

# The City of **Dothan, Alabama**



Annual Comprehensive Financial Report  
Fiscal Year Ended September 30,

**2024**

## **INTRODUCTORY SECTION**



**THE CITY OF DOTHAN, ALABAMA**

**Annual Comprehensive Financial Report  
for the Fiscal Year ended September 30, 2024**

**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, 2024**  
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# THE CITY OF **DOTHAN, ALABAMA**

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

RANDALL S. MORRIS  
INTERIM CITY MANAGER

## **TRANSMITTAL LETTER**

February 26, 2025

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, 2024, 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 2024:

- GASB Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62". The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

In the upcoming year, the City will evaluate GASB statements effective in fiscal year 2025 and the financial impact of implementing these statements. This includes GASB Statement No. 101, "Compensated Absences" and Statement No. 102 "Certain Risk Disclosures".

## **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, 2024. 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 Treasury, 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, 2024, 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). 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 1,452 authorized employee positions: 1,174 full-time employees; 31 part-time employees; and 247 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 \$7,800,000.
- 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 \$4,000,000 in additional revenue.

## **Financial Planning**

Funds equal to 11.7% 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, Utility Fund, and Solid Waste Fund as of September 30, 2024, was \$28,792,235.

The City's capital improvement plan for fiscal year 2024 identified \$269.6 million in capital projects. The City Commission funded \$121 million; of this amount \$73.4 million for General Fund; \$21.8 million for Public Building Authority Fund; \$24.7 million for Utility Fund; and \$1.1 million for Solid Waste Fund. These projects included architectural services for downtown improvements; design of City Hall and City Hall Annex; construction of the Wiregrass Innovation Center; computer, software and network upgrades; communication equipment; license plate reader cameras; equipment for public safety park division; playground equipment; Westgate competition pool deck and restroom upgrades and improvements; pickleball court design; Forever Wild dog park design; sidewalk and streetscaping additions and improvements downtown; Flowers Chapel Road and Woodburn Drive signal design; storm drainage conditional assessment and hydrological analysis; miscellaneous sewer improvement projects; water main replacement; Honeysuckle Tank rehab design; Pettus Water Treatment Plant automation upgrade; sanitary sewer system extensions; Mobile Street lift station replacement; Omussee Trunk Line rehabilitation; permanent generators at lift stations; 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 Energy Southeast (formerly Alabama Municipal Electric Authority) 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. The City is currently undergoing an electric rate study. 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 \$1.94 - \$3.62 (based on usage) and \$7.80, respectively.

The monthly residential customer rate for collecting, hauling and disposal of refuse is \$14.75. This rate was implemented in March 2013. The tipping fee for commercial waste haulers and private entities is currently \$45.09 per ton. This rate increases 3% biannually; the next increase is scheduled for October 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 2024 was as follows:

	<u>Amount</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Debt per Capita</u>
<b>Net Direct Bonded Debt</b>	<b>\$14,706,167</b>	<b>1.17%</b>	<b>\$206</b>

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 2024, 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, there were 75 new or expanding investments in the area. Some of these projects include Southern Root Nut Company which opened distribution operation in the summer of 2024 and plans to construct shelling operations in 2025; the new Amazon distribution center which started operations in December 2024; and Dothan Warehouse will invest an additional \$5.2 million to convert ambient space to cool storage to support growth of e-commerce and create 50 additional jobs.

Work continues downtown for the Dothan Opera House Additions and Renovations and the adjacent Porter Park & Events Plaza. The Wiregrass Innovation Center began construction in 2024 and will house HudsonAlpha Wiregrass and will have additional space to cultivate and grow ag-tech companies, enhance research and development in the area and spur business innovation. Downtown activity has also seen Brasfield and Gorrie, LLC take the 154 East Main Street building and renovate it for their construction operation; 164 South Foster Street (formerly the Chill building) is being converted into Bosforo Mediterranean Seafood & Steak Restaurant; 158 South Foster Street is being reviewed for a new food establishment; the Blue Moon Café opened at the former Frith Building; 142 East Main Street has a prospect to convert this building into commercial space; and the former Denny Vision building construction is moving well. This will add more housing and retail space in the downtown area.

Overall, the Dothan area has seen increased job growth and unemployment rates are currently at 3.4% according to the Alabama Department of Labor. 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 which is almost complete and in the final stages for major industrial investment; and an acquisition of 446 acres of industrial property, 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, 2023. The City has received this prestigious award for 41 consecutive years (fiscal years ended 1983 – 2023).

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 20 consecutive years (fiscal years ended 2004 – 2023). 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



Randall S. Morris, P. E.  
Interim City Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Dothan  
Alabama**

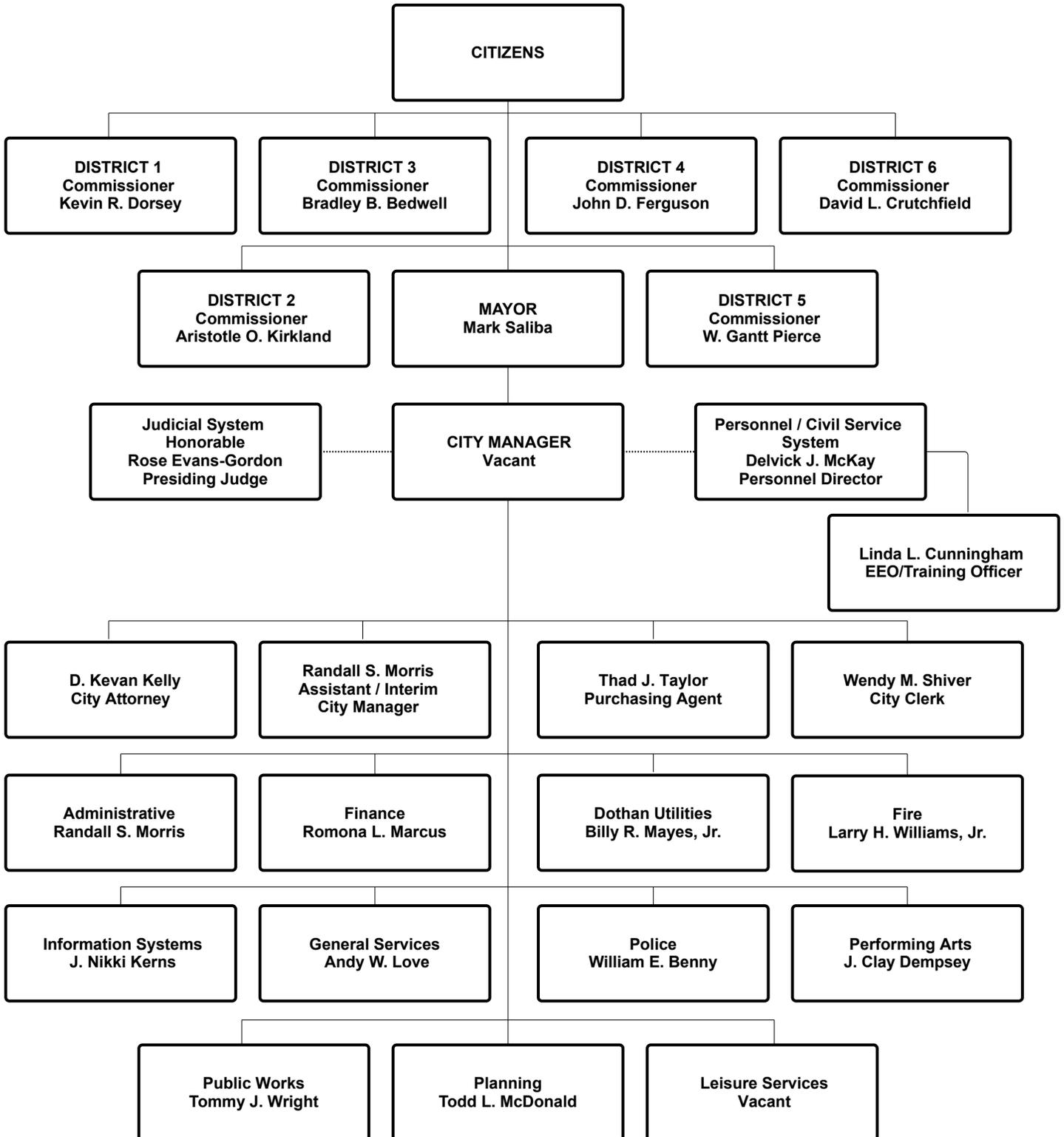
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2023

*Christopher P. Morill*

Executive Director/CEO

# CITY OF DOTHAN, ALABAMA ORGANIZATIONAL CHART



**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**

Vacant	City Manager
Randall S. Morris	Assistant / Interim City Manager
Wendy M. Shiver	City Clerk
Thad J. Taylor	Purchasing Agent
D. Kevan 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
Vacant	Leisure Services Director
William E. Benny	Police Chief
J. Clay 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
J. Nikki Kerns	Information Technology Director
David A. Jones	Public Defender
Rebecca D. McCorkell	Public Defender
William B. Wadsworth	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, 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, 2024, and the related notes to the financial statements, which collectively comprise the City of Dothan, Alabama's 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dothan, Alabama, as of September 30, 2024, 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* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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*

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 85 - 90 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 schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025, 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  
February 26, 2025

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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, 2024. 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 \$298,069,787 (net position). Of this amount, the City had a deficit unrestricted net position of \$40,321,430 offset by \$853,194 in restricted net position and \$337,538,023 in net investment in capital assets.
- The City's total net position increased by \$59,302,959 (24.84%) from \$238,766,828 at September 30, 2023 to \$298,069,787 at September 30, 2024. A detailed explanation of this increase can be viewed on page eight of this MD&A.
- Total net position for governmental activities increased by \$53,669,581 (95.48%), thus totaling \$109,879,766 for fiscal year 2024.
- At the close of fiscal year 2024, the City of Dothan's governmental funds reported a combined fund balance of \$118,941,356. This was an increase of \$36,419,504 (44.13%) compared to fiscal year 2023.
- The unassigned fund balance for the General Fund was \$17,413,015, or 10.98% of total General Fund expenditures and other financing uses; this was an increase of \$5,693,964 (48.59%) from fiscal year 2023. This total is available for spending at the government's discretion.
- Revenue from grants and contributions for the General Fund increased \$36,687,386 (537.51%) from fiscal year 2023. Sales and use tax, the City's single largest revenue source, increased \$2,743,964, or 2.86% during the 2024 fiscal year, reflecting continued growth in Dothan's economy. Other significant changes in revenue in the City's General Fund during 2024 include increases in property taxes of \$613,363 (10.85%) and increases in lodging tax of \$253,585 (6.52%).
- The City of Dothan's total debt decreased by \$7,939,951 (9.46%) during the current fiscal year, yielding a total outstanding debt of \$75,962,009 compared to last year at \$83,901,960.

## 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 37-84) 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, 2024, totaled \$298,069,787. Governmental Activities' net position increased \$53,669,581, while Business-type Activities' net position increased \$5,633,378 during fiscal year 2024. The primary government's total net position increase of \$59,302,959 in fiscal year 2024 includes the following major changes: (1) an increase in net investment in capital assets of \$36,445,559; (2) an increase in cash and cash equivalents of \$11,310,468; (3) an increase in receivables of \$10,275,586; (4) a decrease in investments of \$2,066,701; (5) an increase in due from other governments of \$11,797,347; (6) a decrease in deferred outflows of \$13,327,269; and (7) a decrease in liabilities of \$3,543,770. 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 (113.24%) 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, 2024, was \$337,538,023. 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: \$623,519 for street and bridge maintenance, \$211,073 for opioid epidemic mitigation, and \$18,602 for education. The remaining balance of (\$40,321,430) is unrestricted.

The following table reflects the statement of net position compared to the prior year. A reclassification was made for 2023 due to a change in net investment of capital assets for unspent proceeds. Net position was not restated. Details of this correction can be found in the notes to the financial statements V. H. on page 83.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current & Other Assets	\$135,531	\$ 97,111	\$ 84,921	\$ 92,493	\$220,452	\$189,604
Capital Assets	176,870	149,022	234,868	226,384	411,738	375,406
Total Assets	<u>312,401</u>	<u>246,133</u>	<u>319,789</u>	<u>318,877</u>	<u>632,190</u>	<u>565,010</u>
Deferred Outflows of Resources	45,972	56,780	12,434	14,952	58,406	71,732
Current & Other Liabilities	16,552	14,446	18,625	18,921	35,177	33,367
Long-term Liabilities	218,803	217,387	125,088	131,857	343,891	349,244
Total Liabilities	<u>235,355</u>	<u>231,833</u>	<u>143,713</u>	<u>150,778</u>	<u>379,068</u>	<u>382,611</u>
Deferred Inflows of Resources	13,138	14,870	320	494	13,458	15,364
<b>Net Position</b>						
Net Investment in Capital Assets	162,446	135,942	175,092	165,151	337,538	301,093
Restricted for:						
Street and Bridge Maintenance	624	504	-	-	624	504
Opioid Epidemic Mitigation	211	429	-	-	211	429
Education	19	328	-	-	19	328
Unrestricted (Deficit)	<u>(53,420)</u>	<u>(80,993)</u>	<u>13,098</u>	<u>17,406</u>	<u>(40,322)</u>	<u>(63,587)</u>
Total Net Position (Deficit)	<u>\$109,880</u>	<u>\$ 56,210</u>	<u>\$188,190</u>	<u>\$182,557</u>	<u>\$298,070</u>	<u>\$238,767</u>

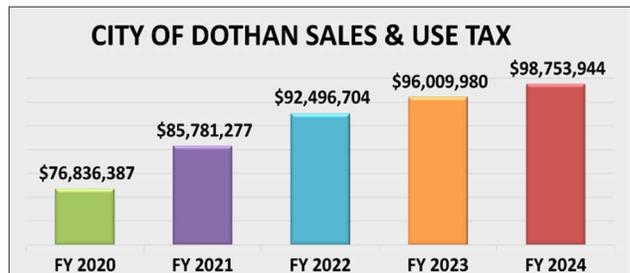
## Normal Impacts Affecting the Statement of Net Position

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 \$98,753,944 in 2024. This revenue reflected an increase of \$2,743,964 (2.86%) compared to \$96,009,980 in 2023. 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, public safety facilities, and recreational facilities.



## Statement of Activities

**Governmental Activities.** Governmental activities increased the City of Dothan's net position by \$53,669,581. Governmental revenues totaling \$178,888,466 increased \$48,130,062 or 36.81% over fiscal year 2023 (\$130,758,404). Governmental expenditures totaling \$144,628,400 increased \$11,560,771 or 8.69% over fiscal year 2023 (\$133,067,629). Key elements in the change of net position are listed below.

- Taxes increased \$3,341,702 (3.11%). Sales taxes increased \$2,743,964, and property tax increased \$613,363, plus lodging taxes had an increase of \$253,585 over the previous year. These increases were offset by a decrease in franchise taxes in the amount of \$254,360 and cigarette tax in the amount of \$14,850.
- Grant revenues increased \$36,687,386 (537.51%) due to an increase of \$20,000,000 from the Alabama Department of Commerce; an increase of \$10,000,000 from Wiregrass Foundation; an increase of \$375,000 from Innovate Alabama; an increase of \$758,754 from Houston County; an increase of \$5,516,122 from the Alabama Department of Transportation; an increase of \$171,917 from Metropolitan

Planning Organization; which was offset by a decrease in revenue from the FBI and US Marshals Service of \$8,572.

- Charges for services decreased \$34,489 (.30%). Civic Center and Opera House event revenue decreased \$376,012; licenses and permits revenue increased \$122,369; public safety revenue increased \$116,620; recreation revenue increased \$16,299; and demolition and weed removal fees increased \$98,627.
- Expenses increased \$11,560,771, which was primarily due to an increase of \$5,987,535 in salaries and benefits due to cost of living increases, performance increases, and increases in public safety personnel; \$2,544,305 in citywide computer and equipment upgrades; \$1,366,874 in insurance related expenses; \$717,003 for indoor pool maintenance; and \$658,228 in storm sewer analysis and maintenance.

**Business-Type Activities.** Business-type activities increased the City of Dothan's net position by \$5,633,378. Business-type revenues totaling \$146,561,173 increased \$642,117 or .44% over fiscal year 2023 (\$145,919,056). Business-type expenditures totaling \$121,518,280 decreased \$6,117,758 or 4.79% over fiscal year 2023 (\$127,636,038) and transfers to the General Fund increased by \$10,093,433.

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, 2024  
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>REVENUES</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 11,517	\$ 11,552	\$ 140,254	\$ 143,558	\$ 151,771	\$ 155,110
Operating grants & contributions	13,614	3,491	-	197	13,614	3,688
Capital grants & contributions	26,962	394	3,469	464	30,431	858
<b>General Revenues:</b>						
Property taxes	6,268	5,654	-	-	6,268	5,654
Other taxes	104,514	101,785	-	-	104,514	101,785
Grants & contributions not restricted to specific programs	2,937	2,941	-	-	2,937	2,941
Other	13,076	4,941	2,838	1,700	15,914	6,641
<b>Total Revenues</b>	<u>178,888</u>	<u>130,758</u>	<u>146,561</u>	<u>145,919</u>	<u>325,449</u>	<u>276,677</u>
<b>EXPENSES</b>						
<b>Governmental Activities:</b>						
General government	35,559	32,520	-	-	35,559	32,520
Public safety	53,993	50,331	-	-	53,993	50,331
Public works	12,781	13,415	-	-	12,781	13,415
Planning & development	3,518	3,766	-	-	3,518	3,766
Health & welfare	5,202	5,267	-	-	5,202	5,267
Culture & recreation	20,784	17,780	-	-	20,784	17,780
General services	5,680	5,356	-	-	5,680	5,356
Insurance	2,532	297	-	-	2,532	297
Education	4,113	3,980	-	-	4,113	3,980
Interest on long-term debt	466	355	-	-	466	355
<b>Business-Type Activities:</b>						
Solid waste collections	-	-	7,740	7,634	7,740	7,634
Solid waste landfill	-	-	1,359	2,853	1,359	2,853
Electric	-	-	75,068	80,105	75,068	80,105
Water	-	-	5,810	6,054	5,810	6,054
Sewer	-	-	8,936	8,853	8,936	8,853
Billing-collection	-	-	2,449	2,446	2,449	2,446
Meter reading	-	-	603	558	603	558
Depreciation	-	-	15,367	14,922	15,367	14,922
Miscellaneous	-	-	1,953	1,954	1,953	1,954
Gain (loss) disposition of capital assets	-	-	869	873	869	873
Bond issue costs	-	-	-	11	-	11
Interest and fiscal charges	-	-	1,364	1,373	1,364	1,373
<b>Total Expenses</b>	<u>144,628</u>	<u>133,067</u>	<u>121,518</u>	<u>127,636</u>	<u>266,146</u>	<u>260,703</u>
Change in net position before transfers	34,260	(2,309)	25,043	18,283	59,303	15,974
Transfers	19,410	9,316	(19,410)	(9,316)	-	-
Change in net position	53,670	7,007	5,633	8,967	59,303	15,974
Beginning net position	56,210	49,203	182,557	173,590	238,767	222,793
<b>Net position (deficit) September 30</b>	<u>\$ 109,880</u>	<u>\$ 56,210</u>	<u>\$ 188,190</u>	<u>\$ 182,557</u>	<u>\$ 298,070</u>	<u>\$ 238,767</u>

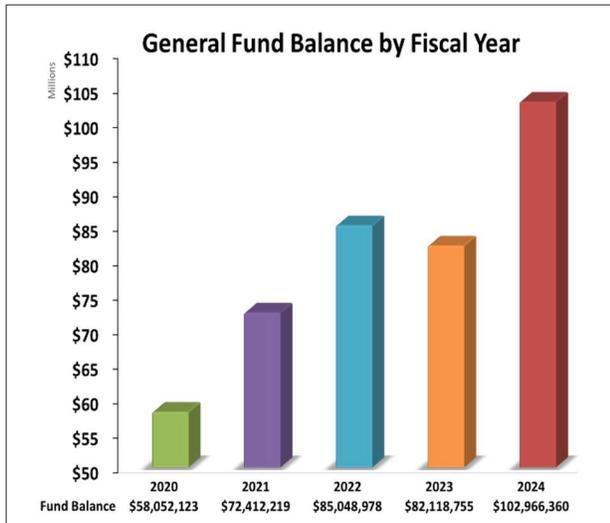
## Fund Balance Analysis

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 \$118,941,356, an increase of \$36,419,504 (44.13%) in comparison with the prior year of \$82,521,852. The fund balance increase is contributed to an increase in committed fund balance of \$33,583,227, an increase in unassigned fund balance of \$5,906,854, which was offset by a decrease in assigned fund balance of \$2,606,107. In fiscal year 2024, Dothan received \$40,575,452 in grants and contributions for operating and capital projects, which attributed to the increase of fund balance. Of this total fund balance, \$17,625,905 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			
<b><u>Nonspendable:</u></b>		<b><u>Assigned:</u></b>	
Inventories	\$ 509,100	Administrative	\$ 486,272
		Information Technology	3,790,176
<b><u>Restricted:</u></b>		Economic Development Projects	465,431
Street & Bridge Maintenance	\$ 623,519	Public Safety Programs	1,969,308
Opioid Epidemic Mitigation	211,073	Public Works Projects	6,246,425
Education	18,602	Planning & Community Development	171,863
	\$ 853,194	Culture & Recreation	1,293,150
		Facility Maintenance	670,056
<b><u>Committed:</u></b>		Self-Insurance Claims	8,706,991
Administrative	\$ 44,862,829	Fund Balance Reserves	12,472,367
Information Technology	824,803		\$ 36,272,039
Economic Development Projects	183,878		
Public Safety Programs	554,842	Unassigned	\$ 17,625,905
Public Works Projects	2,683,059		
Planning & Community Development	549,010		
Culture & Recreation	12,872,724		
Facility Maintenance	1,149,973	Total Fund Balance	\$ 118,941,356
	\$ 63,681,118		

**General Funds.** The general fund is the chief operating fund of the City. At the end of fiscal year 2024 the total fund balance was \$102,966,360 (\$509,100 was nonspendable, \$834,592 was restricted, \$47,937,614 was committed, \$36,272,039 was assigned and \$17,413,015 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 \$17,413,015 represents 11.35% of the general fund expenditures which equal \$153,425,975, while the total general fund balance of \$102,966,360 represents 67.11% of the general fund expenditures. The fund balance of \$102,966,360 for the City of Dothan's general fund increased by 20,847,605 (25.39%) from \$82,118,755 in 2023.



