

STATE OF ALABAMA

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

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For the Fiscal Year Ended  
September 30, 2019



Kay Ivey  
Governor

John McMillan  
State Treasurer

Kelly Butler  
Finance Director

Jim Zeigler  
State Auditor



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

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Governor

Kelly Butler  
Finance Director

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

Michael G. Hudson, CGFM  
Deputy State Comptroller

March 31, 2020

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, 2019. 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 *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 organization 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 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)

	2019	2018	2017	2016	2015
<b>Beginning Cash Balance, October 1</b>	<b>\$ 383,840</b>	<b>\$ 231,278</b>	<b>\$ 168,591</b>	<b>\$ 146,054</b>	<b>\$ 128,462</b>
Receipts	2,151,955	1,996,118	1,919,834	1,845,327	1,851,313
Disbursements	2,084,261	1,843,556	1,857,147	1,822,790	1,833,721
<b>Net Increase (Decrease) in Cash Balance</b>	<b>67,694</b>	<b>152,562</b>	<b>62,687</b>	<b>22,537</b>	<b>17,592</b>
<b>Ending Cash Balance, September 30</b>	<b>451,534</b>	<b>383,840</b>	<b>231,278</b>	<b>168,591</b>	<b>146,054</b>
Cash Balance Reserved for Obligations	47,647	57,765	40,904	44,959	51,302
<b>Unobligated Cash Balance, September 30</b>	<b>\$ 403,887</b>	<b>\$ 326,075</b>	<b>\$ 190,374</b>	<b>\$ 123,632</b>	<b>\$ 94,752</b>

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

	2019	2018	2017	2016	2015
<b>Beginning Cash Balance, October 1</b>	<b>\$ 409,773</b>	<b>\$ 73,079</b>	<b>191,977</b>	<b>\$ 197,189</b>	<b>\$ 56,967</b>
Receipts	7,215,276	6,753,485	6,327,327	6,072,933	6,048,341
Disbursements	6,951,675	6,416,791	6,446,225	6,078,145	5,908,119
<b>Net Increase (Decrease) in Cash Balance</b>	<b>263,601</b>	<b>336,694</b>	<b>(118,898)</b>	<b>(5,212)</b>	<b>140,222</b>
<b>Ending Cash Balance, September 30</b>	<b>673,374</b>	<b>409,773</b>	<b>73,079</b>	<b>191,977</b>	<b>197,189</b>
Cash Balance Reserved for Obligations	58,855	58,766	66,160	70,954	54,505
<b>Unobligated Cash Balance, September 30</b>	<b>\$ 614,519</b>	<b>\$ 351,007</b>	<b>\$ 6,919</b>	<b>\$ 121,023</b>	<b>\$ 142,684</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.

**Fund Balances - GAAP Basis**  
(Amounts in Millions)

	2019	2018	2017	2016	2015
General Fund	\$ 701.2	\$ 602.7	\$ 437.5	\$ 188.2	\$ 109.2
Education Trust Fund	1,050.0	719.5	400.6	486.8	465.9

**Cash Management**

The State Treasurer has the responsibility for the investment of cash balances. In accordance with statutory requirements, treasury cash may be deposited 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. Also, treasury cash may be invested in securities but the types of investments are limited.

The State Treasurer has placed considerable emphasis on cash management. In cooperation with state agencies, the receiving of funds into the State Treasury is expedited, with all excess funds earning interest. Interest income and other investment earnings received during the 2019 fiscal year totaled approximately \$62.6 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. A new travel reimbursement system was implemented in 2019 which fully automates the process from request to booking to receipt capture to reimbursement. The largest departments have been implemented and the remaining departments will be added over the next year. The new State payroll/personnel system project was launched in February 2020 with an anticipated timeline of about a year and a half. There is a plan for a minor upgrade to the State financial system which will pave the way for a major upgrade in the future. A bill has passed for the modernization of State Purchasing procedures and implementation of a new procurement system has started.

**Economic Condition and Outlook**

In 2019, Alabama's economy grew at a slightly slower pace than in 2018. Consumer spending moderately increased in 2019 as Alabama's gross domestic product (ALGDP) rose by 1.4 percent. The State's unemployment rate decreased to 3.0 percent in 2019 which is slightly below the national average of 3.7 percent.

Alabama gained 46,600 jobs during 2019. Job gains were seen in leisure and hospitality, education and health services, professional and business services, manufacturing, construction, transportation, and warehousing. Job gains in most other sectors of the economy remained flat or declined. Facilitated by relatively strong consumer and business spending, retailers in Alabama had an increase in jobs, despite an intensely competitive environment from both discount stores and online marketplaces.

Manufacturing sector output rose by 4.5 percent from October 2018, experiencing some of the fastest growth since the beginning of the recovery. The construction sector's output showed some improvement in the period October 2018 to October 2019 with real output growing by 2.0 percent. Wholesale trade increased 2.1 percent and was accompanied by a decrease of 200 jobs in employment from October 2018 to October 2019. Retail output rose 1.2 percent and retail trade employment increased by 1.1 percent.

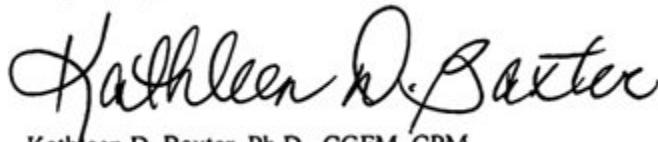
Alabama exports totaled \$15.0 billion in the first nine months of 2019 which was about 9.7 percent below the same period in the previous year. Exports to Canada, Alabama's largest trade partner, dropped from \$3.2 billion to \$2.9 billion for the first nine months of 2019. This decline is contributed to both the rhetoric about tariffs and a slowing international demand. Other major export destinations for Alabama products included China, Germany, Mexico, and Japan. For the first three quarters of 2019, transportation equipment exports totaled approximately \$6.9 billion, down from \$8.0 billion during the same period in 2018. Other major exports during the first three quarters of 2019 were chemicals, primary metals, mineral and ores, paper, machinery, computer and electronic products, fabricated metal products, and wood products.

Alabama's economy was growing in fiscal year 2020 at a rate that exceeded the growth in 2019. However, the COVID-19 pandemic is causing economic disruptions. The long-term economic impact is uncertain but before the disruption Alabama's economy was headed upwards. The rates of expansion could change somewhat. Alabama's economy was expected to expand by 1.8 percent in 2020, above the 1.4 percent seen in 2019. Non-agricultural employment was expected to experience a slight gain of 1.4 percent, adding approximately 29,000 jobs. Industries with the strongest increases in employment were expected to be construction, federal civilian entities, transportation equipment manufacturing, rubber and plastic manufacturing, leisure and hospitality services, financial activities, and professional and business services. On the other hand, job growth in retailing was most likely to remain modest in 2020 while employment in state government was expected to decline. Employment growth in federal government entities, however, was expected to increase in 2020 due to decennial Census-related hiring.

**Acknowledgments**

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

Respectfully submitted,

A handwritten signature in black ink that reads "Kathleen D. Baxter". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

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

State Comptroller



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**State of Alabama**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

September 30, 2019

**EXECUTIVE  
BRANCH**

Kay Ivey  
**Governor**

Will Ainsworth  
**Lt. Governor**

John McMillan  
**State Treasurer**

John H. Merrill  
**Secretary of State**

Rick Pate  
**Commissioner of Agriculture  
and Industries**

Steve Marshall  
**Attorney General**

Jim Zeigler  
**State Auditor**

**JUDICIAL  
BRANCH**

Tom Parker  
**Chief Justice of the Supreme Court**

**Justices of the Supreme Court**

Michael F. Bolin

Greg Shaw

Alisa Kelli Wise

Tommy Bryan

William B. Sellers

Brady E. Mendheim, Jr.

Sarah H. Stewart

Jay Mitchell

**LEGISLATIVE  
BRANCH**

Del Marsh  
**Senate President, Pro Tempore**

Mac McCutcheon  
**Speaker of the House**

Rachel Riddle  
**Examiners of Public Accounts**

Othni J. Lathram  
**Legislative Services Agency**

**EXECUTIVE BRANCH DEPARTMENTS**

Kelly Butler  
**Department of Finance**

H. Mac Gipson  
**ABC Board**

Greg Canfield  
**Department of Commerce**

Jean Brown  
**Department of Senior Services**

Michael E. Hill  
**State Banking Department**

Chris Blankenship  
**Department of Conservation  
and Natural Resources**

Lee Sentell  
**Department of Tourism**

Jeanna Ross  
**Department of Early Childhood Education**

Nichelle Nix  
**Office of Minority Affairs**

Kenneth W. Boswell  
**ADECA**

Major General Sheryl Gordon  
**State Military Department**

Nancy Buckner  
**Department of Human Resources**

Fitzgerald Washington  
**Department of Labor**

Lynn Beshear  
**Department of Mental Health**

Jim L. Ridling  
**Department of Insurance**

Colonel Jeff Dunn  
**Department of Corrections**

Brian Hastings  
**Emergency Management Agency**

John R. Cooper  
**Department of Transportation**

Marty Redden  
**Office of Information Technology**

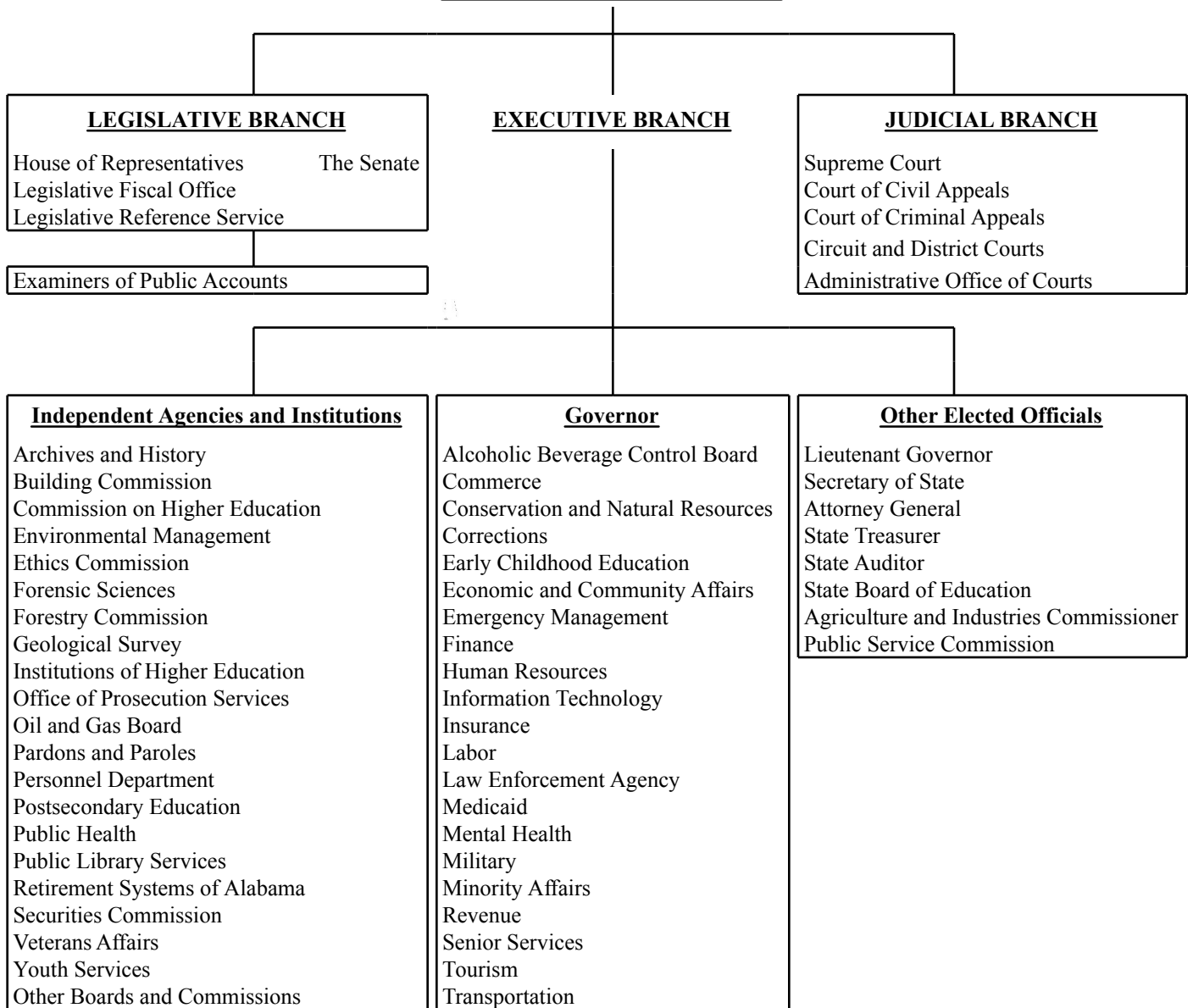
Stephanie Azar  
**Alabama Medicaid Agency**

Vernon Barnett  
**Department of Revenue**

Hal Taylor  
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## **Voters of Alabama**







Rachel Laurie Riddle  
*Chief Examiner*

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Department of  
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***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, 2019, 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	0.11%	0%
Business-Type Activities: Alabama Fire College & Personnel Standards Commission Alabama State Port Authority	45%	20%
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 University of South Alabama University of Montevallo University of North Alabama Alabama State University	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	89%	43%

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, 2019, 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.

## **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 analysis 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 March 31, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Alabama's 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.

A handwritten signature in black ink, appearing to read 'R. L. Riddle', is centered on the page.

Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

March 31, 2020





The following is a narrative overview and analysis of the financial activities of the State of Alabama for the fiscal year ended September 30, 2019. 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 \$1.2 billion 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 \$3.3 billion was Alabama Trust Capital.
- The State had a net pension liability of \$3.3 billion for the primary government.
- The State had a net other post-employment liability (net OPEB liability) of \$2.9 billion for the primary government.
- The Change in Net Position in governmental activities was \$1.13 billion.
- Governmental activities have \$4.9 billion in investments, \$3.3 billion of which is held in the Alabama Trust Fund.
- Tax revenues increased \$699 million, or 7 percent as the economy improved.
- Income tax revenues increased \$421 million, or 10 percent, because of the improved economy. Sales and use tax revenues increased \$184 million, or 7 percent.
- Total revenues and total expenses increased modestly. Revenues increased \$1.49 billion or 6 percent while expenses increased \$933 million, or 4 percent.
- The business-type activities reported net position at year-end of \$1.04 billion, an increase of \$83 million, or 8.6 percent, for the fiscal year. The Unemployment Compensation Trust Fund cash grew by \$73 million. The operating revenues for the State Port Authority increased by 17 percent, largely as a result of an increased demand for metallurgical coal.
- The State's total bond debt at the end of the fiscal year was \$5.2 billion for the primary government, a decrease of \$233 million.
- The State issued general obligation bonds with a par value of \$137.1 million and premiums of \$17.0 million for the purpose of economic development.
- The State issued general obligation bonds with a par value of \$23.4 million and premiums of \$1.9 million for the purpose of repairing national guard armories.
- The State issued revenue bonds with a par value of \$26 million and premiums of \$3.9 million for education capital improvements.
- Capital Assets increased \$247 million to \$22.9 billion, which includes \$20.2 billion in infrastructure assets.
- The Alabama Trust Fund balance increased by \$51 million, or 2 percent, and now stands at \$3.3 billion.
- The Alabama Trust Fund investment earnings decreased from \$217 million to \$184 million.
- General Fund revenues increased by \$163 million, while expenditures increased \$192 million.
- Education Trust Fund revenues increased \$553 million, while expenditures only increased \$196 million.
- On a budgetary basis, General Fund revenues and other sources exceeded expenditures and other uses by \$375 million. However, on a GAAP (Generally Accepted Accounting Principles) basis, General Fund revenues and other sources exceeded expenditures and other uses by \$99 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 \$43 million to carry over to fiscal year 2020.

### **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. The business-type activities of the State include 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 (*primary government*), but also legally separate *component units* for which the State is financially accountable. The major *component units* include the University of Alabama, Auburn University, University of South Alabama, Public Education Employees' Health Insurance Board, 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 Fund, and Employees' Retirement System including related notes for each, 4) Ten Year Trend Information for Retired State Employees' Health Care Trust and Retired Education Employees' Health Care Trust including related notes for both, and 5) information about infrastructure assets reported using the modified approach.

**Other Supplementary Information**

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

**Government-wide Financial Analysis****Net 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 \$20.2 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 \$246.8 million, which included \$271 million in increases to infrastructure and infrastructure construction in progress. Business-type capital assets increased \$9.2 million, or 1.5 percent primarily due to a \$13.1 million increase in the State Port Authority capital assets.

The total of Current and Other Assets is \$12.6 billion, a moderate increase from the prior year. Included in that amount were cash and cash equivalents of \$4.79 billion and \$1.03 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 \$5.1 billion in investments, \$3.3 billion of which is held in the Alabama Trust Fund. Business-type Current and Other Assets increased \$67.6 million, or 6.5 percent, primarily because the Unemployment Compensation Trust Fund cash grew by \$73 million.

Of total liabilities, 88 percent are long-term liabilities. The State has \$12 billion in long term liabilities, which includes \$5.2 billion in bonds payable, \$3.3 billion in net pension liability, and \$2.9 billion in net other post-employment health care benefits (OPEB) liability. Total liabilities decreased 4.4 percent, or \$622 million. Bonds payable decreased by \$149 million while the net OPEB liability decreased \$252 million and net pension liability decreased \$33.3 million. Bonds payable decreased as a result of debt service payments and premium amortizations. OPEB decreased primarily as a result of changes in assumptions including the single equivalent interest rate.

Deferred Outflows of Resources is \$569 million, an increase of \$12 million. \$357 million is pension related, \$155 million is OPEB related, and \$57 million is losses for bond refundings. Deferred Inflows of Resources is \$903 million at the end of the current fiscal year, an increase of \$286.4 million. The increase was related primarily to OPEB deferred inflows which increased \$268 million (\$184.8 of the increase was due to changes in assumptions). \$281 million is pension related, \$618 million is OPEB 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 \$9.6 billion in restricted net position, an increase of \$586 million 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 \$9.0 billion. Business-type activities had a deficit unrestricted net position of \$4.3 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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Current and Other Assets	\$ 11,487,755	\$ 10,938,486	\$ 1,105,926	\$ 1,038,325	\$ 12,593,681	\$ 11,976,811
Capital Assets	22,233,190	21,996,132	618,105	608,890	22,851,295	22,605,022
Total Assets	33,720,945	32,934,618	1,724,031	1,647,215	35,444,976	34,581,833
Deferred Outflows of Resources	529,673	525,167	39,772	32,343	569,445	557,510
Long-term Liabilities	11,021,954	11,463,265	568,418	583,404	11,590,372	12,046,669
Other Liabilities	1,953,131	2,123,601	115,265	110,884	2,068,396	2,234,485
Total Liabilities	12,975,085	13,586,866	683,683	694,288	13,658,768	14,281,154
Deferred Inflows of Resources	867,307	593,089	35,273	23,060	902,580	616,149
Net Position						
Net Investment in Capital Assets	20,598,076	20,564,785	297,463	306,317	20,895,539	20,871,102
Restricted	8,822,914	8,312,471	751,669	675,693	9,574,583	8,988,164
Unrestricted	(9,012,764)	(9,597,426)	(4,285)	(19,800)	(9,017,049)	(9,617,226)
Total Net Position	\$ 20,408,226	\$ 19,279,830	\$ 1,044,847	\$ 962,210	\$ 21,453,073	\$ 20,242,040

**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 \$1.2 billion during the fiscal year. Taxes provided \$10.1 billion, or 41 percent, of the State's total revenue. Tax revenues increased by \$699 million, or 7.4 percent, compared to the previous year as the economy continued to improve. \$421 million of the increased revenue was income taxes, which was up 10 percent. Sales and use taxes increased \$184 million, or 6.5 percent. Operating Grants and Contributions revenue increased \$502 million, or less 6 percent to \$9.3 billion. Federal revenues increased \$343 million for the Medicaid program. Capital Grants and Contributions increased \$136 million to \$1.16 billion. Charges for Services revenue increased \$114 million, or 4.7 percent.

General revenues, which include taxes, were up to \$11.58 billion, an increase of \$742 million. Unrestricted investment earnings were \$247 million, a decrease of \$4 million. Total revenues increased more than expenses because of the effects of economic growth on revenues. Total revenues increased \$1.49 billion, or 6 percent, and total expenses were up \$933 million, or 4 percent.

**Governmental Activities**

Total revenues for governmental activities for the fiscal year were \$23.7 billion, an increase of \$ 1.4 billion or 6.5 percent. Charges for Services increased by \$62 million. Operating Grants and Contributions increased \$498 million, or 6 percent. Unrestricted Investment Earnings were down \$4 million. Taxes increased \$700 million, or 7 percent, on the strength of improved sales and use tax revenues, and Capital Grants and Contributions increased \$136 million, or 13 percent.

Expenses for governmental type activities totaled \$22.6 billion, an increase of \$896 million or 4 percent. Education and Cultural Resources spending increased \$477 million, or 6 percent. Included in Education and Cultural Resources spending was an increase in the Local Financial Assistance program of \$333 million. Expenditures for Health increased \$415 million, or 6 percent, as the Hospital Care program increased by \$251 million, the Children's Health Insurance Program (CHIP) increased \$7.5 million, and the Health Support program increased \$21.5 million. Protection of Persons and Property increased \$251 million or 23 percent. Transportation decreased \$132 million, or 7 percent. Natural Resources and Recreation spending increased \$6 million, or 4 percent. Social Services spending increased \$41 million, or 2 percent.

**Business-type Activities**

The largest business-type activity is the Alabama Unemployment Compensation Trust Fund, which accounts for 68 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, or 8 percent. Revenues of business-type activities increased by \$49.5 million, or 6 percent. Most of this revenue was self-generated program revenues; only \$14 million of the \$886 million in revenues came from general revenues. The program revenues consisted of \$869 million of charges for services, an increase of \$51.5 million, or 6 percent, and \$3.2 million of operating grants and contributions, an increase of \$600 thousand, or 19 percent. There were no capital grants and contributions in 2019 or 2018. Of the \$68 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 \$735 million, an increase of \$36 million, or 5 percent, primarily because the Alcoholic Beverage Control Board expenses increased \$28 million, or 8 percent. This increase was due to an increase in expenses associated with supplies, materials, and operating expense. State Port Authority's expenses increased by \$18 million, or 12%. Alabama Unemployment Compensation Trust Fund expenses were down \$9 million, or 6 percent. The cash balance in the Unemployment Compensation Trust Fund grew by \$73 million partially because of this decrease in expenses for claims. Nonmajor Proprietary Funds expenses were down \$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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,646,851	\$ 1,584,577	\$ 868,842	\$ 817,333	\$ 2,515,693	\$ 2,401,910
Operating Grants and Contributions	9,284,376	8,786,794	3,163	2,567	9,287,539	8,789,361
Capital Grants and Contributions	1,160,688	1,024,637	—	—	1,160,688	1,024,637
General Revenues:						
Taxes	10,114,268	9,414,263	13,780	14,694	10,128,048	9,428,957
Grants and Contributions Not						
Restricted to Specific Programs	2,687	3,071	—	—	2,687	3,071
Unrestricted Investment Earnings	247,140	251,189	—	—	247,140	251,189
Miscellaneous	1,200,645	1,151,539	107	1,774	1,200,752	1,153,313
Total Revenues	<u>23,656,655</u>	<u>22,216,070</u>	<u>885,892</u>	<u>836,368</u>	<u>24,542,547</u>	<u>23,052,438</u>
Expenses:						
Economic Development and Regulation	153,261	139,139			153,261	139,139
Education and Cultural Resources	7,939,340	7,462,779			7,939,340	7,462,779
Natural Resources and Recreation	148,015	142,306			148,015	142,306
Health	7,878,317	7,446,780			7,878,317	7,446,780
Social Services	2,253,620	2,213,061			2,253,620	2,213,061
Protection of Persons and Property	1,327,332	1,076,783			1,327,332	1,076,783
Transportation	1,687,336	1,818,880			1,687,336	1,818,880
General Government	1,039,529	1,215,056			1,039,529	1,215,056
Debt Service - Interest and Other Charges	169,286	184,975			169,286	184,975
Unemployment Compensation			150,096	158,959	150,096	158,959
State Port Authority			151,565	133,083	151,565	133,083
Alcoholic Beverage Control Board			351,058	323,013	351,058	323,013
Nonmajor Proprietary Funds			82,759	83,957	82,759	83,957
Total Expenses	<u>22,596,036</u>	<u>21,699,759</u>	<u>735,478</u>	<u>699,012</u>	<u>23,331,514</u>	<u>22,398,771</u>
Increase (Decrease) in Net Position						
Before Transfers	1,060,619	516,311	150,414	137,356	1,211,033	653,667
Transfers	67,777	59,792	(67,777)	(59,792)	—	—
Change in Net Position	<u>1,128,396</u>	<u>576,103</u>	<u>82,637</u>	<u>77,564</u>	<u>1,211,033</u>	<u>653,667</u>
Net Position- Beginning, as restated	<u>19,279,830</u>	<u>18,703,727</u>	<u>962,210</u>	<u>884,646</u>	<u>20,242,040</u>	<u>19,588,373</u>
Net Position- Ending	<u>\$ 20,408,226</u>	<u>\$ 19,279,830</u>	<u>\$ 1,044,847</u>	<u>\$ 962,210</u>	<u>\$ 21,453,073</u>	<u>\$ 20,242,040</u>

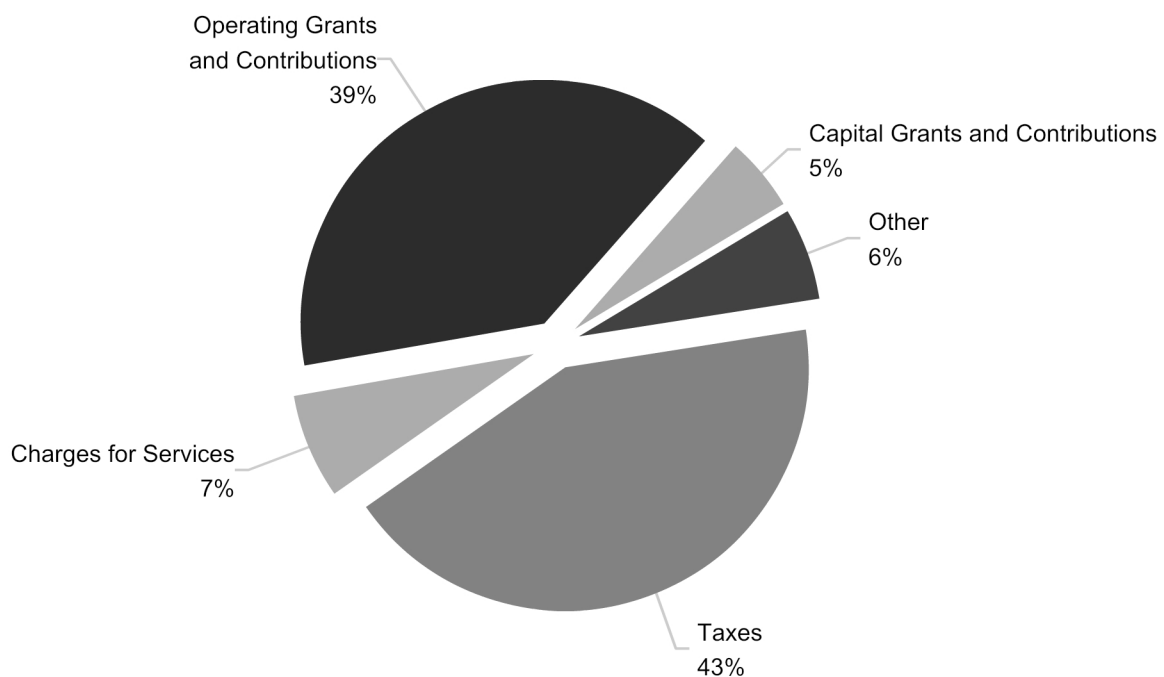
### Governmental Activities

Operating grants and contributions along with taxes together accounted for 82 percent of governmental activities revenue. Taxes are the largest, making up 43 percent of total governmental revenues, while operating grants and contribution make up 39 percent.

Income taxes are 46 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 \$4.7 billion and sales and use taxes \$3 billion. Income taxes increased \$421 million, or 10 percent, while sales and use taxes increased \$184 million, or 6.5 percent.

Capital grants and contributions are 5 percent of revenues. The Department of Transportation received 94 percent of all capital grants and contributions, primarily for road and bridge related projects. About 95 percent of operating grants and 89 percent of the capital grants were received from the Federal government.

**Revenues - Governmental Activities**  
**Fiscal Year Ended September 30, 2019**





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 70 percent of the governmental activities expenses for the fiscal year. Social Services accounted for 10 percent of the governmental activities expenses.

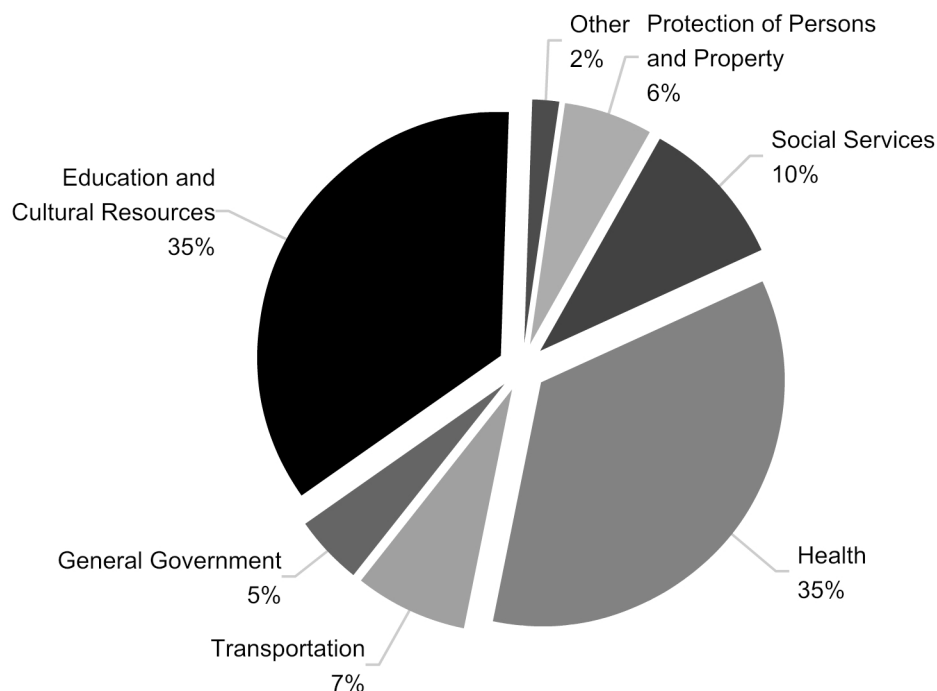
Education and Cultural Resources makes up 35 percent of governmental activity expenses, the same as the previous year. Transportation remained the same at 8 percent and Social Services also remained the same at 10 percent. Within Education and Cultural Resources, 69 percent of expenditures were for the Local Financial Assistance program for K-12 school systems and 15 percent was for the Support of State Universities program. Local Financial Assistance increased \$333 million, or 7 percent, and Support for State Universities increased \$80 million, or 7 percent.

Health accounted for 35 percent of governmental activity spending, an increase of 2 percent from 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 24 percent is spent on various children's programs. Spending on Food Assistance was down \$52 million, or 4.5 percent.

Protection of Persons and Property increased from 5 percent to 6 percent of total spending. The Department of Corrections makes up 40 percent of Protection of Persons and Property spending, while the Alabama Law Enforcement Agency comprises 15 percent and the 911 Board 9 percent.

**Expenses - Governmental Activities  
Fiscal Year Ended September 30, 2019**



### **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 \$8.8 billion. Nonspendable fund balance was \$135 million and assigned fund balance was \$47 million. Spending restricted for specific purposes comprised \$7.9 billion. Those restrictions have been imposed by external parties, constitutional provisions, or enabling legislation. The largest restricted amount of \$3.3 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 \$4.6 billion of governmental fund balance has been restricted for a wide variety of purposes which includes \$527 million restricted for various capital projects and debt service.

The General Fund is the primary operating fund of the State. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$696 million, \$3 million nonspendable fund balance, and \$3 million assigned fund balance. Revenues for the General Fund were up \$163 million, or 9 percent. Taxes, however, increased \$127 million. The largest increases in tax revenues to the General Fund were \$46 million in simplified sells use tax and \$32 million in insurance premium tax. The fund balance for the General fund increased by \$99 million primarily because of the increase in revenues. Also, the General Fund cash increased by \$83 million because of the growth in revenue.

Expenditures for the General Fund increased \$192 million, or 13 percent. Health expenditures increased \$133 million, or 19 percent. Medicaid Agency expenditures were 96 percent of the health expenditures in the General Fund. Nursing Home Care increased \$60 million while Pharmaceutical increased \$44 million. Spending on General Government in the General Fund increased \$3 million. Judicial Operations increased by \$6 million while Prosecution Services stayed the same. Protection of Persons and Property expenditures increased \$52 million. The largest spending for Protection of Persons and Property in the General Fund was \$431 million for the Department of Corrections, the same as the previous year.

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 \$553 million, or 8 percent as compared to the previous fiscal year. Sales and use tax revenues increased by \$110 million and income tax revenues were up by \$419 million while mobile telecommunications tax increased \$1 million. Expenditures, as limited by the budget, were up 3 percent, or \$196 million. A large portion of the increase, \$334 million, was in the Local Financial Assistance program with several smaller programs decreasing during the year. The ETF transferred out \$554 million, with the largest of these transfers going to supplement operations of the Prepaid Affordable College Tuition Fund (PACT), a Fiduciary fund. PACT received \$62 million in transfers as mandated by the legislature in the appropriations acts. Due to Other Funds in the ETF is \$11 million, the same as the previous year. The ETF fund balance increased \$330 million to a balance of \$1 billion, as cash and cash equivalents increased \$270 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 decreased by \$7 million during the fiscal year. Investment earnings decreased from \$217 million to \$184 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 as well as debt service. In compliance with constitutional requirements, \$174 million was transferred out to support these other funds. Transfers to the General Fund were \$104 million. During the fiscal year, the amount constitutionally restricted for Trust Capital stayed approximately the same as the prior year.

The Medicaid Fund accounts for the portion of the Medicaid program that is funded 90 percent by Federal revenues. Federal revenues increased 7 percent, or \$343 million. Expenditures increased 5 percent or \$248 million. Hospital Care increased \$251 million, Health Support increased \$22 million, the Children's Health Insurance Plan (CHIP) increased \$8 million, and Nursing Home Care decreased \$29 million. The net change in fund balance for Medicaid was a \$31 million increase, bringing the total fund balance to a deficit of \$16 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 64 percent of fund revenues while gasoline and motor fuel taxes were 23 percent. Federal revenues increased \$144 million, or 16 percent. Expenditures decreased \$185 million, or 10 percent, because of fewer State infrastructure improvements. Of the \$469 million fund balance, \$36 million is in inventory of materials on hand and \$433 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 87 percent, and is supplemented by the whiskey tax and a portion of the Alabama Alcoholic Beverage Control Board profits, sales tax, franchise tax, and beer tax. Overall spending increased \$16 million, or less than one percent. The Food Assistance program accounts for 59 percent of total expenditures. The fund balance at year end is \$81 million, an increase of \$19 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 2019 by \$74 million, and in 2018 net position increased by \$70 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 2019 as compared to 2018 due to a decrease in the amount of Unemployment Compensation (UC) taxes received. There was a \$7 million decrease in the amount of UC taxes received in 2019 compared to 2018. Federal UC Drawdown programs remained the same at approximately \$1 million. Benefits paid dropped \$9 million, a decrease of 6 percent. The trust fund cash grew from \$648 million to \$721.5 million; net position now stands at \$715 million.

The net position of the State Port Authority is \$313 million, an increase of \$8.5 million. Operating revenues were \$158 million, an increase of \$23.5 million, or 15 percent over the prior year, resulting largely from an increased demand for metallurgical coal. Revenue at the Authority's McDuffie Coal Terminal increased by \$14 million, or 23 percent, which included a \$3 million allocation of energy port funds collected through the federal harbor maintenance tax. With increased revenues from iron and steel products, General Cargo / Intermodal revenues increased by \$4 million, or 12 percent, due to the increased allocation of energy port funds, which were \$3 million in fiscal 2019, compared with \$1 million in fiscal 2018. The Terminal Railway revenues were up \$4 million, or 19 percent, a result of the increased metallurgical coal volume, general switching activities, and capital assessment increases.

The net position of the Alcoholic Beverage Control Board decreased by \$10 million in fiscal year 2019. The deficit in net position increased from \$142 million to \$152 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 \$6 million, net other

post-employment benefits (OPEB) liability of \$79 million, net pension liability of \$56 million, and some of the current liabilities are not deducted from the distribution amount. These non-current liabilities and related deferred outflows of resources and deferred inflows of resources decreased the net position.

### **Budgetary Highlights**

#### **General Fund**

The original budget for the General Fund was increased by a net of \$21 million during fiscal year 2019. Expenditures increased by \$5 million and Transfers Out increased by \$17 million. These budgetary changes are reflected in the final budget on the Budgetary Comparison Schedule. The General Fund was not prorated during fiscal year 2019. Budgeted revenues were increased by \$19 million and actual tax revenues were \$191 million more 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 2019 were re-appropriated to fiscal year 2020; therefore, many agencies did not spend all of their appropriations during fiscal year 2019. The Medicaid Agency and the Legislature have \$43 million and \$4 million, respectively to carryover to fiscal year 2020. The Department of Corrections and the Department of Economic and Community Affairs have carryovers of approximately \$18.5 million and \$4 million, respectively. These appropriations will be needed in the future primarily because expenditures are expected to increase.

Supplemental appropriations were \$834 thousand. Supplemental appropriations of \$375 thousand were distributed to the Administrative Office of Courts for the Alabama Sentencing Commission for the purpose of developing and implementing a correctional forecast simulator model. Supplemental appropriations of \$459 thousand were distributed to the Legislature. Conditional and other appropriations were approximately \$21 million to various agencies. Conditional appropriations of \$14.5 million were transferred to the Fair Trial Tax Fund for indigent defense. The Office of the Attorney General received a conditional appropriation of \$1 million for legal operations and services. 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 \$4 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 \$375 million. However, on a GAAP (Generally Accepted Accounting Principles) basis, General Fund revenues and other sources exceeded expenditures and other uses by \$99 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 2019 the State invested \$22.9 billion, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation charges for the fiscal year totaled \$142.1 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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Capital Assets Not Being Depreciated:</b>						
Land	\$ 404,713	\$ 403,538	\$ 77,079	\$ 77,079	\$ 481,792	\$ 480,617
Historical Exhibits	4,127	4,127	2,350	2,350	6,477	6,477
Construction In Progress	251,944	266,210	48,722	9,134	300,666	275,344
Construction In Progress - Infrastructure	2,602,252	2,833,512	—	—	2,602,252	2,833,512
Infrastructure	17,573,482	17,071,238	—	—	17,573,482	17,071,238
Inexhaustible Intangible Assets	—	—	10	10	10	10
<b>Total Capital Assets</b>						
<b>Not Being Depreciated</b>	<b>20,836,518</b>	<b>20,578,625</b>	<b>128,161</b>	<b>88,573</b>	<b>20,964,679</b>	<b>20,667,198</b>
<b>Capital Assets Being Depreciated:</b>						
Buildings	1,869,273	1,851,787	687,267	683,405	2,556,540	2,535,192
Equipment	777,528	746,699	399,569	409,209	1,177,097	1,155,908
Software and Other Intangible Assets	96,448	96,448	10,848	10,848	107,296	107,296
<b>Total Capital Assets</b>						
<b>Being Depreciated</b>	<b>2,743,249</b>	<b>2,694,934</b>	<b>1,097,684</b>	<b>1,103,462</b>	<b>3,840,933</b>	<b>3,798,396</b>
<b>Less Accumulated Depreciation</b>	<b>1,346,577</b>	<b>1,277,427</b>	<b>607,740</b>	<b>583,145</b>	<b>1,954,317</b>	<b>1,860,572</b>
<b>Total Capital Assets</b>						
<b>Being Depreciated, Net</b>	<b>1,396,672</b>	<b>1,417,507</b>	<b>489,944</b>	<b>520,317</b>	<b>1,886,616</b>	<b>1,937,824</b>
<b>Capital Assets, Net</b>	<b>\$ 22,233,190</b>	<b>\$ 21,996,132</b>	<b>\$ 618,105</b>	<b>\$ 608,890</b>	<b>\$ 22,851,295</b>	<b>\$ 22,605,022</b>

As allowed by GASB Statement No. 34, the State 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 80.76, which exceeds the State's goal.

The State maintains 5,409 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 or better, which is considered “satisfactory” or better meaning the structural elements are sound but have minor deterioration. The actual weighted average rating for the most recent condition assessment was 6.47, in the upper end of the satisfactory range.

For fiscal years 2019 and 2018, the State estimated it would need to spend \$383 million and \$358 million 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 2019, the State spent \$537 million for roadway preservation and \$349 million for bridge preservation. The State spent \$520 million for roadway preservation and \$493 million for bridge preservation in fiscal year 2018. In the next fiscal year, the Alabama Department of Transportation estimates that it will need to spend approximately \$414 million to preserve all roadway assets and approximately \$10 million 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)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 722,855	\$ 609,633	\$ —	\$ —	\$ 722,855	\$ 609,633
Revenue Bonds	4,096,310	4,429,103	354,230	367,169	4,450,540	4,796,272
Total	<u>\$ 4,819,165</u>	<u>\$ 5,038,736</u>	<u>\$ 354,230</u>	<u>\$ 367,169</u>	<u>\$ 5,173,395</u>	<u>\$ 5,405,905</u>

The State issued \$154 million in General Obligation bonds (including premiums) to fund economic development. Additionally, the State issued \$25 million in General Obligation bonds (including premiums) for improving National Guard armories. The State issued \$30 million (including premiums) in revenue bonds to provide funds for capital projects related to local schools. 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 2019 to 2020. The Department of Corrections received an appropriation increase of \$40 million. The Department of Public Health received an increase of \$35 million and the Medicaid Agency was decreased by \$52 million. However, there is a conditional amount of \$22 million in the budget for the Medicaid Agency.

The total ETF budget for fiscal year 2020 is \$7.13 billion. The Rolling Reserve Act (Act 2011-3) cap on the fiscal year 2020 appropriations is \$7.13 billion. The K-12 Local Boards of Education received an appropriation increase of \$227 million for fiscal year 2020 over fiscal year 2019 from the Education Trust Fund. The four-year Universities received an increase of \$80 million.

Total tax collections are up approximately 9 percent for fiscal year 2020 as compared to fiscal year 2019. The State’s seasonally adjusted unemployment rate, at 2.7 percent in December 2019, was unchanged from November 2019’s rate, and down from December 2018’s rate of 3.8 percent. The number of employed workers increased from December 2018 to December 2019 from 2,122,000 to 2,195,000. However, the numbers for the second half of the 2020 fiscal year could be substantially different due to the COVID-19 pandemic.

**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 Building, 100 North Union Street, Suite 298, Montgomery, AL 36130-2602.





## STATE OF ALABAMA

## STATEMENT OF NET POSITION

September 30, 2019

(Amounts in Thousands)

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,958,615	\$ 833,082	\$ 4,791,697	\$ 1,927,630
Investments	4,902,439	184,294	5,086,733	9,111,045
Internal Balances	24,212	(24,212)	—	—
Due From Primary Government	—	—	—	5,851
Due From Component Units	57,908	10	57,918	—
Investment Sales Receivable	30,968	—	30,968	—
Accounts Receivable	122,796	28,824	151,620	1,067,437
Taxes Receivable	1,167,586	—	1,167,586	—
Due From Other Governments	1,032,192	1	1,032,193	619,230
Mortgages, Notes, and Loans Receivable	66	—	66	937,929
Securities Lending Collateral	144,352	—	144,352	10,868
Inventory	43,985	48,768	92,753	58,029
Restricted Assets	2,424	—	2,424	63,356
Other Assets	212	35,159	35,371	414,740
Capital Assets, Net of Accumulated Depreciation	1,396,672	489,944	1,886,616	8,541,517
Capital Assets Not Depreciated	20,836,518	128,161	20,964,679	1,088,880
<b>TOTAL ASSETS</b>	<b>33,720,945</b>	<b>1,724,031</b>	<b>35,444,976</b>	<b>23,846,512</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>529,673</b>	<b>39,772</b>	<b>569,445</b>	<b>1,213,991</b>
<b>LIABILITIES</b>				
Warrants Payable	29,654	266	29,920	258
Investment Purchases Payable	67,689	—	67,689	—
Due To Primary Government	—	—	—	57,918
Due To Component Units	5,851	—	5,851	—
Accounts Payable	966,301	80,708	1,047,009	916,647
Due To Other Governments	255,108	1,939	257,047	185,881
Securities Lending Obligation	144,352	—	144,352	10,868
Unearned Revenue	5,054	1,813	6,867	1,196,125
Amounts Held in Custody for Others	115,720	85	115,805	436,627
Noncurrent Liabilities:				
Due Within One Year	363,402	30,454	393,856	415,577
Due In More Than One Year	11,021,954	568,418	11,590,372	11,622,958
<b>TOTAL LIABILITIES</b>	<b>12,975,085</b>	<b>683,683</b>	<b>13,658,768</b>	<b>14,842,859</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>867,307</b>	<b>35,273</b>	<b>902,580</b>	<b>800,472</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	20,598,076	297,463	20,895,539	5,340,816
Restricted for:				
Permanent - Expendable	—	—	—	1,319,130
Permanent - Non-expendable	95,276	—	95,276	1,902,217
Unemployment Compensation	—	714,609	714,609	—
Alabama Trust Capital	3,299,717	—	3,299,717	—
Economic Development and Regulation	269,376	—	269,376	—
Education	2,128,740	1,079	2,129,819	—
Natural Resources and Recreation	173,272	—	173,272	—
Health	391,191	—	391,191	—
Social Services	359,365	—	359,365	—
Protection of Persons and Property	284,985	—	284,985	—
Transportation	522,576	—	522,576	—
General Government	746,833	—	746,833	—
Debt Service	224,838	35,981	260,819	946,235
Capital Projects	326,745	—	326,745	50,935
Other Purposes	—	—	—	236,073
Unrestricted	(9,012,764)	(4,285)	(9,017,049)	(378,234)
<b>TOTAL NET POSITION</b>	<b>\$ 20,408,226</b>	<b>\$ 1,044,847</b>	<b>\$ 21,453,073</b>	<b>\$ 9,417,172</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, 2019

(Amounts in Thousands)

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
Economic Development and Regulation	\$ 153,261	\$ 101,505	\$ 62,167	\$ 2,185
Education and Cultural Resources	7,939,340	51,711	1,039,779	64,491
Natural Resources and Recreation	148,015	99,712	37,330	—
Health	7,878,317	474,218	5,999,323	—
Social Services	2,253,620	53,366	1,746,413	276
Protection of Persons and Property	1,327,332	421,585	139,301	449
Transportation	1,687,336	258,816	47,657	1,093,171
General Government	1,039,529	185,938	212,406	116
Debt Service - Interest and Other Charges	169,286	—	—	—
Total Governmental Activities	<b>22,596,036</b>	<b>1,646,851</b>	<b>9,284,376</b>	<b>1,160,688</b>
Business-type Activities:				
Unemployment Compensation	150,096	232,912	1,522	—
State Port Authority	151,565	160,078	—	—
Alcoholic Beverage Control Board	351,058	378,578	10	—
Nonmajor Proprietary Funds	82,759	97,274	1,631	—
Total Business-type Activities	735,478	868,842	3,163	—
<b>Total Primary Government</b>	<b>23,331,514</b>	<b>2,515,693</b>	<b>9,287,539</b>	<b>1,160,688</b>
<b>Component Units:</b>				
University of Alabama	5,329,321	4,117,098	843,652	33,096
Auburn University	1,291,707	770,758	244,074	15,132
University of South Alabama	908,736	721,369	36,647	13,617
Public Education Employees Health Insurance	974,752	974,327	—	—
Alabama Community College System	805,231	184,296	247,059	5,913
Nonmajor Component Units	1,644,204	1,012,339	341,238	11,351
<b>Total Component Units</b>	<b>10,953,951</b>	<b>7,780,187</b>	<b>1,712,670</b>	<b>79,109</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

Special Items

Transfers

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

Net Position, October 1, 2018, as Restated

**Net Position, September 30, 2019***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
\$ 12,596	\$ 0	\$ 12,596	\$ 0
(6,783,359)	—	(6,783,359)	—
(10,973)	—	(10,973)	—
(1,404,776)	—	(1,404,776)	—
(453,565)	—	(453,565)	—
(765,997)	—	(765,997)	—
(287,692)	—	(287,692)	—
(641,069)	—	(641,069)	—
(169,286)	—	(169,286)	—
<b>(10,504,121)</b>	<b>0</b>	<b>(10,504,121)</b>	<b>0</b>
—	84,338	84,338	—
—	8,513	8,513	—
—	27,530	27,530	—
—	16,146	16,146	—
0	136,527	136,527	0
<b>(10,504,121)</b>	<b>136,527</b>	<b>(10,367,594)</b>	<b>0</b>
—	—	—	(335,475)
—	—	—	(261,743)
—	—	—	(137,103)
—	—	—	(425)
—	—	—	(367,963)
—	—	—	(279,276)
<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,381,985)</b>
3,003,023	—	3,003,023	—
4,690,366	—	4,690,366	—
617,109	—	617,109	—
612,395	—	612,395	—
413,754	—	413,754	—
394,047	—	394,047	—
209,796	13,780	223,576	—
173,778	—	173,778	—
—	—	—	1,660,521
2,687	—	2,687	492
247,140	—	247,140	230,105
1,200,645	107	1,200,752	71,814
—	—	—	59,094
—	—	—	(8,863)
67,777	(67,777)	—	—
<b>11,632,517</b>	<b>(53,890)</b>	<b>11,578,627</b>	<b>2,013,163</b>
<b>1,128,396</b>	<b>82,637</b>	<b>1,211,033</b>	<b>631,178</b>
19,279,830	962,210	20,242,040	8,785,994
<b>\$ 20,408,226</b>	<b>\$ 1,044,847</b>	<b>\$ 21,453,073</b>	<b>\$ 9,417,172</b>

## STATE OF ALABAMA

## BALANCE SHEET

## Governmental Funds

September 30, 2019

(Amounts in Thousands)

	General Fund	Education Trust Fund	Alabama Trust	Medicaid Fund	Public Road and Bridge Fund
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 581,018	\$ 711,869	\$ 15,974	\$ 87,959	\$ 289,844
Investments	—	—	3,340,652	—	64,643
Due From Other Funds	17,279	1,301	21	20,072	396
Due From Component Units	1	—	—	—	5
Investment Sales Receivable	—	—	27,888	—	—
Accounts Receivable	3,656	13	15,111	170	8,050
Taxes Receivable	302,017	404,814	—	—	28,988
Due From Other Governments	78	98	—	297,641	168,230
Mortgages, Notes, and Loans Receivable	—	—	—	—	—
Securities Lending Collateral	—	—	135,884	—	—
Inventory	2,612	—	—	—	36,071
Restricted Assets	—	—	—	—	—
Other Assets	—	—	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 906,661</b>	<b>\$ 1,118,095</b>	<b>\$ 3,535,530</b>	<b>\$ 405,842</b>	<b>\$ 596,227</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Warrants Payable	\$ 295	\$ 9,941	\$ 0	\$ 662	\$ 1,853
Investment Purchases Payable	—	—	63,332	—	—
Due To Other Funds	14,368	11,177	—	72,709	4,154
Due To Component Units	7	78	—	—	7
Accounts Payable	52,504	39,608	153	348,201	114,822
Due To Other Governments	5,366	7,266	1	13	411
Claims Payable	—	—	—	—	—
Securities Lending Obligation	—	—	135,884	—	—
Unearned Revenue	—	—	—	—	—
Amounts Held in Custody for Others	264	22	—	—	4,132
Compensated Absences	140	31	—	2	120
<b>Total Liabilities</b>	<b>72,944</b>	<b>68,123</b>	<b>199,370</b>	<b>421,587</b>	<b>125,499</b>
<b>Deferred Inflows Of Resources</b>	<b>132,481</b>	<b>0</b>	<b>2,414</b>	<b>0</b>	<b>2,128</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	2,612	—	—	—	36,071
Permanent Fund Principal	—	—	—	—	—
Restricted for:					
Economic Development and Regulation	—	—	—	—	—
Education and Cultural Resources	—	1,049,972	—	—	—
Natural Resources and Recreation	—	—	36,443	—	—
Health	—	—	—	—	—
Social Services	—	—	—	—	—
Protection of Persons and Property	—	—	—	—	—
Transportation	—	—	—	—	432,529
General Government	—	—	—	—	—
Capital Projects	—	—	—	—	—
Debt Service	—	—	—	—	—
Alabama Trust Capital	—	—	3,297,303	—	—
Assigned for:					
Economic Development and Regulation	5	—	—	—	—
Education and Cultural Resources	4	—	—	—	—
Natural Resources and Recreation	49	—	—	—	—
Health	81	—	—	—	—
Social Services	9	—	—	—	—
Protection of Persons and Property	2,790	—	—	—	—
Transportation	5	—	—	—	—
General Government	139	—	—	—	—
Unassigned	695,542	—	—	(15,745)	—
<b>Total Fund Balances</b>	<b>701,236</b>	<b>1,049,972</b>	<b>3,333,746</b>	<b>(15,745)</b>	<b>468,600</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 906,661</b>	<b>\$ 1,118,095</b>	<b>\$ 3,535,530</b>	<b>\$ 405,842</b>	<b>\$ 596,227</b>

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

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Public Welfare Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 155,051	\$ 2,033,303	\$ 3,875,018
—	1,361,980	4,767,275
14,229	114,836	168,134
—	57,812	57,818
—	3,080	30,968
1	95,161	122,162
59,039	372,728	1,167,586
8,837	153,071	627,955
—	66	66
—	8,468	144,352
—	1,597	40,280
—	2,424	2,424
—	193	193
<b>\$ 237,157</b>	<b>\$ 4,204,719</b>	<b>\$ 11,004,231</b>

\$ 1,599	\$ 15,232	\$ 29,582
—	4,357	67,689
7,140	47,995	157,543
3	549	644
55,336	305,360	915,984
42,682	199,301	255,040
—	1	1
—	8,468	144,352
—	5,000	5,000
4,345	106,757	115,520
166	945	1,404
<b>111,271</b>	<b>693,965</b>	<b>1,692,759</b>

<b>44,510</b>	<b>366,609</b>	<b>548,142</b>
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—	1,597	40,280
—	95,276	95,276
—	189,405	189,405
—	519,450	1,569,422
—	136,829	173,272
—	289,099	289,099
81,376	233,480	314,856
—	284,985	284,985
—	87,920	520,449
—	741,932	741,932
—	302,113	302,113
—	224,839	224,839
—	—	3,297,303
—	1,461	1,466
—	3,006	3,010
—	—	49
—	—	81
—	298	307
—	16,631	19,421
—	—	5
—	22,351	22,490
—	(6,527)	673,270
<b>81,376</b>	<b>3,144,145</b>	<b>8,763,330</b>

<b>\$ 237,157</b>	<b>\$ 4,204,719</b>	<b>\$ 11,004,231</b>
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## STATE OF ALABAMA

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

September 30, 2019

(Amounts in Thousands)

<b>Total Fund Balances for Governmental Funds</b>		<b>\$8,763,330</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	404,169	
Historical Exhibits	4,126	
Construction in progress	249,562	
Construction in progress - Infrastructure	2,602,252	
Infrastructure	17,573,482	
Buildings	1,686,343	
Equipment	723,150	
Intangibles	96,449	
Accumulated Depreciation - Buildings	(759,268)	
Accumulated Depreciation - Equipment	(410,573)	
Amortization - Intangibles	(31,285)	
		22,138,407
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.		548,142
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.		92,140
Long-term loans reported in due from other governments are not collectible in the current period and, therefore, are not reported in the funds.		404,200
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	343,576	
Deferred Inflows - pension related	(269,494)	
Deferred Outflows - OPEB related	137,075	
Deferred Inflows - OPEB related	(580,668)	
Deferred Outflows - losses on refunding of debt	41,134	
Deferred Inflows - gains on refunding of debt	(3,529)	
		(331,906)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Direct Borrowings	(86,502)	
Capital Leases	(78,254)	
Compensated Absences	(290,132)	
Claims, Judgments, and Other	(11,139)	
Due to Component Units	(4,536)	
Net Pension Liability	(3,211,381)	
Net OPEB Liability	(2,686,635)	
		(6,368,579)
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	(657,570)	
Revenue Bonds Payable	(3,818,772)	
Unamortized Premiums	(332,758)	
Unamortized Discounts	2,153	
Accrued Interest Payable	(30,561)	
		(4,837,508)
<b>Net Position of Governmental Activities</b>		<b>\$ 20,408,226</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, 2019

(Amounts in Thousands)

	General Fund	Education Trust Fund	Alabama Trust	Medicaid Fund	Public Road and Bridge Fund
<b>REVENUES</b>					
Taxes	\$ 1,693,705	\$ 7,279,725	\$ 0	\$ 0	\$ 385,619
Licenses, Permits, and Fees	167,961	125	—	13	150,868
Fines, Forfeits, and Court Settlements	12,705	—	—	1,398	—
Investment Income	63,630	—	184,100	110	2,440
Federal Grants and Reimbursements	—	1	—	4,984,925	1,060,447
Other Revenues	767	548	40,009	592,554	62,985
<b>Total Revenues</b>	<b>1,938,768</b>	<b>7,280,399</b>	<b>224,109</b>	<b>5,579,000</b>	<b>1,662,359</b>
<b>EXPENDITURES</b>					
Current:					
Economic Development and Regulation	7,963	816	—	—	—
Education and Cultural Resources	2,534	6,276,917	—	—	—
Natural Resources and Recreation	4,260	2,077	1,112	—	—
Health	829,328	16,319	—	4,997,864	—
Social Services	11,292	31,892	—	—	—
Protection of Persons and Property	588,178	43,439	—	—	—
Transportation	—	—	—	—	1,666,509
General Government	213,172	24,792	12,426	—	—
Capital Outlay	—	—	—	—	—
Debt Service - Principal Retirement	141	—	—	—	2,016
Debt Service - Interest and Other Changes	244	82	—	—	79
<b>Total Expenditures</b>	<b>1,657,112</b>	<b>6,396,334</b>	<b>13,538</b>	<b>4,997,864</b>	<b>1,668,604</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>281,656</b>	<b>884,065</b>	<b>210,571</b>	<b>581,136</b>	<b>(6,245)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	243,009	—	14,032	279,669	281,403
Bonds Issued	—	—	—	—	—
Capital Leases	—	—	—	—	—
Debt Issuance Premiums	—	—	—	—	—
Insurance Recovery Proceeds	28	2	—	—	3,817
Transfers Out	(425,963)	(553,570)	(173,820)	(830,086)	(195,729)
Payments to Refunded Bond Escrow Agent	—	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>(182,926)</b>	<b>(553,568)</b>	<b>(159,788)</b>	<b>(550,417)</b>	<b>89,491</b>
<b>Net Change in Fund Balances</b>	<b>98,730</b>	<b>330,497</b>	<b>50,783</b>	<b>30,719</b>	<b>83,246</b>
Fund Balances, October 1, 2018, as Restated	602,689	719,475	3,282,963	(46,464)	384,885
Increase (Decrease) in Inventory	(183)	—	—	—	469
<b>Fund Balances, September 30, 2019</b>	<b>\$ 701,236</b>	<b>\$ 1,049,972</b>	<b>\$ 3,333,746</b>	<b>\$ (15,745)</b>	<b>\$ 468,600</b>

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

Public Welfare Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 193,558	\$ 1,630,355	\$ 11,182,962
258	602,668	921,893
27	205,155	219,285
—	62,151	312,431
1,503,173	2,288,324	9,836,870
21,192	506,547	1,224,602
<b>1,718,208</b>	<b>5,295,200</b>	<b>23,698,043</b>
—	142,302	151,081
—	1,602,840	7,882,291
—	162,744	170,193
—	2,034,110	7,877,621
1,786,782	428,696	2,258,662
—	646,850	1,278,467
—	269,011	1,935,520
636	781,023	1,032,049
—	48,790	48,790
4,023	373,014	379,194
3,471	211,835	215,711
<b>1,794,912</b>	<b>6,701,215</b>	<b>23,229,579</b>
<b>(76,704)</b>	<b>(1,406,015)</b>	<b>468,464</b>
155,985	2,530,852	3,504,950
—	338,880	338,880
2,889	—	2,889
—	26,625	26,625
66	1,364	5,277
(89,720)	(1,240,368)	(3,509,256)
—	(160,819)	(160,819)
<b>69,220</b>	<b>1,496,534</b>	<b>208,546</b>
<b>(7,484)</b>	<b>90,519</b>	<b>677,010</b>
88,860	3,053,736	8,086,144
—	(110)	176
<b>\$ 81,376</b>	<b>\$ 3,144,145</b>	<b>\$ 8,763,330</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, 2019

(Amounts in Thousands)

<b>Net Change in Fund Balances for Governmental Funds</b>		<b>\$677,010</b>
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these 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	364,047	
Depreciation Expense	(101,741)	
		262,306
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.		(22,874)
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.		176
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		16,628
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	18,357	
Repayments of loans	(64,078)	
		(45,721)
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.		6,369
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	9	
Internal service fund capital assets reassigned from the general government	(79)	
		(70)
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	(7,801)	
Amortization of deferred gains	(121)	
		(7,922)
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	(338,880)	
Capital lease proceeds	(2,889)	
Debt issuance premiums	(26,625)	
Payments to Refunded Bond Escrow Agent	160,819	
Repayment of bond principal	367,741	
Repayment of direct borrowings principal	3,953	
Repayment of capital lease principal	7,500	
Accrued interest and debt-related amortization	55,465	
		227,084
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	18,296	
Compensated absences	(9,973)	
Claims, judgments, and other	1,732	
Pension Expense	5,355	
		15,410
<b>Change in Net Position of Governmental Activities</b>		<b>\$ 1,128,396</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, 2019

