

The City of
Dothan, Alabama



Annual Comprehensive Financial Report
Fiscal Year Ended September 30,

2021

INTRODUCTORY SECTION

THE CITY OF DOTHAN
DOTHAN, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021
PREPARED BY
DEPARTMENT OF FINANCE
ROMONA L. MARCUS, CGFM, DIRECTOR-TREASURER

THE CITY OF DOTHAN
DOTHAN, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021
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BOARD OF COMMISSIONERS

MARK SALIBA
PRESIDENT/MAYOR
KEVIN DORSEY
COMMISSIONER, DISTRICT 1
ARISTOTLE O. KIRKLAND
COMMISSIONER, DISTRICT 2
BRADLEY BEDWELL, CPA
COMMISSIONER, DISTRICT 3
JOHN FERGUSON
COMMISSIONER, DISTRICT 4
GANTT PIERCE
COMMISSIONER, DISTRICT 5
DAVID L. CRUTCHFIELD
COMMISSIONER, DISTRICT 6

The City of Dothan

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

March 15, 2022



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

The Annual Comprehensive Financial Report (Annual Report) of the City of Dothan, Alabama (the City) for the fiscal year ended September 30, 2021, is hereby transmitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Dothan management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City, on a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Annual Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a copy of the City's Certificate of Achievement for Excellence in Financial Reporting, the City's organizational chart, and a listing of all City officials. The financial section includes the Management's Discussion and Analysis (MD&A), the basic financial statements, the required supplementary information for budgetary

comparisons, pension liability, debt, and capital assets. The MD&A provides a narrative introduction, overview and analysis of the City's financial statements. It complements this letter of transmittal and should be read in conjunction with it. The statistical section is comprised of schedules that depict selected financial and demographic information that is generally presented on a multi-year basis for purposes of comparison analysis. In contrast to the financial section information, the statistical section information has not been audited. If receiving federal grant funding a fourth section of the Annual Report is required. This single audit section includes the auditor's reports on internal controls and compliance with applicable laws 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, 2021. 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 Agriculture, 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, 2021, 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 of the current year as compared 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 1,067 authorized positions for regular, full-time employees; 48 authorized positions for part-time employees; and 210 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, landscaping, traffic signaling, 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, 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. Dothan's continued growth in

the retail industry has enabled the City to see a continued increase in sales tax. During the global coronavirus pandemic, the City's sales and use tax increased over the previous fiscal year and the local economy continues to show signs of growth. The increase has afforded the City the opportunity to invest in capital projects and maintain and improve essential services provided to our citizens such as fire and police protection, recreational activities, infrastructure improvements, and other services.

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

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

Dothan presently levies 5 mills of ad valorem tax. By referendum, the City could levy an additional 7.5 mills which would generate an additional \$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.

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, 2021, was \$18,904,488.

The City's capital improvement plan for Fiscal Year 2021 identified \$69 million in capital projects. The City Commission funded \$45.6 million; of this amount \$32.9 million was for General Fund; \$11.4 million for Utility Fund; and \$1.3 million for Solid Waste Fund. These projects included replacement of playground equipment at Fairlane Park; new lighting at the Softball Complex fields and Northcutt Football field; new play structure at Water World; Walton Park walking trail; Rip Hewes Stadium renovations; James Oates Park artificial turf and shade structures; downtown Main Street tree replacement; fire station #10 design; enterprise resource planning software; East Main sidewalk addition; Honeysuckle Road improvements and right of way; 84 West additional lanes; Denton Road widening; miscellaneous sewer improvement projects; Advanced Metering Infrastructure; construction of the Operations Facility at Dothan Utilities; Lakewood Lift Station and Napier Field Lift Station replacement and repairs; Omussee Trunk Line replacement and rehabilitation; ultraviolet equipment upgrades at Cypress Creek Waste Water Treatment Plant; water main replacement; sanitary sewer system extensions; transformers for substations; fleet replacement; and automated route management software for solid waste collections.

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, in October 2020 to \$6.97 and in October 2021 to \$7.17 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 for every residential customer for the collection, hauling and disposing of refuse. The City's landfill reopened in August 2020, after being closed since 2014. Prior to reopening, a rate study was conducted to determine tipping fees. Tipping fees for commercial waste haulers and private entities were set at \$42.50 per ton, with an increase in October 2021 to \$43.78, and a biannual increase of 3% thereafter.

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 2021 was as follows:

	<u>Amount</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Debt per Capita</u>
Net Direct Bonded Debt	\$15,252,029	1.55%	\$215

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 2021, 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 99 new or expanding investments. Approximately \$70 million of announced new and expanding industrial and distribution projects were in progress. Some of these projects include the addition of Chipolte Mexican Grill, The Toasted Yolk Cafe, Comfort Inn, and Simply 10 to the Dothan

market. The industrial and distribution sectors saw growth with the announcement of a new FedEx Ground distribution center that will be a \$57 million investment, with a 317,000 square foot facility to be constructed at the Sam Houston Industrial Park and will add over 200 jobs to the area. City industry saw expansion of the Westgate Parkway location of Dothan Warehouse Investors, LLC, and Gresco Utility Supply relocated and expanded into a new facility on Napier Field Road. Businesses such as Dunbarton Corporation, Townsend Building Supply, KFH Industries, Vintage Trailer Works, Summerford Pallet Company, GRI-APS and Greenbush Wood Products have had continual growth in the market area. Overall, the Dothan area added 2,000 more jobs to the economy and boasted the highest percentage increase in the State of Alabama. Around 500 of these jobs were in the manufacturing sector, with more than 600 jobs added to the hospitality and leisure service area. This is a continued increase in recovery for a sector that was hit hardest by COVID-19. With an aggressive marketing program from “Visit Dothan”, Dothan anticipates hosting 70 plus events in 2022, which will enhance continued recovery in this sector. Prospects for the area indicate the continued need to expand industrial sites and park inventory and develop more available industrial building capacity to enhance industrial activity in order to continue the positive economic momentum for the area. With efforts to expand available industrial buildings and land, comes the need for an available workforce. According to the Alabama Department of Labor and Bureau of Labor Statistics, the average annual hourly wage increased to \$21.05 in 2021, up \$1.04 from the previous year. 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. United Van Lines conducts an annual study to rank the top cities people are moving to. In 2021, Dothan ranked the highest in Alabama and number 11 across the nation, with 70% of the moves being to Dothan rather than leaving Dothan.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dothan for its Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended September 30, 2020. The City has received this prestigious award for 38 consecutive years (fiscal years ended 1983 – 2020).

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive 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 17 consecutive years (fiscal years ended 2004 – 2020). 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, McDaniel & Associates, P.C., Certified Public Accountants, and the entire staff of the Finance Department. We would like to express our sincere appreciation to McDaniel & 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,



**Romona L. Marcus, 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**

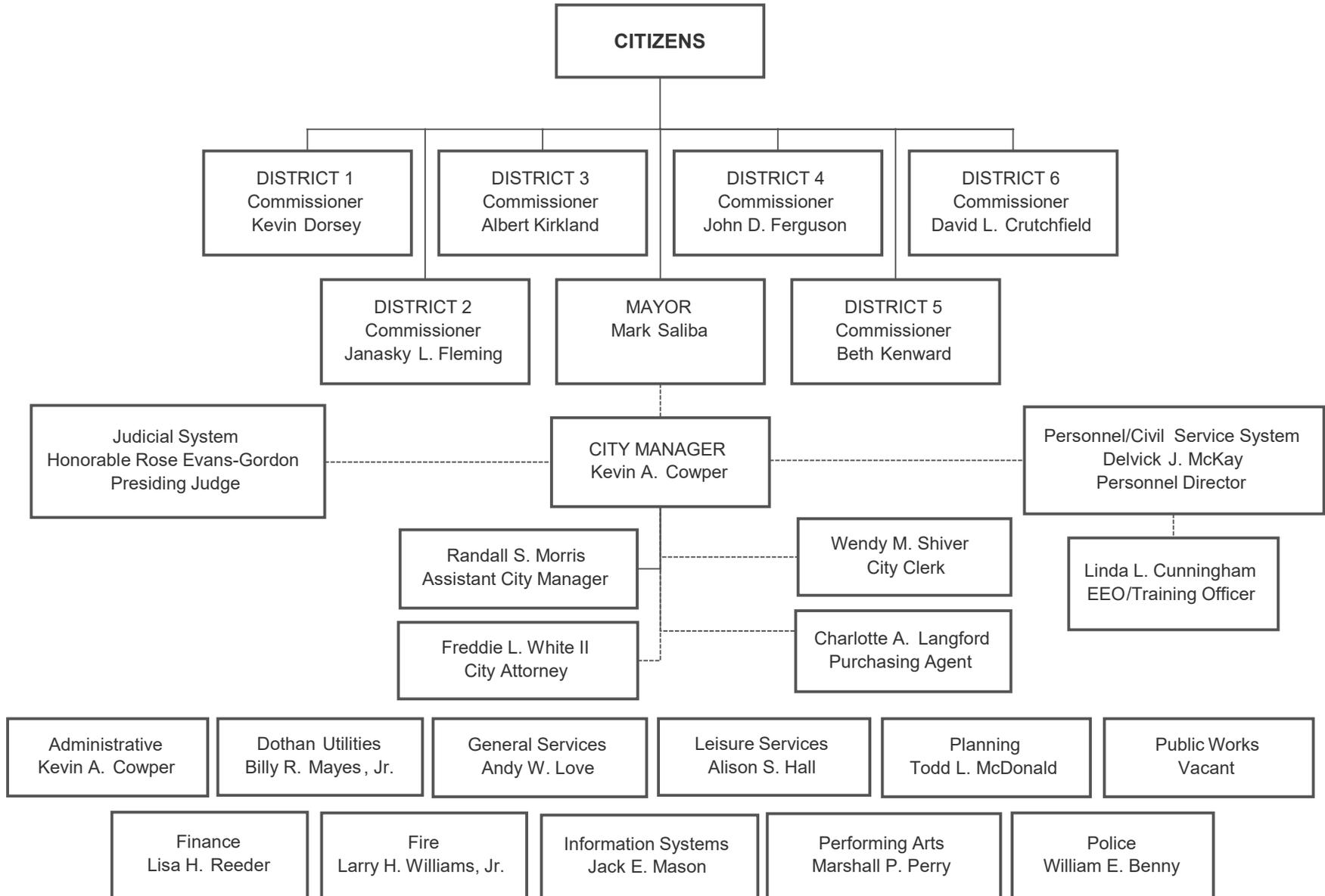
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

**CITY OF DOTHAN, ALABAMA
ORGANIZATIONAL CHART**



THE CITY OF DOTHAN
DOTHAN, ALABAMA
CITY OFFICIALS

CITY COMMISSION

Mark Saliba	Mayor
Kevin 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	Vacant	Public Works Director
Wendy M. Shiver	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	William E. Benny	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



PO Box 6356
Dothan, Alabama 36302

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, 2021, 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.

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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and healthcare plan schedules on pages 5 through 18 and 82 through 87 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'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.

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 15, 2022, 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's internal control over financial reporting and compliance.

McDaniel & Associates, P.C.

Dothan, Alabama
March 15, 2022

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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, 2021. 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 annual comprehensive financial report (Annual Report).

Financial Highlights

- The assets and deferred outflows of resources of the City of Dothan exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$197,467,652. Of this amount, the City had a deficit unrestricted net position of \$46,516,078 offset by \$1,036,674 in restricted net position and \$242,947,056 in net investment in capital assets.
- The City's total net position increased by \$24,281,186 (14.02%) from \$173,186,466 at September 30, 2020 to \$197,467,652 at September 30, 2021. A detailed explanation of this increase can be viewed on page eight of this MD&A.
- Total net position for governmental activities increased by \$10,206,813 (79.31%), thus totaling \$23,075,683 for fiscal year 2021.
- At the close of fiscal year 2021, the City of Dothan's governmental funds reported a combined fund balance of \$72,912,945. This was an increase of \$14,498,245 (24.82%) compared to fiscal year 2020.
- The unassigned fund balance for the General Fund was \$9,763,384

for fiscal year 2021. This total is available for spending at the government's discretion.

- Sales and use tax, the City's single largest revenue source, increased 11.65% (\$8,800,094) during the 2021 fiscal year, reflecting continued growth in Dothan's economy.
- The City of Dothan's total debt decreased by \$8,732,763 (8.80%) during the current fiscal year, yielding a total outstanding debt of \$90,557,879 compared to last year at \$99,290,642.

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, 2021, totaled \$197,467,652. Governmental Activities' net position increased by \$10,206,813, while Business-type Activities' net position increased \$14,074,373 during fiscal year 2021. The beginning net position for both Governmental Activities and Business-type Activities was restated due to payroll and benefit accruals by (\$3,528,247) and (\$1,335,745), respectively. The primary government's total net position increase of \$24,281,186 in fiscal year 2021 includes the following major changes: (1) an increase in net investment in capital assets of \$14,203,295; (2) an increase in cash and cash equivalents of \$25,298,659; (3) a decrease in the deficit in unrestricted net position of \$4,978,810; and (4) an increase in deferred inflows of \$5,459,854. 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 (123.03%) 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 assets at September 30, 2021, was \$242,947,056. 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: \$535,948 for street and bridge maintenance and \$500,726 for education. The remaining balance of (\$46,516,078) 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	
	2021	2020*	2021	2020*	2021	2020*
Current & Other Assets	\$ 87,511	\$ 71,498	\$ 90,982	\$ 91,698	\$ 178,493	\$ 163,196
Capital Assets	114,222	114,877	218,280	211,510	332,502	326,387
Total Assets	<u>201,733</u>	<u>186,375</u>	<u>309,262</u>	<u>303,208</u>	<u>510,995</u>	<u>489,583</u>
Deferred Outflows of Resources	39,940	31,114	10,817	7,822	50,757	38,936
Current & Other Liabilities	19,758	18,295	27,200	28,895	46,958	47,190
Long-term Liabilities	190,241	183,270	118,301	121,548	308,542	304,818
Total Liabilities	<u>209,999</u>	<u>201,565</u>	<u>145,501</u>	<u>150,443</u>	<u>355,500</u>	<u>352,008</u>
Deferred Inflows of Resources	8,599	3,055	186	270	8,785	3,325
Net Position						
Net Investment in Capital Assets	99,973	99,914	142,974	128,830	242,947	228,744
Restricted for:						
Public safety programs	-	68			-	68
Street and bridge maintenance	536	422			536	422
Education	500	311			500	311
Unrestricted	<u>(77,934)</u>	<u>(87,846)</u>	<u>31,418</u>	<u>31,487</u>	<u>(46,516)</u>	<u>(56,359)</u>
Total Net Position (Deficit)	<u>\$ 23,075</u>	<u>\$ 12,869</u>	<u>\$ 174,392</u>	<u>\$ 160,317</u>	<u>\$ 197,467</u>	<u>\$ 173,186</u>
* 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.

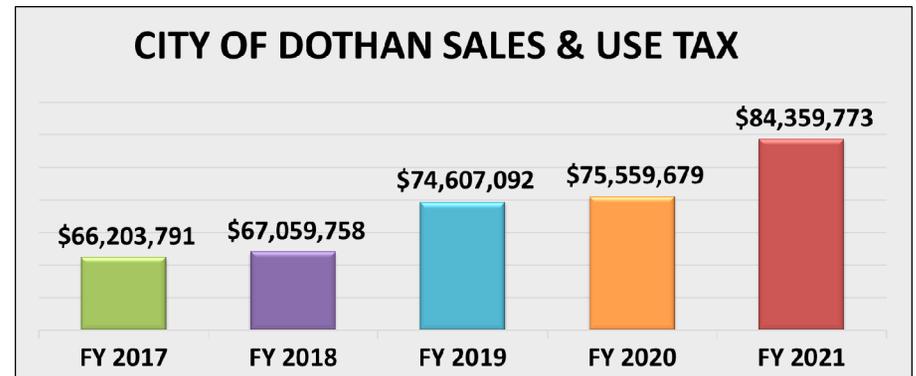
Spending of Non-Borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets, and (b) reduce unrestricted net position and increase net investment in capital assets.

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 \$84,359,773 in 2021. This revenue reflected an increase of \$8,800,094 (11.65%) compared to \$75,559,679 in 2020. 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, 2021
(In Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020*	2021	2020*	2021	2020*
REVENUES						
Program Revenues:						
Charges for services	\$ 8,130	\$ 6,926	\$ 128,164	\$ 131,814	\$ 136,294	\$ 138,740
Operating grants & contributions	4,443	6,045	25	17	4,468	6,062
Capital grants & contributions	1,402	1,417	7,256	4,059	8,658	5,476
General Revenues:						
Property taxes	5,010	4,892			5,010	4,892
Other taxes	91,046	81,537			91,046	81,537
Grants & contributions not restricted to specific programs	2,960	2,761			2,960	2,761
Other	320	3,619	673	1,939	993	5,558
Total Revenues	113,311	107,197	136,118	137,829	249,429	245,026
EXPENSES						
Governmental Activities:						
General government	19,624	18,984			19,624	18,984
Public safety	41,619	41,336			41,619	41,336
Public works	11,507	12,241			11,507	12,241
Planning & development	3,140	2,814			3,140	2,814
Health & welfare	4,347	3,597			4,347	3,597
Culture & recreation	15,747	13,478			15,747	13,478
General services	4,974	5,243			4,974	5,243
Insurance	(146)	5,544			(146)	5,544
Education	12,136	4,716			12,136	4,716
Interest on long-term debt	415	264			415	264
Business-type Activities:						
Solid waste collections			7,137	6,662	7,137	6,662
Solid waste landfill			1,082	1,000	1,082	1,000
Electric department			68,779	66,925	68,779	66,925
Water department			5,018	4,916	5,018	4,916
Sewer department			8,701	7,039	8,701	7,039
Billing-collection department			2,166	1,785	2,166	1,785
Meter reading department			666	889	666	889
Depreciation			14,328	11,134	14,328	11,134
Miscellaneous			1,111	569	1,111	569
Gain (loss) on disposition of capital assets			837	3,202	837	3,202
Bond issue costs						
Interest and fiscal charges	-	-	1,960	2,147	1,960	2,147
Total Expenses	113,363	108,217	111,785	106,268	225,148	214,485
Change in net position before transfer	(52)	(1,020)	24,333	31,561	24,281	30,541
Transfers	10,258	10,726	(10,258)	(10,726)	-	-
Change in net position	10,206	9,706	14,075	20,835	24,281	30,541
Beginning net position, restated	12,869	3,163	160,317	139,482	173,186	142,645
Net position (deficit) September 30	\$ 23,075	\$ 12,869	\$ 174,392	\$ 160,317	\$ 197,467	\$ 173,186

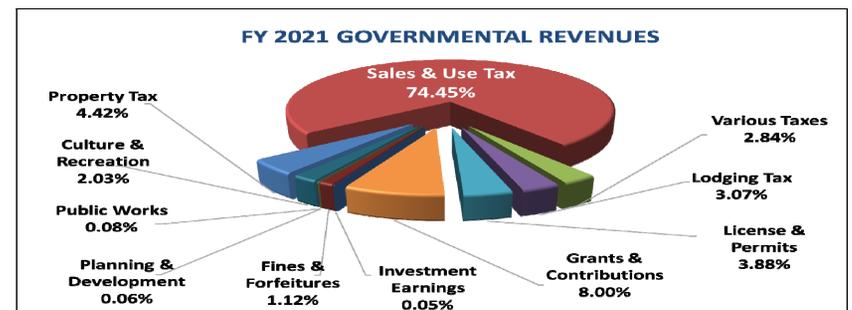
*Restated

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 \$10,206,813. Governmental revenues totaling \$113,311,714 increased \$6,114,583 or 5.70% over fiscal year 2020 (\$107,197,131). Governmental expenditures totaling \$113,363,346 increased \$5,146,474 or 4.75% over fiscal year 2020 (\$108,216,872). Key elements in the change of net position are listed below.

