

STATE OF ALABAMA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2022



Kay Ivey
Governor

Bill Poole
Finance Director

Jim Zeigler
State Auditor

Young Boozer
State Treasurer

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

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STATE OF ALABAMA
Department of Finance
Office of the State Comptroller



100 North Union Street, Suite 220
Montgomery, Alabama 36130-2602
Telephone (334) 242-7050 Fax (334) 353-0442
www.comptroller.alabama.gov

Kay Ivey
Governor

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

Bill Poole
Finance Director

Michael G. Hudson, CGFM
Deputy State Comptroller

March 31, 2023

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

I am pleased to submit to you the Annual Comprehensive Financial Report (ACFR) for the State of Alabama for the year ended September 30, 2022. 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 ACFR 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, Unemployment Compensation Trust Fund, and the Coronavirus Relief 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)

	2022	2021	2020	2019	2018
Beginning Cash Balance, October 1	\$ 778,306	\$ 567,967	\$ 451,534	\$ 383,840	\$ 231,278
Receipts	2,777,753	2,561,533	2,299,168	2,151,955	1,996,118
Disbursements	2,654,447	2,351,194	2,182,735	2,084,261	1,843,556
Net Increase (Decrease) in Cash Balance	123,306	210,339	116,433	67,694	152,562
Ending Cash Balance, September 30	901,612	778,306	567,967	451,534	383,840
Cash Balance Reserved for Obligations	87,815	72,855	71,726	47,647	57,765
Unobligated Cash Balance, September 30	\$ 813,797	\$ 705,451	\$ 496,241	\$ 403,887	\$ 326,075

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

	2022	2021	2020	2019	2018
Beginning Cash Balance, October 1	\$ 1,389,459	\$ 415,243	673,374	\$ 409,773	\$ 73,079
Receipts	10,519,953	8,643,813	7,741,235	7,215,276	6,753,485
Disbursements	8,937,812	7,669,597	7,999,366	6,951,675	6,416,791
Net Increase (Decrease) in Cash Balance	1,582,141	974,216	(258,131)	263,601	336,694
Ending Cash Balance, September 30	2,971,600	1,389,459	415,243	673,374	409,773
Cash Balance Reserved for Obligations	64,182	58,676	40,303	58,855	58,766
Unobligated Cash Balance, September 30	\$ 2,907,418	\$ 1,330,783	\$ 374,940	\$ 614,519	\$ 351,007

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)

	2022	2021	2020	2019	2018
General Fund	\$ 1,351.8	\$ 1,118.4	\$ 901.0	\$ 701.2	\$ 602.7
Education Trust Fund	3,494.9	1,820.2	816.9	719.5	400.6

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 2022 fiscal year totaled approximately \$40.3 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 through a number of projects. At the direction of the Governor's Executive Order 726, the Comptroller and State Treasurer are working to bring as many non-Treasury bank accounts as possible into the State Treasury. Bringing these accounts into the State Treasury will promote uniform fiscal procedures, improve efficiency, and maximize transparency. The State Comptroller is expanding the p-card and travel card programs to all State agencies. The new payroll/personnel system is scheduled to go live with the first wave of agencies in late 2023. The financial system is being upgraded to improve the efficiency of generating large groups of warrants that all have the same accounting entry such as income tax refunds.

Economic Condition and Outlook

Following a substantial increase in 2021, Alabama's gross domestic product (ALGDP) rose by 1.8 percent in 2022 and is expected to continue to decline by 0.2 percent in 2023. The State's unemployment rate decreased to 2.6 percent which is below the national average of 3.6 percent. Tax revenues were up 15.2 percent due to expansionary fiscal policies of the federal government and consumers built-up savings accounts during the pandemic years.

Alabama's nonfarm employment jobs increased by 2.3 percent during 2022 with over 71 percent of the net job gains occurring in the service-providing sectors, especially in education, health, professional, and business service establishments. In 2023, nonfarm employment is expected to decrease 0.3 percent. Although an overall decline in employment is expected in 2023, the following industries are expected to see a minimum of 2 percent growth: other transportation manufacturing, other durable goods manufacturing, and professional and business services.

The manufacturing sector slowed in 2022 due to high inflation rates, labor shortages, decrease of economic stimulus funds and high interest rates; this slow was offset by a surge in exports and high consumer spending, which allowed the industry's output to grow 1.7 percent for the year. The construction sector's output improved in the period September 2021 to September 2022 with real output growing by 3.9 percent and adding 6,300 jobs. Wholesale trade output decreased 0.9 percent and the retail trade sector declined 0.5 percent due to a shift in consumer spending from merchandise to services such as travel, health care, and personal care that had been put on hold due to the pandemic. Although real GDP for the wholesale and retail trade sectors declined, employment increased in these sectors by 3,600 jobs.

Exports increased for Alabama in 2022 as the disruptions associated with COVID-19 continued to ease in many of the state's export destinations. Alabama exports increased \$18.9 billion in the first nine months of 2022 which was about 22.9 percent above the same period in the previous year. Exports to Germany increased \$3.0 billion, which allowed Germany to surpass China and Canada to become Alabama's top export destination. Other major export destinations for Alabama products included China, Canada, Mexico, and Japan. For the first three quarters of 2022, transportation equipment exports totaled approximately \$8.2 billion, up from \$7.8 billion during the same period in 2021. Other major exports during the first three quarters of 2022 were chemicals and mineral and ores.

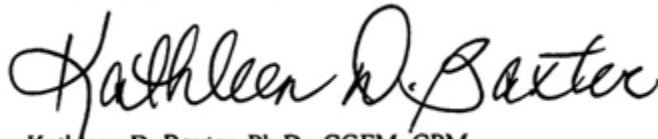
After rebounding 5.1 percent in 2021, Alabama's economic output growth slowed to 1.3% in 2022 due to the resurgence of the Omicron COVID-19 variant, decreases in government pandemic assistance payments, pandemic related supply chain bottlenecks, labor shortages, widespread inflation, and the effects of Ukraine-Russian war. The economy is expected to contract by 0.1 percent to \$212.3 billion in 2023. All of the aforementioned factors along with high prices are likely to continue exerting a downward pressure on economic outlook. Non-agricultural employment is expected to decline by 0.3 percent in 2023, but manufacturing employment is expected to rise 0.6 percent. Industries expected to have the fastest decline in employment are textiles product mills, transportation, warehousing and utilities, textiles, construction, and other services. Local government is projected to have modest job growth in the coming year, while federal civilian and state employment changes will be negligible.

The State has several tax abatement programs including the Jobs Credit, Investment Credit, Apprenticeship Tax Credit, Film Incentive, Growing Alabama Credit, Historic Rehabilitation Tax Credit, New Markets Tax Credit, and the Port Credit. These programs are expected to result in job creation, capital investment, registered apprenticeship expansion, production company employment, business growth, historic structure preservation, business growth in low-income communities, and increase usage of the port facilities in the long-term in the State.

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,



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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

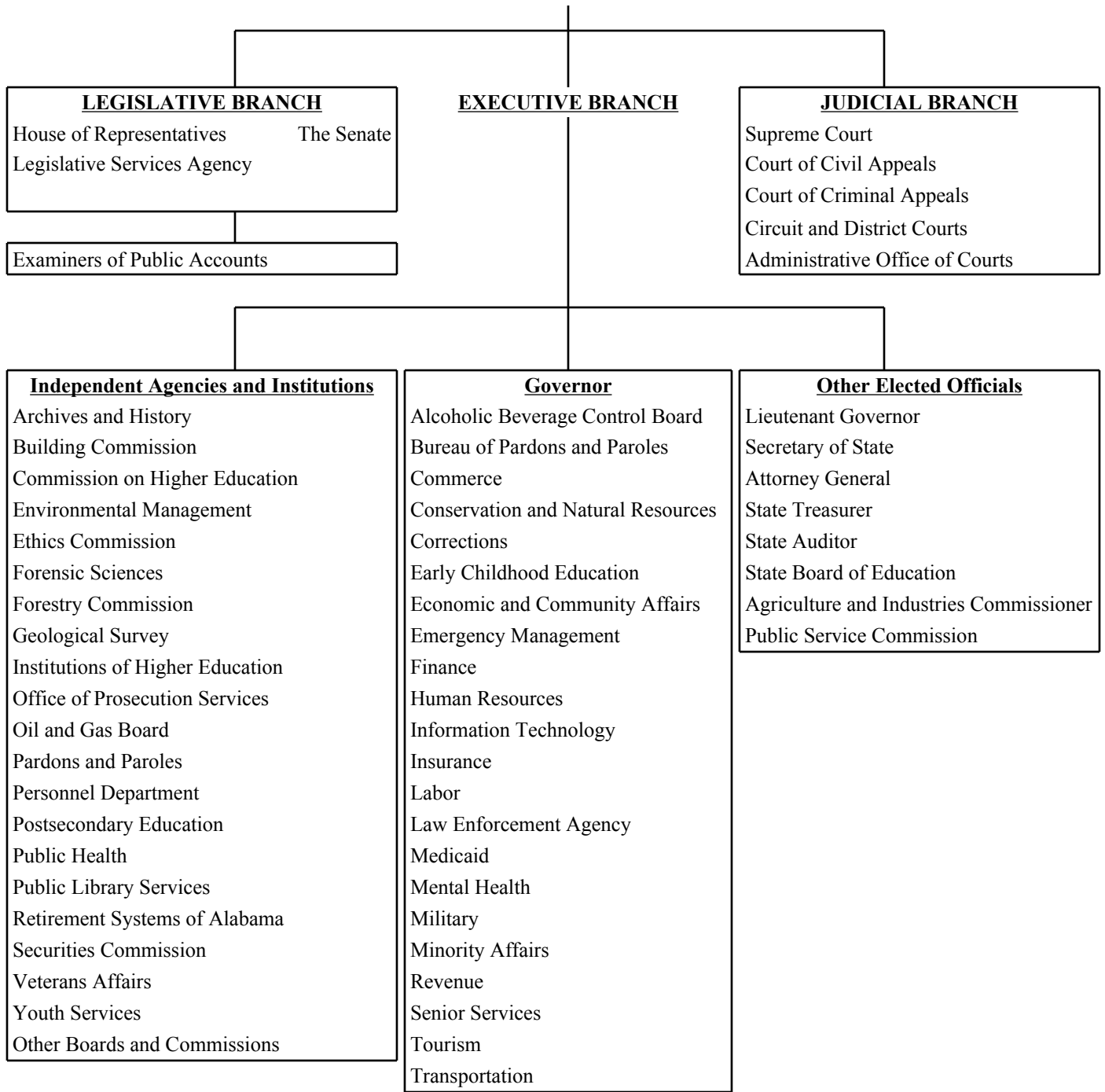
September 30, 2022

EXECUTIVE BRANCH	JUDICIAL BRANCH	LEGISLATIVE BRANCH
Kay Ivey Governor	Tom Parker Chief Justice of the Supreme Court	Victor Gaston Senate President, Pro Tempore
Will Ainsworth Lt. Governor	Justices of the Supreme Court	Mac McCutcheon Speaker of the House
Young Boozer State Treasurer	Michael F. Bolin	Rachel Riddle Examiners of Public Accounts
John H. Merrill Secretary of State	Greg Shaw	Othni J. Lathram Legislative Services Agency
Rick Pate Commissioner of Agriculture	Alisa Kelli Wise	
Steve Marshall Attorney General	Tommy Bryan	
Jim Zeigler State Auditor	William B. Sellers	
	Brady E. Mendheim, Jr.	
	Sarah H. Stewart	
	Jay Mitchell	

EXECUTIVE BRANCH DEPARTMENTS

Bill Poole Department of Finance	Nichelle Nix Office of Minority Affairs	John Q. Hamm Department of Corrections
H. Mac Gipson ABC Board	Kenneth W. Boswell ADECA	Jeff Smitherman Emergency Management Agency
Greg Canfield Department of Commerce	Major General Sheryl Gordon State Military Department	John R. Cooper Department of Transportation
Jean Brown Department of Senior Services	Nancy Buckner Department of Human Resources	Marty Redden Office of Information Technology
Michael E. Hill State Banking Department	Fitzgerald Washington Department of Labor	Stephanie Azar Alabama Medicaid Agency
Chris Blankenship Department of Conservation and Natural Resources	Kim Boswell Department of Mental Health	Vernon Barnett Department of Revenue
Lee Sentell Department of Tourism and Travel	Mark Fowler Department of Insurance	Hal Taylor Alabama Law Enforcement Agency
Dr. Barbara Cooper Department of Early Childhood Education		Cam Ward Bureau of Pardons and Paroles

Voters of Alabama





Rachel Laurie Riddle
Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

P.O. Box 302251, Montgomery, AL 36130-2251
401 Adams Avenue, Suite 280
Montgomery, Alabama 36104-4338
Telephone (334) 242-9200
FAX (334) 242-1775

Independent Auditor's Report

Honorable Kay Ivey, Governor
State of Alabama
Montgomery, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the State of Alabama's basic financial statements as listed in the table of contents.

In our opinion, based upon our audits and the reports of the other auditors, the accompanying 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, 2022, 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.

We did not audit the financial statements of certain activities and funds. These activities 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	0.06%	0.00%
Business-Type Activities: Alabama State Port Authority	46%	14%
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 Alabama Community College System Athens State University Auburn University University of Alabama University of South Alabama University of Montevallo University of Alabama at Huntsville University of Alabama at Birmingham	89%	90%
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	80%	(58%)

The financial statements of these activities 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Alabama and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. 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 State Employees' Health Care Trust and the Retired Education Employees' Health Care Trust were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

The State of Alabama's basic financial statements for the year ended September 30, 2022, reflect the provisions of the Governmental Accounting Standards Board's (GASB) Statement Number 87, *Leases*. The State of Alabama implemented the requirements of GASB Statement Number 87 during the fiscal year. See Note 3B of the accompanying financial statements for the impact of the Standard's implementation. Our opinion on the basic financial statements is not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Alabama's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Alabama's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) and the other Required Supplementary Information listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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.

Supplementary 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 (combining and individual fund statements and schedules) is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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. In our opinion, 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.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, on our consideration of the State of Alabama's internal control over financial reporting and 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 on 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.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

March 31, 2023

The following is a narrative overview and analysis of the financial activities of the State of Alabama for the fiscal year ended September 30, 2022. 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 \$3.2 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 \$29.5 billion (net position). \$21.5 billion was the net invested in capital assets, and \$3.1 billion was Alabama Trust Capital.
- The State had a net pension liability of \$3.6 billion for the primary government.
- The State had a net other post-employment liability (net OPEB liability) of \$847 million for the primary government.
- The Change in Net Position in governmental activities was an increase of \$2.94 billion.
- Governmental activities have \$6.5 billion in investments, \$3.1 billion of which is held in the Alabama Trust Fund.
- Tax revenues for the primary government increased \$2.2 billion, or 18 percent, primarily as a result of the economy.
- Income tax revenues increased \$1.6 billion, primarily because of an increase in taxpayer personal income. Sales and use tax revenues increased \$407 million, primarily because of the increase of consumer spending.
- Revenues increased \$682 million or 2 percent while expenses increased \$940 million, or 3 percent.
- The business-type activities reported net position at year-end of \$1.3 billion, a increase of \$312 million, or 32 percent, for the fiscal year. The Unemployment Compensation Trust Fund cash was increased by \$276 million. The operating revenues for the State Port Authority increased by 8 percent, due to improved terms within coal handling agreements, increased shipments of pulp, paper, and forest products, and dramatic increases in intermodal traffic coupled with improved rail ferry service powered the Terminal Railway.
- The State's total bond debt at the end of the fiscal year was \$6.3 billion for the primary government, a increase of \$260 million.
- The State issued Alabama Federal Aid Highway Finance Authority (FAHFA) Series 2021-A revenue bonds with a par value of \$20.4 million and premiums of \$6.6 million and \$20.4 million of Series 2021-B revenue bonds for the purpose of highway related projects. Additionally, the FAHFA Series 2021-B included \$1.5 billion in bonds to advance refund all previously issued bonds. The Alabama Public School and College Authority issued Series 2022-A bonds with a par value of \$36.6 million and a premium of \$1.8 million for education related capital projects and loans to local schools. The Alabama Corrections Institution Finance Authority issued Series 2022-A bonds with a par value of \$509 million and a premium of \$42 million for constructing and renovating correctional facilities.
- Capital Assets increased \$517 million to \$23.8 billion, which includes \$18.6 billion in infrastructure assets.
- The Alabama Trust Fund balance decreased by \$765 million, or 19 percent, and now stands at \$3.2 billion.
- The Alabama Trust Fund investment earnings decreased from \$379 million as a result of the stock market.
- General Fund revenues increased slightly by \$272 million, while expenditures increased \$45 million.
- Education Trust Fund revenues increased \$2.1 billion, while expenditures only increased \$506 million.
- On a budgetary basis, General Fund revenues and other sources exceeded expenditures and other uses by \$835 million. However, on a GAAP (Generally Accepted Accounting Principles) basis, General Fund revenues and other sources exceeded expenditures and other uses by \$233 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 \$298 million to carry over to fiscal year 2023.

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 Welfare Trust Fund, ARPA Coronavirus State Fiscal Recovery 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 custodial 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 \$29.5 billion in contrast to the prior year balance of \$26.3 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 \$517 million. This increase can be mostly attributed to the implementation of GASB 87 and the inclusion of leases as "Right to Use" assets. Business-type capital assets increased \$67 million, or 10 percent.

The total of Current and Other Assets is \$22.7 billion, an increase from the prior year. Included in that amount were cash and cash equivalents of \$12.62 billion and \$1.11 billion due from other governments. Approximately 27 percent of 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 \$6.7 billion in investments, \$3.1 billion of which is held in the Alabama Trust Fund. Business-type Current and Other Assets increased \$515 million, or 51 percent. This is primarily because the Unemployment Compensation Trust Fund cash increased \$276 million, and an increase in lease receivables of \$181 million due to the implementation of GASB 87.

Of total liabilities, 72 percent are long-term liabilities. The State has \$11.3 billion in long term liabilities, which includes \$5.8 billion in bonds payable, \$3.5 billion in net pension liability, and \$847 million in net other post-employment health care benefits (OPEB) liability. Total liabilities increased by 5 percent, or \$775 million. Bonds payable increased by \$328 million. However, both the net OPEB and net pension liabilities decreased \$140 million and \$413 million, respectively. Due to the implementation of GASB 87, lease liabilities were created totaling \$505 million.

Deferred Outflows of Resources is \$1.0 billion, an increase of \$72 million. \$700 million is pension related, \$223 million is OPEB related, and \$99 million is losses for bond refundings. Deferred Inflows of Resources is \$2.24 billion at the end of the current fiscal year, an increase of \$333 million. The increase was related primarily to the addition of lease deferred inflows. \$533 million is pension related, \$1.47 billion is OPEB related, \$224 million is lease related, and \$3 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 \$16.4 billion in restricted net position, an increase of \$3 billion from the prior year. Unrestricted net position represents the remaining amount of net position that may be used to meet the State's ongoing obligations that are not funded by resources that are restricted. The State has a deficit in unrestricted net position of \$8.4 billion. Business-type activities has an unrestricted net position of \$30.8 million.

Net Position as of September 30

(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 21,171,169	\$ 17,915,541	\$ 1,526,059	\$ 1,011,439	\$ 22,697,228	\$ 18,926,980
Capital Assets	23,095,134	22,646,285	717,275	649,487	23,812,409	23,295,772
Total Assets	44,266,303	40,561,826	2,243,334	1,660,926	46,509,637	42,222,752
Deferred Outflows of Resources	973,853	906,304	48,770	44,708	1,022,623	951,012
Long-term Liabilities	10,800,048	10,831,936	485,882	462,762	11,285,930	11,294,698
Other Liabilities	4,287,963	3,520,562	208,762	192,303	4,496,725	3,712,865
Total Liabilities	15,088,011	14,352,498	694,644	655,065	15,782,655	15,007,563
Deferred Inflows of Resources	1,916,415	1,818,776	323,166	87,916	2,239,581	1,906,692
Net Position						
Net Investment in Capital Assets	21,145,379	21,006,618	362,523	335,839	21,507,902	21,342,457
Restricted	15,488,559	13,127,851	880,979	617,142	16,369,538	13,744,993
Unrestricted	(8,398,208)	(8,837,613)	30,792	9,672	(8,367,416)	(8,827,941)
Total Net Position	\$ 28,235,730	\$ 25,296,856	\$ 1,274,294	\$ 962,653	\$ 29,510,024	\$ 26,259,509

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 \$3.3 billion during the fiscal year. Taxes provided \$14.5 billion, or 42 percent, of the State's total revenue. Tax revenues increased by \$2.2 billion, or 18 percent, compared to the previous year primarily as a result the economy. \$1.6 billion of the increased revenue was income taxes, which was up 27 percent primarily because of an increase in taxpayer personal income. Sales and use taxes increased \$407 million, or 11 percent, primarily because of an economic surge due to consumer spending. Operating Grants and Contributions revenue increased \$357 Million, or 3 percent to \$14 billion. Federal revenues increased \$365 million for the Medicaid program primarily because of a temporary 6.2 percentage point increase in the federal medical assistance percentage (FMAP) during the COVID-19 public health emergency. Capital Grants and Contributions decreased \$53 million to \$ 1 billion. Charges for Services revenue decreased \$2 million, or 0.1 percent.

General revenues were up to \$16 billion, an increase of \$381 million. Grants and contributions not restricted to specific programs, which are included in general revenues, decreased by \$617 million because of federal grants from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) decreased. Unrestricted investment earnings were \$600 million, a decrease of \$1.3 billion due to a decline in the stock market. Total expenses increased more than revenues due to a reduction of revenue related to the Coronavirus Aid as well as a decline in the stock market.. Total revenues increased \$682 million, or 2 percent, and total expenses were up \$940 million, or 3 percent.

Governmental Activities

Total revenues for governmental activities for the fiscal year were \$33.1 billion, an increase of \$ 2.1 billion or 6.8 percent. Charges for Services decreased by \$21 million. Operating Grants and Contributions increased \$1.8 billion, or 15 percent, primarily because of additional federal funding related to the American Rescue Plan. Unrestricted Investment Earnings were down \$1.3 billion mostly due to a decline in the stock market. Taxes increased \$2.2 billion, or 18.2 percent, compared to the previous year primarily as a result of the economy. Capital Grants and Contributions decreased \$50 million, or 5 percent, mostly due to an decrease in federal reimbursements related to the COVID-19 pandemic.

Expenses for governmental type activities totaled \$30.2 billion, an increase of \$2.5 billion or 9 percent. Education and Cultural Resources spending increased \$1.5 billion, or 16 percent. Included in Education and Cultural Resources spending were increases in the local financial assistance program, support of state universities, Alabama innovation fund, and support of two year college of \$52 million, \$142 million, \$70 million, and \$53 million, respectively. Expenditures for Health increased \$514 million, or 6 percent, as the Hospital Care program increased by \$142 million and the Pharmaceutical program increased \$74 million. Protection of Persons and Property decreased \$669 million, or 26 percent, primarily because of COVID-19 pandemic related expenditures decreasing which caused the increase in prior years. Transportation increased \$219 million, or 14 percent due to a large decrease of spending on roadways, bridges, and tunnels. Natural Resources and Recreation spending decreased \$1 million, or (0.4) percent. Social Services spending increased \$699 million, or 20 percent, of which \$619 million was related to the food assistance program.

Business-type Activities

The largest business-type activity is the Alabama Unemployment Compensation Trust Fund, which accounts for 67 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 \$303 million, or 31% percent. The main driver of the increase is the large decrease in Unemployment Compensation expenditures due to the waning Coronavirus Pandemic as more Alabamans went back to work. Revenues of business-type activities decreased by \$1.4 billion. The overwhelming majority of this decrease is due to the reduction in the amount of federal revenues from Operating Grants and Contributions in to the Unemployment Compensation Trust Fund for Coronavirus relief. Operating Grants and Contributions decreased \$1.5 billion. Self-generated program revenues accounted for the majority of the revenues other than Operating Grants and Contributions. Only \$17 million of the \$1.1 billion in revenues other than Operating Grants and Contributions came from general revenues. The program revenues consisted of \$1.0 billion of charges for services, an increase of \$18 million, or 2 percent. Capital Grants and Contributions were \$2.6 million; a decrease of 3 million compared to 2021. Of the \$21 million in net transfers between governmental activities and business-type activities, the majority was from the Alcoholic Beverage Control Board which transferred \$62 million as mandated by law.

Overall business-type expenses were \$840.0 million, a decrease of \$1.5 billion. Again, the vast majority of the decrease was due to expenditures related to Coronavirus Relief through the Unemployment Compensation Trust Fund. The Alcoholic Beverage Control Board expenses increased \$10 million, or 2 percent. This increase was due to an increase in expenses associated with supplies, materials, and operating expense. State Port Authority's expenses increased by \$17.6 million, or 11 percent, mainly because of a increase in year over year expenditures related supplies, materials, and operating expense. The Alabama Unemployment Compensation Trust Fund expenses were down \$1.5 billion. The cash balance in the Unemployment Compensation Trust Fund grew by \$276 million due to the outsized decrease in Unemployment Compensation expenditures related to Coronavirus Relief. Nonmajor Proprietary Funds expenses were down \$5 million, or 4 percent. This decrease is due to decreases in expenses related to claims and benefits.

Changes in Net Position
For the Fiscal Year Ended September 30

(Amounts in Thousands)

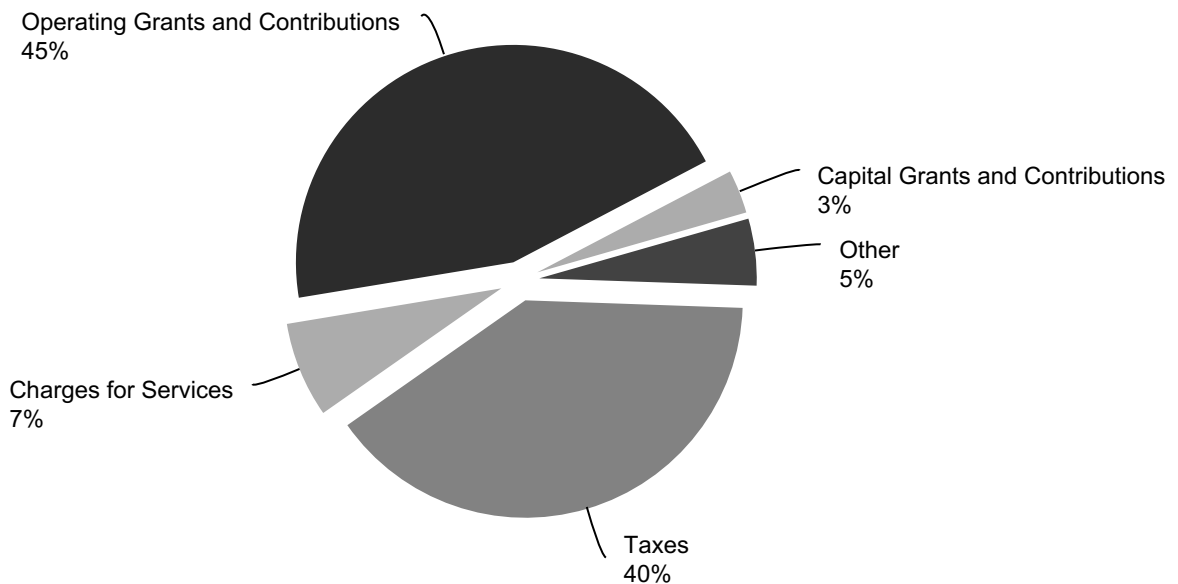
	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,204,857	\$ 2,225,582	\$ 1,043,056	\$ 1,024,772	\$ 3,247,913	\$ 3,250,354
Operating Grants and Contributions	13,908,327	12,098,999	59,238	1,511,807	13,967,565	13,610,806
Capital Grants and Contributions	1,008,303	1,058,493	2,611	5,589	1,010,914	1,064,082
General Revenues:						
Taxes	14,474,078	12,241,585	14,948	16,886	14,489,026	12,258,471
Grants and Contributions Not						
Restricted to Specific Programs	726,632	1,343,814	—	—	726,632	1,343,814
Unrestricted Investment Earnings	(600,112)	677,498	—	—	(600,112)	677,498
Miscellaneous	1,414,231	1,369,206	1,849	1,739	1,416,080	1,370,945
Total Revenues	33,136,316	31,015,177	1,121,702	2,560,793	34,258,018	33,575,970
Expenses:						
Economic Development and Regulation	157,493	204,741			157,493	204,741
Education and Cultural Resources	10,602,949	9,151,901			10,602,949	9,151,901
Natural Resources and Recreation	207,540	208,426			207,540	208,426
Health	9,323,338	8,809,281			9,323,338	8,809,281
Social Services	4,198,088	3,498,818			4,198,088	3,498,818
Protection of Persons and Property	1,874,409	2,543,302			1,874,409	2,543,302
Transportation	1,756,869	1,538,344			1,756,869	1,538,344
General Government	1,885,599	1,544,688			1,885,599	1,544,688
Debt Service - Interest and Other Charges	169,030	187,691			169,030	187,691
Unemployment Compensation			127,993	1,689,219	127,993	1,689,219
State Port Authority			171,623	154,052	171,623	154,052
Alcoholic Beverage Control Board			427,541	416,157	427,541	416,157
Nonmajor Proprietary Funds			112,838	128,581	112,838	128,581
Total Expenses	30,175,315	27,687,192	839,995	2,388,009	31,015,310	30,075,201
Increase (Decrease) in Net Position						
Before Transfers	2,961,001	3,327,985	281,707	172,784	3,242,708	3,500,769
Transfers	(21,431)	56,644	21,431	(56,644)	—	—
Change in Net Position	2,939,570	3,384,629	303,138	116,140	3,242,708	3,500,769
Net Position- Beginning, as restated	25,296,160	21,912,227	971,156	846,513	26,267,316	22,758,740
Net Position- Ending	\$ 28,235,730	\$ 25,296,856	\$ 1,274,294	\$ 962,653	\$ 29,510,024	\$ 26,259,509

Governmental Activities

Operating grants and contributions along with taxes together accounted for 95 percent of governmental activities revenue. Operating grants and contributions are the largest, making up 45 percent of total governmental revenues, while taxes make up 40 percent.

Income taxes are 51 percent of the total taxes recorded in governmental activities. Sales and use taxes comprise 28 percent of taxes in governmental activities. Income taxes brought in \$7.4 billion and sales and use taxes \$4.1 billion. Income taxes increased \$1.6 billion, or 27 percent, while sales and use taxes increased \$407 million, or 11 percent.

Capital grants and contributions are 3 percent of revenues. The Department of Transportation received 99 percent of all capital grants and contributions, primarily for road and bridge related projects. About 96 percent of operating grants and 96 percent of the capital grants were received from the Federal government.

**Revenues - Governmental Activities
Fiscal Year Ended September 30, 2022**

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 64 percent of the governmental activities expenses for the fiscal year. Social Services accounted for 15 percent of the governmental activities expenses.

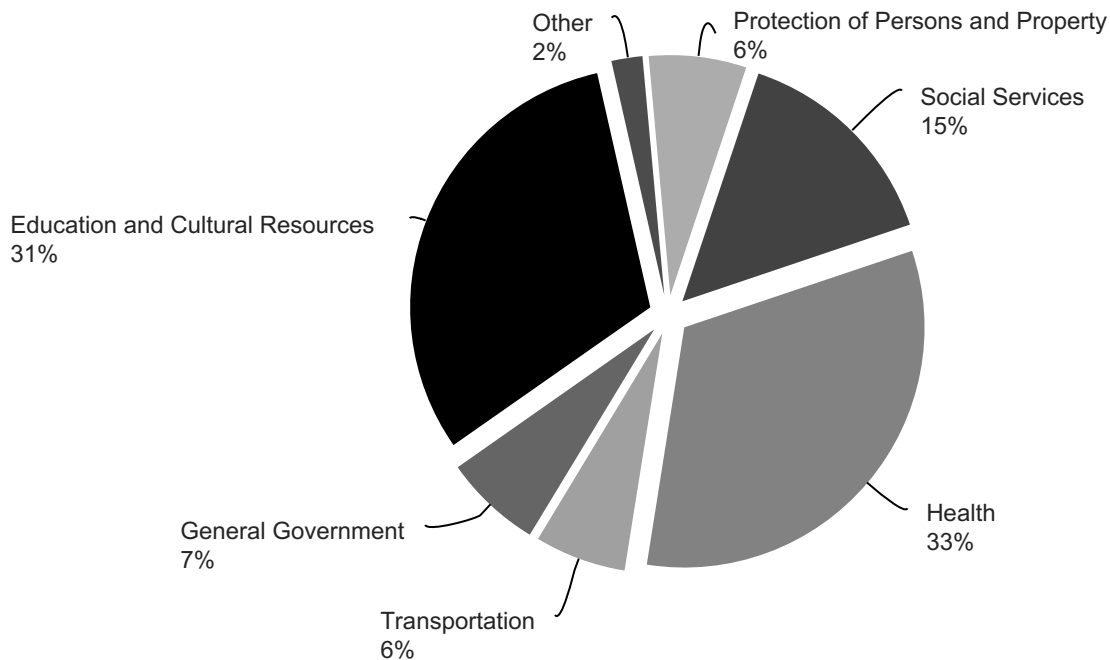
Education and Cultural Resources make up 31 percent of governmental activity expenses, A decrease of 1 percent from the previous year. Social Services increased 2 percent of total expenses. Within Education and Cultural Resources, 57 percent of expenditures were for the Local Financial Assistance program for K-12 school systems and 14 percent was for the Support of State Universities program. Local Financial Assistance increased \$194 million, or 3 percent, and Support for State Universities increased \$144 million, or 11 percent.

Health accounted for 33 percent of governmental activity spending, a increase of 1 percent from the previous year. Medicaid programs account for 79 percent of Health spending, while the Department of Public Health was 9 percent and the Department of Mental Health was 11 percent.

Within Social Services, spending on the Food Assistance program makes up 48 percent of all social services spending while 15 percent is spent on various children's programs. Spending on Food Assistance was up \$620 million, or 45 percent.

Protection of Persons and Property decreased from 9 percent to 7 percent of total spending. The Department of Corrections makes up 26 percent of Protection of Persons and Property spending, while the Alabama Law Enforcement Agency comprises 10 percent and the 911 Board 7 percent.

Expenses - Governmental Activities Fiscal Year Ended September 30, 2022



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 \$16.2 billion. Nonspendable fund balance was \$137 million and assigned fund balance was \$100 million. Spending restricted for specific purposes comprised \$14.6 billion. Those restrictions have been imposed by external parties, constitutional provisions, or enabling legislation. The largest restricted amount of \$6.3 billion is for Education and Cultural Resources. An additional \$8.3 billion of governmental fund balance has been restricted for a wide variety of purposes which includes \$3.1 billion restricted for the Alabama Trust Fund. 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.

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 \$1.3 billion, \$4 million nonspendable fund balance, and \$7.5 million assigned fund balance. Revenues for the General Fund were up \$272 million, or 12 percent. Taxes increased \$281 million. The largest increases in tax revenues to the General Fund were \$67 million in insurance premium tax and \$48 million in general sales tax. The fund balance for the General Fund increased by \$233 million primarily because of the increase in revenues. Also, the General Fund cash increased by \$186 million because of the growth in revenue.

Expenditures for the General Fund increased \$45 million, or 2.6 percent. Health expenditures increased \$30 million, or 4.3 percent. Medicaid Agency expenditures were 93 percent of the health expenditures in the General Fund. Due to the transition of Health expenses from the General Fund to Medicaid Fund, spending in the General Fund for Nursing Home Care decreased \$48 million and Administrative cost decreased \$37 million. These decreases were offset by an increase of \$49 million in Pharmaceutical. Spending on General Government in the General Fund decreased \$11 million. This was due to Prosecution Services decreasing by \$38 million. Protection of Persons and Property expenditures increased \$11 million. The largest spending for Protection of Persons and Property in the General Fund was \$548 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 \$2 billion, or 24 percent as compared to the previous fiscal year. Sales and use tax revenues, generated in part by the aforementioned simplified sellers use tax, increased by \$434 million and income tax revenues were up by \$1.5 billion while mobile telecommunications tax held steady. The increase in income tax revenues is supported by an overall increase in wage and salary employment. Expenditures, as limited by the budget, were up 7 percent, or \$506 million. A large portion of the increase, \$142 million was for support of state universities and \$52 million, was in the Local Financial Assistance program with several smaller programs increasing during the year. The ETF transferred out \$1.7 billion, with \$750 million going to supplement operations of the ETF Advancement and Technology Fund, a Nonmajor Special Revenue fund. PACT received \$210 million in transfers as mandated by the legislature in the appropriations acts. Due to Other Funds in the ETF is \$68 million. The ETF fund balance increased \$1.7 billion to a balance of \$3.49 billion, as cash and cash equivalents increased \$2 billion. As ETF revenues increased significantly while expenses remained consistent with prior years, this large increase to the fund is to be expected. The fund balance, while legally restricted to a variety of educational purposes, is all available for those purposes in the next fiscal year.

The Alabama Trust Fund consists of income from the sale or lease of rights for offshore exploration and drilling for oil and gas off the Alabama coast, as well as investment income earned on the accumulated capital. Revenues from royalties and other payments related to the production of oil and gas increased by \$38 million during the fiscal year. Investment earnings decreased from \$266 million to \$(645) million during the fiscal year due to a drop in the fair market value of the stock market. 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, \$197 million was transferred out to support these other funds. Transfers to the General Fund were \$123 million. During the fiscal year, the amount constitutionally restricted for Trust Capital decreased \$758 million from the prior year.

The Medicaid Fund accounts for the portion of the Medicaid program that is funded 91% percent by Federal revenues. Federal revenues increased 6 percent, or \$365 million, primarily because of a temporary 6.2 percentage point increase in the FMAP during the COVID-19 public health emergency. Expenditures increased 6 percent or \$369 million. Hospital Care increased \$142 million, Health Support increased \$33 million, Physician Care increased \$54 million, Nursing Home Care decreased \$99 million, and the Children's Health Insurance Plan (CHIP) increased \$33 million. The net change in fund balance for Medicaid was a \$23 million increase, bringing the total fund balance \$153 million. The increase in revenues over expenditures led to an increase in fund balance for the Medicaid Fund.

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 91 percent of total revenues, 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 \$668 million, or 22 percent, of which \$206 million was related to the American Rescue Plan Act. The Food Assistance program accounts for 53 percent of total expenditures. The fund balance at year end is \$135 million, a increase of \$20 million. 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 ARPA Coronavirus State Fiscal Recovery Fund was established as a result of the American Rescue Plan Act of 2021 to provide COVID related relief and economic stimulus. In fiscal year 2021 the Fund received \$1.06 billion from the the Federal Government and had no expenditures. The Fund received and additional \$427 million in fiscal year 2022 and had expenditures of \$163 million. Unexpended amounts received from the Federal Government are classified as unearned revenue and has a balance of \$1.6 billion for fiscal year 2022.

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 \$303 million.

The Unemployment Compensation Trust Fund has been significantly impacted by the year over year reduction in benefits paid of \$1,542 million. The net position increased in 2022 by \$268 million, whereas in 2021 net position increased by \$83 million. The minimum employer rate is 0.0020 and the maximum employer rate remained at 0.068 for the employer shared cost. Revenues decreased sharply in 2022 as compared to 2021 due to an decrease in Operating Grants and Contributions of \$1.4 billion related to Coronavirus Relief. There was a slight reduction of \$5 million in the amount of Federal Unemployment Compensation premiums received in 2022 compared to 2021. Federal Unemployment Compensation Drawdown programs were greatly decreased by \$1.4 billion year over year. Benefits paid decreased \$1.5 billion. The trust fund cash increased from \$597 million to \$873 million; net position now stands at \$851 million; net position was \$582 million in 2021.

The net position of the State Port Authority is \$391 million, an increase of \$18 million. Operating revenues were \$165 million, an increase of \$12 million, or 8 percent over the prior year, due to improved terms within coal handling agreements, increased shipments of pulp, paper, and forest products. The increase was offset partially by reduced tonnages of iron and steel products which decreased by 16 percent. Revenue at the Authority's McDuffie Coal Terminal increased by \$5 million, or 7 percent; general cargo and intermodal services revenues increased \$1 million, or 3 percent. The allocation of energy port funds were \$0 compared to \$1.4 million in 2021. The Terminal Railway revenues were up approximately 12 percent, a result of increases in general switching, storage, rail ferry usage, and hazardous material surcharges.

The net position of the Alcoholic Beverage Control Board decreased by \$13.7 million in fiscal year 2022. The deficit in net position decreased from \$135 million to \$149 million. The Board is required by law to distribute all of its profits and cannot own real property; therefore, net position generally will remain a negative amount. Non-current liabilities, such as compensated absences of \$6 million, net other post-employment benefits (OPEB) liability of \$24 million, net pension liability of \$59 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 increased in 2022, resulting in the decrease in net position.

Budgetary Highlights**General Fund**

The original budget for the General Fund was increased by a net of \$161 million during fiscal year 2022. Expenditures increased by \$62 million and Transfers Out decreased by \$100 million. These budgetary changes are reflected in the final budget on the Budgetary Comparison Schedule. The General Fund was not prorated during fiscal year 2022. Budgeted revenues were increased by \$145 million and actual tax revenues were \$307 million more than the final budget because of increases in collections of taxes.

There were significant budgetary variances between the final budget and actual results. Unexpended and reverted appropriations from fiscal year 2022 were re-appropriated to fiscal year 2023; therefore, many agencies did not spend all of their appropriations during fiscal year 2022. The Medicaid Agency has \$298 million to carryover to fiscal year 2023. The Department of Corrections and the Department of Economic and Community Affairs have carryovers of approximately \$55 million and \$21 million, respectively. These appropriations will be needed in the future primarily because expenditures are expected to increase.

Supplemental appropriations were \$273 million. Supplemental appropriations of \$135 million were distributed to the Department of Corrections for their Correctional Capital Improvement Fund to be used for the construction, renovation, and improvement of prison facilities. \$19 million was appropriated to the Bureau of Pardon and Paroles for acquiring and renovating the existing prison facility in Perry County. Conditional and other appropriations were approximately \$54 million to various agencies. \$48 million was a transfer to the General Fund Budget Reserve Fund. 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 \$5 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 \$835 million. However, on a GAAP (Generally Accepted Accounting Principles) basis, General Fund revenues and other sources exceeded expenditures and other uses by \$233 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 2022 the State invested \$23.8 billion, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation charges for the fiscal year totaled \$215 million.

Capital Assets as of September 30
(Amount in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Capital Assets Not Being Depreciated:						
Land	\$ 492,811	\$ 454,354	\$ 80,408	\$ 77,054	\$ 573,219	\$ 531,408
Historical Exhibits	4,127	4,127	2,199	2,350	6,326	6,477
Construction In Progress	59,403	35,036	28,226	24,378	87,629	59,414
Intangible Assets Under Development	—	—	—	—	—	—
Construction In Progress - Infrastructure	1,986,296	2,244,081	—	—	1,986,296	2,244,081
Infrastructure	18,623,638	18,321,598	—	—	18,623,638	18,321,598
In tangible Assets under Development	9,902	5,508	—	—	9,902	5,508
Inexhaustible Intangible Assets	—	—	10	10	10	10
Total Capital Assets						
Not Being Depreciated	21,176,177	21,064,704	110,843	103,792	21,287,020	21,168,496
Capital Assets Being Depreciated:						
Buildings	2,012,744	2,150,435	798,145	783,629	2,810,889	2,934,064
Equipment	828,335	805,720	434,643	417,467	1,262,978	1,223,187
Lease - RTU Assets	506,976	—	63,370	—	570,346	—
Software and Other Intangible Assets	104,063	96,448	10,848	10,848	114,911	107,296
Total Capital Assets						
Being Depreciated	3,452,118	3,052,603	1,307,006	1,211,944	4,759,124	4,264,547
Less Accumulated Depreciation	1,533,161	1,471,022	700,574	666,249	2,233,735	2,137,271
Total Capital Assets						
Being Depreciated, Net	1,918,957	1,581,581	606,432	545,695	2,525,389	2,127,276
Capital Assets, Net	\$ 23,095,134	\$ 22,646,285	\$ 717,275	\$ 649,487	\$ 23,812,409	\$ 23,295,772

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 72.44, which exceeds the State's goal.

The State maintains 5,410 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 6.40, in the upper end of the satisfactory range.

For fiscal years 2022 and 2021, the State estimated it would need to spend \$424 million and \$426 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 2022, the State spent \$478 million for roadway preservation and \$183 million for bridge preservation. The State spent \$451 million for roadway preservation and \$194 million for bridge preservation in fiscal year 2021. In the next fiscal year, the Alabama Department of Transportation estimates that it will need to spend approximately \$583 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	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 499,079	\$ 566,183	\$ 0	\$ 0	\$ 499,079	\$ 566,183
Revenue Bonds	5,521,280	5,177,939	308,019	323,786	5,829,299	5,501,725
Total	\$ 6,020,359	\$ 5,744,122	\$ 308,019	\$ 323,786	\$ 6,328,378	\$ 6,067,908

The State issued Alabama Federal Aid Highway Finance Authority (FAHFA) Series 2021-A revenue bonds with a par value of \$20.4 million and premiums of \$6.6 million and \$20.4 million of Series 2021-B revenue bonds for the purpose of highway related projects. Additionally, the FAHFA Series 2021-B included \$1.5 billion in bonds to advance refund all previously issued bonds. The Alabama Public School and College Authority issued Series 2022-A bonds with a par value of \$36.6 million and a premium of \$1.8 million for education related capital projects and loans to local schools. The Alabama Corrections Institution Finance Authority issued Series 2022-A bonds with a par value of \$509 million and a premium of \$42 million for constructing and renovating correctional facilities.

More detailed information about the State's long-term debt is presented in Note 5 to the financial statements and in the Statistical Section.

Economic Factors and Next Year's Budgets and Rates

The General Fund budget increased from fiscal year 2022 to 2023. The Alabama Trust Fund and the Department of Corrections received an increase of \$70 million and \$48 million respectively. The Department of Public Health decreased \$26 million.

The total ETF budget for fiscal year 2023 is \$8.4 billion. The K-12 Local Boards of Education received an appropriation increase of \$237 million for fiscal year 2023 over fiscal year 2022 from the Education Trust Fund. The four-year Universities received an increase of \$69 million. The supplemental appropriations to the ETF Budget Stabilization Fund and the ETF Advancement and Technology Fund have not been approved for 2023. For 2022 The ETF Budget Stabilization fund decreased by \$28 million, and the ETF Budget Stabilization Fund increased \$443 million.

Total tax collections are up approximately 6.6 percent for the first four months of fiscal year 2023 as compared to fiscal year 2022. The State's seasonally adjusted unemployment rate, at 2.8 percent in December 2022, was a slight increase from the November 2022 revised rate of 2.7 percent, and down from the December 2021 rate of 2.1 percent. The number of employed workers increased from December 2021 to December 2022 from 2,173,000 to 2,229,000.

Requests for Information

This financial report is designed to provide a general overview of the State of Alabama's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Office of the State Comptroller, Financial Reporting Section, RSA Union Building, 100 North Union Street, Suite 298, Montgomery, AL 36130-2602.

STATE OF ALABAMA

STATEMENT OF NET POSITION

September 30, 2022

(Amounts in Thousands)

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
ASSETS				
Cash and Cash Equivalents	\$ 11,529,576	\$ 1,085,597	\$ 12,615,173	\$ 2,504,031
Investments	6,518,518	138,875	6,657,393	10,758,389
Internal Balances	42,602	(42,602)	—	—
Due From Primary Government	—	—	—	5,240
Due From Component Units	107,472	10	107,482	—
Investment Sales Receivable	53,729	—	53,729	—
Accounts Receivable	161,044	48,474	209,518	1,401,172
Taxes Receivable	1,531,272	—	1,531,272	—
Due From Other Governments	1,108,850	2,071	1,110,921	858,228
Mortgages, Notes, and Loans Receivable	64	—	64	884,637
Lease Receivable	—	200,985	200,985	51,057
Securities Lending Collateral	53,700	—	53,700	9,668
Inventory	59,948	49,210	109,158	69,472
Restricted Assets	3,941	—	3,941	48,220
Other Assets	453	43,439	43,892	486,549
Capital Assets, Net of Accumulated Depreciation	1,918,957	606,433	2,525,390	9,704,847
Capital Assets Not Depreciated	21,176,177	110,842	21,287,019	1,210,078
TOTAL ASSETS	44,266,303	2,243,334	46,509,637	27,991,588
DEFERRED OUTFLOWS OF RESOURCES	973,853	48,770	1,022,623	2,422,758
LIABILITIES				
Warrants Payable	69,236	325	69,561	9
Investment Purchases Payable	44,013	—	44,013	—
Due To Primary Government	—	—	—	107,482
Due To Component Units	5,242	—	5,242	—
Accounts Payable	1,214,709	125,683	1,340,392	929,268
Due To Other Governments	386,723	6,850	393,573	256,200
Securities Lending Obligation	53,700	—	53,700	9,668
Unearned Revenue	1,847,965	10,646	1,858,611	1,165,061
Amounts Held in Custody for Others	193,907	94	194,001	504,502
Noncurrent Liabilities:				
Due Within One Year	472,468	65,164	537,632	504,528
Due In More Than One Year	10,800,048	485,882	11,285,930	10,986,761
TOTAL LIABILITIES	15,088,011	694,644	15,782,655	14,463,479
DEFERRED INFLOWS OF RESOURCES	1,916,415	323,166	2,239,581	2,975,066
NET POSITION				
Net Investment in Capital Assets	21,145,379	362,523	21,507,902	6,249,664
Restricted for:				
Permanent - Expendable	—	—	—	1,476,002
Permanent - Non-expendable	82,070	—	82,070	2,462,538
Unemployment Compensation	—	850,565	850,565	—
Alabama Trust Capital	3,119,084	—	3,119,084	—
Economic Development and Regulation	325,109	—	325,109	—
Education	6,807,675	3,354	6,811,029	—
Natural Resources and Recreation	220,500	—	220,500	—
Health	930,737	—	930,737	—
Social Services	517,735	—	517,735	—
Protection of Persons and Property	382,004	—	382,004	—
Transportation	998,049	—	998,049	—
General Government	914,828	—	914,828	—
Debt Service	407,287	27,060	434,347	1,719,370
Capital Projects	783,481	—	783,481	49,263
Other Purposes	—	—	—	389,251
Unrestricted	(8,398,208)	30,792	(8,367,416)	629,713
TOTAL NET POSITION	\$ 28,235,730	\$ 1,274,294	\$ 29,510,024	\$ 12,975,801

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, 2022

(Amounts in Thousands)

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Economic Development and Regulation	\$ 157,493	\$ 111,628	\$ 43,835	\$ 294
Education and Cultural Resources	10,602,949	48,983	2,101,293	4,364
Natural Resources and Recreation	207,540	117,564	67,020	18
Health	9,323,338	554,016	7,448,725	—
Social Services	4,198,088	27,522	3,653,928	359
Protection of Persons and Property	1,874,409	437,702	259,259	1,492
Transportation	1,756,869	604,801	48,620	997,065
General Government	1,885,599	302,641	285,647	4,711
Debt Service - Interest and Other Charges	169,030	—	—	—
Total Governmental Activities	30,175,315	2,204,857	13,908,327	1,008,303
Business-type Activities:				
Unemployment Compensation	127,993	267,966	57,710	—
State Port Authority	171,623	162,000	—	2,611
Alcoholic Beverage Control Board	427,541	489,834	—	—
Nonmajor Proprietary Funds	112,838	123,256	1,528	—
Total Business-type Activities	839,995	1,043,056	59,238	2,611
Total Primary Government	31,015,310	3,247,913	13,967,565	1,010,914
Component Units:				
University of Alabama	6,401,637	4,827,252	1,084,042	135,688
Auburn University	1,434,954	860,112	363,423	12,029
University of South Alabama	1,226,253	983,295	48,749	18,177
Public Education Employees Health Insurance	1,046,990	1,078,983	—	—
Alabama Community College System	952,753	208,118	397,703	10,507
Nonmajor Component Units	2,034,530	1,034,836	714,546	32,740
Total Component Units	13,097,117	8,992,596	2,608,463	209,141

General Revenues:

Taxes:
Sales and Use Taxes
Income Taxes
Motor Fuels Taxes
Utility Taxes
Insurance Premium Tax
Property Tax
Liquor Taxes
Tobacco and Cigarette Taxes
Payments from State of Alabama
Grants and Contributions Not Restricted to Specific Programs
Unrestricted Investment Earnings
Miscellaneous
Contributions to Permanent Funds and Endowments
Transfers
Total General Revenues, Contributions and Transfers

Change in Net Position

Net Position, October 1, 2021, as Restated
Net Position, September 30, 2022

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
\$ (1,736)	\$ 0	\$ (1,736)	\$ 0
(8,448,309)	—	(8,448,309)	—
(22,938)	—	(22,938)	—
(1,320,597)	—	(1,320,597)	—
(516,279)	—	(516,279)	—
(1,175,956)	—	(1,175,956)	—
(106,383)	—	(106,383)	—
(1,292,600)	—	(1,292,600)	—
(169,030)	—	(169,030)	—
(13,053,828)	—	(13,053,828)	—
—	197,683	197,683	—
—	(7,012)	(7,012)	—
—	62,293	62,293	—
—	11,946	11,946	—
—	264,910	264,910	—
(13,053,828)	264,910	(12,788,918)	—
—	—	—	(354,655)
—	—	—	(199,390)
—	—	—	(176,032)
—	—	—	31,993
—	—	—	(336,425)
—	—	—	(252,408)
—	—	—	(1,286,917)
4,060,434	—	4,060,434	—
7,393,846	—	7,393,846	—
953,062	—	953,062	—
624,254	—	624,254	—
542,762	—	542,762	—
481,877	—	481,877	—
259,760	14,948	274,708	—
158,083	—	158,083	—
—	—	—	2,035,994
726,632	—	726,632	214
(600,112)	—	(600,112)	(1,185,015)
1,414,231	1,849	1,416,080	113,669
—	—	—	116,565
(21,431)	21,431	—	—
15,993,398	38,228	16,031,626	1,081,427
2,939,570	303,138	3,242,708	(205,490)
25,296,160	971,156	26,267,316	13,181,291
\$ 28,235,730	\$ 1,274,294	\$ 29,510,024	\$ 12,975,801

STATE OF ALABAMA

BALANCE SHEET

Governmental Funds

September 30, 2022

(Amounts in Thousands)

	General Fund	Education Trust Fund	Alabama Trust	Medicaid Fund
ASSETS				
Cash and Cash Equivalents	\$ 1,166,250	\$ 3,030,525	\$ 11,413	\$ 344,155
Investments	—	—	3,107,834	—
Due From Other Funds	27,860	1,344	—	19,894
Due From Component Units	—	—	—	—
Investment Sales Receivable	—	—	51,351	—
Accounts Receivable	7,049	6	28,812	—
Taxes Receivable	391,324	592,280	—	—
Due From Other Governments	—	677	—	330,179
Mortgages, Notes, and Loans Receivable	—	—	—	—
Securities Lending Collateral	—	—	47,250	—
Inventory	4,035	—	—	—
Restricted Assets	—	—	—	—
Other Assets	—	—	—	—
TOTAL ASSETS	\$ 1,596,518	\$ 3,624,832	\$ 3,246,660	\$ 694,228
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Warrants Payable	\$ 950	\$ 7,048	\$ 1	\$ 13,999
Investment Purchases Payable	—	—	39,381	—
Due To Other Funds	9,967	67,963	57	84,722
Due To Component Units	260	90	—	1
Accounts Payable	59,950	47,305	131	356,887
Due To Other Governments	11,409	7,556	2	15
Securities Lending Obligation	—	—	47,250	—
Unearned Revenue	5	—	—	85,301
Amounts Held in Custody for Others	233	3	—	—
Compensated Absences	378	13	—	16
Total Liabilities	83,152	129,978	86,822	540,941
Deferred Inflows Of Resources	161,540	—	2,206	—
Fund Balances				
Nonspendable:				
Inventory	4,035.00	—	—	—
Permanent Fund Principal	—	—	—	—
Restricted for:				
Economic Development and Regulation	—	—	—	—
Education and Cultural Resources	—	3,494,854	—	—
Natural Resources and Recreation	—	—	40,754	—
Health	—	—	—	153,287
Social Services	—	—	—	—
Protection of Persons and Property	—	—	—	—
Transportation	—	—	—	—
General Government	—	—	—	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Alabama Trust Capital	—	—	3,116,878	—
Assigned for:				
Economic Development and Regulation	26	—	—	—
Education and Cultural Resources	100	—	—	—
Natural Resources and Recreation	46	—	—	—
Health	176	—	—	—
Social Services	43	—	—	—
Protection of Persons and Property	6,479	—	—	—
Transportation	3	—	—	—
General Government	602	—	—	—
Unassigned	1,340,316	—	—	—
Total Fund Balances	1,351,826	3,494,854	3,157,632	153,287
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,596,518	\$ 3,624,832	\$ 3,246,660	\$ 694,228

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

Public Welfare Trust Fund	ARPA Coronavirus State Fiscal Recovery Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 246,167	\$ 1,338,983	\$ 5,310,441	\$ 11,447,934
—	—	3,239,396	6,347,230
18,283	354,525	205,940	627,846
—	—	107,367	107,367
—	—	2,378	53,729
3	—	124,466	160,336
76,182	—	471,485	1,531,271
20,300	—	453,537	804,693
—	—	65	65
—	—	6,450	53,700
—	—	50,591	54,626
—	—	3,941	3,941
—	—	410	410
360,935	1,693,508	9,976,467	21,193,148
1,825	—	44,990	68,813
—	—	4,632	44,013
14,268	—	422,972	599,949
5	—	282	638
81,204	—	609,639	1,155,116
5,757	—	361,842	386,581
—	—	6,450	53,700
64,636	1,693,508	4,515	1,847,965
4,613	—	188,861	193,710
383	—	911	1,701
172,691	1,693,508	1,645,094	4,352,186
53,183	—	388,792	605,721
—	—	50,902	54,937
—	—	82,070	82,070
—	—	249,255	249,255
—	—	2,824,275	6,319,129
—	—	179,747	220,501
—	—	664,022	817,309
135,061	—	329,491	464,552
—	—	382,005	382,005
—	—	996,941	996,941
—	—	906,068	906,068
—	—	777,915	777,915
—	—	407,287	407,287
—	—	—	3,116,878
—	—	2,410	2,436
—	—	15,539	15,639
—	—	—	46
—	—	—	176
—	—	922	965
—	—	52,042	58,521
—	—	—	3
—	—	21,690	22,292
—	—	—	1,340,316
135,061	—	7,942,581	16,235,241
\$ 360,935	\$ 1,693,508	\$ 9,976,467	\$ 21,193,148

STATE OF ALABAMA

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

September 30, 2022

(Amounts in Thousands)

Total Fund Balances for Governmental Funds		\$16,235,241
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	492,266	
Historical Exhibits	4,127	
Construction in progress	41,399	
Construction in progress - Infrastructure	1,986,296	
Infrastructure	18,623,638	
Buildings	1,826,982	
Buildings and Office Space - RTU	505,537	
Equipment	792,838	
Intangibles	96,449	
Accumulated Amortization - Buildings and Office Space - RTU	(60,262)	
Accumulated Depreciation - Buildings	(801,634)	
Accumulated Depreciation - Equipment	(466,293)	
Accumulated Amortization - Intangibles	(53,770)	
		22,987,573
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.		
		605,722
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.		
		145,817
Long-term loans reported in due from other governments are not collectible in the current period and, therefore, are not reported in the funds.		
		304,156
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	668,932	
Deferred Inflows - pension related	(510,835)	
Deferred Outflows - OPEB related	203,169	
Deferred Inflows - OPEB related	(1,372,935)	
Deferred Outflows - losses on refunding of debt	88,229	
Deferred Inflows - gains on refunding of debt	(2,741)	
		(926,181)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Direct Borrowings	(58,010)	
Lease Payable	(448,319)	
Compensated Absences	(318,626)	
Claims, Judgments, and Other	(8,879)	
Due to Component Units	(4,203)	
Net Pension Liability	(3,422,168)	
Net Pension Asset	43	
Net OPEB Liability	(795,218)	
		(5,055,380)
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	(462,100)	
Revenue Bonds Payable	(5,102,703)	
Unamortized Premiums	(452,082)	
Unamortized Discounts	1,680	
Accrued Interest Payable	(46,013)	
		(6,061,218)
Net Position of Governmental Activities		\$ 28,235,730

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, 2022

(Amounts in Thousands)

	Education			
	General Fund	Trust Fund	Alabama Trust	Medicaid Fund
REVENUES				
Taxes	\$ 2,370,496	\$ 10,750,529	\$ 0	\$ 0
Licenses, Permits, and Fees	183,289	173	—	12
Fines, Forfeits, and Court Settlements	15,175	—	—	761
Investment Income	40,411	—	(645,414)	31
Federal Grants and Reimbursements	—	—	—	6,336,970
Other Revenues	6,843	1,851	76,517	589,471
Total Revenues	2,616,214	10,752,553	(568,897)	6,927,245
EXPENDITURES				
Current:				
Economic Development and Regulation	8,035	1,763	—	—
Education and Cultural Resources	8,380	7,233,012	—	—
Natural Resources and Recreation	12,155	3,901	959	—
Health	732,523	17,900	—	6,314,359
Social Services	15,033	32,787	—	—
Protection of Persons and Property	703,937	1,808	—	—
Transportation	—	—	—	—
General Government	297,865	95,258	14,516	—
Capital Outlay	—	—	—	—
Debt Service - Principal Retirement	3,059	2,891	—	916
Debt Service - Interest and Other Changes	808	687	—	95
Total Expenditures	1,781,795	7,390,007	15,475	6,315,370
Excess (Deficiency) of Revenues Over (Under) Expenditures	834,419	3,362,546	(584,372)	611,875
OTHER FINANCING SOURCES (USES)				
Transfers In	269,530	—	16,322	254,792
Bonds Issued	—	—	—	—
Refunding Bonds Issued	—	—	—	—
Debt Issuance Premiums	—	—	—	—
Insurance Recovery Proceeds	58	—	—	—
Transfers Out	(873,447)	(1,693,913)	(196,748)	(846,467)
Leases	2,849	5,976	—	3,104
Payments to Refunded Bond Escrow Agent	—	—	—	—
Total Other Financing Sources (Uses)	(601,010)	(1,687,937)	(180,426)	(588,571)
Net Change in Fund Balances	233,409	1,674,609	(764,798)	23,304
Fund Balances, October 1, 2021, as Restated	1,118,417	1,820,245	3,922,430	129,983
Increase (Decrease) in Inventory	—	—	—	—
Fund Balances, September 30, 2022	\$ 1,351,826	\$ 3,494,854	\$ 3,157,632	\$ 153,287

