John C. Calhoun Community College
Financial Statements
September 30, 2024

John C. Calhoun Community College
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September 30, 2024

PART I

FINANCIAL STATEMENTS

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

Jimmy Baker, Chancellor – Alabama Community College System
Dr. Jimmy Hodges, President – John C. Calhoun Community College
Decatur, Alabama

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of John C. Calhoun Community College (the "College"), a component unit of the State of Alabama, and its discretely presented component unit, Calhoun College Foundation, Inc. ("the Foundation"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of September 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component unit, the Foundation, 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 College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of proportionate share of the net OPEB liability, and the schedule of OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Information

Management is responsible for the other information included in the report. The other information comprises the listing of College Officials, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2025 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Athens, AL
January 14, 2025

Overview of the Financial Statements and Financial Analysis

This section of John C. Calhoun Community College's Annual Financial Report represents management's discussion and analysis of the College's financial activity during the fiscal years ended September 30, 2023, and September 30, 2024. 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.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position of the College. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of John C. Calhoun Community College. The Statement of Net Position presents end-of-year data concerning Assets (current and non-current), Deferred Outflow of Resources, Liabilities (current and non-current), Deferred Inflow of Resources, and Net Position (Assets and Deferred Outflow of Resources minus Liabilities and Deferred Inflows of Resources). The difference between current and non-current assets will be discussed in the financial statement disclosures.

From the data presented, readers of the 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 minus liabilities) and their availability for expenditure by the institution.

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

Statement of Net Position (thousands of dollars)

	2024	2023	Increase (Decrease)	Percent Change
Assets:				
Current Assets	$ 114,226	$ 75,563	$ 38,663	51.17%
Noncurrent Assets, Net	153,878	134,238	19,640	14.63%
Total Assets	268,104	209,801	58,303	27.79%
Deferred Outflow of Resources	21,046	26,137	(5091)	-19.48%
Liabilities:				
Current Liabilities	19,280	18,781	499	2.66%
Noncurrent Liabilities	107,531	78,168	29,363	37.56%
Total Liabilities	126,811	96,949	29,862	30.80%
Deferred Inflow of Resources	17,557	22,328	(4,771)	-21.37%
Net Position:				
Net Invested in Capital Assets	134,447	110,022	24,425	22.20%
Restricted	9,364	5,900	3,464	58.71%
Unrestricted	971	739	232	31.39%
Total Net Position	$ 144,782	$ 116,661	$ 28,121	24.10%

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

Total assets increased by $58.3 million largely due to a $30 million increase in Deposits with Trustee related to a new bond issue in 2024 and $27.4 million in asset additions related to construction and renovations on campus. Other changes of note include an increase of $4.7 million in Cash and Cash Equivalents and $3.1 million increase in Equipment, offset by a $6.2 million increase in Accumulated Depreciation. The College received $23.7 million in State Capital Appropriations and Grants for construction projects, which preserved some of the College's cash and bond deposits in fiscal year 2024.

Total Liabilities increased by $29.9 million with most of that coming from a $27.5 million increase in Bonds Payable due to a $30 million bond issue in fiscal year 2024. Net Pension liability also increased by $1.8 million. The net pension liability, required by GASB 68, was measured as of September 30, 2023 and the total Pension liability used to calculate the net Pension liability was determined by an actuarial valuation as of September 30, 2022. The College's proportion of the net Pension liability was based on a projection of the College's long-term share of contributions to the Pension plan relative to the projected contributions of all participating employers, actuarially determined.

Deferred Inflows decreased by $4.8 million due to the actuarial calculations provided by RSA in regards to OPEB (GASB 75) and Pension(GASB 68) benefits.

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.

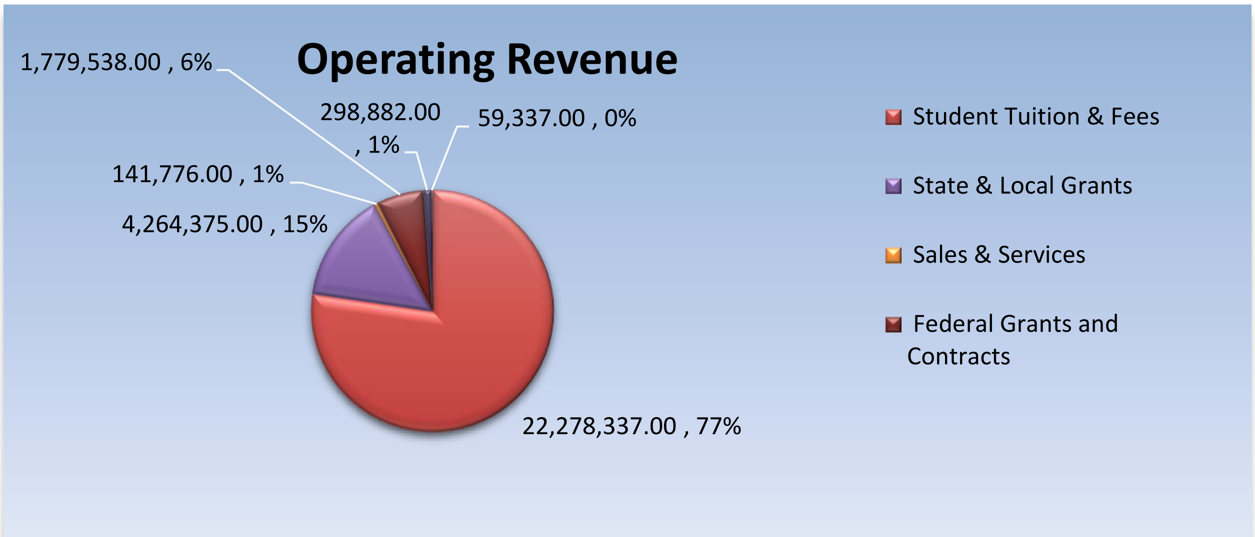
Generally speaking operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the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

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

	2024	2023	Increase (Decrease)	Percent Change
Operating Revenues	$ 28,822	$ 25,773	$ 3,049	11.83%
Operating Expenses	(78,652)	(70,557)	8,095	11.47%
Operating Loss	(49,830)	(44,784)	(5,046)	11.27%
Non-Operating Revenues and Expenses	54,276	51,619	2,657	5.15%
Other Operating Revenues	23,675	5,947	17,728	298.10%
Change in Net Position	28,121	12,782	15,339	120.00%
Net Position at Beginning of Year	116,661	103,879	12,782	12.30%
Net Position at End of Year	$ 144,782	$ 116,661	$ 28,121	24.10%

Operating Revenues increased $3.0 million for the year mainly due to an increase in student tuition rates and increase in both federal and state grants. Operating expenses increased by $8.1 million driven by a $3.4 million increase in instruction expenses, a $1.0 million increase in student services, a $1.3 million increase in operation and maintenance, and a $1M increase in depreciation expense. Other Operating Revenues increased $17.7 million due to capital appropriations and grants received for construction projects. Total change in net position was an increase of $28.1 million for the year. Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Position are below.

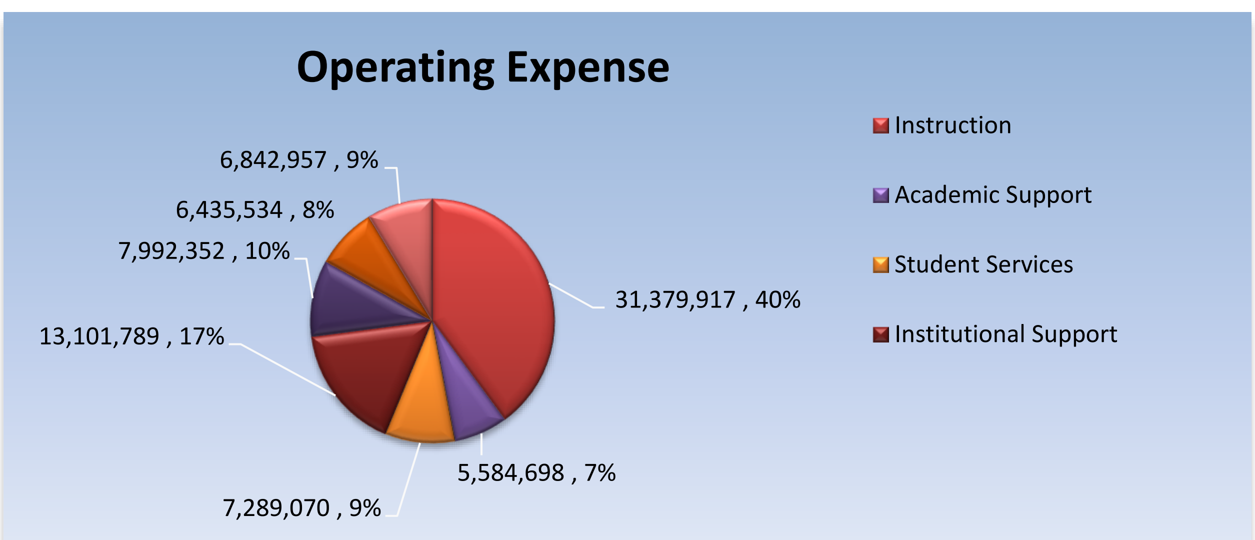
Operating Revenue by Source



The above chart shows the operating revenues by type and their relationship with one another. Student Tuition & Fees represents the largest type of revenue followed by State and Local Grants. Federal Grants and Contracts also contribute significantly to the operating revenue.