- Taxes increased \$9,627,086 (11.14%). Sales taxes increased \$8,800,094, and lodging tax increased \$683,408, plus various other taxes had a net increase of \$263,541 over the previous year. These increases were offset by a decrease in franchise taxes in the amount of \$99,707, and cigarette tax in the amount of \$20,250.
- Grant revenues decreased \$1,418,133 (13.87%) due to a decrease of \$3,380,797 from the Cares Act for COVID, which was offset by an increase in revenue from the U.S. Department of Agriculture for the Summer/At Risk Food Service Program of \$992,396, an increase in Community Development Block Grant funding of \$266,184, and an increase in transportation grants of \$340,039.
- Charges for services increased \$1,203,197 (17.37%). The majority of this was due to increased recreation income due to facilities reopening in 2021 after being closed due to COVID the prior year. The City's water park revenue increased \$1,078,359 along with other recreational activity revenue of \$195,371. These increases were offset by a decrease in civic center and opera house revenue of \$115,717.
- Expenses increased \$5,146,474, which was primarily due to the transfer of land and buildings to the Dothan City School resulting in a loss on disposal of assets of \$7,800,726, which was offset by a reduction in insurance costs.



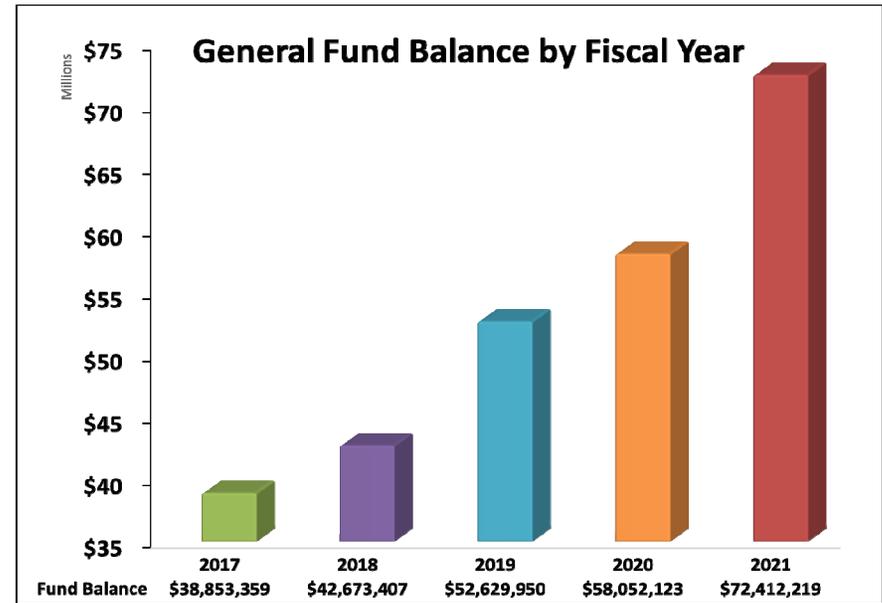
Business-type activities increased the City of Dothan's net position by \$14,074,373. A key element was due to an increase in charges for services for wastewater/sewer and an increase in American Recovery Act Funding.

Fund Balance			
Nonspendable:		Assigned:	
Inventories	\$ 396,746	Administrative	\$ 725,000
		Capital Projects	18,035,998
Restricted:		Information Technology	262,994
Street & Bridge Maintenance	\$ 535,948	Economic Development Projects	447,971
Education	500,726	Public Safety Programs	432,844
	\$ 1,036,674	Public Works Projects	1,641,148
		Planning & Community Develop.	101,259
		Culture & Recreation	367,830
Committed:		Facility Maintenance	2,920,510
Administrative	\$ 10,154	Debt Service	11,023
Information Technology	4,948,428	Self-Insurance Claims	8,820,177
Economic Development Projects	187,029	Fund Balance Reserves	8,085,468
Public Safety Programs	998,529		\$ 41,852,222
Public Works Projects	10,810,318		
Planning & Community Develop.	317,700		
Culture & Recreation	368,785	Unassigned	\$ 9,763,384
Facility Maintenance	2,222,976		
	\$ 19,863,919	Total Fund Balance	\$ 72,912,945

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 \$72,912,945, an increase of \$14,498,245 (24.82%) in comparison with the prior year of \$58,414,700 (restated due to payroll expense accrual of \$3,511,796). The fund balance increase is largely contributed to an increase in tax revenue of \$9,627,086 of which \$8,800,094 was sales tax and \$683,408 lodging tax. Of this total fund balance, \$9,763,384 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 2021 the total fund balance was \$72,412,219 (\$396,746 was nonspendable, \$535,948 was restricted, \$19,863,919 was committed, \$41,852,222 was assigned and \$9,763,384 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 \$9,763,384 represents 9.51% of the general fund expenditures which equal \$102,621,892, while the total general fund balance of \$72,412,219 represents 70.56% of the general fund expenditures. The fund balance of the City of Dothan's general fund (\$72,412,219) increased by \$14,360,096 (24.74%) from 2020 (\$58,052,123).



The general fund's total assets increased by \$16,004,491 during 2021. The increase in cash and cash equivalents was largely due to additional sales tax revenue. Cash is very sensitive to timing anomalies. The timing of revenue recognition or cash disbursement

can shift cash from one reporting period to the next.

Total liabilities in the general fund (\$14,574,195) increased from the previous year (\$13,062,952) by \$1,511,243 (11.57%). The most significant component was vouchers/accounts payable which increased \$1,437,943. In addition, accrued liabilities, payables to other governments and unearned revenue increased by \$30,921, \$5,555 and \$141,409, respectively while due to other funds and customer deposits decreased by \$67,975 and \$36,610, respectively.

Total deferred inflow of resources (\$4,438,459) increased by \$116,702 (2.70%). 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 2020. 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 \$174,391,969 compared to last year's amount of \$160,317,596 (restated due to payroll accrual expense of \$1,335,745). The utility fund experienced an increase in net position in the amount of \$14,747,714. A key element was due to an increase in charges for services for water and wastewater/sewer. The solid waste fund experienced a decrease in net position in the amount of \$673,341.

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 2021 *final* general fund budget projected \$92,883,215 in revenues, \$139,869,182 in expenditures and \$4,521,593 in other financing sources/uses, producing a planned reduction of \$42,514,374 in the general fund's balance. Actual amounts for revenues (\$112,537,927), expenditures (\$102,689,243) and other financing sources/uses (\$4,443,905) netted to a \$14,292,589 increase, rather than the expected \$42,514,374 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 \$19,704,712 over budget. Some major contributors to each revenue (actual) source being over/under from the final budget are listed as follows:

- \$18,920,088 Increase in Taxes - property (over \$456,047), motor vehicle property tax (over \$154,134), sales & use tax (over \$17,859,772), alcohol beverage tax (over \$156,504), cable/phone/gas franchise fee (over \$29,223), and lodging tax (over \$264,408)
- \$638,573 Increase in License and Permits – privilege and insurance license (over \$426,366), building permits (over \$183,870), and miscellaneous (over \$28,337)
- \$1,271,204 Increase in Intergovernmental – Summer and At-Risk Food Programs (over \$95,009), Community Development Block Grants (under \$265,847), Bureau of Justice, Homeland Security, Emergency Management Agency Grants, and U.S. Department of Transportation (under \$623,606), Alabama Trust Fund (over \$165,593), U.S. Environmental Protection Agency (over \$170,200), MPO grant (over \$434,140), financial institution funds (over \$784,552), gas tax revenues (over \$468,844), and miscellaneous intergovernmental revenues (over \$42,319)

- \$328,671 Decrease in Charges for Services - recreational programs (over \$216,257), civic center/opera house ticket sales/facility fees and rental (under \$618,488), weed abatement liens (over \$19,199), planning and zoning application fees (over \$35,177), joint paving and right-of-way maintenance (over \$25,447), and demolition and removal (under \$7,293), and miscellaneous income (over \$1,030)
- \$14,538 Increase in Fines and Forfeitures - court fines (over \$35,637), pre-trial diversion fees (under \$35,941), drug seizure (under \$49,559), court costs (over \$8,245), false alarm fees (under \$3,050), and miscellaneous fines and forfeitures (over \$59,206)
- \$631,648 Decrease in Interest – a decrease in the interest rate environment during fiscal year 2021 resulted in a decreased amount of interest income
- \$179,372 Decrease in Miscellaneous – disaster recovery relief (under \$300,168), purchasing card rebate (over \$16,069), junk sales (over \$8,146), reimbursement from a claim by the stop loss re-insurance carrier (under \$100,000), rental income (over \$10,124), property damage recovery (under \$6,070), photocopy printing (over \$22,786), contributions/donations (over \$73,477), housing authority pilot fees (over \$21,403), telephones in the jail (over \$28,567), ATM and credit card fees (over \$12,117), animal control fees (over \$5,938), and miscellaneous income (over \$28,239)

The actual departmental expenditures in the general fund were well within the budgetary constraints and were under budget by \$13,984,466 in fiscal year 2021. Non-departmental expenditures were under budget by \$2,461,156 which was due to a decrease in insurance claims. Capital outlay expenditures were under budget \$20,734,316. This was primarily due to major purchases and projects not completed but carried over to Fiscal Year 2022 as follows: \$2,757,187 for new building construction and maintenance; \$9,238,990 for sidewalk and roadway projects; \$668,394 for public safety radio system; \$5,298,135 for software and computer upgrades; \$1,837,484 for recreation projects; \$265,942 for traffic upgrade; and \$668,184 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 \$77,687.

The total operating budget was increased by \$28,535,699 in the *final* budget as follows: departments (over \$5,159,623), insurance (under

\$125,000) and capital outlay (over \$23,501,076). Although almost all departments' budgets were increased in the final budget (\$5,159,623), the *largest increases* are denoted as follows: general administration increased \$370,000 for downtown development; personnel services increased \$112,284 for stop loss insurance; public safety increased \$101,315 for vehicle equipment; \$99,127 for drug enforcement; \$133,217 for highway safety enforcement; \$77,382 for reserve officers; and \$69,524 for protective equipment; public works increased \$270,000 for resurfacing; \$445,072 for right-of-way maintenance; and \$500,408 for landscaping; planning and development increased \$658,991 for community development block grants; and culture and recreation increased \$2,025,198 for summer and at-risk food service programs.

The actual revenues in the general fund (\$112,537,927) were \$19,704,712 over final revenue projections (\$92,833,215). During the year, revenues exceeded budgetary estimates. The original revenue projections in the general fund were \$4,624,659 under the *final* budget. The additional appropriations totaling \$44,886,687 were funded from: (1) the revenue sources in the following table in the amount of \$4,624,659; (2) encumbrances from fiscal year 2020 which were carried forward to fiscal year 2021 totaling \$14,400,249 (general fund beginning budget included these encumbrances which were funded from the general fund balance); and (3) the remaining \$25,861,779 was budgeted from the available unassigned fund balance.

Additional Revenue Sources Increasing Fiscal Year 2021 Budget

\$ 1,893,582	- federal, state and local grants
2,032,950	- summer/at-risk food service program funds
469,092	- recreation income
65,733	- special events & miscellaneous revenues
63,933	- police seizure funds
60,000	- lodging tax
28,369	- contributions & donations
11,000	- miscellaneous sales
<u>\$ 4,624,659</u>	

The additional appropriations (\$25,861,779) that were funded by the unassigned fund balance can be briefly summarized by department as follows:

- General Administration - \$727,588 as follows: \$705,000 for

downtown development; \$72,588 for bad debt; and (\$50,000) for wayfinding signage

- Information Technology - \$5,431,611 as follows: \$5,208,480 for enterprise resource software; and \$96,000 for infrastructure support and network design; and \$127,131 for hardware and software
- Finance - \$3,472 for cash deposit services
- Personnel - \$29,584 for cancer and disability insurance for firefighters
- Judicial - \$3,472 for cash deposit services
- Police - \$37,382 as follows: \$77,382 for reserve officers; and (\$40,000) for radio system
- Fire - \$72,609 as follows: \$55,960 for firefighter turn out gear; and \$16,649 for a medical utility vehicle
- Public Works - \$11,426,821 as follows: \$4,054,000 for Honeysuckle Road right-of-way and design services; \$4,590,148 for U.S. Highway 84 West widening; \$872,437 U.S. Highway 84 East Corridor Plan and sidewalks; \$1,600,000 for drainage basin improvements; \$17,036 for Westgate Parkway turn lane; \$270,000 for Napier Field Road resurfacing; \$20,000 for lighted street signage; and \$3,200 for landfill tipping fees
- Planning & Development – (\$38,074) as follows: \$43,750 for Poplar Springs Branch Hydrological Evaluation & Design; and \$18,176 for furniture; and (\$100,000) for housing rehabilitation
- Leisure Services - \$6,385,485 as follows: \$4,673,045 for Rip Hewes Stadium improvements; \$350,000 for James Oates Park artificial turf; \$700,000 for lighting improvements at Westgate Softball Complex and Northcutt Field; \$102,099 for BMX Track improvements; \$202,000 for Walton Park walking trail; \$200,000 for Water World expansion; \$88,500 for Eastgate Boardwalk; \$50,000 for land adjoining James Oates Park; \$19,716 for the Diamond Classic Softball Tournament; and \$125 for landfill tipping fees
- General Services - \$228,006 as follows: \$154,324 for Public Safety Center operations; \$53,262 for municipal building renovations; \$20,020 for mowing at facilities; and \$400 for landfill tipping fees

- Insurance - \$75,000 for insurance services
- Other Financing Sources/Uses – \$1,478,823 as follows: \$1,479,006 transfer to Solid Waste Fund; and (\$183) transfer from Capital Improvement Fund

Capital Assets and Debt Administration

The City of Dothan’s investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$332,502,676 (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 decreased in the governmental capital assets by \$654,669. This decrease resulted from additional capital assets totaling \$19,358,849 (see following table) decreased by accumulated depreciation totaling \$8,603,465. In addition, this total was reduced by \$39,882,981 (includes construction in progress placed in service of \$1,623,863) of capital assets which were retired and offset by recaptured depreciation of \$28,472,928. The large decrease in capital assets was due to a transfer of land and buildings to the Dothan City Schools.

GOVERNMENTAL CAPITAL ASSET ADDITIONS (In Millions)	
Construction Projects (Road Widening, Fire Truck Build, Traffic Signal Cabinets, Water World & Football Stadium Improvements)	\$11.6
Additions & Improvements Including Streets, Sidewalks, & Ballfield Lighting	2.2
Software Upgrades & Computer Equipment	1.0
Equipment (Police Investigation & Safety Equipment & Leisure Services Playground Equipment)	.4
Land (Easements & Parcels)	.8
Vehicles (Police, Public Works, Leisure Services, Performing Arts & General Services)	1.9
Buildings & Improvements	1.4
Total Capital Asset Additions	\$19.3

The business-type capital investments increased by \$6,770,201. This increase resulted from additional capital assets totaling \$41,371,981 decreased by accumulated depreciation totaling \$14,327,468. In addition, this total was reduced by \$22,361,902 (includes construction in progress placed in service of \$19,709,527) of capital assets which were retired and offset by recaptured depreciation of \$2,087,590 as follows:

BUSINESS-TYPE CAPITAL ASSET ADDITIONS (In Millions)	
Electric System & Substation Improvements	\$ 4.3
Water Improvements	4.3
Sanitary Sewer Improvements	6.2
Equipment (Electric, Water, & Sewer)	.4
Land (Easements)	.8
Vehicles	1.5
Buildings	2.0
Construction Projects	21.8
Total Capital Asset Additions	<u>\$41.3</u>

- **MEMORIAL TRAIL**

In December 2021, a contract was awarded to Avery Landscape and Associates for the design and development of a segment of the Dothan Cultural Trail to be known as the Memorial Trail. The Memorial Trail Project, as part of the Highway 84 East Corridor Plan, will provide an aesthetically pleasing entrance to downtown while promoting recreation and a healthier lifestyle for residents in the area. This phase of the project includes installing the 10-foot-wide concrete trail with brick paver accents and decorative lighting from Plant Street to the west end of the City Cemetery along the south side of Highway 84 East (East Main Street). Work began the week of January 31, 2022. The cost for decorative lighting materials in the amount of \$58,931 has been expended to date.

- **RIP HEWES STADIUM RENOVATIONS**

In February 2021, a contract was awarded to Seay, Seay, & Litchfield, PC, for the design of the Rip Hewes Stadium renovations and

additions project in the amount of \$542,400 with a total of \$439,580 expended to date. In June 2021, a contract was awarded to Saliba Construction Company, Inc. to execute the Phase 1 renovations and additions to Rip Hewes Stadium in the amount of \$3,367,565. The amount expended for this vendor was \$3,348,167. We partnered with Daktronics, Inc. for the materials and supplies needed for the replacement of the scoreboard at the stadium in the amount of \$233,280 with all funds expended to date. In December 2021, a contract was awarded to Lewis Construction, LLC in the amount of \$9,090,000 for the Phase 2 renovations and additions to the stadium with \$556,776 expended to date. In February 2022, a purchase from AstroTurf Construction Corporation was approved in the amount of \$360,000 with no funds expended to date. With all other expenses involved, this project cost is \$5,236,265 to date.

- **JAMES OATES TURF INSTALLATION**

The City entered into an agreement in June 2021, for the inspection and planning of the turf installation project with Barge Design Solutions in the amount of \$75,000; with \$63,750 expended to date. In October 2021, a contract was awarded to Sports Field, Inc., in the amount of \$1,747,162 for the installation of astro turf at James Oates Park; with \$877,796 expended to date. A contract was awarded to AstroTurf Construction Corporation in the amount of \$637,436 with no funds expended at this time.

- **SANITARY SEWER IMPROVEMENTS**

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. The project was completed in August 2021 with a change order to reduce the total cost by \$51,909 bringing the total completed project to \$4,542,157. 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. A change order in the amount of \$64,858 was issued in December 2021 bringing the total project cost to \$2,148,843. In September 2020, SAK Construction, LLC was awarded the contract for the Omussee Trunk Line Rehabilitation

in the amount of \$7,959,820; with \$6,990,334 expended to date. In April 2021, Poly, Inc. was awarded a contract for the Beaver Creek Trunk Line Rehabilitation in the amount of \$500,000; with \$297,500 expended to date. In May 2021, Barge Design Solutions was awarded the contract for engineering services for the B4-52 sewer basin rehabilitation project in the amount of \$327,000 with \$166,525 expended to date.

- **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. The project was completed in March 2021 at a total cost of \$772,177. 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. The project was completed in March 2021 with a decrease of \$45,228 decrease the total cost expended was \$750,407. In January 2021, L and K Contracting Company, Inc. was awarded the contract for the 2021 Red Water Main Replacement Phase A project, in the amount of \$824,225; with \$722,526 expended to date. In June 2021, L and K Contracting Company, Inc. was awarded the contract for the 2021 Red Water Main Replacement Phase B project, in the amount of \$874,739; with \$424,598 expended to date.

- **DENTON ROAD WIDENING AND BRIDGE**

The City began efforts to widen Denton Road in 2011. 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. 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 \$493,702 expended to date. The anticipated completion date is April 2022.

