



ENTERPRISE STATE  
COMMUNITY COLLEGE



# Annual Financial Report

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FOR THE YEAR ENDED SEPTEMBER 30, 2025



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

**Carr, Riggs & Ingram, L.L.C.**  
1117 Boll Weevil Circle  
Enterprise, AL 36330

Mailing Address:  
PO Box 311070  
Enterprise, AL 36331

334.347.0088  
334.347.7650 (fax)  
CRLadv.com

## INDEPENDENT AUDITOR'S REPORT

Jimmy Baker, Chancellor – Alabama Community College System  
Danny Long, President – Enterprise State Community College  
600 Plaza Drive  
Enterprise, Alabama 36330

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Enterprise State Community College, (the “College”) a component unit of the State of Alabama, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the College, as of September 30, 2025, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Emphasis of Matter*

##### *Reporting Entity*

As discussed in Note 1, the financial statements of the College are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities that are attributable to the transactions of the College. They do not purport to and do not present fairly the financial position of the State of Alabama as of September 30, 2025, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 12, schedules of the employer's proportionate share of the net pension liability and net OPEB liability and schedules of employer contributions, on pages 52 – 59, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

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

**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2026, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

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

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

Enterprise, Alabama  
January 15, 2026



# Management's Discussion and Analysis

ANNUAL FINANCIAL REPORT  
ENTERPRISE STATE COMMUNITY COLLEGE



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## Management's Discussion and Analysis

### Overview of the Financial Statements and Financial Analysis

Enterprise State Community College, including the Alabama Aviation College, (collectively, the "College") is a public comprehensive 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 range of programs, the College provides students with opportunities for educational, personal, and professional advancement. Academic courses prepare students for transfer to four-year institutions, while technical programs equip students with skills to become contributing members of the workforce.

This section of the College's annual financial report presents an overview and analysis of the financial activities for the fiscal year ended September 30, 2025. The discussion and analysis are intended to assist readers in understanding the financial statements and the overall financial position of the College. The financial statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The report of the college's financial statements provides an overview of its financial activities for the year and comparative amounts for the prior year.

### Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, 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 and the Net Position. The difference between current and non-current assets will be discussed in the financial statement disclosures.

From this statement, readers can determine the following financial information regarding the college: the assets available to continue operations, obligations owed to vendors, investors, and lending institutions, and overall net position (assets plus deferred outflows less liabilities less deferred inflows) and the extent to which these resources are available for future use.

Net position is classified into three categories. Net Investment in Capital Assets – Represents the College's equity in property, plant, and equipment, net of related debt. Restricted Net Position – Includes resources subject to external restrictions: Nonexpendable: Principal amounts that must remain intact and are generally restricted for investment purposes. Expendable: Funds available for spending but restricted by donors or external entities for specific purposes. Unrestricted Net Position – Resources available for any lawful purpose of the College. This classification provides insight into the nature of the College's resources and the constraints placed upon them, offering a clear picture of financial flexibility and long-term stability.

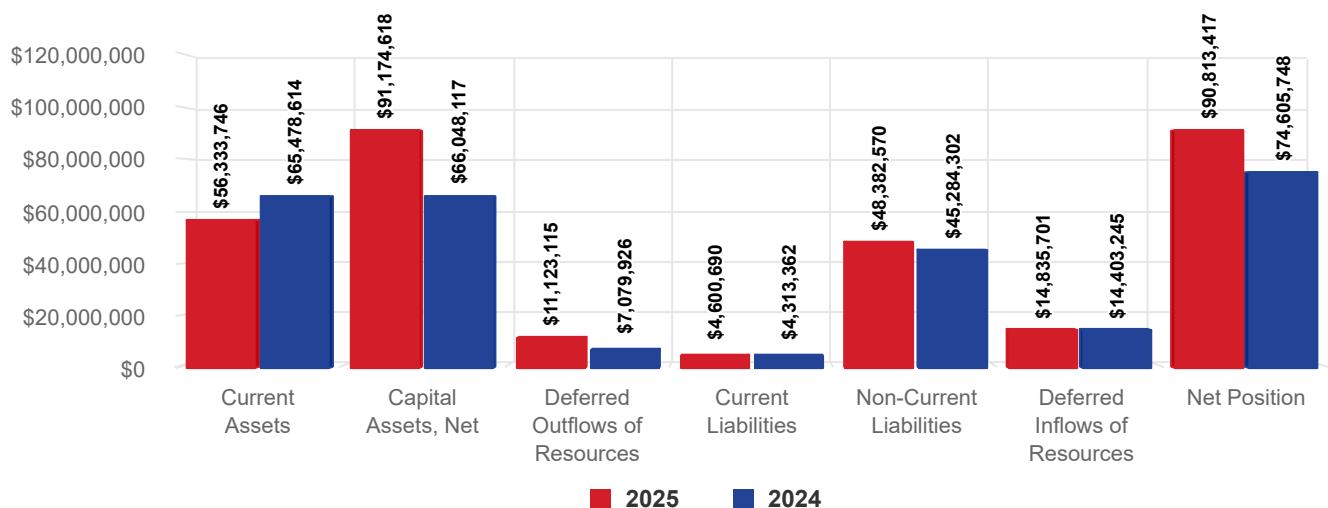
A condensed Statement of Net Position on September 30, 2025 and 2024 is presented below.

## Statement of Net Position

	2025	2024
<b>Assets</b>		
Current Assets	\$ 56,333,746	\$ 65,478,614
Capital Assets, Net	91,174,618	66,048,117
Other Non-Current Assets	899	-
<b>Total Assets</b>	<b>147,509,263</b>	<b>131,526,731</b>
<b>Deferred Outflows of Resources</b>	<b>11,123,115</b>	<b>7,079,926</b>
<b>Liabilities</b>		
Current Liabilities	4,600,690	4,313,362
Non-Current Liabilities	48,382,570	45,284,302
<b>Total Liabilities</b>	<b>52,983,260</b>	<b>49,597,664</b>
<b>Deferred Inflows of Resources</b>	<b>14,835,701</b>	<b>14,403,245</b>
<b>Net Position</b>		
Net Investment in Capital Assets (Net of Debt)	66,195,948	40,888,902
Restricted - Non-Expendable	19,301	18,592
Unrestricted	24,598,168	33,698,254
<b>Total Net Position</b>	<b>\$ 90,813,417</b>	<b>\$ 74,605,748</b>

The following is a graphic presentation of the College's Statements of Net Position as of September 30, 2025 and 2024:

## Statement of Net Position



The Total Assets of the College increased by \$15,982,532 in fiscal year 2024-2025. This growth was driven primarily by significant additions to capital assets resulting from campus-wide renovations and the construction of The Jimmy H. Baker Hall and the Workforce Development Center. These projects were funded through a combination of Unexpended Plant Funds, Revenue Bonds Series 2023, and state grant support provided by the Alabama Community College System.

During the 2025 fiscal year, capital projects included:

- Construction of Performing Arts Center
- Construction of Workforce Development Center
- Enterprise Campus Enhancement and Landscape
- Renovation to the Mechanical and Electrical Services on the Enterprise Campus

The Total Liabilities for the year increased by \$3,385,596 in fiscal year 2024-2025. Net position continues to reflect the impact of GASB 68, which requires recognition of the College's proportionate share of the unfunded pension liability of the Teachers' Retirement System. Additionally, GASB 75 affects net position by requiring accounting and financial reporting for Other Post-Employment Benefits (OPEB) provided through a trust. These obligations are partially offset by reductions in lease liabilities and bond indebtedness during the year.

The College reported Deferred Outflows of Resources in the amount of \$11,123,115 and a Deferred Inflows of Resources in the amount of \$14,835,701 as required by GASB 68 and 75. Deferred Inflows of Resources included \$8,500,000 related to the Agreement with the City of Enterprise for the construction of the Workforce Development Center.

Total Net Position increased by \$16,207,669. This increase is attributed to the combination of the increase in Total Assets by \$15,982,532, the increase in Total Liabilities of \$3,385,596, the recording of Deferred inflows and outflows net increase of \$4,475,645 along with other changes in capital assets, construction of the Performing Arts Center, Workforce Development Center, restricted nonexpendable and expendable funds. It should be noted that the recording of the Deferred Inflows and Outflows is an accounting entry required by GASB 68 and 75 and does not affect the actual operation of the college.

## Statement of Revenues, Expenses and Changes in Net Position

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

In general terms, 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.

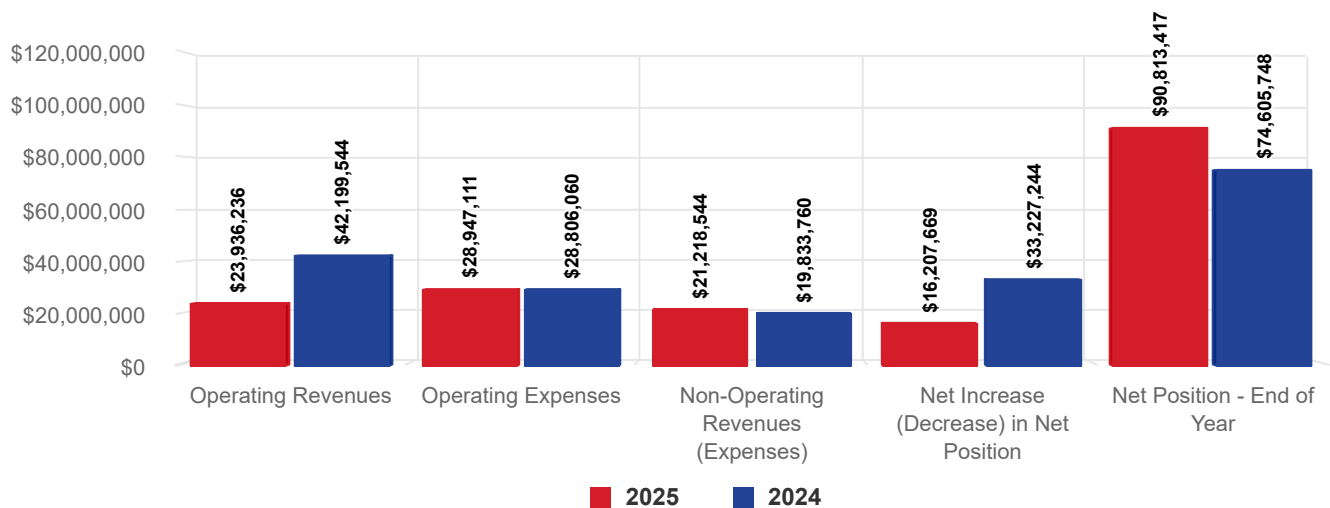
The Statement of Revenues, Expenses and Changes in Net Position reflects an increase in the net position at the end of the fiscal year. The decrease in revenue and a smaller increase in expenses along with the construction of two new buildings on the Enterprise Campus are the primary reasons for an increase. The operating revenues by source are displayed on the following chart.

## Statement of Revenues, Expenses, and Changes in Net Position

	2025	2024
Operating Revenues	\$ 23,936,236	\$ 42,199,544
Operating Expenses	28,947,111	28,806,060
Operating Income (Loss)	(5,010,875)	13,393,484
Non-Operating Revenues (Expenses)	21,218,544	19,833,760
Net Increase (Decrease) in Net Position	16,207,669	33,227,244
Net Position - Beginning of Year	74,605,748	41,378,504
Net Position - End of Year	90,813,417	74,605,748

The following is a graphic presentation of the College's Statement of Revenues, Expenses & Changes in Net Position for the years ended September 30, 2025 and 2024:

## Statement of Revenues, Expenses, and Changes in Net Position

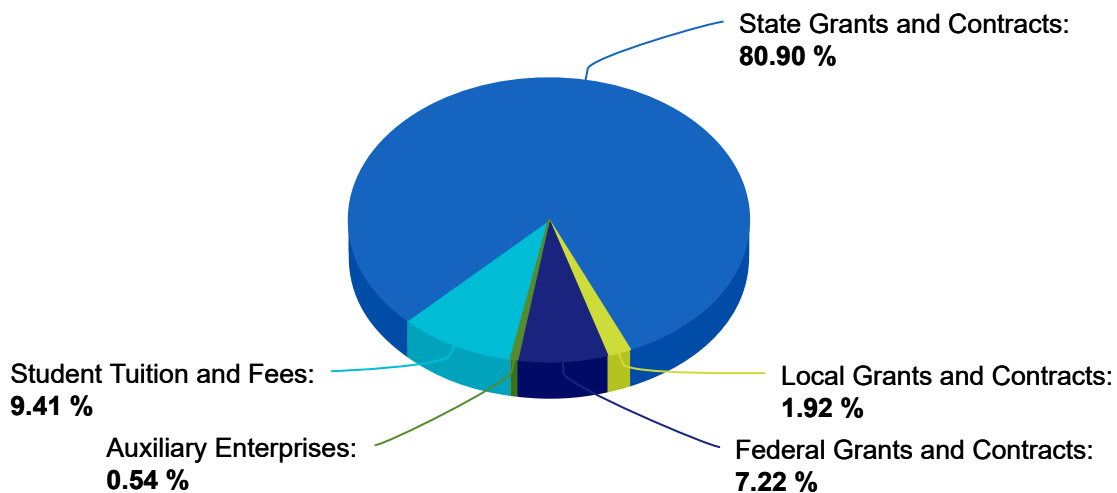


## Operating Revenues

	2025	2024
<b>Operating Revenues</b>		
Student Tuition and Fees	\$ 2,253,573	\$ 4,587,205
State Grants and Contracts	19,364,633	33,820,374
Local Grants and Contracts	459,920	8,590
Federal Grants and Contracts	1,728,840	3,671,775
Auxiliary Enterprises	129,270	111,600
<b>Total Operating Revenues</b>	<b>\$ 23,936,236</b>	<b>\$ 42,199,544</b>

The following is a graphic presentation of the total revenues by source for the fiscal year ended September 30, 2025.

## Operating Revenues by Source



The above chart displayed the operating revenues by type and their relationship with one another. State contracts are eighty-one percent of the revenue received while local contracts are two percent . Federal contracts represent seven percent of the revenue resources while student tuition and fees are nine percent of the revenue resources. All other sources of revenue types represent one percent of the total operating revenue.

The auxiliary enterprises, or campus bookstore operations, continue to be outsourced to Valore Corp. By utilizing the ALL-IN Rental Program, students gain the advantage of cost savings by renting books at a rental rate of \$26 per credit hour which is billed at registration. This partnership ensures that the campus store evolves from its traditional business model to a new, more flexible, responsive, and profitable mode of operation.

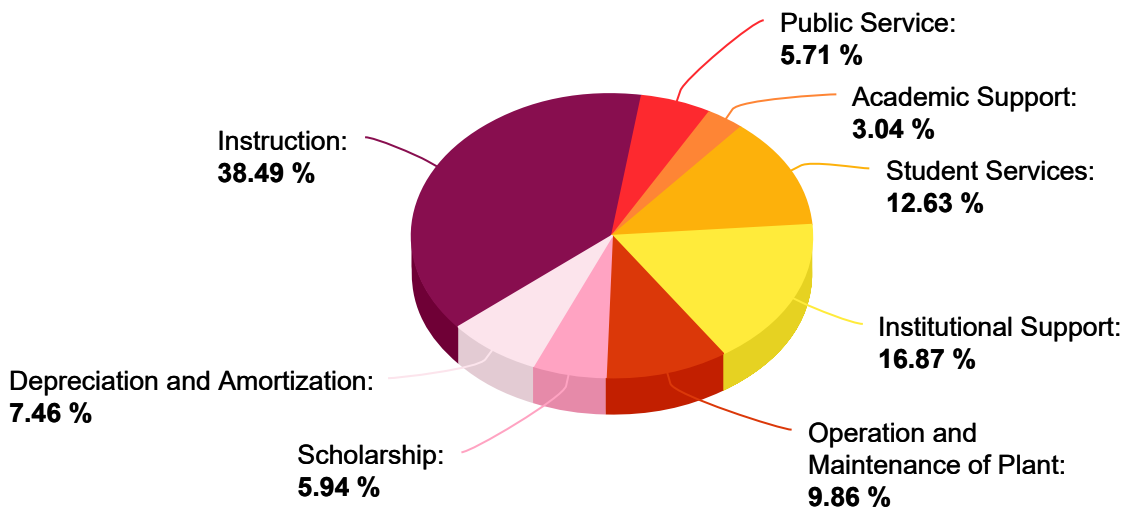
The operating expenses by function stated are displayed in the following exhibit.

## Operating Expenses

	2025	2024
<b>Operating Expenses</b>		
Instruction	\$ 11,140,713	\$ 10,616,751
Public Service	1,652,949	1,178,114
Academic Support	879,305	645,602
Student Services	3,657,064	3,450,393
Institutional Support	4,884,532	4,974,721
Operation and Maintenance of Plant	2,854,649	1,979,985
Scholarship	1,719,337	4,150,591
Depreciation and Amortization	2,158,562	1,809,903
<b>Total Operating Expenses</b>	<b>\$ 28,947,111</b>	<b>\$ 28,806,060</b>

The following is a graphic presentation of operating expenses by function for the fiscal year ended September 30, 2025.

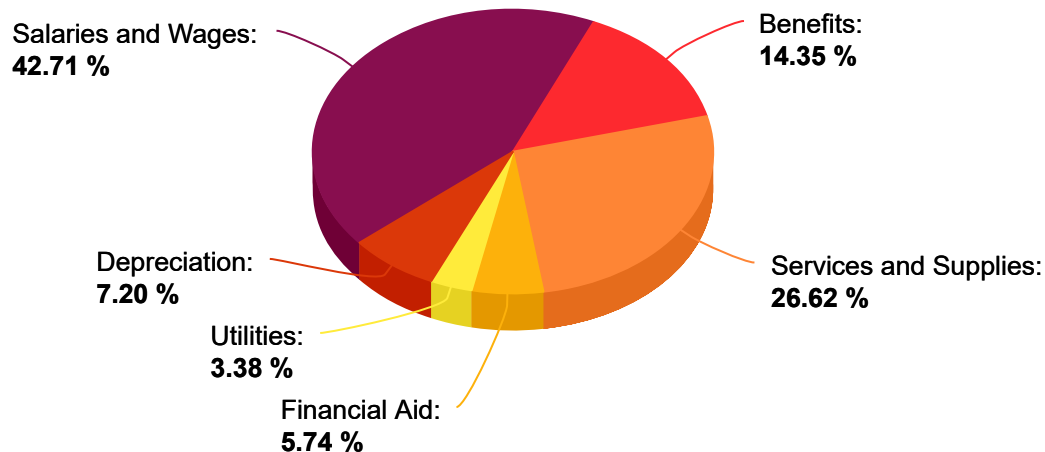
## Operating Expenses by Function



The comparative figures on the Statement of Revenues, Expenses and Changes in Net Position reflect the changes in the regular College operations. Operating expenses are divided into functional areas defined by the Alabama Community College System Fiscal Procedures. Instructional expenses represent the largest single function area expense. Institutional Support, Student Services, Operation and Maintenance of Plant, Scholarships, Public Service, and Academic Support, represent, in declining order, the next largest groups of functional area expenses. Considering this, there was an overall increase in operating expenses of approximately 0.5% in fiscal year 2024-2025. The change is more specifically related to the continued growth in enrollment, addition of new programs and certificates, increase in salaries and benefits due to personnel changes, campus-wide renovations, and construction of new facilities.

Operating expenses are summarized here by natural classification.

### Operating Expenses by Natural Classification

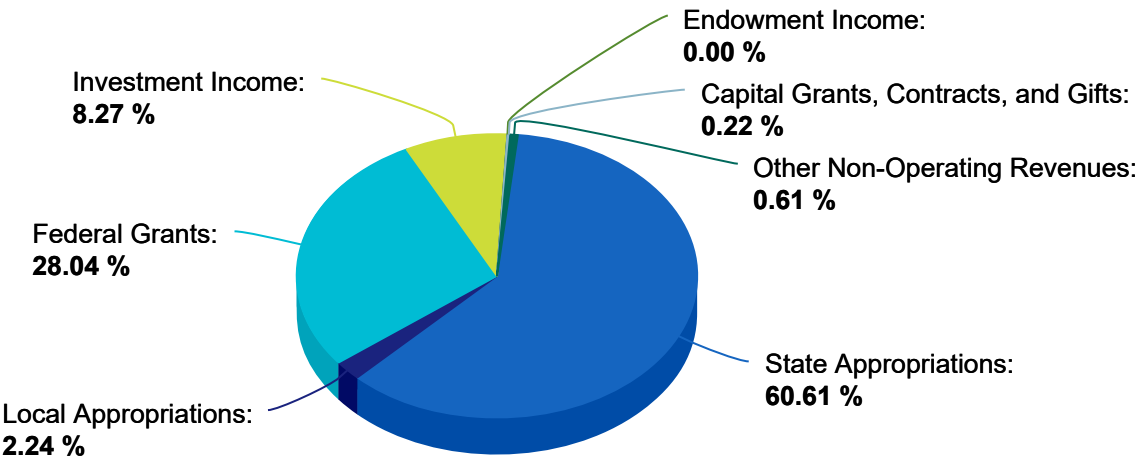


Comparison of Non-Operating Revenues

	2025	2024
<b>Non-Operating Revenues</b>		
State Appropriations	\$ 13,526,339	\$ 12,722,037
Local Appropriations	500,000	500,000
Federal Grants	6,257,334	5,518,675
Investment Income	1,845,641	2,067,380
Endowment Income	709	792
Capital Grants, Contracts, and Gifts	49,709	99,130
Other Non-Operating Revenues	135,596	157,248
<b>Total Non-Operating Revenues</b>	<b>\$ 22,315,328</b>	<b>\$ 21,065,262</b>

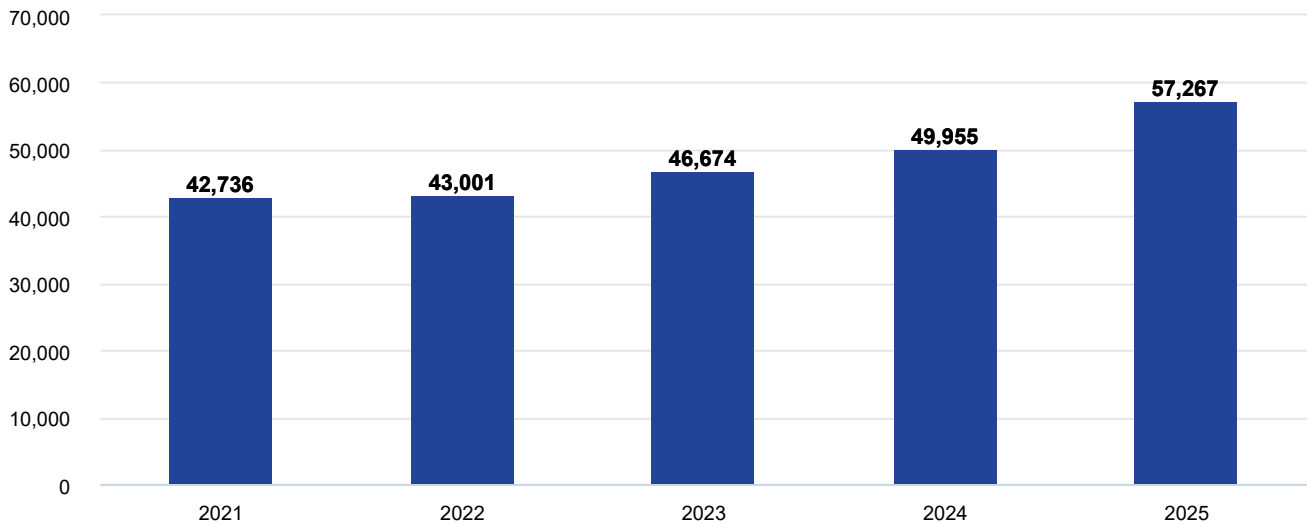
The following chart displays the non-operating revenues by type and their relationship with one another for the fiscal year ended September 30, 2025.

Comparison of Non-Operating Revenues



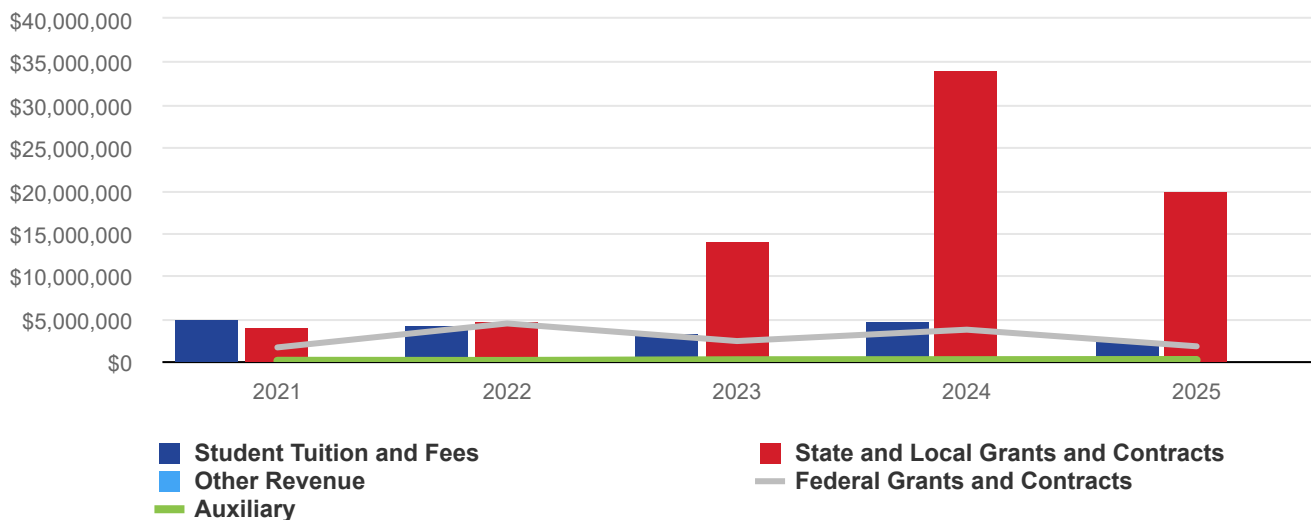
The following chart displays the 5 Year Comparision of Credit Hours for the fiscal year ended September 30, 2025.

## 5 Year Comparison of Credit Hours



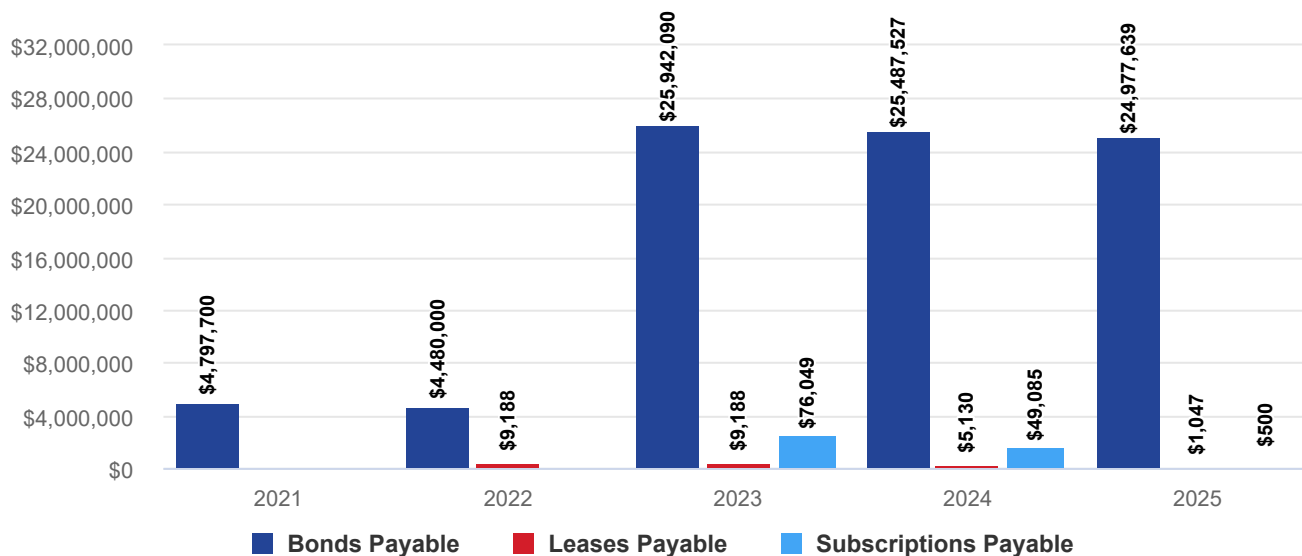
The following chart displays the 5 Year Comparison of Operating Revenue for the fiscal year ended September 30, 2025.

## 5 Year Comparison of Operating Revenue



The following chart displays 5 Year Comparison of Long-Term Debt Principal for the fiscal year ended September 30, 2025.

## 5 Year Comparison of Long-Term Debt Principal



## Statement of Cash Flows

The final statement presented by the College is the Statement of Cash Flow which presents detailed information about the cash activity of the college during the year. This statement allows the reader a means of evaluating the College's ability to meet its financial obligations as they mature. The statement is divided into five sections. The first section deals with operating cash flow and shows the net cash used by the operating activities of the college. The second section reflects cash flow 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 section deals with cash flow from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flow from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

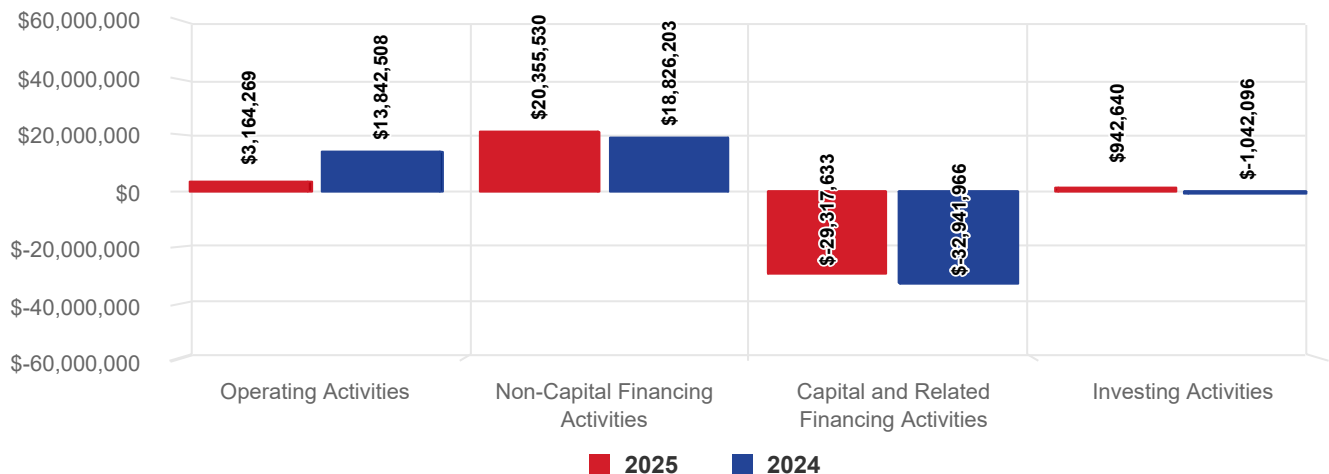
A condensed Statement of Cash Flows for the years ended September 30, 2025 and 2024 is presented below.

## Statement of Cash Flows

	2025	2024
<b>Cash Provided by (Used in):</b>		
Operating Activities	\$ 3,164,269	\$ 13,842,508
Non-Capital Financing Activities	20,355,530	18,826,203
Capital and Related Financing Activities	(29,317,633)	(32,941,966)
Investing Activities	942,640	(1,042,096)
<b>Net Change in Cash and Cash Equivalents</b>	<b>(4,855,194)</b>	<b>(1,315,351)</b>
Cash and Cash Equivalents, Beginning of Year	30,170,007	31,485,358
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 25,314,813</b>	<b>\$ 30,170,007</b>

The following chart visually depicts the cash flow figures used to generate the net change in cash for the year 2024-2025.

## Statement of Cash Flows



A review of the Statement of Cash Flows provides an indication of the operations of the College for this fiscal year. For fiscal year 2024-2025, the new change of cash and cash equivalents, including short-term investments, is a decrease of \$4,855,194, which represents an approximate sixteen percent decrease over 2023-2024. The decrease is predominately related to investment in capital assets.

## Economic Outlook

The College enters the next fiscal year with a strong financial foundation and a clear focus on strategic growth. The College anticipates personnel changes driven by enrollment growth, new program development, retirements, and the need to fill critical vacancies. Staffing decisions will continue to align with program priorities and strategic initiatives to ensure operational efficiency, cost-effectiveness and student success.

The College's planning efforts remain centered on enrollment and credit hour production. Targeted recruitment strategies, expansion of academic and technical programs, as well as innovative instructional delivery methods will support student success and workforce readiness. Recent investments in workforce development programs, coupled with strategic industry partnerships, serve to reinforce the College's commitment of addressing regional economic needs and preparing a skilled workforce for the future.

The College will continue to monitor revenues and expenses closely while adapting to changes in state appropriations, federal funding, and enrollment trends. At this time, there are no known conditions expected to significantly impact the College's financial position or operating results in the next fiscal year.

The College remains committed to growth, fiscal responsibility, and serving the educational and workforce needs of its communities. With strong financial performance and strategic investments, the College is well-positioned for a stable and prosperous future.



# Financial Statements

ANNUAL FINANCIAL REPORT  
ENTERPRISE STATE COMMUNITY COLLEGE



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## Statement of Net Position

### September 30, 2025

	<u>2025</u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 25,314,813
Short-Term Investments	15,693,269
Accounts Receivable (net of allowance for doubtful accounts)	14,780,229
Other Current Assets	545,435
<b>Total Current Assets</b>	<u><b>56,333,746</b></u>
<b>Non-Current Assets</b>	
Long-Term Investments	899
Capital Assets, Net of Depreciation and Amortization	91,174,618
<b>Total Non-Current Assets</b>	<u><b>91,175,517</b></u>
<b>Total Assets</b>	<u><b>147,509,263</b></u>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows on Refunding	71,407
Deferred Outflows Related to Pension	3,877,455
Deferred Outflows Related to OPEB	7,174,253
<b>Total Deferred Outflows of Resources</b>	<u><b>\$ 11,123,115</b></u>

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

## Statement of Net Position (Continued)

### September 30, 2025

	<u>2025</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Deposits	\$ 243,153
Accounts Payable and Accrued Liabilities	695,872
Bond Surety Fee Payable	10,467
Subscription Liabilities	500
Lease Payable	1,047
Unearned Revenue	3,110,993
Bonds Payable	480,000
Compensated Absences	58,658
<b>Total Current Liabilities</b>	<u><b>4,600,690</b></u>
<b>Non-Current Liabilities</b>	
Compensated Absences	527,926
Bonds Payable	24,165,000
Net Pension Liability	15,400,000
Net OPEB Liability	7,957,005
Bonds Premium	332,639
<b>Total Non-Current Liabilities</b>	<u><b>48,382,570</b></u>
<b>Total Liabilities</b>	<u><b>52,983,260</b></u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows Related to Pension	2,680,000
Deferred Inflows Related to OPEB	3,655,701
Deferred Inflows Related to Local Grants	8,500,000
<b>Total Deferred Inflows of Resources</b>	<u><b>14,835,701</b></u>
<b>Net Position</b>	
Net Investment in Capital Assets	66,195,948
Restricted for:	
Scholarships and Fellowships	19,301
Unrestricted	24,598,168
<b>Total Net Position</b>	<u><b>\$ 90,813,417</b></u>

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

## Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended September 30, 2025

	<u>2025</u>
<b>Operating Revenues</b>	
Student Tuition and Fees (net of scholarship allowances)	\$ 2,253,573
State Grants and Contracts	19,364,633
Local Grants and Contracts	459,920
Federal Grants and Contracts	1,728,840
Auxiliary Enterprises	
Bookstore (net of scholarship allowances)	3,958
Vending	19,890
Other	105,422
<b>Total Operating Revenues</b>	<u><b>23,936,236</b></u>
<b>Operating Expenses</b>	
Instruction	11,140,713
Public Service	1,652,949
Academic Support	879,305
Student Services	3,657,064
Institutional Support	4,884,532
Operation and Maintenance of Plant	2,854,649
Scholarship	1,719,337
Depreciation and Amortization	2,158,562
<b>Total Operating Expenses</b>	<u><b>28,947,111</b></u>
<b>Operating Income (Loss)</b>	<u><b>\$ (5,010,875)</b></u>

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

## Statement of Revenues, Expenses, and Changes in Net Position (Continued)

### For the Year Ended September 30, 2025

	<u>2025</u>
<b>Non-Operating Revenues (Expenses)</b>	
State Appropriations	\$ 13,526,339
Local Appropriations	500,000
Federal Grants	6,257,334
Investment Income	1,845,641
Endowment Income	709
Capital Grants, Contracts, and Gifts	49,709
Other Non-Operating Revenues	135,596
Interest on Debt	(1,038,571)
Bond Surety Fee Expense	(58,213)
<b>Total Non-Operating Revenues (Expenses)</b>	<u><b>21,218,544</b></u>
<b>Net Increase (Decrease) in Net Position</b>	<u><b>16,207,669</b></u>
Net Position, Beginning of Year	74,605,748
<b>Net Position, End of Year</b>	<u><u><b>\$ 90,813,417</b></u></u>

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

## Statement of Cash Flows

### For the Year Ended September 30, 2025

	<b>2025</b>
<b>Cash Flows from Operating Activities</b>	
Tuition and fees	\$ 2,583,532
Grants and contracts	26,780,650
Payments to suppliers	(7,032,422)
Payments for utilities	(1,013,712)
Payments for employees	(12,765,700)
Payments for benefits	(3,798,012)
Payments for scholarships	(1,719,337)
Auxillary enterprise charges	
Bookstore	129,270
<b>Net Cash Provided by Operating Activities</b>	<b>3,164,269</b>
<b>Cash Flows from Non-Capital Financing Activities</b>	
State and Local Appropriations	14,026,339
Bond surety fee expense	(57,278)
Federal Grant Revenue - Non-operating	6,257,334
Other Non-Capital Financing	129,135
<b>Net Cash Used In/Provided by Non-Capital Financing Activities</b>	<b>20,355,530</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Proceeds from sale of capital assets	14,061
Purchases of capital assets and construction	(27,235,354)
Principal paid on bonds payable	(460,000)
Interest paid on capital debt and leases	(1,038,571)
Other capital and related financing	(597,769)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(29,317,633)</b>
<b>Cash Flows from Investing Activities</b>	
Investment Income	1,838,750
Purchase of investments	(896,110)
<b>Net Cash Used in/Provided by Investing Activities</b>	<b>942,640</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(4,855,194)</b>
Cash and Cash Equivalents - Beginning of the Year	30,170,007
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 25,314,813</b>

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

## Statement of Cash Flows (Continued)

### For the Year Ended September 30, 2025

	<u>2025</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used in/Provided by Operating Activities</b>	
Operating Income (Loss)	\$ (5,010,875)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in/Provided by Operating Activities	
Depreciation and amortization	2,158,562
Changes in Assets , Liabilities, Deferred Outflows, and Deferred Inflows:	
Receivables, net	5,227,257
Other assets	(42,372)
Deferred outflows	(4,047,977)
Accounts payable	(20,358)
Unearned revenue	357,982
Compensated absences	17,867
Pension liability	(2,702,000)
OPEB liability	6,321,750
Deferred inflows	932,456
Other liabilities	(28,023)
<b>Total Adjustments</b>	<b>8,175,144</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 3,164,269</b>

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



# Notes to the Financial Statements

ANNUAL FINANCIAL REPORT  
ENTERPRISE STATE COMMUNITY COLLEGE



# ENTERPRISE STATE

COMMUNITY COLLEGE

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## Note 1. Summary of Significant Accounting Policies

### Nature of Operations

The financial statements of Enterprise State Community College (the “College” or the “Primary Government”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 Number 14, *The Financial Reporting Entity*, states that a primary government is financially accountable for a component unit if it appoints a voting majority of an organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. In this case, the primary government is the State of Alabama which through the Alabama Community College System Board of Trustees governs the Alabama Community College System. The Alabama Community College System, through its Chancellor, has the authority and responsibility for the operation, management, supervision and regulation of the College. In addition, the College receives a substantial portion of its funding from the State of Alabama (potential to impose a specific financial burden). Based on these criteria, the College is considered for financial reporting purposes to be a component unit of the State of Alabama.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The Statement of Revenues, Expenses and Changes in Net Position distinguishes between operating and 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, January 15, 2026 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Cash, Cash Equivalents, and Investments**

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, 2025 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 \$10,000 (increased from \$5,000, effective October 1, 2024) 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 \$10,000 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
Right to Use Assets	Straight Line	2-5 years
Subscription Based IT Arrangements	Straight Line	2-5 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 three items reported in this category, deferred outflows related to pension, OPEB and refunding. The deferred outflows related to pension are an aggregate of items related to pension 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 pension 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. The difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining list of the old debt or the list of the new debt, whichever is shorter.

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 three items that qualify for reporting in this category, deferred inflows related to pension, OPEB, and local grants. The deferred inflows related to pension are an aggregate of items related to pension 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 pension or OPEB will be recognized as a reduction to pension or OPEB expense in future reporting years. Deferred inflows related to local grants is the result of revenues being allocated to the College for a future fiscal year.

### **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 that are related to the portion of the Term that occurs in the subsequent fiscal year.

### **Compensated Absences**

The College records liabilities for compensated absences in accordance with GASB Statement No. 101, Compensated Absences. A liability is recognized when leave is (1) attributable to services already rendered, (2) accumulates, and (3) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Substantially all employees of the College earn 12 days of sick leave each year, with unlimited accumulation. In accordance with Alabama law, sick leave balances generally convert to service credit in the Teachers' Retirement System of Alabama (TRS) upon retirement. Because those balances are more likely than not to be settled through conversion to TRS service credit rather than paid or otherwise settled, no liability is recorded for sick leave. All non-instructional employees earn annual leave at a rate that varies from 12 to 24 days per year depending on length of service, 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. Accordingly, the College records a liability for accrued but unused vacation leave, including salary-related payments directly and incrementally associated with that leave.

### **Pension**

The Teachers' Retirement System of Alabama (the "TRS" or "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 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 Pension (OPEB)

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

### Net Position

Net position is 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)*. The Highway Safety Cluster program with

funding of \$1,320,908 for the year ended September 30, 2025 is passed through the Alabama Department of Economic and Community Affairs and is therefore listed as a state grant and contract on the Statement of Revenues, Expenses, and Changes in Net Position. However, it qualifies as federal funding for single audit purposes as it originated with the United States Department of Transportation before passing through the Alabama Department of Economic and Community Affairs.

### **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.

### **Change in Accounting Estimate: Capitalization Threshold**

On October 1, 2024, the College increased its capitalization threshold for tangible capital assets from \$5,000 to \$10,000. This change was implemented to align with federal regulations and enhance administrative efficiency. It is accounted for as a change in accounting estimate, applied prospectively in accordance with GASB Statement No. 100, which mandates that changes in estimates be recognized in the current and future periods only, without restating prior-period financial statements.

Under the revised threshold, assets previously capitalized with historical costs between \$5,000 and \$9,999.99 that remain undepreciated as of October 1, 2024, will continue to record depreciation expense and associated accumulated depreciation according to their remaining useful lives. Assets within that cost range which are already fully depreciated have been removed from the Property, Plant & Equipment (PP&E) ledger. Going forward, effective October 1, 2024, only assets with acquisition costs of at least \$10,000 will be capitalized. There has been no restatement of prior-period financial statements as a result of this change, which is consistent with the prospective treatment required by GASB Statement No. 100.

Management has evaluated the financial impact of this change and considers it to be material, given the likely influence on reported depreciation trends and the PP&E balance over time. This disclosure is provided to ensure transparency and comparability for users of the financial statements.

### **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. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. This Statement supersedes prior guidance based on vesting and instead requires recognizing a liability only when leave is *more likely than not* to be used, paid in cash, or

otherwise settled. The College adopted this Statement for the fiscal year ended September 30, 2025. The adoption had no impact on the previously reported beginning net position, as liabilities for vacation leave were already recognized and sick leave converts to service credit in the Teachers' Retirement System of Alabama rather than being paid or otherwise settled.

In December 2023, GASB issued Statement No. 102, Certain Risk Disclosures, which is effective for fiscal years beginning after June 15, 2024. This Statement requires governments to disclose potential risks arising from vulnerabilities due to certain concentrations or constraints when those conditions make the government vulnerable to a substantial impact, and when associated events have occurred, are in process, or are more likely than not to occur within 12 months of the issuance of the financial statements. The College adopted this Statement for the fiscal year ended September 30, 2025. The adoption did not impact amounts previously reported in net position, and no new disclosures were required, as management was not aware of any concentrations or constraints with related events that met all of the disclosure criteria as of the issuance of these financial statements.

## 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 college 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 institution receives a daily assessment of the market value of the repurchase securities, including accrued interest, and maintains adequate margin that reflects a risk assessment of the repurchase securities and the term of the transaction; and
  - c) the institution has entered into signed contracts with all approved counterparties.
7. The 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.

The College currently holds all investments in CDs, which are valued at amortized cost.

### Note 3. Receivables

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

Description	Amount
Federal Grants and Contracts	\$ 192,393
Student Tuition and Fees	2,190,284
State Grants and Contracts	4,920,140
Third-Party	292,770
Other	20,109
Local Grants and Contracts	8,883,062
Allowance for Doubtful Accounts - Tuition and Fees	(1,718,529)
<b>Total Accounts Receivable</b>	<b><u>\$ 14,780,229</u></b>

## Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2025, was as follows:

Description	Beginning Balance	Additions	Deductions	Adjustments	Ending Balance
<b>Nondepreciable Capital Assets</b>					
Land	\$ 881,053	\$ 251,592	\$ -	\$ -	\$ 1,132,645
Construction in Progress	37,356,450	25,295,201	(7,810,643)	-	54,841,008
<b>Total Nondepreciable Capital Assets</b>	<b>38,237,503</b>	<b>25,546,793</b>	<b>(7,810,643)</b>	<b>-</b>	<b>55,973,653</b>
<b>Other Capital Assets</b>					
Buildings	27,628,150	390,964	-	-	28,019,114
Building Alterations	9,121,068	7,810,643	-	-	16,931,711
Improvements other than Buildings and Infrastructure	4,548,463	-	-	-	4,548,463
Furniture and Equipment greater than \$25,000	7,970,073	1,192,810	(73,119)	-	9,089,764
Furniture and Equipment \$25,000 or less	3,538,393	162,096	(657,803)	-	3,042,686
Library Materials	724,399	-	-	-	724,399
Right to Use Assets - Buildings and Equipment	17,188	-	-	-	17,188
Right to Use Assets - Software Subscriptions	138,450	-	-	-	138,450
<b>Total Other Capital Assets</b>	<b>53,686,184</b>	<b>9,556,513</b>	<b>(730,922)</b>	<b>-</b>	<b>62,511,775</b>
<b>Less Accumulated Depreciation/Amortization</b>					
Buildings	15,704,753	383,733	-	-	16,088,486
Building Alterations	-	677,268	-	-	677,268
Improvements other than Buildings and Infrastructure	1,907,436	150,447	-	-	2,057,883
Furniture and Equipment greater than \$25,000	4,711,651	576,467	(73,119)	-	5,214,999
Furniture and Equipment \$25,000 or less	2,755,225	318,060	(650,203)	-	2,423,082
Library Materials	724,399	-	-	-	724,399
Right to Use Assets - Buildings and Equipment	12,054	4,018	-	-	16,072
Right to Use Assets - Software Subscriptions	60,052	48,569	-	-	108,621
<b>Total Accumulated Depreciation/Amortization</b>	<b>25,875,570</b>	<b>2,158,562</b>	<b>(723,322)</b>	<b>-</b>	<b>27,310,810</b>
<b>Total Capital Assets, Net</b>	<b>\$ 66,048,117</b>	<b>\$ 32,944,744</b>	<b>\$ (7,818,243)</b>	<b>\$ -</b>	<b>\$ 91,174,618</b>

## 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](http://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 2022 of the Legislature of 2022 for TRSA provides that any Tier 2 member who withdraws from service after the completion of at least 30 years of creditable service is entitled to an annual retirement benefit.

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

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

### **Contributions**

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

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

Participating employers' contractually required contribution rate for the fiscal year ended September 30, 2024 was 13.57% of annual pay for Tier 1 members and 12.60% 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 \$1,484,455 for the year ended September 30, 2025.

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

At September 30, 2025, the College reported a liability of \$15,400,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023. 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, 2024, the College's proportion was 0.118391%, which was an increase of 0.004952% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the College recognized pension expense of \$2,102,000. At September 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Source</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 1,541,000	\$ 111,000
Changes of Assumptions	236,000	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	2,526,000
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	616,000	43,000
Employer Contributions Subsequent to the Measurement Date	1,484,455	-
<b>Total</b>	<b>\$ 3,877,455</b>	<b>\$ 2,680,000</b>

\$1,484,455 reported as deferred outflows of resources related to pension resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026.

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

<b>Year Ended September 30</b>	<b>Amount</b>
2026	\$ 132,000
2027	890,000
2028	(640,000)
2029	(669,000)
2030	-
Thereafter	-

### Actuarial Assumptions

The total pension liability as of September 30, 2024 was determined by an actuarial valuation as of September 30, 2023, 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, 2023, 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return*</b>
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%	1.50%
<b>Total</b>	<b>100.00%</b>	

\* 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 System’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	\$ 21,413,000	\$ 15,400,000	\$ 10,340,000

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, 2024. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2024. 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 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, 2025, the College reported a liability of \$7,957,005 or its proportionate share of the Net OPEB liability. The Net OPEB liability was measured as of September 30, 2024, and the total OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation as of September 30, 2023. 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, 2024, the College's proportion was 0.08655057% which was an increase of 0.00147634% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the College recognized OPEB expense of \$152,472 with no special funding situations. At September 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:"

<b>Source</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 3,710,822	\$ 1,717,340
Changes of Assumptions	2,740,335	1,125,788
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	196,313
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	457,199	616,260
Employer Contributions Subsequent to the Measurement Date	265,897	-
<b>Total</b>	<b>\$ 7,174,253</b>	<b>\$ 3,655,701</b>

The \$265,897 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, 2026.

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

<b>Year Ended September 30</b>	<b>Amount</b>
2026	\$ 426,961
2027	488,509
2028	370,761
2029	605,832
2030	1,027,369
Thereafter	333,223

### Actuarial Assumptions

The Total OPEB Liability was determined based on an actuarial valuation prepared as of September 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

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	3.89%
Municipal Bond Index Rate at the Prior Measurement Date	4.53%
Year Fiduciary Net Position (FNP) is Projected to be Depleted	2040
Single Equivalent Interest Rate at Measurement Date	4.32%
Single Equivalent Interest Rate at Prior Measurement Date	7.00%
Healthcare Cost Trend Rates:	
Initial Trend Rate	
Pre-Medicare Eligible	6.75%
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 renewal premium rates through calendar year 2025 with an assumed 0% increase for the upcoming 2026-2028 negotiation period.

### 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, 2023 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
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%
<b>Total</b>	<b>100.00%</b>	

\* 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 4.32%. 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, 9.751% of the employer contributions were used to assist in funding retiree benefit payments in 2024 and it is assumed that the 9.751% 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 \$904 in fiscal year 2026, \$1,114 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 2122.

**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:

	<b>1% Decrease (5.75% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% for Medicare eligible)</b>	<b>Current Healthcare Trend Rate (6.75% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare eligible)</b>	<b>1% Increase (7.75% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare eligible)</b>
Net OPEB Liability	\$ 6,400,738	\$ 7,957,005	\$ 9,963,814

The following table presents the College’s proportionate share of the Net OPEB liability of the Trust calculated using the discount rate of 4.32%, 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:

	<b>1% Decrease (3.32%)</b>	<b>Current Rate (4.32%)</b>	<b>1% Increase (5.32%)</b>
Net OPEB Liability	\$ 9,665,925	\$ 7,957,005	\$ 6,591,391

**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, 2024. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2024. Additional financial and actuarial information is available at [www.rsa-al.gov](http://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 30<sup>th</sup> 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 \$1,459.31. 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, 2025. At year-end, the College's commitments with contractors are as follows:

	<b>Contract Amount</b>	<b>Expended through September 30, 2025</b>	<b>Remaining Commitment</b>
Performing Arts Center	\$ 38,726,913	\$ 38,066,902	\$ 660,011
Campus Enhancement	1,020,989	954,984	66,005
Workforce Development Center	17,485,549	15,152,163	2,333,386
Geneva Technical	1,881,103	183,795	1,697,308
Snuggs Renovation	6,710,206	383,062	6,327,144
<b>Total Outstanding Commitments</b>	<b>\$ 65,824,760</b>	<b>\$ 54,740,906</b>	<b>\$ 11,083,854</b>

## Note 8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent amounts due at September 30, 2025, for goods and services received prior to the end of the fiscal year.

<b>Description</b>	<b>Amount</b>
Accounts Payable	\$ 105,872
Salaries and Wages	590,000
<b>Total</b>	<b>\$ 695,872</b>

## Note 9. Subscriptions

As of September 30, 2025, Enterprise State Community College, AL had 1 active subscription. The subscription had payments of \$49,785 and interest rate of 2.5030%. As of September 30, 2025, the total combined value of the subscription liability is \$500, and the total combined value of the short-term subscription liability is \$500. The combined value of the right to use asset, as of September 30, 2025 of \$138,450 with accumulated amortization of \$108,621. The subscriptions had \$0 of Variable Payments and \$0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

## Note 10. Long-Term Liabilities

### Leases Payable

On December 11, 2020, the College entered into a 60 month lease as lessee for the use of a postage machine. An initial lease liability was recorded in the amount of \$17,188. As of September 30, 2025, Enterprise State Community College, AL had 1 active lease. The lease has a payment of \$4,136 and interest rate of 1.0350%. As of September 30, 2025, the total combined value of the lease liability is \$1,047, the total combined value of the short-term lease liability is \$1,047. The combined value of the right to use asset, as of September 30, 2025 of \$17,188 with accumulated amortization of \$16,072 is included within the Lease Class activities table found below. The lease had \$0 of Variable Payments and \$0 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

### Bonds Payable

Revenue Bonds Series 2020 were issued in December 2020 for \$4,480,000 to refund the College's Revenue Bonds Series 2011 bonds and to pay for bond insurance and expenses related to issuing the bonds. Revenue from student tuition and fees and a special building fee are sufficient to pay the annual debt service pledged to secure the bonds. The interest rate on this bond is 1.94%. The maturity date for this bond is September 1, 2040.

Revenue Bonds Series 2023 were issued in August 2023 for \$21,215,000 to pay for the issuance and expenses related to issuing the bonds and the costs of the acquisition, construction and equipping of the capital improvements. Revenue from student tuition and fees are sufficient to pay the bonds. The interest rate on this bond is 4.28%. The maturity date for this bond is September 1, 2053.

The College has bond premiums in connection with the issuance of its 2020 Series Tuition Revenue Bonds and its 2023 Revenue Bonds. The bond premiums are being amortized using the effective interest method over the life of the bonds.

Revenue from student tuition and fees and a special building fee are sufficient to pay the annual debt service pledged to secure the bonds.

The following is a summary of the bonds payable, lease obligations, and subscriptions payable for the year ended September 30, 2025:

Year Ending September 30,	Bonds Payable			Lease Obligations		Subscriptions Payable		
	Principal	Interest	Total	Principal	Total	Principal	Interest	Total
2026	480,000	1,019,903	1,499,903	1,047	1,047	500		500
2027	505,000	997,953	1,502,953	-	-	-	-	-
2028	525,000	974,853	1,499,853	-	-	-	-	-
2029	545,000	950,803	1,495,803	-	-	-	-	-
2030	575,000	925,853	1,500,853	-	-	-	-	-
2031-2035	3,265,000	4,238,263	7,503,263	-	-	-	-	-
2036-2040	3,955,000	3,543,300	7,498,300	-	-	-	-	-
2041-2045	4,790,000	2,710,194	7,500,194	-	-	-	-	-
2046-2050	5,860,000	1,639,825	7,499,825	-	-	-	-	-
2051-2053	4,145,000	357,213	4,502,213	-	-	-	-	-
<b>Total</b>	<b>24,645,000</b>	<b>17,358,160</b>	<b>42,003,160</b>	<b>1,047</b>	<b>1,047</b>	<b>500</b>	<b>-</b>	<b>500</b>
Current Portion	480,000	1,019,903	1,499,903	1,047	1,047	500		500
<b>Payable After One Year</b>	<b>\$ 24,165,000</b>	<b>\$ 16,338,257</b>	<b>\$ 40,503,257</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Long-term liability activity for the year ended September 30, 2025, was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Bonds Payable</b>					
Bond Payable - Series 2020	\$ 4,105,000	\$ -	\$ 200,000	\$ 3,905,000	\$ 205,000
Bond Premium - Series 2020	238,579	-	24,916	213,663	-
Bond Payable - Series 2023	21,000,000	-	260,000	20,740,000	275,000
Bond Premium - Series 2023	143,948	-	24,972	118,976	-
<b>Total Bonds Payable</b>	<b>\$ 25,487,527</b>	<b>\$ -</b>	<b>\$ 509,888</b>	<b>\$ 24,977,639</b>	<b>\$ 480,000</b>
Leases Payable	\$ 5,146	\$ -	\$ 4,099	\$ 1,047	\$ 1,047
Subscriptions Payable	49,069	-	48,569	500	500
Compensated Absences	568,717	17,867	-	586,584	58,658
<b>Total Long-Term Liabilities</b>	<b>\$ 26,110,459</b>	<b>\$ 17,867</b>	<b>\$ 562,556</b>	<b>\$ 25,565,770</b>	<b>\$ 540,205</b>

The College has pledged student tuition and fee revenue to repay \$3,905,000 in Revenue Bond Series 2020 issued in December 2020, to refund the Series 2011 Revenue Bonds. Additionally, the College pledged student tuition and fee revenue to repay \$20,740,000 in Revenue Bond Series 2023 issued in August 2023, to pay for capital improvements. Future revenues are pledged to repay the principal and interest on the bonds. The Series 2020 Revenue Bonds are scheduled to mature in fiscal year 2040, and the Series 2023 Revenue Bonds are scheduled to mature in fiscal year 2053. During fiscal year 2025, pledged tuition and fee revenue in the amount of \$2,253,573 was received. \$1,498,903 of pledged revenues was used to pay principal and interest.

## 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.



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A man with glasses and a blue and white striped polo shirt is focused on working on a mechanical device on a workbench. He is using a screwdriver. In the background, another person is partially visible, also working. The workshop is filled with various tools and equipment.

# Required Supplementary Information

ANNUAL FINANCIAL REPORT  
ENTERPRISE STATE COMMUNITY COLLEGE



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

(Dollar Amounts in Thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
College's Proportion of the Net Pension Liability	0.118391%	0.113439%	0.112156%	0.113177%	0.112746%	0.110478%	0.111167%	0.119407%	0.113096%	0.120386%
College's Proportionate Share of the Net Pension Liability	\$ 15,400	\$ 18,102	\$ 17,430	\$ 10,662	\$ 13,946	\$ 12,215	\$ 11,053	\$ 11,736	\$ 12,243	\$ 12,599
College's Covered Payroll	\$ 9,600	\$ 8,754	\$ 8,323	\$ 7,993	\$ 7,712	\$ 7,680	\$ 7,153	\$ 7,923	\$ 7,270	\$ 7,606
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	160%	207%	209%	133%	181%	159%	155%	148%	168%	166%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.41%	63.57%	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	97.93%	67.51%

### Notes to schedule:

**Note 1:** Per GASB 82, which amends GASB 68, covered payroll is defined as the payroll on which contributions to a pension plan are based. The covered payroll for this RSI Schedule (GASB 68 paragraph 81a) is for the measurement period, which for the September 30, 2025 year is October 1, 2023 through September 30, 2024.

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

(Dollar Amounts in Thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 1,484	\$ 1,263	\$ 1,154	\$ 1,047	\$ 992	\$ 965	\$ 959	\$ 893	\$ 935	\$ 850
Contributions in Relation to the Contractually Required Contribution	\$ 1,484	\$ 1,263	\$ 1,154	\$ 1,047	\$ 992	\$ 965	\$ 959	\$ 893	\$ 935	\$ 850
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's Covered Payroll	\$ 10,166	\$ 9,600	\$ 8,754	\$ 8,323	\$ 7,993	\$ 7,712	\$ 7,680	\$ 7,153	\$ 7,923	\$ 7,270
Contributions as a Percentage of Covered Payroll	14.60%	13.16%	13.18%	12.60%	12.40%	12.50%	12.50%	12.50%	11.80%	11.70%

### Notes to Schedule

Note 1: Per GASB 82, which amends GASB 68, covered payroll is defined as the payroll on which contributions to a pension plan are based, also known as pensionable payroll. The covered payroll for this RSI Schedule (GASB 68 paragraph 81b) is for the most recent fiscal year end, which for the September 30, 2025 year is October 1, 2024 through September 30, 2025.

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

## Notes to Required Supplementary Information for Pension Benefits

### Note 1. Changes of Benefit Terms

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

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

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

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

- 1) A service retirement allowance is payable upon the request of any member who has attained age 62 and completed at least 10 years of creditable service (age 56 with 10 years of creditable service for a full-time certified firefighter, police officer or correctional officer).
- 2) Upon service or disability retirement a member receives a retirement allowance equal to 1.65% of the member's average final compensation multiplied by the number of years of creditable service. The benefit is capped at 80% of the member's average final compensation (the 5 highest years in the last 10 years of Creditable Service).
- 3) Regular members contribute 6% of salary and full-time certified firefighters, police officers and correctional officers contribute 7% of salary.

### 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, 2021 for the fiscal year 2024 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	26.9 years
Asset Valuation Method	5-year smoothed market
Inflation	2.50 percent
Salary Increase	3.25 percent to 5.00 percent, including inflation
Investment Rate of Return	7.45 percent, net of pension plan investment expense, including inflation

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

(Dollar Amounts in Thousands)	2025	2024	2023	2022	2021	2020	2019	2018
College's Proportion of the Net OPEB Liability	0.086551%	0.085074%	0.093150%	0.084499%	0.083454%	0.098477%	0.091911%	0.099396%
College's Proportionate Share of the Net OPEB Liability	\$ 7,957,005	\$ 1,635,255	\$ 1,623,090	\$ 4,365,906	\$ 5,416,048	\$ 3,715,309	\$ 7,558,914	\$ 7,382,567
College's Covered Payroll	\$ 9,600,426	\$ 8,754,493	\$ 8,323,085	\$ 7,993,381	\$ 7,711,677	\$ 7,679,950	\$ 7,152,591	\$ 7,922,866
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	82.88%	18.68%	19.50%	54.62%	70.23%	48.38%	105.68%	93.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	20.41%	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.

### Notes to the Schedule

Note 1: Per GASB 75, covered payroll is defined as the payroll of employees that are provided with OPEB through the OPEB plan. The covered payroll for this RSI Schedule (GASB 75 paragraph 97) is for the reporting period (i.e., the measurement period), which for the September 30, 2025 year is October 1, 2023 through September 30, 2024.

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

<b>(Dollar Amounts in Thousands)</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually Required Contribution	\$ 265,897	\$ 124,464	\$ 133,876	\$ 179,015	\$ 147,518	\$ 164,006	\$ 281,921	\$ 225,651
Contributions in Relation to the Contractually Required Contribution	\$ 265,897	\$ 124,464	\$ 133,876	\$ 179,015	\$ 147,518	\$ 164,006	\$ 281,921	\$ 225,651
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's Covered Payroll	\$ 11,369,233	\$ 9,600,426	\$ 8,754,493	\$ 8,323,085	\$ 7,993,381	\$ 7,711,677	\$ 7,679,950	\$ 7,152,591
Contributions as a Percentage of Covered Payroll	2.34%	1.30%	1.53%	2.15%	1.85%	2.13%	3.67%	3.15%

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

Notes to the Schedule

Note 1: Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported.

Note 2: GASB Codification P52 requires information for 10 years. However, until a full 10-year trend is compiled, the College is presenting information for only the years for which information is available.

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

### Note 1. Changes in Actuarial Assumptions

In 2024, assumptions regarding aging factors were adjusted to reflect actual and anticipated experience more closely. Additionally, future healthcare trend rates for the Medicare Advantage Plan were updated.

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 Affordable Care Act 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, 2021, 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, Closed
Remaining Amortization Period	20 years
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.50%
Medicare Eligible *	*
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate Trend Rate	2031 for Pre-Medicare Eligible 2027 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, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Education Student Financial Assistance Cluster Direct Programs</b>				
Federal Pell Grant Program	84.063	N/A	\$ -	\$ 6,089,655
Federal Supplemental Educational Opportunity Grant	84.007	N/A	-	66,125
Federal Work Study Program	84.033	N/A	-	107,704
Federal Direct Student Loans	84.268	N/A	-	3,063,649
<b>Subtotal Student Financial Assistance Cluster</b>			-	<b>9,327,133</b>
<b>TRIO Cluster</b>				
TRIO - Student Support Services	84.042A	N/A	-	659,534
TRIO - Educational Opportunity Center	84.066A	N/A	-	236,701
TRIO - Talent Search	84.044A	N/A	-	255,943
<b>Subtotal for TRIO Cluster</b>			-	<b>1,152,178</b>
<b>Passed through Alabama Community College Systems</b>				
Adult Education - Basic Grants to States	84.002	N/A	-	268,469
<b>Passed through Alabama State Department of Education</b>				
Career and Technical Education - Basic Grants to States	84.048	N/A	-	229,674
<b>Total U.S. Department of Education</b>			-	<b>498,143</b>
<b>U.S. Department of Transportation Highway Safety Cluster</b>				
<b>Passed through Alabama Department of Economic and Community Affairs</b>				
State and Community Highway Safety	20.600	2025-FP-CP-12	-	182,875
State and Community Highway Safety	20.600	2025-FP-PT-13	891,278	891,278
State and Community Highway Safety	20.600	2025-FP-OP-15	43,649	43,649
<b>Subtotal State and Community Highway Safety</b>			<b>934,927</b>	<b>1,117,802</b>
<b>National Priority Safety Programs</b>				
National Priority Safety Programs	20.616	2025-ID-DS-16	24,583	24,583

## Schedule of Expenditures of Federal Awards (Continued) For the Year Ended September 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
National Priority Safety Programs	20.616	2025-ID-M5-14	178,523	178,523
<b>Subtotal National Priority Safety Programs</b>			<b>203,106</b>	<b>203,106</b>
<b>Subtotal Highway Safety Cluster</b>			<b>1,138,033</b>	<b>1,320,908</b>
<b>U.S. Department of Labor WIOA Cluster</b>				
<b>Passed through Alabama Department of Commerce</b>				
WIOA Adult Program	17.258	N/A	-	83,235
<b>Subtotal WIOA Cluster</b>			-	<b>83,235</b>
<b>Passed through Alabama Department of Commerce</b>				
WIOA National Dislocated Worker Grant - Disaster Recover DWG	17.277	N/A	-	24,500
<b>Total U.S. Department of Labor</b>			-	<b>24,500</b>
<b>U.S. Department of Defense</b>				
<b>Passed Through Alabama Department of Agriculture &amp; Industries (ADAI)</b>				
Specialty Crop Block Grant Program	10.170	24SCBPAL1223-00	-	35,396
<b>Total U.S. Department of Agriculture</b>			-	<b>35,396</b>
<b>Total Federal Expenditures</b>			<b>\$ 1,138,033</b>	<b>\$ 12,441,493</b>

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

## Notes to the Schedule of Expenditures of Federal Awards

### Note 1. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal spending of the Enterprise State Community College (the "College") and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not represent the financial position of the College.

### Note 2. Indirect Cost Rate

The College has elected not to use the 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, 2025.

### Note 4. Noncash Assistance and Other

The College did not receive any noncash assistance or federally funded insurance during the year ended September 30, 2025.

### Note 5. 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 6. 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.



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# Additional Information

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## **Listing of College Officials**

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**Jimmy H. Baker**

Chancellor

**Danny Long**

President

**Chellye Stump**

Dean of Administrative Services

**Paula Helms**

Director of Financial Services



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# Independent Auditor Reports

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

**Carr, Riggs & Ingram, L.L.C.**  
1117 Boll Weevil Circle  
Enterprise, AL 36330

Mailing Address:  
PO Box 311070  
Enterprise, AL 36331

334.347.0088  
334.347.7650 (fax)  
CRladv.com

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

Jimmy Baker, Chancellor – Alabama Community College System  
Danny Long, President – Enterprise State Community College  
600 Plaza Drive  
Enterprise, Alabama 36330

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Enterprise State Community College (the "College"), a component unit of the State of Alabama, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 15, 2026.

### **Report on Internal Control over Financial Reporting**

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

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

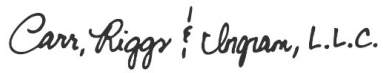
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

### **Report on Compliance and Other Matters**

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

**Purpose of This Report**

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



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

Enterprise, Alabama

January 15, 2026



**Carr, Riggs & Ingram, L.L.C.**  
1117 Boll Weevil Circle  
Enterprise, AL 36330

Mailing Address:  
PO Box 311070  
Enterprise, AL 36331

334.347.0088  
334.347.7650 (fax)  
CRIadv.com

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

Jimmy Baker, Chancellor – Alabama Community College System  
Danny Long, President – Enterprise State Community College  
600 Plaza Drive  
Enterprise, Alabama 36330

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the Enterprise State Community College's compliance (the "College"), a component unit of the State of Alabama, with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended September 30, 2025. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

#### ***Basis for Opinion on Each Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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

#### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance

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

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

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

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

#### **Report on Internal Control over Compliance**

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

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

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

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

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

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

Enterprise, Alabama

January 15, 2026

## Schedule of Findings and Questioned Costs For the Year Ended September 30, 2025

### Section I – Summary of Auditor's Results

#### Financial Statements

1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP  
☒ Unmodified    ☐ Qualified    ☐ Adverse    ☐ Disclaimer
2. Internal control over financial reporting:
 

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to the financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

#### Federal Awards

1. Type of auditor's report issued on compliance for major programs    ☐ Yes    ☒ Unmodified
2. Internal control over major programs:
 

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?    ☐ Yes    ☒ No
4. Identification of major federal program:

#### Assistance Listing

##### Number

##### Name of Federal Program or Cluster

84.002

Adult Education Basic Grants to State

#### TRIO Cluster

84.042A

TRIO - Student Support Services

84.066A

TRIO - Educational Opportunity Center

84.044A

TRIO - Talent Search

#### Highway Safety Cluster

20.600

State and Community Highway Safety

20.616

National Priority Safety Programs

5. Dollar threshold used to distinguish between type A and type B programs    \$1,000,000
6. Auditee qualified as low-risk under 2CFR 200.520    ☒ Yes    ☐ No

### Section II – Financial Statement Findings

No such findings in the current year.

### Section III – Federal Award Findings and Questioned Costs

No such findings or questioned costs in the current year.

### Section IV – Prior Findings and Questioned Costs for Federal Awards

No Matters were reported.



# JIMMY H BAKER HALL



Enterprise State Community College  
600 Plaza Drive / P.O. Box 1300  
Enterprise, AL 36331  
[escsc.edu](http://escsc.edu)