Annual Financial Report

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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LURLEEN B. WALLACE COMMUNITY COLLEGE

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INDEPENDENT AUDITOR'S REPORT

Jimmy Baker, Chancellor – Alabama Community College System
Dr. Brock Kelly, President – Lurleen B. Wallace Community College
Andalusia, Alabama 36420

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Lurleen B. Wallace Community College (the "College"), a component unit of the State of Alabama, and its discretely presented component unit, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the College, as of September 30, 2024, and Lurleen B. Wallace Community College Foundation, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Lurleen B. Wallace Community College Foundation, a discretely presented component unit, which represents 100 percent of the assets and revenues of the component unit as of December 31, 2023, and the respective changes in financial position thereof for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lurleen B. Wallace Community College Foundation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-14, schedules of the employer's proportionate share of the net pension liability and OPEB and schedules of employer contributions, on pages 59-64, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 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.

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

CARR, RIGGS & INGRAM, L.L.C.
Enterprise, Alabama
January 15, 2025

Management's Discussion and Analysis

ANNUAL FINANCIAL REPORT

LURLEEN B. WALLACE COMMUNITY COLLEGE

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Management's Discussion and Analysis

Introduction

Lurleen B. Wallace Community College (the "College") is a public, two-year institution in the Alabama Community College System under the governance of the Alabama Community College Board of Trustees. The College was created following the merger and consolidation of Lurleen B. Wallace Junior College and MacArthur State Technical College with final approval being granted on December 9, 2004 by the Alabama State Board of Education.

The College offers career-oriented certificates and associate degrees, as well as university transfer courses and associate degrees. In addition, the College provides workforce development through specialized training for business and industry, non-credit and continuing education, adult education, and community services to the residents of its service area. With fundamental principles affirming the value of education, the freedom of teaching and learning, and the worth, dignity and personal development of each individual, the College provides an environment that emphasizes student success and achievement. All programs are supported and offer viable opportunities for educational and professional growth and the College is accredited by the Southern Association of Colleges and Schools Commission on Colleges.

Overview of the Financial Statements and Financial Analysis

The College is proud to present its financial statements for fiscal year 2023-2024. There are three financial statements presented: the *Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows*. This discussion and analysis of the College's financial statements provide an overview of its financial activities for the year and comparative amounts for the prior year. The institution received an unmodified opinion upon examination of the fiscal year 2022-2023 records by Carr, Riggs & Ingram, LLC.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point in time financial statement with comparison between current and prior year information. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Deferred Outflows of Resources, Liabilities (current and noncurrent), Deferred Inflows of Resources, and Net Position (assets plus deferred outflows of resources minus liabilities and deferred inflows of resources).

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the College. This includes capital assets held by the College net of depreciation. Readers are also able to determine the College liabilities or how much the College owes vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and their availability for expenditure by the College.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the College's equity in property, plant, and equipment owned by the College. The next category is restricted, which is divided into two categories, permanently and temporarily restricted. Permanently restricted resources are subject to externally imposed stipulations that they be maintained permanently by the College. Temporarily restricted net assets are 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. The final category is unrestricted which are available to the College for any appropriate purpose of the College.

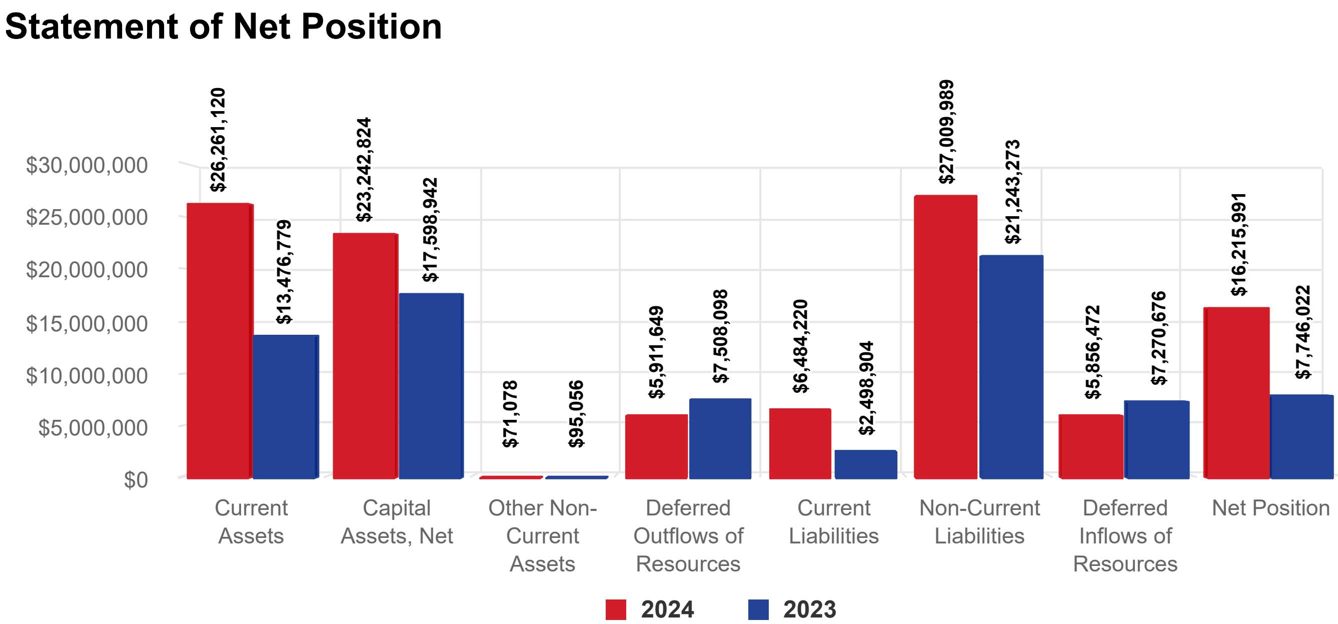
The following schedule is prepared from the College's statement of net position which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Statement of Net Position

	2024	2023
Assets		
Current Assets	$ 26,261,120	$ 13,476,779
Capital Assets, Net	23,242,824	17,598,942
Other Non-Current Assets	71,078	95,056
Total Assets	**49,575,022**	**31,170,777**
Deferred Outflows of Resources	**5,911,649**	**7,508,098**
Liabilities		
Current Liabilities	6,484,220	2,498,904
Non-Current Liabilities	27,009,989	21,243,273
Total Liabilities	**33,494,209**	**23,742,177**
Deferred Inflows of Resources	**5,856,472**	**7,270,676**
Net Position		
Net Investment in Capital Assets	14,291,959	14,463,468
Restricted	6,504,386	428,928
Unrestricted	(4,580,354)	(7,146,374)
Total Net Position	**$ 16,215,991**	**$ 7,746,022**

Total assets and total liabilities consist of both current and noncurrent portions. Total current assets increased by $12,784,341, largely due to a $3,549,426 increase in accounts receivable. The increase in accounts receivable is largely due to ACCS funding for construction projects. The College received a $5,910,000 construction bond. The proceeds of the bond are in Investments. Cash increased by $3,187,569.

The following is a graphic presentation of the College's Statements of Net Position as of September 30, 2024 and 2023:



Noncurrent assets consist of Unamortized Bond Insurance and a long-term accounts receivable from the City of Greenville totaling $40,000 which is a decrease of $40,000 from the prior year. Net capital assets consist of capital assets and related accumulated depreciation. Net Capital Assets increased by $5,643,882. The increase is due to a combination of equipment and several capital renovation projects.

Current liabilities consist of deposits, accounts payable, unearned revenue, the current portion of compensated absences, the current portion of long-term liabilities, and other current liabilities. Total current liabilities had an increase of $3,985,316. The increase is largely due to a $627,615 increase in accounts payable and accrued liabilities and a $3,310,177 increase in unearned revenue.

Noncurrent liabilities consist of principal amounts due on bonds and lease payables, unfunded pensions and OPEB, and the noncurrent portion of compensated absences. Noncurrent liabilities increased by $5,766,716. The increase is largely due to an increase of $5,814,025 in Bonds Payable and a $15,920 decrease in Lease Payable.

At September 30, 2024, the College reported a liability of $16,417,007 for its proportionate share of the collective net pension liability. The System'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 System's proportion was 0.102877%, which was a decrease of 0.002881% from its proportion measured as of September 30, 2022.

At September 30, 2024 the College reported a liability of $1,498,276 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2023 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 0.077948%, which was a decrease of 0.010565% from its proportion measured as of September 30, 2022.

Capital assets include those with an acquisition cost of $5,000 or more. The consumption of assets follows the institutional philosophy to use available resources to acquire and improve all areas of the institution to better serve the instruction and public service missions of the institution.

Statement of Revenues, Expenses, and Changes in Net Position

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

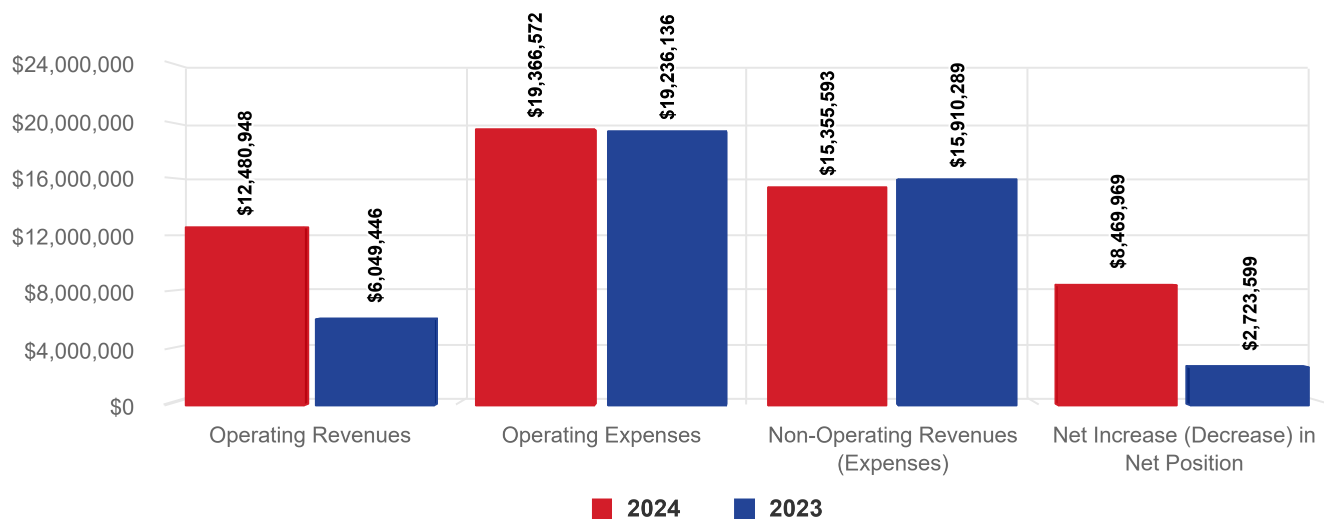
A condensed Statement of Revenues, Expenses, and Changes in Net Position for the year ended September 30, 2024 and 2023 is presented below.

