Snead State Community College
Financial Statements
September 30, 2022

PART I FINANCIAL STATEMENTS PAGE

PART II REPORTS ON COMPLIANCE AND INTERNAL CONTROL

PART I

FINANCIAL STATEMENTS

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

Jimmy Baker, Chancellor – Alabama Community College System
Dr. Joe Whitmore, President – Snead State Community College
Boaz, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Snead State Community College (the "College"), a component unit of the State of Alabama, and its discretely presented component unit, Snead State Community College Foundation ("the Foundation"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the College as of September 30, 2022, and the changes in financial position and its cash flows, 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 the Foundation, which represent 100% of the assets, net position, and revenues of the discretely presented component unit as of December 31, 2021. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for Snead State Community College Foundation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the College and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the College implemented GASB 87, *Leases*, during the year ended September 30, 2022. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 from 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 College'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 Responsibility 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 GAAS 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 GAAS 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 College'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 College'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, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of proportionate share of the net OPEB liability, and the schedule of OPEB contributions, as listed in the 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 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the report. The other information comprises the listing of College Officials, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 January 17, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Athens, AL
January 17, 2023

Introduction

The objective of Management's Discussion and Analysis is to help the readers of Snead State Community College's financial statements to better understand the financial condition and activities that have occurred during the fiscal year ended September 30, 2022. This document has been prepared by management and should be read in conjunction with the financial statements and the notes to the financial statements.

Snead State Community College 's financial report consists of the following statements:

- The Statement of Net Position
- The Statement of Revenues, Expenses, and Changes in Net Position
- The Statement of Cash Flows

These statements are intended to present the financial position, operating activities and cash flows of the College. This report on the College's financial statements provides an overview of financial activities and emphasizes current year data. There are three financial statements presented: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. The Notes to the Financial Statements provide additional information that is needed to fully understand the financial statements.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the College as of September 30, 2022. The Statement of Net Position is a point-in-time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of Snead State Community College. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows, liabilities (current and noncurrent), deferred inflows and net position (assets and deferred outflows minus liabilities and deferred outflows).

From the data presented, readers of the Statement of Net Position are able to determine the College's financial positon for current and future operations of the institution. They are also able to determine how much the institution owes vendors and lending institutions. In summary, the Statement of Net Position provides a picture of the net position (assets and deferred outflows minus liabilities and deferred inflows) and their availability for expenditure by the institution.

The Statement of Net Position utilizes three major categories.

- Net Investment in Capital Assets reflects the College's equity in property, plant, and equipment.
- Restricted net position class restricted resources of the College as either non-expendable or expendable. The non-expendable class is donated restricted assets that the College maintains in investment instruments. The Expendable class is funds that are available for expenditure by the College; these funds have limited purposes as determined by the donors and/or external entities.
- Unrestricted net position is assets that are available to the institution for any appropriate or approved purpose of the institution.

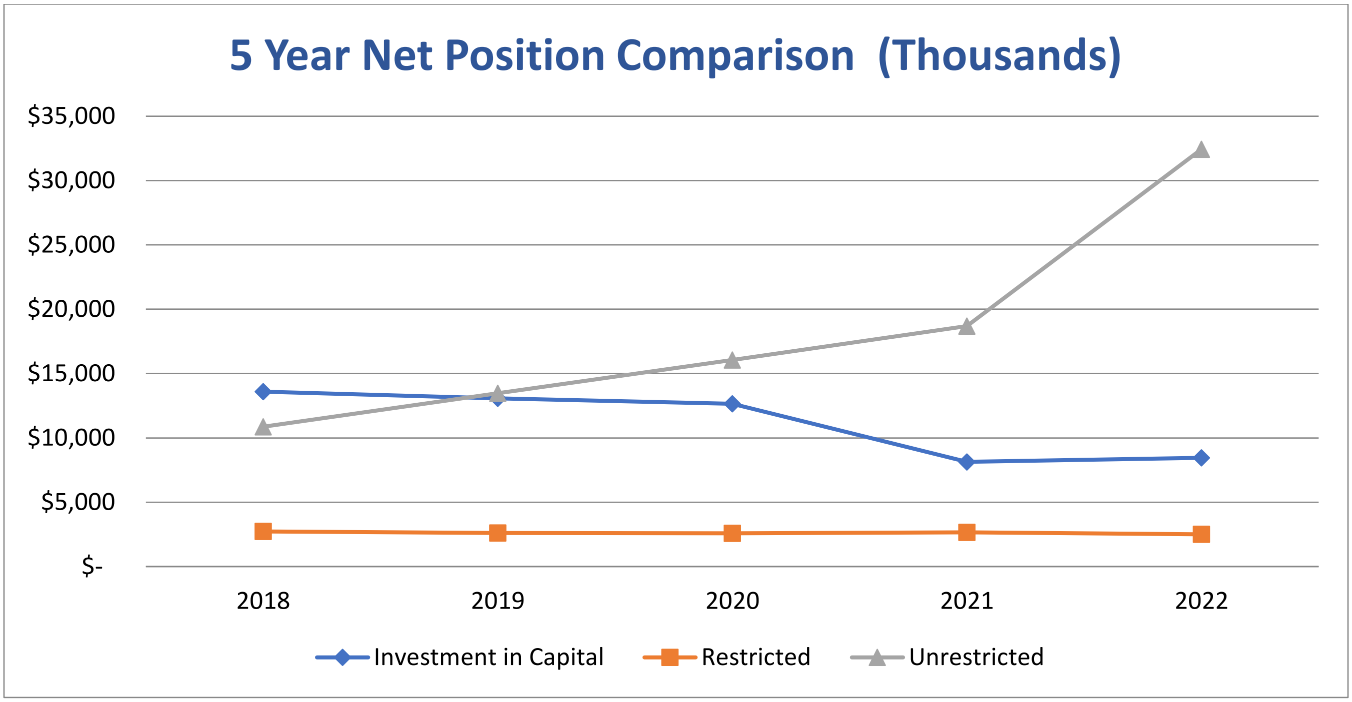
STATEMENT OF NET POSITION (Thousands)

	2022	2021
Current Assets	15,281	26,747
Non-Current Assets	39,309	21,869
Total Assets	54,590	48,616
Pensions	2,716	3,211
Other Post-Employment Benefits (OPEB)	2,108	2,713
Total Deferred Outflows	4,824	5,924
Current Liabilities	8,031	4,521
Non-Current Liabilities	27,006	32,994
Total Liabilities	35,037	37,515
Pensions	3,754	362
Other Post-Employment Benefits (OPEB)	4,150	3,969
Total Deferred Inflows	7,904	4,331
Net Position		
Net Investment in Capital Assets	8,440	8,139
Restricted (Non-Expendable)	2,169	2,225
Restricted (Expendable)	338	424
Unrestricted	5,526	1,906
Total Net Position	16,473	12,694

For fiscal year 2022, the net position of the institution increased approximately $3.8 million. Several factors led to the increase, including an increase of approximately 7,000 credit hour production for the fiscal year, $2 increase in tuition, increase in state appropriation, and no overall increase in expenses.

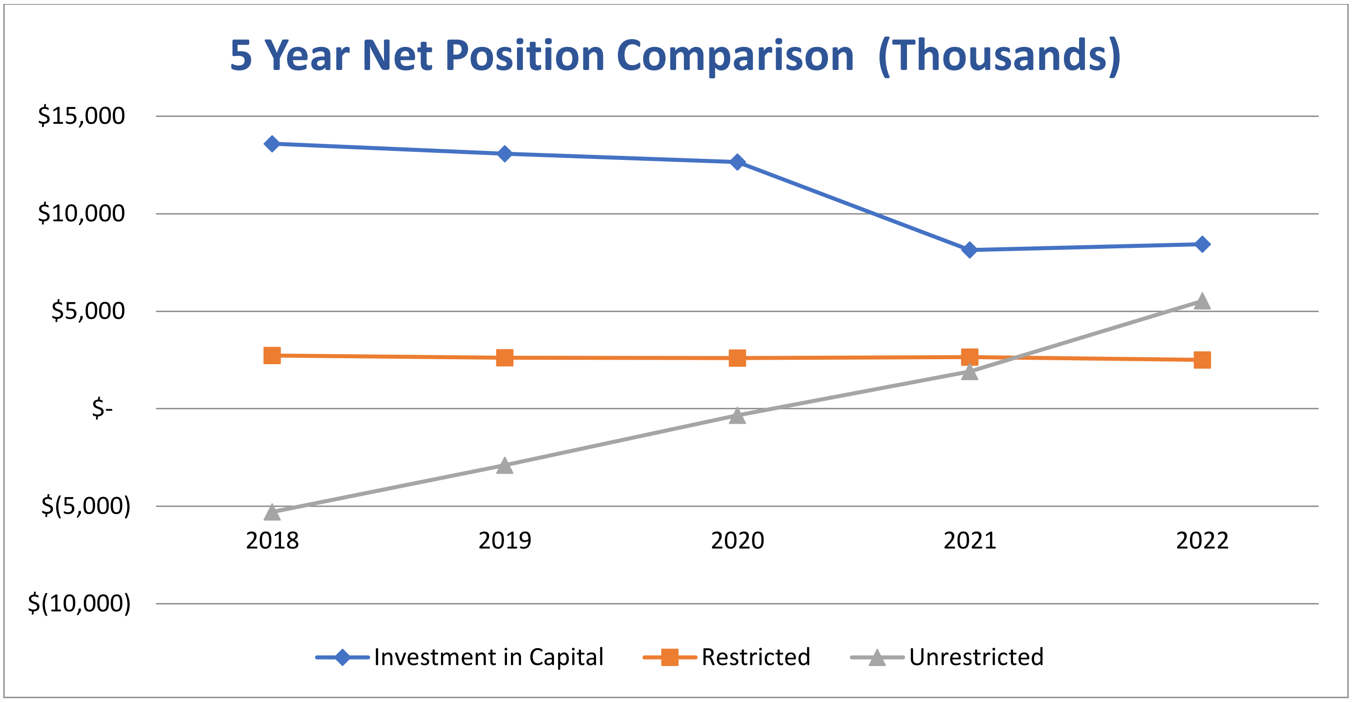
Unrestricted net position has steadily increased after the negative plunge for several years due to the implementation of Governmental Accounting Standard Board Statement 68 (GASB) *Accounting and Financial Reporting for Pensions,* effective 2015, *and* Governmental Accounting Standard Board Statement 75 (GASB), Accounting *and Financial Reporting for Postemployment Benefits other than Pensions (OPEB).* effective 2018.

The two graphs on the following page depicts the effect of GASB 68 and GASB 75 on the College's reported unrestricted net position



The graph above reflects a clear picture of the College's unrestricted net position without the effect of GASB 68 and GASB 75. Prior to the implementation of GASB 68 and GASB 75, the College had a positive unrestricted net position. The decline in investment in capital assets from fiscal year 2020 to 2021 was due to a system reclass of building alterations from 50-year life expectancy to 25-years, additional depreciation was taken to catch up.

