

The City of
Dothan, Alabama



Annual Comprehensive Financial Report
Fiscal Year Ended September 30,

2023

INTRODUCTORY SECTION



THE CITY OF DOTHAN, ALABAMA

**Annual Comprehensive Financial Report
for the Fiscal Year ended September 30, 2023**

Prepared by:

Department of Finance

Romona L. Marcus, CGFM, Director-Treasurer

THE CITY OF DOTHAN
DOTHAN, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023
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THE CITY OF **DOTHAN, ALABAMA**

POST OFFICE BOX 2128 · DOTHAN, ALABAMA 36302 · 334-615-3000

KEVIN A. COWPER
CITY MANAGER

TRANSMITTAL LETTER

March 15, 2024

Honorable Mark Saliba, Mayor, Members of the City Commission and all Citizens Interested in the Financial Status of the City,

The Annual Comprehensive Financial Report (Annual Report) of the City of Dothan, Alabama, (the City) for the fiscal year ended September 30, 2023, is hereby transmitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Dothan management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City, on a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Annual Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a copy of the City's Certificate of Achievement for Excellence in Financial Reporting, the City's organizational chart, and a listing of all City officials. The financial section includes the Management's Discussion and Analysis (MD&A), the basic financial statements, the required supplementary information for budgetary comparisons, pension liability, debt, and capital assets. The MD&A provides a narrative introduction, overview, and analysis of the City's financial statements. It complements this letter of transmittal and should be read in conjunction with it. The statistical section is comprised of schedules that depict selected financial and demographic information that is generally presented on a multi-year basis for purposes of comparison analysis. In contrast to the financial section information, the statistical section information has not been audited. If receiving federal grant funding, a fourth section of the Annual Report is required. This single audit section includes the auditor's reports on internal controls and compliance with applicable laws, regulations, contracts and grant agreements, the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

GASB Reporting Requirements

The City of Dothan presents financial information that meets the requirements of accounting standards issued by the Government Accounting Standards Board (GASB). Each year, management evaluates new GASB reporting requirements to determine applicability to the City. The requirements issued by GASB that became effective during this fiscal period and those that will become effective in the next fiscal period are described below.

The City implemented the following statements during fiscal year 2023:

- GASB Statement No. 91, "Conduit Debt Obligations", provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. There was no impact to the financial statements upon implementation.
- GASB Statement No. 93, "Replacement of Interbank Offered Rates", identifies appropriate benchmark interest rates for hedging derivative instruments. There was no impact to the financial statements upon implementation.

- GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability of Payment Arrangements” (PPPs), establishes accounting and financial reporting for governments. There was no impact to the financial statements upon implementation.
- GASB Statement No. 96, “Subscription-Based Information Technology Arrangements” (SBITAs), provides guidance on accounting and financial reporting for SBITAs for government end users. This statement 1) defines a SBITA, 2) establishes that a SBITA is a right-of-use subscription asset, an intangible asset, and a corresponding liability, 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs, and 4) requires notes disclosures regarding a SBITA.

In the upcoming year, the City will evaluate GASB statements effective in fiscal year 2024 and the financial impact of implementing these statements. This includes GASB Statement No. 100, “Accounting Changes and Error Corrections” and Statement No. 101, “Compensated Absences”.

Internal Control

In developing and evaluating the City’s accounting system, consideration is given to the adequacy of internal accounting controls. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of the costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Independent Audit

The City is obligated to undergo an audit as required by the U.S. Office of Management and Budget (OMB) Uniform Guidance Supplement that is applicable to each of its major federal programs for the year ended September 30, 2023. Information related to this audit, including the schedule of expenditures of federal awards and schedule of findings and questioned costs, is included in the single audit section of the audit report. The audit report is forwarded to the City’s oversight agency, U.S. Department of Transportation, for review.

In addition to the standards described above, the City complies with guidelines provided by the following:

- Governmental Accounting Standards Board (GASB)
- American Institute of Certified Public Accountants (AICPA)
- Government Finance Officers Association (GFOA)
- Ordinances and Resolutions of the City of Dothan

The financial records of the City for the year ended September 30, 2023, have been audited by an independent certified public accounting firm whose opinion is a part of the Annual Report. The importance of an independent audit lies in its determination of the reliability of the financial statements and supporting records. This is very important to bond rating services and to the general public at large.

Management’s Discussion and Analysis

The Management’s Discussion and Analysis (MD&A) (starting on page 5) summarizes the statement of net position and statement of activities and reviews the changes (from the beginning to the end of the period and of the current year as compared to the prior year). The actual statements are presented in

detail on pages 23 through 25. These government-wide statements are intended to present the City in a more corporate-style basis and provide a view of the big picture.

Additionally, the fund financial statements (starting on page 26) are designed to address the major (or more significant) individual funds by category (governmental and proprietary, as well as the fiduciary fund by category). An explanation of these complementary presentations can be found in the MD&A (starting on page 5).

The unrestricted net position balance is intended to be a corporate-style measure of well-being (or a bottom line) for the City and its related governmental and business-type activities.

City Profile

The City of Dothan is located in the southeastern part of the State of Alabama approximately 20 miles west of the State of Georgia and 18 miles north of the State of Florida. The City is a rapidly growing and thriving community built around the landmarks of its past. In addition to being the center for recreation, business, industry, agriculture, healthcare and retail trade in the area, Dothan offers the charm and friendliness of the *Deep South*. Proclaimed "Peanut Capital of the World", Dothan has become a melting pot due to its friendly atmosphere and southern hospitality.

The City is a municipal corporation incorporated on November 10, 1885, under the Constitution and laws of the State of Alabama. In accordance with Sec. 11-44E-1, et seq, Code of Alabama, 1975, as amended, the City is governed by a Mayor/Commission/City Manager form of government. The Mayor is elected at-large, and the six (6) Commissioners are elected from six (6) single member districts, for concurrent terms of four (4) years (the "Board of Commissioners"). The members of the Board of Commissioners serve part-time and are responsible for adopting all legislative ordinances and setting the policies of the City, including the appropriation of all monies.

The Mayor, who is a member of the Board of Commissioners, is the Chief Executive Officer of the City. The City Manager is the administrative head of the City government and is responsible for the daily management of the City and implementing the policies of the Board of Commissioners. With the concurrence of the Board of Commissioners, the City Manager appoints, disciplines, and removes the managers of the City's multiple departments. These managers are responsible for the operations of their respective departments.

There are 1,434 authorized employee positions: 1,166 full-time employees; 35 part-time employees; and 233 seasonal employees which staff these departments, producing high-quality and cost-effective public services. These services include general government or administrative services (including the policymaking and legislative authority, policy administration, record/document management and election services, public relations, business licenses, financial reporting, information technology support, employee processing, payroll and benefit administration, equal employment opportunity guidance, judicial and legal services); public safety services (including police, fire, E911 communications and animal control); public services (right-of-way and street maintenance, landscaping, traffic signaling, building code enforcement, permitting, community development, planning, neighborhood enhancement, and engineering services); culture and recreation (including performing arts, cemeteries, parks and recreation services); general services (including building maintenance, fleet management, safety and self-insurance programs); solid waste services (refuse collections and landfill services); and utility services (including electric, water, and wastewater/sewer).

The City departments include:

General Administration	Public Works	Performing Arts
Information Technology	Planning & Development	General Services
Finance	Leisure Services	Dothan Utilities
Personnel	Judicial	Police
Fire		

Budgeting

The diverse nature of governmental operations and the necessity of assuring legal compliance preclude recording and summarizing all governmental financial transactions and balances in a single accounting entity. Therefore, from an accounting and financial management viewpoint, a governmental unit is a combination of several distinctly different fiscal and accounting entities, each having a separate set of accounts and functioning independently of each other. Each accounting entity is accounted for in a separate "fund." A fund is defined as a fiscal accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions or limitations.

Biennium budgets are adopted for all funds. Budgetary control is maintained at department level. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Budget to actual comparisons demonstrate how actual expenses/expenditures compare to both the original and final revised budgets.

The City maintains a purchase order system for any purchase in the amount of \$2,500 or greater as one technique of accomplishing budgetary control. The City issues such purchase orders in compliance with a City adopted Purchasing Policy and strictly follows the guidelines as set forth by the State of Alabama Bid Law. Encumbered amounts lapse at year-end; however, essential encumbrances are reappropriated as part of the following year's budget. Field purchase orders are issued for purchases less than \$2,500.

Economic Condition and Outlook

Over the years, Dothan has become a major retail trade area and major medical hub for the Wiregrass. Dothan's continued growth in the retail industry has enabled the City to see a significant increase in sales tax. The increase has afforded the City the opportunity to invest in capital projects and maintain and improve essential services provided to our citizens such as fire and police protection, recreational activities, infrastructure improvements, and other services.

The influx of people into Dothan for shopping, medical, and other various reasons continues to support Dothan's need for infrastructure improvements. While the City continues to grow, Dothan must find ways to keep up with the increasing demand on services and infrastructure. To better enable the City to address major infrastructure programs and capital objectives, Dothan continues to be aggressive in obtaining state and federal funding for these improvements and looking at other revenue sources in an effort to fund the growth and vitality of the City.

In addition to state and federal funding, the City of Dothan has several potential revenue sources that, if implemented, would substantially increase the City's income. Some revenue sources are as follows but are not inclusive of all potential revenue sources:

- Dothan presently levies 5 mills of ad valorem tax. By referendum, the City could levy an additional 7.5 mills which would generate an additional \$7,000,000.
- In addition, business licenses could be collected based on a gross receipts method rather than on the flat rate method which the City is presently utilizing. The gross receipts method would yield approximately \$1,000,000 more in additional revenue.

Financial Planning

Funds equal to 10% of budgeted expenditures in the General Fund and Utility Fund have been reserved to be utilized in the event of a natural disaster or unexpected economic decline. The total amount reserved for General Fund and Utility Fund as of September 30, 2023, was \$27,904,122.

The City's capital improvement plan for Fiscal Year 2023 identified \$66 million in capital projects. The City Commission funded \$39.3 million; of this amount \$34.4 million was for General Fund; \$3.8 million for

Utility Fund; and \$1.1 million for Solid Waste Fund. These projects included architectural services for downtown improvements; computer, software and network upgrades; communication equipment; canine units; license plate reader cameras; a tactical vehicle; construction of two fire stations; playground equipment; Water World improvements and upgrades; Wiregrass multi-use fields; BMX restrooms and concessions; James Oates pedestrian bridge; sidewalk and streetscaping additions and improvements downtown; John D. Odom and Publix traffic signal design and construction; storm drainage conditional assessment and hydrological analysis; miscellaneous sewer improvement projects; water main replacement; a well generator; sanitary sewer system extensions; transformers for substations; and fleet replacements.

The City monitors revenues and expenses for electric, water, wastewater, and solid waste disposal services in order to maintain rate stability and provide for infrastructure improvements. To offset the cost of the wholesale fuel adjustment charges, the City has increased the electric rate through the years for wholesale increases from the Alabama Municipal Electric Authority (AMEA) and Southeastern Power Administration (SEPA). Effective January 2016, the City rebased the electric rates to better account for the wholesale power cost parameters that the City receives from its suppliers. Each October, water and wastewater rates are increased 2.85%. This modest annual increase allows the City to fund upgrades for wells, transmission lines, sewer basins and treatment facilities and offset the cost of debt service. The current residential water and sewer rates per 1,000 gallons of metered water are \$1.89 - \$3.52 (based on usage) and \$7.58, respectively.

The monthly residential customer rate for collecting, hauling and disposal of refuse is \$14.75. This rate was implemented in December 2012. Tipping fees for commercial waste haulers and private entities are currently \$45.09 per ton. This rate increases 3% biannually; the next increase is scheduled for 2025.

Debt Administration

The ratio of net bonded debt to assessed valuation and the amount of debt per capita are useful indicators of the City's debt position to municipal management, citizens, and investors. This data for the City at the end of 2023 was as follows:

	<u>Amount</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Debt per Capita</u>
Net Direct Bonded Debt	\$13,182,589	1.29%	\$185

It should be understood that having reasonable levels of reserves is essential to the bond market's perception of local government's strength and related ability to utilize private sector styled business practices and provides for the availability to anticipate interest as a significant annual (recurring) revenue source. The City of Dothan currently holds a bond rating of Aa2 from Moody's Investors Service and AA from S&P Global Ratings.

Significant Events and Prospects for the Future

During fiscal year 2023, the Dothan area saw continued increases in investment and expansion of its manufacturing, restaurant, retail, healthcare, commercial services, and finance/insurance sectors. According to the Dothan Area Chamber of Commerce annual report, there were 88 new or expanding investments in the area. Some of these projects include the relocation of Burlington Coat Factory to Ross Clark Circle and Main Street; the opening of the SpectraCare Crisis Center; and the newly completed 20,000 square foot aviation hangar with Aero-One Aviation located at Dothan Regional Airport. From an industrial and distribution sector standpoint, Dothan has several new projects announced to begin in 2024 to include: a new food processing and distribution center located at Sam Houston Industrial Park that will create 120 new positions; a new ETO medical sterilization operation with GRI-APS; a new walk-in clinic, CareMed, at the intersection of Ross Clark Circle and Hwy 231 North; and a \$7.5M Genova Pipe, LLC production operation. Construction of the Wiregrass Innovation Center is planned to begin in May and will house HudsonAlpha with additional space to cultivate and grow ag-tech companies, enhance research and development in the area and spur business innovation. Work continues for several projects this year to include: SmartLam and Peak Renewables \$92 million investment for a new wood glue lamination facility and an adjacent pellet plant, making it the largest in the U.S.

Overall, the Dothan area has seen increased job growth and unemployment rates have dropped to a historic low of 2.4%. City, county, and business leaders continue to focus on adding more industrial sites and speculative buildings due to the lack of available inventory. To help with these issues, Dothan anticipates the development of future industrial sites to include: 86.8 acres for the Napier Field Industrial Park with infrastructure and road improvements; the 100,000 square foot Sam Houston Speculative Building; and an acquisition of 447 acres of industrial property, to be known as the Westgate Super Site, that will enable the community to compete on mega projects in the future.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dothan for its Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended September 30, 2022. The City has received this prestigious award for 40 consecutive years (fiscal years ended 1983 – 2022).

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Report, the contents of which conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting, and its attainment represents a significant accomplishment by a governmental unit.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we will submit it to GFOA to determine its eligibility for another certificate.

The GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Dothan for its Popular Annual Financial Report (PAFR) for 19 consecutive years (fiscal years ended 2004 – 2022). The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a PAFR whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we will submit it to the GFOA to determine its eligibility for another award.

The preparation of this report on a timely basis was made possible by the efficient and dedicated service of our external auditor, McDaniel & Associates, PC, Certified Public Accountants, and the entire staff of the Finance Department. We would like to express our sincere appreciation to McDaniel & Associates, PC and all members of the Finance Department who assisted and contributed to the preparation of this report. We would also like to thank the administrators of the City for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Romona L. Marcus, CGFM
Finance Director-Treasurer



Kevin A. Cowper, AICP, ICMA - CM
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Dothan
Alabama**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

THE CITY OF DOTHAN
DOTHAN, ALABAMA
CITY OFFICIALS

CITY COMMISSION

Mark Saliba	Mayor
Kevin R. Dorsey	Commissioner, District 1
Aristotle O. Kirkland	Commissioner, District 2
Bradley B. Bedwell	Commissioner, District 3
John D. Ferguson	Commissioner, District 4
W. Gantt Pierce	Commissioner, District 5
David L. Crutchfield	Commissioner, District 6

APPOINTED OFFICIALS

Kevin A. Cowper	City Manager
Randall S. Morris	Assistant City Manager
Wendy M. Shiver	City Clerk
Charlotte A. Langford	Purchasing Agent
Derel K. Kelly	City Attorney
Rose Evans-Gordon	Municipal Judge
Joe E. Herring, Jr.	Assistant City Attorney
Romona L. Marcus	Finance Director-Treasurer
Billy R. Mayes, Jr.	Dothan Utilities Director
Tommy J. Wright	Public Works Director
Larry H. Williams, Jr.	Fire Chief
Alison S. Hall	Leisure Services Director
William E. Benny	Police Chief
Jonathan C. Dempsey	Performing Arts Director
Andy W. Love	General Services Director
Delvick J. McKay	Personnel Director
Linda L. Cunningham	EEO/Training Officer
Todd L. McDonald	Planning Director
Jack E. Mason	Information Technology Director
David A. Jones	Public Defender
Shawn McGhee	Public Defender
Vacant	Public Defender

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FINANCIAL SECTION



PO Box 6356
Dothan, Alabama 36302

Independent Auditor's Report

Honorable Mayor and Board of City Commission
City of Dothan, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Dothan, Alabama, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Dothan, Alabama, as of September 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Dothan, Alabama, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and healthcare plan schedules on pages 5 – 22 and 83 - 88 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dothan, Alabama's basic financial statements. The introductory section, other supplementary information, statistical section and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, other supplementary information, statistical section 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the introductory section, other supplementary information, statistical section and schedules 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 March 15, 2024, on our consideration of the City of Dothan, 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 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 Dothan, Alabama's internal control over financial reporting and compliance.

McDaniel and Associates PC

Dothan, Alabama
March 15, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

The City of Dothan's (the City) discussion and analysis is a narrative overview designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (revealing the ability to address future challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) focuses on the financial performance of the City of Dothan for the fiscal year that ended September 30, 2023. Please consider the information in this MD&A in conjunction with the City's financial statements (beginning on page 23), which follows this section, and the additional information furnished in the letter of transmittal in the introductory section of the Annual Comprehensive Financial Report (Annual Report).

Financial Highlights

- The assets and deferred outflows of resources of the City of Dothan exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$238,766,828 (net position). Of this amount, the City had a deficit unrestricted net position of \$53,582,397 offset by \$1,260,761 in restricted net position and \$291,088,464 in net investment in capital assets.
- The City's total net position increased by \$15,973,793 (7.17%) from \$222,793,035 at September 30, 2022 to \$238,766,828 at September 30, 2023. A detailed explanation of this increase can be viewed on page eight of this MD&A.
- Total net position for governmental activities increased by \$7,006,857 (14.24%), thus totaling \$56,210,185 for fiscal year 2023.
- At the close of fiscal year 2023, the City of Dothan's governmental funds reported a combined fund balance of \$82,521,852. This was a decrease of \$3,306,681 (3.85%) compared to fiscal year 2022.
- The unassigned fund balance for the General Fund was \$11,719,051, or 8.64% of total General Fund expenditures and other financing uses; this was a decrease of \$8,791,176 (9.34%) from fiscal year 2022. This total is available for spending at the government's discretion.
- Sales and use tax, the City's single largest revenue source, increased 3.80% (\$3,513,276) during the 2023 fiscal year, reflecting continued growth in Dothan's economy. Other significant changes in revenue in the City's General Fund during 2023 include increases in property taxes of \$511,961 (9.96%) and increases in franchise tax of \$245,447 (16.82%).
- The City of Dothan's total debt increased by \$2,280,420 (2.79%) during the current fiscal year, yielding a total outstanding debt of \$83,901,960 compared to last year at \$81,621,540.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the City of Dothan's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements (see pages 23-25) are designed to provide readers with an overview of the City of Dothan's finances, in a manner to resemble private-sector business. In these statements, all governmental and business-type activities are consolidated into columns, which are added to a total for the City or primary government.

- The statement of net position (see page 23) presents information on all of the City of Dothan's assets and deferred outflows of resources; and liabilities and deferred inflows of resources; with the difference reported as net position. This statement combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term debt. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Dothan is improving or deteriorating.
- The statement of activities (see pages 24-25) presents information focused on both gross and net costs and shows how the City of Dothan's net position changed during the most recent fiscal year. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidies to various business-type activities. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes and earned, but unused, vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Dothan that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to typically recover all or a significant portion of the cost of operation, including depreciation, through user fees and charges for services (business-type activities). The governmental activities of the City of Dothan include general government, public safety, public works, health and welfare, community development, insurance, culture and recreation, and equipment maintenance. The business-type activities of the City of Dothan reflect private sector type operations (electric, water, wastewater/sewer, combined utilities, and solid waste activities). The government-wide financial statements can be found on pages 23-25 of this report.

Fund Financial Statements. The fund financial statements provide more detailed information about the City's significant funds. Funds are groupings of related accounts that the City uses to keep track of specific revenues and expenses that are segregated for specific purposes. Governmental, proprietary, and fiduciary are the three categories of fund types.

- State law requires gasoline tax funds to be accounted for separately because the expenditures are restricted for specific uses.
- The City Commission establishes other funds to control the use of monies for particular purposes, such as tobacco taxes assessed at five cents per pack of cigarettes. These taxes are legally dedicated for the support of the City school system.
- The City of Dothan, like other state and local governments, establishes funds to ensure and demonstrate compliance with certain legally debt-financed capital projects and grant proceeds.

The fund financial statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith (beginning on page 26). Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both 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 this comparison between governmental funds and governmental activities.

Governmental Funds. The governmental major funds (see pages 26-31) are presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically

developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows, outflows and balances of spendable resources.

The City of Dothan maintains five individual governmental funds. Information is presented in the governmental fund statement of net position and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, debt service, capital projects and public building authority funds which are considered to be major funds, and the school fund which is considered to be a non-major fund.

The City of Dothan adopts an annual appropriated budget for its general, debt service, capital projects, school, public building authority, utility and solid waste funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the general fund budget.

Proprietary Funds. The City of Dothan maintains two types of proprietary funds (Utility and Solid Waste). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Dothan uses one major enterprise fund to provide for separate information for the electric, water, wastewater/sewer and combined activities and one major enterprise fund to provide for separate information for solid waste collections and landfill operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. While the total column on the business-type fund financial statements (see pages 32-36) is the same as the business-type column on the government-wide financial statement, the governmental major funds total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 28 and 31). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the governmental activities column (in the government-wide statements).

Fiduciary Funds. The fiduciary fund (or trust) is summarized by type (pension, investment, and private purpose trusts). Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fund financial statement fiduciary fund assets are not discretionary assets of the government but are restricted in purpose and represent trust responsibilities of the government. (Because the City does not have any fiduciary funds, these type funds are not included in this report.)

Infrastructure Assets. The City depreciates general fund assets over their useful life. The infrastructure portion related to general governmental activities as stated in GASB Statement No. 34 requires that these assets (infrastructure: roads, bridges, traffic signals, underground pipes [not associated to the electric, water, sewer, nor solid waste departments], etc.) be valued and reported within the governmental column of the government-wide statement.

Notes to the Financial Statements. The notes to the financial statements (see pages 37-82) provided in this report convey additional essential information that will magnify the understanding of data in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City of Dothan's budgetary comparisons and progress in funding its obligation to provide pension and healthcare benefits to its employees. The combining statements, referred to earlier in connection with non-major governmental funds and internal service funds, are presented immediately following the required supplementary information on pensions and healthcare.

Government-Wide Financial Analysis

The City's combined net position at September 30, 2023, totaled \$238,766,828. Governmental Activities' net position increased by \$7,006,857, while Business-type Activities' net position increased \$8,966,936 during fiscal year 2023. The primary government's total net position increase of \$15,973,793 in fiscal year 2023 includes the following major changes: (1) an increase in net investment in capital assets of \$16,301,779; (2) a decrease in cash and cash equivalents of \$53,798,244; (3) an increase in investments of \$51,961,492; (4) a decrease in receivables of \$2,111,568; (5) an increase in due from other governments of \$10,064,955; (6) an increase in deferred outflows of \$21,530,172; and (7) an increase in liabilities of \$43,220,156. Management will continue to monitor net position since the variance is a useful indicator of financial position.

By far the largest portion of the City of Dothan's net position (121.91%) reflects the total investment in capital assets (e.g., land, building, machinery, equipment, and right-of-use assets) less any related debt used to acquire those assets. The investment in capital assets at September 30, 2023, was \$291,088,464. This net position is not available for future spending. Although the City of Dothan's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay for or liquidate these liabilities. Restricted net position is as follows: \$503,862 for street and bridge maintenance, \$429,297 for opioid epidemic mitigation, and \$327,602 for education. The remaining balance of (\$53,582,397) is unrestricted.

The following table reflects the statement of net position compared to the prior year.

Statement of Net Position As of September 30 (In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current & Other Assets	\$ 97,111	\$100,942	\$ 92,493	\$ 79,881	\$189,604	\$180,823
Capital Assets	149,022	133,181	226,384	222,925	375,406	356,106
Total Assets	<u>246,133</u>	<u>234,123</u>	<u>318,877</u>	<u>302,806</u>	<u>565,010</u>	<u>536,929</u>
Deferred Outflows of Resources	56,780	39,082	14,952	11,120	71,732	50,202
Current & Other Liabilities	14,446	14,892	18,921	19,206	33,367	34,098
Long-term Liabilities	217,387	188,044	131,857	117,249	349,244	305,293
Total Liabilities	<u>231,833</u>	<u>202,936</u>	<u>150,778</u>	<u>136,455</u>	<u>382,611</u>	<u>339,391</u>
Deferred Inflows of Resources	14,870	21,066	494	3,881	15,364	24,947
Net Position						
Net Investment in Capital Assets	135,942	119,626	155,147	155,160	291,089	274,786
Restricted for:						
Street and Bridge Maintenance	504	741	-	-	504	741
Opioid Epidemic Mitigation	429	-	-	-	429	-
Education	328	779	-	-	328	779
Unrestricted	<u>(80,993)</u>	<u>(71,943)</u>	<u>27,410</u>	<u>18,430</u>	<u>(53,583)</u>	<u>(53,513)</u>
Total Net Position (Deficit)	<u>\$ 56,210</u>	<u>\$ 49,203</u>	<u>\$182,557</u>	<u>\$173,590</u>	<u>\$238,767</u>	<u>\$222,793</u>

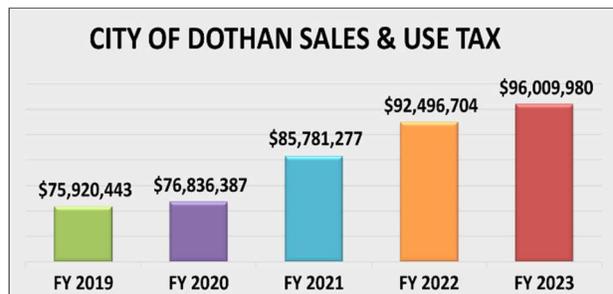
Normal Impacts Affecting The Statement of Net Position

There are six basic (normal) transactions that will affect the comparability of the statement of net position summary presentation.

- Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.
- Borrowing for Capital – which will increase current assets and long-term debt.
- Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, 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 – which will (a) reduce current assets and increase capital assets, and (b) reduce unrestricted net position and increase net investment in capital assets.
- Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt, and (b) reduce unrestricted net position and increase net investment in capital assets.
- Reduction of Capital Assets through Depreciation – which will reduce capital assets and net investment in capital assets.

At the end of the current fiscal year, the City of Dothan was able to report positive balances in all categories of net position for the business-type activities. The governmental activities reported positive balances in all categories except for unrestricted net position. This was a result of the implementation of GASB Statement No. 68 and GASB Statement No. 75 which required the recording of the net pension and OPEB liabilities.

The single largest revenue source is sales and use tax, which generated \$96,009,980 in 2023. This revenue reflected an increase of \$3,513,276 (3.80%) compared to \$92,496,704 in 2022. The sales and use tax has afforded the City the opportunity to expend monies for vehicle and equipment replacement, resurfacing, employee salary increases, roadway improvements, and recreational facilities.



Statement of Activities

Governmental Activities. Governmental activities increased the City of Dothan's net position by \$7,006,857. Governmental revenues totaling \$130,758,404 increased \$4,629,158 or 3.67% over fiscal year 2022 (\$126,129,246). Governmental expenditures totaling \$133,067,629 increased \$12,091,254 or 9.99% over fiscal year 2022 (\$120,976,375). Key elements in the change of net position are listed below.

- Taxes increased \$4,138,131 (4.01%). Sales taxes increased \$3,513,276, and property tax increased \$511,961, plus franchise taxes had an increase of \$245,447 over the previous year. These increases were offset by a decrease in lodging taxes in the amount of \$117,703, and cigarette tax in the amount of \$14,850.
- Grant revenues decreased \$1,396,498 (16.98%) due to a decrease of \$484,624 from the Alabama Department of Economic and Community Affairs; a decrease of \$405,201 from the Alabama Department of Transportation; a decrease of \$351,724 from the U.S. Department of Transportation; a decrease of

\$1,166,599 from the U.S. Department of Agriculture for the Summer/At Risk Food Service Program Child Nutrition Grant; which was offset by an increase in revenue from the Wiregrass Foundation of \$1,000,000.

- Charges for services increased \$1,854,788 (19.13%). Civic Center and Opera House event revenue increased \$957,210; recreational facility revenue increased \$491,714; and license fees increased \$477,159.
- Expenses increased \$12,091,254, which was primarily due to an increase of \$3,877,023 for economic development; \$1,735,776 for downtown improvements; \$3,091,482 for additional public safety personnel; and \$4,251,065 for additional public safety equipment and facilities.

Business-Type Activities. Business-type activities increased the City of Dothan's net position by \$8,966,936. Business-type revenues totaling \$145,919,056 increased \$2,581,270 or 1.80% over fiscal year 2022 (\$143,337,786). Business-type expenditures totaling \$127,636,038 increased \$4,470,764 or 3.63% over fiscal year 2022 (\$123,165,274) and transfers to the General Fund decreased by \$11,658,692.

The following schedule compares the revenues and expenses for the current and previous year.

Changes in Net Position
For the Fiscal Year Ended September 30, 2023
(In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program Revenues:						
Charges for services	\$ 11,552	\$ 9,697	\$ 143,558	\$ 135,417	\$ 155,110	\$ 145,114
Operating grants & contributions	3,491	3,352	197	133	3,688	3,485
Capital grants & contributions	394	1,679	464	7,488	858	9,167
General Revenues:						
Property taxes	5,654	5,143	-	-	5,654	5,143
Other taxes	101,785	98,159	-	-	101,785	98,159
Grants & contributions not restricted to specific programs	2,941	3,191	-	-	2,941	3,191
Other	4,941	4,908	1,700	300	6,641	5,208
Total Revenues	130,758	126,129	145,919	143,338	276,677	269,467
EXPENSES						
Governmental Activities:						
General government	32,520	24,628	-	-	32,520	24,628
Public safety	50,331	45,794	-	-	50,331	45,794
Public works	13,415	12,108	-	-	13,415	12,108
Planning & development	3,766	3,829	-	-	3,766	3,829
Health & welfare	5,267	5,115	-	-	5,267	5,115
Culture & recreation	17,780	17,005	-	-	17,780	17,005
General services	5,356	5,446	-	-	5,356	5,446
Insurance	297	2,616	-	-	297	2,616
Education	3,980	4,057	-	-	3,980	4,057
Interest on long-term debt	355	378	-	-	355	378
Business-Type Activities:						
Solid waste collections	-	-	7,634	7,235	7,634	7,235
Solid waste landfill	-	-	2,853	1,110	2,853	1,110
Electric department	-	-	80,105	79,351	80,105	79,351
Water department	-	-	6,054	6,276	6,054	6,276
Sewer department	-	-	8,853	8,501	8,853	8,501
Billing-collection department	-	-	2,446	2,589	2,446	2,589
Meter reading department	-	-	558	566	558	566
Depreciation	-	-	14,922	14,750	14,922	14,750
Miscellaneous	-	-	1,954	961	1,954	961
Gain (loss) disposition of capital assets	-	-	873	235	873	235
Bond issue costs	-	-	11	51	11	51
Interest and fiscal charges	-	-	1,373	1,540	1,373	1,540
Total Expenses	133,067	120,976	127,636	123,165	260,703	244,141
Change in net position before transfers	(2,309)	5,153	18,283	20,173	15,974	25,326
Transfers	9,316	20,975	(9,316)	(20,975)	-	-
Change in net position	7,007	26,128	8,967	(802)	15,974	25,326
Beginning net position	49,203	23,075	173,590	174,392	222,793	197,467
Net position (deficit) September 30	\$ 56,210	\$ 49,203	\$ 182,557	\$ 173,590	\$ 238,767	\$ 222,793

Fund Balance Analysis

Fund balance reflects the cumulative excess of revenues and other financing sources over expenditures and other financing uses. As of the end of the current fiscal year, the City of Dothan's governmental funds reported combined ending fund balances of \$82,521,852, a decrease of \$3,306,681 (3.85%) in comparison with the prior year of \$85,828,533. The fund balance decrease is contributed to a decrease in assigned fund balance of \$4,816,275, a decrease in unassigned fund balance of \$8,791,176, which was offset by an increase in committed fund balance of \$10,509,521. Over the last several years, Dothan has had an aggressive capital improvement plan, which attributed to the slight decrease of fund balance. Of this total fund balance, \$11,719,051 constitutes the unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is nonspendable, restricted, committed or assigned and is not available for spending due to prior period commitments (see following table).

