

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE



FINANCIAL STATEMENTS

September 30, 2022

With Independent Auditor's Report



GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
Selma, Alabama

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
George Corley Wallace State Community College
Selma, Alabama

Opinion

We have audited the accompanying financial statements of George Corley Wallace State Community College (“the College”), a component unit of the State of Alabama, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the George Corley Wallace State Community College as of September 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the George Corley Wallace State Community College for the year ended September 30, 2021, were audited by other auditors whose report dated September 19, 2021 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 George Corley Wallace State Community College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Audit 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 4 through 12, the Schedule of the College's Proportionate Share of the Collective Net Pension Liability, the Schedule of the College's Contributions - Pension, the Schedule of the College's Proportionate Share of the Collective Net Other Postemployment Benefits (OPEB) Liability



To the Board of Trustees of
George Corley Wallace State Community College
Selma, Alabama
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and the Schedule of the College's Contributions - Other Postemployment Benefits (OPEB) on pages 37 through 39, be presented to supplement the basic financial statements. Such information, 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.

Birmingham, Alabama
January 17, 2023

Banks, Finley White & Co.

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

INTRODUCTION

The following discussion presents an overview of the financial position and financial performance of the College during the fiscal year ended September 30, 2022, with comparative information for 2021 and 2020. This discussion and analysis has been prepared by management along with the financial statements and related footnote disclosures. This discussion should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The discussion and analysis is designed to focus on current activities, resulting change and currently known facts. The financial statements, footnotes and this discussion are the responsibility of management.

History, Mission and Governance

George Corley Wallace State Community College (hereinafter “the College”) is an associate degree granting institution committed to provide accessible educational opportunities for career preparation, advancement, and lifelong learning in Central Alabama. The College is dedicated to providing a dynamic learner centric environment where excellence in teaching, learning, and serving improves the lives of its students and the community it serves. The College seeks to maintain a sound fiscal foundation to support its mission in addition to providing responsible stewardship of public funds in compliance with state laws.

The College is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to award the Associate in Arts, Associate in Science, and Associate in Applied Science degrees. The Associate Degree and Practical Nursing Programs are approved by the ABN and the ACEN. IT Health Information Technology Program is accredited by the CAHIIM and its Respiratory Therapy Program holds continuing accreditation from the CoARC.

The College provides programs in the areas of academics, health services, technical, corporate partnerships and apprenticeships, elearning, high school programs, workforce development, audit education, community education programs.

The College is govern by the Alabama Community College System Board of Trustees, who play a critical role in the education of hundreds of thousands of adults each year. The Trustees serve as guardians for the Alabama Community College System’s missions and goals, with the Governor serving as chair of the Board by virtue of elected office. Remaining board members are appointed from eight districts, with one statewide member and an ex-officio liaison from the State Board of Education.

The board member duties include:

- designating rules and regulations for the government of community and technical colleges,
- prescribing the course of study to be offered and the conditions for granting certificates, diplomas and/or degrees,
- accepting gifts, donations, property, and devices for the benefit of community and technical colleges, and;
- establishing a performance-based allocation process that is equitable and compatible with the services and programs offered by each individual campus.

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

Overview of Financial Statements

The basic financial statements consist of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*.

These financial statements focus on the financial position, results of operations, and cash flows of the College as a whole.

The accompanying documentation presents the College's financial statements for fiscal year 2022, 2021 and 2020. Three financial statements are presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the College's financial statements provides an overview of financial activities for the years ended September 30, 2022, 2021 and 2020.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

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 at September 30, 2022. The purpose of the Statements of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statements of Net Position presents end-of-year data concerning assets (current and non-current), deferred outflows of resources, liabilities (current and non-current), deferred inflows of resources, and net position (assets minus liabilities). The difference between current and non-current assets will be discussed in the financial statement disclosures.

From the data presented, readers of the Statements of Net Position are able to determine the assets available to continue the operations of the College. Readers are able to determine the consumption of net position in one period attributable to future periods, deferred outflows of resources. They are also able to determine how much the College owes vendors, investors, and lending institutions. Readers are able to determine the acquisition of net position in one period attributable to future periods, deferred inflows of resources. In summary, the Statements of Net Position provides a picture of the College's assets and deferred outflows of resources in excess of its liabilities and deferred inflows of resources and the availability of the excess 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. The next category is Restricted Net Position, which is divided into two categories, non-expendable and expendable. The corpus of non-expendable restricted resources is only available for investment purposes. Expendable Restricted Net Position is available for expenditure by the College, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is Unrestricted Net Position, which is available to the College for any appropriate purpose.

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**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

The condensed statement of net position at September 30, 2022, 2021, and 2020, follow.

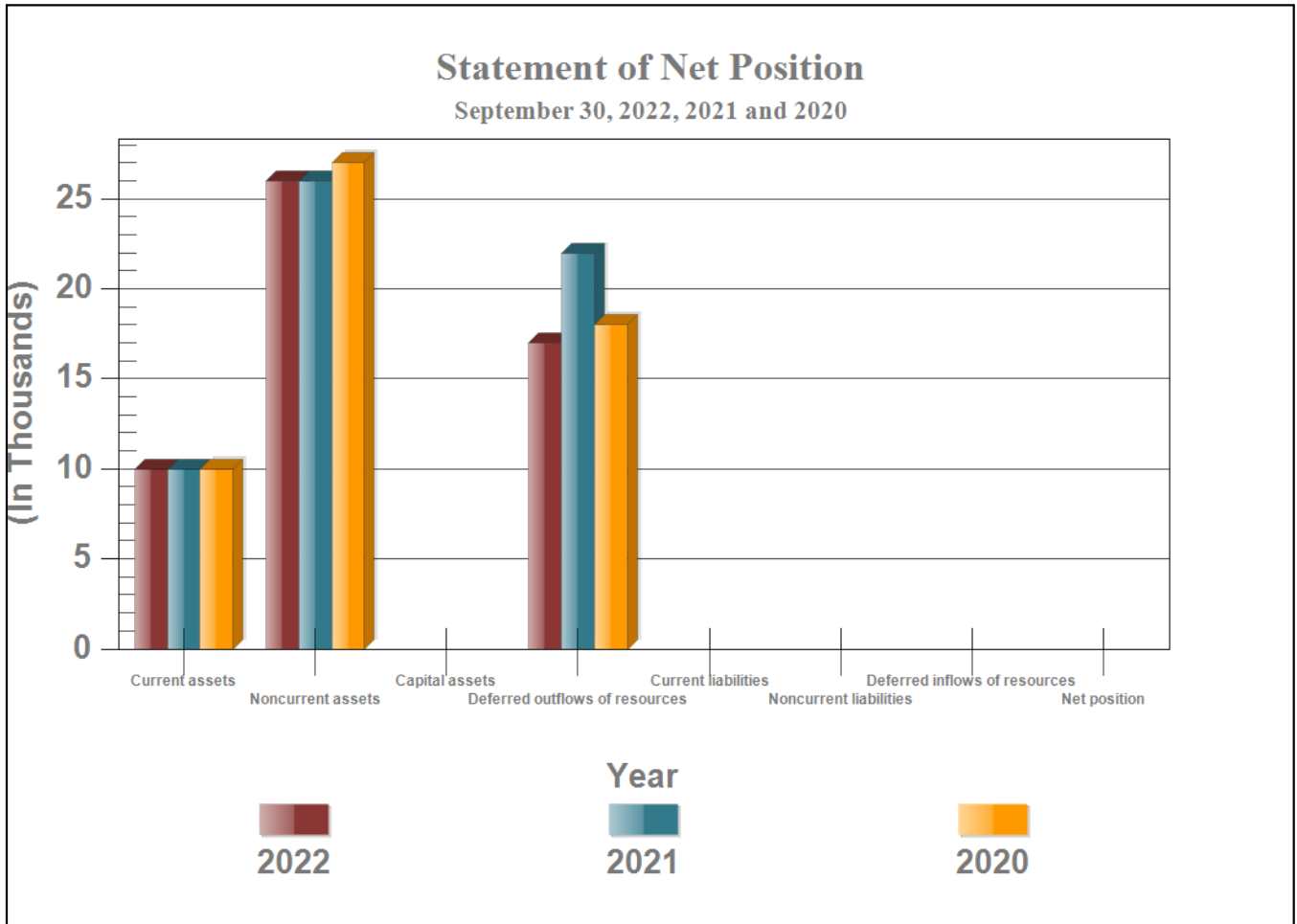
Summary Statement of Net Position			
(In Thousands)			
	2022	2021	2020
ASSETS			
Current assets	\$ 10,090	\$ 9,537	\$ 9,953
Capital and noncurrent assets	<u>25,812</u>	<u>25,588</u>	<u>26,833</u>
Total assets	<u>35,902</u>	<u>35,125</u>	<u>36,786</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>5,058</u>	<u>5,963</u>	<u>2,769</u>
LIABILITIES			
Current liabilities	3,606	2,859	3,310
Noncurrent liabilities	<u>17,017</u>	<u>21,983</u>	<u>17,773</u>
Total liabilities	<u>20,623</u>	<u>24,842</u>	<u>21,083</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>6,614</u>
NET POSITION			
Net investment in capital assets	25,534	25,530	26,728
Restricted	1,676	1	-
Unrestricted	<u>(15,349)</u>	<u>(14,683)</u>	<u>(14,870)</u>
Total net position	<u>\$ 11,861</u>	<u>\$ 10,848</u>	<u>\$ 11,858</u>

The College's total Net Position increased by \$772,201 during the year ended September 30, 2022 . The increase is attributable primarily to a year over year increase in state appropriations, which increased \$727,835. Student tuition and fees also increased year over year. Increases in Federal and state grant income was offset by related expenditures associated with those grants.

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**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

The following is a graphic presentation of the College's Statement of Net Position as of September 30, 2022:



Statement of Revenues, Expenses and Changes in Net Position

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

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

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

for those revenues. Readers of these financial statements should gain an understanding of the impact of the presentation of state appropriations as non-operating revenues as required by the Governmental Accounting Standards Board. The impact of the presentation is that the College continuously generates an operating loss. Typically, an operating loss suggests fiscal concerns which should be addressed by the College's administration. The operating loss presented in these financial statements should be viewed in the appropriate context.

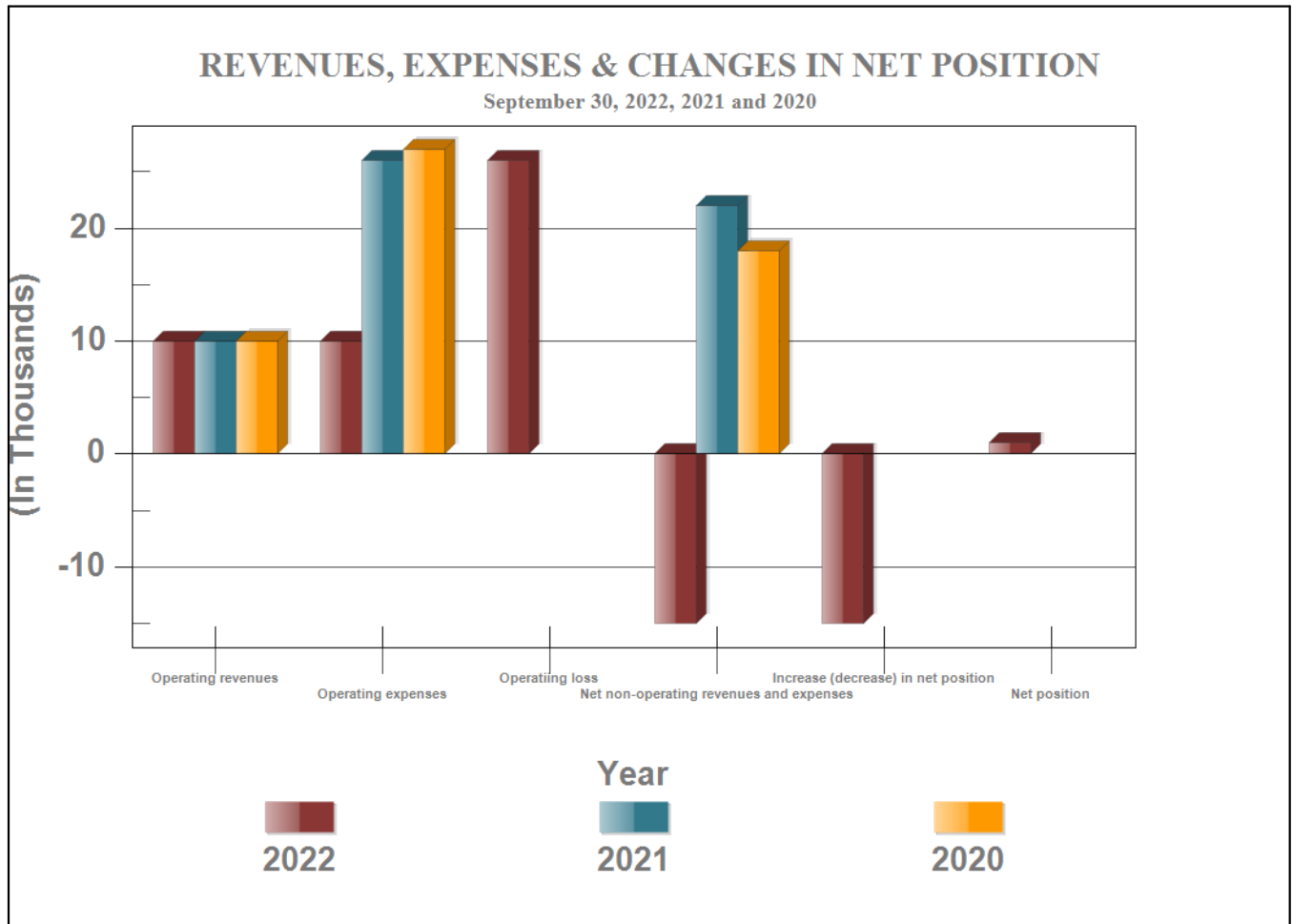
The College considers state appropriations to be an integral component of the fiscal viability of the College for without these appropriations the College would have severe difficulty in achieving its mission of providing accessible educational opportunities. The Statement of Revenues, Expenses, and Changes in Net Position presents a net increase in the Net Position for the year ending September 30, 2022.

A condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended September 30, 2022, 2021 and 2020, follow:

Statement of Revenues, Expenses, and Changes in Net Position (In Thousands)			
	2022	2021	2020
Operating revenues	\$ 10,444	\$ 5,472	\$ 6,623
Operating expenses	<u>25,523</u>	<u>25,990</u>	<u>21,401</u>
Operating loss	(15,079)	(20,518)	(14,778)
Net nonoperating revenues and expenses	<u>16,092</u>	<u>19,031</u>	<u>13,913</u>
Increase(decrease) in net position	1,013	(1,487)	(865)
Net position-beginning of the year, as restated	<u>10,371</u>	<u>11,858</u>	<u>12,723</u>
Net position-end of the year	<u>\$ 11,384</u>	<u>\$ 10,371</u>	<u>\$ 11,858</u>

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**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**



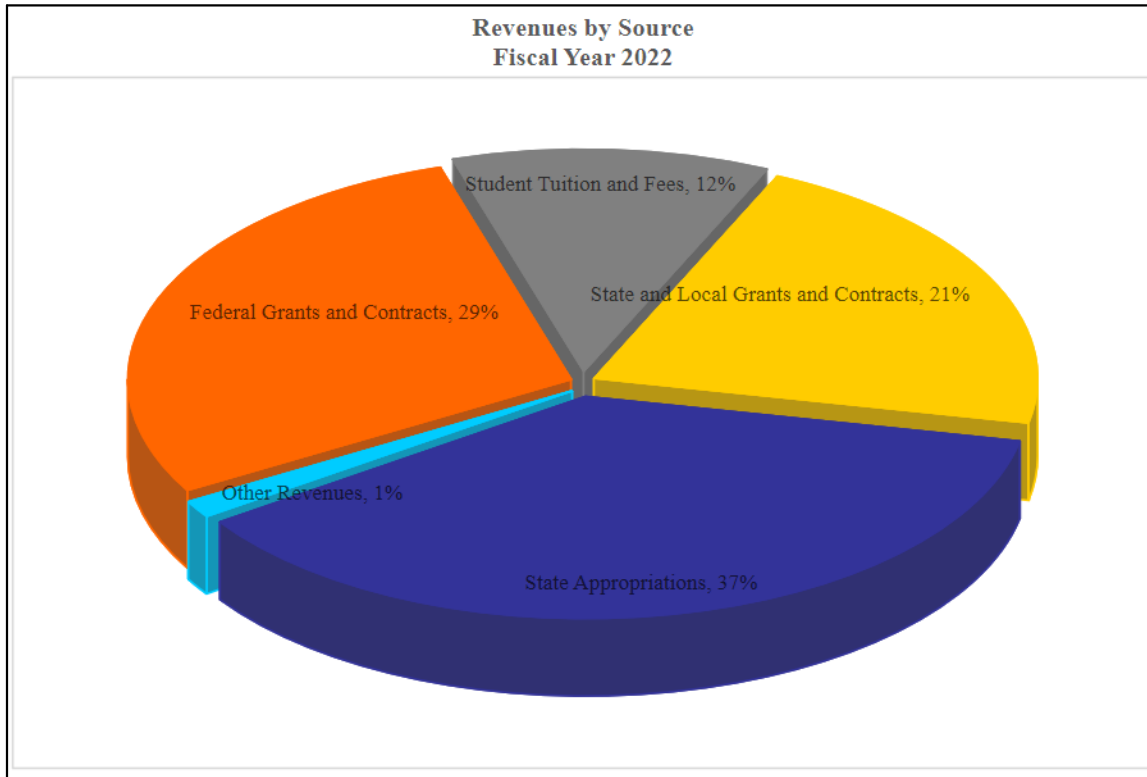
Operating Revenues for the year ended September 30, 2022, increased approximately \$4,972,300 compared to the previous year. State grants and contracts increased over the previous year approximately \$3,183,000. In addition, federal operating grants increased by approximately \$202,000, and local grants and contracts increased by approximately \$275,000. Gross tuition and fees revenues increased by approximately \$839,000, and the net student tuition and fees (net of scholarship allowances) increased by approximately \$1,154,000. All other operating revenue sources increased by approximately \$158,000.

Operating Expenses for the year ended September 30, 2022, increased approximately 11.425% in comparison to the prior year. The largest change in Operating Expenses was an increase in Student Aid with a substantial amount of this expense continuing to be funded by the Higher Education Emergency Relief Fund (HEERF). Expenses for the nine major functions presented changed as follows: Instruction decreased 3%; Public Service increased 46% (approximately \$50,000); Academic Support decreased 18%; Student Services decreased 4%; Institutional Support increased 4%; Operation and Maintenance of Plant expenses decreased 8%; Student Aid increased 66%; and Depreciation increased 19% due to a change in accounting for Building Alterations. The College’s enrollment increased in 21-22, as impacts from the COVID-19 pandemic began to subside.

The College’s total Net Position increased by \$772,201 during the year ended September 30, 2022. The increase is attributable primarily to a year over year increase in state appropriations, which increased \$727,835.

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

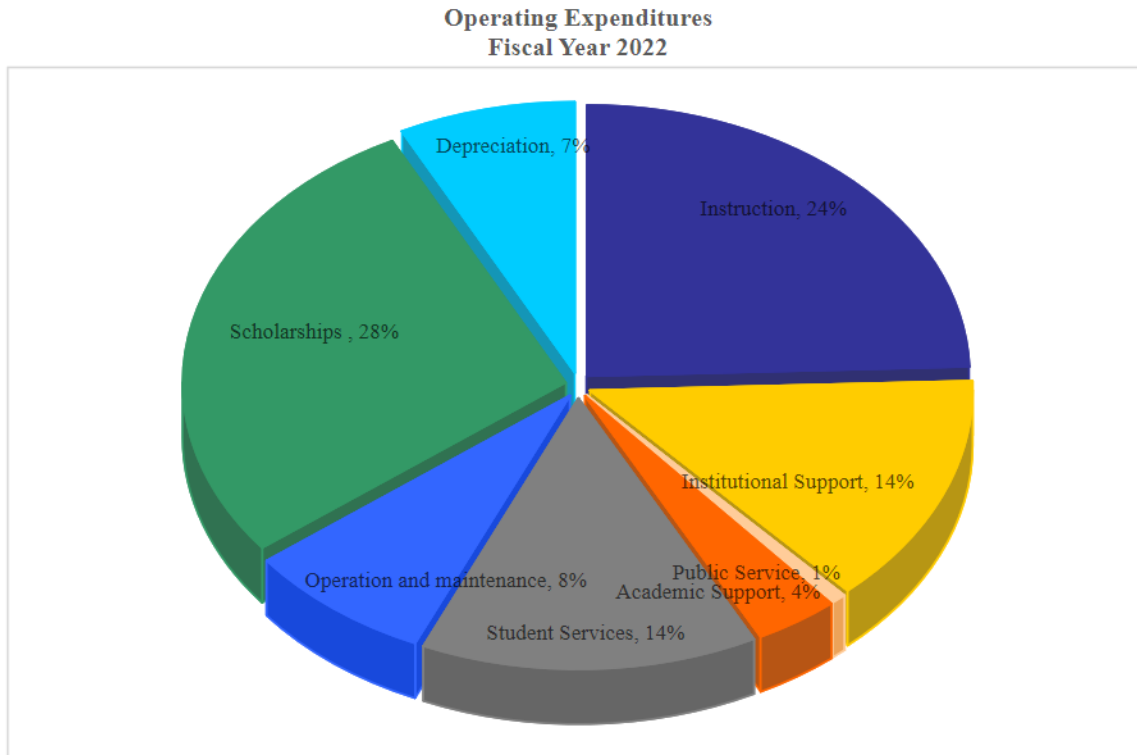
The following is a graphic representation of the total revenues by source for the fiscal year ended September 30, 2022:



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**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

The following is a graphic presentation of operating expenditures by function for the fiscal year ended September 30, 2022:



Statement of Cash Flows

The final statement presented by George Corley Wallace State Community 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 activities. This section reflects the cash received and spent for nonoperating, non-investing, and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

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**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

A condensed Statement of Cash Flows for the years ended September 30, 2022, 2021 and 2020 is presented below:

Summary Statement of Cash Flows			
(In Thousands)			
	2022	2021	2020
Cash flows from operating activities	\$ (14,225)	\$ (19,321)	\$ (12,788)
Cash from noncapital financing activities	16,435	19,105	13,729
Cash flows from capital and related financing activities	(2,264)	(223)	(247)
Cash flows from investing activities	<u>2</u>	<u>4</u>	<u>31</u>
Net change in cash	(52)	(435)	725
Cash, beginning of year	<u>6,857</u>	<u>7,292</u>	<u>6,567</u>
Cash, end of year	<u>\$ 6,805</u>	<u>\$ 6,857</u>	<u>\$ 7,292</u>

ECONOMIC OUTLOOK

As is the case for our nation, state, citizens and businesses, the effects of the COVID-19 pandemic continue to be the single most influential item when discussing economic outlook. The state budget estimates for fiscal year 2022 for Education Trust Fund tax revenues again appear to be very promising and in excess of projections, but the general economic outlook is less optimistic. Inflation has been at 40 year highs for the majority of calendar year 2022, and a recession appears to be imminent. Given the state budget estimates for fiscal year 2022, it is expected that state appropriations will at least remain static and may very well increase for the coming fiscal year. However, given the current inflation pressures and fears of a looming recession, the College administration is keeping this risk of static or decreased state funding in the forefront of its planning. The College will continue to utilize any remaining HEERF funding for any eligible uses until the expiration date. While the College anticipates that enrollment numbers will slowly rebound as the public returns to normal operations in the midst of a post-pandemic world, it is anticipated that enrollment numbers will be below the pre-pandemic levels for several years to come. Historically, downturns in the economy lead to increases in the College's enrollment, and this could be beneficial in returning enrollment numbers to pre-pandemic levels. In spite of the potential negative economic outlook, the College administration expects to sustain positive financial stability during the years ahead. With rebounding enrollments and the continued support of state appropriations and federal HEERF funding, the College has a sound fiscal plan to operate without the use of its reserves to meet the College's needs in the next two years. The College is not aware of any currently known acts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the current fiscal year. The College anticipates the next two fiscal years will be challenging; however, the administration will maintain a close watch over resources to ensure the College's ability to respond proactively to internal and external issues, particularly as related to funding.

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
STATEMENTS OF NET POSITION
September 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,806,707	\$ 6,857,405
Accounts receivable, net (NOTE 3)	3,275,655	2,671,468
Inventories	7,976	7,976
Other current assets	154	-
Total current assets	<u>10,090,492</u>	<u>9,536,849</u>
Noncurrent assets:		
Capital assets:		
Land	405,819	405,819
Improvements other than building	2,421,343	2,421,343
Buildings	29,332,904	29,332,904
Buildings alterations	11,119,640	11,119,640
Equipment and furniture	5,561,667	5,448,354
Construction in progress	1,618,484	-
Capitalized software	-	2,394,664
Library holdings	1,436,174	1,436,061
Less: Accumulated depreciation	(26,491,603)	(26,971,123)
Total capital assets, net of depreciation	<u>25,404,428</u>	<u>25,587,662</u>
Leased right of use assets	407,757	-
Total noncurrent assets	<u>25,812,185</u>	<u>25,587,662</u>
Total assets	<u>35,902,677</u>	<u>35,124,511</u>
Deferred outflows of resources:		
Pension	2,951,220	3,392,584
Other postemployment benefits (OPEB)	2,097,546	2,561,641
Asset retirement cost	9,000	9,000
Total deferred outflows of resources	<u>5,057,766</u>	<u>5,963,225</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	2,550,257	1,120,426
Unearned revenue	805,109	1,542,833
Deposits held for others	98,230	97,476
Compensated absences	30,178	38,473
Capital lease payable	122,535	49,455
Other current liabilities	-	10,000
Total current liabilities	<u>3,606,309</u>	<u>2,858,663</u>
Noncurrent liabilities:		
Compensated absences	573,375	730,982
Capital lease payable	155,439	12,831
Net pension liability	11,305,587	14,927,587
Net OPEB liability	4,982,513	6,311,455
Total noncurrent liabilities	<u>17,016,914</u>	<u>21,982,855</u>
Total liabilities	<u>20,623,223</u>	<u>24,841,518</u>

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
STATEMENTS OF NET POSITION (CONT'D)
September 30, 2022 and 2021

	2022	2021
Deferred inflow of resources		
Pension plan	3,766,131	867,131
Other postemployment benefits (OPEB)	4,707,925	4,529,809
Total deferred inflow of resources	8,474,056	5,396,940
 NET POSITION		
Net investment in capital assets	25,534,316	25,529,786
Restricted for:		
Capital projects	1,368,041	-
Other	309,288	2,083
Unrestricted	(15,348,599)	(14,682,590)
Total net position	\$ 11,863,046	\$ 10,849,279

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended September 30, 2022 and 2021

	2022	2021
REVENUES		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$2,285,786 and \$2,600,894 for 2022 and 2021, respectively)	\$ 3,078,472	\$ 1,924,420
Federal grants and contracts	1,273,471	1,071,040
State grants and contracts	5,313,682	2,130,713
Local grants and contracts	399,947	124,701
Sales and services of educational activities	15,720	95,118
Other	<u>363,000</u>	<u>126,000</u>
Total operating revenues	<u>10,444,292</u>	<u>5,471,992</u>
EXPENSES		
Operating expenses:		
Instruction	6,238,582	6,451,299
Institutional support	3,520,618	3,371,700
Public service	163,153	112,106
Academic support	903,566	1,101,357
Student services	3,628,475	3,764,658
Operation and maintenance	2,024,157	2,198,899
Scholarships and financial aid	7,135,089	7,312,462
Depreciation	<u>1,908,886</u>	<u>1,677,264</u>
Total operating expenses	<u>25,522,526</u>	<u>25,989,745</u>
Operating income (loss)	<u>(15,078,234)</u>	<u>(20,517,753)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	9,913,540	9,185,705
Federal grants	6,334,956	9,291,903
Investment income	2,565	4,418
Loss on disposal of assets	-	(68,830)
Bond surety fee	(52,987)	(43,579)
Interest paid	(3,004)	(9,462)
Other nonoperating revenue (expense)	<u>(103,069)</u>	<u>671,235</u>
Net nonoperating revenues	<u>16,092,001</u>	<u>19,031,390</u>
Change in net position	1,013,767	(1,486,363)
Total net position - beginning of the year, as restated	<u>10,849,279</u>	<u>12,335,642</u>
Total net position - end of the year	<u>\$ 11,863,046</u>	<u>\$ 10,849,279</u>

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 2,114,062	\$ 1,262,263
Grants and contracts	6,595,423	3,523,260
Sales and services of educational departments	15,720	95,118
Payments to suppliers	(3,027,810)	(4,182,645)
Payments to utilities	(916,469)	(917,266)
Payments to employees	(9,347,864)	(9,158,882)
Payments for benefits	(2,885,691)	(2,750,693)
Payments for scholarships	(7,135,089)	(7,318,292)
Other receipts	<u>363,000</u>	<u>126,000</u>
Net cash provided (used) by operating activities	<u>(14,224,718)</u>	<u>(19,321,137)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	9,913,540	9,185,705
Federal grants	6,334,956	9,291,903
Bond surety fee expense	(52,987)	(43,579)
Other	<u>239,642</u>	<u>671,235</u>
Net cash provided (used) by noncapital financing activities	<u>16,435,151</u>	<u>19,105,264</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(2,039,754)	(171,128)
Principal paid on capital debt and leases	(220,784)	(42,632)
Interest paid on capital debt and leases	<u>(3,004)</u>	<u>(9,462)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,263,542)</u>	<u>(223,222)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	2,565	4,418
Purchase of investments	<u>(154)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>2,411</u>	<u>4,418</u>
Net increase (decrease) in cash and cash equivalents	(50,698)	(434,675)
Cash and cash equivalents, beginning of the year	<u>6,857,405</u>	<u>7,292,080</u>
Cash and cash equivalents, end of the year	<u><u>\$ 6,806,707</u></u>	<u><u>\$ 6,857,405</u></u>

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS (CONT'D)
For the years ended September 30, 2022 and 2021

	2022	2021
RECONCILIATION OF NET OPERATING REVENUES		
(EXPENSES)		
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (15,078,234)	\$ (20,517,753)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	1,908,886	1,677,264
Changes in assets and liabilities:		
(Increase) decrease in receivables, net	(604,187)	133,338
(Increase) decrease in inventories	-	(2,943)
(Increase) decrease in deferred outflows	905,460	(3,195,394)
Increase (decrease) in deposits held for others	754	81
Increase (decrease) in accounts payable	1,434,986	127,459
Increase (decrease) in unearned revenue	(752,655)	(598,769)
Increase (decrease) in compensated absences	(165,902)	68,601
Increase (decrease) in pension liability	(3,622,000)	2,011,000
Increase (decrease) in OPEB liability	(1,328,942)	2,192,649
Increase (decrease) in deferred inflows	<u>3,077,116</u>	<u>(1,216,669)</u>
Net cash provided (used) by operating activities	<u>(14,224,718)</u>	<u>(19,321,136)</u>

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

Cash, Cash Equivalents, and Investments

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

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Investments are 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 federal grants, state grants, third party tuition, and student receivables. The receivables are shown net of allowance for doubtful accounts.

Capital Assets

Capital assets, other than intangibles, with a unit cost of over \$5,000 and an estimated useful life in excess of one year, and all library books, are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for intangible assets such as capitalized software and internally generated computer software is \$1 million and \$100,000 for easements and land use rights and patents, trademarks and copyrights. In addition, works of art and historical treasures and similar assets are recorded at their historical cost. Donated capital assets are recorded at acquisition value (an entry price). Land, Construction in Progress and intangible assets with indefinite lives are the only capital assets that are not depreciated. Depreciation is not allocated to a functional expense category. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

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

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

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

Assets	Depreciation Method	Useful Lives
Buildings	Straight-Line	50 years
Building Alterations	Straight-Line	25 years
Improvements Other Than Buildings	Straight-Line	25 years
Equipment > \$25,000	Straight-Line	10 years
Equipment < \$25,000	Straight-Line	5 years
Library Materials	Composite	20 years
Capitalized Software	Straight-Line	10 years
Internally Generated Computer Software	Straight-Line	20 years
Easement and Land Use Rights	Straight-Line	20 years
Patents, Trademarks and Copyrights	Straight-Line	20 years

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred Outflows of Resources

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

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bonds are carried net of applicable premiums and discounts. Bond premiums and discounts are amortized over the life of the bonds.

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.

Deferred Inflows of Resources

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

Unearned Tuition and Fee Revenue

Tuition and fee revenues received for Fall Term but related to the portion of the Term that occurs in the subsequent fiscal year have been disclosed as unearned revenues.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, 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 plan requirements. Benefits and refunds are recognized as revenues when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

Postemployment Benefits Other Than Pensions (OPEB)

The Alabama Retired Education Employees' Health Care Trust (the "Trust") financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan. Subsequent events were evaluated by management through the date the financial statements were issued.

Net Position

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

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

- ***Restricted:***
 - √ ***Nonexpendable*** - Net position subject to externally imposed stipulations that they be maintained permanently by the College. Such assets include the College's permanent endowment funds.

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

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

Federal Financial Assistance Programs

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

Scholarship Allowances and Student Aid

Student tuition and fees are reported net of scholarship allowances and discounts. The amount for scholarship allowances and discounts is the difference between the stated charge for goods and services provided by the College and the amount that is paid by the student and/or third parties making payments on behalf of the student. The College uses the case-by-case method as prescribed by the National Association of College and University Business Officers (NACUBO) in their Advisory Report 2000-05 to determine the amount of scholarship allowances and discounts.

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Implementation of New Accounting Pronouncements

During the current Fiscal Year, the College implemented the following new accounting pronouncements issued by the Governmental Accounting Standards Board (GASB):

- *GASB Statement No. 87, Leases*, changed the recognition and reporting requirement of leases.
- *GASB Statement No. 80, Accounting for Interest Cost Incurred before the End of the Construction Period*.
- *GASB Statement No. 92, Omnibus 2020*
- *GASB Statement No. 93, Replacement of Interbank Offered Rates*
- *GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance*, postponed the effective dates of pronouncements that were scheduled to become effective during the current reporting year.

NOTE 2 - DEPOSITS

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

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 3 - RECEIVABLES

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

Accounts Receivable	2022	2021
Federal	\$ 1,866,128	\$ 1,246,562
State	(140,296)	87,594
Student receivables	1,504,504	1,742,036
Other	896,055	446,013
Less: Allowance for doubtful accounts	(850,737)	(850,737)
Total accounts receivables	<u>\$ 3,275,654</u>	<u>\$ 2,671,468</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Deductions	Adjustments	Ending Balance
Land	\$ 405,819	\$ -	\$ -	\$ -	\$ 405,819
Buildings	29,332,904	-	-	-	29,332,904
Building alterations	11,119,640	-	-	-	11,119,640
Improvements other than buildings	2,421,343	-	-	-	2,421,343
Construction in progress	-	1,618,484	-	-	1,618,484
Equipment	5,448,354	421,156	1,435,135	1,269,163	5,703,538
Capitalized software	2,394,664	-	2,394,664	-	-
Library books and audiovisuals	1,436,061	113	-	-	1,436,174
Right to use assets	-	436,367	-	-	436,367
Total capital assets	<u>52,558,785</u>	<u>2,476,120</u>	<u>3,829,799</u>	<u>1,269,163</u>	<u>52,474,269</u>
Less: accumulated depreciation					
Buildings	17,519,791	1,097,033	-	208,284	18,825,108
Improvements other than buildings	1,381,492	76,793	-	-	1,458,285
Equipment	4,718,047	281,052	1,319,327	1,092,262	4,772,034
Capitalized software	1,915,731	-	2,032,731	117,000	-
Library books and audiovisuals	1,436,061	113	-	-	1,436,174
Right to use assets	-	170,483	-	-	170,483
Total accumulated depreciation	<u>26,971,122</u>	<u>1,625,474</u>	<u>3,352,058</u>	<u>1,417,546</u>	<u>26,662,084</u>
Total capital assets, net	<u>\$ 25,587,663</u>	<u>\$ 850,646</u>	<u>\$ 477,741</u>	<u>\$ (148,383)</u>	<u>\$ 25,812,185</u>

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS (CONT'D)

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Deductions	Adjustments	Ending Balance
Land	\$ 405,819	\$ -	\$ -	\$ -	\$ 405,819
Buildings	40,009,544	-	-	(10,676,640)	29,332,904
Building alterations	-	-	-	11,119,640	11,119,640
Improvements other than buildings	2,421,343	-	-	-	2,421,343
Equipment	6,470,083	170,282	1,192,011	-	5,448,354
Capitalized software	2,394,664	-	-	-	2,394,664
Library books and audiovisuals	1,435,215	846	-	-	1,436,061
Total capital assets	<u>53,136,668</u>	<u>171,128</u>	<u>1,192,011</u>	<u>443,000</u>	<u>52,558,785</u>
Less: accumulated depreciation					
Buildings	16,348,379	1,162,552	-	8,860	17,519,791
Improvements other than buildings	1,324,742	56,750	-	-	1,381,492
Equipment	5,518,998	217,650	1,123,182	104,581	4,718,047
Capitalized software	1,676,265	239,466	-	-	1,915,731
Library books and audiovisuals	1,435,215	846	-	-	1,436,061
Total accumulated depreciation	<u>26,303,599</u>	<u>1,677,264</u>	<u>1,123,182</u>	<u>113,441</u>	<u>26,971,122</u>
Total capital assets, net	<u>\$ 26,833,069</u>	<u>\$ (1,506,136)</u>	<u>\$ 68,829</u>	<u>\$ 329,559</u>	<u>\$ 25,587,663</u>

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Plan Description

The Teachers' Retirement System of Alabama (TRS), a cost-sharing multiple-employer public employee retirement plan (the "Plan"), was established as of September 15, 1939, under the provisions of Act Number 419, Acts of Alabama 1939, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control. The TRS Board of Control consists of 15 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975*, Section 16-25-2, grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits Provided

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

Act Number 2012-377, Acts of Alabama, 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.

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - DEFINED BENEFIT PENSION PLAN (CONT'D)

Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. Members are eligible for disability retirement if they have 10 years of creditable 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 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 were 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.

Tier 2 covered members of the TRS contribute 6% of earnable compensation to the TRS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 7% of earnable compensation.

Participating employers' contractually required contribution rate for the year ended September 30, 2022, was 12.36% of annual pay for Tier 1 members and 11.22% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the College were \$993,000 for the year ended September 30, 2022.

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

At September 30, 2022, the College reported a liability of \$11,305,587 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of September 30, 2020. 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, 2021, the College's proportion was 0.120020%, which was a decrease of 0.000664% from its proportion measured as of September 30, 2020.

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (CONT'D)

For the year ended September 30, 2022, the College recognized pension expense of \$993,603. At September 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In Thousands)	
Differences between expected and actual experience	\$ 523	\$ 659
Changes of assumptions	1,187	-
Net difference between projected and actual earnings on pension plan investments	-	2,669
Changes in proportion and differences between employer contributions and proportionate share of contributions	248	438
Employer contributions subsequent to the measurement date	993	-
Total	<u>\$ 2,951</u>	<u>\$ 3,766</u>

The \$993,000 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023. 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 Ending (In Thousands)	
September 30, 2023	\$ (330)
2024	\$ (266)
2025	\$ (421)
2026	\$ (791)
2027	\$ -
Thereafter	\$ -

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Investment Rate of Return (*)	7.45%
Projected Salary Increases	3.25% - 5.00%
(*) Net of pension plan investment expense	

The actuarial assumptions used in the September 30, 2020, valuation were based on the results of an actuarial experience study for the period October 1, 2015 through September 30, 2020, and a discount rate of 7.45% as adopted by the Board of Trustees on September 13, 2021.

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (CONT'D)

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

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

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	15.00 %	2.80 %
U.S. Large Stocks	32.00 %	8.00 %
U.S. Mid Stocks	9.00 %	10.00 %
U.S. Small Stocks	4.00 %	11.00 %
International Developed Market Stocks	12.00 %	9.50 %
International Emerging Market Stocks	3.00 %	11.00 %
Alternatives	10.00 %	9.00 %
Real Estate	10.00 %	6.50 %
Cash	5.00 %	2.50 %
Total	<u>100.00 %</u>	

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.

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (CONT'D)

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

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

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
Proportionate share of collective net pension liability	\$ 16,642	\$ 11,306	\$ 6,812

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement Number 67 Report for the TRS prepared as of September 30, 2021. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Alabama Retired Education Employees' Health Care Trust (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 (PEEHIB) 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*, Section 16-25A-4, (Act Number 83-455, Acts of Alabama) 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 PEEHIB. The PEEHIB is a corporate body for purposes of management of the health insurance plan. The *Code of Alabama 1975*, Section 16-25A-4, provides the PEEHIB with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

years for the plan. All assets of the PEEHIP are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

Benefits Provided

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

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

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

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

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

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 PEEHIB 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 PEEHIB 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 PEEHIB 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 PEEHIB 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 PEEHIB 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 PEEHIB. This reduction in the employer contribution ceases upon notification to the PEEHIB 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, 2022, the College reported a liability of \$4,982,513 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020. The College's proportion of the collective 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, 2021, the College's proportion was 0.096433%, which was a decrease of 0.000818% from its proportion measured as of September 30, 2020.

For the year ended September 30, 2022, the College recognized OPEB expense of \$(501,700) with no special funding situations. At September 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 117,886	\$ 1,733,426
Changes of assumptions	1,774,474	1,931,265
Net difference between projected and actual earnings on OPEB plan investments	-	155,422
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,712	887,812
Employer contributions subsequent to the measurement date	<u>182,474</u>	<u>-</u>
Total	<u>\$ 2,097,546</u>	<u>\$ 4,707,925</u>

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

The \$182,474 reported as deferred outflows of resources related to OPEB resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in OPEB expense as follows:

Year Ending	
September 30, 2023	\$ (920,338)
2024	\$ (741,005)
2025	\$ (763,036)
2026	\$ (140,175)
2027	\$ (76,727)
Thereafter	\$ (151,572)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected Salary Increases (1)	3.25% - 5.00%
Long-Term Investment Rate of Return (2)	7.00%
Municipal Bond Index Rate at the Measurement Date	2.29%
Municipal Bond Index Rate at the Prior Measurement Date	2.25%
Projected Year for Fiduciary Net Position (FNP) to be Depleted	2051
Single Equivalent Interest Rate at the Measurement Date	3.97%
Single Equivalent Interest Rate at the Prior Measurement Date	3.05%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.50%
Medicare Eligible	(**)
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.50% in 2028
Medicare Eligible	4.50% in 2025
 (1) Includes 2.75% wage inflation.	
(2) Compounded annually, net of investment expense, and included inflation.	
(**) Initial Medicare claims are set based on scheduled increases through plan year 2022.	

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**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

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

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

The 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 actuarial valuation as of September 30, 2020.

Long-term rate of return

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

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

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

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 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	<u>100.00 %</u>	

(*) Geometric mean, includes 2.5% 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 3.97%. 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, 12.990% of the employer contributions were used to assist in funding retiree benefit payments in 2021 and it is assumed that the 12.990% will increase at the same rate as expected benefit payments for the closed group reaching 20.00%. It is assumed the \$800 rate will increase with inflation at 2.50% starting in 2024. 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 were projected through 2119. The long-term rate of return is used until the assets are expected to be depleted in 2051, after which the municipal bond rate is used.

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

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

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

	1% Decrease (5.50% Decreasing to 3.50% for Pre-Medicare, Known decreasing for Medicare Eligible	Current Healthcare Trend Rate (6.50% Decreasing to 4.50% for Pre- Medicare, Known Decreasing for Medicare Eligible)	1% Increase (7.50% Decreasing to 5.50% for Pre- Medicare Known Decreasing to 5.50% for Medicare Eligible
College's proportionate share of the collective net OPEB liability	\$ 3,909,642	\$ 4,982,513	\$ 6,364,804

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

The following table presents the College's proportionate share of the collective net OPEB liability of the Trust calculated using the discount rate of 3.97%, as well as what the collective net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.97%)	Current Rate (3.97%)	1% Increase (4.97%)
College's proportionate share of collective net OPEB liability	\$ 6,128,712	\$ 4,982,513	\$ 4,063,136

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement Number 74 Report for PEEHIP prepared as of September 30, 2021. Additional financial and actuarial information is available at www.rsa-al.gov.

NOTE 7 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of September 30, 2022, the College had been awarded approximately \$7,347,955 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.

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts due at September 30, 2022, for goods and services received prior to the end of the fiscal year.

	2022	2021
Salaries and benefits	\$ 63,475	\$ 190,399
Payroll withholding	(11,040)	292,577
Supplies	<u>2,497,822</u>	<u>636,594</u>
Total	<u><u>\$ 2,550,257</u></u>	<u><u>\$ 1,119,570</u></u>

NOTE 9 - LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease payable	\$ 62,286	\$ 436,367	\$ (220,784)	\$ 277,869	\$ 122,535
<u>Other Liabilities:</u>					
Compensated absences	769,455	-	(165,902)	603,553	1,207,106
Total Long-Term Liabilities	<u><u>\$ 831,741</u></u>	<u><u>\$ 436,367</u></u>	<u><u>\$ (386,686)</u></u>	<u><u>\$ 881,422</u></u>	<u><u>\$ 1,762,844</u></u>

Long-term liabilities activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease payable	\$ 104,918	\$ -	\$ (42,632)	\$ 62,286	\$ 49,455
<u>Other Liabilities:</u>					
Compensated absences	700,854	68,601	-	769,455	38,473
Total Long-Term Liabilities	<u><u>\$ 805,772</u></u>	<u><u>\$ 68,601</u></u>	<u><u>\$ (42,632)</u></u>	<u><u>\$ 831,741</u></u>	<u><u>\$ 87,928</u></u>

NOTE 10 - LEASE OBLIGATIONS

Capital Leases

The College leases certain items of equipment, which are classified as capital leases. Minimum lease payments under capital leases together with the present value of the net minimum lease payments are shown in the table below:

Fiscal Years	Principal	Interest	Total
2022-2023	\$ 122,431	\$ 967	\$ 123,398
2023-2024	88,664	544	89,208
2024-2025	<u>66,775</u>	<u>131</u>	<u>66,906</u>
Totals	<u><u>\$ 277,870</u></u>	<u><u>\$ 1,642</u></u>	<u><u>\$ 279,512</u></u>

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 - RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College has insurance for its buildings and contents through the State Insurance Fund (SIF), part of the State of Alabama, Department of Finance; Division of Risk Management 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, Dean of Business Services, Financial Aid Director, and all other college personnel who handle funds.

Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIF) administered by the Public Education Employees' Health Insurance Board (PEEHIB). The Fund was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are determined annually by the plan's actuary and based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The College contributes a specified amount monthly to the PEEHIF for each employee and this amount is applied against the employee's premiums for the coverage selected and the employee pays any remaining premium. Settled claims resulting from these risks have not exceeded the College's coverage in any of the past three fiscal years.

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

NOTE 12 - RELATED PARTIES

The George Corley Wallace State Community College Foundation, Inc. was incorporated as a non-profit corporation to promote scientific, literary and educational purposes, the advancement of George Corley Wallace State Community College, and for the encouragement and support of its students and faculty. This report contains no financial statements of George Corley Wallace State Community College Foundation, Inc. There were not any significant transactions with George Corley Wallace State Community College Foundation, Inc.

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
SCHEDULE OF PROPORTIONATE SHARE OF
THE COLLECTIVE NET PENSION LIABILITY
For the year ended September 30, 2022
(In Thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
College's proportionate share of the collective net pension liability	0.120020 %	0.120584 %	0.116823 %	0.124406 %	0.127029 %	0.125750 %	0.130079 %	0.138318 %
College's proportionate share of the collective net pension liability	\$ 11,306	\$ 14,928	\$ 12,917	\$ 12,369	\$ 12,485	\$ 13,614	\$ 13,614	\$ 12,566
College's covered payroll during the measurement period	\$ 8,546	\$ 8,467	\$ 8,254	\$ 8,233	\$ 8,360	\$ 7,968	\$ 8,228	\$ 8,765
College's proportional share of the collective net pension liability as a percentage of payroll	132 %	176 %	156 %	150 %	149 %	171 %	165 %	143 %
Plan fiduciary net position as a percentage of the total collective pension liability	76.44 %	67.72 %	69.85 %	72.29 %	71.50 %	67.93 %	67.51 %	71.01 %

(*)Per GASB 82, which amends GASB 68 covered payroll is defined as the payroll on which contributions to a pension plan are based, also known as pensionable payroll. For fiscal year 2022, the measurement period for covered payroll is October 1, 2020 through September 30, 2021.

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

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
SCHEDULE OF CONTRIBUTIONS - PENSION
For the year ended September 30, 2022
(In thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 993	\$ 1,035	\$ 1,041	\$ 1,016	\$ 998	\$ 996	\$ 945	\$ 932
Contributions in relation to the contractually required contribution	<u>993</u>	<u>1,035</u>	<u>1,041</u>	<u>1,016</u>	<u>998</u>	<u>996</u>	<u>945</u>	<u>932</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 8,493	\$ 8,546	\$ 8,467	\$ 8,254	\$ 8,233	\$ 8,360	\$ 7,968	\$ 8,228
Contributions as a percentage of covered payroll	11.69 %	12.11 %	12.29 %	12.31 %	12.12 %	11.91 %	11.86 %	11.33 %

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

Per GASB 82, which amends GASB 68 covered payroll is defined as the payroll on which contributions to a pension plan are based, also known as pensionable payroll. For fiscal year 2022, the measurement period for covered payroll is October 1, 2021 through September 30, 2022.

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

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF
THE COLLECTIVE NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the year ended September 30, 2022
(Dollar Amount In Thousands)**

	2022	2021	2020	2019	2018
College's proportionate share of the collective net OPEB liability	0.096433 %	0.100000 %	0.109172 %	0.110852 %	0.110076 %
College's proportionate share of the collective net OPEB liability	\$ 4,983	\$ 6,311	\$ 4,119	\$ 9,111	\$ 8,176
College's covered-employee payroll during the measurement period(*)	\$ 8,436	\$ 8,495	\$ 8,268	\$ 8,225	\$ 8,322
College's proportional share of the collective net OPEB liability as a percentage of payroll	59.07 %	74.29 %	49.82 %	110.77 %	98.25 %
Plan fiduciary net position as a percentage of the total collective OPEB liability	27.11 %	19.80 %	28.14 %	14.81 %	15.37 %

(*)Per GASB 75, covered-employee payroll is defined as the payroll of employees that are provided with OPEB through the OPEB plan. The covered-employee payroll for this RSI Schedule (GASB 75 paragraph 97) is for the reporting period (i.e., the measurement period), which for the September 30, 2022 year is October 1, 2020 through September 30, 2021.

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

GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
SCHEDULE OF CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS
ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST
For the year ended September 30, 2022
(Dollar Amount In Thousands)

	2022	2021	2020	2019	2018
Contractually required contribution	\$ 184	\$ 164	\$ 240	\$ 310	\$ 273
Contributions in relation to the contractually required contribution	<u>184</u>	<u>164</u>	<u>240</u>	<u>310</u>	<u>272,946</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(272,673)</u>
College's covered employee payroll	\$ 8,195	\$ 8,436	\$ 8,495	\$ 8,268	\$ 8,225
Contributions as a percentage of covered employee payroll	2.25 %	1.94 %	2.83 %	3.75 %	3.32 %

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

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR
OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

NOTE 1 - CHANGES IN ACTUARIAL ASSUMPTIONS

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

NOTE 2 - RECENT PLAN CHANGES

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

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

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	23 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.75%
Medicare Eligible (*)	5.00%
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.75%
Medical Eligible	4.75%
Year of Ultimate Trend Rate	2026 for Pre-Medicare Eligible 2024 for Medicare Eligible
Optional Plans Trend Rate	2.00%
Investment Rate of Return	5.00%, including inflation
(*) Initial Medicare claims are set based on scheduled increases through plan year 2019.	

**GEORGE CORLEY WALLACE STATE COMMUNITY COLLEGE
COLLEGE OFFICIALS
October 1, 2021 through September 30, 2022**

Officials	Position
Jimmy Baker	Chancellor, Alabama Community College System
Dr. James M. Mitchell	President
Dr. Rosa Spencer	Dean of Business and Finance
Dr. Donitha Griffin	Dean of Students, Executive Assistant to the President