Certified Public Accountants
& Consultants

JACKSON THORNTON

Central Alabama Community College
For the Year Ended September 30, 2023
Financial Statements

Introductory Section

Central Alabama Community College
As of September 30, 2023

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Central Alabama Community College
As of September 30, 2023

List of College Officials

Officials	Position
Jimmy Baker	Chancellor Alabama Community College System
Jeff Lynn	President
Lisa Sawyer	Dean of Financial Services

Independent Auditor's Report

Jimmy Baker, Chancellor, Alabama Community College System
Jeff Lynn, President, Central Alabama Community College
Alexander City, Alabama

Opinion

We have audited the accompanying financial statements of Central Alabama Community College (the College), a component unit of the State of Alabama, as of and for the year ended September 30, 2023, 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, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of September 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, Schedule of the College's Proportionate Share of the Collective Net Pension Liability, Schedule of the College's Contributions - Pension, Schedule of the College's Proportionate Share of the Collective Net Other Postemployment Benefits (OPEB) Liability, Schedule of the College's Contributions - Other Postemployment Benefits (OPEB), and Notes to the Required Supplementary Information for Other Postemployment Benefits (OPEB) 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 annual report. The other information comprises the introductory sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2024, 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.

Jackson Thornton & Co. PC

Montgomery, Alabama
January 16, 2024

CENTRAL ALABAMA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR 2022-2023

Overview of the Financial Statements and Financial Analysis

Central Alabama Community College (CACC) is a public, open door, comprehensive community college dedicated to meeting the changing needs of citizens in the East Alabama service area. By offering a broad spectrum of programs, the College provides students with opportunities for educational, personal and professional advancement. A wide range of academic courses prepares students to transfer to four-year institutions. Technical and workforce development programs equip students to master and practice certain skills as they enter the job market. The College offers a quality education, outstanding faculty, and an affordable way for its citizens to pursue college studies in their own home town.

CACC presents its financial statements for fiscal year 2022-2023. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: A) the Statement of Net Position; B) the Statement of Revenues, Expenses, and Changes in Net Position; and, 3) the Statement of Cash Flows. This report of the College's financial statements provides an overview of its financial activities for the year and comparative amounts for the prior year.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflow, liabilities, deferred inflow and net position of the College as of the end of the fiscal year. 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 CACC. The Statement of Net Position presents end-of-year data concerning Assets (current and non-current), Deferred Outflows, Liabilities (current and non-current), Deferred Inflows, and Net Position (assets minus liabilities). The difference between current and non-current assets will be discussed in the financial statement disclosures.

From the data presented, readers of the Statement of Net Position can determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors and lending institutions. Finally, 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.

Net position is divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in property, plant, and equipment owned by the institution. The next position category is restricted net position, which is divided into two categories, expendable and nonexpendable. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The corpus of nonexpendable restricted resources is only available for investment purposes. The final category is unrestricted net position which is available to the institution for any appropriate purpose of the institution.

The following schedule is prepared from the College's statement of net position which is presented on an accrual basis of accounting where by assets are capitalized and depreciated.

Statement of Net Position

	2022-2023	2021-2022
Assets:		
Current Assets	$ 19,739,995	$ 17,253,193
Noncurrent Assets	$ 34,799,863	$ 31,968,552
Total Assets	$ 54,539,858	$ 49,221,745
Deferred Outflow	$ 7,367,559	$ 4,131,758
Liabilities:		
Current Liabilities	$ 5,907,738	$ 5,197,388
Noncurrent Liabilities	$ 22,804,271	$ 19,297,875
Total Liabilities	$ 28,712,009	$ 24,495,263
Deferred Inflow	$ 6,973,894	$ 8,139,738
Net Position:		
Net Investment in Capital Assets	$ 29,470,332	$ 26,297,046
Restricted - Nonexpendable	$ 494,579	$ 491,437
Restricted - Expendable	$ 213,509	$ 152,857
Unrestricted	$ (3,956,906)	$ (6,222,838)
Total Net Position	$ 26,221,514	$ 20,718,502

Assets

Current assets consist of cash and cash equivalents, short-term investments, accounts receivable, deposits with bond trustee and other current assets. Total current assets increased by $2,486,802 largely due to a combination of a decrease in cash and cash equivalents ($1,171,245), and an increase in accounts receivable ($3,597,877).

Noncurrent assets consist of capital assets, including leased right of use assets and related accumulated depreciation. Noncurrent assets increased by $2,831,311, due mainly to renovations to the Prattville campus building, purchased in FY22.

Deferred Outflows of Resources

Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. The $3,235,800 increase in deferred outflows is due to changes in the annual actuarial valuation of both other postemployment benefits (OPEB) and pensions.

Liabilities

Current liabilities consist of deposits, accounts payable, unearned revenue, the current portion of compensated absences, and the current portion of long-term liabilities. Total current liabilities increased by $710,350, largely due to a combination of a decrease in deposits of $124,194 and an increase in accounts payable and accrued liabilities of $817,531.

Noncurrent liabilities consist of principal amounts due on bonds, unfunded pensions and OPEB, and the noncurrent portion of compensated absences. Noncurrent liabilities increased by $3,506,396, largely due to the combination of a decrease in the annual actuarial valuation of net OPEB liability ($2,455,859) and an increase in the annual actuarial valuation of net pension liability ($6,260,000).

Deferred Inflows of Resources

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 decreased by $1,165,844, due to changes in the annual actuarial valuation of pension-related assets and liabilities and post-employment benefits.

