Service: Alabama Incentives Finance Authority 2009-B Bonds	-	-	-
Debt Service: Alabama Incentives Finance Authority 2009-C Bonds	-	-	-
Debt Service: Debt Service-General Obligation 2016-A	4,564	4,564	-
Debt Service: Debt Service-General Obligation 2016-B	-	-	-
Debt Service: Debt Service-General Obligation 2016-C	-	-	-
Debt Service: General Obligation 2007-A Debt Service	13,500	13,500	-
Debt Service: General Obligation 2010-A Refunding Agriculture Development	-	-	-
Debt Service: General Obligation 2010-B Refunding Forensic Science	-	-	-
Debt Service: General Obligation 2010-C Refunding Parks Systems Board	7,938	7,938	-
Debt Service: General Obligation 2010-D Bonds	-	-	-
Debt Service: General Obligation 2013-A Refunding Bond	3,515	3,515	-
Debt Service: General Obligation 2013-B Capital Improvement Bond	-	-	-
Debt Service: General Obligation 2013-C Refunding Bond	270	270	-
Debt Service: General Obligation 2014-A Refunding Bonds	11,061	11,061	-
<b>Total Debt Service and Reserve</b>	<b>40,848</b>	<b>40,848</b>	<b>-</b>
<b>Dental Scholarships Awards Board</b>			
Support - Other Educational Activities	-	-	-
<b>Total Dental Scholarships Awards Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Department of Commerce</b>			
Industrial Development: Alabama Department Of Commerce	5,603	5,075	528
Industrial Training: Alabama Industrial Development Training/ Development Program	-	-	-
Industrial Training: Alabama Industrial Development Training/ Training Program	-	-	-
Industrial Training: Alabama Industrial Development/ Workforce Development	-	-	-
Industrial Training: Marketing Campaign Technical Education	-	-	-
Skills Enhancement/Employment Opportunities: Skills Enhancement	910	535	375
<b>Total Department of Commerce</b>	<b>6,513</b>	<b>5,610</b>	<b>903</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	13,276	13,244	32
<b>Total District Attorneys</b>	<b>13,276</b>	<b>13,244</b>	<b>32</b>
<b>Early Childhood Education</b>			
Children's Policy Council	-	-	-
Social Services	-	-	-
<b>Total Early Childhood Education</b>	<b>-</b>	<b>-</b>	<b>-</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>



Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	199,270	198,493	777	199,270	198,493	777
210	210	-	-	-	-	210	210	-
1,477	1,477	-	-	-	-	1,477	1,477	-
1,446	1,118	328	-	-	-	1,446	1,118	328
-	-	-	-	-	-	4,564	4,564	-
-	-	-	1,397	1,397	-	1,397	1,397	-
3,888	3,878	10	-	-	-	3,888	3,878	10
3,272	1,636	1,636	-	-	-	16,772	15,136	1,636
4,863	4,863	-	-	-	-	4,863	4,863	-
1,525	1,525	-	-	-	-	1,525	1,525	-
-	-	-	-	-	-	7,938	7,938	-
-	-	-	-	-	-	-	-	-
5,758	5,758	-	7,908	7,908	-	17,181	17,181	-
-	-	-	2,504	2,504	-	2,504	2,504	-
-	-	-	-	-	-	270	270	-
665	665	-	-	-	-	11,726	11,726	-
<b>23,104</b>	<b>21,130</b>	<b>1,974</b>	<b>211,079</b>	<b>210,302</b>	<b>777</b>	<b>275,031</b>	<b>272,280</b>	<b>2,751</b>
191	191	-	-	-	-	191	191	-
<b>191</b>	<b>191</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191</b>	<b>191</b>	<b>-</b>
-	-	-	476	159	317	6,079	5,234	845
6,440	6,440	-	-	-	-	6,440	6,440	-
5,513	5,513	-	-	-	-	5,513	5,513	-
42,421	42,421	-	-	-	-	42,421	42,421	-
750	750	-	-	-	-	750	750	-
-	-	-	48,687	41,607	7,080	49,597	42,142	7,455
<b>55,124</b>	<b>55,124</b>	<b>-</b>	<b>49,163</b>	<b>41,766</b>	<b>7,397</b>	<b>110,800</b>	<b>102,500</b>	<b>8,300</b>
-	-	-	150	118	32	150	118	32
<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>118</b>	<b>32</b>	<b>150</b>	<b>118</b>	<b>32</b>
-	-	-	12,761	12,761	-	26,037	26,005	32
<b>-</b>	<b>-</b>	<b>-</b>	<b>12,761</b>	<b>12,761</b>	<b>-</b>	<b>26,037</b>	<b>26,005</b>	<b>32</b>
-	-	-	814	147	667	814	147	667
66,509	66,222	287	35,303	21,619	13,684	101,812	87,841	13,971
<b>66,509</b>	<b>66,222</b>	<b>287</b>	<b>36,117</b>	<b>21,766</b>	<b>14,351</b>	<b>102,626</b>	<b>87,988</b>	<b>14,638</b>
8,407	8,136	271	658	548	110	9,065	8,684	381
<b>8,407</b>	<b>8,136</b>	<b>271</b>	<b>658</b>	<b>548</b>	<b>110</b>	<b>9,065</b>	<b>8,684</b>	<b>381</b>
-	-	-	925	641	284	925	641	284
<b>-</b>	<b>-</b>	<b>-</b>	<b>925</b>	<b>641</b>	<b>284</b>	<b>925</b>	<b>641</b>	<b>284</b>
-	-	-	384	384	-	384	384	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>384</b>	<b>384</b>	<b>-</b>	<b>384</b>	<b>384</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Endowments</b>			
Debt Service: Auburn University Endowment	-	-	-
Debt Service: Grove Hill Endowment	-	-	-
Debt Service: University Of Alabama Endowment	-	-	-
<b>Total Endowments</b>	-	-	-
<b>Environmental Management</b>			
Environmental Management	-	-	-
<b>Total Environmental Management</b>	-	-	-
<b>ETF Direct Disbursements</b>			
Financial Assistance: American Legion Scholarships	-	-	-
<b>Total ETF Direct Disbursements</b>	-	-	-
<b>Ethics Commission</b>			
Regulation of Public Officials and Employees	2,580	1,830	750
<b>Total Ethics Commission</b>	<b>2,580</b>	<b>1,830</b>	<b>750</b>
<b>Finance - Teacher Unused Sick Leave</b>			
Employee Benefits	-	-	-
<b>Total Finance - Teacher Unused Sick Leave</b>	-	-	-
<b>Finance Special Appropriations</b>			
Administration Service and Logistical Support: Removal of Prisoners	794	790	4
Criminal Investigation: Arrest of Absconding Felons	25	-	25
Executive Direction: Governors' Widow Retirement	6	-	6
Fiscal Management: Cash Management Improvement Act (CMIA)	95	14	81
Fiscal Management: Employee Suggestion Awards Program	38	1	37
Institutional Service Corrections: Feeding of Prisoners	8,978	8,141	837
Legal Advice And Legal Service: Automatic Appeal Expense	16	-	16
Legal Advice And Legal Service: Court Assessed Cost Not Otherwise Provided	228	180	48
Legal Advice And Legal Service: Law Enforcement Legal Defense	1	-	1
Special Services: Court Assessed Cost Not Otherwise Provided	5,209	5,101	108
Special Services: Election Expenses	6,385	6,384	1
Special Services: Emergency Fund, Departmental	5,627	820	4,807
Special Services: Littleton, Joseph Michael	25	25	-
Special Services: Registration of Voters	4,363	3,561	802
Special Services: Williams, Antonio Shawn	25	25	-
<b>Total Finance Special Appropriations</b>	<b>31,815</b>	<b>25,042</b>	<b>6,773</b>
<b>Finance Special Funds</b>			
Appropriation Transfers	-	-	-
Special Services	-	-	-
<b>Total Finance Special Funds</b>	-	-	-
<b>Forensic Sciences</b>			
Forensic Science Services	9,184	9,184	-
<b>Total Forensic Sciences</b>	<b>9,184</b>	<b>9,184</b>	-
<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>	-	-	-

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	-
<b>82</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82</b>	<b>82</b>	<b>-</b>
-	-	-	65,917	58,528	7,389	65,917	58,528	7,389
-	-	-	<b>65,917</b>	<b>58,528</b>	<b>7,389</b>	<b>65,917</b>	<b>58,528</b>	<b>7,389</b>
113	85	28	-	-	-	113	85	28
<b>113</b>	<b>85</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113</b>	<b>85</b>	<b>28</b>
-	-	-	-	-	-	2,580	1,830	750
-	-	-	-	-	-	<b>2,580</b>	<b>1,830</b>	<b>750</b>
1,740	1,454	286	-	-	-	1,740	1,454	286
<b>1,740</b>	<b>1,454</b>	<b>286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,740</b>	<b>1,454</b>	<b>286</b>
-	-	-	-	-	-	794	790	4
-	-	-	-	-	-	25	-	25
-	-	-	-	-	-	6	-	6
-	-	-	-	-	-	95	14	81
-	-	-	-	-	-	38	1	37
-	-	-	-	-	-	8,978	8,141	837
-	-	-	-	-	-	16	-	16
-	-	-	-	-	-	228	180	48
-	-	-	-	-	-	1	-	1
-	-	-	-	-	-	5,209	5,101	108
-	-	-	-	-	-	6,385	6,384	1
-	-	-	-	-	-	5,627	820	4,807
-	-	-	-	-	-	25	25	-
-	-	-	-	-	-	4,363	3,561	802
-	-	-	-	-	-	25	25	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,815</b>	<b>25,042</b>	<b>6,773</b>
-	-	-	211,342	211,249	93	211,342	211,249	93
-	-	-	50,568	50,568	-	50,568	50,568	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>261,910</b>	<b>261,817</b>	<b>93</b>	<b>261,910</b>	<b>261,817</b>	<b>93</b>
-	-	-	21,953	17,498	4,455	31,137	26,682	4,455
<b>-</b>	<b>-</b>	<b>-</b>	<b>21,953</b>	<b>17,498</b>	<b>4,455</b>	<b>31,137</b>	<b>26,682</b>	<b>4,455</b>
-	-	-	200	134	66	200	134	66
<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>134</b>	<b>66</b>	<b>200</b>	<b>134</b>	<b>66</b>
-	-	-	24,400	20,425	3,975	24,400	20,425	3,975
<b>-</b>	<b>-</b>	<b>-</b>	<b>24,400</b>	<b>20,425</b>	<b>3,975</b>	<b>24,400</b>	<b>20,425</b>	<b>3,975</b>
-	-	-	8,108	5,107	3,001	8,108	5,107	3,001
<b>-</b>	<b>-</b>	<b>-</b>	<b>8,108</b>	<b>5,107</b>	<b>3,001</b>	<b>8,108</b>	<b>5,107</b>	<b>3,001</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Fringe Benefit Accounts</b>			
Fringe Benefits: Judicial Retirement - General Fund Share	2,631	2,631	-
<b>Total Fringe Benefit Accounts</b>	<b>2,631</b>	<b>2,631</b>	<b>-</b>
<b>Funeral Services Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Funeral Services Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>General Contractors Licensing Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total General Contractors Licensing Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Geological Survey</b>			
Mineral, Energy, and Water Resources	3,813	2,986	827
<b>Total Geological Survey</b>	<b>3,813</b>	<b>2,986</b>	<b>827</b>
<b>Governor's Mansion Authority</b>			
Historical Resources Management	-	-	-
<b>Total Governor's Mansion Authority</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Governor's Office on Disability</b>			
Executive Direction	205	94	111
<b>Total Governor's Office on Disability</b>	<b>205</b>	<b>94</b>	<b>111</b>
<b>Health Planning and Development</b>			
Health Planning Development and Regulation	7	7	-
<b>Total Health Planning and Development</b>	<b>7</b>	<b>7</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: Capitol Preservation	-	-	-
Historical Resources Management: Confederate Park-Soldier Fund	-	-	-
Historical Resources Management: Historical Commission	-	-	-
<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>Indian Affairs Commission</b>			
Social Services	101	78	23
<b>Total Indian Affairs Commission</b>	<b>101</b>	<b>78</b>	<b>23</b>
<b>Insurance</b>			
Regulatory Services	-	-	-
<b>Total Insurance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Interior Design Registration Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Interior Design Registration Board</b>	<b>-</b>	<b>-</b>	<b>-</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	2,631	2,631	-
-	-	-	-	-	-	<b>2,631</b>	<b>2,631</b>	-
-	-	-	560	425	135	560	425	135
-	-	-	<b>560</b>	<b>425</b>	<b>135</b>	<b>560</b>	<b>425</b>	<b>135</b>
-	-	-	2,447	1,314	1,133	2,447	1,314	1,133
-	-	-	<b>2,447</b>	<b>1,314</b>	<b>1,133</b>	<b>2,447</b>	<b>1,314</b>	<b>1,133</b>
500	498	2	4,022	1,239	2,783	8,335	4,723	3,612
<b>500</b>	<b>498</b>	<b>2</b>	<b>4,022</b>	<b>1,239</b>	<b>2,783</b>	<b>8,335</b>	<b>4,723</b>	<b>3,612</b>
-	-	-	675	577	98	675	577	98
-	-	-	<b>675</b>	<b>577</b>	<b>98</b>	<b>675</b>	<b>577</b>	<b>98</b>
-	-	-	30	-	30	235	94	141
-	-	-	<b>30</b>	-	<b>30</b>	<b>235</b>	<b>94</b>	<b>141</b>
-	-	-	1,759	881	878	1,766	888	878
-	-	-	<b>1,759</b>	<b>881</b>	<b>878</b>	<b>1,766</b>	<b>888</b>	<b>878</b>
-	-	-	54	38	16	54	38	16
-	-	-	<b>54</b>	<b>38</b>	<b>16</b>	<b>54</b>	<b>38</b>	<b>16</b>
-	-	-	1,500	1,207	293	1,500	1,207	293
-	-	-	<b>1,500</b>	<b>1,207</b>	<b>293</b>	<b>1,500</b>	<b>1,207</b>	<b>293</b>
6,792	6,792	-	17	16	1	6,809	6,808	1
<b>6,792</b>	<b>6,792</b>	-	<b>17</b>	<b>16</b>	<b>1</b>	<b>6,809</b>	<b>6,808</b>	<b>1</b>
-	-	-	248	147	101	248	147	101
-	-	-	575	434	141	575	434	141
-	-	-	5,749	5,143	606	5,749	5,143	606
-	-	-	<b>6,572</b>	<b>5,724</b>	<b>848</b>	<b>6,572</b>	<b>5,724</b>	<b>848</b>
-	-	-	4,176	1,847	2,329	4,176	1,847	2,329
-	-	-	<b>4,176</b>	<b>1,847</b>	<b>2,329</b>	<b>4,176</b>	<b>1,847</b>	<b>2,329</b>
-	-	-	400	159	241	400	159	241
-	-	-	<b>400</b>	<b>159</b>	<b>241</b>	<b>400</b>	<b>159</b>	<b>241</b>
-	-	-	110	76	34	211	154	57
-	-	-	<b>110</b>	<b>76</b>	<b>34</b>	<b>211</b>	<b>154</b>	<b>57</b>
-	-	-	23,285	17,015	6,270	23,285	17,015	6,270
-	-	-	<b>23,285</b>	<b>17,015</b>	<b>6,270</b>	<b>23,285</b>	<b>17,015</b>	<b>6,270</b>
-	-	-	50	37	13	50	37	13
-	-	-	<b>50</b>	<b>37</b>	<b>13</b>	<b>50</b>	<b>37</b>	<b>13</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Interpreters and Translators</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Interpreters and Translators</b>	-	-	-
<b>Judicial Inquiry Commission</b>			
Administrative Services	767	621	146
<b>Total Judicial Inquiry Commission</b>	<b>767</b>	<b>621</b>	<b>146</b>
<b>Landscape Architect Examining Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Landscape Architect Examining Board</b>	-	-	-
<b>Legislative Council</b>			
Legislative Operations and Support	1,105	1,023	82
<b>Total Legislative Council</b>	<b>1,105</b>	<b>1,023</b>	<b>82</b>
<b>Legislative Fiscal Office</b>			
Legislative Operations and Support	3,474	1,569	1,905
<b>Total Legislative Fiscal Office</b>	<b>3,474</b>	<b>1,569</b>	<b>1,905</b>
<b>Legislative Reference Service</b>			
Legislative Operations and Support	-	-	-
Legislative Operations and Support: Legislative Reference Service	1,572	1,328	244
<b>Total Legislative Reference Service</b>	<b>1,572</b>	<b>1,328</b>	<b>244</b>
<b>Lieutenant Governor</b>			
Legislative Operations and Support	381	381	-
<b>Total Lieutenant Governor</b>	<b>381</b>	<b>381</b>	-
<b>Liquefied Petroleum Gas Board</b>			
Regulatory Services	-	-	-
<b>Total Liquefied Petroleum Gas Board</b>	-	-	-
<b>Lyman Ward Military Academy</b>			
Support - Other Educational Activities	-	-	-
<b>Total Lyman Ward Military Academy</b>	-	-	-
<b>Manufactured Housing Commission</b>			
Regulatory Services	-	-	-
<b>Total Manufactured Housing Commission</b>	-	-	-
<b>Marine Environmental Sciences Consortium</b>			
Support - Other Educational Activities	-	-	-
<b>Total Marine Environmental Sciences Consortium</b>	-	-	-
<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>	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	50	45	5	50	45	5
-	-	-	<b>50</b>	<b>45</b>	<b>5</b>	<b>50</b>	<b>45</b>	<b>5</b>
-	-	-	-	-	-	767	621	146
-	-	-	-	-	-	<b>767</b>	<b>621</b>	<b>146</b>
-	-	-	62	47	15	62	47	15
-	-	-	<b>62</b>	<b>47</b>	<b>15</b>	<b>62</b>	<b>47</b>	<b>15</b>
-	-	-	-	-	-	1,105	1,023	82
-	-	-	-	-	-	<b>1,105</b>	<b>1,023</b>	<b>82</b>
1,578	843	735	-	-	-	5,052	2,412	2,640
<b>1,578</b>	<b>843</b>	<b>735</b>	-	-	-	<b>5,052</b>	<b>2,412</b>	<b>2,640</b>
728	727	1	218	100	118	946	827	119
-	-	-	-	-	-	1,572	1,328	244
<b>728</b>	<b>727</b>	<b>1</b>	<b>218</b>	<b>100</b>	<b>118</b>	<b>2,518</b>	<b>2,155</b>	<b>363</b>
-	-	-	-	-	-	381	381	-
-	-	-	-	-	-	<b>381</b>	<b>381</b>	-
-	-	-	1,717	1,090	627	1,717	1,090	627
-	-	-	<b>1,717</b>	<b>1,090</b>	<b>627</b>	<b>1,717</b>	<b>1,090</b>	<b>627</b>
310	310	-	-	-	-	310	310	-
<b>310</b>	<b>310</b>	-	-	-	-	<b>310</b>	<b>310</b>	-
-	-	-	3,087	2,298	789	3,087	2,298	789
-	-	-	<b>3,087</b>	<b>2,298</b>	<b>789</b>	<b>3,087</b>	<b>2,298</b>	<b>789</b>
4,505	4,505	-	-	-	-	4,505	4,505	-
<b>4,505</b>	<b>4,505</b>	-	-	-	-	<b>4,505</b>	<b>4,505</b>	-
-	-	-	100	72	28	100	72	28
-	-	-	<b>100</b>	<b>72</b>	<b>28</b>	<b>100</b>	<b>72</b>	<b>28</b>
-	-	-	200	174	26	200	174	26
-	-	-	<b>200</b>	<b>174</b>	<b>26</b>	<b>200</b>	<b>174</b>	<b>26</b>
1,440	1,440	-	400	10	390	1,840	1,450	390
<b>1,440</b>	<b>1,440</b>	-	<b>400</b>	<b>10</b>	<b>390</b>	<b>1,840</b>	<b>1,450</b>	<b>390</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Military</b>			
Military Operations: Active Military Service	1,926	850	1,076
Military Operations: Air National Guard Operations and Maintenance	1,089	837	252
Military Operations: Counter Drug	-	-	-
Military Operations: Military Billeting	-	-	-
Military Operations: Operations	2,178	1,335	843
Military Operations: Operations and Maintenance	6,773	4,576	2,197
Military Operations: Quartering Allowance to Headquarters	897	897	-
<b>Total Military</b>	<b>12,863</b>	<b>8,495</b>	<b>4,368</b>
<b>Music Hall of Fame</b>			
Fine Arts	-	-	-
<b>Total Music Hall of Fame</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Nursing Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Nursing Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Nursing Home Administration Examining Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Nursing Home Administration Examining Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Occupational Therapy Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Occupational Therapy Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Office of Information Technology</b>			
Administrative Support Service	-	-	-
<b>Total Office of Information Technology</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Office of Prosecution Services</b>			
Prosecution Training Education and Management	623	623	-
<b>Total Office of Prosecution Services</b>	<b>623</b>	<b>623</b>	<b>-</b>
<b>Oil and Gas Board</b>			
Management and Regulation of Oil and Gas Exploration/Develop	2,815	2,306	509
<b>Total Oil and Gas Board</b>	<b>2,815</b>	<b>2,306</b>	<b>509</b>
<b>Optometric Scholarships Awards</b>			
Support - Other Educational Activities	-	-	-
<b>Total Optometric Scholarships Awards</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Pardons and Paroles</b>			
Administration of Pardons and Paroles	55,488	38,070	17,418
<b>Total Pardons and Paroles</b>	<b>55,488</b>	<b>38,070</b>	<b>17,418</b>
<b>Peace Officer Annuity and Benefit</b>			
Retirement Systems	-	-	-
<b>Total Peace Officer Annuity and Benefit</b>	<b>-</b>	<b>-</b>	<b>-</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>-</b>	<b>-</b>	<b>-</b>
<b>Personnel</b>			
Administrative Support Service	-	-	-
<b>Total Personnel</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Physical Fitness Commission</b>			
Advisory Services	-	-	-
<b>Total Physical Fitness Commission</b>	<b>-</b>	<b>-</b>	<b>-</b>



Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	1,926	850	1,076
-	-	-	7,823	5,827	1,996	8,912	6,664	2,248
-	-	-	13	11	2	13	11	2
-	-	-	630	533	97	630	533	97
-	-	-	-	-	-	2,178	1,335	843
-	-	-	100,248	37,906	62,342	107,021	42,482	64,539
-	-	-	-	-	-	897	897	-
-	-	-	<b>108,714</b>	<b>44,277</b>	<b>64,437</b>	<b>121,577</b>	<b>52,772</b>	<b>68,805</b>
-	-	-	368	318	50	368	318	50
-	-	-	<b>368</b>	<b>318</b>	<b>50</b>	<b>368</b>	<b>318</b>	<b>50</b>
616	382	234	6,743	5,848	895	7,359	6,230	1,129
<b>616</b>	<b>382</b>	<b>234</b>	<b>6,743</b>	<b>5,848</b>	<b>895</b>	<b>7,359</b>	<b>6,230</b>	<b>1,129</b>
-	-	-	115	96	19	115	96	19
-	-	-	<b>115</b>	<b>96</b>	<b>19</b>	<b>115</b>	<b>96</b>	<b>19</b>
-	-	-	183	140	43	183	140	43
-	-	-	<b>183</b>	<b>140</b>	<b>43</b>	<b>183</b>	<b>140</b>	<b>43</b>
-	-	-	3,000	2,187	813	3,000	2,187	813
-	-	-	<b>3,000</b>	<b>2,187</b>	<b>813</b>	<b>3,000</b>	<b>2,187</b>	<b>813</b>
-	-	-	2,500	2,054	446	3,123	2,677	446
-	-	-	<b>2,500</b>	<b>2,054</b>	<b>446</b>	<b>3,123</b>	<b>2,677</b>	<b>446</b>
-	-	-	815	79	736	3,630	2,385	1,245
-	-	-	<b>815</b>	<b>79</b>	<b>736</b>	<b>3,630</b>	<b>2,385</b>	<b>1,245</b>
135	135	-	-	-	-	135	135	-
<b>135</b>	<b>135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135</b>	<b>135</b>	<b>-</b>
-	-	-	14,207	11,982	2,225	69,695	50,052	19,643
-	-	-	<b>14,207</b>	<b>11,982</b>	<b>2,225</b>	<b>69,695</b>	<b>50,052</b>	<b>19,643</b>
-	-	-	662	535	127	662	535	127
-	-	-	<b>662</b>	<b>535</b>	<b>127</b>	<b>662</b>	<b>535</b>	<b>127</b>
348	348	-	500	375	125	848	723	125
249	249	-	6,218	1,545	4,673	6,467	1,794	4,673
<b>597</b>	<b>597</b>	<b>-</b>	<b>6,718</b>	<b>1,920</b>	<b>4,798</b>	<b>7,315</b>	<b>2,517</b>	<b>4,798</b>
-	-	-	11,514	9,505	2,009	11,514	9,505	2,009
-	-	-	<b>11,514</b>	<b>9,505</b>	<b>2,009</b>	<b>11,514</b>	<b>9,505</b>	<b>2,009</b>
1,348	1,346	2	24	1	23	1,372	1,347	25
<b>1,348</b>	<b>1,346</b>	<b>2</b>	<b>24</b>	<b>1</b>	<b>23</b>	<b>1,372</b>	<b>1,347</b>	<b>25</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<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	1,455	1,035	420
<b>Total President Pro Tempore Senate</b>	<b>1,455</b>	<b>1,035</b>	<b>420</b>
<b>Private Investigation Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Private Investigation Board</b>	-	-	-
<b>Professional Engineers Registration Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Professional 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>			
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>School of Fine Arts</b>			
Financial Assistance	-	-	-
<b>Total School of Fine Arts</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
-	-	-	600	378	222	600	378	222
-	-	-	<b>600</b>	<b>378</b>	<b>222</b>	<b>600</b>	<b>378</b>	<b>222</b>
-	-	-	2,052	1,641	411	2,052	1,641	411
-	-	-	<b>2,052</b>	<b>1,641</b>	<b>411</b>	<b>2,052</b>	<b>1,641</b>	<b>411</b>
-	-	-	30	15	15	30	15	15
-	-	-	<b>30</b>	<b>15</b>	<b>15</b>	<b>30</b>	<b>15</b>	<b>15</b>
-	-	-	-	-	-	1,455	1,035	420
-	-	-	-	-	-	<b>1,455</b>	<b>1,035</b>	<b>420</b>
-	-	-	100	82	18	100	82	18
-	-	-	<b>100</b>	<b>82</b>	<b>18</b>	<b>100</b>	<b>82</b>	<b>18</b>
-	-	-	1,710	1,089	621	1,710	1,089	621
-	-	-	<b>1,710</b>	<b>1,089</b>	<b>621</b>	<b>1,710</b>	<b>1,089</b>	<b>621</b>
-	-	-	75	65	10	75	65	10
-	-	-	<b>75</b>	<b>65</b>	<b>10</b>	<b>75</b>	<b>65</b>	<b>10</b>
-	-	-	383	265	118	383	265	118
-	-	-	<b>383</b>	<b>265</b>	<b>118</b>	<b>383</b>	<b>265</b>	<b>118</b>
-	-	-	5,217	4,138	1,079	5,217	4,138	1,079
-	-	-	<b>5,217</b>	<b>4,138</b>	<b>1,079</b>	<b>5,217</b>	<b>4,138</b>	<b>1,079</b>
7,543	7,530	13	2,956	2,854	102	10,499	10,384	115
<b>7,543</b>	<b>7,530</b>	<b>13</b>	<b>2,956</b>	<b>2,854</b>	<b>102</b>	<b>10,499</b>	<b>10,384</b>	<b>115</b>
-	-	-	3	1	2	3	1	2
-	-	-	<b>3</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>2</b>
-	-	-	1,136	840	296	1,136	840	296
-	-	-	<b>1,136</b>	<b>840</b>	<b>296</b>	<b>1,136</b>	<b>840</b>	<b>296</b>
-	-	-	5,751	3,860	1,891	5,751	3,860	1,891
-	-	-	<b>5,751</b>	<b>3,860</b>	<b>1,891</b>	<b>5,751</b>	<b>3,860</b>	<b>1,891</b>
-	-	-	71,209	51,835	19,374	71,209	51,835	19,374
-	-	-	<b>71,209</b>	<b>51,835</b>	<b>19,374</b>	<b>71,209</b>	<b>51,835</b>	<b>19,374</b>
7,500	7,500	-	-	-	-	7,500	7,500	-
<b>7,500</b>	<b>7,500</b>	<b>-</b>	-	-	-	<b>7,500</b>	<b>7,500</b>	<b>-</b>
-	-	-	15,253	9,153	6,100	15,253	9,153	6,100
-	-	-	<b>15,253</b>	<b>9,153</b>	<b>6,100</b>	<b>15,253</b>	<b>9,153</b>	<b>6,100</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Senior Services</b>			
Elderly Medication Program	1,765	1,763	2
Medicaid Waiver Services	22,657	21,378	1,279
Planning and Advocacy for Elderly	7,612	7,515	97
<b>Total Senior Services</b>	<b>32,034</b>	<b>30,656</b>	<b>1,378</b>
<b>Serve Alabama</b>			
Executive Direction	116	115	1
<b>Total Serve Alabama</b>	<b>116</b>	<b>115</b>	<b>1</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	2,549	2,549	-
Water Resource Development	2,658	2,380	278
<b>Total Soil and Water Conservation Commission</b>	<b>5,207</b>	<b>4,929</b>	<b>278</b>
<b>Space Science Exhibit Commission and Finance Authority</b>			
Special Services	-	-	-
<b>Total Space Science Exhibit Commission and Finance Authority</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Speaker of the House</b>			
Speaker Of House, Office Of	2,771	867	1,904
<b>Total Speaker of the House</b>	<b>2,771</b>	<b>867</b>	<b>1,904</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	-	-	-
Alabama Community Service Grant: Senate	-	-	-
<b>Total State Executive Commission - Community Services</b>	<b>-</b>	<b>-</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	10,980	9,549	1,431
<b>Total Supreme Court</b>	<b>10,980</b>	<b>9,549</b>	<b>1,431</b>
<b>Supreme Court Law Library</b>			
Court Operations	966	847	119
<b>Total Supreme Court Law Library</b>	<b>966</b>	<b>847</b>	<b>119</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	1,765	1,763	2
-	-	-	88,391	79,712	8,679	111,048	101,090	9,958
-	-	-	32,067	25,909	6,158	39,679	33,424	6,255
-	-	-	<b>120,458</b>	<b>105,621</b>	<b>14,837</b>	<b>152,492</b>	<b>136,277</b>	<b>16,215</b>
350	271	79	4,918	2,218	2,700	5,384	2,604	2,780
<b>350</b>	<b>271</b>	<b>79</b>	<b>4,918</b>	<b>2,218</b>	<b>2,700</b>	<b>5,384</b>	<b>2,604</b>	<b>2,780</b>
1,305	1,302	3	-	-	-	1,305	1,302	3
<b>1,305</b>	<b>1,302</b>	<b>3</b>	-	-	-	<b>1,305</b>	<b>1,302</b>	<b>3</b>
-	-	-	359	271	88	359	271	88
-	-	-	<b>359</b>	<b>271</b>	<b>88</b>	<b>359</b>	<b>271</b>	<b>88</b>
-	-	-	5	1	4	5	1	4
-	-	-	-	-	-	2,549	2,549	-
-	-	-	2,500	2,095	405	5,158	4,475	683
-	-	-	<b>2,505</b>	<b>2,096</b>	<b>409</b>	<b>7,712</b>	<b>7,025</b>	<b>687</b>
1,025	1,025	-	-	-	-	1,025	1,025	-
<b>1,025</b>	<b>1,025</b>	-	-	-	-	<b>1,025</b>	<b>1,025</b>	-
-	-	-	-	-	-	2,771	867	1,904
-	-	-	-	-	-	<b>2,771</b>	<b>867</b>	<b>1,904</b>
-	-	-	294	233	61	294	233	61
-	-	-	<b>294</b>	<b>233</b>	<b>61</b>	<b>294</b>	<b>233</b>	<b>61</b>
-	-	-	6,850	5,507	1,343	6,850	5,507	1,343
-	-	-	<b>6,850</b>	<b>5,507</b>	<b>1,343</b>	<b>6,850</b>	<b>5,507</b>	<b>1,343</b>
-	-	-	8,232	5,331	2,901	8,232	5,331	2,901
-	-	-	1,751	1,751	-	1,751	1,751	-
-	-	-	<b>9,983</b>	<b>7,082</b>	<b>2,901</b>	<b>9,983</b>	<b>7,082</b>	<b>2,901</b>
3,000	3,000	-	-	-	-	3,000	3,000	-
3,000	3,000	-	-	-	-	3,000	3,000	-
<b>6,000</b>	<b>6,000</b>	-	-	-	-	<b>6,000</b>	<b>6,000</b>	-
-	-	-	2,364	1,203	1,161	2,364	1,203	1,161
-	-	-	<b>2,364</b>	<b>1,203</b>	<b>1,161</b>	<b>2,364</b>	<b>1,203</b>	<b>1,161</b>
-	-	-	15,050	13,239	1,811	15,050	13,239	1,811
-	-	-	<b>15,050</b>	<b>13,239</b>	<b>1,811</b>	<b>15,050</b>	<b>13,239</b>	<b>1,811</b>
-	-	-	-	-	-	10,980	9,549	1,431
-	-	-	-	-	-	<b>10,980</b>	<b>9,549</b>	<b>1,431</b>
250	250	-	-	-	-	1,216	1,097	119
<b>250</b>	<b>250</b>	-	-	-	-	<b>1,216</b>	<b>1,097</b>	<b>119</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Surface Mining Commission</b>			
Industrial Safety and Accident Prevention	-	-	-
<b>Total Surface Mining Commission</b>	-	-	-
<b>Tax Tribunal</b>			
Administrative Services	-	-	-
<b>Total Tax Tribunal</b>	-	-	-
<b>Tennessee - Tombigbee Waterway Authority</b>			
Water Resource Development	90	90	-
<b>Total Tennessee - Tombigbee Waterway Authority</b>	90	90	-
<b>Tourism</b>			
Tourism and Travel Promotion	665	575	90
<b>Total Tourism</b>	665	575	90
<b>Veterans Affairs</b>			
Administration of Veterans Affairs	1,842	1,236	606
Student Financial Aid	-	-	-
Veterans Cemetery	-	-	-
Veterans Homes	-	-	-
<b>Total Veterans Affairs</b>	1,842	1,236	606
<b>Veterinarian Medical Examiners Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Veterinarian Medical Examiners Board</b>	-	-	-
<b>Women's Commission</b>			
Employment and Social Opportunities	18	13	5
<b>Total Women's Commission</b>	18	13	5
<b>TOTAL Other</b>	258,364	217,136	41,228
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,669,402</b>	<b>\$ 1,561,969</b>	<b>\$ 107,433</b>
<b>TRANSFERS OUT:</b>			
<b><u>Education Trust Fund Transfers</u></b>			
Advancement in Tech Fund Transfer	-	-	-
Budget Stabilization Transfer	-	-	-
Child Abuse Board	-	-	-
Historical Commission	-	-	-
Human Resources	-	-	-
Mental Health	-	-	-
PACT Program	-	-	-
Public School Fund Endowment	-	-	-
State Department of Education- Science in Motion	-	-	-
State Law Enforcement	-	-	-
Supercomputer Authority	-	-	-
<b>TOTAL Education Trust Fund Transfers</b>	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	4,171	2,546	1,625	4,171	2,546	1,625
-	-	-	<b>4,171</b>	<b>2,546</b>	<b>1,625</b>	<b>4,171</b>	<b>2,546</b>	<b>1,625</b>
-	-	-	936	731	205	936	731	205
-	-	-	<b>936</b>	<b>731</b>	<b>205</b>	<b>936</b>	<b>731</b>	<b>205</b>
-	-	-	-	-	-	90	90	-
-	-	-	-	-	-	<b>90</b>	<b>90</b>	<b>-</b>
-	-	-	18,565	18,069	496	19,230	18,644	586
-	-	-	<b>18,565</b>	<b>18,069</b>	<b>496</b>	<b>19,230</b>	<b>18,644</b>	<b>586</b>
2,497	2,493	4	7,395	2,565	4,830	11,734	6,294	5,440
71,766	71,759	7	-	-	-	71,766	71,759	7
-	-	-	691	375	316	691	375	316
-	-	-	92,807	56,393	36,414	92,807	56,393	36,414
<b>74,263</b>	<b>74,252</b>	<b>11</b>	<b>100,893</b>	<b>59,333</b>	<b>41,560</b>	<b>176,998</b>	<b>134,821</b>	<b>42,177</b>
-	-	-	643	516	127	643	516	127
-	-	-	<b>643</b>	<b>516</b>	<b>127</b>	<b>643</b>	<b>516</b>	<b>127</b>
-	-	-	18	-	18	36	13	23
-	-	-	<b>18</b>	<b>-</b>	<b>18</b>	<b>36</b>	<b>13</b>	<b>23</b>
<b>285,578</b>	<b>280,356</b>	<b>5,222</b>	<b>1,573,178</b>	<b>1,284,665</b>	<b>288,513</b>	<b>2,117,120</b>	<b>1,782,157</b>	<b>334,963</b>
<b>\$ 6,180,632</b>	<b>\$ 6,172,888</b>	<b>\$ 7,744</b>	<b>\$16,899,406</b>	<b>\$14,415,304</b>	<b>\$ 2,484,102</b>	<b>\$24,749,440</b>	<b>\$22,150,161</b>	<b>\$ 2,599,279</b>
56,387	56,387	-	-	-	-	56,387	56,387	-
59,595	59,595	-	-	-	-	59,595	59,595	-
927	927	-	-	-	-	927	927	-
900	900	-	-	-	-	900	900	-
31,285	31,285	-	-	-	-	31,285	31,285	-
44,946	44,946	-	-	-	-	44,946	44,946	-
63,622	63,622	-	-	-	-	63,622	63,622	-
533	533	-	-	-	-	533	533	-
1,584	1,584	-	-	-	-	1,584	1,584	-
430	430	-	-	-	-	430	430	-
8,821	8,821	-	-	-	-	8,821	8,821	-
<b>269,030</b>	<b>269,030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>269,030</b>	<b>269,030</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, 2017

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b><u>General Fund Transfers</u></b>			
Agricultural and Conservation Development Commission	226	226	-
Alabama Department of Environmental Management-Operations	400	400	-
Child Abuse Board	78	78	-
Constitutional Amendment 856 Repayment	-	-	-
Crime Victims Compensation Commission	90	90	-
District Attorney	12,761	12,761	-
Emergency Forest Fire Fund	170	170	-
Fair Trial Tax Transfer	51,500	51,500	-
Finance Department	2,913	2,913	-
Forestry Commission	7,237	7,237	-
Governor's Mansion Authority	135	135	-
Historical Commission	1,561	1,561	-
Human Resources	61,371	61,371	-
Mental Health	108,630	108,630	-
Revenue Department	250	250	-
Secretary of State	230	230	-
State Law Enforcement	44,917	44,917	-
Surface Mining Commission	156	156	-
<b>TOTAL General Fund Transfers</b>	<b>292,625</b>	<b>292,625</b>	<b>-</b>
<b>TOTAL TRANSFERS OUT</b>	<b>\$ 292,625</b>	<b>\$ 292,625</b>	<b>\$ -</b>
<b>TOTAL EXPENDITURES AND TRANSFERS OUT</b>	<b>\$ 1,962,027</b>	<b>\$ 1,854,594</b>	<b>\$ 107,433</b>



Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	226	226	-
-	-	-	-	-	-	400	400	-
-	-	-	-	-	-	78	78	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	90	90	-
-	-	-	-	-	-	12,761	12,761	-
-	-	-	-	-	-	170	170	-
-	-	-	-	-	-	51,500	51,500	-
-	-	-	-	-	-	2,913	2,913	-
-	-	-	-	-	-	7,237	7,237	-
-	-	-	-	-	-	135	135	-
-	-	-	-	-	-	1,561	1,561	-
-	-	-	-	-	-	61,371	61,371	-
-	-	-	-	-	-	108,630	108,630	-
-	-	-	-	-	-	250	250	-
-	-	-	-	-	-	230	230	-
-	-	-	-	-	-	44,917	44,917	-
-	-	-	-	-	-	156	156	-
-	-	-	-	-	-	292,625	292,625	-
\$ 269,030	\$ 269,030	\$ -	\$ -	\$ -	\$ -	\$ 561,655	\$ 561,655	\$ -
\$ 6,449,662	\$ 6,441,918	\$ 7,744	\$16,899,406	\$14,415,304	\$ 2,484,102	\$25,311,095	\$22,711,816	\$ 2,599,279

## 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, 2017

(Amounts in Thousands)

**TAXES**

General Sales Tax (4% on gross retail sale of merchandise)	\$ 2,277,526	11.0%
General Use Tax	399,035	1.9%
Income Tax (2% to 5% personal income, 6.5% net corporate income)	3,941,573	19.0%
Property Tax Relief (represents portion of Income Tax used to offset property taxes lost in certain funds due to homestead exemptions)	51,707	0.2%
General Property Tax (6 1/2 mills for state on varying rates not over 30%)	349,686	1.7%
Gasoline Taxes (16¢ per gallon; 3¢ aviation; 1¢ jet)	432,214	2.1%
Utilities Tax (6% telephone, 4% other)	402,879	1.9%
Insurance Premium Tax (1% to 6%)	341,082	1.6%
Liquor & Wine Tax (totals 56%, collected by ABC stores)	132,629	0.6%
Tobacco & Cigarette Taxes (21.25 mills per cigarette; varying amounts on cigars, smoking tobacco, snuff, etc.)	187,374	0.9%
Corporation Taxes (privilege, 25¢ to \$1.75 per \$1,000 net worth; permit, entrance fees for filing)	108,913	0.5%
State Beer Tax (5¢ per 12 oz.)	55,580	0.3%
Public Utilities (2.2%)	151,165	0.7%
Motor Fuel Tax (diesel 17¢ per gallon)	148,237	0.7%
Tennessee Valley Authority (payments in-lieu of all state taxes)	87,706	0.4%
Leasing / Renting Tangible Personal Property - (4% most items, 1.5% vehicles, 2% garments)	77,298	0.4%
Production Privilege Tax (Oil & Gas Severance at amounts varying 2-8%)	44,131	0.2%
Financial Institutions Excise Tax (6.5% of net income of banks and other financial institutions)	50,781	0.2%
Documentary Filing Taxes (auto title, deed, mortgage, securities, etc)	72,716	0.3%
Coal Severance Tax (33.5¢ per ton)	4,050	0.0%
Forestry Severance Tax	6,323	0.0%
Contractors Gross Receipts Tax (5% of gross receipts)	41,049	0.2%
Lodgings Tax (4% or 5% of charge)	68,973	0.3%
Hydroelectric Companies (tax on 2/5 mill per kilowatt hour and 2.2% per dollar gross receipts)	1,128	0.0%
Lubricating Oil Tax (6¢ per gallon)	1,756	0.0%
Pari-mutuel Betting (1 or 2% on pari-mutuel pools)	1,226	0.0%
Court Cost Taxes	22,887	0.1%
Medicaid Taxes	377,704	1.8%
Cellular Telephones (6%)	45,051	0.2%
Vapor Products	1,362	0.0%
Miscellaneous Taxes	18,643	0.1%
<b>TOTAL TAXES</b>	<b>9,902,384</b>	<b>47.5%</b>

---

**LICENSES AND FEES**

Conservation Licenses (fishing, hunting, boat registration, etc)	31,261	0.1%
Drivers Licenses and Fees	65,835	0.3%
Petroleum Products Inspection Fees (.00025¢ to 15¢ per gallon)	56,045	0.3%
Agricultural Licenses and Fees	16,337	0.1%
Wholesale Oil Company License	8,383	0.0%
Motor Vehicle License (\$23.00 on auto; up to \$845.00 on trucks and up to \$210.00 on buses)	176,091	0.8%
Privilege License (fees for privilege of operating stores, factories, professions, businesses, etc)	105,590	0.5%
Court Fees	73,795	0.4%
Alcoholic Beverage Licenses	2,647	0.0%
Insurance Corporation Licenses and Fees	1,328	0.0%
Miscellaneous License and Fees	206,770	1.0%
<b>TOTAL LICENSES AND FEES</b>	<b>744,082</b>	<b>3.6%</b>

**FINES AND FORFEITS**

Court Fines and Forfeits	20,593	0.1%
Tobacco Settlement	93,739	0.4%
Miscellaneous Fines and Forfeits	79,144	0.4%
<b>TOTAL FINES AND FORFEITS</b>	<b>193,476</b>	<b>0.9%</b>

**INVESTMENT INCOME****24,997 0.1%****FEDERAL REVENUES****8,860,485 42.5%****OTHER REVENUES**

Rents and Royalties	70,231	0.3%
Reimbursements	97,080	0.5%
Sales of Property or Services	76,062	0.4%
Contributions	16,179	0.1%
Intragovernmental Services	266,609	1.3%
Local Revenues	50,540	0.2%
Medicaid CPE/IGT Revenues	372,711	1.8%
Miscellaneous Revenues	177,039	0.8%
<b>TOTAL OTHER REVENUES</b>	<b>1,126,451</b>	<b>5.4%</b>