- **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 \$1,051,838 expended to date. Phase 1 consists of improvements from W. Main Street to Fortner Street. Also, in September 2018, Sain Associates, Inc. was awarded the contract for services to provide engineering, design and professional services for the Honeysuckle Road Phases 2 and 3 improvement projects in the amount of \$774,991 with all funds expended to date. Phases 2 and 3 consist of improvements from south of Homestead Road to South Park Avenue and from South Park Avenue to the intersection of Campbellton Highway and Taylor Road. In July 2020, the current project received additional funding to extend the project from Homestead to Hartford Highway in the amount of \$469,839 with \$49,044 expended to date.

- **DOWNTOWN REDEVELOPMENT**

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 businesses and citizens.

The lighting project cost as of the audit report date is \$435,346. In January 2020, the City appropriated funding in the amount of \$405,000 to assist the Dothan Downtown Redevelopment Authority with the Saint Andrews building redevelopment and South Oates Street projects; this has been fully expended. In July 2021, Johnson and Associates Engineering was hired at the cost of \$11,500 to design the Scout Lane Alley canopy lighting project. In November 2021, Dothan Utilities removed the wooden poles from North Saint Andrews Street in an effort to convert overhead utilities to underground utilities as the first step of the Saint Andrews Streetscape Project.

- **ROSS CLARK CIRCLE WIDENING**

In May 2018, the State 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 \$424,907; 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 \$4,472,156 expended to date. The total cost of the project to date is \$5,294,097.

- **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 and expand 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 all funds expended in April 2021. The play structure was installed in May 2021 by Perennial South, LLC at a cost of \$88,500. In May 2021, Barge Design Solutions was awarded a contract for design and construction engineering for the completion of renovations to Water World Park in the amount of \$179,944; with \$152,952 expended to date. In August 2021, a contract was awarded to Aquatic Builders, LTD for the replacement of wave generation equipment in the amount of \$271,800; with \$244,620 expended to date. Wyatt Sasser Construction, LLC was awarded a construction contract, in October 2021, to execute Phase II renovations in the amount of \$2,560,000; with \$589,210 expended to date. In November 2021, Dixie Painting & Sandblasting was hired to complete the Great White Slide Rehabilitation project in the amount of \$503,618; with \$185,465 expended to date. In February 2022, Musco Sports Lighting, LLC was contracted to supply additional light structures in the amount of \$253,100. Other contracts such as construction monitoring of soil, concrete and asphalt, lighting structure, landscaping, and wave pool carpet replacement bring the total project cost as of the audit date to \$5,539,512.

- **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. The construction completed at a cost of \$1,822,025; \$17,934 less than the original award amount. 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. Alabama Municipal Electric Authority provided \$1,839,959 for the

project. The completed cost for the facility as of the audit report date is \$2,088,509, which includes some material purchases as well as the cost of all contracts. The grand opening was held in March.

Capital Assets As of September 30 (In Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land and Easements	\$ 9,783	\$ 9,700	\$ 8,175	\$ 7,399	\$ 17,958	\$ 17,099
Buildings	67,394	101,530	8,889	6,909	76,283	108,439
Improv. other than Bldgs.	75,973	73,851	325,703	312,466	401,676	386,317
Machinery & Equipment	50,059	47,809	29,382	28,459	79,441	76,268
Infrastructure	456,458	457,300			456,458	457,300
Construction in Progress	17,606	7,607	16,820	14,726	34,426	22,333
Total Capital Assets	\$677,273	\$697,797	\$388,969	\$369,959	\$1,066,242	\$1,067,756

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 \$90,557,879 in gross debt outstanding compared to \$99,290,642 last fiscal year end; thus, decreasing debt by \$8,732,763 (8.80%) 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 \$182,377,383, which is significantly in excess of the City of Dothan’s outstanding general obligation debt.

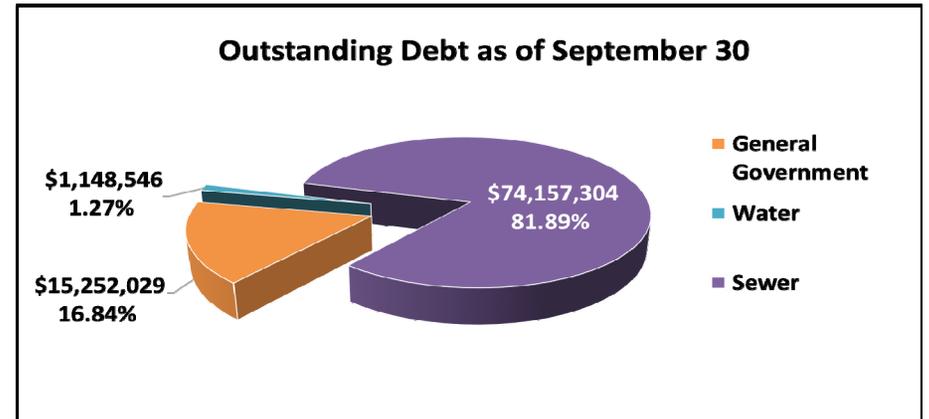
An important financial analysis ratio in government is the percentage of total expenditures comprised of debt service (repayment of principal, interest and related fees). In the governmental funds, the ratio for 2021 is 1.64% (total debt service expenditures were \$1,776,552 and total expenditures were \$108,622,208).

DOTHAN’S RATINGS FOR GENERAL OBLIGATION DEBT:

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

Debt Type	2018	2019	2020	2021
General Government	\$ 19,222,860	\$ 17,933,742	\$ 16,610,832	\$ 15,252,029
School	2,440,000	1,255,000	-	-
Sewer	95,279,351	88,472,191	81,416,841	74,157,304
Storm Drain & Road Imp	293,844	140,533	-	-
Water	1,440,000	1,373,074	1,262,969	1,148,546
Totals	\$118,676,055	\$109,174,540	\$ 99,290,642	\$ 90,557,879

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



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 75% 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 2012 by \$27,094,175. In addition to the City's major tax source, sales tax, continuing to strengthen, unemployment has declined 4.2% since 2012. 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 August 2020, salary adjustments were made based on a classification and pay study performed city-wide. In April 2021, 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, Romona Marcus, 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, 2021

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents	\$ 76,360,442	\$ 79,687,418	\$ 156,047,860
Receivables	9,934,629	6,399,605	16,334,234
Due from other governments	817,645	134,525	952,170
Internal balances	1,083	(1,083)	-
Inventories, at cost	396,746	4,761,619	5,158,365
Capital assets (See Note IV-D):			
Non-depreciable	27,388,468	24,994,464	52,382,932
Depreciable, net	86,834,051	193,285,693	280,119,744
Total Assets	201,733,064	309,262,241	510,995,305
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	23,237,974	7,836,853	31,074,827
Deferred outflows related to asset retirement obligation	-	2,979,771	2,979,771
Deferred outflows related to OPEB	16,702,858	-	16,702,858
Total Deferred Outflows of Resources	39,940,832	10,816,624	50,757,456
LIABILITIES:			
Vouchers/accounts payable	4,476,141	9,193,017	13,669,158
Accrued liabilities	9,007,733	1,289,903	10,297,636
Accrued interest payable	30,999	210,756	241,755
Payable to other governments	43,890	12,922	56,812
Customer deposits	792,880	7,740,173	8,533,053
Unearned revenue	276,956	-	276,956
Non-Current Liabilities:			
Due within one year	5,129,018	8,752,772	13,881,790
Due in more than one year	14,002,786	75,567,022	89,569,808
Net pension liability	124,055,914	39,602,083	163,657,997
Asset Retirement Obligation	-	3,132,480	3,132,480
Net OPEB liability	52,182,722	-	52,182,722
Total Liabilities	209,999,039	145,501,128	355,500,167
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	773,336	185,768	959,104
Deferred inflows related to OPEB	7,825,838	-	7,825,838
Total Deferred Inflows of Resources	8,599,174	185,768	8,784,942
NET POSITION:			
Net investment in capital assets	99,972,749	142,974,307	242,947,056
Restricted:			
Street and bridge maintenance	535,948	-	535,948
Education	500,726	-	500,726
Unrestricted (Deficit)	(77,933,740)	31,417,662	(46,516,078)
Total Net Position	\$ 23,075,683	\$ 174,391,969	\$ 197,467,652

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, 2021

FUNCTIONS / 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	\$ 19,624,240	\$ 4,400,273	\$ 1,078,264	\$ 37,307	\$ (14,108,396)	\$ -	\$ (14,108,396)
Public safety	41,619,188	1,263,514	438,009	334,500	(39,583,165)	-	(39,583,165)
Public works	11,506,480	92,305	-	898,189	(10,515,986)	-	(10,515,986)
Planning and development	3,140,192	72,486	768,355	-	(2,299,351)	-	(2,299,351)
Health and welfare	4,347,387	-	-	-	(4,347,387)	-	(4,347,387)
Culture and recreation	15,747,359	2,301,320	2,157,959	132,543	(11,155,537)	-	(11,155,537)
General services	4,974,145	-	-	-	(4,974,145)	-	(4,974,145)
Insurance department	(146,132)	-	-	-	146,132	-	146,132
Education	12,135,622	-	-	-	(12,135,622)	-	(12,135,622)
Interest/fiscal charges on long-term debt	414,865	-	-	-	(414,865)	-	(414,865)
Total Governmental Activities	113,363,346	8,129,898	4,442,587	1,402,539	(99,388,322)	-	(99,388,322)
Business-Type Activities:							
Utility							
Electric	72,898,431	87,956,942	-	300,084	-	15,358,595	15,358,595
Water	7,511,651	11,337,518	25,000	406,591	-	4,257,458	4,257,458
Wastewater/sewer	17,705,150	21,820,378	-	6,538,053	-	10,653,281	10,653,281
Combined utilities	3,760,341	885,516	-	11,724	-	(2,863,101)	(2,863,101)
Solid Waste							
Collections	7,842,439	4,459,250	-	-	-	(3,383,189)	(3,383,189)
Landfill	1,828,750	1,704,441	-	-	-	(124,309)	(124,309)
Combined Solid Waste	239,408	578	-	-	-	(238,830)	(238,830)
Total Business-Type Activities	111,786,170	128,164,623	25,000	7,256,452	-	23,659,905	23,659,905
Total Primary Government	\$ 225,149,516	\$ 136,294,521	\$ 4,467,587	\$ 8,658,991	\$ (99,388,322)	\$ 23,659,905	\$ (75,728,417)

(Continued on page 21)

THE CITY OF DOTHAN
DOTHAN, ALABAMA
STATEMENT OF ACTIVITIES - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
General Revenues and Transfers:			
Taxes:			
General property tax	\$ 5,010,181	\$ -	\$ 5,010,181
General sales and use tax	84,359,773	-	84,359,773
Alcoholic beverage tax	1,421,504	-	1,421,504
Lodging tax	3,474,408	-	3,474,408
Franchise tax	1,579,223	-	1,579,223
Cigarette tax	210,600	-	210,600
Grants and contributions not restricted to specific programs	2,960,172	-	2,960,172
Unrestricted investment earnings	57,617	61,921	119,538
Miscellaneous	263,212	610,992	874,204
Transfers	<u>10,258,445</u>	<u>(10,258,445)</u>	<u>-</u>
Total General Revenues and Transfers	<u>109,595,135</u>	<u>(9,585,532)</u>	<u>100,009,603</u>
Change in Net Position	10,206,813	14,074,373	24,281,186
Net Position - Beginning, Restated	<u>12,868,870</u>	<u>160,317,596</u>	<u>173,186,466</u>
Net Position - Ending	<u>\$ 23,075,683</u>	<u>\$ 174,391,969</u>	<u>\$ 197,467,652</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, 2021

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS:					
Cash and cash equivalents	\$ 75,836,311	\$ -	\$ -	\$ 524,131	\$ 76,360,442
Receivables:					
Taxes	12,081,367	-	-	-	12,081,367
Accounts	2,291,721	-	-	-	2,291,721
Due from other funds	1,083	-	-	-	1,083
Due from other governments	817,645	-	-	-	817,645
Inventories, at cost	396,746	-	-	-	396,746
Total Assets	<u>\$ 91,424,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524,131</u>	<u>\$ 91,949,004</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Vouchers/accounts payable	4,475,757	-	-	384	4,476,141
Accrued liabilities	8,984,712	-	-	23,021	9,007,733
Payable to other governments	43,890	-	-	-	43,890
Due to other funds	-	-	-	-	-
Customer deposits	792,880	-	-	-	792,880
Unearned revenue	276,956	-	-	-	276,956
Total Liabilities	<u>14,574,195</u>	<u>-</u>	<u>-</u>	<u>23,405</u>	<u>14,597,600</u>
Deferred Inflows of Resources:					
Deferred property taxes	4,438,459	-	-	-	4,438,459
Total Deferred Inflows of Resources	<u>\$ 4,438,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,438,459</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, 2021

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Fund Balances:					
Nonspendable:					
Inventories	\$ 396,746	\$ -	\$ -	\$ -	\$ 396,746
Restricted:					
Public safety programs	-	-	-	-	-
Street and bridge maintenance	535,948	-	-	-	535,948
Education	-	-	-	500,726	500,726
Committed:					
Administrative	10,154	-	-	-	10,154
Information technology equipment	4,948,428	-	-	-	4,948,428
Economic development projects	187,029	-	-	-	187,029
Public safety programs	998,529	-	-	-	998,529
Public works projects	10,810,318	-	-	-	10,810,318
Planning and community development	317,700	-	-	-	317,700
Culture and recreation	368,785	-	-	-	368,785
Facility maintenance	2,222,976	-	-	-	2,222,976
Assigned:					
Administrative	725,000	-	-	-	725,000
Capital projects	18,035,998	-	-	-	18,035,998
Information technology equipment	262,994	-	-	-	262,994
Economic development projects	447,971	-	-	-	447,971
Public safety programs	432,844	-	-	-	432,844
Public works projects	1,641,148	-	-	-	1,641,148
Planning and community development	101,259	-	-	-	101,259
Culture and recreation	367,830	-	-	-	367,830
Facility maintenance	2,920,510	-	-	-	2,920,510
Debt service	11,023	-	-	-	11,023
Self insurance claims	8,820,177	-	-	-	8,820,177
Fund Balance Reserves	8,085,468	-	-	-	8,085,468
Unassigned	9,763,384	-	-	-	9,763,384
Total Fund Balances	<u>72,412,219</u>	<u>-</u>	<u>-</u>	<u>500,726</u>	<u>72,912,945</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 91,424,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524,131</u>	<u>\$ 91,949,004</u>

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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2021

Total Fund Balances - Governmental Funds \$ 72,912,945

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	677,272,928	
Less: Depreciation expense to date	<u>(563,050,409)</u>	114,222,519

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	(4,438,459)	
Adjustment of deferred property taxes	<u>4,438,459</u>	-

For current refundings that result in defeasance of debt, the reacquisition price and the net carrying amount of the old debt is reported as a deferred inflow of resources. -

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds. (19,131,804)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (30,999)

Net pension liability is noncurrent and is excluded from the fund financial statements. (124,055,914)

Deferred outflows from pension activities 23,237,974

Deferred inflows from pension activities (773,336)

Net OPEB liability is noncurrent and is excluded from the fund financial statements. (52,182,722)

Deferred outflows related to other postemployment benefits 16,702,858

Deferred inflows related to other postemployment benefits (7,825,838)

Total Net Position - Governmental Activities \$ 23,075,683

THE CITY OF DOTHAN
DOTHAN, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:					
Taxes	\$ 95,845,088	\$ -	\$ -	\$ 210,600	\$ 96,055,688
Licenses and permits	4,400,273	-	-	-	4,400,273
Intergovernmental revenues	7,900,736	-	-	-	7,900,736
Charges for services	2,498,654	-	-	-	2,498,654
Fines and forfeitures	1,230,971	-	-	-	1,230,971
Interest income	57,425	-	27	165	57,617
Miscellaneous	604,753	-	-	113,316	718,069
Total Revenues	<u>112,537,900</u>	<u>-</u>	<u>27</u>	<u>324,081</u>	<u>112,862,008</u>
EXPENDITURES:					
Current:					
General government	13,709,127	-	-	-	13,709,127
Public safety	38,717,248	-	-	-	38,717,248
Public works	9,799,023	-	-	-	9,799,023
Planning and development	3,093,378	-	-	-	3,093,378
Health and welfare	3,973,609	-	-	-	3,973,609
Culture and recreation	13,527,238	-	-	-	13,527,238
General services	4,715,936	-	-	-	4,715,936
Insurance department	(146,132)	-	-	-	(146,132)
Intergovernmental	-	-	-	4,156,413	4,156,413
Capital outlay	15,232,465	-	67,351	-	15,299,816
Debt service:					
Principal retirement	-	1,358,803	-	-	1,358,803
Interest and fiscal charges	-	417,749	-	-	417,749
Total Expenditures	<u>102,621,892</u>	<u>1,776,552</u>	<u>67,351</u>	<u>4,156,413</u>	<u>108,622,208</u>
Excess (deficiency) of Revenues over Expenditures	<u>\$ 9,916,008</u>	<u>\$ (1,776,552)</u>	<u>\$ (67,324)</u>	<u>\$ (3,832,332)</u>	<u>\$ 4,239,800</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, 2021

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
OTHER FINANCING SOURCES (USES):					
Transfers in (out)	\$ 4,444,088	\$ 1,776,552	\$ (183)	\$ 4,037,988	\$ 10,258,445
Total Other Financing Sources (Uses)	<u>4,444,088</u>	<u>1,776,552</u>	<u>(183)</u>	<u>4,037,988</u>	<u>10,258,445</u>
Net Changes in Fund Balances	14,360,096	-	(67,507)	205,656	14,498,245
Fund Balances - Beginning, Restated	<u>58,052,123</u>	<u>-</u>	<u>67,507</u>	<u>295,070</u>	<u>58,414,700</u>
Fund Balances - Ending	<u>\$ 72,412,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,726</u>	<u>\$ 72,912,945</u>

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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

Net Change in Fund Balances - Total Governmental Funds	\$ 14,498,245
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.	6,696,351
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(7,351,019)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,358,803
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 the governmental funds.	<u>(4,995,567)</u>
Change in Net Position of Governmental Activities	<u>\$ 10,206,813</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, 2021

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	UTILITY	SOLID WASTE	TOTAL
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 78,573,307	\$ 1,114,111	\$ 79,687,418
Accounts receivable	6,166,605	233,000	6,399,605
Due from other governments	134,525	-	134,525
Inventories, at cost	4,761,619	-	4,761,619
Total Current Assets	89,636,056	1,347,111	90,983,167
Non-Current Assets:			
Capital Assets:			
Land	5,448,502	2,726,060	8,174,562
Buildings	7,846,638	1,042,789	8,889,427
Improvements other than buildings	315,545,248	10,157,902	325,703,150
Machinery and equipment	16,825,956	12,555,923	29,381,879
Accumulated depreciation	(155,494,012)	(15,194,751)	(170,688,763)
Construction in progress	16,819,902	-	16,819,902
Total Non-Current Assets	206,992,234	11,287,923	218,280,157
Total Assets	296,628,290	12,635,034	309,263,324
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	6,214,966	1,621,887	7,836,853
Deferred outflows related to asset retirement obligation	2,979,771	-	2,979,771
Total Deferred Outflows of Resources	\$ 9,194,737	\$ 1,621,887	\$ 10,816,624