Net Position

Net position represents the residual value of the College's assets after all liabilities have been deducted. Total net position increased by $5,503,012.

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 received by the institution, both operating and non-operating, and the expenses paid by the institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the institution.

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. Non-operating revenues are revenues received for which goods and services are not provided. For example, state appropriations are non-operating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

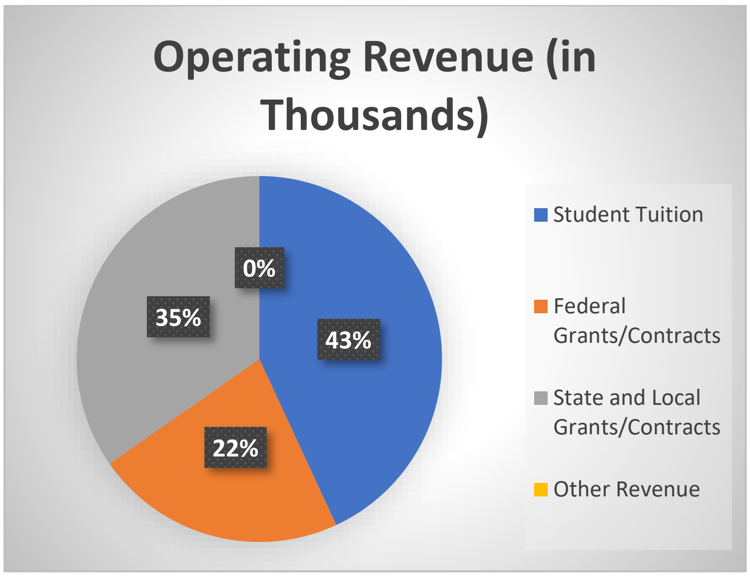
Statement of Revenues, Expenses and Changes in Net Position

	2022-2023	2021-2022
Operating Revenues	$ 6,138,704	$ 6,368,527
Operating Expenses	$ 20,897,722	$ 19,862,288
Operating Loss	$ (14,759,018)	$ (13,493,761)
Nonoperating Revenues and Expenses	$ 20,262,030	$ 31,510,949
Increase/(Decrease) in Net Position	$ 5,503,012	$ 18,017,188
Net Position:		
Beginning of Year	$ 20,718,502	$ 2,701,314
End of Year	$ 26,221,514	$ 20,718,502

The Statement of Revenues, Expenses, and Changes in Net Position reflects a $5,503,012 increase in Net Position. The College closely monitors revenues and systematically reviews operating expenses to ensure a balanced budget is maintained. Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Position are presented on following page.

Operating Revenue (In Thousands)

	2022-2023	%	2021-2022	%	Net $ Change
Student Tuition	$ 2,645	43%	$ 2,982	47%	$ (337)
Federal Grants/Contracts	1,364	22%	1,468	23%	(104)
State and Local Grants/Contracts	2,130	35%	1,919	30%	211
Other Revenue	-	0%	-	0%	-
Total Operating Revenue	$ 6,139		$ 6,369		$ (230)



The above chart displays the operating revenues by type and their relationship with one another. Student tuition and fees represent 43% of operating revenue; followed by State and Local Grants and Contracts totaling 35%, and Federal Grants and Contracts at 22%.

CACC's tuition and fee rate for fiscal year 2022-23 was $166 per credit hour. CACC's tuition and fee rates are in line with the Alabama Community College System tuition and fee guidelines; the amount per credit hour is the maximum that can be charged. Gross tuition and fees increased by $517,565 and scholarship allowances increased by $854,543, for a net decrease of $336,958. The increase in gross tuition and fees directly correlates to the increase in credit hours sold. The increase in scholarship allowances is related to more scholarships awarded. The College uses the case-by-case method to determine the amount of scholarship allowances and discounts.

Most of the operating federal grants and contracts of $1,363,682 are comprised of : (1) $930,726 for Student Support Services, Upward Bound, and Talent Search programs and (2) $312,370 for Adult Basic Education.

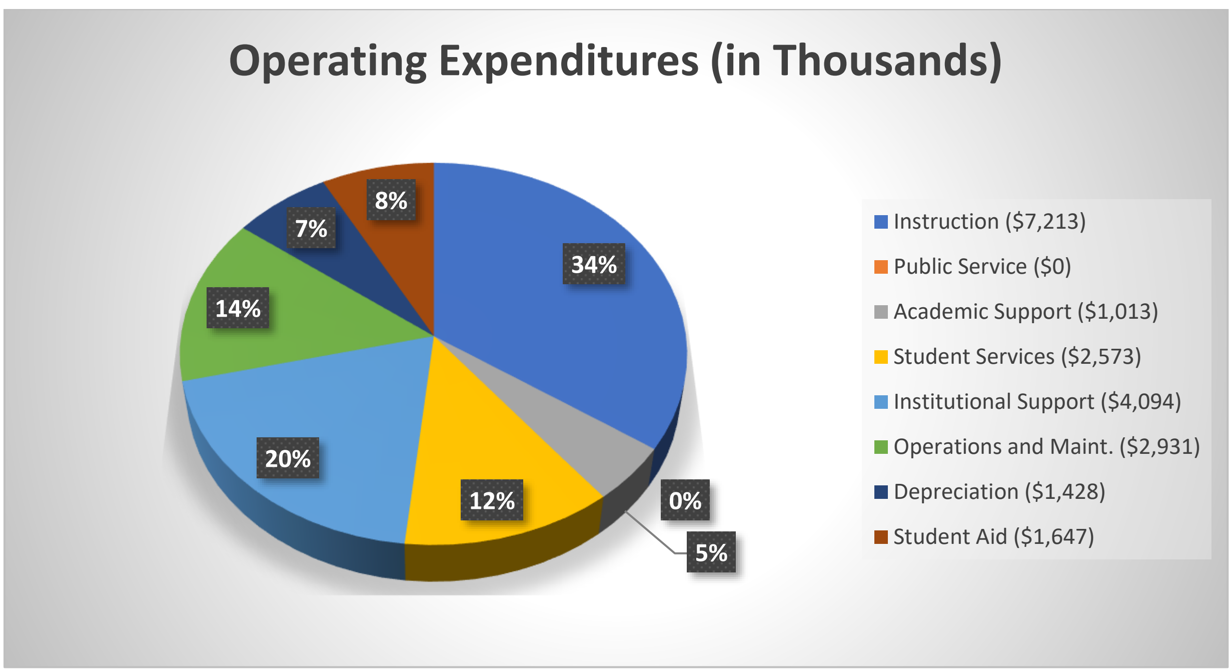
CACC received operating state and local contracts totaling $2,130,215 which largely consisted of: (1) $409,563 for Adult Education, (2) $816,400 for Dual Enrollment, (3) $201,400 for a CDL grant, (4) $157,028 for a Standalone LPN Grant, and (5) $157,807 for a HAAS 5 Axis Machining grant.

