



# Alabama Department of Examiners of Public Accounts

*Report on the*  
**Wallace-Folsom Savings  
Investment Plan  
State of Alabama  
Montgomery, Alabama**

October 1, 2018 through September 30, 2023

Filed: November 29, 2024

AUDEMUS JURA NOSTRA DEFENDERE  
ALABAMA STATE HOUSE

*Rachel Laurie Riddle, Chief Examiner*



Rachel Laurie Riddle  
*Chief Examiner*

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

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Honorable Rachel Laurie Riddle  
Chief Examiner of Public Accounts  
Montgomery, Alabama 36130

Dear Madam:

An examination was conducted on the Wallace-Folsom Savings Investment Plan, Montgomery, Alabama, for the period October 1, 2018 through September 30, 2023, by Examiners Jennifer Anderson and Mackenzie Nolan. I, Jennifer Anderson, served as Examiner-in-Charge on the engagement, and under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the examination.

Respectfully submitted,

*Jennifer Anderson*

Jennifer Anderson  
Examiner of Public Accounts

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Department of  
**Examiners of Public Accounts**

**EXAMINER'S SUMMARY**

**Wallace-Folsom Savings Investment Plan  
October 1, 2018 through September 30, 2023**

**PURPOSE AND SCOPE OF EXAMINATION**

This report presents the results of an examination of the Wallace-Folsom Savings Investment Plan (the "Plan") and a review of the Plan's compliance with applicable laws and regulations of the State of Alabama. This examination was conducted in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12. The examination was performed to determine whether the public officers, agents, and employees of the Plan properly and lawfully accounted for all money and other public assets, or resources received, disbursed, or in the custody of the Plan.

This examination included procedures to determine whether the Plan complied with the state laws and regulations that pertain to its financial transactions; personnel; safeguarding of state-owned assets, property, and resources; information dissemination, processing, and retention; and official actions, rulemaking procedures, and meetings. The Plan's internal control policies and procedures relating to the areas listed above were also reviewed; however, this examination did not encompass managerial and operational matters, such as whether the Plan accomplished its mission or its regulatory, enforcement, investigative, or other oversight activities in an efficient, fair, timely, or legal manner.

The mission and purpose of the Plan is described in the accompanying Agency Overview.

**RESULTS OF THE EXAMINATION**

Tests performed during the examination did not disclose any significant instances of noncompliance with applicable laws and regulations.

**EXIT CONFERENCE**

An exit conference was held on October 16, 2024, by teleconference. Individuals in attendance were Young Boozer, State Treasurer; Anita Kelley, Program Director; and Chad Wright, Assistant State Treasurer; along with Brad Grier, Jennifer Anderson and Mackenzie Nolan from the Department of Examiners of Public Accounts.



Department of  
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**AGENCY OVERVIEW**

**Wallace-Folsom Savings Investment Plan  
October 1, 2018 through September 30, 2023**

The Wallace-Folsom Savings Investment Plan (the “Plan”) operates under the authority of the *Code of Alabama 1975*, Sections 16-33C-1 through 16-33C-25. The Plan consists of the Alabama Achieving a Better Life Experience Program (ABLE), Alabama College Education Savings Program (ACES), and the Alabama Prepaid Affordable College Tuition Program (PACT), to encourage timely financial planning for education and other qualified expenses.

The PACT program was created in subsection (a) of Section 16-33C-6 and began operating in March 1990. The ACES program, also known as the College Counts 529 Fund, was created under Section 16-33C-10 and began operating in June 2002. The ABLE program, also known as the Enable Savings Plan Alabama, was created under Section 16-33C-24 and began operating in March 2017. The facilities and resources of the Office of the State Treasurer are used and employed in the administration of these programs under the guidance of the boards of each program, which are chaired by the State Treasurer.

According to Section 16-33C-4.1, the PACT Board shall consist of 15 members: the Director of Finance; the State Treasurer; two persons appointed by the Governor; two persons appointed by the Speaker of the House of Representatives, one of whom shall be a PACT contract holder; one person appointed by the Lieutenant Governor; one person appointed by the Senate President Pro Tempore; the President of the Council of College and University Presidents, or his or her designee; the Chancellor of the Postsecondary Education Department, or his or her designee; the Executive Director of the Alabama Commission on Higher Education; one member of the House of Representatives appointed by the Speaker of the House of Representatives; one member of the Senate appointed by the Lieutenant Governor; the Chief Executive Officer of the Retirement Systems of Alabama, or his or her designee; and the President of the Alabama Association of Independent Colleges and Universities, or his or her designee.

With the exception of those members serving on the PACT Board by virtue of their respective offices, a person appointed to the PACT Board shall be an expert in the field of investments, market analysis, or financial planning, or on similar matters commensurate with the duties and responsibilities of the plan. Additionally, all members of the PACT Board have the fiduciary responsibility to devise and implement an investment strategy designed to maximize investment returns in a manner that correlates with future projected benefit payouts.

According to Section 16-33C-4, the ACES Board shall consist of 11 members: the Lieutenant Governor, or his or her designee; the Executive Director of the Alabama Commission on Higher Education, or his or her designee; the State Treasurer; the Chancellor of the Alabama Community College System, or his or her designee; one person appointed by the Council of College and University Presidents; one person appointed by the Speaker of the House of Representatives; one person appointed by the Lieutenant Governor; one person appointed by the State Treasurer; two persons appointed by the Governor; and one person appointed by the State Treasurer who has experience in health and disability related matters. Members shall serve for terms of office of four years and shall be eligible for reappointment and shall serve until a successor is appointed. Any person appointed to fill a vacancy on the Savings Board shall be appointed in a like manner and shall serve for only the unexpired term. Ex officio members of the board shall serve terms coincident with their terms of office.

Each person so appointed shall possess knowledge, skill, and experience in business or financial matters commensurate with the duties and responsibilities of the ABLE Program and ACES Program.

The members of both Boards serve without compensation but may be reimbursed for each day's official duties of the PACT or Savings Board at the same per diem and travel rate as is paid the employees of the state. A majority of the members constitutes a quorum sufficient for the transaction of any business, and no action may be taken unless a quorum is present.

The facilities and resources of the Office of the State Treasurer are used and employed in the administration of these programs under the guidance of the Boards of Directors. Both boards are chaired by the State Treasurer.

According to the *Code of Alabama 1975*, Section 16-33C-5, the Savings Board of Directors and the PACT Board of Directors have the following powers to carry out the responsibilities:

1. To adopt and amend bylaws.
2. To adopt the rules and regulations necessary to implement the provisions of this chapter either with or without compliance with the state Administrative Procedure Act.
3. To invest as they deem appropriate any funds in the plan in any instrument, obligation, security, or property that constitutes legal investments for public funds in the state, including legal investments for the State Treasurer and the Alabama Trust Fund, and to name and use depositories for its investments and holdings.
4. To contract with a purchaser under the PACT Program.
5. To enter into savings agreements under the ABLE Program and ACES Program.
6. To enter into and execute contracts and other instruments for necessary goods and services, to employ necessary personnel, and to engage the services of qualified persons and entities for administrative and technical assistance in carrying out the responsibilities of the Plan, under terms and conditions that the PACT Board or Savings Board deems reasonable and appropriate. All such contracts awarded by the PACT Board or Savings Board may be for periods not exceeding five years, except that professional services contracts awarded by the Savings Board may be for periods not exceeding ten years.
7. To contract with other states to participate under the rules of another state's qualified ABLE Program or to authorize the participation of a contracting state in the Alabama ABLE Program.
8. To apply for, accept, and expend gifts, grants, or donations from public or private sources to enable it to carry out its objectives and the purposes of this chapter.
9. To define the terms and conditions of and enter into PACT contracts and savings agreements.
10. To delegate to the State Treasurer the responsibilities of the day-to-day administration of the plan.
11. To establish other policies, procedures, and criteria necessary to implement and administer the provisions of this chapter.
12. To authorize the State Treasurer to approve marketing material produced for the plan. Neither the state, the State Treasurer, the PACT Board, nor Savings Board is liable for misrepresentation by a marketing agent.

The PACT Program operates through fiduciary funds. Contract purchasers are assessed fees for application processing, account maintenance, late payments, returned checks, cancellations, and duplicate documents. These fees are deposited into the PACT Administrative Fund. This fund is used to pay administrative and operating expenses of the program. The PACT Trust Fund is used to pay tuition costs and qualified fees to colleges and universities. The PACT Trust Fund is also used to pay the investment management fees of the program. Payments made into this fund are invested in various securities in order to generate income.

The ACES Program operates through fiduciary funds. The ACES Administrative Fund was established to accept, deposit, and disburse funds for the purpose of administering the ACES Program. The ACES Trust Fund is comprised of separate savings accounts held in segregated accounts as established by savings agreements for the sole benefit of the contributor and designated beneficiary. The ACES Opportunity Enhancement Fund was established for the purpose of enhancing and providing higher education opportunities and programs, as the Board deems necessary and appropriate.

The ABLE Program also operates through fiduciary funds. The ABLE Trust Fund is comprised of separate ABLE savings accounts. The ABLE Trust Fund receives contributions to ABLE Savings Accounts. All ABLE Program expenses and administrative fees received shall be paid from or deposited into the State Treasury Operations Fund.

