CHATTAHOOCHEE VALLEY COMMUNITY COLLEGE

Annual Financial Report

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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JACKSON THORNTON

Independent Auditor's Report

Jimmy Baker, Chancellor, Alabama Community College System
Phenix City, Alabama

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of September 30, 2025, 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* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

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In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the College's Proportionate Share of the Collective Net Pension Liability, Schedule of the College's Contributions - Pension, Schedule of the College's Proportionate Share of the Collective Net Other Postemployment Benefits (OPEB) Liability, Schedule of the College's Contributions - Other Postemployment Benefits (OPEB), and Notes to the Required Supplementary Information for Other Postemployment Benefits (OPEB) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The *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* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The *Schedule of Expenditures of Federal Awards* and related notes is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of Federal Awards* and related notes is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

Jackson Thornton & Co. PC

Montgomery, Alabama
January 15, 2026

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Management's Discussion and Analysis

ANNUAL FINANCIAL REPORT

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Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

Chattahoochee Valley Community College (CVCC) is a public, open door, comprehensive community college dedicated to meeting the changing needs of citizens in the East Alabama service area. By offering a broad spectrum of programs, the College provides students with opportunities for educational, personal and professional advancement. A wide range of academic courses prepares students to transfer to four-year institutions. Technical and workforce development programs equip students to master and practice certain skills as they enter the job market. The College offers a quality education, outstanding faculty, and an affordable way for its citizens to pursue college studies in their own hometown.

CVCC presents its financial statements for fiscal year 2024-2025. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: A) the Statement of Net Position; B) the Statement of Revenues, Expenses, and Changes in Net Position; and, 3) the Statement of Cash Flows. This report of the College's financial statements provides an overview of its financial activities for the year and comparative amounts for the prior year.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point-in-time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of CVCC. The Statement of Net Position presents end-of-year data concerning Assets (current and non-current), Liabilities (current and non-current), 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 institution. They are also able to determine how much the institution owes vendors, investors and lending institutions. Finally, the Statement of Net Position provides a picture of the Net Position (assets minus liabilities) and their availability for expenditure by the institution.

Net position is divided into three major categories. The first category, Net Investment in Capital Assets, provides the institution's equity in property, plant, and equipment owned by the institution. The next category is restricted net position, which is divided into two categories, expendable and nonexpendable. Expendable restricted net position is available for expenditure by the institution 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 corpus of nonexpendable restricted resources is only available for investment purposes. The final category is unrestricted net position which is available to the institution for any appropriate purpose of the institution.

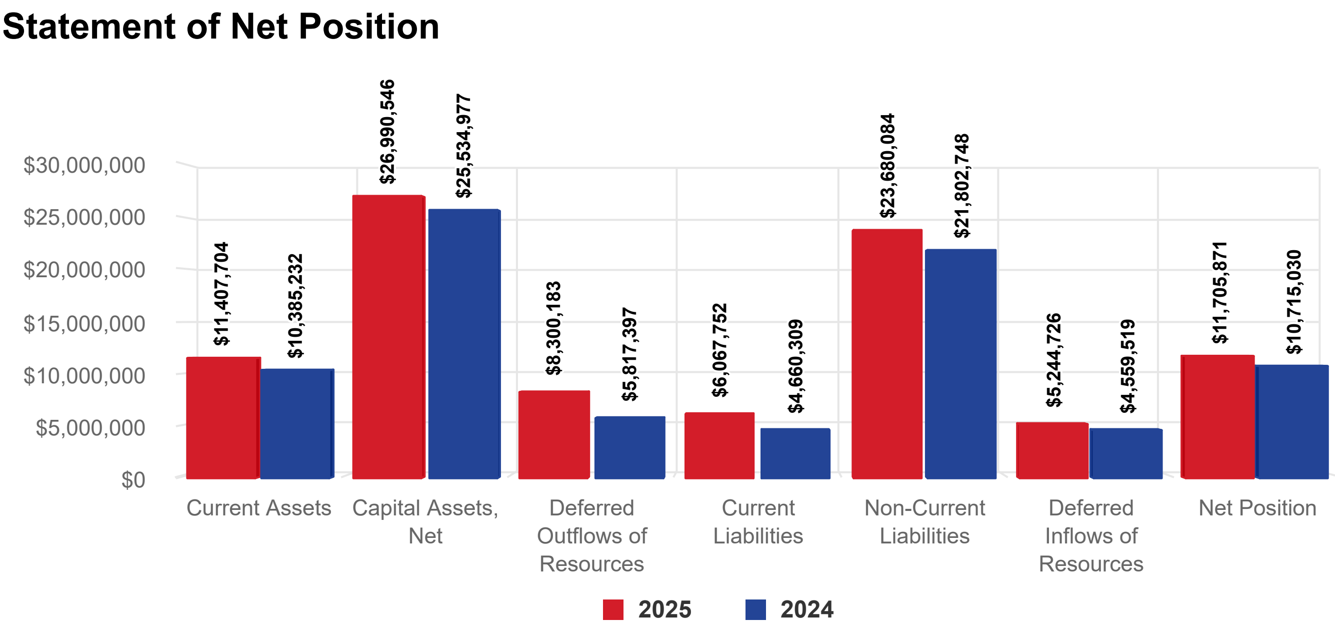
The following schedule summarizes the Statement of Net Position as of September 30, 2025 and 2024.

Statement of Net Position

	2025	2024
Assets		
Current Assets	$ 11,407,704	$ 10,385,232
Capital Assets, Net	26,990,546	25,534,977
Total Assets	**38,398,250**	**35,920,209**
Deferred Outflows of Resources	**8,300,183**	**5,817,397**
Liabilities		
Current Liabilities	6,067,752	4,660,309
Non-Current Liabilities	23,680,084	21,802,748
Total Liabilities	**29,747,836**	**26,463,057**
Deferred Inflows of Resources	**5,244,726**	**4,559,519**
Net Position		
Net Investment in Capital Assets	20,086,454	19,842,536
Restricted - Non-Expandable	30,000	30,000
Restricted - Expandable	19,698	19,698
Unrestricted	(8,430,281)	(9,177,204)
Total Net Position	**$ 11,705,871**	**$ 10,715,030**

Total net position of the institution overall increased by $990,841; total liabilities for the year increased by $3,284,779. CVCC's total assets for the year increased by $2,478,041.

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



A summary of the activity that resulted in the significant changes on the Statement of Net Position are detailed below:

1. Total current assets increased $1,022,472. This amount can be attributed to a $768,886 decrease in Cash and a $1,791,217 increase in Accounts Receivable. Both of these are mainly due to ongoing Construction in Progress projects in which the college is paying upfront costs and submitting reimbursement invoices that will be funded via ACCS Capital Funding.
2. Total non-current assets increased $1,455,569. Of this amount, accumulated depreciation increased $1,107,375 and total capital asset additions were $2,562,945.
3. The $2,482,786 increase in deferred outflow of resources and the $685,207 increase in deferred inflow of resources are due to Pension and Other Postemployment Benefit (OPEB) activity during the fiscal year.
4. Total current liabilities increased by $1,407,443 in mainly due to Accounts Payable and Unearned Revenue. The majority of the increase in noncurrent liabilities of $1,877,336 is due to the change in Net Pension and the change in OPEB.
5. The deficit unrestricted net position of $8,430,281 is the result of recognizing the Net Pension Liability, College's share of contributions attributed to pension liability and the Net OPEB Liability.

Statement of Revenues, Expenses, and Changes in Net Position

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

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

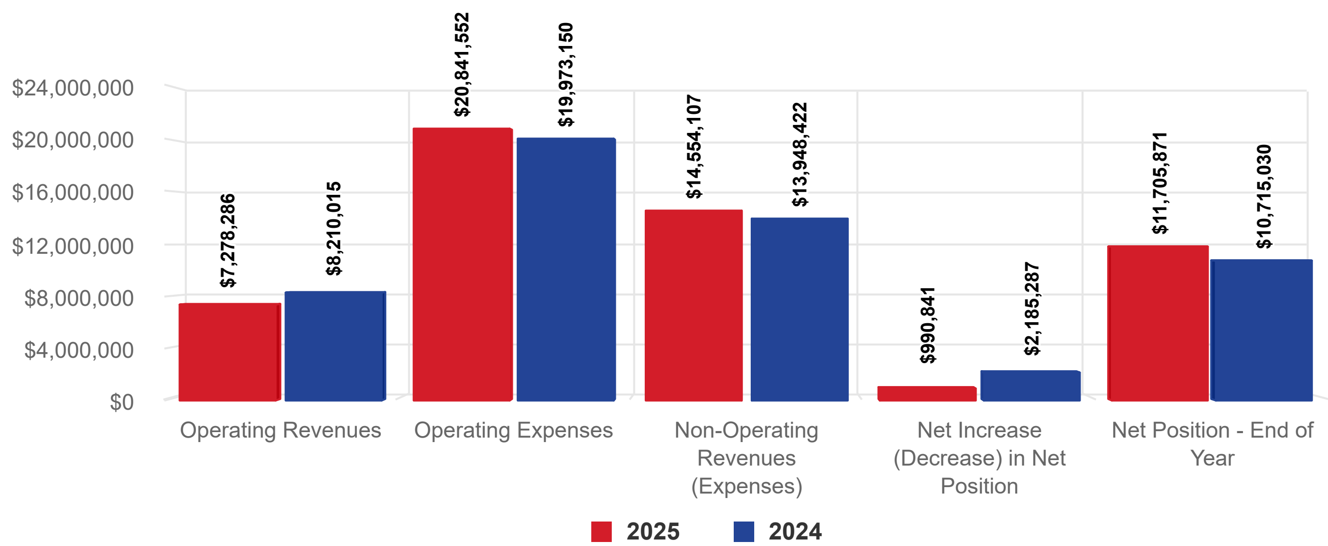
A condensed Statement of Revenues, Expenses and Changes in Net Position for the year ended September 30, 2025 and 2024 is presented below.

