

City of Daphne, Alabama

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year
Ending September 30, 2018



City of Daphne, Alabama

Comprehensive Annual Financial Report

**For The Fiscal Year Ended
September 30, 2018**

**Prepared by:
Finance Department**

CITY OF DAPHNE, ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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CITY OF DAPHNE, ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2018

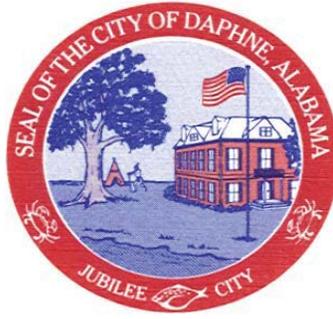
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Part I
Introductory
Section



OFFICE OF THE MAYOR MAYOR DANE HAYGOOD

January 25, 2019

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, 2018. 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, 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, 2017.

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. 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. The City has no related entities that are required to be discretely presented or blended component units.

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. All GASB statements effective for fiscal year 2018 were implemented. See Notes 21 and 30 in the notes to the financial statements for additional information on the implementation of GASB 75.

City Profile

The City of Daphne was founded in 1927, and is the largest city within Baldwin County, comprising 17.71 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 steady retail growth as well as continued acceleration of new home construction. The continued growth has led the City to endeavor to diversify its employment base by developing a new Class A office park, the Daphne Innovation and Science Complex (“DISC”). With the help of federal EDA funding, the DISC project targets high-wage and technology focused job creation and retention.

Wealth and income levels within the City are strong as median household income is 114% of the U.S. level. The estimated median income as of 2017 was \$65,739 and the median housing valuation was \$189,700. According to the most recent estimates from the US Census Bureau (July 2017), the City’s estimated population is 25,960. 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 recent census data, approximately 41.9% of the population has a bachelor’s degree or higher; the US average is 30.9%. 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 279 regular, full-time workers to provide these services.

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 remained strong in fiscal year 2018. Total revenue increased \$2.8 million over 2017 levels (9.0% increase). The largest increase were in the sales, use and luxury tax collections, which increased \$1.4 million over 2017 (8% increase). Strong residential growth and retail development in the City of Daphne suggests sales and use tax collections to continue in an upward trend.

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 \$11.9 million to \$17.6 million, more than a 47.9% increase. In the same ten year period, property tax revenue has increased from \$4.3 million to \$5.7 million, more than a 32.6% 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 and the recently announced expansion for production of Airbus-Bombardier joint venture to produce the A220-300 series aircraft which was formerly known as Bombardier's C series, (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 the latest statistics was the 9th largest U.S. Port in Total Tonnage according to the United States Army Corps of Engineers. 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.

The City has been previously been ranked 96th in the "Top 100 Best Places to Live" as presented on the CNN/Moneywise website. The City was also named as the 2nd safest city in Alabama in 2018 according to SafeHome. The City was listed as the fourth fastest growing city in Alabama by the US Census Bureau and is now the 20th largest City in the State of Alabama. Also, Baldwin County, where Daphne is located, is the 11th fastest growing MSA in the USA in 2017.

Major Initiatives

In 2018, the City continued minor road repaving projects as part of our road repaving initiative also began a large repaving project to pave Corte Road. Several large sidewalk projects also continued with the largest being a sidewalk project on County Road 13 to provide connectivity from Daphne East and Daphne Middle School to Daphne High School. In total, approximately 10,000 feet of sidewalk projects were completed. The City has continued to work on phases of the large intergovernmental project to restore the impaired D'Olive watershed, with several smaller projects completed in 2018. These efforts are resulting in significant improvements to our stormwater infrastructure in highly sensitive areas within the City of Daphne. Projects were initiated to provide sewer to the small group of unsewered pockets in the City of Daphne and with completion in 2018, the City of Daphne no longer has any areas where sewer is not available. Additionally, major strides continued to improve the recreational facilities in the City. Phase 2 of the Daphne Sports Complex was completed. Construction continues on Phases 3A & B, and the City expects completion in the spring of 2019. Renovations and expansions at existing park facilities continue, including Lott Park with 10 tennis courts and 6 pickle ball courts. The implementation of this comprehensive recreation master plan will provide state of the art facilities for our growing population. Construction on the DISC project also began in 2018.

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 accounting principles generally accepted in the United States of America. 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, 2017. 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 six 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 accounting principles generally accepted in the United States of America 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,

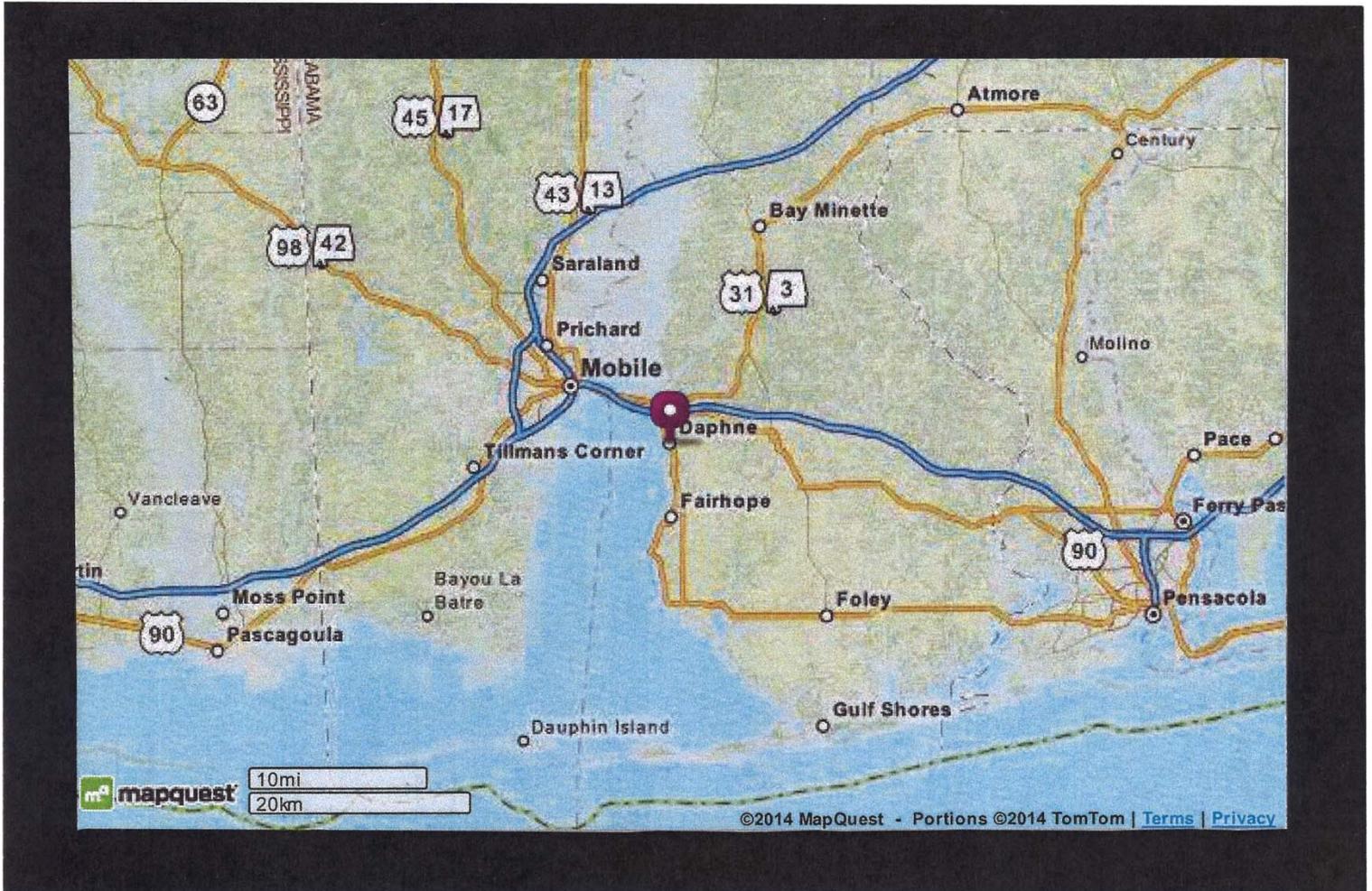


Dane Haygood
Mayor



Kelli Kichler, CPA
Finance Director/Treasurer

City of Daphne, Alabama



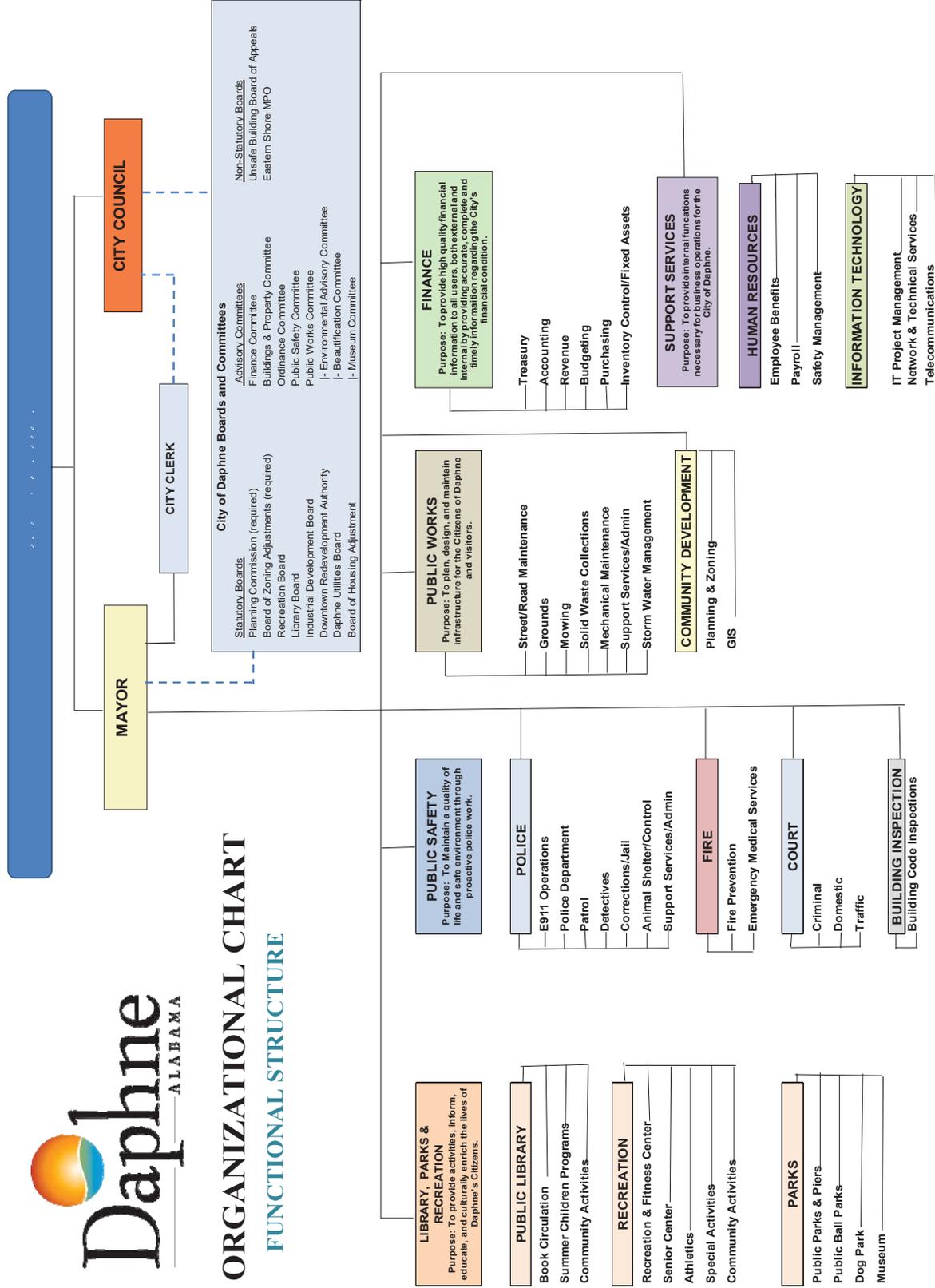
Metropolitan Statistical Area (MSA) population for
Daphne, Fairhope and Foley: 212,628

Source: United States Census Bureau
2017 Estimated Population



ORGANIZATIONAL CHART

FUNCTIONAL STRUCTURE



**City of Daphne
List of Principal Officials
September 30, 2018**

Title	Name
Mayor	Dane Haygood
City Council:	
District 1	Tommie B. Conaway
District 2	Pat Rudicell
District 3	Joel Coleman
District 4	Doug Goodlin
District 5	Ron Scott
District 6	Robin LeJeune
District 7	Joe Davis
Finance Director/Treasurer	Kelli Kichler Reid
Deputy Finance Director	Christine Ciancetta
City Clerk	Candace Antinarella



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, 2017

Christopher P. Morill

Executive Director/CEO



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Part II
Financial
Section

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, 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, 2018, 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Daphne, Alabama, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Adjustment

As described in Note 30 to the financial statements, beginning government wide net position and beginning total business type net position have been reduced by \$3,054,732 and \$222,144, respectively, for the implementation of GASB Statement 75. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and required pension and other post-employment benefit schedules on pages 4–19 and 73-83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Daphne, Alabama's basic financial statements. The introductory section, combining and individual non-major 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 non-major 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 non-major 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 January 31, 2019, on our consideration of the City of Daphne, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Daphne, Alabama's internal control over financial reporting and compliance. That report is included in the City of Daphne, Alabama's Single Audit Compliance and Internal Control Reports package.

Hartmann, Blackmon & Kilgore, PC

Certified Public Accountants

Fairhope, Alabama

January 31, 2019

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, 2018. 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 \$96.0 million (net position). Of this amount, the City had unrestricted net position of \$17.5 million that is available to be used to meet the ongoing obligations of the City of Daphne.
- The City's net position of \$96.0 million reflected an increase of 8.8% (\$7.75 million) over the prior year's net position of \$88.2 million, as adjusted.
- The City's governmental funds reported a combined fund balance of \$31.1 million at the close of the current fiscal year, a decrease of 7.1% (\$2.4 million) from the prior year.
- The City's General Fund reported a fund balance of \$14.7 million at the close of the current fiscal year, or 48.7% of total General Fund expenditures and other financing uses; total fund increased 5.4% (\$750,000) over the prior year. Total current year ending fund balances in the General Fund represented 47.5% of current fiscal year total revenues, and 50.9% of prior year total revenues.
- Sales, use, and luxury taxes, the City's single largest revenue source, increased 7.64% (\$1.4 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 87% (\$661,000), and licenses and permits increased 12% (348,000). Overall current fiscal year revenues increased 9% (\$2.8 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 Bayfront Park operations are included in this category as enterprise funds.
- *Discretely Presented Component Units*. The City does not have any discretely presented or blended component units.

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 schedule for the General Fund and major special revenue governmental funds has been provided in the *Required Supplementary Information* section of this document. The other adopted annual budgets are included in the *Other 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, other post-employment benefits, 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, 2018:

	Governmental Activities		Business-Type Activities		TOTAL	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 40,473,368	\$ 41,411,812	\$ 1,051,679	\$ 966,098	\$ 41,525,047	\$ 42,377,910
Capital assets	<u>108,271,121</u>	<u>100,760,614</u>	<u>854,501</u>	<u>875,342</u>	<u>109,125,622</u>	<u>101,635,956</u>
Total assets	<u>148,744,489</u>	<u>142,172,426</u>	<u>1,906,180</u>	<u>1,841,440</u>	<u>150,650,669</u>	<u>144,013,866</u>
Deferred outflow of resources	<u>2,779,285</u>	<u>2,946,076</u>	<u>165,130</u>	<u>180,425</u>	<u>2,944,415</u>	<u>3,126,501</u>
Current liabilities	4,141,153	3,105,406	168,959	241,805	4,310,112	3,347,211
Long-term debt and other liabilities	<u>50,300,302</u>	<u>51,200,603</u>	<u>1,167,476</u>	<u>1,044,272</u>	<u>51,467,778</u>	<u>52,244,875</u>
Total liabilities	<u>54,441,455</u>	<u>54,306,009</u>	<u>1,336,435</u>	<u>1,286,077</u>	<u>55,777,890</u>	<u>55,592,086</u>
Deferred inflow of resources	<u>1,710,400</u>	<u>39,353</u>	<u>128,001</u>	<u>3,364</u>	<u>1,838,401</u>	<u>42,717</u>
Net Position:						
Net investment in capital assets	73,073,736	58,109,624	362,045	411,503	73,435,781	58,521,127
Restricted	5,035,976	14,546,308	-	-	5,035,976	14,546,308
Unrestricted	<u>17,262,207</u>	<u>18,117,208</u>	<u>244,829</u>	<u>320,921</u>	<u>17,507,036</u>	<u>18,438,129</u>
Total net position	<u>\$ 95,371,919</u>	<u>\$ 90,773,140</u>	<u>\$ 606,874</u>	<u>\$ 732,424</u>	<u>\$ 95,978,793</u>	<u>\$ 91,505,564</u>

The City's *combined* net position increased \$7.75 million over the prior year, as adjusted.

Net position may serve as a useful indicator of a government's financial position. The City's combined assets exceeded combined liabilities by \$95.4 million, at September 30, 2018. The combined net position reflects a current year total unrestricted net position of \$17.3 million.

The largest component of the City of Daphne's current fiscal year net position (76.6%) 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.

5.3% of the City of Daphne's current fiscal year net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$17.3 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, 2018:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Program Revenues:						
Charges for services	\$ 6,864,963	\$ 6,347,761	\$ 1,847,510	\$ 1,696,141	\$ 8,712,473	\$ 8,043,902
Operating grants and contributions	248,280	315,312	-	-	248,280	315,312
Capital grants and contributions	6,454,560	4,828,176	-	-	6,454,560	4,828,176
General Revenues:						
Taxes	26,754,424	25,067,336	-	-	26,754,424	25,067,336
Other	119,789	146,702	1,406	6,988	121,195	153,690
Total Revenues	40,442,016	36,705,287	1,848,916	1,703,129	42,290,932	38,408,416
Expenses:						
General government	5,991,913	5,011,264	-	-	5,991,913	5,011,264
Public safety	11,973,798	11,510,234	-	-	11,973,798	11,510,234
Public works	9,144,870	9,567,947	-	-	9,144,870	9,567,947
Library and recreation	2,909,886	2,981,534	-	-	2,909,886	2,981,534
Interest on long-term debt	1,678,214	1,569,279	-	-	1,678,214	1,569,279
Contribution to Utilities Board	224,705	1,075,420	-	-	224,705	1,075,420
Solid Waste	-	-	1,917,834	1,893,055	1,917,834	1,893,055
Civic Center and Bayfront Park	-	-	699,607	758,844	699,607	758,844
Total Expenses	31,923,386	31,715,678	2,617,441	2,651,899	34,540,827	34,367,577
Change in Net Position, before transfers	8,518,630	4,989,609	(768,525)	(948,770)	7,750,105	4,040,839
Transfers	(865,119)	(948,770)	865,119	948,770	-	-
Change in Net Position	7,653,511	4,040,839	96,594	-	7,750,105	4,040,839
Net position, beginning	90,773,140	86,732,301	732,424	732,424	91,505,564	87,464,725
Prior period adjustments	(3,054,732)	-	(222,144)	-	(3,276,876)	-
Net Position, end of year	\$95,371,919	\$90,773,140	\$ 606,874	\$ 732,424	\$95,978,793	\$ 91,505,564

Total net position reflected an increase of \$7.75 million over the prior year, as adjusted. This increase is primarily the effect of increases/decreases of balances within the Statement of Activities. Overall program revenues and general revenues increased significantly from the prior year and total expenses showed only a slight increase from the previous year. Overall change in net position was significantly higher than the prior year change in net position.

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, contribution to Utilities Board 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	\$ 9,927,785	51.92%
Public works	3,234,097	16.91%
General government	951,435	4.97%
Library and recreation	2,339,347	12.23%
Interest on long-term debt	1,678,214	8.77%
Contribution to Utilities Board	224,705	1.17%
Business-type activities	769,931	4.03%
	<u>\$ 19,125,514</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. \$497,000 was transferred to these activities in the current fiscal year. This is an increase of \$23,500 from the prior year. An overall revenue increase for the Civic Center combined with a corresponding decrease in expenses resulted in an overall decrease in transfers of \$27,600. Bayfront Park showed a continued decline in revenue but was also accompanied by a decrease in expenses. Transfers included a one-time increase to cover the prior period adjustment for the post-employment benefits liability and negative net position in the amount of \$59,000. Overall transfers to Bayfront Park increased \$51,000 from the prior year.

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. \$368,000 was transferred to the Solid Waste Fund in the current fiscal year. This was decrease of \$107,000 from the prior year.

Garbage fees and recycling revenue collected increased \$139,000 over prior year due to an increase in customers and a monthly price increase effective January 1, 2018. Overall expenses showed a slight increase from the prior year. When separating the garbage, recycling, and solid waste components, solid waste expenses totaled \$537,482, garbage expenses totaled \$970,528, and recycling expenses totaled 409,823. In order to fund recycling, an amount equal to the expense less \$5,700 in revenue received 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 but is continuing to monitor the negative monetary effects of the program.

Total transfers to business-type activities in the current fiscal year totaled \$865,119.

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.

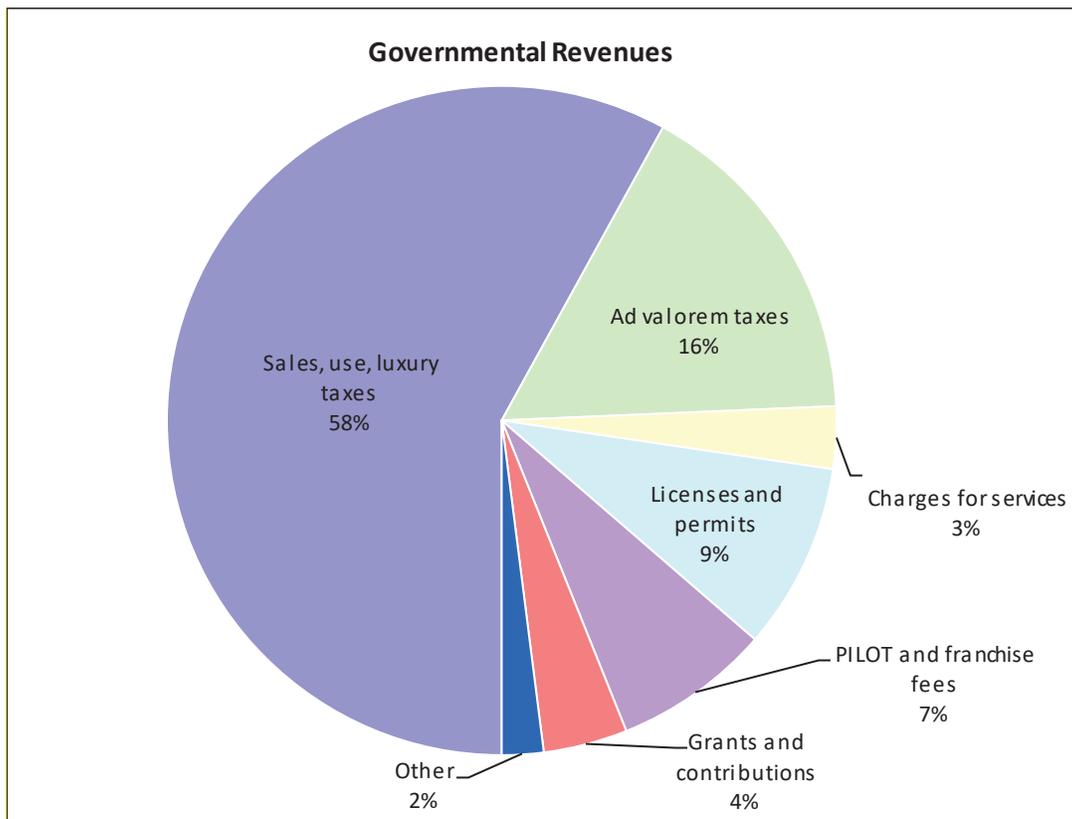
Governmental Funds

As the City completed the current fiscal year, its governmental funds reported a combined fund balance of \$31.1 million, a 7.1% (\$2.4 million) decrease from the prior year.

Governmental Revenues

Total revenues of the governmental funds showed an increase of 8.68% (\$2.8 million) over the prior year. The following chart and graph presents a summary of governmental revenues sources:

Governmental Revenues		
Sales, use, luxury taxes	\$	20,307,263
Ad valorem taxes		5,712,928
Charges for services		1,053,460
Licenses and permits		3,160,105
PILOT and franchise fees		2,652,495
Grants and contributions		1,421,233
Other		704,566
	\$	<u>35,012,050</u>



Governmental Revenues (Continued)

Sales and use taxes are the largest source of revenues at 58%; Ad valorem taxes are the next largest at 16%; licenses and permits are next at 9%; and PILOT and franchise fees at 8% of total revenues.

