

The City of
Dothan, Alabama



Comprehensive Annual Financial Report
Fiscal Year Ended September 30,

2020

INTRODUCTORY SECTION

THE CITY OF DOTHAN
DOTHAN, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020
PREPARED BY
DEPARTMENT OF FINANCE
LISA H. REEDER, CGFM, DIRECTOR-TREASURER

THE CITY OF DOTHAN
DOTHAN, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020
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BOARD OF COMMISSIONERS

MARK SALIBA
PRESIDENT/MAYOR
KEVIN DORSEY
COMMISSIONER, DISTRICT 1
JANASKY FLEMING
COMMISSIONER, DISTRICT 2
ALBERT KIRKLAND
COMMISSIONER, DISTRICT 3
JOHN FERGUSON
COMMISSIONER, DISTRICT 4
BETH KENWARD
COMMISSIONER, DISTRICT 5
DAVID L. CRUTCHFIELD
COMMISSIONER, DISTRICT 6

The City of Dothan

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

March 11, 2021



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

The Comprehensive Annual Financial Report (Annual Report) of the City of Dothan, Alabama (the City) for the fiscal year ended September 30, 2020, 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. The final section of the Annual Report is the required single audit section which includes the auditor's reports on internal controls and compliance with applicable laws and regulations, the Schedule of Expenditures of Federal Awards and the Schedule of Findings and Questioned Costs.

GASB Reporting Requirements

Beginning in Fiscal Year 2020, the Government Accounting Standards Board (GASB) required implementation of GASB Statement 83, "Certain Asset Retirement Obligations." An Asset Retirement

Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset. A government with the legal obligation to perform future retirement of capital assets should recognize a liability based on guidance provided in Statement 83. A corresponding deferred outflow of resources associated with the ARO is also reflected in the financial statements. This initial measurement is evaluated annually for the effects of change, and changes are recognized in a systematic and rational manner over the estimated useful life of the tangible capital asset. This Statement will enhance comparability of the financial statements among governments with the establishment of uniform criteria to recognize and measure AROs. The related disclosures will further clarify the topic for financial statement users.

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, 2020. Information related to this audit, including the Schedule of Expenditures of Federal Awards and Schedule of Findings and Questioned Costs, is included in the single audit section of the audit report. The audit report is forwarded to the City's oversight agency, U.S. Department of Transportation, for review.

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

- (1) the Governmental Accounting Standards Board (GASB), successor to the National Council on Governmental Accounting (NCGA);
- (2) the American Institute of Certified Public Accountants (AICPA);
- (3) the ordinances and resolutions of the City of Dothan;
- (4) the Government Finance Officers Association of the United States and Canada (GFOA).

The financial records of the City for the year ended September 30, 2020, have been audited by an independent certified public accounting firm whose opinion is a part of the Annual Financial 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 from the current year to the prior year). The actual statements are presented in detail on pages 19 through 21. 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 22) are designed to address the major (or more significant) individual funds by category (governmental and proprietary, as well as the fiduciary fund by category). An explanation of these complementary presentations can be found in the MD&A (starting on page 5).

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

CITY PROFILE

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

The City is a municipal corporation incorporated on November 10, 1885, under the Constitution and laws of the State of Alabama. In accordance with Sec. 11-44E-1, et seq, Code of Alabama, 1975, as amended, the City is presently 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 1,037 authorized positions for regular, full-time employees; 52 authorized positions for part-time employees; and 209 authorized positions for 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, traffic signalling; building code enforcement, permitting, community development, planning and engineering services); culture and recreation (including performing arts, cemeteries, parks and recreation services); general services (including building maintenance, landscaping, 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
Information Technology
Finance
Personnel
Judicial
Police
Fire

Public Works
Planning & Development
Leisure Services
Performing Arts
General Services
Dothan Utilities

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 re-appropriated 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. Local government's need for

fire protection, criminal justice, recreation, infrastructure improvements, and other services provided to the citizens is normally not associated with a paid-for-service fee. The influx of people into Dothan for shopping, medical, and other various reasons continues to place an ever-tightening constraint on the ability to aggressively plan for growth. While the City continues to grow, Dothan finds it difficult to keep up with the growing demand on services, along with other cities, and to face the challenge of matching available revenues with expenses. To better enable the City to address major infrastructure programs and capital objectives, a broader flexibility in revenue is essential to maintain Dothan's traditionally strong financial condition and to address challenges of growth. The City's major challenges are to provide the infrastructure and services needed to maintain service levels and match increases associated with the growth. Dothan is constantly looking at revenue sources in an effort to fund the growth and vitality of the City.

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 \$6,000,000. In addition, business licenses could be collected based on a gross receipts method rather than on the flat rate method which the City is presently utilizing. The gross receipts method would yield approximately \$1,000,000 more. Further, by increasing the existing Retail Liquor Tax, additional operating funds would be provided.

Financial Planning

Funds equal to 8% of budgeted expenditures in the General Fund and Utility Fund have been reserved to be utilized in the event of a natural disaster or unexpected economic decline. The total amount reserved for General Fund and Utility Fund as of September 30, 2020, was \$18,880,485.

The City's capital improvement plan for Fiscal Year 2020 identified \$71 million in capital projects. The City Commission funded \$66 million; of this amount \$21 million was for General Fund; \$39 million for Utility Fund; and \$6 million for Solid Waste Fund. These projects included replacement of playground equipment at Andrew Belle and Fairlane Park; 4-mile trail extension at Forever Wild; new slide attraction at Water World; upgrades to the light and sound systems at the Opera House; downtown decorative poles and lighting upgrades; purchase of land for a new animal shelter; design for improvements to Honeysuckle Road to South Park Avenue; 84 West additional lane; Denton Road widening; miscellaneous sewer improvement projects; Advanced Metering Infrastructure; construction of Operations Facility at Dothan Utilities; Lakewood Lift Station and Napier Field Lift Station replacement and repairs; Omussee Trunk Line replacement and rehabilitation; sludge drying bed upgrades at Omussee Wastewater Treatment Plant; water main replacement; sanitary sewer system extensions; transformers for substations; fleet replacement; and construction and equipment for the landfill expansion.

In October 2003, a water rate increase was implemented and as a result, the rates are adjusted by 2.85% in October of each year. In order to offset the cost of the wholesale fuel adjustment charges, the City has increased the electric rate through the years for wholesale increases from the Alabama Municipal Electric Authority (AMEA) and Southeastern Power Administration (SEPA). Effective January 2016, the City rebased the electric rates to better account for the wholesale power cost parameters that the City receives from its suppliers. In September 2009, a sewer rate increase was implemented which resulted in an annual rate increase of \$.75 per thousand gallons of metered water for the first five years (fiscal years 2010 - 2014) and 2.85% thereafter. In Fiscal Year 2015, the sewer rates were reviewed, and in January 2016, the rates were increased to \$5.33, in October 2016 to \$5.83, in October 2017 to \$6.13, in October 2018 to \$6.48, in October 2019 to \$6.78, and in October 2020 to \$6.97 per 1,000 gallons of metered water. The rates will increase by 2.85% each October billing cycle. The additional funds from this sewer rate increase will help offset the cost of the debt service on the sewer improvements. In December 2012, the City of Dothan Commission approved a monthly

fee of \$14.75 to every residential customer for the collection, hauling and disposing of refuse. The City's landfill re-opened in August 2020, after being closed since 2014. Prior to reopening, a rate study was conducted to determine tipping fees. Tipping fees were set at \$42.50 per ton for commercial waste haulers and private entities.

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 2020 was as follows:

	<u>Amount</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Debt per Capita</u>
Net Direct Bonded Debt	\$16,610,833	1.70%	\$241

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 2020, the Dothan area saw continued increases in investment and expansion of its manufacturing, restaurant, retail, healthcare, commercial services, and finance/insurance sectors. These sectors saw over 94 new or expanding investments. Approximately, \$40,000,000 of announced new and expanding industrial/financial processing center investments in the area were recognized with the advancements of Greenbush Wood Products, Tri-State Graphics, Vintage Trailer Works, ALK 2, LLC, GRI-Advanced Product Solutions (utilizing former Nypro/Jabil building), and the Five Star Credit Union Financial Processing Center (utilizing former Gander Mountain building). Before the downturn

brought on by the COVID-19 pandemic, the City of Dothan, Houston County, and the Dothan metro area were experiencing historically low, record setting rates of unemployment, as low as 2.5% before being impacted by the pandemic. The Dothan area economy reached unemployment levels of 11.5% in April 2020, due to measures necessary to control the spread of COVID-19. With continued efforts to stimulate and grow the economy, employment numbers have seen significant gains that have brought the area back near pre-pandemic levels. Significant developments for 2021 include the continued medical investment on the Highway 84 East area and the opening of a new nursing home in Highway 84 West/John D. Odom corridor. Seven new restaurant establishments are in the process of either developing new facilities or repurposing existing properties in the Dothan market. Distribution/warehousing projects are in need of existing facilities to establish market presence in the Dothan area. The Sam Houston Industrial Park is fully engaged with a new development project. They are working closely with the Industrial Development Board of the City of Dothan, Houston County, and the Dothan Area Chamber of Commerce to see this come to fruition. On a regional front, the Industrial Development Authority of Houston and Henry Counties has expanded their jurisdiction to include Geneva County. Currently, there are three projects being planned with this entity to stimulate new investment in wood products and within the consumer products arena. The sectors related to entertainment, leisure, and hospitality will continue to lag not only in this area but nationwide. With an aggressive marketing program from "Visit Dothan," Dothan anticipates hosting 58 plus events in 2021, which will enhance recovery in this sector. Prospects for the area indicate continued need to expand industrial sites and park inventory and develop more available industrial building capacity to enhance industrial activity. With efforts to expand available industrial buildings and land, comes the need for an available workforce. Through the on-going efforts of Southeast Alabama Works (Dothan Area Chamber of Commerce), Alabama Industrial Development Training, Dothan Area Career Center, Dothan and Houston County School systems (K-12), the two-year college system (Wallace Community College), and our four-year college partner (Troy University), plans are always in motion to further establish short and long-term training programs specific and customized to meet the needs of area industry.

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 Comprehensive Annual Financial Report (Annual Report) for the fiscal year ended September 30, 2019. The City has received this prestigious award for 37 consecutive years (fiscal years ended 1983 – 2019).

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (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 16 consecutive years (fiscal years ended 2004 – 2019). 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.

The preparation of this report on a timely basis was made possible by the efficient and dedicated service of our external auditor, McClintock, Nelson, and Associates, P.C., Certified Public Accountants, and the entire staff of the Finance Department. We would like to express our sincere appreciation to McClintock, Nelson, and Associates, P.C. 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,



Lisa H. Reeder, CGFM
Finance Director-Treasurer



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

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

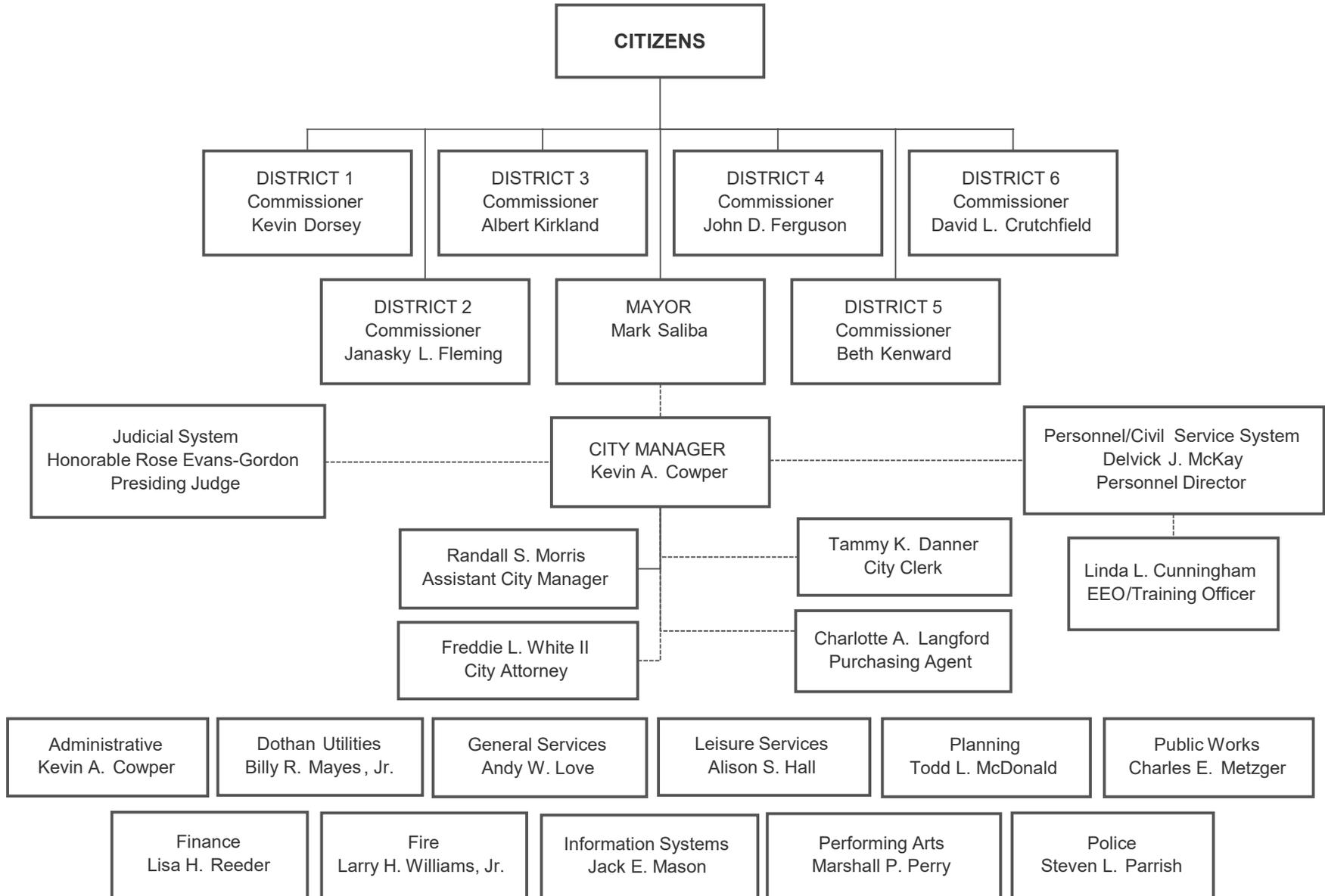
**City of Dothan
Alabama**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill
Executive Director/CEO

**CITY OF DOTHAN, ALABAMA
ORGANIZATIONAL CHART**



THE CITY OF DOTHAN
DOTHAN, ALABAMA
CITY OFFICIALS

CITY COMMISSION

Mark Saliba	Mayor
Kevin Dorsey	Commissioner, District 1
Janasky L. Fleming	Commissioner, District 2
Albert Kirkland	Commissioner, District 3
John D. Ferguson	Commissioner, District 4
Beth Kenward	Commissioner, District 5
David L. Crutchfield	Commissioner, District 6

APPOINTED OFFICIALS

Kevin A. Cowper	City Manager	Billy R. Mayes, Jr.	Dothan Utilities Director
Randall S. Morris	Assistant City Manager	Charles E. Metzger	Public Works Director
Tammy K. Danner	City Clerk	Larry H. Williams, Jr.	Fire Chief
Charlotte A. Langford	Purchasing Agent	Alison S. Hall	Director of Leisure Services
Freddie L. White, II	City Attorney	Steven L. Parrish	Police Chief
Rose Evans-Gordon	Municipal Judge	Marshall P. Perry	Civic Center/Opera House Director
Derel K. Kelly	Assistant City Attorney	Linda L. Cunningham	EEO/Training Officer
Joe E. Herring, Jr.	Assistant City Attorney	Andy W. Love	General Services Director
David A. Jones	Public Defender	Delvick J. McKay	Personnel Director
Shawn McGhee	Public Defender	Todd L. McDonald	Planning Director
Kathleen Nemish	Public Defender	Jack E. Mason	Information Technology Director
Lisa H. Reeder	Finance Director-Treasurer		

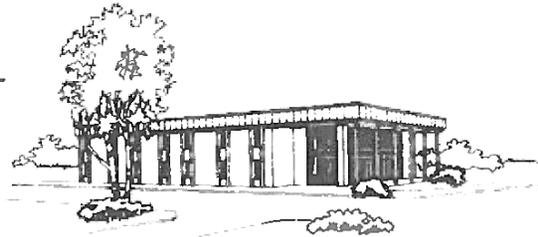
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FINANCIAL SECTION

McClintock, Nelson & Associates, P.C.
Certified Public Accountants

George C. McClintock, C.P.A.
Marc A. Nelson, C.P.A.

Rebecca C. Solomon, C.P.A.
Richmond C. McClintock, C.P.A.
(1915-2009)



Member of:
American Institute of Certified Public Accountants
Alabama Society of Certified Public Accountants

3646 West Main Street
Dothan, Alabama 36305
Phone: (334) 793-1414
Fax: (334) 793-9159

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Honorable Mayor and Board of City Commissioners
City of Dothan, Alabama
(Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and healthcare plan schedules on pages 5 through 18 and 81 through 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Honorable Mayor and Board of City Commissioners
City of Dothan, Alabama
(Continued)

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2021, 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 the City of Dothan, Alabama's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dothan, Alabama's internal control over financial reporting and compliance.

Respectfully Submitted,



McCLINTOCK, NELSON & ASSOCIATES, P.C.
Certified Public Accountants

March 11, 2021

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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 ended September 30, 2020. Please consider the information in this MD&A in conjunction with the City's financial statements (beginning on page 19), which follows this section and the additional information furnished in the letter of transmittal, which can be found in the introductory section of this comprehensive annual 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 \$178,050,458. Of this amount, the City had a deficit unrestricted net position of \$51,494,888 offset by \$801,585 in restricted net position and \$228,743,761 in net investment in capital assets.
- The City's total net position increased by \$31,578,790 (21.56%) from \$146,471,668 at September 30, 2019 to \$178,050,458 at September 30, 2020. A detailed explanation of this increase can be viewed on page eight of this MD&A.
- Total net position for governmental activities increased by \$10,383,053 (172.65%), thus totaling \$16,397,117 for fiscal year 2020.
- At the close of fiscal year 2020, the City of Dothan's governmental funds reported combined fund balance of \$61,942,946. This was an increase of \$6,642,233 (12.01%) compared to fiscal year 2019.
- The unassigned fund balance for the General Fund was

\$20,214,340 for fiscal year 2020. This total is available for spending at the government's discretion.

- Sales and use tax, the City's single largest revenue source, increased 1.28% (\$952,587) during the 2020 fiscal year, reflecting continued growth in Dothan's economy.
- The City of Dothan's total debt decreased by \$9,883,898 (9.05%) during the current fiscal year, yielding a total outstanding debt of \$99,290,642 compared to last year at \$109,174,540.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The *government-wide financial statements* (see pages 19-21) 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 19) 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 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 20-21) 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 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 19-21 of this report.

Fund Financial Statements

A *fund* is a group of related accounts that the City uses to keep track of specific revenues and expenses that are 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 22). 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*.

The *Governmental Major Funds* (see pages 22-27) 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 four 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 fund, debt service fund, and capital projects fund which are considered to be major funds, and the school fund 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, 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 28-32) 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 24 and 27). 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).

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 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. (see pages 33-80) The notes 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, 2020, totaled \$178,050,458. Governmental Activities' net position increased by \$10,383,053, while Business-type Activities' net position increased \$21,195,737 during fiscal year 2020. The primary government's total net position increase of \$31,578,790 in fiscal year 2020 includes the following major changes: 1) an increase in net investment in capital assets of \$36,959,104; 2) a decrease in restricted net position of \$2,099,881; and 3) an increase in the deficit in unrestricted net position of \$3,280,433. 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 (128.47%) reflects the total investment in capital assets (e.g., land, building, machinery, and equipment) less any related debt used to acquire those assets. The investment in capital at September 30, 2020, was \$228,743,761. 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: \$422,558 for street and bridge maintenance, \$67,507 for public safety programs, and \$311,520 for education. The remaining balance of (\$51,494,888) is *unrestricted*.

The following table reflects the Statement of Net Position compared to the prior year.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019*	2020	2019*	2020	2019*
Current & Other Assets	\$ 71,498	\$ 67,361	\$ 91,698	\$ 99,710	\$ 163,196	\$ 167,071
Capital Assets	114,877	109,012	211,510	189,390	326,387	298,402
Total Assets	186,375	176,373	303,208	289,100	489,583	465,473
Deferred Outflows of Resources	31,114	25,764	7,822	5,013	38,936	30,777
Current & Other Liabilities	14,767	17,965	27,559	27,541	42,326	45,506
Long-term Liabilities	183,270	172,472	121,548	124,801	304,818	297,273
Total Liabilities	198,037	190,437	149,107	152,342	347,144	342,779
Deferred Inflows of Resources	3,055	5,686	270	1,314	3,325	7,000
Net Position						
Net Investment in Capital Assets	99,914	91,850	128,830	99,934	228,744	191,784
Restricted for:						
Public safety programs	68	2,547			68	2,547
Street and bridge maintenance	422	231			422	231
Education	311	124			311	124
Unrestricted	(84,318)	(88,738)	32,823	40,523	(51,495)	(48,215)
Total Net Position (Deficit)	\$ 16,397	\$ 6,014	\$ 161,653	\$ 140,457	\$ 178,050	\$ 146,471

* Restated

**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.

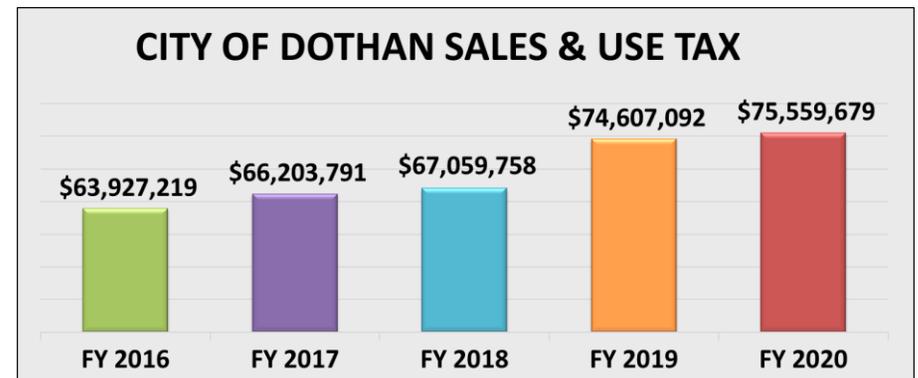
Spending of Non-Borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets, and (b) reduce unrestricted net position and increase net investment in capital assets.

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 \$75,559,679 in 2020. This revenue reflected an increase of \$952,587 (1.28%) compared to \$74,607,092 in 2019. The sales and use tax has afforded the City the opportunity to expend monies for vehicle and equipment replacement, resurfacing, employee salary increases, bridge restoration, intersection repair, and recreational facilities.



**Changes in Net Position
For the Fiscal Year Ended September 30, 2020
(In Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019*	2020	2019*	2020	2019*
REVENUES						
Program Revenues:						
Charges for services	\$ 6,926	\$ 12,697	\$ 131,814	\$ 126,596	\$ 138,740	\$ 139,293
Operating grants & contributions	6,045	1,613	17		6,062	1,613
Capital grants & contributions	1,417	1,717	4,059	1,784	5,476	3,501
General Revenues:						
Property taxes	4,892	4,801			4,892	4,801
Other taxes	81,537	81,883			81,537	81,883
Grants & contributions not restricted to specific programs	2,761	2,193			2,761	2,193
Other	<u>3,619</u>	<u>5,313</u>	<u>1,939</u>	<u>3,477</u>	<u>5,558</u>	<u>8,790</u>
Total Revenues	<u>107,197</u>	<u>110,217</u>	<u>137,829</u>	<u>131,857</u>	<u>245,026</u>	<u>242,074</u>
EXPENSES						
Governmental Activities:						
General government	18,917	16,827			18,917	16,827
Public safety	40,909	38,938			40,909	38,938
Public works	12,182	21,945			12,182	21,945
Planning & development	2,792	2,772			2,792	2,772
Health & welfare	3,597	4,154			3,597	4,154
Culture & recreation	13,418	13,994			13,418	13,994
General services	5,203	5,015			5,203	5,015
Insurance	5,544	467			5,544	467
Education	4,714	4,966			4,714	4,966
Interest on long-term debt	264	336			264	336
Business-type Activities:						
Solid waste collections			6,657		6,657	-
Solid waste landfill			965		965	-
Electric department			66,689	75,186	66,689	75,186
Water department			4,882	6,450	4,882	6,450
Sewer department			6,991	7,998	6,991	7,998
Billing-collection department			1,779	1,920	1,779	1,920
Meter reading department			892	900	892	900
Depreciation			11,134	9,540	11,134	9,540
Miscellaneous			569	311	569	311
Gain (loss) on disposition of capital assets			3,202	772	3,202	772
Bond issue costs						
Interest and fiscal charges	-	-	2,147	2,423	2,147	2,423
Total Expenses	<u>107,540</u>	<u>109,414</u>	<u>105,907</u>	<u>105,500</u>	<u>213,447</u>	<u>214,914</u>
Change in net position before transfer	(343)	803	31,922	26,357	31,579	27,160
Transfers	<u>10,726</u>	<u>6,267</u>	<u>(10,726)</u>	<u>(6,267)</u>	-	-
Change in net position	<u>10,383</u>	<u>7,070</u>	<u>21,196</u>	<u>20,090</u>	<u>31,579</u>	<u>27,160</u>
Beginning net position	6,014	(7,270)	140,457	126,581	146,471	119,311
Transfer of Solid Waste Fund 10/1/19	-	6,214	-	(6,214)	-	-
Net position (deficit) September 30	<u>\$ 16,397</u>	<u>\$ 6,014</u>	<u>\$ 161,653</u>	<u>\$ 140,457</u>	<u>\$ 178,050</u>	<u>\$ 146,471</u>

*Restated

Statement of Activities

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

Governmental activities increased the City of Dothan's net position by \$10,383,053. Governmental revenues totaling \$107,197,131 decreased \$3,019,784 or 2.74% over fiscal year 2019 (\$110,216,915). Governmental expenditures totaling \$107,539,872 decreased \$1,874,441 or 1.71% over fiscal year 2019 (\$109,414,313). Key elements in the change of net position are listed below.

