

City of Daphne, Alabama

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year
Ending September 30, 2016



City of Daphne, Alabama

Comprehensive Annual Financial Report

**For The Fiscal Year Ended
September 30, 2016**

**Prepared by:
Finance Department**

CITY OF DAPHNE, ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

TABLE OF CONTENTS

	Page
I. INTRODUCTORY SECTION	
Letter of Transmittal	i
City of Daphne, Alabama Map	vii
Organizational Chart	viii
List of Principal Officials	ix
Certificate of Achievement for Excellence in Financial Reporting	x
II. FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	20
Statement of Activities	22
Governmental Fund Financial Statements:	
Balance Sheet – Governmental Funds	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	29
Proprietary Fund Financial Statements:	
Statement of Net Position – Proprietary Funds	30
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	33
Fiduciary Fund Financial Statement:	
Statement of Assets and Liabilities – Agency Funds	34
Notes to Financial Statements	35
Required Supplementary Information:	
Budgetary Comparison Statements – Major Funds:	
General Fund	73
Debt Service Fund	82
Capital Reserve Fund	83
Non major special revenue funds	84
Pension Schedules:	
Schedule of Changes in the Net Pension Liability	90
Schedule of Employer Contributions	91

CITY OF DAPHNE, ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2016

TABLE OF CONTENTS (Continued)

Other Supplementary Information:	
Combining Financial Statements:	
Balance Sheet – Summary – Non-Major Governmental Funds	94
Statement of Revenues, Expenditures, and Changes in Fund Balances – Summary – Non-Major Governmental Funds	95
Balance Sheet – Non-Major Special Revenue Funds	96
Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Special Revenue Funds	98
Balance Sheet – Non-Major Capital Project Funds	100
Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Capital Project Funds	101
Statement of Net Position – Non-Major Proprietary Funds	103
Statement of Revenues, Expenses and Changes in Net Position – Non-Major Proprietary Funds	105
Statement of Cash Flows – Non-Major Proprietary Funds	106
Statement of Assets and Liabilities –All Agency Funds	107
Statement of Changes in Assets and Liabilities – All Agency Funds	108
III. STATISTICAL SECTION	
Guide to Statistical Section	110
Net Position by Activity Type	111
Changes in Net Position	113
Fund Balances of Governmental Funds	117
Changes in Fund Balances of Governmental Funds	119
Governmental Activities Tax Revenue by Source	121
Revenue Rates for General Sales Tax	122
Principal Revenue Remitters of Sales and Use Tax	123
Net Assessed Value of All Taxable Property	124
Principal Remitters of Property Tax	125
Property Tax Rates Direct and Overlapping Governments	126
Ad Valorem Levies and Collections	128
Legal Debt Margin	129
Outstanding Debt by Type	131
Net Bonded Debt by Type	133
Direct and Overlapping Governmental Activities Debt	134
Demographic and Economic Statistics	135
Principal Employers	136
City Government Employees by Function	137
Operating Indicators by Function	139
Capital Asset Statistics by Function	157



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Part I
Introductory
Section



OFFICE OF THE MAYOR MAYOR DANE HAYGOOD

February 13, 2017

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, 2016. 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, 2015.

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 72, *Fair Value Measurement and Application*, was issued to provide guidance for determining fair value measurement for financial reporting purposes. 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 \$60,737 and the median housing valuation was \$176,300. According to the most recent estimates from the US Census Bureau (July 2015), the City's estimated population is 24,896. The last official census from 2010 indicated a population of 21,570 which represents tremendous population growth over the 2000 census population of 16,581. 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 268 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 \$4.1 million over 2015 levels (14% increase). The largest increase were in the sales, use and luxury tax collections, which increased \$1.25 million over 2015 (7.0% increase) and grants and contributions, which increased 1.7 million over 2015 levels (165% increase). Strong residential growth and retail development in the City of Daphne suggests sales and use tax collections to continue in an upward trend. Grants and contributions vary from year to year based on the receipt of grant awards.

With the exception of setbacks that occurred with the Great Recession and the Deepwater Horizon incident (commonly referred to as the BP oil spill), the City has experienced continued positive growth in revenue and property year over year. In the last ten years, sales and use tax revenue has increased from \$13.4 million to \$18.1 million, more than a 34.5% increase. In the same ten year period, property tax revenue has increased from \$3.5 million to \$5.2 million, more than a 49% increase. The City of Daphne revenue is expected to continue on an upward trend.

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 2016, the City continued minor road repaving projects as part of our road repaving initiative. The decrease in road repaving activity can be attributed to the completion of major road projects in recent years and the quality of the current road infrastructure. The City has continued to work on phases of the 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. These efforts are resulting in significant improvements to our stormwater infrastructure in highly sensitive areas within the City of Daphne. Projects were also initiated to provide sewer to the small group of unsewered pockets in the City of Daphne. Upon completion in 2017, the City of Daphne will no longer have any areas where sewer is not available. Additionally, major strides were made to improve the recreational facilities in the City, with projects to construct a new sport complex, as well as, renovations and expansions at existing park facilities. The implementation of this comprehensive recreation master plan will provide state of the art facilities for our growing population.

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: In 2016, the City adopted a formal policy to maintain an unassigned fund balance in the General Fund of a minimum of three months of operating revenues. Furthermore, this unassigned fund balance may only be used for capital projects and equipment or in extreme economic downturns or a natural disaster.

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, 2015. 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,

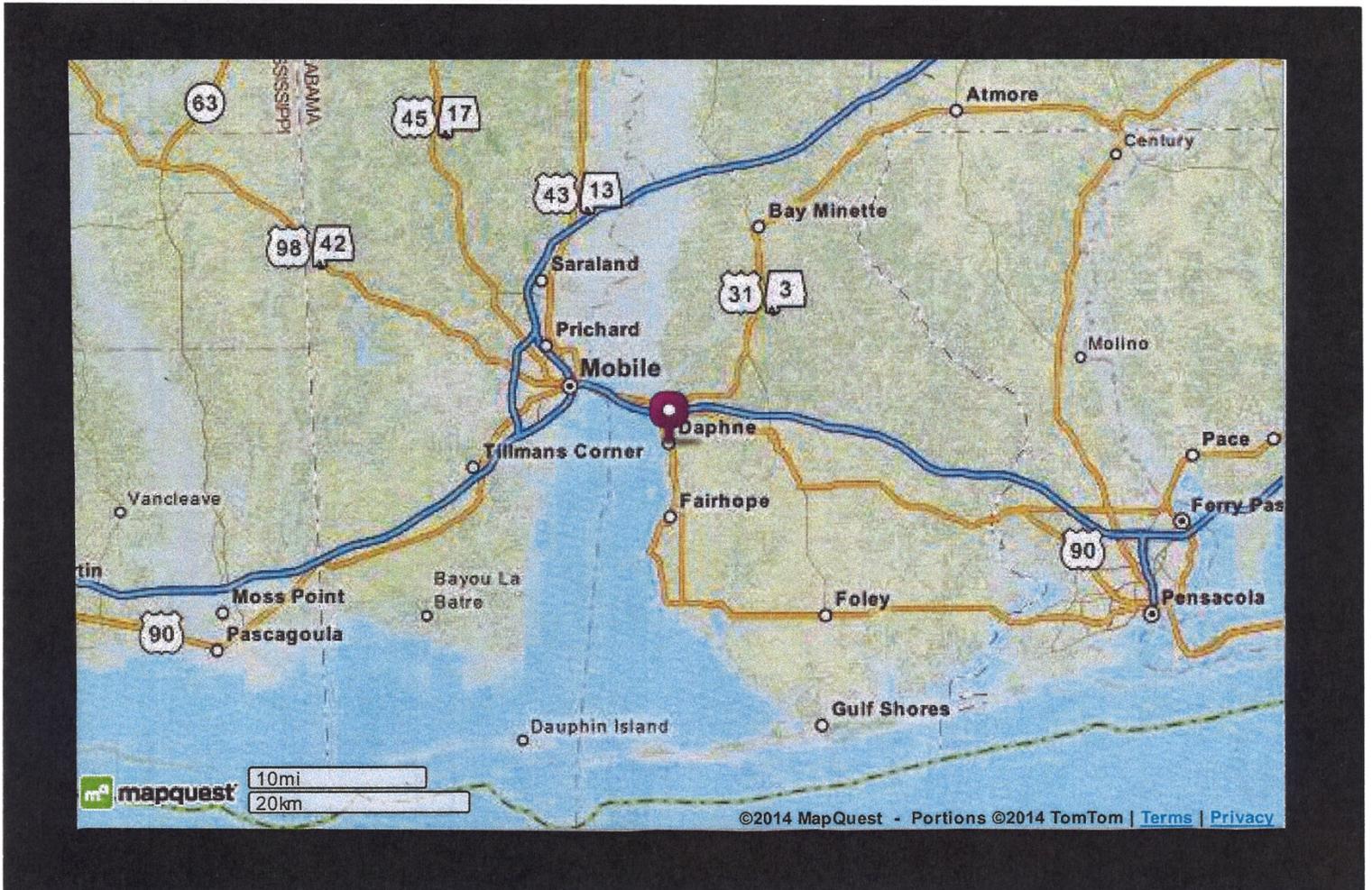


Dane Haygood
Mayor



Kelli Kichler, CPA
Finance Director/Treasurer

City of Daphne, Alabama



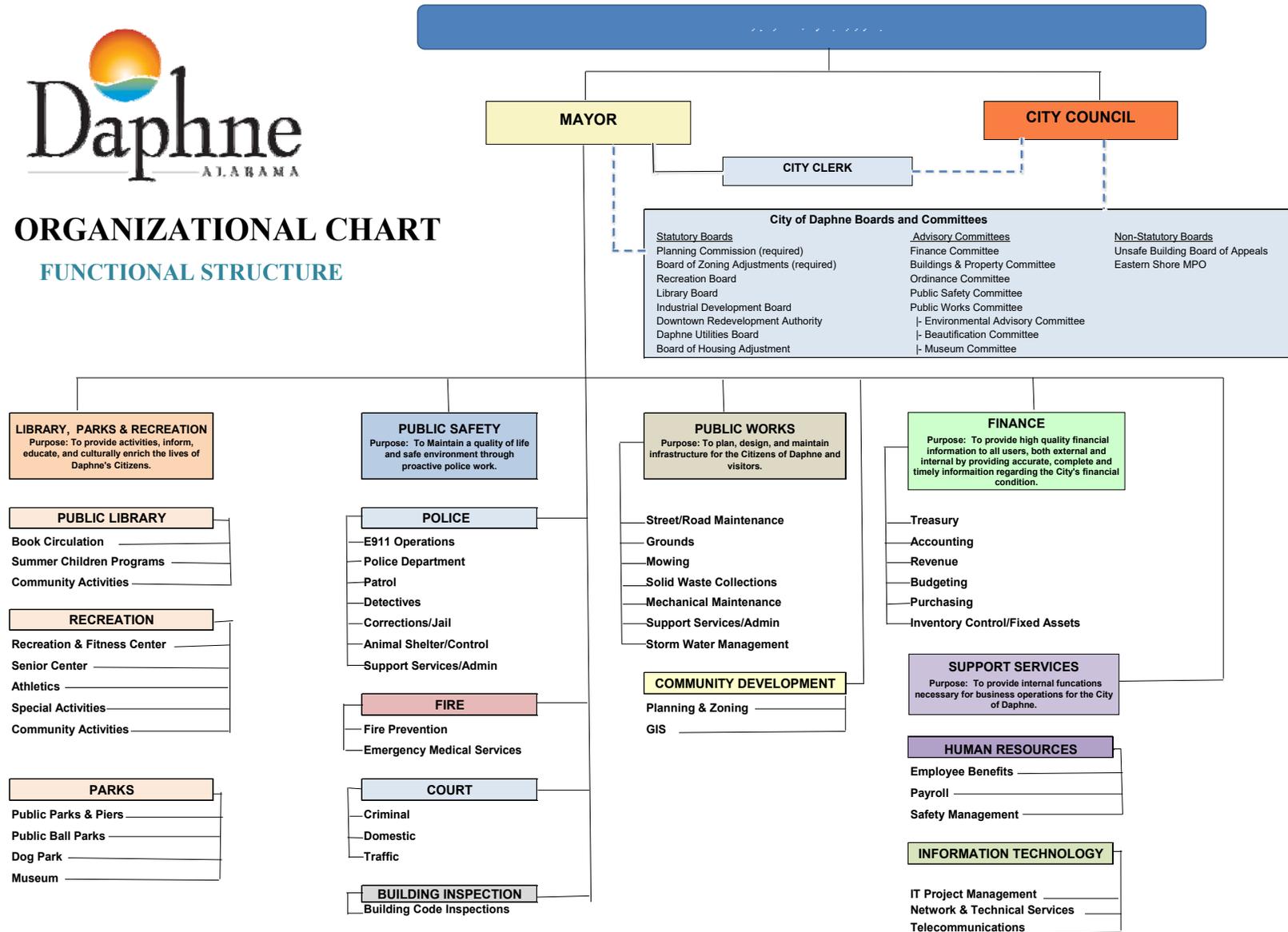
Metropolitan Statistical Area (MSA) population for
Daphne, Fairhope and Foley: 203,709

Source: US Department of Commerce's Bureau of Economic Analysis
2015 Estimated Population



ORGANIZATIONAL CHART

FUNCTIONAL STRUCTURE



**City of Daphne
List of Principal Officials
September 30, 2016**

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, 2015

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
G. Allen Cave, Jr., CPA
Rachel M. Godwin, CPA



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

OF COUNSEL

Xavier A. Hartmann, III, CPA
Rucker T. Taylor, III, CPA
Sally S. Wagner, CPA
Jerry Gibbons, CPA

INDEPENDENT AUDITORS' 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, 2016, 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.

Auditors' 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 3.4 percent, -2.2 percent, and 5.2 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.

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and required pension schedules on pages 4-19 and 73-91 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, 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, and the combining and individual nonmajor fund financial statements 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 13, 2017, 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, Blockner & Wilson, P.C.

Certified Public Accountants

Fairhope, Alabama
February 13, 2017

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, 2016. 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 \$87.4 million (net position). Of this amount, the City had unrestricted net position of \$18.4 million that is available to be used to meet the ongoing obligations of the City of Daphne.
- The City's net position of \$87.4 million reflected an increase of 4.8% (\$4.0 million) over the prior year's net position of \$83.4 million, as adjusted.
- The City's governmental funds reported a combined fund balance of \$22.3 million at the close of the current fiscal year, an increase of 14.3% (\$2.8 million) from the prior year, as adjusted.
- The City's General Fund reported a fund balance of \$13.7 million at the close of the current fiscal year, or 48.3% of total General Fund expenditures and other financing uses; total fund increased 18.6% (\$2.1 million) over the prior year, as adjusted. Total current year ending fund balances in the General Fund represented 46.9% of current fiscal year total revenues, and 52.7% of prior year total revenues.
- Sales, use, and luxury taxes, the City's single largest revenue source, increased 6.95% (\$1.2 million) 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 165% (\$1.7 million), other revenue that increased by 104% (\$1 million), charges for services that decreased by 30% (\$414,000), and ad valorem taxes that increased by 16% (\$710,000); Overall current fiscal year revenues increased 13.8% (\$4.1 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 in the 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 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, 2016:

	Governmental Activities		Business-Type Activities		TOTAL	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 30,110,686	\$ 27,195,629	\$ 795,524	\$ 568,779	\$ 30,906,210	\$ 27,764,408
Capital assets	98,409,646	98,011,036	857,169	1,136,656	99,266,815	99,147,692
Total assets	<u>128,520,332</u>	<u>125,206,665</u>	<u>1,652,693</u>	<u>1,705,435</u>	<u>130,173,025</u>	<u>126,912,100</u>
Deferred outflow of resources	2,209,445	1,591,628	111,298	49,658	2,320,743	1,641,286
Current liabilities	2,903,864	2,750,712	295,924	216,605	3,199,788	2,967,317
Long-term debt and other liabilities	41,047,477	40,754,733	731,696	755,610	41,779,173	41,510,343
Total liabilities	<u>43,951,341</u>	<u>43,505,445</u>	<u>1,027,620</u>	<u>972,215</u>	<u>44,978,961</u>	<u>44,477,660</u>
Deferred inflow of resources	46,135	589,828	3,947	50,454	50,082	640,282
Net Position:						
Net investment in capital assets	64,148,784	61,391,398	586,503	720,777	64,735,287	62,112,175
Restricted	4,352,194	4,114,055	-	-	4,352,194	4,114,055
Unrestricted	18,231,323	17,197,567	145,921	11,647	18,377,244	17,209,214
Total net position	<u>\$ 86,732,301</u>	<u>\$ 82,703,020</u>	<u>\$ 732,424</u>	<u>\$ 732,424</u>	<u>\$ 87,464,725</u>	<u>\$ 83,435,444</u>

The City's *combined* net position increased \$4,029,000 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 \$86.7 million, as adjusted, at September 30, 2016. The combined net position reflects a current year total unrestricted net position of \$18.4 million.

The largest component of the City of Daphne's current fiscal year net position (74.0%) 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.

4.98% 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, \$18.4 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, 2016:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for services	\$ 6,105,657	\$ 6,545,483	\$ 1,648,539	\$ 1,606,959	\$ 7,754,196	\$ 8,152,442
Operating grants and contributions	1,333,091	211,613	-	36,287	1,333,091	247,900
Capital grants and contributions	4,178,497	1,563,187	-	-	4,178,497	1,563,187
General Revenues:						
Taxes	23,856,427	22,394,870	-	-	23,856,427	22,394,870
Other	705,977	175,848	-	722	705,977	176,570
Total Revenues	36,179,649	30,891,001	1,648,539	1,643,968	37,828,188	32,534,969
Expenses:						
General government	5,210,215	4,095,602	-	-	5,210,215	4,095,602
Public safety	10,839,294	10,540,355	-	-	10,839,294	10,540,355
Public works	10,103,725	8,958,122	-	-	10,103,725	8,958,122
Library and recreation	2,837,070	2,682,066	-	-	2,837,070	2,682,066
Interest on long-term debt	1,687,530	1,908,810	-	-	1,687,530	1,908,810
Solid Waste	-	-	1,998,862	2,075,134	1,998,862	2,075,134
Civic Center and Bayfront Park	-	-	757,848	714,032	757,848	714,032
Total Expenses	30,677,834	28,184,955	2,756,710	2,789,166	33,434,544	30,974,121
Change in Net Position, before transfers and contributions	5,501,815	2,706,046	(1,108,171)	(1,145,198)	4,393,644	1,560,848
Capital contribution	(364,363)	-	-	-	(364,363)	-
Transfers	(1,108,171)	(1,529,222)	1,108,171	1,529,222	-	-
Change in Net Position	4,029,281	1,176,824	-	384,024	4,029,281	1,560,848
Net position, beginning	82,703,020	84,358,635	732,424	590,688	83,435,444	84,949,323
Prior period adjustments	-	(2,832,439)	-	(242,288)	-	(3,074,727)
Net Position, end of year	\$ 86,732,301	\$ 82,703,020	\$ 732,424	\$ 732,424	\$ 87,464,725	\$ 83,435,444

Total net position reflected an increase of \$4.03 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 8.82% (\$1.9 million), while total program revenues reflected an increase of 39.63% (\$3.3 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	\$ 9,004,097	44.64%
Public works	6,290,410	31.19%
General government	579,962	2.88%
Library and recreation	1,498,590	7.43%
Interest on long-term debt	1,687,530	8.37%
Business-type activities	1,108,171	5.49%
	<u>\$ 20,168,760</u>	<u>100.00%</u>

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 Bayfront Park are funds that generally require such transfers. \$476,000 was transferred to these activities in the current fiscal year. This is an increase of \$40,000 from the prior year. This change is due predominantly to an increase in expenses in the Civic Center Fund of \$22,000 and the Bayfront Park Fund of \$22,000. Increase in expenses included a \$33,000 increase in personnel services. The increase in expenses was partially offset by a \$4,000 increase in Bayfront 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. \$632,000 was transferred to the Solid Waste Fund in the current fiscal year. This was decrease of \$77,000 from the prior year.

Garbage fees collected increased. When separating the garbage, recycling, and solid waste components, solid waste expenses totaled \$629,413, garbage expenses totaled \$939,589, and recycling expenses totaled 429,860. In order to fund recycling, an amount equal to the expense 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 \$1,108,171.

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.

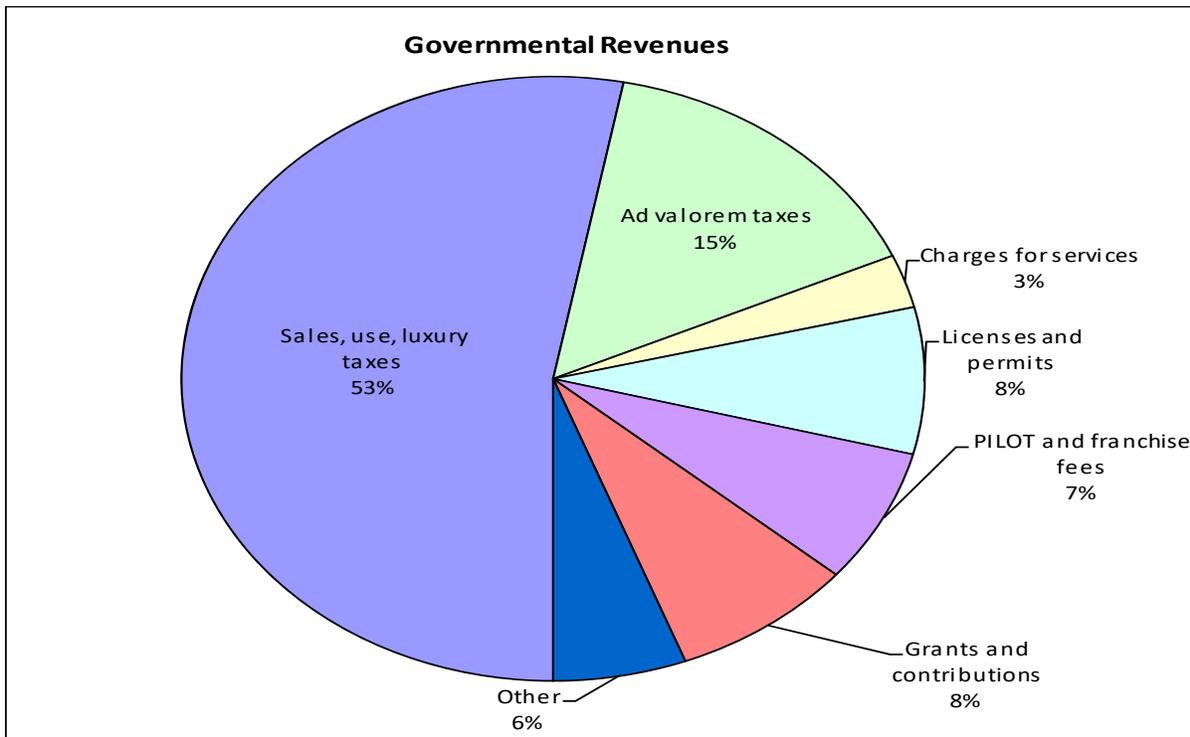
Governmental Funds

As the City completed the current fiscal year, its governmental funds reported a combined fund balance of \$22.3 million, a 14.3% (\$2.79 million) increase from the prior year.

Governmental Revenues

Total revenues of the governmental funds showed growth of 13.8% (\$4.1 million) over the prior year. The following chart and graph presents a summary of governmental revenues sources:

Governmental Revenues	
Sales, use, luxury taxes	\$ 18,079,176
Ad valorem taxes	5,209,599
Charges for services	974,421
Licenses and permits	2,674,035
PILOT and franchise fees	2,455,818
Grants and contributions	2,721,304
Other	1,972,623
	\$ 34,086,976



Governmental Revenues (Continued)

Sales and use taxes are the largest source of revenues at 53%; Ad valorem taxes are the next largest at 15%; Grants and contributions and licenses and permits are next, at 8% each; and PILOT and franchise fees at 7% of total revenues.