The general fund's total assets increased by \$22,361,670 during 2024. The increase in cash and cash equivalents and due from other governments was a contributing factor. The city received several substantial grants for capital projects during the year. 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 (\$15,717,095) increased from the previous year (\$14,415,428) by \$1,301,667 (9.03%). The most significant component was vouchers/accounts payable which increased \$632,872 and accrued liabilities which increased \$890,050. In addition, customer deposits and unearned revenue decreased by \$98,494 and \$126,791 respectively.

Total deferred inflow of resources (\$5,798,434) increased by \$212,398 (3.80%). This was due to an increase in deferred property taxes of \$318,651, which was offset by a decrease of \$106,253 for leases.

The debt service fund has a total fund balance of \$0. 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 \$188,190,021 compared to last year's amount of \$182,556,643. The utility fund experienced an increase in net position in the amount of \$5,898,370. Total non-current liabilities decreased \$7,352,495, which was due primarily to a decrease in bonds payable by \$7,295,000.

## 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 2023, the City Commission adopted a biennium budget for fiscal years 2024 and 2025. This was the eleventh 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 15<sup>th</sup> 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 2024 final general fund budget projected \$156,691,174 in revenues, \$226,978,544 in expenditures and \$2,080,538 in other financing sources/uses, producing a planned reduction of \$68,206,832 in the general fund's balance. Actual amounts for revenues (\$169,109,048), expenditures (\$153,425,975) and other financing sources/uses (\$5,164,532) netted to a \$20,847,605 increase, rather than the expected \$68,206,832 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

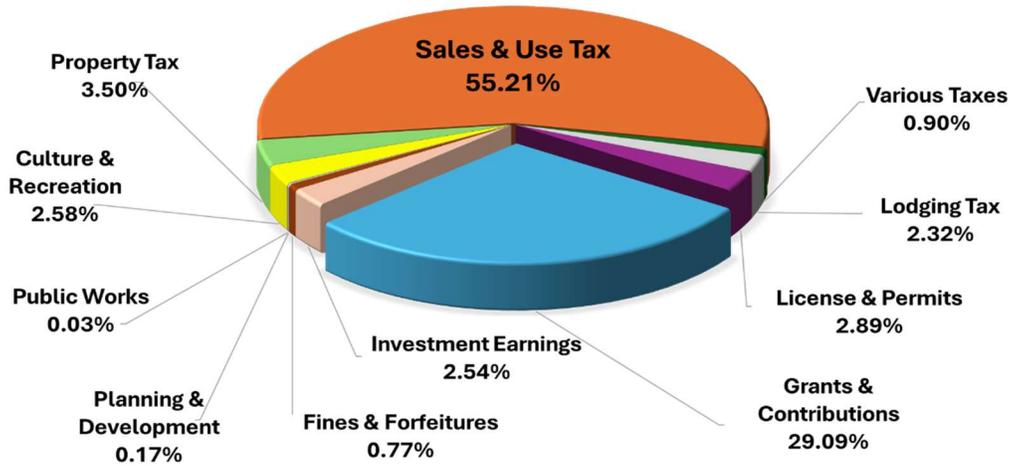
revenue sources which created the \$12,417,874 over budget. Some major contributors to each revenue (actual) source being over/under from the final budget are listed as follows:

- \$7,415,882 Increase in Taxes – property (over \$24,277), motor vehicle property tax (over \$193,748), sales & use tax (over \$6,753,944), cable/phone/gas franchise fee (under \$199,680), and lodging tax (over \$643,593)
- \$195,933 Increase in License and Permits – privilege and insurance license (over \$150,199), building permits (over \$28,290), and miscellaneous (over \$17,444)
- \$117,702 Decrease in Intergovernmental – U.S. Department of Transportation and Alabama Department of Transportation Grants (over \$125,302), financial institution funds (over \$11,211), gas tax revenues (over \$273,780), Alabama Trust Fund (over \$170,469), Community Development Block Grants (under \$7,520), Bureau of Justice, Homeland Security, Emergency Management Agency, and Public Housing Drug Grants (under \$50,719), Wiregrass Foundation Grants (under \$725,773), and miscellaneous intergovernmental revenues (over \$85,548)
- \$826,566 Increase in Charges for Services – recreational programs (over \$729,099), civic center ticket sales/facility fees and rental (under \$68,468), planning and zoning application fees (under \$13,051), demolition and removal (over \$157,222), weed abatement liens (over \$38,766), and miscellaneous income (under \$17,002)
- \$163,154 Increase in Fines and Forfeitures – drug seizure (over \$72,414), pre-trial diversion fees (under \$76,874), court fines (over \$153,962), false alarm fees (under \$6,050), and miscellaneous fines and forfeitures (over \$19,702)
- \$1,422,663 Increase in Interest – an increase in the interest rate environment during fiscal year 2024 resulted in an increased amount of interest income
- \$2,511,378 Increase in Miscellaneous – reimbursement for claims from the stop loss re-insurance carrier (over \$471,610), contributions/donations (over \$35,435), rental/lease income (over \$23,217), telephones in the jail (over \$23,434), housing authority pilot fees (over \$28,765), photocopy printing (over \$7,388), junk sales (over \$218,997), animal control fees (over \$12,552), credit cards (under \$872), property damage recovery (over \$1,731,362), and miscellaneous income (under \$40,510)

The actual departmental expenditures in the general fund were well within the budgetary constraints and were under budget by \$12,736,715 in fiscal year 2024. Non-departmental expenditures were under budget by \$1,352,363 which was due to a decrease in insurance claims. Capital outlay expenditures were under budget \$59,463,491. This was primarily due to major purchases and projects not completed but carried over to Fiscal Year 2025 as follows: \$42,332,160 for new building construction and maintenance; \$5,694,950 for roadway, sidewalks, and traffic improvements; \$4,376,080 for software and computer upgrades; \$1,261,093 for recreation projects; \$2,261,594 for vehicles and equipment for Police, Fire, Public Works, Leisure Services and General Services; and \$257,489 for public safety equipment. Other financing sources and uses actual amounts compared unfavorably with the budget by \$3,083,994.

The total operating budget was increased by \$57,810,730 in the final budget as follows: departments (over \$5,250,393), insurance (over \$1,134,320) and capital outlay (over \$51,426,017). Although almost all departments' budgets were increased in the final budget (\$5,250,393), the largest increases are denoted as follows: general administration increased \$2,550,000 for downtown development; public safety increased \$110,123 for overtime grants and \$62,050 for equipment; planning and development increased \$686,039 for community development block grant projects and \$369,000 for the Brannon Stand Road corridor study; health and welfare increased \$32,000 for Art in Public Places appropriation; culture and recreation increased \$187,220 for operations at pools, and \$170,000 for pickleball court design; multiple departments were increased for facility repairs due to tornado/hail damage for a total increase of \$206,066; and insurance increased \$117,122.

## FY 2024 GOVERNMENTAL FUND REVENUES



The actual revenues in the general fund, \$169,109,048, were \$12,417,874 over final revenue projections of \$156,691,174. During the year, revenues exceeded budgetary estimates. The original revenue projections in the general fund were \$38,667,818 under the final budget. The additional appropriations totaling \$106,297,537 were funded from: (1) the revenue sources in the following table in the amount of \$38,090,705; (2) encumbrances from fiscal year 2023 which were carried forward to fiscal year 2024 totaling \$43,593,848 (general fund beginning budget included these encumbrances which were funded from the general fund balance); and (3) the remaining \$24,612,984 was budgeted from the available unassigned fund balance.

### Additional Revenue Sources Increasing Fiscal Year 2024 Budget

\$ 33,724,532	- federal, state and local grants
1,954,761	- investment income
900,000	- property tax
602,236	- privilege license income
402,904	- stop loss/insurance refunds
209,334	- recreation income
132,603	- miscellaneous sales
56,840	- contributions & donations
51,795	- demolition income
36,267	- police training funds
19,433	- police seizure funds
<u>\$ 38,090,705</u>	

The additional appropriations (\$24,612,984) that were funded by the unassigned fund balance can be briefly summarized by department as follows:

- General Administration - \$10,149,775 as follows: \$307,300 for increase in design of the Wiregrass Innovation Center; \$187,500 for inspections, testing, and monitoring of construction of Wiregrass Innovation Center; \$9,654,975 for construction and inspection of the Porter Park and Events Plaza
- Police - \$34,250 as follows: \$29,250 for Crash Data recorder hardware and software; \$5,000 for partnership for services with Central Alabama Crime Stoppers

- Public Works - \$878,006 for drainage improvements on Museum Avenue in conjunction with construction of Wiregrass Innovation Center
- Planning & Development – \$23,800 for Brannon Stand Road corridor study
- Leisure Services - \$205,889 as follows: \$170,000 for architecture engineering schematic design and development for pickleball courts; and \$35,889 increase to complete Westgate Wellness Pool deck tile and flooring replacement
- Performing Arts - \$58,815 for portable stage, sound and lighting equipment
- General Services - \$1,967,305 as follows: \$10,970 negotiation of post office lease contract; \$713,079 for the purchase of fire pumper truck; and \$1,243,256 for the purchase of police vehicles
- Other Finance Sources/Uses - \$11,295,144 as follows: \$4,302,200 transfer to Public Building Authority Fund for design and construction services for City Hall; and \$6,992,944 transfer to Public Building Authority Fund for construction of Opera House renovations

## Capital Assets

The City of Dothan’s investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to \$411,738,019 (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 leases and subscription-based information technology arrangements.

Capital Assets as of September 30 (In Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land and Easements	\$ 11,725	\$ 10,343	\$ 9,429	\$ 9,248	\$ 21,154	\$ 19,591
Buildings	69,921	68,175	9,156	9,089	79,077	77,264
Improvements other than Buildings	110,912	108,167	372,926	348,759	483,838	456,926
Machinery & Equipment	63,590	62,186	32,160	32,477	95,750	94,663
Infrastructure	465,252	465,935	-	-	465,252	465,935
Leased Right-of-Use Equipment	175	50	-	-	175	50
Subscription Right-of-Use Arrangements	3,393	409	429	125	3,822	534
Construction in Progress	<u>38,840</u>	<u>12,326</u>	<u>19,354</u>	<u>23,229</u>	<u>58,194</u>	<u>35,555</u>
<b>Total Capital Assets</b>	<b>\$ 763,808</b>	<b>\$ 727,591</b>	<b>\$ 443,454</b>	<b>\$ 422,927</b>	<b>\$ 1,207,262</b>	<b>\$ 1,150,518</b>

**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 \$27,847,341. This increase resulted from additional capital assets totaling \$52,381,872 (see following table) decreased by accumulated depreciation totaling \$10,656,490. In addition, this total was reduced by \$16,165,468 (includes construction in progress placed in service of \$5,208,208) of capital assets which were retired and offset by recaptured depreciation of \$2,287,427. The large increase in capital assets was due to construction projects in progress to include: Wiregrass Innovation Center, Dothan Opera House renovations, Porter Park & Events Plaza and Fire Stations #3 and #10.

<b>GOVERNMENTAL CAPITAL ASSET ADDITIONS (In Millions)</b>	
<b>Construction Projects (Fire Stations, Wiregrass Innovation Center, Porter Park &amp; Events Plaza, Opera House Renovations &amp; Addition, &amp; Traffic Signal Cabinets)</b>	<b>\$31.7</b>
<b>Additions &amp; Improvements (Streets, Sidewalks)</b>	<b>7.7</b>
<b>Vehicles (Police, Fire, Public Works, Leisure Services, Information Technologies, &amp; General Services)</b>	<b>5.4</b>
<b>Software Upgrades &amp; Computer Equipment</b>	<b>3.1</b>
<b>Buildings/Improvements</b>	<b>1.8</b>
<b>Land (Easements &amp; Parcels)</b>	<b>1.4</b>
<b>Equipment (Police Investigation &amp; Safety Equipment, &amp; Playground Equipment)</b>	<b>1.3</b>
<b>Total Capital Asset Additions</b>	<b>\$52.4</b>

The business-type capital investments increased by \$8,484,625. This increase resulted from additional capital assets totaling \$53,705,906 decreased by accumulated depreciation totaling \$15,366,932. In addition, this total was reduced by \$33,179,379 (includes construction in progress placed in service of \$27,910,431) of capital assets which were retired and offset by recaptured depreciation of \$3,325,030 as follows:

<b>BUSINESS-TYPE CAPITAL ASSET ADDITIONS (In Millions)</b>	
<b>Electric System &amp; Substation Improvements</b>	<b>\$ 11.9</b>
<b>Water Improvements</b>	<b>1.4</b>
<b>Sanitary Sewer Improvements</b>	<b>12.3</b>
<b>Equipment &amp; Software (Electric, Water, &amp; Sewer)</b>	<b>.4</b>
<b>Land (Easements)</b>	<b>.2</b>
<b>Vehicles</b>	<b>3.4</b>
<b>Buildings</b>	<b>.1</b>
<b>Construction Projects</b>	<b>24.0</b>
<b>Total Capital Asset Additions</b>	<b>\$53.7</b>

## 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 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. 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 a multi-purpose events center. 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. 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. All funds are expended for this agreement. AMS is also performing a Downtown Redevelopment Analysis in the amount of \$160,000 with \$64,498 expended to date. The City further extended the master service agreement with RDG Planning & Design for Phase II of the project. This agreement will not exceed a cost of \$150,000 for years four, five and six of the project. RDG Planning & Design was also chosen to develop concepts for the design of the Museum and Arena in the amount of \$120,000. The City purchased several parcels of land located along West Main Street and North Oates Street from Houston County in the amount of \$2,000,000. A contract was entered into with APAC-Alabama, Inc. for the paving services to create parking for downtown at the intersection of West Troy Street and North Oates Street in the amount of \$1,172,370. As of the date of the audit, \$334,176 of these paving funds have been expended. Total project cost to date is \$8,939,136.

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

The Opera House additions and renovations project began in 2022 by the Public Building Authority. A 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. To date, \$962,200 has been expended for this contract. 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 \$16,992,945. To date, the amount expended for this contract is \$6,528,743. Dothan Utilities has expended \$565,943 to upgrade utilities for this project. With all other expenditures, \$8,296,144 has been expended to date.

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

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. The City is to receive \$1,000,000 of ARPA funding from Houston County to help fund this project. 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. After negotiations, the bid was awarded to Brasfield and Gorrie, LLC for \$10,586,975. To date, \$2,415,588 of this contract has been expended. At the date of the audit, the total project cost to date is \$3,049,314.

- **CITY HALL AND ANNEX**

To address the need for space for city services, the City began the design for a new city hall through the Public Building Authority. The new City Hall Project will include two buildings located in downtown Dothan. City hall is a three-story, 72,000 square foot building with a CLT frame, while the Annex is a two-story, 25,000 square foot steel frame building. Construction is expected to begin in the summer of 2025. 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. An additional service order for RDG Planning & Design was required for an additional \$1,728,000 for design of the city hall annex. This results in a total not to exceed amount of \$6,423,664. To date, \$2,578,998 has been expended on this project.

- **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 is being 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. Additional grants provided by Innovate Alabama include: \$250,000 to provide for rooftop greenhouses and \$125,000 to further assist with the cost of the project. 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 \$1,966,965 has been expended to date. In March 2024, a contract was awarded to Blankenship Contracting, Inc. in the amount of \$1,827,876 for improvements to the underground utility and drainage at Museum Avenue with \$1,445,455 expended to date. In May 2024, a contract was awarded to Brasfield and Gorrie, LLC for construction of the new Wiregrass Innovation Center in the amount of \$35,173,082 with a total of \$7,333,196 expended to date. Total project cost at the time of audit is \$11,514,467.

- **WIREGRASS MULTI-USE FIELDS**

Wiregrass Recreation Complex needed 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. After final turf installation, the total project cost to date is \$1,234,552.

- **SANITARY SEWER IMPROVEMENTS**

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 all funds spent to date. Suncoast Infrastructure, Inc. was awarded a contract for sewer basin rehabilitation in the amount of \$5,296,810, with \$5,258,173 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. This project has completed at a total cost of \$5,712,815.

In March 2024, the City received an Alabama Department of Environmental Management American Rescue Plan Act grant in the amount of \$5,000,000 to aid with the Omussee Trunk Line Rehabilitation and the West Main Street Sewer Line Replacement. In July 2024, a contract was awarded to Video Industrial Services, Inc. in the amount of \$353,000 for closed circuit television inspection of the Omussee Trunk Line. At the time of audit, the amount expended is \$206,352. In July 2024, Poly, Inc. was awarded a contract totaling \$780,000 for the Omussee project with \$422,500 expended to date. In January 2025, the City was granted a loan by the Alabama Clean Water Finance Authority in the amount of \$10,015,000. The City has entered into a contract with InLiner Solutions, LLC to improve the condition of the Omussee Trunk Line inside the Ross Clark Circle at a total of \$11,361,440. Total expended to date is \$632,953.

A contract was awarded to Blankenship Contracting, Inc. for the 2024 West Main Street Sewer Line Replacement in the amount of \$5,538,409. The amount expended to date is \$57,114. Poly, Inc. was also awarded a contract for the West Main Street Sewer Line Replacement in the amount of \$70,394 with a total of \$6,755 expended to date. Total expended to date is \$65,065.

- **RED WATER MAIN REPLACEMENTS**

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 Alabama Department of

Environmental Management American Rescue Plan Act 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 Water Main Improvement Project. In October 2022, contracts were awarded to L & K Contracting Co., Inc. in the amount of \$7,069,432 for the Ross Clark Circle project and \$5,391,350 for the Woodland Red Water Project. At the time of audit \$5,220,388 and \$3,632,281 have been expended respectively on these contracts. The Ross Clark Circle Water Main Improvement Project has expended \$5,459,516 as of audit date. The Woodland Red Water Project has expended \$3,673,471 as of audit date.

- **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 all funds expended to date. Phase 1 consists of improvements from West Main Street to Fortner Street. Total cost for Phase I, including right of way, as of audit date is \$3,269,808.

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 Road to Hartford Highway in the amount of \$469,839 with \$333,409 expended to date. Total project cost to date for Phase 2 and 3 is \$1,310,917.

- **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 & 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 all funds expended to date. Electrical relocations were performed by the City of Dothan at a cost of \$938,335 and have been completed. The State has moved forward with the paving process and progress continues as of audit date. The total cost of the project to date is \$5,451,386.

- **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. All funds have 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 \$5,709,328 and \$5,337,241 respectively. The contract for Station #3 resulted in a change order to reduce the contract price by \$286,672 to reflect the final total of \$5,709,328 expended to completion. With all other expenses involved, the project cost to date for Station #3 is \$6,360,357 and cost to date for Station #10 is \$5,950,528.

- **WIREGRASS PET RESCUE AND ADOPTION CENTER**

The City entered into a Memorandum of Understanding with Wiregrass Pet Rescue and Adoption Center (WPRAC) regarding a mutual desire to construct a humane care and animal shelter to provide care and adoption services for lost and abandoned companion animals as well as educational programs related to

the care and treatment of animals. The City committed \$5,000,000 toward the project and \$1,055,000 for the first twelve months of operational expenses. WPRAC agreed to complete the construction with a combination of donations received and a financing arrangement with the general contractor constructing the project. 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, \$458,880 has been expended on this contract. With the exception of the balance of the Seay, Seay, & Litchfield, PC contract of \$153,800 and the \$1,055,000 for the first twelve months of operational expense, the City has met its obligation for the project.