Net non-operating revenue and expenses totaled $20,262,030. The major sources were $10,332,106 from state appropriations, $3,306,315 special state appropriations for renovations of the Prattville campus building, $1,428,515 from CARES Act funding and $3,160,423 from Title IV grants. The major expenses were interest debt payments of $150,563.

The operating expenses by function are displayed in the following exhibit:

Operating Expenditures By Function (In Thousands)

	2022-2023	%	2021-2022	%	Net $ Change
Instruction ($7,213)	$ 7,213	34%	$ 6,610	33%	$ 603
Public Service ($0)	-	0%	17	0%	(17)
Academic Support ($1,013)	1,013	5%	834	4%	179
Student Services ($2,573)	2,573	12%	2,130	11%	443
Institutional Support ($4,094)	4,094	20%	3,212	16%	882
Operations and Maint. ($2,931)	2,931	14%	2,240	11%	691
Depreciation ($1,428)	1,428	7%	1,472	7%	(44)
Student Aid ($1,647)	1,647	8%	3,347	17%	(1,700)
Total Operating Expenses	$ 20,899		$ 19,862		$ 1,037



Total operating expenditures increased by $1,035,434 in fiscal year 2022-2023. This increase is comprised of an increase in Instructional ($603,186), Academic Support ($178,867), Student Services ($443,034), Institutional Support ($882,123) and Operational and Maintenance expenses ($690,718), combined with a decrease in Student Aid/Scholarship expense of $1,700,894.

Forty-seven percent of the College's $20.1 million operating expenses consisted of expenditures for salaries and wages. Salaries and wages, combined with related benefits, comprised 58 percent of the College's total operating expenses. Twenty-seven percent of operating expenses consisted of amounts paid to vendors to acquire supplies, goods and services. Student aid constituted eight percent of operating expenses. Depreciation expense made up the remaining 7 percent of operating expenditures.

Bond interest expense paid during FY23 totaled $150,563.

Statement of Cash Flows

The final statement presented 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 sections. The first section deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third 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 fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Statement of Cash Flows for the Year

	2023	2022
Cash Provided (Used) by:		
Operating Activities	$ (13,523,197)	$ (11,271,399)
Non-Capital Financing Activities	15,274,398	16,869,439
Capital and Related Financing Activities	(2,939,118)	917,676
Investing Activities	16,672	6,858
Net Change in Cash	(1,171,245)	6,522,574
Cash - Beginning of Year	15,247,841	8,725,267
Cash - End of Year	14,076,596	15,247,841

The primary cash receipts from operating activities consist of tuition and fees, grants and contracts. Cash outlays include payment of wages, benefits, supplies, utilities and scholarships.

State appropriations and federal Title IV Pell grant payments are the primary sources of noncapital financing. This source of revenue is categorized as noncapital even though the College's budget depends on this to continue the current level of operations.

Capital and related financing activities include the purchases and construction of capital assets during the year, proceeds from the sale of bonds and capital assets, and the College's annual bond payment consisting of principal and interest paid, along with deposits with trustees at year end.

Investing activities reflect purchases, sales, and interest income earned on investments. Investments identified in the cash flow statement as investing activities include short-term investments.

Economic Outlook

As a result of closely monitoring and maintaining an annual balanced budget, Central Alabama Community College's overall financial position is favorable compared to prior years. CACC expects state appropriations to remain stable and enrollment to increase as course offerings expand at our new campus site in Prattville.

The College will adhere to established Alabama Community College System guidelines which are based on sound financial judgments. The College will continue taking steps to ensure meeting the needs of students and the community while remaining financially conservative.

The College is not aware of any other currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the next fiscal year.

