J. F. Ingram State Technical College

FINANCIAL STATEMENTS

September 30, 2023

Table of Contents

REPORT

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INDEPENDENT AUDITOR'S REPORT

Jimmy Baker, Chancellor – Alabama Community College System
Annette Funderburk, President – J. F. Ingram State Technical College
Deatsville, Alabama 36022

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of J. F. Ingram State Technical 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 respective financial position of the College, as of September 30, 2023, and the respective changes in financial position, and cash flows thereof 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.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the College are intended to present the financial position, and the changes in financial position of only that portion of the activities that are attributable to the transactions of the College. They do not purport to and do not present fairly the financial position of the State of Alabama as of September 30, 2023, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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, the Schedule of the College's Proportionate Share of the Collective Net Pension Liability, the Schedule of the College's Contributions – Pension, the Schedule of the College's Proportionate Share of the Collective Net Other Postemployment Benefits (OPEB) Liability, and the Schedule of the College's Contributions – 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Birmingham, Alabama
February 7, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)

J.F. INGRAM STATE TECHNICAL COLLEGE

Management's Discussion and Analysis
(Unaudited)

Fiscal Year 2022-2023

Overview of the Financial Statements and Financial Analysis

J.F. Ingram State Technical College is pleased to present its financial statements for the fiscal year 2022-2023. The emphasis of discussions about these statements will be on the current year's data. Correctional education across the Alabama Community College System was consolidated in the fiscal year 2021-2022 from five community colleges to J.F. Ingram State Technical College. The increase in the funding received by the college reflects the prison education appropriation increase which is also reflected in an increase in fund balance. However, it is important to note that a significant portion of the funding received is earmarked for specific projects. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

This discussion and analysis 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 outflows of resources, liabilities, deferred inflows of resources, and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point of 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 J.F. Ingram State Technical College. The Statement of Net Position presents end-of-year data concerning Assets (current and non-current), Deferred Outflows of Resources, Liabilities (current and non-current), Deferred Inflows of Resources, and Net Position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources). The difference between current and non-current assets will be discussed in the financial statement disclosures.

From the data presented, readers of the Statements of Net Position can determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the Net Position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) and their availability for expenditure by the College.

Net Position is divided into three major categories. The first category, Net Investment in capital assets, provides the College's equity in property, plant, and equipment owned by the College. The next category is restricted net position, which is divided into two categories, expendable and nonexpendable. Expendable restricted net position is available for expenditure by the College 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 final category is unrestricted net position. Unrestricted assets are available to the College for any appropriate purpose of the College.

Statement of Net Position

	2022-2023	2021-2022
Assets:		
Current Assets	$ 24,527,791	$ 16,032,483
Noncurrent Assets	6,114,608	5,388,203
Total Assets	30,642,399	21,420,686
Deferred Outflow of Resources:		
Pension	6,591,464	2,859,220
OPEB	3,096,433	2,510,543
Total Def. Out.	9,687,897	5,369,763
Liabilities		
Current Liabilities	1,279,697	1,419,471
Noncurrent Liabilities	19,088,658	14,431,133
Total Liabilities	20,368,355	15,850,604
Deferred Inflow of Resources:		
Pension	473,141	3,259,141
OPEB	6,644,078	4,620,886
Total Def. Inflow	7,117,219	7,880,027
Net Position		
Invested in Capital Assets, net of debt	5,937,841	5,248,681
Restricted-expendable	4,302,091	-
Unrestricted	2,604,790	(2,188,863)
Total Net Position	$ 12,844,722	$ 3,059,818

Total assets of the College increased by $9,221,713. This is due to an increase in cash, accounts receivable, and inventory.

Total liabilities for the year increased by $4,517,751. During the 2014-15 fiscal year, the College implemented GASB 68 which requires the College's proportionate share of net pension liability to be recorded. Also, during the 2017-18 fiscal year, the College implemented GASB 75 which requires the College's proportionate share of net other post-retirement benefits to be recorded. These liabilities comprise a significant portion of the College's overall liabilities. During the current fiscal year, the College's net pension increased and net OPEB liability decreased from the previous year. The combination of the increase in total assets and the increase in total deferred outflow of resources resulted in an increase of total net position of $9,784,904.

Assets and deferred outflows of resources less liabilities and deferred inflows of resources result in net position of $12,844,722. Net investment in capital assets represents $5,937,841 of the net position.

Statement of Revenues, Expenses, and Changes in Net Position

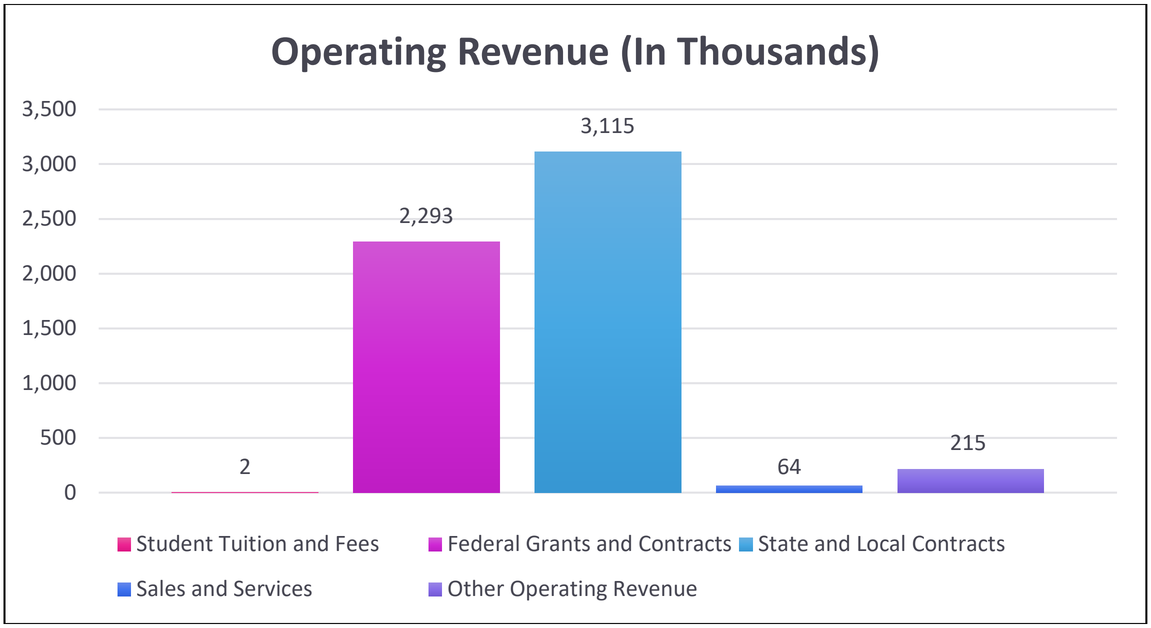
Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the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

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. 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 College. 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 College 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	$ 5,688,691	$ 11,241,494
Operating Expenses	21,177,719	16,920,400
Operating Loss	(15,489,028)	(5,678,906)
Non-operating Revenues And Expenses	25,273,932	13,372,071
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	9,784,904	7,693,165
Other Revenues, Expenses, Capital Grants, Contracts And Gifts	-	91,886
Increase/ (Decrease) in Net Position	9,784,904	7,785,051
Net Position Beginning of Year	3,059,818	(4,725,233)
Net Position End of Year	12,844,722	3,059,818

Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Position are the following:

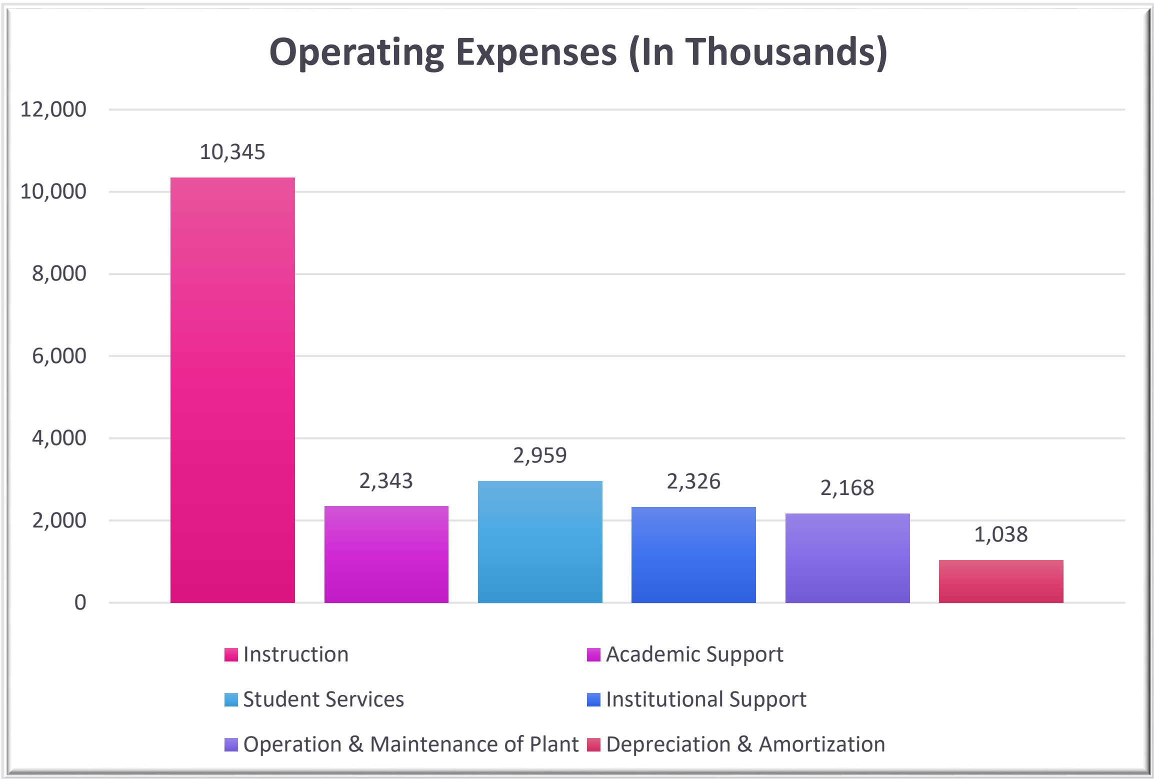


The above chart displays, in thousands of dollars, the operating revenues by type and their relationship with one another. State grants and contracts represent the largest type of revenue followed by federal grants and contracts. All other revenue sources represent only 5% of the total operating revenue.