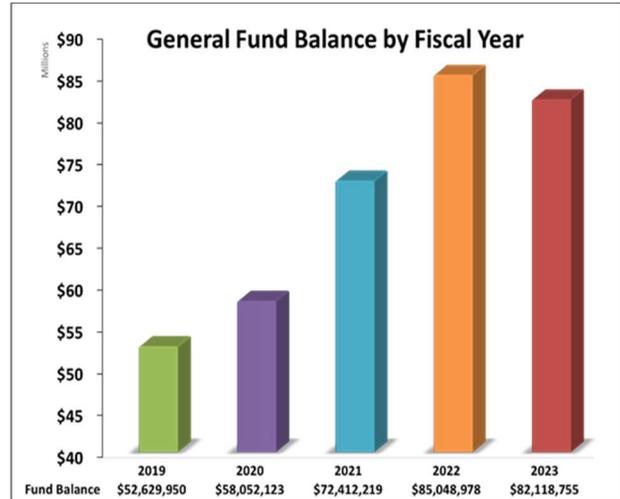
Fund Balance			
<u>Nonspendable:</u>		<u>Assigned:</u>	
Inventories	\$ 566,003	Administrative	\$ 148,509
		Capital Projects	408,630
<u>Restricted:</u>		Information Technology	1,939,237
Street & Bridge Maintenance	\$ 503,862	Economic Development Projects	1,197,894
Opioid Epidemic Mitigation	429,297	Public Safety Programs	646,807
Education	327,602	Public Works Projects	8,297,290
	\$ 1,260,761	Planning & Community Development	342,902
		Culture & Recreation	425,758
<u>Committed:</u>		Facility Maintenance	573,024
Information Technology	\$ 7,191,886	Self-Insurance Claims	13,073,068
Economic Development Projects	6,745,012	Fund Balance Reserves	11,825,000
Public Safety Programs	10,254,824		\$ 38,878,146
Public Works Projects	3,144,594		
Planning & Community Development	423,323	Unassigned	\$ 11,719,051
Culture & Recreation	680,449		
Facility Maintenance	1,657,803	Total Fund Balance	<u>\$ 82,521,852</u>
	\$ 30,097,891		

General Funds. The general fund is the chief operating fund of the City. At the end of fiscal year 2023 the total fund balance was \$82,118,755 (\$566,003 was nonspendable, \$933,159 was restricted, \$30,022,891 was committed, \$38,877,651 was assigned and \$11,719,051 was unassigned).

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. This is very useful in assessing the City of Dothan's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Unassigned fund balance in the amount of \$11,719,051 represents 8.65% of the general fund expenditures which equal \$135,537,525, while the total general fund balance of \$82,118,755 represents 60.59% of the general fund expenditures. The fund balance of \$82,118,755 for the City of Dothan's general fund decreased by \$2,930,223 (3.45%) from \$85,048,978 in 2022.

The general fund's total assets decreased by \$2,927,018 during 2023. The decrease in accounts receivable and due from other governments was a contributing factor. Cash is very sensitive to timing anomalies. The timing of revenue recognition or cash disbursement can shift cash from one reporting period to the next.

Total liabilities in the general fund (\$14,415,428) decreased from the previous year (\$14,857,334) by \$441,906 (2.97%). The most significant component was vouchers/accounts payable which decreased \$477,521 and accrued liabilities which decreased \$219,610. In addition, customer deposits increased by \$236,250 while unearned revenue and payable to other governments increased by \$6,648 and \$12,327 respectively.



Total deferred inflow of resources (\$5,586,036) increased by \$445,111 (8.65%). This was due to an increase in deferred property taxes of \$527,721, which was offset by a decrease of \$82,610 for leases.

The debt service fund has a total fund balance of \$0 compared to \$0 in fiscal year 2022. During the fiscal year, funds were transferred from the general and utility funds for debt service payments.

Proprietary Funds. The City of Dothan's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the utility fund and solid waste fund at the end of the year amounted to \$182,556,643 compared to last year's amount of \$173,589,707. The utility fund experienced an increase in net position in the amount of \$11,410,636. Total current assets increased by \$11,898,414, which was due to an increase in due from other governments in the amount of \$11,107,679. This increase was largely due to an Alabama Department of Environmental Management State Revolving Loan in the amount of \$10,015,000 plus an additional principal forgiveness of \$528,272 for water improvements throughout the City.

Budgetary Highlights

The City of Dothan adopts a biennium budget, consisting of two annual budgets. State law requires adoption of annual budgets. In fiscal year 2021, the City Commission adopted a biennium budget for fiscal years 2022 and 2023. This was the tenth biennium budget adopted for the City of Dothan. During the biennium budget process, the City's overall revenue structure was evaluated, and financial projections were prepared proportionately to reflect the economy.

Per the City's Code of Ordinances, no later than April 15th of each year, the City Manager is required to submit to the Commission a report, which shall encompass new programs or activities, capital expenditures and new personnel additions. During this financial message, the City Manager will submit recommendations of new sources of revenue or manner of increasing existing sources of revenue, sufficient to balance the budget, if such additional revenue is necessary to accomplish that purpose. A six-year forecast is also presented, along with ten years of departmental history, a listing of all major maintenance projects, additional equipment and fleet needs, as well as capital projects for the next six years.

The fiscal year 2023 final general fund budget projected \$101,903,057 in revenues, \$187,731,460 in expenditures and \$412,766 in other financing sources/uses, producing a planned reduction of \$85,415,637 in the general fund's balance. Actual amounts for revenues (\$130,110,462), expenditures (\$135,537,525) and other financing sources/uses (\$2,496,840) netted to a \$2,930,223 decrease, rather than the expected \$85,415,637 decrease. All individual departments worked with the City Manager to keep expenditures under the final budget. Budgeted adjustments resulted from varied growth/decline in many revenue sources

which created the \$28,207,405 over budget. Some major contributors to each revenue (actual) source being over/under from the final budget are listed as follows:

- \$19,844,730 Increase in Taxes - property (over \$5,651), motor vehicle property tax (over \$199,011), sales & use tax (over \$19,199,981), cable/phone/gas franchise fee (over \$54,679), and lodging tax (over \$385,408)
- \$941,400 Increase in License and Permits – privilege and insurance license (over \$729,381), building permits (over \$140,102), and miscellaneous (over \$71,917)
- \$2,342,927 Increase in Intergovernmental – U.S. Department of Transportation and Alabama Department of Transportation Grants (under \$60,293), financial institution funds (over \$638,202), gas tax revenues (over \$308,269), Alabama Trust Fund (over \$153,686), Community Development Block Grants (over \$371,312), Bureau of Justice, Homeland Security, Emergency Management Agency, and Public Housing Drug Grants (under \$121,702), Wiregrass Foundation Grants (over \$995,000), and miscellaneous intergovernmental revenues (over \$58,453)
- \$1,977,647 Increase in Charges for Services – recreational programs (over \$752,661), civic center/opera house ticket sales/facility fees and rental (over \$1,075,502), planning and zoning application fees (over \$24,579), demolition and removal (over \$115,766), weed abatement liens (over \$26,940), and miscellaneous income (under \$17,801)
- \$176,142 Decrease in Fines and Forfeitures – drug seizure (under \$88,418), pre-trial diversion fees (under \$19,496), court fines (under \$66,155), false alarm fees (under \$5,575), and miscellaneous fines and forfeitures (over \$3,502)
- \$1,650,221 Increase in Interest – an increase in the interest rate environment during fiscal year 2023 resulted in an increased amount of interest income
- \$1,626,622 Increase in Miscellaneous – reimbursement for claims from the stop loss re-insurance carrier (under \$96,040), contributions/donations (over \$166,672), rental/lease income (over \$27,053), telephones in the jail (over \$23,432), housing authority pilot fees (over \$24,373), photocopy printing (over \$6,219), junk sales (over \$72,511), animal control fees (over \$12,020), ATM and credit cards (over \$26,033), property damage recovery (over \$14,660), and miscellaneous income (over \$1,349,689)

The actual departmental expenditures in the general fund were well within the budgetary constraints and were under budget by \$16,230,107 in fiscal year 2023. Non-departmental expenditures were under budget by \$2,494,803 which was due to a decrease in insurance claims. Capital outlay expenditures were under budget \$33,469,025. This was primarily due to major purchases and projects not completed but carried over to Fiscal Year 2024 as follows: \$14,431,134 for new building construction and maintenance; \$4,193,437 for roadway, sidewalks, and traffic improvements; \$8,837,769 for software and computer upgrades; \$890,467 for recreation projects; \$1,578,626 for vehicles and equipment for Police, Fire, Public Works, and General Services; and \$518,537 for public safety equipment. Other financing sources and uses actual amounts compared unfavorably with the budget by \$2,084,074.

The total operating budget was increased by \$40,263,714 in the final budget as follows: departments (over \$14,808,535), insurance (over \$214,000) and capital outlay (over \$25,241,179). Although almost all departments' budgets were increased in the final budget (\$14,808,535), the largest increases are denoted as follows: general administration increased \$3,900,000 for economic development; \$3,394,007 for downtown development; public safety increased \$2,139,780 for additional officers and equipment; planning and development increased \$403,015 for community development block grant projects and \$175,047 for a bicycle and pedestrian plan; health and welfare increased \$325,000 to fund a crisis diversion center and \$354,600 for increased distribution of lodging tax to the Dothan Area Convention and Visitors Bureau; and culture and recreation increased \$316,662 for operations at pools, and \$536,457 for tile replacement at the wellness pool.

FY 2023 GOVERNMENTAL REVENUES



The actual revenues in the general fund, \$130,110,462, were \$28,207,405 over final revenue projections of \$101,903,057. During the year, revenues exceeded budgetary estimates. The original revenue projections in the general fund were \$3,609,001 under the final budget. The additional appropriations totaling \$84,024,638 were funded from: (1) the revenue sources in the following table in the amount of \$3,609,001; (2) encumbrances from fiscal year 2022 which were carried forward to fiscal year 2023 totaling \$38,930,294 (general fund beginning budget included these encumbrances which were funded from the general fund balance); and (3) the remaining \$41,485,343 was budgeted from the available unassigned fund balance.

Additional Revenue Sources Increasing Fiscal Year 2023 Budget

\$ 1,349,663	- federal, state and local grants
650,000	- property tax
567,077	- recreation income
354,600	- lodging tax
217,218	- investment income
129,214	- police seizure funds
121,418	- miscellaneous sales
106,224	- police training funds
50,000	- right-of-way maintenance
49,137	- contributions & donations
14,450	- demolition income
<u>\$ 3,609,001</u>	

The additional appropriations (\$41,485,343) that were funded by the unassigned fund balance can be briefly summarized by department as follows:

- General Administration - \$11,850,363 as follows: \$3,900,000 for economic development; \$3,394,007 for downtown development; \$2,200,000 for land purchases; \$2,155,625 for design of the Wiregrass Innovation Center; and \$200,731 for downtown redevelopment
- Information Technology - \$4,669,096 as follows: \$4,489,096 for city-wide software implementation; and \$180,000 for police and fire data migration
- Police - \$3,194,780 as follows: \$1,498,758 for additional officers, uniforms, and equipment; \$310,000 for a tactical vehicle; \$664,691 for additional training classrooms; \$612,681 for design and construction administration for an animal shelter; and \$108,650 for software and equipment

- Fire - \$11,703,000 for construction of two fire stations
- Public Works - \$1,158,863 as follows: \$471,500 for John D. Odom/Publix traffic signal; \$300,000 for a Main Street drainage improvement; \$312,101 for design of John D. Odom and U.S. Highway 84 intersection improvements; \$58,834 for a city-wide safety action plan; and \$16,428 for U.S. Highway 84 East pedestrian improvements
- Planning & Development – \$229,787 as follows: \$100,000 for housing rehabilitation projects; \$94,740 for demolition of substandard structures; and \$35,047 for bicycle and pedestrian plan
- Health & Welfare - \$335,000 as follows: \$325,000 for a crisis diversion center; and \$10,000 for the Masters Golf Tournament
- Leisure Services - \$5,877,060 as follows: \$3,250,000 for Water World improvements and expansion; \$539,947 for Rip Hewes Stadium improvements; \$731,218 for Wiregrass Park multi-use fields; \$536,457 for replacement tile at the wellness and indoor pools; \$196,678 for BMX Track improvements; \$246,260 for lighting improvements at Westgate Softball Complex and Westgate Tennis Center; and \$376,500 for a pedestrian bridge at James Oates Park
- Insurance - \$95,000 for risk management services
- Debt Service - \$2,372,394 for sales tax refunds

Capital Assets

The City of Dothan’s investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$375,406,053 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, improvements other than buildings, system improvements (electrical, water, sewer, storm drainage and street), infrastructure, machinery and equipment, park facilities, roads, highways, bridges and the right-of-use leased and subscription assets.

Capital Assets as of September 30 (In Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land and Easements	\$ 10,343	\$ 10,012	\$ 9,248	\$ 8,625	\$ 19,591	\$ 18,637
Buildings	68,175	67,418	9,089	8,976	77,264	76,394
Improvements other than Buildings	108,167	77,225	348,759	337,998	456,926	415,223
Machinery & Equipment	62,186	55,399	32,477	30,703	94,663	86,102
Infrastructure	465,935	456,234			465,935	456,234
Leased Right-of-Use Equipment	50				50	
Subscription Right-of-Use Arrangements	409		125		534	
Construction in Progress	<u>12,326</u>	<u>37,141</u>	<u>23,229</u>	<u>20,540</u>	<u>35,555</u>	<u>57,681</u>
Total Capital Assets	<u>\$ 727,591</u>	<u>\$ 703,429</u>	<u>\$ 422,927</u>	<u>\$ 406,842</u>	<u>\$ 1,150,518</u>	<u>\$ 1,110,271</u>

Additional information on capital assets can be found in note IV. D on pages 53-55 of this report.

Capital investments increased in the governmental capital assets by \$15,841,300. This increase resulted from additional capital assets totaling \$68,593,093 (see following table) decreased by accumulated depreciation totaling \$9,193,426. In addition, this total was reduced by \$44,430,538 (includes construction

in progress placed in service of \$43,489,596) of capital assets which were retired and offset by recaptured depreciation of \$872,171. The large increase in capital assets was due to construction projects completed at Rip Hewes Stadium and Water World and construction in progress for two fire stations and park expansions.

GOVERNMENTAL CAPITAL ASSET ADDITIONS (In Millions)	
Construction Projects (Road Widening, Fire Stations, Traffic Signal Cabinets, Leisure Services Park Expansions & Upgrades, & Fiber Optics)	\$18.7
Additions & Improvements (Streets, Sidewalks, Water World Expansion, & Rip Hewes Stadium Improvements)	40.7
Buildings/Improvements	.8
Software Upgrades & Computer Equipment	1.8
Equipment (Police Investigation & Safety Equipment, & Playground Equipment)	2.7
Land (Easements & Parcels)	.3
Vehicles (Police, Fire, Public Works, Leisure Services, Information Technologies, & General Services)	3.6
Total Capital Asset Additions	\$68.6

The business-type capital investments increased by \$3,458,551. This increase resulted from additional capital assets totaling \$32,504,235 decreased by accumulated depreciation totaling \$14,921,975. In addition, this total was reduced by \$16,423,484 (includes construction in progress placed in service of \$13,623,020) of capital assets which were retired and offset by recaptured depreciation of \$2,295,775 as follows:

BUSINESS-TYPE CAPITAL ASSET ADDITIONS (In Millions)	
Electric System & Substation Improvements	\$ 4.2
Water Improvements	6.6
Sanitary Sewer Improvements	1.5
Equipment & Software (Electric, Water, & Sewer)	1.2
Land (Easements)	.7
Vehicles	1.9
Buildings	.1
Construction Projects	16.3
Total Capital Asset Additions	\$32.5

Capital Projects

- **DOTHAN'S CITY CENTER**

Wiregrass Foundation began a Transformation Through the Arts Study to determine the needs of the arts community in the Wiregrass. A Downtown Charrette Initiative was hosted and a diverse group of citizens envisioned what they would like to see Downtown Dothan look like in the future. City leaders then engaged with the design group RDG Planning & Design, a national leader in reimagining cities' core spaces, to conceptualize what Dothan's City Center could become, for a fee of \$105,000. After hosting civic charettes and blending thoughts and opinions from across the community, the City, and its partners, including Wiregrass Foundation, presented an urban design scheme that skillfully bridges the architecture of earlier times with new and varied design schemes to accommodate the revitalization of the City Center. The plan reimages the heart of downtown Dothan into a vibrant, mixed-use destination where residents and visitors can enjoy the arts and entertainment. The plan was designed to be completed in phases over multiple years. An executive architect services contract for the City Center was approved in March 2022, for a not

to exceed fee of \$175,000 for year one, \$100,000 for year two, and \$100,000 for year three with RDG Planning & Design. All funds have been expended to date. Plans include the Dothan Opera House, Porter Park and Events Plaza, which are discussed below, and multi-purpose events center. A market assessment agreement with AMS Planning & Research Corporation was approved in August 2022 for a fee of \$198,700 for the multi-purpose events center arena and surrounding downtown development area amenities to include a hotel. The City of Dothan has received a \$20,000,000 grant award from Wiregrass Foundation for the purpose of partially funding the downtown city center improvements.

- **HISTORIC OPERA HOUSE ADDITIONS AND IMPROVEMENTS PROJECT**

An additional contract was approved in August 2022 with RDG Planning & Design for additions and improvements to the historic Dothan Opera House in the amount \$1,084,170. The Opera House design included a new addition and new frontage to Main Street. In April 2023, Brasfield and Gorrie, LLC submitted a proposal to provide pre-construction services in the amount of \$75,000 of which all funds have been expended. In December 2023, the City of Dothan entered into a contract and issued a notice to proceed to Brasfield and Gorrie, LLC not to exceed \$16,992,944. With all other expenditures, \$1,413,269 has been expended to date.

- **CITY CENTER EVENTS PLAZA AND PORTER PARK**

As a part of the City Center project, the City desired to enhance the existing Porter Park, create an Events Plaza and improve the Saint Andrews Street frontage. The Porter Park and Events Plaza Phase included removing the Dothan Utilities Collection building to add a terraced amphitheater, additional green space, and water features. In August 2022, the City entered into a Service Order agreement with RDG Planning & Design for design and construction phase services for a fee not to exceed \$497,000. In December 2022 RDG Planning & Design solicited bids for the project. The bid was awarded to Brasfield and Gorrie, LLC, after negotiations and modifications, the total project agreement was \$10,586,975. At the date of the audit, the total project cost to date is \$315,590.

- **CITY HALL**

To address the need for space for city services, the City began the design for a new city hall. In October 2023, the City submitted a service order for the design and construction phase services for the Dothan City Hall Project for an amount not to exceed \$4,155,600. Due to modifications in the project, there was an approval for an increase in the design fee in the amount of \$146,600, bringing the contract to \$4,302,220. To date, \$595,170 has been expended.

- **WIREFRASS INNOVATION CENTER**

The City of Dothan and the Wiregrass Foundation had a mutual desire to construct and operate an Innovation Center focusing on agricultural technology and innovation in the core downtown area. The facility will be the beginning of an agricultural technology campus and ecosystem in the Wiregrass area that is needed for our state and region. HudsonAlpha Wiregrass has agreed to be the anchor tenant in the project and plans to recruit additional ag and biotech companies to be a part of this center. The project will be partially funded by a Wiregrass Foundation grant in the amount of \$10,000,000 and a grant from the Alabama Department of Commerce totaling \$20,000,000. In May 2023, the City of Dothan entered into a service order with RDG Planning & Design for design and construction phase services for the Wiregrass Innovation Center Project for a not to exceed fee of \$2,155,625. In February 2024, a change order was issued bringing the RDG Planning & Design contract to \$2,462,925 of which \$1,338,621 has been expended to date. Total project cost at the time of audit is \$1,828,437.

- **MEMORIAL TRAIL**

In December 2021, a contract was awarded to Avery Landscape and Associates for the design and development of a segment of The Dothan Cultural Trail to be known as the Memorial Trail. The Memorial

Trail Project, as part of the Highway 84 East Corridor Plan, will provide an aesthetically pleasing entrance to downtown while promoting recreation and a healthier lifestyle for residents in the area. This phase of the project includes installing the 10-foot-wide concrete trail with brick paver accents and decorative lighting from Plant Street to the west end of the City Cemetery along the south side of Highway 84 East (East Main Street). Work began the week of January 31, 2022. The contract completed in December 2022 at a cost of \$271,055. The cost for decorative lighting materials in the amount of \$83,288 has been expended to date. In July 2023 a bid was awarded to Tri State Ventures, Inc. to install irrigation for the trail, \$49,875 has been expended and the project is complete.

In December 2022, the City entered into a contract with CDG, Inc., for a sidewalk connection Alma Street to Plant Street. In March 2023, construction began. As of September 2023, the project was 98 percent complete and a total of \$81,230 had been expended.

- **RIP HEWES STADIUM RENOVATIONS**

In February 2021, a contract was awarded to Seay, Seay & Litchfield, PC for the design of the Rip Hewes Stadium renovations and additions project in the amount of \$542,400 with a total of \$532,418 expended to date. In June 2021, a contract was awarded to Saliba Construction Co., Inc. to execute the Phase 1 renovations and additions to Rip Hewes Stadium in the amount of \$3,367,565 with this contract completing at a cost of \$3,348,167. We partnered with Daktronics, Inc. for the materials and supplies needed for the replacement of the scoreboard at the stadium in the amount of \$233,280 with all funds expended to date. In December 2021, a contract was awarded to Lewis Construction, LLC in the amount of \$9,090,000 for the Phase 2 renovations and additions to the stadium. Change orders in the amount of \$489,947 have amended this contract bringing the total cost to \$9,579,947; with \$9,531,130 expended to date. In February 2022, a purchase from Astroturf Construction Corporation was approved in the amount of \$360,000 with all funds expended to date. With all other expenses involved, this project completed with a cost of \$15,026,000. In February 2024, Rip Hewes Stadium was awarded the 2023 Facility of the Year by Alabama Recreation & Parks Association.

- **WIREFRASS MULTI-USE FIELDS**

Wiregrass Recreation Complex needs modification and renovations to upgrade the facility to better meet the needs of the community. In October 2022, the City of Dothan purchased a parcel of property located at 507 Fourth Avenue to be used in the expansion of Wiregrass Park. In November 2022, the City of Dothan entered into an agreement with Seay, Seay & Litchfield, PC for professional consulting services for the design and construction administration of the electrical services building to be constructed at Wiregrass Recreation Complex. Holland Contracting was awarded a bid and entered into a contract in June 2023 for the construction of two (2) pole barns as part of the renovations. There have also been upgrades to the drainage systems, irrigation systems and lighting. Total project cost to date is \$1,244,231.

- **GRANDVIEW TURF INSTALLATION**

Grandview Elementary School property has been leased to I. Reese Enterprises, LLC to use this property to benefit the youth of the community through sports participation opportunities, educational enrichment, and healthy nutrition needs. In April 2022, the City entered into a memorandum of understanding with Dothan Area Chamber Foundation to secure a grant from the NFL Foundation Grassroots Program to help finance the installation of artificial turf fields in the amount of \$250,000. Visit Dothan also entered into a memorandum of understanding to fund \$1,513,380 towards the cost of design and field installation. The City negotiated an agreement with Barge Design Solutions. for consulting services for the design and construction administration for the installation of artificial turf in the amount of \$118,096. Bids were received, in November 2022, for turf for the Grandview Elementary muti-purpose athletic field with the contract being awarded to Sports Turf Company, Inc. in the amount of \$876,800; this project is complete and all funds have been expended. A bid for parking lot and field lighting was awarded to Musco Sports Lighting, LLC in the amount of \$212,980. With all other expenditures, the project completed at a total cost of \$1,494,926.

- **WATER WORLD EXPANSION**

In August 2019, the City began an extensive project to renovate and update our Water World Facility. In May 2021, Barge Design Solutions was awarded a contract for design and construction engineering for the completion of renovations to Water World Park in the amount of \$179,944; with all funds expended to date. In August 2021, a contract was awarded to Aquatic Builders, LTD for the replacement of wave generation equipment in the amount of \$271,800; with all funds expended to date. Wyatt Sasser Construction, LLC was awarded a construction contract, in October 2021, to execute Phase II renovations in the amount of \$2,560,000. The contract required modifications that resulted in amendments in the amount of \$137,360 with all funds expended to date. In November 2021, Dixie Painting & Sandblasting was hired to complete the Great White Slide Rehabilitation project in the amount of \$503,618; this project is complete with \$501,307 expended. In February 2022, Musco Sports Lighting, LLC was contracted to supply additional light structures in the amount of \$253,100 with all funds expended to date. In July 2022, a contract was awarded to Lewis Construction, LLC for the Water World Renovations Phase III project in the amount of \$3,064,000. The contract required modifications that resulted in a reduction of \$106,603, bringing the total contract to \$2,957,397; this project is complete with all funds expended. All renovations and updated structures since the project inception total \$12,561,751 as of the audit date.

- **DOUG TEW THERAPEUTIC RECREATION CENTER RENOVATIONS**

The City of Dothan entered into an agreement with Seay, Seay & Litchfield, PC for the architectural services to renovate the Doug Tew Recreation Center. The plans were prepared by Seay, Seay & Litchfield, PC and include storefront replacement, prep kitchen replacement, and teaching kitchen addition. The construction bid was awarded to Lewis Construction, LLC on March 1, 2022, in the amount of \$943,500 with \$939,452 expended to complete the contract. The cost spent to date for equipment required for the kitchen renovations is \$73,156. A pottery studio was also created in the renovation process at a cost of \$25,175. The project completed in March 2023 with a total project completion cost of \$1,059,580.

- **BMX RESTROOMS AND CONCESSIONS**

In July 2022, the City of Dothan entered into a contract with Seay, Seay & Litchfield, PC in the amount of \$60,280 to design new restrooms and concession stand for the BMX track at Westgate Park. As of the audit report date, \$53,280 has been expended on this contract. Bids were opened in September 2022 with Lewis Construction, LLC submitting the lowest responsible bid in the amount of \$1,111,400. The contract required modifications which resulted in a final total contract amount of \$1,074,774, with all funds expended to date. With all other expenditures, this project completed September 2023 with a total cost of \$1,184,096.

- **SANITARY SEWER IMPROVEMENTS**

In December 2019, Blankenship Contracting, Inc. was awarded the contract for the 2019 Miscellaneous Sewer Improvements Project in the amount of \$2,083,985; with a change order being added December 2021 in the amount of \$64,858 bringing the total contract to \$2,148,843 with \$2,042,394 expended to date. An additional purchase order was issued to Carmichael Engineering, Inc. in the amount of \$23,165 for geotechnical investigation associated with continuing sewer system assessment requirements with \$23,165 spent to date. The total project cost as of the audit report date is \$2,065,559. In April 2021, Poly, Inc. was awarded a contract for the Beaver Creek Trunk Line Rehabilitation in the amount of \$760,000; with \$657,369 expended to date. Sak Construction, LLC was awarded a contract for rehabilitation in the amount of \$8,777,530 with \$8,265,956 expended to date. The Beaver Creek Trunk Line Rehabilitation was partially funded through the American Rescue Plan Act federal funding in the amount of \$5,488,847. In May 2021, Barge Design Solutions was awarded the contract for engineering services for the B4-52 Sewer Basin Rehabilitation Project in the amount of \$327,000 with all funds expended to date. In October 2021, an amendment to the contract with Barge Design Solutions was created for an additional amount of \$36,000 with \$27,819 spent to date. Suncoast Infrastructure, Inc. was awarded a contract for sewer basin rehabilitation in the amount of \$5,296,810, with \$3,453,214 expended to date. The B4-52 Sewer Basin

Rehabilitation Project was partially funded through the American Rescue Plan Act federal funding in the amount of \$5,661,152.

- **RED WATER MAIN REPLACEMENTS**

In March 2022, a contract was awarded to L and K Contracting Co., Inc. for fiscal year 2022 red water main replacements in the amount of \$2,073,525; with \$2,036,143 expended to date. The fiscal year 2022 main replacements were partially funded through the American Rescue Plan Act federal funding in the amount of \$1,288,636. In September 2022, the City filed an application for and was granted a loan by the Alabama Drinking Water Finance Authority in the amount of \$10,015,000. The City also received an ADEM ARPA grant in the amount of \$2,000,000 to aid in the project known as 2022 Woodland Red Water Project and the 2022 Ross Clark Circle Watermain Improvement Project. In October 2022, contracts were awarded to L and K Contracting Co., Inc. in the amount of \$7,135,361 for the Ross Clark Circle project and \$5,391,350 for the Woodland Red Water Project. At the time of audit \$886,601 and \$984,341 have been expended respectively.

- **HONEYSUCKLE ROAD WIDENING**

In September 2018, Gresham, Smith and Partners was awarded the contract for services to provide engineering, design and professional services for the Honeysuckle Road Phase 1 improvements project in the amount of \$1,194,602; with \$1,191,536 expended to date. Phase 1 consists of improvements from W. Main Street to Fortner Street. Also, in September 2018, Sain Associates, Inc. was awarded the contract for services to provide engineering, design and professional services for the Honeysuckle Road Phases 2 and 3 improvement projects in the amount of \$774,991 with all funds expended to date. Phases 2 and 3 consist of improvements from south of Homestead Road to South Park Avenue and from South Park Avenue to the intersection of Campbellton Highway and Taylor Road. In July 2020, the current project received additional funding to extend the project from Homestead to Hartford Highway in the amount of \$469,839 with \$327,246 expended to date. Total project cost to date including right of way is \$4,256,337.