The change in revenues is presented below:

	2018	2017	Variance	% Change
Sales, use, luxury taxes	\$ 20,307,263	\$ 18,865,496	\$ 1,441,767	8%
Ad valorem taxes	5,712,928	5,490,960	221,968	4%
Charges for services	1,053,460	971,814	81,646	8%
Licenses and permits	3,160,105	2,811,350	348,755	12%
PILOT and franchise fees	2,652,495	2,563,873	88,622	3%
Grants and contributions	1,421,233	760,104	661,129	87%
Other	704,566	751,525	(46,959)	-6%
	<u>\$ 35,012,050</u>	<u>\$ 32,215,122</u>	<u>\$ 2,796,928</u>	<u>9%</u>

A discussion of significant increases and decreases follows:

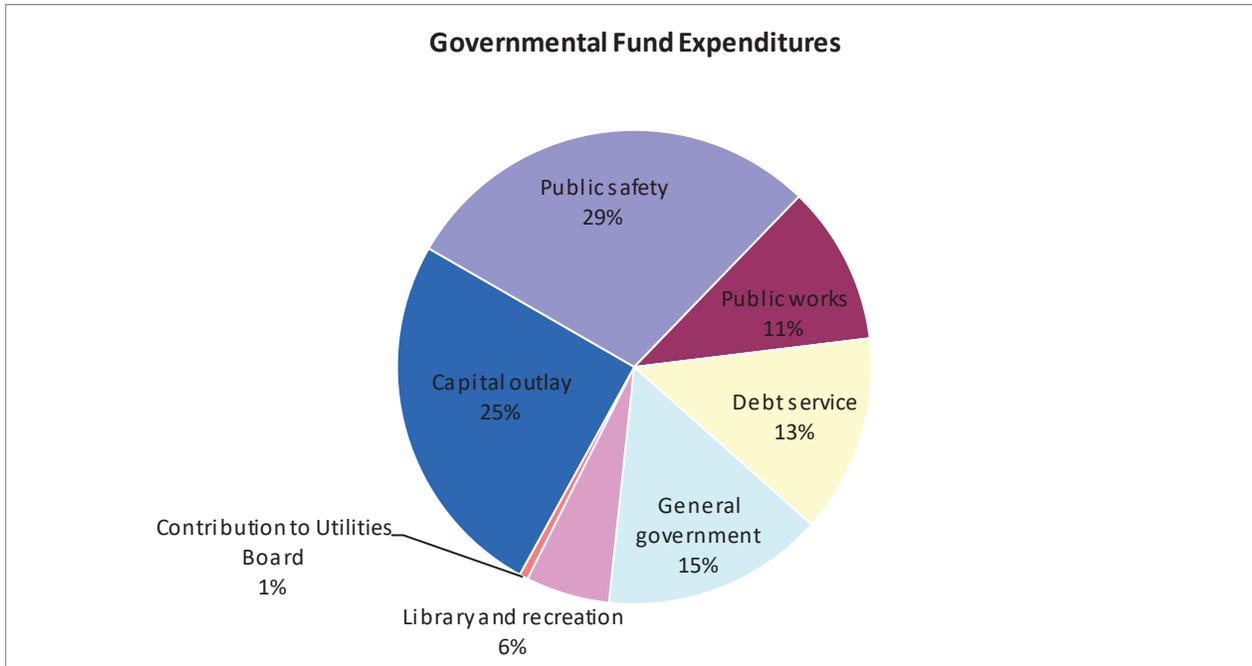
- Sales and use taxes increased \$1.44 million. This is due to the strong economy and new business locating into the City.
- Grants and contributions increased \$661,000. This is reflective of an increase in grant activity. Several large one-time grants including two grants from the Alabama Department of Transportation were received this year.
- Licenses and permits increased \$348,000. This was mainly due to an increase in permits from commercial and residential building activity and an increase in building license revenue.

Governmental Expenditures

A summary of governmental expenditures is presented below:

Governmental Fund Expenditures		
Public safety	\$ 10,925,824	28.9%
Public works	4,095,667	10.8%
Debt service	5,108,669	13.5%
General government	5,722,939	15%
Library and recreation	2,162,526	6%
Contribution to Utilities Board	224,705	1%
Capital outlay	9,571,655	25%
	<u>\$ 37,811,985</u>	<u>100.0%</u>

Governmental Expenditures (Continued)



This represents an increase in expenditures of 15.5%; (\$5.1 million) over the prior year.

The principal drivers of this increase are an increase in capital outlay expenditures of \$4.6 million over the prior year, an increase in general government expenditures of \$1.05 million over the prior year, and a decrease in contribution to Utilities Board of \$850,000 over the prior year.

- Capital outlay expenditures increased \$4.6 million. During the current fiscal year, several large projects continued with the largest being the construction of the new Daphne Sports Park and improvements at other recreational facilities.
- General government expenditures increased \$1.05 million. The largest component of this increase was a legal judgment that was issued against the City. As a result, a contingent liability and corresponding litigation expense in the amount of \$577,000 was recorded as general government expenditures.
- Contributions to Utilities Board decreased \$850,000. A new sewer expansion along Whispering Pines Road was started in the previous fiscal years to complete the initiative to provide sewer service to all City residents. The majority of this project was completed in the prior fiscal year. At the end of the project, the sewer infrastructure was contributed to Daphne Utilities Board for long-term upkeep and maintenance.

Departmental costs of \$22.9 million are the largest component of current fiscal year expenditures (60.6%); overall departmental costs decreased 7.5% (\$1.6 million) over the prior year.

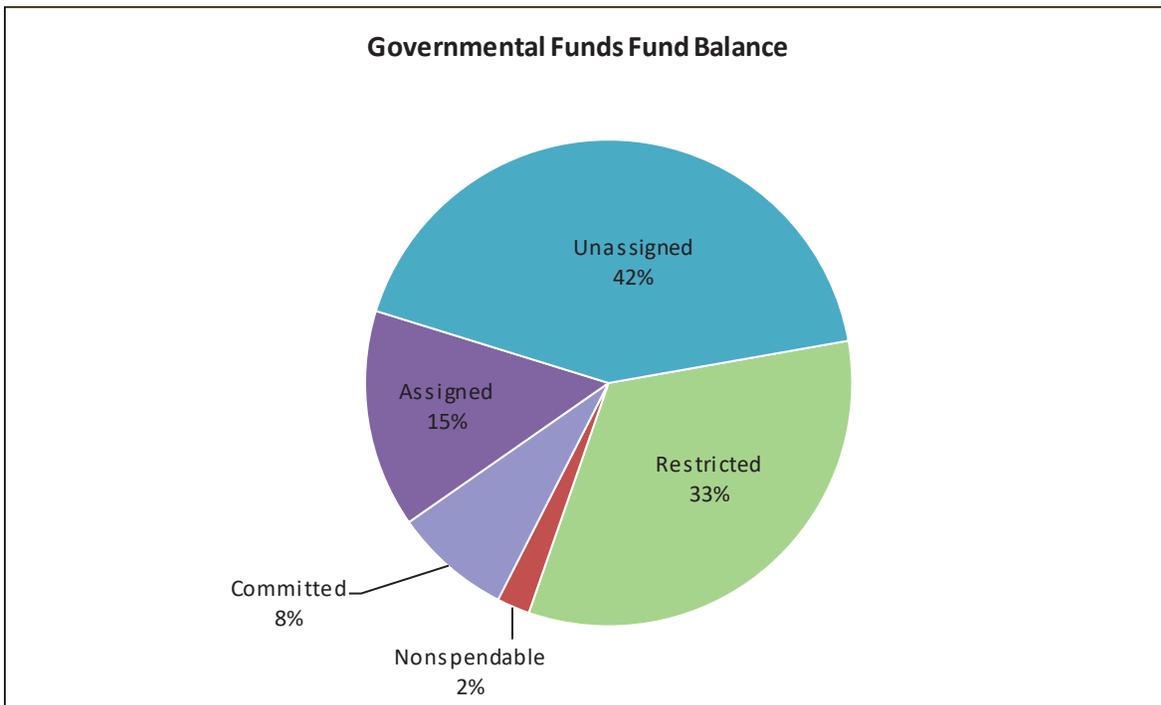
The department with the largest amount of governmental expenditures remains public safety at \$10.9 million (28.9% of total expenditures). Personnel and related costs make up over 41.3% of total expenditures.

The next three largest components are: Capital outlay at 25% (\$9.6 million), Debt service at 13.5% (\$5.1 million), and Public works at 10.8% (\$4.1 million).

Governmental Fund Balance

Total fund balance of the governmental funds as of September 30, 2018 is \$31.1 million. Of this amount, \$13.2 million is unassigned. An illustration of the total fund balance for governmental funds is presented below:

	2018	2017	Variance	% Change
Restricted	\$ 10,276,812	\$ 14,546,308	\$ (4,269,496)	-29.4%
Nonspendable	680,850	672,414	8,436	1.3%
Committed	2,422,164	2,176,032	246,132	11.3%
Assigned	4,495,887	3,816,281	679,606	17.8%
Unassigned	13,180,837	12,226,005	954,832	7.8%
	<u>\$ 31,056,550</u>	<u>\$ 33,437,040</u>	<u>\$ (2,380,490)</u>	<u>-7.1%</u>



This represents a total fund balance decrease of 7.1% (\$2.4 million) from the prior year. The General Fund fund balance increased 5.4% (\$750,000). 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, \$865,000 was transferred from the governmental funds to subsidize enterprise fund operations. This amount represents 33.1% of the total enterprise funds revenues and transfers in. The total amount of transfers decreased \$84,000 from the prior fiscal year.

Proprietary Funds (Continued)

The Solid Waste Fund required transfers of \$368,000 during the current fiscal year, a decrease of 22.5% (\$107,000) from the prior year.

Civic Center and Bayfront Park required transfers of \$278,000 and \$219,000, respectively, during the current fiscal year, an overall increase of 5.0% (\$23,500) from the prior year.

A summary and comparison of the enterprise fund's operating results for the 2018 and 2017 fiscal years is presented below:

	Solid Waste		Civic Center		Bayfront Park		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017
Fees and charges	\$ 1,550,100	\$ 1,411,119	\$ 224,383	\$ 208,797	\$ 68,287	\$ 74,305	\$ 1,842,770	\$ 1,694,221
Other receipts	-	6,988	6,146	1,920	-	-	6,146	8,908
Transfers	367,734	474,948	278,345	306,010	219,040	167,812	865,119	948,770
Revenues	1,917,834	1,893,055	508,874	516,727	287,327	242,117	2,714,035	2,651,899
Personnel	892,052	935,064	169,082	194,396	165,697	177,680	1,226,831	1,307,140
Operating	1,015,368	951,883	302,438	322,331	62,390	64,437	1,380,196	1,338,651
Interest	10,414	6,108	-	-	-	-	10,414	6,108
Expenses	1,917,834	1,893,055	471,520	516,727	228,087	242,117	2,617,441	2,651,899
Revenues Over (Under) Expenses	\$ -	\$ -	\$ 37,354	\$ -	\$ 59,240	\$ -	\$ 96,594	\$ -

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, the 2017 Construction 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 2017 Construction Fund has been a major fund since its inception two years ago. The fund accounts for the \$12,000,000 received in debt proceeds for recreation park expansion and improvements.

General Fund (Governmental)

At the end of the current fiscal year, the total fund balance of the City's General Fund increased 5.4% (\$750,000) 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 \$14.7 million, compared to \$13.96 million at the end of the prior year.

General Fund (Governmental) (Continued)

Cash and cash equivalents (including equity in pooled cash) plus investments decreased by 2.1% (\$130,000) during the current fiscal year, over the adjusted cash and cash equivalents amount for the prior year. Money was transferred into a certificate of deposit in the current fiscal in the amount of \$504,000 which accounted for the decrease in the cash and cash equivalents.

Overall receivables increased \$531,000 (7.18%) over prior year. The increase can be attributed to an increase in taxes receivable of \$380,000, a \$100,000 increase in the receivable from the Daphne Volunteer Firefighters Association, and an increase in grants receivable of \$578,000. Additionally in the current fiscal year, a note receivable in the amount of \$1,200,000 was entered into with the Industrial Development Board.

Accounts payable increased \$217,000 (29.7%) over the prior year, reflecting more outstanding invoices due to vendors at the end of the year. A one-time contingent liability was also recorded in the current year in the amount of \$577,000 due to a legal judgment issued against the City.

Deferred revenues (ad valorem tax assessments and grant revenue) increased \$510,000 over the prior year, reflecting increased ad valorem tax assessments of \$376,000 and an increase in deferred grant revenue of \$134,000.

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 increased \$1 million over the prior year balance due to loan proceeds received in the amount of \$992,000.

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 19.8% (\$599,000). This increase was mainly from \$2,332,500 in transfers received from the General Fund for recreation improvements. All of this money was not expended by the end of fiscal year 2018.

2017 Construction Fund (Governmental)

The 2017 Construction Fund was funded in the prior fiscal year with \$12,000,000 in bond proceeds received for recreational improvements and expansion. Approximately \$5.5 million remains available in this fund to be expended for recreation.

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 2018 are comparable to the amount in fiscal year 2017.

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.

General Fund Budgetary Highlights (Continued)

Detailed information for the General Fund budget is presented in the “Required Supplemental Information” section. The originally adopted budget reflected revenues over expenditures by \$2.2 million. The final amended budget reflected revenues under expenditures by \$2.8 million. Actual results reflect an excess of expenditures over revenues (budgetary basis) of \$905,000. This \$3.7 million positive variance is due to actual revenues in excess of budget estimates by \$1.6 million, and budgeted departmental personnel and operating costs under budget estimates by \$1.4 million and \$256,000, respectively. Capital outlay costs were under budget by \$487,000.

Revenues - The significant components that produced the excess of actual revenues over final budgeted estimates of \$1.6 million are:

- Sales, use and luxury taxes – The excess of final budgeted estimates over actual of \$1.1 million reflect the continued, steady improvement of the local economy as evidenced by increasing business activity.
- Licenses and permits – The excess of final budgeted estimates over actual of \$471,000 reflect the improved and expanded business activity and also the rebound of the housing market and increased construction and housing improvements.

Departmental costs – Significant components that produced the excess of actual departmental expenditures under final budgeted amounts of \$1.66 million are:

- Personnel actual expenditures are under final budgeted amounts by \$1.4 million (8.2%). 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 – Legislative 16% (\$41,000); Executive 37% (\$151,000); Information Technology 29% (\$51,000); and Building Maintenance 22% (\$76,000).
 - Public safety – Patrol 9% (260,000); and Fire 3% (\$121,000)
 - Public works – Administration 22% (\$91,000); Streets 18% (138,000); Grounds 10% (\$65,000); Mowing 11% (\$54,000); and Garage 9% (\$41,000).
 - Library and recreation –Library 7% (47,000); Recreation Parks 23% (\$83,000) and Recreation 10% (\$29,000).
- Operating actual expenditures are less than final budgeted amounts by \$256,000 (3.8%). Significant operating expenditure components include:
 - Legislative 25% (43,000) under budget
 - Legal/Risk Management 182% (\$538,000) over budget
 - Patrol 13% (\$57,000) under budget
 - Fire 16% (\$61,000) under budget
 - Street 8% (61,000) under budget
 - Mechanic shop net reimbursed costs 53% (\$83,000) under budget
 - Recreation Parks 31% (76,000) under budget

Capital outlay – Capital outlay expenditures were under budget by \$487,000. This is due to delays in the purchasing of a new fire truck in the amount of \$485,000. This under budget was offset by a corresponding under budget in revenue for issuance of debt for the same amount.

CAPITAL ASSET AND DEBT MANAGEMENT

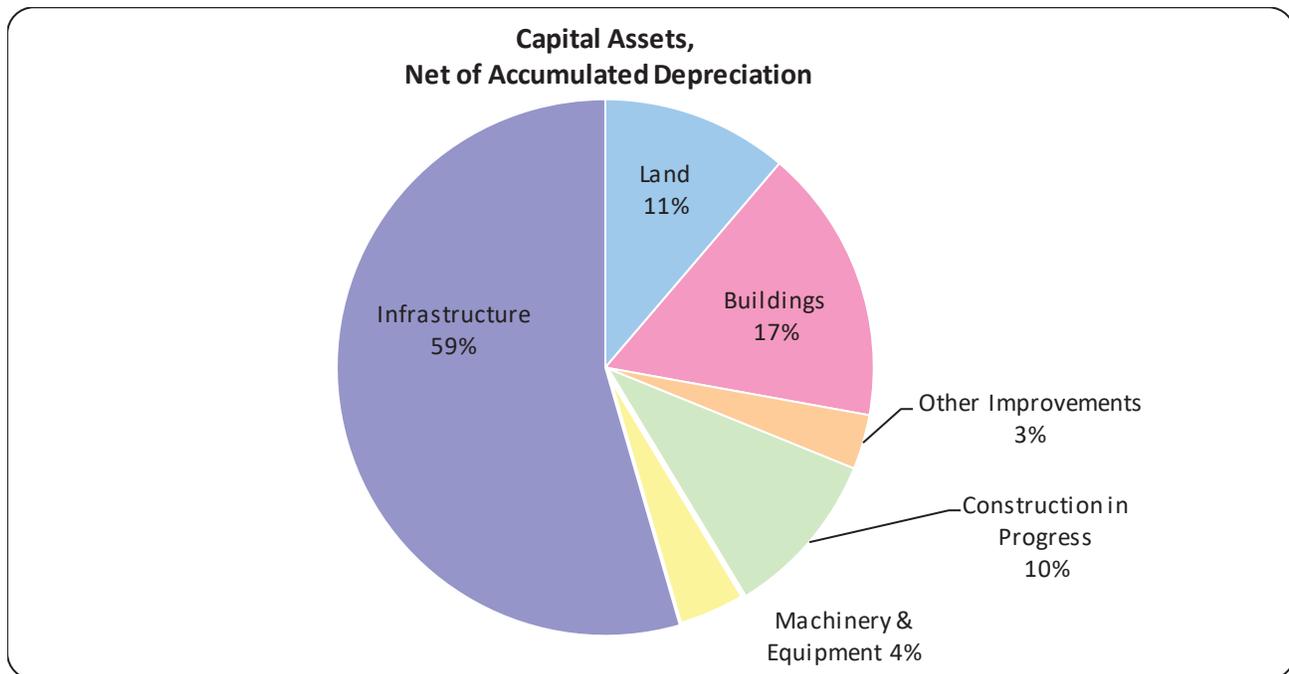
Capital Assets

As of September 30, 2018, the City owned \$109.1 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
	2018	2017	2018	2017	2018	2017	
Land	\$ 12,258,180	\$ 12,038,704	\$ -	\$ -	\$ 12,258,180	\$ 12,038,704	1.8%
Buildings	18,033,157	17,725,717	97,273	115,332	18,130,430	17,841,049	1.6%
Other Improvements	3,596,983	3,263,493	-	-	3,596,983	3,263,493	10.2%
Machinery and Eqpt	3,805,252	4,269,205	757,228	760,010	4,562,480	5,029,215	-9.3%
Infrastructure	59,445,787	58,917,181	-	-	59,445,787	58,917,181	0.9%
Constr in Progress	11,131,762	4,546,314	-	-	11,131,762	4,546,314	144.9%
TOTAL	\$ 108,271,121	\$ 100,760,614	\$ 854,501	\$ 875,342	\$ 109,125,622	\$ 101,635,956	7.4%

Components of Capital Assets:



Overall, during the current fiscal year, governmental capital assets, net of accumulated depreciation showed an increase of 7.4% over prior year amounts. This was mainly due to large improvements of the recreational facilities.

See Note 8 in the Notes to Financial Statements section for more detailed information on the City's capital assets.

Long-Term Debt

As of September 30, 2018, the City owed \$39.0 million in long-term warrants outstanding, \$1.0 million in note payable outstanding, and \$1.8 million in capital leases outstanding, of which \$3.98 million will mature during the upcoming fiscal year. The following table summarizes the long-term debt:

	Governmental Activities		Business-Type Activities		TOTAL	
	2018	2017	2018	2017	2018	2017
Warrants	\$ 38,895,305	\$ 41,972,457	\$ -	\$ -	\$ 38,895,305	\$41,972,457
Note payable	991,526	-	-	-	991,526	-
Capital leases	1,337,974	1,523,042	492,456	463,839	1,830,430	1,986,881
	<u>\$ 41,224,805</u>	<u>\$ 43,495,499</u>	<u>\$ 492,456</u>	<u>\$ 463,839</u>	<u>\$ 41,717,261</u>	<u>\$43,959,338</u>

Total principal payments on outstanding warrants amounted to \$3.1 million in fiscal year 2018.

In September 2018, the City issued a note payable for \$991,526. This note payable was issued to finance new lighting improvements at the recreational facilities.

There were two new capital leases issued during the current fiscal year. The overall decrease in the amount of capital leases outstanding of \$156,000 was the result of lease proceeds of \$501,000 and lease principal payments of \$657,000 made during the current year.

See Notes 10, 11, 12 and 13, 14 and 15 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, 2018, the City's permissible debt limit exceeded actual debt by \$49.9 million. This debt margin is \$7 million higher 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 2019 General Fund budget reports an increase of 6.9% (\$1.1 million) in sales, use, and luxury taxes over the prior year budget. The fiscal year 2019 amount budgeted is only \$61,000 more than the actual amount collected in fiscal year 2018. The City's sales and use tax revenue has been showing steady increases as the economy has rebounded. The upcoming budget reflected this same increase in sales tax revenue. After three 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 \$7.74 million. At the end of the current fiscal year, the unassigned fund Balance is 42.6% of the General Fund revenues.

With an unassigned fund balance of the General Fund at the beginning of the upcoming fiscal year of \$13.2 million, the City Council continues to have the resource reserves to fund capital expenditures on a pay-as-you-go basis during the upcoming year.

No major changes have been made in the business-type activities through the first four months of the 2019 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.

CITY OF DAPHNE, ALABAMA

**Statement of Net Position
September 30, 2018**

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash, equity in pooled cash	\$ 24,000,226	\$ 918,002	\$ 24,918,228
Certificate of deposit	504,278	-	504,278
Investments	5,246,784	-	5,246,784
Receivables (net)	8,441,230	133,677	8,574,907
Due from Volunteer Firefighters Association	400,000	-	400,000
Due from Industrial Development Board	1,200,000	-	1,200,000
Inventories	347,887	-	347,887
Other assets	332,963	-	332,963
Capital assets:			
Non-depreciable	23,389,942	-	23,389,942
Depreciable, net	84,881,179	854,501	85,735,680
Total assets	<u>148,744,489</u>	<u>1,906,180</u>	<u>150,650,669</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred expense on refunding of bonds	786,584	-	786,584
Deferred post employment benefits outflows	273,044	19,856	292,900
Deferred pension outflows	1,719,657	145,274	1,864,931
Total deferred outflows of resources	<u>2,779,285</u>	<u>165,130</u>	<u>2,944,415</u>

Total assets and deferred outflows of resources	<u>\$ 151,523,774</u>	<u>\$ 2,071,310</u>	<u>\$ 153,595,084</u>
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The accompanying notes are an integral part of the financial statements.

