Gadsden State Community College
Financial Statements
September 30, 2024

Gadsden State Community College
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September 30, 2024

PART I

FINANCIAL STATEMENTS

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

To: Jimmy Baker, Chancellor – Alabama Community College System
Dr. Kathy L. Murphy, President – Gadsden State Community College

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Gadsden State Community College (the "College"), a component unit of the State of Alabama, and its discretely presented component unit, Gadsden State Cardinal Foundation (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, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the College as of September 30, 2024, and the respective changes in financial position and, where applicable, its cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Foundation, which represent 100% of the assets, net position, and revenues of the discretely presented component unit as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for Gadsden State Cardinal Foundation, are based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Foundation were not audited in accordance with Government Auditing Standards. We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 (GAAP), 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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, Alabama
January 14, 2025

The following discussion and analysis provide an overview of the financial position and performance of Gadsden State Community College for the fiscal year ended September 30, 2024, with comparative information presented for the fiscal year ended September 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Gadsden State Community College (the College) is a public, open-door comprehensive community college under the control of the Alabama Community College System Board of Trustees. The College is comprised of the Harry M. Ayers Campus, East Broad Street Campus, Valley Street Campus, and the Wallace Drive Campus. In addition to these campuses, the College operates a center in Cherokee County.

The College has evolved from four separate entities into a single institution that empowers and prepares students from all backgrounds for success through exceptional education and innovative workforce development with a focus on community and global engagement resulting in a positive economic impact for all stakeholders.

The Alabama Community College System Board of Trustees has designated the following five counties in Northeast Alabama as the College's service area: Calhoun, Cherokee (all but northern one-sixth), Cleburne, Etowah, and St. Clair (northeastern third). By offering a broad spectrum of programs, Gadsden State Community College provides its students with opportunities for educational, personal, and professional advancement.

A wide range of academic courses prepare students to transfer successfully to four-year institutions. Technical programs equip students to master certain skills, as well as to utilize them through job entry. The College provides a wide range of support services that enable students to function in a collegiate environment and to make decisions appropriate for both their personal and their educational goals.

Gadsden State Community College is committed to offering quality education in both academic and technical fields to all citizens within its service area. Always receptive to the specific needs of individuals, groups, businesses, and industry, the college provides, through specialized courses and training, the knowledge and the techniques necessary for success in many occupational fields.

The College is proud to present its financial statements for the fiscal year ended September 30, 2024. The emphasis of discussion is on current year data with comparative data presented from the prior fiscal year ended September 30, 2023.

Financial Statements

Financial statements for Gadsden State Community College include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The 2024 financial statements are summarized as follows:

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 as of the end of the fiscal year. The Statement of Net Position is a 'point in time' financial statement. The Statement of Net Position presents readers a fiscal snapshot of Gadsden State Community College. The Statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Deferred Outflow of Resources, Liabilities (current and noncurrent), Deferred Inflow of Resources, and Net Position (assets minus liabilities).

	2024	2023
Current Assets	$ 71,600,648	$ 52,688,128
Capital Assets	98,019,069	80,805,378
Other Noncurrent Assets	5,817,180	5,608,953
Total Assets	175,436,897	139,102,459
Unamortized Deferred Loss	149,100	198,800
Deferred Outflow Pension	11,339,824	15,140,824
Deferred Outflow OPEB	5,401,981	6,139,171
Total Deferred Outflow	16,890,905	21,478,795
Current Liabilities	12,279,730	14,424,259
Noncurrent Liabilities	90,581,211	72,747,550
Total Liabilities	102,860,941	87,171,809
Deferred Inflow Pension	2,471,315	2,695,315
Deferred Inflow OPEB	14,230,316	17,714,389
Deferred Inflow Leases	332,473	361,172
Deferred Inflow Pledges	1,770,500	2,276,500
Total Deferred Inflow	18,804,604	23,047,376
Net Position		
Net Invested in Capital Assets Net of Related Debt and Depreciation	73,954,541	56,911,588
Restricted - Expendable	4,293,496	2,684,348
Restricted - Nonexpendable	2,363,339	1,669,082
Unrestricted	(9,949,119)	(10,902,949)
Total Net Position	$ 70,662,257	$ 50,362,069

The College's Assets

Current assets consist of cash and cash equivalents, short term investments, accounts receivable, and other current assets. Current assets increased $18,912,520 from 2023. Changes to current assets include: $14,807,696 increase in cash and cash equivalents, $10,309,918 decrease in short term investments, $3,637,717 decrease in accounts receivable, $29,091 decrease in lease receivable, $17,993,173 increase in deposit with bond trustee (due to new bond issue secured in November 2023), and $88,379 increase in other current assets.

Noncurrent assets consist of long-term investments, endowment investments, other noncurrent assets, and capital assets. Noncurrent assets increased $17,421,918 from 2023. Long term investments increased $5,640, endowment investments increased $699,586, and other noncurrent assets decreased $497,000. Capital assets reflect the historical cost, less accumulated depreciation, of land, buildings and alterations, improvements other than buildings, furniture and equipment, construction in progress, library books and audiovisuals, and subscription-based IT arrangements with an acquisition cost of $5,000 or more. The College's capital assets increased $17,213,691.

The College's Liabilities

Current liabilities consist of deposits, accounts payable, unearned revenue, the current portion of compensated absences, and the current portion of leases, bonds, and subscriptions payable. Current liabilities decreased $2,144,529 from 2023. The decrease primarily relates to the timing of payables and deferrals of revenues and expenditures for the fall semester.

Noncurrent liabilities consist of the noncurrent portion of compensated absences, the noncurrent portion of bonds and subscriptions payable, and pension and OPEB liabilities. Noncurrent liabilities increased $17,833,661 from 2023. Compensated absences increased $409,607, bonds payable increased $18,271,185 (due to new bond issue secured November 2023), subscriptions payable decreased $148,416, pension liability decreased $652,000 and OPEB liability decreased $46,714.

The College's Net Position

Net position represents the residual value in the College's assets after all liabilities are deducted. The College's net position for the fiscal year ended September 30, 2024 was $70,662,257. Net position is divided into three major categories: net investment in capital assets, net of related debt; restricted net position; and unrestricted net position.

Net investment in capital assets represents the College's capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributed to the acquisition, construction, or improvement of those assets. Net investment in capital assets increased $17,042,953 from 2023. This increase is attributed to changes in buildings and alterations, improvements other than buildings, furniture and equipment, construction in progress, library books and audiovisuals, and subscription-based IT arrangements with an acquisition cost of $5,000 or more.

Restricted nonexpendable net position is subject to external restrictions governing their use. These assets consist of the College's permanent endowment funds. These funds increased $694,257 from 2023. This increase is attributed to changes in the current market value, realized gains and losses, maturity of term endowments, and additions to permanent endowments.

Restricted expendable net position may be spent only in accordance with the restrictions placed upon them by external sources. These assets include gifts, restricted grants and contracts, capital grants, term endowments, and other third-party receipts. Restricted expendable net position for scholarships, fellowships, and loans increased $1,609,148 from 2023.

Unrestricted net position is not subject to externally imposed restrictions governing its use. These assets include funds for general operations of the College, for auxiliary operations, and for capital projects. These assets are available to the college for any appropriate purpose; however, the majority of the College's unrestricted net position has been internally designated for various purposes. Unrestricted net position increased $953,830 from 2023.

Statement of Revenues, Expenses and Changes in Net Position

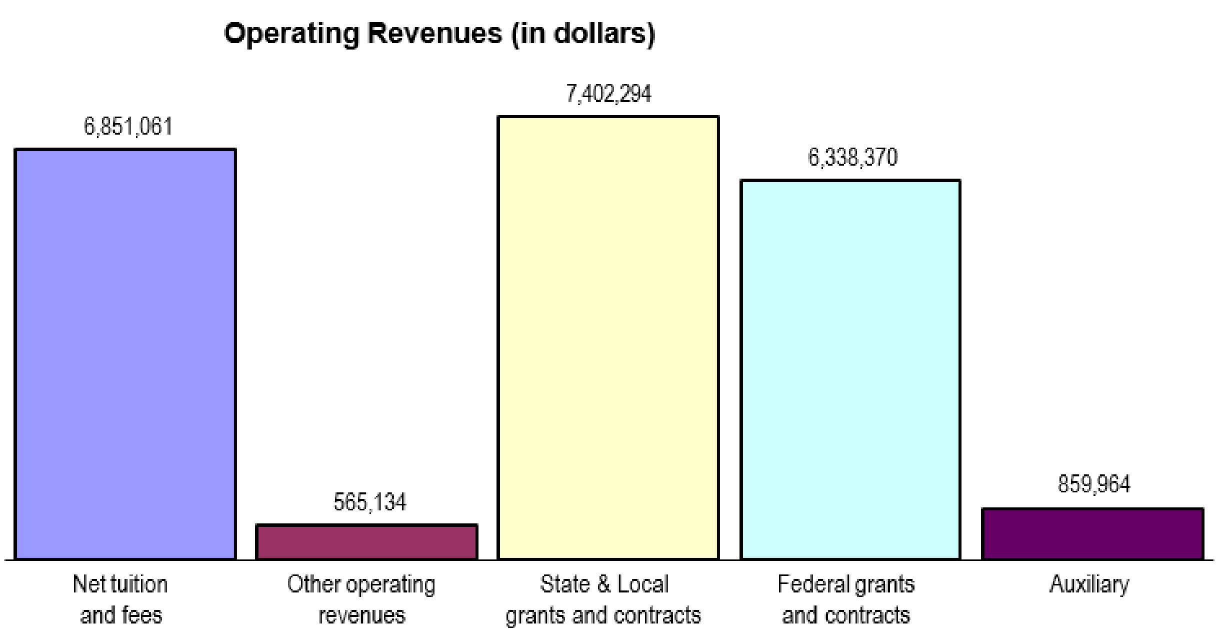
Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the operating and non-operating revenues received by the College, the operating and non-operating expenses paid by the College, and any other revenues, expenses, gains and losses received or spent by the College. In accordance with Governmental Accounting Standards Board requirements, certain significant revenues relied upon and budgeted for operational support of the College are mandated to be recorded as non-operating revenues, including state appropriations and investment income.

	2024	2023
Operating Revenue		
Tuition and Fees	$ 20,203,018	$ 18,185,227
Scholarship Allowance	(13,351,957)	(11,331,597)
Net Tuition and Fees	6,851,061	6,853,630
Other Operating Revenues	-	-
State Grants and Contracts	7,144,021	3,475,788
Local Grants and Contracts	258,273	40,283
Nongovernmental Grants and Contracts	481,889	267,185
Sales and Services of Educational Departments	83,245	84,194
Federal Grants and Contracts	6,338,370	11,134,980
Auxiliary Enterprises	859,967	691,848
	22,016,826	22,547,908

Operating Expenses		
Instruction	22,509,203	19,398,046
Public Service	135,426	99,682
Academic Support	2,478,867	2,410,284
Student Service	6,236,859	6,009,173
Institutional Support	8,843,113	10,051,147
O & M of Plant	8,760,886	8,242,410
Student Aid	5,751,609	5,390,546
Auxiliary Enterprises	844,903	657,680
Depreciation	5,037,210	3,733,377
	60,598,076	55,992,345
Operating Income (Loss)	(38,581,250)	(33,444,437)
Net Nonoperating Revenues	45,207,603	41,997,303
Net Nonoperating Expenses	(1,755,937)	(961,071)
Total Other Revenues	15,429,772	13,100,885
Increase in Net Position	20,300,188	20,692,680
Net Position, Beginning of Year	50,362,069	29,669,389
Net Position, End of Year	$ 70,662,257	$ 50,362,069

Operating Revenues

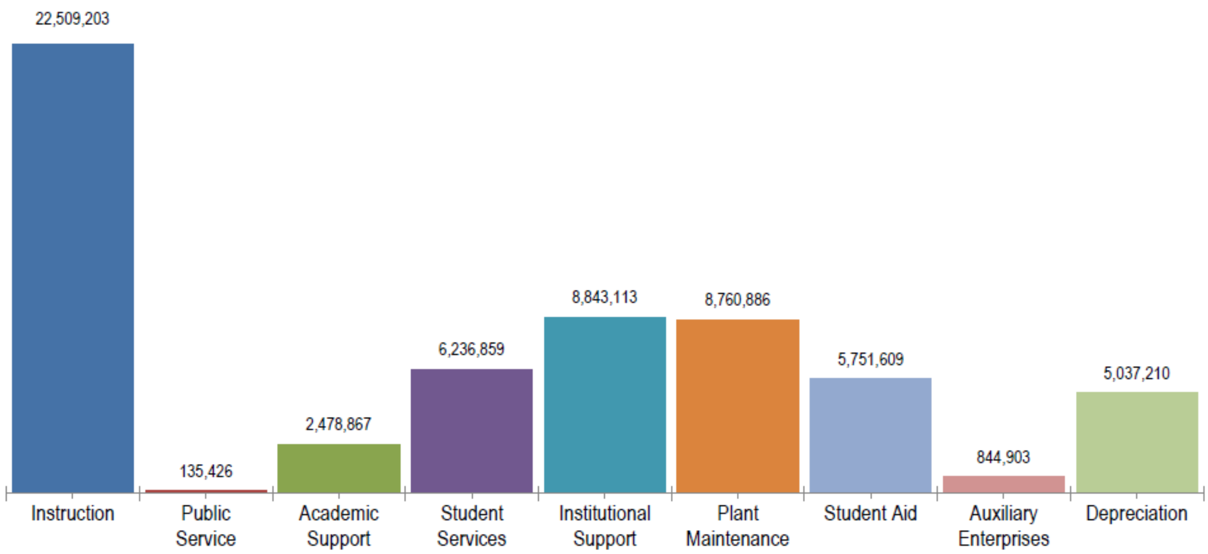
Operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating revenues include tuition and fees, state, federal, local, and nongovernmental grants and contracts, sales and services of educational departments, and auxiliary enterprises. Operating revenues decreased $531,082 from 2023. Operating revenues are displayed (in dollars) in the following exhibit:



Operating Expenses

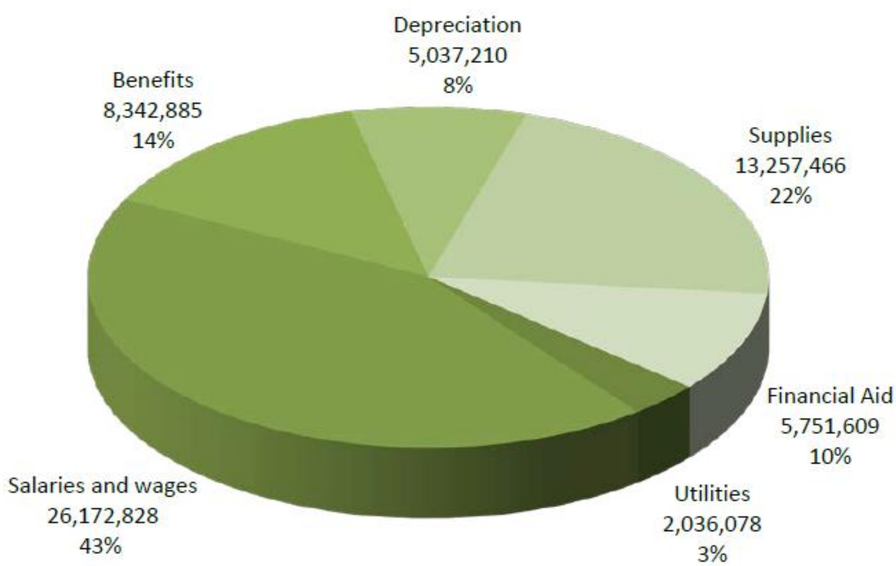
Operating expenses are those paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the college. Operating expenses increased $4,605,731 from 2023. Operating expenses are displayed by function (in dollars) in the following exhibit:

Operating Expenses By Function (in dollars)



Operating expenses are summarized below by natural classification. Natural classification displays the type of expense regardless of program.

Operating Expenses By Natural Classification (in dollars)



43 percent of the College's $60,598,076 operating expenses were for salaries and wages. When benefits are combined with salaries and wages, the total is 57 percent of the College's total operating expenses. The College paid $13,257,466, which is 22 percent of total operating expenses, to its vendors to acquire supplies, goods and services. Financial aid of $5,751,609 accounts for 10 percent of total operating expenses.

Non-operating Revenues and Expenses

Non-operating revenues are those received for which goods and services are not provided. State appropriations, special appropriations, local appropriations, Pell grants, gifts, and investment income are included in this category. These revenues increased $3,210,300 from 2023. Non-operating expenses include interest on debt instruments and bond surety fees expenses. These expenses increased $794,866 from 2023.

Statement of Cash Flows

The final statement presented by the College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the college during the year. The statement is divided into five components. The first component deals with operating cash flows and shows the net cash used by the operating activities of the College. The second component reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and noncapital financing purposes. The third component deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth component reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth and final component presented in the statement reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Cash provided (used) by:		
Operating activities	$	(31,413,982)
Noncapital financing activities		41,989,805
Capital and related financing activities		(7,988,786)
Investing activities		12,220,657
Net change in cash		14,807,694
Cash, beginning of year		28,662,216
Cash, end of year		43,469,910
Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities		
Operating Gain/Loss		(38,581,250)
Adjustments		
Depreciation Expense		5,037,210
Pension and OPEB		131,403
Changes in Assets and Liabilities		
Receivables (Net)		3,638,109
Accounts Payable		(1,372,343)
Prepaid Expenses		408,621
Deferred Revenue		(693,712)
Compensated Absences		17,980
Net Cash Used in Operating Activities	$	(31,413,982)

The primary cash receipts from operating activities consist of tuition and fees, grants, and contracts. Cash outlays include payment of wages, benefits, supplies, utilities and scholarships. State appropriations are the primary source of noncapital financing. This source of revenue is categorized as noncapital even though the College's budget depends on these revenues to continue the current level of operations. Other noncapital financing activities include gifts received for scholarships and new endowments. 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.

Economic Outlook

Gadsden State Community College provides students with viable options for quality higher education and skills training opportunities while also making it affordable for all students.

Gadsden State completed a new 50,000 square foot Advanced Manufacturing and Workforce Skills Center in June 2024. This $30 million state-of-the-art facility, funded by ACCS capital improvement funds as well as a legislative supplemental line item, houses technical programs such as Mechatronics, Industrial Automation, Precision Machining, Mechanical Design Technology, Additive Manufacturing, and Electronics Engineering.

Gadsden State secured $20 million in bond funds in November 2023 for two new projects. The first is a baseball and softball stadium to be located at the sports complex on the Wallace Drive campus. This stadium will accommodate the return of both baseball and softball teams. The second project is a complete renovation of Wallace Hall classroom and office spaces. Both projects began in early 2024 and completion of the projects is expected in 2025. These improvements will benefit students and student athletes for years to come.

Gadsden State continues to evaluate program offerings as the climate of higher education and workforce needs evolve. New programs are being offered to meet demands and existing programs are evaluated and changed as needed. Workforce development has recently implemented the Consortium of Machining Education Training, known as CoMeT, which is a hybrid work-based apprenticeship program that allows students to work with industry partners and attend school at the same time. The Health Sciences division recently launched a new Medical Assistant Program that offers students a gateway to a rapidly growing healthcare field. Gadsden State is committed to continuous improvement.

Gadsden State is not aware of any information that could have a significant impact on its financial position during the fiscal year 2025. In general, the state's economy is strong with indications that education will continue to be funded at or above current levels. The College expects stable enrollment and anticipates the current fiscal year will be similar to the last. The College will closely manage all resources to ensure the College's ability to react to unexpected internal and external challenges in a positive fashion.

Jessica Slaten
Dean of Financial and Administrative Services

Gadsden State Community College
Statement of Net Position
September 30, 2024

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 43,469,910
Short-Term Investments	-
Accounts Receivable, Net of Allowance for Doubtful Accounts of $3,511,749	9,248,692
Lease Receivable	332,994
Deposit with Bond Trustee	17,993,173
Other Current Assets	555,879
Total Current Assets	71,600,648
Non-Current Assets	
Long-Term Investments	18,205
Endowment Investments	4,479,975
Capital Assets:	
Land	1,316,808
Improvements Other Than Buildings	3,004,115
Buildings & Building Alterations	127,297,535
Equipment and Furniture	22,448,079
Library Holdings	15,791
Construction in Progress	4,124,941
Subscription Based IT Arrangements	294,128
Right of Use Asset – Lease	-
Less: Accumulated Depreciation	(60,482,328)
Total Capital Assets, Net of Depreciation	98,019,069
Other Non-Current Assets	1,319,000
Total Non-Current Assets	103,836,249
Total Assets	175,436,897
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized Deferred Loss on Debt Defeasance	149,100
Deferred Outflows of Resources Related to Pensions	11,339,824
Deferred Outflows of Resources Related to OPEB	5,401,981
Total Deferred Outflows of Resources	16,890,905

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

Gadsden State Community College
Statement of Net Position
September 30, 2024

LIABILITIES	
Current Liabilities	
Deposits	$ 100,861
Accounts Payable and Accrued Liabilities	5,232,631
Bond Surety Payable	16,568
Unearned Revenue	4,719,774
Compensated Absences	214,120
Bonds Payable	1,972,685
Subscriptions Payable	23,091
Total Current Liabilities	12,279,730
Non-Current Liabilities	
Compensated Absences	893,933
Bonds Payable	40,211,025
Net Pension Liability	44,981,337
Net OPEB Liability	4,494,916
Total Non-Current Liabilities	90,581,211
Total Liabilities	102,860,941
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pensions	2,471,315
Deferred Inflows of Resources Related to OPEB	14,230,316
Leases	332,473
Other Deferred Inflow	1,770,500
Total Deferred Inflow of Resources	18,804,604
NET POSITION	
Net Position	
Net Investment in Capital Assets	73,954,541
Restricted Nonexpendable:	
Scholarships and Fellowships	2,363,339
Restricted Expendable:	
Scholarships and Fellowships	4,293,496
Unrestricted	(9,949,119)
Total Net Position	$ 70,662,257

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

Gadsden State Cardinal Foundation
Statement of Financial Position – Discretely Presented Component Unit
June 30, 2024

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	232,747
Non-Current Assets		
Investments		1,163,251
Total Assets	$	1,395,998
LIABILITIES		
Current Liabilities		
Accrued Professional Fees	$	7,150
NET ASSETS		
Without Donor Restrictions		125,865
With Donor Restrictions		1,262,983
Total Net Assets		1,388,848
Total Liabilities and Net Assets	$	1,395,998

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

Gadsden State 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 $13,351,957)	$	6,851,061
Federal Grants and Contracts		6,338,370
State and Local Grants and Contracts		7,402,294
Nongovernmental Grants and Contracts		481,889
Sales and Services of Educational Activities		83,245
Auxiliary Enterprises:		
Bookstore (Net of Scholarship Allowance)		269,303
Campus Housing (Net of Scholarship Allowance)		197,934
Vending		20,068
Food Service (Net of Scholarship Allowance)		131,241
Other Auxiliary Enterprises		241,421
Total Operating Revenues		22,016,826
OPERATING EXPENSES		
Instruction		22,509,203
Public Service		135,426
Academic Support		2,478,867
Student Services		6,236,859
Institutional Support		8,843,113
Operation and Maintenance		8,760,886
Scholarships and Financial Aid		5,751,609
Depreciation		5,037,210
Auxiliary Enterprises		844,903
Total Operating Expenses		60,598,076
Operating Loss		(38,581,250)
NONOPERATING REVENUES (EXPENSES)		
State and Local Appropriations		28,342,290
Federal Grants		14,056,785
Capital Grants, Contracts, and Gifts		15,429,772
Investment Income		2,165,060
Endowment Income		57,809
Realized Gain		29,074
Unrealized Gain		364,023
Gift Revenues		12,976
Other Nonoperating Revenues		179,586
Bond Surety Fee Expense		(102,712)
Interest on Debt		(1,653,225)
Net Nonoperating Revenues		58,881,438
Change in Net Position		20,300,188
Total Net Position - Beginning of Year		50,362,069
Total Net Position - End of Year	$	70,662,257

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

Gadsden State Cardinal 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	$ 20,875	$ 104,664	$ 125,539
Fundraising	39,899	-	39,899
Grants	-	17,438	17,438
Net Investment Return	18,509	118,243	136,752
Net Assets Released from Restrictions	79,863	(79,863)	-
Total Support and Revenue	159,146	160,482	319,628
Expenses:			
Program Services	119,247	-	119,247
General and Administrative	31,368	-	31,368
Total Expenses	150,615	-	150,615
Change in Net Assets	8,531	160,482	169,013
Net Assets at Beginning of Year	117,334	1,102,501	1,219,835
Net Assets at End of Year	$ 125,865	$ 1,262,983	$ 1,388,848

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

Gadsden State Community College
Statement of Cash Flows
For the Year Ended September 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	$ 7,038,037
Grants and Contracts	17,488,044
Payments to Suppliers	(14,786,360)
Payments for Utilities	(2,036,079)
Payments for Employees	(25,979,982)
Payments for Benefits	(8,340,020)
Payments for Scholarships	(5,751,608)
Sales and Service of Educational Services	83,245
Auxiliary Enterprises	841,650
Other Receipts	29,091
Net Cash Used in Operating Activities	(31,413,982)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and Local Appropriations	28,342,290
Federal Grants	14,056,785
Other Noncapital Financing	(409,270)
Net Cash Provided by Noncapital Financing Activities	41,989,805
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Deposits with Trustees	(17,993,173)
Appropriations for Capital Projects	9,892,122
Capital Grants and Gifts Received	5,537,650
Proceeds from Debt Issuance	20,250,585
Proceeds from Sale of Capital Assets	363,639
Purchase of Capital Assets and Construction	(22,578,129)
Principal Paid on Capital Debt and Leases	(1,922,003)
Interest Paid on Capital Debt and Leases	(1,539,477)
Net Cash Used in Capital and Related Financing Activities	(7,988,786)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	2,615,966
Purchases of Investments	9,604,691
Net Cash Provided by Investing Activities	12,220,657
Net Increase in Cash and Cash Equivalents	14,807,694
Cash and Cash Equivalents - Beginning of Year	28,662,216
Cash and Cash Equivalents - End of Year	$ 43,469,910

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	$	(38,581,250)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation Expense		5,037,210
Bad Debt Expense		450,750
Pension and OPEB Expense		131,403
Changes in Assets and Liabilities:		
Receivables		3,187,359
Prepaid Expenses		408,621
Compensated Absences		17,980
Accounts Payable		(1,372,343)
Unearned Revenue		(693,712)
Net Cash Used in Operating Activities	$	(31,413,982)

Noncash Investing, Capital, and Financing Activities:

The College recorded $36,411 in right-of-use software agreement assets during the year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Gadsden State Community College (the "College" or "GSCC") 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 Gadsden State Community College are described below.

A. Reporting Entity

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

B. Component Units

Gadsden State Cardinal Foundation (the "Foundation" or "GSCF") 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 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 GSCF, the majority of resources, or income thereon that GSCF holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by GSCF can only be used by, or for the benefit of, the College, GSCF is discretely presented as a component unit of the College. GSCF 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 GSCF 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

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

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

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

D. Accounting Estimates

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

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

1. Cash, Cash Equivalents, and Investments

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

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

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

2. Receivables

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

3. Capital Assets

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

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

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

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

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

4. Deferred Outflow of Resources

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

5. Long-Term Obligations

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

6. Compensated Absences

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

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

7. Deferred Inflow of Resources

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

8. Unearned Revenue

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

9. Pensions

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

10. Postemployment Benefits Other Than Pensions (OPEB)

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

11. Net Position

Net position is defined as is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is required to be classified for accounting and reporting purposes into the following categories:

Net Investment in Capital Assets - Capital assets, including restricted capital assets, reduced by accumulated depreciation and by outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Any 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 and Upcoming 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, 2023. GASB Statement Number 72 – Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

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

> Level 1 – Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
>
> Level 2 – Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset either directly or indirectly.
>
> Level 3 – Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional 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
Certificates of Deposit	$ 100,000	$ 100,000	$ -	$ -
Money Market Accounts	18,134,874	18,134,874	-	-
Debt Securities				
U.S. Government Guaranteed	161,894	-	161,894	-
U.S. Agency Securities	187,490	-	187,490	-
State and Local Government Securities	371,707	-	371,707	-
Corporate Bonds	805,744	-	805,744	-
Mutual Funds - Bonds	38,728	-	38,728	-
Total Debt Securities	1,565,563	-	1,565,563	-
Equities				
Domestic Common and Preferred Stock	846,896	846,896	-	-
International Stock	610,656	610,656	-	-
Mutual Funds	1,233,364	1,233,364	-	-
Total Equity Securities	2,690,916	2,690,916	-	-
Total Investments	$ 22,491,353	$ 20,925,790	$ 1,565,563	$ -

The Debt 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
Stripped Treasuries	10 years
U.S. Agencies (except for TVA and SLMA)	10 years
TVA and SLMA	10 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
Certificates of Deposit	$ 100,000	$ 100,000	$ -	$ -
Money Market Accounts	18,134,874	18,134,874	-	-
U.S. Government Guaranteed	161,894	48,440	31,987	81,467
U.S. Agency Securities	187,490	7,562	20,771	159,157
State and Local Government Securities	371,707	250,998	120,709	-
Corporate Bonds	805,744	478,025	278,198	49,521
Mutual Funds - Bonds	38,728	38,728	-	-
Equities/Stocks	2,690,916	2,690,916	-	-

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. Of the College's fixed income investments rated by Moody's, 4.13% was rated A to AA+, 88.86% was rated AAA, 0.87% was rated BBB to BBB+, and 6.14% was not rated.

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%

The College's investments are exposed to foreign currency risk. At September 30, 2024, the College had investments in various international securities as follows:

Foreign Country	Currency Denomination	Value
Asia	Varies	$ 190,111
Africa / Middle East	Varies	21,532
Australia	Australia Dollar	23,566
Europe	Euro	161,992
Japan	Yen	58,176
Latin America	Varies	20,694
North America	U.S. Dollar	60,238
United Kingdom	Pound Sterling	59,586
Others	Varies	14,761
	Total	$ 610,656

NOTE 3 - RECEIVABLES

Receivables are summarized as follows:

Accounts Receivable:	
Federal	$ 1,125,719
State and Local	7,131,869
Third Party	638,074
Student	3,805,437
Interest	14,840
Auxiliary	37,175
Other	7,327
Less: Allowance for Doubtful Accounts	(3,511,749)
Total Accounts Receivable, Net	$ 9,248,692

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	$ 1,316,808	$ -	$ -	$ -	$ 1,316,808
Construction in Progress	18,213,913	17,939,187	-	(32,028,159)	4,124,941
Total Capital Assets Not Being Depreciated:	19,530,721	17,939,187	-	(32,028,159)	5,441,749
Capital Assets Being Depreciated:					
Buildings	80,586,232	-	(1,320,716)	25,698,139	104,963,655
Building Alterations	16,003,860	-	-	6,330,020	22,333,880
Improvements Other than Buildings	3,004,115	-	-	-	3,004,115
Equipment > $25,000	9,145,060	3,287,582	(115,828)	-	12,316,814
Equipment < $25,000	9,131,301	1,348,137	(348,173)	-	10,131,265
Lease Equipment	7,240	-	(7,240)	-	-
Library Holdings	12,568	3,223	-	-	15,791
Subscription Based IT Arrangements	508,177	36,411	(250,460)	-	294,128
Total Capital Assets Being Depreciated	118,398,553	4,675,353	(2,042,417)	32,028,159	153,059,648
Less Accumulated Depreciation:					
Buildings	41,987,391	2,890,208	(1,093,065)	-	43,784,534
Building Alterations	-	-	-	-	-
Improvements Other than Buildings	2,041,061	87,773	-	-	2,128,834
Equipment > $25,000	6,020,191	845,737	(112,234)	-	6,753,694
Equipment < $25,000	6,974,696	1,075,521	(343,075)	-	7,707,142
Lease Equipment	5,618	1,623	(7,241)	-	-
Library Holdings	628	790	-	-	1,418
Subscription Based IT Arrangements	94,311	135,558	(123,163)	-	106,706
Total Accumulated Depreciation	57,123,896	5,037,210	(1,678,778)	-	60,482,328
Total Capital Assets, Net	$ 80,805,378	$ 17,577,330	$ (363,639)	$ -	$ 98,019,069

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 7 active subscriptions. The subscriptions have payments that range from $2,700 to $13,178 and interest rates that range from 3.4090% to 3.4090%. As of September 30, 2024, the total combined value of the subscription liability is $23,091 and the total combined value of the short-term subscription liability is $23,091. The combined value of the right to use asset, as of September 30, 2024, of $294,128 with accumulated amortization of $106,706 is included within the Subscription Based IT Arrangements in the 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 $2,929,824 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 $44,981,337 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 .281871%, which was a decrease of .011760% from its proportion measured as of September 30, 2022.

For the year ended September 30, 2024, the College recognized pension expense of $5,865,000.

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	$ 4,022,000	$ 607,000
Changes of assumptions	1,265,000	-
Net difference between projected and actual earnings on pension plan investments	3,085,000	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	38,000	1,864,315
Employer contributions subsequent to the measurement date	2,929,824	-
	$ 11,339,824	2,471,315

$2,929,824 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 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:

Years Ending September 30:	
2025	$ 1,842,000
2026	1,179,000
2027	3,237,000
2028	(319,315)
Total	$ 5,938,685

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	$ 58,762,000	$ 44,981,337	$ 33,389,000

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 $4,494,916 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 0.23384830% percent, which was a decrease of 0.02679812% from its proportion measured as of September 30, 2022.

For the year ended September 30, 2024, the College recognized an OPEB benefit of $2,466,833 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	$ 87,890	$ 7,092,845
Changes of assumptions	3,786,812	4,446,687
Net difference between projected and actual earnings on OPEB plan investments	153,538	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,045,791	2,690,784
Employer contributions subsequent to the measurement date	327,950	-
	$ 5,401,981	$ 14,230,316

$327,950 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 ended 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:

Years Ending September 30:	
2025	$ (3,085,198)
2026	(1,663,344)
2027	(1,474,507)
2028	(1,786,306)
2029	(1,096,188)
Thereafter	(50,742)
Total	$ (9,156,285)

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

	1% Decrease (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	$ 3,407,098	$ 4,494,916	$ 5,815,747

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	$ 5,548,965	$ 4,494,916	$ 3,597,783

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	$ 1,026,325
Interest Payable	650,831
Supplies and Other Payables	3,555,475
Total	$ 5,232,631

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:					
Direct Placement	$ 3,391,000	$ -	$ (815,000)	$ 2,576,000	$ 833,000
Publicly Sold	18,285,000	20,000,000	(850,000)	37,435,000	890,000
Premium	2,172,907	250,585	(250,782)	2,172,710	249,685
Total Bonds Payable	23,848,907	20,250,585	(1,915,782)	42,183,710	1,972,685
Other Liabilities:					
Compensated Absences	1,090,073	17,980	-	1,108,053	214,120
Lease Liability	1,460	-	(1,460)	-	-
Subscription Liability	242,223	36,411	(255,543)	23,091	23,091
Total Other Liabilities	1,333,756	54,391	(257,003)	1,131,144	237,211
Total Long-Term Liabilities	$ 25,182,663	$ 20,304,976	$ (2,172,785)	$ 43,314,854	$ 2,209,896

On October 23, 2014, the State Board of Education issued $8,764,000 in revenue bonds payable over 10 years with an interest rate of 2.73%, maturing in 2027. The bonds were issued to refund existing debt.

On February 16, 2018, the Board of Trustees of the Alabama Community College System issued $22,035,000 in limited obligation revenue bonds payable over 20 years with interest rates ranging from 3% to 5%, maturing in 2038. The bonds were issued to provide funding to finance the construction of a new science building and building renovations.

On November 21, 2023, the Board of Trustees of the Alabama Community College System issued $20,000,000 in limited obligation revenue bonds payable over 30 years with interest rates ranging from 3% to 5%, maturing in 2053. The bonds were issued for the renovation of the Performing and Fine Arts Building, construction and installation of a baseball stadium and softball stadium on the Wallace Drive Campus, and capital improvement upgrades.

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
2025	$ 23,091	$ 787	$ 23,878
	$ 23,091	$ 787	$ 23,878

Pledged Revenues

The State Board of Education of the State of Alabama issued Revenue Bonds in 2007, 2011 and 2014. The 2007 Tuition Revenue Bonds were issued for the construction of a new facility in Cherokee County. Pledges for twenty years from other governmental entities in Cherokee County were obtained for payments of the 2007 Revenue Bonds. The 2011 Series Revenue Bonds were issued to cover the defeasement of the 2001 Revenue Bonds. The 2014 Series Revenue Bonds were issued to cover the defeasement of the 2007 Revenue Bonds. The Board pledged all fees and charges now or hereafter levied against students enrolled at the College, including without limitation, general tuition and course fees, registration fees and laboratory fees, but excluding technology fees and facility renewal fees for the 2007, 2011 and 2014 Revenue Bonds. In addition to the College's tuition and fee revenue pledged, pledges for twenty years from other governmental entities in Cherokee County were obtained for payments of the 2007 Revenue Bonds.

The pledges and their balances are as follows:

	Annual Amount	Years Pledged	Total Amount Pledged	Amounts Received	Pledged Balances
Town of Centre	$ 150,000	20	$ 3,000,000	$ 2,700,000	$ 300,000
Cherokee County Commission	100,000	20	2,000,000	1,700,000	300,000
Town of Cedar Bluff	6,000	20	120,000	108,000	12,000
Town of Leesburg	3,500	20	70,000	63,000	7,000
Town of Gaylesville	1,000	20	20,000	18,000	2,000
Town of Sand Rock	2,500	20	50,000	45,000	5,000
Totals	$ 263,000		$ 5,260,000	$ 4,634,000	$ 626,000

The annual principal and interest payments on the 2014 Revenue Bonds during 2024 totaled $907,574 and were 13.2% of pledged revenues. The total principal and interest remaining to be paid from future revenue on the 2014 bonds is $2,717,988. $263,000 per year was pledged by other governmental agencies. The 2014 Revenue Bonds will mature in fiscal year 2027.

The annual principal and interest payments on the 2018 Revenue Bonds during 2024 totaled $1,764,250 and was 25.8% of pledged revenues. The total principal and interest remaining to be paid on the 2018 bonds is $24,660,250. The 2018 Revenue Bonds will mature in fiscal year 2038.

The annual principal and interest payments on the 2023 Revenue Bonds during 2024 totaled $532,653 and was 7.8% of pledged revenues. The total principal and interest remaining to be paid on the 2023 bonds is $39,344,975. The 2023 Revenue Bonds will mature in fiscal year 2053.

Bond Debt

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

	Direct Placement		Revenue Bonds		
Fiscal Year	Principal	Interest	Principal	Interest	Totals
2025	$ 833,000	$ 70,325	$ 890,000	$ 1,880,988	$ 3,674,313
2026	861,000	47,584	935,000	1,836,488	3,680,072
2027	882,000	24,079	980,000	1,789,738	3,675,817
2028	-	-	1,420,000	1,740,738	3,160,738
2029	-	-	1,490,000	1,669,738	3,159,738
2030-2034	-	-	8,640,000	7,154,190	15,794,190
2035-2039	-	-	9,280,000	4,765,690	14,045,690
2040-2044	-	-	3,890,000	3,100,163	6,990,163
2045-2049	-	-	4,985,000	2,002,250	6,987,250
2050-2053	-	-	4,925,000	630,250	5,555,250
Totals	$ 2,576,000	$ 141,988	$ 37,435,000	$ 26,570,233	$ 66,723,221

Bond Premium and Debt Defeasance

The College has a bond premium in connection with the issuance of its 2018 Series Tuition Revenue Bonds and 2023 Revenue Bonds. The College also has a deferred loss on debt defeasance related to prior refunded bonds. The bond premiums and deferred loss on debt defeasance are being amortized using the straight-line method over the life of the applicable bonds as follows:

Fiscal Year	Deferred Loss on Debt Defeasance	Premium Amortization
2025	$ 49,700	$ 249,685
2026	49,700	233,564
2027	49,700	221,084
2028	-	208,003
2029	-	194,009
2030-2034	-	734,652
2035-2039	-	263,687
2040-2044	-	39,082
2045-2049	-	25,241
2050-2053	-	3,703
	$ 149,100	$ 2,172,710

NOTE 9 - RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College has insurance for its buildings and contents through the State Insurance Fund (SIF), part of the State of Alabama, Department of Finance; Division of Risk Management, which operates as a common risk management and insurance program for state owned properties. The College pays an annual premium based on the amount of coverage requested. The SIF provides coverage up to $2 million per occurrence and is self-insured up to a maximum of $6 million in aggregate claims. The SIF purchases commercial insurance for claims which in the aggregate exceed $6 million. The College purchases commercial insurance for its automobile coverage, general liability, and professional legal liability coverage. In addition, the College has fidelity bonds on the College's President 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 $2,928,944 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 $19,987,786 in contracts related to capital improvements.

NOTE 11 – GADSDEN STATE CARDINAL FOUNDATION NOTES TO THE FINANCIAL STATEMENTS

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Gadsden State Cardinal Foundation (the Foundation) is a nonprofit formed to support the mission of Gadsden State Community College and to provide opportunities for students. The Foundation is an approved IRS 501(c)(3) support foundation established to raise, manage, distribute, and steward private resources to support the mission of Gadsden State Community College. The Foundation is managed and controlled by a Board of Directors and Governance Committee.

Method of Accounting - The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Use of Estimates - The financial statements and notes are representations of the Foundation's management, who is responsible for their integrity and objectivity. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported public support, revenue and expenses. Actual results could vary from the estimates used in preparing the financial statements.

Fiscal Year - References to the Foundation's fiscal year denote the calendar year in which the fiscal year ends.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Foundation considers all demand deposits, money market funds, and securities with original maturities of three months or less to be cash equivalents unless subject to donor-imposed restrictions to invest for long-term purposes.

Investments - Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Donated investments are recorded at fair value as the date of donation. Net investment return is reported in the statement of activities and consists of interest and dividend income, and realized and unrealized gains and losses, less related investment advisory fees. Short-term investments consist of securities with original maturities of twelve months or less. Long-term investments consist of securities with original maturities greater than twelve months.

Contributions Receivable - The Foundation uses the allowance method to determine uncollectible receivables. The Foundation had no receivables as of June 30, 2024. The Foundation has had no write-off of receivables since its inception on July 26, 2015.

Promises to Give - Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Donated Services - The Foundation occasionally receives donated services from unpaid volunteers who assist with various tasks necessary for the operation of the Foundation. No amounts have been recognized in the statement of activities since the criteria for recognition under FASB ASC 958-605, *Revenue Recognition*, has not satisfied. The Foundation received less than 1,000 volunteer hours per year for the fiscal year ended June 30, 2024.

Net Assets - Net assets, revenues, expenses, gain and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes there are classified as follows:

With Donor Restrictions: Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Earnings on these restricted assets are considered available for unrestricted use unless otherwise stipulated by the donor.

Without Donor Restrictions: Net assets not subject to donor-imposed stipulations. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires restricted net assets are reclassified to net assets without donor restrictions.

Fair Value of Financial Instruments - Management estimates that the carrying amounts of all financial instruments approximate their fair value.

Income Taxes - The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Accordingly, no provision has been made for income taxes in the financial statements. There was no unrelated business income for the year ended June 30, 2024.

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 places its cash with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC coverage are not insured. For the fiscal year ended June 30, 2024, the Foundation did not hold any cash and cash equivalents in excess of FDIC insurance limits.

For the year ended June 30, 2024, the Foundation's investments in marketable equity securities represented approximately 83% of total assets. These investments, which are reported at fair value, are susceptible to market fluctuations.

C. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Foundation's liquidity management, it invests funds in excess of short-term requirements in various short-term investments, including money market accounts, mutual funds and equity securities.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

Cash and Cash Equivalents	$ 232,747
Investments	1,163,251
Financial Assets at Year-End	$ 1,395,998
Less Those Available for General Expenditures Within One Year, Due to:	
Restricted by Donor with Purpose Restrictions	(1,262,983)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 133,015

D. FAIR VALUE MEASUREMENTS

The Foundation applies the authoritative guidance for accounting principles generally accepted in the United States of America for Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. Fair value is defined 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.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value measurements.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the year ended June 30, 2024, and the valuation techniques utilized to determine fair value are consistently applied.

E. INVESTMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2024 are as follows:

	Fair Value	Observable Quote Prices (Level 1)
Mutual Funds	$ 927,874	$ 927,874
Exchange-traded products	235,377	235,377
	$ 1,163,251	$ 1,163,251

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

Interest and Dividend Income	$ 32,192
Realized Gains (Losses)	(3,961)
Unrealized Gains (Losses)	115,193
	$ 143,424

Investment expense during the year ended June 30, 2024 was $6,672.

F. DONOR RESTRICTIONS ON NET ASSETS

The Foundation has temporarily restricted endowment funds which allow for the awarding of scholarships over time. 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.

For endowment assets, the Foundation has adopted investing and spending policies that attempt to subject the fund to low investment risk. Unless otherwise provided under the terms of a specific gift instrument, the Foundation may appropriate or accumulate as much of an endowment fund that the Board determines is prudent for the purpose of the endowment fund. Additionally, unless otherwise provided by the fund agreement, the allowable distribution (grant) from an endowment fund shall be the current year's spending rate (3% to 6.5% as determined by the Board) multiplied by the average ending market value of the endowment fund for each of the prior twelve quarters. The current spending rate is 5%. The Foundation is not required to distribute the maximum amount calculated under this policy and may instead accumulate part or the entire amount for investment and use in future periods.

The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2024 are as follows:

	With Donor Restrictions
Endowment Net Assets, June 30, 2023	$ 1,102,501
Contributions, Net	112,102
Investment Income (Loss), Net of Fees	118,243
Amounts Appropriated for Expenditure	(79,863)
Endowment Net Assets, June 30, 2024	$ 1,262,983

At June 30, 2024, the Foundation held no permanently restricted net assets.

As of June 30, 2024, net assets were restricted for scholarships as follows:

	2024
Aletta Williams Leadership Scholarship	$ 44
Athletics	8,143
Automotive Fund	6,198
Ayers Student Center	3,400
Band Fund	58
Baseball Fund	20,614
Basketball Fund	821
Benjamin Steinberg Memorial Scholarship	2,738
Boys and Girls Club of Gadsden Etowah County Career Academy	28,572
Cardinal Cafeteria	1,329
Calhoun County Campuses	51,629
Cardinal Opportunity Fund	7,511
Cardinal Emergency Fund	7,804
Chad Hawkins Education Scholarship	51,548
Chamber Dual Enrollment Scholarship	3,055
Dawson Family Endowment	556,084
Director’s Event	6,812
Ford Jamboree Scholarship	1,182
Gerald Acker Scholarship	57,329
Gertie Lowe Memorial Scholarship	21,804
Grip Autocross Scholarship	3,500
Hayes Scholarship	1,184
Health Services	4,369

Marsalis Scholarship	4,996
Martha & Tim Lavendar Scholarship	48,080
Meals & Entertainment	1,775
Michael Hatten Scholarship	1,196
Michael Joe Wofford Memorial Scholarship	26,060
Past Presidents' Scholarship	79
Police Department Supplies	163
Rotary Club of Calhoun County	28
Shane McIntyre Scholarship	22,889
Softball Fund	59
Stringfellow Grant	12,563
Swoop Sprint	53,567
Technical Fund	1,648
Tyler Union Electrical Technical Scholarship	8,690
Tim & Laura McCartney Career Tech Scholarship	100,288
Truist Grant for Dental Assistants	8,973
Advancing Student Achievement	5,040
Area of Greatest Need	42,253
Cardinal Gala	45,886
Student Access	7,447
Workforce Development	25,575
Total temporarily restricted net assets	$1,262,983

NOTE 12 – ENDOWMENTS

The College is the recipient of certain endowments, the corpus of which is to remain in perpetuity with only the investment income spent on specific areas of interest designated by the donor. If a donor has not provided specific instructions, state law permits the Alabama State Board of Education to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. Investments of endowment funds are identified in the Statement of Net Position. The College's Investment Committee reviews annually the endowment investment strategy and earnings and recommends to the President an appropriate amount to be expended. At September 30, 2024, net appreciation of $57,809 is available to be spent, all of which is restricted for educational purposes.

NOTE 13 – SUBSEQUENT EVENTS

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

Required Supplementary Information

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

	For the measurement period ended September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.281871%	0.293631%	0.296911%	0.309574%	0.307725%	0.328988%	0.336372%	0.341376%	0.353386%	0.370617%
College's proportionate share of the net pension liability	$ 44,981	$ 45,633	$ 27,970	$ 38,293	$ 34,025	$ 32,710	$ 33,060	$ 36,957	$ 36,984	$ 33,669
College's covered payroll*	$ 23,192	$ 22,576	$ 21,430	$ 21,724	$ 21,839	$ 21,828	$ 22,066	$ 21,746	$ 19,701	$ 23,495
College's proportionate share of the net pension liability as a percentage of its covered payroll	193.95%	202.13%	130.52%	176.27%	155.80%	149.85%	149.82%	169.95%	187.73%	143.30%
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%

Gadsden State 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**	$ 2,930	$ 2,832	$ 2,741	$ 2,598	$ 2,659	$ 2,675	$ 2,641	$ 2,624	$ 2,576	$ 2,528
Contributions in relation to the contractually required**	$ (2,930	$ (2,832)	$ (2,741)	$ (2,598)	$ (2,659)	$ (2,675)	$ (2,641)	$ (2,624)	$ (2,576)	$ (2,528)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gadsden State Community College's covered payroll*	$ 24,103	$ 23,192	$ 22,576	$ 21,430	$ 21,724	$ 21,839	$ 21,828	$ 22,066	$ 21,746	$ 19,701
Contributions as a percentage of covered payroll	12.20%	12.21%	12.14%	12.12%	12.24%	12.25%	12.10%	11.89%	11.85%	12.83%

Gadsden State Community College
Schedule of Proportionate Share of the Net OPEB Liability
Alabama Retired Education Employees' Health Care Trust (in thousands)

	For the measurement period ended September 30,						
	2023	2022	2021	2020	2019	2018	2017
Gadsden State Community College 's proportion of the net OPEB liability	0.233848%	0.260647%	0.241364%	0.244061%	0.283065%	0.278642%	0.280215%
Gadsden State Community College 's proportionate share of the net OPEB liability	$ 4,495	$ 4,542	$ 12,471	$ 15,839	$ 10,680	$ 22,901	$ 20,813
Gadsden State Community College 's covered payroll*	$ 22,569	$ 21,758	$ 21,430	$ 21,317	$ 20,190	$ 19,181	$ 19,204
Gadsden State Community College 's proportionate share of the net OPEB liability as a percentage of its covered payroll	19.92%	20.88%	58.19%	74.30%	52.90%	119.39%	108.38%
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.

Gadsden State 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	$ 328	$ 365	$ 498	$ 418	$ 481	$ 804	$ 686
Contributions in relation to the contractually required contribution	(328)	(365)	(498)	(418)	(481)	(804)	(686)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Gadsden State Community College covered payroll*	$ 23,234	$ 22,569	$ 21,758	$ 21,051	$ 21,317	$ 20,190	$ 19,181
Contributions as a percentage of covered payroll	1.41%	1.62%	2.29%	1.99%	2.26%	3.98%	3.58%

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. Kathy L. Murphy	President
Jessica Slaten	Dean of Financial and Administrative Services

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. Kathy L. Murphy, President – Gadsden State Community College

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 Gadsden State 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. Our report includes a reference to other auditors who audited the financial statements of Gadsden State Cardinal Foundation (the "Foundation"), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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. Kathy L. Murphy, President – Gadsden State Community College

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Gadsden State 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, Gadsden State Community 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.

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

Gadsden State Community College
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass Through to Sub-Recipients	Total Expenditures
MAJOR PROGRAMS				
TRIO Cluster				
U.S. Department of Education				
Direct Programs				
TRIO-Student Support Services	84.042A	N.A.	$ -	$ 1,008,931
TRIO-Talent Search	84.044A	N.A.	-	746,718
TRIO-Upward Bound	84.047A	N.A.	-	1,034,119
TRIO-Educational Opportunity Center	84.066A	N.A.	-	235,501
Total TRIO Cluster			-	3,025,269
U.S. Department of Education				
Direct Programs				
Education Stabilization Fund	84.425F	N.A.	-	78,557
Education Stabilization Fund	84.425J	N.A.	-	957,941
Total CARES ACT Funding			-	1,036,498
Passed Through Alabama Community College System				
Adult Education - State Grant Program	84.002	V002A200001 V002A180001	-	554,823
Total Major Programs			$ -	$ 4,616,590

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	Federal CFDA Number	Pass-Through Grantor's Number	Pass Through to Sub-Recipients	Total Expenditures
NON-MAJOR PROGRAM				
Student Financial Assistance Cluster				
U.S. Department of Education				
Direct Programs				
Federal Supplemental Educational Opportunity Grants	84.007	N.A.	$ -	$ 245,989
Federal Work-Study Program	84.033	N.A.	-	35,996
Federal Pell Grant Program	84.063	N.A.	-	14,070,665
Total Student Financial Assistance Cluster			-	14,352,650
Research & Development Cluster				
U.S. Department of Education				
Direct Programs				
Higher Education - Institutional Aid	84.031B	N.A.	-	216,147
CCDF Cluster				
U.S. Department of Health and Human Services				
Passed Through Alabama Department of Human Resources				
Child Care and Development Block Grant	93.575	869	-	11,358
TANF Cluster				
U.S. Department of Human Resources				
Passed Through Alabama Department of Child Abuse and Neglect Prevention				
Temporary Assistance for Needy Families	93.558	TANF 2023-403	-	166,000

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	Federal CFDA Number	Pass-Through Grantor's Number	Pass Through to Sub-Recipients	Total Expenditures
U.S. Department of Education				
Direct Programs				
Higher Education - Institutional Aid	84.031E	N.A.	-	248,974
Passed Through State Department of Education				
Career and Technical Education - Basic Grants to States	84.048	N.A.	-	479,660
Appalachian Regional Commission				
Direct Program				
Growing FAME in Appalachian Alabama	23.002	N.A.	-	226,084
U.S. Department of Labor				
Employment and Training Administration				
Passed Through Alabama Community College System				
Alabama Advanced Manufacturing Apprenticeship Program (ALAMAP)	17.268 H-1B	HG-33165-GAD-01	-	3,429
Total Non-Major Programs			$ -	$ 15,704,302
Total Federal Awards			$ -	$ 20,320,892

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 Gadsden State 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:

TRIO Cluster

Education Stabilization Fund - Higher Education Emergency Relief Fund

Student Financial Assistance Cluster

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.

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?	____ yes	_x_ 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)	____ yes	_x_ no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
	TRIO Cluster
84.042A	TRIO-Student Support Services
84.044A	TRIO-Talent Search
04.047A, V	TRIO-Upward Bound
84.066A	TRIO-Educational Opportunity Center
84.425F, J	COVID 19 Education Stabilization Fund -Higher Education Emergency Relief Fund
84.002	Adult Education

Threshold used to determine Type A and Type B Programs:	$ 750,000	
Auditee qualified as low-risk auditee?	_x_ yes	____ no

Section II – Financial Statement Findings

The audit did not disclose any financial statement findings required to be reported.

Section III – Federal Award Findings and Questioned Costs

None

No matters were reported.