Operating Expenses

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



The above chart shows the breakout of expenses by type and their relationship to total expenses. The largest operating expense is from Instruction with 40% of the total.

Statement of Cash Flows

The final statement presented is the Statement of Cash Flows which presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-operating activities. This section reflects the cash received and spent for non-operating (state appropriations plus federal grants and loans), non-investing, and non-capital purposes. The third section reflects the cash flows from the purchase of capital buildings and equipment and any borrowings (Bond Issues) used for the funding those capital purchases. The fourth section deals with cash flows from investing activities. The fifth section summarizes any cash transactions that would impact any prior year adjustments made during the current fiscal year.

Cash Flows for the Years Ended September 30 (thousands of dollars)

	2024	2023	Increase (Decrease)	Percent Change
Cash Provided (Used) by				
Operating Activities	$ (41,433)	$ (44,278)	$ 2,845	6.43%
Non-Capital Activities	56,062	57,501	(1,439)	-2.50%
Capital Activities	(8,961)	(16,269)	7,308	44.92%
Investing Activities	(918)	1,482	(2,400)	-161.94%
Net Change in Cash	4,750	(1,564)	6,314	403.71%
Cash, Beginning of Year	61,532	63,096	(1,564)	-2.48%
Cash, End of Year	$ 66,282	$ 61,532	$ 4,750	7.72%

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

State appropriations represent the primary source of cash receipts for non-operating activities, while federal Pell grants are also a significant source of receipts. Federal Direct Loans are the largest source of cash outlays.

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

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

Economic Outlook

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

Contacting John C. Calhoun Community College Financial Management

This financial report is designed to provide our stakeholders with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Calhoun Community College Business Office located at 6250 US-31, Tanner, AL 35671.

John C. Calhoun Community College
Statement of Net Position
September 30, 2024

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 66,281,656
Short Term Investments	3,284,465
Accounts Receivable, Net of Allowance for Doubtful Accounts of $629,879	12,724,931
Inventories	15,565
Deposit with Bond Trustee	31,306,484
Other Current Assets	612,239
Total Current Assets	114,225,340
Non-Current Assets	
Long-Term Investments	1,680,360
Capital Assets:	
Land	4,460,788
Improvements Other Than Buildings	12,037,707
Buildings & Building Alterations	157,156,614
Equipment and Furniture	30,970,239
Library Holdings	1,194,631
Construction in Progress	23,206,481
Intangible Right-to-Use Lease Assets	280,523
Intangible Right-to-Use Software Agreements	736,037
Less: Accumulated Depreciation	(77,845,047)
Total Capital Assets, Net	152,197,973
Total Non-Current Assets	153,878,333
Total Assets	268,103,673
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pensions	15,007,000
Deferred Outflows of Resources Related to OPEB	6,039,053
Total Deferred Outflows of Resources	21,046,053

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

John C. Calhoun Community College
Statement of Net Position
September 30, 2024

LIABILITIES		
Current Liabilities		
Deposits	$	22,074
Accounts Payable and Accrued Liabilities		6,808,707
Bond Surety Payable		29,875
Unearned Revenue		9,155,733
Compensated Absences		182,099
Current Portion - Leases Payable		62,677
Bonds Payable		2,892,256
Current Portion - Subscription Liabilities		126,177
Total Current Liabilities		19,279,598
Non-Current Liabilities		
Compensated Absences		1,638,886
Lease Payable		29,077
Bonds Payable		44,916,089
Subscription Liabilities		78,010
Net Pension Liability		55,796,000
Net OPEB Liability		5,073,329
Total Non-Current Liabilities		107,531,391
Total Liabilities		126,810,989
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Pensions		2,162,000
Deferred Inflows of Resources Related to OPEB		15,395,072
Total Deferred Inflow of Resources		17,557,072
NET POSITION		
Net Position		
Net Investment in Capital Assets		134,447,234
Restricted Expendable:		
Capital Projects		4,953,294
Debt Service		801,988
Scholarships and Fellowships		7,139
Other		3,601,082
Unrestricted		970,928
Total Net Position	$	144,781,665

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

Calhoun College Foundation
Statement of Financial Position – Discretely Presented Component Unit
June 30, 2024

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 1,543,901
Investments	14,926,786
Total Assets	16,470,687
LIABILITIES AND NET ASSETS	
Liabilities	
Deferred Revenues	-
Total Liabilities	-
Net assets	
Without Donor Restrictions	5,119,010
With Donor Restrictions	11,351,677
	16,470,687
Total Liabilities and Net Assets	$ 16,470,687

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

John C. Calhoun Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2024

OPERATING REVENUES	
Student Tuition and Fees (Net of Scholarship Allowances of $12,774,908)	$ 22,278,337
Federal Grants and Contracts	1,779,538
State and Local Grants and Contracts	4,264,375
Sales and Services of Educational Activities	141,776
Auxiliary Enterprises:	
Bookstore	241,566
Vending	26,632
Housing (Net of Allowances of $13,716)	26,505
Other Auxiliary Enterprises	4,179
Other	59,337
Total Operating Revenues	28,822,245
OPERATING EXPENSES	
Instruction	31,379,917
Academic Support	5,584,698
Student Services	7,289,070
Institutional Support	13,101,789
Operation and Maintenance	7,992,352
Scholarships and Financial Aid	6,435,534
Depreciation and Amortization	6,842,957
Auxiliary Enterprises	26,146
Total Operating Expenses	78,652,463
Operating Loss	(49,830,218)
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	37,382,779
Federal Grants	17,457,846
Investment Income	338,915
Unrealized Gain	144,268
Capital Grants, Contracts, and Gifts	10,216,881
Capital Appropriations	13,458,057
Noncash Gifts	221,824
Bond Surety Fee Expense	(183,112)
Other Nonoperating Expense	(406,228)
Interest on Debt	(680,521)
Net Nonoperating Revenues	77,950,709
Change in Net Position	28,120,491
Total Net Position - Beginning of Year	116,661,174
Total Net Position - End of Year	$ 144,781,665

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

Calhoun College Foundation
Statement of Activities – Discretely Presented Component Unit
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Revenue and Support:			
Contributions	$ 57,231	$ 925,331	$ 982,562
Donated Goods, Services, and Facilities	397,518	-	397,518
Special Events Income	-	162,900	162,900
Departments/Divisions Income	-	256,429	256,429
Other Income	-	1,635	1,635
Net Assets Released from Restrictions	1,013,266	(1,013,266)	-
Total Revenue	1,468,015	333,029	1,801,044
Expenses:			
Program Services	1,431,147	-	1,431,147
General and Administrative	48,810	-	48,810
Fundraising	84,737	-	84,737
Total Expenses	1,564,694	-	1,564,694
Change in Net Assets from Operating	(96,679)	333,029	236,350
Nonoperating Activities			
Interest Income	150,606	239,765	390,371
Investment Return, Net of Fees	501,511	851,327	1,352,838
Change in Net Assets from Nonoperating	652,117	1,091,092	1,743,209
Total change in Net Assets	555,438	1,424,121	1,979,559
Net Assets at Beginning of Year	4,563,572	9,927,556	14,491,128
Net Assets at End of Year	$ 5,119,010	$ 11,351,677	$ 16,470,687