- Taxes decreased \$255,111 (.29%). Sales taxes increased \$952,587, plus various other taxes had a net increase of \$100,233 over the previous year. These increases were offset by a decrease in lodging taxes in the amount of \$1,226,771, franchise taxes in the amount of \$44,517, and alcohol taxes in the amount of \$36,643.
- Grant revenues increased \$4,700,424 (85.11%) due to \$3,380,797 from the Cares Act for COVID, an increase of \$813,856 from the U.S. Department of Agriculture for the Summer/At Risk Food Service Program, and an increase in revenue contributed by the Wiregrass Foundation for the Public Safety Training Center which were offset by a decrease in revenue from the U.S. Department of Transportation.
- Charges for services decreased \$5,770,724 (45.45%). The majority of this was due to the decrease in public works revenue of \$4,314,863 due to the transfer of the solid waste collections and landfill operations to the Business-Type Activities, a decrease in culture and recreation revenue of \$1,155,728 and a decrease in revenue received from drug seizures and court fines of \$461,830 which was offset by increases in general government and planning revenues of \$161,697.
- Expenses decreased \$1,874,441, which was primarily due to the transfer of the solid waste collections and landfill operations to the Business-Type Activities.



Business-type activities increased the City of Dothan's net position by \$21,195,737. A key element was due to an increase in charges for services for water and wastewater/sewer and a decrease in expenses.

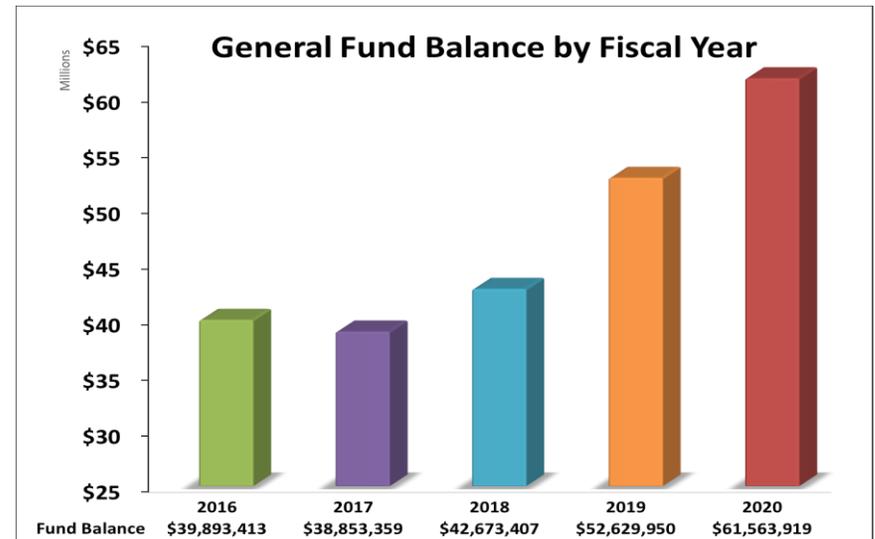
Fund Balance			
Nonspendable:		Assigned to:	
Inventories	\$ 365,532	Administrative	\$ 3,161,700
		Capital Projects	10,335,750
Restricted for:		Information Technology	357,772
Public Safety Programs	\$ 67,507	Economic Development Projects	250,000
Street & Bridge Maintenance	422,558	Public Safety Programs	97,157
Education	311,520	Public Works Projects	1,065,425
	\$ 801,585	Culture & Recreation	329,248
		Facility Maintenance	1,914,367
Committed for:		Debt Service	71,122
Information Technology	\$ 328,304	Self-Insurance Claims	7,679,168
Economic Development Projects	200,000	Fund Balance Reserves	8,075,202
Public Safety Programs	2,043,794		\$ 33,336,911
Public Works Projects	3,460,994		
Planning & Community Develop.	711,410	Unassigned & Community Develop.	\$ 20,214,340
Culture & Recreation	45,170		
Facility Maintenance	434,906		
	\$ 7,224,578	Total Fund Balance	\$ 61,942,946

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 \$61,942,946 an increase of \$6,642,233 (12.01%) in comparison with the prior year of \$55,300,713. Of this total fund balance, \$20,214,340 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 preceding table).

The general fund is the chief operating fund of the City. At the end of Fiscal Year 2020 the total fund balance was \$61,563,919 (\$365,532 was nonspendable, \$422,558 was restricted, \$7,224,578 was committed, \$33,336,911 was assigned and \$20,214,340 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 \$20,214,340 represents 19.96% of the general fund expenditures which equal \$101,291,501, while the total general fund balance of \$61,563,919 represents 60.78% of the general fund expenditures. The fund balance of the City of Dothan's general fund (\$61,563,919) increased by \$8,933,969 (16.98%) from 2019 (\$52,629,950).



The general fund's total assets increased by \$7,732,458 during 2020. The increase in cash and cash equivalents was largely due to additional grant revenue and an increase in transfers. 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 (\$9,534,706) decreased from the previous year (\$10,532,286) by \$997,580 (9.47%). The most significant components were vouchers/accounts payable which decreased \$1,530,805. In addition, accrued liabilities payable, due to other funds, and customer deposits increased by \$302,081, \$67,975, and \$182,009, respectively.

Total deferred inflow of resources (\$4,321,757) increased by \$74,356 (1.72%). This was due to an increase in deferred property taxes and special assessments.

The debt service fund has a total fund balance of \$0 compared to \$0 in fiscal year 2019. Of this amount, there are no reserves for encumbrances; thus, the total fund balance of \$0 is reserved for the payment of debt service. 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 \$161,653,341 compared to last year's amount of \$146,671,270. The utility fund experienced an increase in net position in the amount of \$16,541,992. A key element was due to an increase in charges for services for water and wastewater/sewer. The solid waste fund was transferred from the General Fund as of October 1, 2019, with a beginning net position of (\$6,213,666). The net position for the solid waste fund increased by \$4,653,745.

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 2019, the City Commission adopted a biennium budget for fiscal years 2020 and 2021. This was the ninth biennium budget adopted for the City of Dothan. During the biennium budget process, the City's overall revenue structure was evaluated and financial projections were prepared proportionately to reflect the economy.

Per the City's Code of Ordinances, no later than April 15th of each year, the city manager is required to submit to the commission a report, which shall encompass new programs or activities, capital expenditures and new personnel additions. During this financial message, the city manager shall submit his recommendation 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 2020 *final* general fund budget projected \$94,443,012 in revenues, \$122,785,327 in expenditures and \$3,606,406 in other financing sources/uses, producing a planned reduction of \$24,735,909 in the general fund's balance. Actual amounts for revenues (\$107,453,925), expenditures (\$104,606,036) and other financing sources/uses (\$3,606,409) netted to a \$6,454,298 increase, rather than the expected \$24,735,909 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 \$13,010,913 over budget. Some major contributors to each revenue (actual) source being over/under from the final budget are listed as follows:

- \$9,402,753 Increase in Taxes - property (over \$377,793), motor vehicle property tax (over \$113,643), sales & use tax (over \$9,059,679), alcohol and malt beverage tax (over \$81,708), cable/phone/gas franchise fee (over \$128,930), and lodging tax (under \$359,000)
- \$688,006 Increase in License and Permits – privilege and insurance license (over \$515,944), building permits (over \$151,919), and miscellaneous (over \$20,143)
- \$3,847,415 Increase in Intergovernmental – Corona Virus Relief Funds (over \$3,010,556), Summer and At-Risk Food Programs (over \$218,258), Community Development Block Grants (under \$174,186), Bureau of Justice, Homeland Security, Emergency Management Agency Grants, and U.S. Department of Transportation (under \$103,471), Alabama Trust Fund (over \$132,232), U.S. Environmental Protection Agency (under \$170,683), MPO grant (over \$96,707), financial institution funds (over \$688,408), gas tax revenues (over \$147,298), and miscellaneous intergovernmental revenues (over \$2,296)
- \$818,101 Decrease in Charges for Services - recreational programs (under \$600,310), civic center/opera house ticket sales/facility fees and rental (under \$326,391), weed abatement liens (over \$19,947), planning and zoning application fees (over \$15,920), joint paving and right-of-way maintenance (over \$87,763), and demolition and removal (under \$17,000), and miscellaneous income (over \$1,970)

- \$236,282 Decrease in Fines and Forfeitures - court fines (under \$167,418), pre-trial diversion fees (under \$56,945), drug seizure (under \$7,963), court costs (over \$2,552), false alarm fees (under \$2,850), and miscellaneous fines and forfeitures (under \$3,658)
- \$289,401 Decrease in Interest – a decrease in the interest rate environment during fiscal year 2020 resulted in a decreased amount of interest income
- \$416,523 Increase in Miscellaneous – disaster recovery relief (over \$300,168), purchasing card rebate (over \$14,809), junk sales (under \$68,494), reimbursement from a claim by the stop loss re-insurance carrier (over \$126,140), rental income (over \$16,008), property damage recovery (over \$16,088), photocopy printing (over \$27,043), contributions/donations (under \$43,048), Knox box sales (over \$6,275), telephones in the jail (over \$10,900), ATM and credit card fees (under \$1,098), and miscellaneous income (over \$11,732)

The actual departmental expenditures in the general fund were well within the budgetary constraints and were under budget by \$9,722,096 in fiscal year 2020. Non-departmental expenditures were under budget by \$816,423 which was due to a decrease in legal fees and damage claims (\$737,838). Capital outlay expenditures were under budget \$7,640,772. This was primarily due to major purchases and projects not completed but carried over to Fiscal Year 2021 as follows: \$1,886,595 for new building construction and maintenance; \$2,548,491 for sidewalk and roadway projects; \$1,758,916 for public safety radio system; \$514,294 for computer upgrades; \$236,670 for recreation projects; \$108,192 for traffic upgrade; and \$329,851 for vehicles and equipment for Police, Fire, Public Works, and General Services. Other financing sources and uses actual amounts compared favorably with the budget by \$4.

The total operating budget was increased by \$11,981,124 in the *final* budget as follows: departments (over \$3,390,572), insurance (over \$3,920,452) and capital outlay (over \$3,870,100). Although almost all departments' budgets were increased in the final budget (\$3,390,572), the *largest increases* are denoted as follows: general administration increased \$434,325 for downtown development; information technologies increased \$138,317 for remote work capabilities and \$157,180 for evaluation of enterprise resource planning software; public safety increased \$415,200 for body-worn cameras, \$219,995 for COVID related expenses; planning and development increased

\$365,750 for community development block grants, \$175,000 for housing rehabilitation, \$229,730 for Brownfield cleanup, and \$122,254 for updating the Long Range Transportation Plan; culture and recreation increased \$730,484 for summer and at-risk food service programs; and health and welfare increased \$427,500 for additional lodging tax for the Convention and Visitor's Bureau.

The actual revenues in the general fund (\$107,453,925) were \$13,010,913 over final revenue projections (\$94,443,012). During the year, revenues exceeded budgetary estimates. The original revenue projections in the general fund were \$6,234,456 under the *final* budget. The additional appropriations totaling \$17,121,546 were funded from: (1) the revenue sources in the following table in the amount of \$5,734,456; (2) encumbrances from fiscal year 2019 which were carried forward to fiscal year 2020 totaling \$8,815,042 (general fund beginning budget included these encumbrances which were funded from the general fund balance); and (3) the remaining \$2,572,048 was budgeted from the available unassigned fund balance.

Additional Revenue Sources Increasing Fiscal Year 2020 Budget

\$ 2,645,689	- stop loss insurance refunds
1,923,633	- federal, state and local grants
63,628	- police seizure income
1,033,349	- summer/at-risk food service program funds
24,500	- financial institution tax
5,064	- court fines and fees
<u>38,593</u>	- special event & miscellaneous revenues
<u>\$ 5,734,456</u>	

The additional appropriations (\$2,572,048) that were funded by the unassigned fund balance can be briefly summarized by department as follows:

- General Administration - \$388,325 as follows: \$434,325 for downtown development; \$4,000 for on-line auctions; and (\$50,000) for wayfinding signage
- Information Technology - \$182,705 as follows: \$157,180 for evaluation of enterprise resource planning software; and \$25,525 for data breach representation
- Personnel - \$59,419 as follows: \$29,584 for cancer and disability insurance for firefighters; and \$29,835 for staff training

- Police - \$2,272,904 as follows: \$1,722,204 for Motorola radio system; \$415,200 for body-worn cameras; \$100,000 for land for the animal shelter; and \$35,500 for supplies at the public safety training center
- Public Works - \$636,380 as follows: \$469,839 for engineering services for Honeysuckle Road widening; \$332,055 for engineering services for Highway U.S. 84 West; \$31,230 for traffic message signs; \$3,256 for Highway U.S. 84 East shared use trail; and (\$200,000) for Girard Avenue drainage
- Planning & Development - \$184,160 as follows: \$175,000 for housing rehabilitation; and \$9,160 for community development block grant consolidated plan
- Leisure Services - \$1,539,534 as follows: \$1,437,800 for Water World improvements; \$62,500 for land at James Oates Park; \$28,000 for senior citizen bus; \$6,374 for summer and at-risk meals; and \$4,860 for basketball court logo
- General Services - \$103,202 as follows: \$69,802 for equipment and supplies at the public safety training center; and \$33,400 for survey and utilities at school buildings
- Insurance - \$549,622 as follows: \$465,422 for insurance claims; and \$84,200 for insurance administrative fees
- Other Financing Sources/Uses - (\$3,430,143) as follows: (\$5,000,000) transfer from Utility Fund; \$1,243,825 transfer to Solid Waste Fund; \$326,032 transfer to Capital Improvement Fund

Capital Asset and Debt Administration

The City of Dothan's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$326,387,144 (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, and bridges.

Capital investments increased in the governmental capital assets by \$5,865,271. This increase resulted from additional capital assets totaling \$41,757,988 (see following table) decreased by accumulated depreciation totaling \$9,418,990. In addition, this total was reduced by

\$30,722,461 (includes construction in progress placed in service of \$25,718,219) of capital assets which were retired and offset by recaptured depreciation of \$4,248,734.

GOVERNMENTAL CAPITAL ASSET ADDITIONS (In Millions)	
Building Improvements (Public Safety Training Facility)	\$20.7
Additions & Improvements Including Streets, Sidewalks, Forever Wild Trail Expansion, Opera House Upgrades, & Water World Expansion	5.2
Software Upgrades & Computer Equipment	.6
Equipment (Police Investigation & Safety Equipment & Leisure Services Playground Equipment)	.3
Land (Easements & Parcels)	.3
Vehicles (Police, Fire, Public Works, Leisure Services, Performing Arts & General Services)	2.0
Construction Projects (Road Widening and Bridges, Fire Truck Build, Traffic Signal Cabinets & Fiber Optics)	12.6
Total Capital Asset Additions	\$41.7

The business-type capital investments increased by \$22,119,629. This increase resulted from additional capital assets totaling \$110,730,846 decreased by accumulated depreciation totaling \$11,134,448. In addition, this total was reduced by \$80,754,300 (includes construction in progress placed in service of \$75,707,931) of capital assets which were retired and offset by recaptured depreciation of \$3,277,531 as follows:

BUSINESS-TYPE CAPITAL ASSET ADDITIONS (In Millions)	
Electric System & Substation Improvements	\$ 7.5
Water Improvements	8.4
Sanitary Sewer Improvements	51.8
Equipment (Electric, Water, & Sewer)	.7
Land (Easements)	.3
Vehicles	3.0
Buildings	.5
Construction Projects	38.5
Total Capital Asset Additions	\$110.7

• SANITARY SEWER IMPROVEMENTS

In May 2017, L and K Contracting Company, Inc. was awarded the contract for sanitary sewer improvements on Inez Road in the amount

of \$1,669,600; the project was completed July 2020 at an amount of \$1,507,220. In September 2017, Gulf Coast Underground, LLC was awarded a contract in the amount of \$2,394,374 for the sanitary sewer improvements in the B1-23 sewer basin area. A change order in the amount of \$152,906 brought the total completed project to \$2,547,280 in September 2020. In April 2018, Blankenship Contracting, Inc. was awarded a contract in the amount of \$557,117 for sanitary sewer improvements for Cherokee Avenue and Cornell Avenue. Change orders in February 2019 for \$26,266 and February 2020 for \$25,053 increased the total contract price to \$608,436; with the project completed January 2020. In June 2018, Blankenship Contracting, Inc. was awarded a contract in the amount of \$1,668,385 for sanitary sewer improvements from Bell Street to Foster Street. A change order, in November 2019, in the amount of \$99,615 brings the total contract price to \$1,768,000. The project was completed at a reduced cost of \$1,534,970 in July 2020. In February 2019, L and K Contracting Company, Inc. was awarded the contract for sanitary sewer improvements on Woodburn Road in the amount of \$1,535,625. A change order in the amount \$170,900 increased the total cost to \$1,706,525. The project was completed at a reduced cost of \$1,468,942 in June of 2020. In December 2019, BLD Services, LLC was awarded the contract for sanitary sewer rehabilitation of the BO-21 area in the amount of \$4,388,957. A change order to BLD Services, LLC, in the amount of \$205,109 was approved in July 2020 bringing the total project to \$4,594,066; with \$4,428,603 expended to date. In December 2019, Blankenship Contracting, Inc. was awarded the contract for the 2019 Miscellaneous Sewer Improvements Project in the amount of \$2,083,985; with \$1,571,398 expended to date. In September 2020, SAK Construction, LLC was awarded the contract for the Omussee Trunk Line Rehabilitation in the amount of \$7,959,820; with \$123,657 expended to date.

- **SANITARY SEWER EXTENSIONS**

The City of Dothan, at the request of SMB Land, LLC participated in the cost of a sanitary sewer extension from the existing Little Choctawhatchee truck line into the Charleston Mills Subdivision at a cost of \$217,092; with a 50/50 split, the City's cost for the addition was \$108,546. This extension also provided Orchard Subdivision with the ability to tie into the Charleston Mills Subdivision extension at a cost of \$127,744; requested by MK Development, LLC; with a 50/50 split, the City's cost for the addition was \$63,872.

- **RED WATER MAIN REPLACEMENTS**

To enhance the water distribution system, the City has initiated the replacement of antiquated watermains and associated appurtenances. A contract was awarded to L and K Contracting Company, Inc. in December 2019 in the amount of \$768,066 for Phase A; with \$722,725 being expended to date. A contract was awarded to L and K Contracting Company, Inc. for Phase B of the project at a cost of \$766,933 and a change order was approved September 2020 to increase the contract by \$61,754 for a total of \$828,687; with \$576,531 being expended to date.

- **DENTON ROAD WIDENING AND BRIDGE**

The City began efforts to widen Denton Road in 2012. A contract was awarded to CDG Engineers & Associates, Inc. in the amount of \$357,910 in August 2011 for the design of additional roadway lanes. In December 2019, a change order increased the contract by \$35,385, bringing the completed contract total to \$393,295. In October 2013, a \$175,326 contract was awarded to CDG Engineers & Associates, Inc. for the bridge design and for right-of-way acquisition services for the additional lanes; \$231,238 has been expended, including a change order of \$55,912. Right-of-way acquisition for the widening and bridge projects was estimated at \$1,500,000; \$889,916 was expended upon completion of acquisition. In June 2015, the City entered into a contract with the State of Alabama Department of Transportation for the construction of the Denton Road Bridge over Rock Creek. The State awarded the construction contract to Murphree Bridge Corporation for \$3,048,403. Construction, engineering and inspection services were provided by CDG Engineers & Associates, Inc., at a cost of \$295,000. The bridge portion of the project was completed in June 2017 at a cost of \$3,553,957, with \$1,484,800 funded with Federal ATRIP funds, and \$548,464 funded with Alabama Public Road and Bridge funds. As of the audit report date, expenditures for the widening portion of the project are \$1,278,618. The City of Dothan funded \$2,560,239 to the State of Alabama Department of Transportation for the construction of the additional lanes; with \$4,987,829 being funded through MPO grant funding directly to the State. A contract was awarded to CDG Engineers & Associates, Inc. to perform construction engineering for the additional lanes at a cost of \$534,552 in May 2020; with \$119,914 expended to date.

- **HONEYSUCKLE ROAD WIDENING**

In September 2018, Gresham, Smith and Partners were 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 \$854,414 expended to date. Phase 1 consists of improvements from W. Main Street to Fortner Street. Also, in September 2018, Sain Associates, Inc. was awarded the contract for services to provide engineering, design and professional services for the Honeysuckle Road Phases 2 and 3 improvements project in the amount of \$774,991; with \$111,664 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 Cambellton Highway and Taylor Road.

- **FOREVER WILD TRAIL EXPANSION**

In November 2019, the City accepted a grant from the Alabama Department of Economic and Community Affairs to expand the Forever Wild Trails with an additional 4 miles of trails. The grant was funded at \$100,000 with a match of \$25,000. The match was provided by Forever Wild with \$14,900 in materials and the additional \$10,000 donated by the Dothan Area Convention and Visitors Bureau. Construction began in January 2020 and was completed and opened for use April 2020 at a cost of \$124,877.

- **LANDFILL EXPANSION ON ENNIS ROAD**

In March 2014, the City purchased 182 acres of land at a cost of \$911,850 for the expansion of an existing landfill facility. In April 2014, a contract in the amount of \$484,658 was awarded to CDG Engineers & Associates, Inc. for design and permitting of the expansion and is fully expended to date. Alabama Power completed efforts in February 2016 to relocate approximately 3,300 linear feet of transmission line at a cost of \$210,799, and the permit application for the expansion was submitted December 2016 to the Alabama Department of Environmental Management. In August of 2019, a contract in the amount of \$277,000 was awarded to CDG Engineers & Associates, Inc. for construction, engineering, and inspection of Landfill Cell 6 Construction project; and fulfilled at a cost of \$277,540. A contract for the construction in the amount of \$3,262,645 was awarded to Wiregrass Construction Company, Inc. A change order in the amount of \$495,779 in September 2020 increased the total completed contract to \$3,758,424. Equipment purchased for the opening of the landfill

included a compactor, a dozier, a tractor with mower deck and other miscellaneous equipment at a cost of \$1,136,332. The landfill opened in August 2020 to the City Environmental Services and opened to the public September 2020. The total project cost of \$7,270,845 which included the \$116,460 cost to satisfy mitigation requirements and \$374,782 cost for software and safety updates.

- **OMUSSEE CREEK WASTEWATER TREATMENT PLANT**

In December 2014, a contract in the amount of \$2,100,000 was awarded to Barge Design Solutions to furnish engineering services for the design of the Omussee Creek Wastewater Treatment Plant rehabilitation and upgrade. In June 2016, Max Foote Construction Company, LLC was awarded a contract in the amount of \$39,225,003 for the construction of the rehabilitation and upgrade; the contract completed at a cost of \$39,206,254 in July 2019. Barge Waggoner Sumner and Cannon, Inc. furnished engineering, administration and inspection services for the construction at a cost of \$1,849,300. The project was completed December 2019 at a total cost of \$43,489,553.

- **DOTHAN REGIONAL PUBLIC SAFETY TRAINING CENTER**

In January 2018, a contract in the amount of \$18,278,100 was awarded to Saliba Construction Company, Inc. to construct the Dothan Regional Public Safety Training Center located on 23 acres of City owned land off Ennis Road. During the course of the project, four change orders were approved at an additional cost of \$437,148; with the full contract expended at \$18,715,248 in March 2020. The center's mission is to be the model of excellence in public safety preparation and response through integration of training, development, communication, collaboration and community engagement. It will benefit police, sheriff, and fire personnel, area volunteer fire departments and local citizens with training opportunities. This state-of-the-art center will be maintained and operated by the City in conjunction with the City's police and fire departments. A General Obligation Warrant in the principal amount of \$17,000,000 funded a portion of the costs of constructing and equipping the center. Wiregrass Foundation will provide grant funds in the amount of \$21,000,000 over a period of 20 years to provide for the principal and interest payments, and the City will provide approximately \$1,500,000 for the payments. Wiregrass Foundation also contributed to the cost of the center's design, which was furnished by RDG Planning and Design of Omaha, Nebraska. The City provided in-kind costs to extend sewer, water and electric services to the property at a value of

\$370,000. The total project cost as of the audit date is \$20,959,347. The building has been completed and currently in use, with additional parking being added in 2021.

- **DOWNTOWN LIGHTING UPGRADE**

In November 2019, the City began the Downtown Lighting Upgrade project. Dothan Utilities utilized City personnel to upgrade and add additional lighting to the downtown Dothan area to foster safer environments and improve area growth for business and citizens. The lighting project cost as of the audit report date is \$435,346.

- **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. in February of 2018, for \$266,518. Change orders for Atkins increased the original contract by \$91,500 in October 2019 and by \$66,886 in February of 2020, bringing the total contract to \$424,904; with \$416,704 expended to date. The scope of the utility relocation required the project to be separated into two phases. L and K Contracting Company, Inc. was awarded the bid for Phase 1 of the project in December 2018, in the amount of \$468,850; with \$405,237 expended to date. The contract for Phase 2 was awarded to Blankenship Contracting, Inc. in March 2019, in the amount of \$4,481,507; with \$4,347,178 expended to date. The total cost of the project to date is \$5,169,119.

- **WATER WORLD EXPANSION**

In August 2019, the City received bids for the Water World slide design, manufacturing and delivery services. A contract in the amount of \$585,000 was awarded to Splashtacular, LLC with \$526,500 expended. Barge Design Solutions was awarded the contract to provide engineering architectural design and consultation for slide and pool expansions in the amount of \$195,000 with a change order for an additional \$19,000 for a total of \$214,000; with all expended to date. Construction services for the slide project were awarded to Lewis Construction, LLC in December 2019, in the amount of \$1,870,000; which was completed and fully expended in September 2020. Barge Design Solutions was also awarded a contract in the amount of \$68,000 and an amended agreement for an additional \$25,000, for a total \$93,000 for services to perform engineering, design

and consultation to move the kiddie pool for the Water World improvement project which was expended in full. In March 2020, a contract was awarded to Lewis Construction, LLC for services to construct a new wading pool at a cost of \$937,800; with the contract completed at \$909,130 in September 2020. In November 2020, Splashtacular, LLC was awarded the contract for an aquatic play structure in the amount of \$157,245; with \$78,623 expended to date. The play structure is to be installed by Perennial South, LLC at a cost of \$88,500. Other contracts such as construction monitoring of soil, concrete and asphalt, lighting structure, landscaping cost and wave pool carpet replacement bring the total project cost as of the audit date to \$4,161,390.

- **DOTHAN UTILITIES OPERATIONS FACILITY**

In August 2018, a contract was awarded to Mark Pepe to provide design and construction administration services for the Dothan Utilities Operations and Data Facility and was completed at a cost of \$45,712. The construction contract was awarded to Saliba Construction Company, Inc. in June 2020, at an amount of \$1,839,959; with \$1,703,283 expended to date. The location is to be used for joint efforts between utilities, fire, police, and other departments and help to facilitate faster response times in emergency event situations. The cost for the facility as of the audit report date is \$1,801,294, which includes some material purchases as well as the cost of the ongoing contracts.

