

Financial Statements

City of Enterprise

September 30, 2021

**City of Enterprise
Enterprise, Alabama
September 30, 2021**

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Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Enterprise
Enterprise, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Enterprise, Alabama, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Enterprise, Alabama's basic financial statements as listed in the table of contents. We did not audit the financial statements of Enterprise Water Works Board, which is both a major fund and sixty-two percent, fifty-seven percent, and sixty-three percent, respectively, of the assets, net position, and revenues of the business-type activities.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Enterprise Water Works Board, which is both a major fund and represents sixty-two percent, fifty-seven percent, and sixty-three percent, respectively, of the assets, net position, and revenues of the business-type activities.

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Florida Institute of Certified Public Accountants* / Private Companies Practice Section

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Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Enterprise Water Works Board, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Enterprise, Alabama, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension and other postemployment benefit schedules on pages 5 through 20 and pages 114 through 119 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, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Enterprise, Alabama's basic financial statements. The combining nonmajor fund financial statements and schedules of combined revenues and combined departmental expenditures are presented for purposes of additional analysis and are not a required part of the 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* 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 combining nonmajor fund financial statements, schedules of combined revenues and combined departmental expenditures and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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

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Members of the City Council
City of Enterprise

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 combining nonmajor fund financial statements, schedules of combined revenues and combined departmental expenditures, and the schedule of expenditures of federal awards are 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 August 31, 2022, on our consideration of the City of Enterprise, Alabama'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 City of Enterprise, Alabama'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 City of Enterprise, Alabama's internal control over financial reporting and compliance.

August 31, 2022


Brunson, Wilkerson, Bowden & Associates, P.C.
Enterprise, Alabama

**City of Enterprise
Enterprise, Alabama
Management's Discussion and Analysis
September 30, 2021**

As the Treasurer for the City of Enterprise, Alabama, I offer the following management discussion and analysis as an overview of the City's financial activities for the fiscal year ended September 30, 2021.

The City of Enterprise (referred to as the "City" in this document) Management's Discussion and Analysis is a narrative based overview that means to serve the reader in several different ways. This document should (a) provide clarity on significant financial issues, (b) provide an overview of the City's financial activities, (c) identify changes in the City's financial position (as well as ways to address these changes and adapt to future challenges), (d) identify material deviations from the approved budget, and (e) identify any concerns or issues related to individual funds.

The Management's Discussion and Analysis (MD&A) focuses on the year ending September 30, 2021. This document is meant to be used in conjunction with the City's financial statements that follow this analysis. This document along with the financial statements should provide a clear picture of where the City of Enterprise is financially and clarify any deviations from the financial plan during the year ending September 30, 2021.

Financial Highlights

- The City of Enterprise's total net position increased by \$14,055,954 (354%). The City moved from a net position of (\$3,973,418) on September 30, 2020 to a net position of \$10,082,536 on September 30, 2021. A detailed explanation of this change can be found later in this document.
- Total net position for governmental activities increased by \$15,208,737 (93.64%), thus totaling (\$1,033,064) for the year ending September 30, 2021.
- The City reported a governmental fund balance of \$93,176,251 on September 30, 2020. This was an increase of \$72,237,017 from the ending balance of \$20,939,234 on September 30, 2020.
- Total Governmental revenue increased by \$7,916,191. The city had governmental revenue of \$47,282,562 in FY2021 compared to governmental revenue of \$39,366,371 in FY2020.
- Taxes, the City's biggest source of revenue, increased by \$4,381,730. The total tax revenue for FY2021 was \$34,346,397 compared to total tax revenue in FY2020 of \$29,964,667.
- At year end, the City reported a balance of \$14,566,498 in the unassigned fund balance category that is free to be spent at the City's discretion.

City of Enterprise
Enterprise, Alabama
Management's Discussion and Analysis
September 30, 2021

Financial Highlights (Continued)

- The City's Business Activities include the Enterprise Water Works Board and the Sewer Fund and reflects a decrease in Net Position of \$1,152,783 related to the refunding of bonds during FY2021.
- Business-Type Activities of the Enterprise Water Works Board reported an increase in operating revenues of \$44,399. Sewer operating revenues also reported an increase of \$62,634.
- In FY 2021, the Water Works Board realized an increase in total net position of \$903,957 and reduced the unrestricted deficit net position by \$2,872,807.
- Net income before transfers for the Sewer Fund was \$35,233.
- In FY 2021, the City appropriated \$5,984,733 to the Schools for operations.
- In November 2020, the City issued Series 2020-A General Obligation Warrants in the amount of \$3,745,000 at an interest rate of 2%. The purpose of the issuance was to finance certain capital improvements within the City and to pay the cost of issuing the Series 2020-A Warrants.
- In November 2020, the City issued Series 2020-B Taxable General Obligation Bonds in the amount of \$40,395,000. The purpose of this issuance was to refund fully or partially some of the City's General Obligation Warrants. The proceeds of the bond issuance were split between the City, Sewer Fund and Water Works. Details of this issuance can be found on pages (78-79) in the notes to the financial statements.
- In April 2021, the City issued Series 2021-A General Obligation Warrants in the amount of \$26,980,000. The purpose of this issuance was to refund a portion of the City's Series 2015 Warrants and certain outstanding commercial loans, as well as financing certain capital improvements within the City. Proceeds of the bond issuance, as well as costs of the bond issuance, were split between the City and the Water Works Board. Details of this issuance can be found on pages (80-81) in the notes to the financial statements.
- In April 2021, the City issued Series 2021-B Taxable General Obligation Warrants in the amount of \$7,965,000. The purpose of which was to advance refund a portion of the City's Series 2014 Warrants and refund all or a portion of certain outstanding commercial bank loans incurred by the City and to finance hangar improvements at the City airport. Details of this issuance can be found on pages (82-83) in the notes to the financial statements.

**City of Enterprise
Enterprise, Alabama
Management's Discussion and Analysis
September 30, 2021**

Financial Highlights (Continued)

- In May 2021, the City issued Series 2021-C General Obligation Warrant in the amount of \$32,170,000. The purpose of which was to finance the cost of certain improvements within the City and to pay the costs of issuing the Series 2021-C Warrants. Details of this issuance and a payment schedule can be found on pages (83-84) in the notes to the financial statements.
- Standard & Poor's Global Ratings assigned a long-term rating to the Series 2021 Warrants as follows:

Standard & Poor's: AA-

Overview of the Financial Statements

This Management's Discussion and Analysis is intended to be used in conjunction with the financial statements to gain a clear picture of the financial standing of the City of Enterprise. The City's basic financial statements are made up of government-wide financial statements, fund financial statements, and notes to the financial statements. There is also supplementary information provided in this packet to help the reader understand the financial position of the City.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide an overview of the City of Enterprise's finances in a manner that resembles a private business. In these statements, activities are broken up into governmental and business-type activities in separate columns that are then totaled for the City as a whole. The government-wide financial statements not only include the City (the primary government), but also legally separate components, the Enterprise Board of Education, Enterprise Public Library and the Industrial Development Board, for which the City is financially accountable. The City allocates a portion of sales tax proceeds to the Enterprise Board of Education and serves as a vehicle for certain financial obligations of the Industrial Development Board.

Annual appropriations are made to the Public Library for operations and maintenance. The City owns the building housing the Library. Financial information for these component units is reported separately from the information presented in primary government itself. The government-wide financial statements begin on page 21.

**City of Enterprise
Enterprise, Alabama
Management's Discussion and Analysis
September 30, 2021**

Government-Wide Financial Statements (Continued)

The *statement of net position* (page 21) presents information on all of the City of Enterprise's assets and deferred outflows of resources; and liabilities and deferred inflow of resources; with the difference being reported as net position. This statement can provide a high-level view of whether the City of Enterprise is improving or weakening by noting increases or decreases in net position. The City saw an increase in net position of \$14,055,954 during FY21. This increase in large part is related to grant funding being held in restricted cash and an increase in tax receipts.

The *statement of activities* presents information focused on both gross and net costs to show how the City's net position has changed during the fiscal year. This is intended to summarize and simplify the reader's analysis of cost and revenue for various governmental services. This report also provides information on revenues to be collected in future fiscal years.

Both of the government-wide financial statements distinguish functions of the City that are supported primarily by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recoup all of, or a significant portion of, the cost of operations, including depreciation expense, through user fees or charges for services (business-type activities). The governmental activities for the City of Enterprise include: General Government, Public Safety, Highways and Streets, Health and Sanitation, Culture and Recreation, Judicial, Airport Authority, Engineering, Fleet Maintenance, Education-City School System, Economic Development, and Interest/Fiscal charges. Business type activities include the Water Works Board and the Sewer Fund.

Fund Financial Statements

A *fund* is a group of related accounts that the city uses to keep track of specific revenues and expenses that are used for specific purposes. There are three types of funds: governmental, proprietary, and fiduciary. This section of the financial statements is more narrowly focused than the government-wide statements so it may be useful to compare these fund statements to the governmental activities portion of the government-wide statements. This may help the reader understand the long-term impact of short-term financing decisions. The *governmental fund statement of net position* and the *governmental fund statement of revenues, expenditures, and changes in fund balances* provide a reconciliation to facilitate the comparison of governmental funds to governmental activities.

**City of Enterprise
Enterprise, Alabama
Management's Discussion and Analysis
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Fund Financial Statements (Continued)

The major governmental funds for the City of Enterprise include General, Capital Improvement, and Debt Service. All other funds are totaled in the Other Governmental Funds category. These funds are used to account for essentially the same functions as reported in the governmental activities in the *government-wide financial statements*. However, the fund financial statements focus on near-term inflows, outflows, and balances of spendable resources.

The City of Enterprise operates two proprietary funds: Water Works Board and Sewer Fund. These are considered proprietary because they function as business-type activities. The fund financial statements for these proprietary funds should be compared to the business activities located on the government-wide financial statements.

The City's fiduciary fund is used to account for funds that are held for the benefit of parties outside of the government. These funds are restricted and are not discretionary assets as they represent trust responsibilities of the government.

The provided notes and supplemental information to the financial statements convey additional essential information that will magnify the understanding of the government-wide and fund financial statements. The addition of these materials helps to further clarify the information provided in the financial statements. Notes to the financial statements are presented on pages 34 to 112 of the report.

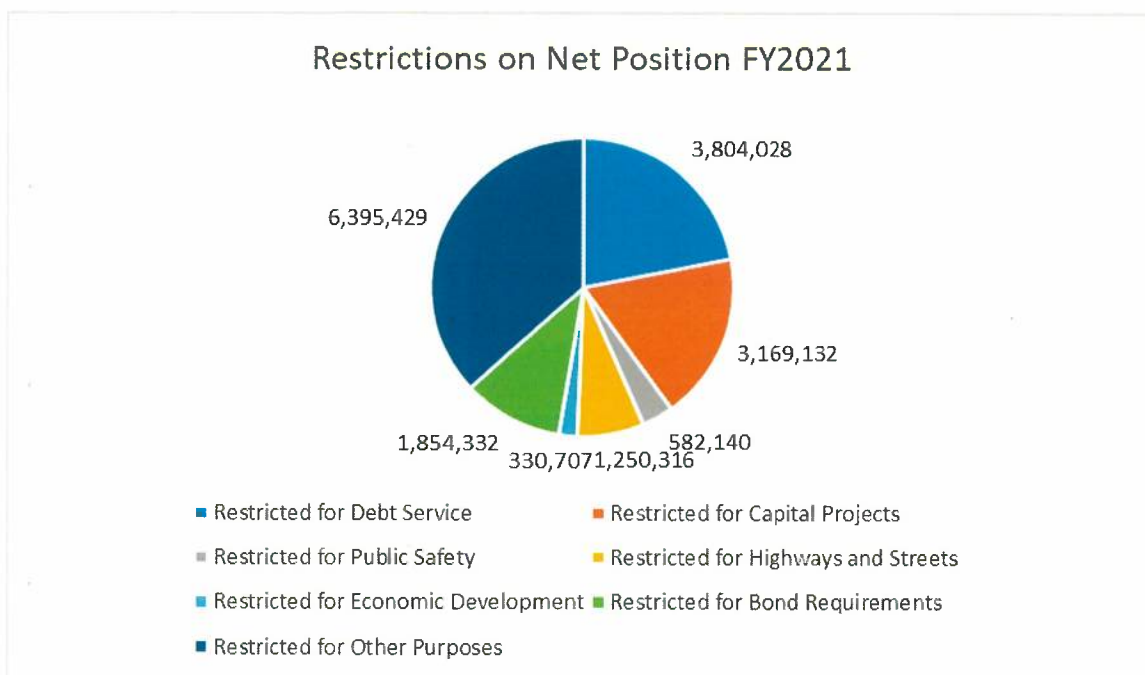
Government-Wide Financial Analysis

The City's total net position as of September 30, 2021, totaled \$10,082,536. This is an increase of \$14,055,954 from the total of (\$3,973,418) on September 30, 2020. Total net position for Governmental activities totaled (\$1,033,604) on September 30, 2021 while total net position for business-type activities totaled \$11,116,140. This shows an increase in the net position of governmental activities of \$15,208,737 and a decrease in the net position of business-type activities of \$1,152,783 when compared to the balances on September 30, 2020.

**City of Enterprise
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Management's Discussion and Analysis
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Government-Wide Financial Analysis (Continued)

The largest asset on the statement of net position is made up of current restricted cash which totals \$73,368,678. The significant increase in this category is directly related to bond proceeds which are being held for various capital improvements which are planned throughout the City. One of which will be a new recreation center. In addition, investment in capital assets which totals \$53,703,113 is the next largest asset on the statement of net position. This portion is reported net of any debt used to acquire the assets. These assets include machinery, land, buildings, and equipment. This net position is not available for future spending. It should be noted that even though this amount is the net of the assets and the debt used to purchase those assets the money to pay back these debts must be provided from other sources. The capital assets themselves cannot be used to pay for or liquidate those liabilities. The below chart shows the breakdown of the restrictions on net position:



**City of Enterprise
Enterprise, Alabama
Management's Discussion and Analysis
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Government-Wide Financial Analysis (Continued)

Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and Other Assets	\$ 97,304,493	\$ 25,460,607	\$ 6,074,894	\$ 10,299,403	\$ 103,379,387	\$ 35,760,010
Capital Assets, Net	53,703,113	54,831,505	43,550,109	40,517,045	97,253,222	95,348,550
Total Assets	\$ 151,007,606	\$ 80,292,112	\$ 49,625,003	\$ 50,816,448	\$ 200,632,609	\$ 131,108,560
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Loss on Refunding	\$ 4,949,231	\$ 3,125,611	\$ 2,108,277	\$ 637,970	\$ 7,057,508	\$ 3,763,581
Deferred Outflows Related to Pension	2,984,915	2,624,065	565,177	482,377	3,550,092	3,106,442
Deferred Outflows Related to Other Postemployment Benefits	-	-	-	-	-	-
Total Deferred Outflows of Resources	\$ 7,934,146	\$ 5,749,676	\$ 2,673,454	\$ 1,120,347	\$ 10,607,600	\$ 6,870,023
LIABILITIES						
Long-Term Liabilities						
Outstanding	\$ 145,158,993	\$ 86,114,301	\$ 37,407,803	\$ 35,757,459	\$ 182,566,796	\$ 121,871,760
Other Liabilities	6,522,346	6,628,910	2,627,323	2,503,770	9,149,669	9,132,680
Total Liabilities	\$ 151,681,339	\$ 92,743,211	\$ 40,035,126	\$ 38,261,229	\$ 191,716,465	\$ 131,004,440
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	\$ 2,771,411	\$ 2,771,411	\$ -	\$ -	\$ 2,771,411	\$ 2,771,411
Unavailable Revenue - Other	8,773	8,647	-	945	8,773	9,592
Deferred Inflows Related to Pension	163,835	307,130	433,952	558,305	597,787	865,435
Deferred Inflows Related to Other Postemployment Benefits	5,349,998	6,453,730	713,239	847,393	6,063,237	7,301,123
Other Deferred Charges	-	-	-	-	-	-
Total Deferred Inflows of Resources	\$ 8,294,017	\$ 9,540,918	\$ 1,147,191	\$ 1,406,643	\$ 9,441,208	\$ 10,947,561
NET POSITION						
Net Investment in Capital Assets	\$ 31,222,249	\$ 33,015,798	\$ 10,205,187	\$ 15,355,437	\$ 41,427,436	\$ 48,371,235
Restricted	15,516,275	7,898,868	1,869,809	1,825,348	17,386,084	9,724,216
Unrestricted (Deficit)	(47,772,128)	(57,157,007)	(958,856)	(4,911,862)	(48,730,984)	(62,068,869)
Total Net Position	\$ (1,033,604)	\$ (16,242,341)	\$ 11,116,140	\$ 12,268,923	\$ 10,082,536	\$ (3,973,418)

**City of Enterprise
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Management's Discussion and Analysis
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Government-Wide Financial Analysis (Continued)

Statement of Activities:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Fees, Fines and Charges for Services	\$ 5,095,838	\$ 4,542,536	\$ 9,500,120	\$ 8,860,943	\$ 14,595,958	\$ 13,403,479
Operating Grants and Contributions	1,585,026	423,990	-	-	1,585,026	423,990
Capital Grants and Contributions	4,872,789	1,837,928	-	664,405	4,872,789	2,502,333
General Revenues:						
Property Taxes	3,226,869	3,023,391	-	-	3,226,869	3,023,391
Sales and Use Taxes	28,206,973	24,618,035	-	-	28,206,973	24,618,035
Other Taxes	2,912,555	2,025,778	-	-	2,912,555	2,025,778
Investment Income	96,857	192,682	5,904	16,027	102,761	208,709
Other Revenue	2,113,232	2,762,326	284,206	208,074	2,397,438	2,970,400
Total Revenues	\$ 48,110,139	\$ 39,426,666	\$ 9,790,230	\$ 9,749,449	\$ 57,900,369	\$ 49,176,115
Expenses:						
General Government	\$ 3,081,616	\$ 3,009,002	\$ -	\$ -	\$ 3,081,616	\$ 3,009,002
Public Safety	9,768,173	9,497,354	-	-	9,768,173	9,497,354
Highways and Streets	3,645,591	3,916,899	-	-	3,645,591	3,916,899
Health and Sanitation	2,546,137	2,782,648	-	-	2,546,137	2,782,648
Culture and Recreation	3,223,485	3,167,556	-	-	3,223,485	3,167,556
Judicial	307,247	363,849	-	-	307,247	363,849
Airport Authority	810,830	749,248	-	-	810,830	749,248
Engineering	1,432,018	1,639,591	-	-	1,432,018	1,639,591
Fleet Maintenance	465,268	513,366	-	-	465,268	513,366
Enterprise School System	5,984,733	5,189,768	-	-	5,984,733	5,189,768
Economic Development	580,752	621,293	-	-	580,752	621,293
Interest and Fiscal Charges	3,383,544	2,583,949	-	-	3,383,544	2,583,949
Water Fund	-	-	5,021,109	5,237,622	5,021,109	5,237,622
Sewer/Disposal Fund	-	-	3,593,912	3,483,696	3,593,912	3,483,696
Total Expenses	\$ 35,229,394	\$ 34,034,523	\$ 8,615,021	\$ 8,721,318	\$ 43,844,415	\$ 42,755,841
Increase (Decrease) in Net Assets						
Before Transfers	\$ 12,880,745	\$ 5,392,143	\$ 1,175,209	\$ 1,028,131	\$ 14,055,954	\$ 6,420,274
Transfers	2,327,992	431,952	(2,327,992)	(431,952)	-	-
Change in Net Position	\$ 15,208,737	\$ 5,824,095	\$ (1,152,783)	\$ 596,179	\$ 14,055,954	\$ 6,420,274
Net Position – Beginning of Year	\$ (16,242,341)	\$ (22,214,328)	\$ 12,268,923	\$ 11,654,924	\$ (3,973,418)	\$ (10,559,404)
Prior Period Adjustment	-	147,892	-	17,820	-	165,712
Net Position – End of Year	\$ (1,033,604)	\$ (16,242,341)	\$ 11,116,140	\$ 12,268,923	\$ 10,082,536	\$ (3,973,418)

**City of Enterprise
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Normal Impacts Affecting the Statement of Net Position

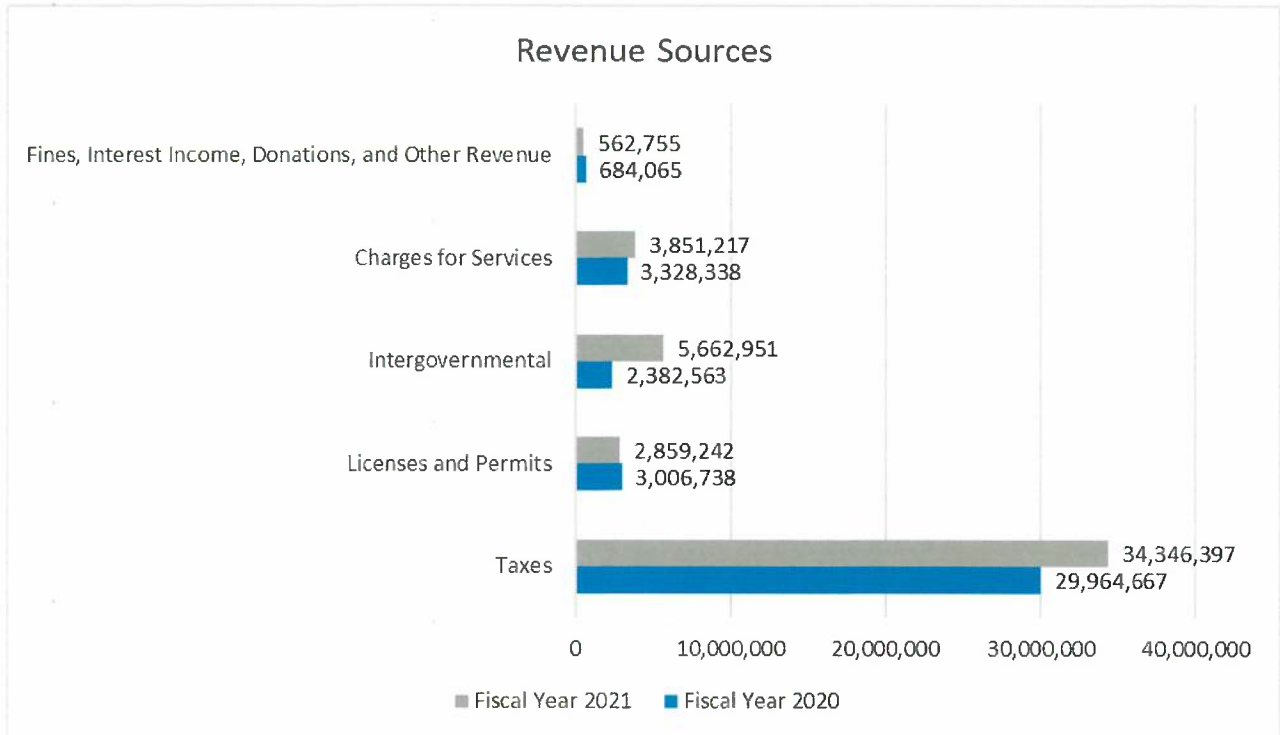
There are several different normal activities that could impact the statement of net position.

- Net Result of Activities- This will increase or decrease current assets and unrestricted net position.
- Borrowing for Capital- This will increase current assets and long-term debt.
- Spending Borrowed Proceeds on New Capital- This will reduce current assets and increase capital assets. An additional impact is an increase in investment in capital assets and an increase in related net debt which will not change the net investment in capital assets.
- Spending of Non-Borrowed Current Assets on New Capital- This will reduce current assets and increase capital assets. It will also reduce unrestricted net position and increase net investment in capital assets.
- Principal Payment on Debt- This will reduce current assets and long-term debt. This will also reduce unrestricted net position and increase net investment in capital assets.
- Reduction of Capital Assets Through Depreciation- This will reduce capital assets and net investment in capital assets.

The City of Enterprise has several different governmental revenue sources that are used to reinvest in various things throughout the City. Fiscal year 2021 saw an increase of \$7,916,191 in total revenue. The chart below shows a breakdown of revenue sources for fiscal year 2020 versus fiscal year 2021.

**City of Enterprise
Enterprise, Alabama
Management's Discussion and Analysis
September 30, 2021**

Normal Impacts Affecting the Statement of Net Position (Continued)

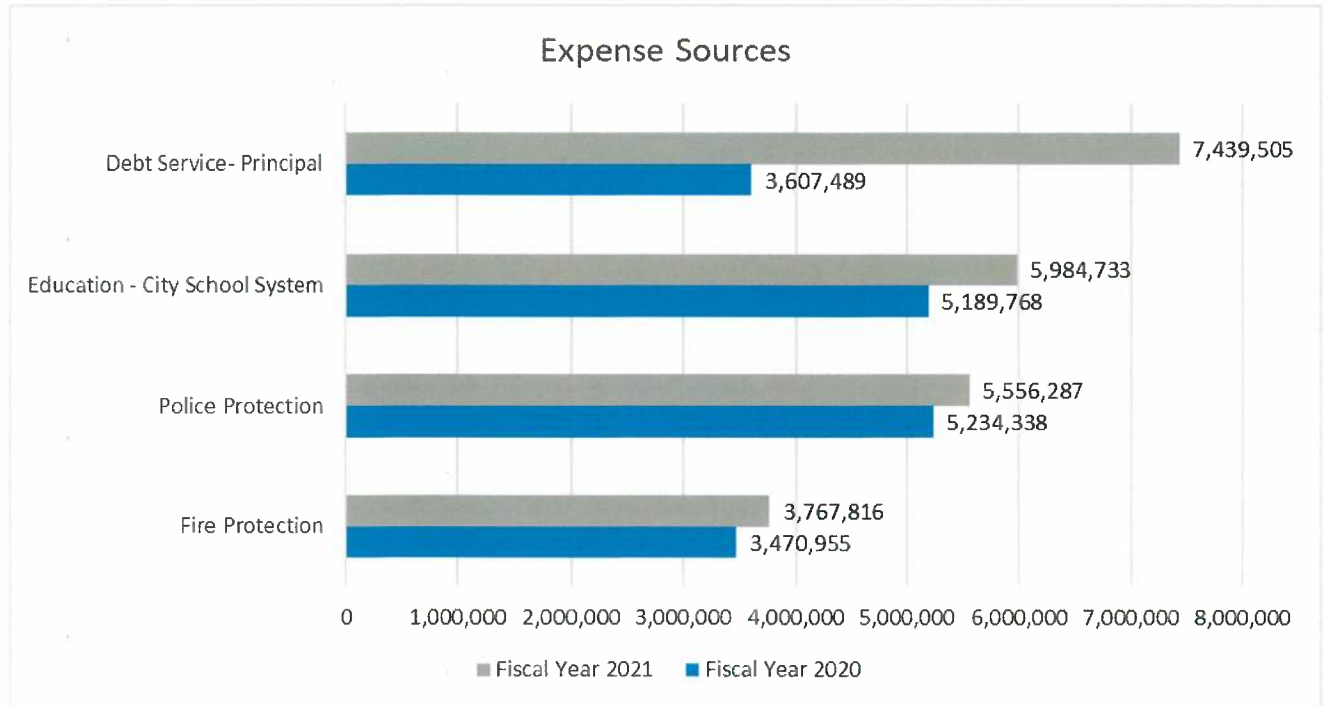


The City of Enterprise's largest revenue source in fiscal year 2021 was taxes. While there are several different taxes which comprise this revenue source, the majority of the revenue was derived from sales tax which totaled \$28,206,973.