**TOTAL REVENUES****\$20,851,875 100.0%**

## 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, 2017

(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	\$ 2,277,526	\$ 67,732	\$ 2,209,794	\$ 60,229	\$ 122,469	\$ 0	\$ 1,811,654	\$ 0
General Use Tax	399,035	3,986	395,049	500	228,384	-	165,058	-
Income Tax	3,941,573	49,047	3,892,526	-	-	-	3,892,526	-
Property Tax Relief	51,707	-	51,707	7,637	21,160	22,910	-	-
General Property Tax	349,686	5,463	344,223	52,037	133,270	158,916	-	-
Gasoline Taxes	432,214	12,672	419,542	-	-	-	-	-
Utilities Tax	402,879	313	402,566	-	-	-	387,966	-
Insurance Premium Tax	341,082	-	341,082	-	304,909	-	30,993	-
Liquor & Wine Tax	132,629	-	132,629	47,568	66,322	-	-	-
Tobacco & Cigarette Taxes	187,374	441	186,933	2,644	172,534	-	-	-
Corporation Taxes	108,913	-	108,913	-	70,000	-	-	-
State Beer Tax	55,580	-	55,580	11,116	16,674	-	22,232	-
Public Utilities	151,165	-	151,165	-	23,199	-	-	-
Motor Fuel Tax	148,237	1,360	146,877	-	-	-	-	-
Tennessee Valley Authority	87,706	-	87,706	-	-	-	-	-
Leasing/Renting Personal Property	77,298	-	77,298	-	77,298	-	-	-
Production Privilege Tax	44,131	-	44,131	-	33,943	-	-	-
Financial Institutions Excise Tax	50,781	131	50,650	-	27,634	-	-	-
Documentary Filing Taxes	72,716	264	72,452	-	72,452	-	-	-
Coal Severance Tax	4,050	-	4,050	-	-	-	-	-
Forestry Severance Tax	6,323	291	6,032	-	-	-	-	-
Contractors Gross Receipts Tax	41,049	37	41,012	6,142	-	-	-	-
Lodgings Tax	68,973	37	68,936	-	49,851	-	-	-
Hydroelectric Companies	1,128	-	1,128	-	-	-	474	-
Lubricating Oil Tax	1,756	13	1,743	-	585	-	-	-
Pari-mutuel Betting	1,226	-	1,226	-	1,226	-	-	-
Court Cost Taxes	22,887	-	22,887	-	7,161	-	-	-
Medicaid Provider Taxes	377,704	224	377,480	-	-	-	-	-
Cellular Telephone Tax	45,051	-	45,051	-	27,308	-	15,904	-
Vapor Products	1,362	-	1,362	-	1,362	-	-	-
Miscellaneous Taxes	18,643	318	18,325	-	4,980	-	-	-
<b>TOTAL TAXES</b>	<b>9,902,384</b>	<b>142,329</b>	<b>9,760,055</b>	<b>187,873</b>	<b>1,462,721</b>	<b>181,826</b>	<b>6,326,807</b>	<b>0</b>
<b>LICENSES AND FEES</b>								
Conservation Licenses	31,261	-	31,261	-	-	-	-	-
Drivers Licenses and Fees	65,835	-	65,835	-	33,264	-	-	-
Petroleum Products Inspection Fee	56,045	-	56,045	-	-	-	-	-
Agricultural License and Fees	16,337	-	16,337	-	-	18	-	-
Wholesale Oil Company License	8,383	-	8,383	-	8,383	-	-	-
Motor Vehicle License	176,091	9,429	166,662	-	45,144	-	-	-
Privilege License	105,590	1,905	103,685	-	19,057	-	87	-
Court Fees	73,795	-	73,795	-	41,846	-	-	-
Alcoholic Beverage Licenses	2,647	-	2,647	-	2,647	-	-	-
Insurance Corp Licenses and Fees	1,328	-	1,328	-	606	-	-	-
Miscellaneous License and Fees	206,770	630	206,140	465	9,248	-	26	-
<b>TOTAL LICENSES AND FEES</b>	<b>744,082</b>	<b>11,964</b>	<b>732,118</b>	<b>465</b>	<b>160,195</b>	<b>18</b>	<b>113</b>	<b>0</b>
<b>FINES AND FORFEITS</b>								
Court Fines and Forfeits	20,593	-	20,593	-	13,154	-	-	-
Tobacco Settlement	93,739	-	93,739	-	1	-	-	-
Miscellaneous Fines and Forfeits	79,144	1,050	78,094	3	59,164	-	-	31
<b>TOTAL FINES AND FORFEITS</b>	<b>193,476</b>	<b>1,050</b>	<b>192,426</b>	<b>3</b>	<b>72,319</b>	<b>-</b>	<b>0</b>	<b>31</b>
<b>INVESTMENT INCOME</b>	<b>24,997</b>	<b>-</b>	<b>24,997</b>	<b>-</b>	<b>13,562</b>	<b>-</b>	<b>-</b>	<b>777</b>
<b>FEDERAL REVENUES</b>	<b>8,860,485</b>	<b>-</b>	<b>8,860,485</b>	<b>1,541,781</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>-</b>
Medicaid CPE/IGT Revenues	372,711	-	372,711	-	-	-	-	-
Miscellaneous Revenues	753,740	7,498	746,242	1,617	665	290	281	47,222
<b>TOTAL REVENUES</b>	<b>\$ 20,851,875</b>	<b>\$ 162,841</b>	<b>\$ 20,689,034</b>	<b>\$ 1,731,739</b>	<b>\$ 1,709,532</b>	<b>\$ 182,134</b>	<b>\$ 6,327,201</b>	<b>\$ 48,030</b>

Distributed To Local Government	Debt Service Funds	Medicaid	Transportation Department	Health General & Mental	Education Department	Economic & Community Affairs	Other	Distribution of Other Amounts
\$ 5,711	\$ 204,735	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,996	State Parks
-	-	-	-	-	-	-	1,107	Conservation Dept.
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
186,249	-	-	227,700	-	-	-	5,593	Conservation 2.9M
-	-	-	-	14,600	-	-	-	-
-	-	-	-	4,525	-	-	655	Insurance Dept
-	-	-	-	18,739	-	-	-	-
691	1,650	-	-	6,770	-	-	2,644	State Parks
38,913	-	-	-	-	-	-	-	-
5,558	-	-	-	-	-	-	-	-
-	-	-	-	127,966	-	-	-	-
2,622	-	-	144,255	-	-	-	-	-
72,796	-	-	-	-	-	-	14,910	Incentives Fin Auth
-	-	-	-	-	-	-	-	-
10,188	-	-	-	-	-	-	-	-
23,016	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,391	-	-	-	-	-	-	1,659	Docks Facilities Fund
-	-	-	-	-	-	-	6,032	Forestry
-	-	-	-	34,870	-	-	-	-
2,468	-	-	-	-	-	-	16,617	Tourism
-	-	-	-	654	-	-	-	-
637	-	-	521	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	2,215	-	13,511	Fair Trial Fd 11.5M
-	-	377,480	-	-	-	-	-	-
-	1,839	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	38	-	-	-	13,307	Labor 3.8M; ADEM 6.4M
<b>351,240</b>	<b>208,224</b>	<b>377,480</b>	<b>372,514</b>	<b>208,124</b>	<b>2,215</b>	<b>0</b>	<b>81,031</b>	
-	-	-	-	-	-	-	31,261	Conservation 24M; ALEA 6M
1,149	-	-	-	-	-	-	31,422	ALEA
5,872	-	-	44,740	-	-	-	5,433	Agriculture
-	-	-	-	-	-	-	16,319	Agriculture
-	-	-	-	-	-	-	-	-
22,385	-	-	94,591	-	-	-	4,542	Corrections 3M
-	-	-	4,182	4,253	893	2,136	73,077	Prof & Occup Bds 31M; Insur 17.5M
-	-	-	-	100	-	-	31,849	AOC 19.7M; DFS 8M
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	722	Insurance Dept
-	-	23	1,390	55,120	-	78	139,790	ADEM 69M; PSC 17; Parole 12.4M
<b>29,406</b>	<b>0</b>	<b>23</b>	<b>144,903</b>	<b>59,473</b>	<b>893</b>	<b>2,214</b>	<b>334,415</b>	
-	-	-	-	70	-	1,303	6,066	DFS 2M; DOC 1.8M
-	-	-	-	-	-	-	93,738	21st Century Fund
1	-	2,221	-	-	-	-	16,674	Atty Gen 10.7M; ADEM 1.7M
<b>1</b>	<b>0</b>	<b>2,221</b>	<b>0</b>	<b>70</b>	<b>0</b>	<b>1,303</b>	<b>116,478</b>	
-	111	68	609	-	-	272	9,598	FAHFA 2.8M; Senior Svc Trst 1.3M
649	6,799	4,523,936	812,657	454,278	941,951	133,747	444,617	ADEM 46; DRS 78; DOL 53; Mil 47M
-	-	372,711	-	-	-	-	-	-
-	8,775	187,071	244,782	13,000	28,918	3,678	209,943	Cons 50; Uncl Prop 52; DOC 19M
<b>\$ 381,296</b>	<b>\$ 223,909</b>	<b>\$ 5,463,510</b>	<b>\$ 1,575,465</b>	<b>\$ 734,945</b>	<b>\$ 973,977</b>	<b>\$ 141,214</b>	<b>\$ 1,196,082</b>	



# Nonmajor Enterprise Funds

*Nonmajor Enterprise Funds are used to account for the operations of State funds that provide goods and services to external users in a manner similar to private business enterprises. The cost of providing the goods or services are recovered primarily through user charges.*

## **State Insurance Fund**

Accounts for resources used to provide insurance coverage for State buildings, school buildings, and their contents.

## **Fire College and Personnel Standards Commission**

Develops and delivers training courses and administers the process of fire service certification in the state.

## **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.

## **Military Department**

Accounts for the Military Department's billeting activity and the canteen funds for the National Guard.

## STATE OF ALABAMA

COMBINING STATEMENT OF NET POSITION  
Nonmajor Enterprise Funds

September 30, 2017

(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 12,373	\$ 1,639	\$ 1,051	\$ 140	\$ 770
Investments, Short-term	1,243	4,497	-	-	-
Due From Other Funds	707	-	-	-	-
Due From Component Units	53	-	-	-	-
Accounts Receivable	305	515	-	-	206
Inventory	-	111	-	-	1,013
Other Current Assets	9,704	-	-	-	-
<b>Total Current Assets</b>	<b>24,385</b>	<b>6,762</b>	<b>1,051</b>	<b>140</b>	<b>1,989</b>
<b>Noncurrent Assets</b>					
Investments, Long-term	119,801	-	-	-	-
Due From Other Funds	8,649	-	-	-	-
Due From Component Units	10	-	-	-	-
Other Noncurrent Assets	-	19	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	8,388	-	352	-
Capital Assets Not Depreciated	-	-	-	2,630	-
<b>Total Noncurrent Assets</b>	<b>128,460</b>	<b>8,407</b>	<b>0</b>	<b>2,982</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>152,845</b>	<b>15,169</b>	<b>1,051</b>	<b>3,122</b>	<b>1,989</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>0</b>	<b>648</b>	<b>0</b>	<b>11</b>	<b>0</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Warrants Payable	27	-	-	-	-
Due To Other Funds	19	-	-	-	960
Accounts Payable	222	604	-	18	123
Due To Other Governments	45	-	-	-	-
Claims Payable	9,203	-	-	-	-
Unearned Revenue	-	130	-	1	-
Funds Held in Escrow	-	-	-	-	-
Compensated Absences	-	34	-	-	-
<b>Total Current Liabilities</b>	<b>9,516</b>	<b>768</b>	<b>0</b>	<b>19</b>	<b>1,083</b>
<b>Noncurrent Liabilities</b>					
Claims Payable	623	-	-	-	-
Compensated Absences	-	239	-	-	-
Other Post-employment Benefits	-	-	-	41	-
Net Pension Liability	-	3,948	-	100	-
Notes and Capital Leases Payable	-	-	-	1,217	-
<b>Total Noncurrent Liabilities</b>	<b>623</b>	<b>4,187</b>	<b>0</b>	<b>1,358</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>10,139</b>	<b>4,955</b>	<b>0</b>	<b>1,377</b>	<b>1,083</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>0</b>	<b>306</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	-	8,388	-	1,764	-
Restricted for:					
Education	-	2,168	-	-	-
Health	-	-	1,051	-	-
Unrestricted	142,706	-	-	(8)	906
<b>TOTAL NET POSITION</b>	<b>\$ 142,706</b>	<b>\$ 10,556</b>	<b>\$ 1,051</b>	<b>\$ 1,756</b>	<b>\$ 906</b>



Military Department	Totals
\$ 4,073	\$ 20,046
-	5,740
-	707
-	53
4	1,030
186	1,310
-	9,704
<b>4,263</b>	<b>38,590</b>
-	119,801
-	8,649
-	10
-	19
979	9,719
-	2,630
<b>979</b>	<b>140,828</b>
<b>5,242</b>	<b>179,418</b>
<b>31</b>	<b>690</b>
-	27
2	981
78	1,045
2	47
-	9,203
-	131
1,639	1,639
1	35
<b>1,722</b>	<b>13,108</b>
-	623
15	254
257	298
253	4,301
-	1,217
<b>525</b>	<b>6,693</b>
<b>2,247</b>	<b>19,801</b>
<b>2</b>	<b>308</b>
979	11,131
-	2,168
-	1,051
2,045	145,649
<b>\$ 3,024</b>	<b>\$ 159,999</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen
<b>OPERATING REVENUES</b>					
Charges for Goods and Services	\$ 0	\$ 2,748	\$ 0	\$ 0	\$ 27,594
Premiums and Contributions	51,150	-	-	-	-
Rents and Leases	-	-	-	158	-
<b>Total Operating Revenues</b>	<b>51,150</b>	<b>2,748</b>	<b>0</b>	<b>158</b>	<b>27,594</b>
<b>OPERATING EXPENSES</b>					
Salaries, Wages, and Benefits	-	5,118	-	131	-
Utilities and Communications	-	103	-	-	-
Professional Services	3,354	-	-	4	-
Supplies, Materials, and Operating Expense	20,273	2,612	-	1	15,954
Depreciation	-	590	-	57	-
Claims and Benefits	12,208	-	-	-	-
Other	-	-	-	68	-
<b>Total Operating Expenses</b>	<b>35,835</b>	<b>8,423</b>	<b>0</b>	<b>261</b>	<b>15,954</b>
<b>Operating Income (Loss)</b>	<b>15,315</b>	<b>(5,675)</b>	<b>0</b>	<b>(103)</b>	<b>11,640</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Grants	-	961	-	6	-
Investment Income	9,565	53	-	-	-
Other Nonoperating Revenues	-	39	-	229	-
Interest Expense	-	-	-	(66)	-
Other Nonoperating Expenses	(521)	-	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>9,044</b>	<b>1,053</b>	<b>0</b>	<b>169</b>	<b>0</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>24,359</b>	<b>(4,622)</b>	<b>0</b>	<b>66</b>	<b>11,640</b>
Capital Contributions	-	125	-	-	-
Transfers In	-	4,233	-	-	-
Transfers Out	-	-	-	-	(11,744)
<b>Increase (Decrease) in Net Position</b>	<b>24,359</b>	<b>(264)</b>	<b>0</b>	<b>66</b>	<b>(104)</b>
Total Net Position, October 1, 2016, as Restated	118,347	10,820	1,051	1,690	1,010
<b>Total Net Position, September 30, 2017</b>	<b>\$ 142,706</b>	<b>\$ 10,556</b>	<b>\$ 1,051</b>	<b>\$ 1,756</b>	<b>\$ 906</b>

---

---

Military Department	Totals
\$ 8,445	\$ 38,787
-	51,150
739	897
<b>9,184</b>	<b>90,834</b>
449	5,698
134	237
1	3,359
8,377	47,217
72	719
-	12,208
2	70
<b>9,035</b>	<b>69,508</b>
<b>149</b>	<b>21,326</b>
172	1,139
-	9,618
-	268
-	(66)
-	(521)
<b>172</b>	<b>10,438</b>
<b>321</b>	<b>31,764</b>
-	125
-	4,233
(13)	(11,757)
<b>308</b>	<b>24,365</b>
2,716	135,634
<b>\$ 3,024</b>	<b>\$ 159,999</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF CASH FLOWS  
Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customer & User Charges	\$ 48,429	\$ 1,741	\$ 0	\$ 164	\$ 27,591
Receipts from Interfund Services	6,531	-	-	-	-
Receipts from Operating Grants	-	927	-	-	-
Receipts from Other Operating Activities	53	945	-	229	-
Payments for Goods Held for Resale	-	-	-	-	(16,077)
Payments for Other Goods & Services	(20,869)	(2,728)	-	(77)	-
Payments for Employees Services	-	(4,885)	-	(96)	-
Payments for Interfund Services	(13)	-	-	-	-
Payments for Other Operating Activities	-	-	(1)	-	-
Payments for Claims	(12,746)	-	-	-	-
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>21,385</b>	<b>(4,000)</b>	<b>(1)</b>	<b>220</b>	<b>11,514</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Receipts from Noncapital Financing Grants & Donations	-	600	-	5	-
Transfers from Other Funds for Noncapital Financing	-	4,233	-	-	-
Transfers to Other Funds for Noncapital Financing	(2,650)	-	-	-	(11,735)
<b>Net Cash Provided By (Used In)</b>					
<b>Noncapital Financing Activities</b>	<b>(2,650)</b>	<b>4,833</b>	<b>0</b>	<b>5</b>	<b>(11,735)</b>
<b>Cash Flows From Capital &amp; Related Financing Activities:</b>					
Receipts from Capital Grants & Contributions	-	125	-	-	-
Payments to Acquire, Construct, & Improve Capital Assets	-	(1,295)	-	-	-
Principal Paid on Revenue Bonds & Other Capital Debt	-	-	-	(96)	-
Interest Paid on Revenue Bonds & Other Capital Debt	-	-	-	(66)	-
<b>Net Cash Provided by (Used in)</b>					
<b>Capital and Related Financing Activities</b>	<b>0</b>	<b>(1,170)</b>	<b>0</b>	<b>(162)</b>	<b>0</b>
<b>Cash Flows From Investing Activities</b>					
Receipts from Sales & Maturities of Investments	6,051	1,265	-	-	-
Receipts from Interest & Dividends on Investments & Loans	1,742	53	-	-	-
Purchase of Investments	(16,918)	(1,316)	-	-	-
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(9,125)</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>9,610</b>	<b>(335)</b>	<b>(1)</b>	<b>63</b>	<b>(221)</b>
Cash Balance as Restated, October 1, 2016	2,736	1,974	1,052	77	991
<b>Cash Balance, September 30, 2017</b>	<b>12,346</b>	<b>1,639</b>	<b>1,051</b>	<b>140</b>	<b>770</b>
Add: Warrants Payable	27	-	-	-	-
<b>Cash and Cash Equivalents, as Reported on Balance Sheet</b>	<b>\$ 12,373</b>	<b>\$ 1,639</b>	<b>\$ 1,051</b>	<b>\$ 140</b>	<b>\$ 770</b>

Military		Totals	
Department			
\$	9,227	\$	87,152
	70		6,601
	-		927
	1,779		3,006
	(8,060)		(24,137)
	(439)		(24,113)
	(319)		(5,300)
	(13)		(26)
	(48)		(49)
	-		(12,746)
	<b>2,197</b>		<b>31,315</b>
	-		605
	-		4,233
	(10)		(14,395)
	<b>(10)</b>		<b>(9,557)</b>
	-		125
	-		(1,295)
	-		(96)
	-		(66)
	<b>0</b>		<b>(1,332)</b>
	-		7,316
	-		1,795
	-		(18,234)
	<b>0</b>		<b>(9,123)</b>
	<b>2,187</b>		<b>11,303</b>
	1,886		8,716
	<b>4,073</b>		<b>20,019</b>
	-		27
<b>\$</b>	<b>4,073</b>	<b>\$</b>	<b>20,046</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, 2017

(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>					
<b>Provided (Used) by Operating Activities:</b>					
<b>Operating Income (Loss)</b>	<b>\$ 15,315</b>	<b>\$ (5,675)</b>	<b>\$ 0</b>	<b>\$ (103)</b>	<b>\$ 11,640</b>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Due from Other Funds	570	-	-	-	-
Accounts Receivable	56	(89)	-	-	(43)
Inventory	-	14	-	-	(68)
Other Assets	(92)	2	-	-	-
Deferred Outflows of Resources	-	(115)	-	3	-
Due to Other Funds	2,666	-	-	-	-
Accounts Payable	528	179	-	(1)	(15)
Due to Other Governments	-	-	-	-	-
Claims Payable	2,587	-	(1)	-	-
Unearned Revenue	-	(5)	-	-	-
Compensated Absences	-	-	-	-	-
Other Post-employment Benefits	-	-	-	5	-
Net Pension Liability	-	(2)	-	21	-
Deferred Inflows of Resources	-	140	-	-	-
Depreciation	-	590	-	57	-
Nonoperating Revenues	53	961	-	238	-
Nonoperating Expenses	(298)	-	-	-	-
Total Adjustments	6,070	1,675	(1)	323	(126)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 21,385</b>	<b>\$ (4,000)</b>	<b>\$ (1)</b>	<b>\$ 220</b>	<b>\$ 11,514</b>

**Noncash Investing, Capital, and Financing Activities**

Increase (Decrease):

Disposals of Capital Assets	-	(540)	-	-	-
Assumption of Debt Obligations	-	152	-	-	-
Interest Accruals and Other Adjustments	1,846	-	-	-	-
Unrealized Gains (Losses) in Investment Fair Value	4,175	-	-	-	-
Transfers In (Out)	2,650	-	-	-	-

---

---

Military Department	Totals
\$ 149	\$ 21,326
70	640
3	(73)
41	(13)
-	(90)
(11)	(123)
-	2,666
(45)	646
1,639	1,639
-	2,586
-	(5)
2	2
19	24
86	105
-	140
72	719
172	1,424
-	(298)
2,048	9,989
<u>\$ 2,197</u>	<u>\$ 31,315</u>

-	(540)
-	152
-	1,846
-	4,175
(2)	2,648





# Internal Service Funds

*Internal Service Funds account for the operation of State funds which provide goods and services primarily to other State funds 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 Funds**

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 employees against work related injuries as well as employment-related liability claims.

## **State Motor Pool**

Accounts for motor pool services provided to State agencies.