Statement of Revenues, Expenses, and Changes in Net Position

	2024	2023
Operating Revenues	$ 12,480,948	$ 6,049,446
Operating Expenses	19,366,572	19,236,136
Operating Income (Loss)	(6,885,624)	(13,186,690)
Non-Operating Revenues (Expenses)	15,355,593	15,910,289
Net Increase (Decrease) in Net Position	8,469,969	2,723,599
Net Position - Beginning of Year	7,746,022	5,022,423
Net Position - End of Year	**$ 16,215,991**	**$ 7,746,022**

The following is a graphic presentation of the College's Statement of Revenues, Expenses, and Changes in Net Position for the years ended September 30, 2024 and 2023:

Statement of Revenues, Expenses, and Changes in Net Position



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

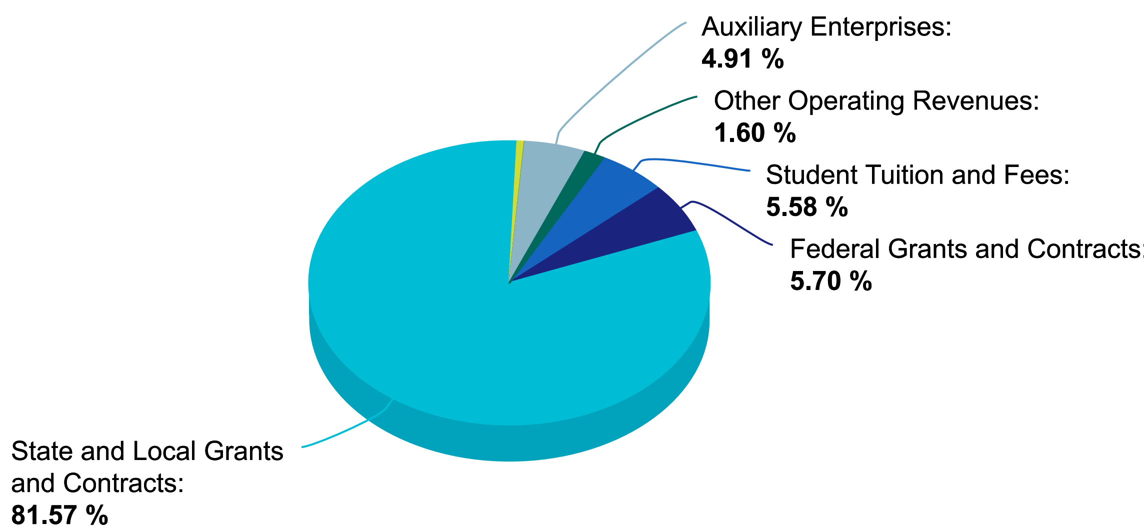
The *Statement of Revenues, Expenses, and Changes in Net Assets* reflect an increase of $8,469,969 in net position at the end of the fiscal year.

Operating Revenues

	2024	2023
Operating Revenues		
Student Tuition and Fees	$ 696,771	$ 1,732,076
Federal Grants and Contracts	711,809	974,579
State and Local Grants and Contracts	10,181,125	2,494,327
Non-Governmental Grants and Contracts	71,851	79,962
Sales and Services of Educational Departments	5,775	3,903
Auxiliary Enterprises	613,306	378,472
Other Operating Revenues	200,311	386,127
Total Operating Revenues	**$ 12,480,948**	**$ 6,049,446**

The following chart displays the operating revenues by type and their relationship with one another for the fiscal year ended September 30, 2024.

Operating Revenues by Type



State and local contracts represent the largest portion of operating revenue at 81.57 percent largely due to a $7,758,687 increase, which includes the ACCS Roof Restoration, Admin Renovation, and Construction Trades Lab totaling $6,230,359. The College received State grants in Adult Education to cover Covington, Butler, and Crenshaw Counties. LBWCC also received funds to assist students through the Alabama Student Assistant Program, Ready to Work Program, Career Pathways, ACCCP Initiative, ALAMAP, and Success Coach Grants. The College continued to receive money for Career Tech Dual Enrollment in excess of $1,537,255. LBWCC received a Special Population Building Construction grant. Additional funding was received for the Workforce Development Initiative and for the ACCCP Scholarships.

During the academic year of 2023-2024, tuition and fees were $166 per credit hour for in-state students ($127/credit hour tuition, $9/credit hour facility fee, $9/credit hour technology fee, $10 credit hour special building fee, $10 credit hour enhancement fee, and $1/credit hour bond reserve fee). During the year, the facility, technology, special building fee and bond reserve fee remained the same. The College is in line with the ACCS tuition and fee guidelines and is at the maximum that can be charged under Board of Trustee Policy.

Auxiliary services are comprised of two bookstores, a Dormitory that houses up to 92 students, a Child Development Pre-school Program, and vending services on all four campuses. All Auxiliary services are self-supporting and stable. The College operates a child development center to complement the Child Development Program on the Andalusia Campus. The child development center changed from a daycare operation to a pre-school program in August, 2012. The child development center is operated as an auxiliary service.

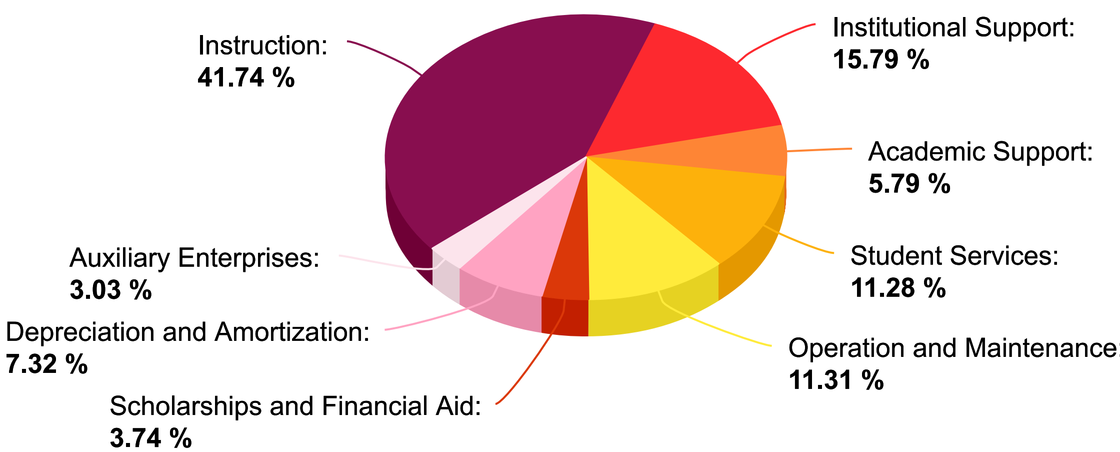
The operating expenses by function stated are displayed in the following exhibit.

Operating Expenses

	2024	2023
Operating Expenses		
Instruction	$ 8,083,257	$ 7,462,462
Institutional Support	3,057,812	3,029,699
Academic Support	1,121,092	1,574,330
Student Services	2,185,439	1,674,997
Operation and Maintenance	2,190,970	1,796,563
Scholarships and Financial Aid	724,160	1,691,372
Depreciation and Amortization	1,417,493	1,400,403
Auxiliary Enterprises	586,349	606,310
Total Operating Expenses	**$ 19,366,572**	**$ 19,236,136**

As reflected in the following chart, operating expenses are divided into functional areas that represent the college's total operating expenses of $19,366,572:

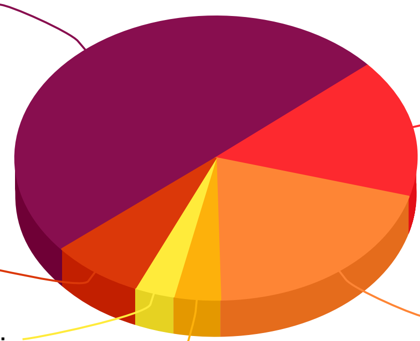
Operating Expenses by Function



Operating expenses by functional area increased by $130,436 as compared to the prior fiscal year. The overall increase is due to an increase in instruction, student services and plant maintenance expenditures. Non-Operating cost increased by $28,103 for the fiscal year.

Operating expenses are summarized here by natural classification.

Operating Expenses by Natural Classification

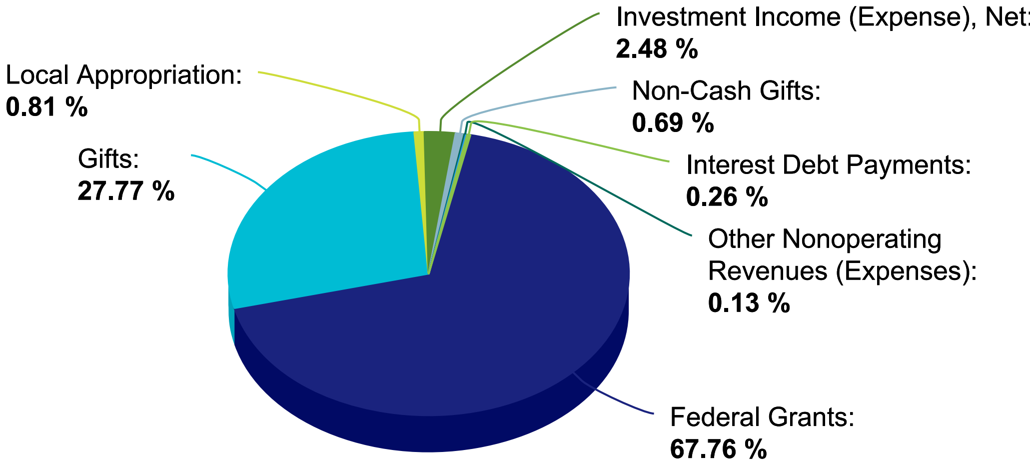


Comparison of Non-Operating Revenues (Expenses)

	2024	2023
Non-Operating Revenues (Expenses)		
State Appropriations	$ 10,520,999	$ 9,888,087
Federal Grants	4,312,506	5,340,289
Gifts	126,000	1,000
Local Appropriation	384,889	363,702
Investment Income (Expense), Net	107,608	70,337
Non-Cash Gifts	20,573	337,529
Other Nonoperating Revenues (Expenses)	14,075	12,300
Bond Surety Fee Expense	(40,780)	(24,759)
Interest Debt Payments	(90,277)	(78,196)
Total Non-Operating Revenues (Expenses)	**$ 15,355,593**	**$ 15,910,289**

The following chart displays the non-operating revenues (expenses) by type and their relationship with one another for the fiscal year ended September 30, 2024.

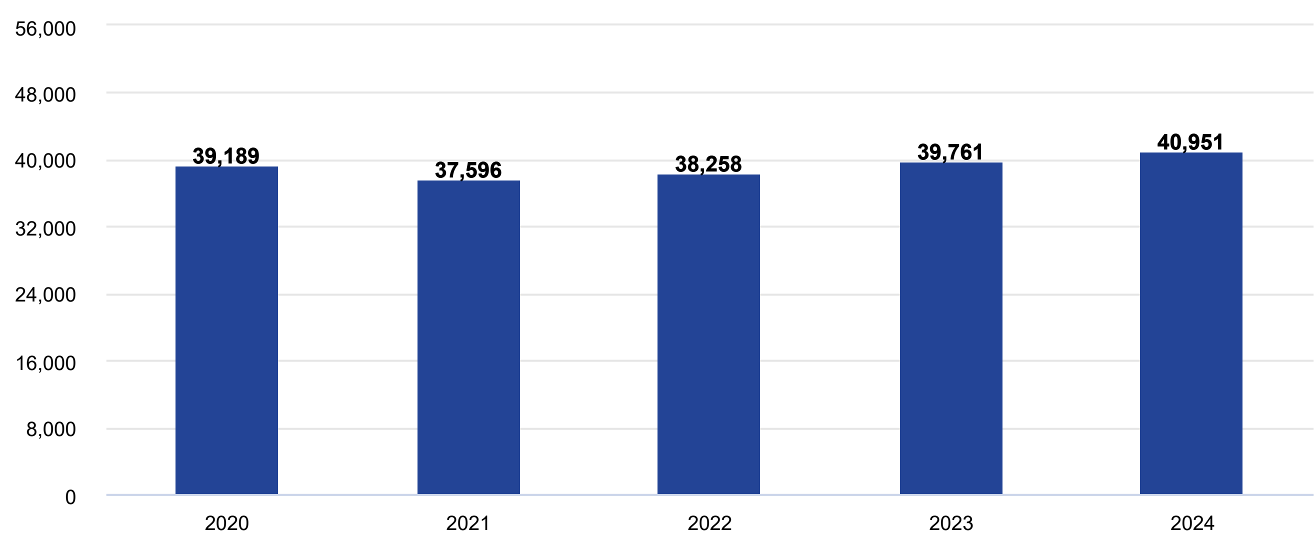
Comparison of Non-Operating Revenues (Expenses)



Within the non-operating revenues, the College received $10,302,949 in State appropriations. The College also received $218,050 in Special Appropriations and $384,889 in local appropriations. The balance of non-operating revenue was generated from federal grants and contracts, investing activities, gifts, and sale of surplus property.