- **ADVANCED METERING INFRASTRUCTURE**

In November 2017, the City received approval for a pilot program for Advanced Metering Infrastructure (AMI). The City entered into contracts with Superior, LLC to develop interfaces between the City's current Customer Information System (CX) and Aclara Technologies, LLC which included billing development and project management at a cost of \$69,620. Upon completion of the pilot program, the City entered a contract with Aclara Technologies, LLC for full deployment of electric and water AMI; to include project planning, interface configuration and testing, and network development at a cost of \$488,613; with \$431,826 expended upon completion. Cintel Solutions, Inc. provides a fully functional meter exchange process and work order management system that includes software, hosting services and integration with CX for mass meter exchanges at a cost of \$57,375. The City contracted with Exceleton for online customer payments and customer usage monitoring. Interfaces for Exceleton

were created at a cost of \$18,270. Exceleron services including pre-pay, online viewing options for customers, and online bill pay added additional costs of \$384,050. In order to streamline daily workflow, HelpSystems – IL, LLC provided license for an IBM job scheduler for proactive job monitoring at a cost of \$12,398. Kiosks were placed at the Civic Center and Westgate Park for additional payment options and were purchased from Howard Industries and installed for a total cost of \$78,570. Dothan Utilities is utilizing City personnel for the electric meter exchange and has expended \$350,326 in labor and \$3,892,826 in materials. In May 2019, a contract for water meter exchange was awarded to Pedal Valve, Inc. in the amount of \$2,088,100; with \$1,893,648 expended to date. The water meter exchange included \$6,926,890 in materials. The AMI project cost as of the audit report date is \$14,485,748.

Capital Assets As of September 30 (In Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019*	2020	2019*	2020	2019*
Land and Easements	\$ 9,700	\$ 9,551	\$ 7,399	\$ 7,051	\$ 17,099	\$ 16,602
Buildings	101,530	81,591	6,909	6,405	108,439	87,996
Improv. other than Bldgs.	73,851	69,089	312,466	243,686	386,317	312,775
Machinery & Equipment	47,809	48,476	28,459	25,673	76,268	74,149
Infrastructure	457,300	457,284			457,300	457,284
Construction in Progress	7,607	20,769	14,726	57,167	22,333	77,936
Total Capital Assets	\$697,797	\$686,760	\$369,959	\$339,982	\$1,067,756	\$1,026,742

*Restated

Additional information on the City of Dothan’s capital assets can be found in note IV. D on pages 51-53 of this report.

Debt Outstanding

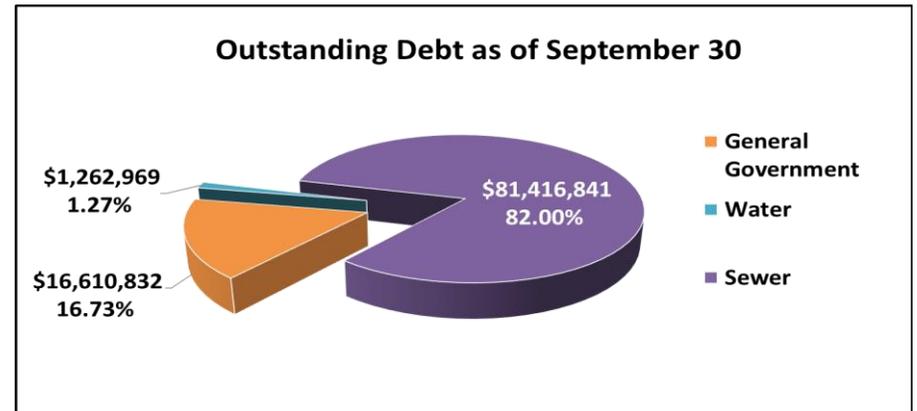
As of the fiscal year end, the City of Dothan had \$99,290,642 in gross debt outstanding compared to \$109,174,540 last fiscal year end; thus, decreasing debt by \$9,883,898 (9.05%) during the current fiscal year.

State statutes limit 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 current constitutional debt limitation for the City of Dothan is \$175,691,762, which is significantly in excess of the City of Dothan’s outstanding general obligation debt.

Debt Type	2017	2018	2019	2020
General Government	\$ 20,479,584	\$ 19,222,860	\$ 17,933,742	\$ 16,610,832
School	3,575,000	2,440,000	1,255,000	-
Sewer	101,934,135	95,279,351	88,472,191	81,416,841
Storm Drain & Road Imp	1,462,157	293,844	140,533	-
Water	1,535,000	1,440,000	1,373,074	1,262,969
Totals	\$128,985,876	\$118,676,055	\$109,174,540	\$ 99,290,642

Additional information can be found in note IV. H on pages 57-61.



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 2020 is 2.77% (total debt service expenditures were \$3,096,502 and total expenditures were \$111,843,649).

DOTHAN’S RATINGS FOR GENERAL OBLIGATION DEBT:

- Moody’s Investors Service ~ “Aa2”
- S&P Global Ratings ~ “AA”

Economic Factors

The City relies on taxes (sales, property, gasoline, franchise, etc.), fees (licenses, permits, etc.), and fines (public safety) for their governmental activities. The primary source of revenue is sales tax (general sales and use, automotive, machinery and farm/agriculture). There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both state and federal governments.

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 (a) annex additional land into the corporate limits, and (b) encourage development (office, retail, residential, and industrial) to be located in the jurisdiction. The City places significant emphasis on economic development/recruitment and job growth.

There are major venues downtown such as the Opera House, Civic Center, murals on buildings throughout downtown, the Veterans Memorial, and the Wiregrass Museum of Art, not to mention the presence of federal, state, and local governments. Having these sites downtown provides a strong base for redevelopment efforts. The outlook is positive and much can be done. Downtown Dothan can and will be a viable economic entity in this community again. Not only will it generate a tax base, but it will also provide jobs to people in adjoining communities who are in need of employment in close proximity to where they live.

Approximately 70% 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 2011 by \$19,028,472. In addition to the City's major tax source, sales tax, continuing to strengthen, unemployment has declined 2.7% since 2011. Over the recent years, the City's staff has done an exceptional job of controlling costs. Additionally, the 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.

Obviously, the City's effort to live within the constraints of available revenue requires prioritization of most pressing needs. The

commission and the staff have developed a plan for addressing these needs. 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. Resurfacing is a major need and annually the City has maintained funding for this program; however, at the current rate, it will take several years to get to the point where the City should be. In addition to the required sanitary system improvements that will be funded, there are numerous intersections and road improvements that the City anticipates to fund. Because the City continues to grow, the need for adequate revenue is essential. Additionally, in previous years employees have shared in the efforts to control costs and strides have been made in adjusting salaries. In October 2019, a 2% general increase was given to all employees except for public safety employees which received 3%. In June 2020, a performance pay adjustment was given to those that were performing at fully competent, exceptional and model levels. It is imperative that long-term, the City maintain a competitive pay structure to attract and sustain quality employees. Dothan must continue to deal with inflationary and market salary issues on a regular basis.

Financial Information Contact

The City of Dothan's financial statements are designed to provide 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. If you have questions about the report or need additional financial information, contact the City's Finance Director-Treasurer, Lisa H. Reeder, at 126 North Saint Andrews Street, Room 110 of the Dothan Civic Center, Dothan, Alabama 36303. Updated financial information about the City can also be obtained by accessing the City's website at www.dothan.org.

BASIC FINANCIAL STATEMENTS

THE CITY OF DOTHAN
DOTHAN, ALABAMA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents	\$ 56,323,861	\$ 74,425,340	\$ 130,749,201
Receivables	10,094,905	8,443,519	18,538,424
Due from other governments	4,709,032	2,274,387	6,983,419
Internal balances	4,511	(4,511)	-
Inventories, at cost	365,532	6,560,182	6,925,714
Capital assets (See Note IV-D):			
Non-depreciable	17,307,459	22,125,060	39,432,519
Depreciable, net	97,569,729	189,384,896	286,954,625
Total Assets	186,375,029	303,208,873	489,583,902
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	14,837,235	4,885,241	19,722,476
Deferred outflows related to asset retirement obligation		2,937,181	2,937,181
Deferred outflows related to OPEB	16,276,300		16,276,300
Total Deferred Outflows	31,113,535	7,822,422	38,935,957
LIABILITIES:			
Vouchers/accounts payable	3,125,978	10,874,337	14,000,315
Accrued liabilities	5,425,545		5,425,545
Accrued interest payable	33,883	231,508	265,391
Payable to other governments	38,335	9,713	48,048
Customer deposits	829,490	7,751,838	8,581,328
Unearned revenue	135,547		135,547
Non-current liabilities:			
Due within one year	5,178,595	8,691,906	13,870,501
Due in more than one year	15,504,524	83,007,849	98,512,373
Net pension liability	112,461,166	35,528,253	147,989,419
Asset retirement obligation		3,012,000	3,012,000
Net OPEB liability	55,303,846		55,303,846
Total Liabilities	198,036,909	149,107,404	347,144,313
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	1,014,636	270,550	1,285,186
Deferred inflows related to OPEB	2,039,902		2,039,902
Total Deferred Inflows	3,054,538	270,550	3,325,088
NET POSITION:			
Net investment in capital assets	99,913,615	128,830,146	228,743,761
Restricted for:			
Street and bridge maintenance	422,558		422,558
Public safety programs	67,507		67,507
Education	311,520		311,520
Unrestricted (Deficit)	(84,318,083)	32,823,195	(51,494,888)
Total Net Position	\$ 16,397,117	\$ 161,653,341	\$ 178,050,458

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, 2020

FUNCTION / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
PRIMARY GOVERNMENT:							
Governmental Activities:							
General government	\$ 18,916,568	\$ 3,989,171	\$ 5,819,967	\$	\$ (9,107,430)	\$	\$ (9,107,430)
Public safety	40,908,709	1,018,063	225,084	635,919	(39,029,643)		(39,029,643)
Public works	12,182,223	103,516		766,202	(11,312,505)		(11,312,505)
Planning and development	2,792,329	505,651			(2,286,678)		(2,286,678)
Health and welfare	3,597,296				(3,597,296)		(3,597,296)
Culture and recreation	13,417,984	1,310,300		14,900	(12,092,784)		(12,092,784)
General services	5,202,640				(5,202,640)		(5,202,640)
Insurance department	5,544,053				(5,544,053)		(5,544,053)
Education	4,714,133				(4,714,133)		(4,714,133)
Interest/fiscal charges on long-term debt	263,937				(263,937)		(263,937)
Total Governmental Activities	107,539,872	6,926,701	6,045,051	1,417,021	(93,151,099)	-	(93,151,099)
Business-Type Activities:							
Utility							
Electric	71,749,254	92,793,913	9,213	174,534		21,228,406	21,228,406
Water	8,192,623	11,791,854	243	2,681,286		6,280,760	6,280,760
Wastewater/sewer	13,789,611	21,541,609	2,461	1,203,260		8,957,719	8,957,719
Combined utilities	3,242,991	931,858				(2,311,133)	(2,311,133)
Solid Waste							
Collections	7,477,679	4,462,317	5,476			(3,009,886)	(3,009,886)
Landfill	1,399,130	292,499				(1,106,631)	(1,106,631)
Combined solid waste	56,005					(56,005)	(56,005)
Total Business-Type Activities	105,907,293	131,814,050	17,393	4,059,080	-	29,983,230	29,983,230
Total Primary Government	\$ 213,447,165	\$ 138,740,751	\$ 6,062,444	\$ 5,476,101	\$ (93,151,099)	\$ 29,983,230	\$ (63,167,869)

(Continued on page 21)

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, 2020

	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
General Revenues:			
Taxes:			
General property tax	\$ 4,891,436	\$	\$ 4,891,436
General sales and use tax	75,559,679		75,559,679
Alcoholic beverage tax	1,276,708		1,276,708
Lodging tax	2,791,000		2,791,000
Franchise tax	1,678,930		1,678,930
Cigarette tax	230,850		230,850
Grants and contributions not restricted to specific programs	2,761,359		2,761,359
Unrestricted investment earnings	393,599	753,622	1,147,221
Miscellaneous	3,224,797	1,184,679	4,409,476
Transfers	10,725,794	(10,725,794)	-
Total General Revenues, Special Items, and Transfers	<u>103,534,152</u>	<u>(8,787,493)</u>	<u>94,746,659</u>
Change in Net Position	10,383,053	21,195,737	31,578,790
Net Position - Beginning of year, Restated	<u>6,014,064</u>	<u>140,457,604</u>	<u>146,471,668</u>
Net Position - Ending	<u>\$ 16,397,117</u>	<u>\$ 161,653,341</u>	<u>\$ 178,050,458</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, 2020

	GENERAL	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 55,935,223	\$	\$ 151,861	\$ 236,777	\$ 56,323,861
Receivables:					
Taxes	11,496,739				11,496,739
Accounts	2,909,089			10,834	2,919,923
Due from other funds	4,767		3,810	63,945	72,522
Due from other governments	4,709,032				4,709,032
Inventories, at cost	365,532				365,532
Total Assets	<u>75,420,382</u>	<u>-</u>	<u>155,671</u>	<u>311,556</u>	<u>75,887,609</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Vouchers/accounts payable	3,037,814		88,164		3,125,978
Accrued liabilities	5,425,545				5,425,545
Payable to other governments	38,335				38,335
Due to other funds	67,975			36	68,011
Customer deposits	829,490				829,490
Unearned revenue	135,547				135,547
Total Liabilities	<u>9,534,706</u>	<u>-</u>	<u>88,164</u>	<u>36</u>	<u>9,622,906</u>
Deferred Inflows of Resources:					
Deferred property taxes	4,321,757				4,321,757
Total Deferred Inflows of Resources	<u>\$ 4,321,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,321,757</u>

(Continued on page 23)

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, 2020

	GENERAL	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Fund Balances:					
Nonspendable:					
Inventories	\$ 365,532	\$	\$	\$	\$ 365,532
Restricted for:					
Public safety programs			67,507		67,507
Street and bridge maintenance	422,558				422,558
Education				311,520	311,520
Committed for:					
Information technology equipment	328,304				328,304
Economic development projects	200,000				200,000
Public safety programs	2,043,794				2,043,794
Public works projects	3,460,994				3,460,994
Planning and community development	711,410				711,410
Culture and recreation	45,170				45,170
Facility maintenance	434,906				434,906
Assigned to:					
Administrative	3,161,700				3,161,700
Capital projects	10,335,750				10,335,750
Information technology equipment	357,772				357,772
Economic development projects	250,000				250,000
Public safety programs	97,157				97,157
Public works projects	1,065,425				1,065,425
Culture and recreation	329,248				329,248
Facility maintenance	1,914,367				1,914,367
Debt service	71,122				71,122
Self insurance claims	7,679,168				7,679,168
Fund balance reserves	8,075,202				8,075,202
Unassigned	20,214,340				20,214,340
Total Fund Balances	<u>61,563,919</u>	<u>-</u>	<u>67,507</u>	<u>311,520</u>	<u>61,942,946</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 75,420,382</u>	<u>\$ -</u>	<u>\$ 155,671</u>	<u>\$ 311,556</u>	<u>\$ 75,887,609</u>

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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds \$ 61,942,946

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

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

Governmental capital assets	\$ 697,797,060	
Less: Depreciation expense to date	<u>(582,919,872)</u>	114,877,188

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	(4,321,757)	
Adjustment of deferred property taxes	<u>4,321,757</u>	-

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		(20,683,119)
--	--	--------------

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(33,883)
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Net pension liability is non-current and is excluded from the fund financial statements.		(112,461,166)
--	--	---------------

Deferred outflows from pension activities		14,837,235
---	--	------------

Deferred inflows from pension activities		(1,014,636)
--	--	-------------

Net OPEB liability is non-current and is excluded from the fund financial statements.		(55,303,846)
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Deferred outflows related to other postemployment benefits		16,276,300
--	--	------------

Deferred inflows related to other postemployment benefits		<u>(2,039,902)</u>
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Total Net Position - Governmental Activities **\$ 16,397,117**

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, 2020

	<u>GENERAL</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:					
Taxes	\$ 86,197,753	\$	\$	\$ 230,850	\$ 86,428,603
Licenses and permits	4,449,706				4,449,706
Intergovernmental revenues	9,599,698		502,199		10,101,897
Charges for services	1,486,362				1,486,362
Fines and forfeitures	990,633				990,633
Interest income	393,065	230	6,634	304	400,233
Miscellaneous	<u>3,827,875</u>			<u>74,779</u>	<u>3,902,654</u>
Total Revenues	<u>106,945,092</u>	<u>230</u>	<u>508,833</u>	<u>305,933</u>	<u>107,760,088</u>
EXPENDITURES:					
Current:					
General government	13,456,054				13,456,054
Public safety	38,188,965				38,188,965
Public works	8,941,334				8,941,334
Planning and development	2,725,740				2,725,740
Health and welfare	3,586,707				3,586,707
Culture and recreation	11,398,135				11,398,135
General services	4,917,829				4,917,829
Insurance department	5,544,053				5,544,053
Intergovernmental				4,141,111	4,141,111
Capital outlay	12,532,684		3,314,535		15,847,219
Debt service:					
Principal retirement		2,577,910			2,577,910
Interest and fiscal charges		518,592			518,592
Total Expenditures	<u>101,291,501</u>	<u>3,096,502</u>	<u>3,314,535</u>	<u>4,141,111</u>	<u>111,843,649</u>
Excess of Revenues over (under) Expenditures	<u>\$ 5,653,591</u>	<u>\$ (3,096,272)</u>	<u>\$ (2,805,702)</u>	<u>\$ (3,835,178)</u>	<u>\$ (4,083,561)</u>

(Continued on page 26)

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, 2020

	<u>GENERAL</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
OTHER FINANCING SOURCES (USES):					
Transfers in (out)	\$ 3,280,378	\$ 3,096,272	\$ 326,031	\$ 4,023,113	\$ 10,725,794
Total Other Financing Sources (Uses)	<u>3,280,378</u>	<u>3,096,272</u>	<u>326,031</u>	<u>4,023,113</u>	<u>10,725,794</u>
Net Changes in Fund Balance	8,933,969	-	(2,479,671)	187,935	6,642,233
Fund Balances, Beginning, Restated	<u>52,629,950</u>		<u>2,547,178</u>	<u>123,585</u>	<u>55,300,713</u>
Fund Balances, Ending	<u>\$ 61,563,919</u>	<u>\$ -</u>	<u>\$ 67,507</u>	<u>\$ 311,520</u>	<u>\$ 61,942,946</u>

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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

Net Change in Fund Balances - Total Governmental Funds	\$ 6,642,233
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.	6,428,229
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	(562,957)
Governmental funds may not report revenues until they are available. The government-wide statement of activities; however, is not subject to this availability criterion. Therefore, amounts related to prior periods that first became available as revenue in the governmental funds during the current period must be removed and reflected instead as an adjustment to government-wide net position because they had been recognized as revenue in an earlier period.	-
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.	2,824,745
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>(4,949,197)</u>
Change in Net Position of Governmental Activities	<u>\$ 10,383,053</u>

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, 2020

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	UTILITY	SOLID WASTE	TOTAL
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 73,111,846	\$ 1,313,494	\$ 74,425,340
Accounts receivable	7,991,284	452,235	8,443,519
Due from other governments	2,268,910	5,477	2,274,387
Inventories, at cost	6,560,182		6,560,182
Total Current Assets	89,932,222	1,771,206	91,703,428
Non-Current Assets:			
Capital Assets:			
Land	4,672,502	2,726,060	7,398,562
Buildings	5,865,819	1,042,789	6,908,608
Improvements other than buildings	302,309,175	10,157,293	312,466,468
Machinery and equipment	16,611,863	11,846,842	28,458,705
Accumulated depreciation	(144,239,768)	(14,209,117)	(158,448,885)
Construction in progress	14,726,498		14,726,498
Total Non-Current Assets	199,946,089	11,563,867	211,509,956
Total Assets	289,878,311	13,335,073	303,213,384
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	3,944,496	940,745	4,885,241
Deferred outflows related to asset retirement obligation	2,937,181		2,937,181
Total Deferred Outflows	\$ 6,881,677	\$ 940,745	\$ 7,822,422

(Continued on page 29)

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, 2020

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	UTILITY	SOLID WASTE	TOTAL
LIABILITIES:			
Current Liabilities:			
Vouchers/accounts payable	\$ 10,144,588	\$ 729,749	\$ 10,874,337
Due to other funds	304	4,207	4,511
Accrued interest payable	231,508		231,508
Payable to other governments		9,713	9,713
Pollution remediation obligation	267,089		267,089
Compensated absences	814,760	236,098	1,050,858
Customer deposits	7,751,838		7,751,838
Bonds payable - current	7,373,959		7,373,959
Total Current Liabilities	<u>26,584,046</u>	<u>979,767</u>	<u>27,563,813</u>
Non-Current Liabilities:			
Compensated absences	104,262	37,602	141,864
Estimated cost of closure and postclosure		7,560,134	7,560,134
Asset retirement obligation	3,012,000		3,012,000
Bonds payable (net of unamortized bond issue costs)	75,305,851		75,305,851
Net pension liability	28,283,530	7,244,723	35,528,253
Total Non-Current Liabilities	<u>106,705,643</u>	<u>14,842,459</u>	<u>121,548,102</u>
Total Liabilities	<u>133,289,689</u>	<u>15,822,226</u>	<u>149,111,915</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	257,037	13,513	270,550
Total Deferred Inflows	<u>257,037</u>	<u>13,513</u>	<u>270,550</u>
NET POSITION:			
Net investment in capital assets	117,266,279	11,563,867	128,830,146
Unrestricted	45,946,983	(13,123,788)	32,823,195
Total Net Position	<u>\$ 163,213,262</u>	<u>\$ (1,559,921)</u>	<u>\$ 161,653,341</u>

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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	UTILITY	SOLID WASTE	TOTAL
OPERATING REVENUES:			
Charges for services	\$ 127,059,234	\$ 4,754,816	\$ 131,814,050
OPERATING EXPENSES:			
Solid waste collections		6,657,029	6,657,029
Solid waste landfill		964,713	964,713
Electric department	66,689,186		66,689,186
Water department	4,881,600		4,881,600
Sewer department	6,991,074		6,991,074
Billing - collection department	1,778,636		1,778,636
Meter reading department	892,397		892,397
Depreciation	9,863,733	1,270,715	11,134,448
Miscellaneous	513,267	56,005	569,272
Total Operating Expenses	91,609,893	8,948,462	100,558,355
Operating Income (Loss)	35,449,341	(4,193,646)	31,255,695
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental revenue	11,917	5,476	17,393
Interest revenue	709,782	43,840	753,622
Miscellaneous revenue	1,174,264	10,415	1,184,679
Gain (loss) on disposition of capital assets	(3,217,215)	15,648	(3,201,567)
Interest and fiscal charges	(2,147,371)		(2,147,371)
Total Nonoperating Revenues (Expenses)	(3,468,623)	75,379	(3,393,244)
Income (Loss) Before Contributions and Transfers	31,980,718	(4,118,267)	27,862,451
Capital grants and contributions	4,059,080		4,059,080
Transfers in (out)	(19,497,806)	8,772,012	(10,725,794)
Change in Net Position	16,541,992	4,653,745	21,195,737
Total Net Position - Beginning, Restated	146,671,270	(6,213,666)	140,457,604
Total Net Position - Ending	\$ 163,213,262	\$ (1,559,921)	\$ 161,653,341

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, 2020

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	UTILITY	SOLID WASTE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 126,313,207	\$ 4,580,868	\$ 130,894,075
Payments to suppliers	(65,538,260)	(1,920,700)	(67,458,960)
Payments to employees	(15,942,674)	(4,683,668)	(20,626,342)
Other receipts (payments)	983,251	10,415	993,666
Net Cash Provided by (Used in) Operating Activities	<u>45,815,524</u>	<u>(2,013,085)</u>	<u>43,802,439</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in (out)	(19,497,806)	8,772,012	(10,725,794)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from capital debt and other capital receipts	4,748,575		4,748,575
Acquisition and construction of capital assets	(30,452,955)	(5,489,273)	(35,942,228)
Principal paid on bond maturities and capital leases	(7,165,455)		(7,165,455)
Interest paid on bonds and notes payable	(2,167,533)		(2,167,533)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(35,037,368)</u>	<u>(5,489,273)</u>	<u>(40,526,641)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Other investing receipts	12,909,846		12,909,846
Interest and dividends on investments	784,963	43,840	828,803
Net Cash Provided by (Used in) Investing Activities	<u>13,694,809</u>	<u>43,840</u>	<u>13,738,649</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,975,159	1,313,494	6,288,653
Cash and Cash Equivalents at Beginning of Year	<u>68,136,687</u>	<u>-</u>	<u>68,136,687</u>
Cash and Cash Equivalents at End of Year	<u>\$ 73,111,846</u>	<u>\$ 1,313,494</u>	<u>\$ 74,425,340</u>

(Continued on page 32)

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, 2020

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	UTILITY	SOLID WASTE	TOTAL
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:			
Operating Income (Loss)	<u>\$ 35,449,341</u>	<u>\$ (4,193,646)</u>	<u>\$ 31,255,695</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used In) Operating Activities:			
Depreciation	9,863,733	1,270,715	11,134,448
(Increase) decrease in accounts receivable	(1,082,458)	(173,948)	(1,256,406)
(Increase) decrease in inventory	1,574,753		1,574,753
(Increase) decrease in deferred outflows	(2,838,269)	29,673	(2,808,596)
Increase (decrease) in vouchers and accounts payable	(416,797)	729,749	312,952
Increase (decrease) in due to other funds	(1,844)	4,207	2,363
Increase (decrease) in payable to other governments			
Increase (decrease) in compensated absences	67,254	31,047	98,301
Increase (decrease) in pollution remediation obligation/estimated closure cost-landfill	(1,368,469)	198,010	(1,170,459)
Increase (decrease) in customer deposits	336,431	9,713	346,144
Increase (decrease) in asset retirement obligation	3,012,000		3,012,000
Increase (decrease) in net pension liability	1,039,482	311,845	1,351,327
Increase (decrease) in deferred inflows	(802,884)	(240,865)	(1,043,749)
Other miscellaneous revenues	983,251	10,415	993,666
Total Adjustments	<u>10,366,183</u>	<u>2,180,561</u>	<u>12,546,744</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 45,815,524</u>	<u>\$ (2,013,085)</u>	<u>\$ 43,802,439</u>
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Contributions of capital assets	\$ 513,418	\$ -	\$ 513,418

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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Dothan, Alabama (the City), which was founded in 1885, has a population of 68,941 living within an area of 90.15 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, operating and capital grants. 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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.