- **WIREFRASS PUBLIC SAFETY COMMUNITY CENTER**

The City entered into a contract with Seay, Seay & Litchfield, PC to provide schematic design and development services for a total fee of \$503,573 for a new community center to be located adjacent to the Wiregrass Public Safety Center. The U.S. Department of Housing and Urban Development will provide funding in the amount of \$7,750,000 through a Community Project Funding Grant. An environmental assessment has been completed by Northstar Engineering and Wiregrass Archaeological Consulting has surveyed the area. The total cost to date for this project is \$9,900.

### Long-Term Debt

As of the fiscal year end, the City of Dothan had \$75,962,009 in general obligation debt outstanding compared to \$83,901,960 last fiscal year end; thus, decreasing debt by \$7,939,951 (9.46%) during the current fiscal year.

Debt Type	2021	2022	2023	2024
<b>General Government</b>	<b>\$ 15,252,029</b>	<b>\$ 13,856,540</b>	<b>\$ 12,766,960</b>	<b>\$ 11,997,009</b>
<b>Sewer</b>	<b>74,157,304</b>	<b>66,733,036</b>	<b>60,208,936</b>	<b>53,569,836</b>
<b>Water</b>	<b><u>1,148,546</u></b>	<b><u>1,031,964</u></b>	<b><u>10,926,064</u></b>	<b><u>10,395,164</u></b>
<b>Totals</b>	<b><u>\$ 90,557,879</u></b>	<b><u>\$ 81,621,540</u></b>	<b><u>\$ 83,901,960</u></b>	<b><u>\$ 75,962,009</u></b>

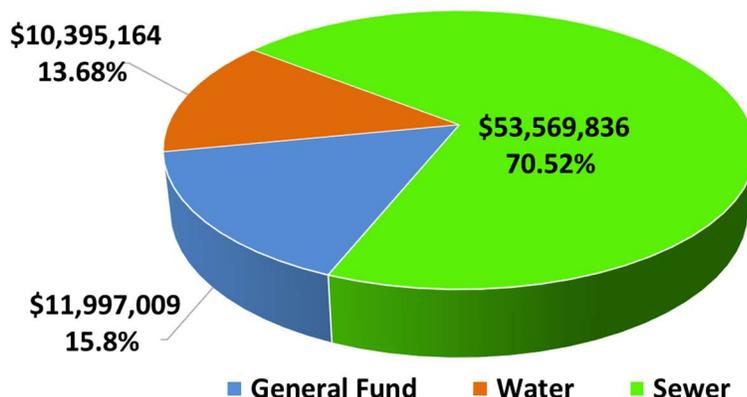
State law limits the amount of general obligation debt a governmental entity may issue to twenty percent (20%) of the assessed value of all taxable property within the City’s corporate limits. Debt issued for schools, water, and sewer purposes is exempt from the legal debt limit. The City’s outstanding debt applicable to this limit is \$14,706,167, resulting in a legal debt margin (additional legal debt capacity) of \$236,292,413.

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 2024 is 1.36% (total debt service expenditures were \$2,255,221 and total expenditures were \$165,965,218).

### 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.

## Outstanding Debt



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

## 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, alcohol, machinery and farm/agriculture). On average, 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 2015 by \$36,071,182. 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 3.0% since 2015.

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. First phase projects, including a terraced amphitheater with additional green space and additions and improvements to the historic Dothan Opera House will be completed this year. Additional projects include the Wiregrass Innovation Center; Wiregrass Arts 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](http://www.dothan.org).

## **BASIC FINANCIAL STATEMENTS**

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 68,793,597	\$ 24,667,957	\$ 93,461,554
Investments	32,799,771	32,095,020	64,894,791
Receivables	20,986,707	8,155,316	29,142,023
Due from other governments	12,279,280	11,899,650	24,178,930
Lease receivable	60,749	-	60,749
Internal balances	102,136	(102,136)	-
Inventories, at cost	509,100	8,205,478	8,714,578
Capital assets (See Note IV-D):			
Non-depreciable	50,564,559	28,782,620	79,347,179
Depreciable, net of accumulated depreciation	123,433,800	205,797,563	329,231,363
Lease right-of-use assets, net of amortization	119,628	-	119,628
Subscription right-of-use assets, net of amortization	2,751,752	288,097	3,039,849
<b>Total Assets</b>	<b>312,401,079</b>	<b>319,789,565</b>	<b>632,190,644</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension related	27,630,201	9,300,928	36,931,129
Asset retirement obligation related	-	3,132,679	3,132,679
OPEB related	18,341,554	-	18,341,554
<b>Total Deferred Outflows of Resources</b>	<b>45,971,755</b>	<b>12,433,607</b>	<b>58,405,362</b>
<b>LIABILITIES:</b>			
Vouchers/accounts payable	6,319,610	10,012,755	16,332,365
Accrued liabilities	8,781,307	603,316	9,384,623
Accrued interest payable	22,617	143,896	166,513
Payable to other governments	53,607	321	53,928
Customer deposits	1,209,230	7,864,543	9,073,773
Unearned revenue	165,481	-	165,481
Non-current liabilities:			
Due within one year	6,549,118	8,614,607	15,163,725
OPEB liability	3,517,035	-	3,517,035
Due in more than one year	12,534,876	66,800,654	79,335,530
Net pension liability	143,647,570	46,132,635	189,780,205
Asset retirement obligation	-	3,540,554	3,540,554
Net OPEB liability	52,554,276	-	52,554,276
<b>Total Liabilities</b>	<b>235,354,727</b>	<b>143,713,281</b>	<b>379,068,008</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Lease related	60,749	-	60,749
Pension related	1,175,642	319,870	1,495,512
OPEB related	11,901,950	-	11,901,950
<b>Total Deferred Inflows of Resources</b>	<b>13,138,341</b>	<b>319,870</b>	<b>13,458,211</b>
<b>NET POSITION:</b>			
Net investment in capital assets	162,446,236	175,091,787	337,538,023
Restricted for:			
Street and bridge maintenance	623,519	-	623,519
Opioid epidemic mitigation	211,073	-	211,073
Education	18,602	-	18,602
Unrestricted (deficit)	(53,419,664)	13,098,234	(40,321,430)
<b>Total Net Position</b>	<b>\$ 109,879,766</b>	<b>\$ 188,190,021</b>	<b>\$ 298,069,787</b>

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

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

FUNCTION / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING	CAPITAL	PRIMARY GOVERNMENT		
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>PRIMARY GOVERNMENT:</b>							
<b>Governmental Activities:</b>							
General government	\$ 35,558,789	\$ 5,175,669	\$ 11,774,227	\$ 21,172,894	\$ 2,564,001	\$ -	\$ 2,564,001
Public safety	53,992,634	1,379,285	645,258	70,293	(51,897,798)	-	(51,897,798)
Public works	12,780,844	50,167	-	5,718,316	(7,012,361)	-	(7,012,361)
Planning and development	3,517,531	302,771	1,161,147	-	(2,053,613)	-	(2,053,613)
Health and welfare	5,202,395	-	-	-	(5,202,395)	-	(5,202,395)
Culture and recreation	20,784,461	4,609,227	33,317	-	(16,141,917)	-	(16,141,917)
General services	5,680,093	-	-	-	(5,680,093)	-	(5,680,093)
Insurance	2,532,408	-	-	-	(2,532,408)	-	(2,532,408)
Education	4,113,115	-	-	-	(4,113,115)	-	(4,113,115)
Interest/fiscal charges on long-term debt	466,130	-	-	-	(466,130)	-	(466,130)
<b>Total Governmental Activities</b>	<b>144,628,400</b>	<b>11,517,119</b>	<b>13,613,949</b>	<b>26,961,503</b>	<b>(92,535,829)</b>	<b>-</b>	<b>(92,535,829)</b>
<b>Business-type Activities:</b>							
Utility							
Electric	79,214,999	98,408,969	-	169,671	-	19,363,641	19,363,641
Water	9,281,413	13,118,947	-	2,702,805	-	6,540,339	6,540,339
Wastewater/sewer	17,571,289	23,344,541	-	595,937	-	6,369,189	6,369,189
Combined utilities	4,623,751	867,093	-	-	-	(3,756,658)	(3,756,658)
Solid Waste							
Collections	8,557,276	4,482,152	-	-	-	(4,075,124)	(4,075,124)
Landfill	1,841,241	32,657	-	-	-	(1,808,584)	(1,808,584)
Combined Solid Waste	428,311	-	-	-	-	(428,311)	(428,311)
<b>Total Business-Type Activities</b>	<b>121,518,280</b>	<b>140,254,359</b>	<b>-</b>	<b>3,468,413</b>	<b>-</b>	<b>22,204,492</b>	<b>22,204,492</b>
<b>Total Primary Government</b>	<b>\$ 266,146,680</b>	<b>\$ 151,771,478</b>	<b>\$ 13,613,949</b>	<b>\$ 30,429,916</b>	<b>\$ (92,535,829)</b>	<b>\$ 22,204,492</b>	<b>\$ (70,331,337)</b>

(Continued on page 25)

The notes to the 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, 2024**

	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>General Revenues and Transfers:</b>			
General revenues:			
Taxes:			
Property tax	\$ 6,268,025	\$ -	\$ 6,268,025
Sales and use tax	98,753,944	-	98,753,944
Lodging tax	4,143,593	-	4,143,593
Franchise tax	1,450,320	-	1,450,320
Cigarette tax	166,050	-	166,050
Grants and contributions not restricted to specific programs	2,937,400	-	2,937,400
Unrestricted investment earnings	4,552,325	2,569,383	7,121,708
Miscellaneous	8,524,238	269,018	8,793,256
Transfers in (out)	19,409,515	(19,409,515)	-
<b>Total General Revenues and Transfers</b>	<u>146,205,410</u>	<u>(16,571,114)</u>	<u>129,634,296</u>
<b>Change in Net Position</b>	53,669,581	5,633,378	59,302,959
<b>Net Position - Beginning</b>	<u>56,210,185</u>	<u>182,556,643</u>	<u>238,766,828</u>
<b>Net Position - Ending</b>	<u>\$ 109,879,766</u>	<u>\$ 188,190,021</u>	<u>\$ 298,069,787</u>

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

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2024**

	<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>
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 62,023,702	\$ -	\$ -	\$ 6,757,103	\$ 12,792	\$ 68,793,597
Investments	32,799,771	-	-	-	-	32,799,771
Receivables:						
Taxes	13,797,288	-	-	-	-	13,797,288
Accounts	2,910,775	-	-	10,000,000	16,329	12,927,104
Lease	60,749	-	-	-	-	60,749
Due from other funds	101,224	-	-	-	912	102,136
Due from other governments	12,279,280	-	-	-	-	12,279,280
Inventories, at cost	509,100	-	-	-	-	509,100
<b>Total Assets</b>	<b>\$ 124,481,889</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,757,103</b>	<b>\$ 30,033</b>	<b>\$ 141,269,025</b>
<b>LIABILITIES:</b>						
Vouchers/accounts payable	\$ 5,518,599	\$ -	\$ -	\$ 800,709	\$ 302	\$ 6,319,610
Accrued liabilities	8,770,178	-	-	-	11,129	8,781,307
Payable to other governments	53,607	-	-	-	-	53,607
Customer deposits	1,209,230	-	-	-	-	1,209,230
Unearned revenue	165,481	-	-	-	-	165,481
<b>Total Liabilities</b>	<b>15,717,095</b>	<b>-</b>	<b>-</b>	<b>800,709</b>	<b>11,431</b>	<b>16,529,235</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable revenue-property taxes	5,737,685	-	-	-	-	5,737,685
Lease related	60,749	-	-	-	-	60,749
<b>Total Deferred Inflows of Resources</b>	<b>\$ 5,798,434</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,798,434</b>

(Continued on page 27)

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

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS - CONTINUED**  
**SEPTEMBER 30, 2024**

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	PUBLIC BUILDING AUTHORITY	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>FUND BALANCES:</b>						
<b>Nonspendable:</b>						
Inventories	\$ 509,100	\$ -	\$ -	\$ -	\$ -	\$ 509,100
<b>Restricted:</b>						
Street and bridge maintenance	623,519	-	-	-	-	623,519
Opioid epidemic mitigation	211,073	-	-	-	-	211,073
Education	-	-	-	-	18,602	18,602
<b>Committed:</b>						
Administrative	41,992,049	-	-	2,870,780	-	44,862,829
Information technology equipment	824,803	-	-	-	-	824,803
Economic development projects	183,878	-	-	-	-	183,878
Public safety programs	554,842	-	-	-	-	554,842
Public works projects	2,683,059	-	-	-	-	2,683,059
Planning and community development	549,010	-	-	-	-	549,010
Culture and recreation	-	-	-	12,872,724	-	12,872,724
Facility maintenance	1,149,973	-	-	-	-	1,149,973
<b>Assigned:</b>						
Administrative	486,272	-	-	-	-	486,272
Information technology equipment	3,790,176	-	-	-	-	3,790,176
Economic development projects	465,431	-	-	-	-	465,431
Public safety programs	1,969,308	-	-	-	-	1,969,308
Public works projects	6,246,425	-	-	-	-	6,246,425
Planning and community development	171,863	-	-	-	-	171,863
Culture and recreation	1,293,150	-	-	-	-	1,293,150
Facility maintenance	670,056	-	-	-	-	670,056
Self insurance claims	8,706,991	-	-	-	-	8,706,991
Fund balance reserves	12,472,367	-	-	-	-	12,472,367
<b>Unassigned</b>	17,413,015	-	-	212,890	-	17,625,905
<b>Total Fund Balances</b>	<u>102,966,360</u>	<u>-</u>	<u>-</u>	<u>15,956,394</u>	<u>18,602</u>	<u>118,941,356</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 124,481,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,757,103</u>	<u>\$ 30,033</u>	<u>\$ 141,269,025</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, 2024**

**Total Fund Balances - Governmental Funds** \$ 118,941,356

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, therefore, are not reported in the governmental funds.

Governmental capital assets	760,239,843	
Less: Depreciation expense to date	(586,241,484)	
Lease right-of-use assets	174,696	
Less: Amortization expense to date	(55,068)	
Subscription right-of-use assets	3,393,340	
Less: Amortization expense to date	<u>(641,588)</u>	176,869,739

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	(5,737,685)	
Adjustment of deferred inflows of resources - property taxes	<u>5,737,685</u>	-

Long-term liabilities, including bonds payable are not due and payable in the current period, therefore, are not reported in the governmental funds. (19,083,994)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (22,617)

Net pension liability is non-current and is excluded from the fund financial statements. (143,647,570)

Deferred outflows - pension related 27,630,201

Deferred inflows - pension related (1,175,642)

Net OPEB liability is non-current and is excluded from the fund financial statements. (56,071,311)

Deferred outflows - OPEB related 18,341,554

Deferred inflows - OPEB related (11,901,950)

**Net Position of Governmental Activities** **\$ 109,879,766**

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, 2024**

	<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>
<b>REVENUES:</b>						
Taxes	\$ 110,615,882	\$ -	\$ -	\$ -	\$ 166,050	\$ 110,781,932
Licenses and permits	5,175,669	-	-	-	-	5,175,669
Intergovernmental revenues	38,432,030	-	-	-	-	38,432,030
Charges for services	5,026,143	-	-	-	-	5,026,143
Fines and forfeitures	1,315,307	-	-	-	-	1,315,307
Interest income	4,203,424	-	-	340,318	8,583	4,552,325
Miscellaneous	4,340,593	-	-	10,000,000	220,482	14,561,075
<b>Total Revenues</b>	<u>169,109,048</u>	<u>-</u>	<u>-</u>	<u>10,340,318</u>	<u>395,115</u>	<u>179,844,481</u>
<b>EXPENDITURES:</b>						
Current:						
General government	25,643,798	-	-	-	-	25,643,798
Public safety	49,721,061	-	-	-	-	49,721,061
Public works	11,168,175	-	-	-	-	11,168,175
Planning and development	3,496,710	-	-	-	-	3,496,710
Health and welfare	5,195,913	-	-	-	-	5,195,913
Culture and recreation	17,061,121	-	-	-	-	17,061,121
General services	5,317,850	-	-	-	-	5,317,850
Insurance	2,532,408	-	-	-	-	2,532,408
Intergovernmental	-	-	-	-	4,113,115	4,113,115
Capital outlay	33,288,939	-	-	6,170,907	-	39,459,846
Debt service:						
Principal retirement	-	1,787,497	-	-	-	1,787,497
Interest and fiscal charges	-	467,724	-	-	-	467,724
<b>Total Expenditures</b>	<u>153,425,975</u>	<u>2,255,221</u>	<u>-</u>	<u>6,170,907</u>	<u>4,113,115</u>	<u>165,965,218</u>
<b>Excess (deficiency) of Revenues over Expenditures</b>	<u>\$ 15,683,073</u>	<u>\$ (2,255,221)</u>	<u>\$ -</u>	<u>\$ 4,169,411</u>	<u>\$ (3,718,000)</u>	<u>\$ 13,879,263</u>

(Continued on page 30)

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 - CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<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>
<b>OTHER FINANCING SOURCES (USES):</b>						
Leases/subsription-based IT arrangements (as lessee)	\$ 3,130,726	\$ -	\$ -	\$ -	\$ -	\$ 3,130,726
Transfers in (out)	2,033,806	2,255,221	-	11,711,488	3,409,000	19,409,515
<b>Total Other Financing Sources (Uses)</b>	<u>5,164,532</u>	<u>2,255,221</u>	<u>-</u>	<u>11,711,488</u>	<u>3,409,000</u>	<u>22,540,241</u>
<b>Net Changes in Fund Balances</b>	20,847,605	-	-	15,880,899	(309,000)	36,419,504
<b>Fund Balances - Beginning</b>	<u>82,118,755</u>	<u>-</u>	<u>-</u>	<u>75,495</u>	<u>327,602</u>	<u>82,521,852</u>
<b>Fund Balances - Ending</b>	<u>\$ 102,966,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,956,394</u>	<u>\$ 18,602</u>	<u>\$ 118,941,356</u>

The notes to the 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, 2024**

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$ 36,419,504</b>
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.		28,803,356
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(956,015)
Increase/decrease of assets resulting from the initiation or cancellation of a lease or subscription based IT arrangement (SBITA).		
SBITA increases	3,054,571	
SBITA decreases	(23,995)	
Lease increases	125,066	
Lease decreases	<u>(24,916)</u>	(3,130,726)
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.		1,787,497
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>(9,254,035)</u>
<b>Change in Net Position of Governmental Activities</b>		<b><u>\$ 53,669,581</u></b>

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

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2024**

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>ENTERPRISE FUNDS</b>		
	<b>UTILITY</b>	<b>SOLID WASTE</b>	<b>TOTAL</b>
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ 22,856,515	\$ 1,811,442	\$ 24,667,957
Investments	31,577,320	517,700	32,095,020
Accounts receivable	7,879,067	276,249	8,155,316
Due from other governments	11,899,650	-	11,899,650
Inventories, at cost	8,205,478	-	8,205,478
<b>Total Current Assets</b>	<b>82,418,030</b>	<b>2,605,391</b>	<b>85,023,421</b>
Non-current Assets:			
Capital Assets:			
Land	6,753,528	2,675,106	9,428,634
Buildings	8,106,870	1,048,699	9,155,569
Improvements other than buildings	362,857,923	10,068,312	372,926,235
Machinery and equipment	19,148,653	13,011,697	32,160,350
Subscription right-of-use assets	173,500	255,356	428,856
Less accumulated depreciation	(192,133,277)	(16,452,073)	(208,585,350)
Construction in progress	19,353,986	-	19,353,986
<b>Total Non-current Assets</b>	<b>224,261,183</b>	<b>10,607,097</b>	<b>234,868,280</b>
<b>Total Assets</b>	<b>306,679,213</b>	<b>13,212,488</b>	<b>319,891,701</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension related	7,386,227	1,914,701	9,300,928
Asset retirement obligation related	3,132,679	-	3,132,679
<b>Total Deferred Outflows of Resources</b>	<b>\$ 10,518,906</b>	<b>\$ 1,914,701</b>	<b>\$ 12,433,607</b>

(Continued on page 33)

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

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS - CONTINUED**  
**SEPTEMBER 30, 2024**

