

Dothan City Board of Education

**Financial Report
September 30, 2023**

Dothan City Board of Education

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INDEPENDENT AUDITOR'S REPORT

To the Dothan City Board of Education

Dothan, Alabama

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Dothan City Board of Education, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of the Employer's Proportionate Share of the Collective Net Pension Liability, the Schedule of the Employer's Contributions – Pensions, the Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability, the Schedule of the Employer's Contributions – OPEB, and budgetary comparison information on pages 4–13 and 50–57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dothan City Board of Education's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2024 on our consideration of the Dothan City Board of Education'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 Dothan City Board of Education'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 Dothan City Board of Education's internal control over financial reporting and compliance.

ParsonsGroup, LLC

Dothan, Alabama

June 21, 2024

**DOTHAN CITY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
SEPTEMBER 30, 2023**

This section of the Dothan City Board of Education's (the Board) annual financial report presents our discussion of the Board's financial performance for the fiscal year ended September 30, 2023. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should read this in conjunction with their review of the financial statements.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. The Board has included the information in this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended September 30, 2023, are as follows:

- Total net position of (\$ 47,942,328.90)
- Increase in net position of \$ 13,274,676.34 during the current fiscal year
- Total fund balances of all governmental funds equaled \$ 30,208,517.63
- Unassigned general fund balance equaled \$ 20,107,180.16
- Total general fund net change in fund balance was \$ 8,147,858.87

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

The government-wide financial statements are the statement of net position and statement of activities. The focus of these statements is to provide information about the activities of the Board as a whole indicating both long-term and short-term information about the Board's overall financial status.

Fund financial statements tell how the general government services were financed in the short term as well as what remains for future spending. These statements present more detail of the Board's activities than the government-wide financial statements. The fund financial statements focus more on the near term use and availability of spendable resources.

Notes to the financial statements explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements begin on page 21. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1. Required Components of the Board's Annual Financial Report

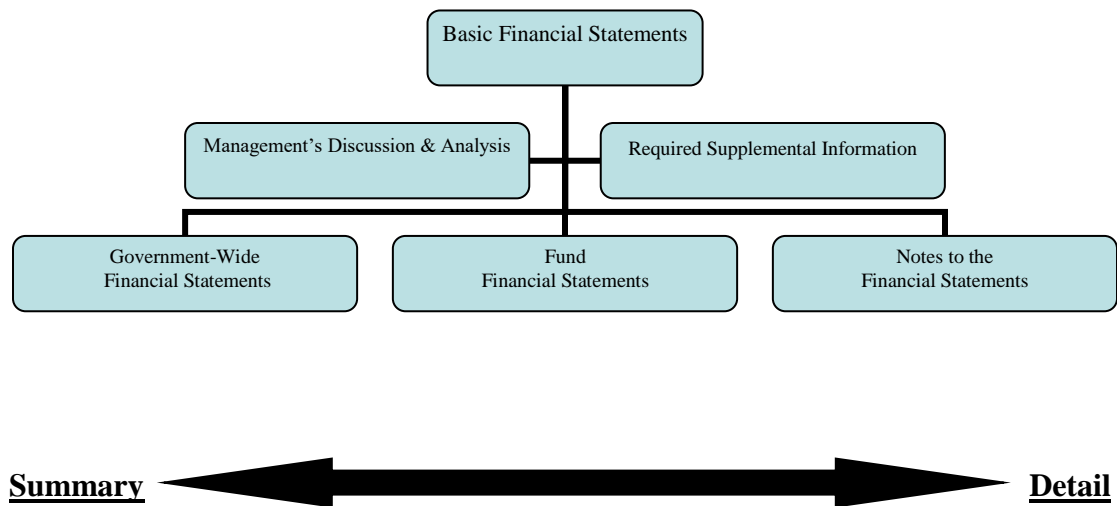


Figure A-2 summarizes the major features of the Board’s financial statements, including the portion of the Board that they cover and the types of information they contain. The remainder of this overview section of Management’s Discussion and Analysis explains the structure and contents of the statements.

Figure A-2. Major Features of the Board’s Government-Wide and Fund Financial Statements

Fund Statements			
<i>Type of Statement</i>	Government-Wide	Governmental Funds	Fiduciary Funds
<i>Scope</i>	Entire Board’s government (except fiduciary funds) and the Board’s component units	The activities of the district that are not proprietary or fiduciary	Instances in which the Board is the trustee or agent for someone else’s resources
<i>Required financial statements</i>	• Statement of Net Position	• Balance Sheet	• Statement of Fiduciary Net Position
	• Statement of Activities	• Statement of Revenues, Expenditures & Changes in Fund Balances	
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of Accountability Information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included, no long-term liabilities included.	All assets and liabilities both short-term and long-term; the Board’s agency fund does not currently contain capital assets, although it can.
	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the Board as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Board’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net position and how they have changed. Net position is the difference between the Board's assets and liabilities and is one way to measure the Board's financial health or position.

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Board, the user should consider additional nonfinancial factors such as changes in the Board's tax base or student enrollment.

The government-wide financial statements of the Board are included in the category *Governmental Activities*. Most of the Board's basic services are included here, such as instruction, instructional support, extracurricular activities, curriculum and staff development, maintenance, student transportation, and general administration. State revenues, property taxes, sales taxes, and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Board's most significant funds; not the Board as a whole. Funds are accounting devices that the Board uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Board has two kinds of funds:

- *Governmental Funds* – Most of the Board's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent pages, that explain the relationship (or differences) between them.
- *Fiduciary Funds* - The Board is trustee, or fiduciary, for certain activities contained within its schools such as clubs, classes, or parent organizations. All of the Board's activities in this area are reported in a separate Statement of Fiduciary Net Position. These funds are not available to finance Board operations, and are, therefore, not included in the government-wide financial statements. The board is responsible for insuring that the assets reported by these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE BOARD AS A WHOLE

Net position – The Board’s combined net position for the year ended September 30, 2022, totaled (\$ 61.217) million and (\$ 47.942) million for fiscal year ended September 30, 2023, as shown below in Figure A-3.

Figure A-3
The Board's Net Position
(in millions)

	<u>Governmental Activities</u>		<u>Amount</u>
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current and Other Assets	\$ 32.820	\$ 31.673	\$ 1.147
Capital and Non-Current Assets	87.061	79.996	7.065
Total Assets	119.881	111.669	8.212
Deferred Outflows of Resources	58.733	36.147	22.586
Current Liabilities	2.611	2.319	0.292
Long Term Liabilities	160.472	144.938	15.534
Total Liabilities	163.083	147.257	15.826
Deferred Inflows of Resources	63.473	61.776	1.697
Net Position	\$ (47.942)	\$ (61.217)	\$ 13.275
Net Investment in Capital Assets	\$ 49.125	\$ 41.041	\$ 8.084
Restricted	8.088	14.840	(6.752)
Unrestricted	(105.155)	(117.098)	11.943
Total Net Position	\$ (47.942)	\$ (61.217)	\$ 13.275

The accompanying Notes to the Financial Statements are an integral part of the above statement.

A portion of the net position is either restricted as to the purposes they can be used for or they are invested in capital assets. Unrestricted net position totaled (\$ 117.098) million for fiscal years ended September 30, 2022 and (\$ 105.155) million for September 30, 2023.

General revenues – Refer to *Figure A-4* when reading the following analysis. The Board’s total general revenues for fiscal years ended September 30, 2022 were \$79.026 million and \$80.805 million for September 30, 2023. For fiscal years ended September 30, 2022 and September 30, 2023 a significant portion, 65.75% and 64.89%, respectively of the Board’s general revenue derived from state aid. Also, 8.27% and 9.22% derived from local aid and 12.10% and 12.08% derived from sales taxes with 11.99% and 12.82% derived from property taxes.

Figure A-4
Board's Sources of General Revenue
Fiscal Years 2023 & 2022

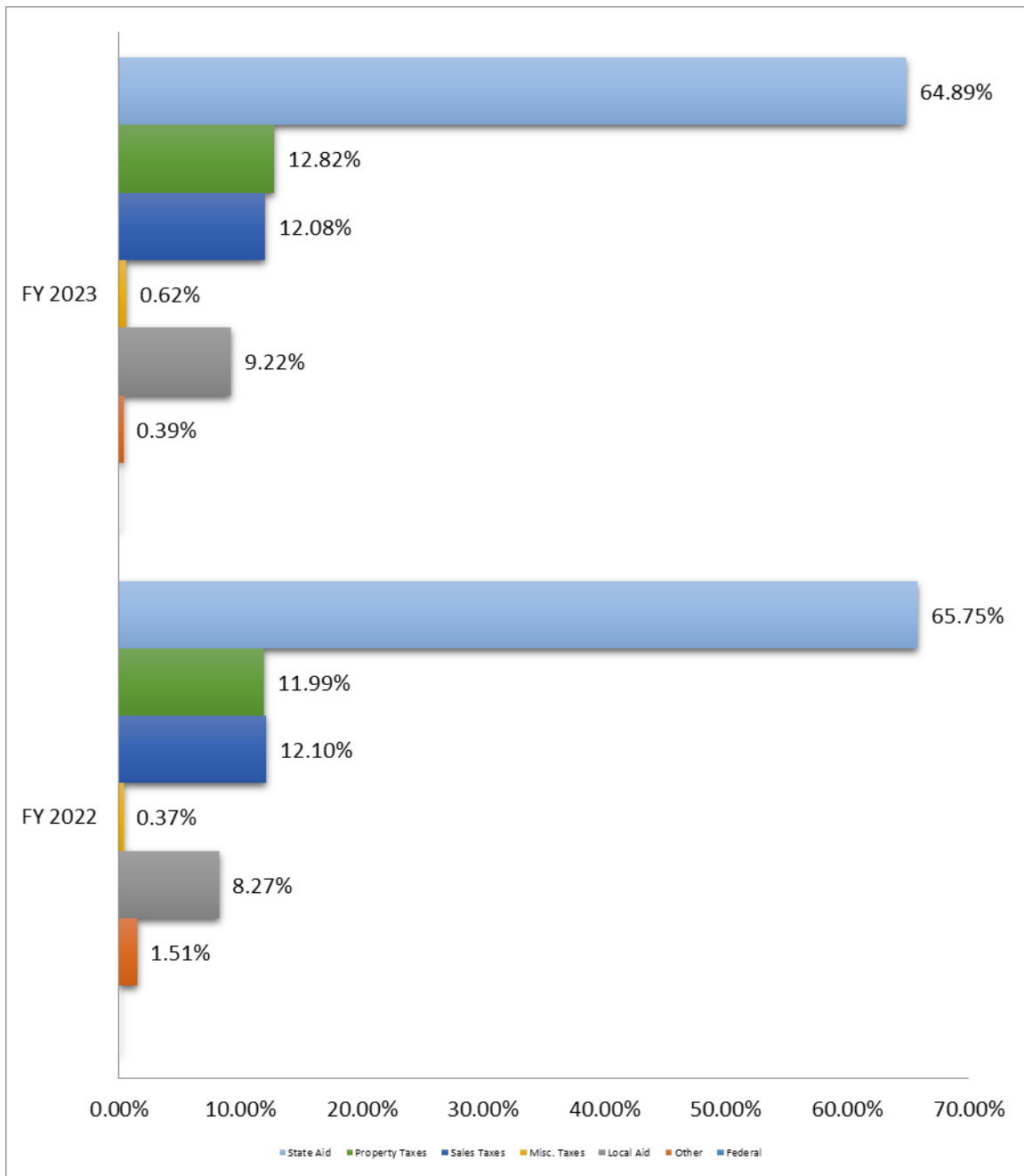


Figure A-5
Summary of Changes in Net Position from Operating Results (*in millions*)

	Governmental Activities		Amount Change
	2023	2022	
Revenues:			
Program Revenues:			
Charges for Services	\$ 3.407	\$ 2.087	\$ 1.320
Operating Grants and Contributions	36.929	36.705	0.224
Capital Grants and Contributions	2.262	10.850	(8.588)
General Revenues:			
Property Taxes	10.357	9.474	0.883
Local Sales Taxes	9.761	9.565	0.196
Miscellaneous Taxes	0.497	0.293	0.204
State Aid	52.432	51.963	0.469
Local Aid	7.446	6.538	0.908
Miscellaneous	0.312	1.193	(0.881)
Total Revenues	<u>123.403</u>	<u>128.668</u>	<u>(5.265)</u>
Expenses:			
Instructional Services	51.389	44.690	6.699
Instructional Support Services	20.632	18.667	1.965
Operations and Maintenance	8.380	7.262	1.118
Auxiliary Services	13.674	12.953	0.721
General, Administrative, Central	7.121	5.729	1.392
Other Expenditures	7.850	7.017	0.833
Interest and Fiscal Charges	1.082	1.194	(0.112)
Total Expenses	<u>110.128</u>	<u>97.512</u>	<u>12.616</u>
Change in Net Position	13.275	31.156	(17.881)
Net Position – Restatement	0.000	0.000	0.000
Net Position - Beginning	<u>(61.217)</u>	<u>(92.373)</u>	<u>31.156</u>
Net Position - Ending	\$ <u>(47.942)</u>	\$ <u>(61.217)</u>	\$ <u>13.275</u>

The Board's net position increased \$ 13.275 million during the current fiscal year.

- Revenues decreased \$ 5.265 million over the prior year. The largest decrease was in Capital Grants and Contributions with a decrease of \$8.588 million.

- Expenses increased \$ 12.616 million over the prior year. The largest increase was in Instructional Services with an increase of \$6.699 million. The total cost of all programs and services was \$ 110.128 million. 65.398% of these costs were for instructional and instructional support services.

FUND LEVEL FINANCIAL ANALYSIS

As noted earlier, the fund financial statements provide a detailed short-term view of the Board's government operations. Following is information on the most significant changes in the governmental fund statements:

The general fund reported an ending fund balance of \$ 20.900 million. The general fund balance increased by \$ 8.148 million as a result of current year operations.

The food service fund which is a major fund within the special revenue funds category reported an ending fund balance of \$ 0.900 million. Current year operations resulted in a decrease in the food service fund balance of \$ 2.248 million.

The debt services fund reported an ending fund balance of \$ 2.915 million. The debt services fund balance increased by \$ 0.291 million during the current fiscal year.

The local school – public fund which is a major fund within the special revenue funds category reported an ending fund balance of \$ 1.686 million. The local school – public fund balance increased by \$ 0.201 million during the current fiscal year.

The capital projects fund reported an ending fund balance of \$ 3.776 million. The capital projects fund balance decreased by \$ 4.286 million during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

- Over the course of the year, the Board revised its budget several times. Actual expenditures were \$ 0.987 million under final budget amounts.
- Revenues available were \$ 10.305 million over final budget amounts. This is due primarily to an increase in state, local, federal, and other revenues.
- Budgeted Revenues and Other Fund Sources were in excess of Expenditures and Other Fund Uses by \$ 10.780 million.

CAPITAL ASSETS

At September 30, 2023, the Board had invested \$ 125.521 million in a broad range of capital assets, including land, buildings, equipment and vehicles. (See Figure A-6). This amount represents a net cost increase (including additions and deductions) of \$ 8.528 million or 7.290% over last year. Significant acquisitions were in building improvements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist.

Figure A-6**Board's Capital Assets**
(in millions)

	Governmental Activities		Amount Change
	2023	2022	
Land	\$0.803	\$0.803	0.000
Land Improvements	2.653	2.653	0.000
Buildings	29.964	29.978	(0.014)
Building Improvements	65.049	47.554	17.495
Construction in Progress	9.074	18.157	(9.083)
Equipment	10.161	9.399	0.762
Vehicles	7.817	8.449	(0.632)
Total Historic Cost	125.521	116.993	8.528
Total Accumulated Depreciation	(38.460)	(36.997)	(1.463)
Net Capital Assets	<u>\$87.061</u>	<u>\$79.996</u>	<u>\$7.065</u>

LONG-TERM DEBT

The following table provides a summary of changes in the Board's long-term debt:

Figure A-7**Fiscal Year Ended September 30, 2023**
(in millions)

	Beginning Balance	Net Change	Ending Balance
Notes from Direct Borrowing	\$ 14.177	\$ (0.507)	\$ 13.670
Warrants	21.025	(0.511)	20.514
Other Bond Liabilities	0.000	0.000	0.000
Qualified School Construction Bonds	<u>3.752</u>	<u>0.000</u>	<u>3.752</u>
Governmental Activities Long-Term Debt	<u>\$ 38.954</u>	<u>\$ (1.018)</u>	<u>\$ 37.936</u>

More detailed information about the Board's long-term liabilities is presented in the notes to the basic financial statements.

ECONOMIC FACTORS AND FISCAL YEAR 2024 BUDGET

County and district wide ad valorem tax collections for fiscal year 2023 increased slightly. Sales tax collections increased approximately 2%.

The Board had more than one-month operating balance at the end of the 2023 fiscal year. Consolidation in prior years and changes in leadership have had a positive impact on learning and operational expenses.

At the time these financial statements were prepared and audited, the Board was aware that the system's ADM had decreased slightly, thus resulting in a decrease to earned teacher units, state revenues, state allocations for classroom instructional supply funds, state professional development funds, and state technology funds. The decrease has stabilized to less than 3 units from FY23 to FY22 compared to more than 30 annually from FY19 to FY21.

Employer contributions to the Teachers Retirement System (TRS) remained 12.59% for fiscal year 2023 and 2024 for Tier I employees and from 11.44% for fiscal year 2023 to 11.57% in fiscal year 2024 for Tier 2 employees. Employee contributions for Tier 1 employees remained at 7.5% and 6.2% for Tier 2 employees respectively. The effect of unfunded pension liabilities at the state level will continue to impact the system significantly.

The City of Dothan is committed to Dothan City Schools, as evidenced in the Dothan Strategic Planning 2023. The Commission Commitment 2023 continued to empower both organizations with open communication to ascertain how the City could effectively assist the System with funding and other interventions to have a positive impact on enrollment and student learning. Expectations for success include reversed student attrition, families returning to the System, continued rise in academic achievement goals, graduation rates remain above the 90% target while college-going rates increase and remediation rates decline. The City of Dothan has experienced no new property tax increases. Unemployment in Dothan continues to improve over the past five years.

CONTACTING THE GOVERNMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Board's finances and to demonstrate the Board's accountability for money it receives. If you have questions about this report or need additional financial information, contact the Board's Financial Services Department.

DOTHAN CITY BOARD OF EDUCATION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 18,209,928.52
Due from Federal, State, and Local Agencies (Note 3)	7,637,203.90
Interfund Receivables	266,086.73
Inventory, Commodities	53,451.84
Inventory, Purchased	242,700.46
Restricted Assets, Cash with Fiscal Agents (Note 2)	6,410,235.10
Capital Assets (Note 4):	
Land	803,003.14
Construction in Progress	9,073,967.82
Depreciable, Net	<u>77,184,056.69</u>
Total Assets	<u>119,880,634.20</u>
DEFERRED OUTFLOWS OF RESOURCES	
Employer Other Postemployment Benefit (OPEB) Contribution	1,473,949.00
Proportionate Share of Collective Deferred Outflows Related to Net OPEB Contribution	20,829,277.19
Employer Pension Contribution	6,793,607.08
Proportionate Share of Collective Deferred Outflows Related to Net Pension Liability	<u>29,636,000.00</u>
Total Deferred Outflows of Resources	<u>58,732,833.27</u>
LIABILITIES	
Current Payables	439,076.54
Interfund Payables	266,086.73
Salaries and Benefits Payable	1,501,167.45
Unearned Revenue	196,115.61
Accrued Vacation, Current Portion	208,642.59
Long Term Liabilities:	
Debt Due Within One Year (Note 5)	2,527,361.33
Debt Due in More Than One Year (Note 5)	35,408,345.35
Accrued Vacation, Long Term Portion	625,927.77
Net OPEB Liability	15,214,846.00
Net Pension Liability	<u>106,695,000.00</u>
Total Liabilities	<u>163,082,569.37</u>
DEFERRED INFLOWS OF RESOURCES	
Proportionate Share of Collective Deferred Inflows Related to Net OPEB Liability	59,353,227.00
Proportionate Share of Collective Deferred Inflows Related to Net Pension Liability	<u>4,120,000.00</u>
Total Deferred Inflows of Resources	<u>63,473,227.00</u>
NET POSITION	
Net Investment in Capital Assets	49,125,320.97
Restricted for Other Government Programs	603,874.83
Restricted for Capital Projects	3,776,462.66
Restricted for Debt Service	2,914,920.93
Restricted for Other Purposes	792,566.43
Unrestricted	<u>(105,155,474.72)</u>
Total Net Position	<u>\$ (47,942,328.90)</u>

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

**DOTHAN CITY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instructional Services	\$ 51,388,669.35	\$ 0.00	13,946,214.14	\$ 0.00	\$ (37,442,455.21)
Instructional Support Services	20,631,627.33	0.00	4,609,404.06	0.00	(16,022,223.27)
Operations and Maintenance	8,379,539.91	0.00	4,408,113.25	0.00	(3,971,426.66)
Auxiliary Services	13,674,072.28	575,817.85	6,051,605.18	0.00	(7,046,649.25)
General, Administrative, and Central Support	7,120,995.89	0.00	2,303,958.85	0.00	(4,817,037.04)
Other Expenditures	7,850,125.00	2,830,915.97	5,609,438.94	2,261,557.00	2,851,786.91
Interest & Fiscal Charges	1,082,350.05	0.00	0.00	0.00	(1,082,350.05)
	<u>\$ 110,127,379.81</u>	<u>\$ 3,406,733.82</u>	<u>\$ 36,928,734.42</u>	<u>\$ 2,261,557.00</u>	<u>(67,530,354.57)</u>
General Revenues:					
Taxes:					
Property Taxes for General Purposes					10,357,190.58
Local Sales Tax					9,760,499.81
Miscellaneous Taxes					497,027.22
State Aid not Restricted to Specific Purposes					52,432,292.54
Local Aid not Restricted to Specific Purposes					7,446,304.91
Miscellaneous					311,715.85
					<u>80,805,030.91</u>
					Change in Net Position 13,274,676.34
					Net Position - Beginning of Year (61,217,005.24)
					Net Position - End of Year \$ (47,942,328.90)

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

**DOTHAN CITY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	General Fund	Food Service Fund	Debt Service Fund	Local School - Public Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 21,974,753.17	\$ (825,001.02)	\$ 0.00	\$ 1,686,269.69	\$ 281,843.28	\$ (4,907,936.60)	\$ 18,209,928.52
Cash with Fiscal Agents (Note 2)	0.00	0.00	2,914,920.93	0.00	3,494,619.38	694.79	6,410,235.10
Due from Federal, State, and Local Agencies (Note 3)	1,042,482.54	1,339,539.82	0.00	700.00	0.00	5,254,481.54	7,637,203.90
Interfund Receivables	0.00	266,086.73	0.00	0.00	0.00	0.00	266,086.73
Inventory, Commodities	0.00	53,451.84	0.00	0.00	0.00	0.00	53,451.84
Inventory, Purchased	0.00	242,700.46	0.00	0.00	0.00	0.00	242,700.46
	<u>0.00</u>	<u>242,700.46</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>242,700.46</u>
Total Assets	\$ <u>23,017,235.71</u>	\$ <u>1,076,777.83</u>	\$ <u>2,914,920.93</u>	\$ <u>1,686,969.69</u>	\$ <u>3,776,462.66</u>	\$ <u>347,239.73</u>	\$ <u>32,819,606.55</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Current Payables	\$ 320,269.76	\$ 86,660.86	\$ 0.00	\$ 928.69	\$ 0.00	\$ 31,217.23	\$ 439,076.54
Interfund Payables	266,086.73	0.00	0.00	0.00	0.00	0.00	266,086.73
Salaries and Benefits Payable	1,212,142.31	90,089.84	0.00	0.00	0.00	198,935.30	1,501,167.45
Unearned Revenue	110,347.73	0.00	0.00	0.00	0.00	85,767.88	196,115.61
Accrued Vacation	208,642.59	0.00	0.00	0.00	0.00	0.00	208,642.59
	<u>2,117,489.12</u>	<u>176,750.70</u>	<u>0.00</u>	<u>928.69</u>	<u>0.00</u>	<u>315,920.41</u>	<u>2,611,088.92</u>
Total Liabilities	<u>2,117,489.12</u>	<u>176,750.70</u>	<u>0.00</u>	<u>928.69</u>	<u>0.00</u>	<u>315,920.41</u>	<u>2,611,088.92</u>
FUND BALANCES							
Nonspendable:							
Inventories	0.00	296,152.30	0.00	0.00	0.00	0.00	296,152.30
Restricted For:							
Child Nutrition Program	0.00	603,874.83	0.00	0.00	0.00	0.00	603,874.83
Capital Projects	0.00	0.00	0.00	0.00	3,776,462.66	0.00	3,776,462.66
Debt Service	0.00	0.00	2,914,920.93	0.00	0.00	0.00	2,914,920.93
Transportation Reimbursements	792,566.43	0.00	0.00	0.00	0.00	0.00	792,566.43
Other Government Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Committed To:							
Capital Projects	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned To:							
Other Purposes	0.00	0.00	0.00	1,686,041.00	0.00	31,319.32	1,717,360.32
Unassigned	20,107,180.16	0.00	0.00	0.00	0.00	0.00	20,107,180.16
	<u>20,107,180.16</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>20,107,180.16</u>
Total Fund Balances	<u>20,899,746.59</u>	<u>900,027.13</u>	<u>2,914,920.93</u>	<u>1,686,041.00</u>	<u>3,776,462.66</u>	<u>31,319.32</u>	<u>30,208,517.63</u>
Total Liabilities and Fund Balances	\$ <u>23,017,235.71</u>	\$ <u>1,076,777.83</u>	\$ <u>2,914,920.93</u>	\$ <u>1,686,969.69</u>	\$ <u>3,776,462.66</u>	\$ <u>347,239.73</u>	\$ <u>32,819,606.55</u>

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

**DOTHAN CITY BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

FUND BALANCE - GOVERNMENTAL FUNDS \$ 30,208,517.63

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 as assets in governmental funds:

Cost of Capital Assets	\$ 125,521,161.25	
Accumulated Depreciation	<u>(38,460,133.60)</u>	
		87,061,027.65

Deferred outflows and deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		32,309,607.08
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Deferred outflows and deferred inflows of resources related to OPEB obligations are applicable to future periods and, therefore, are not reported in the governmental funds.		(37,050,000.81)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Warrant Liability	(20,513,749.85)	
QSCB Liability	(3,752,000.00)	
Direct Borrowing	(13,669,956.83)	
Accrued Vacation, Long Term Portion	(625,927.77)	
Net OPEB Liability	(15,214,846.00)	
Net Pension Liability	<u>(106,695,000.00)</u>	
		<u>(160,471,480.45)</u>

NET POSITION - GOVERNMENTAL ACTIVITIES \$ (47,942,328.90)

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

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

	General Fund	Food Service Fund	Debt Service Fund	Local School - Public Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Local Revenues	\$ 25,115,336.79	\$ 577,059.08	\$ 95,390.85	\$ 0.00	\$ 721,562.55	\$ 217,288.53	\$ 26,726,637.80
State Revenues	59,772,807.14	0.00	69,974.80	0.00	2,654,023.20	0.00	62,496,805.14
Federal Revenues	118,235.69	6,155,585.29	0.00	0.00	0.00	22,851,957.84	29,125,778.82
Local School Revenues	0.00	0.00	0.00	1,910,202.57	0.00	0.00	1,910,202.57
Other Revenues	245,008.89	63,936.35	0.00	0.00	0.00	0.00	308,945.24
	<u>85,251,388.51</u>	<u>6,796,580.72</u>	<u>165,365.65</u>	<u>1,910,202.57</u>	<u>3,375,585.75</u>	<u>23,069,246.37</u>	<u>120,568,369.57</u>
Total Revenues							
EXPENDITURES							
Instructional Services	41,084,063.22	0.00	0.00	757,156.10	0.00	11,499,931.06	53,341,150.38
Instructional Support Services	16,432,183.45	0.00	0.00	338,361.65	0.00	4,233,712.78	21,004,257.88
Operations and Maintenance	9,454,629.12	0.00	0.00	18,890.74	4,847,982.53	686,101.01	15,007,603.40
Auxiliary Services	4,322,321.42	9,145,323.70	0.00	41,026.06	681,156.00	5,055.04	14,194,882.22
General, Administrative, and Central Support	4,931,353.67	0.00	0.00	0.00	0.00	2,139,618.83	7,070,972.50
Capital Outlay	0.00	0.00	0.00	0.00	124,569.48	1,571,716.22	1,696,285.70
Debt Services							
Principal Retirement	11,709.64	0.00	0.00	0.00	1,688,099.90	0.00	1,699,809.54
Interest Expense	11,690.81	0.00	69,974.80	0.00	1,000,684.44	0.00	1,082,350.05
Debt Issuance Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Expenditures	3,562,742.03	164,914.16	0.00	218,741.53	0.00	4,185,481.02	8,131,878.74
	<u>79,810,693.36</u>	<u>9,310,237.86</u>	<u>69,974.80</u>	<u>1,374,176.08</u>	<u>8,342,492.35</u>	<u>24,321,615.96</u>	<u>123,229,190.41</u>
Total Expenditures							
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,440,695.15</u>	<u>(2,513,657.14)</u>	<u>95,390.85</u>	<u>536,026.49</u>	<u>(4,966,906.60)</u>	<u>(1,252,369.59)</u>	<u>(2,660,820.84)</u>
OTHER FINANCING SOURCES (USES)							
Indirect Cost Revenue	2,830,915.97	0.00	0.00	0.00	0.00	0.00	2,830,915.97
Long Term Debt Proceeds	0.00	0.00	0.00	0.00	681,156.00	0.00	681,156.00
Other Fund Sources	2,770.61	0.00	0.00	0.00	0.00	0.00	2,770.61
Other Fund Uses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers In	338,462.96	266,086.73	195,258.55	121,293.54	0.00	256,165.00	1,177,266.78
Transfers Out	(464,985.82)	0.00	0.00	(456,115.96)	0.00	(256,165.00)	(1,177,266.78)
	<u>2,707,163.72</u>	<u>266,086.73</u>	<u>195,258.55</u>	<u>(334,822.42)</u>	<u>681,156.00</u>	<u>0.00</u>	<u>3,514,842.58</u>
Total Other Financing Sources (Uses)							
Net Change In Fund Balances	8,147,858.87	(2,247,570.41)	290,649.40	201,204.07	(4,285,750.60)	(1,252,369.59)	854,021.74
Fund Balances - Beginning of Year	12,751,887.72	3,147,597.54	2,624,271.53	1,484,836.93	8,062,213.26	1,283,688.91	29,354,495.89
Fund Balances - Ending	<u>\$ 20,899,746.59</u>	<u>\$ 900,027.13</u>	<u>\$ 2,914,920.93</u>	<u>\$ 1,686,041.00</u>	<u>\$ 3,776,462.66</u>	<u>\$ 31,319.32</u>	<u>\$ 30,208,517.63</u>

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

**DOTHAN CITY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 854,021.74**

Amounts Reported For Governmental Activities in the
Statement of Activities are Different Because:

Governmental funds report capital outlay as expenditures;
in the statement of activities, certain costs are allocated over their
estimated useful lives as depreciation:

Depreciation Expense	\$ (3,332,817.34)	
Capitalized Capital Outlay and Other Adjustments, Net	<u>10,398,132.65</u>	
		7,065,315.31

Current year long-term debt principal payments are reported as expenditures in the governmental fund financial statements, but they are shown as reduction in long-term debt in the district-wide financial statements.		1,699,809.54
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Current year loan proceeds are reported as other financing sources in the governmental fund financial statements, The district-wide financial statements reflect these proceeds as an increase in long-term debt.		(681,156.00)
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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:

Accrued Vacation, Current Year Decrease in Noncurrent Portion	41,908.69	
PEEHIP Expense, Current Year Decrease	10,128,664.00	
Pension Expense, Current Year Increase	<u>(5,833,886.94)</u>	
		<u>4,336,685.75</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 13,274,676.34</u>
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The notes to the financial statements are an integral part of this statement.

**DOTHAN CITY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023**

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 1,046,661.72
Due from Federal, State, and Local Agencies	<u>197.52</u>
Total Assets	<u>1,046,859.24</u>
LIABILITIES	
Current Payables	940,714.40
Due to Local Schools	<u>0.00</u>
Total Liabilities	<u>940,714.40</u>
 NET POSITION	 \$ <u><u>106,144.84</u></u>

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

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Dothan City Board of Education (the Board) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant accounting policies of the Board are described below.

Reporting Entity

The Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. There are no component units which should be included as part of the financial reporting entity of the Board.

The Board is a legally separate agency of the State of Alabama.

Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Board's activities, except for fiduciary activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, state foundation funds, grants, and other intergovernmental revenues. All of the Board's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The Board considers all revenues available if they are collectible within 60 days after the year end.

Those revenues susceptible to accrual are state vocational funds, federal child nutrition funds, federal grants, and others dependent upon the circumstances. Accordingly, these revenues have been recognized in the current fiscal period. All other revenue items are considered to be available only when cash is received by the Board.

Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting.

Fund Accounting

The Board reports the following major governmental funds:

1. The General Fund – This fund is the Board’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. Food Services Fund – This special revenues fund is used to account for the financial resources related to the Board’s food services program.
3. Debt Services Fund – This fund is used to account for money that will be used to pay the interest and principal of long term debts.
4. Local School-Public Fund – This special revenues fund is used to account for financial resources of public funds at the local school level.
5. Capital Projects Fund – This fund is used to account for financial resources used to acquire or construct major capital assets.

Additionally, the Board reports the following fund types:

Special Revenue Funds – These funds are used to account for resources restricted to, or designated for, specific purposes by the Board or a grantor in a special revenue fund.

Agency Fund – The Board accounts for resources held for others in a custodial capacity in agency funds. The Board’s agency fund is used to record transactions of student groups for school and school-related purposes.

Other Accounting Policies

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Board.

The Dothan City Board of Education can only invest in securities of the United States Government.

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Interfund Receivables and Payables

Activities between funds that are representative of lending or 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.” Interfund receivables and payables are eliminated on the government wide statement of net assets.

Inventories

Inventories are valued at cost, which approximated market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased except commodities donated by the federal government. These are expensed when consumed except for minimum core quantities of commodities inventory being reserved.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	20-30
Furniture and Other Equipment	5-20
Buses and Other Vehicles	5-10

Deferred Outflows of Resources

Deferred outflows of resources are reported in the Statement of Net Position. Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets.

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences

Professional and support personnel are provided two days of personal leave per year with pay. Professional employees are paid, at the Board's substitute rate, for up to two days of unused personal leave. Because unused personal leave cannot be carried over to succeeding years, no liability for unpaid leave is accrued in the financial statements.

Twelve month employees are allowed two weeks of vacation per year with pay. Because unused vacation leave can be carried over to succeeding years, a liability for unused vacation is accrued in the financial statements.

Professional and support employees earn non-vesting sick leave at the rate of one day per month worked. Employees may accumulate an unlimited amount of sick leave. Employees may use one day per month worked of their accrued sick leave as membership service in determining the total years of creditable service in the teachers' retirement system, with no additional cost to the Board. Because employees do not receive compensation for unused sick leave at termination, no liability is recorded in the financial statements.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. If applicable, bond premiums and discounts are deferred and amortized over the life of the debt. Bonds payable are reported net of any applicable bond premium or discounts. Bond issuance costs, if applicable, are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize any bond premiums and discounts, as well as any 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 are reported as other financing uses. Issuance costs are reported as expenditures.

Deferred Inflows of Resources

Deferred inflows of resources are reported in the government-wide financial statements. Deferred inflows of resources are defined as an acquisition of net position by the government that is applicable to a future reporting period. Deferred inflows of resources decrease net position, similar to liabilities.

Pensions

The Teachers' Retirement System of Alabama's (the Plan or TRS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to 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.

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Postemployment Benefits Other Than Pensions (OPEB)

The Alabama Retired Education Employees' Health Care Trust (Trust) financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan. Subsequent events were evaluated by management through the date the financial statements were issued.

Budgets

Budgets are adopted for the governmental funds using the modified accrual basis of accounting. Budget to actual comparisons of the general fund is reported as required supplementary information which follows the notes to the basic financial statements.

Net Position and Fund Balance

Government-Wide Financial Statements

When the Board incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used. Net position on the Statement of Net Position includes the following:

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of these capital assets.

Restricted – The component of net position with constraints on their use imposed by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted – The component of net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board.

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental Fund Financial Statements

In the fund financial statements, governmental funds report fund balances under the following five categories:

Nonspendable – The portion of fund balances that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include: inventories, prepaid items, and long-term receivables.

Restricted – The portion of fund balances consisting of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – The portion of fund balances that are subject to a purpose constraint imposed by formal action or resolution of the Board, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.

Assigned – The portion of fund balances that are intended to be used for specific purposes. The Board makes the determination of the assigned amounts of fund balance. Assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.

Unassigned – The portion of fund balances that are spendable and not contained in the other classifications. This portion of the total fund balance in the general fund is available to finance operating expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be determined that restricted net position is reduced first unless unrestricted (committed, assigned, or unassigned) amounts will have to be returned because they were not used. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the determination of the Board or its designee that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts. The Board, along with the Superintendent and Chief Financial Officer will periodically review all restricted, committed, and assigned fund balances, if any.

The State of Alabama Department of Education requires local school boards to maintain a minimum of one month's operating expenses (as defined by law) in the General Fund fund balance, or have a subsequent budget that will cause the fund balance to exceed one month's operating expense.

As of September 30, 2023, the government-wide financial statements reported a deficit net position of (\$47,942,328.90). The deficit in net position is due to the implementation of GASB Statement Number 68, relating to Pensions and GASB Statement Number 75, as amended by GASB Statement Number 85, relating to Other Post Employment Benefits.

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 2 – CASH AND INVESTMENTS

At September 30, 2023, the carrying amount of cash and cash equivalents was \$ 18,209,928.52. The Board participates in the Security for Alabama Funds Enhancement Program (SAFE Program). Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. The Board's cash balances not covered by the SAFE Program at financial institutions may exceed Federal Deposit Insurance Corporation (FDIC) limits during the year.

The Board has deposits totaling \$ 2,914,920.93 in the debt service fund which are shown as cash with fiscal agents on the fund financial statements and restricted assets on the government-wide financial statements. Additionally, the Board has deposits totaling \$ 3,494,619.38 in the capital projects fund which are shown as cash with fiscal agents on the fund financial statements and restricted assets on the government-wide financial statements. The Board has deposits totaling \$ 694.79 in other governmental funds which are shown as cash with fiscal agents on the fund financial statements and assigned assets on the government-wide financial statements. These funds are not covered by the SAFE Program. Funds are invested in short-term money market funds and amounts in excess of FDIC coverage are required by the provisions of the lease and bond covenants to be invested in federal securities. Amounts on deposit with fiscal agents are invested as shown below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
QSCB Sinking Fund Account	\$2,914,920.93	Less than 60 days	Unrated
US Bank Account	\$ 694.79	Less than 60 days	Unrated
US Bank Account	\$3,494,619.38	Less than 60 days	Unrated

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2023 for the Board's individual major funds, the nonmajor funds, and fiduciary fund in the aggregate are as follows:

	General Fund	Food Service Fund	Local School - Public Fund	Capital Projects Fund	Non-major and Other Funds	Total
State Programs	\$ 497,158.28	\$ -	\$ -	\$ -	\$ -	\$ 497,158.28
Federal Programs	-	1,339,539.82	-	-	5,194,019.79	6,533,559.61
Local and Other	545,324.26	-	700.00	-	60,461.75	606,486.01
Total						
Receivables	\$ 1,042,482.54	\$1,339,539.82	\$ 700.00	\$ -	\$5,254,481.54	\$7,637,203.90

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 4 – CAPITAL ASSET ACTIVITY

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

Governmental Activities:	Primary Government			Ending Balance
	Beginning Balance	Additions/ Reclassifications*	Retirements/ Reclassifications*	
Capital Assets Not Being Depreciated:				
Land	\$ 803,003.14	\$ -	\$ -	\$ 803,003.14
Construction in Progress	18,156,710.08	4,996,807.82	14,079,550.08	9,073,967.82
Total Capital Assets Not Being Depreciated	18,959,713.22	4,996,807.82	14,079,550.08	9,876,970.96
Capital Assets Being Depreciated:				
Land Improvements	2,652,776.72	-	-	2,652,776.72
Buildings	29,978,336.15	-	13,900.00	29,964,436.15
Building Improvements	47,554,297.99	17,509,240.21	14,895.00	65,048,643.20
Equipment	9,398,817.57	1,403,871.78	641,454.69	10,161,234.66
Vehicles	8,448,758.85	726,987.80	1,358,647.09	7,817,099.56
Total Capital Assets Being Depreciated	98,032,987.28	19,640,099.79	2,028,896.78	115,644,190.29
Less Accumulated Depreciation for:				
Land Improvements	1,331,251.49	114,502.80	-	1,445,754.29
Buildings	7,110,273.41	617,726.76	10,425.32	7,717,574.85
Building Improvements	20,314,569.11	1,565,347.05	6,702.51	21,873,213.65
Equipment	4,377,544.08	574,028.16	496,558.37	4,455,013.87
Vehicles	3,863,350.07	461,212.57	1,355,985.70	2,968,576.94
Total Accumulated Depreciation	36,996,988.16	3,332,817.34	1,869,671.90	38,460,133.60
Total Capital Assets Being Depreciated, Net	61,035,999.12	16,307,282.45	159,224.88	77,184,056.69
Governmental Activities Capital Assets, Net	<u>\$ 79,995,712.34</u>	<u>\$ 21,304,090.27</u>	<u>\$ 14,238,774.96</u>	<u>\$ 87,061,027.65</u>

* Construction in Process of \$14,079,550.08 was reclassified to Building Improvements.

Depreciation expense was charged to governmental functions as follows:

Instructional Services	\$ 168,550.71
Instructional Support Services	18,014.46
Operations and Maintenance	2,416,010.98
Auxiliary Services	612,855.35
General, Administrative, and Central Support	71,704.29
Other Expenditures	45,681.55
Total Depreciation Expense	<u>\$ 3,332,817.34</u>

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 5 – LONG-TERM DEBT AND LIABILITIES

As of September 30, 2023, the Board was responsible for the following long-term debt obligations:

Direct Borrowing

On October 24, 2011, the Dothan City Board of Education entered into a direct borrowing agreement with Bank of America in the amount of \$ 3,000,000.00 for the purchase of equipment facilitating energy efficiency upgrades. Deutsche Bank National Trust Company serves as the fund custodian for the agreement. Per the terms of the agreement, monthly interest payments were required to be made beginning November 2011. Monthly principal payments were required to be made beginning October 2012. The debt is scheduled to be fully repaid during fiscal year ending September 2027. The interest rate is variable.

Debt service requirements are as follows:

Years Ending September 30,	Principal	Interest	Total
2024	144,216.23	12,195.45	156,411.68
2025	109,087.21	9,662.83	118,750.04
2026	100,789.95	5,438.17	106,228.12
2027	107,387.30	1,793.68	109,180.98
2028	-	-	-
Thereafter	-	-	-
Total	<u>\$ 461,480.69</u>	<u>\$ 29,090.13</u>	<u>\$ 490,570.82</u>

On January 5, 2022, the Dothan City Board of Education entered into a direct borrowing agreement in the amount of \$ 529,219.00 with SmartBank, purchasing 5 Thomas school buses. Per the terms of the agreement, payments were required to be made beginning in May 2022. Two payments are to be made annually, one in November and another in May. The debt is scheduled to be fully repaid during fiscal year ending September 2032. The interest rate is 1.91%.

Debt service requirements are as follows:

Years Ending September 30,	Principal	Interest	Total
2024	49,689.56	8,590.70	58,280.26
2025	50,679.29	7,600.97	58,280.26
2026	51,665.45	6,614.81	58,280.26
2027	52,670.81	5,609.45	58,280.26
2028	53,683.88	4,596.38	58,280.26
Thereafter	196,295.75	7,685.08	203,980.83
Total	<u>\$ 454,684.74</u>	<u>\$ 40,697.39</u>	<u>\$ 495,382.13</u>

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 5 – LONG-TERM DEBT AND LIABILITIES, CONTINUED

On November 21, 2019, the Dothan City Board of Education entered into a direct borrowing agreement with Banc of America Public Capital Corp in the amount of \$ 11,900,000.00 for the purchase of equipment facilitating energy efficiency upgrades. Per the terms of the agreement, interest payments were required to be made beginning May 2020. Principal payments were required to be made beginning May 2021. Two payments are to be made annually, one in November and another in May. The debt is scheduled to be fully repaid during fiscal year ending September 2038. The interest rate is variable.

Debt service requirements are as follows:

Years Ending September 30,	Principal	Interest	Total
2024	490,345.54	170,011.36	660,356.90
2025	521,146.15	159,017.09	680,163.24
2026	553,232.46	147,335.68	700,568.14
2027	488,256.35	134,938.59	623,194.94
2028	418,434.07	125,066.87	543,500.94
Thereafter	5,347,863.71	639,794.44	5,987,658.15
Total	\$ 7,819,278.28	\$ 1,376,164.03	\$ 9,195,442.31

On March 18, 2021, the Dothan City Board of Education entered into a direct borrowing agreement with Banc of America Public Capital Corp in the amount of \$ 1,732,025.00 for the purchase of equipment facilitating HVAC upgrades and district parking lot lighting. Per the terms of the agreement, payments were required to be made beginning August 2021. Two payments are to be made annually, one in August and another in February. The debt is scheduled to be fully repaid during fiscal year ending September 2040. The interest rate is variable.

Debt service requirements are as follows:

Years Ending September 30,	Principal	Interest	Total
2024	70,251.37	38,435.31	108,686.68
2025	73,224.50	36,670.61	109,895.11
2026	76,308.40	34,831.31	111,139.71
2027	79,507.51	32,914.65	112,422.16
2028	82,824.98	30,917.72	113,742.70
Thereafter	1,181,260.16	186,298.96	1,367,559.12
Total	\$ 1,563,376.92	\$ 360,068.56	\$ 1,923,445.48

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 5 – LONG-TERM DEBT AND LIABILITIES, CONTINUED

On November 15, 2018, the Dothan City Board of Education entered into a direct borrowing agreement with Regions Equipment Finance Corporation, purchasing 20 Thomas school buses. Per the terms of the agreement, payments were required to be made beginning November 2019. Two payments are to be made annually, one in November and another in May. The debt is scheduled to be fully repaid during fiscal year ending September 2029. The interest rate is 3.43%.

Debt service requirements are as follows:

Years Ending September 30,	Principal	Interest	Total
2024	164,812.05	32,210.44	197,022.49
2025	170,513.58	26,508.91	197,022.49
2026	176,412.34	20,610.14	197,022.48
2027	182,515.18	14,507.32	197,022.50
2028	188,829.12	8,193.36	197,022.48
Thereafter	96,850.25	1,660.98	98,511.23
Total	\$ 979,932.52	\$ 103,691.15	\$ 1,083,623.67

On January 16, 2020, the Dothan City Board of Education entered into a direct borrowing agreement with Regions Equipment Finance Corporation, purchasing 31 Thomas school buses. Per the terms of the agreement, payments were required to be made beginning February 2020. Payments are to be made monthly. The debt is scheduled to be fully repaid during fiscal year ending September 2030. The interest rate is 2.33%.

Debt service requirements are as follows:

Years Ending September 30,	Principal	Interest	Total
2024	257,490.64	37,727.84	295,218.48
2025	263,554.64	31,663.84	295,218.48
2026	269,761.48	25,457.00	295,218.48
2027	276,114.48	19,104.00	295,218.48
2028	282,617.09	12,601.39	295,218.48
Thereafter	387,203.02	6,421.46	393,624.48
Total	\$ 1,736,741.35	\$ 132,975.53	\$ 1,869,716.88

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 5 – LONG-TERM DEBT AND LIABILITIES, CONTINUED

On March 22, 2023, the Dothan City Board of Education entered into a direct borrowing agreement in the amount of \$ 681,156.00 with SmartBank, purchasing 7 school buses. Per the terms of the agreement, payments were required to be made beginning in September 2023. Two payments are to be made annually, one in March and another in September. The debt is scheduled to be fully repaid during fiscal year ending September 2033. The interest rate is 4.82%.

Debt service requirements are as follows:

Years Ending September 30,	Principal	Interest	Total
2024	55,555.96	30,881.69	86,437.65
2025	58,393.90	28,169.34	86,563.24
2026	61,282.44	25,320.65	86,603.09
2027	64,313.86	22,331.04	86,644.90
2028	67,438.31	19,194.89	86,633.20
Thereafter	347,477.86	43,213.16	390,691.02
Total	\$ 654,462.33	\$ 169,110.77	\$ 823,573.10

On December 8, 2022, the Chairman of the Board executed, in the name of and on behalf of the Board, the \$7,000,000.00 Current Revenue Anticipation Note with SmartBank dated December 8, 2022, which was authorized to be issued by the Board via resolution adopted on December 8, 2022. This note was necessary to address cash flow strain from reimbursable federal expenditures, specifically related to Elementary and Secondary School Emergency Relief Fund (ESSER). At September 30, 2023 the balance on the line of credit was \$0.00. The interest rate at September 30, 2023 was 7.75%. The note is set to mature on September 30, 2024.

Debt service requirements are as follows:

Years Ending September 30,	Principal	Interest	Total
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
Thereafter	-	-	-
Total	\$ -	\$ -	\$ -

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 5 – LONG-TERM DEBT AND LIABILITIES, CONTINUED

Warrants

In fiscal year 2019, the Board issued Special Tax School Warrants, Series 2019, dated January 31, 2019 (“the Warrants”) aggregating \$14,260,000.00 in principal amounts, which were authorized to be issued and were sold by the Board by a resolution adopted by the Board at a regular meeting thereof held on January 22, 2019. Pursuant to Act No. 89-480 enacted at the 1989 Regular Session of the Legislature of the state of Alabama (the “Special Sales Tax Act”), as amended, there are levied in the County special privilege, license, and excise taxes generally paralleling the state sales and use taxes (the “Special Sales Tax”). The Special Sales Tax Act provides that the Special Sales Tax is to be collected and administered by the County or its agent. The Warrants were issued to provide the funds necessary to pay a portion of the costs of various capital improvements to the public school facilities of the Board and to pay the costs of issuing the Warrants. Expenditures for the improvements will constitute capital expenditures necessary to carry out the governmental purposes of the Warrants (i.e., operation of the public schools in the Dothan City School District) and are expected to principally relate to acquisition, construction, and equipping various public school capital improvements, including, without limitation, roofing improvements, HVAC system, ceiling and lighting and bathroom facility upgrades, and various upgrades to be made in furtherance of the Americans with Disabilities Act. Interest rates range from 3% - 4%. Payments are due annually in January and July.

Debt service requirements are as follows:

Years Ending September 30,	Principal	Interest	Total
2024	1,294,999.98	475,812.54	1,770,812.52
2025	1,599,999.96	425,299.98	2,025,299.94
2026	1,667,499.93	361,299.99	2,028,799.92
2027	1,733,749.95	294,599.97	2,028,349.92
2028	1,806,249.96	225,249.99	2,031,499.95
Thereafter	4,316,250.07	245,637.34	4,561,887.41
Total	<u>\$ 12,418,749.85</u>	<u>\$ 2,027,899.81</u>	<u>\$ 14,446,649.66</u>

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 5 – LONG-TERM DEBT AND LIABILITIES, CONTINUED

In fiscal year 2022, the Board issued Special Tax School Warrants, Series 2022, dated January 20, 2022 (“the Warrants”) aggregating \$8,095,000.00 in principal amounts, which were authorized to be issued and were sold by the Board by a resolution adopted by the Board at a regular meeting thereof held on January 18, 2022. Pursuant to Act No. 89-480 enacted at the 1989 Regular Session of the Legislature of the state of Alabama (the “Special Sales Tax Act”), as amended, there are levied in the County special privilege, license, and excise taxes generally paralleling the state sales and use taxes (the “Special Sales Tax”). The Special Sales Tax Act provides that the Special Sales Tax is to be collected and administered by the County or its agent. The Warrants were issued to provide the funds necessary to pay a portion of the costs of various capital improvements to the public school facilities of the Board and to pay the costs of issuing the Warrants. Expenditures for the improvements will constitute capital expenditures necessary to carry out the governmental purposes of the Warrants (i.e., operation of the public schools in the Dothan City School District) and are expected to principally relate to acquisition, construction, and equipping various public school capital improvements, most specifically the Dothan High Athletic Complex. The interest rate is 2%. Interest payments were due monthly beginning in fiscal year ending September 30, 2022, and principal payments are due monthly beginning in fiscal year ending September 30, 2031.

Debt service requirements are as follows:

Years Ending September 30,	Principal	Interest	Total
2024	-	161,900.00	161,900.00
2025	-	161,900.00	161,900.00
2026	-	161,900.00	161,900.00
2027	-	161,900.00	161,900.00
2028	-	161,900.00	161,900.00
Thereafter	8,095,000.00	773,075.00	8,868,075.00
Total	\$ 8,095,000.00	\$ 1,582,575.00	\$ 9,677,575.00

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 5 – LONG-TERM DEBT AND LIABILITIES, CONTINUED

Qualified School Construction Bonds (QSCB)

On January 28, 2010, the Dothan City Board of Education participated in the State of Alabama – Qualified School Construction Bond (QSCB) issue in the amount of \$3,752,000.00. Bond proceeds will be used to upgrade HVAC equipment and systems, lighting upgrades, energy efficiency system enhancements and classroom additions at three elementary schools. Interest payments are payable quarterly in March, June, September and December of each year and the interest rate is 1.865%. The Board is required to make sinking fund deposits of \$195,258.55 annually in December for 15 years so that such deposits and any interest earned thereon shall be used to pay the principal of the bonds upon maturity and are pledged to pay the debt service requirements of the bonds. The sinking fund payments are payable from and secured by a pledge of the Board's public school outlay allocation (3 mill state property tax allocation) for public school purposes.

The following is a schedule of debt service requirements in regard to the QSCB issue:

Years Ending September 30,	Principal	Interest	Total
2024	-	69,974.80	69,974.80
2025	-	69,974.80	69,974.80
2026	3,752,000.00	17,493.70	3,769,493.70
2027	-	-	-
2028	-	-	-
Thereafter	-	-	-
Total	<u>\$ 3,752,000.00</u>	<u>\$ 157,443.30</u>	<u>\$ 3,909,443.30</u>

The following is a summary of long-term debt transactions for the Board for the year ended September 30, 2023:

	Balance 09/30/22	Additions	Retirements	Balance 09/30/23	Due Within One Year
Notes from Direct Borrowing	\$ 14,177,360.33	\$ 681,156.00	\$ 1,188,559.50	\$ 13,669,956.83	\$ 1,232,361.35
Warrants	21,024,999.89	-	511,250.04	20,513,749.85	1,294,999.98
Other Bond Liabilities	-	-	-	-	-
QSCB Bonds	<u>3,752,000.00</u>	<u>-</u>	<u>-</u>	<u>3,752,000.00</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 38,954,360.22</u>	<u>\$ 681,156.00</u>	<u>\$ 1,699,809.54</u>	<u>\$ 37,935,706.68</u>	<u>\$ 2,527,361.33</u>

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 5 – LONG-TERM DEBT AND LIABILITIES, CONTINUED

The following is a schedule of debt service requirements to maturity:

Fiscal Year Ending September 30,	Direct Borrowing		Bond Liabilities		Warrants		Total Principal and Interest Requirements to Maturity
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 1,232,361.35	\$ 330,052.79	\$ -	\$ 69,974.80	\$ 1,294,999.98	\$ 637,712.54	\$ 3,565,101.46
2025	1,246,599.27	299,293.59	-	69,974.80	1,599,999.96	587,199.98	3,803,067.60
2026	1,289,452.52	265,607.76	3,752,000.00	17,493.70	1,667,499.93	523,199.99	7,515,253.90
2027	1,250,765.49	231,198.73	-	-	1,733,749.95	456,499.97	3,672,214.14
2028	1,093,827.45	200,570.61	-	-	1,806,249.96	387,149.99	3,487,798.01
2029-2033	3,985,584.42	653,669.89	-	-	9,815,000.09	935,712.35	15,389,966.75
2034-2038	3,398,665.43	227,171.59	-	-	2,596,249.98	82,999.99	6,305,086.99
2039-2043	172,700.90	4,232.60	-	-	-	-	176,933.50
Total	\$ 13,669,956.83	\$ 2,211,797.56	\$ 3,752,000.00	\$ 157,443.30	\$ 20,513,749.85	\$ 3,610,474.81	\$43,915,422.35

During the year, total interest incurred was \$ 1,082,350.05, all of which was charged to operations.

The following is a summary of other long term liabilities for the Board for the year ended September 30, 2023:

	Balance 09/30/22	Increases	Decreases	Balance 09/30/23
Net OPEB Liability	\$ 40,862,260.00	\$ -	\$ 25,647,414.00	\$ 15,214,846.00
Net Pension Liability	64,454,000.00	42,241,000.00	-	106,695,000.00
Accrued Vacation, Long Term	667,836.46	-	41,908.69	625,927.77
Total Other Long-Term Liabilities	\$105,984,096.46	\$ 42,241,000.00	\$ 25,689,322.69	\$122,535,773.77

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Plan Description

The TRS, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control which consists of 15 trustees. The plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 16, Chapter 25* grants the authority to establish and amend the benefit terms to the TRS Board of Control. The plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 6 – DEFINED BENEFIT PENSION PLAN, CONTINUED

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS members 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. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

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 TRS 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 formula method. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation.

Act 316 of the Legislature of 2019 established the Partial Lump Sum Option Plan (PLOP) in addition to the annual service requirement benefit payable for life for Tier 1 and Tier 2 members of the TRS and ERS. A member can elect to receive a one-time lump sum distribution at the time that they receive their first monthly retirement benefit payment. The member's annual retirement benefit is then actuarially reduced based on the amount of the PLOP distribution which is not to exceed the sum of 24 months of the maximum monthly retirement benefit that the member could receive. Members are eligible to receive a PLOP distribution if they are eligible for a service retirement benefit as defined above from the TRS or ERS on or after October 1, 2019. A TRS or ERS member who receives an annual disability retirement benefit or who has participated in the Deferred Retirement Option Plan (DROP) is not eligible to receive a PLOP distribution.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

Contributions

Covered Tier 1 members of the TRS contributed 5.00% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6.00% 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 TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 6 – DEFINED BENEFIT PENSION PLAN, CONTINUED

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.00% to 6.20% of earnable compensation to the TRS as required by statute. Effective October 1, 2021, the covered Tier 2 certified law enforcement, correctional officers, and firefighters contribution rate increased from 7.00% to 7.20% of earnable compensation to the TRS as required by statute.

Participating employers' contractually required contribution rate for the fiscal year ended September 30, 2023 was 12.59% of annual pay for Tier 1 members and 11.44% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, 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 Board were \$ 6,793,607.08 for the year ended September 30, 2023.

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

At September 30, 2023, the Board reported a liability of \$ 106,695,000.00 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2022, the Board's proportion was 0.686549%, which was an increase of 0.002347% from its proportion measured as of September 30, 2021.

For the year ended September 30, 2023, the Board recognized pension expense of \$12,627,494.02. At September 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,345,000	\$ 2,589,000
Changes of assumptions	4,841,000	-
Net difference between projected and actual earnings on pension plan investments	21,410,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,040,000	1,531,000
Employer contributions subsequent to the measurement date	6,793,607	-
Total	<u>\$ 36,429,607</u>	<u>\$ 4,120,000</u>

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 6 – DEFINED BENEFIT PENSION PLAN, CONTINUED

\$6,793,607.08 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,

2024	\$	7,098,000
2025	\$	5,958,000
2026	\$	3,889,000
2027	\$	8,571,000
2028	\$	-
Thereafter	\$	-

Actuarial Assumptions

The total pension liability as of September 30, 2022 was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Investment Rate of Return*	7.45%
Projected Salary Increases	3.25% - 5.00%

*Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2021, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66.67% beginning with year 2019.

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward(+)/Setback(-)</u>	<u>Adjustment to Rate</u>
Service Retirees	Teacher Retiree - Below Median	Male: +2, Female: +2	Male: 108% ages<63, 96% ages>67; Phasing down 63-67 Female: 112% ages<69, 98%>age 74; Phasing down 69-74
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 6 – DEFINED BENEFIT PENSION PLAN, CONTINUED

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	15.00%	2.80%
U. S. Large Stocks	32.00%	8.00%
U. S. Mid Stocks	9.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	2.50%
Total	<u>100.00%</u>	

*Includes assumed rate of inflation of 2.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.45%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage point higher (8.45%) than the current rate (dollar amounts in thousands):

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
Board's proportionate share of the collective net pension liability	\$ 138,059	\$ 106,695	\$ 80,277

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 6 – DEFINED BENEFIT PENSION PLAN, CONTINUED

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2022. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68 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/>.

NOTE 7 – RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. Insurance coverage is provided by the City of Dothan on all buildings and contents with the exception of Kelly Springs and the transportation/maintenance building on Third Avenue. The Board provides building and content coverage on those two complexes. In addition, the Board provides a general liability and errors and omissions policy and automobile coverage for its buses and other vehicles. Liability and property insurance coverage is also provided by the Board for some federally owned property that is used in the JROTC program.

Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIF), administered by the Public Education Employees' Health Insurance Board (PEEHIB). The fund was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are determined annually by the plan's actuary and based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The Board contributes the specified amount monthly to the PEEHIF for each employee of state educational institutions. The Board's contribution is applied against the employee's premium for the coverage selected and the employee pays any remaining premium.

The Board does not have insurance coverage for job-related injuries. Claims for employee job-related injuries may be filed with the State Board of Adjustments. The Board of Adjustments determines if a claim is valid and determines the proper amount of compensation. Payments are made from state appropriated funds at no cost to the Board. No such claims or related settlements have occurred in the past three years.

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 8 – INTERFUND TRANSFERS

The amounts of interfund transfers during the fiscal year ended September 30, 2023 were as follows:

	Transfers Out				
	General Fund	Food Service Fund	Local School-Public Fund	Other Governmental Funds	Total Transfers In
Transfers In:					
General Fund	\$ -	\$ -	\$ 338,462.96	\$ -	\$ 338,462.96
Food Service Fund	148,433.73	-	117,653.00	-	266,086.73
Debt Service Fund	195,258.55	-	-	-	195,258.55
Local School-Public Fund	121,293.54	-	-	-	121,293.54
Other Governmental Funds	-	-	-	256,165.00	256,165.00
Total Transfers Out	\$ 464,985.82	\$ -	\$ 456,115.96	\$ 256,165.00	\$ 1,177,266.78

The Board typically used transfers to fund ongoing operations.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Board is a defendant in various lawsuits as of June 21, 2024. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Board's attorney, the outcome of these lawsuits will not have a materially adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Board expects such amounts, if any, to be immaterial. Accordingly, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 10 – PAYMENTS OR SERVICES FURNISHED BY OTHER AGENCIES

Certain payments or services are furnished by the State and the City of Dothan on behalf of the Board. Included in these items are the employer portion of fringe benefits (health insurance, retirement, unemployment compensation), textbooks, payments from bond issue proceeds (Public School and College Authority), donated fixed assets, utilities, and payment on City bond issues for school purposes. These payments or services are reflected as revenues and expenditures on the Board's financial statements in the applicable funds for which they apply. Legal title to some of the Board's land and buildings is held by the City of Dothan, and the related amounts are not reported in the accompanying financial statements. As of September 30, 2023, the Board utilized such land and buildings with aggregate costs of \$ 1,091,159.51 and \$ 42,363,359.58, respectively.

NOTE 11 – DONATED FOOD PROGRAM

The commodities received from the Federal government in connection with the donated food program are reflected in the accompanying financial statements. The total assigned value of commodities donated was \$ 384,794.06 at September 30, 2023. Commodities consumed were approximately \$ 386,248.33.

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the Public Education Employees' Health Insurance Plan (PEEHIP). In accordance with GASB, the Trust is considered a component unit of the State of Alabama (State) and is included in the State's Annual Comprehensive Financial Report.

The PEEHIP was established in 1983 pursuant to the provisions of the *Code of Alabama 1975, Title 16, Chapter 25A* (Act 83-455) to provide a uniform plan of health insurance for the active and retired employees of state and local educational institutions which provide instruction to any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan. The four-year universities participate in the plan with respect to their retired employees and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Board. The Board is a corporate body for purposes of management of the health insurance plan. The *Code of Alabama 1975, Section 16-25A-4* provides the Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the Alabama Retired Education Employees' Health Care Trust are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

Benefits Provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services, and prescription drugs.

Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits, and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental, and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer, and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general anesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of \$1,250 per year for individual coverage and \$1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eyeglasses, and contact lens prescriptions.

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retired members and covered dependents are eligible to enroll in the PEEHIP Supplemental Medical Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. Members who are enrolled in the PEEHIP Hospital Medical Plan (Group 14000), VIVA Health Plan (offered through PEEHIP), Marketplace (Exchange) Plans, State Employees Insurance Board (SEIB), Local Government Board (LGB), Medicare, Medicaid, ALL Kids, Tricare, or Champus as their primary coverage, or are enrolled in a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA), are not eligible to enroll in the PEEHIP Supplemental Program. The plan cannot be used as a supplement to Medicare. Retired members who become eligible for Medicare are eligible to enroll in the PEEHIP Group Medicare Advantage (PPO) Plan or the Optional Coverage Plans.

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2023, United Health Care (UHC) replaced the Humana contract. The MAPDP plan is fully insured by UHC and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Contributions

The *Code of Alabama 1975, Section 16-25A-8* and the *Code of Alabama 1975, Section 16-25A-8.1* provide the Board with the authority to set the contribution requirements for the plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% for each year of service over 25 subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage.

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

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

At September 30, 2023 the Dothan City Board of Education reported a liability of \$ 15,214,846.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021. The Dothan City Board of Education's proportion of the net OPEB liability was based on Dothan City Board of Education's share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employers. At September 30, 2022, the Dothan City Board of Education's proportion was 0.87318768%, which was an increase of 0.08232768% from its proportion measured as of September 30, 2021.

For the year ended September 30, 2023, the Board recognized OPEB income of \$8,654,715.00, with no special funding situations. At September 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 697,814	\$ 30,763,171
Changes of assumptions	12,341,319	22,146,125
Net difference between projected and actual earnings on OPEB plan investments	1,913,412	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,876,732	6,443,931
Employer contributions subsequent to the measurement date	1,473,949	-
Total	<u>\$ 22,303,226</u>	<u>\$ 59,353,227</u>

\$1,473,949.00 reported as deferred outflows of resources related to OPEB resulting from the Dothan City Board of Education's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2024.

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

Year Ended September 30,

2024	\$ (9,896,443)
2025	\$ (10,185,999)
2026	\$ (4,968,696)
2027	\$ (4,426,076)
2028	\$ (5,740,438)
Thereafter	\$ (3,306,298)

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	5.00% - 3.25%, including 2.75% wage inflation
Long-Term Investment Rate of Return	7.00% compounded annually, net of investment expense, and including inflation
Municipal Bond Index Rate at Measurement Date	4.40%
Municipal Bond Index Rate at Prior Measurement Date	2.29%
Year Fiduciary Net Position (FNP) is Projected to be Depleted	n/a
Single Equivalent Interest Rate at Measurement Date	7.00%
Single Equivalent Interest Rate at Prior Measurement Date	3.97%
Healthcare Cost Trend Rate	
Initial Trend Rate	
Pre-Medicare Eligible	6.50%
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50% in 2031
Medicare Eligible	4.50% in 2027

** Initial Medicare claims are set based on scheduled increases through plan year 2025.

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66.67% to the table beginning in year 2019. The mortality rates are adjusted forward and/or back depending on the plan and group covered, as shown in the table below.

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward(+)/Setback(-)</u>	<u>Adjustment to Rate</u>
Active Members	Teacher Employee Below Median	None	65%
Service Retirees	Teacher Below Median	Male: +2, Female: +2	Male: 108% ages<63, 96% ages>67; Phasing down 63-67 Female: 112% ages<69, 98% ages> 74; Phasing down 69-74
Beneficiaries	Teacher Contingent Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2021 valuation.

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be 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 then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed Income	30.00%	4.40%
U. S. Large Stocks	38.00%	8.00%
U. S. Mid Stocks	8.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash	5.00%	1.50%
Total	100.00%	

*Geometric mean, includes 2.5% inflation

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability was 7.00%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is \$800 per active member for participating employers. Approximately, 15.257% of the employer contributions were used to assist in funding retiree benefit payments in 2022 and it is assumed that the 15.257% will increase or decrease at the same rate as expected benefit payments for the closed group with a cap of 20.00%. It is assumed the \$800 rate will increase with inflation at 2.50% starting in 2027. Retiree benefits payments for University members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Projected future benefit payments for all current plan members are projected through 2120.

Sensitivity of the Dothan City Board of Education's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the Dothan City Board of Education's proportionate share of the net OPEB liability of the Trust calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.50% decreasing to 3.50% for pre- Medicare, Known decreasing to 3.50% for Medicare Eligible)	Current Healthcare Trend Rate (6.50% decreasing to 4.50% for pre- Medicare, Known decreasing to 4.50% for Medicare Eligible)	1% Increase (7.50% decreasing to 5.50% for pre- Medicare, Known decreasing to 5.50% for Medicare Eligible)
Board's proportionate share of the collective net OPEB liability	\$ 11,537,449	\$ 15,214,846	\$ 19,724,828

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

The following table presents the Dothan City Board of Education's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 7.00%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Board's proportionate share of the collective net OPEB liability	\$ 18,810,911	\$ 15,214,846	\$ 12,196,058

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is in the Trust's financial statements for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2023. Additional financial and actuarial information is available at www.rsa.al.gov.

NOTE 13 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of September 30, 2023, the Board was obligated under the following significant construction contracts:

	<u>Contract Amount</u>	<u>Remaining Balance</u>
Trane PACT 2 Upgrades	\$4,783,971	\$13,646
Dothan High School Athletic Complex	\$7,481,190	\$3,177,547

NOTE 14 – SUBSEQUENT EVENTS

The date through which subsequent events have been evaluated is June 21, 2024. The financial statements were available to be issued at that time.

In 2024, the Board issued Special Tax School Warrants, Series 2024, dated February 6, 2024 ("the Warrants") aggregating \$3,795,000.00 in principal amounts, which were authorized to be issued and were sold by the Board by a resolution adopted by the Board at a special meeting thereof held on January 30, 2024. Pursuant to Act No. 89-480 enacted at the 1989 Regular Session of the Legislature of the state of Alabama (the "Special Sales Tax Act"), as amended, there are levied in the County special privilege, license, and excise taxes generally paralleling the state sales and use taxes (the "Special Sales Tax"). The Special Sales Tax Act provides that the Special Sales Tax is to be collected and administered by the County or its agent. The Warrants were issued for the purpose of financing the costs of public school facilities of the Board and to pay the costs of issuing the Warrants. Expenditures for the improvements will constitute capital expenditures necessary to carry out the governmental purposes of the Warrants (i.e., operation of the public schools in the Dothan City School District) and are expected to principally relate to acquisition, construction, and equipping various public school capital improvements, most specifically classroom additions. The interest rate is 5% and 4% based on 2036 and 2037 maturity, respectively. Interest payments are due semiannually on each January 1 and July 1, beginning July 1, 2024. Principal is due upon maturity of January 1, 2036 and January 1, 2037 of \$2,005,000 and \$1,790,000, respectively.

Required Supplementary Information

**DOTHAN CITY BOARD OF EDUCATION
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
COLLECTIVE NET PENSION LIABILITY
TEACHERS' RETIREMENT PLAN OF ALABAMA
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the collective net pension liability	0.686549%	0.684202%	0.697676%	0.677931%	0.707753%	0.710618%	0.721045%	0.725674%	0.709888%
Employer's proportionate share of the collective net pension liability	\$ 106,695,000	\$ 64,454,000	\$ 86,300,000	\$ 74,958,000	\$ 70,369,000	\$ 69,843,000	\$ 78,060,000	\$ 75,947,000	\$ 64,490,000
Employer's covered payroll during the measurement period (*)	\$ 55,004,949	\$ 50,915,938	\$ 49,748,913	\$ 48,517,417	\$ 47,317,071	\$ 47,119,688	\$ 45,966,039	\$ 46,016,183	\$ 45,088,408
Employer's proportionate share of the collective net pension liability as a percentage of its covered payroll	193.97%	126.59%	173.47%	154.50%	148.72%	148.22%	169.82%	165.04%	143.03%
Plan fiduciary net position as a percentage of the total collective pension liability	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

(*) Employer's covered payroll during the measurement period is the total covered payroll (see GASB 82).
For fiscal year 2023, the measurement period is October 1, 2021 - September 30, 2022.

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

**DOTHAN CITY BOARD OF EDUCATION
SCHEDULE OF THE EMPLOYER'S CONTRIBUTIONS - PENSIONS
TEACHERS' RETIREMENT PLAN OF ALABAMA
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 6,793,607	\$ 6,409,494	\$ 5,975,737	\$ 6,015,956	\$ 5,897,095	\$ 5,672,062	\$ 5,564,274	\$ 5,420,811	\$ 5,356,425
Contributions in relation to the contractually required contribution	\$ 6,793,607	\$ 6,409,494	\$ 5,975,737	\$ 6,015,956	\$ 5,897,095	\$ 5,672,062	\$ 5,564,274	\$ 5,420,811	\$ 5,356,425
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Board's covered payroll	\$ 56,988,067	\$ 55,004,949	\$ 50,915,938	\$ 49,748,913	\$ 48,517,417	\$ 47,317,071	\$ 47,119,688	\$ 45,966,039	\$ 46,016,183
Contributions as a percentage of covered payroll	11.92%	11.65%	11.74%	12.09%	12.15%	11.99%	11.81%	11.79%	11.64%

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

DOTHAN CITY BOARD OF EDUCATION
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
COLLECTIVE NET OPEB LIABILITY
ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	2023	2022	2021	2020	2019	2018
Employer's proportion of the collective net OPEB liability	0.873188%	0.790860%	0.813932%	0.931029%	0.911388%	0.895091%
Employer's proportionate share of the collective net OPEB liability	\$ 15,214,846	\$ 40,862,260	\$ 52,823,054	\$ 35,125,563	\$ 74,904,486	\$ 66,482,247
Employer's covered payroll during the measurement period (*)	\$ 55,004,949	\$ 50,915,938	\$ 49,748,913	\$ 48,517,417	\$ 47,317,071	\$ 47,119,688
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	27.66%	80.25%	106.18%	72.40%	158.30%	141.09%
Plan fiduciary net position as a percentage of the total collective OPEB liability	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

(*) Employer's covered payroll during the measurement period is the total covered payroll.
For fiscal year 2023, the measurement period is October 1, 2021 - September 30, 2022.

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

**DOTHAN CITY BOARD OF EDUCATION
SCHEDULE OF THE EMPLOYER'S CONTRIBUTIONS - OPEB
ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 1,473,949	\$ 1,886,416	\$ 1,842,798	\$ 1,839,677	\$ 3,283,555	\$ 2,816,591
Contributions in relation to the contractually required contribution	\$ 1,473,949	\$ 1,886,416	\$ 1,842,798	\$ 1,839,677	\$ 3,283,555	\$ 2,816,591
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Board's covered-employee payroll	\$ 56,988,067	\$ 55,004,949	\$ 50,915,938	\$ 49,748,913	\$ 48,517,417	\$ 47,317,071
Contributions as a percentage of covered-employee payroll	2.59%	3.43%	3.62%	3.70%	6.77%	5.95%

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

**DOTHAN CITY BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Changes in Actuarial Assumptions

In 2021, rates of withdrawal, retirement, disability, and mortality were adjusted to reflect actual experience more closely. In 2021, economic assumptions and the assumed rates of salary increases were adjusted to reflect actual and anticipated experience more closely.