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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 collectible 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

There were no restricted assets as of September 30, 2020.

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 assets’ lives 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 of business-type activities is included as part of the capitalized value of the assets constructed.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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. 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. The City also committed specified amounts of resources for debt service, landfill projects, OPEB obligation and storm drainage.
- 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 details of the fund balances are included in the Governmental Funds Balance Sheet (page 23).

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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.

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 \$7,560,134 reported as landfill closure and postclosure care liability at September 30, 2020, represents the cumulative amount reported to date based on the use of 63.66 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$4,315,666 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2020. The City completed the expansion of the landfill in 2020 and estimates the remaining life of the landfill to be approximately twenty-six (26) 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.

**THE CITY OF DOTHAN
 DOTHAN, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Pensions

The Employees' Retirement System of Alabama (the Plan) 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 Comprehensive Annual Financial Report.

K. Change in Reporting Entity and Related Changes to Certain Beginning Balances

Effective October 1, 2019, the City established a new proprietary fund, the Solid Waste Fund, to record all financial transactions for the collection and disposal of garbage, trash, and recycling. In previous years, these operations were accounted for in the General Fund.

A reconciliation of the prior period ending net position to the current year beginning net position reported is as follows:

	Governmental Activities	Business-Type Activities	Solid Waste Fund
Beginning Net Position as previously reported	\$ (199,602)	\$ 146,671,270	\$ -
Establishment of the Solid Waste Fund	6,213,666	(6,213,666)	(6,213,666)
Beginning Net Position, as restated	\$ 6,014,064	\$ 140,457,604	\$ (6,213,666)

The restatement resulted in a change in beginning fund balance in the following fund:

	General Fund
Beginning fund balance as previously reported	\$ 52,908,237
Net assets transferred from General Fund to Solid Waste Fund	(278,287)
Beginning fund balance, as restated	\$ 52,629,950

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 \$16,199,343. The original budget of the City consists of operating expenditures and does not include capital projects. This is the reason for 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, 2020, there were no funds that had a deficit fund balance.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 (\$20,683,119) difference are as follows:

Bonds payable	(\$16,610,832)
Compensated absences	<u>(4,072,287)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>(\$20,683,119)</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 \$6,428,229 differences are as follows:

Capital outlay	\$15,847,219
Depreciation expense	<u>(9,418,990)</u>
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>	<u>\$ 6,428,229</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.” The details of this (\$562,957) 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.	\$ 114,900
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>677,857</u>)
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>	(<u>\$ 562,957</u>)

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 \$2,824,745 difference are as follows:

Principal repayments:	
General obligation debt and capital leases	\$ 2,577,910
Net change in unamortized bond premium and discount costs	<u>246,835</u>
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> .	<u>\$ 2,824,745</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 “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 (\$4,949,197) difference are as follows:

Compensated absences	(\$ 460,111)
Accrued interest	7,820
Net OPEB obligation	(3,255,519)
Pensions	<u>(1,241,387)</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>(\$4,949,197)</u>

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 \$130,749,201 and the total bank balance was \$134,248,931. Of the bank balance, \$650,861 was covered by federal depository insurance. Of the remaining balance, \$133,598,070 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, 2020, the City had no investments:

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

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, 2020, \$133,598,070 of the government’s bank balance of \$134,248,931 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.

B. Receivables

Receivables as of the year end for the City’s individual major funds and non-major funds are as follows:

	<u>GENERAL</u>	<u>SCHOOL FUND</u>	<u>UTILITY FUND</u>	<u>SOLID WASTE FUND</u>	<u>TOTAL</u>
Receivables:					
Taxes	\$ 11,496,739	\$	\$	\$	\$ 11,496,739
Accounts	<u>2,909,089</u>	<u>10,834</u>	<u>7,991,284</u>	<u>452,235</u>	<u>11,363,442</u>
Total	<u>\$ 14,405,828</u>	<u>\$ 10,834</u>	<u>\$ 7,991,284</u>	<u>\$ 452,235</u>	<u>\$ 22,860,181</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)	\$ 4,321,757	\$
Business licenses and certain other resources that have been received, but not yet earned	<u> </u>	<u>135,547</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 4,321,757</u>	<u>\$ 135,547</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2020, there were property taxes receivable and deferred revenue of \$4,321,757 that does not become earned until October 1, 2020, 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.

Tax Abatement Agreements That Reduce The City Of Dothan Tax Revenue

Disclosures made in this CAFR are subject to GASB Statement 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 Group, Industrial Development Board of the City of Dothan, and Dothan Area Chamber of Commerce. GASB Statement 77 requires the City to disclose the amount of the taxes abated during the fiscal year. For purposes of this disclosure, the City chooses to disclose all known agreements to better track agreements from year to year. The information below has been compiled after reasonable attempts to obtain the required information. The City makes no representation that the information is correct, complete or the individual circumstances have not changed subsequent to this reporting.

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

From time-to-time the City enters into economic and/or industrial development incentive agreements with entities that propose to locate businesses within the City, or expand current businesses. All of this is in an attempt to develop a solid and diverse local economy, to increase employment opportunities in the City, to broaden the City's tax base, to increase revenues, and to provide necessary and improved services to the citizens of the City, thereby improving the quality of life of its citizens. The total amount of taxes abated under the reported agreements during fiscal year 2020 was \$820,453.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Property Tax (Continued)

Economic/Industrial Development Tax Abatements								
Company	Date of Agreement	Annual Ad-Valorem FY 2020	Estimated Ad-Valorem	Total Construction Taxes	Capital Investment	Beginning of Abatement Term Fiscal Year	End of Abatement Term Fiscal Year	Amount of Taxes Abated FY 2020
* Tri-State Graphics II, LLC (TSG Enterprises, LLC) (1)	12/08/20	\$ 4,429	\$ 18,080	\$ 15,078	\$ 427,500	2022	2031	\$ -
* ALK 2, LLC (2)	11/10/20	3,707	15,680	3,625	610,000	2022	2031	-
* Vintage Trailer Works, Inc. (3)	11/10/20	1,617	25,000	14,850	585,000	2022	2031	-
* Five Star Credit Union (4)	05/13/20	-	459,000	-	11,475,000	2022	2031	-
* Wayne Farms, LLC (5)	10/23/19	-	371,520	63,000	9,000,000	2021	2030	-
* MidSouth Bank (6)	05/07/19	2,718	224,370	232,400	5,250,000	2022	2031	-
* Dothan Solar, LLC (7)	11/14/18	-	1,294,425	940,500	75,000,000	2021	2030	-
* Wiregrass Block and Precast, LLC (8)	09/25/18	5,542	87,520	55,834	2,736,000	2020	2029	-
* Dittus Machining (9)	09/25/18	636	13,480	4,845	320,000	2021	2030	-
* Tri-State Tire & Rubber Co. (10)	09/25/18	304	23,680	20,335	555,000	2020	2029	-
* Dothan Warehouse Investors, LLC (Westgate Industrial Park) (11)	04/03/18	-	1,833,410	2,680,000	37,770,000	2020	2039	-
* J. Hendrix Design, LLC (12)	02/19/18	1,296	5,120	7,937	198,500	2019	2028	-
Gateway LP/Kyle and Dunklap (13)	12/07/17	67,318	287,200	510,000	11,000,000	2020	2029	41,952
* Biotic Environmental Solutions (14)	12/07/17	4,000	39,900	26,000	950,000	2019	2028	-
Tri-State Graphics II, LLC (TSG Enterprises, LLC) (15)	12/07/17	1,278	36,030	24,460	850,000	2018	2027	796
Wayne Farms VRT Project Amendment (16)	06/19/17	75,225	19,020,820	2,114,843	27,000,000	2019	2028	46,876
IB XLAM USA, LLC (17)	06/19/17	64,868	10,483,980	191,250	20,180,000	2018	2037	40,422
Standard Textile (18)	05/23/17	6,695	36,150	96,695	1,230,000	2018	2027	4,169
* IVS, Inc. dba Angeltrax (19)	03/24/17	11,527	42,900	10,733	1,650,000	2018	2027	-
* Matex Hose Company, LLC (20)	03/24/17	849	45,270	44,300	1,600,000	2018	2027	-
* Motobilt, Inc. (21)	12/22/16	-	29,000	29,639	722,390	2018	2027	-
Wayne Farms LLC (22)	03/28/16	320,086	5,424,880	2,956,500	64,500,000	2017	2026	199,471
Dothan Regional Airport (CAE USA, Inc.) (23)	03/15/16	447,321	1,619,000	5,085,750	80,600,000	2017	2036	283,483
Glasstream Powerboats LLC (24)	08/13/14	1,505	79,000	84,625	2,000,000	2018	2027	935
Michelin North America, Inc. (BAZ II) (25)	03/24/14	61,320	503,080	269,280	16,750,000	2016	2025	38,865
Michelin North America, Inc. (CBO) (26)	03/24/14	44,175	391,130	143,505	6,584,000	2017	2027	27,998
Michelin North America, Inc. (BAZ) (27)	05/21/13	48,473	438,330	207,225	9,695,000	2016	2025	30,722
Commercial Jet - Alabama (28)	04/05/13	8,135	188,084	544,514	7,040,000	2019	2028	5,121
Swedish Match Cigar Co. (29)	12/31/12	18,259	413,000	550,000	11,000,000	2013	2022	11,379
Watwood Investments, LLC (Mingledorf) (30)	04/09/12	5,454	44,000	120,000	1,500,000	2013	2022	3,399
Tire Distributors, Inc. (31)	01/31/12	8,496	72,147	28,000	1,349,000	2013	2022	5,292
KFH Industries (32)	01/30/12	8,068	73,000	100,000	2,500,000	2013	2022	5,028
Twitchell Technical Products (33)	11/18/11	87,137	930,000	150,000	21,000,000	2013	2022	54,303
VLP, LLC - Pepi Foods (34)	07/12/10	1,112	20,000	150,000	3,574,294	2012	2021	693
Henderson Steel Erectors, Inc. (35)	12/30/09	12,417	131,000	135,000	3,500,000	2011	2020	7,738
Qualico Steel Company, Inc. (36)	10/30/09	18,959	360,000	250,000	10,000,000	2013	2022	11,812

* Approved for abatement/paperwork incomplete

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Property Tax (Continued)

- | | |
|---|--|
| (1) Expansion and equipment for graphic printing production | (19) Manufacturing facility for in-vehicle mobile surveillance |
| (2) Manufacturing facility for recreational boats | (20) Mfg. equip. for industrial hose production and distribution |
| (3) Manufacturing facility for travel and camper trailers | (21) Expand for metal fabrication facility |
| (4) Renovation and equipping of a new financial processing center | (22) Expand poultry plant for smaller birds |
| (5) Processing facility dehumidification project | (23) Development of new flight training facility |
| (6) Bank operations and data center | (24) Manufacturing facility for boats |
| (7) Solar photovoltaic generating facility | (25) Expand manufacturing facility for tire facility |
| (8) Manufacturing facility for block and concrete products | (26) New warehouse and distribution facility |
| (9) New facility and equipment for machining operations | (27) Upgrading tire manufacturing equipment |
| (10) Property for additional facilities | (28) Manufacturing equipment for additional capacity |
| (11) Freezer warehouse for poultry and agricultural products | (29) Constructing an advanced aviation MRO facility |
| (12) Manufacturing facility expansion | (30) New warehouse and distribution facility |
| (13) Warehouse and distribution facility | (31) Wholesale tire distribution facility |
| (14) Manufacturing facility for landscaping products | (32) Expand plant and install additional loom equipment |
| (15) Expansion and equipment for graphic printing production | (33) Manufacturing facility for technical fabrics |
| (16) VRT- Variable Retention Freezer System | (34) New manufacturing facility for food products |
| (17) Manufacturing facility for construction grade laminated timber | (35) Manufacturing facility for steel fabrication |
| (18) Storage and distribution of textile products | (36) Equipping manufacturing facility for metal parts |

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Property Tax (Continued)

The Brownfields Redevelopment Tax Abatements

The projects in the below chart have taken advantage of the “Alabama Brownfields Development Tax Abatement Act” of 2004 (Chapter 9C, Title 40, Code of Alabama 1975). A brownfield is defined as any real property, the expansion, redevelopment, or reuse of which maybe 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 abatements. 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 from retail, commercial, and industrial under current law. Currently, we have Atlantic and Southern Equipment, LLC, Cottonwood Corners (Publix), Friend Bank (Slocomb National Bank), Kia Dealership, Nutcracker Bands, Inc., Nyride, LLC., and Private Holdings, LLC (front of the Sony Property - 37 acres which have not been activated, but qualify once a project is identified for development). The total amount of taxes abated under the Brownfields agreements during fiscal year 2020 was \$81,720.

The Brownfields Redevelopment Tax Abatement Act								
Company	Date of Agreement	Annual Ad-Valorem FY 2020	Estimated Ad-Valorem	Total Construction Taxes	Capital Investment	Beginning of Abatement Term Fiscal Year	End of Abatement Term Fiscal Year	Amount of Taxes Abated FY 2020
Private Holdings, LLC (Old Sony)	01/09/18	\$ 5,178	\$ 220,000	\$ 180,000	\$ 2,750,000	2018	2037	\$ 3,227
** Nyride, LLC (Business Closed)	12/01/15	21,838	-	-	4,001,800	2016	2036	-
Nutcracker Brands, Inc. (Treehouse Food, Inc.)	07/07/15	63,975	1,580,000	339,750	15,100,000	2016	2035	39,869
* Atlantic and Southern Eq., LLC	03/04/14	6,521	253,700	44,150	2,000,000	2014	2033	-
Dothan Kia Project	09/06/11	5,804	314,556	-	2,487,000	2011	2030	3,617
Institutional Investments Corp (Cottonwood Corners)	06/30/09	42,997	773,242	206,314	16,037,000	2011	2029	26,795
Slocomb National Bank (Friend Bank)	05/20/08	13,178	295,200	53,750	3,750,000	2010	2028	8,212

* Approved for abatement/paperwork incomplete

** Business closed/abatement removed

CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	PRIMARY GOVERNMENT			ENDING BALANCE
	BEGINNING BALANCE *	INCREASES	DECREASES	
GOVERNMENTAL ACTIVITIES:				
Capital assets, not being depreciated:				
Land and easements	\$ 9,551,383	\$ 339,847	\$ (191,266)	\$ 9,699,964
Construction in progress	20,769,221	12,556,493	(25,718,219)	7,607,495
Total capital assets, not being depreciated	<u>30,320,604</u>	<u>12,896,340</u>	<u>(25,909,485)</u>	<u>17,307,459</u>
Capital assets, being depreciated:				
Buildings	81,591,315	20,741,880	(803,094)	101,530,101
Improvements other than buildings	69,089,357	4,761,294		73,850,651
Machinery and equipment	48,476,169	2,913,320	(3,580,227)	47,809,262
Infrastructure	457,284,088	445,154	(429,655)	457,299,587
Total capital assets, being depreciated	<u>656,440,929</u>	<u>28,861,648</u>	<u>(4,812,976)</u>	<u>680,489,601</u>
Less accumulated depreciation for:				
Buildings	61,242,536	1,516,562	(787,190)	61,971,908
Improvements other than buildings	30,815,092	2,956,989		33,772,081
Machinery and equipment	38,356,614	3,063,680	(3,461,544)	37,958,750
Infrastructure	447,335,374	1,881,759		449,217,133
Total accumulated depreciation	<u>577,749,616</u>	<u>9,418,990</u>	<u>(4,248,734)</u>	<u>582,919,872</u>
Total capital assets, being depreciated, net	<u>78,691,313</u>	<u>19,442,658</u>	<u>(564,242)</u>	<u>97,569,729</u>
Governmental activities capital assets, net	<u>\$ 109,011,917</u>	<u>\$ 32,338,998</u>	<u>\$ (26,473,727)</u>	<u>\$ 114,877,188</u>

* Restated

CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	PRIMARY GOVERNMENT			ENDING BALANCE
	BEGINNING BALANCE *	INCREASES	DECREASES	
BUSINESS-TYPE ACTIVITIES:				
Capital assets, not being depreciated:				
Land and easements	\$ 7,050,582	\$ 347,980	\$	\$ 7,398,562
Construction in progress	57,167,360	33,267,069	(75,707,931)	14,726,498
Total capital assets, not being depreciated	<u>64,217,942</u>	<u>33,615,049</u>	<u>(75,707,931)</u>	<u>22,125,060</u>
Capital assets, being depreciated:				
Buildings	6,405,173	503,435		6,908,608
Improvements other than buildings	243,685,576	72,935,622	(4,154,730)	312,466,468
Machinery and equipment	25,673,604	3,676,740	(891,639)	28,458,705
Total capital assets, being depreciated	<u>275,764,353</u>	<u>77,115,797</u>	<u>(5,046,369)</u>	<u>347,833,781</u>
Less accumulated depreciation for:				
Buildings	4,420,640	180,052		4,600,692
Improvements other than buildings	127,922,689	8,384,592	(2,387,744)	133,919,537
Machinery and equipment	18,248,639	2,569,804	(889,787)	19,928,656
Total accumulated depreciation	<u>150,591,968</u>	<u>11,134,448</u>	<u>(3,277,531)</u>	<u>158,448,885</u>
Total capital assets, being depreciated, net	<u>125,172,385</u>	<u>65,981,349</u>	<u>(1,768,838)</u>	<u>189,384,896</u>
Business-type activities capital assets, net	<u>\$ 189,390,327</u>	<u>\$ 99,596,398</u>	<u>\$ (77,476,769)</u>	<u>\$ 211,509,956</u>

* Restated

**THE CITY OF DOTHAN
 DOTHAN, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020**

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	\$ 918,688
Public safety	2,381,238
Public works, including depreciation of general infrastructure assets	3,199,100
Planning and development	39,676
Health and welfare	10,589
Culture and recreation	2,017,751
General services	278,926
Schools	<u>573,022</u>
Total depreciation expense - governmental activities	<u><u>\$ 9,418,990</u></u>
 Business-type activities:	
Electric	\$ 2,985,572
Water	2,135,955
Wastewater/sewer	4,683,515
Combined utilities	58,691
Solid Waste Collections	836,298
Solid Waste Landfill	<u>434,417</u>
Total depreciation expense - business-type activities	<u><u>\$ 11,134,448</u></u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The interfund transfers were as follows:

Transfer out:	Transfer in:					Total
	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental	Solid Waste Fund	
General Fund	\$ (10,864,482)	\$ 1,776,552	\$ 326,031	\$	\$ 8,761,899	\$ -
Utility Fund	14,144,860	1,319,720	-	4,023,113	10,113	19,497,806
Total Transfer out	<u>\$ 3,280,378</u>	<u>\$ 3,096,272</u>	<u>\$ 326,031</u>	<u>\$ 4,023,113</u>	<u>\$ 8,772,012</u>	<u>\$ 19,497,806</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 from the City’s utility operations are used to provide operating subsidies to other 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.

CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

ANALYSIS OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<u>ISSUE</u>	<u>AMOUNT OUTSTANDING</u>	<u>UNSPENT PROCEEDS</u>	<u>NET</u>	
2017 G/O Series	\$ 14,963,573	\$	\$ 14,963,573	
Total Other Capital Assets - Governmental	<u>14,963,573</u>	<u>-</u>	<u>14,963,573</u>	
Total Governmental Debt				\$ 14,963,573
Total Capital Assets			697,797,060	
Accumulated Depreciation			<u>(582,919,872)</u>	
Net Capital Assets				<u>114,877,188</u>
Net Investment in Capital Assets				<u>\$ 99,913,615</u>
Infrastructure - Proprietary				
2009 G/O Series	15,619,810		15,619,810	
2010-CWSRF-BL Sewer Warrant	1,520,000		1,520,000	
2010B-CWSRF-BL Sewer Warrant	890,000		890,000	
2011 G/O Series - CWSRF-DL	2,280,000		2,280,000	
2011 G/O Series - CWSRF-DL	4,790,000		4,790,000	
2014 G/O Series - CWSRF-DL	14,350,000		14,350,000	
2016 G/O Series - Sewer Warrant	6,060,000		6,060,000	
2016 G/O Series - CWSRF-DL Sewer Warrant	34,245,000		34,245,000	
2019 G/O Series - Refunding	<u>2,925,000</u>		<u>2,925,000</u>	
Total Infrastructure - Proprietary	<u>82,679,810</u>	<u>-</u>	<u>82,679,810</u>	
Total Proprietary Debt				\$ 82,679,810
Total Capital Assets			369,958,841	
Accumulated Depreciation			<u>(158,448,885)</u>	
Net Capital Assets				<u>211,509,956</u>
Net Investment in Capital Assets				<u>\$ 128,830,146</u>

**THE CITY OF DOTHAN
 DOTHAN, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020**

IV. DETAILED NOTES ON ALL FUNDS (Continued)

G. Leases

Operating Leases

The government has entered into several lease agreements for operating purposes. These lease agreements qualify as operating leases for accounting purposes.

The future minimum lease payments are as follows:

<u>YEAR ENDING SEPTEMBER 30,</u>	<u>GOVERNMENTAL ACTIVITIES</u>
2021	\$ 29,251
2022	18,521
2023	2,486
2024	-
2025	-
Total minimum lease payments	<u>\$ 50,258</u>

The rental expense for the above operating leases was \$34,774 for the year ended September 30, 2020.

Capital Leases

The City had previously entered into an agreement to lease mailing equipment. This agreement is, in substance, a purchase (capital lease) and was reported as a capital lease obligation. Capital lease obligations are reported for those leases where the fair market value of the leased asset at inception of the lease is \$5,000 or more.

As of September 30, 2020, the City has satisfied all previous capital lease obligations.

**THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

IV. DETAILED NOTES ON ALL FUNDS (Continued)

G. Leases (Continued)

Equipment acquired under capital leases in capital assets at September 30, 2020, include the following:

Equipment		\$	6,426
Less: Accumulated depreciation			(2,731)

Total		\$	3,695

Amortization of equipment under capital assets is included with depreciation expense.

H. 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%	\$ 16,610,832
Business-type activities	2.20 – 3.10%	55,665,001
Business-type activities – refunding	1.74 – 3.19%	27,014,809
		<u>\$ 99,290,642</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Debt (Continued)

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>
2021	\$ 1,358,803	\$ 417,749	\$ 7,373,959	\$ 1,981,375
2022	1,395,490	381,063	7,584,665	1,789,714
2023	1,089,580	343,383	6,532,645	1,592,423
2024	769,952	319,422	6,697,971	1,421,949
2025	789,632	299,741	6,870,720	1,247,052
2026 - 2030	4,261,439	1,185,434	27,419,850	3,899,005
2031 - 2035	4,834,644	612,225	17,690,000	1,248,413
2036 - 2037	2,111,292	67,456	2,510,000	27,610
TOTAL	<u>\$ 16,610,832</u>	<u>\$ 3,626,473</u>	<u>\$ 82,679,810</u>	<u>\$ 13,207,541</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended September 30, 2020, was as follows:

	<u>BEGINNING BALANCE*</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 19,188,742	\$	\$ (2,577,910)	\$ 16,610,832	\$ 1,358,803
Plus: Unamortized bond premium	<u>140,533</u>		<u>(140,533)</u>	<u>-</u>	
Total Bonds Payable	19,329,275	-	(2,718,443)	16,610,832	1,358,803
Capital leases				-	
Compensated absences	<u>3,612,176</u>	<u>651,646</u>	<u>(191,535)</u>	<u>4,072,287</u>	<u>3,819,792</u>
Governmental Activity Long-Term Liabilities	<u>\$ 22,941,451</u>	<u>\$ 651,646</u>	<u>\$ (2,909,978)</u>	<u>\$ 20,683,119</u>	<u>\$ 5,178,595</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	<u>\$ 89,845,265</u>	<u>\$</u>	<u>\$ (7,165,455)</u>	<u>\$ 82,679,810</u>	<u>\$ 7,373,959</u>
Total Bonds Payable	89,845,265	-	(7,165,455)	82,679,810	7,373,959
Estimated cost of closure and postclosure	7,362,124	198,010		7,560,134	
Compensated absences	1,094,421	161,693	(63,392)	1,192,722	1,050,858
Pollution remediation obligation	<u>1,635,558</u>	<u>16,631</u>	<u>(1,385,100)</u>	<u>267,089</u>	<u>267,089</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 99,937,368</u>	<u>\$ 376,334</u>	<u>\$ (8,613,947)</u>	<u>\$ 91,699,755</u>	<u>\$ 8,691,906</u>

*Restated

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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Debt (Continued)

- 1) On July 13, 2010, the City refunded Series 2000A-SRF by issuing Series 2010A-CWSRF-BL general obligation warrants in the amount of \$8,090,000. On December 15, 2010, the City refunded Series 2000B-SRF by issuing Series 2010B-CWSRF-BL general obligation warrants in the amount of \$4,450,000.
- 2) 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.
- 3) 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.
- 4) 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.
- 5) On March 1, 2013, the City issued \$6,000,000 of general obligation warrants Series 2013 for the purpose of providing financing for the Dothan-Houston County Airport Authority economic development project.
- 6) On July 1, 2014, the City issued \$10,705,000 of general obligation warrants Series 2014 refunding warrants with interest rates of 2% to 5% for the purpose of refunding, on a current basis, the City's general obligation warrants dated July 1, 2005. The net carrying amount of the old debt exceeded the reacquisition price by \$714,622. This amount is added to the new debt and amortized over the remaining life of the refunded debt, which is the same life as the old debt. This current refunding was undertaken to reduce total debt service payments over the next six years by \$925,907 and resulted in an economic gain of \$899,880.
- 7) 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. As of September 30, 2020, \$19,245,000 had been drawn down to pay for construction in progress and financing costs. As of September 30, 2020, there were \$0 remaining state revolving funds available.
- 8) 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. 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.
- 9) 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. As of September 30, 2020, \$41,085,000 had been drawn down to pay for construction in progress and financing costs. As of September 30, 2020, there were \$0 remaining state revolving funds available.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

IV. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Debt (Continued)

- 10) 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. As of September 30, 2020, all bond monies have been spent.
- 11) 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 a economic gain of \$134,875 and a decrease of \$43,995 in future debt service payments.