(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	\$ 721,509	\$ 69,067	\$ 30,238	\$ 12,268	\$ 833,082
Investments, Short-term	—	19,456	—	30,978	50,434
Due From Other Funds	56	—	4	776	836
Due From Component Units	—	—	—	—	—
Accounts Receivable	6,434	14,250	—	8,140	28,824
Due From Other Governments	1	—	—	—	1
Inventory	—	3,776	43,703	1,289	48,768
Other Current Assets	—	12,795	—	17,208	30,003
<b>Total Current Assets</b>	<b>728,000</b>	<b>119,344</b>	<b>73,945</b>	<b>70,659</b>	<b>991,948</b>
<b>Noncurrent Assets</b>					
Investments, Long-term	—	27,652	—	106,208	133,860
Due From Other Funds	—	—	—	6,347	6,347
Due From Component Units	—	—	—	10	10
Other Noncurrent Assets	—	5,117	—	39	5,156
Capital Assets, Net of Accumulated Depreciation	—	475,700	4,633	9,611	489,944
Capital Assets Not Depreciated	—	125,531	—	2,630	128,161
<b>Total Noncurrent Assets</b>	<b>0</b>	<b>634,000</b>	<b>4,633</b>	<b>124,845</b>	<b>763,478</b>
<b>TOTAL ASSETS</b>	<b>728,000</b>	<b>753,344</b>	<b>78,578</b>	<b>195,504</b>	<b>1,755,426</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>0</b>	<b>28,974</b>	<b>9,599</b>	<b>1,199</b>	<b>39,772</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Warrants Payable	—	—	204	62	266
Due To Other Funds	59	—	30,302	1,034	31,395
Due To Component Units	—	—	—	—	—
Accounts Payable	13,153	21,106	45,272	1,177	80,708
Due To Other Governments	94	—	1,838	7	1,939
Claims Payable	—	160	—	14,315	14,475
Unearned Revenue	—	—	111	216	327
Funds Held in Escrow	85	—	—	—	85
Compensated Absences	—	2,859	526	12	3,397
Notes and Capital Leases Payable	—	—	—	—	—
Revenue Bonds Payable	—	12,425	—	—	12,425
Other Long-term Liabilities	—	157	—	—	157
<b>Total Current Liabilities</b>	<b>13,391</b>	<b>36,707</b>	<b>78,253</b>	<b>16,823</b>	<b>145,174</b>
<b>Noncurrent Liabilities</b>					
Claims Payable	—	2,173	—	1,013	3,186
Unearned Revenue, Noncurrent	—	1,486	—	—	1,486
Compensated Absences	—	1,906	5,662	319	7,887
Net OPEB Liability	—	47,369	78,705	3,252	129,326
Net Pension Liability	—	20,107	56,142	4,059	80,308
Notes and Capital Leases Payable	—	—	—	1,010	1,010
Revenue Bonds Payable	—	341,805	—	—	341,805
Other Long-term Liabilities	—	4,896	—	—	4,896
<b>Total Noncurrent Liabilities</b>	<b>0</b>	<b>419,742</b>	<b>140,509</b>	<b>9,653</b>	<b>569,904</b>
<b>TOTAL LIABILITIES</b>	<b>13,391</b>	<b>456,449</b>	<b>218,762</b>	<b>26,476</b>	<b>715,078</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>0</b>	<b>12,635</b>	<b>21,531</b>	<b>1,107</b>	<b>35,273</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	—	281,599	4,633	11,231	297,463
Restricted for:					
Unemployment Compensation	714,609	—	—	—	714,609
Education	—	—	—	1,079	1,079
Debt Service	—	35,981	—	—	35,981
Unrestricted	—	(4,346)	(156,749)	156,810	(4,285)
<b>TOTAL NET POSITION</b>	<b>\$ 714,609</b>	<b>\$ 313,234</b>	<b>\$ (152,116)</b>	<b>\$ 169,120</b>	<b>\$ 1,044,847</b>

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

Governmental Activities	
Internal	
Service	
Funds	

\$	83,597
	22,019
	17,004
	90
	635
	34
	3,705
	—
	<b>127,084</b>
	113,145
	—
	—
	—
	91,858
	2,926
	<b>207,929</b>
	<b>335,013</b>
	<b>7,888</b>
	72
	3,390
	672
	19,742
	68
	5,065
	54
	200
	420
	4,159
	2,110
	—
	<b>35,952</b>
	81,800
	—
	4,509
	43,492
	52,642
	8,641
	10,108
	—
	<b>201,192</b>
	<b>237,144</b>
	<b>13,616</b>
	70,197
	—
	—
	—
	21,943
<b>\$</b>	<b>92,140</b>

## STATE OF ALABAMA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

## Proprietary Funds

For the Fiscal Year Ended September 30, 2019

(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	\$ 158,449	\$ 378,437	\$ 38,052	\$ 574,938
Premiums and Contributions	206,491	—	—	52,529	259,020
Rents and Leases	—	—	—	301	301
<b>Total Operating Revenues</b>	<b>206,491</b>	<b>158,449</b>	<b>378,437</b>	<b>90,882</b>	<b>834,259</b>
<b>OPERATING EXPENSES</b>					
Salaries, Wages, and Benefits	—	—	49,699	5,541	55,240
Utilities and Communications	—	—	3,006	174	3,180
Professional Services	—	—	8,893	3,298	12,191
Supplies, Materials, and Operating Expense	—	—	271,051	55,998	327,049
Interest	—	—	—	—	—
Depreciation	—	27,778	4,604	772	33,154
Claims and Benefits	149,661	—	—	15,998	165,659
Operations and Maintenance	—	88,882	—	—	88,882
General and Administrative	—	17,123	—	—	17,123
Other	—	—	13,805	9	13,814
<b>Total Operating Expenses</b>	<b>149,661</b>	<b>133,783</b>	<b>351,058</b>	<b>81,790</b>	<b>716,292</b>
<b>Operating Income (Loss)</b>	<b>56,830</b>	<b>24,666</b>	<b>27,379</b>	<b>9,092</b>	<b>117,967</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment Income	16,035	1,629	—	6,167	23,831
Taxes	—	—	13,780	—	13,780
Other Nonoperating Revenues	10,385	—	237	237	10,859
Grants	1,522	—	10	1,631	3,163
Interest Expense	—	(15,001)	—	(55)	(15,056)
Other Nonoperating Expenses	(435)	(2,782)	—	(913)	(4,130)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>27,507</b>	<b>(16,154)</b>	<b>14,027</b>	<b>7,067</b>	<b>32,447</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>84,337</b>	<b>8,512</b>	<b>41,406</b>	<b>16,159</b>	<b>150,414</b>
Capital Contributions	—	—	—	—	—
Transfers In	319	—	60	4,783	5,162
Transfers Out	(10,181)	(63)	(51,344)	(11,351)	(72,939)
<b>Increase (Decrease) in Net Position</b>	<b>74,475</b>	<b>8,449</b>	<b>(9,878)</b>	<b>9,591</b>	<b>82,637</b>
Total Net Position, October 1, 2018, as Restated	640,134	304,785	(142,238)	159,529	962,210
<b>Total Net Position, September 30, 2019</b>	<b>\$ 714,609</b>	<b>\$ 313,234</b>	<b>\$ (152,116)</b>	<b>\$ 169,120</b>	<b>\$ 1,044,847</b>

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

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Governmental Activities	
Internal Service Funds	
\$	132,892
	20,545
	18,042
	<b>171,479</b>
	42,115
	21,459
	54,202
	28,138
	19
	7,200
	19,008
	—
	—
	10,742
	<b>182,883</b>
	<b>(11,404)</b>
	6,968
	—
	766
	112
	(932)
	(572)
	<b>6,342</b>
	<b>(5,062)</b>
	79
	18,473
	(7,121)
	<b>6,369</b>
	85,771
<b>\$</b>	<b>92,140</b>

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## STATE OF ALABAMA

## STATEMENT OF CASH FLOWS

## Proprietary Funds

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	Business-type Activities - Enterprise Funds				
	Unemployment	State	Alcoholic	Nonmajor	Total
	Compensation Trust	Port Authority	Beverage Control Board	Enterprise Funds	Enterprise Funds
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customer & User Charges	\$ 221,981	\$ 154,779	\$ 386,115	\$ 121,382	\$ 884,257
Receipts from Interfund Services	—	—	39	8,046	8,085
Receipts from Operating Grants	1,521	—	—	1,374	2,895
Receipts from Interfund Reimbursements	3,453	—	—	152	3,605
Receipts from Other Operating Activities	10,050	—	33,317	1,219	44,586
Payments for Goods Held for Resale	—	—	(265,108)	(22,569)	(287,677)
Payments for Other Goods & Services	—	(67,232)	(29,589)	(40,576)	(137,397)
Payments for Employees Services	—	(38,551)	(47,293)	(5,380)	(91,224)
Payments for Taxes, Fines, Penalties, & Similar Fees	—	—	—	—	—
Payments for Interfund Services	—	—	(2,811)	(2,650)	(5,461)
Payments for Other Operating Activities	(18,248)	—	(27,232)	(123)	(45,603)
Payments for Claims	(151,169)	—	—	(56,831)	(208,000)
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>67,588</b>	<b>48,996</b>	<b>47,438</b>	<b>4,044</b>	<b>168,066</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Receipts from Noncapital Financing Grants & Donations	664	—	—	12	676
Transfers from Other Funds for Noncapital Financing	—	—	60	5,031	5,091
Payments for Noncapital Financing Grants & Donations	(319)	—	—	—	(319)
Transfers to Other Funds for Noncapital Financing	(10,212)	—	(46,585)	(11,068)	(67,865)
<b>Net Cash Provided By (Used In) Noncapital Financing Activities</b>	<b>(9,867)</b>	<b>0</b>	<b>(46,525)</b>	<b>(6,025)</b>	<b>(62,417)</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	—	1,572	82	—	1,654
Payments to Acquire, Construct, & Improve Capital Assets	—	(45,255)	(254)	(1,117)	(46,626)
Principal Paid on Revenue Bonds & Other Capital Debt	—	(11,825)	—	(107)	(11,932)
Interest Paid on Revenue Bonds & Other Capital Debt	—	(15,344)	—	(55)	(15,399)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>0</b>	<b>(70,852)</b>	<b>(172)</b>	<b>(1,279)</b>	<b>(72,303)</b>
<b>Cash Flows From Investing Activities</b>					
Receipts from Sales & Maturities of Investments	—	29,303	—	31,402	60,705
Receipts from Interest & Dividends on Investments & Loans	15,408	1,956	—	1,172	18,536
Purchase of Investments	—	(914)	—	(27,268)	(28,182)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>15,408</b>	<b>30,345</b>	<b>0</b>	<b>5,306</b>	<b>51,059</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>73,129</b>	<b>8,489</b>	<b>741</b>	<b>2,046</b>	<b>84,405</b>
Cash Balance as Restated, October 1, 2018	648,380	60,578	29,293	10,160	748,411
<b>Cash Balance, September 30, 2019</b>	<b>721,509</b>	<b>69,067</b>	<b>30,034</b>	<b>12,206</b>	<b>832,816</b>
Add: Warrants Payable	—	—	204	62	266
<b>Cash and Cash Equivalents, as Reported on Balance Sheet</b>	<b>\$ 721,509</b>	<b>\$ 69,067</b>	<b>\$ 30,238</b>	<b>\$ 12,268</b>	<b>\$ 833,082</b>

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

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Governmental Activities	
Internal	
Service	
Funds	

---

\$	7,232
	161,839
	—
	—
	729
	(14,740)
	(83,429)
	(40,528)
	(17)
	(10,023)
	(592)
	(6,349)
	<b>14,122</b>

	—
	17,325
	—
	(7,851)
	<b>9,474</b>

	3,404
	301
	(4,236)
	(7,054)
	(1,182)
	<b>(8,767)</b>

	7,000
	36
	(15,236)
	<b>(8,200)</b>

	<b>6,629</b>
	76,896
	<b>83,525</b>
	72

\$	<b>83,597</b>
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STATE OF ALABAMA

STATEMENT OF CASH FLOWS (Continued from Previous Page)

Proprietary Funds

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	Business-type Activities - Enterprise Funds				
	Unemployment	State	Alcoholic	Nonmajor	Total
	Compensation	Port	Beverage	Enterprise	Enterprise
	Trust	Authority	Control Board	Funds	Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
<b>Operating Income (Loss)</b>	<b>\$ 56,830</b>	<b>\$ 24,666</b>	<b>\$ 27,379</b>	<b>\$ 9,092</b>	<b>\$ 117,967</b>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Due from Other Funds	(31)	—	6	1,709	1,684
Accounts Receivable	(162)	(2,175)	—	442	(1,895)
Due From Other Governments	2	—	—	—	2
Inventory	—	(583)	1,631	(158)	890
Other Assets	—	(7,133)	—	(5,399)	(12,532)
Deferred Outflows of Resources	—	(7,988)	(532)	(11)	(8,531)
Due to Other Funds	13	—	(4,574)	(76)	(4,637)
Accounts Payable	(712)	4,569	2,638	1,263	7,758
Due to Other Governments	87	—	(351)	—	(264)
Claims Payable	—	(466)	—	(5,036)	(5,502)
Unearned Revenue	—	(1,495)	—	1	(1,494)
Compensated Absences	—	(15)	37	42	64
Net Pension Liability	—	(2,457)	97	(245)	(2,605)
Net OPEB Liability	—	6,410	(5,208)	163	1,365
Other Liabilities	—	588	—	—	588
Deferred Inflows of Resources	—	3,464	7,877	161	11,502
Operating Interest Expense	—	—	—	—	—
Depreciation	—	27,778	4,604	772	33,154
Amortization Expense	—	3,896	—	—	3,896
Nonoperating Revenues	11,561	—	13,834	1,952	27,347
Nonoperating Expenses	—	(63)	—	(628)	(691)
Total Adjustments	10,758	24,330	20,059	(5,048)	50,099
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 67,588</b>	<b>\$ 48,996</b>	<b>\$ 47,438</b>	<b>\$ 4,044</b>	<b>\$ 168,066</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	—	—	—	—	—
Capital Assets Acquired on Account	—	2,244	—	—	2,244
Disposals of Capital Assets	—	(14,422)	(581)	—	(15,003)
Capital Asset Reassignments	—	—	—	—	—
Revenue Bond Amortizations and Other Debt Adjustments	—	1,114	—	—	1,114
Interest Accruals and Other Adjustments	628	—	—	3,331	3,959
Unrealized Gains (Losses) in Investment Fair Value	—	541	—	1,353	1,894
Transfers In (Out)	3	—	—	—	3

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

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Governmental Activities	
-------------------------	--

	Internal
--	----------

	Service
--	---------

	Funds
--	-------

\$	(11,404)
----	----------

	(2,349)
--	---------

	5
--	---

	—
--	---

	(87)
--	------

	—
--	---

	(6,898)
--	---------

	2,022
--	-------

	3,176
--	-------

	—
--	---

	12,624
--	--------

	(230)
--	-------

	106
--	-----

	953
--	-----

	(9,101)
--	---------

	—
--	---

	16,393
--	--------

	19
--	----

	7,200
--	-------

	—
--	---

	1,728
--	-------

	(35)
--	------

	25,526
--	--------

\$	14,122
----	--------

	79
--	----

	1,449
--	-------

	553
--	-----

	(2,828)
--	---------

	(742)
--	-------

	(160)
--	-------

	3,269
--	-------

	3,651
--	-------

	475
--	-----

## STATE OF ALABAMA

## STATEMENT OF FIDUCIARY NET POSITION

## Fiduciary Funds

September 30, 2019

(Amounts in Thousands)

	Pension and Other Employee Benefit Trust Funds	Private- Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 93,708	\$ 9,204	\$ 297,526
Investments			
Time Deposits	—	—	676
U.S. Treasury Securities	2,031,417	31,261	40,448
U.S. Agency Securities	340,653	16,678	—
State and Local Government Securities	—	—	5,110
Mortgage Backed Securities	1,274,725	7,542	3,530
Corporate Stocks	22,603,783	6,894	—
Corporate Bonds	3,413,436	12,757	1,985
Real Estate	3,673,318	20	—
Commercial Paper	831,361	250	—
International Stocks	5,258,361	—	—
Guaranteed Investment Contracts	207,418	—	—
Mutual and Money Market Funds	3,029,618	1,849,832	97
Receivables			
Due From Other Funds	11	—	—
Employer Contributions Receivable	118,838	—	—
Member Contributions Receivable	67,406	—	—
Investment Sales Receivable	11,927	—	—
Accounts Receivable	185,740	7,252	—
Mortgages, Notes, and Loans Receivable	8,003	—	—
Securities Lending Collateral	1,081,911	593	—
Other Assets	2,368	—	—
Capital Assets, Net of Accumulated Depreciation	153,820	—	—
Capital Assets Not Depreciated	7,620	—	—
<b>TOTAL ASSETS</b>	<b>44,395,442</b>	<b>1,942,283</b>	<b>349,372</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>9,700</b>	<b>0</b>	<b>0</b>
<b>LIABILITIES</b>			
Warrants Payable	69	4,435	25,266
Investment Purchases Payable	13,720	—	—
Due To Other Funds	3	1	—
Accounts Payable	6,908	18,340	202
Due To Other Governments	51	—	20,777
Claims Payable	79,591	—	—
Securities Lending Obligation	1,081,911	593	—
Unearned Revenue	3,177	—	—
Amounts Held in Custody for Others	—	4,796	303,127
Compensated Absences	6,171	15	—
Net OPEB Liability	27,441	—	—
Net Pension Liability	36,494	—	—
Notes and Mortgages Payable	1,000	—	—
<b>TOTAL LIABILITIES</b>	<b>1,256,536</b>	<b>28,180</b>	<b>349,372</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>9,317</b>	<b>0</b>	<b>0</b>
<b>NET POSITION</b>			
Restricted or Held in Trust for Beneficiaries	—	1,914,103	—
Restricted for Pension and Other Employee Benefits	43,139,289	—	—
<b>TOTAL NET POSITION</b>	<b>\$ 43,139,289</b>	<b>\$ 1,914,103</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, 2019

(Amounts in Thousands)

	Pension and Other Employee Benefit Trust Funds	Private- Purpose Trust Funds
<b>ADDITIONS</b>		
Contributions:		
Plan members	\$ 1,098,205	\$ 191,424
Employer	1,719,194	—
Other Contributions	4,564	—
Federal On-Behalf	463	—
Total Contributions	2,822,426	191,424
Investment Earnings		
Investment Interest and Dividends	1,016,162	72,149
Net Increase (Decrease) in Fair Value of Investments	162,780	(7,465)
Securities Lending Income	49,528	81
Total Investment Earnings	1,228,470	64,765
Less:		
Investment Expense	13,872	—
Securities Lending Interest and Fees	38,455	73
Net Investment Income	1,176,143	64,692
Other Additions		
Interest from Mortgages and Loans Receivable	464	—
Miscellaneous	9,219	135
Transfers In	—	61,539
Total Other Additions	9,683	61,674
<b>Total Additions</b>	<b>4,008,252</b>	<b>317,790</b>
<b>DEDUCTIONS</b>		
Benefit Payments and Refunds	4,280,927	214,578
Administrative Expense	51,233	10,382
Transfers Out	—	808
<b>Total Deductions</b>	<b>4,332,160</b>	<b>225,768</b>
<b>Change in Net Position</b>	<b>(323,908)</b>	<b>92,022</b>
Net Position Restricted or Held in Trust for Beneficiaries, October 1, 2018, as Restated	43,463,197	1,822,081
<b>Net Position Restricted or Held in Trust for Beneficiaries, September 30, 2019</b>	<b>\$ 43,139,289</b>	<b>\$ 1,914,103</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, 2019

(Amounts in Thousands)

	University of Alabama	Auburn University	University of South Alabama	Public Education Employees' Health Insurance	Alabama Community College System
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 730,146	\$ 261,318	\$ 113,639	\$ 851	\$ 381,435
Investments	4,971,715	1,822,095	676,604	163,016	137,099
Accounts Receivable	620,272	65,088	76,103	6,825	99,748
Taxes Receivable	—	—	—	—	—
Due From Other Governments	—	—	—	3,781	—
Mortgages, Notes, and Loans Receivable	356,094	66,094	8,063	—	—
Securities Lending Collateral	—	—	—	—	—
Inventory	38,518	6,532	—	—	2,913
Restricted Assets	—	—	60,181	—	—
Other Assets	206,673	45,637	19,594	6,550	6,671
Capital Assets, Net of Accumulated Depreciation	3,928,909	1,832,149	660,358	—	901,306
Capital Assets Not Depreciated	416,140	130,426	121,885	—	69,697
<b>TOTAL ASSETS</b>	<b>11,268,467</b>	<b>4,229,339</b>	<b>1,736,427</b>	<b>181,023</b>	<b>1,598,869</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	<b>564,423</b>	<b>248,308</b>	<b>92,300</b>	<b>1,282</b>	<b>108,493</b>
<b>LIABILITIES</b>					
Warrants Payable	—	—	—	—	—
Due To Primary Government	43,555	—	—	630	—
Due To Component Units	—	—	—	—	—
Accounts Payable	416,065	143,701	96,812	691	63,962
Due To Other Governments	19,450	—	—	359	—
Unearned Revenue	569,981	268,941	56,533	—	73,100
Amounts Held in Custody for Others	39,729	27,489	—	—	11,351
Noncurrent Liabilities:					
Due Within One Year	193,873	64,344	25,152	32,858	24,573
Due In More Than One Year	5,566,623	1,959,914	1,075,029	60,487	1,040,236
<b>TOTAL LIABILITIES</b>	<b>6,849,276</b>	<b>2,464,389</b>	<b>1,253,526</b>	<b>95,025</b>	<b>1,174,543</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	<b>353,950</b>	<b>109,425</b>	<b>95,913</b>	<b>1,019</b>	<b>103,770</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	2,188,941	1,292,071	356,551	—	715,692
Restricted for:					
Permanent - Expendable	887,109	238,872	18,490	—	6,714
Permanent - Non-expendable	978,517	478,180	234,318	—	6,698
Debt Service	—	—	—	—	8,734
Capital Projects	—	41,228	—	—	9,679
Other Purposes	—	5,476	169,976	—	—
Unrestricted	575,097	(151,994)	(300,047)	86,261	(357,147)
<b>TOTAL NET POSITION</b>	<b>\$ 4,629,664</b>	<b>\$ 1,903,833</b>	<b>\$ 479,288</b>	<b>\$ 86,261</b>	<b>\$ 390,370</b>

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

Nonmajor Component Units	Total Component Units
\$ 440,241	\$ 1,927,630
1,340,516	9,111,045
5,851	5,851
199,401	1,067,437
615,449	619,230
507,678	937,929
10,868	10,868
10,066	58,029
3,175	63,356
129,615	414,740
1,218,795	8,541,517
350,732	1,088,880
<b>4,832,387</b>	<b>23,846,512</b>
<b>199,185</b>	<b>1,213,991</b>
258	258
13,733	57,918
195,416	916,647
166,072	185,881
10,868	10,868
227,570	1,196,125
358,058	436,627
74,777	415,577
1,920,669	11,622,958
<b>2,967,421</b>	<b>14,842,859</b>
<b>136,395</b>	<b>800,472</b>
787,561	5,340,816
167,945	1,319,130
204,504	1,902,217
937,501	946,235
28	50,935
60,621	236,073
(230,404)	(378,234)
<b>\$ 1,927,756</b>	<b>\$ 9,417,172</b>



## STATE OF ALABAMA

## STATEMENT OF ACTIVITIES

## Component Units

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	University of Alabama	Auburn University	University of South Alabama	Public Education Employees' Health Insurance	Alabama Community College System
<b>Expenses</b>	<b>\$ 5,329,321</b>	<b>\$ 1,291,707</b>	<b>\$ 908,736</b>	<b>\$ 974,752</b>	<b>\$ 805,231</b>
<b>Program Revenues</b>					
Charges for Services	4,117,098	770,758	721,369	974,327	184,296
Operating Grants and Contributions	843,652	244,074	36,647	—	247,059
Capital Grants and Contributions	33,096	15,132	13,617	—	5,913
<b>Total Program Revenues</b>	<b>4,993,846</b>	<b>1,029,964</b>	<b>771,633</b>	<b>974,327</b>	<b>437,268</b>
<b>Net (Expense) Revenue</b>	<b>(335,475)</b>	<b>(261,743)</b>	<b>(137,103)</b>	<b>(425)</b>	<b>(367,963)</b>
<b>General Revenues</b>					
Payments from State of Alabama	509,654	272,637	115,209	—	411,967
Grants and Contributions Not Restricted to Specific Programs	492	—	—	—	—
Unrestricted Investment Earnings	50,173	73,177	30,399	6,101	6,885
Miscellaneous	(5,387)	—	48,316	—	4,404
Contributions to Permanent Funds and Endowments	47,591	457	10,836	—	93
Special Items	—	—	—	(8,863)	—
<b>Total General Revenues, Contributions, Special Items and Extraordinary Items</b>	<b>602,523</b>	<b>346,271</b>	<b>204,760</b>	<b>(2,762)</b>	<b>423,349</b>
<b>Change in Net Position</b>	<b>267,048</b>	<b>84,528</b>	<b>67,657</b>	<b>(3,187)</b>	<b>55,386</b>
Net Position, October 1, 2018, as Restated	4,362,616	1,819,305	411,631	89,448	334,984
<b>Net Position, September 30, 2019</b>	<b>\$ 4,629,664</b>	<b>\$ 1,903,833</b>	<b>\$ 479,288</b>	<b>\$ 86,261</b>	<b>\$ 390,370</b>

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

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Nonmajor Component Units	Total Component Units
<b>\$ 1,644,204</b>	<b>\$ 10,953,951</b>
1,012,339	7,780,187
341,238	1,712,670
11,351	79,109
<b>1,364,928</b>	<b>9,571,966</b>
<b>(279,276)</b>	<b>(1,381,985)</b>
351,054	1,660,521
—	492
63,370	230,105
24,481	71,814
117	59,094
—	(8,863)
<b>439,022</b>	<b>2,013,163</b>
<b>159,746</b>	<b>631,178</b>
1,768,010	8,785,994
<b>\$ 1,927,756</b>	<b>\$ 9,417,172</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2019

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For the Fiscal year Ended September 30, 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Reporting Entity**

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

**1. Primary Government**

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

- Alabama Fire College
- Alabama School of Cyber Technology and Engineering
- Alabama Technology Network
- Aviation Hall of Fame
- Cahawba Advisory Committee
- 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
- 911 Board

**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.

For the Fiscal year Ended September 30, 2019

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

For the Fiscal year Ended September 30, 2019

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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.

For the Fiscal year Ended September 30, 2019

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

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

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

The State Employees' Insurance Board operates health insurance plans for state employees. 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 (ACCS), operates a system of community colleges within the State. ACCS is governed by a board of trustees consisting of the Governor and nine members appointed by the Governor. There are other legally separate foundations that are component units of the ACCS community colleges. These organizations exist to raise funds to benefit a specific college. ACCS does not control the timing or amount of receipts from these foundations, and the majority of resources that the foundations hold and invest are restricted to benefit the activities of ACCS by the donors. The ACCS foundations include: The Beville State Community College Foundation, Inc., Jefferson Davis Community College Foundation, J. F. Drake Foundation, Jefferson State Community College Foundation, Lurleen B. Wallace Community College Foundation, Northeast Alabama Community College Foundation, Reid State Technical College Foundation, Shelton State Community College Foundation, Inc., Southern Union Foundation, Trenholm Tech Foundation, Inc., George C. Wallace Foundation, Wallace Community College Selma Foundation, Alabama Southern Community College Foundation, Gadsden State Cardinal Foundation, Lawson State Community College Foundation, Douglas MacArthur State Technical College Foundation, Snead State Community College Foundation, Inc., James H. Faulkner State Community College Foundation, Gadsden State Alumni Association, Walker College Foundation, John C. Calhoun Community College Foundation, Enterprise State Community College Foundation, Marion Military Institute Foundation, and Gadsden State Community College Band Boosters, Inc.

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, USA Health Physician Billing Services, LLC, USA Health Hospital Billing Services, LLC, USA Health Anesthesia Billing Services, LLC and USA Health Reference Lab Billing Services, LLC as blended component units.

In addition to the blended component units, there are other legally separate, tax exempt organizations that are discretely presented component units of the universities. These organizations generally exist to raise funds to benefit a specific university. Although the university may not control the timing or amount of receipts from these foundations, the majority of resources that the foundations hold and invest are restricted to benefit the activities of the universities by the donors. Because the resources are held for the benefit of the universities, the foundations are considered 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

For the Fiscal year Ended September 30, 2019

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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 three component units, the University of South Alabama Foundation, the USA Research and Technology Corporation, and the University of South Alabama Health Care Authority. 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 for 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 fifteen-member board, thirteen of whom are appointed by the Governor. The Alabama Institute for 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.



For the Fiscal year Ended September 30, 2019

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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.

The Alabama Transportation Infrastructure Bank has been created to provide loans and other financial assistance to local governments for constructing and improving highway and transportation facilities. The seven-member board is made up of two state officials and five other persons appointed by the State. This component unit has not commenced operations.

#### **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 fifteen-member board, ten of whom are elected from among the member employees. The administrative budget of TRS is subject to approval by the State. Audited financial statements for the TRS and ERS may be obtained from the RSA at 201 South Union Street, P.O. Box 302150, Montgomery, AL 36130-2150.

#### **5. Excluded Organizations**

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

The 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.

For the Fiscal year Ended September 30, 2019

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**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 Cyber Technology and Engineering
- 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

For the Fiscal year Ended September 30, 2019

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- 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
- 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

For the Fiscal year Ended September 30, 2019

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- 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

For the Fiscal year Ended September 30, 2019

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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

For the Fiscal year Ended September 30, 2019

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revenues collected for the support, maintenance, and development of public education in Alabama. General sales and uses taxes, income taxes, and utilities taxes are the primary revenues restricted to this fund. The **Alabama Trust Fund** consists of income from the sale or lease of rights for offshore exploration and drilling for oil and gas off the Alabama coast. Investment income earned on the trust balance is used to support the General Fund, Forever Wild Land Trust, and a variety of capital projects and debt service. **Medicaid** accounts for the portion of the Medicaid program that is funded by Federal revenues and Medicaid provider taxes. The **Public Road and Bridge Fund** accounts for 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.

For the Fiscal year Ended September 30, 2019

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#### **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 funds in excess of those to meet daily cash flow needs are 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. 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; 3) commercial paper with the highest quality credit rating at the time of purchase and in banker's 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. 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 taxes receivable and the second largest is due from other governments. All receivables are recorded net of allowance for uncollectible accounts.

The largest taxes receivable 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.

Approximately 39 percent of due from other governments is long term loans made by the Alabama Public School and College Authority to local governments. The rest consists of grants and reimbursements due from the federal government where collectability is reasonably assured.

The most significant Accounts Receivable are recorded in the Public Road and Bridge Fund for revenue earned on transportation projects, the Alabama Trust Fund for oil and gas royalties earned on natural gas produced in Alabama's offshore waters, and the Twenty-first Century Authority Fund for tobacco settlement revenue. 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

For the Fiscal year Ended September 30, 2019

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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 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



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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

For the Fiscal year Ended September 30, 2019

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.

### 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.

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## F. New Accounting Pronouncements

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

- GASB Statement No. 83: Certain Asset Retirement Obligations
- GASB Statement No. 88: Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

## NOTE 2 - TAX ABATEMENTS

As of September 30, 2019, 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 1975*, 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: 1) a 1 percent credit for companies locating in a targeted county; 2) a .5 percent credit for wages paid to veterans for companies employing at least 12 percent veterans, and 3) a .5 percent credit for companies locating within a former active duty military base that was closed by the Base Realignment and Closure process. Depending on the project agreement, the jobs credit may be paid to the taxpayer as a refund out of utility taxes regardless of the amount of utility taxes actually paid by the taxpayer or it may be claimed as a credit against utility taxes actually paid and carried 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. The amount of abated taxes for fiscal year 2019 is \$1,007,000 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 1975*, 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. The amount of abated taxes for fiscal year 2019 is \$748,000 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 1975*, 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. The amount of abated taxes for fiscal year 2019 is \$74,000 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 1975*, 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 in a CAPCO. The amount of abated taxes for fiscal year 2019 is \$15,593,000 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 1975*, 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 2019 as a result of the Enterprise Zone program.

For the Fiscal year Ended September 30, 2019

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 1975*, 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 2019 is \$10,979,000 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 1975*, 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 2019 is \$7,514,000 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 1975*, Section 40-9F, 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 2019 is \$7,155,000 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 1975*, 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 2019 is \$15,719,000 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 1975*, 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 \$100 per TEU over a 3 year period. Income taxes can be abated. The amount of abated taxes for fiscal year 2019 is \$97,000 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 2019 is \$84,844,000 as a result of these programs.

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

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

The Government-wide Statement of Net Position reports \$9.6 billion of restricted net position for the primary government, of which \$621,736,000 is restricted by enabling legislation.

#### **B. Restatements**

Fund Balances and Net Position as of October 1, 2018 have been restated for prior period adjustments necessary to conform to GAAP.

On the government-wide financial statements, beginning net position for governmental activities was restated from \$19,253,701,000 to \$19,279,830,000, an increase of \$26,129,000. The difference consists of \$58,218,000 for an understatement of cash and cash equivalents and (\$32,089,000) for an understatement of due to other governments. The beginning fund balance of the Public Welfare

For the Fiscal year Ended September 30, 2019

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Trust Fund, a major governmental fund, was restated from \$62,731,000 to \$88,860,000 , an increase of \$26,129,000 for the same reasons.

The beginning net position for component units was restated from \$8,783,065,000 to \$8,785,994,000, an increase of \$2,929,000. The University of Alabama restated investments by \$1,084,000. Alabama Agricultural and Mechanical University restated deferred outflows by \$5,808,000. The University of West Alabama restated accounts receivable by \$220,000 and capital assets by (\$730,000). Jacksonville State University restated accounts receivable by (\$17,801,000) and capital assets by \$10,717,000.00. The change of \$3,701,000 in net beginning net position for Alabama State University resulted from an overstatement of accounts payable. The change of (\$70,000) in beginning net position for the University of North Alabama resulted from an understatement of accounts payable.

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

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

The Medicaid Fund, a major governmental fund, had a deficit unassigned fund balance of \$15,745,000. The deficit is the result of the accrual of claims outstanding at September 30, 2019. The expense is recognized in fiscal year 2019 along with a receivable for the federal share of the claims. The State matching money will not be available until fiscal year 2020 when the claims are paid. Miscellaneous Special Revenue Funds had a deficit unassigned fund balance of \$6,527,000 because of accounts payable.

The State Port Authority, a major proprietary fund, had a deficit in unrestricted net position of \$4,346,000. This deficit was caused mainly by the accruals of net pension liability and net OPEB liability. The Port Authority net pension liability was \$20,107,000 and net OPEB liability was \$47,369,000. The Alcoholic Beverage Control Board, also a major proprietary fund, had a deficit in unrestricted net position of \$156,749,000 with a total net position deficit of \$152,116,000. The deficits are largely due to the accrual of liabilities for net pension liability, compensated absences, salaries payable, net OPEB liability, 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.

Some of the internal service funds have deficits due to accruals for net pension liability and net OPEB liability. The Telecommunications Fund had a deficit in unrestricted net position of \$24,712,000 and a negative total net position of \$18,998,000. The Service Division had a deficit in unrestricted net position of \$1,445,000 and a negative total net position of \$458,000. The State Motor Pool had a deficit in unrestricted net position of \$947,000 as well as a negative total net position of \$490,000. Other Internal Service Funds had a deficit in unrestricted net position of \$16,254,000 as well as a negative total net position of \$15,503,000.

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

Auburn University, a major component unit, had a deficit in unrestricted net position of \$151,994,000 due to accrued net pension liability and net OPEB liability; however, it had a positive balance in total net position of \$1,903,833,000 . The University of South Alabama, a major component unit, had a deficit in unrestricted net position of \$300,047,000 due to accruals of net pension liability and net OPEB liability; however, it had a positive balance in total net position of \$479,288,000. Alabama Community College System, a major component unit, had a deficit in unrestricted net position of \$357,147,000 due to accruals of net pension liability and net OPEB liability; however, it had a positive balance in total net position of \$390,370,000.

The following nonmajor component units had deficits in unrestricted net position driven by accruals of net pension liability and net OPEB liability: Troy University, Alabama State University, Alabama Agricultural and Mechanical University, Jacksonville State University, the University of North Alabama, University of Montevallo, and the University of West Alabama had deficits of \$48,504,000, \$102,855,000, \$93,649,000, \$93,983,000, \$71,648,000, \$54,768,000, and \$43,828,000, respectively. All of these institutions had a positive total net position with the exception of the University of West Alabama \$(30,406,000).

The following other nonmajor component units had deficits in unrestricted net position driven by accruals of net pension liability and net OPEB liability: Alabama Historical Commission, Alabama Institute for the Deaf and Blind, Athens State University, Space and Science Exhibit Commission, Marine Environmental Sciences Consortium, Crime Victims Compensation Commission, Historic Ironworks Commission, and Red Mountain Recreation Commission had deficits of \$4,652,000, \$70,415,000, \$19,723,000, \$11,646,000, \$9,879,000, \$3,561,000, \$1,688,000, and \$2,439,000, respectively. All of these other nonmajor component units had

For the Fiscal year Ended September 30, 2019

positive total net positions except for Alabama Institute for the Deaf and Blind \$(36,790,000) and Crime Victims Compensation Commission \$(2,590,000) .

#### D. Governmental Fund Restricted Fund Balances

(Amounts in Thousands)

Economic Development and Regulation	
Economic Development Incentives	\$ 110,955
Economic Regulation Programs	78,450
Total Economic Development and Regulation	<u>189,405</u>
Education and Cultural Resources	
Alabama Public School and College Authority	76,224
Local Schools	65,839
Industrial Training	73,359
Education Budget Stabilization	234,200
Education Trust Fund	1,049,972
Other	69,828
Total Education and Cultural Resources	<u>1,569,422</u>
Natural Resources and Recreation	
Department of Conservation	95,683
Forever Wild Land Trust	32,639
Forever Wild Stewardship	36,443
Other	8,507
Total Natural Resources and Recreation	<u>173,272</u>
Health	
Health Department	64,689
Medicaid	38,786
Mental Health	125,131
Environmental Management	51,400
Other	9,093
Total Health	<u>289,099</u>
Social Services	
Department of Human Resources	81,376
Rehabilitation Services	13,183
Veterans	162,719
Employment Security	18,311
Other	39,267
Total Social Services	<u>314,856</u>
Protection of Persons and Property	
Professional and Occupational Licensing	65,047
Law Enforcement and Investigations	51,322
Department of Corrections	38,616
Agricultural Products Oversight	35,177
Mine Reclamation	6,953
Youth Services	17,947
911 Service	25,982
Other	43,941
Protection of Persons and Property	<u>284,985</u>

For the Fiscal year Ended September 30, 2019

Transportation	
State Roads and Bridges	432,529
Transportation Projects	70,057
Local Government Transportation Programs	1,041
Airfields	16,822
Total Transportation	520,449
General Government	
County and Municipal Capital Improvements	507,212
Judicial System	29,760
Economic and Community Affairs	46,919
Financial Administration	69,015
Other	89,026
Total General Government	\$ 741,932

**E. Education Trust Fund Budget Stabilization Fund**

The Rolling Reserve Act (Act 2011-003, as amended by Act 2015-538 and Act 2018-544) 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 ETF Budget Stabilization Fund receives money until the fund reaches 7.5 percent of the previous year's appropriations from the ETF, and then any excess money is transferred to the ETF Advancement and Technology Fund. 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 to prevent proration in the ETF or to provide loans to public schools or institutions of higher education for emergency repairs if a natural disaster is declared by the Governor. The Governor must certify to the State Comptroller and notify the Legislature that proration would occur in the ETF before funds may be withdrawn for proration. The ETF Budget Stabilization Fund has a balance of \$234 million at the end of fiscal year 2019.

**NOTE 4 - ASSETS****A. Cash Deposits**

The cash in all funds operating from the State Treasury is pooled as treasury cash and funds in excess of those to meet daily cash flow needs are 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.

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

For the Fiscal year Ended September 30, 2019

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.

### **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. Also, 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,



For the Fiscal year Ended September 30, 2019

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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), Federal Home Loan Mortgage Corporation (FHLMC), or Federal National Mortgage Association (FNMA) pass-through certificates, substantially all of which are pledged either as security for the mortgage revenue bonds or for obligations under reverse repurchase agreements.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2019

The State's investments at September 30, 2019, are as follows:

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

<b>Investment Types</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Fiduciary Funds (including Fiduciary Component Units)</b>	<b>Discretely Presented Component Units</b>
U S Treasury Strips	\$ 32,685	\$ 20,423	\$ —	\$ 1,630
U S Government Guaranteed Securities	801,137	5,624	2,139,069	653,890
U S Agency Securities	342,906	6,015	369,630	890,328
State and Local Government Securities	1,937	—	5,110	2,579
Mortgage Backed Securities	439,992	1,171	1,293,257	480,296
Commercial Paper	239,741	2,600	848,224	85,473
Corporate Bonds	394,143	21,884	2,638,927	411,819
Private Placements	157,227	—	722,118	—
Repurchase Agreements	43,712	—	—	—
International Bonds	28,125	42	267	120,412
Bond Mutual Funds	262,678	—	3,589,588	832,470
Domestic Equities	1,436,435	21,350	22,610,677	406,837
International Equities	512,235	252	5,258,361	93,898
Other Mutual Funds	364,885	22,386	1,324,643	1,451,797
Real Estate	302,563	4,310	3,673,338	147,381
Commingled Funds	110,271	—	—	3,019,744
Derivative Instruments	(3,207)	—	—	—
Guaranteed Investment Contracts	—	—	204,904	—
	<u>\$ 5,467,466</u>	<u>\$ 106,057</u>	<u>\$ 44,678,113</u>	<u>\$ 8,598,554</u>

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

Investments Per Investment Note	\$ 5,467,466	\$ 106,057	\$ 44,678,113	\$ 8,598,554
Certificates of Deposit †	6,254	15,830	—	83,381
Money Market Accounts - Savings †	300,168	73,765	33,025	46,400
Other Cash Equivalents †	(835,788)	(11,358)	(69,968)	75,929
Investments Classified as Restricted Assets †	(1,367)	—	—	3,608
Repurchase Agreements ††	(34,294)	—	—	—
Foundations and pooled investments §	—	—	—	303,173
<b>Investments per Statements</b>	<u>\$ 4,902,439</u>	<u>\$ 184,294</u>	<u>\$ 44,641,170</u>	<u>\$ 9,111,045</u>

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

†† Short-term repurchase agreements are included as cash equivalents; they 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.

For the Fiscal year Ended September 30, 2019

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**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.

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2019

The ratings of the State's investments as of September 30, 2019 are presented below.

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

<b>Moody's</b>	<b>Standard &amp; Poor's</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>RSA Fiduciary Component Units</b>	<b>Other Fiduciary Funds</b>	<b>Component Units</b>
Aaa		\$ 872,124	\$ 8,970	\$ 276,727	\$ 179,897	\$ 1,200,948
	AAA	20,495	624	—	289,772	223,918
Aa1		8,044	471	27,520	14,678	496
	AA+	3,433	—	—	848	—
Aa2		5,132	2,325	33,066	16,893	2,630
	AA	9,622	—	—	666,183	114,456
Aa3		9,689	1,874	26,116	13,859	1,364
	AA-	5,882	154	—	—	27,086
Aa		936	—	—	5,937	1,111
A1		16,844	3,077	81,295	37,860	2,291
	A+	29,613	—	—	1,000	5
A2		53,564	7,030	95,160	32,249	2,000
	A	8,936	—	—	—	113,651
A3		33,725	2,130	457,600	163,697	7,837
	A-	18,388	—	—	500	5
A		—	—	—	348	—
P1		228,186	2,600	18,999	16,613	2,000
P2		12,797	—	772,431	40,179	85,373
Baa1		36,273	1,080	393,273	135,307	10,037
	BBB+	16,509	—	—	—	379
Baa2		49,443	480	496,604	186,243	14,778
	BBB	25,579	68	—	35,556	122,516
Baa3		58,730	475	129,538	44,172	4,657
	BBB-	25,817	—	—	854	—
Baa		—	—	—	—	42,272
Ba1		19,156	—	45,209	22,729	496
	BB+	7,827	—	—	—	—
Ba2		15,993	—	16,280	7,376	220
	BB	11,687	—	—	—	17,327
Ba3		6,615	—	11,740	5,376	160
	BB-	24,360	—	—	—	—
B1		6,138	—	99,750	—	—
	B+	61,449	—	—	—	—
B2		35,768	—	—	—	—
	B	1,676	—	—	64,693	2,788
B3		6,501	—	—	—	—
	B-	1,305	—	—	—	—
Caa1		1,549	—	—	—	—
Caa2		313	—	—	—	—
	CCC	145	—	—	—	—
Caa3		693	—	—	—	—
	CCC-	575	—	—	—	—
Ca		1,300	—	—	—	—
C		632	—	—	—	360
U S Govt Guaranteed Securities		970,455	26,401	2,351,442	1,031,037	627,504
Not Rated †		127,450	—	3,131,682	332,805	886,561
<b>Totals</b>		<b>\$ 2,851,348</b>	<b>\$ 57,759</b>	<b>\$ 8,464,432</b>	<b>\$ 3,346,661</b>	<b>\$ 3,515,226</b>

§ US Govt rated Aaa (Moody's) and AA+ (Standard &amp; 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, mutual funds investing in U.S. government or U.S. government agency securities, or Bank of Israel bonds. 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.

For the Fiscal year Ended September 30, 2019

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 Baa or BBB 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, 2019, 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	\$ 5,496	\$ 24,207	\$ 2,982	\$ —	\$ 32,685
U S Government Guaranteed Securities	110,386	464,856	139,191	86,703	801,136
U S Agency Securities	60,207	217,559	4,674	60,465	342,905
State and Local Government Securities	225	—	—	—	225
Mortgage Backed Securities	22	32,773	68,902	338,293	439,990
Commercial Paper	239,741	104	—	1,608	241,453
Corporate Bonds	59,798	123,134	124,897	86,315	394,144
Derivative Instruments	1,079	191	(1,469)	(3,008)	(3,207)
Repurchase Agreements	43,712	—	—	—	43,712
International Bonds	1,928	10,269	12,273	3,655	28,125
Private Placements	1,395	31,735	36,393	87,704	157,227
Bond Mutual Funds	258,182	2,294	1,333	870	262,679
Commingled Funds	7,999	12,671	46,626	42,978	110,274
<b>Total</b>	<b>\$ 790,170</b>	<b>\$ 919,793</b>	<b>\$ 435,802</b>	<b>\$ 705,583</b>	<b>\$ 2,851,348</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2019

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

<b>Investment Type</b>	<b>Maturity in Years at Fair Value</b>				<b>Total Fair Value</b>
	<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>	
U S Treasury Strips	\$ 4,734	\$ 15,689	\$ —	\$ —	\$ 20,423
U S Government Guaranteed Securities	1,191	4,434	—	—	5,625
U S Agency Securities	1,409	3,190	965	450	6,014
Mortgage Backed Securities	—	227	625	320	1,172
Commercial Paper	2,600	—	—	—	2,600
Corporate Bonds	3,729	17,275	879	—	21,883
International Bonds	21	21	—	—	42
<b>Total</b>	<b>\$ 13,684</b>	<b>\$ 40,836</b>	<b>\$ 2,469</b>	<b>\$ 770</b>	<b>\$ 57,759</b>

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

<b>Investment Type</b>	<b>Maturity in Years at Fair Value</b>				<b>Total Fair Value</b>
	<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>	
U S Government Guaranteed Securities	\$ 302,439	\$ 582,075	\$ 291,087	\$ 263,453	\$ 1,439,054
U S Agency Securities	35,265	—	—	—	35,265
Mortgage Backed Securities	13,750	1,103	262,750	634,786	912,389
Commercial Paper	791,431	112,182	86,701	13,825	1,004,139
Corporate Bonds	179,815	687,419	468,539	555,229	1,891,002
Private Placements	9,500	329,675	203,575	173,911	716,661
Bond Mutual Funds	2,465,922	—	—	—	2,465,922
<b>Total</b>	<b>\$ 3,798,122</b>	<b>\$ 1,712,454</b>	<b>\$ 1,312,652</b>	<b>\$ 1,641,204</b>	<b>\$ 8,464,432</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2019

**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	\$ 150,672	\$ 355,402	\$ 99,077	\$ 94,864	\$ 700,015
U S Agency Securities	19,881	68,638	30,332	2,806	121,657
State and Local Government Securities	—	2,550	1,645	915	5,110
Mortgage Backed Securities	202	4,116	32,036	344,514	380,868
Commercial Paper	56,793	—	—	—	56,793
Corporate Bonds	71,637	286,604	179,671	210,013	747,925
International Bonds	134	134	—	—	268
Private Placements	5,457	—	—	—	5,457
Bond Mutual Funds	464,114	207,355	452,196	—	1,123,665
Guaranteed Investment Contracts	204,903	—	—	—	204,903
<b>Total</b>	<b>\$ 973,793</b>	<b>\$ 924,799</b>	<b>\$ 794,957</b>	<b>\$ 653,112</b>	<b>\$ 3,346,661</b>

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

<b>Investment Type</b>	<b>Maturity in Years at Fair Value</b>				<b>Total Fair Value</b>
	<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>	
U S Treasury Strips	\$ —	\$ —	\$ 1,630	\$ —	\$ 1,630
U S Government Guaranteed Securities	185,804	308,949	22,954	6,915	524,622
U S Agency Securities	132,962	624,756	123,594	10,497	891,809
State and Local Government Securities	1,568	1,011	—	—	2,579
Mortgage Backed Securities	190	2,803	23,109	134,286	160,388
Commercial Paper	87,373	—	—	—	87,373
Corporate Bonds	15,111	23,931	10,291	9,694	59,027
International Bonds	—	115	37	37	189
Bond Mutual Funds	246,298	32,193	30,563	159	309,213
Commingled Funds	1,375	1,445	3,128	21,643	27,591
<b>Total</b>	<b>\$ 670,681</b>	<b>\$ 995,203</b>	<b>\$ 215,306</b>	<b>\$ 183,231</b>	<b>\$ 2,064,421</b>

For the Fiscal year Ended September 30, 2019

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	\$ 9,527	9.2
Mortgage Backed Securities	16,999	3.6
Corporate Bonds	23,590	6.3
Commingled Bond Funds	1,285,410	3.6
Non-U S Bonds	4,634	6.3
Long Term Reserve Pool Fund:		
U S Government Guaranteed Securities	17,124	9.2
Mortgage Backed Securities	28,505	3.7
Corporate Bonds	43,572	6.3
Commingled Bond Funds	1,569,837	2
Non-U S Bonds	8,045	6.3
Short Term Liquidity Pool Fund:		
U S Government Guaranteed Securities	106,696	2.1
Mortgage Backed Securities	256,771	1.5
Collateralized Mortgage Obligations	18,531	1.7
Corporate Bonds	149,582	1.8
Commingled Bond Funds	185,315	2.7
Non-U S Bonds	66,305	1.8
<b>Total</b>	<b>\$ 3,790,443</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.



For the Fiscal year Ended September 30, 2019

The State's exposure to foreign currency risk at September 30, 2019 was as follows:

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

	<b>Government-Type</b>		<b>Business-</b>	<b>RSA</b>	<b>Other</b>	<b>Discretely Presented</b>	
	<b>Activities</b>		<b>Type</b>	<b>(Fiduciary</b>	<b>Fiduciary</b>	<b>Component Units</b>	
	<b>International</b>	<b>International</b>	<b>International</b>	<b>Component</b>	<b>International</b>	<b>International</b>	<b>International</b>
	<b>Equities</b>	<b>Bond</b>	<b>Equities</b>	<b>Units)</b>	<b>Equities</b>	<b>Equities</b>	<b>Bonds</b>
Argentine Peso	\$ —	\$ 110	\$ —	\$ —	\$ —	\$ —	\$ —
Australian Dollar	11,084	—	—	274,291	10,628	—	—
Brazilian Real	6,020	3,557	—	—	449	—	—
British Pound Sterling	77,551	—	—	624,928	24,438	53	55
Canadian Dollar	25,429	—	—	—	406	—	36
Chinese Yuan	22,768	1,429	—	—	1,019	23	—
Danish Krone	8,799	—	—	65,616	1,999	—	—
Euro	190,089	—	252	1,179,883	46,349	37	19
Hong Kong Dollar	8,228	—	—	138,175	5,783	—	—
Indian Rupee	—	—	—	—	913	—	—
Indonesian Rupiah	327	—	—	—	—	—	—
Israeli New Shekel	1,203	—	—	14,910	454	—	—
Japanese Yen	83,836	—	—	997,944	39,259	52	61
Malaysia Ringgit	—	—	—	—	1	—	—
Mexican Peso	143	8,910	—	—	—	—	—
New Zealand Dollar	—	—	—	2,827	86	—	—
Norwegian Krone	4,745	—	—	24,982	762	—	18
Other	—	—	—	—	6,170	330	—
Polish Zloty	391	—	—	—	—	—	—
Russian Rouble	—	5,836	—	—	—	—	—
Singapore Dollar	1,232	—	—	49,283	1,474	—	—
South Korean Won	6,613	—	—	—	461	—	—
Swedish Krona	16,016	—	—	106,050	3,965	—	—
Swiss Franc	36,757	—	—	399,522	14,871	33	—
Taiwan New Dollar	—	—	—	—	2	—	—
Turkish Lira	1,692	—	—	—	—	—	—
<b>Totals §</b>	<b>\$ 502,923</b>	<b>\$ 19,842</b>	<b>\$ 252</b>	<b>\$ 3,878,411</b>	<b>\$ 159,489</b>	<b>\$ 528</b>	<b>\$ 189</b>

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

For the Fiscal year Ended September 30, 2019

**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 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	\$ 10,078	\$ —	\$ 34,198	\$ 320
U S Agency Securities	4,566	—	—	73
State and Local Government Securities	—	—	5,110	—
Mortgage Backed Securities	2,709	—	3,530	471
Corporate Bonds	1,769	—	1,985	695
Repurchase Agreements	43,712	—	—	—
Domestic Equities	4,137	—	—	2,575
International Bonds	—	—	—	189
International Equities	—	—	—	58
Other Investments	1,762	—	676	—
<b>Total</b>	<b>\$ 68,733</b>	<b>\$ —</b>	<b>\$ 45,499</b>	<b>\$ 4,381</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.

For the Fiscal year Ended September 30, 2019

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As of September 30, 2019, 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 10 percent respectively, of the fair value of each System's aggregate portfolio. As of September 30, 2019, the Teachers' Retirement System (TRS) owned equity securities of New Water Street Corporation which represented approximately 5.17 percent of the 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.

Various other investments are classified as Level 3 due to a lack of observable market based pricing inputs and are valued using a combination of cost approach and income approach valuation techniques such as replacement costs, annual appraisals and cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2019

As of September 30, 2019, the State had the following fair market value hierarchies:

**Governmental Activities**  
(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 Treasury Strips	\$ 32,685	\$ —	\$ —	\$ —	\$ 32,685
U S Government Guaranteed Securities	767,379	26,994	—	—	794,373
U S Agency Securities	285,285	64,384	—	—	349,669
State and Local Government Securities	—	1,937	—	—	1,937
Mortgage Backed Securities	3,348	436,643	—	—	439,991
Commercial Paper	—	239,741	—	—	239,741
Corporate Bonds	39,151	311,202	43,790	—	394,143
Derivative Instruments	686	(3,893)	—	—	(3,207)
Private Placements	—	157,227	—	—	157,227
Repurchase Agreements	31,888	—	11,823	—	43,711
International Bonds	—	28,125	—	—	28,125
Bond Mutual Funds	253,219	9,459	—	—	262,678
Domestic Equities	1,150,926	1,265	284,244	—	1,436,435
International Equities	512,235	—	—	—	512,235
Other Mutual Funds	51,859	—	313,030	—	364,889
Real Estate	—	—	302,563	—	302,563
Commingled Funds	—	—	110,271	—	110,271
<b>Total</b>	<b>\$ 3,128,661</b>	<b>\$ 1,273,084</b>	<b>\$ 1,065,721</b>	<b>\$ —</b>	<b>\$ 5,467,466</b>

**Business-Type Activities**  
(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 Treasury Strips	\$ 20,423	\$ —	\$ —	\$ —	\$ 20,423
U S Government Guaranteed Securities	5,624	—	—	—	5,624
U S Agency Securities	6,015	—	—	—	6,015
Mortgage Backed Securities	3	1,167	—	—	1,170
Commercial Paper	—	2,600	—	—	2,600
Corporate Bonds	21,884	—	—	—	21,884
International Bonds	—	42	—	—	42
Domestic Equities	21,350	—	—	—	21,350
International Equities	252	—	—	—	252
Other Mutual Funds	22,387	—	—	—	22,387
Real Estate	—	—	4,310	—	4,310
<b>Total</b>	<b>\$ 97,938</b>	<b>\$ 3,809</b>	<b>\$ 4,310</b>	<b>\$ —</b>	<b>\$ 106,057</b>

For the Fiscal year Ended September 30, 2019

**Retirement Systems of Alabama**  
**(Fiduciary 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</b>
U S Government Guaranteed Securities	\$ —	\$ 1,439,054	\$ —	\$ —	\$ 1,439,054
U S Agency Securities	—	247,973	—	—	247,973
Mortgage Backed Securities	—	912,389	—	—	912,389
Commercial Paper	—	791,431	—	—	791,431
Corporate Bonds	—	1,891,002	—	—	1,891,002
Private Placements	—	—	716,661	—	716,661
Bond Mutual Funds	—	2,465,922	—	—	2,465,922
Domestic Equities	17,666,487	1,658,607	1,542,799	—	20,867,893
International Equities	4,980,275	42,977	—	—	5,023,252
Real Estate	—	—	3,673,318	—	3,673,318
<b>Total</b>	<b>\$ 22,646,762</b>	<b>\$ 9,449,355</b>	<b>\$ 5,932,778</b>	<b>\$ —</b>	<b>\$ 38,028,895</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	\$ 49,174	\$ 619,225	\$ —	\$ —	\$ 668,399
U S Agency Securities	1,996	108,842	—	—	110,838
State and Local Government Securities	5,110	—	—	—	5,110
Mortgage Backed Securities	3,530	370,776	—	—	374,306
Commercial Paper	—	42,179	—	—	42,179
Corporate Bonds	38,033	708,846	1,046	—	747,925
Private Placements	—	—	5,457	—	5,457
Bond Mutual Funds	697,534	231,341	—	—	928,875
Domestic Equities	1,715,797	26,987	—	—	1,742,784
International Equities	235,109	—	—	—	235,109
International Bonds	—	32	—	—	32
Other Mutual Funds	1,431,138	88,298	—	—	1,519,436
Real Estate	—	—	—	20	20
Guaranteed Investment Contracts	204,904	—	—	—	204,904
<b>Total</b>	<b>\$ 4,382,325</b>	<b>\$ 2,196,526</b>	<b>\$ 6,503</b>	<b>\$ 20</b>	<b>\$ 6,585,374</b>

For the Fiscal year Ended September 30, 2019

**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</b>
U S Treasury Strips	\$ 1,630	\$ —	\$ —	\$ —	\$ 1,630
U S Government Guaranteed Securities	59,345	532,816	—	—	592,161
U S Agency Securities	23,185	121,929	—	—	145,114
State and Local Government Securities	1,037	532	—	—	1,569
Mortgage Backed Securities	120,924	349,926	—	—	470,850
Commercial Paper	1,261	87,373	—	1,571	90,205
Corporate Bonds	11,781	399,097	941	—	411,819
International Bonds	—	—	120,444	—	120,444
Bond Mutual Funds	422,701	1,049,470	—	1,062	1,473,233
Domestic Equities	393,988	78	11,513	1,775	407,354
International Equities	93,418	—	—	480	93,898
Other Mutual Funds	421,772	37,355	170,116	817,414	1,446,657
Real Estate	1,907	103	144,989	382	147,381
Commingled Funds	325,215	963,223	30,923	1,885,616	3,204,977
<b>Total</b>	<b>\$ 1,878,164</b>	<b>\$ 3,541,902</b>	<b>\$ 478,926</b>	<b>\$ 2,708,300</b>	<b>\$ 8,607,292</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 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, 2019, the average term of the loans secured by QDF was 15, 18, and 41 days, respectively for the TRS, ERS, and JRF. As of September 30, 2019, 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

For the Fiscal year Ended September 30, 2019

a manner that the Investment Manager believes is appropriate to the objective of each; provided, that 1) 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, 2) the Investment Manager shall endeavor to maintain a dollar-weighted average maturity of the QDF and GSLT not to exceed 75 calendar days and 3) 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 1) 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 2) 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 1) 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 2) 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, 2019, the average term of the loans was 120 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, 2019. There were no significant violations

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2019

of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior period losses during the year.

**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	\$ 24,581	\$ 278,549	\$ 97,064	\$ 5,710
Domestic Equity	113,185	639,809	18,939	4,937
International Equity	3,411	25,977	2,266	—
<b>Total Lent for Cash Collateral</b>	<b>141,177</b>	<b>944,335</b>	<b>118,269</b>	<b>10,647</b>
<b>For Non-cash Collateral</b>				
Domestic Fixed Maturities	11,395	1,028,743	333,966	10,172
Domestic Equity	20,840	2,412,124	148,521	—
International Equity	—	114,163	21,389	—
<b>Total Lent for Non-Cash Collateral</b>	<b>32,235</b>	<b>3,555,030</b>	<b>503,876</b>	<b>10,172</b>
<b>Total Securities Lent</b>	<b>\$ 173,412</b>	<b>\$ 4,499,365</b>	<b>\$ 622,145</b>	<b>\$ 20,819</b>
<b>Type of Collateral Received</b>				
<b>Cash Collateral</b>				
Cash Collateral - Invested in				
State Street Quality D Fund	\$ —	\$ —	\$ 64,361	\$ —
State Street Global Securities Lending Trust	10,116	961,787	56,356	10,868
BNYM investments	134,236	—	—	—
<b>Total Cash Collateral</b>	<b>144,352</b>	<b>961,787</b>	<b>120,717</b>	<b>10,868</b>
<b>Non-Cash Collateral</b>				
For Lent Domestic Fixed Maturities				
Securities Collateral				
EURO	691	25,236	18,385	—
US Dollar	5,271	487,730	106,245	2,786
British Pound Sterling	118	4,291	5,116	—
Canadian Dollar	—	8,076	—	—
For Lent Domestic Equity Securities				
Securities Collateral				
US Dollar	22,603	2,608,922	161,015	—
For Lent International Equity Securities				
Securities Collateral				
EURO	—	22,317	26,261	732
British Pound Sterling	—	7,489	79	732
US Dollar	6,016	599,809	224,158	7,486
AUD	—	12	—	—
DKK	—	2,984	—	—
SEK	—	27,706	—	—
<b>Total Non-Cash Collateral Received</b>	<b>34,699</b>	<b>3,794,572</b>	<b>541,259</b>	<b>11,736</b>
<b>Total Collateral Received</b>	<b>\$ 179,051</b>	<b>\$ 4,756,359</b>	<b>\$ 661,976</b>	<b>\$ 22,604</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.



For the Fiscal year Ended September 30, 2019

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, 2019, the ATF had investments in TBA mortgage-backed securities in the amount of \$27,715,000. 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 Authority entered into a swaption contract in order to monetize potential debt service savings on the Authority's callable Docks Facilities Revenue Bonds Series 1996. 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 under the swaption agreement, 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). Upon exercising of the option by the counterparty, the Authority issued variable-rate refunding bonds in an amount sufficient to refund the fixed rate Docks Facilities Revenue Bonds Series 1996. 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, 2019 and 2018, the impact of credit risk is minimized. The swap agreement, which expires on October 1, 2021, is based on an amortizing notional amount, which was \$22,785,000 at September 30, 2019. As of September 30, 2019 and 2018, the interest rate swap had a negative fair value of \$1,013,000 and \$1,554,000, respectively, and is included in the Statement of Net Position in Noncurrent Liabilities: Due in More Than One Year as Other Long-Term Liabilities. The \$541,000 increase in fair value is included in investment income in the Statement of Revenues, Expenses, and Changes in Net Position and is included in Charges for Services in the Statement of Activities. Due to the negative position of the interest rate swap, the Authority previously posted collateral with a balance of approximately \$7.6 million at September 30, 2019 and 2018. The interest rate swap is valued using Level 2 inputs calculated using an industry accepted option-pricing model that uses market interest rates and a volatility assumption on the valuation date. The interest rate and volatility data are used to calculate the present value of the potential future cash flows of the interest rate swap.

The Retirement Systems of Alabama (RSA) - The RSA enters into call and put options. The RSA uses these derivative instruments to make an investment, control risk with certain investment positions, or as a yield enhancement strategy. During the fiscal year, these investment derivative instruments were used exclusively within the RSA's domestic and international equity portfolios and are presented in the financial statements in their respective equity classifications. These derivative instruments are either listed options or executed in the over-the-counter (OTC) market using only credit worthy counterparties. The fair value of the investment derivatives is based on market prices. Investment risks related to investment derivatives have been considered and included in the respective investment risks notes above in Note 4.c.