Total Governmental Funds expenditures for the year ending September 30, 2021 total \$40,766,528 which is an increase when compared to the year ending on September 30, 2020 where the total was \$37,707,619. This shows an increase in expenses from fiscal year 2020 to fiscal year 2021 of \$3,058,909. Below is a breakdown of the major expense variances for fiscal year 2020 versus fiscal year 2021.

**City of Enterprise
Enterprise, Alabama
Management's Discussion and Analysis
September 30, 2021**

Normal Impacts Affecting the Statement of Net Position (Continued)

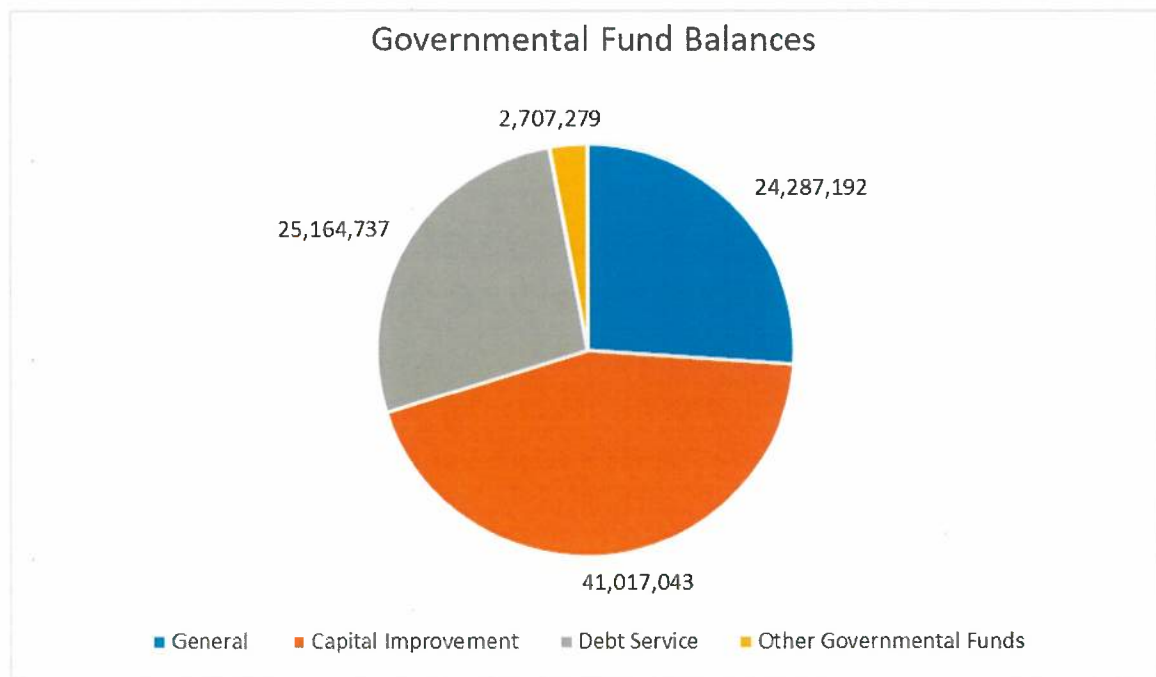


The main increases in expenses for fiscal year 2021 came from principal debt services and expenses related to educational funding for City schools. The increases in debt service are attributable to the refunding of certain warrants held by the City. Salaries and hospital insurance make up the largest portion of the fire protection, and police protection expenses totaling \$3,016,125 and \$4,210,583 respectively.

**City of Enterprise
Enterprise, Alabama
Management's Discussion and Analysis
September 30, 2021**

Normal Impacts Affecting the Statement of Net Position (Continued)

The below chart shows the balances in the major governmental funds, as well as the total of other funds, as of September 30, 2021.



The balance for Other Governmental Funds includes the following:

- Fire Protection
- \$.07 State Gasoline Tax
- \$.04 and \$.05 State Gasoline Tax
- \$.10 State Gasoline Tax
- Motor Vehicle Tax
- Asset Forfeiture
- Emergency Services 911
- Industrial Development
- Senior Citizens Center

A detailed explanation of these funds and the restrictions related to each of them can be found in the *Notes to Financial Statements*.

**City of Enterprise
Enterprise, Alabama
Management's Discussion and Analysis
September 30, 2021**

Capital Assets

The City's investment in capital assets for governmental and business-type activities as of September 30, 2021, totals approximately \$97.25 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, sewer plant, and equipment. Further information on capital assets can be found in the notes to the financial statements (see Note 6).

The increase from 2020 to 2021 mainly consisted of new equipment, and the completion of capital projects to include the completion of Phase II water main replacement by the Water Works Board. In addition, a new airport terminal was completed in FY 2021 reducing construction in progress for Governmental Activities.

City of Enterprise Capital Assets:

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,154,853	\$ 2,161,853	\$ 567,540	\$ 567,540	\$ 2,722,393	\$ 2,729,393
CIP	2,267,271	4,471,745	6,601,587	3,949,784	8,868,858	8,421,529
Buildings	23,495,091	22,344,355	674,759	674,759	24,169,850	23,019,114
Infrastructure	80,081,022	79,272,347	51,854,133	49,631,187	131,935,155	128,903,534
Improvements	17,284,255	14,983,728	9,846,551	9,846,551	27,130,806	24,830,279
Equipment	18,570,706	17,757,597	9,357,142	8,933,107	27,927,848	26,690,704
Total	\$ 143,853,198	\$ 140,991,625	\$ 78,901,712	\$ 73,602,928	\$ 222,754,910	\$ 214,594,553
Accumulated Depreciation	\$ (90,150,085)	\$ (86,160,120)	\$ (35,351,603)	\$ (33,085,883)	\$ (125,501,688)	\$ (119,246,003)
Total, Net Depreciation	\$ 53,703,113	\$ 54,831,505	\$ 43,550,109	\$ 40,517,045	\$ 97,253,222	\$ 95,348,550

Long-Term Debt

General Obligation warrants are secured by the full faith and credit of the City and payable from proceeds of various taxes. The City continues to maintain a high bond rating from Standard & Poor's (AA-). This indicates the City's economic stability and budgetary performance. For further information regarding long term debt, please refer to the notes to financial statements (see Note 7). As of September 30, 2021, the governmental activities of the City had outstanding long-term bond debt of \$123,272,618 and business-type activities had long term bond debt totaling \$36,276,207.

**City of Enterprise
Enterprise, Alabama
Management's Discussion and Analysis
September 30, 2021**

Long-Term Debt (Continued)

The City has various other long-term debt commitments such as OPEB, Net Pension Liability, and Compensated Absences totaling \$26,141,309 for governmental activities and \$3,091,977 for business-type activities. Overall, the City saw an increase in long-term debt due to the issuance of General Obligation Warrants and the refunding of certain outstanding debt held by the City during fiscal year 2021.

City of Enterprise Long-Term Debt:

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General Obligation Warrants	\$ 123,272,618	\$ 65,394,452	\$ 36,276,207	\$ 34,786,244	\$ 159,548,825	\$ 100,180,696
OPEB	16,697,613	16,152,684	1,842,927	1,743,652	18,540,540	17,896,336
Net Pension Liability	8,592,407	7,796,665	1,108,050	951,279	9,700,457	8,747,944
Compensated Absences	851,289	762,800	141,000	132,975	992,289	895,775
Total	<u>\$ 149,413,927</u>	<u>\$ 90,106,601</u>	<u>\$ 39,368,184</u>	<u>\$ 37,614,150</u>	<u>\$ 188,782,111</u>	<u>\$ 127,720,751</u>

Budgetary Highlights and Analysis

On a yearly basis, the City of Enterprise legally adopts formal budgets that are amended as required by the City Council for the General Funds and the Special Revenue Funds. Management can approve transfers within government function categories only. Any transfers or revisions made between government categories requires approval by the City Council.

For the General Fund, the City of Enterprise revenues exceeded budgeted amounts by \$9,260,093. This is mainly attributed to Taxes and Intergovernmental revenues surpassing budgeted amounts by \$5,074,042 and \$4,745,785 respectively. Total Expenses were \$1,878,223 under budget for fiscal year 2021. Details of the General Fund revenues and expenses can be viewed in the Required Supplementary Information section of this report on page 114.

Economic Factors

The City provides traditional municipal services and employs approximately 310 full-time and part-time personnel. No employees are represented by labor unions or similar organizations and the City does not bargain collectively with any labor union or employee organization.

City of Enterprise
Enterprise, Alabama
Management's Discussion and Analysis
September 30, 2021

Economic Factors (Continued)

The population trend of the City and Coffee County has been as follows:

<u>Census Year</u>	<u>Enterprise</u>	<u>Coffee County</u>
2020	28,711	53,465
2010	26,562	48,737
2000	21,178	43,615
1990	20,123	40,240
1980	18,033	38,553
1970	15,591	34,872
1960	11,410	30,583

The City relies on taxes (sales, property, franchise, etc.), fees (licenses, permits, etc.), and fines (court, public safety, etc.) for their governmental activities. The primary source of revenue is sales tax. There are a limited number of non-recurring (one-time) grants from both state and federal governments which help finance various projects and activities throughout the City.

In the business-type and certain governmental activities (water, sewer and disposal, recreational programs, etc.) the user pays a related fee or charge associated with the service. The level of taxes, fees, and charges for services have a direct bearing on the City's ability to provide these services and encourage economic development and job growth.

The City's effort to function within the constraints of available revenue requires the prioritization of the most imperative needs. The City Council sets priorities for major programs undertaken by the City. The City's staff has worked diligently to control costs while fulfilling the goals set by the Council. The priorities set by the City Council provide a sense of unity, direction and vision for the City.

**City of Enterprise
Enterprise, Alabama
Management's Discussion and Analysis
September 30, 2021**

Requests for Information

This financial report is designed to provide citizens, taxpayers, customers, investors, creditors and other users with a general overview of the City's finances and to demonstrate the City's accountability for the public assets under its management. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows between the hours of 7:30 A.M. to 4:30 P.M. Monday - Friday (excluding holidays):

Office of the City CFO/Treasurer
501 South Main Street
P.O. Box 311000
Enterprise, AL 36331-1000
Phone (334) 348-1211
lswartz@enterpriseal.gov

**City of Enterprise
Enterprise, Alabama
Statement of Net Position
September 30, 2021**

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Units
ASSETS				
Cash and Cash Equivalents	\$ 17,198,832	\$ 1,314,925	\$ 18,513,757	\$ 17,625,297
Investments	-	-	-	10,937,339
Accounts Receivable	-	878,631	878,631	-
Taxes Receivable	5,371,963	-	5,371,963	-
Other Receivable	86,807	-	86,807	12,174
Due from Other Governments	219,089	-	219,089	8,996,384
Prepaid Items	143,714	45,725	189,439	231,171
Internal Balances	855,352	(855,352)	-	-
Inventory	60,058	-	60,058	275,435
Current Restricted Cash	73,368,678	3,652,340	77,021,018	900,000
Unbilled Revenue	-	254,860	254,860	-
Non-Current Restricted Cash and Investments	-	783,765	783,765	-
Capital Assets, Not Being Depreciated	4,422,124	7,169,127	11,591,251	14,032,928
Capital Assets, Net	49,280,989	36,380,982	85,661,971	122,992,815
Total Assets	\$ 151,007,606	\$ 49,625,003	\$ 200,632,609	\$ 176,003,543
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	\$ 4,949,231	\$ 2,108,277	\$ 7,057,508	\$ 393,273
Deferred Outflows Related to Pension	2,984,915	565,177	3,550,092	14,205,193
Deferred Outflows Related to Other Postemployment Benefits	-	-	-	16,976,463
Total Deferred Outflows of Resources	\$ 7,934,146	\$ 2,673,454	\$ 10,607,600	\$ 31,574,929
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 2,267,412	\$ 666,954	\$ 2,934,366	\$ 6,761,800
Unearned Revenue	-	-	-	246,603
Long-Term Liabilities				
Other Postemployment Benefit Obligation, Net	16,697,613	1,842,927	18,540,540	37,741,785
Net Pension Liability	8,592,407	1,108,050	9,700,457	57,275,000
Due in One Year	4,254,934	1,960,369	6,215,303	665,749
Due in More Than One Year	119,868,973	34,456,826	154,325,799	5,513,597
Total Liabilities	\$ 151,681,339	\$ 40,035,126	\$ 191,716,465	\$ 108,204,534
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 2,771,411	\$ -	\$ 2,771,411	\$ 5,040,000
Unavailable Revenue - Other	8,773	-	8,773	-
Deferred Inflows Related to Pension	163,835	433,952	597,787	6,755,000
Deferred Inflows Related to Other Postemployment Benefits	5,349,998	713,239	6,063,237	26,624,157
Total Deferred Inflows of Resources	\$ 8,294,017	\$ 1,147,191	\$ 9,441,208	\$ 38,419,157
NET POSITION				
Net Investment in Capital Assets	\$ 31,222,249	\$ 10,205,187	\$ 41,427,436	\$ 131,239,669
Restricted for Debt Service	3,804,028	-	3,804,028	-
Restricted by Bond Requirements	-	1,854,332	1,854,332	-
Restricted for Capital Projects	3,153,655	15,477	3,169,132	900,000
Restricted for Public Safety	582,140	-	582,140	-
Restricted for Highways and Streets	1,250,316	-	1,250,316	-
Restricted for Economic Development	330,707	-	330,707	-
Restricted for Other Purposes	6,395,429	-	6,395,429	-
Unrestricted (Deficit)	(47,772,128)	(958,856)	(48,730,984)	(71,184,888)
Total Net Position	\$ (1,033,604)	\$ 11,116,140	\$ 10,082,536	\$ 60,954,781

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Statement of Activities
For the Year Ended September 30, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government								
Governmental								
General Government	\$ 3,081,616	\$ 994,296	\$ 1,368,279	\$ 3,640,814	\$ 2,921,773	\$ -	\$ 2,921,773	
Public Safety	9,768,173	654,639	85,884	208,000	(8,819,650)	-	(8,819,650)	
Highways and Streets	3,645,591	-	-	812,884	(2,832,707)	-	(2,832,707)	
Health and Sanitation	2,546,137	2,490,210	-	-	(55,927)	-	(55,927)	
Culture and Recreation	3,223,485	249,967	130,863	70,000	(2,772,655)	-	(2,772,655)	
Judicial	307,247	250,325	-	-	(56,922)	-	(56,922)	
Airport Authority	810,830	455,001	-	141,091	(214,738)	-	(214,738)	
Engineering	1,432,018	-	-	-	(1,432,018)	-	(1,432,018)	
Fleet Maintenance	465,268	-	-	-	(465,268)	-	(465,268)	
Education - City School System	5,984,733	-	-	-	(5,984,733)	-	(5,984,733)	
Economic Development	580,752	1,400	-	-	(579,352)	-	(579,352)	
Interest and Fiscal Charges	3,383,544	-	-	-	(3,383,544)	-	(3,383,544)	
Total Governmental Activities	\$ 35,229,394	\$ 5,095,838	\$ 1,585,026	\$ 4,872,789	\$ (23,675,741)	\$ -	\$ (23,675,741)	
Business-Type								
Water Works Board	\$ 5,021,109	\$ 5,880,298	\$ -	\$ -	\$ -	\$ 859,189	\$ 859,189	
Sewer Fund	3,593,912	3,619,822	-	-	-	25,910	25,910	
Total Business-Type Activities	\$ 8,615,021	\$ 9,500,120	\$ -	\$ -	\$ -	\$ 885,099	\$ 885,099	
Total Primary Government	\$ 43,844,415	\$ 14,595,958	\$ 1,585,026	\$ 4,872,789	\$ (23,675,741)	\$ 885,099	\$ (22,790,642)	
Component Units	\$ 73,123,414	\$ 8,485,914	\$ 53,213,262	\$ 3,439,109			\$ (7,985,129)	
General Revenues								
Taxes								
Sales Tax					\$ 28,206,973	\$ -	\$ 28,206,973	\$ 10,930,892
Ad Valorem Tax					3,226,869	-	3,226,869	5,194,963
Gasoline Tax					560,285	-	560,285	-
Lodging Tax					804,767	-	804,767	-
Tobacco Tax					17,321	-	17,321	-
Auto Tag and Motor Vehicle License Tax					89,002	-	89,002	-
Alcohol Tax					574,023	-	574,023	-
Cigarette Tax					81,337	-	81,337	-
Financial Institution Excise Tax					375,075	-	375,075	-
Business Privilege Tax					112,015	-	112,015	-
Other Tax					-	-	-	34,904
Franchise Fees					1,841,277	-	1,841,277	-
Fire Protection Fee					298,730	-	298,730	-
TVA Revenue					86,606	-	86,606	-
Gain of Disposition of Capital Assets					18,902	15,625	34,527	107,130
Appropriations					-	-	-	217,888
Earnings on Investments					96,857	5,904	102,761	151,234
Insurance Proceeds					65,977	127,066	193,043	-
Miscellaneous Revenues					100,470	141,515	241,985	1,454,383
Transfers					2,327,992	(2,327,992)	-	-
Total General Revenues, Transfers and Special Items					\$ 38,884,478	\$ (2,037,882)	\$ 36,846,596	\$ 18,091,394
Change in Net Position					\$ 15,208,737	\$ (1,152,783)	\$ 14,055,954	\$ 10,106,265
Net Position - Beginning					\$ (16,242,341)	\$ 12,268,923	\$ (3,973,418)	\$ 50,848,516
Net Position - Ending					\$ (1,033,604)	\$ 11,116,140	\$ 10,082,536	\$ 60,954,781

See accompanying notes to financial statements.

**City of Enterprise
Enterprise, Alabama
Balance Sheet -
Governmental Funds
September 30, 2021**

	General	Capital Improvement Fund	Debt Service Fund	Other Governmental Funds	Totals
ASSETS					
Cash and Cash Equivalents	\$ 14,277,480	\$ 241,054	\$ -	\$ 2,680,298	\$ 17,198,832
Receivables					
Sales Tax	2,358,732	-	-	-	2,358,732
Ad Valorem Tax	2,771,411	-	-	-	2,771,411
Other Tax	164,796	-	-	77,024	241,820
Other	56,333	-	-	30,474	86,807
Due from Other Governments	219,089	-	-	-	219,089
Inventory	60,058	-	-	-	60,058
Due from Other Funds	2,041,365	100,000	206,440	68,247	2,416,052
Restricted Assets					
Cash	6,395,429	42,014,952	24,958,297	-	73,368,678
Investments	-	-	-	-	-
Prepaid Assets	125,933	-	-	-	125,933
TOTAL ASSETS	\$ 28,470,626	\$ 42,356,006	\$ 25,164,737	\$ 2,856,043	\$ 98,847,412
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 684,900	\$ 79,761	\$ -	\$ 5,764	\$ 770,425
Accrued Salaries	86,970	-	-	317	87,287
Accrued Expenses	336,430	-	-	459	336,889
Due to Other Governments	135,676	-	-	-	135,676
Due to Other Funds	159,274	1,259,202	-	142,224	1,560,700
Total Liabilities	\$ 1,403,250	\$ 1,338,963	\$ -	\$ 148,764	\$ 2,890,977
Deferred Inflows of Resources					
Unearned Revenue - Property Taxes	\$ 2,771,411	\$ -	\$ -	\$ -	\$ 2,771,411
Unearned Revenue - Retiree Health	8,773	-	-	-	8,773
Total Deferred Inflows of Resources	\$ 2,780,184	\$ -	\$ -	\$ -	\$ 2,780,184
Fund Balances					
Fund Balances					
Nonspendable	\$ 2,227,356	\$ -	\$ -	\$ -	\$ 2,227,356
Restricted	6,395,429	42,014,952	24,958,297	1,832,456	75,201,134
Committed	-	-	-	330,707	330,707
Assigned	-	100,000	206,440	544,116	850,556
Unassigned	15,664,407	(1,097,909)	-	-	14,566,498
Total Fund Balances	\$ 24,287,192	\$ 41,017,043	\$ 25,164,737	\$ 2,707,279	\$ 93,176,251
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 28,470,626	\$ 42,356,006	\$ 25,164,737	\$ 2,856,043	\$ 98,847,412

See accompanying notes to financial statements.

**City of Enterprise
Enterprise, Alabama
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2021**

Total <i>fund balances</i> for governmental funds		\$ 93,176,251
Total <i>net position</i> reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$ 2,154,853	
Construction in progress	2,267,271	
Buildings and improvements, net of \$10,042,957 accumulated depreciation	13,452,134	
Infrastructure, net of \$61,480,683 accumulated depreciation	18,600,339	
Improvements, other than buildings, net of \$5,277,003 accumulated depreciation	12,007,252	
Equipment, net of \$13,349,442 accumulated depreciation	<u>5,221,264</u>	
Total Capital Assets (See Note 6.)		53,703,113
Governmental funds report as an other financing use the cost of bond insurance when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position.		17,781
In an advance refunding of debt, the difference between the net carrying amount of the old debt and its reacquisition price is treated as an other financing use in the governmental funds, whereas this amount is deferred and amortized over the life of the old debt or new debt, whichever is shorter and reported as a deferred outflow on the Statement of Net Position.		4,949,231
Deferred inflows and outflows related to pension and other postemployment liabilities 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 Pension		2,984,915
Deferred Inflows Related to Pension		(163,835)
Deferred Outflows Related to Postemployment Benefits		-
Deferred Inflows Related to Postemployment Benefits		(5,349,998)
Long-Term liabilities, including bonds and notes payable, bond premiums and discounts, liabilities for compensated absences and other postemployment benefits, net pension liability and accrued landfill post closure costs, are not due and payable in the current period and, therefore, are not reported as liabilities in the government funds.		
Balances at September 30, 2021 were:		
Bonds Payable	\$ (118,481,791)	
Unamortized Discount on Bonds	354,999	
Unamortized Premium on Bonds	(5,145,826)	
Accrued Interest Expense	(937,135)	
Accrued Compensated Absences	(851,289)	
Accrued Postemployment Benefits	(16,697,613)	
Net Pension Liability	<u>(8,592,407)</u>	
Total Long-Term Liabilities		<u>(150,351,062)</u>
Total Net Position of Governmental Activities		<u>\$ (1,033,604)</u>

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2021

	General	Capital Improvement Fund	Debt Service Fund	Other Governmental Funds	Totals
REVENUES					
Taxes	\$ 33,332,170	\$ -	\$ -	\$ 1,014,227	\$ 34,346,397
Licenses and Permits	2,859,242	-	-	-	2,859,242
Intergovernmental	4,962,457	476,113	-	224,381	5,662,951
Charges for Services	3,423,440	-	-	427,777	3,851,217
Fines	250,326	-	-	-	250,326
Interest Income	11,707	83,763	751	636	96,857
Other Revenue	141,057	-	-	718	141,775
Donations	49,481	20,000	-	4,316	73,797
Total Revenues	\$ 45,029,880	\$ 579,876	\$ 751	\$ 1,672,055	\$ 47,282,562
EXPENDITURES					
General and Administrative	\$ 2,977,992	\$ 10,634	\$ -	\$ -	\$ 2,988,626
Fire Protection	3,720,360	-	-	47,456	3,767,816
Highways and Streets	1,464,100	(10)	-	30	1,464,120
Police Protection	5,556,237	-	-	50	5,556,287
Sanitation	1,935,224	-	-	-	1,935,224
Education - City School System	5,984,733	-	-	-	5,984,733
Culture and Recreation	2,314,243	-	-	-	2,314,243
Economic Development	572,129	-	-	14	572,143
Judicial	313,156	-	-	-	313,156
Health and Welfare	110,276	-	-	166,521	276,797
Engineering	1,303,859	82,379	-	-	1,386,238
Fleet Maintenance	465,965	-	-	-	465,965
Civic Center	330,398	-	-	-	330,398
Farmer's Market	33,959	-	-	-	33,959
Airport Authority	496,525	2,589	-	-	499,114
Capital Outlay	821,691	1,195,429	-	212,128	2,229,248
Debt Service					
Principal	50,000	-	7,389,505	-	7,439,505
Interest	-	-	2,310,796	-	2,310,796
Bond Issue Cost	-	340,441	547,633	-	888,074
Debt Expense	10,086	-	-	-	10,086
Total Expenditures	\$ 28,460,933	\$ 1,631,462	\$ 10,247,934	\$ 426,199	\$ 40,766,528
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 16,568,947	\$ (1,051,586)	\$ (10,247,183)	\$ 1,245,856	\$ 6,516,034
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	\$ 19,980	\$ -	\$ -	\$ -	\$ 19,980
Bond Proceeds	-	35,915,000	24,415,000	-	60,330,000
Refunding Bond Proceeds	-	-	32,355,502	-	32,355,502
Advance Refunding Escrow	-	-	(31,307,868)	-	(31,307,868)
Original Issue Discount	-	(179,584)	(160,468)	-	(340,052)
Bond Premium	-	3,465,581	364,978	-	3,830,559
Operating Transfers In	1,893,306	1,013,701	6,168,927	-	9,075,934
Operating Transfers Out	(7,344,968)	(153,715)	-	(744,389)	(8,243,072)
Total Other Financing Sources (Uses)	\$ (5,431,682)	\$ 40,060,983	\$ 31,836,071	\$ (744,389)	\$ 65,720,983
NET CHANGE IN FUND BALANCE	\$ 11,137,265	\$ 39,009,397	\$ 21,588,888	\$ 501,467	\$ 72,237,017
FUND BALANCE - BEGINNING	13,149,927	2,007,646	3,575,849	2,205,812	20,939,234
FUND BALANCE - ENDING	\$ 24,287,192	\$ 41,017,043	\$ 25,164,737	\$ 2,707,279	\$ 93,176,251

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2021

Net change in *fund balances* -- total governmental funds \$ 72,237,017

The change in *net position* reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This adjustment includes:

Capital outlay	\$ 2,229,248	
Depreciation expense	<u>(4,158,237)</u>	(1,928,989)

Governmental funds report the entire net sales price (proceeds) from the sale or disposal of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale or disposal of the asset. Thus, the change in net position differs from the change in fund balance by the net undepreciated cost of the disposed assets.

(8,078)

Contributions of capital assets are not reported in the governmental fund statements. The capital assets and the related contribution revenue are reported in the government-wide statements. This is the amount of contribution revenue related to capital assets.

808,675

Governmental funds report debt proceeds as other financing sources. In contrast, the Statement of Activities treats such issuance of debt as an increase in a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayment as a reduction in long-term liabilities.

Issuance of Debt	\$ (60,330,000)	
Principal Repayments	<u>7,439,505</u>	(52,890,495)

In an advance refunding of debt, the difference between the net carrying amount of the old debt and its reacquisition price is treated as an other financing use in the governmental funds, whereas this amount is deferred and amortized over the life of the old debt or new debt, whichever is shorter.

Refunding debt proceeds	(32,355,502)	
Reacquisition price of the refunded debt	<u>31,307,868</u>	(1,047,634)

In the advance refunding of debt, the allocations of the old debt vs the allocation of the refunding debt were not in the same percentages resulting in transfers in the governmental activities that were not transfers of the governmental funds.

1,515,797

Governmental funds report bond premiums and discounts as other financing sources. However, these amount are reported on the statement of net position as credits and are amortized over the life of the debt.

Bond Premium	(3,830,559)	
Original Issue Discount	<u>340,052</u>	(3,490,507)

Certain 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. These expenses include:

Increase in Accrued Interest Expense	\$ (21,666)	
Increase in Accrued Compensated Absences	(88,489)	
Increase in OPEB Liability	(544,929)	
Decrease in Deferred Inflows Related to OPEB	1,103,732	
Increase in Net Pension Liability	(795,742)	
Increase in Deferred Outflows Related to Pensions	360,850	
Decrease in Deferred Inflows Related to Pensions	<u>143,295</u>	157,051

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2021

Governmental funds report the effect of bond insurance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization - Original Issue Discount	\$ (10,955)	
Amortization - Premium on Debt Issued	314,348	
Amortization - Prepaid Bond Insurance	(2,393)	
Amortization - Deferred Loss on Refunding	<u>(445,100)</u>	<u>(144,100)</u>
Change in Net Position of Governmental Activities		<u>\$ 15,208,737</u>

See accompanying notes to financial statements.