## **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 POSITION  
Internal Service Funds

September 30, 2017

(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	\$ 10,289	\$ 987	\$ 7,096	\$ 27,061	\$ 7,711
Investments, Short-term	-	-	-	-	3,113
Due From Other Funds	9,629	1,975	1,161	3,233	304
Due From Component Units	26	34	1	16	-
Accounts Receivable	222	102	1	4	278
Due From Other Governments	-	-	-	-	23
Inventory	-	288	4,658	-	-
<b>Total Current Assets</b>	<b>20,166</b>	<b>3,386</b>	<b>12,917</b>	<b>30,314</b>	<b>11,429</b>
<b>Noncurrent Assets</b>					
Investments, Long-term	-	-	-	-	107,302
Capital Assets, Net of Accumulated Depreciation	15,800	1,290	1,459	71,538	194
Capital Assets Not Depreciated	-	-	544	3,810	-
<b>Total Noncurrent Assets</b>	<b>15,800</b>	<b>1,290</b>	<b>2,003</b>	<b>75,348</b>	<b>107,496</b>
<b>TOTAL ASSETS</b>	<b>35,966</b>	<b>4,676</b>	<b>14,920</b>	<b>105,662</b>	<b>118,925</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,112</b>	<b>168</b>	<b>589</b>	<b>1,168</b>	<b>943</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Warrants Payable	586	-	-	1	127
Due To Other Funds	216	38	45	31	295
Due To Component Units	-	-	-	-	512
Accounts Payable	12,800	814	931	1,771	977
Due To Other Governments	-	-	3	38	-
Claims Payable	-	-	-	-	4,900
Compensated Absences	136	5	39	26	34
Notes and Capital Leases Payable	2,203	-	-	-	-
Revenue Bonds Payable	-	-	-	1,950	-
<b>Total Current Liabilities</b>	<b>15,941</b>	<b>857</b>	<b>1,018</b>	<b>3,817</b>	<b>6,845</b>
<b>Noncurrent Liabilities</b>					
Claims Payable	-	-	-	-	63,405
Due To Other Funds	-	-	-	-	-
Compensated Absences	1,466	52	417	275	363
Other Post-employment Benefits	6,168	733	3,022	2,364	2,296
Net Pension Liability	17,370	1,381	4,843	4,617	7,759
Notes and Capital Leases Payable	9,120	-	-	-	-
Revenue Bonds Payable	-	-	-	14,567	-
<b>Total Noncurrent Liabilities</b>	<b>34,124</b>	<b>2,166</b>	<b>8,282</b>	<b>21,823</b>	<b>73,823</b>
<b>TOTAL LIABILITIES</b>	<b>50,065</b>	<b>3,023</b>	<b>9,300</b>	<b>25,640</b>	<b>80,668</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>161</b>	<b>13</b>	<b>45</b>	<b>43</b>	<b>72</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	4,480	1,290	2,003	59,462	194
Unrestricted	(16,628)	518	4,161	21,685	38,934
<b>TOTAL NET POSITION</b>	<b>\$ (12,148)</b>	<b>\$ 1,808</b>	<b>\$ 6,164</b>	<b>\$ 81,147</b>	<b>\$ 39,128</b>

State Motor Pool	Other Internal Service Funds	Totals
\$ 1,639	\$ 18,388	\$ 73,171
-	-	3,113
432	2,461	19,195
7	19	103
41	156	804
-	-	23
-	-	4,946
<b>2,119</b>	<b>21,024</b>	<b>101,355</b>
-	-	107,302
418	378	91,077
-	742	5,096
<b>418</b>	<b>1,120</b>	<b>203,475</b>
<b>2,537</b>	<b>22,144</b>	<b>304,830</b>
<b>142</b>	<b>2,311</b>	<b>7,433</b>
1	1	716
22	491	1,138
-	-	512
179	1,267	18,739
7	3	51
-	-	4,900
-	167	407
-	-	2,203
-	-	1,950
<b>209</b>	<b>1,929</b>	<b>30,616</b>
-	-	63,405
-	801	801
-	1,802	4,375
379	2,790	17,752
1,166	19,007	56,143
-	-	9,120
-	-	14,567
<b>1,545</b>	<b>24,400</b>	<b>166,163</b>
<b>1,754</b>	<b>26,329</b>	<b>196,779</b>
<b>11</b>	<b>176</b>	<b>521</b>
418	1,120	68,967
496	(3,170)	45,996
<b>\$ 914</b>	<b>\$ (2,050)</b>	<b>\$ 114,963</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
Internal Service Funds

For the Fiscal Year Ended September 30, 2017

(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	\$ 57,374	\$ 9,913	\$ 10,969	\$ 1,097	\$ 2,926
Premiums and Contributions	-	-	-	-	17,306
Rents and Leases	-	-	8	18,175	-
<b>Total Operating Revenues</b>	<b>57,374</b>	<b>9,913</b>	<b>10,977</b>	<b>19,272</b>	<b>20,232</b>
<b>OPERATING EXPENSES</b>					
Salaries, Wages, and Benefits	11,862	1,243	3,737	3,768	5,638
Utilities and Communications	18,067	110	397	3,491	55
Professional Services	16,655	142	125	1,751	4,393
Supplies, Materials, and Operating Expense	9,266	7,665	8,711	695	502
Depreciation	2,289	224	176	3,294	36
Claims and Benefits	-	-	-	-	19,977
Other	3,174	205	500	3,229	478
<b>Total Operating Expenses</b>	<b>61,313</b>	<b>9,589</b>	<b>13,646</b>	<b>16,228</b>	<b>31,079</b>
<b>Operating Income (Loss)</b>	<b>(3,939)</b>	<b>324</b>	<b>(2,669)</b>	<b>3,044</b>	<b>(10,847)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Grants	669	134	319	358	374
Investment Income	-	-	-	1	2,383
Other Nonoperating Revenues	3	1	8	328	273
Interest Expense	(41)	-	-	(618)	-
Other Nonoperating Expenses	(152)	(2)	-	(6)	(239)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>479</b>	<b>133</b>	<b>327</b>	<b>63</b>	<b>2,791</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(3,460)</b>	<b>457</b>	<b>(2,342)</b>	<b>3,107</b>	<b>(8,056)</b>
Capital Contributions	6	-	-	-	2
Transfers In	576	-	4,128	4,628	3,157
Transfers Out	(2,501)	(8)	(28)	(2,594)	(3,177)
<b>Increase (Decrease) in Net Position</b>	<b>(5,379)</b>	<b>449</b>	<b>1,758</b>	<b>5,141</b>	<b>(8,074)</b>
Total Net Position, October 1, 2016, as Restated	(6,769)	1,359	4,406	76,006	47,202
<b>Total Net Position, September 30, 2017</b>	<b>\$ (12,148)</b>	<b>\$ 1,808</b>	<b>\$ 6,164</b>	<b>\$ 81,147</b>	<b>\$ 39,128</b>

---

---

State Motor Pool	Other Internal Service Funds	Totals
\$ 2,510	\$ 13,256	\$ 98,045
-	-	17,306
-	-	18,183
<b>2,510</b>	<b>13,256</b>	<b>133,534</b>
1,394	14,135	41,777
31	101	22,252
2	13,792	36,860
416	192	27,447
159	58	6,236
-	-	19,977
1,843	1,644	11,073
<b>3,845</b>	<b>29,922</b>	<b>165,622</b>
<b>(1,335)</b>	<b>(16,666)</b>	<b>(32,088)</b>
-	1,262	3,116
-	-	2,384
53	176	842
-	(29)	(688)
-	(221)	(620)
<b>53</b>	<b>1,188</b>	<b>5,034</b>
<b>(1,282)</b>	<b>(15,478)</b>	<b>(27,054)</b>
-	20	28
190	12,974	25,653
-	(127)	(8,435)
<b>(1,092)</b>	<b>(2,611)</b>	<b>(9,808)</b>
2,006	561	124,771
<b>\$ 914</b>	<b>\$ (2,050)</b>	<b>\$ 114,963</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF CASH FLOWS  
Internal Service Funds

For the Fiscal Year Ended September 30, 2017

(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	\$ 1,321	\$ 2	\$ 1,174	\$ 16	\$ 376
Receipts from Interfund Services	56,331	9,383	9,862	19,676	17,208
Receipts from Other Operating Activities	25	1	29	34	88
Payments for Goods Held for Resale	(25)	(7,693)	(7,411)	-	-
Payments for Other Goods & Services	(37,014)	(350)	(1,790)	(7,819)	(3,619)
Payments for Employees Services	(10,569)	(982)	(3,468)	(3,160)	(4,748)
Payments for Interfund Services	(2,643)	(301)	(326)	(736)	(1,143)
Payments for Other Operating Activities	(89)	(7)	(36)	-	(537)
Payments for Claims	-	-	-	-	(5,592)
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>7,337</b>	<b>53</b>	<b>(1,966)</b>	<b>8,011</b>	<b>2,033</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers from Other Funds for Noncapital Financing	576	-	4,130	4,628	5,807
Transfers to Other Funds for Noncapital Financing	(2,501)	(8)	(28)	(2,594)	(3,177)
<b>Net Cash Provided By (Used In)</b>					
<b>Noncapital Financing Activities</b>	<b>(1,925)</b>	<b>(8)</b>	<b>4,102</b>	<b>2,034</b>	<b>2,630</b>
<b>Cash Flows From Capital &amp; Related Financing Activities:</b>					
Transfers from Other Funds for Capital Financing	-	-	-	-	-
Receipts from Sale of Capital Assets & Insurance Proceeds	-	-	6	77	-
Payments to Acquire, Construct, & Improve Capital Assets	(320)	(18)	(76)	(554)	(25)
Principal Paid on Revenue Bonds & Other Capital Debt	(1,586)	-	-	(1,875)	-
Interest Paid on Revenue Bonds & Other Capital Debt	(45)	-	-	(691)	-
<b>Net Cash Provided by (Used in)</b>					
<b>Capital and Related Financing Activities</b>	<b>(1,951)</b>	<b>(18)</b>	<b>(70)</b>	<b>(3,043)</b>	<b>(25)</b>
<b>Cash Flows From Investing Activities</b>					
Receipts from Sales & Maturities of Investments	-	-	-	2	-
Receipts from Interest & Dividends on Investments & Loans	-	-	-	1	-
Purchase of Investments	-	-	-	(2)	(11,221)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>(11,221)</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>3,461</b>	<b>27</b>	<b>2,066</b>	<b>7,003</b>	<b>(6,583)</b>
Cash Balance as Restated, October 1, 2016	6,242	960	5,030	20,057	14,167
<b>Cash Balance, September 30, 2017</b>	<b>9,703</b>	<b>987</b>	<b>7,096</b>	<b>27,060</b>	<b>7,584</b>
Add: Warrants Payable	586	-	-	1	127
<b>Cash and Cash Equivalents,</b>					
<b>as Reported on Balance Sheet</b>	<b>\$ 10,289</b>	<b>\$ 987</b>	<b>\$ 7,096</b>	<b>\$ 27,061</b>	<b>\$ 7,711</b>

State Motor Pool	Other Internal Service Funds	Totals
\$ 463	\$ 3,631	\$ 6,983
2,342	9,836	124,638
-	183	360
-	(9)	(15,138)
(1,903)	(14,414)	(66,909)
(715)	(11,605)	(35,247)
(591)	(5,470)	(11,210)
-	(113)	(782)
-	-	(5,592)
<b>(404)</b>	<b>(17,961)</b>	<b>(2,897)</b>
190	974	16,305
-	(127)	(8,435)
<b>190</b>	<b>847</b>	<b>7,870</b>
-	14,183	14,183
55	-	138
(49)	(59)	(1,101)
-	-	(3,461)
-	-	(736)
<b>6</b>	<b>14,124</b>	<b>9,023</b>
-	-	2
-	-	1
-	-	(11,223)
<b>0</b>	<b>0</b>	<b>(11,220)</b>
<b>(208)</b>	<b>(2,990)</b>	<b>2,776</b>
1,846	21,377	69,679
<b>1,638</b>	<b>18,387</b>	<b>72,455</b>
1	1	716
<b>\$ 1,639</b>	<b>\$ 18,388</b>	<b>\$ 73,171</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, 2017

(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>\$ (3,939)</b>	<b>\$ 324</b>	<b>\$ (2,669)</b>	<b>\$ 3,044</b>	<b>\$ (10,847)</b>
Adjustments to Reconcile Operating Income (Loss)					
to Net Cash Provided by Operating Activities:					
Due from Other Funds	268	(506)	151	591	(2,494)
Accounts Receivable	(46)	(6)	(1)	(1)	(373)
Due From Other Governments	-	-	-	-	(23)
Inventory	-	633	344	-	-
Other Assets	22	-	-	-	-
Deferred Outflows of Resources	(76)	(11)	16	(17)	(67)
Due to Other Funds	50	5	(95)	(167)	511
Accounts Payable	7,412	(890)	(176)	607	736
Claims Payable	-	-	-	-	13,577
Funds Held in Escrow	(1)	-	-	-	-
Compensated Absences	(17)	(3)	(32)	(12)	(49)
Other Post-employment Benefits	403	81	193	216	225
Net Pension Liability	444	76	(184)	95	475
Deferred Inflows of Resources	(115)	(8)	(37)	(31)	(47)
Depreciation	2,289	224	176	3,294	36
Nonoperating Revenues	669	135	348	392	415
Nonoperating Expenses	(26)	(1)	-	-	(42)
Total Adjustments	11,276	(271)	703	4,967	12,880
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 7,337</b>	<b>\$ 53</b>	<b>\$ (1,966)</b>	<b>\$ 8,011</b>	<b>\$ 2,033</b>
<b>Noncash Investing, Capital, and Financing Activities</b>					
Increase (Decrease):					
Capital Assets Acquired by Capital Contribution	6	-	74	-	-
Capital Assets Acquired by Capital Lease or Other Debt	10,098	-	-	-	-
Disposals of Capital Assets	(1,458)	(22)	(388)	(98)	(31)
Revenue Bond Amortizations and Other Debt Adjustments	-	-	-	160	-
Interest Accruals and Other Adjustments	-	-	-	-	1,602
Unrealized Gains (Losses) in Investment Fair Value	-	-	-	-	781
Transfers In (Out)	-	-	11	-	(2,650)



---

State Motor Pool	Other Internal Service Funds	Totals
<hr/>	<hr/>	<hr/>
\$ (1,335)	\$ (16,666)	\$ (32,088)
331	292	(1,367)
(37)	(1)	(465)
-	-	(23)
-	-	977
-	-	22
(120)	(191)	(466)
(16)	(1,387)	(1,099)
(185)	(2,919)	4,585
-	-	13,577
-	-	(1)
-	46	(67)
44	510	1,672
751	1,379	3,036
4	(111)	(345)
159	58	6,236
-	1,029	2,988
-	-	(69)
<hr/> 931	<hr/> (1,295)	<hr/> 29,191
<hr/> <b>\$ (404)</b>	<hr/> <b>\$ (17,961)</b>	<hr/> <b>\$ (2,897)</b>

-	-	80
-	-	10,098
-	(39)	(2,036)
-	-	160
-	-	1,602
-	-	781
-	581	(2,058)



# 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 a pension plan for the benefit of State employees, State police, and employees of other eligible governmental organizations such as cities and counties within the State.

## **Teachers' Retirement System**

Accounts for a pension plan for the benefit of employees of State supported educational institutions.

## **Judicial Retirement Fund**

Accounts for a pension plan for the benefit of judges of the State's Supreme Court, Court of Civil Appeals, Court of Criminal Appeals, and Circuit Court.

## **Peace Officers Annuity and Benefit**

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.

## **State Port Authority Hourly Defined Contribution**

Is a defined contribution retirement plan for certain hourly employees of the Alabama State Port Authority who are not members of the State Employees' Retirement System.

## **Alabama Deferred Compensation Fund**

Accounts for resources contributed by State employees for a deferred compensation plan sponsored by the Personnel Board.

## **RSA Employee Savings Plans**

Accounts for resources contributed by public employees for deferred compensation plans and individual retirement accounts sponsored by the Retirement Systems of Alabama.

## **Retired Education Employees' Health Care Trust**

Provides post-employment health insurance benefits for retired employees of State supported educational institutions.

## **Retired State Employees' Health Care Trust**

Provides post-employment health insurance benefits for retired State employees.

## **Other**

Accounts for a flexible employees' benefits plan and a small pension plan for Firefighters.

## STATE OF ALABAMA

COMBINING STATEMENT OF PLAN NET POSITION  
Pension and Other Employee Benefit Trust Funds

September 30, 2017

(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	\$ 9,140	\$ 57,413	\$ 2,636	\$ 312	\$ 0
Investments					
U.S. Treasury Securities	360,038	747,297	23,643	3,694	4,006
U.S. Agency Securities	79,326	157,544	4,118	-	801
Mortgage Backed Securities	245,973	484,645	13,658	1,739	2,464
Corporate Stocks	7,025,435	13,901,047	164,279	-	2,917
Corporate Bonds	1,247,752	2,539,332	27,753	2,434	5,915
Real Estate	1,163,825	2,401,236	4,101	-	-
Commercial Paper	321,988	596,585	9,994	-	-
International Stocks	1,467,563	3,294,618	45,067	-	-
Guaranteed Investment Contracts	-	-	-	-	-
Mutual and Money Market Funds	98,185	268,018	6,479	16,377	1,308
Receivables					
Employer Contributions Receivable	34,545	63,362	614	-	-
Member Contributions Receivable	19,124	38,750	173	-	-
Federal On-Behalf Contributions Receivable	-	-	-	-	-
Investment Sales Receivable	28,075	52,290	14	-	-
Accounts Receivable	34,338	72,909	903	56	89
Mortgages, Notes, and Loans Receivable	-	-	-	-	-
Securities Lending Collateral	551,930	1,189,852	18,115	-	932
Other Assets	-	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	43,276	92,795	-	29	-
Capital Assets Not Depreciated	5,097	12,869	-	-	-
<b>TOTAL ASSETS</b>	<b>12,735,610</b>	<b>25,970,562</b>	<b>321,547</b>	<b>24,641</b>	<b>18,432</b>
<b>Deferred Outflows Of Resources</b>	<b>3,758</b>	<b>5,355</b>	<b>83</b>	<b>68</b>	<b>0</b>
<b>LIABILITIES</b>					
Warrants Payable	\$ 0	\$ 0	\$ 0	\$ 72	\$ 0
Investment Purchases Payable	38,979	76,787	503	-	-
Due To Other Funds	-	-	-	2	-
Accounts Payable	1,827	3,377	45	45	-
Due To Other Governments	-	23,498	-	-	-
Claims Payable	-	-	-	-	-
Securities Lending Obligation	551,930	1,189,852	18,115	-	932
Unearned Revenue	-	-	-	-	-
Compensated Absences	1,806	3,366	18	102	-
Other Post-employment Benefits	5,335	5,720	47	141	-
Net Pension Liability	16,850	21,164	302	560	-
Notes and Mortgages Payable	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>616,727</b>	<b>1,323,764</b>	<b>19,030</b>	<b>922</b>	<b>932</b>
<b>Deferred Inflows Of Resources</b>	<b>170</b>	<b>696</b>	<b>22</b>	<b>5</b>	<b>0</b>
<b>NET POSITION</b>					
Restricted for Pension and Other Employee Benefits	12,122,471	24,651,457	302,578	23,782	17,500
<b>TOTAL NET POSITION</b>	<b>\$ 12,122,471</b>	<b>\$ 24,651,457</b>	<b>\$ 302,578</b>	<b>\$ 23,782</b>	<b>\$ 17,500</b>

State Port Authority Railway Plan	State Port Authority Hourly Defined Contribution	Alabama Deferred Compensation Plan	RSA Employee Savings Plans	Retired Educ Employees' Health Care Trust	Retired State Employees' Health Care Trust	Other Pension Funds	Totals
\$ 0	\$ 0	\$ 0	\$ 208	\$ 0	\$ 0	\$ 1,731	\$ 71,440
247	-	-	411,516	124,363	15,160	-	1,689,964
49	-	-	81,868	24,591	3,172	-	351,469
152	-	-	257,098	76,103	9,561	-	1,091,393
180	1,101	-	701,220	721,815	91,288	87	22,609,369
365	163	37,850	547,794	170,198	19,680	42	4,599,278
-	-	-	-	-	-	-	3,569,162
-	-	-	-	-	-	-	928,567
-	-	31,168	-	133,177	18,343	-	4,989,936
-	-	236,393	-	-	-	-	236,393
81	10,175	283,260	114,881	71,877	10,304	15	880,960
-	-	-	-	-	-	-	98,521
-	-	-	-	-	-	-	58,047
-	-	-	-	41,307	42,317	-	83,624
-	-	-	-	112	-	-	80,491
6	-	1	10,265	8,419	19,455	135	146,576
-	-	7,342	-	-	-	-	7,342
58	-	-	132,381	81,437	16,516	-	1,991,221
-	-	-	-	712	-	-	712
-	-	-	-	-	-	-	136,100
-	-	-	-	-	-	-	17,966
<b>1,138</b>	<b>11,439</b>	<b>596,014</b>	<b>2,257,231</b>	<b>1,454,111</b>	<b>245,796</b>	<b>2,010</b>	<b>43,638,531</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,264</b>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 72
-	-	-	-	937	-	-	117,206
-	-	-	-	-	-	-	2
-	-	-	-	-	229	539	6,062
-	-	-	-	54	-	-	23,552
-	-	-	-	23,120	57,424	-	80,544
58	-	-	132,381	81,437	16,516	-	1,991,221
-	-	-	-	-	3,349	-	3,349
-	-	-	-	-	-	-	5,292
-	-	-	-	-	-	-	11,243
-	-	-	-	-	-	-	38,876
-	-	-	-	-	-	1,000	1,000
<b>58</b>	<b>0</b>	<b>0</b>	<b>132,381</b>	<b>105,548</b>	<b>77,518</b>	<b>1,539</b>	<b>2,278,419</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>893</b>
1,080	11,439	596,014	2,124,850	1,348,563	168,278	471	41,368,483
<b>\$ 1,080</b>	<b>\$ 11,439</b>	<b>\$ 596,014</b>	<b>\$ 2,124,850</b>	<b>\$ 1,348,563</b>	<b>\$ 168,278</b>	<b>\$ 471</b>	<b>\$ 41,368,483</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION  
Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended September 30, 2017

(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	\$ 233,901	\$ 489,638	\$ 3,972	\$ 728	\$ 0
Employer	426,215	782,695	17,373	4,318	1,354
Other Contributions	-	-	-	19	-
Federal On-Behalf	-	-	-	-	-
Total Contributions	660,116	1,272,333	21,345	5,065	1,354
Investment Earnings					
Investment Interest and Dividends	302,295	613,353	6,911	490	509
Net Increase (Decrease) in Fair Value of Investments	1,098,859	2,021,774	25,639	1,898	80
Securities Lending Income	9,127	20,125	270	-	18
Total Investment Earnings	1,410,281	2,655,252	32,820	2,388	607
Less:					
Investment Expense	3,460	8,693	-	70	-
Securities Lending Interest and Fees	4,813	10,462	134	-	9
Net Investment Income	1,402,008	2,636,097	32,686	2,318	598
Other Additions					
Interest from Mortgages and Loans Receivable	-	-	-	-	-
Miscellaneous	155	7	-	20	-
Total Other Additions	155	7	0	20	0
<b>Total Additions</b>	<b>2,062,279</b>	<b>3,908,437</b>	<b>54,031</b>	<b>7,403</b>	<b>1,952</b>
<b>DEDUCTIONS</b>					
Benefit Payments and Refunds	1,102,380	2,170,876	33,161	5,057	1,354
Administrative Expense	14,502	22,402	334	505	-
<b>Total Deductions</b>	<b>1,116,882</b>	<b>2,193,278</b>	<b>33,495</b>	<b>5,562</b>	<b>1,354</b>
<b>Change in Net Position</b>	<b>945,397</b>	<b>1,715,159</b>	<b>20,536</b>	<b>1,841</b>	<b>598</b>
Net Position Restricted or Held in Trust for Beneficiaries, October 1, 2016, as Restated	11,177,074	22,936,298	282,042	21,941	16,902
<b>Net Position Restricted or Held in Trust for Beneficiaries, September 30, 2017</b>	<b>\$ 12,122,471</b>	<b>\$ 24,651,457</b>	<b>\$ 302,578</b>	<b>\$ 23,782</b>	<b>\$ 17,500</b>

State Port Authority Railway Plan	State Port Authority Hourly Defined Contribution	Alabama Deferred Compensation Plan	RSA Employee Savings Plans	Retired Educ Employees' Health Care Trust	Retired State Employees' Health Care Trust	Other Pension Funds	Totals
\$ 0	\$ 614	\$ 33,734	\$ 91,175	\$ 143,091	\$ 42,445	\$ 11,343	\$ 1,050,641
172	947	-	-	243,146	92,790	-	1,569,010
-	-	-	-	-	-	3,906	3,925
-	-	-	-	23,195	-	-	23,195
172	1,561	33,734	91,175	409,432	135,235	15,249	2,646,771
31	951	16,889	61,074	30,645	3,789	2	1,036,939
6	-	35,888	54,351	106,997	13,906	9	3,359,407
1	-	-	2,476	1,226	536	-	33,779
38	951	52,777	117,901	138,868	18,231	11	4,430,125
-	-	438	-	-	-	-	12,661
1	-	-	1,439	607	341	-	17,806
37	951	52,339	116,462	138,261	17,890	11	4,399,658
-	-	345	-	-	-	-	345
-	-	-	-	-	-	-	182
0	0	345	0	0	0	0	527
<b>209</b>	<b>2,512</b>	<b>86,418</b>	<b>207,637</b>	<b>547,693</b>	<b>153,125</b>	<b>15,260</b>	<b>7,046,956</b>
156	1,076	39,988	142,703	437,113	134,524	13,007	4,081,395
-	4	1,147	-	2,216	711	2,239	44,060
<b>156</b>	<b>1,080</b>	<b>41,135</b>	<b>142,703</b>	<b>439,329</b>	<b>135,235</b>	<b>15,246</b>	<b>4,125,455</b>
<b>53</b>	<b>1,432</b>	<b>45,283</b>	<b>64,934</b>	<b>108,364</b>	<b>17,890</b>	<b>14</b>	<b>2,921,501</b>
1,027	10,007	550,731	2,059,916	1,240,199	150,388	457	38,446,982
<b>\$ 1,080</b>	<b>\$ 11,439</b>	<b>\$ 596,014</b>	<b>\$ 2,124,850</b>	<b>\$ 1,348,563</b>	<b>\$ 168,278</b>	<b>\$ 471</b>	<b>\$ 41,368,483</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.

## **ABLE Trust Fund**

Accounts for private funds to support individuals with disabilities.