Statement of Revenues, Expenses, and Changes in Net Position

	2025	2024
Operating Revenues	$ 7,278,286	$ 8,210,015
Operating Expenses	20,841,552	19,973,150
Operating Income (Loss)	(13,563,266)	(11,763,135)
Non-Operating Revenues (Expenses)	14,554,107	13,948,422
Net Increase (Decrease) in Net Position	990,841	2,185,287
Net Position - Beginning of Year	10,715,030	8,529,743
Net Position - End of Year	**$ 11,705,871**	**$ 10,715,030**

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

Statement of Revenues, Expenses, and Changes in Net Position



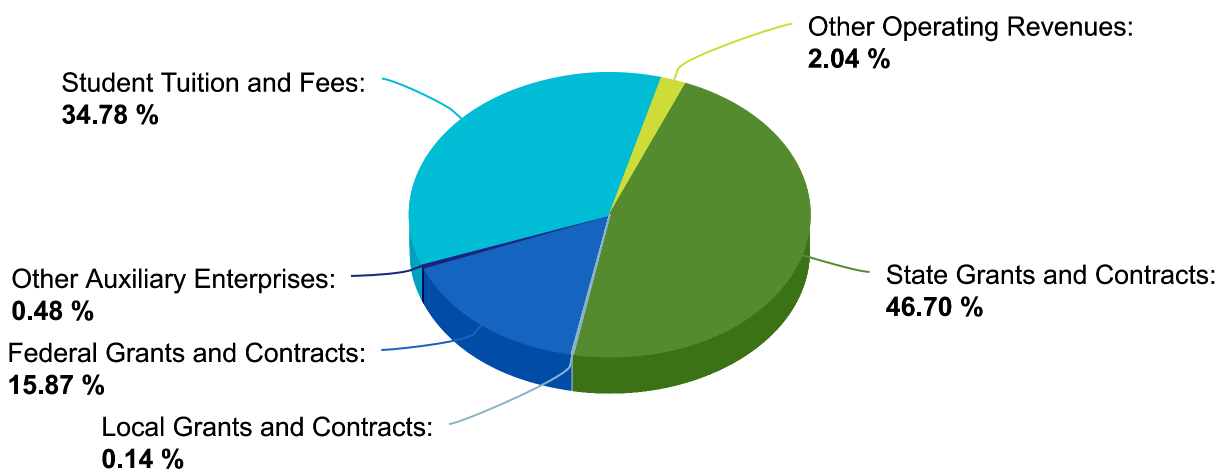
The Statement of Revenues, Expenses, and Changes in Net Position reflect a profit with a net increase of $990,841 at the end of the year. Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Position are presented below:

Operating Revenues

	2025	2024
Operating Revenues		
Student Tuition and Fees	$ 2,531,191	$ 2,008,791
Other Operating Revenues	148,303	58,126
State Grants and Contracts	3,398,855	5,269,603
Local Grants and Contracts	10,000	-
Federal Grants and Contracts	1,155,011	851,544
Other Auxiliary Enterprises	34,926	21,951
Total Operating Revenues	**$ 7,278,286**	**$ 8,210,015**

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

Operating Revenues by Source



The above chart displays operating revenues by type and their relationship with one another. State and Local grants represent 47% of operating revenue; followed by Student Tuition & Fees with 35% and Federal grants and contracts with 16%. Other revenue represents 2% of the total operating revenue.

CVCC's tuition and fee rate for fiscal year 2024-25 was $170 per credit hour. CVCC's tuition and fee rates are in line with the Alabama Community College System tuition and fee guidelines; the amount per credit hour is the maximum that can be charged. Gross tuition and fees increased by $1,197,868 and scholarship allowances increased by $675,468, for a net increase of $522,400. The increase in gross tuition and fees directly correlates to the increase in credit hours sold. The increase in scholarship allowances is related to more scholarships awarded. The College uses the case-by-case method to determine the amount of scholarship allowances and discounts. A tuition summary (net of scholarship allowances) is shown below:

	Net Student Tuition	Net Change	Total Credit Hour	Total Tuition/Fees
Fiscal Year 2024-25	$ 2,531,191	$ (522,400)	$ 33,665	$170 per cr hr
Fiscal Year 2023-24	2,008,791	(476,967)	32,134	$168 per cr hr
Fiscal Year 2022-23	1,531,824	(672,702)	30,935	$166 per cr hr
Fiscal Year 2021-22	2,204,527	(489,180)	28,897	$164 per cr hr
Fiscal Year 2020-21	2,690,705	9,137	30,307	$164 per cr hr
Fiscal Year 2019-20	2,681,568	(170,885)	37,500	$162 per cr hr
Fiscal Year 2018-19	2,852,453	488,816	39,345	$160 per cr hr
Fiscal Year 2017-18	2,363,636	(110,728)	36,301	$150 per cr hr
Fiscal Year 2016-17	2,474,365	(65,261)	36,136	$148 per cr hr
Fiscal Year 2015-16	2,539,626	(117,735)	40,070	$146 per cr hr
Fiscal Year 2014-15	2,657,361	200,571	43,290	$144 per cr hr
Fiscal Year 2013-14	2,456,790	(485,281)	45,248	$142 per cr hr
Fiscal Year 2012-13	2,942,071	442,443	42,960	$140 per cr hr
Fiscal Year 2011-12	2,499,628	512,408	39,999	$138 per cr hr
Fiscal Year 2010-11	1,987,220	52,412	42,358	$117 per cr hr
Fiscal Year 2009-10	$ 1,934,808	$ (555,535)	$ 44,220	$112 per cr hr
Fiscal Year 2008-09	2,490,343	114,040	46,251	$90 per cr hr

The operating federal grants and contracts of $1,155,011are comprised of: (1) $104,189 from Vocational Ed/CTE, (2) $184,108 for Adult Education, (3) $413,834 from Title III – A, and (4) $266,815 for CEVSS.

CVCC received operating state and local contracts totaling $3,398,855. Some items included in that balance consisted of: (1) $211,254 for Adult Education and English as a Second Language grants; (2) $716,790 for Career Technical and Dual Enrollment; (3) $2,189,144 for the ACCS Capital funds, (5) $64,093 for ASAP, and (6) $327,501 from various Workforce Development grants to support Industrial Maintenance, technical instructional programs, Career Coach, GED, Medical Lab Tech, Healthcare Heroes and Career Coach.

Other operating revenue of $193,229 consists of bookstore, campus ticket fines, sales, vending, copying card sales, graduation fees, and other student testing fees.

Net non-operating revenue and expenses totaled $14,554,107. The major sources were $9,695,222 from state appropriations, and $4,790,021 from Title IV grants.

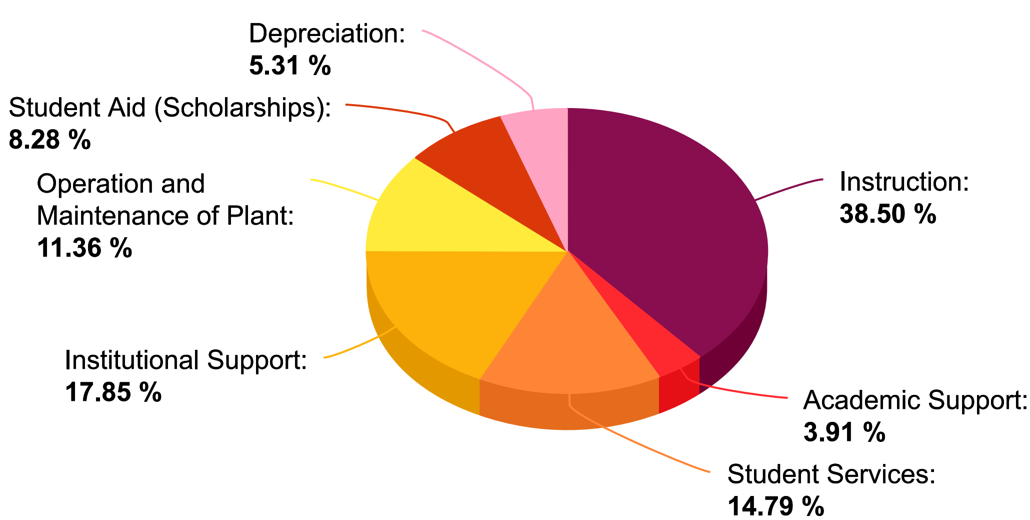
The operating expenses by function stated are displayed in the following exhibit.

Operating Expenses

	2025	2024
Operating Expenses		
Instruction	$ 8,023,488	7,216,523
Academic Support	814,422	868,159
Student Services	3,082,958	2,832,461
Institutional Support	3,720,074	4,063,046
Operation and Maintenance of Plant	2,367,039	1,906,871
Student Aid (Scholarships)	1,726,196	1,955,337
Depreciation	1,107,375	1,130,753
Total Operating Expenses	**$ 20,841,552**	**$ 19,973,150**

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

Operating Expenses by Function



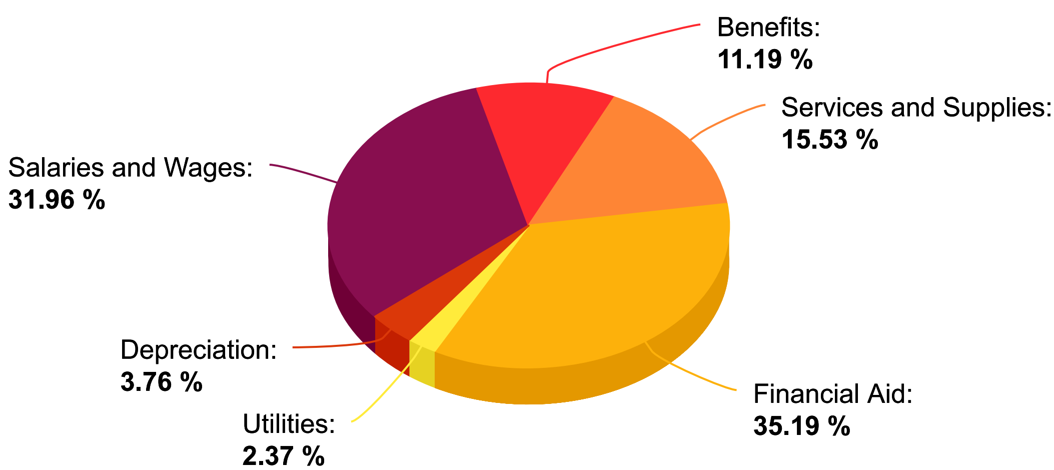
Total operating expenditures increased $1,434,765 in fiscal year 2024-2025 . Instruction increased by $806,965, Academic Support increased decreased $53,737, Student Services increased $250,497, Institutional Support decreased by $342,972, Operation and Maintenance of Plant increased $535,084, Student Aid decreased $229,141 and Depreciation decreased $23,378.

A total of 45% of the College's $20.8 million operating expenses is expended for salaries and wages. When benefits are combined with salaries and wages, the total is 61% of the College's total operating expense. The second highest amount expended is what the College pays to its vendors to acquire supplies, goods and services at 25%. The third highest operating expense of 50% is Student Aid. Depreciation comprised 5% of the operating expense.

The College had a 2024-2025 debt service payment of $411,906 which was for interest and principal on the 2020 Series Bond.

Operating expenses are summarized here by natural classification.

Operating Expenses by Natural Classification

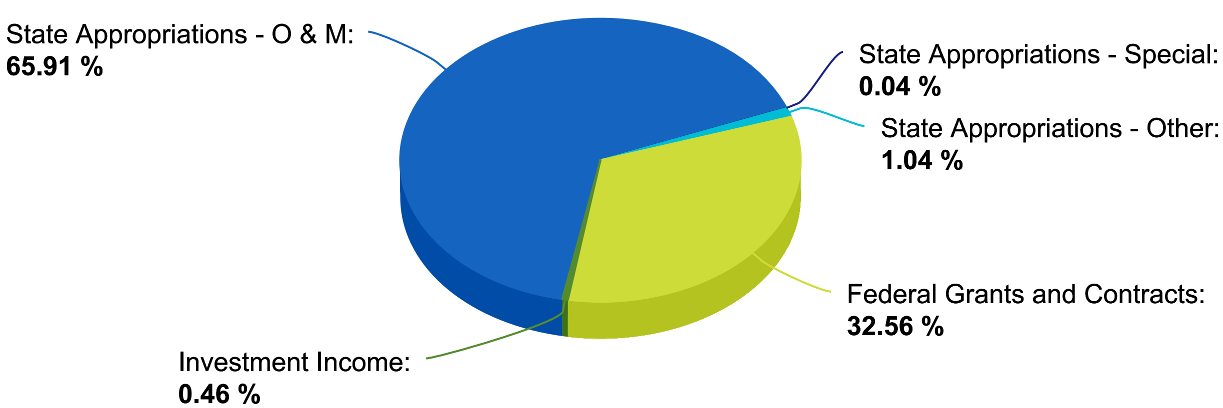


Comparison of Non-Operating Revenue

	2025	2024
Non-Operating Revenue		
State Appropriations - O & M	$ 9,695,222	$ 9,461,402
State Appropriations - Special	5,250	96,021
State Appropriations - Other	152,500	-
Federal Grants and Contracts	4,790,021	4,478,512
Investment Income	67,603	83,461
Total Non-Operating Revenue	**$ 14,710,596**	**$ 14,119,396**

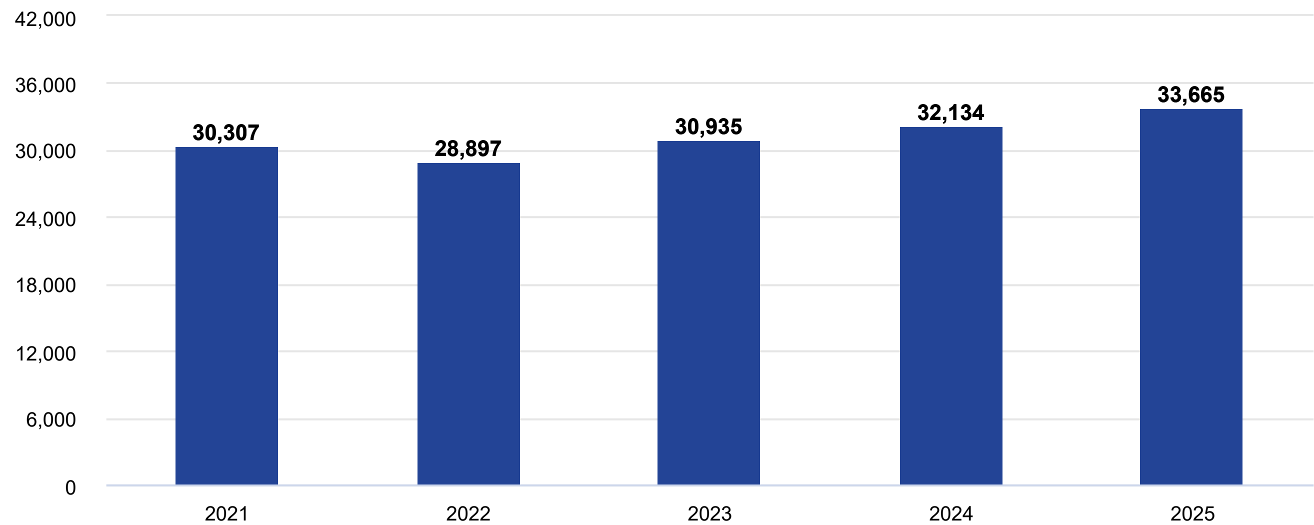
The following chart displays the non-operating revenues by type and their relationship with one another for the fiscal year ended September 30, 2025.

Comparison of Non-Operating Revenue



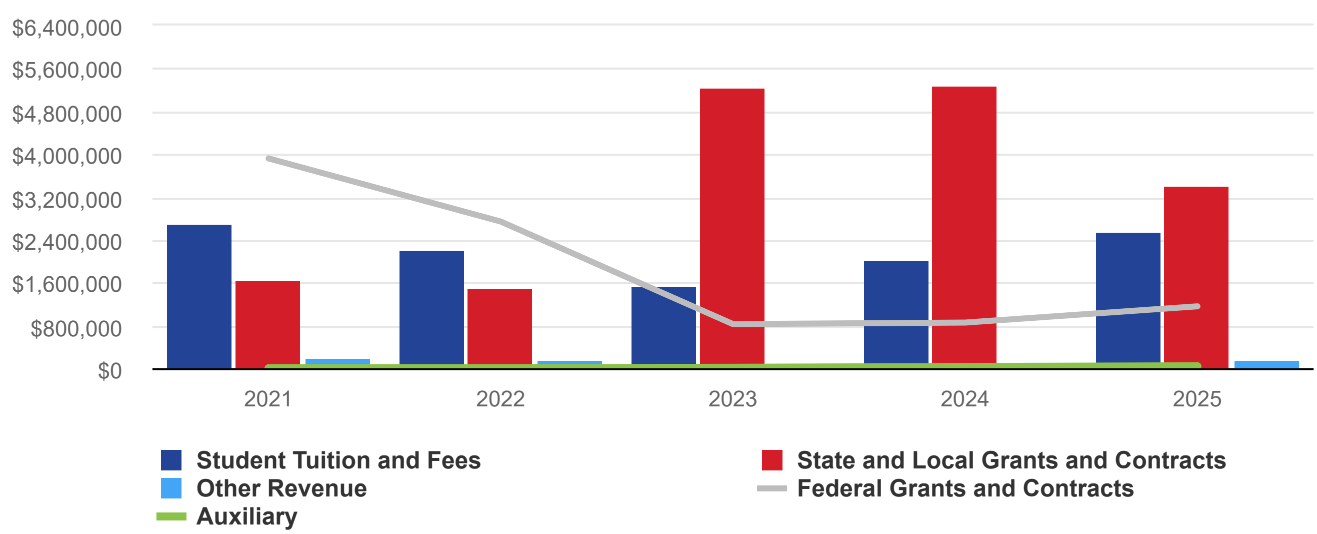
The following chart displays the 5 Year Comparision of Credit Hours for the fiscal year ended September 30, 2025.

5 Year Comparision of Credit Hours



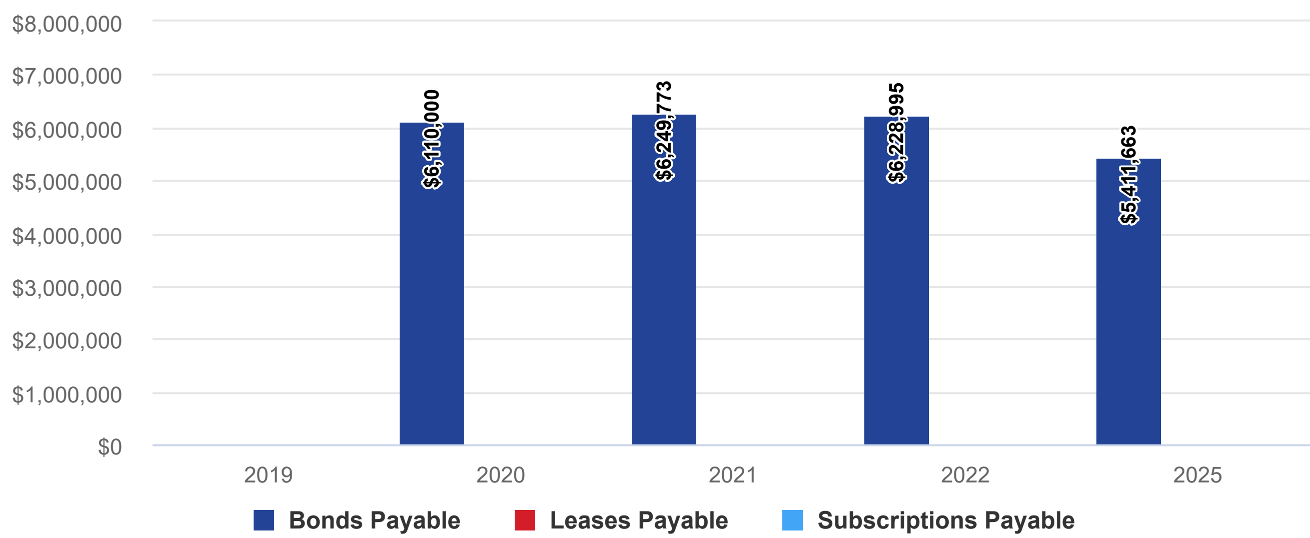
The following chart displays the 5 Year Comparison of Operating Revenue for the fiscal year ended September 30, 2025.

5 Year Comparison of Operating Revenue



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

5 Year Comparison of Long-Term Debt Principal



Statement of Cash Flows

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

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

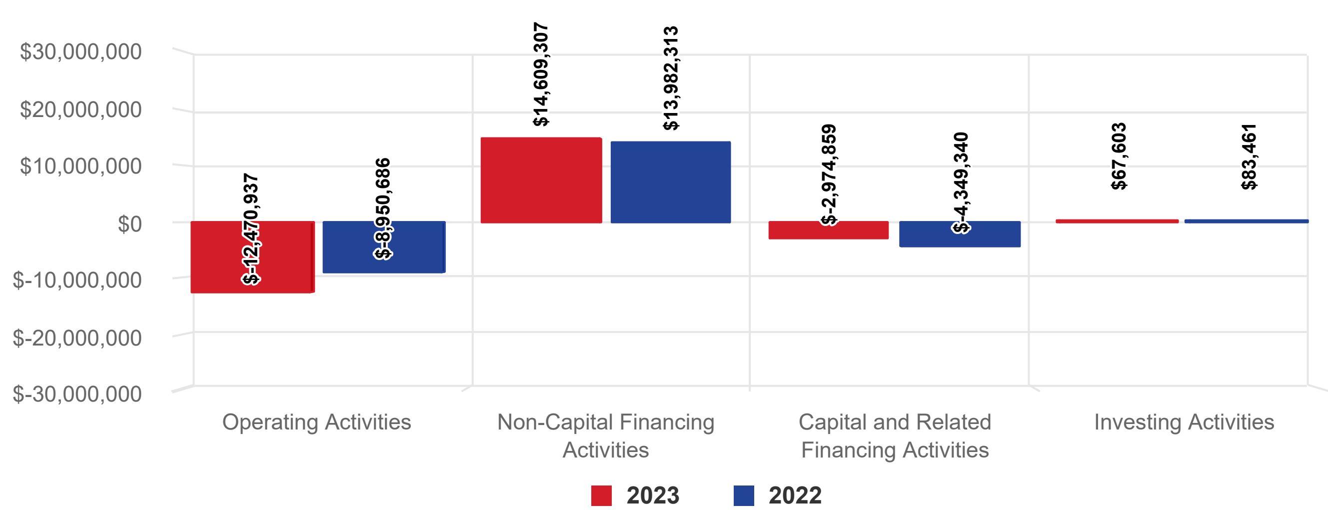
Statement of Cash Flows

	2025	2024
Cash Provided by (Used in):		
Operating Activities	$ (12,470,937)	$ (8,950,686)
Non-Capital Financing Activities	14,609,307	13,982,313
Capital and Related Financing Activities	(2,974,859)	(4,349,340)
Investing Activities	67,603	83,461
Net Change in Cash and Cash Equivalents	**(768,886)**	**765,748**
Cash and Cash Equivalents, Beginning of Year	6,957,421	6,191,673
Cash and Cash Equivalents, End of Year	**$ 6,188,535**	**$ 6,957,421**

The primary cash receipts from operating activities consist of tuition and fees, grants, deposits refundable, and contracts. Cash outlays include payment of wages, benefits, supplies, utilities and scholarships.

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

Statement of Cash Flows



State appropriations and federal Title IV PELL, and Cares Act grant payments are the primary sources of noncapital financing. This source of revenue is categorized as noncapital even though the College's budget depends on this to continue the current level of operations.

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

Capital and related financing activities include the purchases and construction of capital assets during the year, proceeds from the sale of bonds, and the College's annual bond payment consisting of principal and interest paid, along with deposits with trustees at year end.

Economic Outlook

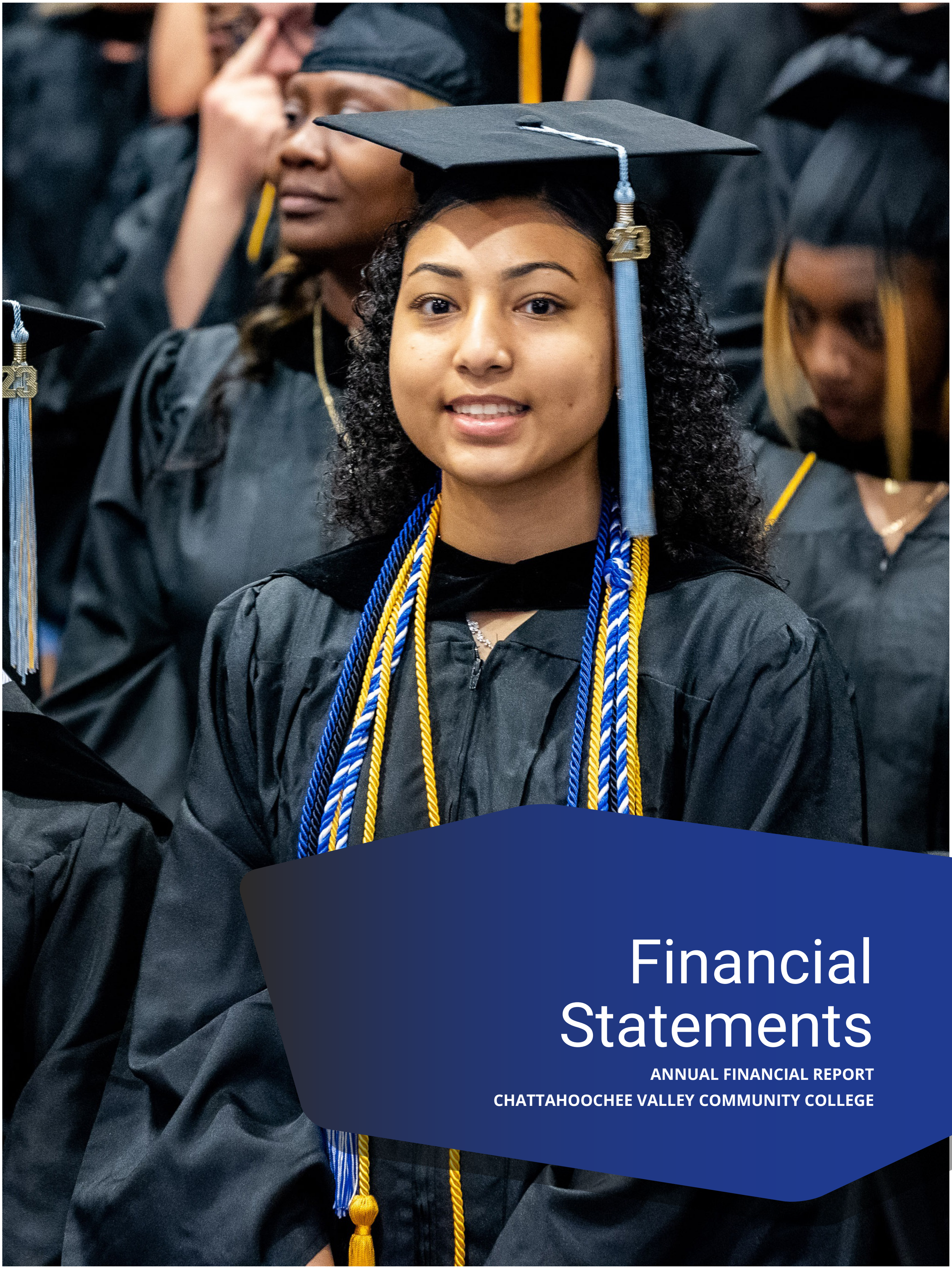
Chattahoochee Valley Community College's overall financial position is good. However, based on state and national economic conditions, the College is concerned about any future proration and continued reductions in the state allocation and federal grants for the upcoming years. Additionally, the college will need to overcome the challenge of regaining enrollment during the post-Covid19 environment once the Cares Act Funds that will allow for a loss of revenue booking have been completely depleted. CVCC will continue to maintain a close watch over resources to maintain the College's ability to react to unknown internal and external issues.

The College will adhere to established Alabama Community College System guidelines which are based on sound financial judgments. The College will take steps to meet the needs of students and the community while remaining financially conservative.

The College is not aware of any other currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the next fiscal year.

Dexter Jackson

Dean of Financial Services



Financial Statements

ANNUAL FINANCIAL REPORT

CHATTAHOOCHEE VALLEY COMMUNITY COLLEGE

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Statement of Net Position
September 30, 2025 and 2024

		2025
Assets		
Current Assets		
Cash and Cash Equivalents	$	6,188,535
Accounts Receivable (net allowance for doubtful accounts)		5,214,475
Deposit with Bond Trustee		4,694
Total Current Assets		**11,407,704**
Non-Current Assets		
Capital Assets, Net of Depreciation and Amortization		26,990,546
Total Non-Current Assets		**26,990,546**
Total Assets		**38,398,250**
Deferred Outflows of Resources		
Pension		2,508,788
Other Postemployment Benefit (OPEB)		5,791,395
Total Deferred Outflows of Resources	**$**	**8,300,183**

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

Statement of Net Position (Continued)
September 30, 2025 and 2024

	2025
Liabilities	
Current Liabilities	
Deposits	$ 218,516
Accounts Payable and Accrued Liabilities	2,325,467
Bond Surety Fee Payable	4,176
Unearned Revenue	3,182,082
Compensated Absences	51,733
Bonds Payable	285,778
Total Current Liabilities	**6,067,752**
Non-Current Liabilities	
Compensated Absences	408,146
Bonds Payable	5,125,885
Net Pension	11,710,000
Net OPEB Liability	6,436,053
Total Non-Current Liabilities	**23,680,084**
Total Liabilities	**29,747,836**
Deferred Inflows of Resources	
Pensions	2,240,000
Other Postemployment Benefit (OPEB)	3,004,726
Total Deferred Inflows of Resources	**5,244,726**
Net Position	
Net Investment in Capital Assets	20,086,454
Restricted	
Non-Expendable	
Scholarships and Fellowships	30,000
Expendable	
Scholarships and Fellowships	19,698
Unrestricted	(8,430,281)
Total Net Position	**$ 11,705,871**

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

Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended September 30, 2025 and 2024

	2025
Operating Revenues	
Student Tuition and Fees (Net of Scholarship Allowances of $4,949,707)	$ 2,531,191
Other Operating Revenues	148,303
State Grants and Contracts	3,398,855
Local Grants and Contracts	10,000
Federal Grants and Contracts	1,155,011
Other Auxiliary Enterprises	34,926
Total Operating Revenues	**7,278,286**
Operating Expenses	
Instruction	8,023,488
Academic Support	814,422
Student Services	3,082,958
Institutional Support	3,720,074
Operation and Maintenance of Plant	2,367,039
Student Aid (Scholarships)	1,726,196
Depreciation	1,107,375
Total Operating Expenses	**20,841,552**
Operating Income (Loss)	**(13,563,266)**
Non-Operating Revenues (Expenses)	
State Appropriations - O & M	9,695,222
State Appropriations - Special	5,250
State Appropriations - Other	152,500
Federal Grants and Contracts	4,790,021
Investment Income	67,603
Bond Surety Fee Expense	(25,210)
Interest Debt Payments	(131,279)
Total Non-Operating Revenues (Expenses)	**14,554,107**
Net Increase (Decrease) in Net Position	**990,841**
Net Position at Beginning of Year	10,715,030
Net Position at End of Year	**$ 11,705,871**

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

Statement of Cash Flows
For the Years Ended September 30, 2025 and 2024

		2025
Cash Flows from Operating Activities		
Tuition and Fees	$	3,072,176
Grants and Contracts		3,156,198
Payments to Suppliers		(3,647,432)
Payments for Utilities		(698,494)
Payments for Employees		(9,420,511)
Payments for Benefits		(3,104,294)
Payments for Scholarships		(1,726,196)
Other Auxiliary Enterprise		34,926
Other Payments		(137,310)
Net Cash Used in Operating Activities		**(12,470,937)**
Cash Flows from Non-Capital Financing Activities		
State Appropriations		9,852,972
Bond Surety Fee Expense		(33,686)
Federal Grant Revenue - Non-Operating		4,790,021
Net Cash Provided by Non-Capital Financing Activities		**14,609,307**
Cash Flows from Capital and Related Financing Activities		
Purchases of Capital Assets and Construction		(2,562,943)
Principal Paid on Capital Debt and Leases		(260,000)
Interest Paid on Capital Debt and Leases		(131,279)
Deposits with Trustees		141
Other Capital and Related Financing		(20,778)
Net Cash Used in Capital and Related Financing Activities		**(2,974,859)**
Cash Flows from Investing Activities		
Investment Income		67,603
Net Cash Provided by Investing Activities		**67,603**
Net Increase (Decrease) in Cash and Cash Equivalents		**(768,886)**
Cash and Cash Equivalents at Beginning of Year		6,957,421
Cash and Cash Equivalents at End of Year	**$**	**6,188,535**

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

Statement of Cash Flows (Continued)
For the Years Ended September 30, 2025 and 2024

		2025
Reconciliation of Net Operating Income to Net Cash Used in Operating Activities		
Operating Income (Loss)	$	(13,563,266)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense		1,107,375
Changes in Assets and Liabilities:		
Receivables, Net		(1,741,432)
Deferred Outflows		(2,482,785)
Accounts Payable		1,289,617
Unearned Revenue		97,690
Deposits Held for Others		(1)
Compensated Absences		(25,682)
Pension Liability		(2,875,000)
OPEB Liability		5,037,340
Deferred Inflows		685,207
Net Cash Used in Operating Activities	**$**	**(12,470,937)**

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

CHATTAHOOCHEE VALLEY

COMMUNITY COLLEGE

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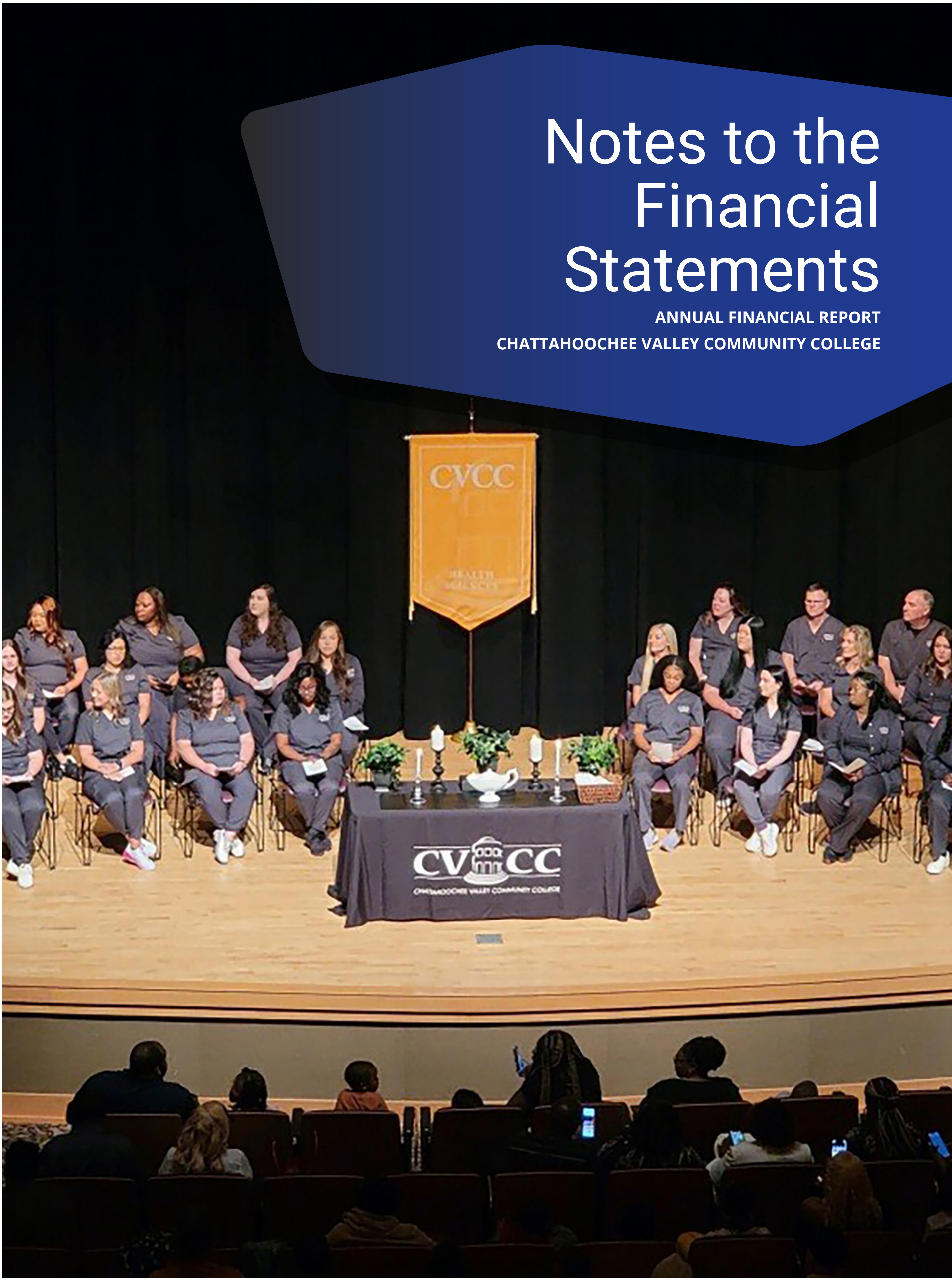
Notes to the Financial Statements

ANNUAL FINANCIAL REPORT

CHATTAHOOCHEE VALLEY COMMUNITY COLLEGE



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Note 1. Summary of Significant Accounting Policies

Nature of Operations

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

Cash, Cash Equivalents, and Investments

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

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

Receivables

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

Capital Assets

Capital assets - Capital assets, other than intangibles, with a unit cost of over $10,000 (increased from $5,000, effective October 1, 2024) and an estimated useful life in excess of one year, and all library books, are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for intangible assets such as capitalized software and internally generated computer software is $1 million and $100,000 for easements and land use rights and patents, trademarks and copyrights. In addition, works of art and historical treasures and similar assets are recorded at their historical cost. Donated capital assets are recorded at acquisition value (an entry price) at the date of donation. Land, Construction in Progress and intangible assets with indefinite lives are the only capital assets that are not depreciated. Depreciation is not allocated to a functional expense category. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

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

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 and Infrastructure	Straight Line	25 years
Construction in Progress	Not depreciated	
Furniture and equipment greater than $25,000	Straight Line	10 years
Furniture and equipment $25,000 or less	Straight Line	5 years
Library Materials	Composite	20 years
Capitalized Software	Straight Line	10 years

Deferred Outflow 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. Bond premiums and discounts are deferred and amortized over the life of the bonds.

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.

Compensated Absences

The College records liabilities for compensated absences in accordance with GASB Statement No. 101, Compensated Absences. A liability is recognized when leave is (1) attributable to services already rendered, (2) accumulates, and (3) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.Substantially all employees of the College earn 12 days of sick leave each year, with unlimited accumulation. In accordance with Alabama law, sick leave balances generally convert to service credit in the Teachers' Retirement System of Alabama (TRS) upon retirement. Because those balances are more likely than not to be settled through conversion to TRS service credit rather than paid or otherwise settled, no liability is recorded for sick leave.All non-instructional employees earn annual leave at a rate that varies from 12 to 24 days per year depending on length of service, with accumulation limited to 60 days. Instructional employees do not earn annual leave. Payment is made to employees for unused annual leave at termination or retirement. Accordingly, the College records a liability for accrued but unused vacation leave, including salary-related payments directly and incrementally associated with that leave.

Deferred Inflow 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.

Pensions

The Teachers' Retirement System of Alabama (the "Plan") financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized as revenues when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made.

Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

Postemployment Benefits Other than Pensions (OPEB)

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

Net Position

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

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

- ○ *Expendable* – Net position whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. These include funds held in federal loan programs.
- ○ *Non-expendable* – Net position subject to externally imposed stipulations that they be maintained permanently by the College. Such assets include the College's permanent endowment funds.

- **Unrestricted** – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net position 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 alternate method as prescribed by the National Association of College and University Business Officers (NACUBO) in their Advisory Report 2000-05 to determine the amount of scholarship allowances and discounts.

Change in Accounting Estimate: Capitalization Threshold

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

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

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

New Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. This Statement supersedes prior guidance based on vesting and instead requires recognizing a liability only when leave is *more likely than not* to be used, paid in cash, or otherwise settled. The College adopted this Statement for the fiscal year ended September 30, 2025. The adoption had no impact on the previously reported beginning net position, as liabilities for vacation leave were already recognized and sick leave converts to service credit in the Teachers' Retirement System of Alabama rather than being paid or otherwise settled.

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

Note 2. Deposits and Investments

Deposits

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

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

Note 3. Receivables

Receivables are reported and summarized as follows:

Description	Amount
Federal Grants and Contracts	$ 435,465
Student Tuition and Fees	2,318,770
State Grants and Contracts	3,905,297
Third-Party Tuition and Fees	291,816
Returned Checks	7,531
Other	283,456
Less: Allowance for Doubtful Accounts	(2,027,860)
Total Accounts Receivable	**$ 5,214,475**

Note 4. Capital Assets

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

Description	Beginning Balance	Additions	Deductions	Adjustments	Ending Balance
Nondepreciable Capital Assets					
Land	$ 506,000	$ -	$ -	$ -	$ 506,000
Construction in Progress	474,072	1,989,661	-	-	2,463,733
Total Nondepreciable Capital Assets	**980,072**	**1,989,661**	**-**	**-**	**2,969,733**
Other Capital Assets					
Buildings	25,597,597	-	-	-	25,597,597
Building Alterations	69,717	-	-	-	69,717
Improvements other than Buildings and Infrastructure	7,532,220	121,810	-	-	7,654,030
Furniture and Equipment greater than $25,000	2,001,252	396,076	-	-	2,397,328
Furniture and Equipment $25,000 or less	3,284,982	53,116	-	-	3,338,098
Library Materials	659,840	2,282	-	-	662,122
Capitalized Software	47,800	-	-	-	47,800
Total Other Capital Assets	**39,193,408**	**573,284**	**-**	**-**	**39,766,692**
Less Accumulated Depreciation/ Amortization					
Buildings	9,003,971	469,189	-	-	9,473,160
Improvements other than Buildings and Infrastructure	1,392,602	293,142	-	-	1,685,744
Furniture and Equipment greater than $25,000	1,569,103	253,631	-	-	1,822,734
Furniture and Equipment $25,000 or less	2,057,255	83,566	-	-	2,140,821
Library Materials	596,453	3,067	-	-	599,520
Capitalized Software	19,120	4,780	-	-	23,900
Total Accumulated Depreciation/ Amortization	**14,638,504**	**1,107,375**	**-**	**-**	**15,745,879**
Total Capital Assets, Net	**$ 25,534,976**	**$ 1,455,570**	**$ -**	**$ -**	**$ 26,990,546**

Note 5. Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

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

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

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

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

Contributions

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

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

Participating employers' contractually required contribution rate for the fiscal year ended September 30, 2025 was 13.57% of annual pay for Tier 1 members and 12.60% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the College were $1,075,788 for the year ended September 30, 2025.

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

On September 30, 2025, the College reported a liability of $11,710,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023. The College's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2024, the College's proportion was 0.090021% which was a decrease of 0.001378% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the College recognized pension expense of $1,480. At September 30,2025 , the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 1,164,000	$ 84,000
Changes of Assumptions	180,000	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	1,920,000
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	89,000	236,000
Employer Contributions Subsequent to the Measurement Date	1,075,788	-
Total	**$ 2,508,788**	**$ 2,240,000**

$1,075,788 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026.

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

Year Ended September 30	Amount
2026	$ (104,000)
2027	547,000
2028	(622,000)
2029	(628,000)
2030	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of September 30, 2024 was determined by an actuarial valuation as of September 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

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

* Net of pension plan investment expense, including inflation

The actuarial assumptions used in the actuarial valuation as of September 30, 2023, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

Mortality Rate

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

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

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
Int’l Developed Mkt Stocks	12.00%	9.50%
Int’l Emerging Mkt Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	**100.00%**	

* Includes assumed rate of inflation of 2.00%.

Discount Rate

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

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
College's Proportionate Share of the Collective Net Pension Liability	$ 16,282,000	$ 11,710,000	$ 7,862,000

TargetPension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2024. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

Note 6. Other Postemployment Benefits (OPEB)

Summary of Significant Accounting Policies

Postemployment Benefits Other than Pensions (OPEB)

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

General Information about the OPEB Plan

Plan Description

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

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

Benefits Provided

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

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

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental, and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer, and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical

Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of $1,250 per year for individual coverage and $1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eyeglasses, and contact lens prescriptions.

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

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

Contributions

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

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

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

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

On September 30, 2025, the College reported a liability for its proportionate share of the Net OPEB liability of $6,436,053. The collective Net OPEB liability was measured as of September 30, 20243, and the total OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation as of September 30, 2023. The College's proportion of the Net OPEB liability was based on the College's share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employers. At September 30, 2024, the College's proportion was 0.070007% which was a decrease of 0.002762% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the College recognized OPEB expense of $169,202, with no special funding situations. At September 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 3,001,512	$ 1,389,077
Changes of Assumptions	2,216,530	910,597
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	158,788
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	370,336	546,264
Employer Contributions Subsequent to the Measurement Date	203,017	-
Total	**$ 5,791,395**	**$ 3,004,726**

The $203,017 reported as deferred outflows of resources related to OPEB resulting from College's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB liability in the year ended September 30, 2026.

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

Year Ended September 30	Amount
2026	$ 378,507
2027	404,528
2028	278,174
2029	468,776
2030	797,726
Thereafter	259,243

Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	5.00 - 3.25%
Long-term Investment Rate of Return	7.00%
Municipal Bond Index Rate at the Measurement Date	3.89%
Municipal Bond Index Rate at the Prior Measurement Date	4.53%
Year Fiduciary Net Position (FNP) is Projected to be Depleted	2040
Single Equivalent Interest Rate at Measurement Date	4.32%
Single Equivalent Interest Rate at Prior Measurement Date	7.00%
Healthcare Cost Trend Rates:	
Initial Trend Rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50% in 2033 FYE
Medicare Eligible	4.50% in 2033 FYE

** Initial Medicare claims are set based on renewal premium rates through calendar year 2025 with an assumed 0% increase for the upcoming 2026-2028 negotiiation period.

Mortality Rate

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

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2023 valuation.

Long-Term Expected Rate of Return

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

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

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

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

* Geometric mean, includes 2.50% inflation.

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability was 4.32%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is $800 per non-university active member. Approximately, 9.751% of the employer contributions were used to assist in funding retiree benefit payments in 2024 and it is assumed that the 9.751% will increase or decrease at the same rate as expected benefit payments for the closed group with a cap of 20.00%. It is assumed the $800 rate will remain flat until, based on budget projections, it increases to $904 in fiscal year 2026, $1,114 in fiscal year 2027 and then will increase with inflation at 2.50% starting in 2028. Retiree benefit payments for university members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members are projected through 2122.

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

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

	1% Decrease (5.75% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% for Medicare eligible)	Current Healthcare Trend Rate (6.75% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare eligible)	1% Increase (7.75% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare eligible)
Net OPEB Liability	$ 5,177,261	$ 6,436,053	$ 8,059,268

The following table presents the College's proportionate share of the Net OPEB liability of the Trust calculated using the discount rate of 4.32%, as well as what the Net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (3.32%)	Current Rate (4.32%)	1% Increase (5.32%)
Net OPEB Liability	$7,818,319	$6,436,053	$5,331,471

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's Fiduciary Net Position is in the Trust's financial statements for the fiscal year ended September 30, 2025.

The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 20245. Additional financial and actuarial information is available at www.rsa-al.gov.

Note 7. Construction and Other Significant Commitments

OPEB Plan Fiduciary Net Position

As of September 30, 2025, the College had committed to three projects totaling $3,258,066 in estimated costs. One project was in process, with construction in progress totaling $2,463,733 at September 30, 2025.

As of September 30, 2025, the College had been awarded approximately $2,247,806 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 8. Long-Term Debt

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

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Revenue Bonds	$ 5,360,000	$ -	$ 260,000	$ 5,100,000	$ 285,778
Bond Premium	332,440	-	20,777	311,663	-
Total Bonds Payable	**5,692,440**	**-**	**280,777**	**5,411,663**	**285,778**
Compensated Absences	435,493	99,302		459,879	51,733
Total Long-Term Liabilities	**$ 6,127,933**	**$ 99,302**	**$ 280,777**	**$ 5,871,542**	**$ 337,511**

Chattahoochee Valley Community College Revenue Bonds, Series 2020, were issued December 17, 2020. The proceeds of the bonds were used for the redemption and prepayment of Revenue Bonds, Series 2009 as well as expenses related to the issuance of the bonds.

Bond Debt

A trustee holds sinking fund deposits, including earnings on investments of these deposits. Revenue from student tuition and fees sufficient to pay the annual debt service are pledged to secure the bonds. Principal and interest maturity requirements on bond debt are as follows:

	Revenue Bonds		
Fiscal Years	**Principal**	**Interest**	**Totals**
2026	$ 265,000	$ 144,256	$ 409,256
2027	280,000	133,656	413,656
2028	290,000	122,456	412,456
2029	300,000	110,856	410,856
2030	315,000	98,856	413,856
2031-2035	1,725,000	334,333	2,059,333
2036-2040	1,925,000	128,300	2,053,300
Totals	**$ 5,100,000**	**$ 1,072,713**	**$ 6,172,713**

Bond Premium

The College has a bond premium in connection with the issuance of its 2020 Series Tuition Revenue Bonds. The bond premium is being amortized using the straight-line method over the life of the bonds.

Pledged Revenues

The College has pledged student tuition and fee revenue to repay $5,855,000.00 in Revenue Bond Series 2020 issued in December 2020. Future revenues in the amount of $6,172,713, are pledged to repay principal and interest on the bonds at September 30, 2025. Pledged revenues in the amount of $4,372,199 were received during the fiscal year ended September 30, 2025, with $411,906 or 9.4% of pledged revenues being used to pay interest during this fiscal year. These bonds are scheduled to mature in 2040.

Note 9. Risk Management

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

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

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

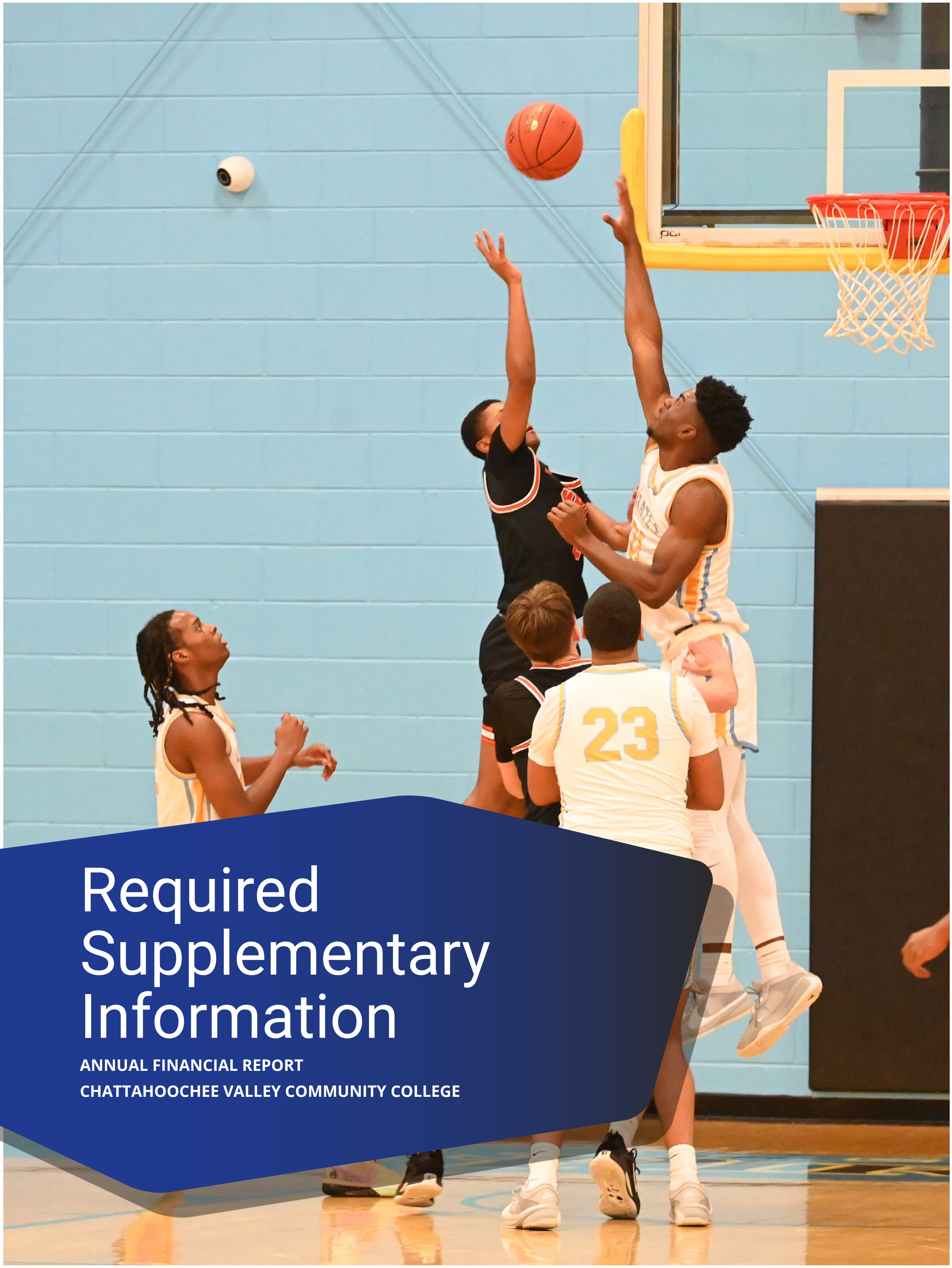
Claims which occur as a result of employee job-related injuries may be brought before the State of Alabama Board of Adjustment. The Board of Adjustment serves as an arbitrator and its decision is binding. If the Board of Adjustment determines that a claim is valid, it decides the proper amount of compensation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

Note 10. Endowments

The College has endowments established by donors for the purpose of awarding scholarships to needy and worthy students. These scholarships were endowed by contributions totaling $30,000, which is to be continuously invested in certificates of deposit at local financial institutions with the understanding that only the interest earned may be used for scholarship purposes.

Note 11. Subsequent Events

The College has evaluated subsequent events through January 16, 2026, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of September 30, 2025 have been incorporated into these financial statements.



Required Supplementary Information

ANNUAL FINANCIAL REPORT

CHATTAHOOCHEE VALLEY COMMUNITY COLLEGE

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

(Dollar Amounts in Thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
College's Proportion of the Net Pension Liability	0.090021%	0.091399%	0.090126%	0.090767%	0.094412%	0.087801%	0.087979%	0.082681%	0.085161%	0.085665%
College's Proportionate Share of the Net Pension Liability	$ 11,710	$ 14,585	$ 14,006	$ 8,551	$ 11,678	$ 9,708	$ 8,747	$ 8,126	$ 9,220	$ 8,965
College's Covered Payroll	$ 7,874	$ 7,600	$ 7,953	$ 7,567	$ 6,847	$ 6,286	$ 5,909	$ 5,495	$ 5,428	$ 5,461
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	148.72%	191,91%	176.11%	113.00%	170.56%	154.44%	148.03%	147.88%	169.86%	164.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.21%	63.57%	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%

Notes to schedule:

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

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

(Dollar Amounts in Thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 1,076	$ 964	$ 918	$ 837	$ 795	$ 825	$ 762	$ 706	$ 647	$ 619
Contributions in Relation to the Contractually Required Contribution	$ 1,076	$ 964	$ 918	$ 837	$ 795	$ 825	$ 762	$ 706	$ 647	$ 619
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's Covered Payroll	$ 7,600	$ 7,874	$ 7,600	$ 7,953	$ 7,567	$ 6,847	$ 6,286	$ 5,909	$ 5,495	$ 5,428
Contributions as a Percentage of Covered Payroll	14.16%	12.25%	12.08%	10.52%	10.51%	12.05%	12.12%	11.95%	11.77%	11.40%

Notes to Schedule

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

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

Notes to Required Supplementary Information for Pension Benefits

Note 1. Changes of Benefit Terms

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

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

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

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

1) A service retirement allowance is payable upon the request of any member who has attained age 62 and completed at least 10 years of creditable service (age 56 with 10 years of creditable service for a full-time certified firefighter, police officer or correctional officer).

2) Upon service or disability retirement a member receives a retirement allowance equal to 1.65% of the member's average final compensation multiplied by the number of years of creditable service. The benefit is capped at 80% of the member's average final compensation (the 5 highest years in the last 10 years of Creditable Service).

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

Note 2. Changes of Assumptions

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

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

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

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

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

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

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

(Dollar Amounts in Thousands)	2025	2024	2023	2022	2021	2020	2019	2018
College's Proportion of the Net OPEB Liability	0.070007%	0.072769%	0.079729%	0.070908%	0.070633%	0.077842%	0.073859%	0.068874%
College's Proportionate Share of the Net OPEB Liability	$ 6,436	$ 1,399	$ 1,389	$ 3,664	$ 4,584	$ 2,936	$ 6,070	$ 5,116
College's Covered Payroll	$ 7,661	$ 7,461	$ 7,567	$ 6,237	$ 6,693	$ 6,174	$ 5,866	$ 5,368
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	84.01%	18.75%	18.36%	58.75%	68.49%	47.55%	103.48%	95.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	48.39%	49.42%	48.39%	15.26%	19.80%	28.14%	14.81%	15.37%

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

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

(Dollar Amounts in Thousands)	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	$ 169	$ 94	$ 107	$ 149	$ 121	$ 143	$ 222	$ 183
Contributions in Relation to the Contractually Required Contribution	$ 169	$ 94	$ 107	$ 149	$ 121	$ 143	$ 222	$ 183
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's Covered Payroll	$ 8,234	$ 7,661	$ 7,461	$ 7,567	$ 6,237	$ 6,693	$ 6,174	$ 5,866
Contributions as a Percentage of Covered Payroll	2.05%	1.23%	1.43%	1.97%	1.94%	2.14%	3.60%	3.12%

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

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

Note 1. Changes in Actuarial Assumptions

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

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

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

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

Note 2. Recent Plan Changes

The September 30, 2022 valuation reflects the impact of Act 2022-222.

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

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

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

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

The actuarially determined contribution rates in the Schedule of OPEB Contributions are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Therefore, the actuarially determined employer contribution for fiscal year ending September 30, 2024 is determined based on the actuarial valuation as of September 30, 2021. 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	20 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.50%
Medicare Eligible *	*
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate Trend Rate	2031 for Pre-Medicare Eligible 2027 for Medicare Eligible
Optional Plans Trend Rate	2.00%
Investment Rate of Return	5.00%, including inflation

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

Supplementary Information

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Schedule Expenditures of Federal Awards
For the Year Ended September 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
U. S. Department of Education				
Direct Programs				
Student Financial Assistance Cluster (M)				
U. S. Department of Education				
Direct Programs				
Federal Supplemental Educational Opportunity Grants	84.007		$ -	$ 30,500
Federal Work-Study Program	84.033		-	49,431
Federal Pell Grant Program	84.063		-	4,710,090
Federal Direct Student Loans	84.268		-	3,495,718
Title III, Higher Education - Institutional Aid	84.031		-	413,834
Other Federal Awards U. S. Department of Education				
Direct Programs				
Rural Postsecondary and Economic Development Grant Program	84.116W		-	186,066
CEVSS	84.116G		-	251,332
Passed Through Alabama State Department of Education				
Career and Technical Education - Basic Grants to States	84.048		-	104,189
Passed Through Alabama Community College System				
Adult Education - Basic Grants to States	84.002		-	184,108
Total Expenditures of Federal Awards			**$ -**	**$ 9,425,268**

(M) = Major Program

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

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the College, under programs of federal award activity of the College, under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

The College has elected not to use the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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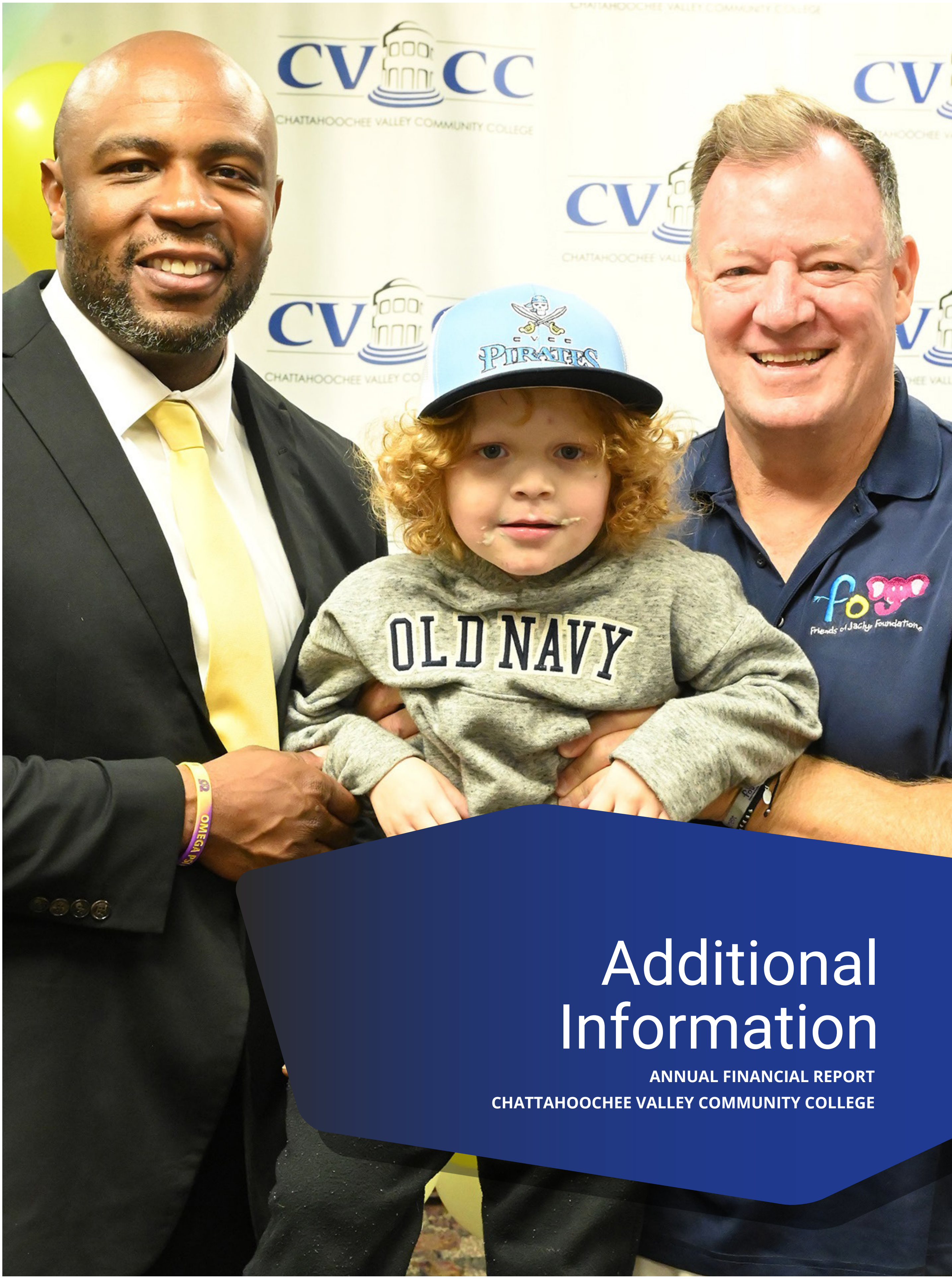

Additional Information

ANNUAL FINANCIAL REPORT
CHATTAHOOCHEE VALLEY COMMUNITY COLLEGE

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Officials

Jimmy H. Baker
Chancellor

Jacqueline Screws
President

Dexter Jackson
Dean of Financial Services

JACKSON THORNTON

Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control Over Compliance

Jimmy Baker, Chancellor, Alabama Community College System
Chattahoochee Valley Community College
Phenix City, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited Chattahoochee Valley 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, 2025. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 grants agreements applicable to its federal programs.

JACKSON THORNTON

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 GAAS, *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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

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

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

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

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

Jackson Thornton & Co. PC

Montgomery, Alabama
January 15, 2026

JACKSON THORNTON

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Jimmy Baker, Chancellor, Alabama Community College System
Chattahoochee Valley Community College
Phenix City, 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 (*Government Auditing Standards*), the financial statements of Chattahoochee Valley Community College (the College), a component unit of the State of Alabama, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated January 15, 2026.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College'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.*

JACKSON THORNTON

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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jackson Thornton & Co. PC

Montgomery, Alabama
January 15, 2026

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COMMUNITY COLLEGE

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Independent Auditor Reports

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CHATTAHOOCHEE VALLEY COMMUNITY COLLEGE

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

Section I – Summary of Auditor's Results

Financial Statements

1. Type of Auditor's report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America:

   ☑ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified?	☐ Yes	☑ No
Significant deficiency(ies) identified not considered to be material weaknesses?	☐ Yes	☑ None reported
3. Noncompliance material to financial statements noted?	☐ Yes	☑ No

Federal Awards

4. Internal control over major programs:		
Material weakness(es) identified?		
Significant deficiency(ies) identified not considered to be material weaknesses?	☐ Yes	☑ No
5. Type of Auditor's report issued on compliance for major programs		
6. Noncompliance material to financial statements noted?	☐ Yes	☑ No
7. Identification of major programs:		

Assistance Listing	Name of Federal Program or Cluster
84.007	Federal Supplemental Educational Opportunity Grant
84.033	Federal Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.031	Title III, Higher Education - Institutional Aid

8. Dollar threshold used to distinguish between Type A and Type B programs:		$1,000,000
9. Auditee qualified as a low-risk auditee?	☐ Yes	☑ No

Section II – Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV – Prior Findings and Questioned Costs for Federal Awards

None

CVCC
CHATTAHOOCHEE VALLEY COMMUNITY COLLEGE

Chattahoochee Valley Community College
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