The College's student tuition and fees revenue decreased due to a decrease in students taking a second course of study. Sponsored scholarships increased during fiscal year 2022-23 because of an increase in enrollment.

The reason that student tuition and fees revenue is a small percentage of all revenues is because the College provides educational opportunities to incarcerated individuals and many of our students receive a tuition and fees waiver to cover charges associated with obtaining a certificate or diploma in their first course of study. The tuition and fees revenue reported net of scholarship allowance is revenue that we received from sponsors paying the tuition and fees costs of our students who are taking a second course of study at J. F. Ingram State Technical College's campuses.

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



The overall expenses in the functional areas of the College increased 25% from the total reported last year. Increases in instruction, academic support, student services, operation and maintenance of plant, and depreciation and amortization accounted for the overall change in operating expenditures from the previous fiscal year.

Statement of Cash Flows

The final statement presented by J.F. Ingram State Technical College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the College during the year. The statement is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the College. 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 reflects cash flows from capital and related financing activities. This section details 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 ended September 30

	2023	2022
Cash provided (used) by:		
Operating Activities	**$ (15,591,723)**	**$ (5,584,053)**
Non-Capital Financing Activities	**22,874,725**	**13,358,929**
Capital and Related Financing Activities	**(1,593,186)**	**(1,868,157)**
Investing Activities	**257,453**	**14,709**
Net Change in Cash	**$ 5,947,269**	**$ 5,921,428**
Cash, Beginning of Year	**14,312,606**	**8,391,178**
Cash, End of Year	**$ 20,259,875**	**$ 14,312,606**

The primary cash receipts from operating activities consist of grants and contracts. Cash outlays include payment of wages, benefits, vendor services and products, supplies, utilities and purchases of capital assets.

State appropriations are the College's primary source of non-operating revenues. This source of revenue is categorized as non-operating even though the College's budget depends on this funding to continue the current level of operations. The consolidation of correctional education last year resulted in an increase in appropriations. It is important to note that 32% of the state appropriation received is earmarked funding. These funds are reflected in the fund balance but can only be expensed for specific projects and not college unrestricted operations and maintenance or the required strategic reserve.

Capital Assets

Additional information on the College's capital assets may be found in Note 4 (Capital Assets) and Note 10 (Leases) of the Notes to the Financial statements.

Long-term debt information is referenced in Note 9 of the Notes to the Financial statements.

Economic Outlook

The College has the expressed purpose by the Alabama Legislature to serve incarcerated students within the Alabama Department of Corrections (ADOC) correctional facilities. Governor Kay Ivey and the Alabama Legislature are working with ADOC to develop a long-range plan for new correctional facilities. Alabama Community College System staff and ISTC President Annette Funderburk are in discussions with ADOC regarding the placement of educational services within the new correctional facilities. These changes could have a significant effect on the financial position of the College. The College has an opportunity to increase enrollment as educational services are offered in more and larger correctional facilities.

Aside from the aforementioned, the College is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the upcoming fiscal period beyond those unknown variations having a global effect on virtually all types of business operations. The national economy continues to be a major concern since such a large portion of our funding is from Federal sources.

The College's overall financial position is adequate. The projected level of financial support from the State of Alabama and federal and state grantor agencies for the upcoming fiscal year will enable us to meet the current needs of our student population. The presence of earmarks inflates our net position and are not available for operational use. However, the lack of funding in the past few years is causing a problem related to deferred maintenance. As reflected in financial statements our physical plant is reaching the end of its designed life capacity. The College will continue to monitor resources so that we will be able to react to unknown internal and external issues.

FINANCIAL STATEMENTS

September 30, 2023	
Assets	
Current assets	
Cash and cash equivalents	$ 20,259,875
Accounts receivable (net of allowance for doubtful accounts)	4,000,511
Inventories	267,405
Total current assets	24,527,791
Noncurrent assets	
Capital assets	
Land	10,000
Improvements other than buildings	937,668
Buildings and building alterations	6,271,264
Equipment and furniture	8,956,974
Library holdings	111,150
Leased right of use assets	376,686
Less accumulated depreciation	(10,349,428)
Less accumulated amortization	(199,706)
Total noncurrent assets	6,114,608
Total assets	30,642,399
Deferred Outflows of Resources	
Defined benefit pension plan	6,591,464
Other postemployment benefit plan (OPEB)	3,096,433
Total deferred outflow of resources	$ 9,687,897

(Continued)

September 30, 2023		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$	939,998
Interest payable		42
Deposit liabilities		22,062
Unearned revenue		142,395
Compensated absences		66,703
Lease payable		108,497
Total current liabilities		1,279,697
Noncurrent Liabilities		
Compensated absences		431,124
Lease payable		68,270
Net pension liability		17,018,801
Net OPEB liability		1,570,463
Total noncurrent liabilities		19,088,658
Total liabilities		20,368,355
Deferred Inflows of Resources		
Defined benefit pension plan		473,141
Other postemployment benefit plan (OPEB)		6,644,078
Total deferred inflow of resources		7,117,219
Net Position		
Net investment in capital assets		5,937,841
Restricted		
Expendable		
Capital projects		1,881,500
Other		2,420,591
Unrestricted		2,604,790
Total net position	$	12,844,722

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

J. F. Ingram State Technical College
Statement of Revenues, Expenses and Changes in Net Position
Exhibit 2

For the year ended September 30, 2023	
Operating Revenues	
Student tuition and fees (net of scholarship allowances of $4,539,117)	$ 1,851
Federal grants and contracts	2,292,633
State and local grants and contracts	3,114,987
Sales and services of educational departments	64,439
Other operating revenues	214,781
Total operating revenues	5,688,691
Operating Expenses	
Instruction	10,344,573
Academic support	2,342,606
Student services	2,958,666
Institutional support	2,325,991
Operation and maintenance	2,167,900
Depreciation	889,763
Amortization	148,220
Total operating expenses	21,177,719
Operating Income (Loss)	(15,489,028)
Nonoperating Revenues (Expenses)	
State appropriations	24,882,522
Other income	139,404
Investment income	257,453
Interest expense	(5,447)
Total nonoperating revenues (expenses)	25,273,932
Change in net position	9,784,904
Total net position at beginning of year	3,059,818
Total net position at end of year	$ 12,844,722

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

J. F. Ingram State Technical College
Statement of Cash Flows
Exhibit 3

For the year ended September 30, 2023

Operating Activities	
Tuition and fees	$ 10,210
Federal grants and contracts	2,032,248
State and local grants and contracts	2,811,666
Nongovernmental grants and contracts	61,999
Sales and services of educational departments	64,187
Other operating revenue	214,781
Payments for suppliers	(5,181,980)
Payments for employees	(11,906,307)
Payments for benefits	(3,698,527)
Net cash provided by (used in) operating activities	(15,591,723)
Noncapital Financing Activities	
State appropriations	22,874,725
Net cash provided by (used in) noncapital financing activities	22,874,725
Capital and Related Financing Activities	
Interest paid on capital related debt	(5,447)
Principal paid on capital related debt	(146,103)
Purchases of capital assets	(1,441,636)
Net cash provided by (used in) capital and related financing activities	(1,593,186)
Investing Activities	
Interest on investments	257,453
Net cash provided by (used in) investing activities	257,453
Net change in cash and cash equivalents	5,947,269
Cash and cash equivalents at beginning of year	14,312,606
Cash and cash equivalents at end of year	$ 20,259,875

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating income (loss)	$ (15,489,028)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	889,763
Amortization expense	148,220
Change in operating assets, liabilities, and deferred outflow/inflow of resources	
Receivables (net)	(395,511)
Other current assets	3,195
Inventories	(147,927)
Deferred outflow of resources	(4,318,134)
Accounts payable and accrued liabilities	(262,535)
Unearned revenue	82,777
Net pension liability	7,137,000
Net OPEB liability	(2,433,507)
Deferred inflow of resources	(762,808)
Deposit liabilities	(252)
Compensated absences	(42,976)
Net cash provided by (used in) operating activities	$ (15,591,723)

Noncash Capital Financing Activities

Capital assets of $139,404 were acquired through donations from other Colleges.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements 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 Statement 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 transaction receives or gives up essentially equal values. 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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.

Receivables

Accounts receivable relate to amounts due from federal and state grants. The receivables are shown net of allowance for doubtful accounts. Accounts receivable also include amounts due from the Alabama Community College System.

Inventories

The inventories are comprised of (1) consumable supplies and (2) items held for resale. Inventories are valued at the lower of cost or market. Inventories are valued using the first in/first out (FIFO) method.

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. When applicable, the capitalization threshold policy 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, the College's policy would be to record works of art and historical treasures and similar assets 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

Assets	Depreciation Method	Useful Lives
Buildings	Straight Line	50 years
Building alterations	Straight Line	25 years
Improvements other than buildings	Straight Line	25 years
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	Straight Line	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.

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.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

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)

Pensions

The Teachers' Retirement System of Alabama (TRS) 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

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 as prescribed by the National Association of College and University Business Officers (NACUBO) in their Advisory Report 2000-05 to determine the amount of scholarship allowances and discounts.

Leases

The College recognizes lease lability and a right to use asset for copiers and postage machines. As the College enters into a lease, the right to use asset and associated liability are recorded at the net present value. The right to use asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Upcoming Accounting Pronouncements

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. This statement did not have an effect on the College's financial statements.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Upcoming Accounting Pronouncements (Continued)

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102*, Certain Risk Disclosures*, the objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

The College is evaluating the requirements of the above statements and the impact on reporting.