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
LIABILITIES			
Accounts payable	\$ 1,808,131	\$ 43,247	\$ 1,851,378
Accrued liabilities	766,802	46,270	813,072
Accrued interest payable	227,658	1,989	229,647
Unearned revenue	761,695	77,453	839,148
Contingent liability	576,867	-	576,867
Non-current liabilities:			
Due within one year:			
Compensated absences	187,211	11,464	198,675
Capital leases payable	477,232	169,345	646,577
Note payable	212,424	-	212,424
Bonds payable	3,154,399	-	3,154,399
Due in more than one year:			
Other post-employment benefits liability	5,472,241	385,191	5,857,432
Net pension liability	2,929,028	270,722	3,199,750
Compensated absences	124,807	7,643	132,450
Note payable	779,102	-	779,102
Capital leases payable	860,742	323,111	1,183,853
Bonds payable	36,103,116	-	36,103,116
Total liabilities	<u>54,441,455</u>	<u>1,336,435</u>	<u>55,777,890</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	1,455,739	109,481	1,565,220
Deferred post-employment benefits inflows	254,661	18,520	273,181
Total deferred inflows of resources	<u>1,710,400</u>	<u>128,001</u>	<u>1,838,401</u>
NET POSITION			
Net investment in capital assets	73,073,736	362,045	73,435,781
Restricted for:			
Capital projects, including sewer and recreation	845,870	-	845,870
Debt service	2,944,932	-	2,944,932
Law enforcement	364,002	-	364,002
Court and corrections	327,747	-	327,747
Streets and drainage	553,425	-	553,425
Unrestricted	17,262,207	244,829	17,507,036
Total net position	<u>95,371,919</u>	<u>606,874</u>	<u>95,978,793</u>
Total liabilities, deferred inflows of resources, and net position			
	<u>\$ 151,523,774</u>	<u>\$ 2,071,310</u>	<u>\$ 153,595,084</u>

CITY OF DAPHNE, ALABAMA

**Statement of Activities
For the Year Ended September 30, 2018**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,991,913	\$ 5,034,708	\$ 5,770	\$ -
Public safety	11,973,798	1,619,721	16,292	410,000
Public works	9,144,870	101,829	119,724	5,689,220
Library and recreation	2,909,886	108,705	106,494	355,340
Contribution to Utilities Board	224,705	-	-	-
Interest and costs on long-term debt	1,678,214	-	-	-
Total governmental activities	<u>31,923,386</u>	<u>6,864,963</u>	<u>248,280</u>	<u>6,454,560</u>
Business-type activities:				
Solid Waste	1,917,834	1,550,100	-	-
Civic Center	471,520	229,123	-	-
Bayfront Park	228,087	68,287	-	-
Total business-type activities	<u>2,617,441</u>	<u>1,847,510</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 34,540,827</u>	<u>\$ 8,712,473</u>	<u>\$ 248,280</u>	<u>\$ 6,454,560</u>

General revenues and transfers:

Sales, use, and luxury taxes

Ad valorem taxes

Investment and interest earnings

Miscellaneous revenue

Gain on disposal of assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year as previously stated

Prior period adjustments

Restated net position, beginning of the 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
\$ (951,435)	\$ -	\$ (951,435)
(9,927,785)	-	(9,927,785)
(3,234,097)	-	(3,234,097)
(2,339,347)	-	(2,339,347)
(224,705)	-	(224,705)
(1,678,214)	-	(1,678,214)
<u>(18,355,583)</u>	<u>-</u>	<u>(18,355,583)</u>
-	(367,734)	(367,734)
-	(242,397)	(242,397)
-	(159,800)	(159,800)
<u>-</u>	<u>(769,931)</u>	<u>(769,931)</u>
<u>(18,355,583)</u>	<u>(769,931)</u>	<u>(19,125,514)</u>
20,665,705	-	20,665,705
6,088,719	-	6,088,719
62,517	-	62,517
55,507	-	55,507
1,765	1,406	3,171
(865,119)	865,119	-
<u>26,009,094</u>	<u>866,525</u>	<u>26,875,619</u>
<u>7,653,511</u>	<u>96,594</u>	<u>7,750,105</u>
90,773,140	732,424	91,505,564
(3,054,732)	(222,144)	(3,276,876)
<u>87,718,408</u>	<u>510,280</u>	<u>88,228,688</u>
<u>\$ 95,371,919</u>	<u>\$ 606,874</u>	<u>\$ 95,978,793</u>

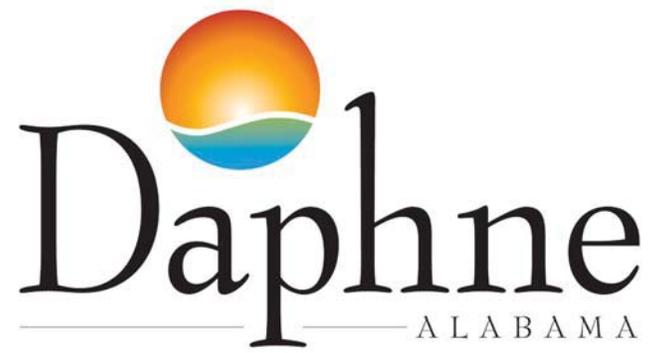
CITY OF DAPHNE, ALABAMA

**Balance Sheet
Governmental Funds
September 30, 2018**

	General Fund	Debt Service Fund	Capital Reserve Fund
ASSETS			
Cash, equity in pooled cash	\$ 6,935,403	\$ 2,944,932	\$ 3,629,260
Certificate of deposit	504,278	-	-
Investments	5,246,784	-	-
Taxes receivable	7,191,836	-	-
Grants receivable	226,552	-	38,564
Other receivables	101,507	-	761,695
Due from Industrial Development Board	1,200,000	-	-
Due from Volunteer Firefighters Association	400,000	-	-
Inventories	347,887	-	-
Other assets	332,963	-	-
Total assets	<u>\$ 22,487,210</u>	<u>\$ 2,944,932</u>	<u>\$ 4,429,519</u>
LIABILITIES			
Accounts payable	\$ 946,630	\$ -	\$ 37,048
Accrued liabilities	766,387	-	-
Contingent liability	576,867	-	-
Unearned revenue	-	-	761,695
Total liabilities	<u>2,289,884</u>	<u>-</u>	<u>798,743</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - grant revenue	454,788	-	-
Deferred revenue - property taxes	5,032,465	-	-
Total deferred inflows of resources	<u>5,487,253</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	680,850	-	-
Restricted	-	2,944,932	-
Committed	-	-	-
Assigned	848,386	-	3,630,776
Unassigned	13,180,837	-	-
Total fund balances	<u>14,710,073</u>	<u>2,944,932</u>	<u>3,630,776</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 22,487,210</u>	<u>\$ 2,944,932</u>	<u>\$ 4,429,519</u>

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

2017 Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ 5,994,131	\$ 4,496,500	\$ 24,000,226
-	-	504,278
-	-	5,246,784
-	105,009	7,296,845
-	-	265,116
-	16,067	879,269
-	-	1,200,000
-	-	400,000
-	-	347,887
-	-	332,963
<u>\$ 5,994,131</u>	<u>\$ 4,617,576</u>	<u>\$ 40,473,368</u>
\$ 753,295	\$ 71,161	\$ 1,808,134
-	415	766,802
-	-	576,867
-	-	761,695
<u>753,295</u>	<u>71,576</u>	<u>3,913,498</u>
-	16,067	470,855
-	-	5,032,465
<u>-</u>	<u>16,067</u>	<u>5,503,320</u>
-	-	680,850
5,240,836	2,091,044	10,276,812
-	2,422,164	2,422,164
-	16,725	4,495,887
-	-	13,180,837
<u>5,240,836</u>	<u>4,529,933</u>	<u>31,056,550</u>
<u>\$ 5,994,131</u>	<u>\$ 4,617,576</u>	<u>\$ 40,473,368</u>



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CITY OF DAPHNE, ALABAMA

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2018**

Total fund balances, governmental funds	\$	31,056,550
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>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.</p>		
Governmental capital assets	\$	223,884,353
Less: accumulated depreciation	<u>(115,613,232)</u>	108,271,121
<p>Other assets used in governmental activities are not financial resources, and therefore are not reported in the governmental funds.</p>		
Deferred pension and post-employment benefits outflows	1,992,701	
Deferred amount on refunding, net of amortization	<u>786,584</u>	2,779,285
<p>Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.</p>		
Bonds and warrants payable	(38,895,305)	
Note payable	(991,526)	
Bond discount	173,441	
Bond premium	(535,651)	
Obligations under capital leases	(1,337,974)	
Compensated absences	(312,018)	
Accrued interest	<u>(227,658)</u>	(42,126,691)
<p>Other post-employment benefits are not due and payable in the current period, and therefore are not reported in the governmental funds.</p>		
Other post-employment benefits liability	(5,472,241)	
Net pension liability	(2,929,028)	
Deferred inflows of resources	<u>(1,710,400)</u>	(10,111,669)
<p>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.</p>		
Property taxes	5,032,468	
Grant revenue	<u>470,855</u>	<u>5,503,323</u>
Net position of governmental activities in the Statement of Net Position	\$	<u><u>95,371,919</u></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, 2018**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Reserve Fund</u>
REVENUES			
Taxes:			
Sales, use, luxury	\$ 17,641,013	\$ 950,535	\$ -
Property	5,712,928	-	-
Total taxes	23,353,941	950,535	-
Licenses and permits	3,160,105	-	-
Payments in lieu of taxes	2,652,495	-	-
Fines and forfeitures	330,761	-	-
Charges for services	363,094	-	-
Intergovernmental	358,441	-	185,205
Grants	492,590	-	545,442
Special assessments	-	-	41,516
Interest and investment earnings	52,694	3,562	1,386
Contributions and donations	121,522	-	140,000
Miscellaneous	74,944	-	-
Total revenues	<u>30,960,587</u>	<u>954,097</u>	<u>913,549</u>
EXPENDITURES			
Current:			
General government	5,023,529	-	55,400
Public safety	10,818,961	-	-
Public works	4,029,139	-	-
Library and recreation	2,063,789	-	15,251
Hurricane Nate	20,487	-	-
Contribution to Utilities Board - Sewer	-	-	224,705
Capital outlay	1,833,138	-	2,075,757
Debt service:			
Principal	-	3,555,258	-
Interest	-	1,542,661	-
Cost of debt issuance	-	10,750	-
Total expenditures	<u>23,789,043</u>	<u>5,108,669</u>	<u>2,371,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,171,544</u>	<u>(4,154,572)</u>	<u>(1,457,564)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	4,193,664	2,338,869
Transfers out	(6,714,173)	-	-
Issuance of debt	293,038	991,526	-
Total other financing sources (uses)	<u>(6,421,135)</u>	<u>5,185,190</u>	<u>2,338,869</u>
Net change in fund balances	750,409	1,030,618	881,305
Fund balances, beginning	13,959,664	1,914,314	2,749,471
Fund balances, ending	<u>\$ 14,710,073</u>	<u>\$ 2,944,932</u>	<u>\$ 3,630,776</u>

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

2017 Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,715,715	\$ 20,307,263
-	-	5,712,928
-	1,715,715	26,020,191
-	-	3,160,105
-	-	2,652,495
-	307,250	638,011
-	10,839	373,933
-	23,459	567,105
-	114,733	1,152,765
-	-	41,516
-	4,875	62,517
-	6,946	268,468
-	-	74,944
-	2,183,817	35,012,050
-	644,010	5,722,939
-	106,863	10,925,824
-	46,041	4,075,180
-	83,486	2,162,526
-	-	20,487
-	-	224,705
5,463,143	199,617	9,571,655
-	-	3,555,258
-	-	1,542,661
-	-	10,750
5,463,143	1,080,017	37,811,985
(5,463,143)	1,103,800	(2,799,935)
-	-	6,532,533
-	(683,479)	(7,397,652)
-	-	1,284,564
-	(683,479)	419,445
(5,463,143)	420,321	(2,380,490)
10,703,979	4,109,612	33,437,040
\$ 5,240,836	\$ 4,529,933	\$ 31,056,550



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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, 2018

Net change in fund balances, total governmental funds		\$ (2,380,490)
<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	\$ 9,571,655	
Contributions of capital assets	4,934,433	
Less current year depreciation	<u>(6,979,312)</u>	7,526,776
<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	375,790	
Grant revenue	<u>136,012</u>	511,802
<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>		
Gain on the disposal of assets	1,765	
Proceeds from the sale of assets	<u>(18,034)</u>	(16,269)
<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 post-employment benefits and deferred inflows of resources	(441,553)	
Amortization of discount	(10,070)	
Amortization of premium	48,695	
Amortization of deferred amount on refunding	(57,925)	
Change in net pension liability and deferred inflows of resources	437,212	
Change in compensated absences	(20,992)	
Change in accrued interest	<u>(105,503)</u>	(150,136)
<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 - post-employment benefits	273,044	
Change in deferred outflows - employer retirement contributions	<u>(381,910)</u>	(108,866)
<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, note and lease proceeds	(1,284,564)	
Principal and other debt service payments	<u>3,555,258</u>	<u>2,270,694</u>
Change in net position of governmental activities		<u>\$ 7,653,511</u>

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

CITY OF DAPHNE, ALABAMA

**Statement of Net Position
Proprietary Funds
September 30, 2018**

	Solid Waste	Non Major Funds	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash, equity in pooled cash	\$ 731,890	\$ 186,112	\$ 918,002
Due from Utilities Board	131,733	-	131,733
Other receivables	<u>1,944</u>	<u>-</u>	<u>1,944</u>
Total current assets	<u>865,567</u>	<u>186,112</u>	<u>1,051,679</u>
 Noncurrent assets:			
Capital assets:			
Roads	135,102	-	135,102
Facilities	241,199	223,640	464,839
Vehicles	2,623,254	45,199	2,668,453
Rental equipment and supplies	-	26,388	26,388
Equipment and office furniture	<u>132,338</u>	<u>187,349</u>	<u>319,687</u>
Total capital assets	<u>3,131,893</u>	<u>482,576</u>	<u>3,614,469</u>
Less: accumulated depreciation	<u>(2,384,155)</u>	<u>(375,813)</u>	<u>(2,759,968)</u>
Total noncurrent assets	<u>747,738</u>	<u>106,763</u>	<u>854,501</u>
 Total assets	<u>1,613,305</u>	<u>292,875</u>	<u>1,906,180</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred post-employment benefits outflows	14,185	5,671	19,856
Deferred pension outflows	<u>104,887</u>	<u>40,387</u>	<u>145,274</u>
Total deferred outflows of resources	<u>119,072</u>	<u>46,058</u>	<u>165,130</u>
 Total assets and deferred outflows of resources	<u>\$ 1,732,377</u>	<u>\$ 338,933</u>	<u>\$ 2,071,310</u>

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

	Solid Waste	Non Major Funds	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 22,927	\$ 20,320	\$ 43,247
Accrued liabilities	35,434	10,836	46,270
Interest payable	1,989	-	1,989
Unearned revenue	-	77,453	77,453
Compensated absences	8,625	2,839	11,464
Capital lease payable - current	169,345	-	169,345
Total current liabilities	<u>238,320</u>	<u>111,448</u>	<u>349,768</u>
Noncurrent liabilities:			
Capital lease payable - noncurrent	323,111	-	323,111
Compensated absences	5,750	1,893	7,643
Net pension liability	193,312	77,410	270,722
Post-employment benefits liability	271,029	114,162	385,191
Total noncurrent liabilities	<u>793,202</u>	<u>193,465</u>	<u>986,667</u>
Total liabilities	<u>1,031,522</u>	<u>304,913</u>	<u>1,336,435</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred post-employment benefits inflows	13,230	5,290	18,520
Deferred pension inflows	80,751	28,730	109,481
Total deferred inflows of resources	<u>93,981</u>	<u>34,020</u>	<u>128,001</u>
NET POSITION			
Net investment in capital assets	255,282	106,763	362,045
Unrestricted net position	351,592	(106,763)	244,829
Total net position	<u>606,874</u>	<u>-</u>	<u>606,874</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,732,377</u>	<u>\$ 338,933</u>	<u>\$ 2,071,310</u>

CITY OF DAPHNE, ALABAMA

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2018**

	Solid Waste Fund	Non Major Funds	Total
Operating revenues:			
Charges for services	\$ 1,550,100	\$ 292,670	\$ 1,842,770
Community events	-	4,740	4,740
Total operating revenues	<u>1,550,100</u>	<u>297,410</u>	<u>1,847,510</u>
Operating expenses:			
Wages	550,112	233,669	783,781
Overtime	36,919	4,894	41,813
Payroll related	76,586	31,184	107,770
Other personnel expense	228,435	65,032	293,467
Total personnel services	892,052	334,779	1,226,831
Advertising	954	5,022	5,976
Depreciation	283,159	22,178	305,337
Employee supplies and uniforms	12,707	430	13,137
Employee support	3,366	3,480	6,846
Equipment purchases, rentals, lease	3,968	4,470	8,438
Fuel	110,367	1,956	112,323
Garbage and recycle containers	32,033	-	32,033
Garbage and debris removal	-	4,651	4,651
Insurance	50,702	46,524	97,226
Landfill fees	234,167	-	234,167
Maintenance	189,885	48,346	238,231
Miscellaneous	417	-	417
Supplies	680	11,256	11,936
Other services	41,089	31,732	72,821
Professional services	47,304	3,500	50,804
Trustee assignments	-	13,462	13,462
Utilities	4,570	167,821	172,391
Total operating expenses	<u>1,907,420</u>	<u>699,607</u>	<u>2,607,027</u>
Operating loss	<u>(357,320)</u>	<u>(402,197)</u>	<u>(759,517)</u>
Non-operating revenues (expenses):			
Transfers from general fund	367,734	497,385	865,119
Gain on sale of assets	-	1,406	1,406
Interest expense	(10,414)	-	(10,414)
Total non-operating revenues (expenses)	<u>357,320</u>	<u>498,791</u>	<u>856,111</u>
Change in net position	-	96,594	96,594
Net position, beginning of year, as previously stated	765,573	(33,149)	732,424
Prior period adjustments	(158,699)	(63,445)	(222,144)
Restated net position, beginning of year	<u>606,874</u>	<u>(96,594)</u>	<u>510,280</u>
Net position, ending	<u>\$ 606,874</u>	<u>\$ -</u>	<u>\$ 606,874</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, 2018**

	Solid Waste Fund	Non Major Funds	Total
Cash flows from operating activities:			
Receipts from customers	\$ 1,534,440	\$ 283,347	\$ 1,817,787
Payments to suppliers	(783,731)	(351,201)	(1,134,932)
Payments to employees	(879,827)	(335,135)	(1,214,962)
Net cash used in operating activities	<u>(129,118)</u>	<u>(402,989)</u>	<u>(532,107)</u>
Cash flows from noncapital financing activities:			
Contributions from General Fund	367,734	497,385	865,119
Net cash provided by noncapital financing activities	<u>367,734</u>	<u>497,385</u>	<u>865,119</u>
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(179,147)	-	(179,147)
Interest paid on capital debt	(10,422)	-	(10,422)
Purchases of capital assets	(76,732)	-	(76,732)
Proceeds from sale of capital assets	-	1,406	1,406
Net cash provided by (used in) capital and financing activities	<u>(266,301)</u>	<u>1,406</u>	<u>(264,895)</u>
Net change in cash and cash equivalents	(27,685)	95,802	68,117
Equity in pooled cash, beginning	759,575	90,310	849,885
Equity in pooled cash, ending	<u>\$ 731,890</u>	<u>\$ 186,112</u>	<u>\$ 918,002</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (357,320)	\$ (402,197)	\$ (759,517)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	283,159	22,178	305,337
Change in assets and liabilities:			
Receivables	(17,464)	-	(17,464)
Deferred outflows of resources	10,773	4,522	15,295
Accounts payable	(49,718)	(8,551)	(58,269)
Accrued expenses	2,863	(3,369)	(506)
Unearned revenue	-	(14,063)	(14,063)
Compensated absences	(194)	(2,079)	(2,273)
Deferred inflows of resources	91,486	33,151	124,637
Net pension liability	(102,413)	(36,462)	(138,875)
Post-employment benefits liability	9,710	3,881	13,591
Net cash used in operating activities	<u>\$ (129,118)</u>	<u>\$ (402,989)</u>	<u>\$ (532,107)</u>
Non cash investing and financing activities:			
Purchase of capital assets from initiation of capital lease	<u>\$ 207,764</u>	<u>\$ -</u>	<u>\$ 207,764</u>

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



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CITY OF DAPHNE, ALABAMA

**Statement of Assets and Liabilities
Agency Funds
September 30, 2018**

ASSETS

Cash	\$	262,610
Other receivables		952
		<hr/>
Total assets	\$	<u>263,562</u>

LIABILITIES

Accounts payable	\$	13,972
Due to agencies		24,519
Bond deposits		59,855
Reserve for claims		165,216
		<hr/>
Total liabilities	\$	<u>263,562</u>

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

CITY OF DAPHNE, ALABAMA

Notes to Financial Statements September 30, 2018

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CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

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.

As required by Governmental Accounting Standards Board (GASB) Statement No. 61, the accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Component units are included in the reporting entity because of the significance of their operational relationship with the primary government. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if City officials appoint a voting majority of the organization's governing body and are able to either impose their will on that organization, or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. Lastly, even if the primary government is not financially accountable, an organization should be included if its exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended component units are, in substance, part of the primary government's operations even though they are legally separate entities. Component units are included in the reporting entity financial statement using the blending method in any of these circumstances:

- a) The component unit's governing body is substantively the same as the governing body of the primary government *and* there is a financial benefit or burden relationship *or* management of the primary has operational responsibility for the component unit.
- b) The component unit provides services entirely, or almost entirely, to the primary government *or* exclusively, or almost exclusively, benefits the primary government.
- c) The component unit's total debt outstanding, including leases, is expected to repaid entirely or almost entirely with resources of the primary government. Otherwise, the organization is a discretely presented component unit and its data is reported together with, but separately from, the data of the City in the government-wide financial statements.

The City has no discretely presented or blended component units.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. 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 (public safety, public works, library and 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, 2018

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, deferred inflows, deferred outflows, fund balance, 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, 2018

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, Self-Insurance Fund, Flexible Spending Account Fund, and Confiscated Funds 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 2017 Construction Fund – Proceeds from the 2017 Warrants were deposited into this fund during fiscal year 2017. All proceeds are to be used for the improvements and expansion of the City recreational facilities.

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, 2018

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 Balance/Net Position

1. Cash and Cash Equivalents

The City’s cash includes cash on hand and demand deposits. At September 30, 2018, 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. Deposits and 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, except nonnegotiable certificates of deposits 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.

Nonnegotiable certificates of deposits with redemption terms that do not consider market rates are reported at cost.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Accounts Receivable

Accounts receivable are recorded in the governmental activities and business-type activities, and are reflected net of an allowance for doubtful accounts. As of September 30, 2018, 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, 2018 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 acquisition value at the date of donation.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

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, 2018

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 60 for the net pension liability as of September 30, 2018.

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, 2018

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, 2018

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, 2018

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 2018, the Capital Reserve Fund and the 2017 Construction Fund were the only capital projects fund with an adopted budget. Additionally, the following special revenue funds did not have an adopted budget: Flower Fund, Non Major Storms Fund, Federal Drug Recoveries Fund, and State Drug Recoveries Fund.

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. 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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Recently Issued Accounting Pronouncements

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension Plans* was issued to address new accounting and financial reporting for other post-employment benefits that are provided to the employees of state and local government employers. The requirements of GASB 75 are effective for fiscal year 2018. The City implemented GASB 75 in fiscal year 2018. See disclosure in Note 21.

GASB Statement 81, *Irrevocable Split-Interest Agreements* was issued to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of GASB 81 are effective for fiscal year 2018. GASB 81 did not impact the City's financial statements since the City does not have an irrevocable split-interest agreements.

GASB Statement 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, & No. 73* was issued regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of the assumptions are effective for that employer in the first reporting period in which the measurement date of the pension date is on or after June 15, 2017. The City implemented the majority of the requirements of GASB 82 in fiscal year 2017 and implemented the remaining GASB 82 in fiscal year 2018.

GASB Statement 83, *Certain Asset Retirement Obligations* was issued to address accounting and financial reporting for certain retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government has a legal obligation to perform future asset retirement activities related to its tangible capital assets and should recognize a liability based on the guidance in this statement. The requirements of GASB 83 are effective for fiscal year 2019. The City is currently evaluating the impact GASB 83 may have on its financial statements.

GASB Statement 84, *Fiduciary Activities* was issued to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The requirements of GASB 84 are effective for fiscal year 2019. The City is currently evaluating the impact GASB 84 may have on its financial statements.

GASB Statement 85, *Omnibus 2017* was issued to address practice issues that have been identified during implementation and application of certain GASB statements. The requirements of GASB 85 are effective for fiscal year 2018. The City implemented the applicable requirements of GASB 85 in fiscal year 2018 with no significant impact to the financial statements.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement 86, *Certain Debt Extinguishment Issues* was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of GASB 86 are effective for fiscal year 2018. The City implemented the applicable requirements of GASB 86 in fiscal year 2018 with no significant impact to the financial statements.

GASB Statement 87, *Leases*, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of GASB 87 are effective for fiscal year 2021. The City is currently evaluating the impact GASB 87 may have on its financial statements.

GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued to improve the information that is disclosed in notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of GASB 88 are effective for fiscal year 2019. The City is currently evaluating the impact GASB 88 may have on its financial statements.

GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued to enhance the relevance and comparability of information about capital assets and the costs of borrowing for a period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of GASB 89 are effective for fiscal year 2021. The City is currently evaluating the impact GASB 89 may have on its financial statements.

GASB Statement 90, *Majority Equity Interests – an Amendment of GASB Statement No. 14 and No. 61*, was issued to improve the consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of GASB 90 are effective for fiscal year 2020. The City is currently evaluating the impact GASB 90 may have on its financial statements.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

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 \$104,959 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	\$ 6,829,144	\$ 106,259	\$ 6,935,403
Debt Service Fund	-	2,944,932	2,944,932
Capital Reserve Fund	-	3,629,260	3,629,260
2017 Construction Fund	-	5,994,131	5,994,131
Other non major governmental funds	3,086,692	1,409,808	4,496,500
Total governmental activities	9,915,836	14,084,390	24,000,226
Business-type activities:			
Solid Waste Fund	731,890	-	731,890
Civic Center Fund	95,834	-	95,834
Bayfront Park Fund	90,278	-	90,278
Total business-type activities	918,002	-	918,002
Total primary government	<u>\$ 10,833,838</u>	<u>\$ 14,084,390</u>	<u>\$ 24,918,228</u>

NOTE 3 – DEPOSITS AND 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, 2018

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Deposits and investments at September 30, 2018 consist of the following:

Certificate of deposit	<u>\$ 504,278</u>
Investments:	
Federal Home Loan Bonds and Pools	1,877,171
United States Treasury Bonds and Notes	1,217,339
GNMA and FNMA Pools	1,088,546
Proprietary insured by US Government	1,032,665
Investment in AMIC	<u>31,063</u>
	<u>\$ 5,246,784</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, 2018, consist of the following:

Governmental activities:

Property, sales/use tax receivable	\$ 7,296,845
Grant receivables	265,116
Other receivables	<u>879,269</u>
Total governmental activities receivables	<u>\$ 8,441,230</u>

Business-type activities:

Due from other governments	\$ 131,733
Other receivables	<u>1,944</u>
Total business-type activities receivables	<u>\$ 133,677</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 5 –DUE FROM DAPHNE VOLUNTEER FIREFIGHTERS ASSOCIATION, INC.

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.

In fiscal year 2018, the City entered into a second cooperative agreement with the DVFF in which the DVFF agreed to assist in the purchase of a pumper truck. The DVFF agreed to reimburse the City \$200,000 of the cost over a five year period.

The outstanding balance of the receivable at September 30, 2018 is \$400,000 with \$100,000 being received in fiscal year 2018.

NOTE 6 –DUE FROM INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF DAPHNE

The City entered into an agreement with the Industrial Development Board of the City of Daphne (IDB) in fiscal year 2018 in which the City agreed to loan the IDB \$1,200,000. The loan is interest free and the IDB is not obligated to make any repayments to the City for a three year period from the date of the initial disbursement (June 19, 2018). Upon expiration of the three year forbearance period, the IDB shall make monthly payments to the City equaling fifty percent (50%) of the net revenue received during the previous month by the IDB from the sale of any property located on the Daphne Innovation and Science Complex (DISC) project. Additionally, following the expiration of the three year forbearance period, fifty percent (50%) of all increased ad valorem revenues generated by the DISC properties and received by the City shall be credited against the loan balance, with such amounts to be calculated by the City Finance Director.

The outstanding balance of the receivable at September 30, 2018 is \$1,200,000.

NOTE 7 –INVENTORIES

Inventory valuation at September 30, 2018 consisted of the following:

Mechanical Shop parts and supplies	\$ 323,462
Vehicle fuel	<u>24,425</u>
	<u>\$ 347,887</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 8 –CAPITAL ASSETS

Governmental Activities

The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2018:

	Balance 10/1/17	Additions	Reclass/ Transfers	Retirements	Balance 9/30/18
Capital assets not being depreciated:					
Land	\$ 12,038,704	\$ -	\$ 219,476	\$ -	\$ 12,258,180
Construction in progress	4,546,314	8,495,916	(1,910,468)	-	11,131,762
Total capital assets not being depreciated	16,585,018	8,495,916	(1,690,992)	-	23,389,942
Capital assets being depreciated:					
Buildings	26,335,205	225,419	778,851	(30,312)	27,309,163
Other improvements	6,910,306	96,696	677,655	(83,382)	7,601,275
Machinery and equipment	12,904,803	728,224	64,249	(400,971)	13,296,305
Infrastructure	147,093,349	4,959,833	234,486	-	152,287,668
Total capital assets being depreciated	193,243,663	6,010,172	1,755,241	(514,665)	200,494,411
Less: accumulated depreciation					
Buildings	(8,609,488)	(683,578)	-	17,060	(9,276,006)
Other improvements	(3,646,813)	(440,861)	-	83,382	(4,004,292)
Machinery and equipment	(8,635,598)	(1,189,160)	(64,249)	397,954	(9,491,053)
Infrastructure	(88,176,168)	(4,665,713)	-	-	(92,841,881)
Total accumulated depreciation	(109,068,067)	(6,979,312)	(64,249)	498,396	(115,613,232)
Total capital assets being depreciated	84,175,596	(969,140)	1,690,992	(16,269)	84,881,179
Governmental activities capital assets, net	\$ 100,760,614	\$ 7,526,776	\$ -	\$ (16,269)	\$108,271,121

Depreciation was charged to governmental functions as follows:

General government	\$ 256,819
Public safety	967,425
Public works	357,408
Library and recreation	731,947
Infrastructure	4,665,713
	<u>\$ 6,979,312</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 8 – CAPITAL ASSETS (Continued)

Business-type Activities

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2018:

	Balance 10/1/17	Additions	Reclass/ Transfers	Retirements	Balance 9/30/18
Capital assets being depreciated:					
Buildings	\$ 464,839	\$ -	\$ -	\$ -	\$ 464,839
Machinery and equipment	2,809,329	284,496	(64,249)	(15,048)	3,014,528
Infrastructure	135,102	-	-	-	135,102
Total capital assets being depreciated	<u>3,409,270</u>	<u>284,496</u>	<u>(64,249)</u>	<u>(15,048)</u>	<u>3,614,469</u>
Less: accumulated depreciation					
Buildings	(349,507)	(18,059)	-	-	(367,566)
Machinery and equipment	(2,049,319)	(287,278)	64,249	15,048	(2,257,300)
Infrastructure	(135,102)	-	-	-	(135,102)
Total accumulated depreciation	<u>(2,533,928)</u>	<u>(305,337)</u>	<u>64,249</u>	<u>15,048</u>	<u>(2,759,968)</u>
Total capital assets being depreciated, net	<u>\$ 875,342</u>	<u>\$ (20,841)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 854,501</u>

Depreciation was charged to governmental functions as follows:

Solid Waste	\$ 283,159
Civic Center	17,045
Bayfront Park	5,133
	<u>\$ 305,337</u>

NOTE 9 – 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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 9 – INTERFUND TRANSFERS (Continued)

Following is a summary of interfund transfers for the year ended September 30, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 6,714,173
Debt Service Fund	4,193,664	-
Capital Reserve Fund	2,338,869	-
Non-major special revenue funds	-	683,479
Enterprise funds	<u>865,119</u>	<u>-</u>
Totals	<u>\$ 7,397,652</u>	<u>\$ 7,397,652</u>

A summary of General Fund transfers out are as follows:

- 1) Capital Reserve Fund – Transfers from the General Fund were made in the amount of \$2,332,500 to fund future capital projects related to recreation improvements and the Corte Road paving project.
- 2) Debt Service Fund – Monthly transfers were made totaling \$3,516,554 to fund the current year debt service requirements.
- 3) Enterprise funds – Monthly transfers were made from the General Fund totaling \$865,119 to cover the net operating loss for the Solid Waste Fund, Civic Center Fund, and the Bayfront Park Fund.

The non-major special revenue fund transfers out consisted of monthly transfers totaling \$677,110 from the Lodging Tax Fund to the Debt Service Fund to cover its portion of the debt service requirements. Additionally, a one-time transfer of \$6,369 was made from the Library Fund to the Capital Reserve Fund to provide additional funding for the Library Porch project.

NOTE 10 – CAPITAL LEASES

As of September 30, 2018, the City of Daphne has several capital lease obligations through Hancock Bank for various vehicles and equipment. Total minimum lease payments are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2019	\$ 508,517	\$ 182,466	\$ 690,983
2020	430,257	142,132	572,389
2021	330,391	101,797	432,188
2022	101,996	73,377	175,373
2023 and thereafter	<u>31,569</u>	<u>22,479</u>	<u>54,048</u>
Total minimum lease payments	1,402,730	522,251	1,924,981
Less amount representing interest	<u>(64,756)</u>	<u>(29,795)</u>	<u>(94,551)</u>
Present value of minimum lease payments	<u>\$ 1,337,974</u>	<u>\$ 492,456</u>	<u>\$ 1,830,430</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 10 – CAPITAL LEASES (Continued)

The assets acquired through outstanding capital leases are shown below.

	Governmental Activities	Business-Type Activities
Equipment	\$ 2,517,139	\$ 856,077
Less: accumulated depreciation	(798,470)	(337,009)
	\$ 1,718,669	\$ 519,068

Depreciation expense for the year ended September 30, 2018 for assets under capital leases was \$427,574 for governmental activities and \$136,588 for business-type activities.

NOTE 11 – NOTE PAYABLE

On September 18, 2018, the City of Daphne entered into a financing agreement in the amount of \$991,526 with First Security Finance, Inc. to assist with the acquisition, installation, and construction of new lighting equipment for renovations at Lott Park and the new Daphne Sports Complex on Park Drive. Interest is being charged at an annual rate of 3.95% and annual payments are due in the amount of \$214,382.04 for the next five years. Final maturity of the note payable is October 2022. The total outstanding balance of the note payable at September 30, 2018 is \$991,526.

NOTE 12 – LONG TERM DEBT

The following is a description of general and limited obligation bonds/warrants at September 30, 2018:

<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. Final maturity is January 1, 2021. (Infrastructure for the Jubilee Square development) See Note 11 for more detail.</p>	\$ 2,275,305
<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>	10,780,000

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 12 – LONG TERM DEBT (Continued)

\$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) 8,025,000

\$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) 5,960,000

\$12,000,000 General Obligation Warrant, series 2017, dated April 10, 2017, with an interest rate of 3.18% payable semi-annually along with variable annual principal payments. Final maturity is July 1, 2038. 11,855,000

Total bonds and warrants payable \$ 38,895,305

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

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,366,823	\$ 1,407,281	\$ 4,774,104
2020	2,672,458	1,260,853	3,933,311
2021	2,842,915	1,085,597	3,928,512
2022	2,367,399	972,524	3,339,923
2023	2,437,236	906,484	3,343,720
2024-2028	12,150,000	3,447,596	15,597,596
2029-2033	8,133,000	1,699,353	9,832,353
2034-2038	5,917,000	507,054	6,424,054
	<u>\$ 39,886,831</u>	<u>\$ 11,286,742</u>	<u>\$ 51,173,573</u>

The City is currently providing a commercial guaranty on a loan for the Daphne Strike Soccer Club, Inc. to purchase land for use as a youth soccer complex. The loan is dated May 1, 2018 in the amount of \$220,500 with principal and interest payments due monthly. Both the loan and the guaranty mature on September 1, 2020.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 12 – LONG TERM DEBT (Continued)

The following is a summary of the changes in non-current liabilities reported in Statement of Net Position for the year ended September 30, 2018:

	Balance 10/1/17	Additions	Reductions	Balance 9/30/18	Due Within One Year
<u>Governmental Activities:</u>					
Bonds and warrants payable	\$ 41,972,457	\$ -	\$ (3,077,152)	\$ 38,895,305	\$ 3,154,399
Plus: Bond premiums	584,346	-	(48,695)	535,651	-
Less: Bond discounts	(183,511)	-	10,070	(173,441)	-
Bonds and warrants payable, net	42,373,292	-	(3,115,777)	39,257,515	3,154,399
Obligations under capital lease	1,523,042	293,038	(478,106)	1,337,974	477,232
Note payable	-	991,526	-	991,526	212,424
Compensated absences	291,026	538,403	(517,411)	312,018	187,211
Net pension liability	4,782,626	-	(1,853,598)	2,929,028	-
Other post-employment benefits	2,230,617	3,241,624	-	5,472,241	-
Total governmental activities	<u>\$ 51,200,603</u>	<u>\$ 5,064,591</u>	<u>\$ (5,964,892)</u>	<u>\$ 50,300,302</u>	<u>\$ 4,031,266</u>
<u>Business-type Activities:</u>					
Obligations under capital lease	\$ 463,839	\$ 207,764	\$ (179,147)	\$ 492,456	\$ 169,345
Compensated absences	26,380	54,342	(61,615)	19,107	11,464
Net pension liability	409,597	-	(138,875)	270,722	-
Other post-employment benefits	149,456	235,735	-	385,191	-
Total business-type activities	<u>\$ 1,049,272</u>	<u>\$ 497,841</u>	<u>\$ (379,637)</u>	<u>\$ 1,167,476</u>	<u>\$ 180,809</u>

Repayment of principal and interest maturities is principally made from sales taxes. Also, for governmental activities, compensated absences, pension obligations, and other post-employment benefit obligations are generally liquidated by the general fund.

NOTE 13 – 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%.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 13 – CONDUIT DEBT OBLIGATION: JUBILEE SQUARE (Continued)

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 2018 include a distribution to the City's General Fund in the amount of \$316,845 and \$950,536 in debt service payments on the 2002 Limited Obligation Warrant Conduit Debt Obligation. The fiscal 2018 principal balance of the limited debt obligation was \$2,275,305. As the debt service paid is subject to the terms of the Development Agreement, the fiscal 2018 principal and interest payments were approximately 21 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 14 – 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, 2018, there was no debt considered to be defeased.

NOTE 15 – 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 \$1,654,496.

The City of Daphne's total indebtedness at September 30, 2018, was \$41,224,805. Of this total, \$37,240,809 is chargeable to the constitutional debt limit. This chargeable debt is equal to 9.46% of the total assessed value of real and personal property located within the City. This leaves a \$49,929,528 margin available for future borrowings. Based on the City of Daphne's 2010 census, the per capita debt is \$1,911.

CITY OF DAPHNE, ALABAMA
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September 30, 2018

NOTE 16 – FUND BALANCES

A schedule of City fund balances at September 30, 2018 is provided below:

	General Fund	Debt Service	Capital Reserve	2017 Construction Fund	Non Major Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Inventory	\$ 347,887	\$ -	\$ -	\$ -	\$ -	\$ 347,887
Prepaid items	332,963	-	-	-	-	332,963
Subtotal	<u>680,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>680,850</u>
Restricted for:						
Debt service	-	2,944,932	-	-	-	2,944,932
Streets and drainage	-	-	-	-	553,425	553,425
Law enforcement	-	-	-	-	364,002	364,002
Court and corrections	-	-	-	-	327,747	327,747
Recreation projects	-	-	-	5,240,836	845,870	6,086,706
Subtotal	<u>-</u>	<u>2,944,932</u>	<u>-</u>	<u>5,240,836</u>	<u>2,091,044</u>	<u>10,276,812</u>
Committed to:						
Bayfront improvements	-	-	-	-	1,455,580	1,455,580
Recreation projects	-	-	-	-	945,158	945,158
Landscaping	-	-	-	-	21,426	21,426
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,422,164</u>	<u>2,422,164</u>
Assigned to:						
Library	-	-	-	-	16,725	16,725
Capital projects	-	-	3,630,776	-	-	3,630,776
Various purposes	848,386	-	-	-	-	848,386
Subtotal	<u>848,386</u>	<u>-</u>	<u>3,630,776</u>	<u>-</u>	<u>16,725</u>	<u>4,495,887</u>
Unassigned:	<u>13,180,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,180,837</u>
Total fund balances	<u>\$14,710,073</u>	<u>\$ 2,944,932</u>	<u>\$ 3,630,776</u>	<u>\$ 5,240,836</u>	<u>\$ 4,529,933</u>	<u>\$31,056,550</u>

NOTE 17 – CONSTRUCTION COMMITMENTS

The City had various capital improvement projects in progress at September 30, 2018. The projected outstanding commitments related to these projects is estimated by management to be approximately \$9.3 million. The capital improvements in progress included the expansion and improvements of Recreational facilities, the paving of Corte Road and the Library Porch project.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 18 – NON-MONETARY TRANSACTIONS

During the current fiscal year, non-monetary transactions totaled \$5,144,433. This is composed of land, street and drainage acceptances in the Winged Foot (Phase 1, 2A & B) and French Settlement (Phase 3) subdivisions. These acceptances totaled \$4,934,433. The City also received a land donation in the amount of \$210,000 for the construction of a new fire station.

NOTE 19 – 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, 2018, the City has encumbrance commitments in the General Fund in the amount of \$848,386. No other governmental funds had outstanding encumbrance commitments at year end.

NOTE 20 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

The City participates in the Employees' Retirement System of Alabama (ERSA), an agency multiple-employer plan, which 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. Assets of the ERS are pooled for investment purposes. However, separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of its employees only. 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, including the Governor, State Treasurer, State Personnel Director and State Director of Finance as ex officio members, three vested members of ERS appointed by the Governor, and six members of ERS elected by members.

The Plan had approximately 85,657 participants from approximately 906 local participating employers and 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.

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. The Legislature of Alabama has authority to amend the plan and grants the City authority to accept or reject cost-of-living adjustments to retirees. During its 2012 Session the Legislature created a Tier 2 plan for all employees hired on or after January 1, 2013, with all employees hired before that date begin referred to as Tier 1 members. Membership is mandatory for covered or eligible City employees and substantially all employees are members of ERS.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 20 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

Tier 1 employees who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. 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 1 retirees are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Tier 2 employees are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 retirees are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service.

Employees 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. Pre-retirement death benefits are calculated and paid to the beneficiary on the member’s age, service credit, employment status and eligibility for retirement.

As of June 30, 2018, the City of Daphne membership consisted of:

Retirees and beneficiaries	
currently receiving benefits	53
Vested inactive members	7
Non-vested inactive members	23
Active members	283
Total	366

Contributions

Tier 1 covered members of the ERS contributed 5% of earnable compensation with the exception of certified law enforcement, correctional officers and firefighters who contribute 6% of earnable compensation. Tier 2 covered members contribute 6% of earnable compensation with the exception of certified law enforcement, correctional officers and firefighters who contribute 7% of earnable compensation. The ERS establishes employer 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, 2018, the City’s covered payroll was \$11,459,599. The City’s active employee contribution rate was 5.84% of covered payroll, and the City’s average contribution rate to fund the normal and accrued liability costs was 5.47% percent of covered payroll.

The City’s contractually required contribution rate for the year ended September 30, 2017 was 6.64% of pensionable pay for Tier 1 employees, and 3.66% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2015, 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 \$672,500 for the year ended September 30, 2018.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 20 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability

The City's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2016 rolled forward to September 30, 2017 using standard roll-forward techniques shown in the following table:

	<u>Expected</u>	<u>Actual</u>
(a) TLP as of September 30, 2016	\$ 31,460,301	\$ 30,802,488
(b) Discount rate	7.75%	7.75%
(c) Entry Age Normal Cost for the period October 1, 2016 - September 30, 2017	979,924	979,924
(d) Transfers among Employers	-	(47,331)
(e) Actual Benefit Payments and Refunds for the period October 1, 2016 - September 30, 2017	<u>(1,027,132)</u>	<u>(1,027,132)</u>
(f) TPL as of September 30, 2017 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5(b))]	<u>\$ 33,811,465</u>	<u>\$ 33,055,340</u>
(g) Difference between Expected and Actual		\$ (756,125)
(h) Less Liability Transferred for Immediate Recognition		<u>(47,331)</u>
(i) Experience (Gain)/Loss = (g) - (h)		\$ (708,794)

Actuarial assumptions. The total pension liability in the September 30, 2017 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%, including inflation
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the September 30, 2016 valuation were based on the results of an actuarial experience study for the period October 1, 2011 – September 30, 2016.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 20 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

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

	Target Allocation	Long-Term Expected Rate of Return *
Fixed Income	17.00%	4.40%
US Large Stocks	32.00%	8.00%
US Mid Stocks	9.00%	10.00%
US Small Stocks	4.00%	11.00%
Int'l Developed Mkt Stocks	12.00%	9.50%
Int'l Emerging Mkt Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
Total	<u>100.00%</u>	

* Includes assumed rate of inflation of 2.50%.

Discount rate. The discount rate used to measure the total pension liability was the long term rate of return, 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the rates currently in effect and that employer contributions will be made in accordance with the funding policy adopted by the Board of Control. Projected future benefit payments for all current plan members were projected for all years.

Based on those assumptions, the pension plan's fiduciary net position was 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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 20 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2016	\$ 31,460,301	\$ 26,268,078	\$ 5,192,223
Changes for the year:			
Service Cost	979,924	-	979,924
Interest	2,398,372	-	2,398,372
Changes of assumptions	-	-	-
Difference between expected and actual experience	(708,794)	-	(708,794)
Contributions - employer	-	637,713	(637,713)
Contributions - employee	-	647,392	(647,392)
Net investment income	-	3,376,870	(3,376,870)
Benefit payments, including refunds or employee contributions	(1,027,132)	(1,027,132)	-
Administrative expense	-	-	-
Transfers among employers	(47,331)	(47,331)	-
Net changes	<u>1,595,039</u>	<u>3,587,512</u>	<u>(1,992,473)</u>
Balances at September 30, 2017	<u>\$ 33,055,340</u>	<u>\$ 29,855,590</u>	<u>\$ 3,199,750</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 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Plan's Net Pension Liability	\$ 7,587,251	\$ 3,199,750	\$ (476,281)

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, 2017. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2017. The auditor's report dated May 31, 2018 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, 2018

NOTE 20 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended September 30, 2018, the City recognized pension expense of \$579,497. Components of pension expense are as follows:

Service Cost	\$ 979,924
Interest on the total pension liability	2,398,372
Current-period benefit changes	-
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(90,871)
Expensed portion of current-period changes of assumptions	-
Member contributions	(647,392)
Projected earnings on plan investments	(2,043,938)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(266,586)
Transfers among employers	-
Recognition of beginning deferred outflows of resources as pension expense	257,353
Recognition of beginning deferred inflows of resources as pension expense	<u>(7,365)</u>
Pension expense	<u><u>\$ 579,497</u></u>

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 282,481	\$ 653,275
Change of assumptions	947,408	-
Net difference between projected and actual earnings on plan investments	-	911,945
Employer contributions subsequent to the measurement date*	<u>635,042</u>	<u>-</u>
	<u><u>\$ 1,864,931</u></u>	<u><u>\$ 1,565,220</u></u>

*Employer contributions made from 10/1/2017 - 9/30/2018, related to normal and accrued liability components of employer rate net of any refunds or error service payments. These amounts will be recognized in 2018 as a reduction of the net pension liability.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 20– PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

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	
2019	\$ (107,465)
2020	52,602
2021	(259,834)
2022	(156,368)
2023	111,693
Thereafter	24,041
	\$ (335,331)

Employee contributions made from 10/1/2017 – 9/30/2018 will be recognized in fiscal year 2019 as a reduction of pension expense totaling \$635,042.

NOTE 21– OTHER-POST EMPLOYMENT BENEFITS

General Information about the Other Post-Employment Benefits (OPEB) Plan

Plan Description

In addition to providing pension benefits, the City provides certain health care and life insurance benefits for its retired employees. The City’s OPEB plan is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52, *Postemployment Benefits Other than Pensions – Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria – Defined Benefit*.

Benefits Provided

The City’s medical benefits are provided through a comprehensive medical plan that became effective December 22, 1997 and is made available to employees upon actual retirement. This valuation combines medical and dental benefits for cost and liability purposes. In order to receive OPEB benefits, employees must retire under the provisions of the RSA pension plan discussed in Note 20. Additionally, the 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).

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 21 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

The plan was amended in fiscal year 2018 for employees hired after January 31, 2018. For these employees, retiree coverage will cease three years from the date of retirement or when the employee reaches age 65, whichever occurs first. Additionally, dependent coverage is conditioned on retiree’s participation in the plan. All other benefits and conditions remained unchanged.

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.

As of September 30, 2018, the City of Daphne membership consisted of:

Inactive employees or beneficiaries currently receiving benefit payments (retirees)	14
Inactive employees entitled to but not yet receiving benefits	-
Active employees (employees)	<u>251</u>
Total	<u><u>265</u></u>

Total OPEB Liability

The City’s total OPEB liability was measured as of September 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Prior discount rate	3.63%
Discount rate	4.18%, net of OPEB plan expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

Discount rate. The discount rate used to measure the total OPEB liability was based on the average of the Bond Buyers’ 20 Year General Obligation municipal bond index as of September 30, 2018, the end of the applicable measurement period.

The actuarial assumptions used in the September 30, 2018 valuation were based on the results of an actuarial experience study for the period October 1, 2009 – September 30, 2018.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 21 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Changes in Total OPEB Liability

Balance at September 30, 2017	\$ 5,656,949
Changes for the year:	
Service Cost	106,280
Interest	240,903
Changes of assumptions	(288,357)
Difference between expected and actual experience	306,848
Benefit payments and net transfers	<u>(165,191)</u>
Net changes	<u>200,483</u>
Balance at September 30, 2018	<u><u>\$ 5,857,432</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following table presents the total OPEB liability of the City calculated using the discount rate of 4.18%, as well as what the City's total liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.18%) or 1-percentage point higher (5.18%) than the current discount rate:

	1% Decrease (3.18%)	Current Discount Rate (4.18%)	1% Increase (5.18%)
Total OPEB Liability	\$ 6,418,117	\$ 5,857,432	\$ 5,367,127

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following table presents the total OPEB liability of the City calculated using the healthcare cost trend rates of 5.5%, as well as what the City's total liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (4.5%) or 1-percentage point higher (6.5%) than the current healthcare trend rates:

	1% Decrease (4.5%)	Current Discount Rate (5.5%)	1% Increase (6.5%)
Total OPEB Liability	\$ 5,559,561	\$ 5,857,432	\$ 6,201,353

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

For the year ended September 30, 2018, the City recognized OPEB expense in the amount of \$345,954.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 21 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

For the year ended September 30, 2018 the City reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 292,900	\$ -
Changes in assumptions	-	273,181
	\$ 292,900	\$ 273,181

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

Year Ended September		
2019	\$	(1,229)
2020		(1,229)
2021		(1,229)
2022		(1,229)
2023		(1,229)
Thereafter		25,864
	\$	19,719

NOTE 22 – 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 23 – 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 39.9% of total such collections.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 24 - 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. On October 12, 2018 the Circuit Court of Baldwin County issued a final judgment in the amount of \$450,000 plus plaintiff litigation costs and expenses of \$126,867 against the City of Daphne for an ongoing lawsuit. The City has filed a Notice of Appeal to the Alabama Supreme Court raising a variety of errors that the trial court purportedly made during the trial and post-trial proceedings. It is estimated that it will take nine to twelve months for the Alabama Supreme Court to make a ruling. As a result of this judgment, the City has recorded a contingent liability and corresponding expense in the amount of \$576,867 for the year ended September 30, 2018.

In the opinion of the city governmental officials and its legal counsel, the outcome of the remaining legal proceedings is not likely to have a material adverse effect on the accompanying financial statements and accordingly, no additional provision for these losses has been recorded.

NOTE 25 – CITY OF DAPHNE UTILITIES 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 Utilities Board provides services to the City of Daphne in its handling of the billing and collection of garbage fees. The Utilities 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 Utilities Board. The total due from the Utilities Board at September 30, 2018 is \$131,733.

NOTE 26 – 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, 2017 and the County began collecting and remitting the taxes to the City in October 2018.)

Fund Financial Statements:

The City recognizes the taxes collected by the County tax assessor within the first 60 days after September 30, 2018 as revenue. Such revenue totals \$602,906. Deferred revenue in the amount of \$5,032,465 is recognized and is reflective of the anticipated upcoming fiscal year collections for the October 1, 2018 (Fiscal 2019) levy.

Government-Wide Financial Statements:

The City recognizes total estimated property tax collections in the amount of \$5,635,371 for the October 1, 2017 tax assessment that is collected starting in October of 2018 (Fiscal 2019).

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2018

NOTE 27 – 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 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 \$5,807,696)

Property (Limit \$50,642,436)

Highway 98 Streetlight Coverage (Limit \$1,312,740)

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, 2018

NOTE 29 – FAIR VALUE DISCLOSURES (Continued)

Investments' fair value measurements are as follows at September 30, 2018:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities:				
U.S. Treasuries	\$ 1,217,339	\$ 1,217,339	\$ -	\$ -
Federal Home Loan Bonds and pools	1,877,171	-	1,877,171	-
GNMA and FNMA pools	1,088,546	-	1,088,546	-
Proprietary insured by US Government	1,032,665	-	1,032,665	-
Investment in AMIC	31,063	-	-	31,063
	<u>\$ 5,246,784</u>	<u>\$ 1,217,339</u>	<u>\$ 3,998,382</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 – PRIOR PERIOD ADJUSTMENTS

Beginning net position was decreased \$3,054,732 for governmental activities and \$222,144 for business-type activities for the implementation of GASB 75 to record the adjusted beginning OPEB liability.

NOTE 31 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through January 25, 2019, 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 Schedule
General Fund
For the Year Ended September 30, 2018**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Revenues				
Sales, use, and luxury taxes	\$ 16,566,899	\$ 16,566,899	\$ 17,641,013	\$ 1,074,114
Payment lieu of taxes	2,490,000	2,490,000	2,652,495	162,495
Ad valorem taxes	5,832,500	5,832,500	5,712,928	(119,572)
Licenses and permits	2,688,850	2,688,850	3,160,105	471,255
Intergovernmental	238,662	318,662	358,441	39,779
Charges for services	336,400	336,400	363,094	26,694
Fines and forfeitures	376,000	376,000	330,761	(45,239)
Interest/investment earnings	90,000	90,000	52,694	(37,306)
Grants and contributions	154,705	591,855	614,112	22,257
Miscellaneous	30,500	32,329	74,944	42,615
Total revenues	\$ 28,804,516	\$ 29,323,495	\$ 30,960,587	\$ 1,637,092
Expenditures				
<i>GENERAL GOVERNMENT</i>				
Legislative				
Personnel	\$ 251,977	\$ 253,978	\$ 212,760	\$ (41,218)
Operating	177,400	176,001	132,717	(43,284)
Capital	-	11,649	11,649	-
	<u>429,377</u>	<u>441,628</u>	<u>357,126</u>	<u>(84,502)</u>
Executive				
Personnel	309,190	405,409	253,936	(151,473)
Operating	38,650	45,060	29,831	(15,229)
Capital	20,000	20,000	20,000	-
	<u>367,840</u>	<u>470,469</u>	<u>303,767</u>	<u>(166,702)</u>
Community Events				
Personnel	64,272	65,441	60,965	(4,476)
Operating	321,100	371,175	337,524	(33,651)
	<u>385,372</u>	<u>436,616</u>	<u>398,489</u>	<u>(38,127)</u>
Information Tech Support				
Personnel	172,080	174,776	124,020	(50,756)
Operating	50,250	56,965	51,806	(5,159)
Capital	-	20,385	20,385	-
	<u>222,330</u>	<u>252,126</u>	<u>196,211</u>	<u>(55,915)</u>
Human Resources				
Personnel	349,079	355,960	348,514	(7,446)
Operating	218,145	218,435	205,807	(12,628)
	<u>567,224</u>	<u>574,395</u>	<u>554,321</u>	<u>(20,074)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule, Continued
General Fund
For the Year Ended September 30, 2018**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Finance				
Personnel	533,127	542,466	520,044	(22,422)
Operating	187,700	179,039	153,472	(25,567)
	<u>720,827</u>	<u>721,505</u>	<u>673,516</u>	<u>(47,989)</u>
Revenue				
Personnel	164,794	167,656	156,963	(10,693)
Operating	43,680	43,680	24,515	(19,165)
Capital	-	21,825	21,825	-
	<u>208,474</u>	<u>233,161</u>	<u>203,303</u>	<u>(29,858)</u>
Municipal Court				
Personnel	168,475	179,537	181,145	1,608
Operating	112,100	112,100	103,770	(8,330)
	<u>280,575</u>	<u>291,637</u>	<u>284,915</u>	<u>(6,722)</u>
Legal/Risk Management				
Operating- Legal	293,500	295,329	833,138	537,809
Operating- Risk Management	358,500	308,893	287,422	(21,471)
Capital	-	15,000	14,995	(5)
	<u>652,000</u>	<u>619,222</u>	<u>1,135,555</u>	<u>516,333</u>
Planning/Zoning				
Personnel	271,841	276,861	265,970	(10,891)
Operating	49,250	49,250	39,516	(9,734)
	-	61,331	61,331	-
	<u>321,091</u>	<u>387,442</u>	<u>366,817</u>	<u>(20,625)</u>
Building Maintenance				
Personnel	337,152	342,384	266,278	(76,106)
Operating	44,300	41,300	57,083	15,783
Capital	-	28,000	27,936	(64)
	<u>381,452</u>	<u>411,684</u>	<u>351,297</u>	<u>(60,387)</u>
City Hall Facilities Support				
Operating	222,400	257,719	253,153	(4,566)
Capital	-	84,355	81,668	(2,687)
	<u>222,400</u>	<u>342,074</u>	<u>334,821</u>	<u>(7,253)</u>
Janitorial				
Personnel	83,450	84,860	83,436	(1,424)
Operating	61,000	57,000	54,937	(2,063)
	<u>144,450</u>	<u>141,860</u>	<u>138,373</u>	<u>(3,487)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule, Continued
General Fund
For the Year Ended September 30, 2018**

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
TOTAL GENERAL GOVERNMENT				
Personnel	2,705,437	2,849,328	2,474,031	(375,297)
Operating	2,177,975	2,211,946	2,564,691	352,745
Capital	20,000	262,545	259,789	(2,756)
	<u>4,903,412</u>	<u>5,323,819</u>	<u>5,298,511</u>	<u>(25,308)</u>
<i>PUBLIC SAFETY</i>				
Police Administration				
Personnel	427,859	451,735	446,167	(5,568)
Operating	257,350	257,682	249,453	(8,229)
Capital	-	51,797	50,622	(1,175)
	<u>685,209</u>	<u>761,214</u>	<u>746,242</u>	<u>(14,972)</u>
SWAT (Sp Weapons & Tactical Eqpt)				
Operating	10,925	10,925	10,092	(833)
	<u>10,925</u>	<u>10,925</u>	<u>10,092</u>	<u>(833)</u>
Traffic Homicide Investigation				
Operating	9,000	9,000	8,697	(303)
	<u>9,000</u>	<u>9,000</u>	<u>8,697</u>	<u>(303)</u>
Patrol				
Personnel	2,653,794	2,760,757	2,501,257	(259,500)
Operating	463,150	437,281	380,138	(57,143)
Capital	-	60,390	60,390	-
	<u>3,116,944</u>	<u>3,258,428</u>	<u>2,941,785</u>	<u>(316,643)</u>
Detective				
Personnel	1,183,017	1,208,266	1,198,601	(9,665)
Operating	130,245	186,100	165,254	(20,846)
Capital	-	347,297	343,126	(4,171)
	<u>1,313,262</u>	<u>1,741,663</u>	<u>1,706,981</u>	<u>(34,682)</u>
Communications				
Personnel	527,346	546,273	532,991	(13,282)
Operating	33,030	33,240	28,294	(4,946)
	<u>560,376</u>	<u>579,513</u>	<u>561,285</u>	<u>(18,228)</u>
Corrections				
Personnel	648,873	670,238	654,987	(15,251)
Operating	82,205	81,245	61,448	(19,797)
	<u>731,078</u>	<u>751,483</u>	<u>716,435</u>	<u>(35,048)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule, Continued
General Fund
For the Year Ended September 30, 2018**

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
Animal Control				
Personnel	153,471	156,885	149,586	(7,299)
Operating	29,205	31,999	27,465	(4,534)
	<u>182,676</u>	<u>188,884</u>	<u>177,051</u>	<u>(11,833)</u>
Police Subtotal				
Personnel	5,594,360	5,794,154	5,483,589	(310,565)
Operating	1,015,110	1,047,472	930,841	(116,631)
Capital	-	459,484	454,138	(5,346)
	<u>6,609,470</u>	<u>7,301,110</u>	<u>6,868,568</u>	<u>(432,542)</u>
Central Communications				
Operating	10,000	10,000	9,909	(91)
	<u>10,000</u>	<u>10,000</u>	<u>9,909</u>	<u>(91)</u>
Fire				
Personnel	3,443,560	3,568,895	3,447,752	(121,143)
Operating	386,950	389,125	328,467	(60,658)
Capital	-	720,962	240,962	(480,000)
	<u>3,830,510</u>	<u>4,678,982</u>	<u>4,017,181</u>	<u>(661,801)</u>
Rescue				
Operating	24,500	25,289	18,955	(6,334)
	<u>24,500</u>	<u>25,289</u>	<u>18,955</u>	<u>(6,334)</u>
Building Inspections				
Personnel	419,287	432,465	411,599	(20,866)
Operating	50,870	50,155	45,066	(5,089)
Capital	-	61,331	61,331	-
	<u>470,157</u>	<u>543,951</u>	<u>517,996</u>	<u>(25,955)</u>
Code Enforcement				
Personnel	136,448	138,742	135,142	(3,600)
Operating	15,850	15,218	15,721	503
	<u>152,298</u>	<u>153,960</u>	<u>150,863</u>	<u>(3,097)</u>
Emergency Management				
Operating	13,000	10,000	3,060	(6,940)
	<u>13,000</u>	<u>10,000</u>	<u>3,060</u>	<u>(6,940)</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule, Continued
 General Fund
 For the Year Ended September 30, 2018

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
TOTAL PUBLIC SAFETY				
Personnel	9,593,655	9,934,256	9,478,082	(456,174)
Operating	1,516,280	1,547,259	1,352,019	(195,240)
Capital	-	1,241,777	756,431	(485,346)
	<u>11,109,935</u>	<u>12,723,292</u>	<u>11,586,532</u>	<u>(1,136,760)</u>
<i>PUBLIC WORKS</i>				
Administration				
Personnel	409,353	415,952	325,239	(90,713)
Operating	93,670	96,620	79,642	(16,978)
Capital	-	-	5,570	5,570
	<u>503,023</u>	<u>512,572</u>	<u>410,451</u>	<u>(102,121)</u>
Public Works Facilities Support				
Operating	50,450	76,840	62,031	(14,809)
	<u>50,450</u>	<u>76,840</u>	<u>62,031</u>	<u>(14,809)</u>
Street				
Personnel	758,371	770,591	633,067	(137,524)
Operating	780,000	749,760	688,968	(60,792)
Capital	-	5,950	5,950	-
	<u>1,538,371</u>	<u>1,526,301</u>	<u>1,327,985</u>	<u>(198,316)</u>
Street-Infrastructure				
Operating	45,000	152,851	147,162	(5,689)
Capital	80,000	80,000	80,000	-
	<u>125,000</u>	<u>232,851</u>	<u>227,162</u>	<u>(5,689)</u>
Grounds				
Personnel	671,615	682,306	616,850	(65,456)
Operating	234,100	241,407	237,871	(3,536)
Capital	-	8,200	8,074	(126)
	<u>905,715</u>	<u>931,913</u>	<u>862,795</u>	<u>(69,118)</u>
Grounds- Parks				
Operating	89,425	137,375	110,470	(26,905)
Capital	-	25,357	25,357	-
	<u>89,425</u>	<u>162,732</u>	<u>135,827</u>	<u>(26,905)</u>
Mowing				
Personnel	491,906	500,234	445,759	(54,475)
Operating	179,250	185,085	174,240	(10,845)
	<u>671,156</u>	<u>685,319</u>	<u>619,999</u>	<u>(65,320)</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule, Continued
 General Fund
 For the Year Ended September 30, 2018

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
Garage				
Personnel	419,354	430,382	389,773	(40,609)
Operating	152,900	156,785	74,018	(82,767)
Capital	-	26,115	26,115	-
	<u>572,254</u>	<u>613,282</u>	<u>489,906</u>	<u>(123,376)</u>
MS4 Compliance				
Operating	44,800	258,422	222,297	(36,125)
	<u>44,800</u>	<u>258,422</u>	<u>222,297</u>	<u>(36,125)</u>
TOTAL PUBLIC WORKS				
Personnel	2,750,599	2,799,465	2,410,688	(388,777)
Operating	1,669,595	2,055,145	1,796,699	(258,446)
Capital	80,000	145,622	151,066	5,444
	<u>4,500,194</u>	<u>5,000,232</u>	<u>4,358,453</u>	<u>(641,779)</u>
<i>RECREATION & LIBRARY</i>				
Recreation Parks				
Personnel	291,655	362,667	279,899	(82,768)
Operating	445,600	370,823	294,740	(76,083)
Capital	-	271,860	272,172	312
	<u>737,255</u>	<u>1,005,350</u>	<u>846,811</u>	<u>(158,539)</u>
Recreation				
Personnel	282,365	288,039	258,712	(29,327)
Operating	167,300	199,237	185,521	(13,716)
Capital	-	38,801	37,917	(884)
	<u>449,665</u>	<u>526,077</u>	<u>482,150</u>	<u>(43,927)</u>
Athletic and Fitness Programs				
Personnel	34,941	35,604	30,088	(5,516)
Operating	107,600	107,600	75,600	(32,000)
	<u>142,541</u>	<u>143,204</u>	<u>105,688</u>	<u>(37,516)</u>
Project Wise Program				
Operating	57,000	56,000	39,210	(16,790)
	<u>57,000</u>	<u>56,000</u>	<u>39,210</u>	<u>(16,790)</u>
SAIL Site Program				
Personnel	44,600	45,502	39,513	(5,989)
Operating	17,952	18,952	18,725	(227)
	<u>62,552</u>	<u>64,454</u>	<u>58,238</u>	<u>(6,216)</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule, Continued
General Fund
For the Year Ended September 30, 2018

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Library				
Personnel	657,705	676,562	629,064	(47,498)
Operating	184,100	225,035	209,217	(15,818)
Capital	-	3,905	-	(3,905)
	<u>841,805</u>	<u>905,502</u>	<u>838,281</u>	<u>(67,221)</u>
TOTAL LIBRARY AND RECREATION				
Personnel	1,311,266	1,408,374	1,237,276	(171,098)
Operating	979,552	977,647	823,013	(154,634)
Capital	-	314,566	310,089	(4,477)
	<u>2,290,818</u>	<u>2,700,587</u>	<u>2,370,378</u>	<u>(330,209)</u>
Hurricane Nate				
Personnel	-	9,452	9,452	-
Operating	-	11,035	11,035	-
	<u>-</u>	<u>20,487</u>	<u>20,487</u>	<u>-</u>
Total Expenditures				
Personnel	16,360,957	17,000,875	15,609,529	(1,391,346)
Operating	6,343,402	6,803,032	6,547,457	(255,575)
Capital	100,000	1,964,510	1,477,375	(487,135)
	<u>22,804,359</u>	<u>25,768,417</u>	<u>23,634,361</u>	<u>(2,134,056)</u>
Excess of Revenues Over Expenditures Before Other Financing Uses	<u>6,000,157</u>	<u>3,555,078</u>	<u>7,326,226</u>	<u>3,771,148</u>
<i>OTHER FINANCING SOURCES/(USES)</i>				
Capital Lease Proceeds	771,000	771,000	293,038	(477,962)
Transfers to Debt Service Fund	(3,438,694)	(3,516,554)	(3,516,554)	-
Transfers to Capital Reserve Fund	-	(2,332,500)	(2,332,500)	-
Transfer to Solid Waste Fund	(525,525)	(661,444)	(367,734)	293,710
Transfers to Civic Center Fund	(368,345)	(393,934)	(278,345)	115,589
Transfers to BayFront Fund	(193,986)	(204,012)	(219,040)	(15,028)
	<u>(3,755,550)</u>	<u>(6,337,444)</u>	<u>(6,421,135)</u>	<u>(83,691)</u>
Total Revenues Over (Under) Expenditures	<u>\$ 2,244,607</u>	<u>\$ (2,782,366)</u>	<u>\$ 905,091</u>	<u>\$ 3,687,457</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule, Continued
General Fund
For the Year Ended September 30, 2018

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, 2018:

GAAP Revenues Over Expenditures	\$	750,409
Encumbrances outstanding at:		
September 30, 2018		(848,386)
September 30, 2017		1,047,284
Encumbrances released during FY 2018		<u>(44,216)</u>
Budgetary Revenues over Expenditures	\$	<u>905,091</u>

CITY OF DAPHNE, ALABAMA

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

	2017	2016	2015	2014
Total pension liability				
Service Cost	\$ 979,924	\$ 955,939	\$ 939,089	\$ 907,051
Interest	2,398,372	2,166,725	2,007,083	1,850,235
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(708,794)	378,237	(57,447)	-
Changes of assumptions	-	1,268,564	-	-
Benefit payments, including refunds of employee contributions	(1,027,132)	(998,271)	(788,143)	(805,216)
Transfers among employers	(47,331)	105,914	-	-
Net change in pension liability	1,595,039	3,877,108	2,100,582	1,952,070
Total pension liability - beginning	31,460,301	27,583,193	25,482,611	23,530,541
Total pension liability - ending (a)	<u>\$ 33,055,340</u>	<u>\$ 31,460,301</u>	<u>\$ 27,583,193</u>	<u>\$ 25,482,611</u>
 Plan fiduciary net position				
Contributions - employer	\$ 637,713	\$ 641,261	\$ 633,555	\$ 632,854
Contributions - member	647,392	590,706	573,980	555,923
Net investment income	3,376,870	2,412,220	272,002	2,401,618
Benefit payments, including refunds of employee contributions	(1,027,132)	(998,271)	(788,143)	(805,216)
Transfers among employers	(47,331)	105,914	214,633	2,082
Net change in plan fiduciary net position	3,587,512	2,751,830	906,027	2,787,261
Plan net position - beginning	26,268,078	23,516,248	22,610,221	19,822,960
Plan net position - ending (b)	<u>\$ 29,855,590</u>	<u>\$ 26,268,078</u>	<u>\$ 23,516,248</u>	<u>\$ 22,610,221</u>
 Net pension liability (a) - (b)	\$ 3,199,750	\$ 5,192,223	\$ 4,066,945	\$ 2,872,390
 Plan fiduciary net position as a percentage of the total pension liability	90.32%	83.50%	85.26%	88.73%
 Covered payroll	\$ 11,126,126	\$ 10,920,102	\$ 10,614,504	\$ 10,266,165
 Net pension liability as a percentage of covered payroll	28.76%	47.55%	38.31%	27.98%

* Until a full 10-year trend is compiled, the City will present information for those years for which the information is available. Ultimately, ten years of data will be presented.

CITY OF DAPHNE, ALABAMA

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 626,766	\$ 636,895	\$ 639,362	\$ 633,226
Contributions in relation to the actuarially determined contribution	<u>626,766</u>	<u>636,895</u>	<u>639,362</u>	<u>633,226</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,459,499	\$ 11,055,399	\$ 10,535,450	\$ 11,081,322
Contributions as a percentage of covered payroll	5.47%	5.76%	6.07%	5.71%

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2018 were based on the September 30, 2015 actuarial valuation.

Methods and Assumptions used to determine contribution rates:

Actuarial Cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	16.4 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

* Until a full 10-year trend is compiled, the City will present information for those years for which the information is available. Ultimately, ten years of data will be presented.

CITY OF DAPHNE, ALABAMA

**Schedule of Changes in the Other Post-Employment Benefits (OPEB) Liability
Last Ten Years Ending September 30**

	2018
Total OPEB liability	
Service Cost	\$ 106,280
Interest	240,903
Changes of benefit terms	-
Differences between expected and actual experience	306,848
Changes of assumptions	(288,357)
Benefit payments	(165,191)
Net change in pension liability	200,483
Total OPEB liability - beginning	5,656,949
Total OPEB liability - ending	\$ 5,857,432
Covered payroll	\$ 10,695,256
Net OPEB liability as a percentage of covered payroll	54.77%

Notes to Schedule

Benefit Changes. There were no changes of benefit terms for the year ended September 30, 2018.

Changes of Assumptions. There were no changes of assumptions for the year ended September 30, 2018.

* Until a full 10-year trend is compiled, the City will present information for those years for which the information is available. Ultimately, ten years of data will be presented.

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.

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).

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 are remitted to the District to provide debt service coverage for this component unit's bond debt.

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).

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, 2018**

	Special Revenue Funds	2016 Construction Fund	Total Other Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash, equity in pooled cash	\$ 3,650,630	\$ 845,870	\$ 4,496,500
Taxes receivable	105,009	-	105,009
Other receivables	<u>16,067</u>	<u>-</u>	<u>16,067</u>
Total assets	<u>3,771,706</u>	<u>845,870</u>	<u>4,617,576</u>
 LIABILITIES			
Accounts payable	71,161	-	71,161
Accrued expenses	<u>415</u>	<u>-</u>	<u>415</u>
Total liabilities	<u>71,576</u>	<u>-</u>	<u>71,576</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - grant revenue	<u>16,067</u>	<u>-</u>	<u>16,067</u>
Total deferred inflows of resources	<u>16,067</u>	<u>-</u>	<u>16,067</u>
 FUND BALANCES			
Restricted	1,245,174	845,870	2,091,044
Committed	2,422,164	-	2,422,164
Assigned	<u>16,725</u>	<u>-</u>	<u>16,725</u>
Total fund balances	<u>3,684,063</u>	<u>845,870</u>	<u>4,529,933</u>
 Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 3,771,706</u>	<u>\$ 845,870</u>	<u>\$ 4,617,576</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, 2018**

	Special Revenue Funds	2016 Construction Fund	Total Other Governmental Funds
REVENUES			
Sales, use, luxury tax	\$ 1,715,715	\$ -	\$ 1,715,715
Fines and forfeitures	307,250	-	307,250
Charges for services	10,839	-	10,839
Intergovernmental	23,459	-	23,459
Grants	114,733	-	114,733
Interest and investment earnings	4,398	477	4,875
Contributions and donations	6,946	-	6,946
Miscellaneous	-	-	-
Total revenues	<u>2,183,340</u>	<u>477</u>	<u>2,183,817</u>
EXPENDITURES			
Current expenditures:			
General government	644,010	-	644,010
Public safety	106,863	-	106,863
Public works	46,041	-	46,041
Library and recreation	83,486	-	83,486
Total current expenditures	<u>880,400</u>	<u>-</u>	<u>880,400</u>
Capital outlay	<u>199,617</u>	<u>-</u>	<u>199,617</u>
Total expenditures	<u>1,080,017</u>	<u>-</u>	<u>1,080,017</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,103,323</u>	<u>477</u>	<u>1,103,800</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(683,479)</u>	<u>-</u>	<u>(683,479)</u>
Total other financing sources (uses)	<u>(683,479)</u>	<u>-</u>	<u>(683,479)</u>
Net change in fund balances	419,844	477	420,321
Fund balances, beginning	<u>3,264,219</u>	<u>845,393</u>	<u>4,109,612</u>
Fund balances, ending	<u>\$ 3,684,063</u>	<u>\$ 845,870</u>	<u>\$ 4,529,933</u>

CITY OF DAPHNE, ALABAMA

**Combining Balance Sheet
Non-Major Special Revenue Funds
September 30, 2018**

	Four Cent	Seven Cent	Flower Fund	Non Major Storms	Federal Drug Recoveries
ASSETS					
Cash, equity in pooled cash	\$ 306,160	\$ 257,778	\$ 21,426	\$ -	\$ 338,191
Taxes receivable	5,421	6,846	-	-	-
Other receivable	-	-	-	-	-
Total assets	<u>311,581</u>	<u>264,624</u>	<u>21,426</u>	<u>-</u>	<u>338,191</u>
LIABILITIES					
Accounts payable	1,039	21,741	-	-	1,025
Accrued expenses	-	-	-	-	-
Total liabilities	<u>1,039</u>	<u>21,741</u>	<u>-</u>	<u>-</u>	<u>1,025</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - grant revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	310,542	242,883	-	-	337,166
Committed	-	-	21,426	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>310,542</u>	<u>242,883</u>	<u>21,426</u>	<u>-</u>	<u>337,166</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 311,581</u>	<u>\$ 264,624</u>	<u>\$ 21,426</u>	<u>\$ -</u>	<u>\$ 338,191</u>

State Drug Recoveries	Library	Mun Court: Eq/Training	Mun Court: Judicial	Corrections/ Court	Lodging Tax	Renaissance Center	Total
\$ 26,836	\$ 18,405	\$ 36,591	\$ 115,143	\$ 189,504	\$ 2,340,596	\$ -	\$ 3,650,630
-	-	-	-	-	92,742	-	105,009
-	-	-	-	-	16,067	-	16,067
<u>26,836</u>	<u>18,405</u>	<u>36,591</u>	<u>115,143</u>	<u>189,504</u>	<u>2,449,405</u>	<u>-</u>	<u>3,771,706</u>
-	1,265	-	-	13,491	32,600	-	71,161
-	415	-	-	-	-	-	415
-	<u>1,680</u>	-	-	<u>13,491</u>	<u>32,600</u>	-	<u>71,576</u>
-	-	-	-	-	16,067	-	16,067
-	-	-	-	-	16,067	-	16,067
26,836	-	36,591	115,143	176,013	-	-	1,245,174
-	-	-	-	-	2,400,738	-	2,422,164
-	16,725	-	-	-	-	-	16,725
<u>26,836</u>	<u>16,725</u>	<u>36,591</u>	<u>115,143</u>	<u>176,013</u>	<u>2,400,738</u>	<u>-</u>	<u>3,684,063</u>
<u>\$ 26,836</u>	<u>\$ 18,405</u>	<u>\$ 36,591</u>	<u>\$ 115,143</u>	<u>\$ 189,504</u>	<u>\$ 2,449,405</u>	<u>\$ -</u>	<u>\$ 3,771,706</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, 2018**

	Four Cent	Seven Cent	Flower Fund	Non Major Storms	Federal Drug Recoveries
REVENUES					
Sales, use, luxury taxes	\$ 58,521	\$ 74,567	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	150,328
Charges for services	-	-	2,500	-	-
Intergovernmental	-	-	-	-	-
Grants	-	85,772	-	13,961	-
Interest/investment earnings	723	523	-	-	1,619
Contributions and donations	-	-	-	-	-
Total revenues	<u>59,244</u>	<u>160,862</u>	<u>2,500</u>	<u>13,961</u>	<u>151,947</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	57,252
Public works	25,280	20,761	-	-	-
Library and recreation	-	-	-	-	-
Total current	<u>25,280</u>	<u>20,761</u>	<u>-</u>	<u>-</u>	<u>57,252</u>
Capital outlay	-	95,488	-	-	-
Total expenditures	<u>25,280</u>	<u>116,249</u>	<u>-</u>	<u>-</u>	<u>57,252</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,964</u>	<u>44,613</u>	<u>2,500</u>	<u>13,961</u>	<u>94,695</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	33,964	44,613	2,500	13,961	94,695
Fund balances, beginning	<u>276,578</u>	<u>198,270</u>	<u>18,926</u>	<u>(13,961)</u>	<u>242,471</u>
Fund balances, ending	<u>\$310,542</u>	<u>\$ 242,883</u>	<u>\$ 21,426</u>	<u>\$ -</u>	<u>\$ 337,166</u>

State Drug Recoveries	Library	Mun Court Eq/Training	Mun Court Judicial	Corrections Court	Lodging Tax	Renaissance Center	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,216,392	\$ 366,235	\$1,715,715
11,806	11,854	4,949	40,328	87,985	-	-	307,250
-	8,339	-	-	-	-	-	10,839
-	23,459	-	-	-	-	-	23,459
-	15,000	-	-	-	-	-	114,733
113	-	224	-	1,196	-	-	4,398
-	6,946	-	-	-	-	-	6,946
<u>11,919</u>	<u>65,598</u>	<u>5,173</u>	<u>40,328</u>	<u>89,181</u>	<u>1,216,392</u>	<u>366,235</u>	<u>2,183,340</u>
-	-	4,304	47,434	43,578	182,459	366,235	644,010
-	-	-	-	49,611	-	-	106,863
-	-	-	-	-	-	-	46,041
-	56,605	-	-	-	26,881	-	83,486
-	56,605	4,304	47,434	93,189	209,340	366,235	880,400
-	5,425	-	12,394	-	86,310	-	199,617
-	62,030	4,304	59,828	93,189	295,650	366,235	1,080,017
<u>11,919</u>	<u>3,568</u>	<u>869</u>	<u>(19,500)</u>	<u>(4,008)</u>	<u>920,742</u>	<u>-</u>	<u>1,103,323</u>
-	(6,369)	-	-	-	(677,110)	-	(683,479)
-	(6,369)	-	-	-	(677,110)	-	(683,479)
11,919	(2,801)	869	(19,500)	(4,008)	243,632	-	419,844
14,917	19,526	35,722	134,643	180,021	2,157,106	-	3,264,219
<u>\$ 26,836</u>	<u>\$ 16,725</u>	<u>\$ 36,591</u>	<u>\$ 115,143</u>	<u>\$ 176,013</u>	<u>\$ 2,400,738</u>	<u>\$ -</u>	<u>\$3,684,063</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, 2018**

	<u>Civic Center</u>	<u>Bayfront Park</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash, equity in pooled cash	\$ 95,834	\$ 90,278	\$ 186,112
Total current assets	<u>95,834</u>	<u>90,278</u>	<u>186,112</u>
Noncurrent assets:			
Capital assets:			
Facilities	143,164	80,476	223,640
Vehicles	45,199	-	45,199
Rental equipment and supplies	26,388	-	26,388
Equipment and office furniture	<u>187,349</u>	<u>-</u>	<u>187,349</u>
Total capital assets	402,100	80,476	482,576
Less: accumulated depreciation	<u>(315,867)</u>	<u>(59,946)</u>	<u>(375,813)</u>
Total noncurrent assets	<u>86,233</u>	<u>20,530</u>	<u>106,763</u>
 Total assets	 <u>182,067</u>	 <u>110,808</u>	 <u>292,875</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred post-employment benefits outflows	2,874	2,797	5,671
Deferred pension outflows	<u>21,944</u>	<u>18,443</u>	<u>40,387</u>
Total deferred outflows of resources	<u>24,818</u>	<u>21,240</u>	<u>46,058</u>
 Total assets and deferred outflows of resources	 <u>\$ 206,885</u>	 <u>\$ 132,048</u>	 <u>\$ 338,933</u>

	Civic Center	Bayfront Park	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 18,760	\$ 1,560	\$ 20,320
Accrued liabilities	10,836	-	10,836
Unearned revenue	55,657	21,796	77,453
Compensated absences	2,129	710	2,839
Total current liabilities	<u>87,382</u>	<u>24,066</u>	<u>111,448</u>
Noncurrent liabilities:			
Compensated absences	1,420	473	1,893
Net pension liability	42,351	35,059	77,410
Post-employment benefits liability	59,390	54,772	114,162
Total noncurrent liabilities	<u>103,161</u>	<u>90,304</u>	<u>193,465</u>
Total liabilities	<u>190,543</u>	<u>114,370</u>	<u>304,913</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred post-employment benefits inflows	2,681	2,609	5,290
Deferred pension inflows	13,661	15,069	28,730
Total deferred inflows of resources	<u>16,342</u>	<u>17,678</u>	<u>34,020</u>
NET POSITION			
Net investment in capital assets	86,233	20,530	106,763
Unrestricted net position	(86,233)	(20,530)	(106,763)
Total net position	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 206,885</u>	<u>\$ 132,048</u>	<u>\$ 338,933</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, 2018**

	Civic Center	Bayfront Park	Total
Operating revenues:			
Charges for services	\$ 224,383	\$ 68,287	\$ 292,670
Community events	4,740	-	4,740
Total operating revenues	<u>229,123</u>	<u>68,287</u>	<u>297,410</u>
Operating expenses:			
Wages	117,810	115,859	233,669
Overtime	2,458	2,436	4,894
Payroll related	16,031	15,153	31,184
Other personnel expense	32,783	32,249	65,032
Total personnel services	169,082	165,697	334,779
Advertising	4,902	120	5,022
Depreciation	17,045	5,133	22,178
Employee supplies and uniforms	430	-	430
Employee support	3,405	75	3,480
Equipment purchases, rental, and lease	2,070	2,400	4,470
Fuel	978	978	1,956
Garbage and debris removal	3,273	1,378	4,651
Insurance	25,542	20,982	46,524
Maintenance	43,875	4,471	48,346
Supplies	7,849	3,407	11,256
Other services	22,973	8,759	31,732
Professional services	3,500	-	3,500
Trustee assignments	13,462	-	13,462
Utilities	153,134	14,687	167,821
Total operating expenses	<u>471,520</u>	<u>228,087</u>	<u>699,607</u>
Operating loss	<u>(242,397)</u>	<u>(159,800)</u>	<u>(402,197)</u>
Non-operating revenues (expenses):			
Transfers from general fund	278,345	219,040	497,385
Gain on sale of assets	1,406	-	1,406
Total non-operating revenues (expenses)	<u>279,751</u>	<u>219,040</u>	<u>498,791</u>
Change in net position	37,354	59,240	96,594
Total net position, beginning	(5,200)	(27,949)	(33,149)
Prior period adjustment	(32,154)	(31,291)	(63,445)
Total net position, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DAPHNE, ALABAMA

Combining Statement of Cash Flows
 Non-Major Proprietary Funds
 For the Year Ended September 30, 2018

	Civic Center	Bayfront Park	Total
Cash flows from operating activities:			
Receipts from customers	\$ 223,152	\$ 60,195	\$ 283,347
Payments to suppliers	(294,251)	(56,950)	(351,201)
Payments to employees	(171,187)	(163,948)	(335,135)
Net cash used in operating activities	<u>(242,286)</u>	<u>(160,703)</u>	<u>(402,989)</u>
Cash flows from noncapital financing activities:			
Contributions from General Fund	278,345	219,040	497,385
Net cash provided by noncapital financing activities	<u>278,345</u>	<u>219,040</u>	<u>497,385</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets	1,406	-	1,406
Net cash provided by capital and financing activities	<u>1,406</u>	<u>-</u>	<u>1,406</u>
Net change in cash and cash equivalents	37,465	58,337	95,802
Equity in pooled cash, beginning	58,369	31,941	90,310
Equity in pooled cash, ending	<u>\$ 95,834</u>	<u>\$ 90,278</u>	<u>\$ 186,112</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (242,397)	\$ (159,800)	\$ (402,197)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	17,045	5,133	22,178
Change in assets and liabilities:			
Deferred outflows of resources	2,499	2,023	4,522
Accounts payable	(8,858)	307	(8,551)
Accrued expenses	(3,369)	-	(3,369)
Unearned revenue	(5,971)	(8,092)	(14,063)
Compensated absences	(1,559)	(520)	(2,079)
Deferred inflows of resources	16,688	16,463	33,151
Net pension liability	(18,331)	(18,131)	(36,462)
Post-employment benefits liability	1,967	1,914	3,881
Net cash used in operating activities	<u>\$ (242,286)</u>	<u>\$ (160,703)</u>	<u>\$ (402,989)</u>



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CITY OF DAPHNE, ALABAMA

**Combining Statement of Assets and Liabilities
All Agency Funds
September 30, 2018**

	Municipal Court	Self Insurance	Confiscated Funds	Flexible Spending Account	Total
ASSETS					
Cash	\$ 85,572	\$ 165,216	\$ 7,295	\$ 4,527	\$ 262,610
Other receivables	952	-	-	-	952
Total assets	<u>\$ 86,524</u>	<u>\$ 165,216</u>	<u>\$ 7,295</u>	<u>\$ 4,527</u>	<u>\$ 263,562</u>
 LIABILITIES					
Accounts payable	\$ 2,150	\$ -	\$ 7,295	\$ 4,527	\$ 13,972
Due to agencies	24,519	-	-	-	24,519
Bond deposits	59,855	-	-	-	59,855
Reserve for claims	-	165,216	-	-	165,216
Total liabilities	<u>\$ 86,524</u>	<u>\$ 165,216</u>	<u>\$ 7,295</u>	<u>\$ 4,527</u>	<u>\$ 263,562</u>

CITY OF DAPHNE, ALABAMA

**Combining Statement of Changes in Assets and Liabilities -
All Agency Funds
For the Year Ended September 30, 2018**

	Balance, 10/1/2017	Additions	Deductions	Balance, 9/30/2018
<u>Municipal Court Fund</u>				
ASSETS				
Cash	\$ 82,496	\$ 3,076	\$ -	\$ 85,572
Other receivables	510	442	-	952
	<u>83,006</u>	<u>3,518</u>	<u>-</u>	<u>86,524</u>
LIABILITIES				
Accounts payable	3,661	-	(1,511)	2,150
Due to agencies	25,268	-	(749)	24,519
Bond deposits	54,077	5,778		59,855
	<u>\$ 83,006</u>	<u>\$ 5,778</u>	<u>\$ (2,260)</u>	<u>\$ 86,524</u>
 <u>Self Insurance Fund</u>				
ASSETS				
Cash	\$ 136,117	\$ 29,099	\$ -	\$ 165,216
	<u>136,117</u>	<u>29,099</u>	<u>-</u>	<u>165,216</u>
LIABILITIES				
Reserve for claims	136,117	29,099	-	165,216
	<u>\$ 136,117</u>	<u>\$ 29,099</u>	<u>\$ -</u>	<u>\$ 165,216</u>
 <u>Confiscated Funds</u>				
ASSETS				
Cash	\$ 1,905	\$ 5,390	\$ -	\$ 7,295
	<u>1,905</u>	<u>5,390</u>	<u>-</u>	<u>7,295</u>
LIABILITIES				
Accounts payable	1,905	5,390	-	7,295
	<u>\$ 1,905</u>	<u>\$ 5,390</u>	<u>\$ -</u>	<u>\$ 7,295</u>

	Balance, 10/1/2017	Additions	Deductions	Balance, 9/30/2018
<u>Flexible Spending Plan</u>				
ASSETS				
Cash	\$ 9,333	\$ -	\$ (4,806)	\$ 4,527
	<u>9,333</u>	<u>-</u>	<u>(4,806)</u>	<u>4,527</u>
LIABILITIES				
Accounts payable	9,333	-	(4,806)	4,527
	<u>\$ 9,333</u>	<u>\$ -</u>	<u>\$ (4,806)</u>	<u>\$ 4,527</u>
 <u>TOTAL- ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 229,851	\$ 37,565	\$ (4,806)	\$ 262,610
Other receivables	510	442	-	952
	<u>230,361</u>	<u>38,007</u>	<u>(4,806)</u>	<u>263,562</u>
LIABILITIES				
Accounts payable	14,899	5,390	(6,317)	13,972
Due to agencies	25,268	-	(749)	24,519
Bond deposits	54,077	5,778	-	59,855
Reserve for claims	136,117	29,099	-	165,216
	<u>\$ 230,361</u>	<u>\$ 40,267</u>	<u>\$ (7,066)</u>	<u>\$ 263,562</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended September 30, 2018

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury tax	\$ 890,000	\$ 890,000	\$ 950,535	\$ 60,535
Interest/investment earnings	-	-	3,562	3,562
Total revenues	890,000	890,000	954,097	64,097
EXPENDITURES				
Debt service:				
Principal	3,362,332	3,424,643	3,555,258	130,615
Interest	1,643,473	1,659,022	1,542,661	(116,361)
Cost of debt issuance	-	-	10,750	10,750
Total expenditures	5,005,805	5,083,665	5,108,669	25,004
Excess expenditures over revenue	(4,115,805)	(4,193,665)	(4,154,572)	39,093
OTHER FINANCING SOURCES (USES)				
Transfers in	4,115,804	4,193,664	4,193,664	-
Issuance of debt	-	-	991,526	991,526
Total other financing sources	4,115,804	4,193,664	5,185,190	991,526
Net change in fund balance	\$ (1)	\$ (1)	\$ 1,030,618	\$ 1,030,619

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule
Capital Reserve Fund
For the Year Ended September 30, 2018**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Intergovernmental	\$ 185,000	\$ 185,000	\$ 185,205	\$ 205
Grants	-	539,229	545,442	6,213
Special assessments	40,000	40,000	41,516	1,516
Interest/investment earnings	-	-	1,386	1,386
Contributions and donations	-	140,000	140,000	-
Total revenues	<u>225,000</u>	<u>904,229</u>	<u>913,549</u>	<u>9,320</u>
EXPENDITURES				
Current:				
General government	-	55,400	55,400	-
Library and recreation	-	15,251	15,251	-
Contribution to Utilities Board - Sewer	-	230,221	224,705	(5,516)
Capital outlay	-	3,115,609	2,075,757	(1,039,852)
Total expenditures	<u>-</u>	<u>3,416,481</u>	<u>2,371,113</u>	<u>(1,045,368)</u>
Excess expenditures over revenue	<u>225,000</u>	<u>(2,512,252)</u>	<u>(1,457,564)</u>	<u>1,054,688</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,338,869	2,338,869	-
Total other financing sources	<u>-</u>	<u>2,338,869</u>	<u>2,338,869</u>	<u>-</u>
Net change in fund balance	<u>\$ 225,000</u>	<u>\$ (173,383)</u>	<u>\$ 881,305</u>	<u>\$ (1,054,688)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule
2017 Construction Fund
For the Year Ended September 30, 2018**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Capital outlay	-	7,670,000	5,463,143	(2,206,857)
Total expenditures	<u>-</u>	<u>7,670,000</u>	<u>5,463,143</u>	<u>(2,206,857)</u>
Excess expenditures over revenue	<u>-</u>	<u>(7,670,000)</u>	<u>(5,463,143)</u>	<u>2,206,857</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (7,670,000)</u>	<u>\$ (5,463,143)</u>	<u>\$ (2,206,857)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedules
Non Major Special Revenue Funds
For the Year Ended September 30, 2018**

Four Cent Gas Tax Fund:

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
REVENUES				
Sales, use, luxury taxes	\$ 58,300	\$ 58,300	\$ 58,521	\$ 221
Interest and investment earnings	200	200	723	523
Total revenues	58,500	58,500	59,244	744
EXPENDITURES				
Current:				
Public works	-	-	25,280	25,280
Capital outlay	-	200,000	-	(200,000)
Total expenditures	-	200,000	25,280	(174,720)
Excess expenditures over revenue	58,500	(141,500)	33,964	175,464
Net change in fund balance	\$ 58,500	\$ (141,500)	\$ 33,964	\$ (175,464)

Seven Cent Gas Tax Fund:

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
REVENUES				
Sales, use, luxury taxes	\$ 75,300	\$ 75,300	\$ 74,567	\$ (733)
Grants	-	84,015	85,772	1,757
Interest and investment earnings	250	250	523	273
Total revenues	75,550	159,565	160,862	1,297
EXPENDITURES				
Current:				
Public works	-	-	20,761	20,761
Capital outlay	-	329,438	95,488	(233,950)
Total expenditures	-	329,438	116,249	(213,189)
Excess expenditures over revenue	75,550	(169,873)	44,613	214,486
Net change in fund balance	\$ 75,550	\$ (169,873)	\$ 44,613	\$ (214,486)

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedules
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2018**

Library Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 14,000	\$ 14,000	\$ 11,854	\$ (2,146)
Charges for services	8,500	8,500	8,339	(161)
Intergovernmental	21,918	21,918	23,459	1,541
Grants	20,000	20,000	15,000	(5,000)
Contributions and donations	2,500	2,500	6,946	4,446
Total revenues	<u>66,918</u>	<u>66,918</u>	<u>65,598</u>	<u>(1,320)</u>
EXPENDITURES				
Current:				
Library and recreation	64,531	60,606	56,605	(4,001)
Capital outlay	-	5,425	5,425	-
Total expenditures	<u>64,531</u>	<u>66,031</u>	<u>62,030</u>	<u>(4,001)</u>
Excess revenue over expenditures	<u>2,387</u>	<u>887</u>	<u>3,568</u>	<u>(2,681)</u>
Transfers out	-	-	(6,369)	(6,369)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(6,369)</u>	<u>(6,369)</u>
Net change in fund balance	<u>\$ 2,387</u>	<u>\$ 887</u>	<u>\$ (2,801)</u>	<u>\$ 3,688</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedules
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2018**

Corrections and Court Fund:

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 105,000	\$ 105,000	\$ 87,985	\$ (17,015)
Interest and investment earnings	500	500	1,196	696
Total revenues	105,500	105,500	89,181	(16,319)
EXPENDITURES				
Current:				
General government	51,321	51,321	43,578	(7,743)
Public safety	54,000	54,000	49,611	(4,389)
Capital outlay	-	25,000	-	(25,000)
Total expenditures	105,321	130,321	93,189	(37,132)
Excess expenditures over revenue	179	(24,821)	(4,008)	20,813
Net change in fund balance	\$ 179	\$ (24,821)	\$ (4,008)	\$ (20,813)

Municipal Court Training and Equipment Fund:

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 6,500	\$ 6,500	\$ 4,949	\$ (1,551)
Interest and investment earnings	100	100	224	124
Total revenues	6,600	6,600	5,173	(1,427)
EXPENDITURES				
Current:				
General government	5,200	5,200	4,304	(896)
Total expenditures	5,200	5,200	4,304	(896)
Excess expenditures over revenue	1,400	1,400	869	(531)
Net change in fund balance	\$ 1,400	\$ 1,400	\$ 869	\$ 531

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedules
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2018**

Municipal Court Judicial Administration Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 46,000	\$ 46,000	\$ 40,328	\$ (5,672)
Interest/investment earnings	-	-	-	-
Total revenues	46,000	46,000	40,328	(5,672)
EXPENDITURES				
Current:				
General government	26,000	26,000	47,434	21,434
Capital outlay	-	20,000	12,394	(7,606)
Total expenditures	26,000	46,000	59,828	13,828
Excess expenditures over revenue	20,000	-	(19,500)	(19,500)
Net change in fund balance	\$ 20,000	\$ -	\$ (19,500)	\$ 19,500

Renaissance Center Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury tax	\$ 256,500	\$ 256,500	\$ 366,235	\$ 109,735
Total revenues	256,500	256,500	366,235	109,735
EXPENDITURES				
Current:				
General government	256,500	256,500	366,235	109,735
Total expenditures	256,500	256,500	366,235	109,735
Excess expenditures over revenue	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedules
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2018**

Lodging Tax Fund:

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>(Under)Over</u>
			<u>Basis</u>	<u>Final Budget</u>
REVENUES				
Sales, use, luxury tax	\$ 1,137,293	\$ 1,137,293	\$ 1,216,392	\$ 79,099
Grants	-	-	-	-
Total revenues	<u>1,137,293</u>	<u>1,137,293</u>	<u>1,216,392</u>	<u>79,099</u>
EXPENDITURES				
Current:				
General government	170,595	170,595	182,459	11,864
Library and recreation	-	5,400	26,881	21,481
Capital outlay	-	271,338	86,310	(185,028)
Total expenditures	<u>170,595</u>	<u>447,333</u>	<u>295,650</u>	<u>(151,683)</u>
Excess expenditures over revenue	<u>966,698</u>	<u>689,960</u>	<u>920,742</u>	<u>230,782</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(677,110)</u>	<u>(677,110)</u>	<u>(677,110)</u>	<u>-</u>
Total other financing sources (uses)	<u>(677,110)</u>	<u>(677,110)</u>	<u>(677,110)</u>	<u>-</u>
Net change in fund balance	<u>\$ 289,588</u>	<u>\$ 12,850</u>	<u>\$ 243,632</u>	<u>\$ 230,782</u>

Part III
Statistical
Section

CITY OF DAPHNE, ALABAMA

STATISTICAL SECTION

PAGE

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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 2018	FY 2017	FY 2016	FY 2015
Governmental activities				
Net investment in capital assets	\$ 73,073,736	\$ 58,109,624	\$ 64,148,784	\$ 61,391,398
Restricted	5,035,976	14,546,308	4,352,194	4,114,055
Unrestricted	17,262,207	18,117,208	18,231,323	17,197,567
Total governmental activities net position	\$ 95,371,919	\$ 90,773,140	\$ 86,732,301	\$ 82,703,020
Business-type activities				
Net investment in capital assets	\$ 362,045	\$ 411,503	\$ 586,503	\$ 720,777
Restricted	-	-	-	-
Unrestricted	244,829	320,921	145,921	11,647
Total business-type activities net position	\$ 606,874	\$ 732,424	\$ 732,424	\$ 732,424
Primary government				
Net investment in capital assets	\$ 73,435,781	\$ 58,521,127	\$ 64,735,287	\$ 62,112,175
Restricted	5,035,976	14,546,308	4,352,194	4,114,055
Unrestricted	17,507,036	18,438,129	18,377,244	17,209,214
Total primary government activities net position	\$ 95,978,793	\$ 91,505,564	\$ 87,464,725	\$ 83,435,444

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
\$ 63,388,217	\$ 62,254,836	\$ 61,029,696	\$ 62,202,611	\$ 60,727,350	\$ 51,705,219
3,436,535	2,919,881	5,722,598	3,798,626	5,197,531	6,036,006
17,533,883	17,478,314	15,360,403	14,559,748	14,648,236	21,743,073
\$ 84,358,635	\$ 82,653,031	\$ 82,112,697	\$ 80,560,985	\$ 80,573,117	\$ 79,484,298
\$ 466,828	\$ 493,334	\$ 326,660	\$ 311,903	\$ 319,059	\$ 339,692
-	-	-	-	-	-
143,859	116,358	206,785	188,538	17,438	(19,694)
\$ 610,687	\$ 609,692	\$ 533,445	\$ 500,441	\$ 336,497	\$ 319,998
\$ 63,855,045	\$ 62,748,170	\$ 61,356,356	\$ 62,514,514	\$ 61,046,409	\$ 52,044,911
3,436,535	2,919,881	5,722,598	3,798,626	5,197,531	6,036,006
17,677,742	17,594,672	15,567,188	14,748,286	14,665,674	21,723,379
\$ 84,969,322	\$ 83,262,723	\$ 82,646,142	\$ 81,061,426	\$ 80,909,614	\$ 79,804,296

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2018	FY 2016	FY 2016	FY 2015
EXPENSES				
Governmental activities:				
General government	\$ 5,991,913	\$ 5,210,215	\$ 5,210,215	\$ 4,095,602
Public safety	11,973,798	10,839,294	10,839,294	10,540,355
Public works	9,144,870	10,103,725	10,103,725	8,958,122
Library and recreation	2,909,886	2,837,070	2,837,070	2,682,066
Contribution to Utilities Board	224,705	364,363	364,363	-
Interest and costs on long term debt	1,678,214	1,687,530	1,687,530	1,908,810
Total governmental activities expenses	31,923,386	31,042,197	31,042,197	28,184,955
Business-type activities:				
Solid Waste	1,917,834	1,998,862	1,998,862	2,075,134
Civic Center	471,520	525,740	525,740	504,049
Bayfront Park	228,087	232,108	232,108	209,983
Total business-type activities expenses	2,617,441	2,756,710	2,756,710	2,789,166
Total primary government activities expenses	34,540,827	33,798,907	33,798,907	30,974,121
PROGRAM REVENUES				
Governmental activities:				
Fees and charges for services:				
General government	5,034,708	4,621,753	4,621,753	4,582,032
Public safety	1,619,721	1,253,702	1,253,702	1,621,665
Public works	101,829	112,707	112,707	234,174
Library and recreation	108,705	117,495	117,495	107,612
Operating grants and contributions	248,280	1,333,091	1,333,091	211,613
Capital grants and contributions	6,454,560	4,178,497	4,178,497	1,563,187
Total governmental program activities revenues	13,567,803	11,617,245	11,617,245	8,320,283
Business-type activities:				
Fees and charges for services:				
Solid Waste	1,550,100	1,367,146	1,367,146	1,329,308
Civic Center	229,123	206,086	206,086	209,924
Bayfront Park	68,287	75,307	75,307	67,727
Operating grants and contributions	-	-	-	36,287
Total business-type activities revenues	1,847,510	1,648,539	1,648,539	1,643,246
Total primary government activities revenues	15,415,313	13,265,784	13,265,784	9,963,529

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
\$ 3,859,574	\$ 3,851,858	\$ 3,741,854	\$ 4,003,928	\$ 3,386,270	\$ 3,622,067
10,551,783	9,993,644	9,258,856	9,173,085	9,182,198	9,195,045
9,962,074	8,463,551	7,850,939	7,368,818	7,338,137	7,228,904
2,828,313	2,672,960	2,690,448	2,768,462	2,733,538	2,450,259
-	-	49,700	1,676,000	129,586	17,826
1,921,906	1,945,618	2,149,919	2,051,932	2,205,629	2,363,482
29,123,650	26,927,631	25,741,716	27,042,225	24,975,358	24,877,583
1,359,874	1,312,441	1,345,955	1,164,039	1,448,740	1,350,097
597,747	491,188	496,947	566,907	578,789	726,003
209,147	212,561	208,033	190,448	165,724	160,262
2,166,768	2,016,190	2,050,935	1,921,394	2,193,253	2,236,362
31,290,418	28,943,821	27,792,651	28,963,619	27,168,611	27,113,945
4,400,562	3,996,273	3,918,677	3,840,247	3,426,492	3,617,542
1,163,401	1,259,980	893,427	1,019,856	1,022,496	1,100,437
58,914	6,597	60,011	60,260	32,066	22,223
136,956	151,412	197,235	240,660	202,031	192,514
124,118	263,800	266,074	492,707	890,180	494,600
3,625,683	2,592,709	2,465,034	2,295,405	2,627,634	8,974,788
9,509,634	8,270,771	7,800,458	7,949,135	8,200,899	14,402,104
1,330,671	1,388,688	1,289,902	1,337,207	1,345,811	1,232,319
224,967	229,949	217,886	223,005	321,555	348,181
84,472	65,610	59,983	60,744	57,119	55,928
-	-	-	-	-	-
1,640,110	1,684,247	1,567,771	1,620,956	1,724,485	1,636,428
11,149,744	9,955,018	9,368,229	9,570,091	9,925,384	16,038,532

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2018	FY 2016	FY 2016	FY 2015
NET (EXPENSES) / REVENUES				
Governmental activities	\$ (18,355,583)	\$ (19,424,952)	\$ (19,424,952)	\$ (19,864,672)
Business-type activities	(769,931)	(1,108,171)	(1,108,171)	(1,145,920)
Total primary government net expense	(19,125,514)	(20,533,123)	(20,533,123)	(21,010,592)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
General revenues				
Sales, use, and luxury taxes	20,665,705	18,367,765	18,367,765	17,175,134
Ad valorem taxes	6,088,719	5,488,662	5,488,662	5,219,736
Intergovernmental revenues	-	-	-	-
Interest and investment earnings	62,517	187,203	187,203	213,194
Gain/(loss) on disposition of assets	1,765	-	-	(78,360)
Miscellaneous	55,507	518,774	518,774	41,014
Total general revenues	26,874,213	24,562,404	24,562,404	22,570,718
Transfers	(865,119)	(1,108,171)	(1,108,171)	(1,529,222)
Total governmental activities	26,009,094	23,454,233	23,454,233	21,041,496
Business-type activities:				
Gain/(loss) on disposition of assets	1,406	-	-	722
Transfers	865,119	1,108,171	1,108,171	1,529,222
Total business-type activities	866,525	1,108,171	1,108,171	1,529,944
Total primary government	26,875,619	24,562,404	24,562,404	22,571,440
CHANGES IN NET POSITION				
Governmental activities	7,653,511	4,029,281	4,029,281	1,176,824
Business-type activities	96,594	-	-	384,024
Total primary government	\$ 7,750,105	\$ 4,029,281	\$ 4,029,281	\$ 1,560,848

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
\$ (19,614,016)	\$ (18,656,860)	\$ (17,941,258)	\$ (19,093,090)	\$ (16,774,459)	\$ (10,475,479)
(526,658)	(331,943)	(483,164)	(300,438)	(468,768)	(599,934)
(20,140,674)	(18,988,803)	(18,424,422)	(19,393,528)	(17,243,227)	(11,075,413)
16,482,126	15,423,466	14,583,177	13,925,921	12,878,685	12,848,739
5,110,152	4,799,679	4,700,889	5,007,964	4,960,922	5,200,320
-	-	425,843	304,457	331,400	472,960
75,559	2,802	206,079	241,238	83,697	122,329
77,842	-	-	-	-	-
81,594	56,207	60,143	64,159	77,342	62,198
21,827,273	20,282,154	19,976,131	19,543,739	18,332,046	18,706,546
(497,455)	(408,190)	(483,165)	(462,780)	(468,767)	(599,934)
21,329,818	19,873,964	19,492,966	19,080,959	17,863,279	18,106,612
-	-	-	-	-	-
497,455	408,190	483,165	462,780	468,767	599,934
497,455	408,190	483,165	462,780	468,767	599,934
21,827,273	20,282,154	19,976,131	19,543,739	18,332,046	18,706,546
1,715,802	1,217,104	1,551,708	(12,131)	1,088,820	7,631,133
(29,203)	76,247	1	162,342	(1)	-
\$ 1,686,599	\$ 1,293,351	\$ 1,551,709	\$ 150,211	\$ 1,088,819	\$ 7,631,133

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2018	FY 2017	FY 2016	FY 2015
General Fund				
Nonspendable	\$ 680,850	\$ 672,414	\$ 425,200	\$ 413,384
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	848,386	1,047,284	633,724	200,121
Unassigned	13,180,837	12,239,966	12,671,707	10,967,353
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	\$ 14,710,073	\$ 13,959,664	\$ 13,730,631	\$ 11,580,858
All Other Governmental Funds				
Restricted	\$ 10,276,812	\$ 14,546,308	\$ 4,352,194	\$ 4,114,055
Committed	2,422,164	2,176,032	1,861,490	2,854,833
Assigned	3,647,501	2,768,997	2,405,846	1,680,915
Unassigned	-	(13,961)	(13,961)	(685,893)
Reserved	-	-	-	-
Unreserved:				
Capital Reserve	-	-	-	-
Capital Construction	-	-	-	-
Capital Projects	-	-	-	-
Special Revenues	-	-	-	-
Total All Other Governmental Funds	16,346,477	19,477,376	8,605,569	7,963,910
Total All Other Governmental Funds	\$ 31,056,550	\$ 33,437,040	\$ 22,336,200	\$ 19,544,768

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

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
\$ 445,276	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
235,433	278,081	398,903	253,448	-	-
9,460,898	10,583,878	9,946,859	10,965,330	-	-
-	-	-	-	419,581	892,485
-	-	-	-	12,087,465	11,226,993
\$ 10,141,607	\$ 10,861,959	\$ 10,345,762	\$ 11,218,778	\$ 12,507,046	\$ 12,119,478
\$ 3,436,535	\$ 2,919,881	\$ 5,722,598	\$ 3,633,499	\$ -	\$ -
2,198,674	1,635,200	2,190,078	4,181,490	-	-
1,886,604	1,400,456	965,733	(328,860)	-	-
(487,888)	-	-	-	-	-
-	-	-	-	4,911,103	6,087,386
-	-	-	-	1,472,928	1,500,784
-	-	-	-	42,745	(49,222)
-	-	-	-	2,591	(152,458)
-	-	-	-	1,862,468	1,447,327
7,033,925	5,955,537	8,878,408	7,486,128	8,291,835	8,833,817
\$ 17,175,532	\$ 16,817,496	\$ 19,224,170	\$ 18,704,906	\$ 20,798,881	\$ 20,953,295

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2018	FY 2017	FY 2016	FY 2015
Revenues				
Taxes	\$ 28,672,686	\$ 26,920,329	\$ 25,744,593	\$ 23,906,257
Licenses and permits	3,160,105	2,811,350	2,674,035	2,654,101
Intergovernmental	567,105	597,612	1,164,734	701,508
Changes for services	373,933	351,762	369,011	358,786
Fines and forfeitures	638,011	571,694	559,513	866,801
Grants and contributions	1,421,233	760,104	2,721,304	1,026,219
Interest and investment earnings	62,517	26,398	187,202	213,194
Other	116,460	175,873	666,584	213,797
Total Revenues	35,012,050	32,215,122	34,086,976	29,940,663
Expenditures				
General government	5,722,939	4,666,815	4,765,650	3,815,611
Public safety	10,925,824	10,240,081	9,999,719	9,737,257
Public works	4,095,667	4,230,430	5,042,520	3,927,456
Library and recreation	2,162,526	2,223,838	2,094,896	1,957,963
Contribution to Utility Board	224,705	1,075,420	364,363	-
	23,131,661	22,436,584	22,267,148	19,438,287
Debt Service				
Principal	3,555,258	3,806,154	3,603,942	4,562,582
Interest	1,542,661	1,474,359	1,247,830	1,600,130
Cost of debt issuance	10,750	21,500	121,150	124,738
	5,108,669	5,302,013	4,972,922	6,287,450
Capital outlay	9,571,655	4,997,475	5,199,050	4,468,018
Total Expenditures	37,811,985	32,736,072	32,439,120	30,193,755
Excess of Revenues Over (Under) Expenditures	(2,799,935)	(520,950)	1,647,856	(253,092)
Other Financing Sources (Uses)				
Transfers in	6,532,533	18,376,046	5,653,613	5,599,443
Transfers out	(7,397,652)	(19,324,816)	(6,761,784)	(6,744,641)
Issuance of debt	1,284,564	570,560	1,285,397	481,289
Refunding warrant proceeds (net of discounts)	-	12,000,000	9,281,737	9,983,232
Payment to refunded bond escrow agent	-	-	(8,315,387)	(7,034,096)
Total Other Financing Sources (Uses)	419,445	11,621,790	1,143,576	2,285,227
Net Change in Fund Balances	\$ (2,380,490)	\$ 11,100,840	\$ 2,791,432	\$ 2,032,135
Debt Service as a Percentage of Non-Capital Expenditures	18.05%	19.04%	17.81%	23.96%

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
\$ 24,519,331	\$ 21,999,720	\$ 21,733,548	\$ 21,244,492	\$ 20,434,290	\$ 20,434,486
2,250,864	2,173,251	1,864,731	1,840,438	1,733,817	1,913,500
884,022	834,436	463,986	338,737	365,453	508,952
380,113	398,436	480,719	471,144	462,946	368,588
539,167	543,053	491,236	560,938	526,094	581,816
183,470	519,355	946,681	1,351,147	1,221,711	876,332
75,559	2,801	206,289	241,311	83,697	122,329
268,052	659,498	683,817	1,485,586	754,504	194,398
29,100,578	27,130,550	26,871,007	27,533,793	25,582,512	25,000,401
3,575,499	3,541,464	3,493,943	3,722,384	3,132,794	3,455,093
9,740,349	9,079,296	8,811,758	8,530,766	8,658,596	8,544,615
5,008,458	3,932,144	3,726,692	3,358,205	3,285,211	3,480,840
2,105,906	1,990,272	2,057,739	2,541,230	2,392,960	2,218,091
-	-	49,700	1,676,000	129,586	17,826
20,430,212	18,543,176	18,139,832	19,828,585	17,599,148	17,716,465
2,766,201	2,792,936	2,110,150	1,962,276	1,957,735	1,585,793
1,833,561	1,870,017	1,872,584	2,117,367	2,103,713	2,338,284
-	-	179,549	-	65,924	-
4,599,762	4,662,953	4,162,283	4,079,642	4,127,373	3,924,078
3,215,113	6,304,061	5,301,508	5,232,424	4,115,548	3,238,335
28,245,087	29,510,190	27,603,623	29,140,651	25,842,068	24,878,877
855,491	(2,379,640)	(732,615)	(1,606,858)	(259,556)	121,524
5,858,871	4,328,861	5,142,923	6,318,974	3,662,356	3,095,999
(6,356,326)	(4,737,051)	(5,626,088)	(6,806,092)	(4,131,123)	(3,695,934)
-	581,155	-	-	506,969	146,678
-	-	13,271,188	-	2,024,108	-
-	-	(11,536,144)	-	(1,957,167)	-
(497,455)	172,965	1,251,879	(487,117)	105,143	(453,257)
\$ 358,036	\$ (2,206,675)	\$ 519,264	\$ (2,093,975)	\$ (154,414)	\$ (331,733)
18.38%	20.09%	17.86%	17.06%	18.69%	18.13%

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
2018	\$ 18,862,892	\$ 227,979	\$ 2,652,495	\$ 5,712,928	\$ 1,216,392
2017	17,666,885	202,720	2,563,873	5,490,960	1,198,611
2016	15,511,827	191,906	2,455,818	5,209,599	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

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
2018	2.5%	3.0%	4.0%	9.5%
2017	2.5%	3.0%	4.0%	9.5%
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%	2.0%	4.0%	8.5%
2010	2.5%	2.0%	4.0%	8.5%
2009	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 2018 RANK	FY 2018 % of Total Taxable Sales	FY 2009 RANK	FY 2009 % of Total Taxable Sales
Walmart Stores	1	9.86%	1	14.55%
Sam's Club	2	7.40%	2	8.49%
Lowes Home Center	3	5.02%	3	5.18%
Target	4	3.52%	4	4.64%
Daphne Automotive LLC	5	3.43%	5	3.55%
Home Depot	6	3.23%	6	-
Chris Myers Pontiac GMC	7	3.10%	8	2.85%
Publix	8	2.39%	-	-
Tameron Automotive Eastern Shore	9	2.30%	9	2.75%
Terry Thompson Chevrolet	10	2.20%	10	2.08%
Winn Dixie	-	-	7	3.45%

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		
2018	\$ 534,680	\$152,428,320	\$ 238,346,960	\$ 44,508,614	\$ 35,260	\$435,853,834	15.00
2017	53,240	140,513,700	226,752,080	46,863,344	14,740	414,197,104	15.00
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

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 2018			FY 2009		
	Assessed Value	Rank	% of Total Net Assessed Value	Assessed Value	Rank	% of Total Net Assessed Value
Audubon 344 LLC	\$ 6,852,420	1	1.57%	-	-	-
Jubilee Square LLC	6,826,280	2	1.57%	-	-	-
Colonnade At Eastern Shore LLC	5,106,440	3	1.17%	-	-	-
Ashley Gates Holdings LLC	4,180,300	4	0.96%	3,298,240	3	-
Esfahani Real Estate Holding of AL	4,105,880	5	0.94%	3,099,000	4	0.80%
Myers Family Limited Partnership	3,697,540	6	0.85%	2,771,400	6	0.72%
OCP Whispering Pines LLC	3,246,020	7	0.74%	2,568,450	7	-
Palladian At Daphne LLC	2,791,160	8	0.64%	-	-	0.00%
Jubilee Ridge LLC	2,696,160	9	0.62%	-	-	-
Daphne 451 LLC	2,462,620	10	0.57%	-	-	-
AIG Baker Daphne LLC	-	-	-	5,547,040	1	1.43%
Walmart Stores Inc	-	-	-	3,368,520	2	0.87%
Lowes	-	-	-	2,799,260	5	0.72%
Sam's Real Estate Business Trust	-	-	-	2,771,400	8	0.72%
Reanissance Center LLC	-	-	-	2,568,460	9	0.66%
Tameron Properties LLC	-	-	-	2,038,380	10	0.53%

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
2017	15.0	5.0	2.5	1.5	12.0	0.5	21.5
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

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
2018	\$ 5,862,726	\$4,745,238	80.94%	\$ -	\$ 4,745,238	80.94%
2017	5,464,020	5,457,542	99.88%	2,952	5,460,494	99.94%
2016	5,185,562	5,180,576	99.90%	2,028	5,182,604	99.94%
2015	4,898,061	4,889,546	99.83%	3,490	4,893,036	99.90%
2014	4,740,854	4,715,793	99.47%	22,571	4,738,364	99.95%
2013	4,513,658	4,498,136	97.99%	10,221	4,508,357	97.99%
2012	4,411,487	4,395,066	99.63%	12,718	4,407,784	99.85%
2011	4,674,857	4,660,367	99.69%	6,426	4,666,793	99.91%
2010	4,895,120	4,847,801	99.03%	5,676	4,853,477	99.30%
2009	5,152,580	5,109,720	99.17%	6,822	5,116,542	99.75%

Source: Baldwin County Revenue Commissioner

Note: Property taxes are collected starting October 1 of the following year, thus 2018 collections represent collections received through the issuance of this report

CITY OF DAPHNE, ALABAMA

**Legal Debt Margin
Last Fiscal Ten Years**

	FISCAL YEAR			
	FY 2018	FY 2017	FY 2016	FY 2015
Constitutional Debt Limit	\$ 87,170,767	\$ 82,839,421	\$ 78,881,544	\$ 74,898,600
Total Net Debt Applicable to Limit	<u>(37,240,809)</u>	<u>(39,986,229)</u>	<u>(30,882,844)</u>	<u>(33,291,384)</u>
Legal Debt Margin	<u>\$ 49,929,958</u>	<u>\$ 42,853,192</u>	<u>\$ 47,998,700</u>	<u>\$ 41,607,216</u>
 Total Net Debt Applicable to Limit as a Percentage of Debt Limit	 42.72%	 48.27%	 39.15%	 44.45%

Legal Debt Margin Calculation

Assessed Value	<u>\$ 435,853,834</u>	<u>\$ 414,197,104</u>	<u>\$ 394,407,722</u>	<u>\$ 374,493,002</u>
Debt Limit (20% of Total Assessed Value)	<u>\$ 87,170,767</u>	<u>\$ 82,839,421</u>	<u>\$ 78,881,544</u>	<u>\$ 74,898,600</u>
Debt Applicable to Limit:				
General Obligation Bonds	\$ 38,895,305	\$ 41,972,457	\$ 33,270,204	\$ 36,038,064
Less: Exempt Debt	<u>(1,654,496)</u>	<u>(1,986,228)</u>	<u>(2,387,360)</u>	<u>(2,746,680)</u>
Total Net Debt Applicable to Limit	<u>\$ 37,240,809</u>	<u>\$ 39,986,229</u>	<u>\$ 30,882,844</u>	<u>\$ 33,291,384</u>
Legal Debt Margin	<u>\$ 49,929,958</u>	<u>\$ 42,853,192</u>	<u>\$ 47,998,700</u>	<u>\$ 41,607,216</u>

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
\$ 71,732,586	\$ 69,063,384	\$ 67,093,475	\$ 69,944,786	\$ 71,098,156	\$ 77,322,524
<u>(33,914,432)</u>	<u>(36,335,750)</u>	<u>(38,614,155)</u>	<u>(28,984,716)</u>	<u>(30,484,799)</u>	<u>(31,882,732)</u>
<u>\$ 37,818,154</u>	<u>\$ 32,727,634</u>	<u>\$ 28,479,320</u>	<u>\$ 40,960,070</u>	<u>\$ 40,613,357</u>	<u>\$ 45,439,792</u>
47.28%	52.61%	57.55%	41.44%	42.88%	41.23%
<u>\$ 394,407,722</u>	<u>\$ 374,493,002</u>	<u>\$ 358,662,928</u>	<u>\$ 335,467,376</u>	<u>\$ 345,316,918</u>	<u>\$ 335,467,376</u>
<u>\$ 71,732,586</u>	<u>\$ 74,898,600</u>	<u>\$ 71,732,586</u>	<u>\$ 67,093,475</u>	<u>\$ 69,063,384</u>	<u>\$ 67,093,475</u>
\$ 37,007,732	\$ 39,634,250	\$ 42,725,887	\$ 42,388,164	\$ 43,996,777	\$ 45,047,105
<u>(3,093,300)</u>	<u>(3,298,500)</u>	<u>(4,111,732)</u>	<u>(13,403,448)</u>	<u>(13,511,978)</u>	<u>(13,164,373)</u>
<u>\$ 33,914,432</u>	<u>\$ 36,335,750</u>	<u>\$ 38,614,155</u>	<u>\$ 28,984,716</u>	<u>\$ 30,484,799</u>	<u>\$ 31,882,732</u>
<u>\$ 37,818,154</u>	<u>\$ 38,562,850</u>	<u>\$ 33,118,431</u>	<u>\$ 38,108,759</u>	<u>\$ 38,578,585</u>	<u>\$ 35,210,743</u>

CITY OF DAPHNE, ALABAMA

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

Fiscal Year	Governmental Activities				Business Activities	
	General Obligation Debt	Limited Obligation Debt	Net Premiums/ (Discounts)	Note Payable and Capital Leases	General Obligation Debt	Capital Leases
2018	\$ 36,620,000	\$ 2,275,305	\$ 362,210	\$ 2,329,500	\$ -	\$ 492,456
2017	39,085,000	2,887,457	400,835	1,523,042	-	463,839
2016	29,990,000	3,280,204	438,099	1,460,889	-	270,666
2015	32,215,000	3,823,064	(308,284)	581,574	-	415,879
2014	32,920,000	4,087,733	(384,292)	293,198	-	245,794
2013	35,310,000	4,324,250	(408,764)	432,882	-	416,191
2012	37,570,000	4,539,755	(433,236)	169,158	-	446,974
2011	27,935,000	13,491,116	(233,896)	332,948	-	629,101
2010	29,540,000	13,689,799	(249,416)	491,540	-	275,438.52
2009	31,015,000	13,900,032	(240,584)	132,073.81	-	-

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
\$ 42,079,471	2.81%	1,263
44,360,173	3.22%	1,338
35,439,858	2.81%	1,128
36,727,233	3.10%	1,211
37,162,433	3.00%	1,173
40,074,559	3.47%	1,338
42,292,651	3.81%	1,450
42,154,268	4.27%	1,551
43,747,361	4.87%	2,028
44,806,521	4.77%	1,729

CITY OF DAPHNE, ALABAMA

**Net Bonded Debt by Type
Last Fiscal Ten Years**

Fiscal Year	Net Debt ⁽³⁾	Net Debt as a Percentage of Estimated Actual Taxable Value of Property ⁽¹⁾	Net Debt Per Capita ⁽²⁾
2018	\$ 38,642,083	8.87%	1,159
2017	44,360,173	10.71%	1,338
2016	35,439,858	8.99%	1,128
2015	36,727,233	9.81%	1,211
2014	37,162,433	10.36%	1,173
2013	40,074,559	11.61%	1,338
2012	42,292,651	12.61%	1,450
2011	42,154,268	12.05%	1,551
2010	43,747,361	12.31%	2,028
2009	44,806,521	11.59%	1,729

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

(3) - Net debt included a reduction in the amount of \$2,944,932 for resources that have been restricted for the repayment of debt. Business-type activities debt is also excluded.

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	\$ 41,587,015	100.00%	\$ 41,587,015
Subtotal:	\$ 41,587,015		\$ 41,587,015
Overlapping Debt			
Utilities Board of the City of Daphne ⁽¹⁾	-	100.00%	11,560,000
Baldwin County General Bonded Debt & Warrants ⁽²⁾	-	0.86%	87,705,920
Subtotal:	\$ -		\$ 99,265,920
Total Direct & Overlapping Debt			<u><u>\$ 140,852,935</u></u>

Source: Baldwin County Revenue Commissioner

(1) - The Utilities Board of the City of Daphne is a subordinate entity.

(2) - The percentage of net assessed value of property in the City of Daphne (\$42,079,471) to net assessed value of property in Baldwin County (\$4,890,229,756) on 10/1/2018.

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
2018	33,327	\$ 1,499,594,000	\$ 44,996	35.90	5,441	3.5%
2017	33,151	1,377,711,000	41,559	36.70	5,266	3.0%
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%

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

CITY OF DAPHNE, ALABAMA

**Principal Employers
Current and Nine Years Ago**

EMPLOYER	FY 2018 % of			FY 2009 % of		
	FY 2018 # of Employees	Total Employees	FY 2018 RANK	FY 2009 # of Employees	Total Employees	FY 2009 RANK
Wal-Mart Super Center	325	2.66%	1	400	0.47%	1
City of Daphne	315	2.58%	2	285	0.33%	2
Lowe's	160	1.31%	3	153	0.18%	5
Eastern Shore Toyota / Hyundai	159	1.30%	4	166	0.19%	3
Target	130	1.07%	5	104	0.12%	8
Chris Myers	125	1.02%	6	100	0.12%	9
The Brenntity	120	0.98%	Tie 7	0	0.00%	
Home Depot	120	0.98%	Tie 7	112	0.13%	6
Sam's Club	100	0.82%	Tie 9	155	0.18%	4
Nolan Eastern Shore	100	0.82%	Tie 9	0	0.00%	
Publix	100	0.82%	Tie 9	0	0.00%	
Bayside Academy	72	0.59%		106	0.12%	7
Home Relief Services	-	-	-	63	0.07%	10

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 2018	FY 2017	FY 2016	FY 2015
General Government:				
Legislative	2	2	2	2
Executive and Marketing	5	4	3	3
Information Technology	3	3	2	2
Human Resources	5	5	5	4
Finance	7	7	7	7
Revenue	3	3	3	3
Planning	4	4	4	4
Court	4	4	3	3
Building Maintenance & Janitorial	8	8	7	7
Total General Government	41	40	36	35
Public Safety:				
Police Department	100	97	91	91
Fire Department	58	57	55	54
Building Inspection	6	6	6	5
Code Enforcement	2	2	2	2
Total Public Safety	166	162	154	152
Public Works:				
Public Works Administration	5	5	5	5
Streets	13	13	13	13
Grounds	14	14	14	14
Mowing	9	9	9	8
Mechanical	8	8	8	8
Solid Waste	18	17	17	17
Total Public Works	67	66	66	65
Library and Recreation:				
Parks	9	6	6	6
Recreation	6	6	6	8
S.A.I.L. Site	2	2	2	2
Library	17	17	17	17
Civic Center	7	7	7	7
Total Library & Recreation	41	38	38	40
Total Employees	315	306	294	292

Source: City of Daphne Human Resources Department

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
2	2	2	2	2	2
2	2	1	1	1	1
1	1	0	0	0	0
3	3	3	3	3	3
8	8	8	8	8	8
2	2	2	2	3	3
4	4	4	4	7	7
3	3	4	4	4	4
7	7	7	7	7	7
32	32	31	31	35	35
91	85	84	84	84	84
54	54	51	51	51	42
5	5	5	5	7	7
1	1	1	1	1	1
151	145	141	141	143	134
5	5	5	5	5	6
13	11	11	11	11	11
14	12	12	12	12	13
8	8	8	8	9	9
8	8	8	8	8	8
17	17	17	17	23	23
65	61	61	61	68	70
6	9	9	9	9	9
8	8	7	7	9	9
3	3	3	3	3	3
16	14	15	15	15	15
6	6	7	7	8	8
39	40	41	41	44	44
287	278	274	274	290	283

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2018	FY 2017	FY 2016	FY 2015
Municipal Court				
Cases Filed:				
Traffic	3,236	3,366	3,808	4,269
Non- Traffic	327	416	462	458
Parking	-	-	-	1
Total Cases Filed:	3,563	3,782	4,270	4,728
Cases Disposed of:				
Traffic	2,997	3,527	3,958	4,259
Non- Traffic	457	427	439	458
Parking	-	-	-	-
Total Cases Disposed of:	3,454	3,954	4,397	4,717
Cases Appealed:				
Traffic	12	39	45	69
Non- Traffic	23	43	52	53
Parking	-	-	-	-
Total Appeals:	35	82	97	122
Cases by Disposition Type:				
Guilty	3,309	3,215	2,589	2,814
Not Guilty	76	48	7	9
Nol pros / Dismissal	1,431	1,489	1,643	1,711
Continued	*N/A	*N/A	6,303	4,912
Total Cases:	4,816	4,752	10,542	9,446

*N/A – The Municipal Court upgraded reporting software during the year and the information was not available. The Court will begin reporting this information again in FY 2018.

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
3,552	3,280	3,177	3,094	4,157
396	441	501	510	491
-	-	-	-	1
3,948	3,721	3,678	3,604	4,649
3,812	3,355	3,494	4,056	4,401
420	537	567	561	557
-	-	-	2	-
4,232	3,892	4,061	4,619	4,958
55	69	43	55	318
39	35	49	53	122
-	-	-	-	-
94	104	92	108	440
2,472	2,424	2,518	3,014	3,354
11	13	14	16	16
1,505	1,195	1,274	1,571	1,588
4,083	3,002	2,412	2,012	3,398
8,071	6,634	6,218	6,613	8,356

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2018	FY 2017	FY 2016	FY 2015
Municipal Court (continued)				
Local Receipts:				
Fines	\$ 266,468	\$ 251,085	\$ 260,762	\$ 246,491
Corrections	37,762	79,781	93,536	96,646
Municipal ETC	4,963	5,185	6,240	6,447
Bonds Forfeited	14,000	2,193	30,148	29,591
Other Local	137,258	109,911	123,575	122,275
Total Local Receipts:	\$ 446,451	\$ 445,962	\$ 514,261	\$ 501,450
State Receipts:				
Fair Trial Tax	\$ 39,871	\$ 42,146	\$ 50,084	\$ 52,161
Driver Education	19,405	20,688	24,448	25,610
State General DUI	4,720	7,617	9,214	9,314
AHSCI Trust Fund	1,590	1,195	*N/A	*N/A
Chemical Forensic	8,596	9,301	9,061	6,068
State General Fund	51,989	54,865	65,811	68,016
DNA Database	28,931	30,413	36,798	37,740
Criminal History	9,195	8,272	10,645	10,593
Traffic Safety Trust Fund	3,001	3,762	*N/A	*N/A
Peace Officers Annuity and Training Fund	10,919	15,394	16,131	16,745
Advance Tech Data	8,016	7,978	9,356	9,688
Crime Victims Fund	6,686	6,785	8,288	8,483
DUI/Interlock	2,404	5,011	5,263	5,719
Forensic Trust	*N/A	2,307	2,623	2,310
Drivers License Fee	*N/A	*N/A	13,774	12,154
Drug Docket Fee	*N/A	*N/A	1,117	797
Other State	158,844	173,011	195,103	197,132
Total State Receipts:	\$ 354,167	\$ 388,745	\$ 457,716	\$ 462,530
Other Receipts:				
Restitution	\$ 10,307	\$ 6,810	\$ 9,659	\$ 9,452
Cash Bonds	\$ 209,278	\$ 178,022	\$ 193,220	\$ 168,056
Total Other Receipts:	\$ 219,585	\$ 184,832	\$ 202,879	\$ 177,508

*N/A – The Municipal Court upgraded reporting software during the year and the information was not available. The Court will begin reporting this information again in FY 2018.

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
\$ 259,223	\$ 284,804	\$ 265,397	\$ 326,406	\$ 310,318
82,753	74,885	70,109	70,757	81,929
5,551	5,002	4,688	4,731	5,483
15,475	13,712	18,540	23,809	17,056
115,508	114,494	74,190	61,930	73,270
\$ 478,510	\$ 492,897	\$ 432,924	\$ 487,633	\$ 488,056

\$ 44,585	\$ 40,108	\$ 44,697	\$ 38,588	\$ 38,168
21,511	18,722	20,560	17,530	16,876
14,625	16,867	13,397	18,856	16,101
*N/A	*N/A	*N/A	*N/A	*N/A
8,032	7,247	6,794	10,166	9,746
58,295	52,605	58,339	50,474	49,840
33,036	29,689	18,714	4,137	28,425
11,256	12,899	15,288	15,450	15,991
*N/A	*N/A	*N/A	*N/A	*N/A
14,321	12,921	9,836	8,616	8,685
8,347	7,517	8,246	7,114	7,016
7,591	7,404	8,502	7,597	7,937
8,186	8,108	7,068	10,604	9,647
2,069	2,608	1,935	1,386	2,953
12,571	13,218	15,206	15,036	13,716
800	960	1,025	548	1,080
149,624	135,941	93,793	107,074	94,134
\$ 394,849	\$ 366,814	\$ 323,400	\$ 313,176	\$ 320,315

\$ 4,285	\$ 9,638	\$ 7,105	\$ 5,564	\$ 7,837
\$ 149,700	\$ 147,179	\$ 209,396	\$ 199,110	\$ 213,919
\$ 153,985	\$ 156,817	\$ 216,501	\$ 204,674	\$ 221,756

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2018	FY 2017	FY 2016	FY 2015
Public Safety				
Police Department:				
Patrol Division:				
Complaints	15,292	17,287	14,569	14,871
Accidents - Roadway	247	883	212	170
Accidents - Private Property	969	194	1,776	862
Accidents - Traffic Homicides	2	7	3	2
Arrests - Controlled Substance	50	61	31	25
Arrests - Drug Paraphernalia	69	58	51	44
Arrests - Felony Marijuana	8	10	4	7
Arrests - Misdemeanor Marijuana	62	121	57	42
Arrests - Alias Warrant	578	510	520	438
Arrests - D.U.I.	146	127	133	138
Arrests - Felony	90	174	89	70
Arrests - Misdemeanor	1,011	1,102	973	844
Assists - Motorist / Citizens	1,721	2,073	1,808	1,856
Citations	2,978	3,400	3,908	4,368
Searches - Vehicles	233	1,145	1,145	1,145
Security Checks	10,904	9,241	11,722	8,266
Warnings	1,255	2,171	2,495	4,540
Drug Report - Routine Patrol & Special Ops:				
Drugs Seized	12	102	92	6
Vehicles Seized	7	-	2	-
Commercial Vehicle Inspections	294	317	404	483
Monies Seized	\$ 3,344,000	\$ 10	\$ -	\$ -
Detective Division:				
New Cases Received	893	739	804	752
Previous Unsolved Cases	67	69	95	91
Cases Solved	548	511	554	466
Arrests:				
Cases Solved - Felony	67	81	97	63
Cases Solved - Misdemeanor	40	17	27	16
Total Warrants Arrests	107	98	124	79

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
14,044	13,002	13,322	13,532	13,004
804	194	791	742	760
194	731	208	169	175
2	2	1	4	1
19	29	10	9	15
38	32	26	31	47
2	7	3	10	7
29	40	26	23	29
357	286	431	366	302
141	152	149	128	165
71	95	61	82	65
695	702	927	773	731
2,345	2,541	2,785	5,376	2,917
3,374	3,289	3,255	3,241	4,218
489	454	340	305	348
3,017	466	n/a	n/a	n/a
2,603	2,105	2,429	1,819	995
48	39	-	-	3
-	-	-	-	-
433	412	230	65	79
\$ -	\$ 1,445	\$ -	\$ -	\$ -
726	795	734	849	629
73	93	66	91	168
403	473	481	482	499
58	162	112	144	214
3	9	22	47	39
61	171	134	191	253

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2018	FY 2017	FY 2016	FY 2015
Detective Division (continued)				
Sex Offenders:				
Contact Verification	47	75	54	35
Total # of Offenders				
Registered in Daphne	6	8	5	5
D.A.R.E.:				
Hours Report Writing	51	21	41	34
Police Reports by S.R.O.	43	21	42	32
Arrests by S.R.O.	26	10	12	7
Code Enforcement:				
Warnings	573	780	548	95
Citations	10	44	285	25
Warning Compliance	566	609	760	273
Business License Enforcement	200	204	333	333
Jail:				
Arrestees Received & Processed	2,022	1,967	2,065	2,092
Inmate Meals Served	44,878	18,459	20,343	30,082
Inmate Medical Cost	\$ 7,661	\$ 19,304	\$ 25,515	\$ 30,257
Worker Inmate Hours	754	948	2,130	2,217
Animal Control:				
Complaints	625	597	641	665
Follow-Up	256	237	313	564
Citations	25	15	67	43
Warnings	205	198	293	210
Felines Captured	231	159	170	215
Canines Captured	192	198	175	224
Other Captured	55	80	153	139
Returned to Owner	86	96	88	91
Adopted	124	98	105	137
Euthanized	120	167	136	276

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
36	45	18	20	15
7	8	8	2	3
41	32	48	69	42
31	30	32	57	22
17	13	14	24	13
40	41	41	60	89
15	33	45	51	36
190	248	312	251	242
312	379	427	307	294
2,256	2,351	2,259	2,131	2,107
29,137	27,883	21,055	20,557	30,540
\$ 24,063	\$ 23,788	\$ 20,002	\$ 14,322	\$ 37,040
2,328	1,879	2,005	3,206	10,203
836	703	618	721	837
1,458	1,326	1,169	1,224	1,256
62	153	55	80	77
157	391	276	132	124
297	299	259	273	316
310	365	345	337	363
125	67	71	129	250
130	179	186	143	184
191	191	139	183	180
332	277	204	174	293

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2018	FY 2017	FY 2016	FY 2015
Crimes Reported:				
Arson	1	-	-	-
Burglary - Commercial	16	15	17	21
Burglary - Residential	52	30	59	48
Burglary - Vehicle	156	162	148	78
Criminal Mischief	61	56	53	48
Disorderly Conduct	19	9	6	4
Domestic Disturbance	408	198	120	109
False Information to Police	4	11	15	14
Felony Assault	5	4	5	4
Felony Theft	173	136	135	133
Forgery/Fraud	52	6	-	-
Harassment	96	78	56	63
Identity Theft	22	5	5	6
Indecent Exposure	5	2	2	-
Kidnapping	1	-	-	-
Menacing	8	8	6	7
Misdemeanor Assault	24	7	11	30
Misdemeanor Theft	203	192	174	217
Murder	1	-	-	-
Other Death Investigations	24	12	3	-
Public Intoxication	21	16	19	10
Public Lewdness	5	1	2	-
Receiving Stolen Property	11	7	7	8
Reckless Endangerment	7	7	4	15
Resisting Arrest	9	8	8	13
Robbery	15	14	7	5
Sex Crime Investigations	14	4	4	8
Suicide	1	-	-	-
Suicide, Attempted	25	14	-	-
Theft of Services	6	20	3	-
Unauthorized Use of Services	9	4	5	14

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
-	-	-	-	-
42	35	17	31	12
51	49	82	94	57
120	145	109	123	22
62	45	74	83	88
10	12	4	8	8
127	274	308	253	175
11	14	11	17	11
6	5	7	6	2
134	149	136	165	191
-	-	-	-	-
43	56	87	87	94
17	50	80	54	41
2	1	3	2	6
-	1	-	-	-
4	4	6	3	4
13	11	17	14	13
170	181	207	191	210
1	-	-	1	-
6	20	16	23	10
6	7	11	11	8
1	1	2	-	2
7	9	5	17	2
5	7	7	5	5
11	10	4	4	2
6	6	5	14	12
10	26	21	13	4
-	-	-	-	3
6	22	25	24	16
-	-	1	-	5
8	4	6	7	8

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2018	FY 2017	FY 2016	FY 2015
Fire Department:				
Suppression:				
Fire / Explosion:				
Fire, Other	6	3	8	9
Structure Fire - Commercial	7	8	4	18
Structure Fire - Residential	34	25	30	21
Fire in mobile property	1	2	-	5
Vehicle / Mobile Property Fire	16	11	14	21
Natural Vegetation Fire	24	29	8	14
Outside Rubbish Fire	6	1	4	7
Special Outside Fire	6	3	4	4
Cultivated Vegetable Crop Fire	-	-	-	-
Overpressure Rupture	1	1	1	1
Rescue Call & Emerg Medical Service	2,486	2,230	2,285	2,077
Hazardous Conditions (No Fire)	87	61	42	34
Service Calls	198	220	198	167
Good Intent Calls	222	197	213	182
False Alarm and False Calls	319	286	212	269
Severe Weather & Natural Disasters	7	2	2	2
Other Situations	2	2	9	2
Fire Prevention Awareness & Education:				
Classes Held	283	343	293	150
Persons Attending	4,698	4,334	3,451	1,165
Bureau of Fire Prevention:				
Plan Reviews	49	46	36	20
Final / Certificates of Occupancy	16	25	14	15
General / Annual Inspections	911	743	711	992
Business Licenses	94	304	275	61
Consultations	310	89	77	-
All Other / Miscellaneous Activity	48	56	52	158
Miscellaneous Reporting:				
Training Hours	4,061	6,350	5,325	4,530
Property Loss (\$\$)	\$ 2,227,000	\$ 431,950	\$ 615,153	\$ 1,980,630
Personnel & Civilian Injuries by Fire:	2	-	-	-
Advanced Life Support Rescues:	2,040	1,830	1,212	1,611
Number of Patients Treated:	2,369	2,151	1,523	2,018

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
13	8	3	6	5
6	3	7	3	6
31	20	22	35	28
6	2	1	1	1
16	17	14	9	14
18	11	14	20	11
6	10	10	17	4
6	3	3	6	6
-	-	1	-	2
-	2	1	3	1
1,981	1,959	1,674	1,710	1,693
37	34	42	46	34
180	193	155	153	245
208	195	240	202	193
235	217	249	286	205
8	3	5	4	1
2	3	1	2	-
48	19	61	83	74
686	898	1,465	5,893	5,091
24	29	189	30	27
7	6	3	7	6
523	462	291	781	1,003
84	69	156	72	64
-	-	-	-	-
188	158	23	11	-
4,684	2,773	9,601	1,187	1,324
\$ 1,489,315	\$ 866,200	\$ 1,027,815	\$ 1,171,212	\$ 1,151,542
-	-	2	1	-
1,444	1,434	687	1,105	1,103
1,945	1,898	978	1,692	1,586

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2018	FY 2017	FY 2016	FY 2015
Building Inspection:				
Permits:				
Building Permits:				
Non-Residential	103	99	84	70
Residential	723	640	548	451
Electrical Permits:				
Non-Residential	73	52	55	48
Residential	92	171	131	58
Electrical Permits - New Construction:				
Non-Residential	-	-	-	-
Residential	186	223	187	170
Land Disturbance Permits:				
Non-Residential	-	-	-	-
Residential	273	26	88	97
Mechanical Permits:				
Non-Residential	37	58	38	29
Residential	79	60	63	57
Mechanical Permits - New Construction:				
Non-Residential	-	-	-	-
Residential	218	212	185	166
Plumbing Permits:				
Non-Residential	46	40	41	29
Residential	68	31	38	40
Plumbing Permits - New Construction:				
Non-Residential	-	-	-	-
Residential	204	209	199	57
Total Number of Permits	2,102	1,821	1,657	1,272
Inspections:				
Building Permit	3,296	3,605	3,444	3,196
Electrical Permit	154	236	213	119
Electrical - New Construction Permit	156	186	162	152
Land Disturbance Permit	17	16	33	-
Mechanical Permit Inspections	50	43	43	36
Mechanical - New Construction Permit	194	186	164	151
Plumbing Permit Inspections	161	108	103	96
Plumbing - New Construction Permit	488	421	387	354
Total Number of Inspections	4,516	4,801	4,549	4,104
Environmental Inspections:				
Site Containment - Permitted	1,043	1,679	1,702	863
Site Containment - All Other	273	125	404	321

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
50	86	82	78	62
482	465	361	316	346
38	52	29	38	38
47	36	39	122	134
-	1	5	-	-
155	169	109	16	-
-	-	-	1	-
92	152	102	60	15
26	39	34	45	18
54	41	42	130	177
-	-	3	-	-
148	152	123	18	-
20	49	24	34	23
46	26	32	167	129
-	1	1	-	-
155	176	118	23	-
1,313	1,445	1,104	1,048	942
3,217	2,420	1,416	1,291	1,156
109	90	66	213	206
155	172	130	12	-
28	6	8	68	3
58	33	27	143	161
155	171	126	19	-
98	86	77	373	383
356	427	244	25	-
4,176	3,405	2,094	2,144	1,909
857	877	339	181	324
301	276	87	115	110

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2018	FY 2017	FY 2016	FY 2015
Public Works (1):				
Asphalt Street Repairs:				
Asphalt Used (tons)	343	331	679	653
Repairs (# of repairs)	89	155	335	958
Street Sweeping:				
Miles Swept	865	671	1,337	1,183
Dredge:				
Materials Removed/Dredged (yards)	25	-	750	728
Storm Drain & Heavy Equipment:				
Drains Cleaned (# of Jobs)	109	139	189	105
Materials Hauled (cubic yards)	22	1,270	1,400	998
Solid Waste:				
Waste Removed (tons)	7,294	7,124	6,929	6,597
Recycled (tons)	1,836	1,867	2,009	2,020
Special Events	4	5	5	5
Trash Division:				
Trash Picked Up (tons)	4,401	3,565	4,873	4,633
Pay Pile Loads	25	12	12	10
Library & Recreation:				
Tournament Events & Participants ⁽¹⁾ :				
Adult Softball:				
No. of Events	24	14	19	19
Participants	2,700	1,500	1,200	2,200
Girls Fast pitch Softball:				
No. of Events	17	13	15	12
Participants	7,100	5,200	6,000	4,950
Soccer:				
No. of Events	7	10	11	10
Participants	9,400	1,300	1,400	1,300
Baseball				
No. of Events	3	3	4	1
Participants	275	250	350	110
Football				
No. of Events	4	4	4	1
Participants	2,000	1,400	1,400	750
Lacrosse:				
No. of Events	2	2	2	2

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
580	230	152		
12	123	285		
1,813	2,107	1,735		
980	1,000	40 tons		
172	150	112		
1,340	75	52		
6,533	6,359	6,316		
3,045	3,539	2,919		
6	7	6		
4,008	3,950	3,518		
22	13	24		

18	26	21		
1,750	3,700	3,000		
14	8	6		
5,800	3,300	2,500		
9	9	8		
1,200	1,100	1,050		
1				
140				
1				
480				
1	4	4		

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2018	FY 2017	FY 2016	FY 2015
Library & Recreation (continued):				
League Participants by Sport:				
Youth Soccer	750	825	850	760
Youth Football	210	210	205	195
Youth Cheerleading	85	65	46	45
Fall Men's Open Softball	230	240	250	275
Fall Co-Ed Softball	130	150	150	150
Fall Adult Soccer	110	80	140	115
Dixie Youth Baseball (ages 5-12)	450	475	443	500
Dixie Boys Baseball (ages 13-14)	46	50	35	50
Youth Softball	95	85	135	115
Youth Spring Soccer	350	410	420	350
Men's Church League Softball	255	175	190	240
Spring Co-Ed Softball	150	180	170	160
Spring Adult Soccer	100	90	100	110
Summer Men's Open Softball	250	240	600	400
Summer Co-Ed Softball	200	190	200	225
Summer Adult Soccer	100	90	100	110

Library				
Patrons Visits	148,820	201,490	203,607	274,619
Items Circulated	361,688	331,803	368,275	431,305
Children's Program Attendance	5,842	10,734	10,333	6,756
Teen Program Attendance	612	975	1,428	1,251
Adult Program Attendance	664	415	256	664
Computer Users	14,058	18,832	26,739	31,176
Ancestry Database Users	3,394	12,030	6,489	7,106
Heritage Quest Database Users	1,160	2,738	1,525	1,957
E-Books Circulation	23,274	20,809	20,809	18,215
Reference Questions Answered	1,319	1,691	1,512	1,175
Meeting Rooms Use Hours	13,528	20,098	18,247	11,003
Special Displays	161	80	78	211

Source: Various City Departments

FISCAL YEAR

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
790	775	550	540	525
199	195	205	195	200
50	75	80	80	65
255	234	220	17	168
165	143	156	10	144
120	120	100	10	120
480	525	435	450	480
60	63	60	55	60
120	95	80	85	75
375	380	250	-	-
270	208	192	216	288
180	195	132	180	144
90	84	80	80	80
435	312	264	372	312
210	247	132	192	192
110	95	80	90	80

262,786	197,384	220,738	214,982	224,367
443,471	293,033	276,093	296,712	314,218
5,800	5,822	7,378	10,323	10,889
1,158	1,656	735	827	1,143
167	176	531	575	721
25,537	26,368	30,892	31,676	17,234
7,612	8,752	7,047	6,976	-
1,204	2,265	1,263	1,256	-
15,802	9,156	6,277	767	-
25,822	8,643	8,046	8,639	8,976
7,363	6,002	6,330	6,836	7,251
94	47	45	39	47

CITY OF DAPHNE, ALABAMA

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

Function	FISCAL YEAR			
	FY 2018	FY 2017	FY 2016	FY 2015
Public Safety:				
Fire:				
Number of Fire Stations	4	4	4	4
Number of Fire Trucks	8	8	8	8
Number of All Other Vehicles	13	14	13	14
Police:				
Number of Police Stations	2	2	2	2
Number of Patrol Units	66	61	60	58
 Public Works ⁽¹⁾:				
Miles of Streets (maintained by the City)	143	139.8	139.8	138.7
Number of Signalized Traffic Intersections ⁽²⁾	9	9	9	9
Number of Vehicles	34	38	40	55
Solid Waste				
Number of Sanitation Trucks	14	17	18	9
 Library & Recreation:				
Parks	17	17	17	17
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	7	7	8	9

⁽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 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>
4	4	4	4	4	4
7	6	6	6	6	6
14	15	16	16	17	16
2	2	2	2	2	2
62	64	64	64	64	64
137.5	135.7	135.4			
10	10	10			
54	54	55	55	56	55
9	9	9	8	9	10
16	16	16	16	16	16
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
9	5	6	5	4	4