Lisa Sawyer, CPA
Dean of Financial Services

Basic Financial Statements

Central Alabama Community College
Statement of Net Position
September 30, 2023

Assets		
Current Assets		
Cash and cash equivalents	$	14,076,596
Short-term investments		147,841
Accounts receivable (net allowance for doubtful accounts)		5,387,292
Deposit with bond trustee		250
Other current assets		128,016
Total current assets		19,739,995
Noncurrent Assets		
Capital assets		
Land		1,699,274
Improvements other than buildings		2,366,988
Buildings and building alterations		44,335,030
Equipment and furniture		9,353,977
Library holdings		821,198
Construction in progress		3,637,776
Leased right of use assets		29,363
Less accumulated depreciation		(27,443,743)
Total noncurrent assets		34,799,863
Total assets		54,539,858
Deferred Outflows of Resources		
Pensions		5,325,379
Other postemployment benefit (OPEB)		2,042,180
Total deferred outflow of resources		7,367,559

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

Liabilities		
Current Liabilities		
Deposits	$	151,639
Accounts payable and accrued liabilities		1,908,906
Bond surety fee payable		6,370
Unearned revenue		3,493,756
Compensated absences		51,605
Lease payable		5,462
Bonds payable		311,914
Total current liabilities		5,929,652
Noncurrent Liabilities		
Compensated absences		464,442
Lease payable		9,202
Bonds payable		5,008,415
Net pension liability		15,861,000
Net OPEB liability		1,439,298
Total noncurrent liabilities		22,782,357
Total liabilities		28,712,009
Deferred Inflows of Resources		
Pensions		960,000
Other postemployment benefit (OPEB)		6,013,894
Total deferred inflow of resources		6,973,894
Net Position		
Net investment in capital assets		29,470,332
Restricted		
Nonexpendable		
Scholarships and fellowships		494,579
Expendable		
Other		213,509
Unrestricted		(3,956,906)
Total net position	$	26,221,514

Central Alabama Community College
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2023

Operating Revenues		
Student tuition and fees (net of scholarship allowances of $3,227,746)	$	2,644,807
State grants and contracts		2,130,215
Federal grants and contracts		1,363,682
Total operating revenues		6,138,704
Operating Expenses		
Instruction		7,212,965
Academic support		1,012,602
Student services		2,572,628
Institutional support		4,094,233
Operation and maintenance of plant		2,931,066
Student aid (scholarships)		1,646,578
Depreciation and amortization		1,427,650
Total operating expenses		20,897,722
Operating Income (Loss)		(14,759,018)
Nonoperating Revenues		
State appropriations - O & M		10,091,316
State appropriations - special		240,790
State appropriations - other		3,306,315
Local grants and contracts		666,061
Federal grants and contracts		4,588,938
Gifts		1,066,695
Investment income		19,558
Realized gain/loss on capital assets		11,078
Noncash gifts		52,000
Other nonoperating revenues		371,622
Total nonoperating revenues		20,414,373
Nonoperating Expenses		
Interest debt payments		150,563
Other nonoperating expenses		1,780
Total nonoperating expenses		152,343
Net Increase (Decrease)		5,503,012
Net Position - Beginning of Year		20,718,502
Net Position - End of Year	$	26,221,514

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

Central Alabama Community College
Statement of Cash Flows
For the Year Ended September 30, 2023

Cash Flows from Operating Activities		
Tuition and fees	$	2,766,421
Grants and contracts		2,994,068
Payments to suppliers		(3,951,618)
Payments for utilities		(1,097,476)
Payments for employees		(9,546,986)
Payments for benefits		(3,041,028)
Payments for scholarships		(1,646,578)
Net cash provided (used) by operating activities		(13,523,197)
Cash Flows from Noncapital Financing Activities		
State appropriations		10,332,106
Bond surety fee expense		1,063
Federal direct loan receipts		1,379,547
Federal direct loan lending disbursements		(1,379,547)
Federal grant revenue - nonoperating		4,588,938
Other financing activities		352,291
Net cash provided (used) by noncapital financing activities		15,274,398
Cash Flows from Capital and Related Financing Activities		
State appropriations		521,399
Local grants and contracts		136,664
Capital grants and gifts received		1,066,695
Proceeds from sale of capital assets		11,078
Purchases of capital assets and construction		(4,206,962)
Principal paid on capital debt and leases		(314,599)
Interest paid on capital debt and leases		(153,163)
Deposits with trustees		(230)
Net cash provided (used) by capital and related financing activities		(2,939,118)
Cash Flows from Investing Activities		
Investment income		16,943
Purchase of investments		(271)
Net cash provided (used) by investing activities		16,672
Net Increase (Decrease) in Cash and Cash Equivalents		(1,171,245)
Cash and Cash Equivalents at Beginning of the Year		15,247,841
Cash and Cash Equivalents at End of Year	$	14,076,596

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

Central Alabama Community College
Statement of Cash Flows
For the Year Ended September 30, 2023

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	$	(14,759,018)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation expense		1,427,650
Changes in assets and liabilities		
Receivables (net)		(286,925)
Other assets		(58,055)
Deferred outflows		(3,235,800)
Accounts payable		820,131
Unearned revenue		32,905
Deposits held for others		(124,195)
Compensated absences		21,813
Pension liability		6,260,000
OPEB liability		(2,455,859)
Deferred inflows		(1,165,844)
Net cash provided (used) by operating activities	$	(13,523,197)

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

Note 1 - Summary of Significant Accounting Policies

The financial statements of Central Alabama Community College (the College) 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 the College are described below.

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.

Measurement focus, basis of accounting, and financial statements presentation - The financial statements of the 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 resources are available.

The Statement of Revenues, Expenses, and Changes in Net Position distinguishes between operating and nonoperating 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. The College has determined that all federal grant and contracts (excluding Pell grants), state grants and contracts, local grants and contracts and nongovernmental grants and contracts, which are not designated for the purchase of capital assets, will be considered operating revenue. Nonoperating revenues arise from exchange transactions not associated with the College's principal activities, such as investment income and from all nonexchange transactions, such as state appropriations, gifts, and Pell grants.

