PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER ____, 2026

NEW ISSUE – BOOK ENTRY ONLY

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

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

BOARD OF TRUSTEES OF THE ALABAMA COMMUNITY COLLEGE SYSTEM

$10,000,000*
Bishop State Community College
Revenue Bonds
Series 2026

Dated: _______ ___, 2026

Due: January 1, as shown on the inside cover

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

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. See "BOND INSURANCE" herein.

BAM

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

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

The Bonds are offered when, as and if issued by the Board, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality of the Bonds by Hand Arendall Harrison Sale LLC, Mobile, Alabama, Bond Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Maynard Nexsen PC, Birmingham, Alabama. It is expected that the Bonds in definitive form will be available for delivery through DTC on or about ________, 2026.

STIFEL

_____________ ___, 2026

*Preliminary; subject to change.

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

$10,000,000*
Board of Trustees of the Alabama Community College System
Bishop State Community College
Revenue Bonds
Series 2026

Year of Maturity*	Amount Maturing*	Interest Rate	Yield	Cusip**
2027	$300,000			
2028	315,000			
2029	330,000			
2030	345,000			
2031	365,000			
2032	385,000			
2033	405,000			
2034	425,000			
2035	445,000			
2036	470,000			
2037	495,000			
2038	520,000			
2039	545,000			
2040	570,000			
2041	600,000			
2042	630,000			
2043	665,000			
2044	695,000			
2045	730,000			
2046	765,000			

*Preliminary; subject to change.

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ALABAMA COMMUNITY COLLEGE SYSTEM

Chancellor

Jimmy H. Baker

President of Bishop State Community College

Olivier Charles

Bond Counsel

Hand Arendall Harrison Sale LLC
Mobile, Alabama

Underwriter's Counsel

Maynard Nexsen PC
Birmingham, Alabama

Underwriter

Stifel, Nicolaus & Company, Incorporated
Montgomery, Alabama

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

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

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$10,000,000*
Board of Trustees of the Alabama Community College System
Bishop State Community College
Revenue Bonds
Series 2026

INTRODUCTION

This Official Statement, including the cover page and Appendices, is furnished by the Board of Trustees of the Alabama Community College System (the "***Board***") to provide certain information in connection with the sale by the Board of its Bishop State Community College Revenue Bonds, Series 2026, in the aggregate principal amount of $10,000,000* (the "***Bonds***"). The Bonds are to be issued pursuant to a resolution adopted by the Board on July 8, 2026 (the "***Authorizing Proceedings***") and a Definitive Terms Certificate to be delivered on the date of issuance as authorized under the Authorizing Proceedings.

The Bonds are limited obligations of the Board payable solely from and secured by a pledge of, revenues from tuition and certain fees payable by students enrolled at Bishop State Community College (the "***College***"), a public, state supported, comprehensive two-year community college, with four campuses located in the City of Mobile, Alabama. The pledge of such tuition and fees is on parity with the pledge securing certain bonds heretofore issued by the Board and any additional parity bonds hereafter issued by the Board. See "THE BONDS—Security" and "THE BONDS—Additional Bonds".

This Preliminary Official Statement and the information herein are subject to change, completion, and amendment. A final, definitive Official Statement will be made available prior to the delivery of the Bonds. For purposes of this Preliminary Official Statement, offering prices, interest rates, selling compensation, delivery dates and certain other information dependent upon pricing of the Bonds have been omitted. Further, for purposes of this Preliminary Official Statement, aggregate principal amount, principal amount per maturity and certain other information dependent upon pricing of the Bonds have been estimated. Actual information dependent upon pricing will be established after pricing of the Bonds and will be reflected in the final Official Statement. Such actual information will vary from the estimates.

THE PURPOSES OF THE ISSUE

General

The Board has determined to issue the Bonds for the purposes of (i) providing funding to finance certain improvements of the facilities located on the campus of the College, including the construction, renovations and equipping of the Delchamps Student Center, the Yard and the Caldwell Interpretative Center and other campus enhancements on the College's campus (the "***Improvements***"), (ii) paying a premium for a policy of municipal bond insurance and (iii) paying the expenses of issuing the Bonds.

Improvements

The estimated total cost of the Improvements is $10,000,000. The College expects to pay for a portion of the Improvements out of proceeds of the Bonds. Any additional funds necessary to complete the Improvements will be payable from other funds available to the College, including unexpended local plant funds. The Improvements are expected to be completed in Summer 2027.

*Preliminary; subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Par Amount	$
Net Original Issue Premium/Discount	
Total	$
Uses of Funds	
Deposit into Construction Fund	$
Underwriter's Discount	
Issuance Expenses (including bond insurance premium)	
Total	$

THE BONDS

General Description

The Bonds will be issued as fully registered bonds in the aggregate principal amount of $10,000,000*. The Bonds will be registered in the name of Cede & Co., as the nominee of the Depository Trust Company. Purchases of beneficial interests in the Bonds will be made in book-entry-only form (without certificates) in the denomination of $5,000 and any integral multiple thereof. So long as the Bonds are in book-entry-only form, payments will be made as described below in "Book-Entry."

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

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

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*Preliminary; subject to change.

Book Entry

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

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

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

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

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

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

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

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

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

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

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

Discontinuation of Book-Entry

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

Certain Provisions Respecting Registration and Transfer of the Bonds

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

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

Optional Redemption of the Bonds Prior to Maturity

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

[Mandatory Redemption of the Bonds

The Bonds maturing on __________, ____ are subject to scheduled mandatory redemption prior to maturity with those to be redeemed to be selected by the Registrar by lot, at a redemption price equal to 100% of the principal amounts thereof for each Bond (or principal portion thereof) redeemed, plus accrued interest to the date fixed for redemption, in the principal amounts and on the dates set forth below (the 20___ amount to be paid rather than redeemed):

January 1 of the Year	Principal Amount

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

Security

The Bonds are limited obligations of the Board, payable from, and secured by a lien upon and pledge of (i) tuition paid by students enrolled at the College ("Tuition") (ii) a facility renewal fee paid by students enrolled at the College (the "Facility Renewal Fee") and (iii) a special building fee paid by each student enrolled at the College (the "Building Fee"). The revenues received from Tuition, the Facility Renewal Fee and the Building Fee are referred to herein collectively as the "***Pledged Revenues***." The pledge of the Pledged Revenues will be on a parity of lien with the prior pledge and agreements with respect thereto for the benefit of the Board's Bishop State Community College Revenue Bonds, Series 2019, originally issued in the aggregate principal amount of $18,670,000 and currently outstanding in the principal amount of $17,425,000 (the "***Series 2019 Bonds***"). The Bonds will be secured, pro rata one with the other and with the Series 2019 Bonds and with any Additional Bonds (as hereinafter defined) that may be issued, by a pledge of the Pledged Revenues.

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

Maintenance of Pledged Revenues

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

Covenant Regarding Other Available Revenues

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

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

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

Given the fact that the colleges are audited individually and there is no system-wide consolidated audit, the amount of such legally available monies cannot be readily determined with reasonable certainty at any point in time due to the changing revenues, operational costs and financial positions of the various colleges. In 2004, however, the State Board of Education created a reserve fund available for use for a number of purposes throughout the System, including short term loans to its institutions and the payment of debt service on obligations issued by its institutions. The reserve fund is funded from a payment of $1 per credit hour paid by each institution. The reserve fund is not pledged to the payment of the Bonds and no funds from the reserve fund have been applied to the payment of debt service on obligations issued by the Board, but it does provide one possible source of other legally available monies. Since assuming governance of the System, the Board has continued the reserve fund policy, and has since amended the policy to provide that the amount held in the reserve fund should be at least equal to the total annual debt service payments due by System institutions for the current year, currently approximately $32,245,206. The fund balance was $31,153,520 as of September 30, 2025. The reserve fund policy permits the Chancellor to suspend payment of the $1 per credit hour charge at any time that the amount held in the reserve fund at least equals the target amount. Given the current amount of the reserve fund, as compared to the new policy target, the Board expects to continue the $1 per hour charge for the foreseeable future, although there is no requirement that the fund be maintained, and it may elect to reduce the target size of the fund or to eliminate the fund altogether. Section 16-60-111.11 of the Code of Alabama (1975) specifically prohibits the Board from agreeing to pay debt service on its securities out of state appropriations.

Additional Bonds

In the resolution of the State Board of Education of the State of Alabama ("***SBE***") authorizing the issuance of the SBE's Bishop State Community College Refunding Revenue Bond, Series 2015, adopted on April 13, 2015 (the "***2015 Resolution***"), the SBE reserved, and the Board now has, the privilege of issuing additional bonds ("***Additional Bonds***") on a parity with the Series 2019 Bonds with respect to the pledge of Pledged Revenues, but if and only if the Chief Financial Officer of the College certifies that (i) the Pledged Revenues received during the fiscal year next preceding the date of issuance of such Additional Bonds, plus (2) the Pledged Revenues that will be produced by any then current increase in the Tuition, the Facility Renewal Fee and the Building Fee, or any of them, or any additional pledged fee or charge, as applied to the credit hours for the immediately next preceding year, are not less than one hundred fifty percent (150%) of the maximum amount of the principal and interest coming due on the Series 2015 Bond and any Additional Bonds then outstanding and any other bonds or other indebtedness secured by a pledge of Pledged Revenues on parity with or prior to the pledge securing the Bonds, and the Additional Bonds proposed to be issued, in the then current or any subsequent fiscal year of the Board. The Bonds are being issued as Additional Bonds pursuant to the 2015 Resolution. The Board may issue further Additional Bonds in the future, subject to the requirements of the 2015 Resolution.

Pursuant to the Authorizing Proceedings the Board may also issue bonds or other obligations secured both by Pledged Revenues and by revenues derived from tuition and/or fees paid by students of one or more other colleges or institutions within the Alabama Community College System or from any other source of legally available funds (any issue or series of such obligations being herein referred to as "***Pooled Bonds***"). In the event of the issuance of any such Pooled Bonds the Board may elect to allocate the debt service among the colleges or other sources of payment, in which case only the portion of the principal of and interest on such Pooled Bonds allocable to the College shall be included in the calculation of maximum annual debt service, determined as set forth in the Authorizing Proceedings, whereupon the amounts of principal and interest allocated to the College shall be the only amounts payable from Pledged Revenues in respect of the Pooled Bonds. Any such Pooled Bonds shall constitute Additional Bonds to the extent of the principal amount allocated to the College. The provisions with respect to Pooled Bonds, however, shall become effective only at such time as the entire principal of and interest on the Series 2019 Bonds have been paid or, if earlier, the registered holders of the Series 2019

Bonds shall have consented in writing to the application of the Pooled Bonds provisions in connection with the issuance of any Additional Bonds.

Creation of Funds

Bond Fund. The Authorizing Proceedings created the Bond Principal and Interest Payment, 2026 (the "***Bond Fund***") for the purpose of providing for the payment of principal of and interest on the Bonds as they mature. The Paying Agent shall be the depository, custodian and disbursing agent for the Bond Fund. The Board is required to deposit or cause to be deposited into the Bond Fund out of Pledged Revenues, not less than ten business days prior to each Interest Payment Date, an amount, which when added to the moneys then on deposit therein will be sufficient to pay the principal (if any) and interest coming due on the Bonds on Interest Payment Date. Moneys in the Bond Fund are pledged to the payment of the Bonds and may be invested in direct general obligations of the United States or securities the payment of which is unconditionally guaranteed by the United States (together, "***Federal Securities***").

Construction Fund. The Authorizing Proceedings provides for a special fund designated the Bishop State Community College Series 2026 Construction Fund (the "***Construction Fund***"). A portion of the principal proceeds from the Bonds will be deposited into the Construction Fund to be drawn upon by check, draft or order signed on behalf of the Board by its duly authorized officer or any authorized representative of the College as required in the Authorizing Proceedings.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("***BAM***") will issue its Municipal Bond Insurance Policy for the Bonds (the "***Policy***"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX D to this Official Statement.

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $505.6 million, $295.6 million and $210.0 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

Additional Information Available from BAM

*Credit Insights Videos***.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at https://bambonds.com/insights/#video. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at https://bambonds.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise

CONSENT RIGHTS OF THE INSURER

As long as the Policy remains in place and BAM performs its obligations, BAM will be entitled to significant rights with respect to the Bonds insured by it, including consents to certain amendments or changes and exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the Authorizing Proceedings pertaining to defaults and remedies and insolvency.

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ANNUAL DEBT SERVICE ON THE BONDS AND THE SERIES 2019 BONDS

Fiscal Year	Principal on the Bonds*	Interest on the Bonds*	Debt Service On the Series 2019 Bonds	Total Debt Service*
2027	$300,000	$342,216	$1,160,050	$1,802,266
2028	315,000	468,913	1,161,425	1,945,338
2029	330,000	452,788	1,161,550	1,944,338
2030	345,000	435,913	1,158,200	1,939,113
2031	365,000	418,163	1,161,500	1,944,663
2032	385,000	399,413	1,158,900	1,943,313
2033	405,000	379,663	1,160,400	1,945,063
2034	425,000	358,913	1,160,900	1,944,813
2035	445,000	337,163	1,160,400	1,942,563
2036	470,000	314,288	1,158,900	1,943,188
2037	495,000	290,163	1,161,300	1,946,463
2038	520,000	264,788	1,157,600	1,942,388
2039	545,000	238,163	1,157,800	1,940,963
2040	570,000	210,288	1,161,700	1,941,988
2041	600,000	181,038	1,159,300	1,940,338
2042	630,000	150,288	1,160,600	1,940,888
2043	665,000	117,913	1,160,500	1,943,413
2044	695,000	85,216	1,159,000	1,939,216
2045	730,000	52,263	1,161,000	1,943,263
2046	765,000	17,691	1,161,400	1,944,091
2047			1,160,200	1,160,200
2048			1,162,300	1,162,300
2049			1,157,700	1,157,700

*Preliminary; subject to change.

Debt Service Coverage*

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

	Fiscal Year Ended September 30	
	2025	2024
Pledged Revenues(1)	$9,527,309	$7,572,245
Maximum annual debt service(2)	$1,946,463	$1,946,463
Debt service coverage ratio(3)	4.89	3.89

(1) Includes revenues from the College's tuition (net of scholarships) and net receipts from the Facility Renewal Fee and the Building Fee. Also includes revenues derived from Pell Grants attributable to Tuition and the Facility Renewal Fee and the Building Fee, which comprised approximately 87% and 89%, respectively, of total tuition and fees paid from Pell Grants in 2025 and 2024.
(2) Projected maximum annual debt service on the Bonds after giving effect to the plan of financing described in this Official Statement and assuming net interest cost for the Bonds of 4.42%.
(3) This is the amount described in note (1) above for the fiscal year indicated divided by maximum annual debt service.

*Preliminary; subject to change.

BONDHOLDER RISKS

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

Limited Obligations of the Board

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

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

State Legislative Control

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

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

Legislative and Alabama College Systems Appropriations

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

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

Budget Proration

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

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

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

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

Remedies

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

Payment of Operational Fees

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

Taxation of Bonds

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

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

Cybersecurity

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

While the College and the System maintain a network security system, policies and other measures intended to stop or contain such "cyber-attacks" no assurances can be given that such security systems will be successful. Breaches of the College's or the System's cyber-security efforts could result in, without limitation, inadvertent disclosure of protected or other confidential information, ransom attacks holding critical information hostage, impairment on the operations of the College, and many other consequences that could materially and negatively impact the College, its finances, and its ability to timely pay debt service on the Series 2026 Bonds.

Impacts of Health Emergencies

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

Severe Weather and Climate Change

Mobile County and the Gulf Coast region are subject to occurrences of severe weather, including hurricanes, in which winds, tornadoes and tidal surges are powerful enough to cause severe destruction. Such events can disrupt the College's operations, damage buildings and other facilities necessary to the College's operations, impact the students and faculty of the College and limit access to the campus and impact the operations and economic viability of the businesses and governments within the College's service area.

Expected impacts of climate change include increased intensity and frequency of weather events and sea level rise, both of which would directly impact Mobile County, including the facilities and students, faculty and staff of the College. While the impact of those or other climate-related influences are not known, there can be no assurance that the College and its operations will not be materially adversely affected.

THE COLLEGE

General

The College is a comprehensive, public, two-year community college with four campuses, located in the City of Mobile, Alabama. Its designated attendance area encompasses all of Mobile County and Washington County.

The Downtown Campus, formerly Main Campus, of Bishop State Community College is located at 351 North Broad Street, Mobile, Alabama. This is the original campus of the College and is comprised of eight buildings. The buildings include an administration/classroom building, a gymnasium/music, a library/classroom building, a manufacturing building, a maintenance building, a student life conference complex, a nursing building, a center for allied health building.

The Southwest Campus of Bishop State Community College is located. at 925 Dauphin Island Parkway, Mobile, Alabama and occupies 42 acres. The Southwest Site houses the College's Automotive, Electrical, Electronics, Process Instrumentation, Truck Driving, several Workforce Development programs and industry partnership training. In addition, the College's Baseball/Softball complex, constructed in 2014 includes regulations sized softball and baseball fields, softball and baseball dugouts for home and guest, press boxes for each field and a concession stand.

The Carver Campus of Bishop State Community College is located at 414 Stanton Street, Mobile, Alabama and occupies nine acres. The Carver Campus offers seven technical programs. The Carver Campus also includes a learning center which contains a computer lab.

The College is a state supported, open-admission, comprehensive urban community college. The College's purpose is to provide high-quality educational opportunities and services that are responsive to individual and community needs for its service area at an affordable cost. To accomplish this purpose, the College provides general education and collegiate programs at the freshman and sophomore levels that prepare students for transfer to other colleges and universities, technical, vocational, occupational and career education that prepares students for immediate employment, retrains existing employees in new skills and promotes local and state economic stability and competitiveness. Business and industry training that meets employer and employee needs, developmental education that assists individuals to improve learning skills and overcome educational deficiencies, student services and activities that assist individuals in formulating and achieving their educational goals, continuing education and personal opportunities that support life-long learning and the civic, social and cultural quality of life are also offered. The College functions as an integral part of the community which it serves and has a responsibly to provide education and cultural leadership to the community.

Accreditation

The College is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award associate degrees. In addition, certain of the College’s instructional programs have received individual professional accreditation, approval or certification from the appropriate professional or academic organization. Contact the Commission on Colleges at 1866 Southern Lane, Decatur, Georgia 30033-4097 or call 404-679-4500 for questions about the accreditation of Bishop State Community College.

Student Enrollment

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

		Total Headcount	Full Time Equivalent
Fall	2020	2,099	1,246.6
Spring	2021	2,167	1,283.6
Summer	2021	1,004	555.5
Fall	2021	2,358	1,467
Spring	2022	2,399	1,359.9
Summer	2022	1,050	612.3
Fall	2022	2,965	1,608.7
Spring	2023	2,482	1,395.5
Summer	2023	1,274	686.4
Fall	2023	3,568	1,916.4
Spring	2024	3,242	1,648
Summer	2024	1,346	708
Fall	2024	4,001	2,080.7
Spring	2025	3,560	1,824.7
Summer	2025	1,744	929.2

Fall	2025	4,444	2,273.6
Spring	2026	4,092	2,057.6
Summer*	2026	1,745	928.3

*Not final

Tuition and Fees

Tuition and fees are set under authority of the Board. Tuition was most recently increased to $133 per credit hour, effective Fall Semester 2026. The following is a schedule of Tuition and fees for students to be enrolled at the College for Fall Semester 2026:

	Tuition Per Credit Hour	Building Fee	Technology Fee*	Facility Renewal Fee	ACCS System Reserve Fee*	ACCS Enhancement Fee*
In-State Students	$133	$20	$15	$15	$1	$20
Out of State Students	$266	$20	$15	$15	$1	$20

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

Administration

The Chief Executive Officer (CEO), who also serves as the President of Bishop State Community College, is the institution's highest-ranking administrative officer and is responsible for providing strategic leadership, ensuring institutional effectiveness, and advancing the College's mission, vision, and goals. The President reports directly to the Chancellor of the Alabama Community College System (ACCS) and operates under the governance and policies established by the ACCS Board of Trustees (BOT).

The governance structure of Bishop State Community College reflects the organizational framework established by the ACCS. Authority and institutional oversight flow from the ACCS BOT through the Chancellor to the College President. The President is entrusted with the overall administration of the College and delegates operational authority to the College's Executive Leadership Team and principal administrative officers. These leaders are responsible for directing their respective divisions, implementing College procedures, managing daily operations, ensuring regulatory compliance, and supporting the College's commitment to student success, academic excellence, fiscal responsibility, and continuous institutional improvement.

As the chief executive of the institution, the President is responsible for appointing qualified faculty, staff, and administrators in accordance with the policies, procedures, and personnel regulations adopted by the ACCS BOT. Employment decisions are based on established qualifications, applicable state and federal laws, as well as the principles of equal opportunity with merit-based selection.

The College's principal administrative officers serve as members of the Executive Council and provide leadership in the areas of academic affairs, student services, administrative and financial operations, workforce development, institutional effectiveness, information technology, human resources, and other essential institutional functions. Working collaboratively with the President, these administrators are responsible for implementing strategic initiatives, fostering organizational excellence, and ensuring the effective delivery of educational programs and student support services. The following sections provide an overview of the current principal administrative officers of Bishop State Community College and their respective areas of responsibility.

Olivier Charles has served as President of Bishop State Community College in Mobile, Alabama since July 2022. Under his leadership, Bishop State has become the fastest growing community college in Alabama and one of the leaders in technical education in the country. The college doubled its enrollment in less than three years, improved its position in workforce growth, increased its retention and completion rate by double-digit percentages, drastically improved its financial position, and positioned students and employees for success. Charles is a strong believer in the power of community engagement and partnerships, viewing collaboration with local industry, civic organizations, and educational institutions as essential to student success and regional economic growth.

Presidential appointed Senior Administration consists of the following:

Dr. Khalilah Burton	Vice President of Instructional Services
Dr. Carl Cunningham	Dean of Students
Akareem Spears	Dean of Workforce and Economic Development
Rochelle Richardson	Dean of Finance and Administrative Services
Curtis ‘Cris’ Smith	Dean of Institutional Advancement and Community Affairs

Dr. Khalilah Burton serves as the Vice President of Instructional Services, the College’s Chief Academic Officer. She provides strategic leadership for all instructional programs and academic operations. Reporting directly to President Charles, she oversees the academic divisions, faculty affairs, curriculum development, academic assessment, accreditation compliance, instructional effectiveness, and the delivery of credit and non-credit instructional programs. This role works with faculty, staff, and other College leadership to promote student success, ensure academic quality, and maintain compliance with ACCS standards.

Dr. Carl Cunningham, Dean of Students, is a member of the Executive Council and is committed to enhancing the overall student experience by advocating for student needs, promoting a culture of respect and accountability, and supporting initiatives that contribute to persistence, completion, and lifelong success. Reporting to President Charles, Dr. Cunningham oversees initiatives that support students throughout their educational journey. He is responsible for coordinating student conduct, student activities, and leadership development, campus engagement, behavioral intervention, and the implementation of policies and procedures related to student life.

Akareem Spears is the Dean of Workforce and Economic Development at Bishop State Community College. He provides strategic leadership for workforce education, career and training, and economic development initiatives. Dean Spears reports directly to President Charles and works collaboratively with business, industry, government, and community partners to develop responsive education and training programs that address regional workforce needs and support economic growth. Through innovative programming, he identifies emerging workforce trends, fosters employer engagement, secures funding opportunities, and ensures that workforce programs align with the ACCS and local market demands.

Rochelle Richardson, Dean of Finance and Administrative Services, provides leadership and oversight for the administrative operations that support the mission and strategic goals of Bishop State Community College. Reporting to President Charles, she works collaboratively with the Regional Chief Financial Officer and other members of the Executive Council to promote operational excellence, fiscal accountability, and institutional efficiency. She ensures compliance with ACCS policies, BOT regulations, and applicable state and federal requirements while promoting sound business practices and resource utilization.

Curtis 'Cris' Smith, Dean of Institutional Advancement and Community Affairs, provides strategic leadership for Bishop State Community College's external relations, resource development, marketing, communications, and community engagement. Reporting to President Charles, he strengthens the College's visibility, fostering meaningful partnerships, and advancing initiatives that support the College's mission, vision, and strategic priorities. Dean Smith works to cultivate relationships while promoting the College's programs, accomplishments, and impact throughout the region.

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

Faculty and Staff

For the 2025-26 school year, the faculty of the College consisted of 95 full-time or full-time equivalent members. Including faculty, the College employs approximately 361 permanent full-time employees. The College is an equal opportunity employer. Employees of the College participate in the State of Alabama Teachers' Retirement System.

THE ALABAMA COMMUNITY COLLEGE SYSTEM

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

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

Name	Position	District	Term
Kay Ivey	President	Governor of Alabama	2019-2027
J.E.B. Shell	Vice-Chairman	District 1	2025-2029
John Mitchell, Sr.		District 2	2023-2027
Valerie Gray	Chairman	District 3	2025-2029
Britton Lightsey		District 4	2023-2027
Goodrich Rogers		District 5	2025-2029
Ron Houston		District 6	2023-2027
Llevelyne Rhone		District 7	2025-2029
Tim McCartney		At-Large Member	2023-2027
Yvette Richardson		Ex-Officio (non-voting) Member	

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

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

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

ACCOUNTING AND FINANCIAL INFORMATION

Accrual Methods

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

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

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

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

The financial statements of the College as of September 30, 2025, included for information purposes in this Official Statement as APPENDIX B, have been audited by Warren Averett, LLC, independent auditors, as set forth in their report, which also appears in APPENDIX B. Other significant accounting policies of the College are set forth in the financial statements and the notes thereto. In addition, the College is subject to periodic audits by the Alabama Department of Examiners of Public Accounts for compliance with applicable laws and regulations of the State. The most recent report of the Examiners of Public Accounts, for the period October 1, 2021 through September 30, 2023, included findings that the College failed to maintain adequate inventory records, the College did not properly report all taxable compensation on employee's W-2 form for employees assigned college vehicles for commuting, the College did not have an adequate system of internal controls to review invoices compared to approved contractual agreements to endure rates were properly approved and vendors were paid according to the agreement, the College's financial data was not published on the principal website of the College, the College failed to the Code of Alabama bid law, the College's student organizations failed to follow fundraising policies and procedures, the College failed to provide I-9 forms requested for a sample of employees, the College does not have controls in place to ensure that dual enrollment instructors are not compensated by both the College and the local board of education for the same instructional time, and that the College did not comply with State law in regard to remitting unclaimed property to the State Treasurer's office. The College intends to comply with the recommendations from the Examiners' report in the future.

Major Sources of Revenue

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

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

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

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

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

Pell Grants. Revenues from Pell Grants awarded to students comprise a substantial portion of the College's total revenues. A significant portion of the Pell Grants awarded to most students is applied to the payment of tuition and fees, including Tuition, the Building Fee and the Facility Renewal Fee comprising Pledged Revenues. For fiscal year 2025, for instance, Pell Grants awarded to students of the College totaled $9,527,309, of which $6,914,914 was applied to tuition and fees, including $6,015,337 allocated to Tuition, the Facility Renewal Fee and the Building Fee.

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

Summary Financial Information

Revenues	**Audited 9/30/2025**	**Audited 9/30/2024**	**Audited 9/30/2023**	**Audited 9/30/2022**	**Audited 9/30/2021**
Student Tuition and Fees[1]	$14,318,461.00	$11,773,607.00	$8,139,051.00	$10,050,747.00	$8,693,495.29
Scholarship Allowances	$10,281,283.00	$8,392,366.00	$6,241,484.00	$8,235,130.00	$5,105,156.62
Net Student Tuition and Fees[2]	$4,037,178.00	$3,381,241.00	$1,897,567.00	$1,815,617.00	$3,588,339.00
State Appropriations	$18,418,046.00	$18,596,418.00	$16,275,388.00	$16,276,582.00	$15,199,537.00
Local Appropriations					
Federal Grants & Contracts[3]	$21,256,954.00	$31,418,991.00	$26,608,648.00	$32,337,503.00	$21,906,725.00
State and Local Grants and Contracts	$4,553,939.00	$3,379,273.00	$4,488,009.00	$1,985,504.00	$1,677,515.00
Private Gifts, Grants & Contracts					
Investment Income	$234,006.00	$87,806.00	$18,364.00	$26,090.00	$48,829.00
Sales & Service of Educ. Activities	$14,681.00	$16,258.00	$2,987.00	$275,705.00	$84,700.00
Sales & Service of Aux. Enterprises					
Other Sources	$495,088.00	$630,250.00	$1,911,280.00	$877,096.00	$369,372.00
Total	**$49,009,892.00**	**$57,510,237.00**	**$51,202,243.00**	**$53,594,097.00**	**$42,946,244.00**

(1) Student Tuition and Fees includes Building Fee, Technology Fee, Facility Renewal Fee, Reserve Fee and ACCS Enhancements Fee.
(2) The Pledged Revenues of Tuition, Facility Renewal Fee and Building Fee, net of Scholarship Allowances, totaled $3,511,972 in 2025, $2,997,863 in 2024, $1,897,567 in 2023, $1,815,617 in 2022, and $3,588,339 in 2021.
(3) Includes Pell Grant Awards, a significant portion of which is applied to the payment of tuition and fees, including Tuition the Building Fee, and the Facility Renewal Fee. Beginning with reports for fiscal year 2023 the College began including the portion of Pell Grant Awards applied to Tuition, the Facility Renewal Fee and the Building Fee as part of Pledged Revenues and retroactively adjusted the calculation of Pledged Revenues for prior years to include those revenues. Those amounts totaled $6,015,337 in 2025, $4,574,382 in 2024, $5,952,393 in 2023, $1,816,145 in 2022, $2,481,141 in 2021.

ACCS Financial and Operating Data

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

CONTINUING DISCLOSURE

General

Pursuant to Rule 15c2-12 (the "***Rule***") promulgated by the Securities and Exchange Commission, the Board has covenanted for the benefit of the holders and beneficial owners of the Bonds, pursuant to a Continuing Disclosure Agreement, to provide or cause the College to provide certain financial information and operating data relating to the College by not later than 270 days following the end of the College's fiscal year, which currently would be September 30 (the "***Annual Report***"), commencing with the report for the 2026 fiscal year, and to provide notices of the occurrence of certain enumerated events, as described below. In its Continuing Disclosure Agreement executed in connection with the Bonds, the Board has delegated its compliance responsibilities under such Agreement to the College. The Annual Report and notices of enumerated events will be filed by the Board or College with the Electronic Municipal Market Access System ("***EMMA***") maintained by the Municipal Securities Rulemaking Board and with a State of Alabama State Repository, if any is established.

Annual Reports

Each Annual Report will include an audited annual financial statement of the College and certain annual financial information and operating data of the kind set forth in the tables in this Official Statement under the captions "THE COLLEGE – Student Enrollment" and "– Tuition and Fees", "ANNUAL DEBT SERVICE ON THE BONDS AND THE SERIES 2019 BONDS–Debt Service Coverage" and "ACCOUNTING AND FINANCIAL INFORMATION – Summary Financial Information" and in APPENDIX E – ALABAMA COMMUNITY COLLEGE SYSTEM FINANCIAL AND OPERATING DATA.

Material Events Notices

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

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

- Appointment of a successor or additional trustee or the change of the name of a trustee, if material
- Incurrence of a financial obligation of the Board or College, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Board or College, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Board or College, any of which reflect financial difficulties.

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

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

Other Provisions of Continuing Disclosure Agreement

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

Compliance with Disclosure Obligations

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

During the past five years, the College, acting on behalf of the Board, has filed its audited financial statements and financial and operating data within the required time and has had no failure to file notices.

Part of each College's undertaking includes information concerning the Alabama Community College System. The filing by the ACCS for the fiscal year ended September 30, 2024 included a number of errors. That filing was corrected.

The State Board of Education failed numerous times prior to the creation of the Board to file financial statements and other financial and operating data required by its various continuing disclosure undertakings with respect to bonds issued for the benefit of colleges within the System. Audited financial statements and certain financial and operating data for fiscal years 2019, 2020 and 2021 were not filed timely by certain colleges. A failure to file notice was not always filed in these instances. Audited financials and certain operating data were also not filed in some fiscal years to bonds that are no longer outstanding.

The Board has entered into an agreement with Digital Assurance Certification (DAC) to assist it and the College with the Board's continuing compliance with the Rule. Additionally, the colleges and the System have now moved to utilizing private accounting firms for their annual audits beginning with the fiscal year ending September 30, 2022, as opposed to using the Alabama Department of Public Examiners. All of the fiscal year 2023 audits were completed and posted to EMMA by June 26, 2024, all of the fiscal year 2024 audits were completed and posted to EMMA on June 25, 2025, and all of the fiscal year 2025 audits were completed and posted to EMMA by January 29, 2026, which is a significant improvement over prior years.

TAX MATTERS

General

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

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

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

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

Risk of Future Legislative Changes and/or Court Decisions

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

[Original Issue Discount

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

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

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

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

[Original Issue Premium

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

LEGAL MATTERS

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

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

UNDERWRITER

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

RATINGS

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

MISCELLANEOUS

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

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

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

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

BOARD OF TRUSTEES OF THE ALABAMA
COMMUNITY COLLEGE SYSTEM

Date: ___________, 2026

By: ________________________________
Its: _____________

APPENDIX A

FORM OF BOND COUNSEL OPINION

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

Re: $____________ Board of Trustees of the Alabama Community College System
Bishop State Community College Revenue Bonds, Series 2026

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Board of Trustees of the Alabama Community College System (the "Board") of the obligations in caption (the "Bonds"). In such capacity, we examined the resolution adopted by the Board on July 8, 2026 (herein called the "Authorizing Proceedings") and other proceedings, certificates and documents presented to us.

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

The Bonds are being issued pursuant to Act 2015-125 adopted by the Legislature of the State of Alabama at its 2015 Regular Session (the "Act"). The Bonds are issued for the purpose of providing funding to finance certain improvements of the facilities located on the campus of the College, including the construction, renovations and equipping of the Delchamps Student Center, the Yard and the Caldwell Interpretative Center and other campus enhancements on the College's campus and paying the expenses of issuing the Bonds. Pursuant to the Authorizing Proceedings, the Board has pledged to the payment of the Bonds and the interest thereon so much as shall be necessary for the purpose of the revenues derived from tuition, a facility revenue fee paid by students enrolled at the College, and a special building fee paid by each student enrolled at the College (collectively, the "Pledged Revenues"), and has agreed to deposit in a special fund created for the purpose funds sufficient to pay the principal of and interest on the Bonds as the same become due. The Bonds constitute "Additional Bonds" on parity of lien with the Board's pledge of Pledged Revenues to secure the Board's $18,670,000 Bishop State Community College Revenue Bonds, Series 2019 (the "Series 2019 Bonds") under the 2015 Resolution (as defined in the Authorizing Proceedings). The Board has reserved the right to issue Additional Bonds secured on parity of lien with the Bonds, the Series 2019 Bonds and any other Additional Bonds then outstanding, subject to the requirements of the 2015 Resolution as amended and supplemented.

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

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

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

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

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

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

Very truly yours,

HAND ARENDALL HARRISON SALE LLC

By:____________________________________

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF COLLEGE
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2025

Bishop State
A Great Place To Start™

Annual Financial Report

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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BISHOP STATE COMMUNITY COLLEGE

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105 Tallapoosa St, Suite 300
Montgomery, AL 36104
334.271.2200
warrenaverett.com

INDEPENDENT AUDITORS' REPORT

To the Alabama Community College System Board of Trustees
and the President of Bishop State Community College

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 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 and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 11 and the supplementary information on pages 53 through 60 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 an opinion on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other 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.

Warren Averett, LLC

Montgomery, Alabama
January 15, 2026

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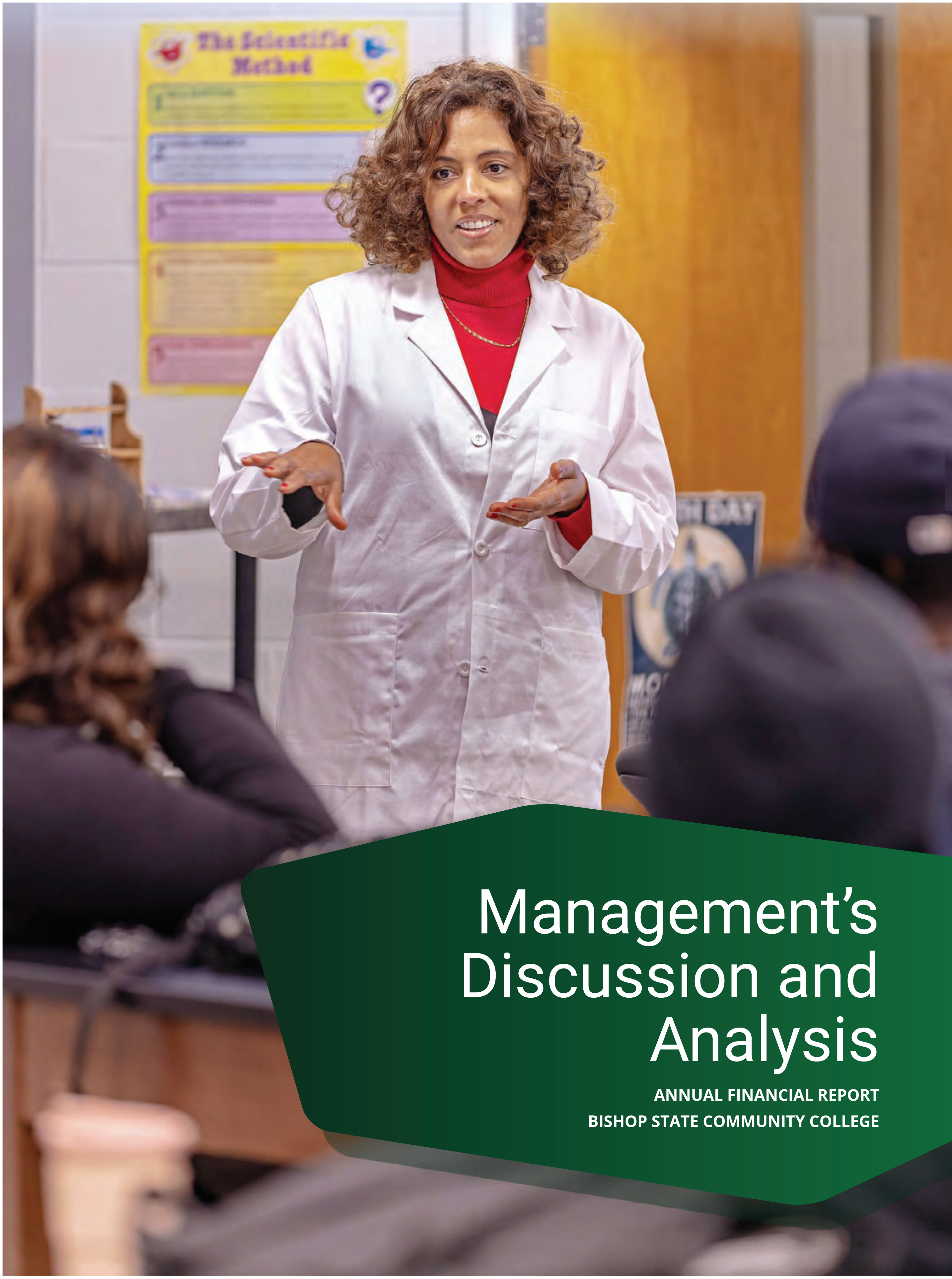

Management's Discussion and Analysis

ANNUAL FINANCIAL REPORT
BISHOP STATE COMMUNITY COLLEGE

Bishop State
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Management's Discussion and Analysis (Unaudited)

Overview of the Financial Statements and Financial Analysis

Bishop State Community College is proud to present its financial statements for fiscal year 2024-2025. The emphasis of discussion about these statements will be on current year data and a comparative analysis with prior year data. There are three financial statements presented: The Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The discussion and analysis of the College's financial statements provide an overview of its financial activities for the year. The financial data represents the operation of the Main, Carver, Central and Southwest Campuses of Bishop State Community College.

Statement of Net Position

The Statement of Net Position presents the Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position of the College as of the end of the fiscal year, September 30, 2025. The Statement of Net Position is a point of 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 Bishop State Community College. The financial statements present end of year data concerning Assets (current and non-current), Deferred Outflows, Liabilities (current and non-current), Deferred Inflows and Net Position (Assets plus Deferred Outflows minus Liabilities and Deferred Inflows). The difference between current and non-current assets will be discussed in the financial statement disclosures.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors, investors and lending institutions. In summary, the Statement of Net Position provides a picture of the net position (Assets plus Deferred Outflows minus Liabilities and Deferred Inflows) and their availability for expenditure by the College.

Net Position is divided into three major categories. The first category, Net Investment in Capital Assets, provides the College's equity in property, plant and equipment owned by the College. The next category is restricted net position, which is divided into two categories, non-expendable and expendable. The corpus of non-expendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by the College but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the resources. The final category is unrestricted net position which is available to the College for any appropriate purpose of the College.

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

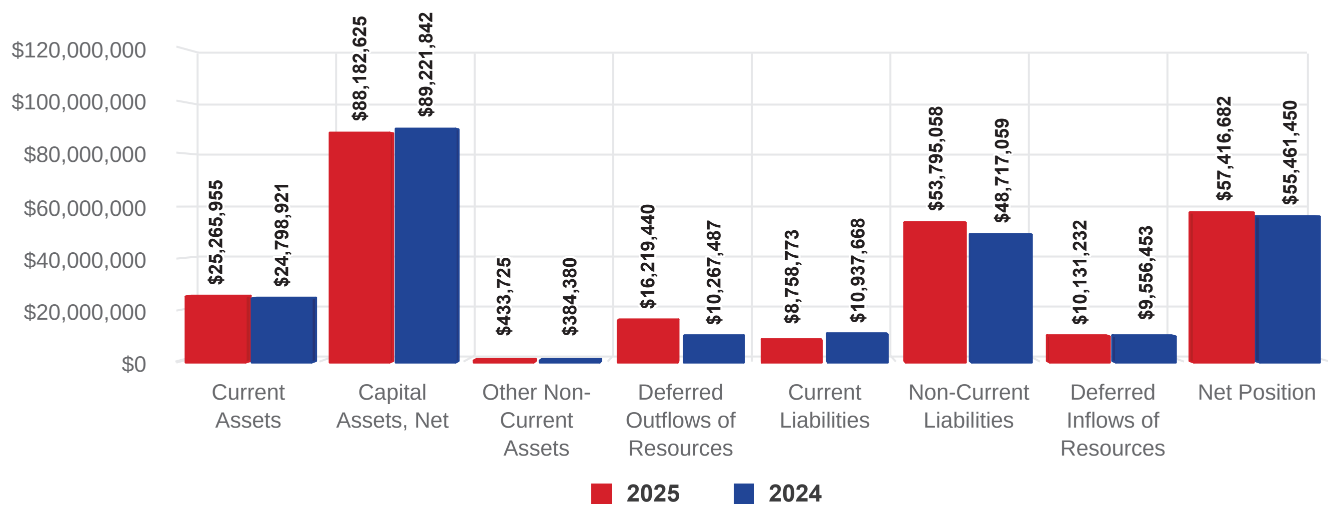
Statement of Net Position

	2025	2024
Assets		
Current Assets	$ 25,265,955	$ 24,798,921
Capital Assets, Net	88,182,625	89,221,842
Other Non-Current Assets	433,725	384,380
Total Assets	**113,882,305**	**114,405,143**
Deferred Outflows of Resources	**16,219,440**	**10,267,487**
Liabilities		
Current Liabilities	8,758,773	10,937,668
Non-Current Liabilities	53,795,058	48,717,059
Total Liabilities	**62,553,831**	**59,654,727**
Deferred Inflows of Resources	**10,131,232**	**9,556,453**
Net Position		
Net Investment in Capital Assets	69,178,430	69,856,500
Restricted	1,196,579	195,361
Unrestricted	(12,958,327)	(14,590,411)
Total Net Position	**$ 57,416,682**	**$ 55,461,450**

The College’s assets show a decrease of $522,838. Liabilities show an increase of $2,899,104. This decrease in assets is primarily due to the investment into new equipment and facilities for the growth of workforce development. Liabilities increased due primarily to an increase in Net Pension Liabiltiy.

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

Statement of Net Position



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 revenue received by the College (both operating and non-operating), and the expenses paid by the College (both operating and non-operating).

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

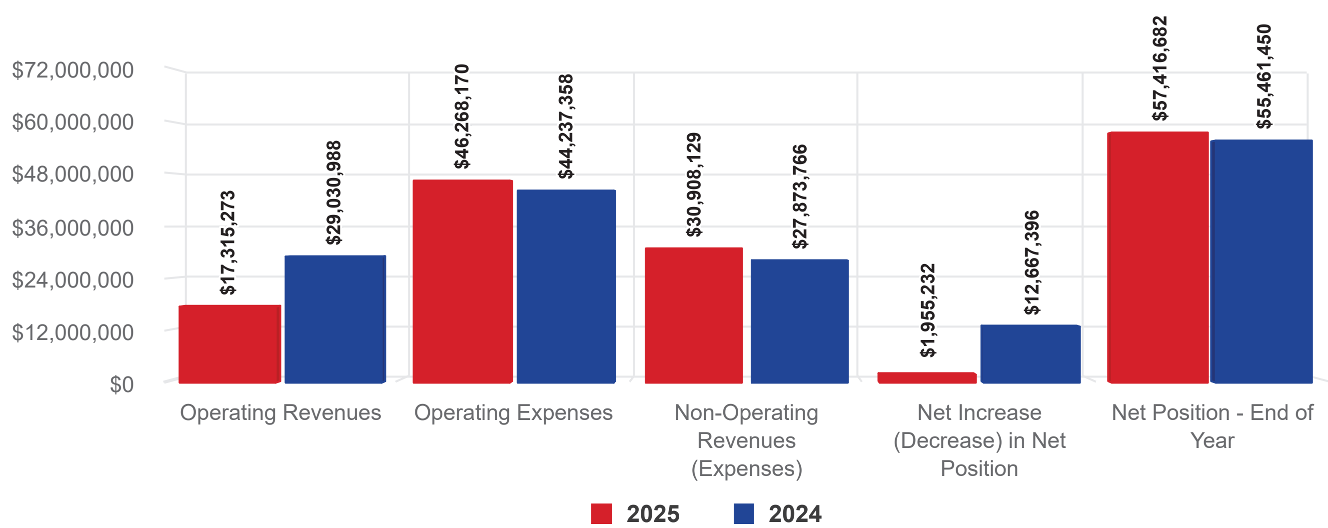
Statement of Revenues, Expenses and Changes in Net Position

	2025	2024
Operating Revenues	$ 17,315,273	$ 29,030,988
Operating Expenses	46,268,170	44,237,358
Operating Income (Loss)	(28,952,897)	(15,206,370)
Non-Operating Revenues (Expenses)	30,908,129	27,873,766
Net Increase (Decrease) in Net Position	1,955,232	12,667,396
Net Position - Beginning of Year	55,461,450	42,794,054
Net Position - End of Year	**$ 57,416,682**	**$ 55,461,450**

Operating expenses increased due to increased salaries as a result of higher enrollment. Operating revenues decreased due to a decrease in grant awards.

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

Statement of Revenues, Expenses and Changes in Net Position

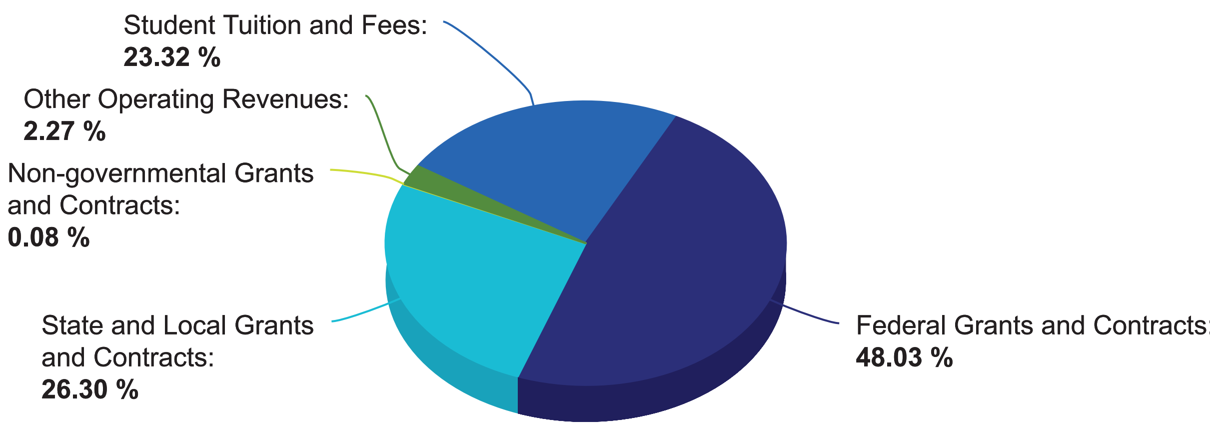


Operating Revenues

	2025	2024
Operating Revenues		
Student Tuition and Fees	$ 4,037,178	$ 3,381,241
Federal Grants and Contracts	8,316,809	21,651,320
State and Local Grants and Contracts	4,553,939	3,379,273
Non-governmental Grants and Contracts	14,681	16,258
Other Operating Revenues	392,666	602,896
Total Operating Revenues	**$ 17,315,273**	**$ 29,030,988**

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

Operating Revenues by Source



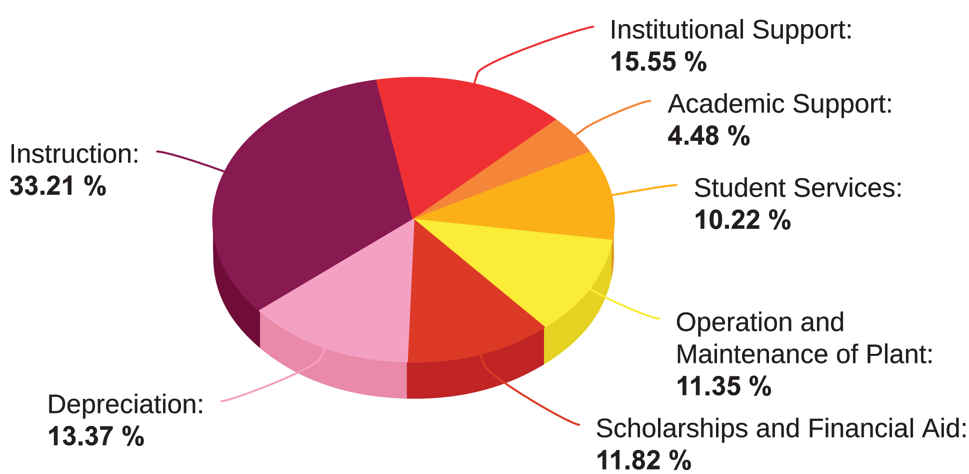
The operating expenses by function are displayed in the following exhibit.

Operating Expenses

	2025	2024
Operating Expenses		
Instruction	$ 15,367,074	$ 14,997,611
Institutional Support	7,194,995	9,507,258
Academic Support	2,074,956	2,008,708
Student Services	4,726,670	4,162,070
Operation and Maintenance of Plant	5,251,730	5,135,834
Scholarships and Financial Aid	5,467,380	3,484,853
Depreciation	6,185,365	4,941,024
Total Operating Expenses	**$ 46,268,170**	**$ 44,237,358**

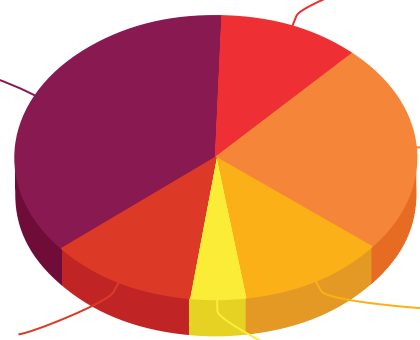
The following is a graphic presentation of operating expenses by function for the fiscal year ended September 30, 2025.

Operating Expenses by Function



Operating expenses are summarized here by natural classification.

Operating Expenses by Natural Classification

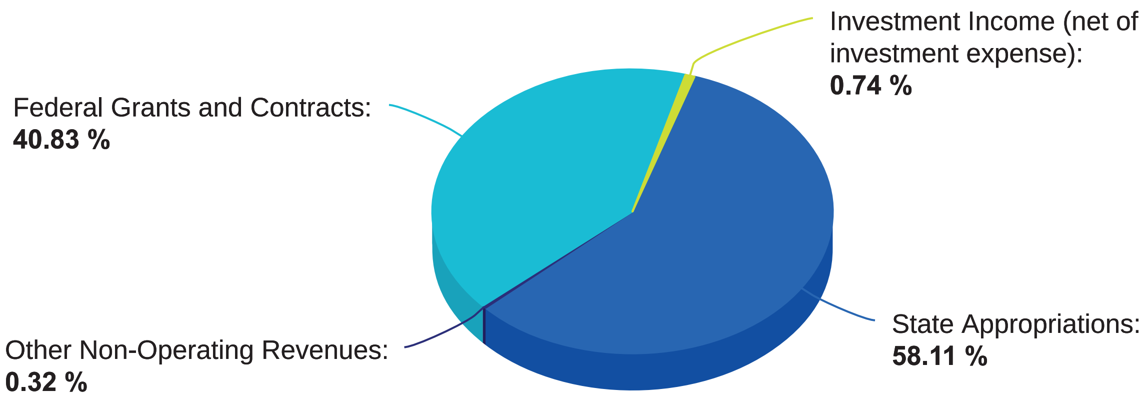


Comparison of Non-Operating Revenue

	2025	2024
Non-Operating Revenue		
State Appropriations	$ 18,418,046	$ 18,596,418
Federal Grants and Contracts	12,940,145	9,767,671
Investment Income (net of investment expense)	234,006	87,806
Other Non-Operating Revenues	102,422	27,354
Total Non-Operating Revenue	**$ 31,694,619**	**$ 28,479,249**

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



Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the College 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 College. 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 deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchase, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

The Net Change in Cash was an increase of $775,989. This was due primarily to increased enrollment.

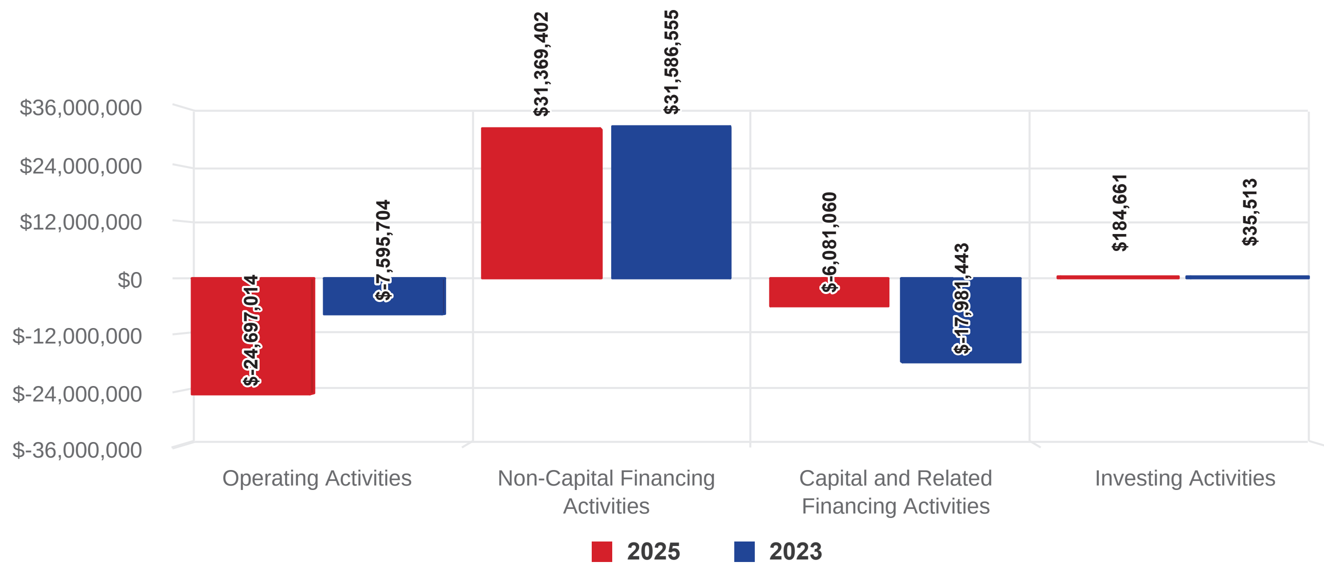
A condensed Statement of Cash Flows for the years ended September 30, 2025 and 2024 is presented below.

Statement of Cash Flows

	2025	2024
Cash Provided by (Used in):		
Operating Activities	$ (24,697,014)	$ (7,595,704)
Non-Capital Financing Activities	31,369,402	31,586,555
Capital and Related Financing Activities	(6,081,060)	(17,981,443)
Investing Activities	184,661	35,513
Net Change in Cash and Cash Equivalents	**775,989**	**6,044,921**
Cash and Cash Equivalents, Beginning of Year	16,567,158	10,522,237
Cash and Cash Equivalents, End of Year	**$ 17,343,147**	**$ 16,567,158**

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



Economic Outlook

The Alabama Community College System Board of Trustees approved three major construction projects for the College in April 2024 and June 2025. The projects will allow the College to offer a state-of-the-art Student Life Complex and instructional site for Truck Driving and Barbering Skills. This initiative not only reflects the institution's commitment to enhancing student experiences but also aligns with the broader economic growth in Mobile, Alabama, positioning the College as a vital asset to both the community and the student body.

With over 4,000 students currently enrolled at Bishop State, the renovated Student Life Center is integral to fostering a sense of community and engagement among the student population. This space will provide a hub for social interaction, extracurricular activities, and supportive resources, fundamental components of a well-rounded educational experience. By enhancing these facilities, the College not only promotes student well-being but also encourages higher retention rates and academic success.

The new facilities for truck driving and barbering programs represent a strategic expansion in response to market needs. The establishment of specialized training facilities at Bishop State Community College will thus directly contribute to filling these roles, benefiting students and the local economy alike. It is anticipated that as the labor market evolves, graduates from these programs will be well-positioned to enter a dynamic workforce. Students, incumbent workers, and career-change candidates will be equipped with the knowledge and technical skills needed to become successfully employed in Mobile's high-wage, high-demand, and high-tech economy.

The College is prepared to meet the needs of the high-wage and high-demand jobs in this region for many years to come. This has resulted in a positive economic outlook for the College.

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Financial Statements

ANNUAL FINANCIAL REPORT
BISHOP STATE COMMUNITY COLLEGE

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Statement of Net Position
September 30, 2025

Assets	
Current Assets	
Cash and Cash Equivalents	$ 17,343,147
Accounts Receivable (net of allowance for doubtful accounts of $5,719,708)	7,678,871
Inventories	15,321
Other Current Assets	228,616
Total Current Assets	**25,265,955**
Non-Current Assets	
Long-Term Investments	250,311
Endowment Investments	183,414
Capital Assets, Net of Depreciation and Amortization	88,182,625
Total Non-Current Assets	**88,616,350**
Total Assets	**113,882,305**
Deferred Outflows of Resources	
Pension Related Items	6,177,916
Other Postemployment Benefits (OPEB) Related Items	9,983,636
Other Deferred Outflows	57,888
Total Deferred Outflows of Resources	**16,219,440**

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

Statement of Net Position (Continued)
September 30, 2025

Liabilities	
Current Liabilities	
Deposits	$ 352,865
Accounts Payable and Accrued Liabilities	2,121,743
Unearned Revenue	5,675,504
Compensated Absences	92,238
Lease Payable	60,838
Bonds Payable	455,585
Total Current Liabilities	**8,758,773**
Non-Current Liabilities	
Compensated Absences	836,947
Lease Payable	108,419
Bonds Payable	18,378,460
Net Pension Liability	22,772,000
Net OPEB Liability	11,699,232
Total Non-Current Liabilities	**53,795,058**
Total Liabilities	**62,553,831**
Deferred Inflows of Resources	
Pension Related Items	4,598,000
Other Postemployment Benefits (OPEB) Related Items	5,531,800
Other Deferred Inflows	1,432
Total Deferred Inflows of Resources	**10,131,232**
Net Position	
Net Investment in Capital Assets	69,178,430
Restricted for:	
Non-Expendable	
Scholarships and Fellowships	153,704
Other	1,042,875
Unrestricted	(12,958,327)
Total Net Position	**$ 57,416,682**

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

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

Operating Revenues	
Student Tuition and Fees (net of scholarship allowances of $10,281,283)	$ 4,037,178
Federal Grants and Contracts	8,316,809
State and Local Grants and Contracts	4,553,939
Non-governmental Grants and Contracts	14,681
Other Operating Revenues	392,666
Total Operating Revenues	**17,315,273**
Operating Expenses	
Instruction	15,367,074
Institutional Support	7,194,995
Academic Support	2,074,956
Student Services	4,726,670
Operation and Maintenance of Plant	5,251,730
Scholarships and Financial Aid	5,467,380
Depreciation	6,185,365
Total Operating Expenses	**46,268,170**
Operating Income (Loss)	**(28,952,897)**
Non-Operating Revenues (Expenses)	
State Appropriations	18,418,046
Federal Grants and Contracts	12,940,145
Investment Income (net of investment expense)	234,006
Other Non-Operating Revenues	102,422
Interest on Capital Related Debt	(700,348)
Bond Surety Fee Expense	(86,142)
Total Non-Operating Revenues (Expenses)	**30,908,129**
Net Increase (Decrease) in Net Position	**1,955,232**
Net Position - Beginning of Year	55,461,450
Net Position - End of Year	**$ 57,416,682**

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

Statement of Cash Flows
For the Year Ended September 30, 2025

Cash Flows from Operating Activities	
Tuition and Fees	$ 4,905,310
Grants and Contracts	11,876,189
Payments to Suppliers	(11,797,638)
Payments for Utilities	(2,074,993)
Payments for Employees	(16,929,835)
Payments for Benefits	(5,601,336)
Payments for Scholarships	(5,467,378)
Other Receipts	392,667
Net Cash Used in Operating Activities	**(24,697,014)**
Cash Flows from Non-Capital Financing Activities	
State Appropriations	18,533,166
Bond Surety Fee Expense	(86,142)
Federal Grant Revenue - Non-Operating	290,884
Pell Revenue	12,631,494
Net Cash Provided by Non-Capital Financing Activities	**31,369,402**
Cash Flows from Capital and Related Financing Activities	
Proceeds from Sale of Capital Assets	93,400
Purchases of Capital Assets and Construction	(4,963,798)
Principal Paid on Capital Debt, Subscriptions, and Leases	(494,784)
Interest Paid on Capital Debt, Subscriptions, and Leases	(745,227)
Deposits with Trustees	29,349
Net Cash Used in Capital and Related Financing Activities	**(6,081,060)**
Cash Flows from Investing Activities	
Investment Income	234,006
Purchase of Investments	(49,345)
Net Cash Provided by Investing Activities	**184,661**
Net Increase in Cash and Cash Equivalents	**775,989**
Cash and Cash Equivalents - Beginning of Year	16,567,158
Cash and Cash Equivalents - End of Year	**$ 17,343,147**

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

Statement of Cash Flows (Continued)
For the Year Ended September 30, 2025

Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities		
Operating Income (Loss)	$	(28,952,897)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:		
Depreciation Expense		6,185,365
Changes in Assets and Liabilities:		
Receivables, Net		431,145
Inventory		1,928
Other Assets		(228,616)
Deferred Outflows		(5,951,952)
Accounts Payable		(1,854,172)
Unearned Revenue		(204,119)
Pension Liability		(4,045,000)
OPEB Liability		9,346,525
Deferred Inflows		574,779
Net Cash Used in Operating Activities	**$**	**(24,697,014)**

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

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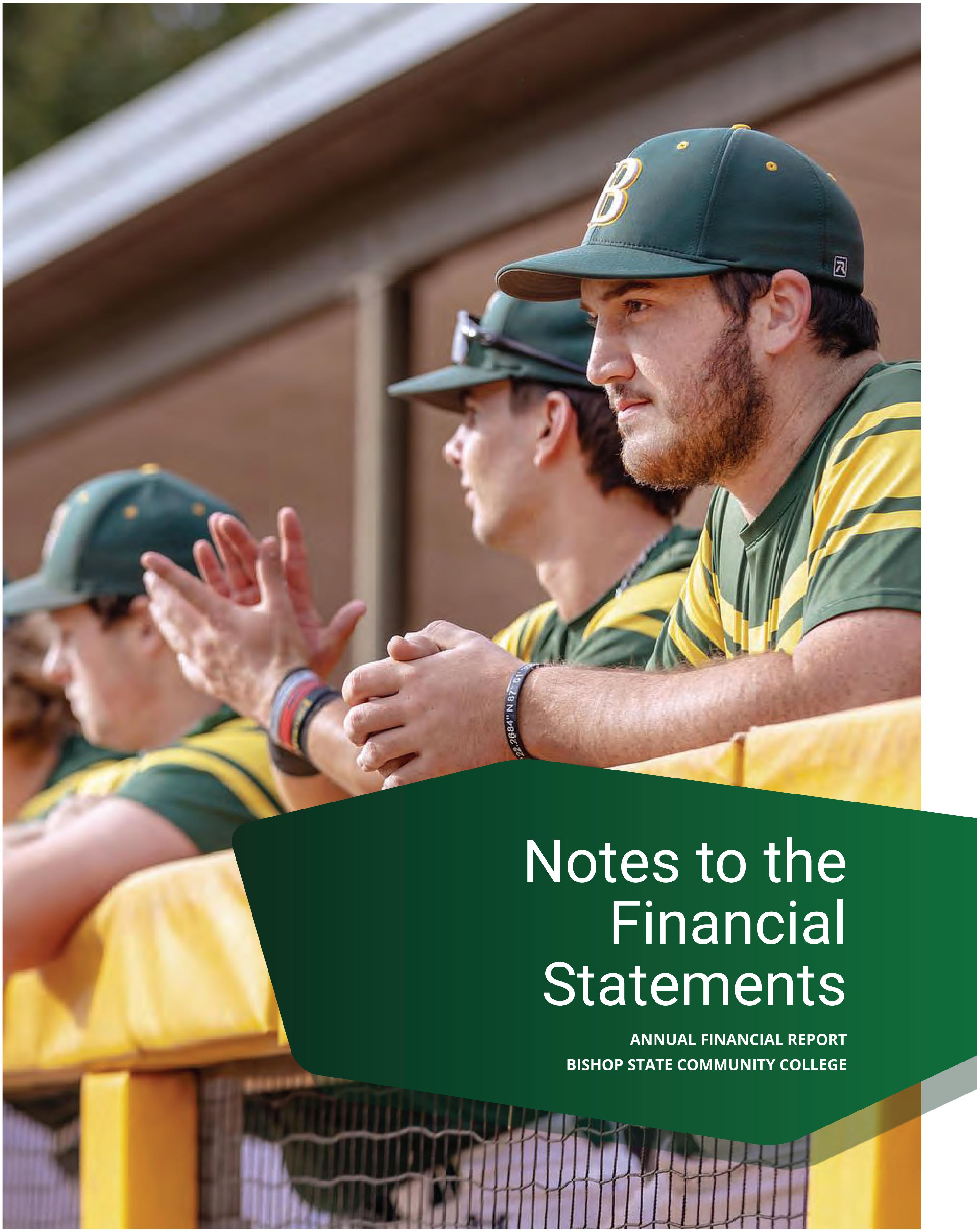

Notes to the Financial Statements

ANNUAL FINANCIAL REPORT
BISHOP STATE COMMUNITY COLLEGE

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Note 1. Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

The College is a component unit of the State of Alabama. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The GASB 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 net 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 grants and contracts (excluding Pell grants), state grants and contracts, local grants and contracts and non-governmental grants and contracts, which are not designated for the purchase of capital assets, will be considered operating revenue. Non-operating revenues arise from exchange transactions not associated with the College's principal activities, such as investment income and from all non-exchange transactions, such as state appropriations, gifts, and Pell grants.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Investments

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

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

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

Accounts Receivable

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

Inventories

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

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 $1,000,000; for easements and land use rights, $100,000; and for patents, trademarks, and copyrights, $100,000. Works of art, historical treasures, and similar assets are recorded at their historical cost. Donated capital assets are recorded at acquisition value (an entry price). Land, construction in progress, and intangible assets with indefinite useful lives are the only capital assets that are not depreciated. Depreciation is not allocated to a functional expense category. Costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are expensed when incurred.

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 operations.

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
Furniture and Equipment	Straight Line	5-10 years
Library Materials	Composite	20 years
Capitalized Software	Straight Line	10 years
Internally Generated Computer Software	Straight Line	10 years
Easement and Land Use Rights	Straight Line	20 years
Patents, Trademarks, and Copyrights	Straight Line	20 years
Capitalized Collections	Straight Line	20 years

Deferred Outflows of Resources

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

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. 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 annual leave, including salary-related payments directly and incrementally associated with that leave.

Deferred Inflows of Resources

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

Pensions

Employees of the College are covered by a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement System of Alabama (the "Plan"). The TRS financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized as revenues when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made.

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

Postemployment Benefits Other than 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.

Net Position

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

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

- **Restricted:**
  - *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 resources may be designated for specific purposes by action of management or the Alabama Community College System Board of Trustees.

Federal Financial Assistance Programs

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

Scholarship Allowances and Student Aid

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

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.

Subsequent Events

The College has evaluated subsequent events through January 15, 2026, the date on which the financial statements were available to be issued.

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 and demand deposits.

Investments

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

Permissible investments include:

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

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

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

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

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

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

As of September 30, 2025, the College had the following investments and maturities:

Certificates of Deposit totaling $183,414 are included in the amounts reported as Investments on the Statement of Net Position. These accounts are covered under the SAFE program and not subject to risk categorization or disclosure.

Investment in Equity Securities

Investment Type	Fair Value	Maturity
Stock	$ 250,311	No Maturity
Total	**$ 250,311**	

To the extent available, the College's investments are recorded at fair value as of September 30, 2025. GASB Statement Number 72 – *Fair Value Measurement and Application,* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1 – Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 – Investments with inputs, other than quoted prices included within Level 1, that are observable for an asset either directly or indirectly.
- Level 3 – Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgement.

		Assets at Fair Value as of September 30, 2025		
Investments by Fair Value Level	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Domestic Common and Preferred Stock	$ 250,311	$ 250,311	$ -	$ -
Total Equity Securities	250,311	**$ 250,311**	**$ -**	**$ -**
Certificates of Deposit	183,414			
Total	**$ 433,725**			

Note 3. Accounts Receivable

Accounts receivable are reported net of uncollectible amounts and are summarized as follows:

Description	Amount
Federal	$ 3,012,221
Tuition and Fees	7,294,484
State	1,652,867
Third-Party	1,002,163
Other	436,844
Less: Allowance for Doubtful Accounts	(5,719,708)
Total Accounts Receivable	**$ 7,678,871**

Note 4. Capital Assets

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

Description	Beginning Balance	Additions	Reduction/ Transfer	Adjustments	Ending Balance
Non-depreciable Capital Assets					
Land	$ 1,597,090	$ 5,704	$ -	$ -	$ 1,602,794
Collections	3,700	-	-	-	3,700
Construction in Progress	468,614	1,278,712	(886,651)	-	860,675
Total Non-depreciable Capital Assets	**2,069,404**	**1,284,416**	**(886,651)**	**-**	**2,467,169**
Other Capital Assets					
Buildings	64,592,710	-	-	-	64,592,710
Building Alterations	42,785,439	893,950	717,228	-	44,396,617
Improvements other than Buildings and Infrastructure	7,595,276	752,945	169,423	-	8,517,644
Furniture and Equipment greater than $25,000	14,929,919	1,820,461	-	-	16,750,380
Furniture and Equipment $25,000 or less	6,807,556	206,595	(1,615,993)	-	5,398,158
Library Materials	1,233,741	5,431	-	-	1,239,172
Right-to-Use Assets - Buildings and Equipment	21,566	173,329	-	-	194,895
Right-to-Use Assets - Software Subscriptions	99,705	16,304	(116,009)	-	-
Total Other Capital Assets	**138,065,912**	**3,869,015**	**(845,351)**	**-**	**141,089,576**
Less Accumulated Depreciation/ Amortization					
Buildings	27,628,440	1,012,035	-	-	28,640,475
Building Alterations	8,775,259	1,948,585	-	-	10,723,844
Furniture and Equipment greater than $25,000	2,751,146	298,484	-	-	3,049,630
	6,186,570	1,968,840	-	-	8,155,410
Furniture and Equipment $25,000 or less	4,577,374	866,745	(1,615,993)	-	3,828,126
Library Materials	909,199	42,279	-	-	951,478
Right-to-Use Assets - Buildings and Equipment	13,802	11,355	-	-	25,157
Right-to-Use Assets - Software Subscriptions	71,684	37,042	(108,726)	-	-
Total Accumulated Depreciation/Amortization	**50,913,474**	**6,185,365**	**(1,724,719)**	**-**	**55,374,120**
Total Capital Assets, Net	**$ 89,221,842**	**$ (1,031,934)**	**$ (7,283)**	**$ -**	**$ 88,182,625**

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

Contributions

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

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

Participating employers' contractually required contribution rate for the fiscal year ended September 30, 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 $2,077,714 for the year ended September 30, 2025.

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

At September 30, 2025, the College reported a liability of $22,772,000 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 0.175058%, which was an increase of 0.007012% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the College recognized pension expense of $2,408,116. 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	$ 2,264,000	$ 164,000
Changes of Assumptions	349,000	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	3,734,000
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	1,480,000	700,000
Employer Contributions Subsequent to the Measurement Date	2,084,916	-
Total	**$ 6,177,916**	**$ 4,598,000**

$2,084,916 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 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 Ending September 30	Amount
2026	$ (41,000)
2027	1,327,000
2028	(781,000)
2029	(1,010,000)
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	$ 31,662,000	$ 22,772,000	$ 15,288,000

Pension Plan Fiduciary Net Position

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

Note 6. Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

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

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

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

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

At September 30, 2025, the College reported a liability of $11,699,232 for its proportionate share of the Net OPEB liability. The Net OPEB liability was measured as of September 30, 2023, and the total OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation as of September 30, 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 0.1272558%, which was an increase of 0.004856% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the College recognized OPEB expense of $1,463,055 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	$ 5,456,044	$ 2,525,016
Changes of Assumptions	4,029,130	1,655,252
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	288,639
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	247,355	1,062,893
Employer Contributions Subsequent to the Measurement Date	251,107	-
Total	**$ 9,983,636**	**$ 5,531,800**

The $251,107 reported as deferred outflows of resources related to OPEB resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 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 Ending September 30	Amount
2026	$ 383,874
2027	524,932
2028	405,409
2029	848,347
2030	1,541,247
Thereafter	496,920

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	3.25-5.00%, including 2.75% wage inflation
Long-term Investment Rate of Return	7.00% compounded annually, net of investment expense, and including inflation
Municipal Bond Index Rate at the Measurement Date	3.89%
Municipal Bond Index Rate at the Prior Measurement Date	4.53%
Year Fiduciary Net Position (FNP) is Projected to be Depleted	2040
Single Equivalent Interest Rate at Measurement Date	4.32%
Single Equivalent Interest Rate at Prior Measurement Date	7.00%
Healthcare Cost Trend Rates:	
Initial Trend Rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50% in 2033 FYE
Medicare Eligible	4.50% in 2033 FYE

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

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	$ 9,411,043	$ 11,699,232	$ 14,649,855

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	$ 14,211,867	$ 11,699,232	$ 9,691,362

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's Fiduciary Net Position is in the Trust's financial statements for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2024. Additional financial and actuarial information is available at www.rsa-al.gov.

Note 7. Commitments and Contingencies

As of September 30, 2025, Bishop State Community College had been awarded approximately $14,013,798 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.

The College is a party to various litigation and other claims in the ordinary course of business. In the opinion of management, the ultimate resolution of these matters will not have a significant effect on the financial position of the College.

Note 8. Accounts Payable and Accrued Liabilities

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

Description	Amount
Vendor and Suppliers	$ 373,122
Salaries and Wages Payable	705,571
Benefits	858,831
Interest Payable	184,219
Total	**$ 2,121,743**

Note 9. Long-Term Liabilities

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

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Publicly Sold	$ 18,275,000	$ -	$ 415,000	$ 17,860,000	$ 415,000
Bond Premium	1,014,630	-	40,585	974,045	40,585
Total Bonds Payable	**19,289,630**	**-**	**455,585**	**18,834,045**	**455,585**
Lease Payable	8,703	173,329	12,775	169,257	60,838
Subscriptions Payable	67,009	-	67,009	-	-
Compensated Absences	778,049	151,136	-	929,185	92,238
Total Long-Term Liabilities	**$ 20,143,391**	**$ 324,465**	**$ 535,369**	**$ 19,932,487**	**$ 608,661**

Total interest expense for the Publicly Sold bond was $700,348 for the fiscal year ended September 30, 2025.

Principal and interest maturity requirements on bond debt are as follows:

Principal and Interest Maturity Requirements on Bond Debt

	Publicly Sold Bonds		
Fiscal Year(s)	**Principal**	**Interest**	**Total**
2026	$ 435,000	$ 722,425	$ 1,157,425
2027	460,000	700,050	1,160,050
2028	485,000	676,425	1,161,425
2029	510,000	651,550	1,161,550
2030	530,000	628,200	1,158,200
2031-2035	3,005,000	2,797,100	5,802,100
2036-2040	3,665,000	2,132,300	5,797,300
2041-2045	4,480,000	1,320,400	5,800,400
2046-2049	4,290,000	351,600	4,641,600
Total	**$ 17,860,000**	**$ 9,980,050**	**$ 27,840,050**

Bond Premium

The College has a bond premium in connection with the issuance of its Tuition Revenue Bonds, Series 2019. The bond premium is being amortized using the straight-line method over the life of the bonds.

Description	**Premium**
Total Premium	$ 1,605,367
Amount Amortized Prior Years	(590,737)
Balance Premium	1,014,630
Current Amount Amortized	(40,585)
Balance Premium	**$ 974,045**

Pledged Revenues

Tuition Revenues Bonds, Series 2019

The College has pledged student tuition, facility renewal fee, and building fee revenues, to repay the Tuition Revenue Bonds Series 2019 issued May 2019 in the amount of $18,670,000, with an interest rate of 5.00%, for the purposes of providing funding to finance the construction of the new Advanced Manufacturing Center, Health Science Facility, and other miscellaneous improvements on the College's main campus in Mobile. Pledged revenues in the amount of $3,174,787 were received with $1,158,675, or 36.50% being used to pay principal and interest. These bonds are scheduled to mature in fiscal year 2049.

Leases

On February 25, 2022, Bishop State Community College entered into a 60 month lease as Lessee for the use of a Pitney Bowes Copier. An initial lease liability was recorded in the amount of $21,566. As of September 30, 2025, the value of the lease liability is $169,257. Bishop State Community College is required to make quarterly fixed payments of $1,129. The lease has an interest rate of 1.9430%. The

Equipment estimated useful life was zero months as of the contract commencement. The value of the right-to-use asset as of September 30, 2025 of $194,895 has accumulated amortization of $25,157.

The following is a schedule of minimum future lease payments from lease agreements as of September 30:

Principal and Interest Requirements to Maturity of Lease Liability

Fiscal Year(s)	Principal	Interest	Total
2026	$ 60,838	$ 3,677	$ 64,515
2027	59,012	2,117	61,129
2028	49,407	593	50,000
Total	**$ 169,257**	**$ 6,387**	**$ 175,644**

Subscriptions

Management has assessed the impact of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Based on this assessment, the effects of applying GASB 96 are considered insignificant to the financial statements, and implementation did not result in any material changes to reported assets, liabilities, or disclosures.

Note 10. Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College has insurance for its buildings and contents through the State Insurance Fund (SIF), part of the State of Alabama, Department of Finance; Division of Risk Management which operates as a common risk management and insurance program for state owned properties. The College pays an annual premium based on the amount of coverage requested. The SIF provides coverage up to $2 million per occurrence and is self-insured up to a maximum of $6 million in aggregate claims. The SIF purchases commercial insurance for claims which in the aggregate exceed $6 million. The College purchases commercial insurance for its automobile coverage, general liability, and professional legal liability coverage. In addition, the College has fidelity bonds on the President, Chief Financial Officer, and Financial Aid Director 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 11. Related Parties

Bishop State Community College Foundation, Inc., was incorporated as a non-profit corporation to promote scientific, literary, and educational purposes, the advancement of Bishop State Community College, and for the encouragement and support of its students and faculty. There were no significant transactions between the College and the Foundation during the audit period. This report contains no financial statements of Bishop State Community College Foundation, Inc.

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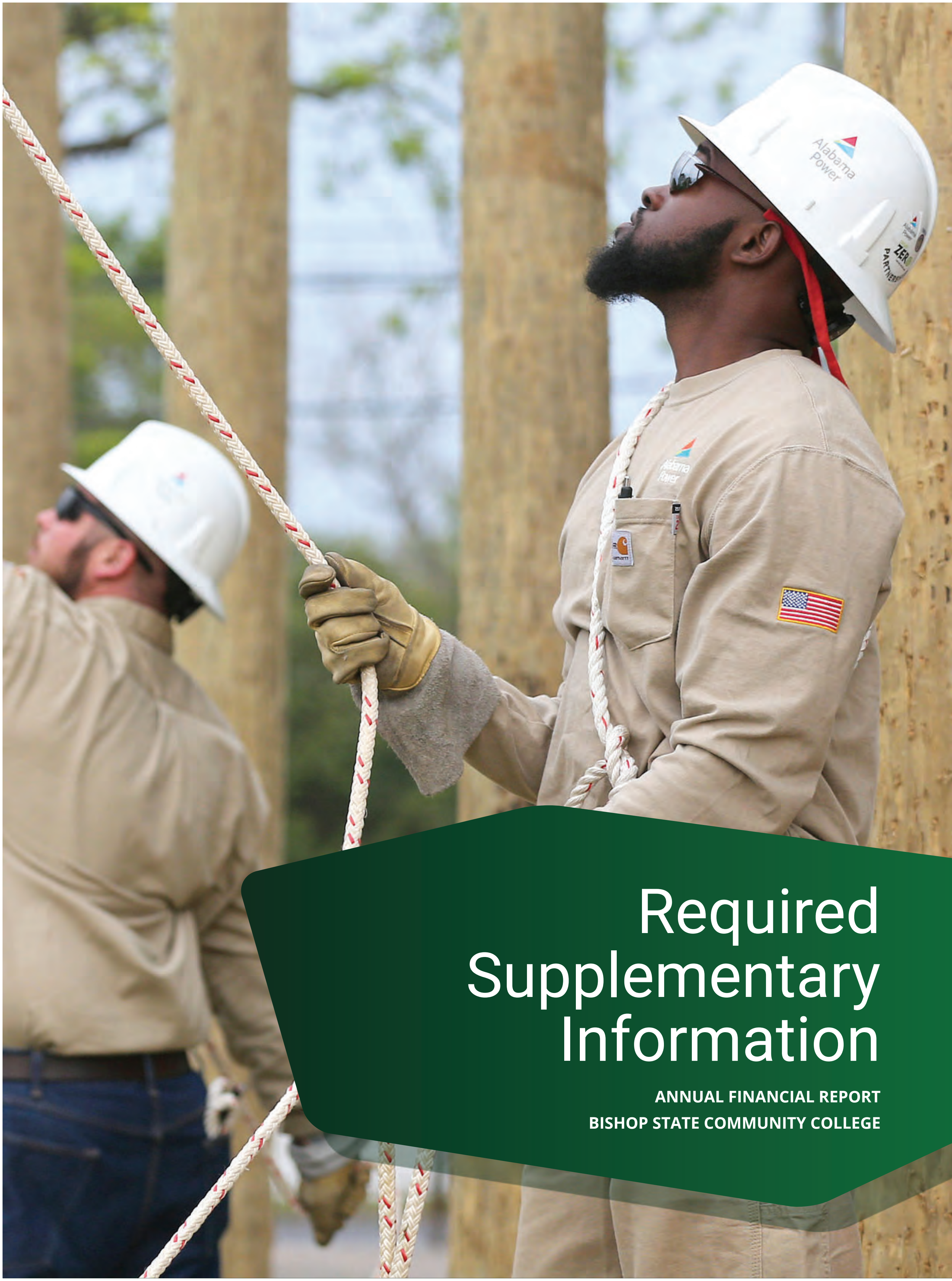

Required Supplementary Information

ANNUAL FINANCIAL REPORT
BISHOP STATE 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 as a percentage of the Net Pension Liability	0.175058%	0.168046%	0.157134%	0.168902%	0.180348%	0.197637%	0.189797%	0.181386%	0.205949%	0.226727%
College's Proportionate Share of the Net Pension Liability	$ 22,772	$ 26,817	$ 24,420	$ 15,911	$ 22,308	$ 21,853	$ 18,871	$ 17,827	$ 22,296	$ 23,729
College's Covered Payroll	$ 14,742	$ 13,397	$ 13,890	$ 11,255	$ 12,268	$ 12,644	$ 12,295	$ 14,116	$ 13,738	$ 15,094
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	154.47%	200.17%	175.81%	141.00%	182.00%	173.00%	153.00%	126.00%	162.00%	157.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.41%	63.57%	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%

Note 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	$ 2,078	$ 1,870	$ 1,467	$ 1,470	$ 1,478	$ 1,555	$ 1,549	$ 1,526	$ 1,548	$ 1,550
Contributions in Relation to the Contractually Required Contribution	$ 2,078	$ 1,870	$ 1,467	$ 1,470	$ 1,478	$ 1,555	$ 1,549	$ 1,526	$ 1,548	$ 1,550
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's Covered Payroll	$ 14,742	$ 13,397	$ 13,890	$ 11,255	$ 12,268	$ 12,644	$ 12,644	$ 12,295	$ 14,116	$ 13,738
Contributions as a Percentage of Covered Payroll	14.10%	13.96%	10.56%	13.06%	12.05%	12.30%	12.25%	12.41%	10.97%	11.28%

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 2 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 2 members and to increase the member contribution rates for Tier 2 members to 6.20% for regular members and 7.20% for police officers, firefighters, and correctional officers effective on October 1, 2021.

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

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

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

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

Note 2. Changes of Assumptions

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

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

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated three years prior to the end of the fiscal year in which contributions are reported (September 30, 2021 for the fiscal year 2024 amounts). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	26.9 years
Asset Valuation Method	5-year smoothed market
Inflation	2.50 percent
Salary Increase	3.25 percent to 5.00 percent, including inflation
Investment Rate of Return	7.45 percent, net of pension plan investment expense, including inflation

Schedule of the 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 as a percentage of the Net OPEB Liability	0.127256%	0.122400%	0.130882%	0.129949%	0.136898%	0.163155%	0.165406%	0.164590%
College's Proportionate Share of the Net OPEB Liability	$ 11,699	$ 2,353	$ 2,280	$ 6,714	$ 8,884	$ 6,155	$ 13,594	$ 12,225
College's Covered Payroll	$ 14,742	$ 13,396	$ 13,890	$ 11,255	$ 12,075	$ 10,960	$ 11,310	$ 11,804
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	79.36%	17.56%	16.42%	59.65%	73.57%	56.16%	120.19%	103.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	20.41%	49.42%	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

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

Note to Schedule:

Per GASB 75, covered payroll is defined as the payroll of employees that are provided with OPEB through the OPEB plan. THe covered payroll for this Required Supplementary Information Schedule (GASB 75 paragraph 97) is for the most recent year end, which for the 9/30/2025 year is 10/1/2023-9/30/2024.

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	$ 182	$ 152	$ 250	$ 263	$ 224	$ 266	$ 460	$ 409
Contributions in Relation to the Contractually Required Contribution	$ 182	$ 152	$ 250	$ 263	$ 224	$ 266	$ 460	$ 409
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's Covered Payroll	$ 14,742	$ 13,396	$ 13,890	$ 11,255	$ 12,268	$ 12,075	$ 10,960	$ 11,310
Contributions as a Percentage of Covered Payroll	1.29%	1.14%	1.80%	2.34%	1.83%	2.20%	4.20%	3.62%

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

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

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

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

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

The actuarially determined contribution rates in the Schedule of employer 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, Closed
Remaining Amortization Period	20 years
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.50%
Medicare Eligible *	*
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate Trend Rate	2031 for Pre-Medicare Eligible 2027 for Medicare Eligible
Optional Plans Trend Rate	2.00%
Investment Rate of Return	5.00%, including inflation

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

Bishop State
A Great Place To Start™

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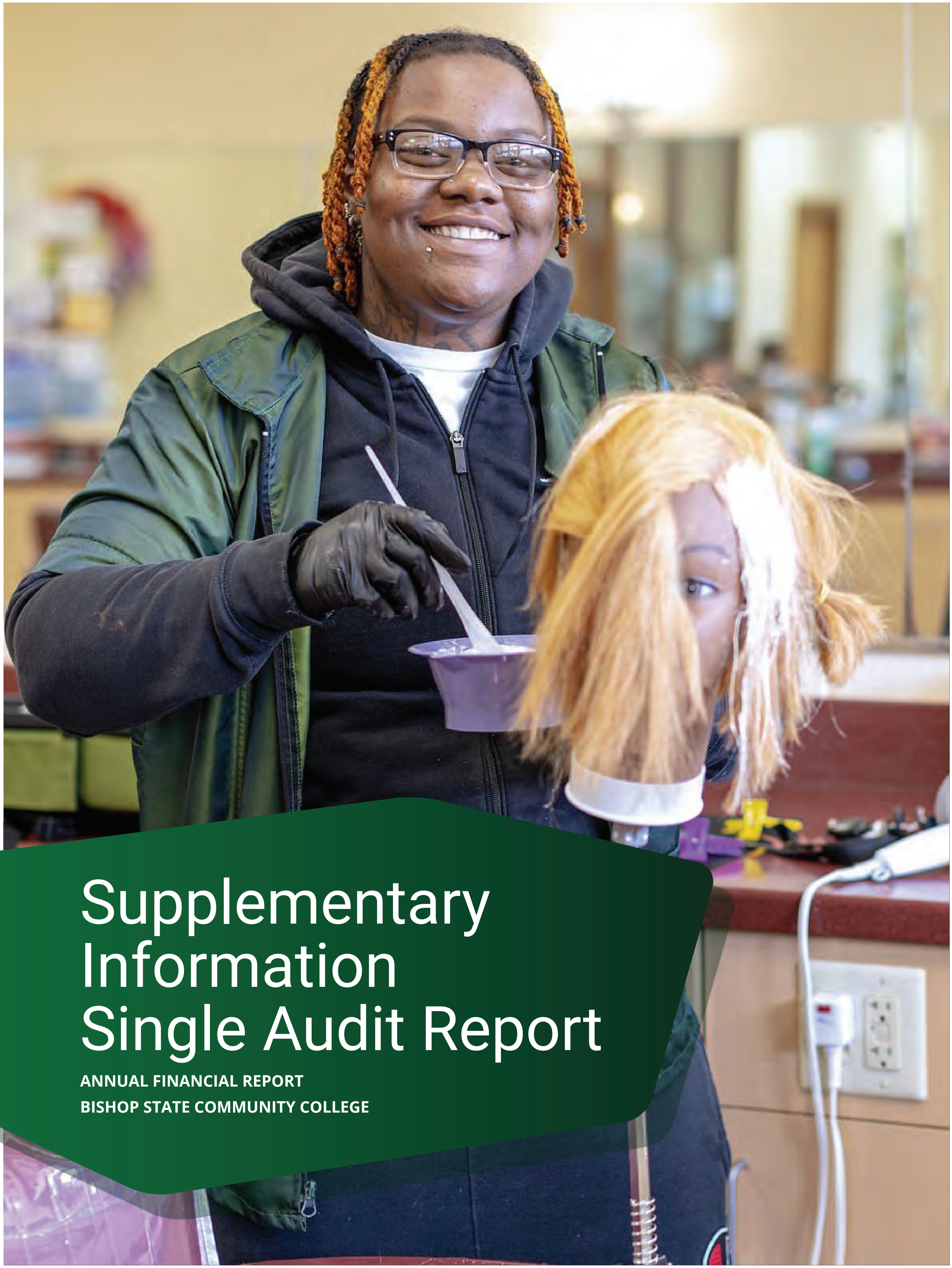

Supplementary Information Single Audit Report

ANNUAL FINANCIAL REPORT

BISHOP STATE COMMUNITY COLLEGE

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BISHOP STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor/ Grant Name	Federal Assistance Listing Number	Grant or Pass-Through Number	Federal Expenditures	Passed Through to Subrecipients
Department of Education				
Student Financial Assistance Cluster:				
Direct:				
Federal Pell Grant Program	84.063	P063P241045	$ 12,663,069	$ -
Federal Work Study Program	84.033	P033A240062	97,605	-
Federal Supplemental Educational Opportunity Grants	84.007	P007A240062	206,426	-
Total Student Financial Assistance Cluster			12,967,100	-
TRIO Cluster:				
TRIO-Student Support Services	84.042	P042A2001912	273,385	-
Total TRIO Cluster			273,385	-
Higher Education – Institutional Aid	84.031	P031B220053/ P031B220054/ P031E200041/ P031E200042/ P031B170068/ P031B170069	4,762,190	-
COVID-19 Education Stabilization Fund	84.425	P425J200100	602,297	-
Pass-through Alabama Community College System:				
Adult Education – Basic Grants to States	84.002	V002A150001	508,809	-
Pass-through Alabama Department of Education:				
Career and Technical Education – Basic Grants to States	84.048	V048A2400014	459,612	-
Total Pass-through Programs			968,421	-
Total Department of Education			19,573,393	-
Federal Highway Administration				
Pass-through Alabama Department of Transportation:				
Highway Planning an Construction	20.205	OJT100070830	37,700	-
Department of Veteran Affairs				
Direct:				
Post-9/11 Veterans Educational Assistance	64.028	n/a	931	-
Total Department of Veteran Affairs			931	-
Total Federal Expenditures			$ 19,612,024	$ -

See accompanying noted to the Schedule of Expenditures of Federal Awards.

BISHOP STATE COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Bishop State Community College (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* (the Uniform Guidance).

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.

3. INDIRECT COST RATE

The College did not elect to charge the de minimis rate for all federal awards.

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

To the Chancellor of the Alabama Community College System
and the President of Bishop State Community College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bishop State Community College (the College), as of and for the year ended September 30, 2025, and the related notes to the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

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*.

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

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.

Warren Averett, LLC

Montgomery, Alabama
January 15, 2026

Warren Averett
CPAs AND ADVISORS

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

To the Chancellor of the Alabama Community College System
and the President of Bishop State Community College

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bishop State Community College's (the College) compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget's (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 auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-002 through 2025-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-002 through 2025-004 to be significant deficiencies.

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.

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

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.

Warren Averett, LLC

Montgomery, Alabama
January 15, 2026

BISHOP STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	x No
Significant deficiency(ies) identified	x Yes	____ None reported
Noncompliance material to the financial statements noted?	____ Yes	x No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	x No
Significant deficiency(ies) identified	x Yes	____ None reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	x Yes	____ No

Identification of major programs:

Assistance Listing Number(s)	**Name of Federal Program/Cluster**
84.007, 84.033, 84.063	Student Financial Assistance Cluster
84.031	Higher Education – Institutional Aid

Dollar threshold used to distinguish between type A and type B programs:	$1,000,000	
Auditee qualified as low-risk auditee?	____ Yes	x No

BISHOP STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Section II – Financial Statement Findings

Finding 2025-001 Accounts Receivable (Significant Deficiency)- (Repeat finding)

Criteria/Condition: CARES Act payments totaling $238,708, attributable to prior year accrued revenue, were incorrectly recognized as current year revenue.

Cause/Effect: This accrual resulted in an overstatement of both accounts receivable and revenue. This was communicated to and subsequently corrected by the College.

Recommendation: We recommend that the College establish a formal review of receivables with unchanged balances from the prior year. This assessment should be independently reviewed and approved to ensure timely identification and correction of errors or necessary adjustments.

Section III – Federal Award Findings and Questioned Costs

Finding 2025-002 – Allowable Costs and Period of Performance (Significant Deficiency and Noncompliance)- (Partial repeat finding)

Information on the Federal Program: U.S. Department of Education, Higher Education – Institutional Aid (Title III), Assistance Listing No. 84.031

Criteria: 2 CFR Part 200 Subpart E establishes cost principles to apply in determining costs under federal awards. Non-federal entities are also required to establish controls over the disbursement process to ensure compliance with allowable cost requirements. In addition, a non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award's period of performance and non-federal entities are also required to establish controls over the disbursement process to ensure compliance with period of performance requirements. [2 CFR sections 200.308, 200.309, and 200.403(h)].

Condition: We selected a sample of 25 non-payroll disbursements and 25 payroll disbursements charged to the grant. There were 44 pay checks tested in the sample of 25; of those 44, nine exceptions were noted. In four instances, there was no documented approved pay rate and in five instances, there was no approval for salary to be charged to the grant number and documentation showed unrestricted, a different account or offer letter had no Title III documentation.

Cause: The College did not obtain proper approval by the Director of the program, expenses did not fit into the grant budget line items, approved pay rates were not properly documented as approved Title III expenses for the proper grant period.

Effect: The College's grant disbursements were not properly approved.

Questioned Costs: $14,731

Recommendation: We recommend the College strengthen its policies and procedures surrounding payroll and non-payroll grant disbursements to ensure controls are functioning and compliant with

BISHOP STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

federal regulations.

Views of Responsible Officials: See Management's View and Corrective Action Plan included at the end of the report.

Finding 2025-003 – Reporting (Significant Deficiency and Noncompliance)- (Repeat finding)

Information on the Federal Program: U.S. Department of Education, Higher Education – Institutional Aid, Assistance Listing No. 84.031

Criteria: 2 CFR Part 200.328 and 329 establish reporting requirements for non-federal entities that include timely and accurate reporting. Non-federal entities are also required to establish controls over the reporting process to ensure compliance with reporting requirements.

Condition: We selected two annual reports submitted during the year to test for controls and compliance. No documentation of review or approval of the reports was available. In addition, amounts reported on one report did not tie to underlying financial support.

Cause: The College did not retain documentation of a review and approval of the reports submitted. The College did not submit an accurate report.

Effect: The College did not have appropriate review and approval processes in place or documentation.

Questioned Costs: None reported

Recommendation: We recommend the College strengthen its policies and procedures over the grant reporting process to ensure controls are properly implemented and working effectively.

Views of Responsible Officials: See Management's View and Corrective Action Plan included at the end of the report.

Finding 2025-004 – Special Tests and Provisions – Enrollment Reporting (Significant Deficiency and Noncompliance)- ((Repeat finding)

Information on the Federal Program: U.S. Department of Education Student Financial Assistance Cluster

Criteria: The NSLDS Enrollment Reporting Guide provides requirements and guidance for reporting enrollment details under the Pell grant and other programs. Institutions must update the Enrollment Reporting Roster for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date and submit the changes electronically through the batch method or the National Student Loan Data System (NSLDS) website. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. These changes include reductions or increases in attendance levels, withdrawals, graduations or approved leaves-of-absence.

BISHOP STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Condition: We tested a sample of 25 withdrawn students. In one instance, the change in status was not reported within the required 60-day time frame.

Cause: When the College uploads data to the Clearinghouse, international students are omitted. These students are identified by a specific attribute automatically added to their record when they apply to the College. This student initially submitted an international student application, however, the student is not an international student and the status was updated, but the international student attribute was not removed. As a result, the student was excluded from the Clearinghouse upload for the Fall 2024 term.

Effect: The College did not report the student enrollment status change in a timely manner.

Questioned Costs: None

Recommendation: We recommend the College strengthen its policies and procedures related to enrollment reporting requirements to comply with the regulations.

Views of Responsible Officials: See Management's View and Corrective Action Plan included at the end of the report.

BISHOP STATE
COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Section II – Financial Statement Findings

Finding 2024-001 – Accounts Receivable (Material Weakness)

Criteria/Condition: A payment from the Alabama Community College System totaling $1,418,244, was not properly accrued at year-end.

Cause/Effect: This resulted in an understatement of accounts receivable and revenue. This was communicated to and subsequently corrected by the College.

Status: Repeat finding 2025-001

Finding 2024-002 – Fixed Assets (Material Weakness)

Criteria/Condition: The College was not depreciating approximately $4,000,000 of capital assets due to improper recording or maintenance in Banner.

Cause/Effect: This resulted in an understatement of accumulated depreciation and depreciation expense.

Status: Corrective action taken

Finding 2024-003 – Unearned Revenue (Material Weakness)

Criteria/Condition: The College incorrectly calculated unearned revenue by approximately $998,000.

Cause/Effect: The College calculated unearned revenue based on receipted revenue instead total revenue for the year. This caused unearned revenue to be understated.

Status: Corrective action taken

Finding 2024-004 – Notes Payable (Significant Deficiency)

Criteria/Condition: The College did not amortize the Series 2019 bond premium over the life of the bond.

Cause/Effect: This resulted in an understatement of the bond premium in the amount of $296,420.

Status: Corrective action taken

Finding 2024-005 – Net Position (Significant Deficiency)

Criteria/Condition: The College incorrectly posted manual entries to net position in the current year.

BISHOP STATE
COMMUNITY COLLEGE

Cause/Effect: These entries required reversal for net position to be properly reported. This was communicated to and subsequently corrected by the College.

Status: Corrective action taken

Finding 2024-006 – Grants Receivable/Unearned Revenue (Significant Deficiency)

Criteria/Condition: The College wrote off several grants receivable and related unearned revenue accounts that related to prior years.

Cause/Effect: This resulted in an overstatement of the bad debt expense.

Status: Corrective action taken

Section III – Federal Award Findings and Questioned Costs

Finding 2024-007 – Allowable Costs & Period of Performance (Material Weakness and Noncompliance)

Information on the Federal Program: U.S. Department of Education, Higher Education-Institutional Aid (Title III), Assistance Listing No. 84.031

Criteria: 2 CFR Part 200 Subpart E establishes cost principles to apply in determining costs under federal awards. Non-federal entities are also required to establish controls over the disbursement process to ensure compliance with allowable cost requirements. In addition, a non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award's period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308, 200.309, and 200.403(h)).

Condition: We selected a sample of 25 non-payroll disbursements and 25 payroll disbursements charged to the grant. Of the 25 non-payroll, 4 were missing an approval by the Director of Title III Programs and 4 costs were not in the applicable budgets. In addition, 2 were charged to a fund code for a grant period that ended September 30, 2023.

There were 44 pay checks tested in the sample of 25; of those 44, 31 exceptions were noted as having an issue around the approved pay rate documentation. In 9 instances, there was no documented approved pay rate, only support provided was a local salary schedule for multiple positions for 6 of the exceptions. In 15 instances, there was no approval for salary to be charged to the grant number and documentation showed unrestricted, a different account or offer letter had no Title III documentation. In 7 instances, the approved pay rate did not agree to actual paycheck report.

Status: Corrective action partially implemented. Allowable costs repeat finding 2025-002

BISHOP STATE
COMMUNITY COLLEGE

Finding 2024-008 – Cash Management (Material Weakness and Noncompliance)

Information on the Federal Program: U.S. Department of Education, Higher Education-Institutional Aid, Assistance Listing No. 84.031

Criteria: 2 CFR Part 200.305 establishes the methods of receiving payment from the federal agency. The College uses the reimbursement method to receive Title III funds. The non-federal entity is also required to design and implement internal controls over the cash management process.

Condition: We selected 5 drawdowns for reimbursement made during the year for testing. For 4 drawdowns, there was no documentation of a review of the calculation of the amount to draw or approval to draw down the funds.

Cause: The College did not have a review and approval process in place for 9 months of the fiscal year.

Status: Corrective action taken

Finding 2024-009 – Reporting (Significant Deficiency and Noncompliance)

Information on the Federal Program: U.S. Department of Education, Higher Education-Institutional Aid, Assistance Listing No. 84.031

Criteria: 2 CFR Part 200.328 & 329 establish reporting requirements for non-federal entities that include timely and accurate reporting. Non-federal entities are also required to establish controls over the reporting process to ensure compliance with reporting requirements.

Condition: We selected 2 annual reports submitted during the year to test for controls and compliance. No documentation of review or approval of the reports was available.

Status: Repeat finding 2025-003

Finding 2024-010 – Procurement (Significant Deficiency and Noncompliance)

Information on the Federal Program: U.S. Department of Education, Higher Education-Institutional Aid, Assistance Listing No. 84.031

Criteria: 2 CFR 200.317-327 establishes procurement standards for non-federal entities. This includes different requirements based on the amount of purchases made from the vendor during the year.

Condition: We selected 7 vendors for procurement testing. Of those 7, it was noted that one vendor was paid over the micro-purchase threshold and therefore should have obtained price or rate quotes.

Status: Corrective action taken

BISHOP STATE
COMMUNITY COLLEGE

Finding 2024-011 – Equipment Management (Significant Deficiency and Noncompliance)

Information on the Federal Program: U.S. Department of Education, Higher Education-Institutional Aid, Assistance Listing No. 84.031

Criteria: 2 CFR Section 200.313(d)(2) establishes the requirement that a physical inventory of property must be taken and the results reconciled with the property records at least every 2 years.

Condition: Documentation of a physical inventory performed college-wide was not available.

Status: Corrective action taken

Finding 2024-012 – Special Tests and Provisions- Enrollment Reporting (Significant Deficiency and Noncompliance)

Information on the Federal Program: U.S. Department of Education Student Financial Aid Cluster

Criteria: The NSLDS Enrollment Reporting Guide provides requirements and guidance for reporting enrollment details under the Pell grant and other programs. Institutions must update the Enrollment Reporting Roster for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date and submit the changes electronically through the batch method or the National Student Loan Data System (NSLDS) website. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. These changes include reductions or increases in attendance levels, withdrawals, graduations or approved leaves-of-absence.

Condition: We tested a sample of 25 withdrawn students. In 5 instances, the change in status was not reported within the required 60-day time frame.

Status: Repeat finding 2025-004

BISHOP STATE
COMMUNITY COLLEGE

Response/Corrective Action Plan
For the year Ended September 30, 2025

Section II-Financial Statement Finding

Finding 2025 – 001- Accounts Receivable (Significant Deficiency)
Management's Response: Management concurs with the above finding, and the fiscal service office will implement corrective action before September 2026. Management acknowledges the process gap as indicated and noted in the above findings. We are addressing the gap by enhancing our process controls as a corrective action and will implement quarterly checks and balances to detect any inconsistencies in reporting revenue quarterly. This action will recognize awarded revenue and prevent the potential for unrecognized revenues at year-end.

Section III – Federal Award Findings and Questioned Costs

Finding 2025 – 002- Allowable Costs & Period of Performance (Significant Deficiency and Noncompliance)
Management's Response: Management concurs with the above finding, and the Fiscal Service Office will implement corrective action before September 2026. Management acknowledges the process gap as indicated and noted in the above findings. To strengthen policies and procedures surrounding grant disbursements and ensure expenses are properly approved and allowable under the specific grant budget, the Fiscal Service Office along with the Human Resources Department will implement a process to properly document, review, and approve all allowable grant pay rates and salaries.

Finding 2025 – 003 - Reporting (Significant Deficiency and Noncompliance)
Management's Response: Management concurs with the above finding, and the Fiscal Service Office will implement corrective action before September 2026. Management acknowledges the process gap as indicated and noted in the above findings. To enhance the effectiveness of internal controls and ensure that all Title III reports are accurate, properly reviewed, and approved prior to submission, the Fiscal Service office will require management to review and sign off as confirmation of approval prior to submission.

Finding 2025 – 004 - Special Tests and Provisions- Enrollment Reporting (Significant Deficiency and Noncompliance)
Management's Response: Management concurs with the above finding, and the Fiscal Service Office will implement corrective action before September 2026. Management acknowledges the process gap as indicated and noted in the above findings. The Director of Admissions and Records has stated that students who have a student attribute in Banner of INTL will no longer be excluded from the National Student Clearinghouse enrollment reporting upload so as to prevent any reporting issues due to human error when processing admissions applications.

Rochelle Richardson, MBA
Dean of Finance and Administrative Services
(251) 405-7117
rthompson@bishop.edu

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Bishop State
A Great Place To Start™

Bishop State Community College
351 N Broad St, Mobile, AL 36603
bishop.edu

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

Bishop State Community College (the "College") is a public, state supported, comprehensive two-year community college with four campuses located in the City of Mobile, Alabama. The College's service area is comprised mainly of Mobile and Washington Counties.

Population

The following table sets forth population statistics for the State of Alabama, Mobile and Washington Counties for the years indicated.

	2020	2021	2022	2023	2024	2025
Alabama	5,032,962	5,050,058	5,076,868	5,117,850	5,163,055	5,193,088
Mobile	414,414	413,299	411,378	411,693	412,193	411,658
Washington	15,334	15,233	15,105	15,030	14,972	14,822

Source: U.S. Census Bureau, Population Division; Annual Estimates of the Resident Population for Counties in Alabama: April 1, 2020 to July 1, 2025; Release date March 2026.

Income Levels

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

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

	2020	2021	2022	2023	2024
Mobile	$42,588	$47,810	$48,370	$51,482	$53,901
Washington	$40,813	$44,371	$45,510	$47,479	$50,546
Alabama	$45,873	$50,630	$51,690	$54,610	$57,251
United States	$59,343	$64,322	$67,733	$73,483	$74,258

Source U.S. Department of Commerce, U.S. Bureau of Economic Analysis; U.S. Bureau of Economic Analysis, Per Capita Personal Income, retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org., July 17, 2026.

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

	2020	2021	2022	2023	2024
Mobile	$50,871	$49,848	$54,315	$55,538	$60,321
Washington	$36,346	$49,795	$53,785	$57,311	$59,645
Alabama	$53,958	$53,990	$59,703	$62,248	$66,704
United States	$67,340	$69,717	$74,755	$77,719	$81,604

Source U.S. Department of Commerce, U.S. Bureau of Economic Analysis; U.S. Bureau of Economic Analysis, Estimate of Median Household Income, retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org., July 17, 2026.

The percentage of all ages in Mobile and Washington counties, in the State of Alabama and in the United States with income below the poverty level in 2024 is as follows:

Mobile	16.7%
Washington	17.8%
State of Alabama	15.2%
United States	12.1%

Source: U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE) Program; January 2026.

Employment and Unemployment

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

	2021	2022	2023	2024	2025*	2026**
State of Alabama	3.4%	2.5%	2.5%	3.0%	2.9%	3.9%
United States	5.3%	3.6%	3.6%	4.0%	4.3%	4.2%

Source: Alabama Department of Industrial Relations in cooperation with the Bureau of Labor Statistics, based on 2025 benchmark; *Data for October 2025 were not collected due to the federal government shutdown. April 6, 2026. **Average January – June, 2026.

The following tables sets forth comparative civilian labor force, employment, unemployment and unemployment rates for Mobile and Washington in each of the years indicated:

Mobile County

	2021	2022	2023	2024	2025*	2026**
Civilian Labor Force	183,460	183,411	184,217	187,345	186,647	184,475
Employment	174,728	177,472	178,533	180,501	180,061	177,349
Unemployment	8,732	5,939	5,684	6,844	6,586	7,126
Unemployment Rate	4.8%	3.2%	3.1%	3.7%	3.5%	3.9%

Washington County

	2021	2022	2023	2024	2025*	2026**
Civilian Labor Force	5,868	5,848	8,153	7,429	7,517	7,584
Employment	5,573	5,626	7,934	7,162	7,276	7,328
Unemployment	295	222	219	267	241	256
Unemployment Rate	5.0%	3.8%	2.7%	3.6%	3.2%	3.4%

Source: Alabama Department of Industrial Relations in cooperation with the Bureau of Labor Statistics, based on 2025 benchmark; *Data for October 2025 were not collected due to the federal government shutdown. April 6, 2026. **Average January – June, 2026.

Labor Force Characteristics

The following table sets forth the 1st Quarter 2026 estimated and mean annual wage statistics for Mobile MSA (includes Mobile County in Alabama):

Employment by Occupation

	Number Employed	Wages
Agriculture, Forestry, Fishing & Hunting	40	$45,533
Mining	-	-
Utilities	780	96,442
Construction	12,750	61,933
Manufacturing	18,250	74,233
Wholesale Trade	7,420	62,828
Transportation and Warehousing	10,470	61,407
Retail Trade	19,340	40,887
Information	1,840	73,870
Finance and Insurance	5,700	76,630
Real Estate and Rental and Leasing	2,390	57,105
Professional, Scientific and Technical Services	8,060	87,667
Management of Companies and Enterprises	1,620	106,928
Admin., Support, Waste Management, Remediation	10,060	47,053
Educational Services	12,740	56,486
Health Care and Social Assistance	100	77,754
Arts, Entertainment, and Recreation	1,530	36,185
Accommodation and Food Services	15,950	31,669
Other Services (except Public Admin)	5,390	52,192

The following table sets forth the 1st Quarter 2026 estimated and mean annual wage statistics for Southwest Balance of State areas (includes Washington County in Alabama):

Employment by Occupation

	Number Employed	Wages
Agriculture, Forestry, Fishing & Hunting	1,200	$52,050
Mining	390	57,511
Utilities	580	84,929
Construction	2,230	59,010
Manufacturing	13,840	66,912
Wholesale Trade	1,670	55,311
Transportation and Warehousing	2,280	60,241
Retail Trade	7,430	37,235
Information	300	62,403
Finance and Insurance	1,540	62,317
Real Estate and Rental and Leasing	360	50,666
Professional, Scientific and Technical Services	860	65,592
Management of Companies and Enterprises	350	95,660
Admin., Support, Waste Management, Remediation	3,040	45,5224
Educational Services	6,610	51,324
Health Care and Social Assistance	200	50,266
Arts, Entertainment, and Recreation	1,330	38,690
Accommodation and Food Services	4,310	29,020
Other Services (except Public Admin)	1,340	48,353

Source: Alabama Department of Labor, Labor Market Information Division in cooperation with the U.S. Bureau of Labor Statistics. Estimates are from May 2025 Occupational Employment and Wage report with the Employment Cost Index factors data current through March 2026. Published June 3, 2026.

APPENDIX D

[SPECIMEN MUNICIPAL BOND INSURANCE POLICY]

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Policy No: _____

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $__________
Total Insurance Payment: $__________

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
28 Liberty Street, 59th Floor
New York, New York 10005
Telecopy:
212-962-1524 (attention: Claims)

APPENDIX E

ALABAMA COMMUNITY COLLEGE SYSTEM
FINANCIAL AND OPERATING DATA

Major Sources of Revenue

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

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

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

Legislative appropriations for the System for fiscal year 2026-2027 reflected a 4% increase compared to the fiscal year 2025-2026 appropriations. Based on current year revenues as of 9/30/25, the availability of the Education Trust Fund Rainy Day Account and the Education Trust Fund Budget Stabilization Fund, the Board believes the Education Trust Fund funding will remain as budgeted for FY 2026-27. See, "BONDHOLDER RISKS – Budget Proration." The Education Trust Fund FY 2025-2026 and FY 2026-2027 budgets have been approved by the Legislature and provides the System with an overall increase of approximately 5% and 4% over the prior year, respectively, in State Operating and Maintenance appropriations.

Fiscal Year	**2022**	**2023**	**2024**	**2025**	**2026***
State O&M Appropriations	405,608,385	433,283,075	462,970,537	478,030,947	505,457,765

*Unaudited figures provided

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

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

Institution	2026-2027 Tuition	ACCS Enhancement Fee	Technology Fee	Facility Renewal Fee	System Reserve Fee	Special Building Fee	Total Tuition & Fees
Alabama Technology Network							
Bevill State Community College	133	20	15	15	1	10	194
Bishop State Community College	133	20	15	15	1	20	204
Calhoun State Community College	133	20	15	15	1	12	196
Central Alabama Community College	133	20	15	15	1	12	196
Chattahoochee Valley Community College	133	20	15	15	1	12	196
Coastal Alabama Community College	133	20	15	15	1	20	204
Drake State Community College	133	20	15	15	1	20	204
Enterprise State Community College	133	20	15	15	1	12	196
Gadsden State Community College	133	20	15	15	1	20	204
Ingram State Technical College	133	20	15	15	1	0	184
Jefferson State Community College	133	20	15	15	1	12	196
Lawson State Community College	133	20	15	15	1	10	194
LB Wallace Community College	133	20	15	15	1	15	199
Marion Military Institute	200	20	15	15	1	0	251
Northeast Alabama Community College	133	20	15	15	1	10	194
Northwest-Shoals Community College	133	20	15	15	1	12	196
Reid State Technical College	133	20	15	15	1	20	204
Shelton State Community College	133	20	15	15	1	12	196
Snead State Community College	133	20	15	15	1	15	199
Southern Union Community College	133	20	15	15	1	10	194
Trenholm State Technical College	133	20	15	15	1	15	199
Wallace Community College - Dothan/Eufaula	133	20	15	15	1	20	204
Wallace Community College - Hanceville	133	20	15	15	1	16	200
Wallace Community College - Selma	133	20	15	15	1	0	184

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

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

Alabama Community College System - Statement of Net Position

Fiscal Year Ended September 30,

ASSETS	2021 Amount	2022 Amount	2023 Amount	2024 Amount	2025 Amount
Current Assets					
Cash and Cash Equivalents	$ 541,268,884	$ 596,419,457	$ 1,069,870,772	$ 1,194,153,959	$ 781,882,569
Short-Term Investments	$ 39,021,431	$ 90,208,346	$ 107,777,153	$ 107,679,858	$ 272,542,392
Accounts Receivable (net of allowance for doubtful accounts)	$ 134,728,047	$ 132,845,687	$ 229,755,451	$ 253,473,007	$ 259,025,088
Inventories	$ 2,706,131	$ 2,497,797	$ 2,224,475	$ 2,153,344	$ 2,424,149
Due From Other Governments	$ 263,000	$ -	$ -	$ -	
Prepaid Expenses	$ 244,557	$ 55,640	$ 39,523	$ 5,005,328	$ 3,547,359
Deposit with Bond Trustee	$ 112,832,390	$ 115,985,110	$ 118,243,642	$ 138,484,196	$ 132,478,530
Other Current Assets	$ 1,004,966	$ 3,513,221	$ 6,453,208	$ 3,475,621	$ 4,262,431
Total Current Assets	$ 832,069,405	$ 941,525,258	$ 1,534,364,224	$ 1,704,425,313	$ 1,456,162,518
Noncurrent Assets					
Prepaid Expenses	$ 65,225	$ -	$ -	$ -	$
Deposit with Bond Trustee	$ -	$ -	$ -	$ -	$
Long term investments	$ 53,992,389	$ 53,506,551	$ 62,575,541	$ 77,682,672	$ 450,649,939
Accounts Receivable	$ 160,000	$ -	$ -	$ -	$
Endowment investments	$ 5,844,560	$ 7,124,483	$ 6,880,716	$ 7,737,680	$ 7,958,122
Real Estate Investments	$ 120,200	$ 120,200	$ 120,200	$ 120,200	$ 120,200
Due From Other Governments	$	$ 2,340,650	$	$	$
Other Noncurrent Assets	$ -	$ -	$ 3,021,778	$ 821,984	$ 1,786,352
Capital Assets	$ 1,810,760,609	$ 1,930,486,585	$ 2,139,548,865	$ 2,467,866,597	$ 2,666,897,741
Less: Accumulated Depreciation	$ (823,314,198)	$ (859,507,245)	$ (894,064,074)	$ (982,819,892)	$ (1,033,970,036)
Total Noncurrent Assets	$ 1,047,628,785	$ 1,134,071,225	$ 1,318,083,025	$ 1,571,409,241	$ 2,093,442,318
TOTAL ASSETS	$ 1,879,698,190	$ 2,075,596,483	$ 2,852,447,249	$ 3,275,834,554	$ 3,549,604,836
DEFERRED OUTFLOW OF RESOURCES					
Total Deferred Outflow of Resources	$ 246,071,154	$ 209,090,585	$ 329,150,779	$ 275,452,391	$ 412,418,119

Alabama Community College System - Statement of Net Position

LIABILITIES					
Current Liabilities					
Deposits	$ 7,568,063	$ 7,764,435	$ 5,343,682	$ 5,907,316	$ 9,081,482
Accounts payable and accrued liabilities	$ 72,159,849	$ 88,199,930	$ 124,150,546	$ 179,390,638	$ 184,981,154
Bond Surety Fee Payable	$ 574,041	$ 221,876	$ 250,584	$ 287,548	$
Unearned Revenue	$ 69,479,217	$ 89,906,481	$ 90,006,023	$ 95,894,261	$ 107,008,881
Notes Payable	$ 56,907	$ 59,399	$ 61,878	$ 305,606	$ 321,281
Leases Payable	$ 167,594	$ 2,429,814	$ 2,573,482	$ 2,585,179	$ 2,485,543
Bonds Payable	$ 18,543,354	$ 20,067,598	$ 19,163,782	$ 21,564,143	$ 18,458,677
Compensated Absences	$ 3,143,976	$ 3,297,323	$ 3,950,280	$ 2,790,918	$ 2,778,056
Other Current Liabilities	$ -	$ 7,182	$ 8,453,867	$ 13,641,992	$ 11,097,250
Total Current Liabilities	$ 171,693,001	$ 211,954,039	$ 253,954,124	$ 322,367,601	$ 336,212,324
Noncurrent Liabilities					
Deposits	$ 2,297,274	$ 1,981,494	$ 1,862,247	$ 1,720,919	$ 1,759,320
Notes Payable	$ 1,254,146				$
Leases Payable	$ 82,632	$ 22,980,523	$ 22,821,491	$ 21,404,240	$ 20,883,296
Bonds/Notes Payable	$ 323,780,900	$ 315,185,313	$ 316,046,524	$ 381,572,495	$ 406,612,751
Asset Retirement Obligation	$ -	$ -	$ -	$ -	$
Net Pension and OPEB Liability	$ 796,154,837	$ 603,283,829	$ 746,966,703	$ 773,889,028	$ 888,674,559
Compensated Absences	$ 19,902,052	$ 19,445,755	$ 20,132,593	$ 24,246,070	$ 22,865,481
Other Noncurrent Liabilities	$ 10,000	$ 1,473,423	$ 9,620,806	$ 22,979,025	$ 13,316,869
Total Noncurrent Liabilities	$ 1,143,481,841	$ 964,350,336	$ 1,117,450,365	$ 1,225,811,777	$ 1,354,112,276
TOTAL LIABILITIES	$ 1,315,174,842	$ 1,176,304,375	$ 1,371,404,489	$ 1,548,179,378	$ 1,690,324,600
DEFERRED INFLOW OF RESOURCES					
Total Deferred Inflow of Resources	$ 200,989,461	$ 324,150,767	$ 293,683,554	$ 242,274,201	$ 274,782,716
Net Position					
Invested in Capital Assets, Net of Related Debt and Depreciation	$ 745,416,740	$ 812,732,848	$ 964,960,087	$ 1,183,741,257	$ 1,325,341,109
Restricted For:					
Nonexpendable scholarships and fellowships	$ 6,943,142	$ 9,176,299	$ 8,232,698	$ 10,540,849	$ 8,934,844
Nonexpendable Other	$ 266,602		$ 5,168,920	$ 20,313,599	$ 1,172,629
Expendable scholarships and fellowships	$ 4,935,718	$ 2,245,177	$ 4,155,221	$ 3,976,527	$ 6,668,182
Instructional department uses	$ 625,151	$ 218,178	$ 906,434	$ 4,824,626	$
Debt Service	$ 6,815,074	$ 8,339,702	$ 6,549,176	$ 14,684,530	$ 9,149,542
Loans	$ 163,866	$ 129,645	$ 73,627	$ 73,637	$ 73,637
Capital Projects	$ 5,953,001	$ 7,676,825	$ 11,985,675	$ 16,740,624	$ 37,836,229
Expendable Other	$ 2,322,706	$ 4,172,687	$ 1,448,438	$ 3,998,853	$ 32,141,264
Unrestricted	$ (163,836,959)	$ (60,459,435)	$ 513,029,708	$ 501,938,864	$ 575,598,203
TOTAL NET POSITION	$ 609,605,040	$ 784,231,926	$ 1,516,509,984	$ 1,760,833,366	$ 1,996,915,639

Alabama Community College System - Statement of Revenues, Expenses, and Changes in Net Position (SRECNP)

Fiscal Year Ended September 30,	2021 Amount	2022 Amount	2023 Amount	2024 Amount	2025 Amount
Operating Revenues					
Student tuition and fees (net of scholarship allowances)	$ 147,221,265	$ 149,881,600	$ 137,842,909	$ 148,754,544	$ 145,239,644
Federal grants/appropriations	$ 97,874,701	$ 136,751,780	$ 146,344,894	$ 97,996,729	$ 84,922,767
State grants and contracts	$ 43,853,365	$ 73,834,621	$ 89,752,031	$ 145,639,656	$ 142,588,699
Nongovernmental grants and contracts	$ 2,599,578	$ 3,342,950	$ 3,580,381	$ 5,061,719	$ 6,569,556
Sales and services of educational departments	$ 701,874	$ 733,928	$ 1,438,915	$ 1,372,195	$ 1,560,159
Other operating revenues	$ 14,828,622	$ 19,631,911	$ 20,422,647	$ 9,568,088	13,138,307
Auxiliary enterprises:					
Residential Life	$ 3,486,391	$ 2,965,602	$ 3,193,593	$ 3,195,436	$ 3,643,388
Bookstore	$ 3,502,507	$ 2,960,349	$ 2,659,079	$ 2,519,308	$ 2,708,085
Food Services	$ 788,459	$ 881,784	$ 1,512,930	$ 1,645,606	$ 1,721,795
Vending	$ 163,395	$ 278,945	$ 290,312	$ 296,560	$ -
Athletics					$ -
Other Aux	$ 1,043,447	$ 2,174,315	$ 2,702,120	$ 2,851,004	$ 3,551,692
Total Operating Revenues	$ 316,063,604	$ 393,437,786	$ 409,739,811	$ 418,900,845	$ 405,644,092
Operating Expenses					
Instruction	$ 291,373,238	$ 288,428,215	$ 328,952,655	$ 372,911,155	$ 385,209,230
Public Service	$ 3,622,467	$ 3,462,062	$ 3,562,840	$ 4,199,954	$ 6,808,465
Academic Support	$ 52,896,885	$ 45,519,448	$ 50,372,678	$ 52,857,454	$ 54,611,886
Student Services	$ 86,201,658	$ 88,259,219	$ 97,813,694	$ 107,890,912	$ 115,037,567
Institutional Support	$ 189,663,088	$ 189,128,032	$ 198,016,868	$ 332,819,149	$ 243,780,014
Operation and Maintenance of Plant	$ 81,861,841	$ 85,769,367	$ 91,591,799	$ 102,911,968	$ 112,667,158
Student Aid (Scholarships)	$ 156,211,223	$ 160,622,613	$ 74,174,882	$ 83,770,887	$ 94,435,452
Auxiliary Enterprises	$ 10,718,843	$ 11,910,160	$ 13,034,183	$ 13,294,725	$ 13,804,092
Depreciation	$ 67,706,434	$ 60,033,854	$ 67,909,386	$ 84,163,455	$ 97,087,820
Other	$ -	$ -	$ -	$ -	$ 817,412
Total Operating Expenses	$ 940,255,677	$ 933,132,969	$ 925,428,985	$ 1,154,819,659	$ 1,124,259,096
Operating Income (Loss)	$ (624,192,074)	$ (539,695,184)	$ (515,689,174)	$ (735,918,814)	$ (718,615,004)
Nonoperating Revenues (Expenses)					
State/Local Appropriations	$ 825,197,022	$ 945,786,087	$ 1,446,152,441	$ 1,238,760,546	$ 1,251,346,032
Federal Grants and Contracts	$ 335,869,373	$ 256,322,093	$ 205,647,701	$ 213,300,081	$ 230,030,773
Gifts	$ 1,976,008	$ 1,357,330	$ 15,489,546	$ 873,370	$ 1,746,754
Investment income (net of investment expense)	$ 2,181,294	$ 3,005,305	$ 27,626,107	$ 55,062,650	$ 50,697,808
Interest on Capital Asset Related Debt	$ (7,937,012)	$ (9,366,597)	$ (828,583)	$ (90,277)	$ (14,981,611)
Proceeds from Sale of Property	$ 68,307	$ -	$ -	$ -	$ 142,463
Gain/loss on investments	$ (103,437)	$ (4,233,742)	$ 2,194,137	$ 3,072,573	$ 3,885,253
Other nonoperating revenues (expenses)	$ (432,681,217)	$ (481,568,524)	$ (516,352,317)	$ (705,008,371)	$ (652,592,649)
Net Nonoperating Revenues	$ 724,570,337	$ 711,301,952	$ 1,179,929,032	$ 805,970,572	$ 870,274,823
Income before other Revenues, Expenses, Gains or Losses	$ 100,378,263	$ 171,606,768	$ 664,239,858	$ 70,051,758	$ -
Capital Grants & Appropriations	$ 812,716	$ 2,546,994	$ 68,316,098	$ 174,271,624	$ 84,422,454
Other Revenues (Expenses)	$ 18,805,870	$ 49,349	$ (277,897)	$ -	$ -
Additions to Permanent Endowments	$	$	$	$	$ -
Changes in Net Position	$ 119,996,849	$ 174,203,111	$ 732,278,059	$ 244,323,382	$ 236,082,273
Net Position					
Net position-beginning of year	$ 489,466,389	$ 609,605,040	$ 784,231,926	$ 1,516,509,984	$ 1,760,833,366
Restatements	$ 141,802	$ 423,774		$ -	$ -
Net Position - End of Year	$ 609,605,040	$ 784,231,926	$ 1,516,509,984	$ 1,760,833,366	$ 1,996,915,639

Budgeted Revenues

	FY2024	FY2025	FY2026
Education Trust Fund - O&M	519,814,338	440,123,371	434,423,308
Tuition Fees	299,565,518	323,172,097	364,626,125
Federal Funds	332,491,674	272,588,452	285,926,876
Other State Funds	108,859,160	577,878,379	171,455,531
Other Fund Sources	38,794,180	8,003,159	49,349,767
Auxiliary Enterprises	46,373,996	13,596,766	52,312,424
TOTAL	**1,345,898,865**	**1,635,362,224**	**1,358,094,031**

Budgeted Expenditures

	FY2024	FY2025	FY2026
Instruction	347,970,855	398,217,994	392,872,550
Institutional Support	332,718,855	180,707,650	173,095,641
Public Service	3,894,178	6,373,274	24,825,260
Academic Support	93,376,747	64,077,422	59,188,351
Student Services	105,807,169	114,166,115	188,686,979
O&M of Plant	131,584,714	154,222,116	169,635,900
Scholarships	214,176,906	249,834,954	249,985,169
Mandatory Transfers / Depreciation	40,049,333	44,442,271	53,158,525
Auxiliary Enterprises	24,863,152	12,376,500	17,573,637
TOTAL	**1,294,441,907**	**1,224,418,295**	**1,329,022,012**

Enrollment

Historical Enrollment Trend

Year	Term	Headcount	Credit Hours	Full-Time Equiv
	Fall	80,251	762,208	50,813
	Spring	73,837	686,727	45,781
	Summer	46,201	334,776	22,318
2018-2019	**Totals**	**200,289**	**1,783,711**	**118,912**
	Fall	79,936	757,130	50,475
	Spring	73,337	675,568	45,038
	Summer	41,693	302,600	20,173
2019-2020	**Totals**	**194,966**	**1,735,298**	**115,687**
	Fall	70,902	651,429	43,429
	Spring	64,899	587,993	39,200
	Summer	40,596	291,026	19,402
2020-2021	**Totals**	**176,397**	**1,530,448**	**102,030**
	Fall	75,446	672,089	44,806

	Spring	68,715	594,966	39,664
	Summer	41,988	297,882	19,859
2021-2022	**Totals**	**186,149**	**1,564,937**	**104,329**
	Fall	78,518	689,351	45,957
	Spring	72,204	618,093	41,206
	Summer	46,604	331,842	22,123
2022-2023	**Totals**	**197,326**	**1,639,286**	**109,286**
	Fall	83,379	720,819	48,063
	Spring	77,972	652,120	43,475
	Summer	48,615	343,353	22,890
2023-2024	**Totals**	**209,966**	**1,716,292**	**114,428**
	Fall	89,428	755,566	50,371
	Spring	84,036	695,714	46,381
	Summer	53,868	383,433	25,562
2024-2025	**Totals**	**227,332**	**1,834,713**	**122,314**
	Fall	97,297	811,903	54,126
	Spring*	89,866	733,891.0	48,927
	Summer*	50,641	357,744.0	23,849
2025-2026	**Totals**	**237,804**	**1,903,538**	**126,902**

*term numbers are not yet finalized

Enrollment Statistics

	Fall 2023	**Fall 2024**	**Fall 2025**
Enrollment (Credit Hour)	720,819	755,566	811,903
Full-Time Headcount	29,571	29,934	31,669
Part-Time Headcount	53,777	59,494	65,628
In-State	97.6%	97.4%	97.35%
Out-of-State	2.2%	2.3%	2.32%
Foreign	0.2%	0.3%	0.333%
Spring to Fall Full-Time Retention	56.1%	56.6%	57.5%
Spring to Fall Part-Time Retention	44.4%	44.5%	46.7%
Enrollment Type			
Academic / Transfer	35.95%	33.88%	32.63%
Career Tech / Healthcare	31.98%	31.15%	30.35%
Dual Enrollment	29.98%	33.05%	35.11%
Undeclared	0.12%	0.09%	0.07%
Audit	0.01%	0.01%	0.01%
Other	1.95%	1.82%	1.83%

System Reserve Fund

Since 2004 the State Board of Education and, since its creation, the Board have maintained a reserve fund the “System Reserve Fund” available for use for a number of purposes throughout the System, including short term loans to its institutions and the payment of debt service on obligations issued by its institutions. The System Reserve Fund is funded from a payment of $1 per credit hour paid by each institution is no longer subject to scholarship waivers, beginning Fall 2022. The System Reserve Fund is not pledged to the payment of the Bonds and no funds from the System Reserve Fund have been pledged or applied to the payment of debt service on obligations issued by the Board. Since assuming governance of the System, the Board has amended the policy to provide that the amount held in the System Reserve Fund should be at least equal to the total annual debt service payments due by System Schools for the current year, currently approximately $31,450,400. Previously, the targeted reserve amount was equal to the highest annual debt service of any individual college for the current fiscal year. The reserve fund policy permits the Chancellor to suspend payment of the $1 per credit hour charge at any time that the amount held in the reserve fund at least equals the target amount. There is no requirement that the System Reserve Fund be maintained, and the Board may elect to reduce the target size or to eliminate the Fund altogether.

The following table shows the five-year history of the System Reserve Fund, through September 30, 2025.

	2021	**2022**	**2023**	**2024**	**2025**
Reserve Balance	20,937,935	22,536,084	24,682,499	27,640,882	31,153,520
Growth from previous year	1,123,270	1,598,149	2,146,415	2,958,384	3,512,638