Subsequent Events

The College has evaluated subsequent events through February 7, 2024, the date these financial statements were available to be issued.

Note 2: DEPOSITS

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 State 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 the financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged failed 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 3: RECEIVABLES

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

Accounts Receivable		
Federal	$	901,805
State		2,976,946
Other		123,784
Less allowance for doubtful accounts		(2,024)
Total accounts receivable, net	$	4,000,511

Note 4: CAPITAL ASSETS

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

	Beginning Balance	Additions	Deductions	Ending Balance
Land	$ 10,000	$ -	$ -	$ 10,000
Buildings	5,229,905	-	-	5,229,905
Building alterations	1,041,359	-	-	1,041,359
Improvements other than buildings	233,506	704,162	-	937,668
Equipment	8,136,735	876,878	(56,639)	8,956,974
Construction in progress	-	-	-	-
Library books and audio visuals	111,150	-	-	111,150
Right to use equipment	266,866	183,348	(73,528)	376,686
Total	15,029,521	1,764,388	(130,167)	16,663,742
Less accumulated depreciation and amortization				
Buildings	3,629,642	103,314	-	3,732,956
Building alterations	38,420	41,654	-	80,074
Improvements other than buildings	233,506	28,167	-	261,673
Equipment	5,503,587	716,627	(56,639)	6,163,575
Library books and audio visuals	111,150	-	-	111,150
Right to use equipment	125,013	148,221	(73,528)	199,706
Total accumulated depreciation and amortization	9,641,318	1,037,983	(130,167)	10,549,134
Capital assets, net	$ 5,388,203	$ 726,405	$ -	$ 6,114,608

Land and construction in progress are not subject to depreciation.

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

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 formula method. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

Note 5: DEFINED BENEFIT PENSION PLAN (Continued)

Contributions

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

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. Effective 10/1/2021, 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 rates for the year ended September 30, 2022 was 12.43% of annual pay for Tier 1 members and 11.32% of annual pay for Tier 2 members. The contribution rates for the prior fiscal year were 12.36% for Tier 1 and 11.22% for Tier 2. 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 $1,392,000.

Pension Liabilities, Pension Expense, and Deferred Resources Related to Pensions

At September 30, 2023, the College reported a liability of $17,018,801 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the collective 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 0.109515%, which was an increase of 0.004612% from its proportion measured as of September 30, 2021.

Note 5: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Resources Related to Pensions (Continued)

For the year ended September 30, 2023, the College recognized pension expense of $619,157. At September 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollar amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 374	$ 413
Changes of assumptions	772	-
Net difference between projected and actual earnings on pension plan investments	3,415	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	638	60
Employer contributions subsequent to the measurement date	1,392	-
Total	$ 6,591	$ 473

The $1,392,000 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 the pension will be recognized in pension expense as follows (dollar amounts in thousands):

For the years ending September 30,	
2024	$ 1,345
2025	1,134
2026	795
2027	1,452
2028	-
Thereafter	-
Total	$ 4,726

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

*Net of pension plan investment expense.

The actuarial assumptions used in actuarial valuation as of September 30, 2021, were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020, and a discount rate of 7.45%, as adopted by the Board of Trustees on September 13, 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	Male: 108% ages < 63, 96% ages > 67, Phasing down 63 -67
		Female: +2	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)

Actuarial Assumptions (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 equivalents	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 discount rate used to measure the total pension liability at the prior measurement date was 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution 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.

Note 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

The following table presents the College's proportionate share of the collective net pension liability calculated using the discount rate of 7.45%, as well as what the College's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
College's proportinate share of collective net pension liability (in thousands)	$ 22,023	$ 17,019	$ 12,805

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 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: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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 (PEEHIP Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in Public Education Employees' Health Insurance Plan (PEEHIP). Active and retiree health insurance benefits are paid through 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.

Note 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Description (Continued)

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 PEEHIP Board. The PEEHIP 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 PEEHIP 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: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided (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. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan, or the State or Local Governmental Plans administered by the State Employees' Insurance Board (SEIB).

Medicare eligible members and Medicare eligible dependents covered on a retiree contract were enrolled in the United Healthcare Group (UHC) Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2020, Humana Insurance Company replaced United Healthcare as the UHC contract. The MAPDP plan is fully insured by Humana, and members are able to have all of their Medicare Part A (hospital insurance), Part B (medical insurance), and Part D (prescription drug coverage) in one convenient plan. With the MAPDP 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 PEEHIP 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 PEEHIP 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 PEEHIP 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 PEEHIP 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.

Note 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions (Continued)

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the PEEHIP Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 4% for each year over 25 subject to adjustment by the PEEHIP 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 PEEHIP 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 PEEHIP Board. This reduction in the employer contribution ceases upon notification to the PEEHIP Board of the attainment of Medicare coverage.

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 of $1,570,463 for its proportionate share of the collective net OPEB liability. 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 collective net OPEB liability was based on the College’s 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 0.09012968%, which was an increase of 0.01263568% from its proportion measured as of September 30, 2021.

Note 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended September 30, 2023, the College recognized OPEB expense (benefit) of ($996,205), with no special funding situations. At September 30, 2023, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollar amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 72	$ 3,175
Changes of assumptions	1,273	2,286
Net difference between projected and actual earnings on OPEB plan investments	198	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,387	1,183
Employer contributions subsequent to the measurement date	166	-
Total	$ 3,096	$ 6,644

The $166,000 reported as deferred outflows of resources related to OPEB resulting from College's 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 (dollar amounts in thousands):

For the years ending September 30:	
2024	$ (976)
2025	(908)
2026	(379)
2027	(454)
2028	(690)
Thereafter	(307)
Total	$ (3,714)

Note 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

The total OPEB 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%
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 including inflation.
** Initial Medicare claims are set based on scheduled increases through plan year 2025.

Note 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

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

Group	Membership Table	Set Forward(+)/ 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% ages > 74, Phasing down 69-74
Disabled retirees	Teacher disability	Male: +8 Female: +3	None
Beneficiaries	Teacher contingent survivor below median	Male: +2 Female: None	None

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2021 valuation.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Note 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

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

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

	Long-term Target Allocation	Expected Real Rate of Return*
Fixed income	30.00%	4.40%
U.S. lage 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 or decrease at the same rate as expected benefit payments for the closed group with a cap of 20%. 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 benefits for all current members are projected through 2120.

Note 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare 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	Current Rate	1% Increase
	(5.50% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% for Medicare Eligible)	(6.50% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare Eligible)	(7.50% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare Eligible)
College's proportionate share of collective net OPEB liability (in thousands)	$ 1,191	$ 1,570	$ 2,036

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 Discount Rate 7.00%	1% Increase 8.00%
College's proportionate share of collective net OPEB liability (in thousands)	$ 1,942	$ 1,570	$ 1,259

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, 2022. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2022. Additional financial and actuarial information is available at www.rsa-al.gov.

Note 7: OTHER SIGNIFICANT COMMITMENTS

As of September 30, 2023, the College had been awarded approximately $2,219,077 in contracts and grants on which performance had not been accomplished and funds had not been received. These awards, which represent commitments of sponsors to provide funds for specific purposes, have not been reflected in the financial statements.

Note 8: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts due at September 30, 2023, for goods and services received prior to the end of the fiscal year.

Salaries and wages	$ 412,326
Benefits	58,887
Supplies and vendors	468,785
Total	$ 939,998

Note 9: LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Compensated absences	$ 540,803	$ 94,580	$ (137,556)	$ 497,827	$ 66,703
Lease obligations	139,522	183,348	(146,103)	176,767	108,497
Total	$ 680,325	$ 277,928	$ (283,659)	$ 674,594	$ 175,200

Note 10: LEASES

The College has entered into various lease agreements for office equipment accounted for under GASB 87, *Leases*.

Note 10: LEASES (Continued)

Lease agreements are summarized as follows:

Asset	Origination Date	Term	Initial Liability	Liability at 9/30/2023	Payment Amount	Interest Rate	Asset Value at 9/30/2023	Accumulated Amoritzation at 9/30/2023
Xerox Copiers #3	4/14/2021	36 mo.	$ 75,137	$ 15,151	2,532 / mo.	0.8610%	$ 75,137	$ 59,254
Xerox Copiers #4	7/19/2021	36 mo.	118,202	32,505	3,625 / mo.	0.8610%	118,202	84,429
Xerox Copiers #5	11/17/2022	36 mo.	183,347	129,111	5,356 / mo	3.3780%	183,347	56,023
Total			$ 376,686	$ 176,767			$ 376,686	$ 199,706

Annual requirements to amortize long-term obligations and related interest are as follows:

For the years ending September 30,	Principal	Interest	Total Payments
2024	$ 108,497	$ 3,580	$ 112,077
2025	62,929	1,338	64,267
2026	5,341	15	5,356
Total	$ 176,767	$ 4,933	$ 181,700

Amount of Lease Assets by Major Class of Underlying Asset

	Beginning Balance	Additions	Reductions	Ending Balance
Right to use assets				
Equipment	$ 266,866	$ 183,348	$ (73,528)	$ 376,686
Accumulated amortization				
Equipment	125,013	148,221	(73,528)	199,706
Total right to use assets, net	$ 141,853	$ 35,127	$ -	$ 176,980

Note 11: 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

Note 11: RISK MANAGEMENT (Continued)

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.

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 12: RELATED PARTIES

The Ingram State Technical College Foundation was incorporated as a non-profit corporation to promote educational, scientific, and charitable purposes, the advance of J. F. Ingram State Technical College, and for the encouragement and support of its students and faculty. This report contains no financial statements of the Ingram State Technical College Foundation. There were no material transactions with this related party.

Note 13: CONTINGENT LIABILITIES

The College is a party to various litigation and other claims in the ordinary course of business. In the opinion of management, the ultimate resolution of these matters will not have a significant effect on the financial position of the College.