## STATE OF ALABAMA

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
Private-Purpose Trust Funds

September 30, 2017

(Amounts in Thousands)

	Prepaid Affordable College Tuition	Alabama College Education Savings Plan	Local Education Endowments	ABLE Trust Fund	Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 12,088	\$ 1,419	\$ 0	\$ 64	\$ 13,571
Investments					
U.S. Treasury Securities	12,104	-	1,062	-	13,166
U.S. Agency Securities	11,238	-	173	-	11,411
Mortgage Backed Securities	2,034	-	664	-	2,698
Corporate Stocks	-	-	6,174	-	6,174
Corporate Bonds	36,556	-	1,580	-	38,136
Real Estate	-	-	20	-	20
Mutual and Money Market Funds	17,206	1,577,535	528	129	1,595,398
Receivables					
Accounts Receivable	295	3,592	1	-	3,888
Securities Lending Collateral	-	-	585	-	585
<b>TOTAL ASSETS</b>	<b>91,521</b>	<b>1,582,546</b>	<b>10,787</b>	<b>193</b>	<b>1,685,047</b>
<b>LIABILITIES</b>					
Warrants Payable	594	-	-	-	594
Due To Other Funds	4	-	-	-	4
Accounts Payable	20,784	2,034	1	-	22,819
Securities Lending Obligation	-	-	585	-	585
Amounts Held in Custody for Others	-	2,191	-	-	2,191
Compensated Absences	8	4	-	-	12
<b>TOTAL LIABILITIES</b>	<b>21,390</b>	<b>4,229</b>	<b>586</b>	<b>0</b>	<b>26,205</b>
<b>NET POSITION</b>					
Restricted or Held in Trust for Beneficiaries	70,131	1,578,317	10,201	193	1,658,842
<b>TOTAL NET POSITION</b>	<b>\$ 70,131</b>	<b>\$ 1,578,317</b>	<b>\$ 10,201</b>	<b>\$ 193</b>	<b>\$ 1,658,842</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
Private-Purpose Trust Funds

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	Prepaid Affordable College Tuition	Alabama College Education Savings Plan	Local Education Endowments	ABLE Trust Fund	Totals
<b>ADDITIONS</b>					
Contributions:					
Plan members	\$ 1,124	\$ 167,868	\$ 0	\$ 215	\$ 169,207
Total Contributions	1,124	167,868	0	215	169,207
Investment Earnings					
Investment Interest and Dividends	1,371	45,165	350	4	46,890
Net Increase (Decrease) in Fair Value of Investments	(551)	112,465	714	3	112,631
Securities Lending Income	-	-	37	-	37
Total Investment Earnings	820	157,630	1,101	7	159,558
Less:					
Securities Lending Interest and Fees	-	-	23	-	23
Net Investment Income	820	157,630	1,078	7	159,535
Other Additions					
Miscellaneous	580	-	-	-	580
Transfers In	63,622	-	-	-	63,622
Total Other Additions	64,202	0	0	0	64,202
<b>Total Additions</b>	<b>66,146</b>	<b>325,498</b>	<b>1,078</b>	<b>222</b>	<b>392,944</b>
<b>DEDUCTIONS</b>					
Benefit Payments and Refunds	63,571	119,644	437	29	183,681
Administrative Expense	540	8,545	-	-	9,085
Transfers Out	-	191	-	-	191
<b>Total Deductions</b>	<b>64,111</b>	<b>128,380</b>	<b>437</b>	<b>29</b>	<b>192,957</b>
<b>Change in Net Position</b>	<b>2,035</b>	<b>197,118</b>	<b>641</b>	<b>193</b>	<b>199,987</b>
Net Position Restricted or Held in Trust for Beneficiaries, October 1, 2016, as Restated	68,096	1,381,199	9,560	0	1,458,855
<b>Net Position Restricted or Held in Trust for Beneficiaries, September 30, 2017</b>	<b>\$ 70,131</b>	<b>\$ 1,578,317</b>	<b>\$ 10,201</b>	<b>\$ 193</b>	<b>\$ 1,658,842</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, 2017

(Amounts in Thousands)

	State Clearing Accounts	Taxes Collected for Local Governments	Payroll	Other Agency Funds	Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 185,385	\$ 9,805	\$ 2,423	\$ 114,065	\$ 311,678
Investments	-	-	-	48,487	48,487
<b>TOTAL ASSETS</b>	<b>\$ 185,385</b>	<b>\$ 9,805</b>	<b>\$ 2,423</b>	<b>\$ 162,552</b>	<b>\$ 360,165</b>
<b>LIABILITIES</b>					
Warrants Payable	\$ 14,987	\$ 188	\$ 1,042	\$ 474	\$ 16,691
Accounts Payable	21	-	931	131	1,083
Due To Other Governments	3,558	9,617	2	177	13,354
Amounts Held in Custody for Others	166,819	-	448	161,770	329,037
<b>TOTAL LIABILITIES</b>	<b>\$ 185,385</b>	<b>\$ 9,805</b>	<b>\$ 2,423</b>	<b>\$ 162,552</b>	<b>\$ 360,165</b>



# STATE OF ALABAMA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

### Agency Funds

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	Balance October 1, 2016	Additions	Reductions	Balance September 30, 2017
<b>STATE CLEARING ACCOUNTS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 192,815	\$ 20,036,841	\$ 20,044,271	\$ 185,385
Due From Other Funds	-	124	124	-
Accounts Receivable	122	-	122	-
Taxes Receivable	-	653,215	653,215	-
Securities Lending Collateral	2	-	2	-
<b>TOTAL ASSETS</b>	<b>\$ 192,939</b>	<b>\$ 20,690,180</b>	<b>\$ 20,697,734</b>	<b>\$ 185,385</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 25,299	\$ 14,987	\$ 25,299	\$ 14,987
Due To Other Funds	-	373	373	-
Accounts Payable	241	46,096	46,316	21
Tax Refunds Payable	-	8,005	8,005	-
Due To Other Governments	1,635	14,703	12,780	3,558
Securities Lending Obligation	2	-	2	-
Amounts Held Pending Distribution	-	41,995,517	41,995,517	-
Unearned Revenue	-	10,522	10,522	-
Amounts Held in Custody for Others	165,762	1,153,231	1,152,174	166,819
<b>TOTAL LIABILITIES</b>	<b>\$ 192,939</b>	<b>\$ 43,243,434</b>	<b>\$ 43,250,988</b>	<b>\$ 185,385</b>
<b>TAXES COLLECTED FOR LOCAL GOVTS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,247	\$ 419,450	\$ 415,892	\$ 9,805
Due From Other Funds	-	13	13	-
Accounts Receivable	13	-	13	-
<b>TOTAL ASSETS</b>	<b>\$ 6,260</b>	<b>\$ 419,463</b>	<b>\$ 415,918</b>	<b>\$ 9,805</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 85	\$ 188	\$ 85	\$ 188
Accounts Payable	2	12,907	12,909	-
Due To Other Governments	6,173	442,298	438,854	9,617
<b>TOTAL LIABILITIES</b>	<b>\$ 6,260</b>	<b>\$ 455,393</b>	<b>\$ 451,848</b>	<b>\$ 9,805</b>
<b>PAYROLL</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,279	\$ 2,308,726	\$ 2,308,582	\$ 2,423
<b>TOTAL ASSETS</b>	<b>\$ 2,279</b>	<b>\$ 2,308,726</b>	<b>\$ 2,308,582</b>	<b>\$ 2,423</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 1,861	\$ 1,042	\$ 1,861	\$ 1,042
Due To Other Funds	-	8	8	-
Accounts Payable	1	774,012	773,082	931
Due To Other Governments	-	159,357	159,355	2
Amounts Held Pending Distribution	-	1,377,358	1,377,358	-
Amounts Held in Custody for Others	417	490,691	490,660	448
<b>TOTAL LIABILITIES</b>	<b>\$ 2,279</b>	<b>\$ 2,802,468</b>	<b>\$ 2,802,324</b>	<b>\$ 2,423</b>



	Balance October 1, 2016	Additions	Reductions	Balance September 30, 2017
<b>OTHER AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 98,508	\$ 798,827	\$ 783,270	\$ 114,065
Investments	48,745	4,386	4,644	48,487
Securities Lending Collateral	4	-	4	-
<b>TOTAL ASSETS</b>	<b>\$ 147,257</b>	<b>\$ 803,213</b>	<b>\$ 787,918</b>	<b>\$ 162,552</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 683	\$ 1,408	\$ 1,617	\$ 474
Due To Other Funds	-	2,198	2,198	-
Accounts Payable	172	21,959	22,000	131
Due To Other Governments	166	1,382	1,371	177
Securities Lending Obligation	4	-	4	-
Amounts Held Pending Distribution	-	450	450	-
Amounts Held in Custody for Others	146,232	822,499	806,961	161,770
<b>TOTAL LIABILITIES</b>	<b>\$ 147,257</b>	<b>\$ 849,896</b>	<b>\$ 834,601</b>	<b>\$ 162,552</b>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 299,849	\$ 23,563,844	\$ 23,552,015	\$ 311,678
Investments	48,745	4,386	4,644	48,487
Due From Other Funds	-	137	137	-
Accounts Receivable	135	-	135	-
Taxes Receivable	-	653,215	653,215	-
Securities Lending Collateral	6	-	6	-
<b>TOTAL ASSETS</b>	<b>\$ 348,735</b>	<b>\$ 24,221,582</b>	<b>\$ 24,210,152</b>	<b>\$ 360,165</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 27,928	\$ 17,625	\$ 28,862	\$ 16,691
Due To Other Funds	-	2,579	2,579	-
Accounts Payable	416	854,974	854,307	1,083
Tax Refunds Payable	-	8,005	8,005	-
Due To Other Governments	7,974	617,740	612,360	13,354
Securities Lending Obligation	6	-	6	-
Amounts Held Pending Distribution	-	43,373,325	43,373,325	-
Unearned Revenue	-	10,522	10,522	-
Amounts Held in Custody for Others	312,411	2,466,421	2,449,795	329,037
<b>TOTAL LIABILITIES</b>	<b>\$ 348,735</b>	<b>\$ 47,351,191</b>	<b>\$ 47,339,761</b>	<b>\$ 360,165</b>



# Nonmajor Component Units

## **Water Pollution Control Authority**

Issues revolving loan bonds and lends the proceeds to eligible municipalities at below market interest rates for the construction of wastewater treatment and collection facilities.

## **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.

## **Troy University**

Reports the operations and balances of the University.

## **Alabama State University**

Reports the operations and balances of the University.

## **Alabama Agricultural and Mechanical 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.

## **University of Montevallo**

Reports the operations and balances of the University.

## **University of West Alabama**

Reports the operations and balances of the University.

## **Historical Commission**

Preserves and maintains buildings, objects, and sites of historical significance.

## **State Employees Health Insurance**

Manages a health insurance plan for State employees.

## **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 POSITION  
Nonmajor Component Units

September 30, 2017

(Amounts in Thousands)

	Water Pollution Control Authority	Drinking Water Finance Authority	Troy University	Alabama State University	Alabama Agricultural and Mechanical University
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 980	\$ 698	\$ 114,338	\$ 26,153	\$ 44,752
Investments	261,532	134,753	109,393	89,428	50,304
Due From Primary Government	4,868	-	-	-	-
Accounts Receivable	1,525	721	44,770	20,767	19,636
Due From Other Governments	374,072	181,668	-	5,397	-
Mortgages, Notes, and Loans Receivable	-	-	1,676	-	18,481
Securities Lending Collateral	-	-	-	-	-
Inventory	-	-	42	3	-
Restricted Assets	-	-	-	-	-
Other Assets	2,861	3,795	1,195	217	13,386
Capital Assets, Net of Accumulated Depreciation	76	15	285,423	259,862	101,446
Capital Assets Not Depreciated	-	-	34,953	21,538	47,708
<b>TOTAL ASSETS</b>	<b>645,914</b>	<b>321,650</b>	<b>591,790</b>	<b>423,365</b>	<b>295,713</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>957</b>	<b>1,374</b>	<b>23,981</b>	<b>18,756</b>	<b>9,323</b>
<b>LIABILITIES</b>					
Warrants Payable	-	-	-	-	-
Due To Primary Government	136	-	-	-	-
Accounts Payable	275	279	11,682	15,513	21,082
Due To Other Governments	107,939	22,644	-	-	-
Securities Lending Obligation	-	-	-	-	-
Unearned Revenue	-	-	37,953	17,830	42,655
Amounts Held in Custody for Others	55	-	5,032	-	2,378
Noncurrent Liabilities:					
Due Within One Year	13,820	6,625	6,983	7,085	6,171
Due In More Than One Year	49,386	42,679	295,778	280,941	162,071
<b>TOTAL LIABILITIES</b>	<b>171,611</b>	<b>72,227</b>	<b>357,428</b>	<b>321,369</b>	<b>234,357</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>0</b>	<b>0</b>	<b>6,711</b>	<b>9,035</b>	<b>2,304</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	76	15	175,097	78,958	59,847
Restricted for:					
Permanent - Expendable	-	-	52,092	1,266	8,178
Permanent - Non-expendable	-	-	21,841	56,059	41,712
Debt Service	410,418	203,723	-	-	-
Capital Projects	-	-	-	-	-
Other Purposes	-	-	637	43,900	1,362
Unrestricted	64,766	47,059	1,965	(68,466)	(42,724)
<b>TOTAL NET POSITION</b>	<b>\$ 475,260</b>	<b>\$ 250,797</b>	<b>\$ 251,632</b>	<b>\$ 111,717</b>	<b>\$ 68,375</b>

Jacksonville State University	University of North Alabama	University of Montevallo	University of West Alabama	Historical Commission	State Employees' Health Insurance	Other Nonmajor Component Units	Totals
\$ 51,114	\$ 48,053	\$ 13,158	\$ 14,586	\$ 2,319	\$ 4,919	\$ 61,210	\$ 382,280
53,636	43,161	79,515	5,742	13,858	94,904	38,092	974,318
-	-	-	-	-	829	683	6,380
20,990	8,126	4,702	8,779	78	9,536	13,991	153,621
-	-	-	-	-	496	790	562,423
226	4,243	233	181	-	1,000	691	26,731
-	-	-	-	685	2,063	-	2,748
-	29	-	-	326	-	7,452	7,852
-	-	3,083	-	-	-	87	3,170
13,397	8,940	6,053	-	-	48	2,958	52,850
92,179	138,967	58,789	54,821	295	1,216	130,827	1,123,916
20,158	8,252	2,597	2,510	82,424	-	21,861	242,001
<b>251,700</b>	<b>259,771</b>	<b>168,130</b>	<b>86,619</b>	<b>99,985</b>	<b>115,011</b>	<b>278,642</b>	<b>3,538,290</b>
<b>19,612</b>	<b>12,823</b>	<b>9,860</b>	<b>7,872</b>	<b>654</b>	<b>1,062</b>	<b>19,987</b>	<b>126,261</b>
-	-	-	-	61	6	1	68
-	-	-	-	82	386	358	962
10,739	9,303	5,646	4,375	394	18,132	8,637	106,057
-	-	496	-	37	1	24	131,141
-	-	-	-	685	2,063	-	2,748
36,453	28,166	14,775	9,676	-	929	10,624	199,061
1,457	629	518	155	-	-	406	10,630
4,505	1,839	1,907	1,488	42	7,074	6,044	63,583
163,018	143,047	95,450	88,303	8,237	33,020	144,133	1,506,063
<b>216,172</b>	<b>182,984</b>	<b>118,792</b>	<b>103,997</b>	<b>9,538</b>	<b>61,611</b>	<b>170,227</b>	<b>2,020,313</b>
<b>2,096</b>	<b>2,376</b>	<b>1,152</b>	<b>990</b>	<b>50</b>	<b>207</b>	<b>3,911</b>	<b>28,832</b>
35,527	72,876	28,955	15,768	82,718	1,216	125,328	676,381
31,111	21,574	22,178	-	-	-	-	136,399
12,443	27,104	21,170	423	11,168	-	-	191,920
1,173	-	-	-	-	-	-	615,314
-	-	-	-	-	-	15	15
2,591	315	-	-	-	-	8,547	57,352
(29,801)	(34,635)	(14,257)	(26,687)	(2,835)	53,039	(9,399)	(61,975)
<b>\$ 53,044</b>	<b>\$ 87,234</b>	<b>\$ 58,046</b>	<b>\$ (10,496)</b>	<b>\$ 91,051</b>	<b>\$ 54,255</b>	<b>\$ 124,491</b>	<b>\$ 1,615,406</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF ACTIVITIES  
Nonmajor Component Units

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	Water Pollution Control Authority	Drinking Water Finance Authority	Troy University	Alabama State University	Alabama Agricultural and Mechanical University
<b>Expenses</b>	<b>\$ 9,835</b>	<b>\$ 6,505</b>	<b>\$ 264,429</b>	<b>\$ 143,658</b>	<b>\$ 153,659</b>
<b>Program Revenues</b>					
Charges for Services	2,369	1,774	154,990	63,106	69,981
Operating Grants and Contributions	14,589	15,330	49,390	37,265	50,702
Capital Grants and Contributions	-	-	540	943	2,041
<b>Total Program Revenues</b>	<b>16,958</b>	<b>17,104</b>	<b>204,920</b>	<b>101,314</b>	<b>122,724</b>
<b>Net (Expense) Revenue</b>	<b>7,123</b>	<b>10,599</b>	<b>(59,509)</b>	<b>(42,344)</b>	<b>(30,935)</b>
<b>General Revenues:</b>					
Payments from State of Alabama	-	-	49,319	42,946	38,629
Unrestricted Investment Earnings	12,501	6,102	12,159	8,697	2,958
Miscellaneous	-	-	3,942	-	-
Contributions to Permanent Funds and Endowments	-	-	-	-	-
<b>Total General Revenues and Contributions</b>	<b>12,501</b>	<b>6,102</b>	<b>65,420</b>	<b>51,643</b>	<b>41,587</b>
<b>Change in Net Position</b>	<b>19,624</b>	<b>16,701</b>	<b>5,911</b>	<b>9,299</b>	<b>10,652</b>
Net Position, October 1, 2016, as Restated	455,636	234,096	245,721	102,418	57,723
<b>Net Position, September 30, 2017</b>	<b>\$ 475,260</b>	<b>\$ 250,797</b>	<b>\$ 251,632</b>	<b>\$ 111,717</b>	<b>\$ 68,375</b>

Jacksonville State University	University of North Alabama	University of Montevallo	University of West Alabama	Historical Commission	State Employees' Health Insurance	Other Nonmajor Component Units	Totals
<b>\$ 133,838</b>	<b>\$ 118,932</b>	<b>\$ 71,652</b>	<b>\$ 66,803</b>	<b>\$ 7,291</b>	<b>\$ 281,322</b>	<b>\$ 218,404</b>	<b>\$ 1,476,328</b>
64,929	63,553	37,736	33,510	2,039	281,780	98,373	874,140
26,085	22,349	10,517	10,051	1,115	345	34,169	271,907
-	1,019	1,206	-	-	-	2,793	8,542
<b>91,014</b>	<b>86,921</b>	<b>49,459</b>	<b>43,561</b>	<b>3,154</b>	<b>282,125</b>	<b>135,335</b>	<b>1,154,589</b>
<b>(42,824)</b>	<b>(32,011)</b>	<b>(22,193)</b>	<b>(23,242)</b>	<b>(4,137)</b>	<b>803</b>	<b>(83,069)</b>	<b>(321,739)</b>
38,209	28,186	19,778	16,147	3,419	-	81,730	318,363
3,352	3,396	236	3	580	830	1,157	51,971
-	752	-	1,640	3	-	536	6,873
-	138	-	-	-	-	-	138
<b>41,561</b>	<b>32,472</b>	<b>20,014</b>	<b>17,790</b>	<b>4,002</b>	<b>830</b>	<b>83,423</b>	<b>377,345</b>
<b>(1,263)</b>	<b>461</b>	<b>(2,179)</b>	<b>(5,452)</b>	<b>(135)</b>	<b>1,633</b>	<b>354</b>	<b>55,606</b>
54,307	86,773	60,225	(5,044)	91,186	52,622	124,137	1,559,800
<b>\$ 53,044</b>	<b>\$ 87,234</b>	<b>\$ 58,046</b>	<b>\$ (10,496)</b>	<b>\$ 91,051</b>	<b>\$ 54,255</b>	<b>\$ 124,491</b>	<b>\$ 1,615,406</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF NET POSITION  
Other Nonmajor Component Units

September 30, 2017

(Amounts in Thousands)

	Alabama Institute for the Deaf and Blind	Athens State University	Space Science Exhibit Commission	Marine Environmental Sciences Consortium	Crime Victims Compensation Commission
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 28,670	\$ 14,408	\$ 638	\$ 1,515	\$ 3,200
Investments	13,859	11,947	106	-	5,418
Due From Primary Government	-	-	-	-	-
Accounts Receivable	5,372	1,955	2,786	3,016	-
Due From Other Governments	-	630	-	-	-
Mortgages, Notes, and Loans Receivable	-	-	-	-	-
Inventory	5,879	22	1,162	145	-
Restricted Assets	-	-	87	-	-
Other Assets	88	2,071	579	-	-
Capital Assets, Net of Accumulated Depreciation	26,556	38,750	40,066	12,562	1,035
Capital Assets Not Depreciated	2,397	2,694	6,420	686	-
<b>TOTAL ASSETS</b>	<b>82,821</b>	<b>72,477</b>	<b>51,844</b>	<b>17,924</b>	<b>9,653</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>10,003</b>	<b>5,258</b>	<b>1,703</b>	<b>1,623</b>	<b>387</b>
<b>LIABILITIES</b>					
Warrants Payable	-	-	-	-	-
Due To Primary Government	-	-	-	-	26
Accounts Payable	3,357	983	1,843	107	162
Due To Other Governments	-	-	-	-	-
Unearned Revenue	1,149	6,463	1,110	1,902	-
Amounts Held in Custody for Others	252	-	-	154	-
Noncurrent Liabilities:					
Due Within One Year	642	1,462	1,300	226	2,214
Due In More Than One Year	60,803	41,777	19,296	9,258	4,538
<b>TOTAL LIABILITIES</b>	<b>66,203</b>	<b>50,685</b>	<b>23,549</b>	<b>11,647</b>	<b>6,940</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>1,728</b>	<b>1,380</b>	<b>0</b>	<b>378</b>	<b>29</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	27,805	26,820	36,718	11,708	1,035
Restricted for:					
Capital Projects	-	-	-	15	-
Other Purposes	212	5,438	2,303	594	-
Unrestricted	(3,124)	(6,588)	(9,023)	(4,795)	2,036
<b>TOTAL NET POSITION</b>	<b>\$ 24,893</b>	<b>\$ 25,670</b>	<b>\$ 29,998</b>	<b>\$ 7,522</b>	<b>\$ 3,071</b>