**BUSINESS-TYPE ACTIVITIES**  
**ENTERPRISE FUNDS**

	<u>UTILITY</u>	<u>SOLID WASTE</u>	<u>TOTAL</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Vouchers/accounts payable	\$ 9,754,098	\$ 258,657	\$ 10,012,755
Accrued liabilities	495,337	107,979	603,316
Due to other funds	-	102,136	102,136
Accrued interest payable	143,896	-	143,896
Payable to other governments	-	321	321
Compensated absences	913,918	281,136	1,195,054
Customer deposits	7,862,663	1,880	7,864,543
Subscriptions payable	41,170	83,383	124,553
Bonds payable - current	7,295,000	-	7,295,000
<b>Total Current Liabilities</b>	<u>26,506,082</u>	<u>835,492</u>	<u>27,341,574</u>
Non-Current Liabilities:			
Compensated absences	109,062	9,193	118,255
Estimated cost of closure and postclosure	-	9,854,288	9,854,288
Asset retirement obligation	3,540,554	-	3,540,554
Subscriptions payable	70,507	87,604	158,111
Bonds payable (net of unamortized bond issue costs)	56,670,000	-	56,670,000
Net pension liability	36,641,687	9,490,948	46,132,635
<b>Total Non-Current Liabilities</b>	<u>97,031,810</u>	<u>19,442,033</u>	<u>116,473,843</u>
<b>Total Liabilities</b>	<u>123,537,892</u>	<u>20,277,525</u>	<u>143,815,417</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension related	299,102	20,768	319,870
<b>Total Deferred Inflows of Resources</b>	<u>299,102</u>	<u>20,768</u>	<u>319,870</u>
<b>NET POSITION:</b>			
Net investment in capital assets	164,655,677	10,436,110	175,091,787
Unrestricted (deficit)	28,705,448	(15,607,214)	13,098,234
<b>Total Net Position</b>	<u>\$ 193,361,125</u>	<u>\$ (5,171,104)</u>	<u>\$ 188,190,021</u>

The notes to the 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, 2024**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</b>		
	<b>UTILITY</b>	<b>SOLID WASTE</b>	<b>TOTAL</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 135,739,550	\$ 4,514,809	\$ 140,254,359
<b>OPERATING EXPENSES:</b>			
Solid waste collections	-	7,739,645	7,739,645
Solid waste landfill	-	1,359,596	1,359,596
Electric department	75,067,813	-	75,067,813
Water department	5,809,744	-	5,809,744
Sewer department	8,936,476	-	8,936,476
Billing - collection department	2,449,400	-	2,449,400
Meter reading department	602,686	-	602,686
Depreciation	14,078,797	1,288,135	15,366,932
Miscellaneous	1,524,544	428,311	1,952,855
<b>Total Operating Expenses</b>	<b>108,469,460</b>	<b>10,815,687</b>	<b>119,285,147</b>
<b>Operating Income (Loss)</b>	<b>27,270,090</b>	<b>(6,300,878)</b>	<b>20,969,212</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest earnings	2,409,275	160,108	2,569,383
Miscellaneous revenue	234,294	34,724	269,018
Gain (loss) on disposition of capital assets	(869,281)	-	(869,281)
Interest and fiscal charges	(1,352,711)	(11,141)	(1,363,852)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>421,577</b>	<b>183,691</b>	<b>605,268</b>
<b>Income (Loss) before Capital Contributions and Transfers</b>	<b>27,691,667</b>	<b>(6,117,187)</b>	<b>21,574,480</b>
Capital contributions	3,468,413	-	3,468,413
Transfers in (out)	(25,261,710)	5,852,195	(19,409,515)
<b>Change in Net Position</b>	<b>5,898,370</b>	<b>(264,992)</b>	<b>5,633,378</b>
<b>Total Net Position - Beginning</b>	<b>187,462,755</b>	<b>(4,906,112)</b>	<b>182,556,643</b>
<b>Total Net Position - Ending</b>	<b>\$ 193,361,125</b>	<b>\$ (5,171,104)</b>	<b>\$ 188,190,021</b>

The notes to the 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, 2024**

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>ENTERPRISE FUNDS</b>		
	<b>UTILITY</b>	<b>SOLID WASTE</b>	<b>TOTAL</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 135,397,179	\$ 4,510,098	\$ 139,907,277
Payments to suppliers	(76,232,961)	(4,755,189)	(80,988,150)
Payments to employees	(15,732,432)	(3,978,940)	(19,711,372)
Other receipts (payments)	234,294	34,724	269,018
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>43,666,080</b>	<b>(4,189,307)</b>	<b>39,476,773</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating grants	-	150,000	150,000
Transfers in (out)	(25,261,710)	5,852,195	(19,409,515)
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>(25,261,710)</b>	<b>6,002,195</b>	<b>(19,259,515)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital grants	2,596,608	-	2,596,608
Acquisition and construction of capital assets	(22,228,292)	(2,008,163)	(24,236,455)
Principal paid on bond maturities and capital leases	(7,209,165)	(84,369)	(7,293,534)
Interest paid on bonds and notes payable	(1,368,904)	(11,141)	(1,380,045)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(28,209,753)</b>	<b>(2,103,673)</b>	<b>(30,313,426)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Other investing receipts	3,822,177	(17,700)	3,804,477
Interest and dividends on investments	2,363,973	149,820	2,513,793
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>6,186,150</b>	<b>132,120</b>	<b>6,318,270</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(3,619,233)</b>	<b>(158,665)</b>	<b>(3,777,898)</b>
<b>Cash and Cash Equivalents - Beginning</b>	<b>26,475,748</b>	<b>1,970,107</b>	<b>28,445,855</b>
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 22,856,515</b>	<b>\$ 1,811,442</b>	<b>\$ 24,667,957</b>

(Continued on page 36)

The notes to the 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, 2024**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</b>		
	<b>UTILITY</b>	<b>SOLID WASTE</b>	<b>TOTAL</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
<b>Operating Income (Loss)</b>	<b>\$ 27,270,090</b>	<b>\$ (6,300,878)</b>	<b>\$ 20,969,212</b>
Adjustments to reconcile operating income to net cash provided (used for) operating activities:			
Depreciation	14,078,797	1,288,135	15,366,932
(Increase) decrease in accounts receivable	(344,152)	(5,086)	(349,238)
(Increase) decrease in inventory	305,236	-	305,236
(Increase) decrease in deferred outflows	2,005,628	513,230	2,518,858
Increase (decrease) in vouchers and accounts payable	129,212	(70,715)	58,497
Increase (decrease) in accrued liabilities	161,893	25,972	187,865
Increase (decrease) in due to other funds	-	102,136	102,136
Increase (decrease) in payable to other governments	-	(232)	(232)
Increase (decrease) in compensated absences	78,013	54,528	132,541
Increase (decrease) in pollution remediation obligation/estimated closure cost-landfill	(51,211)	253,423	202,212
Increase (decrease) in customer deposits	1,781	375	2,156
Increase (decrease) in asset retirement obligation	136,175	-	136,175
Increase (decrease) in net pension liability	(200,436)	(50,109)	(250,545)
Increase (decrease) in deferred inflows	(139,240)	(34,810)	(174,050)
Other miscellaneous revenues	234,294	34,724	269,018
<b>Total Adjustments</b>	<b>16,395,990</b>	<b>2,111,571</b>	<b>18,507,561</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 43,666,080</b>	<b>\$ (4,189,307)</b>	<b>\$ 39,476,773</b>
<b>Schedule of Non-Cash Capital and Related Financing Activities:</b>			
Contributions of capital assets	\$ 180,500	\$ -	\$ 180,500
Subscription based IT arrangement asset obtained in exchange for obligation	\$ 48,527	\$ 255,356	\$ 303,883

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

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Dothan, Alabama (the City), which was founded in 1885, has a population of 71,258 living within an area of 90.7 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, 2024**

**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, 2024**

**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, 2024**

**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, 2024**

**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, 2024**

**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, 2024**

**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.

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**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, 2024**

**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 were effective beginning for fiscal years ending after June 30, 2023. The City implemented Statement No. 94 in fiscal year 2023. There is no current 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, 2024**

**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 \$9,854,288 reported as landfill closure and postclosure care liability at September 30, 2024, 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 \$5,186,805 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2024. 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**

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, 2024**

**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 \$106,297,537. 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, 2024, there were no governmental funds that had a deficit fund balance.

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**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 (\$19,083,994) difference are as follows:

Bonds payable	(\$11,997,009)
Leases payable	( 81,558)
Subscriptions payable	( 2,344,936)
Compensated absences	<u>( 4,660,491)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>(\$19,083,994)</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 \$28,803,356 differences are as follows:

Capital outlay	\$ 39,459,846
Depreciation expense	( 10,656,490)
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>\$ 28,803,356</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 (\$956,015) 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.	\$ 5,080,822
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>( 6,036,837)</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>(\$ 956,015)</u>

**THE CITY OF DOTHAN**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**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 \$1,787,497 difference are as follows:

Principal repayments:	
General obligation debt and capital leases	\$ 1,787,497
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> .	\$ 1,787,497

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 (\$9,254,035) difference are as follows:

Compensated absences	(\$ 613,385)
Accrued interest	1,594
Net OPEB obligation	( 2,217,575)
Pensions	( 6,424,669)
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>	(\$ 9,254,035)

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**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 \$83,347,609 and the total bank balance was \$91,934,683. Of the bank balance, \$500,000 was covered by federal depository insurance. Of the remaining balance, \$91,434,683 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, 2024, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturing (years)</u>
Certificates of Deposit	\$64,894,791	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, 2024, \$91,434,683 of the government's bank balance of \$91,934,683 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, 2024**

**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>PUBLIC BUILDING AUTHORITY FUND</u>	<u>SCHOOL FUND</u>	<u>UTILITY FUND</u>	<u>SOLID WASTE FUND</u>	<u>TOTAL</u>
Receivables:						
Taxes	\$ 13,797,288	\$ -	\$ -	\$ -	\$ -	\$ 13,797,288
Accounts	2,910,775	10,000,000	16,329	7,879,067	276,249	21,082,420
Total	<u>\$ 16,708,063</u>	<u>\$ 10,000,000</u>	<u>\$ 16,329</u>	<u>\$ 7,879,067</u>	<u>\$ 276,249</u>	<u>\$ 34,879,708</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)	\$ 5,737,685	\$ -
Business Licenses and Certain Other Resources That Have Been Received, But Not Yet Earned	-	165,481
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 5,737,685</u>	<u>\$ 165,481</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, 2024, there were property taxes receivable and deferred revenue of \$5,737,685 that does not become earned until October 1, 2024, 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**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 or expand current businesses within the City. 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 2024 was \$1,757,770.

**Brownfield Redevelopment Tax Abatements**

The "Alabama Brownfield 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 2024 was \$74,935.

**THE CITY OF DOTHAN**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the year ended September 30, 2024, was as follows:

	<b>PRIMARY GOVERNMENT</b>			
	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital assets, not being depreciated:				
Land and easements	\$ 10,342,932	\$ 1,381,746	\$ -	\$ 11,724,678
Construction in progress	12,326,324	31,721,765	(5,208,208)	38,839,881
<b>Total Capital Assets, not being depreciated</b>	<u>22,669,256</u>	<u>33,103,511</u>	<u>(5,208,208)</u>	<u>50,564,559</u>
Capital assets, being depreciated:				
Buildings	68,174,883	1,746,674	-	69,921,557
Improvements other than buildings	108,166,788	2,749,886	(5,050)	110,911,624
Machinery and equipment	62,186,284	6,684,600	(5,280,795)	63,590,089
Lease right-of-use equipment	49,630	125,066	-	174,696
Subscription right-of-use arrangements	409,034	2,984,306	-	3,393,340
Infrastructure	465,935,600	4,987,829	(5,671,415)	465,252,014
<b>Total Capital Assets, being depreciated</b>	<u>704,922,219</u>	<u>19,278,361</u>	<u>(10,957,260)</u>	<u>713,243,320</u>
Less accumulated depreciation for:				
Buildings	39,623,441	1,361,423	-	40,984,864
Improvements other than buildings	43,353,441	4,382,633	(5,050)	47,731,024
Machinery and equipment	44,221,227	3,926,395	(2,282,377)	45,865,245
Lease right-of-use equipment	24,815	30,253	-	55,068
Subscription right-of-use arrangements	10,522	631,066	-	641,588
Infrastructure	451,335,631	324,720	-	451,660,351
<b>Total Accumulated Depreciation</b>	<u>578,569,077</u>	<u>10,656,490</u>	<u>(2,287,427)</u>	<u>586,938,140</u>
<b>Total Capital Assets, being depreciated, net</b>	<u>126,353,142</u>	<u>8,621,871</u>	<u>(8,669,833)</u>	<u>126,305,180</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 149,022,398</u>	<u>\$ 41,725,382</u>	<u>\$ (13,878,041)</u>	<u>\$ 176,869,739</u>

**THE CITY OF DOTHAN**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	<b>PRIMARY GOVERNMENT</b>			
	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital assets, not being depreciated:				
Land and easements	\$ 9,248,134	\$ 180,500	\$ -	\$ 9,428,634
Construction in progress	23,229,350	24,035,067	(27,910,431)	19,353,986
<b>Total Capital Assets, not being depreciated</b>	<b>32,477,484</b>	<b>24,215,567</b>	<b>(27,910,431)</b>	<b>28,782,620</b>
Capital assets, being depreciated:				
Buildings	9,089,089	66,480	-	9,155,569
Improvements other than buildings	348,758,213	25,648,908	(1,480,886)	372,926,235
Machinery and equipment	32,477,344	3,471,068	(3,788,062)	32,160,350
Subscription right-of-use arrangements	124,973	303,883	-	428,856
<b>Total Capital Assets, being depreciated</b>	<b>390,449,619</b>	<b>29,490,339</b>	<b>(5,268,948)</b>	<b>414,671,010</b>
Less accumulated depreciation for:				
Buildings	5,273,589	243,518	-	5,517,107
Improvements other than buildings	167,393,317	12,704,621	(1,179,020)	178,918,918
Machinery and equipment	23,874,459	2,280,116	(2,146,010)	24,008,565
Subscription right-of-use arrangements	2,083	138,677	-	140,760
<b>Total Accumulated Depreciation</b>	<b>196,543,448</b>	<b>15,366,932</b>	<b>(3,325,030)</b>	<b>208,585,350</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>193,906,171</b>	<b>14,123,407</b>	<b>(1,943,918)</b>	<b>206,085,660</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 226,383,655</b>	<b>\$ 38,338,974</b>	<b>\$ (29,854,349)</b>	<b>\$ 234,868,280</b>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
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**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	\$ 1,268,948
Public safety	3,787,680
Public works, including depreciation of general infrastructure assets	1,555,358
Planning and development	18,131
Health and welfare	6,482
Culture and recreation	3,661,346
General services	358,545
Schools	-
<b>Total Depreciation Expense – Governmental Activities</b>	<u><u>\$ 10,656,490</u></u>

**BUSINESS-TYPE ACTIVITIES:**

Electric	\$ 3,394,999
Water	3,119,216
Wastewater/sewer	7,517,460
Combined utilities	47,122
Solid waste collections	806,490
Solid waste landfill	481,645
<b>Total Depreciation Expense – Business-Type Activities</b>	<u><u>\$ 15,366,932</u></u>

**THE CITY OF DOTHAN**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers**

The interfund transfers were as follows:

	Transfer in:						
	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECT FUND	PUBLIC BUILDING AUTHORITY FUND	NON-MAJOR GOVERNMENTAL FUNDS	SOLID WASTE FUND	TOTAL
Transfer out:							
General Fund	\$ (19,424,184)	\$ 2,255,221	\$ -	\$ 11,318,044	\$ -	\$ 5,850,919	\$ -
Utility Fund	21,457,990	-	-	393,444	3,409,000	1,276	25,261,710
Total	<u>\$ 2,033,806</u>	<u>\$ 2,255,221</u>	<u>\$ -</u>	<u>\$ 11,711,488</u>	<u>\$ 3,409,000</u>	<u>\$ 5,852,195</u>	<u>\$ 25,261,710</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**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Net Position (Continued)**

**ANALYSIS OF NET INVESTMENT IN CAPITAL ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

<u>ISSUE</u>	<u>AMOUNT OUTSTANDING</u>	<u>UNSPENT PROCEEDS</u>	<u>NET</u>	
2017 G/O Series	\$ 11,997,009	\$ -	\$ 11,997,009	
Leases payable	81,558	-	81,558	
Subscriptions payable	2,344,936	-	2,344,936	
Total Other Capital Assets - Governmental	<u>14,423,503</u>	<u>-</u>	<u>14,423,503</u>	
<b>Total Governmental Debt</b>				\$ 14,423,503
Total Capital Assets			763,807,879	
Accumulated Depreciation			<u>(586,938,140)</u>	
<b>Net Capital Assets</b>				<u>176,869,739</u>
<b>Net Investment in Capital Assets</b>				<u>\$ 162,446,236</u>
<b>Infrastructure - Proprietary</b>				
2014 G/O Series - CWSRF-DL	\$ 10,700,000	\$ -	\$ 10,700,000	
2016 G/O Series - Sewer Warrant	3,810,000	-	3,810,000	
2016 G/O Series - CWSRF-DL Sewer Warrant	26,780,000	-	26,780,000	
2019 G/O Series - Refunding	1,830,000	-	1,830,000	
2021 G/O Series - Refunding	11,240,000	-	11,240,000	
2023 G/O Series – DWSRF-DL Water Warrant	9,605,000	4,471,171	5,133,829	
Subscriptions payable	282,664	-	282,664	
Total Infrastructure - Proprietary	<u>64,247,664</u>	<u>4,471,171</u>	<u>59,776,493</u>	
<b>Total Proprietary Debt</b>				\$ 59,776,493
Total Capital Assets			443,453,630	
Accumulated Depreciation			<u>(208,585,350)</u>	
<b>Net Capital Assets</b>				<u>234,868,280</u>
<b>Net Investment in Capital Assets</b>				<u>\$ 175,091,787</u>

**THE CITY OF DOTHAN**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Leases**

**1. City as a Lessor**

The City leases space to the United States Post Office and Houston County.

For the year ended September 30, 2024, the total amount of inflows of resources recognized are as follows:

<b>Governmental Activities</b>	<b>Fixed Payments</b>	<b>Variable Payments</b>
Rental, buildings	\$ -	\$ -
Rental, land	-	60,749
Interest Revenue	-	4,678
Totals	<u>\$ -</u>	<u>\$ 65,427</u>

The principal and interest for the lease receivables as of September 30, 2024, are as follows:

<b>Governmental Activities Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 22,712	\$ 2,591	\$ 25,303
2026	24,975	1,643	26,618
2027	13,062	444	13,506
Totals	<u>\$ 60,749</u>	<u>\$ 4,678</u>	<u>\$ 65,427</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, 2024, are as follows:

<b>Governmental Activities Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 39,927	\$ 3,406	\$ 43,333
2026	41,631	1,703	43,334
Totals	<u>\$ 81,558</u>	<u>\$ 5,109</u>	<u>\$ 86,667</u>

**THE CITY OF DOTHAN**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Subscription-Based Information Technology Arrangements (SBITA)**

The City has entered into SBITAs involving various desktop and server software systems. As of September 30, 2024, 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, 2024, are as follows:

<b>Governmental Activities</b>			
<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 1,135,824	\$ 104,497	\$ 1,240,321
2026	1,079,875	54,960	1,134,835
2027	123,445	5,967	129,412
2028	5,792	34	5,826
Totals	<u>\$ 2,344,936</u>	<u>\$ 165,458</u>	<u>\$ 2,510,394</u>

<b>Business-Type Activities</b>			
<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 124,553	\$ 12,039	\$ 136,592
2026	130,780	5,812	136,592
2027	27,331	1,168	28,499
Totals	<u>\$ 282,664</u>	<u>\$ 19,019</u>	<u>\$ 301,683</u>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
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**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%	\$ 11,997,009
Business-type activities	2.20 – 2.25%	47,085,000
Business-type activities – refunding	1.24 – 2.38%	<u>16,880,000</u>
		<u>\$ 75,962,009</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>
2025	\$ 789,632	\$ 299,741	\$ 7,295,000	\$ 1,234,939
2026	809,816	279,558	7,435,000	1,105,760
2027	830,516	258,858	6,300,000	977,848
2028	851,745	237,629	5,170,000	863,193
2029	873,517	215,857	5,270,000	757,647
2030	895,847	193,529	5,390,000	650,051
2031-2035	4,834,644	612,224	20,105,000	1,786,016
2036-2040	2,111,292	67,456	5,235,000	340,786
2041-2043	-	-	<u>1,765,000</u>	<u>53,183</u>
<b>TOTAL</b>	<u>\$ 11,997,009</u>	<u>\$ 2,164,852</u>	<u>\$ 63,965,000</u>	<u>\$ 7,769,423</u>

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**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, 2024, was as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
<b>GOVERNMENTAL ACTIVITIES:</b>					
Bonds payable:					
General obligation bonds	\$ 12,766,960	\$ -	\$ (769,951)	\$ 11,997,009	\$ 789,632
Total Bonds Payable	12,766,960	-	(769,951)	11,997,009	789,632
Leases payable	31,166	125,066	(74,674)	81,558	39,927
Subscriptions payable	282,148	3,054,571	(991,783)	2,344,936	1,135,824
Compensated absences	4,047,106	832,722	(219,337)	4,660,491	4,583,735
<b>Governmental Activity</b>					
<b>Long-Term Liabilities</b>	<u>\$ 17,127,380</u>	<u>\$ 4,012,359</u>	<u>\$ (2,055,745)</u>	<u>\$ 19,083,994</u>	<u>\$ 6,549,118</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Bonds payable:					
General obligation bonds	\$ 71,135,000	\$ -	\$ (7,170,000)	\$ 63,965,000	\$ 7,295,000
Total Bonds Payable	71,135,000	-	(7,170,000)	63,965,000	7,295,000
Estimated cost of closure and postclosure	9,600,864	253,424	-	9,854,288	-
Compensated absences	1,180,768	192,711	(60,170)	1,313,309	1,195,054
Subscriptions payable	102,315	303,883	(123,534)	282,664	124,553
Pollution remediation obligation	51,211	-	(51,211)	-	-
<b>Business-Type Activity</b>					
<b>Long-Term Liabilities</b>	<u>\$ 82,070,158</u>	<u>\$ 750,018</u>	<u>\$ (7,404,915)</u>	<u>\$ 75,415,261</u>	<u>\$ 8,614,607</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**  
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**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 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.
- 5) 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.
- 6) 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.
- 7) 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.
- 8) 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.
- 9) 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.

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. Long-Term Debt (Continued)**

10) 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 implemented GASB Statement No. 91 in this fiscal year 2023. The City does not currently have any conduit debt obligations, and no material impact was made to the basic financial statements.

**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, 2024, the City accrued \$1,154,825 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, 2024, the City accrued the actuarially determined undiscounted amount of \$2,277,000 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, 2024, the City accrued the actuarially determined undiscounted amount of \$3,476,000 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 OF DOTHAN**  
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**V. OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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 2024 and 2023:

	<b>YEAR ENDED SEPTEMBER 30,</b>	
	<b>2024</b>	<b>2023</b>
Liability beginning balance	\$ 6,273,892	\$ 6,498,199
Claims and changes in estimates	16,811,378	13,843,606
Claim payments	(16,177,445)	(14,067,913)
Liability ending balance	\$ 6,907,825	\$ 6,273,892
 Due in one year or less	 \$ 6,907,825	 \$ 6,273,892

**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. As of the date of the audit, \$91,144 had been refunded towards the maximum obligation of \$750,000.

**THE CITY OF DOTHAN**  
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**V. OTHER INFORMATION (Continued)**

**B. Contingent Liabilities (Continued)**

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. As of the date of the audit, \$39,246 had been refunded towards the maximum obligation of \$250,000.

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. As of the date of the audit, \$131,082 had been refunded towards the maximum obligation of \$2,000,000.

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. As of the date of the audit, no refund has been issued towards the maximum obligation of \$190,000

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
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**V. OTHER INFORMATION (Continued)**

**B. Contingent Liabilities (Continued)**

On April 2, 2024, the City entered into a Project Agreement with Wiregrass Pet Rescue and Adoption Center, Inc., an Alabama nonprofit corporation (“WPRAC”) to construct a humane care and animal shelter to provide care and adoption services for lost and abandoned companion animals, as well as, education programs related to the care and treatment of animals (the “Project”), which will be constructed on 6.3 acres of land owned by the City on U.S. Highway 52 (the “Project Site”), said Project 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 contribute a total of \$5,000,000 in the form of a grant to be used to defray a portion of the costs of construction, said amount to include any sums paid by the City for professional services and other soft costs related to the Project. In addition, once the Project is complete the City will grant WPRAC an additional \$1,055,000 to defray the projected operating expenses of the Project during its first year and will consider annual funding thereafter on a yearly basis upon application for assistance from WPRAC. WPRAC will contract with a general contractor to construct the Project, and WPRAC will be responsible for all costs of construction above \$5,000,000. The City issued its 2024 General Obligation Warrant on April 2, 2024, evidencing the City’s limited obligation to pay up to \$6,055,000 of the combined grants contemplate herein, to WPRAC. This general obligation warrant shall terminate automatically upon payment. As of the date of the audit, \$5,000,000 has been paid/encumbered towards the maximum obligation of \$6,055,000.

On August 6, 2024, the City entered into an Economic Development Agreement with Eagle Eye Outfitters, Inc., an Alabama corporation (“the Developer”) to induce the Developer to renovate, reconstruct, and equip an existing commercial building to add approximately ten thousand square feet to the retail clothing and accessory store known as “Eagle Eye Outfitters” (the “Project”), located at 3535 Ross Clark Circle, Dothan, AL 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 \$1,200,000 for all gross sales at the Project Site in excess of \$13,404,869, 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 Developer’s Eagle Eye Outfitters and/or any other commercial tenants who may lease the Project Site from time to time from the Developer. Notwithstanding the foregoing, no annual payment during the ten-year term shall exceed \$132,000. The City issued its 2024 Limited Obligation Revenue Warrant on August 6, 2024, evidencing the City’s limited obligation to pay up to \$190,000 to the Developer. This limited obligation warrant matures on November 1, 2034. As of the date of the audit, no refund has been issued towards the maximum obligation of \$1,200,000.

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**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. The City of Dothan Healthcare Plan does not have a separate audited GAAP-basis postemployment benefit plan report.

*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.

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**V. OTHER INFORMATION (Continued)**

**C. Postemployment Healthcare Plan (Continued)**

*Retiree Premium Contributions.* Retirees are required to pay the following premiums as of September 30, 2024:

	<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.

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**V. OTHER INFORMATION (Continued)**

**C. Postemployment Healthcare Plan (Continued)**

**Total OPEB Liability (TOL).**

The City's Total OPEB Liability of \$56,071,311 was measured as of September 30, 2023, 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, 2022
Measurement Date (MD):	September 30, 2023
Reporting Date (RD):	September 30, 2024

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	4.02%
Municipal Bond Index Rate at Measurement Date	4.09%

Total OPEB Liability as of Measurement Date	\$ 56,071,311
OPEB Expense	\$ 4,806,685

Delivered I/O Balances as of the Measurement Date

Deferred Inflow of Resources	\$(11,901,950)
Deferred Outflow of Resources	\$ 18,341,554

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	4.02%
Measurement Date	4.09%
Health Care Cost Rates	
Pre-Medicare	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032

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**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, determined using current health care cost trend rates, as well as what the Plan's TOL would be if it were determined 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**

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 50,875,135	\$ 56,071,311	\$ 62,039,126

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

The following presents the TOL of the Plan, determined using the discount rate of 4.09%, as well as what the Plan's TOL would be if it were determined using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

**Discount Rate Sensitivity**

	<b>1% Decrease (3.09%)</b>	<b>Current Discount Rate (4.09%)</b>	<b>1% Increase (5.09%)</b>
Total OPEB Liability	\$ 60,763,085	\$ 56,071,311	\$ 51,845,879

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**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**

<b>Total OPEB Liability as of September 30, 2022</b>	<b>\$</b>	<b>55,859,962</b>
<b>Changes for the Year:</b>		
Service cost at the end of the year*		1,129,146
Interest on TOL and Cash Flows		2,213,540
Change in Benefit Terms		-
Difference between Expected and Actual Experience		(1,209,226)
Changes of Assumptions or Other Inputs		(312,683)
Net Benefit Payments		(1,609,428)
Other		-
<b>Net Changes</b>		<b>211,349</b>
<b>Total OPEB Liability as of September 30, 2023</b>	<b>\$</b>	<b>56,071,311</b>
<b>Estimated OPEB Liability due within one year**</b>	<b>\$</b>	<b>3,517,035</b>

\*The service cost includes interest for the year.

\*\*Estimated OPEB Liability due within one year based on three-year average of annual costs.

**Changes to benefit terms:**

- None

**Changes to assumptions or other inputs:**

- Change in discount rate

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**V. OTHER INFORMATION (Continued)**

**C. Postemployment Healthcare Plan (Continued)**

**OPEB Expense**

The calculation of the OPEB expense for the year ended September 30, 2024, is shown in the following table:

<b>OPEB Expense</b>	
<b>For Fiscal Year Ending September 30, 2024</b>	
Service Cost *	\$ 1,129,146
Interest on the Total OPEB Liability	2,213,540
Current-period benefit changes	-
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(153,455)
Expensed portion of current-period changes of assumptions or other inputs	(39,681)
Administrative Costs**	-
Recognition of beginning Deferred Outflows of Resources as OPEB Expense	4,089,641
Recognition of beginning Deferred Inflows of Resources as OPEB	<u>(2,432,506)</u>
<b>OPEB Expense</b>	<b><u>\$ 4,806,685</u></b>

\*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**  
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**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, 2023, are as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experiences	\$ 11,578,660	\$ 4,879,235
Changes of Assumptions or Other Inputs	4,173,784	7,022,715
Contribution of Paid Subsequent to the Measurement Date	2,589,110	
Total	<b>\$ 18,341,554</b>	<b>\$ 11,901,950</b>

**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:

<b>Measurement Period Ending September 30</b>	
2024	\$ 1,530,575
2025	\$ 1,730,308
2026	\$ 512,578
2027	\$ (301,850)
2028	\$ 171,637
Thereafter	\$ 207,246

**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.

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**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](http://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.

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**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 618 employers adopted Act 2019-132 as of September 30, 2023.

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 113,079 participants. As of September 30, 2023, membership consisted of:

Retirees and beneficiaries currently receiving benefits	31,481
Terminated employees entitled to but not yet receiving benefits	2,350
Terminated employees not entitled to a benefit	20,556
Active members	58,659
Post-DROP participants who are still in active service	<u>33</u>
Total	<u>113,079</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.

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**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, 2024, the City's active employee contribution rate was 7.87% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 22.24% percent of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2024, was 22% of pensionable pay for Tier 1 employees and 22.45% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2021, 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 \$14,768,692 for the year ended September 30, 2024. 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2022, rolled forward to September 30, 2023, 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, 2022	\$ 339,779,027	\$ 345,708,312	\$ 345,708,312
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2022 – September 30, 2023	5,988,970	5,988,970	5,988,970
(d) Transfers Among Employers:	-	(492,570)	(492,570)
(e) Actual Benefit Payments and Refunds for the period October 1, 2022 – September 30, 2023	(21,779,678)	(21,779,678)	(21,779,678)
(f) TPL as of September 30, 2023 = [(a) x (1+b)] + (c)+(b) - [(e) x (1+.05*b)]	<u>\$ 348,490,564</u>	<u>\$ 354,369,011</u>	<u>\$ 354,369,011</u>
(g) Difference Between Expected and Actual:		\$ 5,878,447	
(h) Less Liability Transferred for Immediate Recognition:		(492,570)	
(i) Difference Between Expected and Actual – Experience (Gain)/Loss		<u>\$ 6,371,017</u>	
(j) Difference Between Actual TPL Before and After Plan Changes– Benefit Change (Gain)/Loss			\$ -

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**V. OTHER INFORMATION (Continued)**

**D. Retirement Plan (Continued)**

*Actuarial assumptions.* The total pension liability as of September 30, 2023, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2022. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected Salary Increases	3.25% - 6.00% for State and Local Employees, including inflation
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, 2024**

**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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return*</b>
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, 2024**

**V. OTHER INFORMATION (Continued)**

**D. Retirement Plan (Continued)**

**Changes in Net Pension Liability**

**Schedule of Changes in Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) – (b)</b>
Balances at September 30, 2022	\$ 339,779,027	\$ 148,996,642	\$ 190,782,385
Changes for the Year:			
Service Cost	5,988,970	-	5,988,970
Interest	24,502,245	-	24,502,245
Changes of Benefit Terms	-	-	-
Changes of Assumptions	-	-	-
Difference between Expected and Actual Experience	6,371,017	-	6,371,017
Contributions – Employer	-	13,612,078	(13,612,078)
Contributions – Employee	-	5,137,606	(5,137,606)
Net Investment Income	-	19,114,728	(19,114,728)
Benefit Payments, Including Refunds of Employee Contributions	(21,779,678)	(21,779,678)	-
Administrative Expense	-	-	-
Transfers Among Employers	(492,570)	(492,570)	-
Net Changes	<u>14,589,984</u>	<u>(15,592,164)</u>	<u>(1,002,180)</u>
Balances at September 30, 2023	<u>\$ 354,369,011</u>	<u>\$ 164,588,806</u>	<u>\$ 189,780,205</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:

	<b>1% Decrease (6.45%)</b>	<b>Current Discount Rate (7.45%)</b>	<b>1% Increase (8.45%)</b>
Plan's Net Pension Liability (Asset)	\$ 229,658,774	\$ 189,780,205	\$ 156,125,138

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**V. 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, 2023. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2023. 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, 2024, the City recognized pension expense of \$23,334,915. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experiences	\$ 10,522,987	\$ 1,495,512
Changes of Assumptions	5,058,939	-
Net Difference between Projected and Actual Earnings on Plan Investments	6,580,540	-
Employer Contributions Subsequent to the Measurement Date	14,768,663	-
Total	\$ 36,931,129	\$ 1,495,512

Fiscal year 2024 Employer Contributions subsequent to the measurement date in the amount of \$14,768,663 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, 2025.

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

<b>Schedule of Amortization of Deferred Inflows and Outflows of Resources</b>	
<b>Year Ending September 30</b>	
2025	\$ 6,869,148
2026	\$ 5,687,307
2027	\$ 7,725,113
2028	\$ (297,221)
2029	\$ 682,607
Thereafter	\$ -

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**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 28 to 44 years.

The \$3,540,554 reported as a liability and deferred outflow of resources at September 30, 2024, 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 1, 2024, the City entered into an agreement with Motorola Solutions for three years of maintenance of the Fire Station Alerting System in the amount of \$223,035.
- On October 1, 2024, 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 22, 2024, the City concurred with the award of a contract to McElhenney Construction Co., LLC and submitted a sum of \$941,044 to the Alabama Department of Transportation for the City's share of construction improvements for the Intersection Improvements at US-84 and John D. Odom Road Project.
- On October 22, 2024, the City entered into an agreement with Poly, Inc. for professional consulting services for the Intersection Improvements at US-84 and John D. Odom Road Project for a not to exceed amount of \$290,355.
- On October 22, 2024, the City entered into an agreement with the Alabama Department of Transportation for resurfacing on Kinsey Road from Webb Road to Ross Clark Circle for the amount of \$93,216.
- On October 22, 2024, the City entered into an agreement with the Alabama Department of Transportation for resurfacing on Flynn Road from Napier Field Road to Denton Road in the amount of \$234,288.
- On November 5, 2024, the City entered into an agreement with Barge Design Solutions for professional engineering services for Phase III of the City-wide stormwater hydrologic and hydraulic analysis for a not to exceed amount of \$500,000.
- On November 5, 2024, the City entered into an agreement with Barge Design Solutions for professional engineering services for Phase IV of the City-wide stormwater hydrologic and hydraulic analysis for a not to exceed amount of \$500,000.
- On November 5, 2024, the City entered into an agreement with Lewis, Inc. for the 2025 Replacement of Direct Buried Secondary Service Project for a not to exceed amount of \$250,000.

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**V. OTHER INFORMATION (Continued)**

**F. Commitments and Contingencies (Continued)**

- On November 19, 2024 the City submitted a grant application to the Alabama Department of Transportation for the ATRIP-II intersection improvements at US-84 and Flowers Chapel Road Project. The project is estimated at \$5,859,105. If the grant is awarded the City's share is estimated to be \$3,859,105.
- On December 3, 2024, the City approved a statement of work from Mythics, LLC to provide software maintenance and enhancement support for the Oracle Permitting and Licenses (OPAL) module at a cost of \$188,437.
- On January 7, 2025, the City modified the service order with RDG Planning & Design for the Dothan City Hall Project to include an additional service request for an increase in the amount of \$1,728,000.
- On January 7, 2025, the City entered into a contract with Lewis Construction, LLC for the renovation of the police department criminal investigation division offices in the amount of \$311,000.
- On January 21, 2025, the City approved the participation of cost share to pave a portion of Saint Mark Street with Home Oil Company, Inc. for a cost not to exceed \$160,538.
- On January 21, 2025, the City authorized the issuance of a \$10,015,000 General Obligation Warrant (Series 2025-CWSRF-DL) to provide funds for the Trunkline and Sewer Basin Rehab Project. The City utilized the General Obligation Warrant to enter into a contract with Inliner Solutions, LLC for the Omussee Trunkline Inside Ross Clark Circle Project for the sum of \$11,361,444.
- On February 18, 2025, the City entered into an economic development agreement with Skybound Development, LLC to provide financial assistance to construct and equip a new Freddy's Frozen Custard & Steakburger Restaurant in a not to exceed amount of \$100,000, over a period of ten years based on sales tax revenue.
- On February 18, 2025, the City entered into a contract with Bullock Environmental, LLC for environmental site remediation in a not to exceed amount of \$350,000, fully reimbursable by an Alabama Department of Environmental Management Brownfield Cleanup Grant.

**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.

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**V. OTHER INFORMATION (Continued)**

**H. Accounting Changes and Error Corrections**

During the year ended September 30, 2024, the City determined that unspent proceeds related to net investment in capital assets was not reported in the prior fiscal year. Therefore, net investment in capital assets was understated \$10.4 million and unrestricted (deficit) was overstated \$10.4 million for the year ended September 30, 2023. A reclassification was required, net position was not restated.

	<b>09/30/2023 As Previously Reported</b>	<b>Error Correction</b>	<b>09/30/2023 As Reclassified</b>
<b>GOVERNMENTAL ACTIVITIES</b>			
<b>NET POSITION:</b>			
Net investment in capital assets	\$ 135,942,124	\$ -	\$ 135,942,124
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)	-	(80,992,700)
<b>Total Net Position</b>	<b>\$ 56,210,185</b>	<b>\$ -</b>	<b>\$ 56,210,185</b>
<b>BUSINESS-TYPE ACTIVITIES</b>			
<b>NET POSITION:</b>			
Net investment in capital assets	\$ 155,146,340	\$ 10,004,000	\$ 165,150,340
Restricted for:			
Street and bridge maintenance	-	-	-
Opioid epidemic mitigation	-	-	-
Education	-	-	-
Unrestricted (deficit)	27,410,303	(10,004,000)	17,406,303
<b>Total Net Position</b>	<b>\$ 182,556,643</b>	<b>\$ -</b>	<b>\$ 182,556,643</b>
<b>TOTAL PRIMARY GOVERNMENT</b>			
<b>NET POSITION:</b>			
Net investment in capital assets	\$ 291,088,464	\$ 10,004,000	\$ 301,092,464
Restricted for:			
Street and bridge maintenance	503,862	-	503,862
Opioid epidemic mitigation	429,297	-	429,297
Education	327,602	-	327,602
Unrestricted (deficit)	(53,582,397)	(10,004,000)	(63,586,397)
<b>Total Net Position</b>	<b>\$ 238,766,828</b>	<b>\$ -</b>	<b>\$ 238,766,828</b>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**V. OTHER INFORMATION (Continued)**

**I. Subsequent Events**

The City did not have any other subsequent events requiring disclosures or recording in these financial statements through February 26, 2025, which is the date these financial statements were available to be issued.