(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, 2021

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	<u>UTILITY</u>	<u>SOLID WASTE</u>	<u>TOTAL</u>
LIABILITIES:			
Current Liabilities:			
Vouchers/accounts payable	\$ 8,895,462	\$ 297,555	\$ 9,193,017
Accrued Liabilities	1,007,851	282,052	1,289,903
Due to other funds	1,083	-	1,083
Accrued interest payable	210,756	-	210,756
Payable to other governments	-	12,922	12,922
Pollution remediation obligation	120,000	-	120,000
Compensated absences	824,228	223,879	1,048,107
Customer deposits	7,740,173	-	7,740,173
Bonds payable - current	7,584,665	-	7,584,665
Total Current Liabilities	<u>26,384,218</u>	<u>816,408</u>	<u>27,200,626</u>
Non-Current Liabilities:			
Compensated absences	92,580	21,676	114,256
Estimated cost of closure and postclosure	-	7,731,581	7,731,581
Asset retirement obligation	3,132,480	-	3,132,480
Bonds payable (net of unamortized bond issue costs)	67,721,185	-	67,721,185
Net pension liability	31,417,245	8,184,838	39,602,083
Total Non-Current Liabilities	<u>102,363,490</u>	<u>15,938,095</u>	<u>118,301,585</u>
Total Liabilities	<u>128,747,708</u>	<u>16,754,503</u>	<u>145,502,211</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	191,820	(6,052)	185,768
Total Deferred Inflows of Resources	<u>191,820</u>	<u>(6,052)</u>	<u>185,768</u>
NET POSITION:			
Net investment in capital assets	131,686,384	11,287,923	142,974,307
Unrestricted	45,197,115	(13,779,453)	31,417,662
Total Net Position	<u>\$ 176,883,499</u>	<u>\$ (2,491,530)</u>	<u>\$ 174,391,969</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 NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	UTILITY	SOLID WASTE	TOTAL
OPERATING REVENUES:			
Charges for services	\$ 122,000,354	\$ 6,164,269	\$ 128,164,623
OPERATING EXPENSES:			
Solid waste collections	-	7,136,627	7,136,627
Solid waste landfill	-	1,081,961	1,081,961
Electric department	68,779,134	-	68,779,134
Water department	5,018,313	-	5,018,313
Sewer department	8,701,164	-	8,701,164
Billing - collection department	2,165,522	-	2,165,522
Meter reading department	666,409	-	666,409
Depreciation	12,874,867	1,452,601	14,327,468
Miscellaneous	872,158	239,408	1,111,566
Total Operating Expenses	99,077,567	9,910,597	108,988,164
Operating Income (Loss)	22,922,787	(3,746,328)	19,176,459
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental revenue	25,000	-	25,000
Interest revenue	61,113	808	61,921
Miscellaneous revenue	533,795	77,197	610,992
Gain (loss) on disposition of capital assets	(837,401)	-	(837,401)
Interest and fiscal charges	(1,960,605)	-	(1,960,605)
Total Nonoperating Revenues (Expenses)	(2,178,098)	78,005	(2,100,093)
Income (Loss) Before Contributions and Transfers	20,744,689	(3,668,323)	17,076,366
Capital grants and contributions	7,256,452	-	7,256,452
Transfers in (out)	(13,253,427)	2,994,982	(10,258,445)
Change in Net Position	14,747,714	(673,341)	14,074,373
Total Net Position - Beginning, Restated	162,135,785	(1,818,189)	160,317,596
Total Net Position - Ending	\$ 176,883,499	\$ (2,491,530)	\$ 174,391,969

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, 2021

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	UTILITY	SOLID WASTE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 123,813,369	\$ 6,164,269	\$ 129,977,638
Payments to suppliers	(70,807,383)	(5,153,850)	(75,961,233)
Payments to employees	(14,188,112)	(3,111,608)	(17,299,720)
Other receipts (payments)	533,795	77,197	610,992
Net Cash Provided by (Used for) Operating Activities	<u>39,351,669</u>	<u>(2,023,992)</u>	<u>37,327,677</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Capital contributions	34,166	5,477	39,643
Transfers in (out)	(13,253,427)	2,994,982	(10,258,445)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(13,219,261)</u>	<u>3,000,459</u>	<u>(10,218,802)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from capital debt and other capital receipts	8,689,171	-	8,689,171
Acquisition and construction of capital assets	(20,065,915)	(1,176,658)	(21,242,573)
Principal paid on bond maturities and capital leases	(7,373,959)	-	(7,373,959)
Interest paid on bonds and notes payable	(1,981,357)	-	(1,981,357)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(20,732,060)</u>	<u>(1,176,658)</u>	<u>(21,908,718)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Other investing receipts	-	-	-
Interest and dividends on investments	61,113	808	61,921
Net Cash Provided by (Used for) Investing Activities	<u>61,113</u>	<u>808</u>	<u>61,921</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,461,461	(199,383)	5,262,078
Cash and Cash Equivalents - Beginning	<u>73,111,846</u>	<u>1,313,494</u>	<u>74,425,340</u>
Cash and Cash Equivalents - Ending	<u>\$ 78,573,307</u>	<u>\$ 1,114,111</u>	<u>\$ 79,687,418</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, 2021

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	UTILITY	SOLID WASTE	TOTAL
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ 22,922,787</u>	<u>\$ (3,746,328)</u>	<u>\$ 19,176,459</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	12,874,867	1,452,601	14,327,468
(Increase) decrease in accounts receivable	1,824,680	219,235	2,043,915
(Increase) decrease in inventory	1,798,563	-	1,798,563
(Increase) decrease in from other governments	-	-	-
(Increase) decrease in deferred outflows	(2,313,060)	(681,142)	(2,994,202)
Increase (decrease) in vouchers and accounts payable	(1,249,126)	(432,194)	(1,681,320)
Increase (decrease) in accrued liabilities	(69,626)	23,785	(45,841)
Increase (decrease) in due to other funds	779	(4,207)	(3,428)
Increase (decrease) in payable to other governments	-	3,209	3,209
Increase (decrease) in compensated absences	(2,214)	(28,145)	(30,359)
Increase (decrease) in pollution remediation obligation/estimated closure cost-landfill	(147,089)	171,447	24,358
Increase (decrease) in customer deposits	(11,665)	-	(11,665)
Increase (decrease) in asset retirement obligation	120,480	-	120,480
Increase (decrease) in net pension liability	3,133,715	940,115	4,073,830
Increase (decrease) in deferred inflows	(65,217)	(19,565)	(84,782)
Other miscellaneous revenues	533,795	77,197	610,992
Total Adjustments	<u>16,428,882</u>	<u>1,722,336</u>	<u>18,151,218</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 39,351,669</u></u>	<u><u>\$ (2,023,992)</u></u>	<u><u>\$ 37,327,677</u></u>
 NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Contributions of capital assets	\$ 692,500	\$ -	\$ 692,500

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, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Dothan, Alabama (the City), which was founded in 1885, has a population of 71,072 living within an area of 90.4 square miles. The City is in the southeast corner of the State of Alabama.

A. Financial Reporting Entity and Basis of Presentation

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

C. Measurement Focus and Financial Statement Presentation

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

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

The City uses the following fund categories and fund types:

1. Governmental Funds

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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021

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, 2021

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, 2021.

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, 2021

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, 2021

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.
- 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, 2021

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 \$7,731,581 reported as landfill closure and postclosure care liability at September 30, 2021, represents the cumulative amount reported to date based on the use of 65.10 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$4,144,219 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2021. The City completed an expansion of the landfill in 2020 and estimates the remaining life of the landfill to be approximately twenty-four (24) years. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 Annual Comprehensive Financial Report.

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

In Fiscal Year 2021, the City began accruing salaries and benefits each year. The prior year was restated to record the liabilities appropriately.

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning Net Position, as Previously Reported	\$ 16,397,117	\$ 161,653,341
Accrual of Salaries & Benefits	<u>(3,528,247)</u>	<u>(1,335,745)</u>
Beginning Net Position, Restated	<u>\$ 12,868,870</u>	<u>\$ 160,317,596</u>

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Beginning Fund Balance as Previously Reported	\$ 61,563,919	\$ 311,520
Accrual of Salaries & Benefits	<u>(3,511,796)</u>	<u>(16,450)</u>
Beginning Fund Balance, Restated	<u>\$ 58,052,123</u>	<u>\$ 295,070</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 \$45,952,270. The original budget of the City consists of operating expenditures and some capital projects. Additional capital projects are approved during the year resulting in the significant amount of supplemental appropriations.

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

2. Encumbrances

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

B. Excess of Expenditures Over Appropriations in Individual Funds

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

C. Deficit Fund Equity

As of September 30, 2021, there were no governmental funds that had a deficit fund balance.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$19,131,804) difference are as follows:

Bonds payable	(\$15,252,029)
Compensated absences	<u>(3,879,775)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>(\$19,131,804)</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 \$6,696,351 differences are as follows:

Capital outlay	\$ 15,299,816
Depreciation expense	<u>(8,603,465)</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>\$ 6,696,351</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 (\$4,995,567) difference are as follows:

Compensated absences	\$ 192,512
Accrued interest	2,884
Net OPEB obligation	(2,238,254)
Pensions	<u>(2,952,709)</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>(\$4,995,567)</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 \$156,047,860 and the total bank balance was \$154,773,237. Of the bank balance, \$500,000 was covered by federal depository insurance. Of the remaining balance, \$154,273,237 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, 2021, the City had no investments.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, \$154,273,237 of the government's bank balance of \$154,773,237 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 FUND</u>	<u>SCHOOL FUND</u>	<u>UTILITY FUND</u>	<u>SOLID WASTE FUND</u>	<u>TOTAL</u>
Receivables:					
Taxes	\$ 12,081,367	\$ -	\$ -	\$ -	\$ 12,081,367
Accounts	<u>2,291,721</u>	<u>-</u>	<u>6,166,605</u>	<u>233,000</u>	<u>8,691,326</u>
Total	<u>\$ 14,373,088</u>	<u>\$ -</u>	<u>\$ 6,166,605</u>	<u>\$ 233,000</u>	<u>\$ 20,772,693</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)	\$ 4,438,459	\$ -
Business Licenses and Certain Other Resources That Have Been Received, But Not Yet Earned	<u>-</u>	<u>276,956</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 4,438,459</u>	<u>\$ 276,959</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, there were property taxes receivable and deferred revenue of \$4,438,459 that does not become earned until October 1, 2021, 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 Annual Report 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 Authority, 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 2021 was \$679,767.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Property Tax (Continued)

Economic/Industrial Development Tax Abatements								
Company <small>* Approved for abatement/paperwork incomplete</small>	Date of Agreement	Annual Ad-Valorem FY 2021	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 2021
* FedEx Ground Package System, Inc. (1)	11/15/21	\$ 48,546	\$ 485,436	\$ 536,000	\$ 16,900,000	2023	2032	\$ -
* 42 Dothan, LP (2)	11/15/21	171,136	1,711,365	1,266,671	39,799,180	2023	2032	-
* Dothan Warehouse Investors, LLC (Westgate Industrial Park) (3)	10/12/21	29,400	294,000	300,000	7,000,000	2024	2033	-
* Tri-State Graphics II, LLC (TSG Enterprises, LLC) (4)	12/08/20	635	18,080	15,078	427,500	2022	2031	-
* ALK 2, LLC (5)	11/10/20	3,707	15,680	3,625	610,000	2022	2031	-
* Vintage Trailer Works, Inc. (6)	11/10/20	1,647	25,000	14,850	585,000	2022	2031	-
* 4MJB Properties, LLC (7)	07/31/20	24,187	106,350	-	4,090,400	2022	2031	-
* Advanced Product Solutions, Inc. (8)	07/31/20	-	247,230	21,561	6,000,000	2022	2031	-
Five Star Credit Union (9)	05/13/20	-	459,000	-	11,475,000	2022	2031	-
* Wayne Farms, LLC (10)	10/23/19	-	371,520	63,000	9,000,000	2021	2030	-
MidSouth Bank (11)	05/07/19	14,566	224,370	232,400	5,250,000	2022	2031	9,077
* Dothan Solar, LLC (12)	11/14/18	-	1,294,425	940,500	75,000,000	2021	2030	-
* Wiregrass Block and Precast, LLC (13)	09/25/18	5,744	87,520	55,834	2,736,000	2020	2029	-
* Dittus Machining (14)	09/25/18	1,437	13,480	4,845	320,000	2021	2030	-
* Tri-State Tire & Rubber Co. (15)	09/25/18	280	23,680	20,335	555,000	2020	2029	-
* Dothan Warehouse Investors, LLC (Westgate Industrial Park) (16)	04/03/18	-	1,833,410	2,680,000	37,770,000	2020	2039	-
* J. Hendrix Design, LLC (17)	02/19/18	1,296	5,120	7,937	198,500	2019	2028	-
Gateway LP/Kyle and Dunlap (18)	12/07/17	66,895	287,200	510,000	11,000,000	2020	2029	41,688
* Biotic Environmental Solutions (19)	12/07/17	3,590	39,900	26,000	950,000	2019	2028	-
Tri-State Graphics II, LLC (TSG Enterprises, LLC) (20)	12/07/17	1,677	36,030	24,460	850,000	2018	2027	1,042
Wayne Farms VRT Project Amendment (21)	06/19/17	56,984	19,020,820	2,114,843	27,000,000	2019	2028	35,512
IB XLAM USA, LLC (22)	06/19/17	60,888	10,483,980	191,250	20,180,000	2018	2037	37,945
Standard Textile (23)	05/23/17	5,129	36,150	96,695	1,230,000	2018	2027	3,196
* IVS, Inc. dba Angeltrax (24)	03/24/17	11,268	42,900	10,733	1,650,000	2018	2027	-
* Matex Hose Company, LLC (25)	03/24/17	537	45,270	44,300	1,600,000	2018	2027	-
* Motobilt, Inc. (26)	12/22/16	112	29,000	29,639	722,390	2018	2027	-
Wayne Farms LLC (27)	03/28/16	242,740	5,424,880	2,956,500	64,500,000	2017	2026	151,273
Dothan Regional Airport (CAE USA, Inc.) (28)	03/15/16	380,140	1,619,000	5,085,750	80,600,000	2017	2036	240,934
Glasstream Powerboats LLC (29)	08/13/14	995	79,000	84,625	2,000,000	2018	2027	617
Michelin North America, Inc. (BAZ II) (30)	03/24/14	55,611	503,080	269,280	16,750,000	2016	2025	35,246
Michelin North America, Inc. (CBO) (31)	03/24/14	39,764	391,130	143,505	6,584,000	2017	2027	25,203
Michelin North America, Inc. (BAZ) (32)	05/21/13	42,985	438,330	207,225	9,695,000	2016	2025	27,244
Commercial Jet - Alabama (33)	04/05/13	6,574	188,084	544,514	7,040,000	2019	2028	4,167
Swedish Match Cigar Co. (34)	12/31/12	-	413,000	550,000	11,000,000	2013	2022	-
Watwood Investments, LLC (Mingledorf) (35)	04/09/12	5,454	44,000	120,000	1,500,000	2013	2022	3,399
Tire Distributors, Inc. (36)	01/31/12	8,417	72,147	28,000	1,349,000	2013	2022	5,246
KFH Industries (37)	01/30/12	6,778	73,000	100,000	2,500,000	2013	2022	4,224
Twitchell Technical Products (38)	11/18/11	85,488	930,000	150,000	21,000,000	2013	2022	53,275
VLP, LLC - Pepi Foods (39)	07/12/10	774	20,000	150,000	3,574,294	2012	2021	479
Qualico Steel Company, Inc. (40)	10/30/09	-	360,000	250,000	10,000,000	2013	2022	-

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Property Tax (Continued)

- | | |
|---|---|
| (1) Distribution facility | (21) VRT-Variable Retention Freezer System |
| (2) Property related to distribution facility | (22) Manufacturing facility for construction grade laminated timber |
| (3) Addition to existing freezer warehouse | (23) Storage and distribution of textile products |
| (4) Expansion and equipment for graphic printing production | (24) Manufacturing facility for in-vehicle mobile surveillance |
| (5) Manufacturing facility for recreational boats | (25) Mfg. equip. for industrial hose production and distribution |
| (6) Manufacturing facility for travel and camper trailers | (26) Equipment for metal fabrications facility |
| (7) Manufacturing facility for PPE products | (27) Expand poultry plant for smaller birds |
| (8) Equipment for PPE product production | (28) Development of new flight training facility |
| (9) Renovating and equipping of a new financial processing center | (29) Manufacturing facility for boats |
| (10) Processing facility dehumidification project | (30) Expand manufacturing tire facility |
| (11) Bank operations and data center | (31) Upgrading tire manufacturing equipment |
| (12) Solar photovoltaic generating facility | (32) Manufacturing equipment for additional capacity |
| (13) Manufacturing facility for block and concrete products | (33) Constructing an advanced aviation MRO facility |
| (14) New facility and equipment for machining operations | (34) New production line for cigar manufacturing |
| (15) Property for additional facilities | (35) New warehouse and distribution facility |
| (16) Freezer warehouse for poultry and agricultural products | (36) Wholesale tire distribution facility |
| (17) Manufacturing facility expansion | (37) Expand plant and install additional loom equipment |
| (18) Warehouse and distribution facility | (38) Manufacturing facility for technical fabrics |
| (19) Manufacturing facility for landscaping products | (39) New manufacturing facility for food products |
| (20) Expansion and equipment for graphic printing production | (40) Equipping manufacturing facility for metal parts |

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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), Dothan 193 St. Andrew St., LLC, Friend Bank (Slocomb National Bank), Kia Dealership, Nutcracker Brands, Inc., Private Holdings, LLC (front of the Sony Property - 37 acres which have not been activated, but qualify once a project is identified for development), and Ram Dothan Hospitality, LLC. The total amount of taxes abated under the Brownsfields agreements during fiscal year 2021 was \$ 78,057.