**City of Enterprise
Enterprise, Alabama
Statement of Net Position -
Proprietary Funds
For the Year Ended September 30, 2021**

	Business-Type Activities		
	Water Works Board	Sewer Fund	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 938,757	\$ 376,168	\$ 1,314,925
Receivables, Net	878,631	-	878,631
Due from Other Funds	-	148,531	148,531
Unbilled Revenue	254,860	-	254,860
Prepaid Items	45,725	-	45,725
Restricted Cash and Cash Equivalents	3,636,863	15,477	3,652,340
Total Current Assets	\$ 5,754,836	\$ 540,176	\$ 6,295,012
Non-Current Assets			
Restricted Cash and Cash Equivalents	\$ -	\$ 783,765	\$ 783,765
Capital Assets, Not Being Depreciated	6,901,697	267,430	7,169,127
Capital Assets, Net of Depreciation	18,837,856	17,543,126	36,380,982
Total Non-Current Assets	\$ 25,739,553	\$ 18,594,321	\$ 44,333,874
Total Assets	\$ 31,494,389	\$ 19,134,497	\$ 50,628,886
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	\$ 623,362	\$ 1,484,915	\$ 2,108,277
Deferred Outflows Related to Pension	412,700	152,477	565,177
Total Deferred Outflows of Resources	\$ 1,036,062	\$ 1,637,392	\$ 2,673,454
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 244,843	\$ 2,036	\$ 246,879
Accrued Expenses	30,116	22,705	52,821
Accrued Interest	258,535	108,719	367,254
Due to Other Funds	993,350	10,533	1,003,883
Bonds, Notes Payable, Net of Original Issue Discount	1,150,525	809,844	1,960,369
Total Current Liabilities	\$ 2,677,369	\$ 953,837	\$ 3,631,206
Non-Current Liabilities			
Compensated Absences	\$ 86,003	\$ 54,997	\$ 141,000
Other Postemployment Benefits Obligation	1,326,861	516,066	1,842,927
Bonds, Notes Payable, Net of Original Issue Discount	20,455,299	13,860,527	34,315,826
Pension Obligation	741,503	366,547	1,108,050
Total Non-Current Liabilities	\$ 22,609,666	\$ 14,798,137	\$ 37,407,803
Total Liabilities	\$ 25,287,035	\$ 15,751,974	\$ 41,039,009
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows from Pension Activities	\$ 425,583	\$ 8,369	\$ 433,952
Deferred Inflows from Other Postemployment Benefits Obligation	525,510	187,729	713,239
Other Deferred Charges	-	-	-
Total Deferred Inflows of Resources	\$ 951,093	\$ 196,098	\$ 1,147,191
NET POSITION			
Net Investment in Capital Assets	\$ 7,065,004	\$ 3,140,183	\$ 10,205,187
Restricted by Bond Requirements	1,070,567	783,765	1,854,332
Restricted for Capital Improvements	-	15,477	15,477
Unrestricted	(1,843,248)	884,392	(958,856)
Total Net Position	\$ 6,292,323	\$ 4,823,817	\$ 11,116,140

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Funds
For the Year Ended September 30, 2021

	Business-Type Activities		
	Water Works Board	Sewer Fund	Totals
OPERATING REVENUES			
Charges for Services, Net	\$ 5,880,298	\$ 3,619,822	\$ 9,500,120
Miscellaneous	132,240	21	132,261
Total Operating Revenues	\$ 6,012,538	\$ 3,619,843	\$ 9,632,381
OPERATING EXPENSES			
Advertising	\$ 1,865	\$ 1,425	\$ 3,290
Bank Charges	276	(10)	266
Chemicals	49,189	133,990	183,179
Contractual Services	124,210	97,477	221,687
Depreciation	1,081,525	1,240,875	2,322,400
Dues and Subscriptions	-	2,040	2,040
Gas, Oil and Tires	29,411	30,492	59,903
Hospital Insurance	183,123	109,953	293,076
Insurance	115,476	45,022	160,498
Maintenance	325,216	387	325,603
Miscellaneous	24,641	2,652	27,293
Office Expenses	164,797	1,383	166,180
Other Postemployment Benefits	-	8,622	8,622
Payroll Taxes	83,239	36,916	120,155
Purchased Water	-	-	-
Rents	2,889	-	2,889
Repairs	165,391	286,494	451,885
Retirement	37,091	32,685	69,776
Salaries	1,074,849	503,736	1,578,585
Supplies	-	133,295	133,295
Travel	2,334	2,055	4,389
Telephone and Utilities	629,070	465,036	1,094,106
Toxicity Testing	-	5,056	5,056
Uniforms	-	-	-
Water Testing	36,818	6,459	43,277
Total Operating Expenses	\$ 4,131,410	\$ 3,146,040	\$ 7,277,450
OPERATING INCOME	\$ 1,881,128	\$ 473,803	\$ 2,354,931
NON-OPERATING REVENUE (EXPENSES)			
Insurance proceeds	\$ 127,066	\$ -	\$ 127,066
Interest Income	5,856	48	5,904
Utility Relocation Income	-	9,254	9,254
Gain on Disposition of Capital Assets	15,625	-	15,625
Bond Expense	(81,497)	(103,327)	(184,824)
Interest Expense	(808,202)	(344,545)	(1,152,747)
Total Non-Operating Revenue (Expenses)	\$ (741,152)	\$ (438,570)	\$ (1,179,722)
INCOME BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS	\$ 1,139,976	\$ 35,233	\$ 1,175,209
OPERATING TRANSFERS			
Operating Transfers In	\$ 26,050	\$ -	\$ 26,050
Operating Transfers Out	(262,069)	(2,091,973)	(2,354,042)
Total Operating Transfers	\$ (236,019)	\$ (2,091,973)	\$ (2,327,992)
CHANGE IN NET POSITION	\$ 903,957	\$ (2,056,740)	\$ (1,152,783)
NET POSITION - BEGINNING	5,388,366	6,880,557	12,268,923
NET POSITION - ENDING	\$ 6,292,323	\$ 4,823,817	\$ 11,116,140

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Statement of Cash Flows -
Proprietary Funds
For the Year Ended September 30, 2021

	Business-Type Activities		
	Water Works Board	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 6,089,972	\$ 3,684,318	\$ 9,774,290
Cash Paid to Suppliers	(1,447,220)	(1,277,769)	(2,724,989)
Cash Paid to Employees	(1,525,633)	(645,324)	(2,170,957)
Net Cash Provided (Used) By Operating Activities	\$ 3,117,119	\$ 1,761,225	\$ 4,878,344
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Proceeds From Insurance Claims	\$ 127,066	\$ -	\$ 127,066
Operating Transfers In	26,050	-	26,050
Operating Transfers Out	(262,069)	(2,091,973)	(2,354,042)
Net Cash Provided (Used) By Non-Capital Financing Activities	\$ (108,953)	\$ (2,091,973)	\$ (2,200,926)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Debt	\$ (1,100,000)	\$ (8,952,912)	\$ (10,052,912)
Interest Paid on Debt	(764,076)	(327,764)	(1,091,840)
Debt Proceeds - Refunding Bonds	7,635,461	10,064,171	17,699,632
Refunding of Bonds Payable	(7,620,818)		
Premium Received on Bond Issue	433,663		
Grant Proceeds	-	9,254	9,254
Proceeds From Sale of Capital Assets	15,625	-	15,625
Bond Expense	-	(103,327)	(103,327)
Purchase of Capital Assets	(4,981,330)	(376,351)	(5,357,681)
Net Cash Provided (Used) By Capital and Related Financing Activities	\$ (6,381,475)	\$ 313,071	\$ (6,068,404)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	\$ 5,856	\$ 48	\$ 5,904
Net Cash Provided (Used) By Investing Activities	\$ 5,856	\$ 48	\$ 5,904
Net Increase (Decrease) In Cash and Cash Equivalents	\$ (3,367,453)	\$ (17,629)	\$ (3,385,082)
CASH AND CASH EQUIVALENTS - BEGINNING	7,943,073	1,193,039	9,136,112
CASH AND CASH EQUIVALENTS - ENDING	\$ 4,575,620	\$ 1,175,410	\$ 5,751,030
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUND			
Cash and Cash Equivalents in Current Assets	\$ 938,757	\$ 376,168	\$ 1,314,925
Restricted Cash and Cash Equivalents in Current Assets	3,636,863	15,477	3,652,340
Restricted Cash and Cash Equivalents in Noncurrent Assets	-	783,765	783,765
TOTAL	\$ 4,575,620	\$ 1,175,410	\$ 5,751,030

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Statement of Cash Flows -
Proprietary Funds
For the Year Ended September 30, 2021

Reconciliation Of Operating Income To Net Cash
Provided By Operating Activities

	Business-Type Activities		
	Water Works Board	Sewer Fund	Totals
OPERATING INCOME	\$ 1,881,128	\$ 473,803	\$ 2,354,931
ADJUSTMENTS			
Depreciation and Amortization	1,081,525	1,240,875	2,322,400
Changes in Assets and Liabilities:			
Receivables and Unbilled Revenue, Net	(10,857)	-	(10,857)
Due from Other Funds	88,291	64,475	152,766
Prepaid Expense	-	-	-
Deferred Outflows Related to Pension	(40,008)	(42,792)	(82,800)
Accounts Payable	225,665	(30,917)	194,748
Accrued Expenses	(55,618)	(1,843)	(57,461)
Due to Other Funds	(1,302)	1,300	(2)
Compensated Absences	(3,498)	11,523	8,025
Other Postemployment Benefit Obligation	80,154	19,121	99,275
Net Pension Liability	116,123	40,648	156,771
Deferred Inflows Related to Other Postemployment Benefit Obligation	(119,884)	(10,499)	(130,383)
Deferred Inflows Related to Pension	(124,600)	(4,469)	(129,069)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,117,119</u>	<u>\$ 1,761,225</u>	<u>\$ 4,878,344</u>

City of Enterprise
Enterprise, Alabama
Statement of Fiduciary Net Position -
Fiduciary Funds
September 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 244,393
TOTAL ASSETS	<u>\$ 244,393</u>
 LIABILITIES	
Due to Other Governments	\$ 244,393
TOTAL LIABILITIES	<u>\$ 244,393</u>
NET POSITION	<u>\$ -</u>

City of Enterprise
Enterprise, Alabama
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
September 30, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Collections on Behalf of Other Governments	\$ 263,659
TOTAL ADDITIONS	<u>\$ 263,659</u>
DEDUCTIONS	
Payments to Other Governments	\$ 263,659
TOTAL DEDUCTIONS	<u>\$ 263,659</u>
Net Increase(Decrease) In Fiduciary Net Position	\$ -
NET POSITION	
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u>\$ -</u>

See accompanying notes to financial statements.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies

The financial statements of the City of Enterprise, (the “City”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City’s basic financial statements.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and council. As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered financially accountable. 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. Financial information for component units is either discretely presented or blended with the primary government. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and therefore data from these units are combined with data of the primary government. The discretely presented component units detailed below are reported in a separate column in the combined financial statements to emphasize they are legally separate from the government. Each blended and discretely presented component unit has a year-end of September 30.

Blended Component Units

Enterprise Water Works Board – The Board is governed by a three-member board, currently made up of one council member of the City, and two citizens, with the Mayor serving as Water Superintendent. The Mayor is not a voting member. The Water Works Board is reported as a proprietary fund.

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units

Enterprise City Board of Education (“Board of Education”) – Members of the governing board of the school system are appointed by the City Council. The City also makes annual appropriations, has incurred debt to finance capital projects and appropriates a percentage of its sales tax specifically for the operations of the school board. The Board is presented as a governmental fund type.

Enterprise Public Library (“Library”) – The City appoints the governing body and provides substantial support through appropriation. The Library provides services to the geographic area of the City. The Library is presented as a governmental fund type.

Industrial Development Board of the City of Enterprise (“IDB”) – The City Council appoints the governing body. The IDB serves the City of Enterprise in its quest to bring economic development to the City. The IDB is presented as a governmental fund type.

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

City of Enterprise
Component Units
Condensed Statement of Net Position
For the Year Ended September 30, 2021

	Enterprise City Board of Education	Industrial Development Board	Enterprise Public Library	Totals
ASSETS				
Current Assets	\$ 28,836,131	\$ 1,070,245	\$ 62,866	\$ 29,969,242
Fixed Assets, Net	132,892,728	3,725,380	407,635	137,025,743
Receivables	<u>8,998,904</u>	<u>9,654</u>	<u>-</u>	<u>9,008,558</u>
TOTAL ASSETS	<u>\$ 170,727,763</u>	<u>\$ 4,805,279</u>	<u>\$ 470,501</u>	<u>\$ 176,003,543</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 31,574,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,574,949</u>
LIABILITIES				
Current Liabilities	\$ 7,392,791	\$ 3,394	\$ 18,597	\$ 7,414,782
Other Liabilities	246,603	-	12,767	259,370
Long-Term Debt, Net of Current Maturities	<u>100,530,382</u>	<u>-</u>	<u>-</u>	<u>100,530,382</u>
Total Liabilities	<u>\$ 108,169,776</u>	<u>\$ 3,394</u>	<u>\$ 31,364</u>	<u>\$ 108,204,534</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 38,419,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,419,157</u>
NET POSITION				
Net Investment in Capital Assets	\$ 127,106,654	\$ 3,725,380	\$ 407,635	\$ 131,239,669
Restricted For				
Capital Projects	-	900,000	-	900,000
Unrestricted	<u>(71,392,895)</u>	<u>176,505</u>	<u>31,502</u>	<u>(71,184,888)</u>
Total Net Position	<u>\$ 55,713,759</u>	<u>\$ 4,801,885</u>	<u>\$ 439,137</u>	<u>\$ 60,954,781</u>

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

**City of Enterprise
Component Units
Condensed Statement of Activities
For the Year Ended September 30, 2021**

	<u>Enterprise City Board of Education</u>	<u>Industrial Development Board</u>	<u>Enterprise Public Library</u>	<u>Totals</u>
EXPENSES	\$ 72,769,268	\$ 3,720	\$ 350,426	\$ 73,123,414
PROGRAM REVENUES				
Charges for Services	8,465,401	1,000	19,513	8,485,914
Operating Grants and Contributions	53,163,371	-	49,891	53,213,262
Capital Grants and Contributions	<u>3,417,109</u>	<u>-</u>	<u>22,000</u>	<u>3,439,109</u>
Net Program Revenues (Expenses)	\$ <u>(7,723,387)</u>	\$ <u>(2,720)</u>	\$ <u>(259,022)</u>	\$ <u>(7,985,129)</u>
GENERAL REVENUES				
Ad Valorem Tax	\$ 5,194,963	\$ -	\$ -	\$ 5,194,963
Sales Tax	10,930,892	-	-	10,930,892
Other Tax	34,904	-	-	34,904
Earnings on Investments	148,378	2,858	(2)	151,234
Miscellaneous Revenues	1,291,443	145,000	74,828	1,511,271
Gain on Disposition of Capital Assets	107,130	-	-	107,130
Appropriations	<u>-</u>	<u>-</u>	<u>161,000</u>	<u>161,000</u>
Total General Revenues and Special Item	\$ <u>17,707,710</u>	\$ <u>147,858</u>	\$ <u>235,826</u>	\$ <u>18,091,394</u>
CHANGES IN NET POSITION	\$ 9,984,323	\$ 145,138	\$ (23,196)	\$ 10,106,265
NET POSITION - BEGINNING	<u>45,729,436</u>	<u>4,656,747</u>	<u>462,333</u>	<u>50,848,516</u>
NET POSITION - ENDING	<u>\$ 55,713,759</u>	<u>\$ 4,801,885</u>	<u>\$ 439,137</u>	<u>\$ 60,954,781</u>

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Complete financial statements for each of the individual component units may be obtained from the entity's administrative offices as follows:

Enterprise City Board of Education
P.O. Box 311790
Enterprise, Alabama 36331

Enterprise Public Library
101 E. Grubbs Street
Enterprise, Alabama 36330

Industrial Development Board of City of Enterprise
Economic Development Corporation
102 Commerce Drive
Enterprise, Alabama 36330

B. Government-Wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between governmental and business-type activities. Government-wide financial statements, comprised of the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Fiduciary funds of the government are eliminated from this presentation since these resources are not available for general government funding purposes. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that helps support all functions of government and contribute to the change in the net position for the fiscal year. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The fund financial statements follow and report additional and detailed information about operations for major funds individually and nonmajor funds in the aggregate for governmental and fiduciary funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Governmental fund financial statements 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, considered to be sixty days for property taxes and ninety days for all other revenue. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable; i.e., revocable only for failure to comply with prescribed compliance requirements, such as with equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

of the Water Works Board and Sewer Fund are charges to customers for sales and services. Operating expenses for the enterprise funds are the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The following are reported as major governmental funds:

General Fund – City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Improvement Fund – Accounts for the construction of certain capital projects undertaken by the governmental activities of the City.

Debt Service Fund – Accounts for the accumulation of resources for and payment of principal and interest on the City general obligation bonds.

The following are reported as major proprietary funds:

Enterprise Water Works Board – Enterprise fund which accounts for all activities of the City's water utility.

Sewer Enterprise Fund (Sewer) – Enterprise fund which accounts for all activities of the City's sewer utility.

The following are reported as nonmajor governmental funds:

Fire Department Tobacco Tax – Accounts for the collection of the state's tobacco tax, which is restricted to local fire department operations.

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fire Protection – Accounts for the collection of the state’s fire protection fee, which is restricted to local fire department operations.

\$.07 State Gasoline Tax – Accounts for seven cent gasoline tax, which is restricted to expenditures related to construction, improvement, and maintenance of highways, bridges, and streets.

\$.04 and \$.05 State Gasoline Tax – Accounts for four and five cent gasoline tax, which is restricted to expenditures related to construction, improvement, and maintenance of highways, bridges, and streets.

\$.10 State Gasoline Tax – Accounts for ten cent gasoline tax, which is restricted to expenditures related to construction, improvement, and maintenance of highways, bridges, and streets.

Motor Vehicle Tax – Accounts for motor vehicle tax, which is restricted to expenditures related to construction, improvement, and maintenance of highways, bridges, and streets.

Asset Forfeiture – Accounts for state and local forfeitures restricted to law enforcement.

Emergency Services 911 – Accounts for phone charges assessed for the purpose of providing emergency assistance.

Industrial Development – Fund utilized to support industrial job creation in the City of Enterprise by providing financing for the acquisition of land, properties and/or equipment for industrial facilities and/or construction related to industrial facilities, including new construction and/or renovation/retrofitting.

Senior Citizens Center – Accounts for funds received for the Senior Citizens Center.

The City’s Fiduciary Fund is presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments and individuals) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, money market funds, and Treasury bills. The total balance of money market funds and Treasury Bills reported as cash and cash equivalents or restricted cash and cash equivalents at September 30, 2021 for the City was \$73,511,407. The total balance of Treasury bills at September 30, 2021 for the Sewer and Water Works was \$783,765 and \$3,636,863, respectively.

Investments are deposits or other investments with maturity dates greater than three months of the date acquired by the government. Investments are stated at fair value.

Receivables

The City considered all governmental fund receivables to be collectible and as such, no allowance for uncollectibles is reported. Proprietary fund receivables include amounts due from customers from water and sewer service for services billed prior to year-end and for services provided prior to year-end that were not billed until October (unbilled). All receivables are current and therefore due within one year. Proprietary fund receivables are reported net of an allowance for uncollectible accounts. The balance of the allowance for uncollectible accounts was \$901,742 at September 30, 2021.

Inventories and Prepaid Items

Inventories are stated at lower of cost or market determined by the first-in first-out method. The City uses the consumption method of accounting for inventories. Payment for goods and services applicable to future periods are recorded as prepaid items in both government-wide and fund financial statements.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity
(Continued)**

Interfund Activity

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Restricted Assets/Investments

Restricted cash and investments for governmental activities consists of funds restricted for capital projects and debt service.

Restricted cash for business-type activities consists of investments required to be set aside for future debt service requirements as well as cash accumulated to construct improvements to capital assets.

It is the City’s policy to use restricted assets before unrestricted assets when both are available to fund specific expenditures.

Unamortized Bond Insurance

Unamortized debt expense related to bond insurance is amortized by using the outstanding principal method over the life of the related debt and is reported as a prepaid item on the Statement of Net Position. Other bond issuance costs are expensed as incurred.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity
(Continued)**

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 for equipment and \$25,000 for buildings and infrastructure with an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The City did not report infrastructure acquired prior to October 1, 2003.

Depreciation is recorded on general fixed assets of the primary government on a government-wide basis. Depreciation is recorded on fixed assets of the proprietary funds on both the fund basis and the government-wide basis. All fixed assets are depreciated over their estimated useful lives using the straight-line method and the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Automobiles and Other Vehicles	5 - 15 years
Buildings	20 - 50 years
Equipment	5 - 20 years
Furniture and Fixtures	3 - 10 years
Improvements	7 - 30 years
Infrastructure and water/sewer system	25 - 50 years

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity
(Continued)**

Capitalization of Interest

Prior to October 1, 2019, interest incurred during the construction phase was reflected in the capitalized value of the asset constructed, net of interest earned on the interest proceeds over the same period. Effective October 1, 2019, interest incurred during the construction phase is expensed as incurred.

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 City has three items that qualify for reporting in this category, deferred charge on refunding, deferred outflows related to OPEB and deferred outflows related to pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow related to OPEB and pension results from OPEB or pension contributions related to normal and accrued employer liability (net of any refunds or error service payments) subsequent to the measurement date.

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 City has five items that qualify for reporting in this category, unearned property taxes, deferred charges on refunding, other deferred charges, deferred inflows related to OPEB and deferred inflows related to pension. A deferred inflow related to OPEB and pension results from the net difference between projected and actual earnings on plan investments and differences between expected and actual experience and is amortized over five years beginning with the year in which the difference occurred.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity
(Continued)**

Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

The City's employees earn 80 hours of annual leave after the first year of employment. After the tenth year of service, each full-time employee earns 120 hours of annual leave per year. Employees completing up to ten years of service may accrue up to and including 160 hours of annual leave. Employees completing more than 10 years of service may accrue up to and including 240 hours of annual leave. Upon termination of employment, an employee receives payment of accumulated vacation hours up to certain limits at current wage rates.

Each full-time City employee accrues sick leave at the rate of 8 hours per month. Sick leave may be accumulated up to a maximum of 480 hours. Upon separation from service, all sick leave is cancelled, except that full-time employees, in good standing, will upon retirement under the Retirement System of Alabama, for the length of service or disability, be paid for accrued sick leave at the time of retirement, not to exceed 480 hours.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund financial statements. Bond premiums and discounts, as well as gains/losses on refundings, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expenses during the current period.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

Long-Term Obligations (Continued)

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Net Position and Fund Balances

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 improvement debt are reported in this classification also.

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 City Council.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity
(Continued)**

Net Position and Fund Balances (Continued)

Fund balance is reported in the fund financial statements in two major categories: nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Inventory, prepaid expenses and long-term receivables are types of assets classified as nonspendable.

As of September 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the City Council, the highest level of decision making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's policy, only the Mayor and City Council may assign amounts for specific purposes.

Unassigned – All other spendable amounts.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity
(Continued)**

Net Position and Fund Balances (Continued)

The City's governmental funds reported fund balance in the following categories at September 30, 2021:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
General Fund	\$ 2,227,356	\$ 6,395,429	\$ -	\$ -	\$ 15,664,407
Special Revenue Funds	-	43,847,408	330,707	644,116	(1,097,909)
Debt Service Fund	-	24,958,297	-	206,440	-
Total	<u>\$ 2,227,356</u>	<u>\$75,201,134</u>	<u>\$ 330,707</u>	<u>\$ 850,556</u>	<u>\$ 14,566,498</u>

Property Tax Calendar

In Alabama, City property taxes are levied by the County Commission at its first regular meeting in February of each year based on the property on record as of the preceding October 1. The taxes are due the following October 1 and delinquent after December 31st. In accordance with the non-exchange transactions provision of GASB Statement No. 33, taxes levied in fiscal year 2020 for the 2021 budget year have been recorded as a receivable and deferred inflow of resources.

Pensions

The Employees' Retirement System of Alabama (the Plan or ERS) 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 the requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 - Summary of Significant Accounting Policies (Continued)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity
(Continued)**

Other Post-Employment Benefits ("OPEB")

In addition to the pension benefit noted above, the City offers certain OPEB. For purposes of measuring total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the economic resources measurement focus and full accrual basis of accounting are utilized. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Management Estimates and Assumptions

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

Advertising

The City and Water Works expense all advertising costs during the period in which they are incurred. Total advertising costs for the City, Sewer, and Water Works for the year ended September 30, 2021 were \$100,292, \$1,425, and \$1,865, respectively.

Recently Issued and Implemented Accounting Pronouncements

GASB Statement No. 84 (GASB 84), *Fiduciary Activities*, effective for fiscal year ending September 30, 2021. This statement enhances consistency and comparability by establishing certain specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity
(Continued)**

Recently Issued and Implemented Accounting Pronouncements (Continued)

GASB Statement No. 90 (GASB 90), *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*, effective for fiscal year ending September 30, 2021. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units.

Pronouncements Recently Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the City upon implementation. Management is evaluating the effect of implementation of these standards.

GASB Statement No. 87 (GASB 87), *Leases*, effective for fiscal year ending September 30, 2022. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

GASB Statement No. 91 (GASB 91), *Conduit Debt Obligations*, effective for fiscal year ending September 30, 2023. This statement will 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 Statement No. 92 (GASB 92), *Omnibus 2020*, effective for fiscal year ending September 30, 2022. This statement will enhance comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity
(Continued)**

Pronouncements Recently Issued But Not Yet Effective (Continued)

GASB Statement No. 93 (GASB 93), *Replacement of Interbank Offered Rates*, effective for fiscal year ending September 30, 2022. This statement will address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate, specifically the London Interbank Offered Rate, which is expected to cease to exist in its current form at the end of 2021.

GASB Statement No. 94 (GASB 94), *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for fiscal year ending September 30, 2023. This statement will improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and for availability of payments arrangements.

GASB Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements*, effective for fiscal year ending September 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.

GASB Statement No. 97 (GASB 97), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for fiscal year ending September 30, 2022. This statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. It will also enhance the relevance, consistence, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all section 457 plans.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity
(Continued)**

Pronouncements Recently Issued But Not Yet Effective (Continued)

GASB Statement No. 99 (GASB 99), *Omnibus 2022*, issued April 2022 and effective in part upon issuance and in part for fiscal years beginning after June 15, 2022 and in part for fiscal years beginning after June 15, 2023. This statement addresses the following issues:

- Classification and reporting of derivative instruments within the scope of GASB 53 that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument – effective for fiscal years beginning after June 15, 2023.
- Clarification of provisions in GASB 87, 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 – effective for fiscal years beginning after June 15, 2022.
- Clarification of provisions in GASB 94 related to (a) the determination of the public private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset – effective for fiscal years beginning after June 15, 2022.
- Clarification of provisions in GASB 96 related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability – effective for fiscal years beginning after June 15, 2022.
- Extension of the period during which the London Interbank Offered Rate (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 – effective upon issuance.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP) – effective upon issuance.
- Disclosures related to nonmonetary transactions – effective upon issuance.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 1 – Summary of Significant Accounting Policies (Continued)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity
(Continued)**

Pronouncements Recently Issued But Not Yet Effective (Continued)

- Pledges of future revenues when resources are not received by the pledging government – effective upon issuance.
- Clarification of provisions in GASB 34 related to the focus of the government-wide financial statements – effective upon issuance.
- Terminology updates related to certain provisions of GASB 63 – effective upon issuance.
- Terminology used in GASB 53 to refer to resource flow statements – effective upon issuance.

