Marion Military Institute

A Component Unit of the State of Alabama

Independent Auditor’s Report and Financial Statements

September 30, 2023

Marion Military Institute
A Component Unit of the State of Alabama
September 30, 2023

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FORVIS

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Independent Auditor's Report

Alabama Community College System Board of Trustees
Marion Military Institute
Marion, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Marion Military Institute (the Institute), collectively 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 Institute's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Marion Military Institute as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Marion Military Institute Foundation, Inc., the discretely presented component unit, as of September 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Marion Military Institute Foundation, Inc. are based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained *in Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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 Institute, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Marion Military Institute Foundation, Inc., the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

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 Institute's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute'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 Institute'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, pension, and other postemployment benefit information 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 GAAS, 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 January 17, 2024, on our consideration of the Institute'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 Institute'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 Institute's internal control over financial reporting and compliance.

FORVIS, LLP

Kansas City, Missouri
January 17, 2024

Marion Military Institute
A Component Unit of the State of Alabama
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023

Overview of the Financial Statements and Financial Analysis

Marion Military Institute (the Institute) presents its financial statements for the fiscal year 2023. The fiscal year period is October 1, 2022 to September 30, 2023. Marion Military Institute merged into the Alabama Community College System on June 1, 2006, by Act of the State Legislature.

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. The discussion and analysis will focus on current year data with select comparative information for the fiscal year ended September 30, 2022.

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 Institute as of the end of the fiscal year. The Statement of Net Position is a point in time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of Marion Military Institute. 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 less Liabilities and Deferred Inflows of Resources). The difference in current and non-current assets will be discussed in the financial statement disclosures.

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

Marion Military Institute
A Component Unit of the State of Alabama
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023

The following schedule, displayed in thousands of dollars, summarizes the Statement of Net Position as of September 30, 2023 and 2022:

Statement of Net Position
(thousands of dollars)

	2023	2022
Assets		
Current assets	$ 9,458	$ 9,005
Capital assets, net	27,820	18,818
Total assets	37,278	27,823
Deferred outflows of resources	5,881	3,985
Liabilities		
Current liabilities	3,034	1,840
Noncurrent liabilities	14,899	13,314
Total liabilities	17,933	15,154
Deferred inflows of resources	6,271	6,386
Net Position		
Net invested in capital assets	25,706	17,655
Unrestricted	(6,751)	(7,389)
Total net position	$ 18,955	$ 10,266

Fiscal Year 2023 compared to Fiscal Year 2022

As of September 30, 2023, total assets and deferred outflows of resources increased to $43,159 million. The increase is primarily the result of construction of the of the dining hall and tennis courts along with an increase of $1.896 million for the change in the deferred outflows of resources related pensions and other postemployment benefits. This increase of $1.896 million in deferred outflows is due to the annual actuarial valuation of the Institute's pension liability and other post-employment benefits. Total liabilities and deferred inflows of resources increased $2.664 million in fiscal year 2023. The GASB 68 actuarial valuation of the Institute's portion of the net pension liability resulted in an increase of $4.296 million in the pension liability and the GASB 75 actuarial valuation of the Institute's portion of OPEB resulted in a decrease of net OPEB liability of $2.627 million. The annual note payable payments decreased the notes payable by $140 thousand.

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

Generally speaking, operating revenues are received for providing goods and services to various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Non-operating revenues are revenues received for which goods and services are not provided. For example, state appropriations are non-operating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

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

	2023	2022
Operating Revenue	$ 3,347	$ 3,559
Operating Expense	17,090	15,525
Operating Loss	(13,743)	(11,966)
Nonoperating Revenue, net	22,388	13,740
Income Before Capital Gifts and Grants	8,645	1,774
Capital Gifts and Grants	44	243
Increase in Net Position	8,689	2,017
Net Position at Beginning of Year	10,266	8,249
Restatements	-	-
Net Position at End of Year	$ 18,955	$ 10,266

The Statement of Revenues, Expenses and Changes in Net Position reflect an operating year with a net increase in net position for the period.

Operating Expenses

Operating expenses can be displayed in two formats, natural (object) classification and functional classification. The below presentation is based on functional classification:

Operating Expenses
(thousands of dollars)

	2023	2022
Operating Expenses		
Instruction	$ 1,807	$ 1,640
Institutional support	2,919	2,471
Academic support	659	720
Student services	3,811	4,019
Operation and maintenance of plant	3,310	2,611
Student aid (scholarships)	1,130	860
Auxiliary enterprises	2,511	2,279
Depreciation	943	925
Total operating expenses	$ 17,090	$ 15,525

Fiscal Year 2023 compared to Fiscal Year 2022

In fiscal year 2023, total operating expenses increased by $1.565 million or 10.1% from prior year. This was mainly attributed to an increase in operation and maintenance of $.7 million related to deferred maintenance, and $.4 million related to institutional support from an increase in various third-party contractual services incurred during the year.

Statement of Cash Flows

The final statement presented by Marion Military Institute is the Statement of Cash Flows which presents information about the cash activity of the institution during the year. The statement is divided into six sections. The first part deals with operating cash flow and shows the net cash used by the operating activities of the institution. The second section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flow from investing activities and shows 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. The sixth and final section reflects activity that occurred at the Institution that was derived from non-cash activities. Shown below is a summary of the Cash Flows Statement:

Cash Flows
(thousands of dollars)

	2023	2022
Cash provided by (used in)		
Operating activities	$ (13,005)	$ (10,667)
Non-capital financing activities	20,916	12,236
Capital and related financing activities	(8,795)	(1,626)
Investing activities	2	6
Net Change in Cash and Cash Equivalents	(882)	(51)
Cash and Cash Equivalents, Beginning of Year	6,568	6,619
Cash and Cash Equivalents, End of Year	$ 5,686	$ 6,568

Capital Assets, net
(thousands of dollars)

	2023	2022
Land	$ 612	$ 612
Construction in progress	9,823	1,457
Buildings and building alterations	13,796	14,303
Collections	17	17
Improvements other than buildings and infrastructure	2,397	1,283
Furniture and equipment	856	762
Library materials	319	384
Total capital assets	$ 27,820	$ 18,818

Additional information concerning capital assets is provided in *Note 4* to the financial statements as well as *Note 8* relating to capital related future commitments.