REQUIRED SUPPLEMENTARY INFORMATION

J.F. Ingram State Technical College
Schedule of the College's Proportionate Share of the Collective Net Pension Liability
Teachers' Retirement System of Alabama
as of Measurement Date (dollar amounts in thousands)
Exhibit 4

	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the collective net pension liability	**0.109515%**	0.104903%	0.102461%	0.100391%	0.100725%	0.114366%	0.118099%	0.119903%	0.129217%
College's proportionate share of the collective net pension liability	**$ 17,019**	$ 9,882	$ 12,674	$ 11,100	$ 10,015	$ 11,240	$ 12,785	$ 12,549	$ 11,739
College's covered payroll during measurement period*	**$ 8,410**	$ 7,581	$ 7,227	$ 7,143	$ 6,717	$ 7,567	$ 7,508	$ 7,582	$ 8,196
College's proportionate share of the collective net pension liability as a percentage of its covered payroll	**202.37%**	130.35%	175.37%	155.40%	149.10%	148.54%	170.29%	165.51%	143.23%
Plan fiduciary net position as a percentage of the total 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.

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

J.F. Ingram State Technical College
Schedule of the College's Contributions - Pension
Teachers' Retirement System of Alabama
as of Fiscal Year End (dollar amounts in thousands)
Exhibit 5

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	**$ 1,392**	$ 1,022	$ 918	$ 884	$ 873	$ 809	$ 895	$ 888	$ 857
Contributions in relation to the contractually required contribution	**1,392**	1,022	918	884	873	809	895	888	857
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll*	**$ 11,354**	$ 8,410	$ 7,581	$ 7,227	$ 7,143	$ 6,717	$ 7,567	$ 7,508	$ 7,582
Contributions as a percentage of covered payroll	**12.26%**	12.15%	12.11%	12.23%	12.22%	12.04%	11.83%	11.83%	11.30%

* 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. The covered payroll for this RSI Schedule (GASB 68 paragraph 81b) is for the most recent fiscal year end, which for the 9/30/2023 year is 10/1/2022 - 9/30/2023.

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

The amount of contractually required contributions is equal to the amount that would be recognized as additions from the College's contributions in the pension plan's schedule of changes in fiduciary net position during the period that coincides with the College'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.

J.F. Ingram State Technical College
Schedule of the College's Proportionate Share of the Collective Net Other Postemployment Benefits (OPEB) Liability
Alabama Retired Education Employees' Health Care Trust
As of Measurement Date (dollar amounts in thousands)
Exhibit 6

	2023	2022	2021	2020	2019	2018
College's proportion of the collective net OPEB liability	**0.090130%**	0.077494%	0.096997%	0.086217%	0.081110%	0.089525%
College's proportionate share of the collective net OPEB liability	**$ 1,570**	$ 4,004	$ 6,295	$ 3,253	$ 6,666	$ 6,649
College's covered payroll during measurement period*	**$ 8,701**	$ 7,745	$ 7,451	$ 7,343	$ 6,717	$ 7,567
College's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	**18.04%**	51.70%	84.49%	44.30%	99.24%	87.87%
Plan fiduciary net position as a percentage of the total OPEB liability	**11.05%**	27.11%	19.80%	28.14%	14.81%	15.37%

* Per GASB 75, covered payroll is defined as the payroll of employees that are provided with OPEB through the OPEB plan. The covered payroll for this RSI Schedule (GASB 75 paragraph 97) is for the reporting period (i.e., the measurement period), which for the 9/30/2023 year is 10/1/2021 - 9/30/2022.

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

J.F. Ingram State Technical College
Schedule of the College's Contributions – Other Postemployment Benefits (OPEB)
Alabama Retired Education Employees' Health Care Trust
For the Year Ended (dollar amounts in thousands)
Exhibit 7

	2023	2022	2021	2020	2019	2018
Contractually required contribution	**$ 166**	$ 174	$ 134	$ 169	$ 246	$ 201
Contributions in relation to the contractually required contribution	**166**	174	134	169	246	201
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -
College's covered payroll*	**$ 11,839**	$ 8,701	$ 7,745	$ 7,451	$ 7,343	$ 6,717
Contributions as a percentage of covered-employee payroll	**1.40%**	2.00%	1.73%	2.27%	3.35%	2.99%

* Per GASB 75, covered payroll is defined as the payroll of employees that are provided with OPEB through the OPEB plan. The covered payroll for this RSI Schedule (GASB 75 paragraph 97) is for the employer's most recent fiscal year end, which for the 9/30/2023 year is 10/1/2022 - 9/30/2023.

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

Note 1: NET PENSION LIABILITY

Schedule of Changes in the Net Pension Liability & Related Ratios

The total pension liabilities presented in these schedules were provided by the Systems' actuarial consultants, Cavanaugh Macdonald Consulting, LLC. The net pension liability is measured as the total pension liability less plan fiduciary net position. The related ratios show plan net position as a percentage of the total pension liability and the net pension liability as a percentage of covered employee payroll.

Schedule of Employer Contributions

Contributions were made in accordance with actuarially determined contribution requirements. The employer contribution rate expressed as a percent of payroll is determined annually by reviewing a variety of factors including benefits promised, member contributions, investment earnings, mortality, and withdrawal experience. Employer contribution rates for the fiscal year 2023 were 12.59% of annual pay for Tier 1 members and 11.44% of annual pay for Tier 2 members.

Actuarial Assumptions

The actuarially determined contribution rates in the Schedule College's Contributions - Pension were calculated as of September 30, 2020, 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 contribution rate in that schedule:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	5-year smoothed market
Amortization Method	Level percent closed
Remaining Amortization Period	27.1
Actuarial Assumptions:	
Investment Rate of Return *	7.70%
Projected Salary Increases **	3.25%-5.00%
Cost of Living Adjustments	None

*Net of pension plan investment expense
**Includes inflation of 2.75%

Note 1: NET PENSION LIABILITY (Continued)

Changes of Benefit Terms

In 2022, the plan was amended to allow Tier II members to retire with 30 years of creditable service regardless of age with an early retirement reduction of 2% for each year that the member is less than age 62 at retirement (age 56 for police officers, firefighters, and correctional officers).

In 2022, the plan was amended to allow surviving spouses of retirement-eligible members who die in active service to receive an Option 2 monthly allowance.

In 2021, the plan was amended to allow sick leave conversion for Tier II members and to increase the member contribution rates for Tier II members to 6.20% for regular members and 7.20% for police officers, firefighters, and correctional officers effective on October 1, 2021.

The member contribution rates were increased from 5.00% (6.00% for certified law enforcement, correctional officers, and firefighters) of earnable compensation to 7.25% (8.25%) of earnable compensation effective October 1, 2011, and to 7.50% (8.50%) of earnable compensation effective October 1, 2012. Members hired on or after January 1, 2013 (Tier II), are covered under a new benefit structure, as follows:

(i) service retirement allowance is payable upon the request of any member who has attained age 62 and completed at least 10 years of creditable service (age 56 with 10 years of creditable service for a full-time certified firefighter, police officer or correctional officer).

(ii) Upon service or disability retirement a member receives a retirement allowance equal to 1.65% of the member's average final compensation multiplied by the number of years of creditable service. The benefit is capped at 80% of the member’s average final compensation (the 5 highest years in the last 10 years of Creditable Service).

(iii) Regular members contribute 6% of salary and full-time certified firefighters, police officers and correctional officers contribute 7% of salary

Changes of Assumptions

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

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

Note 1: NET PENSION LIABILITY (Continued)

Changes of Assumptions (Continued)

In 2016, rates of retirement, disability, withdrawal and mortality were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 the expectation of retired life mortality as changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

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

Note 2: OTHER POST EMPLOYMENT BENEFITS (OPEB)

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule College's Contributions - OPEB were calculated as of September 30, 2020, 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 contribution rate in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	21 years, closed
Asset Valuation Method	Market value of assets
Actuarial Assumptions	
Investment Rate of Return*	5.00%
Healthcare Cost Trend Rate*	
Pre-Medicare Eligible	6.75%
Medicare Eligible	**
Ultimate Trend Rate*	
Pre-Medicare Eligible	4.75% in 2027
Medicare Eligible	4.75% in 2024
Optional Plans Trend Rate	2.00%

* Includes price inflation at 2.75%

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

Note 2: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes of 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.

REPORT ON INTERNAL CONTROL AND COMPLIANCE MATTERS

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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
Annette Funderburk, President – J.F. Ingram State Technical College
Deatsville, Alabama 36022

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 the J. F. Ingram State Technical 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 February 7, 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Birmingham, Alabama
February 7, 2024

J. F. Ingram State Technical College

UNIFORM GUIDANCE SUPPLEMENTARY FINANCIAL REPORT

September 30, 2023

Table of Contents

Page

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Jimmy Baker, Chancellor – Alabama Community College System
Annette Funderburk, President – J. F. Ingram State Technical College
Deatsville, Alabama 36022

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the J. F. Ingram State Technical College's (the College), a component unit of the State of Alabama, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended September 30, 2023. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Governmental Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the College, 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. We issued our report thereon dated February 7, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Birmingham, Alabama
May 29, 2024

Section I – Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
c. Noncompliance material to the financial statements noted?	No

Federal Awards

1. Type of auditor's report issued on compliance for major programs	Unmodified
2. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?	No
4. Identification of major programs	

Assistance Listing Number	Federal Program
84.002	Adult Education - Basic Grants to States
84.042	TRIO Student Support Services

5. Dollar threshold used to distinguish between type A and type B programs	$750,000
6. Auditee qualified as low-risk under 2CFR 200.520	No

(Continued)

Section II - Financial Statements Findings

There were no matters to be reported.

Section III - Federal Award Findings and Questioned Costs

There were no matters to be reported.

J. F. Ingram State Technical College
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Agency Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
Direct Programs				
TRIO Cluster				
TRIO Student Support Services	84.042		$ -	$ 376,580
Other Federal Awards				
U.S. Department of Education				
Passed through Alabama Community College System				
Adult Education - Basic Grants to States	84.002	V002A220001	-	683,868
Passed through the Alabama State Department of Education				
Career and Technical Education - Basic Grants to States	84.048	V048A220001	-	259,680
Title I Grants to Local Educational Agencies	84.010	S013A230001	-	184,076
U.S. Department of Justice				
Passed Through the Alabama Department of Economic and Community Affairs				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2023-DJ-04-147	-	150,000
Total Federal Expenditures			$ -	$ 1,654,204

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the J. F. Ingram State Technical College (the College), under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% de minimums indirect cost rate. For the year ended September 30, 2023, the College did not elect to use this rate.

Note 3: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES

The College did not have any federal loans or loan guarantees outstanding during the year ended September 30, 2023.

Note 4: NONCASH ASSISTANCE AND OTHER

The College did not receive any noncash assistance or federally funded insurance during the year ended September 30, 2023.

Note 5: CONTINGENCIES

Grant monies received and disbursed by the College are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the College does not believe that such disallowance, if any, would have a material effect on the financial position of the College.

Note 6: FEDERAL PASS-THROUGH FUNDS

The College is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.

J. F. Ingram State Technical College

FINANCIAL STATEMENTS

September 30, 2023

Table of Contents

REPORT

Carr, Riggs & Ingram, LLC
3700 Colonnade Parkway
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Birmingham, AL 35243

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INDEPENDENT AUDITOR'S REPORT

Jimmy Baker, Chancellor – Alabama Community College System
Annette Funderburk, President – J. F. Ingram State Technical College
Deatsville, Alabama 36022

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of J. F. Ingram State Technical 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 respective financial position of the College, as of September 30, 2023, and the respective changes in financial position, and cash flows thereof 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.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the College are intended to present the financial position, and the changes in financial position of only that portion of the activities that are attributable to the transactions of the College. They do not purport to and do not present fairly the financial position of the State of Alabama as of September 30, 2023, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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, the Schedule of the College's Proportionate Share of the Collective Net Pension Liability, the Schedule of the College's Contributions – Pension, the Schedule of the College's Proportionate Share of the Collective Net Other Postemployment Benefits (OPEB) Liability, and the Schedule of the College's Contributions – 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Birmingham, Alabama
February 7, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)

J.F. INGRAM STATE TECHNICAL COLLEGE

Management's Discussion and Analysis
(Unaudited)

Fiscal Year 2022-2023

Overview of the Financial Statements and Financial Analysis

J.F. Ingram State Technical College is pleased to present its financial statements for the fiscal year 2022-2023. The emphasis of discussions about these statements will be on the current year's data. Correctional education across the Alabama Community College System was consolidated in the fiscal year 2021-2022 from five community colleges to J.F. Ingram State Technical College. The increase in the funding received by the college reflects the prison education appropriation increase which is also reflected in an increase in fund balance. However, it is important to note that a significant portion of the funding received is earmarked for specific projects. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

This discussion and analysis 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 outflows of resources, liabilities, deferred inflows of resources, and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point of 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 J.F. Ingram State Technical College. The Statement of Net Position presents end-of-year data concerning Assets (current and non-current), Deferred Outflows of Resources, Liabilities (current and non-current), Deferred Inflows of Resources, and Net Position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources). The difference between current and non-current assets will be discussed in the financial statement disclosures.

From the data presented, readers of the Statements of Net Position can determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the Net Position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) and their availability for expenditure by the College.

Net Position is divided into three major categories. The first category, Net Investment in capital assets, provides the College's equity in property, plant, and equipment owned by the College. The next category is restricted net position, which is divided into two categories, expendable and nonexpendable. Expendable restricted net position is available for expenditure by the College 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 final category is unrestricted net position. Unrestricted assets are available to the College for any appropriate purpose of the College.

Statement of Net Position

	2022-2023	2021-2022
Assets:		
Current Assets	$ 24,527,791	$ 16,032,483
Noncurrent Assets	6,114,608	5,388,203
Total Assets	30,642,399	21,420,686
Deferred Outflow of Resources:		
Pension	6,591,464	2,859,220
OPEB	3,096,433	2,510,543
Total Def. Out.	9,687,897	5,369,763
Liabilities		
Current Liabilities	1,279,697	1,419,471
Noncurrent Liabilities	19,088,658	14,431,133
Total Liabilities	20,368,355	15,850,604
Deferred Inflow of Resources:		
Pension	473,141	3,259,141
OPEB	6,644,078	4,620,886
Total Def. Inflow	7,117,219	7,880,027
Net Position		
Invested in Capital Assets, net of debt	5,937,841	5,248,681
Restricted-expendable	4,302,091	-
Unrestricted	2,604,790	(2,188,863)
Total Net Position	$ 12,844,722	$ 3,059,818

Total assets of the College increased by $9,221,713. This is due to an increase in cash, accounts receivable, and inventory.

Total liabilities for the year increased by $4,517,751. During the 2014-15 fiscal year, the College implemented GASB 68 which requires the College's proportionate share of net pension liability to be recorded. Also, during the 2017-18 fiscal year, the College implemented GASB 75 which requires the College's proportionate share of net other post-retirement benefits to be recorded. These liabilities comprise a significant portion of the College's overall liabilities. During the current fiscal year, the College's net pension increased and net OPEB liability decreased from the previous year. The combination of the increase in total assets and the increase in total deferred outflow of resources resulted in an increase of total net position of $9,784,904.

Assets and deferred outflows of resources less liabilities and deferred inflows of resources result in net position of $12,844,722. Net investment in capital assets represents $5,937,841 of the net position.

Statement of Revenues, Expenses, and Changes in Net Position

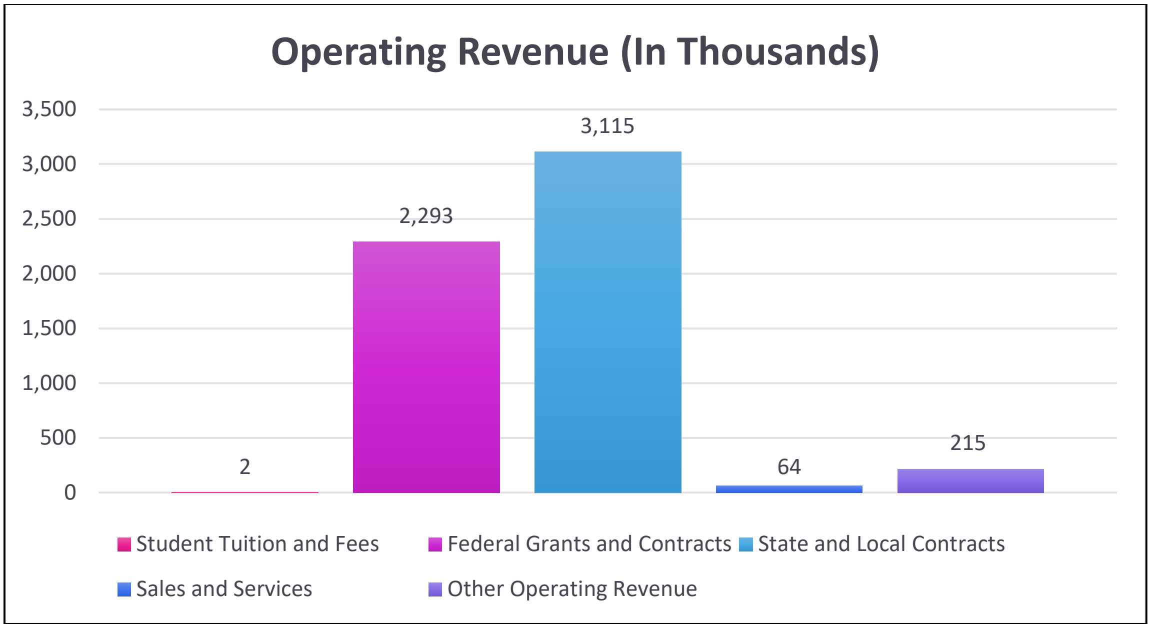
Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the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

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. 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 College. 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 College 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	$ 5,688,691	$ 11,241,494
Operating Expenses	21,177,719	16,920,400
Operating Loss	(15,489,028)	(5,678,906)
Non-operating Revenues And Expenses	25,273,932	13,372,071
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	9,784,904	7,693,165
Other Revenues, Expenses, Capital Grants, Contracts And Gifts	-	91,886
Increase/ (Decrease) in Net Position	9,784,904	7,785,051
Net Position Beginning of Year	3,059,818	(4,725,233)
Net Position End of Year	12,844,722	3,059,818

Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Position are the following:

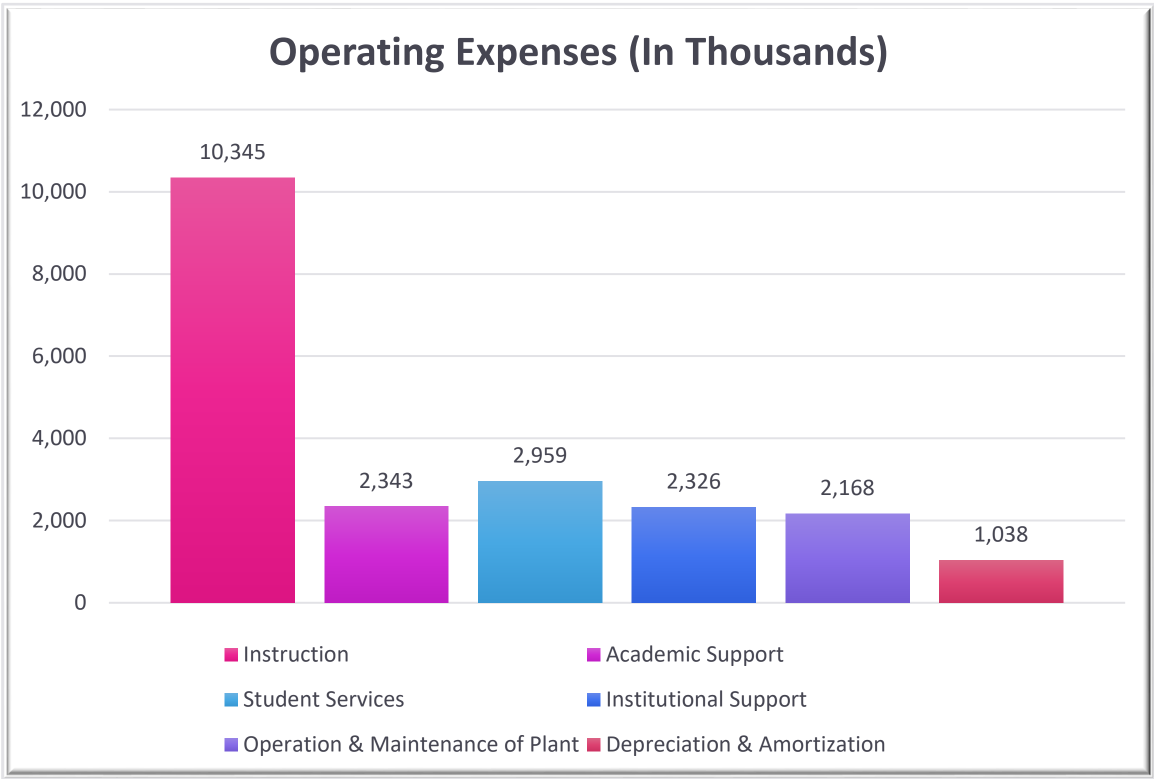


The above chart displays, in thousands of dollars, the operating revenues by type and their relationship with one another. State grants and contracts represent the largest type of revenue followed by federal grants and contracts. All other revenue sources represent only 5% of the total operating revenue.

The College's student tuition and fees revenue decreased due to a decrease in students taking a second course of study. Sponsored scholarships increased during fiscal year 2022-23 because of an increase in enrollment.

The reason that student tuition and fees revenue is a small percentage of all revenues is because the College provides educational opportunities to incarcerated individuals and many of our students receive a tuition and fees waiver to cover charges associated with obtaining a certificate or diploma in their first course of study. The tuition and fees revenue reported net of scholarship allowance is revenue that we received from sponsors paying the tuition and fees costs of our students who are taking a second course of study at J. F. Ingram State Technical College's campuses.

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



The overall expenses in the functional areas of the College increased 25% from the total reported last year. Increases in instruction, academic support, student services, operation and maintenance of plant, and depreciation and amortization accounted for the overall change in operating expenditures from the previous fiscal year.

Statement of Cash Flows

The final statement presented by J.F. Ingram State Technical College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the College during the year. The statement is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the College. 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 reflects cash flows from capital and related financing activities. This section details 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 ended September 30

	2023	2022
Cash provided (used) by:		
Operating Activities	**$ (15,591,723)**	**$ (5,584,053)**
Non-Capital Financing Activities	**22,874,725**	**13,358,929**
Capital and Related Financing Activities	**(1,593,186)**	**(1,868,157)**
Investing Activities	**257,453**	**14,709**
Net Change in Cash	**$ 5,947,269**	**$ 5,921,428**
Cash, Beginning of Year	**14,312,606**	**8,391,178**
Cash, End of Year	**$ 20,259,875**	**$ 14,312,606**

The primary cash receipts from operating activities consist of grants and contracts. Cash outlays include payment of wages, benefits, vendor services and products, supplies, utilities and purchases of capital assets.

State appropriations are the College's primary source of non-operating revenues. This source of revenue is categorized as non-operating even though the College's budget depends on this funding to continue the current level of operations. The consolidation of correctional education last year resulted in an increase in appropriations. It is important to note that 32% of the state appropriation received is earmarked funding. These funds are reflected in the fund balance but can only be expensed for specific projects and not college unrestricted operations and maintenance or the required strategic reserve.

Capital Assets

Additional information on the College's capital assets may be found in Note 4 (Capital Assets) and Note 10 (Leases) of the Notes to the Financial statements.

Long-term debt information is referenced in Note 9 of the Notes to the Financial statements.

Economic Outlook

The College has the expressed purpose by the Alabama Legislature to serve incarcerated students within the Alabama Department of Corrections (ADOC) correctional facilities. Governor Kay Ivey and the Alabama Legislature are working with ADOC to develop a long-range plan for new correctional facilities. Alabama Community College System staff and ISTC President Annette Funderburk are in discussions with ADOC regarding the placement of educational services within the new correctional facilities. These changes could have a significant effect on the financial position of the College. The College has an opportunity to increase enrollment as educational services are offered in more and larger correctional facilities.

Aside from the aforementioned, the College is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the upcoming fiscal period beyond those unknown variations having a global effect on virtually all types of business operations. The national economy continues to be a major concern since such a large portion of our funding is from Federal sources.

The College's overall financial position is adequate. The projected level of financial support from the State of Alabama and federal and state grantor agencies for the upcoming fiscal year will enable us to meet the current needs of our student population. The presence of earmarks inflates our net position and are not available for operational use. However, the lack of funding in the past few years is causing a problem related to deferred maintenance. As reflected in financial statements our physical plant is reaching the end of its designed life capacity. The College will continue to monitor resources so that we will be able to react to unknown internal and external issues.

FINANCIAL STATEMENTS

September 30, 2023	
Assets	
Current assets	
Cash and cash equivalents	$ 20,259,875
Accounts receivable (net of allowance for doubtful accounts)	4,000,511
Inventories	267,405
Total current assets	24,527,791
Noncurrent assets	
Capital assets	
Land	10,000
Improvements other than buildings	937,668
Buildings and building alterations	6,271,264
Equipment and furniture	8,956,974
Library holdings	111,150
Leased right of use assets	376,686
Less accumulated depreciation	(10,349,428)
Less accumulated amortization	(199,706)
Total noncurrent assets	6,114,608
Total assets	30,642,399
Deferred Outflows of Resources	
Defined benefit pension plan	6,591,464
Other postemployment benefit plan (OPEB)	3,096,433
Total deferred outflow of resources	$ 9,687,897

(Continued)

September 30, 2023		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$	939,998
Interest payable		42
Deposit liabilities		22,062
Unearned revenue		142,395
Compensated absences		66,703
Lease payable		108,497
Total current liabilities		1,279,697
Noncurrent Liabilities		
Compensated absences		431,124
Lease payable		68,270
Net pension liability		17,018,801
Net OPEB liability		1,570,463
Total noncurrent liabilities		19,088,658
Total liabilities		20,368,355
Deferred Inflows of Resources		
Defined benefit pension plan		473,141
Other postemployment benefit plan (OPEB)		6,644,078
Total deferred inflow of resources		7,117,219
Net Position		
Net investment in capital assets		5,937,841
Restricted		
Expendable		
Capital projects		1,881,500
Other		2,420,591
Unrestricted		2,604,790
Total net position	$	12,844,722

J. F. Ingram State Technical College
Statement of Revenues, Expenses and Changes in Net Position
Exhibit 2

For the year ended September 30, 2023	
Operating Revenues	
Student tuition and fees (net of scholarship allowances of $4,539,117)	$ 1,851
Federal grants and contracts	2,292,633
State and local grants and contracts	3,114,987
Sales and services of educational departments	64,439
Other operating revenues	214,781
Total operating revenues	5,688,691
Operating Expenses	
Instruction	10,344,573
Academic support	2,342,606
Student services	2,958,666
Institutional support	2,325,991
Operation and maintenance	2,167,900
Depreciation	889,763
Amortization	148,220
Total operating expenses	21,177,719
Operating Income (Loss)	(15,489,028)
Nonoperating Revenues (Expenses)	
State appropriations	24,882,522
Other income	139,404
Investment income	257,453
Interest expense	(5,447)
Total nonoperating revenues (expenses)	25,273,932
Change in net position	9,784,904
Total net position at beginning of year	3,059,818
Total net position at end of year	$ 12,844,722

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

For the year ended September 30, 2023	
Operating Activities	
Tuition and fees	$ 10,210
Federal grants and contracts	2,032,248
State and local grants and contracts	2,811,666
Nongovernmental grants and contracts	61,999
Sales and services of educational departments	64,187
Other operating revenue	214,781
Payments for suppliers	(5,181,980)
Payments for employees	(11,906,307)
Payments for benefits	(3,698,527)
Net cash provided by (used in) operating activities	(15,591,723)
Noncapital Financing Activities	
State appropriations	22,874,725
Net cash provided by (used in) noncapital financing activities	22,874,725
Capital and Related Financing Activities	
Interest paid on capital related debt	(5,447)
Principal paid on capital related debt	(146,103)
Purchases of capital assets	(1,441,636)
Net cash provided by (used in) capital and related financing activities	(1,593,186)
Investing Activities	
Interest on investments	257,453
Net cash provided by (used in) investing activities	257,453
Net change in cash and cash equivalents	5,947,269
Cash and cash equivalents at beginning of year	14,312,606
Cash and cash equivalents at end of year	$ 20,259,875

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating income (loss)	$ (15,489,028)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	889,763
Amortization expense	148,220
Change in operating assets, liabilities, and deferred outflow/inflow of resources	
Receivables (net)	(395,511)
Other current assets	3,195
Inventories	(147,927)
Deferred outflow of resources	(4,318,134)
Accounts payable and accrued liabilities	(262,535)
Unearned revenue	82,777
Net pension liability	7,137,000
Net OPEB liability	(2,433,507)
Deferred inflow of resources	(762,808)
Deposit liabilities	(252)
Compensated absences	(42,976)
Net cash provided by (used in) operating activities	$ (15,591,723)

Noncash Capital Financing Activities

Capital assets of $139,404 were acquired through donations from other Colleges.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements 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 Statement 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 transaction receives or gives up essentially equal values. 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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.

Receivables

Accounts receivable relate to amounts due from federal and state grants. The receivables are shown net of allowance for doubtful accounts. Accounts receivable also include amounts due from the Alabama Community College System.

Inventories

The inventories are comprised of (1) consumable supplies and (2) items held for resale. Inventories are valued at the lower of cost or market. Inventories are valued using the first in/first out (FIFO) method.

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. When applicable, the capitalization threshold policy 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, the College's policy would be to record works of art and historical treasures and similar assets 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

Assets	Depreciation Method	Useful Lives
Buildings	Straight Line	50 years
Building alterations	Straight Line	25 years
Improvements other than buildings	Straight Line	25 years
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	Straight Line	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.

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.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

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)

Pensions

The Teachers' Retirement System of Alabama (TRS) 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

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 as prescribed by the National Association of College and University Business Officers (NACUBO) in their Advisory Report 2000-05 to determine the amount of scholarship allowances and discounts.

Leases

The College recognizes lease lability and a right to use asset for copiers and postage machines. As the College enters into a lease, the right to use asset and associated liability are recorded at the net present value. The right to use asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Upcoming Accounting Pronouncements

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. This statement did not have an effect on the College's financial statements.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Upcoming Accounting Pronouncements (Continued)

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102*, Certain Risk Disclosures*, the objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

The College is evaluating the requirements of the above statements and the impact on reporting.

Subsequent Events

The College has evaluated subsequent events through February 7, 2024, the date these financial statements were available to be issued.

Note 2: DEPOSITS

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 State 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 the financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged failed 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 3: RECEIVABLES

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

Accounts Receivable		
Federal	$	901,805
State		2,976,946
Other		123,784
Less allowance for doubtful accounts		(2,024)
Total accounts receivable, net	$	4,000,511

Note 4: CAPITAL ASSETS

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

	Beginning Balance	Additions	Deductions	Ending Balance
Land	$ 10,000	$ -	$ -	$ 10,000
Buildings	5,229,905	-	-	5,229,905
Building alterations	1,041,359	-	-	1,041,359
Improvements other than buildings	233,506	704,162	-	937,668
Equipment	8,136,735	876,878	(56,639)	8,956,974
Construction in progress	-	-	-	-
Library books and audio visuals	111,150	-	-	111,150
Right to use equipment	266,866	183,348	(73,528)	376,686
Total	15,029,521	1,764,388	(130,167)	16,663,742
Less accumulated depreciation and amortization				
Buildings	3,629,642	103,314	-	3,732,956
Building alterations	38,420	41,654	-	80,074
Improvements other than buildings	233,506	28,167	-	261,673
Equipment	5,503,587	716,627	(56,639)	6,163,575
Library books and audio visuals	111,150	-	-	111,150
Right to use equipment	125,013	148,221	(73,528)	199,706
Total accumulated depreciation and amortization	9,641,318	1,037,983	(130,167)	10,549,134
Capital assets, net	$ 5,388,203	$ 726,405	$ -	$ 6,114,608

Land and construction in progress are not subject to depreciation.

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

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 formula method. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

Note 5: DEFINED BENEFIT PENSION PLAN (Continued)

Contributions

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

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. Effective 10/1/2021, 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 rates for the year ended September 30, 2022 was 12.43% of annual pay for Tier 1 members and 11.32% of annual pay for Tier 2 members. The contribution rates for the prior fiscal year were 12.36% for Tier 1 and 11.22% for Tier 2. 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 $1,392,000.

Pension Liabilities, Pension Expense, and Deferred Resources Related to Pensions

At September 30, 2023, the College reported a liability of $17,018,801 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the collective 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 0.109515%, which was an increase of 0.004612% from its proportion measured as of September 30, 2021.

Note 5: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Resources Related to Pensions (Continued)

For the year ended September 30, 2023, the College recognized pension expense of $619,157. At September 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollar amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 374	$ 413
Changes of assumptions	772	-
Net difference between projected and actual earnings on pension plan investments	3,415	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	638	60
Employer contributions subsequent to the measurement date	1,392	-
Total	$ 6,591	$ 473

The $1,392,000 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 the pension will be recognized in pension expense as follows (dollar amounts in thousands):

For the years ending September 30,	
2024	$ 1,345
2025	1,134
2026	795
2027	1,452
2028	-
Thereafter	-
Total	$ 4,726

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

*Net of pension plan investment expense.

The actuarial assumptions used in actuarial valuation as of September 30, 2021, were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020, and a discount rate of 7.45%, as adopted by the Board of Trustees on September 13, 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	Male: 108% ages < 63, 96% ages > 67, Phasing down 63 -67
		Female: +2	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)

Actuarial Assumptions (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 equivalents	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 discount rate used to measure the total pension liability at the prior measurement date was 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution 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.

Note 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

The following table presents the College's proportionate share of the collective net pension liability calculated using the discount rate of 7.45%, as well as what the College's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
College's proportinate share of collective net pension liability (in thousands)	$ 22,023	$ 17,019	$ 12,805

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 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: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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 (PEEHIP Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in Public Education Employees' Health Insurance Plan (PEEHIP). Active and retiree health insurance benefits are paid through 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.

Note 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Description (Continued)

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 PEEHIP Board. The PEEHIP 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 PEEHIP 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: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided (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. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan, or the State or Local Governmental Plans administered by the State Employees' Insurance Board (SEIB).

Medicare eligible members and Medicare eligible dependents covered on a retiree contract were enrolled in the United Healthcare Group (UHC) Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2020, Humana Insurance Company replaced United Healthcare as the UHC contract. The MAPDP plan is fully insured by Humana, and members are able to have all of their Medicare Part A (hospital insurance), Part B (medical insurance), and Part D (prescription drug coverage) in one convenient plan. With the MAPDP 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 PEEHIP 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 PEEHIP 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 PEEHIP 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 PEEHIP 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.

Note 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions (Continued)

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the PEEHIP Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 4% for each year over 25 subject to adjustment by the PEEHIP 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 PEEHIP 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 PEEHIP Board. This reduction in the employer contribution ceases upon notification to the PEEHIP Board of the attainment of Medicare coverage.

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 of $1,570,463 for its proportionate share of the collective net OPEB liability. 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 collective net OPEB liability was based on the College's 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 0.09012968%, which was an increase of 0.01263568% from its proportion measured as of September 30, 2021.

Note 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended September 30, 2023, the College recognized OPEB expense (benefit) of ($996,205), with no special funding situations. At September 30, 2023, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollar amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 72	$ 3,175
Changes of assumptions	1,273	2,286
Net difference between projected and actual earnings on OPEB plan investments	198	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,387	1,183
Employer contributions subsequent to the measurement date	166	-
Total	$ 3,096	$ 6,644

The $166,000 reported as deferred outflows of resources related to OPEB resulting from College's 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 (dollar amounts in thousands):

For the years ending September 30:	
2024	$ (976)
2025	(908)
2026	(379)
2027	(454)
2028	(690)
Thereafter	(307)
Total	$ (3,714)

Note 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

The total OPEB 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%
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 including inflation.
** Initial Medicare claims are set based on scheduled increases through plan year 2025.

Note 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

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

Group	Membership Table	Set Forward(+)/ 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% ages > 74, Phasing down 69-74
Disabled retirees	Teacher disability	Male: +8 Female: +3	None
Beneficiaries	Teacher contingent survivor below median	Male: +2 Female: None	None

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2021 valuation.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Note 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

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

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

	Long-term Target Allocation	Expected Real Rate of Return*
Fixed income	30.00%	4.40%
U.S. lage 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 or decrease at the same rate as expected benefit payments for the closed group with a cap of 20%. 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 benefits for all current members are projected through 2120.

Note 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare 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	Current Rate	1% Increase
	(5.50% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% for Medicare Eligible)	(6.50% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare Eligible)	(7.50% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare Eligible)
College's proportionate share of collective net OPEB liability (in thousands)	$ 1,191	$ 1,570	$ 2,036

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 Discount Rate 7.00%	1% Increase 8.00%
College's proportionate share of collective net OPEB liability (in thousands)	$ 1,942	$ 1,570	$ 1,259

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, 2022. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2022. Additional financial and actuarial information is available at www.rsa-al.gov.

Note 7: OTHER SIGNIFICANT COMMITMENTS

As of September 30, 2023, the College had been awarded approximately $2,219,077 in contracts and grants on which performance had not been accomplished and funds had not been received. These awards, which represent commitments of sponsors to provide funds for specific purposes, have not been reflected in the financial statements.

Note 8: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts due at September 30, 2023, for goods and services received prior to the end of the fiscal year.

Salaries and wages	$ 412,326
Benefits	58,887
Supplies and vendors	468,785
Total	$ 939,998

Note 9: LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Compensated absences	$ 540,803	$ 94,580	$ (137,556)	$ 497,827	$ 66,703
Lease obligations	139,522	183,348	(146,103)	176,767	108,497
Total	$ 680,325	$ 277,928	$ (283,659)	$ 674,594	$ 175,200

Note 10: LEASES

The College has entered into various lease agreements for office equipment accounted for under GASB 87, *Leases*.

Note 10: LEASES (Continued)

Lease agreements are summarized as follows:

Asset	Origination Date	Term	Initial Liability	Liability at 9/30/2023	Payment Amount	Interest Rate	Asset Value at 9/30/2023	Accumulated Amoritzation at 9/30/2023
Xerox Copiers #3	4/14/2021	36 mo.	$ 75,137	$ 15,151	2,532 / mo.	0.8610%	$ 75,137	$ 59,254
Xerox Copiers #4	7/19/2021	36 mo.	118,202	32,505	3,625 / mo.	0.8610%	118,202	84,429
Xerox Copiers #5	11/17/2022	36 mo.	183,347	129,111	5,356 / mo	3.3780%	183,347	56,023
Total			$ 376,686	$ 176,767			$ 376,686	$ 199,706

Annual requirements to amortize long-term obligations and related interest are as follows:

For the years ending September 30,	Principal	Interest	Total Payments
2024	$ 108,497	$ 3,580	$ 112,077
2025	62,929	1,338	64,267
2026	5,341	15	5,356
Total	$ 176,767	$ 4,933	$ 181,700

Amount of Lease Assets by Major Class of Underlying Asset

	Beginning Balance	Additions	Reductions	Ending Balance
Right to use assets				
Equipment	$ 266,866	$ 183,348	$ (73,528)	$ 376,686
Accumulated amortization				
Equipment	125,013	148,221	(73,528)	199,706
Total right to use assets, net	$ 141,853	$ 35,127	$ -	$ 176,980

Note 11: 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

Note 11: RISK MANAGEMENT (Continued)

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.

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 12: RELATED PARTIES

The Ingram State Technical College Foundation was incorporated as a non-profit corporation to promote educational, scientific, and charitable purposes, the advance of J. F. Ingram State Technical College, and for the encouragement and support of its students and faculty. This report contains no financial statements of the Ingram State Technical College Foundation. There were no material transactions with this related party.

Note 13: CONTINGENT LIABILITIES

The College is a party to various litigation and other claims in the ordinary course of business. In the opinion of management, the ultimate resolution of these matters will not have a significant effect on the financial position of the College.

REQUIRED SUPPLEMENTARY INFORMATION

J.F. Ingram State Technical College
Schedule of the College's Proportionate Share of the Collective Net Pension Liability
Teachers' Retirement System of Alabama
as of Measurement Date (dollar amounts in thousands)
Exhibit 4

	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the collective net pension liability	**0.109515%**	0.104903%	0.102461%	0.100391%	0.100725%	0.114366%	0.118099%	0.119903%	0.129217%
College's proportionate share of the collective net pension liability	**$ 17,019**	$ 9,882	$ 12,674	$ 11,100	$ 10,015	$ 11,240	$ 12,785	$ 12,549	$ 11,739
College's covered payroll during measurement period*	**$ 8,410**	$ 7,581	$ 7,227	$ 7,143	$ 6,717	$ 7,567	$ 7,508	$ 7,582	$ 8,196
College's proportionate share of the collective net pension liability as a percentage of its covered payroll	**202.37%**	130.35%	175.37%	155.40%	149.10%	148.54%	170.29%	165.51%	143.23%
Plan fiduciary net position as a percentage of the total 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.

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

J.F. Ingram State Technical College
Schedule of the College's Contributions - Pension
Teachers' Retirement System of Alabama
as of Fiscal Year End (dollar amounts in thousands)
Exhibit 5

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	**$ 1,392**	$ 1,022	$ 918	$ 884	$ 873	$ 809	$ 895	$ 888	$ 857
Contributions in relation to the contractually required contribution	**1,392**	1,022	918	884	873	809	895	888	857
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll*	**$ 11,354**	$ 8,410	$ 7,581	$ 7,227	$ 7,143	$ 6,717	$ 7,567	$ 7,508	$ 7,582
Contributions as a percentage of covered payroll	**12.26%**	12.15%	12.11%	12.23%	12.22%	12.04%	11.83%	11.83%	11.30%

* 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. The covered payroll for this RSI Schedule (GASB 68 paragraph 81b) is for the most recent fiscal year end, which for the 9/30/2023 year is 10/1/2022 - 9/30/2023.

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

The amount of contractually required contributions is equal to the amount that would be recognized as additions from the College's contributions in the pension plan's schedule of changes in fiduciary net position during the period that coincides with the College'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.

J.F. Ingram State Technical College
Schedule of the College’s Proportionate Share of the Collective Net Other Postemployment Benefits (OPEB) Liability
Alabama Retired Education Employees’ Health Care Trust
As of Measurement Date (dollar amounts in thousands)
Exhibit 6

	2023	2022	2021	2020	2019	2018
College's proportion of the collective net OPEB liability	**0.090130%**	0.077494%	0.096997%	0.086217%	0.081110%	0.089525%
College's proportionate share of the collective net OPEB liability	**$ 1,570**	$ 4,004	$ 6,295	$ 3,253	$ 6,666	$ 6,649
College's covered payroll during measurement period*	**$ 8,701**	$ 7,745	$ 7,451	$ 7,343	$ 6,717	$ 7,567
College's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	**18.04%**	51.70%	84.49%	44.30%	99.24%	87.87%
Plan fiduciary net position as a percentage of the total OPEB liability	**11.05%**	27.11%	19.80%	28.14%	14.81%	15.37%

* Per GASB 75, covered payroll is defined as the payroll of employees that are provided with OPEB through the OPEB plan. The covered payroll for this RSI Schedule (GASB 75 paragraph 97) is for the reporting period (i.e., the measurement period), which for the 9/30/2023 year is 10/1/2021 - 9/30/2022.

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

J.F. Ingram State Technical College
Schedule of the College's Contributions – Other Postemployment Benefits (OPEB)
Alabama Retired Education Employees' Health Care Trust
For the Year Ended (dollar amounts in thousands)
Exhibit 7

	2023	2022	2021	2020	2019	2018
Contractually required contribution	**$ 166**	$ 174	$ 134	$ 169	$ 246	$ 201
Contributions in relation to the contractually required contribution	**166**	174	134	169	246	201
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -
College's covered payroll*	**$ 11,839**	$ 8,701	$ 7,745	$ 7,451	$ 7,343	$ 6,717
Contributions as a percentage of covered-employee payroll	**1.40%**	2.00%	1.73%	2.27%	3.35%	2.99%

* Per GASB 75, covered payroll is defined as the payroll of employees that are provided with OPEB through the OPEB plan. The covered payroll for this RSI Schedule (GASB 75 paragraph 97) is for the employer's most recent fiscal year end, which for the 9/30/2023 year is 10/1/2022 - 9/30/2023.

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

Note 1: NET PENSION LIABILITY

Schedule of Changes in the Net Pension Liability & Related Ratios

The total pension liabilities presented in these schedules were provided by the Systems' actuarial consultants, Cavanaugh Macdonald Consulting, LLC. The net pension liability is measured as the total pension liability less plan fiduciary net position. The related ratios show plan net position as a percentage of the total pension liability and the net pension liability as a percentage of covered employee payroll.

Schedule of Employer Contributions

Contributions were made in accordance with actuarially determined contribution requirements. The employer contribution rate expressed as a percent of payroll is determined annually by reviewing a variety of factors including benefits promised, member contributions, investment earnings, mortality, and withdrawal experience. Employer contribution rates for the fiscal year 2023 were 12.59% of annual pay for Tier 1 members and 11.44% of annual pay for Tier 2 members.

Actuarial Assumptions

The actuarially determined contribution rates in the Schedule College's Contributions - Pension were calculated as of September 30, 2020, 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 contribution rate in that schedule:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	5-year smoothed market
Amortization Method	Level percent closed
Remaining Amortization Period	27.1
Actuarial Assumptions:	
Investment Rate of Return *	7.70%
Projected Salary Increases **	3.25%-5.00%
Cost of Living Adjustments	None

*Net of pension plan investment expense
**Includes inflation of 2.75%

Note 1: NET PENSION LIABILITY (Continued)

Changes of Benefit Terms

In 2022, the plan was amended to allow Tier II members to retire with 30 years of creditable service regardless of age with an early retirement reduction of 2% for each year that the member is less than age 62 at retirement (age 56 for police officers, firefighters, and correctional officers).

In 2022, the plan was amended to allow surviving spouses of retirement-eligible members who die in active service to receive an Option 2 monthly allowance.

In 2021, the plan was amended to allow sick leave conversion for Tier II members and to increase the member contribution rates for Tier II members to 6.20% for regular members and 7.20% for police officers, firefighters, and correctional officers effective on October 1, 2021.

The member contribution rates were increased from 5.00% (6.00% for certified law enforcement, correctional officers, and firefighters) of earnable compensation to 7.25% (8.25%) of earnable compensation effective October 1, 2011, and to 7.50% (8.50%) of earnable compensation effective October 1, 2012. Members hired on or after January 1, 2013 (Tier II), are covered under a new benefit structure, as follows:

(i) service retirement allowance is payable upon the request of any member who has attained age 62 and completed at least 10 years of creditable service (age 56 with 10 years of creditable service for a full-time certified firefighter, police officer or correctional officer).
(ii) Upon service or disability retirement a member receives a retirement allowance equal to 1.65% of the member's average final compensation multiplied by the number of years of creditable service. The benefit is capped at 80% of the member's average final compensation (the 5 highest years in the last 10 years of Creditable Service).
(iii) Regular members contribute 6% of salary and full-time certified firefighters, police officers and correctional officers contribute 7% of salary

Changes of Assumptions

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

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

Note 1: NET PENSION LIABILITY (Continued)

Changes of Assumptions (Continued)

In 2016, rates of retirement, disability, withdrawal and mortality were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 the expectation of retired life mortality as changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

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

Note 2: OTHER POST EMPLOYMENT BENEFITS (OPEB)

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule College's Contributions - OPEB were calculated as of September 30, 2020, 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 contribution rate in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	21 years, closed
Asset Valuation Method	Market value of assets
Actuarial Assumptions	
Investment Rate of Return*	5.00%
Healthcare Cost Trend Rate*	
Pre-Medicare Eligible	6.75%
Medicare Eligible	**
Ultimate Trend Rate*	
Pre-Medicare Eligible	4.75% in 2027
Medicare Eligible	4.75% in 2024
Optional Plans Trend Rate	2.00%

* Includes price inflation at 2.75%

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

Note 2: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes of 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.

REPORT ON INTERNAL CONTROL AND COMPLIANCE MATTERS

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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
Annette Funderburk, President – J.F. Ingram State Technical College
Deatsville, Alabama 36022

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 the J. F. Ingram State Technical 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 February 7, 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Birmingham, Alabama
February 7, 2024