The following table presents the investment derivative instruments outstanding as of September 30, 2019 (in thousands), as reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position:

For the Fiscal year Ended September 30, 2019

**Investment Derivative Instruments**  
(Amounts in thousands)

	Changes in Fair Value §		Fair Value †	
	Amount	Classification	Amount	Notional
<b>TRS</b>				
Domestic Options Written	\$ 654	Domestic Equity	\$ —	\$ —
Domestic Options Purchased	17,465	Domestic Equity	—	—
Total Domestic Options	\$ 18,119		\$ —	\$ —
International Options Written	—	International Equity	—	—
<b>Total TRS Options</b>	<b>\$ 18,119</b>	<b>Total TRS</b>	<b>\$ —</b>	<b>\$ —</b>
<b>ERS</b>				
Domestic Options Written	\$ 320	Domestic Equity	\$ —	\$ —
Domestic Options Purchased	8,326	Domestic Equity	—	—
Total Domestic Options	\$ 8,646		\$ —	\$ —
International Options Written	—	International Equity	—	—
<b>Total ERS Options</b>	<b>\$ 8,646</b>	<b>Total ERS</b>	<b>\$ —</b>	<b>\$ —</b>
<b>JRF</b>				
Domestic Options Written	\$ 1	Domestic Equity	\$ —	\$ —
Domestic Options Purchased	291	Domestic Equity	—	—
Total Domestic Options	\$ 292		\$ —	\$ —
International Options Written	—	International Stocks	—	—
<b>Total JRF Options</b>	<b>\$ 292</b>	<b>Total JRF</b>	<b>\$ —</b>	<b>\$ —</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

† Fair value was zero at fiscal year end

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, 2019, are categorized as investment derivatives and therefore the hedge accounting provisions of GASB Statement No. 53 are not applicable.

All derivative instruments are presented in the Statement of Net Position as Investments and are reported at fair value. ATF's custodian, Bank of New York Mellon (BNYM), uses market prices when available. BNYM uses market prices when 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 4.C, except for additional disclosures for interest rate and credit risk, which have been included in this section.

For the Fiscal year Ended September 30, 2019

The following table presents the derivative instruments outstanding as of September 30, 2019 for ATF:

<b>Investment Derivative Instruments</b> <b>(Amounts in thousands)</b>			
	<b>Changes in Fair Value \$</b>	<b>Fair Value as of September 30, 2019</b>	
	<b>Amount</b>	<b>Amount</b>	<b>Notional</b>
Credit Default Swaps	\$ (8)	\$ 242	\$ 19,980
Interest Rate Swaps	(3,955)	(4,135)	(36,171)
Futures	607	686	63,021
<b>Total Derivatives</b>	<b>\$ (3,356)</b>	<b>\$ (3,207)</b>	<b>\$ 46,829</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 \$5,492,000. GASB Statement No. 53 also requires additional interest rate risk disclosures for investment derivatives that are highly sensitive to interest rate fluctuations. As mentioned above, these disclosures are included in Note 4.C.

## 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.

For the Fiscal year Ended September 30, 2019

As of September 30, 2019, 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	\$ 403,538	\$ 1,175	\$ —	\$ 404,713
Historical Exhibits	4,127	—	—	4,127
Construction in progress	266,210	33,844	48,110	251,944
Construction in progress - Infrastructure	2,833,512	270,984	502,244	2,602,252
Infrastructure	17,071,238	502,244	—	17,573,482
<b>Total capital assets not being depreciated</b>	<b>20,578,625</b>	<b>808,247</b>	<b>550,354</b>	<b>20,836,518</b>
<b>Capital assets being depreciated:</b>				
Buildings	1,851,787	17,486	—	1,869,273
Equipment	746,699	82,460	51,631	777,528
Software and Other Intangible Assets	96,448	—	—	96,448
<b>Total capital assets being depreciated</b>	<b>2,694,934</b>	<b>99,946</b>	<b>51,631</b>	<b>2,743,249</b>
<b>Less accumulated depreciation:</b>				
Buildings	831,241	41,520	—	872,761
Equipment	423,180	59,141	39,790	442,531
Software and Other Intangible Assets	23,006	8,279	—	31,285
<b>Total accumulated depreciation</b>	<b>1,277,427</b>	<b>108,940</b>	<b>39,790</b>	<b>1,346,577</b>
<b>Total capital assets being depreciated, net</b>	<b>1,417,507</b>	<b>(8,994)</b>	<b>11,841</b>	<b>1,396,672</b>
<b>Governmental-type activities capital assets, net</b>	<b>\$ 21,996,132</b>	<b>\$ 799,253</b>	<b>\$ 562,195</b>	<b>\$ 22,233,190</b>

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

Economic Development and Regulation	\$ 4,041
Social Services	7,031
Education and Cultural Resources	5,876
Natural Resources and Recreation	7,528
Health	9,532
General Government	16,644
Protection of Persons and Property	27,166
Transportation	31,122
<b>Total Depreciation Expense</b>	<b>\$ 108,940</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2019

The capital assets for business-type activities are:

**BUSINESS-TYPE ACTIVITIES**

(Amounts in Thousands)

	<b>Beginning Balance as Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital assets not being depreciated:</b>				
Land	\$ 77,079	\$ —	\$ —	\$ 77,079
Historical Exhibits	2,350	—	—	2,350
Construction in progress	9,134	49,111	9,523	48,722
Inexhaustible Intangible Assets	10	—	—	10
<b>Total capital assets not being depreciated</b>	<b>88,573</b>	<b>49,111</b>	<b>9,523</b>	<b>128,161</b>
<b>Capital assets being depreciated:</b>				
Buildings	683,405	4,095	233	687,267
Equipment	409,209	5,275	14,915	399,569
Software and Other Intangible Assets	10,848	—	—	10,848
<b>Total capital assets being depreciated</b>	<b>1,103,462</b>	<b>9,370</b>	<b>15,148</b>	<b>1,097,684</b>
<b>Less accumulated depreciation</b>				
Buildings	345,134	17,250	2,524	359,860
Equipment	233,297	12,032	6,035	239,294
Software and Other Intangible Assets	4,714	3,872	—	8,586
<b>Total accumulated depreciation</b>	<b>583,145</b>	<b>33,154</b>	<b>8,559</b>	<b>607,740</b>
<b>Total capital assets being depreciated, net</b>	<b>520,317</b>	<b>(23,784)</b>	<b>6,589</b>	<b>489,944</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 608,890</b>	<b>\$ 25,327</b>	<b>\$ 16,112</b>	<b>\$ 618,105</b>
<b>Depreciation Expense for the current year is charged as follows:</b>				
State Port Authority	\$ 27,778			
Alcoholic Beverage Control Board	4,604			
Other Nonmajor Enterprise Funds	772			
<b>Total Depreciation Expense</b>	<b>\$ 33,154</b>			

For the Fiscal year Ended September 30, 2019

The capital assets for component units are:

**COMPONENT UNITS**  
(Amounts in Thousands)

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	\$ 382,732	\$ 4,419	\$ 1,398	\$ 385,753
Historical Exhibits	130,977	3,193	550	133,620
Construction in progress	561,425	681,776	673,694	569,507
<b>Total capital assets not being depreciated</b>	<b>1,075,134</b>	<b>689,388</b>	<b>675,642</b>	<b>1,088,880</b>
<b>Capital assets being depreciated:</b>				
Buildings	11,765,628	769,864	42,068	12,493,424
Equipment	2,863,860	186,745	79,314	2,971,291
Software and Other Intangibles	182,324	6,976	586	188,714
<b>Total capital assets being depreciated</b>	<b>14,811,812</b>	<b>963,585</b>	<b>121,968</b>	<b>15,653,429</b>
<b>Less accumulated depreciation</b>				
Buildings	4,445,167	318,050	31,489	4,731,728
Equipment	2,173,058	167,779	68,118	2,272,719
Software and Other Intangible Assets	100,094	7,672	301	107,465
<b>Total accumulated depreciation</b>	<b>6,718,319</b>	<b>493,501</b>	<b>99,908</b>	<b>7,111,912</b>
<b>Total capital assets being depreciated, net</b>	<b>8,093,493</b>	<b>470,084</b>	<b>22,060</b>	<b>8,541,517</b>
<b>Component Units capital assets, net</b>	<b>\$ 9,168,627</b>	<b>\$ 1,159,472</b>	<b>\$ 697,702</b>	<b>\$ 9,630,397</b>
<b>Depreciation Expense for the current year is charged as follows:</b>				
University of Alabama	\$ 254,195			
Auburn University	79,469			
University of South Alabama	50,029			
Alabama Community College System	51,177			
Other Nonmajor Component Units	58,631			
<b>Total Depreciation Expense</b>	<b>\$ 493,501</b>			

For the Fiscal year Ended September 30, 2019

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## **NOTE 5 - LIABILITIES**

### **A. Future Commitments**

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

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

At September 30, 2019, the Department of Transportation had construction and maintenance contracts of \$2,301,206,000. The amount already performed was \$1,565,722,000, leaving an outstanding balance of \$735,484,000. The funding sources for this amount are 61 percent federal funds and 39 percent State and local funds.

The State Port Authority has contracts for several projects with estimated costs to complete of approximately \$30,800,000.

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

The University of Alabama at Birmingham had construction and renovation commitments remaining at September 30, 2019 of approximately \$246 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 \$711.4 million. At September 30, 2019, the estimated remaining cost to complete the projects was approximately \$327.3 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, 2019. The estimated remaining costs to complete the construction and renovation was approximately \$145.1 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, 2019, the estimated remaining cost to complete the construction was approximately \$11.7 million dollars which is expected to be financed from University bond proceeds.

At September 30, 2019, the University of South Alabama had commitments of approximately \$42.5 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, 2019, the State has committed to funding economic development grants and training totaling \$577,138,000. Available cash for these commitments includes \$2,851,000 from Alabama Incentives Finance Authority bonds and \$9,544,000 from 2016-A General Obligation bonds, \$96,460,000 from 2018-A General Obligation bonds and \$34,082,000 from 2018-B General Obligation bonds. The State anticipates that of these commitments, \$162,575,000 will be paid in fiscal year 2020 and \$414,563,000 will be paid thereafter.

#### **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, 2019, there were encumbrances in the General Fund totaling \$3,083,000, the Education Trust Fund \$1,966,000, the Public Road and Bridge Fund

For the Fiscal year Ended September 30, 2019

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\$53,151,000, the Medicaid Fund \$386,000, the Public Welfare Trust Fund \$3,727,000, the Alabama Trust Fund \$161,000, and non-major governmental funds \$27,860,000.

## **B. Claims and Judgments**

The Department of Transportation finances its own risk for state employee injury compensation. The Department had \$10,865,000 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, 2019, the total estimated pollution remediation liability (estimated using the expected cash-flow technique) is \$8,812,000. The current portion of \$5,792,000 is included in accounts payable and the long-term portion of \$3,020,000 is included in Non-current 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 \$96,158,000 to provide multifamily housing for the citizens of Alabama. The Authority does not actively monitor the operating performance or financial condition of the multifamily properties financed by the bonds. Multifamily mortgage loans are collateralized by varying methods, including first-liens on multifamily residential rental properties located within the State of Alabama, letters of credit, surety bonds and guarantees provided by third parties. These bonds do not constitute a debt or pledge of the faith and credit of the Authority or the State, 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.



For the Fiscal year Ended September 30, 2019

**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)**

<b>Maturity</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 66,455	\$ 29,014	\$ 95,469
2021	69,880	25,882	95,762
2022	59,135	22,603	81,738
2023	52,340	19,932	72,272
2024	54,640	17,484	72,124
2025-2029	181,405	56,097	237,502
2030-2034	104,440	25,580	130,020
2035-2039	69,275	7,137	76,412
<b>Total</b>	<b>657,570</b>	<b>\$ 203,729</b>	<b>\$ 861,299</b>
Unamortized Premium	65,285		
	<b>\$ 722,855</b>		

For the Fiscal year Ended September 30, 2019

**GENERAL OBLIGATION BONDS PAYABLE**

(Amounts in Thousands)

<b>General Obligation Issue (Amounts in Thousands)</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Interest Rates</b>	<b>Bonds Payable Sept. 30, 2019</b>
Series 2010 A - Refunding Bonds	03/23/10	06/01/21	3.00% to 5.00%	\$ 9,060
Series 2010 B - Refunding Bonds	03/23/10	06/01/21	3.00% to 4.00%	2,930
Series 2010 C - Refunding Bonds	05/11/10	06/01/21	3.30% to 5.00%	15,480
Series 2013 A - Refunding Bonds	08/01/13	08/01/25	0.20% to 3.30%	78,660
Series 2013 B	08/01/13	08/01/33	0.20% to 4.40%	25,545
Series 2013 C - Refunding Bonds	08/01/13	08/01/21	0.50% to 2.60%	525
Series 2014 A - Refunding Bonds	08/01/14	08/01/26	0.60% to 2.60%	149,535
Series 2016 A	02/24/16	11/01/36	0.56% to 3.14%	93,500
Series 2016 B	02/24/16	11/01/21	0.55% to 1.05%	16,790
Series 2016 C - Refunding Bonds	10/06/16	08/01/32	1.19% to 2.64%	105,140
Series 2018-A	12/06/18	11/01/38	2.49% to 3.21%	98,360
Series 2018-B	12/06/18	11/01/26	2.85% to 3.45%	38,740
Series 2018-C	12/06/18	11/01/23	1.91% to 2.24%	23,305
Sub-total General Obligation Bonds				657,570
‡ Plus: Unamortized Premiums				65,285
<b>Total General Obligation Bonds</b>				<b>\$ 722,855</b>

‡ Unamortized premiums \$283 for Series 2010-A, \$37 for Series 2010-B, \$353 for Series 2010-C, \$4,579 for Series 2013-A, \$941 for Series 2013-B, \$7 for Series 2013-C, \$13,848 for Series 2014-A, \$9,176 for Series 2016-A, \$781 for Series Series 2016-B, \$17,077 for Series 2016-C, \$16,548 for Series 2018-A and \$1,655 for Series 2018-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

For the Fiscal year Ended September 30, 2019

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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 \$113,842,000 and \$1,037,932,000, respectively.

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 \$17,941,000 and \$14,609,000, 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 \$276,611,000. Sales taxes, use taxes, leasing taxes, and utilities gross receipts and use taxes for the current year were \$2,761,493,000.

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 \$2,106,000. Tobacco and liquor taxes for the current year were \$33,723,000.

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 \$15,933,000 and \$16,000,000, 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 \$1,830,000 and \$33,103,000, 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 \$3,813,000 and \$381,026,000 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 and the BP settlement revenue totaled \$53,824,000 and \$53,333,000, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2019

**PRIMARY GOVERNMENT****Governmental Activities**

<b>Revenue Bonds</b> <b>(Amounts in Thousands)</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Interest Rates</b>	<b>Bonds Payable Sept. 30, 2019</b>
Alabama Building Renovation Finance Authority				
Series 2010	07/21/10	09/01/24	2.50% to 4.00%	\$ 11,420
Alabama Public Health Care Authority				
Series 2015	03/12/15	09/01/44	2.00% to 5.00%	52,665
Series 2016	04/24/16	09/01/35	0.75% to 3.12%	19,510
Alabama Federal Aid Highway Finance Authority				
Series 2012	12/06/12	09/01/26	0.35% to 2.40%	92,675
Series 2015	01/21/15	09/01/36	2.34% to 2.99%	511,750
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%	390,035
Series 2017-B Refunding Bonds	06/26/17	09/01/26	1.56% to 2.02%	139,975
Alabama Incentives Finance Authority				
Series 2009-B Refunding Bonds	09/17/09	09/01/29	1.93% to 4.00%	63,690
Series 2019-A Refunding Bonds	09/01/19	09/01/29	1.27% to 1.83%	21,060
Series 2019-B Refunding Bonds	09/01/19	09/01/42	2.15% to 3.07%	131,465
Alabama Public School and College Authority				
Series 2007	12/5/07	12/01/27	2.50% to 5.00%	77,205
Series 2009-D	12/03/09	12/15/25	3.70% to 3.70%	145,880
Series 2010-Q	09/14/10	03/01/27	5.15% to 5.15%	154,727
Series 2010-C - Direct Placement	11/29/10	12/01/20	2.48% to 2.48%	25,015
Series 2010-D - Direct Placement	11/29/10	12/01/20	3.77% to 3.77%	4,860
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%	13,165
Series 2012-A Refunding Bonds	02/29/12	03/01/24	3.00% to 5.00%	30,945
Series 2012-B Refunding Bonds	02/29/12	03/01/29	2.50% to 5.00%	53,310
Series 2012-C Direct Placement	10/31/12	11/01/22	1.55% to 1.55%	2,470
Series 2012-D Direct Placement	10/31/12	11/01/22	2.02% to 2.02%	12,205
Series 2013-A	06/24/13	06/01/33	3.00% to 5.00%	92,820
Series 2013-B	06/24/13	06/01/33	4.00% to 5.00%	49,280
Series 2013-C	10/09/13	09/01/33	1.48% to 4.10%	62,210
Series 2013-D	10/09/13	09/01/33	0.45% to 4.25%	18,905
Series 2014-A Refunding Bonds	05/15/14	02/01/26	0.20% to 2.72%	49,515
Series 2014-B	07/01/14	01/01/27	1.26% to 2.80%	496,675
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%	45,490
Series 2015-C	04/16/15	06/01/29	0.37% to 2.98%	40,645
<b>Sub-Total (Continued on next page)</b>				<b>\$ 3,130,867</b>

For the Fiscal year Ended September 30, 2019

**PRIMARY GOVERNMENT, Continued****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, 2019</b>
<b>Sub-Total from previous page</b>				<b>\$ 3,130,867</b>
Alabama Public School and College Authority (Continued)				
Series 2016-A	06/23/16	06/01/36	0.75% to 3.00%	26,230
Series 2017-A	10/24/17	12/01/37	1.05% to 3.24%	17,865
Series 2019-A	05/15/19	05/01/39	1.53% to 3.05%	25,950
Mental Health Finance Authority				
Series 2012 - Direct Placement	07/01/12	06/01/23	2.12% to 2.12%	8,070
Alabama Twenty-first Century Authority				
Tobacco Settlement Revenue Bonds, Series 2012	03/08/12	06/01/21	3.00% to 5.00%	29,695
Alabama Revolving Loan Fund Authority				
Series 2010	12/01/10	03/01/30	2.50% to 6.13%	13,120
Alabama Highway Finance Corporation				
Series 2014 - Direct Placement	06/01/14	06/01/21	1.70% to 1.70%	7,440
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%	490,030
Sub-total Revenue Bonds Payable				3,830,192
§ Plus: Unamortized Premiums				268,271
† Less: Unamortized Discounts				(2,153)
<b>Net Primary Government</b>				
<b>Revenue Bonds Payable, Governmental Activities</b>				<b>\$ 4,096,310</b>

§ Unamortized premium is \$167,945 for Federal Aid Highway Finance Authority, \$798 for Building Renovation Finance Authority, \$1,153 for the Alabama Twenty-first Century Authority, \$5,013 for the Alabama Public Health Care Authority, \$89,035 for the Alabama Public School and College Authority, \$4,305 for the Incentives Financing Authority, and \$22 for the Alabama Revolving Loan Authority.

† Unamortized discount is \$2,153 for the Alabama Settlement Authority.

For the Fiscal year Ended September 30, 2019

**Revenue Bonds**  
**Governmental-type Activities**  
**Debt Service Requirements to Maturity**  
**(Amounts in Thousands)**

Maturity	Totals		Public Offerings		Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 249,090	\$ 164,143	\$ 225,310	\$ 162,988	\$ 23,780	\$ 1,155
2021	258,830	153,312	234,290	152,732	24,540	580
2022	227,145	141,798	221,370	141,599	5,775	199
2023	226,020	131,596	220,055	131,514	5,965	82
2024	219,535	121,430	219,535	121,430	—	—
2025-2029	1,401,877	426,905	1,401,877	426,905	—	—
2030-2034	795,055	198,214	795,055	198,214	—	—
2035-2039	398,145	48,889	398,145	48,889	—	—
2040-2044	54,495	5,641	54,495	5,641	—	—
	3,830,192	<b>\$ 1,391,928</b>	3,770,132	<b>\$ 1,389,912</b>	60,060	<b>\$ 2,016</b>
Unamortized Premiums	268,271		268,271		—	
Unamortized Discounts	(2,153)		(2,153)		—	
<b>Totals</b>	<b>\$ 4,096,310</b>		<b>\$ 4,036,250</b>		<b>\$ 60,060</b>	

**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, 2019. Principal and interest paid for the current year and gross revenues were \$26,080,000 and \$158,449,000, respectively.

**PRIMARY GOVERNMENT****Business-Type Activities**

Revenue Bonds, Proprietary Funds (Amounts in Thousands)	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2019
State Port Authority				
Series 2008-A - Direct Placement	04/01/08	10/01/21	Variable	\$ 23,005
Series 2017-A	02/23/17	10/01/35	1.12% to 3.89%	121,995
Series 2017-B	02/23/17	10/01/20	1.41% to 1.85%	8,305
Series 2017-C	02/23/17	10/01/36	3.68% to 3.68%	6,130
Series 2017-D	02/23/17	10/01/40	1.32% to 4.72%	131,190
Series 2018 - Direct Placement	03/29/18	04/01/21	2.38% to 2.38%	50,000
Sub-total Revenue Bonds Payable, Proprietary Funds				340,625
Plus: Unamortized Premium				13,605
<b>Net Primary Government Revenue Bonds Payable, Proprietary Funds</b>				<b>\$ 354,230</b>

For the Fiscal year Ended September 30, 2019

**Revenue Bonds**  
**Business-type Activities - Port Authority**  
**Debt Service Requirements to Maturity**  
**(Amounts in Thousands)**

<b>Maturity</b>	<b>Totals</b>		<b>Public Offering</b>		<b>Direct Placement</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 12,425	\$ 13,815	\$ 5,120	\$ 12,269	\$ 7,305	\$ 1,546
2021	63,060	12,911	5,400	12,039	57,660	872
2022	12,985	11,856	4,945	11,856	8,040	—
2023	11,825	11,622	11,825	11,622	—	—
2024	9,140	11,246	9,140	11,246	—	—
2025-2029	51,380	49,380	51,380	49,380	—	—
2030-2034	63,910	35,913	63,910	35,913	—	—
2035-2039	79,485	18,647	79,485	18,647	—	—
2040-2041	36,415	1,600	36,415	1,600	—	—
	340,625	<b>\$ 166,990</b>	267,620	<b>\$ 164,572</b>	73,005	<b>\$ 2,418</b>
Unamortized Premiums	13,605		13,605		—	
Unamortized Discounts	—		—		—	
<b>Totals</b>	<b>\$ 354,230</b>		<b>\$ 281,225</b>		<b>\$ 73,005</b>	

**e. 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2019

<b>COMPONENT UNITS</b>	<b>Date</b>	<b>Final Maturity</b>	<b>Interest</b>	<b>Bonds Payable</b>
<b>Revenue Bonds (Amounts in Thousands)</b>	<b>Issued</b>	<b>Date</b>	<b>Rates</b>	<b>Sept. 30, 2019</b>
Alabama Housing Finance Authority				
Single Family Bond Programs	2000-2016	2026-2036	2.43% to 7.80%	\$ 15,011
Alabama Water Pollution Control Authority				
Revolving Fund Loan Bonds	2010-2011	2021-2023	2.00% to 4.00%	34,400
Alabama Drinking Water Authority				
Revolving Fund Loan Bonds	2012-2015	2024-2027	0.05% to 5.00%	33,925
Alabama Space Science Exhibit Finance Authority	2014	2032	2.72% to 5.09%	8,874
Higher Education				
University of Alabama - Tuscaloosa	2009-2019	2020-2049	1.00% to 6.28%	1,165,085
University of Alabama - Birmingham	2005-2019	2020-2049	1.00% to 5.80%	1,048,229
University of Alabama - Huntsville	1980-2019	2020-2048	0.73% to 6.13%	144,511
Athens State	2007-2015	2024-2030	2.35% to 6.30%	12,241
Alabama A&M University	2015	2030-2045	2.02% to 5.00%	83,759
Alabama State University				
Public Offerings	1982-2018	2022-2042	2.00% to 5.43%	141,208
Direct Placements	2018	2038-2042	2.92% to 2.96%	61,971
Auburn University	2001-2018	2021-2048	1.50% to 5.49%	803,974
Jacksonville State University	2009-2017	2023-2039	various	115,840
University of West Alabama	2011-2019	2041-2042	various	53,655
University of Montevallo	1985-2019	2023-2047	1.75% to 5.00%	48,894
University of North Alabama	2010-2019	2035-2045	2.00% to 6.55%	94,090
Alabama Community College System	various	various	various	218,808
University of South Alabama	2010-2019	2024-2049	1.86% to 5.00%	400,206
Troy University	2009-2018	2020-2039	various	141,495
Total Revenue Bonds Payable				4,626,176
Less: Unamortized Discounts †				(1,324) †
Plus: Unamortized Premium §				276,346 §
				<b>\$ 4,901,198</b>

† Unamortized discounts were \$85 for Jacksonville State University, \$491 for the University of North Alabama, \$575 for Alabama State University and \$173 for the University of West Alabama, § Unamortized premiums were \$100,152 for the University of Alabama - Tuscaloosa, \$77,599 for Auburn University, \$25,155 for the University of South Alabama, \$243 for the Water Pollution Control Authority, \$26 for Alabama State University, \$47,062 for the University of Alabama - Birmingham, \$34 for the University of West Alabama, \$5,641 for Jacksonville State University, \$1,215 for the Alabama Drinking Water Authority, \$4,621 for Troy University, \$8,343 for the University of Alabama - Huntsville, \$4251 for the University of North Alabama and \$2,004 for the University of Montevallo.



For the Fiscal year Ended September 30, 2019

**Revenue Bonds**  
**Component Units**  
**Debt Service Requirements to Maturity**  
**(Amounts in Thousands)**

Maturity	Totals		Public Offerings		Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 187,454	\$ 180,592	\$ 182,159	\$ 176,500	\$ 5,295	\$ 4,092
2021	191,218	178,821	185,778	174,875	5,440	3,946
2022	184,534	169,637	178,934	165,851	5,600	3,786
2023	206,830	162,738	201,064	159,117	5,766	3,621
2024	191,821	154,527	185,913	151,049	5,908	3,478
2025-2029	967,212	659,776	934,810	645,246	32,402	14,530
2030-2034	1,006,711	457,897	969,211	448,465	37,500	9,432
2035-2039	903,652	259,412	866,970	255,783	36,682	3,629
2040-2044	534,403	102,633	527,788	102,336	6,615	297
2045-2049	237,511	27,133	237,511	27,133	—	—
2050-2054	8,965	2,270	8,965	2,270	—	—
2055-2057	5,865	475	5,865	475	—	—
	4,626,176	<u><u>\$ 2,355,911</u></u>	4,484,968	<u><u>\$ 2,309,100</u></u>	141,208	<u><u>\$ 46,811</u></u>
Unamortized Premiums	276,346		276,346		—	
Unamortized Discounts	(1,324)		(1,324)		—	
<b>Totals</b>	<u><u>\$ 4,901,198</u></u>		<u><u>\$ 4,759,990</u></u>		<u><u>\$ 141,208</u></u>	

**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**

During the fiscal year, the Alabama Incentives Finance Authority issued Series 2019-A refunding bonds to advance refund Series 2009 A and C bonds. The refunding resulted in an accounting gain of \$636,000, a reduction in cash flows of \$6,410,000, and a net present value savings of \$4,145,000.

Additionally, the Alabama Incentives Finance Authority issued Series 2019-B refunding bonds to advance refund Series 2012-A bonds. The refunding resulted in an accounting loss of \$1,659,000, a reduction of cash flows of \$22,416,000, and a net present value savings of \$11,406,000.

**b. Component Units**

The University of Alabama - Tuscaloosa defeased certain bonds with the 2019 bond issuance. The refunding resulted in an economic gain of \$78,300,000 and a \$76,500,000 reduction of cash flows,

For the Fiscal year Ended September 30, 2019

**c. Advance Refunded Bonds**

Advance refunded bonds with remaining balances at September 30, 2019:

<b>Primary Government</b>	<b>Amount</b>
General Obligation 2010-D	\$ 79,255,000
Alabama Federal Aid Highway Finance Authority	146,215,000
Alabama Incentives Finance Authority 2009-A	14,790,000
Alabama Incentives Finance Authority 2009-C	11,145,000
Alabama Incentives Finance Authority 2012-A	123,385,000
<b>Component Units</b>	
University of Alabama - Tuscaloosa	230,200,000
University of South Alabama	93,540,000

**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, 2019, 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.

For the Fiscal year Ended September 30, 2019

**6. Bonds Authorized But Not Issued**

(Amounts in Thousands)

Primary Government	Authorized	Issued	Unissued
General Obligation Bonds §			
State of Alabama - Constitutional Amend 666	\$ 750,000	\$ 589,480	\$ 160,520
State of Alabama - Constitutional Amend 887	50,000	50,000	—
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 †	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>\$ 1,009,561</b>	<b>\$ 569,439</b>

§ 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.

† 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, 2019, there were no bonds outstanding.

**7. Derivative Transactions - Interest Rate Swaps**

University of South Alabama - The University is party to two derivatives with Wells Fargo Bank, the counterparty. In December 2013, Wells Fargo exercised its option with respect to the synthetic advance refunding of the Series 2004 Bonds to enter into an interest rate swap agreement with the University with an effective date of March 15, 2014. The resulting derivative is a 'receive-variable, pay-fixed' interest rate swap. As part of the overall plan of the synthetic refunding of the Series 2004 Bonds, the University redeemed those bonds in April 2014 with the proceeds from the Series 2014-A Bonds.

In September 2016, Wells Fargo exercised its option with respect to the synthetic advance refunding of the Series 2006 Bonds to enter into an interest rate swap agreement with the University with an effective date of September 1, 2016. The resulting derivative is a 'receive-variable, pay-fixed' interest rate swap. As part of the overall plan of the synthetic refunding of the Series 2006 Bonds, the University redeemed those bonds in December 2016 with the proceeds from the Series 2016-B, C, and D Bonds.

For the Fiscal year Ended September 30, 2019

**Objective of the Transactions**

Both interest rate swaps were the result of the original January 2008 synthetic advance refunding of the Series 2004 and Series 2006 Bonds. The objective of these transactions was to realize debt service savings currently from future debt refunding and create an economic benefit for the University.

The 2014 swap will terminate in March 2024, when the Series 2014-A Bonds mature. The notional amount of the swap will at all times match the outstanding principal amount of the bonds. Under the swap, the University pays the counterparty a fixed semi-annual payment based on the annual rate of 4.9753% and receives on a monthly basis a variable payment of 68% of the one-month LIBOR plus .25%. Conversely, the Series 2014-A Bonds bear interest on a monthly basis at 68% of the one-month LIBOR rate plus .73%.

The 2016 swap will terminate in December 2036, when the Series 2016-B, C, and D Bonds mature. The notional amount of the swap will at all times match the outstanding principal amount of the bonds. Under the swap, the University pays the counterparty a fixed semi-annual payment based on an annual rate of 5% and receives on a monthly basis a variable payment of 68% of the one-month LIBOR plus .25%. Conversely, the Series 2016-B, C, and D Bonds bear a weighted average interest on a monthly basis at 68% of the one month LIBOR rate plus .79%.

**Fair Value**

The 2014 interest rate swap had a negative fair value of approximately \$(9,138,000) at its inception. The amount, net of any amortization and adjustments to the fair value value, is reported as a borrowing arising from the 2014 interest rate swap as other long-term liabilities in the amount of \$(3,653,000) in the Statement of Net Position at September 30, 2019. The change in the fair value of \$56,000 during the year ended September 30, 2019, is reported as a deferred inflow and contra liability in the statement of net position since the interest rate swap is a hedging derivative instrument. Net deferred inflows of resources for the 2014 interest rate swap totaled \$459,000 at September 30, 2019.

The 2016 interest rate swap had a negative fair value of approximately \$(48,530,000) at its inception. This amount, net of any amortization and adjustments to fair market value, is reported as a borrowing arising from the 2016 interest rate swap as other long-term liabilities in the amount of \$(42,097,000) in the statement of net position at September 30, 2019. The change in fair value of the swap of \$11,868,000 during the year ended September 30, 2019, is reported as a deferred outflow and contra asset in the statement of net position since the interest rate swap is a hedging derivative instrument. Net deferred outflows of resources for the 2016 interest rate swap totaled \$956,000 at September 30, 2019.

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by a 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.

**Risks Associated with these Transactions****Interest Rate Risk**

As the LIBOR rate decreases, the net payments on the swaps increase. This, however, is mitigated by the fact that a decline in the LIBOR rate will also result in a decrease of the University's interest payments on the Series 2014-A and Series 2016-B, C and D Bonds. The University's exposure is limited to .48% and .54% of the notional amounts, the difference in the payment from the counterparty and the interest payment on the Series 2014-A and the Series 2016-B, C, and D Bonds.

**Credit Risk**

As of September 30, 2019, the University was not exposed to credit risk on the interest rate swaps because they had a negative fair value. However, if interest rates change and the fair value of the derivatives become positive, the University would have a gross exposure to credit risk in the amount of the derivative's fair value. The counterparty was rated Aa2 by Moody's Investor Services and A+ by Standards and Poor's Ratings Services as of September 30, 2019.

**Termination Risk**

The University may be required to terminate the swaps based on certain standard default and termination events, such as failure to make payments, breach of agreements, and bankruptcy. As of the current date, no events of termination have occurred.

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2019

*Derivative Payments and Hedged Debt*

As interest rates fluctuate, variable rate debt interest and net derivative payments will fluctuate. Using interest rates as of September 30, 2019, and calculating interest for subsequent years using forward rates of one month LIBOR, debt service requirements for the 2014 interest rate swap payments, by fiscal year are as follows (amounts in thousands):

Fiscal Year	Variable Rate Loan		Interest Rate	
	Principal	Interest	Swap, Net	Total
2020	\$ 6,925	\$ 534	\$ 1,370	\$ 8,829
2021	7,280	353	1,163	8,796
2022	7,655	254	855	8,764
2023	8,050	158	522	8,730
2024	8,455	54	177	8,686
Totals	<u>\$ 38,365</u>	<u>\$ 1,353</u>	<u>\$ 4,087</u>	<u>\$ 43,805</u>

Debt Service requirements for the 2016 interest rate swap payments, by fiscal year, are as follows (amounts in thousands):

Fiscal Year	Variable Rate Loan		Interest Rate	
	Principal	Interest	Swap, Net	Total
2020	\$ 0	\$ 1,566	\$ 3,974	\$ 5,540
2021	—	1,324	4,215	5,539
2022	—	1,316	4,224	5,540
2023	—	1,332	4,208	5,540
2024-2028	24,180	6,346	18,726	49,252
2029-2033	37,890	4,305	11,604	53,799
2034-2037	37,930	1,078	3,204	42,212
Totals	<u>\$ 100,000</u>	<u>\$ 17,267</u>	<u>\$ 50,155</u>	<u>\$ 167,422</u>

For the Fiscal year Ended September 30, 2019

**8. Notes, Mortgages, and Capital Leases**

<b>Capital Leases</b>	
<b>Debt Principal Requirements to Maturity</b>	
<b>(Amounts in Thousands)</b>	
	<b>Governmental</b>
	<b>Activities</b>
<b>Maturity</b>	<b>Principal</b>
2020	\$ 9,065
2021	8,811
2022	8,763
2023	8,681
2024	8,667
2025-2029	40,380
2030-2034	26,361
2035-2039	12,012
2040-2044	4,231
2045-2049	703
2050-2052	261
Total	127,935
Interest	(36,881)
<b>Net</b>	<b>\$ 91,054</b>

<b>Direct Borrowings</b>			
<b>Debt Principal Requirements to Maturity</b>			
<b>(Amounts in Thousands)</b>			
	<b>Governmental</b>	<b>Business-Type</b>	<b>Component</b>
	<b>Activities</b>	<b>Activities</b>	<b>Units</b>
<b>Maturity</b>	<b>Principal</b>	<b>Principal</b>	<b>Principal</b>
2020	\$ 12,853	\$ 0	\$ 45,744
2021	12,456	1,009	47,495
2022	11,176	—	24,248
2023	6,796	—	19,755
2024	6,921	—	16,466
2025-2029	36,639	—	86,754
2030-2034	14,845	—	73,683
2035-2039	106	—	50,220
2040-2044	—	—	25,925
2045-2049	—	—	15,571
Total	101,792	1,009	405,861
Interest	(15,290)	—	(94,556)
<b>Net</b>	<b>\$ 86,502</b>	<b>\$ 1,009</b>	<b>\$ 311,305</b>

For the Fiscal year Ended September 30, 2019

At September 30, 2019, assets recorded under capital leases were as follows:

	<b>Governmental Activities</b>	
	(Amts in Thousands)	
Buildings	\$	168,288
Less: accumulated depreciation		(75,768)
Total	<b>\$</b>	<b>92,520</b>

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.

For the Fiscal year Ended September 30, 2019

**9.Changes in Noncurrent Liabilities**

(Amounts in Thousands)

	<b>Beginning Balance (As Restated)</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 552,105	\$ 160,405	\$ 54,940	\$ 657,570	\$ 66,455
Revenue Bonds - Public Offerings	4,032,777	178,475	441,120	3,770,132	225,310
Revenue Bonds - Direct Placements	83,090	—	23,030	60,060	23,780
<b>Total Bond Principal</b>	<b>4,667,972</b>	<b>338,880</b>	<b>519,090</b>	<b>4,487,762</b>	<b>315,545</b>
Plus: Premiums	373,075	26,625	66,144	333,556	—
Less: Discounts	2,311	—	158	2,153	—
<b>Total Bonds Payable</b>	<b>5,038,736</b>	<b>365,505</b>	<b>585,076</b>	<b>4,819,165</b>	<b>315,545</b>
Leases	92,983	2,889	4,818	91,054	4,909
Direct Borrowings	95,726	1,449	10,673	86,502	10,385
Claims & Judgments	87,010	26,637	15,642	98,005	7,476
Compensated Absences †	286,451	171,439	161,427	296,463	25,087
Net Pension Liabilities	3,294,699	881,712	912,370	3,264,041	—
Net OPEB Liability	2,983,483	201,394	454,751	2,730,126	—
<b>Total Governmental Activities</b>	<b>11,879,088</b>	<b>1,651,025</b>	<b>2,144,757</b>	<b>11,385,356</b>	<b>363,402</b>
<b>Business-type Activities:</b>					
Revenue Bonds - Public Offerings	287,214	—	5,989	281,225	5,120
Revenue Bonds - Direct Placements	79,955	—	6,950	73,005	7,305
Direct Borrowings	1,117	—	107	1,010	—
Claims & Judgments	16,438	16,551	15,328	17,661	14,475
Compensated Absences †	11,220	3,216	3,152	11,284	3,397
Net Pension Liabilities	82,913	23,666	26,271	80,308	—
Net OPEB Liability	127,962	20,175	18,811	129,326	—
Other Long-Term Liabilities ‡	5,381	—	328	5,053	157
<b>Total Business-Type Activities</b>	<b>612,200</b>	<b>63,608</b>	<b>76,936</b>	<b>598,872</b>	<b>30,454</b>
<b>Total Primary Government</b>	<b>\$ 12,491,288</b>	<b>\$ 1,714,633</b>	<b>\$ 2,221,693</b>	<b>\$ 11,984,228</b>	<b>\$ 393,856</b>
<b>Component Units:</b>					
Revenue Bonds - Public Offerings	\$ 4,360,737	\$ 869,691	\$ 470,439	\$ 4,759,989	\$ 182,159
Revenue Bonds - Direct Placements	146,353	—	5,144	141,209	5,295
Direct Borrowings	191,153	137,222	17,071	311,305	36,772
Compensated Absences †	180,882	8,784	3,967	185,699	144,083
Net Pension Liabilities	3,900,095	1,472,591	1,408,116	3,964,570	—
Net OPEB Liabilities	2,332,433	354,216	260,843	2,425,806	—
Claims & Judgments	212,643	1,296,747	1,389,594	119,796	47,268
Other Long-Term Liabilities §	129,923	6,482	6,244	130,161	—
<b>Total Component Units</b>	<b>\$ 11,454,219</b>	<b>\$ 4,145,733</b>	<b>\$ 3,561,418</b>	<b>\$ 12,038,535</b>	<b>\$ 415,577</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 \$23,786,

Auburn University \$23,759, University of South Alabama, \$78,756, University of North Alabama, \$277, the Alabama Community College System, \$3,563, and Athens State University, \$20.



For the Fiscal year Ended September 30, 2019

**NOTE 6 - DEFERRED INFLOWS/OUTFLOWS OF RESOURCES**

All of the deferred inflows of resources which total \$548,142,000 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		
	Governmental Activities	Business-Type Activities	Total
<b>Deferred Outflows of Resources</b>			
Hedging Interest Rate Swap	\$ 0	\$ 0	\$ 0
Losses from Bond Refundings	41,567	15,883	57,450
Pension Related	348,812	8,578	357,390
OPEB Related	139,294	15,311	154,605
<b>Total Deferred Outflows of Resources</b>	<b>\$ 529,673</b>	<b>\$ 39,772</b>	<b>\$ 569,445</b>
<b>Deferred Inflows of Resources</b>			
Hedging Interest Rate Swap	\$ 0	\$ 0	\$ 0
Gains from Bond Refundings	3,528	—	3,528
Pension Related	273,680	7,805	281,485
OPEB Related	590,099	27,468	617,567
<b>Total Deferred Inflows of Resources</b>	<b>\$ 867,307</b>	<b>\$ 35,273</b>	<b>\$ 902,580</b>

(Amounts in Thousands)	Business-Type Activities Enterprise Funds			
	State Port Authority	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds	Total Business-Type Activities
<b>Deferred Outflows of Resources</b>				
Losses from Bond Refundings	\$ 15,882	\$ 0	\$ 0	\$ 15,882
Pension Related	2,054	5,584	940	8,578
OPEB Related	11,038	4,014	259	15,311
<b>Total Deferred Outflows of Resources</b>	<b>\$ 28,974</b>	<b>\$ 9,598</b>	<b>\$ 1,199</b>	<b>\$ 39,771</b>
<b>Deferred Inflows of Resources</b>				
Pension Related	\$ 2,577	\$ 4,464	\$ 764	\$ 7,805
OPEB Related	10,057	17,067	344	27,468
<b>Total Deferred Inflows of Resources</b>	<b>\$ 12,634</b>	<b>\$ 21,531</b>	<b>\$ 1,108</b>	<b>\$ 35,273</b>

For the Fiscal year Ended September 30, 2019

(Amounts in Thousands)	Component Units						
	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	\$ 0	\$ 0	\$ 2,218	\$ 0	\$ 0	\$ 621	\$ 2,839
Losses from Bond Refundings	40,891	41,950	6,663	—	2,482	16,824	108,810
Pension Related	350,386	146,344	44,298	930	84,163	118,299	744,420
OPEB Related	173,146	60,014	39,121	352	21,847	63,442	357,922
<b>Total Deferred Outflows of Resources</b>	<b>\$ 564,423</b>	<b>\$ 248,308</b>	<b>\$ 92,300</b>	<b>\$ 1,282</b>	<b>\$ 108,492</b>	<b>\$ 199,186</b>	<b>\$ 1,213,991</b>
<b>Deferred Inflows of Resources</b>							
Hedging Interest Rate Swap	\$ 0	\$ 0	\$ 459	\$ 0	\$ 0	\$ 0	\$ 459
Gains from Bond Refundings	41	—	3,896	—	—	—	3,937
Advance Grant Revenue	—	189	—	—	4,504	—	4,693
Split Interest - Remainder Interest	6,904	—	—	—	—	—	6,904
Pension Related	228,150	68,208	57,324	375	66,573	80,326	500,956
OPEB Related	118,855	41,028	34,234	644	32,694	56,068	283,523
<b>Total Deferred Inflows of Resources</b>	<b>\$ 353,950</b>	<b>\$ 109,425</b>	<b>\$ 95,913</b>	<b>\$ 1,019</b>	<b>\$ 103,771</b>	<b>\$ 136,394</b>	<b>\$ 800,472</b>

For the Fiscal year Ended September 30, 2019

**NOTE 7 - INTERFUND ACTIVITY AND INTRA-ENTITY BALANCES****A. Interfund Balances**

Interfund balances as of September 30, 2019 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 Governmental	Unemployment Compensation	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General Fund	\$ 0	\$ 51	—	\$ 0	\$ 0	\$ 204	\$ 0	\$ 17,001	\$ 0	\$ 23	\$ 0	\$ 17,279
Education Trust	54	—	—	—	—	358	—	887	—	2	—	1,301
Alabama Trust	—	—	—	—	—	21	—	—	—	—	—	21
Medicaid Fund	7	262	—	—	1,422	18,381	—	—	—	—	—	20,072
Public Road & Bridge Fund	12	—	—	—	120	58	—	—	—	206	—	396
Public Welfare Trust Fund	—	15	5,077	—	—	1,489	—	7,642	—	6	—	14,229
Nonmajor Governmental	10,130	10,115	66,147	2,721	3,570	16,204	38	4,584	1,034	293	—	114,836
Unemployment Compensation	—	—	—	—	—	56	—	—	—	—	—	56
Alcoholic Beverage Control Board	—	—	—	—	—	4	—	—	—	—	—	4
Nonmajor Enterprise Funds	2,421	—	—	—	—	4,702	—	—	—	—	—	7,123
Internal Service Funds	1,744	734	1,485	1,433	2,028	6,507	21	188	—	2,860	4	17,004
Fiduciary Funds	—	—	—	—	—	11	—	—	—	—	—	11
<b>Totals</b>	<b>\$ 14,368</b>	<b>\$ 11,177</b>	<b>\$ 72,709</b>	<b>\$ 4,154</b>	<b>\$ 7,140</b>	<b>\$ 47,995</b>	<b>\$ 59</b>	<b>\$ 30,302</b>	<b>\$ 1,034</b>	<b>\$ 3,390</b>	<b>\$ 4</b>	<b>\$ 192,332</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 \$14,368,000 in total. Of that amount, \$10,130,000 is to due to Nonmajor Governmental Funds. The majority of the interfund payables is \$4,478,000 due to Department of Corrections, \$3,700,000 due to Public Health, \$1,527,000 owed to Alabama Department of Economic and Community Affairs, and \$295,000 due to the Department of Commerce.

The Education Trust Fund has interfund payables of \$11,177,000 in total. Of that amount \$10,115,000 was payable to Nonmajor Governmental Funds.

Medicaid owed \$5,077,000 to the Public Welfare Trust Fund and \$66,147,000 to Nonmajor Governmental Funds. Of the amount owed to Nonmajor Governmental Funds, \$43,728,000 is due to Mental Health, \$4,167,000 is due to Senior Services, \$15,347,000 is due to Public Health, \$1,646,000 is due to Youth Services with the remainder due to Rehabilitation Services, Attorney General and Early Childhood Education.

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2019

Nonmajor Governmental Funds have interfund payables totaling \$47,995,000. Of that amount, \$18,381,000 is owed to Medicaid, \$16,204,000 is owed to other Nonmajor Governmental Funds, and \$6,507,000 is owed to Internal Service Funds for goods and services.

The Alcoholic Beverage Control Board (ABC) has interfund payables totaling \$30,302,000. ABC owed \$17,001,000 to the General Fund and \$7,642,000 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 \$114,836,000. More than half, or \$66,147,000 is due from Medicaid. The Medicaid Fund has the second most interfund receivables at \$20,072,000. \$12,258,000 of that amount is due from Department of Mental Health, a Nonmajor Governmental Fund. The Internal Service Funds rank third in interfund receivables, at \$17,004,000. 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, 2019, consisted of (amounts in thousands):

<b>PAYABLE BY</b>	Nonmajor Component Units
General Fund	\$ 7
Education Trust Fund	78
Public Road and Bridge Fund	7
Public Welfare Trust Fund	3
Nonmajor Governmental	548
Internal Service Funds	672
Primary Government	4,536
<b>Totals</b>	<b>\$ 5,851</b>

Water Pollution Control Authority, a Nonmajor component unit, has a long term receivable of \$4,536,000 that is due from the primary government as a whole. The second largest payable of \$672,000 is a short term payable owed by Internal Service Funds to SEIB.

Balances owed to state funds by component units at September 30, 2019 consisted of (amounts in thousands):

<b>PAYABLE TO</b>	<b>PAYABLE FROM</b>			
	University of Alabama	Public Education Employees' Health Insur	Nonmajor Component Units	Total
Public Road and Bridge Fund	\$ 0	\$ 0	\$ 5	\$ 5
Nonmajor Governmental	43,555	625	13,632	57,812
Nonmajor Enterprise	—	—	10	10
Internal Service Funds	—	5	86	91
<b>Totals</b>	<b>\$ 43,555</b>	<b>\$ 630</b>	<b>\$ 13,733</b>	<b>\$ 57,918</b>

The component units of the State owe \$57,918,000 to various funds of the State. The largest amount, \$43,555,000, 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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2019

replacement facilities and to the Department of Conservation for a construction contract related to the Gulf State Park Project. \$13,632,000 is owed to Nonmajor Governmental funds by Nonmajor Component Units. Of that amount, \$172,000 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 \$40,000 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, 2019.

**D. Interfund Transfers**

Transfers among the various funds of the primary government during fiscal year 2019 were as follows (amounts in thousands):

TRANSFERS OUT	TRANSFERS IN												Total
	General Fund	Alabama Trust Fund	Medicaid Fund	Public Road & Bridge Fund	Public Welfare Trust Fund	Non- major Govern- mental	Unem- ployment Compen- sation	Alcoholic Beverage Control Board	Non- major Enter- prise	Internal Service Funds	Fidu- ciary Funds		
General Fund	\$ 0	\$ 13,500	\$ 24,044	\$ —	\$ 66,535	\$ 319,704	\$ 0	\$ 0	\$ 0	\$ 2,180	\$ 0	\$ 425,963	
Education													
Trust Fund	—	—	9,618	—	29,091	448,416	—	—	4,783	123	61,539	553,570	
Alabama Trust	104,229	—	—	—	—	69,591	—	—	—	—	—	173,820	
Medicaid	—	—	—	—	55,986	774,100	—	—	—	—	—	830,086	
Public Road													
& Bridge Fund	—	—	—	—	—	195,536	—	—	—	193	—	195,729	
Public Welfare													
Trust Fund	—	—	30,714	785	—	58,221	—	—	—	—	—	89,720	
Nonmajor													
Governmental	107,005	532	215,293	280,616	3,794	623,150	319	60	—	9,599	—	1,240,368	
Unemployment													
Compensation	—	—	—	—	—	10,181	—	—	—	—	—	10,181	
State Port Auth	—	—	—	—	—	63	—	—	—	—	—	63	
Alcoholic													
Beverage													
Control Board	31,775	—	—	—	579	18,990	—	—	—	—	—	51,344	
Nonmajor													
Enterprise	—	—	—	—	—	11,341	—	—	—	10	—	11,351	
Internal													
Service Funds	—	—	—	2	—	751	—	—	—	6,368	—	7,121	
Fiduciary Funds	—	—	—	—	—	808	—	—	—	—	—	808	
Totals	\$ 243,009	\$ 14,032	\$ 279,669	\$ 281,403	\$ 155,985	\$ 2,530,852	\$ 319	\$ 60	\$ 4,783	\$ 18,473	\$ 61,539	\$ 3,590,124	

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 \$425,963,000 transferred to other funds by the General Fund, \$235,784,000 was transferred in compliance with the appropriation acts. Of that amount, \$66,510,000 was transferred to the Public Welfare Trust Fund, \$68,500,000 was transferred to the Fair Trial Tax Fund, a Nonmajor Governmental Fund, and \$82,243,000 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.

For the Fiscal year Ended September 30, 2019

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Of the \$553,570,000 transferred out of the Education Trust Fund, \$490,434,000 was transferred in compliance with the appropriation acts. Of that amount, the Prepaid Affordable College Tuition Fund (PACT), a Fiduciary Fund, received \$61,539,000, the Public Welfare Trust Fund received \$29,091,000, and the Mental Health Department received \$50,640,000. The remaining Education Trust Fund transfers were made in small amounts to comply with various statutes.

The Alcoholic Beverage Control Board transferred \$31,775,000 to the General Fund which represents the General Fund's statutorily mandated share of the Board's profits. Also, \$16,896,000 was transferred to the Miscellaneous Special Revenue Funds for law enforcement purposes in compliance with the appropriation acts.

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 \$104,229,000 and the Nonmajor Governmental Funds received \$69,591,000. Within the Nonmajor Governmental Funds, the Forever Wild Land Trust Fund received \$15,000,000, the County Government Capital Improvement Fund received \$15,092,000, the Municipal Government Capital Improvement Fund received \$15,092,000, the Alabama Capital Improvement Trust Fund received \$19,592,000, the County and Municipal Capital Improvement Trust Fund received \$3,305,000 and the Senior Services Trust Fund received \$1,509,000.

Medicaid transferred out \$55,986,000 to the Public Welfare Trust and \$774,100,000 to Nonmajor Governmental Funds to fund services provided to Medicaid recipients. Within Nonmajor Governmental Funds, the Department of Mental Health received \$520,438,000, the Department of Public Health received \$130,886,000, and the Department of Senior Services received \$71,087,000. The Department of Youth Services 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.

### **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

For the Fiscal year Ended September 30, 2019

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 or aggregate annual deductible and a \$3,500,000 specific loss retention for all perils other than wind from named or numbered storms, and a \$10,000,000 specific loss retention level for named and numbered wind losses. Excess insurance covers claims exceeding the retention levels with a \$500,000,000 limit for named or numbered wind storms and a \$2,000,000,000 limit for all other perils. Payments received in fiscal years 2019, 2018, and 2017 for settlements in excess of deductibles totaled \$37,285,883, \$33,787,148, and \$3,142,713 respectively.

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

(Amounts in Thousands)

	September 30,	
	2019	2018
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 13,639	\$ 9,826
Incurring claims and adjustment expenses:		
Provision for insured events of the current year	18,974	25,900
Increase (Decrease) in provision for insured events of prior years	(2,423)	(567)
Total incurred claims and adjustment expenses	16,551	25,333
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(5,498)	(14,493)
Claims and adjustment expenses attributable to insured events of prior years	(9,364)	(7,026)
Total payments	(14,862)	(21,520)
Reported claims payable and estimated claims incurred but not reported at end of year	<u>\$ 15,328</u>	<u>\$ 13,639</u>

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 insured and the 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.

For the Fiscal year Ended September 30, 2019

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 in fiscal year 2016 but not renewed in fiscal years 2017, 2018 and 2019. There were no payments received in fiscal years 2019, 2018, and 2017 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,	
	2019	2018
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 27,706	\$ 25,054
Incurring claims and adjustment expenses:		
Provision for insured events of the current year	5,449	4,503
Increase (Decrease) in provision for insured events of prior years	(1,207)	1,261
Total incurred claims and adjustment expenses	4,242	5,764
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(149)	(303)
Claims and adjustment expenses attributable to insured events of prior years	(5,179)	(2,809)
Total payments	(5,328)	(3,112)
Reported claims payable and estimated claims incurred but not reported at end of year	\$ 26,620	\$ 27,706

### 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.



For the Fiscal year Ended September 30, 2019

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

(Amounts in Thousands)

	September 30,	
	2019	2018
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 29,574	\$ 28,821
Incurring claims and adjustment expenses:		
Provision for insured events of the current year	6,292	6,968
Increase (Decrease) in provision for insured events of prior years	(2,514)	(2,172)
Total incurred claims and adjustment expenses	3,778	4,796
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(1,655)	(1,751)
Claims and adjustment expenses attributable to insured events of prior years	(3,180)	(2,292)
Total payments	(4,835)	(4,043)
Reported claims payable and estimated claims incurred but not reported at end of year	\$ 28,517	\$ 29,574

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 \$12,448,000, and total claims payments were \$1,992,000 in 2019. The Department of Transportation had \$10,865,000 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.

For the Fiscal year Ended September 30, 2019

The following table represents changes in claims liabilities for SEIB during the past two years:

(Amounts in Thousands)	September 30,	
	2019	2018
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 27,226	\$ 28,601
Incurring claims and adjustment expenses:		
Provision for insured claims of the current year	314,397	291,224
Adjustment to estimated claims incurred but not reported at end of year	1,484	(3,683)
Total incurred claims and adjustment expenses	315,881	287,541
Payments:		
Claims and adjustment expenses attributable to insured claims of the current year	(294,409)	(271,391)
Claims and adjustment expenses attributable to insured claims of prior years	(17,270)	(17,525)
Total payments	(311,679)	(288,916)
Reported claims payable and estimated claims incurred but not reported at end of year	<u>\$ 31,428</u>	<u>\$ 27,226</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.

## 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 2019 and \$800 in 2018. 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2019

The following table presents the changes in claims liabilities during 2019 and 2018:

(Amounts in Thousands)

	September 30,	
	2019	2018
Unpaid claims and claim adjustment expense at beginning of year	\$ 85,159	\$ 83,266
Incurring claims and adjustment expenses:		
Provision for insured events of the current year	977,476	932,360
Increase (Decrease) in provision for insured events of prior years	(5,612)	(5,274)
Total incurred claims and adjustment expenses	971,864	927,086
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(888,007)	(847,201)
Claims and adjustment expenses attributable to insured events of prior years	(84,510)	(77,992)
Total payments	(972,517)	(925,193)
Total unpaid claims and adjustment expenses at end of year	\$ 84,506	\$ 85,159

The separately issued financial report contains additional note disclosures and supplementary information regarding claims development. Also, \$1,466,000 and \$98,000,000 are reported in claims and judgments at September 30, 2019 and September 30, 2018, respectively, for a special item. The special item is disclosed in Note 14.

### 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,	
	2019	2018
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 2,799	\$ 3,475
Provision for claims	(312)	(509)
Total payments	(154)	(167)
Reported claims payable and estimated claims payable incurred but not reported at end of year	\$ 2,333	\$ 2,799

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

For the Fiscal year Ended September 30, 2019

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, 2019, net position of the plan totaled \$2,207,489,000.

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, 2019, net position of the plan totaled \$625,586,000.

## 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>(NPL)/ NPA</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Pension Expense</b>
Governmental-type Activities	\$ 9,358,420	\$ 6,094,398	\$ (3,264,022)	\$ 348,812	\$ 273,680	\$ 259,959
Business-type Activities	240,003	159,714	(80,289)	8,578	7,805	6,124
<b>Totals Primary Government</b>	<b>\$ 9,598,423</b>	<b>\$ 6,254,112</b>	<b>\$ (3,344,311)</b>	<b>\$ 357,390</b>	<b>\$ 281,485</b>	<b>\$ 266,083</b>
<b>Component Units</b>	<b>\$14,212,438</b>	<b>\$10,250,231</b>	<b>\$ (3,962,207)</b>	<b>\$ 744,420</b>	<b>\$ 500,956</b>	<b>\$ 312,884</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.

For the Fiscal year Ended September 30, 2019

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, 2018, 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	23,882	914	24,796
Post-DROP Retired Members Still in Active Service	305	1	306
Vested Inactive Members	962	15	977
Non-vested inactive members	23,512	4	23,516
Active members	28,699	659	29,358
Total	<u>77,360</u>	<u>1,593</u>	<u>78,953</u>

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.

As of September 30, 2018, membership consisted of:

<b>JRF Membership</b>	
<b>Group</b>	<b>State Employees</b>
Retirees and beneficiaries currently receiving benefits	404
Terminated employees entitled to but not yet receiving benefits	14
Non-vested inactive members	26
Active members	<u>345</u>
Total	<u>789</u>

For the Fiscal year Ended September 30, 2019

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**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) 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.

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 5 of the last 10 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 5 of the last 10 years) for each year of service up to 80% of their average final compensation.

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 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 JRF.

For the Fiscal year Ended September 30, 2019

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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, 2019. 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 advisers, 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, 2019, the TRS owned debt and equity securities of Goldman Sachs Group, Inc. which represented approximately 5.39%. The TRS and ERS owned debt and equity securities of Raycom Media Corporation which represented approximately 7.20% and 8.69%, respectively, of the TRS and ERS investments. Additionally, TRS owned debt and equity securities of New Water Street Corporation which represented 5.00% 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.

For the Fiscal year Ended September 30, 2019

**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 2019, the required employer contribution rate was 12.24 percent for Tier 1 and 11.01 percent for Tier 2. Total employer contributions for fiscal year 2019 were \$14,249,000 for the primary government (\$13,943,000 for governmental activities and \$306,000 for business-type activities), and \$304,895,000 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, 2018 and the total pension liability used to calculate the net pension liability (NPL) was determined by an actuarial valuation as of September 30, 2017. 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, 2019, the proportionate share of the primary government and component units' net pension liability was as follows:

<b>TRS</b>			
<b>Proportionate Share of Net Pension Liability</b>			
	<b>Current Year Proportionate Share</b>	<b>Prior Year Proportionate Share</b>	<b>Change in Proportionate Share</b>
Governmental-type Activities	1.81 %	1.83 %	(0.02) %
Business-type Activities	0.04	0.04	—
<b>Totals Primary Government</b>	<b>1.85 %</b>	<b>1.87 %</b>	<b>(0.02) %</b>
<b>Component Units</b>	<b>39.22 %</b>	<b>39.00 %</b>	<b>0.22 %</b>

For the year ended September 30, 2019, the primary government recognized pension expense of \$13,387,000 (governmental-type activities - \$13,123,000 and business-type activities - \$264,000) and component units recognized a pension expense of \$307,174,000.



For the Fiscal year Ended September 30, 2019

As of September 30, 2019 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)

	<b>Govt- type Activities</b>	<b>Business- type Activities</b>	<b>Total Primary Government</b>	<b>Component Units</b>
<b><i>Deferred Outflows of Resources</i></b>				
Differences between expected and actual experience	\$ 3,878	\$ 82	\$ 3,960	\$ 84,153
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,512	303	2,815	105,256
Change in Assumptions	9,991	211	10,202	216,738
Employer contributions subsequent to the measurement date	14,830	318	15,148	325,083
<b>Total Deferred Outflows of Resources</b>	<b>\$ 31,211</b>	<b>\$ 914</b>	<b>\$ 32,125</b>	<b>\$ 731,230</b>
<b><i>Deferred Inflows of Resources</i></b>				
Net difference between projected and actual earnings on pension plan investments	\$ 13,569	\$ 286	13,855	294,315
Differences between expected and actual experience	5,476	116	5,592	118,778
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,183	334	9,517	84,241
<b>Total Deferred Inflows of Resources</b>	<b>\$ 28,228</b>	<b>\$ 736</b>	<b>\$ 28,964</b>	<b>\$ 497,334</b>

Employer contributions subsequent to the measurement date reported in the above tables as deferred outflows of resources will reduce the net pension liability recognized in the subsequent fiscal period rather than in the current fiscal period. 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>
2020	\$ 3,582	\$ 42	\$ 27,570
2021	(8,350)	(99)	(64,275)
2022	(7,662)	(91)	(58,978)
2023	(123)	(1)	(943)
2024	707	8	5,439

For the Fiscal year Ended September 30, 2019

### Actuarial Assumptions

The actuarial assumptions used in the actuarial valuation as of September 30, 2017, were based on the results of an actuarial experience study for the period October 1, 2010 through September 30, 2015. The actuarial valuation as of September 30, 2017, was prepared based on an assumed investment rate of return of 7.75%. Subsequent to the valuation, the Board of Trustees adopted a rate of return of 7.70% effective as of the Measurement Date.

The actuarial assumptions used to roll forward the Total Pension Liability (TPL) to the measurement date are as follows:

Inflation	2.75%
Projected salary increases	3.25% - 5.00%
Investment rate of returns*	7.70%

\*Net of pension plan investment expense, including inflation

Post-Retirement 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 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:

	<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>100.00 %</b>	

\*Includes assumed rate of inflation of 2.50%.

### Discount rate

The discount rate used to measure the total pension liability was 7.70 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.