Deposits 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 reported at fair value based on quoted market prices, except for money market investments and repurchase agreements, which are reported at amortized cost.

Note 1 - Summary of Significant Accounting Policies (continued)

Receivables - Accounts receivable relate to amounts due from students, federal grants, state grants, state appropriations, ACCS, third-party tuition, and auxiliary enterprise sales, such as a bookstore. The receivables are shown net of allowance for doubtful accounts.

Capital assets - Capital assets, other than intangibles, 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 acquisition value (an entry price) 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.

The method of depreciation and useful lives for the capital assets are as follows:

Asset Class	Depreciation Method	Estimated Useful Lives
Construction in progress	Not depreciated	
Buildings	Straight-line	50 years
Building alterations	Straight-line	25 years
Improvements other than buildings and infrastructure	Straight-line	25 years
Furniture and equipment greater than $25,000	Straight-line	10 years
Furniture and equipment $5,000 to $25,000	Straight-line	5 years
Library materials	Composite	20 years

Deferred outflows 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.

Long-term obligations - Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred inflows 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.

Unearned tuition and fee revenue - Tuition and fee revenues received for Fall Term but related to the portion of the Term that occurs in the subsequent fiscal year have been disclosed as unearned revenues.

Pensions - The Teachers' Retirement System of Alabama (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.

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.

Net position - Net position is defined as is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. 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 significant 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 they be maintained permanently by the College.

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.

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.

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

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 case-by-case method to determine the amount of scholarship allowances and discounts.

New accounting pronouncements - During the current fiscal year, the College implemented the following new accounting pronouncements issued by the Governmental Accounting Standards Board (GASB):

- GASB Statement No. 96, Subscription-based information technology arrangements
- GASB Statement No. 98, The Annual Comprehensive Financial Report
- GASB Statement No. 99, Omnibus 2022

There was no impact on the College's financial statements related to implementation of these pronouncements.

Change in accounting estimate - Beginning October 1, 2022, the accounting estimate for allowance for doubtful accounts has been reevaluated. As a result, the College is adjusting the allowance to reflect the expected collectability of outstanding receivables more accurately. This change in estimate is in accordance with generally accepted accounting principles and is intended to provide a more accurate representation of the College's financial position.

The change in estimate resulted in an increase to allowance for doubtful accounts and a decrease to net accounts receivable in the amount of $365,364.

Note 2 - Deposits and Investments

Deposits - The College's deposits 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.

Note 2 - Deposits and Investments (continued)

Investments - The College may invest its funds in a manner consistent with all applicable state and federal regulations. All monies shall be placed in interest-bearing accounts unless legally restricted by an external agency. Investments in debt securities are limited to the two highest quality credit rating as described by nationally recognized statistical rating organizations (NRSROs). Obligations of the U. S. government or obligations explicitly guaranteed by the U. S. government are excluded from this requirement. Permissible investments include: 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 College'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*, Sections 19-3C-1 and following.

The Statement of Net Position current investment classification consists of a non-negotiable certificate of deposit in the amount of $147,841. Certificates of deposit are not subject to risk categorization because they are considered deposits for the purpose of this note.

Note 2 - Deposits and Investments (continued)

As of September 30, 2023, the College had $250 in accounts administered by its bond trustee that are subject to risk categorization. In accordance with the covenants of the College's Revenue Bonds Series 2021, the trustee is permitted to invest these funds in direct obligations of the United States or securities the payment of which is unconditionally guaranteed by the United States. The entire balance on deposit with the trustee is invested in the Fidelity Institutional Money Market Treasury Only, Class III Fund. The Fund is consistently rated AAAm by Standard and Poor's and AAA-mf by Moody's.

To the extent available, the College's investments are recorded at fair value as of September 30, 2023. 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 judgment.

Investments at Fair Value Level	At 9/30/2023	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Certificates of deposit	$ 147,841			
Money market (*)	250			
Total	$ 148,091	$ -	$ -	$ -

(*) All instruments purchased are deemed money market instruments as defined in Rule 2a7 and priced at amortized cost.

Central Alabama Community College
Notes to Financial Statements
September 30, 2023

Note 3 - Receivables

Receivables are reported net of uncollectible amounts and are summarized as follows:

Accounts receivable	
Student tuition and fees	$ 829,280
Third party tuition and fees	159,903
Federal grants and contracts	934,307
State grants and contracts	551,668
Due from ACCS	3,507,655
Other	145,683
Less allowance for doubtful accounts	(741,204)
Total accounts receivables	$ 5,387,292

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets				
Land	$ 1,699,274			$ 1,699,274
Construction in progress	331,461	$ 3,306,315		3,637,776
Buildings	42,430,262			42,430,262
Building alterations	1,904,768			1,904,768
Improvements other than Buildings and Infrastructure	2,366,988			2,366,988
Furniture and equipment greater than $25,000	4,048,525	415,375	$ (21,312)	4,442,588
Furniture and equipment $25,000 or less	4,437,693	473,696		4,911,389
Library materials	757,622	63,576		821,198
Total at historical cost	57,976,593	4,258,962	(21,312)	62,214,243
Less accumulated depreciation				
Buildings	16,403,868	693,454		17,097,322
Building alterations	635,518	76,191		711,709
Improvements other than Buildings and Infrastructure	1,805,617	64,015		1,869,632
Furniture and equipment greater than $25,000	2,869,458	249,808		3,119,266
Furniture and equipment $25,000 or less	3,829,362	286,962	(21,312)	4,095,012
Library materials	514,540	22,244		536,784
Total accumulated depreciation	26,058,363	1,392,674	(21,312)	27,429,725
Capital assets, net	31,918,230	2,866,288		34,784,518
Right of use lease assets	87,919		(58,556)	29,363
Less accumulated amortization	37,597	34,976	(58,555)	14,018
Total right to use lease assets, net	50,322	(34,976)	(117,111)	15,345
Total capital and right to use assets, net	$ 31,968,552	$ 2,831,312	$ (117,111)	$ 34,799,863

Note 5 - Defined Benefit Pension Plan

Plan description - The Teachers' Retirement System of Alabama (TRS), a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, under the provisions of 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. The TRS Board of Control consists of 15 trustees. The plan is administered by the Retirement Systems of Alabama (RSA). Title 16-Chapter 25 of the Code of Alabama 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.

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.

Act 316 of the Legislature of 2019 established the Partial Lump Sum Option Plan (PLOP) in addition to the annual service retirement benefit payable for life for Tier 1 and Tier 2 members of the TRS and ERS. A member can elect to receive a one-time lump sum distribution at the time that they receive their first monthly retirement benefit payment. The member's annual retirement benefit is then actuarially reduced based on the amount of the PLOP distribution which is not to exceed the sum of 24 months of the maximum monthly retirement benefit that the member could receive. Members are eligible to receive a PLOP distribution if they are eligible for a service retirement benefit as defined above from the TRS or ERS on or after October 1, 2019. A TRS or ERS member who receives an annual disability retirement benefit or who has participated in the Deferred Retirement Option Plan (DROP) is not eligible to receive a PLOP distribution.

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 reporting year ended June 30 are paid to a qualified beneficiary.

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.

Note 5 - Defined Benefit Pension Plan (continued)

Effective October 1, 2021, the covered Tier 2 members rate increased from 6.0% 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 12.36% of annual pay for Tier 1 members and 11.22% 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. For the year ended September 30, 2023, total employer contributions to the pension plan from the College were $1,059,379.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions - At September 30, 2023, the College reported a liability for its proportionate share of the collective net pension liability of $15,861,000. The collective net pension liability was measured as of September 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021. 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, 2022, the College's proportion was 0.102058% which was a increase of 0.000144% from its proportion measured September 30, 2021.

For the year ended September 30, 2023, the College recognized pension expense of $1,593,000. At September 30, 2023, 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	$ 349,000	$ 385,000
Changes of assumptions	720,000	
Net diff between projected and actual earnings on pension plan investments	3,183,000	
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,000	575,000
Employer contributions subsequent to the measurement date	1,059,379	
Total	$ 5,325,379	$ 960,000

The $1,059,379 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, 2024. 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 Ending September 30	Amount
2024	$ 852,000
2025	683,000
2026	502,000
2027	1,269,000
2028	-
Thereafter	-

Note 5 - Defined Benefit Pension Plan (continued)

Actuarial assumptions - The total pension liability as of September 30, 2022 was determined by an actuarial valuation as of September 30, 2021, 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, including inflation

The actuarial assumptions used in the actuarial valuation as of September 30, 2021, 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(+) / Setback (-)	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:

Note 5 - Defined Benefit Pension Plan (continued)

	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%.

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.

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 (dollar amounts in thousands):

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
College's proportionate share of collective net pension liability	$ 20,523,000	$ 15,861,000	$ 11,933,000

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2022. The auditor's report on the schedule of employer allocations and pension amounts by employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

Note 6 - Defined Benefit Other Post Employment Benefit (OPEB) Plan

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.

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, eyeglasses, and contact lens prescriptions.

Note 6 - Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

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 retired members and covered dependents are eligible to enroll in the PEEHIP Supplemental Medical Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. Members who are enrolled in the PEEHIP Hospital Medical Plan (Group 14000), VIVA Health Plan (offered through PEEHIP), Marketplace (Exchange) Plans, State Employees Insurance Board (SEIB), Local Government Board (LGB), Medicare, Medicaid, ALL Kids, Tricare, or Champus as their primary coverage, or are enrolled in a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA), are not eligible to enroll in the PEEHIP Supplemental Plan. The plan cannot be used as a supplement to Medicare. Retired members who become eligible for Medicare are eligible to enroll in the PEEHIP Group Medicare Advantage (PPO) Plan or the Optional Coverage Plans.

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract. The MAPDP plan is fully insured by UHC and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees 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.

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.

Note 6 - Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB - At September 30, 2023, the College reported a liability for its proportionate share of the collective net OPEB liability of $1,439,298. The collective net OPEB liability was measured as of September 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021. The College's proportion of the Net OPEB liability was based on the employers' share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employers. At September 30, 2022, the College's proportion was 0.082602% which was an increase of .007214% from its proportion measured as of September 30, 2021.

For the year ended September 30, 2023, the College recognized OPEB expense of ($1,003,576) with no special funding situations. At September 30, 2023, the College 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	$ 66,012	$ 2,910,143
Changes of assumptions	1,167,467	2,094,985
Net difference between projected and actual earnings on OPEB plan investments	181,005	
Changes in proportion and differences between employer contributions and proportionate share of contributions	497,603	1,008,766
Employer contributions subsequent to the measurement date	130,093	
Total	$ 2,042,180	$ 6,013,894

The $130,093 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2024.

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

Years Ending September 30	Amount
2024	$ (1,094,626)
2025	(1,069,048)
2026	(563,937)
2027	(486,267)
2028	(570,424)
Thereafter	(317,505)

Note 6 - Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

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

Inflation	2.50%
Salary Increase[1]	3.25% - 5.00%
Long-term Investment rate of return[2]	7.00%
Municipal Bond Index Rate at Measurement Date	4.40%
Municipal Bond Index Rate at Prior Measurement Date	2.29%
Projected Year for Fiduciary Net Position (FNP) to be Depleted	N/A
Single Equivalent Interest Rate at Measurement Date	7.00%
Single Equivalent Interest Rate at Prior Measurement Date	3.97%
Healthcare cost trend rates	
Pre-Medicare Eligible	6.50%
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50% in 2031
Medicare Eligible	4.50% in 2027

[1] Includes 2.75% wage inflation

[2] Compounded annually, net of investment expense, and includes inflation.

** Initial Medicare claims are set based on scheduled increases through plan year 2025.

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 2019. The mortality tables are adjusted forward and/or back depending on the plan and group covered, as shown in the table below.

Group	Membership Table	Set Forward(+) / Setback (-)	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% > age 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 TRS 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, 2021 valuation.

Note 6 - Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)
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 will be 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 Real 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%	

*Geometric mean includes inflation of 2.50%.

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 was 7.00%. 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. Currently, the monthly employer rate is $800 per active member for participating employers. Approximately, 15.257% of the employer contributions were used to assist in funding retiree benefit payments in 2022 and it is assumed that the 15.257% will increase at the same rate as expected benefit payments for the closed group reaching 20.00%. It is assumed the $800 rate will increase with inflation at 2.50% starting in 2027. Retiree benefit payments for University members are paid by the Universities and are not included in the cash flow projections. 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. Projected future benefit payments for all current plan members are projected through 2120.

The discount rate changed from 3.97% in the prior year to 7% in the current year.

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the health care cost trend rates - The following table presents the 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, Known decreasing to 3.50% for Medicare Eligible)	Current Rate (6.50% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare Eligible)	1% Increase (7.50% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare Eligible)
College's net OPEB liability	$ 1,091,423	$ 1,439,298	$ 1,865,935

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the discount rate - The following table presents the College's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 7.00%, 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 (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
College's net OPEB liability	$ 1,779,480	$ 1,439,298	$ 1,153,726

OPEB plan fiduciary net position - Detailed information about the OPEB plan's Fiduciary Net Position is in the Trust's financial statements for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2023. Additional financial and actuarial information is available at www.rsa-al.gov.

Note 7 - Significant Commitments

As of September 30, 2023, the College has been awarded $2,635,053 in contracts and/or 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 projects, have not been reflected in the financial statements.

Note 8 - Long-Term Debt

Long-term liabilities activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease obligations	$ 49,263		$ 34,599	$ 14,664	
Bonds payable					
Revenues bonds	5,215,000		280,000	4,935,000	$ 290,000
Bond premium	407,243		21,914	385,329	21,914
Total bonds payable	5,622,243		301,914	5,320,329	311,914
Other liabilities					
Compensated absences	494,234	$ 21,813		516,047	51,605
Total long-term liabilities	$ 6,165,740	$ 21,813	$ 336,513	$ 5,851,040	$ 363,519

The 2021 Series Revenue Bonds were issued to advance refund the 2005 Series Revenue Bonds and 2012 Revenue Bonds for the benefit of the College.

Note 8 - Long-Term Debt (continued)

Revenue from student tuition and fees sufficient to pay the annual debt service are pledged to secure the bonds. Principal and interest maturity requirements on bond debt are as follows:

	Revenue Bonds		
Fiscal Years	**Principal**	**Interest**	**Totals**
10/2023-9/2024	$ 290,000	$ 144,763	$ 434,763
10/2024-9/2025	300,000	136,063	436,063
10/2025-9/2026	210,000	127,063	337,063
10/2026-9/2027	215,000	120,763	335,763
10/2027-9/2028	220,000	114,313	334,313
10/2028-9/2029	230,000	105,513	335,513
10/2029-9/2030	240,000	96,313	336,313
10/2030-9/2031	250,000	86,713	336,713
10/2031-9/2032	260,000	76,713	336,713
10/2032-9/2033	270,000	66,313	336,313
10/2033-9/2034	280,000	55,513	335,513
10/2034-9/2035	290,000	47,113	337,113
10/2035-9/2036	300,000	38,413	338,413
10/2036-9/2037	305,000	32,413	337,413
10/2037-9/2038	310,000	26,313	336,313
10/2038-9/2039	315,000	20,113	335,113
10/2039-9/2040	320,000	13,813	333,813
10/2040-9/2041	330,000	7,013	337,013
	$ 4,935,000	$ 1,315,234	$ 6,250,234

Bond discounts and premiums - The College has bond discounts and premiums in connection with the issuance of its Tuition Revenue Bonds. The bond discounts and premiums are being amortized using the straight-line method over the life of the applicable bonds.

	Premium
Total premium	$ 438,288
Amount amortized prior years	31,045
Beginning balance	407,243
Current amount amortized	21,914
Balance of premium	$ 385,329

Pledged revenues - Central Alabama Community College pledged student tuition and fees to repay $5,215,000 for the Revenue Refunding Bonds Series 2021, issued in May 2021. The funds were used to refund the Series 2012 and Series 2005 Revenue Bonds. As of September 30, 2023, future revenues of $6,250,234 are pledged to repay outstanding principal and interest. During fiscal year 2023, $5,686,065 in pledged tuition revenues were collected with $433,121 or 7.6% of the pledged revenue, being used to pay principal and interest. These bonds are scheduled to mature in fiscal year 2041.