Supercomputer Authority	U.S.S. Alabama Battleship Commission	Historic Ironworks Commission	Red Mountain Recreation Commission	Miscellaneous Component Units	Totals
\$ 7,086	\$ 2,595	\$ 172	\$ 523	\$ 2,403	\$ 61,210
-	5,606	-	-	1,156	38,092
433	-	-	-	250	683
-	14	-	848	-	13,991
-	-	-	-	160	790
-	-	-	-	691	691
-	215	29	-	-	7,452
-	-	-	-	-	87
-	71	10	90	49	2,958
1,815	6,295	1,733	1,706	309	130,827
-	794	1,054	7,655	161	21,861
<b>9,334</b>	<b>15,590</b>	<b>2,998</b>	<b>10,822</b>	<b>5,179</b>	<b>278,642</b>
<b>253</b>	<b>305</b>	<b>199</b>	<b>181</b>	<b>75</b>	<b>19,987</b>
-	-	-	-	1	1
16	-	-	-	316	358
1,721	260	88	96	20	8,637
16	-	-	-	8	24
-	-	-	-	-	10,624
-	-	-	-	-	406
17	-	67	114	2	6,044
2,717	1,987	1,737	1,274	746	144,133
<b>4,487</b>	<b>2,247</b>	<b>1,892</b>	<b>1,484</b>	<b>1,093</b>	<b>170,227</b>
<b>19</b>	<b>196</b>	<b>5</b>	<b>24</b>	<b>152</b>	<b>3,911</b>
1,815	7,090	2,518	9,361	458	125,328
-	-	-	-	-	15
-	-	-	-	-	8,547
3,266	6,362	(1,218)	134	3,551	(9,399)
<b>\$ 5,081</b>	<b>\$ 13,452</b>	<b>\$ 1,300</b>	<b>\$ 9,495</b>	<b>\$ 4,009</b>	<b>\$ 124,491</b>

## STATE OF ALABAMA

COMBINING STATEMENT OF ACTIVITIES  
Other Nonmajor Component Units

For the Fiscal Year Ended September 30, 2017

(Amounts in Thousands)

	Alabama Institute for the Deaf and Blind	Athens State University	Space Science Exhibit Commission	Marine Environmental Sciences Consortium	Crime Victims Compensation Commission
<b>Expenses</b>	<b>\$ 94,890</b>	<b>\$ 36,083</b>	<b>\$ 36,939</b>	<b>\$ 18,494</b>	<b>\$ 5,784</b>
<b>Program Revenues</b>					
Charges for Services	28,551	15,796	34,236	2,855	3,569
Operating Grants and Contributions	12,322	8,502	570	9,972	1,078
Capital Grants and Contributions	257	-	2,030	-	-
<b>Total Program Revenues</b>	<b>41,130</b>	<b>24,298</b>	<b>36,836</b>	<b>12,827</b>	<b>4,647</b>
<b>Net (Expense) Revenue</b>	<b>(53,760)</b>	<b>(11,785)</b>	<b>(103)</b>	<b>(5,667)</b>	<b>(1,137)</b>
<b>General Revenues:</b>					
Payments from State of Alabama	53,004	13,608	1,496	4,438	90
Unrestricted Investment Earnings	647	485	5	2	-
Miscellaneous	525	-	-	-	-
<b>Total General Revenues</b>	<b>54,176</b>	<b>14,093</b>	<b>1,501</b>	<b>4,440</b>	<b>90</b>
<b>Change in Net Position</b>	<b>416</b>	<b>2,308</b>	<b>1,398</b>	<b>(1,227)</b>	<b>(1,047)</b>
Net Position, October 1, 2016, as Restated	24,477	23,362	28,600	8,749	4,118
<b>Net Position, September 30, 2017</b>	<b>\$ 24,893</b>	<b>\$ 25,670</b>	<b>\$ 29,998</b>	<b>\$ 7,522</b>	<b>\$ 3,071</b>

---

Supercomputer Authority	U.S.S. Alabama Battleship Commission	Historic Ironworks Commission	Red Mountain Recreation Commission	Miscellaneous Component Units	Totals
<b>\$ 14,833</b>	<b>\$ 5,445</b>	<b>\$ 2,332</b>	<b>\$ 2,014</b>	<b>\$ 1,590</b>	<b>\$ 218,404</b>
4,586	5,681	1,969	439	691	98,373
80	262	147	1,054	182	34,169
-	-	-	-	506	2,793
<b>4,666</b>	<b>5,943</b>	<b>2,116</b>	<b>1,493</b>	<b>1,379</b>	<b>135,335</b>
<b>(10,167)</b>	<b>498</b>	<b>(216)</b>	<b>(521)</b>	<b>(211)</b>	<b>(83,069)</b>
8,821	-	3	-	270	81,730
-	-	-	9	9	1,157
-	-	-	-	11	536
<b>8,821</b>	<b>0</b>	<b>3</b>	<b>9</b>	<b>290</b>	<b>83,423</b>
<b>(1,346)</b>	<b>498</b>	<b>(213)</b>	<b>(512)</b>	<b>79</b>	<b>354</b>
6,427	12,954	1,513	10,007	3,930	124,137
<b>\$ 5,081</b>	<b>\$ 13,452</b>	<b>\$ 1,300</b>	<b>\$ 9,495</b>	<b>\$ 4,009</b>	<b>\$ 124,491</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, 2017

(Amounts in Thousands)

	Amount
Administrative Office Of Courts	\$ 1,134
Agriculture and Industries	5,678
Alabama Agricultural Development Authority	2
Alabama Community College System	9,078
Archives and History	32
Attorney General	946
Child Abuse and Neglect Prevention Board	418
Commerce	33,404
Commission on Higher Education	941
Conservation and Natural Resources	32,996
Corrections	305
Council on the Arts	775
Crime Victims Compensation Commission	900
Drinking Water Finance Authority	15,330
Early Childhood Education	20,488
Economic and Community Affairs	132,486
Education	981,080
Emergency Management Agency	20,019
Environmental Management	15,698
Finance-Special Funds	649
Forensic Sciences	904
Forestry Commission	5,889
Forever Wild Land Trust	464
Geological Survey	433
Governor	35
Governor's Office of Volunteer Services	2,129
High School of Math and Science	265
Historical Commission	759
Housing Finance Authority	32,920
Human Resources	1,544,765
Labor	55,361
Law Enforcement Agency	14,132
Manufactured Housing Commission	111
Medicaid Agency	4,535,645
Mental Health	35,183
Military	46,647
Office of Prosecution Services	223
Pardons and Paroles	102
Public Health	478,353
Public Library Services	3,147
Public School and College Authority	6,799
Public Service Commission	848
Rehabilitation Services	77,689
Retired State Employees Health Care Trust	192,117
School of Fine Arts	74
Senior Services	25,551
Soil and Water Conservation Commission	344
Surface Mining Commission	1,050
Transportation	847,674
Veterans Affairs	33,391
Water Pollution Control Authority	14,588
<b>Total Federal Revenues</b>	<b>\$ 9,229,951</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 276**

These schedules contain trend information to help the reader understand how the State's financial performance has changed over time.

- ◆ Net Position by Component
- ◆ Changes in Net Position
- ◆ Fund Balances of Governmental Funds
- ◆ Changes in Fund Balances of Governmental Funds

## **Revenue Capacity**

**Page 286**

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 294**

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 302**

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 306**

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 POSITION BY COMPONENT

## Last Ten Fiscal Years

(Amounts in Thousands)

	2017	2016	2015	2014	2013
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 20,544,621	\$ 20,408,863	\$ 20,285,148	\$ 20,119,589	\$ 20,041,968
Restricted	8,584,834	7,358,609	7,192,832	6,790,238	6,936,902
Unrestricted	(8,608,527)	(7,707,397)	(7,855,192)	(7,386,155)	(4,818,396)
<b>Total Governmental Activities Net Position</b>	<b>20,520,928</b>	<b>20,060,075</b>	<b>19,622,788</b>	<b>19,523,672</b>	<b>22,160,474</b>
<b>Business-type Activities</b>					
Net Investment in Capital Assets	309,115	297,816	301,107	298,811	251,394
Restricted	605,930	567,493	489,942	312,426	298,238
Unrestricted	48,889	15,409	(83,220)	(12,158)	71,753
<b>Total Business-type Activities Net Position</b>	<b>963,934</b>	<b>880,718</b>	<b>707,829</b>	<b>599,079</b>	<b>621,385</b>
<b>Primary government</b>					
Net Investment in Capital Assets	20,853,736	20,706,679	20,586,255	20,418,400	20,293,362
Restricted	9,190,764	7,926,102	7,682,774	7,102,664	7,235,140
Unrestricted	(8,559,638)	(7,691,988)	(7,938,412)	(7,398,313)	(4,746,643)
<b>Total Primary Government Net Position</b>	<b>\$ 21,484,862</b>	<b>\$ 20,940,793</b>	<b>\$ 20,330,617</b>	<b>\$ 20,122,751</b>	<b>\$ 22,781,859</b>

*GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012. GASB 68 and GASB 73 added pension liabilities in 2015 and 2017, respectively. Only 2014 fund balance/net position was restated for GASB 68. Only 2016 fund balance/net position was restated for GASB 73.*



---

---

2012	2011	2010	2009	2008
\$ 19,633,646	\$ 19,091,325	\$ 18,552,943	\$ 18,176,534	\$ 17,603,340
6,046,381	5,387,811	4,801,716	4,454,757	4,633,017
(4,473,936)	(1,513,001)	(764,963)	(649,340)	(315,495)
<b>21,206,091</b>	<b>22,966,135</b>	<b>22,589,696</b>	<b>21,981,950</b>	<b>21,920,862</b>
235,360	175,650	249,695	290,477	257,911
163,285	415,535	46,739	40,040	429,274
72,020	(305,674)	(71,628)	53,507	138,909
<b>470,665</b>	<b>285,511</b>	<b>224,806</b>	<b>384,025</b>	<b>826,094</b>
19,869,006	19,266,975	18,802,638	18,467,011	17,861,251
6,209,666	5,803,346	4,848,455	4,494,797	5,062,291
(4,401,916)	(1,818,675)	(836,591)	(595,833)	(176,586)
<b>\$ 21,676,756</b>	<b>\$ 23,251,646</b>	<b>\$ 22,814,502</b>	<b>\$ 22,365,975</b>	<b>\$ 22,746,956</b>

STATE OF ALABAMA  
CHANGES IN NET POSITION

Last Ten Fiscal Years  
(Amounts in Thousands)

	2017	2016	2015	2014	2013
<b>Expenses</b>					
<b>Governmental Activities</b>					
Economic Development and Regulation	\$ 155,796	\$ 159,378	\$ 148,267	\$ 117,497	\$ 121,933
Education and Cultural Resources	7,168,714	7,122,455	6,947,994	6,787,731	6,615,815
Natural Resources and Recreation	151,843	158,738	136,059	158,043	124,387
Health	7,419,732	6,969,940	6,814,031	6,543,218	6,427,303
Social Services	2,403,668	2,255,358	2,425,046	2,398,743	2,448,759
Protection of Persons and Property	1,233,440	1,297,498	1,208,686	1,165,601	1,079,644
Transportation	1,532,866	1,566,123	1,475,669	1,454,028	1,319,431
General Government	1,048,882	835,119	896,334	895,891	966,042
Debt Service - Interest and Other Charges	182,655	159,894	155,722	161,479	175,715
<b>Total Governmental Activities Expenses</b>	<b>21,297,596</b>	<b>20,524,503</b>	<b>20,207,808</b>	<b>19,682,231</b>	<b>19,279,029</b>
<b>Business-type Activities</b>					
Unemployment Compensation	174,746	195,664	210,464	291,417	458,063
State Port Authority	131,405	133,920	141,087	142,757	136,904
Alcoholic Beverage Control Board	328,276	312,783	298,212	289,347	282,840
Nonmajor Proprietary Funds	70,093	68,955	71,213	84,418	122,838
<b>Total Business-type Activities Expenses</b>	<b>704,520</b>	<b>711,322</b>	<b>720,976</b>	<b>807,939</b>	<b>1,000,645</b>
<b>Total Primary Government Expenses</b>	<b>22,002,116</b>	<b>21,235,825</b>	<b>20,928,784</b>	<b>20,490,170</b>	<b>20,279,674</b>
<b>Program Revenues</b>					
<b>Governmental Activities</b>					
Charges for Services:					
Economic Development and Regulation	153,247	114,363	137,912	131,404	174,341
Education and Cultural Resources	50,197	48,229	49,272	50,499	59,110
Natural Resources and Recreation	79,727	121,507	72,720	84,298	74,903
Health	496,447	428,927	405,979	355,442	313,897
Social Services	65,738	65,509	67,290	65,950	49,591
Protection of Persons and Property	303,477	279,372	287,174	276,993	225,468
Transportation	187,680	184,158	185,774	180,079	172,753
General Government	266,178	281,405	181,043	247,088	175,903
Operating Grants and Contributions	8,755,280	8,510,671	8,358,800	8,060,720	8,047,460
Capital Grants and Contributions	924,667	941,948	1,021,107	966,966	976,217
<b>Total Governmental Activities Program Revenues</b>	<b>11,282,638</b>	<b>10,976,089</b>	<b>10,767,071</b>	<b>10,419,439</b>	<b>10,269,643</b>
<b>Business-type Activities</b>					
Charges for Services:					
Unemployment Compensation	248,199	278,534	325,561	359,914	434,928
State Port Authority	128,542	120,079	144,391	162,617	149,275
Alcoholic Beverage Control Board	336,351	327,189	304,658	296,337	280,295
Nonmajor Proprietary Funds	100,679	96,224	89,475	95,218	102,916
Operating Grants and Contributions	11,142	5,029	4,053	34,226	164,329
Capital Grants and Contributions	125	7,894	4,196	13,462	1,644
<b>Total Business-type Activities Program Revenues</b>	<b>825,038</b>	<b>834,949</b>	<b>872,334</b>	<b>961,774</b>	<b>1,133,387</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 12,107,676</b>	<b>\$ 11,811,038</b>	<b>\$ 11,639,405</b>	<b>\$ 11,381,213</b>	<b>\$ 11,403,030</b>

GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012. GASB 68 and GASB 73 added pension liabilities in 2015 and 2017, respectively. Only 2014 fund balance/net position was restated for GASB 68. Only 2016 fund balance/net position was restated for GASB 73.

2012	2011	2010	2009	2008
\$ 99,743	\$ 193,900	\$ 228,957	\$ 306,533	\$ 410,911
6,490,503	7,082,931	6,783,528	6,775,083	7,645,893
143,111	134,591	148,043	113,621	131,327
6,407,799	6,085,907	6,143,061	5,555,138	5,316,763
2,441,385	2,580,186	2,369,709	1,977,390	1,753,526
1,146,584	1,075,191	1,146,961	1,112,213	1,095,652
1,197,030	1,186,100	1,248,882	1,120,902	1,067,671
916,235	1,008,763	1,037,936	949,830	990,840
154,425	48,631	47,829	51,184	57,253
<b>18,996,815</b>	<b>19,396,200</b>	<b>19,154,906</b>	<b>17,961,894</b>	<b>18,469,836</b>
701,971	1,007,325	1,323,058	1,005,780	330,068
133,570	128,100	133,534	150,073	127,200
274,718	266,472	254,001	253,312	249,389
91,107	94,015	73,380	79,297	77,189
<b>1,201,366</b>	<b>1,495,912</b>	<b>1,783,973</b>	<b>1,488,462</b>	<b>783,846</b>
<b>20,198,181</b>	<b>20,892,112</b>	<b>20,938,879</b>	<b>19,450,356</b>	<b>19,253,682</b>
181,360	35,782	44,888	50,219	139,257
35,220	41,947	41,837	44,637	42,240
74,790	86,968	80,956	86,470	90,851
388,944	349,863	305,624	353,893	329,533
51,379	48,210	47,401	46,275	27,163
233,979	232,056	229,268	256,596	257,968
180,278	174,375	196,398	196,137	184,262
208,513	218,001	221,409	273,258	449,869
8,202,653	8,973,049	9,136,047	7,601,181	6,662,070
864,113	936,928	927,443	812,481	874,111
<b>10,421,229</b>	<b>11,097,179</b>	<b>11,231,271</b>	<b>9,721,147</b>	<b>9,057,324</b>
474,633	546,618	411,147	230,729	247,862
143,644	120,248	119,414	105,174	136,835
276,879	265,184	252,647	251,199	252,265
99,350	85,437	81,939	82,318	80,140
362,020	584,226	785,452	371,405	44,671
1,262	(5,685)	5,598	19,364	6,030
<b>1,357,788</b>	<b>1,596,028</b>	<b>1,656,197</b>	<b>1,060,189</b>	<b>767,803</b>
<b>\$ 11,779,017</b>	<b>\$ 12,693,207</b>	<b>\$ 12,887,468</b>	<b>\$ 10,781,336</b>	<b>\$ 9,825,127</b>

Continued on next page...

## STATE OF ALABAMA

## CHANGES IN NET POSITION (Continued from previous page)

## Last Ten Fiscal Years

(Amounts in Thousands)

	2017	2016	2015	2014	2013
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (10,014,958)	\$ (9,548,414)	\$ (9,440,737)	\$ (9,262,792)	\$ (9,009,386)
Business Activities	120,518	123,627	151,358	153,835	132,742
<b>Total Primary Government</b>					
<b>Net (Expense) Revenue</b>	<b>(9,894,440)</b>	<b>(9,424,787)</b>	<b>(9,289,379)</b>	<b>(9,108,957)</b>	<b>(8,876,644)</b>
<b>General Revenues and Other Changes in Net Position</b>					
<b>Governmental Activities</b>					
Sales and Use Taxes	2,679,492	2,663,197	2,489,460	2,398,362	2,343,322
Income Taxes	4,021,968	3,803,755	3,859,889	3,637,582	3,515,081
Motor Fuels Taxes	581,428	581,415	559,890	545,976	541,603
Utility Taxes	598,233	595,498	631,305	640,104	621,684
Insurance Premium Tax	334,479	320,046	313,316	306,359	297,072
Property Tax	359,826	353,137	349,450	334,275	326,255
Liquor Taxes	190,854	181,229	179,278	171,297	163,026
Tobacco and Cigarette Taxes	185,276	193,992	129,702	126,103	128,714
Grants and Contributions Not Restricted to Specific Programs	5,037	3,419	4,159	9,096	10,421
Unrestricted Investment Earnings	348,038	258,207	22,235	208,608	213,988
Miscellaneous	1,120,197	1,112,012	1,107,396	1,119,266	1,097,907
Transfers	50,983	55,350	39,421	42,487	29,798
<b>Total Governmental Activities</b>	<b>10,475,811</b>	<b>10,121,257</b>	<b>9,685,501</b>	<b>9,539,515</b>	<b>9,288,871</b>
<b>Business-type Activities</b>					
Liquor Taxes	13,317	11,453	13,996	11,823	11,864
Miscellaneous	364	81	460	2,902	10,858
Special Items	-	-	-	-	-
Transfers	(50,983)	(55,350)	(39,421)	(42,487)	(29,798)
<b>Total Business-type Activities</b>	<b>(37,302)</b>	<b>(43,816)</b>	<b>(24,965)</b>	<b>(27,762)</b>	<b>(7,076)</b>
<b>Total Primary Government</b>					
<b>General Revenues and Other Charges</b>	<b>10,438,509</b>	<b>10,077,441</b>	<b>9,660,536</b>	<b>9,511,753</b>	<b>9,281,795</b>
<b>Change in Net Position</b>					
Governmental Activities	460,853	572,843	244,764	276,723	279,485
Business-type Activities	83,216	79,811	126,393	126,073	125,666
<b>Total Primary Government Change in Net Position</b>	<b>\$ 544,069</b>	<b>\$ 652,654</b>	<b>\$ 371,157</b>	<b>\$ 402,796</b>	<b>\$ 405,151</b>

GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012. GASB 68 and GASB 73 added pension liabilities in 2015 and 2017, respectively. Only 2014 fund balance/net position was restated for GASB 68. Only 2016 fund balance/net position was restated for GASB 73.

2012	2011	2010	2009	2008
\$ (8,575,586)	\$ (8,299,021)	\$ (7,923,634)	\$ (8,240,747)	\$ (9,412,512)
156,422	100,116	(127,777)	(428,273)	(16,043)
<b>(8,419,164)</b>	<b>(8,198,905)</b>	<b>(8,051,411)</b>	<b>(8,669,020)</b>	<b>(9,428,555)</b>
2,280,723	2,187,852	2,108,834	2,079,718	2,261,452
3,331,987	3,138,756	3,025,877	3,108,459	3,512,255
540,666	547,720	551,210	542,887	550,811
598,533	671,347	684,437	697,141	667,573
278,196	263,428	263,243	267,726	292,866
324,751	315,389	315,321	320,603	314,379
161,447	156,689	156,098	155,592	136,125
132,567	136,702	136,311	140,016	143,836
9,140	9,093	40,323	785	-
292,612	114,227	283,425	205,111	(181,318)
1,105,950	1,021,002	932,347	754,620	828,527
31,445	62,355	86,711	29,303	17,585
<b>9,088,017</b>	<b>8,624,560</b>	<b>8,584,137</b>	<b>8,301,961</b>	<b>8,544,091</b>
11,832	11,065	10,558	9,930	9,912
7,066	6,066	4,519	5,100	6,156
-	-	(9,147)	-	-
(31,445)	(62,355)	(86,711)	(29,303)	(17,585)
<b>(12,547)</b>	<b>(45,224)</b>	<b>(80,781)</b>	<b>(14,273)</b>	<b>(1,517)</b>
<b>9,075,470</b>	<b>8,579,336</b>	<b>8,503,356</b>	<b>8,287,688</b>	<b>8,542,574</b>
512,431	325,539	660,503	61,215	(868,421)
143,875	54,892	(208,558)	(442,547)	(17,560)
<b>\$ 656,306</b>	<b>\$ 380,431</b>	<b>\$ 451,945</b>	<b>\$ (381,332)</b>	<b>\$ (885,981)</b>

## STATE OF ALABAMA

## FUND BALANCES OF GOVERNMENTAL FUNDS

## Last Ten Fiscal Years

(Amounts in Thousands)

	2017	2016	2015	2014	2013
<b>General Fund</b>					
Nonspendable	\$ 4,196	\$ 3,642	\$ 4,142	\$ 3,118	\$ 2,971
Assigned	2,203	3,522	921	1,894	3,641
Unassigned	431,095	181,040	104,166	116,092	84,432
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
<b>Total General Fund</b>	<b>437,494</b>	<b>188,204</b>	<b>109,229</b>	<b>121,104</b>	<b>91,044</b>
<b>All Other Governmental Funds</b>					
Nonspendable	123,057	119,622	111,810	109,648	102,851
Restricted	7,595,158	6,413,184	6,196,422	6,021,377	6,088,341
Assigned	89,689	439,510	49,035	41,799	47,801
Unassigned	(154,985)	(467,738)	(117,424)	(98,990)	(207,356)
Reserved	-	-	-	-	-
Unreserved, Designated for Capital Projects	-	-	-	-	-
Unreserved, Designated for Debt Service	-	-	-	-	-
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	-	-	-	-	-
Permanent Funds	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 7,652,919</b>	<b>\$ 6,504,578</b>	<b>\$ 6,239,843</b>	<b>\$ 6,073,834</b>	<b>\$ 6,031,637</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. GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012.

---

2012	2011	2010	2009	2008
\$ 4,003	\$ 3,269	\$ 0	\$ 0	\$ 0
1,885	1,377	-	-	-
3,908	(24,796)	-	-	-
-	-	5,474	5,519	5,303
-	-	79,184	216,623	376,391
<b>9,796</b>	<b>(20,150)</b>	<b>84,658</b>	<b>222,142</b>	<b>381,694</b>
100,216	74,617	-	-	-
5,863,103	5,282,838	-	-	-
86,576	36,953	-	-	-
(455,521)	(326,458)	-	-	-
-	-	3,460,936	3,172,872	3,199,806
-	-	153,318	83,481	185,790
-	-	689	968	4,513
-	-	1,424,837	1,195,221	1,348,974
-	-	24,374	30,201	24,938
<b>\$ 5,594,374</b>	<b>\$ 5,067,950</b>	<b>\$ 5,064,154</b>	<b>\$ 4,482,743</b>	<b>\$ 4,764,021</b>

## STATE OF ALABAMA

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

## Last Ten Fiscal Years

(Amounts in Thousands)

	2017	2016	2015	2014	2013
<b>Revenues</b>					
Taxes	\$ 9,937,261	\$ 9,688,071	\$ 9,495,075	\$ 9,179,181	\$ 8,943,677
Licenses, Permits, and Fees	957,711	838,784	815,183	777,804	683,527
Fines, Forfeits, and Court Settlements	199,515	214,692	141,522	148,436	202,968
Investment Income	411,961	321,849	31,052	251,790	237,875
Federal Grants and Reimbursements	9,149,105	8,845,712	8,650,652	8,444,987	8,468,687
Other Revenues	1,085,239	1,194,666	1,276,617	1,150,942	1,064,451
Total Revenues	21,740,792	21,103,774	20,410,101	19,953,140	19,601,185
<b>Expenditures</b>					
Economic Development and Regulation	141,781	132,869	139,059	115,103	116,286
Education and Cultural Resources	7,269,649	6,999,242	6,945,844	6,791,198	6,640,507
Natural Resources and Recreation	219,683	169,372	163,571	149,825	153,860
Health	7,348,838	6,983,426	6,785,507	6,507,467	6,351,112
Social Services	2,288,852	2,292,200	2,394,865	2,365,849	2,423,399
Protection of Persons and Property	1,146,759	1,131,237	1,145,092	1,107,139	1,027,538
Transportation	1,795,101	1,790,045	1,747,040	1,680,024	1,685,764
General Government	938,677	940,680	887,354	893,627	982,857
Capital Outlay	46,047	48,824	36,337	49,834	55,876
Debt Service - Principal Retirement	304,997	288,565	271,906	270,795	244,736
Debt Service - Interest and Other Charges	219,655	194,992	193,120	198,700	189,960
Debt Service - Current Refunding to Bondholders	-	-	-	-	82,802
Total Expenditures	21,720,039	20,971,452	20,709,695	20,129,561	19,954,697
<b>Other Financing Sources (Uses)</b>					
Transfers In	3,410,241	2,933,652	3,068,106	2,809,995	2,733,138
Bonds Issued	1,281,755	155,115	610,960	128,985	690,870
Refunding Bonds Issued	245,115	21,660	106,090	814,000	131,160
Capital Leases	7,150	19,836	7,709	6,834	538
Other Debt Issued	-	3,163	-	-	-
Debt Issuance Premiums	166,365	21,114	95,175	165,400	115,957
Debt Issuance Discounts	(2,587)	-	-	-	-
Insurance Recovery Proceeds	3,912	2,567	5,208	3,849	9,834
Transfers Out	(3,439,907)	(2,942,444)	(3,076,997)	(2,808,115)	(2,715,345)
Payments to Refunded Bond Escrow Agent	(299,211)	(21,885)	(124,437)	(966,941)	(66,681)
Total Other Financing Sources (Uses)	1,372,833	192,778	691,814	154,007	899,471
<b>Net Increase (Decrease) for the Year</b>	<b>1,393,586</b>	<b>325,100</b>	<b>392,220</b>	<b>(22,414)</b>	<b>545,959</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>2.47%</b>	<b>2.34%</b>	<b>2.29%</b>	<b>2.38%</b>	<b>2.66%</b>

GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012. GASB 68 and GASB 73 added pension liabilities in 2015 and 2017, respectively. Only 2014 fund balance/net position was restated for GASB 68. Only 2016 fund balance/net position was restated for GASB 73.



2012	2011	2010	2009	2008
\$ 8,661,089	\$ 8,333,168	\$ 8,125,015	\$ 8,008,871	\$ 8,446,889
679,106	663,102	666,421	657,655	649,263
255,117	162,156	150,216	254,074	147,732
327,787	133,247	314,215	244,594	(142,144)
8,433,252	9,279,853	9,294,122	7,597,805	6,689,041
1,149,715	1,115,733	1,198,630	1,244,595	1,524,149
19,506,066	19,687,259	19,748,619	18,007,594	17,314,930
82,604	186,281	204,464	226,554	84,627
6,665,647	7,058,644	6,777,455	6,770,076	7,615,757
151,359	149,952	183,387	164,682	194,725
6,372,507	6,077,718	6,129,642	5,535,484	5,125,487
2,459,795	2,578,242	2,350,328	1,969,621	1,717,523
1,104,876	1,158,878	1,114,794	1,085,493	1,025,662
1,557,750	1,501,744	1,560,242	1,577,388	1,556,330
931,145	1,034,418	1,054,431	959,748	987,710
80,479	52,646	42,525	92,995	272,032
357,677	54,892	50,493	56,388	71,213
187,763	51,874	52,672	47,655	61,514
-	-	52,610	-	23,625
19,951,602	19,905,289	19,573,043	18,486,084	18,736,205
2,869,361	1,409,958	1,247,478	1,391,457	1,841,818
15,700	-	110,000	-	10,000
257,585	91,195	112,030	-	22,660
45,551	5,989	2,322	9,504	171
-	24,262	62,136	-	-
40,085	8,491	20,746	-	1,210
-	-	-	-	-
5,368	5,059	3,465	2,395	4,579
(2,849,560)	(1,323,632)	(1,231,279)	(1,371,022)	(1,828,014)
(102,030)	(96,755)	(74,415)	-	-
282,060	124,567	252,483	32,334	52,424
<b>(163,476)</b>	<b>(93,463)</b>	<b>428,059</b>	<b>(446,156)</b>	<b>(1,368,851)</b>
<b>2.81%</b>	<b>0.55%</b>	<b>0.81%</b>	<b>0.58%</b>	<b>0.87%</b>

**STATE OF ALABAMA****REVENUE CAPACITY**

Major Revenue Base: Personal Income by Industry

Last Ten Years

(Amounts in Thousands)

<b>Industry</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Mining	\$ 535,440	\$ 518,899	\$ 712,929	\$ 836,749	\$ 840,915
Utilities	1,945,042	2,039,722	1,856,345	1,765,859	1,728,519
Construction	7,685,109	7,577,708	7,079,691	7,623,717	7,119,022
Manufacturing	18,270,835	18,300,971	17,526,602	17,431,297	16,351,293
Wholesale Trade	5,992,007	5,888,990	5,779,052	5,663,330	5,403,492
Retail Trade	8,413,777	8,278,332	7,982,234	8,303,459	8,017,218
Transportation and warehousing	4,070,788	3,931,663	3,834,795	4,535,965	4,239,256
Finance and insurance	6,668,703	6,616,655	6,506,117	6,459,942	6,015,057
Professional and technical services	10,749,865	10,433,125	9,925,369	9,569,802	9,334,439
Government and government enterprises	26,871,446	25,955,072	25,345,573	24,716,794	24,216,729
All other	103,668,214	99,620,837	98,236,210	95,001,853	91,610,634
Total Personal Income	\$ 194,871,226	\$ 189,161,974	\$ 184,784,917	\$ 181,908,767	\$ 174,876,574
State Income Taxes	3,624,543	3,570,598	3,378,720	3,310,531	3,206,838
Average Effective Rate*	1.86%	1.89%	1.83%	1.82%	1.83%

Source: Bureau of Economic Analysis, U.S. Department of Commerce, Department of Revenue

\*Note: The average rate for personal income equals state income taxes divided by total personal income.

---

---

2012	2011	2010	2009	2008
\$ 880,657	\$ 855,675	\$ 743,147	\$ 677,671	\$ 789,493
1,659,193	1,726,128	1,560,235	1,547,726	1,579,468
7,205,484	6,835,481	6,986,512	6,938,577	7,611,799
15,849,614	15,120,512	14,613,248	14,516,966	16,403,497
5,258,399	5,210,209	5,016,542	5,022,683	5,425,759
7,865,974	7,752,956	7,554,415	7,450,385	7,635,379
4,016,668	3,671,504	3,383,582	3,262,369	3,474,537
5,775,195	5,593,404	5,180,225	5,322,747	5,389,427
9,246,641	9,125,930	8,811,166	9,025,490	9,074,491
24,762,578	25,275,484	25,023,391	24,130,691	23,283,803
91,081,026	87,863,116	84,194,438	79,246,130	79,325,882
\$ 173,601,429	\$ 169,030,399	\$ 163,066,901	\$ 157,141,435	\$ 159,993,535
2,979,877	2,816,245	2,582,590	2,726,100	3,034,890
1.72%	1.67%	1.58%	1.73%	1.90%

**STATE OF ALABAMA****REVENUE CAPACITY**

Revenue Rates: Individual and Corporate Income Tax Rates

Last Ten Calendar Years

Filing Status	2007-2017
Taxable Net Income Level	Rate
Single	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	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	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	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%
	2007-2017
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

#### Last Ten Years

##### For Tax Year 2016

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	479,395	25%	27,245	1%
12,001- 24,000	380,286	20%	155,519	5%
24,001- 39,000	315,870	16%	298,319	10%
39,001- 60,000	264,269	14%	403,442	13%
60,001- 80,000	150,948	8%	332,486	11%
OVER 80,000	328,986	17%	1,797,290	60%
TOTAL	1,919,754	100%	3,014,301	100%

##### For Tax Year 2015

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	468,533	25%	26,941	1%
12,001- 24,000	378,789	20%	153,715	5%
24,001- 39,000	312,421	16%	294,605	10%
39,001- 60,000	261,297	14%	397,933	14%
60,001- 80,000	150,287	8%	331,181	11%
OVER 80,000	321,801	17%	1,729,039	59%
TOTAL	1,893,128	100%	2,933,414	100%

##### For Tax Year 2014

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	477,726	25%	27,155	1%
12,001- 24,000	382,163	20%	153,345	5%
24,001- 39,000	310,875	16%	291,717	10%
39,001- 60,000	261,042	14%	396,613	14%
60,001- 80,000	150,587	8%	331,784	11%
OVER 80,000	318,977	17%	1,747,553	59%
TOTAL	1,901,370	100%	2,948,167	100%

##### For Tax Year 2013

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	477,298	26%	26,620	1%
12,001- 24,000	383,349	20%	150,738	6%
24,001- 39,000	307,355	16%	284,139	10%
39,001- 60,000	255,616	14%	383,903	14%
60,001- 80,000	149,247	8%	326,314	12%
OVER 80,000	299,707	16%	1,545,771	57%
TOTAL	1,872,572	100%	2,717,485	100%

##### For Tax Year 2012

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	495,994	26%	28,657	1%
12,001- 24,000	388,751	21%	150,991	5%
24,001- 39,000	304,155	16%	282,810	10%
39,001- 60,000	253,402	13%	385,291	13%
60,001- 80,000	147,366	8%	327,971	11%
OVER 80,000	295,562	16%	1,745,714	60%
TOTAL	1,885,230	100%	2,921,434	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 2016 is the most recent data available.

---

**For Tax Year 2011**

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	508,015	27%	25,527	1%
12,001- 24,000	391,371	21%	148,582	6%
24,001- 39,000	301,431	16%	275,551	10%
39,001- 60,000	251,925	13%	377,668	14%
60,001- 80,000	145,089	8%	318,738	12%
OVER 80,000	280,952	15%	1,509,678	57%
TOTAL	1,878,783	100%	2,655,744	100%

**For Tax Year 2010**

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	491,334	27%	18,570	1%
12,001- 24,000	379,344	21%	135,460	6%
24,001- 39,000	299,181	15%	268,620	11%
39,001- 60,000	248,925	14%	361,130	15%
60,001- 80,000	144,736	8%	305,220	12%
OVER 80,000	270,012	15%	1,338,410	55%
TOTAL	1,833,532	100%	2,427,410	100%

**For Tax Year 2009**

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	533,337	28%	24,573	1%
12,001- 24,000	397,273	21%	150,509	6%
24,001- 39,000	309,742	16%	278,400	11%
39,001- 60,000	256,580	13%	376,757	16%
60,001- 80,000	144,920	8%	311,292	13%
OVER 80,000	262,361	14%	1,292,084	53%
TOTAL	1,904,213	100%	2,433,615	100%

**For Tax Year 2008**

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	514,586	28%	22,000	1%
12,001- 24,000	377,749	20%	161,000	6%
24,001- 39,000	301,812	16%	269,000	11%
39,001- 60,000	253,458	14%	359,000	15%
60,001- 80,000	146,330	8%	300,000	12%
OVER 80,000	265,237	14%	1,344,000	55%
TOTAL	1,859,172	100%	2,455,000	100%

**For Tax Year 2007**

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	526,003	27%	25,258	1%
12,001- 24,000	416,646	21%	159,353	6%
24,001- 39,000	330,490	17%	289,406	10%
39,001- 60,000	268,594	14%	387,854	14%
60,001- 80,000	151,822	8%	320,206	12%
OVER 80,000	272,191	13%	1,576,154	57%
TOTAL	1,965,746	100%	2,758,231	100%

# STATE OF ALABAMA

## REVENUE CAPACITY

### Principal Revenue Payers: Corporate Income Tax Filers and Liability

#### Last Nine Years

##### For Tax Year 2015

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	7,986	64%	6,143	1%
50,001- 100,000	1,265	10%	5,851	1%
100,001- 500,000	1,836	15%	27,060	6%
500,001- 1,000,000	497	4%	22,880	5%
1,000,001- and higher	907	7%	420,765	87%
TOTAL	12,491	100%	482,699	100%

##### For Tax Year 2014

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	7,734	65%	5,884	1%
50,001- 100,000	1,200	10%	5,347	1%
100,001- 500,000	1,684	14%	23,184	5%
500,001- 1,000,000	474	4%	19,948	5%
1,000,001- and higher	839	7%	369,388	88%
TOTAL	11,931	100%	423,751	100%

##### For Tax Year 2013

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	18,897	82%	5,655	1%
50,001- 100,000	1,152	5%	5,234	1%
100,001- 500,000	1,660	7%	23,928	5%
500,001- 1,000,000	437	2%	18,766	4%
1,000,001- and higher	810	4%	400,521	89%
TOTAL	22,956	100%	454,104	100%

##### For Tax Year 2012

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	19,466	82%	5,635	1%
50,001- 100,000	1,137	5%	5,277	1%
100,001- 500,000	1,726	7%	25,689	6%
500,001- 1,000,000	432	2%	19,911	5%
1,000,001- and higher	835	4%	385,641	87%
TOTAL	23,596	100%	442,153	100%

##### For Tax Year 2011

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	18,652	83%	5,579	1%
50,001- 100,000	1,112	5%	5,140	1%
100,001- 500,000	1,594	7%	23,728	6%
500,001- 1,000,000	434	2%	20,141	5%
1,000,001- and higher	729	3%	371,488	87%
TOTAL	22,521	100%	426,076	100%



---

**For Tax Year 2009**

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	18,232	84%	5,295	2%
50,001- 100,000	989	5%	4,498	1%
100,001- 500,000	1,392	6%	19,764	6%
500,001- 1,000,000	377	2%	16,337	5%
1,000,001- and higher	653	3%	279,096	86%
TOTAL	21,643	100%	324,990	100%

**For Tax Year 2008**

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	19,535	83%	6,316	1%
50,001- 100,000	1,217	5%	5,570	1%
100,001- 500,000	1,624	7%	23,328	5%
500,001- 1,000,000	423	2%	17,709	4%
1,000,001- and higher	783	3%	419,016	89%
TOTAL	23,582	100%	471,939	100%

**For Tax Year 2007**

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	20,384	82%	6,815	1%
50,001- 100,000	1,400	6%	6,378	1%
100,001- 500,000	1,805	7%	26,855	5%
500,001- 1,000,000	467	2%	21,468	4%
1,000,001- and higher	784	3%	491,206	89%
TOTAL	24,840	100%	552,722	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 2015 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)

	2017	2016	2015	2014	2013
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 673,634	\$ 722,383	\$ 631,497	\$ 680,476	\$ 705,367
Revenue Bonds	4,753,950	3,667,728	3,942,889	3,517,971	3,580,726
Capital Leases/Notes/Mortgages	192,297	191,200	180,902	184,946	173,661
<b>Total Governmental Activities</b>	<b>5,619,881</b>	<b>4,581,311</b>	<b>4,755,288</b>	<b>4,383,393</b>	<b>4,459,754</b>
<b>Business-type Activities:</b>					
Revenue Bonds	327,401	344,610	354,408	363,695	365,556
Capital Leases/Notes/Mortgages	1,217	4,518	4,607	5,848	5,442
<b>Total Governmental Activities</b>	<b>\$ 328,618</b>	<b>\$ 349,128</b>	<b>\$ 359,015</b>	<b>\$ 369,543</b>	<b>\$ 370,998</b>
<b>Total Primary Government</b>	<b>\$ 5,948,499</b>	<b>\$ 4,930,439</b>	<b>\$ 5,114,303</b>	<b>\$ 4,752,936</b>	<b>\$ 4,830,752</b>
<b>Debt as a percentage of Personal Income †</b>	3.05%	2.61%	2.77%	2.61%	2.76%
<b>Amount of Debt per Capita †</b>	\$ 1,220	\$ 1,023	\$ 1,078	\$ 980	\$ 999

Note: Details regarding the State's outstanding debt can be found in Note 5 of the financial statements. Bonds authorized but not issued are disclosed in Note 5.E.6. All years with revised population and personal income data.

† See the Schedule of Demographic and Economic Statistics on page 303 for personal income and population data.

2012	2011	2010	2009	2008
\$ 713,718	\$ 748,183	\$ 775,893	\$ 687,336	\$ 721,145
3,044,393	3,176,226	3,163,629	2,889,186	3,000,661
181,117	144,811	117,115	43,549	41,934
<b>3,939,228</b>	<b>4,069,220</b>	<b>4,056,637</b>	<b>3,620,071</b>	<b>3,763,740</b>
373,101	380,313	363,854	355,350	347,414
6,840	8,871	11,688	14,275	16,224
<b>379,941</b>	<b>389,184</b>	<b>375,542</b>	<b>369,625</b>	<b>363,638</b>
<b>\$ 4,319,169</b>	<b>\$ 4,458,404</b>	<b>\$ 4,432,179</b>	<b>\$ 3,989,696</b>	<b>\$ 4,127,378</b>
2.49%	2.64%	2.72%	2.54%	2.58%
\$ 897	\$ 929	\$ 926	\$ 839	\$ 875

# STATE OF ALABAMA

## DEBT CAPACITY

### Ratios of General Bonded Debt Outstanding

#### Last Ten Fiscal Years

(Amounts in Thousands, Except Per Capita Amount)

Fiscal Year	General Obligation Bonds Payable	Revenue Bonds	Total Debt Outstanding	Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of Personal Income †	Per Capita †
2017	\$ 673,634	\$ 4,753,950	\$ 5,427,584	\$ 175,120	\$ 5,252,464	2.70%	1,077
2016	722,383	3,667,728	4,390,111	156,430	4,233,681	2.24%	878
2015	631,497	3,942,889	4,574,386	138,428	4,435,958	2.40%	935
2014	680,476	3,517,971	4,198,447	136,111	4,062,336	2.23%	838
2013	705,367	3,580,726	4,286,093	120,716	4,165,377	2.38%	862
2012	713,718	3,044,393	3,758,111	172,030	3,586,081	2.07%	744
2011	748,183	3,176,226	3,924,409	152,556	3,771,853	2.23%	786
2010	775,893	3,163,629	3,939,522	156,883	3,782,639	2.32%	790
2009	687,336	2,889,186	3,576,522	87,100	3,489,422	2.22%	733
2008	721,145	3,000,661	3,721,806	141,953	3,579,853	2.24%	759

Note: Details regarding the State's outstanding debt can be found in Note 5 of the financial statements.

† See the Schedule of Demographic and Economic Statistics on page 303 for personal income and population data.

All years presented with revised population and personal income data.

## STATE OF ALABAMA

---

### DEBT CAPACITY

#### Debt Limitations

---

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 Ten Fiscal Years

(Amounts in Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>State Port Authority</b>					
Revenue-Charges for facilities usage	\$ 125,872	\$ 119,691	\$ 144,886	\$ 162,318	\$ 147,508
Debt Service					
Principal	10,295	9,755	9,245	8,770	8,290
Interest	15,904	16,732	16,955	17,063	17,350
Coverage <sup>1</sup>	4.80	4.52	5.53	6.28	5.75
<b>Federal Aid Highway Finance Authority</b>					
Revenue-Federal Revenue	831,961	879,343	900,906	941,952	913,307
Debt Service					
Principal	31,080	29,830	23,740	22,675	14,540
Interest	47,920	39,188	30,063	18,562	14,440
Coverage <sup>1</sup>	10.53	12.74	16.74	22.84	31.52
<b>Alabama Incentives Financing Authority</b>					
<b>Tennessee Valley Exhibit Commission</b>					
Revenue-Tennessee Valley Electric Payment	14,910	16,152	17,513	18,118	19,055
Debt Service					
Principal	6,015	5,770	5,550	5,360	6,025
Interest	11,925	12,170	12,384	12,573	11,919
Coverage <sup>1</sup>	0.83	0.90	0.98	1.01	1.06
<b>Alabama Economic Settlement Authority</b>					
Revenue-BP Settlement	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	17,749	-	-	-	-
Coverage <sup>1</sup>	-	-	-	-	-

Details regarding the State's outstanding bonds can be found in Note 5 of the financial statements.

<sup>1</sup> Coverage equals revenue divided by debt service.

---

---

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 144,686	\$ 121,533	\$ 106,460	\$ 103,420	\$ 125,070
7,895	7,525	7,165	6,830	7,250
17,983	16,775	12,361	14,656	13,428
5.59	5.00	5.45	4.81	6.05
823,507	923,363	979,460	726,063	831,530
13,930	13,605	13,010	12,450	11,920
3,412	5,259	5,890	6,527	7,136
47.49	48.95	51.82	38.26	43.64
20,642	19,903	20,851	20,813	19,313
5,045	4,935	140	1,760	2,630
6,977	7,088	6,638	5,982	6,202
1.72	1.66	3.08	2.69	2.19
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

*Continued on next page*

# STATE OF ALABAMA

## DEBT CAPACITY

Pledged Revenue Coverage – Primary Government Revenue Bonds

(Continued from previous page)

Last Ten Fiscal Years

(Amounts in Thousands)

	2017	2016	2015	2014	2013
<b>Public School and College Authority</b>					
Revenue-General Sales Tax, Utility Tax, Use Tax	\$ 2,554,547	\$ 2,524,359	\$ 2,441,906	\$ 2,459,428	\$ 2,353,497
Debt Service					
Principal	192,160	180,905	168,460	178,200	163,325
Interest	89,823	97,566	101,762	115,995	108,860
Coverage <sup>1</sup>	9.06	9.07	9.04	8.36	8.65
<b>Mental Health Financing Authority</b>					
Revenue-Cigarette Tax	8,361	8,483	5,477	5,510	5,652
Debt Service					
Principal	1,805	1,760	1,700	1,650	1,400
Interest	288	326	383	437	448
Coverage <sup>1</sup>	3.99	4.07	2.63	2.64	3.06
<b>Alabama Revolving Fund Authority</b>					
Revenue-Mobile Telecommunications Tax	45,051	50,447	57,320	70,117	80,511
Debt Service					
Principal	990	960	930	905	885
Interest	849	886	916	940	962
Coverage <sup>1</sup>	24.50	27.33	31.05	38.00	43.59
<b>Alabama Twenty-first Century Authority</b>					
Revenue-Tobacco Settlement	13,000	13,000	13,000	13,000	13,000
Debt Service					
Principal	9,585	9,160	8,820	8,525	180
Interest	3,306	3,673	4,025	4,281	4,287
Coverage <sup>1</sup>	1.01	1.01	1.01	1.02	2.91
<b>Alabama Highway Finance Corporation</b>					
Revenue-0.07 Gasoline Tax, 0.13 diesel fuel tax, 0.06 diesel fuel tax, motor carrier tax, inspection fees, identification marker fees	365,276	346,376	354,209	-	-
Debt Service					
Principal	3,510	3,450	3,410	-	-
Interest	308	368	405	-	-
Coverage <sup>1</sup>	95.67	90.72	92.85		

Details regarding the State's outstanding bonds can be found in Note 5 of the financial statements.

<sup>1</sup> Coverage equals revenue divided by debt service.



---

---

<u>2012</u>		<u>2011</u>		<u>2010</u>		<u>2009</u>		<u>2008</u>	
\$	2,441,387	\$	2,370,684	\$	2,328,626	\$	2,307,959	\$	2,514,550
	101,770		69,180		71,235		130,720		91,215
	123,123		114,892		132,698		116,126		93,359
	10.86		12.88		11.42		9.35		13.62
	5,930		6,121		6,205		6,364		6,562
	1,325		1,255		1,190		4,710		4,775
	195		234		270		505		745
	3.90		4.11		4.25		1.22		1.19
	82,404		94,790		105,919		108,781		101,287
	865		-		515		475		440
	984		746		702		743		780
	44.57		127.06		87.03		89.31		83.02
	13,000		13,000		13,000		13,000		13,000
	6,530		6,205		5,910		5,625		5,360
	7,110		6,339		6,659		6,958		7,241
	0.95		1.04		1.03		1.03		1.03
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-

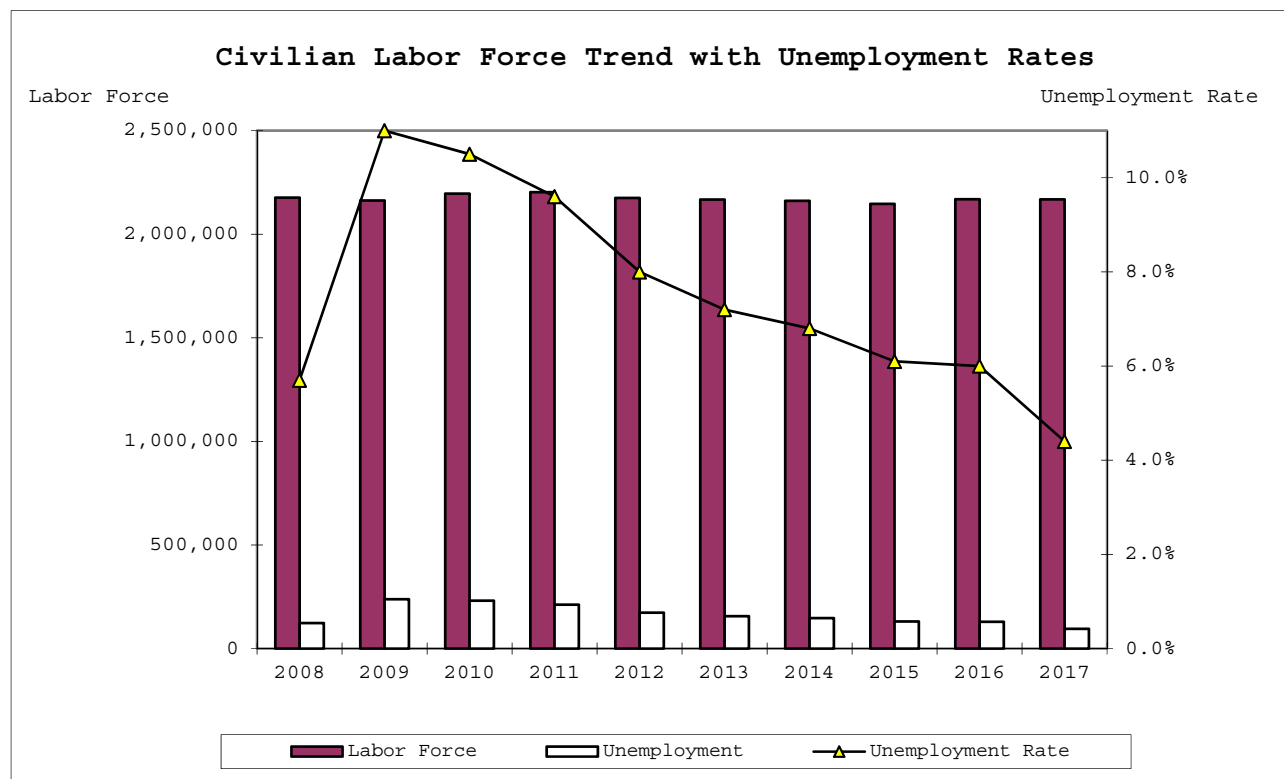
# STATE OF ALABAMA

## 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>
2008	2,176,489	2,053,477	123,012	5.7%
2009	2,162,999	1,924,747	238,252	11.0%
2010	2,196,042	1,964,559	231,483	10.5%
2011	2,202,670	1,990,413	212,257	9.6%
2012	2,174,972	2,001,849	173,123	8.0%
2013	2,167,238	2,010,431	156,807	7.2%
2014	2,161,313	2,014,284	147,029	6.8%
2015	2,146,157	2,015,189	130,968	6.1%
2016	2,168,608	2,038,775	129,833	6.0%
2017	2,168,444	2,073,106	95,338	4.4%



Note: Averages for calendar year and not seasonally adjusted.

2010-2017 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

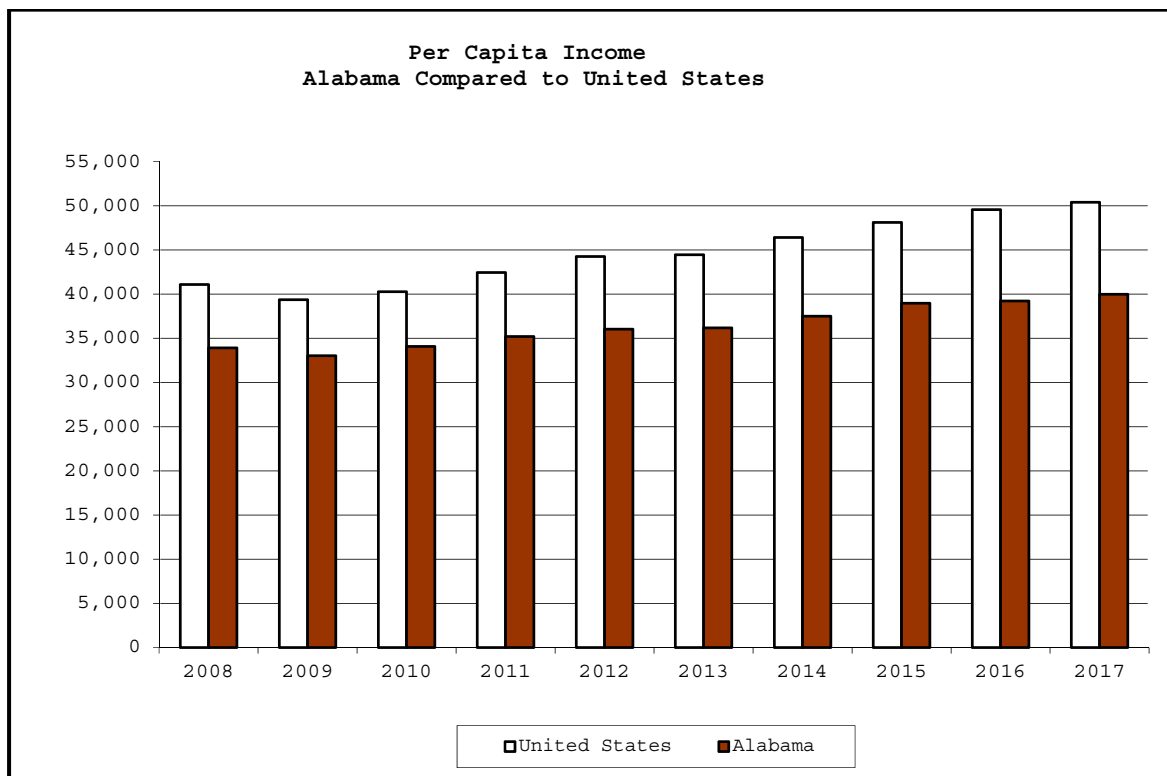
# STATE OF ALABAMA

## DEMOGRAPHIC AND ECONOMIC INFORMATION

### Population/Per Capita Personal Income Statistics

#### Last Ten Years

<u>Year</u>	<u>Population</u>		<u>Per Capita Personal Income</u>		<u>Personal income (in Thousands)</u>	
	<u>United States</u>	<u>Alabama</u>	<u>United States</u>	<u>Alabama</u>	<u>United States</u>	<u>Alabama</u>
2008	304,093,966	4,718,206	41,082	33,910	12,492,705,000	159,993,535
2009	306,771,529	4,757,938	39,376	33,027	12,079,444,000	157,141,435
2010	309,346,863	4,785,822	40,277	34,073	12,459,613,000	163,066,901
2011	311,718,857	4,801,695	42,453	35,202	13,233,436,000	169,030,399
2012	314,102,623	4,817,484	44,267	36,036	13,904,485,000	173,601,429
2013	316,427,395	4,833,996	44,462	36,176	14,068,960,000	174,876,574
2014	318,907,401	4,849,377	46,414	37,512	14,801,624,000	181,908,767
2015	321,418,820	4,859,672	48,112	38,965	15,463,981,000	184,784,917
2016	323,127,513	4,863,300	49,571	39,231	16,017,781,445	189,161,974
2017	325,719,178	4,874,747	50,392	39,976	16,413,550,863	194,871,226



Note: Year 2017 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	2017			2016		
	Employment Range	Rank	% of Total State Employment	Employment Range	Rank	% of Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.82%	30,000-39,999	1	1.84%
Army	20,000-29,999	2	1.30%	20,000-29,999	2	1.31%
U S Postal Service	5,000-9,999	3	0.39%	5,000-9,999	5	0.39%
University Of Alabama-Birmingham	5,000-9,999	4	0.39%	5,000-9,999	3	0.39%
Regions Bank	5,000-9,999	5	0.39%	5,000-9,999	4	0.39%
Mobile Education Board	5,000-9,999	6	0.39%	5,000-9,999	6	0.39%
Publix Alabama LLC	5,000-9,999	7	0.39%	5,000-9,999	7	0.39%
Huntsville Hospital	5,000-9,999	8	0.39%	5,000-9,999	8	0.39%
Alabama Power Co Electric	5,000-9,999	9	0.39%	5,000-9,999	9	0.39%
The University of Alabama	5,000-9,999	10	0.39%	5,000-9,999	10	0.39%
	90,000-149,990		6.24%	90,000-149,990		6.27%

Employer	2015			2014		
	Employment Range	Rank	% of Total State Employment	Employment Range	Rank	% of Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.87%	30,000-39,999	1	1.89%
Army	20,000-29,999	2	1.33%	20,000-29,999	2	1.35%
Regions Bank	5,000-9,999	3	0.40%	5,000-9,999	3	0.41%
U S Postal Service	5,000-9,999	4	0.40%	5,000-9,999	5	0.41%
University Of Alabama-Birmingham	5,000-9,999	5	0.40%	5,000-9,999	4	0.41%
Mobile Education Board	5,000-9,999	6	0.40%	5,000-9,999	6	0.41%
Alabama Power Co Electric	5,000-9,999	7	0.40%	5,000-9,999	7	0.41%
Publix Alabama LLC	5,000-9,999	8	0.40%	5,000-9,999	8	0.41%
Huntsville Hospital	5,000-9,999	9	0.40%	5,000-9,999	9	0.41%
Auburn University	5,000-9,999	10	0.40%	-	-	-
Ascension Health Ministry Service	-	-	-	5,000-9,999	10	0.41%
	90,000-149,990		6.40%	90,000-149,990		6.52%

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 Labor - Labor Market Information Division

Employer	2013			2012			2011		
	Employment		% of Total State Employment	Employment		% of Total State Employment	Employment		% of Total State Employment
	Range	Rank		Range	Rank		Range	Rank	
Wal Mart Associates Inc	30,000-39,999	1	1.96%	30,000-39,999	1	1.93%	30,000-39,999	1	1.93%
Army	20,000-29,999	2	1.39%	20,000-29,999	2	1.38%	20,000-29,999	2	1.38%
Mobile Education Board	5,000-9,999	3	0.41%	5,000-9,999	3	0.41%	5,000-9,999	3	0.41%
University Of Alabama-Birmingham	5,000-9,999	4	0.41%	5,000-9,999	5	0.41%	5,000-9,999	5	0.41%
U S Postal Service	5,000-9,999	5	0.41%	5,000-9,999	4	0.41%	5,000-9,999	4	0.41%
Alabama Power Co Electric	5,000-9,999	6	0.41%	5,000-9,999	6	0.41%	5,000-9,999	6	0.41%
Regions Bank	5,000-9,999	7	0.41%	5,000-9,999	8	0.41%	5,000-9,999	7	0.41%
Huntsville Hospital	5,000-9,999	8	0.41%	5,000-9,999	9	0.41%	5,000-9,999	9	0.41%
Publix Alabama LLC	5,000-9,999	9	0.41%	-	-	-	-	-	-
Auburn University	5,000-9,999	10	0.41%	-	-	-	-	-	-
U. Of Ala In Bham Medical Center	-	-	-	5,000-9,999	7	0.41%	5,000-9,999	8	0.41%
University Of Alabama	-	-	-	5,000-9,999	10	0.41%	5,000-9,999	10	0.41%
	90,000-149,990		6.63%	90,000-149,990		6.59%	90,000-149,990		6.59%
Employer	2010			2009			2008		
	Employment		% of Total State Employment	Employment		% of Total State Employment	Employment		% of Total State Employment
	Range	Rank		Range	Rank		Range	Rank	
Wal Mart Associates Inc	30,000-39,999	1	1.94%	30,000-39,999	1	1.90%	30,000-39,999	1	1.80%
Army	20,000-29,999	2	1.39%	20,000-29,999	2	1.36%	20,000-29,999	2	1.28%
U S Postal Service	5,000-9,999	3	0.42%	5,000-9,999	3	0.38%	5,000-9,999	4	0.77%
Mobile Education Board	5,000-9,999	4	0.42%	5,000-9,999	4	0.41%	10,000-19,999	3	0.39%
Regions Bank	5,000-9,999	5	0.42%	5,000-9,999	9	0.41%	-	-	-
University Of Alabama-Birmingham	5,000-9,999	6	0.42%	5,000-9,999	6	0.41%	5,000-9,999	6	0.39%
Alabama Power Co Electric	5,000-9,999	7	0.42%	5,000-9,999	7	0.41%	5,000-9,999	7	0.39%
U. Of Ala In Bham Medical Center	5,000-9,999	8	0.42%	5,000-9,999	8	0.41%	5,000-9,999	9	0.39%
Pilgrims Pride Corporation	5,000-9,999	9	0.42%	5,000-9,999	10	0.41%	5,000-9,999	8	0.39%
Huntsville Hospital	5,000-9,999	10	0.42%	-	-	-	5,000-9,999	10	0.39%
Winn Dixie	-	-	-	5,000-9,999	5	0.41%	5,000-9,999	5	0.39%
	90,000-149,990		6.69%	90,000-149,990		6.54%	95,000-159,990		6.58%

# STATE OF ALABAMA

## OPERATING INFORMATION

### State Government Employment by Function

#### Last Ten Years

	2017	2016	2015	2014	2013
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
Economic Development and Regulation	698	696	673	664	684
Education and Cultural Resources	1,010	1,027	998	973	856
Natural Resources and Recreation	1,340	1,325	1,410	1,460	1,448
Health	5,225	5,312	5,231	5,441	5,077
Social Services	5,989	6,050	6,133	6,162	5,997
Protection of Person and Property	7,461	7,531	7,883	7,750	8,255
Transportation	4,320	4,310	4,375	4,320	4,271
General Government	3,868	3,802	5,312	4,469	4,048
<b>Total Governmental Activities</b>	<b>29,911</b>	<b>30,053</b>	<b>32,015</b>	<b>31,239</b>	<b>30,636</b>
<b>Business-type Activities:</b>					
Alcoholic Beverage Control Board	840	818	794	879	896
State Port Authority	167	176	188	187	187
<b>Total Business-Type Activities</b>	<b>1,007</b>	<b>994</b>	<b>982</b>	<b>1,066</b>	<b>1,083</b>
<b>Total Primary Government</b>	<b>30,918</b>	<b>31,047</b>	<b>32,997</b>	<b>32,305</b>	<b>31,719</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

---

---

2012	2011	2010	2009	2008
704	731	734	844	852
832	851	888	977	982
1,461	1,471	1,471	1,457	1,586
6,017	5,406	5,406	5,519	5,658
6,089	6,267	6,217	6,269	6,279
8,394	8,220	8,233	8,467	8,470
4,355	4,613	4,613	4,746	4,781
4,031	4,464	4,587	4,686	4,731
31,883	32,023	32,149	32,965	33,339
899	906	902	901	898
188	181	185	193	200
1,087	1,087	1,087	1,094	1,098
32,970	33,110	33,236	34,059	34,437

# STATE OF ALABAMA

## OPERATING INFORMATION

### Indicators of Demand or Level of Service

#### Last Ten Fiscal Years

	2017	2016	2015	2014	2013
<b>Economic Development and Regulation</b>					
Forestry Commission					
Number of fires	3,371	1,637	2,377	1,485	1,682
Average acres burned	14	12	13	16	13
Agriculture and Industries					
Pounds of meat processed under inspection	84,200,561	85,033,628	86,648,858	83,532,371	104,532,371
<b>Educational and Cultural Resources</b>					
Education Department					
Teachers	45,991	46,349	46,480	46,232	46,089
Number of local schools supported	1,338	1,467	1,480	1,491	1,501
Number of children served	730,175	730,563	740,567	740,567	739,295
<b>Natural Resources and Recreation</b>					
Conservation and Natural Resources					
Number of guests to outdoor recreational sites	3,725,131	3,777,838	3,613,957	3,524,785	4,231,342
Acres of land managed	461,659	447,886	441,351	436,445	424,621
Number of registered boats	264,910	265,133	262,332	263,893	266,697
<b>Health - Physical and Mental</b>					
Public Health					
Vital records issued	672,086	643,434	617,154	572,855	552,565
Medicaid					
Average number of monthly recipients	435,349	434,201	436,796	422,142	422,448
Average Number of claims processed monthly	1,774,599	1,766,065	1,769,199	1,697,512	1,830,587
<b>Social Services</b>					
Industrial Relations					
Employment Security claims	150,606	156,175	198,482	217,804	256,490
Human Resources					
Number of visits to licensed child care centers	4,464	4,953	2,263	2,508	2,420
Child support caseload	219,994	221,810	227,360	232,252	236,273
Households receiving food assistance	375,919	399,728	417,943	419,552	421,302
Number of child abuse/neglect assessments	27,891	27,077	24,505	22,151	20,456
<b>Protection of Persons and Property</b>					
Department of Corrections					
Number of inmates	21,213	23,328	24,191	24,816	25,340
Public Safety					
Arrest tickets issued	248,675	297,568	267,182	236,958	289,757
Accidents investigated	31,914	32,109	30,850	28,423	29,150
Pardons and Paroles					
Number of board decisions	8,556	7,362	7,239	7,967	9,450
Number of offenders supervised	66,667	54,695	66,736	64,534	64,525
Forensic Sciences					
Number of death cases investigated	2,889	2,717	2,433	2,631	2,464
<b>Transportation</b>					
Transportation Department					
Roadway miles	10,888	10,873	10,874	10,871	10,871
Bridges	5,395	5,431	5,390	5,401	5,393
<b>General Government</b>					
Administrative Office of Courts					
Caseload	1,646,259	1,628,320	1,630,981	1,682,245	1,814,366
Revenue Department					
Number of payments received	3,283,117	3,222,830	3,162,976	3,104,588	2,925,412



2012	2011	2010	2009	2008
1,421	3,665	2,314	2,094	2,450
12	19	11	11	10
87,148,545	92,168,293	111,056,537	97,868,453	105,603,617
46,073	47,573	48,165	49,364	49,364
1,496	1,523	1,520	1,376	1,367
743,130	749,084	739,198	739,197	744,000
3,992,768	3,899,694	3,758,217	3,366,161	3,082,009
318,535	293,559	210,834	198,802	197,451
266,003	250,402	248,514	271,206	273,406
471,065	440,327	432,547	479,904	517,723
416,558	411,062	397,583	375,542	350,646
1,799,182	1,785,966	1,726,496	1,631,021	1,500,484
284,253	346,020	359,287	506,603	285,075
2,581	3,203	3,254	3,435	4,060
236,000	234,000	229,000	229,635	228,479
411,710	387,214	344,788	280,625	231,470
19,884	19,538	17,221	n/a	29,301
25,376	25,651	25,390	25,854	25,303
411,086	436,802	533,220	568,505	538,910
31,544	30,227	30,520	30,904	33,115
11,946	11,097	10,284	12,954	12,158
67,339	75,132	71,578	67,579	66,196
2,394	2,476	2,403	2,512	4,098
10,870	10,849	10,876	10,877	10,875
5,390	5,395	5,374	5,368	5,362
2,039,383	2,248,910	2,589,067	2,611,460	2,589,796
3,460,511	4,368,358	3,318,271	3,296,454	3,304,603

# STATE OF ALABAMA

## OPERATING INFORMATION

### Indicators of Volume, Usage, and Nature of Capital Assets

#### Last Ten Fiscal Years

	2017	2016	2015*	2014	2013
<b>Economic Development and Regulation</b>					
Forestry Commission					
Buildings	3	3	3	159	159
Vehicles	360	362	431	400	307
Heavy Equipment	345	358	362	613	569
<b>Educational and Cultural Resources</b>					
Education Television					
Buildings	1	1	1	25	25
<b>Natural Resources and Recreation</b>					
Conservation and Natural Resources					
Buildings	87	85	85	680	678
Vehicles	696	633	637	743	761
Heavy Equipment	197	169	164	219	223
<b>Health</b>					
Environmental Management					
Vehicles	174	168	176	161	185
Mental Health					
Buildings	20	20	20	85	189
Vehicles	37	37	65	79	80
<b>Social Services</b>					
Human Resources					
Buildings	39	39	37	37	36
<b>Protection of Persons and Property</b>					
Agriculture and Industries					
Vehicles	131	121	102	158	163
Corrections					
Buildings	148	141	137	405	399
Vehicles	552	487	491	560	535
Military					
Buildings	187	185	185	646	641
Alabama Law Enforcement Agency					
Vehicles	1,223	1,189	1,136	1,131	1,184
Youth Services					
Buildings	31	32	32	112	112
Vehicles	44	40	35	89	86
Pardons and Paroles					
Vehicles	303	188	197	324	319
<b>Transportation</b>					
Transportation					
Buildings	101	87	87	583	583
Vehicles	2,237	2,277	2,150	2,062	2,193
Heavy Equipment	1,172	1,136	1,193	1,047	1,096
<b>General Government</b>					
Administrative Office of Courts					
Vehicles	10	9	9	14	14
Revenue Department					
Vehicles	33	12	15	21	28

\* Capitalization thresholds for capital assets were revised upward in 2015 resulting in a decrease in the number of items

It was not practical to restate years prior to 2015.

2012	2011	2010	2009	2008
159	159	160	159	142
303	360	379	380	371
547	569	654	657	671
25	25	26	26	24
671	677	678	668	659
739	740	760	778	774
218	222	214	211	207
173	177	183	163	178
190	190	190	251	359
91	134	132	132	184
36	34	31	30	31
154	165	246	249	234
391	385	370	370	362
503	504	446	421	446
647	657	665	669	680
1,089	1,372	1,353	1,275	1,375
113	114	115	118	119
85	114	106	103	101
312	329	321	322	305
562	526	510	510	501
2,099	2,276	2,039	2,062	2,343
1,032	1,092	1,093	1,061	1,146
14	22	23	22	20
29	34	29	26	27