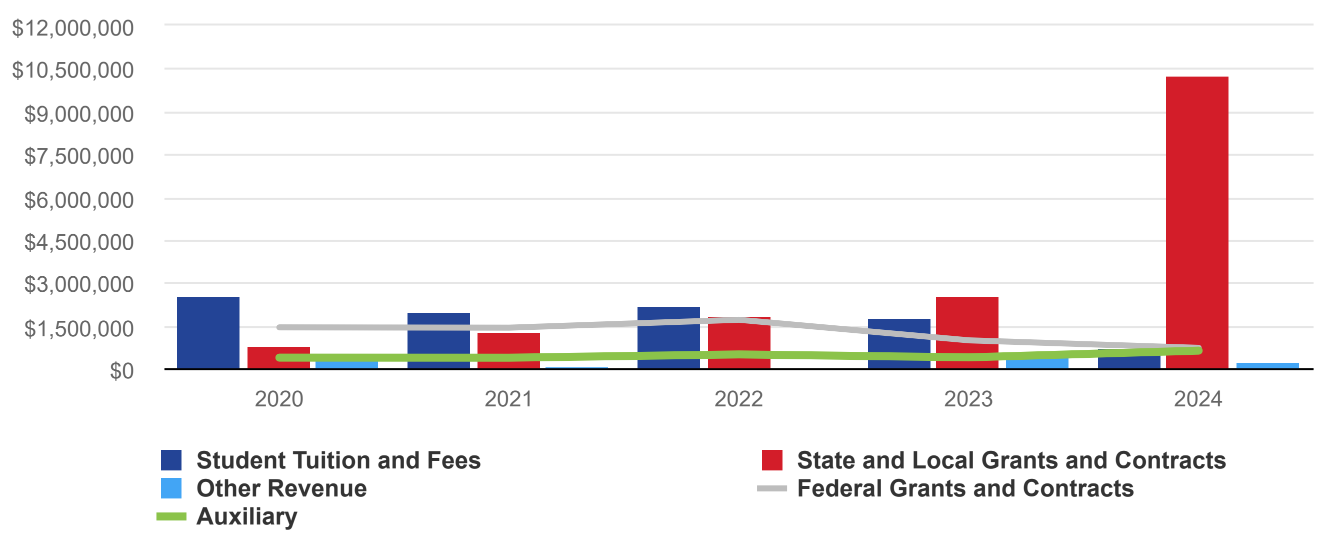
The following chart displays the 5 Year Comparision of Credit Hours for the fiscal year ended September 30, 2024.

5 Year Comparision of Credit Hours



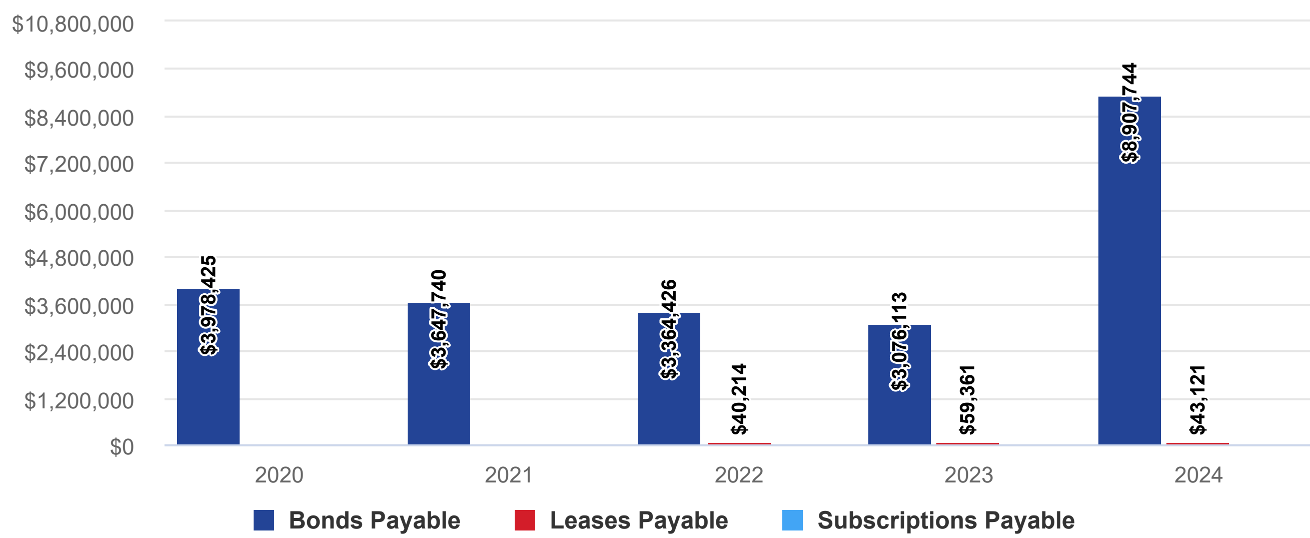
The following chart displays the 5 Year Comparison of Operating Revenue for the fiscal year ended September 30, 2024.

5 Year Comparison of Operating Revenue



The following chart displays 5 Year Comparison of Long-Term Debt Principal for the fiscal year ended September 30, 2024.

5 Year Comparison of Long-Term Debt Principal



Statement of Cash Flows

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

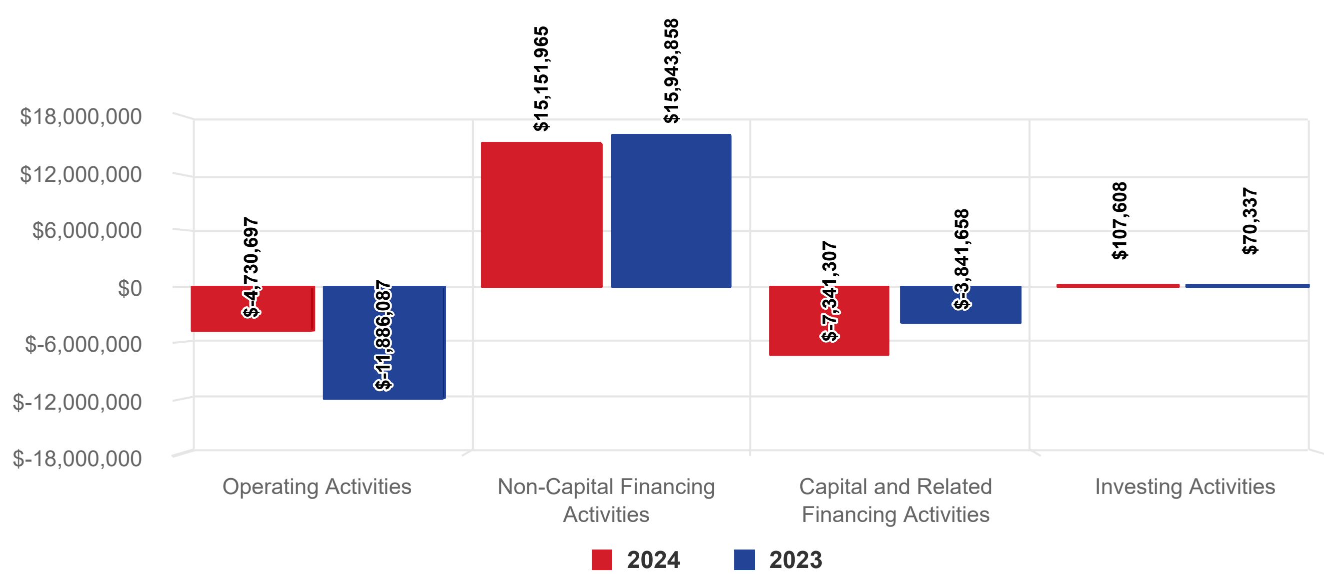
A condensed Statement of Cash Flows for the years ended September 30, 2024 and 2023 is presented below.

Statement of Cash Flows

	2024	2023
Cash Provided (Used) by:		
Operating Activities	$ (4,730,697)	$ (11,886,087)
Non-Capital Financing Activities	15,151,965	15,943,858
Capital and Related Financing Activities	(7,341,307)	(3,841,658)
Investing Activities	107,608	70,337
Net Change in Cash and Cash Equivalents	**3,187,569**	**286,450**
Cash and Cash Equivalents, Beginning of Year	11,159,832	10,873,382
Cash and Cash Equivalents, End of Year	**$ 14,347,401**	**$ 11,159,832**

The following chart visually depicts the cash flow figures used to generate the net change in cash for the year 2024-2023.

Statement of Cash Flows



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 non-operating activities. This source of revenue is categorized as non-operating even though the College's budget depends on this to continue the current level of operations. Other non-operating activities include Pell Grant, CARES Act funding, donations/gifts, local tax appropriations, and other miscellaneous revenues.

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

The College's overall financial position is currently strong. However, based on state and national economic conditions, the College is concerned about the potential of future proration which could result in reductions in the state allocation. Other concerns include the increasing cost of maintenance and restoration of the College's aging buildings.

The College will maintain a close guard over resources to preserve the College's ability to react to unknown internal and external issues. The College will adhere to established ACCS guidelines, which are based on sound financial judgments. The College will take steps to meet the needs of students and the community while remaining financially conservative.

The Covid-19 pandemic continues to have a potential impact on College enrollment. However, with the combination of increased recruiting efforts, and increased technology for on-line classes, the College was not negatively impacted by COVID-19 during the fiscal year 23-24. The College will continue to minimize these negative financial effects with continued efforts to recruit students, provide short-term training, and other innovative educational approaches.

The College is not aware of any other currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.