In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to reflect actual experience more closely.

Recent Plan Changes

Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the MAPD plan.

The Health Plan is changed each year to reflect the Affordable Care Act maximum annual out-of-pocket amounts.

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule of OPEB Contributions were calculated as of September 30, 2019, which is three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	22 Years, Closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.75%
Medicare Eligible	**
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate Trend Rate	2027 for Pre-Medicare Eligible 2024 for Medicare Eligible
Optional Plans Trend Rate	2.00%
Investment Rate of Return	5.00%, Including Inflation

**Initial Medicare claims are set based on scheduled increases through plan year 2022.

DOTHAN CITY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) FINAL BUDGET</u>
REVENUES				
Local Revenues	\$ 21,652,095.50	\$ 21,895,633.13	\$ 25,115,336.79	\$ 3,219,703.66
State Revenues	50,774,433.00	53,045,958.72	59,772,807.14	6,726,848.42
Federal Revenues	0.00	0.00	118,235.69	118,235.69
Local School Revenues	0.00	0.00	0.00	0.00
Other Revenues	5,000.00	5,000.00	245,008.89	240,008.89
	<u>72,431,528.50</u>	<u>74,946,591.85</u>	<u>85,251,388.51</u>	<u>10,304,796.66</u>
 Total Revenues				
	<u>72,431,528.50</u>	<u>74,946,591.85</u>	<u>85,251,388.51</u>	<u>10,304,796.66</u>
 EXPENDITURES				
Instructional Services	41,487,767.96	42,376,536.85	41,084,063.22	(1,292,473.63)
Instructional Support Services	15,855,936.15	16,362,709.88	16,432,183.45	69,473.57
Operations and Maintenance	8,588,470.59	9,496,345.55	9,454,629.12	(41,716.43)
Auxiliary Services	3,882,690.17	3,878,532.88	4,322,321.42	443,788.54
General, Administrative, and Central Support	4,579,517.70	4,649,597.66	4,931,353.67	281,756.01
Capital Outlay	1,064,962.45	0.00	0.00	0.00
Debt Services	20,000.00	20,000.00	23,400.45	3,400.45
Other Expenditures	2,866,183.42	4,013,884.62	3,562,742.03	(451,142.59)
	<u>78,345,528.44</u>	<u>80,797,607.44</u>	<u>79,810,693.36</u>	<u>(986,914.08)</u>
 Total Expenditures				
	<u>78,345,528.44</u>	<u>80,797,607.44</u>	<u>79,810,693.36</u>	<u>(986,914.08)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,913,999.94)</u>	<u>(5,851,015.59)</u>	<u>5,440,695.15</u>	<u>11,291,710.74</u>
 OTHER FINANCING SOURCES (USES)				
Other Fund Sources	4,352,585.55	4,315,870.46	3,172,149.54	(1,143,720.92)
Other Fund Uses	(1,096,800.00)	(1,096,800.00)	(464,985.82)	631,814.18
	<u>3,255,785.55</u>	<u>3,219,070.46</u>	<u>2,707,163.72</u>	<u>(511,906.74)</u>
 Total Other Financing Sources (Uses)				
	<u>3,255,785.55</u>	<u>3,219,070.46</u>	<u>2,707,163.72</u>	<u>(511,906.74)</u>
 Net Change In Fund Balances	(2,658,214.39)	(2,631,945.13)	8,147,858.87	10,779,804.00
Fund Balance - Beginning	12,751,887.72	12,751,887.72	12,751,887.72	0.00
	<u>\$ 10,093,673.33</u>	<u>\$ 10,119,942.59</u>	<u>\$ 20,899,746.59</u>	<u>\$ 10,779,804.00</u>
 Fund Balance - Ending				
	<u>\$ 10,093,673.33</u>	<u>\$ 10,119,942.59</u>	<u>\$ 20,899,746.59</u>	<u>\$ 10,779,804.00</u>

DOTHAN CITY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

BUDGETS AND BUDGETARY ACCOUNTING

The Board budgets on the modified accrual basis of accounting. On or before October 1st of each year, the Board is required to prepare and submit to the State Superintendent of Education the annual budget to be adopted by the Board. The City Superintendent of Education or Board cannot approve any budget for operations of the school system for any fiscal year which shows expenditures in excess of income estimated to be available plus any balances on hand. The Superintendent, with the approval of the Board, has the authority to make changes within the approved budget provided that a deficit is not incurred by such changes. The Superintendent may approve amendments to program budgets without Board approval.

Other Supplementary Information

Dothan City Board of Education
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
Child Nutrition Cluster-Cluster (M)			
United States Department of Agriculture			
School Breakfast Program			
School Breakfast Program	10.553	Alabama Dept of Education, n/a	1,531,656
Total School Breakfast Program			1,531,656
National School Lunch Program			
National School Lunch Program	10.555	Alabama Dept of Education, n/a	3,918,510
Total National School Lunch Program			3,918,510
Summer Food Service Program for Children			
Summer Food Service Program for Children	10.559	Alabama Dept of Education, n/a	116,191
Total Summer Food Service Program for Children			116,191
Fresh Fruit and Vegetable Program			
Fresh Fruit and Vegetable Program	10.582	Alabama Dept of Education, n/a	142,864
Total Fresh Fruit and Vegetable Program			142,864
<i>Total United States Department of Agriculture</i>			5,709,221
Total Child Nutrition Cluster-Cluster (M)			5,709,221
Food Distribution Cluster-Cluster			
United States Department of Agriculture			
Commodity Supplemental Food Program			
Commodity Supplemental Food Program	10.565	Alabama Dept of Education, n/a	399,669
Total Commodity Supplemental Food Program			399,669
<i>Total United States Department of Agriculture</i>			399,669
Total Food Distribution Cluster-Cluster			399,669
Head Start Cluster-Cluster			
Department of Health and Human Services			
Head Start			
Head Start	93.600		3,727,428
Total Head Start			3,727,428
<i>Total Department of Health and Human Services</i>			3,727,428
Total Head Start Cluster-Cluster			3,727,428
Special Education Cluster (IDEA)-Cluster (M)			
Department of Education			
Special Education_Grants to States			
Special Education_Grants to States	84.027	Alabama Dept of Education, n/a	2,571,129
Special Education_Grants to States (ARP)	84.027X	Alabama Dept of Education, n/a	169,617
Total Special Education_Grants to States			2,740,746
Special Education Preschool Grants			
Special Education Preschool Grants	84.173	Alabama Dept of Education, n/a	187,059
Special Education Preschool Grants (ARP)	84.173X	Alabama Dept of Education, n/a	19,197
Total Special Education Preschool Grants			206,256
<i>Total Department of Education</i>			2,947,002
Total Special Education Cluster (IDEA)-Cluster (M)			2,947,002
Other Programs			
United States Department of Justice			
Public Safety Partnership and Community Policing Grants			
Public Safety Partnership and Community Policing Grants	16.710		276,416
Total Public Safety Partnership and Community Policing Grants			276,416
<i>Total United States Department of Justice</i>			276,416
Department of Education			
Title I Grants to Local Educational Agencies			
Title I Grants to Local Educational Agencies	84.010	Alabama Dept of Education, n/a	4,564,588
Total Title I Grants to Local Educational Agencies			4,564,588

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Dothan City Schools
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<i>Other Programs (Continued)</i>			
Career and Technical Education -- Basic Grants to States			
Career and Technical Education -- Basic Grants to States	84.048	Alabama Dept of Education, n/a	219,300
Total Career and Technical Education -- Basic Grants to States			219,300
Education for Homeless Children and Youth			
Education for Homeless Children and Youth	84.196	Alabama Dept of Education, n/a	224
Total Education for Homeless Children and Youth			224
English Language Acquisition Grants			
English Language Acquisition Grants	84.365	Alabama Dept of Education, n/a	44,513
Total English Language Acquisition Grants			44,513
Improving Teacher Quality State Grants			
Improving Teacher Quality State Grants	84.367	Alabama Dept of Education, n/a	607,389
Total Improving Teacher Quality State Grants			607,389
Student Support and Academic Enrichment Program			
Student Support and Academic Enrichment Program	84.424	Alabama Dept of Education, n/a	256,165
Total Student Support and Academic Enrichment Program			256,165
Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act (M)			
Elementary and Secondary School Emergency Relief Fund (ESSER I & II)	84.425D	Alabama Dept of Education, n/a	1,770,042
American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	Alabama Dept of Education, n/a	9,869,840
American Rescue Plan Elementary and Secondary School Emergency Relief Homeless Children and Youth	84.425W	Alabama Dept of Education, n/a	23,566
Total Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act (M)			11,663,448
<i>Total Department of Education</i>			17,355,627
United States Department of Agriculture			
Child and Adult Care Food Program			
Child and Adult Care Food Program	10.558	Alabama Dept of Education, n/a	37,776
Total Child and Adult Care Food Program			37,776
State Administrative Expenses for Child Nutrition			
State Administrative Expenses for Child Nutrition	10.560	Alabama Dept of Education, n/a	8,919
Total State Administrative Expenses for Child Nutrition			8,919
<i>Total United States Department of Agriculture</i>			46,695
<i>Total Other Programs</i>			17,678,738
<i>Total Expenditures of Federal Awards</i>			\$ 30,462,058

(M) = Major Program

n/a = Not available or not applicable

Assistance period = October 1, 2022 - September 30, 2023

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Dothan City Board of Education under programs of the federal government for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*). Because the Schedule presents only a selected portion of the operations of the Dothan City Board of Education, it is not intended to and does not present the financial position or changes in net position of the Dothan City Board of Education.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COSTS

The Dothan City Board of Education has elected to not use the 10-percent de minimis indirect cost rate as allowed in the *Uniform Guidance*.

Additional Information



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

To the Dothan City Board of Education

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, each major fund, and the aggregate remaining fund information of the Dothan City Board of Education, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Dothan City Board of Education's basic financial statements, and have issued our report thereon dated June 21, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Dothan City Board of Education'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.

ParsonsGroup, LLC

Dothan, Alabama

June 21, 2024



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

To the Dothan City Board of Education

Dothan, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the Dothan City Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

ParsonsGroup, LLC

Dothan, Alabama

June 21, 2024

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

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the audited financial statements were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major federal programs:	Unmodified
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the <i>Uniform Guidance</i> ?	No
Identification of major federal programs:	
CFDA – 84.027, 84.173	Special Education Cluster (IDEA)
CFDA – 10.553, 10.555, 10.559, 10.582	Child Nutrition Cluster
CFDA – 84.425	Education Stabilization Fund
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 913,862.00
Auditee qualified as low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS (GAGAS)

No matters were reportable.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reportable.