**J. 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, 2024, 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	\$ 834,592	\$ 47,937,613	\$ 15,092,682

## **REQUIRED SUPPLEMENTARY INFORMATION**

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL		(NEGATIVE)
<b>REVENUES:</b>				
Taxes	\$ 102,300,000	\$ 103,200,000	\$ 110,615,882	\$ 7,415,882
Licenses and permits	4,377,500	4,979,736	5,175,669	195,933
Intergovernmental	4,825,200	38,549,732	38,432,030	(117,702)
Charges for services	3,288,300	4,199,577	5,026,143	826,566
Fines and forfeitures	1,132,000	1,152,153	1,315,307	163,154
Interest	826,000	2,780,761	4,203,424	1,422,663
Miscellaneous	1,274,356	1,829,215	4,340,593	2,511,378
<b>Total Revenues</b>	<u>118,023,356</u>	<u>156,691,174</u>	<u>169,109,048</u>	<u>12,417,874</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
General administrative	12,128,508	13,223,573	10,797,370	2,426,203
Information system/technology	6,372,205	9,071,915	8,222,872	849,043
Budget and finance	1,679,324	2,186,270	2,141,811	44,459
Personnel services	3,176,704	3,070,738	2,953,283	117,455
Judicial department	1,641,783	1,672,627	1,528,462	144,165
Public safety:				
Fire department	19,327,430	20,402,025	20,311,784	90,241
Police department	29,738,566	30,783,834	29,409,277	1,374,557
Public works:				
Street department	14,023,386	10,276,996	7,081,164	3,195,832
Engineering department	4,155,785	4,331,533	4,087,011	244,522
Planning and development	4,122,464	4,773,366	3,496,710	1,276,656
Health and welfare	5,306,926	5,457,121	5,195,913	261,208
Culture and recreation:				
Recreation	15,338,150	16,046,130	14,042,605	2,003,525
Culture	2,701,221	3,273,485	3,018,516	254,969
General services:				
Administration	724,564	787,470	782,810	4,660
Facility	1,833,314	1,992,061	1,861,669	130,392
Fleet	2,820,620	2,992,199	2,673,371	318,828
Insurance department	2,750,451	3,884,771	2,532,408	1,352,363
Capital outlay	41,326,413	92,752,430	33,288,939	59,463,491
<b>Total Expenditures</b>	<u>169,167,814</u>	<u>226,978,544</u>	<u>153,425,975</u>	<u>73,552,569</u>
<b>Excess (deficiency) of Revenues over Expenditures</b>	<u>\$ (51,144,458)</u>	<u>\$ (70,287,370)</u>	<u>\$ 15,683,073</u>	<u>\$ 85,970,443</u>

(Continued on page 86)

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>OTHER FINANCING SOURCES (USES):</b>				
Leases/subscription-based IT arrangements (as lessee)	\$ -	\$ -	\$ 3,130,726	\$ 3,130,726
Transfers in (out)	<u>7,550,610</u>	<u>2,080,538</u>	<u>2,033,806</u>	<u>(46,732)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>7,550,610</u>	<u>2,080,538</u>	<u>5,164,532</u>	<u>3,083,994</u>
<b>Net Change in Fund Balances</b>	(43,593,848)	(68,206,832)	20,847,605	89,054,437
<b>Fund Balances - Beginning</b>	<u>43,593,848</u>	<u>68,206,832</u>	<u>82,118,755</u>	<u>257,291,082</u>
<b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,966,360</u>	<u>\$ 346,345,519</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**

	<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>	<u>2014</u>
<b>TOTAL PENSION LIABILITY:</b>										
Service cost	\$ 5,988,970	\$ 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	24,502,245	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	6,371,017	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	(21,779,678)	(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	(492,570)	270,574	(600,670)	(61,626)	413,508	(780,564)	553,788	108,582	-	-
<b>Net Change in Total Pension Liability</b>	<b>14,589,984</b>	<b>11,552,125</b>	<b>18,717,792</b>	<b>21,004,792</b>	<b>8,088,985</b>	<b>12,602,367</b>	<b>7,724,518</b>	<b>17,833,806</b>	<b>7,690,091</b>	<b>7,808,699</b>
<b>Total Pension Liability - Beginning</b>	<b>339,779,027</b>	<b>328,226,902</b>	<b>309,509,110</b>	<b>288,504,318</b>	<b>280,415,333</b>	<b>267,812,966</b>	<b>260,088,448</b>	<b>242,254,642</b>	<b>234,564,551</b>	<b>226,755,852</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 354,369,011</b>	<b>\$ 339,779,027</b>	<b>\$ 328,226,902</b>	<b>\$ 309,509,110</b>	<b>\$ 288,504,318</b>	<b>\$ 280,415,333</b>	<b>\$ 267,812,966</b>	<b>\$ 260,088,448</b>	<b>\$ 242,254,642</b>	<b>\$ 234,564,551</b>
<b>PLAN FIDUCIARY NET POSITION:</b>										
Contributions - employer	\$ 13,612,078	\$ 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	5,137,606	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	19,114,728	(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	(21,779,678)	(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	(492,570)	270,574	(600,670)	(61,626)	413,508	(780,564)	553,788	108,582	(245,363)	26,249
<b>Net Change in Plan Fiduciary Net Position</b>	<b>15,592,164</b>	<b>(24,839,605)</b>	<b>27,985,134</b>	<b>5,336,214</b>	<b>2,891,576</b>	<b>8,810,193</b>	<b>13,458,916</b>	<b>8,970,165</b>	<b>221,430</b>	<b>11,283,465</b>
<b>Plan Net Position - Beginning</b>	<b>148,996,642</b>	<b>173,836,247</b>	<b>145,851,113</b>	<b>140,514,899</b>	<b>137,623,323</b>	<b>128,813,130</b>	<b>115,354,214</b>	<b>106,384,049</b>	<b>106,162,619</b>	<b>94,879,153</b>
<b>Plan Net Position - Ending (b)</b>	<b>\$ 164,588,806</b>	<b>\$ 148,996,642</b>	<b>\$ 173,836,247</b>	<b>\$ 145,851,113</b>	<b>\$ 140,514,899</b>	<b>\$ 137,623,323</b>	<b>\$ 128,813,130</b>	<b>\$ 115,354,214</b>	<b>\$ 106,384,049</b>	<b>\$ 106,162,618</b>
<b>Net Pension Liability (Asset) - Ending (a) - (b)</b>	<b>\$ 189,780,205</b>	<b>\$ 190,782,385</b>	<b>\$ 154,390,655</b>	<b>\$ 163,657,997</b>	<b>\$ 147,989,419</b>	<b>\$ 142,792,010</b>	<b>\$ 138,999,836</b>	<b>\$ 144,734,234</b>	<b>\$ 135,870,593</b>	<b>\$ 128,401,933</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>46.45%</b>	<b>43.85%</b>	<b>52.96%</b>	<b>47.12%</b>	<b>48.70%</b>	<b>49.08%</b>	<b>48.10%</b>	<b>44.35%</b>	<b>43.91%</b>	<b>45.26%</b>
<b>Covered payroll*</b>	<b>\$ 63,282,455</b>	<b>\$ 61,525,555</b>	<b>\$ 55,638,620</b>	<b>\$ 53,700,940</b>	<b>\$ 52,556,662</b>	<b>\$ 48,816,195</b>	<b>\$ 47,219,580</b>	<b>\$ 45,464,517</b>	<b>\$ 44,671,105</b>	<b>\$ 43,373,860</b>
<b>Net pension liability (asset) as a percentage of covered payroll</b>	<b>300.00%</b>	<b>310.00%</b>	<b>277.00%</b>	<b>305.00%</b>	<b>282.00%</b>	<b>293.00%</b>	<b>294.00%</b>	<b>318.00%</b>	<b>304.00%</b>	<b>296.00%</b>

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

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

	<u>2024</u>	<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*	\$ 14,768,692	\$ 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*	14,768,692	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
<b>Contribution Deficiency (Excess)</b>	<u>\$ 14,768,692</u>	<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>
<b>Covered payroll**</b>	\$ 67,579,357	\$ 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
<b>Contributions as a percentage of covered payroll</b>	21.85%	21.51%	20.79%	20.62%	20.89%	20.93%	19.89%	20.59%	21.02%	22.72%

\* The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments.

The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

\*\* Employer's covered payroll for FY 2024 is the total covered payroll for the 12 month period of the underlying financial statement.

**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 2024 were based on the September 30, 2021, actuarial valuation.

Methods and assumptions used to determine contributions rates for the period October 1, 2023 to September 30, 2024:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	22.8
Asset valuation method	Five year smoothed market
Inflation	
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, 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**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017 **</b>
<b>Total OPEB Liability*</b>							
Service cost at end of year	\$ 1,129,146	\$ 1,486,301	\$ 1,300,237	\$ 1,566,864	\$ 1,100,661	\$ 924,527	\$ 1,026,908
Interest	2,213,540	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	(1,209,226)	11,587,012	349,305	(7,050,699)	(823,594)	10,403,990	86,297
Changes of assumptions or other inputs	(312,683)	(6,479,861)	(2,742,679)	2,571,271	7,078,511	692,467	(2,150,193)
Benefit payments	(1,609,428)	(2,720,190)	(2,088,241)	(1,657,739)	(768,786)	(2,776,083)	(1,619,166)
Other	-	-	-	-	-	-	-
<b>Net Change in Total OPEB Liability</b>	<u>211,349</u>	<u>4,992,305</u>	<u>(1,315,065)</u>	<u>(3,121,124)</u>	<u>8,526,195</u>	<u>10,491,208</u>	<u>(1,570,495)</u>
<b>Total OPEB Liability - Beginning</b>	<u>55,859,962</u>	<u>50,867,657</u>	<u>52,182,722</u>	<u>55,303,846</u>	<u>46,777,651</u>	<u>36,286,443</u>	<u>37,856,938</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 56,071,311</u>	<u>\$ 55,859,962</u>	<u>\$ 50,867,657</u>	<u>\$ 52,182,722</u>	<u>\$ 55,303,846</u>	<u>\$ 46,777,651</u>	<u>\$ 36,286,443</u>
<b>Covered payroll</b>	\$ 63,282,455	\$ 61,525,555	\$ 55,638,620	\$ 53,700,940	\$ 52,556,662	\$ 48,816,195	\$ 47,219,580
<b>Net OPEB Liability as a percentage of covered payroll</b>	88.60%	90.79%	91.43%	97.17%	105.23%	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**

<b>Total OPEB Liability</b>	<u>2023</u>	<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*	-	-	-	-	-	-	-
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>						
<b>Covered payroll</b>	\$ 63,282,455	\$ 61,525,555	\$ 55,638,620	\$ 53,700,940	\$ 52,556,662	\$ 48,816,195	\$ 47,219,580
<b>Contribution as a percentage of covered payroll</b>	0.00%	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, 2024**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Special assessments	\$ -	\$ -	\$ -	\$ -
Interest from funds invested and special assessments	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
General administrative	-	-	-	-
Principal retirement	769,952	1,823,318	1,787,497	35,821
Interest	319,423	479,670	467,724	11,946
<b>Total Expenditures</b>	<u>1,089,375</u>	<u>2,302,988</u>	<u>2,255,221</u>	<u>47,767</u>
<b>Excess (deficiency) of Revenues over Expenditures</b>	<u>(1,089,375)</u>	<u>(2,302,988)</u>	<u>(2,255,221)</u>	<u>47,767</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	1,089,375	2,302,988	2,255,221	(47,767)
<b>Total Other Financing Sources (Uses)</b>	<u>1,089,375</u>	<u>2,302,988</u>	<u>2,255,221</u>	<u>(47,767)</u>
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning</b>	-	-	-	-
<b>Fund Balance - Ending</b>	<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, 2024**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest from funds invested	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Public works	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of Revenues over Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<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, 2024**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Interest earned	\$ -	\$ 127,923	\$ 340,318	\$ 212,395
Miscellaneous	-	10,000,000	10,000,000	-
<b>Total Revenues</b>	<u>-</u>	<u>10,127,923</u>	<u>10,340,318</u>	<u>212,395</u>
<b>EXPENDITURES:</b>				
Capital Outlay	-	21,914,411	6,170,907	15,743,504
<b>Total Expenditures</b>	<u>-</u>	<u>21,914,411</u>	<u>6,170,907</u>	<u>15,743,504</u>
<b>Excess (deficiency) of Revenues over Expenditures</b>	<u>-</u>	<u>(11,786,488)</u>	<u>4,169,411</u>	<u>15,955,899</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	-	11,711,488	11,711,488	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>11,711,488</u>	<u>11,711,488</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>(75,000)</u>	<u>15,880,899</u>	<u>15,955,899</u>
<b>Fund Balance - Beginning</b>	<u>-</u>	<u>75,000</u>	<u>75,495</u>	<u>495</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,956,394</u>	<u>\$ 15,956,394</u>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHOOL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Taxes	\$ 195,000	\$ 195,000	\$ 166,050	\$ (28,950)
Interest earned	5,000	5,000	8,583	3,583
Miscellaneous	300,000	300,000	220,482	(79,518)
<b>Total Revenues</b>	<u>500,000</u>	<u>500,000</u>	<u>395,115</u>	<u>(104,885)</u>
<b>EXPENDITURES:</b>				
Intergovernmental:				
Subsidies to agencies	3,738,286	3,738,286	3,738,286	-
Obligations/expenses paid for schools	33,000	33,000	32,029	971
Other support - schools	537,916	537,916	342,800	195,116
<b>Total Expenditures</b>	<u>4,309,202</u>	<u>4,309,202</u>	<u>4,113,115</u>	<u>196,087</u>
<b>Excess (deficiency) of Revenues over Expenditures</b>	<u>(3,809,202)</u>	<u>(3,809,202)</u>	<u>(3,718,000)</u>	<u>91,202</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	3,809,202	3,809,202	3,409,000	(400,202)
<b>Net Change in Fund Balance</b>	-	-	(309,000)	(309,000)
<b>Fund Balance - Beginning</b>	-	-	327,602	327,602
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,602</u>	<u>\$ 18,602</u>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL**  
**UTILITY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>BUDGET</u>	<u>BUDGETARY BASIS ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES:</b>			
Electric department	\$ 92,732,687	\$ 98,408,969	\$ 5,676,282
Water department	11,972,501	13,118,947	1,146,446
Sewer department	22,290,000	23,344,541	1,054,541
Delinquent fees - combined utilities	900,000	867,093	(32,907)
Other revenue	70,280	234,294	164,014
Interest from funds invested	1,399,788	2,409,275	1,009,487
<b>Total Revenues</b>	<u>129,365,256</u>	<u>138,383,119</u>	<u>9,017,863</u>
<b>EXPENSES:</b>			
Electric department	86,309,366	75,067,813	11,241,553
Water department	7,517,800	5,809,744	1,708,056
Sewer department	9,753,511	8,936,476	817,035
Billing collection department	2,628,038	2,449,400	178,638
Meter reading department	603,707	602,686	1,021
Combined utility expense:			
Capital outlay	31,421,662	15,155,321	16,266,341
Miscellaneous expenses	1,857,078	1,524,544	332,534
Interest and fiscal charges	1,528,997	1,352,711	176,286
Principal on bonds and capital leases	7,170,000	7,170,000	-
Depreciation	14,289,000	14,078,797	210,203
<b>Total Expenses</b>	<u>163,079,159</u>	<u>132,147,492</u>	<u>30,931,667</u>
<b>Excess (deficiency) of Revenues over Expenses</b>	<u>\$ (33,713,903)</u>	<u>\$ 6,235,627</u>	<u>\$ 39,949,530</u>

(Continued on page 96)

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, 2024**

	BUDGET	BUDGETARY BASIS ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (out)	\$ (25,753,176)	\$ (25,261,710)	\$ 491,466
Gain (loss) on disposition of capital assets	-	(869,281)	(869,281)
<b>Total Other Financing Sources (Uses)</b>	<b>(25,753,176)</b>	<b>(26,130,991)</b>	<b>(377,815)</b>
<b>Excess (deficiency) of Revenues over Expenses</b>	<b>(59,467,079)</b>	<b>(19,895,364)</b>	<b>39,571,715</b>
Capital grants and contributions	7,251,374	3,468,413	(3,782,961)
Adjustment for capital outlay, principal payments on bonds and capital leases	22,325,321	22,325,321	-
<b>Total Net Position - Beginning</b>	<b>(66,212,907)</b>	<b>187,462,755</b>	<b>253,675,662</b>
<b>Total Net Position - Ending</b>	<b>\$ (96,103,291)</b>	<b>\$ 193,361,125</b>	<b>\$ 289,464,416</b>

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

Capital outlay expense	\$ 15,155,321
Principal payment on bonds	7,170,000
Total Adjustments	<b>\$ 22,325,321</b>

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, 2024**

	BUDGET	BUDGETARY BASIS ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES:</b>			
Solid waste collections	\$ 4,500,000	\$ 4,482,152	\$ (17,848)
Solid waste landfill	950,000	32,657	(917,343)
Other revenue	8,500	34,724	26,224
Interest from funds invested	15,000	160,108	145,108
<b>Total Revenues</b>	<b>5,473,500</b>	<b>4,709,641</b>	<b>(763,859)</b>
<b>EXPENSES:</b>			
Solid waste collections	8,228,696	7,739,645	489,051
Solid waste landfill	1,443,677	1,359,596	84,081
Combined solid waste expense:			
Capital outlay	2,954,107	2,263,518	690,589
Miscellaneous expenses	428,311	428,311	-
Interest and fiscal charges	11,143	11,141	2
Depreciation	1,491,000	1,288,135	202,865
<b>Total Expenses</b>	<b>14,556,934</b>	<b>13,090,346</b>	<b>1,466,588</b>
<b>Excess (deficiency) of Revenues over Expenses</b>	<b>(9,083,434)</b>	<b>(8,380,705)</b>	<b>702,729</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (out)	5,848,960	5,852,195	3,235
<b>Total Other Financing Sources (Uses)</b>	<b>5,848,960</b>	<b>5,852,195</b>	<b>3,235</b>
<b>Excess (deficiency) of Revenues over Expenses</b>	<b>(3,234,474)</b>	<b>(2,528,510)</b>	<b>705,964</b>
Adjustment for capital outlay, principal payments on bonds and capital leases	2,263,518	2,263,518	-
<b>Total Net Position - Beginning</b>	<b>3,150,718</b>	<b>(4,906,112)</b>	<b>(8,056,830)</b>
<b>Total Net Position - Ending</b>	<b>\$ 2,179,762</b>	<b>\$ (5,171,104)</b>	<b>\$ (7,350,866)</b>

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

Capital outlay expense	\$ 2,263,518
Total Adjustments	\$ 2,263,518

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  
2025-2043**

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	
2025	\$ 1,089,374	\$ -	\$ 4,179,738	\$ 606,961	\$ 3,743,240	\$ 9,619,313
2026	1,089,374	-	4,189,565	608,503	3,742,693	9,630,135
2027	1,089,373	-	2,927,247	604,896	3,745,704	8,367,220
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>\$ 14,161,861</u>	<u>\$ -</u>	<u>\$ 17,661,863</u>	<u>\$ 11,534,156</u>	<u>\$ 42,538,404</u>	<u>\$ 85,896,284</u>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**GENERAL OBLIGATION WARRANT - SERIES 2014-CWSRF-DL**  
**SCHEDULE OF BONDED DEBT AND INTEREST**  
**SEPTEMBER 30, 2024**

<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 AUGUST 15</u>	
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	98,437	1,010,000	1,206,875
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>\$ 684,338</u>	<u>\$ 684,337</u>	<u>\$ 10,700,000</u>	<u>\$ 12,068,675</u>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**GENERAL OBLIGATION WARRANT - SERIES 2016**  
**SCHEDULE OF BONDED DEBT AND INTEREST**  
**SEPTEMBER 30, 2024**

<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>
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>\$ 118,365</u>	<u>\$ 118,362</u>	<u>\$ 3,810,000</u>	<u>\$ 4,046,727</u>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**GENERAL OBLIGATION WARRANT - SERIES 2016-CWSRF-DL**  
**SCHEDULE OF BONDED DEBT AND INTEREST**  
**SEPTEMBER 30, 2024**

<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>	
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>\$ 1,992,155</u>	<u>\$ 1,697,575</u>	<u>\$ 26,780,000</u>	<u>\$ 30,469,730</u>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**GENERAL OBLIGATION WARRANT - SERIES 2017**  
**SCHEDULE OF BONDED DEBT AND INTEREST**  
**SEPTEMBER 30, 2024**

<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>	
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	456,474	462,271	1,089,374
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>\$ 1,120,276</u>	<u>\$ 1,044,576</u>	<u>\$ 5,960,655</u>	<u>\$ 6,036,354</u>	<u>\$ 14,161,861</u>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**GENERAL OBLIGATION WARRANT - SERIES 2019**  
**SCHEDULE OF BONDED DEBT AND INTEREST**  
**SEPTEMBER 30, 2024**

<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>		
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>\$ 77,825</u>	<u>\$ 77,827</u>	<u>\$ 1,830,000</u>	<u>\$ 1,985,652</u>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**GENERAL OBLIGATION WARRANT - SERIES 2021**  
**SCHEDULE OF BONDED DEBT AND INTEREST**  
**SEPTEMBER 30, 2024**

YEAR ENDING SEPTEMBER 30	INTEREST RATE - %	INTEREST		PRINCIPAL		TOTAL DEBT SERVICE
		DUE FEBRUARY 15	DUE AUGUST 15	DUE FEBRUARY 15	DUE AUGUST 15	
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>\$ 212,164</u>	<u>\$ 177,320</u>	<u>\$ 5,620,000</u>	<u>\$ 5,620,000</u>	<u>\$ 11,629,484</u>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**GENERAL OBLIGATION WARRANT - SERIES 2023-DWSRF-DL**  
**SCHEDULE OF BONDED DEBT AND INTEREST**  
**SEPTEMBER 30, 2024**

YEAR ENDING SEPTEMBER 30	INTEREST RATE - %	INTEREST		PRINCIPAL	TOTAL DEBT SERVICE
		DUE FEBRUARY 15	DUE AUGUST 15	DUE FEBRUARY 15	
2025	1.99%	\$ 95,570	\$ 91,390	\$ 420,000	\$ 606,960
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>\$ 1,012,363</u>	<u>\$ 916,792</u>	<u>\$ 9,605,000</u>	<u>\$ 11,534,155</u>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY SOURCE**  
**SEPTEMBER 30, 2024**

**CAPITAL ASSETS:**

Land and easements	\$	11,724,678
Buildings		69,921,557
Improvements other than buildings		110,911,624
Machinery and equipment		63,590,089
Lease right-of-use		174,696
Subscription right-of-use		3,393,340
Infrastructure		465,252,014
Construction in progress		38,839,881
		38,839,881
<b>Total Capital Assets</b>	<b>\$</b>	<b>763,807,879</b>