For the Fiscal year Ended September 30, 2019

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

The following table presents the State's proportionate share of the net pension liability calculated using the discount rate of 7.70 percent, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.70 percent) or 1 percentage point higher (8.70 percent) than the current rate:

TRS			
Sensitivity to Changes in Discount Rate			
Net Pension Liability			
(Amount in Thousands)			
	1% Decrease (6.70%)	Current Rate (7.70%)	1% Increase (8.70%)
Governmental-type Activities	\$ 250,221	\$ 179,755	\$ 120,152
Business-type Activities	5,280	3,793	2,535
<b>Total Primary Government</b>	<b>\$ 255,501</b>	<b>\$ 183,548</b>	<b>\$ 122,687</b>
<b>Component Units</b>	<b>\$ 5,427,826</b>	<b>\$ 3,899,270</b>	<b>\$ 2,606,348</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 2019, the required employer contribution rate was 41.40 percent. Total employer contributions for fiscal year 2019 were \$18,010,000.

**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, 2018 and the total pension liability used to calculate the net pension liability (NPL) was determined by an actuarial valuation as of September 30, 2017. 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 \$12,339,000 and grant expense for nonemployer support provided to counties of \$2,266,000.

For the Fiscal year Ended September 30, 2019

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

**JRF**  
**Net Pension Liability**  
(Amounts in Thousands)

	<b>Employer Share</b>	<b>Non-employer* Share</b>	<b>Total NPL</b>
	\$ 122,918	\$ 21,806	\$ 144,724
Proportionate Share - Current Year	84.93 %	15.07 %	
Proportionate Share - Prior Year	84.86 %	15.14 %	
Change in Proportionate Share	<u>0.07 %</u>	<u>(0.07) %</u>	

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

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

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Differences between expected and actual experience	\$ 0	\$ 9,851
Net difference between projected and actual earnings on pension plan investments	—	9,062
Change In Assumptions	7,376	—
Employer contributions subsequent to the measurement date	18,010	—
<b>Total Primary Government</b>	<u><u>\$ 25,386</u></u>	<u><u>\$ 18,913</u></u>

For the Fiscal year Ended September 30, 2019

Employer contributions subsequent to the measurement date reported in the above tables as deferred outflows of resources will reduce the net pension liability recognized in the subsequent fiscal period rather than in the current fiscal period. 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):

<b>JRF</b>		
<b>Increase/(Decrease) to Pension Expenses</b>		
(Amounts in Thousands)		
<b>Fiscal Year Ended</b>	<b>Employer Pension Expense</b>	<b>Non-employer Grant Expense</b>
2020	\$ 867	\$ 154
2021	(5,959)	(1,057)
2022	(3,803)	(675)
2023	(903)	(160)

**Actuarial Assumptions**

The actuarial assumptions used in the actuarial valuation as of September 30, 2017, were based on the results of an actuarial experience study for the period October 1, 2010 through September 30, 2015. The valuation was prepared based on an assumed investment return of 7.75%. Subsequent to the valuation, the Board of Trustees adopted an investment rate of return assumption of 7.65% effective as of the Measurement Date.

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%, including inflation
Investment rate of returns *	7.65%

\*Net of pension plan investment expense, including inflation

Mortality rates for JRF were based on the RP-2000 White Collar Mortality Table 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.

For the Fiscal year Ended September 30, 2019

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	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>	

#### Discount rate

The discount rate used to measure the total pension liability was 7.65 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 7.65 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 (6.65 percent) or 1 percentage point higher (8.65 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 (6.65%)</b>	<b>Current Rate (7.65%)</b>	<b>1% Increase (8.65%)</b>
\$ 186,716	\$ 144,724	\$ 108,355

For the Fiscal year Ended September 30, 2019

**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 2019, the required employer contribution rate for regular state employees was 14.51% for Tier 1 employees and 14.14% Tier 2 employees. For fiscal year 2019, the required employer contribution rate for State Policemen was 50.08% for Tier 1 employees and 43.43% for Tier 2 employees. Total employer contributions for fiscal year 2019 were \$216,346,000 for the primary government (\$210,660,000 for governmental activities, \$5,686,000 for business-type activities), and \$1,239,000 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017 rolled forward to September 30, 2018 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, 2017	\$ 7,922,444	\$ 5,135,589	\$ 2,786,855
Changes for the year:			
Service costs	112,318	—	112,318
Interest	589,892	—	589,892
Change in Assumptions	36,973	—	36,973
Difference in expected and actual experience	(16,666)	—	(16,666)
Contributions - employer	—	189,746	(189,746)
Contributions - employee	—	97,656	(97,656)
Net investment income	—	459,043	(459,043)
Change in proportion and differences between employer contributions and proportionate share of contributions	101	—	101
Benefit payments, including refunds of employee contributions	(590,346)	(590,346)	—
Administrative expense	—	(13,196)	13,196
Transfers among employees	2,439	2,439	—
Net changes	134,711	145,342	(10,631)
<b>Balance at September 30, 2018</b>	<b>\$ 8,057,155</b>	<b>\$ 5,280,931</b>	<b>\$ 2,776,224</b>

For the Fiscal year Ended September 30, 2019

**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, 2017	\$ 199,973	\$ 125,122	\$ 74,851
Changes for the year:			
Service costs	3,071	—	3,071
Interest	16,156	—	16,156
Change in Assumptions	1,013	—	1,013
Difference in expected and actual experience	(462)	—	(462)
Contributions - employer	—	5,099	(5,099)
Contributions - employee	—	2,775	(2,775)
Net investment income	—	12,707	(12,707)
Change in proportion and differences between employer contributions and proportionate share of contributions	92	—	92
Benefit payments, including refunds of employee contributions	(16,212)	(16,212)	—
Administrative expense	—	(392)	392
Transfers among employees	69	69	—
Net changes	3,727	4,046	(319)
<b>Balance at September 30, 2018</b>	<b>\$ 203,700</b>	<b>\$ 129,168</b>	<b>\$ 74,532</b>



For the Fiscal year Ended September 30, 2019

**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, 2017	\$ 8,122,417	\$ 5,260,711	\$ 2,861,706
Changes for the year:			
Service costs	115,389	—	115,389
Interest	606,048	—	606,048
Change in Assumptions	37,986	—	37,986
Difference in expected and actual experience	(17,128)	—	(17,128)
Contributions - employer	—	194,845	(194,845)
Contributions - employee	—	100,431	(100,431)
Net investment income	—	471,750	(471,750)
Change in proportion and differences between employer contributions and proportionate share of contributions	193	—	193
Benefit payments, including refunds of employee contributions	(606,558)	(606,558)	—
Administrative expense	—	(13,588)	13,588
Transfers among employees	2,508	2,508	—
Net changes	138,438	149,388	(10,950)
<b>Balance at September 30, 2018</b>	<b>\$ 8,260,855</b>	<b>\$ 5,410,099</b>	<b>\$ 2,850,756</b>

For the Fiscal year Ended September 30, 2019

**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, 2017	\$ 52,335	\$ 34,204	\$ 18,131
Changes for the year:			
Service costs	744	—	744
Interest	3,913	—	3,913
Change in Assumptions	245	—	245
Difference in expected and actual experience	(112)	—	(112)
Contributions - employer	—	1,235	(1,235)
Contributions - employee	—	672	(672)
Net investment income	—	3,078	(3,078)
Change in proportion and differences between employer contributions and proportionate share of contributions	(636)	—	(636)
Benefit payments, including refunds of employee contributions	(3,927)	(3,927)	—
Administrative expense	—	(95)	95
Transfers among employees	17	17	—
Net changes	244	980	(736)
<b>Balance at September 30, 2018</b>	<b>\$ 52,579</b>	<b>\$ 35,184</b>	<b>\$ 17,395</b>

For the year ended September 30, 2019, the primary government recognized pension expense of \$230,404,000 (governmental-type activities - \$224,573,000 and business-type activities - \$5,831,000) and component units recognized a pension expense of \$1,412,000.

For the Fiscal year Ended September 30, 2019

As of September 30, 2019, 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)

	<b>Govt- type Activities</b>	<b>Business- type Activities</b>	<b>Total Primary Government</b>	<b>Component Units</b>
<b>Deferred Outflows of Resources</b>				
Net difference between projected and actual earnings on pension plan investments	\$ 0	\$ 0	\$ 0	\$ 0
Differences between expected and actual experience	2,633	21	2,654	5
Change in Assumptions	66,184	1,714	67,898	400
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,451	28	1,479	310
Employer contributions subsequent to the measurement date	210,660	5,686	216,346	1,239
<b>Total Deferred Outflows of Resources</b>	<b>\$ 280,928</b>	<b>\$ 7,449</b>	<b>\$ 288,377</b>	<b>\$ 1,954</b>
<b>Deferred Inflows of Resources</b>				
Net difference between projected and actual earnings on pension plan investments	\$ 175,984	\$ 4,879	\$ 180,863	\$ 1,139
Differences between expected and actual experience	36,835	1,047	37,882	244
Changes in proportion and differences between Employer contributions and proportionate share of contributions	876	764	1,640	388
<b>Total Deferred Inflows of Resources</b>	<b>\$ 213,695</b>	<b>\$ 6,690</b>	<b>\$ 220,385</b>	<b>\$ 1,771</b>

Employer contributions subsequent to the measurement date reported in the above tables as deferred outflows of resources will reduce the net pension liability recognized in the subsequent fiscal period rather than in the current fiscal period. 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)

<b>Fiscal Year Ended</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals Primary Govt</b>	<b>Component Units</b>
2020	\$ 14,625	\$ 288	\$ 14,913	\$ 62
2021	(84,132)	(2,796)	(86,928)	(599)
2022	(59,038)	(1,932)	(60,970)	(414)
2023	(14,882)	(487)	(15,369)	(104)

For the Fiscal year Ended September 30, 2019

**Actuarial assumptions**

Since the prior measurement date, the discount rate was reduced from 7.75% to 7.70%.

The actuarial assumptions used to roll forward the TPL to the measurement date are as follows:

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 *	7.70%

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

Mortality rates for ERS were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females at ages on and after age 78. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial experience study for the period October 1, 2010 - September 30, 2015.

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>	

**Discount rate**

The discount rate used to measure the total pension liability was the long term rate of return, 7.70%. 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

For the Fiscal year Ended September 30, 2019

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 State's proportionate share of the net pension liability calculated using the discount rate of 7.70%, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.70%) or 1 percentage point higher (8.70%) than the current rate:

<b>ERS</b>			
<b>Sensitivity to Changes in Discount Rate</b>			
(Amount in Thousands)			
	<b>1% Decrease (6.70%)</b>	<b>Current Rate (7.70%)</b>	<b>1% Increase (8.70%)</b>
Governmental Activities	\$ 3,590,540	\$ 2,776,224	\$ 2,082,878
Business-type Activities	96,901	74,532	55,494
<b>Totals - Primary Government</b>	<b>\$ 3,687,441</b>	<b>\$ 2,850,756</b>	<b>\$ 2,138,372</b>
<b>Component Units</b>	<b>\$ 22,616</b>	<b>\$ 17,395</b>	<b>\$ 12,952</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.

For the Fiscal year Ended September 30, 2019

**NOTE 11 - POSTEMPLOYMENT HEALTH BENEFITS****A. Aggregate Disclosures****1. Aggregate Other Postemployment Benefits Liabilities, Other Postemployment Benefits Assets, Deferred Outflows, Deferred Inflows and Other Postemployment Benefits Expense All Other Postemployment Benefits Funds****Aggregate Amounts**  
(Amounts in Thousands)

	<b>Total Other Postemployment Benefits Liabilities</b>	<b>Total Assets</b>	<b>(NOL)/ NOA</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Other Postemployment Benefits Expense</b>
Governmental-type Activities	\$ 2,906,157	\$ 176,032	\$ (2,730,125)	\$ 139,294	\$ 590,099	\$ 55,876
Business-type Activities	137,130	7,804	(129,326)	15,311	27,468	2,490
<b>Totals Primary Government</b>	<b>\$ 3,043,287</b>	<b>\$ 183,836</b>	<b>\$ (2,859,451)</b>	<b>\$ 154,605</b>	<b>\$ 617,567</b>	<b>\$ 58,366</b>
<b>Component Units</b>	<b>\$ 2,834,835</b>	<b>\$ 409,653</b>	<b>\$ (2,425,182)</b>	<b>\$ 357,922</b>	<b>\$ 283,523</b>	<b>\$ 177,517</b>

**B. Alabama Retired State Employees' Health Care Trust (Trust)****Plan Description**

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 Trust provides basic coverage for up to 365 days of care during each hospital confinement, outpatient care, physicians' benefits, radiation therapy, and major medical benefits with no lifetime maximum. A group dental contract provides dental maintenance coverage with a maximum benefit amount of \$1,500 during each year for each eligible participant who elects coverage. Plan members include State Employees, State Police, and Judges.

**Number of Employees:**

At September 30, 2018, the following employees were covered by the benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefit Payments	22,766
Inactive Members Entitled to but Not Yet Receiving Benefit Payments	995
Active Members	32,031
Total	<u>55,792</u>

For the Fiscal year Ended September 30, 2019

**Contribution Requirements**

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. Retiree contributions vary based on the type of contract, dependent coverage, Medicare eligibility, and election, wellness participation, spousal surcharge, and tobacco usage. Employer contributions for the current year were as follows:

**State Employees Insurance Plan****Employer Contributions**

(Amounts in Thousands)

	<b>Amounts</b>
Governmental-type Activities	\$ 69,318
Business-type Activities	3,292
Total Primary Government	<u>\$ 72,610</u>
Component Units	<u>\$ 682</u>

**Stand Alone Report**

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, 2019. A copy of the financial report and a copies of the GASB 74 and GASB 75 reports may be obtained at the following website:

<https://www.alseib.org/>

For the Fiscal year Ended September 30, 2019

**Information About the Net OPEB Liability*****Assumptions and Other Inputs Used to Measure the Total OPEB Liability (TOL)***

Date of Actuarial Valuation Used to Determine TOL	September 30, 2017
Service Cost	Determined using Entry Age Normal Actuarial Method
Inflation	2.75 percent
Salary increases	3.25-5.00 percent for State and Local Employees, 4.5 percent for Police, and 3.25-3.50 percent for Judges, including 3.00 percent for wage inflation.
Long-term investment rate of return	7.50 percent compounded annually, net of investment expense and including inflation.
Municipal Bond Index Rate at Measurement Date	4.18 percent
Municipal Bond Index Rate at Prior Measurement Date	3.57 percent
Year FNP is projected to be depleted	2024
Single Equivalent Interest Rate at Measurement Date	4.25 percent
Single Equivalent Interest Rate at Prior Measurement Date	3.60 percent
Healthcare Cost Trend Rates:	
Pre-Medicare Eligible	7.00 percent
Medicare Eligible	5.50 percent
Ultimate Trend Rates:	
Pre-Medicare Eligible	4.75 Percent
Medicare Eligible	4.75 percent
Year of Ultimate Trend Rate	2026 for Pre-Medicare 2024 for Medicare eligible

***Pattern of Practice of Sharing Benefit-related Costs***

Projections of the sharing of benefit-related costs are based on an established pattern of practice.

***Mortality***

State and Local Employees: The rates of mortality for the period after service retirement are according to the sex distinct RP-2000 Blue Collar Mortality Table projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females on and after age 78. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with the scale BB to 2020 with an adjustment of 130% at all ages for females.

Judicial Employees: The rates of mortality for the period after service retirement are according to the RP-2000 White Collar Mortality Table using Scale BB to 2020 with an adjustment of 115% at all ages for males and 112% for females on and after age 78. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

***Experience Study***

The decremental assumptions and methods used in the valuation were selected based on the actuarial experience study as of September 30, 2015, submitted and adopted by the Board on September 29, 2016.



For the Fiscal year Ended September 30, 2019

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2017 valuation were based on a review of recent plan experience done concurrently with the September 30, 2017 valuation.

***Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates***

**Alabama Retired State Employees' Health Care Trust**  
**Sensitivity to Changes in the Health Care Trend Rates**  
 (Amount in Thousands)

	<b>1% Decrease (6.00% decreasing to 3.75% for pre- Medicare, 4.50% decreasing to 3.75 % for Medicare Eligible)</b>	<b>Current Rate (7.00% decreasing to 4.75% for pre- Medicare, 5.50% decreasing to 4.75 % for Medicare Eligible)</b>	<b>1% Increase (8.00% decreasing to 5.75% for pre- Medicare, 6.00% decreasing to 5.75 % for Medicare Eligible)</b>
Governmental Activities	\$ 2,276,935	\$ 2,711,343	\$ 3,265,483
Business-type Activities	106,413	126,715	152,613
<b>Totals - Primary Government</b>	<b>\$ 2,383,348</b>	<b>\$ 2,838,058</b>	<b>\$ 3,418,096</b>
 <b>Component Units</b>	 <b>\$ 33,707</b>	 <b>\$ 40,138</b>	 <b>\$ 48,341</b>

***Projected Cash Flow Assumptions***

The projection of cash flows used to determine the discount rate assumed that plan contributions will be made based on the average of the last five years of current contribution rates indexed for inflation.

***Long-term Rate of Return***

The long-term expected rate of return on OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

***Municipal Bond Rate***

The discount bond rate uses a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System).

***Discount Rate***

The Single Equivalent Discount Rate (SEIR) is used in calculating the TOL. The SEIR is determined by calculating the rate that will generate the present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the depletion date using the long-term expected rate of return and the present value determined by discounting benefit payments after the date of depletion date by using the 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate.

***Periods of Projected Benefit Payments***

Projected future benefit payments for all current plan members were projected through 2116. The long-term rate will be used until the assets are expected to be depleted in 2024, after which the municipal bond rate will be used.

For the Fiscal year Ended September 30, 2019

*Assumed Asset Allocation of the Plan's Portfolio*

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Fixed Income	28.2%	4.4%
US Domestic Stocks	55.2	8.7
International Developed Market Stocks	10.8	9.8
Cash	5.8	1.5
Total	100.0%	

\*Geometric mean, includes 2.5% inflation.

*Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***Alabama Retired State Employees' Health Care Trust****Sensitivity to Changes in Discount Rate**

(Amount in Thousands)

	<b>1% Decrease (3.25%)</b>	<b>Current Rate (4.25%)</b>	<b>1% Increase (5.25%)</b>
Governmental Activities	\$ 3,188,166	\$ 2,711,343	\$ 2,328,162
Business-type Activities	148,999	126,715	108,807
<b>Totals - Primary Government</b>	<b>\$ 3,337,165</b>	<b>\$ 2,838,058</b>	<b>\$ 2,436,969</b>
<b>Component Units</b>	<b>\$ 47,197</b>	<b>\$ 40,138</b>	<b>\$ 34,465</b>

*The Plan's Fiduciary Net Position*

The Plan's financial report may be obtained via the Internet at the address disclosed above. The OPEB plan's fiduciary net position has been determined on the same basis used by the OPEB plan. The Plan's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Plan member contributions are recognized in the period due. Employer contributions are recognized when earned, pursuant to plan requirements. Benefits are recognized when due and payable, in accordance with the terms of the Plan. Revenues are recognized when earned and expenses are recognized when incurred. Investments are reported at fair value and changes in fair value are included in investment income.

*Changes in Actuarial Assumptions Since Prior Measurement Date*

Since the prior measurement date, changes in the actuarial assumptions resulted in a decrease in the Net OPEB Obligation (NOL) of 311,856,000 for the primary government (\$299,198,000 for governmental-type activities and \$12,658,000 for business-type activities) and \$4,210,000 for component units. The primary reason for the decreases was a change in the single equivalent interest rate from 3.60% to 4.25%

For the Fiscal year Ended September 30, 2019

**Recent Plan Changes**

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the United Healthcare Medicare Advantage Plan with Prescription Drug Coverage (MAPD).

**Changes in the Net OPEB Liability**

The Plan's net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2017 rolled forward to September 30, 2018 using standard roll-forward techniques. The following tables detail the changes in the total OPEB liability, fiduciary net position and net OPEB liability:

**Changes in the Net OPEB Liability**  
**Alabama Retired State Employees' Health Care Trust**  
**Governmental-type Activities**  
(Amounts in Thousands)

	<b>Total OPEB Liability (TOL) (a)</b>	<b>Fiduciary Net Position (FNP) (b)</b>	<b>Net OPEB Liability (NOL) (a)-(b)</b>
<b>Balances at September 30, 2017</b>	\$ 3,124,757	\$ 157,753	\$ 2,967,004
Changes for the year:			
Service costs	87,090	—	87,090
Interest	111,135	—	111,135
Change in Assumptions	(299,198)	—	(299,198)
Difference in expected and actual experience	(50,211)	—	(50,211)
Contributions - employer	—	75,608	(75,608)
Contributions - employee	—	—	—
Net investment income	—	14,914	(14,914)
Change in proportion and differences between employer contributions and proportionate share of contributions	(14,023)	—	(14,023)
Benefit payments, including refunds of employee contributions *	(75,540)	(75,540)	—
Administrative expense	—	(68)	68
Transfers among employees	—	—	—
Net changes	(240,747)	14,914	(255,661)
<b>Balance at September 30, 2018</b>	<b>\$ 2,884,010</b>	<b>\$ 172,667</b>	<b>\$ 2,711,343</b>

\*Benefit payments are net of member contributions

For the Fiscal year Ended September 30, 2019

**Changes in the Net OPEB Liability**  
**Alabama Retired State Employees' Health Care Trust**  
**Business-type Activities**  
(Amounts in Thousands)

	<b>Total OPEB Liability (TOL) (a)</b>	<b>Fiduciary Net Position (FNP) (b)</b>	<b>Net OPEB Liability (NOL) (a)-(b)</b>
<b>Balances at September 30, 2017</b>	\$ 132,187	\$ 6,657	\$ 125,530
Changes for the year:			
Service costs	3,685	—	3,685
Interest	4,702	—	4,702
Change in Assumptions	(12,659)	—	(12,659)
Difference in expected and actual experience	(2,124)	—	(2,124)
Contributions - employer	—	3,199	(3,199)
Net investment income	—	631	(631)
Change in proportion and differences between employer contributions and proportionate share of contributions	11,408	—	11,408
Benefit payments, including refunds of employee contributions*	(3,196)	(3,196)	—
Administrative expense	—	(3)	3
Net changes	1,816	631	1,185
<b>Balance at September 30, 2018</b>	<b>\$ 134,003</b>	<b>\$ 7,288</b>	<b>\$ 126,715</b>

\*Benefit payments are net of member contributions

For the Fiscal year Ended September 30, 2019

**Changes in the Net OPEB Liability**  
**Alabama Retired State Employees' Health Care Trust**  
**Primary Government - Totals**  
(Amounts in Thousands)

	<b>Total OPEB Liability (TOL) (a)</b>	<b>Fiduciary Net Position (FNP) (b)</b>	<b>Net OPEB Liability (NOL) (a)-(b)</b>
<b>Balances at September 30, 2017</b>	\$ 3,256,944	\$ 164,410	\$ 3,092,534
Changes for the year:			
Service costs	90,775	—	90,775
Interest	115,837	—	115,837
Change in Assumptions	(311,857)	—	(311,857)
Difference in expected and actual experience	(52,335)	—	(52,335)
Contributions - employer	—	78,807	(78,807)
Net investment income	—	15,545	(15,545)
Change in proportion and differences between employer contributions and proportionate share of contributions	(2,615)	—	(2,615)
Benefit payments, including refunds of employee contributions *	(78,736)	(78,736)	—
Administrative expense	—	(71)	71
Net changes	(238,931)	15,545	(254,476)
<b>Balance at September 30, 2018</b>	<b>\$ 3,018,013</b>	<b>\$ 179,955</b>	<b>\$ 2,838,058</b>

\*Benefit payments are net of member contributions

For the Fiscal year Ended September 30, 2019

**Changes in the Net OPEB Liability**  
**Alabama Retired State Employees' Health Care Trust**  
**Component Units**  
(Amounts in Thousands)

	<b>Total OPEB Liability (TOL) (a)</b>	<b>Fiduciary Net Position (FNP) (b)</b>	<b>Net OPEB Liability (NOL) (a)-(b)</b>
<b>Balances at September 30, 2017</b>	\$ 44,111	\$ 2,366	\$ 41,745
Changes for the year:			
Service costs	1,225	—	1,225
Interest	1,564	—	1,564
Change in Assumptions	(4,210)	—	(4,210)
Difference in expected and actual experience	(706)	—	(706)
Contributions - employer	—	1,064	(1,064)
Net investment income	—	210	(210)
Change in proportion and differences between employer contributions and proportionate share of contributions	1,793	—	1,793
Benefit payments, including refunds of employee contributions *	(1,063)	(1,063)	—
Administrative expense	—	(1)	1
Net changes	(1,397)	210	(1,607)
<b>Balance at September 30, 2018</b>	<b>\$ 42,714</b>	<b>\$ 2,576</b>	<b>\$ 40,138</b>

\*Benefit payments are net of member contributions

**OPEB Expense**

For the year ended September 30, 2019, the primary government recognized OPEB expense of \$57,080,000 (governmental-type activities - \$54,763,000 and business-type activities - \$2,317,000) and component units recognized an OPEB expense of \$770,000.

**Deferred Outflows and Inflows of Resources**

As of September 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

For the Fiscal year Ended September 30, 2019

**Alabama Retired State Employees' Health Care Trust****Deferred Inflows and Outflows of Resources**

(Amounts in Thousands)

	<b>Govt- type Activities</b>	<b>Business- type Activities</b>	<b>Total Primary Government</b>	<b>Component Units</b>
<b>Deferred Outflows of Resources</b>				
Net difference between projected and actual earnings on				
OPEB plan investments	\$ —	\$ —	\$ —	\$ —
Differences between expected and actual experience	—	—	—	—
Change in Assumptions	—	—	—	—
Changes in proportion and differences between Employer				
contributions and proportionate share of contributions	68,658	11,792	80,450	4,153
Employer contributions subsequent to the measurement date	69,318	3,292	72,610	682
<b>Total Deferred Outflows of Resources</b>	<b>\$ 137,976</b>	<b>\$ 15,084</b>	<b>\$ 153,060</b>	<b>\$ 4,835</b>
<b>Deferred Inflows of Resources</b>				
Net difference between projected and actual earnings on				
OPEB plan investments	\$ 6,149	\$ 287	\$ 6,436	\$ 91
Differences between expected and actual experience	40,719	1,903	42,622	603
Change in Assumptions	461,402	21,563	482,965	6,831
Changes in proportion and differences between Employer				
contributions and proportionate share of contributions	80,150	3,506	83,656	1,977
<b>Total Deferred Inflows of Resources</b>	<b>\$ 588,420</b>	<b>\$ 27,259</b>	<b>\$ 615,679</b>	<b>\$ 9,502</b>

Employer contributions subsequent to the measurement date reported in the above tables as deferred outflows of resources will reduce the net OPEB liability recognized in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows and deferred inflows of resources will increase/(decrease) OPEB expense reported in subsequent years as follows:

**Alabama Retired State Employees' Health Care Trust****Increase/(Decrease) to OPEB Expenses**

(Amounts in Thousands)

<b>Fiscal Year Ended</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals Primary Govt</b>	<b>Component Units</b>
2020	\$ (133,976)	\$ (3,987)	\$ (137,963)	\$ (1,379)
2021	(133,976)	(3,987)	(137,963)	(1,379)
2022	(133,977)	(3,987)	(137,964)	(1,379)
2023	(90,893)	(2,705)	(93,598)	(935)
2024	(26,940)	(802)	(27,742)	(277)

For the Fiscal year Ended September 30, 2019

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**C. Alabama Retired Education Employees' Health Care Trust****Plan Description**

The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost sharing multiple employer defined benefit postemployment healthcare plan that administers healthcare benefits to retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 as an irrevocable trust to fund postemployment healthcare benefits to retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services and prescription drugs.

**Contribution Requirements**

The Code of Alabama 1975, Section 16-25A-8 and the Code of Alabama 1975, Section 16-25-8.1 provide the Board with the authority to set employer contribution requirements for each required class, respectively. Additionally, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active member, necessary to fund active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

**OPEB Plan Stand Alone Financial and GASB Reports**

The Public Education Employees' Health Insurance Board issues 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, 2019. The financial report and the GASB 74 and 75 reports may be obtained at the following website:

**[www.rsa-al.gov](http://www.rsa-al.gov)**



For the Fiscal year Ended September 30, 2019

### Information About the Employer's Proportionate Share of the Collective Net OPEB Liability

#### *Assumptions and Other Inputs*

The following table provides significant assumptions and other inputs used to measure the total OPEB liability:

Date of Actuarial Valuation Used to Determine TOL	September 30, 2017
Service Cost	Determined using Entry Age Normal Actuarial Method
Inflation	2.75 percent
Salary increases	3.25-5.00 percent, including 3.00 percent for wage inflation.
Long-term investment rate of return	7.25 percent compounded annually, net of investment expense and including inflation.
Municipal Bond Index Rate at Measurement Date	4.18 percent
Municipal Bond Index Rate at Prior Measurement Date	3.57 percent
Year FNP is projected to be depleted	2029
Single Equivalent Interest Rate at Measurement Date	4.44 percent
Single Equivalent Interest Rate at Prior Measurement Date	4.63 percent
Healthcare Cost Trend Rates:	
Pre-Medicare Eligible	7.00 percent
Medicare Eligible	5.00 percent beginning in 2019
Ultimate Trend Rates:	
Pre-Medicare Eligible	4.75 percent in 2026
Medicare Eligible	4.75 percent in 2024

#### *Pattern of Practice of Sharing Benefit-related Costs*

Projections of the sharing of benefit-related costs are based on an established pattern of practice.

#### *Mortality*

The rates of mortality for the period after service retirement are according to the RP-2000 White Collar Mortality Table using Scale BB to 2020 with an adjustment of 115% at all ages for males and 112% for females on and after age 78. The rates of mortality for the period after disability retirement are according to the RP-2000 Disabled Retiree Mortality Table Projected with the scale BB to 2020 with an adjustment of 105% for males and 120% for females.

#### *Experience Study*

The decremental assumptions and methods used in the valuation were selected based on the actuarial experience study as of September 30, 2015 which was submitted to and adopted by the Teachers' Retirement Board on September 13, 2016.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2017 valuation were based on a review of recent plan experience done concurrently with the September 30, 2017 valuation.

For the Fiscal year Ended September 30, 2019

***Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates***

**Alabama Retired Education Employees' Health Care Trust**  
**Net OPEB Liability**  
**Sensitivity to Changes in the Health Care Trend Rates**  
(Amount in Thousands)

	<b>1% Decrease (6.00% decreasing to 3.75% for pre- Medicare, 4.00% decreasing to 3.75% for Medicare Eligible)</b>	<b>Current Rate (7.00% decreasing to 4.75% for pre-Medicare, 5.00% decreasing to 4.75% for Medicare Eligible)</b>	<b>1% Increase (8.00% decreasing to 5.75% for pre- Medicare, 6.00% decreasing to 5.75% for Medicare Eligible)</b>
Governmental Activities	\$ 15,439	\$ 18,782	\$ 23,038
Business-type Activities	2,147	2,612	3,203
<b>Totals - Primary Government</b>	<b>\$ 17,586</b>	<b>\$ 21,394</b>	<b>\$ 26,241</b>
<b>Component Units</b>	<b>\$ 1,909,272</b>	<b>\$ 2,322,651</b>	<b>\$ 2,848,940</b>

***Projected Cash Flow Assumption***

The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating employers must contribute for each active employee. 19.072% of the employer contributions are used to assist in funding retiree benefit payments in fiscal year 2017. 20.307% of employer contributions were used to assist in funding retiree benefits in 2018 and it is assumed that amount will increase by the assumed inflation rate of 2.75% per year and continue into the future.

***Long-term Rate of Return***

The long-term expected rate of return on OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

***Municipal Bond Rate***

The discount bond rate uses a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System).

***Discount Rate***

The Single Equivalent Interest Rate (SEIR) is used in calculating the TOL. The SEIR is determined by calculating the rate that will generate the present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the depletion date using the long-term expected rate of return and the present value determined by discounting benefit payments after the date of depletion date by using the 20-year tax exempt municipal bond (rating AA/Aa or higher) rate.

***Periods of Projected Benefit Payments***

Projected future benefit payments for all current plan members were projected through 2116. The long-term rate will be used until the assets are expected to be depleted in 2029, after which the municipal bond rate will be used.

For the Fiscal year Ended September 30, 2019

*Assumed Asset Allocation of the Plan's Portfolio*

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Fixed Income	30.0%	4.4%
US Large Stocks	38.0	8.0
US Mid Stocks	8.0	10.0
US Small Stocks	4.0	11.0
International Developed Market Stocks	15.0	9.5
Cash	5.0	1.5
Total	100.0%	

\*Geometric mean, includes 2.5% inflation.

*Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*

**Alabama Retired Education Employees' Health Care Trust**  
**Net OPEB Liability**  
**Sensitivity to Changes in Discount Rate**  
(Amount in Thousands)

	1% Decrease (3.44%)	Current Rate (4.44%)	1% Increase (5.44%)
Governmental Activities	\$ 22,437	\$ 18,782	\$ 15,834
Business-type Activities	3,119	2,611	2,202
<b>Totals - Primary Government</b>	<b>\$ 25,556</b>	<b>\$ 21,393</b>	<b>\$ 18,036</b>
<b>Component Units</b>	<b>\$ 2,774,583</b>	<b>\$ 2,322,651</b>	<b>\$ 1,958,104</b>

*The Plan's Fiduciary Net Position*

The Plan's financial report may be obtained via the Internet at the address disclosed above. The OPEB plan's fiduciary net position has been determined on the same basis used by the OPEB plan. The Plan's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Plan member contributions are recognized in the period due. Employer contributions are recognized when earned, pursuant to plan requirements. Benefits are recognized when due and payable, in accordance with the terms of the Plan. Revenues are recognized when earned and expenses are recognized when incurred. Investments are reported at fair value and changes in fair value are included in investment income.

*Net OPEB Liability*

The Plan's net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2017 rolled forward to September 30, 2018 using standard roll-forward techniques.

For the Fiscal year Ended September 30, 2019

***Proportionate Share of OPEB Liability***

The employer's proportionate share was determined based on its share of total employer contributions. The following table presents the employer's proportionate share of the NOL at the measurement date for the current and prior year and the change in the proportionate share.

**Alabama Retired Education Employees' Health Care Trust**  
**Proportionate Share of Collective Net OPEB Liability**  
(Amounts in Thousands)

	Employer's Proportionate Share	Current Year Proportionate Share	Prior Year Proportionate Share	Change in Proportionate Share
Governmental-type Activities	\$ 18,782	0.23 %	0.22 %	0.01 %
Business-type Activities	2,611	0.03	0.03	—
<b>Totals - Primary Government</b>	<b>\$ 21,393</b>	<b>0.26 %</b>	<b>0.25 %</b>	<b>0.01 %</b>
 <b>Component Units</b>	 <b>\$ 2,322,651</b>	 <b>28.30 %</b>	 <b>30.00 %</b>	 <b>(1.70) %</b>

The net OPEB liability was measured as of September 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2017. Each participating unit included in the State's financial report has its own proportion of the net OPEB liability based on a projection of the unit's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined.

***Changes in Actuarial Assumptions Since the Previous Measurement Date***

Since the prior measurement date, the single equivalent interest rate decreased from 4.63% to 4.44%. The change was the primary reason for the increase in the Net OPEB Obligation (NOL) of \$694,000 for the primary government (\$609,000 for governmental-type activities and \$85,000 for business-type activities) and \$75,301,000 for component units.

***Recent Plan Changes***

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the United Healthcare Medicare Advantage Plan with Prescription Drug Coverage (MAPD).

The Plan was changed in 2017 to reflect the Affordable Care Act (ACA) maximum out-of-pocket amounts.

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

For the year ended September 30, 2019, the primary government recognized OPEB expense of \$1,286,000 (governmental-type activities - \$1,113,000 and business-type activities - \$173,000) and component units recognized OPEB expense of \$171,767,000.

For the Fiscal year Ended September 30, 2019

**Deferred Outflows and Inflows**

As of September 30, 2019 the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Alabama Retired Education Employee's Health Care Trust**  
**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>				
Differences between expected and actual experience	\$ 354	\$ 49	\$ 403	\$ 43,728
Changes in proportion and differences between employer contributions and proportionate share of contributions	474	91	565	233,666
Employer contributions subsequent to the measurement date	490	87	577	73,538
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,318</b>	<b>\$ 227</b>	<b>\$ 1,545</b>	<b>\$ 350,932</b>
<b>Deferred Inflows of Resources</b>				
Net difference between projected and actual earnings on OPEB plan investments	\$ 100	\$ 14	\$ 114	\$ 12,445
Changes in proportion and differences between employer contributions and proportionate share of contributions	663	66	729	145,367
Change in Assumptions	915	127	1,042	113,134
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,678</b>	<b>\$ 207</b>	<b>\$ 1,885</b>	<b>\$ 270,946</b>

Employer contributions subsequent to the measurement date reported in the above tables as deferred outflows of resources will reduce the net pension liability recognized in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows and deferred inflows of resources will increase/(decrease) OPEB expense reported in subsequent years as follows:

**Alabama Retired Education Employees' Health Care Trust**  
**Increase/(Decrease) to OPEB Expenses**  
(Amounts in Thousands)

Fiscal Year Ended	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
2020	\$ (259)	\$ (20)	\$ (279)	\$ 1,961
2021	(259)	(20)	(279)	1,961
2022	(258)	(21)	(279)	1,961
2023	(229)	(18)	(247)	1,741
2024	114	9	123	(867)
Thereafter	41	3	44	(308)

For the Fiscal year Ended September 30, 2019

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**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 (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 manufacturers requested arbitration regarding the application of the 2003 non-participating manufacturers adjustment under the MSA. Alabama settled these claims as well as the claims through 2015 allowing the independent auditor (PricewaterhouseCoopers, LLP) to release an additional \$47 million to Alabama that had been held in a disputed payment account during 2013. The settlement also established a data clearing house (administered by BDO USA, LLP) that makes various calculations that affect the annual MSA settlement payment received each April. The states and the manufacturers subsequently initiated additional arbitration concerning the 2004 non-participating manufacturers adjustment under the MSA. While Alabama has settled this dispute with the manufacturers, the settlement is not effective as to potential actions of states found non-diligent in this arbitration against Alabama which are very likely in the 2004 non-participating manufacturers adjustment arbitration not yet concluded. Nationwide there is over \$6 billion annually at stake, with Alabama's annual distribution now just over \$100 million. Additional arbitration issues continue to be expected.

The State of Alabama Department of Revenue is also involved in significant tax-related lawsuits or actions that challenge the legality of certain taxes or challenge other provisions of tax laws and procedures. Other cases challenge tax assessments made by the Department. These cases have a significant combined potential refund liability or reductions of assessments. Adverse rulings in these cases could also reduce future revenues. Greenetrack, Inc. v. State of Alabama Department of Revenue involving an assessment of more than \$72.5 million is pending in the Circuit Court of Greene County.

For the Fiscal year Ended September 30, 2019

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**NOTE 14 - SPECIAL ITEM**

The president of the Alabama Education Association filed a lawsuit against members of the Public Education Employees' Health Insurance Board, claiming that an educational session on April 27, 2016 violated the provisions of the Alabama Open Meetings Act. The Alabama Supreme Court issued a ruling in the case of Remington, et al. vs. Swindle, et al., and ordered refunds of employee-paid health insurance premiums to be paid. An estimated \$(98,000,000) was reported in the prior year. An additional \$(8,863,000) is reported for this special item for fiscal year 2019.

**NOTE 15 - SUBSEQUENT EVENTS**

Subsequent to the fiscal year end, the COVID-19 pandemic is having a significant negative impact on the global economy and state of affairs. As a result, the stock market is volatile and the market values of the investments held by the primary government, component units and fiduciary funds of the State of Alabama have been negatively affected in the short term. The long-term outlook is uncertain.

The Alabama Housing Finance Authority, a discretely presented component unit, called approximately \$8,005,000 of multi-family bonds and issued approximately \$10,000,000 of multi-family bond conduit debt.





## STATE OF ALABAMA

## REQUIRED SUPPLEMENTARY INFORMATION

## Budgetary Comparison Schedule - All Budgeted Funds

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	with Final Budget
<b>REVENUES</b>				
Taxes	\$ 1,460,416	\$ 1,477,173	\$ 1,668,611	\$ 191,438
Licenses, Permits and Fees	144,905	146,568	165,563	18,995
Fines, Forfeits, and Court Settlements	10,808	10,932	12,349	1,417
Investment Income	57,059	57,714	65,194	7,480
Federal Grants and Reimbursements	—	—	—	—
Other Revenues	156	157	176	19
<b>Total Revenues</b>	<b>1,673,344</b>	<b>1,692,544</b>	<b>1,911,893</b>	<b>219,349</b>
<b>EXPENDITURES</b>				
Administrative Office of Courts	107,984	108,295	108,295	—
Agriculture and Industries	12,392	12,392	12,392	—
Alabama Community College System	—	—	—	—
Attorney General	11,175	12,219	12,219	—
Auditor	936	936	905	31
Commission on Higher Education	—	—	—	—
Corrections	486,836	486,836	468,289	18,547
Economic and Community Affairs	13,229	13,660	9,414	4,246
Education	—	—	—	—
Emergency Management	7,161	7,145	6,865	280
Examiners of Public Accounts	6,661	6,661	6,661	—
Finance	5,254	5,254	4,262	992
Governor	1,919	5,409	3,562	1,847
Human Resources	—	—	—	—
Labor	1,107	1,107	868	239
Law Enforcement	—	—	—	—
Legislature	25,180	25,818	21,742	4,076
Medicaid	839,527	839,527	796,159	43,368
Mental Health	—	—	—	—
Public Health	35,479	35,479	35,380	99
Public Service Commission	—	—	—	—
Rehabilitation Services	—	—	—	—
Revenue	113	113	43	70
Secretary of State	2,446	2,446	1,039	1,407
Transportation	—	—	—	—
Treasurer	—	—	—	—
Youth Services	6,705	5,705	5,705	—
Universities and Training Institutes	—	—	—	—
Other	281,117	280,847	224,584	56,263
<b>Total Expenditures</b>	<b>1,845,221</b>	<b>1,849,849</b>	<b>1,718,384</b>	<b>131,465</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(171,877)</b>	<b>(157,305)</b>	<b>193,509</b>	<b>350,814</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Carryover of funds from prior year	326,075	326,075	326,075	—
Transfers In	185,894	188,027	212,395	24,368
Transfers Out	(340,092)	(356,825)	(356,825)	—
Insurance Recovery Proceeds	—	28	28	—
<b>Total Other Financing Sources (Uses)</b>	<b>171,877</b>	<b>157,305</b>	<b>181,673</b>	<b>24,368</b>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>375,182</b>	<b>\$ 375,182</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		
\$ 6,289,367	\$ 6,634,789	\$ 7,214,997	\$ 580,208	\$ 1,472,640	\$ 1,642,514	\$ 1,529,780	\$ (112,734)
108	114	124	10	516,096	575,629	536,121	(39,508)
—	—	—	—	34,177	38,119	35,503	(2,616)
—	—	—	—	7,709	8,598	8,008	(590)
1	1	1	—	9,214,001	10,276,868	9,571,518	(705,350)
428	452	492	40	982,625	1,095,976	1,020,753	(75,223)
<b>6,289,904</b>	<b>6,635,356</b>	<b>7,215,614</b>	<b>580,258</b>	<b>12,227,248</b>	<b>13,637,704</b>	<b>12,701,683</b>	<b>(936,021)</b>
—	750	750	—	81,854	80,793	73,329	7,464
—	—	—	—	41,729	41,729	26,678	15,051
382,069	383,047	383,047	—	—	28,446	27,547	899
—	—	—	—	12,133	14,588	10,057	4,531
—	—	—	—	—	—	—	—
30,755	30,755	29,621	1,134	1,268	1,268	368	900
—	—	—	—	80,824	80,824	46,628	34,196
—	—	—	—	217,237	250,497	173,162	77,335
4,386,418	4,388,575	4,386,134	2,441	1,594,474	1,795,623	1,404,275	391,348
—	—	—	—	61,294	61,294	40,357	20,937
6,359	6,359	6,359	—	3,712	3,767	3,269	498
—	650	650	—	114,608	117,650	72,371	45,279
—	—	—	—	123	714	62	652
—	—	—	—	1,918,156	1,943,576	1,838,352	105,224
—	—	—	—	122,060	124,364	80,375	43,989
—	—	—	—	219,474	229,446	192,460	36,986
2,854	2,854	2,846	8	—	—	—	—
—	—	—	—	6,292,012	6,332,255	6,216,827	115,428
—	—	—	—	1,032,589	1,131,664	986,645	145,019
19,393	19,393	19,140	253	722,190	777,793	676,037	101,756
—	—	—	—	23,696	25,139	17,737	7,402
43,165	44,465	44,463	2	153,650	153,999	123,080	30,919
—	—	—	—	159,155	189,742	177,981	11,761
—	—	—	—	7,517	16,303	5,342	10,961
—	—	—	—	1,504,934	2,500,233	1,975,018	525,215
—	—	—	—	4,429	4,954	3,995	959
55,516	55,516	55,008	508	40,334	43,834	38,240	5,594
1,196,480	1,196,480	1,196,480	—	—	47,164	47,164	—
355,850	356,094	325,634	30,460	1,697,967	1,837,095	1,384,131	452,964
<b>6,478,859</b>	<b>6,484,938</b>	<b>6,450,132</b>	<b>34,806</b>	<b>16,107,419</b>	<b>17,834,754</b>	<b>15,641,487</b>	<b>2,193,267</b>
<b>(188,955)</b>	<b>150,418</b>	<b>765,482</b>	<b>615,064</b>	<b>(3,880,171)</b>	<b>(4,197,050)</b>	<b>(2,939,804)</b>	<b>1,257,246</b>
351,007	351,007	351,007	—	1,133,144	1,133,144	1,133,144	—
46	49	53	4	2,747,027	3,063,906	2,853,616	(210,290)
(162,099)	(501,476)	(501,476)	—	—	—	—	—
—	2	2	—	—	—	5,079	5,079
<b>188,954</b>	<b>(150,418)</b>	<b>(150,414)</b>	<b>4</b>	<b>3,880,171</b>	<b>4,197,050</b>	<b>3,991,839</b>	<b>(205,211)</b>
<b>\$ 0</b>	<b>\$ 0</b>	<b>615,068</b>	<b>\$ 615,068</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>1,052,035</b>	<b>\$ 1,052,035</b>

## STATE OF ALABAMA

## REQUIRED SUPPLEMENTARY INFORMATION

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

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	BUDGETARY FUNDS			
	General Fund	Education Trust Fund	Earmarked Funds	Alabama Trust Fund
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budgetary Basis</b>	<b>\$ 375,182</b>	<b>\$ 615,068</b>	<b>\$ 1,052,035</b>	
Reconciliation to GAAP Basis:				
<b><i>Perspective Differences:</i></b>				
Reclassification of budgetary funds to GAAP financial statement fund types			(1,052,035)	\$ (62)
<b><i>Basis Differences:</i></b>				
Accruals of revenues and other revenue adjustments	57,473	64,728		2,888
To remove prior year funds carried over in budget	(326,075)	(351,007)		(314)
Accruals of expenditures and capitalization of assets	(3,407)	1,502		(44)
To remove encumbrances recognized as expenditures	3,083	1,966		161
To recognize prior budget year expenditures/expenses	(7,568)	(1,795)		(10)
To remove budget expenditures/expenses not accrued as liabilities	42	35		—
<b><i>Entity Differences:</i></b>				
Add net operating results for funds not budgeted				48,164
<b>Net Change in Fund Balances/Net Position - GAAP Basis</b>	<b>\$ 98,730</b>	<b>\$ 330,497</b>	<b>\$ 0</b>	<b>\$ 50,783</b>

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**FINANCIAL STATEMENT CLASSIFICATION**

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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
\$ 25,597	\$ 111,429	\$ (4,827)	\$ 920,971	\$ (57,975)	\$ 47,150	\$ 11,641	\$ 678	\$ (2,567)
65,138	64,259	8,603	237,686	114	2,490	129,229	(412)	1,182
(35,882)	(181,697)	(34,877)	(776,384)	(8,825)	(52,309)	(36,254)	(913)	(5,689)
(23,975)	80,004	18,880	(199,920)	59,508	3,264	(100,384)	397	4,254
386	22,249	3,727	27,352	530	3,781	63	—	203
(545)	(9,086)	(258)	(27,406)	(221)	(679)	(141)	—	(154)
—	(1,125)	337	(590)	(18)	(150)	—	—	95
—	(2,787)	931	(91,190)	89,524	2,822	(328,062)	92,272	633,854
<u><u>\$ 30,719</u></u>	<u><u>\$ 83,246</u></u>	<u><u>\$ (7,484)</u></u>	<u><u>\$ 90,519</u></u>	<u><u>\$ 82,637</u></u>	<u><u>\$ 6,369</u></u>	<u><u>\$ (323,908)</u></u>	<u><u>\$ 92,022</u></u>	<u><u>\$ 631,178</u></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.

During fiscal year 2019, approximately \$834 thousand of supplemental appropriations were distributed from the General Fund. The Legislature and Unified Judicial System received supplemental appropriations in the amounts of \$459 thousand and \$375 thousand, respectively. Approximately \$21 million of conditional and other appropriations were distributed to various agencies from the General Fund. The Fair Trial Tax Fund received conditional appropriations in the amounts of \$14.5 million. 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 2019, approximately \$7 million of supplemental appropriations were distributed from the Education Trust Fund (ETF). The Department of Education, Department of Rehabilitation Services, and Alabama Community College System received supplemental appropriations in the amounts of \$3 million, \$1.5 million, and \$1 million, respectively.

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 2019. The General Fund and the Education Trust Fund have paid back all of its withdrawals. The available balance during FY 19 for the Education Trust Fund Rainy Day Account was \$418 million. The General Fund Rainy Day Account available balance during FY 19 was \$197 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 2019 the balance in the ETF Budget Stabilization Fund was \$234 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.

## REQUIRED SUPPLEMENTARY INFORMATION

## Ten Year Loss Development Information for State Insurance Fund

For the Fiscal Year Ended September 30, 2019

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Premiums and investment revenue:										
Earned	32,489	30,401	36,732	40,758	44,343	46,049	55,381	60,037	53,966	58,040
Ceded	16,803	16,625	20,834	26,115	24,153	22,469	21,171	20,273	22,480	29,983
Net Earned	15,686	13,776	15,898	14,643	20,190	23,580	34,210	39,764	31,486	28,057
2. Unallocated Expenses	3,010	2,863	2,774	3,090	3,375	3,710	3,494	3,270	3,693	3,668
3. Estimated losses and expenses, end of accident year:										
Incurred	17,531	113,642	38,861	33,467	11,500	8,300	16,450	19,792	126,564	20,737
Ceded	5,781	91,228	28,359	2,757	—	—	4,550	6,969	100,664	1,763
Net incurred	11,750	22,414	10,502	30,710	11,500	8,300	11,900	12,823	25,900	18,974
4. Net paid (cumulative) as of:										
End of Accident Year	6,493	9,192	3,842	16,000	3,823	2,857	6,316	5,240	14,493	5,498
One Year Later	10,178	16,880	22,703	26,555	8,188	6,477	9,680	10,671	22,361	
Two Years Later	10,241	22,070	4,351	29,088	8,275	7,000	10,361	12,490		
Three Years Later	10,859	21,604	11,370	29,611	8,446	7,692	10,650			
Four Years Later	10,858	21,833	11,369	29,609	8,446	7,692				
Five Years Later	10,856	21,833	11,369	29,607	8,446					
Six Years Later	10,855	21,833	11,369	29,606						
Seven Years Later	10,854	21,833	11,369							
Eight Years Later	10,853	21,833								
Nine Years Later	10,851									
5. Reestimated ceded losses and expenses	2,929	72,691	18,662	—	—	—	3,148	3,523	93,612	1,763
6. Reestimated net incurred losses and expenses as of:										
End of Accident Year	11,750	22,414	10,502	30,710	11,500	8,300	11,900	12,823	25,900	18,974
One Year Later	10,750	21,000	32,435	29,711	9,000	7,700	11,800	12,733	25,300	
Two Years Later	10,883	22,900	11,045	29,688	8,643	7,700	11,000	12,721		
Three Years Later	10,859	22,062	11,370	29,611	8,446	7,692	10,650			
Four Years Later	10,858	21,833	11,369	29,609	8,446	7,692				
Five Years Later	10,856	21,833	11,369	29,607	8,446					
Six Years Later	10,855	21,833	11,369	29,606						
Seven Years Later	10,854	21,833	11,369							
Eight Years Later	10,853	21,833								
Nine Years Later	10,851									
7. Increase (decrease) in estimated net incurred losses and expenses from end of accident year	(899)	(581)	867	(1,104)	(3,054)	(608)	(1,250)	(102)	(600)	—



## REQUIRED SUPPLEMENTARY INFORMATION

Ten Year Trend Information

Teachers' Retirement System

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

**Pension Liability Trend Data**

<b>Fiscal Year</b>	<b>% of Collective NPL</b>	<b>Proportionate Share of Collective NPL</b>	<b>Covered Payroll</b>	<b>Proportionate Share of NPL as a % of Covered Payroll</b>	<b>Pension Plan FNP as a % of TPL</b>
2018	41.06%	\$ 4,082,818	\$ 2,661,584	153.40%	72.29%
2017	40.86%	4,016,090	2,606,833	154.06%	71.50%
2016	41.00%	4,438,794	2,581,488	171.95%	67.93%
2015	40.73%	4,262,429	2,532,066	168.34%	67.51%
2014	40.86%	3,710,637	2,612,755	142.02%	71.01%

Information is presented prospectively beginning in 2014.

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

**Statutorily Required Employer Contributions**

<b>Fiscal Year</b>	<b>Contribution Amount</b>	<b>% Contributed</b>	<b>Covered Payroll</b>	<b>% of Covered Payroll</b>
2019	\$ 340,231	100%	\$ 2,799,485	12.15%
2018	319,144	100%	2,661,584	11.99%
2017	307,935	100%	2,606,833	11.81%
2016	304,670	100%	2,581,488	11.80%
2015	295,148	100%	2,532,066	11.66%

Statute requires employers to contribute at the actuarially determined rate.

Information is presented prospectively beginning in 2015.

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For the Fiscal Year Ended September 30, 2019

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Changes in the actuarial assumptions significantly affect the identification of trends in the amounts reported in the Ten Year Trend Information.

**Changes of benefit terms**

The member contribution rates were increased from 5.00% (6.00% for certified law enforcement, correctional officers, and firefighters) of earnable compensation to 7.25% (8.25%) of earnable compensation effective October 1, 2011, and to 7.50% (8.50%) of earnable compensation effective October 1, 2012. Members hired on or after January 1, 2013 (Tier II), are covered under a new benefit structure, as follows: 1) A service retirement allowance is payable upon the request of any member who has attained age 62 and completed at least 10 years of creditable service (age 56 with 10 years of creditable service for a full-time certified firefighter, police officer or correctional officer). 2) Upon service or disability retirement a member receives a retirement allowance equal to 1.65% of the member's average final compensation multiplied by the number of years of creditable service. The benefit is capped at 80% of the member's average final compensation ( the 5 highest years in the last 10 years of Creditable Service). 3) Regular members contribute 6% of salary and full-time certified firefighters, police officers and correctional officers contribute 7% of salary.

**Changes of assumptions**

In 2018, the discount rate changed from 7.75% to 7.70%.

In 2016, rates of retirement, disability, withdrawal and mortality were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 the expectation of retired life mortality as changed to 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 scale BB and adjusted 105% for males and 120% for females.

In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

## REQUIRED SUPPLEMENTARY INFORMATION

Ten Year Trend Information

Judicial Retirement Fund

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

**Pension Liability Trend Data**

<b>Fiscal Year</b>	<b>% of Collective NPL (1)</b>	<b>% Share of NPL Due to State Operations</b>	<b>NPL</b>	<b>Covered Payroll</b>	<b>NPL as a % of Covered Payroll</b>	<b>Pension Plan FNP as a % of TPL</b>
2018	100%	84.93%	\$ 144,724	\$ 42,684	339.06%	68.68%
2017	100%	84.86%	154,349	42,743	361.11%	66.22%
2016	100%	84.89%	168,961	42,601	396.61%	62.54%
2015	100%	84.98%	160,330	41,617	385.25%	62.20%
2014	100%	85.04%	145,093	42,699	339.80%	65.46%

(1) The State is responsible for funding the entire NPL.

Information is presented prospectively beginning in 2014.

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

**Statutorily Required Employer Contributions**

<b>Fiscal Year</b>	<b>Contribution Amount</b>	<b>% Contributed</b>	<b>Covered Payroll</b>	<b>% of Covered Payroll</b>
2019	\$ 18,010	100%	\$ 43,502	41.40%
2018	17,112	100%	42,684	40.09%
2017	17,375	100%	42,743	40.65%
2016	17,458	100%	42,601	40.98%
2015	14,666	100%	41,617	35.24%

Statute requires employers to contribute at the actuarially determined rate.

Information is presented prospectively beginning in 2015.

The State is responsible for 100% of employer contributions.

Information is presented prospectively beginning in 2015.

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For the Fiscal Year Ended September 30, 2019

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Changes in the actuarial assumptions significantly affect the identification of trends in the amounts reported in the Ten Year Trend Information.

**Changes of benefit terms**

The member contribution rate was increased from 6.00% of salary to 8.25% of salary on October 1, 2011, and to 8.50% of salary on October 1, 2012. All justices and judges elected or appointed on or after November 8, 2016 are covered under a new benefit structure. In addition, circuit clerks and district attorneys elected or appointed on or after that date will also become members of the Fund and will be covered under the new structure.

**Changes of assumptions**

In 2018, the discount rate was changed from 7.75% to 7.65%.

In 2016, rates of retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 the expectation of retired life mortality was changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for males and 112% for females older than 78.

In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

## REQUIRED SUPPLEMENTARY INFORMATION

Ten Year Trend Information

Employees' Retirement System

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

## Schedule of Changes in Net Pension Liability

<b>Total Pension Liability</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Service Costs	\$ 116,133	\$ 115,249	\$ 119,589	\$ 159,234	\$ 115,716
Interest	609,961	602,304	588,965	587,703	579,810
Change in Assumptions	38,231	—	203,894	—	—
Difference in Expected and Actual Experience	(17,240)	(57,055)	11,012	(62,937)	—
Change in proportion and differences between contributions and proportionate share of contributions	(443)	—	—	—	—
Benefit payments, including refunds of employee contributions	(610,485)	(588,299)	(596,794)	(597,910)	(567,669)
Transfers among employers	2,525	1,529	(871)	19,137	—
Net change in total pension liability	138,682	73,728	325,795	105,227	127,857
Total pension liability - beginning	8,174,752	8,101,024	7,775,229	7,670,002	7,542,145
<b>Total pension liability - ending (a)</b>	<b>\$ 8,313,434</b>	<b>\$ 8,174,752</b>	<b>\$ 8,101,024</b>	<b>\$ 7,775,229</b>	<b>\$ 7,670,002</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 196,080	\$ 205,429	\$ 206,854	\$ 260,832	\$ 161,114
Contributions - employee	101,103	99,278	103,187	100,676	100,391
Net investment income	474,828	615,292	467,280	58,073	556,028
Benefit payments, including refunds of employee contributions*	(610,485)	(588,299)	(596,794)	(597,910)	(567,669)
Administrative expenses	(13,683)	(14,347)	(12,748)	(13,068)	—
Transfers among employers	2,525	726	(871)	6,241	24
Net change in fiduciary plan net position	150,368	318,079	166,908	(185,156)	249,888
Plan fiduciary net position - beginning	5,294,915	4,976,836	4,809,928	4,995,084	4,745,196
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 5,445,283</b>	<b>\$ 5,294,915</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>\$ 2,868,151</b>	<b>\$ 2,879,837</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	65.50%	64.77%	61.43%	61.86%	65.12%
Covered payroll - measurement period	\$ 1,324,433	\$ 1,262,409	\$ 1,295,085	\$ 1,331,883	\$ 1,280,583
Net pension liability as a % of covered payroll	216.56%	228.12%	241.23%	222.64%	208.88%

Note that information was determined and presented as of the measurement date (one year prior to the CAFR fiscal year-end) and is presented prospectively beginning in 2014.

## Actuarially Determined Employer Contributions

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Amount	\$ 217,585	\$ 195,284	\$ 191,906	\$ 199,636	\$ 185,110
% Contributed	100%	100%	100%	100%	100%
Covered Payroll	\$ 1,406,070	\$ 1,324,433	\$ 1,262,409	\$ 1,295,085	\$ 1,331,883
% of covered payroll	15.47%	14.74%	15.20%	15.41%	13.90%

Information presented prospectively beginning in 2015.

## REQUIRED SUPPLEMENTARY INFORMATION

## Notes to Schedules for Employees' Retirement System

For the Fiscal Year Ended September 30, 2019

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Valuation Date: September 30, 2016

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	29.3 years
Asset valuation method	Five year smoothed market
Inflation	2.875%
Salary increases	3.375-5.125%, including inflation
Investment rate of return	7.875%, net of pension plan investment expense, including inflation.

## REQUIRED SUPPLEMENTARY INFORMATION

## Ten Year Trend Information

## Alabama Retired State Employees' Health Care Trust

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

**Schedule of Changes in Net OPEB Liability**

<b>Total OPEB Liability</b>	<b>2018</b>	<b>2017</b>
Service Costs	\$ 92,000	\$ 112,694
Interest	117,401	103,761
Change in Assumptions	(316,067)	(370,644)
Difference in Expected and Actual Experience	(53,041)	—
Change in proportion and differences between employer contributions and proportionate share of contributions	(822)	—
Benefit payments, including		
refunds of employee contributions	(79,799)	(91,641)
Net change in total OPEB liability	(240,328)	(245,830)
Total pension liability - beginning	3,301,062	3,546,892
<b>Total OPEB liability - ending (a)</b>	<b>\$ 3,060,734</b>	<b>\$3,301,062</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 79,871	\$ 92,063
Net investment income	15,755	17,749
Benefit payments, including		
refunds of employee contributions*	(79,799)	(91,641)
Administrative expenses	(72)	(414)
Net change in fiduciary plan net position	15,755	17,757
Plan fiduciary net position - beginning	166,783	149,026
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 182,538</b>	<b>\$ 166,783</b>
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ 2,878,196</b>	<b>\$3,134,279</b>

Plan fiduciary net position as a

percentage of the total OPEB liability 5.96% 5.05%

Covered payroll - measurement period \$ 1,470,777 \$1,409,257

Net OPEB liability as a % of covered payroll 195.69% 222.41%

\*Benefit payments are net of member contributions

Note that information was determined and presented as of the measurement date (one year prior to the CAFR fiscal year-end) and is presented prospectively beginning in 2017.

**Actuarially Required Employer Contributions**

(Amounts in Thousands)

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contribution Amount</b>	<b>Contribution Deficiency</b>	<b>Covered Payroll</b>	<b>Contributions as % of Covered Payroll</b>
2019	\$ 168,464	\$ 73,292	\$ 95,172	\$ 1,558,377	4.70%
2018	163,178	79,611	83,567	1,470,777	5.41

Information presented prospectively beginning in 2018.

## REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedules for Alabama Retired State Employees' Health Care Trust

For the Fiscal Year Ended September 30, 2019

Changes in the actuarial assumptions significantly affect the identification of trends in the amounts reported in the Ten Year Trend Information.

**Changes in actuarial assumptions:**

Since the previous measurement date, changes in assumptions resulted in a decrease of the Net OPEB liability of \$316,067,000. The primary reason was a change in the single equivalent interest rate from 3.57% to 4.25%.