Fiscal Year 2023 compared to Fiscal Year 2022

As of September 30, 2023, the Institute had recorded $27.8 million in net capital assets, an increase of $9 million from the prior year. Additions to capital assets consisted of projects under construction for the Institute's dining hall and tennis courts.

Long-term Debt
(thousands of dollars)

	2023	2022
Note payable	$ 809	$ 949

Additional information concerning long-term liabilities is provided in *Note 7* to the financial statements.

Economic Outlook

The Institute is not aware of any currently known facts, decisions, or conditions that are expected to have a significant negative impact on the financial position.

The Institute expects growth in enrollment, after a year with lower enrollment, which in turn will strengthen its financial position and enable Marion Military Institute to perform its mission.

Marion Military Institute
A Component Unit of the State of Alabama
Statement of Net Position
September 30, 2023

Assets		
Current Assets		
Cash and cash equivalents	$	5,686,068
Accounts receivable, net		3,340,611
Inventories		431,724
Total current assets		9,458,403
Noncurrent Assets		
Capital assets		
Nondepreciable		10,452,230
Depreciable, net		17,367,630
Total noncurrent assets		27,819,860
Total assets		37,278,263
Deferred Outflows of Resources		
Pensions		4,120,417
Other postemployment benefits		1,760,085
Total deferred outflows of resources		5,880,502
Total assets and deferred outflows of resources	$	43,158,765

See Notes to Financial Statements

Liabilities

Current Liabilities	
Accounts payable and accrued liabilities	$ 2,034,635
Deposit liabilities	49,841
Unearned revenue	800,120
Compensated absences	70,750
Financed purchase arrangements	17,177
Notes payable	61,878
Total current liabilities	3,034,401
Noncurrent Liabilities	
Compensated absences, net of current	636,748
Financed purchase arrangements, net of current	36,893
Net pension liability	12,076,000
Net other postemployment benefit liability	1,402,381
Notes payable, net of current	746,942
Total noncurrent liabilities	14,898,964
Total liabilities	17,933,365

Deferred Inflows of Resources

Pensions	789,000
Other postemployment benefits	5,481,605
Total deferred inflows of resources	6,270,605

Net Position

Net invested in capital assets	25,706,199
Unrestricted	(6,751,404)
Total net position	$ 18,954,795

Marion Military Institute
A Component Unit of the State of Alabama
Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2023

Operating Revenues	
Student tuition and fees (net of scholarship allowance of $2,052,098)	$ 829,953
Federal grants and contracts	37,965
State grants and contracts	127,852
Auxiliary enterprises:	
Residential life (net of scholarship allowances)	1,509,383
Bookstore (net of scholarship allowances)	601,296
Food service (net of scholarship allowances)	151,182
Vending	8,712
Other auxiliary enterprises	80,352
Total operating revenues	3,346,695
Operating Expenses	
Instruction	1,806,747
Institutional support	2,918,832
Academic support	659,304
Student services	3,810,881
Operation and maintenance of plant	3,309,746
Student aid (scholarships)	1,130,069
Auxiliary enterprises	2,511,300
Depreciation	943,506
Total operating expenses	17,090,385
Operating Loss	(13,743,690)
Nonoperating Revenues (Expenses)	
State appropriations	20,532,305
Federal grants and contracts	1,625,426
Private gifts	110,750
Investment income, net of fees	2,322
Loss on disposal of capital assets	(61,339)
Other nonoperating revenues	219,117
Interest on capital asset related debt	(40,753)
Total nonoperating revenues, net	22,387,828
Income Before Capital Gifts and Grants	8,644,138
Capital Gifts and Grants	44,618
Increase in Net Position	8,688,756
Net Position, Beginning of Year	10,266,039
Net Position, End of Year	$ 18,954,795

Marion Military Institute
A Component Unit of the State of Alabama
Statement of Cash Flows
Year Ended September 30, 2023

Cash Flows from Operating Activities	
Tuition and fees	$ 843,469
Federal, State and Local Grants and contracts	165,817
Auxiliary enterprise charges	
Bookstore	601,296
Food service	151,182
Vending	8,712
Housing	1,553,237
Other auxiliary enterprise	80,352
Payments to suppliers	(6,478,265)
Payments for employees	(6,503,276)
Payments for benefits	(2,297,821)
Payments for scholarships and fellowships	(1,130,069)
Net cash used in operating activities	(13,005,366)
Cash Flows from Noncapital Financing Activities	
State appropriations	19,025,701
Bond surety fee expense	(15,405)
Direct lending receipts	663,204
Federal Pell revenue	931,941
Other noncapital financing	310,976
Net cash provided by noncapital financing activities	20,916,417
Cash Flows from Capital and Related Financing Activities	
Capital grants and gifts received	110,750
Purchases of capital assets and construction	(8,690,451)
Principal paid on capital debt	(174,755)
Interest paid on capital debt	(40,753)
Net cash used in capital and related financing activities	(8,795,209)
Cash Flows from Investing Activities	
Investment income	2,322
Net cash provided by investing activities	2,322
Net Decrease in Cash and Cash Equivalents	(881,836)
Cash and Cash Equivalents, Beginning of Year	6,567,904
Cash and Cash Equivalents, End of Year	$ 5,686,068

Marion Military Institute
A Component Unit of the State of Alabama
Statement of Cash Flows (Continued)
Year Ended September 30, 2023

Reconciliation of Operating Income to Net Cash Used In Operating Activities	
Operating loss	$ (13,743,690)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities	
Depreciation expense	943,506
Changes in assets and liabilities	
Accounts receivable, net	174,578
Inventory	(3,517)
Deferred outflows of resources	(1,895,941)
Accounts payable and accrued liability	124,105
Unearned revenue	(80,998)
Deposit liabilities	(103,017)
Compensated absences	27,336
Net pension liability	4,296,000
Net other postemployment benefit liability	(2,627,837)
Deferred inflows of resources	(115,891)
Net Cash Used in Operating Activities	$ (13,005,366)
Noncash Activities	
Capital asset acquisitions included in accounts payable	$ 1,250,772
Noncash gifts	44,618
Capital assets acquired through finance purchase obligations	64,187

Marion Military Institute
A Component Unit of the State of Alabama
Marion Military Institute Foundation, Inc.
Statement of Financial Position
September 30, 2023

Assets	
Cash and cash equivalents	$ 60,769
Investments	13,271,484
Perpetual trust	27,680,516
Total assets	$ 41,012,769
Liabilities and Net Assets	
Liabilities	
Deferred revenue	63,001
Due to Alumni Brigade	171,983
Due to Alabama Military Hall of Honor	40,904
Total liabilities	275,888
Net Assets	
Without donor restrictions	
Board designated	1,522,798
Undesignated	3,212,529
Total without donor restrictions	4,735,327
With donor restrictions	36,001,554
Total net assets	40,736,881
Total liabilities and net assets	$ 41,012,769

Marion Military Institute
A Component Unit of the State of Alabama
Marion Military Institute Foundation, Inc.
Statement of Activities
Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Contributions and gifts	$ 700,797	$ 148,458	$ 849,255
Special events	55,856	-	55,856
Investment income	357,027	832,616	1,189,643
Distribution from perpetual trust	450,000	(450,000)	-
Change in value - perpetual trust	-	3,039,754	3,039,754
Net assets released from restrictions	1,648,294	(1,648,294)	-
Total revenues and other support	3,211,974	1,922,534	5,134,508
Expenses			
Program	2,031,439	-	2,031,439
Management and general	21,104	-	21,104
Fundraising	46,208	-	46,208
Total expenses	2,098,751	-	2,098,751
Change in Net Assets	1,113,223	1,922,534	3,035,757
Net Assets, Beginning of Year	3,622,104	34,079,020	37,701,124
Net Assets, End of Year	$ 4,735,327	$ 36,001,554	$ 40,736,881

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Marion Military Institute (the Institute) 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 through which 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 Institute. In addition, the Institute receives a substantial portion of its funding from the State of Alabama (potential to impose a specific financial burden). Based on these criteria, the Institute is considered for financial reporting purposes to be a component unit of the State of Alabama.

Major federally funded student financial aid programs in which the Institute participates include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study and Federal Direct Loan Programs.

Foundation

The Marion Military Institute Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the Institute. The Foundation's primary function is to raise and hold funds to support the Institute and its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the Institute.

Although the Institute does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the Institute. Because these restricted resources held by the Foundation can only be used by or for the benefit of the Institute, the Foundation is considered a component unit of the Institute and is discretely presented in the Institute's financial statements.

During the year ended September 30, 2023, the Foundation provided approximately $1,985,818 of support to the Institute, which includes approximately $1,517,000 of contributed services, $313,000 of scholarship awards, $111,000 of private gifts and $44,618 of capital contributions. Complete financial statements of the Foundation may be obtained from the Institute's Administrative Offices at Marion Military Institute, 1101 Washington Street, Marion, Alabama 36756.

The Foundation is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's statements in the Institute's financial reporting entity for these differences.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Institute have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal, state and local grants and state appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific (such as state appropriations), investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses. The Institute first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

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

Cash and Cash Equivalents

The Institute considers all liquid investments with original maturities of three months or less to be cash equivalents. On September 30, 2023, cash and cash equivalents consisted primarily of cash on hand and demand deposits.

Accounts Receivable

Accounts receivable consists of state appropriations, tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable is recorded net of estimated uncollectible amounts.

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. All 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. The capitalization threshold for intangible assets such as capitalized software and internally generated computer software is $1 million and $100,000 for easements and land use rights and patents, trademarks and copyrights. In addition, works of art and historical treasures and similar assets are recorded at their historical cost. Donated capital assets are recorded at acquisition value (an entry price) at the date of donation. Land, construction in progress and intangible assets with indefinite lives are the only capital assets that are not depreciated. Depreciation is not allocated to a functional expense category. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon the sale or retirement of capital assets being depreciated using the straight-line method, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operation.

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

Assets	Depreciation Method	Useful Lives
Buildings	Straight Line	50 years
Building Alterations	Straight Line	25 years
Improvements other than Buildings and Infrastructure	Straight Line	25 years
Furniture and Equipment	Straight Line	5-10 years
Library Materials	Composite	20 years

Deferred Outflows of Resources

The Institute reports the consumption of net assets that is applicable to a future reporting period as deferred outflows of resources in a separate section of its statement of net position.

Unearned Tuition and Fee Revenue

Unearned revenue represents unearned student fees for which the Institute has not met all of the applicable eligibility requirements.

Compensated Absences

No liability is recorded for sick leave. Substantially all employees of the Institute 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.

Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at statement of net position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability expected to be paid more than one year after the statement of net position date is included in other long-term liabilities.

Risk Management

The Institute is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits.

The Institute 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 Institute pays an annual premium based on the amount of coverage requested. The SIF provides coverage up to $2 million per occurrence and is self-insured up to a maximum of $6 million in aggregate claims. The SIF purchases commercial insurance for claims which in the aggregate exceed $6 million. The Institute purchases commercial insurance for its automobile coverage, general liability, and professional legal liability coverage. In addition, the Institute has fidelity bonds on the Institute president and business officer as well as on all other Institute 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 Institute 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 Institute'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 Institute.

Cost-Sharing Defined Benefit Pension Plan

The Institute participates in a cost-sharing multiple-employer defined benefit pension plan, the Teachers' Retirement System of Alabama (the Plan). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Cost-Sharing Defined Benefit Other Postemployment Benefit Plan

The Institute participates in a cost-sharing multiple-employer defined benefit other postemployment benefit plan, the Alabama Retired Education Employees' Health Care Trust (the OPEB Plan). 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 OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

The Institute reports an acquisition of net assets that is applicable to a future reporting period as deferred inflows of resources in a separate section of its statement of net position.

Net Position

Net position is defined as 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:

<u>Net Investment in Capital Assets</u>

Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

Restricted

Nonexpendable – Net position subject to externally imposed stipulations that they be maintained permanently by the Institute.

Expendable – Net position whose use by the Institute is subject to externally imposed stipulations that can be fulfilled by actions of the Institute pursuant to those stipulations or that expire by the passage of time.

Unrestricted

Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Scholarship Allowances and Student Aid

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the Institute, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, are recorded as nonoperating revenues and other governmental grants are recorded as operating revenues in the Institute's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the Institute has recorded a scholarship allowance. The Institute reports stipends and other payments made directly to students as student aid expenses (scholarship expenses).

Income Taxes

As a state institution of higher education, the income of the Institute is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the Institute is subject to federal income tax on any unrelated business taxable income.

New Accounting Pronouncements

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

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

GASB Statement No. 99, *Omnibus 2022*

The implementation of these pronouncements did not have a material impact on the financial statements as of and for the year ended September 30, 2023.

Note 2: Deposits

Custodial Credit Risk

The Institute's deposits at year-end were held by financial institutions in the State of Alabama's Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama 1975, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program, all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance. Therefore, no deposits are subject to custodial credit risk.

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	
Student receivables	$ 381,400
Federal grants	33,127
State appropriations	3,119,065
Third party	21,381
	3,554,973
Less: allowance for doubtful accounts	(214,362)
Total accounts receivable	$ 3,340,611

Marion Military Institute
A Component Unit of the State of Alabama
Notes to Financial Statements
September 30, 2023

Note 4: Capital Assets

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

	Beginning Balance	Additions	Deductions	Ending Balance
Land	$ 612,160	$ -	$ -	$ 612,160
Buildings	17,149,505	-	-	17,149,505
Building alterations	4,013,330	-	-	4,013,330
Collections	17,036	-	-	17,036
Improvements other than buildings and infrastructure	2,874,773	1,309,381	(94,663)	4,089,491
Construction in progress	1,457,446	8,365,588	-	9,823,034
Furniture and equipment	3,089,483	332,070	(30,600)	3,390,953
Library materials	1,277,917	-	-	1,277,917
Total at historical cost	30,491,650	10,007,039	(125,263)	40,373,426
Less Accumulated Depreciation				
Buildings and building alterations	6,860,284	507,190	-	7,367,474
Improvements other than buildings and infrastructure	1,592,027	163,580	(62,838)	1,692,769
Furniture and equipment	2,327,674	208,079	(1,026)	2,534,727
Library materials	893,939	64,657	-	958,596
Total accumulated depreciation	11,673,924	943,506	(63,864)	12,553,566
Capital Assets, Net	$ 18,817,726	$ 9,063,533	$ (61,399)	$ 27,819,860

Note 5: Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS members are eligible for retirement after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest three of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest five of the last 10 years) for each year of service. 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 are calculated and paid to the beneficiary based on the member's age, service credit, employment status and eligibility for retirement.

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

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

Contributions

State statute has the authority to establish and amend the contribution requirements of the Institute and active employees. Employees are required to contribute 7.50% of earnable compensation for Tier 1 and 6.20% for Tier 2 employees for the year ended September 30, 2023.

The Institute's required contribution rate for the year ended September 30, 2023 was 12.36% of annual pay for Tier 1 members and 11.22% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended September 30, 2023, total employer contributions to the pension plan from the Institute was approximately $770,000.

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

At September 30, 2023, the Institute reported a liability of approximately $12,076,000 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 net pension liability was determined by an actuarial valuation as of September 30, 2021. The Institute'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 Institute's proportion was 0.0777%, which was an decrease of 0.0049% from its proportion measured as of September 30, 2021.

For the year ended September 30, 2023, the Institute recognized pension expense of approximately $1,363,000. At September 30, 2023, the Institute reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 265,000	$ 293,000
Changes of assumptions	548,000	-
Net difference between projected and actual earnings on pension plan investments	2,423,000	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	114,000	496,000
Employer contributions subsequent to the measurement date	770,417	-
Total	$ 4,120,417	$ 789,000

The $770,417 reported as deferred outflows of resources related to pensions resulting from Institute contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:		
2024	$	725,000
2025		601,000
2026		367,000
2027		868,000

Actuarial Assumptions

The total pension liability (TPL) as of September 30, 2023 was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

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

*Net of pension plan investment expense, including inflation

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

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

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	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%
	100.00%	

*Includes assumed rate of inflation of 2.00%.

Discount Rate

The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
Institute's proportionate share of collective net pension liability	$ 15,626	$ 12,076	$ 9,086

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual 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

Plan Description

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

The PEEHIP was established in 1983 pursuant to the provisions of the Code of Alabama 1975, Title 16, Chapter 25A (Act 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan. The four-year universities participate in the plan with respect to their retired employees and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Board. The Board is a corporate body for purposes of management of the health insurance plan. The Code of Alabama 1975, Section 16-25A-4 provides the Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIP are held in trust for the payment of health insurance benefits. TRS has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

Benefits Provided

The 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.

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP. The plan is fully insured, and members are able to have all of their Medicare Part A (hospital insurance), Part B (medical insurance), and Part D (prescription drug coverage) in one convenient plan. Retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Members have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Contributions

The *Code of Alabama 1975*, Section 16-25A-8 and the Code of Alabama 1975, Section, 16-25A-8.1 provide the Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

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

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

For the year ended September 30, 2023, total employer contributions to the plan from the Institute was approximately $108,035.

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

At September 30, 2023, the Institute reported a liability for its proportionate share of the collective net OPEB liability of approximately $1,402,000. 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 Institute's proportion of the Net OPEB liability was based on the employers' share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employers. At September 30, 2022, the Institute's proportion was 0.080483%, which was an increase of 0.002481% from its proportion measured as of September 30, 2021.

For the year ended September 30, 2023, the Institute recognized OPEB expense of ($828,394). At September 30, 2023, the Institute reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 64,319	$ 2,835,499
Changes of assumptions	1,137,523	2,041,250
Net difference between projected and actual earnings on OPEB plan investments	176,363	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	273,845	604,856
Employer contributions subsequent to the measurement date	108,035	-
Total	$ 1,760,085	$ 5,481,605

The $108,035 reported as deferred outflows of resources related to OPEB resulting from the Institute's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending 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:

Year ended September 30:		
2024	$	(927,972)
2025		(1,003,549)
2026		(524,063)
2027		(458,551)
2028		(568,570)
Thereafter		(346,850)

Actuarial Assumptions

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

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

[1] Includes 2.75% wage inflation

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

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

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

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

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

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

Long-term Rate of Return

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 TRS. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

*Geometric mean includes inflation of 2.50%.

Discount Rate (Single Equivalent Interest Rate - SEIR)

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 non-university active member. Approximately, 11.051% of the employer contributions were used to assist in funding retiree benefit payments in 2022 and it is assumed that the 11.051% will increase at the same rate as expected benefit payments for the closed group reaching 20.00%. It is assumed the $800 rate will increase with inflation at 2.50% starting in 2027. Retiree benefit payments for Institute members are paid by the Institute and are not included in the cash flow projections. Therefore, the projected future benefit payments for all current plan members were projected through 2120 and the trust was not projected to runout of money before all benefits are paid. As such the SEIR for the plan will be based upon the plan's long term rate of return.

Sensitivity of the Institute's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following table presents the Institute'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 1-percentage-point higher than the current rate (amount in thousands):

	1% Decrease (5.50% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% for Medicare Eligible)	Current Rate (6.50% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare Eligible)	1% Increase (7.50% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare Eligible)
Institute's net OPEB liability	$ 1,063	$ 1,402	$ 1,818

Sensitivity of the Institute's Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate

The following table presents the Institute's proportionate share of the collective net OPEB liability of the Trust calculated using the discount rate of 7.00%, as well as what the collective net OPEB liability would be if calculated using 1-percentage-point lower or 1-percentage-point higher than the current rate (amount in thousands):

	1% Decrease (6.00%)	Current Discount Rate (7.00%) (Amount in Thousands)	1% Increase (8.00%)
Institute's net OPEB liability	$ 1,734	$ 1,402	$ 1,124

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: Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Financed purchase	$ 21,323	$ 67,311	$ 34,564	$ 54,070	$ 17,177
Notes payable to bank	949,011	-	140,191	808,820	61,878
Compensated absences	680,162	27,336	-	707,498	70,750
	$ 1,650,496	$ 94,647	$ 174,755	$ 1,570,388	$ 149,805

Equipment Financed Purchase Arrangements

The Institute financed certain items of equipment through a finance purchase arrangement, which are included in equipment and furniture on the statement of net position. Interest rates on these obligations range from 7.45% to 10.43% with maturity dates through 2027. Minimum payments under these obligations including interest payments are shown in the table below.

Fiscal Years	Principal	Interest	Total
2023-2024	$ 17,177	$ 3,474	$ 20,651
2024-2025	16,291	2,200	18,491
2025-2026	17,547	944	18,491
2026-2027	3,055	28	3,083
Totals	$ 54,070	$ 6,646	$ 60,716

Note Payable to Bank

The Institute has a note payable agreement with Marion Bank and Trust Company, which carries an interest rate of 4.25%. Principal and interest maturity requirements on the agreement are as follows:

Fiscal Years	Principal	Interest	Total
2023-2024	$ 61,878	$ 43,465	$ 105,343
2024-2025	64,690	10,633	75,323
2025-2026	682,252	28,545	710,797
	$ 808,820	$ 82,643	$ 891,463

Note 8: Significant Commitments

As of September 30, 2023, the Institute has an outstanding commitment on an uncompleted construction contract of approximately $4,368,000. A large portion of this commitment will be funded through a Memorandum of Agreement agreed to during 2022 between the Alabama Community College System and the Institute.

As of September 30, 2023, the Institute has an outstanding commitment of approximately $637,000 for employment services through 2026, subject to certain terms noted in the contractual agreement.

Note 9: Conditional Grants

The Institute has received a grant from the Federal Government restricted for a new Math and Science building. This grant has not been recognized as income in the September 30, 2023 financial statements as it is conditional upon incurring eligible expenses in accordance with the grant agreement. The Institute expects to incur the related project costs starting in fiscal year 2024. The conditional promise to give as of September 30, 2023 that is not recognized in the financial statements is $34,650,000.

Note 10: Contingencies

Government Grants

The Institute is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

Pension and Other Postretirement Benefit Obligations

The Institute has a defined benefit pension and postretirement health care plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date. It is reasonably possible that events could occur that would change the estimated amount of these liabilities materially in the near term.

Note 11: Marion Military Institute Foundation, Inc.

Organization

The purpose of the Foundation is to establish endowments and other forms of support to benefit scholarships, capital improvements, public relations, recruitment, and the good name of the Institute.

Financial Statements

The financial statements of the Foundation are presented in accordance with the provisions of the FASB ASC. The FASB ASC requires the Foundation to distinguish between contributions that increase net assets with donor restrictions and net assets without donor restrictions. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. The FASB ASC establishes standards for external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and a statement of cash flows. As permitted by GASB Statement No. 34, the Institute has elected not to present a statement of cash flows for the Foundation in the basic financial statements of the Institute's reporting entity.

Concentration of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk, consist principally of cash. The Foundation maintains its cash in various bank deposit accounts located in Alabama. The Federal Deposit Insurance Company insures these cash accounts up to $250,000.

Beneficial Interest in Perpetual Trust

Perpetual trusts are trusts under which the Foundation will receive income distributions in perpetuity, but the assets remain under the control of the trustee. Perpetual trusts are initially recorded as contribution revenue with donor restrictions at the current fair value of the Foundation's interest in the trust assets at the date of gift. The estimated value of the expected future cash flows is approximately $27,681,000. The income from this trust for 2023 was approximately $450,000.

Net Assets

Net assets with donor restrictions are available for the following purposes at September 30, 2023:

Donor restricted endowment	$ 7,316,715
Capital projects	1,004,323
Perpetual trust	27,680,516
	$ 36,001,554

Net assets were released from restrictions during the year ended September 30, 2023 in satisfaction of the following purposes:

Scholarships	$ 325,308
Capital projects and other campaign expenses	1,147,951
Other support of Marion Military Institute	175,035
	$ 1,648,294

Endowment

The Foundation's endowment serves primarily to provide scholarships to qualifying students of the Institute. The net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Endowment net asset composition as of September 30, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-designated endowment funds			
Historical gift value	$ -	$ 5,771,975	$ 5,771,975
Appreciation	-	1,544,740	1,544,740
Board-designated endowment funds	1,522,798	-	1,522,798
Total endowment	$ 1,522,798	$ 7,316,715	$ 8,839,513

Changes in endowment net assets for the year ended September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment, October 1, 2022	$ 1,524,222	$ 6,613,163	$ 8,137,385
Contributions	-	111,858	111,858
Investment income	-	832,616	832,616
Appropriation	(1,424)	(240,922)	(242,346)
Endowment, September 30, 2023	$ 1,522,798	$ 7,316,715	$ 8,839,513

Financial Assets and Liquidity

As of September 30, 2023, financial assets available within one year for general expenditures are as follows:

Financial assets	
Cash	$ 60,769
Less amount due to Alabama Military Hall of Honor	(40,904)
Cash, net	19,865
Investments	13,271,484
Less amount due to Alumni Brigade	(171,983)
Less board-designated endowment and projects	(1,522,798)
Investments, net	11,576,703
Total financial assets available within one year	11,596,568
Less amounts with donor restrictions	(8,321,038)
Total financial assets available within one year without donor restrictions	$ 3,275,530

The Foundation holds cash and investments on behalf of the Alumni Brigade and the Alabama Military Hall of Honor. Amounts attributable to those entities are netted above.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820 are described below.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in inactive markets
- inputs other than quoted prices that are observable for the asset or liability
- inputs which are derived principally from or corroborated by observable market data by correlation or other means

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents the financial instruments carried at fair value as of September 30, 2023 by caption on the statement of financial position by the valuation hierarchy defined above:

	Level 1	Level 2	Level 3	Total
Fixed Income	$ 3,107,447	$ -	$ -	$ 3,107,447
Money market accounts	160,830	-	-	160,830
ETF - Stocks	8,033,781	-	-	8,033,781
ETF - Bonds	1,961,865	-	-	1,961,865
Other investments	7,561	-	-	7,561
Total investments	$ 13,271,484	$ -	$ -	$ 13,271,484
Perpetual Trust	$ -	$ -	$ 27,680,516	$ 27,680,516

Required Supplementary Information

(Unaudited)

Marion Military Institute

A Component Unit of the State of Alabama

Schedule of the Institute's Proportionate Share of the Net Pension Liability
Teachers' Retirement Plan of Alabama Last 10 Fiscal Years*
(Dollar amounts in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Institute's proportion of the net pension liability	0.072956%	0.078359%	0.080317%	0.084719%	0.083543%	0.080208%	0.081968%	0.082584%	0.077706%
Institute's proportionate share of the net pension liability	$ 6,628	$ 8,201	$ 8,695	$ 8,327	$ 8,306	$ 8,869	$ 10,139	$ 7,780	$ 12,076
Institute's covered payroll	$ 4,652	$ 5,000	$ 5,169	$ 5,706	$ 5,668	$ 5,780	$ 5,886	$ 6,065	$ 6,052
Institute's proportionate share of the net pension liability as a percentage of its covered payroll	142%	164%	168%	146%	147%	153%	172%	128%	200%
Plan fiduciary net position as a percentage of the total pension liability	71.01%	67.51%	67.93%	71.50%	72.29%	69.85%	67.72%	76.44%	62.21%

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

Per GASB 82, which amends GASB 68, covered payroll is defined as the payroll on which contributions to a pension plan are based, also known as pensionable payroll. The covered payroll for this RSI Schedule (GASB 68 paragraph 81a) is for the measurement period, which for the September 30, 2023 year is October 1, 2022 – September 30, 2023.

Marion Military Institute

A Component Unit of the State of Alabama

Schedule of the Institute's Contributions – Pension

Teachers' Retirement System of Alabama Last 10 Fiscal Years

(Dollar amounts in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	$ 560	$ 585	$ 663	$ 670	$ 697	$ 707	$ 721	$ 726	$ 774
Contributions in relation to the contractually required contribution	560	585	663	670	697	707	721	726	774
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Institute's covered payroll	$ 5,000	$ 5,169	$ 5,706	$ 5,668	$ 5,780	$ 5,886	$ 6,065	$ 6,052	$ 7,738
Contributions as a percentage of covered payroll	11.20%	11.32%	11.62%	11.82%	12.06%	12.01%	11.89%	12.00%	10.00%

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

Per GASB 82, which amends GASB 68, covered payroll is defined as the payroll on which contributions to a pension plan are based, also known as pensionable payroll. The covered payroll for this RSI Schedule (GASB 68 paragraph 81b) is for the most recent fiscal year end, which for the September 30, 2023 year is October 1, 2022 – September 30, 2023.

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

Marion Military Institute

A Component Unit of the State of Alabama

Schedule of the Institute's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability

Alabama Retired Education Employees' Health Care Trust

Last 10 Fiscal Years*

	2018	2019	2020	2021	2022	2023
Institute's proportion of the net OPEB liability (asset)	0.084788%	0.090681%	0.091643%	0.078368%	0.078002%	0.080483%
Institute's proportionate share of the net OPEB liability (asset)	$ 6,297,568	$ 7,452,823	$ 3,457,478	$ 5,085,974	$ 4,030,218	$ 1,402,381
Institute's covered-employee payroll	$ 5,736,697	$ 5,703,606	$ 5,780,252	$ 5,864,177	$ 6,045,011	$ 6,321,639
Institute's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	109.78%	130.67%	59.82%	86.73%	66.67%	22.18%
Plan fiduciary net position as a percentage of the total OPEB liability	15.37%	14.81%	14.80%	19.80%	19.80%	48.39%

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

Per GASB 75, covered-employee 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 September 30, 2023 year is October 1, 2022 – September 30, 2023.