**INVESTMENTS IN CAPITAL ASSETS FROM:**

Capital projects funds:		
General obligation bonds	\$	20,748,350
Grants		34,602,751
General fund revenues		700,992,831
Special revenue fund revenues		147,948
Donations		7,230,295
Utility fund revenues		85,704
		85,704
<b>Total Investments in Capital Assets</b>	<b>\$</b>	<b>763,807,879</b>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**SEPTEMBER 30, 2024**

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	MACHINERY AND EQUIPMENT	LEASE RIGHT-OF-USE EQUIPMENT	SUBSCRIPTION RIGHT-OF-USE ARRANGEMENTS	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
General Government:									
Control:									
General administrative	\$ 3,087,310	\$ 3,212,167	\$ 3,020,199	\$ 163,314	\$ -	\$ -	\$ -	\$ 10,392,979	\$ 19,875,969
Staff Agencies:									
Information system/technology	-	215,658	1,627,099	9,715,966	-	3,270,218	-	3,285,713	18,114,654
Budget and finance	-	276,022	-	22,167	-	-	-	-	298,189
Personnel services	-	-	-	5,009	-	-	-	-	5,009
Total Staff Agencies	-	491,680	1,627,099	9,743,142	-	3,270,218	-	3,285,713	18,417,852
Total General Government	3,087,310	3,703,847	4,647,298	9,906,456	-	3,270,218	-	13,678,692	38,293,821
Public Safety:									
Fire department	1,517,199	6,363,962	1,002,453	15,315,480	-	-	-	12,722,902	36,921,996
Police department	412,378	28,072,865	11,098,463	21,860,957	174,696	123,122	-	530,193	62,272,674
Total Public Safety	1,929,577	34,436,827	12,100,916	37,176,437	174,696	123,122	-	13,253,095	99,194,670
Public Works:									
Street department	1,229,061	797,022	8,649,651	7,325,685	-	-	463,947,676	5,631,205	487,580,300
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	596,997	1,041,773	2,909,944	3,062,339	-	-	1,304,338	712,147	9,627,538
Culture and recreation	4,633,042	21,421,844	70,850,549	3,969,464	-	-	-	5,326,467	106,201,366
General services	61,249	2,151,893	3,759,709	544,647	-	-	-	238,275	6,755,773
Equipment maintenance	-	1,292,059	606,155	1,495,496	-	-	-	-	3,393,710
Schools	56,061	4,476,511	-	-	-	-	-	-	4,532,572
Total Other	6,707,791	31,780,883	94,163,410	16,507,196	-	-	465,252,014	11,908,094	626,319,388
<b>Total Capital Assets</b>	<b>\$ 11,724,678</b>	<b>\$ 69,921,557</b>	<b>\$ 110,911,624</b>	<b>\$ 63,590,089</b>	<b>\$ 174,696</b>	<b>\$ 3,393,340</b>	<b>\$ 465,252,014</b>	<b>\$ 38,839,881</b>	<b>\$ 763,807,879</b>

**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, 2024**

<u>FUNCTION AND ACTIVITY</u>	<u>GOVERNMENTAL FUNDS CAPITAL ASSETS OCTOBER 1, 2023</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>GOVERNMENTAL FUNDS CAPITAL ASSETS SEPTEMBER 30, 2024</u>
General Government:				
Control:				
General administrative	\$ 7,447,770	\$ 2,051,554	\$ (16,334)	\$ 9,482,990
Staff Agencies:				
Information system/technology	14,586,033	3,108,523	(2,865,615)	14,828,941
Budget and finance	298,189	-	-	298,189
Personnel services	5,009	-	-	5,009
Total Staff Agencies	<u>14,889,231</u>	<u>3,108,523</u>	<u>(2,865,615)</u>	<u>15,132,139</u>
Total General Government	<u>22,337,001</u>	<u>5,160,077</u>	<u>(2,881,949)</u>	<u>24,615,129</u>
Public Safety:				
Fire department	22,170,595	2,044,974	(16,475)	24,199,094
Police department	59,561,664	3,650,354	(1,469,537)	61,742,481
Total Public Safety	<u>81,732,259</u>	<u>5,695,328</u>	<u>(1,486,012)</u>	<u>85,941,575</u>
Public Works:				
Street department	480,250,785	7,163,886	(5,465,576)	481,949,095
Environmental services	109,565	-	-	109,565
Special assessments	7,333,292	-	-	7,333,292
Health and welfare	785,272	-	-	785,272
Engineering department	8,884,699	1,019,595	(988,903)	8,915,391
Culture and recreation	99,536,426	1,444,225	(105,752)	100,874,899
General services	6,527,921	-	(10,423)	6,517,498
Equipment maintenance	3,235,359	176,996	(18,645)	3,393,710
Schools	4,532,572	-	-	4,532,572
Construction in progress	12,326,324	31,721,765	(5,208,208)	38,839,881
Total Other	<u>623,522,215</u>	<u>41,526,467</u>	<u>(11,797,507)</u>	<u>653,251,175</u>
<b>Total Capital Assets</b>	<u>\$ 727,591,475</u>	<u>\$ 52,381,872</u>	<u>\$ (16,165,468)</u>	<u>\$ 763,807,879</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.

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#### ***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.

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#### ***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.

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#### ***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.

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#### ***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									
	2015	2016	2017	2018*	2019	2020*	2021*	2022	2023**	2024
Governmental activities:										
Net Investment in capital assets	\$ 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	\$ 162,446,236
Restricted	270,862	211,985	17,189,646	268,218	2,901,466	801,585	1,036,674	1,520,201	1,260,761	853,194
Unrestricted	<u>(79,965,943)</u>	<u>(88,314,592)</u>	<u>(108,659,082)</u>	<u>(108,465,918)</u>	<u>(102,281,226)</u>	<u>(84,318,083)</u>	<u>(77,933,740)</u>	<u>(71,943,454)</u>	<u>(80,992,700)</u>	<u>(53,419,664)</u>
Total governmental activities net position	<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>	<u>\$ 109,879,766</u>
Business-type activities:										
Net Investment in capital assets	\$ 71,457,839	\$ 75,918,727	\$ 84,196,262	\$ 83,384,524	\$ 92,604,499	\$ 128,830,146	\$ 142,974,307	\$ 155,160,104	\$ 165,150,340	\$ 175,091,787
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>14,975,261</u>	<u>22,314,415</u>	<u>28,717,501</u>	<u>43,196,487</u>	<u>54,066,771</u>	<u>32,823,195</u>	<u>31,417,662</u>	<u>18,429,603</u>	<u>17,406,303</u>	<u>13,098,234</u>
Total business-type activities net position	<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>	<u>\$ 188,190,021</u>
Primary government:										
Net Investment in capital assets	\$ 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	\$ 333,066,851
Restricted	270,862	211,985	17,189,646	268,218	2,901,466	801,585	1,036,674	1,520,201	1,260,761	853,194
Unrestricted	<u>(64,990,682)</u>	<u>(66,000,177)</u>	<u>(79,941,581)</u>	<u>(65,269,431)</u>	<u>(48,214,455)</u>	<u>(51,494,888)</u>	<u>(46,516,078)</u>	<u>(53,513,851)</u>	<u>(53,660,886)</u>	<u>(35,850,258)</u>
Total primary government net position	<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>	<u>\$ 298,069,787</u>

**\*\* Error Correction**

The 2023 business-type activities net investment in capital assets was reclassified to reflect unspent proceeds that were not recorded in the prior fiscal year. This reduced the unrestricted amount (\$10,004,000) to \$17,406,303. Net position was not restated. Details of this correction can be found in the notes to the financial statements V. H. on page 83.

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

	FISCAL YEAR									
	2015	2016	2017	2018	2019	2020*	2021*	2022	2023	2024
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 35,558,789
Public safety	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	53,992,634
General services	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	5,680,093
Planning and development	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	3,517,531
Other public works	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	12,780,844
Insurance	3,696,580	3,681,005	(279,055)	216,427	467,836	5,544,053	(146,132)	2,616,416	297,148	2,532,408
Culture and recreation	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	20,784,461
Education	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	4,113,115
Health and welfare	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	5,202,395
Interest/fiscal charges on long-term debt	329,021	213,947	180,601	453,754	335,799	263,937	414,865	378,266	354,960	466,130
Total governmental activities expenses	<u>96,117,209</u>	<u>98,103,552</u>	<u>99,406,265</u>	<u>100,490,295</u>	<u>109,414,313</u>	<u>107,539,872</u>	<u>113,363,346</u>	<u>120,976,375</u>	<u>133,067,629</u>	<u>144,628,400</u>
Business-type activities:										
Solid waste collections	-	-	-	-	-	6,657,029	7,136,627	7,234,895	7,634,605	7,739,645
Solid waste landfill	-	-	-	-	-	964,713	1,081,961	1,109,662	2,853,164	1,359,596
Electric	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	75,067,813
Water	4,569,134	4,598,015	5,044,756	6,754,148	6,499,765	4,881,600	5,018,313	6,276,023	6,053,645	5,809,744
Wastewater	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	8,936,476
Billing - collection department	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	2,449,400
Meter reading department	762,080	753,346	803,913	841,044	899,997	892,397	666,409	656,219	557,711	602,686
Depreciation	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	15,366,932
Miscellaneous	-	41,378	139,446	394,383	310,965	569,272	872,158	961,292	1,954,393	1,952,855
Bond issue costs	-	55,262	-	-	-	-	-	51,500	11,000	-
Loss on disposition of capital assets	205,266	459,404	404,560	264,511	772,344	3,201,567	837,401	235,471	872,685	869,281
Interest /fiscal charges	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	1,363,852
Total business-type activities expenses	<u>109,027,429</u>	<u>97,992,542</u>	<u>102,942,364</u>	<u>106,979,319</u>	<u>105,500,113</u>	<u>105,907,293</u>	<u>110,094,161</u>	<u>123,165,274</u>	<u>127,636,038</u>	<u>121,518,280</u>
Total primary government expenses	<u>\$ 205,144,638</u>	<u>\$ 196,096,094</u>	<u>\$ 202,348,629</u>	<u>\$ 207,469,614</u>	<u>\$ 214,914,426</u>	<u>\$ 213,447,165</u>	<u>\$ 223,457,507</u>	<u>\$ 244,141,649</u>	<u>\$ 260,703,667</u>	<u>\$ 266,146,680</u>
<b>Program Revenues (see Schedule 3)</b>										
Governmental activities:										
Charges for services:										
Other public works	\$ 4,265,779	\$ 4,316,604	\$ 4,356,163	\$ 4,376,974	\$ 4,418,379	\$ 103,516	\$ 92,305	\$ 94,099	\$ 53,004	\$ 50,167
Culture and recreation	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	4,609,227
General government	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	5,175,669
Public safety	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	1,379,285
Planning and development	468,221	426,098	449,775	432,826	450,323	505,651	72,486	160,449	219,491	302,771
Operating grants and contributions	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	13,613,949
Capital grants and contributions	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	26,961,503
Total governmental activities program revenues	<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>	<u>52,092,571</u>
Business-type activities:										
Charges for services (Utility)										
Electric	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	98,408,969
Water	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	13,118,947
Wastewater/sewer	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	23,344,541
Combined utilities	-	1,040,333	1,041,610	949,348	916,472	931,858	885,516	890,126	903,530	867,093
Charges for services (Solid Waste)										
Collections	-	-	-	-	-	4,462,317	4,459,250	4,519,608	4,464,901	4,482,152
Landfill	-	-	-	-	-	292,499	1,704,441	781,231	35,974	32,657
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	3,468,413
Total business-type activities program revenues	<u>116,765,110</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>	<u>143,722,772</u>
Total primary government program revenues	<u>\$ 132,295,857</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>	<u>\$ 195,815,343</u>

**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.

\*Restated

(Continued on page 111)

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

	FISCAL YEAR									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (92,535,829)
Business-type activities	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	22,204,492
Total primary government net expense	<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>	<u>\$ (70,331,337)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
General property tax	\$ 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	\$ 6,268,025
General sales and use tax	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	98,753,944
Lodging tax	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	4,143,593
Franchise tax	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	1,450,320
Cigarette tax	256,500	226,850	247,150	218,700	221,400	230,850	210,600	195,750	180,900	166,050
Unrestricted grants and contributions	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	2,937,400
Unrestricted investment earnings	110,618	95,636	118,737	419,681	813,242	393,599	57,617	175,195	2,084,079	4,552,325
Miscellaneous	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	8,524,238
Transfers	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	19,409,515
Total governmental activities	<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>	<u>146,205,410</u>
Business-type activities:										
Unrestricted investment earnings	68,360	114,181	227,902	806,622	1,475,915	753,622	61,921	130,617	1,582,587	2,569,383
Miscellaneous	1,281,074	1,016,352	1,318,857	1,045,838	2,001,941	1,184,679	610,992	169,059	117,176	269,018
Transfers	(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)	(19,409,515)
Total business-type activities	<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>	<u>(16,571,114)</u>
Total primary government	<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>	<u>\$ 129,634,296</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 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	\$ 53,669,581
Business-type activities	(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	5,633,378
Total primary government	<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>	<u>\$ 59,302,959</u>

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

Function/Program	FISCAL YEAR									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Governmental activities:</b>										
General government	\$ 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	\$ 38,122,790
Public safety	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	2,094,836
General services	7,500	-	3,800	-	-	-	-	-	-	-
Other public works	5,811,915	5,808,157	8,000,366	6,361,676	5,706,019	869,718	990,494	1,242,820	433,857	5,768,483
Planning and development	468,221	426,098	449,775	432,826	451,323	505,651	840,841	1,180,472	1,110,046	1,463,918
Culture and recreation	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	4,642,544
Subtotal governmental activities	<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>	<u>52,092,571</u>
<b>Business-type activities (Utility):</b>										
Electric	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	98,578,640
Water	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	15,821,752
Wastewater/sewer	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	23,940,478
Combined utilities	-	1,040,333	1,041,610	949,348	916,472	931,858	897,240	890,126	903,530	867,093
<b>Business-type activities (Solid Waste):</b>										
Collections	-	-	-	-	-	4,467,793	4,459,250	4,617,784	4,614,901	4,482,152
Landfill	-	-	-	-	-	292,499	1,704,441	781,231	35,974	32,657
Combined solid waste	-	-	-	-	-	-	578	2,474	44,283	-
Subtotal business-type activities:	<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>	<u>143,722,772</u>
<b>Total primary government</b>	<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>	<u>\$ 195,815,343</u>

**Notes:** 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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$ 363,755	\$ 295,087	\$ 328,562	\$ 371,481	\$ 398,346	\$ 365,532	\$ 396,746	\$ 515,809	\$ 566,003	\$ 509,100
Restricted	188,753	166,769	151,573	159,431	230,703	422,558	535,948	740,646	933,159	834,592
Committed	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	47,937,614
Assigned	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	36,272,039
Unassigned	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	17,413,015
Total general fund	<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>	<u>\$102,966,360</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	82,174	45,556	17,038,311	13,747,329	2,670,763	379,027	500,726	779,555	327,602	18,602
Committed	-	-	-	-	-	-	-	-	75,000	15,743,504
Assigned	-	-	-	-	-	-	-	-	495	-
Unassigned	-	-	-	-	-	-	-	-	-	212,890
Total all other governmental funds	<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>	<u>\$ 15,974,996</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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues</b>										
Taxes (see Schedule 6)	\$ 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	\$ 110,781,932
Licenses, fees, and permits	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	5,175,669
Fines and penalties	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	1,315,307
Charges for services	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	5,026,143
Special assessments	690	440	310	312	-	-	-	-	-	-
Intergovernmental	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	38,432,030
Investment earnings	110,618	95,911	118,785	579,441	923,793	400,233	57,617	175,195	2,084,079	4,552,325
Other revenues	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	14,561,075
<b>Total revenues</b>	<b>92,802,161</b>	<b>94,571,730</b>	<b>94,800,615</b>	<b>100,445,732</b>	<b>110,148,771</b>	<b>107,760,088</b>	<b>112,862,008</b>	<b>125,956,031</b>	<b>130,439,484</b>	<b>179,844,481</b>
<b>Expenditures</b>										
General government	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	25,643,798
Public safety	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	49,721,061
Planning and development	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	3,496,710
General services	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	5,317,850
Other public works	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	11,168,175
Health and welfare	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	5,195,913
Culture and recreation	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	17,061,121
Insurance	3,696,580	3,681,005	(279,055)	216,427	467,836	5,544,053	(146,132)	2,616,416	297,148	2,532,408
Capital outlay	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	39,459,846
Intergovernmental	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	4,113,115
Debt service										
Interest	4,367,483	492,721	421,760	732,446	612,407	518,592	417,749	381,227	358,787	467,724
Principal	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	1,787,497
<b>Total expenditures</b>	<b>104,767,788</b>	<b>109,180,340</b>	<b>102,589,548</b>	<b>106,810,460</b>	<b>117,257,962</b>	<b>111,843,649</b>	<b>108,622,208</b>	<b>134,064,847</b>	<b>143,460,081</b>	<b>165,965,218</b>
Excess (deficiency) of revenues over expenditures	(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)	13,879,263
<b>Other Financing Sources (Uses)</b>										
Bonds issued	43,685	-	17,000,000	-	-	-	-	-	-	-
Leases	-	6,426	-	-	-	-	-	49,630	397,834	3,130,726
Transfers in (out)	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	19,409,515
<b>Total other financing sources (uses)</b>	<b>12,481,839</b>	<b>8,088,407</b>	<b>23,741,634</b>	<b>6,893,794</b>	<b>6,267,455</b>	<b>10,725,794</b>	<b>10,258,445</b>	<b>21,024,404</b>	<b>9,713,916</b>	<b>22,540,241</b>
<b>Net change in fund balances</b>	<b>\$ 516,212</b>	<b>\$ (6,520,203)</b>	<b>\$ 15,952,701</b>	<b>\$ 529,066</b>	<b>\$ (841,736)</b>	<b>\$ 6,642,233</b>	<b>\$ 14,498,245</b>	<b>\$ 12,915,588</b>	<b>\$ (3,306,681)</b>	<b>\$ 36,419,504</b>
Debt service as a percentage of noncapital expenditures	5.4%	4.9%	3.5%	4.5%	3.1%	3.2%	1.9%	1.7%	3.2%	1.8%

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

FISCAL YEAR	GENERAL PROPERTY TAX	MOTOR VEHICLE PROPERTY TAX	SALES AND USE TAX	LODGING TAX	FRANCHISE TAX	CIGARETTE TAX	TOTAL
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
2024	5,224,277	1,043,748	98,753,944	4,143,593	1,450,320	166,050	110,781,932
Change							
2015-2024	\$ 1,477,898	\$ 337,084	\$ 35,891,824	\$ 2,282,001	\$ (312,497)	\$ (90,450)	\$ 39,585,860

**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>
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%
2024	378,164	948,241	179,125	1,147,280	5.00	7,393,324	15.5%

**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
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
2024	5.00				5.00	3.50	10.50	4.00	4.50	6.50	2.00	31.00

**Source:** Houston County Revenue Commissioner

\*Houston County increased the hospital rate 1.5 mills beginning with property tax levied October 1, 2024. This pertains to assessments from October 1, 2023 thru September 30, 2024.

