



Annual Financial Report

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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REID STATE TECHNICAL COLLEGE

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INDEPENDENT AUDITORS' REPORT

Jimmy Baker, Chancellor – Alabama Community College System
Dr. Coretta Boykin, President – Reid State Technical College
100 Hwy 83
Evergreen, Alabama 36401

Report on the Audit of the Financial Statements

Opinion

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Change in Accounting Estimate

As described in Note 1 to the financial statements, in 2023, the College reevaluated the accounting

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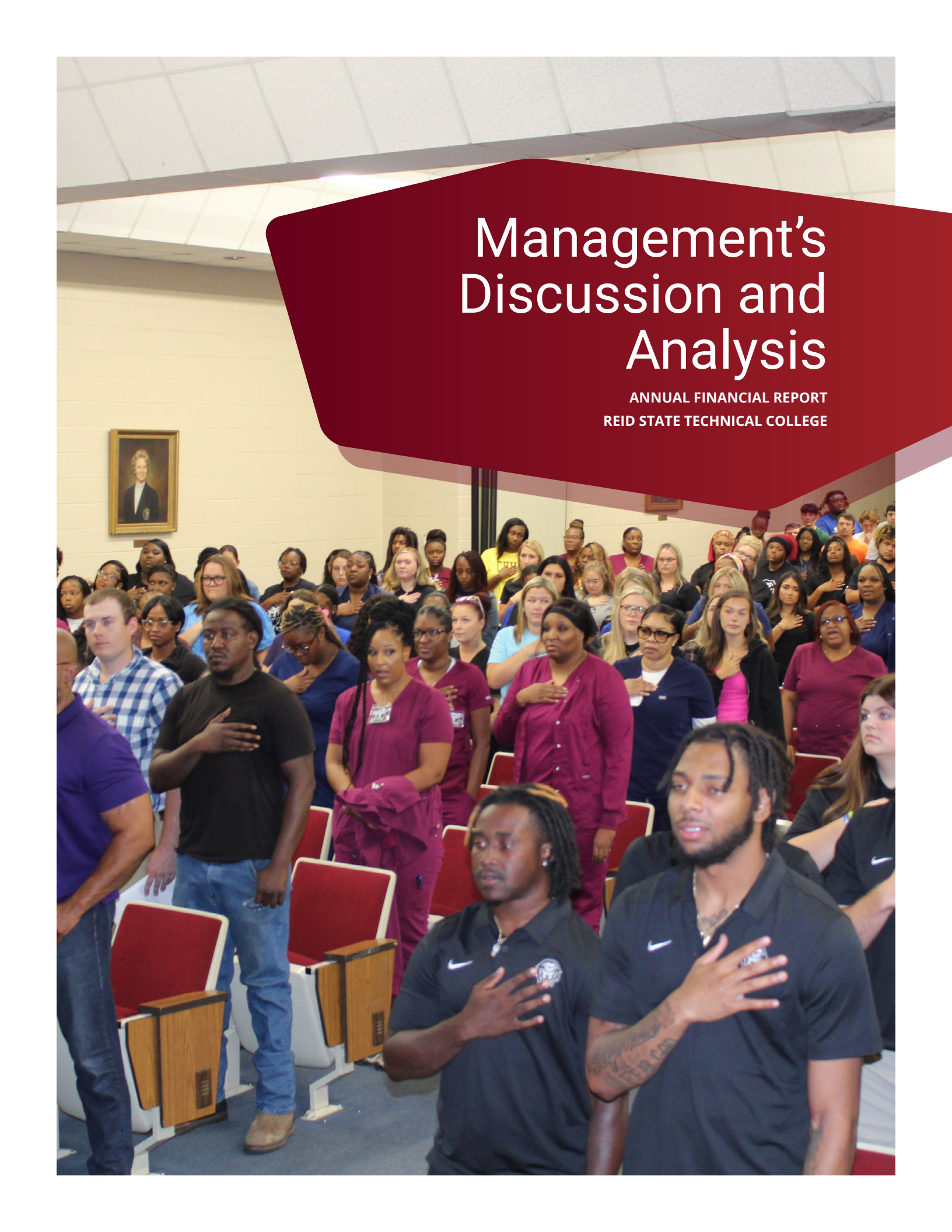
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Management's Discussion and Analysis

ANNUAL FINANCIAL REPORT
REID STATE TECHNICAL COLLEGE



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Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

Reid State Technical College ("the College") is a public technical community college dedicated to serving students and the surrounding communities by providing affordable educational opportunities that enhance the quality of life and promote both economic and workforce development. By offering a broad spectrum of programs, the College provides students with opportunities for educational, personal, and professional advancement. A wide range of technical and academic courses prepares students for the workplace and a successful career. Technical programs equip students to master certain skills and become contributing members of the workforce.

Presented in this document are the financial statements for fiscal year 2023-2024. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Fund Net Position; and the Statement of Cash Flows.

The report of the College's financial statements provides an overview of its financial activities and emphasizes the current year data.

New Accounting Pronouncements

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

Statement of Net Position

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

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

Net position is divided into three major categories. The first category, net investments in capital assets, provides the College's equity in property, plant and equipment owned by the College. The next asset category is restricted assets, 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 assets are 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 assets which are available to the College for any appropriate purpose of the College.

A condensed Statement of Net Position on September 30, 2024 and 2023 is presented below.

Statement of Net Position

	2024	2023
Assets		
Current Assets	\$ 8,615,585	\$ 6,483,812
Capital Assets, Net	13,634,758	6,455,666
Other Non-Current Assets	500,000	500,000
Total Assets	22,750,343	13,439,478
Deferred Outflows of Resources	2,667,246	3,358,227
Liabilities		
Current Liabilities	1,961,065	1,016,473
Non-Current Liabilities	8,051,694	7,854,209
Total Liabilities	10,012,759	8,870,682
Deferred Inflows of Resources	2,343,808	3,009,329
Net Position		
Net Investment in Capital Assets	13,629,580	6,424,021
Unrestricted (Deficit)	(568,558)	(1,506,327)
Total Net Position	\$ 13,061,022	\$ 4,917,694

It is important to note that the balance in Total Net Position for fiscal year 2024 is largely due to the impact of the Governmental Accounting Standards Board (GASB) 68, which became effective for the first time in 2015 and (GASB) 75, which became effective in 2018. GASB 68 requires state and local governments and their related entities that participate in defined benefit pension plans to disclose their proportionate share of any unfunded pension liability on their financial statements. GASB 75 established accounting and financial reporting requirements for governmental employers who provide Other Post-Employment Benefits (OPEB) to their employees through a trust. GASB 68 was effective with the 2014-2015 financial statements and must be reported annually thereafter. GASB 75 became effective with the 2017-2018 financial statements and must also be reported annually thereafter. Both affect four-year and two-year colleges, municipal governments, state agencies and any other entity that participates in this type of pension plans and other post-employment benefits that are not fully funded. To comply with GASB 68, Reid State had to record their proportionate share of the Teachers' Retirement Systems of Alabama's (TRS) unfunded pension liability. This liability had previously been reported in the TRS financial statements and not on each participating College's statements. The establishment of this liability on the College's statements in 2015 had a negative impact on the total reported Net Position. Also, to comply with GASB 75, Reid State had to record the required amounts of the unfunded OPEB as provided by consultants and calculated internally. Readers of the financial statements must understand that these reporting requirements do not change the College's cash position, credit worthiness or overall financial health. The College's financial ability to fund daily operations, meet debt obligations and allocate necessary resources to achieve stated goals and objectives has not changed. GASB 68 and 75 simply shifts the reporting of these existing liabilities to the College. The College's annual expenditures allocated for pension expenses and other post-employment benefits did not increase due to GASB 68 and 75, nor did its future obligations for such. GASB 68 and 75 also did not change the College's credit rating. More detailed information regarding the calculation and reporting requirements of GASB 68 and GASB 75 can be found in the Notes to the Financial Statements.

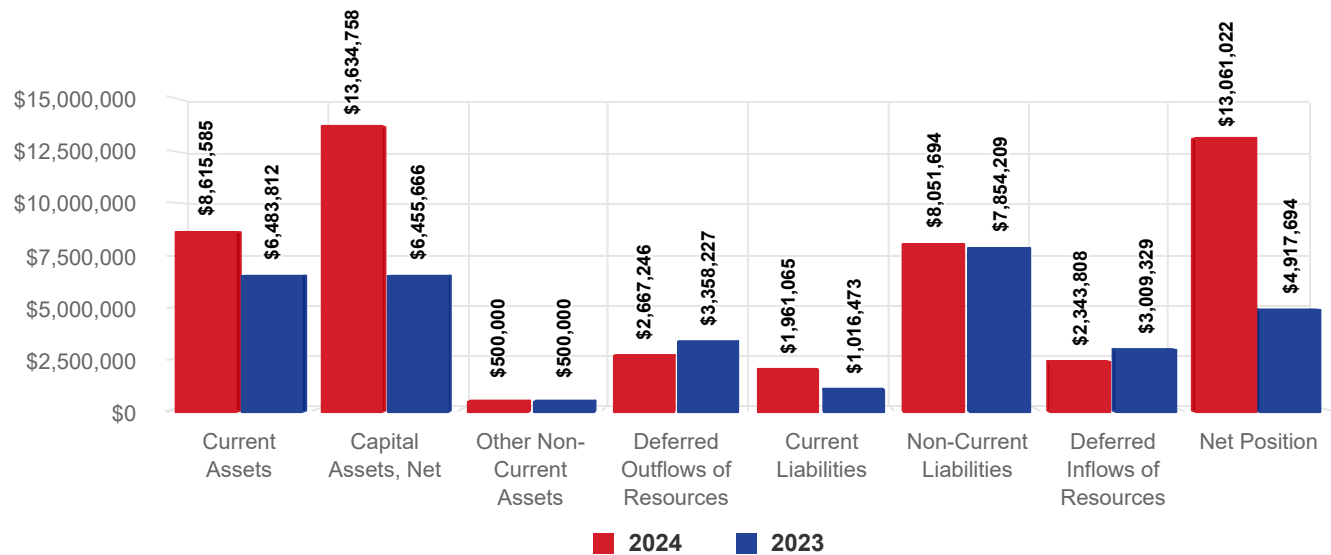
The total assets and liabilities at Reid State Technical College consist of both current and non-current portions. Current Assets at year-end included cash and cash equivalents of \$3,309,061 and accounts receivables, inventory, prepaid and deferred charges and deposits with Bond Trustee of \$4,995,309, \$64,110 and \$247,105 respectively. Non-current assets consist of \$500,000 in long term investments.

Capital assets include those with an acquisition cost of \$5,000 or more. The consumption of assets follows the College's philosophy to use available resources to acquire and improve all areas of the College to better serve the mission of the College.

Liabilities for the fiscal year 2024, including current and non-current are made up mostly of the required reporting of unfunded pension liability in the amount of \$7,198,827 OPEB liability of \$626,817 and unearned revenue and compensated absences of \$631,405 and \$275,941 respectively.

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

Statement of Net Position



Statement of Revenues, Expenses and Changes in Net Position

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

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 for those revenues.

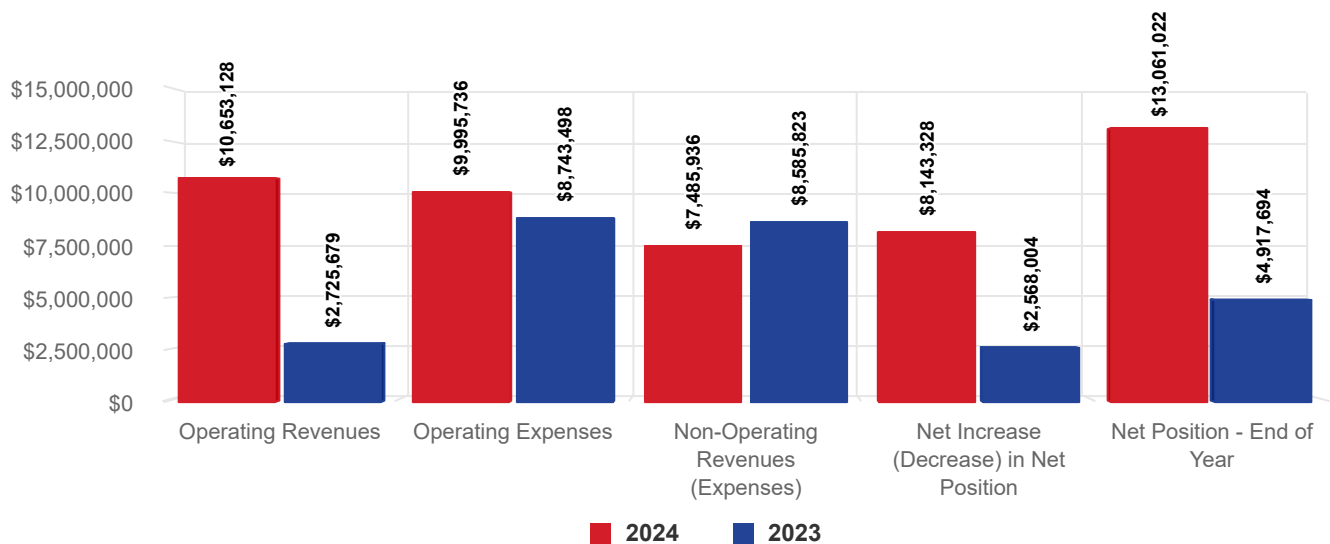
A condensed Statement of Revenues, Expenses and Changes in Net Position for the year ended September 30, 2024 and 2023 is presented below.

Statement of Revenues, Expenses, and Changes in Net Position

	2024	2023
Operating Revenues	\$ 10,653,128	\$ 2,725,679
Operating Expenses	9,995,736	8,743,498
Operating Income (Loss)	657,392	(6,017,819)
Non-Operating Revenues (Expenses)	7,485,936	8,585,823
Net Increase (Decrease) in Net Position	8,143,328	2,568,004
Net Position - Beginning of Year	4,917,694	2,349,690
Net Position - End of Year	\$ 13,061,022	\$ 4,917,694

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

Statement of Revenues, Expenses, and Changes in Net Position



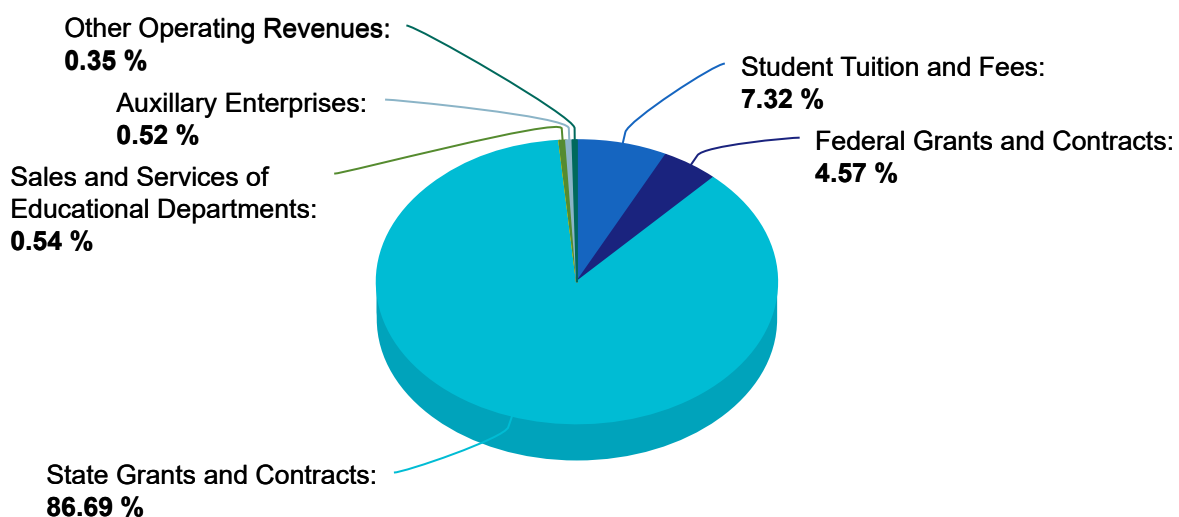
The Statement of Revenues, Expenses, and Changes in Net Fund Position reflects an increase in Net Position at end of year. Although the Unrestricted Net Position at the End of Year continues to be reported as a deficit due to the GASB 67 and GASB 68 reporting requirements dealing with Unfunded Pension Liability reporting and GASB 75 reporting requirements for Other Post-Employment Benefits. Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Position are as follows:

Operating Revenues

	2024	2023
Operating Revenues		
Student Tuition and Fees	\$ 780,099	\$ 588,127
Federal Grants and Contracts	487,371	934,267
State Grants and Contracts	9,235,171	1,063,760
Local Grants and Contracts	-	30,330
Sales and Services of Educational Departments	58,000	39,777
Auxillary Enterprises	55,004	68,879
Other Operating Revenues	37,483	539
Total Operating Revenues	\$ 10,653,128	\$ 2,725,679

The following is a graphic presentation of the total revenues by source for the fiscal year ended September 30, 2024.

Operating Revenues by Source



The previous chart displays operating revenues by type and their relationship with one another. State Grants and Contracts represent the largest type of operating revenue accounting for eighty-seven percent of total operating revenues, followed by student tuition and fees which represent seven percent, federal contracts which represent five percent, and all other revenue types represent only one percent of the total operating revenue.

The Adult Education Grant comprise approximately \$79,000 of the \$487,000 in Federal Grants and Contracts received. U.S. Department of Labor passed through the Alabama Department of Commerce (WIOA) comprise approximately \$165,000, Basic Vocational Education comprise approximately \$36,000 with the remaining \$207,000 being attributed to Supplemental Education Grant, SNAP, College Work Study, U.S. Treasury - V.A. administrative allowances and Federal Pell Grant administrative allowance.

The auxiliary services are self-supporting, with the exception of the GED and Student Activities programs. Although the GED program has not been self-supporting, it is a vital service to the community. Student Activities is supported through transfer from general operating resources.

Fall 2024 tuition and fee rates were \$169 per credit hour, which includes \$15 per credit hour for a special building fee. These rates are subject to increase annually pending approval by the Alabama Community College System Board of Trustees.

Non-operating revenues consisted of State Appropriations, Federal Grants and Contracts, State Appropriation - Other (truck driving allocation), investment income, and gifts. The non-operating revenues were \$5,703,698, \$1,550,084, \$230,088, \$7,621 and \$7,500 respectively.

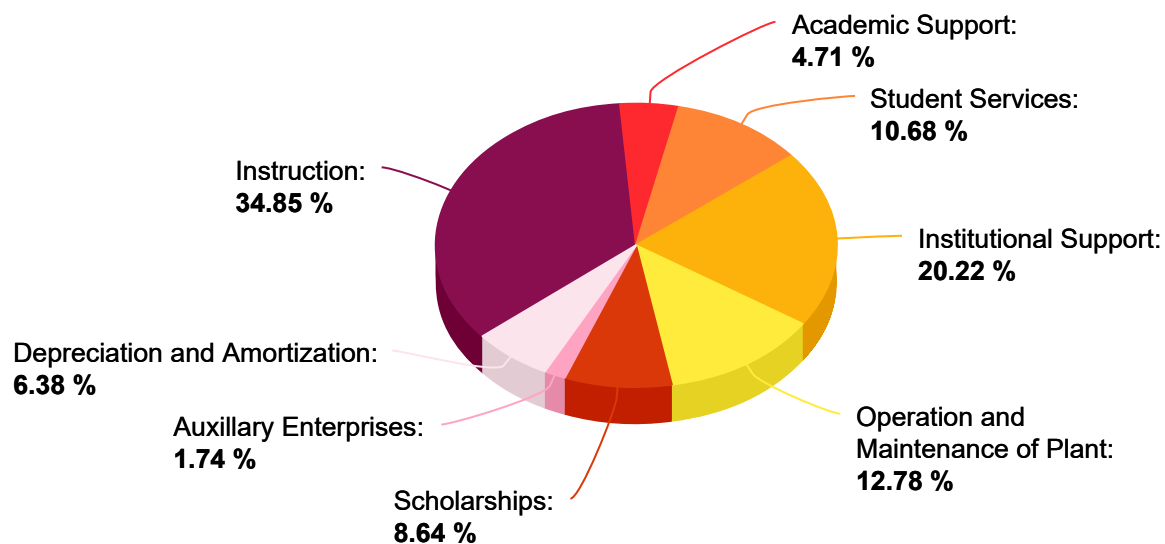
The operating expenses by function stated are displayed in the following exhibit.

Operating Expenses

	2024	2023
Operating Expenses		
Instruction	\$ 3,483,456	\$ 2,889,747
Academic Support	471,186	616,958
Student Services	1,067,742	849,710
Institutional Support	2,021,201	1,841,529
Operation and Maintenance of Plant	1,277,055	913,605
Scholarships	863,932	894,808
Auxillary Enterprises	173,764	200,124
Depreciation and Amortization	637,400	537,017
Total Operating Expenses	\$ 9,995,736	\$ 8,743,498

The following is a graphic presentation of operating expenses by function for the fiscal year ended September 30, 2024.

Operating Expenses by Function



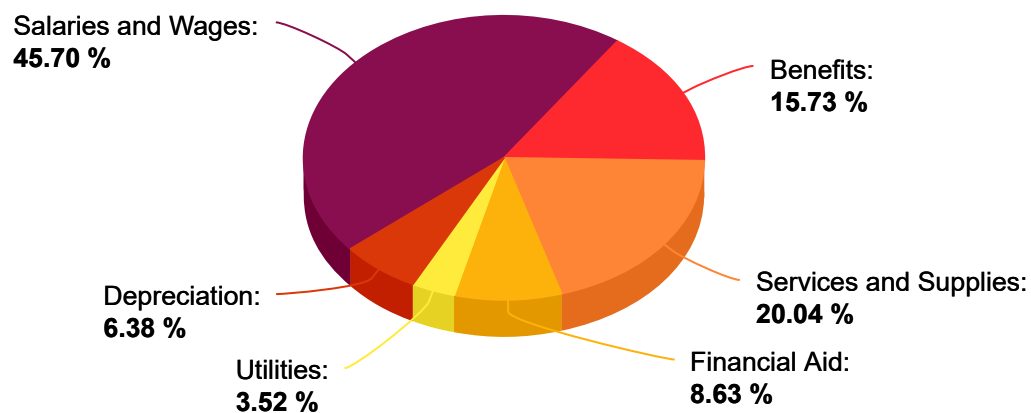
The above chart displays operating expenses by function. Expenditures in the area of instruction represent the largest group of expenditures accounting for thirty-five percent of total operating expenditures, followed by institutional support, operation and maintenance of plant, student services, scholarships, and academic support which accounted for approximately twenty, thirteen, eleven, nine, and four percent respectfully. Auxiliary enterprises and depreciation account for the balance at approximately eight percent of operating expenditures.

Auxiliary expenditures account for approximately two percent of total operating expense. Auxiliary expenditures consist primarily of bookstore purchases for resale.

Non-operating expenses consist of interest paid for the operating leases and subscriptions.

Although the College's operating expenses are reported by functional classification, the operating expenses restated by their natural classification prove to be interesting. Operating expenses are summarized below by natural classification. Natural classification displays the type of expense regardless of program:

Operating Expenses by Natural Classification



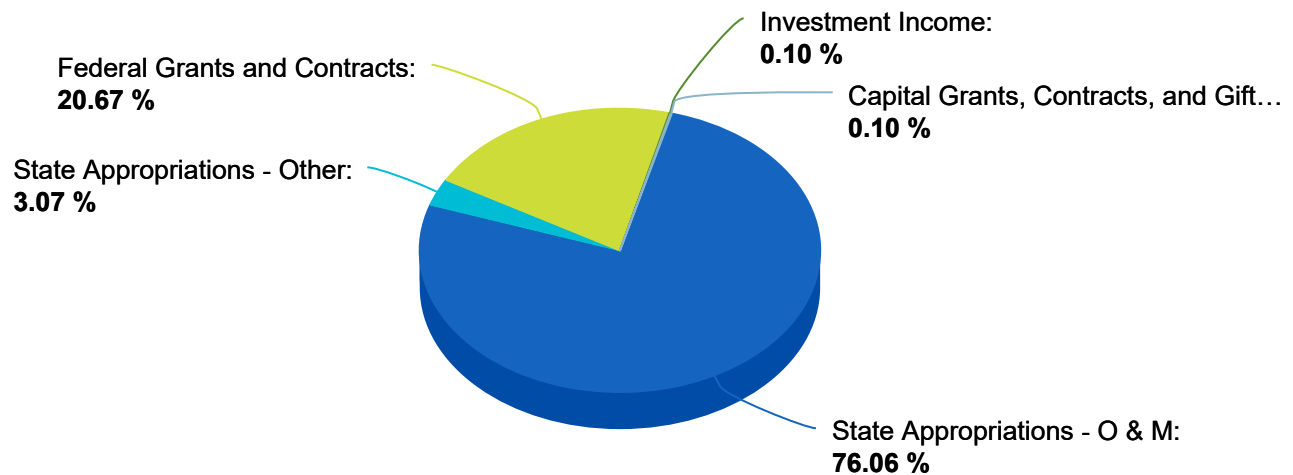
Almost half of the College's \$9.996 million in operating expenses were expended for salaries and wages. When benefits are combined with salaries and wages, the total is sixty one percent of the College's total operating expenses. The amount the College pays to its vendors to acquire supplies, goods, and services accounts for twenty percent of the College's operating expenses. Scholarships and fellowships represent nine percent of the College's operating expenses. Utilities and depreciation combined comprise only ten percent of the operating expense.

Comparison of Non-Operating Revenue

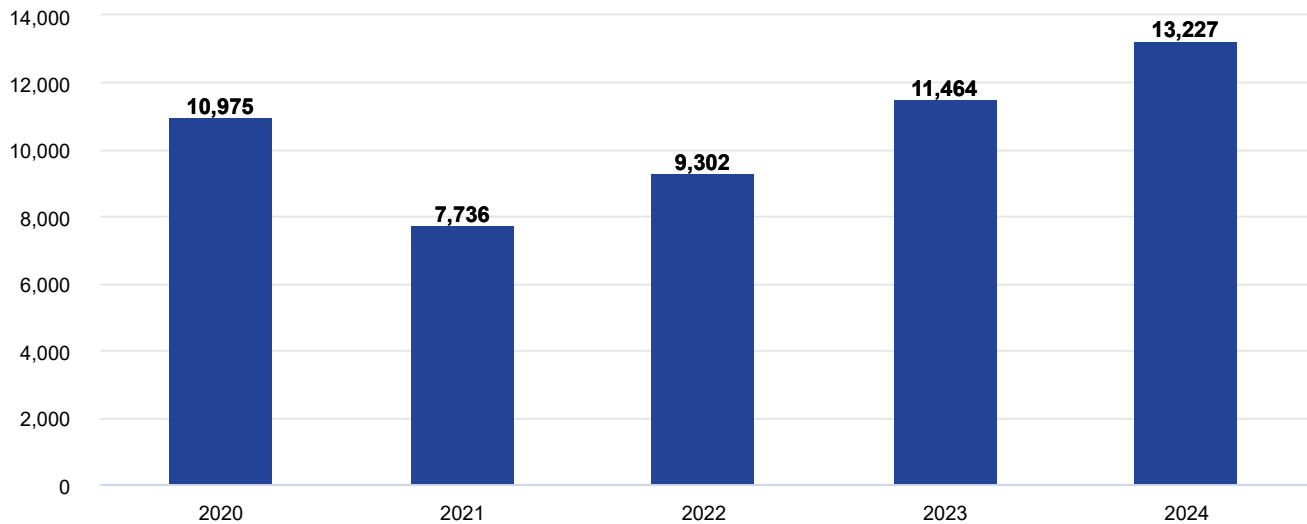
	2024	2023
Non-Operating Revenue		
State Appropriations - O & M	\$ 5,703,698	\$ 5,334,722
State Appropriations - Special	-	1,448,622
State Appropriations - Other	230,088	234,374
Federal Grants and Contracts	1,550,084	1,575,544
Investment Income	7,621	7,469
Capital Grants, Contracts, and Gifts	7,500	5,000
Total Non-Operating Revenue	\$ 7,498,991	\$ 8,605,731

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

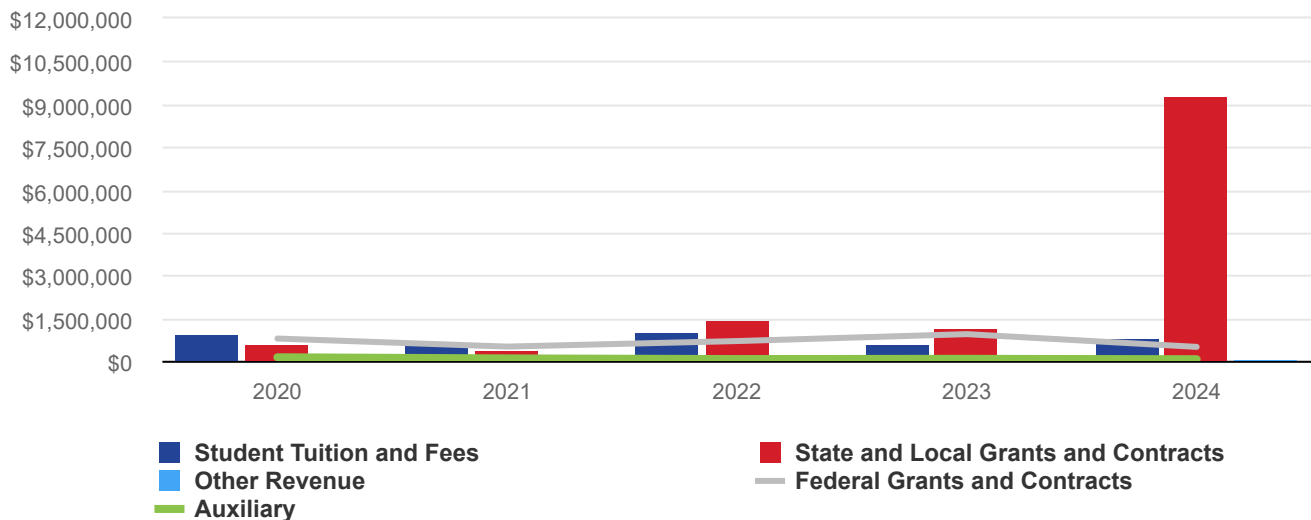
Comparison of Non-Operating Revenue



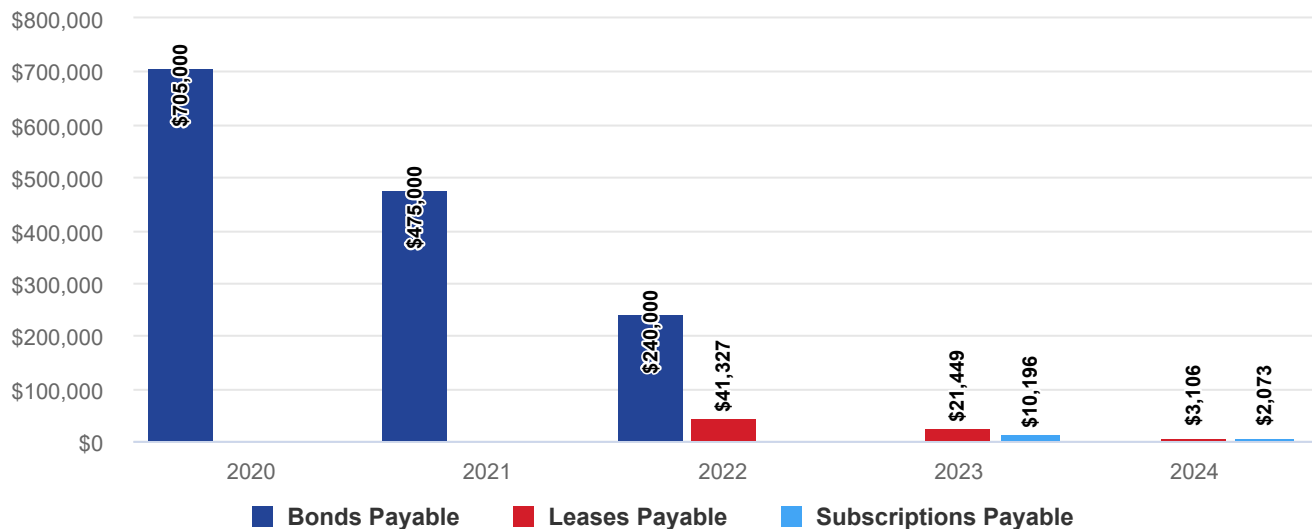
5 Year Comparision of Credit Hours



5 Year Comparison of Operating Revenue



5 Year Comparison of Long-Term Debt Principal



Statement of Cash Flows

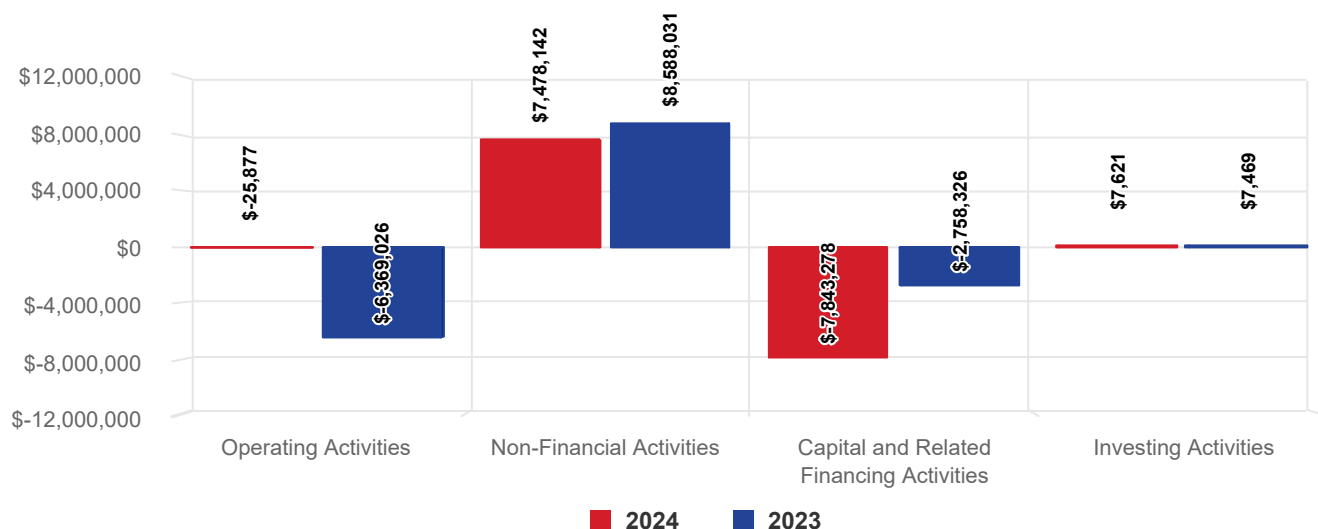
The final statement presented is the Statement of Cash Flows, which presents detailed information about the cash activity of the College during the year. The statement is divided into five components. The first component deals with operating cash flows and shows the net cash used by the operating activities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

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

Statement of Cash Flows

	2024	2023
Cash Provided (Used) By:		
Operating Activities	\$ (25,877)	\$ (6,369,026)
Non-Financial Activities	7,478,142	8,588,031
Capital and Related Financing Activities	(7,843,278)	(2,758,326)
Investing Activities	7,621	7,469
Net Change in Cash and Cash Equivalents	(383,392)	(531,852)
Cash and Cash Equivalents, Beginning of Year	3,692,453	4,224,305
Cash and Cash Equivalents, End of Year	\$ 3,309,061	\$ 3,692,453

Statement of Cash Flows



The primary cash receipts from operating activities consist of grants and contracts and tuition and fees. Cash outlays include payments for employees, benefits, supplies, utilities and scholarships.

State appropriations are the primary source of non-operating activities. This source of revenue is categorized as non-operating even though the College's budget depends on this to continue the current level of operations. Federal Pell Grants are also significant non-operating revenue sources.

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

Capital and related financing activities include the purchases and construction of capital assets during the year and the College's annual bond payments consisting of principal and interest paid.

Economic Outlook

The COVID-19 pandemic affected the College's enrollment from the Summer terms of 2020 up through Summer 2023. This pandemic has had a global effect on virtually all types of business operations and a significant effect on the College's financial position during fiscal year 2020-2021, 2021-2022, and part of 2022-2023. The College minimized these negative financial effects with more than \$3 million received from the Federal Coronavirus Aid, Relief, and Economic Security Act (CARES) grant. With the Fall Term of 2023, the College experienced its first major growth enrollment since the pandemic started and during fiscal year 2023-2024 saw continued growth. The college has expended all CARES grant monies and issued the final quarterly report as of 09/30/2023. During fiscal year 2023-2024, the College submitted its final HEERF annual report, and all grants are considered closed.

Reid State Technical College is a candidate for Accreditation by the Southern Association on Colleges (SACSCOC) to award the Associate Degree. Reid State Technical College also may offer credentials such as certificates and diplomas at approved degree levels. Questions about the accreditation of Reid State Technical College may be directed in writing to the Southern Association of Colleges and Schools Commission on Colleges at 1866 Southern Lane, Decatur, Georgia 30033-4097, by calling (404) 679-4500, or by using information available on SACSCOC's website.

The College will continue to safeguard all assets while operating in regard to the policies as required. The College is not aware of any other known facts, decisions or conditions that are expected to have a significant impact on the financial position or results of operations in the next fiscal year.



Financial Statements

ANNUAL FINANCIAL REPORT
REID STATE TECHNICAL COLLEGE



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Statement of Net Position

September 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 3,309,061	\$ 3,692,453
Accounts Receivable, Net	4,995,309	2,563,043
Inventories	64,110	93,576
Other Current Assets	247,105	134,740
Total Current Assets	8,615,585	6,483,812
Non-Current Assets		
Long-Term Investments	500,000	500,000
Capital Assets, Net of Depreciation and Amortization	13,634,758	6,455,666
Total Non-Current Assets	14,134,758	6,955,666
Total Assets	22,750,343	13,439,478
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	1,911,716	2,453,653
Deferred Outflows Related to OPEB	755,530	904,574
Total Deferred Outflows of Resources	\$ 2,667,246	\$ 3,358,227

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

Statement of Net Position (Continued)

September 30, 2024 and 2023

	2024	2023
Liabilities		
Current Liabilities		
Deposits Held for Others	\$ 52,134	\$ 18,944
Accounts Payable and Accrued Liabilities	1,222,456	346,637
Unearned Revenue	631,405	560,239
Compensated Absences	50,609	64,187
Lease Liabilities, Due in One Year	2,388	18,343
Subscriptions Payable, Due in One Year	2,073	8,123
Total Current Liabilities	1,961,065	1,016,473
Non-Current Liabilities		
Compensated Absences	225,332	186,969
Lease Liabilities	718	3,106
Subscription Liabilities	-	2,073
Net Pension Liability	7,198,827	7,012,827
Net OPEB Liability	626,817	649,234
Total Non-Current Liabilities	8,051,694	7,854,209
Total Liabilities	10,012,759	8,870,682
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	355,466	535,466
Deferred Inflows Related to OPEB	1,988,342	2,473,863
Total Deferred Inflows of Resources	2,343,808	3,009,329
Net Position		
Net Investment in Capital Assets	13,629,580	6,424,021
Unrestricted (Deficit)	(568,558)	(1,506,327)
Total Net Position	\$ 13,061,022	\$ 4,917,694

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

Statement of Revenues, Expenses and Changes in Net Position For the Years Ended September 30, 2024 and 2023

	2024	2023
Operating Revenues		
Student Tuition and Fees (net of scholarship allowances of \$1,911,200 and \$1,758,441 for 2024 and 2023 respectively)	\$ 780,099	\$ 588,127
Federal Grants and Contracts	487,371	934,267
State Grants and Contracts	9,235,171	1,063,760
Local Grants and Contracts	-	30,330
Sales and Services of Educational Departments	58,000	39,777
Auxillary Enterprises		
Bookstore (net of scholarship allowances of \$84,675 and \$75,642 for 2024 and 2023 respectively)	50,224	62,624
Vending	2,982	6,180
Other Auxiliary Enterprises	1,798	75
Other Operating Revenues	37,483	539
Total Operating Revenues	10,653,128	2,725,679
Operating Expenses		
Instruction	3,483,456	2,889,747
Academic Support	471,186	616,958
Student Services	1,067,742	849,710
Institutional Support	2,021,201	1,841,529
Operation and Maintenance of Plant	1,277,055	913,605
Scholarships	863,932	894,808
Auxillary Enterprises	173,764	200,124
Depreciation and Amortization	637,400	537,017
Total Operating Expenses	9,995,736	8,743,498
Operating Income (Loss)	\$ 657,392	\$ (6,017,819)

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

Statement of Revenues, Expenses and Changes in Net Position (Continued)
For the Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Non-Operating Revenues (Expenses)		
State Appropriations - O & M	\$ 5,703,698	\$ 5,334,722
State Appropriations - Special	-	1,448,622
State Appropriations - Other	230,088	234,374
Federal Grants and Contracts	1,550,084	1,575,544
Investment Income	7,621	7,469
Capital Grants, Contracts, and Gifts	7,500	5,000
Other Non-Operating Revenues (Expenses)	(12,735)	(12,234)
Interest Expense	(320)	(7,674)
Total Non-Operating Revenues (Expenses)	<u>7,485,936</u>	<u>8,585,823</u>
Net Increase in Net Position	<u>8,143,328</u>	<u>2,568,004</u>
Net Position, Beginning of Year	4,917,694	2,349,690
Net Position, End of Year	<u>\$ 13,061,022</u>	<u>\$ 4,917,694</u>

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

Statement of Cash Flows

For the Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Cash Received for Tuition and fees	\$ 688,764	\$ 639,907
Cash Received for Grants and Contracts	7,452,777	1,295,272
Cash Payments to Suppliers for Goods and Services	(1,136,460)	(2,062,860)
Cash Payments for Utilities	(290,224)	(253,573)
Cash Payments to Employees	(4,536,847)	(3,964,032)
Cash Payments for Employee Benefits	(1,403,576)	(1,239,361)
Cash Payments for Scholarships	(976,297)	(907,201)
Cash Received from Auxiliary Enterprise Charges:		
Bookstore	50,224	62,624
Vending	2,982	6,180
Other Auxiliary Enterprise	1,798	75
Sales and Services of Educational Activities	58,000	39,777
Other Receipts	37,483	539
Other Payments	25,499	13,627
Net Cash Used in Operating Activities	(25,877)	(6,369,026)
Cash Flows from Non-Capital Financing Activities		
Cash Received from State Appropriations	5,933,786	7,017,718
Cash Payments for Bond Surety Fees	(13,228)	(11,464)
Cash Received from Gifts and Grants Other Than for Capital Purposes	7,500	5,000
Cash Received from Federal Grants	1,550,084	1,575,544
Cash Received for Other Non-Capital Financing	-	1,233
Net Cash Provided by Non-Capital Financing Activities	7,478,142	8,588,031
Cash Flows from Capital and Related Financing Activities		
Purchases of Capital Assets	(7,816,492)	(2,500,857)
Principal Paid on Capital Debt and Leases	(26,466)	(267,760)
Interest Paid on Capital Debt and Leases	(320)	(6,878)
Deposits with Trustees	-	397
Proceeds from Capital Debt	-	18,078
Other Capital and Related Financing	-	(1,306)
Net Cash Used in Capital and Related Financing Activities	\$ (7,843,278)	\$ (2,758,326)

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

Statement of Cash Flows (Continued)

For the Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows from Investing Activities		
Investment Income	\$ 7,621	\$ 7,469
Net Cash Provided by Investing Activities	7,621	7,469
Net Decrease in Cash and Cash Equivalents	(383,392)	(531,852)
Cash and Cash Equivalents, Beginning of Year	3,692,453	4,224,305
Cash and Cash Equivalents, End of Year	3,309,061	3,692,453
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Income (Loss)	657,392	(6,017,819)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	637,400	537,017
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:		
(Increase) Decrease in Assets and Deferred Outflows:		
Receivables, net	(2,432,266)	(705,930)
Inventory	29,468	26,122
Other Assets	(112,365)	(12,394)
Deferred Outflows	690,981	(1,200,778)
Increase (Decrease) in Liabilities and Deferred Inflows:		
Accounts Payable and Accrued Liabilities	891,407	(59,215)
Unearned Revenue	71,166	24,624
Deposits Held for Others	18,093	845
Compensated Absences	24,785	20,877
Pension Liability	186,000	2,522,000
OPEB Liability	(22,417)	(1,196,662)
Deferred Inflows	(665,521)	(307,713)
Total Adjustments	(683,269)	(351,207)
Net Cash Used in Operating Activities	\$ (25,877)	\$ (6,369,026)

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

**ANNUAL FINANCIAL REPORT
REID STATE TECHNICAL COLLEGE**



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Note 1. Summary of Significant Accounting Policies

Nature of Operations

The financial statements of Reid State Technical College (the "College") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. 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 No. 14, *The Financial Reporting Entity*, states that a primary government is financially accountable for a component unit if it appoints a voting majority of an organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. In this case, the primary government is the State of Alabama which through the Alabama Community College System Board of Trustees governs the Alabama Community College System. The Alabama Community College System through its Chancellor has the authority and responsibility for the operation, management, supervision and regulation of the College. In addition, the College receives a substantial portion of its funding from the State of Alabama (potential to impose a specific financial burden). Based on these criteria, the College is considered for financial reporting purposes to be a component unit of the State of Alabama.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The Statement of Revenues, Expenses and Changes in Net Position distinguishes between operating and non-operating revenues. Operating revenues, such as tuition and fees, result from exchange transactions associated with the principal activities of the College. Exchange transactions are those in which each party to the transactions receives or gives up essentially equal values. The College has determined that all federal grant and contracts (excluding Pell grants), state grants and contracts, local grants and contracts and non-governmental grants and contracts, which are not designated for the purchase of capital assets, will be considered operating revenue. Non-operating revenues arise from exchange transactions not associated with the College's principal activities, such as investment income and from all non-exchange transactions, such as state appropriations, gifts, and Pell grants.

Accounting Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 8, 2024 and determined there were no events that occurred that required disclosure.

Cash, Cash Equivalents, and Investments

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

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

Investments are made up solely of certificates of deposits at September 30, 2024 and are reported at amortized cost.

Receivables

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

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date

of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

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.

Capital assets are defined as assets with an initial unit cost of \$5,000 or more and an estimated useful life of one year or more. Physical plant and equipment are stated at cost at date of acquisition or fair market value at date of donation in the case of gifts.

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
Collections	Not depreciated	
Improvements other than Buildings and Infrastructure	Straight Line	25 years
Construction in Progress	Not depreciated	
Furniture and Equipment	Straight Line	5-10 years
Library Materials	Composite	20 years
Capitalized Software	Straight Line	10 years
Internally Generated Computer Software	Straight Line	10 years
Easement and Land Use Rights	Straight Line	20 years
Patents, Trademarks, and Copyrights	Straight Line	20 years

Deferred Outflows of Resources and Deferred Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as

an inflow of resources (revenue) until that time. The College has two items that qualify for reporting in this category, deferred inflows related to pension, and deferred inflows related to OPEB. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. Deferred inflows related to pension and OPEB result from differences between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. The deferred inflows related to pensions or OPEB will be recognized as a reduction to pension or OPEB expense in future reporting years.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond/Warrant premiums and discounts are deferred and amortized over the life of the bonds.

Unearned Tuition and Fee Revenue

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

Compensated Absences

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

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

Pensions

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

Net Position

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

- **Net Investment in Capital Assets** – Capital assets, including restricted capital assets, reduced by accumulated depreciation and by outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Any significant unspent related debt proceeds or inflows of resources at year-end related to capital assets are not included in this calculation.
- **Restricted:**
 - *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.
 - *Non-expendable* – Net position subject to externally imposed stipulations that they be maintained permanently by the College.
- **Unrestricted** – 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 to determine the amount of scholarship allowances and discounts.

Revenues and Expenses

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

New Accounting Pronouncements

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

Note 2. Deposits and Investments

Deposits

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

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

Investments

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

Permissible investments include:

1. U.S. Treasury bills, notes, bonds, and stripped Treasuries;

2. U.S. Agency notes, bonds, debentures, discount notes and certificates;
3. Certificates of Deposits (CDs), checking and money market accounts of savings and loan associations, mutual savings banks, or commercial banks whose accounts are insured by FDIC/FSLIC, and who are designated a Qualified Public Depository (QPD) under the SAFE Program;
4. Mortgage Backed Securities (MBSs);
5. Mortgage related securities to include Collateralized Mortgage Obligations (CMOs) and Real Estate Mortgage Investment Conduits (REMIC) securities;
6. Repurchase agreements; and
7. Stocks and Bonds which have been donated to the College.

The College's portfolio shall consist primarily of bank CDs and interest bearing accounts, U.S. Treasury securities, debentures of a U.S. Government Sponsored Entity (GSE) and securities backed by collateral issued by GSEs. In order to diversify the portfolio's exposure to concentration risk, the portfolio's maximum allocation to specific product sectors is as follows:

1. U.S. Treasury bills, notes and bonds can be held without limitation as to amount. Stripped Treasuries shall never exceed 50 percent of the College's total investment portfolio. Maximum maturity of these securities shall be ten years.
2. U.S. Agency securities shall have limitations of 50 percent of the College's total investment portfolio for each Agency, with two exceptions: TVA and SLMA shall be limited to ten percent of total investments. Maximum maturity of these securities shall be ten years.
3. CDs with savings and loan associations, mutual savings banks, or commercial banks may be held without limit provided the depository is a QPD under the SAFE Program. CD maturity shall not exceed five years.
4. The aggregate total of all MBSs may not exceed 50 percent of the College's total investment portfolio. The aggregate average life maturity for all holdings of MBS shall not exceed seven years, while the maximum average life maturity of any one security shall not exceed ten years.
5. The total portfolio of mortgage related securities shall not exceed 50 percent of the College's total investment portfolio. The aggregate average life maturity for all holdings shall not exceed seven years while the average life maturity of one security shall not exceed ten years.
6. The College may enter into a repurchase agreement so long as:
 - a) the repurchase securities are legal investments under state law for colleges;
 - b) the College receives a daily assessment of the market value of the repurchase securities, including accrued interest, and maintains adequate margin that reflects a risk assessment of the repurchase securities and the term of the transaction; and
 - c) the College has entered into signed contracts with all approved counterparties.
7. The College has discretion to determine if it should hold or sell other investments that it may receive as a donation.

The College shall not invest in stripped mortgage backed securities, residual interest in CMOs, mortgage servicing rights or commercial mortgage related securities.

Investment of debt proceeds and deposits with trustees is governed by the provisions of the debt agreement. Funds may be invested in any legally permissible document.

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

Note 3. Receivables

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

Description	Amount
Federal Grants and Contracts	\$ 1,063,084
Student Tuition and Fees	356,281
State Grants and Contracts	3,576,061
Third-Party Tuition and Fees	145,448
Other Receivables	3,741
Less: Allowance for Doubtful Accounts	(149,306)
Total Account Receivable	\$ 4,995,309

Note 4. Capital Assets

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

Description	Beginning Balance	Additions	Deductions	Adjustments	Ending Balance
Nondepreciable Capital Assets					
Land	\$ 8,000	\$ -	\$ -	\$ -	\$ 8,000
Construction in Progress	1,216,266	6,718,445		-	7,934,711
Total Nondepreciable Capital Assets	1,224,266	6,718,445	-	-	7,942,711
Other Capital Assets					
Buildings	4,471,130	-	-	-	4,471,130
Building Alterations	1,964,630	168,602	-	-	2,133,232
Improvements other than Buildings and Infrastructure	952,786	-	-	-	952,786
Furniture and Equipment greater than \$25,000	2,563,709	850,260	-	-	3,413,969
Furniture and Equipment \$25,000 or less	1,381,100	79,185	-	-	1,460,285
Library Materials	282,546	-	-	-	282,546
Right to Use Assets - Buildings and Equipment	59,280	-	(43,806)	-	15,474
Right to Use Assets - Software Subscriptions	18,078	-	-	-	18,078
Total Other Capital Assets	11,693,259	1,098,047	(43,806)	-	12,747,500
Less Accumulated Depreciation/Amortization					
Buildings	2,252,086	79,851	-	-	2,331,937
Building Alterations	1,220,618	59,864	-	-	1,280,482
Improvements other than Buildings and Infrastructure	462,145	33,521	-	-	495,666
Furniture and Equipment greater than \$25,000	1,173,767	286,974	-	-	1,460,741
Furniture and Equipment \$25,000 or less	1,039,524	136,204	-	-	1,175,728
Library Materials	267,482	15,064	-	-	282,546
Right to Use Assets - Buildings and Equipment	38,242	17,926	(43,806)	-	12,362
Right to Use Assets - Software Subscriptions	7,995	7,996	-	-	15,991
Total Accumulated Depreciation/Amortization	6,461,859	637,400	(43,806)	-	7,055,453
Total Capital Assets, Net	\$ 6,455,666	\$ 7,179,092	\$ -	\$ -	\$ 13,634,758

Note 5. Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

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

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

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further

performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

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

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. Effective October 1, 2021, the covered Tier 2 certified law enforcement, correctional officers, and firefighters contribution rate increased from 7.0% to 7.2% of earnable compensation to the TRS as required by statute. These Tier 2 member contribution rate increases were a result of Act 537 of the Legislature of 2021 which allows sick leave conversion for Tier 2 members.

Participating employers' contractually required contribution rate for the fiscal year ended September 30, 2024 was 12.59% of annual pay for Tier 1 members and 11.57% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were \$510,626 for the year ended September 30, 2024.

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

At September 30, 2024, the College reported a liability of \$7,198,827 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022. The College's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2023, the College's proportion was 0.045111%, which was a decrease of 0.000017% from its proportion measured as of September 30, 2022.

For the year ended September 30, 2024, the College recognized pension expense of \$1,058,244. At September 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 644,000	\$ 97,000
Changes of Assumptions	203,000	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	494,000	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	61,000	258,000
Employer Contributions Subsequent to the Measurement Date	510,626	-
Total	\$ 1,912,626	\$ 355,000

\$510,626 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025.

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

Year Ended September 30	Amount
2025	\$ 353,000
2026	186,000
2027	524,000
2028	(16,000)
2029	-
Thereafter	-

Actuarial Assumptions

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

Inflation	2.50%
Projected Salary Increases	3.25 - 5.00%
Investment Rate of Return *	7.45%

* Net of pension plan investment expense, including inflation

The actuarial assumptions used in the actuarial valuation as of September 30, 2022, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

Mortality Rate

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

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

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
Int'l Developed Mkt Stocks	12.00%	9.50%
Int'l Emerging Mkt Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	2.50%
Total	100.00%	

* Includes assumed rate of inflation of 2.00%.

Discount Rate

The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between

actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan’s fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
College’s Proportionate Share of the Collective Net Pension Liability	\$ 9,404,000	\$ 7,199,000	\$ 5,344,000

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2023. The auditor’s report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

Note 6. Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan Description

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

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

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

or Health Reimbursement Arrangement (HRA), are not eligible to enroll in the PEEHIP Supplemental Plan. The plan cannot be used as a supplement to Medicare. Retired members who become eligible for Medicare are eligible to enroll in the PEEHIP Group Medicare Advantage (PPO) Plan or the Optional Coverage Plans.

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

Contributions

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

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

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

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

At September 30, 2024, the College reported a liability of \$626,817 for its proportionate share of the Net OPEB liability. The Net OPEB liability was measured as of September 30, 2023 and the total

OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation as of September 30, 2022. The College's proportion of the Net OPEB liability was based on College's share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employers. At September 30, 2023, the College's proportion was .03261021% which was a decrease of 0.00464966% from its proportion measured as of September 30, 2022.

For the fiscal year ended September 30, 2024, the College recognized OPEB expense of \$155,087, with no special funding situations. At September 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 12,256	\$ 989,099
Changes of Assumptions	528,072	620,092
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	21,411	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	126,340	379,151
Employer Contributions Subsequent to the Measurement Date	67,451	-
Total	\$ 755,530	\$ 1,988,342

The \$67,451 reported as deferred outflows of resources related to OPEB resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB liability in the year ended September 30, 2025.

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

Year Ended September 30	Amount
2025	\$ (401,960)
2026	(232,869)
2027	(216,932)
2028	(267,785)
2029	(171,246)
Thereafter	(9,471)

Actuarial Assumptions

The Total OPEB Liability as of September 30, 2022, was determined based on an actuarial valuation prepared as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of September 30, 2022:

Inflation	2.50%
Salary Increases	5.00 - 3.25%, including 2.75% wage inflation
Long-term Investment Rate of Return	7.00% compounded annually, net of investment expense, and including inflation
Municipal Bond Index Rate at the Measurement Date	4.53%
Municipal Bond Index Rate at the Prior Measurement Date	4.40%
Year Fiduciary Net Position (FNP) is Projected to be Depleted	N/A
Single Equivalent Interest Rate at Measurement Date	7.00%
Single Equivalent Interest Rate at Prior Measurement Date	7.00%
Healthcare Cost Trend Rates:	
Initial Trend Rate	
Pre-Medicare Eligible	7.00%
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50% in 2033 FYE
Medicare Eligible	4.50% in 2033 FYE

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

Mortality Rate

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

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

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

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

Long-Term Expected Rate of Return

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

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

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

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

* Geometric mean, includes 2.50% inflation.

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability was 7.00%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently,

the monthly employer rate is \$800 per non-university active member. Approximately, 11.051% of the employer contributions were used to assist in funding retiree benefit payments in 2023 and it is assumed that the 11.051% will increase or decrease at the same rate as expected benefit payments for the closed group with a cap of 20.00%. It is assumed the \$800 rate will remain flat until, based on budget projections, it increases to \$940 in fiscal year 2027 and then will increase with inflation at 2.50% starting in 2028. Retiree benefit payments for university members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members are projected through 2121.

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

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

	1% Decrease (6.00% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% for Medicare eligible)	Current Healthcare Trend Rate (7.00% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare eligible)	1% Increase (8.00% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare eligible)
Net OPEB Liability	\$ 475,121	\$ 626,817	\$ 811,007

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

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	\$ 773,805	\$ 626,817	\$ 501,712

OPEB Plan Fiduciary Net Position

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

Note 7. Commitments and Contingencies

The College is liable for unemployment claims paid by the Unemployment Compensation Trust Fund which are attributable to service in the employ of the College. The College makes advance payment to this fund to meet this liability in accordance with the Unemployment Compensation Act of Alabama **Code of Alabama 1975**, #25-4-1 through #25-4-148. At September 30th of each year, excess of advance payments over net unemployment compensation paid is due to the College from the Unemployment Compensation

Trust Fund. Any excess of net unemployment compensation paid over advance payments results in a liability to the College which must be satisfied within ten days after the College is notified of the amount of the liability.

The College had made excess advance payment to the Unemployment Compensation Trust Fund of \$1,360. This excess was allowed to remain in the fund to be applied to future quarterly advance payments.

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

Description	Amount
Construction Contracts Renovation of Building 100	\$ 949,590
Construction Contracts Renovation of Building 200	130,845
Construction Contracts Renovation of Building 300	2,578,019
Total Outstanding Commitments	\$ 3,658,454

Note 8. Accounts Payable and Accrued Liabilities

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

Description	Amount
Accounts Payable	\$ 790,051
Wages Payable	127,974
Other Payables	304,431
Total	\$ 1,222,456

Note 9. Long-Term Liabilities

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

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease Obligations	\$ 21,449	\$ -	\$ 18,343	\$ 3,106	\$ 2,388
Subscription Liabilities	10,196	-	8,123	2,073	2,073
Compensated Absences	251,155	80,720	55,934	275,941	50,609
Total Long-term Liabilities	\$ 282,800	\$ 80,720	\$ 82,400	\$ 281,120	\$ 55,070

Leases Payable

For the year ended 9/30/2024, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset,

and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

As of 09/30/2024, Reid State Technical College, AL had 7 active leases. The leases have payments that range from \$569 to \$5,038 and interest rates that range from 0.6080% to 1.0820%. As of 09/30/2024, the total combined value of the lease liability is \$3,106, the total combined value of the short-term lease liability is \$2,388. The combined value of the right to use asset, as of 09/30/2024 of \$15,474 with accumulated amortization of \$12,362 is included within the Lease Class activities table found below. The leases had \$0 of Variable Payments and \$0 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

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

Year Ending September 30,	Lease Obligations		
	Principal	Interest	Total
2025	\$ 2,388	\$ 18	\$ 2,406
2026	718	2	720
2027	-	-	-
Total	3,106	20	3,126
Current Portion	2,388	18	2,406
Payable After One Year	\$ 718	\$ 2	\$ 720

Subscription-Based Information Technology Arrangements

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

As of 09/30/2024, Reid State Technical College, AL had 1 active subscriptions. The subscriptions have payments that range from \$8,340 to \$8,340 and interest rates that range from 3.3470% to 3.3470%. As of 09/30/2024, the total combined value of the subscription liability is \$2,073, and the total combined value of the short-term subscription liability is \$2,073. The combined value of the right to use asset, as of 09/30/2024 of \$18,078 with accumulated amortization of \$15,991 is included within the Subscription Class activities table found below. The subscriptions had \$0 of Variable Payments and \$0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

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

Year Ending September 30,	Subscriptions Payable		
	Principal	Interest	Total
2025	\$ 2,073	\$ 12	\$ 2,085
2026	-	-	-
2027	-	-	-
Total	2,073	12	2,085
Current Portion	2,073	12	2,085
Payable After One Year	\$ -	\$ -	\$ -

Note 10. Net Investment in Capital Assets

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

The elements of this calculation are as follows:

Description	Amount
Capital Assets, Net	\$ 13,634,758
Outstanding Debt Related to Capital Assets	(5,179)
Net investment in Capital Assets	\$ 13,629,579

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, a public entity risk pool, which operates as a common risk management and insurance program for state owned properties. The College pays an annual premium based on the amount of coverage requested. The SIF provides coverage up to \$2 million per occurrence and is self-insured up to a maximum of \$6 million in aggregate claims. The SIF purchases commercial insurance for claims which in the aggregate exceed \$6 million. The College purchases commercial insurance for its automobile coverage, general liability, and professional legal liability coverage. In addition, the College has fidelity bonds on the College president and business officer as well as on all other college personnel who handle funds.

Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIF) administered by the Public Education Employees' Health Insurance Board (PEEHIB). The Fund was established to provide a uniform plan of health insurance for current and retired employees of state educational colleges and is self-sustaining. Monthly premiums for employee and dependent coverage

are determined annually by the plan's actuary and are based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The College contributes a specified amount monthly to the PEEHIF for each employee and this amount is applied against the employees' premiums for the coverage selected and the employee pays any remaining premium.

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

Required Supplementary Information

ANNUAL FINANCIAL REPORT
REID STATE TECHNICAL COLLEGE





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

(Dollar Amounts in Thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's Proportion of the Net Pension Liability	0.045111%	0.045128%	0.047672%	0.049870%	0.047048%	0.047219%	0.046374%	0.051689%	0.060817%	0.065274%
College's Proportionate Share of the Net Pension Liability	\$ 7,199	\$ 7,013	\$ 4,491	\$ 6,169	\$ 5,202	\$ 4,695	\$ 4,558	\$ 5,596	\$ 6,365	\$ 5,930
College's Covered Payroll	\$ 3,710	\$ 3,464	\$ 3,440	\$ 3,608	\$ 3,344	\$ 3,150	\$ 3,049	\$ 3,287	\$ 3,943	\$ 4,202
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	194.00%	202.00%	131.00%	171.00%	156.00%	149.00%	149.00%	170.00%	161.00%	141.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.57%	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

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

Schedule of the Contributions Pension Teachers' Retirement Plan of Alabama For the Year Ended September 30*

(Dollar Amounts in Thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 511	\$ 455	\$ 421	\$ 417	\$ 430	\$ 409	\$ 379	\$ 360	\$ 389	\$ 434
Contributions in Relation to the Contractually Required Contribution	\$ 511	\$ 455	\$ 421	\$ 417	\$ 430	\$ 409	\$ 379	\$ 360	\$ 389	\$ 434
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's Covered Payroll	\$ 4,182	\$ 3,710	\$ 3,464	\$ 3,440	\$ 3,608	\$ 3,344	\$ 3,150	\$ 3,049	\$ 3,287	\$ 3,943
Contributions as a Percentage of Covered Payroll	12.22%	12.26%	12.15%	12.12%	11.92%	12.23%	12.03%	11.81%	11.83%	11.01%

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

Notes to Required Supplementary Information for Pension Benefits

Note 1. Changes of Benefit Terms

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

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

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

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

Note 2. Changes of Assumptions

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

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

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

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

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

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

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

(Dollar Amounts in Thousands)	2024	2023	2022	2021	2020	2019	2018
College's Proportion of the Net OPEB Liability	0.032610%	0.037260%	0.035726%	0.035812%	0.040277%	0.037479%	0.036032%
College's Proportionate Share of the Net OPEB Liability	\$ 627	\$ 649	\$ 1,845	\$ 2,324	\$ 1,520	\$ 3,080	\$ 2,676
College's Covered Payroll	\$ 3,710	\$ 3,464	\$ 3,440	\$ 3,608	\$ 3,344	\$ 3,150	\$ 3,049
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	16.90%	18.74%	53.63%	64.41%	45.45%	97.78%	87.77%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	49.42%	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

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

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

(Dollar Amounts in Thousands)	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 67	\$ 66	\$ 71	\$ 62	\$ 70	\$ 115	\$ 93
Contributions in Relation to the Contractually Required Contribution	\$ 67	\$ 66	\$ 71	\$ 62	\$ 70	\$ 115	\$ 93
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's Covered Payroll	\$ 4,182	\$ 3,710	\$ 3,464	\$ 3,440	\$ 3,608	\$ 3,344	\$ 3,150
Contributions as a Percentage of Covered Payroll	1.60%	1.78%	2.05%	1.80%	1.94%	3.44%	2.95%

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

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

Note 1. Changes in Actuarial Assumptions

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

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

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

Note 2. Recent Plan Changes

The 9/30/2022 valuation reflects the impact of Act 2022-222.

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

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

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

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

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



Supplementary Information

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

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education Student Financial Assistance Cluster Direct Programs				
Federal Pell Grant Program	84.063	N.A.	\$ -	\$ 1,786,791
Federal Supplemental Educational Opportunity Grant	84.007	N.A.	-	49,936
Federal Work-Study Program	84.033	N.A.	-	18,913
Total Student Financial Assistance Cluster			-	1,855,640
U.S. Department of Justice Direct Programs Office of Community Oriented Policing Services (COPS)				
Public Safety Partnership and Community Policing Grants	16.71	15JCOPS-23-GG- 05096-UHPX	-	20,264
Delta Regional Authority Direct Programs				
Positively Impacting Nursing Student Success (PINSS)	90.2	DRA24DWPAL-5913	-	84,860
U.S. Department of Labor Direct Program Workforce Innovation and Opportunity Act				
WIOA Dislocated Worker National Reserve Demonstration Grants	17.28	24A60WO000062-01-00	-	\$ 1,264
WIOA Cluster				
Passed through Southwest Alabama Partnership for Training and Employment, Inc.				
WIOA Adult Program	17.258	34700408	-	29,663
WIOA Adult Program	17.258	44700408	-	10,203
WIOA Adult Program	17.258	NA	-	187,653
Total WIOA Adult Program			-	227,519
WIOA Youth Activities	17.259	34700408	\$ -	85,383
WIOA Youth Activities	17.259	44700408	-	39,382
WIOA Youth Activities	17.259	NA	-	16,345
Total WIOA Youth Activities			-	141,110

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

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass Through Grantor's Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Passed Through Alabama Department of Commerce				
WIOA Adult	17.258	NA	-	25,976
Total WIOA Cluster			-	394,605
US Department of Agriculture				
Summer Youth Employment	93.558	7013	-	7,015
Other Federal Awards				
Adult Education-Basic Grants to State	84.002	0924AE100	-	78,526
Passed Through Alabama Department of Education				
Career and Technical Education- Basic Grants to States	94.048A	V048A19001	-	35,962
Total Federal Expenditures			\$ -	\$ 2,478,136

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

Notes to Schedule Expenditures of Federal Awards

Note 1. Basis of Presentation

Expenditures reported on the Schedule of Expenditures of Federal Awards ("the Schedule") are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 2. Indirect Cost Rate

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

Note 3. Loan / Loan Guarantee Outstanding Balances

The College did not have any federal loans or loan guarantees outstanding during the year ended September 30, 2024.

Note 4. Sub-Recipients

During the year ended September 30, 2024 the College had no sub-recipients.

Note 5. Noncash Assistance and Other

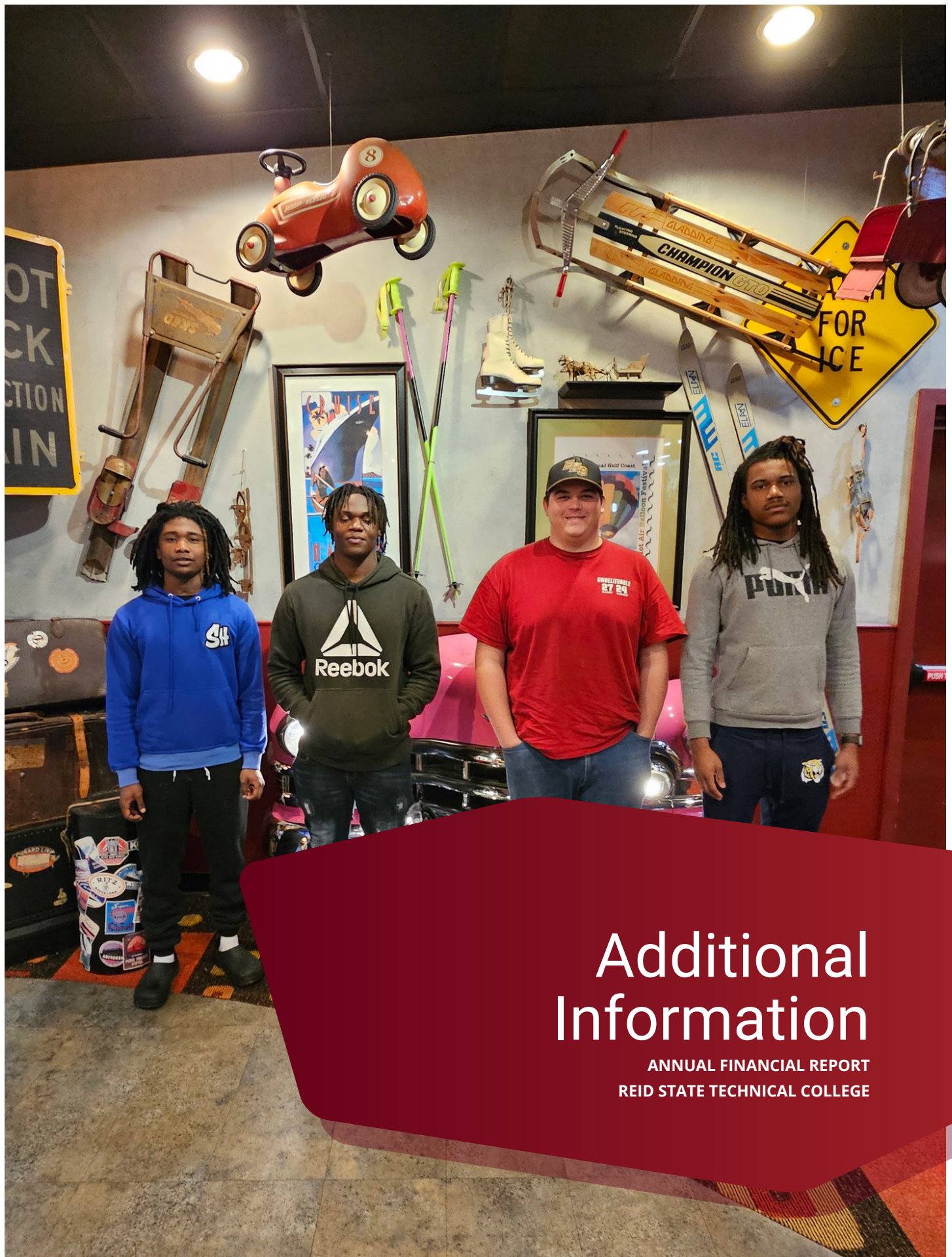
The College did not receive any noncash assistance or federally funded insurance during the year ended September 30, 2024.

Note 6. Contingencies

Grant monies received and disbursed by the College are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the College does not believe that such disallowance, if any, would have a material effect on the financial position of the College.

Note 7. Federal Pass-through Funds

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



Additional Information

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REID STATE TECHNICAL COLLEGE



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Officials

Jimmy H. Baker

Chancellor

Dr. Coretta Boykin

President

Lynne Steadman

Director of Accounting and Facilities



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Independent Auditor Reports

ANNUAL FINANCIAL REPORT
REID STATE TECHNICAL COLLEGE





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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Report on Compliance and Other Matters

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Enterprise, Alabama
November 9, 2023



Carr, Riggs & Ingram, LLC
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Responsibilities of Management for Compliance

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

I [REDACTED]

I [REDACTED]

I [REDACTED]

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

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
2. Internal control over financial reporting:
Material weaknesses identified? ☐ Yes ☒ No
Significant deficiencies identified not considered to be material weaknesses? ☐ Yes ☒ None reported
3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Type of auditors’ report issued on compliance for major programs
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
5. Internal control over major programs:
Material weaknesses identified? ☐ Yes ☒ No
Significant deficiencies identified not considered to be material weaknesses? ☐ Yes ☒ None reported
6. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? ☐ Yes ☒ No
Identification of major programs:

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

7. Dollar threshold used to distinguish between type A and type B program: \$750,000
8. Auditee qualified as low-risk under 2CFR 200.520 ☐ Yes ☒ No

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No such findings or questioned costs in the current year.

Section IV – Prior Findings and Questioned Costs for Federal Awards

No matters were reported.



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