The change in revenues is presented below:

	2016	2015	Variance	% Change
Sales, use, luxury taxes	\$ 18,079,176	\$ 16,903,577	\$ 1,175,599	7%
Ad valorem taxes	5,209,599	4,499,713	709,886	16%
Charges for services	974,421	1,388,415	(413,994)	-30%
Licenses and permits	2,674,035	2,654,101	19,934	1%
PILOT and franchise fees	2,455,818	2,502,967	(47,149)	-2%
Grants and contributions	2,721,304	1,026,219	1,695,085	165%
Other	1,972,623	965,671	1,006,952	104%
	<u>\$ 34,086,976</u>	<u>\$ 29,940,663</u>	<u>\$ 4,146,313</u>	<u>14%</u>

A discussion of significant increases and decreases follows:

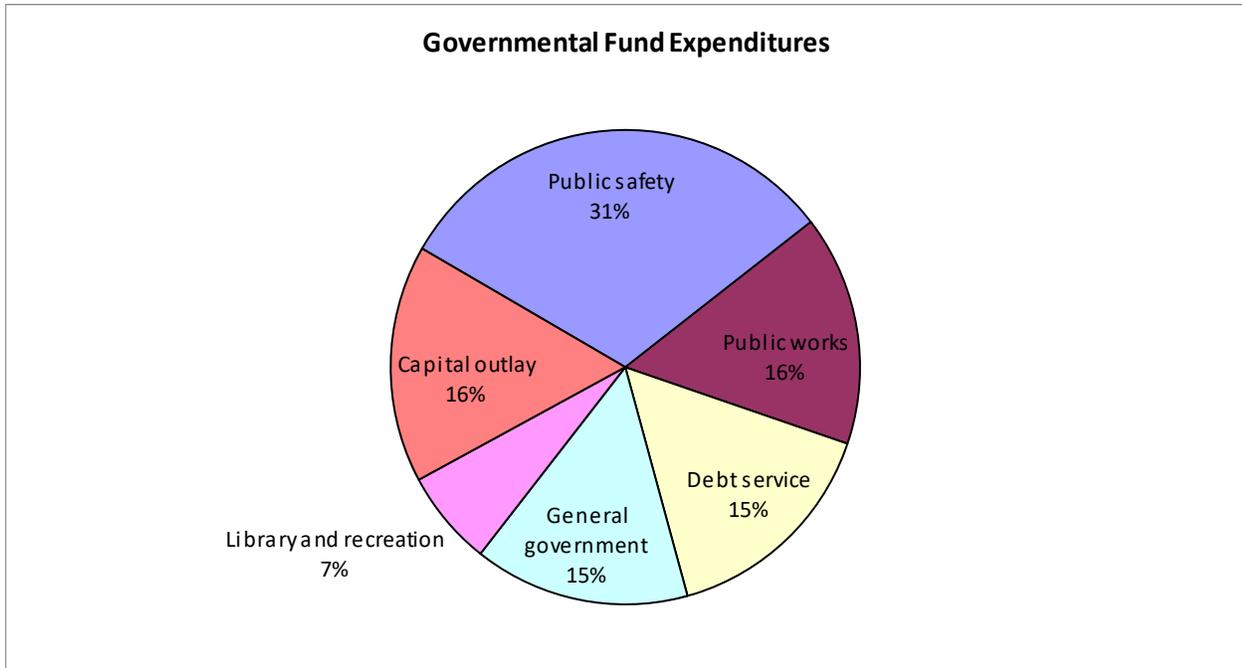
- Sales and use taxes increased \$1.1 million. This is due to the continued improving economy and new business locating into the City.
- Ad valorem taxes increased \$710,000. This can be attributed to the rebound of the housing market which has resulted in increased home growth and an increase in property values.
- Charges for services decreased (\$414,000). The majority of this decrease can be attributed to a large forfeiture revenue amount received in a special revenue fund of \$325,000 in the prior year.
- Grants and contributions increased \$1.7 million. This is reflective of a significant increase in grant activity including several large grants being received for the Tiawasee Creek restoration project.
- Other revenue sources increased \$1.0 million. Intergovernmental revenue received from FEMA increased \$440,000 and there was a one-time recognition of deferred revenue from BP Oil Spill funds of \$427,000.

Governmental Expenditures

A summary of governmental expenditures is presented below:

Governmental Fund Expenditures		
Public safety	\$ 9,999,719	31.2%
Public works	5,042,520	15.7%
Debt service	4,972,922	15.5%
General government	4,765,650	15%
Library and recreation	2,094,896	7%
Capital outlay	5,199,050	16%
	<u>\$ 32,074,757</u>	<u>100.0%</u>

Governmental Expenditures (Continued)



This represents an increase in expenditures of 6.2%; (\$1.88 million) over the prior year.

The principal drivers of this increase are an increase in public works expenditures of \$1.1 million over the prior year, an increase in general government expenditures of \$950,000 over the prior year, an increase in capital outlay expenditures of \$730,000 over the prior year, and a decrease in debt service costs of (\$1.3 million) over the prior year.

- Capital expenditures increased \$700,000. During the current fiscal year, the City expended \$4.8 million on infrastructure projects. In addition, \$1.6 million was expended on vehicles and heavy equipment, which included seven Police vehicles (\$350,000).
- Public works expenditures increased \$1.1 million. During the current fiscal year, the City expended over \$1.1 million dollars on the Tiawasee Creek restoration project.
- Debt service expenditures decreased (\$1.3 million). During the prior fiscal year, there was a bond refunding which resulted in the payoff of the outstanding balance of the 2006 Warrants in the amount of \$2,000,000.
- General government expenditures increased \$950,000. The majority of the increase can be attributed to a one-time payment to the Industrial Development Board for \$427,000 in Fiscal Year 2016.

Departmental costs of \$21.9 million are the largest component of current fiscal year expenditures (68.3%); overall departmental costs increased 8.16% (\$2.5 million) over the prior year.

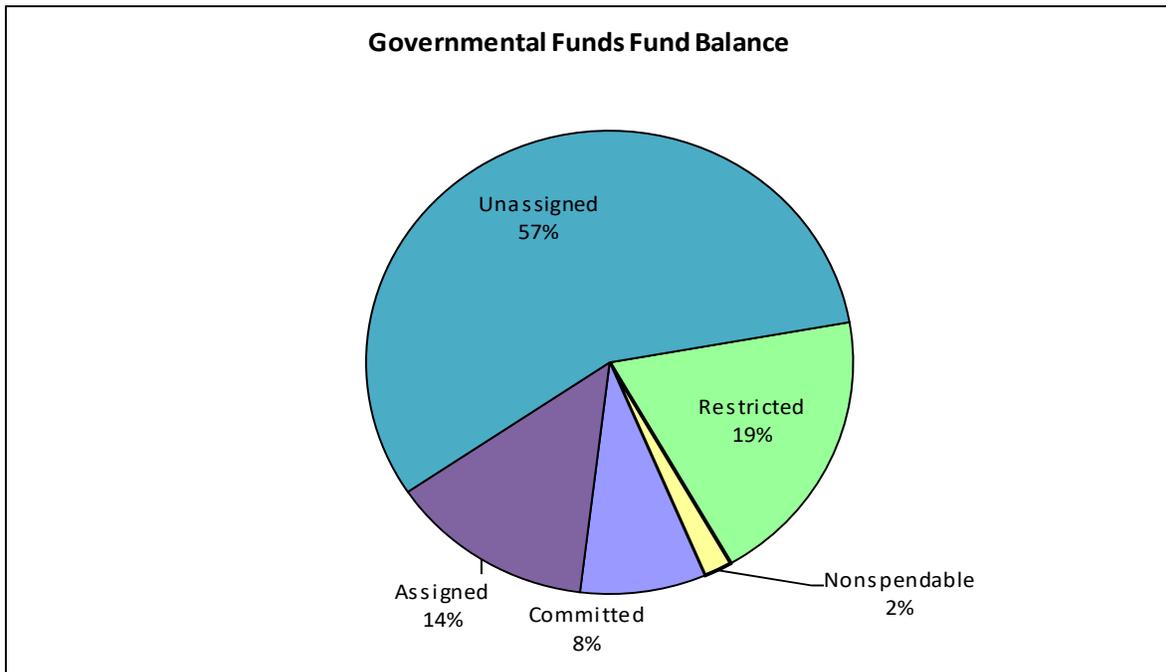
The department with the largest amount of governmental expenditures remains Public safety at \$10 million (31.2% of total expenditures). Personnel and related costs make up over 73.5% of these expenditures.

The next three largest components approximate 16% each of the total expenditures: Capital outlay (\$5.2 million), Public works (\$5.04 million), and Debt service (\$4.97 million).

Governmental Fund Balance

Total fund balance of the governmental funds as of September 30, 2016 is \$22.3 million. Of this amount, \$12.7 million is unassigned. An illustration of the total fund balance for governmental funds is presented below:

	2016	2015	Variance	% Change
Restricted	\$ 4,352,194	\$ 4,114,055	\$ 238,139	5.8%
Nonspendable	425,200	413,384	11,816	2.9%
Committed	1,861,490	2,854,833	(993,343)	-34.8%
Assigned	3,039,570	1,881,036	1,158,534	61.6%
Unassigned	12,657,746	10,281,460	2,376,286	23.1%
Total	\$ 22,336,200	\$ 19,544,768	\$ 2,791,432	14.3%



This represents a total fund balance increase of 14.3% (\$2.8 million) from the prior year. The General Fund fund balance increased 18.6% (\$2.1 million). The City of Daphne has a healthy unassigned fund balance with a formal policy to maintain a minimum fund balance of three months of operating revenues. The City also has an informal policy to maintain a minimum unassigned General Fund fund balance of eight million dollars, if the three months of operating revenues fall below this threshold.

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 Bayfront Park Fund. During the current fiscal year, \$1.1 million was transferred from the governmental funds to subsidize enterprise fund operations. This amount represents 40.2% of the total enterprise funds revenues and transfers in. The total amount of transfers approximates the prior fiscal year.

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 in fiscal year 2015. In fiscal year 2016, transfers were required in the amount of \$632,000 to cover operating losses. This represented a decrease of \$77,000. The net income of the garbage function was used to fund the losses of the recycle and solid waste-debris function. A detailed analysis of the Solid Waste fund was previously presented.

Civic Center and Bay Front Park required transfers of \$320,000 and \$157,000, respectively, during the current fiscal year, an increase of 9.2% (\$40,000) from the prior year.

A summary and comparison of the enterprise fund's operating results for the 2015 and 2016 fiscal years is presented below:

	Solid Waste		Civic Center		Bay Front Park		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
Fees and charges	\$ 1,367,146	\$ 1,329,308	\$ 182,446	\$ 181,234	\$ 75,307	\$ 67,727	\$ 1,624,899	\$ 1,578,269
Other receipts	-	37,009	23,640	28,690	-	-	23,640	65,699
Transfers	631,716	1,092,841	319,654	294,125	156,801	142,256	1,108,171	1,529,222
Revenues	1,998,862	2,459,158	525,740	504,049	232,108	209,983	2,756,710	3,173,190
Personnel	864,015	860,494	180,314	162,254	166,585	151,516	1,210,914	1,174,264
Operating	1,127,818	1,208,059	345,426	341,795	65,523	58,467	1,538,767	1,608,321
Interest	7,029	6,581	-	-	-	-	7,029	6,581
Expenses	1,998,862	2,075,134	525,740	504,049	232,108	209,983	2,756,710	2,789,166
Revenues Over								
(Under) Expenses	\$ -	\$ 384,024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384,024

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 Capital Reserve Fund, and the Solid Waste Fund. The Debt Service Fund has been a major fund for at least a decade. The Capital Reserve Fund and the Solid Waste Fund have been major funds periodically over the years. The Lodging Tax fund and the Non Major Storms Fund were not major funds this year. They were major funds in FY 2015.

General Fund (Governmental)

At the end of the current fiscal year, the total fund balance of the City's General Fund increased 18.6% (\$2.1 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 \$13.7 million, compared to \$11.6 million at the end of the prior year.

General Fund (Governmental) (Continued)

Cash and cash equivalents (including equity in pooled cash) plus investments increased by 27.9% (\$2.6 million) during the current fiscal year, over the adjusted cash and cash equivalents amount for the prior year.

Overall receivables increased \$987,000 over prior year. The increase can be attributed to a \$375,000 receivable from the Daphne Volunteer Fire Department, an increase in grants receivable of \$156,000, and an increase in taxes receivable of \$358,000.

Accounts payable increased \$300,000 over the prior year, reflecting more outstanding invoices due to vendors at the end of the year.

Deferred revenues (ad valorem tax assessments and grant revenue) increased \$718,000 over the prior year, reflecting increased ad valorem tax assessments of \$279,000 and increase in deferred grant revenue of \$439,000.

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 \$121,000 over the prior year. The fund balance in this fund fluctuates based on the timing of upcoming debt payments.

Capital Reserve Fund (Governmental)

The Capital Reserve Fund reports financial resources transferred principally from the General Fund for capital resources. Cash and cash equivalents increased 88.3% (\$1.2 million) over last year due mainly to a transfer from the General Fund of \$500,000 and the receipt of a \$430,000 grant receivable from fiscal year 2015. The special assessments receivable and related unearned revenue account in the amount of \$790,000 was also transferred to the Capital Reserve Fund at October 1, 2015 when the 2006 Construction Fund was closed.

Solid Waste (Proprietary)

The Solid Waste Fund is associated with the City's self-collection of refuse and recycling materials. Total assets and liabilities in fiscal year 2016 are comparable to the amount in fiscal year 2015.

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 \$898,000. The final amended budget reflected revenues under expenditures by \$964,000. Actual results reflect an excess of revenues over expenditures (budgetary basis) of \$1.7 million. This \$2.7 million positive variance is due to actual revenues in excess of budget estimates by \$1.1 million, and budgeted departmental personnel and operating costs under budget estimates by \$608,000 and \$784,000, respectively.

General Fund Budgetary Highlights (Continued)

Revenues - The significant components that produced the excess of actual revenues over final budgeted estimates of \$1.1 million are:

- Sales, use and Luxury Taxes – The excess of final budgeted estimates over actual of \$930,000 reflect the continued, steady improvement of the local economy as evidenced by increasing business activity.

Departmental costs – Significant components that produced the excess of actual departmental expenditures under final budgeted amounts of \$1.4 million are:

- Personnel actual expenditures are under final budgeted amounts by \$608,000 (4.1%). 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 15% (\$31,000); Human Resources 12% (\$32,000); Community Events 100% (\$44,000); Information Technology 29.4% (\$31,000) and Building Maintenance 37.5% (\$95,000).
 - Public safety –Corrections 9.1% (\$69,000); Communications 16.0% (\$86,000) and Building Inspections 9.6% (\$37,000).
 - Public works –Grounds 9.5% (\$60,000) and Mowing 12.2% (\$55,000).
 - Library and recreation –No significant variances.
- Operating actual expenditures are less than final budgeted amounts by \$784,000 (10.8%). Significant operating expenditure components include:
 - Patrol 19.5% (\$89,000) under budget.
 - Fire 22.5% (\$117,000) under budget.
 - Street 8.7% (65,000) under budget.
 - Mechanic shop net reimbursed costs 83% (\$167,000) under budget.
 - Building Maintenance 151.2% (61,000) over budget. Temporary services were utilized to cover the vacancies in the department during the year. This caused the significant variance in the budget.

CAPITAL ASSET AND DEBT MANAGEMENT

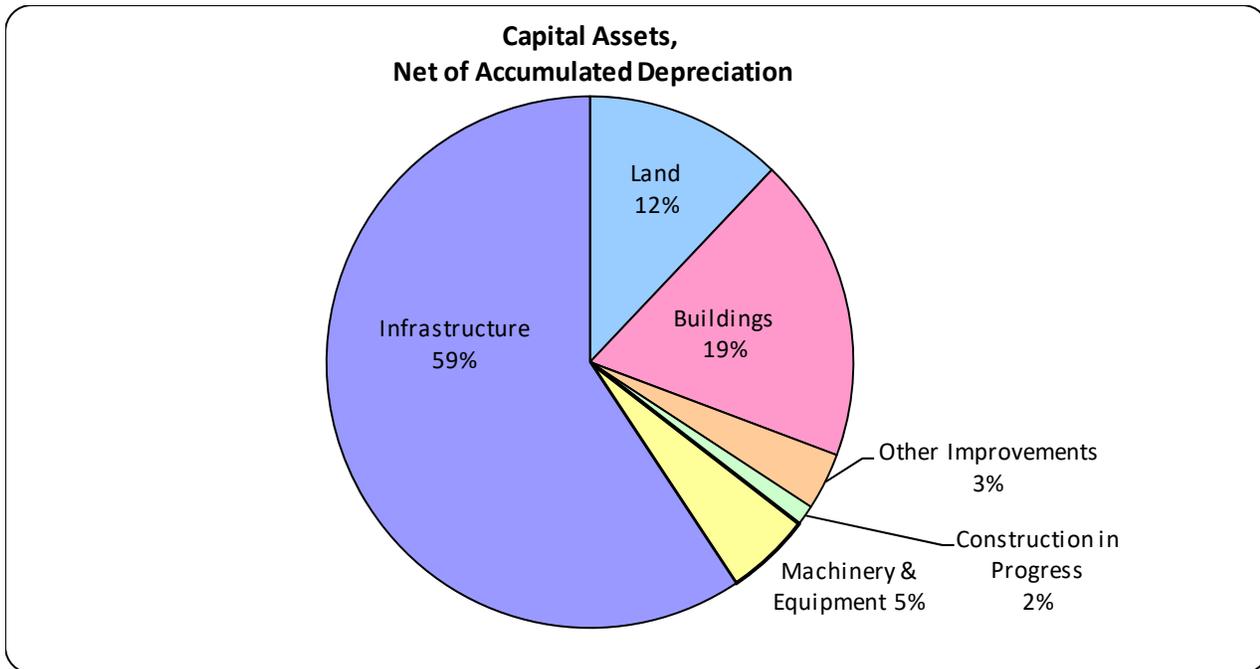
Capital Assets

As of September 30, 2016, the City owned \$98.4 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		% Change
	2016	2015	2016	2015	2016	2015	
Land	\$ 12,038,704	\$ 11,558,095	\$ -	\$ -	\$ 12,038,704	\$ 11,558,095	4.2%
Buildings	18,280,715	18,822,445	141,238	111,811	18,421,953	18,934,256	-2.7%
Other Improvements	3,453,843	3,363,725	-	-	3,453,843	3,363,725	2.7%
Machinery and Eqpt	4,489,644	3,917,902	715,931	1,024,845	5,205,575	4,942,747	5.3%
Infrastructure	58,917,991	58,789,140	-	-	58,917,991	58,789,140	0.2%
Constr in Progress	1,228,749	1,559,729	-	-	1,228,749	1,559,729	-21.2%
TOTAL	\$ 98,409,646	\$ 98,011,036	\$ 857,169	\$ 1,136,656	\$ 99,266,815	\$ 99,147,692	0.1%

Components of Capital Assets:



Overall, during the current fiscal year, governmental capital assets, net of accumulated depreciation approximated fiscal year 2015 amounts.

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, 2016, the City owed \$33.3 million in long-term warrants outstanding and \$1.7 million in capital leases outstanding, of which \$3.78 million will mature during the upcoming fiscal year. The following table summarizes the long-term debt:

	Governmental Activities		Business-Type Activities		TOTAL	
	2016	2015	2016	2015	2016	2015
Warrants	\$ 33,270,204	\$ 36,038,064	\$ -	\$ -	\$ 33,270,204	\$ 36,038,064
Capital Leases	1,460,889	581,574	270,666	415,880	1,731,555	997,454
	<u>\$ 34,731,093</u>	<u>\$ 36,619,638</u>	<u>\$ 270,666</u>	<u>\$ 415,880</u>	<u>\$ 35,001,759</u>	<u>\$ 37,035,518</u>

In July 2016, the City issued the 2016 General Obligation Refunding and Improvement Warrants in the amount of \$8,600,000. These warrants refunded the remaining balance of the 2006 General Obligation Refunding and Capital Improvement Warrants.

Total principal payments on outstanding warrants (excluding refunding payments) amounted to \$3.6 million in fiscal year 2016.

There were four new capital leases issued during the current fiscal year. The overall increase in the amount of capital leases outstanding of \$754,000 was the result of lease proceeds of \$1.285 million and lease principal payments of \$551,000 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, 2016, the City's permissible debt limit exceeded actual debt by \$48 million. This debt margin is \$6.4 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. This rating with Standard & Poor's was reaffirmed in July 2016 with the issuance of the 2016 General Obligation Refunding Warrants.

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 6.0% (\$895,000) in sales and use taxes over the prior year budget. The fiscal year 2017 amount budgeted is still less than the actual amount collected in fiscal year 2016. The City's sales and use tax revenue has been showing steady increases as the economy has rebounded. The upcoming budgeted reflected this same increase in sales tax revenue. After four months of collections, actual collections are closely tracking budgeted amounts.

Effective in fiscal year 2016, the City adopted a formal policy targeted to maintain a minimum unassigned fund balance equal to three months of operating revenues for the General Fund. For the upcoming fiscal year, this would equate to an unassigned fund balance of \$7.3 million. At the end of the current fiscal year, the unassigned fund Balance is 43.3% of the General Fund revenues.

With an unassigned fund balance of the General Fund at the beginning of the upcoming fiscal year of \$12.7 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, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash, equity in pooled cash	\$ 16,019,215	\$ 681,683	\$ 16,700,898	\$ 13,694
Investments	5,223,226	-	5,223,226	-
Receivables (net)	8,068,045	113,841	8,181,886	127,529
Due from Daphne Volunteer Fire	375,000	-	375,000	-
Inventories	326,574	-	326,574	-
Other assets	98,626	-	98,626	-
Restricted investments	-	-	-	578,522
Capital assets:				
Non-depreciable	13,267,453	-	13,267,453	3,154,895
Depreciable, net	85,142,193	857,169	85,999,362	756,152
Total assets	<u>128,520,332</u>	<u>1,652,693</u>	<u>130,173,025</u>	<u>4,630,792</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred expense on refunding of bonds	908,330	-	908,330	-
Employer retirement contributions and net difference between projected and actual earnings on plan investments	1,301,115	111,298	1,412,413	-
Total deferred outflows of resources	<u>2,209,445</u>	<u>111,298</u>	<u>2,320,743</u>	<u>\$ -</u>

Total assets and deferred outflows of resources	<u>\$ 130,729,777</u>	<u>\$ 1,763,991</u>	<u>\$ 132,493,768</u>	<u>\$ 4,630,792</u>
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The accompanying notes are an integral part of the financial statements.

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts payable	\$ 1,323,929	\$ 157,779	\$ 1,481,708	\$ 15,061
Accrued liabilities	714,196	47,704	761,900	-
Accrued interest payable	75,292	1,679	76,971	197,188
Unearned revenue	790,447	88,762	879,209	-
Non-current liabilities:				
Due within one year:				
Compensated absences	169,612	13,561	183,173	-
Capital leases payable	409,963	75,250	485,213	-
Bonds payable	3,297,747	-	3,297,747	115,000
Due in more than one year:				
Other post employment benefits	1,849,721	117,953	1,967,674	-
Net pension liability	3,746,470	320,475	4,066,945	-
Compensated absences	112,482	9,041	121,523	-
Capital leases payable	1,050,926	195,416	1,246,342	-
Bonds payable	30,410,556	-	30,410,556	6,195,000
Total liabilities	<u>43,951,341</u>	<u>1,027,620</u>	<u>44,978,961</u>	<u>6,522,249</u>
DEFERRED INFLOWS OF RESOURCES				
Net difference between projected and actual experience	46,135	3,947	50,082	-
Total deferred inflows of resources	<u>46,135</u>	<u>3,947</u>	<u>50,082</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	64,148,784	586,503	64,735,287	(2,398,953)
Restricted for:				
Capital projects, including sewer and recreation	1,263,304	-	1,263,304	-
Debt service	1,936,572	-	1,936,572	394,113
Law enforcement	185,256	-	185,256	-
Court and corrections	361,542	-	361,542	-
Streets and drainage	604,321	-	604,321	-
Other purposes	1,199	-	1,199	-
Unrestricted	18,231,323	145,921	18,377,244	113,383
Total net position	<u>86,732,301</u>	<u>732,424</u>	<u>87,464,725</u>	<u>(1,891,457)</u>
Total liabilities, deferred inflows of resources, and net position				
	<u>\$ 130,729,777</u>	<u>\$ 1,763,991</u>	<u>\$ 132,493,768</u>	<u>\$ 4,630,792</u>

CITY OF DAPHNE, ALABAMA

**Statement of Activities
For the Year Ended September 30, 2016**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,210,215	\$ 4,621,753	\$ 8,500	\$ -
Public safety	10,839,294	1,253,702	131,495	450,000
Public works	10,103,725	112,707	293,500	3,407,108
Library and recreation	2,837,070	117,495	899,596	321,389
Interest and costs on long term debt	1,687,530	-	-	-
Total governmental activities	<u>30,677,834</u>	<u>6,105,657</u>	<u>1,333,091</u>	<u>4,178,497</u>
Business-type activities:				
Solid Waste	1,998,862	1,367,146	-	-
Civic Center	525,740	206,086	-	-
Bayfront Park	232,108	75,307	-	-
Total business-type activities	<u>2,756,710</u>	<u>1,648,539</u>	<u>-</u>	<u>-</u>
 Total primary government	<u>\$ 33,434,544</u>	<u>\$ 7,754,196</u>	<u>\$ 1,333,091</u>	<u>\$ 4,178,497</u>
Component unit:				
Renaissance Improvement District	<u>\$ 722,383</u>	<u>\$ 547,088</u>	<u>\$ 246,036</u>	<u>\$ -</u>

General revenues and transfers:

Sales, use, and luxury taxes
 Ad valorem taxes
 Investment and interest earnings
 Miscellaneous revenue
 Capital contribution - Daphne Utilities Board
 Special item - gain on retirement of debt
 Proceeds from sale of foreclosed lots
 Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

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
\$ (579,962)	\$ -	\$ (579,962)	
(9,004,097)	-	(9,004,097)	
(6,290,410)	-	(6,290,410)	
(1,498,590)	-	(1,498,590)	
(1,687,530)	-	(1,687,530)	
<u>(19,060,589)</u>	<u>-</u>	<u>(19,060,589)</u>	
-	(631,716)	(631,716)	
-	(319,654)	(319,654)	
-	(156,801)	(156,801)	
<u>-</u>	<u>(1,108,171)</u>	<u>(1,108,171)</u>	
<u>(19,060,589)</u>	<u>(1,108,171)</u>	<u>(20,168,760)</u>	
			<u>\$ 70,741</u>
18,367,765	-	18,367,765	-
5,488,662	-	5,488,662	-
187,203	-	187,203	-
518,774	-	518,774	-
(364,363)	-	(364,363)	-
-	-	-	723,349
-	-	-	440,413
<u>(1,108,171)</u>	<u>1,108,171</u>	<u>-</u>	<u>-</u>
<u>23,089,870</u>	<u>1,108,171</u>	<u>24,198,041</u>	<u>1,163,762</u>
4,029,281	-	4,029,281	1,234,503
82,703,020	732,424	83,435,444	(3,125,960)
<u>\$ 86,732,301</u>	<u>\$ 732,424</u>	<u>\$ 87,464,725</u>	<u>\$ (1,891,457)</u>

CITY OF DAPHNE, ALABAMA

**Balance Sheet
Governmental Funds
September 30, 2016**

	General Fund	Debt Service Fund	Capital Reserve Fund
ASSETS			
Cash, equity in pooled cash	\$ 6,880,437	\$ 1,936,572	\$ 2,543,822
Investments	5,223,226	-	-
Taxes receivable	6,425,216	-	-
Grants receivable	246,222	-	-
Other receivables	132,875	-	790,447
Due from other funds	191,977	-	-
Due from Volunteer Fire Department	375,000	-	-
Inventories	326,574	-	-
Other assets	98,626	-	-
Total assets	<u>19,900,153</u>	<u>1,936,572</u>	<u>3,334,269</u>
LIABILITIES			
Accounts payable	648,417	-	149,316
Accrued liabilities	711,756	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	790,447
Total liabilities	<u>1,360,173</u>	<u>-</u>	<u>939,763</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - grant revenue	489,717	-	-
Deferred revenue - property taxes	4,319,632	-	-
Total deferred inflows of resources	<u>4,809,349</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	425,200	-	-
Restricted	-	1,936,572	-
Committed	-	-	-
Assigned	633,724	-	2,394,506
Unassigned	12,671,707	-	-
Total fund balances	<u>13,730,631</u>	<u>1,936,572</u>	<u>2,394,506</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 19,900,153</u>	<u>\$ 1,936,572</u>	<u>\$ 3,334,269</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 4,658,384	\$ 16,019,215
-	5,223,226
84,298	6,509,514
387,937	634,159
1,050	924,372
-	191,977
-	375,000
-	326,574
-	98,626
5,131,669	30,302,663
5,131,669	30,302,663
526,199	1,323,932
2,440	714,196
191,977	191,977
-	790,447
720,616	3,020,552
720,616	3,020,552
136,562	626,279
-	4,319,632
136,562	4,945,911
136,562	4,945,911
-	425,200
2,415,622	4,352,194
1,861,490	1,861,490
11,340	3,039,570
(13,961)	12,657,746
4,274,491	22,336,200
4,274,491	22,336,200
\$ 5,131,669	\$ 30,302,663
\$ 5,131,669	\$ 30,302,663



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CITY OF DAPHNE, ALABAMA

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2016**

Total fund balances, governmental funds		\$ 22,336,200
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	\$ 200,880,037	
Less: accumulated depreciation	<u>(102,470,391)</u>	98,409,646
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Employment retirement contributions	1,301,115	
Deferred amount on refunding, net of amortization	<u>908,330</u>	2,209,445
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	(33,270,204)	
Bond discount	194,943	
Bond premium	(633,042)	
Obligations under capital leases	(1,460,889)	
Compensated absences	(282,094)	
Accrued interest	<u>(75,289)</u>	(35,526,575)
Other post employment benefits are not due and payable in the current period, and, therefore are not reported in the governmental funds.		
Other post employment benefits	(1,849,721)	
Net pension liability	(3,746,470)	
Deferred inflows of resources	<u>(46,135)</u>	(5,642,326)
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 governmental funds.		
Property taxes	4,319,632	
Grant revenue	<u>626,279</u>	<u>4,945,911</u>
Net position of governmental activities in the Statement of Net Position		<u>\$ 86,732,301</u>

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, 2016**

	General Fund	Debt Service Fund	Capital Reserve Fund
REVENUES			
Taxes:			
Sales, use, luxury	\$ 15,703,733	\$ 888,328	\$ -
Property	5,209,599	-	-
Total taxes	20,913,332	888,328	-
Licenses and permits	2,674,035	-	-
Payments in lieu of taxes	2,455,818	-	-
Fines	385,482	-	-
Charges for services	360,456	-	-
Intergovernmental	288,590	-	190,078
Grants	1,431,603	-	80,019
Special assessments	-	-	45,897
Interest/investment earnings	184,660	199	105
Contributions and donations	369,869	-	-
Miscellaneous	193,919	-	-
Total revenues	29,257,764	888,527	316,099
EXPENDITURES			
Current:			
General government	3,771,952	-	-
Public safety	9,903,728	-	-
Public works	4,998,649	-	27,131
Recreation and library	1,816,295	-	7,864
Capital outlay	2,317,944	-	253,717
Debt service:			
Principal	-	3,603,942	-
Interest	-	1,247,830	-
Cost of debt issuance	-	121,150	-
Total expenditures	22,808,568	4,972,922	288,712
Excess (deficiency) of revenues over (under) expenditures	6,449,196	(4,084,395)	27,387
OTHER FINANCING SOURCES (USES)			
Transfers in	-	3,842,029	690,771
Transfers out	(5,584,820)	(845,200)	-
Issuance of debt	1,285,397	8,600,000	-
Contribution to Utilities Board - Sewer	-	-	-
Premium on warrant	-	681,737	-
Payment to refunded bond escrow agent	-	(8,315,387)	-
Total other financing sources (uses)	(4,299,423)	3,963,179	690,771
Net change in fund balances	2,149,773	(121,216)	718,158
Fund balances, beginning	11,580,858	2,057,788	1,676,348
Fund balances, ending	\$ 13,730,631	\$ 1,936,572	\$ 2,394,506

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

Other Governmental Funds	Total Governmental Funds
\$ 1,487,115	\$ 18,079,176
-	5,209,599
1,487,115	23,288,775
-	2,674,035
-	2,455,818
174,031	559,513
8,555	369,011
686,066	1,164,734
822,198	2,333,820
-	45,897
2,238	187,202
17,615	387,484
426,768	620,687
3,624,586	34,086,976
993,698	4,765,650
95,991	9,999,719
16,740	5,042,520
270,737	2,094,896
2,627,389	5,199,050
-	3,603,942
-	1,247,830
-	121,150
4,004,555	32,074,757
(379,969)	2,012,219
1,120,813	5,653,613
(331,764)	(6,761,784)
-	9,885,397
(364,363)	(364,363)
-	681,737
-	(8,315,387)
424,686	779,213
44,717	2,791,432
4,229,774	19,544,768
\$ 4,274,491	\$ 22,336,200



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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, 2016

Net change in fund balances, total governmental funds	\$	2,791,432
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Expenditures for capital assets	\$ 5,199,050	
Contributions of capital assets	2,216,987	
Less current year depreciation	<u>(6,757,669)</u>	658,368
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.</p>		
Property taxes	279,063	
Grant revenue	<u>(302,844)</u>	(23,781)
<p>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.</p>		
Loss on the disposal of assets	(159,226)	
Proceeds from the sale of assets	<u>(100,532)</u>	(259,758)
<p>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.</p>		
Change in other post employment benefits	(322,905)	
Amortization of discount	(113,341)	
Amortization of premium	48,695	
Amortization of deferred amount on refunding	(102,768)	
Change in net pension liability and deferred inflows of resources	(556,731)	
Change in compensated absences	(11,573)	
Change in accrued interest	<u>(5,750)</u>	(1,064,373)
<p>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.</p>		
Change in deferred outflows - employer retirement contributions	<u>720,585</u>	720,585
<p>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.</p>		
Bond and lease proceeds	(9,885,397)	
Bond premium	(681,737)	
Payment to refunded bond escrow agent	8,170,000	
Principal and other debt service payments	<u>3,603,942</u>	<u>1,206,808</u>
Change in net position of governmental activities	\$	<u><u>4,029,281</u></u>

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

CITY OF DAPHNE, ALABAMA

**Statement of Net Position
Proprietary Funds
September 30, 2016**

	Solid Waste	Non Major Funds	Total
ASSETS			
Current assets:			
Cash, equity in pooled cash	\$ 626,547	\$ 55,136	\$ 681,683
Due from Utility Board	113,212	-	113,212
Other receivables	629	-	629
Total current assets	<u>740,388</u>	<u>55,136</u>	<u>795,524</u>
Noncurrent assets:			
Capital assets:			
Roads	135,102	-	135,102
Facilities	241,199	223,640	464,839
Vehicles	2,329,121	33,475	2,362,596
Rental equipment and supplies	-	26,388	26,388
Equipment and office furniture	132,338	187,349	319,687
Total capital assets	<u>2,837,760</u>	<u>470,852</u>	<u>3,308,612</u>
Less: accumulated depreciation	<u>(2,131,708)</u>	<u>(319,735)</u>	<u>(2,451,443)</u>
Total noncurrent assets	<u>706,052</u>	<u>151,117</u>	<u>857,169</u>
Total assets	<u>1,446,440</u>	<u>206,253</u>	<u>1,652,693</u>
DEFERRED OUTFLOWS OF RESOURCES			
Employer retirement contributions and net difference between projected and actual earnings on plan investments			
	<u>80,366</u>	<u>30,932</u>	<u>111,298</u>
Total deferred outflows of resources	<u>80,366</u>	<u>30,932</u>	<u>111,298</u>
Total assets and deferred outflows of resources	<u>\$ 1,526,806</u>	<u>\$ 237,185</u>	<u>\$ 1,763,991</u>

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

	Solid Waste	Non Major Funds	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 124,021	\$ 33,758	\$ 157,779
Accrued liabilities	34,038	13,666	47,704
Interest payable	1,679	-	1,679
Unearned revenue	-	88,762	88,762
Compensated absences	9,407	4,154	13,561
Capital lease payable - current	75,250	-	75,250
Total current liabilities	<u>244,395</u>	<u>140,340</u>	<u>384,735</u>
Noncurrent liabilities:			
Capital lease payable - noncurrent	195,416	-	195,416
Net pension liability	231,696	88,779	320,475
Compensated absences	6,271	2,770	9,041
Post employment benefits	80,541	37,412	117,953
Total noncurrent liabilities	<u>513,924</u>	<u>128,961</u>	<u>642,885</u>
Total liabilities	<u>758,319</u>	<u>269,301</u>	<u>1,027,620</u>
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual experience	2,914	1,033	3,947
Total deferred inflows of resources	<u>2,914</u>	<u>1,033</u>	<u>3,947</u>
NET POSITION			
Net investment in capital assets	435,386	151,117	586,503
Unrestricted net position	330,187	(184,266)	145,921
Total net position	<u>765,573</u>	<u>(33,149)</u>	<u>732,424</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,526,806</u>	<u>\$ 237,185</u>	<u>\$ 1,763,991</u>

CITY OF DAPHNE, ALABAMA

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2016**

	Solid Waste	Non Major Funds	Total
Operating revenues:			
Charges for services	\$ 1,367,146	\$ 257,753	\$ 1,624,899
Community events	-	23,640	23,640
Total operating revenues	<u>1,367,146</u>	<u>281,393</u>	<u>1,648,539</u>
Operating expenses:			
Wages	563,819	251,339	815,158
Overtime	35,239	4,213	39,452
Payroll related	71,242	29,467	100,709
Other personnel expense	188,040	54,013	242,053
Other post employment benefits	5,675	7,867	13,542
Total personnel services	<u>864,015</u>	<u>346,899</u>	<u>1,210,914</u>
Advertising	5,577	16,116	21,693
Community programs	-	13,165	13,165
Depreciation	362,713	15,984	378,697
Employee supplies and uniforms	11,028	1,039	12,067
Employee support	5,975	1,443	7,418
Equipment purchases, rentals, lease	37,520	6,279	43,799
Fuel	76,205	1,960	78,165
Garbage and recycle containers	51,738	-	51,738
Garbage and debris removal	-	3,986	3,986
Insurance	47,929	52,886	100,815
Landfill fees	281,039	-	281,039
Maintenance	207,270	80,850	288,120
Miscellaneous	170	-	170
Supplies	972	15,638	16,610
Other services	13,716	27,622	41,338
Professional services	20,407	12,916	33,323
Trustee assignments	-	16,260	16,260
Utilities	5,559	144,805	150,364
Total operating expenses	<u>1,991,833</u>	<u>757,848</u>	<u>2,749,681</u>
Operating loss	<u>(624,687)</u>	<u>(476,455)</u>	<u>(1,101,142)</u>
Non-operating revenues (expenses):			
Transfers from general fund	631,716	476,455	1,108,171
Interest expense	(7,029)	-	(7,029)
Total non-operating revenues (expenses)	<u>624,687</u>	<u>476,455</u>	<u>1,101,142</u>
Change in net position	-	-	-
Total net position, beginning	<u>765,573</u>	<u>(33,149)</u>	<u>732,424</u>
Total net position, ending	<u>\$ 765,573</u>	<u>\$ (33,149)</u>	<u>\$ 732,424</u>

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, 2016**

	Solid Waste	Non Major Funds	Total
Cash flows from operating activities:			
Receipts from customers	\$ 1,364,735	\$ 275,114	\$ 1,639,849
Payments to suppliers	(708,193)	(376,376)	(1,084,569)
Payments to employees	(847,702)	(340,086)	(1,187,788)
Net cash used in operating activities	<u>(191,160)</u>	<u>(441,348)</u>	<u>(632,508)</u>
Cash flows from capital and related financing activities:			
Capital grants	36,287	-	36,287
Principal paid on capital debt	(145,213)	-	(145,213)
Interest paid on capital debt	(7,535)	-	(7,535)
Contributions from general fund	631,716	476,455	1,108,171
Purchases of capital assets	(43,552)	(55,658)	(99,210)
Net cash provided by capital and financing activities	<u>471,703</u>	<u>420,797</u>	<u>892,500</u>
Net change in cash and cash equivalents	280,543	(20,551)	259,992
Equity in pooled cash, beginning	<u>346,004</u>	<u>75,687</u>	<u>421,691</u>
Equity in pooled cash, ending	<u>\$ 626,547</u>	<u>\$ 55,136</u>	<u>\$ 681,683</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (624,687)	\$ (476,455)	\$ (1,101,142)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	362,713	15,984	378,697
Change in assets and liabilities:			
Receivables	(3,040)	-	(3,040)
Deferred outflows of resources	(44,446)	(17,194)	(61,640)
Accounts payable	57,541	18,589	76,130
Accrued expenses	7,231	2,743	9,974
Unearned revenue	-	(6,279)	(6,279)
Compensated absences	211	161	372
Deferred inflows of resources	(33,582)	(12,925)	(46,507)
Net pension liability	67,970	26,161	94,131
Post employment benefits	18,929	7,867	26,796
Net cash used in operating activities	<u>\$ (191,160)</u>	<u>\$ (441,348)</u>	<u>\$ (632,508)</u>

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

CITY OF DAPHNE, ALABAMA

**Statement of Assets and Liabilities
Agency Funds
September 30, 2016**

ASSETS

Cash	\$	227,195
Other receivables		<u>1,816</u>
Total assets	\$	<u><u>229,011</u></u>

LIABILITIES

Accounts payable	\$	21,683
Due to agencies		31,093
Bond deposits		54,140
Reserve for claims		<u>122,095</u>
Total liabilities	\$	<u><u>229,011</u></u>

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

CITY OF DAPHNE, ALABAMA

Notes to Financial Statements September 30, 2016

TABLE OF CONTENTS

	Page
1. Summary of Significant Accounting Policies	
A. Reporting Entity	36
B. Government-Wide and Fund Financial Statements	37
C. Basis of Presentation	38
D. Basis of Accounting	39
E. Assets, Liabilities, and Fund Balance/Net Position	40
F. Revenues, Expenditures and Expenses	45
G. Budget Policy, Practice, Control, Basis	46
H. Pensions	46
I. Use of Estimates	46
J. Recently Issued Accounting Pronouncements	47
2. Cash, Equity in Pooled Cash and Cash Equivalents	48
3. Investments	48
4. Receivables	49
5. Inventories	50
6. Capital Assets	50
7. Due to/from other funds	52
8. Interfund Transfers	52
9. Capital Leases	53
10. Long Term Debt	54
11. Conduit Debt Obligation: Jubilee Square	56
12. New Indebtedness and Refunding Debt Issued by the City	56
13. Defeasance of Prior Debt	57
14. Construction Commitments	57
15. Non-Monetary Transactions	57
16. Encumbrance Commitments	57
17. Fund Balance	58
18. Pension Plan – Defined Benefit Pension Plan	58
19. Other Post Employment Benefits	65
20. Deferred Compensation Plans	69
21. Litigation	69
22. City of Daphne Utility Board – Related Party	69
23. Renaissance Cooperative/Improvement District	70
24. Debt Limitation	70
25. Property Taxes	70
26. Federal and State Grants	71
27. Concentration – Revenue Source	71
28. Risk Management	71
29. Fair Value Disclosures	71
30. Subsequent Events	72

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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 its discretely presented component unit.

1. Discretely Presented Component Unit:

Renaissance Cooperative/Improvement District

Although this entity is legally separate and the City only indirectly appoints 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 \$6,310,000 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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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
- Recreation Board

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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 Capital Reserve Fund – Financial resources are transferred from the General fund (principally) for capital purposes, such as road resurfacing and other capital appropriations. This fund also accounts for special assessments associated with the Highway 90 sewer project (a project funded by the City on behalf of the Daphne Utilities Board).

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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, 2016, 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 earnings.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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, 2016, 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, 2016 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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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 and premiums are shown as an “Other Financing Sources (Uses)”.

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 Inflows of Resources and Deferred Outflows of Resources Related to Pensions

Deferred inflows of resources and deferred outflows of resources related to pensions that are derived from the difference between projected and actual earnings on the respective pension plan investments are amortized to pension expense over a closed five-year period. Deferred inflows of resources and deferred outflows of resources related to pensions that are derived from differences between expected and actual experience with regard to economic or demographic factors (difference between expected and actual experience) in the measurement of the respective pension plan’s total pension liability are amortized to pension expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the respective pension plan (active and inactive employees) determined as of the beginning of the measurement period. Contributions to the pension plan from the employer subsequent to the measurement date of net pension liability and before the end of the reporting period are reported as a deferred outflow of resources related to pensions and amortized over twelve months. This contribution is included as an increase in the respective pension plan fiduciary net position in the subsequent fiscal year.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. 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.

11. 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.

12. 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.

13. Net Pension Liability

The City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27* (GASB 68), and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement 68* (GASB 71), as of October 1, 2014. The net pension liability as defined by GASB 68 is the difference between the actuarial present value of projected pension benefit payments attributable to employees' past service and the respective pension plan's fiduciary net position. See notes starting on page 58 for the net pension liability as of September 30, 2016.

14. 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 and are subject to elimination upon consolidation. The accompanying financial statements reflect all other such transactions as transfers.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. 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.
- *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 adopted a formal minimum fund balance policy in 2016. The General Fund unassigned fund balance should maintain a minimum balance of three months of operating revenues. The City also has an informal policy to maintain a minimum unassigned fund balance in the General Fund of eight million dollars, if the three months of operating revenues fall below this threshold. Minimum balance may only be appropriated for capital projects and equipment or to cover extraordinary circumstances such as economic downturns, natural disasters, or other states of emergencies.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. 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. Also included in the calculation are related bond premiums and discounts and the deferred expense on refunding of bonds.
- *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.

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (the majority of these funds), 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. In 2016, the Capital Reserve Fund was the only capital project fund with an adopted budget.

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 project 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.

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Recently Issued Accounting Pronouncements

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 implemented the requirements of GASB 72 in fiscal year 2016.

GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73) was issued to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The requirements of GASB 73 are effective for fiscal year 2016. The City implemented the requirements of GASB 73 in fiscal year 2016.

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 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 GASB 75 may have on its 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 GASB 77 may have on its financial statements.

GASB Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* (GASB 78) was issued to address an issue regarding the scope and applicability of GASB 68. The issue is associated with pension provided through certain multiple-employer defined benefit pension plans and to state or local government employers whose employees are provided with such pensions. The requirements of GASB 78 are effective for fiscal year 2017. GASB 78 is not anticipated to impact the City's financial statements since the City does not have a multiple-employer defined benefit pension plan.

GASB Statement 79, *Certain External Investment Pools and Pool Participants* (GASB 79) was issued to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The requirements of GASB 79 are effective for fiscal year 2016, expect for the provisions of certain paragraphs, which are effective for fiscal year 2017. The city implemented the applicable requirements of GASB 79 in fiscal year 2016 and is evaluating the impact other requirements in GASB 79 may have on its financial statements.

GASB Statement 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14* (GASB 80) was issued to amend the blending requirements for the financial statement presentation of component units of all state and local governments. The requirements of GASB 80 are effective for fiscal year 2017. The City is currently evaluating the impact GASB 80 may have on its financial statements.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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 \$261,925 that is held in an investment account. The Securities Investor Protection Corporation (SIPC) insures balances up to \$500,000.

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 Fund	\$ 6,617,162	\$ 263,275	\$ 6,880,437
Debt Service Fund	-	1,936,572	1,936,572
Capital Reserve fund	-	2,543,822	2,543,822
Other non major governmental funds	2,534,624	2,123,760	4,658,384
Total governmental activities	9,151,786	6,867,429	16,019,215
Business-type activities:			
Solid Waste Fund	626,547	-	626,547
Civic Center Fund	38,587	-	38,587
Bayfront Park Fund	16,549	-	16,549
Total business-type activities	681,683	-	681,683
Total primary government	9,833,469	6,867,429	16,700,898
Component Unit:			
Renaissance District	-	13,694	13,694
Total reporting entity	\$ 9,833,469	\$ 6,881,123	\$ 16,714,592

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

NOTE 3 – INVESTMENTS

Investments at September 30, 2016 consist of the following:

Federal Home Loan Bonds and Pools	\$ 1,505,414
United States Treasury Bonds and Notes	1,122,945
GNMA and FNMA Pools	1,555,287
Proprietary insured by US Government	1,008,517
Investment in AMIC	31,063
	<u>\$ 5,223,226</u>

In addition to state laws governing allowable investment instruments, the City adopted a formal investment policy in 2016. The City is to invest idle funds based on the following objectives, in order of priority: safety, liquidity, and yield. The City's investment portfolio shall be diversified by limiting investments to avoid a concentration in securities from a specific issuer or business sector, limiting investments to avoid a concentration in a single security type excluding U.S. Treasury securities, and investing in securities with varying maturities. The investment portfolio should be managed to obtain a market average rate of return during a market/economic environment of stable interest rates.

The investment policy is reviewed annually for any adjustments due to changes or developments within the investment spectrum that would provide opportunities to the City.

NOTE 4 - RECEIVABLES

Receivables at September 30, 2016, consist of the following:

Governmental activities:

Property, sales/use tax receivable	\$ 6,509,514
Grant receivables	634,159
Due from Daphne Volunteer Firefighters	375,000
Other receivables	924,372
Total governmental activities receivables	<u>\$ 8,443,045</u>

Business-type activities:

Due from other governments	\$ 113,212
Other receivables	629
Total business-type activities receivables	<u>\$ 113,841</u>

The City entered into a cooperative agreement with the Daphne Volunteer Firefighters Association, Inc. (DVFF) in fiscal year 2016 in which the DVFF agreed to assist in the purchase of an aerial ladder truck. The DVFF agreed to reimburse the city \$450,000 of the cost over a six year period. The outstanding balance of the receivable at September 30, 2016 is \$375,000.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

NOTE 5 –INVENTORIES

Inventory valuation at September 30, 2016 consisted of the following:

Mechanical Shop parts and supplies	\$ 310,646
Vehicle fuel	<u>15,928</u>
	<u><u>\$ 326,574</u></u>

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, 2016:

	Balance 10/1/15	Additions	Reclass/ Transfers	Retirements	Balance 9/30/16
Capital assets not being depreciated:					
Land	\$ 11,558,095	\$ 480,609	\$ -	\$ -	\$ 12,038,704
Construction in progress	1,559,729	2,710,317	(3,041,297)	-	1,228,749
Total capital assets not being depreciated	<u>13,117,824</u>	<u>3,190,926</u>	<u>(3,041,297)</u>	<u>-</u>	<u>13,267,453</u>
Capital assets being depreciated:					
Buildings	26,146,838	86,045	-	-	26,232,883
Other improvements	6,427,573	18,599	763,889	(532,334)	6,677,727
Machinery and equipment	11,691,044	1,573,020	(18,428)	(742,521)	12,503,115
Infrastructure	137,374,004	2,547,447	2,277,408	-	142,198,859
Total capital assets being depreciated	<u>181,639,459</u>	<u>4,225,111</u>	<u>3,022,869</u>	<u>(1,274,855)</u>	<u>187,612,584</u>
Less: accumulated depreciation					
Buildings	(7,324,393)	(627,775)	-	-	(7,952,168)
Other improvements	(3,063,848)	(447,847)	-	287,811	(3,223,884)
Machinery and equipment	(7,773,142)	(986,043)	18,428	727,286	(8,013,471)
Infrastructure	(78,584,864)	(4,696,004)	-	-	(83,280,868)
Total accumulated depreciation	<u>(96,746,247)</u>	<u>(6,757,669)</u>	<u>18,428</u>	<u>1,015,097</u>	<u>(102,470,391)</u>
Total capital assets being depreciated	<u>84,893,212</u>	<u>(2,532,558)</u>	<u>3,041,297</u>	<u>(259,758)</u>	<u>85,142,193</u>
Governmental activities capital assets, net	<u>\$ 98,011,036</u>	<u>\$ 658,368</u>	<u>\$ -</u>	<u>\$ (259,758)</u>	<u>\$ 98,409,646</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

NOTE 6 –CAPITAL ASSETS (Continued)

Depreciation was charged to governmental functions as follows:

General government	\$ 261,262
Public safety	733,806
Public works	336,302
Parks and recreation	730,295
Infrastructure	4,696,004
	<u>\$ 6,757,669</u>

Business-type Activities

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2016:

	Balance 10/1/15	Additions	Reclass/ Transfers	Retirements	Balance 9/30/16
Capital assets being depreciated:					
Buildings	\$ 415,453	\$ 49,386	\$ -	\$ -	\$ 464,839
Machinery and equipment	2,646,796	49,824	18,428	(6,377)	2,708,671
Infrastructure	135,102	-	-	-	135,102
Total capital assets being depreciated	<u>3,197,351</u>	<u>99,210</u>	<u>18,428</u>	<u>(6,377)</u>	<u>3,308,612</u>
Less: accumulated depreciation					
Buildings	(303,642)	(19,959)	-	-	(323,601)
Machinery and equipment	(1,621,951)	(358,738)	(18,428)	6,377	(1,992,740)
Infrastructure	(135,102)	-	-	-	(135,102)
Total accumulated depreciation	<u>(2,060,695)</u>	<u>(378,697)</u>	<u>(18,428)</u>	<u>6,377</u>	<u>(2,451,443)</u>
Total capital assets being depreciated, net	<u>\$ 1,136,656</u>	<u>\$ (279,487)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 857,169</u>

Depreciation was charged to governmental functions as follows:

Solid Waste	\$ 362,713
Civic Center	10,851
Bayfront Park	5,133
	<u>\$ 378,697</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

NOTE 7 – DUE TO/FROM OTHER FUNDS

As of September 30, 2016, 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	\$ 191,977	\$ -
Non major special revenue funds	-	191,977
Totals	\$ 191,977	\$ 191,977

All interfund transactions represent cash transfers for operating purposes. All amounts owed to the General Fund are expected to be repaid in 2017.

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, 2016:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 5,584,820
Debt Service Fund	3,842,029	845,200
Capital Reserve Fund	690,771	-
Non major special revenue funds	275,613	154,435
Non major capital projects funds	845,200	177,329
Enterprise funds	1,108,171	-
Totals	\$ 6,761,784	\$ 6,761,784

A summary of General Fund transfers out are as follows:

- 1) Capital Reserve Fund – Transfers were made in the amount of \$513,442 to fund future capital projects.
- 2) Debt Service Fund – Monthly transfers were made totaling \$3,687,594 to fund the current year debt service requirements.
- 3) Enterprise funds – Monthly transfers were made totaling \$1,108,171 to cover the net operating loss for the Solid Waste Fund, Civic Center Fund, and the Bayfront Park Fund.
- 4) Non major Special Revenue funds – Transfers were made in the amount of \$275,613 to two special revenue funds (SAIL and Non-Major Storms Fund) to cover operating expenses.

Debt Service Fund transfers out consisted of a one-time transfer of \$845,200 to transfer bond proceeds to a non major capital project fund (2016 Construction Fund).

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

NOTE 8 – INTERFUND TRANSFERS (Continued)

The non major special revenue fund transfers out consisted of monthly transfers totaling \$154,435 from the Lodging Tax Fund to the Debt Service Fund to cover its portion of the debt service requirements.

The non major capital project fund transfers out consisted of a one-time transfer of \$177,329 from the 2012 Construction Fund to the Capital Reserve Fund to close out the bank account.

NOTE 9 – CAPITAL LEASES

As of September 30, 2016, 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
2017	\$ 441,147	\$ 80,669	\$ 521,816
2018	363,394	80,669	444,063
2019	325,086	80,669	405,755
2020	242,916	40,336	283,252
2021 and thereafter	166,294	-	166,294
Total minimum lease payments	1,538,837	282,343	1,821,180
Less amount representing interest	(77,948)	(11,677)	(89,625)
Present value of minimum lease payments	<u>\$ 1,460,889</u>	<u>\$ 270,666</u>	<u>\$ 1,731,555</u>

The assets acquired through outstanding capital leases are shown below.

	Governmental Activities	Business-Type Activities
Equipment	2,140,091	\$ 848,720
Less: accumulated depreciation	(388,014)	(592,540)
	<u>\$ 1,752,077</u>	<u>\$ 256,180</u>

Depreciation expense for the year ended September 30, 2016 for assets under capital leases was \$133,608 for governmental activities and \$169,744 for business-type activities.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

NOTE 10 – LONG TERM DEBT

The following is a description of general and limited obligation bonds/warrants at September 30, 2016:

<p>\$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.</p>	<p>\$ 3,280,204</p>
<p>\$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)</p>	<p>365,000</p>
<p>\$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)</p>	<p>11,735,000</p>
<p>\$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)</p>	<p>9,290,000</p>
<p>\$8,600,000 General Obligation Refunding and Improvement Warrants, series 2016, dated July 28, 2016, with interest rates ranging from .65% to 2.17% payable semi-annually along with variable annual principal payments. Final maturity is April 1, 2029. (Refunded 2006 GO Refunding and Capital Improvements Warrants; new money of \$845,200 for recreation parks project)</p>	<p style="border-top: 1px solid black;">8,600,000</p>
<p>Total bonds and warrants payable</p>	<p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 33,270,204</p>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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
2017	\$ 3,297,747	\$ 1,265,660	\$ 4,563,407
2018	2,696,605	1,201,520	3,898,125
2019	2,958,323	955,237	3,913,560
2020	2,223,623	839,552	3,063,175
2021	2,294,242	767,357	3,061,599
2022-2026	9,324,664	2,544,547	11,869,211
2027-2031	7,250,000	1,149,161	8,399,161
2032-2036	3,225,000	319,900	3,544,900
	<u>\$ 33,270,204</u>	<u>\$ 9,042,934</u>	<u>\$ 42,313,138</u>

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, 2016:

	Balance 10/1/15	Additions	Reductions	Balance 9/30/16	Due Within One Year
Bonds and warrants payable	\$ 36,038,064	\$ 8,600,000	\$ (11,367,860)	\$ 33,270,204	\$ 3,297,747
Plus: Bond premiums	-	681,737	(48,695)	633,042	-
Less: Bond discounts	(308,284)	-	113,341	(194,943)	-
Bonds and warrants payable, net	35,729,780	9,281,737	(11,303,214)	33,708,303	3,297,747
Obligations under capital lease	581,574	1,285,397	(406,082)	1,460,889	409,963
Compensated absences	270,521	544,957	(533,384)	282,094	162,312
Net pension liability	2,646,046	1,100,424	-	3,746,470	-
Other post-employment benefits	1,526,816	322,905	-	1,849,721	-
Total	<u>\$ 40,754,737</u>	<u>\$ 12,535,420</u>	<u>\$ (12,242,680)</u>	<u>\$ 41,047,477</u>	<u>\$ 3,870,022</u>

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, 2016:

	Balance 10/1/15	Additions	Reductions	Balance 9/30/16	Due Within One Year
Obligations under capital lease	\$ 415,879	\$ -	\$ (145,213)	\$ 270,666	\$ 75,250
Compensated absences	22,230	49,378	(49,006)	22,602	13,561
Net pension liability	226,344	94,131	-	320,475	-
Other post-employment benefits	91,157	26,796	-	117,953	-
	<u>\$ 755,610</u>	<u>\$ 170,305</u>	<u>\$ (194,219)</u>	<u>\$ 731,696</u>	<u>\$ 88,811</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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 2016 include a distribution to the City's General Fund in the amount of \$296,109 and \$888,327 in debt service payments on the 2002 Limited Obligation Warrant Conduit Debt Obligation. The fiscal 2016 principal balance of the limited debt obligation was \$3,280,204. As the debt service paid is subject to the terms of the Development Agreement, the fiscal 2016 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 – NEW INDEBTEDNESS AND REFUNDING DEBT ISSUED BY THE CITY

In July 2016, the City issued the 2016 General Obligation Refunding and Improvement Warrants in the amount of \$8,600,000. Of this amount, \$8,170,000 was for the 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 immediate redemption and payment of the 2006 Warrants. The warrants were refunded at a premium of \$681,737.

The savings from the decrease in debt payments of \$782,000 (net of issuance costs) was used to borrow additional money and deposited into the 2016 Construction Fund to be used for future recreation projects. Therefore, there was no overall reduction in debt payments.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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, 2016, there was no debt considered to be defeased.

NOTE 14 – CONSTRUCTION COMMITMENTS

During the current fiscal year, the City continued its commitment to projects to expand sewer service to all citizens within in the City. At September 30, 2016, the City has committed \$1.3 million dollars for sewer projects to expand sewer service to all citizens within the City.

NOTE 15 – NON-MONETARY TRANSACTIONS

During the current fiscal year, non-monetary transactions totaled \$2,486,987. This is principally composed of land, street and drainage acceptances in the Retreat at Tiawasee in the amount of \$1,680,000 and a land donation of \$270,000. Other land, street, and drainage acceptances include \$138,022 in the Brookhaven subdivision and \$148,053 in the Caroline Woods subdivision.

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, 2016, the City has encumbrance commitments in the General Fund in the amount of \$633,724. No other governmental funds had outstanding encumbrance commitments at year end.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

NOTE 17 – FUND BALANCES

A schedule of City fund balances at September 30, 2016 is provided below:

	General Fund	Debt Service	Capital Reserve	Non Major Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Inventory	\$ 326,574	\$ -	\$ -	\$ -	\$ 326,574
Prepaid Items	98,626	-	-	-	98,626
Subtotal	<u>425,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>425,200</u>
Restricted for:					
Debt service	-	1,936,572	-	-	1,936,572
Streets and drainage	-	-	-	604,321	604,321
Law enforcement	-	-	-	185,256	185,256
Court and corrections	-	-	-	361,542	361,542
Sewer projects	-	-	-	418,100	418,100
Recreation projects	-	-	-	845,204	845,204
Other projects	-	-	-	1,199	1,199
Subtotal	<u>-</u>	<u>1,936,572</u>	<u>-</u>	<u>2,415,622</u>	<u>4,352,194</u>
Committed to:					
Bayfront and recreation	-	-	-	1,842,564	1,842,564
Landscaping	-	-	-	18,926	18,926
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,861,490</u>	<u>1,861,490</u>
Assigned to:					
Library	-	-	-	11,340	11,340
Capital projects	-	-	2,394,506	-	2,394,506
Various purposes	633,724	-	-	-	633,724
Subtotal	<u>633,724</u>	<u>-</u>	<u>2,394,506</u>	<u>11,340</u>	<u>3,039,570</u>
Unassigned:	<u>12,671,707</u>	<u>-</u>	<u>-</u>	<u>(13,961)</u>	<u>12,657,746</u>
Total fund balances	<u>\$ 13,730,631</u>	<u>\$ 1,936,572</u>	<u>\$ 2,394,506</u>	<u>\$ 4,274,491</u>	<u>\$ 22,336,200</u>

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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, 2016, the City of Daphne membership consisted of:

Retirees and beneficiaries	
currently receiving benefits	42
Vested inactive members	5
Non-vested inactive members	19
Active members	272
Total	338

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, 2016, the City's active employee contribution rate was 5-6% percent of covered employee payroll for Tier 1 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 6.65% of covered employee payroll for Tier 1 employees and 3.99% of covered employee payroll for Tier 2 employees.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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

City’s contractually required contribution rate for the year ended September 30, 2016 was 6.65% of pensionable pay for Tier 1 employees, and 3.99% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2014, 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 (including fees) from the System were \$680,672 for the year ended September 30, 2016.

B. Net Pension Liability

The City’s net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2014 rolled forward to September 30, 2015 using standard roll-forward techniques as shown in the following table:

	Expected	Actual
(a) TLP as of September 30, 2014	\$ 25,482,611	25,429,419
(b) Entry Age Normal Cost for the period October 1, 2014 - September 30, 2015	939,089	939,089
(c) Actual Benefit Payments and Refunds for the period October 1, 2014 - September 30, 2015	(788,143)	(788,143)
(d) TPL as of September 30, 2015 = [(a) x (1.08)] + [(c) x (1.04)]	\$ 27,640,640	\$ 27,583,193
(e) Difference between Expected and Actual Experience (Gain)/Loss		\$ (57,447)

Actuarial assumptions. The total pension liability in the September 30, 2015 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% for State and Local Employees and 5% for State Police, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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 for the period after service retirement and for dependent beneficiaries. 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, 2014 valuation were based on the results of an actuarial experience study for the period October 1, 2005 – September 30, 2010.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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

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. Projected future benefit payments for all current plan members were projected for all years.

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 and a municipal bond rate was not used in determining the discount rate.

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%
Domestic Large Cap Equity	34.00%	9.00%
Domestic Mid Cap Equity	8.00%	12.00%
Domestic Small Cap Equity	3.00%	15.00%
International Developed Equity	15.00%	11.00%
Emerging Market Equity	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash Equivalents	2.00%	1.50%
Total	<u>100.00%</u>	

* Includes assumed rate of inflation of 2.50%.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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, 2014	\$ 25,482,611	\$ 22,610,219	\$ 2,872,392
Changes for the year:			
Service Cost	939,089	-	939,089
Interest	2,007,083	-	2,007,083
Changes of assumptions	-	-	-
Difference between expected and actual experience	(57,447)	-	(57,447)
Contributions - employer	-	633,555	(633,555)
Contributions - employee	-	573,980	(573,980)
Net investment income	-	272,004	(272,004)
Benefit payments, including refunds or employee contributions	(788,143)	(788,143)	-
Administrative expense	-	-	-
Transfers among employers	-	214,633	(214,633)
Net changes	<u>2,100,582</u>	<u>906,029</u>	<u>1,194,553</u>
Balances at September 30, 2015	<u>\$ 27,583,193</u>	<u>\$ 23,516,248</u>	<u>\$ 4,066,945</u>

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the City's net pension liability calculated using the discount rate of 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	\$ 7,816,070	\$ 4,066,945	\$ 930,919

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, 2015. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2015. The auditor's report dated September 29, 2016 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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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, 2016, the City recognized pension expense of \$680,672. At September 30, 2016, 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
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 50,082
Change of assumptions	-	-
Net difference between projected and actual earnings on plan investments	769,529	-
Employer contributions subsequent to the measurement date	<u>642,884</u>	<u>-</u>
	<u>\$ 1,412,413</u>	<u>\$ 50,082</u>

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 Inflows of Resources	Deferred Outflows of Resources
<u> </u>	<u> </u>	<u> </u>
2017	\$ (7,365)	\$ 795,248
2018	(7,365)	152,364
2019	(7,365)	152,366
2020	(7,365)	312,435
2021	(7,365)	-
Thereafter	<u>(13,257)</u>	<u>-</u>
	<u>\$ (50,082)</u>	<u>\$ 1,412,413</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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, eleven (11) retirees and/or their dependents are covered under the health care plan and ten (10) 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 insurance 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 2016, the City's portion of health care and life insurance funding cost for retired employees totaled \$45,787.

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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:

	2016	2015
Normal Cost	\$ 212,814	\$ 204,629
30-year UAL amortization amount	211,524	203,388
Annual required contributions (ARC)	\$ 424,338	\$ 408,017

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:

	2016	2015
Beginning Net OPEB Obligation	\$ 1,617,971	\$ 1,275,084
Annual required contribution	424,338	408,017
Interest on Net OPEB Obligation	64,719	51,003
ARC Adjustment	(93,567)	(73,738)
OPEB Cost	395,490	385,282
Current year retiree premium	(45,787)	(42,395)
Change in Net OPEB Obligation	349,703	342,887
Ending Net OPEB Obligation	\$ 1,967,674	\$ 1,617,971

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:

	Annual	Percentage of	Net OPEB
Fiscal Year Ended	OPEB Cost	Annual Cost Contributed	Liability (Asset)
September 30, 2016	\$ 395,490	11.58%	\$ 1,967,674
September 30, 2015	\$ 385,252	11.00%	\$ 1,617,971

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

NOTE 19 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress - In 2016, 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, 2016 year was \$3,804,153 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.

	2016
Actuarial Accrued Liability (AAL)	\$ 3,804,153
Actuarial Value of Plan Assets (AVP)	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 3,804,153
Funded Ratio (AVP/AAL)	0.00%
Covered Payroll (active plan members)	\$ 9,957,560
UAAL as a percentage of covered payroll	38.20%

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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, which are paid for by the retiree at the blended rate) 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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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 2016	FY 2015	FY 2014
OPEB Cost	\$ 395,490	\$ 385,282	\$ 290,540
Contribution	-	-	-
Retiree Premium	(45,787)	(42,395)	(24,837)
Total contribution and premium	(45,787)	(42,395)	(24,837)
Change in net OPEB obligation	\$ 349,703	\$ 342,887	\$ 265,703
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	11.58%	11.00%	8.55%

NOTE 20 – DEFERRED COMPENSATION PLANS

The City offers its employees a choice of four 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. Three 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, 2016 is \$113,212.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

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 \$6,310,000 at September 30, 2016 and will mature in 2038. Total paid to the Cooperative District during 2016 was \$242,173.

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 \$2,387,360.

The City of Daphne's total indebtedness at September 30, 2016, was \$35,001,759. Of this total, \$30,882,844 is chargeable to the constitutional debt limit. This chargeable debt is equal to 8.87% of the total assessed value of real and personal property located within the City. This leaves a \$47,998,700 margin available for future borrowings. Based on the City of Daphne's 2010 census, the per capita debt is \$1,623.

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, 2015 and the County began collecting and remitting the taxes to the City in October 2016.)

Fund Financial Statements:

The City recognizes the taxes collected by the County tax assessor within the first 60 days after September 30, 2016 as revenue. Such revenue totals \$675,013. Deferred revenue in the amount of \$4,319,632 is recognized and is reflective of the anticipated upcoming fiscal year collections for the October 1, 2016 (Fiscal 2017) levy.

Government-Wide Financial Statements:

The City recognizes total estimated property tax collections in the amount of \$4,994,645 for the October 1, 2015 tax assessment that is collected starting in October of 2016 (Fiscal 2017).

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 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 9.3% of its annual sales, use, and luxury taxes from one business within the City of Daphne; the top ten businesses account for 39.7% 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.

Liability Insurance coverage is detailed below:

Alabama Municipal Insurance Corporation:

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

The City is insured on these policies at the limits of \$1,000,000 per occurrence and \$1,000,000 aggregate unless otherwise noted above:

Employers Mutual Companies:

- Equipment (Limit \$5,557,893)
- Property (Limit \$50,529,504)
- Highway 98 Streetlight Coverage (Limit \$1,283,000)

NOTE 29 – FAIR VALUE DISCLOSURES

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value in a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value:

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2016

NOTE 29 – FAIR VALUE DISCLOSURES (Continued)

Investments' fair value measurements are as follows at September 30, 2016:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities:				
U.S. Treasuries	\$ 1,122,945	\$ 1,122,945	\$ -	\$ -
Mortgage backed securities	1,555,287	-	1,555,287	-
Collateralized debt obligations	2,513,931	-	2,513,931	-
Investment in AMIC	31,063	-	-	31,063
	<u>\$ 5,223,226</u>	<u>\$ 1,122,945</u>	<u>\$ 4,069,218</u>	<u>\$ 31,063</u>

Debt securities categorized as Level 1 are based on prices quoted in active markets for those securities. Debt securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices. The investment in AMIC is quoted as a level 3 input. There is no active market for this investment but an initial investment was required to participate in AMIC. Fair value of the investment approximates the cost.

NOTE 30 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through February 13, 2017, 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.

Required Supplementary Information

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statement
General Fund
For the Year Ended September 30, 2016**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Revenues				
Sales, use, and luxury taxes	\$ 14,773,407	\$ 14,773,407	\$ 15,703,733	\$ 930,326
Payment lieu of taxes/franchise fees	2,430,000	2,430,000	2,455,818	25,818
Ad valorem taxes	5,367,700	5,367,700	5,209,599	(158,101)
Licenses and permits	2,511,575	2,511,575	2,674,035	162,460
Intergovernmental	250,000	250,000	288,590	38,590
Charges for services	343,900	347,400	360,456	13,056
Fines	377,500	377,500	385,482	7,982
Interest	65,000	65,000	184,660	119,660
Grants and contributions	20,000	1,866,653	1,801,472	(65,181)
Miscellaneous	15,500	173,197	193,919	20,722
Total revenues	\$ 26,154,582	\$ 28,162,432	\$ 29,257,764	\$ 1,095,332
Expenditures				
<i>GENERAL GOVERNMENT</i>				
Legislative				
Personnel	\$ 229,551	\$ 229,551	\$ 212,196	\$ (17,355)
Operating	174,050	183,346	167,179	(16,167)
Capital	-	15,704	15,704	-
	<u>403,601</u>	<u>428,601</u>	<u>395,079</u>	<u>(33,522)</u>
Municipal Court				
Operating	31,600	31,600	30,440	(1,160)
	<u>31,600</u>	<u>31,600</u>	<u>30,440</u>	<u>(1,160)</u>
Executive				
Personnel	207,134	207,134	176,175	(30,959)
Operating	73,700	73,700	50,784	(22,916)
Capital	20,000	20,000	20,000	-
	<u>300,834</u>	<u>300,834</u>	<u>246,959</u>	<u>(53,875)</u>
Community Events				
Personnel	-	43,728	-	(43,728)
Operating	211,842	211,842	206,758	(5,084)
	<u>211,842</u>	<u>255,570</u>	<u>206,758</u>	<u>(48,812)</u>
Information Tech Support				
Personnel	104,757	104,757	73,874	(30,883)
Operating	46,130	49,630	28,462	(21,168)
	<u>150,887</u>	<u>154,387</u>	<u>89,628</u>	<u>(52,051)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2016**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Human Resources				
Personnel	286,539	273,005	241,041	(31,964)
Operating	142,455	144,955	149,729	4,774
Capital	-	8,775	8,138	(637)
	<u>428,994</u>	<u>426,735</u>	<u>301,204</u>	<u>(27,827)</u>
Finance				
Personnel	495,819	495,819	490,497	(5,322)
Operating	191,500	182,875	148,430	(34,445)
Capital	-	28,450	27,950	(500)
	<u>687,319</u>	<u>707,144</u>	<u>591,486</u>	<u>(39,767)</u>
Revenue				
Personnel	145,869	145,869	144,248	(1,621)
Operating	47,450	47,450	22,338	(25,112)
	<u>193,319</u>	<u>193,319</u>	<u>149,573</u>	<u>(26,733)</u>
Municipal Court				
Personnel	168,729	168,729	152,741	(15,988)
Operating	115,600	115,600	105,797	(9,803)
	<u>284,329</u>	<u>284,329</u>	<u>265,720</u>	<u>(25,791)</u>
Legal/Risk Management				
Operating- Legal	241,000	258,000	244,664	(13,336)
Operating- Risk Management	290,000	290,000	281,328	(8,672)
	<u>531,000</u>	<u>548,000</u>	<u>525,992</u>	<u>(22,008)</u>
Planning/Zoning				
Personnel	244,770	244,770	235,701	(9,069)
Operating	38,840	42,340	33,772	(8,568)
	<u>283,610</u>	<u>287,110</u>	<u>201,839</u>	<u>(17,637)</u>
Building Maintenance				
Personnel	252,800	252,800	157,910	(94,890)
Operating	52,660	40,225	101,314	61,089
Capital	-	33,000	26,871	(6,129)
	<u>305,460</u>	<u>326,025</u>	<u>286,095</u>	<u>(39,930)</u>
City Hall Facilities Support				
Operating	202,200	205,038	201,809	(3,229)
	<u>202,200</u>	<u>205,038</u>	<u>191,926</u>	<u>(3,229)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2016**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Janitorial				
Personnel	82,070	82,070	79,187	(2,883)
Operating	61,280	60,280	54,223	(6,057)
	<u>143,350</u>	<u>142,350</u>	<u>133,410</u>	<u>(8,940)</u>
TOTAL GENERAL GOVERNMENT				
Personnel	2,218,038	2,248,232	1,963,570	(284,662)
Operating	1,920,307	1,936,881	1,827,027	(109,854)
Capital	20,000	105,929	98,663	(7,266)
	<u>4,158,345</u>	<u>4,291,042</u>	<u>3,889,260</u>	<u>(401,782)</u>
<i>PUBLIC SAFETY</i>				
Police Administration				
Personnel	420,951	420,951	418,738	(2,213)
Operating	269,295	296,466	261,054	(35,412)
Capital	-	25,040	25,040	-
	<u>690,246</u>	<u>742,457</u>	<u>639,216</u>	<u>(37,625)</u>
SWAT (Sp Weapons & Tactical Eqpt)				
Operating	10,925	11,339	11,020	(319)
	<u>10,925</u>	<u>11,339</u>	<u>11,020</u>	<u>(319)</u>
Traffic Homicide Investigation				
Operating	9,000	9,000	8,539	(461)
	<u>9,000</u>	<u>9,000</u>	<u>7,527</u>	<u>(461)</u>
Patrol				
Personnel	2,442,212	2,442,212	2,455,506	13,294
Operating	439,220	446,191	359,390	(86,801)
Capital	-	300,000	310,182	10,182
	<u>2,881,432</u>	<u>3,188,403</u>	<u>3,058,857</u>	<u>(63,325)</u>
Detective				
Personnel	796,028	796,028	793,176	(2,852)
Operating	112,510	112,096	100,428	(11,668)
	<u>908,538</u>	<u>908,124</u>	<u>852,913</u>	<u>(14,520)</u>
Communications				
Personnel	538,012	538,012	451,662	(86,350)
Operating	30,070	30,070	27,646	(2,424)
	<u>568,082</u>	<u>568,082</u>	<u>505,283</u>	<u>(88,774)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2016**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Corrections				
Personnel	751,737	751,737	683,057	(68,680)
Operating	75,745	75,745	72,532	(3,213)
	<u>827,482</u>	<u>827,482</u>	<u>755,589</u>	<u>(71,893)</u>
Animal Control				
Personnel	141,469	141,469	137,887	(3,582)
Operating	29,030	29,030	21,773	(7,257)
	<u>170,499</u>	<u>170,499</u>	<u>158,145</u>	<u>(10,839)</u>
Police Subtotal				
Personnel	5,090,409	5,090,409	4,940,026	(150,383)
Operating	975,795	1,009,937	862,382	(147,555)
Capital	-	325,040	335,222	10,182
	<u>6,066,204</u>	<u>6,425,386</u>	<u>5,966,518</u>	<u>(287,756)</u>
Central Communications				
Operating	10,000	20,786	16,775	(4,011)
	<u>10,000</u>	<u>20,786</u>	<u>16,775</u>	<u>(4,011)</u>
Fire				
Personnel	3,030,723	3,085,272	3,146,940	61,668
Operating	398,550	519,039	402,115	(116,924)
Capital	-	1,093,158	1,093,158	-
	<u>3,429,273</u>	<u>4,697,469</u>	<u>3,874,660</u>	<u>(55,256)</u>
Rescue				
Operating	34,100	28,100	21,840	(6,260)
	<u>34,100</u>	<u>28,100</u>	<u>21,840</u>	<u>(6,260)</u>
Building Inspections				
Personnel	336,428	384,411	347,377	(37,034)
Operating	46,200	47,450	29,014	(18,436)
Capital	-	25,000	21,633	(3,367)
	<u>382,628</u>	<u>456,861</u>	<u>344,548</u>	<u>(58,837)</u>
Code Enforcement				
Personnel	122,654	122,654	109,596	(13,058)
Operating	9,700	18,950	15,602	(3,348)
Capital	-	24,375	24,337	(38)
	<u>132,354</u>	<u>165,979</u>	<u>149,535</u>	<u>(16,444)</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Statement, Continued
 General Fund
 For the Year Ended September 30, 2016

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Emergency Management				
Operating	15,000	15,000	5,937	(9,063)
	<u>15,000</u>	<u>15,000</u>	<u>5,937</u>	<u>(9,063)</u>
TOTAL PUBLIC SAFETY				
Personnel	8,580,214	8,682,746	8,543,939	(138,807)
Operating	1,489,345	1,659,262	1,353,665	(305,597)
Capital	-	1,467,573	1,474,350	6,777
	<u>10,069,559</u>	<u>11,809,581</u>	<u>11,371,954</u>	<u>(437,627)</u>
<i>PUBLIC WORKS</i>				
Administration				
Personnel	384,835	390,335	378,998	(11,337)
Operating	85,910	73,544	52,919	(20,625)
	<u>470,745</u>	<u>463,879</u>	<u>415,373</u>	<u>(31,962)</u>
Public Works Facilities Support				
Operating	49,000	57,625	54,663	(2,962)
	<u>49,000</u>	<u>57,625</u>	<u>54,663</u>	<u>(2,962)</u>
Street				
Personnel	721,538	721,538	715,134	(6,404)
Operating	755,550	749,407	684,326	(65,081)
Capital	-	39,790	39,790	-
	<u>1,477,088</u>	<u>1,510,735</u>	<u>1,356,972</u>	<u>(71,485)</u>
Street-Infrastructure				
Operating	50,900	43,659	38,290	(5,369)
Capital	50,000	304,547	299,414	(5,133)
	<u>100,900</u>	<u>348,206</u>	<u>160,042</u>	<u>(10,502)</u>
Grounds				
Personnel	633,832	633,832	573,728	(60,104)
Operating	245,078	249,078	220,836	(28,242)
Capital	-	23,000	22,875	(125)
	<u>878,910</u>	<u>905,910</u>	<u>953,280</u>	<u>(88,471)</u>
Grounds- Parks				
Operating	83,995	74,791	70,155	(4,636)
Capital	-	293,333	293,333	-
	<u>83,995</u>	<u>368,124</u>	<u>363,488</u>	<u>(4,636)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2016**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Mowing				
Personnel	426,851	448,715	393,945	(54,770)
Operating	180,000	198,000	188,717	(9,283)
Capital	-	210,000	199,182	(10,818)
	<u>606,851</u>	<u>856,715</u>	<u>623,382</u>	<u>(74,871)</u>
Garage				
Personnel	401,104	401,104	383,758	(17,346)
Operating	200,750	200,750	34,039	(166,711)
Capital	-	11,100	10,200	(900)
	<u>601,854</u>	<u>612,954</u>	<u>433,975</u>	<u>(184,957)</u>
MS4 Compliance				
Operating	62,655	1,267,524	1,269,158	1,634
Capital	-	182,481	179,060	(3,421)
	<u>62,655</u>	<u>1,450,005</u>	<u>160,891</u>	<u>(1,787)</u>
TOTAL PUBLIC WORKS				
Personnel	2,568,160	2,595,524	2,445,563	(149,961)
Operating	1,713,838	2,914,378	2,613,103	(301,275)
Capital	50,000	1,064,251	1,043,854	(20,397)
	<u>4,331,998</u>	<u>6,574,153</u>	<u>6,102,520</u>	<u>(471,633)</u>
RECREATION & LIBRARY				
Recreation Parks				
Personnel	253,720	253,720	237,655	(16,065)
Operating	321,850	322,406	267,559	(54,847)
Capital	-	57,500	49,836	(7,664)
	<u>575,570</u>	<u>633,626</u>	<u>559,920</u>	<u>(78,576)</u>
Recreation				
Personnel	285,400	285,400	277,686	(7,714)
Operating	111,130	109,743	126,953	17,210
Capital	-	25,500	25,471	(29)
	<u>396,530</u>	<u>420,643</u>	<u>414,986</u>	<u>9,467</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2016**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Athletic and Fitness Programs				
Personnel	22,768	22,768	29,454	6,686
Operating	101,300	101,300	81,332	(19,968)
	<u>124,068</u>	<u>124,068</u>	<u>99,200</u>	<u>(13,282)</u>
Special Events				
Operating	20,500	23,250	21,214	(2,036)
	<u>20,500</u>	<u>23,250</u>	<u>17,452</u>	<u>(2,036)</u>
Library				
Personnel	621,190	621,190	603,238	(17,952)
Operating	179,650	179,650	172,204	(7,446)
	<u>800,840</u>	<u>800,840</u>	<u>699,005</u>	<u>(25,398)</u>
TOTAL LIBRARY AND RECREATION				
Personnel	1,183,078	1,183,078	1,148,033	(35,045)
Operating	734,430	736,349	669,262	(67,087)
Capital	-	83,000	75,307	(7,693)
	<u>1,917,508</u>	<u>2,002,427</u>	<u>1,892,602</u>	<u>(109,825)</u>
Total Expenditures				
Personnel	14,549,490	14,709,580	14,101,105	(608,475)
Operating	5,857,920	7,246,870	6,463,057	(783,813)
Capital	70,000	2,720,753	2,692,174	(28,579)
	<u>20,477,410</u>	<u>24,677,203</u>	<u>23,256,336</u>	<u>(1,420,867)</u>
Excess of Revenues Over Expenditures Before Other Financing Uses	<u>5,677,172</u>	<u>3,485,229</u>	<u>6,001,428</u>	<u>2,516,199</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2016**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
<i>OTHER FINANCING SOURCES/(USES)</i>				
Capital Lease Proceeds	-	1,319,158	1,285,397	(33,761)
Transfers to Debt Service Fund	(3,687,595)	(3,927,595)	(3,687,595)	240,000
Transfers to Capital Reserve Fund	-	(500,000)	(500,000)	-
Transfers to Non Major Storms Fund	-	(132,230)	(247,293)	(115,063)
Transfers to Civic Center Fund	(343,109)	(439,114)	(319,654)	119,460
Transfers to BayFront Fund	(157,103)	(157,103)	(156,801)	302
Transfer to Solid Waste Fund	(550,403)	(571,838)	(631,715)	(59,877)
Transfers to SAIL Site Fund	(40,874)	(40,874)	(28,320)	12,554
	<u>(4,779,084)</u>	<u>(4,449,596)</u>	<u>(4,285,981)</u>	<u>163,615</u>
Total Revenues Over				
(Under) Expenditures	\$ 898,088	\$ (964,367)	\$ 1,715,447	\$ 2,679,814

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Statement, Continued
General Fund
For the Year Ended September 30, 2016

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, 2016:

GAAP Revenues Over Expenditures	\$ 2,149,773
Encumbrances outstanding at:	
September 30, 2016	(633,724)
September 30, 2015	200,121
Encumbrances released during FY 2016	<u>(723)</u>
Budgetary Revenues over Expenditures	<u><u>\$ 1,715,447</u></u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statement
Debt Service Fund
For the Year Ended September 30, 2016**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury tax	\$ 755,000	\$ 755,000	\$ 888,328	\$ 133,328
Interest/investment earnings	100	100	199	99
Total revenues	<u>755,100</u>	<u>755,100</u>	<u>888,527</u>	<u>133,427</u>
EXPENDITURES				
Debt service:				
Principal	3,156,842	3,366,842	3,603,942	237,100
Interest	1,440,288	1,470,288	1,247,830	(222,458)
Cost of debt issuance	-	-	121,150	121,150
Total expenditures	<u>4,597,130</u>	<u>4,837,130</u>	<u>4,972,922</u>	<u>135,792</u>
Excess expenditures over revenue	<u>(3,842,030)</u>	<u>(4,082,030)</u>	<u>(4,084,395)</u>	<u>(2,365)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,842,030	4,082,030	3,842,029	(240,001)
Transfers out	-	-	(845,200)	(845,200)
Issuance of debt	-	-	8,600,000	8,600,000
Premium on warrants	-	-	681,737	681,737
Payment to refunded bond escrow agent	-	-	(8,315,387)	(8,315,387)
Total other financing sources	<u>3,842,030</u>	<u>4,082,030</u>	<u>3,963,179</u>	<u>(118,851)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (121,216)</u>	<u>\$ (121,216)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statement
Capital Reserve Fund
For the Year Ended September 30, 2016**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Intergovernmental	\$ 185,000	\$ 185,000	\$ 190,078	\$ 5,078
Grants	-	-	80,019	80,019
Special assessments	-	65,000	45,897	(19,103)
Interest/investment earnings	-	-	105	105
Total revenues	<u>185,000</u>	<u>250,000</u>	<u>316,099</u>	<u>66,099</u>
EXPENDITURES				
Current:				
Public works	-	-	27,131	27,131
Recreation and library	-	-	7,864	7,864
Capital outlay	-	2,355,000	253,717	(2,101,283)
Total expenditures	<u>-</u>	<u>2,355,000</u>	<u>288,712</u>	<u>(2,066,288)</u>
Excess expenditures over revenue	<u>185,000</u>	<u>(2,105,000)</u>	<u>27,387</u>	<u>2,132,387</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	500,000	690,771	190,771
Total other financing sources	<u>-</u>	<u>500,000</u>	<u>690,771</u>	<u>190,771</u>
Net change in fund balance	<u>\$ 185,000</u>	<u>\$ (1,605,000)</u>	<u>\$ 718,158</u>	<u>\$(2,323,158)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statements
Non Major Special Revenue Funds
For the Year Ended September 30, 2016**

Four Cent Gas Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury taxes	\$ 54,650	\$ 54,650	\$ 57,919	\$ 3,269
Interest/investment earnings	50	50	76	26
Total revenues	54,700	54,700	57,995	3,295
EXPENDITURES				
Total expenditures	-	-	-	-
Excess expenditures over revenue	54,700	54,700	57,995	3,295
Net change in fund balance	\$ 54,700	\$ 54,700	\$ 57,995	\$ (3,295)

Seven Cent Gas Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury taxes	\$ 70,500	\$ 70,500	\$ 73,873	\$ 3,373
Interest/investment earnings	150	150	183	33
Total revenues	70,650	70,650	74,056	3,406
EXPENDITURES				
Current:				
General government	-	33,119	784	(32,335)
Public works	-	16,500	16,500	-
Capital outlay	-	175,437	133,931	(41,506)
Total expenditures	-	225,056	151,215	(73,841)
Excess expenditures over revenue	70,650	(154,406)	(77,159)	77,247
Net change in fund balance	\$ 70,650	\$ (154,406)	\$ (77,159)	\$ (77,247)

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statements
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2016**

SAIL Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Intergovernmental	\$ 17,018	\$ 17,018	\$ 16,953	\$ (65)
Contributions and donations	7,752	7,752	7,752	-
Interest/investment earnings	-	-	11	11
Total revenues	<u>24,770</u>	<u>24,770</u>	<u>24,716</u>	<u>(54)</u>
EXPENDITURES				
Current:				
Parks and recreation	65,644	65,644	53,036	(12,608)
Total expenditures	<u>65,644</u>	<u>65,644</u>	<u>53,036</u>	<u>(12,608)</u>
Excess expenditures over revenue	<u>(40,874)</u>	<u>(40,874)</u>	<u>(28,320)</u>	<u>12,554</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	40,874	40,874	28,320	(12,554)
Total other financing sources	<u>40,874</u>	<u>40,874</u>	<u>28,320</u>	<u>(12,554)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statements
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2016**

Library Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 16,000	\$ 17,000	\$ 14,696	\$ (2,304)
Charges for services	7,600	8,000	8,555	555
Intergovernmental	18,500	19,000	19,004	4
Grants	20,000	20,000	20,000	-
Contributions and donations	2,500	5,500	7,363	1,863
Total revenues	<u>64,600</u>	<u>69,500</u>	<u>69,618</u>	<u>118</u>
EXPENDITURES				
Current:				
Parks and recreation	61,950	69,500	62,845	(6,655)
Capital outlay	-	-	-	-
Total expenditures	<u>61,950</u>	<u>69,500</u>	<u>62,845</u>	<u>(6,655)</u>
Excess revenue over expenditures	<u>2,650</u>	<u>-</u>	<u>6,773</u>	<u>(6,773)</u>
Net change in fund balance	<u>\$ 2,650</u>	<u>\$ -</u>	<u>\$ 6,773</u>	<u>\$ (6,773)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statements
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2016**

Corrections and Court Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 94,000	\$ 94,000	\$ 101,666	\$ 7,666
Interest/investment earnings	450	450	801	351
Total revenues	94,450	94,450	102,467	8,017
EXPENDITURES				
Current:				
General government	29,350	29,350	24,520	(4,830)
Public safety	65,100	65,100	46,930	(18,170)
Total expenditures	94,450	94,450	71,450	(23,000)
Excess expenditures over revenue	-	-	31,017	31,017
Net change in fund balance	\$ -	\$ -	\$ 31,017	\$ (31,017)

Municipal Court Judicial Administration Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 40,000	\$ 40,000	\$ 45,185	\$ 5,185
Interest/investment earnings	-	-	-	-
Total revenues	40,000	40,000	45,185	5,185
EXPENDITURES				
Current:				
General government	-	1,000	64,779	63,779
Total expenditures	-	1,000	64,779	63,779
Excess expenditures over revenue	40,000	39,000	(19,594)	(58,594)
Net change in fund balance	\$ 40,000	\$ 39,000	\$ (19,594)	\$ 58,594

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statements
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2016**

Municipal Court Training and Equipment Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 5,500	\$ 5,500	\$ 6,236	\$ 736
Interest/investment earnings	50	50	138	88
Total revenues	5,550	5,550	6,374	824
EXPENDITURES				
Current:				
General government	5,550	5,550	4,307	(1,243)
Total expenditures	5,550	5,550	4,307	(1,243)
Excess expenditures over revenue	-	-	2,067	2,067
Net change in fund balance	\$ -	\$ -	\$ 2,067	\$ (2,067)

Renaissance Center Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury tax	\$ 165,600	\$ 165,600	\$ 242,173	\$ 76,573
Total revenues	165,600	165,600	242,173	76,573
EXPENDITURES				
Current:				
General government	165,600	165,600	242,173	76,573
Total expenditures	165,600	165,600	242,173	76,573
Excess expenditures over revenue	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Statements
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2016**

Lodging Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury tax	\$ 1,075,000	\$ 1,075,000	\$1,113,150	\$ 38,150
Grants	-	-	239,526	239,526
Total revenues	<u>1,075,000</u>	<u>1,075,000</u>	<u>1,352,676</u>	<u>277,676</u>
EXPENDITURES				
Current:				
General government	223,500	223,500	230,367	6,867
Recreation and library	-	259,579	154,856	(104,723)
Capital outlay	17,500	1,508,262	1,808,621	300,359
Total expenditures	<u>241,000</u>	<u>1,991,341</u>	<u>2,193,844</u>	<u>202,503</u>
Excess expenditures over revenue	<u>834,000</u>	<u>(916,341)</u>	<u>(841,168)</u>	<u>75,173</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(154,435)	(154,435)	(154,435)	-
Total other financing sources (uses)	<u>(154,435)</u>	<u>(154,435)</u>	<u>(154,435)</u>	<u>-</u>
Net change in fund balance	<u>\$ 679,565</u>	<u>\$(1,070,776)</u>	<u>\$ (995,603)</u>	<u>\$ 75,173</u>

CITY OF DAPHNE, ALABAMA

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

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service Cost	\$ 939,089	\$ 907,051
Interest	2,007,083	1,850,235
Changes of benefit terms	-	-
Differences between expected and actual experience	(57,447)	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(788,143)	(805,216)
Net change in pension liability	<u>2,100,582</u>	<u>1,952,070</u>
Total pension liability - beginning	<u>25,482,611</u>	<u>23,530,541</u>
Total pension liability - ending (a)	<u><u>\$ 27,583,193</u></u>	<u><u>\$ 25,482,611</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 633,555	\$ 632,854
Contributions - member	573,980	555,923
Net investment income	272,002	2,401,618
Benefit payments, including refunds of employee contributions	(788,143)	(805,216)
Transfers among employers	214,633	2,082
Net change in plan fiduciary net position	<u>906,027</u>	<u>2,787,261</u>
Plan net position - beginning	<u>22,610,221</u>	<u>19,822,960</u>
Plan net position - ending (b)	<u><u>\$ 23,516,248</u></u>	<u><u>\$ 22,610,221</u></u>
Net pension liability (a) - (b)	4,066,945	2,872,390
Plan fiduciary net position as a percentage of the total pension liability	85.26%	88.73%
Covered employee payroll	\$ 10,535,450	\$ 10,266,165
Net pension liability as a percentage of employee-covered payroll	38.60%	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 and 2015.

CITY OF DAPHNE, ALABAMA

**Schedule of Employer Contributions
Last Ten Fiscal Years**

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 639,362	\$ 633,226
Contributions in relation to the actuarially determined contribution	<u>639,362</u>	<u>633,226</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 10,535,450	\$ 11,081,322
Contributions as a percentage of covered employee payroll	6.07%	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 2016 were based on the September 30, 2013 actuarial valuation.

Methods and Assumptions used to determine contribution rates:

Actuarial Cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	16 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 the year ended September 30, 2015 and 2016.

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.

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).

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.

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.

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.

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).

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.

2016 Construction Fund – This fund accounts for debt proceeds of \$845,200 to be used for recreational facilities upgrades.

CITY OF DAPHNE, ALABAMA

**Combining Balance Sheet - Summary
Non-Major Governmental Funds
September 30, 2016**

	Special Revenue Funds	Capital Project Funds	Total Other Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash, equity in pooled cash	\$ 3,166,331	\$ 1,492,053	\$ 4,658,384
Taxes receivable	84,298	-	84,298
Grants receivable	387,937	-	387,937
Other receivables	1,050	-	1,050
	<u>3,639,616</u>	<u>1,492,053</u>	<u>5,131,669</u>
LIABILITIES			
Accounts payable	297,450	228,749	526,199
Accrued expenses	2,440	-	2,440
Due to other funds	191,977	-	191,977
	<u>491,867</u>	<u>228,749</u>	<u>720,616</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - grant revenue	136,562	-	136,562
	<u>136,562</u>	<u>-</u>	<u>136,562</u>
FUND BALANCES			
Restricted	1,152,318	1,263,304	2,415,622
Committed	1,861,490	-	1,861,490
Assigned	11,340	-	11,340
Unassigned	(13,961)	-	(13,961)
	<u>3,011,187</u>	<u>1,263,304</u>	<u>4,274,491</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 3,639,616</u>	<u>\$ 1,492,053</u>	<u>\$ 5,131,669</u>

CITY OF DAPHNE, ALABAMA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Summary
Non-Major Governmental Funds
For the Year Ended September 30, 2016**

	Special Revenue Funds	Capital Project Funds	Total Other Governmental Funds
REVENUES			
Sales, use, luxury tax	\$ 1,487,115	\$ -	\$ 1,487,115
Fines	174,031	-	174,031
Charges for services	8,555	-	8,555
Intergovernmental	686,066	-	686,066
Grants	680,334	141,864	822,198
Interest/investment earnings	2,027	211	2,238
Contributions and donations	17,615	-	17,615
Miscellaneous	426,768	-	426,768
Total revenues	<u>3,482,511</u>	<u>142,075</u>	<u>3,624,586</u>
EXPENDITURES			
Current expenditures:			
General government	993,698	-	993,698
Public safety	95,991	-	95,991
Public works	16,740	-	16,740
Parks and recreation	270,737	-	270,737
Total current expenditures	<u>1,377,166</u>	<u>-</u>	<u>1,377,166</u>
Capital outlay	<u>2,627,389</u>	<u>-</u>	<u>2,627,389</u>
Total expenditures	<u>4,004,555</u>	<u>-</u>	<u>4,004,555</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(522,044)</u>	<u>142,075</u>	<u>(379,969)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	275,613	845,200	1,120,813
Transfers out	(154,435)	(177,329)	(331,764)
Contribution to Utilities Board - Sewer	-	(364,363)	(364,363)
Total other financing sources (uses)	<u>121,178</u>	<u>303,508</u>	<u>424,686</u>
Net change in fund balances	<u>(400,866)</u>	<u>445,583</u>	<u>44,717</u>
Fund balances, beginning	<u>3,412,053</u>	<u>817,721</u>	<u>4,229,774</u>
Fund balances, ending	<u>\$ 3,011,187</u>	<u>\$ 1,263,304</u>	<u>\$ 4,274,491</u>

CITY OF DAPHNE, ALABAMA

**Combining Balance Sheet
Non-Major Special Revenue Funds
September 30, 2016**

	4 Cent	7 Cent	Flower Fund	SAIL Site	Non Major Storms	Oil Spill
ASSETS						
Cash, equity in pooled cash	\$ 212,408	\$ 389,849	\$ 18,926	\$ 3,873	\$ -	\$ -
Taxes receivable	5,265	6,509	-	-	-	-
Other receivable	-	-	-	-	-	-
Grants receivable	-	33,978	-	-	191,977	-
Total assets	217,673	430,336	18,926	3,873	191,977	-
LIABILITIES						
Accounts payable	-	9,710	-	946	-	-
Accrued expenses	-	-	-	1,728	-	-
Due to other funds	-	-	-	-	191,977	-
Total liabilities	-	9,710	-	2,674	191,977	-
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - grant revenue	-	33,978	-	-	13,961	-
Total deferred inflows of resources	-	33,978	-	-	13,961	-
FUND BALANCES						
Restricted	217,673	386,648	-	1,199	-	-
Committed	-	-	18,926	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(13,961)	-
Total fund balances	217,673	386,648	18,926	1,199	(13,961)	-
Total liabilities, deferred inflow of resources, and fund balances	\$ 217,673	\$ 430,336	\$ 18,926	\$ 3,873	\$ 191,977	\$ -

Federal Drug Recoveries	State Drug Recoveries	Library	Mun Court: Eq/Training	Mun Court: Judicial	Corrections/ Court	Lodging Tax	Renaissance Center	Total
\$ 184,560	\$ 3,754	\$ 12,052	\$ 35,195	\$ 111,347	\$ 217,480	\$ 1,976,887	\$ -	\$ 3,166,331
-	-	-	-	-	-	72,524	-	84,298
-	1,050	-	-	-	-	-	-	1,050
-	-	-	-	-	-	161,982	-	387,937
<u>184,560</u>	<u>4,804</u>	<u>12,052</u>	<u>35,195</u>	<u>111,347</u>	<u>217,480</u>	<u>2,211,393</u>	<u>-</u>	<u>3,639,616</u>
4,108	-	-	-	-	2,480	280,206	-	297,450
-	-	712	-	-	-	-	-	2,440
-	-	-	-	-	-	-	-	191,977
<u>4,108</u>	<u>-</u>	<u>712</u>	<u>-</u>	<u>-</u>	<u>2,480</u>	<u>280,206</u>	<u>-</u>	<u>491,867</u>
-	-	-	-	-	-	88,623	-	136,562
-	-	-	-	-	-	<u>88,623</u>	-	<u>136,562</u>
180,452	4,804	-	35,195	111,347	215,000	-	-	1,152,318
-	-	-	-	-	-	1,842,564	-	1,861,490
-	-	11,340	-	-	-	-	-	11,340
-	-	-	-	-	-	-	-	(13,961)
<u>180,452</u>	<u>4,804</u>	<u>11,340</u>	<u>35,195</u>	<u>111,347</u>	<u>215,000</u>	<u>1,842,564</u>	<u>-</u>	<u>3,011,187</u>
<u>\$ 184,560</u>	<u>\$ 4,804</u>	<u>\$ 12,052</u>	<u>\$ 35,195</u>	<u>\$ 111,347</u>	<u>\$ 217,480</u>	<u>\$ 2,211,393</u>	<u>\$ -</u>	<u>\$ 3,639,616</u>

CITY OF DAPHNE, ALABAMA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended September 30, 2016**

	4 Cent	7 Cent	Flower Fund	SAIL Site	Non Major Storms	Oil Spill
REVENUES						
Sales, use, luxury taxes	\$ 57,919	\$ 73,873	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Intergovernmental	-	-	-	16,953	650,109	-
Grants	-	-	-	-	420,808	-
Interest/investment earnings	76	183	-	11	-	-
Contributions and donations	-	-	2,500	7,752	-	-
Miscellaneous revenue	-	-	-	-	-	426,768
Total revenues	<u>57,995</u>	<u>74,056</u>	<u>2,500</u>	<u>24,716</u>	<u>1,070,917</u>	<u>426,768</u>
EXPENDITURES						
Current:						
General government	-	784	-	-	-	426,768
Public safety	-	-	-	-	-	-
Public works	-	16,500	240	-	-	-
Parks and recreation	-	-	-	53,036	-	-
Total current	<u>-</u>	<u>17,284</u>	<u>240</u>	<u>53,036</u>	<u>-</u>	<u>426,768</u>
Capital outlay	-	133,931	-	-	646,278	-
Total expenditures	<u>-</u>	<u>151,215</u>	<u>240</u>	<u>53,036</u>	<u>646,278</u>	<u>426,768</u>
Excess (deficiency) of revenues over (under) expenditures	<u>57,995</u>	<u>(77,159)</u>	<u>2,260</u>	<u>(28,320)</u>	<u>424,639</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	28,320	247,293	-
Transfers out	-	-	-	-	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,320</u>	<u>247,293</u>	<u>-</u>
Net change in fund balances	57,995	(77,159)	2,260	-	671,932	-
Fund balances, beginning	159,678	463,807	16,666	1,199	(685,893)	-
Fund balances, ending	<u>\$ 217,673</u>	<u>\$ 386,648</u>	<u>\$ 18,926</u>	<u>\$ 1,199</u>	<u>\$ (13,961)</u>	<u>\$ -</u>

Federal Drug Recoveries	State Drug Recoveries	Library	Mun Court Eq/Training	Mun Court Judicial	Corrections Court	Lodging Tax	Renaissance Center	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,113,150	\$ 242,173	\$ 1,487,115
-	6,248	14,696	6,236	45,185	101,666	-	-	174,031
-	-	8,555	-	-	-	-	-	8,555
-	-	19,004	-	-	-	-	-	686,066
-	-	20,000	-	-	-	239,526	-	680,334
785	33	-	138	-	801	-	-	2,027
-	-	7,363	-	-	-	-	-	17,615
-	-	-	-	-	-	-	-	426,768
<u>785</u>	<u>6,281</u>	<u>69,618</u>	<u>6,374</u>	<u>45,185</u>	<u>102,467</u>	<u>1,352,676</u>	<u>242,173</u>	<u>3,482,511</u>
-	-	-	4,307	64,779	24,520	230,367	242,173	993,698
24,037	25,024	-	-	-	46,930	-	-	95,991
-	-	-	-	-	-	-	-	16,740
-	-	62,845	-	-	-	154,856	-	270,737
<u>24,037</u>	<u>25,024</u>	<u>62,845</u>	<u>4,307</u>	<u>64,779</u>	<u>71,450</u>	<u>385,223</u>	<u>242,173</u>	<u>1,377,166</u>
<u>38,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,808,621</u>	<u>-</u>	<u>2,627,389</u>
<u>62,596</u>	<u>25,024</u>	<u>62,845</u>	<u>4,307</u>	<u>64,779</u>	<u>71,450</u>	<u>2,193,844</u>	<u>242,173</u>	<u>4,004,555</u>
<u>(61,811)</u>	<u>(18,743)</u>	<u>6,773</u>	<u>2,067</u>	<u>(19,594)</u>	<u>31,017</u>	<u>(841,168)</u>	<u>-</u>	<u>(522,044)</u>
-	-	-	-	-	-	-	-	275,613
-	-	-	-	-	-	(154,435)	-	(154,435)
-	-	-	-	-	-	(154,435)	-	121,178
<u>(61,811)</u>	<u>(18,743)</u>	<u>6,773</u>	<u>2,067</u>	<u>(19,594)</u>	<u>31,017</u>	<u>(995,603)</u>	<u>-</u>	<u>(400,866)</u>
<u>242,263</u>	<u>23,547</u>	<u>4,567</u>	<u>33,128</u>	<u>130,941</u>	<u>183,983</u>	<u>2,838,167</u>	<u>-</u>	<u>3,412,053</u>
<u>\$ 180,452</u>	<u>\$ 4,804</u>	<u>\$ 11,340</u>	<u>\$ 35,195</u>	<u>\$ 111,347</u>	<u>\$ 215,000</u>	<u>\$ 1,842,564</u>	<u>\$ -</u>	<u>\$ 3,011,187</u>

CITY OF DAPHNE, ALABAMA

**Combining Balance Sheet
Non-Major Capital Project Funds
September 30, 2016**

	2012 Construction Fund	2014 Construction Fund	2016 Construction Fund	Total Capital Project Funds
ASSETS				
Cash, equity in pooled cash	\$ -	\$ 646,849	\$ 845,204	\$ 1,492,053
Total assets	<u>-</u>	<u>646,849</u>	<u>845,204</u>	<u>1,492,053</u>
LIABILITIES				
Accounts payable	-	228,749	-	228,749
Total liabilities	<u>-</u>	<u>228,749</u>	<u>-</u>	<u>228,749</u>
FUND BALANCES				
Restricted	-	418,100	845,204	1,263,304
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>418,100</u>	<u>845,204</u>	<u>1,263,304</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ -</u>	<u>\$ 646,849</u>	<u>\$ 845,204</u>	<u>\$ 1,492,053</u>

CITY OF DAPHNE, ALABAMA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Capital Project Funds
For the Year Ended September 30, 2016**

	2012 Construction Fund	2014 Construction Fund	2016 Construction Fund	Total Capital Project Funds
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Grants	141,864	-	-	141,864
Interest/investment earnings (loss)	-	207	4	211
Total revenues	<u>141,864</u>	<u>207</u>	<u>4</u>	<u>142,075</u>
EXPENDITURES				
Current expenditures:				
General government	-	-	-	-
Public works	-	-	-	-
Total current expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>141,864</u>	<u>207</u>	<u>4</u>	<u>142,075</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	845,200	845,200
Transfers out	(177,329)	-	-	(177,329)
Contribution to Utilities Board - Sewer	-	(364,363)	-	(364,363)
Total other financing sources (uses)	<u>(177,329)</u>	<u>(364,363)</u>	<u>845,200</u>	<u>303,508</u>
Net change in fund balances	<u>(35,465)</u>	<u>(364,156)</u>	<u>845,204</u>	<u>445,583</u>
Fund balances, beginning	35,465	782,256	-	817,721
Fund balances, ending	<u>\$ -</u>	<u>\$ 418,100</u>	<u>\$ 845,204</u>	<u>\$ 1,263,304</u>



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Non-Major Proprietary Funds

Daphne Civic Center Fund and Bayfront Park Fund - These funds are associated with the operation of the Civic Center and Bayfront 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, 2016**

	<u>Civic Center</u>	<u>Bayfront Park</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash, equity in pooled cash	\$ 38,587	\$ 16,549	\$ 55,136
Total current assets	<u>38,587</u>	<u>16,549</u>	<u>55,136</u>
Noncurrent assets:			
Capital assets:			
Facilities	143,164	80,476	223,640
Vehicles	33,475	-	33,475
Rental equipment and supplies	26,388	-	26,388
Equipment and office furniture	187,349	-	187,349
Total capital assets	<u>390,376</u>	<u>80,476</u>	<u>470,852</u>
Less: accumulated depreciation	<u>(270,054)</u>	<u>(49,681)</u>	<u>(319,735)</u>
Total noncurrent assets	<u>120,322</u>	<u>30,795</u>	<u>151,117</u>
 Total assets	 <u>158,909</u>	 <u>47,344</u>	 <u>206,253</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Employer retirement contributions and net difference between projected and actual earnings on plan investments			
	17,938	12,994	30,932
Total deferred outflows of resources	<u>17,938</u>	<u>12,994</u>	<u>30,932</u>
 Total assets and deferred outflows of resources	 <u>\$ 176,847</u>	 <u>\$ 60,338</u>	 <u>\$ 237,185</u>

	Civic Center	Bayfront Park	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 32,392	\$ 1,366	\$ 33,758
Accrued liabilities	13,666	-	13,666
Unearned revenue	63,075	25,687	88,762
Compensated absences	3,116	1,038	4,154
Total current liabilities	<u>112,249</u>	<u>28,091</u>	<u>140,340</u>
Noncurrent liabilities:			
Compensated absences	2,077	693	2,770
Net pension liability	47,629	41,150	88,779
Post employment benefits	20,352	17,060	37,412
Total noncurrent liabilities	<u>70,058</u>	<u>58,903</u>	<u>128,961</u>
Total liabilities	<u>182,307</u>	<u>86,994</u>	<u>269,301</u>
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual experience	(260)	1,293	1,033
Total deferred inflows of resources	<u>(260)</u>	<u>1,293</u>	<u>1,033</u>
NET POSITION			
Net investment in capital assets	120,322	30,795	151,117
Unrestricted net position	(125,522)	(58,744)	(184,266)
Total net position	<u>(5,200)</u>	<u>(27,949)</u>	<u>(33,149)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 176,847</u>	<u>\$ 60,338</u>	<u>\$ 237,185</u>

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, 2016**

	Civic Center	Bayfront Park	Total
Operating revenues:			
Charges for services	\$ 182,446	\$ 75,307	\$ 257,753
Community events	23,640	-	23,640
Total operating revenues	<u>206,086</u>	<u>75,307</u>	<u>281,393</u>
Operating expenses:			
Wages	131,171	120,168	251,339
Overtime	2,214	1,999	4,213
Payroll related	14,299	15,168	29,467
Other personnel expense	28,195	25,818	54,013
Other post employment benefits	4,435	3,432	7,867
Total personnel services	<u>180,314</u>	<u>166,585</u>	<u>346,899</u>
Advertising	11,520	4,596	16,116
Community programs	13,165	-	13,165
Depreciation	10,851	5,133	15,984
Employee supplies and uniforms	1,039	-	1,039
Employee support	1,368	75	1,443
Equipment purchases, rental, and lease	4,544	1,735	6,279
Fuel	980	980	1,960
Garbage and debris removal	2,790	1,196	3,986
Insurance	34,789	18,097	52,886
Maintenance	77,283	3,567	80,850
Supplies	11,600	4,038	15,638
Other services	17,325	10,297	27,622
Professional services	12,916	-	12,916
Trustee assignments	16,260	-	16,260
Utilities	128,996	15,809	144,805
Total operating expenses	<u>525,740</u>	<u>232,108</u>	<u>757,848</u>
Operating loss	<u>(319,654)</u>	<u>(156,801)</u>	<u>(476,455)</u>
Non-operating revenues (expenses):			
Transfers from general fund	319,654	156,801	476,455
Total non-operating revenues (expenses)	<u>319,654</u>	<u>156,801</u>	<u>476,455</u>
Change in net position	-	-	-
Total net position, beginning	<u>(5,200)</u>	<u>(27,949)</u>	<u>(33,149)</u>
Total net position, ending	<u><u>\$ (5,200)</u></u>	<u><u>\$ (27,949)</u></u>	<u><u>\$ (33,149)</u></u>

CITY OF DAPHNE, ALABAMA

**Combining Statement of Cash Flows
Non-Major Proprietary Funds
September 30, 2016**

	Civic Center	Bayfront Park	Total
Cash flows from operating activities:			
Receipts from customers	\$ 203,260	\$ 71,854	\$ 275,114
Payments to suppliers	(317,028)	(59,348)	(376,376)
Payments to employees	(176,157)	(163,929)	(340,086)
Net cash used in operating activities	<u>(289,925)</u>	<u>(151,423)</u>	<u>(441,348)</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(55,658)	-	(55,658)
Contributions from general fund	319,654	156,801	476,455
Net cash provided by capital and financing activities	<u>263,996</u>	<u>156,801</u>	<u>420,797</u>
Net change in cash and cash equivalents	(25,929)	5,378	(20,551)
Equity in pooled cash, beginning	64,516	11,171	75,687
Equity in pooled cash, ending	<u>\$ 38,587</u>	<u>\$ 16,549</u>	<u>\$ 55,136</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (319,654)	\$ (156,801)	\$ (476,455)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	10,851	5,133	15,984
Change in assets and liabilities:			
Receivables	-	-	-
Deferred outflows of resources	(10,817)	(6,377)	(17,194)
Accounts payable	17,547	1,042	18,589
Accrued expenses	2,743	-	2,743
Unearned revenue	(2,826)	(3,453)	(6,279)
Compensated absences	121	40	161
Deferred inflows of resources	(7,495)	(5,430)	(12,925)
Net pension liability	15,171	10,990	26,161
Post employment benefits	4,434	3,433	7,867
Net cash used in operating activities	<u>\$ (289,925)</u>	<u>\$ (151,423)</u>	<u>\$ (441,348)</u>



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CITY OF DAPHNE, ALABAMA

**Combining Statement of Assets and Liabilities
All Agency Funds
September 30, 2016**

	Municipal Court	Self Insurance	Confiscated Funds	Flexible Spending Account	Total
ASSETS					
Cash	\$ 85,640	\$ 124,076	\$ 7,704	\$ 9,775	\$ 227,195
Other receivables	1,816	-	-	-	1,816
Total assets	<u>\$ 87,456</u>	<u>\$ 124,076</u>	<u>\$ 7,704</u>	<u>\$ 9,775</u>	<u>\$ 229,011</u>
 LIABILITIES					
Accounts payable	\$ 2,223	\$ 1,981	\$ 7,704	\$ 9,775	\$ 21,683
Due to agencies	31,093	-	-	-	31,093
Bond deposits	54,140	-	-	-	54,140
Reserve for claims	-	122,095	-	-	122,095
Total liabilities	<u>\$ 87,456</u>	<u>\$ 124,076</u>	<u>\$ 7,704</u>	<u>\$ 9,775</u>	<u>\$ 229,011</u>

CITY OF DAPHNE, ALABAMA

**Combining Statement of Changes in Assets and Liabilities -
All Agency Funds
For the Year Ended September 30, 2016**

	Balance, 10/1/2015	Additions	Deductions	Balance, 9/30/2016
<u>Municipal Court Fund</u>				
ASSETS				
Cash	\$ 78,015	\$ 7,625	\$ -	\$ 85,640
Other receivables	5,072	-	(3,256)	1,816
	<u>83,087</u>	<u>7,625</u>	<u>(3,256)</u>	<u>87,456</u>
LIABILITIES				
Accounts payable	8,127	-	(5,904)	2,223
Due to agencies	33,353	-	(2,260)	31,093
Bond deposits	41,607	12,533	-	54,140
	<u>\$ 83,087</u>	<u>\$ 12,533</u>	<u>\$ (8,164)</u>	<u>\$ 87,456</u>
<u>Self Insurance Fund</u>				
ASSETS				
Cash	\$ 99,838	\$ 24,238	\$ -	\$ 124,076
Other receivables	-	-	-	-
	<u>99,838</u>	<u>24,238</u>	<u>-</u>	<u>124,076</u>
LIABILITIES				
Accounts payable	1,955	26	-	1,981
Reserve for claims	97,883	24,212	-	122,095
	<u>\$ 99,838</u>	<u>\$ 24,238</u>	<u>\$ -</u>	<u>\$ 124,076</u>
<u>Confiscated Funds</u>				
ASSETS				
Cash	\$ 876	\$ 6,828	\$ -	\$ 7,704
Other receivables	-	-	-	-
	<u>876</u>	<u>6,828</u>	<u>-</u>	<u>7,704</u>
LIABILITIES				
Accounts payable	876	6,828	-	7,704
	<u>\$ 876</u>	<u>\$ 6,828</u>	<u>\$ -</u>	<u>\$ 7,704</u>

	Balance, 10/1/2015	Additions	Deductions	Balance, 9/30/2016
<u>Flexible Spending Plan</u>				
ASSETS				
Cash	\$ 14,354	\$ -	\$ (4,579)	\$ 9,775
Other receivables	-	-	-	-
	<u>14,354</u>	<u>-</u>	<u>(4,579)</u>	<u>9,775</u>
LIABILITIES				
Accounts payable	14,354	-	(4,579)	9,775
	<u>\$ 14,354</u>	<u>\$ -</u>	<u>\$ (4,579)</u>	<u>\$ 9,775</u>
 TOTAL- ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 193,083	\$ 38,691	\$ (4,579)	\$ 227,195
Other receivables	5,072	-	(3,256)	1,816
	<u>198,155</u>	<u>38,691</u>	<u>(7,835)</u>	<u>229,011</u>
LIABILITIES				
Accounts payable	25,312	6,854	(10,483)	21,683
Due to agencies	33,353	-	(2,260)	31,093
Bond deposits	41,607	12,533	-	54,140
Reserve for claims	97,883	24,212	-	122,095
	<u>\$ 198,155</u>	<u>\$ 43,599</u>	<u>\$ (12,743)</u>	<u>\$ 229,011</u>



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Part III
Statistical
Section



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CITY OF DAPHNE, ALABAMA

STATISTICAL SECTION

	PAGE
FINANCIAL TRENDS - <i>These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.</i>	
Net Position by Activity Type	111
Change in Net Position	113
Fund Balances of Governmental Funds	117
Changes in Fund Balances of Governmental Funds	119
 REVENUE CAPACITY - <i>These schedules contain information to help the reader assess the government's local revenue sources.</i>	
Governmental Activities Tax Revenue by Source	121
Revenue Rates for General Sales Tax	122
Principal Revenue Remitters of Sales and Use Tax	123
Net Assessed Value of All Taxable Property	124
Principal Remitters of Property Tax	125
Property Tax Rates Direct and overlapping Governments	126
Ad Valorem Levies and Collections	128
 DEBT CAPACITY - <i>These schedules contain information to help the reader assess the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Legal Debt Margin Information	129
Outstanding Debt by Type	131
Net Bonded Debt by Type	133
Direct and Overlapping Governmental Activities Debt	134
 DEMOGRAPHIC & ECONOMIC INFORMATION - <i>These schedules contain demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Demographic and Economic Statistics	135
Principal Employers	136
 OPERATING INFORMATION - <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	
City Government Employees by Function	137
Operating Indicators by Function	139
Capital Asset Statistics by Function	157

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 2016	FY 2015	FY 2014	FY 2013
Governmental activities				
Net investment in capital assets	\$ 64,148,784	\$ 61,391,398	\$ 63,388,217	\$ 62,254,836
Restricted	4,352,194	4,114,055	3,436,535	2,919,881
Unrestricted	18,231,323	17,197,567	17,533,883	17,478,314
Total governmental activities net position	\$ 86,732,301	\$ 82,703,020	\$ 84,358,635	\$ 82,653,031
Business-type activities				
Net investment in capital assets	\$ 586,503	\$ 720,777	\$ 466,828	\$ 493,334
Restricted	-	-	-	-
Unrestricted	145,921	11,647	143,859	116,358
Total business-type activities net position	\$ 732,424	\$ 732,424	\$ 610,687	\$ 609,692
Primary government				
Net investment in capital assets	\$ 64,735,287	\$ 62,112,175	\$ 63,855,045	\$ 62,748,170
Restricted	4,352,194	4,114,055	3,436,535	2,919,881
Unrestricted	18,377,244	17,209,214	17,677,742	17,594,672
Total primary government activities net position	\$ 87,464,725	\$ 83,435,444	\$ 84,969,322	\$ 83,262,723

FISCAL YEAR

FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
\$ 61,029,696	\$ 62,202,611	\$ 60,727,350	\$ 51,705,219	\$ 44,310,138	\$ 44,405,012
5,722,598	3,798,626	5,197,531	6,036,006	6,341,383	8,528,096
15,360,403	14,559,748	14,648,236	21,743,073	21,201,642	19,071,793
\$ 82,112,697	\$ 80,560,985	\$ 80,573,117	\$ 79,484,298	\$ 71,853,163	\$ 72,004,901
\$ 326,660	\$ 311,903	\$ 319,059	\$ 339,692	\$ 461,383	\$ 599,593
-	-	-	-	-	-
206,785	188,538	17,438	(19,694)	(141,382)	(279,594)
\$ 533,445	\$ 500,441	\$ 336,497	\$ 319,998	\$ 320,001	\$ 319,999
\$ 61,356,356	\$ 62,514,514	\$ 61,046,409	\$ 52,044,911	\$ 44,771,521	\$ 45,004,605
5,722,598	3,798,626	5,197,531	6,036,006	6,341,383	8,528,096
15,567,188	14,748,286	14,665,674	21,723,379	21,060,260	18,792,199
\$ 82,646,142	\$ 81,061,426	\$ 80,909,614	\$ 79,804,296	\$ 72,173,164	\$ 72,324,900

CITY OF DAPHNE, ALABAMA

**Changes in Net Position
Last Ten Fiscal Years**

	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
EXPENSES				
Governmental activities:				
General government	\$ 5,210,215	\$ 4,095,602	\$ 3,859,574	\$ 3,851,858
Public safety	10,839,294	10,540,355	10,551,783	9,993,644
Public works	10,103,725	8,958,122	9,962,074	8,463,551
Library and recreation	2,837,070	2,682,066	2,828,313	2,672,960
Interest on long term debt	1,687,530	1,908,810	1,921,906	1,945,618
Total governmental activities expenses	30,677,834	28,184,955	29,123,650	26,927,631
Business-type activities:				
Solid Waste	1,998,862	2,075,134	1,359,874	1,312,441
Civic Center	525,740	504,049	597,747	491,188
Bayfront Park	232,108	209,983	209,147	212,561
Total business-type activities expenses	2,756,710	2,789,166	2,166,768	2,016,190
Total primary government activities expenses	33,434,544	30,974,121	31,290,418	28,943,821
PROGRAM REVENUES				
Governmental activities:				
Fees and charges for services:				
General government	4,621,753	4,582,032	4,400,562	3,996,273
Public safety	1,253,702	1,621,665	1,163,401	1,259,980
Public works	112,707	234,174	58,914	6,597
Parks and recreation	117,495	107,612	136,956	151,412
Operating grants and contributions	1,333,091	211,613	124,118	263,800
Capital grants and contributions	4,178,497	1,563,187	3,625,683	2,592,709
Total governmental program activities revenues	11,617,245	8,320,283	9,509,634	8,270,771
Business-type activities:				
Fees and charges for services:				
Solid Waste	1,367,146	1,329,308	1,330,671	1,388,688
Civic Center	206,086	209,924	224,967	229,949
Bayfront Park	75,307	67,727	84,472	65,610
Operating grants and contributions	-	36,287	-	-
Total business-type activities revenues	1,648,539	1,643,246	1,640,110	1,684,247
Total primary government activities revenues	13,265,784	9,963,529	11,149,744	9,955,018

FISCAL YEAR

FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
\$ 3,741,854	\$ 4,003,928	\$ 3,386,270	\$ 3,622,067	\$ 3,361,291	\$ 2,980,326
9,258,856	9,173,085	9,182,198	9,195,045	8,679,947	7,632,581
7,850,939	7,368,818	7,338,137	7,228,904	6,909,881	6,829,765
2,690,448	2,768,462	2,733,538	2,450,259	2,497,324	3,164,514
2,149,919	2,051,932	2,205,629	2,363,482	2,712,599	2,056,967
25,692,016	25,366,225	24,845,772	24,859,757	24,161,042	22,664,153
1,345,955	1,164,039	1,448,740	1,350,097	1,422,255	1,121,222
496,947	566,907	578,789	726,003	751,401	645,899
208,033	190,448	165,724	160,262	186,856	179,709
2,050,935	1,921,394	2,193,253	2,236,362	2,360,512	1,946,830
27,742,951	27,287,619	27,039,025	27,096,119	26,521,554	24,610,983
3,918,677	3,840,247	3,426,492	3,617,542	3,591,058	3,378,737
893,427	1,019,856	1,022,496	1,100,437	1,353,739	1,480,802
60,011	60,260	32,066	22,223	21,830	23,686
197,235	240,660	202,031	192,514	188,093	176,126
266,074	492,707	890,180	494,600	163,675	96,047
2,465,034	2,295,405	2,627,634	8,974,788	457,598	7,722,235
7,800,458	7,949,135	8,200,899	14,402,104	5,775,993	12,877,633
1,289,902	1,337,207	1,345,811	1,232,319	1,285,683	1,246,525
217,886	223,005	321,555	348,181	325,647	336,498
59,983	60,744	57,119	55,928	72,118	85,038
-	-	-	-	-	-
1,567,771	1,620,956	1,724,485	1,636,428	1,683,448	1,668,061
9,368,229	9,570,091	9,925,384	16,038,532	7,459,441	14,545,694

CITY OF DAPHNE, ALABAMA

**Changes in Net Position (Continued)
Last Ten Fiscal Years**

	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
NET (EXPENSES) / REVENUES				
Governmental activities	\$ (19,060,589)	\$ (19,864,672)	\$ (19,614,016)	\$ (18,656,860)
Business-type activities	(1,108,171)	(1,145,920)	(526,658)	(331,943)
Total primary government net expense	(20,168,760)	(21,010,592)	(20,140,674)	(18,988,803)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
General revenues				
Sales, use, and luxury taxes	18,367,765	17,175,134	16,482,126	15,423,466
Ad valorem taxes	5,488,662	5,219,736	5,110,152	4,799,679
Intergovernmental revenues	-	-	-	-
Interest and investment earnings	187,203	213,194	75,559	2,802
Gain/(loss) on disposition of assets	-	(78,360)	77,842	-
Capital contribution - Daphne Utilities Board	(364,363)	-	-	-
Miscellaneous	518,774	41,014	81,594	56,207
Total general revenues	24,198,041	22,570,718	21,827,273	20,282,154
Transfers	(1,108,171)	(1,529,222)	(497,455)	(408,190)
Total governmental activities	23,089,870	21,041,496	21,329,818	19,873,964
Business-type activities:				
Gain/(loss) on disposition of assets	-	722	-	-
Transfers	1,108,171	1,529,222	497,455	408,190
Total business-type activities	1,108,171	1,529,944	497,455	408,190
Total primary government	24,198,041	22,571,440	21,827,273	20,282,154
CHANGES IN NET POSITION				
Governmental activities	4,029,281	1,176,824	1,715,802	1,217,104
Business-type activities	-	384,024	(29,203)	76,247
Total primary government	\$ 4,029,281	\$ 1,560,848	\$ 1,686,599	\$ 1,293,351

FISCAL YEAR

FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
\$ (17,891,558)	\$ (17,417,090)	\$ (16,644,873)	\$ (10,457,653)	\$ (18,385,049)	\$ (9,786,520)
(483,164)	(300,438)	(468,768)	(599,934)	(677,064)	(278,769)
(18,374,722)	(17,717,528)	(17,113,641)	(11,057,587)	(19,062,113)	(10,065,289)
14,583,177	13,925,921	12,878,685	12,848,739	13,998,257	14,024,339
4,700,889	5,007,964	4,960,922	5,200,320	5,180,782	5,009,864
425,843	304,457	331,400	472,960	315,279	411,033
206,079	241,238	83,697	122,329	551,374	1,142,787
(49,700)	(1,676,000)	(129,586)	(17,826)	(1,149,523)	(1,797,449)
60,143	64,159	77,342	62,198	14,145	84,794
19,926,431	17,867,739	18,202,460	18,688,720	18,910,314	18,875,368
(483,165)	(462,780)	(468,767)	(599,934)	(677,065)	(404,072)
19,443,266	17,404,959	17,733,693	18,088,786	18,233,249	18,471,296
-	-	-	-	-	-
483,165	462,780	468,767	599,934	677,065	404,072
483,165	462,780	468,767	599,934	677,065	404,072
19,926,431	17,867,739	18,202,460	18,688,720	18,910,314	18,875,368
1,551,708	(12,131)	1,088,820	7,631,133	(151,800)	8,684,776
1	162,342	(1)	-	1	125,303
\$ 1,551,709	\$ 150,211	\$ 1,088,819	\$ 7,631,133	\$ (151,799)	\$ 8,810,079

CITY OF DAPHNE, ALABAMA

**Fund Balances of Governmental Funds
Last Ten Fiscal Years**

	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
General Fund				
Nonspendable	\$ 425,200	\$ 413,384	\$ 445,276	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	633,724	200,121	235,433	278,081
Unassigned	12,671,707	10,967,353	9,460,898	10,583,878
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	\$ 13,730,631	\$ 11,580,858	\$ 10,141,607	\$ 10,861,959
All Other Governmental Funds				
Restricted	\$ 4,352,194	\$ 4,114,055	\$ 3,436,535	\$ 2,919,881
Committed	1,861,490	2,854,833	2,198,674	1,635,200
Assigned	2,405,846	1,680,915	1,886,604	1,400,456
Unassigned	(13,961)	(685,893)	(487,888)	-
Reserved	-	-	-	-
Unreserved:				
Capital Reserve	-	-	-	-
Capital Construction	-	-	-	-
Capital Projects	-	-	-	-
Special Revenues	-	-	-	-
Total All Other Governmental Funds	8,605,569	7,963,910	7,033,925	5,955,537
Total All Other Governmental Funds	\$ 22,336,200	\$ 19,544,768	\$ 17,175,532	\$ 16,817,496

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

FISCAL YEAR

FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
398,903	253,448	-	-	-	-
9,946,859	10,965,330	-	-	-	-
-	-	419,581	892,485	1,077,122	575,175
-	-	12,087,465	11,226,993	10,510,392	10,050,517
\$ 10,345,762	\$ 11,218,778	\$ 12,507,046	\$ 12,119,478	\$ 11,587,514	\$ 10,625,692
\$ 5,722,598	\$ 3,633,499	\$ -	\$ -	\$ -	\$ -
2,190,078	4,181,490	-	-	-	-
965,733	(328,860)	-	-	-	-
-	-	-	-	-	-
-	-	4,911,103	6,087,386	5,753,332	9,190,485
-	-	1,472,928	1,500,784	2,383,746	2,149,331
-	-	42,745	(49,222)	(96,853)	629,297
-	-	2,591	(152,458)	(153,967)	(101,204)
-	-	1,862,468	1,447,327	1,825,396	1,461,645
8,878,408	7,486,128	8,291,835	8,833,817	9,711,655	13,329,555
\$ 19,224,170	\$ 18,704,906	\$ 20,798,881	\$ 20,953,295	\$ 21,299,169	\$ 23,955,247

CITY OF DAPHNE, ALABAMA

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years

	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
Revenues				
Taxes	\$ 25,744,593	\$ 23,906,257	\$ 24,519,331	\$ 21,999,720
Licenses and permits	2,674,035	2,654,101	2,250,864	2,173,251
Intergovernmental	1,164,734	701,508	884,022	834,436
Changes for services	369,011	358,786	380,113	398,436
Fines and forfeitures	559,513	866,801	539,167	543,053
Grants and contributions	2,721,304	1,026,219	183,470	519,355
Interest / investment earnings	187,202	213,194	75,559	2,801
Other	666,584	213,797	268,052	659,498
Total Revenues	34,086,976	29,940,663	29,100,578	27,130,550
Expenditures				
General government	4,765,650	3,815,611	3,575,499	3,541,464
Public safety	9,999,719	9,737,257	9,740,349	9,079,296
Public works	5,042,520	3,927,456	5,008,458	3,932,144
Parks and recreation	2,094,896	1,957,963	2,105,906	1,990,272
	21,902,785	19,438,287	20,430,212	18,543,176
Debt Service				
Principal	3,603,942	4,562,582	2,766,201	2,792,936
Interest	1,247,830	1,600,130	1,833,561	1,870,017
Cost of debt issuance	121,150	124,738	-	-
	4,972,922	6,287,450	4,599,762	4,662,953
Capital outlay	5,199,050	4,468,018	3,215,113	6,304,061
Total Expenditures	32,074,757	30,193,755	28,245,087	29,510,190
Excess of Revenues				
Over (Under) Expenditures	2,012,219	(253,092)	855,491	(2,379,640)
Other Financing Sources (Uses)				
Transfers in	5,653,613	5,599,443	5,858,871	4,328,861
Transfers out	(6,761,784)	(6,744,641)	(6,356,326)	(4,737,051)
Contribution to Utility Board	(364,363)	-	-	-
Capital lease proceeds	1,285,397	481,289	-	581,155
Refunding warrant proceeds (net of discounts)	9,281,737	9,983,232	-	-
Payment to refunded bond escrow agent	(8,315,387)	(7,034,096)	-	-
Total Other Financing Sources (Uses)	779,213	2,285,227	(497,455)	172,965
Net Change in Fund Balances	\$ 2,791,432	\$ 2,032,135	\$ 358,036	\$ (2,206,675)
Debt Service as a Percentage of				
Non-Capital Expenditures	18.05%	23.96%	18.38%	20.09%

FISCAL YEAR

FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
\$ 21,733,548	\$ 21,244,492	\$ 20,434,290	\$ 20,434,486	\$ 20,188,346	\$ 19,443,875
1,864,731	1,840,438	1,733,817	1,913,500	2,348,757	2,434,848
463,986	338,737	365,453	508,952	354,810	448,429
480,719	471,144	462,946	368,588	384,661	382,061
491,236	560,938	526,094	581,816	539,834	508,605
946,681	1,351,147	1,221,711	876,332	441,039	2,146,483
206,289	241,311	83,697	122,329	551,374	1,142,787
683,817	1,485,586	754,504	194,398	105,541	318,516
26,871,007	27,533,793	25,582,512	25,000,401	24,914,363	26,825,603
3,493,943	3,722,384	3,132,794	3,455,093	3,251,284	2,869,871
8,811,758	8,530,766	8,658,596	8,544,615	8,194,222	7,109,886
3,726,692	3,358,205	3,285,211	3,480,840	3,341,961	3,781,084
2,057,739	2,541,230	2,392,960	2,218,091	2,292,933	2,003,166
18,090,132	18,152,584	17,469,561	17,698,639	17,080,401	15,764,007
2,110,150	1,962,276	1,957,735	1,585,793	1,581,832	1,518,539
1,872,584	2,117,367	2,103,713	2,338,284	2,595,697	1,963,773
179,549	-	65,924	-	-	-
4,162,283	4,079,642	4,127,373	3,924,078	4,177,530	3,482,312
5,301,508	5,232,424	4,115,548	3,238,335	4,485,988	10,432,957
27,553,923	27,464,651	25,712,482	24,861,051	25,743,919	29,679,277
(682,915)	69,143	(129,970)	139,350	(829,556)	(2,853,673)
5,142,923	6,318,974	3,662,356	3,095,999	2,968,436	3,861,959
(5,626,088)	(6,806,092)	(4,131,123)	(3,695,934)	(3,645,501)	(4,266,031)
(49,700)	(1,676,000)	(129,586)	(17,826)	(1,149,523)	(1,797,449)
-	-	506,969	146,678	-	-
13,271,188	-	2,024,108	-	-	2,233,476
(11,536,144)	-	(1,957,167)	-	-	-
1,202,179	(2,163,118)	(24,444)	(471,083)	(1,826,588)	31,955
\$ 519,264	\$ (2,093,975)	\$ (154,414)	\$ (331,733)	\$ (2,656,144)	\$ (2,821,718)

17.90%

18.35%

18.81%

18.15%

19.65%

18.09%

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
2016	\$ 15,511,827	\$ 191,906	\$ 2,065,825	\$ 5,488,662	\$ 1,113,150
2015	14,491,340	192,497	2,251,462	5,219,736	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

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
2016	2.5%	3.0%	4.0%	9.5%
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%

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**

ORGANIZATION	FISCAL YEAR			
	FY 2016 RANK	FY 2016 % of Total Taxable Sales	FY 2007 RANK	FY 2007 % of Total Taxable Sales
Walmart Stores	1	9.28%	1	17.74%
Sam's Club	2	6.98%	10	1.57%
Lowes Home Center	3	4.63%	4	4.78%
Target Corp	4	3.36%	2	5.34%
Eastern Shore Toyota	5	3.29%	-	-
Home Depot USA	6	3.00%	5	4.47%
Chris Myers Pontiac-GMC	7	2.90%	3	5.01%
Terry Thompson Checrolet Inc	8	2.11%	7	2.40%
Publix	9	2.08%	-	-
Tameron Automotive Eastern Shore	10	2.06%	8	2.08%
Winn Dixie	-	-	6	2.87%
NFL Building Center	-	-	9	2.00%

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

Fiscal Year Ended September 30	Real Property			Personal Property		Total Net Assessed Value	Total Direct Tax Rate
	Utilities	Residential Property	Commercial Property	Automobiles	Penalties		
2016	\$ 798,240	\$130,803,220	\$215,173,580	\$ 47,557,362	\$ 75,320	\$ 394,407,722	15.00
2015	966,980	124,961,900	203,847,660	44,532,382	184,080	374,493,002	15.00
2014	964,900	119,181,840	195,800,920	42,506,788	208,480	358,662,928	15.00
2013	1,041,260	113,879,000	187,922,280	42,317,820	156,558	345,316,918	15.00
2012	709,820	112,479,560	182,406,220	39,796,596	75,180	335,467,376	15.00
2011	730,820	119,145,080	193,254,400	36,500,570	93,060	349,723,930	15.00
2010	743,840	125,107,200	197,194,000	32,357,080	88,660	355,490,780	15.00
2009	801,920	135,778,460	214,951,780	34,981,920	98,540	386,612,620	15.00
2008	679,600	135,577,300	204,038,780	27,405,940	78,060	367,779,680	15.00
2007	608,520	123,626,200	183,170,800	29,844,100	100,020	337,349,640	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 2016			FY 2007		
	Assessed Value	Rank	% of Total Net Assessed Value	Assessed Value	Rank	% of Total Net Assessed Value
Jubilee Square LLC	\$ 6,791,240	1	1.72%	\$ -	-	0.00%
Audubon Park Apartments LLC	6,091,480	2	1.54%	-	-	0.00%
Esfahani Real Estate Holding of AL	3,849,280	3	0.98%	-	-	0.00%
Ashley Gates - Brookfield LLC	3,835,320	4	0.97%	-	-	0.00%
Myers Family Limited Partnership	3,469,600	5	0.88%	1,647,200	6	0.69%
Whispering Pines Park LLC	2,828,120	6	0.72%	-	-	0.00%
Jubilee Ridge LLC	2,575,840	7	0.65%	-	-	0.00%
Wal-Mart Real Estate Business Trust	2,245,900	8	0.57%	2,635,800	3	1.11%
Bay Breeze II, LLC	2,157,720	9				
Health Care Reit Inc.	2,114,860	10	0.54%	-	-	0.00%
AIG Baker Daphne LLC	-	-	0.00%	5,333,380	1	2.25%
Wynchase LLC	-	-	0.00%	3,268,680	2	1.38%
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**

Fiscal Year	Direct Rate		Overlapping Rates**				
	City of Daphne		Baldwin County				
	Operating Millage	General Millage	Road / Bridge Millage	Fire Millage	School Millage	Health Care Authority Millage	Total County Millage
2016	15.0	5.0	2.5	1.5	12.0	0.5	21.5
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

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**

Fiscal Year Ending September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 4,994,645	\$2,677,886	53.62%	\$ -	\$ 2,677,886	53.62%
2015	4,898,061	4,889,546	99.83%	2,215	4,889,546	99.83%
2014	4,740,854	4,715,793	99.47%	22,309	4,738,102	99.94%
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%

Source: Baldwin County Revenue Commissioner

CITY OF DAPHNE, ALABAMA

**Legal Debt Margin
Last Fiscal Ten Years**

FISCAL YEAR

	FY 2016	FY 2015	FY 2014	FY 2013
Constitutional Debt Limit	\$ 78,881,544	\$ 74,898,600	\$ 71,732,586	\$ 69,063,384
Total Net Debt Applicable to Limit	(30,882,844)	(33,291,384)	(33,914,432)	(36,335,750)
Legal Debt Margin	\$ 47,998,700	\$ 41,607,216	\$ 37,818,154	\$ 32,727,634
 Total Net Debt Applicable to Limit as a Percentage of Debt Limit	39.15%	44.45%	47.28%	52.61%

Legal Debt Margin Calculation

Assessed Value	\$ 394,407,722	\$ 374,493,002	\$ 358,662,928	\$ 345,316,918
Debt Limit (20% of Total Assessed Value)	\$ 78,881,544	\$ 74,898,600	\$ 71,732,586	\$ 69,063,384
Debt Applicable to Limit:				
General Obligation Bonds	\$ 33,270,204	\$ 36,038,064	\$ 37,007,732	\$ 39,634,250
Less: Exempt Debt	(2,387,360)	(2,746,680)	(3,093,300)	(3,298,500)
Total Net Debt Applicable to Limit	\$ 30,882,844	\$ 33,291,384	\$ 33,914,432	\$ 36,335,750
Legal Debt Margin	\$ 47,998,700	\$ 41,607,216	\$ 37,818,154	\$ 32,727,634

FISCAL YEAR

FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
\$ 67,093,475	\$ 69,944,786	\$ 71,098,156	\$ 77,322,524	\$ 73,555,936	\$ 67,469,932
(38,614,155)	(28,984,716)	(30,484,799)	(31,882,732)	(33,177,921)	(34,595,053)
\$ 28,479,320	\$ 40,960,070	\$ 40,613,357	\$ 45,439,792	\$ 40,378,015	\$ 32,874,879
57.55%	41.44%	42.88%	41.23%	45.11%	51.27%
\$ 335,467,376	\$ 335,467,376	\$ 349,723,930	\$ 355,490,780	\$ 386,612,620	\$ 367,779,680
\$ 67,093,475	\$ 67,093,475	\$ 69,944,786	\$ 71,098,156	\$ 77,322,524	\$ 73,555,936
\$ 42,725,887	\$ 42,388,164	\$ 43,996,777	\$ 45,047,105	\$ 46,486,221	\$ 48,068,053
(4,111,732)	(13,403,448)	(13,511,978)	(13,164,373)	(13,308,300)	(13,473,000)
\$ 38,614,155	\$ 28,984,716	\$ 30,484,799	\$ 31,882,732	\$ 33,177,921	\$ 34,595,053
\$ 28,479,320	\$ 38,108,759	\$ 39,459,987	\$ 39,215,424	\$ 44,144,603	\$ 38,960,883

CITY OF DAPHNE, ALABAMA

**Outstanding Debt by Type
Last Fiscal Ten Years**

Fiscal Year	Governmental Activities				Business Activities	
	General Obligation Debt	Limited Obligation Debt	Notes Payable	Capital Leases	General Obligation Debt	Capital Leases
2016	\$ 29,990,000	\$ 3,280,204	\$ -	\$ 1,460,889	\$ -	\$ 270,666
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	-	-	-	-

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
\$ 35,001,759	2.78%	1,114
37,035,517	3.13%	1,221
37,546,725	3.03%	1,185
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

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)
2016	\$ 30,882,844	7.83%	983
2015	33,291,384	8.89%	1,097
2014	33,914,432	9.46%	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

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**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
City of Daphne Direct Debt			
Net Direct Debt	\$ 30,882,844	100.00%	\$ 30,882,844
Subtotal:	\$ 30,882,844		\$ 30,882,844
Overlapping Debt			
Utilities Board of the City of Daphne ⁽¹⁾	17,672,931	100.00%	17,672,931
Baldwin County General Bonded Debt & Warrants ⁽²⁾	111,391,714	9.01%	10,031,404
Subtotal:	\$ 129,064,645		\$ 27,704,335
Total Direct & Overlapping Debt			<u><u>\$ 58,587,179</u></u>

Source: Baldwin County Revenue Commissioner

(1) - The Utilities Board of the City of Daphne is a subordinate entity.
This amount as of 9/15/2016 represents an unaudited amount.

(2) - The percentage of net assessed value of property in the City of Daphne (\$394,407,722) to net assessed value of property in Baldwin County (\$4,379,621,502) on 10/1/2016.

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
2016	31,431	\$ 1,261,030,223	\$ 40,121	40.60	5,226	5.1%
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%

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	FISCAL YEAR					
	FY 2016 # of Employees	FY 2016 % of Total Employees	FY 2016 RANK	FY 2007 # of Employees	FY 2007 % of Total Employees	FY 2007 RANK
Wal-Mart Super Center	331	0.39%	1	360	0.42%	1
City of Daphne	291	0.34%	2	273	0.32%	3
Eastern Shore Toyota / Hyundai	193	0.23%	3	-	-	-
Lowe's	160	0.19%	4	-	-	-
Chris Myers	150	0.18%	5	150	0.18%	5
Sam's Club	148	0.17%	6	-	-	-
Home Depot	138	0.16%	7	130	0.15%	6
Publix	120	0.14%	8	-	-	-
Bayside Academy	117	0.14%	9	-	-	-
The Brenntity	101	0.12%	10	-	-	-
Mercy Medical	95	0.11%	-	300	0.35%	2
Target	78	0.09%	-	155	0.18%	4
Home Relief Services	-	-	-	95	0.11%	7
Winn Dixie	59	0.07%	-	83	0.10%	9
Riviera Utilities	50	0.06%	-	90	0.11%	8

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	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
General Government:				
Legislative	9	9	9	9
Executive	4	3	3	3
Information Technology	2	1	1	0
Human Resources	4	4	4	3
Finance	7	7	8	8
Revenue	3	3	2	2
Planning	4	4	4	4
Court	3	3	3	3
Building Maintenance & Janitorial	7	7	7	7
Total General Government	43	41	41	39
Public Safety:				
Police Department	92	91	91	83
Fire Department	45	44	44	45
Building Inspection	6	5	5	5
Code Enforcement	2	1	1	1
Total Public Safety	145	141	141	134
Public Works:				
Public Works Administration	5	5	5	5
Streets	13	13	13	11
Grounds	13	12	12	10
Mowing	9	8	8	8
Mechanical	8	8	8	8
Solid Waste	17	17	17	17
Total Public Works	65	63	63	59
Library and Recreation:				
Parks	6	9	9	8
Recreation	8	9	9	8
S.A.I.L. Site	3	3	3	3
Library	17	18	18	16
Civic Center	7	6	6	6
Total Library & Recreation	41	45	45	41
Total Employees	294	290	290	273

Source: City of Daphne Human Resources Department

FISCAL YEAR

FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
9	9	9	9	9	9
2	2	2	2	2	2
0	0	0	0	0	0
3	3	3	3	3	3
8	8	8	8	8	8
2	2	3	3	3	3
4	4	7	7	7	7
4	4	4	4	4	4
7	7	7	7	7	7
39	39	43	43	43	43
84	84	84	84	84	84
41	41	41	32	29	26
5	5	7	7	7	6
1	1	1	1	1	1
131	131	133	124	121	117
5	5	5	6	6	5
11	11	11	11	11	11
10	10	12	13	13	17
8	8	9	9	9	9
8	8	8	8	8	9
17	17	23	23	23	23
59	59	68	70	70	74
8	8	9	9	9	5
9	9	11	11	11	11
3	3	3	3	3	3
15	15	15	15	15	13
7	7	8	8	8	7
42	42	46	46	46	39
271	271	290	283	280	273

CITY OF DAPHNE, ALABAMA

Operating Indicators by Function
Last Seven Fiscal Years

	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
Municipal Court				
Cases Pending:				
Traffic	3,127	2,964	2,761	2,957
Non- Traffic	906	865	852	849
Parking	-	-	-	-
Total Pending Cases:	4,033	3,829	3,613	3,806
Cases Filed:				
Traffic	3,808	4,269	3,552	3,280
Non- Traffic	462	458	396	441
Parking	-	1	-	-
Total Cases Filed:	4,270	4,728	3,948	3,721
Cases Disposed of:				
Traffic	3,958	4,259	3,812	3,355
Non- Traffic	439	458	420	537
Parking	-	-	-	-
Total Cases Disposed of:	4,397	4,717	4,232	3,892
Failure-to-appear Cases:				
Traffic	1,267	1,234	989	898
Non- Traffic	216	133	135	122
Parking	-	-	-	-
Total Failure-to-appear:	1,483	1,367	1,124	1,020
Cases Appealed:				
Traffic	45	69	55	69
Non- Traffic	52	53	39	35
Parking	-	-	-	-
Total Appeals:	97	122	94	104
Cases by Disposition Type:				
Guilty	2,589	2,814	2,472	2,424
Not Guilty	7	9	11	13
Nol pros / Dismissal	1,643	1,711	1,505	1,195
Continued	6,303	4,912	4,083	3,002
Total Cases:	10,542	9,446	8,071	6,634

FISCAL YEAR

FY 2012	FY 2011	FY 2010
2,529	2,457	2,815
845	859	842
-	-	2
3,374	3,316	3,659
3,177	3,094	4,157
501	510	491
-	-	1
3,678	3,604	4,649
3,494	4,056	4,401
567	561	557
-	2	-
4,061	4,619	4,958
684	981	1,023
46	73	19
-	-	-
730	1,054	1,042
43	55	318
49	53	122
-	-	-
92	108	440
2,518	3,014	3,354
14	16	16
1,274	1,571	1,588
2,412	2,012	3,398
6,218	6,613	8,356

CITY OF DAPHNE, ALABAMA

**Operating Indicators by Function
Last Seven Fiscal Years**

	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
Municipal Court (continued)				
Local Receipts:				
Fines	\$ 260,762	\$ 246,491	\$ 259,223	\$ 284,804
Corrections	93,536	96,646	82,753	74,885
Jail / Housing	-	-	-	-
Law Library	-	-	-	-
Municipal ETC	6,240	6,447	5,551	5,002
# of Bonds Forfited	58	58	31	26
Bonds Forfited	30,148	29,591	15,475	13,712
Other Local	123,575	122,275	115,508	114,494
Total Local Receipts:	\$ 514,261	\$ 501,450	\$ 478,510	\$ 492,897
State Receipts:				
Fair Trial Tax	\$ 50,084	\$ 52,161	\$ 44,585	\$ 40,108
Peace Officers Annuity	16,131	16,745	14,321	12,921
State Drivers Fund	24,448	25,610	21,511	18,722
Crime Victims Fund	8,288	8,483	7,591	7,404
State General Fund	65,811	68,016	58,295	52,605
DNA Database	36,798	37,740	33,036	29,689
Criminal Histroy	10,645	10,593	11,256	12,899
Impaired Driver	5,263	5,719	8,186	8,108
State General DUI	9,214	9,314	14,625	16,867
Checical Trust	9,061	6,068	8,032	7,247
Forensic Trust	2,623	2,310	2,069	2,608
Drivers License Fee	13,774	12,154	12,571	13,218
Advance Tech Data	9,356	9,688	8,347	7,517
Drug Docket Fee	1,117	797	800	960
Other State	195,103	197,132	149,624	135,941
Total State Receipts:	\$ 457,716	\$ 462,530	\$ 394,849	\$ 366,814
Other Receipts:				
Restitution	\$ 9,659	\$ 9,452	\$ 4,285	\$ 9,638
# of Cash Bonds	368	550	287	290
Cash Bonds	\$ 193,220	\$ 168,056	\$ 149,700	\$ 147,179
Total Other Receipts:	\$ 202,879	\$ 177,508	\$ 153,985	\$ 156,817

FISCAL YEAR

	FY 2012	FY 2011	FY 2010
\$	265,397	\$ 326,406	\$ 310,318
	70,109	70,757	81,929
	-	-	-
	-	-	-
	4,688	4,731	5,483
	39	48	37
	18,540	23,809	17,056
	74,190	61,930	73,270
\$	432,924	\$ 487,633	\$ 488,056

\$	44,697	\$ 38,588	\$ 38,168
	9,836	8,616	8,685
	20,560	17,530	16,876
	8,502	7,597	7,937
	58,339	50,474	49,840
	18,714	4,137	28,425
	15,288	15,450	15,991
	7,068	10,604	9,647
	13,397	18,856	16,101
	6,794	10,166	9,746
	1,935	1,386	2,953
	15,206	15,036	13,716
	8,246	7,114	7,016
	1,025	548	1,080
	93,793	107,074	94,134
\$	323,400	\$ 313,176	\$ 320,315

\$	7,105	\$ 5,564	\$ 7,837
	392	381	404
\$	209,396	\$ 199,110	\$ 213,919
\$	216,501	\$ 204,674	\$ 221,756

CITY OF DAPHNE, ALABAMA

**Operating Indicators by Function (Continued)
Last Seven Fiscal Years**

	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
Public Safety				
Police Department:				
Patrol Division:				
Complaints	14,569	14,871	14,044	13,002
Accidents - Roadway	212	170	804	194
Accidents - Private Property	1,776	862	194	731
Accidents - Traffic Homicides	3	2	2	2
Arrests - Controlled Substance	31	25	19	29
Arrests - Drug Paraphernalia	51	44	38	32
Arrests - Felony Marijuana	4	7	2	7
Arrests - Misdemeanor Marijuana	57	42	29	40
Arrests - Alias Warrant	520	438	357	286
Arrests - D.U.I.	133	138	141	152
Arrests - Felony	89	70	71	95
Arrests - Misdemeanor	973	844	695	702
Assists - Motorist / Citizens	1,808	1,856	2,345	2,541
Citations	3,908	4,368	3,374	3,289
Securiy Checks	11,722	8,266	3,017	466
Close Patrols				
Warnings	2,495	4,540	2,603	2,105
Drug Report - Routine Patrol & Special Ops:				
Drugs Seized	92	6	48	39
Monies Seized	\$ -	\$ -	\$ -	\$ 1,445
Vehicles Seized	2	-	-	-
Commercial Vehicle Inspections	404	483	433	412
Detective Division:				
New Cases Received	804	752	726	795
Previous Unsolved Cases	95	91	73	93
Cases Solved	554	466	403	473
Arrests:				
Cases Solved - Felony	97	63	58	162
Cases Solved - Misdemeanor	27	16	3	9
Houses Searched	-	-	-	1
Total Warrants Arrests:	124	79	61	171

FISCAL YEAR

FY 2012	FY 2011	FY 2010
13,322	13,532	13,004
791	742	760
208	169	175
1	4	1
10	9	15
26	31	47
3	10	7
26	23	29
431	366	302
149	128	165
61	82	65
927	773	731
2,785	5,376	2,917
3,255	3,241	4,218
n/a	n/a	n/a
5,273	4,905	4,769
2,429	1,819	995
-	-	3
\$ -	\$ -	\$ -
-	-	-
230	65	79
734	849	629
66	91	168
481	482	499
112	144	214
22	47	39
-	-	-
134	191	253

CITY OF DAPHNE, ALABAMA

**Operating Indicators by Function (Continued)
Last Seven Fiscal Years**

	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
Detective Division (continued)				
Warrants:				
Warrants Served	275	327	436	491
Agency Assists	13	42	59	67
Recalls	244	85	190	93
Total Warrants Served:	532	454	685	651
Sex Offenders:				
Contact Verification	54	35	36	45
Total # of Offenders				
Registered in Daphne	5	5	7	8
D.A.R.E.:				
Hours Report Writing	41	34	41	32
Students Instructed S.R.O.	2,736	4,925	5,665	3,860
Students Instructed D.A.R.E.	3,634	4,815	7,195	5,030
Police Reports by S.R.O.	42	32	31	30
Arrests by S.R.O.	12	7	17	13
Code Enforcement:				
Warnings	548	95	40	41
Citations	285	25	15	33
Warning Compliance	760	273	190	248
Business License Enforcement	333	333	312	379
Jail:				
Arrestees Received & Processed	2,065	2,092	2,256	2,351
Inmate Meals Served	20,343	30,082	29,137	27,883
Inmate Medical Cost	\$ 25,515	\$ 30,257	\$ 24,063	\$ 23,788
Worker Inmate Hours	2,130	2,217	2,328	1,879
Animal Control:				
Complaints	641	665	836	703
Follow-Up	313	564	1,458	1,326
Citations	67	43	62	153
Warnings	293	210	157	391
Felines Captured	170	215	297	299
Canines Captured	175	224	310	365
Other Captured	153	139	125	67
Returned to Owner	88	91	130	179
Adopted	105	137	191	191
Euthanized	136	276	332	277

FISCAL YEAR

FY 2012	FY 2011	FY 2010
378	578	549
163	253	212
139	276	301
680	1,107	1,062
18	20	15
8	2	3
48	69	42
2,795	3,540	3,938
2,180	5,820	2,031
32	57	22
14	24	13
41	60	89
45	51	36
312	251	242
427	307	294
2,259	2,131	2,107
21,055	20,557	30,540
\$ 20,002	\$ 14,322	\$ 37,040
2,005	3,206	10,203
618	721	837
1,169	1,224	1,256
55	80	77
276	132	124
259	273	316
345	337	363
71	129	250
186	143	184
139	183	180
204	174	293

CITY OF DAPHNE, ALABAMA

**Operating Indicators by Function (Continued)
Last Seven Fiscal Years**

	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
Crimes Reported:				
Arson	-	-	-	-
Burglary - Commercial	17	21	42	35
Burglary - Residential	59	48	51	49
Burglary - Vehicle	148	78	120	145
Criminal Mischief	53	48	62	45
Disorderly Conduct	6	4	10	12
Domestic Disturbance	120	109	127	274
False Information to Police	15	14	11	14
Felony Assault	5	4	6	5
Felony Theft	135	133	134	149
Harassment	56	63	43	56
Identity Theft	5	6	17	50
Indecent Exposure	2	-	2	1
Kidnapping	-	-	-	1
Menacing	6	7	4	4
Misdemeanor Assault	11	30	13	11
Misdemeanor Theft	174	217	170	181
Murder	-	-	1	26
Other Death Investigations	3	-	6	20
Public Intoxication	19	10	6	7
Public Lewdness	2	-	1	1
Receiving Stolen Property	7	8	7	9
Reckless Endangerment	4	15	5	7
Resisting Arrest	8	13	11	10
Robbery	7	5	6	6
Sex Crime Investigations	4	8	10	26
Suicide	-	-	-	-
Suicide, Attempted	-	-	6	22
Theft of Services	3	-	-	-
Unauthorized Use of Services	5	14	8	4
Weapon Offenses	12	16	8	16
White Collar Crimes	27	32	48	46

FISCAL YEAR

FY 2012	FY 2011	FY 2010
-	-	-
17	31	12
82	94	57
109	123	22
74	83	88
4	8	8
308	253	175
11	17	11
7	6	2
136	165	191
87	87	94
80	54	41
3	2	6
-	-	-
6	3	4
17	14	13
207	191	210
-	1	15
16	23	10
11	11	8
2	-	2
5	17	2
7	5	5
4	4	2
5	14	12
21	13	4
-	-	3
25	24	16
1	-	5
6	7	8
7	9	3
30	38	30

CITY OF DAPHNE, ALABAMA

**Operating Indicators by Function (Continued)
Last Seven Fiscal Years**

	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
Fire Department:				
Suppression:				
Fire / Explosion:				
Fire, Other	8	9	13	8
Structure Fire - Commercial	4	18	6	3
Structure Fire - Residential	30	21	31	20
Fire in mobile property	-	5	6	2
Vehicle / Mobile Property Fire	14	21	16	17
Natural Vegetation Fire	8	14	18	11
Outside Rubbish Fire	4	7	6	10
Special Outside Fire	4	4	6	3
Cultivated Vegetable Crop Fire	-	-	-	-
Overpressure Rupture	1	1	-	2
Rescue Call & Emerg Medical Service	2,285	2,077	1,981	1,959
Hazardous Conditions (No Fire)	42	34	37	34
Service Calls	198	167	180	193
Good Intent Calls	213	182	208	195
False Alarm & False Calls	212	269	235	217
Severe Weather & Natural Disasters	2	2	8	3
Other Situations	9	2	2	3
Fire Prevention Awareness & Education:				
Classes Held	293	150	48	19
Persons Attending	3,451	1,165	686	898
Bureau of Fire Prevention:				
Plan Reviews	36	20	24	29
Final / Certificates of Occupancy	14	15	7	6
General / Annual Inspections	711	992	523	462
Business Licenses	275	61	84	69
Consultations	77	-	-	-
All Other / Miscellaneous Activity	52	158	188	158
Miscellaneous Reporting:				
Training Hours	5,325	4,530	4,684	2,773
Property Loss (\$\$)	\$ 615,153	\$ 1,980,630	\$ 1,489,315	\$ 866,200
Personnel & Civilian Injuries by Fire:	-	-	-	-
Advanced Life Support Rescues:	1,212	1,611	1,444	1,434
Number of Patients Treated:	1,523	2,018	1,945	1,898
Child Passenger Safety Seat Inspections &	211	169	115	105

FISCAL YEAR		
FY 2012	FY 2011	FY 2010
3	6	5
7	3	6
22	35	28
1	1	1
14	9	14
14	20	11
10	17	4
3	6	6
1	-	2
1	3	1
1,674	1,710	1,693
42	46	34
155	153	245
240	202	193
249	286	205
5	4	1
1	2	-
61	83	74
1,465	5,893	5,091
189	30	27
3	7	6
291	781	1,003
156	72	64
-	-	-
23	11	-
9,601	1,187	1,324
\$ 1,027,815	\$ 1,171,212	\$ 1,151,542
2	1	-
687	1,105	1,103
978	1,692	1,586
426	141	180

CITY OF DAPHNE, ALABAMA

**Operating Indicators by Function (Continued)
Last Seven Fiscal Years**

	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
Building Inspection:				
Permits:				
Building Permits:				
Non-Residential	84	70	50	86
Residential	548	451	482	465
Electrical Permits:				
Non-Residential	55	48	38	52
Residential	131	58	47	36
Electrical Permits - New Construction:				
Non-Residential	-	-	-	1
Residential	187	170	155	169
Land Disturbance Permits:				
Non-Residential	-	-	-	-
Residential	88	97	92	152
Mechanical Permits:				
Non-Residential	38	29	26	39
Residential	63	57	54	41
Mechanical Permits - New Construction:				
Non-Residential	-	-	-	-
Residential	185	166	148	152
Plumbing Permits:				
Non-Residential	41	29	20	26
Residential	38	40	46	49
Plumbing Permits - New Construction:				
Non-Residential	-	-	-	1
Residential	199	57	155	176
Total # of Permits	1,657	1,272	1,313	1,445
Inspections:				
Building Permit Inspections	3,444	3,196	3,217	2,420
Electrical Permit Inspections	213	119	109	90
Electrical - New Construction Permit	162	152	155	172
Land Disturbance Permit	33	-	28	6
Mechanical Permit Inspections	43	36	58	33
Mechanical - New Construction Permit				
Inspections	164	151	155	171
Plumbing Permit Inspections	103	96	98	86
Plumbing - New Construction Permit	387	354	356	427
Total # of Inspections	4,549	4,104	4,176	3,405
Environmental:				
Site Containment Insp - Permitted	1,702	863	857	877
Site Containment Insp - All Other	404	321	301	276
Total # of Environmental Inspections	2,106	1,184	1,158	1,153

FISCAL YEAR		
FY 2012	FY 2011	FY 2010
82	78	62
361	316	346
29	38	38
39	122	134
5	-	-
109	16	-
-	1	-
102	60	15
34	45	18
42	130	177
3	-	-
123	18	-
24	34	23
32	167	129
1	-	-
118	23	-
1,104	1,048	942
1,416	1,291	1,156
66	213	206
130	12	-
8	68	3
27	143	161
126	19	-
77	373	383
244	25	-
2,094	2,144	1,909
339	181	324
87	115	110
426	296	434

CITY OF DAPHNE, ALABAMA

**Operating Indicators by Function (Continued)
Last Seven Fiscal Years**

	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
Public Works (1):				
Asphalt Street Repairs:				
Asphalt Used (tons)	679	653	580	230
Repairs (# of repairs)	335	958	12	123
Street Sweeping:				
Miles Swept	1,337	1,183	1,813	2,107
Dredge:				
Materials Removed/Dredged (yards)	750	728	980	1,000
Storm Drain & Heavy Equipment:				
Drains Cleaned (# of Jobs)	189	105	172	150
Materials Hauled (cubic yards)	37,800	998	1,340	75
Solid Waste:				
Waste Removed (tons)	6,929	6,597	6,533	6,359
Recycled (tons)	2,009	2,020	3,045	3,539
Special Events	5	5	6	7
Trash Division:				
Trash Picked Up (tons)	4,873	4,633	4,008	3,950
Pay Pile Loads	12	10	22	13

Library & Recreation:

Tournament Events & Participants (1):

Adult Softball:

No. of Events	19	19	18	26
Participants	1,200	2,200	1,750	3,700

Girls Fastpitch Softball:

No. of Events	15	12	14	8
Participants	6,000	4,950	5,800	3,300

Soccer:

No. of Events	11	10	9	9
Participants	1,400	1,300	1,200	1,100

Baseball

No. of Events	4	1	1	
Participants	350	110	140	

Football

No. of Events	4	1	1	
Participants	1,400	750	480	

Lacrosse:

No. of Events	2	2	1	4
Participants	700	300	140	900

Cross Country Run

No. of Events	1			
Participants	400			

FISCAL YEAR

FY 2012	FY 2011	FY 2010
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152

285

1,735

40 tons

112

52

6,316

2,919

6

3,518

24

21

3,000

6

2,500

8

1,050

4

900

CITY OF DAPHNE, ALABAMA

**Operating Indicators by Function (Continued)
Last Seven Fiscal Years**

	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
Library & Recreation (continued):				
League Participants by Sport:				
Youth Soccer	850	760	790	775
Youth Football	205	195	199	195
Youth Cheerleading	46	45	50	75
Fall Men's Open Softball	250	275	255	234
Fall Co-Ed Softball	150	150	165	143
Fall Adult Soccer	140	115	120	120
Dixie Youth Baseball (ages 5-12)	443	500	480	525
Dixie Boys Baseball (ages 13-14)	35	50	60	63
Youth Softball	135	115	120	95
Youth Spring Soccer	420	350	375	380
Men's Church League Softball	190	240	270	208
Spring Co-Ed Softball	170	160	180	195
Spring Adult Soccer	100	110	90	84
Summer Men's Open Softball	600	400	435	312
Summer Co-Ed Softball	200	225	210	247
Summer Adult Soccer	100	110	110	95
Youth Basketball	187			
Fall Basketball	191			

Library				
Patrons Visits	203,607	274,619	262,786	197,384
Items Circulated	368,275	431,305	443,471	293,033
Children's Program Attendance	10,333	6,756	5,800	5,822
Teen Program Attendance	1,428	1,251	1,158	1,656
Adult Program Attendance	256	664	167	176
Computer Users	26,739	31,176	25,537	26,368
Rosetta Stone Hours Used	-	-	120	194
Ancestry Database Users	6,489	7,106	7,612	8,752
Heritage Quest Database Users	1,525	1,957	1,204	2,265
E-Books Circulation	20,809	18,215	15,802	9,156
Gutenberg Downloads	781	2,109	1,868	5,107
Reference Questions Answered	1,512	1,175	25,822	8,643
Meeting Rooms Use Hours	18,247	11,003	7,363	6,002
Special Displays	78	211	94	47
Library Facebook Visits	109,469	69,415	59,947	103,965

Source: Various City Departments

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

FISCAL YEAR

FY 2012	FY 2011	FY 2010
550	540	525
205	195	200
80	80	65
220	17	168
156	10	144
100	10	120
435	450	480
60	55	60
80	85	75
250	-	-
192	216	288
132	180	144
80	80	80
264	372	312
132	192	192
80	90	80

220,738	214,982	224,367
276,093	296,712	314,218
7,378	10,323	10,889
735	827	1,143
531	575	721
30,892	31,676	17,234
470	309	-
7,047	6,976	-
1,263	1,256	-
6,277	767	-
1,498	405	-
8,046	8,639	8,976
6,330	6,836	7,251
45	39	47
47,615	2,112	-

CITY OF DAPHNE, ALABAMA

**Capital Asset Statistics by Function
Last Seven Fiscal Years**

Function	FISCAL YEAR			
	FY 2016	FY 2015	FY 2014	FY 2013
Public Safety:				
Fire:				
Number of Fire Stations	4	4	4	4
Number of Fire Trucks	8	8	7	6
Number of All Other Vehicles	13	14	14	15
Police:				
Number of Police Stations	2	2	2	2
Number of Patrol Units	60	58	62	64
 Public Works ⁽¹⁾:				
Miles of Streets (maintained by the City)	139.8	138.7	137.5	135.7
Number of Signalized Traffic Intersections ⁽²⁾	9	9	10	10
Number of Vehicles	40	55	54	54
 Solid Waste				
Number of Sanitation Trucks	18	9	9	9
 Library & Recreation:				
Parks	17	17	16	16
Dog Parks	1	1	1	1
Fitness Center	1	1	1	1
Senior Center	1	1	1	1
Library	1	1	1	1
Number of Vehicles	8	9	9	5

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

FISCAL YEAR

<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>
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4	4	4	4
6	6	6	6
16	16	17	16

2	2	2	2
64	64	64	64

135.4

10

55	55	56	55
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9	8	9	10
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16	16	16	16
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1	1	1	1
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1	1	1	1
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1	1	1	1
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1	1	1	1
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6	5	4	4
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