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, a public entity risk pool, 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 president and business officer as well as on all other college personnel who handle funds.

<u>Health insurance</u> - 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 are 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 employees' 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 - Subsequent Events

The College has evaluated subsequent events through January 16, 2024, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of September 30, 2023 have been incorporated into these financial statements.

Required Supplementary Information

Central Alabama Community College
Schedule of the College's Proportionate Share of the Collective Net Pension Liability
For the Year Ended September 30, 2023
(Dollar Amounts in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the collective net pension liability	0.102058%	0.101914%	0.107964%	0.110051%	0.113569%	0.119534%	0.118711%	0.123786%	12.040000%
College's proportionate share of the collective net pension liability	$ 15,861	$ 9,601	$ 13,355	$ 12,168	$ 11,292	$ 11,748	$ 12,852	$ 12,955	$ 10,938
College's covered payroll during the measurement period (*)	$ 7,922	$ 7,351	$ 5,826	$ 7,485	$ 7,057	$ 7,979	$ 6,992	$ 7,262	$ 7,659
College's proportionate share of the collective net pension liability as a percentage of its covered payroll	200.21%	130.61%	229.23%	162.57%	160.01%	147.24%	183.81%	178.39%	142.81%
Plan fiduciary net position as a percentage of the total collective pension liability	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

(*) Per GASB 82, which amends GASB 68, covered payroll is defined as the payroll on which contributions to a pension plan are based, also known as pensionable payroll. For fiscal year 2023, the measurement period for covered payroll is October 1, 2021 through September 30, 2022.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Central Alabama Community College
Schedule of the College's Contributions - Pension
For the Year Ended September 30, 2023
(Dollar Amounts in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,059	$ 953	$ 891	$ 932	$ 957	$ 912	$ 939	$ 892	$ 887
Contributions in relation to the contractually required contribution	1,059	953	891	932	957	912	939	892	887
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 8,716	$ 7,922	$ 7,351	$ 5,826	$ 7,485	$ 7,057	$ 7,978	$ 6,992	$ 7,262
Contributions as a percentage of covered payroll	12.15%	12.03%	12.12%	16.00%	12.79%	12.92%	11.77%	12.76%	12.21%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Per GASB 82, which amends GASB 68, covered payroll is defined as the payroll on which contributions to a pension plan are based, also known as pensionable payroll. For fiscal year 2023, the covered payroll is for the reporting fiscal year October 1, 2022 through September 30, 2023.

The amount of contractually required contributions is equal to the amount that would be recognized as additions from the employer's contributions in the pension plan's schedule of changes in fiduciary net position during the period that coincides with the employer's fiscal year. For participants in TRS, this includes amounts paid for Accrued Liability, Normal Cost, Term Life Insurance, Pre-Retirement Death Benefit and Administrative Expenses.

Central Alabama Community College
Schedule of the College's Proportionate Share of the Collective Net Other Postemployement Benefits (OPEB) Liability
For the Year Ended September 30, 2023
(Dollar Amounts in Thousands)

	2023	2022	2021	2020	2019	2018
College's proportion of the collective net OPEB liability	0.082602%	0.075388%	0.080157%	0.096095%	0.094197%	0.097408%
College's proportionate share of the collective net OPEB liability (asset)	$ 1,439	$ 3,895	$ 5,202	$ 3,625	$ 7,742	$ 7,235
College's covered-employee payroll during the measurement period (*)	$ 7,715	$ 7,284	$ 7,441	$ 7,457	$ 7,590	$ 8,548
College's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	18.65%	53.47%	69.91%	48.61%	102.00%	84.64%
Plan fiduciary net position as a percentage of the total collective OPEB liability	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

(*) Per GASB 75, covered-employee payroll is defined as the payroll of employees that are provided with OPEB through the OPEB plan.

The covered-employee payroll for this RSI Schedule (GASB 75 paragraph 97) is for the reporting period (i.e. the measurement period), which for the September 30, 2023 year is October 1, 2021 through September 30, 2022.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Central Alabama Community College
Schedule of College Contributions - Other Postemployment Benefits (OPEB)
For the Year Ended September 30, 2023
(Dollar Amounts in Thousands)

	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 130	$ 160	$ 116	$ 161	$ 272	$ 233
Contributions in relation to the contractually required contribution	130	160	116	161	272	233
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 8,690	$ 7,715	$ 7,284	$ 7,441	$ 7,457	$ 7,590
Contributions as a percentage of covered-employee payroll	1.50%	2.07%	1.59%	2.16%	3.65%	3.07%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Central Alabama Community College
Notes for the Required Supplementary Information for Other Postemployment Benefits (OPEB)
For the Year Ended September 30, 2023
(Dollar Amounts in Thousands)

Changes in Actuarial Assumptions - In 2021, rates of withdrawal, retirement, disability, and mortality were adjusted to reflect actual experience more closely. In 2021, economic assumptions and the assumed rates of salary increases were adjusted to reflect actual and anticipated experience more closely.

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

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 ACA 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, 2019, 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	22 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.75%
Medicare Eligible	**
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate Trend Rate	2027 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 2022.

Other Reports

JACKSON THORNTON

Independent Auditor's 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
Jeff Lynn, President, Central Alabama Community College
Alexander City, 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 Central Alabama Community College (the College), a component unit of the State of Alabama, as of and for the year ended September 30, 2023, 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 16, 2024.

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) as a basis for designing 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 College'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 our 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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jackson Thornton & Co. PC

Montgomery, Alabama
January 16, 2024