Act Number 2015-442, Acts of Alabama created the Alabama Achieving a Better Life Experience Program. Under the Alabama ABLE program, the ABLE Board is permitted to create its own standalone qualified ABLE program or to contract with another state to participate in another state's qualified program. The ABLE Board contracted with the Nebraska State Treasurer to participate under the State of Nebraska's Enable Plan, creating the Enable Alabama.

Based on the Alabama Supreme Court issued Certificate of Judgment upholding the PACT class action settlement, all future PACT tuition payments and qualified fees will be made at the rates certified for Fall 2010 (subject to such increases as might be approved by PACT from time to time). Under the approved settlement, affected students will be responsible for paying any difference between the PACT payment and their current tuition and fee obligations. The Program was closed to new applicants indefinitely in 2008 as stated in the Disclosure Statement and Program Description of the PACT Program adopted May 22, 2013.

The audited financial information of the PACT, ACES, and ABLE Programs is separately reported in the basic financial statements contained in the State of Alabama's Annual Comprehensive Financial Report. The basic financial statements for the State of Alabama are prepared in conformity with generally accepted accounting principles. The nonconsumable personal property of the Plan is maintained by the Office of the State Treasurer.

Additional information on the Plan can be found on the Treasury website at [www.treasury.alabama.gov](http://www.treasury.alabama.gov).

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## *Other Information*

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***Board Members and Official  
Savings Board***  
***October 1, 2018 through September 30, 2023***

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<b>Board Members</b>		<b>Term Expires</b>
Hon. Young Boozer, Chair	Ex-Officio	2027
Hon. John McMillan	Ex-Officio	2021
Hon. Will Ainsworth	Ex-Officio	Indefinite
Hon. Jim Purcell, Ed.D.	Ex-Officio	Indefinite
Hon. Jimmy Baker	Ex-Officio	Indefinite
Hon. Ken Tucker, Ph.D.	Ex-Officio	Indefinite
Hon. Stephen Eberhart	Member	2027
Hon. Jack Knight	Member	2027
Hon. Daniel Hughes, Jr.	Member	2025
Hon. Ronald W. Stokes	Member	2026
Hon. Susan Tully	Member	2027
Hon. Ed Reifenberg	Member	2028
Hon. Dee Woodham	Member	2023
Hon. Heidi Lee	Member	2022 (1)
Hon. Dennis Beavers	Member	2019

**Official**

Ms. Anita Kelley  
 Director  
 Wallace-Folsom Savings  
 Investment Plan  
 100 North Union Street, Suite 660  
 Montgomery, AL 36130

(1) Resigned before expiration of term.

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***Board Members and Official***  
***Alabama Prepaid Affordable College Tuition Program (PACT)***  
***October 1, 2018 through September 30, 2023***

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<b>Board Members</b>		<b>Term Expires</b>
Hon. Young Boozer, Chair	Ex-Officio	2027
Hon. John McMillan	Ex-Officio	2021
Hon. Jim Purcell, Ed.D.	Ex-Officio	Indefinite
Hon. Bill Poole	Ex-Officio	Indefinite
Hon. Kelly Butler	Ex-Officio	2021
Hon. Jimmy Baker	Ex-Officio	Indefinite
Hon. Gen. Paul Hankins	Ex-Officio	Indefinite
Hon. David Bronner, Ph.D.	Ex-Officio	Indefinite
Hon. Ken Tucker, Ph.D.	Ex-Officio	Indefinite
Hon. Thomas Dismukes	Member	2026
Hon. Robert Bradley	Member	2022
Hon. J C Love, III	Member	2026
Hon. Michelle Granberry	Member	2022
Hon. Jay Hare	Member	2026
Hon. Patti Lambert	Member	(Deceased)

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***Board Members and Official***  
***Alabama Prepaid Affordable College Tuition Program (PACT)***  
***October 1, 2018 through September 30, 2023***

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<b>Board Members</b>		<b>Term Expires</b>
Hon. Mark Knight	Member	2022
Hon. Will Martin	Member	2026
Hon. Danny Garrett	Member	2026
Hon. Donnie Chesteen	Member	2026
Hon. Garlan Gudger	Member	2022
Hon. Maria Campbell	Member	2020
Hon. Annie Furrer	Member	2026
Hon. Jason Alderman	Member	2022
Hon. Wes Lambert	Member	2026

**Official**

Ms. Anita Kelley  
Director  
Wallace-Folsom Savings  
Investment Plan  
100 North Union Street, Suite 660  
Montgomery, AL 36130