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

	Public Welfare Trust Fund	ARPA Coronavirus State Fiscal Recovery	Nonmajor Governmental Funds	Total Governmental Funds
\$	300,114	\$ 0	\$ 2,281,234	\$ 15,702,373
	293	—	1,220,438	1,404,205
	24	—	206,184	222,144
	—	—	(84,899)	(689,871)
	3,361,426	426,771	4,986,416	15,111,583
	21,595	—	695,260	1,391,537
	3,683,452	426,771	9,304,633	33,141,971
	—	—	162,020	171,818
	—	—	3,174,409	10,415,801
	—	—	225,359	242,374
	—	2,800	2,295,353	9,362,935
	3,738,635	—	517,457	4,303,912
	—	160,000	1,149,694	2,015,439
	—	—	1,869,063	1,869,063
	744	—	1,514,445	1,922,828
	—	—	40,836	40,836
	13,946	—	421,839	442,651
	7,430	—	205,493	214,513
	3,760,755	162,800	11,575,968	31,002,170
	(77,303)	263,971	(2,271,335)	2,139,801
	187,686	—	4,582,403	5,310,733
	—	—	595,020	595,020
	—	—	1,478,517	1,478,517
	—	—	50,816	50,816
	198	—	7,040	7,296
	(93,142)	(263,971)	(1,583,745)	(5,551,433)
	2,353	—	49,469	63,751
	—	—	(1,475,136)	(1,475,136)
	97,095	(263,971)	3,704,384	479,564
	19,792	—	1,433,049	2,619,365
	115,269	—	6,503,845	13,610,189
	—	—	5,687	5,687
\$	135,061	\$ 0	\$ 7,942,581	\$ 16,235,241

STATE OF ALABAMA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2022**

(Amounts in Thousands)

Net Change in Fund Balances for Governmental Funds		\$2,619,365
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	261,422	
Depreciation Expense	<u>(167,467)</u>	93,955
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.		3,012
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.		5,687
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		30,938
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	1,949	
Repayments of loans	<u>(46,546)</u>	(44,597)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and information technology, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		9,259
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	3	
Internal service fund capital assets reassigned from the general government	<u>(5,026)</u>	(5,023)
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	(12,079)	
Amortization of deferred gains	<u>571</u>	(11,508)
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	(595,020)	
Lease Proceeds	(63,751)	
Debt issuance premiums	(50,816)	
Payments to Refunded Bond Escrow Agent	1,475,136	
Repayment of bond principal	380,346	
Repayment of direct borrowings principal	5,292	
Repayment of lease principal	57,013	
Accrued interest and debt-related amortization	<u>57,365</u>	(212,952)
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	482,201	
Compensated absences	(1,757)	
Claims, judgments, and other	1,872	
Pension Expense	<u>(30,882)</u>	451,434
Change in Net Position of Governmental Activities		<u>\$ 2,939,570</u>

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



STATE OF ALABAMA

STATEMENT OF NET POSITION

Proprietary Funds

September 30, 2022

(Amounts in Thousands)

	Business-type Activities - Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 872,786	\$ 112,105	\$ 73,539	\$ 27,167	\$ 1,085,597
Investments, Short-term	—	19,780	—	7,592	27,372
Due From Other Funds	—	—	7	1,610	1,617
Due From Component Units	—	—	—	10	10
Accounts Receivable	11,298	20,103	—	17,073	48,474
Due From Other Governments	4	2,067	—	—	2,071
Lease Receivable ST	—	6,679	—	—	6,679
Inventory	—	3,831	43,474	1,906	49,211
Other Current Assets	—	2,802	—	35,364	38,166
Total Current Assets	884,088	167,367	117,020	90,722	1,259,197
Noncurrent Assets					
Investments, Long-term	—	7,280	—	104,222	111,502
Due From Other Funds	—	—	—	3,104	3,104
Lease Receivable LT	—	194,306	—	—	194,306
Other Noncurrent Assets	—	5,161	—	112	5,273
Capital Assets, Net of Accumulated Depreciation	—	536,006	57,709	12,720	606,435
Capital Assets Not Depreciated	—	106,071	—	4,772	110,843
Total Noncurrent Assets	—	848,824	57,709	124,930	1,031,463
TOTAL ASSETS	884,088	1,016,191	174,729	215,652	2,290,660
DEFERRED OUTFLOWS OF RESOURCES	—	28,709	17,201	2,860	48,770
LIABILITIES					
Current Liabilities					
Warrants Payable	—	—	184	141	325
Lease Liability	—	63	7,511	329	7,903
Due To Other Funds	167	—	44,510	1,846	46,523
Due To Component Units	—	—	—	—	—
Accounts Payable	33,160	22,957	66,699	2,874	125,690
Due To Other Governments	110	—	6,705	36	6,851
Claims Payable	—	160	—	39,607	39,767
Unearned Revenue	—	—	—	665	665
Funds Held in Escrow	86	—	—	—	86
Compensated Absences	—	2,964	514	45	3,523
Revenue Bonds Payable	—	13,813	—	—	13,813
Other Long-term Liabilities	—	160	—	—	160
Total Current Liabilities	33,523	40,117	126,123	45,543	245,306
Noncurrent Liabilities					
Lease Liability	—	78	47,584	702	48,364
Claims Payable	—	870	—	2,579	3,449
Unearned Revenue, Noncurrent	—	9,981	—	—	9,981
Due To Other Funds	—	—	—	800	800
Compensated Absences	—	1,976	5,529	740	8,245
Net OPEB Liability	—	13,255	23,593	2,498	39,346
Net Pension Liability	—	21,346	59,160	7,618	88,124
Notes Payable	—	—	—	640	640
Revenue Bonds Payable	—	294,206	—	—	294,206
Other Long-term Liabilities	—	3,508	—	—	3,508
Total Noncurrent Liabilities	—	345,220	135,866	15,577	496,663
TOTAL LIABILITIES	33,523.00	385,337	261,989	61,120	741,969
DEFERRED INFLOWS OF RESOURCES	—	268,487	49,848	4,831	323,166
NET POSITION					
Net Investment in Capital Assets	—	344,089	2,614	15,822	362,525
Restricted for:					
Unemployment Compensation	850,565	—	—	—	850,565
Education	—	—	—	3,353	3,353
Transportation	—	—	—	—	—
Debt Service	—	27,060	—	—	27,060
Capital Projects	—	—	—	—	—
Unrestricted	—	19,927	(122,521)	133,386	30,792
TOTAL NET POSITION	\$ 850,565	\$ 391,076	\$ (119,907)	\$ 152,561	\$ 1,274,295

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

Governmental Activities
Internal
Service
Funds

\$	81,643
	13,959
	15,360
	105
	702
	—
	—
	5,322
	—
	117,091
	157,332
	800
	—
	—
	89,007
	18,549
	265,688
	382,779
	13,521
	421
	557
	1,450
	402
	13,574
	144
	4,261
	—
	197
	430
	2,370
	—
	23,806
	344
	123,101
	—
	—
	4,623
	12,628
	53,294
	—
	2,784
	—
	196,774
	220,580
	29,903
	101,674
	—
	—
	252
	—
	—
	43,891
\$	145,817

STATE OF ALABAMA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Proprietary Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Business-type Activities - Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds	Total Enterprise Funds
OPERATING REVENUES					
Charges for Goods and Services	\$ 0	\$ 164,513	\$ 489,786	\$ 57,176	\$ 711,475
Premiums and Contributions	245,070	—	—	74,974	320,044
Rents and Leases	—	—	—	828	828
Total Operating Revenues	245,070	164,513	489,786	132,978	1,032,347
OPERATING EXPENSES					
Salaries, Wages, and Benefits	—	—	34,863	8,500	43,363
Utilities and Communications	—	—	2,986	226	3,212
Professional Services	—	—	12,463	4,594	17,057
Supplies, Materials, and Operating Expense	—	—	361,424	83,381	444,805
Interest	—	—	—	—	—
Depreciation	—	30,673	7,851	1,397	39,921
Claims and Benefits	124,830	—	9	13,144	137,983
Operations and Maintenance	—	94,673	—	—	94,673
General and Administrative	—	17,512	—	—	17,512
Other	—	—	6,204	411	6,615
Total Operating Expenses	124,830	142,858	425,800	111,653	805,141
Operating Income (Loss)	120,240	21,655	63,986	21,325	227,206
NONOPERATING REVENUES (EXPENSES)					
Investment Income	12,185	(2,513)	—	(10,752)	(1,080)
Taxes	—	—	14,948	—	14,948
Other Contributions	—	—	—	—	—
Other Nonoperating Revenues	10,711	1,614	120	1,190	13,635
Grants	57,710	—	—	1,528	59,238
Interest Expense	—	(13,216)	(1,730)	(83)	(15,029)
Other Nonoperating Expenses	(3,163)	(15,550)	(10)	(1,099)	(19,822)
Total Nonoperating Revenues (Expenses)	77,443	(29,665)	13,328	(9,216)	51,890
Income (Loss) Before Contributions and Transfers	197,683	(8,010)	77,314	12,109	279,096
Capital Contributions	—	2,611	—	—	2,611
Transfers In	80,878	20,101	60	7,381	108,420
Transfers Out	(10,367)	(67)	(62,350)	(14,204)	(86,988)
Increase (Decrease) in Net Position	268,194	14,635	15,024	5,286	303,139
Total Net Position, October 1, 2021, as Restated	582,371	376,441	(134,931)	147,275	971,156
Total Net Position, September 30, 2022	\$ 850,565	\$ 391,076	\$ (119,907)	\$ 152,561	\$ 1,274,295

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

<u>Governmental Activities</u>	
Internal	
Service	
<u>Funds</u>	
\$	106,454
	26,892
	18,085
	<u>151,431</u>
	37,868
	17,294
	29,559
	30,085
	121
	7,892
	8,197
	—
	—
	9,467
	<u>140,483</u>
	10,948
	(17,663)
	—
	—
	1,150
	—
	(250)
	<u>(672)</u>
	<u>(17,435)</u>
	(6,487)
	5,035
	18,091
	<u>(7,380)</u>
	9,259
	<u>136,559</u>
<u>\$</u>	<u>145,818</u>

STATE OF ALABAMA

STATEMENT OF CASH FLOWS

Proprietary Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Business-type Activities - Enterprise Funds				
	Unemployment	State	Alcoholic	Nonmajor	Total
	Compensation Trust	Port Authority	Beverage Control Board	Enterprise Funds	Enterprise Funds
Cash Flows from Operating Activities:					
Receipts from Customer & User Charges	\$ 255,257	\$ 149,446	\$ 524,907	\$ 125,881	\$ 1,055,491
Receipts from Interfund Services	—	—	101	13,182	13,283
Receipts from Operating Grants	57,710	—	—	2,399	60,109
Receipts from Interfund Reimbursements	800	—	—	—	800
Receipts from Other Operating Activities	10,136	—	37,418	1,389	48,943
Payments for Goods Held for Resale	—	—	(348,738)	(19,676)	(368,414)
Payments for Other Goods & Services	—	(68,339)	(27,479)	(77,502)	(173,320)
Payments for Employees Services	—	(45,708)	(50,036)	(8,810)	(104,554)
Payments for Taxes, Fines, Penalties, & Similar Fees	—	—	—	—	—
Payments for Interfund Services	—	—	(3,119)	(267)	(3,386)
Payments for Other Operating Activities	(1,230)	—	(58,141)	(404)	(59,775)
Payments for Claims	(127,812)	—	(9)	(34,933)	(162,754)
Net Cash Provided by (Used In) Operating Activities	194,861	35,399	74,904	1,259	306,423
Cash Flows from Noncapital Financing Activities:					
Receipts from Noncapital Financing Grants & Donations	1,954	—	—	8	1,962
Transfers from Other Funds for Noncapital Financing	79,503	—	60	7,378	86,941
Payments for Noncapital Financing Grants & Donations	(1,378)	—	—	—	(1,378)
Transfers to Other Funds for Noncapital Financing	(9,744)	—	(67,660)	(16,709)	(94,113)
Net Cash Provided By (Used In) Noncapital Financing Activities	70,335	—	(67,600)	(9,323)	(6,588)
Cash Flows from Capital & Related Financing Activities:					
Proceeds from Revenue Bonds & Other Capital Debt	—	1,326	—	—	1,326
Receipts from Capital Grants & Contributions	—	3,515	—	—	3,515
Transfers from Other Funds for Capital Financing	—	7,708	—	—	7,708
Receipts from Sale of Capital Assets & Insurance Proceeds	—	—	79	—	79
Principal Receipts on Leases	—	51,871	—	—	51,871
Interest Receipts on Leases	—	6,056	—	—	6,056
Payments to Acquire, Construct, & Improve Capital Assets	—	(43,741)	(758)	(3,525)	(48,024)
Principal Paid on Debt and Lease RTU Liabilities	—	(15,269)	(6,754)	(497)	(22,520)
Interest Paid on Debt and Lease RTU Liabilities	—	(12,943)	(1,730)	(83)	(14,756)
Net Cash Provided by (Used In) Capital and Related Financing Activities	—	(1,477)	(9,163)	(4,105)	(14,745)
Cash Flows From Investing Activities					
Receipts from Sales & Maturities of Investments	—	18,971	—	12,571	31,542
Receipts from Interest & Dividends on Investments & Loans	11,008	119	—	4,873	16,000
Purchase of Investments	—	(6,488)	—	(4,087)	(10,575)
Net Cash Provided By (Used In) Investing Activities	11,008	12,602	—	13,357	36,967
Net Increase (Decrease) In Cash and Cash Equivalents	276,204	46,524	(1,859)	1,188	322,057
Cash Balance as Restated, October 1, 2021	596,582	65,581	75,214	25,838	763,215
Cash Balance, September 30, 2022	872,786	112,105	73,355	27,026	1,085,272
Add: Warrants Payable	—	—	184	141	325
Cash and Cash Equivalents, as Reported on Statement of Net Position	\$ 872,786	\$ 112,105	\$ 73,539	\$ 27,167	\$ 1,085,597

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

Governmental Activities	
	Internal Service Funds
\$	6,758
	140,276
	—
	—
	327
	(14,498)
	(62,092)
	(40,632)
	(1)
	(9,338)
	365
	(4,418)
	16,747
	—
	21,477
	—
	(7,356)
	14,121
	—
	—
	—
	4,914
	—
	—
	(23,615)
	(7,253)
	(455)
	(26,409)
	—
	—
	(11,000)
	(11,000)
	(6,541)
	87,763
	81,222
	421
\$	81,643

Continued on next page...

STATE OF ALABAMA

STATEMENT OF CASH FLOWS (Continued from Previous Page)

Proprietary Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Business-type Activities - Enterprise Funds				
	Unemployment	State	Alcoholic	Nonmajor	Total
	Compensation	Port	Beverage	Enterprise	Enterprise
	Trust	Authority	Control Board	Funds	Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 120,240	\$ 21,655	\$ 63,986	\$ 21,325	\$ 227,206
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Interest Expense	—	—	—	—	—
Depreciation	—	30,673	7,851	1,397	39,921
Nonoperating Revenues	65,978	—	14,977	2,692	83,647
Nonoperating Expenses	—	318	—	(1,075)	(757)
Accounts Payable	5,006	841	3,768	(3,819)	5,796
Due to Other Funds	99	—	3,202	3,833	7,134
Due to Component Units	—	—	—	—	—
Due from Other Funds	523	—	64	1,426	2,013
Due from Component Units	—	—	—	—	—
Compensated Absences	—	296	(49)	64	311
Due to Other Governments	(107)	—	2,451	—	2,344
Accounts Receivable	2,860	(5,841)	25	(5,699)	(8,655)
Lease Receivable	—	(18,756)	—	—	(18,756)
Inventory	—	(233)	(6,093)	213	(6,113)
Unearned Revenue	—	9,754	(10)	497	10,241
Other Assets	—	(61)	—	(11,821)	(11,882)
Deferred Outflows of Resources	—	19,037	349	277	19,663
Other Liabilities	—	(787)	—	—	(787)
Deferred Inflows of Resources	—	(16,293)	(1,712)	1,335	(16,670)
Due From Other Governments	262	—	—	—	262
Claims Payable	—	(756)	—	(7,516)	(8,272)
Amortization Expense	—	5,045	—	—	5,045
Net OPEB Liability	—	(9,562)	(3,254)	(436)	(13,252)
Net Pension Liability	—	69	(10,651)	(1,434)	(12,016)
Total Adjustments	74,621	13,744	10,918	(20,066)	79,217
Net Cash Provided (Used) by Operating Activities	\$ 194,861	\$ 35,399	\$ 74,904	\$ 1,259	\$ 306,423
Noncash Investing, Capital, and Financing Activities					
Increase (Decrease):					
Disposals and Other Reductions to Capital Assets	—	—	(116)	—	(116)
Capital Asset Reassignments	—	—	—	—	—
Disposals of Capital Assets	—	(5,399)	—	—	(5,399)
Capital Assets Acquired by Capital Contribution	—	—	—	—	—
Capital Assets Acquired on Account	—	—	182	7	189
Interest Accruals and Other Adjustments	1,177	—	—	2,340	3,517
Unrealized Gains (Losses) in Investment Fair Value	—	252	—	(13,826)	(13,574)
Revenue Bond Amortizations and Other Debt Adjustments	—	(1,123)	—	—	(1,123)
Transfers In (Out)	(3)	—	5,310	3,619	8,926
Assets Acquired by Lease or Other Debt	—	—	(8,393)	208	(8,185)

Noncash Investing, Capital, and Financing Activities

Increase (Decrease):

Disposals and Other Reductions to Capital Assets	—	—	(116)	—	(116)
Capital Asset Reassignments	—	—	—	—	—
Disposals of Capital Assets	—	(5,399)	—	—	(5,399)
Capital Assets Acquired by Capital Contribution	—	—	—	—	—
Capital Assets Acquired on Account	—	—	182	7	189
Interest Accruals and Other Adjustments	1,177	—	—	2,340	3,517
Unrealized Gains (Losses) in Investment Fair Value	—	252	—	(13,826)	(13,574)
Revenue Bond Amortizations and Other Debt Adjustments	—	(1,123)	—	—	(1,123)
Transfers In (Out)	(3)	—	5,310	3,619	8,926
Assets Acquired by Lease or Other Debt	—	—	(8,393)	208	(8,185)

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

Governmental Activities

Internal
Service
Funds

\$ 10,948

406

9,376

1,144

(846)

1,160

(71)

1

(6,015)

—

237

—

7

(74)

(60)

—

(1,092)

—

2,656

—

3,922

—

—

(1,553)

(3,399)

5,799

\$ 16,747

(607)

3

—

5,026

1,533

3,459

(21,122)

73

(3,420)

367

STATE OF ALABAMA

STATEMENT OF FIDUCIARY NET POSITION

Fiduciary Funds

September 30, 2022

(Amounts in Thousands)

	Pension and Other Employee Benefit Trust Funds	Private- Purpose Trust Funds	Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ 120,730	\$ 54,959	\$ 205,256
Investments			
Time Deposits	—	—	776
U.S. Treasury Securities	1,991,088	198,966	40,089
U.S. Agency Securities	285,914	1,001	—
State and Local Government Securities	34	—	4,655
Mortgage Backed Securities	1,180,523	2,106	2,750
Corporate Stocks	23,948,470	6,675	—
Corporate Bonds	3,493,700	2,226	2,773
Real Estate	4,098,596	777	—
Commercial Paper	1,368,778	330	—
International Stocks	5,314,412	—	—
International Bonds	—	—	8
Guaranteed Investment Contracts	3,096	—	—
Mutual and Money Market Funds	1,510,633	2,037,999	294
Other	—	—	12
Receivables			
Employer Contributions Receivable	121,269	—	—
Member Contributions Receivable	68,111	—	—
Investment Sales Receivable	21,574	—	—
Accounts Receivable	148,162	6,490	—
Due From Other Governments	106	—	—
Mortgages, Notes, and Loans Receivable	7,921	—	—
Securities Lending Collateral	1,646,048	591	—
Other Assets	1,077	—	—
Capital Assets, Net of Accumulated Depreciation	120,415	—	—
Capital Assets Not Depreciated	7,620	—	—
TOTAL ASSETS	45,458,277	2,312,120	256,613
DEFERRED OUTFLOWS OF RESOURCES	12,313	—	—
LIABILITIES			
Warrants Payable	59	269	1,927
Investment Purchases Payable	26,069	—	—
Due To Other Funds	3	2	—
Accounts Payable	12,438	9,657	52,645
Due To Other Governments	52	—	9,001
Claims Payable	32,936	—	—
Securities Lending Obligation	1,646,048	591	—
Unearned Revenue	14	—	—
Amounts Held in Custody for Others	—	2,616	—
Compensated Absences	7,520	21	—
Other Post-employment Benefits	—	—	—
Net OPEB Liability	8,213	—	—
Net Pension Liability	36,297	—	—
TOTAL LIABILITIES	1,769,649	13,156	63,573
DEFERRED INFLOWS OF RESOURCES	24,557	—	—
NET POSITION			
Restricted for:			
Individuals, Organizations, and Other Governments	—	2,298,964	193,039
Pensions	35,508,888	—	—
OPEB	1,803,114	—	—
Other Employee Benefits	6,364,380	—	—
General Government	—	—	—
TOTAL NET POSITION	\$ 43,676,382	\$ 2,298,964	\$ 193,039

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, 2022

(Amounts in Thousands)

	Pension and Other Employee Benefit Trust Funds	Private- Purpose Trust Funds	Custodial Funds
ADDITIONS			
Contributions:			
Plan members	\$ 1,211,725	\$ 237,586	\$ 0
Employer	1,766,736	—	—
Other Contributions	5,739	—	—
Federal On-Behalf	434	—	—
Total Contributions	2,984,634	237,586	—
Investment Earnings			
Investment Interest and Dividends	1,111,928	96,933	3,478
Net Increase (Decrease) in Fair Value of Investments	(7,769,564)	(478,094)	(94)
Securities Lending Income	21,745	52	—
Total Investment Earnings	(6,635,891)	(381,109)	3,384
Less:			
Investment Expense	16,549	—	—
Securities Lending Interest and Fees	12,444	39	—
Net Investment Income	(6,664,884)	(381,148)	3,384
Other Additions			
Interest from Mortgages and Loans Receivable	411	—	—
Tax Collections for Other Governments	—	—	509,574
Miscellaneous	68,529	2,705	968,513
Transfers In	—	209,555	—
Total Other Additions	68,940	212,260	1,478,087
Total Additions	(3,611,310)	68,698	1,481,471
DEDUCTIONS			
Benefit Payments and Refunds	4,752,892	249,101	948,764
Tax Payments to Other Governments	—	—	509,591
Administrative Expense	49,785	10,010	337
Transfers Out	—	998	—
Total Deductions	4,802,677	260,109	1,458,692
Change in Net Position	(8,413,987)	(191,411)	22,779
Net Position, October 1, 2021, as Restated	52,090,369	2,490,375	170,260
Net Position, September 30, 2022	\$ 43,676,382	\$ 2,298,964	\$ 193,039

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

STATE OF ALABAMA

STATEMENT OF NET POSITION

Component Units

September 30, 2022

(Amounts in Thousands)

	University of Alabama	Auburn University	University of South Alabama	Public Education Employees' Health Insurance	Alabama Community College System
ASSETS					
Cash and Cash Equivalents	\$ 850,121	\$ 81,024	\$ 218,263	\$ 314	\$ 602,834
Investments	5,454,749	2,413,502	743,385	293,717	343,902
Due From Primary Government	—	—	—	—	—
Accounts Receivable	838,480	67,756	101,470	34,891	110,008
Due From Other Governments	—	—	—	3,353	—
Mortgages, Notes, and Loans Receivable	374,502	60,345	1,756	—	—
Securities Lending Collateral	—	—	—	—	—
Lease Receivable	—	26,874	18,394	—	1,081
Inventory	50,151	6,882	—	—	2,498
Restricted Assets	—	6,388	37,726	—	—
Other Assets	263,276	60,285	48,473	1,523	4,876
Capital Assets, Net of Accumulated Depreciation	4,441,304	2,097,916	806,559	—	984,919
Capital Assets Not Depreciated	464,237	206,225	112,944	—	86,061
TOTAL ASSETS	12,736,820	5,027,197	2,088,970	333,798	2,136,179
DEFERRED OUTFLOWS OF RESOURCES	1,182,682	429,026	226,055	4,338	209,090
LIABILITIES					
Warrants Payable	—	—	—	—	—
Due To Primary Government	93,183	—	—	985	—
Accounts Payable	461,496	127,161	120,704	448	65,558
Due To Other Governments	10,445	—	—	415	—
Securities Lending Obligation	—	—	—	—	—
Unearned Revenue	501,198	280,517	66,622	3,545	89,980
Amounts Held in Custody for Others	19,995	24,450	—	—	9,746
Noncurrent Liabilities:					
Due Within One Year	246,548	79,162	36,758	61,196	24,458
Due In More Than One Year	5,218,883	2,091,394	1,006,657	82,445	963,820
TOTAL LIABILITIES	6,551,748	2,602,684	1,230,741	149,034	1,153,562
DEFERRED INFLOWS OF RESOURCES	1,356,714	488,158	316,613	3,673	324,151
NET POSITION					
Net Investment in Capital Assets	2,452,173	1,425,417	433,558	—	812,733
Restricted for:					
Permanent - Expendable	1,143,517	70,628	30,196	—	69,831
Permanent - Non-expendable	1,148,968	849,877	257,720	—	8,999
Debt Service	—	—	—	—	8,001
Capital Projects	—	12,345	—	—	7,677
Other Purposes	—	4,310	202,839	—	—
Unrestricted	1,266,382	2,804	(156,642)	185,429	(39,685)
TOTAL NET POSITION	\$ 6,011,040	\$ 2,365,381	\$ 767,671	\$ 185,429	\$ 867,556

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

Nonmajor Component Units	Total Component Units
\$ 751,475	\$ 2,504,031
1,509,134	10,758,389
5,240	5,240
248,567	1,401,172
854,875	858,228
448,034	884,637
9,668	9,668
4,708	51,057
9,941	69,472
4,106	48,220
108,116	486,549
1,374,149	9,704,847
340,611	1,210,078
5,668,624	27,991,588
371,567	2,422,758
9	9
13,314	107,482
153,901	929,268
245,340	256,200
9,668	9,668
223,199	1,165,061
450,311	504,502
56,406	504,528
1,623,562	10,986,761
2,775,710	14,463,479
485,757	2,975,066
1,125,783	6,249,664
161,830	1,476,002
196,974	2,462,538
1,711,369	1,719,370
29,241	49,263
182,102	389,251
(628,575)	629,713
\$ 2,778,724	\$ 12,975,801

STATE OF ALABAMA

STATEMENT OF ACTIVITIES

Component Units

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	University of Alabama	Auburn University	University of South Alabama	Public Education Employees' Health Insurance	Alabama Community College System
Expenses	\$ 6,401,637	\$ 1,434,954	\$ 1,226,253	\$ 1,046,990	\$ 952,753
Program Revenues					
Charges for Services	4,827,252	860,112	983,295	1,078,983	208,118
Operating Grants and Contributions	1,084,042	363,423	48,749	—	397,703
Capital Grants and Contributions	135,688	12,029	18,177	—	10,507
Total Program Revenues	6,046,982	1,235,564	1,050,221	1,078,983	616,328
Net (Expense) Revenue	(354,655)	(199,390)	(176,032)	31,993	(336,425)
General Revenues					
Payments from State of Alabama	585,864	333,118	140,709	—	521,530
Grants and Contributions Not Restricted to Specific Programs	155	—	—	—	—
Unrestricted Investment Earnings	(834,428)	(215,654)	(64,015)	2,647	23
Miscellaneous	4,298	—	77,687	795	14,193
Contributions to Permanent Funds and Endowments	106,139	292	10,129	—	—
Total General Revenues and Contributions	(137,972)	117,756	164,510	3,442	535,746
Change in Net Position	(492,627)	(81,634)	(11,522)	35,435	199,321
Net Position, October 1, 2021, as Restated	6,503,667	2,447,015	779,193	149,994	668,235
Net Position, September 30, 2022	\$ 6,011,040	\$ 2,365,381	\$ 767,671	\$ 185,429	\$ 867,556

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

Nonmajor Component	Total Component
Units	Units
\$ 2,034,530	\$ 13,097,117
1,034,836	8,992,596
714,546	2,608,463
32,740	209,141
1,782,122	11,810,200
(252,408)	(1,286,917)
454,773	2,035,994
59	214
(73,588)	(1,185,015)
16,696	113,669
5	116,565
397,945	1,081,427
145,537	(205,490)
2,633,187	13,181,291
\$ 2,778,724	\$ 12,975,801

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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For the Fiscal year Ended September 30, 2022

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

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

pledged for bond repayment. Those marked with a † are currently inactive and had no financial balances or activity in the past fiscal year.

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

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

The Alabama State Parking Deck Authority has the authority to sell bonds, operate, maintain, and rent space in a parking deck on a block in the capitol complex. The members of the Authority are State officials and the debt will be repaid with State resources.

The Educational Television Foundation Authority raises and manages money and property solely for the benefit of the Alabama Educational Television Commission, a State agency. The Authority consists of thirteen members who are appointed by the Alabama Educational Television Commission. The Authority provides fund raising and promotion flexibility that the Commission, as part of the primary government, would not otherwise have.

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

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

3. Discretely Presented Component Units

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

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

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

When audited financial statements for a discretely presented component unit exist, the address at which such financial statements can be obtained is included in the following paragraphs describing each component unit. For all other discretely presented component units, complete financial statements may be obtained from the State of Alabama, Office of State Comptroller, RSA Union Building, Suite 298, Montgomery, AL 36130-2602.

The Water Pollution Control Authority operates a revolving loan fund to aid municipalities in financing the construction of wastewater treatment facilities. A five-member board of directors made up of ex officio members governs the Authority. Audited financial statements of the Authority may be obtained from the Alabama Department of Environmental Management, 1400 Coliseum Boulevard, Montgomery, AL 36130.

The Alabama Drinking Water Finance Authority operates a revolving loan fund to aid local governments in financing the construction of sanitary drinking water facilities. A five-member board of directors made up of ex officio members governs the

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

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

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

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

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

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

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included in each of the universities' financial statements. For the University of Alabama, the University's discretely presented component units are the National Alumni Association of the University of Alabama, the Capstone Foundation, the 1831 Foundation, the Capstone Health Services Foundation, the University of Alabama Law School Foundation, the Donor Advised Fund, Southern Research Institute, and the University of Alabama Huntsville Foundation. For Alabama State University, the Alabama State University Foundation, Inc. and the Trust for Educational Excellence at Alabama State University are component units. For Auburn University, the University's component units are the Auburn University Foundation, Tigers Unlimited Foundation, Auburn Alumni Association, and Auburn Research and Technology Foundation. The University of Montevallo Foundation is a component unit of the University of Montevallo and is included in the amounts reported for Montevallo. The University of South Alabama has 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 2nd 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 iron works. Fourteen of the eighteen members of the commission are appointed by the Governor. Part of the Commission's budget is subject to State control.

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The Space Science Exhibit Commission operates the Alabama Space and Rocket Center along with the Space Camp. All eighteen members of the Commission are appointed by the Governor and part of the Commission's budget is subject to State approval. Audited financial statements may be obtained from the Commission at the Alabama Space and Rocket Center, P. O. Box 070015, 1 Tranquility Base, Huntsville, AL 35807-7015.

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

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

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

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

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

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

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

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.

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5. Excluded Organizations

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

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

6. Sources of Information

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

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

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

a. Primary Government

- Alabama College Education Savings Trust Fund
- Alabama Deferred Compensation Plan
- Alabama Health Insurance Plan
- Alabama Industrial Development Training Institute
- Alabama School of 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 Custodial Funds
- Corrections Canteen Funds
- Court System Local Accounts
- Dental Examiners Board

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- Dental Scholarships Awards Board
- Department of Human Resources Local Funds
- Educational Television Foundation Authority
- Geological Survey Library Revolving Fund
- High School of Math and Science
- Insurance Department Statutory Deposits
- Insurance Department Receivership
- Medicaid Agency Lien Account
- Medical Scholarships Awards Account
- Medical Examiners and Licensure Commission
- Men's Hall of Fame Outside Account
- Military Department Unit Funds
- Motor Sports Hall of Fame
- National Guard Canteen Funds
- Optometry Board
- Optometric Scholarships Awards Board
- Peace Officers' Annuity and Benefit Investment Account
- Pharmacy Board
- Pilotage Commission
- Podiatry Board
- Presiding Circuit Judge's and Clerk's Judicial Administration Funds
- 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

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

B. Government-Wide and Fund Financial Statements

1. Government-Wide Financial Statements

Government-wide financial statements include two basic financial statements: the Statement of Net 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.

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

1. Measurement Focus and Basis of Accounting

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

a. Accrual Basis

Under GAAP, the government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recognized and recorded when earned and expenses are recorded when a liability is incurred for exchange and exchange-like transactions, regardless of the timing of cash flows. For nonexchange transactions, revenues and expenditures and related assets and liabilities are recognized as required by GASB Statement No. 33, as amended by GASB Statement No. 65. For derived nonexchange transactions, receivables and revenues are recognized when the underlying exchange has occurred. For imposed nonexchange transactions, receivables are recognized when an enforceable legal claim has arisen. Revenues are recognized when resources are required to be used or the first period that use is permitted.

Property taxes are recognized as revenues in the year for which they are levied. For government mandated nonexchange revenues such as grants, GAAP require the recognition of assets, revenues, liabilities, and expenditures when all eligibility requirements have been met. Resources received before time requirements are met, but after all other eligibility requirements have been met, are reported as deferred inflows of resources.

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

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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 seven major governmental funds. The **General Fund** is the State's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The **Education Trust Fund** accounts for the revenues collected for the support, maintenance, and development of public education in Alabama. General sales and uses taxes, income taxes, and utilities taxes are the primary revenues restricted to this fund. The **Alabama Trust Fund** consists of income from the sale or lease of rights for offshore exploration and drilling for oil and gas off the Alabama coast. Investment income earned on the trust balance is used to support the General Fund, Forever Wild Land Trust, and a variety of capital projects and debt service. **Medicaid** accounts for the portion of the Medicaid program that is funded by Federal revenues and Medicaid provider taxes. The **Public 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 **ARPA Coronavirus State Fiscal Recovery Fund** was created in response to the American Rescue Plan Act (ARPA) to provide COVID related relief and economic stimulus.

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

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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 include Pensions, OPEB and other employee benefit plans held in trust that meet GASB criteria in Statement Nos. 67, 74 and 84. The defined benefit pension plans include plans for state employees, state police, some city and county employees, teachers, judges, peace officers, and State Port Authority employees.

Private Purpose Trust Funds report all fiduciary activities that (a) are not required to be reported in pension and other employee benefit trust funds or investment trust funds and (b) are held in a trust that meet GASB Statement No. 84 criteria. The State's largest private purpose funds are education related for college tuition benefits.

Custodial funds are used to report fiduciary activities that meet GASB Statement No. 84 criteria and that are not required to be reported in pension and other employee benefit trust funds, investment trust funds, or private purpose trust funds. Taxes collected for other governments are accounted for in custodial funds.

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.

For the Fiscal year Ended September 30, 2022

Approximately 27 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 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

For the Fiscal year Ended September 30, 2022

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, lease right-to-use assets, and infrastructure (e.g., roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Most capital assets are defined by the State as having an initial cost of at least \$15,000 and have initial useful lives extending beyond a single reporting period. Real Property and lease right-to-use (RTU) assets 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
Lease RTU Assets - Office Space, Buildings and Other Space	Various
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

For the Fiscal year Ended September 30, 2022

actual number of annual leave days he has earned, up to a maximum of sixty days, with the amount being computed on the basis of his daily pay rate at time of separation multiplied by the number of days leave due.

Sick leave is accrued at a rate of four hours and twenty minutes semi-monthly. Employees may accumulate up to a maximum of 150 days sick leave. Employees may be compensated for one-half of the maximum accrued sick leave only upon retirement from state service. Tier 1 employees must have twenty-five years of service or have attained the age of 60 and have at least ten years of service to be eligible to retire. Tier 2 employees must have attained the age of 62 and have at least ten years of service to be eligible to retire. Tier 1 State Troopers must have twenty-five years of service or have attained the age of 52 and have at least ten years of service to be eligible to retire. Tier 2 State Troopers must have attained the age of 56 and have at least 10 years of service to be eligible to retire. If a state employee in the classified service dies while in active service to the State, the estate of the deceased employee receives a payment of fifty percent of the accrued and unused sick leave, not to exceed 600 hours, which the employee was credited with at the time of his or her death.

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

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

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

9. Long-Term Obligations

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

10. Deferred Outflows and Deferred Inflows

Deferred outflow of resources represents a consumption of net assets 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 assets 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

For the Fiscal year Ended September 30, 2022

branches of government. Commitments may be changed or lifted only through an equivalent formal high level action. Commitments are not considered to be legally enforceable by an external party. External parties such as citizens or the judiciary can compel the State through legal action to honor restrictions but not commitments. The State does not have any policy or procedure for establishing committed fund balances and none are reported in these financial statements. Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes. Assigned fund balances include 1) all remaining non-negative amounts reported in governmental funds other than the General Fund and 2) amounts in the General Fund that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the State legislature or by its delegation to a State official. The State Finance Department, under the legal authority of the State Finance Director, has established Fiscal Policies and Procedures which enable agency heads to establish assigned amounts. Unassigned fund balance is the residual classification and only the General Fund can report a positive unassigned fund balance. Negative unassigned fund balance can be reported in any governmental fund if expenditures incurred for specific purposes exceeded the amount restricted, committed or assigned to those purposes.

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

F. New Accounting Pronouncements

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

- GASB Statement No. 87: Leases
- GASB Statement No. 89: Accounting for Interest Cost Incurred before the end of a construction period
- GASB Statement No. 92: Omnibus 2020 (paragraphs 6,7,8,9,10 and 12)
- GASB Statement No. 93: Replacement of Interbank Offered Rates (paragraphs 11b, 13, and 14)
- GASB Statement No. 97: Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 (except paragraph 4 as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, and except for paragraph 5)
- GASB Statement No. 99: Omnibus 2022 (paragraphs 26 through 32)

NOTE 2 - TAX ABATEMENTS

As of September 30, 2022, 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 2022 is \$20.5 million 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 2022 is \$10.7 million as a result of the Investment Credit.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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 2022 is \$112 thousand as a result of the Apprenticeship Alabama program.

The Film Incentive is intended to attract investment for qualified productions and qualified production companies, and increase employment opportunities. Pursuant to the *Code of Alabama 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 2022 is \$3.6 million 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 2022 is \$23.3 million 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 2022 is \$23 million 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 2022 is \$2.5 million as a result of the New Markets Tax Credit.

Other tax abatement programs include the Reinvestment and Abatement 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 Abatement 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 2022 is \$140.6 million as a result of these programs.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

NOTE 3 - FUND BALANCES/NET POSITION**A. Restricted Net Position**

The Government-wide Statement of Net Position reports \$16.4 billion of restricted net position for the primary government, of which \$3,879,076,000 is restricted by enabling legislation.

B. Restatements

Fund Balances and Net Position as of October 1, 2021 have been restated for prior period adjustments necessary to conform to GAAP. Included in those restatements are differences resulting from the implementation of *Governmental Accounting Standards Boards Statement 87 (GASB 87)*. GASB 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use asset. The implementation of GASB 87 resulted in the reclassification of operating and capital leases. The GASB 87 restatements are shown in the table below.

(Amounts in Thousands)

	09/30/21 Net Position as Reported	GASB 87 Implementation	Adjustments	09/30/21 Net Position as Restated
Government-wide statements:				
Primary government				
Governmental activities	\$ 25,296,856	\$ 3,531	\$ (4,227)	\$ 25,296,160
Business-type activities	962,653	4,276	4,227	971,156
Total primary government	\$ 26,259,509	\$ 7,807	\$ 0	\$ 26,267,316
Governmental funds statements				
Nonmajor special revenue funds				
Miscellaneous special revenue funds	\$ 764,210	\$ —	\$ (1,668)	\$ 762,542
Total governmental funds	\$ 764,210	\$ —	\$ (1,668)	\$ 762,542
Proprietary fund statements				
Nonmajor enterprise funds				
Real property management	\$ —	\$ —	\$ 4,227	\$ 4,227
Internal service funds				
Other internal service funds	7,149	—	(2,559)	4,590
Total proprietary funds	\$ 0	\$ 0	\$ 4,227	\$ 4,227

Miscellaneous Special Revenue Funds has been restated by \$1,668,000. The difference consists of a reclassification of a Miscellaneous Special Revenue Fund to an Other internal service fund as shown in the table above. Real Property Management has been restated by \$4,227,000 due to a reclassification from an Internal Service Fund to a Nonmajor Enterprise Fund. This is shown in the table above. As a result of the two reclassification stated previously, Other Internal Service Funds has been restated by \$2,559,000 which is also shown in the table above.

The Government-wide financial statements, beginning net position for governmental activities was restated from \$25,296,856,000 to \$25,296,160,000, an decrease of \$696,000. The difference consists is due to the implementation of GASB 87 and a reclassification of a governmental fund to a proprietary fund as shown above. The Government-wide financial statements,

For the Fiscal year Ended September 30, 2022

beginning net position for business-type activities has been restated from \$962,653,000 to \$962,605,000, an decrease of \$48,000. This is a result of the implementation of GASB 87 as well as a reclassification of a governmental fund to a proprietary fund.

The beginning net position for component units was restated from \$13,117,472,000 to \$13,181,291,000, an increase of \$63,819,000. The beginning net position for the Alabama Community College System was restated from \$598,162,000 to \$668,235,000, an increase of \$70,073,000. The difference is a result of restatements to component units of the Alabama Community College System..

C. Fund Balance/Net Position Deficits

1. Primary Government

The Alcoholic Beverage Control Board, a major proprietary fund, had a deficit in unrestricted net position of \$122,521,000 with a total net position deficit of \$119,907,000. The deficits are largely due to the accruals for net pension liability, compensated absences, salaries payable, net OPEB liability, profits currently due to other funds, and deferred inflows. 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, net OPEB liability and deferred inflows. The Telecommunications Fund had a deficit in unrestricted net position of \$9,389,000 and a negative total net position of \$2,171,000. The Service Division had a deficit in unrestricted net position of \$664,000 and a negative total net position of \$79,000. The State Motor Pool had a deficit in unrestricted net position of \$1,686,000 as well as a negative total net position of \$1,156,000. Other Internal Service Funds had a deficit in unrestricted net position of \$4,076,000 but a positive total net position of \$12,297,000.

2. Component Units

The University of South Alabama, a major component unit, had a deficit in unrestricted net position of \$156,642,000 due to accruals of net pension liability, net OPEB liability and deferred inflows; however, it had a positive balance in total net position of \$767,671,000. Alabama Community College System, a major component unit, had a deficit in unrestricted net position of \$39,685,000 due to accruals of net pension liability, net OPEB liability and deferred inflows; however, it had a positive balance in total net position of \$867,556,000.

The following nonmajor component units had deficits in unrestricted net position driven by accruals of net pension liability, net OPEB liability and deferred inflows: Housing Finance Authority, Alabama State University, Jacksonville State University, the University of North Alabama, University of Montevallo, and the University of West Alabama had deficits of \$376,966, \$69,177,000, \$100,994,000, \$81,003,000, \$51,110,000, and \$46,280,000, respectively. All of these nonmajor component units had a positive total net position with the exception of the University of West Alabama \$(7,241,000).

The following other nonmajor component units had deficits in unrestricted net position driven by accruals of net pension liability, net OPEB liability and deferred inflows: Alabama Historical Commission, Alabama Institute for the Deaf and Blind, Athens State University, Crime Victims Compensation Commission, Historic Ironworks Commission, and Red Mountain Recreation Commission had deficits of \$2,272,000, \$62,047,000, \$7,222,000, \$319,000, \$1,146,000, and \$1,219,000, respectively. All of these other nonmajor component units had positive total net positions except for Alabama Institute for the Deaf and Blind \$(12,875,000).

NOTES TO THE FINANCIAL STATEMENTS

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D. Governmental Fund Restricted Fund Balances

(Amounts in Thousands)

Economic Development and Regulation	
Economic Development Incentives	\$ 16,153
Economic Regulation Programs	233,102
Total Economic Development and Regulation	<u>249,255</u>
Education and Cultural Resources	
Alabama Public School and College Authority	1,083,389
Local Schools	128,003
Industrial Training	105,806
Education Budget Stabilization	567,576
Education Trust Fund	3,494,854
Education Advancement and Technology Fund	750,379
Other	189,122
Total Education and Cultural Resources	<u>6,319,129</u>
Natural Resources and Recreation	
Department of Conservation	140,627
Forever Wild Land Trust	20,447
Forever Wild Stewardship	40,754
Other	18,673
Total Natural Resources and Recreation	<u>220,501</u>
Health	
Health Department	226,004
Medicaid	154,843
Mental Health	199,572
Environmental Management	71,632
Other	165,258
Total Health	<u>817,309</u>
Social Services	
Department of Human Resources	135,061
Rehabilitation Services	25,121
Veterans	218,505
Employment Security	25,128
Other	60,737
Total Social Services	<u>464,552</u>
Protection of Persons and Property	
Professional and Occupational Licensing	80,946
Law Enforcement and Investigations	45,037
Department of Corrections	31,438
Agricultural Products Oversight	19,304
Mine Reclamation	7,056
Youth Services	9,477
911 Service	4,552
Other	184,195
Protection of Persons and Property	<u>382,005</u>
Transportation	
State Roads and Bridges	457,623
Transportation Projects	240,391
Port Authority	133,202
Local Government Transportation Programs	160,869
Airfields	4,856
Total Transportation	<u>996,941</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

General Government	
County and Municipal Capital Improvements	491,739
Judicial System	109,058
Economic and Community Affairs	92,023
Financial Administration	78,886
General Fund Budget Reserve Fund	100,000
Other	34,362
Total General Government	<u>\$ 906,068</u>

For the Fiscal year Ended September 30, 2022

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 \$568 million at the end of fiscal year 2022.

F. General Fund Budget Reserve Fund

The General Fund Budget Reserve Fund was created by Act 2020-115. This fund will generally be used to reduce any future proration in the General Fund. Beginning on October 1, 2020, twenty percent of the ending balance in the General Fund from the previous year fiscal year that was unanticipated and unappropriated by the Legislature as a beginning balance will be transferred to the General Fund Budget Reserve Fund by November 15 of each year if the balance in the General Fund Budget Reserve Fund is less than \$100 million. The Governor must certify to the State Comptroller and notify the Legislature that proration would occur in the General Fund before funds may be withdrawn to prevent proration. If the balance in the General Fund Budget Reserve Fund is at least \$50 million then amounts in the General Fund Budget Reserve Fund may be withdrawn by and through an independent supplemental appropriation bill enacted with a recorded vote of at least two-thirds of the membership of each legislative chamber to provide funding necessary for any of the following: 1) to offset a reduction in estimated revenues to the General Fund for the current year; 2) to fund state employee pay raises or bonuses; or 3) to provide funding for unanticipated obligations. The General Fund Budget Reserve Fund has a balance of \$100 million at the end of fiscal year 2022.

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. Excess cash may also be invested in eligible securities.

Bank deposits of both the primary government and its component units are entirely insured by Federal depository insurance or protected under the Security for Alabama Funds Enhancement (SAFE) Program. The *Code of Alabama 1975*, as amended, requires all State organizations, including component units, to deposit monies in a bank that participates in the SAFE Program. The SAFE Program is a multiple financial institution collateral pool administered by the State Treasurer. Each qualified public depository is required to pledge collateral in accordance with the rules established by the SAFE Board of Directors. In the event that a qualified public depository defaults or becomes insolvent and the pledged collateral is insufficient to satisfy the claims of

For the Fiscal year Ended September 30, 2022

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 Board of Trustees 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.

Achieving a Better Life Experience (ABLE) Program - The Board of Trustees develops and implements the ABLE program, with day-to-day administration of the program delegated to the State Treasurer. The ABLE Program is operated in accordance with Section 529A of the Internal Revenue Code of 1986, as amended, to assist individuals in saving private funds for the purpose of supporting Alabama citizens with disabilities. 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

For the Fiscal year Ended September 30, 2022

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, any agreement to repurchase any of the foregoing, or any combination thereof. Each of the trust indentures established under the Authority's mortgage revenue bond programs contain further restrictions on the investment of non-expended bond proceeds; however, each trust indenture must be consistent with the Authority's authorizing legislation with respect to the definition of eligible investments. The Authority's program investments consist of Government National Mortgage Association (GNMA), or Federal National Mortgage Association (FNMA) pass-through certificates, 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, 2022

The State's investments at September 30, 2022, are as follows:

Investment Types and Fair Value
(Amounts in Thousands)

Investment Types	Governmental Activities	Business-Type Activities	Fiduciary Funds (including Fiduciary Component Units)	Discretely Presented Component Units
U S Treasury Strips	\$ 45,858	\$ 22,101	\$ 0	\$ 0
U S Government Guaranteed Securities	1,556,501	10,190	2,258,912	455,240
U S Agency Securities	386,986	10,090	293,954	1,333,899
State and Local Government Securities	4,755	697	4,655	1,989
Mortgage Backed Securities	285,461	925	1,194,085	336,715
Commercial Paper	75,600	550	1,370,660	237,277
Corporate Bonds	370,843	34,448	2,672,471	432,819
Private Placements	145,960	—	536,886	—
Repurchase Agreements	39,643	—	—	—
International Bonds	14,277	—	8	98,477
Bond Mutual Funds	28,299	—	1,471,909	862,983
Domestic Equities	1,268,914	20,706	22,937,120	594,725
International Equities	534,659	—	6,332,870	91,078
Other Mutual Funds	446,952	14,349	2,343,025	388,013
Real Estate	346,481	4,310	4,098,616	75,736
Commingled Funds	117,311	—	—	3,406,886
Derivative Instruments	661	—	—	—
	\$ 5,669,161	\$ 118,366	\$ 45,515,171	\$ 8,315,837

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

Investments Per Investment Note	\$ 5,669,161	\$ 118,366	\$ 45,515,171	\$ 8,315,837
Certificates of Deposit †	1,202	4,914	776	14,595
Money Market Accounts - Savings †	1,237,781	29,738	17,585	350,939
Other Cash Equivalents †	(348,597)	(14,143)	(36,849)	185,656
Investments Classified as Restricted Assets †	(1,386)	—	—	29,227
Repurchase Agreements ††	(39,643)	—	—	—
Foundations and pooled investments §	—	—	—	1,862,135
Investments per Statements	\$ 6,518,518	\$ 138,875	\$ 45,496,683	\$ 10,758,389

† 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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.

The ratings of the State's investments as of September 30, 2022 are presented below.

Ratings of Fixed Maturities (Amounts in Thousands)

Moody's	Standard & Poor's	Governmental Activities	Business-Type Activities	RSA Fiduciary Component Units	Other Fiduciary Funds	Component Units
Aaa		\$ 848,976	\$ 14,805	\$ 259,460	\$ 310,962	\$ 1,367,410
	AAA	21,410	1,217	—	379,303	306,676
Aa1		3,482	—	—	300	1,181
	AA+	1,076	—	—	1,000	—
Aa2		8,031	2,325	7,280	4,803	1,397
	AA	14,209	—	—	650,473	48,586
Aa3		10,002	1,167	21,190	6,930	—
	AA-	3,893	—	—	25	—
Aa		8,752	—	—	1,117	7,938
A1		31,303	6,222	179,586	60,208	2,213
	A+	28,401	—	—	154	—
A2		27,969	9,107	158,955	31,094	930
	A	6,510	—	—	807	154,597
A3		26,506	5,109	290,411	92,870	4,034
	A-	11,952	144	—	500	49,208
A		—	—	—	3,590	—
MIG 1		27	—	—	—	—
P1		1,343	—	39,972	—	236,495
P2		11,878	—	1,276,363	52,774	410
Baa1		31,270	1,525	448,267	139,780	7,799
	BBB+	20,639	157	—	—	—
Baa2		41,560	2,804	552,310	171,958	36,187
	BBB	31,506	298	—	69,531	137,979
Baa3		41,241	1,767	175,756	49,837	16,634
	BBB-	38,585	61	—	—	—
Ba1		10,728	—	11,676	4,063	2,420
	BB+	17,000	—	—	—	—
Ba2		9,908	—	10,822	5,943	353
	BB	2,611	—	—	73	10,491
Ba3		5,685	—	2,549	3,528	2,850
	BB-	27,270	—	—	—	—
B1		4,846	—	20,622	—	—
	B+	2,830	—	—	—	—
B2		5,514	—	20,234	—	—
	B	29,716	—	—	60,644	9,750
B3		7,220	—	4,075	—	—
	B-	797	—	—	—	—
Caa1		479	—	—	—	—
	CCC+	399	—	—	—	—
Caa2		220	—	—	—	—
	CCC	131	—	—	—	—
Caa3		327	—	—	—	—
Ca		71	—	—	—	—
	C	—	—	—	6	4,270
C		904	—	—	—	—
	D	24	—	—	—	—
U S Govt Guaranteed Securities §		1,450,308	32,293	2,412,242	824,992	350,781
Not Rated †		151,554	—	1,480,793	394,698	1,093,611
Totals		\$ 2,999,063	79,001	\$ 7,372,563	\$ 3,321,963	\$ 3,854,200

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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.

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. There are no stated limitations on the credit quality of the fixed income portfolio; however, ratings are assessed on a regular basis. 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 A2 and/or P2, 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, 2022, the State had the following investments and maturities:

**Governmental Activities
(Amounts in Thousands)**

Investment Type	Maturity in Years at Fair Value				Total Fair Value
	Less Than 1	1-5	6-10	More Than 10	
U S Treasury Strips	\$ 2,059	\$ 42,261	\$ 1,538	\$ 0	\$ 45,858
U S Government Guaranteed Securities	44,210	1,333,710	90,804	87,777	1,556,501
U S Agency Securities	83,935	276,711	2,808	23,532	386,986
State and Local Government Securities	269	1,609	592	2,285	4,755
Mortgage Backed Securities	12,733	25,268	25,582	221,878	285,461
Commercial Paper	75,600	—	—	—	75,600
Corporate Bonds	62,894	139,642	94,101	74,206	370,843
Derivative Instruments	(5,372)	363	1,947	3,723	661
International Bonds	450	1,591	2,452	9,784	14,277
Private Placements	1,628	25,654	34,765	83,913	145,960
Bond Mutual Funds	24,606	1,496	1,117	1,080	28,299
Commingled Funds	—	12,106	38,891	32,865	83,862
Total	\$ 303,012	\$ 1,860,411	\$ 294,597	\$ 541,043	\$ 2,999,063

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

Business-Type Activities
(Amounts in Thousands)

Investment Type	Maturity in Years at Fair Value				Total Fair Value
	Less Than 1	1-5	6-10	More Than 10	
U S Treasury Strips	\$ 2,565	\$ 19,536	\$ 0	\$ 0	\$ 22,101
U S Government Guaranteed Securities	314	9,876	—	—	10,190
U S Agency Securities	2,096	3,420	2,836	1,739	10,090
State and Local Government Securities	198	499	—	—	697
Mortgage Backed Securities	110	138	143	534	925
Commercial Paper	550	—	—	—	550
Corporate Bonds	—	8,963	25,094	390	34,448
Total	\$ 5,833	\$ 42,432	\$ 28,073	\$ 2,663	\$ 79,001

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

Investment Type	Maturity in Years at Fair Value				Total Fair Value
	Less Than 1	1-5	6-10	More Than 10	
U S Government Guaranteed Securities	\$ 108,445	\$ 900,114	\$ 235,152	\$ 287,956	\$ 1,531,667
U S Agency Securities	38,638	120,323	56,640	3,015	218,616
Mortgage Backed Securities	2	7,517	438,034	436,218	881,771
Commercial Paper	1,316,335	—	—	—	1,316,335
Corporate Bonds	151,274	885,183	402,020	557,826	1,996,303
Private Placements	64,689	8,095	312,609	151,493	536,886
Bond Mutual Funds	890,985	—	—	—	890,985
Total	\$ 2,570,368	\$ 1,921,232	\$ 1,444,455	\$ 1,436,508	\$ 7,372,563

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

Other Fiduciary Funds
(Amounts in Thousands)

Investment Type	Maturity in Years at Fair Value				Total Fair Value
	Less Than 1	1-5	6-10	More Than 10	
U S Government Guaranteed Securities	\$ 138,015	\$ 449,380	\$ 44,249	\$ 95,601	\$ 727,245
U S Agency Securities	18,217	43,679	12,254	1,188	75,338
State and Local Government Securities	1,616	1,482	1,060	497	4,655
Mortgage Backed Securities	419	7,255	18,498	286,141	312,313
Commercial Paper	54,325	—	—	—	54,325
Corporate Bonds	124,135	253,550	112,260	186,224	676,169
International Bonds	—	1	4	3	8
Bond Mutual Funds	692,693	243,474	493,855	41,888	1,471,910
Total	\$ 1,029,420	\$ 998,821	\$ 682,180	\$ 611,542	\$ 3,321,963

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

Investment Type	Maturity in Years at Fair Value				Total Fair Value
	Less Than 1	1-5	6-10	More Than 10	
U S Government Guaranteed Securities	\$ 145,587	\$ 53,560	\$ 13,947	\$ 8,802	\$ 221,896
U S Agency Securities	23,007	1,202,828	102,468	6,523	1,334,826
State and Local Government Securities	1,391	598	—	—	1,989
Mortgage Backed Securities	74	3,102	9,421	86,093	98,690
Commercial Paper	237,177	—	—	—	237,177
Corporate Bonds	9,421	20,262	8,036	10,231	47,950
Bond Mutual Funds	77,040	278,598	38,449	6,206	400,293
Commingled Funds	—	27,104	4,037	18,067	49,207
Total	\$ 493,697	\$ 1,586,052	\$ 176,358	\$ 135,922	\$ 2,392,028

For the Fiscal year Ended September 30, 2022

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)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>
Endowment Fund:		
U S Government Guaranteed Securities	\$ 10,283	10.2
Corporate Bonds	21,256	5
Non-U S Bonds	4,371	5
Mortgage Backed Securities	12,622	6.6
Liquidity and Capital Reserve Fund:		
U S Government Guaranteed Securities	227,750	3.8
Corporate Bonds	201,087	2.4
Non-U S Bonds	94,106	2.4
Mortgage Backed Securities	207,578	3.3
Other Fixed Income	6,878	—
Collateralized Mortgage Obligations	18,211	4.3
Commingled Bond Funds	495,085	2.8
Total	<u><u>\$ 1,299,227</u></u>	

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 fair value of international equities is limited to 26 percent of the aggregate fair value of the total portfolio with a target of 20 percent of the total portfolio. The exposure to emerging market securities shall be limited to 20 percent of the fair 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 fair value. 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 fair value 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

The State's exposure to foreign currency risk at September 30, 2022 was as follows:

	Deposits and Investments Exposed to Foreign Currency Risk					
	(Amounts in Thousands)					
	Government-Type		RSA	Other		Discretely
	Activities		(Fiduciary	Fiduciary		Presented
International	International	Component	Funds	International	Component	
Equities	Bond	Units)	International	International	Units	
Equities	Bond	Equities	Equities	Bond	Equities	
Argentine Peso	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Australian Dollar	11,194	—	252,962	10,156	—	—
Brazilian Real	5,431	—	—	515	—	—
British Pound Sterling	71,260	—	601,553	22,771	—	28,052
Canadian Dollar	27,345	—	—	700	—	687
Chinese Yuan	—	1,008	—	2,763	—	50,609
Danish Krone	16,410	—	112,392	4,424	—	—
Emerging Markets	—	—	—	—	8	31,590
Euro	153,915	—	1,102,483	41,596	—	61,335
Hong Kong Dollar	20,771	—	111,643	4,266	—	—
Indian Rupee	—	—	—	1,352	—	38,482
Indonesian Rupiah	—	—	—	197	—	—
Israeli New Shekel	1,787	—	19,476	653	—	—
Japanese Yen	69,021	—	897,696	34,561	—	40,940
Malaysia Ringgit	—	—	—	135	—	—
Mexican Peso	5,715	7,083	—	198	—	—
New Zealand Dollar	—	—	2,782	82	—	—
Norwegian Krone	3,706	—	28,877	880	—	—
Other	—	—	—	2,218	—	153,590
Russian Rouble	—	2,739	—	—	—	—
Singapore Dollar	7,390	—	49,878	1,964	—	—
South African Rand	460	—	—	298	—	—
South Korean Won	4,958	—	—	1,097	—	—
Swedish Krona	23,346	—	109,712	4,478	—	—
Swiss Franc	38,693	—	432,289	16,797	—	18,365
Taiwan New Dollar	—	—	—	1,354	—	27,572
Thai Baht	267	—	—	189	—	—
Totals \$	\$ 461,669	\$ 10,830	\$ 3,721,743	\$ 153,644	\$ 8	\$ 451,222

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

4. Custodial Credit Risk

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

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

For the Fiscal year Ended September 30, 2022

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)

	Governmental Type Activities	Fiduciary Funds Other Than RSA
U S Government Guaranteed Securities	\$ 49,788	\$ 34,531
U S Agency Securities	15,508	—
State and Local Government Securities	—	4,655
Mortgage Backed Securities	2,208	2,750
Corporate Bonds	1,905	2,335
Repurchase Agreements	38,839	—
Other Investments	—	776
Total	\$ 108,248	\$ 45,047

5. Concentration of Credit Risk

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

The investment policy of the Alabama Trust Fund states that the investment portfolio shall be diversified by both asset class and within asset classes, by economic sector and industry. For equity investments, the aggregate investment in equity securities of any one issuing corporation shall not exceed 1 percent of the outstanding capital of such corporation. For fixed income investments, the portfolio is to be diversified so that no more than 15 percent is invested in one industry (does not apply to U.S. government and agency securities), and no more than 5 percent of the total fixed income portfolio may be invested in securities of any one corporation. As of September 30, 2022, 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 target 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 45 percent, 15 percent, 15 percent, 10 percent, 10 percent, and 5 percent respectively, of the fair value of TRS and ERS aggregate portfolios. The JRF portfolio limits are 55 percent, 15 percent, 22 percent, 1 percent, 2 percent, and 5 percent respectively. As of September 30, 2022, the TRS owned debt and equity securities of Morgan Stanley and equity securities of New Water Street Corporation which represented approximately 5 percent and 5 percent of the TRS investments, respectively.