The Brownfields Redevelopment Tax Abatement Act								
Company	Date of Agreement	Annual Ad-Valorem FY 2021	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 2021
* Approved for abatement/paperwork incomplete								
* Ram Dothan Hospitality, LLC	06/14/21	\$ 17,926	\$ 902,920	\$ 290,683	\$ 12,620,135	2024	2043	\$ -
* Dothan 193 St. Andrews St, LLC	05/26/21	787	660,562	-	4,788,500	2023	2042	-
Private Holdings, LLC (Old Sony)	01/09/18	5,178	220,000	180,000	2,750,000	2018	2037	3,227
Nutcracker Brands, Inc. (Treehouse Food, Inc.)	07/07/15	58,088	1,580,000	339,750	15,100,000	2016	2035	36,200
* Atlantic and Southern Eq., LLC	03/04/14	5,822	253,700	44,150	2,000,000	2014	2033	-
Dothan Kia Project	09/06/11	5,692	314,556	-	2,487,000	2011	2030	3,547
Institutional Investments Corp (Cottonwood Corners)	06/30/09	42,989	773,242	206,314	16,037,000	2011	2029	26,790
Slocomb National Bank (Friend Bank)	05/20/08	13,307	295,200	53,750	3,750,000	2010	2028	8,293

CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	PRIMARY GOVERNMENT			ENDING BALANCE
	BEGINNING BALANCE	INCREASES	DECREASES	
GOVERNMENTAL ACTIVITIES:				
Capital assets, not being depreciated:				
Land and easements	\$ 9,699,964	\$ 804,231	\$ (721,457)	\$ 9,782,738
Construction in progress	7,607,495	11,622,098	(1,623,863)	17,605,730
Total capital assets, not being depreciated	<u>17,307,459</u>	<u>12,426,329</u>	<u>(2,345,320)</u>	<u>27,388,468</u>
Capital assets, being depreciated:				
Buildings	101,530,101	1,397,731	(35,533,391)	67,394,441
Improvements other than buildings	73,850,651	2,136,895	(14,895)	75,972,651
Machinery and equipment	47,809,262	3,366,641	(1,116,909)	50,058,994
Infrastructure	457,299,587	31,253	(872,466)	456,458,374
Total capital assets, being depreciated	<u>680,489,601</u>	<u>6,932,520</u>	<u>(37,537,661)</u>	<u>649,884,460</u>
Less accumulated depreciation for:				
Buildings	61,971,908	1,713,897	(27,119,859)	36,565,946
Improvements other than buildings	33,772,081	3,151,432	(1,235)	36,922,278
Machinery and equipment	37,958,750	2,938,756	(909,023)	39,988,483
Infrastructure	449,217,133	799,380	(442,811)	449,573,702
Total accumulated depreciation	<u>582,919,872</u>	<u>8,603,465</u>	<u>(28,472,928)</u>	<u>563,050,409</u>
Total capital assets, being depreciated, net	<u>97,569,729</u>	<u>(1,670,945)</u>	<u>(9,064,733)</u>	<u>86,834,051</u>
Governmental activities capital assets, net	<u><u>\$ 114,877,188</u></u>	<u><u>\$ 10,755,384</u></u>	<u><u>\$ (11,410,053)</u></u>	<u><u>\$ 114,222,519</u></u>

CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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	\$ 7,398,562	\$ 776,000	\$ -	\$ 8,174,562
Construction in progress	14,726,498	21,802,931	(19,709,527)	16,819,902
Total capital assets, not being depreciated	<u>22,125,060</u>	<u>22,578,931</u>	<u>(19,709,527)</u>	<u>24,994,464</u>
Capital assets, being depreciated:				
Buildings	6,908,608	1,980,819		8,889,427
Improvements other than buildings	312,466,468	14,874,018	(1,637,336)	325,703,150
Machinery and equipment	28,458,705	1,938,213	(1,015,039)	29,381,879
Total capital assets, being depreciated	<u>347,833,781</u>	<u>18,793,050</u>	<u>(2,652,375)</u>	<u>363,974,456</u>
Less accumulated depreciation for:				
Buildings	4,600,692	194,818		4,795,510
Improvements other than buildings	133,919,537	11,537,093	(1,088,028)	144,368,602
Machinery and equipment	19,928,656	2,595,557	(999,562)	21,524,651
Total accumulated depreciation	<u>158,448,885</u>	<u>14,327,468</u>	<u>(2,087,590)</u>	<u>170,688,763</u>
Total capital assets, being depreciated, net	<u>189,384,896</u>	<u>4,465,582</u>	<u>(564,785)</u>	<u>193,285,693</u>
Business-type activities capital assets, net	<u>\$ 211,509,956</u>	<u>\$ 27,044,513</u>	<u>\$ (20,274,312)</u>	<u>\$ 218,280,157</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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	\$ 693,682
Public safety	3,045,503
Public works, including depreciation of general infrastructure assets	1,755,746
Planning and development	72,899
Health and Welfare	373,778
Culture and recreation	2,209,214
General services	274,159
Schools	178,484
	<hr/>
Total depreciation expense – governmental activities	\$ 8,603,465
Business-type activities:	
Electric	\$ 3,319,258
Water	2,426,697
Wastewater/sewer	7,072,660
Combined utilities	56,252
Solid waste collections	705,812
Solid waste landfill	746,789
	<hr/>
Total depreciation expense – business-type activities	\$ 14,327,468

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The interfund transfers were as follows:

	Transfer in:					TOTAL
	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	SOLID WASTE FUND	
Transfer out:						
General Fund	\$ (4,772,029)	\$ 1,776,552	\$ (183)	\$ -	\$ 2,995,660	\$ -
Utility Fund	9,216,117	-	-	4,037,988	(678)	13,253,427
Total	<u>\$ 4,444,088</u>	<u>\$ 1,776,552</u>	<u>\$ (183)</u>	<u>\$ 4,037,988</u>	<u>\$ 2,994,982</u>	<u>\$ 13,253,427</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, 2021

ANALYSIS OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>ISSUE</u>	<u>AMOUNT OUTSTANDING</u>	<u>UNSPENT PROCEEDS</u>	<u>NET</u>	
2017 G/O Series	\$ 14,249,770	\$ -	\$ 14,249,770	
Total Other Capital Assets - Governmental	<u>14,249,770</u>	<u>-</u>	<u>14,249,770</u>	
Total Governmental Debt				\$ 14,249,770
Total Capital Assets			677,272,928	
Accumulated Depreciation			<u>(563,050,409)</u>	
Net Capital Assets				<u>114,222,519</u>
Net Investment in Capital Assets				<u>\$ 99,972,749</u>
Infrastructure - Proprietary				
2009 G/O Series	13,420,850	-	13,420,850	
2010-CWSRF-BL Sewer Warrant	775,000	-	775,000	
2010B-CWSRF-BL Sewer Warrant	455,000	-	455,000	
2011 G/O Series - CWSRF-DL	2,120,000	-	2,120,000	
2011 G/O Series - CWSRF-DL	4,450,000	-	4,450,000	
2014 G/O Series - CWSRF-DL	13,470,000	-	13,470,000	
2016 G/O Series - Sewer Warrant	5,515,000	-	5,515,000	
2016 G/O Series - CWSRF-DL Sewer Warrant	32,440,000	-	32,440,000	
2019 G/O Series - Refunding	<u>2,660,000</u>	<u>-</u>	<u>2,660,000</u>	
Total Infrastructure - Proprietary	<u>75,305,850</u>	<u>-</u>	<u>75,305,850</u>	
Total Proprietary Debt				75,305,850
Total Capital Assets			388,968,920	
Accumulated Depreciation			<u>(170,688,763)</u>	
Net Capital Assets				<u>218,280,157</u>
Net Investment in Capital Assets				<u>\$ 142,974,307</u>

**THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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:

YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES
2022	\$ 22,751
2023	7,556
2024	2,535
2025	-
2026	-
Total minimum lease payments	\$ 32,842

The rental expense for the above operating leases was \$31,634 for the year ended September 30, 2021.

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, 2021, the City has satisfied all previous capital lease obligations.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

IV. DETAILED NOTES ON ALL FUNDS (Continued)

G. Leases (Continued)

Equipment acquired under capital leases in capital assets at September 30, 2021, include the following:

Equipment	\$	6,426
Less: Accumulated depreciation		<u>(2,731)</u>
 Total	 \$	 <u><u>3,695</u></u>

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%	\$ 15,252,029
Business-type activities	2.20 – 3.10%	47,710,000
Business-type activities – refunding	1.74 – 3.19%	<u>27,595,850</u>
		<u><u>\$ 90,557,879</u></u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 SEPTEMBER 30</u>	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2022	\$ 1,395,489	\$ 381,063	\$ 7,584,665	\$ 1,789,714
2023	1,089,581	343,383	6,532,645	1,592,423
2024	769,952	319,422	6,697,970	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	<u>2,111,292</u>	<u>67,456</u>	<u>2,510,000</u>	<u>27,610</u>
TOTAL	<u>\$ 15,252,029</u>	<u>\$ 3,208,724</u>	<u>\$ 75,305,850</u>	<u>\$ 11,226,166</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, 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	\$ 16,610,832	\$ -	\$ (1,358,803)	\$ 15,252,029	\$ 1,395,489
Plus: Unamortized bond premium	-	-	-	-	-
Total Bonds Payable	6,610,832	-	(1,358,803)	15,252,029	1,395,489
Capital leases	-	-	-	-	-
Compensated absences	4,072,287	213,357	(405,869)	3,879,775	3,733,529
Governmental Activity Long-Term Liabilities	<u>\$ 20,683,119</u>	<u>\$ 213,357</u>	<u>\$ (1,764,672)</u>	<u>\$ 19,131,804</u>	<u>\$ 5,129,018</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 82,679,810	\$ -	\$ (7,373,960)	\$ 75,305,850	\$ 7,584,665
Total Bonds Payable	82,679,810	-	(7,373,960)	75,305,850	7,584,665
Estimated cost of closure and postclosure	7,560,134	171,447	-	7,731,581	-
Compensated absences	1,192,722	63,915	(94,274)	1,162,363	1,048,107
Pollution remediation obligation	267,089	315,000	(462,089)	120,000	120,000
Business-Type Activity Long-Term Liabilities	<u>\$ 91,699,755</u>	<u>\$ 550,362</u>	<u>\$ (7,930,323)</u>	<u>\$ 84,319,794</u>	<u>\$ 8,752,772</u>

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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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. The full amount of \$19,245,000 has been drawn down to date.
- 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. The full amount of \$41,085,000 has been drawn down to date.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.
- 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, Utility Fund, and Solid Waste 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, 2021, the City accrued \$1,215,699 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, 2021, the City accrued the actuarially determined undiscounted amount of \$947,000 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, 2021

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, 2021, the City accrued the actuarially determined undiscounted amount of \$2,849,000 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 2021 and 2020:

	YEAR ENDED SEPTEMBER 30,	
	2021	2020
Liability beginning balance	\$ 5,202,183	\$ 4,927,772
Claims and changes in estimates	11,284,129	16,757,271
Claim payments	<u>(11,474,613)</u>	<u>(16,482,860)</u>
Liability ending balance	<u>\$ 5,011,699</u>	<u>\$ 5,202,183</u>
Due in one year or less	\$ 5,011,699	\$ 5,202,183

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, there are approximately 290 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 issued its 2020 Limited Obligation Revenue Warrant on November 16, 2020, evidencing the City’s limited obligation to pay up to \$750,000 to the Developer. This limited obligation warrants matures on November 1, 2030.

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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

V. OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

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 \$120,000 at September 30, 2021, 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.

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	An Employee is considered to be a retired employee of the Retirement Systems of Alabama under the following tiers: <ul style="list-style-type: none">Tier I (for those hired before 01/01/2013):<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.Tier II (for those hired on or after 01/01/2013):<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	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. 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.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

V. OTHER INFORMATION (Continued)

C. Postemployment Healthcare Plan (Continued)

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

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

Dependent Coverage: Retirees may elect to continue dependent coverage at the time of retirement. Insurance is offered to dependents of retirees until the dependent is eligible for Medicare. The City will contribute 43% of the premium for dependents of employees hired prior to January 1, 2009.

Retiree Premium Contributions. Retirees are required to pay the following premiums as of September 30, 2021:

	<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 01/01/2009. 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 (TOL).

The City's Total OPEB Liability of \$52,182,722 was measured as of September 30, 2021, and was determined by an actuarial valuation as of that date.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

V. OTHER INFORMATION (Continued)

C. Postemployment Healthcare Plan (Continued)

Actuarial Methods and Assumptions

Valuation Date (VD):	September 30, 2020
Prior Measurement Date:	September 30, 2019
Measurement Date (MD):	September 30, 2020
Reporting Date (RD):	September 30, 2021

Membership Data as of September 30, 2020:

Inactive Members or Beneficiaries Currently Receiving Benefits	262
Inactive Members Entitled to But Not Yet Receiving Benefits	0
Active Members	<u>1,021</u>
Total Membership	1,283

Discount Rate:

Municipal Bond Index Rate of Prior Measurement Date	2.66%
Municipal Bond index Rate at Measurement Date	2.21%

Total OPEB Liability as of Measurement Date	\$ 52,182,722
OPEB Expense	\$ 4,326,495

Delivered I/O Balances as of the Measurement Date*

Deferred Inflow of Resources	\$ (7,825,838)
Deferred Outflow of Resources	\$ 16,702,858

The Total OPEB Liability (TOL) was determined based on an actual valuation as of September 30, 2020, 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	2.66%
Measurement Date	2.21%
Health Care Cost Rates	
Pre-Medicare	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030

**THE CITY OF DOTHAN
 DOTHAN, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021**

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, 2020, 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, 2020, valuation were based on a review of recent plan experience performed concurrently with the September 30, 2020, valuation.

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

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

	Health Care Cost Trend Rate Sensitivity		
	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 46,940,687	\$ 52,182,722	\$ 58,253,649

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 TOL of the Plan, determined using the discount rate of 2.21%, as well as what the Plan's TOL would be if it were determined using a discount rate that is 1–percentage-point lower or 1–percentage-point higher than the current rate:

	Discount Rate Sensitivity		
	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 57,160,565	\$ 52,182,722	\$ 47,706,978

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, 2019	\$ 55,303,846
Changes for the Year:	
Service cost*	1,566,864
Interest on TOL and Cash Flows	1,449,179
Change in Benefit Terms	-
Difference between Expected and Actual Experience	(7,050,699)
Changes of Assumptions or Other Inputs	2,571,271
Net Benefit Payments	(1,657,739)
Other	-
Net Changes	<u>(3,121,124)</u>
Total OPEB Liability as of September 30, 2020	<u>\$ 52,182,722</u>

*The service cost includes interest for the year.

Changes to benefit terms: None

Changes to assumptions or other inputs: Change in Discount Rate & Change in Medical Trend

**THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

V. OTHER INFORMATION (Continued)

C. Postemployment Healthcare Plan (Continued)

OPEB Expense

The calculation of the OPEB expense for the year ended September 30, 2021, is shown in the following table:

OPEB Expense For Fiscal Year Ending September 30, 2021	
Service cost*	\$ 1,566,864
Interest on the Total OPEB Liability	1,449,179
Current-Period Benefit Changes	-
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(885,766)
Expensed portion of current-period changes of assumptions or other inputs	323,024
Administrative Costs	-
Recognition of beginning Deferred Outflows of Resources as OPEB Expense	2,252,191
Recognition of beginning Deferred Inflows of Resources as OPEB	<u>(378,997)</u>
OPEB Expense	<u>\$ 4,326,495</u>

*The service cost includes interest for the year.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experiences	\$ 6,597,170	\$ 6,785,421
Changes of Assumptions or Other Inputs	8,017,447	1,040,417
Contribution Paid Subsequent to the Measurement Date	<u>2,088,241</u>	<u>-</u>
Total	<u>\$ 16,702,858</u>	<u>\$ 7,825,838</u>

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:

<u>Measurement Period Ending September 30</u>	
2021	\$ 1,310,452
2022	\$ 1,310,452
2023	\$ 1,310,452
2024	\$ 1,377,028
2025	\$ 1,576,761
Thereafter	\$ (96,366)

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 Annual Comprehensive 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. Effective October 1, 2021, Act 390 of the Legislature of 2021 will create two additional representative and change the composition of representatives within the ERS Board of Control. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

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

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

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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

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. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 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.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to Code of Alabama 1975, Section 36-7-6 to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132.

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

Retirees and beneficiaries currently receiving benefits	28,672
Terminated employees entitled to but not yet receiving benefits	1,974
Terminated employees not entitled to a benefit	14,133
Active members	56,369
Post-DROP participants who are still in active service	<u>97</u>
Total	<u>101,245</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.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

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, 2021, the City's average contribution rate to fund the normal and accrued liability costs was 20.045% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2021, was 21.24% of pensionable pay for Tier 1 employees and 20.48% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2018, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$11,470,842 for the year ended September 30, 2021.

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

Roll-Forward of the Total Pension Liability

	Expected	Actual Before Act 2019-132	Actual After Act 2019-132
(a) Total Pension Liability (TPL) as of September 30, 2019	\$ 288,504,318	\$ 300,565,905	\$ 300,565,905
(b) Discount Rate	7.70%	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2019 – September 30, 2020	4,521,112	4,521,112	4,521,112
(d) Transfers Among Employers	-	(61,626)	(61,626)
(e) Actual Benefit Payments and Refunds for the period October 1, 2019 – September 30, 2020	(17,968,085)	(17,968,085)	(17,968,085)
(f) TPL as of September 30, 2020 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 296,580,406</u>	<u>\$ 309,509,110</u>	<u>\$ 309,509,110</u>
(g) Difference Between Expected and Actual		\$ 12,928,704	
(h) Less Liability Transferred for Immediate Recognition		(61,626)	
(i) Difference Between Expected and Actual – Experience (Gain)/Loss		<u>\$ 12,990,330</u>	
(j) Difference Between Actual TPL Before and After Act 2019-132 – Benefit Change (Gain)/Loss			

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

Actuarial assumptions. The total pension liability as of September 30, 2020, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2019. The key actuarial assumptions are summarized 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, 2018, 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:

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.0%	4.4%
US Large Stocks	32.0%	8.0%
US Mid Stocks	9.0%	10.0%
US Small Stocks	4.0%	11.0%
Int'l Developed Mkt Stocks	12.0%	9.5%
Int'l Emerging Mkt Stocks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real Estate	10.0%	7.5%
Cash Equivalents	3.0%	1.5%
Total	100%	

*Includes assumed rate of inflation of 2.50%.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

Schedule of Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at September 30, 2019	\$ 288,504,318	\$ 140,514,899	\$ 147,989,419
Changes for the Year:			
Service Cost	4,521,112	-	4,521,112
Interest	21,523,061	-	21,523,061
Changes of Benefit Terms	-	-	-
Changes of Assumptions	-	-	-
Difference between Expected and Actual Experience	12,990,330	-	12,990,330
Contributions – Employer	-	11,278,528	(11,278,528)
Contributions – Employee	-	4,136,031	(4,136,031)
Net Investment Income	-	7,951,366	(7,951,366)
Benefit Payments, Including Refunds of Employee Contributions	(17,968,085)	(17,968,085)	-
Administrative Expense	-	-	-
Transfers Among Employers	(61,626)	(61,626)	-
Net Changes	<u>21,004,792</u>	<u>5,336,214</u>	<u>15,668,578</u>
Balances at September 30, 2020	<u>\$ 309,509,110</u>	<u>\$ 145,851,113</u>	<u>\$ 163,657,997</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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)	\$ 197,400,807	\$ 163,657,997	\$ 134,955,846

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditor's report dated April 30, 2021, on the schedule of changes in fiduciary net position by employer and accompanying notes is also available. The additional financial and actuarial information is available at <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, 2021, the City recognized pension expense of \$15,521,095. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experiences	\$ 12,532,883	\$ 959,104
Changes of Assumptions	2,555,082	-
Net Difference between Projected and Actual Earnings on Plan Investments	4,516,020	-
Employer Contributions Subsequent to the Measurement Date	11,470,842	-
Total	\$ 31,074,827	\$ 959,104

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

V. OTHER INFORMATION (Continued)

D. Retirement Plan (Continued)

Fiscal year 2021 Employer Contributions subsequent to the measurement date in the amount of \$11,470,842 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022.

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

<u>Schedule of Amortization of Deferred Inflows and Outflows of Resources</u>	
<u>Measurement Period</u>	
<u>Ending September 30</u>	
2022	\$ 4,770,630
2023	\$ 4,643,464
2024	\$ 4,858,336
2025	\$ 2,777,144
2026	\$ 1,595,305
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 \$3,132,480 reported as a liability and deferred outflow of resources at September 30, 2021, 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 5, 2021, the City awarded a bid and entered into a contract with Sports Fields, Inc. for infield turf installation at James Oates for the sum of \$1,747,162.
- On October 5, 2021, the City entered into an agreement with Poly Inc. for professional consulting services for the design of an additional westbound lane on Flowers Chapel Road from US-84/West Main Street to Woodmere Drive for a not to exceed amount of \$108,112.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

V. OTHER INFORMATION (Continued)

F. Commitments and Contingencies (Continued)

- On October 5, 2021, the City entered into a professional services contract with Barge Design Solutions, Inc. to perform program management and engineering services in association with maintaining the Capacity, Management, Operation and Maintenance Program and the Dothan Clean Waters Program over a one year period for \$300,000.
- On October 5, 2021, the City entered into an agreement with Motorola Solutions to furnish two dispatch console positions for a total cost of \$119,734.08.
- On October 19, 2021, the City authorized the issuance of the City's General Obligation Warrant Series 2021 in the principal amount of \$20,245,000 for the refunding of the General Obligation Warrant – Series 2011-A SRF, the General Obligation Warrant – Series 2011-B SRF, and the General Obligation Warrant – Series 2012.
- On October 19, 2021, the City entered into an Economic Development Agreement with Watwood Investment, LLC to provide financial assistance for a development project to construct a new commercial building on an outparcel of the old southside Kmart Shopping Center in the 2200 block of Ross Clark Circle, at an amount not to exceed \$250,000, over a 10 year period based on sales tax generated on retail sales derived solely from the operation of Simply 10 and/or other commercial tenants.
- On October 19, 2021, the City authorized the issuance of the City's 2021 Limited Obligation Revenue Warrant, in the amount of \$250,000, in regards to the participation with the Economic Development Agreement by and between the City of Dothan and Watwood Investment, LLC.
- On October 19, 2021, the City submitted an application to ALDOT to participate in the John D. Odom/Hwy. 84 West (W. Main Street) Intersection Improvement Project, through the Alabama Transportation Rehabilitation and Improvement Program-II, which said project is estimated to cost \$2,650,000, with the City's share of cost estimated to be \$650,000.
- On October 19, 2021, the City entered into a contract and issued a notice to proceed to Suncoast Infrastructure, Inc. for the B4-B52 Comprehensive Rehabilitation Project in the amount of \$5,296,710.
- On October 19, 2021, the City awarded the bid, and entered into a contract, with Wyatt Sasser Construction, LLC for the Water World Renovations Phase II Project in the amount of \$2,560,000.
- On November 16, 2021, the City awarded the bid, entered into an agreement, and issued contract documents to Donald Smith Company, Inc. for the refurbishment of four vertical turbine influent wastewater pumps for the Little Choctawhatchee Wastewater Treatment Plant in the amount of \$392,860.
- On November 16, 2021, the City entered into a professional services contract with Poly, Inc. for the update of the Dothan Long Range Water Plan at a not to exceed amount of \$215,000.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

V. OTHER INFORMATION (Continued)

F. Commitments and Contingencies (Continued)

- On November 16, 2021, the City awarded the bid and entered into a contract with Dixie Painting and Sandblasting, Inc. for the Water World Great White Slide Rehabilitation Project in the amount of \$503,618.
- On December 21, 2021, the City entered into a sales agreement with Kenneth Whatley in the amount of \$100,000 for the purchase of a parking lot at 112 W. Troy Street.
- On December 21, 2021, the City awarded the bid and entered into a contract with Lewis Construction, LLC for Phase II of the Renovations and Additions to Rip Hewes Stadium in the amount of \$9,090,000.
- On December 21, 2021, the City awarded the bid and entered into a contract with Avery Landscape and Associates, LLC for the Memorial Trail Project in the amount of \$317,387.
- On December 21, 2021, the City approved submitting an offer to purchase the Houston County Farm Center for \$2,500,000. An offer of \$2,200,000 was submitted to Houston County in February 2022, and Houston County accepted the offer March 14, 2022.
- On January 4, 2022, the City entered into a renewal contract with Motorola Solutions for maintenance on the 80MHz Digital P25 radio system at a cost of \$712,406 for a period of three years.
- On January 18, 2022, the City entered into an agreement with Ardurra Group, Inc. for a new Cypress Creek Wastewater Treatment Plant 201 Facilities Plan Update for a not-to exceed sum of \$155,960.
- On January 18, 2022, the City awarded a bid and entered into a contract with Donald Smith Company, Inc. for the refurbishment of Water Well Numbers 16, 25, 27, and 32 for the sum of \$664,007.
- On February 1, 2022, the City submitted a pre-application form in the amount of \$41,330,930 under the Alabama Department of Environmental Management's (ADEM's) Clean Water State Revolving Fund, with debt forgiveness through the Bipartisan Infrastructure Legislation for the Trunk Line and Sewer Basin Rehabilitation Projects.
- On February 1, 2022, the City submitted a pre-application form in the amount of \$24,895,250 under the Alabama Department of Environmental Management's (ADEM's) Drinking Water State Revolving Fund, with debt forgiveness through the Bipartisan Infrastructure Legislation for the 2022 Ross Clark Circle and Red Water Improvements Project.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

V. OTHER INFORMATION (Continued)

F. Commitments and Contingencies (Continued)

- On March 1, 2022, the City awarded the bid and entered into a contract with L and K Contracting Co., Inc. for the 2022 Pleasant Redwater Project for the sum of \$2,073,525.
- On March 1, 2022, the City awarded the bid and entered into a contract with Lewis Construction, LLC for the sum of \$943,500 for the Doug Tew Recreation Center Renovations Project.
- On March 1, 2022, the City entered into an agreement with Sain Associates, Inc. to prepare a traffic operations study for U.S. Highway 84, U.S. Highway 231, and various intersections in the downtown area at a total cost of \$149,999.

G. Related Organization Transactions

The City of Dothan works closely with the Dothan Downtown Redevelopment Authority (DDRA) to create a vibrant, diverse, and economically sustainable downtown district. On September 21, 2021, the City approved funding in the amount of \$1,641,000 for the DDRA to purchase property for the Moody Hospital Redevelopment Project. Plans are to create 58 one-bedroom and two-bedroom units for senior living.

H. Subsequent Events

The City did not have any other subsequent events requiring disclosures or recording in these financial statements through March 15, 2022, 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, 2021, 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	\$ -	\$ 19,863,919	\$ 6,899,554

REQUIRED SUPPLEMENTARY INFORMATION

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL		(NEGATIVE)
REVENUES:				
Taxes	\$ 76,795,000	\$ 76,925,000	\$ 95,845,088	\$ 18,920,088
Licenses and permits	3,761,700	3,761,700	4,400,273	638,573
Intergovernmental	2,773,000	6,629,532	7,900,736	1,271,204
Charges for services	2,292,500	2,827,325	2,498,654	(328,671)
Fines and forfeitures	1,152,500	1,216,433	1,230,971	14,538
Interest	689,100	689,100	57,425	(631,675)
Miscellaneous	744,756	784,125	604,753	(179,372)
Total Revenues	<u>88,208,556</u>	<u>92,833,215</u>	<u>112,537,900</u>	<u>19,704,685</u>
EXPENDITURES:				
Current:				
General government:				
General administrative	7,540,988	7,967,742	3,974,267	3,993,475
Information system/technology	4,866,262	4,893,511	4,510,700	382,811
Budget and finance	1,353,207	1,364,930	1,349,943	14,987
Personnel services	2,533,925	2,716,568	2,607,801	108,767
Judicial department	1,335,805	1,342,258	1,266,416	75,842
Public safety:				
Fire department	17,358,704	17,476,478	17,378,951	97,527
Police department	23,167,211	23,581,704	21,338,297	2,243,407
Public works:				
Street department	8,085,852	9,460,947	6,341,091	3,119,856
Engineering department	4,165,063	3,753,426	3,380,271	373,155
Environmental services	167,303	134,785	77,661	57,124
Planning and development	3,721,975	4,323,473	3,093,378	1,230,095
Health and welfare	3,773,850	4,202,661	3,973,609	229,052
Culture and recreation:				
Recreation	10,883,736	12,936,083	12,072,331	863,752
Culture	2,222,427	2,250,127	1,454,907	795,220
General services:				
Administration	541,891	533,572	491,580	41,992
Facility	1,887,893	1,757,785	1,520,932	236,853
Fleet	2,754,310	2,823,975	2,703,424	120,551
Insurance department	2,440,024	2,315,024	(146,132)	2,461,156
Capital outlay	12,503,251	35,966,780	15,232,465	20,734,315
Total Expenditures	<u>111,303,677</u>	<u>139,801,829</u>	<u>102,621,892</u>	<u>37,179,937</u>
Excess (deficiency) of Revenues over Expenditures	<u>\$ (23,095,121)</u>	<u>\$ (46,968,614)</u>	<u>\$ 9,916,008</u>	<u>\$ 56,884,622</u>

(Continued on page 82)

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	\$ 6,510,064	\$ 4,521,776	\$ 4,444,088	\$ (77,688)
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	<u>6,510,064</u>	<u>4,521,776</u>	<u>4,444,088</u>	<u>(77,688)</u>
Net Change in Fund Balances	(16,585,057)	(42,446,838)	14,360,096	56,806,934
Fund Balances - Beginning, Restated	<u>16,585,057</u>	<u>42,446,838</u>	<u>58,052,123</u>	<u>52,908,237</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,412,219</u>	<u>\$ 109,715,171</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014 **</u>
Total pension liability							
Service cost	\$ 4,521,112	\$ 4,200,116	\$ 4,092,424	\$ 3,943,866	\$ 3,920,097	\$ 3,817,644	\$ 3,688,399
Interest	21,523,061	20,950,220	20,148,245	19,569,649	18,782,327	18,187,261	17,601,231
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	12,990,330	(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	(17,968,085)	(16,669,097)	(15,671,233)	(15,153,706)	(14,951,110)	(14,447,566)	(13,480,931)
Transfers among employers	(61,626)	413,508	(780,564)	553,788	108,582	-	-
Net change in total pension liability	<u>21,004,792</u>	<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>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>	<u>226,755,852</u>
Total pension liability - ending (a)	<u>\$ 309,509,110</u>	<u>\$ 288,504,318</u>	<u>\$ 280,415,333</u>	<u>\$ 267,812,966</u>	<u>\$ 260,088,448</u>	<u>\$ 242,254,642</u>	<u>\$ 234,564,551</u>
Plan fiduciary net position							
Contributions - employer	\$ 11,278,528	\$ 11,449,276	\$ 9,708,209	\$ 9,721,334	\$ 9,561,337	\$ 10,148,294	\$ 9,879,917
Contributions - member	4,136,031	4,172,130	3,770,078	3,646,353	3,507,389	3,512,701	3,479,758
Net investment income	7,951,366	3,525,759	11,783,703	14,691,147	10,743,967	1,253,364	11,378,472
Benefit payments, including refunds of employee contributions	(17,968,085)	(16,669,097)	(15,671,233)	(15,153,706)	(14,951,110)	(14,447,566)	(13,480,931)
Transfers among employers	(61,626)	413,508	(780,564)	553,788	108,582	(245,363)	26,249
Net change in plan fiduciary net position	<u>5,336,214</u>	<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>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>	<u>94,879,153</u>
Plan net position - ending (b)	<u>\$ 145,851,113</u>	<u>\$ 140,514,899</u>	<u>\$ 137,623,323</u>	<u>\$ 128,813,130</u>	<u>\$ 115,354,214</u>	<u>\$ 106,384,049</u>	<u>\$ 106,162,619</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 163,657,997</u>	<u>\$ 147,989,419</u>	<u>\$ 142,792,010</u>	<u>\$ 138,999,836</u>	<u>\$ 144,734,234</u>	<u>\$ 135,870,593</u>	<u>\$ 128,401,932</u>
Plan fiduciary net position as a percentage of the total pension liability	47.12%	48.70%	49.08%	48.10%	44.35%	43.91%	45.26%
Covered-payroll*	\$ 53,700,940	\$ 52,556,662	\$ 48,816,195	\$ 47,219,580	\$ 45,464,517	\$ 44,671,105	\$ 43,373,860
Net pension liability (asset) as a percentage of covered payroll	305.00%	282.00%	293.00%	294.00%	318.00%	304.00%	296.00%

* Employer's covered-payroll during the measurement period is the total covered payroll.
For FY 2021 the measurement period is October 1, 2019 - September 30, 2020.

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

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

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

** Employer's covered-payroll for FY 2021 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 2021 were based on the September 30, 2018, actuarial valuation.

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

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	23.8
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

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

	2020	2019	2018	2017 **
Total OPEB Liability*				
Service cost at end of year	\$ 1,566,864	\$ 1,100,661	\$ 924,527	\$ 1,026,908
Interest	1,449,179	1,939,403	1,246,307	1,085,659
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	(7,050,699)	(823,594)	10,403,990	86,297
Changes of assumptions or other inputs	2,571,271	7,078,511	692,467	(2,150,193)
Benefit payments	(1,657,739)	(768,786)	(2,776,083)	(1,619,166)
Other	-	-	-	-
Net Change in Total OPEB Liability	(3,121,124)	8,526,195	10,491,208	(1,570,495)
Total OPEB Liability - Beginning	55,303,846	46,777,651	36,286,443	37,856,938
Total OPEB Liability - Ending	<u>\$ 52,182,722</u>	<u>\$ 55,303,846</u>	<u>\$ 46,777,651</u>	<u>\$ 36,286,443</u>
Covered-employee payroll	\$ 53,700,940	\$ 52,556,662	\$ 48,816,195	\$ 47,219,580
Net OPEB Liability as a percentage of covered-employee payroll	97.17%	100.05%	95.82%	76.85%

There are no assets accumulated in a trust.

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

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

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Interest from funds invested and special assessments	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
General administrative	-	-	-	-
Principal retirement	1,358,804	1,358,804	1,358,803	1
Interest	417,750	417,750	417,749	1
Total Expenditures	<u>1,776,554</u>	<u>1,776,554</u>	<u>1,776,552</u>	<u>2</u>
Excess (deficiency) of Revenues over Expenditures	<u>(1,776,554)</u>	<u>(1,776,554)</u>	<u>(1,776,552)</u>	<u>2</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,776,554	1,776,554	1,776,552	(2)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,776,554</u>	<u>1,776,554</u>	<u>1,776,552</u>	<u>(2)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
GENERAL CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest from funds invested	-	-	27	27
Total Revenues	<u>-</u>	<u>-</u>	<u>27</u>	<u>27</u>
EXPENDITURES:				
Public works	-	-	-	-
Capital outlay	29,806	67,353	67,351	2
Total Expenditures	<u>29,806</u>	<u>67,353</u>	<u>67,351</u>	<u>2</u>
Excess (deficiency) of Revenues over Expenditures	<u>(29,806)</u>	<u>(67,353)</u>	<u>(67,324)</u>	<u>29</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	-	(183)	(183)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(183)</u>	<u>(183)</u>	<u>-</u>
Net Change in Fund Balances	<u>(29,806)</u>	<u>(67,536)</u>	<u>(67,507)</u>	<u>29</u>
Fund Balances - Beginning	<u>29,806</u>	<u>67,536</u>	<u>67,507</u>	<u>(29)</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
BUDGETARY COMPARISON SCHEDULE
SCHOOL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Taxes	\$ 200,000	\$ 200,000	\$ 210,600	\$ 10,600
Interest earned	-	-	165	165
Miscellaneous	191,640	191,640	113,316	(78,324)
Total Revenues	<u>391,640</u>	<u>391,640</u>	<u>324,081</u>	<u>(67,559)</u>
EXPENDITURES:				
Intergovernmental:				
Subsidies to agencies	3,738,286	3,738,286	3,738,286	-
Obligations/expenses paid for schools	199,836	199,836	71,307	128,529
Other support - schools	491,506	491,506	346,820	144,686
Total Expenditures	<u>4,429,628</u>	<u>4,429,628</u>	<u>4,156,413</u>	<u>273,215</u>
Excess (deficiency) of Revenues over Expenditures	<u>(4,037,988)</u>	<u>(4,037,988)</u>	<u>(3,832,332)</u>	<u>205,656</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	4,037,988	4,037,988	4,037,988	-
Net Change in Fund Balance	-	-	205,656	205,656
Fund Balance - Beginning, Restated	-	-	295,070	295,070
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,726</u>	<u>\$ 500,726</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>BUDGET</u>	<u>BUDGETARY BASIS ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Electric department	\$ 91,408,587	\$ 87,956,942	\$ (3,451,645)
Water department	9,235,500	11,337,518	2,102,018
Sewer department	18,025,000	21,820,378	3,795,378
Delinquent fees - combined utilities	950,000	885,516	(64,484)
Other revenue	583,221	533,795	(49,426)
Interest from funds invested	1,100,000	61,113	(1,038,887)
Total Revenues	<u>121,302,308</u>	<u>122,595,262</u>	<u>1,292,954</u>
EXPENSES:			
Electric department	83,997,991	68,779,134	15,218,857
Water department	7,980,535	5,018,313	2,962,222
Sewer department	9,217,994	8,701,164	516,830
Billing collection department	2,509,758	2,165,522	344,236
Meter reading department	941,528	666,409	275,119
Combined utility expense:			
Capital outlay	27,454,296	12,539,971	14,914,325
Miscellaneous expenses	970,429	872,158	98,271
Interest and fiscal charges	2,192,135	1,960,605	231,530
Principal on bonds and capital leases	7,373,960	7,373,959	1
Depreciation	12,914,800	12,874,867	39,933
Total Expenses	<u>155,553,426</u>	<u>120,952,102</u>	<u>34,601,324</u>
Excess (deficiency) of Revenues over Expenses	<u>\$ (34,251,118)</u>	<u>\$ 1,643,160</u>	<u>\$ 35,894,278</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, 2021

	BUDGET	BUDGETARY BASIS ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES (USES):			
Intergovernmental revenue	\$ 585,481	\$ 25,000	\$ (560,481)
Transfers in (out)	(13,332,973)	(13,253,427)	79,546
Gain (loss) on disposition of capital assets	-	(837,401)	(837,401)
Total Other Financing Sources (Uses)	(12,747,492)	(14,065,828)	(1,318,336)
Excess (deficiency) of Revenues over Expenses	(46,998,610)	(12,422,668)	34,575,942
Capital grants and contributions	-	7,256,452	7,256,452
Adjustment for capital outlay, principal payments on bonds and capital leases	19,913,930	19,913,930	-
Total Net Position - Beginning, Restated	23,160,115	162,135,785	138,975,670
Total Net Position - Ending	\$ (3,924,565)	\$ 176,883,499	\$ 180,808,064

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

Capital outlay expense	\$ 12,539,971
Principal payment on bonds	7,373,959
Total Adjustments	\$ 19,913,930

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, 2021

	BUDGET	BUDGETARY BASIS ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Charges for services	\$ 6,927,600	\$ 6,164,269	\$ (763,331)
Other revenue	4,000	77,197	73,197
Interest from funds invested	-	808	808
Total Revenues	6,931,600	6,242,274	(689,326)
EXPENSES:			
Solid waste collections	7,111,536	7,136,627	(25,091)
Solid waste landfill	1,111,963	1,081,961	30,002
Combined solid waste expense:			
Capital outlay	1,332,477	1,176,658	155,819
Miscellaneous expenses	239,408	239,408	-
Depreciation	1,458,774	1,452,601	6,173
Total Expenses	11,254,158	11,087,255	166,903
Excess (deficiency) of Revenues over Expenses	(4,322,558)	(4,844,981)	(522,423)
OTHER FINANCING SOURCES (USES):			
Intergovernmental revenue	-	-	-
Transfers in (out)	2,996,838	2,994,982	(1,856)
Gain (loss) on disposition of capital assets	-	-	-
Total Other Financing Sources (Uses)	2,996,838	2,994,982	(1,856)
Excess (deficiency) of Revenues over Expenses	(1,325,720)	(1,849,999)	(524,279)
Adjustment for capital outlay, principal payments on bonds and capital leases	1,176,658	1,176,658	-
Total Net Position - Beginning, Restated	5,489,273	(1,818,189)	(7,307,462)
Total Net Position - Ending	\$ 5,340,211	\$ (2,491,530)	\$ (7,831,741)

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

Capital outlay expense	\$ 1,176,658
Total Adjustments	\$ 1,176,658

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

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY
ALL SERIES
2022-2037

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	
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>\$ 18,460,753</u>	<u>\$ -</u>	<u>\$ 8,996,438</u>	<u>\$ 77,535,579</u>	<u>\$ 104,992,770</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2009
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2021

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>INTEREST</u> <u>RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>		<u>TOTAL DEBT</u> <u>SERVICE</u>
		<u>DUE MARCH 1</u>	<u>DUE SEPTEMBER 1</u>	<u>DUE MARCH 1</u>	<u>DUE SEPTEMBER 1</u>	
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>\$ 717,509</u>	<u>\$ 600,723</u>	<u>\$ 7,321,990</u>	<u>\$ 6,098,860</u>	<u>\$ 14,739,082</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2010 - CWSRF - BL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2021

<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>		
2022	2.61%	\$ 10,114	\$ 10,114	\$ 775,000	\$ 795,228
		<u>\$ 10,114</u>	<u>\$ 10,114</u>	<u>\$ 775,000</u>	<u>\$ 795,228</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION SEWER WARRANTS - SERIES 2010B-CWSRF-BL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2021

<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>		
2022	2.50%	\$ 5,688	\$ 5,687	\$ 455,000	\$ 466,375
		<u>\$ 5,688</u>	<u>\$ 5,687</u>	<u>\$ 455,000</u>	<u>\$ 466,375</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2011-CWSRF-DL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2021

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>INTEREST</u> <u>RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>	<u>TOTAL DEBT</u> <u>SERVICE</u>
		<u>DUE FEBRUARY 15</u>	<u>DUE AUGUST 15</u>	<u>DUE FEBRUARY 15</u>	
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>\$ 207,233</u>	<u>\$ 174,373</u>	<u>\$ 2,120,000</u>	<u>\$ 2,501,606</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2011-CWSRF-DL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2021

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>INTEREST</u> <u>RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>	<u>TOTAL DEBT</u>
		<u>DUE FEBRUARY 15</u>	<u>DUE AUGUST 15</u>	<u>DUE AUGUST 15</u>	<u>SERVICE</u>
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>\$ 405,422</u>	<u>\$ 405,418</u>	<u>\$ 4,450,000</u>	<u>\$ 5,260,840</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2013
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2021

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>INTEREST</u> <u>RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>		<u>TOTAL DEBT</u> <u>SERVICE</u>
		<u>DUE MARCH 1</u>	<u>DUE SEPTEMBER 1</u>	<u>DUE MARCH 1</u>	<u>DUE SEPTEMBER 1</u>	
2022	2.80%	\$ 14,110	\$ 9,628	\$ 329,480	\$ 333,961	\$ 687,179
2023	2.80%	4,770	-	338,819	-	343,589
		<u>\$ 18,880</u>	<u>\$ 9,628</u>	<u>\$ 668,299</u>	<u>\$ 333,961</u>	<u>\$ 1,030,768</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2014-CWSRF-DL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2021

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>INTEREST</u> <u>RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>	<u>TOTAL DEBT</u> <u>SERVICE</u>
		<u>DUE FEBRUARY 15</u>	<u>DUE AUGUST 15</u>	<u>DUE AUGUST 15</u>	
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>\$ 1,108,294</u>	<u>\$ 1,108,294</u>	<u>\$ 13,470,000</u>	<u>\$ 15,686,588</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANT - SERIES 2016
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2021

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>INTEREST</u> <u>RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>	<u>TOTAL DEBT</u>
		<u>DUE FEBRUARY 15</u>	<u>DUE AUGUST 15</u>	<u>DUE AUGUST 15</u>	<u>SERVICE</u>
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>\$ 247,691</u>	<u>\$ 247,687</u>	<u>\$ 5,515,000</u>	<u>\$ 6,010,378</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2016-CWSRF-DL
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2021

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>INTEREST</u> <u>RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>	<u>TOTAL DEBT</u> <u>SERVICE</u>
		<u>DUE FEBRUARY 15</u>	<u>DUE AUGUST 15</u>	<u>DUE FEBRUARY 15</u>	
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>\$ 3,001,350</u>	<u>\$ 2,644,510</u>	<u>\$ 32,440,000</u>	<u>\$ 38,085,860</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2017
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2021

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>INTEREST</u> <u>RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>		<u>TOTAL DEBT</u> <u>SERVICE</u>
		<u>DUE MARCH 1</u>	<u>DUE SEPTEMBER 1</u>	<u>DUE MARCH 1</u>	<u>DUE SEPTEMBER 1</u>	
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>\$ 1,635,067</u>	<u>\$ 1,545,149</u>	<u>\$ 7,079,928</u>	<u>\$ 7,169,841</u>	<u>\$ 17,429,985</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
GENERAL OBLIGATION WARRANTS - SERIES 2019
SCHEDULE OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 2021

<u>YEAR ENDING</u> <u>SEPTEMBER 30</u>	<u>INTEREST</u> <u>RATE - %</u>	<u>INTEREST</u>		<u>PRINCIPAL</u> <u>DUE AUGUST 15</u>	<u>TOTAL DEBT</u> <u>SERVICE</u>
		<u>DUE FEBRUARY 15</u>	<u>DUE AUGUST 15</u>		
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>\$ 163,029</u>	<u>\$ 163,031</u>	<u>\$ 2,660,000</u>	<u>\$ 2,986,060</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
SEPTEMBER 30, 2021

CAPITAL ASSETS:

Land and easements	\$	9,782,738
Buildings		67,394,441
Improvements other than buildings		75,972,651
Machinery and equipment		50,058,994
Infrastructure		456,458,374
Construction in progress		17,605,730
		17,605,730
Total Capital Assets	\$	677,272,928
		677,272,928

INVESTMENTS IN CAPITAL ASSETS FROM:

Capital projects funds:		
General obligation bonds	\$	20,954,497
Grants		24,484,003
General fund revenues		624,694,691
Special revenue fund revenues		155,631
Gifts		6,898,402
Utility fund revenues		85,704
		85,704
Total Investments in Capital Assets	\$	677,272,928
		677,272,928

THE CITY OF DOTHAN
DOTHAN, ALABAMA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2021

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	\$ 3,015,124	\$ 150,437	\$ -	\$ -	\$ 7,301,188
Staff Agencies:							
Information system/technology	-	215,658	1,264,806	8,390,142	-	210,619	10,081,225
Budget and finance	-	276,022	-	22,167	-	-	298,189
Personnel services	-	-	-	5,009	-	-	5,009
Total Staff Agencies	-	491,680	1,264,806	8,417,318	-	210,619	10,384,423
Total General Government	1,580,360	3,046,947	4,279,930	8,567,755	-	210,619	17,685,611
Public Safety:							
Fire department	1,517,199	6,363,962	992,165	11,414,022	-	604,554	20,891,902
Police department	412,378	27,028,365	11,043,183	16,356,366	-	1,542,832	56,383,124
Total Public Safety	1,929,577	33,392,327	12,035,348	27,770,388	-	2,147,386	77,275,026
Public Works:							
Street department	827,836	40,110	6,243,655	6,206,207	454,180,059	10,707,288	478,205,155
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	1,874,786	2,320,281	2,278,315	594,669	8,643,187
Culture and recreation	4,601,643	21,421,843	41,387,302	3,269,153	-	3,934,375	74,614,316
General services	61,249	2,151,893	2,158,073	549,766	-	11,393	4,932,374
Equipment maintenance	-	1,268,529	606,155	1,265,879	-	-	3,140,563
Schools	72,056	4,476,511	-	-	-	-	4,548,567
Total Other	6,272,801	30,955,167	59,657,373	13,720,851	456,458,374	15,247,725	582,312,291
Total Capital Assets	\$ 9,782,738	\$ 67,394,441	\$ 75,972,651	\$ 50,058,994	\$ 456,458,374	\$ 17,605,730	\$ 677,272,928

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, 2021

<u>FUNCTION AND ACTIVITY</u>	<u>GOVERNMENTAL FUNDS CAPITAL ASSETS OCTOBER 1, 2020</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>GOVERNMENTAL FUNDS CAPITAL ASSETS SEPTEMBER 30, 2021</u>
General Government:				
Control:				
General administrative	\$ 7,263,882	\$ 37,306	\$ -	\$ 7,301,188
Staff Agencies:				
Information system/technology	9,154,227	961,888	(245,509)	9,870,606
Budget and finance	298,189	-	-	298,189
Personnel services	5,009	-	-	5,009
Total Staff Agencies	<u>9,457,425</u>	<u>961,888</u>	<u>(245,509)</u>	<u>10,173,804</u>
Total General Government	<u>16,721,307</u>	<u>999,194</u>	<u>(245,509)</u>	<u>17,474,992</u>
Public Safety:				
Fire department	19,591,557	722,431	(26,640)	20,287,348
Police department	54,051,388	987,834	(198,930)	54,840,292
Total Public Safety	<u>73,642,945</u>	<u>1,710,265</u>	<u>(225,570)</u>	<u>75,127,640</u>
Public Works:				
Street department	466,333,165	1,369,712	(205,010)	467,497,867
Environmental services	109,565	-	-	109,565
Special assessments	7,333,292	-	-	7,333,292
Health and welfare	785,272	-	-	785,272
Engineering department	8,737,111	493,238	(1,181,831)	8,048,518
Culture and recreation	68,511,932	2,225,560	(57,551)	70,679,941
General services	4,048,132	937,575	(64,726)	4,920,981
Equipment maintenance	3,176,033	6,212	(41,682)	3,140,563
Schools	40,790,811	-	(36,242,244)	4,548,567
Construction in progress	7,607,495	11,622,098	(1,623,863)	17,605,730
Total Other	<u>607,432,808</u>	<u>16,654,395</u>	<u>(39,416,907)</u>	<u>584,670,296</u>
Total Capital Assets	<u>\$ 697,797,060</u>	<u>\$ 19,363,854</u>	<u>\$ (39,887,986)</u>	<u>\$ 677,272,928</u>

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STATISTICAL SECTION

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

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.

21 through 23

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

	FISCAL YEAR									
	2012*	2013	2014	2015*	2016	2017	2018*	2019	2020*	2021*
Governmental activities:										
Net Investment in capital assets	\$ 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	\$ 99,972,749
Restricted	1,890,847	883,855	210,752	270,862	211,985	17,189,646	268,218	2,901,466	801,585	1,036,674
Unrestricted	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)	(77,933,740)
Total governmental activities net position	<u>\$ 87,017,303</u>	<u>\$ 85,024,774</u>	<u>\$ 88,962,797</u>	<u>\$ (702,091)</u>	<u>\$ 3,991,382</u>	<u>\$ 8,135,046</u>	<u>\$ (7,269,659)</u>	<u>\$ (199,602)</u>	<u>\$ 16,397,117</u>	<u>\$ 23,075,683</u>
Business-type activities:										
Net Investment in capital assets	\$ 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	\$ 142,974,307
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	31,417,662
Total business-type activities net position	<u>\$ 102,531,962</u>	<u>\$ 111,798,816</u>	<u>\$ 117,969,698</u>	<u>\$ 86,433,100</u>	<u>\$ 98,233,142</u>	<u>\$ 112,913,763</u>	<u>\$ 126,581,011</u>	<u>\$ 146,671,270</u>	<u>\$ 161,653,341</u>	<u>\$ 174,391,969</u>
Primary government:										
Net Investment in capital assets	\$ 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	\$ 242,947,056
Restricted	1,890,847	883,855	210,752	270,862	211,985	17,189,646	268,218	2,901,466	801,585	1,036,674
Unrestricted	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)	(46,516,078)
Total primary government net position	<u>\$ 189,549,265</u>	<u>\$ 196,823,590</u>	<u>\$ 206,932,495</u>	<u>\$ 85,731,009</u>	<u>\$ 102,224,524</u>	<u>\$ 121,048,809</u>	<u>\$ 119,311,352</u>	<u>\$ 146,471,668</u>	<u>\$ 178,050,458</u>	<u>\$ 197,467,652</u>

* Restated

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

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

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

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

The 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									
	2012*	2013	2014	2015*	2016	2017	2018	2019	2020*	2021
Expenses										
Governmental activities:										
General government	\$ 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	\$ 19,624,240
Public safety	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	41,619,188
General services	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	4,974,145
Planning and development	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	3,140,192
Other public works	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	11,506,480
Insurance department	805,007	1,280,974	452,688	3,696,580	3,681,005	(279,055)	216,427	467,836	5,544,053	(146,132)
Culture and recreation	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	15,747,359
Education	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	12,135,622
Health and welfare	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	4,347,387
Interest/fiscal charges on long-term debt	912,187	829,200	1,066,624	329,021	213,947	180,601	453,754	335,799	263,937	414,865
Total governmental activities expenses	<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>	<u>113,363,346</u>
Business-type activities:										
Solid waste collections									6,657,029	7,136,627
Solid waste landfill									964,713	1,081,961
Electric	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	68,779,134
Water	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	5,008,313
Wastewater	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	8,701,164
Billing - collection department	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	2,165,522
Meter reading department	768,870	840,669	827,914	762,080	753,346	803,913	841,044	899,997	892,397	666,409
Depreciation	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	12,874,867
Miscellaneous	592,935	753,836	758,777	-	41,378	139,446	394,383	310,965	569,272	872,158
Bond issue costs	-	-	-	-	55,262	-	-	-	-	-
(Loss) on disposition of capital assets	289,649	268,174	704,513	205,266	459,404	404,560	264,511	772,344	3,201,567	837,401
Interest/fiscal charges	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	1,960,605
Total business-type activities expenses	<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>	<u>110,094,161</u>
Total primary government expenses	<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>	<u>\$ 223,457,507</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	\$ 92,305
Culture and recreation	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	2,301,320
General government	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	4,400,273
Public safety	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	1,263,514
Planning and development	436,958	412,672	429,797	468,221	426,098	449,775	432,826	450,323	505,651	72,486
Operating grants and contributions	136,040	117,809	437,237	517,865	564,624	1,743,473	3,117,078	1,612,553	6,045,051	4,442,587
Capital grants and contributions	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	1,402,539
Total governmental activities program revenues	<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>	<u>13,975,024</u>
Business-type activities:										
Charges for services (Utility)										
Electric	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	87,956,942
Water	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	11,337,518
Wastewater/sewer	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	21,820,378
Combined utilities	-	-	-	-	1,040,333	1,041,610	949,348	916,472	931,858	885,516
E-911	1,278,007	1,443,736	1,744,910	-	-	-	-	-	-	-
Charges for services (Solid Waste)										
Collections	-	-	-	-	-	-	-	-	4,462,317	4,459,250
Landfill	-	-	-	-	-	-	-	-	292,499	1,704,441
Combined solid waste	-	-	-	-	-	-	-	-	-	578
Operating grants and contributions	-	-	-	-	-	-	-	-	17,393	25,000
Capital grants and contributions	195,213	385,744	-	256,000	345,131	265,000	354,000	1,784,055	4,059,080	7,256,452
Total business-type activities program revenues	<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>	<u>135,446,075</u>
Total primary government program revenues	<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>	<u>\$ 149,421,099</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									
	2012*	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (99,388,322)
Business-type activities	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	23,659,905
Total primary government net expense	<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>	<u>\$ (75,728,417)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
General property tax	\$ 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	\$ 5,010,181
General sales and use tax	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	84,359,773
Alcoholic beverage tax	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	1,421,504
Lodging tax	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	3,474,408
Franchise tax	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	1,579,223
Cigarette tax	294,300	265,950	257,850	256,500	226,850	247,150	218,700	221,400	230,850	210,600
Unrestricted grants and contributions	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	2,960,172
Unrestricted investment earnings	179,658	137,581	137,238	110,618	95,636	118,737	419,681	813,242	393,599	57,617
Miscellaneous	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	263,212
Transfers	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	10,258,445
Special items	(1,427,363)	(6,000,000)	-	-	-	-	-	-	-	-
Total governmental activities	<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>	<u>109,595,135</u>
Business-type activities:										
Unrestricted grants and contributions	196,188	74,849	142,625	-	-	-	-	-	-	-
Unrestricted investment earnings	106,013	119,370	98,152	68,360	114,181	227,902	806,622	1,475,915	753,622	61,921
Miscellaneous	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	610,992
Transfers	(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)	(10,258,445)
Total business-type activities	<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>	<u>(9,585,532)</u>
Total primary government	<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>	<u>\$ 100,009,603</u>
Change in Net Position										
Governmental activities	\$ 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	\$ 10,206,813
Business-type activities	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	14,074,373
Total primary government	<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>	<u>\$ 24,281,186</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 FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Functions/Programs										
Governmental activities:										
General government	\$ 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	\$ 5,515,844
Public safety	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	2,036,023
General services	-	-	-	7,500	-	3,800	-	-	-	-
Other public works	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	990,494
Planning and development	436,958	412,672	429,797	468,221	426,098	449,775	432,826	451,323	505,651	840,841
Culture and recreation	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	4,591,822
Subtotal governmental activities	<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>	<u>13,975,024</u>
Business-type activities (Utility):										
Electric	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	88,257,026
Water	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	11,769,109
Wastewater/sewer	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	28,358,431
Combined utilities	-	-	-	-	1,040,333	1,041,610	949,348	916,472	931,858	897,240
E-911	1,278,007	1,443,736	1,744,910	-	-	-	-	-	-	-
Business-type activities (Solid Waste):										
Collections	-	-	-	-	-	-	-	-	4,467,793	4,459,250
Landfill	-	-	-	-	-	-	-	-	292,499	1,704,441
Combined solid waste	-	-	-	-	-	-	-	-	-	578
Subtotal business-type activities:	<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>	<u>135,446,075</u>
Total primary government	<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>	<u>\$ 149,421,099</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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 373,624	\$ 327,987	\$ 363,341	\$ 363,755	\$ 295,087	\$ 328,562	\$ 371,481	\$ 398,346	\$ 365,532	\$ 396,746
Restricted	1,377,477	340,115	148,063	188,753	166,769	151,573	159,431	230,703	422,558	535,948
Committed	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	19,863,919
Assigned	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	41,852,222
Unassigned	14,024,201	11,423,170	869,854	4,982,343	4,462,443	5,718,239	3,652,561	16,241,919	20,214,340	9,763,384
Total general fund	<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>	<u>\$ 72,412,219</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,530,944	1,897,016	62,990	82,174	45,556	17,038,311	13,747,329	2,670,763	379,027	500,726
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 500,726</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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes (see Schedule 6)	\$ 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	\$ 96,055,688
Licenses, fees, and permits	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	4,400,273
Fines and penalties	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	1,230,971
Charges for services	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	2,498,654
Special assessments	53,126	5,503	1,338	690	440	310	312	-	-	-
Intergovernmental	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	7,900,736
Investment earnings	191,681	143,063	138,210	110,618	95,911	118,785	579,441	923,793	400,233	57,617
Other revenues	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	718,069
Total revenues	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	112,862,008
Expenditures										
General government	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	13,709,127
Public safety	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	38,717,248
Planning and development	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	3,093,378
General services	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	4,715,936
Other public works	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	9,799,023
Health and welfare	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	3,973,609
Culture and recreation	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	13,527,238
Insurance	805,007	1,280,974	452,688	3,696,580	3,681,005	(279,055)	216,427	467,836	5,544,053	(146,132)
Capital outlay	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	15,299,816
Intergovernmental	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	4,156,413
Debt service										
Interest	1,044,618	942,089	1,249,993	4,367,483	492,721	421,760	732,446	612,407	518,592	417,749
Principal	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	1,358,803
Total expenditures	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	108,622,208
Excess (deficiency) of revenues over expenditures	(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)	4,239,800
Other Financing Sources (Uses)										
Bonds issued	2,000,000	6,000,000	11,650,415	43,685	-	17,000,000	-	-	-	-
Capital leases	-	-	-	-	6,426	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Payment to Dothan-Houston County Airport Authority Bond Fund	-	(6,000,000)	-	-	-	-	-	-	-	-
Transfers in	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	10,258,445
Total other financing sources (uses)	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	10,258,445
Net change in fund balances	\$ 7,264,838	\$ 4,498,950	\$ (252,850)	\$ 516,212	\$ (6,520,203)	\$ 15,952,701	\$ 529,066	\$ (841,736)	\$ 6,642,233	\$ 14,498,245
Debt service as a percentage of noncapital expenditures	6.0%	5.7%	16.8%	5.4%	4.9%	3.5%	4.5%	3.1%	3.2%	1.9%