\*\*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	2024			2015		
	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.	\$ 17,075,520	1	1.49%	\$ 3,944,040	6	0.52%
Triad of Alabama, LLC / Flowers Hospital	10,752,180	2	0.94%	9,824,460	2	1.29%
CSX Transportation, Inc	6,607,680	3	0.58%			
Brightspeed of Alabama, Inc / CenturyTel of Alabama	6,311,600	4	0.55%	10,112,960	1	1.33%
Wiregrass Electric	6,062,940	5	0.53%			
Dothan Pavilion Group, LLC	5,916,120	6	0.52%			
WMJSHR Investments, LLC	4,919,760	7	0.43%			
Health Center Development, LLC	4,826,260	8	0.42%			
Watson & Downs Investments II, LLC	4,149,480	9	0.36%			
Watson & Downs Investments, LLC	4,125,780	10	0.36%	5,262,120	4	0.69%
Wiregrass Telecom, Inc.				5,886,000	3	0.77%
Inland American Dothan Pavilion, LLC				4,740,260	5	0.62%
PR Wiregrass Commons, LCC				3,622,820	7	0.48%
Flowers Hospital				3,325,980	8	0.44%
Nutcracker Brands/Flavor House Products, Inc.				3,200,040	9	0.42%
Alabama Power Company				3,016,160	10	0.40%
<b>Total</b>	<b>\$ 70,747,320</b>		<b>6.18%</b>	<b>\$ 52,934,840</b>		<b>6.96%</b>

Source: Houston County Revenue Commissioner

**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
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 %	10,371	4,660,053	85.99 %
2024	5,684,094	5,355,651	94.22 %	-	5,355,651	94.22 %

**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)*

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Accommodation & Food Services	\$ 482,549	\$ 516,333	\$ 497,075	\$ 383,565	\$ 334,800	\$ 316,583	\$ 226,313	\$ 332,607	\$ 328,531	\$ 329,802
Administrative & Waste Mgmt.	5,733	28,890	17,194	9,505	18,323	15,611	9,622	21,255	24,557	18,250
Agriculture, Forestry, Fishing, etc.	414	464	427	450	455	488	571	545	929	704
Arts, Entertainment & Recreation	19,283	33,982	18,246	34,884	33,448	12,225	11,594	15,294	15,052	14,351
Construction	17,548	41,704	31,930	27,569	27,755	23,127	16,324	57,421	19,908	44,245
Educational Services	1,911	2,041	1,944	1,848	2,389	2,030	2,755	2,745	5,941	10,420
Finance & Insurance	3,710	4,832	13,591	4,630	4,496	5,919	6,284	161,843	5,804	5,149
Health Care & Social Assistance	22,063	43,759	47,494	30,722	17,578	13,301	23,704	50,816	17,152	18,106
Information	48,227	41,624	34,016	31,406	29,448	27,637	25,601	34,754	50,837	82,558
Management of Companies	36	27	26	3,097	292	123	95	52	80	1,910
Manufacturing	108,290	111,240	67,043	70,037	78,140	74,975	90,367	457,837	113,647	130,985
Mining	90	563	892	957	1,361	1,264	1,164	429	170	395
Other Services	70,830	100,800	48,377	54,819	57,261	53,271	60,152	94,297	86,766	72,859
Professional Services	49,582	51,593	41,691	37,538	31,675	33,447	32,577	112,790	81,650	43,989
Public Administration	703	980	699	1,108	1,083	627	369	1,264	1,756	1,332
Real Estate & Rental & Leasing	7,912	9,007	48,581	14,247	7,465	7,222	6,334	91,789	63,043	10,921
Retail Trade	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	1,801,054
Transportation & Warehousing	9,787	5,651	11,170	22,551	7,493	9,871	12,616	28,551	21,747	14,291
Unidentified*	40,195	1	-	586	107,268	110,084	177,097	405,698	243,008	266,365
Utilities	29	43	81	190	186	432	25	20	37	103
Wholesale Trade	154,872	167,001	152,871	174,091	183,598	201,265	164,269	664,252	967,622	198,463
<b>Total</b>	<b>\$ 2,441,960</b>	<b>\$ 2,661,755</b>	<b>\$ 2,486,186</b>	<b>\$ 2,356,868</b>	<b>\$ 2,445,203</b>	<b>\$ 2,354,982</b>	<b>\$ 2,369,795</b>	<b>\$ 4,543,622</b>	<b>\$ 3,771,328</b>	<b>\$3,066,252</b>
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 & Analytics

\* Avenu Insights & 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 & 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>
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%
2024	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>2024</u>	<u>2015</u>
	<u>RANK</u>	<u>RANK</u>
Walmart, Inc	1	1
Sams East, Inc.	2	2
Publix Alabama, LLC	3	4
Lowes Home Centers, LLC	4	3
Target Corporation	5	6
Home Depot USA, Inc.	6	7
Covenant Steel Warehouse, Inc.	7	
Dolgencorp, LLC - Dollar General	8	
Wallstreet Markets, LLC	9	
Winn Dixie Montgomery, LLC	10	5
Academy LTD		8
Best Buy Stores LP		9
Higbee Salva LP		10

**Source:** Avenu Insights & 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			
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	4.44%	1,183
2024	11,997,009	2,426,494	790,164	282,664	9,605,000	53,569,836	78,671,167	N/A	N/A

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

<u>FISCAL YEAR</u>	<u>GENERAL BONDED DEBT OUTSTANDING</u>		<u>TOTAL</u>	<u>PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY</u>	<u>PER CAPITA</u>
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>GENERAL OBLIGATION BONDS</u>	<u>GENERAL OBLIGATION BONDS</u>			
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%	1,440
2021	15,252,029	75,305,850	90,557,879	1.47%	1,274
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
2024	11,997,009	63,965,000	75,962,009	1.03%	1,066

**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, 2024**

	<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	\$ 11,997,009	100.00%	\$ 11,997,009
Notes Payable, Leases and SBITA	2,709,158	100.00%	2,709,158
Overlapping Debt			
Houston County	13,228,414	57.31%	7,581,204
Southeast Health	-	57.31%	-
<b>Total direct and overlapping debt</b>			<u><u>\$ 22,287,371</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 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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit*	\$ 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	\$ 250,998,580
Total net debt applicable to limit	<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>	<u>14,706,167</u>
Legal debt margin	<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>	<u>\$ 236,292,413</u>
Total net debt applicable to the limit as a percentage of debt limit	0.81%	0.01%	9.17%	8.93%	8.35%	7.85%	7.25%	7.34%	5.53%	5.86%

**Legal Debt Margin Calculation for Fiscal Year 2024**

Assessed value	\$ 1,254,992,900
Debt limit (20% of assessed value)*	250,998,580
Debt applicable to limit:	
General obligation bonds (Includes unamortized bond premium)	78,671,167
Less: Exempt debt	63,965,000
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>14,706,167</u>
Legal debt margin	<u>\$ 236,292,413</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 20.

**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	
2015	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2016														
2017														
2018														
2019														
2020														
2021														
2022														
2023														
2024														

**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>
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	71,258	3,741,900	52,512	37.8	13.3	7,827	2.40%
2024	N/A	N/A	N/A	40.4	13.3	8,327	3.10%

**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>2024</u>			<u>2015</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	4.87%	2,113	1	4.72%
Dothan (City) & Houston County School Systems	2,000	2	4.20%	1,973	2	4.41%
City of Dothan	1,243	3	2.61%	944	5	2.11%
Triad of Alabama, LLC / Flowers Hospital	1,184	4	2.48%	1,100	3	2.46%
Wayne Farms	1,000	5	2.10%			
Southern Nuclear (Farley)	950	6	1.99%	950	4	2.12%
AAA Cooper Transportation	648	7	1.36%	425	7	0.95%
Michelin North America, Inc.	550	8	1.15%	550	6	1.23%
McLane	500	9	1.05%			
DSI Security Service	495	10	1.04%			
Houston County Government				413	8	0.92%
Twitchell Technical Products				387	9	0.86%
Extencicare Health & Rehabilitation Center				360	10	0.80%
Total	<u>10,892</u>		<u>22.85%</u>	<u>9,215</u>		<u>20.58%</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>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>	<u>2024</u>
<b>Function/Program</b>										
General government:										
Administrative services	13	13	13	12	13	12	16	16	15	14
Information systems	14	11	14	14	14	14	17	19	21	21
City clerk	4	4	4	4	4	4	3	4	4	4
Finance	41	43	43	46	44	41	42	40	40	43
Personnel	10	10	10	10	10	10	10	12	12	12
Judicial	12	13	14	13	14	13	12	13	14	15
General services	54	53	53	57	56	55	48	44	46	48
Police:										
Officers	167	164	159	157	169	164	149	174	179	185
Civilians	75	69	74	70	67	70	68	75	78	71
Fire:										
Firefighters and officers	171	167	171	170	161	168	181	179	188	199
Civilians	3	3	3	3	3	3	3	3	3	3
Refuse collection	74	71	70	70	67	67	67	69	70	70
Other public works:										
Engineering	19	16	16	16	17	19	15	15	15	17
Street	42	42	43	45	45	47	49	48	49	49
Traffic	12	12	12	12	12	15	15	14	15	14
Other	6	6	6	7	7	6	8	7	6	6
Planning and development	20	21	23	23	24	24	28	28	24	24
Parks and recreation	61	62	68	70	70	67	73	75	84	93
Performing arts	12	10	12	10	11	12	9	10	13	14
Electric	63	64	66	68	67	70	72	73	75	73
Water	34	37	38	37	37	40	39	40	39	41
Wastewater	52	51	54	59	60	58	64	60	64	63
<b>Total</b>	<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>	<u>1,079</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**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Function</b>										
General government:										
Building permits issued	5,900	5,577	5,718	5,311	5,766	5,511	5,663	5,280	4,892	4,659
Building inspections conducted	6,995	7,155	7,090	7,023	7,019	7,858	8,171	8,583	8,217	7,280
Police										
Physical arrests	7,874	6,198	6,212	6,009	6,622	5,938	6,681	6,058	5,756	5,227
Parking violations	75	178	49	121	96	196	49	26	19	28
Traffic and non misdemeanor violations	12,607	17,625	19,080	18,768	21,449	20,979	15,751	16,904	20,426	23,068
Fire:										
Emergency responses	12,205	12,836	13,402	13,815	15,648	15,112	16,241	15,930	16,328	16,948
Fires extinguished	396	294	364	284	382	361	309	376	384	334
Inspections	2,565	2,157	2,177	2,185	2,101	1,947	1,965	2,345	2,014	1,985
Refuse collection:										
Refuse collected (tons per day)	118.27	126.89	119.92	155.38	112.36	136.33	128.15	116.54	121.65	120.71
Recyclables collected (tons per day)	5.36	5.94	6.32	9.23	4.49	4.82	7.57	7.25	9.49	8.83
Other public works:										
Street resurfacing (miles)	10	13	15	11	14	13	12	13	12	3
Parks and recreation:										
Athletic field permits issued	345	461	445	301	446	204	198	278	573	777
Community center admissions*	129,346	110,508	91,606	100,635	90,344	23,230	89,571	91,243	116,061	132,034
Library:										
Volumes in collection - books	152,681	136,597	139,796	107,957	104,718	120,980	113,277	114,569	125,198	125,425
Volumes in collection - audio/video/electronic	8,287	15,645	17,723	18,755	19,880	14,283	19,374	21,102	24,297	25,748
Volumes borrowed	288,661	344,397	394,623	488,046	492,926	496,144	161,508	182,189	197,147	275,285
Water:										
New connections	284	396	442	106	176	612	193	463	251	119
Water main breaks	179	154	167	110	143	96	65	118	153	206
Average daily consumption (thousands of gallons)	10,406	12,274	13,028	12,019	13,325	13,872	12,638	12,853	12,704	12,752
Peak daily consumption (thousands of gallons)	18,514	20,239	19,656	19,814	24,856	22,944	23,430	20,200	19,205	20,454
Wastewater:										
Average daily sewage treatment (thousands of gallons)	10,551	15,475	12,635	11,509	13,223	13,296	13,497	11,160	11,207	12,845

**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**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Function</b>										
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	10
Refuse collection:										
Collection trucks	51	49	49	49	52	49	48	48	45	44
Other public works:										
Streets (miles)	455	455	457	457	457	459	462	463	464	465
Highways (miles)*	59	59	59	59	59	59	59	59	59	59
Street lights	15,847	16,345	17,981	18,021	18,096	18,353	18,675	19,013	19,095	19,229
Traffic signals	190	190	190	190	190	190	192	192	213	215
Parks and recreation:										
Acreage	708	1,092	1,102	1,102	1,102	1,102	1,114	1,114	1,160	1,160
Playgrounds	15	15	16	16	18	18	18	18	18	18
Baseball/softball diamonds	31	31	44	44	44	44	42	42	39	39
Soccer/football fields	8	8	9	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	46	45
Pickleball courts	-	-	-	-	-	-	-	-	6	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	6
Water:										
Water mains (miles)	510	512	514	516	519	521	522	524	526	528
Fire hydrants	3,499	3,514	3,634	3,648	3,684	3,704	3,821	3,938	3,961	3,969
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)	506	506	510	511	512	518	521	524	526	536
Storm sewers (miles)	187	187	187	188	189	192	195	196	197	200
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 (*Government Auditing Standard*), 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, 2024, 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 February 26, 2025.

***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 City of Dothan, Alabama'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 City of Dothan, Alabama's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McDaniel and Associates PC.*

Dothan, Alabama  
February 26, 2025



PO Box 6356  
Dothan, Alabama 36302

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND 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, 2024. 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 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, 2024.

##### ***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  
February 26, 2025

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**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 10-01-23	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 9-30-24
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>							
<u>Direct Programs:</u>							
CDBG-Entitlement Grants Cluster							
Community Development Block Grant - Entitlement	14.218	B-17-MC-01-0010	\$ 435,181	\$ -	\$ -	\$ -	\$ -
Community Development Block Grant - Entitlement	14.218	B-18-MC-01-0010	468,832	-	48,723	48,723	-
Community Development Block Grant - Entitlement	14.218	B-19-MC-01-0010	670,663	-	16,089	16,089	16,089
Community Development Block Grant - Entitlement	14.218	B-20-MC-01-0010	1,224,430	12,532	91,750	91,750	90,000
Community Development Block Grant - Entitlement	14.218	B-21-MC-01-0010	348,942	9,444	195,973	195,973	70,346
Community Development Block Grant - Entitlement	14.218	B-22-MC-01-0010	539,721	97,198	72,249	72,249	27,569
Community Development Block Grant - Entitlement	14.218	B-23-MC-01-0010	649,713	-	435,019	435,019	110,118
<b>Total U.S. Department of Housing and Urban Development</b>				<u>119,174</u>	<u>859,803</u>	<u>859,803</u>	<u>314,122</u>
<b>U.S. DEPARTMENT OF JUSTICE:</b>							
<u>Direct Programs:</u>							
Bulletproof Vest Partnership Grant	16.607	None	21,520	-	-	-	-
Bulletproof Vest Partnership Grant	16.607	None	26,900	7,162	13,450	13,450	13,450
Bulletproof Vest Partnership Grant	16.607	None	22,400	-	10,080	10,080	10,080
Community Oriented Policing Services		G02161SLEM	50,000	-	15,630	15,630	-
Edward Byrne Memorial Justice Assistance	16.738	2020-H7406-AL-DJ	42,483	28,774	-	-	-
Edward Byrne Memorial Justice Assistance	16.738	2022-15PBJA-22-GG-023919-JAGX	68,280	9,871	56,361	56,361	-
Edward Byrne Memorial Justice Assistance	16.738	2023-15PBJA-23-GG-03031-JAGX	42,659	-	42,659	42,659	-
<u>Passed Through Alabama Law Enforcement Agency:</u>							
High Intensity Drug Trafficking Area	95.001	None	26,175	4,910	-	-	-
High Intensity Drug Trafficking Area	95.001	None	28,200	-	4,517	4,517	-
High Intensity Drug Trafficking Area	95.001	None	29,107	-	11,249	11,249	4,081
Internet Crimes Against Children Task Force	16.540	12-PJP21-GK-03809-MECP	20,000	2,475	2,941	2,941	2,941
<b>Total U.S. Department of Justice</b>				<u>53,192</u>	<u>156,887</u>	<u>156,887</u>	<u>30,552</u>
<b>U.S. DEPARTMENT OF TREASURY:</b>							
Coronavirus Relief Fund - American Rescue Plan	21.019	None	12,530,000	-	-	463,065	-
Coronavirus Relief Fund - American Rescue Plan Subrecipient	21.027	None	1,000,000	-	758,754	758,754	758,754
<u>Passed Through Alabama Department of Environmental Management:</u>							
Coronavirus Relief Fund - American Rescue Plan	21.019	None	2,000,000	-	2,000,000	2,000,000	-
Coronavirus Relief Fund - American Rescue Plan	21.019	None	5,000,000	-	646,562	646,562	646,562
<b>Total U.S. Department of the Treasury</b>				<u>-</u>	<u>3,405,316</u>	<u>3,868,381</u>	<u>1,405,316</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>							
<u>Ageing Cluster</u>							
Southern Alabama Regional Council On Aging	93.044 / 93.045	2401ALOASS	12,090	-	12,090	12,090	-
Total Ageing Cluster				<u>-</u>	<u>12,090</u>	<u>12,090</u>	<u>-</u>
<b>Total U.S. Department of Health and Human Services</b>				<u>\$ -</u>	<u>\$ 12,090</u>	<u>\$ 12,090</u>	<u>\$ -</u>

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**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 10-01-23	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 9-30-24
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>							
Highway Safety Cluster							
Local Impact	20.600	2022-FP-PT-011	\$ 95,535	\$ 20,793	\$ -	\$ -	\$ -
Local Impact	20.600	2024-FP-PT-012	140,560	-	140,560	140,560	47,551
Local Impact	20.600	24-FP-PT-014	7,858	-	7,858	7,858	-
Local Impact	20.616	23-ID-DS-007	4,015	4,015	-	-	-
Local Impact	20.616	24-ID-DS-015	9,973	-	9,973	9,973	9,973
Local Impact	20.616	23-ID-M5-010	88,592	43,026	-	-	-
Local Impact	20.616	24-ID-M5-013	83,337	-	83,337	83,337	-
Total Highway Safety Cluster				67,834	241,728	241,728	57,524
Safe Streets and Roads for All	20.939	693JJ32340403	235,336	918	175,953	175,953	-
<u>Passed Through State Of Alabama:</u>							
Federal Transportation Alternatives Plan-Sidewalks	20.205	TAPSU-TA23(924)	545,240	6,678	535,292	535,292	24,036
MPO Planning Grant-2023	20.205	None	121,167	98,048	-	-	-
MPO Planning Grant-2024	20.205	None	613,456	-	238,470	238,470	132,000
MPO Grant - Bicycle, Pedestrian, & Greenways Plan	20.205	None	140,188	-	69,484	69,484	58,374
Ross Clark Circle Phase 1	20.205	RPF-NHF-HPPF-0210-PH1	516,600	-	-	-	-
Ross Clark Circle Phase 2	20.205	RPF-NHF-HPPF-0210-PH2	4,791,778	42,195	-	-	-
<b>Total U.S. Department of Transportation</b>				<b>215,673</b>	<b>1,260,927</b>	<b>1,260,927</b>	<b>271,934</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>							
<u>Direct Programs:</u>							
Bomb Equipment Grant	97.067	21LET	71,288	71,288	-	-	-
Bomb Equipment Grant	97.067	EMW-2023-SS-00068	142,132	-	105,696	105,696	105,696
Assistance to Firefighters Grant	97.044	EMW-2022-FG-07357	40,587	-	20,666	20,666	8,824
US Immigration and Customs Enforcement HIS	97.067	None	15,000	-	176	176	-
<u>Passed through State of Alabama:</u>							
Alabama Mutual Aid System - Houston Co EMA	97.067	20 FIL	7,501	-	-	-	-
Alabama Mutual Aid System - Houston Co EMA	97.067	20 FIL	14,510	-	-	-	-
Alabama Mutual Aid System - Houston Co EMA	97.067	21 FIL	65,919	25,845	7,541	7,541	7,541
Alabama Mutual Aid System - Houston Co EMA	97.067	2022-FIL-84	75,368	48,726	2,576	2,576	2,576
Alabama Mutual Aid System - Houston Co EMA	97.067	2023-FIL-15	75,948	-	37,455	37,455	37,455
<b>Total U.S. Department of Homeland Security</b>				<b>145,859</b>	<b>174,110</b>	<b>174,110</b>	<b>162,092</b>
<b>U.S. DEPARTMENT OF ENERGY:</b>							
<u>Direct Programs:</u>							
Energy Efficiency and Conservation Block Grant		EQ-0276	132,400	-	39,140	39,140	39,140
<b>Total U.S. Department of Energy</b>				<b>\$ -</b>	<b>\$ 39,140</b>	<b>\$ 39,140</b>	<b>\$ 39,140</b>

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**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 10-01-23	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 9-30-24
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY:</b>							
<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	\$ 5,532,829	\$ 5,532,829	\$ -
<b>Total Environmental Protection Agency</b>				<u>528,272</u>	<u>5,532,829</u>	<u>5,532,829</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>				<u>\$ 1,062,170</u>	<u>\$ 11,441,102</u>	<u>\$ 11,904,167</u>	<u>\$ 2,223,156</u>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**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, 2024. 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, 2024, 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, 2024</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$ 4,471,171
Total		<u>\$ 4,471,171</u>

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**SECTION I**

SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:  Yes  No

Material weaknesses identified?

Significant deficiencies identified not considered  Yes  No

to be material weaknesses?

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:  Yes  No

Material weaknesses identified?

Significant deficiencies identified not considered  Yes  No

to be material weaknesses?

Type of auditor's report issued on compliance for Unmodified

major programs

Any audit findings disclosed that are required to be  Yes  No

reported in accordance with Uniform Guidance,   
 2 CFR part 200, subpart F?

Identification of major program:

Assistance Listing Number  
 21.027  
 66.468

Name of Federal Program or Cluster  
 U.S. Department of Treasury-American Rescue Plan Act  
 U.S. Environmental Protection Agency-Capitalization Grants  
 for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between \$750,000  
 Type A and Type B programs:

Auditee qualified as low-risk auditee?  Yes  No

**THE CITY OF DOTHAN**  
**DOTHAN, ALABAMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**SECTION II**

FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported

**SECTION III**

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported