City of Daphne, Alabama

Comprehensive Annual Financial Report

For The Fiscal Year Ended
September 30, 2015

Prepared by:
Finance Department

CITY OF DAPHNE, ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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Part I
Introductory Section

O F F I C E   O F   T H E   M A Y O R
MAYOR DANE HAYGOOD

February 5, 2016

TO: Citizens of the City of Daphne, Alabama

It is our privilege to present the Comprehensive Annual Financial Report (CAFR) on the operations of the City of Daphne, Alabama (the City) for the fiscal year ended September 30, 2015. This report is presented to give detailed information about the financial position and activities of the City to its citizens, City Council, City staff, and readers.

Management assumes full responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City and its component unit, based upon a comprehensive framework of internal control that it has established for this purpose. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City has an audit of its financial reports annually by independent certified public accountants who must conduct the audit in accordance with generally accepted auditing standards. The accounting firm of Hartmann, Blackmon, & Kilgore, PC conducted the audit and their report on the City's financial statements is included herein.

The Report

The CAFR has been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed in pronouncements by the Governmental Accounting Standards Board (GASB) and is presented in three sections: *Introductory*, *Financial*, and *Statistical*.

The *Introductory Section* is designed to provide the background and context that readers need to benefit fully from the information contained in the *Financial* Section, and includes this transmittal letter, City map, organization chart, list of principal officials, and the CAFR certificate for fiscal year ended September 30, 2014.

The *Financial Section* includes the auditor's report, Management's Discussion and Analysis (MD&A), audited government-wide and fund financial statements and related notes thereto, required supplementary information, and certain underlying combining fund financial statements, and other supplementary information.

The *Statistical Section* contains selected unaudited financial, economic and demographic data on a multi-year basis that is useful in evaluating the economic condition of the City.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter is designed to complement the MD&A and should be read in conjunction with it.

The Reporting Entity

The report includes all funds of the primary government and its component unit. The primary government provides a full range of services. These services include public safety, public works, environmental services, culture and recreation, economic and community development and planning, and general administrative services.

The Utilities Board of the City of Daphne is a related entity, but it does not meet the established criteria for inclusion in the reporting entity, and accordingly is excluded from this report. Additional information on the Utility Board is available at the Board's business office at 900 Daphne Avenue, PO Box 2550, Daphne, Alabama 36526.

The City has implemented the Governmental Accounting Standard Board's (GASB) statement on defining the reporting entity. As a result, the Renaissance Cooperative/Improvement District is included as a separately presented component unit of the reporting entity in the CAFR. See Note 23 for additional information.

GASB Requirements

Each year, management evaluates new GASB reporting requirements to determine applicability to the City. The requirements issued by GASB that became effective during this current fiscal year and those that will become effective in the next fiscal year and are applicable to this entity are described in this document. GASB Statement 68, *Accounting and Financial Reporting for Pensions and amendment of GASB Statement No. 27*, was issued to establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined pension plans, the statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. This statement became effective during this current fiscal year, with the City implementing these statements appropriately.

City Profile

The City of Daphne was founded in 1927, and is the largest city within Baldwin County, comprising 16.6 square miles. The City is located on the eastern shore of Mobile Bay and is adjacent to Interstate 10, a major east/west thoroughfare. The City is 39 miles west of Pensacola, Florida and 9 miles east of Mobile, Alabama. Located just across Mobile Bay, many residents commute daily to Mobile, and Daphne has developed as a bedroom community to the City of Mobile. The proximity to Mobile and Pensacola metropolitan areas, combined with safe environments, strong schools, and quality of life, continue to drive residential growth at a rate that is one of the fastest growing in the country. Strong residential growth and the location along Interstate 10 continue to drive retail growth as well as homebuilding industry expansion. Growth has also led to a prospective entrance into the Class A office arena, which is being spurred by the Daphne Industrial Development Board (IDB) technology park project known as the Daphne Innovation and Science Complex or DISC.

Wealth and income levels within the City are strong as median household income is 131% of the U.S. level. The estimated median income as of 2015 was $69,959 and the median housing valuation was $203,673. According to the 2000 census, the City's population was 16,581; the 2010 census increased the population to 21,570; and the 2014 census population was estimated at 24,395, which represents 13% growth over the 2010 census population. Daphne's population is well-educated; according to 2010 data, approximately 30% of the population has a bachelor's degree; the US average is 18%. As the population has grown, the City of Daphne has responded in the quantity and quality of services it provides to meet the needs and expectations of its citizenry. The City of Daphne employs approximately 276 regular, full-time workers to provide these services.

The City has been ranked 96th in the "Top 100 Best Places to Live" as presented on the CNN/Moneywise website. Also, Baldwin County, where Daphne is located, recently ranked as the 11th strongest metropolitan economy in the US and 4th in the southern United States.

The City of Daphne has a Mayor-Council form of government. The City Council consists of seven members elected from seven single member districts; the Mayor is elected at large. The Mayor and City Council are elected to serve four year terms. Policy making and legislative authority are vested in the City Council, who is, among other things, responsible for passing local ordinances, adopting budgets and appointing board members of related organizations. The Mayor is responsible for carrying out the policies and ordinances of the City, as well as supervising the day-to-day operations of the City.

The annual budget serves as the foundation for the City's financial planning and control. Annually, the Mayor prepares a proposed budget and submits his proposal to the City Council for consideration. Invariably, there are changes to the budget presented by the Mayor. These changes are made by amending the appropriations during the adoption process. Other budget revisions during the year require City Council action. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Budgetary control is on the departmental level.

Economic Condition

Economic conditions continue to trend in a positive direction with strong growth in the City of Daphne and the surrounding area. City revenues exhibited strong increases in fiscal year 2015. Total revenue increased $840,000 over 2014 levels (2.89% increase). The largest increase was in the Sales, Use and Luxury Tax collections, which increased $615,000 over 2014 (3.78% increase). Strong residential growth and retail development in the City of Daphne suggests Sales and Use tax collections to continue in an upward trend.

The Great Recession first impacted the City beginning in the 2008 fiscal year, with General Fund Sales and Use Tax Revenues being the leading indicator. In 2008, these revenues were down $600,000 from the prior year. The height of the City's economic down-turn was experienced during the 2009 and 2010 fiscal years, when Sales and Use Taxes were $1.8 million and $2 million, respectively, under pre-recession 2007 revenues. The rebound began in the 2011 fiscal year and has continued through the current fiscal year. Sales and Use Tax revenues in the current fiscal year exceeded pre-recession 2007 revenues by $2.9 million (20.7%). The unassigned fund balance for the City of Daphne General Fund has recovered past pre-recession levels and the outlook for City of Daphne revenue is expected to continue on an upward trend. The Unassigned Fund Balance as of September 30, 2015 is $11.6 million is up 10.8% ($1.1 million) over the prior year.

The City has continued to be accelerated by strong population growth combined with continued retail growth. Positive economic investment in the Coastal Alabama region should continue to drive growth. Such economic investment includes (i) the new Airbus North America Final Assembly Line (FAL), which has begun assembling the Airbus A320 single-aisle commercial aircraft at Brookley Field in 2015, (ii) Austal USA shipbuilding for the US Navy, (iii) ThyssenKrupp's five billion dollar investment in a state of the art steel plant now operated by ArcelorMittal Nippon Steel, and (iv) continued investment in a burgeoning Port of Mobile operated by the Alabama State Port Authority, which in 2013 was the 12th largest U.S. Port in Total Trade according to the American Association of Port Authorities. Geographic proximity to these regional economic generators is beneficial to the City with the Airbus FAL, Austal USA, and Port of Mobile facilities being located within 12 miles of the City of Daphne.

Builder Magazine ranked the Daphne-Fairhope-Foley MSA as one of the Top 10 Home Building Markets of 2014. The City of Daphne was ranked as the 4th most business friendly city in the State of Alabama by the Alabama Policy Institute. The City was also named as the 9th safest city in Alabama in 2014 according to Safe Choice Security. The Daphne-Fairhope-Foley MSA was ranked the 14th fastest growing metropolitan area in the country from 2013 to 2014 and the 9th fastest from 2012 to 2013 according to U.S. Census Bureau population estimates. The Daphne-Fairhope-Foley MSA was also ranked 73rd in the Smartest Cities in America list according to NewGeography.

Major Initiatives

In 2015, the City continued the road repaving initiative and resurfaced several local roads. Also, several ongoing projects were continued from 2014 to repair road and stormwater drainage infrastructure damaged as a result of the April 29-30th, 2014 rain event, which adversely impacted the Coastal Alabama area. The majority of these projects are reimbursable under FEMA or NRCS programs. The City has embarked on a large intergovernmental project to restore the impaired D'Olive watershed, with the primary source of funds provided by National Fish and Wildlife Foundation grants exceeding $12,000,000. Other initiatives included major capital improvements for fire station facilities and the continued refresh of the City vehicle fleet and Public Works equipment.

Financial Policies

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate data are compiled to allow for the presentation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that valuation of costs and benefits requires estimates and judgments by management.

Budgeting: The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Accountability for budgetary compliance is held at the department level.

Cash Management: Cash temporarily not required for operating requirements is invested in government securities and securities backed by the full faith and credit of the US government. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, operating fund deposits are insured under the Security for State of Alabama Enhancement (SAFE) program. In the SAFE program, all public funds are protected through a collateral pool administered by the State of Alabama Treasury.

Fund Balance: The City has an informal policy of maintaining the unassigned fund balance of the General Fund in the range of 3 to 4 months' worth of operating revenues. Furthermore, this unassigned fund balance may only be used for capital projects and equipment.

Operational Efficiency: The Mayor's office continually challenges all City departments to improve their operations and the quality of services provided to citizens, while at the same time, holding personnel and operating costs consistently within the allotted budgeted amount.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Daphne, Alabama for its CAFR for the fiscal year ended September 30, 2014. This prestigious Certificate of Achievement was awarded to the City in its initial submission for consideration in 2012. The City has received this award for three consecutive years. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

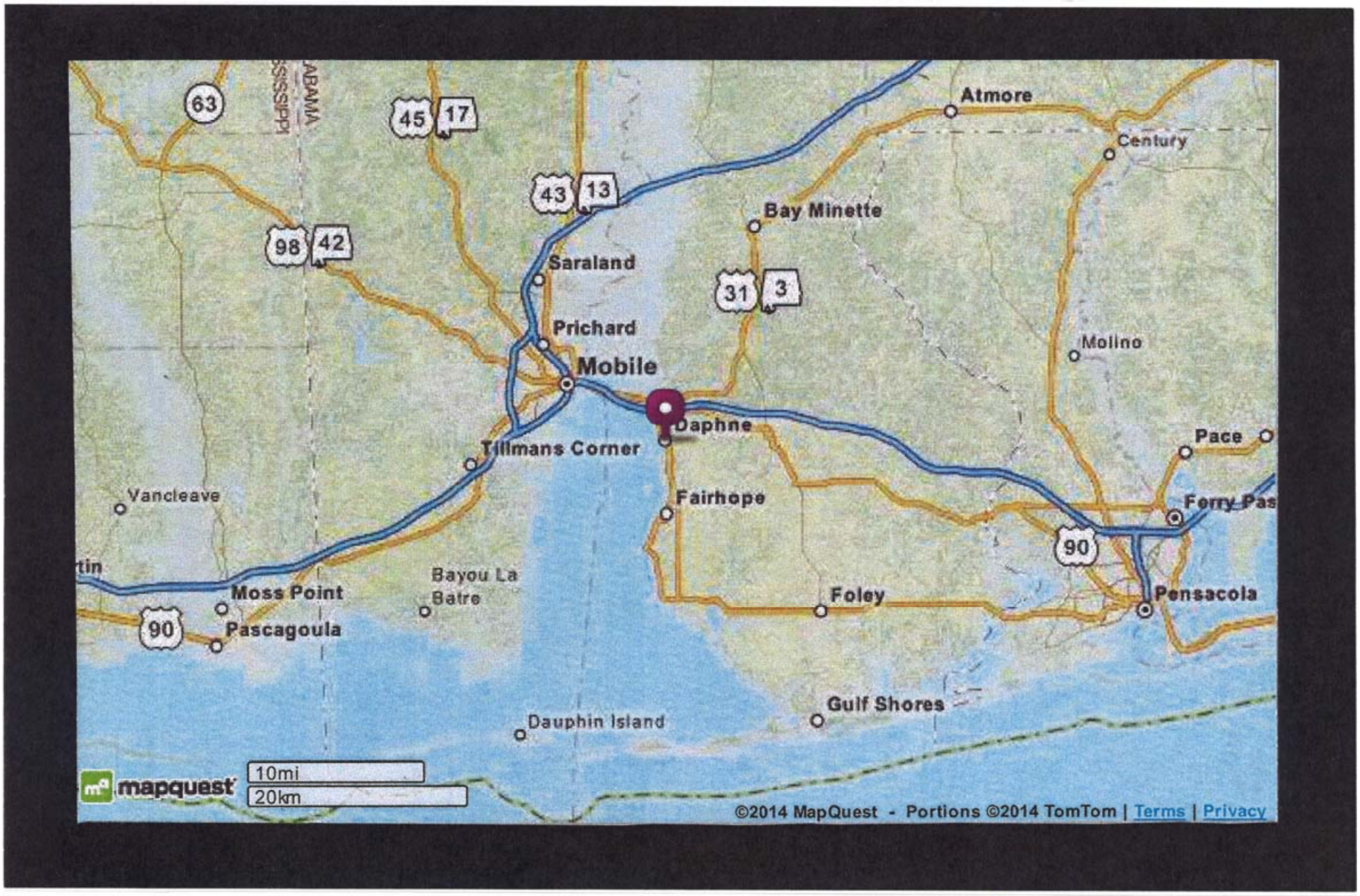
The preparation of this comprehensive annual financial report could not be accomplished without the dedicated services of an efficient Finance Department staff. We express appreciation to each member of the department and to those members of other City departments for their contributions made in the preparation of this report.

In closing, the commitment to maintaining the highest standards of accountability in financial reporting speaks to the progressive leadership and dedication to public service of the Mayor and the City Council. Their support for a policy of financial integrity has been instrumental in the preparation of this report.

Respectfully submitted,

Dane Haygood	Kelli Kichler, CPA
Mayor	Finance Director/Treasurer

City of Daphne, Alabama



Metropolitan Statistical Area (MSA) population for Daphne, Fairhope and Foley: 200,111

Source: US Department of Commerce's Bureau of Economic Analysis

2014 Estimated Population

Daphne
ALABAMA

ORGANIZATIONAL CHART

FUNCTIONAL STRUCTURE

CITY OF DAPHNE CITIZENS

MAYOR

CITY COUNCIL

CITY CLERK

City of Daphne Boards and Committees

Statutory Boards
- Planning Commission (required)
- Board of Zoning Adjustments (required)
- Recreation Board
- Library Board
- Industrial Development Board
- Downtown Redevelopment Authority
- Daphne Utilities Board
- Board of Housing Adjustment

Advisory Committees
- Finance Committee
- Buildings & Property Committee
- Ordinance Committee
- Public Safety Committee
- Public Works Committee
  - |- Environmental Advisory Committee
  - |- Beautification Committee
  - |- Museum Committee

Non-Statutory Boards
- Unsafe Building Board of Appeals
- Eastern Shore MPO

LIBRARY, PARKS & RECREATION

Purpose: To provide activities, inform, educate, and culturally enrich the lives of Daphne's Citizens.

PUBLIC LIBRARY
- Book Circulation
- Summer Children Programs
- Community Activities

RECREATION
- Recreation & Fitness Center
- Senior Center
- Athletics
- Special Activities
- Community Activities

PARKS
- Public Parks & Piers
- Public Ball Parks
- Dog Park
- Museum

PUBLIC SAFETY

Purpose: To Maintain a quality of life and safe environment through proactive police work.

POLICE
- E911 Operations
- Police Department
- Patrol
- Detectives
- Corrections/Jail
- Animal Shelter/Control
- Support Services/Admin

FIRE
- Fire Prevention
- Emergency Medical Services

COURT
- Criminal
- Domestic
- Traffic

BUILDING INSPECTION
- Building Code Inspections

PUBLIC WORKS

Purpose: To plan, design, and maintain infrastructure for the Citizens of Daphne and visitors.

- Street/Road Maintenance
- Grounds
- Mowing
- Solid Waste Collections
- Mechanical Maintenance
- Support Services/Admin
- Storm Water Management

COMMUNITY DEVELOPMENT
- Planning & Zoning
- GIS

FINANCE

Purpose: To provide high quality financial information to all users, both external and internal by providing accurate, complete and timely informaition regarding the City's financial condition.

- Treasury
- Accounting
- Revenue
- Budgeting
- Purchasing
- Inventory Control/Fixed Assets

SUPPORT SERVICES

Purpose: To provide internal funcations necessary for business operations for the City of Daphne.

HUMAN RESOURCES
- Employee Benefits
- Payroll
- Safety Management

INFORMATION TECHNOLOGY
- IT Project Management
- Network & Technical Services
- Telecommunications

City of Daphne
List of Principal Officials
September 30, 2015

Title	**Name**
Mayor	Dane Haygood
City Council:	
District 1	Tommie B. Conaway
District 2	Pat Rudicell
District 3	John Lake
District 4	Randy Fry
District 5	Ron Scott
District 6	Robin LeJeune
District 7	Angie Phillips
Finance Director/Treasurer	Kelli Kichler
Deputy Finance Director	Christine Ciancetta
City Clerk	Rebecca A. Hayes

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Daphne

Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

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Part II
Financial
Section

Shareholders
J. Earl Blackmon, Jr., CPA
B. Vance Kilgore, CPA
Dennis E. Sherrin, CPA
Principals
Rachel M. Godwin, CPA
G. Allen Cave, CPA
Of Counsel
Xavier A. Hartmann, III, CPA
Rucker T. Taylor, III, CPA
Sally S. Wagner, CPA

Certified Public Accountants & Consultants

Hartmann, Blackmon & Kilgore, P.C.
806 North Section Street
P. O. Box 1469
Fairhope, Alabama 36532
hbkcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor Dane Haygood and the
City Council
City of Daphne, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Daphne, Alabama (the 'City') as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Renaissance Improvement District, City of Daphne, which represents 3.5 percent, -3.9 percent, and 2.55 percent, respectively, of the assets, net position, and revenues of the government wide statements. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Renaissance Improvement District, City of Daphne, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Fairhope | Brewton | Foley

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Daphne, Alabama, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Adjustment

As described in Note 29 to the financial statements, beginning government wide net position and beginning total business type net position have been reduced by $2,832,439 and $242,288, respectively, for the implementation of GASB Statement 68. Additionally, beginning fund balance was increased in the General Fund by $337,101 to properly record compensated absences. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and required pension schedules on pages 4–19 and 72-84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Daphne, Alabama's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the capital assets disclosure schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and the capital assets disclosure schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2016, on our consideration of the City of Daphne, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 City of Daphne, Alabama's internal control over financial reporting and compliance. That report is included in the City of Daphne, Alabama's Single Audit Compliance and Internal Control Reports package.

Hartmann, Blackmon & Kilgore, P.C.
Certified Public Accountants

Fairhope, Alabama
February 5, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City's Comprehensive Annual Financial Report (CAFR) presents City management's discussion and analysis (MD&A) of the City's financial performance during the fiscal year that ended on September 30, 2015. Please read this in conjunction with the City's financial statements and accompanying notes, which follow this section, and the additional information furnished in the letter of transmittal, which can be found in the introductory section of the CAFR.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources at the close of the current fiscal year by $83.4 million (net position). Of this amount, the City had unrestricted net position of $17.2 million that is available to be used to meet the ongoing obligations of the City of Daphne.
- The City's net position of $83.4 million reflected an increase of 1.8% ($1.5 million) over the prior year's net position of $81.9 million, as adjusted.
- The City's governmental funds reported a combined fund balance of $19.54 million at the close of the current fiscal year, an increase of 11.6% ($2.0 million) from the prior year, as adjusted.
- The City's general fund reported a fund balance of $11.6 million at the close of the current fiscal year, or 46.4% of total General Fund expenditures and other financing uses; total fund increased 10.3% ($1.1 million) over the prior year, as adjusted. Total current year ending fund balances in the General Fund represented 44.4% of current fiscal year total revenues, and 44.2% of prior year total revenues.
- Sales, use, and luxury taxes, the City's single largest revenue source, increased 3.8% ($615,000) during the current fiscal year, reflecting the continuing improvement in the economy.
- Other significant changes in revenue during the current fiscal year include grants and contributions that increased by 263% ($744,000), licenses and permits that increased by 51% (466,000), and property taxes that decreased by 21% ($1.2 million); Overall current fiscal year revenues increased 7.4% ($2.0 million) over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of three parts: management's discussion and analysis (this section), the basic financial statements, and the narrative notes to the financial statements. The basic financial statements include two kinds of statements that present different views of the City's finances.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual elements of the City government, reporting the City's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how general government services like public safety were financed inthe short term, as well as what remains for future spending.
  - Proprietary funds statements offer short and long term financial information about the activities the government operates like businesses, such as the Civic Center.
  - Fiduciary funds statements convey information about financial relationships in which the City acts solely as a trustee for the benefit of others, such as municipal court resources held for bond deposits and amounts held for other court agencies.

Government-Wide Statements

The *government-wide financial statements* report information about the City as a whole, using accounting methods similar to those used by private-sector companies.

- The *Statement of Net Position* includes all of the government's assets, deferred outflows of resources, deferred inflows of resources and liabilities, with the difference between the two reported as net position.
- All of the fiscal year's revenues and expenses are accounted for in the *Statement of Activities*, presenting the change in net position for the most recently completed fiscal year. All changes in net position (revenues and expenses) are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

To assess the overall economic health of the City, additional non-financial factors, such as changes in the City's tax base, planning and zoning actions, and the condition of the City's roads, and other infrastructure, should be considered.

The government-wide financial statements of the City are divided into three categories:

- *Governmental activities*. Most of the City's basic services are included in this category, such as the services provided by the public safety, public works, library and recreation, and general government functions. General revenues from sales and use taxes, licenses and permit fees, property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities*. The City charges fees to customers to help cover the costs of certain services it provides to the general public. The City's Solid Waste, Civic Center, and Bay Front Park operations are included in this category as enterprise funds.
- *Discretely Presented Component Units*. The City includes one entity in this report; the Renaissance Cooperative/Improvement District. Although a legally separate entity, this component unit is important because the City is financially accountable. Please refer to Note 1A within the Notes to the Financial Statements regarding the availability of separately issued component unit financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are groupings of related accounts the City uses to keep track of specific revenues and spending for particular activities or objectives.

- State law requires gasoline tax funds to be accounted for separately, because the expenditures are restricted for specific uses.
- The City Council establishes other funds to control the use of monies for particular purposes, such as property taxes that are dedicated for specific purposes such as repayment of certain long-term debt.
- The City also establishes funds to demonstrate compliance with certain legally restricted revenue sources, such as tracking debt-financed capital projects and the spending of grant revenues.

The City has three kinds of funds:

- *Governmental funds*. Most of the City's basic services are accounted for in governmental funds, which focus on (1) how cash, and other financial assets that can readily be converted to cash, flows in and out, and (2) the balances left at year-end that are available for spending in subsequent years. Consequently, the governmental funds statements provide a detailed, short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs following the completion of a fiscal year.

  Because governmental fund information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Doing so provides a better understanding of the long-term impact of the government's short-term funding decisions. Both the balance sheet and the statement of revenues, expenditures, and changes in fund balances for governmental funds provide a reconciliation to facilitate this comparison between governmental funds statements and government-wide statements on governmental activities.

- *Proprietary funds*. Services provided to the general public for which customers are charged a fee are generally reported in enterprise funds, which are a type of proprietary fund. Proprietary funds' financial statements, like the government-wide statements, provide both long and short term financial information. Proprietary funds function like a business activity; therefore, the financial statements provide additional information, such as depreciation expense and cash flows, which are not presented for governmental funds.

- *Fiduciary funds*. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City’s own programs.

The City adopts an annual budget for its General Fund and most other governmental funds. A budgetary comparison statement for the General Fund and other major governmental funds has been provided in the *Required Supplementary Information* section of this document.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

Other Information

This report also presents required supplementary information related to the City’s employee pension funding and budgetary comparison schedules for all major governmental funds. The combining statements of non-major government funds, non-major proprietary funds, and fiduciary funds are presented following the required supplementary information.

Net Position

The following is a condensed version of the City's government-wide Statement of Net Position as of September 30, 2015:

	Governmental Activities		Business-Type Activities		TOTAL	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 27,195,629	$ 24,849,401	$ 568,779	$ 393,875	$ 27,764,408	$ 25,243,276
Capital assets	98,011,036	100,689,148	1,136,656	692,622	99,147,692	101,381,770
Total assets	125,206,665	125,538,549	1,705,435	1,086,497	126,912,100	126,625,046
Deferred outflow of resources	1,591,628	1,064,061	49,658	-	1,641,286	1,064,061
Current liabilities	2,750,712	2,507,057	216,605	161,814	2,967,317	2,668,871
Long-term debt and other liabiities	40,754,733	41,680,946	755,610	576,283	41,510,343	42,257,229
Total liabilities	43,505,445	44,188,003	972,215	738,097	44,477,660	44,926,100
Deferred inflow of resources	589,828	888,411	50,454	-	640,282	888,411
Net Position:						
Net investment in capital assets	61,391,398	63,388,217	720,777	446,828	62,112,175	63,835,045
Restricted	4,114,055	3,436,535	-	-	4,114,055	3,436,535
Unrestricted	17,197,567	14,701,444	11,647	(98,428)	17,209,214	14,603,016
Total net position	$ 82,703,020	$ 81,526,196	$ 732,424	$ 348,400	$ 83,435,444	$ 81,874,596

The City's *combined* net position increased $1,561,000 over the prior year.

Net position may serve as a useful indicator of a government's financial position. The City's assets exceeded liabilities by $82.7 million, as adjusted, at September 30, 2015. The combined net position reflects a current year total unrestricted net position of $17.2 million.

The largest component of the City of Daphne's current fiscal year net position (74.4%) is the investment in capital assets (i.e., infrastructure, land, buildings, equipment, etc.) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources required to repay the debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

4.9% of the City of Daphne's current fiscal year net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $17.2 million, may be used to meet the City's ongoing obligations to citizens and creditors.

Statement of Activities

The following is a summary of the government-wide Statement of Activities for the year ended September 30, 2015:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for services	$ 6,545,483	$ 5,759,833	$ 1,606,959	$ 1,640,110	$ 8,152,442	$ 7,399,943
Operating grants and contributions	211,613	124,118	36,287	-	247,900	124,118
Capital grants and contributions	1,563,187	3,625,683	-	-	1,563,187	3,625,683
General Revenues:						
Taxes	22,394,870	21,592,278	-	-	22,394,870	21,592,278
Other	175,848	224,797	722	10,198	176,570	234,995
Total Revenues	**30,891,001**	**31,326,709**	**1,643,968**	**1,650,308**	**32,534,969**	**32,977,017**
Expenses:						
General government	4,095,602	3,859,574	-	-	4,095,602	3,859,574
Public safety	10,540,355	10,551,783	-	-	10,540,355	10,551,783
Public works	8,958,122	9,962,074	-	-	8,958,122	9,962,074
Library and recreation	2,682,066	2,828,313	-	-	2,682,066	2,828,313
Interest on long-term debt	1,908,810	1,921,906	-	-	1,908,810	1,921,906
Solid Waste	-	-	2,075,134	1,359,874	2,075,134	1,359,874
Civic Center and Bay Front Park	-	-	714,032	806,894	714,032	806,894
Total Expenses	**28,184,955**	**29,123,650**	**2,789,166**	**2,166,768**	**30,974,121**	**31,290,418**
Change in Net Position, before Transfers	2,706,046	2,203,059	(1,145,198)	(516,460)	1,560,848	1,686,599
Transfers	(1,529,222)	(497,455)	1,529,222	497,455	-	-
Change in Net Position	**1,176,824**	**1,705,604**	**384,024**	**(19,005)**	**1,560,848**	**1,686,599**
Net Position, beginning	84,358,635	82,853,031	590,688	609,693	84,949,323	83,462,724
Prior period adjustments	(2,832,439)	(200,000)	(242,288)	-	(3,074,727)	(200,000)
Net Position, end of year	**$ 82,703,020**	**$ 84,358,635**	**$ 732,424**	**$ 590,688**	**$ 83,435,444**	**$ 84,949,323**

Total net position reflected an increase of $1.56 million over the prior year. This increase is primarily the effect of increases/decreases of balances within the Statement of Activities. Total general revenues reflected an increase of 3.4% ($744,000), while total program revenues reflected a decrease of 10.6% ($1.19 million), mainly from capital grants received.

Governmental Activities

The comprehensive Statement of Activities is presented in a format that is significantly different from the traditional Statement of Revenues, Expenditures, and Changes in Fund Balance. Expenses are listed in the first column by function with revenues generated from the function reported to the right. This provides a total cost for each function. Next, revenues generated by each function are reported and deducted from the expenses. The result is the net revenue (expense) of the function, or the *Net Cost* for the activity. The Net Cost is the part of operations required to be funded by the taxpayers.

Included in governmental activities are the following functions: General government, public safety, public works, library and recreation, and interest on long-term debt.

Governmental Activities (Continued)

The amount of funding required from general revenue sources (i.e. revenues other than fees, charges, grants, and other contributions, such as street, drainage, and other infrastructure acceptances) is presented below by function.

Uses of General Revenues		
Public safety	$ 8,887,624	42.32%
Public works	7,245,021	34.48%
General government	(492,930)	-2.35%
Library and recreation	2,316,147	11.02%
Interest on long-term debt	1,908,810	9.08%
Business-type activities	1,145,920	5.45%
	$ 21,010,592	100.00%

Business-Type Activities

Revenues of the City's business-type activities do not always cover the costs of doing business, and such, activities require funding from the general revenues (taxes, licenses, etc.).

The Civic Center and Bay Front Park are funds that generally require such transfers. $436,000 was transferred to these activities in the current fiscal year. This is a decrease of $61,000 from the prior year. This change is due predominantly to a decrease in expenses in the Civic Center fund of $94,000, including a $41,000 decrease in maintenance costs and a $25,000 decrease in equipment rental costs. The decrease in expenses was partially offset by a $32,000 decrease in Bay Front Park and Civic Center rental fees.

In the past, the Solid Waste Fund did not require transfers from the General Fund for funding operations. However, effective at the beginning of fiscal year 2015, the expenses and assets related to the solid waste-debris were moved from the General Fund to the Solid Waste Fund. Total net book value of capital assets transferred amounted to $384,024.

Garbage fees collected increased. When separating the garbage, recycling, and solid waste components, solid waste expenses totaled $653,929, garbage expenses totaled $927,507, and recycling expenses totaled 493,697. In order to fund recycling, an amount equal to the expense less grant revenue of $36,000 ($457,000) was transferred from the garbage component to the recycling component. Although the recycling program continues to operate at a loss, the City is committed to recycling and to public awareness of the need to recycle.

Total transfers to business-type activities in the current fiscal year totaled $1,145,198 excluding, the capital transfer.

FINANCIAL ANALYSIS OF CITY FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. Specifically, the unreserved fund balance may serve as a useful tool for the measurement of resources available for future needs; including a provision for emergencies or an accumulation of funds for the purchase of capital assets.

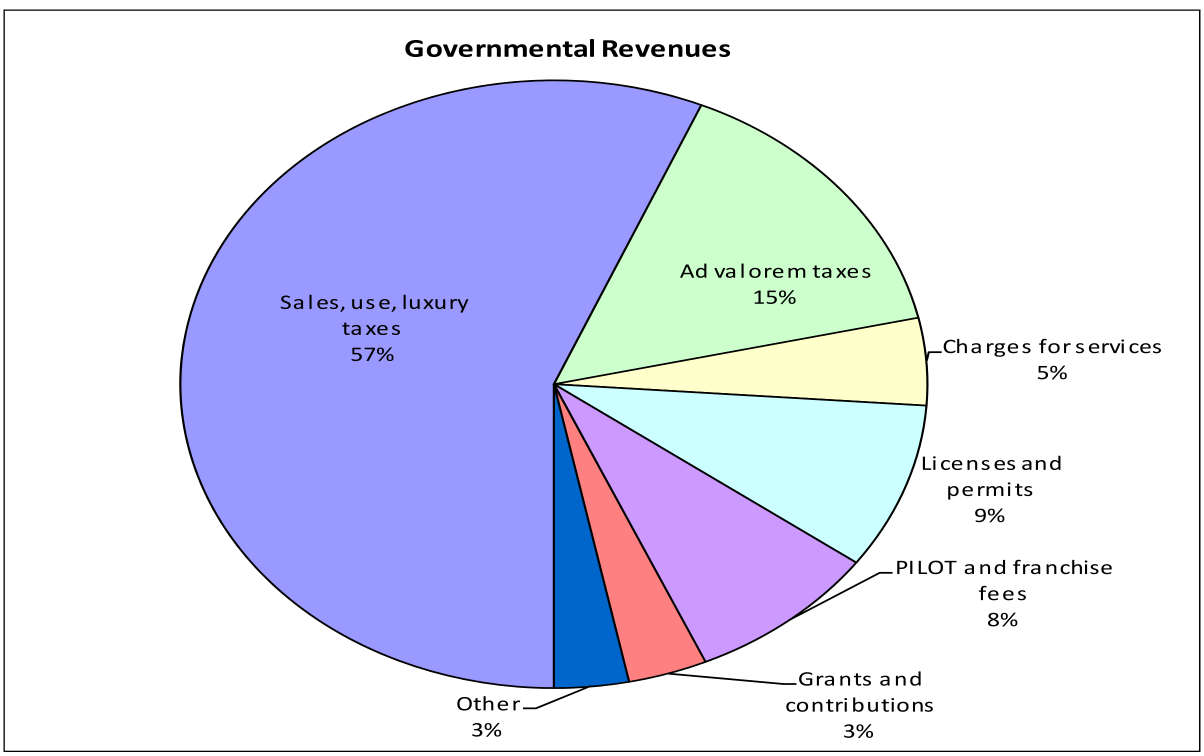
Governmental Funds

As the City completed the current fiscal year, its governmental funds reported a combined fund balance of $19.5 million, as adjusted, an 11.6% ($2.03 million) increase from the prior year.

Governmental Revenues

Total revenues of the governmental funds showed growth of 2.9% ($840,000) over the prior year. The following chart and graph presents a summary of governmental revenues sources:

Governmental Revenues		
Sales, use, luxury taxes	$	16,903,577
Ad valorem taxes		4,499,713
Charges for services		1,388,415
Licenses and permits		2,654,101
PILOT and franchise fees		2,502,967
Grants and contributions		1,026,219
Other		965,671
	$	29,940,663



Governmental Revenues (Continued)

Sales and use taxes are the largest source of revenues at 57%; Ad valorem taxes are the next largest at 15%; PILOT, with franchise fees and licenses and permits are next, each at 8% and 9%, respectively, of total revenues.

The change in revenues is presented below:

	2015	2014	Variance	% Change
Sales, use, luxury taxes	$ 16,903,577	$ 16,288,104	$ 615,473	4%
Ad valorem taxes	4,499,713	5,720,564	(1,220,851)	-21%
Charges for services	1,388,415	921,842	466,573	51%
Licenses and permits	2,654,101	2,250,864	403,237	18%
PILOT and franchise fees	2,502,967	2,510,663	(7,696)	0%
Grants and contributions	1,026,219	282,318	743,901	263%
Other	965,671	1,126,223	(160,552)	-14%
	$ 29,940,663	$ 29,100,578	$ 840,085	3%

A discussion of significant increases and decreases follows:

- Sales and use taxes increased $600,000. This is due to the continued improving economy and new business locating into the City.
- Ad valorem taxes decreased ($1.2 million). The amount of property taxes levied and received within 60 days of year end and considered available, and thus recognized as revenue, decreased over the prior year by $500,000. This resulted in an unusual large increase in the prior year revenue recognized.
- Licenses and permits increased $403,000. This is largely reflective of a significant increase in the amount of building and construction permits issued during FY 2015.
- Charges for services increased $467,000. The majority of this increase can be attributed to a large forfeiture revenue amount received in a special revenue fund of $325,000.
- Grants and contributions increased $744,000. This is reflective of a significant increase in grant activity and also land contributions received in the amount of $306,000 during 2015.
- Other revenue sources decreased ($160,000). Intergovernmental revenue received from FEMA decreased $170,000.

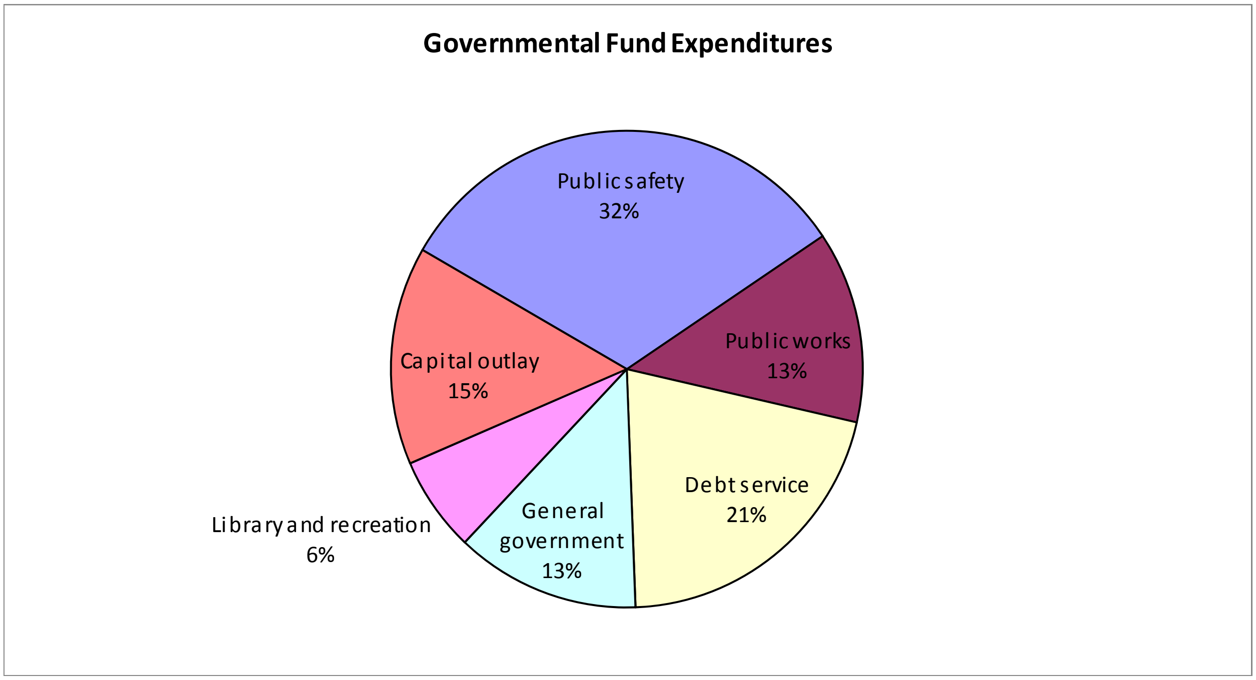
Governmental Expenditures

A summary of governmental expenditures is presented below:

Governmental Fund Expenditures

Public safety	$ 9,737,257	32.2%
Public works	3,927,456	13.0%
Debt service	6,287,450	20.8%
General government	3,815,611	13%
Library and recreation	1,957,963	6%
Capital outlay	4,468,018	15%
	$ 30,193,755	100.0%

Governmental Expenditures (Continued)



This represents an increase in expenditures of 6.9%; ($1.95 million) over the prior year.

The principal drivers of this increase are an increase in capital outlay of $1.2 million over the prior year, a decrease in public works expenditures of $1.1 million over the prior year, and an increase in debt service costs of $1.8 million over the prior year.

- Capital expenditures increased $1.2 million. During the current fiscal year, the City expended $3.6 million on infrastructure projects. In addition, $750,000 was expended on vehicles and heavy equipment, which included seven Police vehicles ($330,000).

- Public works expenditures in FY 2014 included over $600,000 of emergency repairs and related costs related to a significant rainfall and flooding event in April 2014. These expenditures were not incurred in FY 2015.

- Debt service expenditures increased $1.8 million. During the current fiscal year, there was a bond refunding which resulted in the payoff of the outstanding balance of the 2003 Warrants in the amount of $2,000,000.

Departmental costs of $19.4 million are the largest component of current fiscal year expenditures (64.3%); overall departmental costs decreased 4.86% ($992,000) over the prior year.

The department with the largest amount of governmental expenditures remains Public safety at $9.7 million (32.2% of total expenditures). Personnel and related costs make up over 86% of these expenditures.

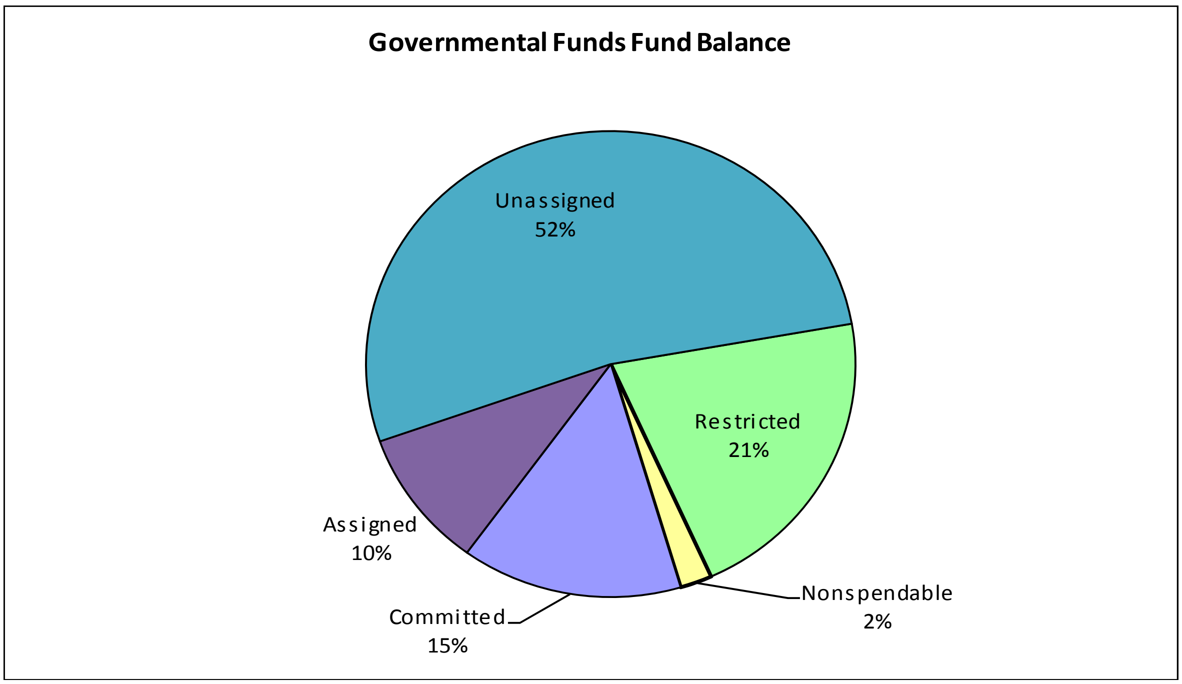
Debt service totaling $6.3 million is the second largest component of governmental expenditures (20.8%). This component is comprised of principal payments of $4.6 million, interest payments of $1.6 million, and debt issuance costs of $124,000.

Capital outlay is the third largest component of expenditures at $3.8 million (13.0% of total expenditures).

Governmental Fund Balance

Total fund balance of the governmental funds as of September 30, 2015 is $19.5 million. Of this amount, $10.3 million is unassigned. An illustration of the total fund balance for governmental funds is presented below:

	2015	2014	Variance	% Change
Restricted	$ 4,114,055	$ 3,436,535	$ 677,520	19.7%
Nonspendable	413,384	445,276	(31,892)	-7.2%
Committed	2,854,833	2,198,674	656,159	29.8%
Assigned	1,881,036	2,122,037	(241,001)	-11.4%
Unassigned	10,281,460	9,310,111	971,349	10.4%
	$ 19,544,768	$ 17,512,633	$ 2,032,135	11.6%



This represents a total fund balance increase of 11.6% ($2.0 million) from the prior year, as adjusted. The General Fund fund balance increased 10.5% ($1.1 million). The City of Daphne has a healthy unassigned fund balance with an informal policy to maintain the unassigned fund balance in the range of $8.0 million or approximately four months' worth of General Fund revenues.

Proprietary Funds

The City's proprietary funds are all categorized as enterprise operations, and consist of the Solid Waste Fund, Civic Center Fund, and the Bay Front Park Fund. During the current fiscal year, $1.1 million was transferred from the governmental funds to subsidize enterprise fund operations. This amount represents 41.6% of the total enterprise funds revenues and transfers in, and is a 130% ($648,000) increase from prior year transfers.

Proprietary Funds (Continued)

Beginning in fiscal year 2015, assets and operating expenses for solid waste-debris were reported in the Solid Waste Fund instead of the General Fund. The net book value of assets transferred equaled $384,024. An additional $709,000 was transferred to cover operating expenses. The net income of the garbage function was used to fund the losses of the recycle and solid waste-debris function. No transfers were required in FY 2014. A detailed analysis of the Solid Waste fund was previously presented.

Civic Center and Bay Front Park required transfers of $294,000 and $142,000, respectively, during the current fiscal year, a decrease of 12.3% ($61,000) from the prior year.

A summary and comparison of the enterprise fund's operating results for the 2015 and 2014 fiscal years is presented below:

	Solid Waste		Civic Center		Bay Front Park		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
Fees and charges	$ 1,329,308	$ 1,284,535	$ 181,234	$ 224,967	$ 67,727	$ 83,886	$ 1,578,269	$ 1,593,388
Other receipts	37,009	56,334	28,690	-	-	586	65,699	56,920
Transfers	1,092,841	-	294,125	372,780	142,256	124,675	1,529,222	497,455
Revenues	2,459,158	1,340,869	504,049	597,747	209,983	209,147	3,173,190	2,147,763
Personnel	860,494	569,660	162,254	164,481	151,516	143,704	1,174,264	877,845
Operating	1,208,059	787,616	341,795	433,266	58,467	65,443	1,608,321	1,286,325
Interest	6,581	2,598	-	-	-	-	6,581	2,598
Expenses	2,075,134	1,359,874	504,049	597,747	209,983	209,147	2,789,166	2,166,768
Revenues Over (Under) Expenses	$ 384,024	$ (19,005)	$ -	$ -	$ -	$ -	$ 384,024	$ (19,005)

Analysis of Changes in Major Funds

Major funds are funds whose revenues, expenditures/expenses, assets or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise fund and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. The General Fund is always considered a major fund. The major funds presented are considered to be of particular importance to financial statement users. In addition to the General Fund, other funds determined to be major governmental funds are the Debt Service Fund, the Non Major Storms Fund, the Lodging Tax Fund, and the Solid Waste Fund. The Debt Service Fund has been a major fund for at least a decade. This was the first year for the Lodging Tax fund to be a major fund. The Non Major Storms fund was a major fund for the second consecutive year. The 2006 Construction fund was not a major fund for the first time since its inception. The Solid Waste fund has been a major fund periodically over the years.

General Fund (Governmental)

At the end of the current fiscal year, the total fund balance of the City's General Fund increased 10.5% ($1.1 million) over the prior year's ending balance. Fund balance reflects the cumulative excess of revenues and other financing sources over expenditures and other financing uses. The current fiscal year ending fund balance was $11.6 million, compared to $10.5 million (as adjusted) at the end of the prior year.

General Fund (Governmental) (Continued)

Cash and cash equivalents (including equity in pooled cash) plus investments increased by 11.2% ($949,000) during the current fiscal year, over the adjusted cash and cash equivalents amount for the prior year.

Taxes receivable were up $328,000 over the prior year. Ad valorem taxes receivable were up $198,000 representing increased property tax assessments, and sales taxes receivable for September 2015 was up $25,000 over September of the prior year.

Accounts payable decreased $707,000 over the prior year, reflecting less outstanding invoices due to vendors at the end of the year.

Deferred revenues (ad valorem tax assessments) increased $720,000 over the prior year, reflecting decreased collections of the ad valorem tax assessments in October and November 2015.

Debt Service Fund (Governmental)

The Debt Service Fund is used to account for the accumulation of financial resources to be used for the payment of general long-term debt principal and interest. The fund balance decreased $67,000 over the prior year. The fund balance in this fund fluctuates based on the timing of upcoming debt payments.

Lodging Tax Fund (Governmental)

The Lodging Tax Fund reports a special tax levied by the City, with proceeds used to support recreation and maintenance and acquisition of Bayfront property. Cash and cash equivalents increased 31.8% ($676,000) over last year due mainly to the first full year of a 2% increase in the lodging tax rate. Lodging tax revenues increased $214,000 over the prior year.

Non Major Storms (Governmental)

The Non Major Storms Fund is used to track related costs incurred during storm events that are to be reimbursed through FEMA. This fund was utilized for the second consecutive year to record the costs related to the significant rainfall event in April 2014.

Solid Waste (Proprietary)

The Solid Waste Fund is associated with the City's self-collection of refuse and recycling materials. Total assets increased 67.0% ($623,000) over the prior. This reflects the capital contribution of capital assets in the amount of $384,000 from the general fund and an overall increase in capital assets of $440,000 from the prior year as a result of equipment purchases.

Overall liabilities increased 50.3% ($378,000) due to two new capital leases during FY 2015. Also, with the implementation of GASB Statement 68, a net pension liability of $163,000 was recorded in FY 2015. See previous sections for further discussion of the Solid Waste Fund.

General Fund Budgetary Highlights

The City adopts an annual budget each September for the upcoming fiscal year beginning in October. The City's management actively uses the budget as a financial management tool. The budget is integrated with the financial management system, enabling management at all levels to determine budgetary status on an ongoing line-item basis.

Detailed information for the General Fund budget is presented in the "Required Supplemental Information" section. The originally adopted budget reflected revenues over expenditures by $489,000. The final amended budget reflected revenues under expenditures by $1.1 million. Actual results reflect an excess of revenues over expenditures (budgetary basis) of $1.1 million. This $2.2 million positive variance is due to actual revenues in excess of budget estimates by $291,000, and budgeted departmental personnel and operating costs under budget estimates by $1.06 million and $743,000, respectively.

Revenues - The significant components that produced the excess of actual revenues over final budgeted estimates of $291,000 are:

- Ad Valorem Taxes – The excess of final budgeted estimates over actual of $523,000 is directly due to the amount of collections received after year end. The amount of property taxes collected within 60 days of year end and, thus "available" and recognized as revenue was significantly lower than in the previous year.
- Licenses and Permits – The excess of actual over final budgeted estimates of $488,000 reflect the continued, steady improvement of the local economy as evidenced by increasing business activity and new construction.

Departmental costs – Significant components that produced the excess of actual departmental expenditures under final budgeted amounts of $1.8 million are:

- Personnel actual expenditures are under final budgeted amounts by $1.06 million (7.3%). The personnel component of the budget is estimated based on all positions being filled for the full year; vacancies are experienced during the year, so this results in actual expenditures normally being less than the budgeted amounts. Significant personnel under budget components include:
    - General government – Executive 36.5% ($87,500); Finance 15% ($71,000); Planning 23% ($54,000) and Building maintenance 24% ($64,000).
    - Public safety – Police Administration 11% ($45,000); Detective 11.4% ($59,000); Corrections 6% ($43,000); and Communications 11.6% ($63,000).
    - Public works – Administration 14% ($54,000); Grounds 15.5% ($106,000); and Mechanical Shop 9% ($37,000).
    - Library and recreation – Athletic and Fitness Programs 45.5% ($23,000); Recreation Parks 15.5% ($43,500) and Library 15% ($94,000).

- Operating actual expenditures are less than final budgeted amounts by $743,000 (12.7%). Significant operating expenditure components include:
    - Recreation parks operating costs 18.2% ($68,000) under budget.
    - Fire 15% ($59,000) under budget.
    - Mechanic shop net reimbursed costs 90% ($372,000) under budget.

CAPITAL ASSET AND DEBT MANAGEMENT

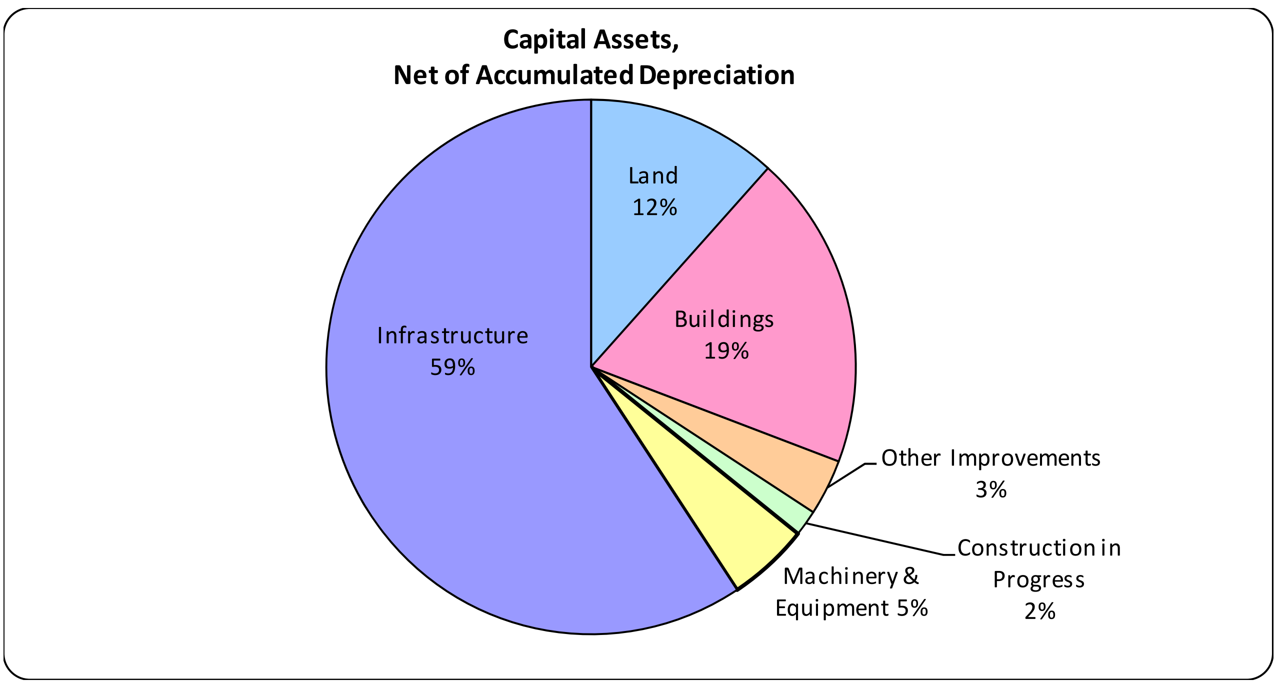
Capital Assets

As of September 30, 2015, the City owned $98.0 million (net of accumulated depreciation) in capital assets, invested in a broad range of asset types, including land, buildings, park facilities, roads and bridges, sidewalks, vehicles and other equipment for governmental and business-type activities.

The following table summarizes the City's capital assets by asset type:

	Governmental Activities		Business-Type Activities		TOTAL		
	2015	2014	2015	2014	2015	2014	% Change
Land	$ 11,558,095	$ 11,228,727	$ -	$ -	$ 11,558,095	$ 11,228,727	2.9%
Buildings	18,822,445	19,033,494	111,811	132,778	18,934,256	19,166,272	-1.2%
Other Improvements	3,363,725	3,890,880	-	-	3,363,725	3,890,880	-13.5%
Machinery and Eqpt	3,917,902	4,499,368	1,024,845	559,844	4,942,747	5,059,212	-2.3%
Infrastructure	58,789,140	59,940,951	-	-	58,789,140	59,940,951	-1.9%
Constr in Progress	1,559,729	2,095,728	-	-	1,559,729	2,095,728	-25.6%
TOTAL	**$ 98,011,036**	**$ 100,689,148**	**$ 1,136,656**	**$ 692,622**	**$ 99,147,692**	**$ 101,381,770**	-2.2%

Components of Capital Assets:



Overall, during the current fiscal year, governmental capital assets, net of accumulated depreciation decreased $2.2 million over the prior year. Significant components of the decrease include the following:

- $3.57 million Infrastructure: Principally resurfacing and drainage projects as previously discussed,
- $(7.1 million) Depreciation Expense

See Note 6 in the Notes to Financial Statements section for more detailed information on the City's capital assets.

Long-Term Debt

As of September 30, 2015, the City owed $36.0 million in long-term warrants outstanding and $997,000 in capital leases outstanding, of which $3.42 million will mature during the upcoming fiscal year. The following table summarizes the long-term debt:

	Governmental Activities		Business-Type Activities		TOTAL	
	2015	2014	2015	2014	2015	2014
Warrants	$ 36,038,064	$ 37,007,733	$ -	$ -	$ 36,038,064	$ 37,007,733
Capital Leases	581,574	293,198	415,880	245,794	997,454	538,992
	$ 36,619,638	$ 37,300,931	$ 415,880	$ 245,794	$ 37,035,518	$ 37,546,725

In November 2014, the City issued the 2014 General Obligation Refunding and Improvement Warrants in the amount of $10,000,000. These warrants refunded the outstanding balance of the 2003 General Obligation Refunding Warrants and partially refunded the balance of the 2006 General Obligation Refunding and Capital Improvement Warrants. Total principal payments on outstanding warrants amounted to $4.5 million in FY 2015.

There were six new capital leases issued during the current fiscal year. The overall increase in the amount of capital leases outstanding of $458,000 was the result of lease proceeds of $865,000 and lease principal payments of $407,000 made during the current year.

See Notes 9, 10, 11, 12 and 13 of the Notes to Financial Statements section for more detailed information concerning the debt issuances and debt outstanding of City**.**

Pursuant to State of Alabama statutes, the City's general obligation debt issuances are subject to a legal limitation of 20% of the net assessed real and personal property values. As of September 30, 2015, the City's permissible debt limit exceeded actual debt by $41.6 million. This debt margin is $3.8 million greater than the prior year debt margin.

Bond Ratings

In March 2010, the City received rating upgrades on its bond debt from the two major international rating agencies, Moody's Investor Services and Standard & Poor's Rating Services. The City's "stand-alone" rating (rating with no insurance) was upgraded by Moody's from A1 to Aa3 and by Standard & Poor's from A+ to AA. The ratings were affirmed in December 2011 with Standard & Poor's issuing an "AA Stable" rating. The City received a rating upgrade by Standard & Poor's to AA+ with the issuance of the 2014 General Obligation Refunding Warrants in November 2014.

Reasons cited for the upgrade included strong economy; strong conservative management; very strong budget flexibility and liquidity; strong budgetary performance; and strong state institutional characteristics. These upgrades reflect the ongoing commitment of the City's elected officials and management staff to make wise, financially responsible decisions.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The current fiscal year General Fund reports an increase of 2.4% ($350,000) in Sales and Use Taxes over the prior year. The City seems to have begun a gradual recovery in economic activity over the past couple of years. The upcoming budgeted reflected this same increase in sales tax revenue. After four months of collections, actual collections are closely tracking budgeted amounts.

The City continues to follow an informal policy targeted to maintain a fund balance equal to three to four months of operating revenues for the General Fund. For the upcoming fiscal year, this would equate to a fund balance between $6.6 and $8.7 million. At the end of the current fiscal year, the Unassigned Fund Balance is 42.1% of the General Fund revenues.

With an Unassigned Fund Balance of the General Fund at the beginning of the upcoming fiscal year of $10.2 million, the City Council continues to have the resource reserves to fund capital expenditures on a pay-as-you-go basis during the upcoming year.

No major changes have been made in the business-type activities through the first four months of the 2016 fiscal year.

The City of Daphne continues to maintain a strong financial position that is aided by the continuing uptick in the local economy.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions regarding this report or any additional financial information should be directed to the Finance Director, Finance Department, City of Daphne, 1705 Main Street (PO Box 400) Daphne, Alabama, 36526.

Basic Financial Statements

These statements provide a summary overview of the financial position of all funds and the operating results by fund types for the City and its component unit. Separate columns are used for each fund type and for the City's discretely presented component unit.

CITY OF DAPHNE, ALABAMA

Statement of Net Position
September 30, 2015

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash, equity in pooled cash	$ 12,563,905	$ 421,691	$ 12,985,596	$ 19,084
Investments	5,268,840	-	5,268,840	-
Receivables (net)	8,570,431	147,088	8,717,519	38,254
Receivables from fiduciary funds	379,069	-	379,069	-
Inventories	326,679	-	326,679	-
Other assets	86,705	-	86,705	-
Restricted investments	-	-	-	708,690
Capital assets:				
Non-depreciable	13,117,824	-	13,117,824	3,154,895
Depreciable, net	84,893,212	1,136,656	86,029,868	801,346
Total assets	125,206,665	1,705,435	126,912,100	4,722,269
DEFERRED OUTFLOWS OF RESOURCES				
Deferred expense on refunding of bonds	1,011,098	-	1,011,098	-
Employer retirement contributions	580,530	49,658	630,188	-
Total deferred outflows of resources	1,591,628	49,658	1,641,286	$ -
Total assets and deferred outflows of resources	$ 126,798,293	$ 1,755,093	$ 128,553,386	$ 4,722,269

The accompanying notes are an integral part of the financial statements.

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
LIABILITIES				
Accounts payable	$ 514,094	$ 81,649	$ 595,743	$ 26,198
Accrued liabilities	819,848	37,730	857,578	-
Accrued interest payable	69,543	2,185	71,728	237,031
Payables to fiduciary funds	114,192	-	114,192	-
Unearned revenue	1,233,035	95,041	1,328,076	-
Non-current liabilities:				
Due within one year:				
Compensated absences	162,313	13,338	175,651	-
Capital leases payable	166,742	145,214	311,956	-
Bonds payable	3,109,795	-	3,109,795	270,000
Due in more than one year:				
Other post employment benefits	1,526,812	91,157	1,617,969	-
Net pension liability	2,646,046	226,344	2,872,390	
Compensated absences	108,208	8,892	117,100	-
Capital leases payable	414,832	270,665	685,497	-
Bonds payable	32,619,985	-	32,619,985	7,315,000
Total liabilities	43,505,445	972,215	44,477,660	7,848,229
DEFERRED INFLOWS OF RESOURCES				
Net difference between projected and actual earnings on plan investments	589,828	50,454	640,282	-
Total deferred inflows of resources	589,828	50,454	640,282	-
NET POSITION				
Net investment in capital assets	61,391,398	720,777	62,112,175	(3,498,759)
Restricted for:				
Capital projects	817,721	-	817,721	-
Debt service	2,057,788	-	2,057,788	295,573
Other purposes	1,238,546	-	1,238,546	-
Unrestricted	17,197,567	11,647	17,209,214	77,226
Total net position	82,703,020	732,424	83,435,444	(3,125,960)
Total liabilities, deferred inflows of resources, and net position	$ 126,798,293	$ 1,755,093	$ 128,553,386	$ 4,722,269

CITY OF DAPHNE, ALABAMA

Statement of Activities
For the Year Ended September 30, 2015

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 4,095,602	$ 4,582,032	$ 6,500	$ -
Public safety	10,540,355	1,621,665	31,066	-
Public works	8,958,122	234,174	2,500	1,476,427
Library and recreation	2,682,066	107,612	171,547	86,760
Interest and costs on long term debt	1,908,810	-	-	-
Total governmental activities	28,184,955	6,545,483	211,613	1,563,187
Business-type activities:				
Solid Waste	2,075,134	1,329,308	36,287	-
Civic Center	504,049	209,924	-	-
Bay Front Park	209,983	67,727	-	-
Total business-type activities	2,789,166	1,606,959	36,287	-
Total primary government	$ 30,974,121	$ 8,152,442	$ 247,900	$ 1,563,187
Component unit:				
Renaissance Improvement District	$ 973,973	$ 672,819	$ 177,950	$ -

General revenues and transfers:
Sales, use, and luxury taxes
Ad valorem taxes
Investment and interest earnings
Miscellaneous revenue
Loss on disposition of assets
Transfer - capital contribution
Transfers
Total general revenues and transfers

Change in net position
Net position, beginning of year
Prior period adjustments
Net position, end of year

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit
$ 492,930	$ -	$ 492,930	
(8,887,624)	-	(8,887,624)	
(7,245,021)	-	(7,245,021)	
(2,316,147)	-	(2,316,147)	
(1,908,810)	-	(1,908,810)	
(19,864,672)	-	(19,864,672)	
-	(709,539)	(709,539)	
-	(294,125)	(294,125)	
-	(142,256)	(142,256)	
-	(1,145,920)	(1,145,920)	
(19,864,672)	(1,145,920)	(21,010,592)	
			$ (123,204)
17,175,134	-	17,175,134	-
5,219,736	-	5,219,736	-
213,194	-	213,194	-
41,014	-	41,014	-
(78,360)	722	(77,638)	-
(384,024)	384,024	-	-
(1,145,198)	1,145,198	-	-
21,041,496	1,529,944	22,571,440	-
1,176,824	384,024	1,560,848	(123,204)
84,358,635	590,688	84,949,323	(3,002,756)
(2,832,439)	(242,288)	(3,074,727)	-
$ 82,703,020	$ 732,424	$ 83,435,444	$ (3,125,960)

CITY OF DAPHNE, ALABAMA

Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	Debt Service Fund	Non Major Storms Fund
ASSETS			
Cash, equity in pooled cash	$ 4,193,631	$ 2,057,788	$ -
Investments	5,268,840	-	-
Taxes receivable	6,067,479	-	-
Grants receivable	90,940	-	859,877
Other receivables	33,435	-	-
Due from other funds	859,877	-	-
Receivables from fiduciary funds	26,354	-	-
Inventories	326,679	-	-
Other assets	86,705	-	-
Total assets	16,953,940	2,057,788	859,877
LIABILITIES			
Accounts payable	348,229	-	35,784
Accrued liabilities	818,721	-	-
Due to other funds	-	-	859,877
Payables to fiduciary funds	114,192	-	-
Unearned revenue	1,000	-	-
Total liabilities	1,282,142	-	895,661
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - grant revenue	50,371	-	650,109
Deferred revenue - property taxes	4,040,569	-	-
Total deferred inflows of resources	4,090,940	-	650,109
FUND BALANCES			
Nonspendable	413,384	-	-
Restricted	-	2,057,788	-
Committed	-	-	-
Assigned	200,121	-	-
Unassigned	10,967,353	-	(685,893)
Total fund balances	11,580,858	2,057,788	(685,893)
Total liabilities, deferred inflow of resources, and fund balances	$ 16,953,940	$ 2,057,788	$ 859,877

The accompanying notes are an integral part of the financial statements.

Lodging Tax Fund	Other Governmental Funds	Total Governmental Funds
$ 2,802,128	$ 3,510,358	$ 12,563,905
-	-	5,268,840
84,931	11,858	6,164,268
6,760	609,884	1,567,461
-	805,267	838,702
-	-	859,877
-	352,715	379,069
-	-	326,679
-	-	86,705
2,893,819	5,290,082	28,055,506
48,892	81,189	514,094
-	1,127	819,848
-	-	859,877
-	-	114,192
-	1,232,035	1,233,035
48,892	1,314,351	3,541,046
6,760	221,883	929,123
-	-	4,040,569
6,760	221,883	4,969,692
-	-	413,384
-	2,056,267	4,114,055
2,838,167	16,666	2,854,833
-	1,680,915	1,881,036
-	-	10,281,460
2,838,167	3,753,848	19,544,768
$ 2,893,819	$ 5,290,082	$ 28,055,506

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CITY OF DAPHNE, ALABAMA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2015

Total fund balances, governmental funds		$ 19,544,768
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds financial statement, but are reported in the governmental activities of the statement of net position.		
Governmental capital assets	194,757,283	
Less: accumulated depreciation	(96,746,247)	98,011,036
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Employment retirement contributions	580,530	
Deferred amount on refunding, net of amortization	1,011,098	1,591,628
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds and warrants payable	(36,038,064)	
Bond discount	308,284	
Obligations under capital leases	(581,574)	
Compensated absences	(270,521)	
Accrued interest	(69,543)	(36,651,418)
Other post employment benefits are not due and payable in the current period, and, therefore are not reported in the fund financial statement.		
Other post employment benefits	(1,526,812)	
Net pension liability	(2,646,046)	
Deferred inflow of resources	(589,828)	(4,762,686)
Revenues will be collected after year-end, but are not available soon enough to pay for current period expenditures and, therefore, are deferred in the fund financial statement.		
Property taxes	4,040,569	
Grant revenue	929,123	4,969,692
Net position of governmental activities in the statement of net position		$ 82,703,020

The accompanying notes are an integral part of the financial statements.

CITY OF DAPHNE, ALABAMA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2015

	General Fund	Debt Service Fund	Non Major Storms Fund
REVENUES			
Taxes:			
Sales, use, luxury	$ 14,683,837	$ 781,631	$ -
Property	4,499,713	-	-
Total taxes	19,183,550	781,631	-
Licenses and permits	2,654,101	-	-
Payments in lieu of taxes	2,502,967	-	-
Fines	366,045	-	-
Charges for services	343,525	-	-
Intergovernmental	271,556	-	209,768
Grants	164,801	-	198,099
Special assessments	-	-	-
Interest/investment earnings	211,928	144	-
Contributions and donations	321,918	-	-
Miscellaneous	50,969	-	-
Total revenues	26,071,360	781,775	407,867
EXPENDITURES			
Current:			
General government	3,410,801	-	-
Public safety	9,599,095	-	-
Public works	3,838,102	-	797
Recreation and library	1,773,455	-	-
Capital outlay	1,507,216	-	1,650,454
Debt service:			
Principal	-	4,562,582	-
Interest	-	1,600,130	-
Cost of debt issuance	-	124,738	-
Total expenditures	20,128,669	6,287,450	1,651,251
Excess (deficiency) of revenues over (under) expenditures	5,942,691	(5,505,675)	(1,243,384)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	3,271,190	1,029,311
Transfers out	(5,321,830)	(782,108)	-
Issuance of debt	481,289	10,000,000	-
Discount on warrants	-	(16,768)	-
Payment to refunded bond escrow agent	-	(7,034,096)	-
Total other financing sources (uses)	(4,840,541)	5,438,218	1,029,311
Net change in fund balances	1,102,150	(67,457)	(214,073)
Fund balances, beginning	10,141,607	2,125,245	(471,820)
Prior period adjustment	337,101	-	-
Fund balances, ending	$ 11,580,858	$ 2,057,788	$ (685,893)

The accompanying notes are an integral part of the financial statements.

Lodging Tax Fund	Other Governmental Funds	Total Governmental Funds
$ 1,136,521	$ 301,588	$ 16,903,577
-	-	4,499,713
1,136,521	301,588	21,403,290
-	-	2,654,101
-	-	2,502,967
-	500,756	866,801
-	15,261	358,786
-	220,184	701,508
80,962	240,930	684,792
-	162,828	162,828
-	1,122	213,194
-	19,509	341,427
-	-	50,969
1,217,483	1,462,178	29,940,663
202,209	202,601	3,815,611
-	138,162	9,737,257
-	88,557	3,927,456
72,880	111,628	1,957,963
134,073	1,176,275	4,468,018
-	-	4,562,582
-	-	1,600,130
-	-	124,738
409,162	1,717,223	30,193,755
808,321	(255,045)	(253,092)
-	1,298,942	5,599,443
(151,628)	(489,075)	(6,744,641)
-	-	10,481,289
-	-	(16,768)
-	-	(7,034,096)
(151,628)	809,867	2,285,227
656,693	554,822	2,032,135
2,181,474	3,199,026	17,175,532
-	-	337,101
$ 2,838,167	$ 3,753,848	$ 19,544,768

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CITY OF DAPHNE, ALABAMA

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2015

Net change in fund balances, total governmental funds		$ 2,032,135
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	4,468,018	
Contributions of capital assets	91,404	
Transfer of capital assets to proprietary funds	(384,024)	
Less current year depreciation	(6,765,192)	(2,589,794)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements.		
Property taxes	720,023	
Grant revenue	227,225	947,248
In the statement of activities, only the gain or loss on the disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.	(88,318)	(88,318)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other post employment benefits	(316,341)	
Amortization of discount	(92,776)	
Amortization deferred amount on refunding	(102,767)	
Change in net pension liability and deferred inflows of resources	(403,431)	
Change in compensated absences	66,580	
Change in accrued interest	11,601	(837,134)
Some expenditures reported in governmental funds are to be paid on a long-term basis and therefore are not reported as expenses in the statement of activities.		
Change in deferred outflows - employer retirement contributions	580,530	580,530
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Bond and lease proceeds	(10,481,289)	
Bond discount	16,768	
Payment to refunded bond escrow agent	7,034,096	
Principal and other debt service payments	4,562,582	1,132,157
Change in net position of governmental activities		$ 1,176,824

The accompanying notes are an integral part of the financial statements.

CITY OF DAPHNE, ALABAMA

Statement of Net Position
Proprietary Funds
September 30, 2015

	Solid Waste	Non Major Funds	Total
ASSETS			
Current assets:			
Cash, equity in pooled cash	$ 346,004	$ 75,687	$ 421,691
Due from Utility Board	110,801	-	110,801
Grant receivable	36,287	-	36,287
Total current assets	493,092	75,687	568,779
Noncurrent assets:			
Capital assets:			
Roads	135,102	-	135,102
Facilities	241,199	174,254	415,453
Vehicles	2,329,121	15,047	2,344,168
Rental equipment and supplies	-	26,388	26,388
Equipment and office furniture	88,787	187,453	276,240
Total capital assets	2,794,209	403,142	3,197,351
Less: accumulated depreciation	(1,768,996)	(291,699)	(2,060,695)
Total noncurrent assets	1,025,213	111,443	1,136,656
Total assets	1,518,305	187,130	1,705,435
DEFERRED OUTFLOWS OF RESOURCES			
Employer retirement contributions	35,920	13,738	49,658
Total deferred outflows of resources	35,920	13,738	49,658
Total assets and deferred outflows of resources	$ 1,554,225	$ 200,868	$ 1,755,093

The accompanying notes are an integral part of the financial statements.

	Solid Waste	Non Major Funds	Total
LIABILITIES			
Current liabilities:			
Accounts payable	$ 66,480	$ 15,169	$ 81,649
Accrued liabilities	26,807	10,923	37,730
Interest payable	2,185	-	2,185
Unearned revenue	-	95,041	95,041
Capital lease payable - current	145,214	-	145,214
Total current liabilities	240,686	121,133	361,819
Noncurrent liabilities:			
Capital lease payable - noncurrent	270,665	-	270,665
Net pension liability	163,726	62,618	226,344
Compensated absences	15,467	6,763	22,230
Post employment benefits	61,612	29,545	91,157
Total noncurrent liabilities	511,470	98,926	610,396
Total liabilities	752,156	220,059	972,215
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual earnings on plan investments	36,496	13,958	50,454
Total deferred inflows of resources	36,496	13,958	50,454
NET POSITION			
Net investment in capital assets	609,334	111,443	720,777
Unrestricted net position	156,239	(144,592)	11,647
Total net position	765,573	(33,149)	732,424
Total liabilities, deferred inflows of resources, and net position	$ 1,554,225	$ 200,868	$ 1,755,093

CITY OF DAPHNE, ALABAMA

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2015

	Solid Waste	Non Major Funds	Total
Operating revenues:			
Charges for services	$ 1,329,308	$ 226,406	$ 1,555,714
Community events	-	22,555	22,555
Other revenues	-	28,690	28,690
Total operating revenues	1,329,308	277,651	1,606,959
Operating expenses:			
Wages	559,630	234,549	794,179
Overtime	50,463	2,631	53,094
Payroll related	70,023	27,075	97,098
Other personnel expense	161,457	41,887	203,344
Other post employment benefits	18,921	7,628	26,549
Total personnel services	860,494	313,770	1,174,264
Advertising	9,452	5,375	14,827
Community programs	-	15,463	15,463
Employee supplies and uniforms	10,850	622	11,472
Employee support	4,504	1,358	5,862
Equipment purchases, rentals, lease	48,359	9,749	58,108
Fuel	110,383	2,311	112,694
Garbage and recycle containers	80,394	-	80,394
Garbage and debris removal	-	3,854	3,854
Insurance	44,921	50,013	94,934
Landfill fees	289,183	-	289,183
Maintenance	194,276	83,657	277,933
Supplies	126	14,318	14,444
Other services	13,523	29,850	43,373
Professional services	68,310	4,750	73,060
Trustee assignments	-	15,514	15,514
Utilities	4,793	150,810	155,603
Depreciation	328,985	12,618	341,603
Total operating expenses	2,068,553	714,032	2,782,585
Operating loss	(739,245)	(436,381)	(1,175,626)
Non-operating revenues (expenses):			
Transfers from general fund	708,817	436,381	1,145,198
Grants	36,287	-	36,287
Gain on sale of assets	722	-	722
Interest expense	(6,581)	-	(6,581)
Total non-operating revenues (expenses)	739,245	436,381	1,175,626
Capital contributions- general fund	384,024	-	384,024
Change in net position	384,024	-	384,024
Total net position, beginning	556,808	33,880	590,688
Prior period adjustment	(175,259)	(67,029)	(242,288)
Total net position, ending	$ 765,573	$ (33,149)	$ 732,424

The accompanying notes are an integral part of the financial statements.

CITY OF DAPHNE, ALABAMA

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2015

	Solid Waste	Non Major Funds	Total
Cash flows from operating activities:			
Receipts from customers	$ 1,325,705	$ 308,390	$ 1,634,095
Payments to suppliers	(865,556)	(388,904)	(1,254,460)
Payments to employees	(842,048)	(311,036)	(1,153,084)
Net cash used in operating activities	(381,899)	(391,550)	(773,449)
Cash flows from capital and related financing activities:			
Capital grants	37,000	-	37,000
Principal paid on capital debt	(213,920)	-	(213,920)
Interest paid on capital debt	(5,199)	-	(5,199)
Contributions from general fund	708,817	436,381	1,145,198
Purchases of capital assets	(773)	(16,834)	(17,607)
Proceeds from sale of capital assets	722	-	722
Net cash provided by capital and financing activities	526,647	419,547	946,194
Net increase in cash and cash equivalents	144,748	27,997	172,745
Equity in pooled cash, beginning	201,256	47,690	248,946
Equity in pooled cash, ending	$ 346,004	$ 75,687	$ 421,691
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	$ (739,245)	$ (436,381)	$ (1,175,626)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	328,985	12,618	341,603
Change in assets and liabilities:			
Receivables	(3,603)	731	(2,872)
Deferred outflows of resources	153	58	211
Accounts payable	13,518	(1,260)	12,258
Accrued expenses	8,999	2,143	11,142
Unearned revenue	-	30,008	30,008
Compensated absences	1,483	(2,846)	(1,363)
Deferred inflows of resources	36,496	13,958	50,454
Net pension liability	(47,606)	(18,207)	(65,813)
Post employment benefits	18,921	7,628	26,549
Net cash used in operating activities	$ (381,899)	$ (391,550)	$ (773,449)
Non cash investing and financing activities:			
Purchase of capital assets from initiation of capital lease	$ 384,005	$ -	$ 384,005
Transfer of NBV of capital assets from general fund	$ 384,024	$ -	$ 384,024

The accompanying notes are an integral part of the financial statements.

CITY OF DAPHNE, ALABAMA

Statement of Assets and Liabilities
Agency Funds
September 30, 2015

ASSETS		
Cash	$	457,960
Due from other funds		114,192
Other receivables		5,072
Total assets	$	577,224
LIABILITIES		
Accounts payable	$	25,312
Due to agencies		33,353
Due to other funds		379,069
Bond deposits		41,607
Total liabilities	$	479,341
NET POSITION		
Reserve for claims	$	97,883

The accompanying notes are an integral part of the financial statements.

CITY OF DAPHNE, ALABAMA

Notes to Financial Statements
September 30, 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Daphne, Alabama (the City) have been prepared in accordance 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 GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

A. Reporting Entity

The City of Daphne, Alabama was founded in 1927 under provisions of the State of Alabama. The City is located in Baldwin County on the eastern shore of Mobile Bay. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture, recreation, public improvements, planning, zoning, and general administrative services.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and, (c) other organizations for which the nature and significance of their relationship and the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating the City as a reporting entity, management has addressed all component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. The City is financially accountable for the organizations that make up its legal entity if its officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is potential for the organization to provide specific financial burdens on the primary government.

The financial statements are formatted to allow the reader to distinguish between the primary government and it's discretely presented component unit.

1. Discretely Presented Component Unit:

Renaissance Cooperative/Improvement District

Although this entity is legally separate and the City does not appoint a voting majority of the board, it would be misleading to exclude it from discrete presentation as a component unit because of the financial relationship with the City. The Economic Development Agreement approved by Resolution 2007-83 pledges a percentage of certain taxes collected by the City in the Cooperative District to be remitted monthly from the City to the District. Such arrangement qualifies as tax-increment financing. Such incremental taxes are recognized as revenue in the City's financial statements and are offset by an expense allocation to Cooperative District. The debt to be retired with the incremental taxes totals $7,585,000 and will mature in 2038. More detailed information on this component unit is available at: Wrathell, Hart, Hunt & Associates, 2300 Glades Road Suite 410W, Boca Raton, Florida 33431.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Related Organizations

The City's officials are responsible for appointing the members of the board of other organizations, but the City's accountability for these organizations do not extend beyond making the appointments. The following organizations are related organizations that are excluded from the reporting entity:

- Utilities Board of the City of Daphne
- Industrial Development Board
- Downtown Redevelopment Authority
- Library Board
- Planning Commission

B. Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statement) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (police, fire, public works, recreation, etc.) which are otherwise being supported by general government revenues (sales and use taxes, property taxes, payments in lieu of taxes, business licenses, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. The program revenues must be directly associated with the function or business-type activity. Program revenues include charges for services, fees, and fines and forfeitures. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The remaining net expenses (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City's fiduciary funds are presented in the fund financial statements by type (all are agency). Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide statements.

C. Basis of Presentation

The financial transactions of the City are recorded in individual funds. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

1. Governmental Funds

The measurement focus of the governmental funds (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal and interest. All debt repayment transactions of the City flow through this fund.

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

Capital Projects Fund – The Capital Projects Funds are used to account for financial resources to be used for the acquisition/construction of capital facilities and infrastructure (other than those financed by proprietary funds and trust funds).

2. Proprietary Funds

The proprietary funds account for activities for which a fee is charged to external users for goods and services. The focus of proprietary fund measurement is on determination of operating income, changes in net fund assets, financial position, and cash flows, which is similar to businesses. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for all of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds

Fiduciary funds are used to report assets held by the City as trustee or agent for individuals, other governments and/or other funds. These assets are held in a trust capacity for the various associates and cannot be used to support the City's programs. These funds include Municipal Court Fund, Short-Term Disability Fund, Self-Insurance Fund, Flexible Spending Account Fund, and Confiscated Fund.

4. Major Funds

GASB Statement No.34*, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining statements section.

The City reports the following major governmental funds:

- The General Fund (See note above).
- The Debt Service Fund (See note above).
- The Non Major Storms Fund – This fund is used to track related costs incurred during storm events that are to be reimbursed by the Federal Emergency Management Agency (FEMA).
- The Lodging Tax Fund – This fund represents a special tax levied by the City with proceeds used to support the maintenance and acquisition of Bayfront property; to support the acquisition of recreation capital equipment, grounds, and facilities; and to provide contributions to the Industrial Development Board and the Downtown Redevelopment Authority.

The City reports the following major proprietary fund:

- The Solid Waste Fund - This fund is associated with the City's self-collection of refuse and recycling materials.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues, expenditures, expenses, and transfers (and assets, deferred outflows of resources, liabilities, and deferred inflows of resources) are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-wide financial statements and the Proprietary and Fiduciary fund financial statements are presented on an accrual basis of accounting. The Governmental Funds in the fund financial statement are presented on a modified accrual basis.

1. Accrual Basis:

Revenues are recognized when earned and expenses are recognized when incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Modified Accrual Basis:

Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual; i.e. both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City defines the length of time used for “available” (for purposes of revenue recognition in the governmental fund financial statements), to be 30-60 days. The major revenue source that is susceptible to the 60 day accrual period is property taxes. The revenues collected in October and November are considered to be revenues that pay for liabilities as of September 30. Sales and use taxes, lodging taxes, and certain intergovernmental revenues are subject to a 30 day accrual as those collections made in October are paid by businesses for September’s actual sales. Each year’s budget and actual financial statements include revenues collected over a twelve month period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, with an exception, which is in conformity with accounting principles generally accepted in the United States of America: general long-term obligation principal and interest is reported when due.

E. Assets, Liabilities, and Fund Equity

1. Cash and Cash Equivalents

The City’s cash includes cash on hand and demand deposits. At September 30, 2015, all bank balances were entirely insured and/or collateralized and/or guaranteed by the full faith and credit of the United States government. All financial institutions holding the City’s funds (deemed public funds), are members of the Security for Alabama Funds Enhancement (SAFE) pool established in the office of the State Treasurer. This plan became effective January 1, 2001.

The City’s cash management pool is treated as a cash equivalent for financial reporting purposes because each individual fund can deposit additional cash or make withdrawals (at any time) without prior notice or penalty.

2. Investments

State statutes authorize the City to invest in deposit accounts and certificate of deposits with banks, in direct obligations of the United States Treasury Department, and obligations of certain other federal agencies.

All investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities and/or money market accounts traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The unrealized gain or loss in investments is reflected in investment income.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Accounts Receivable

Accounts receivable are recorded in the governmental, business-type, and component unit funds, and are reflected net of an allowance for doubtful accounts. As of September 30, 2015, all accounts receivable were considered fully collectible, therefore no allowance was recorded.

4. Due From/Due to Other Funds

Accounts receivable from, or payable to, other funds are reflected in the accounts of the fund until liquidated, usually with one year. Any residual balances outstanding between the governmental activities and business type activities are reported in the government-wide financial statements as "internal balances."

5. Inventories and Prepaid Items

Inventory held consists of vehicle fuel and repair parts for all City equipment and vehicles. A physical inventory system is in place that establishes a base inventory level of mechanical department parts and supplies in addition to the fuel inventory. Inventories are recorded as an asset in the General Fund, and the cost of inventories is recorded as expenditure at the time used. Inventories are valued using the average cost method. Appropriate adjustments have been recorded for obsolete and surplus items.

Certain payments to vendors for services that will benefit periods beyond September 30, 2015 are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. Restricted Assets

The City is obligated by various sources to restrict the availability of certain assets. Specifically, assets are restricted from external sources such as creditors, grantors, contributors, or laws or regulations of other governments. Assets are also subject to restriction through constitutional law provisions or enabling legislation. City net position is restricted for debt service, capital projects, and certain funds that are restricted by state law.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The City's policy defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight-line method over the estimated useful lives. The range of estimated useful lives by type of asset is as follows:

Buildings	25 to 50 years
Other improvements	5 to 25 years
Infrastructure (drainage, streets, bridges, sidewalks and docking)	20 to 30 years
Infrastructure (utilities and landscaping)	5 to 20 years
Machinery and equipment	3 to 10 years
Automotive equipment	5 to 10 years
Office equipment	3 to 10 years

8. Bond Discounts, Bond Premiums, and Issuance Costs

In the governmental funds, bond discounts and bond premiums are treated as period costs in the year of issue. Bond discounts are shown as an “Other Financing Source/Use”.

In the proprietary funds (and for the governmental activities, in the government-wide statements) bond discounts and bond premiums are amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest rate method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the face amount of the revenue bonds payable.

Issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred.

9. Deferred Outflows of Resources from Current Refunding or Advance Refunding of Debt

In the proprietary funds (and for the governmental activities, in the government-wide statements) the difference between the reacquisition price (new debt) and the carrying value of the old debt on refunded debt transactions is recorded as a deferred outflow of resources and amortized over the shorter of the remaining life of the old debt or the life of the new debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Unearned revenue

In the governmental funds, certain revenue transactions have been reported as unearned revenue. Revenue cannot be recognized until it has been earned and is available to finance expenditures of the current fiscal period. Revenue that is earned but not available is reported as a deferred inflow of resources until such time as the revenue becomes available.

In the proprietary funds (and for the governmental activities in the government-wide statements), deferred revenue is reported regardless of its availability.

11. Compensated Absences

City employees are entitled to accumulate earned but unused vacation and sick pay benefits. The City vacation policy is such that a maximum amount, (generally 80 hours, or in the case of firefighters, not to exceed 108 hours) of time accrued may be carried forward if unused during the current year. There is no limit on sick leave carried forward, but employees are not entitled to be paid for accumulated sick pay benefits upon termination.

For proprietary funds and the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability. Expenditures are recognized in the governmental funds when payments are made to employees.

12. Interfund Transactions

During the course of normal operations the City has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. Loans are reported as receivables or payables as appropriate. The accompanying financial statements reflect all other such transactions as transfers.

13. Fund Balance

The City has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* includes amounts that are not in spendable form (such as inventory or prepaid assets) or are required to be maintained intact.
- *Restricted Fund Balance* includes those funds limited to restrictions by creditors, grantors, laws, and regulations of other governments.
- *Committed Fund Balance* includes those funds where the City, at its highest level of decision-making authority (City Council), takes formal action to place constraints on the use of its own resources. To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution, which are equally binding. This is typically done through adoption and amendment of the budget.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Assigned Fund Balance* includes those funds reserved for intended use by those purchase orders or designation of encumbrances which are not already included in restricted or committed fund balances. The City Council has in place a long-standing policy of delegating the authority for assigned fund balances to the Finance Department.
- *Unassigned Fund Balance* is the remaining amount available for appropriation within the General Fund which has not been classified with in the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if the nonspendable amount exceeds amounts restricted, committed, or assigned for those specific purposes.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has an informal minimum fund balance policy. The General Fund Unassigned Fund Balance should maintain a minimum balance within the range of 3 to 4 months of operating revenues and this minimum balance may only be appropriated for capital projects and equipment.

14. Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is displayed as three components:

- *Net investment in capital assets* represents capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* consists of net position with constraints placed on their use by external groups such as creditors, grantors, contributors, or laws or regulations of other governments.
- *Unrestricted net position* represents the net position available for future operations.

F. Revenues, Expenditures, and Expenses

Substantially all governmental fund revenues (including sales taxes, franchise fees, and licenses) are accrued. In addition, revenue from Federal and State reimbursement type grants for which eligibility requirements have been met have been accrued and recognized as revenues of the period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Operating revenues for proprietary operations generally result from providing services in connection with a proprietary fund's principal ongoing operation (e.g., solid waste collection and rentals). The principal operating revenue of the proprietary funds is receipts from customers. Operating expenses for these operations includes all costs related to providing the service. These costs include salaries, contractual services, depreciation, and administrative expenses. All other revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Expenditures are recognized when the related fund liability is incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Property Tax Revenue and Property Tax Calendar

Property taxes attach as an enforceable lien on property as of October 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 1 of the following year.

Government-wide financial statements: Property tax revenues are recognized when they are assessed (legal claim is enforced at this time). The City recognizes total estimated tax collections for the October 1 tax assessment that is collected starting in October of the following fiscal year.

Fund financial statements: Property tax revenues are recognized when they become available. Available includes those property tax receivables to be collected within sixty days after year-end.

Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

G. Budget Policy, Practice, Control and Basis

Formal budgetary accounting is employed as a management control for all funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance for the general, special revenue, debt service, and proprietary funds, and the same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principal basis. Budgets for certain capital project funds are made on a project basis, spanning more than one fiscal year.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel, operating, capital, transfers, and debt service. This constitutes the legal level of control. Budgeted amounts may be transferred among the line items within the department; however, expenditures may not exceed original appropriations at the department level. Budget revisions to increase total departmental appropriations require final review by the City Council.

The budgets for the operating funds and proprietary fund operations are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The budget and actual financial statements are reported on these bases. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

Encumbrance accounting is used for the General Fund, Special Revenue Funds, and Capital Projects Funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as an assignment of fund balance on the statement of net position. Encumbrances do not lapse at the close of the fiscal year but are carried forward as Assigned Fund Balance until liquidated.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Pensions

The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

I. Use of Estimates

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

J. Recently Issued Accounting Pronouncements

GASB Statement 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27* was issued to establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit pensions, the Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. The requirements of GASB 68 are effective for fiscal year 2015. The City implemented GASB 68 in fiscal year 2015. See disclosure in Note 18.

GASB Statement 69, *Government Combinations and Disposals of Government Operations* was issued to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations. The requirements of GASB 69 are effective for fiscal year 2015. The implementation of GASB 69 did not have a material impact on the City's financial statements.

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement 68* was issued to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of GASB 71 are required to be applied simultaneously with the provisions of GASB 68 (fiscal year 2015). The City implemented GASB 71 in fiscal year 2015. See disclosure in Note 18.

GASB Statement 72, *Fair Value Measurement and Application,* was issued to provide guidance for determining a fair value measurement for financial reporting purposes. The requirements of GASB 72 are effective for fiscal year 2016. The City is currently evaluating the impact that GASB 72 may have on its financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB 68* was issued to establish requirements for assets that are not within the scope of GASB Statement 68. The requirements of GASB 73 are effective for fiscal year 2016. The City is currently evaluating the impact that GASB 73 may have on its financial statements.

GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans (OPEB)* was issued to establish new accounting and financial reporting requirements for governments whose employees are provided with OPEB. The requirements of GASB 74 are effective for fiscal year 2017. The City is currently evaluating the impact that GASB 74 may have on its financial statements.

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension Plans* was issued to address new accounting and financial reporting for OPEB that is provided to the employees of state and local government employers. The requirements of GASB 75 are effective for fiscal year 2018. The City is currently evaluating the impact that GASB 75 may have on its financial statements.

GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* was issued to identify the hierarchy of generally accepted accounting principles. The requirements of GASB 76 are effective immediately and were applied retroactively resulting in no significant impact to the financial statements.

GASB Statement 77, *Tax Abatements Disclosures* was issued to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of GASB 77 are effective for fiscal year 2017. The City is currently evaluating the impact that GASB 77 may have on its financial statements.

NOTE 2 – CASH, EQUITY IN POOLED CASH AND CASH EQUIVALENTS

Cash balances available for investment by most City funds are maintained in pooled cash and investment accounts to improve investment opportunities. The equity in pooled cash balances in the accompanying combined balance sheet represents the undivided interest of each respective fund in pooled accounts.

Balances are collateralized with securities held by the Alabama State Treasury for Alabama Funds Enhancement (SAFE) Program. Each of the banks holding the City’s deposits is a certified participant in the SAFE program. Through the SAFE program, all public funds are protected in a collateral pool administered by the Alabama State Treasury. Included in cash is $106,035 that is held in an investment account. The Securities Investor Protection Corporation (SIPC) insures balances up to $500,000.

NOTE 2 – CASH, EQUITY IN POOLED CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents are reflected in the financial statements as follows:

	Equity in Pooled Funds	Non Pooled Funds	Total Cash and Cash Equivalents
Primary Government:			
Governmental activities:			
General operating fund	$ 4,086,296	$ 107,335	$ 4,193,631
Lodging tax fund	2,802,128	-	2,802,128
Debt service fund	-	2,057,788	2,057,788
Other non-major governmental funds	1,353,951	2,156,407	3,510,358
Total governmental activities	8,242,375	4,321,530	12,563,905
Business-type activities:			
Solid Waste fund	346,004	-	346,004
Civic Center fund	64,516	-	64,516
Bay Front Park fund	11,171	-	11,171
Total business-type activities	421,691	-	421,691
Total primary government	8,664,066	4,321,530	12,985,596
Component Unit:			
Renaissance District	-	19,084	19,084
Total reporting entity	$ 8,664,066	$ 4,340,614	$ 13,004,680

NOTE 3 – INVESTMENTS

The City's investment policies are governed by state statutes and local resolution. Allowable investment instruments include: bonds, notes, certificates of indebtedness, treasury bills, securities guaranteed by the full faith and credit of the United States of America, government backed intermediate term mutual funds, interest bearing savings accounts, interest bearing certificates of deposit, and interest bearing time deposits.

Investments at September 30, 2015 consist of the following:

Federal Home Loan Bonds and Pools	$ 926,924
United States Treasury Bonds and Notes	1,046,411
GNMA and FNMA Pools	1,889,511
Proprietary insured by US Government	1,374,931
Investment in AMIC	31,063
	$ 5,268,840

Interest Rate Risk – The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 4 - RECEIVABLES

Receivables at September 30, 2015, consist of the following:

Governmental activities:		
Property, sales/use tax receivable	$	6,164,268
Grant receivables		1,567,461
Other receivables		838,702
Total governmental activities receivables	$	8,570,431
Business-type activities:		
Due from other governments	$	110,801
Grant receivables		36,287
Other receivables		-
Total business-type activities receivables	$	147,088

NOTE 5 –INVENTORIES

Inventory valuation at September 30, 2015 consisted of the following:

Mechanical Shop parts and supplies	$	308,728
Vehicle Fuel		17,951
	$	326,679

NOTE 6 –CAPITAL ASSETS

Governmental Activities

The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2015:

	Balance 10/1/14	Additions	Reclass/ Transfers	Retirements	Balance 9/30/15
Capital assets not being depreciated:					
Land	$ 11,228,727	$ 329,368	$ -	$ -	$ 11,558,095
Construction in progress	2,095,728	1,492,649	(2,028,648)	-	1,559,729
Total capital assets not being depreciated	13,324,455	1,822,017	(2,028,648)	-	13,117,824
Capital assets being depreciated:					
Buildings	25,839,488	432,930	7,850	(133,430)	26,146,838
Other improvements	6,590,429	-	-	(162,856)	6,427,573
Machinery and equipment	12,348,695	751,306	(628,355)	(780,602)	11,691,044
Infrastructure	134,277,602	1,553,169	2,020,798	(477,565)	137,374,004
Total capital assets being depreciated	179,056,214	2,737,405	1,400,293	(1,554,453)	181,639,459
Less: accumulated depreciation					
Buildings	(6,805,994)	(634,917)	-	116,518	(7,324,393)
Other improvements	(2,699,549)	(469,178)	-	104,879	(3,063,848)
Machinery and equipment	(7,849,327)	(946,692)	244,331	778,546	(7,773,142)
Infrastructure	(74,336,651)	(4,714,405)	-	466,192	(78,584,864)
Total accumulated depreciation	(91,691,521)	(6,765,192)	244,331	1,466,135	(96,746,247)
Total capital assets being depreciated	87,364,693	(4,027,787)	1,644,624	(88,318)	84,893,212
Governmental activities capital assets, net	$ 100,689,148	$ (2,205,770)	$ (384,024)	$ (88,318)	$ 98,011,036

Depreciation was charged to governmental functions as follows:

General government	$ 263,053
Public safety	753,575
Public works	314,031
Parks and recreation	720,128
Infrastructure	4,714,405
	$ 6,765,192

NOTE 6 –CAPITAL ASSETS (Continued)

Business-type Activities

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2015:

	Balance 10/1/14	Additions	Reclass/ Transfers	Retirements	Balance 9/30/15
Capital assets being depreciated:					
Buildings	$ 415,453	$ -	$ -	$ -	$ 415,453
Machinery and equipment	1,858,734	401,613	628,355	(241,906)	2,646,796
Infrastructure	135,102	-	-	-	135,102
Total capital assets being depreciated	2,409,289	401,613	628,355	(241,906)	3,197,351
Less: accumulated depreciation					
Buildings	(282,675)	(20,967)	-	-	(303,642)
Machinery and equipment	(1,298,890)	(320,636)	(244,331)	241,906	(1,621,951)
Infrastructure	(135,102)	-	-	-	(135,102)
Total accumulated depreciation	(1,716,667)	(341,603)	(244,331)	241,906	(2,060,695)
Total capital assets being depreciated, net	$ 692,622	$ 60,010	$ 384,024	$ -	$ 1,136,656

Depreciation was charged to governmental functions as follows:

Solid Waste	$ 328,985
Civic Center	7,485
Bayfront	5,133
	$ 341,603

NOTE 7 –DUE TO/FROM OTHER FUNDS

As of September 30, 2015, Interfund receivables and payables that resulted from various interfund transactions are as follows:

	Due from other funds	Due to other funds
Governmental funds		
General fund	$ 886,231	$ 114,192
Non Major Storms fund	-	859,877
Non major special revenue funds	352,715	-
Fiduciary - agency funds	114,192	379,069
Totals	$ 1,353,138	$ 1,353,138

NOTE 8 – INTERFUND TRANSFERS

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financing sources (uses) in the Governmental Funds and as transfers in (out) in the Proprietary Funds. Following is a summary of interfund transfers for the year ended September 30, 2015.

	Transfers In	Transfers Out
General fund	$ -	$ 5,321,830
Non major storms fund	1,029,311	-
Lodging tax fund	-	151,628
Debt service fund	3,271,190	782,108
Non major special revenue funds	27,759	-
Non major capital projects funds	1,271,183	489,075
Enterprise funds	1,145,198	-
Totals	$ 6,744,641	$ 6,744,641

NOTE 9 – CAPITAL LEASES

As of September 30, 2015, the City of Daphne has several capital lease obligations through Hancock Bank for various vehicles and equipment. Total minimum lease payments are as follows:

	Governmental Activities	Business-Type Activities	Total
2016	$ 178,796	$ 153,229	$ 332,025
2017	178,796	80,669	259,465
2018	101,043	80,669	181,712
2019	101,043	80,669	181,712
2020 and thereafter	50,521	40,336	90,857
Total minimum lease payments	610,199	435,572	1,045,771
Less amount representing interest	(28,625)	(19,693)	(48,318)
Present value of minimum lease payments	$ 581,574	$ 415,879	$ 997,453

The assets acquired through outstanding capital leases are shown below.

	Governmental Activities	Business-Type Activities
Equipment	849,143	$ 852,998
Less: accumulated depreciation	(298,681)	(374,575)
	$ 550,462	$ 478,423

Depreciation expense for the year ended September 30, 2015 for assets under capital leases was $37,355 for governmental activities and $93,644 for business-type activities.

NOTE 10 – LONG TERM DEBT

The following is a description of general and limited obligation bonds/warrants at September 30, 2015:

$5,700,000 Limited Obligation Revenue Warrants, series 2002, dated April 1, 2001, with an interest rate equal to 9.75% payable monthly, and variable annual principal payments. (Infrastructure for the Jubilee Square development) See Note 11 for more detail.	$	3,823,064
$6,455,000 General Obligation Refunding Warrants, series 2003, dated May 29, 2003, with interest rates ranging from 1.1% to 4.0% payable semi-annually along with variable annual principal payments. Final maturity is August 1, 2018. (Refunded Series 1993 and 1995 General Obligation Warrants)		-
$18,630,000 General Obligation Refunding and Capital Improvement Warrants, series 2006, dated April 27, 2006, with interest rates ranging from 3.5% to 5.0% payable semi-annually along with variable annual principal payments. Final maturity is August 1, 2029. (Refunded 1999 and 1997 GO Warrants and financed City Hall, Library improvements, Recreation Sports Complex, and Highway 90 Sewer Projects; $6,600,000 refunded in 2015)		9,400,000
$2,035,000 General Obligation Refunding Warrants, series 2010, dated April 1, 2010, with interest rates ranging from 2.0% to 2.75% payable semi-annually along with variable annual principal payments. Final maturity is April 1, 2017. (Refunded 1997 GO Warrants)		715,000
$13,495,000 General Obligation Refunding and Capital Improvement Warrants, series 2012, dated April 1, 2012, with interest rates ranging from 2.0% to 4.0% payable semi-annually along with variable annual principal payments. Final maturity is February 1, 2036. (Refunded 2002 Warrants and 2006 Limited Obligation Warrants; new money of $3,008,000 for Resurfacing projects)		12,200,000
$10,000,000 General Obligation Refunding and Improvement Warrants, series 2014, dated November 8, 2014, with interest rates ranging from 2.0% to 2.9% payable semi-annually along with variable annual principal payments. Final maturity is April 1, 2039. (Fully paid 2003 Warrants and refunded 2006 General Obligation Warrants; new money of $780,000 for sewer projects)		9,900,000
Total bonds and warrants payable	$	36,038,064

NOTE 10 – LONG TERM DEBT (Continued)

The annual requirements to amortize warrants and notes payable, including interest are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2016	$ 3,109,795	$ 1,353,702	$ 4,463,497
2017	3,220,812	1,241,336	4,462,148
2018	2,631,605	1,252,865	3,884,470
2019	2,783,323	1,104,109	3,887,432
2020	2,163,623	874,784	3,038,407
2021-2025	9,833,906	2,982,136	12,816,042
2026-2030	8,370,000	1,419,751	9,789,751
2031-2035	3,260,000	449,600	3,709,600
2036-2040	665,000	13,300	678,300
	$ 36,038,064	$ 10,691,583	$ 46,729,647

The following is a summary of the changes in non-current liabilities reported in the governmental activities section of the Statement of Net Position for the year ended September 30, 2015:

	Balance 10/1/14	Additions	Reductions	Balance 9/30/15	Due Within One Year
Bonds and warrants payable	$ 37,007,733	$ 10,000,000	$ (10,969,669)	$ 36,038,064	$ 3,109,795
Less: Bond discounts	(384,292)	(16,768)	92,776	(308,284)	-
Bonds and warrants payable, net	36,623,441	9,983,232	(10,876,893)	35,729,780	3,109,795
Obligations under capital lease	293,198	481,289	(192,913)	581,574	166,742
Compensated absences	337,101	487,711	(554,291)	270,521	162,313
Net pension liability	3,415,424	-	(769,378)	2,646,046	-
Other post-employment benefits	1,210,475	316,341	-	1,526,816	-
Total	$ 41,879,639	$ 11,268,573	$ (12,393,475)	$ 40,754,737	$ 3,438,850

NOTE 10 – LONG TERM DEBT (Continued)

The following is a summary of the changes in non-current liabilities reported in the business-type activities section of the Statement of Net Position for the year ended September 30, 2015:

	Balance 10/1/14	Additions	Reductions	Balance 9/30/15	Due Within One Year
Obligations under capital lease	$ 245,794	$ 384,010	$ (213,925)	$ 415,879	$ 145,214
Compensated absences	23,593	63,066	(64,429)	22,230	13,338
Net pension liability	292,157	-	(65,813)	226,344	-
Other post-employment benefits	64,608	26,549	-	91,157	-
	$ 626,152	$ 473,625	$ (344,167)	$ 755,610	$ 158,552

NOTE 11 – CONDUIT DEBT OBLIGATION: JUBILEE SQUARE

In July 2000, the City Council approved a resolution to enter into a Development Agreement with AIG Baker Development, LLC to acquire property and develop a shopping center in Daphne, Alabama. In November 2000 a new City Council affirmed the vote to enter into this Development Agreement. The Development Agreement required the City to provide financing, in the form of a warrant, in the amount of $5,700,000. The warrant does not constitute a general obligation of the City and the interest and principal payable with respect to the warrant shall be payable only to the extent of the debt service limit, as defined by the Development Agreement which is a percentage of the sales tax revenues generated from the project once the project is completed. The debt service limit is calculated as follows: 1) Determination of the net Jubilee Square sales tax collections by subtracting the 1999 pledged tax from the total collections and 2) multiplying such net collections by 75%.

The Financing Agreement meets the definition of a conduit debt obligation, also referred to as a non-commitment debt, which is a limited obligation revenue bond or similar instrument (warrant) issued by a governmental unit (City of Daphne) to provide capital financing for a third party (AIG Baker) that is not part of the governmental reporting entity. Debt proceeds are typically used to finance a specific development within the governmental unit's jurisdiction. The governmental unit generally has no obligation for the debt beyond the resources and/or revenues received from the third party and/or the development.

The Jubilee Square Mall facility was completed in late 2001. The revenue calculations for fiscal 2015 include a distribution to the City's General Fund in the amount of $260,544 and $781,632 in debt service payments on the 2002 Limited Obligation Warrant Conduit Debt Obligation. The fiscal 2015 principal balance of the limited debt obligation was $3,823,063. As the debt service paid is subject to the terms of the Development Agreement, the Fiscal 2015 principal and interest payments were approximately 33 months in arrears at year-end. As the City's liability for the payment of the warrant is solely from the proceeds of the sales tax revenues from the development, this arrearage has no negative financial impact to the City. The only impact is that the debt can be extended from the original 20 year pay-back period up to a 25 year pay-back period. At the end of 25 years, the debt goes away whether or not it is paid in full.

NOTE 12 – CURRENT AND ADVANCE REFUNDING OF DEBT

In November 2014, the City issued the 2014 General Obligation Refunding and Improvement Warrants in the amount of $10,000,000. Of this amount, $2,042,000 was for the redemption and payment of the Series 2003 General Obligation Refunding Warrants. An additional amount, $7,034,000, was for the partial advance refunding of the 2006 General Obligation Refunding and Capital Improvement Warrants. The net proceeds of the refunding were used for the purchase of direct general obligations of the United States of America, State and Local Government Series. The securities were deposited into irrevocable trusts to provide for the redemption and payment of the 2006 Warrants. The warrants were refunded at a discount of $16,768.

The savings from the decrease in debt payments of $782,000 was used to borrow additional money and deposited into the 2014 Capital Improvement Fund to be used for future sewer projects. Therefore, there was no overall reduction in debt payments. The estimated economic gain (difference between the present values of the debt service payment on the old and new debt) totaled $832,553, according to bond valuation advisors.

NOTE 13 – DEFEASANCE OF PRIOR DEBT

The City has defeased certain outstanding warrants by placing the new warrants in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust accounts and the defeased debt are not included in the City's financial statements. At September 30, 2015, there was $6,888,304 of debt considered to be defeased.

NOTE 14 – CONSTRUCTION COMMITTMENTS

During the current fiscal year, the City continued its commitment to fund city-wide resurfacing projects. Some of these projects are funded on a pay-as-you-go basis with the source of funds being the unreserved balance of the General Fund and the Capital Reserve Fund. At September 30, 2015, the City had no significant commitments for uncompleted paving projects.

At September 30, 2015, the City has committed $1.3 million dollars for sewer projects to expand sewer service to all citizens within in the City.

NOTE 15 – NON-MONETARY TRANSACTIONS

During the current fiscal year, non-monetary transactions totaled $397,404. This is principally composed of land, street and drainage acceptances along Ray's Lane in the amount of $91,404 and several land and equipment donations of $306,000.

NOTE 16 – ENCUMBRANCE COMMITMENTS

Encumbrances outstanding at year end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. All governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end.

At September 30, 2015, the City has encumbrance commitments in the General Fund in the amount of $200,121. No other governmental funds had outstanding encumbrance commitments at year end.

NOTE 17 – FUND BALANCE

A schedule of City fund balances at September 30, 2015 is provided below:

	General Fund	Debt Service	Non Major Storms	Lodging Tax	Non Major Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Inventory	$ 326,679	$ -	$ -	$ -	$ -	$ 326,679
Prepaid Items	86,705	-	-	-	-	86,705
Subtotal	413,384	-	-	-	-	413,384
Restricted for:						
Debt service	-	2,057,788	-	-	-	2,057,788
Streets and drainage	-	-	-	-	658,950	658,950
Law enforcement	-	-	-	-	265,810	265,810
Court and corrections	-	-	-	-	348,052	348,052
Sewer projects	-	-	-	-	782,256	782,256
Other projects	-	-	-	-	1,199	1,199
Subtotal	-	2,057,788	-	-	2,056,267	4,114,055
Committed to:						
Bayfront and recreation	-	-	-	2,838,167	-	2,838,167
Landscaping	-	-	-	-	16,666	16,666
Subtotal	-	-	-	2,838,167	16,666	2,854,833
Assigned to:						
Library	-	-	-	-	4,567	4,567
Capital projects	-	-	-	-	1,676,348	1,676,348
Various purposes	200,121	-	-	-	-	200,121
Subtotal	200,121	-	-	-	1,680,915	1,881,036
Unassigned:	10,967,353	-	(685,893)	-	-	10,281,460
Total fund balances	$ 11,580,858	$ 2,057,788	$ (685,893)	$ 2,838,167	$ 3,753,848	$ 19,544,768

NOTE 18 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description

The Employees' Retirement System of Alabama, an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

NOTE 18 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in post-retirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to 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 ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of 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 are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

NOTE 18 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

The ERS serves approximately 846 local participating employers. These participating employers include 287 cities, 65 counties, and 494 other public entities. The ERS membership includes approximately 83,874 participants. As of September 30, 2014, membership consisted of:

Retirees and beneficiaries currently receiving benefits	21,691
Terminated employees entitled to but not yet receiving benefits	1,252
Terminated employees not entitled to a benefit	5,048
Active members	55,883
Total	**83,874**

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2015, the City’s active employee contribution rate was 5-6% percent of covered employee payroll for Tier I employees 6-7% of covered employee payroll for Tier 2 employees, and the City’s average contribution rate to fund the normal and accrued liability costs was 6.74% of covered employee payroll for Tier 1 employees and 3.87% of covered employee payroll for Tier 2 employees.

NOTE 18 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

City's contractually required contribution rate for the year ended September 30, 2015 was 6.74% of pensionable pay for Tier 1 employees, and 3.87% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were $666,796 for the year ended September 30, 2015.

B. Net Pension Liability

The City's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2013 rolled forward to September 30, 2014 using standard roll-forward techniques as shown in the following table:

(a)	TLP as of September 30, 2013	$ 23,350,541
(b)	Entry Age Normal Cost for the period October 1, 2013 - September 30, 2014	907,051
(c)	Actual Benefit Payments and Refunds for the period October 1, 2013 - September 30, 2014	(805,216)
(d)	TPL as of September 30, 2014 = [(a) x (1.08)] + [(c) x (1.04)]	$ 25,482,611

Actuarial assumptions. The total pension liability in the September 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75% - 7.25%
Investment rate of return*	8.00%

*Net of pension plan investment expense

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2013 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

NOTE 18 – PENSION PLAN – 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:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	25.00%	5.00%
U.S. Large Stocks	34.00%	9.00%
U.S. Mid Stocks	8.00%	12.00%
U.S. Small Stocks	3.00%	15.00%
International Development Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	100.00%	

* Includes assumed rate of inflation of 2.50%.

Discount rate. The discount rate used to measure the total pension liability was the long term rate of return, 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on 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.

NOTE 18 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

C. Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2013	$ 23,530,541	$ 19,822,960	$ 3,707,581
Changes for the year:			
Service Cost	907,051	-	907,051
Interest	1,850,235	-	1,850,235
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions - employer	-	632,854	(632,854)
Contributions - employee	-	555,923	(555,923)
Net investment income	-	2,401,618	(2,401,618)
Benefit payments, including refunds or employee contributions	(805,216)	(805,216)	-
Administrative expense	-		-
Transfers among employers	-	2,082	(2,082)
Net changes	1,952,070	2,787,261	(835,191)
Balances at September 30, 2014	$ 25,482,611	$ 22,610,221	$ 2,872,390

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the City's net pension liability calculated using the discount rate of 8%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7%) or 1-percentage point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Plan's Net Pension Liability	$ 6,408,079	$ 2,872,390	$ (83,885)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2014. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2014. The auditor's report dated June 3, 2015 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

NOTE 18 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended September 30, 2015, the City recognized pension expense of $666,796. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Change of assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	640,282
Employer contributions subsequent to the measurement date	630,188	-
	$ 630,188	$ 640,282

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

Year Ended September	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	$ 630,188	$ 160,071
2017	-	160,071
2018	-	160,071
2019	-	160,069
	$ 630,188	$ 640,282

NOTE 19– OTHER POST EMPLOYMENT BENEFITS

In addition to providing pension benefits, the City provides certain health care and life insurance benefits, as allowed by Alabama law. These benefits are paid on a pay-as-you-go basis in the governmental funds and on an accrual basis in the government-wide statements. Presently, seven (7) retirees and/or their dependents are covered under the health care plan and six (6) retirees are covered under the life insurance plan. The benefit plan offered by the City became effective December 22, 1997 and retirees are eligible to participate in the plan if they are less than 65 years of age with a minimum of twenty-five (25) years of creditable service with the City. The dependent(s) of retirees are only eligible for coverage under the health care plan, provided that they are covered under the City's health care plan at least six months prior to the effective date of retirement.

The City pays retiree health care premiums at the same rate as it does for active employees, i.e. any portion of the monthly premium that is passed on to other employees as a payroll deduction is also paid to the City by the retirees. The City's cost for retiree dependent coverage will not exceed the premium rate charged to the City for individual coverage (retirees must pay this difference between the individual and family coverage).

The life insurance benefit is for the benefit of the retiree only and the City pays 100% of the premium.

Plan Description - The City's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

This valuation combines Medical and Dental benefits for cost and liability purposes. The employees are covered by the Retirement System of Alabama and must meet the eligibility provisions adopted by resolution to receive retiree medical benefits. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called "Tier I members). Employees hired on and after January 1, 2013 (called "Tier II" members) are eligible to retire only after attainment of age 62 or later completion of 10 years of service.

The employer pays for 100% of the retiree life coverage of $5,000 until age 65 but it is based on the blended active and retired rate. Since GASB Codification Section P50 requires the use of unblended rates, we have used the mortality table described below to "unblend" the rates for purposes of this evaluation.

Contribution Rates - Employees do not contribute to their post-employment benefit costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy - Until 2009, the City recognized the cost of providing post-employment medical and life benefits (the City's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In fiscal 2014 and 2013, the City's portion of health care and life insurance funding cost for retired employees totaled $42,395 and $24,387, respectively.

Effective October 1, 2009, the City implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

NOTE 19 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual Required Contribution - The City's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2015	2014
Normal Cost	$ 204,629	$ 165,517
30-year UAL amortization amount	203,388	143,021
Annual required contributions (ARC)	$ 408,017	$ 308,538

Net Post-employment Benefit Obligation - The table below shows the City's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending September 30:

	2015	2014
Beginning Net OPEB Obligation	$ 1,275,083	$ 1,009,380
Annual required contribution	408,017	308,538
Interest on Net OBEP Obligation	51,004	40,375
ARC Adjustment	(73,740)	(58,373)
OPEB Cost	385,281	290,540
Current year retiree premium	(42,395)	(24,837)
Change in Net OPEB Obligation	342,886	265,703
Ending Net OPEB Obligation	$ 1,617,969	$ 1,275,083

The following table shows the City's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability for last year and this year:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
September 30, 2015	$ 385,281	11.00%	$ 1,617,969
September 30, 2014	$ 290,540	8.55%	$ 1,275,083

NOTE 19 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress - In 2015 and 2014, the City made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the October 1, 2014 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the September 30, 2015 year was $3,657,839 which is defined as that portion, as determined by a particular actuarial cost method (the City uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	2015	2014
Actuarial Accrued Liability (AAL)	$ 3,657,839	$ 2,572,270
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 3,657,839	$ 2,572,270
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	$ 10,141,484	$ 10,467,360
UAAL as a percentage of covered payroll	36.07%	24.57%

Actuarial Methods and Assumptions - Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City and its employee plan members) at the time of valuation and on the pattern of sharing cost between the City and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method - The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets - There are no plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph 125 of GASB Codification Section P50.

NOTE 19 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Turnover Rate - An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

Post-Employment Benefit Plan Eligibility Requirements - Based on past experience, it has been assumed that entitlement to benefits will commence three years after retiree coverage eligibility, as described above under "Plan Description". In addition, "Tier II" retirement plan members (those hired on and after January 1, 2013) would not be eligible to retire before age 62. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) - GASB Codification Section P50 states that the investment return assumption should be the estimated long term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Healthcare Cost Trend Rate - The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits - The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays for a portion of the retiree medical premium for retiree only (not dependents) and only until age 65, but it is based on the blended premium. Since GASB Codification Section P50 requires use of an unblended premium, we have estimated the unblended premium to be 130% of the total blended (active and retiree blend) premium before age 65. The employer premium is thus that total unblended rate less the amount paid by the retiree. Because of the high premium required to be paid by the retiree for dependent coverage, we have assumed that 50% of future retirees decline dependent coverage. Employer provided retiree medical coverage ceases at age 65. See section below for details on retiree life insurance coverage.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-Retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

NOTE 19 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Below is a summary of OPEB cost and contributions for the last three fiscal years:

	OPEB Costs and Contributions		
	FY 2015	FY 2014	FY 2013
OPEB Cost	$ 385,281	$ 290,540	$ 283,315
Contribution	-	-	-
Retiree Premium	(42,395)	(24,837)	(22,997)
Total contribution and premium	(42,395)	(24,837)	(22,997)
Change in net OPEB obligation	$ 342,886	$ 265,703	$ 260,318
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	11.00%	8.55%	8.12%

NOTE 20 – DEFERRED COMPENSATION PLANS

The City offers its employees a choice of three deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. Two of the plans are administered by a nongovernmental third party and the other by the Retirement Systems of Alabama. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the individuals who participate in the deferred compensation plan and are not subject to the claims of the City's general creditors.

NOTE 21 - LITIGATION

Legal counsel is currently representing the City of Daphne in various legal proceedings arising principally in the normal course of operations of a city government. In the opinion of the city governmental officials and its legal counsel, the outcome of these legal proceedings is not likely to have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

NOTE 22 – CITY OF DAPHNE UTILITY BOARD – RELATED PARTY

As described in Note 1 of this report, the City Council appoints the board members of the Utilities Board of the City of Daphne and the Utilities Board is considered a related organization as defined by GASB Codification Section 2100.522.

The Utility Board provides services to the City of Daphne in its handling of the billing and collection of garbage fees. The Utility Board remits to the City on a monthly cycle all funds collected for the previous month's garbage billings. The result of this billing and remittance cycle creates an ongoing balance due the City from the Utility Board. The total due from the Utility Board at September 30, 2015 is $110,801.

NOTE 23 – RENAISSANCE COOPERATIVE/IMPROVEMENT DISTRICT

The Renaissance Cooperative/Improvement District is a component unit, as defined in GASB 14, amended by GASB 39, and superseded by GASB 61 for which the City is financially accountable. Although this entity is legally separate and the City does not appoint a voting majority of the board, it would be misleading to exclude it from discrete presentation as a component unit because of the financial relationship with the City. The Economic Development Agreement approved by Resolution 2007-83 pledges a percentage of certain taxes collected by the City in the Cooperative District to be remitted monthly from the City to the District. (40% of sales, use, and lodging taxes; 50% of motor vehicle taxes) Such arrangement qualifies as a tax-increment financing.

Such incremental taxes are recognized as revenue in the City's financial statements and are offset by an expense allocation to Cooperative District. The debt to be retired with the incremental taxes totals $7,585,000 at September 30, 2015 and will mature in 2038. Total paid to the Cooperative District during 2015 was $173,564.

NOTE 24 – DEBT LIMITATION

The constitution of Alabama provides that cities having a population of six thousand or more may not become indebted in an amount in excess of 20% of the assessed valuation of the property situated therein. The Constitution exempts from this debt limitation several categories of indebtedness, including temporary loans of less than one year; bonds or other obligations issued for the purpose of acquiring, providing or constructing schoolhouses, waterworks and sewers; and obligations incurred and bonds issued for street or sidewalk improvements where the cost of the same is to be assessed against the property abutting said improvements.

The City has outstanding debt obligations issued for Sewer Projects that are exempt from the debt limitation. The total outstanding is $2,746,680.

The City of Daphne's total indebtedness at September 30, 2015, was $36,038,064. Of this total, $33,291,384 is chargeable to the constitutional debt limit. This chargeable debt is equal to 9.78% of the total assessed value of real and personal property located within the City. This leaves a $41,607,216 margin available for future borrowings. Based on the City of Daphne's 2010 census, the per capita debt is $1,698.

NOTE 25 – PROPERTY TAXES

In accordance with GASB 33, the City records property taxes receivable as of September 30 each year. The City assesses and levies property taxes each October 1 and begins collecting the following year. (i.e., The City assessed property taxes on October 1, 2014 and the County began collecting and remitting the taxes to the City in October 2015.)

Fund Financial Statements:

The City recognizes the taxes collected by the County tax assessor within the first 60 days after September 30, 2015 as revenue. Such revenue totals $710,864. Deferred revenue in the amount of $4,040,569 is recognized and is reflective of the anticipated upcoming fiscal year collections for the October 1, 2015 (Fiscal 2016) levy.

Government-Wide Financial Statements:

The City recognizes total estimated property tax collections in the amount of $4,751,433 for the October 1, 2014 tax assessment that is collected starting in October of 2015 (Fiscal 2016).

NOTE 26 – FEDERAL AND STATE GRANTS

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement (there is none expected), which may arise as the result of these audits, is not believed to be material.

NOTE 27 – CONCENTRATION – REVENUE SOURCE

The City receives approximately 10% of its annual sales, use, and luxury taxes from one business within the City of Daphne; the top ten businesses account for 42% of total such collections.

NOTE 28 – RISK MANAGEMENT

The City is self-Insured for dental insurance only. The City's insurance carrier, Blue Cross/Blue Shield (BCBS), manages the claims and the City remits weekly payments to BCBS to cover the claims and administrative fees. All other risk management services are assumed by private insurance companies. BCBS insures the City for medical insurance under a retrospectively rated plan and the City remits premiums to them on a monthly basis. At September 30, 2015, the City has a cumulative required reserve contribution surplus of $943,245. No rate adjustments were necessary in Fiscal 2015.

Liability Insurance coverage is detailed below:

Alabama Municipal Insurance Corporation:

- General Liability (*No aggregate)
- Public Officials Liability
- Law Enforcement Liability (*No aggregate)
- Workers Compensation

NOTE 28 – RISK MANAGEMENT (Continued)

The City is insured on these policies at the limits of $5,000,000 per occurrence and $5,000,000 aggregate unless otherwise noted above:

Employers Mutual Companies:

- Commercial Automobile ($1,000,000)
- Equipment (Limit $5,571,973)
- Property (Limit $50,529,324)

NOTE 29 – PRIOR PERIOD ADJUSTMENTS

Beginning fund balance for the General Fund was increased $337,101 to correct the recording of compensated absences on the general fund. In accordance with GAAP, all compensated absences are considered long-term and therefore should not be recorded in governmental funds.

Beginning net position was decreased $2,832,439 for governmental activities and $242,288 for business-type activities for the implementation of GASB 68 to record beginning net pension liability.

NOTE 30 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through February 5, 2016, the date which the financial statements were available to be issued and determined that no subsequent events have occurred which require adjustment of disclosure in this report.

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Required Supplementary Information

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Statement
General Fund
For the Year Ended September 30, 2015

	BUDGETED AMOUNTS		ACTUAL Budgetary	Variance- (Under)Over
	Original	Final	Basis	Final Budget
Revenues				
Sales, use, and luxury taxes	$ 14,667,617	$ 14,667,617	$ 14,683,837	$ 16,220
Payment lieu of taxes/franchise fees	2,315,000	2,315,000	2,502,967	187,967
Ad valorem taxes	5,022,500	5,022,500	4,499,713	(522,787)
Licenses and permits	2,166,300	2,166,300	2,654,101	487,801
Intergovernmental	221,478	221,478	271,556	50,078
Charges for services	322,350	322,350	343,525	21,175
Fines	378,000	378,000	366,045	(11,955)
Interest	73,000	73,000	211,928	138,928
Grants and contributions	16,700	594,854	486,719	(108,135)
Miscellaneous	19,500	19,500	50,969	31,469
Total revenues	$ 25,202,445	$ 25,780,599	$ 26,071,360	$ 290,761
Expenditures				
GENERAL GOVERNMENT				
Legislative				
Personnel	$ 234,196	$ 235,379	$ 220,336	$ (15,043)
Operating	116,790	129,050	98,449	(30,601)
	350,986	364,429	318,785	(45,644)
Executive				
Personnel	196,113	239,159	151,635	(87,524)
Operating	101,450	101,450	91,100	(10,350)
Capital	30,000	30,000	30,000	-
	327,563	370,609	272,735	(97,874)
Community Events				
Operating	152,282	152,282	149,203	(3,079)
	152,282	152,282	149,203	(3,079)
Information Tech Support				
Personnel	56,685	79,645	55,632	(24,013)
Operating	56,390	56,390	33,996	(22,394)
	113,075	136,035	89,628	(46,407)
Human Resources				
Personnel	197,571	248,539	199,746	(48,793)
Operating	104,530	103,119	101,458	(1,661)
	302,101	351,658	301,204	(50,454)

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2015

	BUDGETED AMOUNTS		ACTUAL Budgetary	Variance- (Under)Over
	Original	Final	Basis	Final Budget
Finance				
Personnel	440,226	474,576	403,909	(70,667)
Operating	207,000	214,046	187,577	(26,469)
	647,226	688,622	591,486	(97,136)
Revenue				
Personnel	107,664	128,263	120,039	(8,224)
Operating	57,600	57,600	29,534	(28,066)
	165,264	185,863	149,573	(36,290)
Municipal Court				
Personnel	168,571	169,985	160,459	(9,526)
Operating	109,036	109,036	105,261	(3,775)
	277,607	279,021	265,720	(13,301)
Legal/Risk Management				
Operating- Legal	250,000	250,000	254,029	4,029
Operating- Risk Management	291,000	291,000	298,860	7,860
	541,000	541,000	552,889	11,889
Planning/Zoning				
Personnel	225,766	232,284	178,245	(54,039)
Operating	43,350	41,722	23,594	(18,128)
	269,116	274,006	201,839	(72,167)
Building Maintenance				
Personnel	261,681	264,226	200,000	(64,226)
Operating	42,095	36,845	58,562	21,717
Capital	-	29,998	30,022	24
	303,776	331,069	288,584	(42,485)
City Hall Facilities Support				
Operating	197,080	209,530	191,926	(17,604)
	197,080	209,530	191,926	(17,604)
Janitorial				
Personnel	74,785	75,488	65,781	(9,707)
Operating	64,380	64,380	55,983	(8,397)
	139,165	139,868	121,764	(18,104)

Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2015

	BUDGETED AMOUNTS Original	BUDGETED AMOUNTS Final	ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
TOTAL GENERAL GOVERNMENT				
Personnel	1,963,258	2,147,544	1,755,782	(391,762)
Operating	1,792,983	1,816,450	1,679,532	(136,918)
Capital	30,000	59,998	60,022	24
	3,786,241	4,023,992	3,495,336	(528,656)
PUBLIC SAFETY				
Police Administration				
Personnel	406,554	411,941	367,145	(44,796)
Operating	257,097	258,052	272,071	14,019
Capital	-	24,380	-	(24,380)
	663,651	694,373	639,216	(55,157)
SWAT (Sp Weapons & Tactical Eqpt)				
Operating	9,000	9,000	8,491	(509)
	9,000	9,000	8,491	(509)
Traffic Homicide Investigation				
Operating	7,705	7,705	7,527	(178)
	7,705	7,705	7,527	(178)
Patrol				
Personnel	2,449,983	2,474,083	2,403,495	(70,588)
Operating	376,657	377,355	389,269	11,914
Capital	-	266,093	266,093	-
	2,826,640	3,117,531	3,058,857	(58,674)
Detective				
Personnel	806,234	814,151	755,462	(58,689)
Operating	107,211	105,322	97,451	(7,871)
	913,445	919,473	852,913	(66,560)
Communications				
Personnel	537,379	542,376	479,341	(63,035)
Operating	30,498	23,739	25,942	2,203
	567,877	566,115	505,283	(60,832)
Corrections				
Personnel	703,036	709,584	666,568	(43,016)
Operating	68,820	68,009	69,518	1,509
	771,856	777,593	736,086	(41,507)

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2015

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Animal Control				
Personnel	137,949	139,236	133,919	(5,317)
Operating	27,560	27,060	24,226	(2,834)
	165,509	166,296	158,145	(8,151)
Police Subtotal				
Personnel	5,041,135	5,091,371	4,805,930	(285,441)
Operating	884,548	876,242	894,495	18,253
Capital	-	290,473	266,093	(24,380)
	5,925,683	6,258,086	5,966,518	(291,568)
Central Communications				
Operating	12,000	12,000	7,903	(4,097)
	12,000	12,000	7,903	(4,097)
Fire				
Personnel	3,070,773	3,099,594	3,095,104	(4,490)
Operating	388,050	395,379	336,341	(59,038)
Capital	-	485,905	443,215	(42,690)
	3,458,823	3,980,878	3,874,660	(106,218)
Rescue				
Operating	30,550	30,550	12,012	(18,538)
	30,550	30,550	12,012	(18,538)
Building Inspections				
Personnel	333,010	340,738	321,836	(18,902)
Operating	31,525	30,765	22,712	(8,053)
	364,535	371,503	344,548	(26,955)
Code Enforcement				
Personnel	54,802	75,836	78,979	3,143
Operating	8,850	8,850	9,987	1,137
Capital	-	5,625	5,625	-
	63,652	90,311	94,591	4,280

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2015

	BUDGETED AMOUNTS Original	BUDGETED AMOUNTS Final	ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
Emergency Management				
Operating	22,000	22,000	5,087	(16,913)
	22,000	22,000	5,087	(16,913)
TOTAL PUBLIC SAFETY				
Personnel	8,499,720	8,607,539	8,301,849	(305,690)
Operating	1,377,523	1,375,786	1,288,537	(87,249)
Capital	-	782,003	714,933	(67,070)
	9,877,243	10,765,328	10,305,319	(460,009)
PUBLIC WORKS				
Administration				
Personnel	373,149	388,734	334,941	(53,793)
Operating	89,610	83,575	80,432	(3,143)
	462,759	472,309	415,373	(56,936)
Public Works Facilities Support				
Operating	48,610	48,610	42,696	(5,914)
	48,610	48,610	42,696	(5,914)
Street				
Personnel	682,732	689,487	690,657	1,170
Operating	703,290	633,360	632,848	(512)
Capital	-	33,443	33,467	24
	1,386,022	1,356,290	1,356,972	682
Street-Infrastructure				
Operating	53,900	44,990	42,001	(2,989)
Capital	32,500	121,160	118,041	(3,119)
	86,400	166,150	160,042	(6,108)
Grounds				
Personnel	669,061	677,391	571,849	(105,542)
Operating	241,918	234,418	215,156	(19,262)
Capital	-	166,255	166,275	20
	910,979	1,078,064	953,280	(124,784)
Grounds- Parks				
Operating	16,265	44,265	41,337	(2,928)
Capital	-	335,000	340,778	5,778
	16,265	379,265	382,115	2,850

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2015

	BUDGETED AMOUNTS		ACTUAL Budgetary	Variance- (Under)Over
	Original	Final	Basis	Final Budget
Mowing				
Personnel	438,469	442,034	422,223	(19,811)
Operating	190,910	199,565	201,159	1,594
Capital	-	15,000	-	(15,000)
	629,379	656,599	623,382	(33,217)
Garage				
Personnel	410,627	414,481	377,838	(36,643)
Operating	415,200	412,775	41,137	(371,638)
Capital	-	-	15,000	15,000
	825,827	827,256	433,975	(393,281)
MS4 Compliance				
Operating	32,800	170,954	165,891	(5,063)
Capital	500	500	(5,000)	(5,500)
	33,300	171,454	160,891	(10,563)
TOTAL PUBLIC WORKS				
Personnel	2,574,038	2,612,127	2,397,508	(214,619)
Operating	1,792,503	1,872,512	1,462,657	(409,855)
Capital	33,000	671,358	668,561	(2,797)
	4,399,541	5,155,997	4,528,726	(627,271)
RECREATION & LIBRARY				
Recreation Parks				
Personnel	277,733	280,200	236,696	(43,504)
Operating	383,690	371,153	303,517	(67,636)
Capital	-	27,500	19,707	(7,793)
	661,423	678,853	559,920	(118,933)
Recreation				
Personnel	285,791	289,242	296,427	7,185
Operating	118,600	116,128	94,596	(21,532)
Capital	-	23,000	23,963	963
	404,391	428,370	414,986	(13,384)

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2015

	BUDGETED AMOUNTS Original	BUDGETED AMOUNTS Final	ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
Athletic and Fitness Programs				
Personnel	50,040	50,595	27,525	(23,070)
Operating	86,600	82,600	71,675	(10,925)
	136,640	133,195	99,200	(33,995)
Special Events				
Operating	17,000	17,000	17,452	452
	17,000	17,000	17,452	452
Library				
Personnel	595,973	620,823	526,417	(94,406)
Operating	190,000	185,658	176,071	(9,587)
Capital	-	-	(3,483)	(3,483)
	785,973	806,481	699,005	(107,476)
TOTAL LIBRARY AND RECREATION				
Personnel	1,209,537	1,240,860	1,087,065	(153,795)
Operating	795,890	772,539	663,311	(109,228)
Capital	-	50,500	40,187	(10,313)
	2,005,427	2,063,899	1,790,563	(273,336)
Total Expenditures				
Personnel	14,246,553	14,608,070	13,542,204	(1,065,866)
Operating	5,758,899	5,837,287	5,094,037	(743,250)
Capital	63,000	1,563,859	1,483,703	(80,156)
	20,068,452	22,009,216	20,119,944	(1,889,272)
Excess of Revenues Over Expenditures Before Other Financing Uses	5,133,993	3,771,383	5,951,416	2,180,033

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2015

	BUDGETED AMOUNTS Original	BUDGETED AMOUNTS Final	ACTUAL Budgetary Basis	Variance-(Under)Over Final Budget
OTHER FINANCING SOURCES/(USES)				
Capital Lease Proceeds	-	481,289	481,289	-
Transfers to Debt Service Fund	(3,731,950)	(3,790,450)	(3,119,562)	670,888
Transfers to Non Major Storms Fund	-	(752,010)	(1,032,965)	(280,955)
Transfers to Civic Center Fund	(253,253)	(344,377)	(294,125)	50,252
Transfers to BayFront Fund	(123,415)	(123,415)	(142,257)	(18,842)
Transfer to Solid Waste Fund	(499,503)	(347,848)	(708,817)	(360,969)
Transfers to SAIL Site Fund	(36,486)	(36,486)	(24,104)	12,382
	(4,644,607)	(4,913,297)	(4,840,541)	72,756
Total Revenues Over (Under) Expenditures	$ 489,386	$ (1,141,914)	$ 1,110,875	$ 2,252,789

Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2015

The reported budgetary data represents the final appropriated budget after amendments adopted by the City Council. An appropriated budget was legally adopted for the General Fund on the same modified-accrual basis used to present actual revenues and expenditures; except, for budgetary purposes, current year encumbrances are treated as expenditures. The following is a summary of the reconciliation of accounting principles accepted in the United States of America (GAAP) revenues over expenditures to budgetary revenues over expenditures for the fiscal year ended September 30, 2015:

GAAP Revenues Over Expenditures	$ 1,102,150
Encumbrances outstanding at:	
September 30, 2015	(200,121)
September 30, 2014	235,433
Encumbrances released during FY 2015	(26,587)
Budgetary Revenues over Expenditures	$ 1,110,875

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Statement
Non Major Storms Fund
For the Year Ended September 30, 2015

	BUDGETED AMOUNTS		ACTUAL Budgetary	Variance-(Under)Over
	Original	Final	Basis	Final Budget
REVENUES				
Intergovernmental	$ -	$ -	$ 209,768	$ 209,768
Grants	-	-	198,099	198,099
Total revenues	-	-	407,867	407,867
EXPENDITURES				
Current:				
Public works	-	-	797	797
Capital outlay	-	740,715	1,650,454	909,739
Total expenditures	-	740,715	1,651,251	910,536
Excess expenditures over revenue	-	(740,715)	(1,243,384)	(502,669)
OTHER FINANCING SOURCES				
Transfers in	-	740,715	1,029,311	288,596
Total other financing sources	-	740,715	1,029,311	288,596
Net change in fund balance	$ -	$ -	$ (214,073)	$ (214,073)

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Statement
Lodging Tax Fund
For the Year Ended September 30, 2015

	BUDGETED AMOUNTS		ACTUAL Budgetary	Variance- (Under)Over
	Original	Final	Basis	Final Budget
REVENUES				
Sales, use, luxury tax	$ 1,075,000	$ 1,075,000	$1,136,521	$ 61,521
Grants	-	-	80,962	80,962
Total revenues	1,075,000	1,075,000	1,217,483	142,483
EXPENDITURES				
Current:				
General government	193,500	193,500	202,209	8,709
Recreation and library		287,218	72,880	(214,338)
Capital outlay	-	104,202	134,073	29,871
Total expenditures	193,500	584,920	409,162	(175,758)
Excess expenditures over revenue	881,500	490,080	808,321	318,241
OTHER FINANCING SOURCES (USES)				
Transfers out	(344,000)	(344,000)	(151,628)	192,372
Total other financing sources (uses)	(344,000)	(344,000)	(151,628)	192,372
Net change in fund balance	$ 537,500	$ 146,080	$ 656,693	$ 510,613

CITY OF DAPHNE, ALABAMA

Schedule of Changes in the Net Pension Liability
Last Ten Years Ending September 30

	2014
Total pension liability	
Service Cost	$ 907,051
Interest	1,850,235
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(805,216)
Net change in pension liability	1,952,070
Total pension liability - beginning	23,530,541
Total pension liability - ending (a)	$ 25,482,611
Plan fiduciary net position	
Contributions - employer	$ 632,854
Contributions - member	555,923
Net investment income	2,401,618
Benefit payments, including refunds of employee contributions	(805,216)
Transfers among employers	2,082
Net change in plan fiduciary net position	2,787,261
Plan net position - beginning	19,822,960
Plan net position - ending (b)	$ 22,610,221
Net pension liability (a) - (b)	2,872,390
Plan fiduciary net position as a percentage of the total pension liability	88.73%
Covered employee payroll	$ 10,266,165
Net pension liability as a percentage of employee-covered payroll	27.98%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, currently only information is available for the year ended September 30, 2014.

Schedule of Employer Contributions
Last Ten Fiscal Years

	2015
Actuarially determined contribution	$ 633,226
Contributions in relation to the actuarially determined contribution	633,226
Contribution defiency (excess)	$ -
Covered-employee payroll	$ 11,081,322
Contributions as a percentage of covered employee payroll	5.71%

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2015 were based on the September 30, 2012 actuarial valuation.

Methods and Assumptions used to determine contribution rates:

Actuarial Cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75% - 7.25%, net inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

* This schedule is presented to illustrate the requirement to show information for 10 years. However, currently only information is available for 2015.

Other Supplementary Information

Non-Major Governmental Funds

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

Four and Five Cent Gasoline Tax Fund - This fund may be used for street resurfacing; cost of construction, improvement, and maintenance of highways, bridges, and streets; and certain other related purposes. This tax is levied by the State of Alabama and is legally restricted to these express purposes.

Seven Cent Gasoline Tax and Fuel Inspection Fees Fund - This fund may be used for street improvements and maintenance. This tax is levied by the State of Alabama and is legally restricted to these express purposes.

Tree and Flower Fund – This fund may be used for various landscaping improvements on City owned property.

SAIL Site Fund – Financial resources are provided for the operation of a Senior Assisted Independent Living Program (SAIL). Federal funds flow through the State to the South Alabama Regional Planning Commission, which are in turn remitted to the City on a monthly basis. The City also provides a matching portion of resources required for the operation of this program.

BP Oil Spill Recovery Fund – This fund was instituted by the State in 2010 to provide financial resources for the City's response to the BP Oil Spill. Allowable uses are determined by the State.

Federal and State Drug Recoveries Fund – Court-ordered confiscated funds are remitted to the City for public safety use as set forth by US Departments of Justice and/or Treasury.

Library Fund - Donations and library fines are used to support library operations, purchase capital equipment, and provide certain library materials.

Concession Stand Fund - Fees are charged for food and drink concessions at the Sports Complex and are used to cover the City's cost of the operations as well as provide resources for capital equipment acquisitions.

Municipal Court Equipment and Training Fund *and* *Court & Judicial Administration Fund* - These funds are mandated by State Law and are maintained by fines levied by the City through its Municipal Court. Uses are restricted to providing additional support for the operations and capital needs of the Municipal Court.

Corrections and Court Fund – This fund is mandated by State Law and is maintained by fines levied by the City through its Municipal Court. Uses are restricted to providing additional support for the operations of the Municipal Court and the Municipal Jail.

Renaissance Center Fund – A defined portion of sales and use taxes generated within the Renaissance Improvement District (a Component Unit) are remitted to the District to provide debt service coverage for this component unit's bond debt.

Non-Major Governmental Funds (Continued)

Capital Projects Funds are used to account for financial resources to be used for the acquisition/construction of capital facilities and infrastructure (other than those financed by proprietary funds and trust funds).

Capital Reserve Fund – Financial resources are transferred from the General Fund (principally) for capital purposes, such as road resurfacing and other capital appropriations.

2006 Construction Fund – This fund accounts for special assessments associated with the Highway 90 sewer project (a project funded by the City on behalf of the Utility Board). These special assessment revenues are transferred to the Capital Reserve Fund and used to finance other capital projects.

2012 Construction Fund – This fund accounts for debt proceeds of $3,008,000 to be used in road resurfacing projects.

2014 Construction Fund – This fund accounts for debt proceeds of $780,000 to be used for sewer projects.

CITY OF DAPHNE, ALABAMA

Combining Balance Sheet - Summary
Non-Major Governmental Funds
September 30, 2015

	Special Revenue Funds	Capital Project Funds	Total Other Governmental Funds
ASSETS			
Cash, equity in pooled cash	$ 1,377,216	$ 2,133,142	$ 3,510,358
Taxes receivable	11,858	-	11,858
Grants receivable	-	609,884	609,884
Other receivables	-	805,267	805,267
Receivables from fiduciary funds	352,715	-	352,715
Total assets	$ 1,741,789	$ 3,548,293	$ 5,290,082
LIABILITIES			
Accounts payable	$ 54,115	$ 27,074	$ 81,189
Accrued expenses	1,127	-	1,127
Unearned revenue	426,768	805,267	1,232,035
Total liabilities	482,010	832,341	1,314,351
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - grant revenue	-	221,883	221,883
Total deferred inflows of resources	-	221,883	221,883
FUND BALANCES			
Restricted	1,238,546	817,721	2,056,267
Committed	16,666	-	16,666
Assigned	4,567	1,676,348	1,680,915
Unassigned	-	-	-
Total fund balances	1,259,779	2,494,069	3,753,848
Total liabilities, deferred inflow of resources, and fund balances	$ 1,741,789	$ 3,548,293	$ 5,290,082

CITY OF DAPHNE, ALABAMA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Summary
Non-Major Governmental Funds
For the Year Ended September 30, 2015

	Special Revenue Funds	Capital Project Funds	Total Other Governmental Funds
REVENUES			
Sales, use, luxury tax	$ 301,588	$ -	$ 301,588
Fines	500,756	-	500,756
Charges for services	15,261	-	15,261
Intergovernmental	35,423	184,761	220,184
Grants	20,000	220,930	240,930
Interest/investment earnings (loss)	751	371	1,122
Contributions and donations	19,509	-	19,509
Special assessments	-	162,828	162,828
Total revenues	893,288	568,890	1,462,178
EXPENDITURES			
Current expenditures:			
General government	202,383	218	202,601
Public safety	138,162	-	138,162
Public works	5,081	83,476	88,557
Parks and recreation	111,628	-	111,628
Total current expenditures	457,254	83,694	540,948
Capital outlay	33,839	1,142,436	1,176,275
Total expenditures	491,093	1,226,130	1,717,223
Excess (deficiency) of revenues over (under) expenditures	402,195	(657,240)	(255,045)
OTHER FINANCING SOURCES (USES)			
Transfers in	27,759	1,271,183	1,298,942
Transfers out	-	(489,075)	(489,075)
Total other financing sources (uses)	27,759	782,108	809,867
Net change in fund balance	429,954	124,868	554,822
Fund balance, beginning	829,825	2,369,201	3,199,026
Fund balance, ending	$ 1,259,779	$ 2,494,069	$ 3,753,848

CITY OF DAPHNE, ALABAMA

Combining Balance Sheet
Non-Major Special Revenue Funds
September 30, 2015

	4 Cent	7 Cent	Flower Fund	SAIL Site	Oil Spill	Federal Drug Recoveries
ASSETS						
Cash, equity in pooled cash	$ 154,467	$ 457,160	$ 16,666	$ 2,892	$ 426,768	$ 290,695
Taxes receivable	5,211	6,647	-	-	-	-
Receivables from fiduciary funds	-	-	-	-	-	-
Total assets	$ 159,678	$ 463,807	$ 16,666	$ 2,892	$ 426,768	$ 290,695
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ 1,020	$ -	$ 48,432
Accrued expenses	-	-		673	-	-
Unearned revenue	-	-	-	-	426,768	-
Total liabilities	-	-	-	1,693	426,768	48,432
FUND BALANCES						
Restricted	159,678	463,807	-	1,199	-	242,263
Committed	-	-	16,666	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	159,678	463,807	16,666	1,199	-	242,263
Total liabilities, deferred inflow of resources, and fund balances	$ 159,678	$ 463,807	$ 16,666	$ 2,892	$ 426,768	$ 290,695

State Drug Recoveries	Library	Concession Stand	Mun Court: Eq/Training	Mun Court: Judicial	Corrections/ Court	Renaissance Center	Total
$ 23,547	$ 5,021	$ -	$ -	$ -	$ -	$ -	$ 1,377,216
-	-	-	-	-	-	-	11,858
-	-	-	33,122	131,248	188,345	-	352,715
$ 23,547	$ 5,021	$ -	$ 33,122	$ 131,248	$ 188,345	$ -	$ 1,741,789
$ -	$ -	$ -	$ (6)	$ 307	$ 4,362	$ -	$ 54,115
-	454	-	-	-	-	-	1,127
-	-	-	-	-	-	-	426,768
-	454	-	(6)	307	4,362	-	482,010
23,547	-	-	33,128	130,941	183,983	-	1,238,546
-	-	-	-	-	-	-	16,666
-	4,567	-	-	-	-	-	4,567
-	-	-	-	-	-	-	-
23,547	4,567	-	33,128	130,941	183,983	-	1,259,779
$ 23,547	$ 5,021	$ -	$ 33,122	$ 131,248	$ 188,345	$ -	$ 1,741,789

CITY OF DAPHNE, ALABAMA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended September 30, 2015

	4 Cent	7 Cent	Flower Fund	SAIL Site	Oil Spill	Federal Drug Recoveries
REVENUES						
Sales, use, luxury taxes	$ 56,064	$ 71,960	$ -	$ -	$ -	$ -
Fines and forfeitures	-	-	-	-	-	323,677
Charges for services	-	-	-	-	-	-
Intergovernmental	-	-	-	16,953	-	-
Grants	-	-	-	-	-	-
Interest/investment earnings	28	97	-	5	-	134
Contributions and donations	-	-	2,500	7,752	-	-
Miscellaneous revenue	-	-	-	-	-	-
Total revenues	56,092	72,057	2,500	24,710	-	323,811
EXPENDITURES						
Current:						
General government	-	762	-	-	-	-
Public safety	-	-	-	-	-	63,498
Public works	2,047	-	3,034	-	-	-
Parks and recreation	-	-	-	48,814	-	-
Total current	2,047	762	3,034	48,814	-	63,498
Capital outlay	-	-	-	-	-	33,839
Total expenditures	2,047	762	3,034	48,814	-	97,337
Excess (deficiency) of revenues over (under) expenditures	54,045	71,295	(534)	(24,104)	-	226,474
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	24,104	-	-
Total other financing sources/(uses)	-	-	-	24,104	-	-
Net change in fund balances	54,045	71,295	(534)	-	-	226,474
Fund balances, beginning	105,633	392,512	17,200	1,199	-	15,789
Fund balances, ending	$ 159,678	$ 463,807	$ 16,666	$ 1,199	$ -	$ 242,263

State Drug Recoveries	Library	Concession Stand	Mun Court Eq/Training	Mun Court Judicial	Corrections Court	Renaissance Center	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 173,564	$ 301,588
4,019	16,806	-	6,453	45,675	104,126	-	500,756
-	7,980	7,281	-	-	-	-	15,261
-	18,470	-	-	-	-	-	35,423
-	20,000	-	-	-	-	-	20,000
44	-	-	64	-	379	-	751
-	9,257	-	-	-	-	-	19,509
-	-	-	-	-	-	-	-
4,063	72,513	7,281	6,517	45,675	104,505	173,564	893,288
-	-	-	787	1,108	26,162	173,564	202,383
2,371	-	-	-	-	72,293	-	138,162
-	-	-	-	-	-	-	5,081
-	57,097	5,717	-	-	-	-	111,628
2,371	57,097	5,717	787	1,108	98,455	173,564	457,254
-	-	-	-	-	-	-	33,839
2,371	57,097	5,717	787	1,108	98,455	173,564	491,093
1,692	15,416	1,564	5,730	44,567	6,050	-	402,195
-	-	3,655	-	-	-	-	27,759
-	-	3,655	-	-	-	-	27,759
1,692	15,416	5,219	5,730	44,567	6,050	-	429,954
21,855	(10,849)	(5,219)	27,398	86,374	177,933	-	829,825
$ 23,547	$ 4,567	$ -	$ 33,128	$ 130,941	$ 183,983	$ -	$ 1,259,779

CITY OF DAPHNE, ALABAMA

Combining Balance Sheet
Non-Major Capital Project Funds
September 30, 2015

	Capital Reserve Fund	2006 Construction Fund	2012 Construction Fund	2014 Construction Fund	Total Capital Project Funds
ASSETS					
Cash, equity in pooled cash	$ 1,350,886	$ -	$ -	$ 782,256	$ 2,133,142
Grants receivable	432,555	-	177,329	-	609,884
Other receivables	-	805,267	-	-	805,267
Total assets	$ 1,783,441	$ 805,267	$ 177,329	$ 782,256	$ 3,548,293
LIABILITIES					
Accounts payable	$ 27,074	$ -	$ -	$ -	$ 27,074
Unearned revenue	-	805,267	-	-	805,267
Total liabilities	27,074	805,267	-	-	832,341
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - grant revenue	80,019	-	141,864	-	221,883
Total deferred inflows of resources	80,019	-	141,864	-	221,883
FUND BALANCES					
Restricted		-	35,465	782,256	817,721
Committed	-	-	-	-	-
Assigned	1,676,348	-	-	-	1,676,348
Unassigned	-	-	-	-	-
Total fund balances	1,676,348	-	35,465	782,256	2,494,069
Total liabilities, deferred inflow of resources, and fund balances	$ 1,783,441	$ 805,267	$ 177,329	$ 782,256	$ 3,548,293

CITY OF DAPHNE, ALABAMA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Capital Project Funds
For the Year Ended September 30, 2015

	Capital Reserve Fund	2006 Construction Fund	2012 Construction Fund	2014 Construction Fund	Total Capital Project Funds
REVENUES					
Intergovernmental	$ 184,761	$ -	$ -	$ -	$ 184,761
Grants	220,930	-	-	-	220,930
Interest/investment earnings (loss)	88	-	120	163	371
Special assessments	-	162,828	-	-	162,828
Total revenues	405,779	162,828	120	163	568,890
EXPENDITURES					
Current expenditures:					
General government	-	-	203	15	218
Public works	83,476	-	-	-	83,476
Total current expenditures	83,476	-	203	15	83,694
Capital outlay	1,021,634	-	120,802	-	1,142,436
Total expenditures	1,105,110	-	121,005	15	1,226,130
Excess (deficiency) of revenues over (under) expenditures	(699,331)	162,828	(120,885)	148	(657,240)
OTHER FINANCING SOURCES (USES)					
Transfers in	489,075	-	-	782,108	1,271,183
Transfers out		(162,828)	(326,247)	-	(489,075)
Total other financing sources (uses)	489,075	(162,828)	(326,247)	782,108	782,108
Net change in fund balance	(210,256)	-	(447,132)	782,256	124,868
Fund balance, beginning	1,886,604	-	482,597	-	2,369,201
Fund balance, ending	$ 1,676,348	$ -	$ 35,465	$ 782,256	$ 2,494,069

Daphne
ALABAMA

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Non-Major Proprietary Funds

Daphne Civic Center Fund and Bay Front Park Fund - These funds are associated with the operation of the Civic Center and Bay Front Park which includes the renting of the facilities for both public and private social events, as well as providing community entertainment through certain City-sponsored events.

CITY OF DAPHNE, ALABAMA

Combining Statement of Net Position
Non-Major Proprietary Funds
September 30, 2015

	Civic Center	Bay Front Park	Total
ASSETS			
Current assets:			
Cash, equity in pooled cash	$ 64,516	$ 11,171	$ 75,687
Total current assets	64,516	11,171	75,687
Noncurrent assets:			
Capital assets:			
Facilities	93,778	80,476	174,254
Vehicles	15,047	-	15,047
Rental equipment and supplies	26,388	-	26,388
Equipment and office furniture	187,453	-	187,453
Total capital assets	322,666	80,476	403,142
Less: accumulated depreciation	(247,151)	(44,548)	(291,699)
Total noncurrent assets	75,515	35,928	111,443
Total assets	140,031	47,099	187,130
DEFERRED OUTFLOWS OF RESOURCES			
Employer retirement contributions	7,121	6,617	13,738
Total deferred outflows of resources	7,121	6,617	13,738
Total assets and deferred outflows of resources	$ 147,152	$ 53,716	$ 200,868

	Civic Center	Bay Front Park	Total
LIABILITIES			
Current liabilities:			
Accounts payable	$ 14,845	$ 324	$ 15,169
Accrued liabilities	10,923	-	10,923
Unearned revenue	65,901	29,140	95,041
Total current liabilities	91,669	29,464	121,133
Noncurrent liabilities:			
Compensated absences	5,072	1,691	6,763
Net pension liability	32,458	30,160	62,618
Post employment benefits	15,918	13,627	29,545
Total noncurrent liabilities	53,448	45,478	98,926
Total liabilities	145,117	74,942	220,059
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual earnings on plan investments	7,235	6,723	13,958
Total deferred inflows of resources	7,235	6,723	13,958
NET POSITION			
Net investment in capital assets	75,515	35,928	111,443
Unrestricted net position	(80,715)	(63,877)	(144,592)
Total net position	(5,200)	(27,949)	(33,149)
Total liabilities, deferred inflows of resources, and net position	$ 147,152	$ 53,716	$ 200,868

CITY OF DAPHNE, ALABAMA

Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Special Proprietary Funds
For the Year Ended September 30, 2015

	Civic Center	Bay Front Park	Total
Operating revenues:			
Charges for services	$ 158,679	$ 67,727	$ 226,406
Community events	22,555	-	22,555
Other revenues	28,690	-	28,690
Total operating revenues	209,924	67,727	277,651
Operating expenses:			
Wages	120,517	114,032	234,549
Overtime	1,625	1,006	2,631
Payroll related	14,419	12,656	27,075
Other personnel expense	21,769	20,118	41,887
Other post employment benefits	3,924	3,704	7,628
Total personnel services	162,254	151,516	313,770
Advertising	4,530	845	5,375
Community programs	15,463	-	15,463
Employee supplies and uniforms	622	-	622
Employee support	1,163	195	1,358
Equipment purchases, rental, and lease	9,749	-	9,749
Fuel	1,165	1,146	2,311
Garbage and debris removal	2,680	1,174	3,854
Insurance	34,079	15,934	50,013
Maintenance	79,484	4,173	83,657
Supplies	10,607	3,711	14,318
Other services	21,407	8,443	29,850
Professional services	4,750	-	4,750
Trustee assignments	15,514	-	15,514
Utilities	133,097	17,713	150,810
Depreciation	7,485	5,133	12,618
Total operating expenses	504,049	209,983	714,032
Operating loss	(294,125)	(142,256)	(436,381)
Non-operating revenues (expenses):			
Transfers from general fund	294,125	142,256	436,381
Total non-operating revenues (expenses)	294,125	142,256	436,381
Change in net position	-	-	-
Total net position, beginning	29,544	4,336	33,880
Prior period adjustment	(34,744)	(32,285)	(67,029)
Total net position, ending	$ (5,200)	$ (27,949)	$ (33,149)

CITY OF DAPHNE, ALABAMA

Combining Statement of Cash Flows
Non-Major Proprietary Funds
September 30, 2015

	Civic Center	Bay Front Park	Total
Cash flows from operating activities:			
Receipts from customers	$ 237,168	$ 71,222	$ 308,390
Payments to suppliers	(334,598)	(54,306)	(388,904)
Payments to employees	(160,494)	(150,542)	(311,036)
Net cash used in operating activities	(257,924)	(133,626)	(391,550)
Cash flows from capital and related financing activities:			
Purchases of capital assets	(16,834)	-	(16,834)
Contributions from general fund	294,125	142,256	436,381
Net cash provided by capital and financing activities	277,291	142,256	419,547
Net increase in cash and cash equivalents	19,367	8,630	27,997
Equity in pooled cash, beginning	45,149	2,541	47,690
Equity in pooled cash, ending	$ 64,516	$ 11,171	$ 75,687
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	$ (294,125)	$ (142,256)	$ (436,381)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	7,485	5,133	12,618
Change in assets and liabilities:			
Receivables	-	731	731
Deferred outflows of resources	30	28	58
Accounts payable	(288)	(972)	(1,260)
Accrued expenses	2,143	-	2,143
Unearned revenue	27,244	2,764	30,008
Compensated absences	(2,135)	(711)	(2,846)
Deferred inflows of resources	7,235	6,723	13,958
Net pension liability	(9,437)	(8,770)	(18,207)
Post employment benefits	3,924	3,704	7,628
Net cash used in operating activities	$ (257,924)	$ (133,626)	$ (391,550)

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CITY OF DAPHNE, ALABAMA

Combining Statement of Assets and Liabilities
All Agency Funds
September 30, 2015

	Municipal Court	Self Insurance	Confiscated Funds	Flexible Spending Account	Total
ASSETS					
Cash	$ 457,084	$ -	$ 876	$ -	$ 457,960
Due from other funds	-	99,838	-	14,354	114,192
Other receivables	5,072	-	-	-	5,072
Total assets	$ 462,156	$ 99,838	$ 876	$ 14,354	$ 577,224
LIABILITIES					
Accounts payable	$ 8,127	$ 1,955	$ 876	$ 14,354	$ 25,312
Due to other funds	379,069	-	-	-	379,069
Due to agencies	33,353	-	-	-	33,353
Bond deposits	41,607	-	-	-	41,607
Total liabilities	$ 462,156	$ 1,955	$ 876	$ 14,354	$ 479,341
NET POSITION					
Reserve for claims	$ -	$ 97,883	$ -	$ -	$ 97,883

CITY OF DAPHNE, ALABAMA

Combining Statement of Changes in Assets and Liabilities - All Agency Funds For the Year Ended September 30, 2015

	Balance, 10/1/2014	Additions	Deductions	Balance, 9/30/2015
Municipal Court Fund				
ASSETS				
Cash	$ 411,035	$ 46,049	$ -	$ 457,084
Other receivables	7,652	-	(2,580)	5,072
	418,687	46,049	(2,580)	462,156
LIABILITIES				
Accounts payable	5,460	2,667	-	8,127
Due to agencies	40,245	-	(6,892)	33,353
Due to other funds	337,303	41,766	-	379,069
Bond deposits	35,679	5,928	-	41,607
	$ 418,687	$ 50,361	$ (6,892)	$ 462,156
Self Insurance Fund				
ASSETS				
Due from other funds	$ 74,274	$ 25,564	$ -	$ 99,838
Other receivables	-	-	-	-
	74,274	25,564	-	99,838
LIABILITIES				
Accounts payable	2,741	-	(786)	1,955
	2,741	-	(786)	1,955
NET POSITION				
Reserve for claims	$ 71,533	$ 26,350	$ -	$ 97,883
Confiscated Funds				
ASSETS				
Cash	$ 975	$ -	$ (99)	$ 876
Other receivables	-	-	-	-
	975	-	(99)	876
LIABILITIES				
Accounts payable	975	-	(99)	876
	$ 975	$ -	$ (99)	$ 876

	Balance, 10/1/2014	Additions	Deductions	Balance, 9/30/2015
Flexible Spending Plan				
ASSETS				
Due from other funds	$ 8,276	$ 6,078	$ -	14,354
Other receivables	-	-	-	-
	8,276	6,078	-	14,354
LIABILITIES				
Accounts payable	8,276	6,078	-	14,354
	$ 8,276	$ 6,078	$ -	$ 14,354
TOTAL- ALL AGENCY FUNDS				
ASSETS				
Cash	$ 412,010	$ 46,049	$ (99)	$ 457,960
Due from other funds	82,550	31,642	-	114,192
Other receivables	7,652	-	(2,580)	5,072
	502,212	77,691	(2,679)	577,224
LIABILITIES				
Accounts payable	17,452	8,745	(885)	25,312
Due to agencies	40,245	-	(6,892)	33,353
Due to other funds	337,303	41,766	-	379,069
Bond deposits	35,679	5,928	-	41,607
	430,679	56,439	(7,777)	479,341
NET POSITION				
Reserve for claims	$ 71,533	$ 26,350	$ -	$ 97,883

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Part III

Statistical Section

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CITY OF DAPHNE, ALABAMA
STATISTICAL SECTION

Sources: Unless otherwise noted, the information in this section is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DAPHNE, ALABAMA

Net Position by Activity Type
Last Ten Fiscal Years

	FISCAL YEAR			
	FY 2015	FY 2014	FY 2013	FY 2012
Governmental activities				
Net investment in capital assets	$ 61,391,398	$ 63,388,217	$ 62,254,836	$ 61,029,696
Restricted	4,114,055	3,436,535	2,919,881	5,722,598
Unrestricted	17,197,567	17,533,883	17,478,314	15,360,403
Total governmental activities net position	**$ 82,703,020**	**$ 84,358,635**	**$ 82,653,031**	**$ 82,112,697**
Business-type activities				
Net investment in capital assets	$ 720,777	$ 466,828	$ 493,334	$ 326,660
Restricted	-	-	-	-
Unrestricted	11,647	143,859	116,358	206,785
Total business-type activities net position	**$ 732,424**	**$ 610,687**	**$ 609,692**	**$ 533,445**
Primary government				
Net investment in capital assets	$ 62,112,175	$ 63,855,045	$ 62,748,170	$ 61,356,356
Restricted	4,114,055	3,436,535	2,919,881	5,722,598
Unrestricted	17,209,214	17,677,742	17,594,672	15,567,188
Total primary government activities net position	**$ 83,435,444**	**$ 84,969,322**	**$ 83,262,723**	**$ 82,646,142**

FISCAL YEAR					
FY 2011	**FY 2010**	**FY 2009**	**FY 2008**	**FY 2007**	**FY 2006**
$ 62,202,611	$ 60,727,350	$ 51,705,219	$ 44,310,138	$ 44,405,012	$ 47,866,892
3,798,626	5,197,531	6,036,006	6,341,383	8,528,096	3,314,628
14,559,748	14,648,236	21,743,073	21,201,642	19,071,793	12,138,606
$ 80,560,985	**$ 80,573,117**	**$ 79,484,298**	**$ 71,853,163**	**$ 72,004,901**	**$ 63,320,126**
$ 311,903	$ 319,059	$ 339,692	$ 461,383	$ 599,593	$ 377,585
-	-	-	-	-	-
188,538	17,438	(19,694)	(141,382)	(279,594)	(182,890)
$ 500,441	**$ 336,497**	**$ 319,998**	**$ 320,001**	**$ 319,999**	**$ 194,695**
$ 62,514,514	$ 61,046,409	$ 52,044,911	$ 44,771,521	$ 45,004,605	$ 48,244,477
3,798,626	5,197,531	6,036,006	6,341,383	8,528,096	3,314,628
14,748,286	14,665,674	21,723,379	21,060,260	18,792,199	11,955,716
$ 81,061,426	**$ 80,909,614**	**$ 79,804,296**	**$ 72,173,164**	**$ 72,324,900**	**$ 63,514,821**

CITY OF DAPHNE, ALABAMA

Changes in Net Position
Last Ten Fiscal Years

	FISCAL YEAR			
	FY 2015	FY 2014	FY 2013	FY 2012
EXPENSES				
Governmental activities:				
General government	$ 4,095,602	$ 3,859,574	$ 3,851,858	$ 3,741,854
Public safety	10,540,355	10,551,783	9,993,644	9,258,856
Public works	8,958,122	9,962,074	8,463,551	7,850,939
Sewer Contributions to Utilities Board	-	-	-	49,700
Library and recreation	2,682,066	2,828,313	2,672,960	2,690,448
Interest on long term debt	1,908,810	1,921,906	1,945,618	2,149,919
Total governmental activities expenses	**28,184,955**	**29,123,650**	**26,927,631**	**25,741,716**
Business-type activities:				
Solid Waste	2,075,134	1,359,874	1,312,441	1,345,955
Civic Center	504,049	597,747	491,188	496,947
Bay Front Park	209,983	209,147	212,561	208,033
Total business-type activities expenses	**2,789,166**	**2,166,768**	**2,016,190**	**2,050,935**
Total primary government activities expenses	**30,974,121**	**31,290,418**	**28,943,821**	**27,792,651**
PROGRAM REVENUES				
Governmental activities:				
Fees and charges for services:				
General government	4,582,032	4,400,562	3,996,273	3,918,677
Public safety	1,621,665	1,163,401	1,259,980	893,427
Public works	234,174	58,914	6,597	60,011
Parks and recreation	107,612	136,956	151,412	197,235
Operating grants and contributions	211,613	124,118	263,800	266,074
Capital grants and contributions	1,563,187	3,625,683	2,592,709	2,465,034
Total governmental program activities revenues	**8,320,283**	**9,509,634**	**8,270,771**	**7,800,458**
Business-type activities:				
Fees and charges for services:				
Solid Waste	1,329,308	1,330,671	1,388,688	1,289,902
Civic Center	209,924	224,967	229,949	217,886
Bay Front Park	67,727	84,472	65,610	59,983
Operating grants and contributions	36,287	-	-	-
Total business-type activities revenues	**1,643,246**	**1,640,110**	**1,684,247**	**1,567,771**
Total primary government activities revenues	**9,963,529**	**11,149,744**	**9,955,018**	**9,368,229**

FISCAL YEAR					
FY 2011	**FY 2010**	**FY 2009**	**FY 2008**	**FY 2007**	**FY 2006**
$ 4,003,928	$ 3,386,270	$ 3,622,067	$ 3,361,291	$ 2,980,326	$ 2,805,098
9,173,085	9,182,198	9,195,045	8,679,947	7,632,581	6,393,164
7,368,818	7,338,137	7,228,904	6,909,881	6,829,765	6,410,839
1,676,000	129,586	17,826	1,149,523	1,797,449	68,238
2,768,462	2,733,538	2,450,259	2,497,324	3,164,514	2,210,204
2,051,932	2,205,629	2,363,482	2,712,599	2,056,967	1,800,694
27,042,225	**24,975,358**	**24,877,583**	**25,310,565**	**24,461,602**	**19,688,237**
1,164,039	1,448,740	1,350,097	1,422,255	1,121,222	1,116,516
566,907	578,789	726,003	751,401	645,899	568,694
190,448	165,724	160,262	186,856	179,709	146,412
1,921,394	**2,193,253**	**2,236,362**	**2,360,512**	**1,946,830**	**1,831,622**
28,963,619	**27,168,611**	**27,113,945**	**27,671,077**	**26,408,432**	**21,519,859**
3,840,247	3,426,492	3,617,542	3,591,058	3,378,737	3,110,989
1,019,856	1,022,496	1,100,437	1,353,739	1,480,802	1,095,517
60,260	32,066	22,223	21,830	23,686	27,337
240,660	202,031	192,514	188,093	176,126	189,800
492,707	890,180	494,600	163,675	96,047	1,156,133
2,295,405	2,627,634	8,974,788	457,598	7,722,235	8,260,819
7,949,135	**8,200,899**	**14,402,104**	**5,775,993**	**12,877,633**	**13,840,595**
1,337,207	1,345,811	1,232,319	1,285,683	1,246,525	1,200,966
223,005	321,555	348,181	325,647	336,498	253,137
60,744	57,119	55,928	72,118	85,038	52,350
-	-	-	-	-	-
1,620,956	**1,724,485**	**1,636,428**	**1,683,448**	**1,668,061**	**1,506,453**
9,570,091	**9,925,384**	**16,038,532**	**7,459,441**	**14,545,694**	**15,347,048**

CITY OF DAPHNE, ALABAMA

Changes in Net Position (Continued)
Last Ten Fiscal Years

	FISCAL YEAR			
	FY 2015	FY 2014	FY 2013	FY 2012
NET (EXPENSES) / REVENUES				
Governmental activities	$ (19,864,672)	$ (19,614,016)	$ (18,656,860)	$ (17,941,258)
Business-type activities	(1,145,920)	(526,658)	(331,943)	(483,164)
Total primary government net expense	**(21,010,592)**	**(20,140,674)**	**(18,988,803)**	**(18,424,422)**
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
General revenues				
Sales, use, and luxury taxes	17,175,134	16,482,126	15,423,466	14,583,177
Ad valorem taxes	5,219,736	5,110,152	4,799,679	4,700,889
Intergovernmental revenues	-	-	-	425,843
Interest and investment earnings	213,194	75,559	2,802	206,079
Gain/(loss) on disposition of assets	(78,360)	77,842		
Miscellaneous	41,014	81,594	56,207	60,143
Total general revenues	**22,570,718**	**21,827,273**	**20,282,154**	**19,976,131**
Transfers	(1,529,222)	(497,455)	(408,190)	(483,165)
Total governmental activities	**21,041,496**	**21,329,818**	**19,873,964**	**19,492,966**
Business-type activities:				
Gain/(loss) on disposition of assets	722	-	-	-
Transfers	1,529,222	497,455	408,190	483,165
Total business-type activities	**1,529,944**	**497,455**	**408,190**	**483,165**
Total primary government	**22,571,440**	**21,827,273**	**20,282,154**	**19,976,131**
CHANGES IN NET POSITION				
Governmental activities	1,176,824	1,715,802	1,217,104	1,551,708
Business-type activities	384,024	(29,203)	76,247	1
Total primary government	**$ 1,560,848**	**$ 1,686,599**	**$ 1,293,351**	**$ 1,551,709**

FISCAL YEAR					
FY 2011	**FY 2010**	**FY 2009**	**FY 2008**	**FY 2007**	**FY 2006**
$ (19,093,090)	$ (16,774,459)	$ (10,475,479)	$ (19,534,572)	$ (11,583,969)	$ (5,847,642)
(300,438)	(468,768)	(599,934)	(677,064)	(278,769)	(325,169)
(19,393,528)	**(17,243,227)**	**(11,075,413)**	**(20,211,636)**	**(11,862,738)**	**(6,172,811)**
13,925,921	12,878,685	12,848,739	13,998,257	14,024,339	13,437,096
5,007,964	4,960,922	5,200,320	5,180,782	5,009,864	3,309,937
304,457	331,400	472,960	315,279	411,033	468,885
241,238	83,697	122,329	551,374	1,142,787	702,566
64,159	77,342	62,198	14,145	84,794	127,307
19,543,739	**18,332,046**	**18,706,546**	**20,059,837**	**20,672,817**	**18,045,791**
(462,780)	(468,767)	(599,934)	(677,065)	(404,072)	(409,619)
19,080,959	**17,863,279**	**18,106,612**	**19,382,772**	**20,268,745**	**17,636,172**
-	-	-	-	-	-
462,780	468,767	599,934	677,065	404,072	409,619
462,780	**468,767**	**599,934**	**677,065**	**404,072**	**409,619**
19,543,739	**18,332,046**	**18,706,546**	**20,059,837**	**20,672,817**	**18,045,791**
(12,131)	1,088,820	7,631,133	(151,800)	8,684,776	11,788,530
162,342	(1)	-	1	125,303	84,450
$ 150,211	**$ 1,088,819**	**$ 7,631,133**	**$ (151,799)**	**$ 8,810,079**	**$ 11,872,980**

CITY OF DAPHNE, ALABAMA

Fund Balances of Governmental Funds
Last Ten Fiscal Years

	FISCAL YEAR			
	FY 2015	FY 2014	FY 2013	FY 2012
General Fund				
Nonspendable	$ 413,384	$ 445,276	$ -	$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	200,121	235,433	278,081	398,903
Unassigned	10,967,353	9,460,898	10,583,878	9,946,859
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	**$ 11,580,858**	**$ 10,141,607**	**$ 10,861,959**	**$ 10,345,762**
All Other Governmental Funds				
Restricted	$ 4,114,055	$ 3,436,535	$ 2,919,881	$ 5,722,598
Committed	2,854,833	2,198,674	1,635,200	2,190,078
Assigned	1,680,915	1,886,604	1,400,456	965,733
Unassigned	(685,893)	(487,888)		
Reserved	-	-	-	-
Unreserved:				
Capital Reserve	-	-	-	-
Capital Construction	-	-	-	-
Capital Projects	-	-	-	-
Special Revenues	-	-	-	-
Total All Other Governmental Funds	**7,963,910**	**7,033,925**	**5,955,537**	**8,878,408**
Total All Other Governmental Funds	**$ 19,544,768**	**$ 17,175,532**	**$ 16,817,496**	**$ 19,224,170**

Note: For FY 2011, GASB Statement No. 54 was implemented requiring additional classifications of fund balances.

FISCAL YEAR					
FY 2011	**FY 2010**	**FY 2009**	**FY 2008**	**FY 2007**	**FY 2006**
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
253,448	-	-	-	-	-
10,965,330	-	-	-	-	-
-	419,581	892,485	1,077,122	575,175	693,658
-	12,087,465	11,226,993	10,510,392	10,050,517	8,298,621
$ 11,218,778	**$ 12,507,046**	**$ 12,119,478**	**$ 11,587,514**	**$ 10,625,692**	**$ 8,992,279**
$ 3,633,499	$ -	$ -	$ -	$ -	$ -
4,181,490	-	-	-	-	-
(328,860)	-	-	-	-	-
-	4,911,103	6,087,386	5,753,332	9,190,485	15,367,452
-	1,472,928	1,500,784	2,383,746	2,149,331	765,433
-	42,745	(49,222)	(96,853)	629,297	177,213
-	2,591	(152,458)	(153,967)	(101,204)	(31,067)
-	1,862,468	1,447,327	1,825,396	1,461,645	1,008,941
7,486,128	**8,291,835**	**8,833,817**	**9,711,655**	**13,329,555**	**17,287,972**
$ 18,704,906	**$ 20,798,881**	**$ 20,953,295**	**$ 21,299,169**	**$ 23,955,247**	**$ 26,280,251**

CITY OF DAPHNE, ALABAMA

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	FISCAL YEAR			
	FY 2015	**FY 2014**	**FY 2013**	**FY 2012**
Revenues				
Taxes	$ 23,906,257	$ 24,519,331	$ 21,999,720	$ 21,733,548
Licenses and permits	2,654,101	2,250,864	2,173,251	1,864,731
Intergovernmental	701,508	884,022	834,436	463,986
Changes for services	358,786	380,113	398,436	480,719
Fines and forfeitures	866,801	539,167	543,053	491,236
Grants and contributions	1,026,219	183,470	519,355	946,681
Interest / investment earnings	213,194	75,559	2,801	206,289
Other	213,797	268,052	659,498	683,817
Total Revenues	**29,940,663**	**29,100,578**	**27,130,550**	**26,871,007**
Expenditures				
General government	3,815,611	3,575,499	3,541,464	3,493,943
Public safety	9,737,257	9,740,349	9,079,296	8,811,758
Public works	3,927,456	5,008,458	3,932,144	3,726,692
Parks and recreation	1,957,963	2,105,906	1,990,272	2,057,739
	19,438,287	20,430,212	18,543,176	18,090,132
Debt Service:				
Principal	4,562,582	2,766,201	2,792,936	2,110,150
Interest	1,600,130	1,833,561	1,870,017	1,872,584
Cost of debt issuance	124,738	-	-	179,549
	6,287,450	4,599,762	4,662,953	4,162,283
Capital outlay	4,468,018	3,215,113	6,304,061	5,301,508
Total Expenditures	**30,193,755**	**28,245,087**	**29,510,190**	**27,553,923**
Excess of Revenues				
Over (Under) Expenditures	**(253,092)**	**855,491**	**(2,379,640)**	**(682,915)**
Other Financing Sources (Uses)				
Transfers in	5,599,443	5,858,871	4,328,861	5,142,923
Transfers out	(6,744,641)	(6,356,326)	(4,737,051)	(5,626,088)
Contribution to Utility Board	-	-	-	(49,700)
Capital lease proceeds	481,289	-	581,155	-
Refunding warrant proceeds (net of discounts)	9,983,232	-	-	13,271,188
Payment to refunded bond escrow agent	(7,034,096)	-	-	(11,536,144)
Total Other Financing Sources (Uses)	**2,285,227**	**(497,455)**	**172,965**	**1,202,179**
Net Change in Fund Balances	**$ 2,032,135**	**$ 358,036**	**$ (2,206,675)**	**$ 519,264**
Debt Service as a Percentage of Non-Capital Expenditures	24.44%	18.38%	20.09%	18.70%

FISCAL YEAR

FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006
$ 21,244,492	$ 20,434,290	$ 20,434,486	$ 20,188,346	$ 19,443,875	$ 18,222,595
1,840,438	1,733,817	1,913,500	2,348,757	2,434,848	2,015,129
338,737	365,453	508,952	354,810	448,429	504,134
471,144	462,946	368,588	384,661	382,061	454,922
560,938	526,094	581,816	539,834	508,605	514,323
1,351,147	1,221,711	876,332	441,039	2,146,483	2,450,121
241,311	83,697	122,329	551,374	1,142,787	702,566
1,485,586	754,504	194,398	105,541	318,516	910,198
27,533,793	**25,582,512**	**25,000,401**	**24,914,363**	**26,825,603**	**25,773,988**
3,722,384	3,132,794	3,455,093	3,251,284	2,869,871	2,716,094
8,530,766	8,658,596	8,544,615	8,194,222	7,109,886	6,095,340
3,358,205	3,285,211	3,480,840	3,341,961	3,781,084	3,790,413
2,541,230	2,392,960	2,218,091	2,292,933	2,003,166	1,922,423
18,152,584	17,469,561	17,698,639	17,080,401	15,764,007	14,524,270
1,962,276	1,957,735	1,585,793	1,581,832	1,518,539	1,084,113
2,117,367	2,103,713	2,338,284	2,595,697	1,963,773	1,696,053
-	65,924	-	-	-	642,338
4,079,642	4,127,373	3,924,078	4,177,530	3,482,312	3,422,503
5,232,424	4,115,548	3,238,335	4,485,988	10,432,957	12,212,835
27,464,651	**25,712,482**	**24,861,051**	**25,743,919**	**29,679,277**	**30,159,608**
69,143	**(129,970)**	**139,350**	**(829,556)**	**(2,853,673)**	**(4,385,620)**
6,318,974	3,662,356	3,095,999	2,968,436	3,861,959	15,863,450
(6,806,092)	(4,131,123)	(3,695,934)	(3,645,501)	(4,266,031)	(16,273,069)
(1,676,000)	(129,586)	(17,826)	(1,149,523)	(1,797,449)	(68,238)
-	506,969	146,678	-	-	-
-	2,024,108	-	-	2,233,476	31,795,292
-	(1,957,167)	-	-	-	(12,453,409)
(2,163,118)	**(24,444)**	**(471,083)**	**(1,826,588)**	**31,955**	**18,864,025**
$ (2,093,975)	**$ (154,414)**	**$ (331,733)**	**$ (2,656,144)**	**$ (2,821,718)**	**$ 14,478,405**
18.35%	19.11%	18.15%	19.65%	18.09%	19.07%

CITY OF DAPHNE, ALABAMA

Governmental Activities Tax Revenue by Source
Last Ten Fiscal Years

FISCAL YEAR	Sales, Use and Luxury Tax	Gasoline Tax	Payment In Lieu of Taxes	Ad Valorem Tax	Lodging Tax
2015	$ 14,491,340	$ 192,497	$ 2,502,967	$ 4,499,713	$ 1,136,521
2014	14,127,698	206,377	2,510,663	5,720,564	922,598
2013	13,558,046	122,515	2,268,872	4,517,480	680,474
2012	13,805,081	124,086	2,234,494	4,915,408	654,479
2011	13,149,327	116,989	2,269,687	5,048,884	659,605
2010	12,118,036	117,202	1,952,460	5,603,130	643,462
2009	12,183,006	116,611	2,046,309	5,539,305	549,255
2008	13,296,369	117,036	1,861,149	4,322,745	591,147
2007	13,330,805	119,764	1,716,258	3,703,278	573,771
2006	12,715,877	119,916	1,475,563	3,309,937	601,303

CITY OF DAPHNE, ALABAMA

Revenue Rates for General Sales Tax
Last Ten Fiscal Years

Fiscal Year	City Sales Tax Rate	County Sales Tax Rate	State Sales Tax Rate	Total Sales Tax Rate
2015	2.5%	3.0%	4.0%	9.5%
2014	2.5%	3.0%	4.0%	9.5%
2013	2.5%	3.0%	4.0%	9.5%
2012	2.5%	3.0%	4.0%	9.5%
2011	2.5%	3.0%	4.0%	9.5%
2010	2.5%	2.0%	4.0%	8.5%
2009	2.5%	2.0%	4.0%	8.5%
2008	2.5%	2.0%	4.0%	8.5%
2007	2.5%	2.0%	4.0%	8.5%
2006	2.5%	2.0%	4.0%	8.5%

Source: State of Alabama Department of Revenue

Note: The 1% sales tax increase in FY 2011 was for the Baldwin County School System. In FY 2012, voters made this increase permanent.

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CITY OF DAPHNE, ALABAMA

Principal Revenue Remitters of Sales and Use Tax
Current Year and Nine Years Ago

	FISCAL YEAR			
ORGANIZATION	FY 2015 RANK	FY 2015 % of Total Taxable Sales	FY 2006 RANK	FY 2006 % of Total Taxable Sales
Walmart Stores	1	12.21%	1	14.61%
Sam's	2	9.12%	-	-
Lowes Home Center	3	5.88%	-	-
Target Corp	4	4.37%	3	4.23%
Home Depot USA	5	3.78%	2	5.79%
Chris Myers Pontiac-GMC	6	3.51%	4	4.04%
Eastern Shore Toyota	7	3.50%	-	-
Tameron Automotive Eastern Shore	8	4.58%	8	1.50%
Publix	9	2.63%	-	-
Terry Thompson Chevrolet	10	2.25%	5	2.31%
Winn Dixie	-	-	6	2.20%
Bayview Ford	-	-	9	1.13%
NFL Building Center	-	-	7	1.87%
Office Depot	-	-	10	1.01%

Source: Eastern Shore Chamber of Commerce
City of Daphne's Revenue Department
- Data was only available for the top 10 organizations each year

CITY OF DAPHNE, ALABAMA

Net Assessed Value of All Taxable Property
Last Ten Fiscal Years

	Total Direct Rates						
	Real Property			Personal Property			
Fiscal Year Ended September 30	Utilities	Residential Property	Commercial Property	Automobiles	Penalties	Total Net Assessed Value	Total Direct Tax Rate
2015	$ 966,980	$203,847,660	$124,961,900	$ 44,532,382	$ 184,080	$ 374,493,002	15.00
2014	964,900	195,800,920	119,181,840	42,506,788	208,480	358,662,928	15.00
2013	1,041,260	187,922,280	113,879,000	42,317,820	156,558	345,316,918	15.00
2012	709,820	182,406,220	112,479,560	39,796,596	75,180	335,467,376	15.00
2012	709,820	182,406,220	112,479,560	39,796,596	75,180	335,467,376	15.00
2011	730,820	193,254,400	119,145,080	36,500,570	93,060	349,723,930	15.00
2010	743,840	197,194,000	125,107,200	32,357,080	88,660	355,490,780	15.00
2009	801,920	214,951,780	135,778,460	34,981,920	98,540	386,612,620	15.00
2008	679,600	204,038,780	135,577,300	27,405,940	78,060	367,779,680	15.00
2007	608,520	183,170,800	123,626,220	29,844,100	100,020	337,349,660	15.00
2006	586,640	139,953,720	96,791,040	28,769,040	-	266,100,440	15.00

Source: Baldwin County Revenue Commissioner

Note: Property taxes are assessed and levied one year in arrears.

CITY OF DAPHNE, ALABAMA

Principal Remitters of Property Tax
Current Year and Nine Years Ago

Taxpayers	FY 2015 Assessed Value	FY 2015 Rank	FY 2015 % of Total Net Assessed Value	FY 2006 Assessed Value	FY 2006 Rank	FY 2006 % of Total Net Assessed Value
Jubilee Square LLC	$ 6,791,240	1	2.06%	$ -	-	0.00%
Audubon Park Apartments LLC	4,307,880	2	1.31%	-	-	0.00%
Myers Family Limited Partnership	2,930,740	3	0.89%	1,647,200	6	0.69%
Whispering Pines Park LLC	2,669,420	4	0.81%	-	-	0.00%
Jubilee Ridge LLC	2,652,200	5	0.80%	-	-	0.00%
Lowes's Home Centers Inc.	2,246,160	6	0.68%	-	-	0.00%
Ashley Gates - Brookfield LLC	2,240,720	7	0.68%	-	-	0.00%
Wal-Mart Real Estate Business Trust	2,117,080	8	0.64%	-	-	0.00%
Esfahani Real Estate Holding of AL	2,071,920	9	0.63%	-	-	0.00%
Health Care Reit Inc.	2,005,340	10	0.61%	-	-	0.00%
AIG Baker Daphne LLC	-	-	0.00%	5,333,380	1	2.25%
Wynchase LLC	-	-	0.00%	3,268,680	2	1.38%
Wal-Mart Stores Inc	-	-	0.00%	2,635,800	3	1.11%
Malbis Properties LLC	-	-	0.00%	1,784,840	4	0.75%
Inn of Daphne Inc.	-	-	0.00%	1,726,960	5	0.73%
Dayton Hudson Corporation	-	-	0.00%	1,592,140	7	0.67%
Grand Point Apartments LLC	-	-	0.00%	1,589,680	8	0.67%
FRO LLC VIII	-	-	0.00%	1,246,820	9	0.53%
Timbercreek Investments LLC	-	-	0.00%	1,208,140	10	0.51%

Source: Baldwin County Revenue Commissioner
- Data was only available for the top 10 organizations each year

CITY OF DAPHNE, ALABAMA

Property Tax Rates Direct and Overlapping Governments
Last Fiscal Ten Years

	Direct Rate	Overlapping Rates**					
	City of Daphne	Baldwin County					
Fiscal Year	Operating Millage	General Millage	Road / Bridge Millage	Fire Millage	School Millage	Health Care Authority Millage	Total County Millage
2015	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2014	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2013	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2012	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2011	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2010	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2009	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2008	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2007	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2006	15.0	5.0	2.5	1.5	12.0	0.5	21.5

Source: Baldwin County Revenue Commissioner

** Overlapping rates are those of county and state governments that apply to property owners within the City of Daphne.

Overlapping Rates**

State of Alabama

General Millage	School Millage	Soldier Millage	Total State Millage	Total Direct & Overlapping Rates
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0

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CITY OF DAPHNE, ALABAMA

Ad Valorem Levies and Collections
Last Fiscal Ten Years

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ending September 30	Total Tax Levy for Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2015	$ 4,912,819	$2,677,886	54.51%	$ -	$ 2,677,886	54.51%
2014	4,740,854	4,715,793	99.47%	20,967	4,736,760	99.91%
2013	4,513,658	4,498,136	97.99%	9,923	4,508,059	97.99%
2012	4,411,487	4,395,066	99.63%	12,641	4,407,707	99.85%
2011	4,674,857	4,660,367	99.69%	12,014	4,672,381	99.91%
2010	4,895,120	4,847,801	99.03%	35,222	4,883,023	99.30%
2009	5,152,580	5,109,720	99.17%	31,149	5,140,869	99.75%
2008	4,961,414	4,641,192	93.55%	267,431	4,908,623	98.91%
2007	4,492,072	4,221,907	93.99%	227,552	4,449,459	99.05%
2006	3,543,150	3,523,375	99.44%	15,748	3,539,123	99.89%

Source: Baldwin County Revenue Commissioner

CITY OF DAPHNE, ALABAMA

Legal Debt Margin
Last Fiscal Ten Years

	FISCAL YEAR			
	FY 2015	**FY 2014**	**FY 2013**	**FY 2012**
Constitutional Debt Limit	$ 74,898,600	$ 71,732,586	$ 69,063,384	$ 67,093,475
Total Net Debt Applicable to Limit	(33,291,384)	(33,914,432)	(36,335,750)	(38,614,155)
Legal Debt Margin	**$ 41,607,216**	**$ 37,818,154**	**$ 32,727,634**	**$ 28,479,320**
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	44.45%	47.28%	52.61%	57.55%
Legal Debt Margin Calculation				
Assessed Value	**$ 374,493,002**	**$ 358,662,928**	**$ 345,316,918**	**$ 335,467,376**
Debt Limit (20% of Total Assessed Value)	**$ 74,898,600**	**$ 71,732,586**	**$ 69,063,384**	**$ 67,093,475**
Debt Applicable to Limit:				
General Obligation Bonds	$ 36,038,064	$ 37,007,732	$ 39,634,250	$ 42,725,887
Less: Exempt Debt	(2,746,680)	(3,093,300)	(3,298,500)	(4,111,732)
Total Net Debt Applicable to Limit	$ 33,291,384	$ 33,914,432	$ 36,335,750	$ 38,614,155
Legal Debt Margin	**$ 41,607,216**	**$ 37,818,154**	**$ 32,727,634**	**$ 28,479,320**

FISCAL YEAR					
FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006
$ 69,944,786	$ 71,098,156	$ 77,322,524	$ 73,555,936	$ 67,469,932	$ 53,220,088
(28,984,716)	(30,484,799)	(31,882,732)	(33,177,921)	(34,595,053)	(35,955,192)
$ 40,960,070	**$ 40,613,357**	**$ 45,439,792**	**$ 40,378,015**	**$ 32,874,879**	**$ 17,264,896**
41.44%	42.88%	41.23%	45.11%	51.27%	67.56%
$ 335,467,376	**$ 349,723,930**	**$ 355,490,780**	**$ 386,612,620**	**$ 367,779,680**	**$ 266,100,440**
$ 67,093,475	**$ 69,944,786**	**$ 71,098,156**	**$ 77,322,524**	**$ 73,555,936**	**$ 53,220,088**
$ 42,388,164	$ 43,996,777	$ 45,047,105	$ 46,486,221	$ 48,068,053	$ 47,353,116
(13,403,448)	(13,511,978)	(13,164,373)	(13,308,300)	(13,473,000)	(11,397,924)
$ 28,984,716	$ 30,484,799	$ 31,882,732	$ 33,177,921	$ 34,595,053	$ 35,955,192
$ 38,108,759	**$ 39,459,987**	**$ 39,215,424**	**$ 44,144,603**	**$ 38,960,883**	**$ 17,264,896**

CITY OF DAPHNE, ALABAMA

Outstanding Debt by Type
Last Fiscal Ten Years

	Governmental Activities				Business Activities	
Fiscal Year	General Obligation Debt	Limited Obligation Debt	Notes Payable	Capital Leases	General Obligation Debt	Capital Leases
2015	$ 32,215,000	$ 3,823,064	$ -	$ 581,574	$ -	$ 415,879
2014	32,920,000	4,087,733	-	293,198	-	245,794
2013	35,310,000	4,324,250	-	432,882	-	416,191
2012	37,570,000	4,539,755	-	169,158	-	446,974
2011	27,935,000	13,491,116	-	332,948	-	629,101
2010	29,540,000	13,689,799	-	491,540	-	275,439
2009	31,015,000	13,900,032	-	132,074	-	-
2008	32,480,000	14,006,221	-	-	-	-
2007	33,900,000	14,168,053	-	-	-	-
2006	35,270,000	12,083,116	-	-	-	-

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

Total Primary Government Debt	Total Debt as a Percentage of Personal Income	Total Debt Per Capita
$ 37,035,517	3.13%	1,221
37,546,725	3.25%	1,254
40,483,323	3.51%	1,352
42,725,887	3.85%	1,464
42,388,164	4.29%	1,559
43,996,777	4.89%	2,040
45,047,105	4.79%	1,738
46,486,221	5.09%	1,787
48,068,053	5.63%	1,902
47,353,116	6.23%	1,946

CITY OF DAPHNE, ALABAMA

Net Bonded Debt by Type
Last Fiscal Ten Years

Fiscal Year	Net Debt	Net Debt as a Percentage of Estimated Actual Taxable Value of Property (1)	Net Debt Per Capita (2)
2015	$ 33,291,384	8.89%	1,097
2014	33,914,432	9.06%	1,070
2013	36,335,750	10.52%	1,213
2012	38,614,155	11.51%	1,323
2011	28,984,716	8.29%	1,066
2010	30,484,799	8.58%	1,413
2009	31,882,732	8.25%	1,230
2008	33,177,921	9.02%	1,275
2007	34,595,053	10.25%	1,369
2006	35,955,192	13.51%	1,478

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

(1) - See the Schedule of Net Assessed Value of Taxable Property for property value data.

(2) - Population data can be found in the Schedule of Demographic and Economic Statistics

CITY OF DAPHNE, ALABAMA

Direct and Overlapping Governmental Activities Debt
Last Fiscal Ten Years

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
City of Daphne Direct Debt			
Net Direct Debt	$ 33,291,384	100.00%	$ 33,291,384
Overlapping Debt			
Utilities Board of the City of Daphne (1)	16,510,000	100.00%	16,510,000
Baldwin County General Bonded Debt & Warrants (2)	139,495,079	9.01%	12,563,621
Total Direct & Overlapping Debt			**$ 62,365,005**

Source: Baldwin County Revenue Commissioner

(1) - The Utilities Board of the City of Daphne is a subordinate entity.
This amount as of 9/15/2015 represents an unaudited amount.

(2) - The percentage of net assessed value of property in the City of Daphne ($374,493,002) to net assessed value of property in Baldwin County ($4,158,031,452) on 10/1/2015.

CITY OF DAPHNE, ALABAMA

Demographic and Economic Statistics
Last Fiscal Ten Years

Fiscal Year	Population	Personal Income	Per Capital Person Income	Median Age	School Enrollment	Unemployment Rate
2015	30,337	$1,184,368,541	$ 39,040	40.40	4,643	5.2%
2014	31,683	1,238,792,986	39,100	39.80	4,040	6.3%
2013	29,946	1,154,369,772	38,548	39.80	3,250	6.3%
2012	29,176	1,109,376,941	38,024	38.39	3,129	7.0%
2011	27,182	986,993,655	36,311	37.91	3,100	8.1%
2010	21,570	898,840,160	41,671	37.90	2,989	8.9%
2009	25,922	939,528,351	36,244	37.79	3,143	8.8%
2008	26,019	913,935,561	35,126	37.99	3,193	4.1%
2007	25,274	853,270,240	33,761	38.08	2,528	2.7%
2006	24,328	759,940,280	31,237	37.65	3,423	2.8%

Sources: Bureau of Economic Analysis
Alabama Department of Labor
Eastern Shore Chamber of Commerce
www.schooldigger.com

CITY OF DAPHNE, ALABAMA

Principal Employers
Current and Nine Years Ago

EMPLOYER	FY 2015 # of Employees	FY 2015 % of Total Employees	FY 2015 RANK	FY 2006 # of Employees	FY 2006 % of Total Employees	FY 2006 RANK
	FISCAL YEAR					
Wal-Mart Super Center	471	0.57%	1	350	0.43%	1
City of Daphne	292	0.35%	2	-	0.00%	-
Eastern Shore Rehab	250	0.30%	3	-	0.00%	-
Eastern Shore Toyota / Hyundai	189	0.23%	4	-	0.00%	-
Lowe's	174	0.21%	5	-	0.00%	-
Chris Myers	150	0.18%	6 (tie)	175	0.22%	3
Sam's Club	150	0.18%	6 (tie)	-	0.00%	-
Mercy Medical	150	0.18%	6 (tie)	-	0.00%	-
Bayside Academy	105	0.13%	7	-	0.00%	-
The Brennity	101	0.12%	8	-	0.00%	-
Target	100	0.12%	9 (tie)	186	0.23%	2
Home Depot	100	0.12%	9 (tie)	154	0.19%	4
Home Relief Services	-	-	-	130	0.16%	5
Winn Dixie	-	-	-	60	0.07%	7
Riviera Utilities	-	-	-	100	0.12%	6

Source: Eastern Shore Chamber of Commerce
- Data was only available for the top 10 employers each year

CITY OF DAPHNE, ALABAMA

City Government Employees by Function
Last Ten Fiscal Years

Function	FY 2015	FY 2014	FY 2013	FY 2012
	FISCAL YEAR			
General Government:				
Legislative	9	9	9	9
Executive	4	4	4	2
Human Resources	4	4	3	3
Finance	8	8	8	8
Revenue	2	2	2	2
Planning	4	4	4	4
Court	3	3	3	4
Building Maintenance & Janitorial	7	7	7	7
Total General Government	**41**	**41**	**40**	**39**
Public Safety:				
Police Department	91	91	83	84
Fire Department	44	44	45	41
Building Inspection	5	5	5	5
Code Enforcement	1	1	1	1
Total Public Safety	**141**	**141**	**134**	**131**
Public Works:				
Public Works Administration	5	5	5	5
Solid Waste	5	5	5	5
Streets	13	13	11	11
Grounds	12	12	10	10
Mowing	8	8	8	8
Mechanical	8	8	8	8
Garbage and Recycling	12	12	12	12
Total Public Works	**63**	**63**	**59**	**59**
Library and Recreation:				
Parks	9	9	8	8
Recreation	9	9	8	9
Concessions	2	2	2	2
S.A.I.L. Site	3	3	3	3
Library	18	18	16	15
Civic Center	6	6	6	7
Total Library & Recreation	**47**	**47**	**43**	**44**
Total Employees	**292**	**292**	**276**	**273**

Source: City of Daphne Human Resources Department

FISCAL YEAR					
FY 2011	**FY 2010**	**FY 2009**	**FY 2008**	**FY 2007**	**FY 2006**
9	9	9	9	9	9
2	2	2	2	2	2
3	3	3	3	3	3
8	8	8	8	8	7
2	3	3	3	3	3
4	7	7	7	7	6
4	4	4	4	4	5
7	7	7	7	7	6
39	**43**	**43**	**43**	**43**	**41**
84	84	84	84	84	83
41	41	32	29	26	20
5	7	7	7	6	3
1	1	1	1	1	1
131	**133**	**124**	**121**	**117**	**107**
5	5	6	6	5	5
5	5	5	5	5	5
11	11	11	11	11	11
10	12	13	13	17	13
8	9	9	9	9	9
8	8	8	8	9	9
12	18	18	18	18	18
59	**68**	**70**	**70**	**74**	**70**
8	9	9	9	5	9
9	11	11	11	11	11
2	2	2	2	2	2
3	3	3	3	3	3
15	15	15	15	13	12
7	8	8	8	7	7
44	**48**	**48**	**48**	**41**	**44**
273	**292**	**285**	**282**	**275**	**262**

CITY OF DAPHNE, ALABAMA

Operating Indicators by Function
Last Six Fiscal Years

	FISCAL YEAR					
	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Municipal Court						
Cases Pending:						
Traffic	2,964	2,761	2,957	2,529	2,457	2,815
Non- Traffic	865	852	849	845	859	842
Parking	0	0	0	0	0	2
Total Pending Cases:	**3,829**	**3,613**	**3,806**	**3,374**	**3,316**	**3,659**
Cases Filed:						
Traffic	4,269	3,552	3,280	3,177	3,094	4,157
Non- Traffic	454	396	441	501	510	491
Parking	1	-	-	-	-	1
Total Cases Filed:	**4,724**	**3,948**	**3,721**	**3,678**	**3,604**	**4,649**
Cases Disposed of:						
Traffic	4,259	3,812	3,355	3,494	4,056	4,401
Non- Traffic	458	420	537	567	561	557
Parking	0	0	0	0	2	0
Total Cases Disposed of:	**4,717**	**4,232**	**3,892**	**4,061**	**4,619**	**4,958**
Failure-to-appear Cases:						
Traffic	1,234	989	898	684	981	1,023
Non- Traffic	133	135	122	46	73	19
Parking	-	-	-	-	-	-
Total Failure-to-appear:	**1,367**	**1,124**	**1,020**	**730**	**1,054**	**1,042**
Cases Appealed:						
Traffic	69	55	69	43	55	318
Non- Traffic	53	39	35	49	53	122
Parking	-	-	-	-	-	-
Total Appeals:	**122**	**94**	**104**	**92**	**108**	**440**
Cases by Disposition Type:						
Guilty	2,814	2,472	2,424	2,518	3,014	3,354
Not Guilty	9	11	13	14	16	16
Nol pros / Dismissal	1,711	1,505	1,195	1,274	1,571	1,588
Continued	4,912	4,083	3,002	2,412	2,012	3,398
Total Cases:	**9,446**	**8,071**	**6,634**	**6,218**	**6,613**	**8,356**

CITY OF DAPHNE, ALABAMA

Operating Indicators by Function
Last Six Fiscal Years

	FISCAL YEAR					
	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Municipal Court (continued)						
Local Receipts:						
Fines	$246,491	$259,223	$284,804	$265,397	$326,406	$310,318
Corrections	$96,646	$82,753	$74,885	$70,109	$70,757	$81,929
Jail / Housing	$0	$0	$0	$0	$0	$0
Law Library	$0	$0	$0	$0	$0	$0
Municipal ETC	$6,447	$5,551	$5,002	$4,688	$4,731	$5,483
# of Bonds Forfited	$58	$31	26	39	48	37
Bonds Forfited	$29,591	$15,475	$13,712	$18,540	$23,809	$17,056
Other Local	$122,275	$115,508	$114,494	$74,190	$61,930	$73,270
Total Local Receipts:	**$501,450**	**$478,510**	**$492,897**	**$432,924**	**$487,633**	**$488,056**
State Receipts:						
Fair Trial Tax	$52,161	$44,585	$40,108	$44,697	$38,588	$38,168
Peace Officers Annuity	$16,745	$14,321	$12,921	$9,836	$8,616	$8,685
State Drivers Fund	$25,610	$21,511	$18,722	$20,560	$17,530	$16,876
Crime Victims Fund	$8,483	$7,591	$7,404	$8,502	$7,597	$7,937
State General Fund	$68,016	$58,295	$52,605	$58,339	$50,474	$49,840
DNA Database	$37,740	$33,036	$29,689	$18,714	$4,137	$28,425
Criminal Histroy	$10,593	$11,256	$12,899	$15,288	$15,450	$15,991
Impaired Driver	$5,719	$8,186	$8,108	$7,068	$10,604	$9,647
State General DUI	$9,314	$14,625	$16,867	$13,397	$18,856	$16,101
Checical Trust	$6,068	$8,032	$7,247	$6,794	$10,166	$9,746
Forensic Trust	$2,310	$2,069	$2,608	$1,935	$1,386	$2,953
Drivers License Fee	$12,154	$12,571	$13,218	$15,206	$15,036	$13,716
Advance Tech Data	$9,688	$8,347	$7,517	$8,246	$7,114	$7,016
Drug Docket Fee	$797	$800	$960	$1,025	$548	$1,080
Other State	$197,132	$149,624	$135,941	$93,793	$107,074	$94,134
Total State Receipts:	**$462,530**	**$394,849**	**$366,814**	**$323,400**	**$313,176**	**$320,315**
Other Receipts:						
Restitution	$9,452	$4,285	$9,638	$7,105	$5,564	$7,837
# of Cash Bonds	$550	$287	290	392	381	404
Cash Bonds	$168,056	$149,700	$147,179	$209,396	$199,110	$213,919
Total Other Receipts:	**$177,508**	**$153,985**	**$156,817**	**$216,501**	**$204,674**	**$221,756**

CITY OF DAPHNE, ALABAMA

Operating Indicators by Function (Continued)
Last Six Fiscal Years

	FISCAL YEAR					
	FY 2015	**FY 2014**	**FY 2013**	**FY 2012**	**FY 2011**	**FY 2010**
Public Safety						
Police Department:						
Patrol Division:						
Complaints	14,871	14,044	13,002	13,322	13,532	13,004
Accidents - Roadway	170	804	194	791	742	760
Accidents - Private Property	862	194	731	208	169	175
Accidents - Traffic Homicides	2	2	2	1	4	1
Arrests - Controlled Substance	25	19	29	10	9	15
Arrests - Drug Paraphernalia	44	38	32	26	31	47
Arrests - Felony Marijuana	7	2	7	3	10	7
Arrests - Misdemeanor Marijuana	42	29	40	26	23	29
Arrests - Alias Warrant	438	357	286	431	366	302
Arrests - D.U.I.	138	141	152	149	128	165
Arrests - Felony	70	71	95	61	82	65
Arrests - Misdemeanor	844	695	702	927	773	731
Assists - Motorist / Citizens	1,856	2,345	2,541	2,785	5,376	2,917
Citations	4,368	3,374	3,289	3,255	3,241	4,218
Securiy Checks	8,266	3,017	466	n/a	n/a	n/a
Close Patrols				5,273	4,905	4,769
Warnings	4,540	2,603	2,105	2,429	1,819	995
Drug Report - Routine Patrol & Special Ops:						
Drugs Seized	6	48	39	0	0	3
Monies Seized	$0	$0	$1,445	$0	$0	$0
Vehicles Seized	0	0	0	0	0	0
Commercial Vehicle Inspections	483	433	412	230	65	79
Detective Division:						
New Cases Received	752	726	795	734	849	629
Previous Unsolved Cases	91	73	93	66	91	168
Cases Solved	466	403	473	481	482	499
Arrests:						
Cases Solved - Resulting in Felony	63	58	162	112	144	214
Cases Solved - Resulting in	16	3	9	22	47	39
Houses Searched	0	0	1	0	0	0
Total Warrants Arrests:	**79**	**61**	**171**	**134**	**191**	**253**

CITY OF DAPHNE, ALABAMA

Operating Indicators by Function (Continued)
Last Six Fiscal Years

	FISCAL YEAR					
	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Detective Division (continued)						
Warrants:						
Warrants Served	327	436	491	378	578	549
Agency Assists	42	59	67	163	253	212
Recalls	85	190	93	139	276	301
Total Warrants Served:	**454**	**685**	**651**	**680**	**1,107**	**1,062**
Sex Offenders:						
Contact Verification	2	36	45	18	20	15
Total # of Offenders	35					
Registered in Daphne	**5**	**7**	**8**	**8**	**2**	**3**
D.A.R.E.:						
Hours Report Writing	34	41	32	48	69	42
Students Instructed S.R.O.	4,925	5,665	3,860	2,795	3,540	3,938
Students Instructed D.A.R.E.	4,815	7,195	5,030	2,180	5,820	2,031
Police Reports by S.R.O.	32	31	30	32	57	22
Arrests by S.R.O.	7	17	13	14	24	13
Code Enforcement:						
Warnings	95	40	41	41	60	89
Citations	25	15	33	45	51	36
Warning Compliance	273	190	248	312	251	242
Follow-Up	333	312	379	427	307	294
Jail:						
Arrestees Received & Processed	2,092	2,256	2,351	2,259	2,131	2,107
Inmate Meals Served	30,082	29,137	27,883	21,055	20,557	30,540
Inmate Medical Cost	$30,257	$24,063	$23,788	$20,002	$14,322	$37,040
Worker Inmate Hours	2,217	2,328	1,879	2,005	3,206	10,203
Animal Control:						
Complaints	665	836	703	618	721	837
Follow-Up	564	1,458	1,326	1,169	1,224	1,256
Citations	43	62	153	55	80	77
Warnings	210	157	391	276	132	124
Felines Captured	215	297	299	259	273	316
Canines Captured	224	310	365	345	337	363
Other Captured	139	125	67	71	129	250
Returned to Owner	91	130	179	186	143	184
Adopted	137	191	191	139	183	180
Euthanized	276	332	277	204	174	293

CITY OF DAPHNE, ALABAMA

Operating Indicators by Function (Continued)
Last Six Fiscal Years

	FISCAL YEAR					
	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Crimes Reported:						
Arson	0	0	0	0	0	0
Burglary - Commercial	21	42	35	17	31	12
Burglary - Residential	48	51	49	82	94	57
Burglary - Vehicle	78	120	145	109	123	22
Criminal Mischief	48	62	45	74	83	88
Disorderly Conduct	4	10	12	4	8	8
Domestic Disturbance	109	127	274	308	253	175
False Information to Police	14	11	14	11	17	11
Felony Assault	4	6	5	7	6	2
Felony Theft	133	134	149	136	165	191
Harassment	63	43	56	87	87	94
Identity Theft	6	17	50	80	54	41
Indecent Exposure	0	2	1	3	2	6
Kidnapping	0	0	1	0	0	0
Menacing	7	4	4	6	3	4
Misdemeanor Assault	30	13	11	17	14	13
Misdemeanor Theft	217	170	181	207	191	210
Murder	0	1	26	0	1	15
Other Death Investigations	0	6	20	16	23	10
Public Intoxication	10	6	7	11	11	8
Public Lewdness	0	1	1	2	0	2
Receiving Stolen Property	8	7	9	5	17	2
Reckless Endangerment	15	5	7	7	5	5
Resisting Arrest	13	11	10	4	4	2
Robbery	5	6	6	5	14	12
Sex Crime Investigations	8	10	26	21	13	4
Suicide	0	0	0	0	0	3
Suicide, Attempted	0	6	22	25	24	16
Theft of Services	0	0	0	1	0	5
Unauthorized Use of Services	14	8	4	6	7	8
Weapon Offenses	16	8	16	7	9	3
White Collar Crimes	32	48	46	30	38	30

CITY OF DAPHNE, ALABAMA

Operating Indicators by Function (Continued)
Last Six Fiscal Years

	FISCAL YEAR					
	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Fire Department:						
Suppression:						
Fire / Explosion:						
Fire, Other	9	13	8	3	6	5
Structure Fire - Commercial	18	6	3	7	3	6
Structure Fire - Residential	21	31	20	22	35	28
Fire in mobile property	5	6	2	1	1	1
Vehicle / Mobile Property Fire	21	16	17	14	9	14
Natural Vegetation Fire	14	18	11	14	20	11
Outside Rubbish Fire	7	6	10	10	17	4
Special Outside Fire	4	6	3	3	6	6
Cultivated Vegetable Crop Fire	0	0	0	1	0	2
Overpressure Rupture	1	0	2	1	3	1
Rescue Call & Emerg Medical	2,077	1,981	1,959	1,674	1,710	1,693
Hazardous Conditions (No Fire)	34	37	34	42	46	34
Service Calls	167	180	193	155	153	245
Good Intent Calls	182	208	195	240	202	193
False Alarm & False Calls	269	235	217	249	286	205
Severe Weather & Natural	2	8	3	5	4	1
Other Situations	2	2	3	1	2	0
Fire Prevention Awareness & Education:						
Classes Held	150	48	19	61	83	74
Persons Attending	1,165	686	898	1,465	5,893	5,091
Bureau of Fire Prevention:						
Plan Reviews	20	24	29	189	30	27
Final / Certificates of Occupancy	15	7	6	3	7	6
General / Annual Inspections	992	523	462	291	781	1,003
Business Licenses	61	84	69	156	72	64
Consultations	0	0	0	0	0	0
All Other / Miscellaneous Activity	158	188	158	23	11	0
Miscellaneous Reporting:						
Training Hours	4,530	4,684	2,773	9,601	1,187	1,324
Property Loss ($$)	$ 1,980,630	$ 1,489,315	$ 866,200	$ 1,027,815	$ 1,171,212	$ 1,151,542
Personnel & Civilian Injuries by	0	0	0	2	1	0
Advanced Life Support Rescues:	1,611	1,444	1,434	687	1,105	1,103
Number of Patients Treated:	2,018	1,945	1,898	978	1,692	1,586
Inspections & Installs:	169	115	105	426	141	180

CITY OF DAPHNE, ALABAMA

Operating Indicators by Function (Continued)
Last Six Fiscal Years

	FISCAL YEAR					
	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Building Inspection:						
Permits:						
Building Permits:						
Non-Residential	70	50	86	82	78	62
Residential	451	482	465	361	316	346
Electrical Permits:						
Non-Residential	48	38	52	29	38	38
Residential	58	47	36	39	122	134
Electrical Permits - New Construction:						
Non-Residential	0	0	1	5	0	0
Residential	170	155	169	109	16	0
Land Disturbance Permits:						
Non-Residential	0	0	0	0	1	0
Residential	97	92	152	102	60	15
Mechanical Permits:						
Non-Residential	29	26	39	34	45	18
Residential	57	54	41	42	130	177
Mechanical Permits - New Construction:						
Non-Residential	0	0	0	3	0	0
Residential	166	148	152	123	18	0
Plumbing Permits:			49			
Non-Residential	29	20	26	24	34	23
Residential	40	46		32	167	129
Plumbing Permits - New Construction:						
Non-Residential	0	0	1	1	0	0
Residential	157	155	176	118	23	0
Total # of Permits	1,372	1,313	1,445	1,104	1,048	942
Inspections:						
Building Permit Inspections	3,196	3,217	2,420	1,416	1,291	1,156
Electrical Permit Inspections	119	109	90	66	213	206
Electrical - New Construction Permit	152	155	172	130	12	0
Land Disturbance Permit	0	28	6	8	68	3
Mechanical Permit Inspections	36	58	33	27	143	161
Mechanical - New Construction Permit Inspections	151	155	171	126	19	0
Plumbing Permit Inspections	96	98	86	77	373	383
Plumbing - New Construction Permit	354	356	427	244	25	0
Total # of Inspections	4,104	4,176	3,405	2,094	2,144	1,909
Ditches Services (miles)				4		
Environmental:						
Site Containment Insp - Permitted	863	857	877	339	181	324
Site Containment Insp - All Other	321	301	276	87	115	110
Total # of Environmental Inspections	1,184	1,158	1,153	426	296	434

CITY OF DAPHNE, ALABAMA

Operating Indicators by Function (Continued)
Last Six Fiscal Years

	FISCAL YEAR					
	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Public Works (1):						
Concrete & Sidewalk Repair:						
Repairs (miles)						
Asphalt Street Repairs:						
Asphalt Used (tons)	653	580	230	152		
Repairs (# of repairs)	9,580	12	123	285		
Street Sweeping:						
Miles Swept	1,183	1,813	2,107	1,735		
Dredge:						
Materials Removed/Dredged	728	980	1,000	40 tons		
Storm Drain & Heavy Equipment:						
Drains Cleaned (# of Jobs)	105	172	150	112		
Materials Hauled (cubic yards)	998	1,340	75	52		
Solid Waste:						
Waste Removed (tons)	6,597	6,533	6,359	6,316		
Recycled (tons)	2,020	3,045	3,539	2,919		
Special Events	5	6	7	6		
Trash Division:						
Trash Picked Up (tons)	4,633	4,008	3,950	3,518		
Pay Pile Loads	10	22	13	24		
Library & Recreation:						
Tournament Events & Participants (1):						
Adult Softball:						
No. of Events	19	18	26	21		
Participants	2,200	1,750	3,700	3,000		
Girls Fastpitch Softball:						
No. of Events	12	14	8	6		
Participants	4,950	5,800	3,300	2,500		
Soccer:						
No. of Events	10	9	9	8		
Participants	13,000	12,000	11,000	10,500		
Baseball						
No. of Events	1	1				
Participants	110	140				
Football						
No. of Events	1	1				
Participants	750	480				
Lacrosse:						
No. of Events	2	1	4	4		
Participants	300	140	900	900		

CITY OF DAPHNE, ALABAMA

Operating Indicators by Function (Continued)
Last Six Fiscal Years

	FISCAL YEAR					
	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Library & Recreation (continued):						
League Participants by Sport:						
Youth Soccer	760	790	775	550	540	525
Youth Football	195	199	195	205	195	200
Youth Cheerleading	45	50	75	80	80	65
Fall Men's Open Softball	275	255	234	220	17	168
Fall Co-Ed Softball	150	165	143	156	10	144
Fall Adult Soccer	115	120	120	100	10	120
Dixie Youth Baseball (ages 5-12)	500	480	525	435	450	480
Dixie Boys Baseball (ages 13-14)	50	60	63	60	55	60
Youth Softball	115	120	95	80	85	75
Youth Spring Soccer	350	375	380	250	0	0
Men's Church League Softball	240	270	208	192	216	288
Spring Co-Ed Softball	160	180	195	132	180	144
Spring Adult Soccer	110	90	84	80	80	80
Summer Men's Open Softball	400	435	312	264	372	312
Summer Co-Ed Softball	225	210	247	132	192	192
Summer Adult Soccer	100	110	95	80	90	80
Library						
Patrons Visits	274,619	262,786	197,384	220,738	214,982	224,367
Items Circulated	431,305	443,471	293,033	276,093	296,712	314,218
Children's Program Attendance	6,756	5,800	5,822	7,378	10,323	10,889
Teen Program Attendance	1,251	1,158	1,656	735	827	1,143
Adult Program Attendance	664	167	176	531	575	721
Computer Users	31,176	25,537	26,368	30,892	31,676	17,234
Rosetta Stone Hours Used	0	120	194	470	309	0
Ancestry Database Users	7,106	7,612	8,752	7,047	6,976	0
Heritage Quest Database Users	1,957	1,204	2,265	1,263	1,256	0
E-Books Circulation	18,215	15,802	9,156	6,277	767	0
Gutenberg Downloads	2,109	1,868	5,107	1,498	405	0
Reference Questions Answered	1,175	25,822	8,643	8,046	8,639	8,976
Meeting Rooms Use Hours	11,003	7,363	6,002	6,330	6,836	7,251
Special Displays	211	94	47	45	39	47
Library Facebook Visits	69,415	59,947	103,965	47,615	2,112	0

Source: Various City Departments

(1) FY 2012 was a benchmark year for this reporting.

CITY OF DAPHNE, ALABAMA

Capital Asset Statistics by Function
Last Seven Fiscal Years

Function	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
				FISCAL YEAR			
Public Safety:							
Fire:							
Number of Fire Stations	4	4	4	4	4	4	4
Number of Fire Trucks	8	7	6	6	6	6	6
Number of All Other Vehicles	14	14	15	16	16	17	16
Police:							
Number of Police Stations	2	2	2	2	2	2	2
Number of Patrol Units	58	62	64	64	64	64	64
Public Works (1):							
Miles of Streets (maintained by the City)	138.7	137.5	135.7	135.4			
Number of Signalized Traffic Intersections (2)	9	10	10	10			
Number of Vehicles	55	54	54	55	55	56	55
Solid Waste							
Number of Sanitation Trucks	9	9	9	9	8	9	10
Library & Recreation:							
Parks	17	16	16	16	16	16	16
Dog Parks	1	1	1	1	1	1	1
Fitness Center	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1
Number of Vehicles	9	9	5	6	5	4	4

Source: Various City Departments, FY 2009 was the first year of available data.

(1) Public Works began tracking this data in FY 2012.
(2) All other traffic lights throughout the city are maintained by the State of Alabama