The graph below reflects the negative effect of GASB 68 and GASB 75 on the College's unrestricted net position. Effective with the implementation of GASB 68 pension liability in 2015, the College's unrestricted net position reflected a negative position. A plunge in unrestricted net position in 2018 was due to the implementation of GASB 75, OPEB reporting. Fiscal year 2022, the College's unrestricted net position reflected a positive position for two consecutive years.


5 Year Net Position Comparison (Thousands)
$15,000
$10,000
$5,000
$-
$(5,000)
$(10,000)
2018
2019
2020
2021
2022
Investment in Capital
Restricted
Unrestricted

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues and expenses received by the institution, both operating and non-operating, and any other revenues, expenses, gains, and losses of the institution.

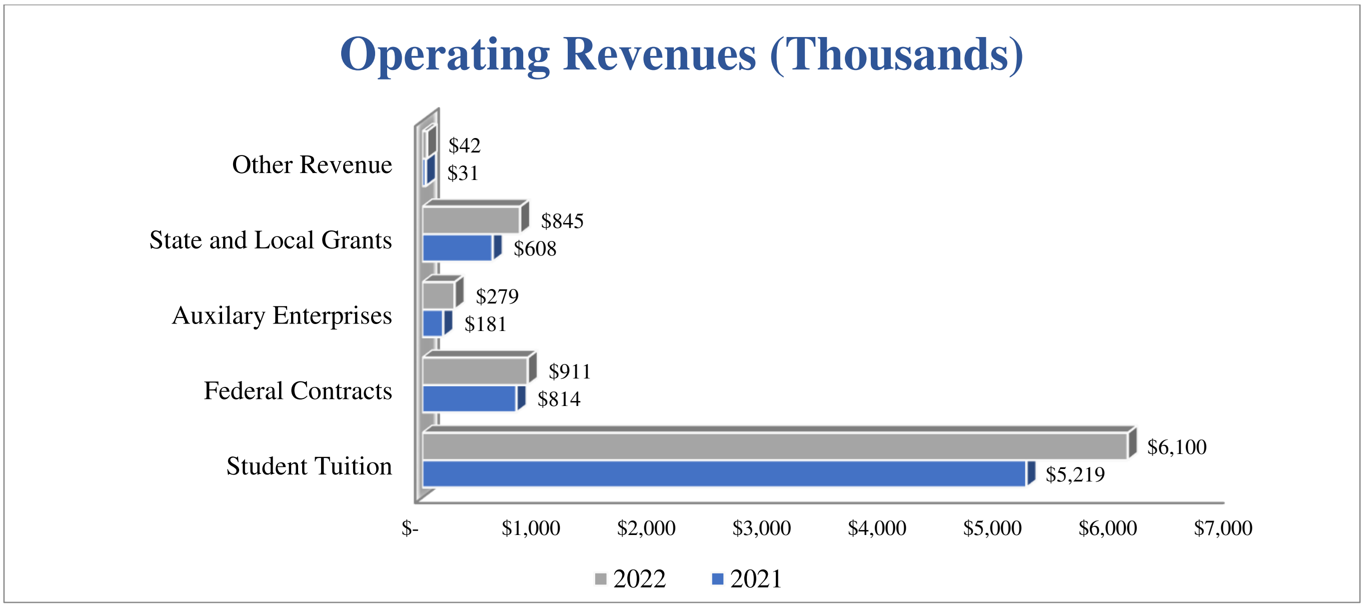
Statement of Revenues, Expenses, and Changes in Net Position (Thousands)

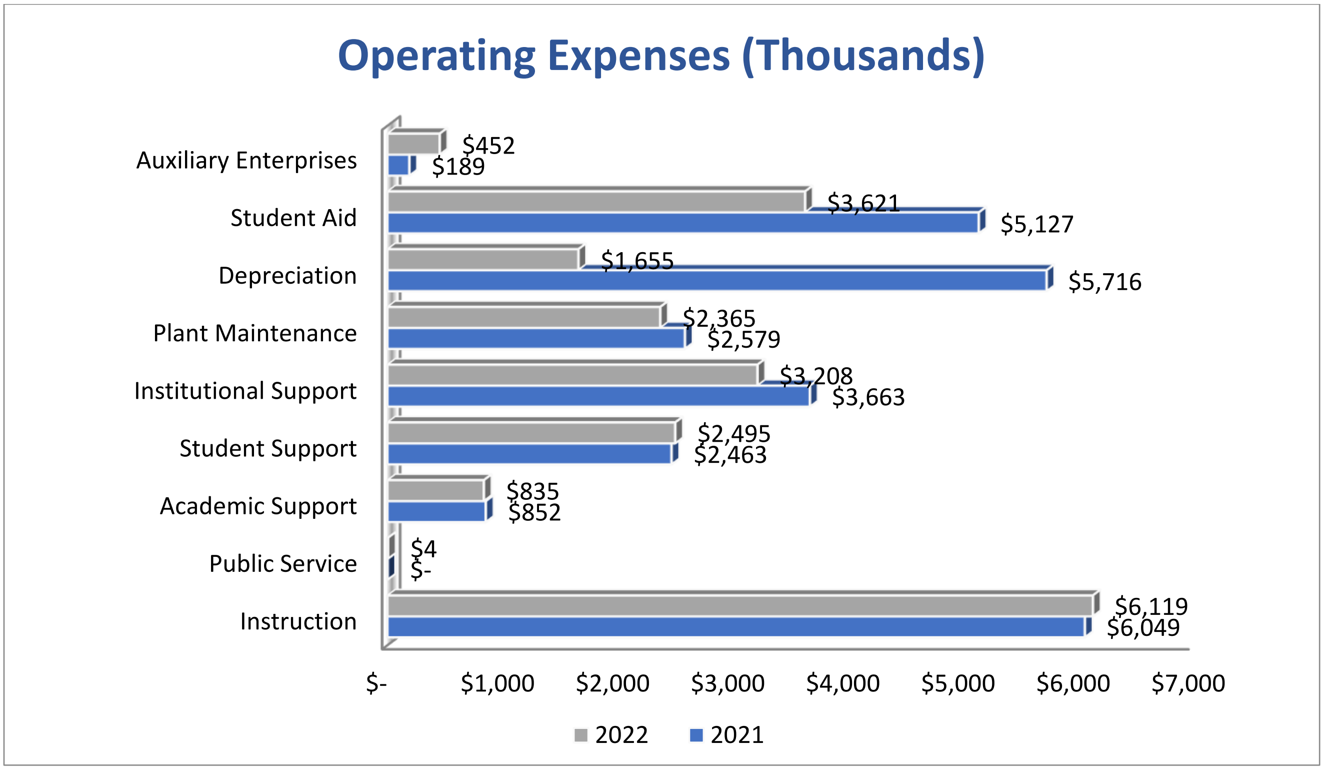
	2021-2022	2020-2021
Operating Revenue	8,177	6,853
Operating Expense	(20,754)	(26,638)
Operating Loss	(12,577)	(19,785)
Non-Operating Revenue	17,063	18,073
Non-Operating Expense	(707)	(499)
Income Before other revenue, expenses, gains, expenses	3,779	(2,211)
Other Revenue (Expense)		
Increase in Net Position	3,779	(2,211)
Net Position Beginning of Year	12,694	14,905
Restatements		
Net Position End of Year	16,473	12,694

For fiscal year 2022, the Statement of Revenues, Expenses, and Changes in Net Position reflect an increase of $3.8M. Due to the effects of COVID 19, the College had experienced a slight decrease in head count and credit hours resulting in a slight decrease in tuition and fee revenue. For fiscal year 2022, head count and credit hours returned to pre-pandemic levels. The College received federal *Higher Education Emergency Relief Funds (HEERF),* in fiscal year 2020, 2021. The funds awarded for student aid were fully expensed in fiscal year 2022, a higher portion of the student aid funds were awarded and reflect in fiscal year 2021. A balance remained in the institutional portion of funds and will be fully expensed in fiscal year 2023. The funds were used to respond to the COVID 19 pandemic. HEERF student aid funds were disbursed as scholarships to students. For fiscal year 2022, the college claimed funds for lost revenue of 0.5 million for spring 2021, the funds are reflected in fiscal year 2022 reporting.

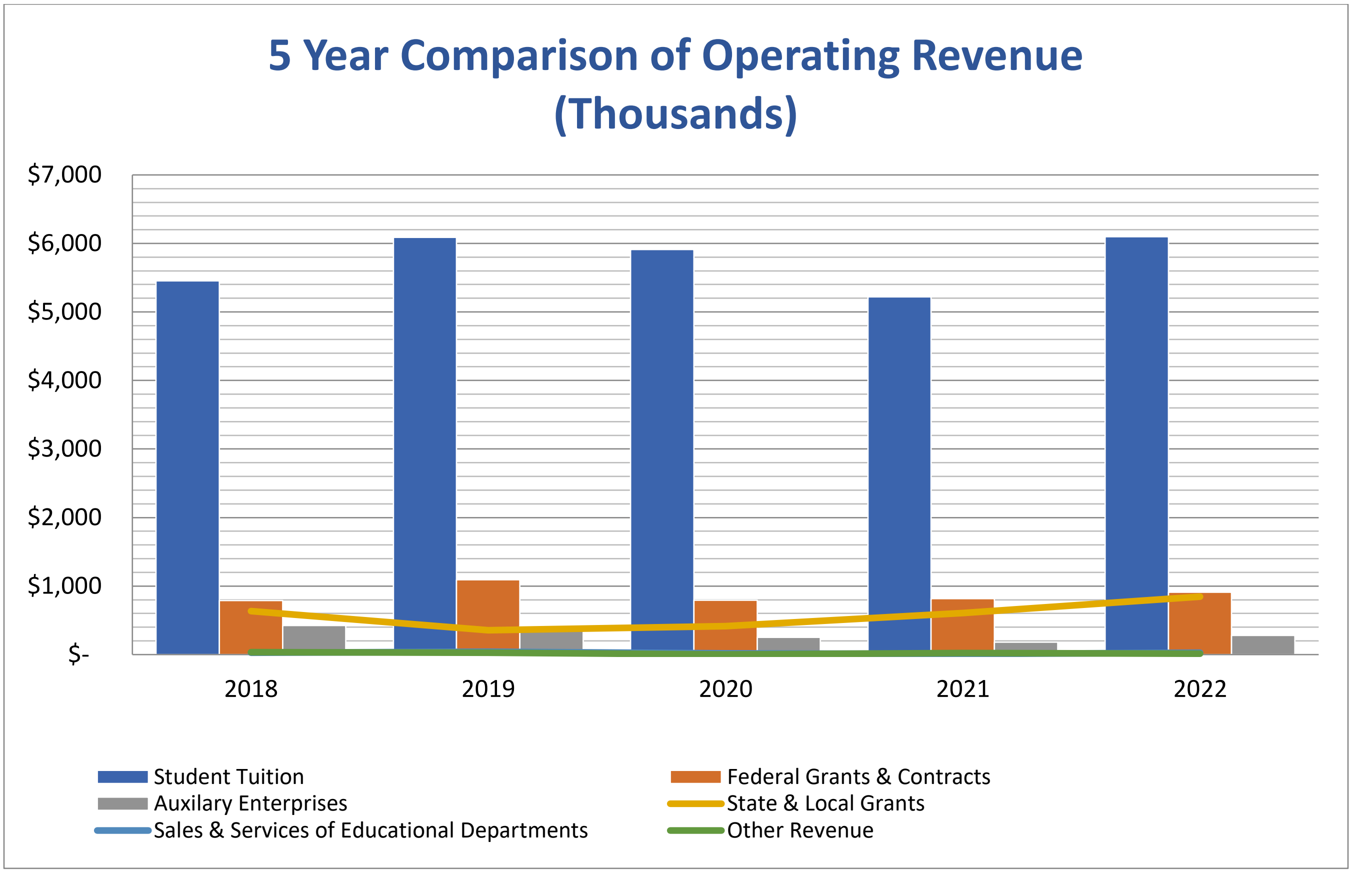
Highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Position as presented in the charts below.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the institution. For non-operating revenues, there generally is no exchange of goods or services. For example, state appropriations are reported as non-operating revenue because the legislature provides the funds to the institution without the legislature directly receiving commensurate goods and services for the funds.