GASB Statement No. 100 (GASB 100), *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, effective for fiscal years beginning after June 15, 2023. The Statement will enhance accounting and financial reporting requirements for accounting changes and error corrections and provides more understandable, reliable, relevant, consistent and comparable information for making decisions or accessing accountability.

GASB Statement No. 101 (GASB 101), *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. This statement updates the recognition and measurement guidance for compensated absences.

Note 2 – Stewardship, Compliance and Accountability

Budgetary Information

Each year, formal budgets are legally adopted and amended as required by the City Council for the General Fund and Special Revenue Funds. Management can approve transfers within government function categories only. Transfers of appropriations or revisions between government function categories require the approval of the City Council. The level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the government function category level.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 2 – Stewardship, Compliance and Accountability (Continued)

The Debt Service Fund is not budgeted and budget information is not presented.

Budgets for the governmental funds are adopted on a basis consistent with GAAP.

Note 3 – Deposits and Investments

Cash and Cash Equivalents – Custodial Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the City will not be able to cover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City'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. 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.

Credit and Interest Rate Risk

Concentration of credit risk is the risk of loss attributable to the quantity of the government's investments as a single issuer. The City has limited its credit risk by investing in money market funds that invest only in U.S. Treasury securities. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City 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.

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 3 – Deposits and Investments (Continued)

Custodial Risk

For an investment, custodial credit risk is the risk that an entity will not be able to recover the value of its investments that are in the possession of an outside party if the counterparty fails. The City's deposits are held by various financial institutions located primarily in southeastern Alabama which are covered under the SAFE Program.

The City has the following investments and restricted investments at September 30, 2021:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Unit - Board of Education</u>
Unrestricted:			
Demand Deposit and Money			
Market Accounts	\$ -	\$ -	\$ -
Certificates of Deposit	<u>-</u>	<u>-</u>	<u>-</u>
Total Unrestricted Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted:			
Demand Deposit and Money Market			
Accounts (1)	\$ 9,559,586	\$ -	\$ 900,000
Restricted Investments: (1)			
Demand Deposit and Money			
Market Accounts	-	-	-
US Treasury Obligations – Original			
Maturity of Less than One Year	<u>63,809,092</u>	<u>4,420,627</u>	<u>-</u>
Total – Restricted Investments	<u>\$ 73,368,678</u>	<u>\$ 4,420,627</u>	<u>\$ 900,000</u>

(1) These investments meet the definition of cash equivalents and are reported as cash and cash equivalents.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 4 – Receivables

Receivables as of year-end, including the applicable allowance for uncollectible accounts, are as follows:

<u>Governmental Funds</u>	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Sales Tax	\$ 2,358,732	\$ -	\$ -	\$ 2,358,732
Ad Valorem Tax	2,771,411	-	-	2,771,411
Fuel Tax	-	-	77,024	77,024
Other Taxes	164,796	-	-	164,796
Business Licenses	-	-	-	-
Judicial Fees and Fines	219,089	-	-	219,089
State of Alabama Reimbursement	-	-	-	-
Loan – Brightwater Aviation Lender, Inc. (Note 12)	-	-	-	-
Alabama E911 Board	-	-	30,474	30,474
Other	56,333	-	-	56,333
Receivables, Net	<u>\$ 5,570,361</u>	<u>\$ -</u>	<u>\$ 107,498</u>	<u>\$ 5,677,859</u>

<u>Proprietary Funds</u>	<u>Water Works Board</u>
Utilities Billing	\$ 2,035,233
Less: Allowance for Doubtful Accounts	<u>(901,742)</u>
Receivables, Net	<u>\$ 1,133,491</u>

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 5 – Interfund Balances and Operating Transfers

Interfund balances are generally used to meet cash demands necessary to pay operating expenditures. These amounts should be repaid during the next fiscal year. The composition of interfund balances as of September 30, 2021 is shown as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payables</u>
General Fund	\$ 2,041,365	\$ 159,274
Capital Projects Fund	100,000	1,259,202
Debt Service Fund	206,440	-
Other Governmental Funds	68,247	142,224
Water Works Board	-	993,350
Sewer Fund	<u>148,531</u>	<u>10,533</u>
Total All Funds	<u>\$ 2,564,583</u>	<u>\$ 2,564,583</u>

Operating transfers to/from other funds at September 30, 2021 consist of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,893,306	\$ 7,344,968
Capital Projects Fund	1,013,701	153,715
Debt Service Fund	6,168,927	-
Other Governmental Funds	-	744,389
Water Works Board	26,050	262,069
Sewer Fund	<u>-</u>	<u>2,091,973</u>
Total All Funds	<u>\$ 9,101,984</u>	<u>\$ 10,597,114</u>
Governmental Activities	<u>1,495,130</u>	<u>-</u>
Total Transfers	<u>\$ 10,597,114</u>	<u>\$ 10,597,114</u>

**City of Enterprise
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Notes to Financial Statements
September 30, 2021**

Note 6 – Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

Primary Government	October 1, 2020	Increases	Decreases	Adjustments	September 30, 2021
Governmental Activities					
Capital Assets, Not Being Depreciated					
Land	\$ 2,161,853	\$ -	\$ 7,000	\$ -	\$ 2,154,853
Construction in Progress	<u>4,471,745</u>	<u>1,195,429</u>	<u>3,399,903</u>	<u>-</u>	<u>2,267,271</u>
Total Capital Assets, Not Being Depreciated	<u>\$ 6,633,598</u>	<u>\$ 1,195,429</u>	<u>\$ 3,406,903</u>	<u>\$ -</u>	<u>\$ 4,422,124</u>
Capital Assets, Being Depreciated					
Buildings	\$ 22,344,355	\$ 1,150,736	\$ -	\$ -	\$ 23,495,091
Infrastructure	79,272,347	808,675	-	-	80,081,022
Improvements, Other than Buildings	14,983,728	2,300,527	-	-	17,284,255
Equipment	<u>17,757,597</u>	<u>982,459</u>	<u>169,350</u>	<u>-</u>	<u>18,570,706</u>
Total Capital Assets, Being Depreciated	<u>\$ 134,358,027</u>	<u>\$ 5,242,397</u>	<u>\$ 169,350</u>	<u>\$ -</u>	<u>\$ 139,431,074</u>
Less: Accumulated Depreciation					
Buildings	\$ 9,572,273	\$ 470,684	\$ -	\$ -	\$ 10,042,957
Infrastructure	59,499,569	1,981,114	-	-	61,480,683
Improvements, Other than Buildings	4,675,432	601,571	-	-	5,277,003
Equipment	<u>12,412,846</u>	<u>1,104,868</u>	<u>168,272</u>	<u>-</u>	<u>13,349,442</u>
Total Accumulated Depreciation	<u>\$ 86,160,120</u>	<u>\$ 4,158,237</u>	<u>\$ 168,272</u>	<u>\$ -</u>	<u>\$ 90,150,085</u>
Net Fixed Assets Being Depreciated	<u>\$ 48,197,907</u>	<u>\$ 1,084,160</u>	<u>\$ 1,078</u>	<u>\$ -</u>	<u>\$ 49,280,989</u>
Total Capital Assets	<u>\$ 54,831,505</u>	<u>\$ 2,279,589</u>	<u>\$ 3,407,981</u>	<u>\$ -</u>	<u>\$ 53,703,113</u>

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 6 – Capital Assets (Continued)

	<u>October 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>September 30, 2021</u>
Business-Type Activities					
Water Works Board					
Capital Assets, Not Being Depreciated					
Land	\$ 301,610	\$ -	\$ -	\$ -	\$ 301,610
Construction in Progress	<u>3,948,284</u>	<u>4,462,327</u>	<u>1,810,524</u>	<u>-</u>	<u>6,600,087</u>
Total Capital Assets, Not Being Depreciated	<u>\$ 4,249,894</u>	<u>\$ 4,462,327</u>	<u>\$ 1,810,524</u>	<u>\$ -</u>	<u>\$ 6,901,697</u>
Capital Assets, Being Depreciated					
Buildings	\$ 47,494	\$ -	\$ -	\$ -	\$ 47,494
Wells, Tanks and Plants	28,223,499	2,172,978	-	-	30,396,477
Equipment	<u>7,089,543</u>	<u>156,550</u>	<u>58,898</u>	<u>-</u>	<u>7,187,195</u>
Total Capital Assets, Being Depreciated	<u>\$ 35,360,536</u>	<u>\$ 2,329,528</u>	<u>\$ 58,898</u>	<u>\$ -</u>	<u>\$ 37,631,166</u>
Less: Accumulated Depreciation					
Buildings	\$ 34,745	\$ 688	\$ -	\$ -	\$ 35,433
Wells, Tanks and Plants	13,557,186	504,832	-	-	14,062,018
Equipment	<u>4,178,752</u>	<u>576,005</u>	<u>58,898</u>	<u>-</u>	<u>4,695,859</u>
Total Accumulated Depreciation	<u>\$ 17,770,683</u>	<u>\$ 1,081,525</u>	<u>\$ 58,898</u>	<u>\$ -</u>	<u>\$ 18,793,310</u>
Net Fixed Assets Being Depreciated	<u>\$ 17,589,853</u>	<u>\$ 1,248,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,837,856</u>
Total Capital Assets	<u>\$ 21,839,747</u>	<u>\$ 5,710,330</u>	<u>\$ 1,810,524</u>	<u>\$ -</u>	<u>\$ 25,739,553</u>

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 6 – Capital Assets (Continued)

	October 1, 2020	Increases	Decreases	Adjustments	September 30, 2021
Business-Type Activities					
Sewer Fund					
Capital Assets, Not Being Depreciated					
Land	\$ 265,930	\$ -	\$ -	\$ -	\$ 265,930
Construction in Progress	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Total Capital Assets, Not Being Depreciated	<u>\$ 267,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,430</u>
Capital Assets, Being Depreciated					
Buildings	\$ 627,265	\$ -	\$ -	\$ -	\$ 627,265
Wells, Tanks and Plants	21,407,688	49,968	-	-	21,457,656
Improvements, Other than Buildings	9,846,551	-	-	-	9,846,551
Equipment	<u>1,843,564</u>	<u>326,383</u>	<u>-</u>	<u>-</u>	<u>2,169,947</u>
Total Capital Assets, Being Depreciated	<u>\$ 33,725,068</u>	<u>\$ 376,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,101,419</u>
Less: Accumulated Depreciation					
Buildings	\$ 62,472	\$ 4,895	\$ -	\$ -	\$ 67,367
Improvements, Other than Buildings	2,627,053	693,777	-	-	3,320,830
Wells, Tanks and Plants	11,670,852	393,862	-	-	12,064,714
Equipment	<u>954,824</u>	<u>148,341</u>	<u>-</u>	<u>2,217</u>	<u>1,105,382</u>
Total Accumulated Depreciation	<u>\$ 15,315,201</u>	<u>\$ 1,240,875</u>	<u>\$ -</u>	<u>\$ 2,217</u>	<u>\$ 16,558,293</u>
Net Fixed Assets Being Depreciated	<u>\$ 18,409,867</u>	<u>\$ (864,524)</u>	<u>\$ -</u>	<u>\$ (2,217)</u>	<u>\$ 17,543,126</u>
Total Capital Assets	<u>\$ 18,677,297</u>	<u>\$ (864,524)</u>	<u>\$ -</u>	<u>\$ (2,217)</u>	<u>\$ 17,810,556</u>

Depreciation expense was charged to functions/programs of the primary government as follows for the year ended September 30, 2021:

Governmental Activities

General Government	\$ 107,965
Engineering	55,115
Fleet Maintenance	5,230
Airport Authority	314,680
Public Safety	515,238
Highways and Streets	2,208,340
Health and Sanitation	366,636

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 6 – Capital Assets (Continued)

Governmental Activities (Continued)

Culture and Recreation	573,697
Economic Development	<u>11,336</u>
Total	<u>\$ 4,158,237</u>

Business-Type Activities

Water Works Board	\$ 1,081,525
Sewer Fund	<u>1,240,875</u>
Total	<u>\$ 2,322,400</u>

Capital asset activity for the discretely presented component units for the year ended September 30, 2021 was as follows:

	<u>October 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30, 2021</u>
Component Units				
Capital Assets,				
Not Being Depreciated				
Land	\$ 8,852,014	\$ 38,398	\$ -	\$ 8,890,412
Buildings	85,934	-	-	85,934
Construction in Progress	<u>1,096,349</u>	<u>3,968,373</u>	<u>8,140</u>	<u>5,056,582</u>
Total Capital Assets,				
Not Being Depreciated	<u>\$ 10,034,297</u>	<u>\$ 4,006,771</u>	<u>\$ 8,140</u>	<u>\$ 14,032,928</u>
Capital Assets, Being Depreciated				
Buildings	\$ 151,114,185	\$ 14,780	\$ -	\$ 151,128,965
Building Improvements	20,971,763	195,750	-	21,167,513
Furniture and Equipment	<u>13,129,243</u>	<u>1,306,432</u>	<u>1,848,371</u>	<u>12,587,304</u>
Total Capital Assets,				
Being Depreciated	<u>\$ 185,215,191</u>	<u>\$ 1,516,962</u>	<u>\$ 1,848,371</u>	<u>\$ 184,883,782</u>
Less: Accumulated Depreciation				
Buildings	\$ 43,231,790	\$ 3,715,056	\$ -	\$ 46,946,846
Building Improvements	6,206,477	514,159	-	6,720,636
Furniture and Equipment	<u>9,191,898</u>	<u>879,958</u>	<u>1,848,371</u>	<u>8,223,485</u>
Total Accumulated Depreciation	<u>\$ 58,630,165</u>	<u>\$ 5,109,173</u>	<u>\$ 1,848,371</u>	<u>\$ 61,890,967</u>
Total Capital Assets,				
Being Depreciated, Net	<u>\$ 126,585,026</u>	<u>\$ (3,592,211)</u>	<u>\$ -</u>	<u>\$ 122,992,815</u>

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 6 – Capital Assets (Continued)

Depreciation expense was charged to governmental functions of the component units as follows for the year ended September 30, 2021:

Component Units

Instructional Services	\$ 4,112,037
Instructional Support Services	371
Operation and Maintenance	124,661
Student Transportation Services	551,316
Food Services	181,532
General and Administrative	68,019
Other	12,089
Library	<u>59,148</u>
Total	<u>\$ 5,109,173</u>

Note 7 – Long-Term Debt

Changes in long-term debt for the year ended September 30, 2021 was as follows:

	October 1, 2020	Additions	Reductions	September 30, 2021	Due Within One Year
Governmental Activities					
Notes Payable	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -
General Obligation Bonds					
2013 Bonds Series A	10,195,000	-	10,195,000	-	-
2013 Bonds Series B	3,300,000	-	1,930,000	1,370,000	325,000
2014 School Bonds	17,080,000	-	1,560,000	15,520,000	1,635,000
2014 Capital Improvements	14,700,000	-	6,855,000	7,845,000	725,000
2015 Airport Warrant	808,991	-	808,991	-	-
2018 Bonds Series A	2,701,225	-	1,893,610	807,615	152,892
2018 Bonds Series B	6,335,000	-	6,306,325	28,675	5,415
2018 Bonds Series C	4,760,000	-	4,535,000	225,000	60,000
2019 Industrial Park Bond	2,535,061	-	2,535,061	-	-
2019 Equipment Bond	1,190,256	-	1,190,256	-	-
2020 Bonds Series A	-	3,745,000	-	3,745,000	265,000
2020 Bonds Series B	-	24,390,501	-	24,390,501	244,539
2021 Bonds Series A	-	24,415,000	-	24,415,000	250,000
2021 Bonds Series B	-	7,965,000	-	7,965,000	135,000
2021 Bonds Series C	<u>-</u>	<u>32,170,000</u>	<u>-</u>	<u>32,170,000</u>	<u>-</u>
Total Notes and Bond Debt	<u>\$ 63,655,533</u>	<u>\$ 92,685,501</u>	<u>\$ 37,859,243</u>	<u>\$ 118,481,791</u>	<u>\$ 3,797,846</u>

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 – Long-Term Debt (Continued)

	October 1, 2020	Additions	Reductions	September 30, 2021	Due Within One Year
Original Issue Discounts					
2013 Bonds Series A	\$ (176,757)	\$ -	\$ (176,757)	\$ -	\$ -
2013 Bonds Series B	(13,978)	-	(8,889)	(5,089)	(2,138)
2018 Bonds Series A	(36,324)	-	(26,778)	(9,546)	(3,285)
2018 Bonds Series B	(78,332)	-	(78,032)	(300)	(103)
2018 Bonds Series C	(63,183)	-	(60,788)	(2,395)	(1,034)
2021 Bonds Series A	-	(160,468)	(2,383)	(158,085)	(11,754)
2021 Bonds Series C	-	(179,584)	-	(179,584)	(8,964)
Bond Premium					
2014 School Refunding Bonds	923,389	-	201,064	722,325	182,871
2014 Capital Improvement	1,184,104	-	575,894	608,210	88,466
2020 Bonds Series A	-	156,336	9,848	146,488	21,110
2021 Bonds Series A	-	364,979	5,421	359,558	26,734
2021 Bonds Series C	-	3,309,245	-	3,309,245	165,185
Net Deferred Adjustments	\$ 1,738,919	\$ 3,490,508	\$ 438,600	\$ 4,790,827	\$ 457,088
Compensated Absences	\$ 762,800	\$ 88,489	\$ -	\$ 851,289	\$ -
Other Postemployment Benefits	16,152,684	544,929	-	16,697,613	-
Net Pension Liability	7,796,665	795,742	-	8,592,407	-
Total Other Obligations	\$ 24,712,149	\$ 1,429,160	\$ -	\$ 26,141,309	\$ -
Total	\$ 90,106,601	\$ 97,605,169	\$ 38,297,843	\$ 149,413,927	\$ 4,254,934

Business-Type Activities

General Obligation Bonds

2018 Series A Sewer	\$ 12,733,775	\$ -	\$ 8,952,912	\$ 3,780,863	\$ 715,766
2020 Series B Sewer	-	10,934,038	-	10,934,038	109,625
2015 Water	3,225,000	-	3,225,000	-	-
2018 Water	9,560,000	-	210,000	9,350,000	215,000
2018 Series A Water	4,415,000	-	2,453,478	1,961,522	302,265
2018 Series B Water	5,175,000	-	2,873,675	2,301,325	354,336
2020B GO Water	-	5,070,461	-	5,070,461	68,924
2021A GO Water	-	2,565,000	-	2,565,000	210,000
Total Bond Debt	\$ 35,108,775	\$ 18,569,499	\$ 17,715,065	\$ 35,963,209	\$ 1,975,916

Original Issue Discounts

2018 Series A Sewer	\$ (171,848)	\$ -	\$ 127,319	\$ (44,529)	\$ (15,547)
2015 Water	(11,929)	-	11,929	-	-
2018 Water	(13,625)	-	497	(13,128)	-
2018 Series A Water	(58,032)	-	35,485	(22,547)	-
2018 Series B Water	(67,097)	-	40,854	(26,243)	-

Premiums

2021A GO Water	-	433,663	(14,218)	419,445	-
Net Deferred Adjustments	\$ (322,531)	\$ 433,663	\$ 201,866	\$ 312,998	\$ (15,547)

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 - Long-Term Debt (Continued)

	October 1, 2020	Additions	Reductions	September 30, 2021	Due Within One Year
Compensated Absences Water	\$ 89,501	\$ -	\$ 3,498	\$ 86,003	\$ -
Compensated Absences Sewer	43,474	11,523	-	54,997	-
Other Postemployment Benefits					
Water	1,246,707	80,154	-	1,326,861	-
Sewer	496,945	19,121	-	516,066	-
Net Pension Liability					
Water	625,380	116,123	-	741,503	-
Sewer	325,899	40,648	-	366,547	-
Total Other Obligations	<u>\$ 2,827,906</u>	<u>\$ 267,569</u>	<u>\$ 3,498</u>	<u>\$ 3,091,977</u>	<u>\$ -</u>
Totals	<u>\$ 37,614,150</u>	<u>\$ 19,270,731</u>	<u>\$ 17,516,697</u>	<u>\$ 39,368,184</u>	<u>\$ 1,960,369</u>

Governmental Activities

2013 General Obligation Warrants - On July 1, 2013, the City issued General Obligation Warrants Series 2013-A in the principal amount of \$15,770,000. The purpose of this bond issuance was to:

- Refund the City's General Obligation Warrants Series 2002;
- Finance the cost of various capital improvements, and;
- Pay the costs of issuance for the Series 2013-A bonds.

The original issue discount on the Series 2013-A bonds was \$487,177. The original issue discount is being amortized over the life of the bonds using the interest method. Unamortized original issue discount at September 30, 2021 was \$0. The Series 2013-A bonds were fully refunded during fiscal year ended September 30, 2021.

On July 1, 2013, the City issued General Obligation Warrants Series 2013-B in the principal amount of \$10,520,000. The purpose of this bond issuance was to:

- Refund the portion of the Series 2004 Warrants not refunded from the proceeds of the Series 2013-A Warrants;
- Provide economic development incentives to an existing automotive supplier based in the City for the expansion of its facilities and to induce one or more other manufacturing prospects to establish a presence in the City, and;
- Pay the costs of issuance for the Series 2013-B bonds.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 – Long-Term Debt (Continued)

The original issue discount on the Series 2013-B bonds was \$97,087. The original issue discount is being amortized over the life of the bonds using the interest method. Unamortized original issue discount at September 30, 2021 was \$5,089.

Proceeds in the amount of \$2,736,039 from the Series 2013-A bonds were deposited in escrow to provide for future debt service payments on the Series 2002 refunded bonds. Proceeds in the amount of \$7,357,592 from the Series 2013-A bonds and \$2,790,468 from the Series 2013-B bonds were deposited in escrow to provide for future debt service payments on the Series 2002 refunded bonds. The Series 2002 General Obligation Warrants have been fully repaid. The outstanding principal of the defeased 2004 bonds at September 30, 2021 was \$5,575,000.

The refunding of the Series 2002 bonds resulted in an economic loss of \$55,208 and an increase of \$1,650,225 in future debt service payments. A total of \$618,026 was in the Series 2002 debt service account at refunding and was added to the refunding proceeds to provide for future debt service. The refunding of the Series 2004 bonds resulted in an economic loss of \$549,141 and an increase of \$4,909,375 in future debt service payments. The unamortized balance of the refunding loss at September 30, 2021 was \$176,301.

The Series 2013-B Bonds were partially refunded in the amount of \$1,615,000 with the issuance of Series 2020 Bonds Series B during the fiscal year ended September 30, 2021.

Interest payments on the Series 2013-B Bonds are due semi-annually at 2.75% to 4.80%. Payments are scheduled as follows:

Maturity Date	Bonds Payable	Interest Rate	Interest Payable		Annual Debt Requirement
			November 1	May 1	
11-01-2021	\$ 325,000	3.400%	\$ 25,937	\$ 20,412	371,349
11-01-2022	330,000	3.700%	20,412	14,308	364,720
11-01-2023	350,000	3.900%	14,308	7,482	371,790
11-01-2024	365,000	4.100%	7,482	-	372,482
Totals	<u>\$ 1,370,000</u>		<u>\$ 68,139</u>	<u>\$ 42,202</u>	<u>\$ 1,480,341</u>

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 7 - Long-Term Debt (Continued)

2014 General Obligation Capital Improvement Bonds - In October 2014, the City issued Series 2014 General Obligation Warrants in the amount of \$17,825,000. The purpose of the new bond issuance was for capital improvements. Principal payments on the 2014 Warrants are due annually on October 1 and interest is due semi-annually on October 1 and April 1. Interest rates vary from 3.125% to 5.00%. Payments are scheduled as follows:

Maturity Date	Bonds Payable	Interest Rate	Interest Payable		Annual Debt Requirement
			October 1	April 1	
10-01-2021	\$ 725,000	5.00%	\$ 150,519	\$ 132,394	\$ 1,007,913
10-01-2022	760,000	5.00%	132,394	113,394	1,005,788
10-01-2023	800,000	5.00%	113,394	93,394	1,006,788
10-01-2024	840,000	5.00%	93,394	72,394	1,005,788
10-01-2025	-	5.00%	72,394	72,394	144,788
10-01-2026	-	5.00%	72,394	72,394	144,788
10-01-2027	-	5.00%	72,394	72,394	144,788
10-01-2028	-	5.00%	72,394	72,394	144,788
10-01-2029	1,070,000	3.00%	72,394	56,344	1,198,738
10-01-2030	1,100,000	3.00%	56,344	39,844	1,196,188
10-01-2031	-	5.00%	39,844	39,844	79,688
10-01-2032	-	5.00%	39,844	39,844	79,688
10-01-2033	1,255,000	3.125%	39,844	20,234	1,315,078
10-01-2034	1,295,000	3.125%	20,234	-	1,315,234
Totals	\$ 7,845,000		\$ 1,047,781	\$ 897,262	\$ 9,790,043

The net premium on the 2014 General Obligation Warrants was \$2,083,483 and is amortized using the interest method over the life of the warrants. The unamortized premium on these warrants as of September 30, 2021 was \$608,210.

The 2014 General Obligation Warrants were partially refunded in the amount of \$6,165,000 during the fiscal year ended September 30, 2021 by 2020 Bonds Series B.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 – Long-Term Debt (Continued)

2014 General Obligation Refunding School Warrants - On December 1, 2014, the City issued General Obligation Refunding School Warrants Series 2014 in the principal amount of \$20,000,000. The purpose of this bond issuance was to refund \$20,005,000 of the unpaid principal balance of the 2009 General Obligation School Warrants.

The net premium on the 2014 General Obligation Refunding School Warrants was \$2,185,555 and is amortized using the interest method over the life of the warrants. The unamortized premium on these warrants as of September 30, 2021 was \$722,325.

Proceeds in the amount of \$21,961,519 from the Series 2014 General Obligation Refunding School Warrants were deposited in escrow to provide for future debt service payments on the Series 2009 refunded bonds. As a result, the \$20,005,000 of the unpaid principal balance of the Series 2009 GO School Bonds are considered defeased and the corresponding liability has been removed from the Statement of Net Position. The outstanding principal of the defeased bonds at September 30, 2021 was \$15,445,000.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,227,465. This amount is being amortized over the remaining life of the old debt.

The refunding of a portion of the Series 2009 School bonds resulted in an economic gain of \$1,018,286 and a decrease of \$1,181,266 in future debt service payments. The unamortized balance of the refunding loss at September 30, 2021 was \$1,201,337.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 – Long-Term Debt (Continued)

Principal payments are deferred until February 1, 2019 for the Series 2014 Bonds. Interest is due semi-annually at 3.125% to 5.00%. Payments on the Series 2014 Bonds are scheduled as follows:

Maturity Date	Bonds Payable	Interest Rate	Interest Payable		Annual Debt Requirement
			February 1	August 1	
2-01-2022	\$ 1,635,000	5.00%	\$ 326,278	\$ 285,403	\$ 2,246,681
2-01-2023	1,725,000	5.00%	285,403	242,278	2,252,681
2-01-2024	1,810,000	5.00%	242,278	197,028	2,249,306
2-01-2025	1,900,000	5.00%	197,028	149,528	2,246,556
2-01-2026	2,005,000	5.00%	149,528	99,403	2,253,931
2-01-2027	2,080,000	3.00%	99,403	68,203	2,247,606
2-01-2028	2,145,000	3.125%	68,203	34,688	2,247,891
2-01-2029	<u>2,220,000</u>	3.125%	<u>34,688</u>	<u>-</u>	<u>2,254,688</u>
Totals	<u>\$ 15,520,000</u>		<u>\$ 1,402,809</u>	<u>\$ 1,076,531</u>	<u>\$ 17,999,340</u>

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 7 – Long-Term Debt (Continued)

2018-A General Obligation Bonds - In June 2018, the City issued Series 2018-A General Obligation Warrants in the amount of \$22,255,000. The purpose of the new bond issuance was to refund the 2009 capital project general obligation warrants. As a result, the \$20,965,000 of the unpaid principal balance of the Series 2009 GO Bonds are considered defeased and the corresponding liability has been removed from the Statement of Net Position. The proceeds of the bond issuance, as well as all costs and discounts were split between the City Debt Service Fund, Sewer and the Water Works. The City and the Water Works entered into a funding agreement in relation to the Water Works' portion, whereby the Water Works will transfer a fixed amount to the City's Debt Service Fund to cover a portion of the debt service requirement. The Sewer will cover the remaining required debt service. Debt service payments made by the Sewer and Water Works on behalf of the Debt Service Fund will be treated as a transfer of funds.

The outstanding principal of the defeased bonds as of September 30, 2021 was as follows:

	G.O. Warrants
2009 City Warrants	\$ 2,560,754
2009 Water Works Warrants	4,415,000
2009 Sewer Warrants	<u>13,449,246</u>
Totals	<u>\$ 20,425,000</u>

During the fiscal year ended September 30, 2021, the City issued 2020 Bond Series B which partially refunded the Series 2018-A General Obligation Warrants in the following amounts:

2018-A City Warrants	\$1,748,410
2018-A Water Works Warrants	\$2,168,478
2018-A Sewer Warrants	\$8,183,112

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 - Long-Term Debt (Continued)

The allocation of the Series 2018-A General Obligation Warrants after the refunding was as follows:

	G.O. Warrants	Original Issue Discount	Unamortized Original Issue Discount at 9/30/2021
2018-A City Warrants	\$ 807,615	\$ 11,331	\$ 9,546
2018-A Water Works Warrants	3,780,863	27,148	22,547
2018-A Sewer Warrants	<u>1,961,522</u>	<u>53,617</u>	<u>44,529</u>
Totals	<u>\$ 6,550,000</u>	<u>\$ 92,096</u>	<u>\$ 76,622</u>

Principal payments on the 2018-A City Warrants are due annually on October 1 and interest is due semi-annually on October 1 and April 1. Interest rates vary from 1.75% to 4.00%. Payments are scheduled as follows:

<u>Maturity Date</u>	<u>Bonds Payable</u>	<u>Interest Rate</u>	<u>Interest Payable</u>	<u>Annual Debt Requirement</u>
10/1/2021	\$ 152,892	2.50%	\$ 21,993	\$ 174,885
10/1/2022	156,591	2.88%	17,831	174,422
10/1/2023	160,906	3.00%	13,166	174,072
10/1/2024	165,839	3.13%	8,125	173,964
10/1/2025	<u>171,387</u>	3.25%	<u>2,785</u>	<u>174,172</u>
Totals	<u>\$ 807,615</u>		<u>\$ 63,900</u>	<u>\$ 871,515</u>

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 – Long-Term Debt (Continued)

The reacquisition price (funds required to refund the old debt) exceeded the net carrying amount of the old debt by \$432,423 and \$725,620 for the City and Sewer respectively. The net carrying amount of the old debt exceeded the reacquisition price by \$36,797 for the Water Works. This amount is being amortized over the remaining life of the old debt on a straight-line basis. The refunding of the Series General Obligation warrants resulted in an economic loss of \$98,223 and a decrease of \$83,649 in future debt service payments.

2018-B General Obligation Bonds - In June 2018, the City issued Series 2018-B General Obligation Warrants in the amount of \$12,405,000. The purpose of the new bond issuance was to refund all of the 2011 General Obligation warrants and a portion of the 2013-A General Obligation warrants. The proceeds of the bond issuance, as well as all costs and discounts were split between the City Debt Service Fund and the Water Works. The City and the Water Works entered into a funding agreement in relation to the Water Works' portion, whereby the Water Works will transfer a fixed amount to the City's Debt Service Fund to cover a portion of the debt service requirement. Debt service payments made by Sewer and Water Works on behalf of the Debt Service Fund will be treated as a transfer of funds.

Proceeds in the amount of \$12,097,669 from the Series 2018-B General Obligation Refunding were deposited in escrow to provide for future debt service payments on the Series 2011 and 2013-A refunded bonds. As a result, the \$5,835,000 and \$5,575,000 of the unpaid principal balances of the Series 2011 and 2013-A General Obligation Bonds are considered defeased and the corresponding liability has been removed from the Statement of Net Position. The outstanding principal of the defeased bonds at September 30, 2021 was \$10,405,000.

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 7 - Long-Term Debt (Continued)

The reacquisition price (funds required to refund the old debt) exceeded the net carrying amount of the old debt by \$884,308 and \$59,826 for the City and the Water Works, respectively. This amount is being amortized over the remaining life of the old debt on a straight-line basis. The refunding of a portion of the Series 2011 and 2013-A General Obligation bonds resulted in an economic loss of \$429,198 and an increase of \$194,166 in future debt service payments.

During the fiscal year ended September 30, 2021, the City issued 2020 Bond Series B which partially refunded the Series 2018-B General Obligation Warrants in the following amounts:

2018-B City Warrants	\$6,221,325
2018-B Water Works Warrants	2,873,675

The allocation of the Series 2018-B General Obligation Warrants after the refunding was as follows:

	G.O. Warrants	Original Issue Discount	Unamortized Original Issue Discount at 9/30/2021
2018-B City Warrants	\$ 28,675	\$ 356	\$ 300
2018-B Water Works Warrants	<u>2,301,325</u>	<u>31,492</u>	<u>26,254</u>
Totals	<u>\$ 2,330,000</u>	<u>\$ 31,848</u>	<u>\$ 26,554</u>

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 - Long-Term Debt (Continued)

Principal payments on the 2018-B City Warrants are due annually on November 1 and interest is due semi-annually on November 1 and May 1. Interest rates vary from 1.75% to 4.00%. Payments are scheduled as follows:

<u>Maturity Date</u>	<u>Bonds Payable</u>	<u>Interest Rate</u>	<u>Interest Payable</u>	<u>Annual Debt Requirement</u>
11/1/2021	\$ 5,415	2.50%	\$ 781	\$ 6,196
11/1/2022	5,600	2.88%	633	6,233
11/1/2023	5,723	3.00%	466	6,189
11/1/2024	5,846	3.13%	289	6,135
11/1/2025	<u>6,091</u>	3.25%	<u>99</u>	<u>6,190</u>
Totals	<u>\$ 28,675</u>		<u>\$ 2,268</u>	<u>\$ 30,943</u>

2018-C General Obligation Bonds - In June 2018, the City issued Series 2018-C General Obligation Warrants in the amount of \$4,880,000. The purpose of the new bond issuance was to refund a portion of the 2013-B General Obligation warrants. The original issue discount of the warrants was \$77,167. The unamortized balance of the original issue discount as of September 30, 2021 was \$2,395.

Proceeds in the amount of \$5,959,339 from the Series 2018-C General Obligation Refunding were deposited in escrow to provide for future debt service payments on the Series 2013-B refunded bonds. Through the process of advance refunding, this debt has been defeased in substance, and fully funded, in escrow, through the purchase of United States Treasury Obligations, pursuant to Escrow Deposit Agreements. The investments have amounts and maturities to generate cash flow sufficient to meet principal and interest payments due over the remaining life of the bonds. All monies and investments in the Escrow Funds are irrevocably pledged to the payment of principal and interest on the defeased bonds for the remaining life. As a result, the \$5,405,000 of the unpaid principal balance of the 2013-B General Obligation Bonds are considered defeased and the corresponding liability has been removed from the Statement of Net Position. The outstanding principal of the defeased bonds at September 30, 2021 was \$5,405,000.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 - Long-Term Debt (Continued)

The reacquisition price (funds required to refund the old debt) exceeded the net carrying amount of the old debt by \$536,365. This amount is being amortized over the remaining life of the old debt on a straight-line basis. The refunding of a portion of the Series 2013-B General Obligation bonds resulted in an economic gain of \$99,302 and a decrease of \$572,790 in future debt service payments. The unamortized balance of the refunding loss at September 30, 2021 was \$16,645.

During the fiscal year ended September 30, 2021, the City issued 2020 Bond Series B which partially refunded \$4,475,000 of the Series 2018-C General Obligation Warrants.

Principal payments on the 2018-C City Warrants are due annually on November 1 and interest is due semi-annually on November 1 and May 1. Interest rates vary from 2.50% to 3.80%. Payments are scheduled as follows:

<u>Maturity Date</u>	<u>Bonds Payable</u>	<u>Interest Rate</u>	<u>Interest Payable</u>	<u>Annual Debt Requirement</u>
11/1/2021	\$ 60,000	2.50%	\$ 6,112	\$ 66,112
11/1/2022	55,000	3.25%	4,468	59,468
11/1/2023	55,000	3.25%	2,681	57,681
11/1/2024	<u>55,000</u>	3.25%	<u>894</u>	<u>55,894</u>
Totals	<u>\$ 225,000</u>		<u>\$ 14,155</u>	<u>\$ 239,155</u>

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 7 – Long-Term Debt (Continued)

2020-A General Obligation Bonds - In November 2020, the City issued Series 2020-A General Obligation Warrants in the amount of \$3,745,000. The purpose of the issuance was (i) to finance certain capital improvements within the City, including but not limited to the paving of roads and (ii) to pay the cost of issuing the Series 2020-A Warrants. Principal payments on the 2020-A Warrants are due annually on November 1 and interest is due semi-annually on November 1 and May 1. The interest rate is 2.00% over the life of the bonds. Payments are scheduled as follows:

<u>Maturity Date</u>	<u>Bonds Payable</u>	<u>Interest Rate</u>	<u>Annual Interest Payable</u>	<u>Debt Requirement</u>
11/1/2021	\$ 265,000	2.00%	\$ 72,250	\$ 337,250
11/1/2022	275,000	2.00%	66,850	341,850
11/1/2023	275,000	2.00%	61,350	336,350
11/1/2024	270,000	2.00%	55,900	325,900
11/1/2025	280,000	2.00%	50,460	330,460
11/1/2026	290,000	2.00%	44,700	334,700
11/1/2027	300,000	2.00%	38,800	338,800
11/1/2028	300,000	2.00%	32,800	332,800
11/1/2029	290,000	2.00%	26,900	316,900
11/1/2030	300,000	2.00%	21,000	321,000
11/1/2031	270,000	2.00%	15,300	285,300
11/1/2032	270,000	2.00%	9,900	279,900
11/1/2033	280,000	2.00%	4,400	284,400
11/1/2034	80,000	2.00%	800	80,800
Totals	<u>\$ 3,745,000</u>		<u>\$ 501,410</u>	<u>\$ 4,246,410</u>

The net premium on the 2020-A General Obligation Warrants was \$156,336 and is amortized using the interest method over the life of the warrants. The unamortized premium on these warrants as of September 30, 2021 was \$146,488.

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 7 – Long-Term Debt (Continued)

2020-B Taxable General Obligation Bonds – In November 2020, the City issued Series 2020-B Taxable General Obligation Bonds in the amount of \$40,395,000. The purpose of the bond issuance was to (i) refund all of the City’s General Obligation Warrants, Series 2013-A (outstanding amount at time of refunding \$10,195,000), (ii) refund a portion of the City’s Taxable General Obligation Warrants, Series 2013-B, (iii) refund a portion of the City’s General Obligation Warrants, Series 2018-A, (iv) refund a portion of the City’s General Obligation Warrants, Series 2018-B, (v) refund a portion of the City’s General Obligation Warrants, Series 2018-C and (vi) pay the costs of issuing the Series 2020-B Warrants. The proceeds of the bond issuance, as well as all costs of the bond issuance were split between the City, Sewer Fund and Water Works. The City and the Water Works Board entered into a funding agreement in relation to the Water Works Board’s portion, whereby the Water Works Board will transfer an amount per the funding agreement to the City to cover a portion of the debt service requirement. Debt services payments made by the Sewer Fund and Water Works Board behalf of the Debt Service Fund will be treated as a transfer of funds.

Proceeds in the amount of \$40,019,576 from the Series 2020-B Taxable General Obligation Bond refunding were deposited in escrow to provide for future debt service payments on the Series 2013-A, 2013-B, 2018-A, 2018-B and 2018-C refunded bonds. As a result the following unpaid principal balances of the aforementioned bonds are considered defeased and the corresponding liability has been removed from the Statement of Net Position:

	<u>Refunded Principal</u>	<u>Outstanding Principal of Defeased Bonds</u>
Series 2013-A	\$ 10,195,000	\$ 10,195,000
Series 2013-B	\$ 1,615,000	\$ 1,615,000
Series 2018-A City	\$ 1,748,410	\$ 1,748,410
Series 2018-A Sewer	\$ 8,183,112	\$ 8,183,112
Series 2018-A Water	\$ 2,168,478	\$ 1,961,522
Series 2018-B City	\$ 6,221,325	\$ 6,221,325
Series 2018-B Water	\$ 2,528,674	\$ 2,301,325
Series 2018-C	\$ 4,475,000	\$ 4,475,000

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 - Long-Term Debt (Continued)

The reacquisition price (funds required to refund the old debt) exceeded the carrying amount of the old debt by \$3,151,952 for the City, \$1,413,106 for the Sewer and \$655,134 for the Water Works Board. This amount is being amortized over the remaining life of the debt on the interest method over the life of the new debt. The refunding resulted in an economic gain of \$3,879,595 and a decrease of \$4,368,011 in future debt service payments.

The allocation of the Series 2020-B bonds was as follows:

	<u>G.O. Warrants</u>
2020-B City	\$ 24,390,501
2020-B Sewer	\$ 10,934,038
2020-B Water Works Board	\$ 5,070,461

Principal payments on the 2020-B Sewer Warrants are due annually on November 1 and interest is due semi-annually on November 1 and May 1. Interest rates vary from 0.51% to 2.38%. Payments for the City's portion is scheduled as follows:

<u>Maturity Date</u>	<u>Bonds Payable</u>	<u>Interest Rate</u>	<u>Interest Payable</u>	<u>Annual Debt Requirement</u>
9/30/2022	\$ 244,539	0.51%	\$ 467,232	\$ 711,771
9/30/2023	244,539	0.66%	465,801	710,340
9/30/2024	247,558	0.86%	463,930	711,488
9/30/2025	256,615	1.12%	461,429	718,044
9/30/2026	516,249	1.22%	456,843	973,092
9/30/2027	1,681,583	1.45%	441,502	2,123,085
9/30/2028	1,708,754	1.55%	416,067	2,124,821
9/30/2029	1,732,906	1.78%	387,401	2,120,307
9/30/2030	3,148,817	1.88%	342,379	3,491,196
9/30/2031	3,281,653	1.98%	280,292	3,561,945
9/30/2032	3,577,515	2.08%	210,598	3,788,113
9/30/2033	3,656,009	2.18%	133,541	3,789,550
9/30/2034	3,740,541	2.28%	51,048	3,791,589
9/30/2035	353,223	2.38%	4,203	357,426
Totals	<u>\$ 24,390,501</u>		<u>\$ 4,582,266</u>	<u>\$ 28,972,767</u>

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 7 – Long-Term Debt (Continued)

2021-A General Obligation Bonds - In April 2021, the City issued Series 2021-A General Obligation Warrants in the amount of \$26,980,000. The purpose of the issuance was (i) to refund a portion of the City's Series 2015 Warrants, (ii) refund all or a portion of certain outstanding commercial bank loans incurred by the City (outstanding in the aggregate principal amount of \$3,629,304), (iii) financing certain capital improvements within the City (the "Series 2021-A Improvements"), and (iv) paying the costs of issuing the Series 2021-A Warrants. The proceeds of the bond issuance, as well as costs of the bond issuance, were allocated between the City and Water Works Board. The City and the Water Works Board entered into a funding agreement in relation to the Water Works Board's portion, whereby the Water Works Board will transfer an amount per the funding agreement to the City to cover a portion of the debt service requirement. Debt services payments made by the Sewer Water Works Board on behalf of the Debt Service Fund will be treated as a transfer of funds.

Proceeds in the amount of \$3,001,691 from the Series 2021-A General Obligation refunding were deposited in escrow to provide for future debt service payments on the Series 2015 Bonds. As a result the unpaid principal balance of the Series 2015 Bonds in the amount of \$2,965,000 are considered defeased and the corresponding liability has been removed from the Statement of Net Position. The outstanding principal balance of the defeased bonds at September 30, 2021 was \$2,965,000.

Proceeds in the amount of \$3,391,280 were used to pay off the outstanding principal balance of the 2019 Industrial Park Bond and the 2019 Equipment Bond. Proceeds in the amount of \$21,000,000 were deposited into the Construction Fund. The refunding resulted in an economic gain of \$231,344 and a decrease of \$245,774 in future debt service payments.

The allocation of the Series 2021-A Bonds was as follows:

	<u>G.O. Warrants</u>	<u>Premium</u>	<u>Original Issue Discount</u>
Series 2021-A City	\$ 24,415,000	\$ 364,979	\$ 160,468
Series 2021-A Water	<u>2,565,000</u>	<u>433,663</u>	<u>-</u>
Total	<u>\$ 26,980,000</u>	<u>\$ 798,642</u>	<u>\$ 160,468</u>

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 – Long-Term Debt (Continued)

The premium and original issue discount on the bond is amortized using the interest method over the life of the warrants. The unamortized premium on these warrants as of September 30, 2021 was \$359,558 and \$419,445 for the City and Water Works Board, respectively. The unamortized original issue discount on these warrants as of September 30, 2021 was \$158,085.

Principal payments on the 2021-A City Warrants are due annually on August 1 and interest is due semi-annually on August 1 and February 1. Interest rates vary from 2.00% to 4.00%. Payments for the City's portion is scheduled as follows:

<u>Maturity Date</u>	<u>Bonds Payable</u>	<u>Interest Rate</u>	<u>Interest Payable</u>	<u>Annual Debt Requirement</u>
9/30/2022	\$ 250,000	4.00%	\$ 532,900	\$ 782,900
9/30/2023	240,000	4.00%	522,900	762,900
9/30/2024	260,000	4.00%	513,300	773,300
9/30/2025	280,000	4.00%	502,900	782,900
9/30/2026	150,000	4.00%	491,700	641,700
9/30/2027	160,000	4.00%	485,700	645,700
9/30/2028	170,000	4.00%	479,300	649,300
9/30/2029	180,000	4.00%	472,500	652,500
9/30/2030	325,000	4.00%	465,300	790,300
9/30/2031	215,000	4.00%	452,300	667,300
9/30/2032	-	2.00%	443,700	443,700
9/30/2033	-	2.00%	443,700	443,700
9/30/2034	150,000	2.00%	443,700	593,700
9/30/2035	6,045,000	2.00%	440,700	6,485,700
9/30/2036	8,150,000	2.00%	319,800	8,469,800
9/30/2037	<u>7,840,000</u>	2.00%	<u>156,800</u>	<u>7,996,800</u>
Totals	<u>\$ 24,415,000</u>		<u>\$ 7,167,200</u>	<u>\$ 31,582,200</u>

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 - Long-Term Debt (Continued)

2021-B Taxable General Obligation Bonds - In April 2021, the City issued Series 2021-B Taxable General Obligation Warrants in the amount of \$7,965,000. The purpose of the issuance was (i) to advance refund a portion of the City's Series 2014 Warrants, (ii) refund all or a portion of certain outstanding commercial bank loans incurred by the City to finance hangar improvements at the City airport (outstanding in the aggregate principal amount of \$746,722), and (iii) paying the costs of issuing the Series 2021-A Warrants.

Proceeds in the amount of \$7,144,048 from the Series 2021-B Taxable General Obligation Bonds refunding were deposited in escrow to provide for future debt service payments on the Series 2014 Bonds. As a result, the portion of the refunded principal (\$6,165,000) is considered defeased and the corresponding liability has been removed from the Statement of Net Position. The outstanding principal balance of the defeased bonds at September 30, 2021 was \$6,165,000.

Proceeds in the amount of \$748,457 were used to pay off the outstanding principal balance on the 2016 General Obligation Airport Warrant outstanding in amount of \$746,722.

The reacquisition price (funds required to refund the old debt) exceeded the carrying amount of the old debt by \$502,904. This amount is being amortized over the remaining live of the debt on the interest method over the life of the new debt. The refunding resulted in an economic gain of \$467,780 and a decrease of \$689,968 in future debt service payments. The unamortized balance of the refunding loss at September 30, 2021 was \$488,112.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 - Long-Term Debt (Continued)

Principal payments on the 2021-B City Warrants are due annually on October 1 and interest is due semi-annually on October 1 and April 1. Interest rates vary from 0.38% to 2.18%. Payments are scheduled as follows:

<u>Maturity Date</u>	<u>Bonds Payable</u>	<u>Interest Rate</u>	<u>Interest Payable</u>	<u>Annual Debt Requirement</u>
9/30/2022	\$ 135,000	0.38%	\$ 108,622	\$ 243,622
9/30/2023	145,000	0.38%	124,438	269,438
9/30/2024	145,000	0.43%	123,852	268,852
9/30/2025	145,000	0.70%	123,033	268,033
9/30/2026	1,140,000	1.08%	116,370	1,256,370
9/30/2027	1,160,000	1.18%	103,370	1,263,370
9/30/2028	1,170,000	1.57%	87,341	1,257,341
9/30/2029	1,185,000	1.67%	68,261	1,253,261
9/30/2030	10,000	2.08%	58,263	68,263
9/30/2031	10,000	2.08%	58,054	68,054
9/30/2032	1,345,000	2.08%	43,964	1,388,964
9/30/2033	<u>1,375,000</u>	2.18%	<u>14,987</u>	<u>1,389,987</u>
Totals	\$ <u>7,965,000</u>		\$ <u>1,030,555</u>	\$ <u>8,995,555</u>

2021-C General Obligation Bonds - In May 2021, the City issued Series 2021-C General Obligation Warrants in the amount of \$32,170,000. The purpose of the issuance was (i) financing the cost of certain improvement of the City (the "Series 2021-C Improvements") and (ii) paying the costs of issuing the Series 2021-C Warrants.

The premium and original issue discount on the bond is amortized using the interest method over the life of the warrants. The unamortized premium on these warrants as of September 30, 2021 was \$3,309,245. The unamortized original issue discount on these warrants as of September 30, 2021 was \$179,584.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 – Long-Term Debt (Continued)

Principal payments on the 2021-C City Warrants are due annually on November 1 and interest is due semi-annually on November 1 and May 1. Interest rates vary from 2.10% to 4.00%. Payments are scheduled as follows:

<u>Maturity Date</u>	<u>Bonds Payable</u>	<u>Interest Rate</u>	<u>Interest Payable</u>	<u>Annual Debt Requirement</u>
9/30/2022	\$ -	4.00%	\$ 849,370	\$ 849,370
9/30/2023	-	4.00%	973,800	973,800
9/30/2024	-	4.00%	973,800	973,800
9/30/2025	-	4.00%	973,800	973,800
9/30/2026	-	4.00%	973,800	973,800
9/30/2027	-	4.00%	973,800	973,800
9/30/2028	-	4.00%	973,800	973,800
9/30/2029	-	4.00%	973,800	973,800
9/30/2030	-	4.00%	973,800	973,800
9/30/2031	-	4.00%	973,800	973,800
9/30/2032	-	4.00%	973,800	973,800
9/30/2033	-	4.00%	973,800	973,800
9/30/2034	-	4.00%	973,800	973,800
9/30/2035	-	4.00%	973,800	973,800
9/30/2036	-	4.00%	973,800	973,800
9/30/2037	485,000	4.00%	964,100	1,449,100
9/30/2038	8,665,000	3.00%	781,100	9,446,100
9/30/2039	8,970,000	3.00%	473,250	9,443,250
9/30/2040	9,200,000	2.10%	242,100	9,442,100
9/30/2041	<u>4,850,000</u>	3.00%	<u>72,750</u>	<u>4,922,750</u>
Totals	\$ <u>32,170,000</u>		\$ <u>17,015,870</u>	\$ <u>49,185,870</u>

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 - Long-Term Debt (Continued)

2018-A Water Works Warrants - Principal payments on the 2018-A Water Works Warrants are due annually on October 1 and interest is due semi-annually on October 1 and April 1. Interest rates vary from 1.75% to 4.00%. Payments are scheduled as follows:

<u>Fiscal Year Ending</u>	<u>Bonds Payable</u>	<u>Interest Payable</u>	<u>Annual Debt Requirement</u>
9/30/2022	\$ 302,265	\$ 92,168	\$ 394,433
9/30/2023	309,118	82,826	391,944
9/30/2024	320,490	72,720	393,210
9/30/2025	332,040	61,899	393,939
9/30/2026	343,749	50,011	393,760
9/30/2027 - 9/30/2031	353,860	1,364	355,224
Totals	<u>\$ 1,961,522</u>	<u>\$ 360,988</u>	<u>\$ 2,322,510</u>

2018-A Sewer Warrants - Principal payments on the 2018-A Sewer Warrants are due annually on October 1 and interest is due semi-annually on October 1 and April 1. Interest rates vary from 2.50% to 4.00%. Payments are scheduled as follows:

<u>Fiscal Year Ending</u>	<u>Bonds Payable</u>	<u>Interest Rate</u>	<u>Interest Payable</u>	<u>Annual Debt Requirement</u>
9/30/2022	\$ 715,766	2.88%	\$ 102,959	\$ 818,725
9/30/2023	733,083	3.00%	83,474	816,557
9/30/2024	753,287	3.13%	61,637	814,924
9/30/2025	776,376	3.25%	38,036	814,412
9/30/2026	802,351	3.38%	13,038	815,389
Totals	<u>\$ 3,780,863</u>		<u>\$ 299,144</u>	<u>\$ 4,080,007</u>

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 - Long-Term Debt (Continued)

2018-B Water Works Warrants - Principal payments on the 2018-B Water Works Warrants are due annually on November 1 and interest is due semi-annually on November 1 and May 1. Interest rates vary from 1.75% to 4.00%. Payments are scheduled as follows:

<u>Fiscal Year Ending</u>	<u>Bonds Payable</u>	<u>Interest Payable</u>	<u>Annual Debt Requirement</u>
9/30/2022	\$ 354,336	\$ 105,709	\$ 460,045
9/30/2023	365,462	95,003	460,465
9/30/2024	376,934	83,447	460,381
9/30/2025	388,604	71,189	459,793
9/30/2026	400,626	58,075	458,701
9/30/2027-9/30/2031	<u>415,363</u>	<u>1,602</u>	<u>416,965</u>
Totals	<u>\$ 2,301,325</u>	<u>\$ 415,025</u>	<u>\$ 2,716,350</u>

2018 Revenue Warrants - In February 2018, the Water Works issued Series 2018 Revenue Warrants in the amount of \$9,975,000. The purpose of the new bond issuance was to finance various improvements to the water works and distribution system of the Water Works.

The original issue discount on the 2018 Revenue Warrants was \$14,619 and is amortized using the interest method over the life of the warrants. The unamortized original issue discount on these warrants as of September 30, 2021 was \$13,128.

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 7 – Long-Term Debt (Continued)

Principal payments on the 2018 Revenue Warrants are due annually on February 1 and interest is due semi-annually on February 1 and August 1. Interest rates vary from 2.00% to 3.50%. Payments are scheduled as follows:

<u>Fiscal Year Ending</u>	<u>Bonds Payable</u>	<u>Interest Payable</u>	<u>Annual Debt Requirement</u>
9/30/2022	\$ 215,000	\$ 313,145	528,145
9/30/2023	220,000	308,795	528,795
9/30/2024	230,000	301,995	531,995
9/30/2025	235,000	292,695	527,695
9/30/2026	245,000	283,095	528,095
9/30/2027 – 9/30/2031	1,385,000	1,262,500	2,647,500
9/30/2032 – 9/30/2036	1,625,000	1,020,797	2,645,797
9/30/2037 – 9/30/2041	1,910,000	735,575	2,645,575
9/30/2042 – 9/30/2046	2,265,000	381,030	2,646,030
9/30/2047 – 9/30/2050	1,020,000	36,050	1,056,050
Totals	<u>\$ 9,350,000</u>	<u>\$ 4,935,677</u>	<u>\$ 14,285,677</u>

2020-B Sewer Warrants – Principal payments on the 2020-B Sewer Warrants are due annually on November 1 and interest is due semi-annually on November 1 and May 1. Interest rates vary from 0.51% to 2.38%

<u>Maturity Date</u>	<u>Bonds Payable</u>	<u>Interest Rate</u>	<u>Interest Payable</u>	<u>Annual Debt Requirement</u>
9/30/2022	\$ 109,625	0.51%	\$ 126,469	\$ 236,094
9/30/2023	109,625	0.66%	126,082	235,707
9/30/2024	110,978	0.86%	125,576	236,554
9/30/2025	115,038	1.12%	124,899	239,937
9/30/2026	231,430	1.22%	123,657	355,087
9/30/2027	753,838	1.45%	119,504	873,342
9/30/2028	766,019	1.55%	112,620	878,639
9/30/2029	776,846	1.78%	104,861	881,707
9/30/2030	1,411,586	1.88%	92,674	1,504,260
9/30/2031	1,471,135	1.98%	75,869	1,547,004
9/30/2032	1,603,767	2.08%	57,005	1,660,772
9/30/2033	1,638,955	2.18%	36,148	1,675,103
9/30/2034	1,676,850	2.28%	13,818	1,690,668
9/30/2035	158,346	2.38%	1,138	159,484
Totals	<u>\$ 10,934,038</u>		<u>\$ 1,240,320</u>	<u>\$ 12,174,358</u>

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 – Long-Term Debt (Continued)

Component Units

	<u>October 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2021</u>	<u>Due Within One Year</u>
Bonds Payable	\$ 2,575,037	\$ -	\$ 252,889	\$ 2,322,148	\$ 265,580
Notes Payable	-	-	-	-	-
Warrants Payable	3,586,000	-	41,000	3,545,000	359,000
Bond Premiums	353,367	-	41,169	312,198	41,169
Net OPEB Liability	25,178,019	12,563,766	-	37,741,785	-
Net Pension Liability	58,395,000	-	1,120,000	57,275,000	-
Totals	<u>\$ 90,087,423</u>	<u>\$ 12,563,766</u>	<u>\$ 1,455,058</u>	<u>\$ 101,196,131</u>	<u>\$ 665,749</u>

2017 Capital Outlay Warrants

On October 2, 2017, the Board of Education 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%. 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 of Education's allocable portion of the proceeds of a special franchise, excise and privilege license tax. The Board of Education recognized a deferred loss on refunding on issuance of the 2010 warrants in the amount of \$242,372.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 7 – Long-Term Debt (Continued)

Component Units (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 of Education 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 of Education 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, 2021 was \$41,169.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 8 – Employee Retirement Plan

General Information about the Pension Plan

Plan Description - The Employees' Retirement System of Alabama ("ERS"), an agent multiple-employer public employee retirement plan, was established as of October 1, 1945 pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control, which consists of 13 trustees. Effective October 1, 2021 Act 390 of the Legislature of 2021 will create two additional representatives and change the composure of representatives within the ERC Board of Control. The Plan is administered by the Retirement Systems of Alabama ("RSA"). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 13 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. Two vested active employees of an employer participating in ERS pursuant to the *Code of Alabama 1975, Section §36-27-6*.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 8 – Employee Retirement Plan (Continued)

General Information about the Pension Plan (Continued)

Benefits provided - State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) 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. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, 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 ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

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 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

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 September 30th are paid to the beneficiary.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 8 - Employee Retirement Plan (Continued)

General Information about the Pension Plan (Continued)

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132.

The ERS serves approximately 853 local participating employers. The ERS membership includes approximately 101,245 participants. As of September 30, 2020, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	28,672
Terminated Employees Entitled to but Not Yet Receiving Benefits	1,974
Terminated Employees Not Entitled To a Benefit	14,133
Active Members	56,369
Post-DROP Participants who are Still in Active Service	<u>97</u>
Total	<u><u>101,245</u></u>

As of September 30, 2020, the City's membership consisted of:

	<u>City and Sewer</u>
Retired Members or their Beneficiaries	
Currently Receiving Benefits	101
Vested Inactive Members	6
Non-Vested Inactive Members	66
Active Members	248
Post-DROP Retired Member Still In Active Service	<u>-</u>
Total	<u><u>421</u></u>

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 8 – Employee Retirement Plan (Continued)

General Information about the Pension Plan (Continued)

Contributions - Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the ERS were required by a statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS 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 ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676 Tier 1 regular members contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 firefighters and law enforcement officers increased from 6% to 8.5% of earnable compensation.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contribution rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the preretirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2021, the City's active

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 8 – Employee Retirement Plan (Continued)

General Information about the Pension Plan (Continued)

employee contribution rate was 5% of covered employee payroll for normal Tier 1 employees and 6% of covered employee payroll for normal Tier 2 employees, and the City's average contribution rate to fund the normal and accrued liability costs was 9.41% of pensionable payroll for Tier 1 employees and 5.62% for Tier 2 employees. The City's contractually required contribution rate for the year ended September 30, 2021 was 8.85% of pensionable pay for Tier 1 employees and 5.60% of pensionable pay for Tier 2 employees.

The Water Works' average contribution rate to fund the normal and accrued liability costs was 12.33% of pensionable payroll for Tier 1 employees and 9.97% for Tier 2 employees. The Water Works' contractually required contribution rate for the year ended September 30, 2021 was 12.50% of pensionable pay for Tier 1 employees and 8.79% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2018, a percent of annual pensionable payroll, and 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 City, Sewer and Water Works were \$794,829, \$45,523 and \$80,860, respectively, for the year ended September 30, 2021.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2019, rolled forward to September 30, 2020, using standard roll-forward techniques as shown in the following table:

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 8 – Employee Retirement Plan (Continued)

Net Pension Liability (Continued)

	City and Sewer			Water Works		
	<u>Expected</u>	<u>Actual Before Act 2019-132</u>	<u>Actual After Act 2019-132</u>	<u>Expected</u>	<u>Actual Before Act 2019-132</u>	<u>Actual After Act 2019-132</u>
Total Pension Liability as of September 30, 2019 (a)	\$ 35,796,077	\$ 36,024,783	\$ 36,024,783	\$ 2,499,461	\$ 2,629,942	\$ 2,629,942
Discount Rate (b)	7.70%	7.70%	7.70%	7.70%	7.70%	7.70%
Entry Age Normal Cost for the Period October 1, 2019 – September 30, 2020 (c)	878,522	878,522	878,522	70,279	70,279	70,279
Transfers Among Employers (d)	-	(56,534)	(56,534)	-	16,373	16,373
Actual Benefit Payments and Refunds for the Period October 1, 2019 – September 30, 2020 (e)	<u>(1,884,246)</u>	<u>(1,884,246)</u>	<u>(1,884,246)</u>	<u>(113,051)</u>	<u>(113,051)</u>	<u>\$ (113,051)</u>
Total Pension Liability as of September 30, 2020						
[(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 37,474,107</u>	<u>\$ 37,663,890</u>		<u>\$ 2,644,795</u>	<u>\$ 2,801,696</u>	<u>\$ 2,801,696</u>
Differences Between Expected and Actual (g)		\$ 189,783			\$ 156,901	
Less Liability Transferred for Immediate Recognition (h)		<u>(56,534)</u>			<u>16,373</u>	
Difference between Expected and Actual- Experience (Gain)/Loss (i)		<u>\$ 246,317</u>			<u>\$ 140,528</u>	
Difference between Actual TPL Before and After Act 2019-132 – Benefit Change (Gain)/Loss (j)						

Actuarial assumptions - The total pension liability as of September 30, 2020 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2019. The key actuarial assumptions are summarized as follows:

Inflation	2.75%
Salary Increases	3.25% - 5.00%
Investment Rate of Return*	7.70%

*Net of Pension Plan Investment Expense

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 8 – Employee Retirement Plan (Continued)

Net Pension Liability (Continued)

Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the actuarial valuation as of September 30, 2019 were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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	17.00%	4.40%
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%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
Total	<u>100.00%</u>	

*Includes assumed rate of inflation of 2.50%

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 8 – Employee Retirement Plan (Continued)

Net Pension Liability (Continued)

Discount rate - The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. 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 in accordance with the funding policy adopted by the ERS Board of Control. 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.

Changes in Net Pension Liability

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a) – (b)</u>
City			
Balances at September 30, 2019	\$ 34,383,178	\$ 26,586,513	\$ 7,796,665
Changes for the Year:			
Service Cost	\$ 835,826	\$ -	\$ 835,826
Interest	2,553,324	-	2,553,324
Changes in Assumptions	-	-	-
Differences Between Expected and Actual Experience	234,345	-	234,345
Contributions – Employer	-	745,670	(745,670)
Contributions – Employee	-	592,127	(592,127)
Net Investment Income	-	1,489,956	(1,489,956)
Benefit Payments, Including Refunds of Employee Contributions	(1,792,672)	(1,792,672)	-
Transfers Among Employers	(53,786)	(53,786)	-
Net Changes	\$ 1,777,037	\$ 981,295	\$ 795,742
Balances at September 30, 2020	\$ 36,160,215	\$ 27,567,808	\$ 8,592,407

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 8 – Employee Retirement Plan (Continued)

Changes in Net Pension Liability (Continued)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Sewer			
Balances at September 30, 2019	\$ 1,412,900	\$ 1,087,001	\$ 325,899
Changes for the Year:			
Service Cost	\$ 42,696	\$ -	\$ 42,696
Interest	130,430	-	130,430
Changes in Assumptions	-	-	-
Differences Between Expected and Actual Experience	11,971	-	11,971
Contributions – Employer	-	38,091	(38,091)
Contributions – Employee	-	30,247	(30,247)
Net Investment Income	-	76,111	(76,111)
Benefit Payments, Including Refunds of Employee Contributions	(91,574)	(91,574)	-
Transfers Among Employers	(2,748)	(2,748)	-
Net Changes	\$ 90,775	\$ 50,127	\$ 40,648
Balances at September 30, 2020	<u>\$ 1,503,675</u>	<u>\$ 1,137,128</u>	<u>\$ 366,547</u>
Water Works			
Balances at September 30, 2019	\$ 2,499,461	\$ 1,874,081	\$ 625,380
Changes for the Year:			
Service Cost	\$ 70,279	\$ -	\$ 70,279
Interest	188,106	-	188,106
Changes in Assumptions	-	-	-
Differences Between Expected and Actual Experience	140,528	-	140,528
Contributions – Employer	-	119,760	(119,760)
Contributions – Employee	-	53,745	(53,745)
Net Investment Income	-	109,285	(109,285)
Benefit Payments, Including Refunds of Employee Contributions	(113,051)	(113,051)	-
Transfers Among Employers	16,373	16,373	-
Net Changes	\$ 302,235	\$ 186,112	\$ 116,123
Balances at September 30, 2020	<u>\$ 2,801,696</u>	<u>\$ 2,060,193</u>	<u>\$ 741,503</u>

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 8 – Employee Retirement Plan (Continued)

Changes in Net Pension Liability (Continued)

Sensitivity of the net pension liability to changes in the discount rate - The following table presents the City's net pension liability calculated using the discount rate of 7.70%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Rate (7.70%)	1% Increase (8.70%)
City's Net Pension Liability	\$ 13,086,859	\$ 8,592,408	\$ 4,816,619
Sewer's Net Pension Liability	\$ 558,078	\$ 366,547	\$ 205,401
Water Works Net Pension Liability	\$ 1,041,642	\$ 741,503	\$ 485,772

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, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditor's report dated April 30, 2021 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports.

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 8 – Employee Retirement Plan (Continued)

Changes in Net Pension Liability (Continued)

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

For the year ended September 30, 2021, the City, Sewer, and Water Works recognized pension expense of \$1,071,741, \$32,685, and \$37,091, respectively. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

<u>Year Ended September 30,</u>	<u>City</u>		<u>Water Works</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 934,344	\$ 163,835	\$ 253,729	\$ 425,583
Changes of Assumptions	402,154	-	17,676	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	848,907	-	60,435	-
Employer Contributions Subsequent to the Measurement Date	799,510	-	80,860	-
	<u>\$ 2,984,915</u>	<u>\$ 163,835</u>	<u>\$ 412,700</u>	<u>\$ 425,583</u>

<u>Year Ended September 30,</u>	<u>Sewer</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 47,729	\$ 8,369
Changes of Assumptions	20,543	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	43,364	-
Employer Contributions Subsequent to the Measurement Date	40,841	-
	<u>\$ 152,477</u>	<u>\$ 8,369</u>

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 8 – Employee Retirement Plan (Continued)

Changes in Net Pension Liability (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Employer contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	<u>City</u>	<u>Sewer</u>	<u>Water Works</u>
2022	\$ 422,505	\$ 20,534	\$ 79,623
2023	696,766	33,863	19,305
2024	599,701	29,145	(35,549)
2025	311,772	15,152	(60,841)
2026	82,360	4,003	(15,421)
Thereafter	11,729	570	-

Note 9 – Other Postemployment Benefits

Plan Description

In addition to the pension benefits previously described, pursuant to Act 86-541, Regular Session 1986, employees retiring under the State Retirement System of Alabama on or after January 1, 1987, may continue coverage under the City's group health insurance plan in force at the time of retirement. Benefits are provided through Local Government Health Insurance Programs ("LGHIP") administered by the Alabama State Employees Insurance Board. The City's policy is that the retirees pay an annually determined dollar contribution for medical and dental coverage. The amount varies based on coverage tier and Medicare status of the retiree and spouse. Currently, the retiree pays \$162 per month for individual pre-Medicare coverage and \$92 per month for individual Medicare coverage. Eligibility for coverage will continue as long as the City continues the group health insurance plan and will continue after age 65 with the medical coverage offered as a supplement to Medicare benefits. Expenses for postemployment health care benefits are recognized on a pay-as-you-go basis.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 9 – Other Postemployment Benefits (Continued)

Plan Description (Continued)

The City also provides group life insurance for employees who retire from active work. The base amount of life insurance provided is \$10,000. At age 70, the benefit decreases to 67% of the base coverage amount. At age 75, the benefit decreases to 50% of the base coverage amount. Expenses for postemployment life insurance are funded on a pay-as-you-go basis.

As of September 30, 2020, the valuation date, membership consisted of:

	<u>City and Sewer</u>	<u>Water</u>
Active – Employee Only Coverage	123	19
Active – Employee and Family Coverage	125	9
Retired – Employee	52	2
Retired – Employee and Family Coverage	<u>8</u>	<u>2</u>
Total	<u>308</u>	<u>32</u>

Contributions

The City is not required by law or contractual agreements to provide funding to the OPEB Plan, other than pay-as-you go amounts necessary to provide current benefits to retirees.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2020, and a measurement date as of September 30, 2021 using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real Wage Growth	(0.25%)
Salary Increases, Including Wage Inflation	3.50%
Municipal Bond Index Rate	2.25%
Health Care Cost Trends	4.50% Level

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 9 – Other Postemployment Benefits (Continued)

Actuarial Assumptions (Continued)

The discount rate used to measure the total OPEB liability was based on the September average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates for active employees were based on the RPH-2014 Total Table with Projection MP- 2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2021 valuation were based on census data from September 30, 2020.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2020 valuation were based on a review of recent plan experience done concurrently with the September 30, 2021 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following table presents the City's total OPEB liability calculated using the health care cost trend rates noted above, as well as what the City's total OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
City's Total OPEB Liability	\$ 14,104,359	\$ 16,697,613	\$ 20,097,881
Sewer's Total OPEB Liability	436,208	516,066	621,571
Water's Total OPEB Liability	1,100,960	1,326,861	1,625,829

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 9 – Other Postemployment Benefits (Continued)

Actuarial Assumptions (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the City's total OPEB liability calculated using the discount rate of 2.25%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.25%) or 1-percentage point higher (3.25%) than the current rate:

	<u>1% Decrease (1.25%)</u>	<u>Current Rate (2.25%)</u>	<u>1% Increase (3.25%)</u>
City's Total OPEB Liability	\$ 19,950,971	\$ 16,697,613	\$ 14,195,336
Sewer's Total OPEB Liability	616,616	516,066	438,729
Water's Total OPEB Liability	1,110,458	1,326,861	1,608,661

Changes in Total OPEB Liability

	<u>City</u>	<u>Sewer</u>	<u>Water Works</u>
Total OPEB Liability as of September 30, 2020	\$ 16,152,684	\$ 496,945	\$ 1,246,707
Changes for the Year:			
Service Cost at the End of the Year	\$ 435,457	\$ 15,280	\$ 53,890
Interest Cost	368,797	12,941	29,230
Differences Between Expected And Actual Experience	-	-	-
Changes in Assumptions	-	-	-
Benefit Payments	(259,325)	(9,100)	(2,966)
Net Changes	(544,929)	19,121	80,154
Total OPEB Liability as of September 30, 2021	\$ 16,697,613	\$ 516,066	\$ 1,326,861

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 9 – Other Postemployment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Continued)

The total OPEB liability is based upon an actuarial valuation performed as of the valuation date, September 30, 2020, with a measurement date of September 30, 2021. There are no changes in benefit terms since the prior measurement date.

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

For the year ended September 30, 2021, the City, Sewer, and Water Works recognized OPEB expense of \$(272,204), \$(9,552), and \$(41,127) respectively. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits of the following sources:

<u>Year Ended September 30,</u>	<u>City</u>		<u>Water Works</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 658,444	\$ -	\$ 23,927
Changes in Assumptions	-	4,691,554	-	501,583
Net Difference Between Projected and Actual Investments	-	-	-	-
	<u>\$ -</u>	<u>\$ 5,349,998</u>	<u>\$ -</u>	<u>\$ 525,510</u>

<u>Year Ended September 30,</u>	<u>Sewer</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 23,105
Changes of Assumptions	-	164,624
Net Difference Between Projected and Actual Investments	-	-
	<u>\$ -</u>	<u>\$ 187,729</u>

City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021

Note 9 – Other Postemployment Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

<u>Year Ended September 30,</u>	<u>City</u>	<u>Sewer</u>	<u>Water</u>
2022	\$ 1,076,458	\$ 37,773	\$ 124,600
2023	1,076,458	37,773	124,600
2024	1,076,458	37,773	124,600
2025	1,076,458	37,773	124,600
2026	1,044,164	36,639	27,110
Thereafter	-	-	-

Note 10 – Utility Revenues Pledged

In funding agreements dated October 1, 2009, August 1, 2015 (amended and restated the funding agreement dated July 1, 2011), June 1, 2018 and May 1, 2021 between the City of Enterprise and Water Works, in relation to the Series 2015, Series 2018A, Series 2018B, Series 2020B, Series 2021A General Obligation Warrants of the City of Enterprise, the Water Works Board has pledged the revenues to be derived from the operation of the Water System remaining after the payment of the costs of maintaining and operating the Board's water systems as otherwise provided in the Funding Agreements. These pledges of the net system revenues are subject and subordinate to any pledge of net system revenues for the benefit of any Water Works debt service with respect to debt obligations outstanding on the date of delivery of the funding agreements and with the consent of the City of Enterprise, debt obligations are payable through 2036, while the Series 2021-A bonds are payable through 2031. Total principal and interest remaining on the bonds is discussed in Note 7. Total principal and interest paid for the 2018A and 2018B bond issues and operating income for the year ended September 30, 2021 were \$5,713,738 and \$1,881,128, respectively. Included in those amounts were refunding payments for 2018A and 2018B in the amounts of \$2,168,478 and \$2,528,675, respectively. The 2021-A total principal and interest paid was \$108,060.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 11 – Agreement with HS Automotive Alabama, Inc. (HSAA)

The Industrial Development Board (“IDB”) of the City of Enterprise (“lessor”) entered into a lease agreement with HS Automotive Alabama, Inc. (“HSAA” or “lessee”) for the construction of a shell building on 12.54 acres of land for \$2,000,000, to be funded by the City of Enterprise as part of an inducement agreement providing HSAA complies with certain covenants contained in the lease. Lease payments from HSAA to the IDB will be used by the IDB to liquidate a payable to the City in the amount of \$1,000,000 over a ten year repayment period. This lease has been amended effective March 12, 2019. Per this amendment, the IDB forgave all outstanding rental payments due from HSAA. The IDB also agreed to provide parking lot improvements at HSAA at a cost not to exceed \$120,000. The City paid \$120,000 to the IDB during fiscal year ended September 30, 2020 for these improvements.

For their part of the lease agreement amendment, HSAA agrees to meet the following agreed upon employment requirements as set forth:

<u>Year</u>	<u>Minimum Required Full-Time Employees</u>
2020	550
2021	550
2022	550

The agreed upon employment requirements contained in the lease state that employees shall be employed as full-time employees at its facility on Sonata Drive. Failure to meet the required employment levels by HSAA will result in the IDB’s obligations becoming null and void and HSAA will resume full lease payments as stipulated under the original lease agreement.

Note 12 – Agreement with Brightwater Aviation

On December 17, 2013, the City entered into a Loan Agreement and Promissory Note with Brightwater Aviation Lender, Inc. where the City agreed to provide financing to Brightwater for an economic development project in the form of a loan in the principal amount of \$3,500,000. Interest on the note accrues on the unpaid principal amount of the loan at a fixed rate per annum of 4.0%. Brightwater Aviation Lender, Inc. is making quarterly

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 12 – Agreement with Brightwater Aviation (Continued)

payments of principal and interest in an amount necessary to fully amortize the loan amount over a twenty year period. On the effective date, Brightwater made a payment of principal and interest for amounts due with respect to the partial fiscal quarter ending December 31, 2013. Brightwater has made payments of principal and interest on each March 1, June 1, September 1 and December 1 beginning March 1, 2014. Brightwater Aviation paid this note in full during the fiscal year ended September 30, 2021.

Note 13 – Risk Management and Litigation

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained coverage from commercial insurance companies, effectively transferring any significant risk of loss. There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceeded the City's insurance coverage during the past three years.

Note 14 – Related Organizations

The following related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. Audited financial statements are available from the respective organizations. They are:

Enterprise Nursing Home – Provides nursing home services to citizens within the community. The citizens who serve on the governing board are appointed by the City Council. The City has no significant influence over the Nursing Home's operations. The Nursing Home reports independently.

Enterprise Housing Authority – Administers federal funding and/or other financing for improvement of housing conditions in the City. The citizens who serve on the governing board are appointed by the City Council. The City has no significant influence over the management, budget, or policies of Enterprise Housing Authority. The Authority reports independently.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 15 – Commitments and Contingencies

Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City except for the following:

After the fiscal year end, the City reached a settlement with a taxpayer in the amount of \$99,193 in a suit filed against the City for tax refunds due related to business license tax. This amount has been recorded as a liability as of September 30, 2021.

Commitments

The City entered into a contract for infrastructure improvements. At September 30, 2021, the remaining commitments on this contract was \$3,596,710.

The Water Works Board has three active construction projects as of September 30, 2021. At September 30, 2021, the remaining commitments with contractors are as follows:

Well 6A	\$ 857,831
Well 4A	165,387
New Bypass Elevated Water Tank	<u>2,550,932</u>
Total Outstanding Commitments	<u>\$ 3,574,150</u>

The Industrial Development Board entered into an agreement with a local farming corporation to purchase a ten-acre parcel of land on the west side of Highway 167N for a total cost of \$112,000 during the fiscal year ended September 30, 2021. This transaction will close in January of 2022.

The Industrial Development Board authorized a transfer of property located in the Yancey Parker Industrial Park, Phase I to the Coffee County Commission. This transfer occurred subsequent to the end of the fiscal year.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 15 - Commitments and Contingencies (Continued)

Other

The City received \$3,369,397 in Fiscal Recovery Funds during the fiscal year ended September 30, 2021. The funds are to be used to 1) replace lost public sector revenue, 2) support the COVID-19 public health and economic response, 3) provide premium pay for eligible workers performing essential work or 4) invest in water, sewer and broadband infrastructure. The funds must be obligated by December 31, 2024 and expended by December 31, 2026. The City did not spend any of the Fiscal Recovery Funds during the fiscal year ended September 30, 2021. The funds were reported as restricted cash at September 30, 2021.

Note 16 - Lease Agreement

The City entered into a lease agreement with Cotter Properties, LLC in May of 2021 to lease real property for a parking lot. The lease is for a term of 15 years and no rental payments will be paid by the City. Under the terms of the lease, the City will make improvements to the property at the approval of the Landlord. The City is to be responsible for all maintenance and repairs on the property during the term of the lease. Under the terms of the lease, if the landlord terminates the lease for any reason other than cause, the landlord will pay the City back for improvements made on the property up to \$150,000 with the buy-back price decreasing each year by \$8,000.

Note 17 - Tax Abatements

The City and/or Industrial Development Board enters into tax abatement agreements with local businesses under the Tax Incentive Reform Act of 1992 (Section 40-9B1 et seq., Code of Alabama 1975). Under the Act, municipalities may grant state and local non-educational property and construction related non-educational transaction (sales and use) tax abatements for the purpose of attracting or retaining businesses within their municipality.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 17 – Tax Abatements (Continued)

The City had the following tax abatements outstanding during the fiscal year ended September 30, 2021:

Hwaseung Automotive Alabama, LLC - Non-educational property taxes of approximately \$13,622 – agreement dated April 3, 2019 with abatement for 10 years. Construction related taxes of approximately \$102,096 with abatement ending the date the project is placed in service.

Hwaseung Automotive USA, LLC - Non-educational property taxes of approximately \$15,876 – agreement dated April 3, 2019 with abatement for 10 years. Construction related taxes of approximately \$118,989 with abatement ending the date the project is placed in service.

Worthington Millwork, LLC - Non-educational property taxes of approximately \$3,798 – agreement dated April 3, 2019 with abatement for 10 years. Construction related taxes of approximately \$3,673 with abatement ending the date the project is placed in service.

Note 18 – Uncertainties

In March 2020, the World Health Organization made the assessment that the outbreak of the novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the ongoing operating activities and the future results of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain as of August 31, 2022.

Note 19 – Subsequent Events

The City has evaluated subsequent events between September 30, 2021 and August 31, 2022, the date the financials were available to be issued, and except for the items noted below, there were none to disclose.

**City of Enterprise
Enterprise, Alabama
Notes to Financial Statements
September 30, 2021**

Note 19 – Subsequent Events (Continued)

The City entered into an Economic Development Grant Agreement during the fiscal year ended September 30, 2021 with New Enterprise, LLC. Subsequent to the fiscal year end on December 22, 2021, the City voided the agreement with New Enterprise, LLC at the request of the LLC. At the same time, the City entered into an Economic Development Grant Agreement with Enterprise Hotels 2, LLC with an effective date of December 22, 2021. Under the terms of the agreement, the City agreed to grant Enterprise Hotels 2, LLC \$400,000 payable out of the general funds of the City for the sole purpose of assisting Enterprise Hotels 2, LLC to develop, construct and equip a Marriott or Hilton branded Hotel with a minimum of (80) rooms on the Project Site located at Camellia Commons in the City of Enterprise. The grant is subject to the commitment to break ground by December 31, 2022 and to complete construction and commence operation of the Hotel by July 2, 2024. The grant is to be paid within ten (90) days after the LLC's Hotelier receives the Certificate of Occupancy from the City and opens the Hotel for business. As part of the agreement, the Hotelier commits to maintain its franchise with either Marriott or Hilton for a consecutive three-year period from the date of commencement of operation. Should the franchise with either Marriott or Hilton not be maintained, the LLC will be required to reimburse the City for the difference between the Grant paid by the City and all sales tax and lodging tax revenue collected by the City at the Project Site from the date of commencement of construction through the date that the Hotelier loses or voluntarily surrenders its franchise with Marriott or Hilton.

At the April 19, 2022 Water Works Board meeting, the Board approved a resolution amending the articles of incorporation to increase the number of voting board members from 3 to 5 as of July 1, 2022. This resolution was approved by the City Council. The City Council will appoint the two new members.

Required Supplementary Information

City of Enterprise
Enterprise, Alabama
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Taxes	\$ 28,258,128	\$ 28,258,128	\$ 33,332,170	\$ 5,074,042
Licenses and Permits	3,159,366	3,159,366	2,859,242	(300,124)
Intergovernmental	383,580	216,675	4,962,457	4,745,782
Charges for Services	3,712,118	3,682,118	3,423,440	(258,678)
Fines	272,700	272,700	250,326	(22,374)
Interest Income	38,000	38,000	11,707	(26,293)
Other Revenue	141,250	141,250	141,057	(193)
Donations	1,550	1,550	49,481	47,931
Total Revenues	\$ 35,966,692	\$ 35,769,787	\$ 45,029,880	\$ 9,260,093
EXPENDITURES				
General and Administrative	\$ 3,316,358	\$ 3,514,813	\$ 2,977,992	\$ 536,821
Fire Protection	3,720,498	3,909,602	3,720,360	189,242
Highways and Streets	1,616,987	1,610,187	1,464,100	146,087
Police Protection	6,378,100	6,378,100	5,556,237	821,863
Sanitation	2,103,208	2,099,749	1,935,224	164,525
Education - City School System	4,600,481	4,600,481	5,984,733	(1,384,252)
Culture and Recreation	2,639,409	2,659,409	2,314,243	345,166
Economic Development	652,547	692,916	572,129	120,787
Judicial	347,631	347,631	313,156	34,475
Health and Welfare	160,567	170,007	110,276	59,731
Engineering	1,421,159	1,555,617	1,303,859	251,758
Fleet Maintenance	533,404	571,831	465,965	105,866
Civic Center	372,607	381,607	330,398	51,209
Farmer's Market	58,200	54,200	33,959	20,241
Airport Authority	588,314	594,611	496,525	98,086
Capital Outlay	1,293,432	1,192,395	821,691	370,704
Debt Service				
Principal	-	-	50,000	(50,000)
Interest	-	-	-	-
Debt Expense	-	6,000	10,086	(4,086)
Total Expenditures	\$ 29,802,902	\$ 30,339,156	\$ 28,460,933	\$ 1,878,223
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 6,163,790	\$ 5,430,631	\$ 16,568,947	\$ 11,138,316
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	\$ -	\$ -	\$ 19,980	\$ 19,980
Operating Transfers In	828,123	828,123	1,893,306	1,065,183
Operating Transfers Out	(6,445,943)	(6,445,943)	(7,344,968)	(899,025)
Total Other Financing Sources (Uses)	\$ (5,617,820)	\$ (5,617,820)	\$ (5,431,682)	\$ 186,138
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	\$ 545,970	\$ (187,189)	\$ 11,137,265	\$ 11,324,454
FUND BALANCE - BEGINNING			13,149,927	
FUND BALANCE - ENDING			\$ 24,287,192	

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Capital Improvement Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	240,275	240,275	476,113	235,838
Charges for Services	-	-	-	-
Fines	-	-	-	-
Interest Income	146,850	146,850	83,763	(63,087)
Other Revenue	-	-	-	-
Donations	-	-	20,000	20,000
Total Revenues	\$ 387,125	\$ 387,125	\$ 579,876	\$ 192,751
EXPENDITURES				
General and Administrative	\$ -	\$ -	\$ 10,634	\$ (10,634)
Fire Protection	-	-	-	-
Highways and Streets	-	-	(10)	10
Police Protection	-	-	-	-
Sanitation	-	-	-	-
Education - City School System	-	-	-	-
Culture and Recreation	-	-	-	-
Economic Development	-	-	-	-
Judicial	-	-	-	-
Health and Welfare	-	-	-	-
Engineering	-	-	82,379	(82,379)
Fleet Maintenance	-	-	-	-
Civic Center	-	-	-	-
Farmer's Market	-	-	-	-
Airport Authority	-	-	2,589	(2,589)
Capital Outlay	-	-	1,195,429	(1,195,429)
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond Issue Cost	-	-	340,441	(340,441)
Debt Expense	-	-	-	-
Total Expenditures	\$ -	\$ -	\$ 1,631,462	\$ (1,631,462)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 387,125	\$ 387,125	\$ (1,051,586)	\$ (1,438,711)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	\$ -	\$ -	\$ -	\$ -
Bond Proceeds	-	-	35,915,000	35,915,000
Original Issue Discount	-	-	(179,584)	(179,584)
Bond Premium	-	-	3,465,581	3,465,581
Operating Transfers In	-	-	1,013,701	1,013,701
Operating Transfers Out	-	-	(153,715)	(153,715)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 40,060,983	\$ 40,060,983
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	\$ 387,125	\$ 387,125	\$ 39,009,397	\$ 38,622,272
FUND BALANCE - BEGINNING			2,007,646	
FUND BALANCE - ENDING			\$ 41,017,043	

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Schedules of Changes in Net Pension Liability
For the Last Seven Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 878,522	\$ 880,792	\$ 834,845	\$ 792,374	\$ 780,221	\$ 752,118	\$ 747,048
Interest	2,683,754	2,524,920	2,352,091	2,265,824	2,118,054	2,069,496	1,958,067
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	246,317	475,856	687,601	(258,244)	230,526	(724,570)	-
Changes of Assumptions	-	-	190,438	-	1,153,136	-	-
Transfers Among Employers	(56,534)	1,571	142,396	(42,013)	36,757	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,884,246)	(1,756,454)	(1,775,090)	(1,514,550)	(1,601,304)	(1,378,832)	(1,245,671)
Net Change in Total Pension Liability	\$ 1,867,813	\$ 2,126,685	\$ 2,432,281	\$ 1,243,391	\$ 2,717,390	\$ 718,212	\$ 1,459,444
Total Pension Liability - Beginning	35,796,077	33,669,392	31,237,111	29,993,720	27,276,330	26,558,118	25,098,674
Total Pension Liability - Ending (a)	\$ 37,663,890	\$ 35,796,077	\$ 33,669,392	\$ 31,237,111	\$ 29,993,720	\$ 27,276,330	\$ 26,558,118
Plan Fiduciary Net Position							
Contributions - Employer	\$ 783,761	\$ 744,391	\$ 744,536	\$ 682,029	\$ 735,462	\$ 669,506	\$ 657,379
Contributions - Member	622,374	599,925	609,296	554,222	511,641	489,850	474,641
Net Investment Income	1,566,067	697,952	2,331,629	2,893,696	2,118,336	246,801	2,243,569
Benefit Payments, Including Refunds of Employee Contributions	(1,884,246)	(1,756,454)	(1,775,090)	(1,514,550)	(1,601,304)	(1,378,832)	(1,245,671)
Transfers Among Employers	(56,534)	1,571	142,396	(42,013)	36,757	38,107	16,617
Net Change in Plan Fiduciary Net Position	\$ 1,031,422	\$ 287,385	\$ 2,052,767	\$ 2,573,384	\$ 1,800,892	\$ 65,432	\$ 2,146,535
Plan Net Position - Beginning	27,673,513	27,386,128	25,333,362	22,759,978	20,959,086	20,893,654	18,747,119
Plan Net Position - Ending (b)	\$ 28,704,935	\$ 27,673,513	\$ 27,386,129	\$ 25,333,362	\$ 22,759,978	\$ 20,959,086	\$ 20,893,654
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 8,958,955	\$ 8,122,564	\$ 6,283,263	\$ 5,903,749	\$ 7,233,742	\$ 6,317,244	\$ 5,664,464
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.21%	77.31%	81.34%	81.10%	75.88%	76.84%	78.67%
Covered-Employee Payroll*	\$ 10,079,069	\$ 10,405,992	\$ 9,054,090	\$ 9,876,195	\$ 9,304,461	\$ 9,368,860	\$ 9,041,901
Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	88.89%	78.06%	69.40%	59.78%	77.74%	67.43%	62.65%

*Employer's covered payroll during the measurement period is the total covered payroll. For FY 2021 the measurement period is October 1, 2019 - September 30, 2020. GASB issued a statement "Pension Issues" in March, 2016 to redefine covered payroll for beginning with FY 2017.

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

Enterprise Water Works Board

City of Enterprise
Enterprise, Alabama
Schedules of Changes in Net Pension Liability
For the Last Seven Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 70,279	\$ 64,841	\$ 67,225	\$ 65,352	\$ 69,400	\$ 66,253	\$ 57,512
Interest	188,106	216,495	182,219	187,473	186,123	183,793	176,952
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	140,528	(592,128)	336,968	(16,953)	(74,182)	(67,453)	-
Changes of Assumptions	-	-	12,241	-	70,060	-	-
Transfers Among Employers	16,373	66,527	-	(148,111)	2,404	-	-
Benefit Payments, Including Refunds of Employee Contributions	(113,051)	(135,805)	(140,672)	(170,422)	(152,268)	(154,652)	(143,265)
Net Change in Total Pension Liability	\$ 302,235	\$ (380,070)	\$ 457,981	\$ (82,661)	\$ 101,537	\$ 27,941	\$ 91,199
Total Pension Liability - Beginning	2,499,461	2,879,531	2,421,550	2,504,211	2,402,674	2,374,733	2,283,534
Total Pension Liability - Ending (a)	\$ 2,801,696	\$ 2,499,461	\$ 2,879,531	\$ 2,421,550	\$ 2,504,211	\$ 2,402,674	\$ 2,374,733
Plan Fiduciary Net Position							
Contributions - Employer	\$ 119,760	\$ 85,535	\$ 81,948	\$ 77,461	\$ 94,329	\$ 87,526	\$ 85,056
Contributions - Member	53,745	45,635	43,832	40,438	39,513	37,211	37,571
Net Investment Income	109,285	46,143	150,228	196,483	151,848	17,981	167,171
Benefit Payments, Including Refunds of Employee Contributions	(113,051)	(135,805)	(140,672)	(170,422)	(152,268)	(154,652)	(143,265)
Transfers Among Employers	16,373	66,527	-	(148,111)	2,404	(39,132)	-
Net Change in Plan Fiduciary Net Position	\$ 186,112	\$ 108,035	\$ 135,336	\$ (4,151)	\$ 135,826	\$ (51,066)	\$ 146,533
Plan Net Position - Beginning	1,874,081	1,766,046	1,630,710	1,634,861	1,499,035	1,550,101	1,403,568
Plan Net Position - Ending (b)	\$ 2,060,193	\$ 1,874,081	\$ 1,766,046	\$ 1,630,710	\$ 1,634,861	\$ 1,499,035	\$ 1,550,101
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 741,503	\$ 625,380	\$ 1,113,485	\$ 790,840	\$ 869,350	\$ 903,639	\$ 824,632
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.53%	74.98%	61.33%	67.34%	65.28%	62.39%	65.27%
Covered-Employee Payroll*	\$ 983,719	\$ 930,186	\$ 904,929	\$ 844,560	\$ 776,806	\$ 765,356	\$ 776,818
Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	75.38%	67.23%	123.05%	93.40%	111.91%	118.07%	106.16%

*Employer's covered payroll during the measurement period is the total covered payroll. For FY 2021 the measurement period is October 1, 2019 - September 30, 2020. GASB issued a statement "Pension Issues" in March, 2016 to redefine covered payroll for beginning with FY 2017.

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

**City of Enterprise
Enterprise, Alabama
Schedules of Employer Contributions
For the Last Seven Fiscal Years*****

City of Enterprise	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution*	\$ 840,352	\$ 791,745	\$ 751,891	\$ 770,977	\$ 717,858	\$ 769,053	\$ 666,820
Contributions in Relation to the Actuarially Determined Contribution*	840,352	791,745	751,891	770,977	717,858	769,053	666,820
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll**	\$ 10,795,641	\$ 10,079,069	\$ 10,405,992	\$ 9,054,090	\$ 9,876,195	\$ 9,304,461	\$ 9,368,860
Contributions as a Percentage of Covered-Employee Payroll	7.78%	7.86%	7.23%	8.52%	7.27%	8.27%	7.12%

Enterprise Water Works Board	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution*	\$ 80,860	\$ 114,719	\$ 92,394	\$ 90,056	\$ 80,357	\$ 96,493	\$ 90,056
Contributions in Relation to the Actuarially Determined Contribution*	80,860	114,719	92,394	90,056	80,357	96,493	90,056
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll**	\$ 1,030,280	\$ 983,719	\$ 930,186	\$ 904,929	\$ 844,560	\$ 776,806	\$ 765,356
Contributions as a Percentage of Covered-Employee Payroll	7.85%	11.66%	9.93%	9.95%	9.51%	12.42%	11.77%

*The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

**Employer's covered payroll for FY 2021 is the total covered payroll for the 12 month period of the underlying financial statement.

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

Notes To Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2021 were based on the September 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2020 to September 30, 2021:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization method	22.9 years for City, 20.5 years for Enterprise Water Works Board
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25-5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

City of Enterprise
Enterprise, Alabama
Schedule of Changes in Total OPEB Liability
For the Last Four Fiscal Years*

City of Enterprise

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 450,737	\$ 674,712	\$ 674,712	\$ 648,387
Interest	381,738	958,242	881,683	861,951
Plan Amendments	-	-	-	-
Expenses (Gain)/Loss	-	(955,812)	-	-
Assumption Changes	-	(6,810,377)	-	-
Benefit Payments	(268,425)	(288,865)	(401,992)	(349,867)
Net Change in Total OPEB Liability	\$ 564,050	\$ (6,422,100)	\$ 1,154,403	\$ 1,160,471
Total OPEB Liability - Beginning	16,649,629	23,071,729	21,917,326	20,756,855
Total OPEB Liability - Ending	<u>\$ 17,213,679</u>	<u>\$ 16,649,629</u>	<u>\$ 23,071,729</u>	<u>\$ 21,917,326</u>
Covered-Employee Payroll**	\$ 10,079,069	\$ 10,079,069	\$ 10,405,992	\$ 9,054,090
Net OPEB Liability as a Percentage of Covered-Employee Payroll	170.79%	165.19%	221.72%	242.07%

Enterprise Water Works Board

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 53,890	\$ 71,480	\$ 71,480	\$ 68,691
Interest	29,230	79,061	71,059	69,004
Plan Amendments	-	-	-	-
Expenses (Gain)/Loss	-	(35,295)	-	-
Assumption Changes	-	(738,470)	-	-
Benefit Payments	(2,966)	(11,816)	(22,003)	(14,810)
Net Change in Total OPEB Liability	\$ 80,154	\$ (635,040)	\$ 120,536	\$ 122,885
Total OPEB Liability - Beginning	1,246,707	1,881,747	1,761,211	1,638,326
Total OPEB Liability - Ending	<u>\$ 1,326,861</u>	<u>\$ 1,246,707</u>	<u>\$ 1,881,747</u>	<u>\$ 1,761,211</u>
Covered-Employee Payroll**	\$ 973,609	\$ 973,609	\$ 750,213	\$ 728,210
Net OPEB Liability as a Percentage of Covered-Employee Payroll	136.28%	128.05%	250.83%	241.85%

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

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

City of Enterprise
Enterprise, Alabama
Supplementary Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Aging Cluster			
Passed through Southern Alabama Regional Council on Aging			
Special Program for the Aging Title III, Part B, Grants for Supportive Services and Senior Citizens	93.044	---	\$ 7,920
Special Program for the Aging Title III, Part C, Nutrition Services	93.045	---	<u>7,440</u>
Total U.S. Department of Health and Human Services			<u>\$ 15,360</u>
U.S. Department of Housing and Urban Development			
Passed through Alabama Department of Economic and Community Affairs			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	LR CE PF 18 001	<u>\$ 74,379</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 74,379</u>
U.S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044		<u>\$ 208,000</u>
Total U.S. Department of Homeland Security			<u>\$ 208,000</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

City of Enterprise
Enterprise, Alabama
Supplementary Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18 DJ LC 088	\$ 4,375
Total U.S. Department of Justice			\$ 4,375
U.S. Department of Transportation			
Passed through Alabama Department of Transportation Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	SAAME100047415	\$ 9,254
Highway Planning and Construction	20.205	ERLF8100066929	3,282
Highway Planning and Construction	20.205	TA100067199	927
Total Highway Planning and Construction Cluster			\$ 13,463
Airport Improvement Program and COVID-19 Airports Programs	20.106	3-01-0027-022-2020	14,984
Total Airport Improvement Program and COVID-19 Airports Programs			\$ 14,984
Total U.S. Department of Transportation			\$ 28,447
U.S. Department of the Treasury			
Passed through State of Alabama			
COVID-19 - Coronavirus Relief Fund	21.019		\$ 1,364,524
Total U.S. Department of the Treasury			\$ 1,364,524
Total Federal Expenditures			\$ 1,695,085

See accompanying notes to Schedule of Expenditures of Federal Awards.

**City of Enterprise
Enterprise, Alabama
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021**

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal activity of the City of Enterprise, Alabama under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Enterprise, Alabama, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Enterprise, Alabama.

Note B - Summary of Significant Accounting Policies

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

Pass-through entity identifying numbers are presented where available.

Note C - Indirect Cost

The City of Enterprise has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D - Subrecipients

The City of Enterprise did not provide funds to subrecipients during the fiscal year ended September 30, 2021.

City of Enterprise
Enterprise, Alabama
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued Unmodified

Internal Control Over Financial Reporting

Material Weakness Identified? Yes

Significant Deficiencies Identified? None Reported

Noncompliance Material to Financial

Statements Noted? No

Federal Awards

Internal Control Over Major Programs

Material Weakness Identified? No

Significant Deficiencies Identified? None Reported

Type of Auditors' Report Issued on Compliance

For Major Programs Unmodified

Any Audit Findings Disclosed that are

Required to be Reported in Accordance
with Section 2 CFR section 200.516(a)? No

Major Programs:

CFDA Number

21.019

Name of Federal Programs

Coronavirus Relief Fund

Dollar Threshold Used to Distinguish

Between Type A and Type B \$ 750,000

Auditees Qualified as Low-Risk Auditee

No

See accompanying notes to financial statements and notes to Schedule of Expenditures of Federal Awards.

**City of Enterprise
Enterprise, Alabama
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021**

Section II - Financial Statement Findings

2018-003 Accrual Accounting (Repeat)

Condition - Failed to comply with the accrual basis of accounting required by Generally Accepted Accounting Principles (GAAP).

Criteria - Government Auditing Standards (GAS) Section A1.08 (d) states that management is responsible for “establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; following laws and regulation; and ensuring that management and financial information is reliable and properly reported;...”

Cause - Failed to record or reconcile accrued expenses and accounts receivable in a timely manner.

Effect - The failure to reconcile accrued expense and accounts receivable in a timely manner led to the material misstatement of year end balances.

Recommendation - The City should implement a process where accrued expenses and accounts receivable accounts are reconciled at least monthly.

Views of Responsible Officials and Planned Corrective Actions - The City has implemented internal controls and processes to reconcile accrued expenses and accounts receivable on a monthly basis.

2020-003 Reconciliation of Balance Sheet Accounts (Repeat)

Condition - The City is not reconciling all balance sheet accounts on a regular basis.

Criteria - Internal controls should be in place that provide reasonable assurance that all balance sheet accounts are reconciled and adjusted to actual on a regular basis.

Cause - The City failed to reconcile several balance sheet accounts on a regular basis.

Effect - The failure to reconcile several balance sheet accounts on a regular basis led to material misstatements of year end balances in numerous accounts.

Recommendation - The City should implement a process to ensure that all balance sheet accounts are reconciled on a monthly basis.

Views of Responsible Officials and Planned Corrective Actions - The City has implemented internal controls and processes to ensure that all balance sheet accounts are reconciled on a monthly basis.

City of Enterprise
Enterprise, Alabama
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Section II - Financial Statement Findings (Continued)

2020-004 Capital Assets (Repeat)

Condition – The City is not identifying and recording capital assets properly resulting in certain fixed assets not being properly capitalized.

Criteria – Internal controls should be in place to provide reasonable assurance that all capital assets are properly identified and recognized in the City's general ledger and the capital asset module.

Cause – The City failed to properly identify and record capital assets.

Effect – The failure to properly identify and record capital assets resulted in material misstatements of capital asset and capital outlay accounts.

Recommendation – The City should assign an individual with appropriate skill and knowledge to review expenditures and determine that capital assets are recorded properly in both the City's general ledger and capital asset module.

Views of Responsible Officials and Planned Corrective Actions – The City has assigned an individual with the appropriate skill and knowledge to review expenditures and properly record capital assets in the City's general ledger and the capital asset module.

2021-001 Reconciliation of Interfund Transfer Accounts

Condition – The City is not reconciling interfund transfer accounts between funds on a regular basis.

Criteria – Internal controls should be in place that provide reasonable assurance that all interfund transfer accounts are reconciled and adjusted to actual on an regular basis.

Cause – The City failed to reconcile interfund transfer accounts on a regular basis.

Effect – The failure to reconcile interfund transfer accounts on a regular basis led to material misstatements of year end balances in several accounts.

Recommendation – The City should implement a process to ensure that all interfund transfer accounts are reconciled and adjusted to actual on a monthly basis.

**City of Enterprise
Enterprise, Alabama
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021**

Section II - Financial Statement Findings (Continued)

Views of Responsible Officials and Planned Corrective Actions – The City has assigned an individual with the appropriate skill and knowledge to review interfund transfer accounts and reconcile on a regular basis.

Section III - Federal Award Findings and Questioned Costs

No Matters Reported

See accompanying notes to financial statements and notes to Schedule of Expenditures of Federal Awards.

COUNCIL

SONYA W. RICH, *District 1*
EUGENE GOOLSBY, *District 2*
GREG PADGETT, *District 3*
SCOTTY JOHNSON, *District 4*
TURNER TOWNSEND, *District 5*

City of Enterprise

WILLIAM E. (BILL) COOPER, MAYOR
501 South Main
P. O. Box 311000
Enterprise, Alabama 36331-1000

CITY ADMINISTRATOR
JONATHAN TULLOS

CITY CLERK
BEVERLY SWEENEY

CHIEF FINANCIAL OFFICER
LEEANN SWARTZ, CPA

(334) 347-1211
(334) 348-2613 FAX

Summary Schedule of Prior Audit Findings For the Year Ended September 30, 2021

August 31, 2022

Brunson, Wilkerson, Bowden & Associates, P.C.
P.O. Box 311710
Enterprise, Alabama 36331-1710

City of Enterprise, Alabama respectfully submits the following summary schedule of prior audit findings for the year ended September 30, 2021.

FINDING 2018-001 - Recognition of Municipal Court Revenues (Repeat)

Condition - Revenue was not recognized when municipal court fines and fees were earned. These funds are also not being timely transferred to the General Fund.

Recommendation - The City should implement a process that ensures all municipal court fines are recorded on the general fund when earned.

Current Status - The City has implemented internal controls and processes to ensure municipal court fines and fees are recorded and timely transferred to the general fund during the fiscal year ended September 30, 2021. This finding was remediated during fiscal year ended September 30, 2021.

FINDING 2018-003 Accrual Accounting (Repeat)

Condition - The City failed to comply with the accrual basis of accounting required by Generally Accepted Accounting Principles (GAAP).

Recommendation - The City should implement a process where accrued expenses and accounts receivable accounts are reconciled at least monthly.

Current Status - The City has implemented internal controls and processes to reconcile accrued expenses and accounts receivable on a monthly basis during the fiscal year ended September 31, 2021. This finding was not remediated during fiscal year ended September 30, 2021.



Boll Weevil Monument - The Only Monument in The World Glorifying A Pest

FINDING 2020-001 Review of Bank Reconciliations

Condition - A supervisory review was not performed after bank reconciliations were completed.

Recommendation - The City should require a supervisory level review of all bank reconciliations for accuracy each month.

Current Status - The City implemented a supervisory level review of all bank reconciliations to ensure accuracy each month. This finding was remediated during fiscal year ended September 30, 2021.

FINDING 2020-002 Journal Entry Documentation and Review

Condition - Journal entries are not being properly documented and reviewed.

Recommendation - The City should implement a formal documentation for journal entries where all support for the journal entry is attached and review is documented.

Current Status - The City implemented formal documentation for journal entries to show support for and approval of each journal entry during the fiscal year ended September 30, 2021. This finding was remediated during fiscal year ended September 30, 2021.

FINDING 2020-003 Reconciliation of Balance Sheet Accounts

Condition - The City is not reconciling all balance sheet accounts on a regular basis.

Recommendation - The City should implement a process to ensure that all balance sheet accounts are reconciled on a monthly basis.

Current Status - This finding was not remediated during fiscal year ended September 30, 2021.

FINDING 2020-004 Capital Assets

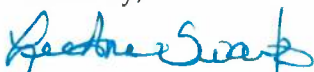
Condition - The City is not identifying and recording capital assets properly resulting in certain fixed assets not being properly capitalized.

Recommendation - The City should assign an individual with appropriate skill and knowledge to review expenditures and determine that capital assets are recorded properly in both the City's general ledger and capital asset module.

Current Status - This finding was not remediated during fiscal year ended September 30, 2021.

If you have questions regarding this schedule, please contact LeeAnn Swartz, CPA, CFO/Treasurer at (334) 348-2610.

Sincerely,



City of Enterprise, Alabama

COUNCIL

SONYA W. RICH, *District 1*
EUGENE GOOLSBY, *District 2*
GREG PADGETT, *District 3*
SCOTTY JOHNSON, *District 4*
TURNER TOWNSEND, *District 5*

City of Enterprise

WILLIAM E. (BILL) COOPER, MAYOR
501 South Main
P. O. Box 311000
Enterprise, Alabama 36331-1000

CITY ADMINISTRATOR
JONATHAN TULLOS

CITY CLERK
BEVERLY SWEENEY

CHIEF FINANCIAL OFFICER
LEEANN SWARTZ, CPA

(334) 347-1211
(334) 348-2613 FAX

CORRECTIVE ACTION PLAN

August 31, 2022

City of Enterprise, Alabama respectfully submits the following corrective action plan for the year ended September 30, 2021.

Name and address of independent public accounting firm:

Brunson, Wilkerson, Bowden & Associates, P.C.

P.O. Box 311710

Enterprise, Alabama 36331-1710

Audit Period:

Fiscal Year Ended September 30, 2021

The findings from the September 30, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

None reported.

MATERIAL WEAKNESS

2018-003 Accrual Accounting (Repeat)

Recommendation - The City should implement a process where accrued expenses and accounts receivable accounts are reconciled at least monthly.

Action Taken - The City has implemented internal controls and processes to reconcile accrued expenses and accounts receivable on a monthly basis.



Boll Weevil Monument - The Only Monument in The World Glorifying A Pest

2020-003 Reconciliation of Balance Sheet Accounts (Repeat)

Recommendation - The City should implement a process to ensure that all balance sheet accounts are reconciled on a monthly basis.

Action Taken - The City has implemented internal controls and processes to ensure that all balance sheet accounts are reconciled on a monthly basis.

2020-004 Capital Assets (Repeat)

Recommendation - The City should assign an individual with appropriate skill and knowledge to review expenditures and determine that capital assets are recorded properly in both the City's general ledger and capital asset module.

Action Taken - The City has assigned an individual with the appropriate skill and knowledge to review expenditures and properly record capital assets in the City's general ledger and the capital asset module.

2021-001 Reconciliation of Interfund Transfer Accounts

Recommendation - The City should implement a process to ensure that all interfund transfer accounts are reconciled and adjusted to actual on a monthly basis.

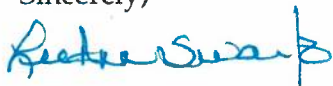
Action Taken - The City has assigned an individual with the appropriate skill and knowledge to review interfund transfer accounts and reconcile on a regular basis.

FINDINGS - FEDERAL AWARD PROGRAMS AUDITS

None Reported

If you have questions regarding this plan, please contact LeeAnn Swartz, CPA, CFO/Treasurer at (334) 348-2610.

Sincerely,



City of Enterprise, Alabama

City of Enterprise
Enterprise, Alabama
Combining Balance Sheet -
Other Governmental Funds
September 30, 2021

Special Revenue Funds

	Fire Department Tobacco Tax	Fire Protection	\$.07 State Gasoline Tax	\$.04 & \$.05 State Gasoline Tax	\$.10 State Gasoline Tax	Motor Vehicle Tax	Asset Forfeiture	Emergency Services 911	Industrial Development	Senior Citizens Center	Totals
ASSETS											
Cash	\$ 62,300	\$ 471,868	\$ 67,537	\$ 881,013	\$ 164,259	\$ 93,784	\$ 3,343	\$ 541,924	\$ 392,743	\$ 1,527	\$ 2,680,298
Receivables	-	-	10,902	8,664	15,623	8,534	-	30,474	33,301	-	107,498
Due from Other Funds	-	61,457	-	-	-	-	-	-	-	6,790	68,247
Prepaid Assets	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 62,300	\$ 533,325	\$ 78,439	\$ 889,677	\$ 179,882	\$ 102,318	\$ 3,343	\$ 572,398	\$ 426,044	\$ 8,317	\$ 2,856,043
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,755	\$ -	\$ 9	\$ 5,764
Accrued Salaries	-	-	-	-	-	-	-	317	-	-	317
Accrued Expenses	-	-	-	-	-	-	-	459	-	-	459
Due to Other Funds	13,485	-	-	-	-	-	-	33,402	95,337	-	142,224
TOTAL LIABILITIES	\$ 13,485	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,933	\$ 95,337	\$ 9	\$ 148,764
FUND BALANCES											
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	48,815	533,325	78,439	889,677	179,882	102,318	-	-	-	-	1,832,456
Committed	-	-	-	-	-	-	-	-	330,707	-	330,707
Assigned	-	-	-	-	-	-	3,343	532,465	-	8,308	544,116
Unassigned	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ 48,815	\$ 533,325	\$ 78,439	\$ 889,677	\$ 179,882	\$ 102,318	\$ 3,343	\$ 532,465	\$ 330,707	\$ 8,308	\$ 2,707,279
TOTAL LIABILITIES AND FUND BALANCES	\$ 62,300	\$ 533,325	\$ 78,439	\$ 889,677	\$ 179,882	\$ 102,318	\$ 3,343	\$ 572,398	\$ 426,044	\$ 8,317	\$ 2,856,043

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Governmental Funds
For the Year Ended September 30, 2021

	Special Revenue Funds										Totals
	Fire Department Tobacco Tax	Fire Protection	\$.07 State Gasoline Tax	\$.04 & \$.05 State Gasoline Tax	\$.10 State Gasoline Tax	Motor Vehicle Tax	Asset Forfeiture	Emergency Services 911	Industrial Development	Senior Citizens Center	
REVENUES											
Taxes	\$ 17,321	\$ 298,730	\$ 119,516	\$ 94,828	\$ 169,093	\$ 89,002	\$ -	\$ -	\$ 225,737	\$ -	\$ 1,014,227
Intergovernmental	-	208,000	-	-	-	-	-	-	-	16,381	224,381
Interest Income	90	-	-	-	-	-	-	-	546	-	636
Miscellaneous	-	-	-	-	-	-	-	61	6	-	718
Charges for Services	-	-	-	-	-	-	-	427,777	-	-	427,777
Donations	500	-	-	-	-	-	-	-	-	3,816	4,316
Total Revenues	\$ 17,911	\$ 506,730	\$ 119,516	\$ 94,828	\$ 169,093	\$ 89,002	\$ 651	\$ 427,838	\$ 226,289	\$ 20,197	\$ 1,672,055
EXPENDITURES											
Highways and Streets	\$ -	\$ -	\$ -	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30
Capital Outlay	-	212,128	-	-	-	-	-	-	-	-	212,128
Fire	18,620	28,836	-	-	-	-	-	-	-	-	47,456
Police	-	-	-	-	-	-	50	-	-	-	50
Health and Welfare	-	-	-	-	-	-	-	154,400	-	12,121	166,521
Economic Development	-	-	-	-	-	-	-	-	14	-	14
Total Expenditures	\$ 18,620	\$ 240,964	\$ -	\$ -	\$ 30	\$ -	\$ 50	\$ 154,400	\$ 14	\$ 12,121	\$ 426,199
EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	\$ (709)	\$ 265,766	\$ 119,516	\$ 94,828	\$ 169,063	\$ 89,002	\$ 601	\$ 273,438	\$ 226,275	\$ 8,076	\$ 1,245,856
OTHER FINANCING SOURCES (USES)											
Other Financing Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers In	-	-	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	(130,775)	-	(110,976)	(85,000)	-	(202,000)	(204,738)	(10,900)	(744,389)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (130,775)	\$ -	\$ (110,976)	\$ (85,000)	\$ -	\$ (202,000)	\$ (204,738)	\$ (10,900)	\$ (744,389)
EXCESS OF REVENUES AND OTHER SOURCES (UNDER) OVER EXPENDITURES AND OTHER FINANCING (USES)	\$ (709)	\$ 265,766	\$ (11,259)	\$ 94,828	\$ 58,087	\$ 4,002	\$ 601	\$ 71,438	\$ 21,537	\$ (2,824)	\$ 501,467
FUND BALANCE - BEGINNING	49,524	267,559	89,698	794,849	121,795	98,316	2,742	461,027	309,170	11,132	2,205,812
FUND BALANCE - ENDING	\$ 48,815	\$ 533,325	\$ 78,439	\$ 889,677	\$ 179,882	\$ 102,318	\$ 3,343	\$ 532,465	\$ 330,707	\$ 8,308	\$ 2,707,279

See accompanying notes to financial statements.

Schedules

City of Enterprise
Enterprise, Alabama
Schedule of Combined Revenues - All Governmental Fund Types
For the Year Ended September 30, 2021

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	
Accident Report	\$ 1,886	\$ -	\$ -	\$ 1,886
Ad Valorem Tax	3,226,869	-	-	3,226,869
Airport Authority	455,001	-	-	455,001
ABC Business License	23,175	-	-	23,175
ABC Tax	574,023	-	-	574,023
Asset Forfeiture	-	651	-	651
Building Permits	94,021	-	-	94,021
Business Privilege Tax	112,015	-	-	112,015
Cigarette Tax	81,338	-	-	81,338
Civic Center	10,772	-	-	10,772
Donations	49,481	24,316	-	73,797
Downtown Beautification	10,155	-	-	10,155
E-911 Revenue	-	427,777	-	427,777
Farmer's Market	17,400	-	-	17,400
Fair Trial Tax	20,572	-	-	20,572
Fire Protection Fee	-	298,730	-	298,730
Financial Institution Excise Tax	375,075	-	-	375,075
\$.04 and \$.05 Gas Tax	-	94,828	-	94,828
Fire Tobacco Tax	-	17,321	-	17,321
Franchise Fees	1,841,275	-	-	1,841,275
Garbage	2,487,420	-	-	2,487,420
Grant Revenue - Intergovernmental	4,825,851	428,076	-	5,253,927
Grant Revenue - Other	-	-	-	-
Government Entities Revenue	50,000	-	-	50,000
Housing Authority	-	-	-	-
Incubator Income	1,400	-	-	1,400
Insurance Proceeds	65,977	-	-	65,977
Interest Income	11,707	84,399	751	96,857
Landfill	-	-	-	-
Loan Payments	-	-	-	-
Lodging Tax	579,030	225,737	-	804,767
Main Street	4,975	-	-	4,975
Miscellaneous	55,441	6	-	55,447
Mobile Home Registration Fee	495	-	-	495
Motor Vehicle Tax	-	89,002	-	89,002
Municipal Court Fund	-	-	-	-
\$.01 Gas Tax	176,849	-	-	176,849
Petroleum Inspection Fees	-	16,433	-	16,433
Police Fines	229,753	-	-	229,753
Police Security Income	1,903	-	-	1,903
Privilege License	890,589	-	-	890,589
Recreation Department	221,795	-	-	221,795
Recycling Income	2,790	-	-	2,790
Sales Tax	28,206,972	-	-	28,206,972
Security Alarm Fees	-	-	-	-
\$.07 Gasoline Tax	-	103,083	-	103,083
Senior Citizens Center	-	1,000	-	1,000
SRO Income	222,459	-	-	222,459
State Trust Fund	-	271,417	-	271,417
Sundry Receipts	14,810	62	-	14,872
\$.10 Gas Tax	-	169,093	-	169,093
TVA Revenue	86,606	-	-	86,606
Total Revenues	\$ 45,029,880	\$ 2,251,931	\$ 751	\$ 47,282,562

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Schedule of Combined Departmental Expenditures -
All Governmental Fund Types
For the Year Ended September 30, 2021

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	
GENERAL AND ADMINISTRATIVE				
Advertising	\$ 31,488	\$ -	\$ -	\$ 31,488
Cigarette Stamps	25,327	-	-	25,327
Collection Expense	144,128	-	-	144,128
Computer Maintenance	192,405	-	-	192,405
Contract Services	325,855	10,500	-	336,355
Dues and Subscriptions	27,422	-	-	27,422
Elections	13,597	-	-	13,597
Gas and Oil	1,624	-	-	1,624
Hospital Insurance	184,919	-	-	184,919
Insurance	590,892	-	-	590,892
Miscellaneous Expense	7,283	-	-	7,283
Office Expense and Supplies	99,970	134	-	100,104
Officers Expense	1,500	-	-	1,500
Payroll Taxes	73,968	-	-	73,968
Professional Fees	67,769	-	-	67,769
Rents	278	-	-	278
Repairs and Maintenance	10,224	-	-	10,224
Retirement	56,103	-	-	56,103
Salaries	968,544	-	-	968,544
Telephone Expense	39,946	-	-	39,946
Travel Expense	16,303	-	-	16,303
Utilities	98,447	-	-	98,447
Total General and Administrative	\$ 2,977,992	\$ 10,634	\$ -	\$ 2,988,626
FIRE PROTECTION				
Advertising	\$ 1,839	\$ -	\$ -	\$ 1,839
Building and Grounds	7,478	-	-	7,478
Contract Services	-	28,836	-	28,836
Concessions	489	-	-	489
Dues and Subscriptions	5,234	-	-	5,234
Education	11,119	-	-	11,119
Gas and Oil	26,764	-	-	26,764
Hospital Insurance	445,752	-	-	445,752
Insurance	49,346	-	-	49,346
Miscellaneous	3,146	-	-	3,146
Office Supplies	2,895	13	-	2,908
Payroll Taxes	196,799	-	-	196,799
Rents	1,515	-	-	1,515
Repairs	64,255	-	-	64,255
Retirement	190,599	-	-	190,599
Salaries	2,570,373	-	-	2,570,373
Supplies	55,614	18,607	-	74,221
Telephone	15,061	-	-	15,061
Travel	772	-	-	772
Uniforms	12,825	-	-	12,825
Utilities	53,485	-	-	53,485
Wiregrass Aviation Support	5,000	-	-	5,000
Total Fire Protection	\$ 3,720,360	\$ 47,456	\$ -	\$ 3,767,816

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Schedule of Combined Departmental Expenditures -
All Governmental Fund Types
For the Year Ended September 30, 2021

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	
HIGHWAYS AND STREETS				
Advertising	\$ 1,338	\$ -	\$ -	\$ 1,338
Buildings and Grounds	1,291	-	-	1,291
Contract Services	5,772	-	-	5,772
Gas and Oil	66,262	-	-	66,262
Hospital Insurance	230,631	-	-	230,631
Insurance	27,810	-	-	27,810
Miscellaneous	2,732	20	-	2,752
Office Supplies	1,351	-	-	1,351
Payroll Taxes	64,238	-	-	64,238
Repairs	61,075	-	-	61,075
Retirement	62,972	-	-	62,972
Salaries	852,477	-	-	852,477
Supplies	63,861	-	-	63,861
Telephone	8,979	-	-	8,979
Travel	920	-	-	920
Utilities	12,391	-	-	12,391
Total Highways and Streets	\$ 1,464,100	\$ 20	\$ -	\$ 1,464,120
POLICE PROTECTION				
Advertising	\$ 6,941	\$ -	\$ -	\$ 6,941
Animal Control	39,596	-	-	39,596
Asset Forfeiture	-	50	-	50
Building and Grounds	402	-	-	402
BVP Program	6,135	-	-	6,135
Computer Maintenance	70,490	-	-	70,490
Contract Services	55,372	-	-	55,372
Dues and Subscriptions	17,901	-	-	17,901
Education	16,223	-	-	16,223
Employment	10,262	-	-	10,262
Gas and Oil	104,529	-	-	104,529
Hospital Insurance	664,875	-	-	664,875
Insurance	52,428	-	-	52,428
K-9 Drug Dog	5,832	-	-	5,832
Miscellaneous	3,728	-	-	3,728
Office Supplies	15,417	-	-	15,417
Payroll Taxes	269,875	-	-	269,875
Prisoner Expense	63,539	-	-	63,539
Rents	18,108	-	-	18,108
Repairs	63,295	-	-	63,295
Retirement	265,698	-	-	265,698
Salaries	3,545,708	-	-	3,545,708
Supplies	155,170	-	-	155,170
Telephone and Utilities	65,859	-	-	65,859
Travel	4,338	-	-	4,338
Uniforms	24,516	-	-	24,516
Wiregrass Aviation Support	10,000	-	-	10,000
Total Police Protection	\$ 5,556,237	\$ 50	\$ -	\$ 5,556,287

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Schedule of Combined Departmental Expenditures -
All Governmental Fund Types
For the Year Ended September 30, 2021

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	
SANITATION DEPARTMENT				
Advertising	\$ 4,220	\$ -	\$ -	\$ 4,220
Building and Grounds	1,127	-	-	1,127
Contract Services	266,759	-	-	266,759
Gas and Oil	132,643	-	-	132,643
Hospital Insurance	258,273	-	-	258,273
Insurance	44,696	-	-	44,696
Miscellaneous	1,126	-	-	1,126
Mosquito Control	-	-	-	-
Office Supplies	595	-	-	595
Payroll Taxes	62,076	-	-	62,076
Recycling Supplies	-	-	-	-
Repairs	191,850	-	-	191,850
Retirement	64,394	-	-	64,394
Salaries	834,275	-	-	834,275
Supplies	50,780	-	-	50,780
Telephone	10,508	-	-	10,508
Travel	-	-	-	-
Utilities	11,902	-	-	11,902
Total Sanitation Department	\$ 1,935,224	\$ -	\$ -	\$ 1,935,224
EDUCATION - CITY SCHOOL SYSTEM				
City Schools	\$ 5,984,733	\$ -	\$ -	\$ 5,984,733
ECONOMIC DEVELOPMENT				
Advertising	\$ 33,133	\$ -	\$ -	\$ 33,133
Beautification	3,441	-	-	3,441
Building and Grounds	1,399	-	-	1,399
Chamber of Commerce	81,500	-	-	81,500
Computer Maintenance	-	-	-	-
Contract Services	12,205	-	-	12,205
Dues and Publications	860	-	-	860
Economic Development	265,843	14	-	265,857
Education	4,954	-	-	4,954
Hospital Insurance	12,492	-	-	12,492
Industrial Development	-	-	-	-
Insurance	156	-	-	156
Miscellaneous	500	-	-	500
Office Supplies	1,494	-	-	1,494
Payroll Taxes	7,343	-	-	7,343
Repairs	210	-	-	210
Retirement	4,931	-	-	4,931
Salaries	93,064	-	-	93,064
Special Programs	19,835	-	-	19,835
Supplies	113	-	-	113
Telephone	7,095	-	-	7,095
Travel	5,664	-	-	5,664
Utilities	15,897	-	-	15,897
Total Economic Development	\$ 572,129	\$ 14	\$ -	\$ 572,143

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Schedule of Combined Departmental Expenditures -
All Governmental Fund Types
For the Year Ended September 30, 2021

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	
CULTURE AND RECREATION				
Advertising	\$ 5,912	\$ -	\$ -	\$ 5,912
All-Star Program	36,038	-	-	36,038
Athletic Supplies	43,719	-	-	43,719
Buildings and Grounds	132,159	-	-	132,159
Concessions	46,996	-	-	46,996
Contract Services	13,077	-	-	13,077
Dues and Subscriptions	2,628	-	-	2,628
Employment	7,693	-	-	7,693
Gas and Oil	30,539	-	-	30,539
Hospital Insurance	195,840	-	-	195,840
Insurance	11,830	-	-	11,830
Library	219,144	-	-	219,144
Miscellaneous	1,591	-	-	1,591
Office Supplies	3,575	-	-	3,575
Officials	42,089	-	-	42,089
Payroll Taxes	75,662	-	-	75,662
Rent	48,000	-	-	48,000
Repairs	14,550	-	-	14,550
Retirement	56,159	-	-	56,159
Salaries	984,620	-	-	984,620
Special Programs	52,480	-	-	52,480
Supplies	44,292	-	-	44,292
Telephone	21,037	-	-	21,037
Tournament Expense	42,737	-	-	42,737
Travel	5,274	-	-	5,274
Utilities	176,602	-	-	176,602
Culture and Recreation	\$ 2,314,243	\$ -	\$ -	\$ 2,314,243
HEALTH AND WELFARE				
Adult Daycare	\$ 11,500	\$ -	\$ -	\$ 11,500
Civil Defense	68,276	-	-	68,276
Emergency Services	-	154,400	-	154,400
HRDC	12,000	-	-	12,000
Other Assistance	6,000	-	-	6,000
Senior Citizens Program	2,500	12,121	-	14,621
Southeast AL Mental Health	10,000	-	-	10,000
Summer Food Program	-	-	-	-
Total Health and Welfare	\$ 110,276	\$ 166,521	\$ -	\$ 276,797

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Schedule of Combined Departmental Expenditures -
All Governmental Fund Types
For the Year Ended September 30, 2021

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	
JUDICIAL				
Building and Grounds	\$ 4,953	\$ -	\$ -	\$ 4,953
Computer Maintenance	3,150	-	-	3,150
Contract Services	32,290	-	-	32,290
Dues and Publications	2,653	-	-	2,653
Hospital Insurance	37,165	-	-	37,165
Indigent Defense Expense	32,473	-	-	32,473
Insurance	1,219	-	-	1,219
Miscellaneous	424	-	-	424
Office Supplies	7,895	-	-	7,895
Payroll Taxes	12,228	-	-	12,228
Retirement	5,928	-	-	5,928
Salaries	159,893	-	-	159,893
Telephone	7,038	-	-	7,038
Travel	5,847	-	-	5,847
Total Judicial	\$ 313,156	\$ -	\$ -	\$ 313,156
FARMER'S MARKET				
Advertising	\$ 8,673	\$ -	\$ -	\$ 8,673
Building and Grounds	1,071	-	-	1,071
Miscellaneous	3,964	-	-	3,964
Supplies	6,896	-	-	6,896
Telephone	5,615	-	-	5,615
Utilities	7,740	-	-	7,740
Total Farmer's Market	\$ 33,959	\$ -	\$ -	\$ 33,959

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Schedule of Combined Departmental Expenditures -
All Governmental Fund Types
For the Year Ended September 30, 2021

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	
ENGINEERING				
Advertising	\$ 5,603	\$ -	\$ -	\$ 5,603
Beautification	21,839	-	-	21,839
Building and Grounds	24,056	-	-	24,056
Contract Services	150,029	82,379	-	232,408
Dues and Subscriptions	2,510	-	-	2,510
Gas and Oil	6,536	-	-	6,536
Hospital Insurance	95,696	-	-	95,696
Insurance	6,304	-	-	6,304
Miscellaneous	1,754	-	-	1,754
Nuisance Property Expense	54	-	-	54
Office Supplies	17,832	-	-	17,832
Payroll Taxes	36,541	-	-	36,541
Planning Commission	6,995	-	-	6,995
Rents	-	-	-	-
Repairs	3,838	-	-	3,838
Retirement	31,093	-	-	31,093
Salaries	477,981	-	-	477,981
Signs and Maintenance	4,121	-	-	4,121
Street Lights	352,428	-	-	352,428
Supplies	5,318	-	-	5,318
Telephone	12,401	-	-	12,401
Traffic Lights	34,735	-	-	34,735
Travel	746	-	-	746
Utilities	5,449	-	-	5,449
Total Engineering	\$ 1,303,859	\$ 82,379	\$ -	\$ 1,386,238
FLEET MAINTENANCE				
Building Maintenance	\$ 789	\$ -	\$ -	\$ 789
Contract Services	7,124	-	-	7,124
Dues and Subscriptions	180	-	-	180
Gas and Oil	2,463	-	-	2,463
Hospital Insurance	69,429	-	-	69,429
Insurance	6,236	-	-	6,236
Miscellaneous	62	-	-	62
Office Supplies	1,807	-	-	1,807
Payroll Taxes	23,071	-	-	23,071
Repairs	12,864	-	-	12,864
Retirement	24,832	-	-	24,832
Salaries	305,357	-	-	305,357
Supplies	(6,436)	-	-	(6,436)
Travel	77	-	-	77
Telephone	8,762	-	-	8,762
Utilities	9,348	-	-	9,348
Total Fleet Maintenance	\$ 465,965	\$ -	\$ -	\$ 465,965

See accompanying notes to financial statements.

City of Enterprise
Enterprise, Alabama
Schedule of Combined Departmental Expenditures -
All Governmental Fund Types
For the Year Ended September 30, 2021

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	
CIVIC CENTER				
Advertising	\$ 1,145	\$ -	\$ -	\$ 1,145
Building and Grounds	18,563	-	-	18,563
Contract Services	2,234	-	-	2,234
Hospital Insurance	37,837	-	-	37,837
Insurance	3,746	-	-	3,746
Miscellaneous	1,358	-	-	1,358
Office Supplies	400	-	-	400
Payroll Taxes	11,600	-	-	11,600
Repairs	2,051	-	-	2,051
Retirement	11,310	-	-	11,310
Salaries	153,170	-	-	153,170
Supplies	2,261	-	-	2,261
Telephone	22,708	-	-	22,708
Travel	937	-	-	937
Utilities	61,078	-	-	61,078
Total Civic Center	\$ 330,398	\$ -	\$ -	\$ 330,398
AIRPORT AUTHORITY				
Advertising	\$ -	\$ -	\$ -	\$ -
Aviation Fuel	243,895	-	-	243,895
Bank Service Charges	7,364	-	-	7,364
Buildings and Grounds	9,701	-	-	9,701
Contract Services	10,201	-	-	10,201
Dues and Publications	3,228	-	-	3,228
Gas and Oil	6,733	-	-	6,733
Hospital Insurance	24,109	-	-	24,109
Insurance	8,708	-	-	8,708
Legal	-	-	-	-
Miscellaneous	26	-	-	26
Office Expense and Supplies	1,094	-	-	1,094
Payroll Taxes	6,860	-	-	6,860
Repairs	43,051	-	-	43,051
Retirement	6,184	-	-	6,184
Salaries	91,883	-	-	91,883
Supplies	5,658	2,589	-	8,247
Travel	1,621	-	-	1,621
Telephone	10,596	-	-	10,596
Utilities	15,613	-	-	15,613
Total Airport Authority	\$ 496,525	\$ 2,589	\$ -	\$ 499,114
CAPITAL OUTLAY	\$ 821,691	\$ 1,407,557	\$ -	\$ 2,229,248
DEBT SERVICE				
Principal	\$ 50,000	\$ -	\$ 7,389,505	\$ 7,439,505
Interest	-	-	2,310,796	2,310,796
Debt Issuance Costs	10,086	340,441	547,633	898,160
Total Debt Service	\$ 60,086	\$ 340,441	\$ 10,247,934	\$ 10,648,461
TOTAL EXPENDITURES	\$ 28,460,933	\$ 2,057,661	\$ 10,247,934	\$ 40,766,528

See accompanying notes to financial statements.



**BRUNSON, WILKERSON,
BOWDEN & ASSOCIATES, P.C.**

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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*

Honorable Mayor and
Members of the City Council
City of Enterprise
Enterprise, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Enterprise, Alabama, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Enterprise, Alabama's basic financial statements, and have issued our report thereon dated August 31, 2022. Our report includes a reference to other auditors who audited the financial statements of Enterprise Water Works Board, as described in our report on the City of Enterprise, Alabama's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Enterprise, Alabama'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 City of Enterprise, Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Enterprise, Alabama'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

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American Institute of Certified Public Accountants / Alabama Society of Certified Public Accountants
Florida Institute of Certified Public Accountants* / Private Companies Practice Section

Website: www.bwb.cpa

Honorable Mayor and
Members of the City Council
City of Enterprise

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-003, 2020-003, 2020-004 and 2021-001 that we consider to be material weaknesses.

Compliance and Other Matters

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

City of Enterprise, Alabama's Response to Findings

City of Enterprise, Alabama's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Enterprise, Alabama's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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


Brunson, Wilkerson, Bowden & Associates, P.C.
Enterprise, Alabama

August 31, 2022

BRUNSON, WILKERSON, BOWDEN & ASSOCIATES, P.C.



Independent Auditor's Report on Compliance for Each Major Program and on Internal
Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and
Members of the City Council
City of Enterprise
Enterprise, Alabama

Report on Compliance for Each Major Federal Program

We have audited the City of Enterprise, Alabama's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Enterprise, Alabama's major federal programs for the year ended September 30, 2021. City of Enterprise, Alabama's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City of Enterprise, Alabama's basic financial statements include the operations of the Enterprise City Board of Education, which expended \$14,127,381 in federal awards which is not included in the City of Enterprise, Alabama's schedule of expenditures of federal awards during the year ended September 30, 2021. Our audit, described below, did not include the operations of Enterprise City Board of Education because the Board is a discretely presented component unit that issued a separate report on compliance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Enterprise, Alabama's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America;

Honorable Mayor and
Members of the City Council
City of Enterprise

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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Enterprise, Alabama's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Enterprise, Alabama's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Enterprise, Alabama, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the City of Enterprise, Alabama, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Enterprise, Alabama's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Enterprise, Alabama's internal control over compliance.

Honorable Mayor and
Members of the City Council
City of Enterprise

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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.


Brunson, Wilkerson, Bowden & Associates, P.C.
Enterprise, Alabama

August 31, 2022