- **ROSS CLARK CIRCLE WIDENING**

In May 2018, the City began the process of widening Ross Clark Circle from Bauman Drive to Cherokee Avenue. The engineering contract for water and sanitary sewer relocation was awarded to Atkins North America, Inc. with the original contract and change orders coming to a total of \$424,907; with \$416,704 expended to date. The scope of the water and sewer relocation required the project to be separated into two phases. L and K Contracting Co., Inc. was awarded the bid for Phase 1 of the project in December 2018, in the amount of \$468,850; with \$449,447 expended for this phase. In March 2019, the City received bids for Phase 2 of the widening project covering additional lanes on Ross Clark Circle from South of US-84 to North Cherokee Avenue; from Girard Avenue to Buyers Drive and from Bel Aire Drive to North Englewood Avenue. The contract for Phase 2 was awarded to Blankenship Contracting, Inc. in the amount of \$4,481,507; with \$4,481,507 expended to date. Electrical relocations were performed by the City of Dothan at a cost of \$938,335. The total cost of the project to date is \$5,479,644.

- **FIRE STATIONS**

In July 2022, a contract was entered into with Seay, Seay & Litchfield, PC in the amount of \$680,888 for architectural services related to the design of the new fire stations #3 and #10. To date \$588,480 has been expended on the design contract. Land clearing and erosion control began in the last quarter of 2022. In April 2023, a contract was awarded to Lewis Construction, LLC for the construction of the new fire station #3, at a cost of \$5,996,000 and #10 at a cost of \$5,717,000, for a total amount of \$11,713,000. Funds expended to date are \$2,578,086 and \$3,089,776 respectively. With all other expenses involved, this project cost to date is \$6,442,645.

- **ANIMAL SHELTER**

In May of 2023, the City of Dothan entered into a contract with Seay, Seay & Litchfield, PC in the amount of \$612,680 to provide design and construction administration services for the construction of the Wiregrass Pet Rescue and Adoption Center. At the time of audit \$261,658 has been expended.

Long-Term Debt

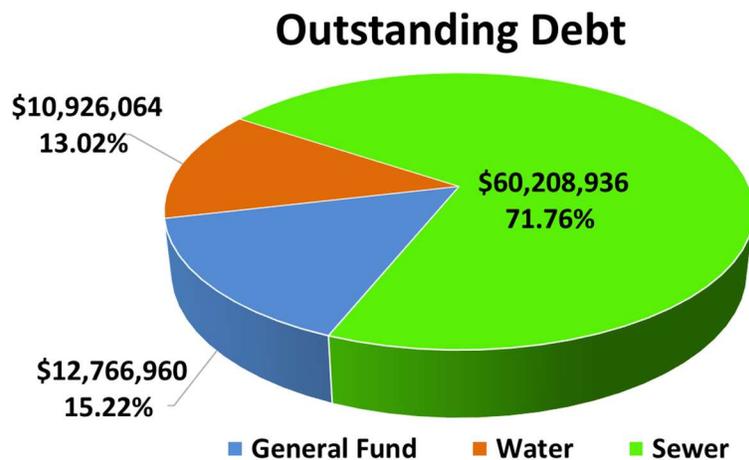
As of the fiscal year end, the City of Dothan had \$83,901,960 in general obligation debt outstanding compared to \$81,621,540 last fiscal year end; thus, increasing debt by \$2,280,420 (2.79%) during the current fiscal year.

Debt Type	2020	2021	2022	2023
General Government	\$ 16,610,832	\$ 15,252,029	\$ 13,856,540	\$ 12,766,960
Sewer	81,416,841	74,157,304	66,733,036	60,208,936
Water	<u>1,262,969</u>	<u>1,148,546</u>	<u>1,031,964</u>	<u>10,926,064</u>
Totals	<u>\$ 99,290,642</u>	<u>\$ 90,557,879</u>	<u>\$ 81,621,540</u>	<u>\$ 83,901,960</u>

In March 2023, the City issued a \$10,015,000 G/O Warrant, with principal forgiveness in the amount \$528,272 from the Bipartisan Infrastructure Investment and Jobs Act, for water improvements along Ross Clark Circle and a red water main replacement project. The debt will be repaid in twenty years through the state revolving loan process of the Alabama Department of Environmental Management (ADEM) at an interest rate of 2.2%.

State law limits the amount of general obligation debt a governmental entity may issue to twenty percent (20%) of the assessed value of all taxable property within the City's corporate limits. Debt issued for schools, water, and sewer purposes is exempt from the legal debt limit. The City's outstanding debt applicable to this limit is \$13,182,589, resulting in a legal debt margin (additional legal debt capacity) of \$225,083,523.

An important financial analysis ratio in government is the percentage of total expenditures comprised of debt service (repayment of principal, interest and related fees). In the governmental funds, the ratio for 2023 is 2.75% (total debt service expenditures were \$3,942,076 and total expenditures were \$143,460,081).



Additional information can be found in note IV. I on pages 60-63.

Bond Ratings

In November 2022, Moody's Investors Service affirmed the City of Dothan's Issuer Rating as Aa2. The affirmation of Issuer Ratings reflects an evaluation of the key factors of the analysis for cities including the economy, finances, institutional framework, and leverage together with other relevant considerations. In June 2014, Standard and Poor's Global Ratings Services upgraded the City of Dothan's bond rating from AA- to AA. The increase was based on the rating agency's view of the "city's historically very strong budgetary flexibility and liquidity." The bond rating can affect the cost of borrowing funds in the future.

Economic Factors

The City relies on taxes (sales, property, gasoline, franchise, etc.), fees (licenses, permits, etc.), and fines (public safety) for their governmental activities. The primary source of revenue is sales tax (general sales and use, automotive, machinery and farm/agriculture). Approximately 74% of Dothan's general fund revenues are generated by sales tax. The City's sales tax revenue has continued to grow with an increase over 2014 by \$35,194,142. Dothan also continues to see increases in state-shared revenues and recurring and non-recurring (one-time) grants from both state and federal governments. In addition to the City's major tax source, sales tax, continuing to strengthen, unemployment has declined 4.2% since 2014.

In the business-type and certain governmental activities (electric, water, sewer, solid waste, 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 improve and expand city services, which encourages development (office, retail, residential, and industrial). The City places significant emphasis on economic development/recruitment and job growth.

The Dothan City Commission is committed to the development of a diversified economic base. The City's partnership with the Dothan Area Chamber of Commerce has achieved an outstanding level of success in this effort. The Dothan City Commission and its partners, including the Wiregrass Foundation, are continuing their efforts to revitalize downtown. The "City Center", discussed earlier, is a revitalization plan that reimagines the heart of downtown Dothan into a vibrant, mixed-use destination where residents and visitors can enjoy the arts and entertainment. The plan was designed to be completed in phases over multiple years and will include adding; a terraced amphitheater and additional green space; additions and improvements to the historic Opera House; Wiregrass Arts and Innovation Center; multi-purpose events, sports and entertainment arena; hotel; parking structure; and mixed-use developments.

The Dothan City Commission sets priorities for major programs undertaken by the City while revisiting the Strategic Plan each year. This Strategic Plan provides a sense of unity, direction, and vision for the City's future. Additionally, Dothan's management staff continues to evaluate and project the needs of the City and make recommendations to the City Commission as necessary. The departments are required to annually update a listing of all needs including facility repairs and maintenance, rolling fleet, equipment, computer related needs, resurfacing, road and bridge repairs, storm sewer and sanitary sewer needs, infrastructure needs, etc. Contingent on the availability of funding and based on the identified need, priorities are set to ensure critical items are addressed.

Financial Information Contact

The City of Dothan's financial statements are designed to provide Dothan's citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the public assets under its management. For any additional questions or information, contact the City's Finance Director-Treasurer, Romona Marcus, at 126 North Saint Andrews Street, Room 110 of the Dothan Civic Center, Dothan, Alabama 36303. Updated financial information about the City is also available by accessing the City's website at www.dothan.org.

BASIC FINANCIAL STATEMENTS

THE CITY OF DOTHAN
DOTHAN, ALABAMA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents	\$ 53,705,231	\$ 28,445,855	\$ 82,151,086
Investments	31,061,996	35,899,496	66,961,492
Receivables	11,070,647	7,795,790	18,866,437
Due from other governments	540,268	11,841,315	12,381,583
Lease receivable	167,002	-	167,002
Inventories, at cost	566,003	8,510,714	9,076,717
Capital assets (See Note IV-D):			
Non-depreciable	22,669,256	32,477,484	55,146,740
Depreciable, net of accumulated depreciation	125,929,815	193,783,281	319,713,096
Lease right-of-use assets, net of amortization	24,815	-	24,815
Subscription right-of-use assets, net of amortization	398,512	122,890	521,402
Total Assets	246,133,545	318,876,825	565,010,370
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related	35,328,653	11,867,079	47,195,732
Asset retirement obligation related	-	3,085,386	3,085,386
OPEB related	21,451,513	-	21,451,513
Total Deferred Outflows of Resources	56,780,166	14,952,465	71,732,631
LIABILITIES:			
Vouchers/accounts payable	4,885,727	9,954,258	14,839,985
Accrued liabilities	7,886,993	415,451	8,302,444
Accrued interest payable	24,211	160,089	184,300
Payable to other governments	49,577	553	50,130
Customer deposits	1,307,724	7,862,387	9,170,111
Unearned revenue	292,272	528,272	820,544
Non-current liabilities:			
Due within one year	4,865,529	8,324,101	13,189,630
Due in more than one year	12,261,851	73,746,057	86,007,908
Net pension liability	144,399,205	46,383,180	190,782,385
Asset retirement obligation	-	3,404,379	3,404,379
Net OPEB liability	55,859,962	-	55,859,962
Total Liabilities	231,833,051	150,778,727	382,611,778
DEFERRED INFLOWS OF RESOURCES:			
Lease related	167,002	-	167,002
Pension related	1,697,790	493,920	2,191,710
OPEB related	13,005,683	-	13,005,683
Total Deferred Inflows of Resources	14,870,475	493,920	15,364,395
NET POSITION:			
Net investment in capital assets	135,942,124	155,146,340	291,088,464
Restricted for:			
Street and bridge maintenance	503,862	-	503,862
Opioid epidemic mitigation	429,297	-	429,297
Education	327,602	-	327,602
Unrestricted (deficit)	(80,992,700)	27,410,303	(53,582,397)
Total Net Position	\$ 56,210,185	\$ 182,556,643	\$ 238,766,828

The notes to financial statements are an integral part of this statement.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FUNCTION / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
PRIMARY GOVERNMENT:							
Governmental Activities:							
General government	\$ 32,519,579	\$ 5,053,300	\$ 2,000,000	\$ -	\$ (25,466,279)	\$ -	\$ (25,466,279)
Public safety	50,331,111	1,262,665	543,197	12,750	(48,512,499)	-	(48,512,499)
Public works	13,414,685	53,004	-	380,853	(12,980,828)	-	(12,980,828)
Planning and development	3,766,235	219,491	890,555	-	(2,656,189)	-	(2,656,189)
Health and welfare	5,267,495	-	-	-	(5,267,495)	-	(5,267,495)
Culture and recreation	17,780,195	4,963,148	56,857	-	(12,760,190)	-	(12,760,190)
General services	5,355,741	-	-	-	(5,355,741)	-	(5,355,741)
Insurance department	297,148	-	-	-	(297,148)	-	(297,148)
Education	3,980,480	-	-	-	(3,980,480)	-	(3,980,480)
Interest/fiscal charges on long-term debt	354,960	-	-	-	(354,960)	-	(354,960)
Total Governmental Activities	133,067,629	11,551,608	3,490,609	393,603	(117,631,809)	-	(117,631,809)
Business-type Activities:							
Utility							
Electric	84,098,985	102,703,959	47,400	212,273	-	18,864,647	18,864,647
Water	9,295,601	12,535,138	-	147,169	-	3,386,706	3,386,706
Wastewater/sewer	17,515,713	22,869,691	-	104,975	-	5,458,953	5,458,953
Combined utilities	4,613,303	903,530	-	-	-	(3,709,773)	(3,709,773)
Solid Waste							
Collections	8,316,083	4,464,901	150,000	-	-	(3,701,182)	(3,701,182)
Landfill	1,578,138	35,974	-	-	-	(1,542,164)	(1,542,164)
Combined Solid Waste	2,218,215	44,283	-	-	-	(2,173,932)	(2,173,932)
Total Business-Type Activities	127,636,038	143,557,476	197,400	464,417	-	16,583,255	16,583,255
Total Primary Government	\$ 260,703,667	\$ 155,109,084	\$ 3,688,009	\$ 858,020	\$ (117,631,809)	\$ 16,583,255	\$ (101,048,554)

(Continued on page 25)

The notes to financial statements are an integral part of this statement.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
STATEMENT OF ACTIVITIES - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
General Revenues and Transfers:			
General revenues:			
Taxes:			
Property tax	\$ 5,654,662	\$ -	\$ 5,654,662
Sales and use tax	96,009,980	-	96,009,980
Lodging tax	3,890,008	-	3,890,008
Franchise tax	1,704,680	-	1,704,680
Cigarette tax	180,900	-	180,900
Grants and contributions not restricted to specific programs	2,941,254	-	2,941,254
Unrestricted investment earnings	2,084,079	1,582,587	3,666,666
Miscellaneous	2,857,021	117,176	2,974,197
Transfers	9,316,082	(9,316,082)	-
Total General Revenues and Transfers	<u>124,638,666</u>	<u>(7,616,319)</u>	<u>117,022,347</u>
Change in Net Position	7,006,857	8,966,936	15,973,793
Net Position - Beginning	<u>49,203,328</u>	<u>173,589,707</u>	<u>222,793,035</u>
Net Position - Ending	<u>\$ 56,210,185</u>	<u>\$ 182,556,643</u>	<u>\$ 238,766,828</u>

The notes to financial statements are an integral part of this statement.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>PUBLIC BUILDING AUTHORITY</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS:						
Cash and cash equivalents	\$ 53,311,826	\$ -	\$ -	\$ 75,495	\$ 317,910	\$ 53,705,231
Investments	31,061,996	-	-	-	-	31,061,996
Receivables:						
Taxes	13,582,816	-	-	-	-	13,582,816
Accounts	2,890,308	-	-	-	16,557	2,906,865
Lease	167,002	-	-	-	-	167,002
Due from other governments	540,268	-	-	-	-	540,268
Inventories, at cost	566,003	-	-	-	-	566,003
Total Assets	\$ 102,120,219	\$ -	\$ -	\$ 75,495	\$ 334,467	\$ 102,530,181
LIABILITIES:						
Vouchers/accounts payable	4,885,727	-	-	-	-	4,885,727
Accrued liabilities	7,880,128	-	-	-	6,865	7,886,993
Payable to other governments	49,577	-	-	-	-	49,577
Customer deposits	1,307,724	-	-	-	-	1,307,724
Unearned revenue	292,272	-	-	-	-	292,272
Total Liabilities	14,415,428	-	-	-	6,865	14,422,293
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue-property taxes	5,419,034	-	-	-	-	5,419,034
Lease related	167,002	-	-	-	-	167,002
Total Deferred Inflows of Resources	\$ 5,586,036	\$ -	\$ -	\$ -	\$ -	\$ 5,586,036

(Continued on page 27)

The notes to financial statements are an integral part of this statement.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS - CONTINUED
SEPTEMBER 30, 2023

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	PUBLIC BUILDING AUTHORITY	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
FUND BALANCES:						
Nonspendable:						
Inventories	\$ 566,003	\$ -	\$ -	\$ -	\$ -	\$ 566,003
Restricted:						
Street and bridge maintenance	503,862	-	-	-	-	503,862
Opioid epidemic mitigation	429,297	-	-	-	-	429,297
Education	-	-	-	-	327,602	327,602
Committed:						
Information technology equipment	7,191,886	-	-	-	-	7,191,886
Economic development projects	6,745,012	-	-	-	-	6,745,012
Public safety programs	10,254,824	-	-	-	-	10,254,824
Public works projects	3,144,594	-	-	-	-	3,144,594
Planning and community development	423,323	-	-	-	-	423,323
Culture and recreation	605,449	-	-	75,000	-	680,449
Facility maintenance	1,657,803	-	-	-	-	1,657,803
Assigned:						
Administrative	148,509	-	-	-	-	148,509
Capital projects	408,630	-	-	-	-	408,630
Information technology equipment	1,939,237	-	-	-	-	1,939,237
Economic development projects	1,197,894	-	-	-	-	1,197,894
Public safety programs	646,807	-	-	-	-	646,807
Public works projects	8,297,290	-	-	-	-	8,297,290
Planning and community development	342,902	-	-	-	-	342,902
Culture and recreation	425,290	-	-	495	-	425,785
Facility maintenance	573,024	-	-	-	-	573,024
Self insurance claims	13,073,068	-	-	-	-	13,073,068
Fund balance reserves	11,825,000	-	-	-	-	11,825,000
Unassigned	11,719,051	-	-	-	-	11,719,051
Total Fund Balances	<u>82,118,755</u>	<u>-</u>	<u>-</u>	<u>75,495</u>	<u>327,602</u>	<u>82,521,852</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 102,120,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,495</u>	<u>\$ 334,467</u>	<u>\$ 102,530,181</u>

The notes to the financial statements are an integral part of this statement.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds \$ 82,521,852

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets and right-of-use assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	727,132,811	
Less: Depreciation expense to date	(578,533,740)	
Lease right-of-use assets	49,630	
Less: Amortization expense to date	(24,815)	
Subscription right-of-use assets	409,034	
Less: Amortization expense to date	<u>(10,522)</u>	149,022,398

Because the focus of governmental funds is on short-term financing, some long-term assets will not be available to pay for current period expenditures. Those assets (cash or receivables, for example) are considered deferred inflows of resources in the governmental funds, and thus are not included in fund balance.

Adjustment of receivables - property taxes	(5,419,034)	
Adjustment of deferred property taxes	<u>5,419,034</u>	-

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds. (17,127,380)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (24,211)

Net pension liability is non-current and is excluded from the fund financial statements. (144,399,205)

Deferred outflows - pension related 35,328,653

Deferred inflows - pension related (1,697,790)

Net OPEB liability is non-current and is excluded from the fund financial statements. (55,859,962)

Deferred outflows - OPEB related 21,451,513

Deferred inflows - OPEB related (13,005,683)

Net Position of Governmental Activities **\$ 56,210,185**

The notes to the financial statements are an integral part of this statement.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>PUBLIC BUILDING AUTHORITY</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:						
Taxes	\$ 107,259,330	\$ -	\$ -	\$ -	\$ 180,900	\$ 107,440,230
Licenses and permits	5,053,300	-	-	-	-	5,053,300
Intergovernmental revenues	6,696,590	-	-	-	-	6,696,590
Charges for services	5,263,474	-	-	-	-	5,263,474
Fines and forfeitures	1,095,072	-	-	-	-	1,095,072
Interest income	2,071,539	-	-	495	12,045	2,084,079
Miscellaneous	2,671,157	-	-	-	135,582	2,806,739
Total Revenues	<u>130,110,462</u>	<u>-</u>	<u>-</u>	<u>495</u>	<u>328,527</u>	<u>130,439,484</u>
EXPENDITURES:						
Current:						
General government	23,080,902	107,050	-	-	-	23,187,952
Public safety	46,937,455	-	-	-	-	46,937,455
Public works	11,343,395	-	-	-	-	11,343,395
Planning and development	3,741,410	-	-	-	-	3,741,410
Health and welfare	4,894,091	-	-	-	-	4,894,091
Culture and recreation	15,458,936	-	-	-	-	15,458,936
General services	5,062,185	-	-	-	-	5,062,185
Insurance department	297,148	-	-	-	-	297,148
Intergovernmental	-	-	-	-	3,980,480	3,980,480
Capital outlay	24,722,003	-	-	-	-	24,722,003
Debt service:						
Principal retirement	-	3,476,239	-	-	-	3,476,239
Interest and fiscal charges	-	358,787	-	-	-	358,787
Total Expenditures	<u>135,537,525</u>	<u>3,942,076</u>	<u>-</u>	<u>-</u>	<u>3,980,480</u>	<u>143,460,081</u>
Excess (deficiency) of Revenues over Expenditures	<u>\$ (5,427,063)</u>	<u>\$ (3,942,076)</u>	<u>\$ -</u>	<u>\$ 495</u>	<u>\$ (3,651,953)</u>	<u>\$ (13,020,597)</u>

(Continued on page 30)

The notes to financial statements are an integral part of this statement.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>PUBLIC BUILDING AUTHORITY</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
OTHER FINANCING SOURCES (USES):						
Leases/subscription-based IT arrangements (as lessee)	\$ 397,834	\$ -	\$ -	\$ -	\$ -	\$ 397,834
Transfers in (out)	2,099,006	3,942,076	-	75,000	3,200,000	9,316,082
Total Other Financing Sources (Uses)	<u>2,496,840</u>	<u>3,942,076</u>	<u>-</u>	<u>75,000</u>	<u>3,200,000</u>	<u>9,713,916</u>
Net Changes in Fund Balances	(2,930,223)	-	-	75,495	(451,953)	(3,306,681)
Fund Balances - Beginning	<u>85,048,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>779,555</u>	<u>85,828,533</u>
Fund Balances - Ending	<u>\$ 82,118,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,495</u>	<u>\$ 327,602</u>	<u>\$ 82,521,852</u>

The notes to financial statements are an integral part of this statement.

THE CITY OF DOTHAN
DOTHAN, 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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ (3,306,681)
Amounts reported for governmental activities in the statement of activities are 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 is the amount by which capital outlays exceeded depreciation in the current period.	15,528,577
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, leases, and donations) is to decrease net position.	(85,118)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,476,239
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(8,606,160)</u>
Change in Net Position of Governmental Activities	<u>\$ 7,006,857</u>

The notes to financial statements are an integral part of this statement.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	UTILITY	SOLID WASTE	TOTAL
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 26,475,748	\$ 1,970,107	\$ 28,445,855
Investments	35,399,496	500,000	35,899,496
Accounts receivable	7,534,915	260,875	7,795,790
Due from other governments	11,691,315	150,000	11,841,315
Inventories, at cost	8,510,714	-	8,510,714
Total Current Assets	89,612,188	2,880,982	92,493,170
Non-current Assets:			
Capital Assets:			
Land	6,573,028	2,675,106	9,248,134
Buildings	8,040,390	1,048,699	9,089,089
Improvements other than buildings	338,689,901	10,068,312	348,758,213
Machinery and equipment	20,173,226	12,304,118	32,477,344
Subscription right-of-use assets	124,973	-	124,973
Less accumulated depreciation	(180,078,925)	(16,464,523)	(196,543,448)
Construction in progress	23,229,350	-	23,229,350
Total Non-current Assets	216,751,943	9,631,712	226,383,655
Total Assets	306,364,131	12,512,694	318,876,825
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related	9,439,148	2,427,931	11,867,079
Asset retirement obligation related	3,085,386	-	3,085,386
Total Deferred Outflows of Resources	\$ 12,524,534	\$ 2,427,931	\$ 14,952,465

(Continued on page 33)

The notes to financial statements are an integral part of this statement.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - CONTINUED
SEPTEMBER 30, 2023

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	UTILITY	SOLID WASTE	TOTAL
LIABILITIES:			
Current Liabilities:			
Vouchers/accounts payable	\$ 9,624,886	\$ 329,372	\$ 9,954,258
Accrued liabilities	333,444	82,007	415,451
Accrued interest payable	160,089	-	160,089
Payable to other governments	-	553	553
Pollution remediation obligation	51,211	-	51,211
Compensated absences	850,653	228,411	1,079,064
Customer deposits	7,860,882	1,505	7,862,387
Unearned revenue	528,272	-	528,272
Subscriptions payable	23,826	-	23,826
Bonds payable - current	7,170,000	-	7,170,000
Total Current Liabilities	26,603,263	641,848	27,245,111
Non-Current Liabilities:			
Compensated absences	94,314	7,390	101,704
Estimated cost of closure and postclosure	-	9,600,864	9,600,864
Asset retirement obligation	3,404,379	-	3,404,379
Subscriptions payable	78,489	-	78,489
Bonds payable (net of unamortized bond issue costs)	63,965,000	-	63,965,000
Net pension liability	36,842,123	9,541,057	46,383,180
Total Non-Current Liabilities	104,384,305	19,149,311	123,533,616
Total Liabilities	130,987,568	19,791,159	150,778,727
DEFERRED INFLOWS OF RESOURCES:			
Pension related	438,342	55,578	493,920
Total Deferred Inflows of Resources	438,342	55,578	493,920
NET POSITION:			
Net investment in capital assets	145,514,628	9,631,712	155,146,340
Unrestricted (deficit)	41,948,127	(14,537,824)	27,410,303
Total Net Position	\$ 187,462,755	\$ (4,906,112)	\$ 182,556,643

The notes to financial statements are an integral part of this statement.

DOTHAN, ALABAMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	UTILITY	SOLID WASTE	TOTAL
OPERATING REVENUES:			
Charges for services	\$ 139,012,318	\$ 4,545,158	\$ 143,557,476
OPERATING EXPENSES:			
Solid waste collections	-	7,634,605	7,634,605
Solid waste landfill	-	2,853,164	2,853,164
Electric department	80,104,713	-	80,104,713
Water department	6,053,645	-	6,053,645
Sewer department	8,852,617	-	8,852,617
Billing - collection department	2,445,729	-	2,445,729
Meter reading department	557,711	-	557,711
Depreciation	13,736,386	1,185,589	14,921,975
Miscellaneous	1,566,269	388,124	1,954,393
Total Operating Expenses	113,317,070	12,061,482	125,378,552
Operating Income (Loss)	25,695,248	(7,516,324)	18,178,924
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental revenue	47,400	150,000	197,400
Interest earnings	1,521,342	61,245	1,582,587
Miscellaneous revenue	104,772	12,404	117,176
Gain (loss) on disposition of capital assets	(821,731)	(50,954)	(872,685)
Bond issuance costs	(11,000)	-	(11,000)
Interest and fiscal charges	(1,373,801)	-	(1,373,801)
Total Nonoperating Revenues (Expenses)	(533,018)	172,695	(360,323)
Income (Loss) before Capital Contributions and Transfers	25,162,230	(7,343,629)	17,818,601
Capital contributions	464,417	-	464,417
Transfers in (out)	(14,216,011)	4,899,929	(9,316,082)
Change in Net Position	11,410,636	(2,443,700)	8,966,936
Total Net Position - Beginning	176,052,119	(2,462,412)	173,589,707
Total Net Position - Ending	\$ 187,462,755	\$ (4,906,112)	\$ 182,556,643

The notes to financial statements are an integral part of this statement.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	UTILITY	SOLID WASTE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 139,290,369	\$ 4,532,589	\$ 143,822,958
Payments to suppliers	(86,427,150)	(4,865,131)	(91,292,281)
Payments to employees	(14,905,928)	(3,821,534)	(18,727,462)
Other receipts (payments)	104,772	12,404	117,176
Net Cash Provided by (Used for) Operating Activities	38,062,063	(4,141,672)	33,920,391
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	47,400	98,176	145,576
Transfers in (out)	(14,216,011)	4,899,929	(9,316,082)
Net Cash Provided by (Used for) Noncapital Financing Activities	(14,168,611)	4,998,105	(9,170,506)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from capital debt and other capital receipts	-	-	-
Capital grants	171,101	-	171,101
Acquisition and construction of capital assets	(18,538,981)	(269,382)	(18,808,363)
Principal paid on bond maturities and capital leases	(6,667,658)	-	(6,667,658)
Interest paid on bonds and notes payable	(1,379,186)	-	(1,379,186)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(26,414,724)	(269,382)	(26,684,106)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Other investing receipts	(30,000,000)	(500,000)	(30,500,000)
Interest and dividends on investments	519,880	44,283	564,163
Net Cash Provided by (Used for) Investing Activities	(29,480,120)	(455,717)	(29,935,837)
Net Increase (Decrease) in Cash and Cash Equivalents	(32,001,392)	131,334	(31,870,058)
Cash and Cash Equivalents - Beginning	58,477,140	1,838,773	60,315,913
Cash and Cash Equivalents - Ending	\$ 26,475,748	\$ 1,970,107	\$ 28,445,855

(Continued on page 36)

The notes to financial statements are an integral part of this statement.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	UTILITY	SOLID WASTE	TOTAL
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ 25,695,248	\$ (7,516,324)	\$ 18,178,924
Adjustments to reconcile operating income to net cash provided (used for) operating activities:			
Depreciation	13,736,386	1,185,589	14,921,975
(Increase) decrease in accounts receivable	304,639	(12,894)	291,745
(Increase) decrease in inventory	(2,697,270)	-	(2,697,270)
(Increase) decrease in deferred outflows	(3,016,416)	(754,103)	(3,770,519)
Increase (decrease) in vouchers and accounts payable	(61,486)	(76,588)	(138,074)
Increase (decrease) in accrued liabilities	(732,155)	6,544	(725,611)
Increase (decrease) in due to other funds	19,379	(1,385)	17,994
Increase (decrease) in payable to other governments	-	392	392
Increase (decrease) in compensated absences	20,046	44,765	64,811
Increase (decrease) in pollution remediation obligation/estimated closure cost-landfill	-	1,827,376	1,827,376
Increase (decrease) in customer deposits	(26,588)	325	(26,263)
Increase (decrease) in asset retirement obligation	146,600	-	146,600
Increase (decrease) in net pension liability	7,278,346	1,819,586	9,097,932
Increase (decrease) in deferred inflows	(2,709,438)	(677,359)	(3,386,797)
Other miscellaneous revenues	104,772	12,404	117,176
Total Adjustments	12,366,815	3,374,652	15,741,467
Net Cash Provided by (Used for) Operating Activities	\$ 38,062,063	\$ (4,141,672)	\$ 33,920,391
 Schedule of Non-Cash Capital and Related Financing Activities:			
Contributions of capital assets	\$ 319,875	\$ -	\$ 319,875

The notes to financial statements are an integral part of this statement.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Dothan, Alabama (the City), which was founded in 1885, has a population of 71,235 living within an area of 90.4 square miles. The City is in the southeast corner of the State of Alabama.

A. Financial Reporting Entity and Basis of Presentation

The City was incorporated on November 10, 1885. The City operates under a Mayor-Commission form of government and provides the following services: public safety (police and fire), highway and streets, sanitation, health and social services, culture, recreation, education, public improvements, planning and zoning, general administrative, electric, water and wastewater/sewer services.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City. There were no blended component units or discretely presented component units during the reporting period.

B. Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The City's government-wide financial statements provide both short-term and long-term information about the City's overall financial status. This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements focus on individual activities of the City government, reporting the City's operations in more detail than the government-wide financial statements.

The City's government-wide financial statements include a statement of net position and a statement of activities. The statements report separately the governmental and business-type activities. The columns (a) are presented on a consolidated basis by column, and (b) are reported using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including long-term assets, receivables, long-term debt and obligations are included in the statement of net position. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (police, fire, public works, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of activities reduces gross expenses (including depreciation) by related program revenues and operating/capital grants and contributions. The program revenues must be directly associated with the function (police, public works, community and youth services, etc.) or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The City does not currently employ an indirect cost allocation system.

The fund financial statements report on the major funds in either the governmental or business-type categories. Each major fund is reported in a separate column. Non-major funds (by category) or fund type are summarized into a single column.

Unless an internal service fund is combined with the business-type activities (deemed to be an infrequent event), totals on the business-type activity fund statements should directly reconcile to the business-type activity column presented in the government-wide statements.

C. Measurement Focus and Financial Statement Presentation

The model (Statement No. 34) sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds, as major funds, which either had debt outstanding or specific community focus. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The City uses the following fund categories and fund types:

1. Governmental Funds

The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the City's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Financial Statement Presentation (Continued)

1. Governmental Funds (Continued)

General Fund – To account for all financial resources except those required to be accounted for in another fund. The General Fund is the City's operating fund.

Special Revenue Funds – To account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Debt Service Fund – To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. In addition, special assessment transactions that are in the debt service phase are also accounted for in this fund.

Public Building Authority Fund – To account for the development, construction and provision of certain public buildings and related facilities for lease to the City.

2. Proprietary Funds

Proprietary funds are accounted for using the economic resources measurement focus and use the accrual basis of accounting. The focus of proprietary fund measurement is upon determination of operating income, changes in fund net position, financial position, and cash flows, which is similar to businesses. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. 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 of all the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include 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. The following is a description of the major proprietary funds of the City:

Utility Fund - To account for the City's utility operations, which include retailing purchased electricity, as well as water and wastewater/sewer operations.

Solid Waste Fund - To account for the City's municipal solid waste collections and landfill operations.

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

3. Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of account groups but provides for these records to be maintained and incorporates the information into the Governmental column in the Government-wide Statement of Net Position.

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements and the proprietary fund financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis.

1. Accrual

Revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flow.

2. Modified Accrual

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectable within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty (60) days from the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33 (the City may act as either provider or recipient), the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and deferred revenue by the recipient.

3. Revenues Susceptible to Accrual

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by Avenu Insights and Analytics at year-end on behalf of the City are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are deemed immaterial.

E. Assets, Liabilities, and Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

1. Deposits and Investments

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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (Continued)

1. Deposits and Investments (Continued)

All investments are stated at fair value, which is either a quoted market price or the best available estimate.

2. Receivables and Payables

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 interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund 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.”

3. Inventories

Inventory shown in the General Fund consists of expendable supplies held for consumption and is valued at cost on a first-in, first-out basis. Inventories held by the Proprietary Fund are valued at average cost on a first-in, first-out basis. The cost is recorded as an expenditure at the time individual inventory items are consumed.

4. Restricted Assets

Fund balance includes restricted assets associated with gas taxes which are restricted to street and bridge maintenance, opioid epidemic mitigation settlement funds restricted for mitigation of the opioid epidemic, and restricted assets for education purposes.

5. 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 by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life of five years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is expensed. The City had no interest cost to expense for the current year.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (Continued)

5. Capital Assets (Continued)

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives.

<u>ASSETS</u>	<u>YEARS</u>
Buildings	33
Building improvements	20
Infrastructure	10-50
Vehicles	6
Office equipment and software	10
Computer equipment	5
Machinery	6

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees with less than ten years of service earn one vacation leave day per month. Employees with more than ten years service earn 1½ days vacation leave per month. A maximum of twelve and eighteen days, respectively, may be carried forward to the succeeding year. Employees are paid for earned and unused annual leave upon separation. Sick leave is earned at the rate of one day per month. A maximum of ninety days can be carried over to a succeeding year, except for Public Safety – Fire 7k employees, who can carry over a maximum of forty-five days. Upon retirement, an employee is entitled to payment of a percentage (based on retirement percentage pay) of their accumulated sick leave, providing the employee's hire date was prior to April 13, 1992. Employees, by working on holidays or on-call, may accrue additional time for which they are paid at separation.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All vacation pay and similar leave is accrued when incurred in the government-wide and the proprietary fund financial statements.

7. 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 type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred.

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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (Continued)

8. Fund Equity

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact. The City has classified inventories as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified the State Gasoline Excise Tax funds as being restricted because their use is restricted by State Statute for street, highway, road or bridge enhancement project expenditures. Debt service resources are to be used for future servicing of bonded debt and are restricted through debt covenants. Infrastructure Capital Projects that are restricted through a debt covenant are legally segregated for funding of infrastructure improvements. The City has classified funds from the opioid epidemic mitigation as being restricted because the settlement agreements have established an approved list for use of funds to help mitigate the opioid epidemic. Finally, the Special Revenue School Fund accounts for a special tax levied and is therefore restricted for the City School System and payments made for the School System from City funds.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (resolutions) of the City Commission. Resolutions are used for one-time transactions with designated time frames. These amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by resolution. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. This classification also would include the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance not included in other spendable classifications within the general fund only. The general fund reported a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 27). The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (Continued)

9. Deferred Outflows/Inflows of Resources

In accordance with Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the City reports deferred outflows of resources in the statement of net position in a separate section following assets. Similarly, the City reports deferred inflows of resources in the statement of net position in a separate section following liabilities.

10. Leases

Lessee: The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and intangible right-of-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

Key estimates and judgments related to leases include how the City determines: (1) the discount rate it uses to discount the expected lease payments to present value; (2) lease term; and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

Lease assets are reported with capital assets and lease liabilities are reported with non-current liabilities on the statement of net position.

Lessor: The City is a lessor for noncancellable leases of building and/or property. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (Continued)

10. Leases (Continued)

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines: (1) the discount rate it uses to discount the expected lease receipts to present value; (2) lease term; and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

11. Subscription-Based Information Technology Arrangements

Subscription-based information technology arrangement (SBITA) assets are defined by the general government as the right-of-use vendor-provided information technology (IT) with access to vendors' IT assets. The City recognizes a subscription payable and an intangible subscription right-of-use asset at the beginning of the subscription term, with a term exceeding one year. A SBITA asset is measured based on the net present value of subscription payments expected to be made during the subscription term, using the incremental borrowing rate, and is amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT asset. Remeasurement of a subscription liability occurs when there is a change in the contract term and/or other changes that are likely to have a significant impact on the subscription liability.

12. Public-Private and Public-Public Partnerships and Availability Payment Arrangements

Public-Private and Public-Public Partnerships (PPPs) are defined as arrangements in which a government (the transferor) contracts with an operator (a governmental or non-governmental entity) to provide public services by conveying control of the right-to-operate or use a nonfinancial asset, such as infrastructure or other capital asset. The Governmental Accounting Standards Board Statement No. 94 establishes standards of accounting and financial reporting for PPPs. The requirements of this statement are effective beginning for fiscal years ending after June 30, 2023. The City implemented Statement No. 94 in this annual report. There was no material impact to the basic financial statements as the City does not currently have any PPPs.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The majority of these transfers occur because profits from the City's utility operations are used to provide operating subsidies to other funds. The accompanying financial statements reflect such transactions as transfers.

G. Unbilled Utility and Solid Waste Receivables

The City bills utility and solid waste customers using cycle billing. There are three billing cycles per month where customers are billed daily and at the end of any given month there is approximately thirty (30) days use of utilities and solid waste that is unread and/or unbilled.

H. Cash Flows Statement

For purposes of the "Statement of Cash Flows – Proprietary Funds," these funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

I. Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty (30) years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs in each period based on landfill capacity used as of each statement of net position date. The \$9,600,864 reported as landfill closure and postclosure care liability at September 30, 2023, represents the cumulative amount reported to date based on the use of 65.46 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$5,066,676 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2023. The City completed an expansion of the landfill in 2020 and estimates the remaining life of the landfill to be approximately twenty-four (24) years. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City utilizes the local government financial test to demonstrate closure and postclosure care financial assurance. The local government financial test consists of a financial component, public notice component, record keeping and recording component, and a cost assured calculation component. The financial test coverage exceeded the financial assurance requirements, thus demonstrating closure and postclosure care financial assurance.

J. Pensions

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 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.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

1. Budgetary Accounting

All funds are maintained as budgetary funds. The City adopts a biennium budget through passage of a resolution by the Board of Commissioners. Budgetary control is exercised at the department level. The City Manager is authorized to amend the budgets during the fiscal year in order to execute the policies and planning encompassed therein, provided that the total appropriation for a department and the fund is not changed and amendments affecting capital outlay do not exceed \$10,000 in any one instance or cause. The City Manager is also authorized to approve any change to correct an error, provided the fund total does not change. Any increase in overall expenditures must be approved by the Board of Commissioners. The Board of Commissioners may amend the budget at any time during the year and significant amendments are made throughout the fiscal year. During the year, several supplemental appropriations were necessary in the amount of \$82,024,638. The original budget of the City consists of operating expenditures and some capital projects. Additional capital projects are approved during the year resulting in the significant amount of supplemental appropriations.

Budgets are prepared or adopted in conformance with generally accepted accounting principles. All unencumbered appropriations lapse at year end. Reported budget amounts are as originally adopted or as amended by the Commission by resolution or by the City Manager through routine budget amendments. At the end of each fiscal year, unexpended and unencumbered appropriations are closed into the fund balance accounts. At the start of the next fiscal year, all encumbrances outstanding at year end are reappropriated in the new budget and therefore reestablished.

2. Encumbrances

The City uses encumbrance accounting for budgetary control purposes. Outstanding encumbrances, which are outstanding purchase orders, contracts, and other commitments, are not treated as expenditures in the operating statements but instead reflect as a commitment or assignment of fund balance for expenditure or liquidation in the subsequent fiscal year.

B. Excess of Expenditures Over Appropriations in Individual Funds

There were no individual funds where the expenditures exceeded the budget.

C. Deficit Fund Equity

As of September 30, 2023, there were no governmental funds that had a deficit fund balance.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$17,127,380) difference are as follows:

Bonds payable	(\$12,766,960)
Leases payable	(31,166)
Subscriptions payable	(282,147)
Compensated absences	<u>(4,047,107)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>(\$17,127,380)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$15,528,577 differences are as follows:

Capital outlay	\$ 24,722,003
Depreciation expense	(9,193,426)
Net adjustment to increase <i>net changes in fund balances – total governmental funds to arrive</i> at <i>changes in net position of governmental activities</i>	<u>\$ 15,528,577</u>

Another element of that reconciliation states that, “the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.” The details of this (\$85,118) difference are as follows:

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 128,875
Subscription right-of-use assets increase net position in the statement of activities, but do not appear in governmental funds because they are not financial resources.	(397,834)
The statement of activities reports gains or losses arising from the trade-in and/or deletion of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in or deletion of capital assets.	<u>183,841</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	<u>(\$ 85,118)</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states that, “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$3,476,239 difference are as follows:

Principal repayments:	
General obligation debt and capital leases	\$ 3,476,239
Net change in unamortized bond premium and discount costs	-
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	\$ 3,476,239

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this (\$8,606,160) difference are as follows:

Compensated absences	(\$ 135,081)
Accrued interest	3,827
Net OPEB obligation	(2,653,051)
Pensions	(5,821,855)
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	(\$ 8,606,160)

THE CITY OF DOTHAN
 DOTHAN, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government’s carrying amount of deposits which includes certificates of deposit with a maturity date of three months or less was \$93,998,291 and the total bank balance was \$94,489,727. Of the bank balance, \$250,000 was covered by federal depository insurance. Of the remaining balance, \$94,239,727 was collateralized with securities held by the Alabama State Treasury Security for Alabama Funds Enhancement (SAFE) Program. Each of the banks holding the City’s deposits is a certified participant in the SAFE program. Through the SAFE program, all public funds are protected through a collateral pool administered by the Alabama State Treasury.

Investments:

The City is restricted to investments in certificates of deposit, U.S. obligations, and other investments authorized by the laws of the State of Alabama. In each case, all funds must be fully insured or collateralized by the pledge of securities and held by a member to the Security for Alabama Funds Enhancement (SAFE) collateral pool established in the Office of the State Treasurer. As of September 30, 2023, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturing (years)</u>
Certificates of Deposit	\$66,961,492	Current to one year

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The City’s deposit policy for custodial credit risk is as follows:

Any financial institution holding/accepting public City of Dothan funds on deposit is required to qualify, become a member and pledge securities to the Security for Alabama Funds Enhancement (SAFE) collateral pool established in the Office of the State Treasurer. The pool insures each deposit that is designated on a bank’s books as public funds. In the event of the failure of the bank, securities pledged by that bank would be liquidated by the State Treasurer to replace the public deposits. If the securities pledged failed to produce adequate funds for that purpose, then every bank participating in the pool would share the liability for the remaining balance.

As of September 30, 2023, \$94,239,727 of the government’s bank balance of \$94,489,727 was exposed to custodial credit risk because it was uninsured; however, the balance is collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the government’s name.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables, other than leases, as of the year end for the City's individual major funds and non-major funds are as follows:

	<u>GENERAL FUND</u>	<u>SCHOOL FUND</u>	<u>UTILITY FUND</u>	<u>SOLID WASTE FUND</u>	<u>TOTAL</u>
Receivables:					
Taxes	\$ 13,582,816	\$ -	\$ -	\$ -	\$ 13,582,816
Accounts	2,890,308	16,557	7,534,915	260,875	10,702,655
Total	<u>\$ 16,473,124</u>	<u>\$ 16,557</u>	<u>\$ 7,534,915</u>	<u>\$ 260,875</u>	<u>\$ 24,285,471</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Property Taxes Receivable (General Fund)	\$ 5,419,034	\$ -
Business Licenses and Certain Other Resources That Have Been Received, But Not Yet Earned	-	292,272
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 5,419,034</u>	<u>\$ 292,272</u>

C. Property Tax

Property taxes are levied as of October 1 of each year on property assessed the preceding October 1. The taxes are due on October 1 and become delinquent on the lien date of January 1. Billings are mailed out on October 1 of each year. Property taxes are received monthly from Houston County. The City's tax rate is \$.50 per \$100 of assessed valuation. At September 30, 2023, there were property taxes receivable and deferred revenue of \$5,419,034 that does not become earned until October 1, 2023, and therefore not reflected on the government-wide statement of net position.

If property taxes are not paid by December 31, the taxpayer is sent a letter from the revenue commissioner. If they are still unpaid after two weeks, a certified letter is sent to the taxpayer. If there is no response to the certified letter, there is a legal notice of the property placed in the local newspaper notifying that it will be put up for public auction. This legal notice will run for three weeks. After the legal notice has run the required length of time, the property can be sold at public auction; however, most property is auctioned off on May 1 of each year.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Property Tax (Continued)

Tax Abatement Agreements That Reduce the City of Dothan Tax Revenue

Disclosures made in this Annual Report are subject to GASB Statement No. 77. This statement requires the City to disclose tax abatements granted by other governmental entities that reduce the tax revenue of the City. The entities that are involved with such abatements include but are not limited to the City of Dothan Commission, Dothan Downtown Redevelopment Authority, Industrial Development Board of the City of Dothan, and Dothan Area Chamber of Commerce. GASB Statement No. 77 requires the City to disclose the amount of the taxes abated during the fiscal year. The City makes no representation that the information is correct, complete or the individual circumstances have not changed subsequent to this reporting.

The City offers abatements of certain state, county, and municipal ad-valorem taxes (non-educational portion), sales and use taxes (non-educational portion), and mortgage and recording taxes with respect to the Project pursuant to the provisions of Act 92-599 enacted during the 1992 Regular Session of the Legislature of Alabama and now codified as Chapter 9B of Title 40 of the Code of Alabama (1975), as amended (herein called the "Tax Abatement Act"). The typical period for a tax abatement is ten years unless the City and County agree to grant a twenty-year abatement. The City has no recapture provision for these abatements. The abated portion of the property tax is based on the assessed value of the property less the educational portion of the tax.

From time-to-time the City enters into economic and/or industrial development incentive agreements with entities that propose to locate businesses within the City, or expand current businesses. All of this is in an attempt to develop a solid and diverse local economy, to increase employment opportunities in the City, to broaden the City's tax base, to increase revenues, and to provide necessary and improved services to the citizens of the City, thereby improving the quality of life of its citizens. The total amount of taxes abated under the reported agreements during fiscal year 2023 was \$602,770.

The Brownfields Redevelopment Tax Abatements

The "Alabama Brownfields Development Tax Abatement Act" of 2004 (Chapter 9C, Title 40, Code of Alabama 1975) defines a brownfield as any real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of hazardous substances, pollutants, or contaminants. The property must be in the Alabama Department of Environmental Management's voluntary cleanup program to qualify for brownfield abatement. The Alabama State Legislature passed this tax incentive bill that will offset local sales tax (except for educational portion) and ad-valorem tax (except for educational portion) for any brownfield redevelopment. Under current law, only City and County governments have the power to abate taxes for this incentive. These projects can abate all business activities including retail, commercial, and industrial under current law. The total amount of taxes abated under the brownfield agreements during fiscal year 2023 was \$77,173.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	PRIMARY GOVERNMENT			
	BEGINNING BALANCE	INCREASES	DECREASES	
GOVERNMENTAL ACTIVITIES:				
Capital assets, not being depreciated:				
Land and easements	\$ 10,012,290	\$ 346,637	\$ (15,995)	\$ 10,342,932
Construction in progress	37,141,488	18,674,432	(43,489,596)	12,326,324
Total Capital Assets, not being depreciated	47,153,778	19,021,069	(43,505,591)	22,669,256
Capital assets, being depreciated:				
Buildings	67,417,971	756,912	-	68,174,883
Improvements other than buildings	77,224,937	30,954,251	(12,400)	108,166,788
Machinery and equipment	55,348,995	7,749,836	(912,547)	62,186,284
Lease right-of-use equipment	49,630	-	-	49,630
Subscription right-of-use arrangements	-	409,034	-	409,034
Infrastructure	456,233,609	9,701,991	-	465,935,600
Total Capital Assets, being depreciated	656,275,142	49,572,024	(924,947)	704,922,219
Less accumulated depreciation for:				
Buildings	38,100,231	1,523,210	-	39,623,441
Improvements other than buildings	40,110,340	3,255,501	(12,400)	43,353,441
Machinery and equipment	41,658,873	3,422,125	(859,771)	44,221,227
Lease right-of-use equipment	6,204	18,611	-	24,815
Subscription right-of-use arrangements	-	10,522	-	10,522
Infrastructure	450,372,174	963,457	-	451,335,631
Total Accumulated Depreciation	570,247,822	9,193,426	(872,171)	578,569,077
Total Capital Assets, being depreciated, net	86,027,320	40,378,598	(52,776)	126,353,142
Governmental Activities Capital Assets, Net	\$ 133,181,098	\$ 59,399,667	\$ (43,558,367)	\$ 149,022,398

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	PRIMARY GOVERNMENT			
	BEGINNING BALANCE	INCREASES	DECREASES	
BUSINESS-TYPE ACTIVITIES:				
Capital assets, not being depreciated:				
Land and easements	\$ 8,625,162	\$ 673,926	\$ (50,954)	\$ 9,248,134
Construction in progress	20,539,792	16,312,578	(13,623,020)	23,229,350
Total Capital Assets, not being depreciated	29,164,954	16,986,504	(13,673,974)	32,477,484
Capital assets, being depreciated:				
Buildings	8,975,791	113,298	-	9,089,089
Improvements other than buildings	337,998,503	12,245,429	(1,485,719)	348,758,213
Machinery and equipment	30,703,104	3,038,031	(1,263,791)	32,477,344
Subscription right-of-use arrangements	-	124,973	-	124,973
Total Capital Assets, being depreciated	377,677,398	15,521,731	(2,749,510)	390,449,619
Less accumulated depreciation for:				
Buildings	5,033,210	240,379	-	5,273,589
Improvements other than buildings	156,066,993	12,280,521	(954,197)	167,393,317
Machinery and equipment	22,817,045	2,398,992	(1,341,578)	23,874,459
Subscription right-of-use arrangements	-	2,083	-	2,083
Total Accumulated Depreciation	183,917,248	14,921,975	(2,295,775)	196,543,448
Total Capital Assets, being depreciated, net	193,760,150	599,756	(453,735)	193,906,171
Business-Type Activities Capital Assets, Net	\$ 222,925,104	\$ 17,586,260	\$ (14,127,709)	\$ 226,383,655

**CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES:

General government	\$ 867,845
Public safety	3,282,758
Public works, including depreciation of general infrastructure assets	2,052,892
Planning and development	16,503
Health and welfare	373,404
Culture and recreation	2,309,366
General services	290,658
Schools	-
Total Depreciation Expense – Governmental Activities	\$ 9,193,426

BUSINESS-TYPE ACTIVITIES:

Electric	\$ 3,408,213
Water	2,768,226
Wastewater/sewer	7,516,352
Combined utilities	43,595
Solid waste collections	683,785
Solid waste landfill	501,804
Total Depreciation Expense – Business-Type Activities	\$ 14,921,975

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The interfund transfers were as follows:

	Transfer in:						TOTAL
	GENERAL FUND	PUBLIC BUILDING AUTHORITY FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	NON-MAJOR GOVERNMENTAL FUNDS	SOLID WASTE FUND	
Transfer out:							
General Fund	\$ (8,918,905)	\$ 75,000	\$ 3,942,076	\$ -	\$ -	\$ 4,901,829	\$ -
Utility Fund	11,017,911	-	-	-	3,200,000	(1,900)	14,216,011
Total	<u>\$ 2,099,006</u>	<u>\$ 75,000</u>	<u>\$ 3,942,076</u>	<u>\$ -</u>	<u>\$ 3,200,000</u>	<u>\$ 4,899,929</u>	<u>\$ 14,216,011</u>

During the course of normal operations the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The majority of these transfers occur because profits in the City's utility fund are used to provide operating subsidies to the City's governmental funds.

F. Net Position

The government-wide and business-type Fund Financial Statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt), restricted and unrestricted.

Net Investment in Capital Assets – is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt.

The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Assets – are liquid assets which have third-party (statutory, bond covenant or granting agency) limitations on their use. The City would typically use restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

Unrestricted Assets – represent unrestricted liquid assets. While City management may have categorized and segmented portions for various purposes, the City Commission has the unrestricted authority to revisit or alter these managerial decisions.

The following schedule demonstrates how the net related debt is calculated and the unrelated reduction in the City's investment in non-infrastructure assets.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

F. Net Position (Continued)

ANALYSIS OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

ISSUE	AMOUNT OUTSTANDING	UNSPENT PROCEEDS	NET	
2017 G/O Series	\$ 12,766,960	\$ -	\$ 12,766,960	
Leases payable	31,166	-	31,166	
Subscriptions payable	282,148	-	282,148	
Total Other Capital Assets - Governmental	13,080,274	-	13,080,274	
Total Governmental Debt				\$ 13,080,274
Total Capital Assets			727,591,475	
Accumulated Depreciation			(578,569,077)	
Net Capital Assets				149,022,398
Net Investment in Capital Assets				\$ 135,942,124
Infrastructure - Proprietary				
2014 G/O Series - CWSRF-DL	\$ 11,645,000	\$ -	\$ 11,645,000	
2016 G/O Series - Sewer Warrant	4,390,000	-	4,390,000	
2016 G/O Series - CWSRF-DL Sewer Warrant	28,710,000	-	28,710,000	
2019 G/O Series - Refunding	2,110,000	-	2,110,000	
2021 G/O Series - Refunding	14,265,000	-	14,265,000	
2023 G/O Series – DWSRF-DL Water Warrant	10,015,000	-	10,015,000	
Subscriptions payable	102,315	-	102,315	
Total Infrastructure - Proprietary	71,237,315	-	71,237,315	
Total Proprietary Debt				\$ 71,237,315
Total Capital Assets			422,927,103	
Accumulated Depreciation			(196,543,448)	
Net Capital Assets				226,383,655
Net Investment in Capital Assets				\$ 155,146,340

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

G. Leases

1. City as a Lessor

The City leases space to the United States Post Office, Houston County and I. Reese Enterprises, LLC.

For the year ended September 30, 2023, the total amount of inflows of resources recognized are as follows:

Governmental Activities	Fixed Payments	Variable Payments
Rental, buildings	\$ 72,308	\$ -
Rental, land	-	20,067
Interest Revenue	9,823	-
Totals	<u>\$ 82,131</u>	<u>\$ 20,067</u>

The principal and interest for the lease receivables as of September 30, 2023, are as follows:

Governmental Activities Year Ending September 30	Principal	Interest	Total
2024	\$ 96,820	\$ 6,099	\$ 102,919
2025	26,478	2,965	29,443
2026	28,331	1,888	30,219
2027	15,373	533	15,906
Totals	<u>\$ 167,002</u>	<u>\$ 11,485</u>	<u>\$ 178,487</u>

2. City as a Lessee

The City leases right-of-use equipment through long-term leases.

The future principal and interest lease payments as of September 30, 2023, are as follows:

Governmental Activities Year Ending September 30	Principal	Interest	Total
2024	\$ 31,166	\$ 84	\$ 31,250
Totals	<u>\$ 31,166</u>	<u>\$ 84</u>	<u>\$ 31,250</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

H. Subscription-Based Information Technology Arrangements

The City has entered into SBITAs involving various desktop and server software systems. As of September 30, 2023, all SBITAs have fixed, periodic, payments over the subscription periods, which range from 1 to 5 years and expire no later than 2028. There are commitments and outflows of resources related to SBITAs that are not yet effective.

The future principal and interest SBITA payments as of September 30, 2023, are as follows:

Governmental Activities			
Year Ending September 30	Principal	Interest	Total
2024	\$ 125,770	\$ 11,025	\$ 136,795
2025	106,070	5,725	111,795
2026	21,853	1,450	23,303
2027	22,663	640	23,303
2028	5,792	34	5,826
Totals	<u>\$ 282,148</u>	<u>\$ 18,874</u>	<u>\$ 301,022</u>

Business-Type Activities			
Year Ending September 30	Principal	Interest	Total
2024	\$ 23,826	\$ 4,674	\$ 28,500
2025	24,994	3,506	28,500
2026	26,163	2,337	28,500
2027	27,332	1,168	28,500
Totals	<u>\$ 102,315</u>	<u>\$ 11,685</u>	<u>\$ 114,000</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>PURPOSE</u>	<u>INTEREST RATES</u>	<u>AMOUNT</u>
Governmental activities	2.54 – 2.80%	\$ 12,766,960
Business-type activities	2.20 – 2.25%	40,355,000
Business-type activities – refunding	1.24 – 2.38%	<u>30,780,000</u>
		<u>\$ 83,901,960</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2024	\$ 769,952	\$ 319,422	\$ 7,170,000	\$ 1,361,719
2025	789,632	299,741	7,295,000	1,234,939
2026	809,816	279,558	7,435,000	1,105,761
2027	830,516	258,858	6,300,000	977,848
2028	851,745	237,629	5,170,000	863,193
2029-2030	1,769,363	409,385	10,660,000	1,407,698
2031-2035	4,834,644	612,225	20,105,000	1,786,015
2036-2040	2,111,292	67,456	5,235,000	340,786
2041-2043	-	-	1,765,000	53,183
TOTAL	<u>\$ 12,766,960</u>	<u>\$ 2,484,274</u>	<u>\$ 71,135,000</u>	<u>\$ 9,131,142</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

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

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
GOVERNMENTAL ACTIVITIES:					
Bonds payable:					
General obligation bonds	\$ 13,856,540	\$ -	\$ (1,089,580)	\$ 12,766,960	\$ 769,951
Plus: Unamortized bond premium	-	-	-	-	-
Total Bonds Payable	13,856,540	-	(1,089,580)	12,766,960	769,951
Leases payable	36,794	-	(5,628)	31,166	31,166
Subscriptions payable	-	397,834	(115,686)	282,148	125,769
Notes payable	2,265,343	-	(2,265,343)	-	-
Compensated absences	3,912,020	349,998	(214,912)	4,047,106	3,938,643
Governmental Activity Long-Term Liabilities	<u>\$ 20,070,697</u>	<u>\$ 747,832</u>	<u>\$ (3,691,149)</u>	<u>\$ 17,127,380</u>	<u>\$ 4,865,529</u>
BUSINESS-TYPE ACTIVITIES:					
Bonds payable:					
General obligation bonds	\$ 67,765,000	\$ 10,015,000	\$ (6,645,000)	\$ 71,135,000	\$ 7,170,000
Total Bonds Payable	67,765,000	10,015,000	(6,645,000)	71,135,000	7,170,000
Estimated cost of closure and postclosure	7,773,488	1,827,376	-	9,600,864	-
Compensated absences	1,115,957	99,930	(35,119)	1,180,768	1,079,064
Subscriptions payable	-	124,973	(22,658)	102,315	23,826
Pollution remediation obligation	51,211	-	-	51,211	51,211
Business-Type Activity Long-Term Liabilities	<u>\$ 76,705,656</u>	<u>\$ 12,067,279</u>	<u>\$ (6,702,777)</u>	<u>\$ 82,070,158</u>	<u>\$ 8,324,101</u>

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Debt (Continued)

- 1) On January 11, 2011, the City issued \$3,395,000 of general obligation warrants Series 2011-CWSRF-DL for the purpose of financing the costs of capital improvements for the Dothan Sanitary Sewer Enhancement Program. On October 19, 2021, the City refunded Series 2011-CWSRF-DL in the amount of \$2,120,000, by issuing the 2021 Series general obligation warrants in the amount of \$20,245,000.
- 2) On January 17, 2012, the City issued \$7,170,000 of general obligation warrants Series 2011-CWSRF-DL for the purpose of financing the costs of capital improvements for the Dothan Sanitary Sewer Enhancement Program. On October 19, 2021, the City refunded Series 2011-CWSRF-DL in the amount of \$4,450,000, by issuing the 2021 Series general obligation warrants in the amount of \$20,245,000.
- 3) On January 18, 2012, the City issued \$31,750,000 of general obligation warrants for the purpose of refunding the 2009 general obligation warrants totaling \$29,750,000 on a current basis and to provide \$2,000,000 for improvements to public streets. On October 19, 2021, the City refunded the 2009 Series in the amount of \$13,420,850, by issuing the 2021 Series general obligation warrants in the amount of \$20,245,000.
- 4) On March 1, 2013, the City issued \$6,000,000 of general obligation warrants Series 2013 for the purpose of providing financing for the Dothan-Houston County Airport Authority economic development project. On March 1, 2023, the final payment was made on this debt.
- 5) On July 1, 2014, the City issued \$10,705,000 of general obligation warrants Series 2014 refunding warrants with interest rates of 2% to 5% for the purpose of refunding, on a current basis, the City's general obligation warrants dated July 1, 2005. The net carrying amount of the old debt exceeded the reacquisition price (funds required to refund the old debt) by \$714,622. This amount is added to the new debt and amortized over the remaining life of the refunded debt, which is the same life as the old debt. This current refunding was undertaken to reduce total debt service payments over the next six years by \$925,907 and resulted in an economic gain of \$899,880.
- 6) On September 15, 2014, the City issued \$19,245,000 of general obligation warrants Series 2014-CWSRF-DL for the purpose of financing the costs of capital improvements for the Dothan Wastewater System Improvement Program. These warrants represented state revolving loan funds for which interest is calculated on the entire warrant issued even though the monies are drawn down over the construction period. The full amount of \$19,245,000 has been drawn down to date.
- 7) On February 23, 2016, the City issued \$8,560,000 of general obligation warrants Series 2016 refunding warrants with interest of 1.74% for the purpose of refunding, on a current basis, the City's general obligation warrants Series 2009-CWSRF-DL dated September 30, 2009. The net carrying amount of the old debt equaled the reacquisition price (funds required to refund the old debt). This current refunding was undertaken to reduce total debt service payments over the next fourteen (14) years by \$1,193,921 and resulted in an economic gain of \$1,193,921.
- 8) On July 15, 2016, the City issued \$41,085,000 of general obligation warrants Series 2016-CWSRF-DL for the purpose of financing the costs of capital improvements for the Dothan Sanitary Sewer System. These warrants represented state revolving loan funds for which interest is calculated on the entire warrant issued even though the monies are drawn down over the construction period. The full amount of \$41,085,000 has been drawn down to date.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Debt (Continued)

- 9) On September 1, 2017, the City issued \$17,000,000 of general obligation warrants Series 2017 refunding warrants with interest of 2.54% for the purpose of funding a portion of the costs of constructing, equipping, and providing a regional public safety training facility to be built and operated by the City.
- 10) On June 13, 2019, the City issued Series 2019 general obligation warrants in the amount of \$3,445,000. The purpose of the new bond issuance was to refund the Series 2009-DWSRF/ARRA-DL general obligation warrants and the Series 2009-CWSRF/ARRA-DL general obligation warrants. The reacquisition price (funds required to refund the old debt) equaled the net carrying amount of the old debt. The refunding of the Series general obligation warrants resulted in an economic gain of \$134,875 and a savings of \$43,995 in future debt service payments.
- 11) On October 19, 2021, the City issued general obligation warrants Series 2021 refunding warrants in the amount of \$20,245,000. The purpose of the new bond issuance was to refund the Series 2011-CWSRF-DL, the Series 2011-CWSRF-DL and the Series 2009 general obligation warrants. The reacquisition price (funds required to refund the old debt) equaled the net carrying amount of the old debt. The refunding of the Series general obligation warrants resulted in a savings of \$1,299,147 in future debt service payments.
- 12) On September 30, 2022, the City recorded a liability for a potential repayment of sales tax to medical facilities in the amount of \$2,265,343 for the purchase of durable medical equipment that was exempt from sales tax as stated in Alabama Code Section 40-9-60.
- 13) On March 21, 2023, the City issued Series 2023-DWSRF-DL warrants in the amount of \$10,543,272 for the purpose of financing the costs of capital improvement for the Dothan Drinking Water System. These warrants represented state revolving loan funds for which interest is calculated on the entire warrant issued even though the monies are drawn down over the construction period. Funds have not been drawn down against this debt as of September 30, 2023.

J. Conduit Debt Obligations

In May 2019, GASB issued Statement No. 91, "Conduit Debt Obligations". This statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 31, 2022. The City has implemented GASB Statement No. 91 in this Annual Report. The City does not currently have any conduit debt obligations and no material impact was made to the basic financial statements upon adoption.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION

A. Risk Management

The City is self-insured for employee medical insurance through a contract with Blue Cross and Blue Shield, Inc. The contract states that they will administer an employee health benefit plan for the City employees. The City pays the medical expenses for the employees through a wire transfer to Blue Cross and Blue Shield, Inc. Monies to pay these medical expenses are collected from the General, Utility, and Solid Waste Funds by direct expenditures and employee withholdings. Blue Cross and Blue Shield, Inc. bills the City for claims that are due and then the City wires the funds to Blue Cross and Blue Shield, Inc. The risk of insurance coverage is now on the City. Blue Cross and Blue Shield, Inc. only administers the plan. They provide co-pay amounts for employees and they set fee limits for the medical charges, but the City is liable for all of the medical bills. The City pays Blue Cross and Blue Shield, Inc. an administrative fee which is charged to the appropriate fund. Due to the Affordable Care Act (ACA), the benefits are unlimited. In order to reduce exposure, the City has purchased stop loss reinsurance for any claims in excess of \$300,000 per covered person plus an aggregating specific deductible of \$145,000 for the policy year. As of September 30, 2023, the City accrued \$1,203,892 in accrued liabilities, which is based on Blue Cross and Blue Shield's estimate of benefits payable.

The City became a self-insured entity during 1986 and is self-insured for general liability coverages (including vehicle liability). An excess coverage insurance policy covers individual claims in excess of \$250,000. Expenditures are recognized in the General Fund for the amount determined to fund future claims. Corresponding revenues are recognized in the General Fund. As of September 30, 2023, the City accrued the actuarially determined undiscounted amount of \$1,725,000 which represents estimated liabilities for claims and includes a provision for incurred but not reported claims (IBNR). Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The City is also self-insured for workers' compensation claims. An excess coverage insurance policy covers individual claims in excess of \$750,000. The City has contracted with outside parties for claims administration. Expenditures are recognized in the General Fund for the amount determined to fund future claims. The revenues are recognized in the General Fund. As of September 30, 2023, the City accrued the actuarially determined undiscounted amount of \$3,345,000 which represents estimated liabilities for claims and includes a provision for incurred but not reported claims (IBNR). Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

During the past four fiscal years, the amount of settlements has not exceeded the City's insurance coverage.

The following is a summary of changes in the aggregate claims liability amount during fiscal years 2023 and 2022:

	YEAR ENDED SEPTEMBER 30,	
	2023	2022
	<u> </u>	<u> </u>
Liability beginning balance	\$ 6,498,199	\$ 5,011,699
Claims and changes in estimates	13,843,606	12,722,230
Claim payments	<u>(14,067,913)</u>	<u>(11,235,730)</u>
Liability ending balance	<u>\$ 6,273,892</u>	<u>\$ 6,498,199</u>
Due in one year or less	\$ 6,273,892	\$ 6,498,199

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

B. Contingent Liabilities

There are various lawsuits pending against the City. As more fully described in note V. A. Risk Management, the City is a self-insured entity to cover any potential losses that may arise from claims and judgments.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. City management believes such disallowances, if any, would be immaterial.

On March 17, 2020, the City entered into an Economic Development Agreement with Commercial Consulting Corporation of Dothan, an Alabama corporation (“the Developer”) to induce the Developer to reconstruct and renovate the old Carmike Cinema building into a commercial building to be leased to Hangar 38 Dothan, LLC, an Alabama limited liability company (“Hangar 38”), as a family entertainment facility providing multiple entertainment alternatives and food service (the “Project”) at Circle West Shopping Center located at 3114 Ross Clark Circle, Dothan, Alabama 36303 (the “Project site”), said Economic Development Agreement to be dated the date of delivery to the Developer, pursuant to Amendment No. 772 to the Constitution of Alabama 1901, as amended (“Amendment 772”), as a limited obligation of the City to provide for annual payments by the City of up to a maximum principal amount of \$750,000, payable solely from two percent (2.0%)(the “Pledged Revenues”) of the four percent (4.0%) sales tax revenue levied, collected, and received by the City on retail sales derived solely from the operation of Hangar 38 and/or any other commercial tenants who may lease the Project Site from time to time from the Developer. The City issued its 2020 Limited Obligation Revenue Warrant on November 16, 2020, evidencing the City’s limited obligation to pay up to \$750,000 to the Developer. This limited obligation warrant matures on November 1, 2030.

On October 19, 2021, the City entered into an Economic Development Agreement with Watwood Investments, LLC, an Alabama limited liability company (“the Developer”) to induce the Developer to construct a new commercial building to be leased to 10 Below, LLC, an Alabama limited liability company d/b/a Simply 10 (“Simply 10”), as a retail clothing store (the “Project”) on an outparcel in the old southside Kmart Shopping Center in the 2200 block of Ross Clark Circle, Dothan, Alabama 36301 (the “Project site”), said Economic Development Agreement to be dated the date of delivery to the Developer, pursuant to Amendment No. 772 to the Constitution of Alabama 1901, as amended (“Amendment 772”), as a limited obligation of the City to provide for annual payments by the City of up to a maximum principal amount of \$250,000, payable solely from two percent (2.0%)(the “Pledged Revenues”) of the four percent (4.0%) sales tax revenue levied, collected, and received by the City on retail sales derived solely from the operation of Simply 10 and/or any other commercial tenants who may lease the Project Site from time to time from the Developer. The City issued its 2021 Limited Obligation Revenue Warrant on October 19, 2021, evidencing the City’s limited obligation to pay up to \$250,000 to the Developer. This limited obligation warrant matures on November 1, 2031.

On September 6, 2022, the City entered into an Economic Development Agreement with Park West, LLC an Alabama limited liability company (“the Developer”) to induce the Developer to construct a new commercial building with multiple tenant spaces with the primary tenant space to be leased to Burlington, a retail department store (“Burlington”) (the “Project”), on parcels of property located at the corner of West Main Street and the Ross Clark Circle adjacent to Circle West Shopping Center, Dothan, AL 36301 (the “Project Site”), said Economic Development Agreement to be dated the date of delivery to the Developer, pursuant to Amendment No. 772 to the Constitution of Alabama 1901, as amended (“Amendment 772”), as a limited obligation of the City to provide for annual payments by the City of up to a maximum principal amount of \$2,000,000, payable solely from two percent (2.0%)(the “Pledged Revenues”) of the four percent (4.0%) sales tax revenue levied, collected, and received by the City on retail sales derived solely from the operation of Burlington and/or any other commercial tenants who may lease the Project Site from time to time from the Developer. The City issued its 2022 Limited Obligation Revenue Warrant on December 6, 2022, evidencing the City’s limited obligation to pay up to \$2,000,000 to the Developer. This limited obligation warrant matures on November 1, 2032.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

On December 6, 2022, the City entered into an Economic Development Agreement with FB1907, LLC an Alabama limited liability company (“the Developer”) to induce the Developer to renovate, reconstruct, rehabilitate and equip an old commercial building with a new retail restaurant to be named “Toro Tapas & Wine” (the “Project”), located at 164 South Foster Street, Dothan, AL 36301 (the “Project Site”), said Economic Development Agreement to be dated the date of delivery to the Developer, pursuant to Amendment No. 772 to the Constitution of Alabama 1901, as amended (“Amendment 772”), as a limited obligation of the City to provide for annual payments by the City of up to a maximum principal amount of \$190,000, payable solely from two percent (2.0%)(the “Pledged Revenues”) of the four percent (4.0%) sales tax revenue levied, collected, and received by the City on retail sales derived solely from the operation of Toro Tapas & Wine and/or any other commercial tenants who may lease the Project Site from time to time from the Developer. The City issued its 2022 Limited Obligation Revenue Warrant on December 6, 2022, evidencing the City’s limited obligation to pay up to \$190,000 to the Developer. This limited obligation warrant matures on November 1, 2032.

Pollution Remediation Obligation

The City reports a pollution remediation liability in the financial statements for issues relating to the wastewater treatment and collection system. In a prior year, the Federal EPA alleged Clean Water Act violations involving the City’s wastewater treatment and collection system. During 2021, the Federal EPA determined the City met all the terms of the AOC, (area of concern) and terminated the AOC.

The City has recorded a liability, which totals \$51,211 at September 30, 2023, to address the environmental issues associated with the wastewater treatment and collection system. The estimate of costs used to establish the liability was developed by engineers and City personnel for legal and site analysis necessary to address these issues. The liability was determined using the expected cash flow technique, which measured the liability as the sum of probability-weighted amounts within the range of possible amounts. The estimate is subject to change due to price changes, technology changes, or other changes. The pollution remediation liability does not reflect any recovery of outlays because the City does not anticipate that it will be able to recover any remediation costs from other parties.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

C. Postemployment Healthcare Plan

Plan Description. The City of Dothan Healthcare Plan is a single-employer defined benefit healthcare plan without a special funding situation where no assets are accumulated in a trust administered by the City. The general fund is used to pay all postemployment health care liabilities. The plan provides medical, drug, dental, vision, and life insurance benefits for Pre-Medicare retirees.

Funding Policy. The contribution requirements of plan members are established and may be amended by the City.

Eligibility for Allowance: An Employee is considered to be a retired employee of the Retirement Systems of Alabama under the following tiers:

Tier I (for those hired before 01/01/2013):

- Retiree has 25 years of credible service, regardless of age, or
- Retiree has 10 years of service and is 60 years old or is disabled by the Social Security Administration or the Retirement Systems of Alabama's Medical Board.

Tier II (for those hired on or after 01/01/2013):

- Retiree has 10 years of service and is 62 years old (56 years old for a full-time certified firefighter, police officer, or correction officer) or is determined disabled by the Social Security Administration or the Retirement Systems of Alabama's Medical Board.

The City has elected Act 2019-132. Tier II employees must retire under the same eligibility requirements as Tier I employees to receive OPEB benefits.

Amount of Allowance: Retirees are offered coverage through the City of Dothan Healthcare Plan. Retirees that are eligible to participate and are hired prior to January 1, 2009, may choose to continue their health coverage by contributing 62% of the premium for single coverage until the retiree is eligible for Medicare.

Employees hired on or after January 1, 2009, may continue coverage as a retiree, but the full premium for coverage is the responsibility of the retiree.

Other Postemployment Benefits: Medical and drug benefits are available for Pre-Medicare retirees.

Dental and vision insurance is also available for Pre-Medicare eligible retirees, but is paid entirely by the retiree. Additionally, life insurance in the amount of \$5,000 is offered to Pre-Medicare eligible retirees, but the full premium for coverage is the responsibility of the retiree.

Dependent Coverage: Retirees may elect to continue dependent coverage at the time of retirement. Insurance is offered to dependents of retirees until the dependent is eligible for Medicare. The City will contribute 42% of the premium for dependents of employees hired prior to January 1, 2009.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

C. Postemployment Healthcare Plan (Continued)

Retiree Premium Contributions. Retirees are required to pay the following premiums as of September 30, 2023:

	<u>Monthly Retiree Premium*</u>	<u>Monthly City Portion</u>	<u>Monthly Total Premium</u>
Retiree Only	\$ 258	\$ 156	\$ 414
Retiree's Spouse Only	258	156	414
Retiree + 1 Dependent	638	470	1,108
Retiree + 2 + (Full Family)	782	557	1,339
Retiree Dental Single	26		26
Retiree Dental Family	60		60
Retiree Vision Single	6.50/10		6.50/10
Retiree Vision Family	14.95/23.60		14.95/23.60

*Only for employees hired before 01/01/2009. Those hired after are responsible for the monthly total premium.

Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

C. Postemployment Healthcare Plan (Continued)

Total OPEB Liability (TOL).

The City's Total OPEB Liability of \$55,859,962 was measured as of September 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

Valuation Date (VD):	September 30, 2022
Prior Measurement Date:	September 30, 2021
Measurement Date (MD):	September 30, 2022
Reporting Date (RD):	September 30, 2023

Membership Data as of September 30, 2022 :

Inactive Members or Beneficiaries Currently Receiving Benefits	345
Inactive Members Entitled to But Not Yet Receiving Benefits	0
Active Members	<u>1,050</u>
Total Membership	1,395

Discount Rate:

Municipal Bond Index Rate of Prior Measurement Date	2.26%
Municipal Bond Index Rate at Measurement Date	4.02%

Total OPEB Liability as of Measurement Date	\$ 55,859,962
OPEB Expense	\$ 4,262,479

Delivered I/O Balances as of the Measurement Date

Deferred Inflow of Resources	\$(13,005,683)
Deferred Outflow of Resources	\$ 21,451,513

The Total OPEB Liability (TOL) was determined based on an actual valuation as of September 30, 2022, using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary Increases, including Wage Inflation	3.25% - 6.00%
Municipal Bond Index Rate	
Prior Measurement Date	2.26%
Measurement Date	4.02%
Health Care Cost Rates	
Pre-Medicare	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

C. Postemployment Healthcare Plan (Continued)

Actuarial Methods and Assumptions (Continued)

The City selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of September by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

Mortality rates were based on the Pub-2010 Public Mortality Plans Mortality Tables, with adjustments for AL ERS experience and generational mortality improvements using Scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.

The demographic actuarial assumptions for retirement, disability incident, withdrawal, and salary increases used in the September 30, 2022, valuation were based on the actuarial experience study for the period October 1, 2015 - September 30, 2020, and were submitted to and adopted by the Board of the Employees' Retirement System of Alabama on September 14, 2021.

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, 2022, valuation were based on a review of recent plan experience performed concurrently with the September 30, 2022, valuation.

Sensitivity of the Total OPEB Liability (TOL) to Health Care Cost Trend Rates

The following presents the TOL of the Plan, calculated using current health care cost trend rates, as well as what the Plan's TOL would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates.

Health Care Cost Trend Rate Sensitivity

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 50,982,025	\$ 55,859,962	\$ 61,449,181

Sensitivity of the Total OPEB Liability (TOL) to Discount Rates

The following presents the TOL of the Plan, calculated using the discount rate of 4.02%, as well as what the Plan's TOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Discount Rate Sensitivity

	1% Decrease (3.02%)	Current Discount Rate (4.02%)	1% Increase (5.02%)
Total OPEB Liability	\$ 60,720,241	\$ 55,859,962	\$ 51,493,517

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

C. Postemployment Healthcare Plan (Continued)

Change in Total OPEB Liability (TOL)

The following table shows the development of the TOL from the prior measurement date to the current measurement date:

Changes in the TOL	
Total OPEB Liability as of September 30, 2021	\$ 50,867,657
Changes for the Year:	
Service cost at the end of the year*	1,486,301
Interest on TOL and Cash Flows	1,119,043
Change in Benefit Terms	-
Difference between Expected and Actual Experience	11,587,012
Changes of Assumptions or Other Inputs	(6,479,861)
Net Benefit Payments	(2,720,190)
Other	-
Net Changes	4,992,305
Total OPEB Liability as of September 30, 2022	\$ 55,859,962

*The service cost includes interest for the year.

Changes to benefit terms:

- None

Changes to assumptions or other inputs:

- Change in discount rate
- Change in medical trend

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

C. Postemployment Healthcare Plan (Continued)

OPEB Expense

The calculation of the OPEB expense for the year ended September 30, 2023, is shown in the following table:

OPEB Expense	
For Fiscal Year Ending September 30, 2023	
Service Cost *	\$ 1,486,301
Interest on the Total OPEB Liability	1,119,043
Current-Period Benefit Changes	-
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	1,470,433
Expensed portion of current-period changes of assumptions or other inputs	(822,317)
Administrative Costs**	-
Recognition of beginning Deferred Outflows of Resources as OPEB Expense	2,619,208
Recognition of beginning Deferred Inflows of Resources as OPEB	<u>(1,610,189)</u>
OPEB Expense	<u>\$ 4,262,479</u>

*The service cost includes interest for the year.

**Administrative costs to be included in the OE were provided by the City.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

C. Postemployment Healthcare Plan (Continued)

Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources are differences between actual and expected experience that are not reflected in the current year's expenses. Deferred inflows and outflows of resources related to OPEB reported by the City at September 30, 2022, are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experiences	\$ 14,387,080	\$ 4,810,783
Changes of Assumptions or Other Inputs	5,455,005	8,194,900
Contribution of Paid Subsequent to the Measurement Date	1,609,428	
Total	\$ 21,451,513	\$ 13,005,683

Schedule of the Recognition of Deferred Outflows and (Inflows) of Resources in OPEB Expense

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

Measurement Period Ending September 30	
2023	\$ 1,657,135
2024	\$ 1,723,711
2025	\$ 1,923,444
2026	\$ 705,714
2027	\$ (108,714)
Thereafter	\$ 935,112

D. Retirement Plan

Summary of Significant Accounting Policies

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 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.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

General Information about the Pension Plan

Plan description. The 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 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control Effective October 1, 2021. 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 15 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) Eight 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. One vested active employee of a participating municipality or city in ERS pursuant to *Code of Alabama 1975, Section 36-27-6*.
 - d. One vested active employee of a participating county in ERS pursuant to *Code of Alabama 1975, Section 36-27-6*.
 - e. One vested active employee or retiree member of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - f. One vested active employee of a participating employer other than a municipality, city, or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Benefits provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in post retirement 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 annual retirement benefits, 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.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 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 formula method. 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 up to 80% of their average final compensation. 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 creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-7-6* 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 608 employers adopted Act 2019-132 as of September 30, 2022.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 886 local participating employers. The ERS membership includes approximately 108,890 participants. As of September 30, 2022, membership consisted of:

Retirees and beneficiaries currently receiving benefits	30,598
Terminated employees entitled to but not yet receiving benefits	2,286
Terminated employees not entitled to a benefit	18,689
Active members	57,278
Post-DROP participants who are still in active service	<u>39</u>
Total	<u>108,890</u>

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 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.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

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 certified law enforcement, correctional officers', and firefighters' member contribution rates 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 contributions 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 pre-retirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2023, the City's active employee contribution rate was 7.11% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 21.53% percent of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2023, was 21.71% of pensionable pay for Tier 1 employees and 22.09% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2020, 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 were \$13,612,080 for the year ended September 30, 2023. The general, utility, and solid waste funds are used to pay pension liabilities.

Net Pension Liability. The City's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2021, rolled forward to September 30, 2022, using standard roll-forward techniques as shown in the following table:

Roll-Forward of the Total Pension Liability

	<u>Expected</u>	<u>Actual Before Plan Changes</u>	<u>Actual After Plan Changes</u>
(a) Total Pension Liability (TPL) as of September 30, 2021	\$ 328,226,902	\$ 330,215,338	\$ 330,398,820
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2021 – September 30, 2022	5,484,867	5,484,867	5,489,725
(d) Transfers Among Employers:	-	270,574	270,574
(e) Actual Benefit Payments and Refunds for the period October 1, 2021 – September 30, 2022	(20,240,833)	(20,240,833)	(20,240,833)
(f) TPL as of September 30, 2022 = [(a) x (1+b)] + (c)+(b) - [(e) x (1+.05*b)]	<u>\$ 337,169,869</u>	<u>\$ 339,577,018</u>	<u>\$ 339,779,027</u>
(g) Difference Between Expected and Actual:		\$ 2,407,149	
(h) Less Liability Transferred for Immediate Recognition:		270,574	
(i) Difference Between Expected and Actual – Experience (Gain)/Loss		<u>\$ 2,136,575</u>	
(j) Difference Between Actual TPL Before and After Plan Changes– Benefit Change (Gain)/Loss			\$ 202,009

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

Actuarial assumptions. The total pension liability as of September 30, 2022, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2021. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected Salary Increases	3.25% - 6.00% for State and Local Employees
Investment Rate of Return*	7.45%, including inflation

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all ages
FLC/ State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

The actuarial assumption used in the September 30, 2021 valuation were based on the results of an actuarial experience study for the period October 15, 2015 – September 30, 2020.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.0%	2.8%
US Large Stocks	32.0%	8.0%
US Mid Stocks	9.0%	10.0%
US Small Stocks	4.0%	11.0%
Int'l Developed Mkt Stocks	12.0%	9.5%
Int'l Emerging Mkt Stocks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real Estate	10.0%	6.5%
Cash Equivalents	5.0%	1.5%
Total	100%	
*Includes assumed rate of inflation of 2.00%.		

Discount rate. The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on the assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

Changes in Net Pension Liability

Schedule of Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at September 30, 2021	\$ 328,226,902	\$ 173,836,247	\$ 154,390,655
Changes for the Year:			
Service Cost	5,484,867	-	5,484,867
Interest	23,698,933	-	23,698,933
Changes of Benefit Terms	202,009	-	202,009
Changes of Assumptions	-	-	-
Difference between Expected and Actual Experience	2,136,575	-	2,136,575
Contributions – Employer	-	12,424,931	(12,424,931)
Contributions – Employee	-	4,759,378	(4,759,378)
Net Investment Income	-	(22,053,655)	22,053,655
Benefit Payments, Including Refunds of Employee Contributions	(20,240,833)	(20,240,833)	-
Administrative Expense	-	-	-
Transfers Among Employers	270,574	270,574	-
Net Changes	<u>11,552,125</u>	<u>(24,839,605)</u>	<u>36,391,730</u>
Balances at September 30, 2022	<u>\$ 339,779,027</u>	<u>\$ 148,996,642</u>	<u>\$ 190,782,385</u>

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 7.45%, 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 (6.45%) or 1-percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Plan's Net Pension Liability (Asset)	\$ 228,734,313	\$ 190,782,385	\$ 158,708,915

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2022. The auditor's report 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 <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

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

For the year ended September 30, 2023, the City recognized pension expense of \$21,006,332. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experiences	\$ 8,514,152	\$ 2,191,710
Changes of Assumptions	7,227,827	-
Net Difference between Projected and Actual Earnings on Plan Investments	17,841,702	-
Employer Contributions Subsequent to the Measurement Date	13,612,051	-
Total	\$ 47,195,732	\$ 2,191,710

Fiscal year 2023 Employer Contributions subsequent to the measurement date in the amount of \$13,612,051 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, 2024.

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

Schedule of Amortization of Deferred Inflows and Outflows of Resources	
Year Ending September 30	
2024	\$ 9,441,797
2025	\$ 7,360,605
2026	\$ 6,178,764
2027	\$ 8,216,570
2028	\$ 194,235
Thereafter	\$ -

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

E. Asset Retirement Obligation

The City accounts for certain costs associated with the future dismantling and removal of three sewage treatment plants in accordance with GASB Statement No. 83. The act of placing a plant into operation requires the City to recognize a liability and corresponding deferred outflow of resources equal to the estimated current cost of activities that state law requires the City to perform upon future retirement of a plant. The City's plants currently have an estimated remaining life ranging from 29 to 45 years.

The \$3,404,379 reported as a liability and deferred outflow of resources at September 30, 2023, was determined based on engineering estimates of what it would cost to perform all dismantling and removal tasks. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

F. Commitments and Contingencies

- On October 3, 2023, the City entered into a service award with RDG Planning & Design for the design and construction phase services for the Dothan City Hall Project for the sum of \$4,155,600.
- On October 17, 2023, the City entered into an agreement with Barge Design Solutions to perform program support and engineering services in association with the Capacity, Management, Operation, and Maintenance Program and the Dothan Clean Waters Program for a one-year period for \$300,000.
- On October 17, 2023, the City awarded contracts to CDG, Inc. \$90,000, and Wiregrass Construction Company, Inc., \$591,549, for the Pedestrian Improvements Along East Main Street Project with 80% Federal funding allocated through the Transportation Alternative Program.
- On October 17, 2023, the City awarded the bid and entered into a contract with L and K Contracting Co., Inc. for the 2022 Woodland Redwater Project for the sum of \$5,391,350 with funding provided through the 2023-DWSRF-DL Warrant.
- On October 17, 2023, the City awarded the bid and entered into a contract with L and K Contracting Co., Inc. for the 2022 Ross Clark Circle Watermain Improvements Project for the sum of \$7,135,361 with funding provided through the 2023-DWSRF-DL Warrant.
- On November 7, 2023, the City entered into a contract with Scarborough & Associates, Inc. for the installation of a generator at a well site No. 32 located at 14250 W. US. Hwy 84 for the sum of \$191,458.
- On November 21, 2023, the City entered into an agreement with Poly, Inc. for professional engineering services associated with the design and construction of the Museum Avenue Utility and Drainage Improvements Project in the negotiated amount of \$197,925.
- On December 5, 2023, the City appropriated funding to the Industrial Development Board in the amount of \$381,000 per year for ten years to support the pursuit of State of Alabama Site Evaluation Economic Development funding.
- On December 5, 2023, the City entered into an agreement with AECOM Technical Services, Inc. for the preparation of a Corridor Study for Brannon Stand Road (AL-605) in the amount of \$119,000 at Federal/City cost share of 80/20.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. OTHER INFORMATION (Continued)

F. Commitments and Contingencies (Continued)

- On December 19, 2023, the City entered into a contract with and issued notice to proceed to Brasfield and Gorrie, LLC for the Dothan Opera House Project for the sum of \$16,992,944.
- On February 20, 2023, the City entered into a contract with and issued notice to proceed to Brasfield and Gorrie, LLC for the Porter Park and Events Plaza Project for a negotiated and modified amount of \$10,586,975 with \$1,000,000 funded through the American Rescue Plan Act.

G. Related Organization Transactions

The City of Dothan works closely with the Dothan Downtown Redevelopment Authority (DDRA) to create a vibrant, diverse, and economically sustainable downtown district.

H. Subsequent Events

The City did not have any other subsequent events requiring disclosures or recording in these financial statements through March 15, 2024, which is the date these financial statements were available to be issued.

I. Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the general fund, special revenue funds, and capital projects funds. At September 30, 2023, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

Encumbrances Included in:

	<u>Restricted Fund Balance</u>	<u>Committed Fund Balance</u>	<u>Assigned Fund Balance</u>
General Fund	\$ 933,159	\$ 30,022,891	\$ 38,877,651

REQUIRED SUPPLEMENTARY INFORMATION

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL		(NEGATIVE)
REVENUES:				
Taxes	\$ 86,410,000	\$ 87,414,600	\$ 107,259,330	\$ 19,844,730
Licenses and permits	4,111,900	4,111,900	5,053,300	941,400
Intergovernmental	3,004,000	4,353,663	6,696,590	2,342,927
Charges for services	2,654,300	3,285,827	5,263,474	1,977,647
Fines and forfeitures	1,143,000	1,271,214	1,095,072	(176,142)
Interest	204,100	421,318	2,071,539	1,650,221
Miscellaneous	766,756	1,044,535	2,671,157	1,626,622
Total Revenues	<u>98,294,056</u>	<u>101,903,057</u>	<u>130,110,462</u>	<u>28,207,405</u>
EXPENDITURES:				
Current:				
General government:				
General administrative	9,076,960	16,074,547	11,482,620	4,591,927
Information system/technology	5,741,357	6,192,538	5,750,970	441,568
Budget and finance	1,596,648	1,621,562	1,519,169	102,393
Personnel services	3,017,272	3,108,550	2,912,040	196,510
Judicial department	1,471,549	1,452,418	1,416,103	36,315
Public safety:				
Fire department	19,495,063	19,832,146	19,036,394	795,752
Police department	25,737,962	29,342,090	27,901,061	1,441,029
Public works:				
Street department	13,272,785	13,407,136	7,790,509	5,616,627
Engineering department	3,866,418	4,220,133	3,552,886	667,247
Environmental services	182,729	-	-	-
Planning and development	4,100,626	4,731,785	3,741,410	990,375
Health and welfare	4,275,101	5,072,188	4,894,091	178,097
Culture and recreation:				
Recreation	12,468,170	13,678,961	12,064,644	1,614,317
Culture	2,298,815	2,366,851	3,394,292	(1,027,441)
General services:				
Administration	687,203	664,894	658,497	6,397
Facility	1,682,275	1,973,999	1,861,499	112,500
Fleet	2,969,013	3,008,683	2,542,189	466,494
Insurance department	2,577,951	2,791,951	297,148	2,494,803
Capital outlay	32,949,849	58,191,028	24,722,003	33,469,025
Total Expenditures	<u>147,467,746</u>	<u>187,731,460</u>	<u>135,537,525</u>	<u>52,193,935</u>
Excess (deficiency) of Revenues over Expenditures	<u>\$ (49,173,690)</u>	<u>\$ (85,828,403)</u>	<u>\$ (5,427,063)</u>	<u>\$ 80,401,340</u>

(Continued on page 84)

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	\$ 5,243,396	\$ 412,766	\$ 2,099,006	\$ 1,686,240
Leases/subscription-based IT arrangements (as lessee)	-	-	397,834	397,834
Total Other Financing Sources (Uses)	<u>5,243,396</u>	<u>412,766</u>	<u>2,496,840</u>	<u>2,084,074</u>
Net Change in Fund Balances	(43,930,294)	(85,415,637)	(2,930,223)	82,485,414
Fund Balances - Beginning	<u>43,930,294</u>	<u>85,415,637</u>	<u>85,048,978</u>	<u>174,805,668</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,118,755</u>	<u>\$ 257,291,082</u>

Note: The basis of budgeting is the same as GAAP.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014 **
TOTAL PENSION LIABILITY:									
Service cost	\$ 5,484,867	\$ 4,413,893	\$ 4,521,112	\$ 4,200,116	\$ 4,092,424	\$ 3,943,866	\$ 3,920,097	\$ 3,817,644	\$ 3,688,399
Interest	23,698,933	23,096,570	21,523,061	20,950,220	20,148,245	19,569,649	18,782,327	18,187,261	17,601,231
Changes of benefit terms	202,009	3,001,000	-	-	-	-	-	-	-
Difference between expected and actual experience	2,136,575	(2,931,861)	12,990,330	(805,762)	3,397,865	(1,189,079)	489,648	132,752	-
Changes of assumptions	-	10,846,183	-	-	1,415,630	-	9,484,262	-	-
Benefit payments, including refunds of employee contributions	(20,240,833)	(19,107,323)	(17,968,085)	(16,669,097)	(15,671,233)	(15,153,706)	(14,951,110)	(14,447,566)	(13,480,931)
Transfers among employers	270,574	(600,670)	(61,626)	413,508	(780,564)	553,788	108,582	-	-
Net Change in Total Pension Liability	11,552,125	18,717,792	21,004,792	8,088,985	12,602,367	7,724,518	17,833,806	7,690,091	7,808,699
Total Pension Liability - Beginning	328,226,902	309,509,110	288,504,318	280,415,333	267,812,966	260,088,448	242,254,642	234,564,551	226,755,852
Total Pension Liability - Ending (a)	<u>\$ 339,779,027</u>	<u>\$ 328,226,902</u>	<u>\$ 309,509,110</u>	<u>\$ 288,504,318</u>	<u>\$ 280,415,333</u>	<u>\$ 267,812,966</u>	<u>\$ 260,088,448</u>	<u>\$ 242,254,642</u>	<u>\$ 234,564,551</u>
PLAN FIDUCIARY NET POSITION:									
Contributions - employer	\$ 12,424,931	\$ 11,372,647	\$ 11,278,528	\$ 11,449,276	\$ 9,708,209	\$ 9,721,334	\$ 9,561,337	\$ 10,148,294	\$ 9,879,917
Contributions - member	4,759,378	4,254,967	4,136,031	4,172,130	3,770,078	3,646,353	3,507,389	3,512,701	3,479,758
Net investment income	(22,053,655)	32,065,513	7,951,366	3,525,759	11,783,703	14,691,147	10,743,967	1,253,364	11,378,472
Benefit payments, including refunds of employee contributions	(20,240,833)	(19,107,323)	(17,968,085)	(16,669,097)	(15,671,233)	(15,153,706)	(14,951,110)	(14,447,566)	(13,480,931)
Transfers among employers	270,574	(600,670)	(61,626)	413,508	(780,564)	553,788	108,582	(245,363)	26,249
Net Change in Plan Fiduciary Net Position	(24,839,605)	27,985,134	5,336,214	2,891,576	8,810,193	13,458,916	8,970,165	221,430	11,283,466
Plan Net Position - Beginning	173,836,247	145,851,113	140,514,899	137,623,323	128,813,130	115,354,214	106,384,049	106,162,619	94,879,153
Plan Net Position - Ending (b)	<u>\$ 148,996,642</u>	<u>\$ 173,836,247</u>	<u>\$ 145,851,113</u>	<u>\$ 140,514,899</u>	<u>\$ 137,623,323</u>	<u>\$ 128,813,130</u>	<u>\$ 115,354,214</u>	<u>\$ 106,384,049</u>	<u>\$ 106,162,619</u>
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 190,782,385	\$ 154,390,655	\$ 163,657,997	\$ 147,989,419	\$ 142,792,010	\$ 138,999,836	\$ 144,734,234	\$ 135,870,593	\$ 128,401,932
Plan fiduciary net position as a percentage of the total pension liability	43.85%	52.96%	47.12%	48.70%	49.08%	48.10%	44.35%	43.91%	45.26%
Covered-payroll*	\$ 61,525,555	\$ 55,638,620	\$ 53,700,940	\$ 52,556,662	\$ 48,816,195	\$ 47,219,580	\$ 45,464,517	\$ 44,671,105	\$ 43,373,860
Net pension liability (asset) as a percentage of covered payroll	310.00%	277.00%	305.00%	282.00%	293.00%	294.00%	318.00%	304.00%	296.00%

* Employer's covered-payroll during the measurement period is the total covered payroll.

For FY 2022, the measurement period is October 1, 2020 - September 30, 2021.

** Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015 ***</u>
Actuarially determined contribution*	\$ 13,612,080	\$ 12,793,152	\$ 11,470,842	\$ 11,218,422	\$ 11,000,559	\$ 9,707,432	\$ 9,721,334	\$ 9,554,816	\$ 10,148,530
Contributions in relation to the actuarially determined contribution*	<u>13,612,080</u>	<u>12,793,152</u>	<u>11,470,842</u>	<u>11,218,422</u>	<u>11,000,559</u>	<u>9,707,432</u>	<u>9,721,334</u>	<u>9,554,816</u>	<u>10,148,530</u>
Contribution Deficiency (Excess)	<u>\$ 13,612,080</u>	<u>\$ 12,793,152</u>	<u>\$ 11,470,842</u>	<u>\$ 11,218,422</u>	<u>\$ 11,000,559</u>	<u>\$ 9,707,432</u>	<u>\$ 9,721,334</u>	<u>\$ 9,554,816</u>	<u>\$ 10,148,530</u>
Covered-payroll**	\$ 63,282,455	\$ 61,525,555	\$ 55,638,620	\$ 53,700,940	\$ 52,556,662	\$ 48,816,195	\$ 47,219,580	\$ 45,464,517	\$ 44,671,105
Contributions as a percentage of covered-payroll	21.51%	20.79%	20.62%	20.89%	20.93%	19.89%	20.59%	21.02%	22.72%

* 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 2023 is the total covered-payroll for the 12 month period of the underlying financial statement.

*** Schedule is intended to show information for ten 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 2023 were based on the September 30, 2020, actuarial valuation.

Methods and assumptions used to determine contributions rates for the period October 1, 2022 to September 30, 2023:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	22.6
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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
REQUIRED SUPPLEMENTARY INFORMATION - RETIREE HEALTHCARE PLAN SCHEDULES
SCHEDULE OF CHANGES IN THE NET OPEB CONTRIBUTIONS
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30

	2022	2021	2020	2019	2018	2017 **
Total OPEB Liability*						
Service cost at end of year	\$ 1,486,301	\$ 1,300,237	\$ 1,566,864	\$ 1,100,661	\$ 924,527	\$ 1,026,908
Interest	1,119,043	1,130,289	1,449,179	1,939,403	1,246,307	1,085,659
Changes in benefit terms	-	736,024	-	-	-	-
Difference between expected and actual experience	11,587,012	349,305	(7,050,699)	(823,594)	10,403,990	86,297
Changes of assumptions or other inputs	(6,479,861)	(2,742,679)	2,571,271	7,078,511	692,467	(2,150,193)
Benefit payments	(2,720,190)	(2,088,241)	(1,657,739)	(768,786)	(2,776,083)	(1,619,166)
Other	-	-	-	-	-	-
Net Change in Total OPEB Liability	4,992,305	(1,315,065)	(3,121,124)	8,526,195	10,491,208	(1,570,495)
Total OPEB Liability - Beginning	50,867,657	52,182,722	55,303,846	46,777,651	36,286,443	37,856,938
Total OPEB Liability - Ending	\$ 55,859,962	\$ 50,867,657	\$ 52,182,722	\$ 55,303,846	\$ 46,777,651	\$ 36,286,443
Covered-employee payroll	\$ 61,525,555	\$ 55,638,620	\$ 53,700,940	\$ 52,556,662	\$ 48,816,195	\$ 47,219,580
Net OPEB Liability as a percentage of covered-employee payroll	90.79%	91.43%	97.17%	100.05%	95.82%	76.85%

There are no assets accumulated in a trust.

*The actuarial methods and assumptions used to calculate the total OPEB liabilities are described in Note V.(C.) to the financial statements.

**The Schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
REQUIRED SUPPLEMENTARY INFORMATION - RETIREE HEALTHCARE PLAN SCHEDULES
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30

Total OPEB Liability	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017 **</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution*	-	-	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>					
Covered-employee payroll	\$ 61,525,555	\$ 55,638,620	\$ 53,700,940	\$ 52,556,662	\$ 48,816,195	\$ 47,219,580
Contribution as a percentage of covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*There is no statutorily determined contribution applicable to the City.

**The Schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

OTHER SUPPLEMENTARY INFORMATION

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Interest from funds invested and special assessments	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
General administrative	-	107,050	107,050	-
Principal retirement	1,089,582	3,476,242	3,476,239	3
Interest	343,383	358,787	358,787	-
Total Expenditures	<u>1,432,965</u>	<u>3,942,079</u>	<u>3,942,076</u>	<u>3</u>
Excess (deficiency) of Revenues over Expenditures	<u>(1,432,965)</u>	<u>(3,942,079)</u>	<u>(3,942,076)</u>	<u>3</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	1,432,965	3,942,079	3,942,076	(3)
Total Other Financing Sources (Uses)	<u>1,432,965</u>	<u>3,942,079</u>	<u>3,942,076</u>	<u>(3)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
GENERAL CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest from funds invested	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
PUBLIC BUILDING AUTHORITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Interest earned	\$ -	\$ -	\$ 495	\$ 495
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>495</u>	<u>495</u>
EXPENDITURES:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>495</u>	<u>495</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	-	75,000	75,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>75,000</u>	<u>75,495</u>	<u>495</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ 75,000</u></u>	<u><u>\$ 75,495</u></u>	<u><u>\$ 495</u></u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
SCHOOL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Taxes	\$ 200,000	\$ 200,000	\$ 180,900	\$ (19,100)
Interest earned	-	-	12,045	12,045
Miscellaneous	319,098	319,098	135,582	(183,516)
Total Revenues	<u>519,098</u>	<u>519,098</u>	<u>328,527</u>	<u>(190,571)</u>
EXPENDITURES:				
Intergovernmental:				
Subsidies to agencies	3,738,286	3,738,286	3,738,286	-
Obligations/expenses paid for schools	33,000	33,000	76	32,924
Other support - schools	763,682	763,682	242,118	521,564
Total Expenditures	<u>4,534,968</u>	<u>4,534,968</u>	<u>3,980,480</u>	<u>554,488</u>
Excess (deficiency) of Revenues over Expenditures	<u>(4,015,870)</u>	<u>(4,015,870)</u>	<u>(3,651,953)</u>	<u>363,917</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	4,015,870	4,015,870	3,200,000	(815,870)
Net Change in Fund Balance	-	-	(451,953)	(451,953)
Fund Balance - Beginning	-	-	779,555	779,555
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,602</u>	<u>\$ 327,602</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>BUDGET</u>	<u>BUDGETARY BASIS ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Electric department	\$ 93,838,692	\$ 102,703,959	\$ 8,865,267
Water department	11,493,500	12,535,138	1,041,638
Sewer department	21,235,000	22,869,691	1,634,691
Delinquent fees - combined utilities	1,038,000	903,530	(134,470)
Other revenue	50,500	104,772	54,272
Interest from funds invested	1,473,445	1,521,342	47,897
Total Revenues	<u>129,129,137</u>	<u>140,638,432</u>	<u>11,509,295</u>
EXPENSES:			
Electric department	85,238,013	80,104,713	5,133,300
Water department	7,512,882	6,053,645	1,459,237
Sewer department	9,724,649	8,852,617	872,032
Billing collection department	2,635,793	2,445,729	190,064
Meter reading department	756,319	557,711	198,608
Combined utility expense:			
Capital outlay	23,151,783	13,746,144	9,405,639
Miscellaneous expenses	1,660,568	1,566,269	94,299
Bond issuance costs	11,000	11,000	-
Interest and fiscal charges	1,640,619	1,373,801	266,818
Principal on bonds and capital leases	6,645,000	6,645,000	-
Depreciation	13,742,000	13,736,386	5,614
Total Expenses	<u>152,718,626</u>	<u>135,093,015</u>	<u>17,625,611</u>
Excess (deficiency) of Revenues over Expenses	<u>\$ (23,589,489)</u>	<u>\$ 5,545,417</u>	<u>\$ 29,134,906</u>

(Continued on page 94)

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
UTILITY FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	BUDGET	BUDGETARY BASIS ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES (USES):			
Intergovernmental revenue	\$ 47,400	\$ 47,400	\$ -
Transfers in (out)	(15,092,304)	(14,216,011)	876,293
Gain (loss) on disposition of capital assets	-	(821,731)	(821,731)
Issuance of Debt	-	10,015,000	10,015,000
Total Other Financing Sources (Uses)	(15,044,904)	(4,975,342)	10,069,562
Excess (deficiency) of Revenues over Expenses	(38,634,393)	570,075	39,204,468
Capital grants and contributions	102,347	464,417	362,070
Adjustment for capital outlay, principal payments on bonds and capital leases	10,376,144	10,376,144	-
Total Net Position - Beginning	(38,057,005)	176,052,119	214,109,124
Total Net Position - Ending	\$ (66,212,907)	\$ 187,462,755	\$ 253,675,662

The explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures is as follows:

Capital outlay expense	\$ 13,746,144
Principal payment on bonds	6,645,000
Bond proceeds	(10,015,000)
Total Adjustments	\$ 10,376,144

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF OPERATIONS-BUDGET AND ACTUAL
SOLID WASTE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	BUDGET	BUDGETARY BASIS ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Charges for services	\$ 6,000,000	\$ 4,545,158	\$ (1,454,842)
Other revenue	7,000	12,404	5,404
Interest from funds invested	100	61,245	61,145
Total Revenues	6,007,100	4,618,807	(1,388,293)
EXPENSES:			
Solid waste collections	8,343,331	7,634,605	708,726
Solid waste landfill	2,886,887	2,853,164	33,723
Combined solid waste expense:			
Capital outlay	1,755,225	269,382	1,485,843
Miscellaneous expenses	388,124	388,124	-
Depreciation	1,476,000	1,185,589	290,411
Total Expenses	14,849,567	12,330,864	2,518,703
Excess (deficiency) of Revenues over Expenses	(8,842,467)	(7,712,057)	1,130,410
OTHER FINANCING SOURCES (USES):			
Intergovernmental revenue	150,000	150,000	-
Transfers in (out)	6,646,589	4,899,929	(1,746,660)
Gain (loss) on disposition of capital assets	-	(50,954)	(50,954)
Total Other Financing Sources (Uses)	6,796,589	4,998,975	(1,797,614)
Excess (deficiency) of Revenues over Expenses	(2,045,878)	(2,713,082)	(667,204)
Adjustment for capital outlay, principal payments on bonds and capital leases	269,382	269,382	-
Total Net Position - Beginning	4,927,214	(2,462,412)	(7,389,626)
Total Net Position - Ending	\$ 3,150,718	\$ (4,906,112)	\$ (8,056,830)

The explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures is as follows:

Capital outlay expense	\$ 269,382
Total Adjustments	\$ 269,382

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.

**THE CITY OF DOTHAN
DOTHAN, ALABAMA
SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY
ALL SERIES
2024-2043**

FISCAL YEAR	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES			TOTAL PRINCIPAL AND INTEREST
	GENERAL OBLIGATION WARRANTS	GENERAL OBLIGATION REFUNDING WARRANTS	GENERAL OBLIGATION REFUNDING WARRANTS	GENERAL OBLIGATION WATER WARRANTS	GENERAL OBLIGATION SEWER WARRANTS	
2024	\$ 1,089,374	\$ -	\$ 4,179,097	\$ 605,219	\$ 3,747,403	\$ 9,621,093
2025	1,089,373	-	4,179,738	606,961	3,743,240	9,619,312
2026	1,089,374	-	4,189,565	608,503	3,742,693	9,630,135
2027	1,089,373	-	2,927,247	604,896	3,745,705	8,367,221
2028	1,089,374	-	1,679,888	606,140	3,747,165	7,122,567
2029	1,089,374	-	1,673,444	607,185	3,747,017	7,117,020
2030	1,089,374	-	1,686,645	608,031	3,745,375	7,129,425
2031	1,089,374	-	659,198	608,678	3,747,125	6,104,375
2032	1,089,374	-	666,138	609,126	3,747,212	6,111,850
2033	1,089,374	-	-	609,375	3,745,638	5,444,387
2034	1,089,374	-	-	604,475	3,747,345	5,441,194
2035	1,089,374	-	-	604,426	2,542,280	4,236,080
2036	1,089,374	-	-	609,127	2,537,610	4,236,111
2037	1,089,374	-	-	608,580	-	1,697,954
2038	-	-	-	607,835	-	607,835
2039	-	-	-	606,890	-	606,890
2040	-	-	-	605,745	-	605,745
2041	-	-	-	604,402	-	604,402
2042	-	-	-	607,811	-	607,811
2043	-	-	-	605,970	-	605,970
	<u>\$ 15,251,234</u>	<u>\$ -</u>	<u>\$ 21,840,960</u>	<u>\$ 12,139,375</u>	<u>\$ 46,285,808</u>	<u>\$ 95,517,377</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2014-CWSRF-DL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2023

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>INTEREST</u> <u>RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>	<u>TOTAL DEBT</u>
		<u>DUE FEBRUARY 15</u>	<u>DUE AUGUST 15</u>	<u>DUE AUGUST 15</u>	<u>SERVICE</u>
2024	2.25%	\$ 131,006	\$ 131,006	\$ 945,000	\$ 1,207,012
2025	2.25%	120,375	120,375	965,000	1,205,750
2026	2.25%	109,519	109,519	985,000	1,204,038
2027	2.25%	98,438	98,438	1,010,000	1,206,876
2028	2.25%	87,075	87,075	1,035,000	1,209,150
2029	2.25%	75,431	75,431	1,055,000	1,205,862
2030	2.25%	63,563	63,563	1,080,000	1,207,126
2031	2.25%	51,412	51,412	1,105,000	1,207,824
2032	2.25%	38,981	38,981	1,130,000	1,207,962
2033	2.25%	26,269	26,269	1,155,000	1,207,538
2034	2.25%	13,275	13,275	1,180,000	1,206,550
		<u>\$ 815,344</u>	<u>\$ 815,344</u>	<u>\$ 11,645,000</u>	<u>\$ 13,275,688</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANT - SERIES 2016
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2023

<u>YEAR ENDING SEPTEMBER 30</u>	<u>INTEREST RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>	<u>TOTAL DEBT</u>
		<u>DUE FEBRUARY 15</u>	<u>DUE AUGUST 15</u>	<u>DUE AUGUST 15</u>	<u>SERVICE</u>
2024	1.74%	\$ 38,193	\$ 38,193	\$ 580,000	\$ 656,386
2025	1.74%	33,147	33,147	595,000	661,294
2026	1.74%	27,971	27,970	615,000	670,941
2027	1.74%	22,620	22,620	625,000	670,240
2028	1.74%	17,183	17,182	645,000	679,365
2029	1.74%	11,571	11,571	655,000	678,142
2030	1.74%	5,873	5,872	675,000	686,745
		<u>\$ 156,558</u>	<u>\$ 156,555</u>	<u>\$ 4,390,000</u>	<u>\$ 4,703,113</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2016-CWSRF-DL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2023

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>INTEREST</u> <u>RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>	<u>TOTAL DEBT</u> <u>SERVICE</u>
		<u>DUE FEBRUARY 15</u>	<u>DUE AUGUST 15</u>	<u>DUE FEBRUARY 15</u>	
2024	2.20%	\$ 315,810	\$ 294,580	\$ 1,930,000	\$ 2,540,390
2025	2.20%	294,580	272,910	1,970,000	2,537,490
2026	2.20%	272,910	250,745	2,015,000	2,538,655
2027	2.20%	250,745	228,085	2,060,000	2,538,830
2028	2.20%	228,085	204,930	2,105,000	2,538,015
2029	2.20%	204,930	181,225	2,155,000	2,541,155
2030	2.20%	181,225	157,025	2,200,000	2,538,250
2031	2.20%	157,025	132,275	2,250,000	2,539,300
2032	2.20%	132,275	106,975	2,300,000	2,539,250
2033	2.20%	106,975	81,125	2,350,000	2,538,100
2034	2.20%	81,125	54,670	2,405,000	2,540,795
2035	2.20%	54,670	27,610	2,460,000	2,542,280
2036	2.20%	27,610	-	2,510,000	2,537,610
		<u>\$ 2,307,965</u>	<u>\$ 1,992,155</u>	<u>\$ 28,710,000</u>	<u>\$ 33,010,120</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2017
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2023

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>INTEREST</u> <u>RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>		<u>TOTAL DEBT</u> <u>SERVICE</u>
		<u>DUE MARCH 1</u>	<u>DUE SEPTEMBER 1</u>	<u>DUE MARCH 1</u>	<u>DUE SEPTEMBER 1</u>	
2024	2.54%	\$ 162,140	\$ 157,282	\$ 382,547	\$ 387,405	\$ 1,089,374
2025	2.54%	152,362	147,379	392,325	397,308	1,089,374
2026	2.54%	142,334	137,224	402,353	407,463	1,089,374
2027	2.54%	132,049	126,809	412,638	417,878	1,089,374
2028	2.54%	121,502	116,127	423,185	428,560	1,089,374
2029	2.54%	110,684	105,172	434,003	439,514	1,089,373
2030	2.54%	99,591	93,938	445,096	450,749	1,089,374
2031	2.54%	88,213	82,416	456,473	462,271	1,089,373
2032	2.54%	76,545	70,600	468,142	474,087	1,089,374
2033	2.54%	64,579	58,482	480,108	486,205	1,089,374
2034	2.54%	52,307	46,054	492,380	498,633	1,089,374
2035	2.54%	39,721	33,308	504,966	511,379	1,089,374
2036	2.54%	26,813	20,236	517,874	524,451	1,089,374
2037	2.54%	13,576	6,831	531,111	537,856	1,089,374
		<u>\$ 1,282,416</u>	<u>\$ 1,201,858</u>	<u>\$ 6,343,201</u>	<u>\$ 6,423,759</u>	<u>\$ 15,251,234</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2019
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2023

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>INTEREST</u> <u>RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u> <u>DUE AUGUST 15</u>	<u>TOTAL DEBT</u> <u>SERVICE</u>
		<u>DUE FEBRUARY 15</u>	<u>DUE AUGUST 15</u>		
2024	2.38%	\$ 25,109	\$ 25,109	\$ 280,000	\$ 330,218
2025	2.38%	21,777	21,777	285,000	328,554
2026	2.38%	18,385	18,386	295,000	331,771
2027	2.38%	14,875	14,875	300,000	329,750
2028	2.38%	11,305	11,305	310,000	332,610
2029	2.38%	7,616	7,616	315,000	330,232
2030	2.38%	3,867	3,868	325,000	332,735
		<u>\$ 102,934</u>	<u>\$ 102,936</u>	<u>\$ 2,110,000</u>	<u>\$ 2,315,870</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2021
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2023

YEAR ENDING SEPTEMBER 30	INTEREST RATE - %	INTEREST		PRINCIPAL		TOTAL DEBT SERVICE
		DUE FEBRUARY 15	DUE AUGUST 15	DUE FEBRUARY 15	DUE AUGUST 15	
2024	1.24%	\$ 88,443	\$ 79,050	\$ 1,515,000	\$ 1,510,000	\$ 3,192,493
2025	1.24%	69,688	60,202	1,530,000	1,530,000	3,189,890
2026	1.24%	50,716	41,137	1,545,000	1,550,000	3,186,853
2027	1.24%	31,527	25,730	935,000	935,000	1,927,257
2028	1.24%	19,933	17,980	315,000	315,000	667,913
2029	1.24%	16,027	14,043	320,000	315,000	665,070
2030	1.24%	12,090	10,075	325,000	320,000	667,165
2031	1.24%	8,091	6,107	320,000	325,000	659,198
2032	1.24%	4,092	2,046	330,000	330,000	666,138
		<u>\$ 300,607</u>	<u>\$ 256,370</u>	<u>\$ 7,135,000</u>	<u>\$ 7,130,000</u>	<u>\$ 14,821,977</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2023-DWSRF-DL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2023

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>INTEREST</u> <u>RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>	<u>TOTAL DEBT</u> <u>SERVICE</u>
		<u>DUE FEBRUARY 15</u>	<u>DUE AUGUST 15</u>	<u>DUE FEBRUARY 15</u>	
2024	1.99%	\$ 99,649	\$ 95,570	\$ 410,000	\$ 605,219
2025	1.99%	95,570	91,391	420,000	606,961
2026	1.99%	91,391	87,112	430,000	608,503
2027	1.99%	87,112	82,784	435,000	604,896
2028	1.99%	82,784	78,356	445,000	606,140
2029	1.99%	78,356	73,829	455,000	607,185
2030	1.99%	73,829	69,202	465,000	608,031
2031	1.99%	69,202	64,476	475,000	608,678
2032	1.99%	64,476	59,650	485,000	609,126
2033	1.99%	59,650	54,725	495,000	609,375
2034	1.99%	54,725	49,750	500,000	604,475
2035	1.99%	49,750	44,676	510,000	604,426
2036	1.99%	44,676	39,452	525,000	609,128
2037	1.99%	39,452	34,128	535,000	608,580
2038	1.99%	34,128	28,706	545,000	607,834
2039	1.99%	28,706	23,184	555,000	606,890
2040	1.99%	23,184	17,562	565,000	605,746
2041	1.99%	17,562	11,840	575,000	604,402
2042	1.99%	11,840	5,970	590,000	607,810
2043	1.99%	5,970	-	600,000	605,970
		<u>\$ 1,112,012</u>	<u>\$ 1,012,363</u>	<u>\$ 10,015,000</u>	<u>\$ 12,139,375</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
SEPTEMBER 30, 2023

CAPITAL ASSETS:

Land and easements	\$	10,342,932
Buildings		68,174,883
Improvements other than buildings		108,166,788
Machinery and equipment		62,186,284
Leased right-of use		49,630
Subscription right-of-use		409,034
Infrastructure		465,935,600
Construction in progress		12,326,324
		12,326,324
Total Capital Assets	\$	727,591,475

INVESTMENTS IN CAPITAL ASSETS FROM:

Capital projects funds:		
General obligation bonds	\$	20,748,350
Grants		24,546,317
General fund revenues		674,899,604
Special revenue fund revenues		147,948
Gifts		7,163,552
Utility fund revenues		85,704
		85,704
Total Investments in Capital Assets	\$	727,591,475

THE CITY OF DOTHAN
DOTHAN, ALABAMA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2023

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	MACHINERY AND EQUIPMENT	LEASED RIGHT-OF-USE EQUIPMENT	SUBSCRIPTION RIGHT-OF-USE ARRANGEMENTS	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
General Government:									
Control:									
General administrative	\$ 1,708,523	\$ 2,555,267	\$ 3,020,199	\$ 163,781	\$ -	\$ -	\$ -	\$ 517,350	\$ 7,965,120
Staff Agencies:									
Information system/technology	-	215,658	1,627,099	12,334,242	-	409,034	-	-	14,586,033
Budget and finance	-	276,022	-	22,167	-	-	-	-	298,189
Personnel services	-	-	-	5,009	-	-	-	-	5,009
Total Staff Agencies	-	491,680	1,627,099	12,361,418	-	409,034	-	-	14,889,231
Total General Government	1,708,523	3,046,947	4,647,298	12,525,199	-	409,034	-	517,350	22,854,351
Public Safety:									
Fire department	1,517,199	6,363,962	992,165	13,297,269	-	-	-	4,693,200	26,863,795
Police department	412,378	27,028,364	11,098,463	20,972,829	49,630	-	-	893,263	60,454,927
Total Public Safety	1,929,577	33,392,326	12,090,628	34,270,098	49,630	-	-	5,586,463	87,318,722
Public Works:									
Street department	1,229,061	797,022	7,206,064	7,136,589	-	-	463,882,049	4,475,883	484,726,668
Environmental services	-	-	-	109,565	-	-	-	-	109,565
Special assessments	25,000	-	7,308,292	-	-	-	-	-	7,333,292
Health and welfare	106,381	599,781	79,110	-	-	-	-	-	785,272
Engineering department	594,038	996,500	2,552,210	2,688,400	-	-	2,053,551	323,247	9,207,946
Culture and recreation	4,633,042	21,421,844	69,917,322	3,564,218	-	-	-	1,185,106	100,721,532
General services	61,249	2,151,893	3,759,709	555,070	-	-	-	238,275	6,766,196
Equipment maintenance	-	1,292,059	606,155	1,337,145	-	-	-	-	3,235,359
Schools	56,061	4,476,511	-	-	-	-	-	-	4,532,572
Total Other	6,704,832	31,735,610	91,428,862	15,390,987	-	-	465,935,600	6,222,511	617,418,402
Total Capital Assets	\$ 10,342,932	\$ 68,174,883	\$ 108,166,788	\$ 62,186,284	\$ 49,630	\$ 409,034	\$ 465,935,600	\$ 12,843,674	\$ 727,591,475

DOTHAN, ALABAMA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

<u>FUNCTION AND ACTIVITY</u>	<u>GOVERNMENTAL FUNDS CAPITAL ASSETS OCTOBER 1, 2022</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>GOVERNMENTAL FUNDS CAPITAL ASSETS SEPTEMBER 30, 2023</u>
General Government:				
Control:				
General administrative	\$ 7,403,435	\$ 60,399	\$ (16,064)	\$ 7,447,770
Staff Agencies:				
Information system/technology	12,307,169	2,284,561	(5,697)	14,586,033
Budget and finance	298,189	-	-	298,189
Personnel services	5,009	-	-	5,009
Total Staff Agencies	<u>12,610,367</u>	<u>2,284,561</u>	<u>(5,697)</u>	<u>14,889,231</u>
Total General Government	<u>20,013,802</u>	<u>2,344,960</u>	<u>(21,761)</u>	<u>22,337,001</u>
Public Safety:				
Fire department	21,270,506	928,097	(28,008)	22,170,595
Police department	55,683,942	4,371,415	(493,693)	59,561,664
Total Public Safety	<u>76,954,448</u>	<u>5,299,512</u>	<u>(521,701)</u>	<u>81,732,259</u>
Public Works:				
Street department	468,300,836	12,167,027	(217,078)	480,250,785
Environmental services	109,565	-	-	109,565
Special assessments	7,333,292	-	-	7,333,292
Health and welfare	785,272	-	-	785,272
Engineering department	8,414,491	489,193	(18,985)	8,884,699
Culture and recreation	71,603,892	28,033,087	(100,553)	99,536,426
General services	4,959,545	1,584,883	(16,507)	6,527,921
Equipment maintenance	3,263,722	-	(28,363)	3,235,359
Schools	4,548,567	-	(15,995)	4,532,572
Construction in progress	37,141,488	18,674,431	(43,489,595)	12,326,324
Total Other	<u>606,460,670</u>	<u>60,948,621</u>	<u>(43,887,076)</u>	<u>623,522,215</u>
Total Capital Assets	<u>\$ 703,428,920</u>	<u>\$ 68,593,093</u>	<u>\$ (44,430,538)</u>	<u>\$ 727,591,475</u>

STATISTICAL SECTION

This part of the City of Dothan's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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SCHEDULES

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

1 through 5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

6 through 13

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

14 through 18

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

19 through 20

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 1
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	FISCAL YEAR									
	2014	2015*	2016	2017	2018*	2019	2020*	2021*	2022	2023
Governmental activities:										
Net Investment in capital assets	\$ 70,247,455	\$ 78,992,990	\$ 92,093,989	\$ 99,604,482	\$ 100,928,041	\$ 99,180,158	\$ 99,913,615	\$ 99,972,749	\$ 119,626,581	\$ 135,942,124
Restricted	210,752	270,862	211,985	17,189,646	268,218	2,901,466	801,585	1,036,674	1,520,201	1,260,761
Unrestricted	18,504,590	(79,965,943)	(88,314,592)	(108,659,082)	(108,465,918)	(102,281,226)	(84,318,083)	(77,933,740)	(71,943,454)	(80,992,700)
Total governmental activities net position	<u>\$ 88,962,797</u>	<u>\$ (702,091)</u>	<u>\$ 3,991,382</u>	<u>\$ 8,135,046</u>	<u>\$ (7,269,659)</u>	<u>\$ (199,602)</u>	<u>\$ 16,397,117</u>	<u>\$ 23,075,683</u>	<u>\$ 49,203,328</u>	<u>\$ 56,210,185</u>
Business-type activities:										
Net Investment in capital assets	\$ 72,624,231	\$ 71,457,839	\$ 75,918,727	\$ 84,196,262	\$ 83,384,524	\$ 92,604,499	\$ 128,830,146	\$ 142,974,307	\$ 155,160,104	\$ 155,146,340
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	45,345,467	14,975,261	22,314,415	28,717,501	43,196,487	54,066,771	32,823,195	31,417,662	18,429,603	27,410,303
Total business-type activities net position	<u>\$ 117,969,698</u>	<u>\$ 86,433,100</u>	<u>\$ 98,233,142</u>	<u>\$ 112,913,763</u>	<u>\$ 126,581,011</u>	<u>\$ 146,671,270</u>	<u>\$ 161,653,341</u>	<u>\$ 174,391,969</u>	<u>\$ 173,589,707</u>	<u>\$ 182,556,643</u>
Primary government:										
Net Investment in capital assets	\$ 142,871,686	\$ 150,450,829	\$ 168,012,716	\$ 183,800,744	\$ 184,312,565	\$ 191,784,657	\$ 228,743,761	\$ 242,947,056	\$ 274,786,685	\$ 291,166,953
Restricted	210,752	270,862	211,985	17,189,646	268,218	2,901,466	801,585	1,036,674	1,520,201	1,260,761
Unrestricted	63,850,057	(64,990,682)	(66,000,177)	(79,941,581)	(65,269,431)	(48,214,455)	(51,494,888)	(46,516,078)	(53,513,851)	(53,660,886)
Total primary government net position	<u>\$ 206,932,495</u>	<u>\$ 85,731,009</u>	<u>\$ 102,224,524</u>	<u>\$ 121,048,809</u>	<u>\$ 119,311,352</u>	<u>\$ 146,471,668</u>	<u>\$ 178,050,458</u>	<u>\$ 197,467,652</u>	<u>\$ 222,793,035</u>	<u>\$ 238,766,828</u>

* Restated
The 2021 beginning net position was restated from the 2020 ending net position on October 1, 2020, due to payroll accrual adjustments. This reduced the net position of governmental activities by (\$3,528,247) and reduced the net position of business-type activities by (\$1,335,745).

The 2020 beginning net position was restated from the 2019 ending net position on October 1, 2019, due to the transfer of the solid waste collections and landfill operations from the governmental activities created the Solid Waste Proprietary Fund. The net change reduced the business-type activities net position and increased the governmental activities net position (\$6,213,666).

The 2018 beginning net position was restated from the 2017 ending net position on October 1, 2017, due to liability related to unspent proceeds not included in the same component of the net position as the asset relating to the unspent proceeds. The net OPEB liability and deferred outflows related to OPEB caused a net change of (\$22,350,512) in the governmental activities net position.

The 2015 beginning net position was restated from the 2014 ending net position on October 1, 2014, due to the implementation of GASB Statement No. 68 and the separation of the E-911 fund from the City of Dothan. GASB 68 caused a change of (\$98,817,393) in the governmental activities net position and a change of (\$23,179,389) in the business type activities net position. The separation of the E-911 fund from the City of Dothan caused a change of (\$5,006,170) in business-type activities net position.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 2
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	FISCAL YEAR									
	2014	2015*	2016	2017	2018	2019	2020*	2021*	2022	2023
Expenses										
Governmental activities:										
General government	\$ 13,421,727	\$ 11,678,627	\$ 14,050,159	\$ 16,157,747	\$ 13,162,945	\$ 16,827,227	\$ 18,916,568	\$ 19,624,240	\$ 24,627,873	\$ 32,519,579
Public safety	34,017,891	33,872,304	34,233,915	35,592,823	36,681,330	38,937,890	40,908,709	41,619,188	45,793,981	50,331,111
General services	4,189,632	4,752,498	4,581,959	4,631,761	4,926,254	5,014,839	5,202,640	4,974,145	5,446,054	5,355,741
Planning and development	2,155,072	2,354,316	2,141,697	2,416,951	2,787,596	2,771,676	2,792,329	3,140,192	3,829,683	3,766,235
Other public works	19,033,466	19,706,992	19,667,075	20,418,742	20,260,537	21,944,769	12,182,223	11,506,480	12,107,927	13,414,685
Insurance department	452,688	3,696,580	3,681,005	(279,055)	216,427	467,836	5,544,053	(146,132)	2,616,416	297,148
Culture and recreation	9,997,179	10,360,999	11,384,383	12,091,856	13,808,637	13,994,251	13,417,984	15,747,359	17,004,915	17,780,195
Education	4,490,160	4,508,114	4,554,804	4,564,102	4,593,084	4,966,354	4,714,133	12,135,622	4,056,535	3,980,480
Health and welfare	3,973,388	4,857,758	3,594,608	3,630,737	3,599,731	4,153,672	3,597,296	4,347,387	5,114,725	5,267,495
Interest/fiscal charges on long-term debt	1,066,624	329,021	213,947	180,601	453,754	335,799	263,937	414,865	378,266	354,960
Total governmental activities expenses	92,797,827	96,117,209	98,103,552	99,406,265	100,490,295	109,414,313	107,539,872	113,363,346	120,976,375	133,067,629
Business-type activities:										
Solid waste collections	-	-	-	-	-	-	6,657,029	7,136,627	7,234,895	7,634,605
Solid waste landfill	-	-	-	-	-	-	964,713	1,081,961	1,109,662	2,853,164
Electric	80,159,130	81,718,419	74,358,920	75,616,094	77,195,434	75,186,229	66,689,186	68,779,134	79,351,081	80,104,713
Water	4,529,883	4,569,134	4,598,015	5,044,756	6,754,148	6,449,765	4,881,600	5,018,313	6,276,023	6,053,645
Wastewater	6,062,445	9,750,754	5,654,421	7,859,160	8,165,508	7,997,712	6,991,074	8,701,164	8,500,641	8,852,617
Billing - collection department	1,931,360	1,760,759	1,646,726	1,779,199	1,532,271	1,920,148	1,778,636	2,165,522	2,588,724	2,445,729
Meter reading department	827,914	762,080	753,346	803,913	841,044	899,997	892,397	666,409	566,219	557,711
Depreciation	8,030,174	8,097,997	8,276,738	8,516,129	9,290,162	9,539,856	11,134,448	12,874,867	14,749,788	14,921,975
Miscellaneous	758,777	-	41,378	139,446	394,383	310,965	569,272	872,158	961,292	1,954,393
Bond issue costs	-	-	55,262	-	-	-	-	-	51,500	11,000
(Loss) on disposition of capital assets	704,513	205,266	459,404	404,560	264,511	772,344	3,201,567	837,401	235,471	872,685
Interest /fiscal charges	1,876,246	2,163,020	2,148,332	2,779,107	2,541,858	2,423,097	2,147,371	1,960,605	1,539,978	1,373,801
Total business-type activities expenses	104,880,442	109,027,429	97,992,542	102,942,364	106,979,319	105,500,113	105,907,293	110,094,161	123,165,274	127,636,038
Total primary government expenses	\$ 197,678,269	\$ 205,144,638	\$ 196,096,094	\$ 202,348,629	\$ 207,469,614	\$ 214,914,426	\$ 213,447,165	\$ 223,457,507	\$ 244,141,649	\$ 260,703,667
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
Other public works	\$ 4,255,759	\$ 4,265,779	\$ 4,316,604	\$ 4,356,163	\$ 4,376,974	\$ 4,418,379	\$ 103,516	\$ 92,305	\$ 94,099	\$ 53,004
Culture and recreation	2,256,651	2,761,083	2,731,858	2,543,654	3,063,641	2,466,028	1,310,300	2,301,320	3,515,133	4,963,148
General government	3,589,525	3,680,914	3,724,842	3,901,338	3,818,479	3,882,802	3,989,171	4,400,273	4,544,388	5,053,300
Public safety	1,895,513	1,907,756	1,598,448	1,491,466	1,334,290	1,479,893	1,018,063	1,263,514	1,382,751	1,262,665
Planning and development	429,797	468,221	426,098	449,775	432,826	450,323	505,651	72,486	160,449	219,491
Operating grants and contributions	437,237	517,865	564,624	1,743,473	3,117,078	1,612,553	6,045,051	4,442,587	3,352,278	3,490,609
Capital grants and contributions	1,333,995	1,929,129	1,312,347	3,481,519	3,269,988	1,717,484	1,417,021	1,402,539	1,678,679	393,603
Total governmental activities program revenues	14,198,477	15,530,747	14,674,821	17,967,388	19,413,276	16,027,462	14,388,773	13,975,024	14,727,777	15,435,820
Business-type activities:										
Charges for services (Utility)										
Electric	93,309,401	93,112,812	90,507,271	92,899,960	95,359,786	94,910,274	92,793,913	87,956,942	94,897,052	102,703,959
Water	8,703,685	9,112,941	9,283,669	10,351,096	10,077,517	10,730,447	11,791,854	11,337,518	11,766,711	12,535,138
Wastewater/sewer	13,997,247	14,283,357	15,567,628	18,260,194	18,947,250	20,038,723	21,541,609	21,820,378	22,560,007	22,869,691
Combined utilities	-	-	1,040,333	1,041,610	949,348	916,472	931,858	885,516	890,126	903,530
E-911	1,744,910	-	-	-	-	-	-	-	-	-
Charges for services (Solid Waste)										
Collections	-	-	-	-	-	-	4,462,317	4,459,250	4,519,608	4,464,901
Landfill	-	-	-	-	-	-	292,499	1,704,441	781,231	35,974
Combined solid waste	-	-	-	-	-	-	-	578	2,474	44,283
Operating grants and contributions	-	-	-	-	-	-	17,393	25,000	133,176	197,400
Capital grants and contributions	-	256,000	345,131	265,000	354,000	1,784,055	4,059,080	7,256,452	7,487,725	464,417
Total business-type activities program revenues	117,755,243	116,765,110	116,744,032	122,817,860	125,687,901	128,379,971	135,890,523	135,446,075	143,038,110	144,219,293
Total primary government program revenues	\$ 131,953,720	\$ 132,295,857	\$ 131,418,853	\$ 140,785,248	\$ 145,101,177	\$ 144,407,433	\$ 150,279,296	\$ 149,421,099	\$ 157,765,887	\$ 159,655,113

Notes: In 2020, solid waste business-type activities resulted from a transfer of solid waste collections and landfill operations from other public works governmental activities.

In 2015, the E-911 fund became a separate entity.

*Restated

(Continued on page 109)

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 2
CHANGES IN NET POSITION - CONTINUED
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental activities	\$ (78,599,350)	\$ (80,586,462)	\$ (83,428,731)	\$ (81,438,877)	\$ (81,077,019)	\$ (93,386,851)	\$ (93,151,099)	\$ (99,388,322)	\$ (106,248,598)	\$ (117,631,809)
Business-type activities	12,874,801	7,737,681	18,751,490	19,875,496	18,708,582	22,879,858	29,983,230	23,659,905	19,872,836	16,583,255
Total primary government net expense	<u>\$ (65,724,549)</u>	<u>\$ (72,848,781)</u>	<u>\$ (64,677,241)</u>	<u>\$ (61,563,381)</u>	<u>\$ (62,368,437)</u>	<u>\$ (70,506,993)</u>	<u>\$ (63,167,869)</u>	<u>\$ (75,728,417)</u>	<u>\$ (86,375,762)</u>	<u>\$ (101,048,554)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
General property tax	\$ 4,427,118	\$ 4,453,043	\$ 4,581,242	\$ 4,639,852	\$ 4,736,318	\$ 4,800,653	\$ 4,891,436	\$ 5,010,181	\$ 5,142,701	\$ 5,654,662
General sales and use tax	60,815,838	62,862,120	65,203,466	67,482,859	68,310,215	75,920,443	76,836,387	85,781,277	92,496,704	96,009,980
Lodging tax	1,683,150	1,861,592	1,953,346	2,816,800	3,127,058	4,017,771	2,791,000	3,474,408	4,007,711	3,890,008
Franchise tax	2,557,965	1,762,817	2,032,003	1,559,302	2,012,376	1,723,447	1,678,930	1,579,223	1,459,233	1,704,680
Cigarette tax	257,850	256,500	226,850	247,150	218,700	221,400	230,850	210,600	195,750	180,900
Unrestricted grants and contributions	2,208,415	2,333,515	3,520,430	1,052,227	1,006,718	2,192,970	2,761,359	2,960,172	3,191,007	2,941,254
Unrestricted investment earnings	137,238	110,618	95,636	118,737	419,681	813,242	393,599	57,617	175,195	2,084,079
Miscellaneous	2,442,900	3,660,608	2,427,250	923,980	1,297,966	4,499,527	3,224,797	263,212	4,733,168	2,857,021
Transfers	8,006,899	12,438,154	8,081,981	6,741,634	6,893,794	6,267,455	10,725,794	10,258,445	20,974,774	9,316,082
Special items	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>82,537,373</u>	<u>89,738,967</u>	<u>88,122,204</u>	<u>85,582,541</u>	<u>88,022,826</u>	<u>100,456,908</u>	<u>103,534,152</u>	<u>109,595,135</u>	<u>132,376,243</u>	<u>124,638,666</u>
Business-type activities:										
Unrestricted grants and contributions	142,625	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	98,152	68,360	114,181	227,902	806,622	1,475,915	753,622	61,921	130,617	1,582,587
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous	1,062,203	1,281,074	1,016,352	1,318,857	1,045,838	2,001,941	1,184,679	610,992	169,059	117,176
Transfers	(8,006,899)	(12,438,154)	(8,081,981)	(6,741,634)	(6,893,794)	(6,267,455)	(10,725,794)	(10,258,445)	(20,974,774)	(9,316,082)
Total business-type activities	<u>(6,703,919)</u>	<u>(11,088,720)</u>	<u>(6,951,448)</u>	<u>(5,194,875)</u>	<u>(5,041,334)</u>	<u>(2,789,599)</u>	<u>(8,787,493)</u>	<u>(9,585,532)</u>	<u>(20,675,098)</u>	<u>(7,616,319)</u>
Total primary government	<u>\$ 75,833,454</u>	<u>\$ 78,650,247</u>	<u>\$ 81,170,756</u>	<u>\$ 80,387,666</u>	<u>\$ 82,981,492</u>	<u>\$ 97,667,309</u>	<u>\$ 94,746,659</u>	<u>\$ 100,009,603</u>	<u>\$ 111,701,145</u>	<u>\$ 117,022,347</u>
Change in Net Position										
Governmental activities	\$ 3,938,023	\$ 9,152,505	\$ 4,693,473	\$ 4,143,664	\$ 6,945,807	\$ 7,070,057	\$ 10,383,053	\$ 10,206,813	\$ 26,127,645	\$ 7,006,857
Business-type activities	6,170,882	(3,351,039)	11,800,042	14,680,621	13,667,248	20,090,259	21,195,737	14,074,373	(802,262)	8,966,936
Total primary government	<u>\$ 10,108,905</u>	<u>\$ 5,801,466</u>	<u>\$ 16,493,515</u>	<u>\$ 18,824,285</u>	<u>\$ 20,613,055</u>	<u>\$ 27,160,316</u>	<u>\$ 31,578,790</u>	<u>\$ 24,281,186</u>	<u>\$ 25,325,383</u>	<u>\$ 15,973,793</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 3
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function/Program										
Governmental activities:										
General government	\$ 3,694,613	\$ 3,817,970	\$ 3,956,986	\$ 4,994,425	\$ 5,848,879	\$ 5,202,018	\$ 9,809,138	\$ 5,515,844	\$ 5,546,302	\$ 7,053,300
Public safety	1,991,360	2,661,723	1,720,216	1,938,368	3,706,254	2,202,074	1,879,066	2,036,023	2,015,239	1,818,612
General services	-	7,500	-	3,800	-	-	-	-	-	-
Other public works	5,826,056	5,811,915	5,808,157	8,000,366	6,361,676	5,706,019	869,718	990,494	1,242,820	433,857
Planning and development	429,797	468,221	426,098	449,775	432,826	451,323	505,651	840,841	1,180,472	1,110,046
Culture and recreation	2,256,651	2,763,418	2,763,364	2,580,654	3,063,641	2,466,028	1,325,200	4,591,822	4,742,944	5,020,005
Subtotal governmental activities	<u>14,198,477</u>	<u>15,530,747</u>	<u>14,674,821</u>	<u>17,967,388</u>	<u>19,413,276</u>	<u>16,027,462</u>	<u>14,388,773</u>	<u>13,975,024</u>	<u>14,727,777</u>	<u>15,435,820</u>
Business-type activities (Utility):										
Electric	93,309,401	93,112,812	90,683,271	92,963,960	95,577,786	94,912,274	92,977,660	88,257,026	95,759,047	102,963,632
Water	8,703,685	9,112,941	9,400,169	10,528,096	10,137,517	11,590,319	14,473,383	11,769,109	13,218,144	12,682,307
Wastewater/sewer	13,997,247	14,283,357	15,620,259	18,284,194	19,023,250	20,960,906	22,747,330	28,358,431	27,769,304	22,974,666
Combined utilities	-	-	1,040,333	1,041,610	949,348	916,472	931,858	897,240	890,126	903,530
E-911	1,744,910	-	-	-	-	-	-	-	-	-
Business-type activities (Solid Waste):										
Collections	-	-	-	-	-	-	4,467,793	4,459,250	4,617,784	4,614,901
Landfill	-	-	-	-	-	-	292,499	1,704,441	781,231	35,974
Combined solid waste	-	-	-	-	-	-	-	578	2,474	44,283
Subtotal business-type activities:	<u>117,755,243</u>	<u>116,509,110</u>	<u>116,744,032</u>	<u>122,817,860</u>	<u>125,687,901</u>	<u>128,379,971</u>	<u>135,890,523</u>	<u>135,446,075</u>	<u>143,038,110</u>	<u>144,219,293</u>
Total primary government	<u>\$ 131,953,720</u>	<u>\$ 132,039,857</u>	<u>\$ 131,418,853</u>	<u>\$ 140,785,248</u>	<u>\$ 145,101,177</u>	<u>\$ 144,407,433</u>	<u>\$ 150,279,296</u>	<u>\$ 149,421,099</u>	<u>\$ 157,765,887</u>	<u>\$ 159,655,113</u>

Notes: In 2015, the E-911 fund became a separate entity.
In 2020, the business-type activities for Solid Waste were created from governmental activities included in other public works.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 4
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 363,341	\$ 363,755	\$ 295,087	\$ 328,562	\$ 371,481	\$ 398,346	\$ 365,532	\$ 396,746	\$ 515,809	\$ 566,003
Restricted	148,063	188,753	166,769	151,573	159,431	230,703	422,558	535,948	740,646	933,159
Committed	12,172,432	17,105,954	10,917,679	6,682,264	12,237,784	10,344,018	7,224,578	19,863,919	19,588,370	30,022,891
Assigned	32,326,280	23,736,193	24,051,435	25,972,721	26,252,150	25,693,251	33,336,911	41,852,222	43,693,926	38,877,651
Unassigned	869,854	4,982,343	4,462,443	5,718,239	3,652,561	16,241,919	20,214,340	9,763,384	20,510,227	11,719,051
Total general fund	<u>\$45,879,970</u>	<u>\$46,376,998</u>	<u>\$39,893,413</u>	<u>\$38,853,359</u>	<u>\$42,673,407</u>	<u>\$52,908,237</u>	<u>\$61,563,919</u>	<u>\$72,412,219</u>	<u>\$85,048,978</u>	<u>\$ 82,118,755</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	62,990	82,174	45,556	17,038,311	13,747,329	2,670,763	379,027	500,726	779,555	327,602
Committed	-	-	-	-	-	-	-	-	-	75,000
Assigned	-	-	-	-	-	-	-	-	-	495
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 62,990</u>	<u>\$ 82,174</u>	<u>\$ 45,556</u>	<u>\$17,038,311</u>	<u>\$13,747,329</u>	<u>\$ 2,670,763</u>	<u>\$ 379,027</u>	<u>\$ 500,726</u>	<u>\$ 779,555</u>	<u>\$ 403,097</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 5
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes (see Schedule 6)	\$ 69,741,921	\$ 71,196,072	\$ 73,996,907	\$ 76,745,963	\$ 78,404,667	\$ 86,683,714	\$ 86,428,603	\$ 96,055,688	\$ 103,302,099	\$ 107,440,230
Licenses, fees, and permits	3,936,385	4,055,125	4,101,722	4,301,634	4,173,707	4,256,649	4,449,706	4,400,273	4,544,388	5,053,300
Fines and penalties	1,860,204	1,877,466	1,564,055	1,458,198	1,308,753	1,447,728	990,633	1,230,971	1,350,587	1,095,072
Charges for services	6,630,656	7,151,162	7,132,073	6,982,564	7,543,750	6,993,048	1,486,362	2,498,654	3,801,845	5,263,474
Special assessments	1,338	690	440	310	312	-	-	-	-	-
Intergovernmental	3,732,007	4,741,124	5,246,980	4,191,220	7,079,501	5,287,729	10,101,897	7,900,736	7,995,882	6,696,590
Investment earnings	138,210	110,618	95,911	118,785	579,441	923,793	400,233	57,617	175,195	2,084,079
Other revenues	2,474,277	3,669,904	2,433,642	1,001,941	1,355,601	4,556,110	3,902,654	718,069	4,786,035	2,806,739
Total revenues	88,514,998	92,802,161	94,571,730	94,800,615	100,445,732	110,148,771	107,760,088	112,862,008	125,956,031	130,439,484
Expenditures										
General government	11,775,572	10,425,955	10,762,578	12,291,949	11,795,771	13,031,062	13,456,054	13,709,127	16,870,808	23,187,952
Public safety	31,409,731	31,886,858	32,342,515	33,565,061	34,419,271	36,452,530	38,188,965	38,717,248	42,711,615	46,937,455
Planning and development	2,136,277	2,338,467	2,117,536	2,374,656	2,750,805	2,731,282	2,725,740	3,093,378	3,812,192	3,741,410
General services	3,956,596	4,556,186	4,365,873	4,396,932	4,676,888	4,727,145	4,917,829	4,715,936	5,185,999	5,062,185
Other public works	15,092,562	15,696,716	15,388,942	15,760,076	15,463,515	17,203,975	8,941,334	9,799,023	10,105,776	11,343,395
Health and welfare	3,959,138	4,843,508	3,580,357	3,616,487	3,583,668	4,143,067	3,586,707	3,973,609	4,741,289	4,894,091
Culture and recreation	9,218,891	9,461,508	10,474,336	11,064,461	11,851,846	12,041,924	11,398,135	13,527,238	14,745,465	15,458,936
Insurance	452,688	3,696,580	3,681,005	(279,055)	216,427	467,836	5,544,053	(146,132)	2,616,416	297,148
Capital outlay	10,031,040	12,990,255	18,040,287	12,741,451	13,919,048	18,990,512	15,847,219	15,299,816	27,429,200	24,722,003
Intergovernmental	3,879,169	3,897,123	3,943,813	3,953,470	3,994,051	4,382,104	4,141,111	4,156,413	4,056,535	3,980,480
Debt service										
Interest	1,249,993	4,367,483	492,721	421,760	732,446	612,407	518,592	417,749	381,227	358,787
Principal	15,263,505	607,149	3,990,377	2,682,300	3,406,724	2,474,118	2,577,910	1,358,803	1,408,325	3,476,239
Total expenditures	108,425,162	104,767,788	109,180,340	102,589,548	106,810,460	117,257,962	111,843,649	108,622,208	134,064,847	143,460,081
Excess (deficiency) of revenues over expenditures	(19,910,164)	(11,965,627)	(14,608,610)	(7,788,933)	(6,364,728)	(7,109,191)	(4,083,561)	4,239,800	(8,108,816)	(13,020,597)
Other Financing Sources (Uses)										
Bonds issued	11,650,415	43,685	-	17,000,000	-	-	-	-	-	-
Leases	-	-	6,426	-	-	-	-	-	49,630	397,834
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	8,006,899	12,438,154	8,081,981	6,741,634	6,893,794	6,267,455	10,725,794	10,258,445	20,974,774	9,316,082
Total other financing sources (uses)	19,657,314	12,481,839	8,088,407	23,741,634	6,893,794	6,267,455	10,725,794	10,258,445	21,024,404	9,713,916
Net change in fund balances	\$ (252,850)	\$ 516,212	\$ (6,520,203)	\$ 15,952,701	\$ 529,066	\$ (841,736)	\$ 6,642,233	\$ 14,498,245	\$ 12,915,588	\$ (3,306,681)
Debt service as a percentage of noncapital expenditures	16.8%	5.4%	4.9%	3.5%	4.5%	3.1%	3.2%	1.9%	1.7%	3.2%

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 6
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

<u>FISCAL YEAR</u>	<u>GENERAL PROPERTY TAX</u>	<u>MOTOR VEHICLE PROPERTY TAX</u>	<u>SALES AND USE TAX</u>	<u>LODGING TAX</u>	<u>FRANCHISE TAX</u>	<u>CIGARETTE TAX</u>	<u>TOTAL</u>
2014	\$ 3,705,189	\$ 721,928	\$ 60,815,838	\$ 1,683,150	\$ 2,557,966	\$ 257,850	\$ 69,741,921
2015	3,746,379	706,664	62,862,120	1,861,592	1,762,817	256,500	71,196,072
2016	3,799,056	782,186	65,203,466	1,953,346	2,032,003	226,850	73,996,907
2017	3,886,902	752,950	67,482,859	2,816,800	1,559,302	247,150	76,745,963
2018	3,963,170	773,148	68,310,215	3,127,058	2,012,376	218,700	78,404,667
2019	3,999,941	800,712	75,920,443	4,017,771	1,723,447	221,400	86,683,714
2020	4,077,793	813,643	76,836,387	2,791,000	1,678,930	230,850	86,428,603
2021	4,156,046	854,134	85,781,277	3,474,408	1,579,223	210,600	96,055,688
2022	4,245,257	897,444	92,496,704	4,007,711	1,459,233	195,750	103,302,099
2023	4,655,651	999,011	96,009,980	3,890,008	1,704,680	180,900	107,440,230
Change							
2014-2023	\$ 950,462	\$ 277,083	\$ 35,194,142	\$ 2,206,858	\$ (853,286)	\$ (76,950)	\$ 37,698,309

Source: Revenue Commissioners of Houston, Dale, and Henry Counties and Avenu Insights & Analytics

Notes: Includes General Fund, Special Revenue Funds, and Debt Service Fund.
The lodging tax rate in the City of Dothan for the first quarter of Fiscal Year 2017 was 10%. The State of Alabama received 4% and the City of Dothan received 6%. Of the 6% received by the City, 4% was designated to the Dothan Area Convention and Visitors Bureau for the sole purpose of promoting tourism and conventions in the City. For the remaining three quarters of Fiscal Year 2017, the lodging tax rate increased to 13%. The State of Alabama received 4% and the City of Dothan received 9%. Of the 9% received by the City, 4% was designated to the Dothan Area Convention and Visitors Bureau for the sole purpose of promoting tourism and conventions in the City. The City of Dothan began receiving lodging tax revenue for short-term rentals in Fiscal Year 2023.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 7
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS*
(in thousands of dollars)

<u>FISCAL YEAR</u>	<u>RESIDENTIAL PROPERTY</u>	<u>COMMERCIAL AND INDUSTRIAL PROPERTY</u>	<u>LESS: TAX-EXEMPT PROPERTY</u>	<u>TOTAL TAXABLE ASSESSED VALUE</u>	<u>TOTAL DIRECT TAX RATE</u>	<u>ESTIMATED ACTUAL TAXABLE VALUE</u>	<u>TAXABLE ASSESSED VALUE AS A PERCENTAGE OF ACTUAL TAXABLE VALUE</u>
2014	\$ 249,091	\$ 627,083	\$ 96,235	\$ 779,939	5.00	\$ 5,604,864	14.0%
2015	250,323	635,923	94,936	791,310	5.00	5,662,751	14.0%
2016	255,871	655,519	97,679	813,711	5.00	5,813,287	14.1%
2017	259,100	683,993	106,103	836,990	5.00	5,956,459	13.9%
2018	253,088	710,947	132,326	831,709	5.00	5,990,282	13.8%
2019	260,271	728,497	138,953	849,815	5.00	6,147,655	13.8%
2020	268,302	740,450	147,170	861,582	5.00	6,298,771	13.7%
2021	277,550	751,659	141,732	887,477	5.00	6,176,143	14.4%
2022	311,210	819,885	153,317	977,778	5.00	6,804,773	14.4%
2023	352,548	894,043	163,666	1,082,925	5.00	7,484,208	14.5%

Source: Revenue Commissioners of Houston, Dale, and Henry Counties

Notes: Represents fiscal year the taxes were assessed. Taxes are due and collected in the next fiscal year.

*Does not include motor vehicles.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 8
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

FISCAL YEAR	CITY DIRECT RATES					OVERLAPPING RATES						
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	REDEVELOPMENT DEBT SERVICE	REDEVELOPMENT PROGRAM	TOTAL DIRECT RATE	DOTHAN SCHOOL DISTRICT	HOUSTON COUNTY	HOSPITAL*	COUNTY-WIDE SCHOOL	STATE OF ALABAMA	ADDITIONAL SCHOOL LEVY**	TOTAL
2014	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2015	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2016	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2017	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2018	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2019	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2020	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2021	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2022	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2023	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50

Source: Houston County Revenue Commissioner

*The hospital rate increase was agreed on by the Houston County Health Care Authority to fund a new medical college, the Alabama College of Osteopathic Medicine.

**The additional school levy represents the amount levied to bring the total levy for schools up to \$10.00 per \$1,000 of assessed property value for all counties in the state.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 9
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

TAXPAYER	2023			2014		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
Wayne Farms, LLC / Perdue Farms, Inc.	\$ 15,798,100	1	1.46%	\$ 3,898,540	6	0.52%
Triad of Alabama, LLC	10,792,880	2	1.00%	9,646,520	2	1.28%
CSX Transportation, Inc	6,543,920	3	0.60%			
Brightspeed of Alabama, Inc / CenturyTel of Alabama	6,119,760	4	0.57%	10,775,120	1	1.44%
Dothan Pavilion Group, LLC	5,873,920	5	0.54%			
Wiregrass Electric	5,681,180	6	0.52%			
Alabama Power Company Tax Accounting	5,436,280	7	0.50%	3,094,700	10	0.41%
WMJSHR Investments, LLC	4,628,820	8	0.43%			
Watson & Downs Investments, LLC	4,089,120	9	0.38%	5,164,420	4	0.69%
Flowers Hospital	4,081,020	10	0.38%	3,259,480	8	0.43%
Wiregrass Telecom, Inc.				5,473,000	3	0.73%
Inland American Dothan Pavilion, LLC				4,740,240	5	0.63%
PR Wiregrass Commons, LCC				3,325,980	7	0.44%
Nutcracker Brands/Flavor House Products, Inc.				3,138,780	9	0.42%
Total	\$ 69,045,000		6.38%	\$ 52,516,780		6.99%

Source: Revenue Commissioner Houston County

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 10
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED SEPTEMBER 30	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2014	\$ 3,897,992	\$ 3,695,296	94.80 %	\$ 1,127	\$ 3,696,423	94.83 %
2015	3,955,141	3,738,332	94.52 %	1,897	3,740,229	94.57 %
2016	4,066,603	3,791,823	93.24 %	1,174	3,792,997	93.27 %
2017	4,183,924	3,878,555	92.70 %	652	3,879,207	92.72 %
2018	4,160,474	3,976,368	95.57 %	386	3,976,754	95.58 %
2019	4,243,808	4,004,328	94.36 %	2,572	4,006,900	94.42 %
2020	4,321,529	4,070,801	94.20 %	577	4,071,378	94.21 %
2021	4,438,227	4,147,969	93.46 %	1,551	4,149,520	93.49 %
2022	4,891,307	4,238,152	86.65 %	1,408	4,239,560	86.68 %
2023	5,419,014	4,649,682	85.80 %	-	4,649,682	85.80 %

Source: Revenue Commissioners: Houston, Dale, and Henry Counties

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 11
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS
(in thousands of dollars)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Accommodation & Food Services	\$ 312,830	\$ 482,549	\$ 516,333	\$ 497,075	\$ 383,565	\$ 334,800	\$ 316,583	\$ 226,313	\$ 332,607	\$ 328,531
Administrative & Waste Mgmt.	1,829	5,733	28,890	17,194	9,505	18,323	15,611	9,622	21,255	24,557
Agriculture, Forestry, Fishing, etc.	644	414	464	427	450	455	488	571	545	929
Arts, Entertainment & Recreation	34,848	19,283	33,982	18,246	34,884	33,448	12,225	11,594	15,294	15,052
Construction	49,213	17,548	41,704	31,930	27,569	27,755	23,127	16,324	57,421	19,908
Educational Services	4,484	1,911	2,041	1,944	1,848	2,389	2,030	2,755	2,745	5,941
Finance & Insurance	14,762	3,710	4,832	13,591	4,630	4,496	5,919	6,284	161,843	5,804
Health Care & Social Assistance	20,759	22,063	43,759	47,494	30,722	17,578	13,301	23,704	50,816	17,152
Information	23,621	48,227	41,624	34,016	31,406	29,448	27,637	25,601	34,754	50,837
Management of Companies	67	36	27	26	3,097	292	123	95	52	80
Manufacturing	122,218	108,290	111,240	67,043	70,037	78,140	74,975	90,367	457,837	113,647
Mining	6	90	563	892	957	1,361	1,264	1,164	429	170
Other Services	85,159	70,830	100,800	48,377	54,819	57,261	53,271	60,152	94,297	86,766
Professional Services	53,510	49,582	51,593	41,691	37,538	31,675	33,447	32,577	112,790	81,650
Public Administration	716	703	980	699	1,108	1,083	627	369	1,264	1,756
Real Estate & Rental & Leasing	13,515	7,912	9,007	48,581	14,247	7,465	7,222	6,334	91,789	63,043
Retail Trade	1,415,577	1,398,196	1,501,220	1,452,838	1,453,068	1,500,689	1,445,480	1,501,962	2,009,363	1,723,091
Transportation & Warehousing	6,436	9,787	5,651	11,170	22,551	7,493	9,871	12,616	28,551	21,747
Unidentified*	60,543	40,195	1	-	586	107,268	110,084	177,097	405,698	243,008
Utilities	42	29	43	81	190	186	432	25	20	37
Wholesale Trade	185,190	154,872	167,001	152,871	174,091	183,598	201,265	164,269	664,252	967,622
Total	\$ 2,405,969	\$ 2,441,960	\$ 2,661,755	\$ 2,486,186	\$ 2,356,868	\$ 2,445,203	\$ 2,354,982	\$ 2,369,795	\$ 4,543,622	\$ 3,771,328
City direct sales tax rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Sources: Avenu Insights and Analytics

* Avenu Insights and Analytics began categorizing taxpayers by North American Industrial Classification (NAIC) business codes in 2003. The NAIC business code is provided by the remitter. If not provided to Avenu Insights and Analytics, they are represented as "unidentified" until research is completed to classify them correctly.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 12
REVENUE RATES FOR GENERAL SALES TAX
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>CITY SALES TAX RATE</u>	<u>HOUSTON COUNTY SALES TAX RATE</u>	<u>STATE SALES TAX RATE</u>	<u>TOTAL SALES TAX RATE</u>
2014	4.00%	1.00%	4.00%	9.00%
2015	4.00%	1.00%	4.00%	9.00%
2016	4.00%	1.00%	4.00%	9.00%
2017	4.00%	1.00%	4.00%	9.00%
2018	4.00%	1.00%	4.00%	9.00%
2019	4.00%	1.00%	4.00%	9.00%
2020	4.00%	1.00%	4.00%	9.00%
2021	4.00%	1.00%	4.00%	9.00%
2022	4.00%	1.00%	4.00%	9.00%
2023	4.00%	1.00%	4.00%	9.00%

Sources: City of Dothan, Houston County Commission and State of Alabama Department of Revenue

Note: The last City sales tax rate increase became effective on January 1, 2007.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 13
PRINCIPAL SALES TAX REMITTERS
CURRENT YEAR AND NINE YEARS AGO

<u>TAX REMITTER</u>	<u>FISCAL YEAR</u>	
	<u>2023</u>	<u>2014</u>
	<u>RANK</u>	<u>RANK</u>
Walmart, Inc	1	1
Sams East, Inc.	2	2
Lowes Home Centers, LLC	3	3
Publix Alabama, LLC	4	4
Target Corporation	5	9
Home Depot USA, Inc.	6	
Dolgencorp, LLC - Dollar General	7	
Winn Dixie Montgomery, LLC	8	5
Academy Ltd.	9	
RK Holdings, LLP - Rural King	10	
Bondys Ford, Inc.		6
Toyota of Dothan		7
Mike Schmitz Automotive Group		8
Dothan Chrysler Plymouth		10

Source: Avenu Insights and Analytics

State law prohibits the disclosure of the amount of sales tax remitted and any information that could enable the disclosure or calculation of confidential taxpayer information.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 14
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

FISCAL YEAR	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES				TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	NOTES PAYABLE LEASES AND SBITA	GENERAL OBLIGATION BONDS	NOTES PAYABLE LEASES AND SBITA	WATER BONDS	SEWER BONDS			
2014	\$ 19,966,720	\$ -	\$ 1,800,000	\$ -	\$ -	\$ 74,020,000	\$ 95,786,720	2.58%	\$ 1,400
2015	15,460,112	29,500	1,715,000	-	-	71,090,000	88,294,612	2.86%	1,288
2016	11,333,197	19,154	1,625,000	-	-	108,686,621	121,663,972	2.13%	1,830
2017	25,513,661	3,080	1,535,000	-	-	101,934,135	128,985,876	2.09%	1,891
2018	21,955,897	807	1,440,000	-	-	95,279,351	118,676,055	2.35%	1,739
2019	19,329,275	-	1,373,074	-	-	88,472,191	109,174,540	2.56%	1,584
2020	16,610,832	-	1,262,970	-	-	81,416,840	99,290,642	3.25%	1,397
2021	15,252,029	-	1,148,546	-	-	74,157,304	90,557,879	3.88%	1,272
2022	13,856,540	2,302,138	1,031,964	-	-	66,733,036	83,923,678	4.20%	1,178
2023	12,766,960	313,314	911,064	102,315	10,015,000	60,208,936	84,317,589	N/A	N/A

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 15
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL BONDED DEBT OUTSTANDING		TOTAL	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>			
	GENERAL OBLIGATION BONDS	GENERAL OBLIGATION BONDS			
2014	\$ 19,966,720	\$ 75,820,000	\$ 95,786,720	1.71%	\$ 1,409
2015	15,460,112	72,805,000	88,265,112	1.56%	1,290
2016	11,333,197	110,311,621	121,644,818	2.09%	1,774
2017	25,513,661	103,469,135	128,982,796	2.17%	1,884
2018	21,955,897	96,719,351	118,675,248	1.98%	1,740
2019	19,329,275	89,845,265	109,174,540	1.78%	1,600
2020	16,610,832	82,679,810	99,290,642	1.58%	1,397
2021	15,252,029	75,305,850	90,557,879	1.47%	1,272
2022	13,856,540	67,765,000	81,621,540	1.20%	1,147
2023	12,766,960	71,135,000	83,901,960	1.12%	1,178

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 16
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2023

	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE*</u>	<u>ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT</u>
City of Dothan Direct Debt			
General Bonded Debt and Warrants	\$ 12,766,960	100.00%	\$ 12,766,960
Notes Payable, Leases and SBITA	313,314	100.00%	313,314
Overlapping Debt			
Houston County	17,693,918	57.43%	10,161,617
Southeast Health	-	57.43%	<u>-</u>
Total direct and overlapping debt			<u><u>\$ 23,241,891</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Houston County Board of Equalization and Assessment. Debt outstanding data provided by Houston County Commission and the Southeast Health. Any debt outstanding for the Southeast Health would be revenue warrants and be paid from designated revenues rather than property taxes.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Dothan. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

*For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used for Houston County's capital lease, loan and other debt. The applicable percentage of Houston County Economic Development Bonds, which are backed by county sales taxes, was estimated by dividing the City's retail sales by the County's retail sales.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 17
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit*	\$ 190,557,624	\$ 173,502,148	\$ 179,792,708	\$ 185,456,908	\$ 183,047,356	\$ 187,566,052	\$ 190,655,336	\$ 196,627,152	\$ 215,626,228	\$ 238,266,112
Total net debt applicable to limit	<u>3,197,398</u>	<u>1,408,249</u>	<u>19,154</u>	<u>17,003,080</u>	<u>16,339,057</u>	<u>15,659,586</u>	<u>14,963,574</u>	<u>14,249,769</u>	<u>15,819,859</u>	<u>13,182,589</u>
Legal debt margin	<u>\$ 187,360,226</u>	<u>\$ 172,093,899</u>	<u>\$ 179,773,554</u>	<u>\$ 168,453,828</u>	<u>\$ 166,708,299</u>	<u>\$ 171,906,466</u>	<u>\$ 175,691,762</u>	<u>\$ 182,377,383</u>	<u>\$ 199,806,369</u>	<u>\$ 225,083,523</u>
Total net debt applicable to the limit as a percentage of debt limit	1.68%	0.81%	0.01%	9.17%	8.93%	8.35%	7.85%	7.25%	7.34%	5.53%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 1,191,330,560
Debt limit (20% of assessed value)*	238,266,112
Debt applicable to limit:	
General obligation bonds (Includes unamortized bond premium)	84,317,589
Less: Exempt debt	71,135,000
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>13,182,589</u>
Legal debt margin	<u>\$ 225,083,523</u>

Notes: Under state law, the City's outstanding chargeable debt may not exceed 20% of total assessed property value.

*The "debt limit" above refers only to the constitutional debt limit of 20% of the assessed value of all taxable property within the City's corporate limits as per Section 225 of the Constitution of Alabama. For a discussion of the constitutional debt limit imposed by Amendment 772 (shown as Section 94.01 in the Recompiled Constitution of Alabama), see page 21.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 18
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(dollars in thousands)

FISCAL YEAR	WATER REVENUE BONDS						SPECIAL ASSESSMENT BONDS				SALES TAX INCREMENT BONDS			
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE	SPECIAL ASSESSMENT COLLECTIONS	DEBT SERVICE		COVERAGE	SALES TAX INCREMENT	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST			PRINCIPAL	INTEREST			PRINCIPAL	INTEREST	
2014	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2015														
2016														
2017														
2018														
2019														
2020														
2021														
2022														
2023														

Notes: The City does not have any pledged revenues.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 19
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>CALENDAR YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME</u> <i>(thousands of dollars)</i>	<u>PER CAPITA PERSONAL INCOME</u>	<u>MEDIAN AGE</u>	<u>EDUCATION LEVEL IN YEARS OF SCHOOLING</u>	<u>SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
2014	68,409	\$ 2,467,513	\$ 36,070	37.9	12.8	9,480	6.60%
2015	68,567	2,528,682	36,879	38.1	12.8	9,677	6.10%
2016	68,468	2,588,296	37,803	38.1	12.8	9,561	6.20%
2017	68,202	2,692,479	39,478	38.9	12.9	9,535	4.50%
2018	68,247	2,790,142	40,883	38.9	12.9	9,342	4.10%
2019	68,941	2,974,322	43,143	39.0	13.0	8,976	3.20%
2020	71,072	3,229,441	45,349	37.8	13.3	8,197	5.60%
2021	71,175	3,511,988	49,343	37.8	13.3	8,206	3.10%
2022	71,235	3,524,850	49,482	37.8	13.3	8,655	2.70%
2023	N/A	N/A	N/A	37.8	13.3	7,827	2.40%

Sources: Population information obtained from the U.S. Census Bureau and the University of Alabama's Center for Business and Economic Research. Personal income and per capita personal income information obtained from the U.S. Bureau of Economic Analysis. Median age and education level information obtained from usa.com. School enrollment data obtained from the Dothan City School System. Unemployment data obtained from the Alabama Department of Labor, Labor Market Information Division.

Notes: Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 20
PRINCIPAL EMPLOYERS*
CURRENT YEAR AND NINE YEARS AGO

<u>EMPLOYER</u>	<u>2023</u>			<u>2014</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
Southeast Health/Southeast Alabama Medical Center	2,322	1	4.88%	2,113	1	5.05%
Dothan (City) & Houston County School Systems	2,000	2	4.20%	1,973	2	4.72%
City of Dothan	1,243	3	2.61%	971	4	2.32%
Flowers Hospital	1,100	4	2.31%	1,100	3	2.63%
Wayne Farms	1,000	5	2.10%			
Southern Nuclear (Farley)	950	6	2.00%	950	5	2.27%
Walmart (All Dothan Locations)	747	7	1.57%			
Michelin North America, Inc.	550	8	1.16%	550	6	1.32%
McLane	500	9	1.05%			
Houston County Government	411	10	0.86%	413	8	0.99%
AAA Cooper Transportation				425	7	1.02%
Twitchell Corporation				387	9	0.93%
Extencicare Health & Rehabilitation Center				360	10	0.86%
Total	<u>10,823</u>		<u>22.74%</u>	<u>9,242</u>		<u>22.11%</u>

*These figures are for Houston County.

Source: Dothan Area Chamber of Commerce, US Bureau of Labor and Statistics, and Alabama Department of Labor

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 21
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Function/Program										
General government										
Administrative services	13	13	13	13	12	13	12	16	16	15
Information systems	16	14	11	14	14	14	14	17	19	21
City clerk	4	4	4	4	4	4	4	3	4	4
Finance	45	41	43	43	46	44	41	42	40	40
Personnel	10	10	10	10	10	10	10	10	12	12
Judicial	13	12	13	14	13	14	13	12	13	14
General services	51	54	53	53	57	56	55	48	44	46
Police										
Officers	171	167	164	159	157	169	164	149	174	179
Civilians	69	75	69	74	70	67	70	68	75	78
Fire										
Firefighters and officers	171	171	167	171	170	161	168	181	179	188
Civilians	3	3	3	3	3	3	3	3	3	3
Refuse collection	78	74	71	70	70	67	67	67	69	70
Other public works										
Engineering	18	19	16	16	16	17	19	15	15	15
Street	44	42	42	43	45	45	47	49	48	49
Traffic	13	12	12	12	12	12	15	15	14	15
Other	0	6	6	6	7	7	6	8	7	6
Planning and development	21	20	21	23	23	24	24	28	28	24
Parks and recreation	64	61	62	68	70	70	67	73	75	84
Performing arts	12	12	10	12	10	11	12	9	10	13
Electric	65	63	64	66	68	67	70	72	73	75
Water	36	34	37	38	37	37	40	39	40	39
Wastewater	54	52	51	54	59	60	58	64	60	64
Total	<u>971</u>	<u>959</u>	<u>942</u>	<u>966</u>	<u>973</u>	<u>972</u>	<u>979</u>	<u>988</u>	<u>1,018</u>	<u>1,054</u>

Source: City of Dothan Personnel Department

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total hours by 2,080. This chart represent the number of filled authorized positions.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 22
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function										
General government										
Building permits issued	4,888	5,900	5,577	5,718	5,311	5,766	5,511	5,663	5,280	4,892
Building inspections conducted	6,954	6,995	7,155	7,090	7,023	7,019	7,858	8,171	8,583	8,217
Police										
Physical arrests	7,199	7,874	6,198	6,212	6,009	6,622	5,938	6,681	6,058	5,756
Parking violations	137	75	178	49	121	96	196	49	26	19
Traffic and non misdemeanor violations	12,337	12,607	17,625	19,080	18,768	21,449	20,979	15,751	16,904	20,426
Fire										
Emergency responses	11,180	12,205	12,836	13,402	13,815	15,648	15,112	16,241	15,930	16,328
Fires extinguished	536	396	294	364	284	382	361	309	376	384
Inspections	2,167	2,565	2,157	2,177	2,185	2,101	1,947	1,965	2,345	2,014
Refuse collection										
Refuse collected (tons per day)	178.20	118.27	126.89	119.92	155.38	112.36	136.33	128.15	116.54	121.65
Recyclables collected (tons per day)	4.35	5.36	5.94	6.32	9.23	4.49	4.82	7.57	7.25	9.49
Other public works										
Street resurfacing (miles)	15	10	13	15	11	14	13	12	13	12
Parks and recreation										
Athletic field permits issued	466	345	461	445	301	446	204	198	278	573
Community center admissions*	121,097	129,346	110,508	91,606	100,635	90,344	23,230	89,571	91,243	116,061
Library										
Volumes in collection - books	152,920	152,681	136,597	139,796	107,957	104,718	120,980	113,277	114,569	125,198
Volumes in collection - audio/video/electronic	8,048	8,287	15,645	17,723	18,755	19,880	14,283	19,374	21,102	24,297
Volumes borrowed	228,672	288,661	344,397	394,623	488,046	492,926	496,144	161,508	182,189	197,147
Water										
New connections	185	284	396	442	106	176	612	193	463	251
Water main breaks	154	179	154	167	110	143	96	65	118	153
Average daily consumption (thousands of gallons)	11,252	10,406	12,274	13,028	12,019	13,325	13,872	12,638	12,853	12,704
Peak daily consumption (thousands of gallons)	19,439	18,514	20,239	19,656	19,814	24,856	22,944	23,430	20,200	19,205
Wastewater										
Average daily sewage treatment (thousands of gallons)	13,619	10,551	15,475	12,635	11,509	13,223	13,296	13,497	11,160	11,207

Sources: Planning Department, Police Department, Fire Department, Public Works Department, Leisure Services Department, Dothan Utilities, and Dothan Houston County Library System

*Includes community center admissions plus the number of admissions to the Westgate Tennis Complex.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 23
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	17	17	17	17	17	17	17	17	17
Fire stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection trucks	51	51	49	49	49	52	49	48	48	45
Other public works										
Streets (miles)	455	455	455	457	457	457	459	462	463	464
Highways (miles)*	58	59	59	59	59	59	59	59	59	59
Street lights	15,766	15,847	16,345	17,981	18,021	18,096	18,353	18,675	19,013	19,095
Traffic signals	190	190	190	190	190	190	190	192	192	213
Parks and recreation										
Acreage	708	708	1,092	1,102	1,102	1,102	1,102	1,114	1,114	1,160
Playgrounds	15	15	15	16	16	18	18	18	18	18
Baseball/softball diamonds	31	31	31	44	44	44	44	42	42	39
Soccer/football fields	8	8	8	9	9	9	9	9	9	9
Community centers	7	7	7	7	7	7	7	7	7	7
Tennis courts	47	47	47	47	47	47	47	47	47	46
Pickleball courts	-	-	-	-	-	-	-	-	-	6
Swimming Pools	7	7	7	7	7	7	7	7	7	7
Dog-friendly park	1	1	1	1	1	1	1	1	1	1
Flag football fields	-	-	-	-	-	-	-	-	-	6
Water										
Water mains (miles)	507	510	512	514	516	519	521	522	524	526
Fire hydrants	3,482	3,499	3,514	3,634	3,648	3,684	3,704	3,821	3,938	3,961
Storage capacity (thousands of gallons)	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Wastewater										
Sanitary sewers (miles)	505	506	506	510	511	512	518	521	524	526
Storm sewers (miles)	186	187	187	187	188	189	192	195	196	197
Treatment capacity (thousands of gallons)	22,120	22,120	22,120	22,120	22,120	22,120	22,120	22,120	22,120	22,120

Sources: Police Department, Fire Department, Public Works Department, Leisure Services Department, and Dothan Utilities

Note: *Highway miles are miles of roadway within the City limits that are maintained by the Alabama Department of Transportation (ALDOT).

SINGLE AUDIT SECTION



PO Box 6356
Dothan, Alabama 36302

**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***

Independent Auditor's Report

Honorable Mayor and Board of City Commission
City of Dothan, 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, each major fund, and the aggregate remaining fund information of the City of Dothan, Alabama, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Dothan, Alabama's basic financial statements, and have issued our report thereon dated March 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Dothan, 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 Dothan, Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dothan, 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 functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dothan, 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*.

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.

McDaniel and Associates PC

Dothan, Alabama
March 15, 2024

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Honorable Mayor and Board of City Commissioners
City of Dothan, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the City of Dothan, 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

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

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

McDaniel and Associates PC

Dothan, Alabama
March 15, 2024

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THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 10-01-22	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 9-30-23
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:							
<u>Direct Programs:</u>							
CDBG-Entitlement Grants Cluster							
Community Development Block Grant - Entitlement	14.218	B-17-MC-01-0010	\$ 435,181	\$ -	\$ 3,210	\$ 3,210	\$ -
Community Development Block Grant - Entitlement	14.218	B-18-MC-01-0010	468,832	-	7,160	7,160	-
Community Development Block Grant - Entitlement	14.218	B-19-MC-01-0010	670,663	-	-	-	-
Community Development Block Grant - Entitlement	14.218	B-20-MC-01-0010	1,224,430	8,399	324,537	324,537	12,532
Community Development Block Grant - Entitlement	14.218	B-21-MC-01-0010	348,942	68,149	84,497	84,497	9,444
Community Development Block Grant - Entitlement	14.218	B-22-MC-01-0010	528,012	-	354,923	354,923	97,198
Total CDBG-Entitlement Grants Cluster				76,548	774,327	774,327	119,174
Community Development Block Grant - CV Program		CV-EC-20-013	484,624	484,624	-	-	-
Total U.S. Department of Housing and Urban Development				561,172	774,327	774,327	119,174
U.S. DEPARTMENT OF JUSTICE:							
<u>Direct Programs:</u>							
Bulletproof Vest Partnership Grant	16.607	None	21,520	11,567	-	-	-
Bulletproof Vest Partnership Grant	16.607	None	26,900	-	13,450	13,450	7,162
Community Oriented Policing Services		G02161SLEM	50,000	-	9,118	9,118	-
Edward Byrne Memorial Justice Assistance	16.738	2019-DJ-BX-0552	36,499	-	35,404	35,404	-
Edward Byrne Memorial Justice Assistance	16.738	2020-H7406-AL-DJ	42,483	12,434	28,774	28,774	28,774
Edward Byrne Memorial Justice Assistance	16.738	O-BJA-2021-135004	50,232	25,920	22,805	22,805	-
Edward Byrne Memorial Justice Assistance	16.738	2022-15PBJA-22-GG-023919-JAGX	68,280	-	9,871	9,871	9,871
Edward Byrne Memorial Justice Assistance	16.738	2023-15PBJA-23-GG-03031-JAGX	42,659	-	-	-	-
<u>Passed Through Alabama Law Enforcement Agency:</u>							
High Intensity Drug Trafficking Area	95.001	None	16,707	3,919	3,785	3,785	-
High Intensity Drug Trafficking Area	95.001	None	26,175	-	16,803	16,803	4,910
Internet Crimes Against Children Task Force		12-PJP21-GK-03809-MECP	20,000	-	3,662	3,662	2,475
Total U.S. Department of Justice				53,840	143,672	143,672	53,192
U.S. DEPARTMENT OF AGRICULTURE:							
<u>Passed Through State Department of Education:</u>							
Children At Risk Feeding Child and Adult Care Program	10.558	AKZ-0000	1,220,247	28,386	26,824	26,824	-
Total U.S. Department of Agriculture				28,386	26,824	26,824	-
U.S. DEPARTMENT OF THE TREASURY:							
Coronavirus Relief Fund - American Rescue Plan	21.019	None	12,530,000	-	-	2,766,279	-
Total U.S. Department of the Treasury				-	-	2,766,279	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:							
<u>Aging Cluster</u>							
Southern Alabama Regional Council On Aging	93.044 / 93.045	2301ALOASS	12,160	-	12,160	12,160	-
Total Aging Cluster				-	12,160	12,160	-
Total U.S. Department of Health and Human Services				\$ -	\$ 12,160	\$ 12,160	\$ -

(Continued on Page 138)

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 10-01-22	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 9-30-23
U.S. DEPARTMENT OF TRANSPORTATION:							
Highway Safety Cluster							
Local Impact	20.600	2022-FP-PT-65	\$ 80,588	\$ 22,579	\$ -	\$ -	\$ -
Local Impact	20.600	2022-FP-PT-011	95,535	-	95,535	95,535	20,793
Local Impact	20.600	23-FP-PT-009	1,083	-	1,083	1,083	-
Local Impact	20.616	2022-ID-M5-66	41,613	17,281	-	-	-
Local Impact	20.616	23-ID-DS-007	4,015	-	4,015	4,015	4,015
Local Impact	20.616	23-ID-M5-010	88,592	-	88,592	88,592	43,026
Total Highway Safety Cluster				39,860	189,225	189,225	67,834
Safe Streets and Roads for All	20.939	693JJ32340403	235,336	-	918	918	918
<u>Passed Through State Of Alabama:</u>							
Federal Transportation Alternatives Plan-Sidewalks	20.205	TAPAA-TA21(915)	519,745	308,001	113,932	113,932	-
Federal Transportation Alternatives Plan-Sidewalks	20.205	TAPSU-TA23(924)	82,153	-	64,984	64,984	6,678
MPO Grant - Denton Road	20.205	STPOA-9450 (602)	629,251	-	19,809	-	-
MPO Planning Grant-2022	20.205	None	169,968	174,908	(4,940)	(4,940)	-
MPO Planning Grant-2023	20.205	None	121,167	-	121,167	121,167	98,048
MPO Grant - Bicycle, Pedestrian, & Greenways Plan	20.205	None	193,506	-	-	-	-
Ross Clark Circle Phase 1	20.205	RPF-NHF-HPPF-0210-PH1	516,600	44,210	-	-	-
Ross Clark Circle Phase 2	20.205	RPF-NHF-HPPF-0210-PH2	4,791,778	65,701	144,542	144,542	42,195
Ross Clark Circle Electric Utility Relocation	20.205	RPF-NHF-HPPF-0210	677,895	249,049	-	-	-
Total U.S. Department of Transportation				881,729	649,637	629,828	215,673
U.S. DEPARTMENT OF HOMELAND SECURITY:							
<u>Direct Programs:</u>							
Bomb Equipment Grant	97.067	20LET	12,712	12,712	-	-	-
Bomb Equipment Grant	97.067	21LET	71,288	-	71,288	71,288	71,288
Assistance to Firefighters Grant	97.044	EMW-2022-FG-07357	40,587	-	-	-	-
<u>Passed through State of Alabama:</u>							
Alabama Mutual Aid System - Houston Co EMA	97.067	20 FIL	7,501	5,654	-	-	-
Alabama Mutual Aid System - Houston Co EMA	97.067	20 FIL	14,510	7,031	498	498	-
Alabama Mutual Aid System - Houston Co EMA	97.067	21 FIL	65,919	5,217	25,845	25,845	25,845
Alabama Mutual Aid System - Houston Co EMA	97.067	2022-FIL-84	75,368	-	48,726	48,726	48,726
Total U.S. Department of Homeland Security				30,614	146,357	146,357	145,859
U.S. DEPARTMENT OF ENERGY:							
<u>Passed Through State of Alabama:</u>							
Energy Efficient Retrofits of Wastewater Treatment Facilities		1SEP21 DOE18	35,000	35,000	-	-	-
Total U.S. Department of Energy				35,000	-	-	-
U.S. ENVIRONMENTAL PROTECTION AGENCY:							
<u>Passed Through Alabama Department of Environmental Management:</u>							
Capitalization Grants for Drinking Water State Revolving Funds General Obligation Warrant Series 2023-DWSRF-DL	66.468	2023-DWSRF-DL	10,015,000	-	-	-	528,272
Total Environmental Protection Agency				-	-	-	528,272
TOTAL FEDERAL AWARDS				\$ 1,590,741	\$ 1,752,977	\$ 4,499,447	\$ 1,062,170

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

I. Summary of Significant Accounting Policies

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Dothan, Alabama (the City) under programs of the federal government for the year ended September 30, 2023. 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).

2. Basis of Accounting

Expenditures reported on the schedules are presented on the modified accrual basis of accounting for the governmental funds and the accrual basis of accounting for the proprietary funds, which is described in Note I. to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Allocation of Indirect Cost Rate

The City does not elect to use the 10% de minimis indirect cost rate unless specifically approved in a grant award document.

4. Subrecipients

Federal and state awards provided to subrecipients are treated as expenditures when the City is notified by the subrecipient of the expenditure. Amounts reported in the schedules may not agree with the amounts reported in the related financial reports filed with grantor agencies because of accruals, which would be included in the next report filed with the agencies. Negative amounts, when present on the schedule, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

5. Loans Outstanding

The City had the following direct federal loan balance outstanding at September 30, 2023, that was reported as a federal award in the schedule of expenditures of federal awards.

<u>Program Title</u>	<u>Assistance Listing No.</u>	<u>Amount Outstanding</u> <u>September 30, 2023</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$ 10,015,000
Total		<u>\$ 10,015,000</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION I

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs: Material weaknesses identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR part 200, subpart F?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Identification of major program:

<u>Assistance Listing Number</u>
20.600,20.616
21.019

<u>Name of Federal Program or Cluster</u>
U.S. Department of Transportation-Highway Safety Cluster
U.S. Department of Treasury-American Rescue Plan Act

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION II

FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported

SECTION III

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

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