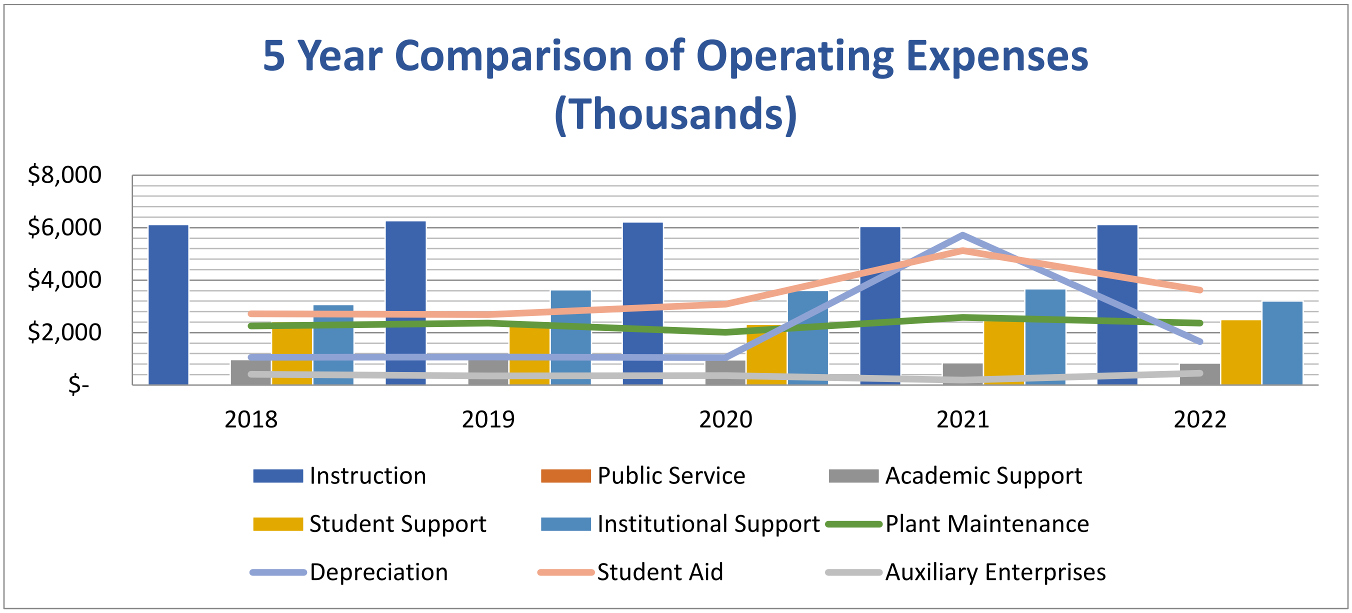


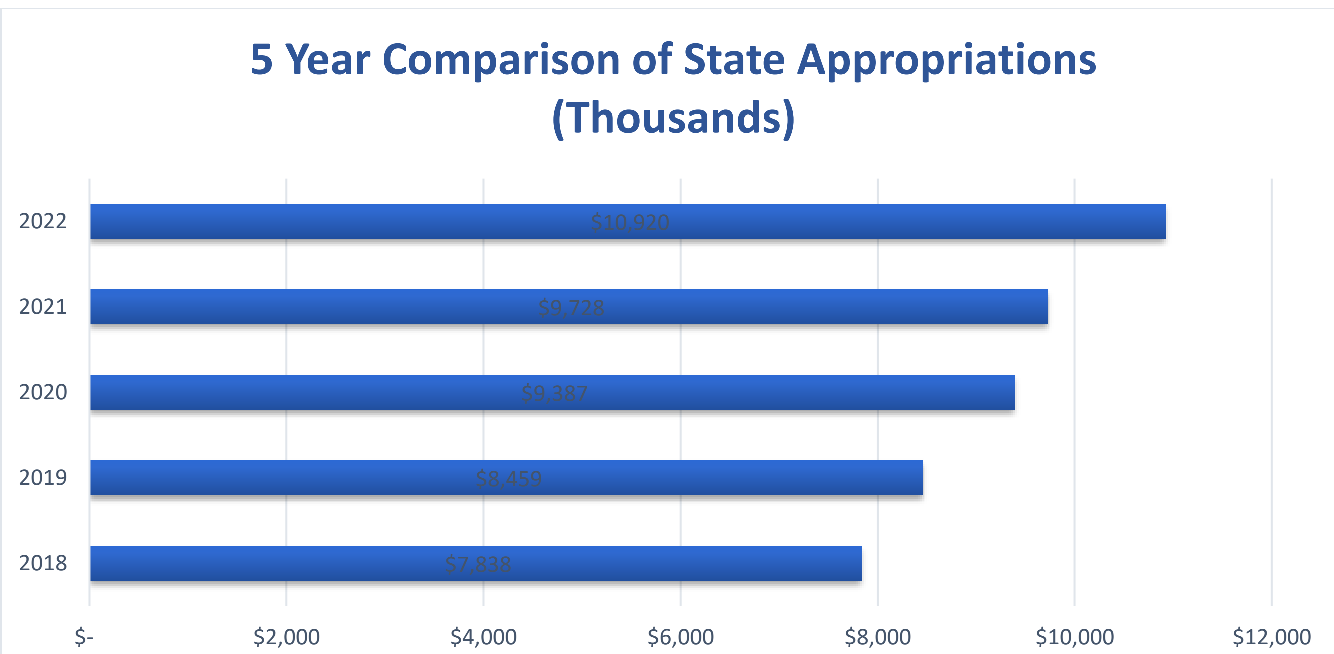
Instructional costs account for the highest operational cost to the College, accounting for approximately 29% of the general operating budget. Depreciation expense was higher than normal for fiscal year 2021 due to system reclass of building alterations that was previously depreciated at 50 years useful life but was reclassed to 25 years useful life. Student aid was higher in fiscal year 2021 due to HEERF student aid grants, the remaining balance of HEERF student aid funds were disbursed in fiscal year 2022. Auxiliary enterprise expenses are higher in fiscal year 2022, dorm and board operations remained closed for most of fiscal year 2021 due to the effects of COVID. Otherwise, operating expenses remained fairly consistent.



For fiscal year 2022 student tuition and fees net of scholarship allowance represents approximately 75% of the College's operating revenue, state and federal grants account for approximately 21% of total operating revenue, and all other operating revenue sources represent only about 4% of the College's total operating revenue.

Student tuition and fees reflect about a 14% increase due to an increase in credit hour production, and a $2 per credit hour tuition increase. The College's dorm and food service were reopened for fall 2021 and spring 2022 term, both had been closed down since spring 2020 due to COVID guidelines, this resulted in about a 54% increase in total auxiliary revenue for fiscal year 2022. The increase reflected numbers more consistent with pre-pandemic reporting.



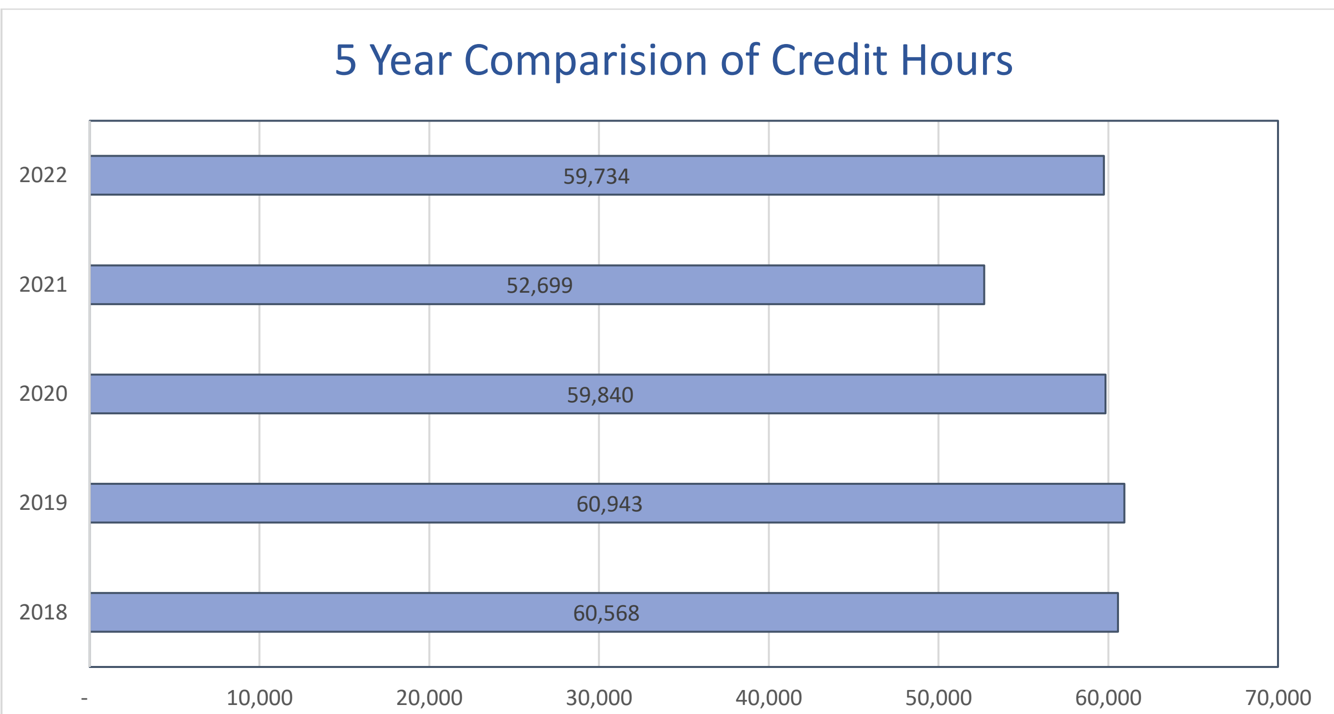


State appropriation funding has remained consistent with slight yearly increases. The College projects this trend will likely continue and does not anticipate any significant increase or decrease in state funding.