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

John C. Calhoun Community College
Statement of Cash Flows
For the Year Ended September 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	$ 21,622,577
Grants and Contracts	4,942,312
Payments to Suppliers	(13,939,191)
Payments for Utilities	(1,826,416)
Payments for Employees	(35,563,842)
Payments for Benefits	(10,847,559)
Payments for Scholarships	(6,412,865)
Sales and Service of Educational Services	146,143
Other Receipts (Payments)	86,676
Auxiliary Enterprises	358,766
Net Cash Used in Operating Activities	(41,433,399)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and Local Appropriations	37,124,436
Bond Surety Fee Expense	(180,061)
Federal Grants	19,118,162
Federal Direct Loan Receipts	9,286,211
Federal Direct Loan Disbursements	(9,287,186)
Net Cash Provided by Noncapital Financing Activities	56,061,562
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets and Construction	(28,300,743)
Appropriations for Capital Projects	8,651,954
Capital Grants and Gifts Received	14,506,453
Principal Paid on Capital Debt and Leases	(3,095,822)
Interest Paid on Capital Debt and Leases	(661,574)
Proceeds from Issuance of Capital Debt	30,369,890
Bond Issuance Costs Paid on New Debt	(368,891)
Deposits with Trustees	(30,054,486)
Other	(7,300)
Net Cash Used in Capital and Related Financing Activities	(8,960,519)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	337,128
Purchase of Investments	(1,255,089)
Net Cash Used in Investing Activities	(917,961)
Net Decrease in Cash and Cash Equivalents	4,749,683
Cash and Cash Equivalents - Beginning of Year	61,531,973
Cash and Cash Equivalents - End of Year	$ 66,281,656

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

Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	$	(49,830,218)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities		
Depreciation and Amortization Expense		6,842,957
Pension and OPEB Expense		2,155,215
Changes in Assets and Liabilities:		
Receivables		(1,377,744)
Inventory		(10,777)
Other Assets		(134,102)
Accounts Payable and Accrued Liabilities		768,593
Compensated Absences		92,742
Unearned Revenue		59,935
Net Cash Used in Operating Activities	$	(41,433,399)

Noncash Investing, Capital, and Financing Activities:

The College recorded $326,282 in right-of-use software agreement assets and $49,357 in right-of-use lease assets during the year.

The College recorded $119,445 in donated capital assets during the year.

For the year ended September 30, 2024, there was $466,001 in accounts payable related to capital assets were acquisitions.

The College recorded $37, 127 in non cash adjustments to leases

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Component Units

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

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

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

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

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

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

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

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

D. Accounting Estimates

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

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

1. Cash, Cash Equivalents, and Investments

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

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

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

2. Receivables

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

3. Capital Assets

Capital assets, other than intangible assets, with a unit cost of over $5,000 and an estimated useful life in excess of one year, and all library books, are recorded at historical cost or estimated historical cost if purchased or constructed. Right-to-use assets are defined as assets resulting from a lease or subscription-based information technology arrangement. The capitalization threshold for intangible assets such as capitalized software and internally generated computer software is $1 million and $100,000 for easements and land use rights and patents, trademarks, and copyrights. In addition, works of art and historical treasures and similar assets are recorded at their historical cost. Donated capital assets are recorded at fair market value at the date of donation. Land, construction in progress, and intangible assets with indefinite lives are the only capital assets that are not depreciated. Depreciation is not allocated to a functional expense category. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

4. Deferred Outflow of Resources

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

5. Long-Term Obligations

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

6. Compensated Absences

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

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

7. Deferred Inflow of Resources

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

8. Unearned Revenue

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

9. Pensions

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

10. Postemployment Benefits Other Than Pensions (OPEB)

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

11. Net Position

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

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

Restricted:

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

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

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

12. Federal Financial Assistance Programs

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

13. Scholarship Allowances and Student Aid

Student tuition and fees are reported net of scholarship allowances and discounts. The amount for scholarship allowances and discounts is the difference between the stated charge for goods and services provided by the College and the amount that is paid by the student and/or third parties making payments on behalf of the student. The College uses the case-by-case method to determine the amount of scholarship allowances and discounts.

14. Prepaid Expenses and Unearned Scholarships

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

15. New Accounting Pronouncement

No new standards were implemented by the College for the fiscal year ended September 30, 2024.

In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously-required disclosures. The requirements of this Statement are effective for the fiscal year ending September 30, 2025. The College is analyzing GASB Statement No. 101 and related guidance to determine what impact implementation may have on the financial statements.

In December 2023, GASB issued Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. The College is analyzing GASB Statement No. 102 and related guidance to determine what if any additional risk disclosures would be required through implementation for inclusion in financial statements.

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues (identified through pre-agenda research conducted by the GASB). The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The College is still analyzing GASB Statement No. 103 and related guidance to determine what impact implementation may have on the financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

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

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

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

B. Investments

The College invests its funds in securities and investments in accordance with the *Code of Alabama 1975*, Section 16-13-2, Sections 27-1-8 and 27-1-9, and Sections 27-41-1 through 27-41-41. These laws provide that the College may invest in the same type of instruments as allowed by Alabama law for domestic life insurance companies. This includes a wide range of investments, such as direct obligations of the United States of America, obligations issued or guaranteed by certain federal agencies, and bonds of any state, county, city, town, village, municipality, district or other political subdivision of any state or any instrumentality or board thereof of the United States of

America that meet specified criteria. The College 's investment policy permits investments in the following: 1) U.S. Treasury bills, notes, bonds, and stripped Treasuries; 2) U.S. Agency notes, bonds, debentures, discount notes and certificates; 3) certificates of deposit (CDs), checking and money market accounts of savings and loan associations, mutual savings banks, or commercial banks whose accounts are insured by FDIC/FSLIC, and who are designated a Qualified Public Depository (QPD) under the SAFE Program; 4) mortgage backed securities (MBSs); 5) mortgage-related securities including collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMIC) securities; 6) repurchase agreements; and 7) stocks and bonds which have been donated to the institution.

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

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

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

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

To the extent available, the College's investments are recorded at fair value as of September 30, 2024. GASB Statement Number 72 – Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

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

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

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

Investments' fair value measurements are as follows at September 30, 2024:

		Fair Value Measurements Using		
Investments	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities				
U.S. Agency Securities	$ 32,986,844	$ 32,986,844	$ -	$ -
Total Investments	$ 32,986,844	$ 32,986,844	$ -	$ -

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

Interest Rate Risk – This risk pertains to changes in interest rates that adversely affect the fair value of an investment. While there is an active market for the below investments, generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the College's investment policy limits its investment maturities as follows:

Investment Type	Maximum Maturity
U.S. Treasury Bills, Notes, Bonds and Stripped Treasuries	10 years
U.S. Agencies	10 years
Certificates of Deposit	5 years
Mortgage-Backed Securities and Mortgage Related Securities	7 years*/10 years**

**Aggregate life*
***Average life maturity of any one security*

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

		Investment Maturities (in Years)		
Investment Type	Fair Value	1-5	6-10	Thereafter
U.S. Agency Securities	$ 32,986,844	$ 32,986,844	$ -	$ -

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The College does not have a formal investment policy that specifically addresses its investment choices related to this risk. The College's U.S. Agency Securities investments in the Federal Home Loan Mortgage Corp Agency, Federal Farm Credit Bank, and Federal Home Loan Bank held a Moody's rating of "Aaa" and a Standard & Poor's rating of "AA+."

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

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

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

NOTE 3 - RECEIVABLES

Receivables are summarized as follows:

Accounts Receivable:		
Federal	$	727,900
State and Local		1,862,665
Third Party		108,546
Student		2,411,264
Auxiliary		118,830
Interest		47,527
Other		8,078,078
Less: Allowance for Doubtful Accounts		(629,879)
Total Accounts Receivables, Net	$	12,724,931

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Deductions & Adjustments	Transfers	Ending Balance
Capital Assets Not Being Depreciated:					
Land	$ 4,431,544	$ 29,244	$ -	$ -	$ 4,460,788
Construction in Progress	11,986,830	21,240,536	-	(10,020,885)	23,206,481
Total Capital Assets Not Being Depreciated:	16,418,374	21,269,780	-	(10,020,885)	27,667,269
Capital Assets Being Depreciated:					
Buildings	126,960,049	3,165,678	-	5,405,931	135,531,658
Building Alterations	16,952,954	274,224	-	4,397,778	21,624,956
Improvements Other than Buildings	11,786,634	33,897	-	217,176	12,037,707
Equipment > $25,000	14,054,196	2,148,307	-	-	16,202,503
Equipment < $25,000	13,783,842	1,137,450	(153,556)	-	14,767,736
Lease Equipment	277,997	49,357	(46,831)	-	280,523
Library Holdings	1,367,391	4,851	(177,611)	-	1,194,631
Subscription Based IT Arrangements	698,540	326,282	(288,785)	-	736,037
Total Capital Assets Being Depreciated	185,881,603	7,140,046	(666,783)	10,020,885	202,375,751
Less Accumulated Depreciation:					
Buildings	36,591,473	2,538,604	-	-	39,130,077
Building Alterations	6,656,608	864,380	-	-	7,520,988
Improvements Other than Buildings	7,531,658	389,104	-	-	7,920,762
Equipment > $25,000	8,330,280	1,145,824	-	-	9,476,104
Equipment < $25,000	10,996,978	1,499,113	(148,581)	-	12,347,510
Lease Equipment	129,594	92,450	(33,066)	-	188,978
Library Holdings	1,149,955	27,211	(177,611)	-	999,555
Subscription Based IT Arrangements	239,467	286,271	(264,665)	-	261,073
Total Accumulated Depreciation	71,626,013	6,842,957	(623,923)	-	77,845,047
Total Capital Assets, Net	$ 130,673,964	$ 21,566,869	$ (42,860)	$ -	$ 152,197,973

For the year ended September 30, 2024, the financial statements include the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

As of September 30, 2024, The College had 30 active subscriptions. The subscriptions have payments that range from $0 to $80,402 and interest rates that range from 2.4960% to 3.5290%. As of September 30, 2024, the total combined value of the subscription liability is $204,187, and the total combined value of the short-term subscription liability is $126,177. The combined value of the right to use asset, as of September 30, 2024 is $736,037 with accumulated amortization of $261,073 and is included in Subscription Based IT Arrangements activities table found above. The subscriptions had $0 of Variable Payments and $0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

NOTE 5 - DEFINED BENEFIT PENSION PLAN

A. Plan Description

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

B. Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS members who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation.

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. 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 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.

C. Contributions

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

Effective October 1, 2021 the covered Tier 2 members of the TRS contribution rate increased from 6% to 6.2% of earnable compensation to the TRS as required by statute. Effective October 1, 2021 the covered Tier 2 certified law enforcement, correctional officers, and firefighters contribution rate increased from 7.0% to 7.2% of earnable compensation to the TRS as required by statute. These Tier 2 member contribution rate increases were a result of Act 537 of the Legislature of 2021 which allows sick leave conversion for Tier 2 members.

Participating employers' contractually required contribution rate for the year ended September 30, 2023, was 12.59% of annual pay for Tier 1 members and 11.57% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the College were $3,834,000 for the year ended September 30, 2024.

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

At September 30, 2024 the College reported a liability of $55,796,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022. The College 's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2023 the College 's proportion was 0.349648%, which was an increase of 0.002495% from its proportion measured as of September 30, 2022.

For the year ended September 30, 2024, the College recognized pension expense of $8,614,000. At September 30, 2024 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,989,000	$ 753,000
Changes of assumptions	1,570,000	-
Net difference between projected and actual earnings on pension plan investments	3,827,000	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	787,000	1,409,000
Employer contributions subsequent to the measurement date	3,834,000	-
	$ 15,007,000	$ 2,162,000

$3,834,000 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2025.

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:	
2025	$ 3,190,000
2026	1,755,000
2027	4,129,000
2028	(63,000)
Total	$ 9,011,000

E. Actuarial Assumptions

The total pension liability as of September 30, 2023, was determined by an actuarial valuation of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

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

*Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2022, 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	5.00%	2.50%
Total	100.00%	

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

F. Discount Rate

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

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

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

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
College 's proportionate share of collective net pension liability	$ 72,891,000	$ 55,796,000	$ 41,418,000

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2023. 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 and the additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan description

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

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

B. Benefits provided

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

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

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

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. Members who are enrolled in the PEEHIP Hospital Medical Plan, VIVA Health Plan (offered through the Public Education Employees' Health Insurance Fund (PEEHIF), Marketplace (Exchange) Plans, Alabama State Employees Insurance Board, Local Government Health Insurance Board, Medicaid, ALL Kids, Tricare, or Champus, as their primary coverage, or are enrolled in a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA), are not eligible to enroll in the PEEHIP Supplemental Plan. The plan cannot be used as a supplement to Medicare. Retired members who become eligible for Medicare are eligible to enroll in the PEEHIP Group Medicare Advantage (PPO) Plan or the Optional Coverage Plans.

Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract for Medicare eligible retirees and Medicare eligible dependents of retirees. The Medicare Advantage Prescription Drug Plan (MAPDP) is fully insured by UHC, and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

C. Contributions

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

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

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

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

At September 30, 2024, the College reported a liability of $5,073,329 for its proportionate share of the net OPEB liability. The 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, 2022. The College's proportion of the net OPEB liability was based on a projection of the College's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2023, the College's proportion was 0.26394025% percent, which was a decrease of 0.02785959% from its proportion measured as of September 30, 2022.

For the year ended September 30, 2024, the College recognized an OPEB benefit of $2,245,259, with no special funding situations.

At September 30, 2024, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 99,200	$ 8,005,563
Changes of assumptions	4,274,105	5,018,893
Net difference between projected and actual earnings on OPEB plan investments	173,296	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,111,180	2,370,616
Employer contributions subsequent to the measurement date	381,272	-
	$ 6,039,053	$ 15,395,072

$381,272 reported as deferred outflows of resources related to OPEB resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2025.

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 Ending September 30:	
2025	$ (3,100,450)
2026	(1,687,063)
2027	(1,581,776)
2028	(2,037,280)
2029	(1,279,702)
Thereafter	(51,020)
Total	$ (9,737,291)

E. Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2022, 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	4.53%
Municipal Bond Index Rate at Prior Measurement Date	4.40%
Projected Year for Fiduciary Net Position to be Depleted	N/A
Single Equivalent Interest Rate at Measurement Date	7.00%
Single Equivalent Interest Rate at Prior Measurement Date	7.00%
Healthcare Cost Trend Rates	
Initial Trend Rate	
Pre-Medicare Eligible	7.00%
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50% in 2033
Medicare Eligible	4.50% in 2033

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

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2022 valuation.

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

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

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

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

F. Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability 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 2023 and it is assumed that the 11.051% will increase or decrease at the same rate as expected benefit payments for the closed group with a cap of 20.00%. It is assumed the $800 rate will remain flat until, based on budget projections, it increases to $940 in fiscal year 2027 and then will increase with inflation at 2.50% starting in 2028. Retiree benefit payments for college members are paid by the Colleges and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Projected future benefit payments for all current plans members are projected through 2121.

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

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

	1% Decrease (6.00% decreasing to 3.50% for pre-Medicare and known decreasing to 3.50% for Medicare Eligible)	Current Healthcare Trend Rate (7.00% decreasing to 4.50% for pre-Medicare and known decreasing to 4.50% for Medicare Eligible	1% Increase (8.00% decreasing to 5.50% for pre-Medicare and known decreasing to 5.50% for Medicare Eligible
Net OPEB Liability	$ 3,845,529	$ 5,073,329	$ 6,564,126

The following table presents the Northeast Alabama Community College's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 7.00%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	$ 2,206,385	$ 5,073,329	$ 4,060,752

H. OPEB plan fiduciary net position

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

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable and accrued liabilities represent amounts due at September 30, 2024, for goods and services received prior to the end of the fiscal year.

Salaries and Wages	$ 1,631,788
Payroll Withholding	489,609
Interest Payable	455,832
Supplies and Other Payables	4,231,478
Total	$ 6,808,707

NOTE 8 - LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable:					
2012A Series	$ 3,320,000	$ -	$ 1,630,000	$ 1,690,000	$ 1,690,000
2014 Series Direct Placement	6,753,000	-	1,046,000	5,707,000	1,077,000
2020 Series	9,420,000	-	-	9,420,000	-
2024 Series	-	29,875,000	-	29,875,000	-
Bond Premiums	782,189	494,890	160,734	1,116,345	125,256
Total Bonds Payable	20,275,189	30,369,890	2,836,734	47,808,345	2,892,256
Other Liabilities:					
Compensated Absences	1,728,243	92,742	-	1,820,985	182,099
Lease Liabilities	148,491	49,357	106,094	91,754	62,677
Subscription Liabilities	228,760	326,282	350,855	204,187	126,177
Total Other Liabilities	2,105,494	468,381	456,949	2,116,926	370,953
Total Long-Term Liabilities	$ 22,380,683	$ 30,838,271	$ 3,293,683	$ 49,925,271	$ 3,263,209

On June 1, 2012, the College issued $24,325,00 in revenue bonds payable over 13 years with interest rates ranging from 2% to 4%. The bonds were issued to payoff previous debt and mature in 2025.

On November 20, 2014, the State Board of Education issued $15,000,000 in limited obligation revenue bonds payable over 15 years with an interest rate of 2.92%, maturing in 2029. The bonds were issued to provide funding to acquire, construct, and equip a 90,000 square foot math, science, and information technology classroom building to be located on the College's campus in Huntsville, Alabama and to provide funding for renovations to the existing Huntsville campus.

On May 14, 2020, the Board of Trustees of the Alabama Community College System issued $9,420,000 in limited obligation revenue bonds payable over 20 years with interest rates ranging from 3% to 4%, maturing in 2040. The bonds were issued to provide funding to renovate and improve Sparkman Hall located on the College's campus in Huntsville, Alabama.

On August 20, 2024, the Board of Trustees of the Alabama Community College System issued $29,875,000 in limited obligation revenue bonds payable over 15 years with interest rates ranging from 4% to 5%, maturing in 2040. The bonds were issued to (i) provide funding to make certain improvements at the College's Decatur, Huntsville, and Alabama Center for the Arts campuses, including construction of a 57,200 square foot building in order to relocate existing workforce programs; (ii) renovation of the current Library located on the Huntsville campus into a multipurpose facility; and (iii) various other capital improvements.

Bond Debt

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

	Direct Placement		Revenue Bonds		
Fiscal Year	Principal	Interest	Principal	Interest	Totals
2024-2025	$ 1,077,000	$ 166,644	$ 1,690,000	$ 1,323,716	$ 4,257,360
2025-2026	1,108,000	135,196	505,000	1,669,025	3,417,221
2026-2027	1,140,000	102,842	530,000	1,643,775	3,416,617
2027-2028	1,174,000	69,554	555,000	1,617,275	3,415,829
2028-2029	1,208,000	35,274	580,000	1,589,525	3,412,799
2029-2030	-	-	1,310,000	1,560,525	2,870,525
2030-2031	-	-	1,370,000	1,502,025	2,872,025
2031-2032	-	-	1,435,000	1,440,825	2,875,825
2032-2033	-	-	1,495,000	1,376,675	2,871,675
2033-2034	-	-	1,560,000	1,309,825	2,869,825
2034-2035	-	-	1,630,000	1,240,025	2,870,025
2035-2036	-	-	1,705,000	1,167,025	2,872,025
2036-2037	-	-	1,780,000	1,090,625	2,870,625
2037-2038	-	-	1,865,000	1,010,825	2,875,825
2038-2039	-	-	1,935,000	936,775	2,871,775
2039-2040	-	-	2,010,000	859,825	2,869,825
2040-2041	-	-	1,035,000	789,575	1,824,575
2041-2042	-	-	1,075,000	748,175	1,823,175
2042-2043	-	-	1,120,000	705,175	1,825,175
2043-2044	-	-	1,165,000	660,375	1,825,375
2044-2045	-	-	1,210,000	613,775	1,823,775
2045-2046	-	-	1,260,000	563,863	1,823,863
2046-2047	-	-	1,310,000	511,887	1,821,887
2047-2048	-	-	1,365,000	457,850	1,822,850
2048-2049	-	-	1,425,000	401,544	1,826,544
2049-2050	-	-	1,480,000	342,762	1,822,762
2050-2051	-	-	1,545,000	279,863	1,824,863
2051-2052	-	-	1,610,000	214,200	1,824,200
2052-2053	-	-	1,680,000	145,775	1,825,775
2053-2054	-	-	1,750,000	74,375	1,824,375
Totals	$ 5,707,000	$ 509,510	$ 40,985,000	$ 27,847,485	$ 75,048,995

Bond Premium

The College has a bond premium in connection with the issuance of its 2012, 2020 and 2024 Series Revenue Bonds. The bond premiums are being amortized using the effective interest method over the life of the applicable bonds.

	2012 Premium	2020 Premium	2024 Premium	Total
Total Premium	$ 1,431,049	$ 755,987	$ 494,890	$ 2,681,926
Amount Amortized in Prior Years	(1,253,650)	(151,197)	-	(1,404,847)
Beginning Balance	177,399	604,790	494,890	1,277,079
Current Amount Amortized	(106,440)	(37,799)	(16,495)	(160,734)
Balance of Premium	$ 70,959	$ 566,991	$ 478,395	$ 1,116,345

Pledged Revenues

The College has pledged tuition and certain fee revenues for the payment of debt service on the Series 2012 Bonds. The debt was issued, for the purpose of providing funding to refund, on a current basis, the outstanding principal of the Board's John C. Calhoun State Community College Revenue Bond Series 2003 and the Revenue Bond Series 2005, originally issued in the aggregate principal amounts of $11,675,000 and $24,230,000, and to pay the costs of issuing the Series 2012 Bonds. Future revenues in the amount of $1,744,925 are pledged to repay principal and interest on the bonds at September 30, 2024. Pledged revenues in the amount of $22,278,337 were received during the fiscal year ended September 30, 2024, with $1,737,900 or 7.80% of pledged revenues being used to pay principal and interest during this fiscal year. These bonds are scheduled to mature in fiscal year 2025.

The College has pledged tuition and certain fee revenues for the payment of debt service on the Series 2014 Bonds. The debt was issued, for the purpose of providing funding to finance the acquisition, construction, and equipping of a 90,000 square foot math, science, and information technology classroom building to be located on the College's campus in Huntsville, Alabama as well as paying the expenses of issuing the bond. In addition, the current facility at the Huntsville campus will undergo a significant renovation. Future revenues in the amount of $6,216,511 are pledged to repay principal and interest on the bonds at September 30, 2024. Pledged revenues in the amount of $22,278,337 were received during the fiscal year ended September 30, 2024, with $1,243,188 or 5.58% of pledged revenues being used to pay principal and interest during this fiscal year. These bonds are scheduled to mature in fiscal year 2029.

The College has pledged tuition and certain fee revenues for the payment of debt service on the Series 2020 Bonds. The debt was issued, for the purpose of providing funding to renovate and improve Sparkman Hall located on the College's campus in Huntsville, Alabama, as well as paying the expenses of issuing the bond. Future revenues in the amount of $13,261,100 are pledged to repay principal and interest on the bonds at September 30, 2024. Pledged revenues in the amount of $22,278,337 were received during the fiscal year ended September 30, 2024, with $347,150 or 1.56% of pledged revenues being used to pay principal and interest during this fiscal year. These bonds are scheduled to mature in fiscal year 2040.

The College has pledged tuition and certain fee revenues for the payment of debt service on the Series 2024 Bonds. The debt was issued, for the purpose of (i) providing funding to make certain improvements at the College's Decatur, Huntsville, and Alabama Center for the Arts campuses, including construction of a 57,200 square foot building in order to relocate existing workforce programs; (ii) renovation of the current Library located on the Huntsville campus into a multipurpose facility; and (iii) various other capital improvements. Future revenues in the amount of $53,826,459 are pledged to repay principal and interest on the bonds at September 30, 2024. Pledged revenues in the amount of $22,278,337 were received during the fiscal year ended September 30, 2024, with $921,641 or 4.14% of pledged revenues being used to pay principal and interest during this fiscal year. These bonds are scheduled to mature in fiscal year 2054.

The College's outstanding series 2014 bonds from direct placement related to governmental activities of $6,753,000 contain a provision that in an event of default, the Bondholder shall have the right by mandamus or other lawful remedy in any court of competent jurisdiction to enforce his or their rights against the Issuer to fix and collect the Pledged Revenues, in amounts sufficient to meet the provisions of the Bond Resolution and carry out any other covenants contained in the resolution and to perform its duties under the resolution and Section 16-3-28, Code of Alabama 1975, as amended.

The College's outstanding bonds from direct borrowings and direct placements related to governmental activities of $6,753,000 also contains a provision that this bond is subject to redemption and repayment in whole or in part, at the option of the Board, on November 1, 2024 and on any business day thereafter, at a redemption price equal to the principal amount to be redeemed and the interest accrued thereon to the date of redemption. Any redemption of less than the entire principal amount hereof then outstanding shall be in a principal amount of at least $100,000 and shall be applied to the principal payments due hereon in inverse order of scheduled annual principal payments.

Lease Liabilities

$280,523 has been recorded as Lease Assets in capital assets. Due to the implementation of GASB Statement No. 87, various leases met the criteria of a lease; thus, requiring it to be recorded by the College. These assets will be amortized over the lease term of the lease since it is shorter than the useful life and the College is not taking ownership of the assets. There are no residual value guarantees in the lease provisions. The leases will end in 2026. A summary of the principal and interest amounts for the remaining lease is as follows:

Fiscal Year	Principal	Interest	Totals
2024-2025	$ 62,677	$ 1,578	$ 64,255
2025-2026	23,290	455	23,745
2026-2027	5,787	39	5,826
	$ 91,754	$ 2,072	$ 93,826

Subscription Liabilities

See Note 4 for further information on the Subscription Liabilities. The future subscription payments under these SBITA agreements are as follows:

Fiscal Year		Principal		Interest		Totals
2024-2025	$	126,177	$	6,218	$	132,395
2025-2026		78,010		2,393		80,403
	$	204,187	$	8,611	$	212,798

NOTE 9 - RISK MANAGEMENT

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

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

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

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

NOTE 10 – OTHER SIGNIFICANT COMMITMENTS

As of September 30, 2024, the College had been awarded approximately $2,576,526 in federal, state, and local contracts and grants on which performance had not been accomplished and funds had not been received. These awards, which represent commitments of sponsors to provide funds for specific purposes, have not been reflected in the financial statements. As of September 30, 2024, the College has awarded $23,283,394 in contracts related to capital improvements.

NOTE 11 – CALHOUN COLLEGE FOUNDATION NOTES TO THE FINANCIAL STATEMENTS

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Calhoun College Foundation, Inc. (the Foundation) is an Alabama non-profit corporation organized on July 30, 1975. The Foundation's purpose is to promote the advancement of Calhoun Community College (the College), its students, and its faculty through scientific, literary, and educational endeavors. The Foundation is a component unit of the College.

Basis of Presentation – The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective October 1, 2018. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are available to support operations and not subject to donor-imposed stipulations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purpose specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions - Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. The Foundation's unspent contributions are reported in this class if the donor limited their use, as are promised contributions that are not yet due. Of the restricted balances at June 30, 2024, $10,134,200 is restricted for scholarship purposes while $1,217,477 is restricted for instructional and program support services. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.
When a donor's restriction is satisfied, either by using the resources in the manner specified by

the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

The Foundation's donor-restricted endowment funds, including the unspent appreciation of the endowment fund and the portion of the Foundation's donor-restricted endowment funds that the Foundation is committed to maintaining in perpetuity are classified in net assets with donor restrictions.

Revenue Recognition – Revenue is recognized when earned. Contributions are recognized when cash, or other assets, and unconditional promises to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Amounts received for future events (deferred revenue) are deferred to the applicable period.

Use of Estimates in the Preparation of Financial Statements – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Foundation considers all bank and similar time deposits, demand accounts, money market, and short-term investments with an original maturity of three months or less to be cash equivalents.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with unrealized gains and losses included in the statements of activities and changes in net assets. The fair values of marketable equity and debt securities traded on securities exchanges are as of the last sales price on the valuation date. Unrealized gains and losses are included as part of investment return, net of fees in the change in net assets.

Donated Services, Facilities and Goods – Certain Foundation personnel and all office space are provided by the College at no charge. Contributed services are reflected in the financial statements at the fair value of the services received. In accordance with FASB ASC 958, the Foundation recognizes contributed services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed use of facilities is reflected in the financial statements at the fair rental value of the office space provided. All donated goods are reflected in the financial statements at the fair market value of the goods on the date received.

Income Taxes/Uncertain Tax Positions – The Foundation is exempt from Federal and State income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Foundation is classified as a non-private foundation by the Internal Revenue Service. Accordingly, no provision is made in these financial statements for income taxes. The Foundation's federal Exempt Organization Business Income Tax Returns for 2021, 2022, and

2023 are subject to examination by the IRS, generally for three years after they were filed.

Functional Allocation of Expenses – The of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on a formula developed by management.

Endowment Funds – In August 2008, accounting guidance was issued on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This guidance also improves disclosures about an organization’s endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Alabama adopted UPMIFA effective January 1, 2009. The Board of Directors, on the advice of legal counsel, has determined that the Foundation’s board-designated net assets meet the definition of an endowment fund.

B. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of cash and cash equivalents and investments. The Foundation maintains bank accounts at a single financial institution that, at times, may exceed federally insured limits. The Foundation’s cash and cash equivalents accounts have been placed with high credit quality financial institutions. The Foundation has not experienced, nor does it anticipate, any losses with respect to such bank accounts.

C. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Foundation’s financial assets available within one year of the statement of financial position date for general expenditures are as follows for the year ending June 30, 2024:

Financial Assets at Year-End	$ 16,470,687
Less Those Available for General Expenditures Within One Year, Due to:	
Restricted by Donor with Purpose Restrictions	(11,351,677)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 5,119,010

The Foundation has a goal of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

D. INVESTMENTS

Investments are stated at fair value based on quoted prices in active markets (all Level 1 measurements). Unrealized appreciation (depreciation) noted below is computed based on the difference between the original investment and the fair market value as of the balance sheet date and are comprised of the following as of June 30, 2024:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Stifel General Account:			
Equities	$ 2,985,084	$ 3,960,507	$ 975,423
Corporate bonds	1,009,367	875,320	(134,047)
Government securities	700,864	609,478	(91,386)
Mortgage-backed securities	437,656	379,499	(58,157)
Stifel Endowment Account:			
Equities	4,563,284	6,188,643	1,625,359
Corporate bonds	1,582,784	1,367,961	(214,823)
Government securities	1,101,615	952,363	(149,252)
Mortgage-backed securities	685,447	593,015	(92,432)
	$ 13,066,101	$ 14,926,786	$ 1,860,685

Net investment income consists of the following for the years ending June 30, 2024:

Interest and Dividend Income	$ 390,371
Realized Gains	215,852
Unrealized Gains	1,194,483
Investment Expenses	(57,497)
	$ 1,743,209

E. FAIR VALUE MEASUREMENTS

Investments are reported at estimated fair value as determined by the Foundation, based upon a fair value hierarchy that prioritizes the input techniques used to measure fair value in accordance with Accounting Standards Update (ASU) No. 2015-07, Fair Value Measurement (Topic 820): *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. The ASU removed the requirement to categorize by level within the fair value hierarchy all investments with fair value measured using net asset value as a practical expedient and removed all other disclosure requirements.

The hierarchy gives the highest priority to level 1 measurements and the lowest priority to level 3 measurements:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data;
- Level 3: Significant unobservable inputs for assets or liabilities.

A financial instrument's level within this fair value hierarchy is based on the lowest level of any input that is significant to its fair value measurement. All transfers between fair value hierarchy levels are recognized at the beginning of each reporting period. The fair value hierarchy does not correspond to a financial instrument's relative liquidity in the market or to its level of risk.

In determining the reasonableness of the fair value measurement methodology, management, with the oversight of the Investment Committee, evaluates a variety of factors including review of existing contracts, economic conditions, and industry and market developments. Certain unobservable inputs are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

Level 1 investments are typically investments in debt and equity marketable securities but may also include money market funds, certificates of deposit, and other highly liquid investments with maturities of 90 days or less with high credit quality entities. All level 1 investments are reported at fair value.

For any level 3 investments, fair value would be determined by the Foundation to be best estimated by giving consideration to any factors which might necessitate an adjustment such as initial and ongoing due diligence monitoring, significant market or portfolio changes, and assumptions of a new hypothetical market participant. The Foundation does not have any level 3 investments.

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments measured at fair value on a recurring basis as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Equities	$ 10,149,150	$ -	$ -	$ 10,149,150
Corporate Bonds	2,243,281	-	-	2,243,281
Government Securities	1,561,841	-	-	1,561,841
Mortgage-Backed Securities	972,514	-	-	972,514
	$ 14,926,786	$ -	$ -	$ 14,926,786

F. ENDOWMENTS

The Foundation's endowment consists of approximately 166 funds established to provide scholarships for students of the College. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Directors of the Foundation is guided by its policies and procedures in the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds which are consistent with the principles set forth in the State Prudent Management of Institutional Funds Act (SPMIFA). Thus the Foundation retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Foundation in a manner consistent with its policies and procedures, and as reflected in the SPMIFA principles. In accordance with the Foundation's policies and procedures, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds, again consistent with SPMIFA principles: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

The Foundation maintains a master investment account for its donor-restricted endowment funds. Pooling endowment funds for investment purposes has many benefits, including but not limited to spreading the total risk for each endowment fund and making the risk equal for all funds invested in the master investment account, enhancing the investment performance relative to that of an individual fund, and reducing management fees. Realized and unrealized gains and losses from securities in the master investment account are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment account, as adjusted for additions to or deductions from those accounts.

Investment Reporting - Security transactions are recorded on a trade date basis. Interest is recorded as earned and dividends are recorded as of the ex-dividend date. Investment income includes interest and dividends and realized/unrealized gains and losses, net of investment fees. Investment income attributable to amounts held for the benefit of the College is reported in net assets with donor restrictions. When the activities occur, the amounts are transferred from net assets with donor restrictions to net assets without donor restrictions and the disbursements are reported as decreases in net assets without donor restrictions. Investment income attributable to amounts held for the benefit of the Foundation is reported in net assets without donor restrictions.

Investment Return Objectives, Risk Parameters and Strategies - The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending Policy - The Foundation has a policy of appropriating for distribution each year a target rate of 4% of its endowment fund's average fair value of the prior three fiscal years in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions. This is consistent with the Foundation 's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration due to unfavorable market fluctuations. When this is the case, any such deficiencies are monitored for future results. At June 30, 20243, there were no deficiencies included in net assets with donor restrictions related to investment losses on endowments.

Changes in endowment net assets as of June 30, 2024 are as follows:

	With Donor Restrictions
Endowment Net Assets, June 30, 2023	$ 8,630,297
Contributions, Net	275,295
Investment Income, Net of Fees	1,056,780
Amounts Appropriated for Expenditure	(203,989)
Endowment Net Assets, June 30, 2024	$ 9,758,383

G. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions by incurring expenses satisfying the purpose of the restrictions as specified by donors were as follows during the year ending June 30, 2024:

Perpetual Scholarships Awarded	$ 203,989
Designated Scholarships Awarded	391,484
Departments and Divisions	417,793
Total Net Assets Released from Restrictions	$ 1,013,266

H. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes for the year ended June 30, 2024:

Perpetual Scholarships	$ 9,757,656
Designated Scholarships	376,544
Departments and Divisions	779,824
Economic Summit, Scholarships, etc. (Shelton Fund)	437,653
Total Net Assets with Donor Restrictions	$11,351,677

I. RELATED PARTY

Support - The Foundation exists to assist the College. Due to the nature of this relationship, there are numerous transactions between the two entities and their representatives for program services, instruction, and scholarship purposes. During the year ended June 30, 2024, the Foundation expensed $1,431,147, in support of the College's programs and scholarships.

Personnel Costs and Facilities - The Foundation uses office space owned by the College without paying rent for the facilities. The value of the donated facilities was $1,440 for the year ending June 30, 2024. Furthermore, the Foundation employees are paid by the College. The salaries and benefits for the year ending June 30, 2024 were $363,852. Supplies paid by the College for the Foundation totaled $32,226 for the year ending June 30, 2024.

NOTE J – FUNCTIONAL EXPENSES

Certain costs have been allocated among the programs and supporting services benefited based on estimates of time and effort, and usage of assets. For 2024, natural expense accounts were allocated as follows:

		Supporting Activities		
	Program Services	General and Administrative	Fund Raising	Total Expenses
Scholarships	$ 595,473	$ -	$ -	$ 595,473
Department and Divisions	417,880	-	-	417,880
Donor/Scholarship Recognition	270	-	-	270
Dues and Subscriptions	1,374	10	14	1,398
Faculty Care	3,372	-	-	3,372
Fundraiser and Volunteer	-	-	55,320	55,320
Inkind Salaries and Benefits	317,279	19,648	26,925	363,852
Insurance	-	6,313	-	6,313
Non-Capitalized Equipment/Maintenance	2,143	133	182	2,458
President's Fund	24,070	-	-	24,070
Printing/Postage/Copying	4,685	204	280	5,169
Professional Development/ Training	688	-	-	688
Professional Fees	-	16,125	-	16,125
Receptions/ Luncheons	22,519	-	-	22,519
Rent - Provided by Donation	1,256	78	107	1,441
Service Charges	-	4,906	-	4,906
Supplies	23,843	1,154	1,581	26,578
College Expenses	12,432	-		12,432
Travel	3,863	239	328	4,430
Total Expenses	$1,431,147	$ 48,810	$ 84,737	$ 1,564,694

Required Supplementary Information

John C. Calhoun Community College
Schedule of Proportionate Share of the Net Pension Liability
Teachers' Retirement Plan of Alabama (in thousands)

	For the measurement period ended September 30,									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
College's proportion of the net pension liability	0.349648%	0.347153%	0.366791%	0.370604%	0.344283%	0.347211%	0.352305%	0.343564%	0.335353%	0.323692%
College's proportionate share of the net pension liability	$ 55,796	$ 53,950	$ 34,553	$ 45,842	$ 38,067	$ 34,522	$ 34,626	$ 37,194	$ 35,097	$ 29,406
College's covered payroll	$ 29,270	$ 27,078	$ 26,678	$ 26,488	$ 24,748	$ 23,309	$ 23,292	$ 21,881	$ 21,229	$ 20,536
College's proportionate share of the net pension liability as a percentage of its covered payroll	190.63%	199.24%	129.52%	173.07%	153.82%	148.11%	148.66%	169.98%	165.33%	143.19%
Plan fiduciary net position as a percentage of the total	63.57%	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

John C. Calhoun Community College

Schedule of Pension Contributions

Teachers' Retirement Plan of Alabama (in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 3,834	$ 3,526	$ 3,240	$ 3,209	$ 3,196	$ 2,994	$ 2,787	$ 2,748	$ 2,597	$ 2,398
Contributions in relation to the contractually required contribution	$ (3,834)	$ (3,526)	$ (3,240)	$ (3,209)	$ (3,196)	$ (2,994)	$ (2,787)	$ (2,748)	$ (2,597)	$ (2,398)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 35,519	$ 29,270	$ 27,078	$ 26,678	$ 26,488	$ 24,748	$ 23,309	$ 23,292	$ 21,881	$ 21,229
Contributions as a percentage of covered payroll	10.79%	12.05%	11.97%	12.03%	12.07%	12.10%	11.96%	11.80%	11.87%	11.30%

John C. Calhoun Community College
Schedule of Proportionate Share of the Net OPEB Liability
Alabama Retired Education Employees' Health Care Trust (in thousands)

	For the measurement period ended September 30,						
	2023	2022	2021	2020	2019	2018	2017
John C. Calhoun Community College 's proportion of the net OPEB liability	0.26394025%	0.2917998%	0.277998%	0.2760204%	0.306864%	0.286857%	0.280895%
John C. Calhoun Community College 's proportionate share of the net OPEB liability	$ 5,073	$ 5,084	$ 14,364	$ 17,925	$ 11,577	$ 23,576	$ 20,863
John C. Calhoun Community College 's covered payroll	$ 28,327	$ 26,000	$ 25,954	$ 25,646	$ 23,946	$ 21,468	$ 21,908
John C. Calhoun Community College 's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	17.91%	19.55%	55.34%	69.89%	48.35%	109.82%	95.23%
Plan fiduciary net position as a percentage of the total OPEB liability	49.42%	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

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

This schedule presents only seven years of information, rather than ten years, as only seven years of trend information is available at September 30, 2024.

John C. Calhoun Community College
Schedule of OPEB Contributions
Alabama Retired Education Employees' Health Care Trust (in thousands)

	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 381	$ 413	$ 555	$ 480	$ 548	$ 874	$ 709
Contributions in relation to the contractually required contribution	(381)	(413)	(555)	(480)	(548)	(874)	(709)
Contribution deficiency (excess)	-	-	-	-	-	-	-
John C. Calhoun Community College covered payroll	$ 30,169	$ 28,327	$ 26,000	$ 25,954	$ 25,646	$ 23,946	$ 21,468
Contributions as a percentage of covered payroll	1.26%	1.46%	2.13%	1.85%	2.14%	3.65%	3.30%

Notes to the Schedule of College 's OPEB Contributions

This schedule presents only seven years of information, rather than ten years, as only seven years of trend information is available at September 30, 2024.

Changes in actuarial assumptions

In 2022, rates of plan participation and tobacco usage assumptions were adjusted to reflect actual experience more closely.

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

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

Recent Plan Changes

The September 20, 2022 valuation reflects the impact of Act 2022-222.

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

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

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

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the Schedule of OPEB Contributions were calculated as of September 30, 2020, which is three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	21 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.50%
Medicare Eligible	**
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate Trend Rate	2027 for Pre-Medicare Eligible 2024 for Medicare Eligible
Optional Plans Trend Rate	2.00%
Investment Rate of Return	5.00%, including inflation

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

Other Information

Officials	Title
Jimmy Baker	Chancellor Alabama Community College System
Dr. Jimmy Hodges	President
Jason Morgan	Chief Financial Officer/Dean of Business and Finance

PART II

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

MAULDIN & JENKINS
CPAs & ADVISORS

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

Jimmy Baker, Chancellor – Alabama Community College System
Dr. Jimmy Hodges, President – John C. Calhoun Community College
Decatur, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of John C. Calhoun Community College (the "College"), a component unit of the State of Alabama, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 14, 2025. The financial statements of Calhoun College Foundation, Inc. (the "Foundation"), a discretely presented component unit of the College, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Athens, AL
January 14, 2025

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Jimmy Baker, Chancellor – Alabama Community College System
Dr. Jimmy Hodges, President – John C. Calhoun Community College
Decatur, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited John C. Calhoun Community College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended September 30, 2024. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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 items 2024-001 and 2024-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College'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.

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of the College, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated January 14, 2025, which contained unmodified opinions on those financial statements. Our audit was performed 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 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.

Mauldin & Jenkins, LLC

Athens, Alabama
January 14, 2025

PART III

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

John C. Calhoun Community College
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
MAJOR PROGRAMS				
Student Financial Assistance Cluster				
U.S. Department of Education - Direct Programs				
Federal Pell Grant Program	84.063	N.A.	$ -	$ 15,121,793
Federal Direct Student Loans	84.268	N.A.	-	9,287,186
Federal Work-Study Program	84.033	N.A.	-	253,155
Federal Supplemental Education Opportunity Grants	84.007	N.A.	-	272,500
Total Student Financial Assistance Cluster			-	24,934,634
U. S. Department of Education - Passed Through Alabama Community College System				
Adult Education - Basic Grants to States	84.002	V002A200001 / V002A210001	-	831,937
Total Major Programs			$ -	$ 25,766,571
NON-MAJOR PROGRAMS				
U. S. Department of Education - Direct Programs				
COVID 19 - Education Stabilization Fund - HEERF Institutional Portion	84.425F	N.A.	$ -	$ 1,810,399
WIOA Cluster – U.S. Department of Labor – Passed Through from Alabama Department of Commerce				
Adult Education - WIOA	17.258	N.A.	-	58,429
Youth Activities	17.259	N.A.	-	15,569
Dislocated Workers Program	17.278	N.A.	-	9,339
Total WIOA Cluster			-	83,337

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

John C. Calhoun Community College
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Research and Development Cluster				
National Science Foudnation - Passed Through University of Alabama in Huntsville				
Education and Human Resources	47.076	DGE-1753900	-	18,615
U. S. Department of Labor - Passed Through Alabama Community College System				
H-1B Job Training	17.268	HG-33165-19-60-A-1	-	96,632
U. S. Department of Education - Direct Program				
Title III Higher Education Institutional Aid	84.031A	N.A.	-	333,438
U. S. Department of Education - Passed Through Alabama Department of Education				
Career and Technical Education - Basic Grants to States	84.048	N.A.	-	326,204
Appalachian Regional Commission - Direct Program				
Appalachian Area Development	23.002	AL-21083-23	-	105,236
Corporation for National and Community Service - Passed Through the Alabama Governor's Office on National and Community Service				
AmeriCorps	94.006	N.A.	-	5,822

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Defense - Passed Through Collaborative Composite Solutions Corporation				
ACENet	12.001	W52P1J2193024	-	27,351
Department of Defense Office of Economic Adj - Passed Through The University of Alabama in Huntsville				
Alabama Defense Advance Manufacturing Community	12.600	MCS1293-20-01	-	29,500
Total Non-Major Programs			-	2,836,534
Total Federal Awards			$ -	$ 28,603,105

N.A. = Not Available

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

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of John C. Calhoun Community College (the "College") under programs of the federal government for the year ended September 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position or cash flows of the College.

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. The College has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the College and agencies and departments of the federal government and all subawards to the College by nonfederal organizations pursuant to federal grants, contracts and similar agreements. The awards are classified into Type A and Type B categories in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Programs classified as Type A are as follows:

<u>Student Financial Aid Cluster</u>

<u>Higher Education Emergency Relief Fund</u>

Assistance Listing Numbers

Assistance Listing (formerly Catalog of Federal Domestic Assistance, CFDA) numbers are assigned to contracts and grants on the basis of program type. Assistance Listing numbers and pass-through numbers are provided when available.

NOTE 3 – FEDERAL DIRECT STUDENT LOAN PROGRAM (Assistance Listing Number 84.268)

The Direct Loan program enables an eligible student or parent to obtain a loan to pay for the student's cost of attendance directly through the College rather than through private lenders. As a college qualified to originate loans, the College is responsible for handling the complete loan origination process, including funds management and promissory note functions. During the program year, the College processed approximately $9.3 million of student loans under the Direct Loan program.

PART IV

SCHEDULES OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	____ yes	_x_ no
Significant deficiency(ies) identified?	____ yes	_x_ none reported
Noncompliance material to financial statements noted?	____ yes	_x_ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	____ yes	_x_ no
Significant deficiency(ies) identified?	_x_ yes	____ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _x_ yes ____ no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
	Student Financial Assistance Cluster
84.063	Federal Pell Grant Program
84.268	Federal Direct Loan Program
84.007	Federal Supplemental Education Opportunity Grant
84.033	Federal Work Study Program
84.002	Adult Education

Threshold used to determine Type A and Type B Programs: $ 858,093

Auditee qualified as low-risk auditee? _x_ yes ____ no

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

REFERENCE
2024-001 – Student Financial Assistance – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Program:	Student Financial Assistance Cluster
Award(s)	Federal Pell Grant
Assistance Listing Number(s):	84.063
Award Year:	July 2023 through June 20, 2024

CRITERIA: 34 CFR part 668 establishes rules governing the student withdrawal process including the return of unearned Title IV aid within 45 days of a student's withdrawal.

CONDITION: Through our Return of Title IV Funds testing, we noted 2 out of 40 selections for which the students began attendance but subsequently withdrew and their unearned title IV funds were not returned within 45 days of the withdrawal date.

QUESTIONED COSTS: None. Amounts were returned, just not within 45 day window.

CAUSE/EFFECT: The automated Banner reports that detail withdrawn students with federal aid did not include all withdrawn students. As the system report did not include the appropriate details for the student's withdrawals, as they were either not included in the report or were reported as not receiving federal aid, a return to title IV calculation was not performed. As such, the required return of funds was not calculated timely and the College was not in compliance with the Return of Title IV Funds requirements.

RECOMMENDATION: The auditor recommends the College enhance its controls and incorporate multiple individuals in the process to ensure that Title IV refunds are calculated and made timely.

VIEW OF RESONSIBLE OFFICIALS: Management concurs with this finding and has taken steps towards the reassessment of controls, review these accounts and implement controls to ensure that timely calculations and refunds are made.

REFERENCE
2024-002 – Student Financial Assistance – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Program:	Student Financial Assistance Cluster
Award(s)	Federal Pell Grant
Assistance Listing Number(s):	84.063
Award Year:	July 2023 through June 20, 2024

CRITERIA: 34 CFR part 690 establishes rules governing the accuracy and timeliness of enrollment reporting to the National Student Loan Data System ("NSLDS"). Schools are required to confirm and report to the National Student Loan Data System ("NSLDS") the enrollment status of students who receive federal funds. Enrollment information is used to determine the borrower's eligibility for in-school status, deferment, interest subsidy, and grace period. Enrollment changes, such as a change from full-time to half-time status, graduation, withdrawal, or an approved leave of absence, are changes that need to be reported. The enrollment information is merged into the NSLDS database and reported to guarantors, lenders, and servicers of student loans.

CONDITION: Through our Enrollment Reporting testing, we noted 5 out of 40 selections for which the students had a change in enrollment status but were not included in the enrollment reporting to NSLDS within 60 days of the change in enrollment.

QUESTIONED COSTS: None.

CAUSE/EFFECT: The automated Banner reports that process student enrollment status changes in Banner and notifies the College of students to send to the National Student Clearinghouse (NSC) for reporting to NSLDS did not include all students with changes. As the system report did not include the appropriate details for the student changes, as they were not included in the report, they were not included in the reports sent to NSC for reporting. As such, the required enrollment reporting for these students was not performed timely and the College was not in compliance with the Enrollment Reporting timeline requirements.

RECOMMENDATION: The auditor recommends the College enhance its controls and incorporate multiple individuals in the process to ensure that student enrollment changes are captured and reported timely.

VIEW OF RESONSIBLE OFFICIALS: Management concurs with this finding and has taken steps towards the reassessment of controls, review these accounts and implement controls to ensure that timely reporting to NSC is performed.

CALHOUN COMMUNITY COLLEGE

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CORRECTIVE ACTION PLAN - YEAR ENDING SEPTEMBER 30, 2024

1) *Finding 2024-001 – Student Financial Assistance – Return of Title IV Funds*

Management's Response:
Management understands the requirements specific to calculating and returning unearned Title IV aid. Management acknowledges and agrees with the findings as presented.

Views of Responsible Officials and Corrective Action:
We will reassess controls, review these processes and implement controls to ensure that timely calculations and return of funds are made. Furthermore, the funds noted were sent back prior to year-end.

Name of Responsible Person:
Melissa Creasy, Director of Student Financial Aid

Implementation Date:
Immediately

2) *Finding 2024-002 – Student Financial Assistance – Enrollment Reporting*

Management's Response:
Management understands the importance of ensuring information is reported accurately and timely and the requirement to report to the NSLDS the enrollment status of students who receive federal funds. The College will review its controls and procedures to ensure that not only are status changes reported to the Clearinghouse, but also that the enrollment changes are reported appropriately from the National Student Clearinghouse to NSLDS.

Views of Responsible Officials and Corrective Action:
We will reassess controls, review these processes and implement controls, including multiple layers of review, to ensure that timely and accurate enrollment reporting is made. Furthermore, the reporting data was appropriately updated subsequent to the required timeframe.

Name of Responsible Person:
Melissa Creasy, Director of Student Financial Aid

Implementation Date:
Immediately

No matters were reported.