For the Fiscal year Ended September 30, 2022

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: Significant 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.

As of September 30, 2022, the State had the following fair value hierarchies:

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

Governmental Activities
(Amounts in Thousands)

Investment Types	Level 1	Level 2	Level 3	Total
U S Treasury Strips	\$ 45,858	\$ 0	\$ 0	\$ 45,858
U S Government Guaranteed Securities	1,528,815	27,292	—	1,556,107
U S Agency Securities	363,138	24,242	—	387,380
State and Local Government Securities	2,427	2,328	—	4,755
Mortgage Backed Securities	5,029	281,491	—	286,520
Commercial Paper	63,491	12,109	—	75,600
Corporate Bonds	49,700	276,992	43,092	369,784
Derivative Instruments	(5,284)	5,946	—	662
Private Placements	—	145,960	—	145,960
Repurchase Agreements	39,643	—	—	39,643
International Bonds	—	14,277	—	14,277
Bond Mutual Funds	26,111	2,188	—	28,299
Domestic Equities	996,102	293	272,519	1,268,914
International Equities	534,659	—	—	534,659
Other Mutual Funds	67,711	—	379,241	446,952
Real Estate	—	—	346,481	346,481
Commingled Funds	—	—	117,310	117,310
Total	\$ 3,717,400	\$ 793,118	\$ 1,158,643	\$ 5,669,161

Business-Type Activities
(Amounts in Thousands)

Investment Types	Level 1	Level 2	Level 3	Total
U S Treasury Strips	\$ 22,101	\$ 0	\$ 0	\$ 22,101
U S Government Guaranteed Securities	10,190	—	—	10,190
U S Agency Securities	10,090	—	—	10,090
State and Local Government Securities	697	—	—	697
Mortgage Backed Securities	2	923	—	925
Commercial Paper	550	—	—	550
Corporate Bonds	34,448	—	—	34,448
Domestic Equities	20,706	—	—	20,706
Other Mutual Funds	14,349	—	—	14,349
Real Estate	—	—	4,310	4,310
Total	\$ 113,133	\$ 923	\$ 4,310	\$ 118,366

For the Fiscal year Ended September 30, 2022

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

Investment Types	Level 1	Level 2	Level 3	Total
U S Government Guaranteed Securities	\$ 0	\$ 1,531,667	\$ 0	\$ 1,531,667
U S Agency Securities	—	218,616	—	218,616
Mortgage Backed Securities	—	880,575	—	880,575
Commercial Paper	—	1,316,335	—	1,316,335
Corporate Bonds	—	1,971,303	25,000	1,996,303
Private Placements	—	—	538,082	538,082
Bond Mutual Funds	—	890,985	—	890,985
Domestic Equities	19,299,652	2,177,965	2,089,681	23,567,298
International Equities	3,066,310	296,458	—	3,362,768
Real Estate	499,976	—	3,596,797	4,096,773
Total	\$ 22,865,938	\$ 9,283,904	\$ 6,249,560	\$ 38,399,402

Other Fiduciary Funds
(Amounts in Thousands)

Investment Types	Level 1	Level 2	Level 3	NAV	Total
U S Government Guaranteed Securities	\$ 74,326	\$ 652,919	\$ 0	\$ 0	\$ 727,245
U S Agency Securities	7,429	67,909	—	—	75,338
State and Local Government Securities	4,655	—	—	—	4,655
Mortgage Backed Securities	160,665	147,501	—	—	308,166
Commercial Paper	1,551	52,774	—	—	54,325
Corporate Bonds	80,026	596,142	—	—	676,168
Private Placements	—	4,147	—	—	4,147
Bond Mutual Funds	1,163,777	308,128	—	—	1,471,905
Domestic Equities	2,031,831	29,243	—	—	2,061,074
International Equities	205,974	72,876	—	—	278,850
Other Mutual Funds	1,367,976	83,591	472	—	1,452,039
Real Estate	—	—	1,823	—	1,823
Guaranteed Investment Contracts	—	—	—	20	20
Total	\$ 5,098,210	\$ 2,015,230	\$ 2,295	\$ 20	\$ 7,115,755

For the Fiscal year Ended September 30, 2022

Discretely Presented Component Units
(Amounts in Thousands)

Investment Types	Level 1	Level 2	Level 3	NAV	Total
U S Government Guaranteed Securities	\$ 137,610	\$ 322,505	\$ 0	\$ 0	\$ 460,115
U S Agency Securities	19,582	1,315,243	—	—	1,334,825
State and Local Government Securities	—	1,989	—	—	1,989
Mortgage Backed Securities	73,969	263,133	—	—	337,102
Commercial Paper	371	236,905	—	—	237,276
Corporate Bonds	1,080	431,739	—	—	432,819
International Bonds	8	98,477	—	—	98,485
Bond Mutual Funds	125,772	737,203	—	—	862,975
Domestic Equities	592,556	—	—	2,169	594,725
International Equities	91,539	—	—	—	91,539
Other Mutual Funds	136,421	7,986	15,399	228,210	388,016
Real Estate	—	17	75,505	55	75,577
Commingled Funds	137,944	467,416	6,858	2,794,367	3,406,585
Total	\$ 1,316,852	\$ 3,882,613	\$ 97,762	\$ 3,024,801	\$ 8,322,028

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 day 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, JRF, and the ATF is invested in the State Street Compass Fund (SSCF). Cash collateral investments are matured as needed to fulfill loan obligations. As of September 30, 2022, the average term of the loans secured by SSCF was 16, 20, and 37 days, respectively for the TRS, ERS, and JRF. As of September 30, 2022, the average term of the loans secured by SSCF was 77 days for the ATF. Cash collateral investments are matured as needed to fulfill loan obligations. There is no direct matching of the maturities of the loans with the investments made with cash collateral. The following describes SSCF's guidelines. The Investment Manager (State Street Bank) shall maintain the dollar-weighted average maturity of the SSCF in 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 SSCF not to exceed 75 calendar days and 3) the Investment Manager shall endeavor to maintain a dollar-weighted average maturity to final of the

For the Fiscal year Ended September 30, 2022

SSCF 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 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 SSCF 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 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 fair 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 fair value of the loaned securities. Pursuant to the terms of the applicable securities loan agreement, BNYM shall, in accordance with BNYM's reasonable and customary practices, mark loaned securities to their fair value each business day based upon the fair value of the loaned securities as of the close of 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, 2022, the average term of the loans was 77 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 participation 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, 2022. There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior period losses during the year.

For the Fiscal year Ended September 30, 2022

Securities Lending - Investments Lent and Collateral Received

(Fair Value in Thousands)

Type of Investment Lent	Governmental- Type Activities	RSA Fiduciary Component Units	Other Fiduciary Funds	Discretely Presented Component Units
For Cash Collateral				
Domestic Fixed Maturities	\$ 37,966	\$ 150,386	\$ 69,306	\$ 0
Domestic Equity	6,822	1,138,581	151,633	—
International Equity	—	72,718	2,936	—
Total Lent for Cash Collateral	44,788	1,361,685	223,875	—
For Non-cash Collateral				
Domestic Fixed Maturities	13,649	911,324	160,815	—
Domestic Equity	13,924	772,981	51,566	—
International Equity	7,219	214,816	3,397	—
Total Lent for Non-Cash Collateral	34,792	1,899,121	215,778	—
Total Securities Lent	\$ 79,580	\$ 3,260,806	\$ 439,653	\$ 0
Type of Collateral Received				
Cash Collateral				
Cash Collateral - Invested in				
State Street Quality D Fund	—	—	46,531	—
State Street Compass Fund	—	1,415,158	—	—
State Street Global Securities Lending Trust	38,478	—	184,950	9,668
BNYM investments	15,222	—	—	—
Total Cash Collateral	53,700	1,415,158	231,481	9,668
Non-Cash Collateral				
For Lent Domestic Fixed Maturities				
Securities Collateral				
EURO	—	2,339	—	—
US Dollar	19,672	346,488	95,766	6,079
British Pound Sterling	—	12,838	—	—
Australian Dollar	—	801	—	—
For Lent Domestic Equity Securities				
Securities Collateral				
US Dollar	620	833,736	55,769	14,069
For Lent International Equity Securities				
Securities Collateral				
EURO	—	34,755	17	—
US Dollar	9,070	786,092	76,710	—
Danish Krone	—	1,067	—	—
Swedish Krone	—	434	—	—
Domestic Fixed Maturities	—	—	162	—
Total Non-Cash Collateral Received	29,362	2,018,550	228,424	20,148
Total Collateral Received	\$ 83,062	\$ 3,433,708	\$ 459,905	\$ 29,816

F. Mortgage-Backed Securities

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

The Alabama Trust Fund (ATF) invests in TBA (to be announced) purchase commitments, pursuant to which it agrees to purchase mortgage-backed securities. The TBA market developed in response to the demands of market participants for more liquidity in trading mortgage-backed securities. The TBA market is essentially a forward or delayed delivery market. The lender, or other market participant, will enter into a forward contract to sell mortgage-backed securities in the TBA market, promising to deliver mortgage-backed securities on the settlement date sometime in the future. At September 30, 2022, the ATF had

For the Fiscal year Ended September 30, 2022

investments in TBA mortgage-backed securities in the amount of \$17,208,300. 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 and expired. The counterparty exercised its option under the swaption agreement, and the interest rate swap commenced on October 1, 2006, and expired October 1, 2021. 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 swap agreement is based on an amortizing notional amount, which was \$7,970,000 as of September 2021. As of September 30, 2021, the interest rate swap had a negative fair value of \$252,040 and was recorded in accordance with GASB Statement No. 53 as an investment derivative instrument. The Authority was required to post collateral deposits in fiscal 2009 and 2010 due to the negative position of the interest rate swap. The balance of the collateral was approximately \$7.6 million at September 30, 2021. The interest rate swap was 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 swap agreement expired in October 2021, and the collateral balance of approximately \$7,600,000 was returned to the Authority.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

The following table presents the investment derivative instruments outstanding as of September 30, 2022 (in thousands), as reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position:

	Investment Derivative Instruments (Amounts in thousands)		Fair Value	
	Changes in Fair Value \$ Amount	Classification	Amount	Notional
TRS				
Domestic Options Written	\$ (108)	Domestic Equity	\$ (123)	\$ (895)
Domestic Options Purchased	200	Domestic Equity	168	940
Total Domestic Options	92		45	45
International Options Written	—	International Equity	—	—
Total TRS Options	\$ 92	Total TRS	\$ 45	\$ 45
ERS				
Domestic Options Written	\$ (53)	Domestic Equity	\$ (61)	\$ (442)
Domestic Options Purchased	99	Domestic Equity	83	464
Total Domestic Options	46		22	22
International Options Written	—	International Equity	—	—
Total ERS Options	\$ 46	Total ERS	\$ 22	\$ 22
JRF				
Domestic Options Written	\$ (2)	Domestic Equity	\$ (2)	\$ (18)
Domestic Options Purchased	4	Domestic Equity	3	19
Total Domestic Options	2		1	1
International Options Written	—	International Stocks	—	—
Total JRF Options	\$ 2	Total JRF	\$ 1	\$ 1

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

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

GASB Statement No. 53 requires that the fair value of the financial arrangements called "derivatives" or "derivative instruments" be reported in the financial statements of state and local governments. The statement further requires that derivatives be categorized as either an investment derivative or a hedge derivative. All of the ATF's derivative exposures as of September 30, 2022, 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

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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.

The following table presents the derivative instruments outstanding as of September 30, 2022 for ATF:

Investment Derivative Instruments
(Amounts in thousands)

	Changes in Fair Value §	Fair Value as of September 30, 2022	
	Amount	Amount	Notional
Credit Default Swaps	\$ (45)	\$ 229	\$ 13,069
Interest Rate Swaps	5,425	5,717	(34,872)
Futures	(4,983)	(5,284)	129,118
Total Derivatives	\$ 397	\$ 662	\$ 107,314

§ 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 \$8,764,000. 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, 2022

As of September 30, 2022, 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
Capital assets not being depreciated:				
Land	\$ 454,354	\$ 38,457	\$ 0	\$ 492,811
Historical Exhibits	4,127	—	—	4,127
Construction in progress	35,105	27,795	3,497	59,403
Construction in progress - Infrastructure	2,244,081	44,255	302,040	1,986,296
Infrastructure	18,321,598	302,040	—	18,623,638
Intangible Assets under Development	5,508	4,394	—	9,902
Total capital assets not being depreciated	21,064,773	416,941	305,537	21,176,177
Capital assets being depreciated:				
Buildings	1,972,030	40,714	—	2,012,744
Equipment	805,720	68,141	45,526	828,335
Lease - RTU Assets	442,099	64,877	—	506,976
Software and Other Intangible Assets	96,448	7,615	—	104,063
Total capital assets being depreciated	3,316,297	181,347	45,526	3,452,118
Less accumulated depreciation:				
Buildings	881,906	43,890	—	925,796
Equipment	464,744	61,644	35,499	490,889
Lease -RTU Assets	—	60,740	—	60,740
Software and Other Intangible Assets	46,949	9,084	297	55,736
Total accumulated depreciation	1,393,599	175,358	35,796	1,533,161
Total capital assets being depreciated, net	1,922,698	5,989	9,730	1,918,957
Governmental-type activities capital assets, net	\$ 22,987,471	\$ 422,930	\$ 315,267	\$ 23,095,134

Depreciation Expense for the current year is charged as follows:

Economic Development and Regulation	\$ 5,546
Social Services	27,289
Education and Cultural Resources	10,352
Natural Resources and Recreation	12,459
Health	20,433
General Government	22,991
Protection of Persons and Property	41,797
Transportation	34,491
Total Depreciation Expense	\$ 175,358

For the Fiscal year Ended September 30, 2022

The capital assets for business-type activities are:

BUSINESS-TYPE ACTIVITIES
(Amounts in Thousands)

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 77,054	\$ 3,354	\$ 0	\$ 80,408
Historical Exhibits	2,350	—	151	2,199
Construction in progress	24,856	69,010	65,641	28,225
Inexhaustible Intangible Assets	10	—	—	10
Total capital assets not being depreciated	104,270	72,364	65,792	110,842
Capital assets being depreciated:				
Buildings	783,629	14,516		798,145
Equipment	417,182	26,398	8,937	434,643
Lease - RTU Asset	54,832	8,538	—	63,370
Software and Other Intangible Assets	10,848	—	—	10,848
Total capital assets being depreciated	1,266,491	49,452	8,937	1,307,006
Less accumulated depreciation				
Buildings	393,697	20,538		414,235
Equipment	261,838	11,742	5,758	267,822
Lease - RTU Asset	34	7,639	—	7,673
Software and Other Intangible Assets	10,842	—	—	10,842
Total accumulated depreciation	666,411	39,919	5,758	700,572
Total capital assets being depreciated, net	600,080	9,533	3,179	606,434
Business-type activities capital assets, net	\$ 704,350	\$ 81,897	\$ 68,971	\$ 717,276
Depreciation Expense for the current year is charged as follows:				
State Port Authority	\$ 30,673			
Alcoholic Beverage Control Board	7,851			
Other Nonmajor Enterprise Funds	1,395			
Total Depreciation Expense	\$ 39,919			

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

The capital assets for component units are:

COMPONENT UNITS
(Amounts in Thousands)

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 403,168	\$ 10,479	\$ 2,997	\$ 410,650
Historical Exhibits	136,949	3,100	10	140,039
Construction in progress	606,614	592,617	539,842	659,389
Total capital assets not being depreciated	1,146,731	606,196	542,849	1,210,078
Capital assets being depreciated:				
Buildings	13,725,758	639,955	105,294	14,260,419
Equipment	3,307,804	244,502	125,680	3,426,626
Lease - RTU Asset	217,345	101,260	3,874	314,731
Software and Other Intangibles	182,748	1,795	8,696	175,847
Total capital assets being depreciated	17,433,655	987,512	243,544	18,177,623
Less accumulated depreciation				
Buildings	5,405,131	366,126	61,903	5,709,354
Equipment	2,496,841	194,287	106,190	2,584,938
Lease - RTU Asset	29,535	48,294	2,272	75,557
Software and Other Intangible Assets	107,283	3,767	8,123	102,927
Total accumulated depreciation	8,038,790	612,474	178,488	8,472,776
Total capital assets being depreciated, net	9,394,865	375,038	65,056	9,704,847
Component Units capital assets, net	\$ 10,541,596	\$ 981,234	\$ 607,905	\$ 10,914,925
Depreciation Expense for the current year is charged as follows:				
University of Alabama	\$ 280,170			
Auburn University	111,408			
University of South Alabama	68,866			
Alabama Community College System	64,944			
Other Nonmajor Component Units	87,086			
Total Depreciation Expense	\$ 612,474			

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

Leases - RTU Assets - Net
(Amounts in Thousands)

Category	Govt- type Activities	Business- type Activities	Total Primary Government	Component Units
Land	\$ 0	\$ 0	\$ 0	\$ 1,859
Offices, Buildings and Other Space	446,236	55,697	501,933	194,343
Equipment	—	—	—	42,972
Software	—	—	—	—
Totals - Lease - RTU Assets - Net	\$ 446,236	\$ 55,697	\$ 501,933	\$ 239,174

I. Lease Receivable

The State Port Authority lease receivable is comprised of concessionaire agreements and other lease agreements. Concessionaire agreements are covered by confidentiality agreements. Under those agreements lessees are operating facilities on the Authority's property for longer lease terms and payment terms include clauses related to the lessee's annual throughput volumes. The other lease arrangements represent relatively shorter lease terms with fixed or variable revenue components.

LEASE RECEIVABLES
Business-type Activities
(Amounts in Thousands)

Maturity	Principal	Interest	Total
2023	\$ 6,679	\$ 6,385	\$ 13,064
2024	5,715	5,981	11,696
2025	5,527	5,751	11,278
2026	5,717	5,612	11,329
2027	6,098	5,480	11,578
2028-2032	29,109	24,832	53,941
2033-2037	24,292	20,930	45,222
2038-2042	28,541	16,779	45,320
2043-2047	24,571	12,363	36,934
2048-2052	28,686	8,132	36,818
2053-2057	28,182	3,536	31,718
2058-2059	7,868	164	8,032
Total	\$ 200,985	\$ 115,945	\$ 316,930

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

Auburn University lease receivables comprise of \$14.4 million in ground leases, \$11.7 million in building leases, and the remainder is office furniture and equipment. Troy University lease receivables consist of facility lease agreements with multiple third-party organizations totaling \$118, 521. The University of South Alabama has three ground leases that account for \$13,901,000 of their total lease receivable. The Alabama Space and Rocket Center lease receivable is an agreement with the City of Huntsville for the use of a cell phone tower. The Alabama Community College System (ACCS) lease receivables are for building space and a radio tower.

LEASE RECEIVABLES
Component Unit-type Activities
(Amounts in Thousands)

Maturity	Principal	Interest	Total
2023	\$ 7,923	\$ 1,516	\$ 9,439
2024	4,688	1,358	6,046
2025	2,798	1,247	4,045
2026	1,743	1,178	2,921
2027	1,605	1,130	2,735
2028-2032	6,402	5,075	11,477
2033-2037	4,599	4,463	9,062
2038-2042	3,212	4,098	7,310
2043-2047	2,765	3,811	6,576
2048-2052	643	3,662	4,305
2053-2057	621	3,725	4,346
2058-2062	708	3,775	4,483
2063-2067	976	3,787	4,763
2068-2072	1,296	3,735	5,031
2073-2077	1,681	3,591	5,272
2078-2082	2,144	3,334	5,478
2083-2087	1,402	2,971	4,373
2088-2092	—	2,765	2,765
2093-2097	—	2,472	2,472
2098-2102	—	1,987	1,987
2103-2107	2,678	1,248	3,926
2108-2112	3,173	257	3,430
Total	\$ 51,057	\$ 61,185	\$ 112,242

For the Fiscal year Ended September 30, 2022

NOTE 5 - LIABILITIES

A. Future Commitments

1. Construction Projects

a. Primary Government

At September 30, 2022, the Department of Transportation had construction and maintenance contracts of \$2,293,272,000. The amount already performed was \$1,593,981,000, leaving an outstanding balance of \$699,290,000. The funding sources for this amount are 74 percent federal funds and 26 percent State and local funds.

The State Port Authority has contracts for several other projects with estimated costs to complete of approximately \$59,100,000.

b. Component Units

The University of Alabama at Birmingham had construction and renovation commitments remaining at September 30, 2022 of approximately \$468 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 \$678.7 million. At September 30, 2022, the estimated remaining cost to complete the projects was approximately \$173.6 million which will be funded from University funds and bond proceeds.

The University of Alabama at Tuscaloosa had construction and renovation contract commitments for several facilities at September 30, 2022. The estimated remaining costs to complete the construction and renovation was approximately \$157 million which is expected to be financed from private gifts, grants, bond proceeds, and University funds.

At September 30, 2022, the University of South Alabama had commitments of approximately \$37 million for various capital projects.

The University of Alabama at Huntsville has contracted for renovation and addition for various facilities that are estimated to cost \$6.3 million as of September 30, 2022. The remaining costs are expected to be funded by University bond proceeds, donations, and state sources.

2. 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, 2022, the State has committed to funding economic development grants and training totaling \$84,150,000. Available cash for these commitments includes General Obligation bonds, \$9,243,000 from the 2018-A General Obligation bonds and \$14,524,000 from the 2018-B General Obligation bonds. The State anticipates that of these commitments, \$21,038,000 will be paid in fiscal year 2023 and \$63,113,000 will be paid thereafter.

3. 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, 2022, there were encumbrances in the General Fund totaling \$7,474,000, the Education Trust Fund \$3,448,000, the Medicaid Fund \$8,960,000, the Public Welfare Trust Fund \$5,980,000, the Alabama Trust Fund \$51,000, and non-major governmental funds \$112,751,000.

B. Claims and Judgments

The Department of Transportation finances its own risk for state employee injury compensation. The Department had \$8,772,000 in claims liabilities at the end of the fiscal year.

For the Fiscal year Ended September 30, 2022

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, 2022, the total estimated pollution remediation liability (estimated using the expected cash-flow technique) is \$8,966,000. The current portion of \$1,885,000 is included in accounts payable and the long-term portion of \$7,081,000 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 \$155,375,000 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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)

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 52,340	\$ 19,932	\$ 72,272
2024	54,640	17,484	72,124
2025	51,585	15,184	66,769
2026	43,740	12,716	56,456
2027	42,340	11,106	53,446
2028-2032	116,415	35,280	151,695
2033-2037	80,760	13,501	94,261
2038-2039	20,280	1,027	21,307
Total	462,100	\$ 126,230	\$ 588,330
Unamortized Premium	36,979		
	\$ 499,079		

GENERAL OBLIGATION BONDS PAYABLE
(Amounts in Thousands)

<u>General Obligation Issue</u> <u>(Amounts in Thousands)</u>	<u>Date</u> <u>Issued</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rates</u>	<u>Bonds Payable</u> <u>Sept. 30, 2022</u>
Series 2013 A - Refunding Bonds	08/01/13	08/01/25	0.20 % to 3.30%	\$ 28,155
Series 2013 B	08/01/13	08/01/33	0.20 to 4.40	21,160
Series 2014 A - Refunding Bonds	08/01/14	08/01/26	0.60 to 2.60	91,295
Series 2016 A	02/24/16	11/01/36	0.56 to 3.14	89,410
Series 2016 C - Refunding Bonds	10/06/16	08/01/32	1.19 to 2.64	99,115
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	24,575
Series 2018-C	12/06/18	11/01/23	1.91 % to 2.24%	10,030
Sub-total General Obligation Bonds				462,100
‡ Plus: Unamortized Premiums				36,979
Total General Obligation Bonds				\$ 499,079

‡ Unamortized premiums of \$1,041 for Series 2013-A, \$611 for Series 2013-B, \$4,833 for Series 2014-A, \$6,458 for Series 2016-A, \$10,651 for Series 2016-C, \$13,108 for Series 2018-A and \$277 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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

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

The Alabama Public Health Care Authority issues bonds for the purpose of funding the acquisition, construction, and equipping of buildings located in each county for the use of the Department of Public Health. Transfers received from the Department of Public Health, along with income from investing idle funds are used for the payment of principal and interest on the bonds. A Municipal Bond Insurance Policy also guarantees payment of the bonds.

The Alabama Federal Aid Highway Finance Authority issues bonds for the purpose of funding the costs of constructing any roads, streets, parks, right of ways, bridges, railroad crossings, drainage structures, signs, guard rails, structures, interstates, surfaces, resurfaces, shoulders, road sides, or any other work which is eligible for federal aid financing assistance under Title 23, Chapter 1, of the United States Code and applicable regulations. The bonds are issued in anticipation of the receipt by the State of the federal share of the costs. Principal and interest paid for the current year and federal revenue were \$113,277,000 and \$1,011,644,000, 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 \$16,318,000 and \$12,521,000, 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 \$254,634,000. Sales taxes, use taxes, leasing taxes, and utilities gross receipts and use taxes for the current year were \$3,308,340,000.

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 \$2,128,000. Tobacco and liquor taxes for the current year were \$41,459,000.

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 \$1,410,000 and \$20,541,000, 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 \$11,754,000 and \$400,744,000 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 \$53,871,000 and \$53,333,000, respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

PRIMARY GOVERNMENT**Governmental Activities**

Revenue Bonds (Amounts in Thousands)	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2022
Alabama Building Renovation Finance Authority Series 2010	07/21/10	09/01/24	2.50 % to 4.00%	\$ 4,835
Alabama Public Health Care Authority Series 2015	03/12/15	09/01/44	2.00 to 5.00	50,235
Series 2016	04/24/16	09/01/35	0.75 to 3.12	16,855
Alabama Federal Aid Highway Finance Authority Series 2021-A	10/7/21	09/01/37	1.39 to 1.53	20,440
Series 2021-B	10/07/21	09/01/37	0.23 to 2.41	1,407,055
Alabama Incentives Finance Authority Series 2009-B Refunding Bonds	09/17/09	09/01/29	1.93 to 4.00	48,340
Series 2019-A Refunding Bonds	09/01/19	09/01/29	1.27 to 1.83	15,710
Series 2019-B Refunding Bonds	09/01/19	09/01/42	2.15 to 3.07	129,225
Alabama Corrections Institute Finance Authority Series 2022-A	06/28/22	07/01/52	1.50 to 4.11	479,220
Alabama Public School and College Authority Series 2009-D	12/03/09	12/15/25	3.70 to 3.70	145,880
Series 2010-Q - Direct Placement	09/14/10	03/01/27	5.15 to 5.15	154,727
Series 2011-A	06/02/11	05/01/26	4.60 to 4.60	51,270
Series 2012-A	02/29/12	03/01/24	3.00 to 5.00	4,780
Series 2012-B	02/29/12	03/01/29	2.50 to 5.00	17,695
Series 2012-C Direct Placement	10/31/12	11/01/22	1.55 to 1.55	640
Series 2012-D Direct Placement	10/31/12	11/01/22	2.02 to 2.02	3,230
Series 2013-A	06/24/13	06/01/33	3.00 to 5.00	18,200
Series 2013-B	06/24/13	06/01/33	4.00 to 5.00	1,695
Series 2013-C	10/09/13	09/01/33	1.48 to 4.10	20,565
Series 2013-D	10/09/13	09/01/33	0.45 to 4.25	4,965
Series 2014-A	05/15/14	02/01/26	0.20 to 2.72	27,895
Series 2014-B	07/01/14	01/01/27	1.26 to 2.80	322,945
Series 2015-A	04/16/15	05/01/24	1.45 to 2.17	14,445
Series 2015-B	04/16/15	05/01/29	1.27 to 3.23	33,220
Series 2015-C	04/16/15	06/01/29	0.37 % to 2.98%	19,335
Sub-Total (Continued on next page)				3,013,402

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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

	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2022
Sub-Total from previous page				\$ 3,013,402
Alabama Public School and College Authority (Continued)				
Series 2016-A	06/23/16	06/01/36	0.75 % to 3.00 %	22,840
Series 2017-A	10/24/17	12/01/37	1.05 to 3.24	15,910
Series 2019-A	05/15/19	05/01/39	1.53 to 3.05	23,355
Series 2020-A	10/22/20	11/01/40	0.03 to 1.98	1,274,750
Series 2020-C	10/22/20	11/01/35	0.25 to 2.44	141,085
Series 2022-A	05/18/22	05/01/42	2.20 to 4.25	36,565
Mental Health Finance Authority				
Series 2012 - Direct Placement	07/01/12	06/01/23	2.12 to 2.12	2,095
Alabama Revolving Loan Fund Authority				
Series 2010	12/01/10	03/01/30	2.50 to 6.13	10,066
Alabama Highway Finance Corporation				
Series 2020A	08/04/20	08/01/40	0.11 to 1.37	95,630
Alabama Economic Settlement Authority				
Series 2016-A	12/01/16	09/01/33	4.24 to 4.29	80,925
Series 2016-B	12/01/16	09/01/32	3.16 % to 4.26%	390,915
Sub-total Revenue Bonds Payable				5,107,538
§ Plus: Unamortized Premiums				415,422
† Less: Unamortized Discounts				(1,680)
Net Primary Government				
Revenue Bonds Payable, Governmental Activities				\$ 5,521,280

§ Unamortized premium is \$6,193 for Federal Aid Highway Finance Authority, \$319 for Building Renovation Finance Authority, \$3,912 for the Alabama Public Health Care Authority, \$333,707 for the Alabama Public School and College Authority, \$2,317 for the Incentives Financing Authority, \$42,406 for the Corrections Institute Finance Authority and \$26,568 for the Alabama Highway Finance Corporation.

† Unamortized discount is \$1,680 for the Alabama Settlement Authority.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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
2023	\$ 322,125	\$ 186,949	\$ 314,965	\$ 178,734	\$ 7,160	\$ 8,215
2024	294,825	176,568	293,615	168,456	1,210	8,112
2025	285,369	166,801	284,140	158,710	1,229	8,091
2026	497,428	155,064	496,180	146,994	1,248	8,070
2027	462,594	141,050	306,600	133,002	155,994	8,048
2028-2032	1,329,447	516,350	1,325,530	516,247	3,917	103
2033-2037	1,179,255	290,701	1,179,255	290,701	—	—
2038-2042	501,840	113,144	501,840	113,144	—	—
2043-2047	163,210	44,554	163,210	44,554	—	—
2048-2052	71,445	11,636	71,445	11,636	—	—
	5,107,538	<u>\$ 1,802,817</u>	4,936,780	<u>\$ 1,762,178</u>	170,758	<u>\$ 40,639</u>
Unamortized Premiums	415,422		415,422		—	
Unamortized Discounts	(1,680)		(1,680)		—	
Totals	<u>\$ 5,521,280</u>		<u>\$ 5,350,522</u>		<u>\$ 170,758</u>	

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, 2022. Principal and interest paid for the current year and gross revenues were \$28,765,000 and \$164,284,000 respectively.

PRIMARY GOVERNMENT**Business-Type Activities**

Revenue Bonds, Proprietary Funds (Amounts in Thousands)	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2022
State Port Authority				
Series 2017-A	02/23/17	10/01/35	1.12 % to 3.89%	\$ 121,995
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	124,030
Series 2020 - Direct Placement	10/01/20	10/01/40	1.91 % to 1.91%	45,034
Sub-total Revenue Bonds Payable, Proprietary Funds				297,189
Plus: Unamortized Premium				10,830
Net Primary Government Revenue Bonds Payable, Proprietary Funds				<u>\$ 308,019</u>

For the Fiscal year Ended September 30, 2022

Revenue Bonds						
Business-type Activities - Port Authority						
Debt Service Requirements to Maturity						
(Amounts in Thousands)						
Maturity	Totals		Public Offering		Direct Placement	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 13,813	\$ 12,448	\$ 11,825	\$ 11,623	\$ 1,988	\$ 825
2024	11,166	12,033	9,140	11,246	2,026	787
2025	11,630	11,567	9,565	10,820	2,065	747
2026	12,120	11,077	10,015	10,370	2,105	707
2027	12,640	10,559	10,495	9,893	2,145	666
2028-2032	68,309	44,413	56,955	41,723	11,354	2,690
2033-2037	81,610	27,393	69,130	25,850	12,480	1,543
2038-2041	85,901	7,218	75,030	6,884	10,871	334
	297,189	<u>\$ 136,708</u>	252,155	<u>\$ 128,409</u>	45,034	<u>\$ 8,299</u>
Unamortized Premiums	10,830		10,830		—	
Totals	<u>\$ 308,019</u>		<u>\$ 262,985</u>		<u>\$ 45,034</u>	

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, 2022

COMPONENT UNITS	Date	Final Maturity	Interest	Bonds Payable
Revenue Bonds (Amounts in Thousands)	Issued	Date	Rates	Sept. 30, 2022
Alabama Housing Finance Authority				
Single Family Bond Programs	2000-2016	2026-2036	2.43 % to 7.80%	\$ 9,012
Alabama Drinking Water Authority				
Revolving Fund Loan Bonds	2012-2015	2024-2027	0.05 to 5.00%	12,205
Alabama Space Science Exhibit Finance Authority	2014	2032	5.09 to 5.09	7,987
Higher Education				
University of Alabama - Tuscaloosa	2010-2022	2023-2049	1.32 to 5.88	1,070,545
University of Alabama - Birmingham				
Public Offerings	2010-2022	2025-2049	1.97 to 5.39	1,014,984
Direct Placements	2017	2022	1.20 to 2.06	12,610
University of Alabama - Huntsville	2012-2022	2023-2048	0.73 to 5.00	131,180
Athens State	2021	2022-2031	1.75 to 1.75	7,692
Alabama State University	2009-2022	2039-2042	2.40 to 5.40	45,290
Auburn University	2012-2021	2024-2050	0.45 % to 5.00	1,035,804
Jacksonville State University	2016-2020	2033-2051	various	128,800
University of West Alabama	2012-2020	2041-2042	various	49,575
University of Montevallo	1985-2019	2023-2047	1.75 to 5.00	46,074
University of North Alabama	2012-2021	2035-2044	0.48 to 5.00	114,670
Alabama Community College System				
Public Offerings	various	various	various	283,115
Direct Placements	various	various	various	23,798
University of South Alabama	2013-2021	2024-2049	1.40 % to 5.00%	422,304
Troy University				
Public Offerings	2015-2019	2029-2036	various	135,345
Direct Placements	2010-2014	2024-2028	various	8,984
Alabama Transportation Infrastructure Board	2022	2037-2042	1.85% to 4.20%	71,415
Total Revenue Bonds Payable				4,631,389
Less: Unamortized Discounts †				(118)
Plus: Unamortized Premium §				295,302
				\$ 4,926,573

† Unamortized discounts were \$46 for the University of North Alabama and \$72 for Alabama State University.

§ Unamortized premiums were \$65,971 for the University of Alabama - Tuscaloosa, \$52,157 for Auburn University, \$38,019 for the University of South Alabama, \$3,910 for Alabama State University, \$52,242 for the University of Alabama - Birmingham, \$3,244 for the University of West Alabama, \$9,854 for Jacksonville State University, \$432 for the Alabama Drinking Water Authority, \$13,603 for Troy University, \$10,781 for the University of Alabama - Huntsville, \$9,884 for the University of North Alabama, \$28,971 for the Alabama Combined College System, \$4,448 for the Alabama Transportation Infrastructure Board and \$1,787 for the University of Montevallo.

For the Fiscal year Ended September 30, 2022

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

Maturity	Totals		Public Offerings		Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 204,411	\$ 168,377	\$ 184,269	\$ 166,459	\$ 20,142	\$ 1,918
2024	195,301	161,447	188,036	159,917	7,265	1,530
2025	201,595	153,416	195,529	152,808	6,066	608
2026	220,081	146,076	216,228	145,606	3,853	470
2027	203,172	138,852	199,207	138,515	3,965	337
2028-2032	1,051,862	583,896	1,044,621	583,296	7,241	600
2033-2037	1,074,468	384,793	1,072,528	384,650	1,940	143
2038-2042	831,605	199,867	831,605	199,867	—	—
2043-2047	441,995	80,680	441,995	80,680	—	—
2048-2052	197,760	14,903	197,760	14,903	—	—
2053-2057	9,139	1,019	9,139	1,019	—	—
	4,631,389	<u>\$ 2,033,326</u>	4,580,917	<u>\$ 2,027,720</u>	50,472	<u>\$ 5,606</u>
Unamortized Premiums	295,302		295,302		—	
Unamortized Discounts	(118)		(118)		—	
Totals	<u>\$ 4,926,573</u>		<u>\$ 4,876,101</u>		<u>\$ 50,472</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

The State issued Alabama Federal Aid Highway Finance Authority 2021-B bonds. A proceeds were primarily used to advance refund all previously outstanding bonds in the amount of \$1,402,452,000. The refunding resulted in a reduction in cash flow of \$77,879,000 and an economic gain of \$64,939,000.

The State issued Alabama Revolving Loan Finance Authority Series 2021 bonds with a principal amount of \$11,347,000 to refund, on a current basis \$11,060,000 of outstanding Series 2012 bonds. The refunding resulted in an economic gain of \$1,916,000.

b. Component Units

The University of Alabama - Tuscaloosa issued Series 2022-A bonds to refund Series 2014-B bonds, The refunding resulted in a decrease in cash flows of \$54,200,000 and an economic gain of \$45,900,000.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

The University of Alabama - Birmingham issued Series 2022-C General Revenue Bonds in the amount of \$58,900,000 to advance refund Series 2013-A2 bonds. The refunding resulted in a reduction in cash flows of \$29,100,000 and an economic gain of \$21,600,000.

c. Advance Refunded Bonds

Advance refunded bonds with remaining balances at September 30, 2022:

Primary Government	Amount
Alabama Federal Aid Highway Finance Authority Series 2015	\$ 499,420,000
Alabama Federal Aid Highway Finance Authority Series 2016-A	236,395,000
Alabama Federal Aid Highway Finance Authority Series 2017-A	360,695,000
Alabama Federal Aid Highway Finance Authority Series 2017-B	139,975,000
Alabama Public School and College Authority 2013-A	58,595,000
Alabama Public School and College Authority 2013-B	45,190,000
Alabama Public School and College Authority 2013-C	11,480,000
Alabama Public School and College Authority 2013-D	10,590,000
Alabama Public School and College Authority 2015-C	15,750,000
Component Units	
University of Alabama - Tuscaloosa	189,000,000
University of South Alabama	77,455,000

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, 2022, the State had no arbitrage balances outstanding.

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, 2022

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	\$ 452,070	\$ 297,930
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	943,000	603,015	339,985
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
Total Reporting Entity	\$ 2,389,000	\$ 1,406,166	\$ 982,834

§ 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 Armory.

† 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, 2021, there were no bonds outstanding.

7. Derivative Transactions - Interest Rate Swaps

University of South Alabama - The University is a party to two derivatives with Wells Fargo Banks, the counterparty. The income associated with the derivatives is a component of investment income and the corresponding expense is a component of interest expense. The terms of the derivatives require the University to post collateral when certain criteria are met. Such amounts as of September 30, 2022 totaled \$20,842,000.

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 related 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 0.25%. Conversely, the Series 2014-A Bonds bear interest on a monthly basis at 68% of the one-month LIBOR rate plus 73 basis points.

For the Fiscal year Ended September 30, 2022

The 2016 swap will terminate in December 2036, when the Series 2016-B, C & D Bonds mature. The notional amount of the swap will at all times match the outstanding principal amount of the related 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 basis points. Conversely, the Series 2016-B, C and D Bonds bear interest at a variable rate of 79% of the benchmark plus 72, 77 and 83 basis points, respectively.

Fair Value

The 2014 swap had a negative fair value of approximately \$9,138,000 at its inception. This amount, net of any amortization and adjustments to fair market value, is reported as a borrowing arising from the 2014 swap as other long-term liabilities in the amount of \$294,000 in the statement of net position at September 30, 2022. The change in the fair value of the swap of \$1,369,000, during the year ended September 30, 2022, is reported as a deferred inflow and contra liability (other long-term liabilities) 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 \$1,076,000 at September 30, 2022.

The 2016 swap had a negative fair value of approximately \$48,530,000 at its inception. This amount, net of any amortization and adjustments to fair value, is reported as a borrowing arising from the 2016 swap as other long-term liabilities in the amount of \$17,776,000 in the statement of net position at September 30, 2022. The change in the fair value of the swap of \$18,877,000 during the year ended September 30, 2022, is reported as a deferred outflow and contra asset (other noncurrent assets) in the statement of net position at September 30, 2022 since the interest rate swap is a hedging derivative instrument. Net deferred inflows and outflows of resources for the 2016 swap totaled \$16,175,000 at September 30, 2022.

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 related bonds. The University's exposure is limited to 0.48% and 0.54% of the notional amounts, the difference in the payment from the counterparty and the interest payment on the related bonds.

Credit Risk

As of September 30, 2022, 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 Standard & Poor's Ratings Services as of September 30, 2022.

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, 2022

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, 2022 and calculating interest for subsequent years using forward rates of one-month LIBOR, debt service requirements for the 2014 swap payments, by year, are as follows (in thousands):

Fiscal Year	Variable Rate Loan		Interest Rate	Total
	Principal	Interest	Swap, Net	
2023	8,050	305	376	8,731
2024	8,455	123	108	8,686
Totals	\$ 16,505	\$ 428	\$ 484	\$ 17,417

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	Total
	Principal	Interest	Swap, Net	
2023	—	2,693	2,847	5,540
2024	—	2,849	2,691	5,540
2025	5,600	2,440	2,937	10,977
2026-2030	32,610	9,389	12,380	54,379
2031-2035	41,880	4,916	6,575	53,371
2036-2039	19,910	382	708	21,000
Totals	\$ 100,000	\$ 22,669	\$ 28,138	\$ 150,807

For the Fiscal year Ended September 30, 2022

8. Direct Borrowings

Direct Borrowings
Primary Government
Debt Requirements to Maturity
(Amounts in Thousands)

Maturity	Totals		Govt-type Activities		Business-type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 5,568	\$ 1,695	\$ 5,568	\$ 1,695	\$ 0	\$ 0
2024	6,503	1,525	5,863	1,525	640	—
2025	5,973	1,347	5,973	1,347	—	—
2026	6,238	1,165	6,238	1,165	—	—
2027	6,403	975	6,403	975	—	—
2028-2032	27,456	2,052	27,456	2,052	—	—
2033-2037	509	16	509	16	—	—
Grand-totals	\$ 58,650	\$ 8,775	\$ 58,010	\$ 8,775	\$ 640	\$ 0

Direct Borrowings
Component Units
Debt Principal Requirements to Maturity
(Amounts in Thousands)

Maturity	Principal	Interest
2023	\$ 12,287	\$ 8,716
2024	63,367	7,886
2025	9,668	7,476
2026	13,409	7,165
2027	12,940	6,808
2028-2032	74,042	27,352
2033-2037	66,777	18,261
2038-2042	49,062	9,660
2043-2047	33,393	3,671
2048-2052	5,546	172
Totals	\$ 340,491	\$ 97,167

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

9. Leases - Right-to-Use Liabilities

The State leases office space, buildings and other space. Most building leases range from twenty-five to thirty-five years and most office space leases range from five to fifteen years

**Leases - RTU Liabilities
Primary Government
Debt Requirements to Maturity
(Amounts in Thousands)**

Maturity	Totals		Govt-type Activities		Business-type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 67,730	\$ 15,380	\$ 59,828	\$ 13,698	\$ 7,902	\$ 1,682
2024	65,773	13,220	57,649	11,793	8,124	1,427
2025	56,743	11,258	49,080	10,088	7,663	1,170
2026	50,547	9,539	44,246	8,593	6,301	946
2027	45,892	7,981	40,138	7,225	5,754	756
2028-2032	120,081	24,881	100,772	23,361	19,309	1,520
2033-2037	52,880	12,013	51,667	11,979	1,213	34
2038-2042	36,771	4,189	36,771	4,189	—	—
2043-2047	4,024	866	4,024	866	—	—
2048-2052	2,940	578	2,940	578	—	—
2053-2055	2,106	135	2,106	135	—	—
Grand-totals	\$ 505,487	\$ 100,040	\$ 449,221	\$ 92,505	\$ 56,266	\$ 7,535

**Leases - RTU Liabilities
Component Units
Debt Requirements to Maturity
(Amounts in Thousands)**

Maturity	Principal	Interest
2023	\$ 47,615	\$ 7,038
2024	40,901	5,740
2025	33,925	4,482
2026	26,011	3,524
2027	22,272	2,715
2028-2032	36,781	7,659
2033-2037	15,892	4,513
2038-2042	13,518	2,463
2043-2047	8,631	609
2048-2052	—	—
2053-2057	—	—
Grand-totals	\$ 245,546	\$ 38,743

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

10. Changes in Non current Liabilities

(Amounts in Thousands)

	Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 521,235	\$ 0	\$ 59,135	\$ 462,100	\$ 52,340
Revenue Bonds - Public Offerings	4,459,900	2,062,190	1,585,310	4,936,780	314,965
Revenue Bonds - Direct Placements	177,527	—	6,769	170,758	7,160
Total Bond Principal	5,158,662	2,062,190	1,651,214	5,569,638	374,465
Plus: Premiums	587,297	50,816	185,712	452,401	—
Less: Discounts	1,837	—	157	1,680	—
Total Bonds Payable	5,744,122	2,113,006	1,836,769	6,020,359	374,465
Direct Borrowings	69,170	—	11,160	58,010	5,568
Claims & Judgments	133,377	26,092	23,232	136,237	4,949
Compensated Absences	323,619	186,399	184,638	325,380	27,658
Leases - Right-to-Use Liabilities	443,022	63,750	57,551	449,221	59,828
Net Pension Liabilities	3,879,841	1,299,221	1,703,599	3,475,463	—
Net OPEB Liabilities	944,440	103,551	240,145	807,846	—
Total Governmental Activities	11,537,591	3,792,019	4,057,094	11,272,516	472,468
Business-type Activities:					
Revenue Bonds - Public Offerings	268,759	—	5,774	262,985	1,988
Revenue Bonds - Direct Placements	55,026	—	9,992	45,034	11,825
Leases - Right-to-Use Liabilities	54,798	8,534	7,065	56,267	7,902
Direct Borrowings	826	—	186	640	—
Claims & Judgments	51,487	16,000	24,272	43,215	39,767
Compensated Absences	11,940	3,520	3,693	11,767	3,522
Net Pension Liabilities	96,414	48,550	56,840	88,124	—
Net OPEB Liabilities	42,616	7,292	10,561	39,347	—
Other Long-Term Liabilities ‡	4,878	—	1,211	3,667	160
Total Business-Type Activities	586,744	83,896	119,594	551,046	65,164
Total Primary Government	\$ 12,124,335	\$ 3,875,915	\$ 4,176,688	\$ 11,823,562	\$ 537,632
Component Units:					
Revenue Bonds - Public Offerings	\$ 4,854,145	\$ 698,062	\$ 676,106	\$ 4,876,101	\$ 182,500
Revenue Bonds - Direct Placements	61,797	5,080	16,405	50,472	21,911
Direct Borrowings	320,807	114,660	94,976	340,491	12,288
Leases - Right-to-Use Liabilities	215,338	77,143	46,931	245,550	47,616
Compensated Absences	206,894	7,255	6,962	207,187	161,012
Net Pension Liabilities	4,872,356	1,854,267	3,077,138	3,649,485	—
Net OPEB Liabilities	2,271,082	205,008	656,644	1,819,446	—
Claims & Judgments	171,316	1,427,616	1,418,072	180,860	79,201
Other Long-Term Liabilities §	193,480	17,315	89,098	121,697	—
Total Component Units	\$ 13,167,215	\$ 4,406,406	\$ 6,082,332	\$ 11,491,289	\$ 504,528

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

§ Other Long-term liabilities are payable as follows: University of Alabama at Tuscaloosa \$13,127, University of Alabama Birmingham \$2,432, University of Alabama at Huntsville \$1,276, Auburn University \$40,418, University of South Alabama \$64,239, University of North Alabama \$195, and the Alabama Community College System \$10.

For the Fiscal year Ended September 30, 2022

Funds Used to Liquidate Liabilities Other than Debt (%)
Primary Government - Governmental-type Activities

Funds	Compensated Absences	Pension Liabilities	Other Postemployment Liabilities
<i>Major Funds</i>			
General Fund	19 %	22 %	24 %
Public Welfare Fund	16	11	13
Education Trust Fund	3	4	4
Medicaid	1	1	1
<i>Non-major Funds</i>			
Public Road and Bridge Fund	15	13	15
Miscellaneous Special Revenue Funds	8	8	8
Public Health	7	6	6
Law Enforcement	7	12	5
Mental Health	4	4	4
Revenue Administration	4	4	4
Conservation	3	2	3
Education Department	3	2	2
Environmental Management	2	2	2
Labor	2	2	2
Rehabilitation Services	2	2	2
Other	4	5	5

For the Fiscal year Ended September 30, 2022

NOTE 6 - DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

All of the deferred inflows of resources which total \$605,721,000 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	Business-Type	Total
	Activities	Activities	
Deferred Outflows of Resources			
Losses from Bond Refundings	\$ 88,402	\$ 11,049	\$ 99,451
Pension Related	679,138	20,630	699,768
OPEB Related	206,313	17,091	223,404
Total Deferred Outflows of Resources	\$ 973,853	\$ 48,770	\$ 1,022,623
Deferred Inflows of Resources			
Lease Deferred Inflows	\$ 0	\$ 236,499	\$ 236,499
Gains from Bond Refundings	2,741	—	2,741
Pension Related	518,778	14,307	533,085
OPEB Related	1,394,896	72,360	1,467,256
Total Deferred Inflows of Resources	\$ 1,916,415	\$ 323,166	\$ 2,239,581

(Amounts in Thousands)	Business-Type Activities			
	Enterprise Funds			
	State	Alcoholic	Nonmajor	Total
Port	Beverage	Enterprise	Business-Type	
Authority	Control Board	Funds	Activities	
Deferred Outflows of Resources				
Losses from Bond Refundings	\$ 11,049	\$ 0	\$ 0	\$ 11,049
Pension Related	7,430	11,329	1,871	20,630
OPEB Related	10,230	5,872	989	17,091
Total Deferred Outflows of Resources	\$ 28,709	\$ 17,201	\$ 2,860	\$ 48,770
Deferred Inflows of Resources				
Lease Deferred Inflows	\$ 236,499	\$ 0	\$ 0	\$ 236,499
Pension Related	3,656	8,818	1,833	14,307
OPEB Related	28,332	41,030	2,998	72,360
Total Deferred Inflows of Resources	\$ 268,487	\$ 49,848	\$ 4,831	\$ 323,166

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

(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
Deferred Outflows of Resources							
Hedging Interest Rate Swap	\$ 0	\$ 0	\$ 761	\$ 0	\$ 0	\$ 0	\$ 761
Losses from Bond Refundings	39,712	30,978	5,498	—	1,009	8,914	86,111
Pension Related	470,468	180,848	57,943	4,115	121,836	157,862	993,072
OPEB Related	672,502	217,200	161,853	223	86,245	204,791	1,342,814
Total Deferred Outflows of Resources	\$ 1,182,682	\$ 429,026	\$ 226,055	\$ 4,338	\$ 209,090	\$ 371,567	\$ 2,422,758
Hedging Interest Rate Swap	\$ 0	\$ 0	\$ 17,251	\$ 0	\$ 0	\$ 0	\$ 17,251
Lease Deferred Inflows	37,091	28,717	17,513	—	1,226	4,528	89,075
Gains from Bond Refundings	—	24,042	3,215	—	36	—	27,293
Advance Grant Revenue	—	—	—	—	1,157	—	1,157
Split Interest - Remainder Interest	1,396	—	—	—	—	—	1,396
Pension Related	585,024	194,587	91,655	1,875	146,064	185,818	1,205,023
OPEB Related	733,203	240,812	186,979	1,798	175,668	295,411	1,633,871
Total Deferred Inflows of Resources	\$ 1,356,714	\$ 488,158	\$ 316,613	\$ 3,673	\$ 324,151	\$ 485,757	\$ 2,975,066

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

NOTE 7 - INTERFUND ACTIVITY AND INTRA-ENTITY BALANCES**A. Due from/to Other Funds**

Due from Other Funds are amounts to be received from one fund by another fund for goods sold, services rendered, or borrowings. Due to Other Funds are amounts owed by one fund to another fund for goods purchased, services received, or borrowings.

"Due from Other Funds" and "Due to Other Funds" are presented as assets and liabilities respectively on the Statement of Net Position. Governmental, Proprietary, and Fiduciary Funds are included in these transaction types.

The "Due from Other Funds" in the ARPA - Coronavirus State Fiscal Recovery Fund is related to unearned revenues.

Interfund balances for amounts due from/to other funds as of September 30, 2022 are as follows (amounts in thousands):

Due from Other Funds	Amount	Due to Other Funds	Amount
General Fund	\$ 27,860	Nonmajor Governmental Funds	\$ 869
		Alcoholic Beverage Control Board	26,883
		Internal Service Funds	108
Education Trust Fund	\$ 1,344	General Fund	\$ 3
		Nonmajor Governmental Funds	149
		Alcoholic Beverage Control Board	1,192
Medicaid Fund	\$ 19,894	General Fund	\$ 451
		Education Trust Fund	236
		Public Welfare Trust Fund	1,498
		Nonmajor Governmental Funds	17,709
Public Welfare Trust Fund	\$ 18,283	Education Trust Fund	\$ 15
		Medicaid Fund	6,992
		Nonmajor Governmental Funds	547
		Alcoholic Beverage Control Board	10,666
		Nonmajor Enterprise Funds	39
		Internal Service Funds	24
ARPA - Coronavirus State Fiscal Recovery Fund	\$ 354,525	Nonmajor Governmental Funds	\$ 354,525
Nonmajor Governmental Funds	\$ 205,940	General Fund	\$ 5,558
		Education Trust Fund	67,139
		Medicaid Fund	77,351
		Public Welfare Trust Fund	9,650
		Alabama Trust Fund	57
		Nonmajor Governmental Funds	38,378
		Unemployment Compensation Fund	167
		Alcoholic Beverage Control Board	5,565
		Nonmajor Enterprise Funds	1,584
		Internal Service Funds	491
Alcoholic Beverage Control Board	\$ 7	Nonmajor Governmental Funds	\$ 7
Subtotal	\$ 627,853		\$ 627,853

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

Subtotal from Previous Page	\$ 627,853		\$ 627,853
Nonmajor Enterprise Funds	\$ 4,714	General Fund	\$ 2,011
		Nonmajor Governmental Funds	2,690
		Internal Service Funds	13
Internal Service Funds	\$ 16,160	General Fund	\$ 1,944
		Education Trust Fund	573
		Medicaid Fund	379
		Public Welfare Trust Fund	3,120
		Nonmajor Governmental Funds	8,098
		Alcoholic Beverage Control Board	204
		Nonmajor Enterprise Funds	1,023
		Internal Service Funds	814
		Fiduciary Funds	5
Totals	\$ 648,727		\$ 648,727

B. Balances with Component Units

Balances with Component units consist of "Due From Component Units" and "Due To Component Units" on the Statement of Activities. Primarily these balances are the result of borrowings between component units and primary government. The receivable for Internal Service Funds are amounts due for routine billings of services rendered. Further, a portion of the payable from Nonmajor Component Units to Nonmajor Governmental Funds is for administrative and payroll costs owed by Water Pollution Control Authority to Department of Environmental Management.

Balances owed by state funds to component units at September 30, 2022, consisted of (amounts in thousands):

PAYABLE BY	Nonmajor Component Units		Total
General Fund	\$ 260	\$ 260	
Education Trust Fund	90	90	
Medicaid	1	1	
Public Welfare Trust Fund	5	5	
Nonmajor Governmental	282	282	
Internal Service Funds	402	402	
Primary Government	4,202	4,202	
Totals	\$ 5,242	\$ 5,242	

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

Balances owed to state funds by component units at September 30, 2022 consisted of (amounts in thousands):

PAYABLE TO	PAYABLE FROM			Total
	University of Alabama	Public Education Employees' Health Insur	Nonmajor Component Units	
Nonmajor Governmental	\$ 93,183	\$ 980	\$ 13,204	\$ 107,367
Nonmajor Enterprise	—	—	10	10
Internal Service Funds	—	5	100	105
Totals	\$ 93,183	\$ 985	\$ 13,314	\$ 107,482

C. Balances between Component Units

There were not any balances owed between component units at September 30, 2022.

D. Interfund Transfers

Transfers are often made between funds as required by the legislature in the appropriation acts as well as by a variety of existing statutes. The General Fund, Education Trust Fund and Alcoholic Beverage Control Board are required to transfer funds in compliance with appropriation acts. Small transfers are also made in compliance with various statutes. 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. The Medicaid Fund is required to transfer funds to other agencies to fund services provided to Medicaid recipients. Within Nonmajor Governmental Funds, the Department of Mental Health received \$581,944,000 the Department of Public Health received \$55,682,000, and the Department of Senior Services received \$104,116,000. The Department of Youth Services and the Department Rehabilitation Services were the other Nonmajor Governmental Fund recipients.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

Transfers among the various funds of the primary government during fiscal year 2022 were as follows (amounts in thousands):

Transfer Out	Amount	Transfer In	Amount
General Fund	\$ 873,447	Alabama Trust Fund	\$ 13,502
		Medicaid Fund	30,211
		Public Welfare Trust Fund	92,155
		Nonmajor Governmental Funds	733,338
		Alcoholic Beverage Control Board	4,241
Education Trust Fund	\$ 1,693,913	Medicaid Fund	\$ 8,117
		Public Welfare Trust Fund	36,096
		Nonmajor Governmental Funds	1,432,764
		Nonmajor Enterprise Funds	7,381
		Fiduciary Funds	209,555
Alabama Trust Fund	\$ 196,748	General Fund	\$ 122,500
		Nonmajor Governmental Funds	74,248
Medicaid	\$ 846,467	Public Welfare Trust Fund	\$ 54,890
		Nonmajor Governmental Funds	791,577
Public Welfare Trust Fund	\$ 93,142	Medicaid Fund	\$ 21,066
		Nonmajor Governmental Funds	72,076
ARPA - Coronavirus State Fiscal Recovery Fund	\$ 263,971	Nonmajor Governmental Funds	\$ 184,471
		Unemployment Compensation Fund	79,500
Nonmajor Governmental Funds	\$ 1,583,745	General Fund	\$ 103,036
		Alabama Trust Fund	2,820
		Medicaid Fund	195,398
		Public Welfare Trust Fund	3,443
		Nonmajor Governmental Funds	1,250,732
		Alabama Port Authority	20,101
		Unemployment Compensation Fund	1,378
		Alcoholic Beverage Control Board	60
		Internal Service Funds	6,777
Unemployment Compensation Fund	\$ 10,367	Nonmajor Governmental Funds	\$ 10,367
Port Authority	\$ 67	Nonmajor Governmental Funds	\$ 67
Alcoholic Beverage Control Board	\$ 62,350	General Fund	\$ 43,994
		Public Welfare Trust Fund	1,102
		Nonmajor Governmental Funds	17,254
Nonmajor Enterprise Board	\$ 14,204	Education Trust Fund	\$ 14,204
Internal Service Funds	\$ 7,380	Nonmajor Governmental Funds	\$ 307
		Internal Service Funds	7,073
Fiduciary Funds	\$ 998	Education Trust Fund	\$ 998
Totals	\$ 5,646,799		\$ 5,646,799

For the Fiscal year Ended September 30, 2022

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 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 not insurable, 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.

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 \$25,000,000 cumulative loss or aggregate annual deductible or loss retention for all perils eroding the annual deductible. 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 2022, 2021, and 2020 for settlements in excess of deductibles totaled \$4,360,145, \$11,863,096, and \$10,132,154 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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

(Amounts in Thousands)

	September 30,	
	2022	2021
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 49,702	\$ 29,200
Incurring claims and adjustment expenses:		
Provision for insured events of the current year	16,000	7,600
Increase (Decrease) in provision for insured events of prior years	(2,184)	34,267
Total incurred claims and adjustment expenses	<u>13,816</u>	<u>41,867</u>
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(3,103)	(1,865)
Claims and adjustment expenses attributable to insured events of prior years	(18,229)	(19,500)
Total payments	<u>(21,332)</u>	<u>(21,365)</u>
Reported claims payable and estimated claims incurred but not reported at end of year	<u>\$ 42,186</u>	<u>\$ 49,702</u>

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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

(Amounts in Thousands)

	September 30,	
	2022	2021
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 42,984	\$ 36,088
Incurring claims and adjustment expenses:		
Provision for insured events of the current year	8,500	8,000
Increase (Decrease) in provision for insured events of prior years	643	2,344
Total incurred claims and adjustment expenses	<u>9,143</u>	<u>10,344</u>
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(79)	(352)
Claims and adjustment expenses attributable to insured events of prior years	<u>(3,896)</u>	<u>(3,096)</u>
Total payments	<u>(3,975)</u>	<u>(3,448)</u>
Reported claims payable and estimated claims incurred but not reported at end of year	<u>\$ 48,152</u>	<u>\$ 42,984</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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

(Amounts in Thousands)	September 30,	
	2022	2021
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 27,134	\$ 27,981
Incurring claims and adjustment expenses:		
Provision for insured events of the current year	5,753	5,191
Increase (Decrease) in provision for insured events of prior years	1,730	(1,256)
Total incurred claims and adjustment expenses	7,483	3,935
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(1,499)	(1,406)
Claims and adjustment expenses attributable to insured events of prior years	(3,833)	(3,376)
Total payments	(5,332)	(4,782)
Reported claims payable and estimated claims incurred but not reported at end of year	\$ 29,285	\$ 27,134

The Department of Transportation finances its own risk for state employee injury compensation. This table includes the changes in claims liabilities for the Department of Transportation as well as Risk Management. Claims liabilities at the beginning of the year for Transportation totaled \$9,794,000, and total claims payments were \$5,332,000 in 2022. The Department of Transportation had \$8,772,000 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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

(Amounts in Thousands)

	September 30,	
	2022	2021
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 37,802	\$ 34,361
Incurring claims and adjustment expenses:		
Provision for insured claims of the current year	370,291	360,205
Adjustment to estimated claims incurred but not reported at end of year	2,096	5,031
Total incurred claims and adjustment expenses	<u>372,387</u>	<u>365,236</u>
Payments:		
Claims and adjustment expenses attributable to insured claims of the current year	(336,562)	(338,093)
Claims and adjustment expenses attributable to insured claims of prior years	(30,118)	(23,702)
Total payments	<u>(366,680)</u>	<u>(361,795)</u>
Reported claims payable and estimated claims incurred but not reported at end of year	<u>\$ 43,509</u>	<u>\$ 37,802</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 2022 and \$800 in 2021. 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, 2022

The following table presents the changes in claims liabilities during 2022 and 2021:

(Amounts in Thousands)

	September 30,	
	2022	2021
Unpaid claims and claim adjustment expense at beginning of year	\$ 131,474	\$ 90,960
Incurring claims and adjustment expenses:		
Provision for insured events of the current year	1,053,608	1,126,836
Increase (Decrease) in provision for insured events of prior years	(10,950)	8,327
Total incurred claims and adjustment expenses	1,042,658	1,135,163
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(939,004)	(995,362)
Claims and adjustment expenses attributable to insured events of prior years	(99,287)	(99,287)
Total payments	(1,038,291)	(1,094,649)
Total unpaid claims and adjustment expenses at end of year	\$ 135,841	\$ 131,474

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

3. Alabama State Port Authority

The Alabama State Port Authority is partially self-insured with respect to workers' compensation claims. Each claim for a loss in excess of the established self-insured retention of \$750,000 or \$1,000,000, depending on the classification code of the affected employee, is covered up to a \$25 million policy limit. The liability for uninsured claims includes an estimated amount for claims that have been incurred but have not been reported. The following represents changes in those aggregate liabilities for the Authority during the past two years:

(Amounts in Thousands)

	September 30,	
	2022	2021
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 1,786	\$ 1,998
Provision for claims	(659)	11
Total payments	(97)	(223)
Reported claims payable and estimated claims payable incurred but not reported at end of year	\$ 1,030	\$ 1,786

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

For the Fiscal year Ended September 30, 2022

NOTE 9 - DEFERRED COMPENSATION

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

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

The Public Employees' Individual Retirement Account Fund/Deferred Compensation Plan (RSA-1) is administered and operated by its Board of Control. All members of the Teachers' Retirement System of Alabama, Employees' Retirement System of Alabama, Judicial Retirement Fund, employees of employers eligible to participate in the Employees' Retirement System pursuant to provisions of Code of Alabama 1975 Section 36-27-6, and public officials and employees of the State of Alabama or any political subdivision thereof (collectively, participating employers), are eligible to participate in this plan. At September 30, 2022, net position of the plan totaled \$2,205,932,000.

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, 2022, net position of the plan totaled \$1,408,858,000.

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)

	Total Pension Liabilities	Total Assets	NPL	NPA	Deferred Outflows	Deferred Inflows	Pension Expense
Governmental-type Activities	\$10,409,533	\$ 6,934,113	\$ 3,475,463	\$ 43	\$ 679,138	\$ 518,778	\$324,334
Business-type Activities	275,530	187,453	88,124	47	20,629	14,306	12,199
Totals Primary Government	<u>\$10,685,063</u>	<u>\$ 7,121,566</u>	<u>\$ 3,563,587</u>	<u>\$ 90</u>	<u>\$ 699,767</u>	<u>\$ 533,084</u>	<u>336,533</u>
Component Units	<u>\$15,393,448</u>	<u>\$ 11,747,013</u>	<u>\$ 3,649,483</u>	<u>\$ 3,048</u>	<u>\$1,116,073</u>	<u>\$ 201,067</u>	<u>\$492,556</u>

For the Fiscal year Ended September 30, 2022

B. Retirement Systems of Alabama

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

1. Plan Descriptions

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

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

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

As of September 30, 2021, membership consisted of:

Group	ERS Membership		Total
	State Employees	State Police	
Retirees and beneficiaries currently receiving benefits	24,725	963	25,688
Post-DROP Retired Members Still in Active Service	124	—	124
Vested Inactive Members	1,170	26	1,196
Non-vested inactive members	26,376	35	26,411
Active members	27,411	798	28,209
Total	79,806	1,822	81,628

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. Act Number 498 of the Legislature of 2015 established the Judges' and Clerks' Plan within the JRF for any Judge or Clerk who was first elected or appointed on November 8, 2016, and was not a member of the JRF or the Clerks' and Registers' Supernumerary Fund prior to that date. The Act also established the District Attorneys' Plan within the JRF for any District Attorney serving in the capacity of District Attorney on or after November 8, 2016. The Board of Control of the ERS administers and operates the JRF.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

As of September 30, 2021, membership consisted of:

JRF Membership	
Group	State Employees
Retirees and beneficiaries currently receiving benefits	452
Terminated employees entitled to but not yet receiving benefits	13
Non-vested inactive members	27
Active members	368
Total	860

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 the Fiscal year Ended September 30, 2022

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.

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, 2022. Copies may be obtained from the RSA website at 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. The fair value of real estate investments is based on independent appraisals or cost, when cost approximates fair value. 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

For the Fiscal year Ended September 30, 2022

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.

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.

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 2022, the required employer contribution rate was 12.43 percent for Tier 1 and 11.32 percent for Tier 2. Total employer contributions for fiscal year 2022 were \$14,723,000 for the primary government (\$14,362,000 for governmental activities and \$361,000 for business-type activities), and \$348,681,000 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, 2021 and the total pension liability used to calculate the net pension liability (NPL) was determined by an actuarial valuation as of September 30, 2020. 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, 2022, the proportionate share of the primary government and component units' net pension liability was as follows:

	TRS		
	Proportionate Share of Net Pension Liability		
	Current Year	Prior Year	Change in
	Proportionate	Proportionate	Proportionate
	Share	Share	Share
Governmental-type Activities	1.88 %	1.90 %	(0.02) %
Business-type Activities	0.04	0.04	—
Totals Primary Government	1.92 %	1.94 %	(0.02) %
Component Units	38.15 %	39.90 %	(1.75) %

For the year ended September 30, 2022, the primary government recognized pension expense of \$13,643,000 (governmental-type activities - \$13,310,000 and business-type activities - \$333,000) and component units recognized a pension expense of \$255,349,000.

For the Fiscal year Ended September 30, 2022

As of September 30, 2022 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)

	<u>Govt- type Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
<i>Deferred Outflows of Resources</i>				
Net difference between projected and actual earnings on pension plan investments	\$ 0	\$ 0	\$ 0	\$ 0
Differences between expected and actual experience	8,180	172	8,352	166,400
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,452	200	9,652	85,943
Change in Assumptions	18,545	390	18,935	377,250
Employer contributions subsequent to the measurement date	14,362	361	14,723	348,681
Total Deferred Outflows of Resources	<u>\$ 50,539</u>	<u>\$ 1,123</u>	<u>\$ 51,662</u>	<u>\$ 978,274</u>
<i>Deferred Inflows of Resources</i>				
Net difference between projected and actual earnings on pension plan investments	\$ 41,703	\$ 877	\$ 42,580	\$ 848,338
Differences between expected and actual experience	10,294	216	10,510	209,394
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,953	139	6,092	140,647
Total Deferred Inflows of Resources	<u>\$ 57,950</u>	<u>\$ 1,232</u>	<u>\$ 59,182</u>	<u>\$ 1,198,379</u>

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)

<u>Fiscal Year Ended</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Govt</u>	<u>Component Units</u>
2023	\$ (2,651)	\$ (57)	\$ (2,708)	\$ (69,262)
2024	(2,328)	(50)	(2,378)	(60,808)
2025	(6,309)	(136)	(6,445)	(164,818)
2026	(10,485)	(227)	(10,712)	(273,898)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

Actuarial Assumptions

The actuarial assumptions used in the actuarial valuation as of September 30, 2020, were based on the results of an actuarial experience study for the five-year period ending September 30, 2020, dated July 12, 2021, and adopted by the Board on September 13 2021. The valuation was prepared based on an assumed investment return of 7.70%.

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

Wage Inflation	2.50%
Projected salary increases	3.25% - 5.00%
Investment rate of returns	7.45% per annum, compounded annually, including price inflation at 2.50%

Post-Retirement Mortality rates for TRS service retirements and dependent beneficiaries were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using the MP-2020 scale adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Set Back (-)	Adjustment to Rates
Service Retirees	Teacher Retiree - Below Median	Male +2, Female +2	Male 108% ages <63, 96% ages > 67, Phasing down ages 63-67, Female 112% ages < 69, 98% > age 74, Phasing down ages 69-74
Beneficiaries	Contingent Survivor below Median	Male +2, Female none	None
Disabled Retiree	Teacher Disability	Male +8, Female +3	None

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 most recent target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00 %	2.80 %
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	9.00
Real Estate	10.00	6.50
Cash Equivalents	5.00	2.50
Total	100 %	

*Includes assumed rate of inflation of 2.00%.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

Discount rate

The discount rate used to measure the total pension liability was 7.45 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 State's proportionate share of the net pension liability calculated using the discount rate of 7.45 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 (6.45percent) or 1 percentage point higher (8.45 percent) than the current rate:

TRS			
Sensitivity to Changes in Discount Rate			
Net Pension Liability			
(Amount in Thousands)			
	1% Decrease (6.45%)	Current Rate (7.70%)	1% Increase (8.45%)
Governmental-type Activities	\$ 260,050	\$ 176,676	\$ 106,454
Business-type Activities	5,467	3,714	2,238
Total Primary Government	\$ 265,517	\$ 180,390	\$ 108,692
Component Units	\$ 6,416,593	\$ 4,809,283	\$ 3,449,313

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 2022, the required employer contribution rate was 42.10 percent for tier 1 and 37.47 percent for tier 2. Total employer contributions for fiscal year 2022 were \$20,617,000.

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, 2021 and the total pension liability used to calculate the net pension liability (NPL) was determined by an actuarial valuation as of September 30, 2020. 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 \$11,738,000 and grant expense for non-employer support provided to counties of \$1,220,000.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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)

	Employer Share	Non-employer* Share	Total NPL
	\$ 119,647	\$ 18,906	\$ 138,553
Proportionate Share - Current Year	86.35 %	13.65 %	
Proportionate Share - Prior Year	85.49	14.51	
Change in Proportionate Share	0.86 %	(0.86) %	

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

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

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 8,130	\$ 1,265
Net difference between projected and actual earnings on pension plan investments	—	27,825
Change In Assumptions	12,542	—
Employer contributions subsequent to the measurement date	20,617	—
Total Primary Government	\$ 41,289	\$ 29,090

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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):

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

Fiscal Year Ended	Employer Pension Expense	Non-employer Grant Expense
2023	\$ (895)	\$ (141)
2024	924	146
2025	(2,264)	(358)
2026	(5,034)	(796)

Actuarial Assumptions

The actuarial assumptions used in the actuarial valuation as of September 30, 2020, were based on the results of an actuarial experience study for the five -year period ending September 30, 2020 dated July 12, 2021, adopted by the Board on September 14, 2021. The valuation was prepared based on an assumed investment return of 7.65%.

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

Inflation	2..50%
Projected salary increases, including inflation	2.75-3.5%, including inflation
Investment rate of returns *	7.40%

*Net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using the MP-2020 adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Set Back (-)	Adjustment to Rates
Service Retirees	Teacher Retiree - Below Median	Male + 2, Female +2	Male 108% ages <63, 96% ages > 67, Phasing down ages 63-67, Female 112% ages < 69, 98% > age 74, Phasing down ages 69-74
Beneficiaries	Contingent Survivor below Median	Male +2, Female none	None
Disabled Retiree	Teacher Disability	Male +8, Female +3	None

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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, as provided by the RSA, are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	22.00 %	2.80 %
U.S. Large Stocks	39.00	8.00
U.S. Mid Stocks	11.00	10.00
U.S. Small Stocks	5.00	11.00
International Developed Market Stocks	12.00	9.50
International Emerging Market Stocks	3.00	11.00
Alternatives	1.00	9.00
Real Estate	2.00	6.50
Cash Equivalents	5.00	1.50
Total	100 %	

Discount rate

The discount rate used to measure the total pension liability was 7.40 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 7.40 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 (6.40 percent) or 1 percentage point higher (8.40 percent) than the current rate:

JRF		
Sensitivity to Changes in Discount Rate		
Net Pension Liability		
(Amounts in Thousands)		
1% Decrease	Current	1% Increase
(6.40%)	Rate	(8.40%)
(6.40%)	(7.40%)	(8.40%)
\$184,358	\$138,553	\$98,953

For the Fiscal year Ended September 30, 2022

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 2022, the required employer contribution rate for regular state employees was 14.83% for Tier 1 employees and 14.44% Tier 2 employees. For fiscal year 2022, the required employer contribution rate for State Policemen was 52.22% for Tier 1 employees and 42.86% for Tier 2 employees. Total employer contributions for fiscal year 2022 were \$239,357,000 for the primary government (\$233,014,000 for governmental activities, \$6,343,000 for business-type activities), and \$1,341,000 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020, rolled forward to September 30, 2021, 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)

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 30, 2020	\$ 8,436,061	\$ 5,151,427	\$ 3,284,634
Changes for the year:			
Service costs	122,981	—	122,981
Interest	621,152	—	621,152
Change in Assumptions	295,863	—	295,863
Difference in expected and actual experience	80,101	—	80,101
Contributions - employer	—	237,152	(237,152)
Contributions - employee	—	108,052	(108,052)
Net investment income	—	1,102,337	(1,102,337)
Change in proportion and differences between employer contributions and proportionate share of contributions	(755)	—	(755)
Benefit payments, including refunds of employee contributions	(624,669)	(624,669)	—
Administrative expense	—	(13,826)	13,826
Transfers among employees	130	130	—
Net changes	494,803	809,176	(314,373)
Balance at September 30, 2021	\$ 8,930,864	\$ 5,960,603	\$ 2,970,261

For the Fiscal year Ended September 30, 2022

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

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 30, 2020	\$ 216,597	\$ 125,439	\$ 91,158
Changes for the year:			
Service costs	4,458	—	4,458
Interest	22,481	—	22,481
Change in Assumptions	10,621	—	10,621
Difference in expected and actual experience	2,916	—	2,916
Contributions - employer	—	8,299	(8,299)
Contributions - employee	—	4,049	(4,049)
Net investment income	—	40,303	(40,303)
Change in proportion and differences between employer contributions and proportionate share of contributions	1,468	—	1,468
Benefit payments, including refunds of employee contributions	(22,724)	(22,724)	—
Administrative expense	—	(542)	542
Transfers among employees	(14)	(14)	—
Net changes	19,206	29,371	(10,165)
Balance at September 30, 2021	\$ 235,803	\$ 154,810	\$ 80,993

For the Fiscal year Ended September 30, 2022

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

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 30, 2020	\$ 8,652,658	\$ 5,276,866	\$ 3,375,792
Changes for the year:			
Service costs	127,439	—	127,439
Interest	643,633	—	643,633
Change in Assumptions	306,484	—	306,484
Difference in expected and actual experience	83,017	—	83,017
Contributions - employer	—	245,451	(245,451)
Contributions - employee	—	112,101	(112,101)
Net investment income	—	1,142,640	(1,142,640)
Change in proportion and differences between employer contributions and proportionate share of contributions	713	—	713
Benefit payments, including refunds of employee contributions	(647,393)	(647,393)	—
Administrative expense	—	(14,368)	14,368
Transfers among employees	116	116	—
Net changes	514,009	838,547	(324,538)
Balance at September 30, 2021	\$ 9,166,667	\$ 6,115,413	\$ 3,051,254

For the Fiscal year Ended September 30, 2022

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

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 30, 2020	\$ 52,780	\$ 34,306	\$ 18,474
Changes for the year:			
Service costs	460	—	460
Interest	2,318	—	2,318
Change in Assumptions	1,095	—	1,095
Difference in expected and actual experience	301	—	301
Contributions - employer	—	856	(856)
Contributions - employee	—	417	(417)
Net investment income	—	4,155	(4,155)
Change in proportion and differences between employer contributions and proportionate share of contributions	(236)	—	(236)
Benefit payments, including refunds of employee contributions	(2,343)	(2,343)	—
Administrative expense	—	(56)	56
Transfers among employees	(2)	(2)	—
Net changes	1,593	3,027	(1,434)
Balance at September 30, 2021	\$ 54,373	\$ 37,333	\$ 17,040

For the year ended September 30, 2022, the primary government recognized pension expense of \$288,857,000 (governmental-type activities - \$278,986,000 and business-type activities - \$9,871,000) and component units recognized a pension expense of \$1,579,000.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

As of September 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ERS
Deferred Inflows and Outflows of Resources
(Amounts in Thousands)

	Govt- type Activities	Business- type Activities	Total Primary Government	Component Units
Deferred Outflows of Resources				
Net difference between projected and actual earnings on pension plan investments	\$ 0	\$ 0	\$ 0	\$ 0
Differences between expected and actual experience	117,644	3,295	120,939	693
Change in Assumptions	215,907	5,930	221,837	1,248
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,411	17	1,428	54
Employer contributions subsequent to the measurement date	233,014	6,343	239,357	1,341
Total Deferred Outflows of Resources	\$ 567,976	\$ 15,585	\$ 583,561	\$ 3,336
Deferred Inflows of Resources				
Net difference between projected and actual earnings on pension plan investments	\$ 429,421	\$ 12,072	\$ 441,493	\$ 2,540
Differences between expected and actual experience	—	—	—	—
Changes in proportion and differences between Employer contributions and proportionate share of contributions	55	872	927	372
Total Deferred Inflows of Resources	\$ 429,476	\$ 12,944	\$ 442,420	\$ 2,912

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)

Fiscal Year Ended	Governmental Activities	Business-type Activities	Totals Primary Govt	Component Units
2023	\$54,853	\$2,019	\$56,872	\$504
2024	50,400	1,844	52,244	460
2025	(59,105)	(2,283)	(61,388)	(570)
2026	(140,661)	(5,252)	(145,913)	(1,311)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

Actuarial assumptions

The discount rate used in the actuarial valuation was 7.70%, including price inflation of 2.75%..

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

Salary increases, including inflation	3.25-6.00% for State Employees, and 4.00 to 7.75% for State Police, including 2.50% wage inflation per annum.
Investment rate of return	7.45% per annum, compounded annually, including price inflation at 2.50%.

Mortality rates were based on the Pub-2010 Below-Median tables, projected generationally using the MP-2020 scale adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Set Back (-)	Adjustment to Rates
None-FLC Service Retirees	General Healthy Below Median	Male +2, Female +2	Male 90% ages < 65, 96% ages >= 65, Female 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male +1, Female none	None
Beneficiaries	Contingent Survivor Below Median	Male +2, Female +2	None
Non-FLC Disabled Retirees	General Disability	Male +7, Female +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male +7, Female none	None

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of an actuarial experience study prepared for the period October 1, 2015 through September 30, 2020.

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:

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00 %	2.80 %
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	9.00
Real Estate	10.00	6.50
Cash Equivalent	5.00	1.50
Total	100 %	

*Includes assumed rate of inflation of 2.00%

Discount rate

The discount rate used to measure the total pension liability was the long term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Projected future benefit payments for all current members were projected for all years.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the State's proportionate share of the net pension liability calculated using the discount rate of 7.45%, 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 (6.45%) or 1 percentage point higher (8.45%) than the current rate:

ERS			
Sensitivity to Changes in Discount Rate			
(Amount in Thousands)			
	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
Governmental Activities	\$ 3,902,702	\$ 2,970,261	\$ 2,178,268
Business-type Activities	106,968	80,993	58,928
Totals - Primary Government	\$ 4,009,670	\$ 3,051,254	\$ 2,237,196
Component Units	\$ 22,504	\$ 17,040	\$ 12,397

For the Fiscal year Ended September 30, 2022

C. Other Pension Plans

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

NOTE 11 - POSTEMPLOYMENT HEALTH BENEFITS**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)

	Total Other Postemployment Benefits Liabilities	Total Assets	NOL	NOA	Deferred Outflows	Deferred Inflows	Other Postemployment Benefits Expense
Governmental-type Activities	\$ 1,044,182	\$ 236,336	\$ 807,846	\$ 0	\$ 206,312	\$1,394,896	\$ (434,327)
Business-type Activities	49,873	10,526	39,347	—	17,092	72,360	(19,042)
Totals Primary Govt	\$ 1,094,055	\$ 246,862	\$ 847,193	\$ 0	\$ 223,404	\$1,467,256	\$ (453,369)
Component Units	\$ 2,481,857	\$ 664,464	\$ 1,819,446	\$ 2,053	\$ 1,342,815	\$1,633,873	\$ 267

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. Plan members include State Employees, State Police, and Judges.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

Number of Employees:

At September 30, 2020, the following employees were covered by the benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefit Payments	23,287
Inactive Members Entitled to but Not Yet Receiving Benefit Payments	1,234
Active Members	<u>31,217</u>
Total	<u>55,738</u>

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. 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)

	Amounts
Governmental-type Activities	\$ 50,489
Business-type Activities	<u>2,444</u>
Total Primary Government	<u>\$ 52,933</u>
Component Units	<u>\$ 447</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, 2022. 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, 2022

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, 2020
Service Cost	Determined using Entry Age Normal Actuarial Method
Inflation	2.50 percent
Salary increases	3.25-6.00 percent for State and Local Employees, 4.00- 7.75 percent for Police, and 2.75-3.25 percent for Judges, including 2.75 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	2.29 percent
Municipal Bond Index Rate at Prior Measurement Date	2.25 percent
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate at Measurement Date	7.25 percent
Single Equivalent Interest Rate at Prior Measurement Date	7.50 percent
Healthcare Cost Trend Rates:	
Pre-Medicare Eligible	6.50 percent
Medicare Eligible	**
Ultimate Trend Rates:	
Pre-Medicare Eligible	4.50 percent
Medicare Eligible	4.50 percent
Year of Ultimate Trend Rate	2028 for Pre-Medicare 2025 for Medicare eligible
Dental Trend Rate	4.50 percent

** Initial Medicare claims are set based on scheduled increases through plan year 2022.

Pattern of Practice of Sharing Benefit-related Costs

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

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

Mortality

Mortality rates were based on the Pub-2010 Public Mortality Plans Mortality Tables, projected generationally using the MP-2020 scale adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Set Back (-)	Adjustment to Rates
Judges and Teachers	Teacher Below Median	Male + 2, Female +2	Male 108% ages < 63, 96% ages > 67, Phasing down ages 63-67, Female 112% ages < 69, 98% > age 74, Phasing down ages 69-74
None-FLC Service Retirees	General Healthy Below Median	Male + 2, Female +2	Male 90% ages < 65, 96% ages >= 65, Female 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male +1, Female none	None
Judges and Teachers Disabled Retirees	Teacher Disability	Male +8, Female +3	None
Non-FLC Disabled Retirees	General Disability	Male +7, Female +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male +7, Female none	None

Experience Study

The assumptions and methods used in the valuation were selected based on the actuarial experience study as of September 30, 2020, submitted and adopted by the Board on September 14, 2021.

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)

	1% Decrease (5.50% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50 % for Medicare Eligible)	Current Rate (6.50% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50 % for Medicare Eligible)	1% Increase (7.50% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50 % for Medicare Eligible)
Governmental Activities	\$ 634,049	\$ 795,643	\$ 992,089
Business-type Activities	30,098	37,769	47,094
Totals - Primary Government	\$ 664,147	\$ 833,412	\$ 1,039,183
Component Units	\$ 8,776	\$ 11,013	\$ 13,732

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

Projected Cash Flow Assumptions

The projection of cash flows used to determine the discount rate assumed that as a base, plan contributions will be equal to the lesser of the average of the of the plan contributions over the last four years, indexed with inflation or actual benefit payments plus expenses. Also, due to a Board decision on September 16, 2020, an additional \$1.2 million per year will be contributed on top of the base contribution.

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, the Fidelity General Obligation AA 20-year Municipal Bond Index, and the S&P High Grade 20-year Municipal Bond Index. The rates as September 30, 2021. were 2.26%, 2.19%, and 2.43% for the Bond Buyer, Fidelity, and S&P Municipal Bond Indices, respectively. These three resulted in an averaged Municipal Bond Index Rate of 2.29%.

Discount Rate

The Single Equivalent Discount Rate (SEIR) is used to measure the TOL.

Periods of Projected Benefit Payments

Projected future benefit payments for all current plan members were projected through 2119. The long-term rate will be used for all periods since assets are assumed to meet all future obligations.

Assumed Asset Allocation of the Plan's Portfolio

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
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.

For the Fiscal year Ended September 30, 2022

*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)

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Governmental Activities	\$ 925,154	\$ 795,643	\$ 687,391
Business-type Activities	43,917	37,769	32,630
Totals - Primary Government	\$ 969,071	\$ 833,412	\$ 720,021
Component Units	\$ 12,806	\$ 11,013	\$ 9,515

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.

Significant Changes in Net OPEB Obligation

Differences between expected and actual experience contributed significantly to the decrease in the Net OPEB Obligation (NOL) of \$144,695,000 for the primary government (\$138,636,000 for governmental-type activities and \$6,059,000 for business-type activities) and \$1,880,000 for component units. A new experience study dated September 30, 2020 resulted in changes in actuarial assumptions, including reductions of wage and price inflation, decreased rates of retirement, and lowered rates of disability retirement.

Recent Plan Changes

Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019.

Effective January 1, 2020, the MAPD plan moved from self-insured to fully-insured.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through a Prescription Drug Coverage (MAPD).

For the Fiscal year Ended September 30, 2022

Changes in the Net OPEB Liability

The Plan's net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020 rolled forward to September 30, 2021 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)

	Total OPEB Liability (TOL) (a)	Fiduciary Net Position (FNP) (b)	Net OPEB Liability (NOL) (a)-(b)
Balances at September 30, 2020	\$ 1,123,001	\$ 192,763	\$ 930,238
Changes for the year:			
Service costs	19,150	—	19,150
Interest	82,195	—	82,195
Change in Assumptions	(1,171)	—	(1,171)
Difference in expected and actual experience	(138,636)	—	(138,636)
Contributions - employer	—	55,260	(55,260)
Net investment income	—	37,909	(37,909)
Change in proportion and differences between employer contributions and proportionate share of contributions	(3,048)	—	(3,048)
Benefit payments, including refunds of employee contributions *	(54,052)	(54,052)	—
Administrative expense	—	(84)	84
Transfers among employees	—	—	—
Net changes	(95,562)	39,033	(134,595)
Balance at September 30, 2021	\$ 1,027,439	\$ 231,796	\$ 795,643

*Benefit payments are net of member contributions

For the Fiscal year Ended September 30, 2022

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

	Total OPEB Liability (TOL) (a)	Fiduciary Net Position (FNP) (b)	Net OPEB Liability (NOL) (a)-(b)
Balances at September 30, 2020	\$ 48,892	\$ 8,233	\$ 40,659
Changes for the year:			
Service costs	837	—	837
Interest	3,592	—	3,592
Change in Assumptions	(51)	—	(51)
Difference in expected and actual experience	(6,059)	—	(6,059)
Contributions - employer	—	2,415	(2,415)
Net investment income	—	1,657	(1,657)
Change in proportion and differences between employer contributions and proportionate share of contributions	2,860	—	2,860
Benefit payments, including refunds of employee contributions*	(2,363)	(2,363)	—
Administrative expense	—	(3)	3
Net changes	(1,184)	1,706	(2,890)
Balance at September 30, 2021	\$ 47,708	\$ 9,939	\$ 37,769

*Benefit payments are net of member contributions

For the Fiscal year Ended September 30, 2022

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

	Total OPEB Liability (TOL) (a)	Fiduciary Net Position (FNP) (b)	Net OPEB Liability (NOL) (a)-(b)
Balances at September 30, 2020	\$ 1,171,893	\$ 200,996	\$ 970,897
Changes for the year:			
Service costs	19,987	—	19,987
Interest	85,787	—	85,787
Change in Assumptions	(1,222)	—	(1,222)
Difference in expected and actual experience	(144,695)	—	(144,695)
Contributions - employer	—	57,675	(57,675)
Net investment income	—	39,566	(39,566)
Change in proportion and differences between employer contributions and proportionate share of contributions	(188)	—	(188)
Benefit payments, including refunds of employee contributions *	(56,415)	(56,415)	—
Administrative expense	—	(87)	87
Net changes	(96,746)	40,739	(137,485)
Balance at September 30, 2021	\$ 1,075,147	\$ 241,735	\$ 833,412

*Benefit payments are net of member contributions

For the Fiscal year Ended September 30, 2022

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

	Total OPEB Liability (TOL) (a)	Fiduciary Net Position (FNP) (b)	Net OPEB Liability (NOL) (a)-(b)
Balances at September 30, 2020	\$ 15,491	\$ 2,879	\$ 12,612
Changes for the year:			
Service costs	260	—	260
Interest	1,114	—	1,114
Change in Assumptions	(16)	—	(16)
Difference in expected and actual experience	(1,880)	—	(1,880)
Contributions - employer	—	749	(749)
Net investment income	—	514	(514)
Change in proportion and differences between employer contributions and proportionate share of contributions	184	—	184
Benefit payments, including refunds of employee contributions *	(732)	(732)	—
Administrative expense	—	(1)	1
Net changes	(1,070)	530	(1,600)
Balance at September 30, 2021	\$ 14,421	\$ 3,409	\$ 11,012

*Benefit payments are net of member contributions

OPEB Expense

For the year ended September 30, 2022, the primary government recognized OPEB expense of \$(452,722,000) (governmental-type activities - \$(433,763,000) and business-type activities - \$(18,959,000) and component units recognized an OPEB expense of \$(5,881,000).

For the Fiscal year Ended September 30, 2022

Deferred Outflows and Inflows of Resources

As of September 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

(Amounts in Thousands)

	Govt- type Activities	Business- type Activities	Total Primary Government	Component Units
Deferred Outflows of Resources				
Change in Assumptions	\$ 64,615	\$ 3,067	\$ 67,682	\$ 894
Changes in proportion and differences between Employer contributions and proportionate share of contributions	83,683	10,818	94,501	5,173
Employer contributions subsequent to the measurement date	50,487	2,444	52,931	447
Total Deferred Outflows of Resources	\$ 198,785	\$ 16,329	\$ 215,114	\$ 6,514
Deferred Inflows of Resources				
Net difference between projected and actual earnings on OPEB plan investments	\$ 16,922	\$ 803	\$ 17,725	\$ 234
Differences between expected and actual experience	758,740	36,017	794,757	10,502
Change in Assumptions	522,983	24,826	547,809	7,238
Changes in proportion and differences between Employer contributions and proportionate share of contributions	84,816	9,327	94,143	6051
Total Deferred Inflows of Resources	\$1,383,461	\$ 70,973	\$ 1,454,434	\$ 24,025

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)

Fiscal Year Ended	Governmental Activities	Business-type Activities	Totals Primary Govt	Component Units
2023	\$ (477,015)	\$ (22,047)	\$ (499,062)	\$ (6,935)
2024	(414,416)	(19,154)	(433,570)	(6,025)
2025	(252,331)	(11,663)	(263,994)	(3,669)
2026	(75,145)	(3,473)	(78,618)	(1,093)
2027	(16,255)	(751)	(17,006)	(236)

For the Fiscal year Ended September 30, 2022

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, 2022. The financial report and the GASB 74 and 75 reports may be obtained at the following website:

www.rsa-al.gov

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, 2020
Service Cost	Determined using Entry Age Normal Actuarial Method
Inflation	2.50 percent
Salary increases	3.25-5.00 percent, including 2.75 percent for wage inflation.
Long-term investment rate of return	7.00 percent compounded annually, net of investment expense and including inflation.
Municipal Bond Index Rate at Measurement Date	2.29 percent
Municipal Bond Index Rate at Prior Measurement Date	2.25 percent
Year FNP is projected to be depleted	2051
Single Equivalent Interest Rate at Measurement Date	3.97 percent
Single Equivalent Interest Rate at Prior Measurement Date	3.05 percent
Healthcare Cost Trend Rates:	
Pre-Medicare Eligible	6.50 percent
Medicare Eligible	**
Ultimate Trend Rates:	
Pre-Medicare Eligible	4.50 percent in 2028
Medicare Eligible	4.50 percent in 2025

** Initial Medicare claims are set based on scheduled increases through plan year 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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

Post-Retirement Mortality rates are based on the Pub-2010 Public Mortality Plans Mortality Tables with the following adjustments, projected generationally using the MP-2020 scale adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Set Back (-)	Adjustment to Rates
Service Retirees	Teacher Below Median	Male +2, Female +2	Male 108% ages <63, 96% ages > 67, Phasing down ages 63-67, Female 112% ages < 69, 98% > age 74, Phasing down ages 69-74
Beneficiaries	Teacher Contingent Survivor below Median	Male +2, Female none	None
Disabled Retiree	Teacher Disability	Male +8, Female +3	None

Experience Study

The decremental assumptions and methods used in the valuation were selected based on the actuarial experience study as of September 30, 2020, which was submitted to and adopted by the Teachers' Retirement Board on September 13, 2021

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2020 valuation.

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)

	1% Decrease (5.50% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.75% for Medicare Eligible)	Current Rate (6.50% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.75% for Medicare Eligible)	1% Increase (7.50% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare Eligible)
Governmental Activities	\$ 9,575	\$ 12,203	\$ 15,589
Business-type Activities	1,238	1,578	2,015
Totals - Primary Government	\$ 10,813	\$ 13,781	\$ 17,604
Component Units	\$ 2,171,993	\$ 1,765,785	\$ 2,255,664

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal year Ended September 30, 2022

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. 14.802% of the employer contributions are used to assist in funding retiree benefit payments in fiscal year 2020. 12.990% of employer contributions were used to assist in funding retiree benefits in 2021. It is assumed that the 12.990% will increase at the same rate as expected benefit payments for the closed group until reaching an employer rate of 20%.

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 a 20-year Municipal Bond (rating AA/Aa or higher) rate (Municipal Bond Index Rate). The Municipal Bond Index Rate used, if necessary, for this purpose is the average of the Bond Buyer General Obligation 20-year Municipal Bond Index, the Fidelity General Obligation AA 20-year Municipal Bond Index, and the S&P High Grade 20-year Municipal Bond Index. The rates as of September 30, 2021, were 2.26%, 2.19%, and 2.43% for the Bond Buyer, Fidelity, and S&P Municipal Bond Indices, respectively. These three rates resulted in an averaged Municipal Bond Index Rate of 2.29%. For the purpose of this report, we have determined that a discount rate of 3.97% as of September 30, 2021, meets the requirements of GASB 75, as it is our understanding that a portion of the health care premium rate paid on behalf of active employees will be used to fund the OPEB plan.

Discount Rate

The Single Equivalent Interest Rate (SEIR) of 3.97% was used to measure the TOL at September 30, 2021.

Periods of Projected Benefit Payments

Projected future benefit payments for all current plan members were projected through 2119. The long-term rate will be used until the assets are expected to be depleted in 2051, after which the municipal bond rate will be used.

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.

For the Fiscal year Ended September 30, 2022

*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 (2.97%)	Current Rate (3.97%)	1% Increase (4.97%)
Governmental Activities	\$ 15,011	\$ 12,203	\$ 9,951
Business-type Activities	1,940	1,578	1,287
Totals - Primary Government	\$ 16,951	\$ 13,781	\$ 11,238
Component Units	\$ 2,171,993	\$ 1,765,785	\$ 1,439,961

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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020 rolled forward to September 30, 2021 using standard roll-forward techniques.

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	\$ 12,203	0.24 %	0.22 %	0.02 %
Business-type Activities	1,578	0.03	0.03	—
Totals - Primary Government	\$ 13,781	0.27 %	0.25 %	0.02 %
Component Units	\$ 1,765,785	34.20 %	34.16 %	0.04 %

For the Fiscal year Ended September 30, 2022

The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020. 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, changes in the actuarial assumptions contributed to a decrease in the Net OPEB Obligation (NOL) of \$2,377,000 for the primary government (\$1,998,000 for governmental-type activities and \$379,000 for business-type activities) and \$450,927,000 for component units. A new experience study dated September 30, 2020, resulted in changes in actuarial assumptions, including reductions of wage and price inflation, decreased rates of retirement, and lowered rates of disability retirement.

Recent Plan Changes

The Plan is changed each year to reflect the Affordable Care Act (ACA) maximum out-of-pocket amounts.

Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019.

For the Fiscal year Ended September 30, 2022

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, 2021, the primary government recognized OPEB expense of \$(648,000) (governmental-type activities - \$(564,000) and business-type activities - \$(84,000) and component units recognized OPEB expense of \$4,706,000.

Deferred Outflows and Inflows

As of September 30, 2022 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)

	<u>Govt- type Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
<i>Deferred Outflows of Resources</i>				
Differences between expected and actual experience	\$ 289	\$ 37	\$ 326	\$ 41,779
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,457	99	2,556	609,864
Change in Assumptions	4,346	562	4,908	628,867
Employer contributions subsequent to the measurement date	434	64	498	52,564
Total Deferred Outflows of Resources	<u>\$ 7,526</u>	<u>\$ 762</u>	<u>\$ 8,288</u>	<u>\$ 1,333,074</u>
<i>Deferred Inflows of Resources</i>				
Net difference between projected and actual earnings on OPEB plan investments	\$ 381	\$ 49	\$ 430	\$ 55,081
Differences between expected and actual experience	4,245	549	4,794	614,320
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,079	177	2,256	245,325
Change in Assumptions	4,730	612	5,342	684,433
Total Deferred Inflows of Resources	<u>\$ 11,435</u>	<u>\$ 1,387</u>	<u>\$ 12,822</u>	<u>\$ 1,599,159</u>

For the Fiscal year Ended September 30, 2022

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
2023	\$(1,505)	\$(238)	\$(1,743)	\$(110,424)
2024	(1,251)	(198)	(1,449)	(91,754)
2025	(1,326)	(210)	(1,536)	(97,283)
2026	38	6	44	2,816
2027	26	4	30	1,938
2028	(326)	(52)	(378)	(23,942)

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

For the Fiscal year Ended September 30, 2022

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.

The State of Alabama is a signatory party to the Master Settlement Agreement (MSA) of 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. 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.

NOTE 14 - SUBSEQUENT EVENTS

Subsequent to the fiscal year end, the State issued the following bonds:

General Obligation Bond Series 2022-A in the amount of \$25,000,000

General Obligation Bond Series 2022-B in the amount of \$85,000,000





STATE OF ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - All Budgeted Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	GENERAL FUND			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,695,176	\$ 1,825,518	\$ 2,132,459	\$ 306,941
Licenses, Permits and Fees	138,277	148,909	173,946	25,037
Fines, Forfeits, and Court Settlements	11,401	12,278	14,342	2,064
Investment Income	30,335	32,668	38,161	5,493
Federal Grants and Reimbursements	—	—	—	—
Other Revenues	5,053	5,441	6,356	915
Total Revenues	1,880,242	2,024,814	2,365,264	340,450
EXPENDITURES				
Administrative Office of Courts	156,431	156,685	156,685	—
Agriculture and Industries	19,569	19,070	19,070	—
Alabama Community College System	—	—	—	—
Attorney General	12,563	12,563	12,563	—
Auditor	1,048	1,049	861	188
Commission on Higher Education	—	—	—	—
Corrections	610,409	602,875	547,497	55,378
Economic and Community Affairs	40,143	43,759	22,598	21,161
Education	—	—	—	—
Emergency Management	7,755	7,767	6,849	918
Examiners of Public Accounts	9,760	9,760	9,760	—
Finance	17,721	17,717	3,865	13,852
Governor	5,968	5,713	4,593	1,120
Human Resources	—	—	—	—
Labor	2,252	2,453	1,006	1,447
Law Enforcement	—	—	—	—
Legislature	28,171	28,565	22,932	5,633
Medicaid	984,753	985,000	687,048	297,952
Mental Health	—	—	—	—
Public Health	48,051	48,214	44,538	3,676
Public Service Commission	—	—	—	—
Rehabilitation Services	—	—	—	—
Revenue	113	113	31	82
Secretary of State	3,909	2,885	1,673	1,212
Transportation	—	—	—	—
Treasurer	—	—	—	—
Youth Services	—	—	—	—
Universities and Training Institutes	—	—	—	—
Other	318,988	384,958	332,958	52,000
Total Expenditures	2,267,604	2,329,146	1,874,527	454,619
Excess (Deficiency) of Revenues Over (Under) Expenditures	(387,362)	(304,332)	490,737	795,069
OTHER FINANCING SOURCES (USES)				
Carryover of funds from prior year	705,451	705,451	705,451	—
Transfers In	218,817	235,642	275,263	39,621
Transfers Out	(536,906)	(636,819)	(636,819)	—
Insurance Recovery Proceeds	—	58	58	—
Total Other Financing Sources (Uses)	387,362	304,332	343,953	39,621
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 0	\$ 0	834,690	\$ 834,690

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		
\$ 6,388,060	\$ 7,670,898	\$ 10,417,536	\$ 2,746,638	\$ 1,319,418	\$ 1,968,201	\$ 1,883,518	\$ (84,683)
106	127	173	46	498,852	744,147	712,130	(32,017)
—	—	—	—	19,398	28,937	27,692	(1,245)
—	—	—	—	3,020	4,505	4,311	(194)
—	—	—	—	10,703,603	15,966,764	15,279,782	(686,982)
647	777	1,055	278	689,586	1,028,666	984,407	(44,259)
6,388,813	7,671,802	10,418,764	2,746,962	13,233,877	19,741,220	18,891,840	(849,380)
—	750	750	—	47,009	48,499	45,765	2,734
—	—	—	—	46,436	46,436	32,773	13,663
470,098	495,203	495,203	—	12,000	37,173	26,328	10,845
—	—	—	—	13,829	30,135	19,034	11,101
—	—	—	—	—	—	—	—
45,319	48,947	48,406	541	1,183	2,755	1,260	1,495
—	—	—	—	84,113	95,723	54,602	41,121
1,000	1,840	1,408	432	352,829	702,162	255,247	446,915
4,967,137	4,965,781	4,887,771	78,010	1,673,286	4,959,242	2,499,521	2,459,721
—	—	—	—	104,384	211,293	201,089	10,204
10,036	10,511	9,281	1,230	2,368	2,860	1,022	1,838
457	466	464	2	124,617	127,895	87,652	40,243
—	—	—	—	—	530	—	530
—	—	—	—	3,061,457	3,941,824	3,800,282	141,542
—	—	—	—	137,512	157,878	87,685	70,193
—	—	—	—	239,002	256,036	194,279	61,757
4,661	6,398	2,662	3,736	—	—	—	—
—	—	—	—	7,481,292	7,862,545	7,667,112	195,433
—	—	—	—	1,224,835	1,405,785	1,120,470	285,315
19,565	20,265	19,827	438	936,645	1,041,980	834,965	207,015
—	—	—	—	24,274	24,274	19,052	5,222
50,211	50,211	50,207	4	164,109	164,160	124,962	39,198
—	—	—	—	198,145	238,732	178,264	60,468
—	—	—	—	13,393	16,869	6,981	9,888
—	—	—	—	1,680,709	3,099,191	1,781,709	1,317,482
—	—	—	—	4,901	5,401	4,089	1,312
—	—	—	—	101,814	103,814	85,989	17,825
1,413,568	1,472,979	1,472,979	—	—	31,963	31,963	—
451,680	535,057	462,054	73,003	1,881,618	2,950,497	2,137,934	812,563
7,433,732	7,608,408	7,451,012	157,396	19,611,760	27,565,652	21,300,029	6,265,623
(1,044,919)	63,394	2,967,752	2,904,358	(6,377,883)	(7,824,432)	(2,408,189)	5,416,243
1,330,783	1,330,783	1,330,783	—	3,451,287	3,451,287	3,451,287	—
471	566	768	202	2,926,596	4,365,658	4,177,822	(187,836)
(286,335)	(1,394,743)	(1,394,743)	—	—	—	—	—
—	—	—	—	—	7,487	7,487	—
1,044,919	(63,394)	(63,192)	202	6,377,883	7,824,432	7,636,596	(187,836)
\$ 0	\$ 0	2,904,560	\$ 2,904,560	\$ 0	\$ 0	5,228,407	\$ 5,228,407

REQUIRED SUPPLEMENTARY INFORMATION
 Budgetary Comparison Schedule - Budget-to-GAAP Reconciliation
 For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	BUDGETARY FUNDS				
	General Fund	Education Trust Fund	Earmarked Funds	Alabama Trust Fund	Medicaid Fund
Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budgetary Basis	\$ 834,690	\$ 2,904,560	\$ 5,228,407		
Reconciliation to GAAP Basis:					
Perspective Differences:					
Reclassification of budgetary funds to GAAP financial statement fund types			(5,228,407)	\$ 2,251	\$ 208,216
Basis Differences:					
Accruals of revenues and other revenue adjustments	104,900	338,994		(7,073)	(61,202)
To remove prior year funds carried over in budget	(705,451)	(1,330,783)		(93)	(205,154)
Accruals of expenditures and capitalization of assets	(7,863)	(235,292)		(71)	72,256
To remove encumbrances recognized as expenditures	7,474	3,448		51	8,960
To recognize prior budget year expenditures/expenses	(7,939)	(6,342)		(60)	(631)
To remove budget expenditures/expenses not accrued as liabilities	7,598	24		—	(39)
Entity Differences:					
Add net operating results for funds not budgeted				(759,803)	898
Net Change in Fund Balances/Net Position - GAAP Basis	\$ 233,409	\$ 1,674,609	\$ 0	\$ (764,798)	\$ 23,304

FINANCIAL STATEMENT CLASSIFICATION

Public Welfare Trust Fund	ARPA Coronavirus State Fiscal Recovery	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Funds	Pension (and Other Employee Benefit) Trust Funds	Private- Purpose Trust Funds	Component Units
\$ 12,981	\$ 1,875,780	\$ 3,040,993	\$ (39,631)	\$ 55,631	\$ 64,136	\$ 408	\$ 7,640
13,949	(633,369)	(248,506)	(997)	6,831	56,415	7	(331)
(27,101)	(1,060,140)	(1,986,913)	(28,788)	(66,811)	(67,023)	(731)	(8,533)
14,194	(182,271)	(216,285)	84,820	17,450	(88,997)	(13)	6,727
5,980	—	83,797	2,734	3,628	740	5	525
(1,137)	—	(77,104)	(459)	(1,654)	(133)	(1)	(154)
601	—	6,905	75	495	3	—	2
325	—	830,162	293,937	(6,311)	(8,379,127)	(191,086)	(211,366)
\$ 19,792	\$ 0	\$ 1,433,049	\$ 311,691	\$ 9,259	\$ (8,413,986)	\$ (191,411)	\$ (205,490)

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 2022, approximately \$273 million of supplemental appropriations were distributed from the General Fund. The Correctional Capital Improvement Fund, the Alabama Corrections Institution Finance Authority and the General Fund Budget Reserve Fund received supplemental appropriations in the amounts of \$135 million, \$29 million, and \$25 million, respectively. Approximately \$54 million of conditional and other appropriations were distributed to various agencies from the General Fund. The General Fund Budget Reserve and the Board of Adjustments for Death Benefit Claims received conditional appropriations in the amounts of \$48 million and \$3 million, respectively. Some expenditures are required by law to be fully funded and estimated amounts are approved in the General Fund appropriation bill. Increases to these estimated amounts do not require a new bill and are included as other appropriations. Original appropriations to the Departmental Emergency Fund are included in the original budget. Emergency appropriations cannot exceed two percent of the total General Fund appropriation bill.

During fiscal year 2022, approximately \$1.2 billion of supplemental appropriations were distributed from the Education Trust Fund (ETF). The Advancement and Technology Fund and the State's Treasurers Office received supplemental appropriations in the amounts of \$750 million, \$177 million respectively. Also, \$118 million was transferred back to the Education Trust Fund Budget Stabilization Fund.

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 \$8 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 2022. The General Fund and the Education Trust Fund have paid back all of its withdrawals. The available balance during FY 22 for the Education Trust Fund Rainy Day Account was \$585 million. The General Fund Rainy Day Account available balance during FY 22 was \$293 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 2022 the balance in the ETF Budget Stabilization Fund was \$568 million.

REQUIRED SUPPLEMENTARY INFORMATION

Notes on Budgetary Accounting and Reporting

For the Fiscal Year Ended September 30, 2022

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 ACFR. 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, 2022

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1 Premiums and investment revenue:										
Earned	40,758	44,343	46,049	55,381	60,037	53,966	58,040	63,901	76,788	63,817
Ceded	26,115	24,153	22,469	21,171	20,273	22,480	29,983	40,429	47,069	50,304
Net Earned	14,643	20,190	23,580	34,210	39,764	31,486	28,057	23,472	29,719	13,513
2 Unallocated Expenses	3,090	3,375	3,710	3,494	3,270	3,693	3,668	4,057	4,872	4,388
3 Estimated losses and expenses, end of accident year:										
Incurred	33,467	11,500	8,300	16,450	19,792	126,564	20,737	35,259	42,063	18,647
Ceded	2,757	—	—	4,550	6,969	100,664	1,763	1,259	34,463	2,647
Net incurred	30,710	11,500	8,300	11,900	12,823	25,900	18,974	34,000	7,600	16,000
4 Net paid (cumulative) as of:										
End of Accident Year	16,000	3,823	2,857	6,316	5,240	14,493	5,498	10,921	1,865	3,103
One Year Later	26,555	8,188	6,477	9,680	10,671	23,021	11,670	9,572	946	
Two Years Later	29,088	8,275	7,000	10,362	12,490	23,081	11,620	27,990		
Three Years Later	29,611	8,446	7,692	10,650	12,906	23,045	13,510			
Four Years Later	29,609	8,446	7,692	10,650	12,864	23,045				
Five Years Later	29,607	8,446	7,692	10,650	12,864					
Six Years Later	29,606	8,446	7,692	10,650						
Seven Years Later	29,604	8,446	7,692							
Eight Years Later	29,602	8,446								
Nine Years Later	10,988									
5 Reestimated ceded losses and expenses	18,613	—	—	3,148	3,280	97,642	—	43,324	32,168	2,647
6 Reestimated net incurred losses and expenses as of:										
End of Accident Year	30,710	11,500	8,300	11,900	12,823	25,900	18,974	34,000	7,600	16,000
One Year Later	29,711	9,000	7,700	11,800	12,733	25,300	17,700	14,234	5,664	
Two Years Later	29,688	8,643	7,700	11,000	12,721	23,127	13,773	29,313		
Three Years Later	29,611	8,446	7,692	10,650	12,951	23,102	13,510			
Four Years Later	29,609	8,446	7,692	10,650	12,864	23,045				
Five Years Later	29,607	8,446	7,692	10,650	12,864					
Six Years Later	29,606	8,446	7,692	10,650						
Seven Years Later	29,604	8,446	7,692							
Eight Years Later	29,602	8,446								
Nine Years Later	10,988									
7 Increase (decrease) in estimated net incurred losses and expenses from end of accident year	(19,722)	(3,054)	(608)	(1,250)	42	(2,855)	(5,464)	(4,687)	(1,936)	—

STATE OF ALABAMA
 REQUIRED SUPPLEMENTARY INFORMATION
 Ten Year Trend Information
 Teachers' Retirement System
 For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

Pension Liability Trend Data

Fiscal Year	% of Collective NPL	Proportionate Share of Collective NPL	Covered Payroll	Proportionate Share of NPL as a % of Covered Payroll	Pension Plan FNP as a % of TPL
2021	40.07 %	\$ 3,774,340	\$ 2,916,149	129.43	76.44 %
2020	40.82	5,048,880	2,880,506	175.28	67.72
2019	39.87	4,407,835	2,799,485	157.45	69.85
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 ACFR fiscal year end.

Statutorily Required Employer Contributions

Fiscal Year	Contribution Amount	% Contributed	Covered Payroll	% of Covered Payroll
2022	\$ 363,405	100 %	\$ 3,017,447	12.37 %
2021	350,156	100	2,916,149	12.01
2020	349,244	100	2,880,506	12.12
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.

For the Fiscal Year Ended September 30, 2022

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 2021, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2021, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience, including a change in the discount rate from 7.70% to 7.45%. In 2021 and later the expectation of retired life mortality was changes to the Pub-2010 Teacher Retiree Below Median Tables projected generationally with 66-2/3% of the MP-2020 scale beginning in 2019.

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, 2022

(Amounts in Thousands)

Pension Liability Trend Data

Fiscal Year	% of	% Share of NPL		Covered Payroll	NPL as a % of Covered Payroll	Pension Plan FNP as a % of TPL
	Collective NPL (1)	Due to State Operations	NPL			
2021	100 %	86.35 %	\$ 138,553	\$ 47,495	291.72 %	72.50 %
2020	100	85.49	162,647	47,442	342.83	66.20
2019	100	85.64	150,909	43,502	346.90	67.44
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 ACFR fiscal year end.

Statutorily Required Employer Contributions

Fiscal Year	Contribution Amount	% Contributed	Covered Payroll	% of Covered Payroll
2022	\$ 20,617	100 %	\$ 51,958	39.68 %
2021	18,238	100	47,495	38.40
2020	18,099	100	47,442	38.15
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.

For the Fiscal Year Ended September 30, 2022

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 2021, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2021, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience, including a change in the discount rate from 7.65% to 7.40%. In 2021 and later the expectation of retired life mortality was changed to the Pub-2010 Teacher Retiree Below Median Tables projected generationally with 66-2/3% of the MP-2020 scale beginning in 2019.

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.

STATE OF ALABAMA
 REQUIRED SUPPLEMENTARY INFORMATION
 Ten Year Trend Information
 Employees' Retirement System
 For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

Schedule of Changes in Net Pension Liability

Total Pension Liability	2021	2020	2019	2018	2017
Service Costs	\$ 127,899	\$ 123,117	\$ 118,582	\$ 116,133	\$ 115,249
Interest	645,951	625,574	616,614	609,961	602,304
Change in Assumptions	307,579	—	—	38,231	—
Difference in Expected and Actual Experience	83,318	142,389	487	(17,240)	(57,055)
Change in proportion and differences between contributions and proportionate share of contributions	477	358	(380)	(443)	—
Benefit payments, including refunds of employee contributions	(649,736)	(629,323)	(611,120)	(610,485)	(588,299)
Transfers among employers	114	3,748	1,958	2,525	1,529
Net change in total pension liability	515,602	265,863	126,141	138,682	73,728
Total pension liability - beginning	8,705,438	8,439,575	8,313,434	8,174,752	8,101,024
Total pension liability - ending (a)	\$9,221,040	\$8,705,438	\$8,439,575	\$8,313,434	\$8,174,752
Plan Fiduciary Net Position					
Contributions - employer	\$ 246,307	\$ 252,487	\$ 227,694	\$ 196,080	\$ 205,429
Contributions - employee	112,518	114,163	107,817	101,103	99,278
Net investment income	1,146,795	294,521	136,116	474,828	615,292
Benefit payments, including refunds of employee contributions*	(649,736)	(629,323)	(611,120)	(610,485)	(588,299)
Administrative expenses	(14,424)	(16,438)	(15,734)	(13,683)	(14,347)
Transfers among employers	114	3,748	1,958	2,525	726
Net change in fiduciary plan net position	841,574	19,158	(153,269)	150,368	318,079
Plan fiduciary net position - beginning	5,311,172	5,292,014	5,445,283	5,294,915	\$4,976,836
Plan fiduciary net position - ending (b)	\$6,152,746	\$5,311,172	\$5,292,014	\$5,445,283	\$5,294,915
Net pension liability - ending (a) - (b)	\$3,068,294	\$3,394,266	\$3,147,561	\$2,868,151	\$2,879,837
Plan fiduciary net position as a percentage of the total pension liability	66.73 %	61.01 %	62.70 %	65.50 %	64.77 %
Covered payroll - measurement period	\$1,499,773	\$1,495,250	\$1,406,070	\$1,324,433	\$1,262,409
Net pension liability as a % of covered payroll	204.58 %	227.00 %	223.86 %	216.56 %	228.12 %

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

Actuarially Determined Employer Contributions

	2022	2021	2020	2019	2018
Amount	\$ 240,698	\$ 236,150	\$ 242,127	\$ 217,585	\$ 195,284
% Contributed	100 %	100 %	100 %	100 %	100 %
Covered Payroll	\$1,514,802	\$ 1,499,773	\$ 1,495,250	\$ 1,406,070	\$ 1,324,433
% of covered payroll	15.89 %	15.75 %	16.19 %	15.47 %	14.74 %

Information presented prospectively beginning in 2015.

STATE OF ALABAMA
 REQUIRED SUPPLEMENTARY INFORMATION
 Ten Year Trend Information
 Employees' Retirement System
 For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

2016	2015	2014
\$ 119,589	\$ 159,234	\$ 115,716
588,965	587,703	579,810
203,894	—	—
11,012	(62,937)	—
—	—	—
(596,794)	(597,910)	(567,669)
(871)	19,137	—
325,795	105,227	127,857
7,775,229	7,670,002	7,542,145
\$8,101,024	\$7,775,229	\$7,670,002

\$ 206,854	\$ 260,832	\$ 161,114
103,187	100,676	100,391
467,280	58,073	556,028
(596,794)	(597,910)	(567,669)
(12,748)	(13,068)	—
(871)	6,241	24
166,908	(185,156)	249,888
4,809,928	4,995,084	4,745,196
\$4,976,836	\$4,809,928	\$4,995,084
\$3,124,188	\$2,965,301	\$2,674,918

61.43 %	61.86 %	65.12 %
\$1,295,085	\$1,331,883	\$ 1,280,583
241.23 %	222.64 %	208.88 %

2017	2016	2015
\$ 191,906	\$ 199,636	\$ 185,110
100 %	100 %	100 %
\$1,262,409	\$1,295,085	\$ 1,331,883
15.20 %	15.41 %	13.90 %

STATE OF ALABAMA
REQUIRED SUPPLEMENTARY INFORMATION
Notes to Schedules for Employees' Retirement System

For the Fiscal Year Ended September 30, 2022

Valuation Date: September 30, 2019

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	27.9 years
Asset valuation method	Five year smoothed fair value
Inflation	2.75%
Salary increases	3.25-5.00%, including inflation
Investment rate of return	7.70%, 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, 2022

(Amounts in Thousands)

Schedule of Changes in Net OPEB Liability

Total OPEB Liability	2021	2020	2019	2018	2017
Service Costs	\$ 20,247	\$ 56,113	\$ 48,549	\$ 92,000	\$ 112,694
Interest	86,901	68,062	128,498	117,401	103,761
Change in Assumptions	(1,238)	(714,118)	155,046	(316,067)	(370,644)
Difference in Expected and Actual Experience	(146,575)	(70,982)	(1,416,277)	(53,041)	—
Change in proportion and differences between employer contributions and proportionate share of contributions	(4)	103	(496)	(822)	—
Benefit payments, including					
refunds of employee contributions	(57,147)	(53,862)	(73,986)	(79,799)	(91,641)
Net change in total OPEB liability	(97,816)	(714,684)	(1,158,666)	(240,328)	(245,830)
Total pension liability - beginning	1,187,384	1,902,068	3,060,734	3,301,062	3,546,892
Total OPEB liability - ending (a)	\$ 1,089,568	\$ 1,187,384	\$1,902,068	\$3,060,734	\$3,301,062
Plan Fiduciary Net Position					
Contributions - employer	\$ 58,424	\$ 53,951	\$ 74,067	\$ 79,871	\$ 92,063
Net investment income	40,080	14,729	6,614	15,755	17,749
Benefit payments, including					
refunds of employee contributions*	(57,147)	(53,862)	(73,986)	(79,799)	(91,641)
Administrative expenses	(88)	(87)	(89)	(72)	(414)
Net change in fiduciary plan net position	41,269	14,731	6,606	15,755	17,757
Plan fiduciary net position - beginning	203,875	189,144	182,538	166,783	149,026
Plan fiduciary net position - ending (b)	\$ 245,144	\$ 203,875	\$ 189,144	\$ 182,538	\$ 166,783
Net OPEB liability - ending (a) - (b)	\$ 844,424	\$ 983,509	\$1,712,924	\$2,878,196	\$3,134,279
Plan fiduciary net position as a percentage of the total OPEB liability	22.50 %	17.17 %	9.94 %	5.96 %	5.05 %
Covered payroll - measurement period	\$ 1,665,839	\$ 1,659,882	\$1,558,377	\$1,470,777	\$1,409,257
Net OPEB liability as a % of covered payroll	50.69 %	59.25 %	109.92 %	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 ACFR fiscal year-end) and is presented prospectively beginning in 2017.

Actuarially Required Employer Contributions

(Amounts in Thousands)

Fiscal Year	Actuarially Determined Contribution	Contribution Amount	Contribution Deficiency	Covered Payroll	Contributions as % of Covered Payroll
2022	\$ 67,963	\$ 53,379	14,584	\$ 1,686,046	3.17 %
2021	107,959	56,935	51,024	1,665,839	3.42
2020	107,984	53,827	54,157	1,659,882	3.24
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.

For the Fiscal Year Ended September 30, 2022

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:

In 2022, rates of participation were adjusted to reflect actual and anticipated experience more closely.

In 2021, rates of withdrawal, retirement, disability, and mortality were adjusted to reflect actual experience more closely. In 2021, economic assumptions and the assumed rates of salary increase were adjusted to reflect actual and anticipated experience more closely.

In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to more closely reflect actual experience.

On September 16, 2020, the board elected to contribute an additional \$1.2 million per year in employer contributions in addition to the base contributions. Based on this change the FNP is not projected to be depleted and the long term discount rate of 7.50% will be used to calculate the NOL.

Recent Plan Changes:

Beginning in plan year 2022, the valuation reflects the provisions of the following legislative Acts:

- Act 2022-222 which allows TRS Tier II members to retire with 30 years of creditable service regardless of age with an early pension benefit retirement reduction of 2% for each year that the member is less than age 62 at retirement (age56 for FLC).
- Act 2022-351 which allows ERS State and Police Tier II members to retire with 30 years of creditable service regardless of age with an early pension benefit retirement reduction of 2% for each year that the member is less than age 62 at retirement (age56 for FLC).

Beginning in plan year 2021, MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019. The repeal resulted in a significant decrease in the net opeb liability. The change was considered in the financial report ending September 30, 2020.

Effective January 1, 2020, the MAPD plan moved from self-insured to fully-insured.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through a MAPD plan.

The Health Plan is changed each year to reflect the ACA maximum annual out-of-pocket amounts.

For the Fiscal Year Ended September 30, 2022

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:	Entry Age Normal
Amortization Method:	Level Percent of Pay, open
Remaining Amortization Period:	30 Years
Asset Valuation Method:	Fair Value of Assets
Inflation:	2.75%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.50%
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.75% in 2027
Medicare Eligible	4.75% in 2024
Dental Trend Rate	4.50%
Investment Rate of Return:	7.50%, including inflation

** Initial Medicare claims are set based on scheduled increases through plan year 2022.

(Amounts in Thousands)

OPEB Liability

Fiscal Year	Proportionate Share of Collective NOL* (%)	Proportionate Share of Collective NOL (\$)	Covered Payroll	Collective Share of NOL as a % of Covered Payroll	OPEB Plan's FNP* as a % of TOL*
2021	34.44 %	\$ 1,779,566	\$ 2,801,578	63.52 %	27.11 %
2020	34.41	2,232,870	2,762,641	80.82	19.80
2019	25.95	979,075	2,690,709	36.39	28.14
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 ACFR fiscal year-end.

Statutorily Required Employer Contributions

Fiscal Year	Statutorily Required Contribution	Contributions Recognized (%)	Covered Payroll	Contributions as % of Covered Payroll
2022	\$ 53,063	100 %	\$ 2,822,364	1.88 %
2021	58,070	100	2,801,578	2.07
2020	68,818	100	2,762,641	2.49
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.

For the Fiscal Year Ended September 30, 2022

Changes in actuarial assumptions

The change in the the Total OPEB Liability (TOL) occurred as a result of the following:

Changes in actuarial assumptions resulted in decreases in the net OPEB obligation of \$3,619,000 for the primary government (\$3,205,000 for government-type activities and \$414,000 for the business-type activities) and decrease of \$463,690,000 for component units. Changes in actuarial assumptions include changes in price inflation, investment return, wage inflation, new mortality tables, decrease rates of retirement at more ages, and lowered rates of disability retirement at most ages.

Recent Plan Changes:

Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019. The change resulted in a significant decrease in the net opeb liability. This change was considered in the financial report ending September 30, 2020.

In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to more closely reflect actual experience.

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.

For the Fiscal Year Ended September 30, 2022

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 2022 include approximately 10,874 miles of state maintained highways and 5,410 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, 2022

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,					
	2022		2021		2020	
	Miles	Rating	Miles	Rating	Miles	Rating
Non-Interstate Non-National Highway System	6,695	78.19	6,691	79.4	6,694	79.46
Non-Interstate National Highway System	3,175	66.54	3,180	70.49	3,180	67.91
Interstate System	1,002	52.75	1,002	59.98	1,002	59.08
Total and Weighted Average Rating	10,872	72.44	10,873	75.00	10,876	74.21

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 “Fair” 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,					
	2022		2021		2020	
	Structures	Rating	Structures	Rating	Structures	Rating
Non-Interstate Non-National Highway System	2,328	6.54	2,327	6.56	2,337	6.60
Non-Interstate National Highway System	1,838	6.46	1,836	6.48	1,828	6.56
Interstate System	1,244	6.06	1,244	6.08	1,249	6.09
Total and Weighted Average Rating	5,410	6.40	5,407	6.42	5,414	6.47

Estimated and Actual Costs

For fiscal years 2022, 2021, 2020, 2019, and 2018, the State estimated it would need to spend \$ 423.9, \$426.2, \$413.9, \$382.8, and \$361.8, 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 \$477,738,000 for roadway preservation and \$182,853,000 for bridge preservation in fiscal year 2022. The State spent \$450,822,000 for roadway preservation and \$193,627,000 for bridge preservation in fiscal year 2021. The State spent \$448,272,000 for roadway preservation and \$295,387,000 for bridge preservation in fiscal year 2020. The State spent \$536,864,000 for road preservation and \$349,427,000 for bridge preservation in fiscal year 2019. In fiscal year 2018, the State spent \$520,098,000 for road preservation and \$492,721,000 for bridge preservation. In the next fiscal year, the Alabama Department of Transportation estimates that it will need to spend approximately \$582,731,925 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, 2022

(Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Permanent Funds	Totals
ASSETS					
Cash and Cash Equivalents	\$ 5,220,570	\$ 36,538	\$ 52,026	\$ 1,307	\$ 5,310,441
Investments	1,845,238	306,360	980,884	106,914	3,239,396
Due From Other Funds	127,743	62,973	15,224	—	205,940
Due From Component Units	14,192	—	93,175	—	107,367
Investment Sales Receivable	2,378	—	—	—	2,378
Accounts Receivable	122,696	1,416	—	354	124,466
Taxes Receivable	471,485	—	—	—	471,485
Due From Other Governments	453,537	—	—	—	453,537
Mortgages, Notes, and Loans Receivable	—	—	—	65	65
Securities Lending Collateral	587	—	—	5,863	6,450
Inventory	50,591	—	—	—	50,591
Restricted Assets	3,941	—	—	—	3,941
Other Assets	410	—	—	—	410
TOTAL ASSETS	8,313,368	407,287	1,141,309	114,503	9,976,467
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Warrants Payable	\$ 44,921	\$ 0	\$ 69	\$ 0	\$ 44,990
Investment Purchases Payable	4,632	—	—	—	4,632
Due To Other Funds	68,302	—	354,525	145	422,972
Due To Component Units	282	—	—	—	282
Accounts Payable	606,446	—	3,190	3	609,639
Due To Other Governments	361,798	—	44	—	361,842
Securities Lending Obligation	587	—	—	5,863	6,450
Unearned Revenue	4,515	—	—	—	4,515
Amounts Held in Custody for Others	188,861	—	—	—	188,861
Compensated Absences	911	—	—	—	911
TOTAL LIABILITIES	1,281,255	—	357,828	6,011	1,645,094
Deferred Inflows of Resources	383,226	—	5,566	—	388,792
Fund Balances					
Nonspendable:					
Inventory	50,902	—	—	—	50,902
Permanent Fund Principal	—	—	—	82,070	82,070
Restricted for:					
Economic Development and Regulation	249,255	—	—	—	249,255
Education and Cultural Resources	2,823,523	—	—	752	2,824,275
Natural Resources and Recreation	179,747	—	—	—	179,747
Health	663,480	—	—	542	664,022
Social Services	304,363	—	—	25,128	329,491
Protection of Persons and Property	382,005	—	—	—	382,005
Transportation	996,941	—	—	—	996,941
General Government	906,068	—	—	—	906,068
Capital Projects	—	—	777,915	—	777,915
Debt Service	—	407,287	—	—	407,287
Assigned for:					
Economic Development and Regulation	2,410	—	—	—	2,410
Education and Cultural Resources	15,539	—	—	—	15,539
Social Services	922	—	—	—	922
Protection of Persons and Property	52,042	—	—	—	52,042
General Government	21,690	—	—	—	21,690
Unassigned	—	—	—	—	—
Total Fund Balances	6,648,887	407,287	777,915	108,492	7,942,581
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 8,313,368	\$ 407,287	\$ 1,141,309	\$ 114,503	\$ 9,976,467

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, 2022

(Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Permanent Funds	Totals
REVENUES					
Taxes	\$ 2,281,234	\$ 0	\$ 0	\$ 0	\$ 2,281,234
Licenses, Permits, and Fees	1,218,567	—	—	1,871	1,220,438
Fines, Forfeits, and Court Settlements	206,184	—	—	—	206,184
Investment Income	(83,688)	8,122	4,144	(13,477)	(84,899)
Federal Grants and Reimbursements	4,977,305	9,111	—	—	4,986,416
Other Revenues	663,107	23,410	8,731	12	695,260
Total Revenues	9,262,709	40,643	12,875	(11,594)	9,304,633
EXPENDITURES					
Current:					
Economic Development and Regulation	156,703	—	5,317.00	—	162,020
Education and Cultural Resources	3,173,664	—	453	292	3,174,409
Natural Resources and Recreation	225,359	—	—	—	225,359
Health	2,295,326	—	27	—	2,295,353
Social Services	517,404	—	—	53	517,457
Protection of Persons and Property	1,122,700	—	26,994	—	1,149,694
Transportation	1,869,063	—	—	—	1,869,063
General Government	1,514,435	—	—	10	1,514,445
Capital Outlay	16,330	—	24,506	—	40,836
Debt Service - Principal Retirement	41,488	380,351	—	—	421,839
Debt Service - Interest and Other Charges	9,475	196,018	—	—	205,493
Total Expenditures	10,941,947	576,369	57,297	355	11,575,968
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,679,238)	(535,726)	(44,422)	(11,949)	(2,271,335)
OTHER FINANCING SOURCES (USES)					
Transfers In	3,818,906	585,205	174,793	3,499	4,582,403
Bonds Issued	36,565	71,658	486,797	—	595,020
Refunding Bonds Issued	—	1,478,517	—	—	1,478,517
Capital Leases and Direct Borrowings	—	—	—	—	—
Debt Issuance Premiums	1,781	—	49,035	—	50,816
Insurance Recovery Proceeds	7,040	—	—	—	7,040
Transfers Out	(1,521,812)	(4,919)	(55,509)	(1,505)	(1,583,745)
Leases	49,469	—	—	—	49,469
Payments to Refunded Bond Escrow Agent	—	(1,475,136)	—	—	(1,475,136)
Total Other Financing Sources (Uses)	2,391,949	655,325	655,116	1,994	3,704,384
Net Change in Fund Balances	712,711	119,599	610,694	(9,955)	1,433,049
Fund Balances, October 1, 2021, as Restated	5,930,489	287,688	167,221	118,447	6,503,845
Increase (Decrease) in Inventory	5,687	—	—	—	5,687
Fund Balances, September 30, 2022	\$ 6,648,887	\$ 407,287	\$ 777,915	\$ 108,492	\$ 7,942,581



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.

ETF Budget Stabilization

Responsible for preventing proration in the Education Trust Fund

ETF Advancement and Technology Fund

Assists in paying nonrecurring expenses: repairs or deferred maintenance of facilities for public education purposes in the state, for classroom instructional support.

Veteran's Affairs

Accounts used by the Alabama Department of Veteran's Affairs in the assistance of Veterans and their dependents.

Corrections

Accounts for resources used by the Department of Corrections in their effort to provide safe and secure confinement, rehabilitation, and successful re-entry of offenders.

Environmental management

Accounts for resources used by the Department of Environmental Management in the enforcement of environmental policy

Professional and Occupational Boards

Accounts for resources used by Alabama Professional and Occupational Boards in the regulation of professional licensing standards

Emergency Management

Accounts for resources used by Alabama Emergency Management Agency in the production of emergency preparedness programs.

Rehabilitation Services

Accounts for resources used by Alabama Department of Rehabilitation Services in the assistance and support of people with disabilities in Alabama

Children First Trust

The Children First Trust Fund uses funds from the tobacco Master Settlement Agreement to address unmet needs of children in the State of Alabama

Fair Trial Tax Fund

Provides funding for the criminal defense of people who cant afford a lawyer.

Alabama Capital Improvement Trust

Funds capital outlay projects that maintain, improve, or build permanent structures for the Alabama state government. Along with the maintenance of the highway system and the payment of debt service for bonds.

County and Municipal Capital Improvement

Funds used in the creation and upkeep of state dock and management of general obligation bonds.

Revenue Administrative Fund

Accounts for resources used by the Department of Revenue in the administration of revenue laws

Rebuild Alabama Fund

Finances infrastructure upkeep and improvement.

Unclaimed Property Reserve Fund

Is responsible for returning unclaimed property given to the state by financial institutions to their owners.

Commerce

Accounts used by the Alabama Department of Commerce to spur economic growth in Alabama

Law Enforcement

Accounts used by the Alabama Law Enforcement Agency for law enforcement activities

General Fund Budget Reserve Fund

Responsible for preventing proration in the General Fund

Administrative office of courts

Accounts used by the Administrative office of courts to maintain the courts in Alabama.

Coronavirus Relief Fund

Created in response to the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide financial assistance for expenditures related to the effects of COVID-19.

ARPA Coronavirus Local Fiscal Recovery Fund

Accounts for American Rescue Plan Act (ARPA) grants distributed to local governments

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, 2022

(Amounts in Thousands)

	Public Health Department	Economic and Community Affairs	Revenues Allocated to Other Governments	Other Medicaid Funds	Public Road and Bridge Fund
ASSETS					
Cash and Cash Equivalents	\$ 250,617	\$ 44,943	\$ 67,705	\$ 144,268	\$ 425,778
Investments	—	60,285	—	—	33,570
Due From Other Funds	22,138	2,333	587	—	325
Due From Component Units	1,064	—	—	—	—
Investment Sales Receivable	—	—	—	—	—
Accounts Receivable	280	418	—	—	7,842
Taxes Receivable	198	—	37,037	10,575	30,940
Due From Other Governments	27,093	32,986	—	—	135,328
Securities Lending Collateral	—	—	—	—	—
Inventory	—	14	—	—	49,449
Restricted Assets	—	1,386	—	—	—
Other Assets	—	—	—	—	—
TOTAL ASSETS	301,390	142,365	105,329	154,843	683,232
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Warrants Payable	275	223	353	—	1,509
Investment Purchases Payable	—	—	—	—	—
Due To Other Funds	11,007	912	704	—	2,374
Due To Component Units	—	1	—	—	1
Accounts Payable	57,781	32,818	18	—	165,993
Due To Other Governments	6,237	8,013	71,514	—	1,417
Claims Payable	—	—	—	—	—
Securities Lending Obligation	—	—	—	—	—
Unearned Revenue	—	—	—	—	—
Amounts Held in Custody for Others	—	—	—	—	3,823
Compensated Absences	86	54	—	—	187
TOTAL LIABILITIES	75,386	42,021	72,589	—	175,304
Deferred Inflows of Resources	—	8,307	—	—	856
Fund Balances					
Nonspendable:					
Inventory	—	14.00	—	—	49,449
Restricted for:					
Economic Development and Regulation	—	—	28	—	—
Education and Cultural Resources	—	—	—	—	—
Natural Resources and Recreation	—	—	—	—	—
Health	226,004	—	—	154,843	—
Social Services	—	—	—	—	—
Protection of Persons and Property	—	—	266	—	—
Transportation	—	—	160,869	—	457,623
General Government	—	92,023	(128,423)	—	—
Assigned for:					
Economic Development and Regulation	—	—	—	—	—
Education and Cultural Resources	—	—	—	—	—
Social Services	—	—	—	—	—
Protection of Persons and Property	—	—	—	—	—
General Government	—	—	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	226,004	92,037	32,740	154,843	507,072
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 301,390	\$ 142,365	\$ 105,329	\$ 154,843	\$ 683,232

Mental Health	ETF Budget Stabilization	ETF Advancement and Technology Fund	Public School Fund	Public School and College Authority	Labor Department	Conservation and Natural Resources	Twenty-first Century Authority
\$ 215,178	\$ 265,951	\$ 750,379	\$ 92,293	\$ 430,906	\$ 33,680	\$ 154,063	\$ 1
—	301,625	—	—	696,204	16,956	280	35,504
65,231	—	—	—	1	3,277	917	—
—	12,947	—	—	—	—	8	—
—	—	—	—	—	—	—	—
—	—	—	—	—	130	780	75,833
156,553	—	—	207,173	—	—	3,271	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
19	—	—	—	—	—	854	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
436,981	580,523	750,379	299,466	1,127,111	54,043	160,173	111,338
1,799	—	—	21	429	10	749	—
—	—	—	—	—	—	—	—
12,896	—	—	—	15,283	674	1,256	—
—	—	—	—	—	1	—	—
96,966	—	—	—	28,010	5,937	15,441	—
11,871	—	—	—	—	48	903	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	5,036	319	—
119	—	—	—	—	12	24	—
123,651	—	—	21	43,722	11,718	18,692	—
113,430	12,947	—	171,442	—	—	—	75,833
328	—	—	—	—	—	854	—
—	—	—	—	—	—	—	16,153
—	567,576	750,379	128,003	1,083,389	—	—	19,352
—	—	—	—	—	—	140,627	—
199,572	—	—	—	—	1,072	—	—
—	—	—	—	—	21,949	—	—
—	—	—	—	—	19,304	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
199,900	567,576	750,379	128,003	1,083,389	42,325	141,481	35,505
\$ 436,981	\$ 580,523	\$ 750,379	\$ 299,466	\$ 1,127,111	\$ 54,043	\$ 160,173	\$ 111,338

Continued on next page...

STATE OF ALABAMA

COMBINING BALANCE SHEET

Nonmajor Special Revenue Funds *Continued from previous page*

September 30, 2022

(Amounts in Thousands)

	Veteran Affairs	Corrections	Environmental Management	Professional and Occupational Boards	Emergency Management
ASSETS					
Cash and Cash Equivalents	\$ 235,958	\$ 35,957	\$ 54,531	\$ 69,490	\$ 2,434
Investments	—	—	32,368	20,081	—
Due From Other Funds	1	1,837	426	40	567
Due From Component Units	—	—	169	—	—
Investment Sales Receivable	—	—	—	—	—
Accounts Receivable	—	140	1	233	190
Taxes Receivable	—	—	—	—	—
Due From Other Governments	3,986	—	—	—	13,308
Securities Lending Collateral	—	—	—	—	—
Inventory	—	—	—	—	—
Restricted Assets	—	—	—	—	—
Other Assets	—	—	—	10	—
TOTAL ASSETS	239,945	37,934	87,495	89,854	16,499
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Warrants Payable	—	—	193	95	693
Investment Purchases Payable	—	—	—	—	—
Due To Other Funds	1	5	2,958	313	443
Due To Component Units	—	—	—	—	—
Accounts Payable	15,750	6,491	12,271	3,476	407
Due To Other Governments	1	—	375	65	10,404
Securities Lending Obligation	—	—	—	—	—
Unearned Revenue	—	—	—	3,573	—
Amounts Held in Custody for Others	—	—	—	926	—
Compensated Absences	—	—	66	8	—
TOTAL LIABILITIES	15,752	6,496	15,863	8,456	11,947
Deferred Inflows of Resources	—	—	—	—	—
Fund Balances					
Nonspendable:					
Inventory	—	—	—	—	—
Restricted for:					
Economic Development and Regulation	—	—	—	450	—
Education and Cultural Resources	5,688	—	—	—	—
Natural Resources and Recreation	—	—	—	2	—
Health	—	—	71,632	—	—
Social Services	218,505	—	—	—	—
Protection of Persons and Property	—	31,438	—	80,946	4,552
Transportation	—	—	—	—	—
General Government	—	—	—	—	—
Assigned for:					
Economic Development and Regulation	—	—	—	—	—
Education and Cultural Resources	—	—	—	—	—
Social Services	—	—	—	—	—
Protection of Persons and Property	—	—	—	—	—
General Government	—	—	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	224,193	31,438	71,632	81,398	4,552
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 239,945	\$ 37,934	\$ 87,495	\$ 89,854	\$ 16,499

Rehabilitation Services	Children First Trust	Forever Wild Trust	Fair Trial Tax Fund	Alabama Capital Improvement Trust	County and Municipal Capital Improvement	Revenue Administrative Fund	Rebuild Alabama Fund
\$ 43,322	\$ 37,325	\$ 3,153	\$ 51,699	\$ 3	\$ 22	\$ 85,673	\$ 338,050
—	—	17,409	—	8,356	492,985	—	—
7,945	—	—	1	—	—	262	—
—	—	—	—	—	—	—	—
—	—	—	—	—	2,378	—	—
31	—	—	1	30	1,376	—	—
—	—	—	9	—	—	5,335	18,948
—	—	—	—	—	—	—	4,307
—	—	—	—	—	—	—	—
101	—	—	—	—	—	134	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
51,399	37,325	20,562	51,710	8,389	496,761	91,404	361,305
245	1	—	768	—	—	39	787
—	—	—	—	—	4,632	—	—
2,975	622	—	126	—	—	1,415	—
—	126	—	—	—	—	1	—
19,074	856	115	1,275	—	—	10,731	18,841
640	102	—	4	—	—	55	791
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	6	—	—	52	—
11	—	—	9	—	—	87	—
22,945	1,707	115	2,188	—	4,632	12,380	20,419
—	—	—	—	—	390	—	—
101	—	—	—	—	—	138	—
—	—	—	—	—	—	—	—
3,232	—	—	—	—	—	—	—
—	—	20,447	—	—	—	—	—
—	1,329	—	—	—	—	—	—
25,121	19,956	—	—	—	—	—	—
—	9,477	—	—	—	—	—	—
—	4,856	—	—	—	—	—	340,886
—	—	—	49,522	8,389	491,739	78,886	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
28,454	35,618	20,447	49,522	8,389	491,739	79,024	340,886
\$ 51,399	\$ 37,325	\$ 20,562	\$ 51,710	\$ 8,389	\$ 496,761	\$ 91,404	\$ 361,305

Continued on next page...

STATE OF ALABAMA

COMBINING BALANCE SHEET

Nonmajor Special Revenue Funds *Continued from previous page*

September 30, 2022

(Amounts in Thousands)

	Unclaimed Property Reserve Fund	Commerce	Law Enforcement	General Fund Budget Reserve Fund	Administrative Office of Courts
ASSETS					
Cash and Cash Equivalents	\$ 169,380	\$ 108,282	\$ 50,243	\$ 100,000	\$ 112,832
Investments	—	—	—	—	—
Due From Other Funds	—	85	7,932	—	605
Due From Component Units	—	—	—	—	—
Investment Sales Receivable	—	—	—	—	—
Accounts Receivable	—	25	10,597	—	35
Taxes Receivable	—	—	80	—	—
Due From Other Governments	—	4,117	—	—	—
Securities Lending Collateral	—	—	—	—	—
Inventory	—	—	—	—	—
Restricted Assets	—	—	—	—	—
Other Assets	—	—	—	—	—
TOTAL ASSETS	169,380	112,509	68,852	100,000	113,472
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Warrants Payable	6,629	348	173	—	324
Investment Purchases Payable	—	—	—	—	—
Due To Other Funds	—	2,413	7,628	—	105
Due To Component Units	—	—	—	—	—
Accounts Payable	—	7,078	14,669	—	3,284
Due To Other Governments	—	56	614	—	678
Securities Lending Obligation	—	—	—	—	—
Unearned Revenue	—	—	—	—	—
Amounts Held in Custody for Others	162,701	—	683	—	23
Compensated Absences	—	—	48	—	—
TOTAL LIABILITIES	169,330	9,895	23,815	—	4,414
Deferred Inflows of Resources	—	21	—	—	—
Fund Balances					
Nonspendable:					
Inventory	—	—	—	—	—
Restricted for:					
Economic Development and Regulation	—	—	—	—	—
Education and Cultural Resources	—	105,806	—	—	—
Natural Resources and Recreation	—	—	—	—	—
Health	—	—	—	—	—
Social Services	—	—	—	—	—
Protection of Persons and Property	—	—	45,037	—	—
Transportation	—	—	—	—	—
General Government	50	(3,213)	—	100,000	109,058
Assigned for:					
Economic Development and Regulation	—	—	—	—	—
Education and Cultural Resources	—	—	—	—	—
Social Services	—	—	—	—	—
Protection of Persons and Property	—	—	—	—	—
General Government	—	—	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	50	102,593	45,037	100,000	109,058
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 169,380	\$ 112,509	\$ 68,852	\$ 100,000	\$ 113,472

Coronavirus Relief Fund	ARPA Coronavirus Local Fiscal Recovery Fund	Education Department	Miscellaneous Special Revenue Funds	Total
\$ 0	\$ 1,498	\$ 794,218	\$ 794,207	\$ 5,220,570
—	—	129,614	129,615	1,845,238
—	—	11,060	11,064	127,743
—	—	7	4	14,192
—	—	—	—	2,378
—	—	24,683	24,682	122,696
—	—	1,354	1,354	471,485
—	—	17,652	17,652	453,537
—	—	587	587	587
—	—	21	20	50,591
—	—	2,555	2,555	3,941
—	—	400	400	410
—	1,498	982,151	982,140	8,313,368
—	7	24,590	24,590	44,921
—	—	—	—	4,632
—	—	3,836	3,843	68,302
—	—	21	4	282
—	—	77,869	77,866	606,446
—	—	47,584	47,584	361,798
—	—	587	587	587
—	—	942	942	4,515
—	—	15,292	15,292	188,861
—	—	141	141	911
—	7	170,862	170,849	1,281,255
—	—	—	—	383,226
—	—	19	18	50,902
—	—	262,663	232,624	249,255
—	—	89,935	110,793	2,823,523
—	—	16,784	18,671	179,747
—	—	4,679	9,028	663,480
—	—	17,901	17,316	304,363
—	—	133,933	190,985	382,005
—	—	32,906	32,707	996,941
—	1,491	102,833	106,546	906,068
—	—	1,207	2,410	2,410
—	—	22,264	15,539	15,539
—	—	1,250	922	922
—	—	51,882	52,042	52,042
—	—	26,623	21,690	21,690
—	—	46,747	—	—
—	1,491	811,626	811,291	6,648,887
\$ 0	\$ 1,498	\$ 982,488	\$ 982,140	\$ 8,313,368

STATE OF ALABAMA

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

Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Public Health Department	Economic and Community Affairs	Revenues Allocated to Other Governments	Other Medicaid Funds	Public Road and Bridge Fund
REVENUES					
Taxes	\$ 2,411	\$ 0	\$ 528,811	\$ 371,220	\$ 393,000
Licenses, Permits, and Fees	149,192	2,353	39,740	—	159,138
Fines, Forfeits, and Court Settlements	76	9,149	1	—	—
Investment Income	—	(3,224)	—	—	177
Federal Grants and Reimbursements	621,284	229,683	1,969	—	948,441
Other Revenues	34,506	4,448	24	—	269,375
Total Revenues	807,469	242,409	570,545	371,220	1,770,131
EXPENDITURES					
Current:					
Economic Development and Regulation	—	—	1,968	—	—
Education and Cultural Resources	—	—	—	—	—
Natural Resources and Recreation	—	—	3,930	—	—
Health	834,243	—	378	385,640	—
Social Services	—	—	—	—	—
Protection of Persons and Property	—	—	8,592	—	118
Transportation	—	—	20,191	—	1,648,382
General Government	—	250,491	581,368	—	—
Capital Outlay	—	—	—	—	—
Debt Service - Principal Retirement	5,217	1,930	—	—	2,199
Debt Service - Interest and Other Charges	1,297	220	—	—	208
Total Expenditures	840,757	252,641	616,427	385,640	1,650,907
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,288)	(10,232)	(45,882)	(14,420)	119,224
OTHER FINANCING SOURCES (USES)					
Transfers In	121,887	32,943	57,879	39,086	91,226
Bonds Issued	—	—	—	—	—
Debt Issuance Premiums	—	—	—	—	—
Insurance Recovery Proceeds	2	36	—	—	3,299
Transfers Out	(48,355)	(15,508)	—	(39,086)	(151,835)
Leases	—	7,744	—	—	520
Total Other Financing Sources (Uses)	73,534	25,215	57,879	—	(56,790)
Net Change in Fund Balances	40,246	14,983	11,997	(14,420)	62,434
Fund Balances, October 1, 2021, as Restated	185,758	77,078	20,743	169,263	438,919
Increase (Decrease) in Inventory	—	(24)	—	—	5,719
Fund Balances, September 30, 2022	\$ 226,004	\$ 92,037	\$ 32,740	\$ 154,843	\$ 507,072

Mental Health	ETF Budget Stabilization	ETF Advancement and Technology Fund	Public School Fund	Public School and College Authority	Labor Department	Conservation and Natural Resources	Twenty-first Century Authority
\$ 222,278	\$ 0	\$ 0	\$ 234,268	\$ 0	\$ 3,830	\$ 11,341	\$ 0
86	—	—	26	—	200	33,371	—
1	—	—	—	—	198	1,084	118,898
—	1,478	—	—	7,387	(716)	841	153
72,896	—	—	—	—	58,798	49,822	—
8,630	—	—	37,823	42	4,025	91,853	—
303,891	1,478	—	272,117	7,429	66,335	188,312	119,051
—	—	—	—	—	—	—	—
—	—	282,257	204,779	374,610	—	—	—
—	—	—	—	—	—	173,481	—
969,976	—	—	—	—	—	—	—
—	—	—	—	—	72,748	—	—
—	—	—	—	—	11,385	848	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
2,546	—	—	—	—	1,885	32	—
206	—	—	533	338	270	5	—
972,728	—	282,257	205,312	374,948	86,288	174,366	—
(668,837)	1,478	(282,257)	66,805	(367,519)	(19,953)	13,946	119,051
1,038,192	117,681	750,379	533	—	18,151	16,243	16,000
—	—	—	—	36,565	—	—	—
—	—	—	—	1,781	—	—	—
—	—	—	—	—	—	1,863	—
(345,726)	—	(58)	(38,708)	(34)	(1,675)	(22,318)	(118,898)
—	—	—	—	—	2,203	351	—
692,466	117,681	750,321	(38,175)	38,312	18,679	(3,861)	(102,898)
23,629	119,159	468,064	28,630	(329,207)	(1,274)	10,085	16,153
176,278	448,417	282,315	99,373	1,412,596	43,599	131,392	19,352
(7)	—	—	—	—	—	4	—
\$ 199,900	\$ 567,576	\$ 750,379	\$ 128,003	\$ 1,083,389	\$ 42,325	\$ 141,481	\$ 35,505

Continued on next page...

STATE OF ALABAMA

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

Nonmajor Special Revenue Funds *Continued from previous page*

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Veteran Affairs	Corrections	Environmental Management	Professional and Occupational Boards	Emergency Management
REVENUES					
Taxes	\$ 0	\$ 0	\$ 9,133	\$ 0	\$ 0
Licenses, Permits, and Fees	79	6,799	79,041	54,909	—
Fines, Forfeits, and Court Settlements	—	1,808	2,024	9,937	—
Investment Income	19	1	146	(2,061)	—
Federal Grants and Reimbursements	41,569	166	17,901	—	159,913
Other Revenues	1,099	18,106	1,485	1,560	1,221
Total Revenues	42,766	26,880	109,730	64,345	161,134
EXPENDITURES					
Current:					
Economic Development and Regulation	—	—	—	137	—
Education and Cultural Resources	1,050	—	—	—	—
Natural Resources and Recreation	—	—	—	2	—
Health	—	—	100,018	—	—
Social Services	79,484	—	—	—	—
Protection of Persons and Property	—	33,998	—	58,198	128,096
Transportation	—	—	—	—	—
General Government	—	—	—	—	—
Capital Outlay	—	—	—	—	—
Debt Service - Principal Retirement	—	4,717	—	1,325	—
Debt Service - Interest and Other Charges	—	1,749	205	209	—
Total Expenditures	80,534	40,464	100,223	59,871	128,096
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,768)	(13,584)	9,507	4,474	33,038
OTHER FINANCING SOURCES (USES)					
Transfers In	51,057	24,344	12,482	3,789	497
Bonds Issued	—	—	—	—	—
Debt Issuance Premiums	—	—	—	—	—
Insurance Recovery Proceeds	2	596	1	2	—
Transfers Out	—	—	(4,877)	(4,716)	(30,828)
Leases	—	—	—	1,653	—
Total Other Financing Sources (Uses)	51,059	24,940	7,606	728	(30,331)
Net Change in Fund Balances	13,291	11,356	17,113	5,202	2,707
Fund Balances, October 1, 2021, as Restated	210,902	20,082	54,519	76,196	1,845
Increase (Decrease) in Inventory	—	—	—	—	—
Fund Balances, September 30, 2022	\$ 224,193	\$ 31,438	\$ 71,632	\$ 81,398	\$ 4,552

Rehabilitation Services	Children First Trust	Forever Wild Trust	Fair Trial Tax Fund	Alabama Capital Improvement Trust	County and Municipal Capital Improvement	Revenue Administrative Fund	Rebuild Alabama Fund
\$ 0	\$ 0	\$ 0	\$ 11,042	\$ 0	\$ 0	\$ 189,891	\$ 227,372
—	—	252	312	—	—	16,305	365
791	—	1	—	—	—	—	—
3	—	85	—	30	(79,929)	—	—
76,386	—	—	—	—	—	—	27,658
9,264	417	32	3,669	—	—	7,748	4,491
86,444	417	370	15,023	30	(79,929)	213,944	259,886
—	—	—	—	—	—	—	—
13,031	—	—	—	—	—	—	—
—	—	18,468	—	—	—	—	—
—	1,477	—	—	—	—	—	—
104,846	22,177	—	—	—	—	—	—
—	10,531	—	—	—	—	—	—
—	—	—	—	—	—	—	158,848
—	5,397	—	85,199	—	2,038	135,412	—
—	—	—	—	—	—	—	—
3,737	26	—	647	—	—	2,069	—
969	4	—	24	—	—	657	—
122,583	39,612	18,468	85,870	—	2,038	138,138	158,848
(36,139)	(39,195)	(18,098)	(70,847)	30	(81,967)	75,806	101,038
39,221	59,415	15,000	86,785	21,450	2,300	4,846	5
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
26	—	—	1	—	—	—	—
(2,911)	(18,189)	(3,720)	(1,289)	(13,647)	(23,069)	(39,739)	(106)
647	38	—	—	—	—	259	—
36,983	41,264	11,280	85,497	7,803	(20,769)	(34,634)	(101)
844	2,069	(6,818)	14,650	7,833	(102,736)	41,172	100,937
27,610	33,549	27,265	34,872	556	594,475	37,857	239,949
—	—	—	—	—	—	(5)	—
\$ 28,454	\$ 35,618	\$ 20,447	\$ 49,522	\$ 8,389	\$ 491,739	\$ 79,024	\$ 340,886

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STATE OF ALABAMA

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

Nonmajor Special Revenue Funds *Continued from previous page*

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Unclaimed Property Reserve Fund	Commerce	Law Enforcement	General Fund Budget Reserve Fund	Administrative Office of Courts
REVENUES					
Taxes	\$ 0	\$ 0	\$ 1,656	\$ 0	\$ 0
Licenses, Permits, and Fees	—	106	45,510	—	344,359
Fines, Forfeits, and Court Settlements	—	—	3,885	—	1
Investment Income	—	106	—	—	—
Federal Grants and Reimbursements	—	41,333	8,089	—	569
Other Revenues	45,000	35	7,480	—	16,142
Total Revenues	45,000	41,580	66,620	—	361,071
EXPENDITURES					
Current:					
Economic Development and Regulation	—	33,135	—	—	—
Education and Cultural Resources	—	62,016	—	—	—
Natural Resources and Recreation	—	—	—	—	—
Health	—	—	—	—	—
Social Services	—	—	—	—	—
Protection of Persons and Property	—	—	194,303	—	—
Transportation	—	—	—	—	—
General Government	—	331	—	—	352,127
Capital Outlay	—	—	—	—	—
Debt Service - Principal Retirement	—	638	5,092	—	—
Debt Service - Interest and Other Charges	—	100	610	—	—
Total Expenditures	—	96,220	200,005	—	352,127
Excess (Deficiency) of Revenues Over (Under) Expenditures	45,000	(54,640)	(133,385)	—	8,944
OTHER FINANCING SOURCES (USES)					
Transfers In	—	71,715	132,350	72,703	3,127
Bonds Issued	—	—	—	—	—
Debt Issuance Premiums	—	—	—	—	—
Insurance Recovery Proceeds	—	—	710	—	—
Transfers Out	(45,000)	(7,669)	(711)	—	(850)
Leases	—	4,479	2,488	—	—
Total Other Financing Sources (Uses)	(45,000)	68,525	134,837	72,703	2,277
Net Change in Fund Balances	—	13,885	1,452	72,703	11,221
Fund Balances, October 1, 2021, as Restated	50	88,708	43,585	27,297	97,837
Increase (Decrease) in Inventory	—	—	—	—	—
Fund Balances, September 30, 2022	\$ 50	\$ 102,593	\$ 45,037	\$ 100,000	\$ 109,058

Coronavirus Relief Fund	ARPA Coronavirus Local Fiscal Recovery Fund	Education Department	Miscellaneous Special Revenue Funds	Total
\$ 0	\$ 0	\$ 2,037	\$ 72,944	\$ 2,281,234
—	—	1,101	285,323	1,218,567
—	—	—	58,330	206,184
—	—	—	(8,184)	(83,688)
—	180,173	2,056,720	383,935	4,977,305
76	—	8,304	86,252	663,107
76	180,173	2,068,162	878,600	9,262,709
—	—	—	121,463	156,703
—	—	2,010,947	224,974	3,173,664
—	—	—	29,478	225,359
—	—	—	3,594	2,295,326
—	—	71,049	167,100	517,404
—	178,682	—	497,949	1,122,700
—	—	—	41,642	1,869,063
76	—	—	101,996	1,514,435
—	—	—	16,330	16,330
—	—	3,033	6,395	41,488
—	—	645	1,226	9,475
76	178,682	2,085,674	1,212,147	10,941,947
—	1,491	(17,512)	(333,547)	(1,679,238)
—	—	2,246	915,374	3,818,906
—	—	—	—	36,565
—	—	—	—	1,781
—	—	3	499	7,040
—	—	(1,170)	(541,120)	(1,521,812)
—	—	21,544	7,543	49,469
—	—	22,623	382,296	2,391,949
—	1,491	5,111	48,749	712,711
—	—	45,710	762,542	5,930,489
—	—	—	—	5,687
\$ 0	\$ 1,491	\$ 50,821	\$ 811,291	\$ 6,648,887



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, 2022

(Amounts in Thousands)

	Public School & College Authority	General Obligation Bonds	Twenty-first Century Authority	Incentives Financing Authority	Industrial Development Authority
ASSETS					
Cash and Cash Equivalents	\$ 468	\$ 518	\$ 0	\$ 23,008	\$ 87
Investments	236,481	—	—	—	—
Due From Other Funds	62,823	—	—	—	—
Accounts Receivable	—	—	—	—	—
TOTAL ASSETS	\$ 299,772	\$ 518	\$ —	\$ 23,008	\$ 87
Fund Balances					
Restricted for:					
Debt Service	299,772	518	—	23,008	87
Unassigned	—	—	—	—	—
Total Fund Balances	299,772	518	—	23,008	87
TOTAL LIABILITIES AND FUND BALANCES	\$ 299,772	\$ 518	\$ 0	\$ 23,008	\$ 87

Federal Aid Highway Finance Authority	Public Health Care Authority	Mental Health Finance Authority	Highway Finance Corporation	Economic Settlement Authority	Corrections Institution Finance Authority	Other Debt Service Funds	Totals
\$ 0	\$ 0	\$ 876	\$ 1,960	\$ 9,621	\$ 0	\$ 0	\$ 36,538
—	1,074	—	—	—	68,805	—	306,360
—	—	150	—	—	—	—	62,973
—	1,416	—	—	—	—	—	1,416
\$ —	\$ 2,490	\$ 1,026	\$ 1,960	\$ 9,621	\$ 68,805	\$ —	\$ 407,287
—	2,490	1,026	1,960	9,621	68,805	—	407,287
—	—	—	—	—	—	—	—
—	2,490	1,026	1,960	9,621	68,805	—	407,287
\$ 0	\$ 2,490	\$ 1,026	\$ 1,960	\$ 9,621	\$ 68,805	\$ 0	\$ 407,287

STATE OF ALABAMA

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

Nonmajor Debt Service Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Public School & College Authority	General Obligation Bonds	Twenty-first Century Authority	Incentives Financing Authority	Industrial Development Authority
REVENUES					
Investment Income	\$ 7,575	\$ 0	\$ 0	\$ 52	\$ 0
Federal Grants and Reimbursements	9,111	—	—	—	—
Other Revenues	23,398	12	—	—	—
Total Revenues	40,084	12	—	52	—
EXPENDITURES					
Current:					
Debt Service - Principal Retirement	148,530	59,135	—	7,895	—
Debt Service - Interest and Other Charges	106,104	22,603	—	8,424	—
Total Expenditures	254,634	81,738	—	16,319	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	(214,550)	(81,726)	—	(16,267)	—
OTHER FINANCING SOURCES (USES)					
Transfers In	267,114	81,738	—	16,338	—
Bonds Issued	—	—	—	—	—
Refunding Bonds Issued	—	—	—	—	—
Transfers Out	—	—	—	(19)	—
Payments to Refunded Bond Escrow Agent	—	—	—	—	—
Total Other Financing Sources (Uses)	267,114	81,738	—	16,319	—
Net Change in Fund Balances	52,564	12	—	52	—
Fund Balances, October 1, 2021, as Restated	247,208	506	—	22,956	87
Fund Balances, September 30, 2022	\$ 299,772	\$ 518	\$ 0	\$ 23,008	\$ 87

Federal Aid Highway Finance Authority	Public Health Care Authority	Mental Health Finance Authority	Highway Finance Corporation	Economic Settlement Authority	Corrections Institution Finance Authority	Other Debt Service Funds	Totals
\$ 0	\$ 3	\$ 0	\$ 0	\$ 278	\$ 214	\$ 0	\$ 8,122
—	—	—	—	—	—	—	9,111
—	—	—	—	—	—	—	23,410
—	3	—	—	278	214	—	40,643
89,115	1,765	2,040	6,705	34,090	29,795	1,281	380,351
27,517	3,050	87	5,050	19,781	3,221	181	196,018
116,632	4,815	2,127	11,755	53,871	33,016	1,462	576,369
(116,632)	(4,812)	(2,127)	(11,755)	(53,593)	(32,802)	(1,462)	(535,726)
113,277	6,711	3,927	11,755	52,937	29,998	1,410	585,205
49	—	—	—	—	71,609	—	71,658
1,467,170	—	—	—	—	—	11,347	1,478,517
(23)	(2,813)	(2,064)	—	—	—	—	(4,919)
(1,463,841)	—	—	—	—	—	(11,295)	(1,475,136)
116,632	3,898	1,863	11,755	52,937	101,607	1,462	655,325
—	(914)	(264)	—	(656)	68,805	—	119,599
—	3,404	1,290	1,960	10,277	—	—	287,688
\$ 0	\$ 2,490	\$ 1,026	\$ 1,960	\$ 9,621	\$ 68,805	\$ 0	\$ 407,287



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, 2022

(Amounts in Thousands)

	General Obligation Bond Projects	Public Health Care Authority	Mental Health Finance Authority
ASSETS			
Cash and Cash Equivalents	\$ 16,892	\$ 24,823	\$ 7,850
Investments	—	—	—
Due From Other Funds	—	—	—
Due From Component Units	—	—	93,175
TOTAL ASSETS	16,892	24,823	101,025
LIABILITIES AND FUND BALANCES			
Liabilities			
Warrants Payable	69	—	—
Due To Other Funds	—	—	—
Accounts Payable	—	551	41
Due To Other Governments	44	—	—
Total Liabilities	113	551	41
Deferred Inflows Of Resources	—	—	5,566
Fund Balances			
Restricted for:			
Capital Projects	16,779	24,272	95,418
Total Fund Balances	16,779	24,272	95,418
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 16,892	\$ 24,823	\$ 101,025

Federal Aid Highway Finance Authority	Highway Finance Corporation	APSCA Capital Project Fund	Correctional Capital Improvement Project Fund	Other Capital Project Funds	Total
\$ 0	\$ 0	\$ 2,458	\$ 0	\$ 3	\$ 52,026
699	5,646	—	974,539	—	980,884
—	—	15,224	—	—	15,224
—	—	—	—	—	93,175
699	5,646	17,682	974,539	3	1,141,309
—	—	—	—	—	69
—	—	—	354,525	—	354,525
—	—	—	2,598	—	3,190
—	—	—	—	—	44
—	—	—	357,123	—	357,828
—	—	—	—	—	5,566
699	5,646	17,682	617,416	3	777,915
699	5,646	17,682	617,416	3	777,915
\$ 699	\$ 5,646	\$ 17,682	\$ 974,539	\$ 3	\$ 1,141,309

STATE OF ALABAMA

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

Nonmajor Capital Projects Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	General Obligation Bond Projects	Public Health Care Authority	Mental Health Finance Authority
REVENUES			
Investment Income	\$ 92	\$ 7	\$ 1,384
Other Revenues	—	—	8,731
Total Revenues	92	7	10,115
EXPENDITURES			
Current:			
Economic Development and Regulation	5,317	—	—
Education and Cultural Resources	453	—	—
Health	—	—	27
Protection of Persons and Property	—	—	—
Capital Outlay	8,181	2,229	10,085
Total Expenditures	13,951	2,229	10,112
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,859)	(2,222)	3
OTHER FINANCING SOURCES (USES)			
Transfers In	—	12,756	40
Bonds Issued	—	—	—
Debt Issuance Premiums	—	—	—
Transfers Out	—	—	(63)
Total Other Financing Sources (Uses)	—	12,756	(23)
Net Change in Fund Balances	(13,859)	10,534	(20)
Fund Balances, October 1, 2021, as Restated	30,638	13,738	95,438
Fund Balances, September 30, 2022	\$ 16,779	\$ 24,272	\$ 95,418

Federal Aid Highway Finance Authority	Highway Finance Corporation	APSCA Capital Project Fund	Correctional Capital Improvement Project Fund	Other Capital Project Funds	Totals
\$ 23	\$ 28	\$ 6	\$ 2,604	\$ 0	\$ 4,144
—	—	—	—	—	8,731
23	28	6	2,604	—	12,875
—	—	—	—	—	5,317
—	—	—	—	—	453
—	—	—	—	—	27
—	—	—	26,994	—	26,994
—	—	4,011	—	—	24,506
—	—	4,011	26,994	—	57,297
23	28	(4,005)	(24,390)	—	(44,422)
23	—	—	161,974	—	174,793
49,391	—	—	437,406	—	486,797
6,609	—	—	42,426	—	49,035
(55,347)	(99)	—	—	—	(55,509)
676	(99)	—	641,806	—	655,116
699	(71)	(4,005)	617,416	—	610,694
—	5,717	21,687	—	3	167,221
\$ 699	\$ 5,646	\$ 17,682	\$ 617,416	\$ 3	\$ 777,915



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, 2022

(Amounts in Thousands)

	Marine, Game, and Fish Endowment	Alabama Research Alliance	Senior Services Trust	Other Permanent Funds	Totals
ASSETS					
Cash and Cash Equivalents	\$ 981	\$ 113	\$ 2	\$ 211	\$ 1,307
Investments	28,073	11,578	53,084	14,179	106,914
Accounts Receivable	—	3	351	—	354
Mortgages, Notes, and Loans Receivable	—	—	—	65	65
Securities Lending Collateral	1,859	—	4,004	—	5,863
TOTAL ASSETS	30,913	11,694	57,441	14,455	114,503
LIABILITIES AND FUND BALANCES					
Liabilities					
Due To Other Funds	145	—	—	—	145
Accounts Payable	—	1	2	—	3
Securities Lending Obligation	1,859	—	4,004	—	5,863
Total Liabilities	2,004	1	4,006	—	6,011
Fund Balances					
Nonspendable:					
Permanent Fund Principal	28,909	11,500	28,307	13,354	82,070
Restricted for:					
Education and Cultural Resources	—	193	—	559	752
Health	—	—	—	542	542
Social Services	—	—	25,128	—	25,128
Total Fund Balances	28,909	11,693	53,435	14,455	108,492
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,913	\$ 11,694	\$ 57,441	\$ 14,455	\$ 114,503

STATE OF ALABAMA

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

Nonmajor Permanent Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Marine, Game, and Fish Endowment	Alabama Research Alliance	Senior Services Trust	Other Permanent Funds	Totals
REVENUES					
Licenses, Permits, and Fees	\$ 1,757	\$ 0	\$ 0	\$ 114	\$ 1,871
Investment Income	(4,888)	(741)	(6,998)	(850)	(13,477)
Other Revenues	—	—	12	—	12
Total Revenues	(3,131)	(741)	(6,986)	(736)	(11,594)
EXPENDITURES					
Current:					
Education and Cultural Resources	—	292	—	—	292
Social Services	—	—	53	—	53
General Government	—	—	2	8	10
Total Expenditures	—	292	55	8	355
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,131)	(1,033)	(7,041)	(744)	(11,949)
OTHER FINANCING SOURCES (USES)					
Transfers In	—	—	3,499	—	3,499
Transfers Out	—	(5)	(1,307)	(193)	(1,505)
Leases	—	—	—	—	—
Payments to Refunded Bond Escrow Agent	—	—	—	—	—
Total Other Financing Sources (Uses)	—	(5)	2,192	(193)	1,994
Net Change in Fund Balances	(3,131)	(1,038)	(4,849)	(937)	(9,955)
Fund Balances, October 1, 2021, as Restated	32,040	12,731	58,284	15,392	118,447
Fund Balances, September 30, 2022	\$ 28,909	\$ 11,693	\$ 53,435	\$ 14,455	\$ 108,492



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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
EXPENDITURES:			
<u>Administrative Office of Courts</u>			
Administrative Services	3,447	3,447	-
Alabama Sentencing Commission	455	455	-
Court Operations	138,512	138,512	-
Drug Court	2,057	2,057	-
Juvenile Probation Officer Services	12,214	12,214	-
TOTAL Administrative Office of Courts	156,685	156,685	-
<u>Agriculture and Industries</u>			
Administrative Services	10,826	10,826	-
Agricultural Development Services	1,468	1,468	-
Agricultural Inspection Services	4,172	4,172	-
Lab Analysis and Disease Control	2,604	2,604	-
TOTAL Agriculture and Industries	19,070	19,070	-
<u>Alabama Community College System</u>			
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: Alabama Workforce Council Committee on Credentialing Career	-	-	-
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: Smart Career Workforce Pilot Project	-	-	-
Postsecondary-Special Line Items: Special Populations Training	-	-	-
Postsecondary-Special Line Items: The Women's Fund of Greater Birmingham Pilot Program	-	-	-
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	-	-	-
Short Term Certification Credential: Short Term Certification Credential	-	-	-
TOTAL Alabama Community College System	-	-	-
<u>Attorney General</u>			
Fair Marketing Practices: Consumer Protection	1,019	1,019	-
Legal Advice And Legal Service: Attorney General-Operations	11,544	11,544	-
TOTAL Attorney General	12,563	12,563	-
<u>Auditor</u>			
Fiscal Management	1,049	861	188
TOTAL Auditor	1,049	861	188

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	3,447	3,447	-
-	-	-	-	-	-	455	455	-
-	-	-	42,362	39,665	2,697	180,874	178,177	2,697
-	-	-	-	-	-	2,057	2,057	-
750	750	-	6,137	6,100	37	19,101	19,064	37
750	750	-	48,499	45,765	2,734	205,934	203,200	2,734
-	-	-	8,181	4,275	3,906	19,007	15,101	3,906
-	-	-	7,157	3,585	3,572	8,625	5,053	3,572
-	-	-	19,672	15,647	4,025	23,844	19,819	4,025
-	-	-	11,426	9,266	2,160	14,030	11,870	2,160
-	-	-	46,436	32,773	13,663	65,506	51,843	13,663
13,472	13,472	-	-	-	-	13,472	13,472	-
12,923	12,923	-	-	-	-	12,923	12,923	-
500	500	-	-	-	-	500	500	-
15,534	15,534	-	-	-	-	15,534	15,534	-
1,000	1,000	-	-	-	-	1,000	1,000	-
313	313	-	-	-	-	313	313	-
210	210	-	-	-	-	210	210	-
3,375	3,375	-	-	-	-	3,375	3,375	-
350	350	-	-	-	-	350	350	-
200	200	-	-	-	-	200	200	-
4,725	4,725	-	-	-	-	4,725	4,725	-
500	500	-	-	-	-	500	500	-
125	125	-	-	-	-	125	125	-
-	-	-	2,000	1,155	845	2,000	1,155	845
241	241	-	-	-	-	241	241	-
5,745	5,745	-	-	-	-	5,745	5,745	-
21,182	21,182	-	10,000	-	10,000	31,182	21,182	10,000
7,161	7,161	-	-	-	-	7,161	7,161	-
9,534	9,534	-	-	-	-	9,534	9,534	-
388,113	388,113	-	25,173	25,173	-	413,286	413,286	-
10,000	10,000	-	-	-	-	10,000	10,000	-
495,203	495,203	-	37,173	26,328	10,845	532,376	521,531	10,845
-	-	-	2,409	771	1,638	3,428	1,790	1,638
-	-	-	27,726	18,263	9,463	39,270	29,807	9,463
-	-	-	30,135	19,034	11,101	42,698	31,597	11,101
-	-	-	-	-	-	1,049	861	188
-	-	-	-	-	-	1,049	861	188

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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<u>Commission on Higher Education</u>			
Planning and Coordination Services	-	-	-
Student Financial Aid	-	-	-
Support - Other Educational Activities	-	-	-
Support of State Programs	-	-	-
Support of State Universities	-	-	-
TOTAL Commission on Higher Education	-	-	-
<u>Corrections</u>			
Administration Service and Logistical Support	36,315	36,114	201
Correctional Industries	-	-	-
Institutional Service Corrections	566,560	511,383	55,177
TOTAL Corrections	602,875	547,497	55,378
<u>Economic and Community Affairs</u>			
Administrative Support Service	3,473	1,036	2,437
Broadband - ADECA	9,193	2,844	6,349
Broadband Voucher Program	-	-	-
Energy Management	9,699	3,982	5,717
Law Enforcement Planning and Development	1,004	753	251
Planning	16,837	11,586	5,251
Surplus Property	541	541	-
Water Resources	3,012	1,856	1,156
TOTAL Economic and Community Affairs	43,759	22,598	21,161
<u>Education</u>			
Administrative Services	-	-	-
Alabama Science in Motion	-	-	-
American Village	-	-	-
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	-	-	-
Future Teachers of Alabama	-	-	-
Gifted Students Program	-	-	-
Information Technology Services	-	-	-
Kindervision	-	-	-
Liability Insurance Program	-	-	-
Reading is Fundamental Program	-	-	-
School Nurses Program	-	-	-
Teacher Excellence & Accountability for Math & Science - 008	-	-	-
Teacher Stabilization Program	-	-	-
Transportation Program	-	-	-
TOTAL Education	-	-	-
<u>Emergency Management Agency</u>			
Readiness And Recovery	-	-	-
Readiness And Recovery: Administration	5,823	5,501	322
Readiness And Recovery: Federal Emergency Management Agency - Match	1,944	1,348	596
TOTAL Emergency Management Agency	7,767	6,849	918

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
5,050	4,871	179	508	193	315	5,558	5,064	494
22,201	21,872	329	747	318	429	22,948	22,190	758
2,741	2,713	28	1,500	749	751	4,241	3,462	779
12,839	12,834	5	-	-	-	12,839	12,834	5
6,116	6,116	-	-	-	-	6,116	6,116	-
48,947	48,406	541	2,755	1,260	1,495	51,702	49,666	2,036
-	-	-	-	-	-	36,315	36,114	201
-	-	-	31,103	16,081	15,022	31,103	16,081	15,022
-	-	-	64,620	38,521	26,099	631,180	549,904	81,276
-	-	-	95,723	54,602	41,121	698,598	602,099	96,499
-	-	-	11,782	11,192	590	15,255	12,228	3,027
-	-	-	20,411	417	19,994	29,604	3,261	26,343
-	-	-	276,888	-	276,888	276,888	-	276,888
1,840	1,408	432	169,912	129,898	40,014	181,451	135,288	46,163
-	-	-	113,326	48,167	65,159	114,330	48,920	65,410
-	-	-	99,276	58,246	41,030	116,113	69,832	46,281
-	-	-	2,922	1,834	1,088	3,463	2,375	1,088
-	-	-	7,645	5,493	2,152	10,657	7,349	3,308
1,840	1,408	432	702,162	255,247	446,915	747,761	279,253	468,508
272,176	229,740	42,436	62,277	22,398	39,879	334,453	252,138	82,315
-	-	-	3,127	1,600	1,527	3,127	1,600	1,527
375	375	-	-	-	-	375	375	-
19,867	19,695	172	-	-	-	19,867	19,695	172
926	501	425	-	-	-	926	501	425
7,000	6,985	15	-	-	-	7,000	6,985	15
-	-	-	104,406	54,711	49,695	104,406	54,711	49,695
-	-	-	533	533	-	533	533	-
100,896	74,528	26,368	4,478,873	2,172,302	2,306,571	4,579,769	2,246,830	2,332,939
4,019,404	4,011,551	7,853	210,026	209,812	214	4,229,430	4,221,363	8,067
500	17	483	-	-	-	500	17	483
4,875	4,848	27	-	-	-	4,875	4,848	27
12,551	12,447	104	-	-	-	12,551	12,447	104
100	100	-	-	-	-	100	100	-
10,000	10,000	-	-	-	-	10,000	10,000	-
30	-	30	-	-	-	30	-	30
40,673	40,576	97	-	-	-	40,673	40,576	97
-	-	-	100,000	38,165	61,835	100,000	38,165	61,835
95,400	95,400	-	-	-	-	95,400	95,400	-
381,008	381,008	-	-	-	-	381,008	381,008	-
4,965,781	4,887,771	78,010	4,959,242	2,499,521	2,459,721	9,925,023	7,387,292	2,537,731
-	-	-	211,293	201,089	10,204	211,293	201,089	10,204
-	-	-	-	-	-	5,823	5,501	322
-	-	-	-	-	-	1,944	1,348	596
-	-	-	211,293	201,089	10,204	219,060	207,938	11,122

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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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
Examiners of Public Accounts			
Legislative Support - Audit Service	9,760	9,760	-
TOTAL Examiners of Public Accounts	9,760	9,760	-
Finance			
Administrative Support Service	-	-	-
Administrative Support Service: Alabama Building Renovation Finance Authority	-	-	-
Administrative Support Service: Capitol Complex Maintenance and Repair	-	-	-
Administrative Support Service: Space Management	1,802	-	1,802
Fiscal Management	-	-	-
Fiscal Management: Budget Office	2,883	985	1,898
Fiscal Management: Debt Management	-	-	-
Fiscal Management: Director's Office	1,375	285	1,090
State Capitol Program: Capitol	11,657	2,595	9,062
TOTAL Finance	17,717	3,865	13,852
Governor			
Criminal Investigation: Law Enforcement Fund	10	-	10
Executive Direction: Governor's BP Oil Spill	-	-	-
Executive Direction: Governor's Office	4,852	4,194	658
Executive Direction: Governor's Office of Education and Workforce Transformation	147	101	46
Executive Direction: Governor's Proclamation Expense	556	150	406
Executive Direction: National Governor's Conference	148	148	-
TOTAL Governor	5,713	4,593	1,120
Human Resources			
Human Services	-	-	-
TOTAL Human Resources	-	-	-
Labor			
Administrative Services	720	175	545
Employment Security	-	-	-
Industrial Safety and Accident Prevention	1,733	831	902
Regulation Workers Compensation	-	-	-
Regulatory Services	-	-	-
TOTAL Labor	2,453	1,006	1,447
Law Enforcement Agency			
Administrative Bureau	-	-	-
Department of Public Safety	-	-	-
Readiness And Recovery	-	-	-
State Bureau of Investigation	-	-	-
TOTAL Law Enforcement Agency	-	-	-
Legislature			
Commission to Reduce Poverty	7	-	7
Legislative Operations and Support	28,558	22,932	5,626
TOTAL Legislature	28,565	22,932	5,633

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
10,511	9,281	1,230	2,860	1,022	1,838	23,131	20,063	3,068
10,511	9,281	1,230	2,860	1,022	1,838	23,131	20,063	3,068
-	-	-	69,876	42,359	27,517	69,876	42,359	27,517
-	-	-	27,992	21,356	6,636	27,992	21,356	6,636
-	-	-	10,788	9,078	1,710	10,788	9,078	1,710
-	-	-	-	-	-	1,802	-	1,802
-	-	-	19,239	14,859	4,380	19,239	14,859	4,380
254	254	-	-	-	-	3,137	1,239	1,898
212	210	2	-	-	-	212	210	2
-	-	-	-	-	-	1,375	285	1,090
-	-	-	-	-	-	11,657	2,595	9,062
466	464	2	127,895	87,652	40,243	146,078	91,981	54,097
-	-	-	-	-	-	10	-	10
-	-	-	530	-	530	530	-	530
-	-	-	-	-	-	4,852	4,194	658
-	-	-	-	-	-	147	101	46
-	-	-	-	-	-	556	150	406
-	-	-	-	-	-	148	148	-
-	-	-	530	-	530	6,243	4,593	1,650
-	-	-	3,941,824	3,800,282	141,542	3,941,824	3,800,282	141,542
-	-	-	3,941,824	3,800,282	141,542	3,941,824	3,800,282	141,542
-	-	-	27,408	14,997	12,411	28,128	15,172	12,956
-	-	-	94,464	61,134	33,330	94,464	61,134	33,330
-	-	-	24,616	5,204	19,412	26,349	6,035	20,314
-	-	-	8,630	4,456	4,174	8,630	4,456	4,174
-	-	-	2,760	1,894	866	2,760	1,894	866
-	-	-	157,878	87,685	70,193	160,331	88,691	71,640
-	-	-	64,907	47,801	17,106	64,907	47,801	17,106
-	-	-	140,447	110,250	30,197	140,447	110,250	30,197
-	-	-	57	-	57	57	-	57
-	-	-	50,625	36,228	14,397	50,625	36,228	14,397
-	-	-	256,036	194,279	61,757	256,036	194,279	61,757
-	-	-	-	-	-	7	-	7
6,398	2,662	3,736	-	-	-	34,956	25,594	9,362
6,398	2,662	3,736	-	-	-	34,963	25,594	9,369

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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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
<u>Medicaid Agency</u>			
Medical Assistance Through Medicaid: Administrative Cost	18,482	15,778	2,704
Medical Assistance Through Medicaid: Alabama Coordinated Health Networks (ACHN)	-	-	-
Medical Assistance Through Medicaid: Alternative Care	28,000	18,601	9,399
Medical Assistance Through Medicaid: Family Planning	190	-	190
Medical Assistance Through Medicaid: Health Support	33,000	32,789	211
Medical Assistance Through Medicaid: Hospital Care	12,026	4,172	7,854
Medical Assistance Through Medicaid: Integrated Care Network (ICN)	-	-	-
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	200,000	102,835	97,165
Medical Assistance Through Medicaid: Pharmaceutical	422,885	265,270	157,615
Medical Assistance Through Medicaid: Physician Care	150,000	129,905	20,095
Medical Assistance Through Medicaid: Premiums	120,417	117,698	2,719
TOTAL Medicaid Agency	985,000	687,048	297,952
<u>Mental Health</u>			
Administrative Services	-	-	-
Healthcare	-	-	-
Institutional Treatment and Care of Intellectually Disabled	-	-	-
Institutional Treatment and Care of Mentally Ill	-	-	-
Special Services	-	-	-
Substance Abuse Program	-	-	-
TOTAL Mental Health	-	-	-
<u>Public Health</u>			
Administrative Services	15,424	13,564	1,860
Alabama Medical Education Consortium Program	-	-	-
Children's Health Insurance	-	-	-
Emergency Medical Service Education	-	-	-
Family Practice Rural Health	-	-	-
Office of Emergency Medical Services	-	-	-
Public Health Services	32,790	30,974	1,816
TOTAL Public Health	48,214	44,538	3,676
<u>Public Service Commission</u>			
Regulatory Services	-	-	-
TOTAL Public Service Commission	-	-	-
<u>Rehabilitation Services</u>			
Direct Client Services-Handicap	-	-	-
TOTAL Rehabilitation Services	-	-	-
<u>Revenue</u>			
State Revenue Administration	113	31	82
TOTAL Revenue	113	31	82

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	267,896	240,334	27,562	286,378	256,112	30,266
-	-	-	65,149	60,481	4,668	65,149	60,481	4,668
-	-	-	342,990	342,599	391	370,990	361,200	9,790
-	-	-	33,675	33,036	639	33,865	33,036	829
-	-	-	359,562	355,624	3,938	392,562	388,413	4,149
-	-	-	3,101,536	3,009,856	91,680	3,113,562	3,014,028	99,534
-	-	-	51,484	49,432	2,052	51,484	49,432	2,052
-	-	-	228,905	227,386	1,519	228,905	227,386	1,519
-	-	-	2,574	2,340	234	2,574	2,340	234
-	-	-	432,664	422,810	9,854	432,664	422,810	9,854
-	-	-	128,797	127,517	1,280	128,797	127,517	1,280
-	-	-	1,039,397	998,759	40,638	1,239,397	1,101,594	137,803
-	-	-	781,759	773,350	8,409	1,204,644	1,038,620	166,024
-	-	-	602,270	601,455	815	752,270	731,360	20,910
-	-	-	423,887	422,133	1,754	544,304	539,831	4,473
-	-	-	7,862,545	7,667,112	195,433	8,847,545	8,354,160	493,385
-	-	-	39,336	28,368	10,968	39,336	28,368	10,968
-	-	-	11,000	-	11,000	11,000	-	11,000
-	-	-	656,884	568,836	88,048	656,884	568,836	88,048
-	-	-	506,402	412,631	93,771	506,402	412,631	93,771
-	-	-	47,060	24,767	22,293	47,060	24,767	22,293
-	-	-	145,103	85,868	59,235	145,103	85,868	59,235
-	-	-	1,405,785	1,120,470	285,315	1,405,785	1,120,470	285,315
806	789	17	36,042	28,069	7,973	52,272	42,422	9,850
385	385	-	-	-	-	385	385	-
-	-	-	290,401	277,646	12,755	290,401	277,646	12,755
1,636	1,561	75	-	-	-	1,636	1,561	75
2,702	2,594	108	-	-	-	2,702	2,594	108
1,000	1,000	-	-	-	-	1,000	1,000	-
13,736	13,498	238	715,537	529,250	186,287	762,063	573,722	188,341
20,265	19,827	438	1,041,980	834,965	207,015	1,110,459	899,330	211,129
-	-	-	24,274	19,052	5,222	24,274	19,052	5,222
-	-	-	24,274	19,052	5,222	24,274	19,052	5,222
50,211	50,207	4	164,160	124,962	39,198	214,371	175,169	39,202
50,211	50,207	4	164,160	124,962	39,198	214,371	175,169	39,202
-	-	-	238,732	178,264	60,468	238,845	178,295	60,550
-	-	-	238,732	178,264	60,468	238,845	178,295	60,550

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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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
Secretary of State			
Administrative Support Service	-	-	-
Administrative Support Service: Distribution of Public Documents	320	32	288
Administrative Support Service: Printing of Acts/Journals	142	17	125
Administrative Support Service: Printing of Codes	951	200	751
Special Services: Photo Voter Identification	1,406	1,376	30
Special Services: Training of Elected Officials	66	48	18
TOTAL Secretary of State	2,885	1,673	1,212
Transportation			
Electric Transportation Infrastructure Grant Program	-	-	-
General Administration	-	-	-
General Aviation and Aeronautics	-	-	-
Rebuild Alabama	-	-	-
Surface Transportation Improvements	-	-	-
TOTAL Transportation	-	-	-
Treasurer			
Fiscal Management	-	-	-
TOTAL Treasurer	-	-	-
Youth Services			
Community Educational Programs	-	-	-
Diversion Programs	-	-	-
Financial Assistance	-	-	-
Youth Services	-	-	-
TOTAL Youth Services	-	-	-
Universities and Training Institutes			
Alabama Agricultural and Mechanical University			
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	-	-	-
Total Alabama Agricultural and Mechanical University	-	-	-
Alabama Institute for the Deaf and Blind			
Alabama Institute for the Deaf and Blind- Children and Youth	-	-	-
Total Alabama Institute for the Deaf and Blind	-	-	-
Alabama Institute for the Deaf and Blind - Adult Program			
Alabama Institute for the Deaf and Blind- Adult Programs	-	-	-
Total Alabama Institute for the Deaf and Blind - Adult Program	-	-	-
Alabama Institute for the Deaf and Blind - Industries			
Alabama Institute for the Deaf and Blind- Industries for the	-	-	-
Total Alabama Institute for the Deaf and Blind - Industries	-	-	-
Alabama State University			
Support of State Universities: Alabama State University-Operations and Maintenance	-	-	-
Total Alabama State University	-	-	-
Athens State University			
Support of State Universities: Athens State University	-	-	-
Total Athens State University	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	16,869	6,981	9,888	16,869	6,981	9,888
-	-	-	-	-	-	320	32	288
-	-	-	-	-	-	142	17	125
-	-	-	-	-	-	951	200	751
-	-	-	-	-	-	1,406	1,376	30
-	-	-	-	-	-	66	48	18
-	-	-	16,869	6,981	9,888	19,754	8,654	11,100
-	-	-	71	-	71	71	-	71
-	-	-	190,251	161,139	29,112	190,251	161,139	29,112
-	-	-	101,434	41,614	59,820	101,434	41,614	59,820
-	-	-	471,186	151,596	319,590	471,186	151,596	319,590
-	-	-	2,336,249	1,427,360	908,889	2,336,249	1,427,360	908,889
-	-	-	3,099,191	1,781,709	1,317,482	3,099,191	1,781,709	1,317,482
-	-	-	5,401	4,089	1,312	5,401	4,089	1,312
-	-	-	5,401	4,089	1,312	5,401	4,089	1,312
-	-	-	3,566	3,566	-	3,566	3,566	-
-	-	-	1,000	789	211	1,000	789	211
-	-	-	8,679	7,633	1,046	8,679	7,633	1,046
-	-	-	90,569	74,001	16,568	90,569	74,001	16,568
-	-	-	103,814	85,989	17,825	103,814	85,989	17,825
432	432	-	-	-	-	432	432	-
1,226	1,226	-	-	-	-	1,226	1,226	-
383	383	-	-	-	-	383	383	-
43,234	43,234	-	1,691	1,691	-	44,925	44,925	-
4,085	4,085	-	-	-	-	4,085	4,085	-
100	100	-	-	-	-	100	100	-
49,460	49,460	-	1,691	1,691	-	51,151	51,151	-
39,239	39,239	-	-	-	-	39,239	39,239	-
39,239	39,239	-	-	-	-	39,239	39,239	-
14,745	14,745	-	-	-	-	14,745	14,745	-
14,745	14,745	-	-	-	-	14,745	14,745	-
10,234	10,234	-	-	-	-	10,234	10,234	-
10,234	10,234	-	-	-	-	10,234	10,234	-
53,811	53,811	-	1,210	1,210	-	55,021	55,021	-
53,811	53,811	-	1,210	1,210	-	55,021	55,021	-
16,670	16,670	-	1,013	1,013	-	17,683	17,683	-
16,670	16,670	-	1,013	1,013	-	17,683	17,683	-

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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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
Auburn University - Agricultural Experiment Station			
Support of State Universities: Auburn/Agriculture Experiment Station	-	-	-
Total Auburn University - Agricultural Experiment Station	-	-	-
Auburn University - Alabama Cooperative Extension Service			
Support of State Universities: Auburn/Cooperative Extension Service	-	-	-
Total Auburn University - Alabama Cooperative Extension Service	-	-	-
Auburn University - Main Campus			
Support of State Universities: Auburn University System/Operations and Maintenance	-	-	-
Total Auburn University - Main Campus	-	-	-
Auburn University - Montgomery			
Support of State Universities: Auburn/AUM Operations and Maintenance	-	-	-
Total Auburn University - Montgomery	-	-	-
Fire College and Personnel Standards Commission			
Firefighters-Fire College: Alabama Fire College	-	-	-
Total Fire College and Personnel Standards Commission	-	-	-
Jacksonville State University			
Support of State Universities: Jacksonville State University/Operations and Maintenance	-	-	-
Total Jacksonville State University	-	-	-
Talladega College			
Support - Other Educational Activities	-	-	-
Total Talladega College	-	-	-
Troy University			
Support of State Universities: Troy State University System/Operations and Maintenance	-	-	-
Total Troy University	-	-	-
Tuskegee University			
Support - Other Educational Activities	-	-	-
Total Tuskegee University	-	-	-
University of Alabama - Birmingham			
Support of State Universities	-	-	-
Support of State Universities: Chauncey Sparks Center/University of Alabama at Birmingham	-	-	-
Support of State Universities: University Of Alabama-Birmingham/Operations and Maintenance	-	-	-
Total University of Alabama - Birmingham	-	-	-
University of Alabama - Huntsville			
Support of State Universities: University Of Alabama-Huntsville/Operations and Maintenance	-	-	-
Total University of Alabama - Huntsville	-	-	-
University of Alabama - Tuscaloosa			
Support of State Universities: University Of Alabama-Tuscaloosa/Operations and Maintenance	-	-	-
Total University of Alabama - Tuscaloosa	-	-	-
University of Montevallo			
Support of State Universities: University Of Montevallo-Operations and Maintenance	-	-	-
Total University of Montevallo	-	-	-
University of North Alabama			
Support of State Universities: University of North Alabama/Operations and Maintenance	-	-	-
Total University of North Alabama	-	-	-
University of South Alabama			
Support of State Universities: University of South Alabama/Operations and Maintenance	-	-	-
Total University of South Alabama	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
36,416	36,416	-	-	-	-	36,416	36,416	-
36,416	36,416	-	-	-	-	36,416	36,416	-
38,239	38,239	-	-	-	-	38,239	38,239	-
38,239	38,239	-	-	-	-	38,239	38,239	-
206,205	206,205	-	8,591	8,591	-	214,796	214,796	-
206,205	206,205	-	8,591	8,591	-	214,796	214,796	-
41,886	41,886	-	1,781	1,781	-	43,667	43,667	-
41,886	41,886	-	1,781	1,781	-	43,667	43,667	-
7,381	7,381	-	-	-	-	7,381	7,381	-
7,381	7,381	-	-	-	-	7,381	7,381	-
46,786	46,786	-	3,078	3,078	-	49,864	49,864	-
46,786	46,786	-	3,078	3,078	-	49,864	49,864	-
1,004	1,004	-	-	-	-	1,004	1,004	-
1,004	1,004	-	-	-	-	1,004	1,004	-
63,878	63,878	-	4,820	4,820	-	68,698	68,698	-
63,878	63,878	-	4,820	4,820	-	68,698	68,698	-
14,327	14,327	-	279	279	-	14,606	14,606	-
14,327	14,327	-	279	279	-	14,606	14,606	-
-	-	-	117	117	-	117	117	-
4,237	4,237	-	-	-	-	4,237	4,237	-
328,335	328,335	-	-	-	-	328,335	328,335	-
332,572	332,572	-	117	117	-	332,689	332,689	-
76,323	76,323	-	-	-	-	76,323	76,323	-
76,323	76,323	-	-	-	-	76,323	76,323	-
194,970	194,970	-	-	-	-	194,970	194,970	-
194,970	194,970	-	-	-	-	194,970	194,970	-
26,960	26,960	-	871	871	-	27,831	27,831	-
26,960	26,960	-	871	871	-	27,831	27,831	-
43,110	43,110	-	2,539	2,539	-	45,649	45,649	-
43,110	43,110	-	2,539	2,539	-	45,649	45,649	-
136,598	136,598	-	4,111	4,111	-	140,709	140,709	-
136,598	136,598	-	4,111	4,111	-	140,709	140,709	-

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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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
University of West Alabama			
Support of State Universities: University Of West Alabama - Stillman College	-	-	-
Support of State Universities: University Of West Alabama/Operations and Maintenance	-	-	-
Total University of West Alabama	-	-	-
TOTAL Universities and Training Institutes	-	-	-
Other			
Accountancy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Accountancy Board	-	-	-
Agricultural Museum Board			
Agricultural Promotional Program	132	124	8
Total Agricultural Museum Board	132	124	8
Agriculture and Conservation Development Commission			
Water Resource Development	-	-	-
Total Agriculture and Conservation Development Commission	-	-	-
Alabama Athletic Commission			
Licensing, Regulation and Enforcement	-	-	-
Total Alabama Athletic Commission	-	-	-
Alabama Board of Genetic Counseling			
Professional and Occupational Licensing And Regulation	-	-	-
Total Alabama Board of Genetic Counseling	-	-	-
Alabama Commission on the Evaluation of Services			
Special Services	-	-	-
Total Alabama Commission on the Evaluation of Services	-	-	-
Alabama Innovation Fund			
Alabama Innovation Fund	-	-	-
Total Alabama Innovation Fund	-	-	-
Alabama Medical Cannabis Commission			
Professional and Occupational Licensure and Regulation	3,500	664	2,836
Total Alabama Medical Cannabis Commission	3,500	664	2,836
Alabama School of Cyber Technology and Engineering			
Operations and Maintenance	-	-	-
Total Alabama School of Cyber Technology and Engineering	-	-	-
Alabama Security Regulatory Board			
Licensing, Regulation and Enforcement	-	-	-
Total Alabama Security Regulatory Board	-	-	-
Alabama Trust Fund			
Alabama Natural Heritage	-	-	-
Fiscal Management	22	15	7
Total Alabama Trust Fund	22	15	7
Alcoholic Beverage Control Board			
Administrative Services	-	-	-
Alcoholic Beverage Management	-	-	-
Licensing, Regulation and Enforcement	-	-	-
Total Alcoholic Beverage Control Board	-	-	-
American Legion Scholarships			
Financial Assistance: American Legion Scholarships	-	-	-
Total American Legion Scholarships	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
100	100	-	-	-	-	100	100	-
22,065	22,065	-	1,862	1,862	-	23,927	23,927	-
22,165	22,165	-	1,862	1,862	-	24,027	24,027	-
1,472,979	1,472,979	-	31,963	31,963	-	1,504,942	1,504,942	-
-	-	-	1,791	1,719	72	1,791	1,719	72
-	-	-	1,791	1,719	72	1,791	1,719	72
-	-	-	-	-	-	132	124	8
-	-	-	-	-	-	132	124	8
-	-	-	953	859	94	953	859	94
-	-	-	953	859	94	953	859	94
-	-	-	275	149	126	275	149	126
-	-	-	275	149	126	275	149	126
-	-	-	70	50	20	70	50	20
-	-	-	70	50	20	70	50	20
2,484	564	1,920	40	-	40	2,524	564	1,960
2,484	564	1,920	40	-	40	2,524	564	1,960
73,420	73,320	100	-	-	-	73,420	73,320	100
73,420	73,320	100	-	-	-	73,420	73,320	100
-	-	-	500	499	1	4,000	1,163	2,837
-	-	-	500	499	1	4,000	1,163	2,837
7,140	7,140	-	-	-	-	7,140	7,140	-
7,140	7,140	-	-	-	-	7,140	7,140	-
-	-	-	950	743	207	950	743	207
-	-	-	950	743	207	950	743	207
-	-	-	1,593	880	713	1,593	880	713
-	-	-	-	-	-	22	15	7
-	-	-	1,593	880	713	1,615	895	720
-	-	-	14,297	11,855	2,442	14,297	11,855	2,442
-	-	-	80,844	70,104	10,740	80,844	70,104	10,740
-	-	-	11,510	7,783	3,727	11,510	7,783	3,727
-	-	-	106,651	89,742	16,909	106,651	89,742	16,909
113	67	46	-	-	-	113	67	46
113	67	46	-	-	-	113	67	46

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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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
Architects Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Architects Registration Board	-	-	-
Archives and History			
Historical Resources Management	1,902	1,902	-
Total Archives and History	1,902	1,902	-
Assisted Living Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Assisted Living Examiners Board	-	-	-
Athlete Agent Regulatory Commission			
Professional and Occupational Licensure and Regulation	-	-	-
Total Athlete Agent Regulatory Commission	-	-	-
Athletic Trainers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Athletic Trainers Board	-	-	-
Auctioneers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Auctioneers Board	-	-	-
Banking			
Charter Licensure and Regulation Financial	-	-	-
Total Banking	-	-	-
Board of Adjustment			
Special Services: Damage Claims-Board of Adjustment	17	5	12
Special Services: Death Claims-Board of Adjustment	3,340	3,340	-
Total Board of Adjustment	3,357	3,345	12
Board of Control-Public Employee Contribution			
Support of State Universities: University Of Alabama-BoT/Operations and Maintenance	-	-	-
Total Board of Control-Public Employee Contribution	-	-	-
Board of Cosmetology and Barbering			
Professional and Occupational Licensure and Regulation	-	-	-
Total Board of Cosmetology and Barbering	-	-	-
Bureau of Pardons and Paroles			
Administration of Pardons and Paroles	81,611	78,975	2,636
Total Bureau of Pardons and Paroles	81,611	78,975	2,636
Child Abuse & Neglect Prevention			
Social Services	-	-	-
Total Child Abuse & Neglect Prevention	-	-	-
Children Services Facilitation			
Human Services	-	-	-
Total Children Services Facilitation	-	-	-
Chiropractic Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Chiropractic Examiners Board	-	-	-
Choctawhatchee, Pea and Yellow Rivers Watershed Management Authority			
Water Resource Development	393	326	67
Total Choctawhatchee, Pea and Yellow Rivers Watershed Management Authority	393	326	67
Coalition Against Domestic Violence			
Non-State	170	170	-
Total Coalition Against Domestic Violence	170	170	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	577	462	115	577	462	115
-	-	-	577	462	115	577	462	115
8,777	6,015	2,762	1,198	362	836	11,877	8,279	3,598
8,777	6,015	2,762	1,198	362	836	11,877	8,279	3,598
-	-	-	137	135	2	137	135	2
-	-	-	137	135	2	137	135	2
-	-	-	20	5	15	20	5	15
-	-	-	20	5	15	20	5	15
-	-	-	100	72	28	100	72	28
-	-	-	100	72	28	100	72	28
-	-	-	275	157	118	275	157	118
-	-	-	275	157	118	275	157	118
-	-	-	20,900	14,728	6,172	20,900	14,728	6,172
-	-	-	20,900	14,728	6,172	20,900	14,728	6,172
-	-	-	-	-	-	17	5	12
-	-	-	-	-	-	3,340	3,340	-
-	-	-	-	-	-	3,357	3,345	12
-	-	-	19,571	19,571	-	19,571	19,571	-
-	-	-	19,571	19,571	-	19,571	19,571	-
-	-	-	3,355	2,535	820	3,355	2,535	820
-	-	-	3,355	2,535	820	3,355	2,535	820
-	-	-	11,668	8,608	3,060	93,279	87,583	5,696
-	-	-	11,668	8,608	3,060	93,279	87,583	5,696
-	-	-	22,426	18,553	3,873	22,426	18,553	3,873
-	-	-	22,426	18,553	3,873	22,426	18,553	3,873
-	-	-	4,903	1,930	2,973	4,903	1,930	2,973
-	-	-	4,903	1,930	2,973	4,903	1,930	2,973
-	-	-	729	478	251	729	478	251
-	-	-	729	478	251	729	478	251
-	-	-	28	15	13	421	341	80
-	-	-	28	15	13	421	341	80
-	-	-	-	-	-	170	170	-
-	-	-	-	-	-	170	170	-

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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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
Commerce			
Industrial Development: Alabama Department Of Commerce	7,987	7,065	922
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: Alabama Workforce Council	-	-	-
Industrial Training: Marketing Campaign Technical Education	-	-	-
Industrial Training: Modern Manufacturing Pilot Project	-	-	-
Industrial Training: Rural Marketing Campaign	-	-	-
Industrial Training: State Grants & Contracts	343	343	-
Skills Enhancement/Employment Opportunities: Skills Enhancement	1,227	486	741
Total Commerce	9,557	7,894	1,663
Conservation and Natural Resources			
Administrative Services	-	-	-
Deepwater Horizon Oil Spill Restoration Program	-	-	-
Game and Fish	-	-	-
Marine Resources	-	-	-
Outdoor Recreation Sites and Services	-	-	-
State Land Management	-	-	-
Total Conservation and Natural Resources	-	-	-
Construction Recruitment			
Recruitment/Training Promotion	-	-	-
Total Construction Recruitment	-	-	-
Corrections Institution Finance Authority			
Debt Service: ACIFA 2022-A Debt Service	-	-	-
Total Corrections Institution Finance Authority	-	-	-
Council on the Arts			
Fine Arts	-	-	-
Total Council on the Arts	-	-	-
Counseling Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Counseling Examiners Board	-	-	-
Court of Civil Appeals			
Court Operations	6,664	4,386	2,278
Total Court of Civil Appeals	6,664	4,386	2,278
Court of Criminal Appeals			
Court Operations	6,478	4,351	2,127
Total Court of Criminal Appeals	6,478	4,351	2,127
Court Reporting			
Professional and Occupational Licensure and Regulation	-	-	-
Total Court Reporting	-	-	-
Credit Union Administration			
Charter Licensure and Regulation Financial	-	-	-
Total Credit Union Administration	-	-	-
Crime Victims Compensation Commission			
Special Services	-	-	-
Total Crime Victims Compensation Commission	-	-	-
Dental Scholarships Awards Board			
Support - Other Educational Activities	-	-	-
Total Dental Scholarships Awards Board	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	407	331	76	8,394	7,396	998
7,639	7,639	-	-	-	-	7,639	7,639	-
7,081	7,081	-	-	-	-	7,081	7,081	-
53,773	53,773	-	-	-	-	53,773	53,773	-
200	200	-	-	-	-	200	200	-
900	900	-	-	-	-	900	900	-
1,240	1,240	-	-	-	-	1,240	1,240	-
400	400	-	-	-	-	400	400	-
-	-	-	-	-	-	343	343	-
-	-	-	59,647	39,875	19,772	60,874	40,361	20,513
71,233	71,233	-	60,054	40,206	19,848	140,844	119,333	21,511
-	-	-	10,709	9,521	1,188	10,709	9,521	1,188
-	-	-	160,517	31,313	129,204	160,517	31,313	129,204
-	-	-	52,628	43,991	8,637	52,628	43,991	8,637
-	-	-	21,142	14,720	6,422	21,142	14,720	6,422
-	-	-	48,752	47,042	1,710	48,752	47,042	1,710
-	-	-	74,604	28,877	45,727	74,604	28,877	45,727
-	-	-	368,352	175,464	192,888	368,352	175,464	192,888
-	-	-	1,750	1,704	46	1,750	1,704	46
-	-	-	1,750	1,704	46	1,750	1,704	46
-	-	-	29,998	29,998	-	29,998	29,998	-
-	-	-	29,998	29,998	-	29,998	29,998	-
7,078	6,724	354	1,649	1,649	-	8,727	8,373	354
7,078	6,724	354	1,649	1,649	-	8,727	8,373	354
-	-	-	900	782	118	900	782	118
-	-	-	900	782	118	900	782	118
-	-	-	-	-	-	6,664	4,386	2,278
-	-	-	-	-	-	6,664	4,386	2,278
-	-	-	-	-	-	6,478	4,351	2,127
-	-	-	-	-	-	6,478	4,351	2,127
-	-	-	200	79	121	200	79	121
-	-	-	200	79	121	200	79	121
-	-	-	5,054	1,828	3,226	5,054	1,828	3,226
-	-	-	5,054	1,828	3,226	5,054	1,828	3,226
-	-	-	3,624	1,939	1,685	3,624	1,939	1,685
-	-	-	3,624	1,939	1,685	3,624	1,939	1,685
731	731	-	-	-	-	731	731	-
731	731	-	-	-	-	731	731	-

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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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
Dietetics and Nutritionists Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Dietetics and Nutritionists Examining Board	-	-	-
District Attorneys			
Court Operations	13,627	13,432	195
Total District Attorneys	13,627	13,432	195
Early Childhood Education			
Children's Policy Council	-	-	-
Social Services	-	-	-
Total Early Childhood Education	-	-	-
Educational Television Commission			
Educational Television	500	-	500
Total Educational Television Commission	500	-	500
Electrical Contractors Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Electrical Contractors Board	-	-	-
Electronic Security Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Electronic Security Board	-	-	-
Endowments			
Debt Service: Auburn University Endowment	-	-	-
Debt Service: Grove Hill Endowment	-	-	-
Debt Service: University Of Alabama Endowment	-	-	-
Total Endowments	-	-	-
Environmental Management			
Environmental Management	-	-	-
Wastewater System Grant Program	-	-	-
Water and Sewer Emergency and High Need Grant Program	-	-	-
Water and Sewer Infrastructure Grant Program	-	-	-
Total Environmental Management	-	-	-
Ethics Commission			
Regulation of Public Officials and Employees	2,856	2,019	837
Total Ethics Commission	2,856	2,019	837
Finance - Teacher Unused Sick Leave			
Employee Benefits	-	-	-
Total Finance - Teacher Unused Sick Leave	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	300	241	59	300	241	59
-	-	-	300	241	59	300	241	59
-	-	-	24,337	22,835	1,502	37,964	36,267	1,697
-	-	-	24,337	22,835	1,502	37,964	36,267	1,697
-	-	-	9,464	7,417	2,047	9,464	7,417	2,047
168,051	144,769	23,282	24,300	21,323	2,977	192,351	166,092	26,259
168,051	144,769	23,282	33,764	28,740	5,024	201,815	173,509	28,306
12,666	8,701	3,965	4,158	1,497	2,661	17,324	10,198	7,126
12,666	8,701	3,965	4,158	1,497	2,661	17,324	10,198	7,126
-	-	-	925	761	164	925	761	164
-	-	-	925	761	164	925	761	164
-	-	-	475	404	71	475	404	71
-	-	-	475	404	71	475	404	71
20	20	-	-	-	-	20	20	-
1	1	-	-	-	-	1	1	-
61	61	-	-	-	-	61	61	-
82	82	-	-	-	-	82	82	-
-	-	-	75,136	66,769	8,367	75,136	66,769	8,367
-	-	-	5,000	5,000	-	5,000	5,000	-
-	-	-	120,000	-	120,000	120,000	-	120,000
-	-	-	100,000	-	100,000	100,000	-	100,000
-	-	-	300,136	71,769	228,367	300,136	71,769	228,367
-	-	-	-	-	-	2,856	2,019	837
-	-	-	-	-	-	2,856	2,019	837
1,740	1,560	180	-	-	-	1,740	1,560	180
1,740	1,560	180	-	-	-	1,740	1,560	180

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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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
Finance Special Appropriations			
Administration Service and Logistical Support: Removal of Prisoners	1,794	1,597	197
Criminal Investigation: Arrest of Absconding Felons	25	5	20
Executive Direction: Governors' Widow Retirement	6	-	6
Fiscal Management: Cash Management Improvement Act (CMIA)	10	6	4
Fiscal Management: Employee Suggestion Awards Program	44	-	44
Institutional Service Corrections: Emergency Prisoner Feeding Fund	-	-	-
Institutional Service Corrections: Feeding of Prisoners	11,978	10,900	1,078
Legal Advice And Legal Service: Automatic Appeal Expense	16	-	16
Legal Advice And Legal Service: Court Assessed Cost Not Otherwise Provided	265	255	10
Legal Advice And Legal Service: Law Enforcement Legal Defense	1	-	1
Special Services: Court Assessed Cost Not Otherwise Provided	5,500	4,338	1,162
Special Services: Dandridge, Beniah	100	100	-
Special Services: Election Expenses	8,615	8,603	12
Special Services: Emergency Fund, Departmental	14,504	500	14,004
Special Services: Grimes, Dan	100	100	-
Special Services: Littleton, Joseph Michael	25	25	-
Special Services: Registration of Voters	4,255	3,566	689
Special Services: Williams, Antonio Shawn	50	50	-
Total Finance Special Appropriations	47,288	30,045	17,243
Finance Special Funds			
Administrative Cost Program	-	-	-
Appropriation Transfers	-	-	-
Assisted Living Program	-	-	-
Corrections	-	-	-
Emergency Rental Assistance	-	-	-
Emergency Response Provider Assistance Program	-	-	-
Healthcare	-	-	-
Homeowner Assistance Fund	-	-	-
Hospitals	-	-	-
Municipalities	-	-	-
Nursing Home Program	-	-	-
Rural Hospital Program	-	-	-
Special Services	-	-	-
State Agencies	-	-	-
Telemedicine Program	-	-	-
Unemployment Trust Fund Transfer Program	-	-	-
Volunteer Fire Department Assistance Program	-	-	-
Total Finance Special Funds	-	-	-
Forensic Sciences			
Forensic Science Services	16,077	16,076	1
Total Forensic Sciences	16,077	16,076	1
Foresters Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Foresters Registration Board	-	-	-
Forestry Commission			
Forest Resources Protection and Development	-	-	-
Total Forestry Commission	-	-	-
Forever Wild Land Trust			
Administrative Services	-	-	-
Total Forever Wild Land Trust	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	1,794	1,597	197
-	-	-	-	-	-	25	5	20
-	-	-	-	-	-	6	-	6
-	-	-	-	-	-	10	6	4
-	-	-	-	-	-	44	-	44
-	-	-	500	33	467	500	33	467
-	-	-	-	-	-	11,978	10,900	1,078
-	-	-	-	-	-	16	-	16
-	-	-	-	-	-	265	255	10
-	-	-	-	-	-	1	-	1
-	-	-	-	-	-	5,500	4,338	1,162
-	-	-	-	-	-	100	100	-
-	-	-	-	-	-	8,615	8,603	12
-	-	-	-	-	-	14,504	500	14,004
-	-	-	-	-	-	100	100	-
-	-	-	-	-	-	25	25	-
-	-	-	-	-	-	4,255	3,566	689
-	-	-	-	-	-	50	50	-
-	-	-	500	33	467	47,788	30,078	17,710
-	-	-	7,843	-	7,843	7,843	-	7,843
-	-	-	228,106	214,297	13,809	228,106	214,297	13,809
-	-	-	5,000	3,503	1,497	5,000	3,503	1,497
-	-	-	11,000	10,982	18	11,000	10,982	18
-	-	-	3,702	3,702	-	3,702	3,702	-
-	-	-	10,000	2,229	7,771	10,000	2,229	7,771
-	-	-	20,796	2,100	18,696	20,796	2,100	18,696
-	-	-	113,126	113,126	-	113,126	113,126	-
-	-	-	80,000	80,000	-	80,000	80,000	-
-	-	-	180,173	178,683	1,490	180,173	178,683	1,490
-	-	-	80,000	80,000	-	80,000	80,000	-
-	-	-	30,000	28,716	1,284	30,000	28,716	1,284
-	-	-	57,880	57,880	-	57,880	57,880	-
-	-	-	3,527	3,527	-	3,527	3,527	-
-	-	-	5,000	-	5,000	5,000	-	5,000
-	-	-	79,500	79,500	-	79,500	79,500	-
-	-	-	10,000	9,701	299	10,000	9,701	299
-	-	-	925,653	867,946	57,707	925,653	867,946	57,707
-	-	-	17,388	15,930	1,458	33,465	32,006	1,459
-	-	-	17,388	15,930	1,458	33,465	32,006	1,459
-	-	-	200	146	54	200	146	54
-	-	-	200	146	54	200	146	54
60	60	-	45,849	37,952	7,897	45,909	38,012	7,897
60	60	-	45,849	37,952	7,897	45,909	38,012	7,897
-	-	-	2,116	1,301	815	2,116	1,301	815
-	-	-	2,116	1,301	815	2,116	1,301	815

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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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
Fringe Benefit Accounts			
Fringe Benefits: Judicial Retirement - General Fund Share	2,590	2,590	-
Total Fringe Benefit Accounts	2,590	2,590	-
Funeral Services Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Funeral Services Board	-	-	-
General Contractors Licensing Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total General Contractors Licensing Board	-	-	-
General Obligation Debt Service and Reserve			
Debt Service	-	-	-
Debt Service: ACIFA 2022-A Debt Service	29,998	29,998	-
Debt Service: Alabama Incentives Finance Authority 2009-B Bonds	-	-	-
Debt Service: Alabama Incentives Finance Authority 2019-A Bonds	-	-	-
Debt Service: Alabama Incentives Finance Authority 2019-B Bonds	-	-	-
Debt Service: Debt Service-General Obligation 2016-A	3,716	3,716	-
Debt Service: Debt Service-General Obligation 2016-B	-	-	-
Debt Service: Debt Service-General Obligation 2016-C	3,770	3,770	-
Debt Service: General Obligation 2013-A Refunding Bond	13,572	13,572	-
Debt Service: General Obligation 2013-B Capital Improvement Bond	2,000	2,000	-
Debt Service: General Obligation 2014-A Refunding Bonds	13,380	13,380	-
Debt Service: General Obligation 2018-A Debt Service	3,418	3,418	-
Debt Service: General Obligation 2018-B Debt Service	1,950	1,950	-
Debt Service: General Obligation 2018-C Debt Service	-	-	-
Total General Obligation Debt Service and Reserve	71,804	71,804	-
Geological Survey			
Mineral, Energy, and Water Resources	3,796	3,398	398
Total Geological Survey	3,796	3,398	398
Governor's Contingency Fund			
Executive Direction	-	-	-
Executive Direction: Governor's Contingency Fund	184	163	21
Total Governor's Contingency Fund	184	163	21
Governor's Mansion Authority			
Historical Resources Management	-	-	-
Total Governor's Mansion Authority	-	-	-
Governor's Office of Minority Affairs			
Executive Direction	1,545	504	1,041
Total Governor's Office of Minority Affairs	1,545	504	1,041
Governor's Office of Volunteer Services			
Executive Direction	211	77	134
Total Governor's Office of Volunteer Services	211	77	134
Governor's Office on Disability			
Executive Direction	500	108	392
Total Governor's Office on Disability	500	108	392
Health Planning and Development			
Health Planning Development and Regulation	7	7	-
Total Health Planning and Development	7	7	-
Hearing Instrument Dealers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Hearing Instrument Dealers Board	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	2,590	2,590	-
-	-	-	-	-	-	2,590	2,590	-
-	-	-	664	497	167	664	497	167
-	-	-	664	497	167	664	497	167
-	-	-	2,679	1,457	1,222	2,679	1,457	1,222
-	-	-	2,679	1,457	1,222	2,679	1,457	1,222
-	-	-	81,738	81,738	-	81,738	81,738	-
-	-	-	-	-	-	29,998	29,998	-
615	615	-	-	-	-	615	615	-
2,707	2,707	-	-	-	-	2,707	2,707	-
541	541	-	-	-	-	541	541	-
4,000	4,000	-	-	-	-	7,716	7,716	-
-	-	-	5,928	5,928	-	5,928	5,928	-
7,000	7,000	-	-	-	-	10,770	10,770	-
-	-	-	-	-	-	13,572	13,572	-
-	-	-	452	452	-	2,452	2,452	-
12,000	12,000	-	-	-	-	25,380	25,380	-
1,500	1,500	-	-	-	-	4,918	4,918	-
3,785	3,785	-	-	-	-	5,735	5,735	-
-	-	-	5,268	5,268	-	5,268	5,268	-
32,148	32,148	-	93,386	93,386	-	197,338	197,338	-
7,527	523	7,004	3,351	1,252	2,099	14,674	5,173	9,501
7,527	523	7,004	3,351	1,252	2,099	14,674	5,173	9,501
-	-	-	15	-	15	15	-	15
-	-	-	-	-	-	184	163	21
-	-	-	15	-	15	199	163	36
-	-	-	3,424	1,472	1,952	3,424	1,472	1,952
-	-	-	3,424	1,472	1,952	3,424	1,472	1,952
-	-	-	-	-	-	1,545	504	1,041
-	-	-	-	-	-	1,545	504	1,041
406	243	163	4,918	1,733	3,185	5,535	2,053	3,482
406	243	163	4,918	1,733	3,185	5,535	2,053	3,482
-	-	-	-	-	-	500	108	392
-	-	-	-	-	-	500	108	392
-	-	-	3,433	1,157	2,276	3,440	1,164	2,276
-	-	-	3,433	1,157	2,276	3,440	1,164	2,276
-	-	-	54	33	21	54	33	21
-	-	-	54	33	21	54	33	21

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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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
Heating, Air Conditioning, and Refrigeration Contractors Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Heating, Air Conditioning, and Refrigeration Contractors Board	-	-	-
High School of Math and Science			
Financial Assistance	-	-	-
Total High School of Math and Science	-	-	-
Historical Commission			
Historical Resources Management: Capitol Preservation	-	-	-
Historical Resources Management: Confederate Park-Soldier Fund	-	-	-
Historical Resources Management: Historical Commission	-	-	-
Total Historical Commission	-	-	-
Home Builders Licensure Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Home Builders Licensure Board	-	-	-
Home Medical Equipment Services Provider Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Home Medical Equipment Services Provider Board	-	-	-
Indian Affairs Commission			
Social Services	154	109	45
Total Indian Affairs Commission	154	109	45
Insurance			
Regulatory Services	-	-	-
Total Insurance	-	-	-
Interior Design Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Interior Design Registration Board	-	-	-
Interpreters and Translitterators			
Professional and Occupational Licensure and Regulation	-	-	-
Total Interpreters and Translitterators	-	-	-
Judicial Inquiry Commission			
Administrative Services	1,332	1,098	234
Total Judicial Inquiry Commission	1,332	1,098	234
Landscape Architect Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Landscape Architect Examining Board	-	-	-
Legislative Council			
Legislative Operations and Support	3,776	1,748	2,028
Total Legislative Council	3,776	1,748	2,028
Legislative Services Agency			
Legislative Operations and Support	6,555	5,190	1,365
Total Legislative Services Agency	6,555	5,190	1,365
Lieutenant Governor			
Commission on 21st Century Workforce	-	-	-
Legislative Operations and Support	898	715	183
Total Lieutenant Governor	898	715	183
Liquefied Petroleum Gas Board			
Regulatory Services	-	-	-
Total Liquefied Petroleum Gas Board	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	1,500	1,334	166	1,500	1,334	166
-	-	-	1,500	1,334	166	1,500	1,334	166
9,610	8,901	709	12	-	12	9,622	8,901	721
9,610	8,901	709	12	-	12	9,622	8,901	721
-	-	-	135	119	16	135	119	16
-	-	-	675	506	169	675	506	169
-	-	-	10,656	8,860	1,796	10,656	8,860	1,796
-	-	-	11,466	9,485	1,981	11,466	9,485	1,981
-	-	-	4,727	2,616	2,111	4,727	2,616	2,111
-	-	-	4,727	2,616	2,111	4,727	2,616	2,111
-	-	-	350	80	270	350	80	270
-	-	-	350	80	270	350	80	270
-	-	-	110	67	43	264	176	88
-	-	-	110	67	43	264	176	88
-	-	-	67,947	47,175	20,772	67,947	47,175	20,772
-	-	-	67,947	47,175	20,772	67,947	47,175	20,772
-	-	-	50	31	19	50	31	19
-	-	-	50	31	19	50	31	19
-	-	-	55	35	20	55	35	20
-	-	-	55	35	20	55	35	20
-	-	-	-	-	-	1,332	1,098	234
-	-	-	-	-	-	1,332	1,098	234
-	-	-	62	56	6	62	56	6
-	-	-	62	56	6	62	56	6
-	-	-	-	-	-	3,776	1,748	2,028
-	-	-	-	-	-	3,776	1,748	2,028
4,358	3,204	1,154	628	226	402	11,541	8,620	2,921
4,358	3,204	1,154	628	226	402	11,541	8,620	2,921
93	91	2	-	-	-	93	91	2
-	-	-	-	-	-	898	715	183
93	91	2	-	-	-	991	806	185
-	-	-	1,988	1,449	539	1,988	1,449	539
-	-	-	1,988	1,449	539	1,988	1,449	539

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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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
Lyman Ward Military Academy			
Support - Other Educational Activities	-	-	-
Total Lyman Ward Military Academy	-	-	-
Manufactured Housing Commission			
Regulatory Services	-	-	-
Total Manufactured Housing Commission	-	-	-
Marine Environmental Sciences Consortium			
Support - Other Educational Activities	-	-	-
Total Marine Environmental Sciences Consortium	-	-	-
Marriage and Family Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Marriage and Family Therapy Board	-	-	-
Massage Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Massage Therapy Board	-	-	-
Medical Scholarships Awards Board			
Support - Other Educational Activities	-	-	-
Total Medical Scholarships Awards Board	-	-	-
Military			
Military Operations: Active Military Service	744	428	316
Military Operations: Air National Guard Operations and Maintenance	1,598	919	679
Military Operations: Counter Drug	-	-	-
Military Operations: Military Billeting	-	-	-
Military Operations: Operations	3,463	1,491	1,972
Military Operations: Operations and Maintenance	10,703	4,954	5,749
Total Military	16,508	7,792	8,716
Music Hall of Fame			
Fine Arts	-	-	-
Total Music Hall of Fame	-	-	-
Nursing Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Nursing Board	-	-	-
Nursing Home Administration Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Nursing Home Administration Examining Board	-	-	-
Occupational Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Occupational Therapy Board	-	-	-
Office of Information Technology			
Administrative Support Service	-	-	-
Total Office of Information Technology	-	-	-
Office of Prosecution Services			
Prosecution Training Education and Management	2,336	2,331	5
Total Office of Prosecution Services	2,336	2,331	5
Oil and Gas Board			
Management and Regulation of Oil and Gas Exploration/Develop	3,226	2,850	376
Total Oil and Gas Board	3,226	2,850	376
Onsite Wastewater Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Onsite Wastewater Board	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
389	389	-	-	-	-	389	389	-
389	389	-	-	-	-	389	389	-
-	-	-	3,561	2,626	935	3,561	2,626	935
-	-	-	3,561	2,626	935	3,561	2,626	935
10,751	10,751	-	-	-	-	10,751	10,751	-
10,751	10,751	-	-	-	-	10,751	10,751	-
-	-	-	100	55	45	100	55	45
-	-	-	100	55	45	100	55	45
-	-	-	325	229	96	325	229	96
-	-	-	325	229	96	325	229	96
2,440	2,182	258	400	-	400	2,840	2,182	658
2,440	2,182	258	400	-	400	2,840	2,182	658
-	-	-	-	-	-	744	428	316
-	-	-	7,615	6,579	1,036	9,213	7,498	1,715
-	-	-	27	7	20	27	7	20
-	-	-	712	658	54	712	658	54
-	-	-	-	-	-	3,463	1,491	1,972
-	-	-	93,385	47,929	45,456	104,088	52,883	51,205
-	-	-	101,739	55,173	46,566	118,247	62,965	55,282
279	151	128	422	268	154	701	419	282
279	151	128	422	268	154	701	419	282
616	586	30	8,636	7,465	1,171	9,252	8,051	1,201
616	586	30	8,636	7,465	1,171	9,252	8,051	1,201
-	-	-	118	79	39	118	79	39
-	-	-	118	79	39	118	79	39
-	-	-	344	226	118	344	226	118
-	-	-	344	226	118	344	226	118
-	-	-	84,853	54,675	30,178	84,853	54,675	30,178
-	-	-	84,853	54,675	30,178	84,853	54,675	30,178
-	-	-	9,463	6,413	3,050	11,799	8,744	3,055
-	-	-	9,463	6,413	3,050	11,799	8,744	3,055
-	-	-	894	63	831	4,120	2,913	1,207
-	-	-	894	63	831	4,120	2,913	1,207
-	-	-	458	443	15	458	443	15
-	-	-	458	443	15	458	443	15

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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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
Optometric Scholarships Awards			
Support - Other Educational Activities	-	-	-
Total Optometric Scholarships Awards	-	-	-
Peace Officer Annuity and Benefits			
Retirement Systems	-	-	-
Total Peace Officer Annuity and Benefits	-	-	-
Peace Officer Standards and Training			
Certified Law Enforcement Academy Program	-	-	-
Professional and Occupational Licensure and Regulation	-	-	-
Total Peace Officer Standards and Training	-	-	-
Personnel			
Administrative Support Service	-	-	-
Total Personnel	-	-	-
Physical Fitness Commission			
Advisory Services	-	-	-
Total Physical Fitness Commission	-	-	-
Physical Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Physical Therapy Board	-	-	-
Plumbers and Gas Fitters Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Plumbers and Gas Fitters Examining Board	-	-	-
Polygraph Examiners			
Professional and Occupational Licensure and Regulation	-	-	-
Total Polygraph Examiners	-	-	-
President Pro Tempore Senate			
Legislative Operations and Support	2,411	1,341	1,070
Total President Pro Tempore Senate	2,411	1,341	1,070
Private Investigation Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Private Investigation Board	-	-	-
Professional Bail Bonding Board			
Professional and Occupational Licensing And Regulation	-	-	-
Total Professional Bail Bonding Board	-	-	-
Professional Engineers and Land Surveyors Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Professional Engineers and Land Surveyors Board	-	-	-
Professional Geologists Licensing Board			
Mineral, Energy, and Water Resources	-	-	-
Total Professional Geologists Licensing Board	-	-	-
Prosthetists and Orthotists Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Prosthetists and Orthotists Board	-	-	-
Psychology Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Psychology Examiners Board	-	-	-
Public Education Employees Health Insurance Board			
Administrative Support Service	-	-	-
Total Public Education Employees Health Insurance Board	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
200	200	-	-	-	-	200	200	-
200	200	-	-	-	-	200	200	-
-	-	-	796	594	202	796	594	202
-	-	-	796	594	202	796	594	202
1,000	1,000	-	300	145	155	1,300	1,145	155
254	254	-	1,700	1,099	601	1,954	1,353	601
1,254	1,254	-	2,000	1,244	756	3,254	2,498	756
-	-	-	12,866	10,788	2,078	12,866	10,788	2,078
-	-	-	12,866	10,788	2,078	12,866	10,788	2,078
2,037	2,035	2	16	1	15	2,053	2,036	17
2,037	2,035	2	16	1	15	2,053	2,036	17
-	-	-	637	424	213	637	424	213
-	-	-	637	424	213	637	424	213
-	-	-	2,206	1,845	361	2,206	1,845	361
-	-	-	2,206	1,845	361	2,206	1,845	361
-	-	-	40	20	20	40	20	20
-	-	-	40	20	20	40	20	20
-	-	-	-	-	-	2,411	1,341	1,070
-	-	-	-	-	-	2,411	1,341	1,070
-	-	-	153	104	49	153	104	49
-	-	-	153	104	49	153	104	49
-	-	-	90	89	1	90	89	1
-	-	-	90	89	1	90	89	1
-	-	-	2,106	1,204	902	2,106	1,204	902
-	-	-	2,106	1,204	902	2,106	1,204	902
-	-	-	75	41	34	75	41	34
-	-	-	75	41	34	75	41	34
-	-	-	250	140	110	250	140	110
-	-	-	250	140	110	250	140	110
-	-	-	558	300	258	558	300	258
-	-	-	558	300	258	558	300	258
-	-	-	6,347	4,879	1,468	6,347	4,879	1,468
-	-	-	6,347	4,879	1,468	6,347	4,879	1,468

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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
Public Library Service			
Public Library Services	-	-	-
Total Public Library Service	-	-	-
Real Estate Appraisers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Real Estate Appraisers Board	-	-	-
Real Estate Commission			
Professional and Occupational Licensure and Regulation	-	-	-
Total Real Estate Commission	-	-	-
Respiratory Therapy			
Professional and Occupational Licensure and Regulation	-	-	-
Total Respiratory Therapy	-	-	-
Retirement Systems of Alabama			
Retirement Systems	-	-	-
Total Retirement Systems of Alabama	-	-	-
School of Fine Arts			
Financial Assistance	-	-	-
Total School of Fine Arts	-	-	-
Securities Commission			
Regulatory Services	-	-	-
Total Securities Commission	-	-	-
Senior Services			
Elderly Medication Program	1,783	1,719	64
Medicaid Waiver Services	26,623	25,935	688
Planning and Advocacy for Elderly	9,434	9,204	230
Total Senior Services	37,840	36,858	982
Sickle Cell Oversight Commission			
Support - Other Educational Activities	-	-	-
Total Sickle Cell Oversight Commission	-	-	-
Social Work Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Social Work Examiners Board	-	-	-
Soil and Water Conservation Commission			
Professional and Occupational Licensure and Regulation	-	-	-
Water Resource Development	3,109	2,736	373
Total Soil and Water Conservation Commission	3,109	2,736	373
Space Science Exhibit Commission and Finance Authority			
Special Services	-	-	-
Total Space Science Exhibit Commission and Finance Authority	-	-	-
Speaker of the House			
Speaker Of House, Office Of	3,945	1,032	2,913
Total Speaker of the House	3,945	1,032	2,913
Speech Pathologists and Audiologists Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Speech Pathologists and Audiologists Examining Board	-	-	-
State Bar Association			
Professional and Occupational Licensure and Regulation	-	-	-
Total State Bar Association	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
12,777	12,624	153	6,220	5,777	443	18,997	18,401	596
12,777	12,624	153	6,220	5,777	443	18,997	18,401	596
-	-	-	1,200	845	355	1,200	845	355
-	-	-	1,200	845	355	1,200	845	355
-	-	-	5,559	4,261	1,298	5,559	4,261	1,298
-	-	-	5,559	4,261	1,298	5,559	4,261	1,298
-	-	-	350	159	191	350	159	191
-	-	-	350	159	191	350	159	191
-	-	-	76,103	55,048	21,055	76,103	55,048	21,055
-	-	-	76,103	55,048	21,055	76,103	55,048	21,055
9,398	9,398	-	-	-	-	9,398	9,398	-
9,398	9,398	-	-	-	-	9,398	9,398	-
-	-	-	33,438	8,591	24,847	33,438	8,591	24,847
-	-	-	33,438	8,591	24,847	33,438	8,591	24,847
-	-	-	-	-	-	1,783	1,719	64
-	-	-	106,550	102,364	4,186	133,173	128,299	4,874
-	-	-	40,909	38,562	2,347	50,343	47,766	2,577
-	-	-	147,459	140,926	6,533	185,299	177,784	7,515
1,648	1,645	3	-	-	-	1,648	1,645	3
1,648	1,645	3	-	-	-	1,648	1,645	3
-	-	-	402	344	58	402	344	58
-	-	-	402	344	58	402	344	58
-	-	-	13	3	10	13	3	10
-	-	-	21,575	5,353	16,222	24,684	8,089	16,595
-	-	-	21,588	5,356	16,232	24,697	8,092	16,605
5,839	5,839	-	-	-	-	5,839	5,839	-
5,839	5,839	-	-	-	-	5,839	5,839	-
-	-	-	-	-	-	3,945	1,032	2,913
-	-	-	-	-	-	3,945	1,032	2,913
-	-	-	292	247	45	292	247	45
-	-	-	292	247	45	292	247	45
-	-	-	6,697	5,514	1,183	6,697	5,514	1,183
-	-	-	6,697	5,514	1,183	6,697	5,514	1,183

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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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
State Board of Midwifery			
Alabama State Board of Midwifery	-	-	-
Total State Board of Midwifery	-	-	-
State Employees Insurance Board			
Administrative Support Service	-	-	-
Fringe Benefits	-	-	-
Total State Employees Insurance Board	-	-	-
State Executive Community Services Grants Commission			
Alabama Community Service Grant: House of Representatives	-	-	-
Alabama Community Service Grant: Senate	-	-	-
Total State Executive Community Services Grants Commission	-	-	-
State Industrial Development Authority			
Industrial Development	-	-	-
Total State Industrial Development Authority	-	-	-
Supercomputer Authority			
Information Technology Services	-	-	-
Total Supercomputer Authority	-	-	-
Supreme Court			
Court Operations	14,149	13,513	636
Total Supreme Court	14,149	13,513	636
Supreme Court Law Library			
Court Operations	1,210	946	264
Total Supreme Court Law Library	1,210	946	264
Surface Mining Commission			
Industrial Safety and Accident Prevention	-	-	-
Total Surface Mining Commission	-	-	-
Tax Tribunal			
Administrative Services	-	-	-
Total Tax Tribunal	-	-	-
Tennessee - Tombigbee Waterway Authority			
Water Resource Development	105	105	-
Total Tennessee - Tombigbee Waterway Authority	105	105	-
Tourism			
Tourism and Travel Promotion	9,104	9,068	36
Total Tourism	9,104	9,068	36
Veterans Affairs			
Administration of Veterans Affairs	3,504	3,131	373
Student Financial Aid	-	-	-
Veterans Cemetery	-	-	-
Veterans Homes	-	-	-
Total Veterans Affairs	3,504	3,131	373
Veterinarian Medical Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Veterinarian Medical Examiners Board	-	-	-
Women's Commission			
Employment and Social Opportunities	25	20	5
Total Women's Commission	25	20	5
TOTAL Other	384,958	332,958	52,000
TOTAL EXPENDITURES	\$ 2,329,146	\$ 1,874,527	\$ 454,619

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	25	7	18	25	7	18
-	-	-	25	7	18	25	7	18
-	-	-	8,232	5,614	2,618	8,232	5,614	2,618
-	-	-	1,955	1,955	-	1,955	1,955	-
-	-	-	10,187	7,569	2,618	10,187	7,569	2,618
5,017	5,017	-	-	-	-	5,017	5,017	-
5,030	5,016	14	-	-	-	5,030	5,016	14
10,047	10,033	14	-	-	-	10,047	10,033	14
-	-	-	2,320	1,605	715	2,320	1,605	715
-	-	-	2,320	1,605	715	2,320	1,605	715
-	-	-	23,911	19,560	4,351	23,911	19,560	4,351
-	-	-	23,911	19,560	4,351	23,911	19,560	4,351
-	-	-	-	-	-	14,149	13,513	636
-	-	-	-	-	-	14,149	13,513	636
521	498	23	-	-	-	1,731	1,444	287
521	498	23	-	-	-	1,731	1,444	287
-	-	-	5,716	2,649	3,067	5,716	2,649	3,067
-	-	-	5,716	2,649	3,067	5,716	2,649	3,067
-	-	-	1,938	842	1,096	1,938	842	1,096
-	-	-	1,938	842	1,096	1,938	842	1,096
-	-	-	-	-	-	105	105	-
-	-	-	-	-	-	105	105	-
-	-	-	30,000	24,417	5,583	39,104	33,485	5,619
-	-	-	30,000	24,417	5,583	39,104	33,485	5,619
4,144	3,964	180	7,703	4,658	3,045	15,351	11,753	3,598
65,000	34,429	30,571	-	-	-	65,000	34,429	30,571
-	-	-	988	666	322	988	666	322
-	-	-	101,341	69,917	31,424	101,341	69,917	31,424
69,144	38,393	30,751	110,032	75,241	34,791	182,680	116,765	65,915
-	-	-	658	590	68	658	590	68
-	-	-	658	590	68	658	590	68
-	-	-	38	1	37	63	21	42
-	-	-	38	1	37	63	21	42
535,057	462,054	73,003	2,950,497	2,137,934	812,563	3,870,512	2,932,946	937,566
\$ 7,608,408	\$ 7,451,012	\$ 157,396	\$ 27,565,652	\$ 21,300,029	\$ 6,265,623	\$ 37,503,206	\$ 30,625,568	\$ 6,877,638

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, 2022

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
TRANSFERS OUT:			
<u>Education Trust Fund Transfers</u>			
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	-	-	-
Teacher Excellence & Accountability for Math & Science	-	-	-
Teachers' Retirement System	-	-	-
Youth Services	-	-	-
TOTAL Education Trust Fund Transfers	-	-	-
<u>General Fund Transfers</u>			
Agricultural and Conservation Development Commission	684	684	-
Alabama Department of Environmental Management-Operations	11,389	11,389	-
Building Renovation Finance Authority	1,741	1,741	-
Child Abuse Board	210	210	-
Constitutional Amendment 856 Repayment	13,502	13,502	-
Crime Victims Compensation Commission	100	100	-
District Attorney	24,332	24,332	-
Emergency Forest Fire Fund	250	250	-
Fair Trial Tax Transfer	85,500	85,500	-
Forestry Commission	16,271	16,271	-
General Fund Budget Reserve Fund	72,703	72,703	-
Governor's Mansion Authority	605	605	-
Health Dept. CHIP - GF Transfer	54,690	54,690	-
Historical Commission	5,061	5,061	-
Human Resources	92,155	92,155	-
Local Emergency Management Agency Assistance	420	420	-
Mental Health	167,210	167,210	-
Office of Information Technology	2,500	2,500	-
Revenue Department	250	250	-
State Law Enforcement	79,599	79,599	-
Surface Mining Commission	716	716	-
Wynfield	226	226	-
Youth Services	6,705	6,705	-
TOTAL General Fund Transfers	636,819	636,819	-
TOTAL TRANSFERS OUT	\$ 636,819	\$ 636,819	\$ -
TOTAL EXPENDITURES AND TRANSFERS OUT	\$ 2,965,965	\$ 2,511,346	\$ 454,619

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
750,379	750,379	-	-	-	-	750,379	750,379	-
25,000	25,000	-	-	-	-	25,000	25,000	-
747	747	-	-	-	-	747	747	-
117,681	117,681	-	-	-	-	117,681	117,681	-
5,759	5,759	-	-	-	-	5,759	5,759	-
250	250	-	-	-	-	250	250	-
3,417	3,417	-	-	-	-	3,417	3,417	-
36,096	36,096	-	-	-	-	36,096	36,096	-
60,244	60,244	-	-	-	-	60,244	60,244	-
209,555	209,555	-	-	-	-	209,555	209,555	-
533	533	-	-	-	-	533	533	-
1,584	1,584	-	-	-	-	1,584	1,584	-
584	584	-	-	-	-	584	584	-
16,911	16,911	-	-	-	-	16,911	16,911	-
50,000	50,000	-	-	-	-	50,000	50,000	-
58,400	58,400	-	-	-	-	58,400	58,400	-
57,603	57,603	-	-	-	-	57,603	57,603	-
1,394,743	1,394,743	-	-	-	-	1,394,743	1,394,743	-
-	-	-	-	-	-	684	684	-
-	-	-	-	-	-	11,389	11,389	-
-	-	-	-	-	-	1,741	1,741	-
-	-	-	-	-	-	210	210	-
-	-	-	-	-	-	13,502	13,502	-
-	-	-	-	-	-	100	100	-
-	-	-	-	-	-	24,332	24,332	-
-	-	-	-	-	-	250	250	-
-	-	-	-	-	-	85,500	85,500	-
-	-	-	-	-	-	16,271	16,271	-
-	-	-	-	-	-	72,703	72,703	-
-	-	-	-	-	-	605	605	-
-	-	-	-	-	-	54,690	54,690	-
-	-	-	-	-	-	5,061	5,061	-
-	-	-	-	-	-	92,155	92,155	-
-	-	-	-	-	-	420	420	-
-	-	-	-	-	-	167,210	167,210	-
-	-	-	-	-	-	2,500	2,500	-
-	-	-	-	-	-	250	250	-
-	-	-	-	-	-	79,599	79,599	-
-	-	-	-	-	-	716	716	-
-	-	-	-	-	-	226	226	-
-	-	-	-	-	-	6,705	6,705	-
-	-	-	-	-	-	636,819	636,819	-
\$ 1,394,743	\$ 1,394,743	\$ -	\$ -	\$ -	\$ -	\$ 2,031,562	\$ 2,031,562	\$ -
\$ 9,003,151	\$ 8,845,755	\$ 157,396	\$ 27,565,652	\$ 21,300,029	\$ 6,265,623	\$ 39,534,768	\$ 32,657,130	\$ 6,877,638

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, 2022

(Amounts in Thousands)

TAXES

General Sales Tax (4% on gross retail sale of merchandise)	\$ 3,219,137	9.1 %
General Use Tax	991,973	2.8
Income Tax (2% to 5% personal income, 6.5% net corporate income)	7,226,604	20.5
Property Tax Relief (represents portion of Income Tax used to offset property taxes lost in certain funds due to homestead exemptions)	63,542	0.2
General Property Tax (6 1/2 mills for state on varying rates not over 30%)	450,357	1.3
Gasoline Taxes (24¢ per gallon; 9.5¢ aviation; 3.5¢ jet)	682,236	1.9
Utilities Tax (6% telephone, 4% other)	470,007	1.3
Insurance Premium Tax (1% to 6%)	561,847	1.6
Liquor & Wine Tax (totals 56%, collected by ABC stores)	200,213	0.6
Tobacco & Cigarette Taxes (21.25 mills per cigarette; varying amounts on cigars, smoking tobacco, snuff, etc.)	164,104	0.5
Corporation Taxes (privilege, 25¢ to \$1.75 per \$1,000 net worth; permit, entrance fees for filing)	130,423	0.4
State Beer Tax (5¢ per 12 oz.)	60,433	0.2
Public Utilities (2.2%)	154,522	0.4
Motor Fuel Tax (diesel 25¢ per gallon)	261,806	0.7
Tennessee Valley Authority (payments in-lieu of all state taxes)	98,216	0.3
Leasing / Renting Tangible Personal Property - (4% most items, 1.5% vehicles, 2% garments)	108,313	0.3
Production Privilege Tax (Oil & Gas Severance at amounts varying 2-8%)	59,135	0.2
Financial Institutions Excise Tax (6.5% of net income of banks and other financial institutions)	157,892	0.4
Documentary Filing Taxes (auto title, deed, mortgage, securities, etc)	122,491	0.3
Coal Severance Tax (33.5¢ per ton)	3,090	0.0
Forestry Severance Tax	6,998	0.0
Contractors Gross Receipts Tax (5% of gross receipts)	36,164	0.1
Lodgings Tax (4% or 5% of charge)	113,463	0.3
Hydroelectric Companies (tax on 2/5 mill per kilowatt hour and 2.2% per dollar gross receipts)	1,371	0.0
Lubricating Oil Tax (6¢ per gallon)	1,734	0.0
Pari-mutuel Betting (1 or 2% on pari-mutuel pools)	5,221	0.0
Court Cost Taxes	20,559	0.1
Medicaid Taxes	386,320	1.1
Cellular Telephones (6%)	22,673	0.1
Ground Materials Severance Tax	—	0.0
Vapor Products	4,036	0.0
Miscellaneous Taxes	22,033	0.1
TOTAL TAXES	\$ 15,806,913	44.8 %

LICENSES AND FEES		
Conservation Licenses (fishing, hunting, boat registration, etc)	\$ 42,319	0.1 %
Drivers Licenses and Fees	69,781	0.2
Petroleum Products Inspection Fees (.00025¢ to 15¢ per gallon)	58,652	0.2
Agricultural Licenses and Fees	17,832	0.1
Wholesale Oil Company License	8,838	0.0
Motor Vehicle License (\$23.00 on auto; up to \$890.00 on trucks and up to \$210.00 on buses)	222,236	0.6
Privilege License (fees for privilege of operating stores, factories, professions, businesses, etc)	158,188	0.4
Court Fees	74,932	0.2
Alcoholic Beverage Licenses	2,792	0.0
Insurance Corporation Licenses and Fees	1,967	0.0
Miscellaneous License and Fees	348,161	1.0
TOTAL LICENSES AND FEES	1,005,698	2.8
FINES AND FORFEITS		
Court Fines and Forfeits	21,298	0.1
Tobacco Settlement	118,916	0.3
Miscellaneous Fines and Forfeits	82,102	0.2
TOTAL FINES AND FORFEITS	222,316	0.6
INVESTMENT INCOME	449,102	1.3
FEDERAL REVENUES	16,378,684	46.5
OTHER REVENUES		
Rents and Royalties	119,482	0.3
Reimbursements	155,119	0.4
Sales of Property or Services	68,888	0.2
Contributions	17,342	0.0
Intragovernmental Services	373,629	1.1
Local Revenues	95,374	0.3
Medicaid CPE/IGT Revenues	382,970	1.1
Miscellaneous Revenues	179,928	0.5
TOTAL OTHER REVENUES	1,392,732	3.9
TOTAL REVENUES	\$ 35,255,445	100 %

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, 2022

(Amounts in Thousands)

	Total Revenues	Admin- istrative Expense	Net Revenues	Human Resources Funds	General Fund	Public School Fund	Education Trust Fund	Alabama Trust Fund
TAXES								
General Sales Tax	\$ 3,219,137	\$ 119,024	\$ 3,100,113	\$ 131,936	\$ 174,226	\$ 0	\$ 2,479,701	\$ 0
General Use Tax	991,973	3,986	987,987	500	617,676	—	368,551	—
Income Tax	7,226,604	44,036	7,182,568	—	—	—	7,182,568	—
Property Tax Relief	63,542	—	63,542	9,385	26,003	28,154	—	—
General Property Tax	450,357	5,463	444,894	66,923	171,074	206,897	—	—
Gasoline Taxes	682,236	13,320	668,916	—	—	—	—	—
Utilities Tax	470,007	313	469,694	—	—	—	455,094	—
Insurance Premium Tax	561,847	—	561,847	—	554,770	—	—	—
Liquor & Wine Tax	200,213	—	200,213	71,798	100,131	—	—	—
Tobacco & Cigarette Taxes	164,104	495	163,609	2,237	151,696	—	—	—
Corporation Taxes	130,423	—	130,423	—	90,020	—	—	—
State Beer Tax	60,433	—	60,433	12,087	18,130	—	24,173	—
Public Utilities	154,522	—	154,522	—	18,775	—	—	—
Motor Fuel Tax	261,806	1,581	260,225	—	—	—	—	—
Tennessee Valley Authority	98,216	—	98,216	—	2,741	—	—	—
Leasing/Renting Personal Property	108,313	—	108,313	—	108,313	—	—	—
Production Privilege Tax	59,135	—	59,135	—	42,339	—	—	—
Financial Institutions Excise Tax	157,892	—	157,892	—	73,617	—	—	—
Documentary Filing Taxes	122,491	707	121,784	—	121,784	—	—	—
Coal Severance Tax	3,090	—	3,090	—	—	—	—	—
Forestry Severance Tax	6,998	291	6,707	—	—	—	—	—
Contractors Gross Receipts Tax	36,164	37	36,127	5,409	—	—	—	—
Lodgings Tax	113,463	59	113,404	—	81,843	—	—	—
Hydroelectric Companies	1,371	—	1,371	—	—	—	576	—
Lubricating Oil Tax	1,734	13	1,721	—	578	—	—	—
Pari-mutuel Betting	5,221	—	5,221	—	5,221	—	—	—
Court Cost Taxes	20,559	—	20,559	—	5,571	—	—	—
Medicaid Provider Taxes	386,320	224	386,096	—	—	—	—	—
Cellular Telephone Tax	22,673	—	22,673	—	10,030	—	7,265	—
Vapor Products	4,036	—	4,036	—	4,036	—	—	—
Miscellaneous Taxes	22,033	352	21,681	—	5,447	1	—	—
TOTAL TAXES	15,806,913	189,901	15,617,012	300,275	2,384,021	235,052	10,517,928	—
LICENSES AND FEES								
Conservation Licenses	42,319	—	42,319	—	—	—	—	—
Drivers Licenses and Fees	69,781	—	69,781	—	34,349	—	—	—
Petroleum Products Inspection Fee	58,652	—	58,652	—	—	—	—	—
Agricultural License and Fees	17,832	—	17,832	—	1	26	—	—
Wholesale Oil Company License	8,838	—	8,838	—	8,838	—	—	—
Motor Vehicle License	222,236	14,305	207,931	—	56,811	—	—	—
Privilege License	158,188	2,752	155,436	—	34,991	—	97	—
Court Fees	74,932	—	74,932	—	42,154	—	59	—
Alcoholic Beverage Licenses	2,792	—	2,792	—	2,792	—	—	—
Insurance Corp Licenses and Fees	1,967	—	1,967	—	892	—	—	—
Miscellaneous License and Fees	348,161	905	347,256	290	13,297	—	24	—
TOTAL LICENSES AND FEES	1,005,698	17,962	987,736	290	194,125	26	180	0
FINES AND FORFEITS								
Court Fines and Forfeits	21,298	—	21,298	—	12,910	—	—	—
Tobacco Settlement	118,916	—	118,916	—	18	—	—	—
Miscellaneous Fines and Forfeits	82,102	—	82,102	24	2,387	—	—	—
TOTAL FINES AND FORFEITS	222,316	—	222,316	24	15,315	—	—	—
INVESTMENT INCOME	449,102	—	449,102	—	43,273	—	—	315,762
FEDERAL REVENUES	16,378,684	—	16,378,684	3,520,555	—	—	—	—
MEDICAID CPE/IGT REVENUES	382,970	—	382,970	—	—	—	—	—
MISCELLANEOUS REVENUES	1,009,762	7,776	1,001,986	1,806	46,011	4,148	1,077	67,363
TOTAL REVENUES	\$35,255,445	\$ 215,639	\$35,039,806	\$ 3,822,950	\$2,682,745	\$239,226	\$ 10,519,185	\$ 383,125

Distributed To Local Government	Debt Service Funds	Medicaid	Transportation Department	Health General & Mental	Education Department	Economic & Community Affairs	Other	Distribution of Other Amounts
\$ 6,992	\$300,259	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,999	State Parks
—	—	—	—	—	—	—	1,260	Conservation Dept.
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
265,169	—	—	222,599	—	—	—	181,148	Rebuild Ala Fund 166M, Conservation 2.8M, AHFC 9M
—	—	—	—	14,600	—	—	—	—
—	—	—	—	4,525	—	—	2,552	Insurance Dept
—	—	—	—	28,284	—	—	—	—
—	1,800	—	—	5,639	—	—	2,237	State Parks
40,394	—	—	—	—	—	—	9	Secretary of State
6,043	—	—	—	—	—	—	—	—
—	—	—	—	135,747	—	—	—	—
31,497	—	—	169,108	—	—	—	59,620	Rebuild Ala Fund 56.9M
81,519	—	—	—	—	—	—	13,956	Incentives Fin Auth
—	—	—	—	—	—	—	—	—
16,796	—	—	—	—	—	—	—	—
84,275	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
1,836	—	—	—	—	—	—	1,254	Bulk Handling Facilities Trust Fund
—	—	—	—	—	—	—	6,707	Forestry
—	—	—	—	30,718	—	—	—	—
4,282	—	—	—	—	—	—	27,279	Tourism
—	—	—	—	795	—	—	—	—
629	—	—	514	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	2,055	—	12,933	Fair Trial Fd 11M, ACCS 1M
—	5,378	386,096	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	27	—	—	—	16,206	Labor 4.9M; ADEM 9.8M
539,432	307,437	386,096	392,248	220,308	2,055	—	332,160	
—	—	—	—	—	—	—	42,319	Conservation 34.8M, ALEA 6.8M
947	—	—	—	—	—	—	34,485	ALEA
9,338	—	—	43,954	—	—	—	5,360	Agriculture
—	—	—	—	114	—	—	17,691	Agriculture
—	—	—	—	—	—	—	—	—
28,721	—	—	115,184	—	—	—	7,215	Corrections 4.4M, Senior Services 1.1M
—	—	—	5,271	4,453	1,099	2,440	107,085	Prof Occup Bds 45M; Securities Comm 11.6M; Insurance 33.5M
—	—	—	—	87	—	—	32,632	AOC 18.1M; ALEA 6.5M
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	1,075	Insurance Dept
340	—	12	1,672	170,478	—	112	161,031	ADEM 81M; Finance 6M; Parole 9M; Bank 16M; PSC 16M
39,346	—	12	166,081	175,132	1,099	2,552	408,893	
—	—	—	—	78	—	1,401	6,909	DOC 1.8M; DFS 1.1M; Peace Officers 1.4M
—	—	—	—	—	—	—	118,898	21st Century Fund
1	—	761	—	—	—	13,848	65,081	AL Econ Settle Auth 53M
1	—	761	0	78	—	15,249	190,888	
—	7,037	31	391	—	—	508	82,100	Finance 69M;
1,969	9,111	6,834,890	1,003,835	631,658	1,977,563	236,412	2,162,691	ARPA 1.4B; ADEM 211M, HAF 113M, Rehab 77M
—	—	382,970	—	—	—	—	—	—
—	23,411	240,990	346,681	17,411	8,286	4,774	240,028	Cons 78M; Uncl Prop 45M; Corrections 19M; AOC 18M
\$ 580,748	\$346,996	\$7,845,750	\$ 1,909,236	\$1,044,587	\$ 1,989,003	\$ 259,495	\$3,416,760	



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.

Real Property Management

Accounts for construction management, facilities maintenance and management, and leasing management.

STATE OF ALABAMA

COMBINING STATEMENT OF NET POSITION

Nonmajor Enterprise Funds

September 30, 2022

(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Motor Sports Hall of Fame	Corrections Canteen
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 3,121	\$ 4,657	\$ 437	\$ 1,213
Investments, Short-term	2,678	4,914	—	—
Due From Other Funds	1,516	—	—	—
Due From Component Units	10	—	—	—
Accounts Receivable	15,879	1,087	—	107
Inventory	—	158	—	1,573
Other Current Assets	35,364	—	—	—
Total Current Assets	58,568	10,816	437	2,893
Non current Assets				
Investments, Long-term	104,222	—	—	—
Due From Other Funds	3,104	—	—	—
Other Noncurrent Assets	—	65	47	—
Capital Assets, Net of Accumulated Depreciation	—	9,584	257	—
Capital Assets Not Depreciated	—	2,293	2,479	—
Total Non current Assets	107,326	11,942	2,783	—
TOTAL ASSETS	165,894	22,758	3,220	2,893
DEFERRED OUTFLOWS OF RESOURCES	—	1,886	3	—
LIABILITIES				
Current Liabilities				
Warrants Payable	125	—	—	—
Lease Liability	—	50	—	—
Due To Other Funds	42	—	—	1,580
Accounts Payable	1,184	888	18	313
Due To Other Governments	25	—	—	—
Claims Payable	39,607	—	—	—
Unearned Revenue	432	233	—	—
Compensated Absences	—	10	—	—
Total Current Liabilities	41,415	1,181	18	1,893
Non current Liabilities				
Lease Liability	—	131	—	—
Claims Payable	2,579	—	—	—
Due To Other Funds	800	—	—	—
Compensated Absences	—	372	—	—
Net OPEB Liability	—	1,578	23	—
Net Pension Liability	—	3,714	—	—
Notes Payable	—	—	640	—
Total Non current Liabilities	3,379	5,795	663	\$ —
TOTAL LIABILITIES	44,794	6,976	681	1,893
DEFERRED INFLOWS OF RESOURCES	\$ —	2,619	69	\$ —
NET POSITION				
Net Investment in Capital Assets	—	11,696	2,096	—
Reserved for Pre-encumbrances	—	—	—	—
Restricted for:				
Education	—	3,353	—	—
Unrestricted	121,100	—	377	1,000
TOTAL NET POSITION	\$ 121,100	\$ 15,049	\$ 2,473	\$ 1,000

Military Department	Real Property Management	Totals
\$ 2,527	\$ 15,212	\$ 27,167
—	—	7,592
—	94	1,610
—	—	10
—	—	17,073
175	—	1,906
—	—	35,364
2,702	15,306	90,722
—	—	104,222
—	—	3,104
—	—	112
1,977	—	12,720
—	902	4,772
1,977	902	124,930
4,679	16,208	215,652
98	873	2,860
—	16	141
—	279	329
1	223	1,846
176	295	2,874
6	5	36
—	—	39,607
—	—	665
3	32	45
186	850	45,543
—	571	702
—	—	2,579
—	—	800
28	340	740
173	724	2,498
286	3,618	7,618
—	—	640
487	5,253	15,577
673	6,103	61,120
344	1,799	4,831
—	—	—
1,977	53	15,822
—	—	—
—	—	3,353
1,783	9,126	133,386
\$ 3,760	\$ 9,179	\$ 152,561

STATE OF ALABAMA

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

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Motor Sports Hall of Fame	Corrections Canteen
OPERATING REVENUES				
Charges for Goods and Services	\$ 0	\$ 4,143	\$ 112	\$ 33,655
Premiums and Contributions	74,974	—	—	—
Rents and Leases	—	—	27	—
Total Revenues	74,974	4,143	139	33,655
OPERATING EXPENSES				
Salaries, Wages, and Benefits	—	5,386	27	—
Utilities and Communications	—	107	—	—
Professional Services	4,362	—	5	—
Supplies, Materials, and Operating Expense	50,304	3,638	339	19,436
Depreciation	—	897	65	—
Claims and Benefits	13,144	—	—	—
Other	—	—	238	6
Total Operating Expenses	67,810	10,028	674	19,442
Operating Income (Loss)	7,164	(5,885)	(535)	14,213
NONOPERATING REVENUES (EXPENSES)				
Investment Income	(10,797)	45	—	—
Other Nonoperating Revenues	24	8	1,006	—
Grants	—	1,528	—	—
Interest Expense	—	—	(51)	—
Other Nonoperating Expenses	(623)	—	—	—
Total Nonoperating Revenues (Expenses)	(11,396)	1,581	955	—
Income (Loss) Before Contributions and Transfers	(4,232)	(4,304)	420	14,213
Transfers In	—	7,381	—	—
Transfers Out	—	—	—	(14,188)
Increase (Decrease) in Net Position	(4,232)	3,077	420	25
Total Net Position, October 1, 2021, as Restated	125,332	11,972	2,053	975
Total Net Position, September 30, 2022	\$ 121,100	\$ 15,048	\$ 2,473	\$ 1,000

Military Department	Real Property Management	Totals
\$ 10,391	\$ 8,875	\$ 57,176
—	—	74,974
801	—	828
11,192	8,875	132,978
510	2,577	8,500
69	50	226
23	204	4,594
9,376	288	83,381
149	286	1,397
—	—	13,144
16	151	411
10,143	3,556	111,653
1,049	5,319	21,325
—	—	(10,752)
—	152	1,190
—	—	1,528
—	(32)	(83)
—	(476)	(1,099)
—	(356)	(9,216)
1,049	4,963	12,109
—	—	7,381
(5)	(11)	(14,204)
1,044	4,952	5,286
2,716	4,227	147,275
\$ 3,760	\$ 9,179	\$ 152,561

STATE OF ALABAMA

COMBINING STATEMENT OF CASH FLOWS

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Motor Sports Hall of Fame	Corrections Canteen
Cash Flows from Operating Activities:				
Receipts from Customer & User Charges	\$ 70,447	\$ 2,816	\$ 1,118	\$ 33,655
Receipts from Interfund Services	10,608	—	—	—
Receipts from Operating Grants	—	2,399	—	—
Receipts from Other Operating Activities	211	987	27	35
Payments for Goods Held for Resale	—	—	—	(19,522)
Payments for Other Goods & Services	(63,378)	(3,744)	(582)	—
Payments for Employees Services	—	(5,646)	(49)	—
Payments for Interfund Services	(37)	—	—	—
Payments for Other Operating Activities	(11)	—	—	(6)
Payments for Claims	(34,933)	—	—	—
Net Cash Provided by (Used In) Operating Activities	(17,093)	(3,188)	514	14,162
Cash Flows from Noncapital Financing Activities:				
Receipts from Noncapital Financing Grants & Donations	—	8	—	—
Transfers from Other Funds for Noncapital Financing	—	7,381	—	(3)
Transfers to Other Funds for Noncapital Financing	(2,819)	—	—	(13,874)
Net Cash Provided By (Used In) Noncapital Financing Activities	(2,819)	7,389	—	(13,877)
Cash Flows from Capital & Related Financing Activities:				
Payments to Acquire, Construct, & Improve Capital Assets	—	(3,259)	39	—
Principal Paid on Debt and Lease RTU Liabilities	—	(44)	(186)	—
Interest Paid on Debt and Lease RTU Liabilities	—	—	(51)	—
Net Cash Provided by (Used in) Capital and Related Financing Activities	—	(3,303)	(198)	—
Cash Flows From Investing Activities				
Receipts from Sales & Maturities of Investments	10,489	2,082	—	—
Receipts from Interest & Dividends on Investments & Loans	4,828	45	—	—
Purchase of Investments	(2,546)	(1,541)	—	—
Net Cash Provided By (Used In) Investing Activities	12,771	586	—	—
Net Increase (Decrease) In Cash and Cash Equivalents	(7,141)	1,484	316	285
Cash Balance as Restated, October 1, 2021	10,137	3,173	121	928
Cash Balance, September 30, 2022	2,996	4,657	437	1,213
Add: Warrants Payable	125	—	—	—
Cash and Cash Equivalents, as Reported on Statement of Net Position	\$ 3,121	\$ 4,657	\$ 437	\$ 1,213

Military Department	Real Property Management	Totals
\$ 11,300	\$ 6,545	\$ 125,881
—	2,574	13,182
—	—	2,399
(1)	130	1,389
(154)	—	(19,676)
(9,436)	(362)	(77,502)
(476)	(2,639)	(8,810)
(17)	(213)	(267)
(2)	(385)	(404)
—	—	(34,933)
1,214	5,650	1,259
—	—	8
—	—	7,378
(5)	(11)	(16,709)
(5)	(11)	(9,323)
(290)	(15)	(3,525)
—	(267)	(497)
—	(32)	(83)
(290)	(314)	(4,105)
—	—	12,571
—	—	4,873
—	—	(4,087)
—	—	13,357
919	5,325	1,188
1,608	9,871	25,838
2,527	15,196	27,026
—	16	141
\$ 2,527	\$ 15,212	\$ 27,167

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, 2022

(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Motor Sports Hall of Fame	Corrections Canteen
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 7,164	\$ (5,885)	\$ (535)	\$ 14,213
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	—	897	65	—
Nonoperating Revenues	1	1,528	1,006	—
Nonoperating Expenses	(623)	—	—	(1)
Accounts Payable	(3,625)	(27)	—	—
Due to Other Funds	3,625	—	—	—
Due from Other Funds	1,216	—	—	—
Compensated Absences	—	16	—	—
Accounts Receivable	(6,021)	464	—	(137)
Inventory	—	(28)	—	87
Unearned Revenue	432	65	—	—
Other Assets	(11,746)	(41)	(32)	—
Deferred Outflows of Resources	—	362	9	—
Deferred Inflows of Resources	—	1,005	8	—
Claims Payable	(7,516)	—	—	—
Extraordinary Items	—	—	—	—
Amortization Expense	—	—	—	—
Other Post-employment Benefits	—	—	—	—
Net OPEB Liability	—	(379)	(7)	—
Net Pension Liability	—	(1,165)	—	—
Total Adjustments	<u>(24,257)</u>	<u>2,697</u>	<u>1,049</u>	<u>(51)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (17,093)</u>	<u>\$ (3,188)</u>	<u>\$ 514</u>	<u>\$ 14,162</u>
Noncash Investing, Capital, and Financing Activities				
Increase (Decrease):				
Capital Asset Reassignments	—	—	—	—
Capital Assets Acquired by Capital Contribution	—	—	—	—
Revenue Bond Amortizations and Other Debt Adjustments	—	—	—	—
Transfers In (Out)	3,619	—	—	—
Assets Acquired by Lease or Other Debt	—	208	—	—

Military Department	Real Property Management	Totals
\$ 1,049	\$ 5,319	\$ 21,325
149	286	1,397
(1)	158	2,692
(201)	(250)	(1,075)
36	(203)	(3,819)
—	208	3,833
—	210	1,426
2	46	64
(5)	—	(5,699)
154	—	213
—	—	497
—	(2)	(11,821)
(11)	(83)	277
42	280	1,335
—	—	(7,516)
—	—	—
—	—	—
—	—	—
16	(66)	(436)
(16)	(253)	(1,434)
165	331	(20,066)
\$ 1,214	\$ 5,650	\$ 1,259

—	—	—
—	—	—
—	—	—
—	—	3,619
—	—	208



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, 2022

(Amounts in Thousands)

	Telecom- munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 12,723	\$ 454	\$ 6,808	\$ 31,781	\$ 6,080
Investments, Short-term	—	—	—	—	13,959
Due From Other Funds	8,030	373	1,446	641	615
Due From Component Units	47	25	2	—	—
Accounts Receivable	107	32	—	6	503
Inventory	—	386	4,936	—	—
Total Current Assets	20,907	1,270	13,192	32,428	21,157
Noncurrent Assets					
Investments, Long-term	—	—	—	—	157,332
Due From Other Funds	—	—	—	—	800
Capital Assets, Net of Accumulated Depreciation	7,933	585	1,543	61,810	299
Capital Assets Not Depreciated	—	—	544	18,005	—
Total Noncurrent Assets	7,933	585	2,087	79,815	158,431
TOTAL ASSETS	28,840	1,855	15,279	112,243	179,588
DEFERRED OUTFLOWS OF RESOURCES	4,005	261	1,194	1,680	1,858
LIABILITIES					
Current Liabilities					
Warrants Payable	320	—	—	—	101
Lease Liability	447	—	—	—	—
Due To Other Funds	218	17	43	107	452
Due To Component Units	—	—	—	—	402
Accounts Payable	4,184	76	1,032	3,414	1,370
Due To Other Governments	—	—	79	64	—
Claims Payable	—	—	—	—	4,261
Funds Held in Escrow	—	—	—	—	197
Compensated Absences	132	6	42	33	49
Revenue Bonds Payable	—	—	—	2,370	—
Total Current Liabilities	5,301	99	1,196	5,988	6,832
Noncurrent Liabilities					
Lease Liability	268	—	—	—	—
Claims Payable	—	—	—	—	123,101
Compensated Absences	1,418	61	451	357	528
Net OPEB Liability	3,208	378	1,384	1,955	1,737
Net Pension Liability	16,747	870	4,436	5,327	7,448
Revenue Bonds Payable	—	—	—	2,784	—
Total Noncurrent Liabilities	21,641	1,309	6,271	10,423	132,814
TOTAL LIABILITIES	26,942	1,408	7,467	16,411	139,646
DEFERRED INFLOWS OF RESOURCES	8,074	787	3,068	4,194	4,130
NET POSITION					
Net Investment in Capital Assets	7,218	585	2,087	74,834	299
Transportation	—	—	—	—	—
Unrestricted	(9,389)	(664)	3,851	18,484	37,371
TOTAL NET POSITION	\$ (2,171)	\$ (79)	\$ 5,938	\$ 93,318	\$ 37,670

State Motor Pool	Other Internal Service Funds	Totals
\$ 117	\$ 23,680	\$ 81,643
—	—	13,959
420	3,835	15,360
4	27	105
4	50	702
—	—	5,322
545	27,592	117,091
—	—	157,332
—	—	800
278	16,559	89,007
—	—	18,549
278	16,559	265,688
823	44,151	382,779
271	4,252	13,521
—	—	421
—	110	557
144	469	1,450
—	—	402
118	3,380	13,574
1	—	144
—	—	4,261
—	—	197
—	168	430
—	—	2,370
263	4,127	23,806
—	76	344
—	—	123,101
—	1,808	4,623
290	3,676	12,628
1,038	17,428	53,294
—	—	2,784
1,328	22,988	196,774
1,591	27,115	220,580
659	8,991	29,903
278	16,373	101,674
252	—	252
(1,686)	(4,076)	43,891
\$ (1,156)	\$ 12,297	\$ 145,817

STATE OF ALABAMA

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

Internal Service Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Telecom- munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
OPERATING REVENUES					
Charges for Goods and Services	\$ 51,056	\$ 3,303	\$ 12,106	\$ 1,595	\$ 3,882
Premiums and Contributions	—	—	—	—	26,892
Rents and Leases	—	—	—	18,085	—
Total Operating Revenues	51,056	3,303	12,106	19,680	30,774
OPERATING EXPENSES					
Salaries, Wages, and Benefits	10,673	(279)	2,404	3,815	4,700
Utilities and Communications	12,189	92	917	3,744	60
Professional Services	9,980	143	160	2,195	6,338
Supplies, Materials, and Operating Expense	11,673	2,650	11,062	1,701	572
Interest	121	—	—	—	—
Depreciation	2,738	80	180	3,587	84
Claims and Benefits	—	—	—	2	8,195
Other	2,191	270	518	2,932	187
Total Operating Expenses	49,565	2,956	15,241	17,976	20,136
Operating Income (Loss)	1,491	347	(3,135)	1,704	10,638
NONOPERATING REVENUES (EXPENSES)					
Investment Income	—	—	—	—	(17,663)
Other Nonoperating Revenues	27	—	51	697	8
Interest Expense	(30)	—	—	(212)	—
Other Nonoperating Expenses	(77)	—	—	(7)	(566)
Total Nonoperating Revenues (Expenses)	(80)	—	51	478	(18,221)
Income (Loss) Before Contributions and Transfers	1,411	347	(3,084)	2,182	(7,583)
Capital Contributions	14	—	—	—	—
Transfers In	2,500	—	4,233	4,306	4,484
Transfers Out	(76)	(6)	(128)	(2,603)	(4,510)
Increase (Decrease) in Net Position	3,849	341	1,021	3,885	(7,609)
Total Net Position, October 1, 2021, as Restated	(6,019)	(420)	4,917	89,433	45,279
Total Net Position, September 30, 2022	\$ (2,170)	\$ (79)	\$ 5,938	\$ 93,318	\$ 37,670

State Motor Pool	Other Internal Service Funds	Totals
\$ 2,339	\$ 32,173	\$ 106,454
—	—	26,892
—	—	18,085
2,339	32,173	151,431
610	15,945	37,868
33	259	17,294
2	10,741	29,559
99	2,328	30,085
—	—	121
96	1,127	7,892
—	—	8,197
1,699	1,670	9,467
2,539	32,070	140,483
(200)	103	10,948
—	—	(17,663)
66	301	1,150
—	(8)	(250)
—	(22)	(672)
66	271	(17,435)
(134)	374	(6,487)
—	5,021	5,035
199	2,369	18,091
—	(57)	(7,380)
65	7,707	9,259
(1,221)	4,590	136,559
\$ (1,156)	\$ 12,297	\$ 145,818

STATE OF ALABAMA

COMBINING STATEMENT OF CASH FLOWS

Internal Service Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Telecom- munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
Cash Flows from Operating Activities:					
Receipts from Customer & User Charges	\$ 625	\$ 7	\$ 708	\$ 37	\$ 456
Receipts from Interfund Services	49,166	3,266	10,920	20,998	26,816
Receipts from Other Operating Activities	10	—	54	1	135
Payments for Goods Held for Resale	(1,583)	(2,551)	(10,352)	(9)	—
Payments for Other Goods & Services	(31,831)	(300)	(2,000)	(9,022)	(5,774)
Payments for Employees Services	(12,532)	(722)	(3,869)	(4,392)	(5,553)
Payments for Taxes, Fines, Penalties, & Similar Fees	—	—	(1)	—	—
Payments for Interfund Services	(2,248)	(314)	(355)	(1,136)	(1,988)
Payments for Other Operating Activities	(12)	(5)	(37)	—	(925)
Payments for Claims	—	—	—	(2)	(4,416)
Net Cash Provided by (Used In) Operating Activities	1,595	(619)	(4,932)	6,475	8,751
Cash Flows from Noncapital Financing Activities:					
Transfers from Other Funds for Noncapital Financing	2,500	—	4,223	4,306	8,103
Transfers to Other Funds for Noncapital Financing	(52)	(6)	(128)	(2,603)	(4,510)
Net Cash Provided By (Used In) Noncapital Financing Activities	2,448	(6)	4,095	1,703	3,593
Cash Flows from Capital & Related Financing Activities:					
Transfers from Other Funds for Capital Financing	—	—	—	—	—
Receipts from Sale of Capital Assets & Insurance Proceeds	—	—	—	—	3
Payments to Acquire, Construct, & Improve Capital Assets	(163)	—	—	(11,107)	(23)
Principal Paid on Debt and Lease RTU Liabilities	(4,869)	—	—	(2,280)	—
Interest Paid on Debt and Lease RTU Liabilities	(162)	—	—	(285)	—
Net Cash Provided by (Used in) Capital and Related Financing Activities	(5,194)	—	—	(13,672)	(20)
Cash Flows From Investing Activities					
Receipts from Sales & Maturities of Investments	—	—	—	—	—
Receipts from Interest & Dividends on Investments & Loans	—	—	—	—	—
Purchase of Investments	—	—	—	—	(11,000)
Net Cash Provided By (Used In) Investing Activities	—	—	—	—	(11,000)
Net Increase (Decrease) In Cash and Cash Equivalents	(1,151)	(625)	(837)	(5,494)	1,324
Cash Balance as Restated, October 1, 2021	13,554	1,079	7,645	37,275	4,655
Cash Balance, September 30, 2022	12,403	454	6,808	31,781	5,979
Add: Warrants Payable	320	—	—	—	101
Cash and Cash Equivalents, as Reported on Statement of Net Position	\$ 12,723	\$ 454	\$ 6,808	\$ 31,781	\$ 6,080

State Motor Pool	Other Internal Service Funds	Totals
\$ 576	\$ 4,349	\$ 6,758
1,744	27,366	140,276
—	127	327
—	(3)	(14,498)
(1,597)	(11,568)	(62,092)
(492)	(13,072)	(40,632)
—	—	(1)
(262)	(3,035)	(9,338)
—	1,344	365
—	—	(4,418)
(31)	5,508	16,747
—	2,345	21,477
—	(57)	(7,356)
—	2,288	14,121
—	—	—
66	4,845	4,914
—	(12,322)	(23,615)
—	(104)	(7,253)
—	(8)	(455)
66	(7,589)	(26,409)
—	—	—
—	—	—
—	—	(11,000)
—	—	(11,000)
35	207	(6,541)
82	23,473	87,763
117	23,680	81,222
—	—	421
\$ 117	\$ 23,680	\$ 81,643

Continued on next page...

STATE OF ALABAMA

COMBINING STATEMENT OF CASH FLOWS (Continued from Previous Page)

Internal Service Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Telecom- munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 1,491	\$ 347	\$ (3,135)	\$ 1,704	\$ 10,638
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Interest Expense	121	—	—	285	—
Depreciation	2,726	80	180	3,592	84
Nonoperating Revenues	23	—	54	691	75
Nonoperating Expenses	3	—	—	(285)	(564)
Accounts Payable	536	3	(43)	509	(122)
Due to Other Funds	(107)	(14)	(1)	(50)	(61)
Due to Component Units	—	—	—	—	—
Due from Other Funds	(1,211)	(39)	(479)	664	(4,352)
Due from Component Units	—	—	—	—	—
Compensated Absences	(1)	1	(127)	(35)	25
Accounts Receivable	5	3	—	1	(2)
Inventory	—	2	(76)	—	—
Unearned Revenue	(60)	—	—	—	—
Deferred Outflows of Resources	(191)	101	46	(92)	(93)
Deferred Inflows of Resources	839	(412)	(200)	(26)	242
Claims Payable	—	—	—	—	3,922
Extraordinary Items	—	—	—	—	—
Net OPEB Liability	(556)	(246)	(317)	(242)	(289)
Net Pension Liability	(2,023)	(445)	(834)	(241)	(752)
Total Adjustments	104	(966)	(1,797)	4,771	(1,887)
Net Cash Provided (Used) by Operating Activities	\$ 1,595	\$ (619)	\$ (4,932)	\$ 6,475	\$ 8,751

Noncash Investing, Capital, and Financing Activities

Increase (Decrease):

Disposals and Other Reductions to Capital Assets	(380)	—	(100)	(25)	(5)
Capital Asset Reassignments	3	—	—	—	—
Disposals of Capital Assets	—	—	—	—	—
Capital Assets Acquired by Capital Contribution	14	—	—	—	—
Capital Assets Acquired on Account	40	—	14	1,478	1
Assumption of Debt Obligations	—	—	—	—	—
Interest Accruals and Other Adjustments	—	—	—	—	3,459
Unrealized Gains (Losses) in Investment Fair Value	—	—	—	—	(21,122)
Revenue Bond Amortizations and Other Debt Adjustments	—	—	—	73	—
Transfers In (Out)	(24)	—	—	—	(3,619)
Investment Accruals and Other Adjustments	—	—	—	—	—
Assets Acquired by Lease or Other Debt	367	—	—	—	—
Capital Grants and Contributions Receivable	—	—	—	—	—

State Motor Pool	Other Internal Service Funds	Totals
\$ (200)	\$ 103	\$ 10,948
—	—	406
96	2,618	9,376
—	301	1,144
—	—	(846)
20	257	1,160
83	79	(71)
1	—	1
72	(670)	(6,015)
—	—	—
—	374	237
—	—	7
—	—	(74)
—	—	(60)
(21)	(842)	(1,092)
6	2,207	2,656
—	—	3,922
—	—	—
(50)	147	(1,553)
(38)	934	(3,399)
169	5,405	5,799
\$ (31)	\$ 5,508	\$ 16,747

—	(97)	(607)
—	—	3
—	—	—
—	5,012	5,026
—	—	1,533
—	—	—
—	—	3,459
—	—	(21,122)
—	—	73
199	24	(3,420)
—	—	—
—	—	367
—	—	—



Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds include Pensions, OPEB and other employee benefit plans held in trust that meet GASB criteria in Statement Nos. 67, 74 and 84.

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 Pension Funds

Accounts for small pension plans.

STATE OF ALABAMA

COMBINING STATEMENT OF FIDUCIARY NET POSITION

Pension and Other Employee Benefit Trust Funds

September 30, 2022

(Amounts in Thousands)

	Employees' Retirement System	Teachers' Retirement System	Judicial Retirement Fund	Peace Officers' Annuity and Benefits	State Port Authority Hourly Plan
ASSETS					
Cash and Cash Equivalents	\$ 38,943	\$ 76,353	\$ 3,815	\$ 414	\$ 0
Investments					
U.S. Treasury Securities	508,547	1,000,429	22,691	5,467	4,038
U.S. Agency Securities	73,698	141,573	3,345	424	592
State and Local Government Securities	—	—	—	—	—
Mortgage Backed Securities	294,584	572,062	13,929	—	2,700
Corporate Stocks	7,292,918	14,437,073	158,116	—	2,601
Corporate Bonds	842,860	1,660,427	31,097	4,706	8,111
Real Estate	1,375,316	2,714,552	6,905	—	—
Commercial Paper	514,882	792,934	8,518	—	509
International Stocks	1,679,190	3,322,273	40,495	—	—
Guaranteed Investment Contracts	—	—	—	—	—
Mutual and Money Market Funds	284,960	598,760	7,264	17,581	574
Receivables					
Employer Contributions Receivable	29,410	91,103	756	—	—
Member Contributions Receivable	14,769	53,159	183	—	—
Investment Sales Receivable	6,111	13,819	182	—	—
Accounts Receivable	40,696	77,623	993	87	105
Due From Other Governments	—	106	—	—	—
Mortgages, Notes, and Loans Receivable	—	—	—	—	—
Securities Lending Collateral	499,408	910,512	5,238	—	836
Other Assets	—	—	—	—	—
Capital Assets, Net of Accumulated Depreciation	37,099	83,279	—	37	—
Capital Assets not Depreciated	2,535	5,085	—	—	—
TOTAL ASSETS	13,535,926	26,551,122	303,527	28,716	20,066
Deferred Outflows Of Resources	3,716	8,380	99	118	—
LIABILITIES					
Warrants Payable	—	—	—	59	—
Investment Purchases Payable	7,211	15,560	269	—	—
Due To Other Funds	—	—	—	3	—
Accounts Payable	4,569	6,729	44	51	—
Due To Other Governments	—	—	—	—	—
Claims Payable	—	—	—	—	—
Securities Lending Obligation	499,408	910,512	5,238	—	836
Unearned Revenue	—	—	—	—	—
Compensated Absences	2,248	5,091	63	118	—
Net OPEB Liability	3,087	5,018	26	82	—
Net Pension Liability	15,723	19,723	342	509	—
TOTAL LIABILITIES	532,246	962,633	5,982	822	836
Deferred Inflows Of Resources	8,242	16,001	95	219	—
NET POSITION					
Restricted for:					
Pensions	12,999,156	25,580,867	297,549	27,792	19,229
OPEB	—	—	—	—	—
Other Employee Benefits	—	—	—	—	—
TOTAL NET POSITION	\$ 12,999,156	\$ 25,580,867	\$ 297,549	\$ 27,792	\$ 19,229

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	\$ 0	\$ 1,205	\$ 120,730
255	—	—	316,127	118,431	15,103	—	1,991,088
37	—	—	46,073	18,036	2,136	—	285,914
—	—	—	—	—	34	—	34
171	—	—	211,177	75,820	10,080	—	1,180,523
164	669	—	1,016,346	917,970	122,381	232	23,948,470
513	215	283,997	449,359	187,784	24,458	173	3,493,700
—	—	—	—	—	1,823	—	4,098,596
32	—	—	—	45,972	5,931	—	1,368,778
—	—	50,685	—	202,968	18,801	—	5,314,412
—	—	3,096	—	—	—	—	3,096
36	12,335	282,063	216,767	80,049	10,161	83	1,510,633
—	—	—	—	—	—	—	121,269
—	—	—	—	—	—	—	68,111
—	—	—	—	1,462	—	—	21,574
7	—	—	8,668	11,409	8,534	40	148,162
—	—	—	—	—	—	—	106
—	—	7,921	—	—	—	—	7,921
53	—	—	50,548	73,658	105,795	—	1,646,048
—	—	—	—	1,077	—	—	1,077
—	—	—	—	—	—	—	120,415
—	—	—	—	—	—	—	7,620
1,268	13,219	627,762	2,315,065	1,734,636	325,237	1,733	45,458,277
—	—	—	—	—	—	—	12,313
—	—	—	—	—	—	—	59
—	—	—	1,185	1,844	—	—	26,069
—	—	—	—	—	—	—	3
—	—	—	—	—	45	1,000	12,438
—	—	—	—	52	—	—	52
—	—	—	—	25,359	7,577	—	32,936
53	—	—	50,548	73,658	105,795	—	1,646,048
—	—	—	—	—	14	—	14
—	—	—	—	—	—	—	7,520
—	—	—	—	—	—	—	8,213
—	—	—	—	—	—	—	36,297
53	—	—	51,733	100,913	113,431	1,000	1,769,649
—	—	—	—	—	—	—	24,557
1,215	13,219	(781,095)	(2,692,190)	—	42,413	733	35,508,888
—	—	—	—	1,633,722	169,392	—	1,803,114
—	—	1,408,858	4,955,522	—	—	—	6,364,380
\$ 1,215	\$ 13,219	\$ 627,763	\$ 2,263,332	\$ 1,633,722	\$ 211,805	\$ 733	\$ 43,676,382

STATE OF ALABAMA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Employees' Retirement System	Teachers' Retirement System	Judicial Retirement Fund	Peace Officers' Annuity and Benefits	State Port Authority Hourly Plan
ADDITIONS					
Contributions:					
Plan members	\$ 310,944	\$ 563,132	\$ 4,692	\$ 569	\$ 0
Employer	562,109	932,332	20,617	4,816	—
Other Contributions	—	—	—	—	—
Federal On-Behalf	—	—	—	—	—
Total Contributions	873,053	1,495,464	25,309	5,385	—
Investment Earnings					
Investment Interest and Dividends	329,975	629,210	7,229	597	644
Net Increase (Decrease) in Fair Value of Investments	(2,274,633)	(4,500,179)	(59,058)	(5,462)	(3,239)
Securities Lending Income	6,284	12,606	94	—	18
Total Investment Earnings	(1,938,374)	(3,858,363)	(51,735)	(4,865)	(2,577)
Less:					
Investment Expense	3,777	11,583	—	—	—
Securities Lending Interest and Fees	3,542	6,991	44	—	11
Net Investment Income	(1,945,693)	(3,876,937)	(51,779)	(4,865)	(2,588)
Other Additions					
Interest from Mortgages and Loans Receivable	—	—	—	—	—
Miscellaneous	4,090	64,391	9	39	—
Total Other Additions	4,090	64,391	9	39	—
Total Additions	(1,068,550)	(2,317,082)	(26,461)	559	(2,588)
DEDUCTIONS					
Benefit Payments and Refunds	1,396,910	2,635,971	40,876	5,378	—
Administrative Expense	14,860	28,010	442	538	—
Total Deductions	1,411,770	2,663,981	41,318	5,916	—
Change in Net Position	(2,480,320)	(4,981,063)	(67,779)	(5,357)	(2,588)
Net Position, October 1, 2021, as Restated	15,479,476	30,561,930	365,328	33,149	21,817
Net Position, September 30, 2022	\$ 12,999,156	\$ 25,580,867	\$ 297,549	\$ 27,792	\$ 19,229

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	\$ 885	\$ 36,867	\$ 76,934	\$ 151,126	\$ 39,397	\$ 27,179	\$ 1,211,725
—	1,450	—	—	191,109	54,295	8	1,766,736
—	—	—	—	—	1,200	4,539	5,739
—	—	—	—	434	—	—	434
—	2,335	36,867	76,934	342,669	94,892	31,726	2,984,634
41	123	45,904	56,726	36,444	5,033	2	1,111,928
(205)	(2,973)	(148,863)	(403,222)	(328,790)	(42,836)	(104)	(7,769,564)
1	—	—	757	798	1,187	—	21,745
(163)	(2,850)	(102,959)	(345,739)	(291,548)	(36,616)	(102)	(6,635,891)
—	—	1,189	—	—	—	—	16,549
1	—	—	459	474	922	—	12,444
(164)	(2,850)	(104,148)	(346,198)	(292,022)	(37,538)	(102)	(6,664,884)
—	—	411	—	—	—	—	411
—	—	—	—	—	—	—	68,529
—	—	411	—	—	—	—	68,940
(164)	(515)	(66,870)	(269,264)	50,647	57,354	31,624	(3,611,310)
—	945	53,255	159,594	337,343	93,447	29,173	4,752,892
—	297	1,210	—	1,681	246	2,501	49,785
—	1,242	54,465	159,594	339,024	93,693	31,674	4,802,677
(164)	(1,757)	(121,334)	(428,858)	(288,377)	(36,339)	(50)	(8,413,987)
1,379	14,976	749,097	2,692,190	1,922,099	248,144	783	52,090,369
\$ 1,215	\$ 13,219	\$ 627,763	\$ 2,263,332	\$ 1,633,722	\$ 211,805	\$ 733	\$ 43,676,382

Private-Purpose Trust Funds

Private Purpose Trust Funds report all fiduciary activities that (a) are not required to be reported in pension and other employee benefit trust funds or investment trust funds and (b) are held in a trust that meet GASB Statement No. 84 criteria.

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, 2022

(Amounts in Thousands)

	Prepaid Affordable College Tuition	Alabama College Education Savings Plan	Local Education Endowments	ABLE Trust Fund	Totals
ASSETS					
Cash and Cash Equivalents	\$ 38,145	\$ 15,190	\$ 0.00	\$ 1,624	\$ 54,959
Investments					
U.S. Treasury Securities	197,588	—	1,378	—	198,966
U.S. Agency Securities	882	—	119	—	1,001
Mortgage Backed Securities	2,106	—	—	—	2,106
Corporate Stocks	—	—	6,675	—	6,675
Corporate Bonds	—	—	2,226	—	2,226
Real Estate	—	—	777	—	777
Commercial Paper	—	—	330	—	330
Mutual and Money Market Funds	15,736	2,021,375	458	430	2,037,999
Receivables					
Accounts Receivable	—	6,488	2	—	6,490
Securities Lending Collateral	—	—	591	—	591
TOTAL ASSETS	254,457	2,043,053	12,556	2,054	2,312,120
LIABILITIES					
Warrants Payable	269	—	—	—	269
Due To Other Funds	2	—	—	—	2
Accounts Payable	7,538	2,117	2	—	9,657
Securities Lending Obligation	—	—	591	—	591
Amounts Held in Custody for Others	—	2,616	—	—	2,616
Compensated Absences	14	7	—	—	21
TOTAL LIABILITIES	7,823	4,740	593	—	13,156
NET POSITION					
Restricted or Held in Trust for Beneficiaries	246,634	2,038,313	11,962	2,055	2,298,964
TOTAL NET POSITION	\$ 246,634	\$ 2,038,313	\$ 11,962	\$ 2,055	\$ 2,298,964

STATE OF ALABAMA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Private-Purpose Trust Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Prepaid Affordable College Tuition	Alabama College Education Savings Plan	Local Education Endowments	ABLE Trust Fund	Totals
ADDITIONS					
Contributions:					
Plan members	\$ 210	\$ 235,810	\$ 0	\$ 1,566	\$ 237,586
Total Contributions	210	235,810	—	1,566	237,586
Investment Earnings					
Investment Interest and Dividends	773	96,376	(240)	24	96,933
Net Increase (Decrease) in Fair Value of Investments	(2,441)	(474,134)	(1,519)	—	(478,094)
Securities Lending Interest and Fees	—	—	52	—	52
Total Investment Earnings	(1,668)	(377,758)	(1,707)	24	(381,109)
Less:					
Securities Lending Interest and Fees	—	—	39	—	39
Net Investment Income	(1,668)	(377,758)	(1,746)	24	(381,148)
Other Additions					
Miscellaneous	2,705	—	—	—	2,705
Transfer In	209,555	—	—	—	209,555
Total Other Additions	212,260	—	—	—	212,260
Total Additions	210,802	(141,948)	(1,746)	1,590	68,698
DEDUCTIONS					
Benefit Payments and Refunds	46,029	202,891	—	181	249,101
Administrative Expense	541	9,445	—	24	10,010
Transfers Out	—	675	323	—	998
Total Deductions	46,570	213,011	323	205	260,109
Change in Net Position	164,232	(354,959)	(2,069)	1,385	(191,411)
Net Position, October 1, 2021, as Restated	82,402	2,393,272	14,031	670	2,490,375
Net Position, September 30, 2022	\$ 246,634	\$ 2,038,313	\$ 11,962	\$ 2,055	\$ 2,298,964



Custodial Funds

Custodial funds are used to report fiduciary activities that meet GASB Statement No. 84 criteria and that are not required to be reported in pension and other employee benefit trust funds, investment trust funds, or private purpose trust funds.

Custodial Taxes

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.

Other Custodial

Miscellaneous custodial amounts for individuals, organizations and other governments.

STATE OF ALABAMA

COMBINING STATEMENT OF FIDUCIARY NET POSITION

Custodial Funds

September 30, 2022

(Amounts in Thousands)

	Custodial Taxes	Other Custodial	Totals
ASSETS			
Cash and Cash Equivalents	\$ 9,561	\$ 195,695	\$ 205,256
Investments			
Time Deposits	—	776	776
U.S. Treasury Securities	—	40,089	40,089
State and Local Government Securities	—	4,655	4,655
Mortgage Backed Securities	—	2,750	2,750
Corporate Bonds	—	2,773	2,773
International Bonds	—	8	8
Mutual and Money Market Funds	—	294	294
Other	—	12	12
TOTAL ASSETS	9,561	247,052	256,613
LIABILITIES			
Warrants Payable	621	1,306	1,927
Accounts Payable	—	52,645	52,645
Due to Other Governments	8,940	61	9,001
TOTAL LIABILITIES	9,561	54,012	63,573
NET POSITION			
Restricted or Held in Trust for Beneficiaries	—	—	—
Restricted for Individuals, Organizations, and Other Gov	—	193,039	193,039
TOTAL NET POSITION	\$ 0	\$ 0	\$ 193,039

STATE OF ALABAMA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Custodial Funds

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Custodial Taxes	Other Custodial	Totals
ADDITIONS			
Taxes Collected for Other Governments	\$ 509,574	\$ 0	\$ 509,574
Miscellaneous	—	968,513	968,513
Total Additions	509,574	968,513	1,478,087
Investment Earnings			
Investment Interest and Dividends	—	3,478	3,478
Net Increase (Decrease) in Fair Value of Investments	—	(94)	(94)
Securities Lending Interest and Fees	—	—	—
Total Investment Earnings	—	3,384	3,384
Less:			
Securities Lending Interest and Fees	—	—	—
Net Investment Income	—	3,384	3,384
Total Additions	509,574	971,897	1,481,471
DEDUCTIONS			
Benefit Payments and Refunds	—	948,764	948,764
Tax Payments to Other Governments	509,591	—	509,591
Administrative Expense	—	337	337
Total Deductions	509,591	949,101	1,458,692
Change in Net Position	(17)	22,796	22,779
Net Position, October 1, 2021, as Restated	17	170,243	170,260
Net Position, September 30, 2022	\$ 0	\$ 193,039	\$ 193,039



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.

State of Alabama

COMBINING STATEMENT OF NET POSITION

Nonmajor Component Units

September 30, 2022

(Amounts in Thousands)

	Housing Finance Authority	Water Pollution Control Authority	Drinking Water Finance Authority	Troy University	Alabama State University
ASSETS					
Cash and Cash Equivalents	\$ 46,403	\$ 4,430	\$ 9,269	\$ 188,057	\$ 73,011
Investments	423,653	232,051	103,270	167,259	93,692
Due From Primary Government	—	4,203	—	—	—
Accounts Receivable	17,047	1,413	1,013	36,750	41,701
Due From Other Governments	—	471,461	367,699	—	11,419
Mortgages, Notes, and Loans Receivable	412,710	—	—	266	—
Lease Receivable	—	—	—	119	—
Securities Lending Collateral	—	—	—	—	—
Inventory	—	—	—	56	2
Restricted Assets	—	—	—	—	—
Other Assets	45,990	2,993	8,868	3,332	1,079
Capital Assets, Net of Accumulated Depreciation	6,469	67	5	305,956	218,937
Capital Assets Not Depreciated	—	—	—	33,796	22,225
TOTAL ASSETS	952,272	716,618	490,124	735,591	462,066
DEFERRED OUTFLOWS OF RESOURCES	4,797	—	124	78,760	44,018
LIABILITIES					
Warrants Payable	—	—	—	—	—
Due To Primary Government	—	167	1	—	—
Accounts Payable	58,947	3	112	13,025	8,094
Due To Other Governments	—	135,799	108,784	—	—
Securities Lending Obligation	—	—	—	—	—
Unearned Revenue	9,785	—	—	33,625	18,404
Amounts Held in Custody for Others	434,847	55	—	1,586	—
Noncurrent Liabilities:					
Due Within One Year	1,412	—	2,610	9,587	4,455
Due In More than One Year	14,634	—	10,027	332,135	142,432
TOTAL LIABILITIES	519,625	136,024	121,534	389,958	173,385
DEFERRED INFLOWS OF RESOURCES	193	—	—	103,577	54,213
NET POSITION					
Net Investment in Capital Assets	6,469	67	5	191,729	203,238
Restricted for:					
Permanent - Expendable	—	—	—	45,365	1,254
Permanent - Non-expendable	—	—	—	28,487	61,796
Debt Service	807,748	562,784	340,837	—	—
Capital Projects	—	—	—	—	—
Other Purposes	—	—	—	701	81,375
Unrestricted	(376,966)	17,743	27,872	54,534	(69,177)
TOTAL NET POSITION	\$ 437,251	\$ 580,594	\$ 368,714	\$ 320,816	\$ 278,486

	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
\$	99,999	\$ 64,875	\$ 54,097	\$ 9,789	\$ 37,542	\$ 26,011	\$ 137,992	\$ 751,475
	39,031	55,477	82,010	68,913	14,147	94,409	135,222	1,509,134
	—	—	—	—	—	764	273	5,240
	48,736	32,816	17,547	8,052	8,056	15,096	20,340	248,567
	—	—	—	—	—	492	3,804	854,875
	28,802	1,586	3,287	110	52	—	1,221	448,034
	—	—	—	—	—	—	4,589	4,708
	—	—	—	—	—	4,661	5,007	9,668
	—	—	11	—	—	—	9,872	9,941
	—	—	—	3,088	—	—	1,018	4,106
	5,579	12,149	14,550	7,925	241	666	4,744	108,116
	162,668	242,030	176,023	74,045	52,744	1,350	133,855	1,374,149
	58,299	78,726	11,004	5,186	6,895	—	124,480	340,611
	443,114	487,659	358,529	177,108	119,677	143,449	582,417	5,668,624
	29,576	46,369	58,026	29,870	24,326	1,797	53,904	371,567
	—	—	—	—	—	6	3	9
	—	12,947	—	—	—	117	82	13,314
	11,819	19,497	8,531	5,058	5,028	6,055	17,732	153,901
	—	—	—	154	—	492	111	245,340
	—	—	—	—	—	4,661	5,007	9,668
	33,708	42,662	39,227	15,972	11,904	247	17,665	223,199
	11,012	1,297	420	524.00	18	—	552	450,311
	2,821	4,142	3,490	2,426	1,881	17,128	6,454	56,406
	140,128	253,167	231,201	108,468	104,836	36,694	249,840	1,623,562
	199,488	333,712	282,869	132,602	123,667	65,400	297,446	2,775,710
	49,839	56,625	55,627	38,387	27,577	3,681	96,038	485,757
	171,327	174,140	72,543	29,536	38,610	816	237,303	1,125,783
	—	59,929	10,220	45,062	—	—	—	161,830
	7,227	8,177	46,511	12,501	429	—	31,846	196,974
	—	—	—	—	—	—	—	1,711,369
	—	—	29,227	—	—	—	14	29,241
	95,621	2,439	561	—	—	—	1,405	182,102
	(50,812)	(100,994)	(81,003)	(51,110)	(46,280)	75,349	(27,731)	(628,575)
\$	223,363	\$ 143,691	\$ 78,059	\$ 35,989	\$ (7,241)	\$ 76,165	\$ 242,837	\$ 2,778,724

STATE OF ALABAMA

COMBINING STATEMENT OF ACTIVITIES

Nonmajor Component Units

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Housing Finance Authority	Water Pollution Control Authority	Drinking Water Finance Authority	Troy University	Alabama State University
Expenses	\$ 249,876	\$ 9,533	\$ 9,399	\$ 256,587	\$ 160,412
Program Revenues					
Charges for Services	36,456	5,385	4,474	136,750	55,068
Operating Grants and Contributions	215,010	24,531	25,991	73,410	59,491
Capital Grants and Contributions	—	—	—	5,589	3,012
Total Program Revenues	251,466	29,916	30,465	215,749	117,571
Net (Expense) Revenue	1,590	20,383	21,066	(40,838)	(42,841)
General Revenues:					
Payments from State of Alabama	—	2,007	3,871	68,697	55,022
Grants and Contributions Not Restricted to Specific Programs	—	—	—	—	—
Unrestricted Investment Earnings	4,504	(4,651)	2,925	(36,342)	(13,374)
Miscellaneous	—	—	—	4,685	2,206
Contributions to Permanent Funds and Endowments	—	—	—	—	—
Total General Revenues and Contributions	4,504	(2,644)	6,796	37,040	43,854
Change in Net Position	6,094	17,739	27,862	(3,798)	1,013
Net Position, October 1, 2021, as Restated	431,157	562,855	340,852	324,614	277,473
Net Position, September 30, 2022	\$ 437,251	\$ 580,594	\$ 368,714	\$ 320,816	\$ 278,486

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
\$ 213,908	\$ 180,071	\$ 155,527	\$ 80,397	\$ 84,667	\$ 380,657	\$ 253,496	\$ 2,034,530
78,700	91,751	75,259	31,852	45,260	347,564	126,317	1,034,836
112,250	63,397	40,062	22,212	22,019	—	56,173	714,546
2,000	—	1,146	3,867	—	—	17,126	32,740
192,950	155,148	116,467	57,931	67,279	347,564	199,616	1,782,122
(20,958)	(24,923)	(39,060)	(22,466)	(17,388)	(33,093)	(53,880)	(252,408)
52,843	49,865	45,649	26,960	22,065	40	127,754	454,773
—	—	—	—	—	59	—	59
613	5,098	(8,841)	(5,749)	2,254	(16,288)	(3,737)	(73,588)
—	1,066	77	346	1,458	784	6,074	16,696
—	—	5	—	—	—	—	5
53,456	56,029	36,890	21,557	25,777	(15,405)	130,091	397,945
32,498	31,106	(2,170)	(909)	8,389	(48,498)	76,211	145,537
190,865	112,585	80,229	36,898	(15,630)	124,663	166,626	2,633,187
\$ 223,363	\$ 143,691	\$ 78,059	\$ 35,989	\$ (7,241)	\$ 76,165	\$ 242,837	\$ 2,778,724

STATE OF ALABAMA

COMBINING STATEMENT OF NET POSITION

Other Nonmajor Component Units

September 30, 2022

(Amounts in Thousands)

	Historical Commission	Alabama Institute for the Deaf and Blind	Athens State University	Space Science Exhibit Commission	Marine Environmental Sciences Consortium
ASSETS					
Cash and Cash Equivalents	\$ 10,125	\$ 27,164	\$ 25,778	\$ 37,183	\$ 12,718
Investments	15,784	15,006	13,785	10,253	—
Due From Primary Government	1	—	—	—	—
Accounts Receivable	88	10,981	3,009	1,153	5,052
Due From Other Governments	—	—	—	—	—
Mortgages, Notes, and Loans Receivable	—	—	—	1,180	—
Lease Receivable	—	—	—	4,589	—
Securities Lending Collateral	5,007	—	—	—	—
Inventory	121	7,168	37	2,141	141
Restricted Assets	—	1,018	—	—	—
Other Assets	—	1,304	2,460	573	—
Capital Assets, Net of Accumulated Depreciation	672	34,267	38,946	32,919	13,770
Capital Assets Not Depreciated	82,441	7,553	5,206	17,501	1,716
TOTAL ASSETS	114,239	104,461	89,221	107,492	33,397
DEFERRED OUTFLOWS OF RESOURCES	1,430	32,458	12,002	1,767	3,487
LIABILITIES					
Warrants Payable	2	—	—	—	—
Due To Primary Government	26	—	—	—	—
Accounts Payable	989	3,957	1,707	5,316	120
Due To Other Governments	82	—	—	—	—
Securities Lending Obligation	5,007	—	—	—	—
Unearned Revenue	—	576	6,102	7,299	3,688
Amounts Held in Custody for Others	—	302	—	—	250
Noncurrent Liabilities:					
Due Within One Year	118	337	1,637	212	324
Due in More Than One Year	7,732	93,708	41,916	11,824	12,542
TOTAL LIABILITIES	13,956	98,880	51,362	24,651	16,924
DEFERRED INFLOWS OF RESOURCES	3,488	50,914	16,189	12,632	5,552
NET POSITION					
Net Investment in Capital Assets	82,886	41,491	33,808	44,040	11,898
Restricted for:					
Permanent - Non-expendable	17,611	8,103	6,132	—	—
Capital Projects	—	—	—	—	14
Other Purposes	—	(422)	954	1,277	(404)
Unrestricted	(2,272)	(62,047)	(7,222)	26,659	2,900
TOTAL NET POSITION	\$ 98,225	\$ (12,875)	\$ 33,672	\$ 71,976	\$ 14,408

Crime Victims Compensation Commission	Supercomputer Authority	U.S.S Alabama Battleship Commission	Historic Ironworks Commission	Red Mountain Recreation Commission	Alabama Transportation Infrastructure Bank	Miscellaneous Component Units	Totals
\$ 764	\$ 11,500	\$ 8,470	\$ 620	\$ 116	\$ 61	\$ 3,493	\$ 137,992
4,141	—	2,972	—	—	72,065	1,216	135,222
—	271	—	—	—	—	1	273
—	—	57	—	—	—	—	20,340
—	—	—	—	—	3,736	68	3,804
—	—	—	—	—	—	41	1,221
—	—	—	—	—	—	—	4,589
—	—	—	—	—	—	—	5,007
—	—	231	33	—	—	—	9,872
—	—	—	—	—	—	—	1,018
—	—	92	13	—	—	302	4,744
889	1,687	6,857	2,394	1,048	—	406	133,855
—	—	1,157	1,090	7,655	—	161	124,480
5,794	13,458	19,836	4,150	8,819	75,862	5,688	582,417
532	405	1,122	221	78	—	402	53,904
1	—	—	—	—	—	—	3
51	3	—	—	—	—	2	82
123	5,020	369	89	—	—	42	17,732
—	22	—	—	—	—	7	111
—	—	—	—	—	—	—	5,007
—	—	—	—	—	—	—	17,665
—	—	—	—	—	—	—	552
1,529	27	3	171	1	2,095	—	6,454
2,812	2,308	979	1,438	317	73,767	497	249,840
4,516	7,380	1,351	1,698	318	75,862	548	297,446
1,241	802	2,999	498	1,095	—	628	96,038
888	1,687	8,014	3,321	8,703	—	567	237,303
—	—	—	—	—	—	—	31,846
—	—	—	—	—	—	—	14
—	—	—	—	—	—	—	1,405
(319)	3,994	8,594	(1,146)	(1,219)	—	4,347	(27,731)
\$ 569	\$ 5,681	\$ 16,608	\$ 2,175	\$ 7,484	\$ 0	\$ 4,914	\$ 242,837

STATE OF ALABAMA

COMBINING STATEMENT OF ACTIVITIES

Other Nonmajor Component Units

For the Fiscal Year Ended September 30, 2022

(Amounts in Thousands)

	Historical Commission	Alabama Institute for the Deaf and Blind	Athens State University	Space Science Exhibit Commission	Marine Environmental Sciences Consortium
Expenses	\$ 11,551	\$ 109,679	\$ 46,583	\$ 31,681	\$ 19,761
Program Revenues					
Charges for Services	3,279	26,595	15,707	54,418	3,379
Operating Grants and Contributions	1,516	24,433	16,509	—	12,322
Capital Grants and Contributions	—	3,177	—	13,912	—
Total Program Revenues	4,795	54,205	32,216	68,330	15,701
Net (Expense) Revenue	(6,756)	(55,474)	(14,367)	36,649	(4,060)
General Revenues:					
Payments from State of Alabama	9,430	64,320	17,684	8,205	10,751
Unrestricted Investment Earnings	(2,143)	(1,342)	420	110	5
Miscellaneous	1	1,448	2,060	—	2,556
Total General Revenues	7,288	64,426	20,164	8,315	13,312
Change in Net Position	532	8,952	5,797	44,964	9,252
Net Position, October 1, 2021, as Restated	97,693	(21,827)	27,875	27,012	5,156
Net Position, September 30, 2022	\$ 98,225	\$ (12,875)	\$ 33,672	\$ 71,976	\$ 14,408

Crime Victims Compensation Commission	Supercomputer Authority	U.S.S Alabama Battleship Commission	Historic Ironworks Commission	Red Mountain Recreation Commission	Alabama Transportation Infrastructure Bank	Miscellaneous Component Units	Totals
\$ 2,232	\$ 19,108	\$ 5,395	\$ 2,038	\$ (99)	\$ 3,954	\$ 1,613	\$ 253,496
2,577	4,796	7,879	2,098	1	3,954	1,634	126,317
900	—	17	100	376	—	—	56,173
—	—	—	—	—	—	37	17,126
3,477	4,796	7,896	2,198	377	3,954	1,671	199,616
1,245	(14,312)	2,501	160	476	—	58	(53,880)
100	16,911	—	—	—	—	353	127,754
(810)	—	12	2	—	—	9	(3,737)
—	—	—	—	—	—	9	6,074
(710)	16,911	12	2	—	—	371	130,091
535	2,599	2,513	162	476	—	429	76,211
34	3,082	14,095	2,013	7,008	—	4,485	166,626
\$ 569	\$ 5,681	\$ 16,608	\$ 2,175	\$ 7,484	\$ 0	\$ 4,914	\$ 242,837



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, 2022

(Amounts in Thousands)

	Amount
911 Board	\$ 2,544
Administrative Office Of Courts	569
Agriculture and Industries	7,794
Alabama School of Cyber Technology and Engineering	489
Attorney General	1,361
Child Abuse and Neglect Prevention Board	1,636
Commerce	34,343
Conservation and Natural Resources	49,822
Corrections	166
Council on the Arts	1,649
Crime Victims Compensation Commission	900
Drinking Water Finance Authority	25,991
Early Childhood Education	20,540
Economic and Community Affairs	231,136
Education	2,124,554
Emergency Management Agency	159,913
Environmental Management	17,901
Finance-Special Funds	725,741
Forensic Sciences	1,220
Forestry Commission	3,595
Geological Survey	1,334
Governor's Office of Volunteer Services	1,833
Historical Commission	1,469
Housing Finance Authority	215,010
Human Resources	3,361,426
Labor	116,508
Law Enforcement Agency	8,089
Manufactured Housing Commission	470
Medicaid Agency	6,336,970
Mental Health	72,896
Military	65,229
Office of Prosecution Services	224
Oil and Gas Board	19
Public Health	621,284
Public Library Services	5,727
Public School and College Authority	9,111
Public Service Commission	821
Rehabilitation Services	76,386
School of Fine Arts	185
Secretary of State	1,067
Senior Services	37,228
Soil and Water Conservation Commission	3,264
State Employees Insurance Board	59
State Port Authority	2,611
Surface Mining Commission	1,569
Transportation	1,016,425
Veterans Affairs	41,569
Water Pollution Control Authority	24,531
Total Federal Revenues	\$ 15,435,178

This part of the State of Alabama's Annual Comprehensive 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 323

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 Fund

Revenue Capacity

Page 333

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 341

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 349

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 353

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 annual comprehensive 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)

	2022	2021	2020	2019	2018
Governmental Activities					
Net Investment in Capital Assets	\$21,145,379	\$ 21,006,618	\$ 20,773,154	\$ 20,598,076	\$ 20,564,785
Restricted	15,488,559	13,127,851	9,459,541	8,876,409	8,366,993
Unrestricted	(8,398,208)	(8,837,613)	(8,321,652)	(9,012,764)	(9,597,426)
Total Governmental Activities Net Position	28,235,730	25,296,856	21,911,043	20,461,721	19,334,352
Business-type Activities					
Net Investment in Capital Assets	362,523	335,839	309,525	297,463	306,317
Restricted	880,979	617,142	530,848	751,669	675,693
Unrestricted	30,792	9,672	6,140	(4,285)	(19,800)
Total Business-type Activities Net Position	1,274,294	962,653	846,513	1,044,847	962,210
Primary government					
Net Investment in Capital Assets	21,507,902	21,342,457	21,082,679	20,895,539	20,871,102
Restricted	16,369,538	13,744,993	9,990,389	9,628,078	8,988,164
Unrestricted	(8,367,416)	(8,827,941)	(8,315,512)	(9,017,049)	(9,617,226)
Total Primary Government Net Position	\$29,510,024	\$ 26,259,509	\$ 22,757,556	\$ 21,506,568	\$ 20,242,040

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.

2017	2016	2015	2014	2013
\$ 20,544,621	\$ 20,408,863	\$ 20,285,148	\$ 20,119,589	\$ 20,041,968
8,606,626	7,376,079	7,205,559	6,796,929	6,936,902
(10,447,520)	(7,707,397)	(7,855,192)	(7,386,155)	(4,818,396)
18,703,727	20,077,545	19,635,515	19,530,363	22,160,474
309,115	297,816	301,107	298,811	251,394
605,930	567,493	489,942	312,426	298,238
(30,399)	(67,811)	—	(12,158)	71,753
884,646	797,498	791,049	599,079	621,385
20,853,736	20,706,679	20,586,255	20,418,400	20,293,362
9,212,556	7,943,572	7,695,501	7,109,355	7,235,140
(10,477,919)	(7,775,208)	(7,855,192)	(7,398,313)	(4,746,643)
\$ 19,588,373	\$ 20,875,043	\$ 20,426,564	\$ 20,129,442	\$ 22,781,859

STATE OF ALABAMA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Amounts in Thousands)

	2022	2021	2020	2019	2018
Expenses					
Governmental Activities					
Economic Development and Regulation	\$ 157,493	\$ 204,741	\$ 159,098	\$ 153,261	\$ 139,139
Education and Cultural Resources	10,602,949	9,151,901	8,470,516	7,939,340	7,462,779
Natural Resources and Recreation	207,540	208,426	157,192	148,015	142,306
Health	9,323,338	8,809,281	8,048,514	7,878,317	7,446,780
Social Services	4,198,088	3,498,818	2,719,230	2,253,620	2,213,061
Protection of Persons and Property	1,874,409	2,543,302	1,688,055	1,327,332	1,076,783
Transportation	1,756,869	1,538,344	1,700,982	1,687,336	1,818,880
General Government	1,885,599	1,544,688	1,413,374	1,351,633	1,215,056
Debt Service - Interest and Other Charges	169,030	187,691	155,912	169,286	184,975
Total Governmental Activities Expenses	30,175,315	27,687,192	24,512,873	22,908,140	21,699,759
Business-type Activities					
Unemployment Compensation	127,993	1,689,218	3,709,041	150,096	158,959
State Port Authority	171,623	154,053	146,232	151,565	133,083
Alcoholic Beverage Control Board	427,541	416,157	377,370	351,058	323,013
Nonmajor Proprietary Funds	112,838	128,582	111,013	82,759	83,957
Total Business-type Activities Expenses	839,995	2,388,010	4,343,656	735,478	699,012
Total Primary Governmental Expenses	31,015,310	30,075,202	28,856,529	23,643,618	22,398,771
Program Revenues					
Governmental Activities					
Charges for Services:					
Economic Development and Regulation	111,628	121,319	99,560	101,505	95,566
Education and Cultural Resources	48,983	38,215	38,692	51,711	43,920
Natural Resources and Recreation	117,564	113,799	116,297	99,712	92,521
Health	554,016	568,824	542,733	474,218	532,333
Social Services	27,522	31,728	55,073	53,366	25,546
Protection of Persons and Property	437,702	481,212	408,964	421,585	394,248
Transportation	604,801	259,066	240,045	258,816	204,839
General Government	302,641	611,419	495,492	497,015	195,604
Operating Grants and Contributions	13,908,327	12,098,999	10,110,656	9,284,376	8,786,793
Capital Grants and Contributions	1,008,303	1,058,493	1,038,188	1,160,688	1,024,637
Total Governmental Activities Program Revenues	17,121,487	15,383,074	13,145,700	12,402,992	11,396,007
Business-type Activities					
Charges for Services:					
Unemployment Compensation	267,966	270,296	206,462	232,912	237,593
State Port Authority	162,000	152,573	140,217	160,078	136,306
Alcoholic Beverage Control Board	489,834	482,329	422,076	378,578	351,262
Nonmajor Proprietary Funds	123,256	119,575	105,489	97,274	92,172
Operating Grants and Contributions	59,238	1,511,807	2,912,623	3,163	2,567
Capital Grants and Contributions	2,611	5,589	7,539	—	—
Total Business-type Activities Program Revenues	1,104,905	2,542,169	3,794,406	872,005	819,900
Total Primary Governmental Program Revenues	\$ 18,226,392	\$ 17,925,243	\$ 16,940,106	\$ 13,274,997	\$ 12,215,907

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.

	2017	2016	2015	2014	2013
\$	155,796	\$ 159,378	\$ 148,267	\$ 117,497	\$ 121,933
	7,168,714	7,122,455	6,947,994	6,787,731	6,615,815
	151,843	158,738	136,059	158,043	124,387
	7,419,732	6,969,940	6,814,031	6,543,218	6,427,303
	2,403,668	2,255,358	2,425,046	2,398,743	2,448,759
	1,233,440	1,297,498	1,208,686	1,165,601	1,079,644
	1,532,866	1,566,123	1,475,669	1,454,028	1,319,431
	1,048,882	835,119	896,334	895,891	966,042
	182,655	159,894	155,722	161,479	175,715
	21,297,596	20,524,503	20,207,808	19,682,231	19,279,029
	174,746	195,664	210,464	291,417	458,063
	131,405	133,920	141,087	142,757	136,904
	328,276	312,783	298,212	289,347	282,840
	70,093	68,955	71,213	84,418	122,838
	704,520	711,322	720,976	807,939	1,000,645
	22,002,116	21,235,825	20,928,784	20,490,170	20,279,674
	153,247	114,363	137,912	131,404	174,341
	50,197	48,229	49,272	50,499	59,110
	79,727	121,507	72,720	84,298	74,903
	496,447	428,927	405,979	355,442	313,897
	65,738	65,509	67,290	65,950	49,591
	303,477	279,372	287,174	276,993	225,468
	187,680	184,158	185,774	180,079	172,753
	266,178	281,405	181,043	247,088	175,903
	8,759,602	8,515,413	8,364,835	8,067,411	8,047,460
	924,667	941,948	1,021,107	966,966	976,217
	11,286,960	10,980,831	10,773,106	10,426,130	10,269,643
	248,199	278,534	325,561	359,914	434,928
	128,542	120,079	144,391	162,617	149,275
	336,351	327,189	304,658	296,337	280,295
	100,679	96,224	89,475	95,218	102,916
	11,142	5,029	4,053	34,226	164,329
	125	7,894	4,196	13,462	1,644
	825,038	834,949	872,334	961,774	1,133,387
\$	12,111,998	\$ 11,815,780	\$ 11,645,440	\$ 11,387,904	\$ 11,403,030

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STATE OF ALABAMA

CHANGES IN NET POSITION (Continued from previous page)

Last Ten Fiscal Years

(Amounts in Thousands)

	2022	2021	2020	2019	2018
Net (Expense)/Revenue					
Governmental Activities	\$ (13,053,828)	\$ (12,304,118)	\$ (11,367,173)	\$ (10,505,148)	\$ (10,303,752)
Business Activities	264,910	154,159	(549,250)	136,527	120,888
Total Primary Government					
Net (Expense) Revenue	(12,788,918)	(12,149,959)	(11,916,423)	(10,368,621)	(10,182,864)
General Revenues and Other Changes in Net Position					
Governmental Activities					
Sales and Use Taxes	4,060,434	3,653,790	3,185,463	3,003,023	2,818,868
Income Taxes	7,393,846	5,803,826	4,773,225	4,690,366	4,269,203
Motor Fuels Taxes	953,062	882,634	770,333	617,109	585,054
Utility Taxes	624,254	573,006	582,450	612,395	603,358
Insurance Premium Tax	542,762	474,622	437,752	413,754	387,040
Property Tax	481,877	431,693	406,646	394,047	371,291
Liquor Taxes	259,760	250,742	222,597	209,796	195,675
Tobacco and Cigarette Taxes	158,083	171,272	176,037	173,778	183,774
Grants/Contributions Not Restricted to Specific Programs	726,632	1,343,814	989,614	2,687	3,071
Unrestricted Investment Earnings	(600,112)	677,498	318,707	247,140	251,189
Miscellaneous	1,414,231	1,369,206	1,284,656	1,200,645	1,151,539
Transfers	(21,431)	56,644	(329,801)	67,777	59,792
Total Governmental Activities	15,993,398	15,688,747	12,817,679	11,632,517	10,879,854
Business-type Activities					
Liquor Taxes	14,948	16,886	14,513	13,780	14,694
Miscellaneous	1,849	1,739	6,602	107	1,774
Special Items	—	—	—	—	—
Transfers	21,431	(56,644)	329,801	(67,777)	(59,792)
Total Business-type Activities	38,228	(38,019)	350,916	(53,890)	(43,324)
Total Primary Government					
General Revenues and Other Changes	16,031,626	15,650,728	13,168,595	11,578,627	10,836,530
Change in Net Position					
Governmental Activities	2,939,570	3,384,629	1,450,506	1,127,369	576,102
Business-type Activities	303,138	116,140	(198,334)	82,637	77,564
Total Primary Government Change in Net Position	\$ 3,242,708	\$ 3,500,769	\$ 1,252,172	\$ 1,210,006	\$ 653,666

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.

2017	2016	2015	2014	2013
\$ (10,010,636)	\$ (9,543,672)	\$ (9,434,702)	\$ (9,256,101)	\$ (9,009,386)
120,518	123,627	151,358	153,835	132,742
(9,890,118)	(9,420,045)	(9,283,344)	(9,102,266)	(8,876,644)
2,679,492	2,663,197	2,489,460	2,398,362	2,343,322
4,021,968	3,803,755	3,859,889	3,637,582	3,515,081
581,428	581,415	559,890	545,976	541,603
598,233	595,498	631,305	640,104	621,684
334,479	320,046	313,316	306,359	297,072
359,826	353,137	349,450	334,275	326,255
190,854	181,229	179,278	171,297	163,026
185,276	193,992	129,702	126,103	128,714
5,037	3,419	4,159	9,096	10,421
348,038	258,207	22,235	208,608	213,988
1,120,197	1,112,012	1,107,396	1,119,266	1,097,907
50,983	55,350	39,421	42,487	29,798
10,475,811	10,121,257	9,685,501	9,539,515	9,288,871
13,317	11,453	13,996	11,823	11,864
364	81	460	2,902	10,858
—	—	—	—	—
(50,983)	(55,350)	(39,421)	(42,487)	(29,798)
(37,302)	(43,816)	(24,965)	(27,762)	(7,076)
10,438,509	10,077,441	9,660,536	9,511,753	9,281,795
465,175	577,585	250,799	283,414	279,485
83,216	79,811	126,393	126,073	125,666
\$ 548,391	\$ 657,396	\$ 377,192	\$ 409,487	\$ 405,151

STATE OF ALABAMA

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in Thousands)

	2022	2021	2020	2019	2018
General Fund					
Nonspendable	\$ 4,035	\$ 4,035	\$ 4,035	\$ 2,612	\$ 2,795
Assigned	7,475	6,065	5,824	3,082	2,937
Unassigned	1,340,316	1,341,321	891,129	695,542	596,957
Total General Fund	\$ 1,351,826	\$ 1,351,421	\$ 900,988	\$ 701,236	\$ 602,689
All Other Governmental Funds					
Nonspendable	\$ 132,972	\$ 145,313	\$ 132,944	\$ 129,481	\$ 123,057
Restricted	14,657,840	8,583,354	7,907,675	7,338,783	7,595,158
Assigned	92,603	71,691	43,747	43,676	89,689
Unassigned	—	105,811	(22,272)	(54,614)	(154,985)
Total All Other Governmental Funds	\$14,883,415	\$ 8,906,169	\$ 8,062,094	\$ 7,457,326	\$ 7,652,919

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<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 4,196	\$ 3,642	\$ 4,142	\$ 3,118	\$ —
2,203	3,522	921	1,894	3,641
431,095	181,040	104,166	116,092	84,432
<u>\$ 437,494</u>	<u>\$ 188,204</u>	<u>\$ 109,229</u>	<u>\$ 121,104</u>	<u>\$ 88,073</u>

\$ 119,622	\$ 111,810	\$ 109,648	\$ 102,851	\$ 100,216
6,413,184	6,196,422	6,021,377	6,088,341	5,863,103
439,510	49,035	41,799	47,801	86,576
(467,738)	(117,424)	(98,990)	(207,356)	(455,521)
<u>\$ 6,504,578</u>	<u>\$ 6,239,843</u>	<u>\$ 6,073,834</u>	<u>\$ 6,031,637</u>	<u>\$ 5,594,374</u>

STATE OF ALABAMA

CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in Thousands)

	2022	2021	2020	2019	2018
Revenues					
Taxes	\$15,702,373	\$13,461,804	\$11,698,109	\$11,182,962	\$10,434,236
Licenses, Permits, and Fees	1,404,205	1,383,632	1,296,971	921,893	913,122
Fines, Forfeits, and Court Settlements	222,144	260,183	197,922	219,283	205,654
Investment Income	(689,869)	786,589	390,344	312,428	300,875
Federal Grants and Reimbursements	15,111,583	13,947,104	11,580,665	9,836,870	9,239,012
Other Revenues	1,391,539	1,177,618	1,143,950	1,224,606	1,165,726
Total Revenues	33,141,975	31,016,930	26,307,961	23,698,042	22,258,625
Expenditures					
Economic Development and Regulation	171,818	208,029	164,168	151,081	137,168
Education and Cultural Resources	10,415,797	9,137,751	8,401,839	7,882,290	7,416,955
Natural Resources and Recreation	242,376	221,881	206,119	170,192	222,563
Health	9,362,937	8,857,161	8,096,409	7,877,623	7,456,630
Social Services	4,303,915	3,589,056	2,772,405	2,258,663	2,208,341
Protection of Persons and Property	2,015,435	2,635,454	1,654,607	1,278,467	1,171,961
Transportation	1,869,063	1,806,668	1,941,239	1,935,522	2,097,543
General Government	1,922,828	1,578,286	1,420,926	1,032,046	975,807
Capital Outlay	40,836	21,946	39,773	48,791	26,360
Debt Service - Principal Retirement	442,651	412,059	324,815	379,195	359,976
Debt - Interest and Other Charges	214,514	219,317	200,186	215,709	228,942
Debt Service - Current Refunding to Bondholders	—	—	—	—	—
Total Expenditures	31,002,170	28,687,608	25,222,486	23,229,579	22,302,246
Other Financing Sources (Uses)					
Transfers In	5,310,733	5,357,720	4,389,425	3,504,949	3,311,528
Bonds Issued	595,020	1,480,835	118,460	338,880	18,455
Refunding Bonds Issued	1,478,517	—	—	—	—
Capital Leases	63,751	18,885	6,992	2,889	5,880
Other Debt Issued	—	—	—	—	—
Debt Issuance Premiums	50,816	342,690	32,155	26,625	1,421
Debt Issuance Discounts	—	—	—	—	—
Insurance Recovery Proceeds	7,296	9,480	5,238	5,277	3,646
Transfers Out	(5,551,433)	(5,345,925)	(4,801,566)	(3,509,255)	(3,331,991)
Payments to Refunded Bond Escrow Agent	(1,475,136)	(247,697)	—	(160,819)	—
Total Other Financing Sources (Uses)	479,564	1,615,988	(249,296)	208,546	8,939
Net Increase (Decrease) for the Year	\$ 2,619,369	\$ 3,945,310	\$ 836,179	\$ 677,009	\$ (34,682)
Debt Service as a Percentage of Noncapital Expenditures	2.14 %	2.23 %	2.11 %	2.60 %	2.69 %

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2017	2016	2015	2014	2013
\$ 9,937,261	\$ 9,688,071	\$ 9,495,075	\$ 9,179,181	\$ 8,943,677
957,711	838,784	815,183	777,804	683,527
199,515	214,692	141,522	148,436	202,968
411,961	321,849	31,052	251,790	237,875
9,149,105	8,845,712	8,650,652	8,444,987	8,468,687
1,085,239	1,194,666	1,276,617	1,150,942	1,064,451
21,740,792	21,103,774	20,410,101	19,953,140	19,601,185
141,781	132,869	139,059	115,103	116,286
7,269,649	6,999,242	6,945,844	6,791,198	6,640,507
219,683	169,372	163,571	149,825	153,860
7,348,838	6,983,426	6,785,507	6,507,467	6,351,112
2,288,852	2,292,200	2,394,865	2,365,849	2,423,399
1,146,759	1,131,237	1,145,092	1,107,139	1,027,538
1,795,101	1,790,045	1,747,040	1,680,024	1,685,764
938,677	940,680	887,354	893,627	982,857
46,047	48,824	36,337	49,834	55,876
304,997	288,565	271,906	270,795	244,736
219,655	194,992	193,120	198,700	189,960
—	—	—	—	82,802
21,720,039	20,971,452	20,709,695	20,129,561	19,954,697
3,410,241	2,933,652	3,068,106	2,809,995	2,733,138
1,281,755	155,115	610,960	128,985	690,870
245,115	21,660	106,090	814,000	131,160
7,150	19,836	7,709	6,834	538
—	3,163	—	—	—
166,365	21,114	95,175	165,400	115,957
(2,587)	—	—	—	—
3,912	2,567	5,208	3,849	9,834
(3,439,907)	(2,942,444)	(3,076,997)	(2,808,115)	(2,715,345)
(299,211)	(21,885)	(124,437)	(966,941)	(66,681)
1,372,833	192,778	691,814	154,007	899,471
\$ 1,393,586	\$ 325,100	\$ 392,220	\$ (22,414)	\$ 545,959
2.47 %	2.34 %	2.29 %	2.38 %	2.66 %

STATE OF ALABAMA

REVENUE CAPACITY

Major Revenue Base: Personal Income by Industry

Last Ten Years

(Amounts in Thousands)

Industry	2022	2021	2020	2019	2018
Mining	\$ 599,442	\$ 666,781	\$ 911,721	\$ 1,038,290	\$ 628,360
Utilities	2,260,128	2,272,302	2,186,470	2,028,971	1,929,378
Construction	10,247,523	9,580,456	9,178,731	8,242,192	7,712,177
Manufacturing	21,253,850	20,096,150	19,942,518	19,286,947	18,515,213
Wholesale Trade	7,393,797	6,867,809	6,504,931	6,253,415	5,941,514
Retail Trade	10,559,347	9,566,009	8,994,232	8,617,572	8,342,790
Transportation and warehousing	5,687,304	5,055,202	4,983,937	5,160,831	4,617,507
Finance and insurance	8,367,658	7,868,213	7,367,508	7,239,481	6,965,079
Professional and technical services	13,973,261	13,204,542	12,447,663	11,856,562	11,168,295
Government and government enterprises	30,151,097	29,223,058	28,065,588	27,179,552	26,588,293
All other	118,255,397	111,529,853	106,470,284	102,432,600	99,954,850
Total Personal Income	228,748,804	215,930,375	207,053,583	199,336,413	192,363,456
State Income Taxes	\$ 4,588,456	\$ 4,834,305	\$ 3,378,720	\$ 3,840,801	\$ 3,632,683
Average Effective Rate*	2.01 %	2.24 %	2.15 %	1.93 %	1.98 %

Note: Year 2021 is the most recent year for which data are available.

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.

2017	2016	2015	2014	2013
\$ 271,476	\$ 563,596	\$ 798,053	\$ 848,886	\$ 843,135
1,991,505	1,867,477	1,737,534	1,720,394	1,645,215
7,426,951	7,188,505	7,201,258	7,200,840	7,469,694
18,017,585	17,619,231	17,016,820	16,056,465	15,447,632
5,748,531	5,752,413	5,508,540	5,411,660	5,227,856
8,205,905	7,976,156	7,742,351	7,584,827	7,444,823
4,176,294	4,016,706	3,816,402	3,704,234	3,660,127
6,573,465	6,500,629	6,167,368	5,863,600	5,650,099
10,470,235	10,149,519	9,687,222	9,426,465	9,273,604
26,145,436	25,577,893	25,014,090	24,319,747	24,382,329
100,088,054	93,866,648	90,495,624	91,224,537	87,429,810
189,115,437	181,078,773	175,185,262	173,361,655	168,474,324
\$ 3,500,390	\$ 3,401,786	\$ 3,192,012	\$ 3,224,251	\$ 2,953,107
1.86 %	1.89 %	1.83 %	1.82 %	1.83 %

STATE OF ALABAMA

REVENUE CAPACITY

Revenue Rates: Individual and Corporate Income Tax Rates

Last Ten Calendar Years

Filing Status	2013-2022
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%
Corporate Income Tax Rates	2013-2022
	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 2021

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	480,336	23 %	\$ 28,117	1 %
12,001- 24,000	334,278	16	152,035	3
24,001- 39,000	334,812	17	345,036	6
39,001- 60,000	294,825	15	493,315	9
60,001- 80,000	172,208	8	410,239	7
OVER 80,000	434,112	21	4,169,172	74
TOTAL	2,050,571	100 %	\$ 5,597,914	100 %

For Tax Year 2020

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	566,841	27 %	\$ 29,658	1 %
12,001- 24,000	352,371	16	157,248	4
24,001- 39,000	332,975	16	339,260	8
39,001- 60,000	288,602	14	480,623	12
60,001- 80,000	164,814	8	390,982	10
OVER 80,000	401,088	19	2,589,981	65
TOTAL	2,106,691	100 %	\$ 3,987,752	100 %

For Tax Year 2019

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	482,113	24 %	\$ 29,671	1 %
12,001- 24,000	380,639	19	168,280	4
24,001- 39,000	341,022	17	343,541	9
39,001- 60,000	290,363	14	478,289	13
60,001- 80,000	164,579	8	386,753	10
OVER 80,000	386,566	18	2,373,542	63
TOTAL	2,045,282	100 %	\$ 3,780,076	100 %

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
TOTAL	1,970,582	100 %	\$ 3,555,812	100 %

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	17	1,886,949	60
TOTAL	1,945,065	100 %	\$ 3,133,803	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 2019 is the most recent data available.

For Tax Year 2016

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

For Tax Year 2015

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

For Tax Year 2014

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

For Tax Year 2013

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

For Tax Year 2012

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

STATE OF ALABAMA

REVENUE CAPACITY

Principal Revenue Payers: Corporate Income Tax Filers and Liability

Last Ten Years

For Tax Year 2020

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	33,430	86 %	\$ 5,932	1 %
50,001- 100,000	1,320	3	6,197	1
100,001- 500,000	2,289	6	34,963	5
500,001- 1,000,000	668	2	30,801	5
1,000,001- and higher	1,192	3	574,399	88
TOTAL	38,899	100 %	\$ 652,292	100 %

For Tax Year 2019

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	33,448	86 %	\$ 6,151	1 %
50,001- 100,000	1,356	3	6,259	1
100,001- 500,000	2,281	6	34,630	6
500,001- 1,000,000	605	2	27,632	5
1,000,001- and higher	1,093	3	532,280	87
TOTAL	38,783	100 %	\$ 606,952	100 %

For Tax Year 2018

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	8,057	61 %	\$ 6,273	1 %
50,001- 100,000	1,309	10	6,081	1
100,001- 500,000	2,231	17	34,029	6
500,001- 1,000,000	588	4	26,991	4
1,000,001- and higher	1,084	8	519,441	88
TOTAL	13,269	100 %	\$ 592,815	100 %

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 %

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.

STATE OF ALABAMA

DEBT CAPACITY

Ratios of Outstanding Debt

Last Ten Fiscal Years

(Amounts in Thousands, Except Per Capita Amount)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Primary Government					
Governmental Activities:					
General Obligation Bonds	\$ 499,079	\$ 566,183	\$ 645,508	\$ 722,855	\$ 609,633
Revenue Bonds	5,521,280	5,177,939	3,958,647	4,096,310	4,429,103
Direct Borrowings*	58,010	171,658	169,010	177,556	188,709
Total Governmental Activities	6,078,369	5,915,780	4,773,165	4,996,721	5,227,445
Business-type Activities:					
Revenue Bonds	308,019	323,786	337,677	354,230	367,169
Direct Borrowings*	826	826	940	1,009	1,117
Total Business-Type Activities	308,845	324,612	338,617	355,239	368,286
Total Primary Government	\$ 6,387,214	\$ 6,240,392	\$ 5,111,782	\$ 5,351,96	\$ 5,595,731
Debt as a percentage of Personal Income †	2.79 %	2.73 %	2.36 %	2.59 %	2.81 %
Amount of Debt per Capita †	\$ 1,298	\$ 1,268	\$ 998	\$ 1,095	\$ 1,188

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

Fiscal year 2022 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.

*Per GASB 87, items previously classified as "Capital Leases" were reclassified as Leases - RTU Liabilities since ownership does not pass at the conclusion of the lease agreement.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 673,634	\$ 722,383	\$ 631,497	\$ 680,476	\$ 705,367
4,753,950	3,667,728	3,942,889	3,517,971	3,580,726
192,297	191,200	180,902	184,946	173,661
5,619,881	4,581,311	4,755,288	4,383,393	4,459,754
327,401	344,610	354,408	363,695	365,556
1,217	4,518	4,607	5,848	5,442
328,618	349,128	359,015	369,543	370,998
<u>\$ 5,948,499</u>	<u>\$ 4,930,439</u>	<u>\$ 5,114,303</u>	<u>\$ 4,752,936</u>	<u>\$ 4,830,752</u>

3.05 % 2.61 % 2.64 % 2.72 % 2.54 %

\$ 1,235 \$ 1,022 \$ 929 \$ 929 \$ 839

STATE OF ALABAMA

DEBT CAPACITY

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(Amounts in Thousands, Except Per Capita Amount)

Fiscal Year	General Obligation Bonds Payable	Revenue Bonds	Total Debt Outstanding	Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of of Personal Income †	Per Capita †
2022	\$499,079	\$5,521,280	\$ 6,020,359	\$ 407,286	\$ 5,613,073	2.45%	1221
2021	566,183	5,177,939	5,744,122	287,688	5,456,434	2.53	1,010
2020	645,508	3,958,647	4,604,155	256,614	4,347,541	2.01	803
2019	722,855	4,096,310	4,819,165	224,838	4,594,327	2.23	873
2018	609,633	4,429,103	5,038,736	209,181	4,829,555	2.43	946
2017	673,634	4,753,950	5,427,584	175,120	5,252,464	2.70	1,011
2016	722,383	3,667,728	4,390,111	156,430	4,233,681	2.24	810
2015	631,497	3,942,889	4,574,386	138,428	4,435,958	2.40	865
2014	680,476	3,517,971	4,198,447	136,111	4,062,336	2.23	786
2013	705,367	3,580,726	4,286,093	120,716	4,165,377	2.38	812

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 2022 personal income and population data are estimated.

All years presented with revised population and personal income data.

STATE OF ALABAMA

DEBT CAPACITY

Debt Limitations

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

STATE OF ALABAMA

DEBT CAPACITY

Pledged Revenue Coverage - Primary Government Revenue Bonds

Last Ten Fiscal Year

(Amounts in Thousands)

	2022	2021	2020	2019	2018
State Port Authority					
Revenue-Charges for facilities usage	\$ 164,284	\$ 151,656	\$ 139,822	\$ 158,449	\$ 134,936
Debt Service					
Principal	15,550	13,060	12,425	11,825	9,115
Interest	13,215	13,957	14,505	14,255	13,994
Coverage ¹	5.71	5.61	5.19	6.08	5.84
Federal Aid Highway Finance Authority					
Revenue-Federal Revenue	\$ 1,011,644	\$ 1,012,899	\$ 960,606	\$ 1,037,932	\$ 945,506
Debt Service					
Principal	89,115	52,225	49,735	47,370	45,110
Interest	24,162	61,618	64,104	66,472	68,728
Coverage ¹	8.93	8.90	8.44	9.12	8.31
Alabama Incentives Financing Authority					
Tennessee Valley Exhibit Commission					
Revenue-Tennessee Valley Electric Payment	\$ 12,521	\$ 13,622	\$ 14,847	\$ 14,609	\$ 14,866
Debt Service					
Principal	7,895	7,490	7,555	6,575	6,290
Interest	8,423	8,834	8,875	11,366	11,653
Coverage ¹	0.77	0.83	0.90	0.81	0.83
Alabama Economic Settlement Authority					
Revenue-BP Settlement	\$ 53,333	\$ 53,333	\$ 53,333	\$ 53,333	\$ 50,000
Debt Service					
Principal	34,090	33,025	32,000	31,005	26,755
Interest	19,781	20,826	21,838	22,819	23,665
Coverage ¹	0.99	0.99	0.99	0.99	0.99

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

¹ Coverage equals revenue divided by debt service.

	2017	2016	2015	2014	2013
\$	125,872	\$ 119,691	\$ 144,886	\$ 162,318	\$ 147,508
	10,295	9,755	9,245	8,770	8,290
	15,904	16,732	16,955	17,063	17,350
	4.80	4.52	5.53	6.28	5.75
\$	831,961	\$ 879,343	\$ 900,906	\$ 941,952	\$ 913,307
	31,080	29,830	23,740	22,675	14,540
	47,920	39,188	30,063	18,562	14,440
	10.53	12.74	16.74	22.84	31.52
\$	14,910	\$ 16,152	\$ 17,513	\$ 18,118	\$ 19,055
	6,015	5,770	5,550	5,360	6,025
	11,925	12,170	12,384	12,573	11,919
	0.83	0.90	0.98	1.01	1.06
\$	0	\$ 0	\$ 0	\$ 0	\$ 0
	—	—	—	—	—
	17.749	—	—	—	—
	—	—	—	—	—

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STATE OF ALABAMA

DEBT CAPACITY

Pledged Revenue Coverage - Primary Government Revenue Bonds

(Continued from previous page)

Last Ten Fiscal Year

(Amounts in Thousands)

	2022	2021	2020	2019	2018
Public School and College Authority					
Revenue-General Sales Tax, Utility Tax, Use Tax	\$ 3,308,340	\$ 3,005,829	\$ 2,782,879	\$ 2,761,493	\$ 2,656,156
Debt Service					
Principal	147,650	180,060	134,840	204,555	190,995
Interest	106,984	80,450	63,195	72,056	81,021
Coverage ¹	12.99	11.54	14.05	9.98	9.76
Mental Health Financing Authority					
Revenue-Cigarette Tax	\$ 41,459	\$ 40,715	\$ 36,504	\$ 33,723	\$ 32,291
Debt Service					
Principal	2,040	1,990	1,945	1,895	1,850
Interest	88	130	171	211	250
Coverage ¹	19.48	19.21	17.25	16.01	15.38
Alabama Revolving Fund Authority					
Revenue-Mobile Telecommunications Tax	\$ 20,541	\$ 20,663	\$ 26,741	\$ 33,103	\$ 28,545
Debt Service					
Principal	1,281	940	1,120	1,070	1,030
Interest	129	659	708	760	808
Coverage ¹	14.57	12.92	14.63	18.09	15.53
Alabama Highway Finance Corporation					
Revenue-0.07 Gasoline Tax, 0.13 diesel fuel tax, 0.06 diesel fuel tax, motor carrier tax, inspection fees, identification marker fees	\$ 400,744	\$ 390,460	\$ 369,017	\$ 381,026	\$ 391,086
Debt Service					
Principal	6,705	19,875	3,690	3,625	3,565
Interest	5,049	5,489	127	188	249
Coverage ¹	34.09	15.39	96.68	99.93	102.54

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

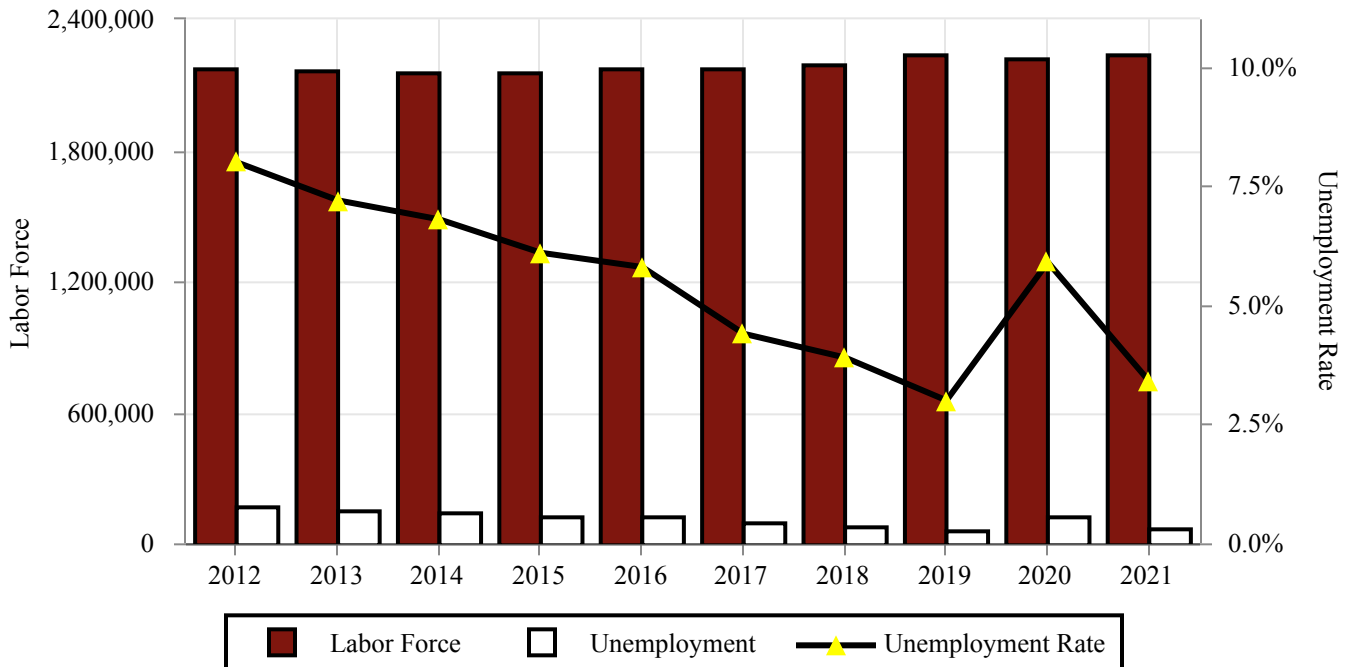
¹ Coverage equals revenue divided by debt service.

2017	2016	2015	2014	2013
\$ 2,554,547	\$ 2,524,359	\$ 2,441,906	\$ 2,459,428	\$ 2,353,497
192,160	180,905	168,460	178,200	163,325
89,823	97,566	101,762	115,995	108,860
9.06	9.07	9.04	8.36	8.65
\$ 31,377	\$ 30,710	\$ 26,260	\$ 25,095	\$ 5,652
1,805	1,760	1,700	1,650	1,400
288	326	383	437	448
14.99	14.72	12.61	12.02	3.06
\$ 45,051	\$ 50,447	\$ 57,320	\$ 70,117	\$ 80,511
990	960	930	905	885
849	886	916	940	962
24.50	27.33	31.05	38.00	43.59
\$ 365,276	346,376	\$ 0	\$ 0	\$ 0
3,510	3,450	—	—	—
308	368	—	—	—
95.67	90.72	—	—	—

Last Ten Years

Year	Labor Force	Employment	Unemployment	Unemployment Rate
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%
2019	2,241,747	2,174,483	67,264	3.0%
2020	2,230,118	2,099,062	131,056	5.9%
2021	2,246,993	2,169,721	77,272	3.4%

Civilian Labor Force Trend with Unemployment Rates



Note: Year 2021 is most recent year for which data is available.
 Averages for calendar year and not seasonally adjusted.
 2010-2018 data reflects revised population controls and model reestimation with the Bureau of Labor Statistics.

Sources: Local Area Unemployment Statistics, Bureau of Labor Statistics, U. S. Department of Labor

STATE OF ALABAMA

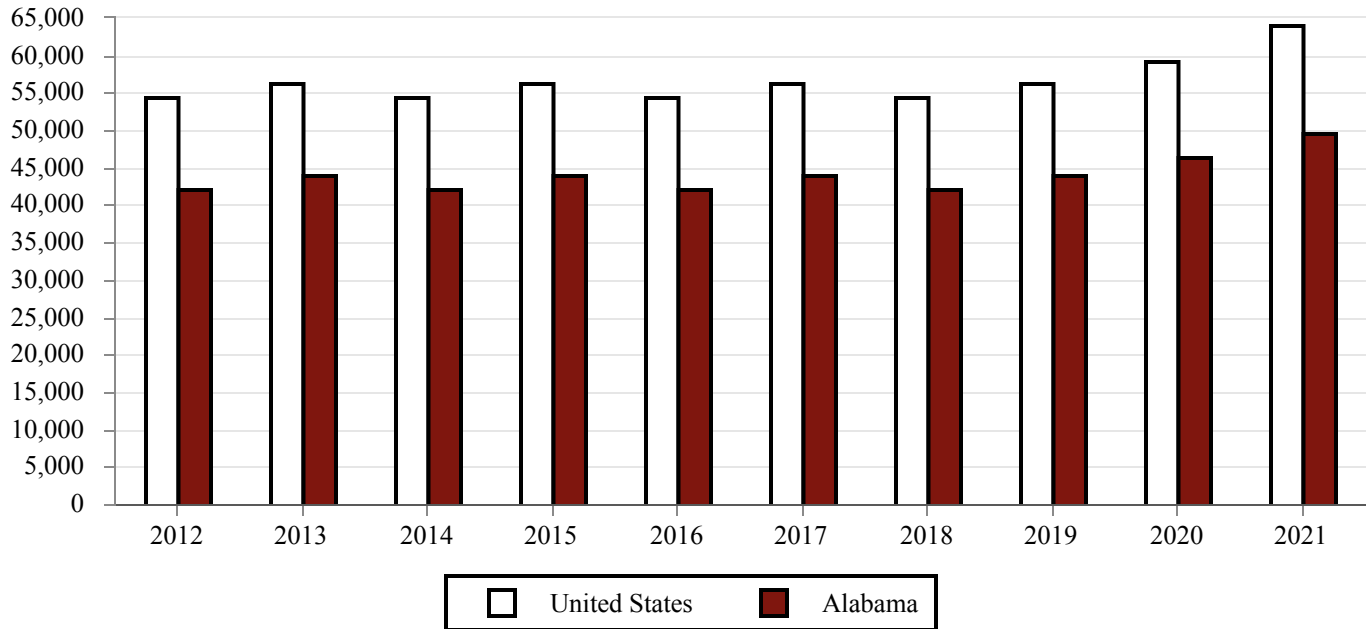
DEMOGRAPHIC AND ECONOMIC INFORMATION

Population/Per Capita Personal Income Statistics

Last Ten Years

Year	Population		Per Capita Personal Income		Personal income (in Thousands)	
	United States	Alabama	United States	Alabama	United States	Alabama
2012	313,874,218	4,887,871	\$54,446	\$42,238	\$13,998,383,000	\$167,942,800
2013	316,057,727	4,903,185	56,490	44,145	18,542,262,000	172,804,100
2014	318,386,421	4,887,871	54,446	42,238	17,813,035,000	180,457,800
2015	320,742,673	4,903,185	56,490	44,145	18,542,262,000	187,544,400
2016	323,071,342	4,887,871	54,446	42,238	17,813,035,000	190,814,700
2017	325,147,121	4,903,185	56,490	44,145	18,542,262,000	197,283,200
2018	327,167,434	4,887,871	54,446	42,238	17,813,035,000	206,455,000
2019	328,239,523	4,903,185	56,490	44,145	18,542,262,000	216,449,000
2020	329,484,123	4,921,532	59,510	46,479	19,607,447,000	228,748,800
2021	331,893,745	5,039,877	64,143	49,769	21,288,709,000	250,828,800

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



Note: Year 2021 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	2022			2021		
	Employment	Rank	% of	Employment	Rank	% of
	Range		Total State Employment	Range		Total State Employment
Wal Mart Associates Inc	40,000-49,999	1	2.26 %	40,000-49,999	1	2.33 %
Army	20,000-29,999	2	1.25	20,000-29,999	2	1.29
Publix Alabama LLC	10,000-19,999	3	0.75	10,000-19,999	3	0.78
Amazon Com Services Inc	10,000-19,999	4	0.75			—
The University of Alabama Birmingham	5,000-9,999	5	0.38	5,000-9,999	4	0.39
U S Postal Service	5,000-9,999	6	0.38	5,000-9,999	6	0.39
Huntsville Hospital	5,000-9,999	7	0.38	5,000-9,999	5	0.39
UAB Hospital Management LLC	5,000-9,999	8	0.38	5,000-9,999	7	0.39
Mobile Education Board	5,000-9,999	9	0.38	5,000-9,999	8	0.39
Regions Bank	5,000-9,999	10	0.38	5,000-9,999	9	0.39
Veteran Affairs Administration	—	—	—	5,000-9,999	10	0.39
Totals	110,000-179,990		7.29 %	105,000-169,990		7.13 %

Employer	2020			2019		
	Employment	Rank	% of	Employment	Rank	% of
	Range		Total State Employment	Range		Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.76 %	30,000-39,999	1	1.77 %
Army	20,000-29,999	2	1.26	20,000-29,999	2	1.26
Publix Alabama LLC	5,000-9,999	3	0.38	5,000-9,999	4	0.38
The University of Alabama Birmingham	5,000-9,999	4	0.38	5,000-9,999	3	0.38
U S Postal Service	5,000-9,999	5	0.38	5,000-9,999	5	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	7	0.38
Regions Bank	5,000-9,999	8	0.38	5,000-9,999	8	0.38
UAB Hospital Management LLC	5,000-9,999	9	0.38	5,000-9,999	—	—
The University of Alabama	5,000-9,999	10	0.38	5,000-9,999	9	0.38
Totals	90,000-149,990		6.06 %	90,000-149,990		5.69 %

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	2018			2017			2016		
	Employment	Rank	% of	Employment	Rank	% of	Employment	Rank	% of
	Range		Total State	Range		Total State	Range		Total State
Wal Mart Associates Inc	30,000-39,999	1	1.80 %	30,000-39,999	1	1.82 %	30,000-39,999	1	1.84 %
Army	20,000-29,999	2	1.28	20,000-29,999	2	1.30	20,000-29,999	2	1.31
University Of Alabama-Birmingham	5,000-9,999	3	0.38	5,000-9,999	4	0.39	5,000-9,999	3	0.39
U S Postal Service	5,000-9,999	4	0.38	5,000-9,999	3	0.39	5,000-9,999	5	0.39
Publix Alabama LLC	5,000-9,999	5	0.38	5,000-9,999	7	0.39	5,000-9,999	7	0.39
Huntsville Hospital	5,000-9,999	6	0.38	5,000-9,999	8	0.39	5,000-9,999	8	0.39
Regions Bank	5,000-9,999	7	0.38	5,000-9,999	5	0.39	5,000-9,999	4	0.39
Mobile Education Board	5,000-9,999	8	0.38	5,000-9,999	6	0.39	5,000-9,999	6	0.39
Alabama Power Co Electric	5,000-9,999	9	0.38	5,000-9,999	9	0.39	5,000-9,999	9	0.39
The University of Alabama	5,000-9,999	10	0.38	5,000-9,999	10	0.39	5,000-9,999	10	0.39
Totals	90,000-149,990		6.12 %	90,000-149,990		6.24 %	90,000-149,990		6.67 %

Employer	2015			2014			2013		
	Employment	Rank	% of	Employment	Rank	% of	Employment	Rank	% of
	Range		Total State	Range		Total State	Range		Total State
Wal Mart Associates Inc	30,000-39,999	1	1.87 %	30,000-39,999	1	1.96 %	30,000-39,999	1	1.96 %
Army	20,000-29,999	2	1.33	20,000-29,999	2	1.39	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	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 Ministrv	—	—	—	5,000-9,999	10	0.41	—	—	—
Totals	90,000-149,990		6.40 %	90,000-149,990		6.63 %	90,000-149,990		7.45 %

STATE OF ALABAMA

OPERATING INFORMATION

State Government Employment by Function

Last Ten Years

	2022	2021	2020	2019	2018
Primary Government					
Governmental Activities:					
Economic Development and Regulation	694	702	699	688	689
Education and Cultural Resources	1,301	1,317	1,345	1,067	1,019
Natural Resources and Recreation	1,193	1,203	1,309	1,313	1,284
Health	4,766	4,907	4,947	5,142	5,163
Social Services	5,554	5,640	5,931	6,024	6,016
Protection of Person and Property	6,910	7,561	7,885	7,744	7,426
Transportation	4,189	4,301	4,368	4,386	4,320
General Government	4,320	4,385	4,693	4,290	3,794
Total Governmental Activities	28,927	30,016	31,177	30,654	29,711
Business-type Activities:					
Alcoholic Beverage Control Board	869	878	889	874	864
State Port Authority	161	153	163	168	161
Total Business-Type Activities	1,030	1,031	1,052	1,042	1,025
Total Primary Government	29,957	31,047	32,229	31,696	30,736

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

2017	2016	2015	2014	2013
698	696	673	664	684
1,010	1,027	998	973	856
1,340	1,325	1,410	1,460	1,448
5,225	5,312	5,231	5,441	5,077
5,989	6,050	6,133	6,162	5,997
7,461	7,531	7,883	7,750	8,255
4,320	4,310	4,375	4,320	4,271
3,868	3,802	5,312	4,469	4,048
29,911	30,053	32,015	31,239	30,636
840	818	794	879	896
167	176	188	187	187
1,007	994	982	1,066	1,083
30,918	31,047	32,997	32,305	31,719

STATE OF ALABAMA

OPERATING INFORMATION

Indicators of Demand or Level of Service

Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Economic Development and Regulation					
Forestry Commission					
Number of fires	1,442	927	998	1,565	967
Average acres burned	23	16	13	13	12
Agriculture and Industries					
Pounds of meat processed under inspection	73,431,280	70,742,000	79,197,000	82,661,000	94,404,561
Educational and Cultural Resources					
Education Department					
Teachers	48,202	46,942	46,767.23	46,766.11	46,715
Number of local schools supported	1,363	1,349	1,339	1,336	1,342
Number of children served	725,900	716,084	724,178	722,212	726,924
Natural Resources and Recreation					
Conservation and Natural Resources					
Number of guests to outdoor recreational sites	4,166,566	3,569,116	3,126,537	2,972,109	3,601,331
Acres of land managed	495,310	484,055.807	482,772.737	475,088.83	468,478.91
Number of registered boats	269,593	271,439	264,849	264,855	262,529
Health - Physical and Mental					
Public Health					
Vital records issued	818,220	847,629	726,652	707,836	692,900
Medicaid					
Average number of monthly recipients	450,519	424,529	405,314	434,581	436,343
Average Number of claims processed monthly	1,936,174	1,801,594	1,772,215	1,941,211	1,913,874
Social Services					
Industrial Relations					
Employment Security claims	155,034	656,705	837,421	131,278	141,635
Human Resources					
Number of visits to licensed child care centers	4,134	3,940	2,755	3,794	4,816
Child support caseload	198,429	202,798	210,423	214,719	218,318
Households receiving food assistance	292,914	297,075	349,654	344,188	360,067
Number of child abuse/neglect assessments	27,786	26,980	27,244	29,091	28,075
Protection of Persons and Property					
Department of Corrections					
Number of inmates	19,986	17,837	18,409	20,953	20,090
Public Safety					
Arrest tickets issued	303,326	355,888	259,677	223,300	263,729
Accidents investigated	32,381	28,981	31,168	32,358	31,950
Pardons and Paroles					
Number of board decisions	4,002	4,232	2,704	7,951	8,963
Number of offenders supervised	44,234	44,234	48,036	63,081	68,793
Forensic Sciences					
Number of death cases investigated	6,039	6,365	2,335	2,211	4,370
Transportation					
Transportation Department					
Roadway miles	10,874	10,875	10,875	10,887	10,888
Bridges	5,408	5,407	5,414	5,409	5,406
General Government					
Administrative Office of Courts					
Caseload	1,711,685	1,737,471	1,507,617	1,645,982	1,604,366
Revenue Department					
Number of payments received	3,981,871	3,803,383	3,458,064	3,454,039	3,359,377

*FY21 and FY20 numbers were updated for Pardons and Paroles - Number of board decisions and Number of Offenders Supervised.

2017	2016	2015	2014	2013
3,371	1,637	2,377	1,485	1,682
14	12	13	16	13
84,200,561	85,033,628	86,648,858	83,532,371	104,532,371
45,991	46,349	46,480	46,232	46,089
1,338	1,467	1,480	1,491	1,501
730,175	730,563	740,567	740,567	739,295
3,725,131	3,777,838	3,613,957	3,524,785	4,231,342
461,659	447,886	441,351	436,445	424,621
264,910	265,133	262,332	263,893	266,697
672,086	643,434	617,154	572,855	552,565
435,349	434,201	436,796	422,142	422,448
1,774,599	1,766,065	1,769,199	1,697,512	1,830,587
150,606	156,175	198,482	217,804	256,490
4,464	4,953	2,263	2,508	2,420
219,994	221,810	227,360	232,252	236,273
375,919	399,728	417,943	419,552	421,302
27,891	27,077	24,505	22,151	20,456
21,213	23,328	24,191	24,816	25,340
248,675	297,568	267,182	236,958	289,757
31,914	32,109	30,850	28,423	29,150
8,556	7,362	7,239	7,967	9,450
66,667	54,695	66,736	64,534	64,525
2,889	2,717	2,433	2,631	2,464
10,889	10,873	10,874	10,871	10,871
5,395	5,431	5,390	5,401	5,393
1,646,259	1,628,320	1,630,981	1,682,245	1,814,366
3,283,117	3,222,830	3,162,976	3,104,588	2,925,412

STATE OF ALABAMA

OPERATING INFORMATION

Indicators of Volume, Usage, and Nature of Capital Assets

Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Economic Development and Regulation					
Forestry Commission					
Buildings	3	3	3	3	3
Vehicles	328	328	338	361	360
Heavy Equipment	329	329	332	346	346
Natural Resources and Recreation					
Conservation and Natural Resources					
Buildings	88	88	88	87	87
Vehicles	777	777	718	701	707
Heavy Equipment	204	204	201	205	198
Health					
Environmental Management					
Vehicles	187	187	181	177	185
Mental Health					
Buildings	20	20	20	20	20
Vehicles	59	59	60	50	43
Social Services					
Human Resources					
Buildings	44	44	41	40	40
Protection of Persons and Property					
Agriculture and Industries					
Vehicles	151	151	159	145	138
Corrections					
Buildings	159	159	158	155	149
Vehicles	645	645	604	623	596
Military					
Buildings	200	200	196	189	189
Alabama Law Enforcement Agency					
Vehicles	1,324	1,324	1,311	1,230	1,159
Youth Services					
Buildings	31	31	32	31	31
Vehicles	51	51	46	51	44
Pardons and Paroles					
Vehicles	444	444	399	341	319
Transportation					
Transportation					
Buildings	135	135	115	115	108
Vehicles	2,159	2,159	2,387	2,200	2,268
Heavy Equipment	1,011	1,011	1,136	1,138	1,145
General Government					
Administrative Office of Courts					
Vehicles	12	5	10	10	10
Revenue Department					
Vehicles	42	42	39	37	35

2017	2016	2015*	2014	2013
3	3	3	159	159
360	362	431	400	307
345	358	362	613	569
87	85	85	380	761
696	633	637	743	223
197	169	164	219	218
174	168	176	161	189
20	20	20	85	80
37	37	65	79	91
39	39	37	37	36
131	121	102	158	163
148	141	137	405	399
552	487	491	560	535
187	185	185	185	185
1,223	1189	1136	1131	1184
31	32	32	112	112
44	40	35	89	86
303	188	197	324	319
101	87	87	87	83
2,237	2,277	2,150	2,150	2,062
1,172	1,136	1,193	1,193	1,047
10	9	9	14	14
33	12	15	21	28

* 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.