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 actually 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 Fund and Utility Fund 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, 2020, the City accrued \$1,277,183 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, 2020, the City accrued the actuarially determined undiscounted amount of \$968,000 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
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

V. OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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, 2020, the City accrued the actuarially determined undiscounted amount of \$2,957,000 which represents estimated liabilities for claims and includes a provision for incurred but not reported claims (IBNR). Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

During the past three 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 2020 and 2019:

	YEAR ENDED SEPTEMBER 30,	
	2020	2019
	<u> </u>	<u> </u>
Liability beginning balance	\$ 4,927,772	\$ 4,153,196
Claims and changes in estimates	16,757,271	12,669,983
Claim payments	<u>(16,482,860)</u>	<u>(11,895,407)</u>
Liability ending balance	<u>\$ 5,202,183</u>	<u>\$ 4,927,772</u>
Due in one year or less	\$ 5,202,183	\$ 4,927,772

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

V. OTHER INFORMATION (Continued)

B. Contingent Liabilities

There are various lawsuits pending against the City. As more fully described in note V. A., 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.

During 2013, the State of Alabama agreed to make available up to \$7,565,000 to reimburse the Dothan-Houston County Airport Authority for capital expenses incurred for remodeling the aircraft maintenance facility. As part of this agreement, the State of Alabama requires recapture of state incentives if the estimated economic impact is not realized. Beginning December 31, 2017 (Jobs Target Date), the company for which the capital expenses were made at the aircraft maintenance facility shall average 500 full-time employees with an average hourly wage of \$23.50. As of September 30, 2020, there are approximately 150 employees. This agreement requires if the jobs target 500 employees is not met, \$15,130 must be repaid to the State of Alabama for each employee less than the jobs target. The City of Dothan has agreed to pay this recapture for the Dothan-Houston County Airport Authority, if required. The potential total liability for the City of Dothan is \$7,565,000.

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 shall issue 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 warrants matures on November 1, 2030.

Pollution Remediation Obligation

The City reports a pollution remediation liability in the financial statements for issues relating to the wastewater treatment and collection system. In a prior year, the Federal EPA has alleged Clean Water Act violations involving the City’s wastewater treatment and collection system. The City is currently in discussions with the Alabama Department of Environmental Management regarding those allegations. During the year, the Federal EPA determined the City has met all the terms of the AOC, (area of concern) and has terminated the AOC.

The City has recorded a liability, which totals \$267,089 at September 30, 2020, to address the environmental issues associated with the wastewater treatment and collection system. The estimate of costs used to establish the liability was developed by engineers and City personnel for legal and site analysis necessary to address these issues. The liability was determined using the expected cash flow technique, which measured the liability as the sum of probability-weighted amounts within the range of possible amounts. The estimate is subject to change due to price changes, technology changes, or other changes. The pollution remediation liability does not reflect any recovery of outlays because the City does not anticipate that it will be able to recover any remediation costs from other parties. The City’s ultimate liability is undeterminable at this time; however, it is expected to be material.

**THE CITY OF DOTHAN
 DOTHAN, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020**

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 plan provides medical, drug, dental, vision, and life insurance benefits for Pre-Medicare retirees.

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

Eligibility for Allowance	<p>An Employee is considered to be a retired employee of the Retirement Systems of Alabama under the following tiers:</p> <p>Tier I (for those hired before 01/01/2013):</p> <ul style="list-style-type: none"> • 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. <p>Tier II (for those hired on or after 01/01/2013):</p> <ul style="list-style-type: none"> • 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.
Amount of Allowance	<p>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 60% of the premium for single coverage until the retiree is eligible for Medicare.</p> <p>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.</p>
Other Post-Employment Benefits	<p>Medical and drug benefits are available for Pre-Medicare retirees.</p> <p>Dental and vision insurance is also available to 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.</p>
Dependent Coverage	<p>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 43% of the premium for dependents of employees hired prior to January 1, 2009.</p>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

V. OTHER INFORMATION (Continued)

C. Postemployment Healthcare Plan (Continued)

Retiree Premium Contributions. Retirees are required to pay the following premiums as of September 30, 2020:

	<u>Monthly Retiree Premium*</u>	<u>Monthly City Portion</u>	<u>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	7		7
Retiree Vision Family	15		15

* Only for employees hired before 1/1/2009. Those hired after are responsible for the 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.

Total OPEB Liability.

The City's total OPEB liability of \$55,303,846 was measured as of September 30, 2020, and was determined by an actuarial valuation as of that date.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

V. OTHER INFORMATION (Continued)

C. Postemployment Healthcare Plan (Continued)

Actuarial Methods and Assumptions

Valuation Date (VD):	September 30, 2018
Prior Measurement Date:	September 30, 2018
Measurement Date (MD):	September 30, 2019
Reporting Date (RD):	September 30, 2020
Membership Data as of September 30, 2018:	
Inactive Members or Beneficiaries Currently Receiving Benefits	204
Inactive Members Entitled To But Not Yet Receiving Benefits	0
Active Members	<u>1,030</u>
Total Membership	1,234
Discount Rate:	
Municipal Bond Index Rate at Prior Measurement Date	4.18%
Municipal Bond Index Rate at Measurement Date	2.66%
Total OPEB Liability as of the Measurement Date:	\$ 55,303,846
OPEB Expense:	\$ 4,913,258
Deferred Inflows/Outflows Balances as of the Measurement Date	
Deferred Inflows of Resources	\$ (2,039,902)
Deferred Outflows of Resources	\$ 16,276,300

The Total OPEB Liability (TOL) was determined based on an actuarial valuation as of September 30, 2018, using the following key actuarial assumptions and other inputs:

Inflation	2.75%
Real wage growth	0.25%
Wage inflation	3.00%
Salary increases, including wage inflation	3.25% - 5.00%
Municipal Bond Index Rate	
Prior Measurement Date	4.18%
Measurement Date	2.66%
Health Care Cost Trend Rates	
Pre-Medicare Medical and Prescription Drugs	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028

**THE CITY OF DOTHAN
 DOTHAN, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020**

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 for active employees were based on the sex distinct RP-2000 Employee Mortality Table projected with Scale BB to 2020 with an adjustment factor of 70% for males and 50% for females. Post-retirement mortality rates on the sex distinct RP-2000 Blue Collar Mortality Table projected with Scale BB to 2020. An adjustment of 125% at all ages for males and 120% for females beginning at age 78 was made for service retirements and beneficiaries. An adjustment of 130% for females at all ages was made for disability retirements.

The demographic actuarial assumptions for retirement, disability incident, withdrawal, and salary increases used in the September 30, 2018, valuation were based on the actuarial experience study for the period October 1, 2010 - September 30, 2015, and were submitted to and adopted by the Board of the Employees' Retirement System of Alabama on September 29, 2016.

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, 2018, valuation were based on a review of recent plan experience performed concurrently with the September 30, 2018, valuation.

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

The following presents the Total OPEB Liability of the Plan, determined using the health care cost trend rates, as well as what the Plan's Total OPEB Liability 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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 49,163,922	\$ 55,303,846	\$ 62,461,800

**THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

V. OTHER INFORMATION (Continued)

C. Postemployment Healthcare Plan (Continued)

Actuarial Methods and Assumptions (Continued)

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

The following presents the Total OPEB Liability of the Plan, determined using the discount rate of 2.66%, as well as what the Plan's Total OPEB Liability 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		
	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB Liability	\$ 60,592,717	\$ 55,303,846	\$ 50,522,402

Change in Total OPEB Liability (TOL)

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

Changes in the TOL	
Total OPEB Liability as of September 30, 2018	\$ 46,777,651
Changes for the year:	
Service Cost at the end of the year*	1,100,661
Interest on TOL and Cash Flows	1,939,403
Difference between expected and actual experience	(823,594)
Changes of assumptions or other inputs	7,078,511
Benefit payments	(768,786)
Net Changes	<u>8,526,195</u>
Total OPEB Liability as of September 30, 2019	<u>\$ 55,303,846</u>

* The service cost includes interest for the year.

Changes in benefit terms since prior measurement date: None

Changes in assumptions or other inputs since prior measurement date: Change in discount rate

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

V. OTHER INFORMATION (Continued)

C. Postemployment Healthcare Plan (Continued)

OPEB Expense

The calculation of the OPEB expense for the year ended September 30, 2020, is shown in the following table:

OPEB Expense	
For the Year Ending September 30, 2020	
Service Cost at end of year*	\$ 1,100,661
Interest on the Total OPEB Liability	1,939,403
Current-period benefit changes	-
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(101,553)
Expensed portion of current-period changes of assumptions or other inputs	872,813
Recognition of beginning Deferred Outflows of Resources as OPEB Expense	1,379,378
Recognition of beginning Deferred Inflows of Resources as OPEB Expense	<u>(277,444)</u>
OPEB Expense	<u><u>\$ 4,913,258</u></u>

* The service cost includes interest for the year.

**THE CITY OF DOTHAN
 DOTHAN, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020**

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, 2020, are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,891,164	(\$ 722,041)
Changes of assumptions or other inputs	6,727,397	(1,317,861)
Contribution paid subsequent to the measurement date	1,657,739	-
Total	\$ 16,276,300	(\$ 2,039,902)

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:

Year Ended September 30	
2020	\$ 1,873,194
2021	1,873,194
2022	1,873,194
2023	1,873,194
2024	1,939,770
Thereafter	3,146,113

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

V. OTHER INFORMATION (Continued)

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 Comprehensive Annual Financial Report.

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 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

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

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

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 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 are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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. Pre-retirement 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.

The ERS serves approximately 907 local participating employers. The ERS membership includes approximately 93,986 participants. As of September 30, 2019, membership consisted of:

Retirees and beneficiaries currently receiving benefits	25,871
Terminated employees entitled to but not yet receiving benefits	1,794
Terminated employees not entitled to a benefit	11,001
Active members	55,222
Post-DROP participants who are still in active service	<u>98</u>
Total	<u><u>93,986</u></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. ERS local participating employers are not required by statute to increase contribution rates for their members.

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. 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, 2020, the City's average contribution rate to fund the normal and accrued liability costs was 20.73% of pensionable payroll.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

The City's contractually required contribution rate for the year ended September 30, 2020, was 21.47% of pensionable pay for Tier 1 employees and 20.72% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2017, 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 \$11,218,422 for the year ended September 30, 2020.

Net Pension Liability. The City's net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2018, rolled forward to September 30, 2019, using standard roll-forward techniques as shown in the following table:

Roll-Forward of the Total Pension Liability

	Expected	Actual
(a) Total Pension Liability (TPL) as of September 30, 2018	\$ 280,415,333	\$ 279,667,179
(b) Discount Rate	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2018 - September 30, 2019	4,200,116	4,200,116
(d) Transfers Among Employers:	-	413,508
(e) Actual Benefit Payments and Refunds for the period October 1, 2018 - September 30, 2019	<u>(16,669,097)</u>	<u>(16,669,097)</u>
(f) TPL as of September 30, 2019 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 288,896,572</u>	<u>\$ 288,504,318</u>
(g) Difference Between Expected and Actual:		(\$ 392,254)
(h) Less Liability Transferred for Immediate Recognition:		<u>413,508</u>
(i) Experience (Gain)/Loss = (g) - (h)		<u>(\$ 805,762)</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

Actuarial assumptions. The total pension liability as of September 30, 2019 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2018. The key actuarial assumptions are summarized below:

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

*Net of pension plan investment expense.

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

The actuarial assumptions used in the actuarial valuation as of September 30, 2017, were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	17.00%	4.40%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternative	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
Total	<u>100.00%</u>	

*Includes assumed rate of inflation of 2.50%

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

Discount rate. The discount rate used to measure the total pension liability was the long term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on 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.

Balances at September 30, 2018	\$ 280,415,333	\$ 137,623,323	\$ 142,792,010
Changes for the year:			
Service cost	4,200,116		4,200,116
Interest	20,950,220		20,950,220
Difference between expected and actual experience	(805,762)		(805,762)
Contributions - employer		11,449,276	(11,449,276)
Contributions - employee		4,172,130	(4,172,130)
Net investment income		3,525,759	(3,525,759)
Benefit payments, including refunds of employee contributions	(16,669,097)	(16,669,097)	-
Transfers among employers	413,508	413,508	-
Net changes	<u>8,088,985</u>	<u>2,891,576</u>	<u>5,197,409</u>
Balances at September 30, 2019	<u>\$ 288,504,318</u>	<u>\$ 140,514,899</u>	<u>\$ 147,989,419</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Plan's Net Pension Liability (Asset)	\$ 179,544,096	\$ 147,989,419	\$ 121,167,300

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2019. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2019. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

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

For the year ended September 30, 2020, the City recognized pension expense of \$13,344,688. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,479,686	\$ 1,285,186
Changes of assumptions	4,316,872	
Net difference between projected and actual earnings on plan investments	1,707,496	
Employer contributions subsequent to the Measurement Date	11,218,422	
Total	\$ 19,722,476	\$ 1,285,186

**THE CITY OF DOTHAN
 DOTHAN, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020**

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

Fiscal year 2020 Employer Contributions subsequent to the measurement date in the amount of \$11,218,422 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, 2021.

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

Schedule of Amortization of Deferred Inflows and Outflows of Resources

<u>Year Ended September 30</u>	
2021	\$ 1,499,392
2022	1,938,105
2023	1,810,939
2024	2,025,811
2025	(55,379)
Thereafter	-

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 the plant into operation required 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 the plant. The plants currently have an estimated remaining life ranging from 33 to 49 years.

The \$3,012,000 reported as a liability and deferred outflow of resources at September 30, 2020, 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 6, 2020, the City awarded a bid and entered into a contract with Max Foote Construction Company, LLC for ultraviolet disinfection equipment to be installed at Cypress Creek Wastewater Treatment Plant for the sum of \$252,600.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

V. OTHER INFORMATION (Continued)

F. Commitments and Contingencies (Continued)

- On October 6, 2020, the City issued an emergency purchase order to Blankenship Contracting, Inc. for \$62,500 to rebuild a section of the 30-inch diameter sanitary sewer trunk line behind 201 Hagler Road.
- On October 6, 2020, the City entered into a contract with Network Technology Services (NTS) to provide Information Technology infrastructure support and network design services for an annual amount of \$96,000.
- On October 20, 2020, the City approved a final Summary Change Order with Wiregrass Construction Company, Inc., for the Dothan Landfill Cell 6 Construction Project, which resulted in a cost increase in the amount of \$448,911, making the final adjusted contract price \$3,711,565.
- On October 20, 2020, the City entered into an agreement with Schoel Engineering Company, Inc. to conduct a hydrologic evaluation and conceptual design for the Poplar Springs Branch and surrounding basin for \$43,750.
- On November 3, 2020, the City issued an emergency purchase order to L and K Contracting Company, Inc. for \$33,794 to rebuild a section of the 15-inch diameter sanitary sewer line located between 3008 and 3010 Lasalle Drive.
- On November 3, 2020, the City approved the Final Summary Change Order with Gulf Coast Underground, LLC for the construction of the B1-23 Comprehensive Rehabilitation Project, which resulted in a cost increase for the total contract bid in the amount of \$152,906, making the final adjusted contract price \$2,547,280.
- On November 3, 2020, the City entered into a supplemental agreement with the Alabama Department of Transportation in the amount of \$224,247 for the relocation of electric utilities associated with the Ross Clark Circle Widening Project.
- On November 17, 2020, the City entered into an agreement with NorthStar Engineering Services for construction engineering and inspection services for the addition of a turn lane on Westgate Parkway in the amount of \$32,545. The City awarded a bid and entered into a contract with Lewis, Inc. for the construction of the turn lane in the amount of \$195,930.
- On December 1, 2020, the City awarded a bid and entered into a contract with Harris Security Systems, Inc. for the purchase and installation of an integrated mass notification system and life safety system for the Dothan Civic Center in the amount of \$135,382.
- On January 5, 2021, the City awarded a bid and entered into a contract with Perennial South, LLC for the installation of an aquatic play structure at Water World in the amount of \$88,500.
- On January 5, 2021, the City awarded a bid and entered into a contract with Geisler Contracting, Inc. for the Hedstrom Drive Sidewalk Project in the amount of \$80,252.
- On January 19, 2021, the City awarded a bid and entered into a contract with L and K Contracting Company, Inc. for the Burdeshaw Redwater Project for the sum of \$824,225.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

V. OTHER INFORMATION (Continued)

F. Commitments and Contingencies (Continued)

- On February 2, 2021, the City awarded the bid and entered into a contract with Tank Pro, Inc. in the amount of \$151,472 to repair and repaint the Cottonwood Road and Columbia Highway water tanks.
- On February 2, 2021, the City entered into a contract with Seay, Seay & Litchfield, P.C. to provide design and construction administration services to complete the renovations and additions at Rip Hewes Stadium in the amount of \$542,400.

G. Related Organization Transactions

- On November 3, 2020, the City declared property as surplus and no longer needed for municipal purposes and deeded it to the City of Dothan Board of Education:
 - 1025 S. Beverlye Road – Beverlye Magnet School
 - 1001 Webb Road – Carver School for Mathematics, Science, & Technology
 - 303 Rollins Avenue – Cloverdale Elementary School
 - 1665 Honeysuckle Road – Dothan City Early Education Center
 - 3209 Reeves Street – Dothan High School
 - 1901 Stringer Street – Jerry Lee Faine Elementary School
 - 600 Girard Avenue – Girard Intermediate School
 - 522 Girard Avenue- Girard Primary School
 - 900 W. Powell Street – Head Start Center
 - 201 Daniel Circle – Heard Elementary School
 - 201 E. Wilson Street – PASS Academy
 - 1501 W. Selma Street – Selma Street Elementary School
 - 4130 Westgate Parkway – Morris Slingsluff Elementary School
- On December 1, 2020, the City approved a cash appropriation of \$102,099 to the Dothan Area Convention & Visitors Bureau to provide funding for improvements at the BMX Track located at Westgate Park.

H. Subsequent Events

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

**THE CITY OF DOTHAN
 DOTHAN, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020**

V. OTHER INFORMATION (Continued)

H. Subsequent Events (Continued)

The City did not have any other subsequent events requiring disclosures or recording in these financial statements through March 11, 2021, which is the date these financial statements were available to be issued.

I. Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the general fund, special revenue funds, and capital projects funds. At September 30, 2020, 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:		
	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance
General Fund	\$ -	\$ 7,224,578	\$ 7,175,669
Capital Projects Fund	29,806	-	-

REQUIRED SUPPLEMENTARY INFORMATION

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Taxes	\$ 76,795,000	\$ 76,795,000	\$ 86,197,753	\$ 9,402,753
Licenses and permits	3,761,700	3,761,700	4,449,706	688,006
Intergovernmental	2,773,000	5,754,482	9,599,698	3,845,216
Charges for services	2,292,500	2,304,463	1,486,362	(818,101)
Fines and forfeitures	1,152,500	1,226,915	990,633	(236,282)
Interest	689,100	689,100	393,065	(296,035)
Miscellaneous	744,756	3,411,352	3,827,875	416,523
Total Revenues	<u>88,208,556</u>	<u>93,943,012</u>	<u>106,945,092</u>	<u>13,002,080</u>
EXPENDITURES:				
Current:				
General government:				
General administrative	5,140,000	7,770,059	3,690,358	4,079,701
Information system/Technology	4,696,731	5,256,231	4,664,038	592,193
Budget and finance	1,298,477	1,350,475	1,338,309	12,166
Personnel services	2,575,633	2,583,260	2,552,771	30,489
Judicial department	1,292,454	1,263,860	1,210,578	53,282
Public safety:				-
Fire department	16,582,910	16,739,852	16,615,892	123,960
Police department	22,574,840	21,955,980	21,573,073	382,907
Public works:				
Street department	7,403,312	7,137,863	5,493,891	1,643,972
Engineering department	3,583,450	3,524,014	3,371,731	152,283
Environmental Services	162,681	76,676	75,712	964
Planning and development	2,934,683	3,932,085	2,725,740	1,206,345
Health and welfare	3,858,850	3,973,247	3,586,707	386,540
Culture and recreation:				
Recreation	10,302,079	10,289,045	9,698,857	590,188
Culture	2,155,910	2,100,854	1,699,278	401,576
General services:				
Administration	516,830	423,416	403,135	20,281
Facility	1,832,345	1,954,041	1,914,235	39,806
Fleet	2,635,103	2,605,902	2,600,459	5,443
Insurance department	2,440,024	6,360,476	5,544,053	816,423
Capital outlay	16,273,550	20,143,650	12,532,684	7,610,966
Total Expenditures	<u>108,259,862</u>	<u>119,440,986</u>	<u>101,291,501</u>	<u>18,149,485</u>
Excess of Revenues over (under) Expenditures	<u>(20,051,306)</u>	<u>(25,497,974)</u>	<u>5,653,591</u>	<u>31,151,565</u>

(Continued on page 82)

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	\$ 405,754	\$ 3,280,374	\$ 3,280,378	\$ 4
Capital leases				-
Total Other Financing Sources (Uses)	<u>405,754</u>	<u>3,280,374</u>	<u>3,280,378</u>	<u>4</u>
Net Change in Fund Balances	(19,645,552)	(22,217,600)	8,933,969	31,151,569
Fund Balances - Beginning, Restated	<u>19,645,552</u>	<u>22,217,600</u>	<u>52,629,950</u>	<u>52,908,237</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 61,563,919</u></u>	<u><u>\$ 84,059,806</u></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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014 **</u>
Total pension liability						
Service Cost	\$ 4,200,116	\$ 4,092,424	\$ 3,943,866	\$ 3,920,097	\$ 3,817,644	\$ 3,688,399
Interest	20,950,220	20,148,245	19,569,649	18,782,327	18,187,261	17,601,231
Changes of benefit terms						
Difference between expected and actual experience	(805,762)	3,397,865	(1,189,079)	489,648	132,752	
Changes of assumptions		1,415,630		9,484,262		
Benefit payments, including refunds of employee contributions	(16,669,097)	(15,671,233)	(15,153,706)	(14,951,110)	(14,447,566)	(13,480,931)
Transfers among employers	413,508	(780,564)	553,788	108,582		
Net change in total pension liability	<u>8,088,985</u>	<u>12,602,367</u>	<u>7,724,518</u>	<u>17,833,806</u>	<u>7,690,091</u>	<u>7,808,699</u>
Total pension liability - beginning	<u>280,415,333</u>	<u>267,812,966</u>	<u>260,088,448</u>	<u>242,254,642</u>	<u>234,564,551</u>	<u>226,755,852</u>
Total pension liability - ending (a)	<u>\$ 288,504,318</u>	<u>\$ 280,415,333</u>	<u>\$ 267,812,966</u>	<u>\$ 260,088,448</u>	<u>\$ 242,254,642</u>	<u>\$ 234,564,551</u>
Plan fiduciary net position						
Contributions - employer	\$ 11,449,276	\$ 9,708,209	\$ 9,721,334	\$ 9,561,337	\$ 10,148,294	\$ 9,879,917
Contributions - member	4,172,130	3,770,078	3,646,353	3,507,389	3,512,701	3,479,758
Net investment income	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	(16,669,097)	(15,671,233)	(15,153,706)	(14,951,110)	(14,447,566)	(13,480,931)
Transfers among employers	413,508	(780,564)	553,788	108,582	(245,363)	26,249
Net change in plan fiduciary net position	<u>2,891,576</u>	<u>8,810,193</u>	<u>13,458,916</u>	<u>8,970,165</u>	<u>221,430</u>	<u>11,283,466</u>
Plan net position - beginning	<u>137,623,323</u>	<u>128,813,130</u>	<u>115,354,214</u>	<u>106,384,049</u>	<u>106,162,619</u>	<u>94,879,153</u>
Plan net position - ending (b)	<u>\$ 140,514,899</u>	<u>\$ 137,623,323</u>	<u>\$ 128,813,130</u>	<u>\$ 115,354,214</u>	<u>\$ 106,384,049</u>	<u>\$ 106,162,619</u>
Net pension liability (asset) - ending (a) - (b)	\$ 147,989,419	\$ 142,792,010	\$ 138,999,836	\$ 144,734,234	\$ 135,870,593	\$ 128,401,932
Plan fiduciary net position as a percentage of the total pension liability	48.70%	49.08%	48.10%	44.35%	43.91%	45.26%
Covered payroll*	\$ 52,556,662	\$ 48,816,195	\$ 47,219,580	\$ 45,464,517	\$ 44,671,105	\$ 43,373,860
Net pension liability (asset) as a percentage of covered payroll	282.00%	293.00%	294.00%	318.00%	304.00%	296.00%

* Employer's covered-payroll during the measurement period is the total covered payroll.
For FY 2020 the measurement period is October 1, 2018 - September 30, 2019.

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015 ***</u>
Actuarially determined contribution*	\$ 11,218,422	\$ 11,000,559	\$ 9,707,432	\$ 9,721,334	\$ 9,554,816	\$ 10,148,530
Contributions in relation to the actuarially determined contribution*	<u>11,218,422</u>	<u>11,000,559</u>	<u>9,707,432</u>	<u>9,721,334</u>	<u>9,554,816</u>	<u>10,148,530</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll**	\$ 53,700,940	\$ 52,556,662	\$ 48,816,195	\$ 47,219,580	\$ 45,464,517	\$ 44,671,105
Contributions as a percentage of covered payroll	20.89%	20.93%	19.89%	20.59%	21.02%	22.72%

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

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

** Employer's covered payroll for FY 2020 is the total covered payroll for the 12 month period of the underlying financial statement.

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

NOTES TO SCHEDULE

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2020 were based on the September 30, 2017, actuarial valuation.