Comparison of Total Revenue (Thousands)

		2021-2022	2020-2021
Revenue:			
	Student Tuition/Fees	6,100	5,219
	Federal Grants /Contracts	8,329	8,993
	State Grants/Contracts	827	608
	State Appropriations	10,920	9,728
	Other	(1,215)	198
	Auxiliary	279	180
Total Revenue		25,240	24,926

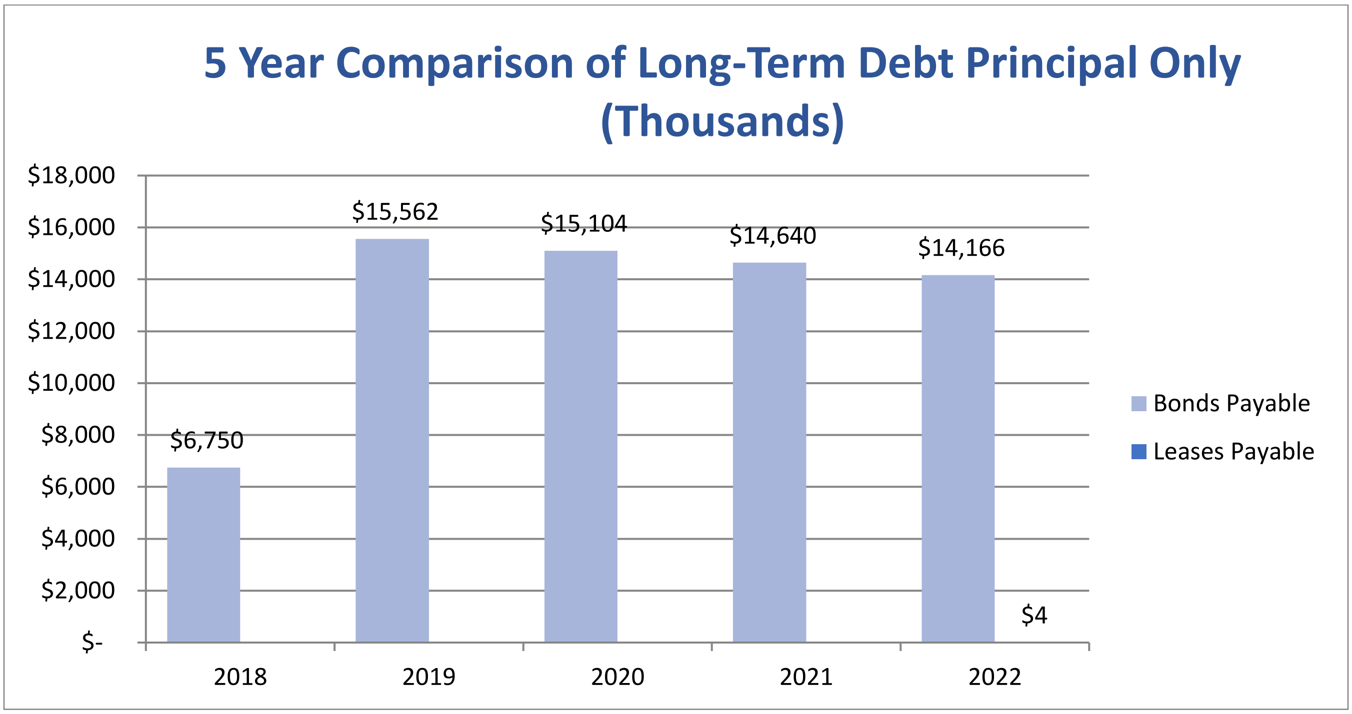
Total revenue increased approximately 0.3 million for fiscal year 22. The increase in student tuition and fees is reflective of an increase in credit hour production, and a $2 per credit hour increase in tuition. Auxiliary services reflect an increase in revenue due to the reopening of the student dorm and food services following the pandemic. "Other" revenue is down due to an unrealized loss on investments with the downturn of the stock market.



Credit hour production increased about 13% in comparison with the prior year. This increase is more in line with pre-pandemic credit hours.

The College secured financing (2019 Debt Series) for renovation of the McCain Center. The McCain Center renovation houses: financial aid, admissions, business office, human resources, information technology, and a student center. All operations moved back in the McCain Center in November 2021. The final expenses for the McCain center processed in fiscal year 2022 and the capital project was moved from Construction in Progress to Building Alterations. The College had approximately $2.57 million dollars remaining of the 2019 Debt Series. The College secured approval from the Alabama Community College System Board to apply the $2.57 million balance to a Workforce Training Center. Construction is expected to begin in fiscal year 2023.

Beginning in fiscal year 2022, the College implemented GASB 87 for compliance with lease agreement reporting. The College's lease liability for fiscal year 2022 was negligible.



Statement of Cash Flows

The final statement presented by Snead State Community College is the Statement of Cash Flows which presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution, which are primarily tuition and fees and payments to employees, scholarships, and vendors. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received for nonoperating, non-investing, and noncapital financing purposes, which primarily consist of state appropriations and Pell grants. The third section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fourth section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fifth section reconciles cash flows from operating activities to operating income of the Statement of Revenues, Expenses, and Changes in Net Position.

Cash Flow (Thousands)

	2021-2022	2020-2021
Cash provided (used)		
Operating Activities	(12,477)	(13,274)
Non-Operating Activities	21,508	17,860
Investing Activities	(18,453)	1,738
Capital and Related Financing Activities	(2,853)	(4,613)
Net Change in Cash	(12,275)	1,711
Cash Beginning of the Year	25,314	23,603
Cash End of the Year	13,039	25,314

Economic Outlook

The College will continue to use extreme care in utilization of resources and maintain a flexible budget to assure the College's ability to react to any unexpected changes, and to ensure that our students receive the best possible educational experience. The local economy tends to follow state and national economic trends. Through budgetary controls and level spending, the College continues to maintain more than the required two-month operating reserve. For fiscal year 2022, credit hour production returned to pre-pandemic numbers. With increased recruiting efforts, greater involvement and support of the community, business involvement and greater support of dual enrollment, the college expects credit hour production to remain consistent. The College's overall financial position remains positive and stable, and the same pattern is anticipated for the next fiscal year.

Contacting Snead State Community College Financial Management

This financial report is designed to provide our stakeholders with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, 220 North Walnut Street Boaz, AL 35957.

Snead State Community College
Statement of Net Position
September 30, 2022

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 13,039,085
Accounts Receivable, Net of Allowance for Doubtful Accounts of $1,053,439	2,094,985
Other Current Assets	146,518
Total Current Assets	15,280,588
Non-Current Assets	
Long-Term Investments	17,344,398
Endowment Investments	2,168,830
Capital Assets:	
Land	722,707
Improvements Other Than Buildings	2,125,491
Buildings & Building Alterations	32,519,366
Equipment and Furniture	5,752,059
Library Holdings	59,502
Construction in Progress	45,109
Right of Use Asset – Lease	5,954
Less: Accumulated Depreciation	(21,434,355)
Total Capital Assets, Net of Depreciation	19,795,833
Total Non-Current Assets	39,309,061
Total Assets	54,589,649
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pension	2,715,879
Deferred Outflows of Resources Related to OPEB	2,107,758
Total Deferred Outflows of Resources	4,823,637

The accompanying notes are an integral part of these financial statements.

LIABILITIES	
Current Liabilities	
Deposits	$ 108,232
Accounts Payable and Accrued Liabilities	1,596,512
Bond Surety Payable	8,348
Unearned Revenue	5,781,389
Compensated Absences	49,274
Right of Use Asset – Lease Payable	4,471
Bonds Payable	482,792
Total Current Liabilities	8,031,018
Non-Current Liabilities	
Bonds Payable, net of current portion	13,683,525
Net Pension Liability	9,212,507
Net OPEB Liability	3,666,474
Compensated Absences, net of current portion	443,466
Total Non-Current Liabilities	27,005,972
Total Liabilities	35,036,990
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pensions	3,753,630
Deferred Inflows of Resources Related to OPEB	4,150,310
Total Deferred Inflow of Resources	7,903,940
NET POSITION	
Net Position	
Net Investment in Capital Assets	8,439,965
Restricted Nonexpendable:	
Scholarships and Fellowships	2,168,830
Restricted Expendable:	
Scholarships and Fellowships	237,363
Other	100,090
Unrestricted	5,526,108
Total Net Position	$ 16,472,356

The accompanying notes are an integral part of these financial statements.

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 426,460
Investments	2,032,943
Total Assets	$ 2,459,403
NET ASSETS	
Without Donor Restrictions	$ 1,089,983
With Donor Restrictions	1,369,420
Total Liabilities and Net Assets	$ 2,459,403

The accompanying notes are an integral part of these financial statements.

Snead State Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2022

OPERATING REVENUES	
Student Tuition and Fees (Net of Scholarship Allowances of $4,852,282)	$ 6,099,533
Federal Grants and Contracts	910,807
State and Local Grants and Contracts	845,388
Sales and Services of Educational Activities	27,831
Auxiliary Enterprises:	
Bookstore	108,609
Campus Housing (Net of Scholarship Allowance of $75,086)	102,517
Vending	3,463
Food Service (Net of Scholarship Allowance of $44,872)	64,498
Other	14,389
Total Operating Revenues	8,177,035
OPERATING EXPENSES	
Instruction	6,119,268
Academic Support	834,876
Public Service	4,240
Student Services	2,494,602
Institutional Support	3,207,835
Operation and Maintenance	2,365,414
Scholarships and Financial Aid	3,621,098
Depreciation	1,654,958
Auxiliary Enterprises	452,166
Total Operating Expenses	20,754,457
Operating Loss	(12,577,422)
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	10,919,651
Federal Grants	7,418,207
Investment Income	175,482
Endowment Income	25,409
Unrealized Loss on Investments	(1,507,278)
Gifts	31,015
Bond Surety Fee Expense	(49,603)
Other Nonoperating Expense	(221,577)
Interest on Debt	(435,411)
Net Nonoperating Revenues, Net	16,355,895
Change in Net Position	3,778,473
Total Net Position - Beginning of Year	12,693,883
Total Net Position - End of Year	$ 16,472,356

The accompanying notes are an integral part of these financial statements.

Snead State Community College Foundation
Statement of Activities – Discretely Presented Component Unit
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Revenue and Support:			
Interest Income	$ 146	$ -	$ 146
Contributions	2,446	50,004	52,450
Student Organization Income	-	214,560	214,560
Dividend Income	139,441	28,638	168,079
Net Gain on Investments	116,020	-	116,020
Net Assets Released from Restrictions	82,081	(82,081)	-
Total Support and Revenue	340,134	211,121	551,255
Expenses:			
Program Services	94,937	-	94,937
General and Administrative	12,095	-	12,095
Total Expenses	107,032	-	107,032
Transfer of Net Assets	(52,499)	52,499	-
Change in Net Assets	180,603	263,620	444,223
Net Assets at Beginning of Year	909,380	1,105,800	2,015,180
Net Assets at End of Year	$ 1,089,983	$ 1,369,420	$ 2,459,403

The accompanying notes are an integral part of these financial statements.

Snead State Community College
Statement of Cash Flows
For the Year Ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	$ 6,320,710
Grants and Contracts	1,275,437
Payments to Suppliers	(4,355,798)
Payments for Utilities	(571,239)
Payments for Employees	(8,702,019)
Payments for Benefits	(2,683,362)
Payments for Scholarships	(3,629,374)
Sales and Service of Educational Services	27,831
Other Payments	(437,776)
Auxiliary Enterprises	279,087
Net Cash Used in Operating Activities	(12,476,503)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and Local Appropriations	14,319,651
Deposit Liabilities	10,274
Private Gifts	31,015
Federal Grants	7,418,207
Other Nonoperating Expenses	(271,180)
Federal Direct Loan Receipts	1,754,050
Federal Direct Loan Disbursements	(1,754,050)
Net Cash Provided by Noncapital Financing Activities	21,507,967
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets and Construction	(2,162,360)
Proceeds from Sale of Assets	219,653
Principal Paid on Capital Debt and Leases	(382,000)
Interest Paid on Capital Debt	(528,686)
Net Cash Used in Capital and Related Financing Activities	(2,853,393)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale and Maturity of Investments	2,072,191
Purchase of Investments	(19,218,907)
Investment Income	(1,306,387)
Net Cash Used in Investing Activities	(18,453,103)
Net Decrease in Cash and Cash Equivalents	(12,275,032)
Cash and Cash Equivalents - Beginning of Year	25,314,117
Cash and Cash Equivalents - End of Year	$ 13,039,085

The accompanying notes are an integral part of these financial statements.

Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities	
Operating Loss	$ (12,577,422)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities	
Depreciation Expense	1,654,958
Pension and OPEB Expense	(821,228)
Changes in Assets and Liabilities:	
Increase in Receivables	(800,872)
Increase in Other Assets	(8,276)
Decrease in Accounts Payable	(454,000)
Increase in Unearned Revenue	541,291
Decrease in Compensated Absences	(10,954)
Net Cash Used in Operating Activities	$ (12,476,503)

Noncash Investing, Capital, and Financing Activities:

The College recorded $5,954 in right-of-use leased assets during the year. Additionally, the College recorded $1,507,278 of unrealized losses on investments during the year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Snead State Community College (the "College" or "SSCC") are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of Snead State Community College are described below.

A. Reporting Entity

The College is a component unit of the State of Alabama. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The Governmental Accounting Standards Board (GASB) in Statement Number 14, "The Financial Reporting Entity," states that a primary government is financially accountable for a component unit if it appoints a voting majority of an organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. In this case, the primary government is the State of Alabama which through the Alabama Community College System Board of Trustees governs the Alabama Community College System. The Alabama Community College System through its Chancellor has the authority and responsibility for the operation, management, supervision and regulation of the College. In addition, the College receives a substantial portion of its funding from the State of Alabama (potential to impose a specific financial burden). Based on these criteria, the College is considered for financial reporting purposes to be a component unit of the State of Alabama.

B. Component Units

Snead State Community College Foundation (the "Foundation" or "SSCCF") is a legally separate, tax-exempt organization that is organized exclusively for charitable, scientific and educational purposes for the benefit of the College. Because of the significance of the relationship between the College and the Foundation, the Foundation is considered a component unit of the College. Organizations that are legally separate, tax-exempt entities and that meet all of the following criteria should be discretely presented as component units. These criteria are:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Although the College does not control the timing or amount of receipts from SSCCF, the majority of resources, or income thereon that SSCCF holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by SSCCF can only be used by, or for the benefit of, the College, SSCCF is discretely presented as a component unit of the College. SSCCF is reported in its original format on separate financial statements because of the difference in its reporting model as further described below. Complete financial statements for SSCCF are available from the Foundation's director upon request.

The Foundation is a not-for-profit organization that reports its financial results under the Financial Accounting Standard Board (FASB) Statements. Most significant to the Foundation's operations and reporting model is Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences; however, significant note disclosures (see Note 11) to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

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

Snead State Community College follows all applicable GASB pronouncements. The financial statements of Snead State Community College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

It is the policy of the College to first apply restricted resources when an expense is incurred and then apply unrestricted resources when both restricted and unrestricted net position are available.

The Statement of Revenues, Expenses and Changes in Net Position distinguishes between operating and non-operating revenues. Operating revenues, such as tuition and fees, result from exchange transactions associated with the principal activities of the College. Exchange transactions are those in which each party to the transactions receives or gives up essentially equal values. Non-operating revenues arise from exchange transactions not associated with the College 's principal activities, such as investment income and from all non-exchange transactions, such as state appropriations.

D. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Statutes authorize the College to invest in the same type of instruments as allowed by Alabama law for domestic life insurance companies. This includes a wide range of investments, such as direct obligations of the United States of America, obligations issued or guaranteed by certain federal agencies, and bonds of any state, county, city, town, village, municipality, district or other political subdivision of any state or any instrumentality or board thereof or of the United States of America that meet specified criteria.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the Statement of Net Position at the end of each reporting period.

2. Receivables

Accounts receivable relate to amounts due from students, federal grants, state grants, third party tuition, and auxiliary enterprise sales, such as food service, bookstore and residence halls. The receivables are shown net of allowance for doubtful accounts.

3. Capital Assets

Capital assets, other than intangible assets, with a unit cost of over $5,000 and an estimated useful life in excess of one year, and all library books, are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for intangible assets such as capitalized software and internally generated computer software is $1 million and $100,000 for easements and land use rights and patents, trademarks and copyrights. In addition, works of art and historical treasures and similar assets are recorded at their historical cost. Donated capital assets are recorded at fair market value at the date of donation. Land, construction in progress, and intangible assets with indefinite lives are the only capital assets that are not depreciated. Depreciation is not allocated to a functional expense category. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.
Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon the sale or retirement of fixed assets being depreciated using the straight-line method, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operation.

The method of depreciation and useful lives of the capital assets and right-to-use leased assets are as follows:

Assets	Depreciation Method	Useful Lives
Buildings	Straight-Line	50 years
Building Alterations	Straight-Line	25 years
Improvements other than Buildings	Straight-Line	25 years
Equipment > $25,000	Straight-Line	10 years
Equipment < $25,000	Straight-Line	5 years
Right-to-Use Leased Equipment	Straight-Line	5-10 years
Library Materials	Composite	20 years
Capitalized Software	Straight-Line	10 years
Easement and Land Use Rights	Straight-Line	20 years
Patents, Trademarks, and Copyrights	Straight-Line	20 years

4. Deferred Outflow of Resources

Deferred outflows of resources are reported in the Statement of Net Position. Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets.

5. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bonds/Warrant premiums and discounts are deferred and amortized over the life of the bonds. Bonds/Warrants payable are reported net of the applicable bond/warrant premium or discount.

6. Compensated Absences

No liability is recorded for sick leave. Substantially all employees of the College earn 12 days of sick leave each year with unlimited accumulation. Payment is not made to employees for unpaid sick leave at termination or retirement.

All non-instructional employees earn annual leave at a rate which varies from 12 to 24 days per year depending on duration of employment, with accumulation limited to 60 days. Instructional employees do not earn annual leave. Payment is made to employees for unused leave at termination or retirement.

7. Deferred Inflow of Resources

Deferred inflows of resources are reported in the Statement of Net Position. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources decrease net position, similar to liabilities.

8. Unearned Revenue

Unearned revenue consists primarily of amounts received for fall student tuition and fees that are not earned until the next fiscal year. Unearned revenue also includes amounts received from grant and contract sponsors that have not yet been earned.

9. Pensions

The Teachers' Retirement System of Alabama ("TRS" or "the Plan") financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized as revenues when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

10. Postemployment Benefits Other Than Pensions (OPEB)

The Alabama Retired Education Employees' Health Care Trust (Trust) financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan. Subsequent events were evaluated by management through the date the financial statements were issued.

11. Net Position

Net position is required to be classified for accounting and reporting purposes into the following categories:

Net Investment in Capital Assets - Capital assets, including restricted capital assets, reduced by accumulated depreciation and by outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Any unspent related debt proceeds or inflows of resources at year-end related to capital assets are not included in this calculation.

Restricted:

Nonexpendable - Net position subject to externally imposed stipulations that it be maintained permanently by the College. Such assets would include permanent endowment funds.

Expendable - Net position whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. These include funds held in federal loan programs.

Unrestricted - Net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted resources may be designated for specific purposes by action of management or the Alabama Community College System Board of Trustees.

12. Federal Financial Assistance Programs

The College participates in various federal programs. Federal programs are audited in accordance with the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

13. Scholarship Allowances and Student Aid

Student tuition and fees are reported net of scholarship allowances and discounts. The amount for scholarship allowances and discounts is the difference between the stated charge for goods and services provided by the College and the amount that is paid by the student and/or third parties making payments on behalf of the student. The College uses the alternate method as prescribed by the National Association of College and University Business Officers (NACUBO) in their Advisory Report (2000-05) to determine the amount of scholarship allowances and discounts.

14. Prepaid Expenses and Unearned Scholarships

Prepaid expenses are composed predominantly of prepaid insurance. Unearned scholarship expense results from the Fall academic term spanning across the fiscal year end. The College prorates scholarship expense to recognize only the amounts incurred in each fiscal year.

15. New Accounting Pronouncement

During the current Fiscal Year, the College implemented the following new accounting pronouncements issued by the Governmental Accounting Standards Board (GASB):

- 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
- GASB Statement No. 93, Replacement of Interbank Offered Rates

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

The College 's deposits in banks at year-end were held by financial institutions in the State of Alabama's Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the *Code of Alabama 1975*, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

The Statement of Net Position classification "cash and cash equivalents" includes all readily available cash such as petty cash, demand deposits, and certificates of deposits with maturities of three months or less.

B. Investments

The College invests its funds in securities and investments in accordance with the *Code of Alabama 1975*, Section 16-13-2, Sections 27-1-8 and 27-1-9, and Sections 27-41-1 through 27-41-41. These laws provide that the College may invest in the same type of instruments as allowed by Alabama law for domestic life insurance companies. This includes a wide range of investments, such as direct obligations of the United States of America, obligations issued or guaranteed by certain federal agencies, and bonds of any state, county, city, town, village, municipality, district or other political subdivision of any state or any instrumentality or board thereof of the United States of America that meet specified criteria. The College 's investment policy permits investments in the following: 1) U.S. Treasury bills, notes, bonds, and stripped Treasuries; 2) U.S. Agency notes, bonds, debentures, discount notes and certificates; 3) certificates of deposit (CDs), checking and money market accounts of savings and loan associations, mutual savings banks, or commercial banks whose accounts are insured by FDIC/FSLIC, and who are designated a Qualified Public Depository (QPD) under the SAFE Program; 4) mortgage backed securities (MBSs); 5) mortgage-related securities including collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMIC) securities; 6) repurchase agreements; and 7) stocks and bonds which have been donated to the institution.

The College's portfolio shall consist primarily of bank CDs and interest-bearing accounts, U. S. Treasury securities, debentures of a U. S. Government Sponsored Entity (GSE) and securities backed by collateral issued by GSEs. In order to diversify the portfolio's exposure to concentration risk, the portfolio's maximum allocation to specific product sectors is as follows: 1) U. S. Treasury bills, notes and bonds can be held without limitation as to amount. Stripped Treasuries shall never exceed 50 percent of the institution's total investment portfolio.

Maximum maturity of these securities shall be ten years. 2) U. S. Agency securities shall have limitations of 50 percent of the College's total investment portfolio for each Agency, with two exceptions: TVA and SLMA shall be limited to ten percent of total investments. Maximum maturity of these securities shall be ten years. 3) CDs with savings and loan associations, mutual savings banks, or commercial banks may be held without limit provided the depository is a QPD under the SAFE Program. CD maturity shall not exceed five years. 4) The aggregate total of all MBSs may not exceed 50 percent of the institution's total investment portfolio. The aggregate average life maturity for all holdings of MBS shall not exceed seven years, while the maximum average life maturity of any one security shall not exceed ten years. 5) The total portfolio of mortgage related securities shall not exceed 50 percent of the institution's total investment portfolio. The aggregate average life maturity for all holdings shall not exceed seven years while the average life maturity of one security shall not exceed ten years. 6) The College may enter into a repurchase agreement so long as: (a) the repurchase securities are legal investments under state law for colleges; (b) the College receives a daily assessment of the market value of the repurchase securities, including accrued interest, and maintains an adequate margin that reflects a risk assessment of the repurchase securities and the term of the transaction; and (c) the College has entered into signed contracts with all approved counterparties. 7) The College has discretion to determine if it should hold or sell other investments that it may receive as a donation.

The College shall not invest in stripped mortgage backed securities, residual interest in CMOs, mortgage servicing rights or commercial mortgage related securities. Investment of debt proceeds and deposits with trustees is governed by the provisions of the debt agreement. Funds may be invested in any legally permissible document.

Endowment donations shall be invested in accordance with the procedures and policies developed by the College and approved by the Chancellor in accordance with the "Alabama Uniform Prudent Management of Institutional Funds Act", Code of Alabama 1975, Section 19-3C-1 and following.

To the extent available, the College's investments are recorded at fair value as of September 30, 2022. GASB Statement Number 72 – Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 – Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

Level 2 – Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset either directly or indirectly.

Level 3 – Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgement.

Investments' fair value measurements are as follows at September 30, 2022:

		Fair Value Measurements Using		
Investments	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Certificates of Deposit	$ 16,450	$ 16,450	$ -	$ -
Debt Securities				
U.S. Agency Securities	19,267,516	-	19,267,516	-
Total Debt Securities	19,267,516	-	19,267,516	-
Equities:				
Domestic Common and Preferred Stock	229,262	229,262	-	-
Total Equity Securities	229,262	229,262	-	-
Total Investments	$19,513,228	$ 245,712	$19,267,516	$ -

The U. S. Agency Securities in level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk – This risk pertains to changes in interest rates that adversely affect the fair value of an investment. While there is an active market for the below investments, generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the College's investment policy limits its investment maturities as follows:

Investment Type	Maximum Maturity
U.S. Treasury Bills, Notes, Bonds and Stripped Treasuries	10 years
U.S. Agencies	10 years
Certificates of Deposit	5 years
Mortgage Backed Securities and Mortgage	7 years (aggregate life)
Related Securities	10 years (average life maturity of any one security)

At year end, the College had the following investments and maturities:

		Investment Maturities (in Years)		
Investment Type	Fair Value	1-5	6-10	Thereafter
Certificates of Deposit	$ 16,450	$ 16,450	$ -	$ -
U.S. Agencies	$19,267,516	$10,652,341	$8,615,175	$ -
Stocks	$ 229,262	$ 229,262	$ -	$ -

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The College does not have a formal investment policy that specifically addresses its investment choices related to this risk. The College's investments in Federal National Mortgage Association and Federal Home Loan Banks are rated Aaa by Moody's Investor Services and AA+ by Standard and Poor's Fitch Ratings.

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of a counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The College does not have an investment policy that limits the amount of securities that can be held by counterparties.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College does not have a formal investment policy that places limits on the amount the College may invest in any one issuer to less than 5%. Instead, the College's policy was to limit investments by type to the percentages shown below:

Investment Type	% of Investment
Stripped Treasuries	50%
U.S. Agencies (except for TVA and SLMA)	50%
TVA and SLMA	10%
Certificates of Deposit	No Limit
Mortgage Backed Securities and Mortgage Related Securities	50%

NOTE 3 - RECEIVABLES

Receivables are summarized as follows:

Accounts Receivable:	
Federal	$ 711,233
State	180,461
Third Party	110,982
Student	1,567,153
Auxiliary	178,806
Interest	58,479
Other	341,310
Less: Allowance for Doubtful Accounts	(1,053,439)
Total Accounts Receivables, Net	$ 2,094,985

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Capital Assets Not Being Depreciated:					
Land	$ 722,707	$ -	$ -	$ -	$ 722,707
Construction in Progress	5,402,228	45,109	-	(5,402,228)	45,109
Total Capital Assets Not Being Depreciated:	6,124,935	45,109	-	(5,402,228)	767,816
Capital Assets Being Depreciated:					
Buildings	10,503,312	-	(791,312)	-	9,712,000
Building Alterations	17,094,090	380,638	(69,590)	5,402,228	22,807,366
Improvements Other than Buildings	2,094,631	30,860	-	-	2,125,491
Equipment > $25,000	2,188,402	1,641,839	-	-	3,830,241
Equipment < $25,000	1,876,136	63,914	(18,232)	-	1,921,818
Right to Use Asset - Lease Equipment	-	5,954	-	-	5,954
Library Holdings	59,502	-	-	-	59,502
Capitalized Software	1,970,575	-	(1,970,575)	-	-
Total Capital Assets Being Depreciated	35,786,648	2,123,205	(2,849,709)	5,402,228	40,462,372
Less Accumulated Depreciation:					
Buildings	7,335,102	907,073	(791,312)	-	7,450,863
Building Alterations	9,187,765	193,042	(46,995)	-	9,333,812
Improvements Other than Buildings	1,110,336	76,669	-	-	1,187,005
Equipment > $25,000	1,582,463	279,510	-	-	1,861,973
Equipment < $25,000	1,372,066	194,200	(18,232)	-	1,548,034
Right to Use Asset - Lease Equipment	-	1,489	-	-	1,489
Library Holdings	48,204	2,975	-	-	51,179
Capitalized Software	1,773,517	-	(1,773,517)	-	-
Total Accumulated Depreciation	22,409,453	1,654,958	(2,630,056)	-	21,434,355
Total Capital Assets, Net	$19,502,130	$ 513,356	$ (219,653)	$ -	$19,795,833

NOTE 5 - DEFINED BENEFIT PENSION PLAN

A. Plan Description

The Teachers' Retirement Systems of Alabama (TRS), a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control which consists of 15 trustees. The plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 16, Chapter 25* grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

B. Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS members who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) 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, members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS 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. 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 are allowed 1.65% 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.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

C. Contributions

Covered Tier 1 members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

Effective October 1, 2021 the covered Tier 2 members of the TRS contribution rate increased from 6% to 6.2% of earnable compensation to the TRS as required by statute. Effective October 1, 2021 the covered Tier 2 certified law enforcement, correctional officers, and firefighters contribution rate increased from 7.0% to 7.2% of earnable compensation to the TRS as required by statute.

Participating employers' contractually required contribution rate for the year ended September 30, 2022, was 12.43% of annual pay for Tier 1 members and 11.32% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the College were $950,879 for the year ended September 30, 2022.

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

At September 30, 2022 the College reported a liability of $9,212,507 for its proportionate share of the collective net pension liability. The collective 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. The College 's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2021 the College 's proportion was .097768%, which was a decrease of .011047% from its proportion measured as of September 30, 2020.

For the year ended September 30, 2021, the College recognized pension expense of $590,000. At September 30, 2022 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 426,000	$ 538,630
Changes of assumptions	967,000	-
Net difference between projected and actual earnings on pension plan investments	-	2,174,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	372,000	1,041,000
Employer contributions subsequent to the measurement date	950,879	-
	$ 2,715,879	$ 3,753,630

$950,879 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:

2023	$ (319,000)
2024	(313,000)
2025	(518,000)
2026	(838,630)
Total	$ (1,988,630)

E. Actuarial Assumptions

The total pension liability as of September 30, 2021, was determined by an actuarial valuation of September 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Investment rate of return*	7.45%
Projected salary increases	3.25% - 5.00%

*Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2020, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

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

Group	Membership Table	Set Forward(+)/	Adjustment to Rates
Service Retirees	Teacher Retiree-Below Median	Male: +2, Female: +2	Male: 108% ages < 63, 96% ages > 67; Phasing down 63 -67 Female: 112% ages < 69 98% > age 74 Phasing down 69-74
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	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 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	5.00%	2.50%
Total	100.00%	

**Includes assumed rate of inflation of 2.00%.*

F. Discount Rate

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

G. Sensitivity of the College 's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.45%, as well as what the College'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:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
College 's proportionate share of collective net pension liability	$ 13,556,000	$ 9,212,507	$ 5,549,000

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2021. The auditor's report on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of September 30, 2021, along with supporting schedules is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. 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 the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the Public Education Employees' Health Insurance Plan (PEEHIP). In accordance with GASB, the Trust is considered a component unit of the State of Alabama (State) and is included in the State's Annual Comprehensive Financial Report.

The PEEHIP was established in 1983 pursuant to the provisions of the *Code of Alabama 1975, Title 16, Chapter 25A* (Act 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan. The four-year universities participate in the plan with respect to their retired employees, and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Board.

The Board is a corporate body for purposes of management of the health insurance plan. The *Code of Alabama 1975, Section 16-25A-4* provides the Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIP are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

B. Benefits provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services, and prescription drugs.

Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits, and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental, and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer, and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of $1,250 per year for individual coverage and $1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eye glasses, and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan, or the State or Local Governmental Plans administered by the State Employees' Insurance Board (SEIB).

Effective January 2017, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the United Healthcare Group Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2020, Humana Insurance Company replaced United Healthcare as the administrator of the PEEHIP Group Medicare Advantage (PPO) Plan.

The plan is fully insured and members are able to have all of their Medicare Part A (hospital insurance), Part B (medical insurance), and Part D (prescription drug coverage) in one convenient plan. Retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Members have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

C. Contributions

The *Code of Alabama 1975, Section 16-25A-8* and the *Code of Alabama 1975, Section, 16-25A-8.1* provide the Board with the authority to set the contribution requirements for plan members and the authority to set the 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 employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% percent for each year of service over 25 subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage.

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

At September 30, 2022, the Snead State Community College reported a liability of $3,666,474 for its proportionate share of the net OPEB liability. 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. The Snead State Community College proportion of the net OPEB liability was based on a projection of the Snead State Community College long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined.

At September 30, 2021, the Snead State Community College proportion was 0.070962% percent, which was a decrease of 0.004716% from its proportion measured as of September 30, 2020.

For the year ended September 30, 2022, the College recognized OPEB benefit of $306,415, with no special funding situations.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 86,749	$ 1,275,573
Changes of assumptions	1,305,779	1,421,157
Net difference between projected and actual earnings on OPEB plan investments	-	114,370
Changes in proportion and differences between Employer contributions and proportionate share of contributions	563,392	1,339,210
Employer contributions subsequent to the measurement date	151,838	-
Total	$ 2,107,758	$ 4,150,310

$151,838 reported as deferred outflows of resources related to OPEB resulting from the Snead State Community College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	
2023	$ (614,477)
2024	(500,202)
2025	(540,248)
2026	(230,420)
2027	(163,603)
Thereafter	(145,440)
	$ (2,194,390)

E. Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	5.00 - 3.25%, including 2.75% wage inflation
Long-Term Investment Rate of Return	7.00% compounded annually, net of investment expense, and including inflation
Municipal Bond Index Rate at Measurement Date	2.29%
Municipal Bond Index Rate at Prior Measurement Date	2.25%
Year Fiduciary Net Position (FNP) is Projected to be Depleted	2051
Singe Equivalent Interest Rate at Measurement Date	3.97%
Singe Equivalent Interest Rate at Prior Measurement Date	3.05%
Healthcare Cost Trend Rate	
Initial Trend Rate	
Pre-Medicare Eligible	6.50%
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50% in 2028
Medicare Eligible	4.50% in 2025

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

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019. The mortality rates are adjusted forward and/or back depending on the plan and group covered, as shown in the table below.

Group	Membership Table	Set Forward (+) / Set Back (-)	Adjustment to Rates
Active Members	Teacher Employee Below Median	None	65%
Service Retirees	Teacher Below Median	Male: +2 Female: +2	Male: 108% ages <63, 96% ages> 67; Phasing down 63-67 Female: 112% ages <69, 98% ages > 74; Phasing down 69-74
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None
Beneficiaries	Teacher Contingent Survivor Below Median	Male: +2 Female: None	None

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

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

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class.

These ranges should be 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 then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns. The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	30.00%	4.40%
U.S. Large Stocks	38.00%	8.00%
U.S. Mid Stocks	8.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash	5.00%	1.50%
Total	100.00%	

**Includes assumed rate of inflation of 2.50%.*

F. Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability 3.97%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. 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 school systems must contribute for each active employee. Approximately, 12.990% of the employer contributions were used to assist in funding retiree benefit payments in 2021 and it is assumed that the amount will increase at the same rate as expected benefit payments. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid.

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

G. Sensitivity of the Snead State Community College 's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates.

The following table presents the Snead State Community College 's proportionate share of the net OPEB liability of the Trust calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.50% decreasing to 3.50% for pre-Medicare and known decreasing to 3.50% for Medicare Eligible)	Current Healthcare Trend Rate (6.50% decreasing to 4.50% for pre-Medicare and known decreasing to 4.50% for Medicare Eligible	1% Increase (7.50% decreasing to 5.50% for pre-Medicare and known decreasing to 5.50% for Medicare Eligible
Net OPEB Liability	$ 4,509,925	$ 3,666,474	$ 4,683,658

The following table presents the Snead State Community College 's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 3.97%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
Net OPEB Liability	$ 4,509,925	$ 3,666,474	$ 2,989,933

H. OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2021. Additional financial and actuarial information is available at www.rsa-al.gov.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable and accrued liabilities represent amounts due at September 30, 2022, for goods and services received prior to the end of the fiscal year.

Salaries, Wages and Benefits	$ 447,543
Interest Payable	50,294
Other	1,098,675
Total	$ 1,596,512

NOTE 8 - LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
General Obligation Bonds					
Revenue Bonds					
2013 Issue -Direct Placement	$ 1,172,000	$ -	$ 382,000	$ 790,000	$ 391,000
2019 Issue	12,140,000	-	-	12,140,000	-
Bond Premium	1,328,108	-	91,791	1,236,317	91,792
Total Bonds	14,640,108	-	473,791	14,166,317	482,792
Other Liabilities:					
Compensated Absences	503,694	53,028	63,982	492,740	49,274
Right of Use - Lease Liability	-	5,954	1,483	4,471	4,471
Total Other Liabilities	503,694	58,982	65,465	497,211	53,745
Total Long-Term Liabilities	$ 15,143,802	$ 58,982	$ 539,256	$14,663,528	$ 536,537

In November 2013, the Board of Trustees issued $3,630,000 in revenue bonds for the refunding of the 2003 Revenue bonds. Funds from the 2003 revenue bonds were used for the renovation of the Claude Elrod Science Building, Elder Hall Dormitory, and the Armory Building. The 2003 Revenue bonds were paid in full in December 2013. The balance of the 2013 Revenue bonds was $790,000 as of September 30, 2022; accrues interest at 2.44% and is being amortized over 10 years and scheduled to mature November 2023.

In July 2019, Board of Trustees issued $12,140,000 in revenue bonds for the refunding of the 2014 revenue bonds and the renovation of the McCain Center. The 2014 revenue bonds were used for renovating the Administration Building. The 2014 Revenue Bonds were paid in full in July 2019. The balance of the 2019 revenue bonds was $12,140,000 as of September 30, 2022; interest ranges from 4% to 5% and is being amortized over 25 years and scheduled to mature September 2044.

Bond Debt

Principal and interest maturity requirements on bond debt are as follows:

	Revenue Bonds		
Fiscal Year	**Principal**	**Interest**	**Totals**
2023	$ 391,000	$ 521,656	$ 912,656
2024	399,000	512,018	911,018
2025	390,000	507,150	897,150
2026	410,000	487,650	897,650
2027	430,000	467,150	897,150
2028-2032	2,485,000	2,006,200	4,491,200
2033-2037	3,035,000	1,451,600	4,486,600
2038-2042	3,695,000	794,200	4,489,200
2043-2044	1,695,000	102,400	1,797,400
	$ 12,930,000	$ 6,850,024	$ 19,780,024

Bond Premium

The College has a bond premium in connection with the issuance of its Revenue Bonds. The bond premium is being amortized using the straight-line method over the life of the applicable bonds.

Fiscal Year	**Premium Amortization**
2023	$ 91,792
2024	91,792
2025	91,792
2026	88,262
2027	84,552
2028-2032	363,113
2033-2037	262,733
2038-2042	143,747
2043-2044	18,534
	$ 1,236,317

Pledged Revenues

Snead State Community College pledged student tuition and fees to repay $3,630,000 for Refunding Revenue Bond Series 2013, issued on November 21, 2013. The funds were used to refund the 2003 Revenue Bond Series that was used for the purpose of renovating the Claude Elrod Science Building, Elder Hall Dormitory, and the Armory Building. As of September 30, 2022, future revenues of $809,374 are pledged to repay principal and interest on the bonds.

Pledged revenues in the amount of $6,099,533 were received during the fiscal year with $405,936 or 7% of pledged revenues being used to pay principal and interest payments for the 2013 refunding bond during this fiscal year. The Revenue Bond Series 2013 are scheduled to mature in fiscal year 2024.

The College's outstanding series 2013 bond from direct placement contain a provision that in the event of default, the Bondholder shall have the right by mandamus or other lawful remedy in any court of competent jurisdiction to enforce his or their rights against the Issuer to fix and collect the Pledged Revenues, in amounts sufficient to meet the provisions of the Bond Resolution and carry out any other covenants contained in the resolution and to perform its duties under the resolution and Section 16-3-28, Code of Alabama 1975, as amended.

Snead State Community College pledged student tuition and fees to repay $12,140,000 for Refunding Revenue Bonds Series 2019, issued on July 30, 2019. The funds were used to re-finance the 2014 Revenue Bond Series and for renovating the McCain Center. The 2014 Revenue Bond Series was used for renovating the Administration Building. As of September 30, 2022, future revenues of $18,970,650 are pledged to repay principal and interest on the bonds. Pledged revenues in the amount of $6,099,533 were received during the fiscal year with $507,150 or 8% of pledged revenues being used to pay principal and interest payments for the 2019 refinanced bonds during this fiscal year. The Revenue Bond Series 2019 are scheduled to mature in fiscal year 2044.

Lease Payable

$5,954 has been recorded as Lease Assets in capital assets. Due to the implementation of GASB Statement No. 87, various leases met the criteria of a lease; thus, requiring them to be recorded by the College. These assets will be amortized over the lease term of the lease since it is shorter than the useful life and the College is not taking ownership of the assets. There are no residual value guarantees in the lease provisions. The leases will end in 2023. A summary of the principal and interest amounts for the remaining lease is as follows:

	Lease Liability		
Fiscal Year	**Principal**	**Interest**	**Totals**
2022-2023	$ 4,471	29	4,500
	$ 4,471	$ 29	$ 4,500

NOTE 9 - RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College has insurance for its buildings and contents through the State Insurance Fund (SIF), part of the State of Alabama, Department of Finance; Division of Risk Management, which operates as a common risk management and insurance program for state owned properties. The College pays an annual premium based on the amount of coverage requested. The SIF provides coverage up to $2 million per occurrence and is self-insured up to a maximum of $6 million in aggregate claims. The SIF purchases commercial insurance for claims which in the aggregate exceed $6 million. The College purchases commercial insurance for its automobile coverage, general liability, and professional legal liability coverage. In addition, the College has fidelity bonds on the College's President, Vice-President, as well as on all other college personnel who handle funds.

Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIF) administered by the Public Education Employees' Health Insurance Board (PEEHIB). The Fund was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are determined annually by the plan's actuary and based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The College contributes a specified amount monthly to the PEEHIF for each employee and this amount is applied against the employee's premiums for the coverage selected and the employee pays any remaining premium.

Settled claims resulting from these risks have not exceeded the College's coverage in any of the past three fiscal years.

Claims which occur as a result of employee job-related injuries may be brought before the State of Alabama Board of Adjustment. The Board of Adjustment serves as an arbitrator and its decision is binding. If the Board of Adjustment determines that a claim is valid, it decides the proper amount of compensation (subject to statutory limitations) and the funds are paid by the College.

NOTE 10 – OTHER SIGNIFICANT COMMITMENTS

As of September 30, 2022, the College had been awarded approximately $2,865,207 in contracts and grants on which performance had not been accomplished and funds had not been received. These awards, which represent commitments of sponsors to provide funds for specific purposes, have not been reflected in the financial statements.

NOTE 11 – SNEAD STATE COMMUNITY COLLEGE FOUNDATION NOTES TO THE FINANCIAL SATEMENTS

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Foundation was organized in 1989. The Foundation's purpose is to (1) provide funding for scholarships to deserving students attending Snead State Community College located in Boaz, Alabama, (2) provide funding for upkeep and maintenance of the buildings and grounds of Snead State Community College, and (3) collect and disburse funds for various student and athletic organizations of Snead State Community College.

Cash and Cash Equivalents
For purposes of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Credit Risk
The Foundation maintains its cash balances in one financial institution located in Boaz, Alabama. The balances are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2021, the Foundation had uninsured cash balances of $68,133.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting
The accrual basis of accounting is followed.

Contributions
Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the absence or existence and nature of any donor restrictions.

Income Taxes
There is no provision for income taxes since the Foundation is a nonprofit organization exempt from both Federal and State income tax. The Foundation has received an exemption letter from the Internal Revenue Service which grants it tax-exempt status under Internal Revenue Code Section 501(c)(3).

ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on derecognition, classification, treatment of interest and penalties, and disclosure of such positions. Management feels there are no uncertain tax positions that require recognition.

Investments
Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. All realized and unrealized gains and losses are included in the statements of activities.

Financial Statement Preparation
The financial statements of Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classification:

> *Net assets without donor restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and Board of Directors.
>
> *Net assets with donor restrictions*: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are classified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Functional Expenses
The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefitted. Such allocations are determined by management and are based upon employee time and effort towards each activity.

Subsequent Events
Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through date of this report

In March 2022, the Foundation submitted a request to the Internal Revenue Service to change classification from a Private Foundation to a Public Charity and elect a March 31 year end.

B. FAIR VALUE MEASUREMENTS

FASB ASC 820 provides 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 unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are as follows:

Level 1 inputs. Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs. Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets, or liabilities in markets that are not active, that is, markets in which there are few transactions, prices are not current, or prices vary substantially over time. There were no Level 2 inputs at December 31, 2021 and 2020.

Level 3 inputs. Valuation based on inputs that are unobservable for an asset or liability and should be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input, therefore, reflects the entity's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

There were no Level 3 inputs at December 31, 2021 and 2020.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Equity and Debt Securities – Are valued based on quoted market prices for those or similar instruments.

Mutual Funds – Are valued at unit values based on net asset value and dividends and capital gains declared.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Foundation's investments are reported at fair value in the accompanying statements of financial position.

	Fair Value Measurements at Reporting Date using:	
December 31, 2021	Level 1	Total
Mutual Funds	$ 2,024,370	$ 2,024,370
Common Stock Equities	8,573	8,573
	$ 2,032,943	$ 2,032,943

C. INVESTMENTS

Investments are stated at fair value and are summarized as follows as of December 31, 2021:

	Cost	Fair Value	Carrying Value
Mutual Funds	$ 1,509,917	$ 2,024,370	$ 2,024,370
Common Stock Equities	-	8,573	8,573
	$ 1,509,917	$ 2,032,943	$ 2,032,943

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2021.

	Without Donor Restrictions	With Donor Restrictions
Interest Income	$ 146	$ -
Dividends	139,441	28,638
Net Gain on Investments	116,020	-
	$ 255,607	$ 28,638

D. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the year ended December 31, 2021. To the extent that total support and revenue earned for the year is insufficient to cover expenses incurred, the remaining expenses are covered by net assets accumulated in previous years.

Purpose Restrictions Accomplished	
Student Organizations	$ 62,937
Scholarships	19,144
Net Assets Released From Restrictions	$ 82,081

E. RESTRICTIONS ON NET ASSETS

Net Assets with donor restrictions are held for the following purposes as of December 31, 2021

Scholarships	$ 991,698
Snead State Community College Student Organizations	377,722
	$ 1,369,420

F. LIQUIDITY AND AVAILABILITY

As of December 31, 2021, the following table reflects the total financial assets held by the Foundation and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures.

Total Financial Assets	$ 2,459,403
Donor-imposed Restrictions: Restricted Funds	(1,369,420)
	$ 1,089,983

G. FUNCTIONAL ALLOCATION OF EXPENSES

Certain costs have been allocated among the programs and supporting services benefited based on estimates of time and effort, and usage of assets. For 2021, natural expense accounts were allocated as follows:

	Year Ending December 31, 2021		
	Program Services	Supporting Services	
	Programs	Management and General	Total
Scholarships	$ 23,312	$ -	$ 23,312
Student Organization Expenses	61,258	-	61,258
Other College Activities Expenses	10,367	-	10,367
Legal and Accounting Expenses	-	10,700	10,700
Excise Tax	-	1,132	1,132
Office Expenses	-	263	263
Total	$ 94,937	$ 12,095	$ 107,032

NOTE 12 – ENDOWMENTS

The College is the recipient of certain endowments, the corpus of which is to remain in perpetuity with only the investment income spent on specific areas of interest designated by the donor. If a donor has not provided specific instructions, state law permits the Alabama State Board of Education to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. Investments of endowment funds are identified in the Statement of Net Position. At September 30, 2022, net appreciation of $25,409 is available to be spent, all of which is restricted for educational purposes, and is recorded as endowment income in the accompanying 2022 statement of revenues, expenses and changes in net position.

NOTE 13 – SUBSEQUENT EVENT

In preparing these financial statements, the College has evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report, which was the date the financial statements were available to be issued.

Required Supplementary Information

Snead State Community College
Schedule of Proportionate Share of the Net Pension Liability
Teachers' Retirement Plan of Alabama (in thousands)

	For the measurement period ended September 30,							
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
SSCC's proportion of the net pension liability	0.097768%	0.108815%	0.103250%	0.105308%	0.104944%	0.102847%	0.100506%	0.099700%
SSCC's proportionate share of the net pension liability	$9,212	$13,460	$11,416	$10,470	$10,314	$11,134	$10,519	$9,507
SSCC's covered payroll	$6,924	$6,988	$7,307	$6,968	$6,896	$6,509	$6,379	$6,318
SSCC's proportionate share of the net pension liability as a percentage of its covered payroll	133.024%	192.62%	156.23%	150.26%	149.52%	171.06%	165.00%	143.35%
Plan fiduciary net position as a percentage of the total pension liability	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

Notes to the Schedule of Snead State Community College 's Proportionate Share of the Net Pension Liability

This schedule presents only eight years of information, rather than ten years, as only eight years of trend information is available at September 30, 2022.

Snead State Community College
Schedule of Pension Contributions
Teachers' Retirement Plan of Alabama (in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$951	$856	$938	$898	$846	$821	$781	$722
Contributions in relation to the contractually required contribution	(951)	(856)	(938)	(898)	(846)	(821)	(781)	(722)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
College's covered payroll	$7,830	$6,924	$6,988	$7,307	$6,968	$6,898	$6,509	$6,379
Contributions as a percentage of covered payroll	12.15%	12.36%	13.42%	12.29%	12.14%	11.90%	12.00%	11.32%

Notes to the Schedule of SSCC Pension Contributions
This schedule presents only eight years of information, rather than ten years, as only eight years of trend information is available at September 30, 2022.

Snead State Community College

Schedule of Proportionate Share of the Net OPEB Liability

Alabama Retired Education Employees' Health Care Trust (in thousands)

	For the measurement period ended September 30,				
	2021	2020	2019	2018	2017
SSCC's proportion of the net OPEB liability	0.070962%	0.075678%	0.093583%	0.082224%	0.079933%
SSCC's proportionate share of the net OPEB liability	$ 3,666	$ 4,911	$ 3,531	$ 6,758	$ 5,937
SSCC's covered payroll	7,108	7,736	7,415	6,989	6,852
SSCC's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	51.58%	63.48%	47.61%	96.69%	86.65%
Plan fiduciary net position as a percentage of the total OPEB liability	27.11%	19.80%	28.14%	14.81%	15.37%

Notes to the Schedule of Snead State Community College 's Proportionate Share of the Net OPEB Liability

This schedule presents only five years of information, rather than ten years, as only five years of trend information is available at September 30, 2022.

Snead State Community College
Schedule of OPEB Contributions
Alabama Retired Education Employees' Health Care Trust (in thousands)

	2022	2021	2020	2019	2018
Contractually required contribution	$152	$ 122	$ 150	$ 246	$ 203
Contributions in relation to the contractually required contribution	(152)	(122)	(150)	(246)	(203)
Contribution deficiency (excess)	-	-	-	-	-
SSCC covered payroll	6,843	7,108	7,736	7,415	6,989
Contributions as a percentage of covered payroll	2.22%	1.72%	1.94%	3.32%	2.90%

Notes to the Schedule of SSCC OPEB Contributions

This schedule presents only five years of information, rather than ten years, as only five years of trend information is available at September 30, 2022.

Changes in actuarial assumptions

Changes to the actuarial assumptions as a result of the experience study for the five-year period ending June 30, 2020 are summarized below.

Assumption	Description
Price Inflation	2.50%
Investment Return	7.00%
Wage Inflation	2.75%
Mortality Rates (Pre-Retirement, Post-Retirement Healthy and Disabled)	Update to Pub-2010 Public Mortality Plans Mortality Tables. For future mortality improvement, generational mortality improvement with mortality improvement scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.
Retirement Rates	Decreased rates of retirement at most ages and extended retirement rates at age 80.
Withdrawal Rates	Changed from an age-based table broken down by service bands to a pure service-based table. Used a liability weighted methodology in analyzing rates.
Disability Rates	Lowered rates of disability retirement at most ages.
Salary Increases	No change to total assumed rates of salary increases, but increased merit salary scale by 0.25% to offset the recommended decrease in the wage inflation assumption by 0.25%.

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

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, 2017, Medicare eligible medical and prescription drug benefits are provided through the MAPD plan.

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

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the Schedule of OPEB Contributions were calculated as of September 30, 2018, which is three 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
Remaining Amortization Period	23 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.75%
Medicare Eligible*	5.00%
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate Trend Rate	2026 for Pre-Medicare Eligible 2024 for Medicare Eligible
Optional Plans Trend Rate	2.00%
Investment Rate of Return	5.00%, including inflation

* Initial Medicare claims are set based on scheduled increases through plan year 2019.

Additional Information

Officials	Position
Jimmy Baker	Chancellor Alabama Community College System
Dr. Joe Whitmore	President
Tina Simons	Chief Financial Officer

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Jimmy Baker, Chancellor – Alabama Community College System
Dr. Joe Whitmore, President – Snead State Community College
Boaz, Alabama

We have audited, in accordance with the 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 financial statements of Snead State Community College (the "College"), a component unit of the State of Alabama, and the discretely presented component unit as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 17, 2023. Our report includes a reference to the change in accounting principle resulting from the implementation of GASB 87 *Leases*, as of October 1, 2021. Our report includes a reference to other auditors who audited the financial statements of Snead State Community College Foundation (the "Foundation"), the discretely presented component unit, as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance *with Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during out audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Athens, AL
January 17, 2023