**Method and assumptions used in calculations of actuarially determined contributions:**

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level Percent of Pay, open
Remaining Amortization Period:	30 Years
Asset Valuation Method:	Market Value of Assets
Inflation:	2.875%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.75%
Ultimate Trend Rate	
Pre-Medicare Eligible	5%
Medicare Eligible	5%
Year of Ultimate Trend Rate:	2021
Investment Rate of Return:	5%, including inflation



## REQUIRED SUPPLEMENTARY INFORMATION

Ten Year Trend Information

Alabama Retired Education Employees' Health Care Trust

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

**OPEB Liability**

<b>Fiscal Year</b>	<b>Proportionate Share of Collective NOL* (%)</b>	<b>Proportionate Share of Collective NOL (\$)</b>	<b>Covered Payroll</b>	<b>Collective Share of NOL as a % of Covered Payroll</b>	<b>OPEB Plan's FNP* as a % of TOL*</b>
2018	28.52%	\$ 2,344,045	\$ 2,557,924	91.64%	14.81%
2017	30.24	2,245,990	2,502,728	89.74	15.37

\*Net OPEB Liability (NOL), Fiduciary Net Position (FNP), Total OPEB Liability (TOL)

Information is presented prospectively beginning in 2017.

Information was determined and is presented as of the measurement date one year prior to the CAFR fiscal year-end.

**Statutorily Required Employer Contributions**

<b>Fiscal Year</b>	<b>Statutorily Required Contribution</b>	<b>Contributions Recognized (%)</b>	<b>Covered Payroll</b>	<b>Contributions as % of Covered Payroll</b>
2019	\$ 74,115	100%	\$ 2,690,709	2.75%
2018	74,182	100	2,557,924	2.90

Information is presented prospectively beginning in 2018.

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REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Schedules for Alabama Retired Education Employees' Health Care Trust

For the Fiscal Year Ended September 30, 2019

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**Changes in actuarial assumptions**

Since the previous measurement date, changes in assumptions resulted in a increase of the Net OPEB liability of \$75,994,000. primarily as a result of a change in the single equivalent interest rate from 4.63% to 4.44%.

**Recent Plan Changes:**

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the UnitedHealthcare Medicare Advantage Plan with Prescription Drug Coverage (MAPD).

The Plan was changed in 2017 to reflect the Affordable Care Act (ACA) maximum annual out-of-pocket amounts.

## REQUIRED SUPPLEMENTARY INFORMATION

## Information About Infrastructure Assets Reported Using the Modified Approach

For the Fiscal Year Ended September 30, 2019

**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 2019 include approximately 10,887 miles of state maintained highways and 5,409 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

## REQUIRED SUPPLEMENTARY INFORMATION

## Information About Infrastructure Assets Reported Using the Modified Approach

For the Fiscal Year Ended September 30, 2019

**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,					
	2019		2018		2017	
	Miles	Rating	Miles	Rating	Miles	Rating
Non-Interstate Non-National Highway System	6,713	82.82	6,703	87.24	6,702	85.44
Non-Interstate National Highway System	3,172	70.97	3,183	73.34	3,185	73.75
Interstate System	1,002	57.94	1,002	61.03	1,002	61.15
<b>Total and Weighted Average Rating</b>	<b>10,887</b>	<b>77.08</b>	<b>10,888</b>	<b>80.76</b>	<b>10,889</b>	<b>79.79</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,					
	2019		2018		2017	
	Structures	Rating	Structures	Rating	Structures	Rating
Non-Interstate Non-National Highway System	2,329	6.62	2,324	6.66	2,321	6.70
Non-Interstate National Highway System	1,833	6.56	1,838	6.58	1,834	6.67
Interstate System	1,247	6.05	1,244	6.04	1,240	5.99
<b>Total and Weighted Average Rating</b>	<b>5,409</b>	<b>6.47</b>	<b>5,406</b>	<b>6.49</b>	<b>5,395</b>	<b>6.53</b>

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REQUIRED SUPPLEMENTARY INFORMATION

## Information About Infrastructure Assets Reported Using the Modified Approach

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For the Fiscal Year Ended September 30, 2019

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**Estimated and Actual Costs**

For fiscal years 2019, 2018, 2017, 2016, and 2015, the State estimated it would need to spend \$382.8, \$357.8, \$361.8, \$323.6, and \$309.2, 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 \$536,864,000 for roadway preservation and \$349,427,000 for bridge preservation in fiscal year 2019. The State spent \$520,098,000 for roadway preservation and \$492,721,000 for bridge preservation in fiscal year 2018. 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 road preservation and \$163,389,000 for bridge preservation in fiscal year 2016. In fiscal year 2015, the State spent \$424,506,000 for road preservation and \$116,600,000 for bridge preservation. In the next fiscal year, the Alabama Department of Transportation estimates that it will need to spend approximately \$413,948,000 to preserve all roadway assets and approximately \$10,000,000 to preserve all bridge assets at or above the “Established Condition Levels” presented above. Condition levels are expected to continue to meet or exceed the “Established Condition Levels”.



## STATE OF ALABAMA

## COMBINING BALANCE SHEET

## Nonmajor Governmental Funds by Fund Type

September 30, 2019

(Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Permanent Funds	Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,880,379	\$ 54,420	\$ 97,507	\$ 997	\$ 2,033,303
Investments	899,001	165,819	191,258	105,902	1,361,980
Due From Other Funds	112,822	—	2,014	—	114,836
Due From Component Units	14,822	—	42,990	—	57,812
Investment Sales Receivable	3,080	—	—	—	3,080
Accounts Receivable	94,898	—	—	263	95,161
Taxes Receivable	368,128	4,600	—	—	372,728
Due From Other Governments	153,071	—	—	—	153,071
Mortgages, Notes, and Loans Receivable	—	—	—	66	66
Securities Lending Collateral	910	—	—	7,558	8,468
Inventory	1,597	—	—	—	1,597
Restricted Assets	2,424	—	—	—	2,424
Other Assets	193	—	—	—	193
<b>TOTAL ASSETS</b>	<b>\$ 3,531,325</b>	<b>\$ 224,839</b>	<b>\$ 333,769</b>	<b>\$ 114,786</b>	<b>\$ 4,204,719</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Warrants Payable	\$ 15,228	\$ 0	\$ 4	\$ 0	\$ 15,232
Investment Purchases Payable	4,357	—	—	—	4,357
Due To Other Funds	47,920	—	—	75	47,995
Due To Component Units	549	—	—	—	549
Accounts Payable	298,187	—	7,020	153	305,360
Due To Other Governments	199,301	—	—	—	199,301
Claims Payable	1	—	—	—	1
Securities Lending Obligation	910	—	—	7,558	8,468
Unearned Revenue	5,000	—	—	—	5,000
Amounts Held in Custody for Others	106,757	—	—	—	106,757
Compensated Absences	945	—	—	—	945
<b>TOTAL LIABILITIES</b>	<b>679,155</b>	<b>—</b>	<b>7,024</b>	<b>7,786</b>	<b>693,965</b>
<b>Deferred Inflows of Resources</b>	<b>341,977</b>	<b>0</b>	<b>24,632</b>	<b>0</b>	<b>366,609</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	1,597	—	—	—	1,597
Permanent Fund Principal	—	—	—	95,276	95,276
Restricted for:					
Economic Development and Regulation	189,405	—	—	—	189,405
Education and Cultural Resources	517,765	—	—	1,685	519,450
Natural Resources and Recreation	136,829	—	—	—	136,829
Health	288,924	—	—	175	289,099
Social Services	223,616	—	—	9,864	233,480
Protection of Persons and Property	284,985	—	—	—	284,985
Transportation	87,920	—	—	—	87,920
General Government	741,932	—	—	—	741,932
Capital Projects	—	—	302,113	—	302,113
Debt Service	—	224,839	—	—	224,839
Assigned for:					
Economic Development and Regulation	1,461	—	—	—	1,461
Education and Cultural Resources	3,006	—	—	—	3,006
Social Services	298	—	—	—	298
Protection of Persons and Property	16,631	—	—	—	16,631
General Government	22,351	—	—	—	22,351
Unassigned	(6,527)	—	—	—	(6,527)
<b>Total Fund Balances</b>	<b>2,510,193</b>	<b>224,839</b>	<b>302,113</b>	<b>107,000</b>	<b>3,144,145</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 3,531,325</b>	<b>\$ 224,839</b>	<b>\$ 333,769</b>	<b>\$ 114,786</b>	<b>\$ 4,204,719</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 For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Permanent Funds	Totals
<b>REVENUES</b>					
Taxes	\$ 1,430,890	\$ 199,465	\$ 0	\$ 0	\$ 1,630,355
Licenses, Permits, and Fees	601,291	—	—	1,377	602,668
Fines, Forfeits, and Court Settlements	205,155	—	—	—	205,155
Investment Income	41,038	5,664	8,509	6,940	62,151
Federal Grants and Reimbursements	2,279,254	9,070	—	—	2,288,324
Other Revenues	476,038	23,127	7,369	13	506,547
<b>Total Revenues</b>	<b>5,033,666</b>	<b>237,326</b>	<b>15,878</b>	<b>8,330</b>	<b>5,295,200</b>
<b>EXPENDITURES</b>					
Current:					
Economic Development and Regulation	142,302	—	—	—	142,302
Education and Cultural Resources	1,602,386	—	—	454	1,602,840
Natural Resources and Recreation	162,744	—	—	—	162,744
Health	2,034,110	—	—	—	2,034,110
Social Services	428,592	—	—	104	428,696
Protection of Persons and Property	646,850	—	—	—	646,850
Transportation	269,011	—	—	—	269,011
General Government	781,013	—	—	10	781,023
Capital Outlay	935	—	47,855	—	48,790
Debt Service - Principal Retirement	5,275	367,739	—	—	373,014
Debt Service - Interest and Other Charges	5,136	206,672	27	—	211,835
<b>Total Expenditures</b>	<b>6,078,354</b>	<b>574,411</b>	<b>47,882</b>	<b>568</b>	<b>6,701,215</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,044,688)</b>	<b>(337,085)</b>	<b>(32,004)</b>	<b>7,762</b>	<b>(1,406,015)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	2,155,806	371,574	392	3,080	2,530,852
Bonds Issued	276,835	—	62,045	—	338,880
Debt Issuance Premiums	24,726	—	1,899	—	26,625
Insurance Recovery Proceeds	1,360	—	4	—	1,364
Transfers Out	(972,899)	(2,111)	(264,005)	(1,353)	(1,240,368)
Payments to Refunded Bond Escrow Agent	(144,099)	(16,720)	—	—	(160,819)
<b>Total Other Financing Sources (Uses)</b>	<b>1,341,729</b>	<b>352,743</b>	<b>(199,665)</b>	<b>1,727</b>	<b>1,496,534</b>
<b>Net Change in Fund Balances</b>	<b>297,041</b>	<b>15,658</b>	<b>(231,669)</b>	<b>9,489</b>	<b>90,519</b>
Fund Balances, October 1, 2018, as Restated	2,213,262	209,181	533,782	97,511	3,053,736
Increase (Decrease) in Inventory	(110)	—	—	—	(110)
<b>Fund Balances, September 30, 2019</b>	<b>\$ 2,510,193</b>	<b>\$ 224,839</b>	<b>\$ 302,113</b>	<b>\$ 107,000</b>	<b>\$ 3,144,145</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, 2019

(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	\$ 82,995	\$ 50,475	\$ 48,195	\$ 39,071	\$ 28,790
Investments	—	—	4,219	—	—
Due From Other Funds	25,989	3,677	1,895	442	—
Due From Component Units	876	—	1	—	—
Investment Sales Receivable	—	—	—	—	—
Accounts Receivable	14	44	608	—	—
Taxes Receivable	187	31	—	28,847	9,996
Due From Other Governments	12,182	99,227	18,216	—	—
Securities Lending Collateral	—	—	—	—	—
Inventory	—	—	80	—	—
Restricted Assets	—	—	1,367	—	—
Other Assets	—	—	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 122,243</b>	<b>\$ 153,454</b>	<b>\$ 74,581</b>	<b>\$ 68,360</b>	<b>\$ 38,786</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Warrants Payable	\$ 205	\$ 5,119	\$ 279	\$ 826	\$ 0
Investment Purchases Payable	—	—	—	—	—
Due To Other Funds	10,562	685	3,822	—	—
Due To Component Units	—	134	3	—	—
Accounts Payable	43,786	6,021	13,509	48	—
Due To Other Governments	2,874	100,492	5,718	62,269	—
Claims Payable	—	—	—	—	—
Securities Lending Obligation	—	—	—	—	—
Unearned Revenue	—	—	—	—	—
Amounts Held in Custody for Others	—	—	—	—	—
Compensated Absences	127	3	—	—	—
<b>TOTAL LIABILITIES</b>	<b>57,554</b>	<b>112,454</b>	<b>23,331</b>	<b>63,143</b>	<b>0</b>
<b>Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>4,251</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	—	—	80	—	—
Restricted for:					
Economic Development and Regulation	—	—	—	40	—
Education and Cultural Resources	—	39,127	—	—	—
Natural Resources and Recreation	—	—	—	—	—
Health	64,689	—	—	—	38,786
Social Services	—	1,873	—	—	—
Protection of Persons and Property	—	—	—	—	—
Transportation	—	—	—	1,041	—
General Government	—	—	46,919	4,136	—
Assigned for:					
Economic Development and Regulation	—	—	—	—	—
Education and Cultural Resources	—	—	—	—	—
Social Services	—	—	—	—	—
Protection of Persons and Property	—	—	—	—	—
General Government	—	—	—	—	—
Unassigned	—	—	—	—	—
<b>Total Fund Balances</b>	<b>64,689</b>	<b>41,000</b>	<b>46,999</b>	<b>5,217</b>	<b>38,786</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 122,243</b>	<b>\$ 153,454</b>	<b>\$ 74,581</b>	<b>\$ 68,360</b>	<b>\$ 38,786</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	Total
\$ 135,242	\$ 38,412	\$ 35,411	\$ 27,047	\$ 107,030	\$ 3,099	\$ 1,284,612	\$ 1,880,379
—	—	40,965	14,602	314	—	838,901	899,001
49,858	—	—	717	640	—	29,604	112,822
—	—	—	—	565	—	13,380	14,822
—	—	—	—	—	—	3,080	3,080
—	—	—	129	50	78,096	15,957	94,898
141,261	169,595	—	—	219	—	17,992	368,128
—	—	—	—	—	—	23,446	153,071
—	—	—	—	—	—	910	910
358	—	—	—	704	—	455	1,597
—	—	—	—	—	—	1,057	2,424
—	—	—	—	—	—	193	193
<b>\$ 326,719</b>	<b>\$ 208,007</b>	<b>\$ 76,376</b>	<b>\$ 42,495</b>	<b>\$ 109,522</b>	<b>\$ 81,195</b>	<b>\$ 2,229,587</b>	<b>\$ 3,531,325</b>

\$ 148	\$ —	\$ 0	\$ 15	\$ 182	\$ 0	\$ 8,454	\$ 15,228
—	—	—	—	—	—	4,357	4,357
14,125	—	1	838	976	—	16,911	47,920
—	—	—	—	—	—	412	549
76,389	—	151	5,213	10,801	—	142,269	298,187
8,381	—	—	33	732	—	18,802	199,301
—	—	—	—	—	—	1	1
—	—	—	—	—	—	910	910
—	—	—	—	—	—	5,000	5,000
—	—	—	—	333	—	106,424	106,757
95	—	—	1	111	—	608	945
<b>99,138</b>	<b>—</b>	<b>152</b>	<b>6,100</b>	<b>13,135</b>	<b>0</b>	<b>304,148</b>	<b>679,155</b>
<b>102,092</b>	<b>142,168</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78,096</b>	<b>15,370</b>	<b>341,977</b>

358	—	—	—	704	—	455	1,597
—	—	—	—	—	3,099	186,266	189,405
—	65,839	76,224	—	—	—	336,575	517,765
—	—	—	—	95,683	—	41,146	136,829
125,131	—	—	—	—	—	60,318	288,924
—	—	—	19,221	—	—	202,522	223,616
—	—	—	17,174	—	—	267,811	284,985
—	—	—	—	—	—	86,879	87,920
—	—	—	—	—	—	690,877	741,932
—	—	—	—	—	—	1,461	1,461
—	—	—	—	—	—	3,006	3,006
—	—	—	—	—	—	298	298
—	—	—	—	—	—	16,631	16,631
—	—	—	—	—	—	22,351	22,351
—	—	—	—	—	—	(6,527)	(6,527)
<b>125,489</b>	<b>65,839</b>	<b>76,224</b>	<b>36,395</b>	<b>96,387</b>	<b>3,099</b>	<b>1,910,069</b>	<b>2,510,193</b>

<b>\$ 326,719</b>	<b>\$ 208,007</b>	<b>\$ 76,376</b>	<b>\$ 42,495</b>	<b>\$ 109,522</b>	<b>\$ 81,195</b>	<b>\$ 2,229,587</b>	<b>\$ 3,531,325</b>
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## STATE OF ALABAMA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

## Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	Public Health Department	Education Department	Economic and Community Affairs	Revenues Allocated to Other Governments	Other Medicaid Funds
<b>REVENUES</b>					
Taxes	\$ 2,178	\$ 1,966	\$ 0	\$ 379,150	\$ 395,759
Licenses, Permits, and Fees	78,412	700	2,082	35,402	—
Fines, Forfeits, and Court Settlements	67	—	1,231	1	—
Investment Income	—	—	1,573	—	—
Federal Grants and Reimbursements	524,487	1,055,505	160,770	1,435	—
Other Revenues	26,966	9,797	4,767	5	—
<b>Total Revenues</b>	<b>632,110</b>	<b>1,067,968</b>	<b>170,423</b>	<b>415,993</b>	<b>395,759</b>
<b>EXPENDITURES</b>					
Current:					
Economic Development and Regulation	—	—	—	1,671	—
Education and Cultural Resources	—	1,012,038	—	—	—
Natural Resources and Recreation	—	—	—	2,971	—
Health	705,426	—	—	378	378,094
Social Services	—	54,133	—	—	—
Protection of Persons and Property	—	—	—	7,018	—
Transportation	—	—	—	232,821	—
General Government	—	—	160,720	222,675	—
Capital Outlay	—	—	—	—	—
Debt Service - Principal Retirement	769	—	—	—	—
Debt Service - Interest and Other Charges	395	—	—	—	—
<b>Total Expenditures</b>	<b>706,590</b>	<b>1,066,171</b>	<b>160,720</b>	<b>467,534</b>	<b>378,094</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(74,480)</b>	<b>1,797</b>	<b>9,703</b>	<b>(51,541)</b>	<b>17,665</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	134,971	2,144	16,388	53,430	34,915
Bonds Issued	—	—	—	—	—
Debt Issuance Premiums	—	—	—	—	—
Insurance Recovery Proceeds	—	—	—	—	—
Transfers Out	(37,773)	(2,378)	(18,203)	—	(34,915)
Payments to Refunded Bond Escrow Agent	—	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>97,198</b>	<b>(234)</b>	<b>(1,815)</b>	<b>53,430</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>22,718</b>	<b>1,563</b>	<b>7,888</b>	<b>1,889</b>	<b>17,665</b>
Fund Balances, October 1, 2018, as Restated	41,971	39,437	39,090	3,328	21,121
Increase (Decrease) in Inventory	—	—	21	—	—
<b>Fund Balances, September 30, 2019</b>	<b>\$ 64,689</b>	<b>\$ 41,000</b>	<b>\$ 46,999</b>	<b>\$ 5,217</b>	<b>\$ 38,786</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	Total
\$ 225,299	\$ 196,279	\$ 0	\$ 4,400	\$ 9,308	\$ 0	\$ 216,551	\$ 1,430,890
93	16	—	276	23,226	—	461,084	601,291
—	—	—	65	859	107,919	95,013	205,155
—	—	1,472	524	813	35	36,621	41,038
66,889	—	—	48,126	20,843	—	401,199	2,279,254
6,837	56,009	—	5,052	82,489	—	284,116	476,038
<b>299,118</b>	<b>252,304</b>	<b>1,472</b>	<b>58,443</b>	<b>137,538</b>	<b>107,954</b>	<b>1,494,584</b>	<b>5,033,666</b>
—	—	—	—	—	201	140,430	142,302
—	176,845	23,053	—	—	—	390,450	1,602,386
—	—	—	—	135,096	—	24,677	162,744
841,050	—	—	—	—	—	109,162	2,034,110
7	—	—	66,164	—	—	308,288	428,592
—	—	—	11,990	—	—	627,842	646,850
—	—	—	—	—	—	36,190	269,011
—	—	—	—	—	—	397,618	781,013
—	—	—	—	—	—	935	935
—	—	—	25	—	—	4,481	5,275
—	533	221	2	—	13	3,972	5,136
<b>841,057</b>	<b>177,378</b>	<b>23,274</b>	<b>78,181</b>	<b>135,096</b>	<b>214</b>	<b>2,044,045</b>	<b>6,078,354</b>
<b>(541,939)</b>	<b>74,926</b>	<b>(21,802)</b>	<b>(19,738)</b>	<b>2,442</b>	<b>107,740</b>	<b>(549,461)</b>	<b>(1,044,688)</b>
927,042	533	—	18,057	11,610	16,580	940,136	2,155,806
—	—	25,950	—	—	—	250,885	276,835
—	—	3,867	—	—	—	20,859	24,726
—	—	—	29	468	—	863	1,360
(369,205)	(61,552)	(432)	(617)	(11,637)	(123,917)	(312,270)	(972,899)
—	—	—	—	—	—	(144,099)	(144,099)
<b>557,837</b>	<b>(61,019)</b>	<b>29,385</b>	<b>17,469</b>	<b>441</b>	<b>(107,337)</b>	<b>756,374</b>	<b>1,341,729</b>
<b>15,898</b>	<b>13,907</b>	<b>7,583</b>	<b>(2,269)</b>	<b>2,883</b>	<b>403</b>	<b>206,913</b>	<b>297,041</b>
109,684	51,932	68,641	38,664	93,611	2,696	1,703,087	2,213,262
(93)	—	—	—	(107)	—	69	(110)
<b>\$ 125,489</b>	<b>\$ 65,839</b>	<b>\$ 76,224</b>	<b>\$ 36,395</b>	<b>\$ 96,387</b>	<b>\$ 3,099</b>	<b>\$ 1,910,069</b>	<b>\$ 2,510,193</b>

**STATE OF ALABAMA**
**COMBINING BALANCE SHEET**  
**Other Nonmajor Special Revenue Funds**

September 30, 2019

(Amounts in Thousands)

	Corrections	Environmental Management	Professional and Occupational Boards	Emergency Management	Rehabilitation Services	Children First Trust
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 35,221	\$ 29,446	\$ 55,524	\$ 4,319	\$ 28,087	\$ 23,970
Investments	—	38,757	17,346	—	—	—
Due From Other Funds	5,895	177	25	233	3,457	—
Due From Component Units	—	423	—	—	—	—
Investment Sales Receivable	—	—	—	—	—	—
Accounts Receivable	553	—	190	—	16	—
Taxes Receivable	—	—	—	—	—	—
Due From Other Governments	—	—	—	3,879	—	—
Securities Lending Collateral	—	—	—	—	—	—
Inventory	—	—	—	—	97	—
Restricted Assets	—	—	—	—	—	—
Other Assets	—	—	25	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 41,669</b>	<b>\$ 68,803</b>	<b>\$ 73,110</b>	<b>\$ 8,431</b>	<b>\$ 31,657</b>	<b>\$ 23,970</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Warrants Payable	\$ 0	\$ 268	\$ 105	\$ 2,717	\$ 661	\$ 30
Investment Purchases Payable	—	—	—	—	—	—
Due To Other Funds	—	4,820	238	363	1,390	585
Due To Component Units	—	250	—	5	1	139
Accounts Payable	3,053	11,230	2,465	485	14,066	265
Due To Other Governments	—	812	17	3,105	577	503
Claims Payable	—	—	—	—	—	—
Securities Lending Obligation	—	—	—	—	—	—
Unearned Revenue	—	—	4,366	—	—	—
Amounts Held in Custody for Others	—	—	870	—	—	—
Compensated Absences	—	23	—	29	—	—
<b>Total Liabilities</b>	<b>3,053</b>	<b>17,403</b>	<b>8,061</b>	<b>6,704</b>	<b>16,695</b>	<b>1,522</b>
<b>Deferred Inflows Of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>						
Nonspendable:						
Inventory	—	—	—	—	97	—
Restricted for:						
Economic Development and Regulation	—	—	—	—	—	—
Education and Cultural Resources	—	—	—	—	1,533	—
Natural Resources and Recreation	—	—	2	—	—	—
Health	—	51,400	—	—	—	3,162
Social Services	—	—	—	—	13,332	10,334
Protection of Persons and Property	38,616	—	65,047	1,727	—	5,756
Transportation	—	—	—	—	—	—
General Government	—	—	—	—	—	3,196
Assigned for:						
Economic Development and Regulation	—	—	—	—	—	—
Education and Cultural Resources	—	—	—	—	—	—
Social Services	—	—	—	—	—	—
Protection of Persons and Property	—	—	—	—	—	—
General Government	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
<b>Total Fund Balances</b>	<b>38,616</b>	<b>51,400</b>	<b>65,049</b>	<b>1,727</b>	<b>14,962</b>	<b>22,448</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 41,669</b>	<b>\$ 68,803</b>	<b>\$ 73,110</b>	<b>\$ 8,431</b>	<b>\$ 31,657</b>	<b>\$ 23,970</b>

Forever Wild Trust	Fair Trial Tax Fund	Alabama Capital Improvement Trust	County and Municipal Capital Improvement	Revenue Administrative Fund	Rebuild Alabama Fund	Miscellaneous Special Revenue Funds	Totals
\$ 1,465	\$ 7,064	\$ 3	\$ 0	\$ 46,257	\$ —	\$ 1,053,256	\$ 1,284,612
31,349	—	4,622	507,533	—	—	239,294	838,901
—	—	—	—	239	—	19,578	29,604
—	—	—	—	—	—	12,957	13,380
—	—	—	3,080	—	—	—	3,080
—	5	22	1,427	—	—	13,744	15,957
—	31	—	—	5,501	10,983	1,477	17,992
—	—	—	—	—	—	19,567	23,446
—	—	—	—	—	—	910	910
—	—	—	—	120	—	238	455
—	—	—	—	—	—	1,057	1,057
—	—	—	—	—	—	168	193
<b>\$ 32,814</b>	<b>\$ 7,100</b>	<b>\$ 4,647</b>	<b>\$ 512,040</b>	<b>\$ 52,117</b>	<b>\$ 10,983</b>	<b>\$ 1,362,246</b>	<b>\$ 2,229,587</b>
\$ 1	\$ 655	\$ 0	\$ 0	\$ 14	\$ —	\$ 4,003	\$ 8,454
—	—	—	4,357	—	—	—	4,357
1	50	—	—	2,052	—	7,412	16,911
—	—	—	—	—	—	17	412
173	798	—	—	10,536	—	99,198	142,269
—	7	—	—	16	—	13,765	18,802
—	—	—	—	—	—	1	1
—	—	—	—	—	—	910	910
—	—	—	—	—	—	634	5,000
—	—	—	—	46	—	105,508	106,424
—	11	—	—	78	—	467	608
<b>175</b>	<b>1,521</b>	<b>—</b>	<b>4,357</b>	<b>12,742</b>	<b>—</b>	<b>231,915</b>	<b>304,148</b>
<b>0</b>	<b>0</b>	<b>4</b>	<b>471</b>	<b>0</b>	<b>—</b>	<b>14,895</b>	<b>15,370</b>
—	—	—	—	120	—	238	455
—	—	—	—	—	—	186,266	186,266
—	—	—	—	—	—	335,042	336,575
32,639	—	—	—	—	—	8,505	41,146
—	—	—	—	—	—	5,756	60,318
—	—	—	—	—	—	178,856	202,522
—	—	—	—	—	—	156,665	267,811
—	—	—	—	—	10,983	75,896	86,879
—	5,579	4,643	507,212	39,255	—	130,992	690,877
—	—	—	—	—	—	1,461	1,461
—	—	—	—	—	—	3,006	3,006
—	—	—	—	—	—	298	298
—	—	—	—	—	—	16,631	16,631
—	—	—	—	—	—	22,351	22,351
—	—	—	—	—	—	(6,527)	(6,527)
<b>32,639</b>	<b>5,579</b>	<b>4,643</b>	<b>507,212</b>	<b>39,375</b>	<b>10,983</b>	<b>1,115,436</b>	<b>1,910,069</b>
<b>\$ 32,814</b>	<b>\$ 7,100</b>	<b>\$ 4,647</b>	<b>\$ 512,040</b>	<b>\$ 52,117</b>	<b>\$ 10,983</b>	<b>\$ 1,362,246</b>	<b>\$ 2,229,587</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, 2019

(Amounts in Thousands)

	Corrections	Environmental Management	Professional and Occupational Boards	Emergency Management	Rehabilitation Services	Children First Trust
<b>REVENUES</b>						
Taxes	\$ 0	\$ 7,702	\$ 0	\$ 0	\$ 0	\$ 0
Licenses, Permits, and Fees	6,159	71,091	47,643	—	—	—
Fines, Forfeits, and Court Settlements	1,791	3,379	9,657	—	725	—
Investment Income	3	980	1,153	—	—	—
Federal Grants and Reimbursements	342	22,301	—	39,715	74,860	—
Other Revenues	17,461	1,715	1,327	224	1,272	174
<b>Total Revenues</b>	<b>25,756</b>	<b>107,168</b>	<b>59,780</b>	<b>39,939</b>	<b>76,857</b>	<b>174</b>
<b>EXPENDITURES</b>						
Current:						
Economic Development and Regulation	—	—	—	—	—	—
Education and Cultural Resources	—	—	—	—	11,398	—
Natural Resources and Recreation	—	—	6	—	—	—
Health	—	101,913	—	—	—	4,598
Social Services	—	—	—	—	98,913	15,024
Protection of Persons and Property	43,869	—	57,220	38,937	—	8,369
Transportation	—	—	—	—	—	—
General Government	—	—	—	—	—	4,647
Capital Outlay	—	—	—	—	—	—
Debt Service - Principal Retirement	3,813	—	—	—	—	—
Debt Service - Interest and Other Charges	2,122	365	—	—	—	—
<b>Total Expenditures</b>	<b>49,804</b>	<b>102,278</b>	<b>57,226</b>	<b>38,937</b>	<b>110,311</b>	<b>32,638</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(24,048)</b>	<b>4,890</b>	<b>2,554</b>	<b>1,002</b>	<b>(33,454)</b>	<b>(32,464)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	22,939	6,189	1,166	517	32,077	53,075
Bonds Issued	—	—	—	—	—	—
Debt Issuance Premiums	—	—	—	—	—	—
Insurance Recovery Proceeds	211	25	17	—	1	—
Transfers Out	—	(5,490)	(1,692)	(411)	(5,027)	(13,682)
Payments to Refunded Bond Escrow Agent	—	—	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>23,150</b>	<b>724</b>	<b>(509)</b>	<b>106</b>	<b>27,051</b>	<b>39,393</b>
<b>Net Change in Fund Balances</b>	<b>(898)</b>	<b>5,614</b>	<b>2,045</b>	<b>1,108</b>	<b>(6,403)</b>	<b>6,929</b>
Fund Balances, October 1, 2018, as Restated	39,514	45,786	63,004	619	21,365	15,519
Increase (Decrease) in Inventory	—	—	—	—	—	—
<b>Fund Balances, September 30, 2019</b>	<b>\$ 38,616</b>	<b>\$ 51,400</b>	<b>\$ 65,049</b>	<b>\$ 1,727</b>	<b>\$ 14,962</b>	<b>\$ 22,448</b>

Forever Wild Trust	Fair Trial Tax Fund	Alabama Capital Improvement Trust	County and Municipal Capital Improvement	Revenue Administrative Fund	Rebuild Alabama Fund	Miscellaneous Special Revenue Funds	Totals
\$ 0	\$ 10,866	\$ 0	\$ 0	\$ 133,245	\$ 10,983	\$ 53,755	\$ 216,551
208	269	—	—	10,312	—	325,402	461,084
—	—	—	—	—	—	79,461	95,013
553	—	37	24,074	—	—	9,821	36,621
—	—	—	—	—	—	263,981	401,199
117	3,771	—	—	7,272	—	250,783	284,116
<b>878</b>	<b>14,906</b>	<b>37</b>	<b>24,074</b>	<b>150,829</b>	<b>10,983</b>	<b>983,203</b>	<b>1,494,584</b>
—	—	—	—	—	—	140,430	140,430
—	—	—	—	—	—	379,052	390,450
4,678	—	—	—	—	—	19,993	24,677
—	—	—	—	—	—	2,651	109,162
—	—	—	—	—	—	194,351	308,288
—	—	—	—	—	—	479,447	627,842
—	—	—	—	—	—	36,190	36,190
—	80,409	1	1,682	147,640	—	163,239	397,618
—	—	—	—	—	—	935	935
—	—	—	—	—	—	668	4,481
—	—	—	—	—	—	1,485	3,972
<b>4,678</b>	<b>80,409</b>	<b>1</b>	<b>1,682</b>	<b>147,640</b>	<b>—</b>	<b>1,418,441</b>	<b>2,044,045</b>
<b>(3,800)</b>	<b>(65,503)</b>	<b>36</b>	<b>22,392</b>	<b>3,189</b>	<b>10,983</b>	<b>(435,238)</b>	<b>(549,461)</b>
15,000	69,668	20,721	3,305	6,046	—	709,433	940,136
—	—	—	—	—	—	250,885	250,885
—	—	—	—	—	—	20,859	20,859
—	—	—	—	—	—	609	863
(1,261)	(1,171)	(21,341)	(23,245)	(30,808)	—	(208,142)	(312,270)
—	—	—	—	—	—	(144,099)	(144,099)
<b>13,739</b>	<b>68,497</b>	<b>(620)</b>	<b>(19,940)</b>	<b>(24,762)</b>	<b>—</b>	<b>629,545</b>	<b>756,374</b>
<b>9,939</b>	<b>2,994</b>	<b>(584)</b>	<b>2,452</b>	<b>(21,573)</b>	<b>10,983</b>	<b>194,307</b>	<b>206,913</b>
22,700	2,585	5,227	504,760	60,943	—	921,065	1,703,087
—	—	—	—	5	—	64	69
<b>\$ 32,639</b>	<b>\$ 5,579</b>	<b>\$ 4,643</b>	<b>\$ 507,212</b>	<b>\$ 39,375</b>	<b>\$ 10,983</b>	<b>\$ 1,115,436</b>	<b>\$ 1,910,069</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 the State.

## STATE OF ALABAMA

## COMBINING BALANCE SHEET

## Nonmajor Debt Service Funds

September 30, 2019

(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	\$ 1,325	\$ 500	\$ 16,518	\$ 22,934	\$ 87
Investments	165,055	—	—	—	—
Taxes Receivable	4,450	—	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 170,830</b>	<b>\$ 500</b>	<b>\$ 16,518</b>	<b>\$ 22,934</b>	<b>\$ 87</b>
<b>Fund Balances</b>					
Restricted for:					
Debt Service	\$ 170,830	\$ 500	\$ 16,518	\$ 22,934	\$ 87
<b>Total Fund Balances</b>	<b>170,830</b>	<b>500</b>	<b>16,518</b>	<b>22,934</b>	<b>87</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 170,830</b>	<b>\$ 500</b>	<b>\$ 16,518</b>	<b>\$ 22,934</b>	<b>\$ 87</b>

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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	\$ 1,955	\$ 0	\$ 0	\$ 11,101	\$ 0	\$ 54,420
—	764	—	—	—	—	—	165,819
—	—	150	—	—	—	—	4,600
<u>\$ —</u>	<u>\$ 764</u>	<u>\$ 2,105</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,101</u>	<u>\$ 0</u>	<u>\$ 224,839</u>

\$ —	\$ 764	\$ 2,105	\$ —	\$ —	\$ 11,101	\$ —	\$ 224,839
<u>0</u>	<u>764</u>	<u>2,105</u>	<u>0</u>	<u>0</u>	<u>11,101</u>	<u>0</u>	<u>224,839</u>
<u>\$ 0</u>	<u>\$ 764</u>	<u>\$ 2,105</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,101</u>	<u>\$ 0</u>	<u>\$ 224,839</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, 2019

(Amounts in Thousands)

	Public School & College Authority	General Obligation Bonds	Twenty-first Century Authority	Incentives Financing Authority	Industrial Development Authority
<b>REVENUES</b>					
Taxes	\$ 195,835	\$ 0	\$ 0	\$ 0	\$ 0
Investment Income	5,167	—	215	175	—
Federal Grants and Reimbursements	9,070	—	—	—	—
Other Revenues	23,127	—	—	—	—
<b>Total Revenues</b>	<b>233,199</b>	<b>0</b>	<b>215</b>	<b>175</b>	<b>0</b>
<b>EXPENDITURES</b>					
Current:					
Debt Service - Principal Retirement	204,555	54,940	13,760	6,575	—
Debt Service - Interest and Other Charges	72,056	27,362	2,173	11,363	—
<b>Total Expenditures</b>	<b>276,611</b>	<b>82,302</b>	<b>15,933</b>	<b>17,938</b>	<b>0</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(43,412)</b>	<b>(82,302)</b>	<b>(15,718)</b>	<b>(17,763)</b>	<b>0</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	61,984	82,802	15,420	32,082	—
Transfers Out	—	—	—	(5)	—
<b>Payments to Refunded Bond Escrow Agent</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(16,720)</b>	<b>—</b>
<b>Total Other Financing Sources (Uses)</b>	<b>61,984</b>	<b>82,802</b>	<b>15,420</b>	<b>15,357</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>18,572</b>	<b>500</b>	<b>(298)</b>	<b>(2,406)</b>	<b>0</b>
Fund Balances, October 1, 2018, as Restated	152,258	0	16,816	25,340	87
<b>Fund Balances, September 30, 2019</b>	<b>\$ 170,830</b>	<b>\$ 500</b>	<b>\$ 16,518</b>	<b>\$ 22,934</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	\$ 1,830	\$ 199,465
—	3	—	—	—	104	—	5,664
—	—	—	—	—	—	—	9,070
—	—	—	—	—	—	—	23,127
<b>0</b>	<b>3</b>	<b>1,800</b>	<b>0</b>	<b>0</b>	<b>104</b>	<b>1,830</b>	<b>237,326</b>
47,369	1,580	1,895	1,365	3,625	31,005	1,070	367,739
66,473	3,240	211	27	188	22,819	760	206,672
<b>113,842</b>	<b>4,820</b>	<b>2,106</b>	<b>1,392</b>	<b>3,813</b>	<b>53,824</b>	<b>1,830</b>	<b>574,411</b>
<b>(113,842)</b>	<b>(4,817)</b>	<b>(306)</b>	<b>(1,392)</b>	<b>(3,813)</b>	<b>(53,720)</b>	<b>0</b>	<b>(337,085)</b>
113,826	4,816	2,106	1,392	3,813	53,333	—	371,574
—	—	(2,106)	—	—	—	—	(2,111)
—	—	—	—	—	—	—	(16,720)
<b>113,826</b>	<b>4,816</b>	<b>—</b>	<b>1,392</b>	<b>3,813</b>	<b>53,333</b>	<b>0</b>	<b>352,743</b>
<b>(16)</b>	<b>(1)</b>	<b>(306)</b>	<b>0</b>	<b>0</b>	<b>(387)</b>	<b>0</b>	<b>15,658</b>
16	765	2,411	—	—	11,488	—	209,181
<b>\$ —</b>	<b>\$ 764</b>	<b>\$ 2,105</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,101</b>	<b>\$ 0</b>	<b>\$ 224,839</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.*

### **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.

### **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, 2019

(Amounts in Thousands)

	General Obligation Bond Projects	Public Health Care Authority	Mental Health Finance Authority
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 61,451	\$ 29,914	\$ 6,139
Investments	—	6,201	—
Due From Other Funds	2,014	—	—
Due From Component Units	—	—	42,990
<b>TOTAL ASSETS</b>	<b>\$ 63,465</b>	<b>\$ 36,115</b>	<b>\$ 49,129</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Warrants Payable	4	—	—
Accounts Payable	1,010	5,948	62
<b>Total Liabilities</b>	<b>1,014</b>	<b>5,948</b>	<b>62</b>
<b>Deferred Inflows Of Resources</b>	<b>0</b>	<b>0</b>	<b>24,632</b>
<b>Fund Balances</b>			
Restricted for:			
Capital Projects	62,451	30,167	24,435
<b>Total Fund Balances</b>	<b>62,451</b>	<b>30,167</b>	<b>24,435</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 63,465</b>	<b>\$ 36,115</b>	<b>\$ 49,129</b>

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Federal Aid Highway Finance Authority	Highway Finance Corporation	Other Capital Project Funds	Total
\$ —	\$ 0	\$ 3	\$ 97,507
177,338	7,719	—	191,258
—	—	—	2,014
—	—	—	42,990
<u>\$ 177,338</u>	<u>\$ 7,719</u>	<u>\$ 3</u>	<u>\$ 333,769</u>

—	—	—	4
—	—	—	7,020
<u>0</u>	<u>0</u>	<u>0</u>	<u>7,024</u>
0	0	0	24,632

177,338	7,719	3	302,113
<u>177,338</u>	<u>7,719</u>	<u>3</u>	<u>302,113</u>
<u>\$ 177,338</u>	<u>\$ 7,719</u>	<u>\$ 3</u>	<u>\$ 333,769</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, 2019

(Amounts in Thousands)

	General Obligation Bond Projects	Public Health Care Authority	Mental Health Finance Authority
<b>REVENUES</b>			
Investment Income	\$ 1,035	\$ 22	\$ 526
Other Revenues	—	—	7,369
<b>Total Revenues</b>	<b>1,035</b>	<b>22</b>	<b>7,895</b>
<b>EXPENDITURES</b>			
Current:			
Capital Outlay	16,378	23,405	8,069
Debt Service - Interest and Other Charges	27	—	—
<b>Total Expenditures</b>	<b>16,405</b>	<b>23,405</b>	<b>8,069</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(15,370)</b>	<b>(23,383)</b>	<b>(174)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	—	304	88
Bonds Issued	62,045	—	—
Debt Issuance Premiums	1,899	—	—
Insurance Recovery Proceeds	—	—	4
Transfers Out	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>63,944</b>	<b>304</b>	<b>92</b>
<b>Net Change in Fund Balances</b>	<b>48,574</b>	<b>(23,079)</b>	<b>(82)</b>
<b>Fund Balances, October 1, 2018, as Restated</b>	<b>13,877</b>	<b>53,246</b>	<b>24,517</b>
<b>Fund Balances, September 30, 2019</b>	<b>\$ 62,451</b>	<b>\$ 30,167</b>	<b>\$ 24,435</b>

Federal Aid Highway Finance Authority	Highway Finance Corporation	Other Capital Project Funds	Totals
\$ 6,721	\$ 205	\$ 0	\$ 8,509
—	—	—	7,369
<b>6,721</b>	<b>205</b>	<b>0</b>	<b>15,878</b>
—	—	3	47,855
—	—	—	27
<b>0</b>	<b>0</b>	<b>3</b>	<b>47,882</b>
<b>6,721</b>	<b>205</b>	<b>(3)</b>	<b>(32,004)</b>
—	—	—	392
—	—	—	62,045
—	—	—	1,899
—	—	—	4
(260,326)	(3,679)	—	(264,005)
<b>(260,326)</b>	<b>(3,679)</b>	<b>0</b>	<b>(199,665)</b>
<b>(253,605)</b>	<b>(3,474)</b>	<b>(3)</b>	<b>(231,669)</b>
430,943	11,193	6	533,782
<b>\$ 177,338</b>	<b>\$ 7,719</b>	<b>\$ 3</b>	<b>\$ 302,113</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, 2019

(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	\$ 758	\$ 130	\$ 0	\$ 109	\$ 997
Investments	27,839	13,018	49,989	15,056	105,902
Accounts Receivable	—	6	257	—	263
Mortgages, Notes, and Loans Receivable	—	—	—	66	66
Securities Lending Collateral	1,571	—	5,987	—	7,558
<b>TOTAL ASSETS</b>	<b>\$ 30,168</b>	<b>\$ 13,154</b>	<b>\$ 56,233</b>	<b>\$ 15,231</b>	<b>\$ 114,786</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Due To Other Funds	68	7	—	—	75
Accounts Payable	—	153	—	—	153
Securities Lending Obligation	1,571	—	5,987	—	7,558
<b>Total Liabilities</b>	<b>1,639</b>	<b>160</b>	<b>5,987</b>	<b>0</b>	<b>7,786</b>
<b>Fund Balances</b>					
Nonspendable:					
Permanent Fund Principal	28,529	11,500	40,382	14,865	95,276
Restricted for:					
Education and Cultural Resources	—	1,494	—	191	1,685
Health	—	—	—	175	175
Social Services	—	—	9,864	—	9,864
<b>Total Fund Balances</b>	<b>28,529</b>	<b>12,994</b>	<b>50,246</b>	<b>15,231</b>	<b>107,000</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 30,168</b>	<b>\$ 13,154</b>	<b>\$ 56,233</b>	<b>\$ 15,231</b>	<b>\$ 114,786</b>

## STATE OF ALABAMA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

## Nonmajor Permanent Funds

For the Fiscal Year Ended September 30, 2019

(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	\$ 1,287	\$ 0	\$ 0	\$ 90	\$ 1,377
Investment Income	1,483	644	4,086	727	6,940
Other Revenues	—	—	13	—	13
<b>Total Revenues</b>	<b>2,770</b>	<b>644</b>	<b>4,099</b>	<b>817</b>	<b>8,330</b>
<b>EXPENDITURES</b>					
Current:					
Education and Cultural Resources	—	454	—	—	454
Social Services	—	—	104	—	104
General Government	—	—	—	10	10
<b>Total Expenditures</b>	<b>0</b>	<b>454</b>	<b>104</b>	<b>10</b>	<b>568</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>2,770</b>	<b>190</b>	<b>3,995</b>	<b>807</b>	<b>7,762</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	—	—	3,080	—	3,080
Transfers Out	—	(15)	(947)	(391)	(1,353)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(15)</b>	<b>2,133</b>	<b>(391)</b>	<b>1,727</b>
<b>Net Change in Fund Balances</b>	<b>2,770</b>	<b>175</b>	<b>6,128</b>	<b>416</b>	<b>9,489</b>
Fund Balances, October 1, 2018, as Restated	25,759	12,819	44,118	14,815	97,511
<b>Fund Balances, September 30, 2019</b>	<b>\$ 28,529</b>	<b>\$ 12,994</b>	<b>\$ 50,246</b>	<b>\$ 15,231</b>	<b>\$ 107,000</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, 2019

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>EXPENDITURES:</b>			
<b><u>Administrative Office of Courts</u></b>			
Administrative Services	3,332	3,332	-
Alabama Sentencing Commission	707	707	-
Court Operations	90,355	90,355	-
Drug Court	2,047	2,047	-
Juvenile Probation Officer Services	11,854	11,854	-
<b>TOTAL Administrative Office of Courts</b>	<b>108,295</b>	<b>108,295</b>	<b>-</b>
<b><u>Agriculture and Industries</u></b>			
Administrative Services	5,141	5,141	-
Agricultural Development Services	767	767	-
Agricultural Inspection Services	3,963	3,963	-
Lab Analysis and Disease Control	2,521	2,521	-
<b>TOTAL Agriculture and Industries</b>	<b>12,392</b>	<b>12,392</b>	<b>-</b>
<b><u>Alabama Community College System</u></b>			
Adult Education: Adult Basic Education	-	-	-
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: Automotive Manufacturing Workforce Development Program	-	-	-
Postsecondary-Special Line Items: Automotive Workforce Training Scholarship Program	-	-	-
Postsecondary-Special Line Items: Distance Learning Program	-	-	-
Postsecondary-Special Line Items: Mine Safety	-	-	-
Postsecondary-Special Line Items: Special Populations Training	-	-	-
Postsecondary-Special Line Items: Volunteer Emergency Medical Services Personnel Certification	-	-	-
Postsecondary-Technical Colleges	-	-	-
Postsecondary-Technical Colleges: Truck Driver Training-Central Alabama Community College	-	-	-
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	1,010	1,010	-
Legal Advice And Legal Service: Attorney General-Operations	11,209	11,209	-
<b>TOTAL Attorney General</b>	<b>12,219</b>	<b>12,219</b>	<b>-</b>
<b><u>Auditor</u></b>			
Fiscal Management	936	905	31
<b>TOTAL Auditor</b>	<b>936</b>	<b>905</b>	<b>31</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
-	-	-	-	-	-	3,332	3,332	-
-	-	-	-	-	-	707	707	-
-	-	-	76,146	68,682	7,464	166,501	159,037	7,464
-	-	-	-	-	-	2,047	2,047	-
750	750	-	4,647	4,647	-	17,251	17,251	-
<b>750</b>	<b>750</b>	<b>-</b>	<b>80,793</b>	<b>73,329</b>	<b>7,464</b>	<b>189,838</b>	<b>182,374</b>	<b>7,464</b>
-	-	-	7,077	4,093	2,984	12,218	9,234	2,984
-	-	-	6,449	3,214	3,235	7,216	3,981	3,235
-	-	-	17,241	12,222	5,019	21,204	16,185	5,019
-	-	-	10,962	7,149	3,813	13,483	9,670	3,813
-	-	-	<b>41,729</b>	<b>26,678</b>	<b>15,051</b>	<b>54,121</b>	<b>39,070</b>	<b>15,051</b>
12,830	12,830	-	-	-	-	12,830	12,830	-
10,893	10,893	-	26,446	26,446	-	37,339	37,339	-
275	275	-	-	-	-	275	275	-
9,534	9,534	-	-	-	-	9,534	9,534	-
250	250	-	-	-	-	250	250	-
200	200	-	-	-	-	200	200	-
500	500	-	-	-	-	500	500	-
350	350	-	-	-	-	350	350	-
4,500	4,500	-	-	-	-	4,500	4,500	-
125	125	-	-	-	-	125	125	-
-	-	-	2,000	1,101	899	2,000	1,101	899
241	241	-	-	-	-	241	241	-
5,189	5,189	-	-	-	-	5,189	5,189	-
12,278	12,278	-	-	-	-	12,278	12,278	-
5,867	5,867	-	-	-	-	5,867	5,867	-
8,352	8,352	-	-	-	-	8,352	8,352	-
311,663	311,663	-	-	-	-	311,663	311,663	-
<b>383,047</b>	<b>383,047</b>	<b>-</b>	<b>28,446</b>	<b>27,547</b>	<b>899</b>	<b>411,493</b>	<b>410,594</b>	<b>899</b>
-	-	-	1,230	570	660	2,240	1,580	660
-	-	-	13,358	9,487	3,871	24,567	20,696	3,871
-	-	-	<b>14,588</b>	<b>10,057</b>	<b>4,531</b>	<b>26,807</b>	<b>22,276</b>	<b>4,531</b>
-	-	-	-	-	-	936	905	31
-	-	-	-	-	-	<b>936</b>	<b>905</b>	<b>31</b>
3,353	3,182	171	436	205	231	3,789	3,387	402
14,099	13,169	930	725	162	563	14,824	13,331	1,493
2,444	2,411	33	107	1	106	2,551	2,412	139
5,543	5,543	-	-	-	-	5,543	5,543	-
5,316	5,316	-	-	-	-	5,316	5,316	-
<b>30,755</b>	<b>29,621</b>	<b>1,134</b>	<b>1,268</b>	<b>368</b>	<b>900</b>	<b>32,023</b>	<b>29,989</b>	<b>2,034</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, 2019

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b><u>Corrections</u></b>			
Administration Service and Logistical Support	24,976	24,971	5
Correctional Industries	-	-	-
Institutional Service Corrections	461,860	443,318	18,542
<b>TOTAL Corrections</b>	<b>486,836</b>	<b>468,289</b>	<b>18,547</b>
<b><u>Economic and Community Affairs</u></b>			
Administrative Support Service	1,385	802	583
Energy Management	3,497	833	2,664
Law Enforcement Planning and Development	654	654	-
Planning	5,573	4,958	615
Surplus Property	541	541	-
Water Resources	2,010	1,626	384
<b>TOTAL Economic and Community Affairs</b>	<b>13,660</b>	<b>9,414</b>	<b>4,246</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	4,216	3,936	280
Readiness And Recovery: Federal Emergency Management Agency - Match	2,929	2,929	-
<b>TOTAL Emergency Management Agency</b>	<b>7,145</b>	<b>6,865</b>	<b>280</b>
<b><u>Examiners of Public Accounts</u></b>			
Legislative Support - Audit Service	6,661	6,661	-
<b>TOTAL Examiners of Public Accounts</b>	<b>6,661</b>	<b>6,661</b>	<b>-</b>
<b><u>Finance</u></b>			
Administrative Support Service	-	-	-
Administrative Support Service: Alabama Building Renovation Finance Authority	-	-	-
Administrative Support Service: Capitol	1,592	1,503	89
Administrative Support Service: Capitol Complex Maintenance and Repair	-	-	-
Administrative Support Service: Leasing Management	658	658	-
Fiscal Management	-	-	-
Fiscal Management: Budget Office	2,195	1,600	595
Fiscal Management: Director's Office	809	501	308
<b>TOTAL Finance</b>	<b>5,254</b>	<b>4,262</b>	<b>992</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	24,976	24,971	5
-	-	-	25,928	14,836	11,092	25,928	14,836	11,092
-	-	-	54,896	31,792	23,104	516,756	475,110	41,646
-	-	-	<b>80,824</b>	<b>46,628</b>	<b>34,196</b>	<b>567,660</b>	<b>514,917</b>	<b>52,743</b>
-	-	-	11,397	10,104	1,293	12,782	10,906	1,876
-	-	-	90,497	71,418	19,079	93,994	72,251	21,743
-	-	-	83,200	50,949	32,251	83,854	51,603	32,251
-	-	-	55,086	34,100	20,986	60,659	39,058	21,601
-	-	-	2,786	2,166	620	3,327	2,707	620
-	-	-	7,531	4,425	3,106	9,541	6,051	3,490
-	-	-	<b>250,497</b>	<b>173,162</b>	<b>77,335</b>	<b>264,157</b>	<b>182,576</b>	<b>81,581</b>
161,934	160,342	1,592	63,233	18,935	44,298	225,167	179,277	45,890
-	-	-	2,660	1,130	1,530	2,660	1,130	1,530
20,268	20,268	-	-	-	-	20,268	20,268	-
751	412	339	-	-	-	751	412	339
5,000	5,000	-	-	-	-	5,000	5,000	-
-	-	-	101,801	53,811	47,990	101,801	53,811	47,990
-	-	-	533	533	-	533	533	-
45,904	45,748	156	1,442,380	1,144,850	297,530	1,488,284	1,190,598	297,686
3,757,824	3,757,490	334	185,016	185,016	-	3,942,840	3,942,506	334
3,250	3,230	20	-	-	-	3,250	3,230	20
7,776	7,776	-	-	-	-	7,776	7,776	-
5,916	5,916	-	-	-	-	5,916	5,916	-
30	30	-	-	-	-	30	30	-
31,965	31,965	-	-	-	-	31,965	31,965	-
347,957	347,957	-	-	-	-	347,957	347,957	-
<b>4,388,575</b>	<b>4,386,134</b>	<b>2,441</b>	<b>1,795,623</b>	<b>1,404,275</b>	<b>391,348</b>	<b>6,184,198</b>	<b>5,790,409</b>	<b>393,789</b>
-	-	-	61,294	40,357	20,937	61,294	40,357	20,937
-	-	-	-	-	-	4,216	3,936	280
-	-	-	-	-	-	2,929	2,929	-
-	-	-	<b>61,294</b>	<b>40,357</b>	<b>20,937</b>	<b>68,439</b>	<b>47,222</b>	<b>21,217</b>
6,359	6,359	-	3,767	3,269	498	16,787	16,289	498
<b>6,359</b>	<b>6,359</b>	<b>-</b>	<b>3,767</b>	<b>3,269</b>	<b>498</b>	<b>16,787</b>	<b>16,289</b>	<b>498</b>
-	-	-	55,677	38,945	16,732	55,677	38,945	16,732
650	650	-	30,781	16,162	14,619	31,431	16,812	14,619
-	-	-	-	-	-	1,592	1,503	89
-	-	-	10,734	4,074	6,660	10,734	4,074	6,660
-	-	-	-	-	-	658	658	-
-	-	-	20,458	13,190	7,268	20,458	13,190	7,268
-	-	-	-	-	-	2,195	1,600	595
-	-	-	-	-	-	809	501	308
<b>650</b>	<b>650</b>	<b>-</b>	<b>117,650</b>	<b>72,371</b>	<b>45,279</b>	<b>123,554</b>	<b>77,283</b>	<b>46,271</b>

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## STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis**(Continued from previous page)*

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b><u>Governor</u></b>			
Criminal Investigation: Law Enforcement Fund	10	-	10
Executive Direction: Governor's BP Oil Spill	-	-	-
Executive Direction: Governor's Office	4,414	3,200	1,214
Executive Direction: Governor's Office of Education and Workforce Transformation	200	77	123
Executive Direction: Governor's Proclamation Expense	636	136	500
Executive Direction: National Governor's Conference	149	149	-
<b>TOTAL Governor</b>	<b>5,409</b>	<b>3,562</b>	<b>1,847</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	150	29	121
Employment Security	-	-	-
Industrial Safety and Accident Prevention	957	839	118
Regulation Workers Compensation	-	-	-
Regulatory Services	-	-	-
<b>TOTAL Labor</b>	<b>1,107</b>	<b>868</b>	<b>239</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	25,811	21,742	4,069
<b>TOTAL Legislature</b>	<b>25,818</b>	<b>21,742</b>	<b>4,076</b>
<b><u>Medicaid Agency</u></b>			
Medical Assistance Through Medicaid: Administrative Cost	39,417	38,533	884
Medical Assistance Through Medicaid: Alternative Care	30,000	28,125	1,875
Medical Assistance Through Medicaid: Family Planning	1,400	190	1,210
Medical Assistance Through Medicaid: Health Support	35,753	32,892	2,861
Medical Assistance Through Medicaid: Hospital Care	20,000	18,587	1,413
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	210,753	209,896	857
Medical Assistance Through Medicaid: Pharmaceutical	235,240	232,815	2,425
Medical Assistance Through Medicaid: Physician Care	118,000	117,972	28
Medical Assistance Through Medicaid: Premiums	148,964	117,149	31,815
Medical Assistance Through Medicaid: Regional Care Organizations (RCOs)	-	-	-
<b>TOTAL Medicaid Agency</b>	<b>839,527</b>	<b>796,159</b>	<b>43,368</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	10	-	10
-	-	-	714	62	652	714	62	652
-	-	-	-	-	-	4,414	3,200	1,214
-	-	-	-	-	-	200	77	123
-	-	-	-	-	-	636	136	500
-	-	-	-	-	-	149	149	-
-	-	-	714	62	652	6,123	3,624	2,499
-	-	-	1,943,576	1,838,352	105,224	1,943,576	1,838,352	105,224
-	-	-	1,943,576	1,838,352	105,224	1,943,576	1,838,352	105,224
-	-	-	22,752	13,297	9,455	22,902	13,326	9,576
-	-	-	71,272	53,588	17,684	71,272	53,588	17,684
-	-	-	22,715	7,599	15,116	23,672	8,438	15,234
-	-	-	5,460	4,441	1,019	5,460	4,441	1,019
-	-	-	2,165	1,450	715	2,165	1,450	715
-	-	-	124,364	80,375	43,989	125,471	81,243	44,228
-	-	-	18,276	14,569	3,707	18,276	14,569	3,707
-	-	-	80,844	68,014	12,830	80,844	68,014	12,830
-	-	-	91,548	78,956	12,592	91,548	78,956	12,592
-	-	-	57	-	57	57	-	57
-	-	-	38,721	30,921	7,800	38,721	30,921	7,800
-	-	-	229,446	192,460	36,986	229,446	192,460	36,986
-	-	-	-	-	-	7	-	7
2,854	2,846	8	-	-	-	28,665	24,588	4,077
2,854	2,846	8	-	-	-	28,672	24,588	4,084
-	-	-	303,267	205,177	98,090	342,684	243,710	98,974
-	-	-	343,845	343,512	333	373,845	371,637	2,208
-	-	-	48,630	48,485	145	50,030	48,675	1,355
-	-	-	246,992	246,635	357	282,745	279,527	3,218
-	-	-	2,507,663	2,506,806	857	2,527,663	2,525,393	2,270
-	-	-	184,195	181,151	3,044	184,195	181,151	3,044
-	-	-	2,487	1,892	595	2,487	1,892	595
-	-	-	353,324	352,781	543	353,324	352,781	543
-	-	-	132,865	132,448	417	132,865	132,448	417
-	-	-	793,763	788,843	4,920	1,004,516	998,739	5,777
-	-	-	592,551	589,793	2,758	827,791	822,608	5,183
-	-	-	455,859	455,755	104	573,859	573,727	132
-	-	-	336,814	333,752	3,062	485,778	450,901	34,877
-	-	-	30,000	29,797	203	30,000	29,797	203
-	-	-	6,332,255	6,216,827	115,428	7,171,782	7,012,986	158,796

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## STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis**(Continued from previous page)*

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b><u>Mental Health</u></b>			
Administrative Services	-	-	-
Institutional Treatment and Care of Intellectually Disabled	-	-	-
Institutional Treatment and Care of Mentally Ill	-	-	-
Special Services	-	-	-
Substance Abuse Program	-	-	-
<b>TOTAL Mental Health</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Public Health</u></b>			
Administrative Services	11,027	11,026	1
Alabama Medical Education Consortium Program	-	-	-
Children's Health Insurance	-	-	-
Emergency Medical Service Education	-	-	-
Family Practice Rural Health	-	-	-
Public Health Services	24,452	24,354	98
<b>TOTAL Public Health</b>	<b>35,479</b>	<b>35,380</b>	<b>99</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	113	43	70
<b>TOTAL Revenue</b>	<b>113</b>	<b>43</b>	<b>70</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	166	123	43
Administrative Support Service: Printing of Acts/Journals	126	126	-
Administrative Support Service: Printing of Codes	814	387	427
Special Services: Photo Voter Identification	1,254	376	878
Special Services: Training of Elected Officials	86	27	59
<b>TOTAL Secretary of State</b>	<b>2,446</b>	<b>1,039</b>	<b>1,407</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	-	-	-
Diversion 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
-	-	-	37,871	25,295	12,576	37,871	25,295	12,576
-	-	-	541,469	488,532	52,937	541,469	488,532	52,937
-	-	-	400,670	365,158	35,512	400,670	365,158	35,512
-	-	-	32,429	20,194	12,235	32,429	20,194	12,235
-	-	-	119,225	87,466	31,759	119,225	87,466	31,759
-	-	-	<b>1,131,664</b>	<b>986,645</b>	<b>145,019</b>	<b>1,131,664</b>	<b>986,645</b>	<b>145,019</b>
870	755	115	27,412	22,306	5,106	39,309	34,087	5,222
2,000	2,000	-	-	-	-	2,000	2,000	-
-	-	-	267,589	248,981	18,608	267,589	248,981	18,608
1,636	1,569	67	-	-	-	1,636	1,569	67
2,486	2,425	61	-	-	-	2,486	2,425	61
12,401	12,391	10	482,792	404,750	78,042	519,645	441,495	78,150
<b>19,393</b>	<b>19,140</b>	<b>253</b>	<b>777,793</b>	<b>676,037</b>	<b>101,756</b>	<b>832,665</b>	<b>730,557</b>	<b>102,108</b>
-	-	-	25,139	17,737	7,402	25,139	17,737	7,402
-	-	-	<b>25,139</b>	<b>17,737</b>	<b>7,402</b>	<b>25,139</b>	<b>17,737</b>	<b>7,402</b>
44,465	44,463	2	153,999	123,080	30,919	198,464	167,543	30,921
<b>44,465</b>	<b>44,463</b>	<b>2</b>	<b>153,999</b>	<b>123,080</b>	<b>30,919</b>	<b>198,464</b>	<b>167,543</b>	<b>30,921</b>
-	-	-	189,742	177,981	11,761	189,855	178,024	11,831
-	-	-	<b>189,742</b>	<b>177,981</b>	<b>11,761</b>	<b>189,855</b>	<b>178,024</b>	<b>11,831</b>
-	-	-	7,202	4,615	2,587	7,202	4,615	2,587
-	-	-	9,101	727	8,374	9,101	727	8,374
-	-	-	-	-	-	166	123	43
-	-	-	-	-	-	126	126	-
-	-	-	-	-	-	814	387	427
-	-	-	-	-	-	1,254	376	878
-	-	-	-	-	-	86	27	59
-	-	-	<b>16,303</b>	<b>5,342</b>	<b>10,961</b>	<b>18,749</b>	<b>6,381</b>	<b>12,368</b>
-	-	-	220,160	174,909	45,251	220,160	174,909	45,251
-	-	-	88,508	35,926	52,582	88,508	35,926	52,582
-	-	-	2,191,565	1,764,183	427,382	2,191,565	1,764,183	427,382
-	-	-	<b>2,500,233</b>	<b>1,975,018</b>	<b>525,215</b>	<b>2,500,233</b>	<b>1,975,018</b>	<b>525,215</b>
-	-	-	4,954	3,995	959	4,954	3,995	959
-	-	-	<b>4,954</b>	<b>3,995</b>	<b>959</b>	<b>4,954</b>	<b>3,995</b>	<b>959</b>
3,566	3,566	-	-	-	-	3,566	3,566	-
-	-	-	1,000	-	1,000	1,000	-	1,000
6,513	6,483	30	722	424	298	7,235	6,907	328
45,437	44,959	478	42,112	37,816	4,296	93,254	88,480	4,774
<b>55,516</b>	<b>55,008</b>	<b>508</b>	<b>43,834</b>	<b>38,240</b>	<b>5,594</b>	<b>105,055</b>	<b>98,953</b>	<b>6,102</b>

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## STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis**(Continued from previous page)*

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<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: 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 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 - 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 Service</b>			
Support of State Universities: Auburn/Cooperative Extension Service	-	-	-
<b>Total Auburn University - Alabama Cooperative Extension Service</b>	-	-	-
<b>Auburn University - Main Campus</b>			
Support of State Universities: Auburn University System/Operations and Maintenance	-	-	-
Support of State Universities: Aviation Center	-	-	-
<b>Total Auburn University - Main Campus</b>	-	-	-
<b>Auburn University - Montgomery</b>			
Support of State Universities: Auburn/AUM Operations and Maintenance	-	-	-
<b>Total Auburn University - Montgomery</b>	-	-	-
<b>Fire College and Personnel Standards Commission</b>			
Firefighters-Fire College: Alabama Fire College	-	-	-
<b>Total Fire College and Personnel Standards Commission</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 University</b>			
Support of State Universities: Troy State University System/Operations and Maintenance	-	-	-
<b>Total Troy 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	-
34,531	34,531	-	1,624	1,624	-	36,155	36,155	-
3,748	3,748	-	-	-	-	3,748	3,748	-
100	100	-	-	-	-	100	100	-
<b>40,212</b>	<b>40,212</b>	-	<b>1,624</b>	<b>1,624</b>	-	<b>41,836</b>	<b>41,836</b>	-
33,546	33,546	-	-	-	-	33,546	33,546	-
<b>33,546</b>	<b>33,546</b>	-	-	-	-	<b>33,546</b>	<b>33,546</b>	-
13,230	13,230	-	-	-	-	13,230	13,230	-
<b>13,230</b>	<b>13,230</b>	-	-	-	-	<b>13,230</b>	<b>13,230</b>	-
8,835	8,835	-	-	-	-	8,835	8,835	-
<b>8,835</b>	<b>8,835</b>	-	-	-	-	<b>8,835</b>	<b>8,835</b>	-
45,585	45,585	-	1,334	1,334	-	46,919	46,919	-
<b>45,585</b>	<b>45,585</b>	-	<b>1,334</b>	<b>1,334</b>	-	<b>46,919</b>	<b>46,919</b>	-
13,040	13,040	-	1,020	1,020	-	14,060	14,060	-
<b>13,040</b>	<b>13,040</b>	-	<b>1,020</b>	<b>1,020</b>	-	<b>14,060</b>	<b>14,060</b>	-
32,071	32,071	-	-	-	-	32,071	32,071	-
<b>32,071</b>	<b>32,071</b>	-	-	-	-	<b>32,071</b>	<b>32,071</b>	-
33,439	33,439	-	-	-	-	33,439	33,439	-
<b>33,439</b>	<b>33,439</b>	-	-	-	-	<b>33,439</b>	<b>33,439</b>	-
168,723	168,723	-	7,806	7,806	-	176,529	176,529	-
5,000	5,000	-	-	-	-	5,000	5,000	-
<b>173,723</b>	<b>173,723</b>	-	<b>7,806</b>	<b>7,806</b>	-	<b>181,529</b>	<b>181,529</b>	-
24,036	24,036	-	1,563	1,563	-	25,599	25,599	-
<b>24,036</b>	<b>24,036</b>	-	<b>1,563</b>	<b>1,563</b>	-	<b>25,599</b>	<b>25,599</b>	-
4,783	4,783	-	-	-	-	4,783	4,783	-
<b>4,783</b>	<b>4,783</b>	-	-	-	-	<b>4,783</b>	<b>4,783</b>	-
39,974	39,974	-	2,644	2,644	-	42,618	42,618	-
<b>39,974</b>	<b>39,974</b>	-	<b>2,644</b>	<b>2,644</b>	-	<b>42,618</b>	<b>42,618</b>	-
883	883	-	-	-	-	883	883	-
<b>883</b>	<b>883</b>	-	-	-	-	<b>883</b>	<b>883</b>	-
51,547	51,547	-	4,762	4,762	-	56,309	56,309	-
<b>51,547</b>	<b>51,547</b>	-	<b>4,762</b>	<b>4,762</b>	-	<b>56,309</b>	<b>56,309</b>	-

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## STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis**(Continued from previous page)*

For the Fiscal Year Ended September 30, 2019

(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: 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/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	125	108	17
<b>Total Agricultural Museum Board</b>	125	108	17
<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 Innovation Fund</b>			
Alabama Innovation Fund	-	-	-
<b>Total Alabama Innovation Fund</b>	-	-	-
<b>Alabama Security Regulatory Board</b>			
Licensing, Regulation and Enforcement	-	-	-
<b>Total Alabama Security Regulatory Board</b>	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
10,954	10,954	-	268	268	-	11,222	11,222	-
<b>10,954</b>	<b>10,954</b>	-	<b>268</b>	<b>268</b>	-	<b>11,222</b>	<b>11,222</b>	-
3,237	3,237	-	-	-	-	3,237	3,237	-
5,053	5,053	-	-	-	-	5,053	5,053	-
273,456	273,456	-	5,809	5,809	-	279,265	279,265	-
<b>281,746</b>	<b>281,746</b>	-	<b>5,809</b>	<b>5,809</b>	-	<b>287,555</b>	<b>287,555</b>	-
49,694	49,694	-	2,671	2,671	-	52,365	52,365	-
<b>49,694</b>	<b>49,694</b>	-	<b>2,671</b>	<b>2,671</b>	-	<b>52,365</b>	<b>52,365</b>	-
160,609	160,609	-	9,125	9,125	-	169,734	169,734	-
<b>160,609</b>	<b>160,609</b>	-	<b>9,125</b>	<b>9,125</b>	-	<b>169,734</b>	<b>169,734</b>	-
100	100	-	-	-	-	100	100	-
20,584	20,584	-	851	851	-	21,435	21,435	-
<b>20,684</b>	<b>20,684</b>	-	<b>851</b>	<b>851</b>	-	<b>21,535</b>	<b>21,535</b>	-
29,912	29,912	-	2,166	2,166	-	32,078	32,078	-
<b>29,912</b>	<b>29,912</b>	-	<b>2,166</b>	<b>2,166</b>	-	<b>32,078</b>	<b>32,078</b>	-
111,074	111,074	-	4,135	4,135	-	115,209	115,209	-
<b>111,074</b>	<b>111,074</b>	-	<b>4,135</b>	<b>4,135</b>	-	<b>115,209</b>	<b>115,209</b>	-
16,903	16,903	-	1,386	1,386	-	18,289	18,289	-
<b>16,903</b>	<b>16,903</b>	-	<b>1,386</b>	<b>1,386</b>	-	<b>18,289</b>	<b>18,289</b>	-
<b>1,196,480</b>	<b>1,196,480</b>	-	<b>47,164</b>	<b>47,164</b>	-	<b>1,243,644</b>	<b>1,243,644</b>	-
-	-	-	1,494	1,315	179	1,494	1,315	179
-	-	-	<b>1,494</b>	<b>1,315</b>	<b>179</b>	<b>1,494</b>	<b>1,315</b>	<b>179</b>
-	-	-	-	-	-	125	108	17
-	-	-	-	-	-	<b>125</b>	<b>108</b>	<b>17</b>
-	-	-	498	253	245	498	253	245
-	-	-	<b>498</b>	<b>253</b>	<b>245</b>	<b>498</b>	<b>253</b>	<b>245</b>
-	-	-	206	69	137	206	69	137
-	-	-	<b>206</b>	<b>69</b>	<b>137</b>	<b>206</b>	<b>69</b>	<b>137</b>
2,920	2,920	-	-	-	-	2,920	2,920	-
<b>2,920</b>	<b>2,920</b>	-	-	-	-	<b>2,920</b>	<b>2,920</b>	-
-	-	-	950	797	153	950	797	153
-	-	-	<b>950</b>	<b>797</b>	<b>153</b>	<b>950</b>	<b>797</b>	<b>153</b>

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## STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis**(Continued from previous page)*

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Alabama Trust Fund</b>			
Alabama Natural Heritage	-	-	-
Fiscal Management	33	15	18
<b>Total Alabama Trust Fund</b>	<b>33</b>	<b>15</b>	<b>18</b>
<b>Alcoholic Beverage Control Board</b>			
Administrative Services	-	-	-
Alcoholic Beverage Management	-	-	-
Licensing, Regulation and Enforcement	-	-	-
<b>Total Alcoholic Beverage Control Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>American Legion Scholarships</b>			
Financial Assistance: American Legion Scholarships	-	-	-
<b>Total American Legion Scholarships</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Architects Registration Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Architects Registration Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Archives and History</b>			
Historical Resources Management	1,770	1,770	-
<b>Total Archives and History</b>	<b>1,770</b>	<b>1,770</b>	<b>-</b>
<b>Assisted Living Examiners Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Assisted Living Examiners Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Athlete Agent Regulatory Commission</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Athlete Agent Regulatory Commission</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Athletic Trainers Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Athletic Trainers Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Auctioneers Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Auctioneers Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Banking</b>			
Charter Licensure and Regulation Financial	-	-	-
<b>Total Banking</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Board of Adjustment</b>			
Special Services: Damage Claims-Board of Adjustment	51	5	46
Special Services: Death Claims-Board of Adjustment	1,192	1,192	-
<b>Total Board of Adjustment</b>	<b>1,243</b>	<b>1,197</b>	<b>46</b>
<b>Board of Cosmetology and Barbering</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Board of Cosmetology and Barbering</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Child Abuse &amp; Neglect Prevention</b>			
Social Services	-	-	-
<b>Total Child Abuse &amp; Neglect Prevention</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Children Services Facilitation</b>			
Human Services	-	-	-
<b>Total Children Services Facilitation</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Chiropractic Examiners Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Chiropractic Examiners Board</b>	<b>-</b>	<b>-</b>	<b>-</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	1,500	1,218	282	1,500	1,218	282
-	-	-	-	-	-	33	15	18
-	-	-	1,500	1,218	282	1,533	1,233	300
-	-	-	22,473	13,659	8,814	22,473	13,659	8,814
-	-	-	69,923	63,023	6,900	69,923	63,023	6,900
-	-	-	7,714	4,401	3,313	7,714	4,401	3,313
-	-	-	100,110	81,083	19,027	100,110	81,083	19,027
113	77	36	-	-	-	113	77	36
113	77	36	-	-	-	113	77	36
-	-	-	528	493	35	528	493	35
-	-	-	528	493	35	528	493	35
6,516	6,405	111	560	319	241	8,846	8,494	352
6,516	6,405	111	560	319	241	8,846	8,494	352
-	-	-	106	70	36	106	70	36
-	-	-	106	70	36	106	70	36
-	-	-	52	7	45	52	7	45
-	-	-	52	7	45	52	7	45
-	-	-	84	62	22	84	62	22
-	-	-	84	62	22	84	62	22
-	-	-	225	170	55	225	170	55
-	-	-	225	170	55	225	170	55
-	-	-	18,073	15,202	2,871	18,073	15,202	2,871
-	-	-	18,073	15,202	2,871	18,073	15,202	2,871
-	-	-	-	-	-	51	5	46
-	-	-	-	-	-	1,192	1,192	-
-	-	-	-	-	-	1,243	1,197	46
-	-	-	3,355	2,292	1,063	3,355	2,292	1,063
-	-	-	3,355	2,292	1,063	3,355	2,292	1,063
-	-	-	9,417	7,433	1,984	9,417	7,433	1,984
-	-	-	9,417	7,433	1,984	9,417	7,433	1,984
-	-	-	4,394	2,221	2,173	4,394	2,221	2,173
-	-	-	4,394	2,221	2,173	4,394	2,221	2,173
-	-	-	504	385	119	504	385	119
-	-	-	504	385	119	504	385	119

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## STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis**(Continued from previous page)*

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Choctawhatchee, Pea and Yellow Rivers Watershed Management Authority</b>			
Water Resource Development	242	231	11
<b>Total Choctawhatchee, Pea and Yellow Rivers Watershed Management Authority</b>	<b>242</b>	<b>231</b>	<b>11</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>Commerce</b>			
Industrial Development: Alabama Department Of Commerce	5,776	5,156	620
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	1,063	606	457
<b>Total Commerce</b>	<b>6,839</b>	<b>5,762</b>	<b>1,077</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>-</b>	<b>-</b>	<b>-</b>
<b>Construction Recruitment</b>			
Recruitment/Training Promotion	-	-	-
<b>Total Construction Recruitment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Council on the Arts</b>			
Fine Arts	-	-	-
<b>Total Council on the Arts</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Counseling Examiners Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Counseling Examiners Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Court of Civil Appeals</b>			
Court Operations	4,790	3,745	1,045
<b>Total Court of Civil Appeals</b>	<b>4,790</b>	<b>3,745</b>	<b>1,045</b>
<b>Court of Criminal Appeals</b>			
Court Operations	4,870	3,895	975
<b>Total Court of Criminal Appeals</b>	<b>4,870</b>	<b>3,895</b>	<b>975</b>
<b>Court Reporting</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Court Reporting</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Credit Union Administration</b>			
Charter Licensure and Regulation Financial	-	-	-
<b>Total Credit Union Administration</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Crime Victims Compensation Commission</b>			
Special Services	-	-	-
<b>Total Crime Victims Compensation Commission</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Dental Scholarships Awards Board</b>			
Support - Other Educational Activities	-	-	-
<b>Total Dental Scholarships Awards Board</b>	<b>-</b>	<b>-</b>	<b>-</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	10	9	1	252	240	12
-	-	-	10	9	1	252	240	12
-	-	-	-	-	-	170	170	-
-	-	-	-	-	-	170	170	-
-	-	-	502	173	329	6,278	5,329	949
7,212	7,212	-	-	-	-	7,212	7,212	-
6,843	6,843	-	-	-	-	6,843	6,843	-
43,671	43,671	-	-	-	-	43,671	43,671	-
750	750	-	-	-	-	750	750	-
-	-	-	57,314	50,442	6,872	58,377	51,048	7,329
58,476	58,476	-	57,816	50,615	7,201	123,131	114,853	8,278
-	-	-	10,653	8,135	2,518	10,653	8,135	2,518
-	-	-	48,962	39,335	9,627	48,962	39,335	9,627
-	-	-	25,936	12,471	13,465	25,936	12,471	13,465
-	-	-	44,973	42,930	2,043	44,973	42,930	2,043
-	-	-	222,978	22,851	200,127	222,978	22,851	200,127
-	-	-	353,502	125,722	227,780	353,502	125,722	227,780
-	-	-	1,750	1,397	353	1,750	1,397	353
-	-	-	1,750	1,397	353	1,750	1,397	353
5,461	5,251	210	763	762	1	6,224	6,013	211
5,461	5,251	210	763	762	1	6,224	6,013	211
-	-	-	508	368	140	508	368	140
-	-	-	508	368	140	508	368	140
-	-	-	-	-	-	4,790	3,745	1,045
-	-	-	-	-	-	4,790	3,745	1,045
-	-	-	-	-	-	4,870	3,895	975
-	-	-	-	-	-	4,870	3,895	975
-	-	-	200	102	98	200	102	98
-	-	-	200	102	98	200	102	98
-	-	-	3,080	1,732	1,348	3,080	1,732	1,348
-	-	-	3,080	1,732	1,348	3,080	1,732	1,348
-	-	-	3,502	2,429	1,073	3,502	2,429	1,073
-	-	-	3,502	2,429	1,073	3,502	2,429	1,073
191	191	-	-	-	-	191	191	-
191	191	-	-	-	-	191	191	-

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## STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis**(Continued from previous page)*

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>Dietetics and Nutritionists Examining Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Dietetics and Nutritionists Examining Board</b>	-	-	-
<b>District Attorneys</b>			
Court Operations	13,467	12,873	594
<b>Total District Attorneys</b>	<b>13,467</b>	<b>12,873</b>	<b>594</b>
<b>Early Childhood Education</b>			
Children's Policy Council	-	-	-
Social Services	-	-	-
<b>Total Early Childhood Education</b>	-	-	-
<b>Educational Television Commission</b>			
Educational Television	-	-	-
<b>Total Educational Television Commission</b>	-	-	-
<b>Electrical Contractors Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Electrical Contractors Board</b>	-	-	-
<b>Electronic Security Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Electronic Security Board</b>	-	-	-
<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>Ethics Commission</b>			
Regulation of Public Officials and Employees	2,583	1,900	683
<b>Total Ethics Commission</b>	<b>2,583</b>	<b>1,900</b>	<b>683</b>
<b>Finance - Teacher Unused Sick Leave</b>			
Employee Benefits	-	-	-
<b>Total Finance - Teacher Unused Sick Leave</b>	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	150	118	32	150	118	32
-	-	-	150	118	32	150	118	32
-	-	-	20,626	20,626	-	34,093	33,499	594
-	-	-	20,626	20,626	-	34,093	33,499	594
-	-	-	1,000	414	586	1,000	414	586
98,978	98,978	-	29,545	20,482	9,063	128,523	119,460	9,063
98,978	98,978	-	30,545	20,896	9,649	129,523	119,874	9,649
8,935	8,277	658	3,709	2,606	1,103	12,644	10,883	1,761
8,935	8,277	658	3,709	2,606	1,103	12,644	10,883	1,761
-	-	-	925	608	317	925	608	317
-	-	-	925	608	317	925	608	317
-	-	-	636	510	126	636	510	126
-	-	-	636	510	126	636	510	126
20	20	-	-	-	-	20	20	-
1	1	-	-	-	-	1	1	-
61	61	-	-	-	-	61	61	-
82	82	-	-	-	-	82	82	-
-	-	-	67,500	60,819	6,681	67,500	60,819	6,681
-	-	-	67,500	60,819	6,681	67,500	60,819	6,681
-	-	-	-	-	-	2,583	1,900	683
-	-	-	-	-	-	2,583	1,900	683
1,740	1,216	524	-	-	-	1,740	1,216	524
1,740	1,216	524	-	-	-	1,740	1,216	524

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## STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis**(Continued from previous page)*

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Finance Special Appropriations</b>			
Administration Service and Logistical Support: Removal of Prisoners	1,194	1,090	104
Criminal Investigation: Arrest of Absconding Felons	25	-	25
Executive Direction: Governors' Widow Retirement	6	-	6
Fiscal Management: Cash Management Improvement Act (CMIA)	177	176	1
Fiscal Management: Employee Suggestion Awards Program	18	-	18
Institutional Service Corrections: Emergency Prisoner Feeding Fund	-	-	-
Institutional Service Corrections: Feeding of Prisoners	8,978	8,965	13
Legal Advice And Legal Service: Automatic Appeal Expense	16	-	16
Legal Advice And Legal Service: Court Assessed Cost Not Otherwise Provided	265	227	38
Legal Advice And Legal Service: Law Enforcement Legal Defense	1	-	1
Special Appropriations: ERS Retiree Bonus	1,742	-	1,742
Special Services: Court Assessed Cost Not Otherwise Provided	5,500	4,932	568
Special Services: Dandridge, Beniah	50	50	-
Special Services: Election Expenses	8,615	3,013	5,602
Special Services: Emergency Fund, Departmental	3,249	229	3,020
Special Services: Littleton, Joseph Michael	50	50	-
Special Services: Registration of Voters	4,255	3,602	653
Special Services: Williams, Antonio Shawn	50	50	-
<b>Total Finance Special Appropriations</b>	<b>34,191</b>	<b>22,384</b>	<b>11,807</b>
<b>Finance Special Funds</b>			
Appropriation Transfers	-	-	-
Education Trust Fund- Budget Stabilization Fund Loans: Jacksonville State University-Budget Stabilizatio	-	-	-
Special Services	-	-	-
<b>Total Finance Special Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Forensic Sciences</b>			
Forensic Science Services	11,961	11,956	5
<b>Total Forensic Sciences</b>	<b>11,961</b>	<b>11,956</b>	<b>5</b>
<b>Foresters Registration Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Foresters Registration Board</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Forestry Commission</b>			
Forest Resources Protection and Development	-	-	-
<b>Total Forestry Commission</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Forever Wild Land Trust</b>			
Administrative Services	-	-	-
<b>Total Forever Wild Land Trust</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fringe Benefit Accounts</b>			
Fringe Benefits: Judicial Retirement - General Fund Share	2,589	2,589	-
<b>Total Fringe Benefit Accounts</b>	<b>2,589</b>	<b>2,589</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>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	1,194	1,090	104
-	-	-	-	-	-	25	-	25
-	-	-	-	-	-	6	-	6
-	-	-	-	-	-	177	176	1
-	-	-	-	-	-	18	-	18
-	-	-	500	-	500	500	-	500
-	-	-	-	-	-	8,978	8,965	13
-	-	-	-	-	-	16	-	16
-	-	-	-	-	-	265	227	38
-	-	-	-	-	-	1	-	1
-	-	-	-	-	-	1,742	-	1,742
-	-	-	-	-	-	5,500	4,932	568
-	-	-	-	-	-	50	50	-
-	-	-	-	-	-	8,615	3,013	5,602
-	-	-	-	-	-	3,249	229	3,020
-	-	-	-	-	-	50	50	-
-	-	-	-	-	-	4,255	3,602	653
-	-	-	-	-	-	50	50	-
-	-	-	500	-	500	34,691	22,384	12,307
-	-	-	221,227	221,227	-	221,227	221,227	-
-	-	-	7,000	7,000	-	7,000	7,000	-
-	-	-	53,435	53,435	-	53,435	53,435	-
-	-	-	281,662	281,662	-	281,662	281,662	-
-	-	-	16,764	14,793	1,971	28,725	26,749	1,976
-	-	-	16,764	14,793	1,971	28,725	26,749	1,976
-	-	-	200	131	69	200	131	69
-	-	-	200	131	69	200	131	69
42	42	-	23,109	21,553	1,556	23,151	21,595	1,556
42	42	-	23,109	21,553	1,556	23,151	21,595	1,556
-	-	-	6,871	1,690	5,181	6,871	1,690	5,181
-	-	-	6,871	1,690	5,181	6,871	1,690	5,181
-	-	-	-	-	-	2,589	2,589	-
-	-	-	-	-	-	2,589	2,589	-
-	-	-	588	481	107	588	481	107
-	-	-	588	481	107	588	481	107
-	-	-	2,558	1,305	1,253	2,558	1,305	1,253
-	-	-	2,558	1,305	1,253	2,558	1,305	1,253

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## STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis**(Continued from previous page)*

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>General Obligation 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	728	728	-
Debt Service: Debt Service-General Obligation 2016-B	-	-	-
Debt Service: Debt Service-General Obligation 2016-C	745	745	-
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	7,935	7,935	-
Debt Service: General Obligation 2013-A Refunding Bond	12,500	12,500	-
Debt Service: General Obligation 2013-B Capital Improvement Bond	-	-	-
Debt Service: General Obligation 2013-C Refunding Bond	273	273	-
Debt Service: General Obligation 2014-A Refunding Bonds	13,829	13,829	-
Debt Service: General Obligation 2018-A Debt Service	1,885	1,885	-
Debt Service: General Obligation 2018-B Debt Service	467	467	-
Debt Service: General Obligation 2018-C Debt Service	-	-	-
<b>Total General Obligation Debt Service and Reserve</b>	<b>38,362</b>	<b>38,362</b>	<b>-</b>
<b>Geological Survey</b>			
Mineral, Energy, and Water Resources	3,416	3,309	107
<b>Total Geological Survey</b>	<b>3,416</b>	<b>3,309</b>	<b>107</b>
<b>Governor's Contingency Fund</b>			
Executive Direction	-	-	-
Executive Direction: Governor's Contingency Fund	239	193	46
<b>Total Governor's Contingency Fund</b>	<b>239</b>	<b>193</b>	<b>46</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 of Minority Affairs</b>			
Executive Direction	572	349	223
<b>Total Governor's Office of Minority Affairs</b>	<b>572</b>	<b>349</b>	<b>223</b>
<b>Governor's Office of Volunteer Services</b>			
Executive Direction	-	-	-
<b>Total Governor's Office of Volunteer Services</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Governor's Office on Disability</b>			
Executive Direction	343	96	247
<b>Total Governor's Office on Disability</b>	<b>343</b>	<b>96</b>	<b>247</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>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	82,030	82,030	-	82,030	82,030	-
209	209	-	-	-	-	209	209	-
2,202	2,202	-	-	-	-	2,202	2,202	-
1,446	1,446	-	-	-	-	1,446	1,446	-
3,000	3,000	-	-	-	-	3,728	3,728	-
-	-	-	5,925	5,925	-	5,925	5,925	-
4,000	4,000	-	-	-	-	4,745	4,745	-
4,774	4,774	-	-	-	-	4,774	4,774	-
1,325	1,325	-	200	200	-	1,525	1,525	-
-	-	-	-	-	-	7,935	7,935	-
2,500	2,500	-	7,512	7,512	-	22,512	22,512	-
-	-	-	2,477	2,477	-	2,477	2,477	-
-	-	-	-	-	-	273	273	-
9,000	9,000	-	2,780	2,780	-	25,609	25,609	-
-	-	-	-	-	-	1,885	1,885	-
-	-	-	-	-	-	467	467	-
-	-	-	447	447	-	447	447	-
<b>28,456</b>	<b>28,456</b>	<b>-</b>	<b>101,371</b>	<b>101,371</b>	<b>-</b>	<b>168,189</b>	<b>168,189</b>	<b>-</b>
512	509	3	3,822	809	3,013	7,750	4,627	3,123
<b>512</b>	<b>509</b>	<b>3</b>	<b>3,822</b>	<b>809</b>	<b>3,013</b>	<b>7,750</b>	<b>4,627</b>	<b>3,123</b>
-	-	-	17	1	16	17	1	16
-	-	-	-	-	-	239	193	46
-	-	-	<b>17</b>	<b>1</b>	<b>16</b>	<b>256</b>	<b>194</b>	<b>62</b>
-	-	-	788	760	28	788	760	28
-	-	-	<b>788</b>	<b>760</b>	<b>28</b>	<b>788</b>	<b>760</b>	<b>28</b>
-	-	-	-	-	-	572	349	223
-	-	-	-	-	-	<b>572</b>	<b>349</b>	<b>223</b>
356	300	56	4,918	1,544	3,374	5,274	1,844	3,430
<b>356</b>	<b>300</b>	<b>56</b>	<b>4,918</b>	<b>1,544</b>	<b>3,374</b>	<b>5,274</b>	<b>1,844</b>	<b>3,430</b>
-	-	-	1	1	-	344	97	247
-	-	-	<b>1</b>	<b>1</b>	<b>-</b>	<b>344</b>	<b>97</b>	<b>247</b>
-	-	-	2,477	1,100	1,377	2,484	1,107	1,377
-	-	-	<b>2,477</b>	<b>1,100</b>	<b>1,377</b>	<b>2,484</b>	<b>1,107</b>	<b>1,377</b>
-	-	-	54	39	15	54	39	15
-	-	-	<b>54</b>	<b>39</b>	<b>15</b>	<b>54</b>	<b>39</b>	<b>15</b>
-	-	-	1,500	1,198	302	1,500	1,198	302
-	-	-	<b>1,500</b>	<b>1,198</b>	<b>302</b>	<b>1,500</b>	<b>1,198</b>	<b>302</b>
7,536	7,532	4	20	11	9	7,556	7,543	13
<b>7,536</b>	<b>7,532</b>	<b>4</b>	<b>20</b>	<b>11</b>	<b>9</b>	<b>7,556</b>	<b>7,543</b>	<b>13</b>

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## STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis**(Continued from previous page)*

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</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>Home Builders Licensure Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Home Builders Licensure Board</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>Indian Affairs Commission</b>			
Social Services	99	85	14
<b>Total Indian Affairs Commission</b>	<b>99</b>	<b>85</b>	<b>14</b>
<b>Insurance</b>			
Regulatory Services	1,000	1,000	-
<b>Total Insurance</b>	<b>1,000</b>	<b>1,000</b>	-
<b>Interior Design Registration Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Interior Design Registration Board</b>	-	-	-
<b>Interpreters and Translators</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Interpreters and Translators</b>	-	-	-
<b>Judicial Inquiry Commission</b>			
Administrative Services	593	535	58
<b>Total Judicial Inquiry Commission</b>	<b>593</b>	<b>535</b>	<b>58</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	2,367	1,033	1,334
<b>Total Legislative Council</b>	<b>2,367</b>	<b>1,033</b>	<b>1,334</b>
<b>Legislative Services</b>			
Legislative Operations and Support	4,958	4,268	690
<b>Total Legislative Services</b>	<b>4,958</b>	<b>4,268</b>	<b>690</b>
<b>Lieutenant Governor</b>			
Commission on 21st Century Workforce	-	-	-
Legislative Operations and Support	483	396	87
<b>Total Lieutenant Governor</b>	<b>483</b>	<b>396</b>	<b>87</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>	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	215	158	57	215	158	57
-	-	-	616	493	123	616	493	123
-	-	-	7,801	6,214	1,587	7,801	6,214	1,587
-	-	-	8,632	6,865	1,767	8,632	6,865	1,767
-	-	-	5,999	3,490	2,509	5,999	3,490	2,509
-	-	-	5,999	3,490	2,509	5,999	3,490	2,509
-	-	-	350	156	194	350	156	194
-	-	-	350	156	194	350	156	194
-	-	-	160	94	66	259	179	80
-	-	-	160	94	66	259	179	80
-	-	-	29,991	19,959	10,032	30,991	20,959	10,032
-	-	-	29,991	19,959	10,032	30,991	20,959	10,032
-	-	-	50	31	19	50	31	19
-	-	-	50	31	19	50	31	19
-	-	-	55	26	29	55	26	29
-	-	-	55	26	29	55	26	29
-	-	-	-	-	-	593	535	58
-	-	-	-	-	-	593	535	58
-	-	-	62	42	20	62	42	20
-	-	-	62	42	20	62	42	20
-	-	-	-	-	-	2,367	1,033	1,334
-	-	-	-	-	-	2,367	1,033	1,334
4,501	2,875	1,626	661	305	356	10,120	7,448	2,672
4,501	2,875	1,626	661	305	356	10,120	7,448	2,672
150	66	84	-	-	-	150	66	84
-	-	-	-	-	-	483	396	87
150	66	84	-	-	-	633	462	171
-	-	-	1,877	1,357	520	1,877	1,357	520
-	-	-	1,877	1,357	520	1,877	1,357	520
340	340	-	-	-	-	340	340	-
340	340	-	-	-	-	340	340	-
-	-	-	3,697	2,402	1,295	3,697	2,402	1,295
-	-	-	3,697	2,402	1,295	3,697	2,402	1,295

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## STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis**(Continued from previous page)*

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</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>	-	-	-
<b>Military</b>			
Military Operations: Active Military Service	1,450	455	995
Military Operations: Air National Guard Operations and Maintenance	1,315	899	416
Military Operations: Counter Drug	-	-	-
Military Operations: Military Billeting	-	-	-
Military Operations: Operations	2,256	1,206	1,050
Military Operations: Operations and Maintenance	8,349	4,486	3,863
<b>Total Military</b>	<b>13,370</b>	<b>7,046</b>	<b>6,324</b>
<b>Music Hall of Fame</b>			
Fine Arts	-	-	-
<b>Total Music Hall of Fame</b>	-	-	-
<b>Nursing Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Nursing Board</b>	-	-	-
<b>Nursing Home Administration Examining Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Nursing Home Administration Examining Board</b>	-	-	-
<b>Occupational Therapy Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Occupational Therapy Board</b>	-	-	-
<b>Office of Information Technology</b>			
Administrative Support Service	-	-	-
<b>Total Office of Information Technology</b>	-	-	-
<b>Office of Prosecution Services</b>			
Prosecution Training Education and Management	745	742	3
<b>Total Office of Prosecution Services</b>	<b>745</b>	<b>742</b>	<b>3</b>
<b>Oil and Gas Board</b>			
Management and Regulation of Oil and Gas Exploration/Develop	2,642	2,561	81
<b>Total Oil and Gas Board</b>	<b>2,642</b>	<b>2,561</b>	<b>81</b>
<b>Onsite Wastewater Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Onsite Wastewater Board</b>	-	-	-
<b>Optometric Scholarships Awards</b>			
Support - Other Educational Activities	-	-	-
<b>Total Optometric Scholarships Awards</b>	-	-	-
<b>Pardons and Paroles</b>			
Administration of Pardons and Paroles	71,022	45,284	25,738
<b>Total Pardons and Paroles</b>	<b>71,022</b>	<b>45,284</b>	<b>25,738</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
4,955	4,955	-	-	-	-	4,955	4,955	-
<b>4,955</b>	<b>4,955</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,955</b>	<b>4,955</b>	<b>-</b>
-	-	-	100	55	45	100	55	45
<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>55</b>	<b>45</b>	<b>100</b>	<b>55</b>	<b>45</b>
-	-	-	225	218	7	225	218	7
<b>-</b>	<b>-</b>	<b>-</b>	<b>225</b>	<b>218</b>	<b>7</b>	<b>225</b>	<b>218</b>	<b>7</b>
1,440	1,440	-	400	-	400	1,840	1,440	400
<b>1,440</b>	<b>1,440</b>	<b>-</b>	<b>400</b>	<b>-</b>	<b>400</b>	<b>1,840</b>	<b>1,440</b>	<b>400</b>
-	-	-	-	-	-	1,450	455	995
-	-	-	7,578	6,267	1,311	8,893	7,166	1,727
-	-	-	24	6	18	24	6	18
-	-	-	630	595	35	630	595	35
-	-	-	-	-	-	2,256	1,206	1,050
-	-	-	72,448	51,066	21,382	80,797	55,552	25,245
<b>-</b>	<b>-</b>	<b>-</b>	<b>80,680</b>	<b>57,934</b>	<b>22,746</b>	<b>94,050</b>	<b>64,980</b>	<b>29,070</b>
-	-	-	439	372	67	439	372	67
<b>-</b>	<b>-</b>	<b>-</b>	<b>439</b>	<b>372</b>	<b>67</b>	<b>439</b>	<b>372</b>	<b>67</b>
616	551	65	8,121	7,287	834	8,737	7,838	899
<b>616</b>	<b>551</b>	<b>65</b>	<b>8,121</b>	<b>7,287</b>	<b>834</b>	<b>8,737</b>	<b>7,838</b>	<b>899</b>
-	-	-	118	76	42	118	76	42
<b>-</b>	<b>-</b>	<b>-</b>	<b>118</b>	<b>76</b>	<b>42</b>	<b>118</b>	<b>76</b>	<b>42</b>
-	-	-	228	170	58	228	170	58
<b>-</b>	<b>-</b>	<b>-</b>	<b>228</b>	<b>170</b>	<b>58</b>	<b>228</b>	<b>170</b>	<b>58</b>
-	-	-	86,534	85,905	629	86,534	85,905	629
<b>-</b>	<b>-</b>	<b>-</b>	<b>86,534</b>	<b>85,905</b>	<b>629</b>	<b>86,534</b>	<b>85,905</b>	<b>629</b>
-	-	-	9,191	7,499	1,692	9,936	8,241	1,695
<b>-</b>	<b>-</b>	<b>-</b>	<b>9,191</b>	<b>7,499</b>	<b>1,692</b>	<b>9,936</b>	<b>8,241</b>	<b>1,695</b>
-	-	-	824	127	697	3,466	2,688	778
<b>-</b>	<b>-</b>	<b>-</b>	<b>824</b>	<b>127</b>	<b>697</b>	<b>3,466</b>	<b>2,688</b>	<b>778</b>
-	-	-	485	355	130	485	355	130
<b>-</b>	<b>-</b>	<b>-</b>	<b>485</b>	<b>355</b>	<b>130</b>	<b>485</b>	<b>355</b>	<b>130</b>
150	150	-	-	-	-	150	150	-
<b>150</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>150</b>	<b>-</b>
-	-	-	13,308	10,382	2,926	84,330	55,666	28,664
<b>-</b>	<b>-</b>	<b>-</b>	<b>13,308</b>	<b>10,382</b>	<b>2,926</b>	<b>84,330</b>	<b>55,666</b>	<b>28,664</b>

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## STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis**(Continued from previous page)*

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Peace Officer Annuity and Benefits</b>			
Retirement Systems	-	-	-
<b>Total Peace Officer Annuity and Benefits</b>	-	-	-
<b>Peace Officer Standards and Training</b>			
Certified Law Enforcement Academy Program	-	-	-
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Peace Officer Standards and Training</b>	-	-	-
<b>Personnel</b>			
Administrative Support Service	250	250	-
<b>Total Personnel</b>	<b>250</b>	<b>250</b>	-
<b>Physical Fitness Commission</b>			
Advisory Services	-	-	-
<b>Total Physical Fitness Commission</b>	-	-	-
<b>Physical Therapy Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Physical Therapy Board</b>	-	-	-
<b>Plumbers and Gas Fitters Examining Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Plumbers and Gas Fitters Examining Board</b>	-	-	-
<b>Polygraph Examiners</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Polygraph Examiners</b>	-	-	-
<b>President Pro Tempore Senate</b>			
Legislative Operations and Support	1,243	1,051	192
<b>Total President Pro Tempore Senate</b>	<b>1,243</b>	<b>1,051</b>	<b>192</b>
<b>Private Investigation Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Private Investigation Board</b>	-	-	-
<b>Professional Engineers and Land Surveyors Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Professional Engineers and Land Surveyors Board</b>	-	-	-
<b>Professional Geologists Licensing Board</b>			
Mineral, Energy, and Water Resources	-	-	-
<b>Total Professional Geologists Licensing Board</b>	-	-	-
<b>Prosthetists and Orthotists Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Prosthetists and Orthotists 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 Historical Sites Improvement</b>			
Debt Service	-	-	-
<b>Total Public Historical Sites Improvement</b>	-	-	-
<b>Public Library Service</b>			
Public Library Services	-	-	-
<b>Total Public Library Service</b>	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	704	561	143	704	561	143
-	-	-	<b>704</b>	<b>561</b>	<b>143</b>	<b>704</b>	<b>561</b>	<b>143</b>
348	348	-	500	275	225	848	623	225
251	251	-	6,218	2,116	4,102	6,469	2,367	4,102
<b>599</b>	<b>599</b>	<b>-</b>	<b>6,718</b>	<b>2,391</b>	<b>4,327</b>	<b>7,317</b>	<b>2,990</b>	<b>4,327</b>
-	-	-	11,683	9,697	1,986	11,933	9,947	1,986
-	-	-	<b>11,683</b>	<b>9,697</b>	<b>1,986</b>	<b>11,933</b>	<b>9,947</b>	<b>1,986</b>
1,608	1,607	1	27	2	25	1,635	1,609	26
<b>1,608</b>	<b>1,607</b>	<b>1</b>	<b>27</b>	<b>2</b>	<b>25</b>	<b>1,635</b>	<b>1,609</b>	<b>26</b>
-	-	-	637	404	233	637	404	233
-	-	-	<b>637</b>	<b>404</b>	<b>233</b>	<b>637</b>	<b>404</b>	<b>233</b>
-	-	-	2,182	1,752	430	2,182	1,752	430
-	-	-	<b>2,182</b>	<b>1,752</b>	<b>430</b>	<b>2,182</b>	<b>1,752</b>	<b>430</b>
-	-	-	30	20	10	30	20	10
-	-	-	<b>30</b>	<b>20</b>	<b>10</b>	<b>30</b>	<b>20</b>	<b>10</b>
-	-	-	-	-	-	1,243	1,051	192
-	-	-	-	-	-	<b>1,243</b>	<b>1,051</b>	<b>192</b>
-	-	-	125	122	3	125	122	3
-	-	-	<b>125</b>	<b>122</b>	<b>3</b>	<b>125</b>	<b>122</b>	<b>3</b>
-	-	-	1,511	1,190	321	1,511	1,190	321
-	-	-	<b>1,511</b>	<b>1,190</b>	<b>321</b>	<b>1,511</b>	<b>1,190</b>	<b>321</b>
-	-	-	75	61	14	75	61	14
-	-	-	<b>75</b>	<b>61</b>	<b>14</b>	<b>75</b>	<b>61</b>	<b>14</b>
-	-	-	250	151	99	250	151	99
-	-	-	<b>250</b>	<b>151</b>	<b>99</b>	<b>250</b>	<b>151</b>	<b>99</b>
-	-	-	404	238	166	404	238	166
-	-	-	<b>404</b>	<b>238</b>	<b>166</b>	<b>404</b>	<b>238</b>	<b>166</b>
-	-	-	6,450	5,305	1,145	6,450	5,305	1,145
-	-	-	<b>6,450</b>	<b>5,305</b>	<b>1,145</b>	<b>6,450</b>	<b>5,305</b>	<b>1,145</b>
-	-	-	273	273	-	273	273	-
-	-	-	<b>273</b>	<b>273</b>	<b>-</b>	<b>273</b>	<b>273</b>	<b>-</b>
7,973	7,904	69	3,132	2,779	353	11,105	10,683	422
<b>7,973</b>	<b>7,904</b>	<b>69</b>	<b>3,132</b>	<b>2,779</b>	<b>353</b>	<b>11,105</b>	<b>10,683</b>	<b>422</b>

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## STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis**(Continued from previous page)*

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</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>Respiratory Therapy</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Respiratory Therapy</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>	-	-	-
<b>Senior Services</b>			
Elderly Medication Program	1,762	1,735	27
Medicaid Waiver Services	23,389	23,092	297
Planning and Advocacy for Elderly	7,361	7,174	187
<b>Total Senior Services</b>	<b>32,512</b>	<b>32,001</b>	<b>511</b>
<b>Sickle Cell Oversight Commission</b>			
Support - Other Educational Activities	-	-	-
<b>Total Sickle Cell Oversight Commission</b>	-	-	-
<b>Social Work Examiners Board</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total Social Work Examiners Board</b>	-	-	-
<b>Soil and Water Conservation Commission</b>			
Professional and Occupational Licensure and Regulation	-	-	-
Water Resource Development	3,031	2,267	764
<b>Total Soil and Water Conservation Commission</b>	<b>3,031</b>	<b>2,267</b>	<b>764</b>
<b>Space Science Exhibit Commission and Finance Authority</b>			
Special Services	-	-	-
<b>Total Space Science Exhibit Commission and Finance Authority</b>	-	-	-
<b>Speaker of the House</b>			
Speaker Of House, Office Of	3,262	985	2,277
<b>Total Speaker of the House</b>	<b>3,262</b>	<b>985</b>	<b>2,277</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>State Bar Association</b>			
Professional and Occupational Licensure and Regulation	-	-	-
<b>Total State Bar Association</b>	-	-	-
<b>State Board of Midwifery</b>			
Alabama State Board of Midwifery	-	-	-
<b>Total State Board of Midwifery</b>	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	1,154	780	374	1,154	780	374
-	-	-	1,154	780	374	1,154	780	374
-	-	-	5,383	4,114	1,269	5,383	4,114	1,269
-	-	-	5,383	4,114	1,269	5,383	4,114	1,269
-	-	-	350	162	188	350	162	188
-	-	-	350	162	188	350	162	188
-	-	-	81,715	64,854	16,861	81,715	64,854	16,861
-	-	-	81,715	64,854	16,861	81,715	64,854	16,861
8,265	8,265	-	-	-	-	8,265	8,265	-
8,265	8,265	-	-	-	-	8,265	8,265	-
-	-	-	21,499	8,728	12,771	21,499	8,728	12,771
-	-	-	21,499	8,728	12,771	21,499	8,728	12,771
-	-	-	-	-	-	1,762	1,735	27
-	-	-	113,005	101,871	11,134	136,394	124,963	11,431
-	-	-	30,816	25,977	4,839	38,177	33,151	5,026
-	-	-	143,821	127,848	15,973	176,333	159,849	16,484
1,455	1,454	1	-	-	-	1,455	1,454	1
1,455	1,454	1	-	-	-	1,455	1,454	1
-	-	-	402	316	86	402	316	86
-	-	-	402	316	86	402	316	86
-	-	-	8	-	8	8	-	8
-	-	-	11,104	1,999	9,105	14,135	4,266	9,869
-	-	-	11,112	1,999	9,113	14,143	4,266	9,877
1,130	1,130	-	-	-	-	1,130	1,130	-
1,130	1,130	-	-	-	-	1,130	1,130	-
-	-	-	-	-	-	3,262	985	2,277
-	-	-	-	-	-	3,262	985	2,277
-	-	-	300	227	73	300	227	73
-	-	-	300	227	73	300	227	73
-	-	-	6,970	5,439	1,531	6,970	5,439	1,531
-	-	-	6,970	5,439	1,531	6,970	5,439	1,531
-	-	-	25	-	25	25	-	25
-	-	-	25	-	25	25	-	25

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## STATE OF ALABAMA

## DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

All Agencies and Appropriations, *Non-GAAP, Budget Basis**(Continued from previous page)*

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>State Employees Insurance Board</b>			
Administrative Support Service	-	-	-
Fringe Benefits	-	-	-
<b>Total State Employees Insurance Board</b>	-	-	-
<b>State Executive Community Services Grants Commission</b>			
Alabama Community Service Grant: House of Representatives	-	-	-
Alabama Community Service Grant: Senate	-	-	-
<b>Total State Executive Community Services Grants Commission</b>	-	-	-
<b>State Industrial Development Authority</b>			
Industrial Development	-	-	-
<b>Total State Industrial Development Authority</b>	-	-	-
<b>Supercomputer Authority</b>			
Information Technology Services	-	-	-
<b>Total Supercomputer Authority</b>	-	-	-
<b>Supreme Court</b>			
Court Operations	10,783	10,176	607
<b>Total Supreme Court</b>	<b>10,783</b>	<b>10,176</b>	<b>607</b>
<b>Supreme Court Law Library</b>			
Court Operations	815	691	124
<b>Total Supreme Court Law Library</b>	<b>815</b>	<b>691</b>	<b>124</b>
<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>	<b>90</b>	<b>90</b>	<b>-</b>
<b>Tourism</b>			
Tourism and Travel Promotion	1,828	1,818	10
<b>Total Tourism</b>	<b>1,828</b>	<b>1,818</b>	<b>10</b>
<b>Veterans Affairs</b>			
Administration of Veterans Affairs	1,933	1,385	548
Student Financial Aid	-	-	-
Veterans Cemetery	-	-	-
Veterans Homes	-	-	-
<b>Total Veterans Affairs</b>	<b>1,933</b>	<b>1,385</b>	<b>548</b>
<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	9	9	-
<b>Total Women's Commission</b>	<b>9</b>	<b>9</b>	<b>-</b>
<b>TOTAL Other</b>	<b>280,847</b>	<b>224,584</b>	<b>56,263</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,849,849</b>	<b>\$ 1,718,384</b>	<b>\$ 131,465</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	8,232	5,313	2,919	8,232	5,313	2,919
-	-	-	1,771	1,771	-	1,771	1,771	-
-	-	-	10,003	7,084	2,919	10,003	7,084	2,919
4,000	3,984	16	-	-	-	4,000	3,984	16
4,000	3,974	26	-	-	-	4,000	3,974	26
8,000	7,958	42	-	-	-	8,000	7,958	42
-	-	-	2,315	2,105	210	2,315	2,105	210
-	-	-	2,315	2,105	210	2,315	2,105	210
-	-	-	16,754	15,031	1,723	16,754	15,031	1,723
-	-	-	16,754	15,031	1,723	16,754	15,031	1,723
-	-	-	-	-	-	10,783	10,176	607
-	-	-	-	-	-	10,783	10,176	607
500	467	33	-	-	-	1,315	1,158	157
500	467	33	-	-	-	1,315	1,158	157
-	-	-	4,854	2,557	2,297	4,854	2,557	2,297
-	-	-	4,854	2,557	2,297	4,854	2,557	2,297
-	-	-	1,242	779	463	1,242	779	463
-	-	-	1,242	779	463	1,242	779	463
-	-	-	-	-	-	90	90	-
-	-	-	-	-	-	90	90	-
-	-	-	19,802	18,415	1,387	21,630	20,233	1,397
-	-	-	19,802	18,415	1,387	21,630	20,233	1,397
2,553	2,551	2	5,458	3,323	2,135	9,944	7,259	2,685
91,545	64,610	26,935	-	-	-	91,545	64,610	26,935
-	-	-	608	403	205	608	403	205
-	-	-	81,781	58,178	23,603	81,781	58,178	23,603
94,098	67,161	26,937	87,847	61,904	25,943	183,878	130,450	53,428
-	-	-	643	563	80	643	563	80
-	-	-	643	563	80	643	563	80
-	-	-	18	16	2	27	25	2
-	-	-	18	16	2	27	25	2
356,094	325,634	30,460	1,837,095	1,384,131	452,964	2,474,036	1,934,349	539,687
\$ 6,484,938	\$ 6,450,132	\$ 34,806	\$17,834,754	\$15,641,487	\$ 2,193,267	\$26,169,541	\$23,810,003	\$ 2,359,538

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, 2019

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<b>TRANSFERS OUT:</b>			
<b><u>Education Trust Fund Transfers</u></b>			
Advancement in Tech Fund Transfer	-	-	-
Alabama Broadband Accessibility Funds	-	-	-
Alabama Commission on Higher Education	-	-	-
Budget Stabilization Transfer	-	-	-
Child Abuse Board	-	-	-
Department of Rehabilitation Services	-	-	-
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>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>General Fund Transfers</u></b>			
Agricultural and Conservation Development Commission	328	328	-
Alabama Department of Environmental Management-Operations	575	575	-
Building Renovation Finance Authority	1,461	1,461	-
Child Abuse Board	80	80	-
Constitutional Amendment 856 Repayment	13,500	13,500	-
Crime Victims Compensation Commission	90	90	-
District Attorney	20,626	20,626	-
Emergency Forest Fire Fund	250	250	-
Emergency Prisoner Feeding Fund	500	500	-
Fair Trial Tax Transfer	68,500	68,500	-
Forestry Commission	7,746	7,746	-
Governor's Mansion Authority	154	154	-
Historical Commission	1,892	1,892	-
Human Resources	66,509	66,509	-
Local Emergency Management Agency Assistance	420	420	-
Mental Health	118,904	118,904	-
Office of Information Technology	576	576	-
Revenue Department	250	250	-
State Law Enforcement	52,880	52,880	-
Surface Mining Commission	358	358	-
Wynfield	226	226	-
Youth Services	1,000	1,000	-
<b>TOTAL General Fund Transfers</b>	<b>356,825</b>	<b>356,825</b>	<b>-</b>
<b>TOTAL TRANSFERS OUT</b>	<b>\$ 356,825</b>	<b>\$ 356,825</b>	<b>\$ -</b>
<b>TOTAL EXPENDITURES AND TRANSFERS OUT</b>	<b>\$ 2,206,674</b>	<b>\$ 2,075,209</b>	<b>\$ 131,465</b>

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
272,326	272,326	-	-	-	-	272,326	272,326	-
7,400	7,400	-	-	-	-	7,400	7,400	-
725	725	-	-	-	-	725	725	-
64,239	64,239	-	-	-	-	64,239	64,239	-
1,702	1,702	-	-	-	-	1,702	1,702	-
250	250	-	-	-	-	250	250	-
1,350	1,350	-	-	-	-	1,350	1,350	-
29,091	29,091	-	-	-	-	29,091	29,091	-
50,640	50,640	-	-	-	-	50,640	50,640	-
61,539	61,539	-	-	-	-	61,539	61,539	-
533	533	-	-	-	-	533	533	-
1,584	1,584	-	-	-	-	1,584	1,584	-
405	405	-	-	-	-	405	405	-
9,692	9,692	-	-	-	-	9,692	9,692	-
<b>501,476</b>	<b>501,476</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>501,476</b>	<b>501,476</b>	<b>-</b>
-	-	-	-	-	-	328	328	-
-	-	-	-	-	-	575	575	-
-	-	-	-	-	-	1,461	1,461	-
-	-	-	-	-	-	80	80	-
-	-	-	-	-	-	13,500	13,500	-
-	-	-	-	-	-	90	90	-
-	-	-	-	-	-	20,626	20,626	-
-	-	-	-	-	-	250	250	-
-	-	-	-	-	-	500	500	-
-	-	-	-	-	-	68,500	68,500	-
-	-	-	-	-	-	7,746	7,746	-
-	-	-	-	-	-	154	154	-
-	-	-	-	-	-	1,892	1,892	-
-	-	-	-	-	-	66,509	66,509	-
-	-	-	-	-	-	420	420	-
-	-	-	-	-	-	118,904	118,904	-
-	-	-	-	-	-	576	576	-
-	-	-	-	-	-	250	250	-
-	-	-	-	-	-	52,880	52,880	-
-	-	-	-	-	-	358	358	-
-	-	-	-	-	-	226	226	-
-	-	-	-	-	-	1,000	1,000	-
-	-	-	-	-	-	<b>356,825</b>	<b>356,825</b>	<b>-</b>
<b>\$ 501,476</b>	<b>\$ 501,476</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 858,301</b>	<b>\$ 858,301</b>	<b>\$ -</b>
<b>\$ 6,986,414</b>	<b>\$ 6,951,608</b>	<b>\$ 34,806</b>	<b>\$17,834,754</b>	<b>\$15,641,487</b>	<b>\$ 2,193,267</b>	<b>\$27,027,842</b>	<b>\$24,668,304</b>	<b>\$ 2,359,538</b>

## 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, 2019

(Amounts in Thousands)

**TAXES**

General Sales Tax (4% on gross retail sale of merchandise)	\$ 2,475,661	10.7 %
General Use Tax	504,051	2.1 %
Income Tax (2% to 5% personal income, 6.5% net corporate income)	4,590,864	19.9 %
Property Tax Relief (represents portion of Income Tax used to offset property taxes lost in certain funds due to homestead exemptions)	55,600	0.2 %
General Property Tax (6 1/2 mills for state on varying rates not over 30%)	372,183	1.6 %
Gasoline Taxes (16¢ per gallon; 3¢ aviation; 1¢ jet)	440,139	1.9 %
Utilities Tax (6% telephone, 4% other)	416,225	1.8 %
Insurance Premium Tax (1% to 6%)	404,774	1.8 %
Liquor & Wine Tax (totals 56%, collected by ABC stores)	150,139	0.7 %
Tobacco & Cigarette Taxes (21.25 mills per cigarette; varying amounts on cigars, smoking tobacco, snuff, etc.)	173,652	0.8 %
Corporation Taxes (privilege, 25¢ to \$1.75 per \$1,000 net worth; permit, entrance fees for filing)	129,519	0.6 %
State Beer Tax (5¢ per 12 oz.)	56,487	0.2 %
Public Utilities (2.2%)	162,094	0.7 %
Motor Fuel Tax (diesel 17¢ per gallon)	156,499	0.7 %
Tennessee Valley Authority (payments in-lieu of all state taxes)	85,937	0.4 %
Leasing / Renting Tangible Personal Property - (4% most items, 1.5% vehicles, 2% garments)	82,463	0.4 %
Production Privilege Tax (Oil & Gas Severance at amounts varying 2-8%)	41,018	0.2 %
Financial Institutions Excise Tax (6.5% of net income of banks and other financial institutions)	81,126	0.4 %
Documentary Filing Taxes (auto title, deed, mortgage, securities, etc)	77,364	0.3 %
Coal Severance Tax (33.5¢ per ton)	5,011	0.0 %
Forestry Severance Tax	5,703	0.0 %
Contractors Gross Receipts Tax (5% of gross receipts)	48,832	0.2 %
Lodgings Tax (4% or 5% of charge)	81,480	0.4 %
Hydroelectric Companies (tax on 2/5 mill per kilowatt hour and 2.2% per dollar gross receipts)	955	0.0 %
Lubricating Oil Tax (6¢ per gallon)	1,992	0.0 %
Pari-mutuel Betting (1 or 2% on pari-mutuel pools)	1,298	0.0 %
Court Cost Taxes	21,058	0.1 %
Medicaid Taxes	396,315	1.7 %
Cellular Telephones (6%)	33,103	0.1 %
Vapor Products	2,256	0.0 %
Miscellaneous Taxes	19,617	0.1 %
<b>TOTAL TAXES</b>	<b>11,073,415</b>	<b>48.0%</b>

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**LICENSES AND FEES**

Conservation Licenses (fishing, hunting, boat registration, etc)	30,099	0.1 %
Drivers Licenses and Fees	66,312	0.3 %
Petroleum Products Inspection Fees (.00025¢ to 15¢ per gallon)	60,880	0.3 %
Agricultural Licenses and Fees	15,174	0.1 %
Wholesale Oil Company License	8,891	0.0 %
Motor Vehicle License (\$23.00 on auto; up to \$845.00 on trucks and up to \$210.00 on buses)	183,730	0.8 %
Privilege License (fees for privilege of operating stores, factories, professions, businesses, etc)	116,485	0.5 %
Court Fees	73,397	0.3 %
Alcoholic Beverage Licenses	2,553	0.0 %
Insurance Corporation Licenses and Fees	1,403	0.0 %
Miscellaneous License and Fees	221,984	1.0 %
<b>TOTAL LICENSES AND FEES</b>	<b>780,908</b>	<b>3.4%</b>

**FINES AND FORFEITS**

Court Fines and Forfeits	18,796	0.1 %
Tobacco Settlement	107,924	0.5 %
Miscellaneous Fines and Forfeits	86,031	0.4 %
<b>TOTAL FINES AND FORFEITS</b>	<b>212,751</b>	<b>1.0%</b>

**INVESTMENT INCOME****85,155 0.4%****FEDERAL REVENUES****9,632,518 41.9%****OTHER REVENUES**

Rents and Royalties	87,038	0.4 %
Reimbursements	93,028	0.4 %
Sales of Property or Services	60,384	0.3 %
Contributions	21,419	0.1 %
Intragovernmental Services	285,603	1.2 %
Local Revenues	60,247	0.3 %
Medicaid CPE/IGT Revenues	393,144	1.6 %
Miscellaneous Revenues	225,642	1.0 %
<b>TOTAL OTHER REVENUES</b>	<b>1,226,505</b>	<b>5.3%</b>

**TOTAL REVENUES****\$ 23,011,252 100.0%**



## 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, 2019

(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	\$ 2,475,661	\$ 65,108	\$ 2,410,553	\$ 53,527	\$ 134,506	\$ —	\$ 2,013,911	\$ —
General Use Tax	504,051	3,986	500,065	500	313,175	—	184,992	—
Income Tax	4,590,864	42,393	4,548,471	—	—	—	4,548,471	—
Property Tax Relief	55,600	—	55,600	8,212	22,753	24,635	—	—
General Property Tax	372,183	5,463	366,720	55,427	141,907	169,386	—	—
Gasoline Taxes	440,139	12,672	427,467	—	—	—	—	—
Utilities Tax	416,225	313	415,912	—	—	—	401,312	—
Insurance Premium Tax	404,774	—	404,774	—	368,285	—	30,993	—
Liquor & Wine Tax	150,139	—	150,139	53,847	75,079	—	—	—
Tobacco & Cigarette Taxes	173,652	441	173,211	2,415	159,086	—	—	—
Corporation Taxes	129,519	—	129,519	—	90,014	—	—	—
State Beer Tax	56,487	—	56,487	11,297	16,946	—	22,595	—
Public Utilities	162,094	—	162,094	—	24,694	—	—	—
Motor Fuel Tax	156,499	1,360	155,139	—	—	—	—	—
Tennessee Valley Authority	85,937	—	85,937	—	—	—	—	—
Leasing/Renting Personal Property	82,463	—	82,463	—	82,463	—	—	—
Production Privilege Tax	41,018	—	41,018	—	32,211	—	—	—
Financial Institutions Excise Tax	81,126	131	80,995	—	39,686	—	—	—
Documentary Filing Taxes	77,364	530	76,834	—	76,834	—	—	—
Coal Severance Tax	5,011	—	5,011	—	—	—	—	—
Forestry Severance Tax	5,703	291	5,412	—	—	—	—	—
Contractors Gross Receipts Tax	48,832	37	48,795	7,309	—	—	—	—
Lodgings Tax	81,480	45	81,435	—	58,855	—	—	—
Hydroelectric Companies	955	—	955	—	—	—	401	—
Lubricating Oil Tax	1,992	13	1,979	—	664	—	—	—
Pari-mutuel Betting	1,298	—	1,298	—	1,298	—	—	—
Court Cost Taxes	21,058	—	21,058	—	6,492	—	—	—
Medicaid Provider Taxes	396,315	224	396,091	—	—	—	—	—
Cellular Telephone Tax	33,103	—	33,103	—	19,349	—	11,924	—
Vapor Products	2,256	—	2,256	—	2,256	—	—	—
Miscellaneous Taxes	19,617	330	19,287	—	4,565	1	—	—
<b>TOTAL TAXES</b>	<b>11,073,415</b>	<b>133,337</b>	<b>10,940,078</b>	<b>192,534</b>	<b>1,671,118</b>	<b>194,022</b>	<b>7,214,599</b>	<b>—</b>
<b>LICENSES AND FEES</b>								
Conservation Licenses	30,099	—	30,099	—	—	—	—	—
Drivers Licenses and Fees	66,312	—	66,312	—	33,727	—	—	—
Petroleum Products Inspection Fee	60,880	—	60,880	—	—	—	—	—
Agricultural License and Fees	15,174	—	15,174	—	—	16	—	—
Wholesale Oil Company License	8,891	—	8,891	—	8,891	—	—	—
Motor Vehicle License	183,730	7,564	176,166	—	46,872	—	—	—
Privilege License	116,485	1,950	114,535	—	20,955	—	94	—
Court Fees	73,397	—	73,397	—	42,232	—	—	—
Alcoholic Beverage Licenses	2,553	—	2,553	—	2,553	—	—	—
Insurance Corp Licenses and Fees	1,403	—	1,403	—	611	—	—	—
Miscellaneous License and Fees	221,984	765	221,219	260	10,532	—	31	—
<b>TOTAL LICENSES AND FEES</b>	<b>780,908</b>	<b>10,279</b>	<b>770,629</b>	<b>260</b>	<b>166,373</b>	<b>16</b>	<b>125</b>	<b>—</b>
<b>FINES AND FORFEITS</b>								
Court Fines and Forfeits	18,796	—	18,796	—	11,302	—	—	—
Tobacco Settlement	107,924	—	107,924	—	7	—	—	—
Miscellaneous Fines and Forfeits	86,031	—	86,031	27	1,385	—	—	—
<b>TOTAL FINES AND FORFEITS</b>	<b>212,751</b>	<b>—</b>	<b>212,751</b>	<b>27</b>	<b>12,694</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>INVESTMENT INCOME</b>	<b>85,155</b>	<b>—</b>	<b>85,155</b>	<b>—</b>	<b>63,036</b>	<b>—</b>	<b>—</b>	<b>128</b>
<b>FEDERAL REVENUES</b>	<b>9,632,518</b>	<b>—</b>	<b>9,632,518</b>	<b>1,502,899</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>—</b>
Medicaid CPE/IGT Revenues	393,144	—	393,144	—	—	—	—	—
Miscellaneous Revenues	833,361	7,279	826,082	1,790	252	1,925	496	42,805
<b>TOTAL REVENUES</b>	<b>\$23,011,252</b>	<b>\$ 150,895</b>	<b>\$22,860,357</b>	<b>\$ 1,697,510</b>	<b>\$1,913,473</b>	<b>\$195,963</b>	<b>\$ 7,215,221</b>	<b>\$ 42,933</b>

Distributed To Local Government	Debt Service Funds	Medicaid	Transportation Department	Health General & Mental	Education Department	Economic & Community Affairs	Other	Distribution of Other Amounts
\$ 6,142	\$197,471	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,996	State Parks
—	—	—	—	—	—	—	1,398	Conservation Dept.
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
189,612	—	—	231,807	—	—	—	6,048	Airports Dev 2.1M, Conservation 2.9M, Alea 1M
—	—	—	—	14,600	—	—	—	—
—	—	—	—	4,525	—	—	971	Insurance Dept
—	—	—	—	21,213	—	—	—	—
852	1,800	—	—	6,643	—	—	2,415	State Parks
39,499	—	—	—	—	—	—	6	Secretary of State
5,649	—	—	—	—	—	—	—	—
—	—	—	—	137,400	—	—	—	—
2,769	—	—	152,370	—	—	—	—	—
71,328	—	—	—	—	—	—	14,609	Incentives Fin Auth
—	—	—	—	—	—	—	—	—
8,807	—	—	—	—	—	—	—	—
41,309	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
2,825	—	—	—	—	—	—	2,186	Docks Facilities Fund 1.9M
—	—	—	—	—	—	—	5,412	Forestry
—	—	—	—	41,486	—	—	—	—
2,971	—	—	—	—	—	—	19,609	Tourism
—	—	—	—	554	—	—	—	—
723	—	—	592	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	1,960	—	12,606	Fair Trial Fd 10.8
—	—	396,091	—	—	—	—	—	—
—	1,830	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	39	—	—	—	14,682	Labor 4.4M; ADEM 7.7M
<b>372,486</b>	<b>201,101</b>	<b>396,091</b>	<b>384,808</b>	<b>226,421</b>	<b>1,960</b>	<b>—</b>	<b>84,938</b>	
—	—	—	—	—	—	—	30,099	Conservation 22.6M; ALEA 6.2M
1,197	—	—	—	—	—	—	31,388	ALEA
9,820	—	—	45,513	—	—	—	5,547	Agriculture
—	—	—	—	54	—	—	15,104	Agriculture
—	—	—	—	—	—	—	—	—
24,555	—	—	100,160	—	—	—	4,579	Corrections 3.1M
—	—	—	4,991	4,389	685	1,932	81,489	Prof Bds 35.6M; Insur 19.8M; Sec Comm 11M; ADEM 4.8M
—	—	—	—	94	—	—	31,071	AOC 18.1M; DFS 6.6M; ALEA 4.7M
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	792	Insurance Dept
234	—	13	1,516	67,048	—	150	141,435	ADEM 66M; PSC 16.5; Parole 10M; Bank 14M; Ins 5.5M; ALEA 3.6M
<b>35,806</b>	<b>—</b>	<b>13</b>	<b>152,180</b>	<b>71,585</b>	<b>685</b>	<b>2,082</b>	<b>341,504</b>	
—	—	—	—	68	—	1,225	6,201	DFS 1.2M; DOC 1.8M; Peace Off 1.3M
—	—	—	—	—	—	—	107,917	21st Century Fund 108M
1	—	1,398	—	—	—	—	83,220	AL Econ Settle Auth 53.M; Atty Gen 19.1M; ADEM 3.4M
<b>1</b>	<b>—</b>	<b>1,398</b>	<b>—</b>	<b>68</b>	<b>—</b>	<b>1,225</b>	<b>197,338</b>	
—	<b>396</b>	<b>110</b>	<b>1,196</b>	—	—	<b>1,067</b>	<b>19,222</b>	FAHFA 7.1M; Sen Svc Trst 1.4M; ETF Bud Stab 2.5M; APSCA 1.5M
<b>1,435</b>	<b>9,070</b>	<b>4,970,465</b>	<b>1,005,534</b>	<b>525,862</b>	<b>996,024</b>	<b>157,455</b>	<b>463,773</b>	DRS 75M; Mil 51M; DOL 48M; ADEM 62M; Cons 21M; DOT 32M; VA 34M
—	—	393,144	—	—	—	—	—	—
5	23,129	196,970	274,325	12,168	9,865	5,057	257,295	Cons 81.9M; Uncl Prop 61M; Aging Comm 25M; DOC 15.2M; AOC 15.1M
<b>\$ 409,733</b>	<b>\$233,696</b>	<b>\$5,958,191</b>	<b>\$ 1,818,043</b>	<b>\$ 836,104</b>	<b>\$ 1,008,534</b>	<b>\$ 166,886</b>	<b>\$1,364,070</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.

### **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, 2019

(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Motor Sports Hall of Fame	Corrections Canteen
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 5,438	\$ 3,345	\$ 156	\$ 1,110
Investments, Short-term	26,658	4,320	—	—
Due From Other Funds	776	—	—	—
Accounts Receivable	7,272	593	—	270
Inventory	—	83	—	1,032
Other Current Assets	17,208	—	—	—
<b>Total Current Assets</b>	<b>57,352</b>	<b>8,341</b>	<b>156</b>	<b>2,412</b>
<b>Noncurrent Assets</b>				
Investments, Long-term	106,208	—	—	—
Due From Other Funds	6,347	—	—	—
Due From Component Units	10	—	—	—
Other Noncurrent Assets	—	20	19	—
Capital Assets, Net of Accumulated Depreciation	—	8,522	255	—
Capital Assets Not Depreciated	—	—	2,630	—
<b>Total Noncurrent Assets</b>	<b>112,565</b>	<b>8,542</b>	<b>2,904</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>169,917</b>	<b>16,883</b>	<b>3,060</b>	<b>2,412</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<b>0</b>	<b>1,141</b>	<b>4</b>	<b>0</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Warrants Payable	60	—	—	—
Due To Other Funds	—	—	—	1,034
Accounts Payable	214	551	19	346
Due To Other Governments	1	—	—	—
Claims Payable	14,315	—	—	—
Unearned Revenue	—	216	—	—
Compensated Absences	—	10	—	—
<b>Total Current Liabilities</b>	<b>14,590</b>	<b>777</b>	<b>19</b>	<b>1,380</b>
<b>Noncurrent Liabilities</b>				
Claims Payable	1,013	—	—	—
Compensated Absences	—	299	—	—
Net OPEB Liability	—	2,611	95	—
Net Pension Liability	—	3,793	—	—
Notes and Capital Leases Payable	—	—	1,010	—
<b>Total Noncurrent Liabilities</b>	<b>1,013</b>	<b>6,703</b>	<b>1,105</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>15,603</b>	<b>7,480</b>	<b>1,124</b>	<b>1,380</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<b>0</b>	<b>943</b>	<b>24</b>	<b>0</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	—	8,522	1,875	—
Restricted for:				
Education	—	1,079	—	—
Unrestricted	154,314	—	41	1,032
<b>TOTAL NET POSITION</b>	<b>\$ 154,314</b>	<b>\$ 9,601</b>	<b>\$ 1,916</b>	<b>\$ 1,032</b>

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Military Department	Totals
\$ 2,219	\$ 12,268
—	30,978
—	776
5	8,140
174	1,289
—	17,208
<b>2,398</b>	<b>70,659</b>
—	106,208
—	6,347
—	10
—	39
834	9,611
—	2,630
<b>834</b>	<b>124,845</b>
<b>3,232</b>	<b>195,504</b>
<b>54</b>	<b>1,199</b>
2	62
—	1,034
47	1,177
6	7
—	14,315
—	216
2	12
<b>57</b>	<b>16,823</b>
—	1,013
20	319
546	3,252
266	4,059
—	1,010
<b>832</b>	<b>9,653</b>
<b>889</b>	<b>26,476</b>
<b>140</b>	<b>1,107</b>
834	11,231
—	1,079
1,423	156,810
<b>\$ 2,257</b>	<b>\$ 169,120</b>

## STATE OF ALABAMA

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

## Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Motor Sports Hall of Fame	Corrections Canteen
<b>OPERATING REVENUES</b>				
Charges for Goods and Services	\$ 0	\$ 3,353	\$ 0	\$ 26,651
Premiums and Contributions	52,529	—	—	—
Rents and Leases	—	—	44	—
<b>Total Revenues</b>	<b>52,529</b>	<b>3,353</b>	<b>44</b>	<b>26,651</b>
<b>OPERATING EXPENSES</b>				
Salaries, Wages, and Benefits	—	4,979	54	—
Utilities and Communications	—	106	—	—
Professional Services	3,253	—	4	—
Supplies, Materials, and Operating Expense	29,984	2,841	6	15,093
Depreciation	—	655	45	—
Claims and Benefits	15,998	—	—	—
Other	—	—	1	—
<b>Total Operating Expenses</b>	<b>49,235</b>	<b>8,581</b>	<b>110</b>	<b>15,093</b>
<b>Operating Income (Loss)</b>	<b>3,294</b>	<b>(5,228)</b>	<b>(66)</b>	<b>11,558</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	6,075	92	—	—
Other Nonoperating Revenues	—	12	225	—
Grants	—	1,396	—	—
Interest Expense	—	—	(55)	—
Other Nonoperating Expenses	(913)	—	—	—
<b>Total Nonoperating Revenues (Expenses)</b>	<b>5,162</b>	<b>1,500</b>	<b>170</b>	<b>0</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>8,456</b>	<b>(3,728)</b>	<b>104</b>	<b>11,558</b>
Transfers In	—	4,783	—	—
Transfers Out	—	—	—	(11,338)
<b>Increase (Decrease) in Net Position</b>	<b>8,456</b>	<b>1,055</b>	<b>104</b>	<b>220</b>
Total Net Position, October 1, 2018, as Restated	145,858	8,546	1,812	812
<b>Total Net Position, September 30, 2019</b>	<b>\$ 154,314</b>	<b>\$ 9,601</b>	<b>\$ 1,916</b>	<b>\$ 1,032</b>

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Military Department	Totals
\$ 8,048	\$ 38,052
—	52,529
257	301
<b>8,305</b>	<b>90,882</b>
508	5,541
68	174
41	3,298
8,074	55,998
72	772
—	15,998
8	9
<b>8,771</b>	<b>81,790</b>
<b>(466)</b>	<b>9,092</b>
—	6,167
—	237
235	1,631
—	(55)
—	(913)
<b>235</b>	<b>7,067</b>
<b>(231)</b>	<b>16,159</b>
—	4,783
(13)	(11,351)
<b>(244)</b>	<b>9,591</b>
2,501	159,529
<b>\$ 2,257</b>	<b>\$ 169,120</b>



## STATE OF ALABAMA

## COMBINING STATEMENT OF CASH FLOWS

## Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Motor Sports Hall of Fame	Corrections Canteen
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customer & User Charges	\$ 83,715	\$ 2,486	\$ 225	\$ 26,651
Receipts from Interfund Services	8,046	—	—	—
Receipts from Operating Grants	—	1,374	—	—
Receipts from Interfund Reimbursements	152	—	—	—
Receipts from Other Operating Activities	96	844	44	—
Payments for Goods Held for Resale	—	—	—	(15,106)
Payments for Other Goods & Services	(36,824)	(2,991)	(10)	—
Payments for Employees Services	—	(4,851)	(91)	—
Payments for Interfund Services	(2,639)	—	—	—
Payments for Other Operating Activities	(122)	—	(1)	—
Payments for Claims	(56,831)	—	—	—
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>(4,407)</b>	<b>(3,138)</b>	<b>167</b>	<b>11,545</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Receipts from Noncapital Financing Grants & Donations	—	12	—	—
Transfers from Other Funds for Noncapital Financing	—	5,031	—	—
Transfers to Other Funds for Noncapital Financing	—	—	—	(11,055)
<b>Net Cash Provided By (Used In) Noncapital Financing Activities</b>	<b>0</b>	<b>5,043</b>	<b>0</b>	<b>(11,055)</b>
<b>Cash Flows from Capital &amp; Related Financing Activities:</b>				
Payments to Acquire, Construct, & Improve Capital Assets	—	(1,117)	—	—
Principal Paid on Revenue Bonds & Other Capital Debt	—	—	(107)	—
Interest Paid on Revenue Bonds & Other Capital Debt	—	—	(55)	—
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>0</b>	<b>(1,117)</b>	<b>(162)</b>	<b>0</b>
<b>Cash Flows From Investing Activities</b>				
Receipts from Sales & Maturities of Investments	31,402	—	—	—
Receipts from Interest & Dividends on Investments & Loans	1,080	92	—	—
Purchase of Investments	(27,179)	(89)	—	—
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>5,303</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>896</b>	<b>791</b>	<b>5</b>	<b>490</b>
Cash Balance as Restated, October 1, 2018	4,482	2,554	151	620
<b>Cash Balance, September 30, 2019</b>	<b>5,378</b>	<b>3,345</b>	<b>156</b>	<b>1,110</b>
Add: Warrants Payable	60	—	—	—
<b>Cash and Cash Equivalents, as Reported on Balance Sheet</b>	<b>\$ 5,438</b>	<b>\$ 3,345</b>	<b>\$ 156</b>	<b>\$ 1,110</b>

Military Department		Totals	
\$	8,305	\$	121,382
	—		8,046
	—		1,374
	—		152
	235		1,219
	(7,463)		(22,569)
	(751)		(40,576)
	(438)		(5,380)
	(11)		(2,650)
	—		(123)
	—		(56,831)
	<b>(123)</b>		<b>4,044</b>
	—		12
	—		5,031
	(13)		(11,068)
	<b>(13)</b>		<b>(6,025)</b>
	—		(1,117)
	—		(107)
	—		(55)
	<b>0</b>		<b>(1,279)</b>
	—		31,402
	—		1,172
	—		(27,268)
	<b>0</b>		<b>5,306</b>
	<b>(136)</b>		<b>2,046</b>
	2,353		10,160
	<b>2,217</b>		<b>12,206</b>
	2		62
<b>\$</b>	<b>2,219</b>	<b>\$</b>	<b>12,268</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, 2019

(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Motor Sports Hall of Fame	Corrections Canteen
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
<b>Operating Income (Loss)</b>	<b>\$ 3,294</b>	<b>\$ (5,228)</b>	<b>\$ (66)</b>	<b>\$ 11,558</b>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Due from Other Funds	1,709	—	—	—
Accounts Receivable	525	(47)	—	(36)
Inventory	—	(6)	—	(120)
Other Assets	(5,386)	—	(13)	—
Deferred Outflows of Resources	—	(3)	(1)	—
Due to Other Funds	(76)	—	—	—
Accounts Payable	1,096	20	—	143
Claims Payable	(5,036)	—	—	—
Unearned Revenue	(1)	2	—	—
Compensated Absences	—	36	—	—
Net Pension Liability	—	(265)	—	—
Net OPEB Liability	—	180	(4)	—
Deferred Inflows of Resources	—	122	(19)	—
Depreciation	—	655	45	—
Nonoperating Revenues	96	1,396	225	—
Nonoperating Expenses	(628)	—	—	—
Total Adjustments	<b>(7,701)</b>	<b>2,090</b>	<b>233</b>	<b>(13)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (4,407)</b>	<b>\$ (3,138)</b>	<b>\$ 167</b>	<b>\$ 11,545</b>
<b>Noncash Investing, Capital, and Financing Activities</b>				
Increase (Decrease):				
Interest Accruals and Other Adjustments	3,331	—	—	—
Unrealized Gains (Losses) in Investment Fair Value	1,353	—	—	—

Military Department		Totals	
\$	(466)	\$	9,092
	—		1,709
	—		442
	(32)		(158)
	—		(5,399)
	(7)		(11)
	—		(76)
	4		1,263
	—		(5,036)
	—		1
	6		42
	20		(245)
	(13)		163
	58		161
	72		772
	235		1,952
	—		(628)
	<b>343</b>		<b>(5,048)</b>
<b>\$</b>	<b>(123)</b>	<b>\$</b>	<b>4,044</b>

—	3,331
—	1,353



## **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, 2019

(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	\$ 14,537	\$ 832	\$ 9,129	\$ 34,419	\$ 6,345
Investments, Short-term	—	—	—	—	22,019
Due From Other Funds	7,559	1,088	1,689	2,237	561
Due From Component Units	44	19	—	8	—
Accounts Receivable	220	34	—	4	357
Due From Other Governments	—	—	—	—	34
Inventory	—	510	3,195	—	—
<b>Total Current Assets</b>	<b>22,360</b>	<b>2,483</b>	<b>14,013</b>	<b>36,668</b>	<b>29,316</b>
<b>Noncurrent Assets</b>					
Investments, Long-term	—	—	—	—	113,145
Capital Assets, Net of Accumulated Depreciation	18,514	987	1,351	69,494	303
Capital Assets Not Depreciated	—	—	544	2,382	—
<b>Total Noncurrent Assets</b>	<b>18,514</b>	<b>987</b>	<b>1,895</b>	<b>71,876</b>	<b>113,448</b>
<b>TOTAL ASSETS</b>	<b>40,874</b>	<b>3,470</b>	<b>15,908</b>	<b>108,544</b>	<b>142,764</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,339</b>	<b>219</b>	<b>661</b>	<b>1,131</b>	<b>909</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Warrants Payable	3	—	3	1	63
Due To Other Funds	2,336	28	34	20	346
Due To Component Units	—	—	—	—	672
Accounts Payable	12,289	387	1,986	1,950	1,550
Due To Other Governments	—	—	8	46	5
Claims Payable	—	—	—	—	5,065
Unearned Revenue	54	—	—	—	—
Funds Held in Escrow	—	—	—	—	200
Compensated Absences	147	6	47	30	37
Notes and Capital Leases Payable	4,159	—	—	—	—
Revenue Bonds Payable	—	—	—	2,110	—
<b>Total Current Liabilities</b>	<b>18,988</b>	<b>421</b>	<b>2,078</b>	<b>4,157</b>	<b>7,938</b>
<b>Noncurrent Liabilities</b>					
Claims Payable	—	—	—	—	81,800
Compensated Absences	1,579	64	501	320	396
Net OPEB Liability	11,480	1,945	4,708	5,585	5,406
Net Pension Liability	17,632	1,200	4,231	4,154	6,369
Notes and Capital Leases Payable	8,641	—	—	—	—
Revenue Bonds Payable	—	—	—	10,108	—
<b>Total Noncurrent Liabilities</b>	<b>39,332</b>	<b>3,209</b>	<b>9,440</b>	<b>20,167</b>	<b>93,971</b>
<b>TOTAL LIABILITIES</b>	<b>58,320</b>	<b>3,630</b>	<b>11,518</b>	<b>24,324</b>	<b>101,909</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>3,891</b>	<b>517</b>	<b>1,357</b>	<b>1,541</b>	<b>1,679</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	5,714	987	1,895	60,090	303
Unrestricted	(24,712)	(1,445)	1,799	23,720	39,782
<b>TOTAL NET POSITION</b>	<b>\$ (18,998)</b>	<b>\$ (458)</b>	<b>\$ 3,694</b>	<b>\$ 83,810</b>	<b>\$ 40,085</b>

State Motor Pool	Other Internal Service Funds	Totals
\$ 937	\$ 17,398	\$ 83,597
—	—	22,019
435	3,435	17,004
5	14	90
3	17	635
—	—	34
—	—	3,705
<b>1,380</b>	<b>20,864</b>	<b>127,084</b>
—	—	113,145
457	751	91,857
—	—	2,926
<b>457</b>	<b>751</b>	<b>207,928</b>
<b>1,837</b>	<b>21,615</b>	<b>335,012</b>
<b>145</b>	<b>2,484</b>	<b>7,888</b>
1	1	72
49	577	3,390
—	—	672
188	1,392	19,742
6	3	68
—	—	5,065
—	—	54
—	—	200
—	153	420
—	—	4,159
—	—	2,110
<b>244</b>	<b>2,126</b>	<b>35,952</b>
—	—	81,800
—	1,649	4,509
990	13,378	43,492
948	18,108	52,642
—	—	8,641
—	—	10,108
<b>1,938</b>	<b>33,135</b>	<b>201,192</b>
<b>2,182</b>	<b>35,261</b>	<b>237,144</b>
<b>290</b>	<b>4,341</b>	<b>13,616</b>
457	751	70,197
(947)	(16,254)	21,943
<b>\$ (490)</b>	<b>\$ (15,503)</b>	<b>\$ 92,140</b>



## STATE OF ALABAMA

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

## Internal Service Funds

For the Fiscal Year Ended September 30, 2019

(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	\$ 83,719	\$ 8,588	\$ 11,814	\$ 1,136	\$ 2,938
Premiums and Contributions	—	—	—	—	20,545
Rents and Leases	—	—	0	18,042	—
<b>Total Operating Revenues</b>	<b>83,719</b>	<b>8,588</b>	<b>11,814</b>	<b>19,178</b>	<b>23,483</b>
<b>OPERATING EXPENSES</b>					
Salaries, Wages, and Benefits	14,710	1,141	3,632	3,990	4,824
Utilities and Communications	16,690	111	704	3,644	56
Professional Services	34,746	255	222	2,482	4,918
Supplies, Materials, and Operating Expense	8,051	6,936	9,885	973	527
Interest	—	—	—	—	—
Depreciation	3,142	189	146	3,484	56
Claims and Benefits	—	—	—	—	19,008
Other	3,107	208	585	3,330	155
<b>Total Operating Expenses</b>	<b>80,446</b>	<b>8,840</b>	<b>15,174</b>	<b>17,903</b>	<b>29,544</b>
<b>Operating Income (Loss)</b>	<b>3,273</b>	<b>(252)</b>	<b>(3,360)</b>	<b>1,275</b>	<b>(6,061)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment Income	—	—	—	—	6,968
Other Nonoperating Revenues	(60)	21	8	347	32
Grants	112	—	—	—	—
Interest Expense	(467)	—	—	(465)	—
Other Nonoperating Expenses	(49)	(13)	—	(15)	(419)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(464)</b>	<b>8</b>	<b>8</b>	<b>(133)</b>	<b>6,581</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>2,809</b>	<b>(244)</b>	<b>(3,352)</b>	<b>1,142</b>	<b>520</b>
Capital Contributions	63	—	—	3	—
Transfers In	706	3	4,170	4,916	3,706
Transfers Out	(46)	(10)	(30)	(3,130)	(3,727)
<b>Increase (Decrease) in Net Position</b>	<b>3,532</b>	<b>(251)</b>	<b>788</b>	<b>2,931</b>	<b>499</b>
Total Net Position, October 1, 2018, as Restated	(22,530)	(207)	2,906	80,879	39,586
<b>Total Net Position, September 30, 2019</b>	<b>\$ (18,998)</b>	<b>\$ (458)</b>	<b>\$ 3,694</b>	<b>\$ 83,810</b>	<b>\$ 40,085</b>

State Motor Pool	Other Internal Service Funds	Totals
\$ 2,163	\$ 22,534	\$ 132,892
—	—	20,545
—	—	18,042
<b>2,163</b>	<b>22,534</b>	<b>171,479</b>
533	13,285	42,115
35	219	21,459
2	11,577	54,202
415	1,351	28,138
—	19	19
99	84	7,200
—	—	19,008
1,659	1,698	10,742
<b>2,743</b>	<b>28,233</b>	<b>182,883</b>
<b>(580)</b>	<b>(5,699)</b>	<b>(11,404)</b>
—	—	6,968
174	244	766
—	—	112
—	—	(932)
—	(76)	(572)
<b>174</b>	<b>168</b>	<b>6,342</b>
<b>(406)</b>	<b>(5,531)</b>	<b>(5,062)</b>
—	13	79
193	4,779	18,473
—	(178)	(7,121)
<b>(213)</b>	<b>(917)</b>	<b>6,369</b>
(277)	(14,586)	85,771
<b>\$ (490)</b>	<b>\$ (15,503)</b>	<b>\$ 92,140</b>

## STATE OF ALABAMA

## COMBINING STATEMENT OF CASH FLOWS

## Internal Service Funds

For the Fiscal Year Ended September 30, 2019

(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	\$ 1,387	\$ 4	\$ 855	\$ 32	\$ 388
Receipts from Interfund Services	82,874	8,649	10,522	18,622	23,096
Receipts from Other Operating Activities	147	—	12	116	293
Payments for Goods Held for Resale	(1)	(7,308)	(7,431)	—	—
Payments for Other Goods & Services	(57,012)	(273)	(2,735)	(8,211)	(3,866)
Payments for Employees Services	(13,030)	(1,013)	(3,675)	(3,489)	(4,778)
Payments for Taxes, Fines, Penalties, & Similar Fees	—	(17)	—	—	—
Payments for Interfund Services	(1,322)	(425)	(427)	(1,101)	(1,313)
Payments for Other Operating Activities	(125)	(15)	(46)	(1)	(239)
Payments for Claims	—	—	—	—	(6,349)
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>12,918</b>	<b>(398)</b>	<b>(2,925)</b>	<b>5,968</b>	<b>7,232</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers from Other Funds for Noncapital Financing	706	—	4,157	4,914	3,703
Transfers to Other Funds for Noncapital Financing	(46)	(8)	(30)	(3,868)	(3,725)
<b>Net Cash Provided By (Used In) Noncapital Financing Activities</b>	<b>660</b>	<b>(8)</b>	<b>4,127</b>	<b>1,046</b>	<b>(22)</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	8	17	16	62	2
Payments to Acquire, Construct, & Improve Capital Assets	(412)	(218)	(145)	(2,733)	(90)
Principal Paid on Revenue Bonds & Other Capital Debt	(4,349)	—	—	(2,030)	—
Interest Paid on Revenue Bonds & Other Capital Debt	(467)	—	—	(538)	—
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>(5,220)</b>	<b>(201)</b>	<b>(129)</b>	<b>(5,239)</b>	<b>(88)</b>
<b>Cash Flows From Investing Activities</b>					
Receipts from Sales & Maturities of Investments	—	—	—	—	7,000
Receipts from Interest & Dividends on Investments & Loans	—	—	—	—	36
Purchase of Investments	—	—	—	—	(15,236)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,200)</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>8,358</b>	<b>(607)</b>	<b>1,073</b>	<b>1,775</b>	<b>(1,078)</b>
Cash Balance as Restated, October 1, 2018	6,176	1,439	8,053	32,643	7,360
<b>Cash Balance, September 30, 2019</b>	<b>14,534</b>	<b>832</b>	<b>9,126</b>	<b>34,418</b>	<b>6,282</b>
Add: Warrants Payable	3	—	3	1	63
<b>Cash and Cash Equivalents, as Reported on Balance Sheet</b>	<b>\$ 14,537</b>	<b>\$ 832</b>	<b>\$ 9,129</b>	<b>\$ 34,419</b>	<b>\$ 6,345</b>

State Motor Pool	Other Internal Service Funds	Totals
\$ 390	\$ 4,176	\$ 7,232
1,753	16,323	161,839
—	161	729
—	—	(14,740)
(1,504)	(9,828)	(83,429)
(716)	(13,827)	(40,528)
—	—	(17)
(585)	(4,850)	(10,023)
(1)	(165)	(592)
—	—	(6,349)
<b>(663)</b>	<b>(8,010)</b>	<b>14,122</b>
193	3,652	17,325
—	(174)	(7,851)
<b>193</b>	<b>3,478</b>	<b>9,474</b>
—	3,404	3,404
188	8	301
(230)	(408)	(4,236)
—	(675)	(7,054)
—	(177)	(1,182)
<b>(42)</b>	<b>2,152</b>	<b>(8,767)</b>
—	—	7,000
—	—	36
—	—	(15,236)
<b>0</b>	<b>0</b>	<b>(8,200)</b>
<b>(512)</b>	<b>(2,380)</b>	<b>6,629</b>
1,448	19,777	76,896
<b>936</b>	<b>17,397</b>	<b>83,525</b>
1	1	72
<b>\$ 937</b>	<b>\$ 17,398</b>	<b>\$ 83,597</b>

Continued on next page...

## COMBINING STATEMENT OF CASH FLOWS (Continued from Previous Page)

## Internal Service Funds

For the Fiscal Year Ended September 30, 2019

(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 Provided (Used) by Operating Activities</b>					
<b>Operating Income (Loss)</b>	<b>\$ 3,273</b>	<b>\$ (252)</b>	<b>\$ (3,360)</b>	<b>\$ 1,275</b>	<b>\$ (6,061)</b>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Due from Other Funds	677	66	(251)	(532)	(231)
Accounts Receivable	(2)	(11)	—	(2)	—
Inventory	—	(159)	72	—	—
Deferred Outflows of Resources	(2,478)	(237)	(13)	(753)	(927)
Due to Other Funds	1,908	16	(193)	5	232
Accounts Payable	2,315	(431)	725	210	407
Claims Payable	—	—	—	—	12,624
Unearned Revenue	(230)	—	—	—	—
Compensated Absences	114	4	95	16	75
Net Pension Liability	950	57	(75)	171	54
Net OPEB Liability	(2,158)	(417)	(527)	(1,074)	(1,394)
Deferred Inflows of Resources	5,172	717	444	2,132	2,206
Operating Interest Expense	—	—	—	—	—
Depreciation	3,142	189	146	3,484	56
Nonoperating Revenues	253	19	12	985	298
Nonoperating Expenses	(18)	41	—	51	(107)
Total Adjustments	<u>9,645</u>	<u>(146)</u>	<u>435</u>	<u>4,693</u>	<u>13,293</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 12,918</b>	<b>\$ (398)</b>	<b>\$ (2,925)</b>	<b>\$ 5,968</b>	<b>\$ 7,232</b>
<b>Noncash Investing, Capital, and Financing Activities</b>					
Increase (Decrease):					
Capital Assets Acquired by Capital Contribution	63	—	—	3	—
Capital Assets Acquired by Capital Lease or Other Debt	1,449	—	—	—	—
Capital Assets Acquired on Account	—	—	103	402	—
Disposals of Capital Assets	(656)	(87)	(148)	(958)	(139)
Capital Asset Reassignments	—	—	—	(742)	—
Revenue Bond Amortizations and Other Debt Adjustments	—	—	—	(160)	—
Interest Accruals and Other Adjustments	—	—	—	—	3,269
Unrealized Gains (Losses) in Investment Fair Value	—	—	—	—	3,651
Transfers In (Out)	—	(1)	(13)	(740)	(1)

State Motor Pool	Other Internal Service Funds	Totals
\$ (580)	\$ (5,699)	\$ (11,404)
(41)	(2,037)	(2,349)
20	—	5
—	—	(87)
7	(2,497)	(6,898)
(41)	95	2,022
63	(113)	3,176
—	—	12,624
—	—	(230)
—	(198)	106
(87)	(117)	953
(183)	(3,348)	(9,101)
80	5,642	16,393
—	19	19
99	84	7,200
—	161	1,728
—	(2)	(35)
(83)	(2,311)	25,526
\$ (663)	\$ (8,010)	\$ 14,122

—	13	79
—	—	1,449
48	—	553
—	(840)	(2,828)
—	—	(742)
—	—	(160)
—	—	3,269
—	—	3,651
—	1,230	475



## **Pension and Other Employee Benefit Trust Funds**

*Pension and Other Employee Benefit Trust Funds account for the resources held in trust for members and 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, 2019

(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	\$ 17,875	\$ 71,531	\$ 3,100	\$ 301	\$ 0
Investments					
U.S. Treasury Securities	465,074	948,066	25,914	4,399	4,558
U.S. Agency Securities	80,544	162,939	4,490	516	782
Mortgage Backed Securities	300,051	596,523	15,814	—	3,062
Corporate Stocks	6,925,941	13,785,646	156,306	—	3,043
Corporate Bonds	847,664	1,727,220	32,779	4,289	6,555
Real Estate	1,198,136	2,470,955	4,227	—	—
Commercial Paper	303,721	481,704	6,006	—	353
International Stocks	1,594,696	3,385,579	42,977	—	—
Guaranteed Investment Contracts	—	—	—	—	—
Mutual and Money Market Funds	740,277	1,706,067	19,578	17,386	879
Receivables					
Due From Other Funds	—	—	—	11	—
Employer Contributions Receivable	27,711	90,488	639	—	—
Member Contributions Receivable	14,276	52,968	162	—	—
Investment Sales Receivable	4,249	7,678	—	—	—
Accounts Receivable	35,171	72,193	1,009	80	86
Mortgages, Notes, and Loans Receivable	—	—	—	—	—
Securities Lending Collateral	256,550	699,940	5,297	—	1,379
Other Assets	—	—	—	—	—
Capital Assets, Net of Accumulated Depreciation	46,730	107,074	—	16	—
Capital Assets not Depreciated	2,535	5,085	—	—	—
<b>TOTAL ASSETS</b>	<b>12,861,201</b>	<b>26,371,656</b>	<b>318,298</b>	<b>26,998</b>	<b>20,697</b>
<b>Deferred Outflows Of Resources</b>	<b>2,537</b>	<b>7,059</b>	<b>44</b>	<b>60</b>	<b>0</b>
<b>LIABILITIES</b>					
Warrants Payable	—	—	—	69	—
Investment Purchases Payable	4,666	8,818	21	—	—
Due To Other Funds	—	—	—	3	—
Accounts Payable	2,269	4,252	36	48	—
Due To Other Governments	—	—	—	—	—
Claims Payable	—	—	—	—	—
Securities Lending Obligation	256,550	699,940	5,297	—	1,379
Unearned Revenue	—	—	—	—	—
Compensated Absences	2,156	3,874	31	110	—
Net OPEB Liability	10,902	16,182	91	266	—
Net Pension Liability	14,845	20,897	284	468	—
Notes and Mortgages Payable	—	—	—	—	—
<b>TOTAL LIABILITIES</b>	<b>291,388</b>	<b>753,963</b>	<b>5,760</b>	<b>964</b>	<b>1,379</b>
<b>Deferred Inflows Of Resources</b>	<b>3,877</b>	<b>5,304</b>	<b>41</b>	<b>95</b>	<b>—</b>
<b>NET POSITION</b>					
Restricted for Pension and Other Employee Benefits	12,568,473	25,619,448	312,541	25,999	19,318
<b>TOTAL NET POSITION</b>	<b>\$ 12,568,473</b>	<b>\$ 25,619,448</b>	<b>\$ 312,541</b>	<b>\$ 25,999</b>	<b>\$ 19,318</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	\$ —	\$ 0	\$ 0	\$ 901	\$ 93,708
288	—	—	427,500	138,705	16,913	—	2,031,417
49	—	—	65,044	23,348	2,941	—	340,653
193	—	—	256,417	90,868	11,797	—	1,274,725
192	1,299	—	862,806	763,321	105,090	139	22,603,783
414	234	67,132	516,614	189,275	21,176	84	3,413,436
—	—	—	—	—	—	—	3,673,318
22	—	—	11,011	25,041	3,503	—	831,361
—	—	41,479	—	176,163	17,467	—	5,258,361
—	—	207,418	—	—	—	—	207,418
55	13,878	301,554	134,306	84,406	11,177	55	3,029,618
—	—	—	—	—	—	—	11
—	—	—	—	—	—	—	118,838
—	—	—	—	—	—	—	67,406
—	—	—	—	—	—	—	11,927
7	—	—	9,114	5,617	62,279	184	185,740
—	—	8,003	—	—	—	—	8,003
87	—	—	64,362	49,901	4,395	—	1,081,911
—	—	—	—	1,914	—	454	2,368
—	—	—	—	—	—	—	153,820
—	—	—	—	—	—	—	7,620
<b>1,307</b>	<b>15,411</b>	<b>625,586</b>	<b>2,347,174</b>	<b>1,548,559</b>	<b>256,738</b>	<b>1,817</b>	<b>44,395,442</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,700</b>
—	—	—	—	—	—	—	69
—	—	—	100	115	—	—	13,720
—	—	—	—	—	—	—	3
—	—	—	—	—	233	70	6,908
—	—	—	—	51	—	—	51
—	—	—	—	21,414	58,078	99	79,591
87	—	—	64,362	49,901	4,395	—	1,081,911
—	—	—	—	—	3,177	—	3,177
—	—	—	—	—	—	—	6,171
—	—	—	—	—	—	—	27,441
—	—	—	—	—	—	—	36,494
—	—	—	—	—	—	1,000	1,000
<b>87</b>	<b>0</b>	<b>0</b>	<b>64,462</b>	<b>71,481</b>	<b>65,883</b>	<b>1,169</b>	<b>1,256,536</b>
—	—	—	—	—	—	—	9,317
1,220	15,411	625,586	2,282,712	1,477,078	190,855	648	43,139,289
<b>\$ 1,220</b>	<b>\$ 15,411</b>	<b>\$ 625,586</b>	<b>\$ 2,282,712</b>	<b>\$ 1,477,078</b>	<b>\$ 190,855</b>	<b>\$ 648</b>	<b>\$ 43,139,289</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, 2019

(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	\$ 254,440	\$ 522,909	\$ 4,101	\$ 661	\$ 0
Employer	467,553	869,336	18,022	3,876	—
Other Contributions	—	—	—	—	—
Federal On-Behalf	—	—	—	—	—
Total Contributions	721,993	1,392,245	22,123	4,537	—
Investment Earnings					
Investment Interest and Dividends	291,011	583,329	7,463	587	555
Net Increase (Decrease) in Fair Value of Investments	30,092	33,671	3,476	989	889
Securities Lending Income	13,884	28,905	327	—	30
Total Investment Earnings	334,987	645,905	11,266	1,576	1,474
Less:					
Investment Expense	3,870	9,213	—	77	—
Securities Lending Interest and Fees	10,741	22,273	251	—	25
Net Investment Income	320,376	614,419	11,015	1,499	1,449
Other Additions					
Interest from Mortgages and Loans Receivable	—	—	—	—	—
Miscellaneous	4,132	5,045	28	14	—
Total Other Additions	4,132	5,045	28	14	0
<b>Total Additions</b>	<b>1,046,501</b>	<b>2,011,709</b>	<b>33,166</b>	<b>6,050</b>	<b>1,449</b>
<b>DEDUCTIONS</b>					
Benefit Payments and Refunds	1,182,551	2,299,599	37,584	5,118	—
Administrative Expense	15,825	28,097	357	420	—
<b>Total Deductions</b>	<b>1,198,376</b>	<b>2,327,696</b>	<b>37,941</b>	<b>5,538</b>	<b>—</b>
<b>Change in Net Position</b>	<b>(151,875)</b>	<b>(315,987)</b>	<b>(4,775)</b>	<b>512</b>	<b>1,449</b>
Net Position Restricted or Held in Trust for Beneficiaries, October 1, 2018, as Restated	12,720,348	25,935,435	317,316	25,487	17,869
<b>Net Position Restricted or Held in Trust for Beneficiaries, September 30, 2019</b>	<b>\$ 12,568,473</b>	<b>\$ 25,619,448</b>	<b>\$ 312,541</b>	<b>\$ 25,999</b>	<b>\$ 19,318</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	\$ 966	\$ 33,408	\$ 77,972	\$ 135,738	\$ 41,160	\$ 26,850	\$ 1,098,205
—	1,207	—	—	284,412	74,781	7	1,719,194
—	—	—	—	—	—	4,564	4,564
—	—	—	—	463	—	—	463
—	2,173	33,408	77,972	420,613	115,941	31,421	2,822,426
35	465	32,317	60,564	35,490	4,346	—	1,016,162
57	—	(19,374)	91,279	19,505	2,167	29	162,780
2	—	—	3,287	1,997	1,096	—	49,528
94	465	12,943	155,130	56,992	7,609	29	1,228,470
—	—	712	—	—	—	—	13,872
2	—	—	2,647	1,585	931	—	38,455
92	465	12,231	152,483	55,407	6,678	29	1,176,143
—	—	464	—	—	—	—	464
—	—	—	—	—	—	—	9,219
0	0	464	0	0	0	0	9,683
92	2,638	46,103	230,455	476,020	122,619	31,450	4,008,252
—	901	48,034	137,383	425,336	115,499	28,922	4,280,927
—	6	1,192	—	2,410	443	2,483	51,233
—	907	49,226	137,383	427,746	115,942	31,405	4,332,160
92	1,731	(3,123)	93,072	48,274	6,677	45	(323,908)
1,128	13,680	628,709	2,189,640	1,428,804	184,178	603	43,463,197
<u>\$ 1,220</u>	<u>\$ 15,411</u>	<u>\$ 625,586</u>	<u>\$ 2,282,712</u>	<u>\$ 1,477,078</u>	<u>\$ 190,855</u>	<u>\$ 648</u>	<u>\$ 43,139,289</u>

## **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, 2019

(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	\$ 7,018	\$ 1,614	\$ 0	\$ 572	\$ 9,204
Investments					
U.S. Treasury Securities	29,987	—	1,274	—	31,261
U.S. Agency Securities	16,522	—	156	—	16,678
Mortgage Backed Securities	6,714	—	828	—	7,542
Corporate Stocks	—	—	6,894	—	6,894
Corporate Bonds	11,090	—	1,667	—	12,757
Real Estate	—	—	20	—	20
Commercial Paper	—	—	250	—	250
Mutual and Money Market Funds	30,685	1,818,049	464	634	1,849,832
Receivables					
Accounts Receivable	334	6,917	1	—	7,252
Securities Lending Collateral	—	—	593	—	593
<b>TOTAL ASSETS</b>	<b>102,350</b>	<b>1,826,580</b>	<b>12,147</b>	<b>1,206</b>	<b>1,942,283</b>
<b>LIABILITIES</b>					
Warrants Payable	4,435	—	—	—	4,435
Due To Other Funds	1	—	—	—	1
Accounts Payable	15,934	2,400	6	—	18,340
Securities Lending Obligation	—	—	593	—	593
Amounts Held in Custody for Others	—	4,796	—	—	4,796
Compensated Absences	10	5	—	—	15
<b>TOTAL LIABILITIES</b>	<b>20,380</b>	<b>7,201</b>	<b>599</b>	<b>0</b>	<b>28,180</b>
<b>NET POSITION</b>					
Restricted or Held in Trust for Beneficiaries	81,970	1,819,379	11,548	1,206	1,914,103
<b>TOTAL NET POSITION</b>	<b>\$ 81,970</b>	<b>\$ 1,819,379</b>	<b>\$ 11,548</b>	<b>\$ 1,206</b>	<b>\$ 1,914,103</b>

## STATE OF ALABAMA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

## Private-Purpose Trust Funds

For the Fiscal Year Ended September 30, 2019

(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	\$ 707	\$ 189,992	\$ 0	\$ 725	\$ 191,424
Total Contributions	707	189,992	0	725	191,424
Investment Earnings					
Investment Interest and Dividends	2,037	69,529	354	229	72,149
Net Increase (Decrease) in Fair Value of Investments	1,352	(9,097)	280	—	(7,465)
Securities Lending Interest and Fees	—	—	81	—	81
Total Investment Earnings	3,389	60,432	715	229	64,765
Less:					
Securities Lending Interest and Fees	—	—	73	—	73
Net Investment Income	3,389	60,432	642	229	64,692
Other Additions					
Miscellaneous	135	—	—	—	135
Transfer In	61,539	—	—	—	61,539
Total Other Additions	61,674	0	0	0	61,674
<b>Total Additions</b>	<b>65,770</b>	<b>250,424</b>	<b>642</b>	<b>954</b>	<b>317,790</b>
<b>DEDUCTIONS</b>					
Benefit Payments and Refunds	59,331	155,026	15	206	214,578
Administrative Expense	1,014	9,368	—	—	10,382
Transfers Out	—	808	—	—	808
<b>Total Deductions</b>	<b>60,345</b>	<b>165,202</b>	<b>15</b>	<b>206</b>	<b>225,768</b>
<b>Change in Net Position</b>	<b>5,425</b>	<b>85,222</b>	<b>627</b>	<b>748</b>	<b>92,022</b>
Net Position Restricted or Held in Trust					
for Beneficiaries, October 1, 2018, as Restated	76,545	1,734,157	10,921	458	1,822,081
<b>Net Position Restricted or Held in Trust</b>					
<b>for Beneficiaries, September 30, 2019</b>	<b>\$ 81,970</b>	<b>\$ 1,819,379</b>	<b>\$ 11,548</b>	<b>\$ 1,206</b>	<b>\$ 1,914,103</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, 2019

(Amounts in Thousands)

	State Clearing Accounts	Taxes Collected for Local Governments	Payroll	Other Agency Funds	Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 216,928	\$ 7,865	\$ 2,319	\$ 70,414	\$ 297,526
Investments	—	—	—	51,846	51,846
<b>TOTAL ASSETS</b>	<b>\$ 216,928</b>	<b>\$ 7,865</b>	<b>\$ 2,319</b>	<b>\$ 122,260</b>	<b>\$ 349,372</b>
<b>LIABILITIES</b>					
Warrants Payable	\$ 22,692	\$ 221	\$ 1,844	\$ 509	\$ 25,266
Accounts Payable	8	—	—	194	202
Due To Other Governments	12,928	7,644	1	204	20,777
Amounts Held in Custody for Others	181,300	—	474	121,353	303,127
<b>TOTAL LIABILITIES</b>	<b>\$ 216,928</b>	<b>\$ 7,865</b>	<b>\$ 2,319</b>	<b>\$ 122,260</b>	<b>\$ 349,372</b>

## STATE OF ALABAMA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

## Agency Funds

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019
<b>STATE CLEARING ACCOUNTS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 188,129	\$ 22,625,871	\$ 22,597,072	\$ 216,928
Taxes Receivable	—	659,754	659,754	—
<b>TOTAL ASSETS</b>	<b>\$ 188,129</b>	<b>\$ 23,285,625</b>	<b>\$ 23,256,826</b>	<b>\$ 216,928</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 22,563	\$ 22,692	\$ 22,563	\$ 22,692
Due To Other Funds	—	11	11	—
Accounts Payable	4	57,221	57,217	8
Due To Other Governments	4,501	24,304	15,877	12,928
Amounts Held Pending Distribution	—	61,902,405	61,902,405	—
Unearned Revenue	—	15,101	15,101	—
Amounts Held in Custody for Others	161,061	1,231,828	1,211,589	181,300
<b>TOTAL LIABILITIES</b>	<b>\$ 188,129</b>	<b>\$ 63,253,562</b>	<b>\$ 63,224,763</b>	<b>\$ 216,928</b>
<b>TAXES COLLECTED FOR LOCAL GOVTS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 7,404	\$ 460,626	\$ 460,165	\$ 7,865
<b>TOTAL ASSETS</b>	<b>\$ 7,404</b>	<b>\$ 460,626</b>	<b>\$ 460,165</b>	<b>\$ 7,865</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 267	\$ 221	\$ 267	\$ 221
Accounts Payable	—	13,397	13,397	—
Due to Other Governments	7,137	475,344	474,837	7,644
<b>TOTAL LIABILITIES</b>	<b>\$ 7,404</b>	<b>\$ 488,962</b>	<b>\$ 488,501</b>	<b>\$ 7,865</b>
<b>PAYROLL</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,238	\$ 2,460,820	\$ 2,461,739	\$ 2,319
Due From Other Funds	9	—	9	—
<b>TOTAL ASSETS</b>	<b>\$ 3,247</b>	<b>\$ 2,460,820</b>	<b>\$ 2,461,748</b>	<b>\$ 2,319</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 2,013	\$ 1,845	\$ 2,014	\$ 1,844
Due To Other Funds	—	15	15	—
Accounts Payable	852	830,029	830,881	—
Due To Other Governments	1	144,613	144,613	1
Amounts Held Pending Distribution	—	1,488,972	1,488,972	—
Amounts Held in Custody for Others	381	505,818	505,725	474
<b>TOTAL LIABILITIES</b>	<b>\$ 3,247</b>	<b>\$ 2,971,292</b>	<b>\$ 2,972,220</b>	<b>\$ 2,319</b>

## STATE OF ALABAMA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

## Agency Funds

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019
<b>OTHER AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 123,891	\$ 773,220	\$ 826,697	\$ 70,414
Investments	49,532	3,047	733	51,846
Due From Other Funds	183	—	183	—
<b>TOTAL ASSETS</b>	<b>\$ 173,606</b>	<b>\$ 776,267</b>	<b>\$ 827,613</b>	<b>\$ 122,260</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 827	\$ 509	\$ 827	\$ 509
Due To Other Funds	—	319	319	—
Accounts Payable	12	24,634	24,452	194
Due To Other Governments	196	847	839	204
Amounts Held Pending Distribution	—	317	317	—
Amounts Held in Custody for Others	172,571	798,797	850,015	121,353
<b>TOTAL LIABILITIES</b>	<b>\$ 173,606</b>	<b>\$ 825,423</b>	<b>\$ 876,769</b>	<b>\$ 122,260</b>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 322,661	\$ 26,320,538	\$ 26,345,673	\$ 297,526
Investments	49,533	3,046	733	51,846
Due From Other Funds	192	1	193	—
Taxes Receivable	—	659,754	659,754	—
<b>TOTAL ASSETS</b>	<b>\$ 372,386</b>	<b>\$ 26,983,339</b>	<b>\$ 27,006,353</b>	<b>\$ 349,372</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 25,670	\$ 25,264	\$ 25,668	\$ 25,266
Due To Other Funds	—	346	346	—
Accounts Payable	869	925,279	925,946	202
Tax Refunds Payable	—	—	—	—
Due To Other Governments	11,835	645,109	636,167	20,777
Amounts Held Pending Distribution	—	63,391,694	63,391,694	—
Unearned Revenue	—	15,101	15,101	—
Amounts Held in Custody for Others	334,012	2,536,444	2,567,329	303,127
<b>TOTAL LIABILITIES</b>	<b>\$ 372,386</b>	<b>\$ 67,539,237</b>	<b>\$ 67,562,251</b>	<b>\$ 349,372</b>



## **Nonmajor Component Units**

### **Housing Finance Authority**

Provides housing opportunities for those with moderate and low incomes through affordable financing programs.

### **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.

### **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.

## COMBINING STATEMENT OF NET POSITION

## Nonmajor Component Units

September 30, 2019

(Amounts in Thousands)

	Housing Finance Authority	Water Pollution Control Authority	Drinking Water Finance Authority	Troy University	Alabama State University
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 21,406	\$ 1,010	\$ 4,773	\$ 100,661	\$ 37,850
Investments	272,255	274,413	147,237	145,829	88,661
Due From Primary Government	—	4,536	—	—	—
Accounts Receivable	20,122	1,494	993	39,893	15,700
Due From Other Governments	—	362,046	242,961	—	9,916
Mortgages, Notes, and Loans Receivable	481,671	—	—	321	—
Securities Lending Collateral	—	—	—	—	—
Inventory	—	—	—	66	4
Restricted Assets	—	—	—	—	—
Other Assets	67,342	3,707	5,428	1,469	178
Capital Assets, Net of Accumulated Depreciation	—	71	15	304,190	242,383
Capital Assets Not Depreciated	—	—	—	42,946	21,200
<b>TOTAL ASSETS</b>	<b>862,796</b>	<b>647,277</b>	<b>401,407</b>	<b>635,375</b>	<b>415,892</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>5,475</b>	<b>532</b>	<b>997</b>	<b>43,007</b>	<b>26,124</b>
<b>LIABILITIES</b>					
Warrants Payable	—	—	—	—	—
Due To Primary Government	—	172	—	—	—
Accounts Payable	85,364	200	186	9,837	11,693
Due To Other Governments	—	89,156	76,602	—	—
Securities Lending Obligation	—	—	—	—	—
Unearned Revenue	7,976	—	—	38,446	15,767
Amounts Held in Custody for Others	346,101	55	—	6,259	—
Noncurrent Liabilities:					
Due Within One Year	1,009	12,850	5,775	7,530	12,843
Due In More than One Year	14,002	21,793	29,365	368,829	306,594
<b>TOTAL LIABILITIES</b>	<b>454,452</b>	<b>124,226</b>	<b>111,928</b>	<b>430,901</b>	<b>346,897</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,051</b>	<b>17,848</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	—	71	15	173,835	67,899
Restricted for:					
Permanent - Expendable	—	—	—	59,402	1,256
Permanent - Non-expendable	—	—	—	24,018	59,192
Debt Service	122,348	523,512	290,461	—	—
Capital Projects	—	—	—	—	—
Other Purposes	—	—	—	679	51,779
Unrestricted	291,471	—	—	(48,504)	(102,855)
<b>TOTAL NET POSITION</b>	<b>\$ 413,819</b>	<b>\$ 523,583</b>	<b>\$ 290,476</b>	<b>\$ 209,430</b>	<b>\$ 77,271</b>

Alabama Agricultural and Mechanical University	Jacksonville State University	University of North Alabama	University of Montevallo	University of West Alabama	State Employees' Health Insurance	Other Nonmajor Component Units	Totals
\$ 48,727	\$ 60,464	\$ 57,227	\$ 10,353	\$ 21,787	\$ 10,783	\$ 65,200	\$ 440,241
53,592	43,659	56,045	74,977	7,925	123,582	52,341	1,340,516
—	—	—	—	—	844	471	5,851
20,619	49,591	10,524	5,169	7,295	12,416	15,585	199,401
—	—	—	—	—	362	164	615,449
20,266	1,875	2,132	160	133	1,000	120	507,678
—	—	—	—	—	10,863	5	10,868
—	—	13	—	—	—	9,983	10,066
—	—	—	3,074	—	—	101	3,175
14,387	15,054	10,988	7,497	47	482	3,036	129,615
138,347	158,008	\$ 139,368	54,297	51,945	1,047	129,124	1,218,795
26,058	110,997	\$ 23,290	15,277	4,452	—	106,512	350,732
<b>321,996</b>	<b>439,648</b>	<b>299,587</b>	<b>170,804</b>	<b>93,584</b>	<b>161,379</b>	<b>382,642</b>	<b>4,832,387</b>
<b>19,398</b>	<b>26,002</b>	<b>21,357</b>	<b>13,723</b>	<b>9,746</b>	<b>1,002</b>	<b>31,822</b>	<b>199,185</b>
—	—	—	—	—	256	2	258
—	12,947	—	—	—	284	330	13,733
21,348	32,640	9,200	6,103	5,837	1,039	11,969	195,416
—	—	—	289	—	—	25	166,072
—	—	—	—	—	10,863	5	10,868
55,398	40,172	30,050	16,127	12,385	108	11,141	227,570
3,175	692	626	529	120	—	501	358,058
6,436	5,143	1,938	2,243	1,330	12,097	5,583	74,777
205,840	256,017	212,252	126,050	109,218	32,324	238,385	1,920,669
<b>292,197</b>	<b>347,611</b>	<b>254,066</b>	<b>151,341</b>	<b>128,890</b>	<b>56,971</b>	<b>267,941</b>	<b>2,967,421</b>
<b>12,122</b>	<b>13,472</b>	<b>13,125</b>	<b>9,567</b>	<b>4,846</b>	<b>2,129</b>	<b>25,235</b>	<b>136,395</b>
79,278	145,491	68,748	25,708	12,995	1,047	212,474	787,561
8,005	41,790	26,472	29,621	—	—	1,399	167,945
42,721	7,310	29,953	23,058	427	—	17,825	204,504
—	1,180	—	—	—	—	—	937,501
—	—	—	—	—	—	28	28
720	2,779	228	—	—	—	4,436	60,621
(93,649)	(93,983)	(71,648)	(54,768)	(43,828)	102,234	(114,874)	(230,404)
<b>\$ 37,075</b>	<b>\$ 104,567</b>	<b>\$ 53,753</b>	<b>\$ 23,619</b>	<b>\$ (30,406)</b>	<b>\$ 103,281</b>	<b>\$ 121,288</b>	<b>\$ 1,927,756</b>



## STATE OF ALABAMA

## COMBINING STATEMENT OF ACTIVITIES

## Nonmajor Component Units

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	Housing Finance Authority	Water Pollution Control Authority	Drinking Water Finance Authority	Troy University	Alabama State University
<b>Expenses</b>	<b>\$ 73,148</b>	<b>\$ 8,661</b>	<b>\$ 7,814</b>	<b>\$ 260,789</b>	<b>\$ 151,498</b>
<b>Program Revenues</b>					
Charges for Services	49,129	2,685	1,608	148,791	58,416
Operating Grants and Contributions	20,948	17,358	23,023	56,673	40,490
Capital Grants and Contributions	—	—	—	913	—
<b>Total Program Revenues</b>	<b>70,077</b>	<b>20,043</b>	<b>24,631</b>	<b>206,377</b>	<b>98,906</b>
<b>Net (Expense) Revenue</b>	<b>(3,071)</b>	<b>11,382</b>	<b>16,817</b>	<b>(54,412)</b>	<b>(52,592)</b>
<b>General Revenues:</b>					
Payments from State of Alabama	—	—	—	56,309	46,920
Unrestricted Investment Earnings	8,500	17,606	9,876	6,629	6,632
Miscellaneous	—	—	—	4,523	—
<b>Contributions to Permanent Funds and Endowments</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total General Revenues, Contributions, and Extraordinary Items</b>	<b>8,500</b>	<b>17,606</b>	<b>9,876</b>	<b>67,461</b>	<b>53,552</b>
<b>Change in Net Position</b>	<b>5,429</b>	<b>28,988</b>	<b>26,693</b>	<b>13,049</b>	<b>960</b>
Net Position, October 1, 2018, as Restated	408,390	494,595	263,783	196,381	76,311
<b>Net Position, September 30, 2019</b>	<b>\$ 413,819</b>	<b>\$ 523,583</b>	<b>\$ 290,476</b>	<b>\$ 209,430</b>	<b>\$ 77,271</b>

Alabama Agricultural and Mechanical University	Jacksonville State University	University of North Alabama	University of Montevallo	University of West Alabama	State Employees' Health Insurance	Other Nonmajor Component Units	Totals
<b>\$ 159,165</b>	<b>\$ 146,490</b>	<b>\$ 124,815</b>	<b>\$ 75,778</b>	<b>\$ 73,891</b>	<b>\$ 326,826</b>	<b>\$ 235,329</b>	<b>\$ 1,644,204</b>
74,464	76,019	77,777	33,771	43,143	338,342	108,194	1,012,339
49,002	52,912	19,911	11,489	12,149	—	37,283	341,238
1,705	3,764	—	3,151	—	—	1,818	11,351
<b>125,171</b>	<b>132,695</b>	<b>97,688</b>	<b>48,411</b>	<b>55,292</b>	<b>338,342</b>	<b>147,295</b>	<b>1,364,928</b>
<b>(33,994)</b>	<b>(13,795)</b>	<b>(27,127)</b>	<b>(27,367)</b>	<b>(18,599)</b>	<b>11,516</b>	<b>(88,034)</b>	<b>(279,276)</b>
41,835	42,618	32,078	22,386	18,289	29	90,590	351,054
354	(81)	532	882	77	9,940	2,423	63,370
533	17,162	—	666	209	—	1,388	24,481
—	—	117	—	—	—	—	117
<b>42,722</b>	<b>59,699</b>	<b>32,727</b>	<b>23,934</b>	<b>18,575</b>	<b>9,969</b>	<b>94,401</b>	<b>439,022</b>
<b>8,728</b>	<b>45,904</b>	<b>5,600</b>	<b>(3,433)</b>	<b>(24)</b>	<b>21,485</b>	<b>6,367</b>	<b>159,746</b>
28,347	58,663	48,153	27,052	(30,382)	81,796	114,921	1,768,010
<b>\$ 37,075</b>	<b>\$ 104,567</b>	<b>\$ 53,753</b>	<b>\$ 23,619</b>	<b>\$ (30,406)</b>	<b>\$ 103,281</b>	<b>\$ 121,288</b>	<b>\$ 1,927,756</b>

## STATE OF ALABAMA

## COMBINING STATEMENT OF NET POSITION

## Other Nonmajor Component Units

September 30, 2019

(Amounts in Thousands)

	Historical Commission	Alabama Institute for the Deaf and Blind	Athens State University	Space Science Exhibit Commission	Marine Environmental Sciences Consortium
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,877	\$ 26,092	\$ 17,337	\$ 5,996	\$ 1,376
Investments	14,925	12,993	12,676	131	—
Due From Primary Government	2	—	—	—	—
Accounts Receivable	79	8,055	2,725	2,155	2,569
Due From Other Governments	—	—	—	—	—
Mortgages, Notes, and Loans Receivable	—	—	—	—	—
Securities Lending Collateral	5	—	—	—	—
Inventory	222	7,492	14	1,802	171
Restricted Assets	—	—	—	101	—
Other Assets	—	210	2,014	602	—
Capital Assets, Net of Accumulated Depreciation	262	24,950	40,924	39,209	12,219
Capital Assets Not Depreciated	82,423	3,855	2,957	6,860	667
<b>TOTAL ASSETS</b>	<b>100,795</b>	<b>83,647</b>	<b>78,647</b>	<b>56,856</b>	<b>17,002</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	<b>739</b>	<b>16,816</b>	<b>6,280</b>	<b>2,622</b>	<b>3,194</b>
<b>LIABILITIES</b>					
Warrants Payable	1	—	—	—	—
Due To Primary Government	38	—	—	—	—
Accounts Payable	422	3,172	1,975	4,196	408
Due To Other Governments	5	—	—	—	—
Securities Lending Obligation	5	—	—	—	—
Unearned Revenue	—	534	6,559	3,060	988
Amounts Held in Custody for Others	—	293	—	—	208
Noncurrent Liabilities:					
Due Within One Year	42	517	1,576	608	241
Due in More Than One Year	10,341	121,853	53,079	20,939	14,773
<b>TOTAL LIABILITIES</b>	<b>10,854</b>	<b>126,369</b>	<b>63,189</b>	<b>28,803</b>	<b>16,618</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	<b>1,479</b>	<b>10,884</b>	<b>4,129</b>	<b>3,940</b>	<b>1,177</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	82,685	27,530	31,640	38,188	11,740
Permanent - Expendable	—	1,399	—	—	—
Restricted for:					
Permanent - Non-expendable	11,168	4,687	1,970	—	—
Capital Projects	—	—	—	—	28
Other Purposes	—	9	3,722	193	512
Unrestricted	(4,652)	(70,415)	(19,723)	(11,646)	(9,879)
<b>TOTAL NET POSITION</b>	<b>\$ 89,201</b>	<b>\$ (36,790)</b>	<b>\$ 17,609</b>	<b>\$ 26,735</b>	<b>\$ 2,401</b>

Crime Victims Compensation Commission	Supercomputer Authority	U.S.S Alabama Battleship Commission	Historic Ironworks Commission	Red Mountain Recreation Commission	Miscellaneous Component Units	Totals
\$ 313	\$ 4,961	\$ 3,324	\$ 301	\$ 31	\$ 2,592	\$ 65,200
4,412	—	6,005	—	—	1,199	52,341
—	219	—	—	—	250	471
—	—	2	—	—	—	15,585
—	—	—	—	—	164	164
—	—	—	—	—	120	120
—	—	—	—	—	—	5
—	—	253	29	—	—	9,983
—	—	—	—	—	—	101
—	—	89	—	—	121	3,036
971	1,565	5,173	2,257	1,398	196	129,124
—	—	899	1,035	7,655	161	106,512
<b>5,696</b>	<b>6,745</b>	<b>15,745</b>	<b>3,622</b>	<b>9,084</b>	<b>4,803</b>	<b>382,642</b>
<b>382</b>	<b>195</b>	<b>1,034</b>	<b>84</b>	<b>343</b>	<b>133</b>	<b>31,822</b>
—	1	—	—	—	—	2
39	3	—	—	—	250	330
147	1,234	302	68	30	15	11,969
—	17	—	—	—	3	25
—	—	—	—	—	—	5
—	—	—	—	—	—	11,141
—	—	—	—	—	—	501
2,423	14	—	152	9	1	5,583
5,321	2,601	4,158	1,922	2,290	1,108	238,385
<b>7,930</b>	<b>3,870</b>	<b>4,460</b>	<b>2,142</b>	<b>2,329</b>	<b>1,377</b>	<b>267,941</b>
<b>738</b>	<b>331</b>	<b>1,164</b>	<b>578</b>	<b>484</b>	<b>331</b>	<b>25,235</b>
971	1,565	6,072	2,674	9,053	356	212,474
—	—	—	—	—	—	1,399
—	—	—	—	—	—	17,825
—	—	—	—	—	—	28
—	—	—	—	—	—	4,436
(3,561)	1,174	5,083	(1,688)	(2,439)	2,872	(114,874)
<b>\$ (2,590)</b>	<b>\$ 2,739</b>	<b>\$ 11,155</b>	<b>\$ 986</b>	<b>\$ 6,614</b>	<b>\$ 3,228</b>	<b>\$ 121,288</b>

## STATE OF ALABAMA

## COMBINING STATEMENT OF ACTIVITIES

## Other Nonmajor Component Units

For the Fiscal Year Ended September 30, 2019

(Amounts in Thousands)

	Historical Commission	Alabama Institute for the Deaf and Blind	Athens State University	Space Science Exhibit Commission	Marine Environmental Sciences Consortium
<b>Expenses</b>	<b>\$ 6,691</b>	<b>\$ 101,114</b>	<b>\$ 37,192</b>	<b>\$ 43,211</b>	<b>\$ 16,517</b>
<b>Program Revenues</b>					
Charges for Services	1,874	29,091	16,075	42,261	3,391
Operating Grants and Contributions	906	15,486	10,107	—	8,571
Capital Grants and Contributions	—	933	—	875	—
<b>Total Program Revenues</b>	<b>2,780</b>	<b>45,510</b>	<b>26,182</b>	<b>43,136</b>	<b>11,962</b>
<b>Net (Expense) Revenue</b>	<b>(3,911)</b>	<b>(55,604)</b>	<b>(11,010)</b>	<b>(75)</b>	<b>(4,555)</b>
<b>General Revenues:</b>					
Payments from State of Alabama	4,241	55,727	14,060	1,601	4,879
Unrestricted Investment Earnings	1,025	126	829	2	1
Miscellaneous	3	860	525	—	—
<b>Total General Revenues</b>	<b>5,269</b>	<b>56,713</b>	<b>15,414</b>	<b>1,603</b>	<b>4,880</b>
<b>Change in Net Position</b>	<b>1,358</b>	<b>1,109</b>	<b>4,404</b>	<b>1,528</b>	<b>325</b>
Net Position, October 1, 2018, as Restated	87,843	(37,899)	13,205	25,207	2,076
<b>Net Position, September 30, 2019</b>	<b>\$ 89,201</b>	<b>\$ (36,790)</b>	<b>\$ 17,609</b>	<b>\$ 26,735</b>	<b>\$ 2,401</b>

Crime Victims Compensation Commission	Supercomputer Authority	U.S.S Alabama Battleship Commission	Historic Ironworks Commission	Red Mountain Recreation Commission	Miscellaneous Component Units	Totals
\$ 4,865	\$ 14,834	\$ 5,881	\$ 1,888	\$ 2,030	\$ 1,106	\$ 235,329
2,762	4,168	5,522	1,964	287	799	108,194
1,412	—	10	168	583	40	37,283
—	—	—	—	—	10	1,818
4,174	4,168	5,532	2,132	870	849	147,295
(691)	(10,666)	(349)	244	(1,160)	(257)	(88,034)
90	9,692	—	—	—	300	90,590
291	—	97	3	—	49	2,423
—	—	—	—	—	—	1,388
381	9,692	97	3	—	349	94,401
(310)	(974)	(252)	247	(1,160)	92	6,367
(2,280)	3,713	11,407	739	7,774	3,136	114,921
\$ (2,590)	\$ 2,739	\$ 11,155	\$ 986	\$ 6,614	\$ 3,228	\$ 121,288



## **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, 2019

(Amounts in Thousands)

	Amount
Administrative Office Of Courts	\$ 936
Agriculture and Industries	6,197
Archives and History	45
Attorney General	1,009
Child Abuse and Neglect Prevention Board	504
Commerce	55,309
Commission on Higher Education	1
Conservation and Natural Resources	20,843
Corrections	342
Council on the Arts	1,153
Crime Victims Compensation Commission	1,412
Drinking Water Finance Authority	23,023
Early Childhood Education	19,117
Economic and Community Affairs	161,266
Education	1,055,505
Emergency Management Agency	39,715
Environmental Management	22,301
Finance-Special Funds	1,435
Forensic Sciences	1,253
Forestry Commission	3,845
Geological Survey	517
Governor's Office of Volunteer Services	1,654
High School of Math and Science	275
Historical Commission	875
Housing Finance Authority	20,948
Human Resources	1,503,173
Labor	49,648
Law Enforcement Agency	16,535
Manufactured Housing Commission	433
Medicaid Agency	4,984,925
Mental Health	66,543
Military	58,183
Office of Information Technology	112
Office of Prosecution Services	204
Public Health	524,487
Public Library Services	2,915
Public School and College Authority	9,070
Public Service Commission	925
Rehabilitation Services	74,860
School of Fine Arts	60
Secretary of State	19
Senior Services	24,625
Soil and Water Conservation Commission	423
Surface Mining Commission	957
Transportation	1,092,845
Veterans Affairs	35,222
Water Pollution Control Authority	17,358
<b>Total Federal Revenues</b>	<b>\$ 9,903,002</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 307**

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 317**

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 325**

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 333**

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 337**

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)

	2019	2018	2017	2016	2015
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 20,598,076	\$ 20,564,785	\$ 20,544,621	\$ 20,408,863	\$ 20,285,148
Restricted	8,822,914	8,312,471	8,606,626	7,376,079	7,205,559
Unrestricted	(9,012,764)	(9,597,426)	(10,447,520)	(7,707,397)	(7,855,192)
<b>Total Governmental Activities Net Position</b>	<b>\$ 20,408,226</b>	<b>\$ 19,279,830</b>	<b>\$ 18,703,727</b>	<b>\$ 20,077,545</b>	<b>\$ 19,635,515</b>
<b>Business-type Activities</b>					
Net Investment in Capital Assets	\$ 297,463	\$ 306,317	\$ 309,115	\$ 297,816	\$ 301,107
Restricted	751,669	675,693	605,930	567,493	489,942
Unrestricted	(4,284)	(19,800)	(30,399)	(67,811)	—
<b>Total Business-type Activities Net Position</b>	<b>\$ 1,044,848</b>	<b>\$ 962,210</b>	<b>\$ 884,646</b>	<b>\$ 797,498</b>	<b>\$ 791,049</b>
<b>Primary government</b>					
Net Investment in Capital Assets	\$ 20,895,539	\$ 20,871,102	\$ 20,853,736	\$ 20,706,679	\$ 20,586,255
Restricted	9,574,583	8,988,164	9,212,556	7,943,572	7,695,501
Unrestricted	(9,017,048)	(9,617,226)	(10,477,919)	(7,775,208)	(7,855,192)
<b>Total Primary Government Net Position</b>	<b>\$ 21,453,074</b>	<b>\$ 20,242,040</b>	<b>\$ 19,588,373</b>	<b>\$ 20,875,043</b>	<b>\$ 20,426,564</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 and 2016 fund balance/net position was restated for GASB 68 and GASB 73, respectively, because it was not practical to restate prior years. Only 2017 fund balance/net position was restated for GASB 75 Net OPEB liability because it was not practical to restate years prior to 2017.*

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2014	2013	2012	2011	2010
\$ 20,119,589	\$ 20,041,968	\$ 19,633,646	\$ 19,091,325	\$ 18,552,943
6,796,929	6,936,902	6,046,381	5,387,811	4,801,716
(7,386,155)	(4,818,396)	(4,473,936)	(1,513,001)	(764,963)
<b>\$ 19,530,363</b>	<b>\$ 22,160,474</b>	<b>\$ 21,206,091</b>	<b>\$ 22,966,135</b>	<b>\$ 22,589,696</b>

\$ 298,811	\$ 251,394	\$ 235,360	\$ 175,650	\$ 249,695
312,426	298,238	163,285	415,535	46,739
(12,158)	71,753	72,020	(305,674)	(71,628)
<b>\$ 599,079</b>	<b>\$ 621,385</b>	<b>\$ 470,665</b>	<b>\$ 285,511</b>	<b>\$ 224,806</b>

\$ 20,418,400	\$ 20,293,362	\$ 19,869,006	\$ 18,802,638	\$ 18,467,011
7,109,355	7,235,140	6,209,666	4,848,455	4,494,797
(7,398,313)	(4,746,643)	(4,401,916)	(836,591)	(595,833)
<b>\$ 20,129,442</b>	<b>\$ 22,781,859</b>	<b>\$ 21,676,756</b>	<b>\$ 22,814,502</b>	<b>\$ 22,365,975</b>

## STATE OF ALABAMA

## CHANGES IN NET POSITION

## Last Ten Fiscal Years

(Amounts in Thousands)

	2019	2018	2017	2016	2015
<b>Expenses</b>					
<b>Governmental Activities</b>					
Economic Development and Regulation	\$ 153,261	\$ 139,139	\$ 155,796	\$ 159,378	\$ 148,267
Education and Cultural Resources	7,939,340	7,462,779	7,168,714	7,122,455	6,947,994
Natural Resources and Recreation	148,015	142,306	151,843	158,738	136,059
Health	7,878,317	7,446,780	7,419,732	6,969,940	6,814,031
Social Services	2,253,620	2,213,061	2,403,668	2,255,358	2,425,046
Protection of Persons and Property	1,327,332	1,076,783	1,233,440	1,297,498	1,208,686
Transportation	1,687,336	1,818,880	1,532,866	1,566,123	1,475,669
General Government	1,039,529	1,215,056	1,048,882	835,119	896,334
Debt Service - Interest and Other Charges	169,286	184,975	182,655	159,894	155,722
<b>Total Governmental Activities Expenses</b>	<b>22,596,036</b>	<b>21,699,759</b>	<b>21,297,596</b>	<b>20,524,503</b>	<b>20,207,808</b>
<b>Business-type Activities</b>					
Unemployment Compensation	150,097	158,959	174,746	195,664	210,464
State Port Authority	151,565	133,083	131,405	133,920	141,087
Alcoholic Beverage Control Board	351,058	323,013	328,276	312,783	298,212
Nonmajor Proprietary Funds	82,759	83,957	70,093	68,955	71,213
<b>Total Business-type Activities Expenses</b>	<b>735,479</b>	<b>699,012</b>	<b>704,520</b>	<b>711,322</b>	<b>720,976</b>
<b>Total Primary Governmental Expenses</b>	<b>23,331,515</b>	<b>22,398,771</b>	<b>22,002,116</b>	<b>21,235,825</b>	<b>20,928,784</b>
<b>Program Revenues</b>					
<b>Governmental Activities</b>					
Charges for Services:					
Economic Development and Regulation	101,505	95,566	153,247	114,363	137,912
Education and Cultural Resources	51,711	43,920	50,197	48,229	49,272
Natural Resources and Recreation	99,712	92,521	79,727	121,507	72,720
Health	474,218	532,333	496,447	428,927	405,979
Social Services	53,366	25,546	65,738	65,509	67,290
Protection of Persons and Property	421,585	394,248	303,477	279,372	287,174
Transportation	258,816	204,839	187,680	184,158	185,774
General Government	185,938	195,604	266,178	281,405	181,043
Operating Grants and Contributions	9,284,376	8,786,793	8,759,602	8,515,413	8,364,835
Capital Grants and Contributions	1,160,688	1,024,637	924,667	941,948	1,021,107
<b>Total Governmental Activities Program Revenues</b>	<b>12,091,915</b>	<b>11,396,007</b>	<b>11,286,960</b>	<b>10,980,831</b>	<b>10,773,106</b>
<b>Business-type Activities</b>					
Charges for Services:					
Unemployment Compensation	232,912	237,593	248,199	278,534	325,561
State Port Authority	160,078	136,306	128,542	120,079	144,391
Alcoholic Beverage Control Board	378,578	351,262	336,351	327,189	304,658
Nonmajor Proprietary Funds	97,274	92,172	100,679	96,224	89,475
Operating Grants and Contributions	3,163	2,567	11,142	5,029	4,053
Capital Grants and Contributions	—	—	125	7,894	4,196
<b>Total Business-type Activities Program Revenues</b>	<b>872,005</b>	<b>819,900</b>	<b>825,038</b>	<b>834,949</b>	<b>872,334</b>
<b>Total Primary Governmental Program Revenues</b>	<b>\$ 12,963,920</b>	<b>\$ 12,215,907</b>	<b>\$ 12,111,998</b>	<b>\$ 11,815,780</b>	<b>\$ 11,645,440</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 and 2016 fund balance/net position was restated for GASB 68 and GASB 73, respectively, because it was not practical to restate prior years. Only 2017 fund balance/net position was restated for GASB 75 Net OPEB liability because it was not practical to restate years prior to 2017.*

2014	2013	2012	2011	2010
\$ 117,497	\$ 121,933	\$ 99,743	\$ 193,900	\$ 228,957
6,787,731	6,615,815	6,490,503	7,082,931	6,783,528
158,043	124,387	143,111	134,591	148,043
6,543,218	6,427,303	6,407,799	6,085,907	6,143,061
2,398,743	2,448,759	2,441,385	2,580,186	2,369,709
1,165,601	1,079,644	1,146,584	1,075,191	1,146,961
1,454,028	1,319,431	1,197,030	1,186,100	1,248,882
895,891	966,042	916,235	1,008,763	1,037,936
161,479	175,715	154,425	48,631	47,829
<b>19,682,231</b>	<b>19,279,029</b>	<b>18,996,815</b>	<b>19,396,200</b>	<b>19,154,906</b>
291,417	458,063	701,971	1,007,325	1,323,058
142,757	136,904	133,570	128,100	133,534
289,347	282,840	274,718	266,472	254,001
84,418	122,838	91,107	94,015	73,380
<b>807,939</b>	<b>1,000,645</b>	<b>1,201,366</b>	<b>1,495,912</b>	<b>1,783,973</b>
<b>20,490,170</b>	<b>20,279,674</b>	<b>20,198,181</b>	<b>20,892,112</b>	<b>20,938,879</b>
131,404	174,341	181,360	35,782	44,888
50,499	59,110	35,220	41,947	41,837
84,298	74,903	74,790	86,968	80,956
355,442	313,897	388,944	349,863	305,624
65,950	49,591	51,379	48,210	47,401
276,993	225,468	233,979	232,056	229,268
180,079	172,753	180,278	174,375	196,398
247,088	175,903	208,513	218,001	221,410
8,067,411	8,047,460	8,202,653	8,973,049	9,136,047
966,966	976,217	864,113	936,928	927,443
<b>10,426,130</b>	<b>10,269,643</b>	<b>10,421,229</b>	<b>11,097,179</b>	<b>11,231,272</b>
359,914	434,928	474,633	546,618	411,147
162,617	149,275	143,644	120,248	119,414
296,337	280,295	276,879	265,184	252,647
95,218	102,916	99,350	85,437	81,939
34,226	164,329	362,020	584,226	785,452
13,462	1,644	1,262	(5,685)	5,598
<b>961,774</b>	<b>1,133,387</b>	<b>1,357,788</b>	<b>1,596,028</b>	<b>1,656,197</b>
<b>\$ 11,387,904</b>	<b>\$ 11,403,030</b>	<b>\$ 11,779,017</b>	<b>\$ 12,693,207</b>	<b>\$ 12,887,469</b>

Continued on next page...

## STATE OF ALABAMA

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

## Last Ten Fiscal Years

(Amounts in Thousands)

	2019	2018	2017	2016	2015
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$(10,504,121)	\$(10,303,752)	\$(10,010,636)	\$(9,543,672)	\$(9,434,702)
Business Activities	136,526	120,888	120,518	123,627	151,358
<b>Total Primary Government</b>					
<b>Net (Expense) Revenue</b>	<b>(10,367,595)</b>	<b>(10,182,864)</b>	<b>(9,890,118)</b>	<b>(9,420,045)</b>	<b>(9,283,344)</b>

## General Revenues and Other Changes in Net Position

## Governmental Activities

Sales and Use Taxes	3,003,023	2,818,868	2,679,492	2,663,197	2,489,460
Income Taxes	4,690,366	4,269,203	4,021,968	3,803,755	3,859,889
Motor Fuels Taxes	617,109	585,054	581,428	581,415	559,890
Utility Taxes	612,395	603,358	598,233	595,498	631,305
Insurance Premium Tax	413,754	387,040	334,479	320,046	313,316
Property Tax	394,047	371,291	359,826	353,137	349,450
Liquor Taxes	209,796	195,675	190,854	181,229	179,278
Tobacco and Cigarette Taxes	173,778	183,774	185,276	193,992	129,702
Grants/Contributions Not Restricted to Specific Programs	2,687	3,071	5,037	3,419	4,159
Unrestricted Investment Earnings	247,140	251,189	348,038	258,207	22,235
Miscellaneous	1,200,645	1,151,539	1,120,197	1,112,012	1,107,396
Transfers	67,777	59,792	50,983	55,350	39,421
<b>Total Governmental Activities</b>	<b>11,632,517</b>	<b>10,879,854</b>	<b>10,475,811</b>	<b>10,121,257</b>	<b>9,685,501</b>

## Business-type Activities

Liquor Taxes	13,780	14,694	13,317	11,453	13,996
Miscellaneous	107	1,774	364	81	460
Special Items	—	—	—	—	—
Transfers	(67,777)	(59,792)	(50,983)	(55,350)	(39,421)
<b>Total Business-type Activities</b>	<b>(53,890)</b>	<b>(43,324)</b>	<b>(37,302)</b>	<b>(43,816)</b>	<b>(24,965)</b>

## Total Primary Government

<b>General Revenues and Other Changes</b>	<b>11,578,627</b>	<b>10,836,530</b>	<b>10,438,509</b>	<b>10,077,441</b>	<b>9,660,536</b>
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## Change in Net Position

Governmental Activities	1,128,396	576,102	465,175	577,585	250,799
Business-type Activities	82,636	77,564	83,216	79,811	126,393
<b>Total Primary Government Change in Net Position</b>	<b>\$ 1,211,032</b>	<b>\$ 653,666</b>	<b>\$ 548,391</b>	<b>\$ 657,396</b>	<b>\$ 377,192</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.*

2014	2013	2012	2011	2010
\$ (9,256,101)	\$ (9,009,386)	\$ (8,575,586)	\$ (8,299,021)	\$ (7,923,634)
153,835	132,742	156,422	100,116	(127,777)
<b>(9,102,266)</b>	<b>(8,876,644)</b>	<b>(8,419,164)</b>	<b>(8,198,905)</b>	<b>(8,051,411)</b>
2,398,362	2,343,322	2,280,723	2,187,852	2,108,834
3,637,582	3,515,081	3,331,987	3,138,756	3,025,877
545,976	541,603	540,666	547,720	551,210
640,104	621,684	598,533	671,347	684,437
306,359	297,072	278,196	263,428	263,243
334,275	326,255	324,751	315,389	315,321
171,297	163,026	161,447	156,689	156,098
126,103	128,714	132,567	136,702	136,311
9,096	10,421	9,140	9,093	40,323
208,608	213,988	292,612	114,227	283,425
1,119,266	1,097,907	1,105,950	1,021,002	932,347
42,487	29,798	31,445	62,355	86,711
<b>9,539,515</b>	<b>9,288,871</b>	<b>9,088,017</b>	<b>8,624,560</b>	<b>8,584,137</b>
11,823	11,864	11,832	11,065	10,558
2,902	10,858	7,066	6,066	4,519
—	—	—	—	(9,147)
(42,487)	(29,798)	(31,445)	(62,355)	(86,711)
<b>(27,762)</b>	<b>(7,076)</b>	<b>(12,547)</b>	<b>(45,224)</b>	<b>(80,781)</b>
<b>9,511,753</b>	<b>9,281,795</b>	<b>9,075,470</b>	<b>8,579,336</b>	<b>8,503,356</b>
283,414	279,485	512,431	325,539	660,503
126,073	125,666	143,875	54,892	(208,558)
<b>\$ 409,487</b>	<b>\$ 405,151</b>	<b>\$ 656,306</b>	<b>\$ 380,431</b>	<b>\$ 451,945</b>



## FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in Thousands)

	2019	2018	2017	2016	2015
<b>General Fund</b>					
Nonspendable	\$ 2,612	\$ 2,795	\$ 4,196	\$ 3,642	\$ 4,142
Assigned	3,082	2,937	2,203	3,522	921
Unassigned	695,542	596,957	431,095	181,040	104,166
Reserved	—	—	—	—	—
Unreserved	—	—	—	—	—
<b>Total General Fund</b>	<b>\$ 701,236</b>	<b>\$ 602,689</b>	<b>\$ 437,494</b>	<b>\$ 188,204</b>	<b>\$ 109,229</b>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ 132,944	\$ 129,481	\$ 123,057	\$ 119,622	\$ 111,810
Restricted	7,907,675	7,338,783	7,595,158	6,413,184	6,196,422
Assigned	43,747	43,676	89,689	439,510	49,035
Unassigned	(22,272)	(54,614)	(154,985)	(467,738)	(117,424)
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>\$ 8,062,094</b>	<b>\$ 7,457,326</b>	<b>\$ 7,652,919</b>	<b>\$ 6,504,578</b>	<b>\$ 6,239,843</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. GASB 68 and GASB 73 added pension liabilities in 2015 and 2017, respectively. Only 2014 and 2016 fund balance/net position was restated for GASB 68 and GASB 73, respectively, because it was not practical to restate prior years. Only 2017 fund balance/net position was restated for GASB 75 Net OPEB liability because it was not practical to restate years prior to 2017.

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2014	2013	2012	2011	2010
\$ 3,118	\$ 0	\$ 4,003	\$ 3,269	\$ 0
1,894	3,641	1,885	1,377	—
116,092	84,432	3,908	(24,796)	—
—	—	—	—	5,474
—	—	—	—	79,184
<b>\$ 121,104</b>	<b>\$ 88,073</b>	<b>\$ 9,796</b>	<b>\$ (20,150)</b>	<b>\$ 84,658</b>

\$ 109,648	\$ 102,851	\$ 100,216	\$ 74,617	\$ 0
6,021,377	6,088,341	5,863,103	5,282,838	—
41,799	47,801	86,576	36,953	—
(98,990)	(207,356)	(455,521)	(326,458)	—
—	—	—	—	3,460,936
—	—	—	—	153,318
—	—	—	—	689
—	—	—	—	1,424,837
—	—	—	—	24,374
<b>\$ 6,073,834</b>	<b>\$ 6,031,637</b>	<b>\$ 5,594,374</b>	<b>\$ 5,067,950</b>	<b>\$ 5,064,154</b>

## CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS

## Last Ten Fiscal Years

(Amounts in Thousands)

	2019	2018	2017	2016	2015
<b>Revenues</b>					
Taxes	\$ 11,182,962	\$10,434,236	\$ 9,937,261	\$ 9,688,071	\$ 9,495,075
Licenses, Permits, and Fees	921,893	913,122	957,711	838,784	815,183
Fines, Forfeits, and Court Settlements	219,283	205,654	199,515	214,692	141,522
Investment Income	312,428	300,875	411,961	321,849	31,052
Federal Grants and Reimbursements	9,836,870	9,239,012	9,149,105	8,845,712	8,650,652
Other Revenues	1,224,606	1,165,726	1,085,239	1,194,666	1,276,617
Total Revenues	23,698,042	22,258,625	21,740,792	21,103,774	20,410,101
<b>Expenditures</b>					
Economic Development and Regulation	151,081	137,168	141,781	132,869	139,059
Education and Cultural Resources	7,882,290	7,416,955	7,269,649	6,999,242	6,945,844
Natural Resources and Recreation	170,192	222,563	219,683	169,372	163,571
Health	7,877,623	7,456,630	7,348,838	6,983,426	6,785,507
Social Services	2,258,663	2,208,341	2,288,852	2,292,200	2,394,865
Protection of Persons and Property	1,278,467	1,171,961	1,146,759	1,131,237	1,145,092
Transportation	1,935,522	2,097,543	1,795,101	1,790,045	1,747,040
General Government	1,032,046	975,807	938,677	940,680	887,354
Capital Outlay	48,791	26,360	46,047	48,824	36,337
Debt Service - Principal Retirement	379,195	359,976	304,997	288,565	271,906
Debt - Interest and Other Charges	215,709	228,942	219,655	194,992	193,120
Debt Service - Current Refunding to Bondholders	—	—	—	—	—
Total Expenditures	23,229,579	22,302,246	21,720,039	20,971,452	20,709,695
<b>Other Financing Sources (Uses)</b>					
Transfers In	3,504,949	3,311,528	3,410,241	2,933,652	3,068,106
Bonds Issued	338,880	18,455	1,281,755	155,115	610,960
Refunding Bonds Issued	—	—	245,115	21,660	106,090
Capital Leases	2,889	5,880	7,150	19,836	7,709
Other Debt Issued	—	—	—	3,163	—
Debt Issuance Premiums	26,625	1,421	166,365	21,114	95,175
Debt Issuance Discounts	—	—	(2,587)	—	—
Insurance Recovery Proceeds	5,277	3,646	3,912	2,567	5,208
Transfers Out	(3,509,255)	(3,331,991)	(3,439,907)	(2,942,444)	(3,076,997)
Payments to Refunded Bond Escrow Agent	(160,819)	—	(299,211)	(21,885)	(124,437)
Total Other Financing Sources (Uses)	208,546	8,939	1,372,833	192,778	691,814
<b>Net Increase (Decrease) for the Year</b>	\$ 677,009	\$ (34,682)	\$ 1,393,586	\$ 325,100	\$ 392,220
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	2.60%	2.69%	2.47%	2.34%	2.29%

*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 and 2016 fund balance/net position was restated for GASB 68 and GASB 73, respectively, because it was not practical to restate prior years. Only 2017 fund balance/net position was restated for GASB 75 Net OPEB liability because it was not practical to restate years prior to 2017.*

2014	2013	2012	2011	2010
\$ 9,179,181	\$ 8,943,677	\$ 8,661,089	\$ 8,333,168	\$ 8,125,015
777,804	683,527	679,106	663,102	666,421
148,436	202,968	255,117	162,156	150,216
251,790	237,875	327,787	133,247	314,215
8,444,987	8,468,687	8,433,252	9,279,853	9,294,122
1,150,942	1,064,451	1,149,715	1,115,733	1,198,630
19,953,140	19,601,185	19,506,066	19,687,259	19,748,619
115,103	116,286	82,604	186,281	204,464
6,791,198	6,640,507	6,665,647	7,058,644	6,777,455
149,825	153,860	151,359	149,952	183,387
6,507,467	6,351,112	6,372,507	6,077,718	6,129,642
2,365,849	2,423,399	2,459,795	2,578,242	2,350,328
1,107,139	1,027,538	1,104,876	1,158,878	1,114,794
1,680,024	1,685,764	1,557,750	1,501,744	1,560,242
893,627	982,857	931,145	1,034,418	1,054,431
49,834	55,876	80,479	52,646	42,525
270,795	244,736	357,677	54,892	50,493
198,700	189,960	187,763	51,874	52,672
—	82,802	—	—	52,610
20,129,561	19,954,697	19,951,602	19,905,289	19,573,043
2,809,995	2,733,138	2,869,361	1,409,958	1,247,478
128,985	690,870	15,700	—	110,000
814,000	131,160	257,585	91,195	112,030
6,834	538	45,551	5,989	2,322
—	—	—	24,262	62,136
165,400	115,957	40,085	8,491	20,746
—	—	—	—	—
3,849	9,834	5,368	5,059	3,465
(2,808,115)	(2,715,345)	(2,849,560)	(1,323,632)	(1,231,279)
(966,941)	(66,681)	(102,030)	(96,755)	(74,415)
154,007	899,471	282,060	124,567	252,483
\$ (22,414)	\$ 545,959	\$ (163,476)	\$ (93,463)	\$ 428,059
2.38%	2.66%	2.81%	0.55%	0.81%

## STATE OF ALABAMA

## REVENUE CAPACITY

Major Revenue Base: Personal Income by Industry

Last Ten Years

(Amounts in Thousands)

<b>Industry</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Mining	\$ 795,228	\$ 638,324	\$ 271,856	\$ 565,162	\$ 798,053
Utilities	2,024,219	1,941,440	1,993,764	1,876,451	1,737,534
Construction	8,179,423	7,647,595	7,428,881	7,198,092	7,201,258
Manufacturing	19,271,393	18,418,047	18,010,223	17,684,402	17,016,820
Wholesale Trade	6,005,402	5,883,635	5,738,204	5,763,398	5,508,540
Retail Trade	8,541,858	8,293,767	8,204,134	7,994,609	7,742,351
Transportation and warehousing	4,931,960	4,598,592	4,176,975	4,026,867	3,861,402
Finance and insurance	7,254,404	6,947,143	6,578,239	6,518,398	6,167,368
Professional and technical services	11,808,899	11,122,789	10,473,805	10,165,605	9,687,222
Government and government enterprises	27,452,090	26,752,153	26,256,957	25,707,018	25,014,090
All other	110,190,135	102,627,741	103,668,214	99,620,837	98,236,210
Total Personal Income	\$ 206,455,011	\$ 194,871,226	\$ 192,801,252	\$ 187,120,839	\$ 182,970,848
State Income Taxes	4,194,844	3,912,800	3,378,720	3,570,598	3,378,720
Average Effective Rate*	2.03%	1.98%	1.86%	1.89%	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.

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2014	2013	2012	2011	2010
\$ 848,886	\$ 843,135	\$ 774,927	\$ 617,970	\$ 552,741
1,720,394	1,645,215	1,708,669	1,541,569	1,528,606
7,200,840	7,469,694	6,844,757	6,759,679	6,614,481
16,056,465	15,447,632	14,841,615	14,545,910	14,410,811
5,411,660	5,227,856	5,220,054	5,002,161	4,995,571
7,584,827	7,444,823	7,223,484	6,997,877	6,891,934
3,704,234	3,660,127	3,716,324	3,410,655	3,228,226
5,863,600	5,650,099	5,573,875	5,569,579	5,689,010
9,426,465	9,273,604	9,113,200	8,786,010	8,886,342
24,319,747	24,382,329	24,824,695	24,588,268	23,841,336
95,001,853	91,610,634	91,081,026	87,863,116	84,194,438
\$ 177,138,971	\$ 172,655,148	\$ 170,922,626	\$ 165,682,794	\$ 160,833,496
3,310,531	3,206,838	2,979,877	2,816,245	2,582,590
1.82%	1.83%	1.72%	1.67%	1.58%

## STATE OF ALABAMA

## REVENUE CAPACITY

## Revenue Rates: Individual and Corporate Income Tax Rates

## Last Ten Calendar Years

Filing Status	2009-2019
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%
	2009-2019
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 2018**

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	467,888	24%	\$ 28,881	1%
12,001- 24,000	373,836	19%	162,890	5%
24,001- 39,000	324,050	16%	323,292	9%
39,001- 60,000	277,649	14%	451,273	13%
60,001- 80,000	157,909	8%	367,614	10%
OVER 80,000	369,250	19%	2,221,862	62%
<b>TOTAL</b>	<b>1,970,582</b>	<b>100%</b>	<b>\$ 3,555,812</b>	<b>100%</b>

**For Tax Year 2017**

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	476,613	25%	\$ 27,745	1%
12,001- 24,000	381,252	20%	158,252	5%
24,001- 39,000	320,278	16%	304,811	10%
39,001- 60,000	269,930	14%	415,002	13%
60,001- 80,000	153,946	8%	341,044	11%
OVER 80,000	343,046	18%	1,886,949	60%
<b>TOTAL</b>	<b>1,945,065</b>	<b>101%</b>	<b>\$ 3,133,803</b>	<b>100%</b>

**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%
<b>TOTAL</b>	<b>1,919,754</b>	<b>100%</b>	<b>\$ 3,014,301</b>	<b>100%</b>

**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%
<b>TOTAL</b>	<b>1,893,128</b>	<b>100%</b>	<b>\$ 2,933,414</b>	<b>100%</b>

**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%
<b>TOTAL</b>	<b>1,901,370</b>	<b>100%</b>	<b>\$ 2,948,167</b>	<b>100%</b>

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 2018 is the most recent data available.

**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%

**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%

## STATE OF ALABAMA

## REVENUE CAPACITY

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

## Last Nine Years

## For Tax Year 2017

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	7,877	63%	\$ 6,082	1%
50,001- 100,000	1,279	10%	5,969	1%
100,001- 500,000	1,962	16%	29,468	6%
500,001- 1,000,000	514	4%	23,512	5%
1,000,001- and higher	896	7%	423,207	87%
TOTAL	12,528	100%	\$ 488,238	100%

## For Tax Year 2016

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	8,055	63%	\$ 6,266	1%
50,001- 100,000	1,319	10%	6,094	1%
100,001- 500,000	1,924	15%	28,905	6%
500,001- 1,000,000	532	4%	24,087	5%
1,000,001- and higher	927	7%	450,021	87%
TOTAL	12,757	100%	\$ 515,373	100%

## 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 2010**

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	18,989	85%	\$ 5,448	1%
50,001- 100,000	1,023	5%	4,703	1%
100,001- 500,000	1,398	6%	20,888	5%
500,001- 1,000,000	348	1%	16,250	4%
1,000,001- and higher	689	3%	360,704	89%
TOTAL	22,447	100%	\$ 407,993	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%

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 2017 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)

	2019	2018	2017	2016	2015
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 722,855	\$ 609,633	\$ 673,634	\$ 722,383	\$ 631,497
Revenue Bonds	4,096,310	4,429,103	4,753,950	3,667,728	3,942,889
Capital Leases/Notes/Mortgages	177,556	188,709	192,297	191,200	180,902
<b>Total Governmental Activities</b>	<b>4,996,721</b>	<b>5,227,445</b>	<b>5,619,881</b>	<b>4,581,311</b>	<b>4,755,288</b>
<b>Business-type Activities:</b>					
Revenue Bonds	354,230	367,169	327,401	344,610	354,408
Capital Leases/Notes/Mortgages	1,009	1,117	1,217	4,518	4,607
<b>Total Business-Type Activities</b>	<b>355,239</b>	<b>368,286</b>	<b>328,618</b>	<b>349,128</b>	<b>359,015</b>
<b>Total Primary Government</b>	<b>\$ 5,351,960</b>	<b>\$ 5,595,731</b>	<b>\$ 5,948,499</b>	<b>\$ 4,930,439</b>	<b>\$ 5,114,303</b>
<b>Debt as a percentage of Personal Income †</b>	2.59%	2.81%	3.05%	2.61%	2.77%
<b>Amount of Debt per Capita †</b>	\$ 1,095	\$ 1,188	\$ 1,235	1022	\$ 1,070

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

Fiscal year 2019 personal income and population data are estimated.

All years presented with revised population and personal income data.

† See the Schedule of Demographic and Economic Information on page 334 for personal income and population data.

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<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 680,476	\$ 705,367	\$ 713,718	\$ 748,183	\$ 775,893
3,517,971	3,580,726	3,044,393	3,176,226	3,163,629
184,946	173,661	181,117	144,811	117,115
<b>4,383,393</b>	<b>4,459,754</b>	<b>3,939,228</b>	<b>4,069,220</b>	<b>4,056,637</b>
363,695	365,556	373,101	380,313	363,854
5,848	5,442	6,840	8,871	11,688
<b>369,543</b>	<b>370,998</b>	<b>379,941</b>	<b>389,184</b>	<b>375,542</b>
<b><u>\$ 4,752,936</u></b>	<b><u>\$ 4,830,752</u></b>	<b><u>\$ 4,319,169</u></b>	<b><u>\$ 4,458,404</u></b>	<b><u>\$ 4,432,179</u></b>

2.61%      2.76%      2.64%      2.72%      2.54%

\$ 973    \$ 997    \$ 929    \$ 929    \$ 839

## DEBT CAPACITY

## Ratios of General Bonded Debt Outstanding

## Last Ten Fiscal Years

(Amounts in Thousands, Except Per Capita Amount)

<b>Fiscal Year</b>	<b>General Obligation Bonds Payable</b>	<b>Revenue Bonds</b>	<b>Total Debt Outstanding</b>	<b>Amounts Available in Debt Service Funds</b>	<b>Net Bonded Debt</b>	<b>Percentage of of Personal Income †</b>	<b>Per Capita †</b>
2019	\$722,855	\$4,096,310	\$ 4,819,165	\$ 224,838	\$ 4,594,327	2.23%	890
2018	609,633	4,429,103	5,038,736	209,181	4,829,555	2.43%	971
2017	673,634	4,753,950	5,427,584	175,120	5,252,464	2.70%	1,057
2016	722,383	3,667,728	4,390,111	156,430	4,233,681	2.24%	872
2015	631,497	3,942,889	4,574,386	138,428	4,435,958	2.40%	901
2014	680,476	3,517,971	4,198,447	136,111	4,062,336	2.23%	808
2013	705,367	3,580,726	4,286,093	120,716	4,165,377	2.38%	858
2012	713,718	3,044,393	3,758,111	172,030	3,586,081	2.07%	727
2011	748,183	3,176,226	3,924,409	152,556	3,771,853	2.23%	760
2010	775,893	3,163,629	3,939,522	156,883	3,782,639	2.32%	766

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 Information on page 334 for personal income and population data.

Fiscal year 2019 personal income and population data are estimated.

All years presented with revised population and personal income data.

DEBT CAPACITY

Debt Limitations

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The *Constitution of Alabama of 1901* prohibits the issuance of debt by the State. The State does issue revenue bonds which are limited obligations of public corporations governed by State officials. General Obligation bonds are issued only by voter ratified amendments to the *Constitution of Alabama of 1901*.



## STATE OF ALABAMA

## DEBT CAPACITY

## Pledged Revenue Coverage - Primary Government Revenue Bonds

Last Ten Fiscal Year

(Amounts in Thousands)

	2019	2018	2017	2016	2015
<b>State Port Authority</b>					
Revenue-Charges for facilities usage	\$ 158,449	\$ 134,936	\$ 125,872	\$ 119,691	\$ 144,886
Debt Service					
Principal	11,825	9,115	10,295	9,755	9,245
Interest	14,255	13,994	15,904	16,732	16,955
Coverage <sup>1</sup>	6.08	5.84	4.80	4.52	5.53
<b>Federal Aid Highway Finance Authority</b>					
Revenue-Federal Revenue	\$ 1,037,932	\$ 945,506	\$ 831,961	\$ 879,343	\$ 900,906
Debt Service					
Principal	47,370	45,110	31,080	29,830	23,740
Interest	66,472	68,728	47,920	39,188	30,063
Coverage <sup>1</sup>	9.12	8.31	10.53	12.74	16.74
<b>Alabama Incentives Financing Authority</b>					
<b>Tennessee Valley Exhibit Commission</b>					
Revenue-Tennessee Valley Electric Payment	\$ 14,609	\$ 14,866	\$ 14,910	\$ 16,152	\$ 17,513
Debt Service					
Principal	6,575	6,290	6,015	5,770	5,550
Interest	11,366	11,653	11,925	12,170	12,384
Coverage <sup>1</sup>	0.81	0.83	0.83	0.90	0.98
<b>Alabama Economic Settlement Authority</b>					
Revenue-BP Settlement	\$ 53,333	\$ 50,000	\$ —	\$ —	\$ —
Debt Service					
Principal	31,005	26,755	—	—	—
Interest	22,819	23,665	17,749	—	—
Coverage <sup>1</sup>	0.99	0.99	—	—	—

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.

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2014		2013		2012		2011		2010	
\$	162,318	\$	147,508	\$	144,686	\$	121,533	\$	106,460
	8,770		8,290		7,895		7,525		7,165
	17,063		17,350		17,983		16,775		12,361
	6.28		5.75		5.59		5.00		5.45
\$	941,952	\$	913,307	\$	823,507	\$	923,363	\$	979,460
	22,675		14,540		13,930		13,605		13,010
	18,562		14,440		3,412		5,259		5,890
	22.84		31.52		47.49		48.95		51.82
\$	18,118	\$	19,055	\$	20,642	\$	19,903	\$	20,851
	5,360		6,025		5,045		4,935		140
	12,573		11,919		6,977		7,088		6,638
	1.01		1.06		1.72		1.66		3.08
\$	—	\$	—	\$	—	\$	—	\$	—
	—		—		—		—		—
	—		—		—		—		—
	—		—		—		—		—

*Continued on next page*

## STATE OF ALABAMA

## DEBT CAPACITY

Pledged Revenue Coverage - Primary Government Revenue Bonds

*(Continued from previous page)*

Last Ten Fiscal Year

(Amounts in Thousands)

	2019	2018	2017	2016	2015
<b>Public School and College Authority</b>					
Revenue-General Sales Tax, Utility Tax, Use Tax	\$ 2,761,493	\$ 2,656,156	\$ 2,554,547	\$ 2,524,359	\$ 2,441,906
Debt Service					
Principal	204,555	190,995	192,160	180,905	168,460
Interest	72,056	81,021	89,823	97,566	101,762
Coverage <sup>1</sup>	9.98	9.76	9.06	9.07	9.04
<b>Mental Health Financing Authority</b>					
Revenue-Cigarette Tax	\$ 33,723	\$ 32,291	\$ 31,377	\$ 30,710	\$ 26,260
Debt Service					
Principal	1,895	1,850	1,805	1,760	1,700
Interest	211	250	288	326	383
Coverage <sup>1</sup>	16.01	15.38	14.99	14.72	12.61
<b>Alabama Revolving Fund Authority</b>					
Revenue-Mobile Telecommunications Tax	\$ 33,103	\$ 28,545	\$ 45,051	\$ 50,447	\$ 57,320
Debt Service					
Principal	1,070	1,030	990	960	930
Interest	760	808	849	886	916
Coverage <sup>1</sup>	18.09	15.53	24.50	27.33	31.05
<b>Alabama Twenty-first Century Authority</b>					
Revenue-Tobacco Settlement	\$ 16,000	\$ 16,000	\$ 13,000	\$ 13,000	\$ 13,000
Debt Service					
Principal	13,760	13,085	9,585	9,160	8,820
Interest	2,173	2,827	3,306	3,673	4,025
Coverage <sup>1</sup>	1.00	1.01	1.01	1.01	1.01
<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	\$ 381,026	\$ 391,086	\$ 365,276	\$ 346,376	\$ 354,209
Debt Service					
Principal	3,625	3,565	3,510	3,450	3,410
Interest	188	249	308	368	405
Coverage <sup>1</sup>	99.93	102.54	95.67	90.72	92.85

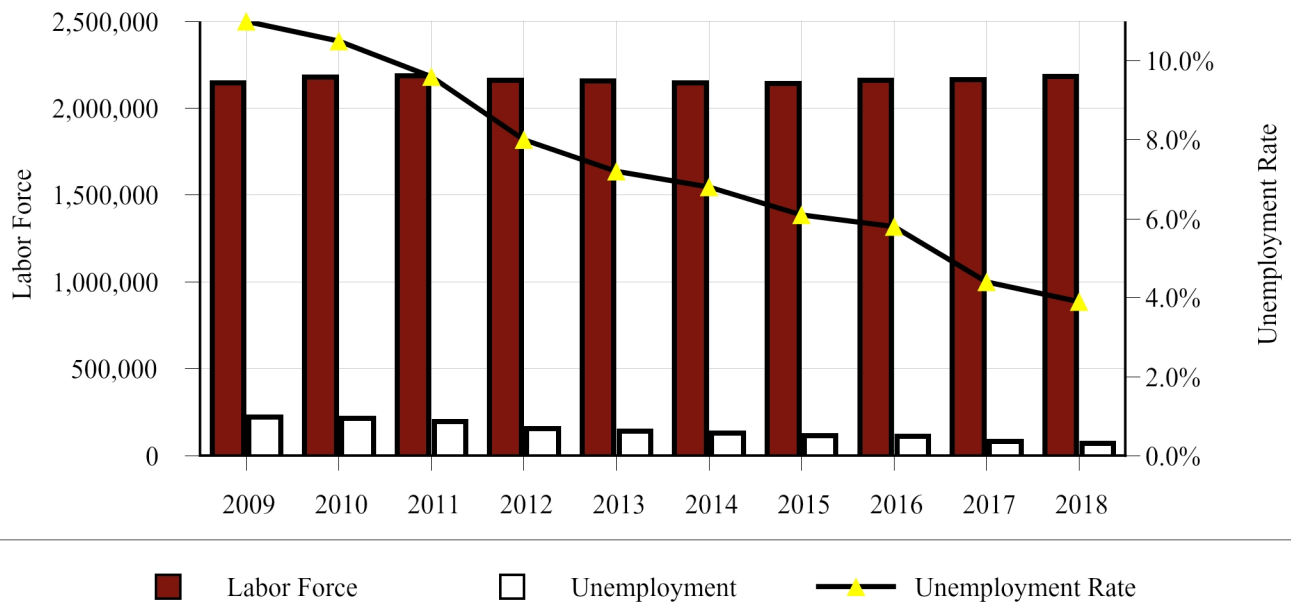
Details regarding the State's outstanding bonds can be found in Note 5 of the financial statements.

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

2014	2013	2012	2011	2010
\$ 2,459,428	\$ 2,353,497	\$ 2,441,387	\$ 2,370,684	\$ 2,328,626
178,200	163,325	101,770	69,180	71,235
115,995	108,860	123,123	114,892	132,698
8.36	8.65	10.86	12.88	11.42
\$ 25,095	\$ 5,652	\$ 5,930	\$ 6,121	\$ 6,205
1,650	1,400	1,325	1,255	1,190
437	448	195	234	270
12.02	3.06	3.90	4.11	4.25
\$ 70,117	\$ 80,511	\$ 82,404	\$ 94,790	\$ 105,919
905	885	865	—	515
940	962	984	746	702
38.00	43.59	44.57	127.06	87.03
\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000
8,525	180	6,530	6,205	5,910
4,281	4,287	7,110	6,339	6,659
1.02	2.91	0.95	1.04	1.03
\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—

Year	Labor Force	Employment	Unemployment	Unemployment Rate
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	\$2,176,337	\$2,003,290	\$173,047	8.0%
2013	\$2,174,000	\$2,017,043	\$156,957	7.2%
2014	\$2,160,842	\$2,014,290	\$146,552	6.8%
2015	\$2,158,293	\$2,026,898	\$131,395	6.1%
2016	\$2,177,209	\$2,049,971	\$127,238	5.8%
2017	\$2,178,243	\$2,081,676	\$96,567	4.4%
2018	\$2,198,837	\$2,112,347	\$86,490	3.9%

Civilian Labor Force Trend with Unemployment Rates



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

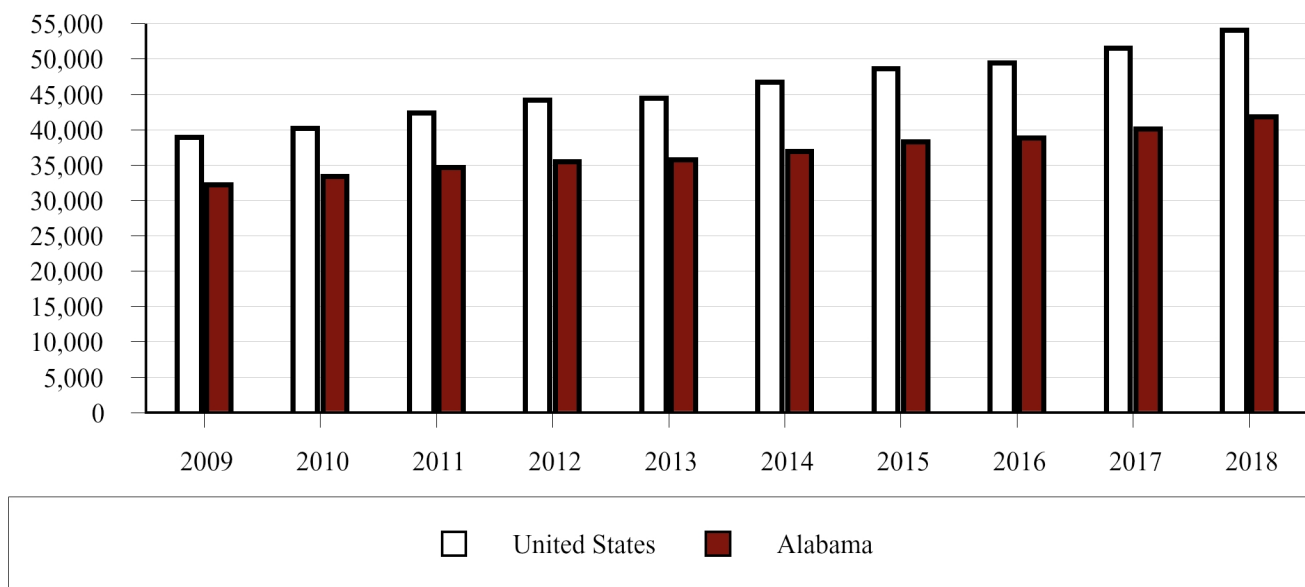
## DEMOGRAPHIC AND ECONOMIC INFORMATION

## Population/Per Capita Personal Income Statistics

Last Ten Years

Year	Population		Per Capita Personal Income		Personal income (in Thousands)	
	United States	Alabama	United States	Alabama	United States	Alabama
2009	306,771,529	4,757,938	\$39,284	\$32,608	\$12,051,307,000	\$155,145,300
2010	309,326,085	4,785,448	40,546	33,752	12,541,995,000	161,516,600
2011	311,580,009	4,798,834	42,735	34,997	13,315,478,000	167,942,800
2012	313,874,218	4,815,564	44,599	35,884	13,998,383,000	172,804,100
2013	316,057,727	4,830,460	44,851	36,107	14,175,503,000	174,415,500
2014	318,386,421	4,842,481	47,058	37,266	14,982,715,000	180,457,800
2015	320,742,673	4,853,160	48,978	38,644	15,709,242,000	187,544,400
2016	323,071,342	4,864,745	49,870	39,224	16,111,636,000	190,814,700
2017	325,147,121	4,875,120	51,885	40,467	16,870,106,000	197,283,200
2018	327,167,434	4,887,871	54,446	42,238	17,813,035,000	206,455,000

**Per Capita Income**  
**Alabama Compared to United States**



Note: Year 2018 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	2019			2018		
	Employment Range	Rank	% of Total State Employment	Employment Range	Rank	% of Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.77%	30,000-39,999	1	1.80%
Army	20,000-29,999	2	1.26%	20,000-29,999	2	1.28%
University Of Alabama-Birmingham	5,000-9,999	3	0.38%	5,000-9,999	3	0.38%
Publix Alabama LLC	5,000-9,999	4	0.38%	5,000-9,999	5	0.38%
U S Postal Service	5,000-9,999	5	0.38%	5,000-9,999	4	0.38%
Huntsville Hospital	5,000-9,999	6	0.38%	5,000-9,999	6	0.38%
Mobile Education Board	5,000-9,999	7	0.38%	5,000-9,999	8	0.38%
Regions Bank	5,000-9,999	8	0.38%	5,000-9,999	7	0.38%
The University of Alabama	5,000-9,999	9	0.38%	5,000-9,999	10	0.38%
Alabama Power Co Electric	5,000-9,999	10	0.38%	5,000-9,999	9	0.38%
Totals	90,000-149,990		6.07%	90,000-149,990		6.12%
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%
Totals	90,000-149,990		6.24%	90,000-149,990		6.27%

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	2015			2014			2013		
	Employment	Rank	% of	Employment	Rank	% of	Employment	Rank	% of
	Range		Total State Employment	Range		Total State Employment	Range		Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.87%	30,000-39,999	1	1.89%	30,000-39,999	1	1.96%
Army	20,000-29,999	2	1.33%	20,000-29,999	2	1.35%	20,000-29,999	2	1.39%
Regions Bank	5,000-9,999	3	0.40%	5,000-9,999	3	0.41%	5,000-9,999	7	0.41%
U S Postal Service	5,000-9,999	4	0.40%	5,000-9,999	5	0.41%	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%	5,000-9,999	4	0.41%
Mobile Education Board	5,000-9,999	6	0.40%	5,000-9,999	6	0.41%	5,000-9,999	3	0.41%
Alabama Power Co Electric	5,000-9,999	7	0.40%	5,000-9,999	7	0.41%	5,000-9,999	6	0.41%
Publix Alabama LLC	5,000-9,999	8	0.40%	5,000-9,999	8	0.41%	5,000-9,999	9	0.41%
Huntsville Hospital	5,000-9,999	9	0.40%	5,000-9,999	9	0.41%	5,000-9,999	8	0.41%
Auburn University	5,000-9,999	10	0.40%	—	—	—%	5,000-9,999	10	0.41%
Ascension Health Ministry	—	—	—%	5,000-9,999	10	0.41%	—	—	—%
Totals	90,000-149,990		6.40%	90,000-149,990		6.52%	90,000-149,990		6.63%

Employer	2012			2011			2010		
	Employment	Rank	% of	Employment	Rank	% of	Employment	Rank	% of
	Range		Total State Employment	Range		Total State Employment	Range		Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.93%	30,000-39,999	1	1.93%	30,000-39,999	1	1.94%
Army	20,000-29,999	2	1.38%	20,000-29,999	2	1.38%	20,000-29,999	2	1.39%
Mobile Education Board	5,000-9,999	3	0.41%	5,000-9,999	3	0.41%	5,000-9,999	4	0.42%
U S Postal Service	5,000-9,999	4	0.41%	5,000-9,999	4	0.41%	5,000-9,999	3	0.42%
University of Alabama - Birmingham	5,000-9,999	5	0.41%	5,000-9,999	5	0.41%	5,000-9,999	6	0.42%
Alabama Power Co Electric	5,000-9,999	6	0.41%	5,000-9,999	6	0.41%	5,000-9,999	7	0.42%
U. Of Ala In Bham Medical Center	5,000-9,999	7	0.41%	5,000-9,999	8	0.41%	5,000-9,999	8	0.42%
Regions Bank	5,000-9,999	8	0.41%	5,000-9,999	7	0.41%	5,000-9,999	5	0.42%
Huntsville Hospital	5,000-9,999	9	0.41%	5,000-9,999	9	0.41%	5,000-9,999	10	0.42%
University of Alabama	5,000-9,999	10	0.41%	5,000-9,999	10	0.41%	—	—	—%
Pilgrims Pride Corporation	—	—	—%	—	—	—%	5,000-9,999	9	0.42%
Totals	90,000-149,990		6.59%	90,000-149,990		6.59%	90,000-149,990		6.69%



## STATE OF ALABAMA

## OPERATING INFORMATION

## State Government Employment by Function

Last Ten Years

	2019	2018	2017	2016	2015
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
Economic Development and Regulation	688	689	698	696	673
Education and Cultural Resources	1,067	1,019	1,010	1,027	998
Natural Resources and Recreation	1,313	1,284	1,340	1,325	1,410
Health	5,142	5,163	5,225	5,312	5,231
Social Services	6,024	6,016	5,989	6,050	6,133
Protection of Person and Property	7,744	7,426	7,461	7,531	7,883
Transportation	4,386	4,320	4,320	4,310	4,375
General Government	4,290	3,794	3,868	3,802	5,312
<b>Total Governmental Activities</b>	<b>30,654</b>	<b>29,711</b>	<b>29,911</b>	<b>30,053</b>	<b>32,015</b>
<b>Business-type Activities:</b>					
Alcoholic Beverage Control Board	874	864	840	818	794
State Port Authority	168	161	167	176	188
<b>Total Business-Type Activities</b>	<b>1,042</b>	<b>1,025</b>	<b>1,007</b>	<b>994</b>	<b>982</b>
<b>Total Primary Government</b>	<b>31,696</b>	<b>30,736</b>	<b>30,918</b>	<b>31,047</b>	<b>32,997</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

2014	2013	2012	2011	2010
664	684	704	731	734
973	856	832	851	888
1,460	1,448	1,461	1,471	1,471
5,441	5,077	6,017	5,406	5,406
6,162	5,997	6,089	6,267	6,217
7,750	8,255	8,394	8,220	8,233
4,320	4,271	4,355	4,613	4,613
4,469	4,048	4,031	4,464	4,587
<b>31,239</b>	<b>30,636</b>	<b>31,883</b>	<b>32,023</b>	<b>32,149</b>
879	896	899	902	902
187	187	188	185	185
<b>1,066</b>	<b>1,083</b>	<b>1,087</b>	<b>1,087</b>	<b>1,087</b>
<b>32,305</b>	<b>31,719</b>	<b>32,970</b>	<b>33,110</b>	<b>33,236</b>

## OPERATING INFORMATION

Indicators of Demand or Level of Service

Last Ten Fiscal Years

	2019	2018	2017	2016	2015
<b>Economic Development and Regulation</b>					
Forestry Commission					
Number of fires	1,565	967	3,371	1,637	2,377
Average acres burned	13	12	14	12	13
Agriculture and Industries					
Pounds of meat processed under inspection	82,661,000	94,404,561	84,200,561	85,033,628	86,648,858
<b>Educational and Cultural Resources</b>					
Education Department					
Teachers	46,766.11	46,715	45,991	46,349	46,480
Number of local schools supported	1,336	1,342	1,338	1,467	1,480
Number of children served	722,212	726,924	730,175	730,563	740,567
<b>Natural Resources and Recreation</b>					
Conservation and Natural Resources					
Number of guests to outdoor recreational sites	2,972,109	3,601,331	3,725,131	3,777,838	3,613,957
Acres of land managed	475,089	468,478.91	461,659	447,886	441,351
Number of registered boats	264,855	262,529	264,910	265,133	262,332
<b>Health - Physical and Mental</b>					
Public Health					
Vital records issued	707,836	692,900	672,086	643,434	617,154
Medicaid					
Average number of monthly recipients	434,581	436,343	435,349	434,201	436,796
Average Number of claims processed monthly	1,941,211	1,913,874	1,774,599	1,766,065	1,769,199
<b>Social Services</b>					
Industrial Relations					
Employment Security claims	131,278	141,635	150,606	156,175	198,482
Human Resources					
Number of visits to licensed child care centers	3,794	4,816	4,464	4,953	2,263
Child support caseload	214,719	218,318	219,994	221,810	227,360
Households receiving food assistance	344,188	360,067	375,919	399,728	417,943
Number of child abuse/neglect assessments	29,091	28,075	27,891	27,077	24,505
<b>Protection of Persons and Property</b>					
Department of Corrections					
Number of inmates	20,953	20,090	21,213	23,328	24,191
Public Safety					
Arrest tickets issued	223,300	263,729	248,675	297,568	267,182
Accidents investigated	32,358	31,950	31,914	32,109	30,850
Pardons and Paroles					
Number of board decisions	7,951	8,963	8,556	7,362	7,239
Number of offenders supervised	63,081	68,793	66,667	54,695	66,736
Forensic Sciences					
Number of death cases investigated	2,211	4,370	2,889	2,717	2,433
<b>Transportation</b>					
Transportation Department					
Roadway miles	10,887	10,888	10,889	10,873	10,874
Bridges	5,409	5,406	5,395	5,431	5,390
<b>General Government</b>					
Administrative Office of Courts					
Caseload	1,645,982	1,604,366	1,646,259	1,628,320	1,630,981
Revenue Department					
Number of payments received	3,454,039	3,359,377	3,283,117	3,222,830	3,162,976

2014	2013	2012	2011	2010
1,485 16	1,682 13	1,421 12	3,665 19	2,314 11
83,532,371	104,532,371	87,148,545	92,168,293	111,056,537
46,232 1,491 740,567	46,089 1,501 739,295	46,073 1,496 743,130	47,573 1,523 749,084	48,165 1,520 739,198
3,524,785 436,445 263,893	4,231,342 424,621 266,697	3,992,768 318,535 266,003	3,899,694 293,559 250,402	3,758,217 210,834 248,514
572,855	552,565	471,065	440,327	432,547
422,142 1,697,512	422,448 1,830,587	416,558 1,799,182	411,062 1,785,966	397,583 1,726,496
217,804	256,490	284,253	346,020	359,287
2,508 232,252 419,552 22,151	2,420 236,273 421,302 20,456	2,581 236,000 411,710 19,884	3,203 234,000 387,214 19,538	3,254 229,000 344,788 17,221
24,816	25,340	25,376	25,651	25,390
236,958 28,423	289,757 29,150	411,086 31,544	436,802 30,227	533,220 30,520
7,967 64,534	9,450 64,525	11,946 67,339	11,097 75,132	10,284 71,578
2,631	2,464	2,394	2,476	2,403
10,871 5,401	10,871 5,393	10,870 5,390	10,849 5,395	10,876 5,374
1,682,245	1,814,366	2,039,383	2,248,910	2,589,067
3,104,588	2,925,412	3,460,511	4,368,358	3,318,271

## STATE OF ALABAMA

## OPERATING INFORMATION

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

## Last Ten Fiscal Years

	2019	2018	2017	2016	2015
<b>Economic Development and Regulation</b>					
Forestry Commission					
Buildings	3	3	3	3	3
Vehicles	361	360	360	362	431
Heavy Equipment	346	346	345	358	362
<b>Natural Resources and Recreation</b>					
Conservation and Natural Resources					
Buildings	87	87	87	85	85
Vehicles	701	707	696	633	637
Heavy Equipment	205	198	197	169	164
<b>Health</b>					
Environmental Management					
Vehicles	177	185	174	168	176
Mental Health					
Buildings	20	20	20	20	20
Vehicles	50	43	37	37	65
<b>Social Services</b>					
Human Resources					
Buildings	40	40	39	39	37
<b>Protection of Persons and Property</b>					
Agriculture and Industries					
Vehicles	145	138	131	121	102
Corrections					
Buildings	155	149	148	141	137
Vehicles	623	596	552	487	491
Military					
Buildings	189	189	187	185	185
Alabama Law Enforcement Agency					
Vehicles	1,230	1,159	1,223	1,189	1,136
Youth Services					
Buildings	31	31	31	32	32
Vehicles	51	44	44	40	35
Pardons and Paroles					
Vehicles	341	319	303	188	197
<b>Transportation</b>					
Transportation					
Buildings	115	108	101	87	87
Vehicles	2,200	2,268	2,237	2,277	2,150
Heavy Equipment	1,138	1,145	1,172	1,136	1,193
<b>General Government</b>					
Administrative Office of Courts					
Vehicles	10	10	10	9	9
Revenue Department					
Vehicles	37	35	33	12	15

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

It was not practical to restate years prior to 2015.

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2014	2013	2012	2011	2010
159	159	159	159	160
400	307	303	360	379
613	569	547	569	654
680	761	671	677	678
743	223	739	740	760
219	—	218	222	214
161	—	173	177	183
85	80	190	190	190
79	—	91	134	132
37	—	36	34	31
158	—	154	165	246
405	535	391	385	370
560	—	503	504	446
646	—	647	657	665
1,131	—	1,089	1,372	1,353
112	86	113	114	115
89	—	85	114	106
324	319	312	329	321
583	2,193	562	526	510
2,062	1,096	2,099	2,276	2,039
1,047	—	1,032	1,092	1,093
14	—	14	22	23
21	29	29	34	29