Methods and assumptions used to determine contributions rates for the period October 1, 2019 to September 30, 2020

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	24.4 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.75%, 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

	<u>2019</u>	<u>2018</u>	<u>2017 **</u>
Total OPEB Liability*			
Service Cost at end of year	\$ 1,100,661	\$ 924,527	\$ 1,026,908
Interest	1,939,403	1,246,307	1,085,659
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(823,594)	10,403,990	86,297
Changes of assumptions or other inputs	7,078,511	692,467	(2,150,193)
Benefit payments	(768,786)	(2,776,083)	(1,619,166)
Other	-	-	-
Net Change in Total OPEB Liability	<u>8,526,195</u>	<u>10,491,208</u>	<u>(1,570,495)</u>
Total OPEB Liability- beginning	<u>46,777,651</u>	<u>36,286,443</u>	<u>37,856,938</u>
Total OPEB Liability- ending	<u>\$ 55,303,846</u>	<u>\$ 46,777,651</u>	<u>\$ 36,286,443</u>
Covered payroll	<u>\$ 52,556,662</u>	<u>\$ 48,816,195</u>	<u>\$ 47,219,580</u>
Net OPEB Liability as a percentage of covered payroll	100.05%	95.82%	76.85%

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

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

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

Total OPEB Liability	<u>2019</u>	<u>2018</u>	<u>2017 **</u>
Actuarially Determined Contribution	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution*	-	-	-
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 52,556,662	\$ 48,816,195	\$ 47,219,580
Contribution as a percentage of covered payroll	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, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Interest from funds invested and special assessments			230	230
Total Revenues	<u>-</u>	<u>-</u>	<u>230</u>	<u>230</u>
EXPENDITURES:				
General administrative				-
Principal retirement	2,577,911	2,577,911	2,577,910	1
Interest	518,544	518,544	518,592	(48)
Total Expenditures	<u>3,096,455</u>	<u>3,096,455</u>	<u>3,096,502</u>	<u>(47)</u>
Excess of Revenues over (under) Expenditures	<u>(3,096,455)</u>	<u>(3,096,455)</u>	<u>(3,096,272)</u>	<u>183</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,096,455	3,096,455	3,096,272	(183)
Transfers out				-
Total Other Financing Sources (Uses)	<u>3,096,455</u>	<u>3,096,455</u>	<u>3,096,272</u>	<u>(183)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Beginning				-
Fund Balances - Ending	<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, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$	\$ 500,000	\$ 502,199	\$ 2,199
Interest from funds invested			6,634	6,634
Total Revenues	-	500,000	508,833	8,833
EXPENDITURES:				
Public works	-	-	-	-
Capital outlay	2,544,341	3,344,341	3,314,535	29,806
Total Expenditures	2,544,341	3,344,341	3,314,535	29,806
Excess of Revenues over (under) Expenditures	(2,544,341)	(2,844,341)	(2,805,702)	38,639
OTHER FINANCING SOURCES (USES):				
Transfers in (out)		326,032	326,031	(1)
Total Other Financing Sources (Uses)	-	326,032	326,031	(1)
Net Change in Fund Balances	(2,544,341)	(2,518,309)	(2,479,671)	38,638
Fund Balances - Beginning	2,544,341	2,518,309	2,547,178	28,869
Fund Balances - Ending	\$ -	\$ -	\$ 67,507	\$ 67,507

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
SCHOOL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Taxes	\$ 200,000	\$ 200,000	\$ 230,850	\$ 30,850
Interest earned			304	304
Miscellaneous	182,436	182,436	74,779	(107,657)
Total Revenues	<u>382,436</u>	<u>382,436</u>	<u>305,933</u>	<u>(76,503)</u>
EXPENDITURES:				
Intergovernmental:				
Subsidies to agencies	3,738,286	3,738,286	3,738,286	-
Obligations/expenses paid for schools	199,836	214,826	214,825	1
Other support - schools	467,427	452,437	188,000	264,437
Total Expenditures	<u>4,405,549</u>	<u>4,405,549</u>	<u>4,141,111</u>	<u>264,438</u>
Excess of Revenues over (under) Expenditures	<u>(4,023,113)</u>	<u>(4,023,113)</u>	<u>(3,835,178)</u>	<u>187,935</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	4,023,113	4,023,113	4,023,113	-
Net Change in Fund Balance	-	-	187,935	187,935
Fund Balance - Beginning	-	-	123,585	123,585
Budgetary Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,520</u>	<u>\$ 311,520</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>BUDGET</u>	<u>BUDGETARY BASIS ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Electric department	\$ 93,159,740	\$ 92,793,913	\$ (365,827)
Water department	9,223,500	11,791,854	2,568,354
Sewer department	18,025,000	21,541,609	3,516,609
Delinquent fees - combined utilities	950,000	931,858	(18,142)
Other revenue	978,513	1,174,264	195,751
Interest from funds invested	1,100,000	709,782	(390,218)
Total Revenues	<u>123,436,753</u>	<u>128,943,280</u>	<u>5,506,527</u>
OPERATING EXPENSES:			
Electric department	84,481,084	66,689,186	17,791,898
Water department	14,161,156	4,881,600	9,279,556
Sewer department	9,194,568	6,991,074	2,203,494
Billing collection department	2,107,236	1,778,636	328,600
Meter reading department	919,216	892,397	26,819
Combined utility expense:			
Capital outlay	37,447,560	15,994,659	21,452,901
Miscellaneous expenses	634,485	513,267	121,218
Interest and fiscal charges	2,399,048	2,147,371	251,677
Principal on bonds and capital leases	7,165,456	7,165,455	1
Depreciation	9,863,735	9,863,733	2
Total Expenses	<u>168,373,544</u>	<u>116,917,378</u>	<u>51,456,166</u>
Excess of Revenues Over (Under) Expenses	<u>\$ (44,936,791)</u>	<u>\$ 12,025,902</u>	<u>\$ 56,962,693</u>

(Continued on page 91)

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, 2020

	BUDGET	BUDGETARY BASIS ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES (USES):			
Intergovernmental Revenue	\$ 202,436	\$ 11,917	\$ (190,519)
Transfers (out)	(19,497,987)	(19,497,806)	181
Gain (loss) on disposition of capital assets		(3,217,215)	(3,217,215)
Total Other Financing Sources (Uses)	(19,295,551)	(22,703,104)	(3,407,553)
Excess of Revenues Over (Under) Expenses	(64,232,342)	(10,677,202)	53,555,140
Capital grants and contributions		4,059,080	4,059,080
Adjustment for capital outlay, principal payments on bonds and capital leases	23,160,115	23,160,114	(1)
Total Net Position - Beginning	64,232,342	146,671,270	82,438,928
Total Net Position - Ending	\$ 23,160,115	\$ 163,213,262	\$ 140,053,147

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

Capital outlay expense	\$ 15,994,659
Principal payment on bonds	7,165,455
Total Adjustments	\$ 23,160,114

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, 2020

	BUDGET	BUDGETARY BASIS ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Charges for services	\$ 4,800,000	\$ 4,754,816	\$ (45,184)
Other revenue	4,000	10,415	6,415
Interest from funds invested	-	43,840	43,840
Total Revenues	<u>4,804,000</u>	<u>4,809,071</u>	<u>5,071</u>
EXPENDITURES:			
Solid Waste collections	6,872,336	6,657,029	215,307
Solid Waste landfill	968,858	964,713	4,145
Combined solid waste expense:			
Capital outlay	5,491,549	5,489,273	2,276
Miscellaneous expenses	100,653	56,005	44,648
Depreciation	1,273,059	1,270,715	2,344
Total Expenses	<u>14,706,455</u>	<u>14,437,735</u>	<u>268,720</u>
Excess of Revenues Over(Under)Expenses	<u>(9,902,455)</u>	<u>(9,628,664)</u>	<u>273,791</u>
OTHER FINANCING SOURCES (USES):			
Intergovernmental Revenue	2,720	5,476	2,756
Transfers in(out)	8,772,013	8,772,012	(1)
Gain (loss)on disposition of capital assets		15,648	15,648
Total Other Financing Sources (Uses)	<u>8,774,733</u>	<u>8,793,136</u>	<u>18,403</u>
Excess of Revenues Over (Under) Expenses per budget Resolutions	<u>(1,127,722)</u>	<u>(835,528)</u>	<u>292,194</u>
Adjustment for capital outlay, principal payments on bonds and capital leases	5,489,273	5,489,273	-
Total Net Position - Beginning, Restated	<u>1,127,722</u>	<u>(6,213,666)</u>	<u>(7,341,388)</u>
Total Net Position - Ending	<u>\$ 5,489,273</u>	<u>\$ (1,559,921)</u>	<u>\$ (7,049,194)</u>

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

Capital outlay expense	<u>\$ 5,489,273</u>
Total Adjustments	<u>\$ 5,489,273</u>

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
2021-2037

FISCAL YEAR	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRINCIPAL AND INTEREST
	GENERAL OBLIGATION WARRANTS	GENERAL OBLIGATION REFUNDING WARRANTS	GENERAL OBLIGATION REFUNDING WARRANTS	GENERAL OBLIGATION SEWER WARRANTS	
2021	\$ 1,776,552	\$ -	\$ 985,059	\$ 8,370,275	\$ 11,131,886
2022	1,776,553		984,269	8,390,110	11,150,932
2023	1,432,963		993,186	7,131,882	9,558,031
2024	1,089,374		986,604	7,133,316	9,209,294
2025	1,089,373		989,848	7,127,924	9,207,145
2026	1,089,374		1,002,712	7,125,699	9,217,785
2027	1,089,374		999,990	5,791,671	7,881,035
2028	1,089,378		1,011,975	4,455,424	6,556,777
2029	1,089,373		1,008,374	4,451,964	6,549,711
2030	1,089,374		1,019,480	4,451,566	6,560,420
2031	1,089,373			4,448,966	5,538,339
2032	1,089,374			4,454,184	5,543,558
2033	1,089,374			3,745,638	4,835,012
2034	1,089,374			3,747,345	4,836,719
2035	1,089,374			2,542,280	3,631,654
2036	1,089,374			2,537,610	3,626,984
2037	1,089,374				1,089,374
	<u>\$ 20,237,305</u>	<u>\$ -</u>	<u>\$ 9,981,497</u>	<u>\$ 85,905,854</u>	<u>\$ 116,124,656</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2009
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2020

YEAR ENDING SEPTEMBER 30	INTEREST RATE - %	INTEREST		PRINCIPAL		TOTAL DEBT SERVICE
		DUE MARCH 1	DUE SEPTEMBER 1	DUE MARCH 1	DUE SEPTEMBER 1	
2021	3.19%	\$ 249,136	\$ 231,738	\$ 1,090,781	\$ 1,108,179	\$ 2,679,834
2022	3.19%	214,063	196,105	1,125,854	1,143,811	2,679,833
2023	3.19%	177,861	159,327	1,162,055	1,180,590	2,679,833
2024	3.19%	140,496	121,365	1,199,420	1,218,551	2,679,832
2025	3.19%	101,930	82,184	1,237,987	1,257,733	2,679,834
2026	3.19%	62,123	41,742	1,277,794	1,298,175	2,679,834
2027	3.19%	21,036		1,318,880		1,339,916
		<u>\$ 966,645</u>	<u>\$ 832,461</u>	<u>\$ 8,412,771</u>	<u>\$ 7,207,039</u>	<u>\$ 17,418,916</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2010 - CWSRF - BL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2020

YEAR ENDING SEPTEMBER 30	INTEREST RATE - %	INTEREST		PRINCIPAL DUE AUGUST 15	TOTAL DEBT SERVICE
		DUE FEBRUARY 15	DUE AUGUST 15		
2021	2.61%	\$ 19,836	\$ 19,836	\$ 745,000	\$ 784,672
2022	2.61%	10,114	10,114	775,000	795,228
		<u>\$ 29,950</u>	<u>\$ 29,950</u>	<u>\$ 1,520,000</u>	<u>\$ 1,579,900</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION SEWER WARRANTS - SERIES 2010B-CWSRF-BL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2020

<u>YEAR ENDING SEPTEMBER 30</u>	<u>INTEREST RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL DUE AUGUST 15</u>	<u>TOTAL DEBT SERVICE</u>
		<u>DUE FEBRUARY 15</u>	<u>DUE AUGUST 15</u>		
2021	2.50%	\$ 11,125	\$ 11,125	\$ 435,000	\$ 457,250
2022	2.50%	5,688	5,687	455,000	466,375
		<u>\$ 16,813</u>	<u>\$ 16,812</u>	<u>\$ 890,000</u>	<u>\$ 923,625</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2011-CWSRF-DL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2020

YEAR ENDING SEPTEMBER 30	INTEREST RATE - %	INTEREST		PRINCIPAL	TOTAL DEBT SERVICE
		DUE FEBRUARY 15	DUE AUGUST 15	DUE FEBRUARY 15	
2021	3.10%	\$ 35,340	\$ 32,860	\$ 160,000	\$ 228,200
2022	3.10%	32,860	30,303	165,000	228,163
2023	3.10%	30,303	27,667	170,000	227,970
2024	3.10%	27,667	24,955	175,000	227,622
2025	3.10%	24,955	22,165	180,000	227,120
2026	3.10%	22,165	19,297	185,000	226,462
2027	3.10%	19,297	16,352	190,000	225,649
2028	3.10%	16,352	13,252	200,000	229,604
2029	3.10%	13,252	10,075	205,000	228,327
2030	3.10%	10,075	6,820	210,000	226,895
2031	3.10%	6,820	3,487	215,000	225,307
2032	3.10%	3,487		225,000	228,487
		<u>\$ 242,573</u>	<u>\$ 207,233</u>	<u>\$ 2,280,000</u>	<u>\$ 2,729,806</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2011-CWSRF-DL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2020

<u>YEAR ENDING SEPTEMBER 30</u>	<u>INTEREST RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>	<u>TOTAL DEBT</u>
		<u>DUE FEBRUARY 15</u>	<u>DUE AUGUST 15</u>	<u>DUE AUGUST 15</u>	<u>SERVICE</u>
2021	2.90%	\$ 69,455	\$ 69,455	\$ 340,000	\$ 478,910
2022	2.90%	64,525	64,525	350,000	479,050
2023	2.90%	59,450	59,450	360,000	478,900
2024	2.90%	54,230	54,230	370,000	478,460
2025	2.90%	48,865	48,865	380,000	477,730
2026	2.90%	43,355	43,355	390,000	476,710
2027	2.90%	37,700	37,700	405,000	480,400
2028	2.90%	31,828	31,827	415,000	478,655
2029	2.90%	25,810	25,810	425,000	476,620
2030	2.90%	19,648	19,647	440,000	479,295
2031	2.90%	13,268	13,267	450,000	476,535
2032	2.90%	6,743	6,742	465,000	478,485
		<u>\$ 474,877</u>	<u>\$ 474,873</u>	<u>\$ 4,790,000</u>	<u>\$ 5,739,750</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2013
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2020

YEAR ENDING SEPTEMBER 30	INTEREST RATE - %	INTEREST		PRINCIPAL		TOTAL DEBT SERVICE
		DUE MARCH 1	DUE SEPTEMBER 1	DUE MARCH 1	DUE SEPTEMBER 1	
2021	2.80%	\$ 23,190	\$ 18,989	\$ 320,399	\$ 324,600	\$ 687,178
2022	2.80%	14,110	9,628	329,480	333,961	687,179
2023	2.80%	4,770		338,819		343,589
		<u>\$ 42,070</u>	<u>\$ 28,617</u>	<u>\$ 988,698</u>	<u>\$ 658,561</u>	<u>\$ 1,717,946</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2014-CWSRF-DL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2020

YEAR ENDING SEPTEMBER 30	INTEREST RATE - %	INTEREST		PRINCIPAL	TOTAL DEBT
		DUE FEBRUARY 15	DUE AUGUST 15	DUE AUGUST 15	SERVICE
2021	2.25%	\$ 161,437	\$ 161,437	\$ 880,000	\$ 1,202,874
2022	2.25%	151,538	151,538	900,000	1,203,076
2023	2.25%	141,412	141,412	925,000	1,207,824
2024	2.25%	131,006	131,006	945,000	1,207,012
2025	2.25%	120,375	120,375	965,000	1,205,750
2026	2.25%	109,519	109,519	985,000	1,204,038
2027	2.25%	98,438	98,438	1,010,000	1,206,876
2028	2.25%	87,075	87,075	1,035,000	1,209,150
2029	2.25%	75,431	75,431	1,055,000	1,205,862
2030	2.25%	63,563	63,563	1,080,000	1,207,126
2031	2.25%	51,412	51,412	1,105,000	1,207,824
2032	2.25%	38,981	38,981	1,130,000	1,207,962
2033	2.25%	26,269	26,269	1,155,000	1,207,538
2034	2.25%	13,275	13,275	1,180,000	1,206,550
		<u>\$ 1,269,731</u>	<u>\$ 1,269,731</u>	<u>\$ 14,350,000</u>	<u>\$ 16,889,462</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANT - SERIES 2016
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2020

YEAR ENDING SEPTEMBER 30	INTEREST RATE - %	INTEREST		PRINCIPAL	TOTAL DEBT
		DUE FEBRUARY 15	DUE AUGUST 15	DUE AUGUST 15	SERVICE
2021	1.74%	\$ 52,722	\$ 52,722	\$ 545,000	\$ 650,444
2022	1.74%	47,981	47,980	555,000	650,961
2023	1.74%	43,152	43,152	570,000	656,304
2024	1.74%	38,193	38,193	580,000	656,386
2025	1.74%	33,147	33,147	595,000	661,294
2026	1.74%	27,971	27,970	615,000	670,941
2027	1.74%	22,620	22,620	625,000	670,240
2028	1.74%	17,183	17,182	645,000	679,365
2029	1.74%	11,571	11,571	655,000	678,142
2030	1.74%	5,873	5,872	675,000	686,745
		<u>\$ 300,413</u>	<u>\$ 300,409</u>	<u>\$ 6,060,000</u>	<u>\$ 6,660,822</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2016-CWSRF-DL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2020

YEAR ENDING SEPTEMBER 30	INTEREST RATE - %	INTEREST		PRINCIPAL	TOTAL DEBT
		DUE FEBRUARY 15	DUE AUGUST 15	DUE FEBRUARY 15	SERVICE
2021	2.20%	\$ 376,695	\$ 356,840	\$ 1,805,000	\$ 2,538,535
2022	2.20%	356,840	336,545	1,845,000	2,538,385
2023	2.20%	336,545	315,810	1,885,000	2,537,355
2024	2.20%	315,810	294,580	1,930,000	2,540,390
2025	2.20%	294,580	272,910	1,970,000	2,537,490
2026	2.20%	272,910	250,745	2,015,000	2,538,655
2027	2.20%	250,745	228,085	2,060,000	2,538,830
2028	2.20%	228,085	204,930	2,105,000	2,538,015
2029	2.20%	204,930	181,225	2,155,000	2,541,155
2030	2.20%	181,225	157,025	2,200,000	2,538,250
2031	2.20%	157,025	132,275	2,250,000	2,539,300
2032	2.20%	132,275	106,975	2,300,000	2,539,250
2033	2.20%	106,975	81,125	2,350,000	2,538,100
2034	2.20%	81,125	54,670	2,405,000	2,540,795
2035	2.20%	54,670	27,610	2,460,000	2,542,280
2036	2.20%	27,610	-	2,510,000	2,537,610
		<u>\$ 3,378,045</u>	<u>\$ 3,001,350</u>	<u>\$ 34,245,000</u>	<u>\$ 40,624,395</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2017
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2020

YEAR ENDING SEPTEMBER 30	INTEREST RATE - %	INTEREST		PRINCIPAL		TOTAL DEBT SERVICE
		DUE MARCH 1	DUE SEPTEMBER 1	DUE MARCH 1	DUE SEPTEMBER 1	
2021	2.54%	\$ 190,037	\$ 185,533	\$ 354,650	\$ 359,154	\$ 1,089,374
2022	2.54%	180,972	176,353	363,715	368,334	1,089,374
2023	2.54%	171,675	166,938	373,012	377,749	1,089,374
2024	2.54%	162,140	157,282	382,547	387,405	1,089,374
2025	2.54%	152,362	147,379	392,325	397,307	1,089,373
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%	121,506	116,127	423,185	428,560	1,089,378
2029	2.54%	110,684	105,172	434,003	439,514	1,089,373
2030	2.54%	99,591	93,938	445,096	450,749	1,089,374
2031	2.54%	88,213	82,416	456,473	462,271	1,089,373
2032	2.54%	76,545	70,600	468,142	474,087	1,089,374
2033	2.54%	64,579	58,482	480,108	486,205	1,089,374
2034	2.54%	52,307	46,054	492,380	498,633	1,089,374
2035	2.54%	39,721	33,308	504,966	511,379	1,089,374
2036	2.54%	26,813	20,236	517,874	524,451	1,089,374
2037	2.54%	13,576	6,831	531,111	537,856	1,089,374
		<u>\$ 1,825,104</u>	<u>\$ 1,730,682</u>	<u>\$ 7,434,578</u>	<u>\$ 7,528,995</u>	<u>\$ 18,519,359</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2019
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2020

YEAR ENDING SEPTEMBER 30	INTEREST RATE - %	INTEREST		PRINCIPAL DUE AUGUST 15	TOTAL DEBT SERVICE
		DUE FEBRUARY 15	DUE AUGUST 15		
2021	2.38%	\$ 34,807	\$ 34,808	\$ 265,000	\$ 334,615
2022	2.38%	31,654	31,654	270,000	333,308
2023	2.38%	28,441	28,441	280,000	336,882
2024	2.38%	25,109	25,109	280,000	330,218
2025	2.38%	21,777	21,777	285,000	328,554
2026	2.38%	18,385	18,386	295,000	331,771
2027	2.38%	14,875	14,875	300,000	329,750
2028	2.38%	11,305	11,305	310,000	332,610
2029	2.38%	7,616	7,616	315,000	330,232
2030	2.38%	3,867	3,868	325,000	332,735
		<u>\$ 197,836</u>	<u>\$ 197,839</u>	<u>\$ 2,925,000</u>	<u>\$ 3,320,675</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
SEPTEMBER 30, 2020

CAPITAL ASSETS:

Land and easements	\$ 9,699,964
Buildings	101,530,101
Improvements other than buildings	73,850,651
Machinery and equipment	47,809,262
Infrastructure	457,299,587
Construction in progress	7,607,495
	7,607,495
Total Capital Assets	\$ 697,797,060

INVESTMENTS IN CAPITAL ASSETS FROM:

Capital Projects Funds:	
General obligation bonds	\$ 52,536,235
Grants	24,359,635
General fund revenues	614,604,283
Special revenue fund revenues	155,631
Gifts	6,086,408
Utility fund revenues	54,868
	54,868
Total Investment in Capital Assets	\$ 697,797,060

THE CITY OF DOTHAN
DOTHAN, ALABAMA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2020

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	MACHINERY AND EQUIPMENT	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
General Government:							
Control:							
General administrative	\$ 1,580,360	\$ 2,555,267	\$ 3,015,125	\$ 113,130	\$ -	\$ -	\$ 7,263,882
Staff Agencies:							
Information system/Technology		215,658	1,264,806	7,673,763		159,342	9,313,569
Budget and finance		276,022		22,167			298,189
Personnel services				5,009			5,009
Total Staff Agencies	-	491,680	1,264,806	7,700,939	-	159,342	9,616,767
Total General Government	1,580,360	3,046,947	4,279,931	7,814,069	-	159,342	16,880,649
Public Safety:							
Fire department	1,517,199	6,363,962	992,165	10,718,231		590,953	20,182,510
Police department	217,879	26,833,615	11,043,183	15,956,711		439,729	54,491,117
Total Public Safety	1,735,078	33,197,577	12,035,348	26,674,942	-	1,030,682	74,673,627
Public Works:							
Street department	473,836	40,110	5,754,962	5,915,451	454,148,806	5,786,614	472,119,779
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	578,636	996,500	1,482,098	2,529,096	3,150,781	630,857	9,367,968
Culture and recreation	4,407,161	20,927,412	40,191,679	2,985,680			68,511,932
General services		1,455,946	2,113,076	479,110			4,048,132
Equipment maintenance		1,268,529	606,155	1,301,349			3,176,033
Schools	793,512	39,997,299					40,790,811
Total Other	6,384,526	65,285,577	57,535,372	13,320,251	457,299,587	6,417,471	606,242,784
Total Capital Assets	\$ 9,699,964	\$ 101,530,101	\$ 73,850,651	\$ 47,809,262	\$ 457,299,587	\$ 7,607,495	\$ 697,797,060

THE CITY OF DOTHAN
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, 2020

FUNCTION AND ACTIVITY	GOVERNMENTAL FUNDS CAPITAL ASSETS OCTOBER 1, 2019	TRANSFER TO SOLID WASTE PROPRIETARY FUND	RESTATED GOVERNMENTAL FUNDS CAPITAL ASSETS OCTOBER 1, 2019	ADDITIONS	DEDUCTIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS SEPTEMBER 30, 2020
General Government:						
Control:						
General administrative	\$ 7,350,141	\$ -	\$ 7,350,141	\$ 15,380	\$ 101,639	\$ 7,263,882
Staff Agencies:						
Information system/Technology	10,275,136		10,275,136	611,831	1,732,740	9,154,227
Budget and finance	298,189		298,189			298,189
Personnel services	5,009		5,009			5,009
Total Staff Agencies	10,578,334	-	10,578,334	611,831	1,732,740	9,457,425
Total General Government	17,928,475	-	17,928,475	627,211	1,834,379	16,721,307
Public Safety:						
Fire department	20,108,204		20,108,204	20,875	537,522	19,591,557
Police department	32,593,650		32,593,650	21,916,638	458,900	54,051,388
Total Public Safety	52,701,854	-	52,701,854	21,937,513	996,422	73,642,945
Public Works:						
Street department	465,497,465		465,497,465	1,160,885	325,185	466,333,165
Environmental services	19,690,000	(19,451,319)	238,681		129,116	109,565
Special assessments	7,333,292		7,333,292			7,333,292
Health and welfare	785,272		785,272			785,272
Engineering department	8,463,658		8,463,658	809,940	536,487	8,737,111
Culture and recreation	64,079,877		64,079,877	4,615,957	183,902	68,511,932
General services	4,036,721		4,036,721	29,102	17,691	4,048,132
Equipment maintenance	3,155,146		3,155,146	20,887		3,176,033
Schools	41,771,871		41,771,871		981,060	40,790,811
Construction in progress	22,171,687	(1,402,466)	20,769,221	12,556,493	25,718,219	7,607,495
Total Other	636,984,989	(20,853,785)	616,131,204	19,193,264	27,891,660	607,432,808
Total Capital Assets	\$ 707,615,318	\$ (20,853,785)	\$ 686,761,533	\$ 41,757,988	\$ 30,722,461	\$ 697,797,060

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STATISTICAL SECTION

This part of the City of Dothan's comprehensive annual 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.

CONTENTS

SCHEDULES

Financial Trends

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

1 through 5

Revenue Capacity

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

6 through 13

Debt Capacity

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

14 through 18

Demographic and Economic Information

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

19 through 20

Operating Information

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

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

	FISCAL YEAR									
	2011	2012*	2013	2014	2015*	2016	2017	2018*	2019	2020*
Governmental activities:										
Net Investment in capital assets	\$ 67,878,821	\$ 65,697,028	\$ 60,178,207	\$ 70,247,455	\$ 78,992,990	\$ 92,093,989	\$ 99,604,482	\$ 100,928,041	\$ 99,180,158	\$ 99,913,615
Restricted	2,095,216	1,890,847	883,855	210,752	270,862	211,985	17,189,646	268,218	2,901,466	801,585
Unrestricted	15,648,974	19,429,428	23,962,712	18,504,590	(79,965,943)	(88,314,592)	(108,659,082)	(108,465,918)	(102,281,226)	(84,318,083)
Total governmental activities net position	\$ 85,623,011	\$ 87,017,303	\$ 85,024,774	\$ 88,962,797	\$ (702,091)	\$ 3,991,382	\$ 8,135,046	\$ (7,269,659)	\$ (199,602)	\$ 16,397,117
Business-type activities:										
Net Investment in capital assets	\$ 75,242,583	\$ 76,334,093	\$ 77,161,777	\$ 72,624,231	\$ 71,457,839	\$ 75,918,727	\$ 84,196,262	\$ 83,384,524	\$ 92,604,499	\$ 128,830,146
Restricted										
Unrestricted	15,573,505	26,197,869	34,637,039	45,345,467	14,975,261	22,314,415	28,717,501	43,196,487	54,066,771	32,823,195
Total business-type activities net position	\$ 90,816,088	\$ 102,531,962	\$ 111,798,816	\$ 117,969,698	\$ 86,433,100	\$ 98,233,142	\$ 112,913,763	\$ 126,581,011	\$ 146,671,270	\$ 161,653,341
Primary government:										
Net Investment in capital assets	\$ 143,121,404	\$ 142,031,121	\$ 137,339,984	\$ 142,871,686	\$ 150,450,829	\$ 168,012,716	\$ 183,800,744	\$ 184,312,565	\$ 191,784,657	\$ 228,743,761
Restricted	2,095,216	1,890,847	883,855	210,752	270,862	211,985	17,189,646	268,218	2,901,466	801,585
Unrestricted	31,222,479	45,627,297	58,599,751	63,850,057	(64,990,682)	(66,000,177)	(79,941,581)	(65,269,431)	(48,214,455)	(51,494,888)
Total primary government net position	\$ 176,439,099	\$ 189,549,265	\$ 196,823,590	\$ 206,932,495	\$ 85,731,009	\$ 102,224,524	\$ 121,048,809	\$ 119,311,352	\$ 146,471,668	\$ 178,050,458

* Restated

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

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

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

The 2012 ending net position was restated on October 1, 2012, due to capital work orders within the electric department that were not recorded and depreciated in fixed assets. This resulted in a change of \$2,883,130 in the business-type activities net position.

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

	FISCAL YEAR									
	2011	2012*	2013	2014	2015*	2016	2017	2018	2019	2020*
Expenses										
Governmental activities:										
General government	\$ 11,029,224	\$ 11,037,383	\$ 11,674,501	\$ 13,421,727	\$ 11,678,627	\$ 14,050,159	\$ 16,157,747	\$ 13,162,945	\$ 16,827,227	\$ 18,916,568
Public safety	31,622,540	32,058,857	33,322,634	34,017,891	33,872,304	34,233,915	35,592,823	36,681,330	38,937,890	40,908,709
General services	4,212,794	4,110,320	4,160,935	4,189,632	4,752,498	4,581,959	4,631,761	4,926,254	5,014,839	5,202,640
Planning and development	1,905,105	1,813,546	1,898,944	2,155,072	2,354,316	2,141,697	2,416,951	2,787,596	2,771,676	2,792,329
Other public works	19,261,112	16,805,008	17,717,453	19,033,466	19,706,992	19,667,075	20,418,742	20,260,537	21,944,769	12,182,223
Insurance department	193,439	805,007	1,280,974	452,688	3,696,580	3,681,005	(279,055)	216,427	467,836	5,544,053
Culture and recreation	9,122,274	9,051,421	9,742,400	9,997,179	10,360,999	11,384,383	12,091,856	13,808,637	13,994,251	13,417,984
Education	4,896,831	4,536,041	4,517,464	4,490,160	4,508,114	4,554,804	4,564,102	4,593,084	4,966,354	4,714,133
Health and welfare	2,808,433	3,001,400	4,010,247	3,973,388	4,857,758	3,594,608	3,630,737	3,599,731	4,153,672	3,597,296
Interest/fiscal charges on long-term debt	1,036,530	912,187	829,200	1,066,624	329,021	213,947	180,601	453,754	335,799	263,937
Total governmental activities expenses	<u>86,088,282</u>	<u>84,131,170</u>	<u>89,154,752</u>	<u>92,797,827</u>	<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>
Business-type activities:										
Solid waste collections										6,657,029
Solid waste landfill										964,713
Electric	80,657,794	76,568,506	73,712,450	80,159,130	81,718,419	74,358,920	75,616,094	77,195,434	75,186,229	66,689,186
Water	4,444,222	4,475,163	4,616,969	4,529,883	4,569,134	4,598,015	5,044,756	6,754,148	6,449,765	4,881,600
Wastewater	11,241,561	5,949,634	6,474,014	6,062,445	9,750,754	5,654,421	7,859,160	8,165,508	7,997,712	6,991,074
Billing - collection department	1,719,522	1,963,121	1,876,462	1,931,360	1,760,759	1,646,726	1,779,199	1,532,271	1,920,148	1,778,636
Meter reading department	807,608	768,870	840,669	827,914	762,080	753,346	803,913	841,044	899,997	892,397
Depreciation	5,610,807	5,804,205	6,308,984	8,030,174	8,097,997	8,276,738	8,516,129	9,290,162	9,539,856	11,134,448
Miscellaneous	613,665	592,935	753,836	758,777		41,378	139,446	394,383	310,965	569,272
Bond issue costs	47,486					55,262				
(Loss) on disposition of capital assets	45,741	289,649	268,174	704,513	205,266	459,404	404,560	264,511	772,344	3,201,567
Interest/fiscal charges	2,242,768	2,145,298	1,942,975	1,876,246	2,163,020	2,148,332	2,779,107	2,541,858	2,423,097	2,147,371
Total business-type activities expenses	<u>107,431,174</u>	<u>98,557,381</u>	<u>96,794,533</u>	<u>104,880,442</u>	<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>
Total primary government expenses	<u>\$ 193,519,456</u>	<u>\$ 182,688,551</u>	<u>\$ 185,949,285</u>	<u>\$ 197,678,269</u>	<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>
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
Other public works	\$	\$	\$ 2,475,778	\$ 4,255,759	\$ 4,265,779	\$ 4,316,604	\$ 4,356,163	\$ 4,376,974	\$ 4,418,379	\$ 103,516
Culture and recreation	2,150,847	2,155,359	2,035,062	2,256,651	2,761,083	2,731,858	2,543,654	3,063,641	2,466,028	1,310,300
General government	3,131,858	3,340,348	3,481,504	3,589,525	3,680,914	3,724,842	3,901,338	3,818,479	3,882,802	3,989,171
Public safety	1,824,009	2,034,082	1,841,637	1,895,513	1,907,756	1,598,448	1,491,466	1,334,290	1,479,893	1,018,063
Planning and development	436,465	436,958	412,672	429,797	468,221	426,098	449,775	432,826	450,323	505,651
Operating grants and contributions	171,923	136,040	117,809	437,237	517,865	564,624	1,743,473	3,117,078	1,612,553	6,045,051
Capital grants and contributions	1,775,146	1,400,003	1,288,965	1,333,995	1,929,129	1,312,347	3,481,519	3,269,988	1,717,484	1,417,021
Total governmental activities program revenues	<u>9,490,248</u>	<u>9,502,790</u>	<u>11,653,427</u>	<u>14,198,477</u>	<u>15,530,747</u>	<u>14,674,821</u>	<u>17,967,388</u>	<u>19,413,276</u>	<u>16,027,462</u>	<u>14,388,773</u>
Business-type activities:										
Charges for services (Utility)										
Electric	92,254,808	91,684,293	89,675,760	93,309,401	93,112,812	90,507,271	92,899,960	95,359,786	94,910,274	92,793,913
Water	9,439,879	9,300,436	8,385,523	8,703,685	9,112,941	9,283,669	10,351,096	10,077,517	10,730,447	11,791,854
Wastewater/sewer	8,372,386	10,439,126	11,917,504	13,997,247	14,283,357	15,567,628	18,260,194	18,947,250	20,038,723	21,541,609
Combined utilities						1,040,333	1,041,610	949,348	916,472	931,858
E-911	1,099,713	1,278,007	1,443,736	1,744,910						
Charges for services (Solid Waste)										
Collections										4,462,317
Landfill										292,499
Operating grants and contributions										17,393
Capital grants and contributions		195,213	385,744		256,000	345,131	265,000	354,000	1,784,055	4,059,080
Total business-type activities program revenues	<u>111,166,786</u>	<u>112,897,075</u>	<u>111,808,267</u>	<u>117,755,243</u>	<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>
Total primary government program revenues	<u>\$ 120,657,034</u>	<u>\$ 122,399,865</u>	<u>\$ 123,461,694</u>	<u>\$ 131,953,720</u>	<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>

Notes: In 2020, solid waste business-type activities resulted from a transfer of solid waste collections and landfill operations from other public works governmental activities.
In 2015, the E-911 fund became a separate entity.
In 2012, depreciation was restated due to capital work orders within the electric department that were not recorded.

*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									
	2011	2012*	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental activities	\$ (76,598,034)	\$ (74,628,380)	\$ (77,501,325)	\$ (78,599,350)	\$ (80,586,462)	\$ (83,428,731)	\$ (81,438,877)	\$ (81,077,019)	\$ (93,386,851)	\$ (93,151,099)
Business-type activities	3,735,612	14,339,694	15,013,734	12,874,801	7,737,681	18,751,490	19,875,496	18,708,582	22,879,858	29,983,230
Total primary government net expense	<u>\$ (72,862,422)</u>	<u>\$ (60,288,686)</u>	<u>\$ (62,487,591)</u>	<u>\$ (65,724,549)</u>	<u>\$ (72,848,781)</u>	<u>\$ (64,677,241)</u>	<u>\$ (61,563,381)</u>	<u>\$ (62,368,437)</u>	<u>\$ (70,506,993)</u>	<u>\$ (63,167,869)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
General property tax	\$ 4,452,709	\$ 4,487,450	\$ 4,511,219	\$ 4,427,118	\$ 4,453,043	\$ 4,581,242	\$ 4,639,852	\$ 4,736,318	\$ 4,800,653	\$ 4,891,436
General sales and use tax	56,531,207	57,265,598	59,091,229	59,591,765	61,636,679	63,927,219	66,203,791	67,059,758	74,607,092	75,559,679
Alcoholic beverage tax	1,191,295	1,210,013	1,185,932	1,224,073	1,225,441	1,276,247	1,279,068	1,250,457	1,313,351	1,276,708
Lodging tax	1,631,247	1,565,896	1,599,957	1,683,150	1,861,592	1,953,346	2,816,800	3,127,058	4,017,771	2,791,000
Franchise tax	2,820,069	2,248,294	2,470,533	2,557,965	1,762,817	2,032,003	1,559,302	2,012,376	1,723,447	1,678,930
Cigarette tax	303,738	294,300	265,950	257,850	256,500	226,850	247,150	218,700	221,400	230,850
Unrestricted grants and contributions	2,047,134	1,835,591	2,710,406	2,208,415	2,333,515	3,520,430	1,052,227	1,006,718	2,192,970	2,761,359
Unrestricted investment earnings	253,518	179,658	137,581	137,238	110,618	95,636	118,737	419,681	813,242	393,599
Miscellaneous	2,236,110	2,498,704	2,604,485	2,442,900	3,660,608	2,427,250	923,980	1,297,966	4,499,527	3,224,797
Transfers	2,603,146	6,101,827	6,931,504	8,006,899	12,438,154	8,081,981	6,741,634	6,893,794	6,267,455	10,725,794
Special items	(1,427,363)	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Total governmental activities	<u>74,070,173</u>	<u>76,259,968</u>	<u>75,508,796</u>	<u>82,537,373</u>	<u>89,738,967</u>	<u>88,122,204</u>	<u>85,582,541</u>	<u>88,022,826</u>	<u>100,456,908</u>	<u>103,534,152</u>
Business-type activities:										
Unrestricted grants and contributions	274,470	196,188	74,849	142,625	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Unrestricted investment earnings	114,809	106,013	119,370	98,152	68,360	114,181	227,902	806,622	1,475,915	753,622
Gain on sale of capital assets	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Miscellaneous	937,805	1,056,759	990,405	1,062,203	1,281,074	1,016,352	1,318,857	1,045,838	2,001,941	1,184,679
Transfers	(2,603,146)	(6,101,827)	(6,931,504)	(8,006,899)	(12,438,154)	(8,081,981)	(6,741,634)	(6,893,794)	(6,267,455)	(10,725,794)
Total business-type activities	<u>(1,276,062)</u>	<u>(4,742,867)</u>	<u>(5,746,880)</u>	<u>(6,703,919)</u>	<u>(11,088,720)</u>	<u>(6,951,448)</u>	<u>(5,194,875)</u>	<u>(5,041,334)</u>	<u>(2,789,599)</u>	<u>(8,787,493)</u>
Total primary government	<u>\$ 72,794,111</u>	<u>\$ 71,517,101</u>	<u>\$ 69,761,916</u>	<u>\$ 75,833,454</u>	<u>\$ 78,650,247</u>	<u>\$ 81,170,756</u>	<u>\$ 80,387,666</u>	<u>\$ 82,981,492</u>	<u>\$ 97,667,309</u>	<u>\$ 94,746,659</u>
Change in Net Position										
Governmental activities	\$ (2,527,861)	\$ 1,631,588	\$ (1,992,529)	\$ 3,938,023	\$ 9,152,505	\$ 4,693,473	\$ 4,143,664	\$ 6,945,807	\$ 7,070,057	\$ 10,383,053
Business-type activities	2,459,550	9,596,827	9,266,854	6,170,882	(3,351,039)	11,800,042	14,680,621	13,667,248	20,090,259	21,195,737
Total primary government	<u>\$ (68,311)</u>	<u>\$ 11,228,415</u>	<u>\$ 7,274,325</u>	<u>\$ 10,108,905</u>	<u>\$ 5,801,466</u>	<u>\$ 16,493,515</u>	<u>\$ 18,824,285</u>	<u>\$ 20,613,055</u>	<u>\$ 27,160,316</u>	<u>\$ 31,578,790</u>

Notes: In 2012, special items consist of contribution of property to Houston-Love Memorial Library.
In 2013, special items consist of payment of bond proceeds to the Dothan-Houston County Airport Authority for Economic Development.

* Restated

In 2012 Net (Expense)/Revenue along with Change in Net Position was restated on October 1, 2012, due to capital work orders within the electric department that were not recorded and depreciated in fixed assets.

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	\$ 3,239,033	\$ 3,447,668	\$ 3,573,230	\$ 3,694,613	\$ 3,817,970	\$ 3,956,986	\$ 4,994,425	\$ 5,848,879	\$ 5,202,018	\$ 9,809,138
Public safety	2,218,131	2,243,162	1,973,066	1,991,360	2,661,723	1,720,216	1,938,368	3,706,254	2,202,074	1,879,066
General services					7,500		3,800			
Other public works	1,445,772	1,219,643	3,659,397	5,826,056	5,811,915	5,808,157	8,000,366	6,361,676	5,706,019	869,718
Planning and development	436,465	436,958	412,672	429,797	468,221	426,098	449,775	432,826	451,323	505,651
Culture and recreation	2,150,847	2,155,359	2,035,062	2,256,651	2,763,418	2,763,364	2,580,654	3,063,641	2,466,028	1,325,200
Subtotal governmental activities	<u>9,490,248</u>	<u>9,502,790</u>	<u>11,653,427</u>	<u>14,198,477</u>	<u>15,530,747</u>	<u>14,674,821</u>	<u>17,967,388</u>	<u>19,413,276</u>	<u>16,027,462</u>	<u>14,388,773</u>
Business-type activities (Utility):										
Electric	92,254,808	91,879,506	89,675,760	93,309,401	93,112,812	90,683,271	92,963,960	95,577,786	94,912,274	92,977,660
Water	9,439,879	9,300,436	8,692,261	8,703,685	9,112,941	9,400,169	10,528,096	10,137,517	11,590,319	14,473,383
Wastewater/sewer	8,372,386	10,439,126	11,996,510	13,997,247	14,283,357	15,620,259	18,284,194	19,023,250	20,960,906	22,747,330
Combined utilities						1,040,333	1,041,610	949,348	916,472	931,858
E-911	1,099,713	1,278,007	1,443,736	1,744,910						
Business-type activities (Solid Waste):										
Collections										4,467,793
Landfill										292,499
Combined solid waste										
Subtotal business-type activities:	<u>111,166,786</u>	<u>112,897,075</u>	<u>111,808,267</u>	<u>117,755,243</u>	<u>116,509,110</u>	<u>116,744,032</u>	<u>122,817,860</u>	<u>125,687,901</u>	<u>128,379,971</u>	<u>135,890,523</u>
Total primary government	<u>\$ 120,657,034</u>	<u>\$ 122,399,865</u>	<u>\$ 123,461,694</u>	<u>\$ 131,953,720</u>	<u>\$ 132,039,857</u>	<u>\$ 131,418,853</u>	<u>\$ 140,785,248</u>	<u>\$ 145,101,177</u>	<u>\$ 144,407,433</u>	<u>\$ 150,279,296</u>

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

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

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 325,046	\$ 373,624	\$ 327,987	\$ 363,341	\$ 363,755	\$ 295,087	\$ 328,562	\$ 371,481	\$ 398,346	\$ 365,532
Restricted	1,439,033	1,377,477	340,115	148,063	188,753	166,769	151,573	159,431	230,703	422,558
Committed	7,876,731	8,232,004	7,769,260	12,172,432	17,105,954	10,917,679	6,682,264	12,237,784	10,344,018	7,224,578
Assigned	12,558,731	15,158,610	24,438,262	32,326,280	23,736,193	24,051,435	25,972,721	26,252,150	25,693,251	33,336,911
Unassigned	<u>11,461,686</u>	<u>14,024,201</u>	<u>11,423,170</u>	<u>869,854</u>	<u>4,982,343</u>	<u>4,462,443</u>	<u>5,718,239</u>	<u>3,652,561</u>	<u>16,241,919</u>	<u>20,214,340</u>
Total general fund	<u>\$33,661,227</u>	<u>\$39,165,916</u>	<u>\$44,298,794</u>	<u>\$45,879,970</u>	<u>\$46,376,998</u>	<u>\$39,893,413</u>	<u>\$38,853,359</u>	<u>\$42,673,407</u>	<u>\$52,908,237</u>	<u>\$ 61,563,919</u>
All Other Governmental Funds										
Nonspendable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted	770,795	2,530,944	1,897,016	62,990	82,174	45,556	17,038,311	13,747,329	2,670,763	379,027
Committed										
Assigned										
Unassigned										
Total all other governmental funds	<u>\$ 770,795</u>	<u>\$ 2,530,944</u>	<u>\$ 1,897,016</u>	<u>\$ 62,990</u>	<u>\$ 82,174</u>	<u>\$ 45,556</u>	<u>\$17,038,311</u>	<u>\$13,747,329</u>	<u>\$ 2,670,763</u>	<u>\$ 379,027</u>

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes (see Schedule 6)	\$ 66,930,265	\$ 67,071,551	\$ 69,124,820	\$ 69,741,921	\$ 71,196,072	\$ 73,996,907	\$ 76,745,963	\$ 78,404,667	\$ 86,683,714	\$ 86,428,603
Licenses, fees, and permits	3,528,255	3,708,243	3,851,016	3,936,385	4,055,125	4,101,722	4,301,634	4,173,707	4,256,649	4,449,706
Fines and penalties	1,797,703	1,998,717	1,801,446	1,860,204	1,877,466	1,564,055	1,458,198	1,308,753	1,447,728	990,633
Charges for services	2,217,221	2,259,787	4,594,191	6,630,656	7,151,162	7,132,073	6,982,564	7,543,750	6,993,048	1,486,362
Special assessments	69,042	53,126	5,503	1,338	690	440	310	312		
Intergovernmental	3,944,976	3,319,333	4,031,382	3,732,007	4,741,124	5,246,980	4,191,220	7,079,501	5,287,729	10,101,897
Investment earnings	270,620	191,681	143,063	138,210	110,618	95,911	118,785	579,441	923,793	400,233
Other revenues	2,622,345	2,506,253	2,602,416	2,474,277	3,669,904	2,433,642	1,001,941	1,355,601	4,556,110	3,902,654
Total revenues	81,380,427	81,108,691	86,153,837	88,514,998	92,802,161	94,571,730	94,800,615	100,445,732	110,148,771	107,760,088
Expenditures										
General government	8,914,645	9,155,464	9,870,115	11,775,572	10,425,955	10,762,578	12,291,949	11,795,771	13,031,062	13,456,054
Public safety	28,854,564	29,314,212	30,344,582	31,409,731	31,886,858	32,342,515	33,565,061	34,419,271	36,452,530	38,188,965
Planning and development	1,904,129	1,822,479	1,882,260	2,136,277	2,338,467	2,117,536	2,374,656	2,750,805	2,731,282	2,725,740
General services	4,020,027	3,889,251	3,930,479	3,956,596	4,556,186	4,365,873	4,396,932	4,676,888	4,727,145	4,917,829
Other public works	15,360,928	12,796,891	13,755,233	15,092,562	15,696,716	15,388,942	15,760,076	15,463,515	17,203,975	8,941,334
Health and welfare	2,794,183	2,987,149	3,995,997	3,959,138	4,843,508	3,580,357	3,616,487	3,583,668	4,143,067	3,586,707
Culture and recreation	8,349,165	8,280,689	8,960,502	9,218,891	9,461,508	10,474,336	11,064,461	11,851,846	12,041,924	11,398,135
Insurance	193,439	805,007	1,280,974	452,688	3,696,580	3,681,005	(279,055)	216,427	467,836	5,544,053
Capital outlay	3,366,687	4,312,229	5,928,040	10,031,040	12,990,255	18,040,287	12,741,451	13,919,048	18,990,512	15,847,219
Intergovernmental	3,922,562	3,894,777	3,906,473	3,879,169	3,897,123	3,943,813	3,953,470	3,994,051	4,382,104	4,141,111
Debt service										
Interest	1,148,631	1,044,618	942,089	1,249,993	4,367,483	492,721	421,760	732,446	612,407	518,592
Principal	3,810,718	3,642,914	3,789,647	15,263,505	607,149	3,990,377	2,682,300	3,406,724	2,474,118	2,577,910
Total expenditures	82,639,678	81,945,680	88,586,391	108,425,162	104,767,788	109,180,340	102,589,548	106,810,460	117,257,962	111,843,649
Excess of revenues over (under) expenditures	(1,259,251)	(836,989)	(2,432,554)	(19,910,164)	(11,965,627)	(14,608,610)	(7,788,933)	(6,364,728)	(7,109,191)	(4,083,561)
Other Financing Sources (Uses)										
Bonds issued		2,000,000	6,000,000	11,650,415	43,685		17,000,000			
Capital leases	9,012					6,426				
Refunding bonds issued										
Payment to Dothan-Houston County Airport Authority Bond Fund			(6,000,000)							
Transfers in	2,603,146	6,101,827	6,931,504	8,006,899	12,438,154	8,081,981	6,741,634	6,893,794	6,267,455	10,725,794
Total other financing sources (uses)	2,612,158	8,101,827	6,931,504	19,657,314	12,481,839	8,088,407	23,741,634	6,893,794	6,267,455	10,725,794
Net change in fund balances	\$ 1,352,907	\$ 7,264,838	\$ 4,498,950	\$ (252,850)	\$ 516,212	\$ (6,520,203)	\$ 15,952,701	\$ 529,066	\$ (841,736)	\$ 6,642,233
Debt service as a percentage of noncapital expenditures	6.3%	6.0%	5.7%	16.8%	5.4%	4.9%	3.5%	4.5%	3.1%	3.2%

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

<u>FISCAL YEAR</u>	<u>GENERAL PROPERTY TAX</u>	<u>MOTOR VEHICLE PROPERTY TAX</u>	<u>SALES AND USE TAX</u>	<u>LODGING TAX</u>	<u>FRANCHISE TAX</u>	<u>ALCOHOL BEVERAGE TAX</u>	<u>CIGARETTE TAX</u>	<u>TOTAL</u>
2011	\$ 3,770,349	\$ 682,360	\$ 56,531,207	\$ 1,631,247	\$ 2,820,069	\$ 1,191,295	\$ 303,738	\$ 66,930,265
2012	3,748,540	738,910	57,265,598	1,565,896	2,248,294	1,210,013	294,300	67,071,551
2013	3,721,013	790,206	59,091,230	1,599,957	2,470,533	1,185,931	265,950	69,124,820
2014	3,705,189	721,928	59,591,765	1,683,150	2,557,966	1,224,073	257,850	69,741,921
2015	3,746,379	706,664	61,636,679	1,861,592	1,762,817	1,225,441	256,500	71,196,072
2016	3,799,056	782,186	63,927,219	1,953,346	2,032,003	1,276,247	226,850	73,996,907
2017	3,886,902	752,950	66,203,791	2,816,800	1,559,302	1,279,068	247,150	76,745,963
2018	3,963,170	773,148	67,059,758	3,127,058	2,012,376	1,250,457	218,700	78,404,667
2019	3,999,941	800,712	74,607,092	4,017,771	1,723,447	1,313,351	221,400	86,683,714
2020	4,077,793	813,643	75,559,679	2,791,000	1,678,930	1,276,708	230,850	86,428,603
Change								
2011-2020	\$ 307,444	\$ 131,283	\$ 19,028,472	\$ 1,159,753	\$ (1,141,139)	\$ 85,413	\$ (72,888)	\$ 19,498,338

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

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
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>
2011	\$ 246,600	\$ 577,795	\$ 72,937	\$ 751,458	5.00	\$ 5,348,051	14.1%
2012	245,821	574,686	74,537	745,970	5.00	5,298,026	13.9%
2013	245,054	588,509	90,058	743,505	5.00	5,358,513	13.9%
2014	249,091	627,083	96,235	779,939	5.00	5,604,864	14.0%
2015	250,323	635,923	94,936	791,310	5.00	5,662,751	14.0%
2016	255,871	655,519	97,679	813,711	5.00	5,813,287	14.1%
2017	259,100	683,993	106,103	836,990	5.00	5,956,459	13.9%
2018	253,088	710,947	132,326	831,709	5.00	5,990,282	13.8%
2019	260,271	728,497	138,953	849,815	5.00	6,147,655	13.8%
2020	268,302	740,450	147,170	861,582	5.00	6,298,771	13.7%

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
2011	5.00				5.00	3.50	10.50	1.00	4.50	6.50	2.00	28.00
2012	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2013	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2014	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2015	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2016	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2017	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2018	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2019	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50
2020	5.00				5.00	3.50	10.50	2.50	4.50	6.50	2.00	29.50

Source: Houston County Revenue Commissioner

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

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

TAXPAYER	2020			2011		
	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.	\$ 11,751,360	1	1.36%	\$ 2,996,360	9	0.40%
Triad of Alabama, LLC	9,263,620	2	1.08%	9,848,080	2	1.31%
Centurytel of Alabama, LLC	6,993,600	3	0.81%	11,272,460	1	1.50%
Dothan Pavilion Group, LLC	5,447,320	4	0.63%			
WMJSHR Investments, LLC	5,192,020	5	0.60%			
Wiregrass Electric	4,956,660	6	0.58%			
Alabama Power Company Tax Accounting	4,928,040	7	0.57%			
Watson & Downs Investments, LLC	4,664,020	8	0.54%	5,003,400	5	0.67%
CSX Transportation	4,473,760	9	0.52%			
Flowers Hospital	3,712,340	10	0.43%	4,733,660	7	0.63%
Sony Magnetic Products, Inc.				6,776,280	3	0.90%
Wiregrass Telecom, Inc.				5,244,000	4	0.70%
Inland American Dothan Pavilion, LLC				4,882,640	6	0.65%
Wiregrass Mall Associates, LLC/PR Wiregrass Commons, LLC				3,472,640	8	0.46%
Wal-Mart Real Estate Business Trust				2,825,680	10	0.38%
Total	\$ 61,382,740		7.12%	\$ 57,055,200		7.60%

Source: Revenue Commissioner Houston County

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

FISCAL YEAR ENDED SEPTEMBER 30	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2011	\$ 3,848,606	\$ 3,761,967	97.75 %	\$ 2,807	\$ 3,764,774	97.82 %
2012	3,835,211	3,740,606	97.53 %	3,869	3,744,475	97.63 %
2013	3,811,831	3,708,840	97.30 %	4,532	3,713,372	97.42 %
2014	3,897,992	3,695,296	94.80 %	1,127	3,696,423	94.83 %
2015	3,955,141	3,738,332	94.52 %	1,897	3,740,229	94.57 %
2016	4,066,603	3,791,823	93.24 %	1,174	3,792,997	93.27 %
2017	4,183,924	3,878,555	92.70 %	652	3,879,207	92.72 %
2018	4,160,474	3,976,368	95.57 %	386	3,976,754	95.58 %
2019	4,243,808	4,004,328	94.36 %	2,572	4,006,900	94.42 %
2020	4,321,529	4,098,382	94.84 %	-	4,098,382	94.84 %

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)

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Accommodation & Food Services	\$ 198,879	\$ 252,250	\$ 300,239	\$ 312,830	\$ 482,549	\$ 516,333	\$ 497,075	\$ 383,565	\$ 334,800	\$ 316,583
Administrative & Waste Mgmt.	7,197	6,764	4,853	1,829	5,733	28,890	17,194	9,505	18,323	15,611
Agriculture, Forestry, Fishing, etc.	641	570	587	644	414	464	427	450	455	488
Arts, Entertainment & Recreation	7,398	12,116	26,255	34,848	19,283	33,982	18,246	34,884	33,448	12,225
Construction	11,656	20,709	25,163	49,213	17,548	41,704	31,930	27,569	27,755	23,127
Educational Services	2,702	2,157	1,505	4,484	1,911	2,041	1,944	1,848	2,389	2,030
Finance & Insurance	4,196	9,048	13,735	14,762	3,710	4,832	13,591	4,630	4,496	5,919
Health Care & Social Assistance	16,304	17,880	40,657	20,759	22,063	43,759	47,494	30,722	17,578	13,301
Information	26,683	21,483	27,238	23,621	48,227	41,624	34,016	31,406	29,448	27,637
Management of Companies	89	62	41	67	36	27	26	3,097	292	123
Manufacturing	75,504	93,248	106,322	122,218	108,290	111,240	67,043	70,037	78,140	74,975
Mining	52	105	23	6	90	563	892	957	1,361	1,264
Other Services	27,516	53,414	64,822	85,159	70,830	100,800	48,377	54,819	57,261	53,271
Professional Services	22,880	29,991	38,199	53,510	49,582	51,593	41,691	37,538	31,675	33,447
Public Administration	598	557	579	716	703	980	699	1,108	1,083	627
Real Estate & Rental & Leasing	6,100	7,796	9,521	13,515	7,912	9,007	48,581	14,247	7,465	7,222
Retail Trade	1,097,597	1,292,801	1,367,725	1,415,577	1,398,196	1,501,220	1,452,838	1,453,068	1,500,689	1,445,480
Transportation & Warehousing	8,115	7,061	8,006	6,436	9,787	5,651	11,170	22,551	7,493	9,871
Unidentified*	8,503	8,570	19,662	60,543	40,195	1	-	586	107,268	110,084
Utilities	38	113	70	42	29	43	81	190	186	432
Wholesale Trade	143,753	159,921	182,704	185,190	154,872	167,001	152,871	174,091	183,598	201,265
Total	\$ 1,666,401	\$ 1,996,616	\$ 2,237,906	\$ 2,405,969	\$ 2,441,960	\$ 2,661,755	\$ 2,486,186	\$ 2,356,868	\$ 2,445,203	\$ 2,354,982
City direct sales tax rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Sources: Avenu Insights and Analytics

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

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

<u>FISCAL YEAR</u>	<u>CITY SALES TAX RATE</u>	<u>HOUSTON COUNTY SALES TAX RATE</u>	<u>STATE SALES TAX RATE</u>	<u>TOTAL SALES TAX RATE</u>
2011	4.00%	1.00%	4.00%	9.00%
2012	4.00%	1.00%	4.00%	9.00%
2013	4.00%	1.00%	4.00%	9.00%
2014	4.00%	1.00%	4.00%	9.00%
2015	4.00%	1.00%	4.00%	9.00%
2016	4.00%	1.00%	4.00%	9.00%
2017	4.00%	1.00%	4.00%	9.00%
2018	4.00%	1.00%	4.00%	9.00%
2019	4.00%	1.00%	4.00%	9.00%
2020	4.00%	1.00%	4.00%	9.00%

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>2020</u>	<u>2011</u>
	<u>RANK</u>	<u>RANK</u>
Wal Mart Stores East, LP	1	1
Sams East, Inc.	2	2
Lowe's Home Centers, Inc.	3	3
Publix Alabama, LLC	4	4
Target Corporation	5	6
Home Depot USA, Inc.	6	
Dolgencorp, LLC	7	
Winn Dixie Montgomery, LLC	8	5
RK Holdings, LLP	9	
Wallstreet Markets, LLC	10	
Best Buy Stores, LP		7
Bondys Ford, Inc.		8
Toyota of Dothan		9
Solomon Motor Co.		10

Source: Avenu Insights and Analytics

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

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

FISCAL YEAR	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES			TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	NOTES PAYABLE AND CAPITAL LEASES	GENERAL OBLIGATION BONDS	NOTES PAYABLE AND CAPITAL LEASES	SEWER BONDS			
2011	\$ 21,935,000	\$ 1,115,700	\$ 2,035,000	\$ 7,124	\$ 57,120,000	\$ 82,212,824	2.78%	\$ 1,245
2012	22,317,371 *	6,290	1,960,000	3,697	60,951,220 *	85,238,578	2.83%	1,265
2013	24,417,673	2,002	1,880,000		56,964,413	83,264,088	2.93%	1,224
2014	19,966,720		1,800,000		74,020,000	95,786,720	2.58%	1,400
2015	15,460,112	29,500	1,715,000		71,090,000	88,294,612	2.86%	1,288
2016	11,333,197	19,154	1,625,000		108,686,621	121,663,972	2.13%	1,830
2017	25,513,661	3,080	1,535,000		101,934,135	128,985,876	2.09%	1,891
2018	21,955,897	807	1,440,000		95,279,351	118,676,055	2.35%	1,739
2019	19,329,275		1,373,074		88,472,191	109,174,540	2.56%	1,584
2020	16,610,832		1,262,970		81,416,840	99,290,642	N/A	N/A

*Restated

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

FISCAL YEAR	GENERAL BONDED DEBT OUTSTANDING		TOTAL	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>			
	GENERAL OBLIGATION BONDS	GENERAL OBLIGATION BONDS			
2011	\$ 21,935,000	\$ 59,155,000	\$ 81,090,000	1.52%	\$ 1,228
2012	22,317,371 *	62,911,220	85,228,591 *	1.61%	1,265
2013	24,417,673	58,844,413	83,262,086	1.55%	387
2014	19,966,720	75,820,000	95,786,720	1.71%	1,409
2015	15,460,112	72,805,000	88,265,112	1.56%	1,290
2016	11,333,197	110,311,621	121,644,818	2.09%	1,774
2017	25,513,661	103,469,135	128,982,796	2.17%	1,884
2018	21,955,897	96,719,351	118,675,248	1.98%	1,740
2019	19,329,275	89,845,265	109,174,540	1.78%	1,600
2020	16,610,832	82,679,810	99,290,642	1.58%	1,440

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

*Restated

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE 16
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2020

	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE*	ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT
City of Dothan Direct Debt			
General Bonded Debt and Warrants	\$ 16,610,832	100.00%	\$ 16,610,832
Overlapping Debt			
Houston County	15,400,000	57.01%	8,779,540
Southeast Alabama Medical Center	-	57.01%	-
Total direct and overlapping debt			\$ 25,390,372

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 Alabama Medical Center. Any debt outstanding for the Southeast Alabama Medical Center 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit*	\$ 194,656,994	\$ 186,370,584	\$ 190,511,700	\$ 190,557,624	\$ 173,502,148	\$ 179,792,708	\$ 185,456,908	\$ 183,047,356	\$ 187,566,052	\$ 190,655,336
Total net debt applicable to limit	<u>6,619,262</u>	<u>6,674,634</u>	<u>5,762,931</u>	<u>3,197,398</u>	<u>1,408,249</u>	<u>19,154</u>	<u>17,003,080</u>	<u>16,339,057</u>	<u>15,659,586</u>	<u>14,963,574</u>
Legal debt margin	<u>\$ 188,037,732</u>	<u>\$ 179,695,950</u>	<u>\$ 184,748,769</u>	<u>\$ 187,360,226</u>	<u>\$ 172,093,899</u>	<u>\$ 179,773,554</u>	<u>\$ 168,453,828</u>	<u>\$ 166,708,299</u>	<u>\$ 171,906,466</u>	<u>\$ 175,691,762</u>
Total net debt applicable to the limit as a percentage of debt limit	3.40%	3.58%	3.02%	1.68%	0.81%	0.01%	9.17%	8.93%	8.35%	7.85%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 953,276,680
Debt limit (20% of assessed value)*	190,655,336
Debt applicable to limit:	
General obligation bonds (Includes unamortized bond premium)	99,290,642
Less: Exempt debt	84,327,068
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>14,963,574</u>
Legal debt margin	<u>\$ 175,691,762</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 17.

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

FISCAL YEAR	WATER REVENUE BONDS						SPECIAL ASSESSMENT BONDS				SALES TAX INCREMENT BONDS			
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE	SPECIAL ASSESSMENT COLLECTIONS	DEBT SERVICE		COVERAGE	SALES TAX INCREMENT	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST			PRINCIPAL	INTEREST			PRINCIPAL	INTEREST	
2011	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2012														
2013														
2014														
2015														
2016														
2017														
2018														
2019														
2020														

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>
2011	66,010	\$ 2,287,511	\$ 34,654	36.7	12.6	9,314	8.30%
2012	67,382	2,413,354	35,816	36.7	12.5	9,431	7.30%
2013	68,001	2,442,120	35,913	38.0	12.5	9,416	6.40%
2014	68,409	2,467,513	36,070	37.9	12.8	9,480	6.60%
2015	68,567	2,528,682	36,879	38.1	12.8	9,677	6.10%
2016	68,468	2,588,296	37,803	38.1	12.8	9,561	6.20%
2017	68,202	2,692,479	39,478	38.9	12.9	9,535	4.50%
2018	68,247	2,790,142	40,883	38.9	12.9	9,342	4.10%
2019	68,941	2,974,322	43,143	39.0	13.0	8,976	3.20%
2020	NA	NA	NA	37.8	13.3	8,197	5.60%

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>2020</u>			<u>2011</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	3,200	1	6.91%	2,113	1	5.22%
Dothan (City) & Houston County School Systems	2,057	2	4.44%	1,973	2	4.87%
Flowers Hospital	1,350	3	2.91%	1,100	3	2.72%
Wayne Farms (formerly Perdue Farms)	1,300	4	2.81%	800	6	1.98%
City of Dothan	979	5	2.11%	927	4	2.29%
Southern Nuclear (Farley)	850	6	1.83%	860	5	2.12%
Michelin Tire	526	7	1.14%	542	7	1.34%
AAA Cooper Transportation	425	8	0.92%	425	8	1.05%
SpectraCare Health Systems	400	9	0.86%			
Houston County Government	399	10	0.86%	392	9	0.97%
Twitchell Corporation				387	10	0.96%
Total	11,486		24.79%	9,519		23.52%

*These figures are for Houston County.

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

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

FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30										
Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Administrative services	11	12	13	13	13	13	13	12	13	12
Information systems	16	15	16	16	14	11	14	14	14	14
City clerk	5	6	4	4	4	4	4	4	4	4
Finance	41	41	40	45	41	43	43	46	44	41
Personnel	9	10	10	10	10	10	10	10	10	10
Judicial	12	13	13	13	12	13	14	13	14	13
General services	53	53	51	51	54	53	53	57	56	55
Police										
Officers	151	158	158	171	167	164	159	157	169	164
Civilians	71	70	72	69	75	69	74	70	67	70
Fire										
Firefighters and officers	168	169	168	171	171	167	171	170	161	168
Civilians	2	3	3	3	3	3	3	3	3	3
Refuse collection	77	73	80	78	74	71	70	70	67	67
Other public works										
Engineering	16	14	15	18	19	16	16	16	17	19
Street	43	44	43	44	42	42	43	45	45	47
Traffic	11	12	13	13	12	12	12	12	12	15
Other	5	6	0	0	6	6	6	7	7	6
Planning and development	17	16	20	21	20	21	23	23	24	24
Parks and recreation	60	57	63	64	61	62	68	70	70	67
Performing arts	11	11	11	12	12	10	12	10	11	12
Electric	62	66	67	65	63	64	66	68	67	70
Water	35	33	34	36	34	37	38	37	37	40
Wastewater	51	54	50	54	52	51	54	59	60	58
Total	927	936	944	971	959	942	966	973	972	979

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.

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

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
General government										
Building permits issued	4,961	4,427	4,215	4,888	5,900	5,577	5,718	5,311	5,766	5,511
Building inspections conducted	7,104	6,581	7,051	6,954	6,995	7,155	7,090	7,023	7,019	7,858
Police										
Physical arrests	5,239	5,289	5,034	7,199	7,874	6,198	6,212	6,009	6,622	5,938
Parking violations	142	118	190	137	75	178	49	121	96	196
Traffic and non misdemeanor violations	12,423	13,606	9,466	12,337	12,607	17,625	19,080	18,768	21,449	20,979
Fire										
Emergency responses	10,755	11,017	11,198	11,180	12,205	12,836	13,402	13,815	15,648	15,112
Fires extinguished	533	464	371	536	396	294	364	284	382	361
Inspections	2,614	2,662	2,603	2,167	2,565	2,157	2,177	2,185	2,101	1,947
Refuse collection										
Refuse collected (tons per day)	231.61	243.42	253.82	178.20	118.27	126.89	119.92	155.38	112.36	136.33
Recyclables collected (tons per day)	2.71	2.92	4.15	4.35	5.36	5.94	6.32	9.23	4.49	4.82
Other public works										
Street resurfacing (miles)	14	13	16	15	10	13	15	11	14	13
Parks and recreation										
Athletic field permits issued	242	381	364	466	345	461	445	301	446	204
Community center admissions*	106,696	110,943	106,880	121,097	129,346	110,508	91,606	100,635	90,344	23,230
Library										
Volumes in collection - books	180,642	170,078	183,821	152,920	152,681	136,597	139,796	107,957	104,718	120,980
Volumes in collection - audio/video	4,266	7,567	8,178	8,048	8,287	15,645	17,723	18,755	19,880	14,283
Volumes borrowed	235,517	239,238	317,074	228,672	288,661	344,397	394,623	488,046	492,926	496,144
Water										
New connections	315	144	435	185	284	396	442	106	176	612
Water main breaks	209	169	180	154	179	154	167	110	143	96
Average daily consumption (thousands of gallons)	13,038	11,470	9,548	11,252	10,406	12,274	13,028	12,019	13,325	13,872
Peak daily consumption (thousands of gallons)	24,013	22,744	20,942	19,439	18,514	20,239	19,656	19,814	24,856	22,944
Wastewater										
Average daily sewage treatment (thousands of gallons)	9,611	9,631	14,437	13,619	10,551	15,475	12,635	11,509	13,223	13,296

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

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

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	17	17	17	17	17	17	17	17	17
Fire stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection trucks	52	52	51	51	51	49	49	49	52	49
Other public works										
Streets (miles)	455	455	455	455	455	455	457	457	457	459
Highways (miles)*	58	58	58	58	59	59	59	59	59	59
Street lights	15,135	15,378	15,722	15,766	15,847	16,345	17,981	18,021	18,096	18,353
Traffic signals	190	190	190	190	190	190	190	190	190	190
Parks and recreation										
Acreage	706	708	708	708	708	1,092	1,102	1,102	1,102	1,102
Playgrounds	13	15	15	15	15	15	16	16	18	18
Baseball/softball diamonds	31	31	31	31	31	31	44	44	44	44
Soccer/football fields	8	8	8	8	8	8	9	9	9	9
Community centers	7	7	7	7	7	7	7	7	7	7
Tennis courts	47	47	47	47	47	47	47	47	47	47
Dog-friendly park				1	1	1	1	1	1	1
Water										
Water mains (miles)	497	502	505	507	510	512	514	516	519	521
Fire hydrants	3,430	3,459	3,470	3,482	3,499	3,514	3,634	3,648	3,684	3,704
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)	504	505	505	505	506	506	510	511	512	518
Storm sewers (miles)	183	185	186	186	187	187	187	188	189	192
Treatment capacity (thousands of gallons)	23,120	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 of Leisure Services, and Dothan Utilities

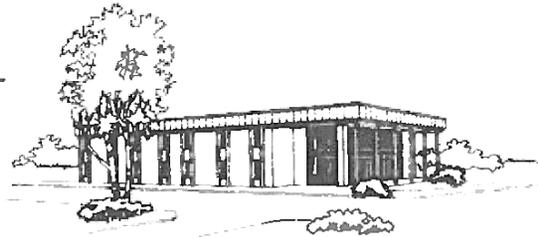
Note: *Highway miles are miles of roadway within the City limits that are maintained by the Alabama Department of Transportation (ALDOT).

SINGLE AUDIT SECTION

McClintock, Nelson & Associates, P.C.
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dothan, Alabama, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Dothan, Alabama's basic financial statements and have issued our report thereon dated March 11, 2021.

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) to determine the 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.

Honorable Mayor and Board of City Commissioners
City of Dothan, Alabama
(Continued)

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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,



McCLINTOCK, NELSON & ASSOCIATES, P.C.
Certified Public Accountants

March 11, 2021

McClintock, Nelson & Associates, P.C.

Certified Public Accountants

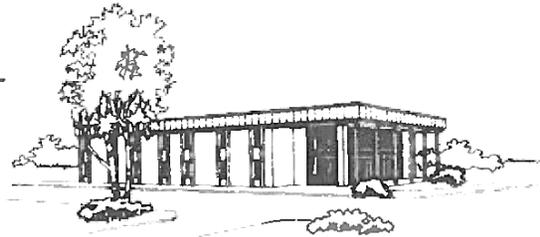
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Dothan, Alabama's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Dothan, Alabama's major federal programs for the year ended September 30, 2020. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Dothan, Alabama's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Dothan, Alabama's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Honorable Mayor and Board of City Commissioners
City of Dothan, Alabama
(Continued)

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

Opinion on Each Major Federal Program

In our opinion, the City of Dothan, Alabama complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of the City of Dothan, Alabama is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Dothan, Alabama's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Dothan, Alabama's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,



McCLINTOCK, NELSON & ASSOCIATES, P.C.
Certified Public Accountants

March 11, 2021

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 10-01-19	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 9-30-20
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:							
<u>Direct Programs:</u>							
Community Development Block Grant - Entitlement	14.218	B-18-MC-01-0010 - B-19-MC-01-0010	\$ 1,139,495	\$ 68,857	\$ 282,094	\$ 282,094	\$ 33,289
<u>Passed Through Dothan Housing Authority:</u>							
Public Housing Drug Elimination	14.872	None	175,000		175,000	175,000	175,000
Total U.S. Department of Housing and Urban Development				<u>68,857</u>	<u>457,094</u>	<u>457,094</u>	<u>208,289</u>
U.S. DEPARTMENT OF JUSTICE:							
<u>Direct Programs:</u>							
Coronavirus Relief Funds	21.019	None	117,598		101,353	101,353	101,353
Bulletproof Vest Partnership Grant	16.607	None	19,980	12,488	7,493	7,493	
Bulletproof Vest Partnership Grant	16.607	None	21,520		1,076	1,076	1,076
Edward Byrne Memorial Justice Assistance Grant	16.738	None	23,437		6,100	6,100	
<u>Passed Through Alabama Law Enforcement Agency:</u>							
High Intensity Drug Trafficking Area	95.001	None	27,049		10,087	10,087	2,352
Internet Crimes Against Children	16.543	None	10,000		5,326	5,326	5,326
Total U.S. Department of Justice				<u>12,488</u>	<u>131,435</u>	<u>131,435</u>	<u>110,107</u>
U.S. DEPARTMENT OF TRANSPORTATION:							
Local Impact	20.600	None	80,223		80,223	80,223	9,092
Local Impact	20.600	None	4,580		4,580	4,580	
Local Impact	20.616	None	18,927		18,927	18,927	18,927
Forever Wild Extension	20.219	None	100,000		99,901	99,901	
<u>Passed Through State of Alabama:</u>							
MPO Grant - Denton Road	20.205	STPOA-9450 (602)	534,552		63,428	63,428	50,079
MPO Planning Grant	20.205	None	221,200		161,691	161,691	122,398
Ross Clark Circle Widening Phase 1	20.205	0210(501)-PH1	516,600	428,501	16,965	16,965	
Ross Clark Circle Widening Phase 2	20.205	0210(501)-PH2	4,791,778	1,223,292	3,392,754	3,392,754	1,628,459
Ross Clark Circle Widening Electric utility relocation	20.205	0210(501)	189,082		122,534	122,534	122,534
Total U.S. Department of Transportation				<u>1,651,793</u>	<u>3,961,003</u>	<u>3,961,003</u>	<u>1,951,489</u>

(Continued on Page 138)

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 10-01-19	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 9-30-20
U.S. DEPARTMENT OF HOMELAND SECURITY:							
<u>Direct Programs:</u>							
Hazmat and Rescue Teams	97.067	None	\$ 6,946	\$ 4,007	\$ 2,939	\$ 2,939	\$
Hazmat and Rescue Teams	97.067	None	13,228		3,480	3,480	3,480
Total U.S. Department of Homeland Security				<u>4,007</u>	<u>6,419</u>	<u>6,419</u>	<u>3,480</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:							
<u>Passed Through State of Alabama:</u>							
Fluoridation Feed Systems Upgrade	93.994	B04MC33819	25,000		25,000	25,000	25,000
Total U.S. Department of Health & Human Services				<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
U.S. DEPARTMENT OF TREASURY:							
<u>Passed Through State of Alabama:</u>							
Coronavirus Relief Funds	21.019	None	3,279,444		3,279,444	3,279,444	3,279,444
Total U.S. Department of Treasury				<u>-</u>	<u>3,279,444</u>	<u>3,279,444</u>	<u>3,279,444</u>
U.S. DEPARTMENT OF AGRICULTURE:							
<u>Passed Through State Department of Education:</u>							
Summer Food Service Program	10.559	AKZ-0000	974,927		974,927	974,927	311,168
Children At Risk Feeding Child and Adult Care Program	10.558	AKZ-0000	263,117		160,636	160,636	
Total U.S. Department of Agriculture				<u>-</u>	<u>1,135,563</u>	<u>1,135,563</u>	<u>311,168</u>
ENVIRONMENTAL PROTECTION AGENCY:							
<u>Passed Through State of Alabama:</u>							
2020 Brownfields Community - Wide Assessment	66.818	BF01D11020	297,000		7,579	7,579	7,579
2017 Brownfields Community - Wide Assessment	66.818	00D58117	300,000	30,168	50,278	50,278	
General Obligation Warrant Series 2014 CWSRF-DL	66.458	2014-CWSRF-DL	19,235,000	151,753	369,612	369,612	
General Obligation Warrant Series 2016 CWSRF-DL	66.458	2016-CWSRF-DL	41,085,000		19,487	19,487	
Total Environmental Protection Agency				<u>181,921</u>	<u>446,956</u>	<u>446,956</u>	<u>7,579</u>
TOTAL FEDERAL AWARDS				<u>\$ 1,919,066</u>	<u>\$ 9,442,914</u>	<u>\$ 9,442,914</u>	<u>\$ 5,896,556</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The City of Dothan, Alabama has been awarded a number of federal and state grants. The revenues and expenditures for the grants are accounted for in several different funds on the modified accrual basis. The Schedule of Expenditures of Federal Awards is also presented on the modified accrual basis.

2. ENTITY DEFINITION

For the purposes of these schedules, the entity is defined as the City of Dothan, Alabama, exclusive of its boards, agencies and authorities for which a lack of influence, control and dependence exists on the part of the City and in their relationship with the City. These exclusions are in conformance with the criteria set forth by the National Council on Governmental Accounting (NCGA), Statement 3, Defining the Governmental Reporting Entity.

3. ALLOCATION OF INDIRECT COSTS

The City has no indirect cost allocation plan for grants.

4. CWSRF LOAN

Environmental Protection Agency Loan program passed through the State of Alabama. 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. As of September 30, 2020, \$19,245,000 had been drawn down to pay for construction in progress and financing costs. As of September 30, 2020, there were \$0 remaining state revolving funds available.

Environmental Protection Agency Loan program passed through the State of Alabama. On July 15, 2016, the City issued \$41,085,000 of general obligations 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. As of September 30, 2020, \$41,085,000 had been drawn down to pay for financing costs. As of September 30, 2020, there were \$0 remaining state revolving funds available.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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:

CFDA Number	Name of Federal Program or Cluster
14.872	Public Housing Drug Elimination
21.019	Coronavirus Relief Funds
10.559	Summer Food Service

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, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None Reported

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported