NEW ISSUE – BOOK ENTRY ONLY

Rating: Standard & Poor's: AA
(Insured)
Underlying Rating: Moody's: A1
(See "RATINGS" herein)

In the opinion of Bond Counsel, assuming continuing compliance by the Board with certain conditions imposed by the Internal Revenue Code of 1986, referred to herein under "TAX EXEMPTION," the interest income on the Bonds will be excludable from gross income of the recipients thereof for federal income tax purposes and will not be an item of tax preference for purposes of the alternative minimum tax; provided, that the interest income on the Bonds may be included in the "adjusted financial statement income" of certain "applicable corporations" that are subject to the 15-percent alternative minimum tax under section 55 of the Code. See "TAX EXEMPTION" herein for certain other federal tax consequences to the recipients of the interest income on the Bonds. Bond Counsel is of the further opinion that the interest income on the Bonds is, under existing statutes and regulations, exempt from Alabama income taxation.

BOARD OF TRUSTEES OF THE ALABAMA COMMUNITY COLLEGE SYSTEM

$17,200,000
Shelton State Community College
Revenue Bonds
Series 2024

Dated: August 20, 2024

Due: August 1, as shown
on the inside cover

Interest on the Bonds is payable semiannually on February 1 and August 1 in each year, commencing February 1, 2025. The Bonds when issued will be issued in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("***DTC***"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form. Except as herein described purchasers will not receive certificates representing their beneficial interests in the Bonds. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal and interest will be made directly to DTC or to such nominee. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of Direct Participants and Indirect Participants of DTC, all as more fully described herein. The Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

The Bonds will be special limited obligations of the Board of Trustees of the Alabama Community College System, payable from and secured by a lien upon and pledge of the Pledged Revenues and the Bond Fund, as described herein. Neither the Bonds nor the pledge of the said fees and the other agreements provided in the authorizing proceedings shall be or constitute an obligation of any nature whatsoever of the State of Alabama or any political subdivision or agency thereof, or be payable out of any monies appropriated by the State to the Alabama Community College System or to Shelton State Community College.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY INC. (the "Insurer"). See "BOND INSURANCE" and "APPENDIX D - Specimen Municipal Bond Insurance Policy" herein.

ASSURED GUARANTY®

See inside front cover for information on maturity dates, principal amounts, interest rates and yields.

This cover page contains certain information for quick reference only. It is not a summary of this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the Board, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality of the Bonds by Hand Arendall Harrison Sale LLC, Mobile, Alabama, Bond Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Maynard Nexsen PC, Birmingham, Alabama. It is expected that the Bonds in definitive form will be available for delivery through DTC on or about August 20, 2024.

STIFEL

August 8, 2024

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS AND INITIAL CUSIP NUMBERS

$17,200,000
Board of Trustees of the Alabama Community College System
Shelton State Community College Revenue Bonds
Series 2024

Year of Maturity	Amount Maturing	Interest Rate	Yield	Cusip*
2025	$ 300,000	5.000%	2.980%	01025PQD8
2026	275,000	5.000%	3.010%	01025PQE6
2027	285,000	5.000%	3.010%	01025PQF3
2028	300,000	5.000%	3.020%	01025PQG1
2029	315,000	5.000%	3.020%	01025PQH9
2030	330,000	5.000%	3.040%	01025PQJ5
2031	350,000	5.000%	3.080%	01025PQK2
2032	365,000	5.000%	3.110%	01025PQL0
2033	385,000	5.000%	3.150%	01025PQM8
2034	400,000	5.000%	3.190%	01025PQN6

5.000% $865,000 Term Bonds maturing August 1, 2036 to Yield 3.300%[c] Cusip* 01025PQP1
5.000% $1,470,000 Term Bonds maturing August 1, 2039 to Yield 3.490%[c] Cusip* 01025PQQ9
5.000% $2,980,000 Term Bonds maturing August 1, 2044 to Yield 3.830%[c] Cusip* 01025PQR7
5.000% $3,805,000 Term Bonds maturing August 1, 2049 to Yield 4.030%[c] Cusip* 01025PQS5
4.125% $4,775,000 Term Bonds maturing August 1, 2054 to Yield 4.330% Cusip* 01025PQT3

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[c] Yield computed to the August 1, 2034 optional redemption date at a redemption price of 100%

ALABAMA COMMUNITY COLLEGE SYSTEM

Governor Kay Ivey
J.E.B. Shell
John Mitchell, Sr.
Valerie Gray
Britton Lightsey
Goodrich Rogers
Ron Houston
Llevelyn Rhone
Tim McCartney
Yvette Richardson

Chancellor

Jimmy H. Baker

President of Shelton State Community College

Dr. Jonathan Koh

Bond Counsel

Hand Arendall Harrison Sale LLC
Mobile, Alabama

Underwriter's Counsel

Maynard Nexsen PC
Birmingham, Alabama

Underwriter

Stifel, Nicolaus & Company, Incorporated
Montgomery, Alabama

No dealer, broker, salesman or any other person has been authorized by the Board, the College or the Underwriter to give any information or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained in this Official Statement has been furnished by the College and other sources that are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Board, the College or the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create an implication that there has been no change in the affairs of the Board, the College, or the Underwriter since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Assured Guaranty Inc. ("AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE" and "APPENDIX D - Specimen Municipal Bond Insurance Policy."

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$17,200,000
Board of Trustees of the Alabama Community College System
Shelton State Community College
Revenue Bonds
Series 2024

INTRODUCTION

This Official Statement, including the cover page and Appendices, is furnished by the Board of Trustees of the Alabama Community College System (the "***Board***") to provide certain information in connection with the sale by the Board of its Shelton State Community College Revenue Bonds, Series 2024, in the aggregate principal amount of $17,200,000 (the "***Bonds***"). The Bonds are to be issued pursuant to a resolution adopted by the Board on May 8, 2024, as supplemented by a resolution adopted by the Board on August 14, 2024 (collectively, the "***Authorizing Proceedings***") and a Definitive Terms Certificate to be delivered on the date of issuance as authorized under the Authorizing Proceedings.

The Bonds are limited obligations of the Board payable solely from and secured by a pledge of, revenues from tuition and certain fees payable by students enrolled at Shelton State Community College (the "***College***"), a public, state supported, comprehensive two-year community college located in Tuscaloosa County in central west Alabama. See "THE BONDS—Security".

THE PURPOSES OF THE ISSUE

The Board has determined to issue the Bonds for the purposes of (i) providing funding to make certain improvements at the College's campus, including extensive renovations and sitework to both the C.A. Fredd Campus and the Martin Campus, for modernization and program support (the "***Improvements***"); (ii) paying a premium for a policy of municipal bond insurance and (iii) paying the expenses of issuing the Bonds.

The estimated total cost of the Improvements is approximately $88,500,000. The College expects to pay for a portion of the Improvements out of the proceeds of the Bonds. The Improvements are expected to be completed by the end of calendar year 2026. Any additional funds necessary to complete the Improvements will be payable from other funds available to the College, including but not limited to federal grant funds, supplemental legislative appropriations from the Education Trust Fund, and unexpended local plant funds.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be derived from the sale of the Bonds (excluding accrued interest) will be applied substantially as follows:

Sources of Funds	
Par Amount	$17,200,000.00
Net Original Issue Premium/Discount	1,054,966.25
Total	$18,254,966.25

Uses of Funds

Construction Funds	$18,004,348.39
Underwriter's Discount	118,200.00
Issuance Expenses (including bond insurance premium)	132,417.86
Total	$18,254,966.25

THE BONDS

General Description

The Bonds will be issued as fully registered bonds in the aggregate principal amount of $17,200,000. The Bonds will be registered in the name of Cede & Co., as the nominee of the Depository Trust Company. Purchases of beneficial interests in the Bonds will be made in book-entry-only form (without certificates) in the denomination of $5,000 and any integral multiple thereof. So long as the Bonds are in book-entry-only form, payments will be made as described below in "Book-Entry."

Subject to the provisions for book-entry described below, the principal of the Bonds is payable at the corporate trust office of Regions Bank (the "***Bank***") in Birmingham, Alabama, only upon presentation and surrender of the Bonds at the Bank. Interest on the Bonds is computed on the basis of a 360-day year of twelve (12) consecutive 30-day months and is payable semiannually on each April 1 and August 1, by check or draft mailed by the Bank to the registered holders of the Bonds as shown on the registry books of the Bank fifteen (15) calendar days preceding each February 1 or August 1. The Authorizing Proceedings provide that payment of such interest on the Bonds shall be deemed to have been timely made if such check or draft is mailed by the Bank on the due date of such interest (or, if such due date is not a business day, on the business day immediately following such due date). The Authorizing Proceedings further provide for payment by wire transfer upon direction of a Bondholder of more than $500,000 in principal amount of the Bonds.

The Authorizing Proceedings make special provision for payment of overdue interest which may be paid to a holder other than the registered holder of a Bond at the time such overdue interest becomes due and payable.

Book Entry

The Depository Trust Company ("***DTC***"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds in the name of Cede & Co., (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Paying Banking law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("***Direct Participants***") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("***DTCC***"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "***Indirect Participants***"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by and through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("***Beneficial Owner***") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of their transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that the use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the beneficial interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detailed information from the Board on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board and Paying Agent; disbursement of such payments to Direct Participants is the responsibility of DTC; and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Board or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. In addition, the Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered as described below.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources (including DTC) that the Board believes to be reliable, but the Board and the Underwriter takes no responsibility for the accuracy thereof.

Neither the Board, Bank nor the Underwriter has any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in any global Bond or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Discontinuation of Book-Entry

In the event the book-entry is discontinued, Bond certificates in fully registered form would be delivered to, and registered in the names of, the Direct Participants, or such other persons as such Direct Participants may specify (which may be the Indirect Participants or Beneficial Owners), in denominations of $5,000 or any integral multiple thereof. The ownership of the Bonds so delivered (and any Bonds thereafter delivered upon a transfer or exchange described below) would be registered in the registration books to be kept by the Bank as the Bond registrar for the Board. Except as provided in the Authorizing Proceedings, the Board and the Bank are entitled to treat the registered owners of such Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Authorizing Proceedings. See "Certain Provisions Respecting Registration and Transfer of the Bonds" below.

Certain Provisions Respecting Registration and Transfer of the Bonds

The Bonds shall be registered as to both principal and interest and may be transferred only on the registry books of the Bank pertaining to the Bonds. No transfer of the Bonds shall be permitted except upon presentation and surrender of such Bond at the office of the Bank with written power to transfer signed by the registered owner thereof in person or by a duly authorized attorney in form and with guaranty of signature satisfactory to the Bank. The Bank will not be required to register or transfer any Bond during the period of fifteen (15) calendar days next preceding any interest payment date and shall not be required to transfer or exchange any Bond during the period of sixty (60) calendar days next preceding the date for redemption or prepayment of any Bond. The holder of one or more of the Bonds may, upon request, and upon the surrender to the Bank of such Bond, exchange such Bond for Bonds of other authorized denominations of the same series, maturity and interest rate and together aggregating the same principal amount as the Bonds so surrendered. Any registration, transfer and exchange of Bonds shall be without expense to the holder thereof, except that the holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange. The holder of any Bond will be required to pay any expenses incurred in connection with the replacement of a mutilated, lost, stolen or destroyed Bond.

The Authorizing Proceedings provide that each holder of the Bonds, by receiving or accepting the Bonds, consents and agrees and is estopped to deny that, insofar as the Board and the Bank are concerned, the Bonds may be transferred only in accordance with the provisions of the Authorizing Proceedings. The Authorizing Proceedings also provide that each transferee of the Bonds takes them subject to all principal and interest payments in fact made with respect to the Bonds.

Optional Redemption of the Bonds Prior to Maturity

The Bonds maturing on or after August 1, 2036 shall be subject to redemption, in whole or in $5,000 multiples, prior to their stated maturities at the option of the Board on August 1, 2034 and on any date thereafter, at a redemption price equal to 100% of the principal amount for each Bond (or principal portion thereof) redeemed, plus accrued interest to the date fixed for redemption.

Mandatory Redemption of the Bonds

The Term Bonds maturing on August 1, 2036 are subject to scheduled mandatory redemption prior to maturity with those to be redeemed to be selected by the Registrar by lot, at a redemption price equal to 100% of the principal amounts thereof for each Bond (or principal portion thereof) redeemed, plus accrued interest to the date fixed for redemption, in the principal amounts and on the dates set forth below (the 2036 amount to be paid rather than redeemed):

August 1 of the Year	Principal Amount
2035	$420,000
2036	$445,000

The Term Bonds maturing on August 1, 2039 are subject to scheduled mandatory redemption prior to maturity with those to be redeemed to be selected by the Registrar by lot, at a redemption price equal to 100% of the principal amounts thereof for each Bond (or principal portion thereof) redeemed, plus accrued interest to the date fixed for redemption, in the principal amounts and on the dates set forth below (the 2039 amount to be paid rather than redeemed):

August 1 of the Year	Principal Amount
2037	$465,000
2038	$490,000
2039	$515,000

The Term Bonds maturing on August 1, 2044 are subject to scheduled mandatory redemption prior to maturity with those to be redeemed to be selected by the Registrar by lot, at a redemption price equal to 100% of the principal amounts thereof for each Bond (or principal portion thereof) redeemed, plus accrued interest to the date fixed for redemption, in the principal amounts and on the dates set forth below (the 2044 amount to be paid rather than redeemed):

August 1 of the Year	Principal Amount
2040	$540,000
2041	$565,000
2042	$595,000
2043	$625,000
2044	$655,000

The Term Bonds maturing on August 1, 2049 are subject to scheduled mandatory redemption prior to maturity with those to be redeemed to be selected by the Registrar by lot, at a redemption price equal to 100% of the principal amounts thereof for each Bond (or principal portion thereof) redeemed, plus accrued interest to the date fixed for redemption, in the principal amounts and on the dates set forth below (the 2049 amount to be paid rather than redeemed):

August 1 of the Year	Principal Amount
2045	$690,000
2046	$725,000
2047	$760,000
2048	$795,000
2049	$835,000

The Term Bonds maturing on August 1, 2054 are subject to scheduled mandatory redemption prior to maturity with those to be redeemed to be selected by the Registrar by lot, at a redemption price equal to 100% of the principal amounts thereof for each Bond (or principal portion thereof) redeemed, plus accrued interest to the date fixed for redemption, in the principal amounts and on the dates set forth below (the 2054 amount to be paid rather than redeemed):

August 1 of the Year	Principal Amount
2050	$880,000
2051	$915,000
2052	$955,000
2053	$990,000
2054	$1,035,000

There shall be credited against the principal amount of the Bonds, required to be redeemed on any August 1 in accordance with the foregoing schedule any Bonds of such maturity that have been theretofore optionally redeemed.

Security

The Bonds are limited obligations of the Board, payable from, and secured by a lien upon and pledge of, tuition paid by students enrolled at the College ("***Tuition***"), a facility revenue fee paid by students enrolled at the College (the "***Facility Renewal Fee***") and a special building fee paid by each student enrolled at the College (the "***Building Fee***"). The revenues received from Tuition, Facility Renewal Fee and Building Fee are referred to herein collectively as the "***Pledged Revenues***." The Bonds will be secured, pro rata one with the other and with any additional parity bonds and pooled bonds hereinafter referred to that may be issued, by a pledge of the Pledged Revenues.

THE BONDS WILL NOT CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE COLLEGE OR THE BOARD AND WILL NOT BE PAYABLE FROM MONIES APPROPRIATED TO THE COLLEGE OR THE BOARD BY THE STATE OF ALABAMA. THE STATE OF ALABAMA WILL NOT BE LIABLE IN ANY MANNER FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS.

Maintenance of Pledged Revenues

In the Authorizing Proceedings the Board has covenanted that so long as the principal of and the interest on any Bonds or any Additional Bonds issued thereunder remain unpaid, it will charge and make all reasonable efforts to collect tuition and fees from each and every student at the College in such amount as will produce revenues sufficient to make all payments into the Bond Fund in respect of debt service on the Bonds and all Additional Bonds (if any). See "Additional Bonds", below.

Covenant Regarding Other Available Revenues

The College is a part of the Alabama Community College System (the "***System***"), which is comprised of 21 comprehensive community colleges, 2 technical colleges, Marion Military Institute and the Alabama Technology Network.

The Chancellor is the statutorily designated chief executive officer of the System. The Chancellor serves at the pleasure of the Board. The authority and responsibility to operate, manage, control, supervise, maintain, improve and enlarge the colleges in the System is vested in the Chancellor. The Chancellor has broad powers to interpret, execute and enforce the rules and regulations of the Board governing the institutions in the System, including the power to prepare, review and submit for approval to the Board the budgets of the various institutions within the System.

The Board has covenanted to cause the Chancellor to make up any deficiencies in the Bond Fund out of other monies legally available to the Chancellor. Such legally available monies include, without limitation, tuition revenues and certain fees derived from the other colleges within the System, subject to the prior pledge thereof as security for the payment of other indebtedness incurred by the Board for the benefit of certain colleges.

Given the fact that the colleges are audited individually and there is no system-wide consolidated audit, the amount of such legally available monies cannot be readily determined with reasonable certainty at any point in time due to the changing revenues, operational costs and financial positions of the various colleges. In 2004, however, the State Board of Education created a reserve fund available for use for a number of purposes throughout the System, including short term loans to its institutions and the payment of debt service on obligations issued by its institutions. The reserve fund is funded from a payment of $1 per credit hour paid by each institution. The reserve fund is not pledged to the payment of the Bonds and no funds from the reserve fund have been applied to the payment of debt service on obligations issued by the Board, but it does provide one possible source of other legally available monies. Since assuming governance of the System, the Board has continued the reserve fund policy, and has since amended the policy to provide that the amount held in the reserve fund should be at least equal to the total annual debt service payments due by System institutions for the current year, currently approximately $30,733,252. Previously, the targeted reserve fund amount was equal to the highest annual debt service of any individual college for the current fiscal year, or approximately $3,328,238 for fiscal 2024. The revised policy amount for the reserve fund was therefore a significant increase. The fund balance was $24,682,499 as of September 30, 2023. The reserve fund policy permits the Chancellor to suspend payment of the $1 per credit hour charge at any time that the amount held in the reserve fund at least equals the target amount. Given the current amount of the reserve fund, as compared to the new policy target, the Board expects to continue the $1 per hour charge for the foreseeable future, although there is no requirement that the fund be maintained, and it may elect to reduce the target size of the fund or to eliminate the fund altogether. Section 16-60-111.11 of the Code of Alabama (1975) specifically prohibits the Board from agreeing to pay debt service on its securities out of state appropriations.

Additional Bonds

In the Authorizing Proceedings the Board has reserved the privilege of issuing additional bonds (***"Additional Bonds"***) on a parity with the Bonds with respect to the Pledged Revenues, but if and only if the Chief Financial Officer of the College certifies that certifies that (i) the Pledged Revenues received during the fiscal year next preceding the date of issuance of such Additional Bonds, plus (2) the Pledged Revenues that will be produced by any then current increase in the tuition and student fees or as applied to the credit hours for the immediately next preceding year, are not less than one hundred fifty percent (150%) of the maximum amount of the principal and interest coming due on the Bonds, any Additional Bonds then outstanding and any other bonds or other indebtedness secured by a pledge of Pledged Revenues on parity with or prior to the pledge securing the Bonds and the Additional Bonds proposed to be issued, in the then current or any subsequent fiscal year of the Board. In the event the Board elects to issue any short-term obligations (as provided in the Authorizing Proceedings) the determination of the principal and interest payable on such short term obligations for the purpose of calculating maximum annual debt service is determined by applying an assumed interest rate and assumed amortization period determined by a financial advisor or investment banker selected by the Board in accordance with the Authorizing Proceedings.

Pursuant to the Authorizing Proceedings the Board may also issue bonds or other obligations secured both by Pledged Revenues and by revenues derived from tuition and/or fees paid by students of one or more other colleges or institutions within the Alabama Community College System or from any other source of legally available funds (any issue or series of such obligations being herein referred to as "***Pooled Bonds***"). In the event of the issuance of any such Pooled Bonds the Board may elect to allocate the debt service among the colleges or other sources of payment, in which case only the portion of the principal of and interest on such Pooled Bonds allocable to the College shall be included in the calculation of maximum annual debt service, determined as set forth in the Authorizing Proceedings, whereupon the amounts of principal and interest allocated to the College shall be the only amounts payable from Pledged Revenues in respect of the Pooled Bonds. Any such Pooled Bonds shall constitute Additional Bonds to the extent of the principal amount allocated to the College.

Creation of Funds

<u>Bond Fund</u>. The Authorizing Proceedings created the Shelton State Community College Bond Principal and Interest Payment, 2024 (the "***Bond Fund***") for the purpose of providing for the payment of principal of and the interest on the Bonds and any Additional Bonds as they mature. The Bank shall be the depository, custodian and disbursing agent for the Bond Fund. The Board is required to deposit or cause to be deposited into the Bond Fund out of Pledged Revenues, not less than ten business days prior to each February 1 and August 1, an amount, which when added to the moneys then on deposit therein will be sufficient to pay the principal (if any) and interest coming due on the Bonds on such February 1 and August 1. Moneys in the Bond Fund are pledged to the payment of the Bonds and may be invested in direct general obligations of the United States or securities the payment of which is unconditionally guaranteed by the United States (together, "***Federal Securities***").

Construction Fund. The Authorizing Proceedings provide for a special fund designated as the Shelton State Community College 2024 Construction Fund (the "***2024 Construction Fund***"). A portion of the principal proceeds from the sale of the Bonds will be deposited into the 2024 Construction Fund to be drawn upon by check, draft or order signed on behalf of the Board by its duly authorized officer or any authorized representative of the College as required in the Authorizing Proceedings.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG’s financial strength rating of “AA” (stable outlook). On August 1, 2024, S&P stated that following the Merger there is no change in AG’s financial strength rating of “AA” (stable outlook).

On October 20, 2023, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook). On August 1, 2024, KBRA commented that, following the closing of the Merger, AG’s insurance financial strength rating of “AA+” (stable outlook) remains unchanged.

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG, AGM and Pro Forma Combined AG

	As of June 30, 2024 (dollars in millions)		
	AG (Actual)	**AGM (Actual)**	**AG (Pro Forma Combined)**
Policyholders’ surplus	$1,649	$2,599	$3,960(1)
Contingency reserve	$421	$910	$1,331
Net unearned premium reserves and net deferred ceding commission income	$355	$2,078(2)	$2,433(2)

(1) Net of intercompany eliminations.

(2) Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined AG, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited (“AGUK”) and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus, contingency reserves, and net unearned premium reserves and net deferred ceding commission income of AG, AGM, and the pro forma combined AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG and AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024).

All information relating to AG and AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG and AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE".

CONSENT RIGHTS OF THE INSURER

As long as the Insurer is not in default under the Policy, the Insurer shall be deemed to be the sole holder of the Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the Authorizing Proceedings pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Paying Agent.

ANNUAL DEBT SERVICE ON THE BONDS

Fiscal Year	Principal on the Bonds	Interest on the Bonds	Total Debt Service
2025	$ 300,000	$ 775,035	$1,075,035
2026	275,000	803,219	1,078,219
2027	285,000	789,469	1,074,469
2028	300,000	775,219	1,075,219
2029	315,000	760,219	1,075,219
2030	330,000	744,469	1,074,469
2031	350,000	727,969	1,077,969
2032	365,000	710,469	1,075,469
2033	385,000	692,219	1,077,219
2034	400,000	672,969	1,072,969
2035	420,000	652,969	1,072,969
2036	445,000	631,969	1,076,969
2037	465,000	609,719	1,074,719
2038	490,000	586,469	1,076,469
2039	515,000	561,969	1,076,969
2040	540,000	536,219	1,076,219
2041	565,000	509,219	1,074,219
2042	595,000	480,969	1,075,969
2043	625,000	451,219	1,076,219
2044	655,000	419,969	1,074,969
2045	690,000	387,219	1,077,219
2046	725,000	352,719	1,077,719
2047	760,000	316,469	1,076,469
2048	795,000	278,469	1,073,469
2049	835,000	238,719	1,073,719
2050	880,000	196,969	1,076,969
2051	915,000	160,669	1,075,669
2052	955,000	122,925	1,077,925
2053	990,000	83,531	1,073,531
2054	1,035,000	42,694	1,077,694

Debt Service Coverage

Set forth in the table below is information about historical receipts from the Pledged Revenues during the fiscal years indicated, pro forma debt service requirements on bonds secured by the Pledged Revenues, and resulting coverage ratios:

	Fiscal Year Ended September 30	
	2023	2022
Pledged Revenues[(1)]	$12,879,972	$14,170,232
Maximum annual debt service	$ 1,078,219	$ 1,078,219
Debt service coverage ratio[(2)]	11.95	13.14

[(1)] Includes revenues from the College's Tuition (net of scholarships), net receipts from the Facility Renewal Fee and net receipts from the Building Fee. Also includes revenues derived from Pell Grants attributable to Tuition, the Facility Renewal Fee and the Building Fee, which comprised approximately 87.98% and 87.97%, respectively, of total tuition and fees paid from Pell Grants in 2022 and 2023. See "ACCOUNTING AND FINANCIAL INFORMATION – Significant Sources of Revenue – Pell Grants.
[(2)] This is the amount described in note (1) above for the fiscal year indicated divided by maximum annual debt service.

BONDHOLDER RISKS

An investment in the Bonds entails certain risks. The following discussion is not intended to be exhaustive, but includes certain factors which should be considered along with other factors set forth elsewhere in this Official Statement, including the Appendices hereto, and with risks inherent in any investment.

Limited Obligations of the Board

The Board is only obligated to make payments on the Bonds from monies it receives from the College. Such monies will be derived from Pledged Revenues paid by the College's students, as further described herein. See "THE BONDS—Security". There can be no assurance the College will attract sufficient students and revenues to enable the Board to make debt service payments. The sufficiency of the Pledged Revenues to pay debt service on the Bonds may be affected by events and conditions relating to, among other things, population shifts, student transfers, competition from surrounding colleges and universities, and economic developments in the College's service area, the exact nature and extent of which are not presently determinable.

THE BONDS WILL NOT CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE COLLEGE OR THE BOARD AND WILL NOT BE PAYABLE FROM MONIES APPROPRIATED TO THE COLLEGE OR THE BOARD BY THE STATE OF ALABAMA. THE STATE OF ALABAMA WILL NOT BE LIABLE IN ANY MANNER FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS. The Bonds are not secured by any lien or security interest on the assets financed or refinanced with the proceeds of the Bonds.

State Legislative Control

The College is under the supervision and control of the Board. Thus, the College is subject to virtually plenary powers of the legislature of the State of Alabama, which meets annually in regular sessions and from time to time in special session at the call of the Governor of Alabama. The Board appoints a Chancellor to assist the Board in carrying out its authority and responsibility for the State's community and technical colleges.

The legislature has the authority to repeal the taxes that fund a substantial portion of the operating costs of the College, to reduce funding for the System or the College, to reorganize the Alabama Community College System, and to otherwise enact legislation that might adversely affect the ability of the College and the Board to repay the Bonds.

Legislative and Alabama College Systems Appropriations

The legislature annually appropriates funds from the State of Alabama Education Trust Fund that are used by the State's community and technical colleges for payment of capital costs and operating expenses incurred in connection with their various activities. Funds from the Education Trust Fund also fund expenses of primary and secondary education, institutions of higher education and various other educational operations. In recent years the legislature has considered, and in some instances approved, legislation to apply funds from the Education Trust Fund to finance various alternate education funding, including vouchers and parental choice programs and certain programs not strictly limited to education. There can be no assurance that such legislation will not result in a reduction in the amounts available to the System or that the legislature will continue to make any appropriations to the community and technical colleges.

The appropriated funds are allocated to the College by the Board based upon a formula developed by the Chancellor. Appropriated funds to the various community and technical colleges are subject to reallocation each fiscal year. There is no assurance that the annual allocation approved by the Board would be in an amount sufficient for the College to operate as a community college.

Budget Proration

The Alabama constitution effectively prohibits the State from engaging in deficit financing. As a result, the education budget for the State of Alabama has been subject to proration during past years, meaning that the amount of funds from state appropriations received by the College for certain items other than salaries during a fiscal year is less than originally budgeted.

Proration of the Education Trust Fund budgeted appropriations has been imposed in five different fiscal years from 2000 to 2011, ranging from 3.0% to 11.0%. The Alabama Legislature adopted certain measures to decrease the likelihood of proration. By constitutional amendment approved in 2002 and amended in 2008 the State established an "Education Trust Fund Rainy Day Account" as part of the Alabama Trust Fund to allow withdrawals, within specified limits, upon certification by the Governor that doing so is necessary to avoid proration. In 2011 the Alabama Legislature passed the Alabama Education Trust Fund Rolling Reserve Act, which caps the education budget using a growth rate equal to the 15-year average annual growth rate. The Act, which was implemented for the 2013 fiscal year budget, further provides that any excess of revenues over the budgeted amount are to be transferred to the "Rainy Day Account" until the Rainy Day Account has been reimbursed in full. Once the Rainy Day Account has been fully repaid, any remaining excess revenues are deposited in an "Education Trust Fund Budget Stabilization Fund," which may be withdrawn only to prevent proration in the Education Trust Fund until the balance reaches an amount equal to 20% of the current year education budget. In that case the excess above the 20% requirement is transferred to a fund to be used for construction or renovation of public education facilities in the State.

A transfer of $301,665,743 was made from the Budget Stabilization Fund into the Education Trust Fund on March 27, 2020. This transfer was made for cash flow purposes due to the extension of sales and income tax filings. On August 27, 2020, an amount of $301,665,743 was transferred in repayment from the Education Trust Fund to the Budget Stabilization Fund. The Budget Stabilization Fund had a balance of $587 million at the end of fiscal year 2023. In the event of future reductions in Education Trust Fund revenues, or in the event future Budget Stabilization Fund transfers to the Education Trust Fund are made without replenishment, the State's education budget may be subject to proration.

Although the Education Trust Fund budget has not been subject to proration since fiscal year 2011 the Board cannot predict whether or to what extent State revenues appropriated to the Board and allocated to the College will be subject to proration in future years.

Remedies

In the event of default by the Board, any remedies available to the bondholders may be unenforceable due to the application of the constitutional provision for sovereign immunity or to principles of equity or state and federal laws relating to bankruptcy, moratorium, reorganization and creditors rights generally, or may require the expenditure of considerable money and time to enforce.

Payment of Operational Fees

The Pledged Revenues described in this Official Statement and pledged to the payment of the Bonds do not include any priority, deduction, or other provision for the payment of the operational costs of the College. In the event that the other funds available to the College to pay operational costs were insufficient to pay the operational costs, Pledged Revenues would have to be used for such purpose, possibly affecting the ability of the Board to pay the debt service on the Bonds.

Taxation of Bonds

An opinion of Bond Counsel has been obtained as described under "TAX EXEMPTION" herein. Such an opinion is not binding on the Internal Revenue Service. Application for a ruling from the Internal Revenue Service regarding the status of the interest on the Bonds has not been made. The opinion of Bond Counsel contains certain exceptions and is based on certain assumptions described herein under the heading "TAX EXEMPTION." Failure by the Board and the College to comply with their respective covenants under the Authorizing Proceedings and the Non-Arbitrage and Tax Certificate could result in interest on the Bonds becoming includible in gross income for federal tax purposes.

Legislation or court or regulatory decisions may also affect the tax status of the Bonds. See "TAX EXEMPTION—Risk of Future Legislative Changes and/or Court Decisions".

Cybersecurity

Like many educational institutions and other large organizations, the College and the System rely heavily on digital technologies to conduct day-to-day operations. In the past several years, a number of entities, originating domestically and throughout the world, have sought to gain unauthorized access to digital systems of organizations (including "denial of service" attacks whereby a malicious actor aims to render a computer or other device, or group of computers and devises, unavailable to the intended user or users, "distributed denial-of service" attacks whereby multiple systems flood the bandwidth or resources of a target system, including two or more web servers, services, phishing attacks, ransomware attacks that permanently block use of electronic devises, including a network of devices, and various other types of malicious cyber tactics) for the purpose of misappropriating information, causing operational disruptions, extracting substantial financial payments from the target organization, and other malicious aims and results. These attempts include highly sophisticated efforts to electronically circumvent network security as well as more traditional intelligence gathering and social engineering aimed at obtaining information necessary to gain access.

While the College and the System maintain a network security system, policies and other measures intended to stop or contain such "cyber-attacks" no assurances can be given that such security systems will be successful. Breaches of the College's or the System's cyber-security efforts could result in, without limitation, inadvertent disclosure of protected or other confidential information, ransom attacks holding critical information hostage, impairment on the operations of the College, and many other consequences that could materially and negatively impact the College, its finances, and its ability to timely pay debt service on the Series 2024 Bonds.

Impacts of Health Emergencies

As demonstrated by the worldwide coronavirus pandemic ("COVID-19"), health emergencies continue to be a significant public health threat. A failure of enough residents of the State to be vaccinated against COVID-19, or the emergence of variants of COVID-19 that are not covered by existing vaccines or immunities, could lead to another round of quarantines, business closures, supply disruptions, stay-at-home orders, or other measures that could lead to decreases in enrollment at the College or other community colleges in the System or to a reduction in economic activity and a corresponding reduction in revenues available to fund educational institutions such as the College. The Board cannot predict what effect any such viral or infectious pandemic, may have on enrollment, on economic activity in the State or on the financial condition of the College or the System. Moreover, a significant portion of the classes taught at the College and throughout the System require labs or other in-person participation for at least some elements of the curriculum. Accordingly, guidelines and governmental orders preventing students from attending classes, or individual hesitancy to do so, could have a material adverse effect on attendance and tuition and fee revenues.

THE COLLEGE

General

Shelton State Community College is a comprehensive institution committed to providing the community innovative and accessible learning opportunities to advance academic excellence, cultural enrichment, workforce training, and economic development.

A two-year community college located in Tuscaloosa, Alabama, the College is one of the largest two-year colleges in the state. Approximately 7,000 students are enrolled in some form of coursework, including close to 3,000 full-time students. Shelton State meets students where they are and then takes them where they want to be. With a broad diversity of students and possibilities, the College integrates pieces and parts of a person's experience for a one-of-a-kind fit.

Established by resolution of the State Board of Education of the State of Alabama ("SBE") on January 1, 1979, Shelton State Community College combined Shelton State Technical College (established in 1952) and the Tuscaloosa Branch of Brewer State Junior College (in operation since 1972). In February of 1993, the Board consolidated Shelton State Community College with C. A. Fredd

Technical College, a public two-year HBCU also in Tuscaloosa (founded in 1963). The new institution retained the name of Shelton State Community College.

As an accredited, two-year institution in the Alabama Community College System, Shelton State offers over 30 associate degrees in technical and health services programs and is one of six Historically Black Community Colleges in Alabama and one of only 12 in the nation. For nearly 70 years, the College has educated students in West Alabama and is an institution where academic skills transfer to workplace skills through progressive partnerships with local industry. Additionally, Shelton State is designated as the Community College of the Fine Arts for the State of Alabama. SSCC is a member of the Alabama Community College Conference (ACCC) and competes in the National Junior College Athletic Association (NJCAA) at the Division I level. The Institution holds 29 NJCAA Region XXII Division I titles in men's and women's basketball and baseball, 13 National Championships in competitive cheerleading, and seven recognitions as an Academic Team of the Year for softball.

For more information about Shelton State, visit www.sheltonstate.edu

Accreditation

Shelton State Community College is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award associate degrees. Information concerning accreditation can be obtained from the Commission on Colleges at 1866 Southern Lane, Decatur, Georgia 30033-4097; 404-679-4500; https://sacscoc.org/.

Student Enrollment

Enrollment at the College for the five most recently completed academic years for credited students has been as follows:

		Total Headcount	Full Time Equivalent
Fall	2019	4204	2790
Spring	2020	3907	2390
Summer	2020	2681	1170

Fall	2020	3743	2321
Spring	2021	3504	2031
Summer	2021	2594	1081
Fall	2021	4663	2677
Spring	2022	3642	2086
Summer	2022	3039	1243
Fall	2022	4166	2551
Spring	2023	3852	2191
Summer	2023	3310	1344
Fall	2023	4537	2656
Spring	2024	4050	2225
Summer	2024	3416	1390

Tuition and Fees

Tuition and fees are set under authority of the Board. Tuition was most recently increased from $125 to $127 per credit hour, effective Fall Semester 2023, and will be increased to $129 per credit hour, effective Fall Semester 2024. The following is a schedule of Tuition and fees for students to be enrolled at the College for Fall Semester 2024:

	Tuition Per Credit Hour	**Building Fee**	**Technology Fee***	**Facility Renewal Fee**	**ACCS System Reserve Fee***	**ACCS Enhancement Fee***
In-State Students	$129	$12	$9	$9	$1	$10
Out of State Students	$258	$12	$9	$9	$1	$10

* Technology Fee, ACCS System Reserve Fee and ACCS Enhancement Fee are not pledged for debt service.

Administration

The President, who is the chief executive officer of the College, is responsible to the Chancellor and the Board. The daily responsibilities of governing the College are delegated by the Board and Chancellor to the President and, through the President, to her assisting officers and the faculty. The President appoints all principal administrative officers of the College and all faculty members according to qualifications and regulations as may be adopted by the Board. The following paragraphs provide information about the current principal administrative officers of the College.

Dr. Jonathan Koh was named the president of the College On November 8, 2023. An alumnus of The University of Alabama, Dr. Koh earned a Bachelor of Arts in Political Science, a Master of Public Administration with a concentration in Higher Education Administration, and a Doctorate in Higher Education with a concentration in Higher Education Policy. His dissertation focused on a decade of nationwide trends in public community college finance as they relate to student access and state support for the nation's two-year institutions.

Dr. Koh began his career in education at The University of Alabama, in Tuscaloosa, Alabama, where he served as a Research Coordinator for Tthe University's Education Policy Center between 2012 and 2015. From there, Dr. Koh began his service at Shelton State Community College as Director of Grants and Governmental Relations before being appointed Dean of Workforce and Economic Development.

Dr. Koh has led innovative strategies which have expanded the reach of the College's 16 technical services and adult education programs, including co-enrollment pathways, nationally recognized work-based learning programs, and on-demand incumbent worker training initiatives. He supervised the development and establishment of the College's First-Class Pre-K program, which includes its own set of accreditation standards.

Senior Administration, who are appointed by the President, consists of the following:

Kevin Davis, J.D.	Dean of Human Resources
Joseph Eatmon	Dean of Community Relations
Michael Green, Ph.D.	Dean of Instruction
Brian N. Harrison, CPA	Regional Chief Financial Officer
Anika Lodree, Ph.D.	Dean of Student Services/Acting Dean of C.A. Fredd Campus
Channing Marlowe	Dean of Administrative Services
Nicole Dubose	Dean of Workforce Development and Strategic Initiatives

The College has qualified administrative and academic officers with the experience and competence to lead the institution. Each administrative and academic officer possesses the academic degrees, experience, knowledge, and skills appropriate to his or her area of responsibility.

Faculty and Staff

For the 2022-23 school year, the faculty of the College consisted of 108 full-time members. Including faculty, the College employs approximately 285 permanent full-time and 171 temporary or part-time employees. The College is an equal opportunity employer. Employees of the College participate in the State of Alabama Teachers' Retirement System.

THE ALABAMA COMMUNITY COLLEGE SYSTEM

On March 12, 2015, the governance of the Alabama Community College System was transferred from the State Board of Education of the State of Alabama to the Board. Pursuant to Act 2015-125 of the Alabama Legislature (the "***ACCS Act***"), the Board assumed all obligations and responsibility of the State Board of Education with respect to the community and technical colleges of the State. The Alabama Community College System is responsible for the operation of the College, as well as all other public community colleges and technical colleges in the State. Its powers are set forth in accordance with the ACCS Act.

The Board consists of the Governor and nine other members appointed by the Governor: one from each of the seven congressional districts in the State, one at-large member and one ex-officio, non-voting member representing the State Board of Education. Members are appointed for four-year terms, staggered such that Members from Districts 1, 3, 5 and 7 and those from Districts 2, 4, and 6 and from the State at large are appointed in different years, two years apart. Board members receive no compensation for their service but are reimbursed for actual traveling and other necessary expenses incurred for attending meetings and transacting the business of the Board. The following is a listing of current Board members, their position, district and the expiration of their terms:

Name	Position	District	Term
Kay Ivey	President	Governor of Alabama	2023-2027
J.E.B. Shell		District 1	2021-2025
John Mitchell, Sr.		District 2	2019-2023
Valerie Gray	Vice-Chair	District 3	2021-2025
Britton Lightsey		District 4	2023-2027
Goodrich Rogers	Chairman	District 5	2021-2025
Ron Houston		District 6	2023-2027
Llevelyn Rhone		District 7	2021-2025
Tim McCartney		At-Large Member	2023-2027
Yvette Richardson		Ex-Officio (non-voting) Member	

For the purpose of assisting the Board in carrying out its authority and responsibility for the community and technical colleges, including the College, the Board appoints a Chancellor who is also the Chief Executive Officer of the Alabama Community College System. The Chancellor answers only to the Board in his oversight of the State's public, two-year colleges. Several sections of the ACCS Act, codified in the *Code of Alabama 1975,* indicate that the Chancellor has both the discretion and the responsibility to take appropriate action to ensure that any and all colleges are operating within defined parameters.

> *Section 16-60-111.1* provides that the purpose of the Chancellor is to assist the Board in carrying out its authority and responsibility for the community and technical colleges.
>
> *Section 16-60-111.2* vests the Chancellor with the authority and responsibility for the operation, management, control, supervision, maintenance, regulation, improvement, and enlargement of community colleges, subject to the approval of the Board.
>
> *Section 16-60-111.5* requires that the Chancellor direct all matters involving the community and technical colleges within the policies of the Board, including: execution and enforcement of Board rules and regulations; interpretation of Board rules and regulations; taking any and all actions necessary and proper to administer the policies, rules and regulations of the Board; preparation and submission for Board approval of a budget for the colleges; and preparation and submission of necessary legislative measures for the development and improvement of the community and technical colleges.

The Board appointed Jimmy H. Baker as Chancellor effective April 1, 2017. Mr. Baker has an extensive background in education and government, including service as a Superintendent of both a city and county school system, as an Assistant State Superintendent of Education and as Finance Director for the State of Alabama.

ACCOUNTING AND FINANCIAL INFORMATION

Accrual Methods

The financial statements of the College are prepared on an accrual basis. Revenue is recorded as earned and expenses are recorded when obligations are incurred. However, the degree of materiality may indicate that it is neither necessary nor desirable to accrue all revenues or to prorate all expenses. Operating and non-operating revenues and expenses are reported in the Statement of Revenues, Expenses, and Changes in Net Assets ("***SRECNA***"). The Alabama Community College System has determined that all federal, state, local and non-governmental grants and contracts, which are not designated for the purchase of capital assets, will be considered operating revenue. Depreciation expense is included in the SRECNA as an Operating Expense.

State appropriations, gifts, interest income and investment income will be considered non-operating revenue unless otherwise designated as operating revenue by an external party.

Additions to permanent endowments, capital appropriations, and capital grants, contracts, and gifts are recorded under Other Revenues on SRECNA.

All unrestricted assets and liabilities are categorized as either current or non-current in the Statement of Net Assets ("***SNA***"). The College also reports all capital assets, net of accumulated depreciation, including infrastructure assets in the SNA. Externally restricted assets are distinguishable from unrestricted assets in the Net Assets section of the SNA. Externally restricted assets may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted assets over which the governing board retains full control to use in achieving any of its institutional purposes.

The financial statements of the College as of September 30, 2023, included for information purposes in this Official Statement as APPENDIX B, have been audited by Banks, Finley, White & Company, independent auditors, as set forth in their report, which also appears in APPENDIX B. Other significant accounting policies of the College are set forth in the financial statements and the notes thereto. In addition, the College is subject to periodic audits by the Alabama Department of Examiners of Public Accounts for compliance with applicable laws and regulations of the State. The most recent report of the Examiners of Public Accounts, released July 19, 2024, included findings that the College failed to establish adequate controls over athletic sales revenues, awarded a contract with a value of approximately $111,000 through the State competitive bid law rather than through the public works law, as required, and failed to maintain adequate controls to ensure that dual enrollment instructors were not paid by both the College and the K-12 school system. The College is taking steps to remedy all three situations and intends to comply with the recommendations from the Examiners' report in the future.

Major Sources of Revenue

State Appropriations. The largest single source of revenue of the College is appropriations by the State. Funding for the College is determined annually by the State Legislature. After the College receives the annual allocation, it is disbursed to the College in 12 monthly installments by electronic transfer. State appropriations must be used for operational and maintenance purposes, including capital projects.

A substantial portion of the State's tax revenues is paid into the Alabama Education Trust Fund ("***ETF***") and is appropriated for educational purposes, including appropriations for the College and other institutions of higher learning. The ETF was established in 1927 by Act of the Legislature, and revenues are paid into the ETF pursuant to constitutional provisions and continuing appropriations of the Legislature. Among the State taxes paid into the ETF are the State's utilities gross receipts and use taxes, sales taxes, income taxes, and a portion of the State ad valorem taxes.

Under the Constitution of Alabama, if in any fiscal year there are insufficient funds of the State to pay all claims, a proration of claims is required. The ETF is subject to this constitutional requirement and, if monies in the fund are insufficient to pay all amounts appropriated therefrom by the Legislature, each appropriation must be reduced pro rata. There can be no assurance that appropriations to the College from the ETF or other sources can or will be held at present levels. In June 2002, Alabama voters amended the Alabama Constitution to create a Rainy Day Fund in the amount of $248 million, drawn from trust funds created out of oil and gas lease revenues which may be used at the order of the Governor to offset proration in the ETF. Any amount so used must be repaid over a five-year period. In fiscal year 2003, approximately $180,000,000 was drawn to avoid proration. The State, as required, has repaid the Rainy Day Fund.

Student Tuition and Fees. Student tuition and fees are payable by all students in advance of attendance of any classes. These funds may be used for any purpose designated by the President and approved by the Board, but historically the tuition has been expended primarily for instructional purposes.

The Board has the sole authority to establish the student tuition and fees, which it may set at whatever level it considers appropriate and in the best interests of the College. State appropriations are not increased or reduced based on, or otherwise offset against, revenues from student tuition and fees.

Pell Grants. Revenues from Pell Grants awarded to students comprise a substantial portion of the College's total revenues. A significant portion of the Pell Grants awarded to most students is applied to the payment of tuition and fees, including Tuition, the Building Fee and the Facility Renewal Fee comprising Pledged Revenues. For fiscal year 2023, for instance, Pell Grants awarded to students of the College totaled $8,159,007, of which $7,531,461 was applied to tuition and fees, including $6,625,475 allocated to Tuition and the Building Fee.

Federal Grants and Contracts. The College receives certain funds from the United States government for instructional and public-service oriented purposes. The College makes such requests to the appropriate governmental agency for specific projects and, if the requests are granted, all funds must be used for the specified project.

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Summary Financial Information

Revenues	Audited 9/30/2023	Audited 9/30/2022	Audited 9/30/2021	Audited 9/30/2020	Audited 9/30/2019
Student Tuition and Fees[1]	16,186,993	14,875,111	13,917,631	14,913,761	15,774,523
Scholarship Allowances	9,077,272	6,233,810	7,030,477	6,160,744	6,765,989
Net Student Tuition and Fees[2]	7,109,721	8,641,301	6,887,154	8,753,017	9,008,534
State Appropriations	22,654,242	21,432,027	20,051,502	19,721,257	18,550,094
Federal Grants & Contracts[3] [4]	19.276,381	13,894,277	27,475,568	15,264,366	12,669,721
State and Local Grants and Contracts	3,127,767	2,606,822	1,606,269	1,626,152	2,299,964
Private Gifts, Grants & Contracts	857,513	740,081	762,891	1,019,984	1,119,910
Investment Income	607,849	77,059	37,744	151,009	168,802
Sales & Service of Educ. Activities	44,723	57,457	3,041	16,039	24,108
Sales & Service of Aux. Enterprises	184,613	5,844	-0-	-0-	-0-
Other Sources	455,551	746,116	485,426	1,772,129	1,184,699
Total	**54,318,360**	**48,200,984**	**57,309,595**	**48,323,953**	**45,025,832**

(1) Student Tuition and Fees includes Building Fee, Technology Fee, Facility Renewal Fee, Reserve Fee and ACCS Enhancements Fee.
(2) The Pledged Revenues of Tuition, Facility Renewal Fee and Building Fee, net Scholarship Allowances, totaled $12,879,972 in 2023, $14,170,232 in 2022, $12,375,292 in 2021, $15,708,055 in 2020, and $12,480,419 in 2019.
(3) Includes Pell Grant Awards which totaled $8,159,007 in 2023, $7,865,046 in 2022, $6,824,279 in 2021, $7,476,613 in 2020 and $9,181,759 in 2019.
(4) Includes federal COVID-19 relief funds through the Higher Education Emergency Relief Fund (HEERF) totaling $7,990,693 in 2023, $4,029,340 in 2022 and $17,504,593 in 2021.

ACCS Financial and Operating Data

Certain financial and operating information concerning the System and the System schools is included for information purposes as APPENDIX E to this Official Statement. Information contained in APPENDIX E has not been audited and is not presented in accordance with generally accepted accounting principles.

CONTINUING DISCLOSURE

General

Pursuant to Rule 15c2-12 (the "***Rule***") promulgated by the Securities and Exchange Commission, the Board has covenanted for the benefit of the holders and beneficial owners of the Bonds, pursuant to a Continuing Disclosure Agreement, to provide or cause the College to provide certain financial information and operating data relating to the College by not later than 270 days following the end of the College's fiscal year, which currently would be September 30 (the "***Annual Report***"), commencing with the report for the 2024 fiscal year, and to provide notices of the occurrence of certain enumerated events, as described below. In its Continuing Disclosure Agreement executed in connection with the Bonds, the Board has delegated its compliance responsibilities under such Agreement to the College. The Annual Report and notices of enumerated events will be filed by the Board or College with the Electronic Municipal Market Access System ("***EMMA***") maintained by the Municipal Securities Rulemaking Board and with a State of Alabama State Repository, if any is established.

Annual Reports

Each Annual Report will include an audited annual financial statement of the College and certain annual financial information and operating data of the kind set forth in the tables in this Official Statement under the captions "THE COLLEGE – Student Enrollment" and "– Tuition and Fees", "ANNUAL DEBT SERVICE ON THE BONDS – Debt Service Coverage" and "ACCOUNTING AND FINANCIAL INFORMATION – Summary Financial Information" and in APPENDIX E – ALABAMA COMMUNITY COLLEGE SYSTEM FINANCIAL AND OPERATING DATA.

Material Events Notices

Notices of the following events will be provided in a timely manner not in excess of 10 business days after the occurrence of the event:

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on any reserve fund reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability. Notice of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds
- Modifications to rights of Bond holders, if material
- Bond calls, if material and tender offers
- Defeasances
- Release, substitution or sale of property securing repayment of the Bonds, if material
- Rating changes
- Bankruptcy, insolvency, receivership or similar event with respect to the Board or the College
- The consummation of a merger, consolidation, or acquisition involving the Board or College or the sale of all or substantially all of the assets of the College, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- Appointment of a successor or additional trustee or the change of the name of a trustee, if material
- Incurrence of a financial obligation of the Board or College, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Board or College, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Board or College, any of which reflect financial difficulties.

In addition, the Board must give notice within a reasonable time of any failure to file its required Annual Report on or before the date specified in the Continuing Disclosure Agreement.

The Board may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above if, in the judgment of the Board, such other event is material with respect to the Bonds, but the Board does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Other Provisions of Continuing Disclosure Agreement

The Board reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Board; provided, that the Board agrees that any such modification will be done in a manner consistent with the Rule. The Board reserves the right to terminate its obligations to provide annual financial information and notices of enumerated events, as set forth above, if and when the Board no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The Board acknowledges that its undertaking, pursuant to the Rule described under this heading, is intended to be for the benefit of beneficial owners of the Bonds and that the Board's obligations may be enforced by any beneficial owner of the Bonds; provided, that the beneficial owner's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Board's obligations under the Continuing Disclosure Agreement and any failure by the Board to comply with the provisions of such undertaking shall not be in event of default with respect to the Bonds.

Compliance with Disclosure Obligations

The Board has undertaken to provide continuing disclosure pursuant to the Rule in connection with certain bonds issued by it since its creation in 2015. In addition, prior to the creation of the Board the State Board of Education undertook to provide continuing disclosure pursuant to the Rule in connection with numerous bonds issued by it prior to transfer of control of the System to the Board and the Board assumed responsibility for compliance with those undertakings upon its formation. In each case responsibility for making the required filings in response to the various undertakings was delegated to the college for whose benefit the bonds were issued. The information required varies depending upon the college and the source of payment of the particular issue, but generally requires audited financial statements of the particular college as well as certain financial and operating data. Past undertakings typically required filing of annual financial statements and financial and operating data within 180 days of the end of the fiscal year, although the audited annual financial statements are not typically received from the auditor until after the 180-day deadline and the System has now adopted a 270-day deadline for delivery of the annual reports. Audited financial statements and certain operating data for fiscal years 2018, 2019, and 2020 were filed late without always providing notice of late filing. CUSIP linkage problems for one college in fiscal year 2019 have been remedied. For fiscal year 2020, various audits were filed late; however, due to the COVID-19 pandemic and quarantine, the State of Alabama extended the deadline for audits to be completed to December 31, 2021. All but one college's audit was filed by December 31, 2021. Failure to file notices and unaudited financial statements were filed in such cases.

During the past five years, the College has not been required to file continuing disclosure obligations.

The State Board of Education failed numerous times prior to the creation of the Board to file financial statements and other financial and operating data required by its various continuing disclosure undertakings with respect to bonds issued for the benefit of colleges within the System. Audited financial statements and certain financial and operating data for fiscal years 2018, 2019, 2020 and 2021 were not filed timely by certain colleges. A failure to file notice was not always filed in these instances. Audited financials and certain operating data were also not filed in some fiscal years to bonds that are no longer outstanding. In addition, various fiscal year 2020 audits were not filed to bonds that are no longer outstanding as a result of the delay in filing due to the COVID-19 pandemic and quarantine, whereby the State of Alabama extended the deadline for audits to be completed to December 31, 2021.

The Board has entered into an agreement with Digital Assurance Certification (DAC) to assist it and the College with the Board's continuing compliance with the Rule. Additionally, the colleges and the System have now moved to utilizing private accounting firms for their annual audits beginning with the fiscal year ending September 30, 2022, as opposed to using the Alabama Department of Public Examiners. All of the fiscal year 2023 audits were completed by June 24, 2024, which is a significant improvement over prior years.

TAX EXEMPTION

General

In the opinion of Bond Counsel, under the Internal Revenue Code of 1986 (the "Code"), as presently construed and administered, and assuming compliance by the Board with the all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be and remain excludable from gross income, the interest income on the Bonds will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code and will not constitute an item of tax preference for the purpose of computing the liability of individuals and corporations for the alternative minimum tax imposed by Section 55 of the Code; provided, that the interest income on the Bonds may be included in the "adjusted financial statement income" of certain "applicable corporations" that are subject to the 15-percent alternative minimum tax under Section 55 of the Code. The Board has covenanted to comply with all such requirements, but failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income, retroactive to the date of issuance of the Bonds. Bond Counsel will express no opinion with respect to the federal tax consequences to the recipients of the interest income on the Bonds under any provision of the Code not referred to above.

Bond Counsel's opinion represents its legal judgment based upon its review of the Code, as presently construed and administered, and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that existing law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to a branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

Bond Counsel is also of the opinion that, under existing law, interest income on the Bonds will be exempt from State of Alabama income taxation.

Risk of Future Legislative Changes and/or Court Decisions

The Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds. Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount

The initial public offering price to be paid for certain of the Bonds (the "***Original Issue Discount Bonds***") is less than the principal amount thereof. Under existing law, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other taxable disposition thereof. The amount (if any) to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods (if any) multiplied by the yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bonds.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Discount Bonds.

Original Issue Premium

The initial public offering price to be paid for certain of the Bonds (the "***Original Issue Premium Bonds***") is greater than the principal amount thereof. Under existing law, any owner who has purchased an Original Issue Premium Bond in the initial public offering of the Bonds is required to reduce his basis in such Original Issue Premium Bond by the amount of premium allocable to periods during which he holds such Original Issue Premium Bond, and the amount of premium allocable to each accrual period will be applied to reduce the amount of interest received by the owner during each such period. All owners of Original Issue Premium Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Premium Bond and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Premium Bond.

LEGAL MATTERS

The legality and validity of the Bonds will be approved by Hand Arendall Harrison Sale LLC, of Mobile, Alabama, Bond Counsel, whose approving opinion will be delivered at the time of the delivery of the Bonds. It is anticipated that the opinion of Bond Counsel will be in substantially the form attached hereto as APPENDIX A.

David M. O'Brien, Senior Associate Counsel to the Board, will deliver a certificate on the date of issuance and delivery of the Bonds stating that there is no suit, action or proceeding of any nature pending or threatened to restrain or to enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting the validity of the Bonds or any proceedings of the Board taken with respect to the issuance or sale thereof, or the pledge or application of any monies, revenues, or security provided for the payment of the Bonds.

UNDERWRITER

The Bonds will be purchased by Stifel Nicolaus & Company, Incorporated (the "***Underwriter***") at a purchase price of $18,136,766.25, which takes into account a net original issue premium of $1,054,966.25 and an Underwriter's discount of $118,200.00. The initial public offering price set forth on the cover page may be changed by the Underwriter, and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the offering price set forth on the inside cover page. The Underwriter will purchase all the Bonds if any are purchased. The Underwriter is obligated to purchase and pay for all the Bonds in cash.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("***S&P***") assigned an insured rating to the Bonds of "AA" (stable outlook), with the understanding that, upon issuance and delivery of the Bonds a municipal bond insurance policy guaranteeing the timely payment of the principal of and the interest on the Bonds will be issued by the Insurer. Moody's Investors Service, Inc. ("***Moody's***") has assigned an underlying rating to the Bonds of "A1". Any definitive explanation of the significance of any such ratings may be obtained only from the rating agencies. There is no assurance that any such rating will remain in effect for any given period of time or that any such rating will not be lowered or withdrawn entirely if, in the judgment of the rating agencies, circumstances should warrant such action. Any such downward revision or withdrawal of any rating assigned to the Bonds could have an adverse effect on their market price.

MISCELLANEOUS

The references herein to statutory provisions and the Authorizing Proceedings are brief outlines of certain provisions thereof and do not purport to be complete. For full and complete statements of such provisions, reference is made to the pertinent statute or to the Authorizing Proceedings. Copies of the Authorizing Proceedings are available from the Board, the College or the Underwriter for a nominal charge.

The information contained in this Official Statement has been compiled or prepared from information obtained from the College and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date. Statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

References herein to the Alabama Constitution and all legislative acts referred to herein are intended to be only brief outlines of certain provisions of each thereof and do not purport to summarize or describe all provisions thereof.

Certain of the officers, administrative staff and counsel to the College have reviewed the information contained herein which relates to the College.

BOARD OF TRUSTEES OF THE ALABAMA
COMMUNITY COLLEGE SYSTEM

Date: August 8, 2024

By: *[/s/ Goodrich Rogers]*
Its: Chairman

10133923v4

APPENDIX A

FORM OF BOND COUNSEL OPINION

Board of Trustees of the
Alabama Community College System
Montgomery, Alabama

Re: $17,200,000 Board of Trustees of the Alabama Community College System Shelton State Community College Revenue Bonds, Series 2024

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Board of Trustees of the Alabama Community College System (the "Board") of the obligations in caption (the "Bonds"). In such capacity, we examined the resolution adopted by the Board on May 8, 2024, as supplemented by the resolution adopted by the Board on August 14, 2024 (collectively, herein called the “Authorizing Proceedings”) and other proceedings, certificates and documents presented to us.

Although we have assisted in compiling certain of the information contained therein, we have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except as to the descriptions therein of the Board, the Bonds and the Authorizing Proceedings hereinafter described) and we express no opinion as relating thereto.

The Bonds are being issued pursuant to Act 2015-125 adopted by the Legislature of the State of Alabama at its 2015 Regular Session (the “Act”). The Bonds are issued for the purpose of providing funding to finance improvements on the campus of the College and paying the expenses of issuing the Bonds. Pursuant to the Authorizing Proceedings, the Board has pledged to the payment of the Bonds and the interest thereon so much as shall be necessary for the purpose (i) tuition paid by students enrolled at the College (“Tuition”), (ii) a facility revenue fee paid by students enrolled at the College (the “Facility Renewal Fee”) and (ii) a special building fee paid by each student enrolled at the College (the “Building Fee”, and together with the Tuition and Facility Renewal Fee, referred to herein collectively as the “Pledged Revenues”), and has agreed to deposit in a special fund created for the purpose funds sufficient to pay the principal of and interest on the Bonds as the same become due. The Board has reserved the right to issue certain other obligations secured by the Pledged Revenues, subject to the requirements of the Authorizing Proceedings.

As to questions of fact material to our opinion, we have relied upon representations of the Board and the College, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished to us by or on behalf of the Board and the College, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized, executed and delivered by the Board and are valid and binding special obligations of the Board, payable solely from the Bond Fund and from Pledged Revenues.

2. Under existing law, as presently construed and administered, the interest income on the Bonds will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Internal Revenue Code of 1986 (the "Code"), as presently construed and administered. In addition, the interest income on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under Section 55 of the Code; provided, that the interest received by the Owners of the Bonds may be included in the "adjusted financial statement income" of certain "applicable corporations" that are subject to the 15-percent alternative minimum tax under Section 55 of the Code. The opinions set forth in the preceding sentences are subject to the condition that the Board comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Board has covenanted to comply with each such requirement, but failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of the issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is, under existing law, exempt from State of Alabama income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

HAND ARENDALL HARRISON SALE LLC

By:____________________________________

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE COLLEGE
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023

SHELTON STATE

COMMUNITY COLLEGE

AUDITED FINANCIAL STATEMENTS

September 30, 2023 and 2022

With Independent Auditor's Report on the Financial Statements

And Report on Federal Awards in Accordance with the Uniform Guidance

September 30, 2023

BANKS, FINLEY, WHITE & CO.

CERTIFIED PUBLIC ACCOUNTANTS

SHELTON STATE COMMUNITY COLLEGE
Tuscaloosa, Alabama

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BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Alabama Community College System
and the President of Shelton State Community College
Tuscaloosa, Alabama

Report on the Financial Statements

We have audited the financial statements of Shelton State Community College (“the College”), a component unit of the State of Alabama, as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Shelton State Community College as of September 30, 2023 and 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Shelton State Community 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.

Responsibilities of Management for the Financial Statements

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

617 THIRTY-SEVENTH STREET SOUTH• BIRMINGHAM, ALABAMA 35222• (205) 326-6660

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 GAAS 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 Shelton State Community 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 Shelton State Community College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, the Schedule of the College's Proportionate Share of the Collective Net Pension Liability, the Schedule of the College's Contributions – Pension, the Schedule of the College's Proportionate Share of the Collective Net Other Postemployment Benefits (OPEB) Liability and the Schedule of the College's Contributions – Other Postemployment Benefits (OPEB) on pages 40 through 43 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.

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 do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2024, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial report and compliance.

Birmingham, Alabama
January 16, 2024

Banks, Finley White & Co.

SHELTON STATE COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal year ended September 30, 2023

INTRODUCTION

The following discussion presents an overview of the financial position and financial performance of Shelton State Community College (the College) during the fiscal year ended September 30, 2023, with comparative information for 2022 and 2021. This discussion and analysis has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The discussion and analysis is designed to focus on current activities, resulting change and currently known facts. The financial statements, footnotes and this discussion are the responsibility of management.

History, Mission and Governance

Shelton State Community College ("the College") is a two-year community college located in Tuscaloosa, Alabama, and is one of the largest two-year colleges in the state. Approximately 7,000 students are enrolled in some form of coursework, including around 3,000 full-time students.

Shelton State Community College was established by resolution of the Alabama State Board of Education on January 1, 1979. That resolution combined two existing institutions: Shelton State Technical College, established in 1952, and the Tuscaloosa branch campus of Brewer State Junior College, an institution whose main campus was located in Fayette, Alabama. The Tuscaloosa branch campus of Brewer State had been in operation since 1972. In 1994, Shelton State Community College consolidated with C. A. Fredd State Technical College, another public two year college located in Tuscaloosa. The new institution created by the consolidation retained the name of Shelton State Community College, and the president of Shelton State was named president of the consolidated institution. Currently, the College has two (2) campuses, C.A Fredd Campus and the Martin Campus. C. A. Fredd State Technical College was recognized as one of the nation’s Historically Black Colleges and Universities. The C. A. Fredd Campus of Shelton State Community College maintains that identity and continues the specific HBCU mission of promoting educational access and opportunity for all students in a culturally diverse community.

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

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

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

The board member duties include:

- designating rules and regulations for the government of community and technical colleges,
- prescribing the course of study to be offered and the conditions for granting certificates, diplomas and/or degrees,

- accepting gifts, donations, property, and devices for the benefit of community and technical colleges, and;
- establishing a performance-based allocation process that is equitable and compatible with the services and programs offered by each individual campus.

Overview of Financial Statements

The basic financial statements consist of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. These financial statements focus on the financial position, results of operations, and cash flows of the College as a whole.

The accompanying documentation presents the College's financial statements for fiscal year 2023, 2022 and 2021. Three financial statements are presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the College's financial statements provides an overview of financial activities for the years ended September 30, 2023, 2022 and 2021.

An overview of each statement for the College is presented herein along with a financial analysis of the transactions impacting each statement. When appropriate, comparative financial information is presented in the understanding of this analysis.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College at September 30, 2023. 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), deferred outflows of resources, liabilities (current and non-current), deferred inflows of resources, and net position (assets minus liabilities). The difference between current and non-current assets will be discussed in the financial statement disclosures.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the College. Readers are able to determine the consumption of net position in one period attributable to future periods, deferred outflows of resources. They are also able to determine how much the College owes vendors, investors, and lending institutions. Readers are able to determine the acquisition of net position in one period attributable to future periods, deferred inflows of resources. In summary, the Statement of Net Position provides a picture of the College's assets and deferred outflows of resources in excess of its liabilities and deferred inflows of resources and the availability of the excess for expenditure by the College.

Net Position is divided into three major categories. The first category, Net Investment in Capital Assets, provides the College's equity in property, plant, and equipment. The next category is Restricted Net Position, which is divided into two categories, non-expendable and expendable. The corpus of non-expendable restricted resources is only available for investment purposes. Expendable Restricted Net

Position is available for expenditure by the College, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is Unrestricted Net Position, which is available to the College for any appropriate purpose.

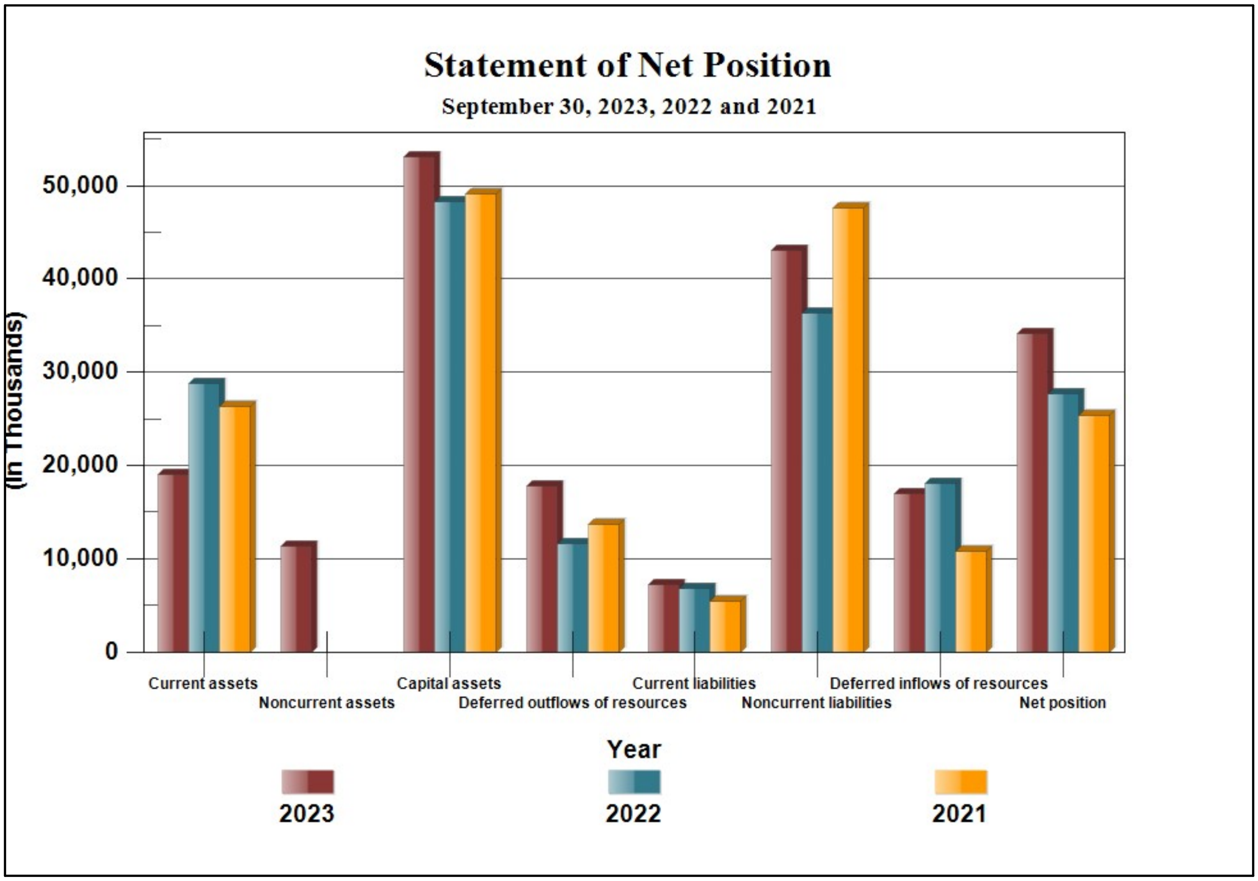
The condensed statements of net position at September 30, 2023, 2022 and 2021, follow:

SUMMARY STATEMENT OF NET POSITION

	2023	2022	2021
ASSETS			
Current assets	$ 18,974,574	$ 28,775,699	$ 26,298,792
Noncurrent assets	11,302,055	-	-
Capital assets	53,129,755	48,364,202	49,125,394
Total assets	83,406,384	77,139,901	75,424,186
Deferred outflows of resources:			
Related to defined benefit pension plan	13,060,328	6,602,090	7,590,696
Related to other postemployment benefits	4,763,183	5,066,017	6,118,642
Total deferred outflows of resources	17,823,511	11,668,107	13,709,338
Total assets and deferred outflows of resources	$ 101,229,895	$ 88,808,008	$ 89,133,524
LIABILITIES			
Current liabilities	$ 7,167,072	$ 6,796,719	$ 5,401,272
Noncurrent liabilities	43,062,159	36,304,187	47,556,929
Total liabilities	50,229,231	43,100,906	52,958,201
Deferred inflows of resources:			
Related to defined benefit pension plan	2,858,596	8,010,596	999,596
Related to other postemployment benefits	14,045,186	10,059,745	9,832,443
Total deferred inflows of resources	16,903,782	18,070,341	10,832,039
NET POSITION			
Net investment in capital assets	52,985,086	48,239,180	48,992,883
Restricted expendable for debt service	4,121,115	2,928,784	2,500,000
Unrestricted	(23,009,319)	(23,531,203)	(26,149,599)
Total net position	34,096,882	27,636,761	25,343,284
Total liabilities, deferred inflows of resources and net position	$ 101,229,895	$ 88,808,008	$ 89,133,524

Changes in Assets, Liabilities and Net Position

The College's total Net Position increased by $6,460,121 during the year ended September 30, 2023. The increase is attributable to an increase in state appropriations of $1,222,215 , student tuition and fees of $1,311,882 and state and local grants and contracts of $638,377 and federal grants and contracts of $1,126,791. Operating expenses, excluding depreciation, increased by $1,735,272



Statement of Revenues, Expenses and Changes in Net Position

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

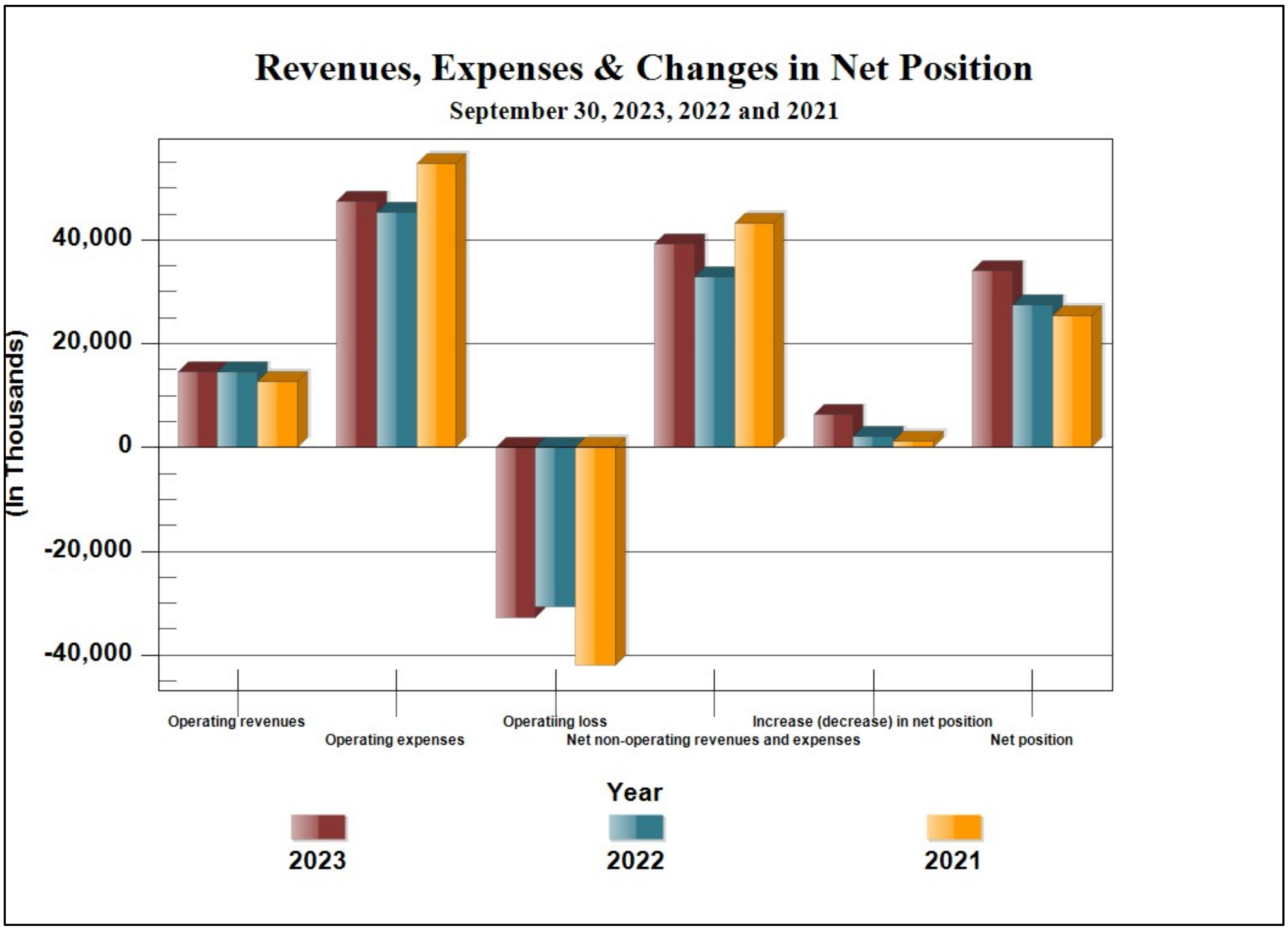
Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. For example, state appropriations are non-operating because they are provided by the Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues. Readers of these financial statements should gain an understanding of the impact of the presentation of state appropriations as non-operating revenues as required by the Governmental Accounting Standards Board. The impact of the presentation is that the College continuously generates an operating loss. Typically, an operating loss suggests fiscal concerns which should be addressed by the College’s administration. The operating loss presented in these financial statements should be viewed in the appropriate context.

The College considers state appropriations to be an integral component of the fiscal viability of the College for without these appropriations the College would have severe difficulty in achieving its mission of providing accessible educational opportunities. The Statement of Revenues, Expenses, and Changes in Net Position presents a net increase in the Net Position for the year ending September 30, 2023.

The condensed statements of revenues, expenses and changes in net position for the years ended September 30, 2023, 2022 and 2021, follow:

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

	2023	2022	2021
Operating Revenues	$ 14,716,916	$ 14,638,499	$ 12,825,722
Operating Expenses	47,429,397	45,384,573	54,738,057
Operating Loss	(32,712,481)	(30,746,074)	(41,912,335)
Net non-operating Revenues and Expenses	39,172,602	33,039,551	43,221,201
Increase (Decrease) in Net Position	6,460,121	2,293,477	1,308,866
Net position-beginning of the year	27,636,761	25,343,284	24,034,418
Net position-end of the year	$ 34,096,882	$ 27,636,761	$ 25,343,284



Operating Revenues for the year ended September 30, 2023, increased approximately $78,417 compared to the previous year. State grants and contracts increased over the previous year $520,945. In addition, federal operating grants increased by $1,126,791, and nongovernmental grants and contracts increased by $117,432. While gross student tuition and fees increased slightly, the student tuition and fees (net of scholarship allowances) decreased by $2,843,462 due to an increase in the related scholarship allowances compared to the previous year. All other operating revenue sources were relatively stable for the year.

Operating Expenses for the year ended September 30, 2023, increased by 4.5% in comparison to the prior year. Overall, operating expenses remained relatively unchanged from the prior year, except for scholarships and financial aid, which decreased by 44.5%. Expenses for the nine major functions presented changed as follows: Instruction increased less than 8.5%; Academic Support increased 27.7%; Student Services increased 21.2%; Institutional Support increased 17.8%; Operation and Maintenance of Plant expenses increased 7.8%; Student Aid decreased 44.5%; and Depreciation increased 9.4%. The College’s enrollment increased slightly in 21-22, as impacts from the COVID-19 pandemic continued to subside.

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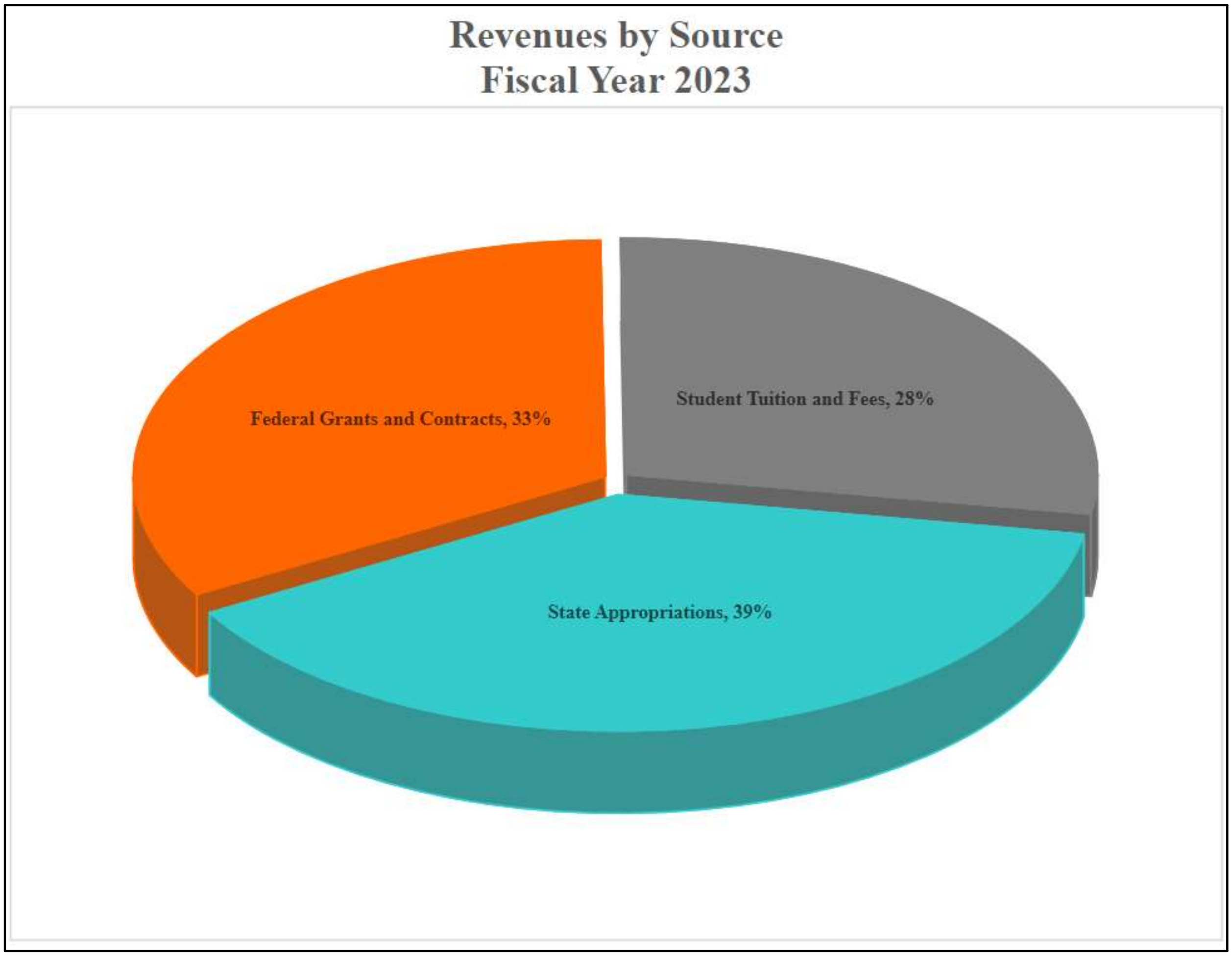
The following is a graphic presentation of the total revenues by source for the fiscal year ended September 30, 2023:



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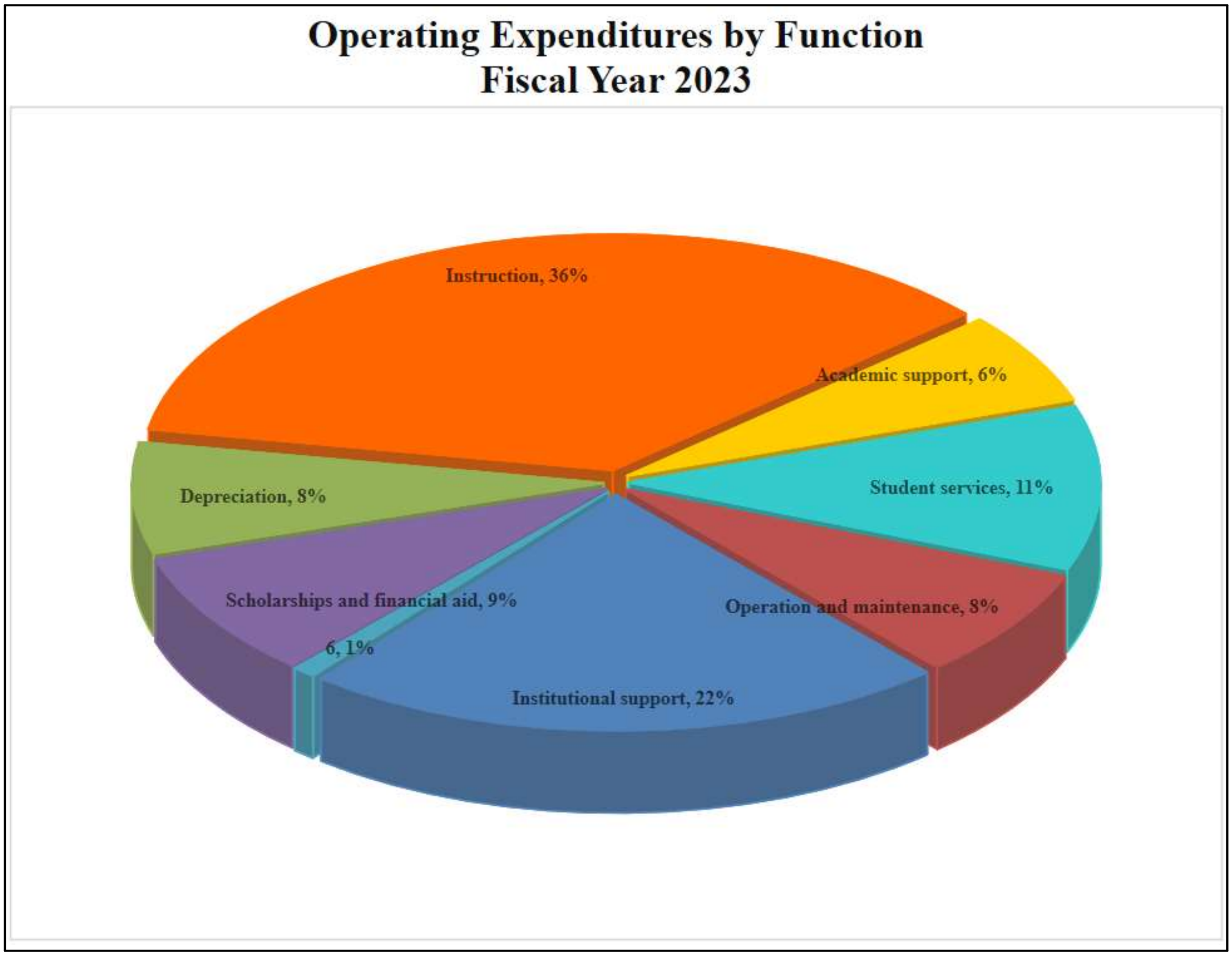
SHELTON STATE COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal year ended September 30, 2023

The following is a graphic presentation of operating expenditures by function for the fiscal year ended September 30, 2023:



Statement of Cash Flows

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

A condensed Statement of Cash Flows for the years ended September 30, 2023, 2022 and 2021 is presented below:

Summary Statement of Cash Flows (in thousands)

	2023	2022	2021
Cash Flows from Operating Activities	$ (32,121)	$ (28,722)	$ (36,304)
Cash Flows from Noncapital Financing Activities	39,076	32,894	43,498
Cash Flows from Capital and Related Financing Activities	(8,887)	(2,471)	(4,263)
Cash Flows from Investing Activities	306	(10,923)	4,098
Net Change in Cash	(1,626)	(9,222)	7,029
Cash, Beginning of Year	14,675	23,897	16,868
Cash, End of Year	$ 13,049	$ 14,675	$ 23,897

Economic Outlook

As is the case for our nation, state, citizens and businesses, the effects of the COVID-19 pandemic continue to be the single most influential item when discussing economic outlook. The state budget estimates for fiscal year 2023 for Education Trust Fund tax revenues again appear to be very promising and in excess of projections, but the general economic outlook is less optimistic. Inflation has been at 40 year highs for the majority of calendar year 2023, and a recession appears to be imminent. Given the state budget estimates for fiscal year 2023, it is expected that state appropriations will at least remain static and may very well increase for the coming fiscal year. However, given the current inflation pressures and fears of a looming recession, the College administration is keeping this risk of static or decreased state funding in the forefront of its planning. Federal pandemic support through the Higher Education Emergency Relief Fund (HEERF) expired on June 30, 2023. However, the College was granted a 12 month extension on expending these funds for non-capital projects and a longer extension for capital projects in progress at the expiration date. The College will continue to utilize HEERF funding for lost revenues and any other eligible uses until the expiration date. While the College anticipates that enrollment numbers will slowly rebound as the public returns to normal operations in the midst of a post-pandemic world, it is anticipated that enrollment numbers will be below the pre-pandemic levels for several years to come. Historically, downturns in the economy lead to increases in the College’s enrollment, and this could be beneficial in returning enrollment numbers to pre-pandemic levels. In spite of the potential negative economic outlook, the College administration expects to sustain positive financial stability during the years ahead. As the College continues to grow with the SACSCOC accreditation, operating costs will increase to meet the demand of increased enrollment and additional program offerings. The College plans to utilize funds from the Title III-B grant to initially develop new program offerings. With rebounding enrollments and the continued support of state appropriations and federal HEERF funding, the College has a sound fiscal plan to operate without the use of its reserves to meet the College’s needs in the next two years. The College is not aware of any currently known acts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the current fiscal year. The College anticipates the next two fiscal years will be challenging; however, the administration will maintain a close watch over resources to ensure the College’s ability to respond proactively to internal and external issues, particularly as related to funding.

SHELTON STATE COMMUNITY COLLEGE
STATEMENTS OF NET POSITION
September 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13,048,780	$ 14,675,014
Investments	-	11,000,000
Accounts receivable, net	5,752,289	2,983,116
Other current assets	122,439	65,030
Inventories	51,066	52,539
Total current assets	18,974,574	28,775,699
Noncurrent assets:		
Long-term investments	11,302,055	-
Capital assets:		
Land	1,810,735	1,810,736
Improvements other than building	3,768,551	3,605,052
Buildings and alterations	72,883,613	71,365,952
Equipment and furniture	21,570,211	20,212,111
Library holdings	1,539,703	1,503,763
Leased right of use assets	171,637	131,189
Subscription based IT arrangements	265,112	-
Construction in progress	5,929,734	1,998,621
Less: Accumulated depreciation	(54,809,541)	(52,263,222)
Total capital assets, net of depreciation	53,129,755	48,364,202
Total noncurrent assets	64,431,810	48,364,202
Total assets	83,406,384	77,139,901
Deferred outflows of resources:		
Defined benefit pension plan	13,060,328	6,602,090
Other postemployment benefits (OPEB)	4,763,183	5,066,017
Total deferred outflows of resources	17,823,511	11,668,107
LIABILITIES		
Current liabilities:		
Deposit liabilities	154,579	194,033
Accounts payable and accrued liabilities	2,324,728	2,394,257
Unearned revenue	4,485,646	3,957,906
Compensated absences	157,393	148,845
Capital lease obligations	44,726	101,678
Total current liabilities	7,167,072	6,796,719
Noncurrent liabilities:		
Compensated absences	1,416,535	1,339,607
Capital lease obligations	53,520	22,989
Subscriptions payable	46,423	-
Net pension liability	37,917,166	24,532,167
Net OPEB liability	3,628,515	10,409,424
Total noncurrent liabilities	43,062,159	36,304,187
Total liabilities	50,229,231	43,100,906

SHELTON STATE COMMUNITY COLLEGE
STATEMENTS OF NET POSITION (CONT'D)
September 30, 2023 and 2022

	2023	2022
Deferred inflows of resources		
Defined benefit pension plan	2,858,596	8,010,596
Other postemployment benefits (OPEB)	14,045,186	10,059,745
Total deferred inflows of resources	16,903,782	18,070,341
NET POSITION		
Net investment in capital assets	52,985,086	48,239,180
Restricted for:		
Expendable		
Capital projects	4,121,115	2,928,784
Unrestricted	(23,009,319)	(23,531,203)
Total net position	$ 34,096,882	$ 27,636,761

SHELTON STATE COMMUNITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended September 30, 2023 and 2022

	2023	2022
REVENUES		
Operating revenues:		
Student tuition and fees (Net of scholarship allowances of $9,077,272 and $6,233,810 for 2023 and 2022, respectively)	$ 7,109,721	$ 8,641,301
Federal grants and contracts	3,126,681	1,999,890
State and local grants and contracts	3,127,767	2,606,822
Nongovernmental grants and contracts	857,513	740,081
Sales and services of educational activities	44,723	57,457
Auxiliary enterprises	184,613	5,844
Other operating revenue	265,898	587,106
Total operating revenues	14,716,916	14,638,501
EXPENSES		
Operating expenses:		
Instruction	16,918,982	15,598,911
Institutional support	10,528,920	8,936,448
Academic support	2,988,692	2,341,042
Student services	5,336,439	4,404,096
Operation and maintenance	3,584,702	3,325,014
Scholarships and financial aid	4,085,242	7,364,997
Auxiliary enterprises	376,534	113,731
Depreciation	3,609,886	3,300,335
Total operating expenses	47,429,397	45,384,574
Operating income (loss)	(32,712,481)	(30,746,073)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	22,654,242	21,432,027
Federal grants	16,149,700	11,894,387
Investment income	607,849	77,059
Gifts - cash	1,570	51,760
Non-cash gifts	284	7,000
Interest expense	(18,506)	(4,472)
Bond surety fee expense	(93,456)	(81,483)
Other nonoperating revenue (expense)	(266,741)	(405,404)
Net nonoperating revenues	39,034,942	32,970,874
Income before other revenue, expenses, gains, or losses	6,322,461	2,224,801
Capital grants, contracts and gifts	187,799	100,250
Other	(50,139)	(31,574)
Loss on disposal of capital assets	-	-
Changes in net position	6,460,121	2,293,477
Total net position - beginning of the year	27,636,761	25,343,284
Total net position - end of the year	$ 34,096,882	$ 27,636,761

SHELTON STATE COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 4,771,425	$ 8,269,011
Grants and contracts	7,111,962	5,346,792
Payments to suppliers	(8,770,581)	(6,709,057)
Payments to utilities	(1,462,991)	(1,391,448)
Payments to employees	(22,696,719)	(20,704,907)
Payments for employees benefits	(7,109,368)	(6,645,298)
Payments for scholarships	(4,085,242)	(7,364,997)
Auxiliary Enterprise Charges	(191,920)	(172,917)
Sales and services of educational activities	46,196	57,457
Other receipts (payments)	265,898	592,950
Net cash provided (used) by operating activities	(32,121,340)	(28,722,414)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	22,654,241	21,432,027
Federal grants	16,149,700	11,894,387
Gifts	1,854	58,760
Bond surety fee	(93,456)	(81,483)
Other receipts (payments)ting expenses	363,937	(409,090)
Net cash provided (used) by noncapital financing activities	39,076,276	32,894,601
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(8,114,066)	(2,431,683)
Principal paid on capital debt and leases	(325,275)	(139,033)
Interest paid on capital debt and leases	(18,506)	(4,472)
Proceeds from sale of capital assets	10,992	3,686
Capital grants and gifts received	187,799	100,250
Other Capital and Related Financing	(627,908)	-
Net cash provided (used) by capital and related financing activities	(8,886,964)	(2,471,252)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	11,000,000	-
Purchase of Investments	(11,302,055)	(11,000,000)
Investment income	607,849	77,059
Net cash provided (used) by investing activities	305,794	(10,922,941)
Net increase (decrease) in cash and cash equivalents	(1,626,234)	(9,222,006)
Cash and cash equivalents, beginning of the year	14,675,014	23,897,020
Cash and cash equivalents, end of the year	$ 13,048,780	$ 14,675,014

SHELTON STATE COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS (CONT'D)
For the years ended September 30, 2023 and 2022

	2023	2022
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES)		
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Decrease in operating income (loss)	$ (32,712,481)	$ (30,746,073)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	3,609,886	3,300,335
Changes in assets and liabilities:		
Receivables, net	(2,769,172)	(635,825)
Inventories	1,473	1,942
Other assets	(57,409)	(65,030)
Deferred outflows of resources	(6,155,404)	2,041,230
Accounts payable	(49,527)	1,108,922
Deposit liabilities	(39,454)	78,234
Unearned revenue	527,739	185,302
Compensated absences	85,476	(33,221)
Pension liability	13,385,000	(8,581,000)
OPEB liability	(6,780,909)	(2,615,532)
Deferred inflows of resources	(1,166,559)	7,238,302
Net cash provided (used) by operating activities	$ (32,121,341)	$ (28,722,414)

SHELTON STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred In flows of Resources, and Net Position

Cash, Cash Equivalents, and Investments

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

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

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

Investments are reported at fair value based on quoted market prices, except for money market investments and repurchase agreements, which are reported at amortized cost.

Receivables

Accounts receivable relate to amounts due from federal grants, state grants, third party tuition, and student receivables. The receivables are shown net of allowance for doubtful accounts.

Inventories

The inventories are comprised of consumable supplies. Inventories are valued using the first in/first out (FIFO) method.

Capital Assets

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

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

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

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

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

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

Deferred Outflows of Resources

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

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

Leases

As lessee, the College recognizes a lease liability and an intangible right-to-use lease asset in the financial statements and recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the College initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College uses its estimated incremental borrowing rate as the discount rate for leases.

The College’s estimated incremental borrowing rate is based on historical market data and credit spread based on market data points compared to the lease commencement date. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Compensated Absences

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

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

Unearned Tuition and Fee Revenue

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

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

Pensions

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

Postemplovment Benefits Other Than Pensions (OPEB)

The Alabama Retired Education Employees' Health Care Trust (the "Trust") financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to and/or 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.

Deferred Inflows of Resources

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

Net Position

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

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

- ***Restricted:***
  - ***Nonexpendable*** - Net position subject to externally imposed stipulations that they be maintained permanently by the College.

  - ***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.

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

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

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

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

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

- *GASB Statement No. 96, Subscription-based information technology arrangements.*
- *GASB Statement No. 98, The Annual Comprehensive Financial Report*
- *GASB Statement No. 99, Omnibus 2022*

Future Governmental Accounting Standards Board Statements

The GASB issued the following new accounting pronouncement which the College may be required to implement subsequent to the 2023 fiscal years:

GASB Statement No. 100

- In June 2022, GASB Statement No. 100, Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB Statement No. 100 is effective for fiscal years beginning after June 15, 2023. The College has elected not to early implement this statement.

GASB Statement No. 101

- In June 2022, GASB Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain required disclosures. GASB Statement No. 101 is effective for fiscal years beginning after December 15, 2023. The College has elected not to early implement this statement.

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

The College has not yet determined the impact of these standards on the financial statements. When they become effective, application of these standards may restate portions of these financial statements.

Change in Presentation

Beginning October 1, 2022, the accounting presentation for uncollectible student accounts has been adjusted in accordance with GASB Implementation Guide 2015-1 which states that revenues in proprietary funds should be reported net of all related allowances—sales discounts and allowances and amounts pertaining to uncollectible accounts. As a result, the College is adjusting the presentation of its student tuition and fee revenues to reflect the net of the increase or decrease in the estimate of uncollectible accounts and the net decrease due to scholarship allowances. This change in presentation, which has no effect to the College's beginning net position, is in accordance with generally accepted accounting principles. The change in presentation is intended to provide a more accurate representation of the College's financial operational activities.

Change in Accounting Estimates

Beginning October 1, 2022, the accounting estimate for Allowance for Doubtful Accounts has been reevaluated. As a result, the College is adjusting the allowance to reflect the expected collectability of outstanding receivables more accurately. This change in estimate is in accordance with generally accepted accounting principles and is intended to provide a more accurate representation of the College's financial position.

The change in estimate resulted in an increase to allowance for doubtful accounts and an increase to Accounts receivable in the amount of $283,941 for 2023.

NOTE 2 - DEPOSITS

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

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

NOTE 3 - 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.

Permissable investments include:

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

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

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

NOTE 3 - INVESTMENTS (CONT'D)

The institution shall not invest in stripped mortgage backed securities, residual interest in CMOs, mortgage servicing rights or commercial mortgage related securities. Investment of debt proceeds and deposits with trustees is governed by the provisions of the debt agreement. Funds may be invested in any legally permissible document. Endowment donations shall be invested in accordance with the procedures and policies developed by the institution and approved by the Chancellor in accordance with the "Alabama Uniform Prudent Management of Institutional Funds Act" Code of Alabama Sections 19-3C-1 and following.

NOTE 4 - RECEIVABLES

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

Accounts Receivable:	**2023**	**2022**
Federal	$ 2,555,092	$ 1,039,800
State	2,015,424	296,074
Local	348,374	329,782
Third Party	481,940	553,005
Interest	59,940	27,740
Other	25,936	333,967
Total accounts receivable	5,486,706	2,580,368
Student Receivables:		
Tuition and fees	549,731	815,396
Less: Allowance for doubtful accounts	(284,148)	(412,648)
Total student receivable, net	265,583	402,748
Total receivables	$ 5,752,289	$ 2,983,116

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NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Deductions	Adjustments	Ending Balance
Land	$ 1,810,736	$ -	$ -	$ -	$ 1,810,736
Improvements other than buildings	3,605,052	3,515	-	159,984	3,768,551
Buildings	55,219,585	-	-	-	55,219,585
Building alterations	16,146,367	22,228	-	1,495,433	17,664,028
Equipment	20,212,112	2,431,835	(1,073,736)	-	21,570,211
Library holdings	1,503,763	36,193	(253)	-	1,539,703
Right of use assets	131,189	93,927	(53,479)	-	171,637
Subscription based IT arrangements	-	265,112	-	-	265,112
Construction in process	1,998,619	5,586,531	-	(1,655,417)	5,929,733
Total	100,627,423	8,439,341	(1,127,468)	-	107,939,296
Less: Accumulated depreciation					
Improvements other than buildings	2,775,195	125,704	-	-	2,900,899
Buildings	27,251,403	1,104,392	-	-	28,355,795
Building alterations	6,029,101	697,856	-	-	6,726,957
Equipment	14,673,040	1,416,385	(1,024,661)	-	15,064,764
Library holdings	1,476,993	76,985	(253)	-	1,553,725
Rights to use assets	57,490	58,240	(38,653)	-	77,077
Subscription based IT arrangements	-	130,324	-	-	130,324
Total accumulated depreciation	52,263,222	3,609,886	(1,063,567)	-	54,809,541
Capital assets, net	$ 48,364,201	$ 4,829,455	$ (63,901)	$ -	$ 53,129,755

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

	Beginning Balance	Additions	Deductions	Adjustments	Ending Balance
Land	$ 1,810,736	$ -	$ -	$ -	$ 1,810,736
Improvements other than buildings	3,605,052	-	-	-	3,605,052
Buildings	55,219,585	-	-	-	55,219,585
Building alterations	14,658,348	14,393	-	1,473,626	16,146,367
Equipment	19,076,876	1,732,242	597,006	-	20,212,112
Library holdings	1,503,195	29,499	28,931	-	1,503,763
Right of use assets	-	131,189	-	-	131,189
Construction in process	2,808,095	664,150	-	(1,473,626)	1,998,619
Total	98,681,887	2,571,473	625,937	-	100,627,423
Less: Accumulated depreciation					
Improvements other than buildings	2,630,993	144,202	-	-	2,775,195
Buildings	26,147,011	1,104,392	-	-	27,251,403
Building alterations	5,391,513	637,588	-	-	6,029,101
Equipment	13,985,171	1,281,475	593,606	-	14,673,040
Library holdings	1,401,805	75,188	-	-	1,476,993
Right of use assets	-	57,490	-	-	57,490
Total accumulated depreciation	49,556,493	3,300,335	593,606	-	52,263,222
Capital assets, net	$ 49,125,394	$ (728,862)	$ 32,331	$ -	$ 48,364,201

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description

The Teachers' Retirement System of Alabama (TRS), a cost-sharing multiple-employer public employee retirement plan (the "Plan"), was established as of September 15, 1939, under the provisions of Act Number 419, Acts of Alabama 1939, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions.

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D)

The responsibility for the general administration and operation of the TRS is vested in its Board of Control. The TRS Board of Control consists of 15 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The ***Code of Alabama 1975***, Section 16-25-2, grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits Provided

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

Act Number 2012-377, Acts of Alabama, established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life.
Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

Contributions

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

Effective October 1, 2021, the covered Tier 2 members contribute 6.0% to 6.2% of earnable compensation to the TRS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 7.0% to 7.2% of earnable compensation.

Participating employers' contractually required contribution rate for the year ended September 30, 2023, was 12.36% of annual pay for Tier 1 members and 11.22% of annual pay for Tier 2 members.

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D)

These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the College were $2,538,328 for the year ended September 30, 2023.

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

At September 30, 2023, the College reported a liability of $37,917,167 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of September 30, 2021. 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, 2022, the College's proportion was 0.243983%, which was decrease of 0.016431% from its proportion measured as of September 30, 2021.
For the year ended September 30, 2023, the College recognized pension expense of $4,305,000. At September 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In Thousands)	
Differences between expected and actual experience	$ 834	$ 920
Changes of assumptions	1,721	-
Net difference between projected and actual earnings on pension plan investments	7,609	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	358	1,938
Employer contributions subsequent to the measurement date	2,538	-
Total	$ 13,060	$ 2,858

The $2,538,328 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending (In Thousands)		
September 30, 2024	$	2,281
2025	$	1,719
2026	$	958
2027	$	2,706
2028	$	-
Thereafter	$	-

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D)

Actuarial Assumptions

The total pension liability as of September 30, 2021 was determined by an actuarial valuation as of September 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

Group	Membership Table	Set Forward (+) / Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree - Below Median	**Male**: +2 **Female:** +2	**Male:** 108% ages < 63, 96% ages > 67 **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	**Males:** +8 **Female:** +3	None

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D)

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 Collective Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
College's proportionate share of collective net pension liability	$ 49,063	$ 37,917	$ 28,528

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, 2022. The supporting actuarial information is included in the GASB Statement Number 67 Report for the TRS prepared as of September 30, 2022. 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 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

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

Benefits Provided

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

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

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 (Group 14000), VIVA Health Plan (offered through PEEHIP), Marketplace (Exchange) Plans, State Employees Insurance Board (SEIB), Local Government Board (LGB), Medicare, 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.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract. The MAPDP plan 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 PEEHIB with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the PEEHIB is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

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

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

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

At September 30, 2023, the College reported a liability for its proportionate share of the collective net OPEB liability of $3,628,551. The collective net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021. The College's proportion of the net OPEB liability was based based on the employers' share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employers. At September 30, 2021, the College's proportion was 0.20824232%, which was a increase of 0.677532% from its proportion measured as of September 30, 2021.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

For the year ended September 30, 2023, the College recognized OPEB expense of $2,191,211 with no special funding situations. At September 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 166,418	$ 7,336,560
Changes of assumptions	2,943,222	5,281,523
Net difference between projected and actual earnings on OPEB plan investments	456,320	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	897,248	1,427,103
Employer contributions subsequent to the measurement date	299,976	-
Total	$ 4,763,184	$ 14,045,186

The $299,976 reported as deferred outflows of resources related to OPEB resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2024.

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

Year Ending	
September 30, 2024	$ (2,380,989)
2025	$ (2,428,710)
2026	$ (1,277,921)
2027	$ (1,146,629)
2028	$ (1,453,223)
Thereafter	$ (894,506)

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NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected Salary Increases (1)	3.25% - 5.00%
Long-Term Investment Rate of Return (2)	7.00%
Municipal Bond Index Rate at the Measurement Date	4.40%
Municipal Bond Index Rate at the Prior Measurement Date	2.29%
Projected Year for Fiduciary Net Position (FNP) to be Depleted	N/A
Single Equivalent Interest Rate at the Measurement Date	7.00%
Single Equivalent Interest Rate at the Prior Measurement Date	3.97%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.50%
Medicare Eligible	(**)
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.50% in 2031
Medicare Eligible	4.50% in 2027

(1) Includes 2.75% wage inflation.
(2) Compounded annually, net of investment expense, and included inflation.
(**) Initial Medicare claims are set based on scheduled increases through plan year 2025.

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

Group	Membership Table	Set Forward (+) / Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree - Below Median	**Male**: +2 **Female:** +2	**Male:** 108% ages < 63, 96% ages > 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	**Males:** +8 **Female:** +3	None

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the actuarial valuation as of September 30, 2021.

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

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.
The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

(*) Geometric mean, includes 2.5% inflation.

Discount Rate (Single Equivalent Interest Rate - SEIR)

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability was 7.00%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is $800 per active member for participating employers. Approximately, 15.257% of the employer contributions were used to assist in funding retiree benefit payments in 2022 and it is assumed that the 15.257% 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 increase with inflation at 2.50% starting in 2027. 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. Projected future benefit payments for all current plan members are projected through 2120.

The long-term rate of return is used until the assets are expected to be depleted in 2051, after which the municipal bond rate is used.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

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

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

	1% Decrease	Current	1% Increase
	(5.50% Decreasing to 3.50% for Pre-Medicare and Known Decreasing to 3.50% for Medicare Eligible	(6.50% Decreasing to 4.50% for Pre-Medicare and Known Decreasing to 4.50% for Medicare Eligible)	(7.50% Decreasing to 5.50% for Pre-Medicare and Known Decreasing to 5.50% for Medicare Eligible
College's proportionate share of the collective net OPEB liability	$ 2,751,511	$ 3,628,515	$ 4,704,079

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

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

	1% Decrease (2.97%)	Current Rate (3.97%)	1% Increase (4.97%)
College's proportionate share of collective net OPEB liability	$ 4,486,123	$ 3,628,515	$ 2,908,579

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement Number 74 Report for PEEHIP prepared as of September 30, 2023. Additional financial and actuarial information is available at www.rsa-al.gov.

NOTE 8 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of September 30, 2023, Shelton State Community College had been awarded approximately $10,092,572 in contracts and grants on which performance had not been accomplished and funds had not been received. These awards, which represent commitments of sponsors to provide funds for specific purposes, have not been reflected in the financial statements.

NOTE 9 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts due at September 30, 2023, for goods and services received prior to the end of the fiscal year.

	2023	2022
Salaries and Wages	$ 850,530	$ 959,971
Benefits	2,964	3,714
Supplies and Vendors	1,471,234	1,430,572
Total	$ 2,324,728	$ 2,394,257

NOTE 10 - LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease obligations	$ 124,667	$ 93,927	$ 120,348	$ 98,245	$ 44,726
Other Liabilities:					
Compensated absences	1,488,453	85,476	-	1,573,928	157,393
Total Long-Term Liabilities	$ 1,613,120	$ 179,403	$ 120,348	$ 1,672,173	$ 202,119

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease obligations	$ 132,511	$ 131,189	$ 139,033	$ 124,667	$ 101,678
Other Liabilities:					
Compensated absences	1,521,674	-	33,222	1,488,453	148,845
Total Long-Term Liabilities	$ 1,654,185	$ 131,189	$ 172,255	$ 1,613,120	$ 250,523

NOTE 11 - LEASE OBLIGATIONS AND SUBSCRIPTION-BASED ARRANGEMENTS

Capital Leases

For the year ended September 30, 2023, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The College is a lessees under it's various lease arrangements.

NOTE 11 - LEASE OBLIGATIONS AND SUBSCRIPTION-BASED ARRANGEMENTS (CONT'D

Capital Leases

The College, as a lessee, leases certain items of office equipment. These assets are recognized as right of use leased assets with a corresponding lease liability. The various leases have interest rates ranging from 2.34% to 29.400%, and payment terms from 21 months to 48 month.

	2023	2022
Right of use assets	$ 171,637	$ 131,189
Less: accumulated amortization	(77,077)	(57,490)
Net right of use assets	$ 94,560	$ 73,699

Minimum lease payments under capital leases together with the present value of the net minimum lease payments are shown in the table below:

Fiscal Years	Principal	Interest	Total
2023-2024	$ 44,726	$ 8,678	$ 53,404
2024-2025	$ 26,681	$ 4,961	$ 31,642
2025-2026	$ 20,371	$ 2,118	$ 22,489
2026-2027	6,467	151	6,618
Totals	$ 98,245	$ 15,908	$ 114,153

Subscription-Based Information Technology Arrangements

For the year ended September 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an the College is required to recognize a subscription liability and an intangible right-to-use subscription asset.

	2023
Right of use assets - SBITA	$ 265,112
Less: accumulated amortization	(130,323)
Net right of use assets	$ 134,789

Required annual fixed payments under arrangements, based upon subscription terms of up to 30 months and interest rate of 3.3470% is presented below:

Fiscal Years	Principal	Interest	Total
2024	$ 46,423	$ 1,554	$ 47,977

NOTE 12 - RISK MANAGEMENT

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

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

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

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

NOTE 13 - RELATED PARTIES

Shelton State Community College Foundation. Inc.

The Shelton State Community College Foundation was incorporated as a non-profit corporation to promote scientific, literary and educational purposes, the advancement of Shelton State Community College, and for the encouragement and support of its students and faculty. This report contains no financial statements of Shelton State Community College Foundation, Inc. The foundation contributed $221,946 to the College during the year ended.

REQUIRED SUPPLEMENTARY INFORMATION

SHELTON STATE COMMUNITY COLLEGE
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN OF ALABAMA LAST 9 FISCAL YEARS*
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportionate share of the collective net pension liability	0.2440 %	0.2604 %	0.2677 %	0.2596 %	0.2627 %	0.2583 %	0.0267 %	0.2735 %	27.3873 %
College's proportionate share of the collective net pension liability	$ 37,917	$ 28,704	$ 33,113	$ 28,704	$ 26,114	$ 25,386	$ 28,883	$ 28,621	$ 24,880
College's covered payroll during the measurement period	$ 20,833	$ 18,882	$ 18,909	$ 18,786	$ 17,509	$ 17,017	$ 16,940	$ 17,297	$ 17,357
College's proportional share of the collective net pension liability as a percentage of payroll	182.00 %	130.00 %	175.00 %	153.00 %	149.00 %	149.00 %	171.00 %	165.00 %	143.00 %
Plan fiduciary net position as a percentage of the total collective pension liability	62.21 %	76.44 %	67.72 %	69.85 %	72.29 %	71.50 %	67.93 %	67.51 %	71.01 %

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

- 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 9/30/2023 year is 10/1/2022 - 9/30/2023.
- 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.

See Accompanying Notes to the Required Supplementary Information for Pension.

SHELTON STATE COMMUNITY COLLEGE
SCHEDULE OF CONTRIBUTIONS - PENSION
TEACHERS RETIREMENT PLAN OF ALABAMA LAST 9 FISCAL YEARS*
For the year ended September 30, 2023
(In thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 2,538	$ 2,277	$ 2,279	$ 2,309	$ 2,257	$ 2,110	$ 2,022	$ 2,006	$ 1,955
Contributions in relation to the contractually required contribution	$ 2,538	$ 2,277	$ 2,279	$ 2,309	$ 2,257	$ 2,110	$ 2,022	$ 2,006	$ 1,955
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 20,833	$ 18,828	$ 18,882	$ 18,909	$ 18,786	$ 17,509	$ 17,017	$ 16,940	$ 17,297
Contributions as a percentage of covered payroll	12.18 %	12.09 %	12.07 %	12.21 %	12.01 %	12.05 %	11.88 %	11.84 %	11.30 %

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

- Per GASB 82, which amends GASB 68, covered payroll is defined as the payroll on which contributions to a pension plan are based, also known as pensionable payroll. The covered payroll for this RSI Schedule (GASB 68 paragraph 81b) is for the most recent fiscal year end, which for the 9/30/2023 year is 10/1/2022 - 9/30/2023.

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

See Accompanying Notes to the Required Supplementary Information for Pension.

SHELTON STATE COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST
For the year ended September 30, 2023
(Dollar Amount In Thousands)

	2023	2022	2021	2020	2019	2018
College's proportionate share of the collective net pension liability	0.208242 %	0.201467 %	0.200697 %	0.232532 %	0.219579 %	0.216163 %
College's proportionate share of the collective net pension liability	$ 3,628	$ 10,409	$ 13,025	$ 8,773	$ 18,047	$ 16,055
College's covered payroll during the measurement period	$ 16,600	$ 16,873	$ 17,178	$ 16,349	$ 15,551	$ 15,127
College's proportional share of the collective net pension liability as a percentage of payroll	21.86 %	61.69 %	75.82 %	53.66 %	116.05 %	106.13 %
Plan fiduciary net position as a percentage of the total collective pension liability	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.

(*)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 9/30/2023 year is 10/1/2021 - 9/30/2022.

See Accompanying Notes to the Required Supplementary Information for Other Postemployment Benefits (OPEB).

SHELTON STATE COMMUNITY COLLEGE
SCHEDULE OF CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS
ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST
For the year ended September 30, 2023

	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 299,976	$ 396,522	$ 348,659	$ 397,341	$ 658,882	$ 544,385
Contributions in relation to the contractually required contribution	$ 299,976	$ 396,522	$ 348,659	$ 397,341	$ 658,882	$ 544,385
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered employee payroll	$ 18,062,479	$16,600,047	$ 16,872,553	$ 17,178,000	$ 16,349,314	$ 15,550,766
Contributions as a percentage of covered employee payroll	1.66 %	2.39 %	2.07 %	2.31 %	4.03 %	3.50 %

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

See Accompanying Notes to the Required Supplementary Information for Other Postemployment Benefits (OPEB).

SHELTON STATE COMMUNITY COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR
TEACHERS RETIREMENT PLAN OF ALABAMA

NOTE 1 - CHANGES IN 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 (Tier II), are covered under a new benefit structure, as follows:

i. 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).
ii. 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).
iii. Regular members contribute 6% of salary and full-time certified firefighters, police officers and correctional officers contribute 7% of salary.

NOTE 2 - CHANGES IN ACTUARIAL 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 retirement, disability, withdrawal 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 the expectation of retired life mortality as 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. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

SHELTON STATE COMMUNITY COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR
OTHER POSTEMPLOYMENT BENEFITS (OPEB)

NOTE 1 - CHANGES IN ACTUARIAL ASSUMPTIONS

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 more closely reflect actual experience.

NOTE 2 - RECENT PLAN CHANGES

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

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

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

NOTE 3 - METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates in the Schedule of OPEB Contributions were calculated as of September 30, 2019, which is three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	22 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.75%
Medicare Eligible (*)	**
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.75%
Medical Eligible	4.75%
Year of Ultimate Trend Rate	2027 for Pre-Medicare Eligible 2024 for Medicare Eligible
Optional Plan 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

BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Trustees of the Alabama Community College System
and the President of Shelton State Community College
Tuscaloosa, Alabama

We have audited the financial statements of Shelton State Community College as of and for the year ended September 30, 2023, and have issued our report thereon dated January 16, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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.

Birmingham, Alabama
January 16, 2024

Banks, Finley White & Co.

SHELTON STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing No.	Pass-Through Grantor's No.	Expenditures
U. S. Department of Education			
Student Financial Assistance Cluster:			
Direct program:			
Federal Pell Grant Program	84.063		$ 8,159,007
Federal Pell Grant Program Administrative Allowance	84.063		10,180
Federal Supplemental Educational Opportunity Grants	84.007		68,369
Federal Work-Study Program	84.033		129,427
Total Student Financial Assistance Cluster			8,366,983
Research and Development Cluster:			
Direct program:			
Higher Education - Institutional Aid	84.031		2,183,085
Total Research and Development Cluster			2,183,085
Direct program:			
COVID-19 (HEERF) Institutional Aid Portion	84.425F		3,138,755
COVID-19 Historically Black Colleges and Universities (HBCUs)	84.425J		4,851,938
Total COVID-19 Higher Education Emergency Relief Fund (HEERF)			7,990,693
Passed-through Alabama Community College System			
Adult Education - Basic Grants to States	84.002	0922AE099	293,710
Adult Education - Basic Grants to States	84.002	N/A	13,065
Adult Education - Basic Grants to States	84.002	N/A	4,869
Total Adult Education - Basic Grants to States	84.002		311,644
Passed-through Alabama State Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A200001	243,738
Career and Technical Education - Basic Grants to States	84.048	V048A210001	126,096
Total Career and Technical Education - Basic Grants to States			369,834
Total U.S. Department of Education			19,222,239

See Note to the Schedule of Expenditures of Federal Awards.

SHELTON STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing No.	Pass-Through Grantor's No.	Expenditures
U.S. Department of Labor			
WIOA Cluster:			
Passed-through Alabama Department of Commerce:			
WIOA Adult	17.258	N/A	$ 141,840
WIOA Youth Activities	17.259	N/A	25
WIOA Quest Grants	17.278	N/A	2,236
WIOA Dislocated Worker	17.278	N/A	1,976
Total WIOA Cluster			146,077
Total U.S. Department of Labor			146,077
Passed Through Alabama Community College System			
H-1B Job Training Grant	17.68	HG-33165	20,068
U.S. Department of Agriculture			
Passed Through Alabama State Department of Education:			
Child and Adult Care Food Program	10.558	BAU-0000	27,696
Total U.S. Department of Agriculture			27,696
Passed Through University of Alabama in Huntsville:			
Community Investment	12.600	2020-1281	7,500
Total Expenditures of Federal Awards			$ 19,423,580

See Note to the Schedule of Expenditures of Federal Awards.

SHELTON STATE COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule Expenditures of Federal Awards (SEFA) includes the federal award activity of Shelton State Community College ("the College") under programs of the federal government for the year ended September 30, 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance*). Because the SEFA presents only a selected portion of the operations of the College, it is not intended to and des not preset the financial position, changes in net position, or cash flows of the College.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The College has elected not to use the 10% de minimis indirect cost rate as allowed under the *Uniform Guidance*.

NOTE 4 – 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 prior experience, the College does not believe that such disallowance, if any, would have a material effect on the financial position of the College. As of September 30, 2023, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE 5 – 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 direct.

BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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*

To the Board of Trustees of
Shelton State Community College
Tuscaloosa, Alabama

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 Shelton State Community College ("the College"), a component unit of the State of Alabama, as of and for the year ended September 30, 2023, 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 17, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during 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*.

617 THIRTY-SEVENTH STREET SOUTH• BIRMINGHAM, ALABAMA 35222• (205) 326-6660

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.

Birmingham, Alabama
January 16, 2024

Banks, Finley, White & Co.

BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees of the Alabama Community College System
and the President
Shelton State Community College
Tuscaloosa, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Shelton State Community College's ("the College"), a component unit of the State of Alabama, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended September 30, 2023. 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, 2023.

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.

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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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Birmingham, Alabama
January 16, 2024

Banks, Finley White & Co.

SHELTON STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2023

Section I--Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____Yes __X__No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? ____Yes __X__None reported

Noncompliance material to financial statements noted? ____Yes __X__No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____Yes __X__No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? ____Yes __X__None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? ____Yes __X__No

Identification of major programs:

Federal Assistance Listing No.	Name of Federal Program or Cluster
84.031	Higher Education-Institutional Aid
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ____Yes __X__No

Section II - Financial Statement Findings

No findings in the current year.

Section III - Federal Award Findings and Questioned Costs

No findings in the current year.

OTHER INFORMATION

SHELTON STATE COMMUNITY COLLEGE
COLLEGE OFFICIALS
October 1, 2022 through September 30, 2023

Officials	Position
Jimmy Baker	Chancellor, Alabama Community College System
Jonathan Koh	President (Effective Beginning November 15, 2023)
Chris Cox	President (Ended November 15, 2023)
Brian Harrison	Regional Chief Financial Officer - ACCS

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION

Shelton State Community College (the "College") is a public, state supported, comprehensive two-year community college located in Tuscaloosa County, Alabama. The College has a designated service area made up of Tuscaloosa and Bibb Counties in totality along with portions of Hale and Pickens Counties within the State of Alabama.

Tuscaloosa is 50 miles southwest of Birmingham, 99 miles northwest of Montgomery, 185 miles west of Atlanta and 197 miles south of Memphis. Cornerstones of modern Tuscaloosa are: a large county embracing 1,340 square miles; the University of Alabama, which regularly enrolls on the main campus more than 19,000 students annually; Alabama State Hospital which has approximately 1,200 patients within the County; the Veteran's Administration Hospital which serves more than 450 patients; large industrial operations in the manufacture of lumber, tires, textiles, chemicals, carburetors, consumer electronics products and allied enterprises.

Agriculturally, Tuscaloosa County has an economy of cotton, corn, wheat, timber, soybeans, farming, livestock and poultry. Due to Tuscaloosa's institutional establishments, retail trade territory, industry and adjacent agriculture, Tuscaloosa has enjoyed a relatively stable economy. Automobile tires and tubes are manufactured in Tuscaloosa and shipped to all parts of the world. Phenol and dry coloring are also exported. Tuscaloosa produced and processed cotton has also gone into merchant vessels which connect the continents; and rolled coiled steel plate, wire, plastic and aluminum screen products and coal and coke by-products are sent to many ports abroad.

Tuscaloosa became an incorporated town in 1819. It grew rapidly, becoming the state's capital city in 1826. It was a choice spot, being at the headwaters of the Black Warrior River which was navigable from Mobile for six months of the year. Tuscaloosa prospered as the capital city, and in 1831, the University of Alabama was established. In 1846, the state capital was transferred to Montgomery by a vote of the Alabama Legislature. This produced a dramatic population decline. Tuscaloosa received severe damage during the Civil War, but slowly emerged from the tragedies of the war. In 1885, the City began an industrial movement which resulted in permanent strides to take advantage of the strategic location of raw materials, a potential labor market and water supply. In the 1890's, the Federal government began the installation of river navigation systems. Continuing improvement and modernization by the U.S. Corps of Engineers have reduced the number of locks and dams on the Black Warrior River to six. The Black Warrior-Tombigbee Waterway, with its 9-foot channel, is used by heavy barges to carry raw materials and finished goods between Mobile and Birmingport, via Tuscaloosa.

The City's area consists of 60.8 square miles, while the County embraces 1,340 square miles. There are four incorporated cities in the County: Tuscaloosa, Northport, Brookwood and Vance. With an average elevation of 225 feet above sea level, Tuscaloosa County is bordered by three major physiographic provinces: The Appalachian Plateau, the Southern Appalachian Mountains and the Gulf Coastal Plain.

Population

The following table sets forth population statistics for the State of Alabama, Bibb, Hale, Pickens and Tuscaloosa Counties for the years indicated.

	2010	2020	2022	2023
Alabama	4,785,427	5,031,864	5,073,903	5,108,468
Bibb	22,870	22,188	21,986	21,868
Greene	15,745	14,772	14,599	14,888
Hale	8,991	7,700	7,452	7,341
Pickens	19,749	18,969	18,749	18,688
Tuscaloosa	194,996	231,547	236,690	237,373

Source: U.S. Census Bureau, Population Division; Annual Estimates of Resident Population: April 1, 2010 to July 1, 2023; Release date: March 2024.

Income Levels

There are two basic methods of measuring annual income: (i) per capita income, which is the total income of all families and individuals in a given area divided by the total population of the area, and (ii) median household income, above and below which there are an equal number of family incomes in a given area.

The U.S. Department of Commerce Bureau of Economic Analysis indicates the following with respect to per capita personal income levels in the following jurisdictions:

	2018	2019	2020	2021	2022
Bibb	$30,033	$32,104	$34,938	$37,175	$37,513
Hale	$31,488	$33,348	$36,626	$39,661	$38,104
Pickens	$33,953	$36,167	$39,331	$42,738	$42,664
Tuscaloosa	$36,503	$37,637	$39,137	$40,964	$41,232
Alabama	$41,330	$43,004	$45,882	$50,054	$50,920
United States	$46,059	$47,225	$50,039	$51,519	$48,317

Source U.S. Department of Commerce, U.S. Bureau of Economic Analysis; U.S. Bureau of Economic Analysis, Per Capita Personal Income, retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org., June 12, 2024.

The U.S. Department of Commerce Bureau of Economic Analysis indicates the following with respect to estimate median household income levels in the following jurisdictions.

	2018	2019	2020	2021	2022
Bibb	$46,064	$47,918	$50,907	$48,454	$54,309
Hale	$28,524	$28,699	$33,609	$30,225	$35,449
Pickens	$37,586	$40,249	$41,870	$43,926	$45,440
Tuscaloosa	$52,557	$52,307	$56,610	$56,274	$60,875
Alabama	$49,881	$51,771	$53,958	$53,990	$59,703
United States	$61,937	$65,712	$67,340	$69,717	$74,755

Source U.S. Department of Commerce, U.S. Bureau of Economic Analysis; U.S. Bureau of Economic Analysis, Estimate of Median Household Income, retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org., June 12, 2024.

The percentage of all ages in Bibb, Hale, Greene, Pickens, Sumter and Tuscaloosa Counties, in the State of Alabama and in the United States with income below the poverty level in 2022 is as follows:

Bibb	20.0%
Hale	22.9%
Pickens	23.9%
Tuscaloosa	17.0%
State of Alabama	16.2%
United States	12.6%

Source: U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE) Program; Release date: December 2023.

Employment and Unemployment

The following table sets forth comparative unemployment rates for the State of Alabama and the United States in each of the years indicated:

	2019	2020	2021	2022	2023
State of Alabama	3.2%	6.4%	3.4%	2.5%	2.5%
United States	3.7%	8.1%	5.3%	3.6%	3.6%

Source: Alabama Department of Industrial Relations in cooperation with the Bureau of Labor Statistics, based on 2023 benchmark; Dated March 7, 2024.

The following tables sets forth the annual average comparative civilian labor force, employment and unemployment and unemployment rates for Bibb, Hale, Pickens and Tuscaloosa Counties in each of the years indicated:

Bibb County

	2019	2020	2021	2022	2023
Civilian Labor Force	8,771	8,692	8,604	8,688	8,772
Employment	8,486	8,063	8,312	8,476	8,556
Unemployment	285	629	292	212	216
Unemployment Rate	3.2%	7.2%	3.4%	2.4%	2.5%

Hale County

	2019	2020	2021	2022	2023
Civilian Labor Force	6,172	6,147	5,888	5,940	5,978
Employment	5,914	5,522	5,566	5,714	5,779
Unemployment	258	625	322	226	199
Unemployment Rate	4.2%	10.2%	5.5%	3.8%	3.3%

Pickens County

	2019	2020	2021	2022	2023
Civilian Labor Force	15,570	7,670	7,513	7,658	7,810
Employment	15,030	7,120	7,211	7,415	7,574
Unemployment	540	550	302	243	236
Unemployment Rate	3.5%	7.2%	4.0%	3.2%	3.0%

Tuscaloosa County

	2019	2020	2021	2022	2023
Civilian Labor Force	106,550	103,541	101,242	103,171	106,199
Employment	103,505	96,111	97,672	100,623	103,714
Unemployment	3,045	7,430	3,570	2,548	2,485
Unemployment Rate	2.9%	7.2%	3.5%	2.5%	2.3%

Source: Alabama Department of Labor in cooperation with the United States Department of Labor, Bureau of Labor Statistics based on 2023 benchmark; Dated March 7, 2024.

Labor Force Characteristics

The following table sets forth the 1st Quarter 2024 estimated employment and mean annual wage statistics for Tuscaloosa MSA (Hale, Pickens and Tuscaloosa Counties) in Alabama:

Employment by Occupation

	Number Employed	Wages
Agriculture, Forestry, Fishing & Hunting	N/A	N/A
Mining	1,180	$76,062
Utilities	310	$103,232
Construction	4,970	$54,823
Manufacturing	N/A	N/A
Wholesale Trade	1,880	$62,881
Transportation and Warehousing	N/A	N/A
Retail Trade	N/A	N/A
Information	650	$71,481
Finance and Insurance	1,870	$67,740
Real Estate and Rental and Leasing	1,810	$48,092
Professional, Scientific and Technical Services	3,450	$71,845
Management of Companies and Enterprises	460	$95,621
Admin., Support, Waste Management, Remediation	5,270	$38,267
Educational Services	13,810	$64,491
Health Care and Social Assistance	12,770	$52,908
Arts, Entertainment, and Recreation	730	$32,921
Accommodation and Food Services	10,610	$28,521
Other Services (except Public Admin)	2,080	$45,047

Source: Alabama Department of Labor, Labor Market Information Division in cooperation with the U.S. Bureau of Labor Statistics. Published February 9, 2024.

APPENDIX D

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

SPECIMEN

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Form 500 (8/24)

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By ______________________________
Authorized Officer

SPECIMEN

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

Form 500 (8/24)

APPENDIX E

ALABAMA COMMUNITY COLLEGE SYSTEM
FINANCIAL AND OPERATING DATA

Major Sources of Revenue

State Appropriations. The largest single source of revenue of the Board and the System Schools is appropriations by the State. Funding for the System Schools is determined annually by the State Legislature. After the System Schools receive the annual allocation, it is disbursed to each college in 12 monthly installments by electronic transfer. State appropriations must be used for operational and maintenance purposes, including capital projects.

A substantial portion of the State's tax revenues is paid into the Alabama Education Trust Fund ("***ETF***") and is appropriated for educational purposes, including appropriations for the System Schools and other institutions of higher learning. The ETF was established in 1927 by Act of the Legislature, and revenues are paid into the ETF pursuant to constitutional provisions and continuing appropriations of the Legislature. Among the State taxes paid into the ETF are the State's utilities gross receipts and use taxes, sales taxes, income taxes, and a portion of the State ad valorem taxes.

Under the Constitution of Alabama, if in any fiscal year there are insufficient funds of the State to pay all claims, a proration of claims is required. The ETF is subject to this constitutional requirement and, if monies in the fund are insufficient to pay all amounts appropriated therefrom by the Legislature, each appropriation must be reduced pro rata. There can be no assurance that appropriations to the College from the ETF or other sources can or will be held at present levels. In June 2002, Alabama voters amended the Alabama Constitution to create a Rainy-Day Fund in the amount of $248 million, drawn from trust funds created out of oil and gas lease revenues which may be used at the order of the Governor to offset proration in the ETF. Any amount so used must be repaid over a five-year period. In fiscal year 2003, approximately $180,000,000 was drawn to avoid proration. The State, as required, has repaid the Rainy-Day Fund.

Legislative appropriations for the System for fiscal year 2021-22 reflected a 17% increase compared to the fiscal year 2020-21 appropriations. Tax revenues dedicated to the Education Trust Fund were up by $1.697 billion or 17.57 percent for FY 2021-22 compared to FY 2020-21. Based on current year revenues as of 9/30/22, the availability of the Education Trust Fund Rainy Day Account and the Education Trust Fund Budget Stabilization Fund, the Board believes the Education Trust Fund funding will remain as budgeted for FY 2023-24. See, "BONDHOLDER RISKS – Budget Proration." The Education Trust Fund FY 2022-23 and FY 2023-24 budgets have been approved by the Legislature and provides the System with an overall increase of approximately 12% and 7% over the prior year, respectively, in State Operating and Maintenance appropriations.

Fiscal Year	**2019**	**2020**	**2021**	**2022**	**2023***
State O&M Appropriations	$393,476,973	$410,499,489	$391,048,577	$459,694,325	$513,669,465

*Unaudited figures provided

Student Tuition and Fees. Student tuition and fees are payable by all students in advance of attendance of any classes. These funds may be used for any purpose designated by the President of the System School and approved by the Board, but historically the tuition has been expended primarily for instructional purposes.

The Board has the sole authority to establish the student tuition and fees, which it may set at whatever level it considers appropriate and in the best interests of the System Schools. State appropriations are not increased or reduced based on, or otherwise offset against, revenues from student tuition and fees.

Institution	2024-2025 Tuition	ACCS Enhancement Fee	Technology Fee	Facility Renewal Fee	System Reserve Fee	Special Building Fee	Total Tuition & Fees
Alabama Technology Network*							
Bevill State Community College	129.00	10.00	9.00	9.00	1.00	10.00	168.00
Bishop State Community College	129.00	10.00	9.00	9.00	1.00	20.00	178.00
Calhoun State Community College	129.00	10.00	9.00	9.00	1.00	12.00	170.00
Central Alabama Community College	129.00	10.00	9.00	9.00	1.00	12.00	170.00
Chattahoochee Valley Community College	129.00	10.00	9.00	9.00	1.00	10.00	168.00
Coastal Alabama Community College	129.00	10.00	9.00	9.00	1.00	10.00	168.00
Drake State Community College	129.00	10.00	9.00	9.00	1.00	15.00	173.00
Enterprise State Community College	129.00	10.00	9.00	9.00	1.00	12.00	170.00
Gadsden State Community College	129.00	10.00	9.00	9.00	1.00	20.00	178.00
Ingram State Technical College	129.00	10.00	9.00	9.00	1.00	-	158.00
Jefferson State Community College	129.00	10.00	9.00	9.00	1.00	12.00	170.00
L. B. Wallace Community College	129.00	10.00	9.00	9.00	1.00	10.00	168.00
Lawson State Community College	129.00	10.00	9.00	9.00	1.00	15.00	173.00
Marion Military Institute	200.00	10.00	9.00	9.00	1.00	-	229.00
Northeast Alabama Community College	129.00	10.00	9.00	9.00	1.00	10.00	168.00
Northwest-Shoals Community College	129.00	10.00	9.00	9.00	1.00	12.00	170.00
Reid State Technical College	129.00	10.00	9.00	9.00	1.00	11.00	169.00
Shelton State Community College	129.00	10.00	9.00	9.00	1.00	12.00	170.00
Snead State Community College	129.00	10.00	9.00	9.00	1.00	15.00	173.00
Southern Union Community College	129.00	10.00	9.00	9.00	1.00	10.00	168.00
Trenholm State Technical College	129.00	10.00	9.00	9.00	1.00	15.00	173.00
Wallace Community College - Dothan/Eufaula	129.00	10.00	9.00	9.00	1.00	8.00	166.00
Wallace Community College - Hanceville	129.00	10.00	9.00	9.00	1.00	10.00	168.00
Wallace Community College - Selma	129.00	10.00	9.00	9.00	1.00	-	158.00

*The Alabama Technology Network has varying charges for its programs and services.

Federal Grants and Contracts. The System Schools receive certain funds from the United States government for instructional and public-service oriented purposes. The System Schools make such requests to the appropriate governmental agency for specific projects and, if the requests are granted, all funds must be used for the specified project.

Statement of Net Position
For Year End September 30, 2018-2023

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
ASSETS						
Current Assets						
Cash and Cash Equivalents	362,113,321	384,957,803	479,688,214	541,268,884	596,419,457	1,069,870,772
Deposit with Bond Trustee	24,199,153	11,345,143	19,610,337	112,832,390	115,985,110	118,243,642
Short-Term Investments	45,008,752	58,269,757	42,435,890	39,021,431	90,208,346	107,777,153
Accounts Receivable (net of allowance for doubtful accounts)	89,265,763	103,534,881	125,920,325	134,728,047	132,845,687	214,569,914
Inventories	3,307,166	2,558,753	2,615,167	2,706,131	2,497,797	2,224,475
Due From Other Governments	263,000	263,000	263,000	263,000	-	
Prepaid Expenses	546,784	954,516	662,037	244,557	55,640	39,523
Other Current Assets	767,506	1,086,286	1,023,749	1,004,966	3,513,221	6,453,208
Total Current Assets	**525,471,445**	**562,970,139**	**672,218,719**	**832,069,406**	**941,525,258**	**1,519,178,687**
Noncurrent Assets						
Restricted Cash						
Deposit with Bond Trustee			19,524,614	65,225		
Long term investments	47,284,767	76,072,073	42,971,005	53,992,389	53,506,551	62,575,541
Accounts, Notes, Loans Receivable	280,000	240,000	200,000	160,000		
Endowment investments	7,391,164	7,186,198	5,920,497	5,744,560	7,124,483	6,880,716
Investments in Real Estate	120,200	120,200	120,200	120,200	120,200	120,200
Bond Issuance Costs/Discounts	-					
Due From Other Governments			1,415,000	-		
Other Noncurrent Assets	1,941,000	1,748,117	350,735		2,340,650	3,021,778
Capital Assets	1,643,359,785	1,699,742,451	1,740,906,338	1,810,860,609	1,930,486,586	2,139,548,865
Less: Accumulated Depreciation	(686,587,767)	(728,841,484)	(774,079,127)	(823,314,198)	(859,507,245)	(894,064,075)
Total Capital Assets, Net of Depreciation	956,772,018	970,900,967	966,827,211	987,546,411	1,070,979,341	1,245,484,790
Total Noncurrent Assets	**1,013,789,149**	**1,056,267,555**	**1,037,329,262**	**1,047,628,785**	**1,134,071,225**	**1,318,083,025**
TOTAL ASSETS	**1,539,260,594**	**1,619,237,694**	**1,709,547,981**	**1,879,698,191**	**2,075,596,483**	**2,837,261,712**
Total Deferred Outflow of Resources	**84,729,014**	**110,668,839**	**132,501,003**	**246,071,154**	**209,090,586**	**329,150,779**
LIABILITIES						
Current Liabilities						
Deposit Liabilities	35,743,325	27,542,372	7,674,539	7,568,063	7,764,435	5,343,682
Accounts payable and accrued liabilities	35,918,386	65,336,740	65,976,318	72,159,849	88,199,930	124,150,546
Bond Surety Fee Payable	-	-	-	574,041	221,876	250,584
Unearned Revenue	72,111,131	69,952,978	91,327,564	69,479,217	89,906,481	90,006,023
Notes Payable	113,034	65,885	1,199,487	56,907	59,399	61,878
Leases Obligations	252,397	1,734,094	967,025	167,594	2,429,814	2,573,482
Bonds Payable	20,326,694	19,732,264	19,661,274	18,543,354	20,067,598	19,163,782
Bond Premium						
Due to Federal Government	-	-	-	-		
Other Current Liabilities		-	-		7,183	8,453,867
Compensated Absences	2,894,716	2,815,288	2,760,387	3,143,976	3,297,323	3,950,280
Total Current Liabilities	**167,359,683**	**187,179,621**	**189,566,594**	**171,693,001**	**211,954,039**	**253,954,124**
Noncurrent Liabilities						
Deposits	1,851,679	1,965,578	2,150,493	2,297,274	1,981,494	1,862,247
Notes Payable	1,322,878	1,254,147		-		
Leases Obligations	498,552	3,666,768	2,750,044	82,632	22,980,523	22,821,491
Bonds/Notes Payable	253,258,795	263,553,296	254,540,275	325,035,046	315,185,313	316,046,524
Bond Premium	-	-	-	-		
Compensated Absences	15,757,973	19,035,820	19,891,837	19,902,052	19,445,755	20,132,593
Other Noncurrent Liabilities	-	-	10,000	10,000	1,473,423	9,620,806
Net Pension and OPEB Liability	724,151,377	772,338,495	644,658,772	796,154,837	603,283,829	746,966,704
Total Noncurrent Liabilities	**996,841,254**	**1,061,824,104**	**924,011,421**	**1,143,481,841**	**964,350,337**	**1,117,450,365**
TOTAL LIABILITIES	**1,164,200,937**	**1,249,003,725**	**1,113,578,015**	**1,315,174,842**	**1,176,304,376**	**1,371,404,489**
Total Deferred Inflow of Resources	**111,930,325**	**102,112,491**	**239,004,578**	**200,989,462**	**324,150,767**	**293,683,554**
NET POSITION						
Invested in Capital Assets, Net of Related Debt and	712,438,793	713,706,881	724,763,383	745,416,740	812,732,848	964,960,087
Restricted For:						
Nonexpendable Scholarships and fellowships	6,846,881	6,725,838	7,803,776	6,943,142	9,176,299	8,232,698
Nonexpendable Other	846,784	736,679	252,123	266,602		5,168,920
Expendable Scholarships and fellowships	3,649,510	5,063,376	4,208,473	4,935,718	2,245,177	4,155,221
Educational Purposes	2,234,299	277,779	4,181	625,151	218,178	906,434
Debt service	11,168,056	10,137,767	9,278,685	6,815,074	8,339,702	6,549,176
Loans	163,724	163,706	163,844	163,866	129,645	73,627
Capital projects	7,077,835	2,454,501	2,496,650	5,953,001	7,676,825	11,985,675
Expendable Other	1,536,185	2,887,688	2,548,024	2,322,706	4,172,687	1,448,438
Unrestricted	(398,103,721)	(363,363,898)	(262,052,748)	(163,836,959)	(60,459,435)	497,844,172
TOTAL NET POSITION	347,858,346	378,790,317	489,466,391	609,605,041	784,231,926	1,501,324,448

Budgeted Revenues

	FY2021	FY2022	FY2023
Education Trust Fund - O&M	356,443,851	380,407,081	422,513,567
Tuition Fees	280,870,930	274,230,599	280,592,832
Federal Funds	253,469,445	359,212,297	327,072,821
Other State Funds	32,112,390	40,941,355	37,208,711
Other Fund Sources	14,799,329	20,829,441	15,722,768
Auxiliary Enterprises	13,430,422	16,940,273	17,514,747
TOTAL	**951,126,367**	**1,092,561,047**	**1,100,625,447**

Budgeted Expenditures

	FY2021	FY2022	FY2023
Instruction	310,380,389	328,961,954	340,874,067
Institutional Support	119,121,083	146,075,465	169,864,294
Public Service	4,938,516	5,814,505	5,981,858
Academic Support	53,698,521	61,501,715	59,980,089
Student Services	92,514,458	100,493,654	104,795,370
O&M of Plant	77,406,601	115,098,234	121,136,816
Scholarships	223,372,975	238,705,818	212,993,910
Mandatory Transfers / Depreciation	42,770,945	37,909,292	39,640,178
Auxiliary Enterprises	16,596,442	17,076,072	17,732,668
TOTAL	**940,799,930**	**1,051,636,710**	**1,072,999,249**

Enrollment

Historical Enrollment Trend

Year	Term	Headcount	Credit Hours	Full-Time Equiv
	Fall	81,139	779,395	51,959
	Spring	73,550	690,828	46,055
	Summer	47,900	342,097	22,806
2017-2018	**Totals**	**202,589**	**1,812,320**	**120,820**
	Fall	80,251	762,208	50,813
	Spring	73,837	686,727	45,781
	Summer	46,201	334,776	22,318
2018-2019	**Totals**	**200,289**	**1,783,711**	**118,912**
	Fall	79,936	757,130	50,475
	Spring	73,337	675,568	45,038
	Summer	41,693	302,600	20,173

2019-2020	**Totals**	**194,966**	**1,735,298**	**115,687**
	Fall	70,902	651,429	43,429
	Spring	64,899	587,993	39,200
	Summer	40,596	291,026	19,402
2020-2021	**Totals**	**176,397**	**1,530,448**	**102,030**
	Fall	75,446	672,089	44,806
	Spring	68,715	594,966	39,664
	Summer	41,988	297,882	19,859
2021-2022	**Totals**	**186,149**	**1,564,937**	**104,329**
	Fall	78,518	689,351	45,957
	Spring	72,204	618,093	41,206
	Summer	46,604	331,842	22,123
2022-2022	**Totals**	**197,326**	**1,639,286**	**109,286**
2023-2024	Fall	83,673	723,915	48,261

Enrollment Statistics

	Fall 2022	**Fall 2023**
Enrollment (Headcount)	78,516	83,694
Full-Time Headcount	28,481	29,713
Part-Time Headcount	50,035	53,981
In-State	97.5%	97.5%
Out-of-State	2.3%	2.2%
Foreign	0.3%	0.2%
2021/2022 Full-Time Retention	44.35%	44.47%
2021/2022 Part-Time Retention	36.48%	37.67%
Enrollment Type		
Academic / Transfer	37.71%	35.94%
Career Tech / Healthcare	32.95%	32.05%
Dual Enrollment	27.37%	29.97%
Undeclared	0.13%	0.13%
Other	1.84%	1.92%

System Reserve Fund

Since 2004 the State Board of Education and, since its creation, the Board have maintained a reserve fund the "System Reserve Fund" available for use for a number of purposes throughout the System, including short term loans to its institutions and the payment of debt service on obligations issued by its institutions. The System Reserve Fund is funded from a payment of $1 per credit hour paid by each institution is no longer subject to scholarship waivers, beginning Fall 2022. The System Reserve Fund is not pledged to the payment of the Bonds and no funds from the System Reserve Fund have been pledged or applied to the payment of debt service on obligations issued by the Board. Since assuming governance of the System, the Board has amended the policy to provide that the amount held in the System Reserve Fund should be at least equal to the total annual debt service payments due by System Schools for the current year, currently approximately $30,733,252. Previously, the targeted reserve amount was equal to the highest annual debt service of any individual college for the current fiscal year. The reserve fund policy permits the Chancellor to suspend payment of the $1 per credit hour charge at any time that the amount held in the reserve fund at least equals the target amount. There is no requirement that the System Reserve Fund be maintained, and the Board may elect to reduce the target size or to eliminate the Fund altogether.

The following table shows the five-year history of the System Reserve Fund, through September 30, 2023.

	2019	**2020**	**2021**	**2022**	**2023**
Reserve Balance	18,226,755	19,814,665	20,937,935	22,536,084	24,682,499
Growth from previous year	1,926,788	1,587,910	1,123,270	1,598,149	2,146,415