



**Enterprise City Board
of Education**

FINANCIAL STATEMENTS

September 30, 2023



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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Enterprise City Board of Education
Enterprise, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Enterprise City Board of Education (the "Board"), a component unit of the City of Enterprise, Alabama, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Board'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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board as of September 30, 2023, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the Board are intended to present the financial position and the changes in financial position of only that portion of the governmental activities that are attributable to the transactions of the Board. They do not purport to and do not present fairly the financial position of the City of Enterprise, Alabama, as of September 30, 2023, and the changes in its financial position for the year ended in accordance with accounting principles

generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 Board'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 Board'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 5 – 12, and schedules of the employer's proportionate share of the net pension liability and OPEB and schedules of employer contributions, on pages 53 – 56, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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 management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards 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 April 4, 2024, on our consideration of the Board'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 Board'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 Board's internal control over financial reporting and compliance.

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

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

Enterprise, Alabama

April 4, 2024

Enterprise City Board of Education Management's Discussion and Analysis (MD&A)

Introduction

The Management's Discussion and Analysis (MD&A) of the Enterprise City Board of Education's (the "Board") financial performance provides an overall review of the Board's financial activities for the fiscal year ended September 30, 2023. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements to enhance their understanding of the Board's financial performance.

The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain comparative information between the current year and the prior year is required to be presented in the MD&A and is included in this analysis.

Financial Highlights

Our financial statements provide these insights into the results of this year's operations:

On the government-wide financial statements:

- The assets and deferred outflows of resources of the Board exceeded its liabilities and deferred inflows of resources at the close of the 2023 fiscal year by \$80.99 million (net position). Of this amount, there is \$48.75 million deficit in unrestricted net position. The net position invested in capital assets amounted to \$129.26 million. Restricted net position amounted to \$.48 million. The government-wide financial statements are a long-term availability approach to analyzing the financial statements.
- The total cost of the Board's programs for the year was \$81.8 million. After taking away a portion of these costs paid from charges for services, intergovernmental aid, interest earnings and other miscellaneous sources, the net cost that required funding from Enterprise city taxpayers was \$9.87 million.

On the fund financial statements:

- At the end of the current fiscal year, unassigned fund balance for the general fund was \$32.38 million.
- There was an overall increase of \$9.21 million in fund balance in governmental funds.
- The Board had a net decrease in its outstanding debt by \$482 thousand due to \$786 thousand in debt payments, \$345 thousand in debt issuance and \$41 thousand due to premium amortization.

Enterprise City Board of Education Management's Discussion and Analysis (MD&A)

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the Board's basic financial statements, which are the government-wide financial statements, fund financial statements, and the notes to the financial statements. This report also includes supplementary information in addition to the basic financial statements themselves.

The first two statements are government-wide financial statements - the *Statement of Net Position* and the *Statement of Activities*. These provide both long-term and short-term information about the Board's overall financial status. Although other governments may report governmental activities and business-type activities, the Board has no business-type activities.

The *Statement of Net Position* presents information on all of the Board's assets and deferred outflows of resources less liabilities and deferred inflows of resources, which results in net position. The statement is designed to display the financial position of the Board. Over time, increases and decreases in net position help determine whether the Board's financial position is improving or deteriorating.

The *Statement of Activities* provides information which shows how the Board's net position changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid. The statement identifies the extent to which each expenditure function draws from general revenues of the Board (primarily local taxes) or is financed through charges for services (such as lunchrooms) and intergovernmental aid (primarily federal programs and state appropriations).

The fund financial statements provide more detailed information about the Board's most significant funds - not the Board as a whole. A fund is a grouping of related accounts that is used to keep track of specific sources of funding and spending for particular purposes. The Board uses fund accounting to ensure and demonstrate fiscal accountability. Two kinds of funds - governmental funds and fiduciary funds - are presented in the fund financial statements.

Governmental funds - All of the Board's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds statements - the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balances* - are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship (or differences) between them.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

Enterprise City Board of Education Management's Discussion and Analysis (MD&A)

In addition to the basic financial statements and the accompanying notes, this report also presents certain *Required Supplementary Information* (RSI) other than the MD&A consisting of a budgetary comparison schedule for the general fund and each major special revenue fund that has a legally adopted annual budget. The schedule includes an accompanying note explaining the differences between actual amounts as reported on the basis of budgeting and the GAAP basis of reporting.

Financial Analysis of the Board as a Whole

As noted earlier, the Board has no business-type activities. Consequently, the Board's net position is reported as Governmental Activities.

Net Position - Governmental Activities

<i>September 30,</i>	2023	2022
Assets		
Current assets	\$ 50,744,500	\$ 40,557,039
Capital assets and right to use assets, net of depreciation	134,191,690	134,717,046
Total assets	184,936,190	175,274,085
Deferred Outflows of Resources		
Deferred loss on refunding of debt	293,874	343,573
Deferred outflows related to pension	30,430,386	16,735,942
Deferred outflows related to OPEB	15,398,051	14,358,664
Total deferred outflows of resources	46,122,311	31,438,179
Liabilities		
Current liabilities	7,562,757	6,827,610
Noncurrent liabilities	95,769,303	83,445,317
Total liabilities	103,332,060	90,272,927
Deferred Inflows of Resources		
Deferred inflows related to pension	4,701,000	18,232,000
Deferred inflows related to OPEB	41,824,486	28,092,431
Deferred inflows related to leases	206,047	32,534
Total deferred inflows of resources	46,731,533	46,356,965
Net Position		
Net investment in capital assets	129,268,305	129,328,760
Restricted	475,159	450,906
Unrestricted (deficit)	(48,748,556)	(59,697,294)
Total net position	\$ 80,994,908	\$ 70,082,372

Enterprise City Board of Education Management's Discussion and Analysis (MD&A)

The Board's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$80.99 million at the close of the fiscal year. The majority of the Board's net position is invested in capital assets (land, buildings, and equipment) owned by the Board. Since these capital assets are used in governmental activities, this portion of net position is not available for future spending or funding of operations. Unrestricted net position (deficit) – the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation, debt covenants, or other legal requirements – are (\$48.75) million at the end of the year.

It is important to note that the deficit in Unrestricted Net Position is largely due to the impact of GASB Statement 68, which became effective in 2015, and GASB Statement 75, which became effective in 2018. GASB 68 requires state and local governments and their related entities that participate in a defined benefit pension plan to disclose their proportionate share of any unfunded pension liability on their financial statements. GASB 75 established accounting and financial reporting requirements for governmental employers who provide Other Postemployment Benefits (OPEB) to their employees through a trust. GASB 68 and 75 address only financial reporting requirements and have no impact on the funding requirements for pension and OPEB plans. Readers of the financial statements must understand that these reporting requirements do not change the Board's cash position, credit worthiness, or overall financial health. The Board's financial ability to fund daily operations, meet debt obligations and allocate resources to achieve goals and objectives is unchanged. More detailed information regarding the calculations and reporting requirements of GASB 68 and GASB 75 can be found in the Notes to the Financial Statements.

The following table of the Board's total revenues and expenditures condenses the results of operations for the fiscal year into a format where the reader can easily see total revenues of the Board for the year. It also shows the impact operations had on changes in net position as of September 30, 2023.

**Enterprise City Board of Education
Management's Discussion and Analysis (MD&A)**

Summary of Changes in Net Position From Operating Results

<i>Years ended September 30,</i>	2023	2022
Program Revenues		
Charges for services	\$ 6,903,102	\$ 7,301,052
Operating grants and contributions	60,659,993	58,192,602
Capital grants	4,364,115	4,781,289
General Revenues		
Local property taxes	6,268,888	5,397,868
Sales and use taxes	11,417,742	11,196,527
Miscellaneous taxes	34,960	34,469
Gain on disposition of capital assets	148,480	4,300
Investment earnings	766,516	101,558
Miscellaneous	2,146,449	2,883,583
Total revenues	92,710,245	89,893,248
Expenses		
Instructional services	44,805,589	42,569,682
Instructional support services	14,713,858	12,684,049
Operation and maintenance services	7,253,248	6,303,345
Student transportation services	3,901,371	3,866,355
Food services	5,394,714	4,880,094
General administration services	3,908,987	3,547,474
Interest and fiscal charges	184,326	207,531
Other expenses	1,635,616	1,459,790
Total expenses	81,797,709	75,518,320
Change in net position	10,912,536	14,374,928
Net position, beginning of year	70,082,372	55,707,444
Net Position, end of year	\$ 80,994,908	\$ 70,082,372

Revenue Analysis:

Program revenues, specifically operating grants and contributions, are the largest component of total revenues.

- Operating grants and contributions make up 84% of program revenues and 65% of total revenues. The major sources of revenues in this category are state foundation program funds, state transportation operating funds, and state and federal funds restricted for specific programs.