Financial Statements

ANNUAL FINANCIAL REPORT

LURLEEN B. WALLACE COMMUNITY COLLEGE

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Statement of Net Position
September 30, 2024

	2024
Assets	
Current Assets	
Cash and Cash Equivalents	$ 14,347,401
Accounts Receivable, Net	5,697,079
Investments	6,007,873
Inventories	167,299
Other Current Assets	41,468
Total Current Assets	**26,261,120**
Non-Current Assets	
Other Non-Current Assets	71,078
Capital Assets, Net of Depreciation and Amortization	23,242,824
Total Non-Current Assets	**23,313,902**
Total Assets	**49,575,022**
Deferred Outflows of Resources	
Deferred Outflows Related to Pension	4,141,134
Deferred Outflows Related to OPEB	1,770,515
Total Deferred Outflows of Resources	**$ 5,911,649**

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

Statement of Net Position (Continued)
September 30, 2024

		2024
Liabilities		
Current Liabilities		
Deposits Held for Others	$	127,510
Accounts Payable and Accrued Liabilities		1,787,335
Unearned Revenue		4,148,250
Compensated Absences		53,873
Lease Liabilities		25,096
Bonds Payable, Due in One Year		315,919
Other Current Liabilities		26,237
Total Current Liabilities		**6,484,220**
Non-Current Liabilities		
Compensated Absences		484,856
Lease Liabilities		18,025
Bonds Payable		8,591,825
Net Pension		16,417,007
Net OPEB Liability		1,498,276
Total Non-Current Liabilities		**27,009,989**
Total Liabilities		**33,494,209**
Deferred Inflow of Resources		
Deferred Inflows Related to Pension		851,662
Deferred Inflows Related to OPEB		5,004,810
Total Deferred Inflow of Resources		**5,856,472**
Net Position		
Net Investment in Capital Assets		14,291,959
Restricted For:		
Debt Service		6,498,206
Loans		6,180
Unrestricted (deficit)		(4,580,354)
Total Net Position	**$**	**16,215,991**

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

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2024

		2024
Operating Revenues		
Student Tuition and Fees (net of scholarship allowances of $6,286,551)	$	696,771
Federal Grants and Contracts		711,809
State and Local Grants and Contracts		10,181,125
Non-Governmental Grants and Contracts		71,851
Sales and Services of Educational Departments		5,775
Auxiliary Enterprises		
Bookstore (net of scholarship allowances)		440,379
Campus Housing (net of scholarship allowances)		167,926
Vending		5,001
Other Operating Revenues		200,311
Total Operating Revenues		**12,480,948**
Operating Expenses		
Instruction		8,083,257
Institutional Support		3,057,812
Academic Support		1,121,092
Student Services		2,185,439
Operation and Maintenance		2,190,970
Scholarships and Financial Aid		724,160
Depreciation and Amortization		1,417,493
Auxiliary Enterprises		
Bookstore		414,381
Campus Housing		171,968
Total Operating Expenses		**19,366,572**
Operating Income (Loss)	**$**	**(6,885,624)**

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

Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended September 30, 2024

	2024
Non-Operating Revenues (Expenses)	
State Appropriations	$ 10,520,999
Federal Grants	4,312,506
Gifts	126,000
Local Appropriation	384,889
Investment Income (Expense), Net	107,608
Interest Expense	(90,277)
Non-Cash Gifts	20,573
Other Non-Operating Revenues (Expenses)	(26,705)
Total Non-Operating Revenues (Expenses)	**15,355,593**
Net Increase (Decrease) in Net Position	**8,469,969**
Net Position - Beginning of Year	7,746,022
Net Position - End of Year	**$ 16,215,991**

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

Statement of Cash Flows
For the Year Ended September 30, 2024

		2024
Operating Activities		
Cash Received for Tuition and Fees	$	3,914,143
Cash Received for Grants and Contracts		7,655,428
Cash Payments to Suppliers for Goods and Services		(3,357,356)
Cash Payments for Utilities		(619,361)
Cash Payments to Employees		(9,598,655)
Cash Payments for Employee Benefits		(2,891,979)
Cash Payments for Scholarships		(724,160)
Cash Received from Auxiliary Enterprise Charges:		
Bookstore		440,379
Campus Housing		167,926
Vending		5,001
Sales and Sevices of Educational Activities		5,775
Other Receipts		272,162
Net Cash Provided by (Used in) Operating Activities		**(4,730,697)**
Non-Capital Financing Activities		
Cash Received from State Appropriations		10,520,999
Cash Received from Federal Grants		4,133,390
Cash Payments for Bond Surety Fees		(40,781)
Cash Received from Gifts and Grants for Other than Capital Purposes		146,573
Other Noncapital Financing		391,784
Net Cash Provided by (Used in) Non-Capital Financing Activities		**15,151,965**
Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets		14,075
Purchases of Capital Assets		(7,061,373)
Principal Paid on Capital Debt and Leases		(316,955)
Proceeds from Capital Debt		6,210,401
Bond Issue Costs Paid on New Debt Issue		(106,616)
Deposits with Trustees		(6,007,873)
Interest Paid on Capital Debt and Leases		(72,966)
Net Cash Provided by (Used in) Capital and Related Financing Activities		**(7,341,307)**
Investing Activities		
Investment Income		107,608
Net Cash Provided by (Used in) Investing Activities		**107,608**
Net Increase (Decrease) in Cash and Cash Equivalents		**3,187,569**
Cash and Cash Equivalents - Beginning of Year		11,159,832
Cash and Cash Equivalents - End of Year	**$**	**14,347,401**

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

Statement of Cash Flows (Continued)
For the Year Ended September 30, 2024

		2024
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	$	(6,885,624)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization		1,417,493
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:		
(Increase) Decrease in Assets and Deferred Outflows		
Receivables, Net		(3,330,310)
Inventory		(33,218)
Other Assets		8,800
Deferred Outflows		1,596,449
Increase (Decrease) in Liabilities and Deferred Inflows		
Accounts Payable and Accrued Liabilities		627,615
Unearned Revenue		3,310,177
Compensated Absences		35,139
Pension Liability		(19,000)
OPEB Liability		(44,014)
Deferred Inflows		(1,414,204)
Total Adjustments		**2,154,927**
Net Cash Provided by (Used in) Operating Activities	**$**	**(4,730,697)**

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

Statement of Financial Position – Discretely Presented Component Unit
For the Year Ended December 31, 2023

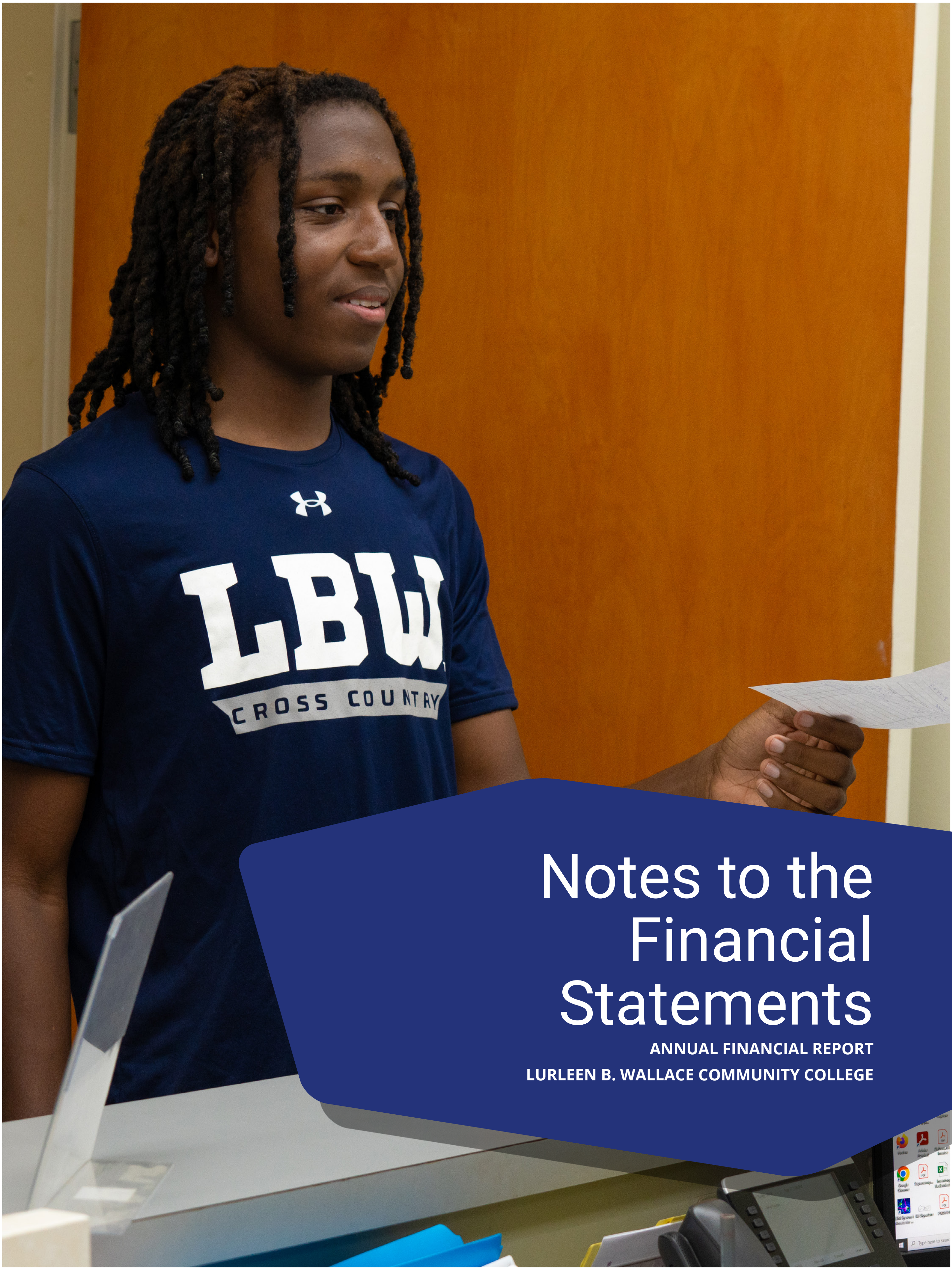
	2023
Assets	
Current Assets	
Cash and Cash Equivalents	$ 230,396
Investments	6,928,417
Promises to Give	50,400
Total Current Assets	**7,209,213**
Non-Current Assets	
Capital Assets	243
Total Capital Assets, Net	**243**
Total Non-Current Assets	**243**
Total Assets	**7,209,456**
Net Position	
Net Investment in Capital Assets	243
Restricted for:	
Donor Restrictions	2,976,679
Unrestricted (deficit)	4,232,534
Total Net Position	**$ 7,209,456**

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

Statement of Activities – Discretely Presented Component Unit
For the Year Ended December 31, 2023

		2023
Operating Revenues		
Contributions	$	298,533
Contributed Services		38,400
Other Operating Revenues		
Total Operating Revenues		**336,933**
Operating Expenses		
Operation and Maintenance		108,314
Scholarships and Financial Aid		393,630
Total Operating Expenses		**501,944**
Operating Income (Loss)		**(165,011)**
Non-Operating Revenues (Expenses)		
Investment Income (Expense), Net		712,447
Other Non-Operating Revenues (Expenses)		21,670
Total Non-Operating Revenues (Expenses)		**734,117**
Net Increase (Decrease) in Net Position		**569,106**
Net Position - Beginning of Year		6,640,350
Net Position - End of Year	**$**	**7,209,456**

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



Notes to the Financial Statements

ANNUAL FINANCIAL REPORT

LURLEEN B. WALLACE COMMUNITY COLLEGE

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Note 1. Summary of Significant Accounting Policies

Nature of Operations

The financial statements of Lurleen B. Wallace Community College (the "College" or the "Primary Government") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the College are described below.

Reporting Entity

The College is a component unit of the State of Alabama. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The GASB in Statement No. 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.

Component Units

The Lurleen B. Wallace Community College Foundation (the "Foundation") 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. The Foundation's financial statements are presented in a separate discrete column in accordance with GASB, as this is the presentation of the Primary Government. No modifications have been made to the Foundation's financial statements to conform to this presentation. Separate financial statements of the Lurleen B. Wallace Community College Foundation can be obtained from the Foundation's auditors, Rabren, Odom, Pierce & Hayes, P.C., 1600 Dr. Martin Luther King, Jr. Expressway, Andalusia, Alabama 36420.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The Statement of Revenues, Expenses and Changes in Net Position distinguishes between operating and 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, gifts, and Pell grants.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the remaining useful life of property and equipment, the identification of allowable versus unallowable costs, the timing of revenue recognition, pension liability, and OPEB liability.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 15, 2025, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Cash, Cash Equivalents, and Investments

The College's cash and cash equivalents are considered to be 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 for the College are reported at fair value, based on quoted market prices, except for money market investments and repurchase agreements, which are reported at amortized cost.

Receivables

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

Inventories and Prepaid Items

Inventories are valued at the lower of cost or market using the first-in/first-out (FIFO) method and consist primarily of books. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

Capital Assets

Capital assets, other than intangibles, with a unit cost of over $5,000 and an estimated useful life in excess of one year, and all library books, are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for intangible assets such as capitalized software and internally generated computer software is $1 million and $100,000 for easements, land use rights and patents, trademarks and copyrights. In addition, works of art and historical treasures and similar assets are recorded at their historical cost. Donated capital assets are recorded at acquisition value (an entry price) at the date of donation.

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. Land, construction in progress and intangible assets with indefinite lives are the only capital assets that are not depreciated. The other property, plant, and equipment are depreciated using the methods below over the estimated useful lives of the assets, ranging from five to fifty years. Improvements that extend the useful life of the assets are capitalized and depreciated over the remaining useful life of the asset.

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

Assets	Depreciation Method	Useful Lives
Buildings	Straight Line	50 years
Building Alterations	Straight Line	25 years
Improvements other than Buildings and Infrastructure	Straight Line	25 years
Furniture and Equipment	Straight Line	5-10 years
Library Materials	Composite	20 years
Capitalized Software	Straight Line	10 years
Internally Generated Computer Software	Straight Line	10 years
Easement and Land Use Rights	Straight Line	20 years
Patents, Trademarks, and Copyrights	Straight Line	20 years

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The College has two items reported in this category, deferred outflows related to pension and deferred outflows related to OPEB. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. Deferred outflows related to OPEB result from OPEB contributions related to normal and accrued employer liability (net of any refunds or error service payments) subsequent to the measurement date, the net difference between projected and actual earnings on plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions, and differences between actual and expected experience. The deferred outflows related to pensions and OPEB will be recognized as either pension or OPEB expense or a reduction in the net pension or OPEB liability in future reporting years.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The College has two items that qualify for reporting in this category, deferred inflows related to pension and deferred inflows related to OPEB. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. Deferred inflows related to pension and OPEB result from differences between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. The deferred inflows related to pensions and OPEB will be recognized as a reduction to pension or OPEB expense in future reporting years.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

Unearned Tuition and Fee Revenues

The College records unearned revenue for tuition and fee revenues received for the Fall Term but related to the portion of the Term that occurs in the subsequent fiscal year.

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.

Pension

The Teachers' Retirement System of Alabama (the "Plan") financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the Plan requirements. Benefits and refunds are recognized 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 GASB. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

Postemployment Benefits Other than Pensions (OPEB)

The Alabama Retired Education Employees' Health Care Trust (the "Trust") financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Subsequent events were evaluated by management through the date the financial statements were issued.

Net Position

Net Position Flow Assumption – Sometimes the College will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the College's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

The College's net position is divided into three components:

- **Net Investment in Capital Assets** – Capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of any bonds, notes or other borrowings that are 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 should also be included in this component of net position. Any significant unspent related debt proceeds or inflows of resources at year-end related to capital assets are not included in this calculation.

- **Restricted** – Net position consists of assets that are restricted by debt covenants, contributors, contractual provisions, or enabling legislation, reduced by liabilities and deferred inflows of resources related to those assets.
- **Unrestricted** – Net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position. Unrestricted resources may be designated for specific purposes by action of management or the Alabama Community College System Board of Trustees.

Federal Financial Assistance Programs

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

Scholarship Allowances and Student Aid

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

Revenues and Expenses

The College distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the College is tuition and fees. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

New Accounting Pronouncements

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, effective for reporting periods beginning after June 15, 2023. Statement No. 100 defines accounting changes and prescribes the accounting and financial reporting for each type of accounting change and error corrections. The adoption of this statement by the College had no impact on the previously reported beginning net position at September 30, 2023.

Note 2. Deposits and Investments

Deposits

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

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

Investments

All funds invested shall be invested in a manner consistent with all applicable state and federal laws and regulations. All monies shall be placed in interest bearing accounts unless legally restricted by an external agency. Investments in debt securities are limited to the two highest quality credit ratings as described by nationally recognized statistical rating organizations (NRSROs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are excluded from this requirement.

Permissible investments include:

1. U.S. Treasury bills, notes, bonds, and stripped Treasuries;
2. U.S. Agency notes, bonds, debentures, discount notes and certificates;
3. Certificates of Deposits (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 to include 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 institution'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 institutions 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 institution may enter into a repurchase agreement so long as:
   a) the repurchase securities are legal investments under state law for institutions;
   b) the institution receives a daily assessment of the market value of the repurchase securities, including accrued interest, and maintains adequate margin that reflects a risk assessment of the repurchase securities and the term of the transaction; and
   c) the institution has entered into signed contracts with all approved counterparties.
7. The institution 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 institution 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.

Custodial Credit Risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as "qualified public depositories," as required under the SAFE program. For an investment, this is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Interest Rate Risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The College's investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months.

Credit Risk – Section I50: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The College's investment policy limits investments to securities with specific ranking criteria.

Concentration Risk – Section I50: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The College investment policy diversifies its exposure to this risk with specific portfolio requirements.

Fair Value Disclosure for Investments – Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservables inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

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

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The College's assets valued at fair value within the fair value hierarchy consist of BlackRock Liquidity Funds Treasury Trust totaling $6,007,873 and are valued using market prices (Level 1 inputs).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 3. Receivables

Accounts receivables are reported net of uncollectible amounts, and as of September 30, 2024, consist of the following:

Description	Accounts Receivable
Federal Grants and Contracts	$ 1,447,711
Tuition and Fees	182,612
State Grants and Contracts	3,077,869
Third-Party	157,362
Definitive Project Agreement	80,000
Other	877,258
Less: Allowance for Doubtfull Accounts	(85,733)
Total Accounts Receivable	**$ 5,737,079**

The $40,000 of the receivable related to the Definitive Project Agreement is included in other noncurrent assets.

Note 4. Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2024:

Description	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Nondepreciable Capital Assets					
Land	$ 530,893	$ -	$ -	$ -	$ 530,893
Construction in Progress	358,546	6,085,597	(301,596)	-	6,142,547
Total Nondepreciable Capital Assets	**889,439**	**6,085,597**	**(301,596)**	**-**	**6,673,440**
Other Capital Assets					
Buildings	18,999,727	-	-	-	18,999,727
Building Alterations	2,752,785	-	-	-	2,752,785
Improvements other than Buildings and Infrastructure	3,494,910	524,336	-	-	4,019,246
Furniture and Equipment greater than $25,000	5,461,977	510,561	(95,604)	-	5,876,934
Furniture and Equipment $25,000 or less	3,167,983	230,684	(5,000)	-	3,393,667
Library Materials	500,312	1,077	(3,120)	-	498,269
Right to Use Assets - Buildings and Equipment	88,495	10,715	(5,439)	-	93,771
Right to Use Assets - Software Subscriptions	17,908	-	(17,908)	-	-
Total Other Capital Assets	**34,484,097**	**1,277,373**	**(127,071)**	**-**	**35,634,399**
Less Accumulated Depreciation/ Amortization					
Buildings	9,895,845	323,346	-	-	10,219,191
Building Alterations	836,086	106,730	-	-	942,816
Improvements other than Buildings and Infrastructure	1,439,952	126,132	-	-	1,566,084
Furniture and Equipment greater than $25,000	3,230,278	356,816	(95,604)	-	3,491,490
Furniture and Equipment $25,000 or less	1,872,178	471,503	(5,000)	-	2,338,681
Library Materials	458,675	432	(3,120)	-	455,987
Right to Use Assets - Buildings and Equipment	29,200	27,005	(5,439)	-	50,766
Right to Use Assets - Software Subscriptions	12,379	5,529	(17,908)	-	-
Total Accumulated Depreciation/ Amortization	**17,774,593**	**1,417,493**	**(127,071)**	**-**	**19,065,015**
Total Capital Assets, Net	**$ 17,598,943**	**$ 5,945,477**	**$ (301,596)**	**$ -**	**$ 23,242,824**

Note 5. Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

The 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.

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 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.

Contributions

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

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. Effective 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 fiscal 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 $1,085,000 for the year ended September 30, 2024.

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

At September 30, 2024, the College reported a liability of $16,417,007 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022. The College's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2023, the College's proportion was 0.102877%, which was a decrease of 0.002881% from its proportion measured as of September 30, 2022.

For the year ended September 30, 2024, the College recognized pension expense of $2,174,725. At September 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 1,468,000	$ 222,000
Changes of Assumptions	462,000	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,126,000	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	-	630,000
Employer Contributions Subsequent to the Measurement Date	1,085,000	-
Total	**$ 4,141,000**	**$ 852,000**

$1,085,000 reported as deferred outflows of resources related to pension 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 pension will be recognized in pension expense as follows:

Year Ended September 30	Amount
2025	$ 651,000
2026	453,000
2027	1,191,000
2028	(91,000)
2029	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of September 30, 2023 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%
Projected Salary Increases	3.25% - 5.00%
Investment Rate of Return *	7.45%

* Net of pension plan investment expense, including inflation

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 Rate

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 (+) / Set Back (-)	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

Long-Term Expected Rate of Return

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:

Asset Class	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%
Int’l Developed Mkt Stocks	12.00%	9.50%
Int’l Emerging Mkt Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	2.50%
Total	**100.00%**	

* Includes assumed rate of inflation of 2.00%.

Discount Rate

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

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

The following table presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.45%, as well as what the System'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 Discount Rate (7.45%)	1% Increase (8.45%)
College's Proportionate Share of the Collective Net Pension Liability	$ 21,447,000	$ 16,417,007	$ 12,186,000

Pension Plan Fiduciary Net Position

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

General Information about the OPEB Plan

Plan Description

The 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 (the "Board") to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in the Public Education Employees' Health Insurance Plan (PEEHIP). Active and retiree health insurance benefits are paid through PEEHIP. In accordance with GASB, the Trust is considered a component unit of the State of Alabama (the "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 Trust 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 PEEHIP and, consequently, serves as the administrator of the Trust.

Benefits Provided

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

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

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

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retired members and covered dependents are eligible to enroll in the PEEHIP Supplemental Medical Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. Members who are enrolled in the PEEHIP Hospital Medical Plan, 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.

Contributions

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

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

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

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 $1,498,276 for its proportionate share of the Net OPEB liability. The Net OPEB liability was measured as of September 30, 2023 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 College's share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employers. At September 30, 2023, the College's proportion was 0.0779479% which was a decrease of 0.010565% from its proportion measured as of September 30, 2022.

For the fiscal year ended September 30, 2024, the College recognized OPEB expense of ($855,031), with no special funding situations. At September 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 29,296	$ 2,364,236
Changes of Assumptions	1,262,246	1,482,200
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	51,178	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	320,417	1,158,374
Employer Contributions Subsequent to the Measurement Date	107,378	-
Total	**$ 1,770,515**	**$ 5,004,810**

The $107,378 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:

Year Ended September 30	Amount
2025	$ (1,120,260)
2026	(633,969)
2027	(551,781)
2028	(631,190)
2029	(383,280)
Thereafter	(21,193)

Actuarial Assumptions

Inflation	2.50%
Salary Increases	3.25%-5.00%, including 2.75% wage inflation
Long-term Investment Rate of Return	7.00% compounded annually, net of investment expense, and including inflation
Municipal Bond Index Rate at the Measurement Date	4.53%
Municipal Bond Index Rate at the Prior Measurement Date	4.40%
Year Fiduciary Net Position (FNP) is Projected 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 FYE
Medicare Eligible	4.50% in 2033 FYE

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

Mortality Rate

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.

Long-Term Expected Rate of Return

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Alabama Teachers' Retirement System. 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:

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

* Geometric mean, includes 2.50% inflation.

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability was 7.00%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is $800 per non-university active member. Approximately, 11.051% of the employer contributions were used to assist in funding retiree benefit payments in 2023 and it is assumed that the 11.051% will increase or decrease at the same rate as expected benefit payments for the closed group with a cap of 20.00%. It is assumed the $800 rate will remain flat until, based on budget projections, it increases to $940 in fiscal year 2027 and then will increase with inflation at 2.50% starting in 2028. Retiree benefit payments for university members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members are projected through 2121.

Sensitivity to the College's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease (6.00% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% for Medicare eligible)	Current Healthcare Trend Rate (7.00% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare eligible)	1% Increase (8.00% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare eligible)
Net OPEB Liability	$ 1,135,677	$ 1,498,276	$ 1,938,545

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

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	$ 1,849,619	$ 1,498,276	$ 1,199,238

OPEB Plan Fiduciary Net Position

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

Note 7. Commitments and Contingencies

As of September 30, 2024, the College had been awarded approximately $11,558,978 in contracts and grants on which performance had not been accomplished and funds had not been received. These awards, which represent commitments of sponsors to provide funds for specific purposes, have not been reflected in the financial statements.

The College has active construction projects as of September 30, 2024. At year-end, the College's commitments with contractors are as follows:

Construction Contracts	Contract Amount
MacArthur Campus Roof Restorations	$ 268,019
Administration Building Renovation	3,061,739
Total outstanding commitments	**$ 3,329,758**

Definitive Project Agreement

The College entered into a Definitive Project Agreement with the City of Greenville for $800,000. The City of Greenville will pay the sum of forty thousand dollars per year to the College beginning January 1, 2007, and on the first day of January each year thereafter for a period of twenty years. These payments are to be made for the purpose of offsetting a portion of the indebtedness incurred by the College in constructing the technology building on the Greenville campus and for the use thereof by the City, its departments, agencies, and public corporations created by and within the City. Amounts due are presented in the chart below:

Year Ended September 30	Amount
2025	$ 40,000
2026	40,000
Total	**$ 80,000**

Note 8. Accounts Payable and Accrued Liabilities

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 and consist of the following:

Description	Amount
Accounts Payable	$ 1,366,680
Salaries and Wages Payable	353,538
Benefits Payable	67,117
Total	**$ 1,787,335**

Note 9. Long-Term Liabilities

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

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Revenue Bonds	$ 2,905,000	$ 5,910,000	$ 290,000	$ 8,525,000	$ 300,000
Bond Premium	171,113	220,557	8,926	382,744	15,919
Total Bonds Payable	**3,076,113**	**6,130,557**	**298,926**	**8,907,744**	**315,919**
Leases Payable	59,361	10,715	26,955	43,121	25,096
Compensated Absences	503,590	35,139	-	538,729	53,873
Total Long-Term Liabilities	**$ 3,639,064**	**$ 6,176,411**	**$ 325,881**	**$ 9,489,594**	**$ 394,888**

Bonds Payable

Revenue Bonds Series 2021 with a 3.0% interest rate were issued on May 18, 2021 totaling $3,460,000 to refund the 2005 Revenue Bonds and to purchase leased property, owned by the Lurleen B. Wallace Foundation, by prepaying a loan from the U. S. Department of Agriculture (USDA). The 2005 Bonds were considered to be defeased and the lease liability was paid in full. The related liabilities have been removed. The maturity date for the 2021 bonds is September 1, 2044.

Revenue Bonds Series 2024 with a 4.125% to 5.000% interest rate were issued on September 17, 2024 totaling $5,810,000 to renovate multiple buildings located on the College's campuses.

The College has bond premiums in connection with both issuances. The bond premiums are being amortized using the interest method over the life of the bonds. Revenue from student tuition and fees and a special building fee sufficient to pay the annual debt service are pledged to secure the bonds.

Pledged Revenues

The Alabama Community College Board of Trustees has pledged student tuition fee revenues and special building fee revenues to repay $2,905,000 in Lurleen B. Wallace Community College Revenue Bonds, Series 2021 issued on May 18, 2021, to refund the Series 2005 Bonds which were issued to construct and equip a Technology Building on the Greenville campus and a Child Development and Child Care Center on the Andalusia Campus.

Future revenues in the amount of $3,658,049 are pledged to repay principal and interest on the bonds at September 30, 2024. Pledge revenues in the amount of $5,958,913 were received during the fiscal year ended September 30, 2024, with $366,156 of pledged revenues being used to pay principal and interest during this fiscal year. These bonds are scheduled to mature in fiscal year 2044.

Net Investment In Capital Assets

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

The elements of this calculation are as follows:

Description	Amount
Capital Assets (Net)	$ 23,242,824
Outstanding Debt Related to Capital Assets	(8,950,865)
Net Investment in Capital Assets	**$ 14,291,959**

The following is a schedule of the bond payable for the year ended September 30, 2024:

Year Ending	Bonds Payable		
September 30	**Principal**	**Interest**	**Total**
2025	300,000	328,663	$ 628,663
2026	195,000	331,738	526,738
2027	195,000	323,888	518,888
2028	205,000	316,038	521,038
2029	210,000	307,788	517,788
2030-2034	1,215,000	1,401,538	2,616,538
2035-2039	1,475,000	1,135,987	2,610,987
2040-2044	1,775,000	831,706	2,606,706
2045-2049	1,325,000	514,469	1,839,469
2050-2054	1,630,000	213,773	1,843,773
Total	**$ 8,525,000**	**$ 5,705,588**	**$ 14,230,588**
Current Portion	300,000	328,663	628,663
Payable After One Year	**$ 8,225,000**	**$ 5,376,925**	**$ 13,601,925**

Leases Payable

On June 1, 2023, the College entered into a 36 month lease as lessee for the use of a business office copier. An initial lease liability was recorded in the amount of $9,021. As of September 30, 2024, the value of the lease liability is $5,088. The College is required to make monthly fixed payments of $260. The lease has an interest rate of 2.3630%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $9,021 with accumulated amortization of $4,009 is included in the capital assets table above.

On June 1, 2023, the College entered into a 36 month lease as lessee for the use of the a copier in the mailroom academic admin. An initial lease liability was recorded in the amount of $5,996. As of September 30, 2024, the value of the lease liability is $3,640. The College is required to make monthly fixed payments of $198. The lease has an interest rate of 10.0000%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $5,996 with accumulated amortization of $2,665 is included in the capital assets table above.

On June 1, 2023, the College entered into a 36 month lease as lessee for the use of the LRC Copier. An initial lease liability was recorded in the amount of $5,996. As of September 30, 2024, the value of the lease liability is $3,640. The College is required to make monthly fixed payments of $198. The lease has an interest rate of 10.0000%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $5,996 with accumulated amortization of $2,665 is included in the capital assets table above.

On October 1, 2021, the College entered into a 30 month lease as lessee for the use of a copier in the Workforce Development department. An initial lease liability was recorded in the amount of $2,606. As of September 30, 2024, the value of the lease liability is $0. The College is required to make monthly fixed payments of $98. The lease has an interest rate of 10.0000%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $0 with accumulated amortization of $0 is included in the capital assets table above.

On October 6, 2022, the College entered into a 36 month lease as lessee for the use of a copier in the Nursing department. An initial lease liability was recorded in the amount of $7,101. As of September 30, 2024, the value of the lease liability is $2,573. The College is required to make monthly fixed payments of $198. The lease has an interest rate of 0.3560%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $7,101 with accumulated amortization of $4,701 is included in the capital assets table above.

On October 6, 2022, the College entered into a 36 month lease as lessee for the use of a copier on the MacArthur campus. An initial lease liability was recorded in the amount of $7,101. As of September 30, 2024, the value of the lease liability is $2,573. The College is required to make monthly fixed payments of $198. The lease has an interest rate of 0.3560%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $7,101 with accumulated amortization of $4,701 is included in the capital assets table above.

On August 18, 2022, the College entered into a 36 month lease as lessee for the use of a copier in the HR Suite. An initial lease liability was recorded in the amount of $1,612. As of September 30, 2024, the value of the lease liability is $4,071. The College is required to make monthly fixed payments of $48. The lease has an interest rate of 2.0380%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $1,612 with accumulated amortization of $1,141 is included in the capital assets table above. The College has 1 extension option for 36 months.

On October 17, 2022, the College entered into a 36 month lease as lessee for the use of a copier in the Greenville-Technology department. An initial lease liability was recorded in the amount of $7,326. As of September 30, 2024, the value of the lease liability is $2,654. The College is required to make quarterly fixed payments of $205. The lease has an interest rate of 0.3480%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $7,326 with accumulated amortization of $4,775 is included with in the capital assets table above.

On February 1, 2022, the College entered into a 36 month lease as lessee for the use of a copier at the Luverne Center. An initial lease liability was recorded in the amount of $6,117. As of September 30, 2024, the value of the lease liability is $687. The College is required to make monthly fixed payments of $172. The lease has an interest rate of 0.8610%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $6,117 with accumulated amortization of $5,437 is included in the capital assets table above.

On February 1, 2022, the College entered into a 36 month lease as lessee for the use of a copier on the Greenville campus. An initial lease liability was recorded in the amount of $6,854. As of September 30, 2024, the value of the lease liability is $770. The College is required to make monthly fixed payments of $193. The lease has an interest rate of 0.8610%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $6,854 with accumulated amortization of $6,092 is included in the capital assets table above.

On October 1, 2021, the College entered into a 33 month lease as lessee for the use of a copier in the AE classroom. An initial lease liability was recorded in the amount of $2,833. As of September 30, 2024, the value of the lease liability is $0. The College is required to make monthly fixed payments of $98. The lease has an interest rate of 10.0000%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $0 with accumulated amortization of $0 is included in the capital assets table above..

On March 22, 2022, the College entered into a 60 month lease as lessee for the use of postage machines. An initial lease liability was recorded in the amount of $25,932. As of September 30, 2024, the value of the lease liability is $11,850. The College is required to make monthly fixed payments of $1,340. The lease has an interest rate of 1.3830%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $25,932 with accumulated amortization of $13,096 is included in the capital assets table above.

On August 1, 2024, the College entered into a 36 month lease as lessee for the use of copier in the AE classroom. An initial lease liability was recorded in the amount of $4,369. As of September 30, 2024, the value of the lease liability is $4,127. The College is required to make monthly fixed payments of $126. The lease has an interest rate of 2.8510%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $4,369 with accumulated amortization of $125 is included in the capital assets table above.

On June 1, 2024, the College entered into a 36 month lease as lessee for the use of copier in the AE classroom. An initial lease liability was recorded in the amount of $2,628. As of September 30, 2024, the value of the lease liability is $2,354. The College is required to make monthly fixed payments of $84. The lease has an interest rate of 10%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $2,628 with accumulated amortization of $221 is included in the capital assets table above.

On November 1, 2023, the College entered into a 36 month lease as lessee for the use of copier in the Student Service area. An initial lease liability was recorded in the amount of $3,717. As of September 30, 2024, the value of the lease liability is $2,695. The College is required to make monthly fixed payments of $112. The lease has an interest rate of 3.6310%. The equipment's estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of September 30, 2024 of $3,317 with accumulated amortization of $1.136 is included in the capital assets table above.

The following is a schedule the lease obligations for the year ended September 30, 2024:

Year Ending	Lease Obligations		
September 30	**Principal**	**Interest**	**Total**
2025	25,096	1,160	$ 26,256
2026	14,682	401	15,083
2027	3,343	46	3,389
Total	**$ 43,121**	**$ 1,607**	**$ 44,728**
Current Portion	25,096	1,160	26,256
Payable After One Year	**$ 18,025**	**$ 447**	**$ 18,472**

Subscription-Based Information Technology Arrangements

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. For additional information, refer to the disclosures below.

As of September 30, 2024, the College had 0 active subscriptions.

Note 10. Risk Management

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

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

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

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

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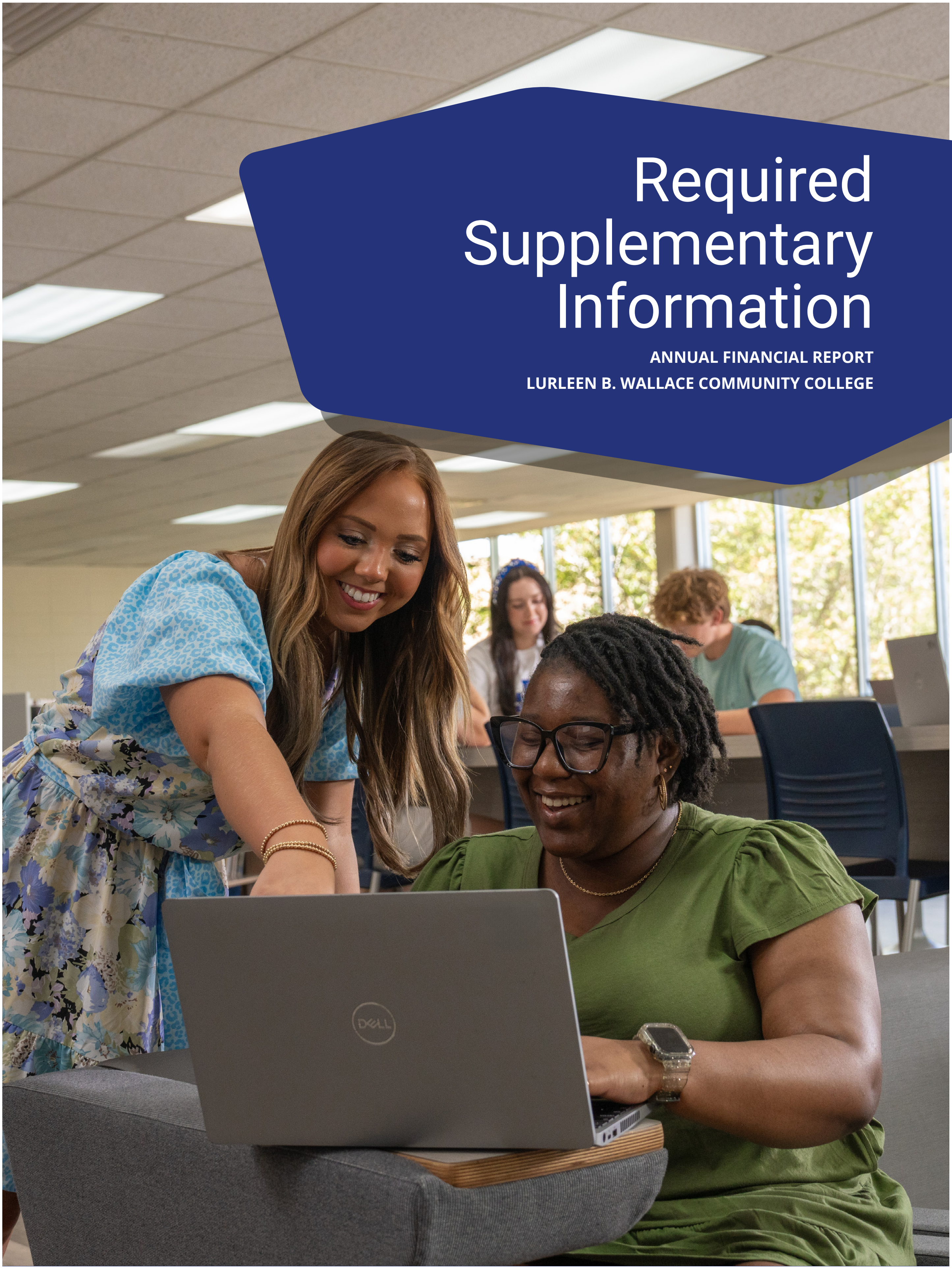
Required Supplementary Information

ANNUAL FINANCIAL REPORT
LURLEEN B. WALLACE COMMUNITY COLLEGE



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Schedule of the Employer's Proportionate Share of the Net Pension Liability
Teachers' Retirement Plan of Alabama
For the Year Ended September 30

(Dollar Amounts in Thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's Proportion of the Net Pension Liability	0.102877%	0.105758%	0.108274%	0.111954%	0.113842%	0.119501%	0.119474%	0.116715%	0.122140%	0.119788%
College's Proportionate Share of the Net Pension Liability	$ 16,417	$ 16,436	$ 10,200	$ 13,848	$ 12,587	$ 11,881	$ 11,742	$ 12,636	$ 12,783	$ 10,882
College's Covered Payroll	$ 8,665	$ 8,302	$ 7,869	$ 7,931	$ 8,121	$ 7,993	$ 7,888	$ 7,400	$ 7,670	$ 7,567
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	189.46%	197.98%	129.62%	174.61%	154.99%	148.64%	148.86%	170.76%	166.66%	143.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.57%	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

Notes to schedule:

Note 1: Per GASB 82, which amends GASB 68, covered payroll is defined as the payroll on which contributions to a pension plan are based. The covered payroll for this RSI Schedule (GASB 68 paragraph 81a) is for the measurement period, which for the September 30, 2024 year is October 1, 2022 through September 30, 2023.

Schedule of the Employer's Contributions - Pension Teachers' Retirement Plan of Alabama For the Year Ended September 30

(Dollar Amounts in Thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 1,085	$ 1,038	$ 987	$ 947	$ 965	$ 990	$ 959	$ 935	$ 877	$ 873
Contributions in Relation to the Contractually Required Contribution	$ 1,085	$ 1,038	$ 987	$ 947	$ 965	$ 990	$ 959	$ 935	$ 877	$ 873
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's Covered Payroll	$ 9,028	$ 8,665	$ 8,302	$ 7,869	$ 7,931	$ 8,121	$ 7,993	$ 7,888	$ 7,400	$ 7,670
Contributions as a Percentage of Covered Payroll	12.02%	11.98%	11.89%	12.03%	12.17%	12.19%	12.00%	11.85%	11.85%	11.38%

Notes to Schedule

Note 1: Per GASB 82, which amends GASB 68, covered payroll is defined as the payroll on which contributions to a pension plan are based, also known as pensionable payroll. The covered payroll for this RSI Schedule (GASB 68 paragraph 81b) is for the most recent fiscal year end, which for the September 30, 2024 year is October 1, 2023 through September 30, 2024.

Note 2: The amount of contractually required contributions is equal to the amount that would be recognized as additions from the employer's contirbutions in the pension plan's schedule of changes in fiduciary net position during the period that coincides with the employer's fiscal year. For participants in TRS, this includes amounts paid for Accrued Liability, Normal Cost, Term Life Insurance, Pre-Retirement Death Benefit and Administrative Expenses.

Notes to Required Supplementary Information for Pension Benefits

Note 1. Changes of Benefit Terms

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

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

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

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

Note 2. Changes of Assumptions

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

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

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

Note 3. Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated three years prior to the end of the fiscal year in which contributions are reported (September 30, 2020 for the fiscal year 2023 amounts). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	27.1 years
Asset Valuation Method	5-year smoothed market
Inflation	2.75 percent
Salary Increase	3.25 percent to 5.00 percent, including inflation
Investment Rate of Return	7.70 percent, net of pension plan investment expense, including inflation

Schedule of the Employer's Proportionate Share of the Collective Net Other Postemployment Benefits (OPEB) Liability
Alabama Retired Employees' Health Care Trust
For the Year Ended September 30*

(Dollar Amounts in Thousands)	2024	2023	2022	2021	2020	2019	2018
College's Proportion of the Net OPEB Liability	0.077948%	0.088513%	0.082332%	0.085332%	0.101056%	0.101481%	0.098289%
College's Proportionate Share of the Net OPEB Liability	$ 1,498	$ 1,542	$ 4,254	$ 5,538	$ 3,813	$ 8,340	$ 7,300
College's Covered Payroll	$ 8,239	$ 7,924	$ 7,730	$ 7,792	$ 7,939	$ 7,855	$ 7,733
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	18.19%	19.46%	55.03%	71.08%	48.02%	106.18%	94.41%
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%

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

Schedule of the Employer's Contributions - Other Postemployment Benefits (OPEB)
Alabama Retired Employees' Health Care Trust
For the Year Ended September 30*

(Dollar Amounts in Thousands)	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	$ 107	$ 121	$ 167	$ 142	$ 168	$ 287	$ 249
Contributions in Relation to the Contractually Required Contribution	$ 107	$ 121	$ 167	$ 142	$ 168	$ 287	$ 249
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's Covered Payroll	$ 8,658	$ 8,239	$ 7,924	$ 7,730	$ 7,792	$ 7,939	$ 7,855
Contributions as a Percentage of Covered Payroll	1.24%	1.47%	2.11%	1.84%	2.16%	3.62%	3.17%

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

Notes to Required Supplementary Information
For Other Postemployment Benefits (OPEB)

Note 1. 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.

Note 2. Recent Plan Changes

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.

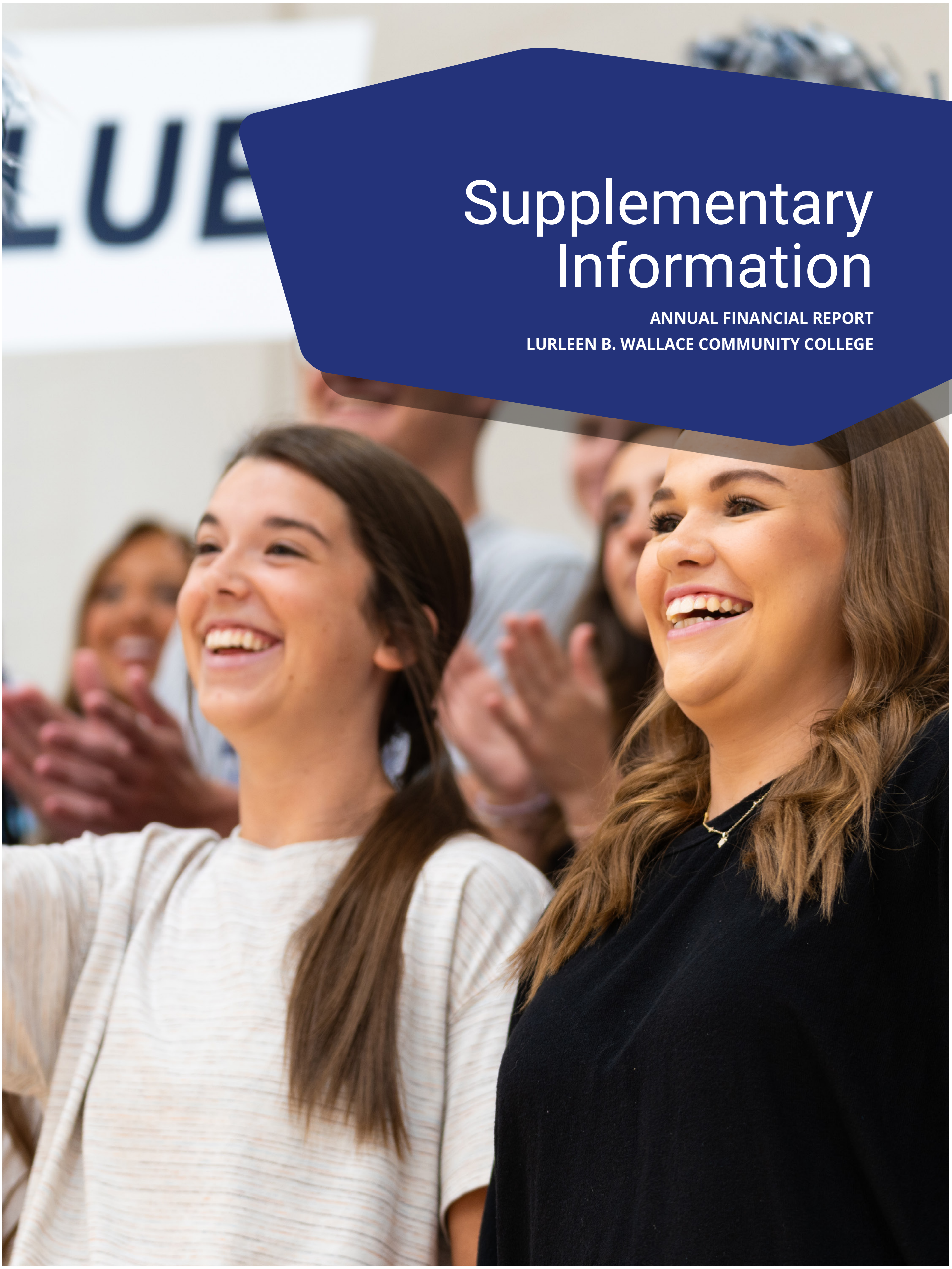
In 2019, the anticipated rates or participation, spouse coverage, and tobacco use were adjusted to reflect actual experience more closely.

Note 3. 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.



Supplementary Information

ANNUAL FINANCIAL REPORT

LURLEEN B. WALLACE COMMUNITY COLLEGE

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Schedule Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education Student Financial Assistance Cluster Direct Programs				
Federal Pell Grant Program	84.063		$ -	$ 4,312,506
Federal Supplemental Educational Opportunity Grants	84.007		$ -	$ 116,919
Federal Work-Study Program	84.033		-	100,369
Subtotal Student Financial Assistance Cluster			**-**	**4,529,794**
U.S. Department of Agriculture Direct Program				
Partnership Agreements - Forestry Service Grant	10.699	22-CS-11330145-19	-	33,364
Passed Through Alabama Community College System				
Adult Education - Basic Grants to States	84.002	V002A2000001	-	152,983
Adult Education - Summer Conference	84.002	V002A170001	-	11,750
Subtotal for 84.002			**-**	**164,733**
H-1B Job Training Grants	17.268		-	58,462
Passed Through Alabama State Department of Education				
Career and Technical Education - Basic Grants to States	84.048	V048A120001	-	109,163
U.S. Department of Labor Passed Through Alabama Department of Commerce WIOA Cluster				
WIOA Adult Program	17.258		-	20,517
WIOA Youth Activities	17.259		-	128,800
Subtotal WIOA Cluster			**-**	**149,317**
Total Expenditures of Federal Awards			**$ -**	**$ 5,044,833**

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

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Accounting

This Schedule of Expenditures of Federal Awards (the "schedule") was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting in that expenditures for property and equipment are expensed when incurred, rather than being capitalized and depreciated over their useful lives, and expenditures for the principal portion of debt service are expensed when incurred, rather than being applied to reduce the outstanding principal portion of debt, which conforms to the basis of reporting to grantors for reimbursement under the terms of Lurleen B. Wallace Community College's (the "College") federal grants.

Note 2. De Minimis

The College has elected to not use the 10% de Minimis indirect cost rate.

Note 3. Basis of Presentation

The accompanying schedule summarizes the federal expenditures of the College under programs of the federal government for the year ended September 30, 2024. The amount reported as federal expenditures were obtained from the College's general ledger. 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 margins and cash flows of the College.

For purposes of the schedule, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass through entities. Payments received for goods or services provided as a vendor do not constitute federal awards for purposes of the schedule. The College has obtained Assistance Listing Numbers (ALN) to ensure that all programs have been identified in the Schedule. ALN have been appropriately listed by applicable programs. Federal programs with different ALNs that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. Two clusters were identified in the schedule as follows:

Student Financial Aid Cluster - This cluster includes awards that assist agencies in providing financial assistance to eligible students attending eligible institutions of postsecondary education.

Workforce Innovation and Opportunity Act (WIOA) Cluster - This cluster includes awards designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy

Note 4. Relationship of the Schedule to Program Financial Reports

The amounts reflected in the financial reports submitted to the awarding federal and/or pass-through agency and the schedule may differ. Some of the factors that may account for any difference include the following:

- The College's fiscal year end may differ from the program's year end.
- Accruals recognized in the schedule, because of year end procedures, may not be reported in the program financial reports until the next program reporting period.
- Fixed asset purchases and the resultant depreciation charges are recognized as property and equipment, net in the College's financial statements and as expenditures in the program financial reports.

Note 5. Federal Pass-through Funds

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

Note 6. Contingencies

Grant monies received and disbursed by the College are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the College does not believe that such disallowance, if any, would have a material effect on the financial position of the College. As of September 30, 2024, there were no known material questioned or disallowed costs as a result of grant audits in process or completed.

Note 7. Noncash Assistance

The College did not receive any federal noncash assistance for the fiscal year ended September 30, 2024.

Note 8. Subrecipients

The College did not provide federal funds to subrecipients for the fiscal year ended September 30, 2024.

Note 9. Loans and Loan Guarantees

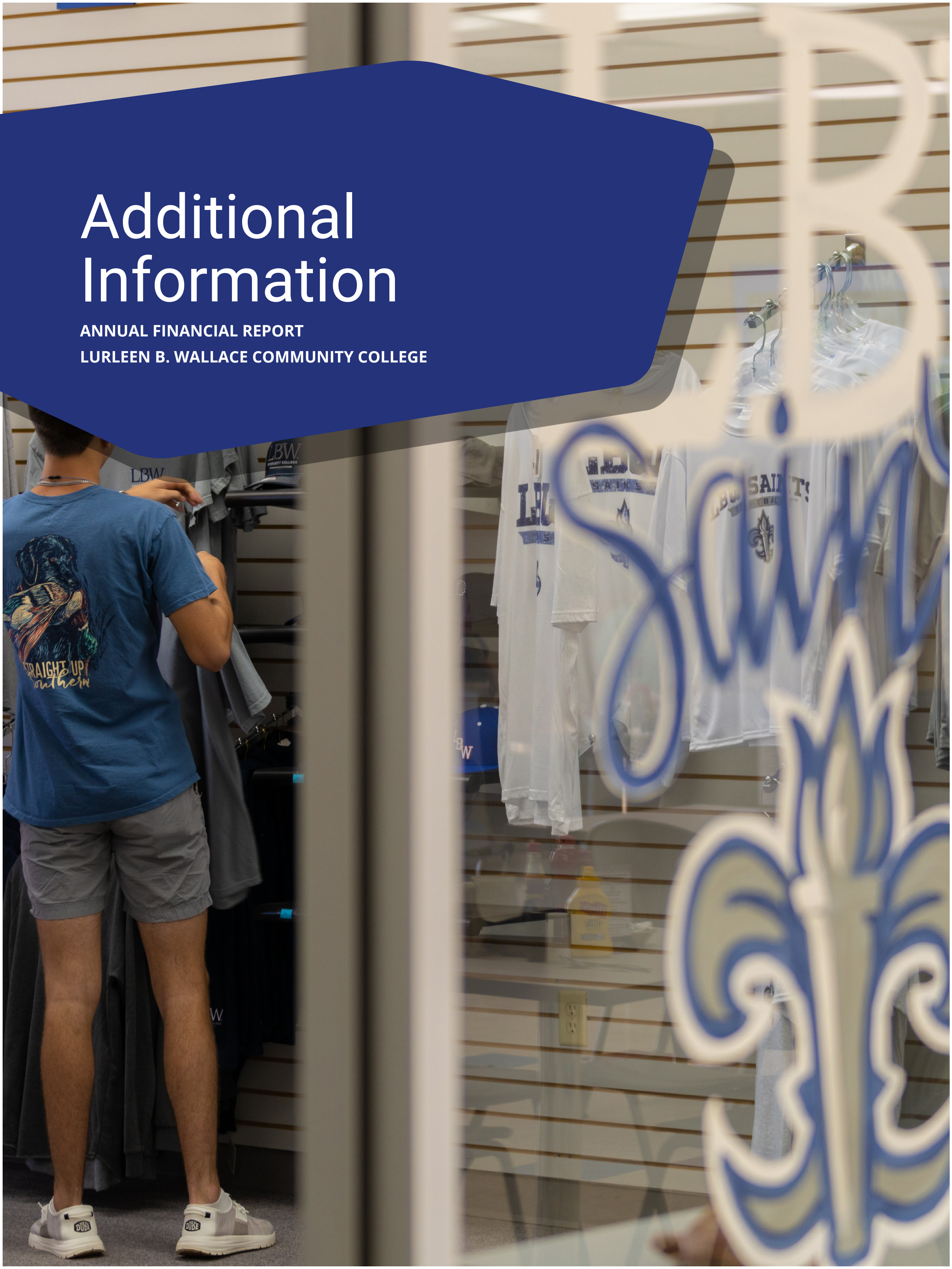
The College did not have any loans or loan guarantee programs required to be reported on the schedule.

Note 10. Federally Funded Insurance

The College did not have any federally funded insurance required to be reported on the schedule for the fiscal year ending September 30, 2024.

Additional Information

ANNUAL FINANCIAL REPORT
LURLEEN B. WALLACE COMMUNITY COLLEGE



LBW™

COMMUNITY COLLEGE

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Listing of College Officials

Jimmy H. Baker
Chancellor

Dr. Brock Kelley
President

Lisa Carnley
Dean of Finance and Administrative Services

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Independent Auditor Reports

ANNUAL FINANCIAL REPORT

LURLEEN B. WALLACE COMMUNITY COLLEGE

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CARR, RIGGS & INGRAM, L.L.C.

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

Jimmy Baker, Chancellor – Alabama Community College System
Dr. Brock Kelley, President – Lurleen B. Wallace Community College
Andalusia, Alabama 36420

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Lurleen B. Wallace Community 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 Lurleen B. Wallace Community College's basic financial statements, and have issued our report thereon dated January 15, 2025. Our report includes a reference to other auditors who audited the financial statements of Lurleen B. Wallace Community College Foundation as described in our report on Lurleen B. Wallace Community College's financial statements. The financial statements of Lurleen B. Wallace Community College 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 compliance and other matters associated with Lurleen B. Wallace Community College Foundation.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lurleen B. Wallace Community College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lurleen B. Wallace Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Lurleen B. Wallace Community College's internal control.
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
January 15, 2025

CARR, RIGGS & INGRAM, L.L.C.

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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. Brock Kelley, President – Lurleen B. Wallace Community College
Andalusia, Alabama 36420

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

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

CARR, RIGGS & INGRAM, L.L.C.
Enterprise, Alabama
January 15, 2025

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP

   ☑ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

   Material weaknesses identified? ☐ Yes ☑ No

   Significant deficiencies identified not considered to be material weaknesses? ☐ Yes ☑ None reported

3. Noncompliance material to the financial statements noted? ☐ Yes ☑ No

Federal Awards

1. Type of auditor's report issued on compliance for major programs

   ☑ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over major programs:

   Material weaknesses identified? ☐ Yes ☑ No

   Significant deficiencies identified not considered to be material weaknesses? ☐ Yes ☑ None reported

3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? ☐ Yes ☑ No

4. Identification of major programs

Assistance Listing Number	Name of Federal Program or Cluster
	Student Financial Assistance Cluster
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program

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

Section II – Financial Statement Findings

No such findings in the current year.

Section III – Federal Award Findings and Questioned Costs

No such findings in the current year.

Section IV – Prior Findings and Questioned Costs for Federal Awards

No matters were reported.

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