Marion Military Institute

A Component Unit of the State of Alabama

Schedule of the Institute's Contributions

Alabama Retired Education Employees' Health Care Trust

Last 10 Fiscal Years*

	2018	2019	2020	2021	2022	2023
Contractually required contribution	$ 224,108	$ 314,417	$ 153,286	$ 135,106	$ 152,692	$ 108,035
Contributions in relation to the contractually required contribution	224,108	314,417	153,286	135,106	152,692	108,035
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Institute's covered-employee payroll	$ 5,703,603	$ 5,780,252	$ 5,864,177	$ 6,045,011	$ 6,039,716	$ 6,321,638
Contributions as a percentage of covered employee payroll	3.93%	5.44%	2.61%	2.24%	2.53%	1.71%

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

Marion Military Institute
A Component Unit of the State of Alabama
Notes to Required Supplementary Information
Year Ended September 30, 2023

Changes in Actuarial Assumptions

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

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

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

In 2016, rates of withdrawal, retirement, disability, mortality, spouse coverage, and tobacco usage 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 and later, the expectation of retired life mortality was changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for 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.

Recent Plan Changes

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

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

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

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule of OPEB Contributions were calculated as of September 30, 2018, which is three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	23 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.75%
Medicare Eligible*	5.00%
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate Trend Rate	2027 for Pre-Medicare Eligible 2024 for Medicare Eligible
Optional Plans Trend Rate	2.00%
Investment Rate of Return	5.00%, including inflation

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

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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*

Independent Auditor's Report

Alabama Community College System Board of Trustees
Marion Military Institute
Marion, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Marion Military Institute, (the Institute), 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 Institute's basic financial statements and have issued our report thereon dated January 17, 2024. Our report includes a reference to other auditors who audited the financial statements of Marion Military Institute Foundation, Inc. as described in our report on the Institute's financial statements. The financial statements of Marion Military Institute Foundation, Inc. was not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Marion Military Institute Foundation, Inc. or that are reported on separately by those auditors who audited the financial statements of Marion Military Institute Foundation, Inc.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute'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 Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute'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 Institute'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.

FORVIS, LLP

Kansas City, Missouri
January 17, 2024

Marion Military Institute

A Component Unit of the State of Alabama

Single Audit Reports

September 30, 2023

Marion Military Institute

A Component Unit of the State of Alabama
Single Audit Reports and Schedule of Expenditures of Federal Awards
Year Ended September 30, 2023

Contents

Marion Military Institute
A Component Unit of the State of Alabama
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U. S. Department of Education				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants	84.007	n/a	$ -	$ 15,370
Federal Work Study Program	84.033	n/a	-	22,965
Federal Pell Grant Program	84.063	n/a	-	931,941
Federal Direct Student Loans	84.268	n/a	-	663,204
Total Student Financial Assistance Cluster/ Expenditures of Federal Awards			$ -	$ 1,633,480

Marion Military Institute

A Component Unit of the State of Alabama

Notes to the Schedule of Expenditures of Federal Awards

Year Ended September 30, 2023

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Marion Military Institute (the Institute), 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 Institute, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Institute.

Note 2: Summary of Significant Accounting Policies

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

The Institute has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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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*

Independent Auditor's Report

Alabama Community College System Board of Trustees
Marion Military Institute
Marion, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Marion Military Institute (the Institute), 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 Institute's basic financial statements and have issued our report thereon dated January 17, 2024. Our report includes a reference to other auditors who audited the financial statements of Marion Military Institute Foundation, Inc. as described in our report on the Institute's financial statements. The financial statements of Marion Military Institute Foundation, Inc. was not audited in accordance with *Government Auditing Standards,* and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Marion Military Institute Foundation, Inc. or that are reported on separately by those auditors who audited the financial statements of Marion Military Institute Foundation, Inc.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute'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 Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute'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 Institute'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.

FORVIS, LLP

Kansas City, Missouri
January 17, 2024

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Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Alabama Community College System Board of Trustees
Marion Military Institute
Marion, Alabama

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Marion Military Institute's (the Institute) 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 the Institute's major federal program for the year ended September 30, 2023. The Institute's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on the 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 (*Government 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 Institute 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 the major federal program. Our audit does not provide a legal determination of the Institute'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 Institute'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 Institute'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 Institute's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Institute'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 Institute'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 Institute'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Institute's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Institute's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The Institute is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Institute's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 business-type activities and the discretely presented component unit of the Institute, 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 Institute's basic financial statements. We have issued our report thereon dated January 17, 2024, which contained unmodified opinions on those financial statements and contained a reference to the report of other auditors. Our audit was conducted for the purpose of forming opinions 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

FORVIS, LLP

Kansas City, Missouri
January 29, 2024

Marion Military Institute
A Component Unit of the State of Alabama
Schedule of Findings and Questioned Costs
Year Ended September 30, 2023

Section I – Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
2. Internal control over financial reporting:
   - Significant deficiency(ies) identified? ☐ Yes ☒ None reported
   - Material weakness(es) identified? ☐ Yes ☒ No
3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over the major federal awards program:
   - Significant deficiency(ies) identified? ☐ Yes ☒ None reported
   - Material weakness(es) identified? ☐ Yes ☒ No
5. Type of auditor's report issued on compliance for the major federal program:
   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? ☒ Yes ☐ No
7. Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
	Student Financial Assistance Cluster
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans

8. Dollar threshold used to distinguish between Type A and Type B programs: $750,000.
9. Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

Marion Military Institute
A Component Unit of the State of Alabama
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2023

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Awards Findings and Questioned Costs

Reference Number	Finding
2023-001	**Student Financial Assistance Cluster**

84.063 Federal Pell Grant Program, 84.268 Federal Direct Student Loans
U.S. Department of Education
Award Year 2022/2023

Criteria or Specific Requirement – Special Tests and Provisions - Enrollment Reporting
34 CFR 685.309(b) states that upon receipt of an enrollment report from the Secretary, a school must update all information included in the report and return the report to the Secretary in the manner and format prescribed by the Secretary and within the timeframe prescribed by the Secretary. Unless it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that a loan under Title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended.

Condition – The Institute did not submit timely notification to the National Student Loan Data System (NSLDS) of student status changes.

Questioned Costs – None noted

Context – Out of a population of 39 student enrollment status changes requiring notification, a sample of four student status changes was selected for testing. Out of the four selected for testing, two students that had status changes were not communicated to NSLDS on a timely basis. Both students that were not reported timely were graduates in May 2023. The sampling methodology was not intended to be a statistically valid sample.

Effect – The accuracy of Title IV student loan records depends heavily on the accuracy of the enrollment information reported by the schools. If an institution does not review, update, and verify student enrollment statuses, effective dates of the enrollment status, and the anticipated completion dates, then the Title IV student loan records will be inaccurate, which impacts student loan repayments.

Cause – The Institute uses an Enrollment Reporting Servicer (Servicer) to transmit student enrollment status changes to NSLDS. The enrollment reporting file was submitted timely by the Institute to the Servicer, however, there was a delay in the submission to NSLDS from the Servicer. Ultimately the Institute has primary responsibility for timely submission of enrollment status changes to NSLDS.

Recommendation – We recommend that management review this area and establish procedures to ensure student status changes are reporting timely to NSLDS.

Views of Responsible Officials and Planned Corrective Actions – Management agrees with the stated finding and has implemented a corrective action plan.

MARION MILITARY INSTITUTE
1101 Washington Street
Marion, Alabama
36756

BUSINESS OFFICE

January 26, 2024

Corrective Action Plan

Personnel Responsible for Corrective Action Plan: Eva Painter – Director of Institutional Research

Anticipated Completion Date: February 15, 2024

Corrective Action Plan

Context - As is noted in the original finding, the Institution submitted all enrollment and degree verify files to servicer (National Student Clearinghouse) according to the transmission schedule. After reviewing the timeline and files noted in the finding, it appears that the subsequent enrollment file was sent to National Student Clearinghouse on 5/16/23, which was consequently, prior to the Registrar completing process to roll students who graduated to a "G" status. Therefore, only some of our graduates were noted as "G" status in the May Enrollment Transmission. These students that were included were reported to NSLDS with a "G" status within the prescribed time period.

All graduates were included in the Degree Verify transmission later in May; however, our institution does not participate in the Clearinghouse service to automatically roll degree verify transmissions to G status. Furthermore, the following scheduled enrollment transmission in July also included all of the Graduated students as a G status, but it was not received by NSLDS within the 60-day window.

It is clear that the transmission schedule needs to be edited to avoid future issues. Additionally, this finding has also shed light on the need for a clear policy on the window in which we will allow students to reverse transfer back credit, should they want to be considered graduated in the same term they were last enrolled.

The director of institutional research therefore recommends two action plan items and a set of best practices to follow on a continual basis.

Corrective Action Items:

1. Review and edit the Clearinghouse Transmission Schedule
   The submission calendar will be reviewed by both the director of institutional research and the registrar to ensure the scheduled enrollment transmissions following graduation are scheduled so that there is enough time to roll all students to G status, but also that it will be received by NSLDS within 60 days. It will be recommended that all enrollment transmissions following a scheduled graduation be transmitted by the 30th of the month graduation took

place and within 14 to 16 days. For example, a transmission will be submitted by the 30th of May following a May 11th graduation.

2. Develop and Codify Reverse Transfer Policy Best Practices
   The Registrar and Director of Institutional Research will develop a Reverse Transfer Policy and submit to Chief Academic Officer for approval. The policy will recommend that students who wish to receive a graduation award for a graduation date that falls within their last semester attended must submit any necessary reverse transfer credit within 14 business days (excluding holidays) “of the concurred graduation date of that semester. Should the student submit reverse transfer credit after that window, the student’s graduation date will reflect that of the following concurred graduation date.

Ongoing Best Practice Protocols to be immediately implemented:

1. The Director of Institutional Research will confer with Registrar to ensure all graduates have been rolled over to g status prior to sending the enrollment transmission to Clearinghouse.

2. Upon receiving any reverse transfer credit, the Registrar will notify the Director of Institutional Research, so that the student can be manually changed to “G” status in the Clearinghouse System.

Marion Military Institute
A Component Unit of the State of Alabama
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2023

Reference Number	Summary of Finding	Status
2022-001	**Education Stabilization Fund, Higher Education Emergency Relief Fund (HEERF) - Institutional Portion #84.425F and Student Portion #84.425E** **U.S. Department of Education** **Award Year 2022** **Criteria or Specific Requirement –** Under the CARES Act 18004(e) and the CRRSAA 314(e), there are three components to reporting HEERF, public reporting on student aid portion, public reporting on the institutional portion, and annual reporting. The public reporting on student aid requires institutions to publicly post certain information, including four items defined by the U.S. Department of Education (ED) as key items, on their website as soon as possible but no later than 30 days after the publication of the notice or 30 days after the ED first obligated funds. The report must be updated no later than 10 days after the end of each calendar quarter. The public reporting on institutional aid requires institutions to publicly post the HEERF institutional reporting form on the institution's primary website no later than 10 days after the end of each calendar quarter with the exception of the first report, which was due October 30, 2020, and the report covering the first quarter of 2021, which was due July 10, 2021. The annual report was required to be submitted to the ED via the Annual Report Data Collection System by February 8, 2021 and applied to the reporting period from March 13, 2020 through December 31, 2020.	Corrected