Enterprise City Board of Education Management's Discussion and Analysis (MD&A)

- Capital grants and contributions include state capital outlay funds and state funds to replace buses.
- Charges for services include federal reimbursement for meals, student meal purchases, and local school revenues.
- General revenues, primarily property taxes and sales taxes, are used to provide for expenses that are not covered by program revenues.

Expense Analysis:

- Instructional services expenses, primarily salaries and benefits for classroom teachers, are the largest expense of the Board (55%). In addition to teacher salaries and benefits, instructional services include teacher aides, substitute teachers, textbooks, depreciation of instructional buildings, professional development, and classroom instructional materials, supplies, and equipment.
- Instructional support services include salaries and benefits for school principals, assistant principals, librarians, counselors, school secretaries, school bookkeepers, speech therapists, school nurses, and professional development expenses. Instructional services and instructional support services account for 73% of total expenses.
- Operation and maintenance services include utilities, security services, janitorial services, maintenance services, and depreciation of maintenance-related assets.
- In addition to bus driver salaries and benefits, student transportation services include mechanics, bus aides, vehicle maintenance and repair expenses, vehicle fuel, depreciation of buses and the bus shop, and fleet insurance.
- Food services includes salaries and benefits for cooks, servers, lunchroom managers, and cashiers, as well as donated and purchased food, food preparation and service supplies, kitchen and lunchroom equipment, and depreciation of equipment and facilities.
- General administrative services include salaries and benefits for the superintendent, assistants, clerical and financial staff, and other personnel that provide system-wide support for the schools. Also included are legal expenses, liability insurance, training for board members and general administrative staff, printing costs, and depreciation of central office equipment and facilities.
- Other expenses include for preschool teachers and aides. Also included are the materials, supplies, equipment, related depreciation, and other expenses for operating programs outside of those for educating students in the K through 12 instructional programs.
- Debt service includes interest, but not principal payments, on long-term debt issues and other expenses related to the issuance and continuance of debt issues.

Performance of School Board Funds

Governmental Funds – As noted earlier, the Board uses fund accounting to control and manage resources in order to ensure compliance with finance-related legal requirements. Using funds to account for resources for particular purposes helps the reader to determine whether the Board is being accountable for the resources provided by taxpayers and other entities, and it may also help to provide more insight into the Board's overall financial health.

Enterprise City Board of Education Management's Discussion and Analysis (MD&A)

The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financial requirements. Note that the relationship between the *fund financial statements* and the *government-wide financial statements* are reconciled on pages 16 and 18. The financial performance of the Board as a whole is reflected in its governmental funds as well. At the end of the fiscal year, the Board's governmental funds reported combined ending fund balance of \$42.96 million.

General Fund – The general fund is the primary operating fund of the Board. The beginning fund balance, on October 1, 2022 was \$23.42 million. The fund balance at the end of the fiscal year was \$32.38 million. Each school system is required to have a one month general fund operating balance. Enterprise City Board of Education met this requirement for FY 2023.

Budgetary Highlights of Major Funds

The original 2023 fiscal year budget, adopted on September 1, 2022, was based on a bare bones approach that reflected only guaranteed revenues and necessary expenditures. The original budget was amended once during the year on June 6, 2023. The amendment was necessary to budget federal carryover funds, reflect actual beginning fund balances, add revenue and expenditures for fund sources not reflected in the original budget, and budget for additional expenditures not reflected in the original budget. In summary, the final budget is reasonable based on the financial activity of the Board.

General Fund – The comparison of the general fund original budget to the final amended budget is on page 19. Because actual revenues exceeded actual expenses there was an overall increase in fund balance in the general fund.

Capital Asset and Debt Activity

Capital Assets – The Board's investment in capital assets for its governmental activities at September 30, 2023 totaled \$134.19 million, net of accumulated depreciation and amortization. The capital asset activity for the year is detailed in Note 2 to the financial statements. Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year and depreciation of depreciable assets for the year. Capital assets were decreased (depreciated and amortized) by \$5.35 million during fiscal year 2023. The Board expended available resources to acquire \$4.83 million in capital asset additions during the year.

Long-Term Debt – At year-end, the Board had \$5.22 million in warrants, net of unamortized premiums, leases payable, and notes payable. Of this amount, \$1.78 million was owed on the 2015B Pool Bonds, and \$2.82 million on the 2017 Warrants. More information with regard to the Board's long-term debt is presented in Note 2 to the financial statements.

Enterprise City Board of Education Management's Discussion and Analysis (MD&A)

Factors Bearing on the Board's Future

Funding – The rolling reserve act took effect in fiscal year 2013. A 15-year average will provide a stable funding base to establish a cap on state Education Trust Fund (ETF) appropriations. The process directs reserves to a stabilization fund. The stabilization fund will enable the state to reliably provide funding when revenue growth fails to meet projections in any given year. The long-term stability will allow school boards, administrators and teachers to serve students consistently.

County and District Sales Tax – Sales tax revenues increased by 1.98% for fiscal year 2023.

Property Tax – Property tax revenue increased by 16.14%. A portion of the special district property tax is earmarked for debt payment on the Capital Outlay Warrants Series 2017.

Student Enrollment – The latest student enrollment figure, as of the 2023-2024 fall attendance report was 6,440 students. This indicates an increase in enrollment of 0.6%, or 42 students over the prior year and a decrease of 8.3%, or 587 students over the last 5 years. State foundation program funds, our largest source of funds, are tied to student enrollment numbers. Because this funding is based on prior year enrollment numbers, we expect state foundation funding to increase for fiscal year 2024.

Medical and Retirement Costs – Employee health insurance is provided through the Public Education Employees' Health Insurance Program (PEEHIP). PEEHIP employer cost is \$800 per month per employee for fiscal year 2024. Employer contributions to the Teachers Retirement System (TRS) increase to 12.59% and 11.57% for Tier I and Tier II employees respectively for fiscal year 2024. The board must use local funds to pay the salary related benefit costs not paid by state and federal funds.

Contacting the School Board's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mrs. Pam Christian, Chief School Financial Officer, or Mr. Zel Thomas, Superintendent, at P.O. Box 311790, Enterprise, AL 36331-1790, or by calling (334) 347-9531 during regular office hours, Monday through Friday, from 8:00 A.M. to 4:00 P.M.

Enterprise City Board of Education
Statement of Net Position

<i>September 30, 2023</i>	Governmental Activities
Assets	
Cash and cash equivalents	\$ 30,942,543
Investments	14,853,653
Receivables, net	4,481,745
Leases receivable	206,371
Inventories	258,811
Prepaid expenses	1,377
Capital assets, not being depreciated	16,599,123
Right-to-use assets, net of amortization	382,578
Capital assets, net of depreciation	117,209,989
Total assets	184,936,190
Deferred Outflows of Resources	
Deferred loss on refunding	293,874
Deferred outflows related to pension	30,430,386
Deferred outflows related to OPEB	15,398,051
Total deferred outflows of resources	46,122,311
Liabilities	
Accounts payable	1,918,049
Salaries and benefits payable	5,480,422
Accrued interest payable	45,967
Unearned revenue	118,319
Long-term liabilities	
Net pension liability	79,592,000
Net OPEB liability	10,960,046
Due and payable within one year	818,139
Due and payable after one year	4,399,118
Total liabilities	103,332,060
Deferred Inflows of Resources	
Deferred inflows related to leases	206,047
Deferred inflows related to pension	4,701,000
Deferred inflows related to OPEB	41,824,486
Total deferred inflows of resources	46,731,533
Net Position	
Net investment in capital and right-to-use assets	129,268,305
Restricted for debt service	475,159
Unrestricted (deficit)	(48,748,556)
Total net position	\$ 80,994,908

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

Enterprise City Board of Education
Statement of Activities

For the year ended September 30, 2023

Functions / Programs	Expenses
Instructional services	\$ 44,805,589
Instructional support services	14,713,858
Operation and maintenance services	7,253,248
Student transportation services	3,901,371
Food services	5,394,714
General administrative services	3,908,987
Interest and fiscal charges	184,326
Other expenses	1,635,616
Total	\$ 81,797,709

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

Charges For Services	Program Revenues		Net (Expenses) Revenues and Changes In Net Position Governmental Activities
	Operating Grants and Contributions	Capital Grants and Contributions	
\$ 380,421	\$ 40,750,839	\$ 2,163,279	\$ (1,511,050)
1,557,476	10,194,752	4,764	(2,956,866)
180,319	3,017,687	1,681,561	(2,373,681)
269,702	3,342,348	514,511	225,190
3,797,546	671,027	-	(926,141)
126,068	1,822,498	-	(1,960,421)
-	-	-	(184,326)
591,570	860,842	-	(183,204)
\$ 6,903,102	\$ 60,659,993	\$ 4,364,115	(9,870,499)

General Revenues

Taxes:

Property taxes for general purposes	3,690,669
Property taxes for specific purposes	2,578,219
Local sales tax	11,417,742
Other taxes	34,960
Gain on disposition of capital assets	148,480
Investment earnings	766,516
Miscellaneous	2,146,449
Total general revenues	20,783,035
Change in net position	10,912,536
Net position, beginning of year	70,082,372
Net position, end of year	\$ 80,994,908

**Enterprise City Board of Education
Balance Sheet – Governmental Funds**

<i>September 30, 2023</i>	General Fund	Nonmajor Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 21,856,903	\$ 9,085,640	\$ 30,942,543
Investments	13,353,653	1,500,000	14,853,653
Receivables	2,381,039	2,038,097	4,419,136
Leases receivable	206,371	-	206,371
Prepaid expenses	1,377	-	1,377
Inventories	-	258,811	258,811
Total assets	\$ 37,799,343	\$ 12,882,548	\$ 50,681,891
Liabilities			
Accounts payable	\$ 605,084	\$ 1,312,965	\$ 1,918,049
Salaries and benefits payable	4,611,608	868,814	5,480,422
Unearned revenue	-	118,319	118,319
Total liabilities	5,216,692	2,300,098	7,516,790
Deferred Inflows of Resources			
Deferred inflows related to leases	206,047	-	206,047
Fund balances			
Non-spendable	1,377	258,811	260,188
Restricted	-	521,126	521,126
Assigned	-	9,802,513	9,802,513
Unassigned	32,375,227	-	32,375,227
Total fund balances	32,376,604	10,582,450	42,959,054
Total liabilities, deferred inflows of resources, and fund balances	\$ 37,799,343	\$ 12,882,548	\$ 50,681,891

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

**Enterprise City Board of Education
Reconciliation of Balance Sheet of Governmental Funds
to Statement of Net Position**

September 30, 2023

Total fund balance - governmental funds \$ 42,959,054

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Governmental capital assets not being depreciated	\$ 16,599,123	
Governmental right-to-use assets being amortized	664,665	
Governmental capital assets being depreciated	187,027,436	
Accumulated amortization	(282,087)	
Accumulated depreciation	(69,817,447)	134,191,690

Interest on unmatured investments will not be collected this year and is not available soon enough to pay for the current period's expenditures, and therefore is not accrued in the funds.

Accrued Interest Receivable	62,609
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Deferred inflows and outflows related to pension and OPEB represent an acquisition or consumption of net position, respectively, that applies to a future period and, therefore, are not reported as liabilities or assets in the governmental funds.

Deferred outflows related to OPEB	15,398,051	
Deferred inflows related to OPEB	(41,824,486)	
Deferred outflows related to pension	30,430,386	
Deferred inflows related to pension	(4,701,000)	(697,049)

Long-term liabilities, including bonds payable, bond discounts, deferred loss on refunding and accrued interest payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Accrued interest payable	(45,967)	
Net OPEB liability	(10,960,046)	
Net pension liability	(79,592,000)	
Deferred loss on refunding	293,874	
Current portion of long-term debt	(818,139)	
Non-current portion of long-term debt	(4,399,118)	(95,521,396)

Total net position - governmental activities \$ 80,994,908

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

Enterprise City Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds

<i>For the year ended September 30, 2023</i>	General Fund	Nonmajor Funds	Total Governmental Funds
Revenues			
State revenues	\$ 49,825,411	\$ 4,375,045	\$ 54,200,456
Federal revenues	1,422,409	12,445,954	13,868,363
Local revenues	16,656,828	7,308,949	23,965,777
Other revenues	240,931	69,081	310,012
Total revenues	68,145,579	24,199,029	92,344,608
Expenditures			
Instructional services	33,583,096	7,693,330	41,276,426
Instructional support services	10,996,195	3,777,363	14,773,558
Operation and maintenance services	5,404,365	1,897,908	7,302,273
Student transportation services	3,584,819	191,595	3,776,414
Food services	-	5,549,289	5,549,289
General administrative services	3,488,964	165,926	3,654,890
Capital outlay	1,652,121	3,180,369	4,832,490
Debt service			
Principal	142,178	644,199	786,377
Interest	13,146	169,908	183,054
Other expenses	769,038	885,853	1,654,891
Total expenditures	59,633,922	24,155,740	83,789,662
Excess (deficiency) of revenues over (under) expenditures	8,511,657	43,289	8,554,946
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	153,965	-	153,965
Proceeds from issuance of long-term debt	345,478	-	345,478
Transfers in	114,298	702,218	816,516
Transfers out	(322,094)	(494,422)	(816,516)
Other financing sources	149,477	10,034	159,511
Total other financing sources (uses)	441,124	217,830	658,954
Net change in fund balances	8,952,781	261,119	9,213,900
Fund Balances, beginning of year	23,423,823	10,321,331	33,745,154
Fund Balances, end of year	\$ 32,376,604	\$ 10,582,450	\$ 42,959,054

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

Enterprise City Board of Education
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities

For the year ended September 30, 2023

Total net change in fund balances - governmental funds	\$	9,213,900
<p>Capital outlays to purchase or build capital or right-to-use lease assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation and amortization expense exceeds capital outlay in the</p>		
Capital outlays	\$	4,832,490
Depreciation and amortization expense	<u>(5,352,362)</u>	(519,872)
<p>Some of the capital assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position.</p>		
		(345,478)
<p>Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p>		
Principal payments on long-term debt		786,377
<p>Some revenues will not be collected within 30 days after the close of the Board's fiscal year-end are not considered as "available" revenue in the governmental funds. In the statement of net position, presented on the full accrual basis, these revenues are recognized.</p>		
		57,641
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Interest	7,258	
Current year change in OPEB expense	6,625,279	
Current year change in pension expense	(4,898,554)	
Amortization	<u>(8,530)</u>	1,725,453
<p>In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balances this amount.</p>		
Proceeds from Sale of Capital Assets	(153,965)	
Gain on Disposition of Capital Assets	148,480	(5,485)
Change in net position of governmental activities		\$ 10,912,536

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

Enterprise City Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual – General Fund

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues				
State revenues	\$ 45,483,762	\$ 45,730,687	\$ 49,825,411	\$ 4,094,724
Federal revenues	850,000	1,100,000	1,422,409	322,409
Local revenues	13,559,780	14,209,780	16,656,828	2,447,048
Other revenues	157,000	107,000	240,931	133,931
Total revenues	60,050,542	61,147,467	68,145,579	6,998,112
Expenditures				
Instructional services	34,072,235	34,695,689	33,934,524	761,165
Instructional support services	11,455,300	11,433,590	11,038,599	394,991
Operation and maintenance services	5,723,296	5,602,604	5,410,296	192,308
Student transportation services	4,421,951	4,425,951	3,588,040	837,911
General administrative services	3,411,140	3,874,432	3,496,186	378,246
Capital outlay	827,010	847,010	1,652,121	(805,111)
Principal retirement	-	-	142,178	(142,178)
Interest and fiscal charges	-	-	13,146	(13,146)
Other expenses	810,771	801,481	757,360	44,121
Total expenditures	60,721,703	61,680,757	60,032,450	1,648,307
Excess revenues over expenditures	(671,161)	(533,290)	8,113,129	8,646,419
Other Financing Sources (Uses)				
Proceeds from issuance of long-term debt	-	-	345,478	345,478
Transfers in	-	50,000	114,298	64,298
Transfers out	(287,247)	(305,697)	(322,094)	(16,397)
Sale of capital assets	-	-	153,965	153,965
Other financing sources	-	-	149,477	149,477
Total other financing sources (uses)	(287,247)	(255,697)	441,124	696,821
Excess Revenues and Other Sources Over Expenditures and Other Uses	(958,408)	(788,987)	8,554,253	9,343,240
Fund Balances, beginning of year	21,300,000	28,418,763	23,423,823	(4,994,940)
Fund Balances, end of year	\$ 20,341,592	\$ 27,629,776	\$ 31,978,076	\$ 4,348,300
Reconciliation of GAAP to budgetary basis				
GAAP basis expenditures	\$ 60,721,703	\$ 61,680,757	\$ 59,633,922	\$ 2,046,835
Non-budgeted accrued salaries and fringe benefits				
Instructional services	-	-	351,428	(351,428)
Instructional support services	-	-	42,404	(42,404)
Operation and maintenance services	-	-	5,931	(5,931)
Student transportation services	-	-	3,221	(3,221)
General administrative services	-	-	7,222	(7,222)
Other expenditures	-	-	(11,678)	11,678
Budgetary basis expenditures	\$ 60,721,703	\$ 61,680,757	\$ 60,032,450	\$ 1,648,307

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

**Enterprise City Board of Education
Statement of Fiduciary Net Position**

<i>September 30, 2023</i>	Custodial Funds
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Assets	
Cash and cash equivalents	\$ 4,754
<hr/>	
Liabilities	
Accounts payable	\$ 345
<hr/>	
Net Position	\$ 4,409
<hr/>	

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

Enterprise City Board of Education
Statement of Changes in Fiduciary Net Position

<i>For the year ended September 30, 2023</i>	Custodial Funds
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Revenues	
Other revenues	\$ 10,715
Expenditures	
Food service	11,710
<hr/>	
Excess revenues over expenditures	(995)
Net Position - beginning	5,404
<hr/>	
Net Position - ending	\$ 4,409
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The accompanying notes are an integral part of these financial statements.

Enterprise City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Enterprise City Board of Education (the “Board”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

Reporting Entity

GASB establishes standards for defining and reporting on the financial reporting entity. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for agencies that make up its legal entity. It is also financially accountable for a legally separate agency if its officials appoint a voting majority of that agency's governing body and either it is able to impose its will on that agency or there is a potential for the agency to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. There are no component units which should be included as part of the financial reporting entity of the Board.

The Board is a legally separate agency of the State of Alabama. However, for financial reporting, the Board is considered a component unit of the City of Enterprise, Alabama (the “City”) due to the following reasons:

1. The City appoints all members of the governing body of the Board.
2. The City makes annual appropriations to the Board.
3. The City levied a percentage of its sales tax specifically for the operations of the Board.

The financial statements of the Board include local school activity funds and other funds under the control of school principals. These funds are reported on a reporting period ended September 30, 2023, as a special revenue fund.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. These statements include the financial activities of the overall government, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Although other governments may report both governmental activities and business-type activities, the Board has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. The Board does not allocate indirect expenses to the various functions. Program revenues include (a) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and (b) charges to recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including all local taxes, are presented as general revenues.

Enterprise City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (continued)

Fund Financial Statements: The fund financial statements provide information about the Board's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The Board reports the following major governmental fund:

General Fund – This is the Board's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund. The Board's general fund primarily received revenues from the Education Trust Fund (ETF), appropriated by the Alabama Legislature, and from local taxes. The State Department of Education allocated amounts appropriated from the ETF to the Board on a formula basis.

The Board reports the following governmental fund types in the "Other Governmental Funds" column:

Special Revenue Funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. Special revenue funds consist of the following:

1. IDEA – Part B
2. Preschool Ages 3 – 5 Part B
3. Vocational Education – Basic Grant
4. Title I Part A
5. Title II Part A Supporting Effective Instruction
6. Title III Part A English Language Acquisition State Grants
7. Title IV Part A Safe & Drug-free
8. ARPA IDEA – Part B
9. ARPA Preschool Ages 3 – 5 Part B
10. CRRSA Act – ESSER II
11. ARPA Act – ESSER III & Homeless
12. Local School Activity Funds
13. Food and Nutrition
14. Summer Food Service Fund
15. Child and Adult Care
16. DoDea Grants

Local Capital Projects Fund – This fund is used to account for the Board's portion of a 7 mil district tax restricted for capital improvements and other Board assigned funds for the expansion of property and equipment owned by the Board.

Debt Service Funds – Account for the accumulation of resources for, and the payment of, the Board's principal and interest payments on long-term debt.

Other Capital Projects Funds – Account for financial resources to be used for the acquisition or construction of major capital facilities.

Enterprise City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported 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 related cash flows. Nonexchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and due. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues reported in the governmental funds (excluding state and federal reimbursements) to be available if the revenues are collected within thirty (30) days after year-end. Revenues from state and federal funds are considered available if transactions eligible for reimbursement have taken place. Expenditures generally are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the permanent funds. All annual appropriations lapse at fiscal year-end. State law requires Alabama school boards to prepare and submit to the State Superintendent of Education the annual budget adopted by the local board of education. In accordance with the regulations of the State Board of Education, the due date for submission of the budget for the 2023 fiscal year was September 15, 2022. The Board approved and submitted its original 2023 annual budget on September 1, 2022.

The 2023 budget was amended June 2023 primarily to budget carryover federal funds, adjust federal allocations, and add revenue and expenditures for fund sources not reflected in the original budget.

Enterprise City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

The City Superintendent of Education or Board cannot approve any budget for operations of the school system for any fiscal year that shows expenditures in excess of income estimated to be available plus any balances on hand. The Superintendent, with the approval of the Board, has the authority to make changes within the approved budget provided that a deficit is not incurred by such changes.

The budget is prepared under a budgetary basis of accounting that differs from GAAP. Salaries of teachers and other personnel with contracts of less than twelve months are paid over a twelve month period. Expenditures for salaries (and related fringe benefits) and interest expense are budgeted based on the amount that will be paid from budgeted revenues. However, salaries (and related benefits) earned but not paid are reported as expenditures on the financial statements. Similarly, unbudgeted capital asset acquisitions that are not financed are reported as expenditures in the fund financial statements but are not reported as expenditures for budgetary purposes. For the year ended September 30, 2023, expenditures exceeded appropriations within the capital outlay, principal retirement, and interest and fiscal charges functions for the general fund by \$805,111, \$142,178, and \$13,146, respectively. Expenditures were funded by unanticipated revenues.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

The Board's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at amortized cost. The State Attorney General has issued a legal opinion that boards of education may not put public funds at risk by investing in companies not insured by the federal government.

Receivables and Allowance for Doubtful Accounts

Receivables are reported as *receivables* in the government-wide financial statements and as *receivables* in the fund financial statements. Receivables include amounts due from grantors or grants issued for specific programs and local taxes. No allowances are made for uncollectible amounts because the amounts are considered immaterial.

Lease Receivable

The Board records revenues from lease in accordance with GASB No. 87, *Leases*. The lease receivable is initially measured at the present value of the lease payments expected to be received during the lease term. The deferred lease inflow of resources is measured as the sum of the initial measurement of the lease receivable net of lease payments received. Lease receipts result in a reduction of the lease receivable and recognition of inflows of revenues. At September 30, 2023, the Board's total lease receivable of \$206,371 was for the lease of building space.

Enterprise City Board of Education
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. GAAP requires only material balances of inventories accounted for using the purchases method to be reported as an asset in the appropriate governmental fund. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical costs in the statement of net position. Donated assets are recorded at their acquisition value at the date of donation. The cost of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are recorded as expenditures at the acquisition date in the fund financial statements. The Board has no general infrastructure assets.

Depreciation of capital assets is recorded in the statement of activities on a straight-line basis over the estimated useful life of the asset. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and the estimated useful lives of capital assets reported in the government-wide statements are as follows:

Asset Class	Capitalization Threshold	Estimated Useful Life
Land improvements - exhaustible	\$ 50,000	40 years
Buildings	50,000	40 - 50 years
Building improvements	50,000	7 - 40 years
Right-to-use	25,000	5 - 20 years
Equipment	5,000	5 - 20 years
Vehicles	5,000	5 - 7 years
Equipment under lease	5,000	5 - 20 years

The capitalization threshold for land, construction in progress, and inexhaustible land improvements is \$1 or more. However, these capital assets are not depreciated.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has three items reported in this category, deferred loss on refunding of debt, deferred outflows related to pension and deferred outflows related to OPEB. A deferred loss on refunding of debt results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is

Enterprise City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Deferred Outflows/Inflows of Resources (continued)

deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. Deferred outflows related to OPEB result from OPEB contributions related to normal and accrued employer liability (net of any refunds or error service payments) subsequent to the measurement date, the net difference between projected and actual earnings on plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions, and differences between actual and expected experience. The deferred outflows related to pensions and OPEB will be recognized as either pension or OPEB expense or a reduction in the net pension or OPEB liability in future reporting years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board has three items that qualify for reporting in this category, deferred inflows related to leases, deferred inflows related to pension, and deferred inflows related to OPEB. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. Deferred inflows related to pension and OPEB result from differences between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. The deferred inflows related to pensions or OPEB will be recognized as a reduction to pension or OPEB expense in future reporting years. The deferred inflows related to leases relate to a building lease in which the Board is the lessor. Revenue will be recognized over the life of the lease. The Board received \$45,899 and \$2,101 in principal and interest payments, respectively, during the year ended September 30, 2023.

Compensated Absences

For vacation leave and other compensated absences with similar characteristics, GASB Statement No. 16 requires the accrual of a liability (as the benefits are earned by the employees), if both of these conditions are met:

- a. The employees' right to receive compensation is attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

Professional and support employees earn nonvesting sick leave at the rate of one day per month worked. Employees may accumulate an unlimited number of sick leave days. Employees may use their accrued sick leave as membership service in determining the total years of creditable service in the Teachers' Retirement System of Alabama, with no additional cost to the Board. Because employees do not receive compensation for unused sick leave at termination, no liability is recorded on the financial statements.

Enterprise City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Compensated Absences (continued)

Professional and support personnel are provided two days of personal leave per year with pay. The State provides funding, at the substitute rate, for up to two days of personal leave per employee per year. Professional employees are paid, at the Board's substitute rate, for up to two days of unused personal leave. Because unused personal leave cannot be carried over to succeeding years, no liability for unpaid leave is accrued in the financial statements.

Certain employees are allowed two weeks of vacation per year with pay. Personnel considered full time support personnel and instructional personnel contracted for the fiscal year are eligible for vacation leave. Because unused vacation leave cannot be carried over to succeeding years, no liability for unpaid leave is accrued in the financial statements.

Unearned revenues

Unearned revenues are a liability that represents amounts received, but not yet earned.

Long-Term Obligations

In the government-wide financial statements, the unmatured principal of long-term debt and capital leases are reported in the statement of net position. Interest expense for long-term debt, including accrued interest payable, is reported in the statement of activities. For warrants (bonds) and other long-term debt issued after October 1, 2002, the related premiums and discounts are amortized under accrual accounting and the annual amortization of these accruals is included in the statement of activities. The unamortized portion is reported as an addition or deduction from the related debt on the statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Lease Obligations

GASB No. 87, *Leases*, was adopted October 1, 2021. Under this new guidance, all contracts allowing for the Board to use another entity's asset for a period greater than 12 months must be recorded as both a right-of-use (ROU) asset and a lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees.

The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment. Any contract not meeting the 12-month period requirement is recognized as rental expense.

The Board uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Board uses its estimated incremental borrowing rate as the discount rate for leases.

Enterprise City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Lease Obligations (continued)

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of lease liability are composed of fixed payments and term options that the Board is reasonably certain to exercise.

The Board monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Pension Plan

The Teachers' Retirement System of Alabama (the Plan or 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 the plan requirements. Benefits and refunds are recognized 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 Comprehensive Annual Financial Report.

Other Postemployment Benefits (OPEB) Liability

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

Categories and Classification of Fund Balance

Net position flow assumption – Sometimes the Board will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Board's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following net position categories:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant unspent proceeds at year-end related to capital assets are reported as restricted funds.

Enterprise City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Categories and Classification of Fund Balance (continued)

Restricted – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board.

Fund Balance Flow Assumptions – Sometimes the Board will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Board's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Board itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned Fund Balance – Amounts in the assigned fund balance classification are intended to be used by the Board for specific purposes but do not meet the criteria to be classified as committed. Under the Board's policy, only the Superintendent may assign amounts for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

Enterprise City Board of Education
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Categories and Classification of Fund Balance (continued)

The Board's reported governmental fund balance at September 30, 2023, is comprised of the following:

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventories	\$ -	\$ 258,811	\$ 258,811
Prepaid Expense	1,377	-	1,377
Restricted:			
Debt service	-	521,126	521,126
Assigned:			
Subsequent years' budget	-	9,802,513	9,802,513
Unassigned	32,375,227	-	32,375,227
	\$ 32,376,604	\$ 10,582,450	\$ 42,959,054

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Economic Dependency

The Board receives a substantial amount of its support from federal and state government. A significant reduction in the level of support, if this were to occur, may have a significant impact on the Board's programs and activities.

Use of Estimates

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

Enterprise City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 4, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The primary objectives of GASB 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of GASB 91 are effective for reporting periods beginning after December 15, 2021. The implementation of GASB 91 did not result in any significant change in the Board's financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The objective of GASB 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of GASB 94 are effective for fiscal years beginning after June 15, 2022. The implementation of GASB 94 did not result in any significant change in the Board's financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No.

Enterprise City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

87, *Leases*, as amended. The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which GASB 96 is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The implementation of GASB 96 did not result in any significant change in the Board's financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). This GASB 99 provides guidance on the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to the determination of the PPP term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in GASB 96, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement No. 53 to refer to resource flows statements.

The requirements of GASB 99 are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Enterprise City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

The implementation of GASB 99 did not result in any significant change in the Board's financial statements.

Pronouncements Issued But Not Yet Effective

The GASB has issued statements that will become effective in future years. These statements are as follows:

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial

Enterprise City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not Yet Effective (continued)

impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

The Board is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Board will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Board's deposits at year-end were entirely covered by federal deposit insurance or by the Security for Alabama Funds Enhancement Program (SAFE Program). The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the *Code of Alabama 1975*, Sections 41-14A-1 through 41-14A-14.

Under the SAFE Program, all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits with original maturities of greater than three months. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

All of the Board's investments were in certificates of deposit or money market deposit accounts. These deposit accounts are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

Custodial Credit Risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Board places its deposits are certified as "qualified public depositories," as required under the SAFE program. For an investment, this is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Interest Rate Risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The Board has limited its interest rate risk by investing in money market funds which are required to maintain an average dollar-weighted portfolio maturity of 90 days or less and certificates of deposits held at local banks with an original maturity of one year or less.

Enterprise City Board of Education
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable

Receivables as of September 30, 2023, consist of the following:

	General	Other Governmental	Total
State Department of Education			
IDEA-Part B	\$ -	\$ 160,422	\$ 160,422
IDEA-Part B - ARPA	-	38,446	38,446
Pre-School Part B- Ages 3-5	-	1,845	1,845
IDEA-Part B Preschool- ARPA	-	3,587	3,587
Title I, Part A	-	141,611	141,611
Title II, Part A – Teacher and Principal Training	-	21,990	21,990
Title III – English Lang. Acq., Lang. Enhance. & Acad.	-	15	15
Title IV - Student Support and Academic Achievement	-	13,504	13,504
Vocational Education	-	48,527	48,527
CARES Act	-	508,071	508,071
Child and Adult Care	-	47,446	47,446
Child Nutrition Program	-	586,168	586,168
Teams Contracts	75,284	-	75,284
CTI - Equipment Grant	86,513	-	86,513
Jobs for Alabama's Graduates	15,783	-	15,783
Career Tech	15,000	-	15,000
High Needs Special Education	16,717	-	16,717
Alabama Medicaid Outreach	84,516	-	84,516
Coffee County Rev. Commissioner	846,231	-	846,231
City of Enterprise	1,033,247	-	1,033,247
Other County and Local Taxes	130,659	-	130,659
Department of Defense	-	456,401	456,401
Other	77,089	10,064	87,153
Total receivables	\$ 2,381,039	\$ 2,038,097	\$ 4,419,136

The Board deems all amounts collectible and, therefore an allowance for doubtful accounts is not necessary.

Leases – Lessor

The Board accounts for leases in accordance with GASB Statement No. 87, *Leases*. The Board's operations consist of an agreement for use of a building by the City of Enterprise. The agreement will expire in FY 28. The Board recognized \$45,899 of lease principal and \$2,101 of lease interest for the year ended September 30, 2023.

The Board is expected to collect \$40,098 in principal and \$7,902 in interest in FY 24.

Enterprise City Board of Education
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2023:

For the year ended, September 30, 2023	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 6,315,097	\$ 2,158,754	\$ -	\$ 8,473,851
Construction in progress	9,157,545	3,609,969	4,642,242	8,125,272
Total capital assets, not being depreciated	15,472,642	5,768,723	4,642,242	16,599,123
Capital assets, being depreciated:				
Buildings	150,295,129	-	-	150,295,129
Building improvements	21,167,513	3,002,173	-	24,169,686
Furniture and equipment	13,392,858	358,358	1,188,595	12,562,621
Total other capital assets at historical cost	184,855,500	3,360,531	1,188,595	187,027,436
Less accumulated depreciation for:				
Buildings	50,123,662	3,693,520	-	53,817,182
Building improvements	7,234,794	614,231	-	7,849,025
Furniture and equipment	8,430,109	904,242	1,183,111	8,151,240
Total accumulated depreciation	65,788,565	5,211,993	1,183,111	69,817,447
Total capital assets, being depreciated, net	119,066,935	(1,851,462)	5,484	117,209,989
Right-to-use lease assets, being amortized				
Equipment	567,691	345,478	248,504	664,665
Less accumulated amortization for				
Equipment	390,222	140,369	248,504	282,087
Right-to-use lease assets, being amortized, net	177,469	205,109	-	382,578
Total governmental activities capital and right-to-use lease assets, net	\$ 134,717,046	\$ 4,122,370	\$ 4,647,726	\$ 134,191,690

Enterprise City Board of Education
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

Depreciation and amortization expense was allocated to the governmental functions in the statement of activities as follows:

<i>For the year ended September 30,</i>	<i>2023</i>
Instructional services	\$ 4,246,788
Instructional support services	372
Operation and maintenance services	210,783
Student transportation services	556,831
Food services	106,979
General and administrative	218,520
Other expenditures	12,089
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Total governmental activities depreciation and amortization expense	\$ 5,352,362

Unearned Revenue

Daily lunch and breakfast sales received but not yet expended represent \$118,319 in revenues for the Special Revenue Food & Nutrition Fund that will be recognized subsequent to year end.

Long-Term Debt and Liabilities

Bonds Payable

2017 Capital Outlay Warrants

On October 2, 2017, the Board issued \$3,711,000 of Series 2017 Capital Outlay Warrants. The proceeds were used to refund, on a current basis, a portion of the outstanding Capital Outlay Warrants Series 2010. Interest rates are 2.34 percent. Principal payments are due annually on March 1, and interest payments are due semi-annually on March 1 and September 1.

The warrants are secured by a pledge and assignment of the Board's allocable portion of the proceeds of a special franchise, excise and privilege license tax.

Annual debt service requirements to maturity for the 2017 Capital Outlay Warrants are as follows:

For the years ending			Principal			Interest
September 30,						
2024	\$	374,000	\$	61,636		
2025			382,000			52,790
2026			395,000			43,700
2027			402,000			34,375
2028			413,000			15,839
2029-2030			855,000			10,878
		<hr/>				
		\$	2,821,000	\$	219,218	

**Enterprise City Board of Education
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

Series 2015-B Pool Refunding Bonds

The Series 2015-B Bonds were issued pursuant to Act 1998-373 and 2009-813 enacted by the Alabama Legislature, and proceeds from the sale of the Series 2015-B Bonds were used to pay the costs of advance refunding and retiring the Refunded Series 2009-C Bonds and to pay the costs of issuing the Series 2015-B Bonds. The Board received a loan of \$2,947,375 of PSCA funds in 2015.

The loan is scheduled to be paid back through a reduction of annual Public School Fund allocations received from the Alabama Department of Education. Principal payments are due annually on May 1, and interest payments are due semi-annually May 1 and November 1. Interest rates range from 3.00 to 5.00% of the original amount borrowed.

The Authority expects that the capital outlay funds pledged by said local boards will be approximately equal to and may be used for payment of debt service on the Series 2015-B Bonds. Such capital outlay funds will not be pledged as security for the Series 2015-B bonds and holders of the Series 2015-B bonds will have no recourse against such capital outlay funds.

The Board recognized a deferred loss on refunding on issuance of the Series 2015-B bonds in the amount of \$420,507. Amortization of the deferred loss on refunding for the year ended September 30, 2023 was \$41,169.

Annual debt service requirements to maturity for the Series 2015-B Pool Refunding Bonds are payable as follows:

For the years ending September 30,	Principal	Interest
2024	\$ 293,128	\$ 85,666
2025	307,676	71,010
2026	322,843	55,626
2027	338,320	39,484
2028	355,344	22,568
2029	160,058	4,801
	\$ 1,777,369	\$ 279,155

Leases Payable

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

The Board has entered into multiple lease agreements as lessee for equipment that qualify as leases for accounting purposes.

Enterprise City Board of Education
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Leases Payable (continued)

The present value of the future minimum lease payments is as follows:

For the years ending September 30,	Principal	Interest
2024	\$ 109,842	\$ 13,988
2025	81,846	10,162
2026	85,350	6,658
2027	85,103	3,017
2028	26,887	486
	<u>\$ 389,028</u>	<u>\$ 34,311</u>

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Leases	\$ 185,728	\$ 345,478	\$ (142,178)	\$ 389,028	\$ 109,842
2015-B Pool					
Refunding Bonds	2,056,568	-	(279,199)	1,777,369	293,128
2017 Capital					
Outlay Warrants	3,186,000	-	(365,000)	2,821,000	374,000
Unamortized					
Bond Premiums	271,029	-	(41,169)	229,860	41,169
Governmental activity long-term liabilities	<u>\$ 5,699,325</u>	<u>\$ 345,478</u>	<u>\$ (827,546)</u>	<u>\$ 5,217,257</u>	<u>\$ 818,139</u>

**Enterprise City Board of Education
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Net Investment In Capital and Right-to-Use Assets

The elements of this calculation are as follows:

Capital and right-to-use assets (net)	\$ 134,191,690
Outstanding debt related to capital and right-to-use lease assets	(4,923,385)
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Net investment in capital and right-to-use lease assets	\$ 129,268,305
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Interfund Receivables, Payables and Transfers

Transfers Out	Transfers In		Total
	General Fund	Nonmajor Governmental Funds	
General fund	\$ -	\$ 322,094	\$ 322,094
Nonmajor governmental funds	114,298	380,124	494,422
<hr/>		<hr/>	
	\$ 114,298	\$ 702,218	\$ 816,516
<hr/>		<hr/>	

Note 3: EMPLOYEE RETIREMENT PLAN

Plan Description

The Teachers' Retirement System of Alabama (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 operating of 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 employees 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.

Enterprise City Board of Education Notes to Financial Statements

Note 3: EMPLOYEE RETIREMENT PLAN (Continued)

Benefits Provided (continued)

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

Act 316 of the Legislature of 2019 established the Partial Lump Sum Option Plan (PLOP) in addition to the annual service retirement benefit payable for life for Tier 1 and Tier 2 members of the TRS and ERS. 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 or ERS on or after October 1, 2019. A TRS or ERS 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 a 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.

Participating employers' contractually required contribution rate for the year ended September 30, 2022 was 12.36% of annual pay for Tier 1 members and 11.22% 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 Board were \$5,174,386.

Enterprise City Board of Education
Notes to Financial Statements

Note 3: EMPLOYEE RETIREMENT PLAN (Continued)

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

At September 30, 2023, the Board reported a liability of \$79,592,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers.

At September 30, 2023, the System's proportion was 0.512147%, which was an increase of 0.008257% from its proportion measured as of September 30, 2021.

For the year ended September 30, 2023, the Board recognized pension expense of \$10,072,942. At September 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,750,000	\$ 1,931,000
Changes of assumptions	3,612,000	-
Net difference between projected and actual earnings on pension plan investments	15,971,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,923,000	2,770,000
Employer contributions subsequent to the measurement date	5,174,386	-
Total	\$ 30,430,386	\$ 4,701,000

\$5,174,386 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,

2024	\$	5,895,000
2025		4,165,000
2026		3,973,000
2027		6,522,000

The total pension liability as of September 30, 2022 was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Projected salary increases	3.25% - 5.00%	
Investment rate of return*	7.45%	
* Net of pension plan investment expense		

Enterprise City Board of Education
Notes to Financial Statements

Note 3: EMPLOYEE RETIREMENT PLAN (Continued)

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

The actuarial assumptions used in the actuarial valuation as of September 30, 2021, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021, which became effective at the beginning of fiscal year 2021. Mortality rates for TRS 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% > ages 74, Phasing down 69-74
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed income	15.00%	2.80%
U.S. large stocks	32.00%	8.00%
U.S. mid stocks	9.00%	10.00%
U.S. small stocks	4.00%	11.00%
International developed market stocks	12.00%	9.50%
International emerging market stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real estate	10.00%	6.50%
Cash	5.00%	2.50%
Total	100.00%	

* Includes assumed rate of inflation of 2.00%

**Enterprise City Board of Education
Notes to Financial Statements**

Note 3: EMPLOYEE RETIREMENT PLAN (Continued)

Changes in Net Pension Liability and Sensitivity to Changes in 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.

The following table presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 7.45%, as well as what the Board’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%)
Board's net pension liability	\$ 102,988,000	\$ 79,592,000	\$ 59,884,000

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2022. The auditor’s report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Plan Description

The Alabama Retired Education Employees’ Health Care Trust (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 PEEHIP. Active and retiree health insurance benefits are paid through the Public Education Employees’ Health Insurance Plan (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 Comprehensive Annual Financial Report.

Enterprise City Board of Education Notes to Financial Statements

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Plan Description (continued)

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 PEEHIP are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

Benefits Provided

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

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

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

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retired members and covered dependents are eligible to enroll in the PEEHIP Supplemental Medical Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. Members who are enrolled in the PEEHIP Hospital Medical Plan (Group 14000), VIVA Health Plan (offered through PEEHIP), Marketplace (Exchange) Plans, State Employees Insurance Board (SEIB), Local Government Board (LGB), Medicare, Medicaid, ALL Kids, Tricare, or Champus as their primary coverage, or are enrolled in a

Enterprise City Board of Education Notes to Financial Statements

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Benefits Provided (continued)

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, 2020, Medicare eligible members and Medicare eligible dependents covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract. The MAPDP plan is fully insured by UHC and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Contributions

The *Code of Alabama 1975, Section 16-25A-8* and the *Code of Alabama 1975, Section, 16-25A-8.1* provide the 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.

Enterprise City Board of Education
Notes to Financial Statements

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

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

At September 30, 2023, the Board reported a liability of \$10,960,046 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021. The Board's proportion of the net OPEB liability was based on a projection of the Board's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2022, the Board's proportion was 0.629003%, which was an increase of 0.042994% from its proportion measured as of September 30, 2021.

For the year ended September 30, 2023, the System recognized OPEB expense of (\$5,747,885), with no special funding situations. At September 30, 2023, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 502,671	\$ 22,160,313
Changes of assumptions	8,890,095	15,953,007
Net difference between projected and actual earnings on OPEB plan investments	1,378,330	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,749,562	3,711,166
Employer contributions subsequent to the measurement date	877,393	-
Total	\$ 15,398,051	\$ 41,824,486

\$877,393 reported as deferred outflows of resources related to OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2024.

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

Year ending September 30,

2024	\$ (6,861,702)
2025	(7,152,598)
2026	(3,507,039)
2027	(3,132,479)
2028	(4,133,834)
Thereafter	(2,516,176)

**Enterprise City Board of Education
Notes to Financial Statements**

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Actuarial Assumptions

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

Inflation	2.50%
Salary increases ¹	3.25% - 5.00%
Long-term investment rate of return ²	7.00%
Municipal Bond Index rate at the measurement date	4.40%
Municipal Bond Index rate at the prior measurement date	2.29%
Year fiduciary net position (FNP) is projected to be depleted	N/A
Single equivalent interest rate the measurement date	7.00%
Single equivalent interest rate the prior measurement date	3.97%
Healthcare cost trend rate	
Pre-Medicare eligible	6.50%
Medicare eligible	**
Ultimate trend rate	
Pre-Medicare eligible	4.50% in 2031
Medicare eligible	4.50% in 2027

¹ Includes 2.75% wage inflation.

² Compounded annually, net of investment expense, and including inflation.

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

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

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

Enterprise City Board of Education
Notes to Financial Statements

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Actuarial Assumptions (continued)

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, 2021 valuation.

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed income	30.00%	4.40%
U.S. large stocks	38.00%	8.00%
U.S. mid stocks	8.00%	10.00%
U.S. small stocks	4.00%	11.00%
International developed market stocks	15.00%	9.50%
Cash	5.00%	1.50%
Total	100.00%	

*Geometric mean, includes 2.5% inflation

Discount Rate

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

**Enterprise City Board of Education
Notes to Financial Statements**

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Discount Rate (continued)

Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is \$800 per active member for participating employers. Approximately, 15.27% of the employer contributions were used to assist in funding retiree benefit payments in 2022, and it is assumed that the 15.27% will increase or decrease at the same rate as expected benefits for the closed group with a cap of 20.00%. It is assumed the \$800 rate will increase with inflation at 2.50% starting in 2027.

The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Projected future benefit payments for all current plan members are projected through 2120.

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

The following table presents the Board'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 (5.50% decreasing to 3.50% for pre- Medicare, Known decreasing to 3.50% for Medicare eligible)	Current Healthcare Trend Rate (6.50% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare eligible)	1% Increase (7.50% decreasing to 5.50% for pre- Medicare, Known decreasing to 5.50% for Medicare eligible)
Net OPEB liability	\$ 8,311,025	\$ 10,960,046	\$ 14,208,821

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability	\$ 13,550,478	\$ 10,960,046	\$ 8,785,455

OPEB Plan Fiduciary Net Position

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

Enterprise City Board of Education Notes to Financial Statements

Note 5: RISK MANAGEMENT

The Board 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 Board purchases commercial property and liability insurance for its buildings and contents, fidelity bonds, and vehicles. Errors and omissions insurance is purchased from Alabama Trust for Boards of Education (ATBE), a public entity risk pool. ATBE collects the premiums and purchases commercial insurance for the amount of coverage requested by pool participants. Settled claims in the past three years have not exceeded the commercial insurance coverage.

Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIF) administered by the Public Education Employees' Health Insurance Board. 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 set annually based on the amounts necessary to fund coverage. The Board contributes the specified amount monthly to the PEEHIF for each employee.

The State Board of Adjustments is a state agency with which people can file claims against the Board to collect reimbursement for damages when all other means have been exhausted. The Board does not have insurance coverage for job-related injuries. Claims for employee job related injuries may be filed with the State Board of Adjustment. The Board of Adjustment determines if a claim is valid and determines the proper amount of compensation. Payments are made from state appropriated funds at no cost to the Board. No claims or related settlements have occurred in the past three years.

Note 6: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the Board is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Board, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Board or results of activities.

The Board had various active construction projects as of September 30, 2023 with estimated commitments totaling \$20,806,262. Approximately, \$8,125,272 has been expended under these contracts as of September 30, 2023, the remainder of which will be funded with grant funds.

**Enterprise City Board of Education
Required Supplementary Information
Schedule of the Employer's Proportionate Share of the Net Pension Liability
Teachers' Retirement System of Alabama
Last Nine Fiscal Years**

<i>As of and for the year ended September 30,</i>	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the collective net pension liability	0.512147%	0.503890%	0.463025%	0.528129%	0.507430%	0.506802%	0.489417%	0.491541%	48.793300%
Employer's proportionate share of the collective net pension liability	\$ 79,592,000	\$ 47,468,000	\$ 57,275,000	\$ 58,395,000	\$ 49,787,000	\$ 49,811,000	\$ 52,984,000	\$ 51,443,000	\$ 44,327,000
Employer's covered payroll during the measurement period*	\$ 39,966,267	\$ 37,010,401	\$ 36,190,473	\$ 35,020,282	\$ 33,750,933	\$ 33,770,072	\$ 31,307,653	\$ 31,055,256	\$ 30,972,319
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	199.15%	128.26%	158.26%	166.75%	147.51%	147.50%	169.24%	165.65%	143.12%
Plan fiduciary net position as a percentage of the total pension liability	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

*Employer's covered payroll during the measurement period is the total payroll on which contributions to the pension plan are based. For FY 2023, the measurement period is October 1, 2021 through September 30, 2022.

Note to Schedule

Note 1: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the Board is presenting information for only the years for which information is available.

**Enterprise City Board of Education
Required Supplementary Information
Schedule of Employer's Contributions
Teachers' Retirement System of Alabama
Last Nine Fiscal Years**

<i>As of and for the year ended September 30,</i>	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 5,174,386	\$ 4,797,942	\$ 4,411,232	\$ 4,356,692	\$ 4,227,906	\$ 4,018,848	\$ 3,967,064	\$ 3,679,325	\$ 3,613,852
Contributions in relation to the actuarially determined contribution	5,174,386	4,797,942	4,411,232	4,356,692	4,227,906	4,018,848	3,967,064	3,679,325	3,613,852
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 42,696,421	\$ 39,966,267	\$ 37,010,401	\$ 36,190,473	\$ 35,020,282	\$ 33,750,933	\$ 33,770,072	\$ 31,307,653	\$ 31,055,256
Contributions as a percentage of covered payroll	12.12%	12.00%	11.92%	12.04%	12.07%	11.91%	11.75%	11.75%	11.64%

Note to Schedule

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

Note 2: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the Board is presenting information for only the years for which information is available.

**Enterprise City Board of Education
Required Supplementary Information
Schedule of the Employer's Proportionate Share of the Net OPEB Liability
Alabama Retired Education Employees' Health Care Trust
Last Six Fiscal Years**

<i>As of and for the year ended September 30,</i>	2023	2022	2021	2020	2019	2018
Employer's proportion of the collective net OPEB liability	0.629003%	0.586009%	0.581550%	0.667362%	0.642867%	0.633367%
Employer's proportionate share of the collective net OPEB liability	\$ 10,960,046	\$ 30,277,992	\$ 37,741,785	\$ 25,178,019	\$ 52,835,480	\$ 47,042,883
Employer's covered-employee payroll during the measurement period*	\$ 39,966,267	\$ 37,010,401	\$ 36,190,473	\$ 35,020,282	\$ 33,750,933	\$ 33,770,072
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	27.42%	81.81%	104.29%	71.90%	156.55%	139.30%
Plan fiduciary net position as a percentage of the total collective OPEB liability	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

*Employer's covered-employee payroll during the measurement period is the total covered-employee payroll. For FY 2023, the measurement period is October 1, 2021 through September 30, 2022.

Note to Schedule

Note 1: GASB Codification P52 requires an employer to disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

Note 2: For years following the valuation date (when no new valuation is performed), covered payroll has been set to equal to the covered payroll from the most recent valuation.

**Enterprise City Board of Education
Required Supplementary Information
Schedule of Employer's Contributions
Alabama Retired Education Employees' Health Care Trust
Last Six Fiscal Years**

<i>As of and for the year ended September 30,</i>	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 877,393	\$ 1,221,821	\$ 1,023,712	\$ 1,151,552	\$ 1,898,055	\$ 1,570,137
Contributions in relation to the actuarially determined contribution	877,393	1,221,821	1,023,712	1,151,552	1,898,055	1,570,137
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 42,696,421	\$ 39,966,267	\$ 37,010,401	\$ 36,190,473	\$ 35,020,282	\$ 33,750,933
Contributions as a percentage of covered-employee payroll	2.05%	3.06%	2.77%	3.18%	5.42%	4.65%

Notes to Schedule

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

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

Enterprise City Board of Education Notes to Required Supplementary Information

PENSION

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

Methods and Assumptions Used to Determine Contribution Rates

Actuarially determined contribution rates as of September 30, two years prior to the beginning of the fiscal year in which contributions are reported. Methods and assumptions used to determine the contribution rate:

	General Employees
Inflation	2.50%
Salary increases (including inflation)	3.25 - 5.00%
Investment rate of return *	7.45%

*Net of pension plan investment expense

OPEB

Changes in Actuarial Assumptions

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

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

Recent Plan Changes

Beginning in plan year 2021, the Medicare Advantage (MAPD) plan premium rates exclude the Affordable Care Act (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.

Enterprise City Board of Education Notes to Required Supplementary Information

Methods and Assumptions Used to Determine Contribution Rates

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	22 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare cost trend rates	
<i>Pre-Medicare Eligible</i>	6.75%
<i>Medicare Eligible</i>	**
Ultimate Trend Rate	
<i>Pre-Medicare Eligible</i>	4.75%
<i>Medicare Eligible</i>	4.75%
Year of Ultimate Trend Rate	2027 for Pre-Medicare Eligible 2024 for Medicare Eligible
Optional Plans Trend Rate	2.00%
Investment Rate of Return	5.00%, including inflation

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



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

Members of the Board
Enterprise City Board of Education
Enterprise, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Enterprise City Board of Education (the “Board”) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Board’s basic financial statements, and have issued our report thereon dated April 4, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

Enterprise, Alabama

April 4, 2024



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

Members of the Board
Enterprise City Board of Education
Enterprise, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Enterprise City Board of Education's (the “Board's”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Board’s major federal programs for the year ended September 30, 2023. The Board’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Board 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 Board’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 Board's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board'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 Board'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 Board'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 Board'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 Board's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Carr, Riggs & Ingram, L.L.C.
CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
April 4, 2024

**Enterprise City Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
c. Noncompliance material to financial statements noted?	No

Federal Awards

1. Type of auditor's report issued on compliance for major programs	Unmodified
2. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
4. Identification of major programs	

Assistance Listing Number(s)

Name of Federal Program or Cluster

84.425D	Education Stabilization Fund
84.425U	CARES Act ESSER II
84.010	CARES Act ESSER III
	Title I Grants to Local Educational Agencies

5. Dollar threshold used to distinguish between type A and type B programs?	\$ 750,000
6. Auditee qualified as low-risk under 2CFR 200.520?	No

Section II - Financial Statements Findings

No such findings in the current year.

**Enterprise City Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023**

Section III – Federal Award Findings and Questioned Costs

No such findings or questioned costs in the current year.

Section IV – Prior Findings and Questioned Costs for Federal Awards

Item 2022-001 – Special Tests and Provisions - Wage Rate Requirements

Condition: Adequate controls were not in place to ensure that contractors and subcontractors were notified of the requirements to comply with the wage rate requirements and provided timely certified payrolls throughout the construction projects.

Recommendation: Controls should be put in place to ensure the prevailing wage rate clauses are included in the contracts and that certified payrolls are received for each week in which construction work is performed.

Current Status: Corrective action was taken.

**Enterprise City Board of Education
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023**

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
Social Security Administration				
Passed through State Department of Education Disability Insurance/SSI Cluster				
Social Security Disability Insurance***	96.001	N/A	\$ -	\$ 820
U.S. Department of Education				
Direct Program:				
Impact Aid	84.041	N/A	-	1,307,658
Passed through State Department of Education				
COVID-19 - Education Stabilization Fund - CARES Act ESSER II	84.425D	180	-	110,967
COVID-19 - Education Stabilization Fund - CARES Act ESSER III	84.425U	180	-	4,193,786
COVID-19 - Education Stabilization Fund - CARES Act ESSER Homeless Children and Youth	84.425W	180	-	13,552
Subtotal for 84.425			-	4,318,305
Special Education Cluster				
Special Education - Grants to States**	84.027	180	-	1,290,281
COVID-19 - ARPA - IDEA Part B**	84.027X	180	-	236,189
Subtotal for 84.027			-	1,526,470
Special Education - Preschool Grants**	84.173	180	-	21,592
COVID-19 - ARPA - IDEA Part B Preschool**	84.173X	180	-	14,007
Subtotal for 84.173			-	35,599
Subtotal Special Education Cluster			-	1,562,069
Title I Grants to Local Educational Agencies	84.010	180	-	1,243,276
Supporting Effective Instruction State Grant	84.367	180	-	233,929
English Language Acquisition State Grants	84.365	180	-	46,753
Student Support and Academic Enrichment	84.424A	180	-	85,547
Career and Technical Education – Basic Grants to States	84.048	180	-	104,128
Subtotal			-	1,713,633
Total U.S. Department of Education			-	8,901,665

(Continued)

See independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

**Enterprise City Board of Education
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023**

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Passed through State Department of Education				
Child Nutrition Cluster				
National School Lunch Program*(N)	10.555	180	-	230,481
National School Lunch Program*	10.555	180	-	2,118,975
COVID-19 - National School Lunch Program*	10.555	180	-	189,650
Subtotal for 10.555				- 2,539,106
School Breakfast Program*	10.553	180	-	558,527
Summer Food Service Program for Children*	10.559	180	-	144,621
Fresh Fruit and Vegetable Program*	10.582	180	-	250,895
Subtotal Child Nutrition Cluster				- 3,493,149
Child and Adult Care Food Program (CACFP)	10.558	180	-	232,895
Total U.S. Department of Agriculture				- 3,726,044
U.S. Department of Defense				
Direct Programs				
ROTC Language and Cultural Training Grants	12.357	N/A	-	113,931
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	N/A	-	1,125,903
Total U.S. Department of Defense				- 1,239,834
Total expenditures of federal awards			\$	- \$ 13,868,363

* Child Nutrition Cluster

** Special Education Cluster

*** Disability Insurance / SSI Cluster

(N) USDA Donated Food – No actual cash transactions.

See independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

Enterprise City Board of Education
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Child Nutrition Cluster - Includes awards that assist States in administering food services that provide healthful, nutritious meals to eligible children in public and non-profit private schools, residential child care institutions, and summer recreation programs; and encourage the domestic consumption of nutritious agricultural commodities.

Special Education Cluster - Includes awards that ensure that all children with disabilities have available to them a free appropriate public education which emphasizes special education and related services designed to meet their unique needs; ensure that the rights of children with disabilities and their parents or guardians are protected; assist States, localities, educational service agencies and Federal agencies to provide for the education of all children with disabilities; and assess and ensure the effectiveness of efforts to educate children with disabilities.

Disability Insurance/SSI Cluster - Includes awards that provide benefits to disabled wage earners and their families in the event the family wage earner becomes disabled. These awards provide payments to financially needy individuals who are aged, blind, or disabled.

Note 2: INDIRECT COST RATE

The Board has not elected to use the 10% de minimis cost rate.

Note 3: LOANS AND LOAN GUARANTEES

The Board did not have any loans or loan guarantee programs required to be reported on the schedule for the fiscal year ended September 30, 2023.

Note 4: SUBRECIPIENTS

The Board did not provide federal funds to subrecipients for the fiscal year ending September 30, 2023.

Enterprise City Board of Education
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Note 5: RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS

The amounts reflected in the financial reports submitted to the awarding federal, state and/or pass-through agencies and the SEFA may differ. Some of the factors that may account for any difference include the following:

- The Board's fiscal year end may differ from the program's year end.
- Accruals recognized in the SEFA, because of year end procedures, may not be reported in the program financial reports until the next program reporting period.

Fixed asset purchases and the resultant depreciation charges are recognized as fixed assets in the Board's financial statements and as expenditures in the program financial reports and the SEFA.

Note 6: FEDERAL PASS-THROUGH FUNDS

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

Note 7: DONATED FOOD PROGRAM

The value of non-cash commodities received from the federal government in connection with the donated food program is reflected in the accompanying financial statements. The total assigned value of commodities donated was \$230,481 for fiscal year 2023.

Note 8: CONTINGENCIES

Grant monies received and disbursed by the Board are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Board does not believe that such disallowance, if any, would have a material effect on the financial position of the Board. As of April 4, 2024, there were no known material questioned or disallowed costs as a result of grant audits in process or completed.