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>
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
2021	4,156,046	854,134	84,359,773	3,474,408	1,579,223	1,421,504	210,600	96,055,688
Change								
2012-2021	\$ 407,506	\$ 115,224	\$ 27,094,175	\$ 1,908,512	\$ (669,071)	\$ 211,491	\$ (83,700)	\$ 28,984,137

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

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

THE CITY OF DOTHAN
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>
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%
2021	277,550	751,659	141,732	887,477	5.00	6,176,143	14.4%

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
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
2021	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	2021			2012		
	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.	\$ 14,523,940	1	1.64%	\$ 3,395,480	8	0.46%
Triad of Alabama, LLC	9,263,620	2	1.04%	9,882,160	2	1.32%
Centurytel of Alabama, LLC	6,352,460	3	0.72%	10,105,440	1	1.35%
Dothan Pavilion Group, LLC	5,449,600	4	0.61%			
CSX Transportation, Inc	5,276,900	5	0.59%	2,793,800	9	0.37%
WMJSHR Investments, LLC	5,192,680	6	0.59%			
Wiregrass Electric	5,148,420	7	0.58%			
Alabama Power Company Tax Accounting	5,000,480	8	0.56%			
Watson & Downs Investments, LLC	4,592,280	9	0.52%	5,139,400	4	0.69%
Flowers Hospital	4,292,480	10	0.48%	4,283,360	6	0.57%
Wiregrass Telecom, Inc.				5,746,000	3	0.77%
Inland American Dothan Pavilion, LLC				4,918,640	5	0.66%
Wiregrass Mall Associates, LLC / PR Wiregrass Commons, LLC				3,472,640	7	0.47%
Flavor House Products, LLC				2,712,620	10	0.36%
Total	\$ 65,092,860		7.33%	\$ 52,449,540		7.02%

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
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	4,070,801	94.20 %	577	4,071,378	94.21 %
2021	4,438,227	4,147,969	93.46 %	-	4,147,969	93.46 %

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Accommodation & Food Services	\$ 252,250	\$ 300,239	\$ 312,830	\$ 482,549	\$ 516,333	\$ 497,075	\$ 383,565	\$ 334,800	\$ 316,583	\$ 226,313
Administrative & Waste Mgmt.	6,764	4,853	1,829	5,733	28,890	17,194	9,505	18,323	15,611	9,622
Agriculture, Forestry, Fishing, etc.	570	587	644	414	464	427	450	455	488	571
Arts, Entertainment & Recreation	12,116	26,255	34,848	19,283	33,982	18,246	34,884	33,448	12,225	11,594
Construction	20,709	25,163	49,213	17,548	41,704	31,930	27,569	27,755	23,127	16,324
Educational Services	2,157	1,505	4,484	1,911	2,041	1,944	1,848	2,389	2,030	2,755
Finance & Insurance	9,048	13,735	14,762	3,710	4,832	13,591	4,630	4,496	5,919	6,284
Health Care & Social Assistance	17,880	40,657	20,759	22,063	43,759	47,494	30,722	17,578	13,301	23,704
Information	21,483	27,238	23,621	48,227	41,624	34,016	31,406	29,448	27,637	25,601
Management of Companies	62	41	67	36	27	26	3,097	292	123	95
Manufacturing	93,248	106,322	122,218	108,290	111,240	67,043	70,037	78,140	74,975	90,367
Mining	105	23	6	90	563	892	957	1,361	1,264	1,164
Other Services	53,414	64,822	85,159	70,830	100,800	48,377	54,819	57,261	53,271	60,152
Professional Services	29,991	38,199	53,510	49,582	51,593	41,691	37,538	31,675	33,447	32,577
Public Administration	557	579	716	703	980	699	1,108	1,083	627	369
Real Estate & Rental & Leasing	7,796	9,521	13,515	7,912	9,007	48,581	14,247	7,465	7,222	6,334
Retail Trade	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	1,501,962
Transportation & Warehousing	7,061	8,006	6,436	9,787	5,651	11,170	22,551	7,493	9,871	12,616
Unidentified*	8,570	19,662	60,543	40,195	1	-	586	107,268	110,084	177,097
Utilities	113	70	42	29	43	81	190	186	432	25
Wholesale Trade	159,921	182,704	185,190	154,872	167,001	152,871	174,091	183,598	201,265	164,269
Total	\$ 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	\$ 2,369,795
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>
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%
2021	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>2021</u>	<u>2012</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	7
Schmitz Mitchell, Inc.	6	
Mike Schmitz Automotive Group, Inc.	7	10
Bondys Ford, Inc.	8	6
Home Depot USA, Inc.	9	
Winn Dixie Montgomery, LLC	10	5
Toyota of Dothan		8
Solomon Motor Company		9

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			
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	3.25%	1,397
2021	15,252,029	-	1,148,546	-	74,157,304	90,557,879	N/A	N/A

*Restated

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

<u>FISCAL YEAR</u>	<u>GENERAL BONDED DEBT OUTSTANDING</u>		<u>TOTAL</u>	<u>PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY</u>	<u>PER CAPITA</u>
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>GENERAL OBLIGATION BONDS</u>	<u>GENERAL OBLIGATION BONDS</u>			
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	1.62%	1,455
2021	15,252,029	75,305,850	90,557,879	1.44%	1,314

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, 2021

	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE*	ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT
City of Dothan Direct Debt			
General Bonded Debt and Warrants	\$ 15,252,029	100.00%	\$ 15,252,029
Overlapping Debt			
Houston County	14,355,000	56.73%	8,143,592
Southeast Health	-	56.73%	-
Total direct and overlapping debt			\$ 23,395,621

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

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

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

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

	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit*	\$ 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	\$ 196,627,152
Total net debt applicable to limit	<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>	<u>14,249,769</u>
Legal debt margin	<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>	<u>\$ 182,377,383</u>
Total net debt applicable to the limit as a percentage of debt limit	3.58%	3.02%	1.68%	0.81%	0.01%	9.17%	8.93%	8.35%	7.85%	7.25%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$ 983,135,760
Debt limit (20% of assessed value)*	196,627,152
Debt applicable to limit:	
General obligation bonds (Includes unamortized bond premium)	90,557,879
Less: Exempt debt	76,308,110
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>14,249,769</u>
Legal debt margin	<u>\$ 182,377,383</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
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(dollars in thousands)

FISCAL YEAR	WATER REVENUE BONDS						SPECIAL ASSESSMENT BONDS				SALES TAX INCREMENT BONDS			
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE	SPECIAL ASSESSMENT COLLECTIONS	DEBT SERVICE		COVERAGE	SALES TAX INCREMENT	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST			PRINCIPAL	INTEREST			PRINCIPAL	INTEREST	
2012	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2013														
2014														
2015														
2016														
2017														
2018														
2019														
2020														
2021														

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>
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	71,072	3,229,441	45,349	37.8	13.3	8,197	5.60%
2021	N/A	N/A	N/A	37.8	13.3	8,206	3.10%

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

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

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

<u>EMPLOYER</u>	<u>2021</u>			<u>2012</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
Southeast Health / Southeast Alabama Medical Center	2,322	1	5.16%	2,113	1	4.94%
Dothan (City) & Houston County School Systems	1,973	2	4.38%	1,973	2	4.62%
Wayne Farms LLC / Perdue Farms, Inc.	1,306	3	2.90%	800	6	1.87%
Flowers Hospital	1,300	4	2.89%	1,100	3	2.57%
Southern Nuclear / Farley	950	5	2.11%	860	5	2.01%
City of Dothan	920	6	2.04%	936	4	2.19%
Michelin Tire	550	7	1.22%	542	7	1.27%
AAA Cooper Transportation	425	8	0.94%	425	8	0.99%
SpectraCare Health Systems	400	9	0.89%			
Houston County Government	399	10	0.89%	392	9	0.92%
Twitchell Corporation				387	10	0.91%
Total	<u>10,545</u>		<u>23.42%</u>	<u>9,528</u>		<u>22.28%</u>

*These figures are for Houston County.

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Function/Program</u>										
General government										
Administrative services	12	13	13	13	13	13	12	13	12	16
Information systems	15	16	16	14	11	14	14	14	14	17
City clerk	6	4	4	4	4	4	4	4	4	3
Finance	41	40	45	41	43	43	46	44	41	42
Personnel	10	10	10	10	10	10	10	10	10	10
Judicial	13	13	13	12	13	14	13	14	13	12
General services	53	51	51	54	53	53	57	56	55	48
Police										
Officers	158	158	171	167	164	159	157	169	164	149
Civilians	70	72	69	75	69	74	70	67	70	68
Fire										
Firefighters and officers	169	168	171	171	167	171	170	161	168	181
Civilians	3	3	3	3	3	3	3	3	3	3
Refuse collection	73	80	78	74	71	70	70	67	67	67
Other public works										
Engineering	14	15	18	19	16	16	16	17	19	15
Street	44	43	44	42	42	43	45	45	47	49
Traffic	12	13	13	12	12	12	12	12	15	15
Other	6	0	0	6	6	6	7	7	6	8
Planning and development	16	20	21	20	21	23	23	24	24	28
Parks and recreation	57	63	64	61	62	68	70	70	67	73
Performing arts	11	11	12	12	10	12	10	11	12	9
Electric	66	67	65	63	64	66	68	67	70	72
Water	33	34	36	34	37	38	37	37	40	39
Wastewater	54	50	54	52	51	54	59	60	58	64
Total	<u>936</u>	<u>944</u>	<u>971</u>	<u>959</u>	<u>942</u>	<u>966</u>	<u>973</u>	<u>972</u>	<u>979</u>	<u>988</u>

Source: City of Dothan Personnel Department

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total hours by 2,080.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Function										
General government										
Building permits issued	4,427	4,215	4,888	5,900	5,577	5,718	5,311	5,766	5,511	5,663
Building inspections conducted	6,581	7,051	6,954	6,995	7,155	7,090	7,023	7,019	7,858	8,171
Police										
Physical arrests	5,289	5,034	7,199	7,874	6,198	6,212	6,009	6,622	5,938	6,681
Parking violations	118	190	137	75	178	49	121	96	196	49
Traffic and non-misdemeanor violations	13,606	9,466	12,337	12,607	17,625	19,080	18,768	21,449	20,979	15,751
Fire										
Emergency responses	11,017	11,198	11,180	12,205	12,836	13,402	13,815	15,648	15,112	16,241
Fires extinguished	464	371	536	396	294	364	284	382	361	309
Inspections	2,662	2,603	2,167	2,565	2,157	2,177	2,185	2,101	1,947	1,965
Refuse collection										
Refuse collected (tons per day)	243.42	253.82	178.20	118.27	126.89	119.92	155.38	112.36	136.33	128.15
Recyclables collected (tons per day)	2.92	4.15	4.35	5.36	5.94	6.32	9.23	4.49	4.82	7.57
Other public works										
Street resurfacing (miles)	13	16	15	10	13	15	11	14	13	12
Parks and recreation										
Athletic field permits issued	381	364	466	345	461	445	301	446	204	198
Community center admissions*	110,943	106,880	121,097	129,346	110,508	91,606	100,635	90,344	23,230	89,571
Library										
Volumes in collection - books	170,078	183,821	152,920	152,681	136,597	139,796	107,957	104,718	120,980	113,277
Volumes in collection - audio/video/electronic	7,567	8,178	8,048	8,287	15,645	17,723	18,755	19,880	14,283	19,374
Volumes borrowed	239,238	317,074	228,672	288,661	344,397	394,623	488,046	492,926	496,144	161,508
Water										
New connections	144	435	185	284	396	442	106	176	612	193
Water main breaks	169	180	154	179	154	167	110	143	96	65
Average daily consumption (thousands of gallons)	11,470	9,548	11,252	10,406	12,274	13,028	12,019	13,325	13,872	12,638
Peak daily consumption (thousands of gallons)	22,744	20,942	19,439	18,514	20,239	19,656	19,814	24,856	22,944	23,430
Wastewater										
Average daily sewage treatment (thousands of gallons)	9,631	14,437	13,619	10,551	15,475	12,635	11,509	13,223	13,296	13,497

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

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	51	51	51	49	49	49	52	49	48
Other public works										
Streets (miles)	455	455	455	455	455	457	457	457	459	462
Highways (miles)*	58	58	58	59	59	59	59	59	59	59
Street lights	15,378	15,722	15,766	15,847	16,345	17,981	18,021	18,096	18,353	18,675
Traffic signals	190	190	190	190	190	190	190	190	190	192
Parks and recreation										
Acreage	708	708	708	708	1,092	1,102	1,102	1,102	1,102	1,114
Playgrounds	15	15	15	15	15	16	16	18	18	18
Baseball/softball diamonds	31	31	31	31	31	44	44	44	44	42
Soccer/football fields	8	8	8	8	8	9	9	9	9	9
Community centers	7	7	7	7	7	7	7	7	7	7
Tennis courts	47	47	47	47	47	47	47	47	47	47
Swimming Pools	7	7	7	7	7	7	7	7	7	7
Dog-friendly park			1	1	1	1	1	1	1	1
Water										
Water mains (miles)	502	505	507	510	512	514	516	519	521	522
Fire hydrants	3,459	3,470	3,482	3,499	3,514	3,634	3,648	3,684	3,704	3,821
Storage capacity (thousands of gallons)	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Wastewater										
Sanitary sewers (miles)	505	505	505	506	506	510	511	512	518	521
Storm sewers (miles)	185	186	186	187	187	187	188	189	192	195
Treatment capacity (thousands of gallons)	22,120	22,120	22,120	22,120	22,120	22,120	22,120	22,120	22,120	22,120

Sources: Police Department, Fire Department, Public Works, Department 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



PO Box 6356
Dothan, Alabama 36302

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

Independent Auditor's Report

Honorable Mayor and Board of City 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, 2021, and the related notes to the financial statements, which collectively comprise the City of Dothan, Alabama's basic financial statements and have issued our report thereon dated March 15, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

McDaniel & Associates, P.C.

Dothan, Alabama
March 15, 2022



PO Box 6356
Dothan, Alabama 36302

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the City of Dothan, Alabama's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2021. 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.

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, 2021.

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.

McDaniel & Associates, P.C.

Dothan, Alabama
March 15, 2022

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 10-01-20	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 9-30-21
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:							
<u>Direct Programs:</u>		B-11-MC-01-0010 -					
Community Development Block Grant - Entitlement	14.218	B-20-MC-01-0010	\$ 5,091,159	\$ 33,289	\$ 468,627	\$ 468,627	\$ 71,894
Total U.S. Department of Housing and Urban Development				<u>33,289</u>	<u>468,627</u>	<u>468,627</u>	<u>71,894</u>
U.S. DEPARTMENT OF JUSTICE:							
<u>Direct Programs:</u>							
Bulletproof Vest Partnership Grant	16.607	None	21,520	1,076	8,877	8,877	8,877
Coronavirus Emergency Supplemental Funding Program	21.019	None	117,598	-	16,245	16,245	-
<u>Passed Through Alabama Law Enforcement Agency:</u>							
High Intensity Drug Trafficking Area	95.001	None	27,049	2,352	4,994	4,994	2,148
Total U.S. Department of Justice				<u>3,428</u>	<u>30,116</u>	<u>30,116</u>	<u>11,025</u>
U.S. DEPARTMENT OF TRANSPORTATION:							
Local Impact	20.600	None	65,207	9,092	65,207	65,207	10,700
Local Impact	20.600	None	5,227	-	5,227	5,227	-
Local Impact	20.616	None	13,657	-	13,657	13,657	10,357
<u>Passed Through State Of Alabama:</u>							
MPO Grant - Denton Road	20.205	STPOA-9450 (602)	1,200,000	-	7,256	7,256	-
MPO Grant - Denton Road	20.205	STPOA-9450 (602)	534,552	50,079	322,357	322,357	110,755
MPO Planning Grant	20.205	None	290,945	122,398	104,528	104,528	44,803
Ross Clark Circle Widening Electric Utility Relocation	20.205	0210 (501)	302,118	-	179,584	179,584	-
Ross Clark Circle Widening Phase 2	20.205	0210 (501) - PH2	4,791,778	1,628,459	165,050	165,050	-
Total U.S. Department of Transportation				<u>\$ 1,810,028</u>	<u>\$ 862,866</u>	<u>\$ 862,866</u>	<u>\$ 176,615</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, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 10-01-20	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 9-30-21
U.S. DEPARTMENT OF HOMELAND SECURITY:							
<u>Direct Programs:</u>							
Bomb Equipment Grant	97.067	None	\$ 119,538	\$ -	\$ 119,538	\$ 119,538	\$ -
Total U.S. Department of Homeland Security				<u>-</u>	<u>119,538</u>	<u>119,538</u>	<u>-</u>
U.S. DEPARTMENT OF AGRICULTURE:							
<u>Direct Programs:</u>							
Urban Tree Canopy Resources	10.664	20-DG-11083101.009	80,178	-	78,263	78,263	63,258
<u>Passed Through State Department of Education:</u>							
Summer Food Service Program	10.559	AKZ-0000	365,951	311,168	365,951	365,951	-
Children At Risk Feeding Child and Adult Care Program	10.558	AKZ-0000	1,724,256	-	1,724,256	1,724,256	202,699
Emergency Operational Cost	10.558	CACFP03-2014	37,752	-	37,752	37,752	-
Total U.S. Department of Agriculture				<u>311,168</u>	<u>2,206,222</u>	<u>2,206,222</u>	<u>265,957</u>
U.S. DEPARTMENT OF THE TREASURY:							
Coronavirus Relief Fund - American Rescue Plan	21.019	None	12,530,000	-	6,219,318	255,442	-
Total U.S. Department of the Treasury				<u>-</u>	<u>6,219,318</u>	<u>255,442</u>	<u>-</u>
ENVIRONMENTAL PROTECTION AGENCY:							
<u>Passed Through State of Alabama:</u>							
2020 Brownfields Community - Wide Assessment	66.818	00D58117	297,000	7,579	195,200	195,200	8,846
Total Environmental Protection Agency				<u>7,579</u>	<u>195,200</u>	<u>195,200</u>	<u>8,846</u>
TOTAL FEDERAL AWARDS				<u>\$ 2,165,492</u>	<u>\$ 10,101,887</u>	<u>\$ 4,138,011</u>	<u>\$ 534,337</u>

THE CITY OF DOTHAN
DOTHAN, ALABAMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2021

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.

THE CITY OF DOTHAN
DOTHAN, ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION I

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
 Material weaknesses identified? Yes No

Significant deficiencies identified not considered
 to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:
 Material weaknesses identified? Yes No

Significant deficiencies identified not considered
 to be material weaknesses? Yes No

Type of auditor's report issued on compliance for
 major programs Unmodified

Any audit findings disclosed that are required to be
 reported in accordance with Uniform Guidance,
 2 CFR part 200, subpart F? Yes No

Identification of major program:

Assistance Listing Number	Name of Federal Program or Cluster
10.558	U.S. Department of Agriculture
21.019	U.S. Department of the Treasury

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

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, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported