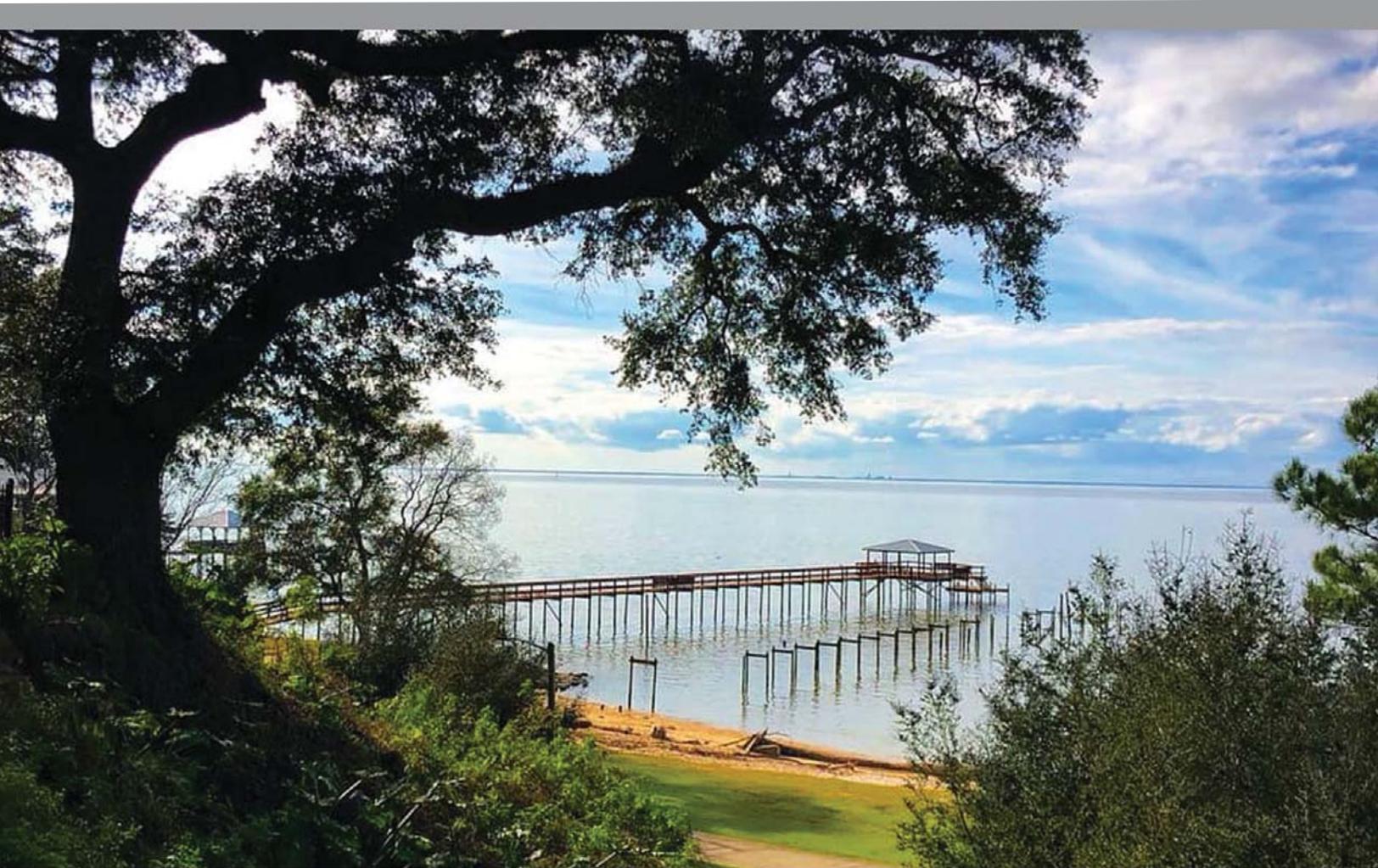


City of Daphne, Alabama

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year
Ending September 30, 2019



City of Daphne, Alabama

Comprehensive Annual Financial Report

**For The Fiscal Year Ended
September 30, 2019**

**Prepared by:
Finance Department**

CITY OF DAPHNE, ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

TABLE OF CONTENTS

	Page
I. INTRODUCTORY SECTION	
Letter of Transmittal	i
City of Daphne, Alabama Map	vii
Organizational Chart	viii
List of Principal Officials	ix
Certificate of Achievement for Excellence in Financial Reporting	x
II. FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	21
Governmental Fund Financial Statements:	
Balance Sheet – Governmental Funds	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	28
Proprietary Fund Financial Statements:	
Statement of Net Position – Proprietary Funds	30
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	33
Fiduciary Fund Financial Statement:	
Statement of Assets and Liabilities – Agency Funds	34
Notes to Financial Statements	35
Required Supplementary Information:	
Budgetary Comparison Schedules – Major Funds:	
General Fund	73
Pension Schedules:	
Schedule of Changes in the Net Pension Liability	81
Schedule of Employer Contributions	82
Other Post-Employment Benefits Schedule:	
Schedule of Changes in the Other Post-Employment Benefits (OPEB) Liability	83

CITY OF DAPHNE, ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2019

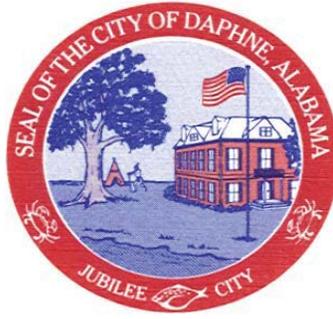
TABLE OF CONTENTS (Continued)

Other Supplementary Information:	
Combining Financial Statements:	
Balance Sheet – Summary – Non-Major Governmental Funds	85
Statement of Revenues, Expenditures, and Changes in Fund Balances – Summary – Non-Major Governmental Funds	86
Balance Sheet – Non-Major Special Revenue Funds	87
Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Special Revenue Funds	89
Balance Sheet – Non-Major Capital Project Funds	91
Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Capital Project Funds	92
Statement of Net Position – Non-Major Proprietary Funds	94
Statement of Revenues, Expenses and Changes in Net Position – Non-Major Proprietary Funds	96
Statement of Cash Flows – Non-Major Proprietary Funds	97
Statement of Assets and Liabilities –All Agency Funds	98
Statement of Changes in Assets and Liabilities – All Agency Funds	99
Budgetary Comparison Schedules:	
Debt Service Fund	100
Capital Reserve Fund	101
2017 Construction Fund	102
Non-Major Special Revenue Funds	103
III. STATISTICAL SECTION	
Guide to Statistical Section	108
Net Position by Activity Type	109
Changes in Net Position	111
Fund Balances of Governmental Funds	115
Changes in Fund Balances of Governmental Funds	117
Governmental Activities Tax Revenue by Source	119
Revenue Rates for General Sales Tax	120
Principal Revenue Remitters of Sales and Use Tax	121
Net Assessed Value of All Taxable Property	122
Principal Remitters of Property Tax	123
Property Tax Rates Direct and Overlapping Governments	124
Ad Valorem Levies and Collections	126
Legal Debt Margin	127
Outstanding Debt by Type	129
Net Bonded Debt by Type	131
Direct and Overlapping Governmental Activities Debt	132
Demographic and Economic Statistics	133
Principal Employers	134
City Government Employees by Function	135
Operating Indicators by Function	137
Capital Asset Statistics by Function	155



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Part I
Introductory
Section



OFFICE OF THE MAYOR MAYOR DANE HAYGOOD

February 21, 2020

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, 2019. 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 accounting principles generally accepted in the United States of America (GAAP). The accounting firm of Avizo Group, Inc. 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 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, 2018.

The *Financial Section* includes the auditors' 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 Utilities 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 2019 were implemented.

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 115% of the U.S. level. The estimated median income as of 2018 was \$69,086 and the median housing valuation was \$190,900. According to the most recent estimates from the US Census Bureau (July 2018), the City’s estimated population is 26,506. 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 42.8% of the population has a bachelor’s degree or higher; the US average is 31.5%. 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 285 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 2019. Total revenue increased \$2.6 million over 2018 levels (7.3% increase). The largest increase was in the sales, use and luxury tax collections, which increased \$1.1 million over 2018 (5.5% 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, use, and luxury tax revenue has increased from \$12.9 million to \$21.4 million, more than a 66.3% increase. In the same ten year period, property tax revenue has increased from \$5.6 million to \$6.2 million, more than a 10.5% 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 2019 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, the Daphne-Fairhope-Foley MSA, where Daphne is located, was listed by USA Today as the 18th ranked city in the country adding the most jobs in the last 5 years.

Major Initiatives

In 2019, the City continued its ongoing road repaving initiative and also neared completion on the large standalone project to pave Corte Road. Several small sidewalk projects were started and completed in 2019 as well as some of the larger sidewalk projects that commenced in the prior year. 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 2019. These efforts are resulting in significant improvements to our stormwater infrastructure in highly sensitive areas within the City of Daphne. Major strides to improve the recreational facilities in the City continued in 2019. Construction on the infrastructure phase of the Daphne Innovation and Science Complex, or DISC, was completed in late fall. The new Daphne Sports Complex was completed and opened for play in July with the City hosting the Cal Ripken Southwest Regional Tournament. The new ten field softball and baseball facility provides much needed upgrades to the recreational facilities for the local community and will create a desirable destination for tournaments to enhance sports tourism for the City. A new tennis/pickleball complex was completed at Lott Park that will enhance recreational and tournament play in the Olde Towne Daphne area.

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, 2018. 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 seven 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,

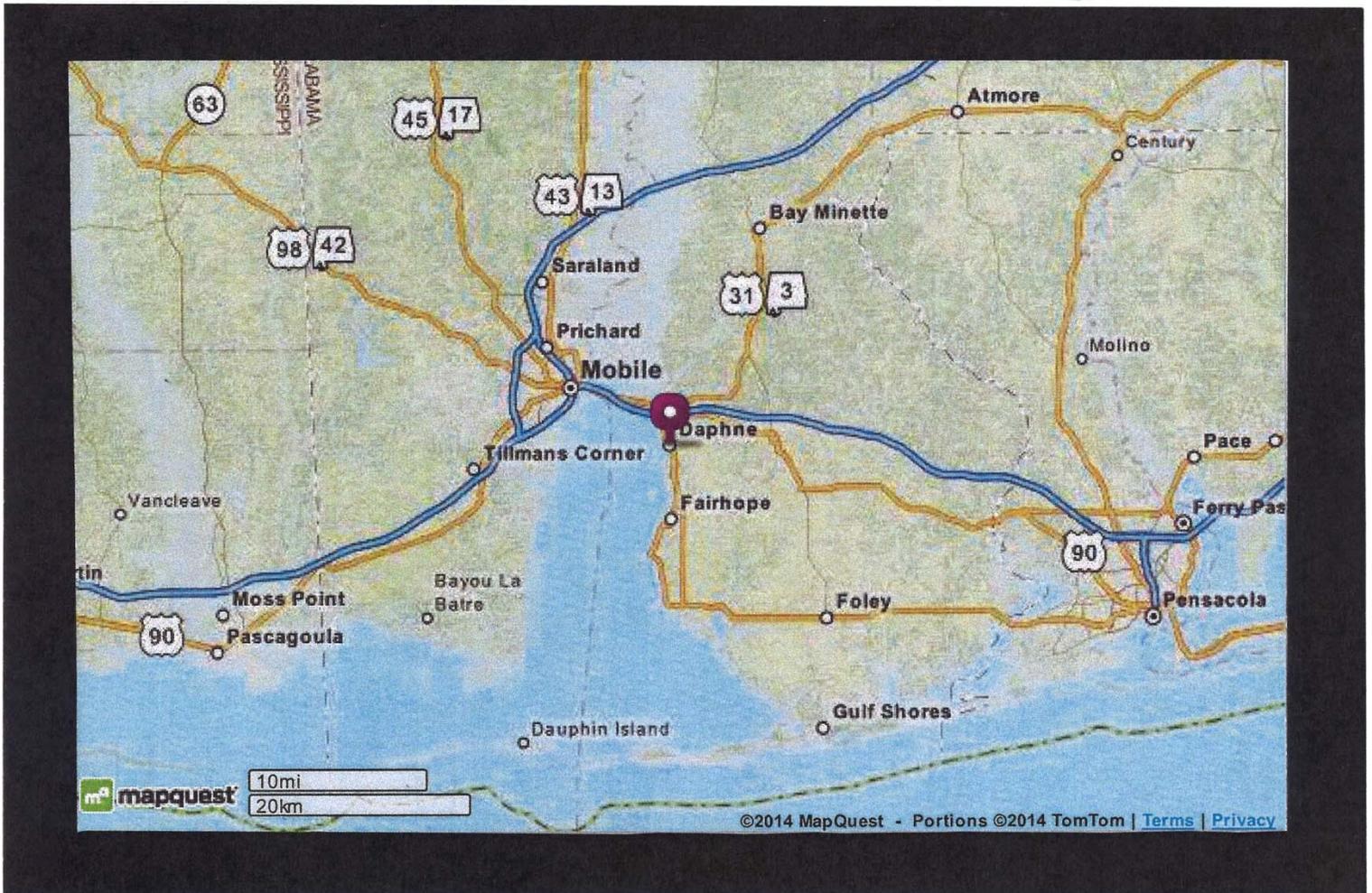


Dane Haygood
Mayor



Kelli Kichler Reid, CPA
Finance Director/Treasurer

City of Daphne, Alabama



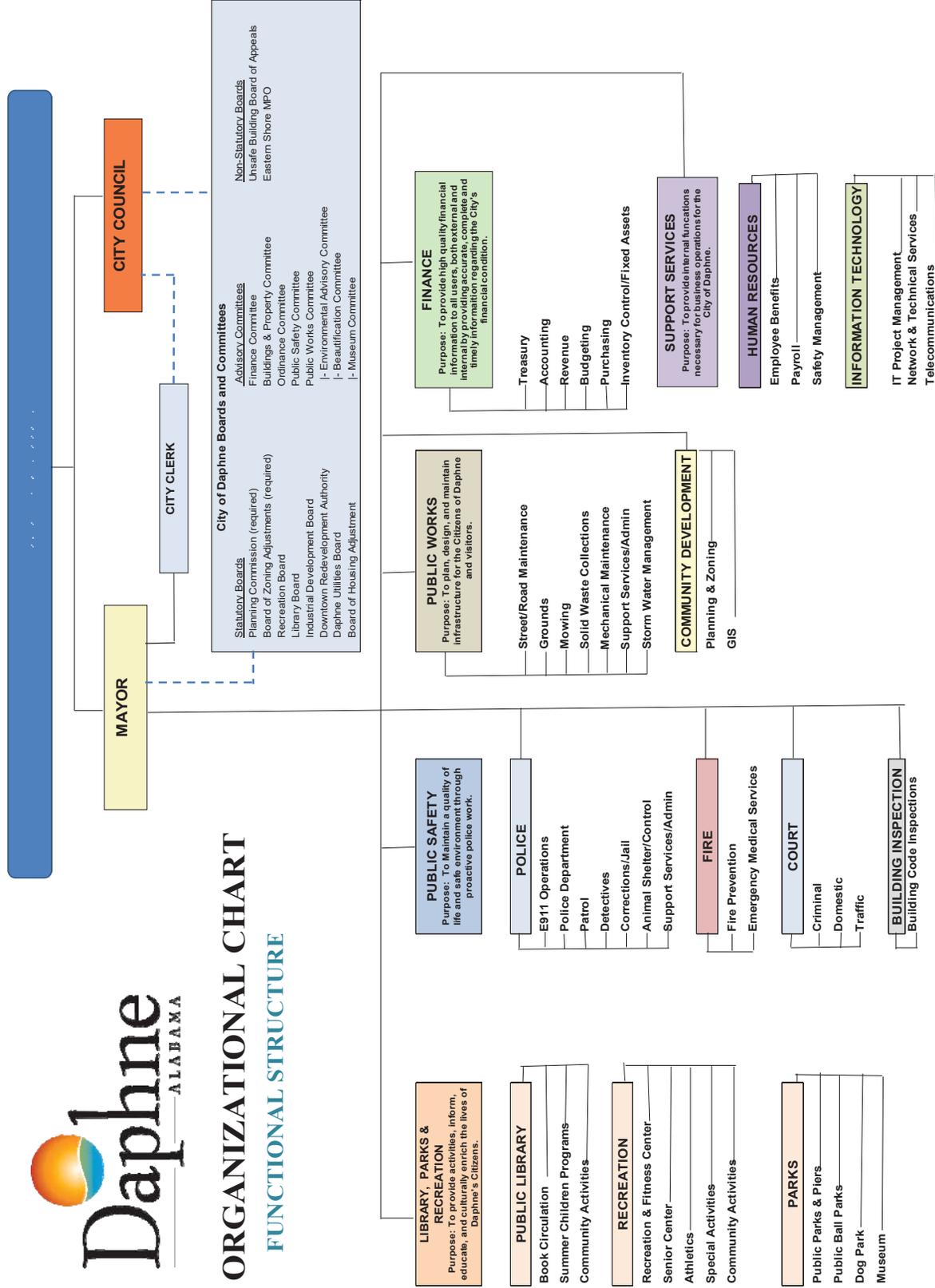
Metropolitan Statistical Area (MSA) population for
Daphne, Fairhope and Foley: 218,022

Source: United States Census Bureau
2018 Estimated Population



ORGANIZATIONAL CHART

FUNCTIONAL STRUCTURE



**City of Daphne
List of Principal Officials
September 30, 2019**

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	Angie Phillips
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, 2018

Christopher P. Morill

Executive Director/CEO



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Part II
Financial
Section



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Daphne, Alabama (the 'City'), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Daphne, Alabama, as of September 30, 2019, 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.

806 North Section Street • Fairhope, AL 36532 • P 251-928-2443 • F 251-928-6921 • avizogroup.com

shareholders J. Earl Blackmon, CPA • Dennis E. Sherrin, CPA • G. Allen Cave, Jr., CPA • Rachel G. Young, CPA

principals LeeAnn M. May, CPA **of counsel** Xavier A. Hartmann, III, CPA • Rucker T. Taylor, III, CPA • Sally S. Wagner, CPA

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and required pension and other post-employment benefit schedules on pages 4-19 and 74-83 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 nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2020, 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 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 Internal Control Reports package.

Avizo Group, Inc.

Certified Public Accountants

Fairhope, Alabama
February 21, 2020

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, 2019. 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 \$109.3 million (net position). Of this amount, the City had unrestricted net position of \$17.2 million that is available to be used to meet the ongoing obligations of the City of Daphne.
- The City's net position of \$109.3 million reflected an increase of 13.9% (\$13.35 million) over the prior year's net position of \$96.0 million.
- The City's governmental funds reported a combined fund balance of \$24.6 million at the close of the current fiscal year, a decrease of 20.6% (\$6.4 million) from the prior year.
- The City's General Fund reported a fund balance of \$16.2 million at the close of the current fiscal year, or 49.6% of total General Fund expenditures and other financing uses; total fund increased 10.4% (\$1.5 million) over the prior year. Total current year ending fund balances in the General Fund represented 48.5% of current fiscal year total revenues, and 52.4% of prior year total revenues.
- Sales, use, and luxury taxes, the City's single largest revenue source, increased 5.5% (\$1.1 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 decreased by 57% (\$811,000), and charges for services increased 85% (\$893,000). Overall current fiscal year revenues increased 7.3% (\$2.6 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 four 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, 2019 and 2018:

	Governmental Activities		Business-Type Activities		TOTAL	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 32,795,213	\$ 40,473,368	\$ 1,163,063	\$ 1,051,679	\$ 33,958,276	\$ 41,525,047
Capital assets	<u>126,100,863</u>	<u>108,271,121</u>	<u>598,073</u>	<u>854,501</u>	<u>126,698,936</u>	<u>109,125,622</u>
Total assets	<u>158,896,076</u>	<u>148,744,489</u>	<u>1,761,136</u>	<u>1,906,180</u>	<u>160,657,212</u>	<u>150,650,669</u>
Deferred outflow of resources	<u>3,134,275</u>	<u>2,779,285</u>	<u>208,774</u>	<u>165,130</u>	<u>3,343,049</u>	<u>2,944,415</u>
Current liabilities	2,777,062	4,141,153	217,649	168,959	2,994,711	4,310,112
Long-term debt and other liabilities	<u>48,267,722</u>	<u>50,300,302</u>	<u>982,464</u>	<u>1,167,476</u>	<u>49,250,186</u>	<u>51,467,778</u>
Total liabilities	<u>51,044,784</u>	<u>54,441,455</u>	<u>1,200,113</u>	<u>1,336,435</u>	<u>52,244,897</u>	<u>55,777,890</u>
Deferred inflow of resources	<u>2,265,292</u>	<u>1,710,400</u>	<u>162,923</u>	<u>128,001</u>	<u>2,428,215</u>	<u>1,838,401</u>
Net Position:						
Net investment in capital assets	89,146,653	73,073,736	287,908	362,045	89,434,561	73,435,781
Restricted	2,703,905	5,035,976	-	-	2,703,905	5,035,976
Unrestricted	<u>16,869,717</u>	<u>17,262,207</u>	<u>318,966</u>	<u>244,829</u>	<u>17,188,683</u>	<u>17,507,036</u>
Total net position	<u>\$ 108,720,275</u>	<u>\$ 95,371,919</u>	<u>\$ 606,874</u>	<u>\$ 606,874</u>	<u>\$ 109,327,149</u>	<u>\$ 95,978,793</u>

The City's *combined* net position increased \$13.35 million over the prior year.

Net position may serve as a useful indicator of a government's financial position. The City's combined assets exceeded combined liabilities by \$109.3 million, at September 30, 2019. The combined net position reflects a current year total unrestricted net position of \$17.2 million.

The largest component of the City of Daphne's current fiscal year net position (81.8%) 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.

2.5% of the City of Daphne's current fiscal year net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$17.2 million, may be used to meet the City's ongoing obligations to citizens and creditors.

Statement of Activities

The following is a summary of the government-wide Statement of Activities for the year ended September 30, 2019:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Charges for services	\$ 7,889,321	\$ 6,864,963	\$ 2,056,911	\$ 1,847,510	\$ 9,946,232	\$ 8,712,473
Operating grants and contributions	179,252	248,280	-	-	179,252	248,280
Capital grants and contributions	9,700,436	6,454,560	-	-	9,700,436	6,454,560
General Revenues:						
Taxes	28,156,155	26,754,424	-	-	28,156,155	26,754,424
Other	639,823	119,789	29,593	1,406	669,416	121,195
Total Revenues	46,564,987	40,442,016	2,086,504	1,848,916	48,651,491	42,290,932
Expenses:						
General government	5,599,964	5,991,913	-	-	5,599,964	5,991,913
Public safety	12,260,317	11,973,798	-	-	12,260,317	11,973,798
Public works	9,255,484	9,144,870	-	-	9,255,484	9,144,870
Culture and recreation	3,484,797	2,909,886	-	-	3,484,797	2,909,886
Interest on long-term debt	2,045,633	1,678,214	-	-	2,045,633	1,678,214
Contribution to Utilities Board	12,551	224,705	-	-	12,551	224,705
Solid Waste	-	-	1,980,805	1,917,834	1,980,805	1,917,834
Civic Center and Bayfront Park	-	-	663,584	699,607	663,584	699,607
Total Expenses	32,658,746	31,923,386	2,644,389	2,617,441	35,303,135	34,540,827
Change in Net Position, before transfers	13,906,241	8,518,630	(557,885)	(768,525)	13,348,356	7,750,105
Transfers	(557,885)	(865,119)	557,885	865,119	-	-
Change in Net Position	13,348,356	7,653,511	-	96,594	13,348,356	7,750,105
Net position, beginning	95,371,919	90,773,140	606,874	732,424	95,978,793	91,505,564
Prior period adjustments	-	(3,054,732)	-	(222,144)	-	(3,276,876)
Net Position, end of year	\$ 108,720,275	\$ 95,371,919	\$ 606,874	\$ 606,874	\$ 109,327,149	\$ 95,978,793

Total net position reflected an increase of \$13.35 million over the prior year. 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, culture 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	\$ 10,487,759	67.76%
Public works	(1,112,257)	-7.19%
General government	436,123	2.82%
Culture and recreation	3,019,928	19.51%
Interest on long-term debt	2,045,633	13.22%
Contribution to Utilities Board	12,551	0.08%
Business-type activities	587,478	3.80%
	<u>\$ 15,477,215</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. \$218,000 was transferred to these activities in the current fiscal year. This is a decrease of \$279,000 from the prior year. An overall significant revenue increase for the Civic Center due to a long-term weekly rental lease combined with only a slight increase in expenses resulted in an overall decrease in transfers of \$190,000. Bayfront Park showed a continued decline in revenue but was also accompanied by a decrease in expenses resulting in overall transfers to Bayfront Park decreasing \$89,000 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. \$340,000 was transferred to the Solid Waste Fund in the current fiscal year. This was decrease of \$28,000 from the prior year.

Garbage fees and recycling revenue collected increased \$61,000 over prior year due to an increase in customers. Overall expenses showed a slight increase from the prior year. When separating the garbage, recycling, and solid waste components, solid waste expenses totaled \$570,471, garbage expenses totaled \$947,199, and recycling expenses totaled \$463,136. In order to fund recycling, an amount equal to the expense less \$3,129 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 and research ways to modify the program.

Total transfers to business-type activities in the current fiscal year totaled \$557,885.

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.

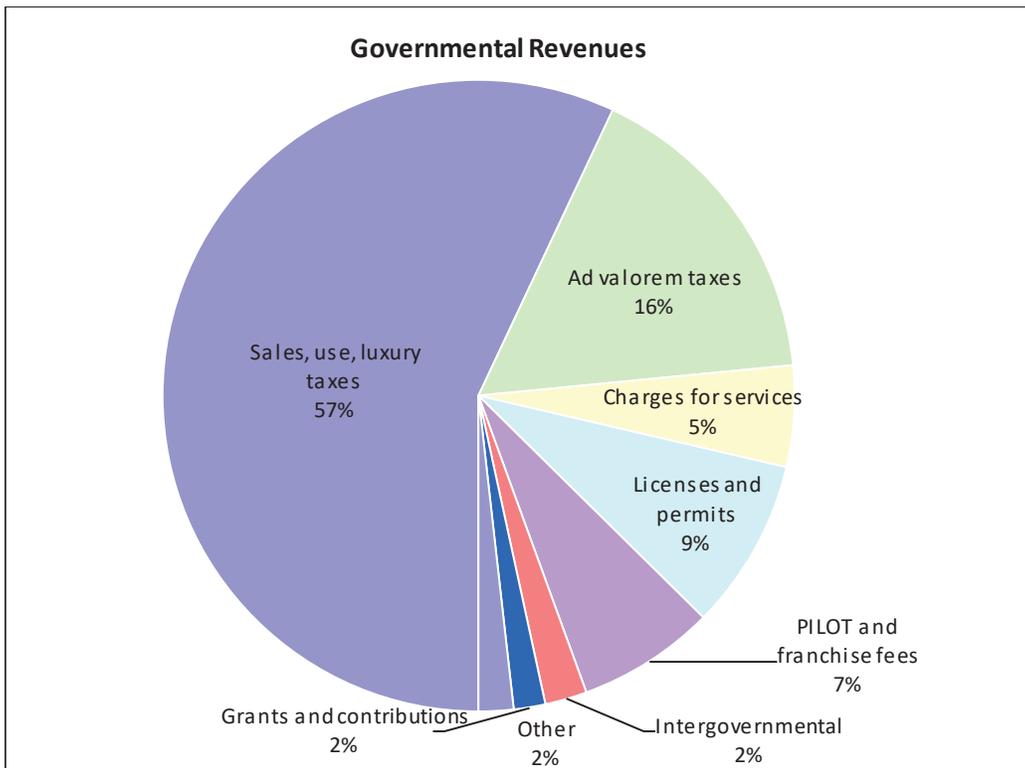
Governmental Funds

As the City completed the current fiscal year, its governmental funds reported a combined fund balance of \$24.6 million, a 20.6% (\$6.4 million) decrease from the prior year.

Governmental Revenues

Total revenues of the governmental funds showed an increase of 7.34% (\$2.6 million) over the prior year. The following chart and graph presents a summary of governmental revenues sources:

Governmental Revenues	
Sales, use, luxury taxes	\$ 21,418,436
Ad valorem taxes	6,190,619
Charges for services	1,946,853
Licenses and permits	3,290,913
PILOT and franchise fees	2,652,300
Intergovernmental	806,009
Grants and contributions	609,805
Other	668,236
	\$ 37,583,171



Governmental Revenues (Continued)

Sales and use taxes are the largest source of revenues at 57%; Ad valorem taxes are the next largest at 16%; licenses and permits are next at 9%; and PILOT and franchise fees at 7% of total revenues.

The change in revenues is presented below:

	2019	2018	Variance	% Change
Sales, use, luxury taxes	\$ 21,418,436	\$ 20,307,263	\$ 1,111,173	5.5%
Ad valorem taxes	6,190,619	5,712,928	477,691	8.4%
Charges for services	1,946,853	1,053,460	893,393	84.8%
Licenses and permits	3,290,913	3,160,105	130,808	4.1%
PILOT and franchise fees	2,652,300	2,652,495	(195)	0.0%
Intergovernmental	806,009	567,105	238,904	42.1%
Grants and contributions	609,805	1,421,233	(811,428)	-57.1%
Other	668,236	137,461	530,775	386.1%
	<u>\$ 37,583,171</u>	<u>\$ 35,012,050</u>	<u>\$ 2,571,121</u>	<u>7.3%</u>

A discussion of significant increases and decreases follows:

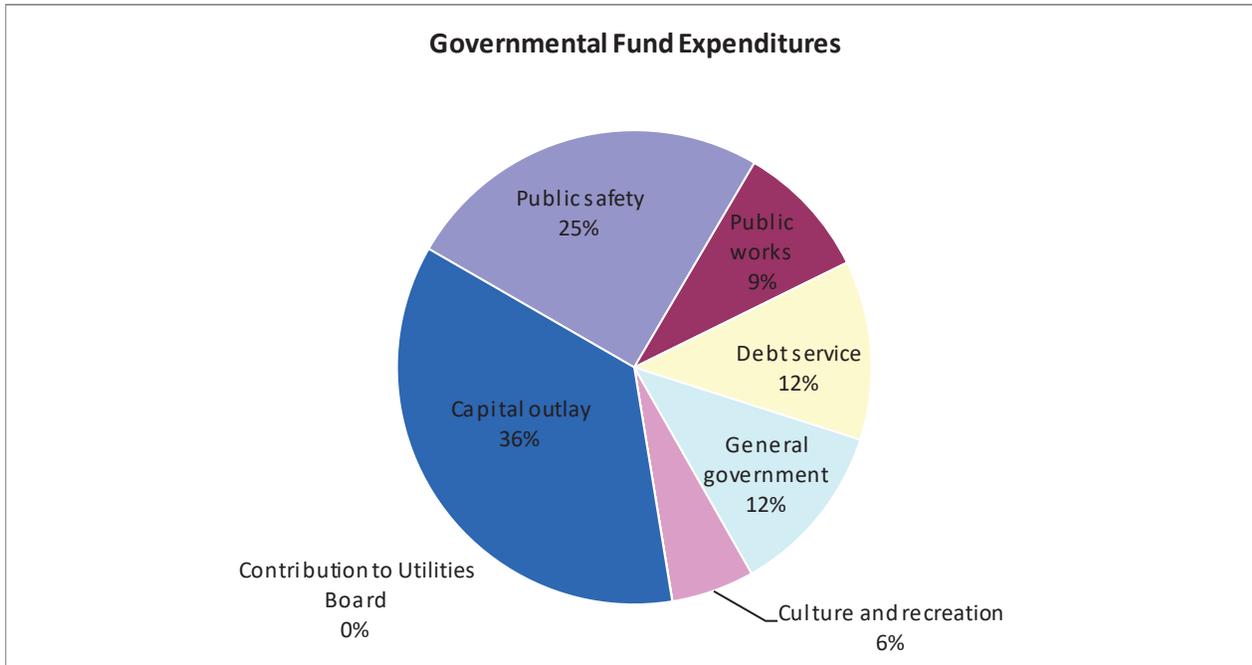
- Sales and use taxes increased \$1.1 million. This is due to the strong economy and new business locating into the City.
- Grants and contributions decreased \$811,000. This is reflective of a decrease in grant activity. Several large one-time grants including two grants from the Alabama Department of Transportation were received in the prior year.
- Charges for services increased \$893,000. This is largely a result of receiving a large final payment on a sewer assessment in the amount of \$737,000.
- Other revenue increased \$531,000. This was due to interest and investment earnings increasing \$420,000; miscellaneous revenue increasing \$111,000 and intergovernmental revenue

Governmental Expenditures

A summary of governmental expenditures is presented below:

Governmental Fund Expenditures		
Public safety	\$ 11,367,514	25.1%
Public works	4,187,278	9.3%
Debt service	5,535,376	12.2%
General government	5,355,778	11.8%
Culture and recreation	2,552,217	5.6%
Contribution to Utilities Board	12,551	0.1%
Capital outlay	16,240,719	35.9%
	<u>\$ 45,251,433</u>	<u>100.0%</u>

Governmental Expenditures (Continued)



This represents an increase in expenditures of 19.7%; (\$7.4 million) over the prior year.

The principal drivers of this increase are an increase in capital outlay expenditures of \$6.7 million over the prior year and an increase in public safety expenditures of \$442,000 over the prior year.

- Capital outlay expenditures increased \$6.7 million. During the current fiscal year, several large projects being with the largest being the construction of the new Daphne Sports Park and improvements at other recreational facilities. There was a \$1 million road repaving initiative this year and also the construction of a new road on Corte Road.
- Public safety expenditures increased \$442,000. This was largely due to the addition of three new School Resource Officers and other public safety costs.

Departmental costs of \$23.4 million are the largest component of current fiscal year expenditures (51.8%); overall departmental costs increased 2.4% (\$556,000) over the prior year.

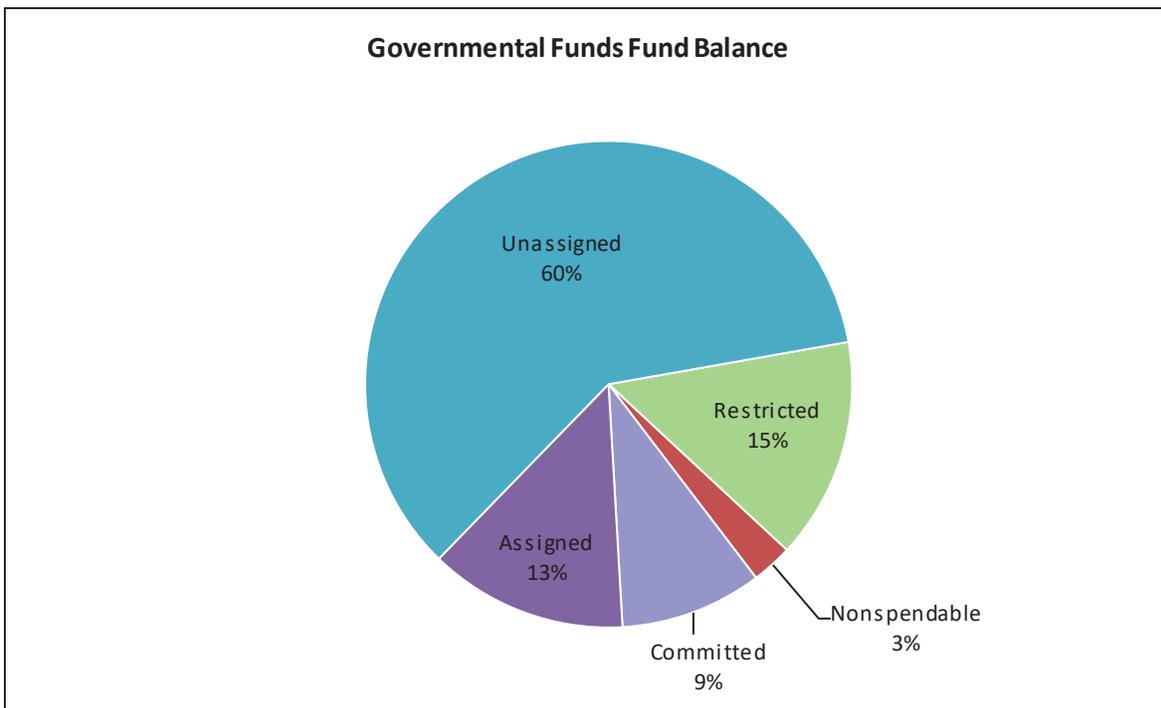
The department with the largest amount of governmental expenditures remains public safety at \$11.4 million (25.1% of total expenditures). Personnel and related costs make up over 36.2% of total expenditures.

The next three largest components are: Capital outlay at 35.9% (\$16.2 million), Debt service at 12.2% (\$5.5 million), and general government at 11.8% (\$5.4 million).

Governmental Fund Balance

Total fund balance of the governmental funds as of September 30, 2019 is \$24.6 million. Of this amount, \$14.8 million is unassigned. An illustration of the total fund balance for governmental funds is presented below:

	2019	2018	Variance	% Change
Restricted	\$ 3,623,660	\$ 10,276,812	\$ (6,653,152)	-64.7%
Nonspendable	669,267	680,850	(11,583)	-1.7%
Committed	2,328,807	2,422,164	(93,357)	-3.9%
Assigned	3,248,954	4,495,887	(1,246,933)	-27.7%
Unassigned	14,774,723	13,180,837	1,593,886	12.1%
	<u>\$ 24,645,411</u>	<u>\$ 31,056,550</u>	<u>\$ (6,411,139)</u>	<u>-20.6%</u>



This represents a total fund balance decrease of 20.6% (\$6.4 million) from the prior year. The General Fund fund balance increased 10.4% (\$1.5 million). The City of Daphne has a healthy unassigned fund balance with a formal policy to maintain a minimum fund balance of three months of operating revenues. The City also has an informal policy to maintain a minimum unassigned General Fund fund balance of eight million dollars, if the three months of operating revenues fall below this threshold.

Proprietary Funds

The City’s proprietary funds are all categorized as enterprise operations, and consist of the Solid Waste Fund, Civic Center Fund, and the Bayfront Park Fund. During the current fiscal year, \$558,000 was transferred from the governmental funds to subsidize enterprise fund operations. This amount represents 21.3% of the total enterprise funds revenues and transfers in. The total amount of transfers decreased \$307,000 from the prior fiscal year.

Proprietary Funds (Continued)

The Solid Waste Fund required transfers of \$340,000 during the current fiscal year, a decrease of 7.5% (\$28,000) from the prior year.

Civic Center and Bayfront Park required transfers of \$88,000 and \$130,000, respectively, during the current fiscal year, an overall decrease of 56.2% (\$368,000) from the prior year.

A summary and comparison of the enterprise fund's operating results for the 2019 and 2018 fiscal years is presented below:

	Solid Waste		Civic Center		Bayfront Park		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018
Fees and charges	\$ 1,611,090	\$ 1,550,100	\$ 382,592	\$ 224,383	\$ 57,189	\$ 68,287	\$ 2,050,871	\$ 1,842,770
Other receipts	29,471	-	6,162	6,146	-	-	35,633	6,146
Transfers	340,244	367,734	87,883	278,345	129,758	219,040	557,885	865,119
Revenues	1,980,805	1,917,834	476,637	508,874	186,947	287,327	2,644,389	2,714,035
Personnel	832,882	892,052	122,537	169,082	117,936	165,697	1,073,355	1,226,831
Operating	1,135,606	1,015,368	354,100	302,438	69,011	62,390	1,558,717	1,380,196
Interest	12,317	10,414	-	-	-	-	12,317	10,414
Expenses	1,980,805	1,917,834	476,637	471,520	186,947	228,087	2,644,389	2,617,441
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 three years ago. The fund accounts for the \$12,000,000 received in debt proceeds for recreation park expansion and improvements and was closed this fiscal year after all debt proceeds were expended.

General Fund (Governmental)

At the end of the current fiscal year, the total fund balance of the City's General Fund increased 10.4% (\$1.5 million) over the prior year's ending balance. Fund balance reflects the cumulative excess of revenues and other financing sources over expenditures and other financing uses. The current fiscal year ending fund balance was \$16.2 million, compared to \$14.7 million at the end of the prior year.

General Fund (Governmental) (Continued)

Cash and cash equivalents (including equity in pooled cash) plus investments increased by 6.5% (\$793,000) during the current fiscal year, over the adjusted cash and cash equivalents amount for the prior year. A large portion of the increase can be attributed to an overall increase in investments of \$419,000 due to an improvement in the investment portfolio. The remaining increase is a result of the increase in revenues over expenses for the year.

Overall receivables increased \$419,000 (5.3%) over prior year. The increase can be attributed to an increase in taxes receivable of \$413,000, a \$100,000 decrease in the receivable from the Daphne Volunteer Firefighters Association, and an increase in grants receivable of \$102,000.

Accounts payable decreased \$330,000 (34.9%) over the prior year, reflecting less outstanding invoices due to vendors at the end of the year.

Debt Service Fund (Governmental)

The Debt Service Fund is used to account for the accumulation of financial resources to be used for the payment of general long-term debt principal and interest. The fund balance decreased \$1.1 million over the prior year balance due to prior year loan proceeds received in the amount of \$992,000 being transferred out in this fiscal year.

Capital Reserve Fund (Governmental)

The Capital Reserve Fund reports financial resources transferred principally from the General Fund for capital resources. Cash and cash equivalents decreased 21.3% (\$772,000). This decrease was mainly from prior year transfers in the amount of \$2,332,500 received from the General Fund for recreation improvements being expended in fiscal year 2019.

2017 Construction Fund (Governmental)

The 2017 Construction Fund was funded in the two years ago with \$12,000,000 in bond proceeds received for recreational improvements and expansion. The remaining \$5.2 million was expended for recreation in fiscal year 2019 and the fund was closed.

Solid Waste (Proprietary)

The Solid Waste Fund is associated with the City's self-collection of refuse and recycling materials. Total assets and liabilities in fiscal year 2019 are comparable to the amount in fiscal year 2018.

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 \$2.1 million. The final amended budget reflected revenues under expenditures by \$3.1 million. Actual results reflect an excess of revenues over expenditures (budgetary basis) of \$1.5 million. This \$4.6 million positive variance is due to actual revenues in excess of budget estimates by \$2.3 million, and budgeted departmental personnel and operating costs under budget estimates by \$1.0 million and \$907,000, respectively. Capital outlay costs were over budget by \$13,000 and transfers under budget by \$376,000.

Revenues - The significant components that produced the excess of actual revenues over final budgeted estimates of \$2.3 million are:

- Sales, use and luxury taxes – The excess of final budgeted estimates over actual of \$1.0 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 \$508,000 reflect the improved and expanded business activity and also the rebound of the housing market with increased construction and housing improvements.

Departmental costs – Significant components that produced the excess of actual departmental expenditures under final budgeted amounts of \$1.95 million are:

- Personnel actual expenditures are under final budgeted amounts by \$1.04 million (6.0%). 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 – Information Technology 51% (\$91,000); Building Maintenance 18% (\$44,500); and Facilities Admin 27% (44,000)
 - Public safety –Patrol 8% (188,000); and Building Inspection 13% (\$66,000)
 - Public works –Streets 16% (121,000) and Grounds 11% (\$74,000)
 - Culture and recreation –Recreation 26% (\$77,000).
- Operating actual expenditures are less than final budgeted amounts by \$907,000 (12.7%). Significant operating expenditure components include:
 - Legislative 17% (\$29,000) under budget
 - Community Events 13% (\$39,000) under budget
 - Human Resources 23% (\$65,000) under budget
 - Finance 16% (\$27,000) under budget
 - Patrol 11% (\$44,000) under budget
 - Detective 14% (\$28,000) under budget
 - Grounds – Parks 35% (35,000) under budget
 - Mechanic shop net reimbursed costs 50% (\$78,000) under budget
 - Recreation Parks 23% (151,000) under budget

CAPITAL ASSET AND DEBT MANAGEMENT

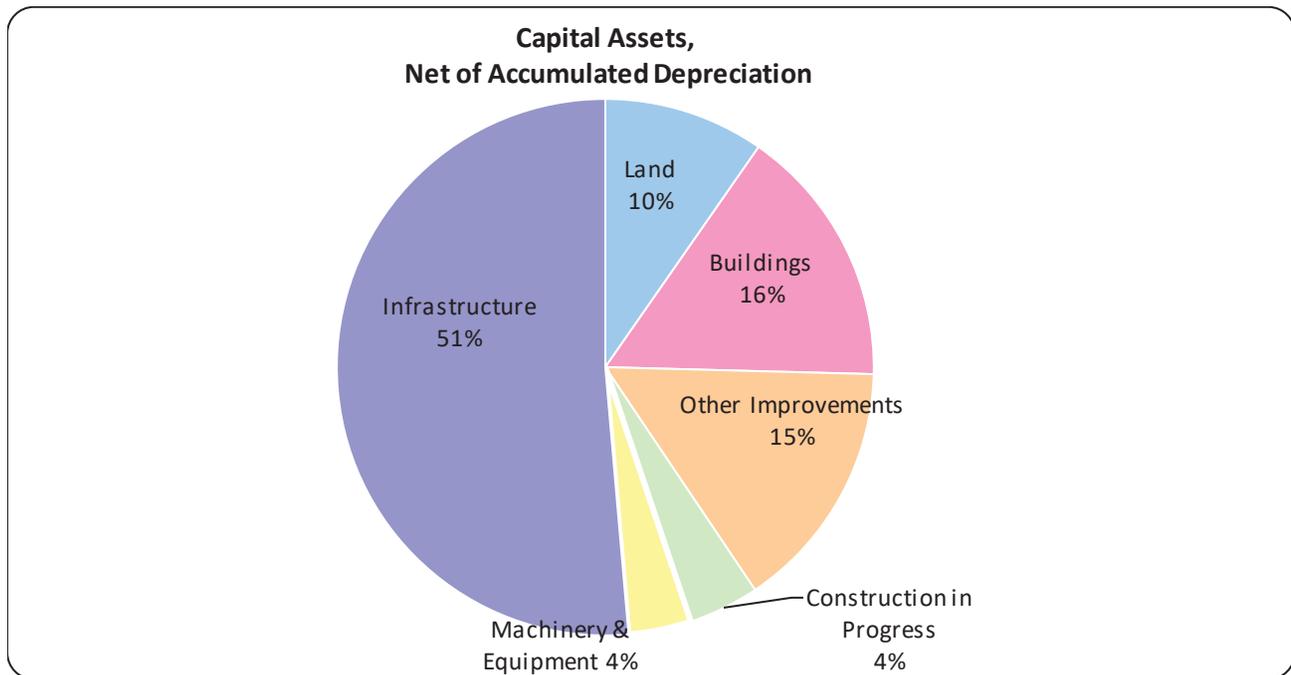
Capital Assets

As of September 30, 2019, the City owned \$126.7 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
	2019	2018	2019	2018	2019	2018	
Land	\$ 12,258,180	\$ 12,258,180	\$ -	\$ -	\$ 12,258,180	\$ 12,258,180	0.0%
Buildings	19,855,627	18,033,157	79,213	97,273	19,934,840	18,130,430	10.0%
Other Improvements	19,218,880	3,596,983	-	-	19,218,880	3,596,983	434.3%
Machinery and Eqpt	4,262,688	3,805,252	518,860	757,228	4,781,548	4,562,480	4.8%
Infrastructure	65,101,634	59,445,787	-	-	65,101,634	59,445,787	9.5%
Constr in Progress	5,403,854	11,131,762	-	-	5,403,854	11,131,762	-51.5%
TOTAL	\$ 126,100,863	\$ 108,271,121	\$ 598,073	\$ 854,501	\$ 126,698,936	\$ 109,125,622	16.1%

Components of Capital Assets:



Overall, during the current fiscal year, governmental capital assets, net of accumulated depreciation showed an increase of 16.2% over prior year amounts. This was mainly due to large improvements of the recreational facilities and several paving projects.

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, 2019, the City owed \$35.9 million in long-term warrants outstanding, \$779,000 million in note payable outstanding, and \$1.9 million in capital leases outstanding, of which \$3.43 million will mature during the upcoming fiscal year. The following table summarizes the long-term debt:

	Governmental Activities		Business-Type Activities		TOTAL	
	2019	2018	2019	2018	2019	2018
Warrants	\$ 35,874,840	\$ 38,895,305	\$ -	\$ -	\$ 35,874,840	\$38,895,305
Note payable	779,103	991,526	-	-	779,103	991,526
Capital leases	1,572,924	1,337,974	310,165	492,456	1,883,089	1,830,430
	<u>\$ 38,226,867</u>	<u>\$ 41,224,805</u>	<u>\$ 310,165</u>	<u>\$ 492,456</u>	<u>\$ 38,537,032</u>	<u>\$41,717,261</u>

Total principal payments on outstanding warrants amounted to \$3.3 million in fiscal year 2019. Additionally, there was a partial refunding of the 2012 Refunding and Improvement Warrants resulting in an additional principal payment of \$9.3 million. Proceeds from the new issuance were \$9.5 million.

Total principal payments on the note payable amounted to 212,000 in fiscal year 2019.

There were five new capital leases issued during the current fiscal year. The overall increase in the amount of capital leases outstanding of \$235,000 was the result of lease proceeds of \$805,000 and lease principal payments of \$570,000 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, 2019, the City's permissible debt limit exceeded actual debt by \$56.1 million. This debt margin is \$6.2 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 and reaffirmed again in May 2019 with the issuance of the 2019 General Obligation Refunding Warrants.

Reasons cited for the upgrade included strong economy; strong management with good financial policies and practices; 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 2020 General Fund budget reports an increase of 4.6% (\$860,000) in sales, use, and luxury taxes over the prior year budget. 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 \$8.4 million. At the end of the current fiscal year, the unassigned fund Balance is 44.1% of the General Fund revenues.

With an unassigned fund balance of the General Fund at the beginning of the upcoming fiscal year of \$14.8 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.

There have been some changes made in the business-type activities through the first four months of the 2020 fiscal year. In the Solid Waste Fund, a fire destroyed the recycle storage facility which has resulted in the temporary halting of the processing of recycling material. Due to the recycling portion of the fund operating at a loss, this event is expected to reduce the General Fund transfer needed to subsidize the Fund. Also, the Bayfront Park Pavilion is to be demolished in Fiscal Year 2020 resulting in the closing of the Bayfront Park Fund.

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.



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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, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, equity in pooled cash	\$ 16,211,964	\$ 1,025,582	\$ 17,237,546
Certificate of deposit	502,929	-	502,929
Investments	5,665,374	-	5,665,374
Receivables (net)	8,245,679	137,481	8,383,160
Due from Industrial Development Board	1,200,000	-	1,200,000
Due from Volunteer Firefighters Association, Inc.	300,000	-	300,000
Inventories	329,262	-	329,262
Other assets	340,005	-	340,005
Capital assets:			
Non-depreciable	17,662,034	-	17,662,034
Depreciable, net	108,438,829	598,073	109,036,902
Total assets	<u>158,896,076</u>	<u>1,761,136</u>	<u>160,657,212</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred expense on refunding of bonds	352,901	-	352,901
Deferred other post-employment benefits outflows	983,946	63,421	1,047,367
Deferred pension outflows	1,797,428	145,353	1,942,781
Total deferred outflows of resources	<u>3,134,275</u>	<u>208,774</u>	<u>3,343,049</u>

Total assets and deferred outflows of resources	<u>\$ 162,030,351</u>	<u>\$ 1,969,910</u>	<u>\$ 164,000,261</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	\$ 1,168,914	\$ 99,343	\$ 1,268,257
Accrued liabilities	795,572	39,394	834,966
Accrued interest payable	194,599	1,186	195,785
Unearned revenue	41,110	77,726	118,836
Contingent liability	576,867	-	576,867
Non-current liabilities:			
Due within one year:			
Compensated absences	196,498	10,270	206,768
Capital leases payable	560,496	120,563	681,059
Note payable	183,608	-	183,608
Bonds payable	2,562,784	-	2,562,784
Due in more than one year:			
Other post-employment benefits liability	5,969,807	415,682	6,385,489
Net pension liability	2,458,313	239,501	2,697,814
Compensated absences	131,448	6,846	138,294
Note payable	595,495	-	595,495
Capital leases payable	1,012,428	189,602	1,202,030
Bonds payable	34,596,845	-	34,596,845
Total liabilities	51,044,784	1,200,113	52,244,897
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	1,637,721	121,551	1,759,272
Deferred other post-employment benefits inflows	627,571	41,372	668,943
Total deferred inflows of resources	2,265,292	162,923	2,428,215
NET POSITION			
Net investment in capital assets	89,146,653	287,908	89,434,561
Restricted for:			
Debt service	1,855,398	-	1,855,398
Law enforcement	276,870	-	276,870
Court and corrections	326,886	-	326,886
Streets and drainage	244,751	-	244,751
Unrestricted	16,869,717	318,966	17,188,683
Total net position	108,720,275	606,874	109,327,149
Total liabilities, deferred inflows of resources, and net position	\$ 162,030,351	\$ 1,969,910	\$ 164,000,261

CITY OF DAPHNE, ALABAMA

**Statement of Activities
For the Year Ended September 30, 2019**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,599,964	\$ 5,128,591	\$ 35,250	\$ -
Public safety	12,260,317	1,743,544	15,668	13,346
Public works	9,255,484	823,980	26,919	9,516,842
Culture and recreation	3,484,797	193,206	101,415	170,248
Contribution to Utilities Board	12,551	-	-	-
Interest and costs on long-term debt	2,045,633	-	-	-
Total governmental activities	<u>32,658,746</u>	<u>7,889,321</u>	<u>179,252</u>	<u>9,700,436</u>
Business-type activities:				
Solid Waste	1,980,805	1,611,090	-	-
Civic Center	476,637	388,632	-	-
Bayfront Park	186,947	57,189	-	-
Total business-type activities	<u>2,644,389</u>	<u>2,056,911</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 35,303,135</u>	<u>\$ 9,946,232</u>	<u>\$ 179,252</u>	<u>\$ 9,700,436</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

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
\$ (436,123)	\$ -	\$ (436,123)
(10,487,759)	-	(10,487,759)
1,112,257	-	1,112,257
(3,019,928)	-	(3,019,928)
(12,551)	-	(12,551)
(2,045,633)	-	(2,045,633)
<u>(14,889,737)</u>	<u>-</u>	<u>(14,889,737)</u>
-	(369,715)	(369,715)
-	(88,005)	(88,005)
-	(129,758)	(129,758)
<u>-</u>	<u>(587,478)</u>	<u>(587,478)</u>
<u>(14,889,737)</u>	<u>(587,478)</u>	<u>(15,477,215)</u>
21,837,498	-	21,837,498
6,318,657	-	6,318,657
482,378	-	482,378
74,494	-	74,494
82,951	29,593	112,544
(557,885)	557,885	-
<u>28,238,093</u>	<u>587,478</u>	<u>28,825,571</u>
13,348,356	-	13,348,356
95,371,919	606,874	95,978,793
<u>\$ 108,720,275</u>	<u>\$ 606,874</u>	<u>\$ 109,327,149</u>

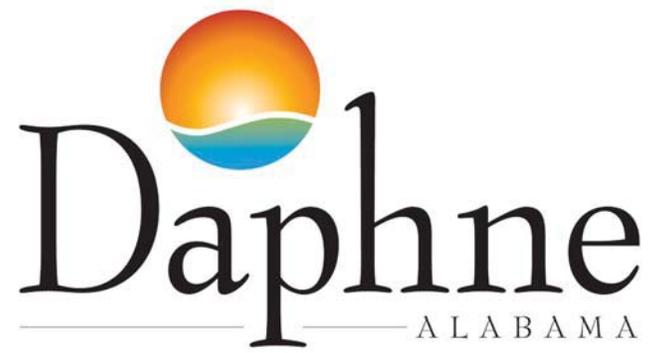
CITY OF DAPHNE, ALABAMA

**Balance Sheet
Governmental Funds
September 30, 2019**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Reserve Fund</u>
ASSETS			
Cash, equity in pooled cash	\$ 7,310,203	\$ 1,855,398	\$ 2,857,615
Certificate of deposit	502,929	-	-
Investments	5,665,374	-	-
Taxes receivable	7,604,445	-	-
Grants receivable	328,051	-	46,230
Other receivables	105,196	-	41,110
Due from Industrial Development Board	1,200,000	-	-
Due from Volunteer Firefighters Association, Inc.	300,000	-	-
Inventories	329,262	-	-
Other assets	340,005	-	-
	<u>\$ 23,685,465</u>	<u>\$ 1,855,398</u>	<u>\$ 2,944,955</u>
LIABILITIES			
Accounts payable	\$ 616,360	\$ -	\$ 429,668
Accrued liabilities	728,168	-	-
Unearned revenue	-	-	41,110
Contingent liability	576,867	-	-
	<u>1,921,395</u>	<u>-</u>	<u>470,778</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - grant revenue	360,606	-	46,230
Deferred revenue - property taxes	5,160,503	-	-
	<u>5,521,109</u>	<u>-</u>	<u>46,230</u>
FUND BALANCES			
Nonspendable	669,267	-	-
Restricted	-	1,855,398	-
Committed	-	-	-
Assigned	798,971	-	2,427,947
Unassigned	14,774,723	-	-
	<u>16,242,961</u>	<u>1,855,398</u>	<u>2,427,947</u>
Total fund balances	<u>16,242,961</u>	<u>1,855,398</u>	<u>2,427,947</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 23,685,465</u>	<u>\$ 1,855,398</u>	<u>\$ 2,944,955</u>

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

2017 Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 4,188,748	\$ 16,211,964
-	-	502,929
-	-	5,665,374
-	95,497	7,699,942
-	-	374,281
-	25,150	171,456
-	-	1,200,000
-	-	300,000
-	-	329,262
-	-	340,005
<u>\$ -</u>	<u>\$ 4,309,395</u>	<u>\$ 32,795,213</u>
\$ -	\$ 122,886	\$ 1,168,914
-	67,404	795,572
-	-	41,110
-	-	576,867
<u>-</u>	<u>190,290</u>	<u>2,582,463</u>
-	-	406,836
-	-	5,160,503
<u>-</u>	<u>-</u>	<u>5,567,339</u>
-	-	669,267
-	1,768,262	3,623,660
-	2,328,807	2,328,807
-	22,036	3,248,954
-	-	14,774,723
<u>-</u>	<u>4,119,105</u>	<u>24,645,411</u>
<u>\$ -</u>	<u>\$ 4,309,395</u>	<u>\$ 32,795,213</u>



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CITY OF DAPHNE, ALABAMA

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2019**

Total fund balances, governmental funds \$ 24,645,411

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds financial statement, but are reported in the governmental activities of the Statement of Net Position.

Governmental capital assets	\$ 248,280,273	
Less: accumulated depreciation	<u>(122,179,410)</u>	126,100,863

Other assets used in governmental activities are not financial resources, and therefore are not reported in the governmental funds.

Deferred pension and post-employment benefits outflows	2,781,374	
Deferred amount on refunding, net of amortization	<u>352,901</u>	3,134,275

Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.

Bonds and warrants payable	(35,874,840)	
Note payable	(779,103)	
Bond discount	32,356	
Bond premium	(1,317,145)	
Obligations under capital leases	(1,572,924)	
Compensated absences	(327,946)	
Accrued interest	<u>(194,599)</u>	(40,034,201)

Other post-employment benefits are not due and payable in the current period, and therefore are not reported in the governmental funds.

Other post-employment benefits liability	(5,969,807)	
Net pension liability	(2,458,313)	
Deferred inflows of resources	<u>(2,265,292)</u>	(10,693,412)

Revenues will be collected after year-end, but are not available soon enough to pay for current period expenditures, and therefore are deferred in the governmental funds.

Property taxes	5,160,503	
Grant revenue	<u>406,836</u>	<u>5,567,339</u>

Net position of governmental activities in the Statement of Net Position \$ 108,720,275

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, 2019**

	General Fund	Debt Service Fund	Capital Reserve Fund
REVENUES			
Taxes:			
Sales, use, luxury	\$ 18,721,240	\$ 993,898	\$ -
Property	6,190,619	-	-
Total taxes	24,911,859	993,898	-
Licenses and permits	3,290,913	-	-
Payments in lieu of taxes	2,652,300	-	-
Fines and forfeitures	341,115	-	-
Charges for services	692,487	-	-
Intergovernmental	419,062	-	195,583
Grants	442,612	-	10,322
Special assessments	-	-	737,190
Interest and investment earnings	458,592	12,458	4,779
Contributions and donations	112,312	-	-
Miscellaneous	176,535	-	-
Total revenues	33,497,787	1,006,356	947,874
EXPENDITURES			
Current:			
General government	4,707,270	-	-
Public safety	11,307,601	-	-
Public works	4,187,278	-	-
Culture and recreation	2,349,964	-	74,505
Contribution to Utilities Board - Sewer	-	-	12,551
Capital outlay	2,570,040	-	6,484,490
Debt service:			
Principal	-	4,053,293	-
Interest	-	1,390,608	-
Cost of debt issuance	-	91,475	-
Total expenditures	25,122,153	5,535,376	6,571,546
Excess (deficiency) of revenues over (under) expenditures	8,375,634	(4,529,020)	(5,623,672)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	4,339,537	4,420,843
Transfers out	(7,648,101)	(1,909,704)	-
Issuance of debt	805,355	9,515,000	-
Premium on warrant	-	879,024	-
Payment to refunded bond escrow agent	-	(9,384,371)	-
Total other financing sources (uses)	(6,842,746)	3,439,486	4,420,843
Net change in fund balances	1,532,888	(1,089,534)	(1,202,829)
Fund balances, beginning	14,710,073	2,944,932	3,630,776
Fund balances, ending	\$ 16,242,961	\$ 1,855,398	\$ 2,427,947

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

2017 Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,703,298	\$ 21,418,436
-	-	6,190,619
-	1,703,298	27,609,055
-	-	3,290,913
-	-	2,652,300
-	165,459	506,574
-	10,602	703,089
-	191,364	806,009
-	42,894	495,828
-	-	737,190
-	6,548	482,377
-	1,665	113,977
-	9,324	185,859
-	2,131,154	37,583,171
-	648,508	5,355,778
-	59,913	11,367,514
-	-	4,187,278
-	127,748	2,552,217
-	-	12,551
5,240,836	1,945,353	16,240,719
-	-	4,053,293
-	-	1,390,608
-	-	91,475
5,240,836	2,781,522	45,251,433
(5,240,836)	(650,368)	(7,668,262)
-	918,178	9,678,558
-	(678,638)	(10,236,443)
-	-	10,320,355
-	-	879,024
-	-	(9,384,371)
-	239,540	1,257,123
(5,240,836)	(410,828)	(6,411,139)
5,240,836	4,529,933	31,056,550
\$ -	\$ 4,119,105	\$ 24,645,411

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, 2019**

Net change in fund balances, total governmental funds \$ (6,411,139)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 16,240,719	
Contributions of capital assets	8,938,652	
Less current year depreciation	<u>(7,328,777)</u>	17,850,594

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.

Property taxes	128,035	
Grant revenue	<u>(64,019)</u>	64,016

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.

Gain on the disposal of assets	82,951	
Proceeds from the sale of assets	<u>(103,803)</u>	(20,852)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in post-employment benefits and deferred inflows of resources	(870,476)	
Amortization of discount	(141,085)	
Amortization of premium	97,530	
Amortization of deferred amount on refunding	(433,683)	
Change in net pension liability and deferred inflows of resources	263,588	
Change in compensated absences	(15,928)	
Change in accrued interest	<u>33,059</u>	(1,066,995)

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

CITY OF DAPHNE, ALABAMA

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities (Continued)
For the Year Ended September 30, 2019**

Some expenditures reported in governmental funds are to be paid on a long-term basis and therefore are not reported as expenses in the Statement of Activities.

Change in deferred outflows - post-employment benefits	710,902	
Change in deferred outflows - employer retirement contributions	102,916	813,818

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Bond, note and lease proceeds	(10,320,355)	
Bond premium	(879,024)	
Principal payment to refunded bond escrow agent	9,265,000	
Principal and other debt service payments	4,053,293	2,118,914

Change in net position of governmental activities		<u>\$ 13,348,356</u>
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CITY OF DAPHNE, ALABAMA

**Statement of Net Position
Proprietary Funds
September 30, 2019**

	Solid Waste	Non Major Funds	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash, equity in pooled cash	\$ 815,683	\$ 209,899	\$ 1,025,582
Due from Utilities Board	134,650	-	134,650
Other receivables	2,831	-	2,831
Total current assets	<u>953,164</u>	<u>209,899</u>	<u>1,163,063</u>
 Noncurrent assets:			
Capital assets:			
Roads	135,102	-	135,102
Facilities	241,199	204,710	445,909
Vehicles	2,263,009	45,199	2,308,208
Rental equipment and supplies	-	26,388	26,388
Equipment and office furniture	90,318	145,369	235,687
Total capital assets	<u>2,729,628</u>	<u>421,666</u>	<u>3,151,294</u>
Less: accumulated depreciation	<u>(2,225,681)</u>	<u>(327,540)</u>	<u>(2,553,221)</u>
Total noncurrent assets	<u>503,947</u>	<u>94,126</u>	<u>598,073</u>
 Total assets	<u>1,457,111</u>	<u>304,025</u>	<u>1,761,136</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred other post-employment benefits outflows	48,270	15,151	63,421
Deferred pension outflows	107,605	37,748	145,353
Total deferred outflows of resources	<u>155,875</u>	<u>52,899</u>	<u>208,774</u>
 Total assets and deferred outflows of resources	<u>\$ 1,612,986</u>	<u>\$ 356,924</u>	<u>\$ 1,969,910</u>

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

	Solid Waste	Non Major Funds	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 65,285	\$ 34,058	\$ 99,343
Accrued liabilities	31,317	8,077	39,394
Interest payable	1,186	-	1,186
Unearned revenue	-	77,726	77,726
Compensated absences	8,024	2,246	10,270
Capital lease payable - current	120,563	-	120,563
Total current liabilities	<u>226,375</u>	<u>122,107</u>	<u>348,482</u>
Noncurrent liabilities:			
Capital lease payable - noncurrent	189,602	-	189,602
Compensated absences	5,349	1,497	6,846
Net pension liability	168,415	71,086	239,501
Post-employment benefits liability	294,885	120,797	415,682
Total noncurrent liabilities	<u>658,251</u>	<u>193,380</u>	<u>851,631</u>
Total liabilities	<u>884,626</u>	<u>315,487</u>	<u>1,200,113</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred other post-employment benefits inflows	31,110	10,262	41,372
Deferred pension inflows	90,376	31,175	121,551
Total deferred inflows of resources	<u>121,486</u>	<u>41,437</u>	<u>162,923</u>
NET POSITION			
Net investment in capital assets	193,782	94,126	287,908
Unrestricted net position	413,092	(94,126)	318,966
Total net position	<u>606,874</u>	<u>-</u>	<u>606,874</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,612,986</u>	<u>\$ 356,924</u>	<u>\$ 1,969,910</u>

CITY OF DAPHNE, ALABAMA

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2019**

	Solid Waste Fund	Non Major Funds	Total
Operating revenues:			
Charges for services	\$ 1,611,090	\$ 439,781	\$ 2,050,871
Community events	-	6,040	6,040
Total operating revenues	<u>1,611,090</u>	<u>445,821</u>	<u>2,056,911</u>
Operating expenses:			
Wages	532,750	164,207	696,957
Overtime	29,771	8,953	38,724
Payroll related	58,358	20,854	79,212
Other personnel expense	212,003	46,459	258,462
Total personnel services	832,882	240,473	1,073,355
Advertising	5,432	6,022	11,454
Depreciation	243,791	23,238	267,029
Employee supplies and uniforms	12,915	694	13,609
Employee support	2,567	809	3,376
Equipment purchases, rentals, lease	2,974	13,115	16,089
Fuel	106,510	1,706	108,216
Garbage and recycle containers	57,581	-	57,581
Garbage and debris removal	-	4,941	4,941
Insurance	47,132	43,743	90,875
Landfill fees	255,731	-	255,731
Maintenance	263,640	47,408	311,048
Miscellaneous	62	-	62
Supplies	99	15,831	15,930
Other services	66,435	85,601	152,036
Professional services	65,839	3,666	69,505
Trustee assignments	-	16,755	16,755
Utilities	4,898	159,582	164,480
Total operating expenses	<u>1,968,488</u>	<u>663,584</u>	<u>2,632,072</u>
Operating loss	<u>(357,398)</u>	<u>(217,763)</u>	<u>(575,161)</u>
Non-operating revenues (expenses):			
Transfers from general fund	340,244	217,641	557,885
Gain on sale of assets	29,471	122	29,593
Interest expense	(12,317)	-	(12,317)
Total non-operating revenues (expenses)	<u>357,398</u>	<u>217,763</u>	<u>575,161</u>
Change in net position	-	-	-
Net position, beginning	<u>606,874</u>	<u>-</u>	<u>606,874</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, 2019**

	Solid Waste Fund	Non Major Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Cash flows from operating activities:			
Receipts from customers	\$ 1,608,173	\$ 446,094	\$ 2,054,267
Payments to suppliers	(850,344)	(386,135)	(1,236,479)
Payments to employees	(848,340)	(243,334)	(1,091,674)
Net cash used in operating activities	<u>(90,511)</u>	<u>(183,375)</u>	<u>(273,886)</u>
 Cash flows from noncapital financing activities:			
Contributions from General Fund	<u>340,244</u>	<u>217,641</u>	<u>557,885</u>
Net cash provided by noncapital financing activities	340,244	217,641	557,885
 Cash flows from capital and related financing activities:			
Principal paid on capital debt	(182,291)	-	(182,291)
Interest paid on capital debt	(13,120)	-	(13,120)
Purchases of capital assets	-	(10,601)	(10,601)
Proceeds from sale of capital assets	29,471	122	29,593
Net cash used in capital and financing activities	<u>(165,940)</u>	<u>(10,479)</u>	<u>(176,419)</u>
 Net change in cash and cash equivalents	83,793	23,787	107,580
Equity in pooled cash, beginning	<u>731,890</u>	<u>186,112</u>	<u>918,002</u>
Equity in pooled cash, ending	<u>\$ 815,683</u>	<u>\$ 209,899</u>	<u>\$ 1,025,582</u>
 Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (357,398)	\$ (217,763)	\$ (575,161)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	243,791	23,238	267,029
Change in assets and liabilities:			
Receivables	(3,804)	-	(3,804)
Deferred outflows of resources	(36,803)	(6,841)	(43,644)
Accounts payable	42,358	13,738	56,096
Accrued expenses	(4,117)	(2,759)	(6,876)
Unearned revenue	-	273	273
Compensated absences	(1,002)	(989)	(1,991)
Deferred inflows of resources	27,505	7,417	34,922
Net pension liability	(24,897)	(6,324)	(31,221)
Other post-employment benefits liability	23,856	6,635	30,491
Net cash used in operating activities	<u>\$ (90,511)</u>	<u>\$ (183,375)</u>	<u>\$ (273,886)</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, 2019**

ASSETS

Cash	\$	<u>193,518</u>
Total assets	\$	<u><u>193,518</u></u>

LIABILITIES

Accounts payable	\$	22,902
Reserve for claims		<u>170,616</u>
Total liabilities	\$	<u><u>193,518</u></u>

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

CITY OF DAPHNE, ALABAMA

Notes to Financial Statements September 30, 2019

TABLE OF CONTENTS

	Page
1. Summary of Significant Accounting Policies	
A. Reporting Entity	36
B. Government-Wide and Fund Financial Statements	37
C. Basis of Presentation	38
D. Basis of Accounting	39
E. Assets, Liabilities, and Fund Balance/Net Position	40
F. Revenues, Expenditures and Expenses	45
G. Budget Policy, Practice, Control, Basis	46
H. Pensions	46
I. Use of Estimates	46
J. Recently Issued Accounting Pronouncements	47
2. Cash, Equity in Pooled Cash and Cash Equivalents	48
3. Deposits and Investments	48
4. Receivables	49
5. Due from Daphne Volunteer Firefighters Association	50
6. Due from Industrial Board of Daphne	50
7. Inventories	50
8. Capital Assets	51
9. Interfund Transfers	52
10. Note Payable	53
11. Capital Leases	54
12. Long Term Debt	55
13. Conduit Debt Obligation: Jubilee Square	57
14. Defeasance of Prior Debt	57
15. Debt Limitation	58
16. Fund Balances	58
17. Pension Plan – Defined Benefit Pension Plan	59
18. Other Post-Employment Benefits	65
19. Deferred Compensation Plans	68
20. Construction Commitments	69
21. Non-Monetary Transactions	69
22. Encumbrance Commitments	69
23. Concentration – Revenue Source	69
24. Litigation	69
25. City of Daphne Utilities Board – Related Party	70
26. Property Taxes	70
27. Operating Leases	70
28. Federal and State Grants	71
29. Risk Management	71
30. Fair Value Disclosures	71
31. New Indebtedness and Refunding Debt Issued by the City	72
32. Subsequent Events	72

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

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 that meet the above criteria.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

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, culture 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, 2019

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, 2019

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 Self-Insurance Fund, Flexible Spending Account Fund, and Confiscated Funds Account 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, 2019

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 thirty (30) – sixty (60) days. The major revenue source that is susceptible to the sixty (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 thirty (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, 2019, 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, 2019

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, 2019, 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, 2019 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, 2019

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, 2019

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 59 for the net pension liability as of September 30, 2019.

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, 2019

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, 2019

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, 2019

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 2019, 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, 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, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Recently Issued Accounting Pronouncements

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. GASB 83 did not impact the City's financial statements since the City does not have any significant asset retirement obligations.

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 2020. The City implemented GASB 84 in fiscal year 2019 and resulted in the reclassification of the Municipal Court Fund as an agency fund.

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 implemented GASB 88 in fiscal year 2019.

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.

GASB Statement 91, *Conduit Debt Obligations*, was issued to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of GASB 91 are effective for fiscal year 2022. The City is currently evaluating the impact GASB 91 may have on its financial statements.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

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 \$35,561 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	\$ 7,260,633	\$ 49,570	\$ 7,310,203
Debt Service Fund	(69,544)	1,924,942	1,855,398
Capital Reserve Fund	(1,282)	2,858,897	2,857,615
Other non major governmental funds	3,007,087	1,181,661	4,188,748
Total governmental activities	10,196,894	6,015,070	16,211,964
Business-type activities:			
Solid Waste Fund	815,683	-	815,683
Civic Center Fund	119,144	-	119,144
Bayfront Park Fund	90,755	-	90,755
Total business-type activities	1,025,582	-	1,025,582
Total primary government	<u>\$ 11,222,476</u>	<u>\$ 6,015,070</u>	<u>\$ 17,237,546</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, 2019

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Deposits and investments at September 30, 2019 consist of the following:

Certificate of deposit	<u>\$ 502,929</u>
Investments:	
Federal Home Loan Bonds and Pools	1,907,457
United States Treasury Bonds and Notes	1,006,113
GNMA and FNMA Pools	1,203,124
Proprietary insured by US Government	1,517,617
Investment in AMIC	<u>31,063</u>
	<u>\$ 5,665,374</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, 2019, consist of the following:

Governmental activities:

Property, sales/use tax receivable	\$ 7,699,942
Grant receivables	374,281
Other receivables	<u>171,456</u>
Total governmental activities receivables	<u>\$ 8,245,679</u>

Business-type activities:

Due from other governments	\$ 134,650
Other receivables	<u>2,831</u>
Total business-type activities receivables	<u>\$ 137,481</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

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 receivables at September 30, 2019 is \$300,000 with \$100,000 being received in fiscal year 2019.

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, 2019 is \$1,200,000.

NOTE 7 –INVENTORIES

Inventory valuation at September 30, 2019 consisted of the following:

Mechanical Shop parts and supplies	\$ 313,419
Vehicle fuel	<u>15,843</u>
	<u>\$ 329,262</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

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, 2019:

	Balance 10/1/18	Additions	Reclass/ Transfers	Retirements	Balance 9/30/19
Capital assets not being depreciated:					
Land	\$ 12,258,180	\$ -	\$ -	\$ -	\$ 12,258,180
Construction in progress	11,131,762	11,577,176	(17,305,084)	-	5,403,854
Total capital assets not being depreciated	23,389,942	11,577,176	(17,305,084)	-	17,662,034
Capital assets being depreciated:					
Buildings	27,309,163	313,187	2,217,705	-	29,840,055
Other improvements	7,601,275	2,277,330	13,986,777	(95,234)	23,770,148
Machinery and equipment	13,296,305	1,613,898	108,774	(656,367)	14,362,610
Infrastructure	152,287,668	9,397,780	959,978	-	162,645,426
Total capital assets being depreciated	200,494,411	13,602,195	17,273,234	(751,601)	230,618,239
Less: accumulated depreciation					
Buildings	(9,276,006)	(708,422)	-	-	(9,984,428)
Other improvements	(4,004,292)	(636,351)	(2,116)	91,491	(4,551,268)
Machinery and equipment	(9,491,053)	(1,279,978)	31,850	639,259	(10,099,922)
Infrastructure	(92,841,881)	(4,704,027)	2,116	-	(97,543,792)
Total accumulated depreciation	(115,613,232)	(7,328,778)	31,850	730,750	(122,179,410)
Total capital assets being depreciated	84,881,179	6,273,417	17,305,084	(20,851)	108,438,829
Governmental activities capital assets, net	\$ 108,271,121	\$ 17,850,593	\$ -	\$ (20,851)	\$126,100,863

Depreciation was charged to governmental functions as follows:

General government	\$ 270,926
Public safety	1,015,636
Public works	387,959
Culture and recreation	950,230
Infrastructure	4,704,027
	<u>\$ 7,328,778</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

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, 2019:

	Balance 10/1/18	Additions	Reclass/ Transfers	Retirements	Balance 9/30/19
Capital assets being depreciated:					
Buildings	\$ 464,839	\$ -	\$ -	\$ (18,930)	\$ 445,909
Machinery and equipment	3,014,528	10,601	31,850	(486,696)	2,570,283
Infrastructure	135,102	-	-	-	135,102
Total capital assets being depreciated	<u>3,614,469</u>	<u>10,601</u>	<u>31,850</u>	<u>(505,626)</u>	<u>3,151,294</u>
Less: accumulated depreciation					
Buildings	(367,566)	(18,060)	-	18,930	(366,696)
Machinery and equipment	(2,257,300)	(248,969)	(31,850)	486,696	(2,051,423)
Infrastructure	(135,102)	-	-	-	(135,102)
Total accumulated depreciation	<u>(2,759,968)</u>	<u>(267,029)</u>	<u>(31,850)</u>	<u>505,626</u>	<u>(2,553,221)</u>
Total capital assets being depreciated, net	<u>\$ 854,501</u>	<u>\$ (256,428)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 598,073</u>

Depreciation was charged to governmental functions as follows:

Solid Waste	\$ 243,791
Civic Center	18,105
Bayfront Park	5,133
	<u>\$ 267,029</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, 2019

NOTE 9 – INTERFUND TRANSFERS (Continued)

Following is a summary of interfund transfers for the year ended September 30, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 7,648,101
Debt Service Fund	4,339,537	1,909,704
Capital Reserve Fund	4,420,843	-
Non-major special revenue funds	-	678,599
Non-major capital projects funds	918,178	39
Enterprise funds	557,885	-
Totals	<u>\$ 10,236,443</u>	<u>\$ 10,236,443</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 \$3,371,008 to fund capital projects related to recreation improvements and the Corte Road paving project. A \$58,270 transfer was also made to help finish a sidewalk project.
- 2) Debt Service Fund – Monthly transfers were made totaling \$3,660,938 to fund the current year debt service requirements.
- 3) Enterprise funds – Monthly transfers were made from the General Fund totaling \$557,885 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 \$678,599 from the Lodging Tax Fund to the Debt Service Fund to cover its portion of the debt service requirements.

The non-major capital project fund transfers in consisted of a one-time transfer from the Debt Service Fund to the 2019 Construction Fund in the amount of \$918,178 for bond proceeds to be used for the construction of a new fire station. Additionally, there was a \$39 transfer out from the 2016 Construction Fund to the Capital Reserve Fund to close out the account.

A one-time transfer out in the amount of \$991,526 was also made from the Debt Service Fund to the Capital Reserve Fund for debt proceeds to be used for lighting at the new recreation park.

NOTE 10 – 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, 2019 is \$779,103.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

NOTE 11 – CAPITAL LEASES

As of September 30, 2019, the City of Daphne has several capital lease obligations through Hancock and Regions Bank for various vehicles and equipment. Total minimum lease payments are as follows:

	Governmental Activities	Business-Type Activities	Total
2020	\$ 604,210	\$ 129,082	\$ 733,292
2021	520,274	101,797	622,071
2022	267,184	73,377	340,561
2023	172,063	22,479	194,542
2024 and thereafter	105,123	-	105,123
Total minimum lease payments	1,668,854	326,735	1,995,589
Less amount representing interest	(95,930)	(16,570)	(112,500)
Present value of minimum lease payments	<u>\$ 1,572,924</u>	<u>\$ 310,165</u>	<u>\$ 1,883,089</u>

The assets acquired through outstanding capital leases are shown below.

	Governmental Activities	Business-Type Activities
Equipment	\$ 3,242,432	\$ 746,126
Less: accumulated depreciation	(966,059)	(364,622)
	<u>\$ 2,276,373</u>	<u>\$ 381,504</u>

Depreciation expense for the year ended September 30, 2019 for assets under capital leases was \$443,241 for governmental activities and \$148,165 for business-type activities.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

NOTE 12 – LONG TERM DEBT

The following is a description of general and limited obligation bonds/warrants at September 30, 2019:

\$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 13 for more detail. \$ 1,632,840

\$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. Original final maturity was February 1, 2036. These warrants were partially refunded in the amount of \$9,265,000 into the 2019 Refunding and Improvements Warrants. New final maturity is February 1, 2021. 1,020,000

\$10,000,000 General Obligation Refunding and Improvement Warrants, series 2014, dated November 8, 2014, with interest rates ranging from 2.0% to 2.9% payable semi-annually along with variable annual principal payments. Final maturity is April 1, 2039. (Fully paid 2003 Warrants and refunded 2006 General Obligation Warrants; new money of \$780,000 for sewer projects) 7,380,000

\$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) 4,725,000

\$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. 11,707,000

\$9,515,000 General Obligation Refunding and Improvement Warrants, series 2019, dated May 29, 2019, with interest rates ranging from 3.0% to 4.0% payable semi-annually along with variable annual principal payments. Final maturity is February 1, 2036. (Partially refunded 2012 GO Refunding and Capital Improvements Warrants; new money of \$916,000 for new fire station construction) 9,410,000

Total bonds and warrants payable \$ 35,874,840

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

NOTE 12 – LONG TERM DEBT (Continued)

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

Fiscal Year Ending September 30	Principal	Interest	Total
2020	\$ 2,746,392	\$ 1,211,406	\$ 3,957,798
2021	2,757,916	1,089,577	3,847,493
2022	2,362,399	975,923	3,338,322
2023	2,432,236	909,376	3,341,612
2024	2,290,000	837,896	3,127,896
2025-2029	12,573,000	3,024,001	15,597,001
2030-2034	6,924,000	1,338,517	8,262,517
2035-2039	4,568,000	302,716	4,870,716
	<u>\$ 36,653,943</u>	<u>\$ 9,689,412</u>	<u>\$ 46,343,355</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.

The following is a summary of the changes in non-current liabilities reported in Statement of Net Position for the year ended September 30, 2019:

	Balance 10/1/18	Additions	Reductions	Balance 9/30/19	Due Within One Year
<u>Governmental Activities:</u>					
Bonds and warrants payable	\$ 38,895,305	\$ 9,515,000	\$ (12,535,465)	\$ 35,874,840	\$ 2,562,784
Plus: Bond premiums	535,651	879,024	(97,530)	1,317,145	-
Less: Bond discounts	(173,441)	-	141,085	(32,356)	-
Bonds and warrants payable, net	39,257,515	10,394,024	(12,491,910)	37,159,629	2,562,784
Obligations under capital lease	1,337,974	805,355	(570,405)	1,572,924	560,496
Note payable	991,526	-	(212,423)	779,103	183,608
Compensated absences	312,018	579,464	(563,536)	327,946	196,498
Net pension liability	2,929,028	-	(470,715)	2,458,313	-
Other post-employment benefits	5,472,241	497,566	-	5,969,807	-
Total governmental activities	<u>\$ 50,300,302</u>	<u>\$ 12,276,409</u>	<u>\$ (14,308,989)</u>	<u>\$ 48,267,722</u>	<u>\$ 3,503,386</u>
<u>Business-type Activities:</u>					
Obligations under capital lease	\$ 492,456	\$ -	\$ (182,291)	\$ 310,165	\$ 120,563
Compensated absences	19,107	37,811	(39,802)	17,116	10,270
Net pension liability	270,722	-	(31,221)	239,501	-
Other post-employment benefits	385,191	30,491	-	415,682	-
Total business-type activities	<u>\$ 1,167,476</u>	<u>\$ 68,302</u>	<u>\$ (253,314)</u>	<u>\$ 982,464</u>	<u>\$ 130,833</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

NOTE 12 – LONG TERM DEBT (Continued)

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%.

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 2019 include a distribution to the City's General Fund in the amount of \$331,299 and \$993,898 in debt service payments on the 2002 Limited Obligation Warrant Conduit Debt Obligation. The fiscal 2019 principal balance of the limited debt obligation was \$1,632,840. As the debt service paid is subject to the terms of the Development Agreement, the fiscal 2019 principal and interest payments were approximately nine 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, 2019, there was no debt considered to be defeased.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

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 \$1,311,660.

The City of Daphne’s total indebtedness at September 30, 2019, was \$38,226,866. Of this total, \$34,563,180 is chargeable to the constitutional debt limit. This chargeable debt is equal to 8.43% of the total assessed value of real and personal property located within the City. This leaves a \$56,111,140 margin available for future borrowings. Based on the City of Daphne’s 2010 census, the per capita debt is \$1,772.

NOTE 16 – FUND BALANCES

A schedule of City fund balances at September 30, 2019 is provided below:

	General Fund	Debt Service	Capital Reserve	2017 Construction Fund	Non Major Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Inventory	\$ 329,262	\$ -	\$ -	\$ -	\$ -	\$ 329,262
Prepaid items	340,005	-	-	-	-	340,005
Subtotal	<u>669,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>669,267</u>
Restricted for:						
Debt service	-	1,855,398	-	-	-	1,855,398
Streets and drainage	-	-	-	-	244,751	244,751
Law enforcement	-	-	-	-	276,870	276,870
Court and corrections	-	-	-	-	326,886	326,886
Fire station construction	-	-	-	-	919,755	919,755
Subtotal	<u>-</u>	<u>1,855,398</u>	<u>-</u>	<u>-</u>	<u>1,768,262</u>	<u>3,623,660</u>
Committed to:						
Bayfront improvements	-	-	-	-	1,580,246	1,580,246
Recreation projects	-	-	-	-	724,635	724,635
Landscaping	-	-	-	-	23,926	23,926
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,328,807</u>	<u>2,328,807</u>
Assigned to:						
Library	-	-	-	-	22,036	22,036
Capital projects	-	-	2,427,947	-	-	2,427,947
Various purposes	798,971	-	-	-	-	798,971
Subtotal	<u>798,971</u>	<u>-</u>	<u>2,427,947</u>	<u>-</u>	<u>22,036</u>	<u>3,248,954</u>
Unassigned:	<u>14,774,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,774,723</u>
Total fund balances	<u>\$ 16,242,961</u>	<u>\$ 1,855,398</u>	<u>\$ 2,427,947</u>	<u>\$ -</u>	<u>\$ 4,119,105</u>	<u>\$24,645,411</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

NOTE 17 – 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 90,999 participants from approximately 909 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.

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

NOTE 17 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

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, 2019, the City of Daphne membership consisted of:

Retirees and beneficiaries	
currently receiving benefits	64
Vested inactive members	8
Non-vested inactive members	26
Active members	289
Total	387

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, 2019, the City’s covered payroll was \$11,979,125. The City’s active employee contribution rate was 6.17% of covered payroll, and the City’s average contribution rate to fund the normal and accrued liability costs was 5.80% percent of covered payroll.

The City’s contractually required contribution rate for the year ended September 30, 2019 was 7.22% of pensionable pay for Tier 1 employees, and 4.06% of pensionable pay for Tier 2 employees. This included a one-time .24 % increase for both tiers related to a one-time lump sum payment made to retirees in FY 2018. These required contribution rates are based upon the actuarial valuation dated September 30, 2016, 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 \$739,705 for the year ended September 30, 2019.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

NOTE 17 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability

The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2017 rolled forward to September 30, 2018 using standard roll-forward techniques shown in the following table:

	<u>Expected</u>	<u>Actual</u>	<u>Actual</u>
(a) TLP as of September 30, 2017	\$ 33,055,340	\$ 32,890,971	\$ 33,091,878
(b) Discount rate	7.75%	7.75%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2017 -September 30, 2018	980,412	980,412	989,269
(d) Transfers among Employers	-	(310,889)	(310,889)
(e) Actual Benefit Payments and Refunds for the period October 1, 2017 -September 30, 2018	<u>(1,504,465)</u>	<u>(1,504,465)</u>	<u>(1,504,465)</u>
(f) TPL as of September 30, 2018 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5(b))]	<u>\$ 35,034,778</u>	<u>\$ 34,546,781</u>	<u>\$ 34,755,946</u>
(g) Difference between Expected and Actual		\$ (487,997)	
(h) Less Liability Transferred for Immediate Recognition		<u>(310,889)</u>	
(i) Experience (Gain)/Loss = (g) - (h)		\$ (177,108)	
(j) Difference between Actual at 7.70% and Actual at 7.75% (Assumption Change)			\$ 209,165

Actuarial assumptions. The total pension liability in the September 30, 2018 was determined based on the annual funding valuation reported prepared as of September 30, 2017. The key actuarial assumptions are summarized below:

Inflation	2.75%
Projected Salary increases	3.25% - 5.00%
Investment rate of return	7.70%, net of pension plan investment expense

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

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

NOTE 17 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

The actuarial assumptions used in the actuarial valuation as of September 30, 2017, were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class, 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, 7.70%. 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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

NOTE 17 – 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, 2017	\$ 33,055,340	\$ 29,855,590	\$ 3,199,750
Changes for the year:			
Service Cost	980,412	-	980,412
Interest	2,503,491	-	2,503,491
Changes of assumptions	209,165	-	209,165
Difference between expected and actual experience	(177,108)	-	(177,108)
Contributions - employer	-	626,766	(626,766)
Contributions - employee	-	652,867	(652,867)
Net investment income	-	2,738,263	(2,738,263)
Benefit payments, including refunds or employee contributions	(1,504,465)	(1,504,465)	-
Administrative expense	-	-	-
Transfers among employers	(310,889)	(310,889)	-
Net changes	<u>1,700,606</u>	<u>2,202,542</u>	<u>(501,936)</u>
Balances at September 30, 2018	<u>\$ 34,755,946</u>	<u>\$ 32,058,132</u>	<u>\$ 2,697,814</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 7.70%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Plan's Net Pension Liability	\$ 7,352,762	\$ 2,697,814	\$ (1,206,192)

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, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2018. The auditor's report dated August 17, 2019 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, 2019

NOTE 17 – 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, 2019, the City recognized pension expense of \$579,497. Components of pension expense are as follows:

Service Cost	\$	980,412
Interest on the total pension liability		2,503,491
Current-period benefit changes		-
Expensed portion of current-period difference between expected and actual experience in the total pension liability		(23,304)
Expensed portion of current-period changes of assumptions		27,522
Member contributions		(652,867)
Projected earnings on plan investments		(2,293,049)
Expensed portion of current-period differences between actual and projected earnings on plan investments		(89,043)
Transfers among employers		-
Recognition of beginning deferred outflows of resources as pension expense		208,456
Recognition of beginning deferred inflows of resources as pension expense		(315,923)
Pension expense	<u>\$</u>	<u>345,695</u>

At September 30, 2019, 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	\$ 234,603	\$ 708,841
Change of assumptions	968,473	-
Net difference between projected and actual earnings on plan investments	-	1,050,431
Employer contributions subsequent to the measurement date*	<u>739,705</u>	<u>-</u>
	<u>\$ 1,942,781</u>	<u>\$ 1,759,272</u>

*Employer contributions made from 10/1/2018 - 9/30/2019 related to normal and accrued liability components of employer rate net of any refunds or error service payments. These amounts will be recognized in 2019 as a reduction of the net pension liability.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

NOTE 17– 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	\$ (32,223)
2020	(344,659)
2021	(241,193)
2022	26,869
2023	100,956
Thereafter	(65,946)
	\$ (556,196)

Employee contributions made after the measurement date but before the end of the City’s reporting period (10/1/2018 – 9/30/2019) totaling \$739,705 will be recognized as a reduction of the net pension liability in fiscal year 2020.

NOTE 18– OTHER-POST EMPLOYMENT BENEFITS

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

Plan Description

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 and are 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 17. 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, 2019

NOTE 18 – 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, 2019, the City of Daphne membership consisted of:

Inactive employees or beneficiaries currently receiving benefit payments (retirees)	20
Inactive employees entitled to but not yet receiving benefits	-
Active employees (employees)	<u>242</u>
Total	<u><u>262</u></u>

Total OPEB Liability

The City’s total OPEB liability was measured as of September 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the September 30, 2019 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%, annually (Beginning of year to Determine ADC) 2.66% annually (As of end of year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually

The discount rate used was based on Bond Buyers’ 20 Year General Obligation municipal bond index as of September 30, 2019, the end of the applicable measurement period.

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

The actuarial assumptions used in the September 30, 2019 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 – September 30, 2019.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

NOTE 18 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Changes in Total OPEB Liability

Balance at September 30, 2018	\$ 5,857,432
Changes for the year:	
Service Cost	104,780
Interest	240,503
Differences between expected and actual experience	(451,267)
Changes of assumptions	841,543
Benefit payments and net transfers	<u>(207,502)</u>
Net changes	<u>528,057</u>
Balance at September 30, 2019	<u><u>\$ 6,385,489</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 2.66%, 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 (1.66%) or 1-percentage point higher (3.66%) than the current discount rate:

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	\$ 7,059,597	\$ 6,385,489	\$ 5,795,752

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%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	\$ 5,770,856	\$ 6,385,489	\$ 7,083,761

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

NOTE 18 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

For the year ended September 30, 2019, the City recognized OPEB expense in the amount of \$374,394.

At September 30, 2019 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	\$ 265,934	\$ 419,034
Changes in assumptions	781,433	249,909
	\$ 1,047,367	\$ 668,943

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			
2020	\$	29,110	
2021		29,110	
2022		29,110	
2023		29,110	
2024		29,110	
Thereafter		232,874	
	\$	378,424	

NOTE 19 – 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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

NOTE 20 – CONSTRUCTION COMMITMENTS

The City had various capital improvement projects in progress at September 30, 2019. The projected outstanding commitments related to these projects is estimated by management to be approximately \$969,000. The capital improvements in progress included the expansion and improvements of Recreational facilities, the paving of Corte Road and the Safe Room construction project.

NOTE 21 – NON-MONETARY TRANSACTIONS

During the current fiscal year, non-monetary transactions totaled \$8,938,652. This is composed of land, street and drainage acceptances in the Diamante (Phase 1), Old Field (Phase 3A and 4), HSC Johnson Road LLC and Blackstone Lakes subdivisions and Pollard Park. These acceptances totaled \$8,938,652.

NOTE 22 – 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, 2019, the City has encumbrance commitments in the General Fund in the amount of \$798,971. No other governmental funds had outstanding encumbrance commitments at year end.

NOTE 23 – CONCENTRATION – REVENUE SOURCE

The City receives approximately 9.1% of its annual sales, use, and luxury taxes from one business within the City of Daphne; the top ten businesses account for 39.8% of total such collections.

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 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 and it was 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 recorded a contingent liability and corresponding expense in the amount of \$576,867 for the year ended September 30, 2018. In December 2019, the Alabama Supreme Court ruled in favor of the City on the appeal and reversed the judgement. However, the plaintiffs in the case filed an application for rehearing and the Alabama Supreme Court has currently not made its ruling on this application. As a result, the contingent liability is still recorded for the year ended September 30, 2019.

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

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, 2019 is \$134,650.

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, 2018 and the County began collecting and remitting the taxes to the City in October 2019.)

Fund Financial Statements:

The City recognizes the taxes collected by the County tax assessor within the first 60 days after September 30, 2019 as revenue. Such revenue totals \$705,514. Deferred revenue in the amount of \$5,160,503 is recognized and is reflective of the anticipated upcoming fiscal year collections for the October 1, 2019 (Fiscal 2020) levy.

Government-Wide Financial Statements:

The City recognizes total estimated property tax collections in the amount of \$5,866,017 for the October 1, 2018 tax assessment that is collected starting in October of 2019 (Fiscal 2020).

NOTE 27 – OPERATING LEASES

The City’s operating lease activities consist of six individual leases for pieces of equipment that are used for city operations in public works and recreation. These operating leases range from four to five years in term. The following is a schedule by years of future minimum rental payments required under the leases in excess of one year as of September 30, 2019:

Fiscal Year	Future Minimum Rental Payments
2020	\$ 106,159
2021	106,159
2022	95,275
2023	20,424
	\$ 328,017

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2019

NOTE 28 – 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 29 – 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 \$5,404,158)

Property (Limit \$57,707,124)

NOTE 30 – 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, 2019

NOTE 30 – FAIR VALUE DISCLOSURES

Investments' fair value measurements are as follows at September 30, 2019:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities:				
U.S. Treasuries	\$ 1,006,113	\$ 1,006,113	\$ -	\$ -
Federal Home Loan Bonds and pools	1,907,457	-	1,907,457	-
GNMA and FNMA pools	1,203,124	-	1,203,124	-
Proprietary insured by US Government	1,517,617	-	1,517,617	-
Investment in AMIC	31,063	-	-	31,063
	<u>\$ 5,665,374</u>	<u>\$ 1,006,113</u>	<u>\$ 4,628,198</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 31 – NEW INDEBTESNESS AND REFUNDING DEBT ISSUED BY THE CITY

In May 2019, the City issued the 2019 General Obligation Refunding and Improvement Warrants in the amount of \$9,515,000. Of this amount, \$9,265,000 was for the partial refunding of the 2012 General Obligation Refunding and Capital Improvements Warrants. The net proceeds of the refunding were used for the purchase of direct general obligations of the United States of America, State and Local Government Series. The securities were deposited into irrevocable trust to provide for the immediate redemption and partial repayment of the 2012 Warrants. The warrants were refunded at a premium of \$879,024.

The savings from the decrease in debt payments of \$918,000 (net of issuance costs) was used to borrow additional money and deposited into the 2019 Construction Fund to be used for the construction of a new fire station. Therefore, there was no overall reduction in debt payments.

NOTE 32 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through February 21, 2020, 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. However, subsequent to year end, a fire destroyed the recycle storage facility which has resulted in the temporary suspension of the processing of recycling material. This is not expected to have any negative impacts on the financial condition of the Solid Waste Fund.

Required Supplementary Information

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2019**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Revenues				
Sales, use, and luxury taxes	\$ 17,702,243	\$ 17,702,243	\$ 18,721,240	\$ 1,018,997
Payment lieu of taxes	2,585,000	2,585,000	2,652,300	67,300
Ad valorem taxes	6,083,000	6,083,000	6,190,619	107,619
Licenses and permits	2,783,350	2,783,350	3,290,913	507,563
Intergovernmental	327,162	327,162	419,062	91,900
Charges for services	620,050	650,050	692,487	42,437
Fines and forfeitures	350,500	354,350	341,115	(13,235)
Interest and investment earnings	75,000	75,000	458,592	383,592
Grants and contributions	168,205	567,181	554,924	(12,257)
Miscellaneous	32,500	92,609	176,535	83,926
Total revenues	\$ 30,727,010	\$ 31,219,945	\$ 33,497,787	\$ 2,277,842
Expenditures				
<i>GENERAL GOVERNMENT</i>				
Legislative				
Personnel	\$ 241,222	\$ 242,481	\$ 236,617	\$ (5,864)
Operating	172,050	173,536	144,417	(29,119)
Capital	-	11,095	11,095	-
	<u>413,272</u>	<u>427,112</u>	<u>392,129</u>	<u>(34,983)</u>
Executive				
Personnel	263,899	280,058	264,699	(15,359)
Operating	37,650	37,750	17,423	(20,327)
Capital	-	9,490	9,490	-
	<u>301,549</u>	<u>327,298</u>	<u>291,612</u>	<u>(35,686)</u>
Community Events				
Personnel	66,490	67,151	62,916	(4,235)
Operating	324,500	312,000	272,508	(39,492)
Capital	-	23,754	23,754	-
	<u>390,990</u>	<u>402,905</u>	<u>359,178</u>	<u>(43,727)</u>
Information Tech Support				
Personnel	177,347	176,574	85,751	(90,823)
Operating	45,550	50,591	54,384	3,793
	<u>222,897</u>	<u>227,165</u>	<u>140,135</u>	<u>(87,030)</u>
Human Resources				
Personnel	360,902	365,645	356,201	(9,444)
Operating	287,850	288,970	223,700	(65,270)
Capital	-	29,270	29,269	(1)
	<u>648,752</u>	<u>683,885</u>	<u>609,170</u>	<u>(74,715)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule, Continued
General Fund
For the Year Ended September 30, 2019**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Finance				
Personnel	542,688	550,682	545,756	(4,926)
Operating	184,250	173,498	146,402	(27,096)
Capital	-	29,899	27,979	(1,920)
	<u>726,938</u>	<u>754,079</u>	<u>720,137</u>	<u>(32,022)</u>
Revenue				
Personnel	172,519	175,263	167,431	(7,832)
Operating	47,250	44,750	30,659	(14,091)
Capital	-	4,395	4,395	-
	<u>219,769</u>	<u>224,408</u>	<u>202,485</u>	<u>(21,923)</u>
Municipal Court				
Personnel	183,043	186,386	180,662	(5,724)
Operating	111,550	111,339	104,336	(7,003)
Capital	-	6,028	6,028	-
	<u>294,593</u>	<u>303,753</u>	<u>291,026</u>	<u>(12,727)</u>
Legal/Risk Management				
Operating- Legal	292,000	356,372	304,619	(51,753)
Operating- Risk Management	356,800	377,174	364,964	(12,210)
Capital	-	60,000	60,000	-
	<u>648,800</u>	<u>793,546</u>	<u>729,583</u>	<u>(63,963)</u>
Planning/Zoning				
Personnel	341,949	346,564	333,339	(13,225)
Operating	60,350	89,121	72,870	(16,251)
Capital	-	11,851	11,851	-
	<u>402,299</u>	<u>447,536</u>	<u>418,060</u>	<u>(29,476)</u>
Building Maintenance				
Personnel	247,033	254,293	209,787	(44,506)
Operating	56,200	56,712	40,800	(15,912)
	<u>303,233</u>	<u>311,005</u>	<u>250,587</u>	<u>(60,418)</u>
Facilities - Administration				
Personnel	165,575	163,017	119,212	(43,805)
Operating	37,300	36,462	22,108	(14,354)
	<u>202,875</u>	<u>199,479</u>	<u>141,320</u>	<u>(58,159)</u>
City Hall Facilities Support				
Operating	235,700	248,360	241,016	(7,344)
Capital	-	79,500	79,500	-
	<u>235,700</u>	<u>327,860</u>	<u>320,516</u>	<u>(7,344)</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule, Continued
General Fund
For the Year Ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
Janitorial				
Personnel	86,540	88,128	86,128	(2,000)
Operating	57,600	57,741	62,159	4,418
	144,140	145,869	148,287	2,418
TOTAL GENERAL GOVERNMENT				
Personnel	2,849,207	2,896,242	2,648,499	(247,743)
Operating	2,306,600	2,414,376	2,102,365	(312,011)
Capital	-	265,282	263,361	(1,921)
	5,155,807	5,575,900	5,014,225	(561,675)
<i>PUBLIC SAFETY</i>				
Police Administration				
Personnel	454,990	460,351	461,700	1,349
Operating	285,775	354,390	327,301	(27,089)
Capital	-	101,998	101,387	(611)
	740,765	916,739	890,388	(26,351)
SWAT (Sp Weapons & Tactical Eqpt)				
Operating	14,600	14,600	14,595	(5)
	14,600	14,600	14,595	(5)
Traffic Homicide Investigation				
Operating	9,000	9,064	8,915	(149)
	9,000	9,064	8,915	(149)
Patrol				
Personnel	2,464,597	2,495,905	2,308,232	(187,673)
Operating	417,600	384,243	340,368	(43,875)
Capital	-	63,133	66,303	3,170
	2,882,197	2,943,281	2,714,903	(228,378)
Detective				
Personnel	1,559,554	1,583,044	1,539,240	(43,804)
Operating	179,300	193,942	166,214	(27,728)
Capital	-	6,104	6,104	-
	1,738,854	1,783,090	1,711,558	(71,532)
Communications				
Personnel	559,795	568,512	562,590	(5,922)
Operating	35,210	43,451	38,971	(4,480)
Capital	-	25,434	25,434	-
	595,005	637,397	626,995	(10,402)

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule, Continued
General Fund
For the Year Ended September 30, 2019**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Corrections				
Personnel	743,466	754,237	739,089	(15,148)
Operating	76,755	80,084	76,481	(3,603)
Capital	-	5,494	5,494	-
	<u>820,221</u>	<u>839,815</u>	<u>821,064</u>	<u>(18,751)</u>
Animal Control				
Personnel	157,546	160,691	154,215	(6,476)
Operating	65,855	74,126	66,377	(7,749)
Capital	-	83,500	78,956	(4,544)
	<u>223,401</u>	<u>318,317</u>	<u>299,548</u>	<u>(18,769)</u>
Police Subtotal				
Personnel	5,939,948	6,022,740	5,765,066	(257,674)
Operating	1,084,095	1,153,900	1,039,222	(114,678)
Capital	-	285,663	283,678	(1,985)
	<u>7,024,043</u>	<u>7,462,303</u>	<u>7,087,966</u>	<u>(374,337)</u>
Central Communications				
Operating	10,000	11,297	11,207	(90)
	<u>10,000</u>	<u>11,297</u>	<u>11,207</u>	<u>(90)</u>
Fire				
Personnel	3,526,901	3,577,998	3,532,727	(45,271)
Operating	390,650	389,730	357,248	(32,482)
Capital	-	505,456	505,033	(423)
	<u>3,917,551</u>	<u>4,473,184</u>	<u>4,395,008</u>	<u>(78,176)</u>
Rescue				
Operating	28,200	28,720	23,115	(5,605)
	<u>28,200</u>	<u>28,720</u>	<u>23,115</u>	<u>(5,605)</u>
Building Inspections				
Personnel	488,024	508,502	442,174	(66,328)
Operating	57,600	56,987	42,724	(14,263)
Capital	-	7,216	7,216	-
	<u>545,624</u>	<u>572,705</u>	<u>492,114</u>	<u>(80,591)</u>
Code Enforcement				
Personnel	139,409	141,484	139,483	(2,001)
Operating	15,600	15,666	12,058	(3,608)
	<u>155,009</u>	<u>157,150</u>	<u>151,541</u>	<u>(5,609)</u>
Emergency Management				
Operating	13,000	13,000	3,880	(9,120)
	<u>13,000</u>	<u>13,000</u>	<u>3,880</u>	<u>(9,120)</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule, Continued
General Fund
For the Year Ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
TOTAL PUBLIC SAFETY				
Personnel	10,094,282	10,250,724	9,879,450	(371,274)
Operating	1,599,145	1,669,300	1,489,454	(179,846)
Capital	-	798,335	795,927	(2,408)
	<u>11,693,427</u>	<u>12,718,359</u>	<u>12,164,831</u>	<u>(553,528)</u>
<i>PUBLIC WORKS</i>				
Administration				
Personnel	403,788	408,476	379,322	(29,154)
Operating	92,300	82,600	68,403	(14,197)
Capital	-	155,713	155,713	-
	<u>496,088</u>	<u>646,789</u>	<u>603,438</u>	<u>(43,351)</u>
Public Works Facilities Support				
Operating	50,450	48,908	43,267	(5,641)
	<u>50,450</u>	<u>48,908</u>	<u>43,267</u>	<u>(5,641)</u>
Street				
Personnel	747,966	751,619	630,710	(120,909)
Operating	793,100	775,489	751,856	(23,633)
Capital	-	305,050	294,334	(10,716)
	<u>1,541,066</u>	<u>1,832,158</u>	<u>1,676,900</u>	<u>(155,258)</u>
Street-Infrastructure				
Operating	5,000	14,035	13,228	(807)
Capital	-	377,827	381,089	3,262
	<u>5,000</u>	<u>391,862</u>	<u>394,317</u>	<u>2,455</u>
Grounds				
Personnel	681,078	686,419	612,048	(74,371)
Operating	285,500	299,295	305,304	6,009
Capital	-	188,946	187,945	(1,001)
	<u>966,578</u>	<u>1,174,660</u>	<u>1,105,297</u>	<u>(69,363)</u>
Grounds- Parks				
Personnel	-	14,352	1,726	(12,626)
Operating	97,625	100,122	64,821	(35,301)
Capital	-	116,386	122,166	5,780
	<u>97,625</u>	<u>230,860</u>	<u>188,713</u>	<u>(42,147)</u>
Mowing				
Personnel	498,638	507,303	473,888	(33,415)
Operating	227,750	241,650	224,934	(16,716)
Capital	-	84,533	84,097	(436)
	<u>726,388</u>	<u>833,486</u>	<u>782,919</u>	<u>(50,567)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule, Continued
General Fund
For the Year Ended September 30, 2019**

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
Garage				
Personnel	445,013	455,154	425,097	(30,057)
Operating	153,150	158,216	79,792	(78,424)
Capital	-	32,994	32,544	(450)
	<u>598,163</u>	<u>646,364</u>	<u>537,433</u>	<u>(108,931)</u>
MS4 Compliance				
Operating	44,000	112,137	106,897	(5,240)
Capital	-	62,387	81,236	18,849
	<u>44,000</u>	<u>174,524</u>	<u>188,133</u>	<u>13,609</u>
TOTAL PUBLIC WORKS				
Personnel	2,776,483	2,823,323	2,522,791	(300,532)
Operating	1,748,875	1,832,452	1,658,502	(173,950)
Capital	-	1,323,836	1,339,124	15,288
	<u>4,525,358</u>	<u>5,979,611</u>	<u>5,520,417</u>	<u>(459,194)</u>
<i>RECREATION & LIBRARY</i>				
Recreation Parks				
Personnel	440,522	449,039	415,069	(33,970)
Operating	639,800	658,044	507,321	(150,723)
Capital	-	54,707	56,747	2,040
	<u>1,080,322</u>	<u>1,161,790</u>	<u>979,137</u>	<u>(182,653)</u>
Recreation				
Personnel	292,754	295,090	217,796	(77,294)
Operating	171,700	170,879	151,522	(19,357)
Capital	-	9,908	9,908	-
	<u>464,454</u>	<u>475,877</u>	<u>379,226</u>	<u>(96,651)</u>
Athletic and Fitness Programs				
Personnel	44,201	44,191	43,224	(967)
Operating	101,600	123,800	91,484	(32,316)
	<u>145,801</u>	<u>167,991</u>	<u>134,708</u>	<u>(33,283)</u>
Project Wise Program				
Operating	57,500	57,600	39,608	(17,992)
	<u>57,500</u>	<u>57,600</u>	<u>39,608</u>	<u>(17,992)</u>
SAIL Site Program				
Personnel	50,465	51,858	45,127	(6,731)
Operating	19,852	19,852	17,986	(1,866)
	<u>70,317</u>	<u>71,710</u>	<u>63,113</u>	<u>(8,597)</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule, Continued
General Fund
For the Year Ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
Library				
Personnel	664,839	679,198	646,441	(32,757)
Operating	197,600	192,870	174,387	(18,483)
Capital	-	39,254	39,254	-
	<u>862,439</u>	<u>911,322</u>	<u>860,082</u>	<u>(51,240)</u>
TOTAL LIBRARY AND RECREATION				
Personnel	1,492,781	1,519,376	1,367,657	(151,719)
Operating	1,188,052	1,223,045	982,308	(240,737)
Capital	-	103,869	105,909	2,040
	<u>2,680,833</u>	<u>2,846,290</u>	<u>2,455,874</u>	<u>(390,416)</u>
Total Expenditures				
Personnel	17,212,753	17,459,608	16,418,397	(1,041,211)
Operating	6,842,672	7,139,173	6,232,629	(906,544)
Capital	-	2,491,322	2,504,321	12,999
	<u>24,055,425</u>	<u>27,090,103</u>	<u>25,155,347</u>	<u>(1,934,756)</u>
Excess of Revenues Over Expenditures Before Other Financing Uses	<u>6,671,585</u>	<u>4,129,842</u>	<u>8,342,440</u>	<u>4,212,598</u>
<i>OTHER FINANCING SOURCES/(USES)</i>				
Capital Lease Proceeds	-	1,098,162	805,355	(292,807)
Transfers to Debt Service Fund	(3,732,235)	(3,870,105)	(3,660,938)	209,167
Transfers to Capital Reserve Fund	-	(3,429,278)	(3,429,278)	-
Transfer to Solid Waste Fund	(458,136)	(527,977)	(340,244)	187,733
Transfers to Civic Center Fund	(205,307)	(277,988)	(87,883)	190,105
Transfers to BayFront Fund	(209,668)	(211,869)	(129,758)	82,111
	<u>(4,605,346)</u>	<u>(7,219,055)</u>	<u>(6,842,746)</u>	<u>376,309</u>
Total Revenues Over (Under) Expenditures	<u>\$ 2,066,239</u>	<u>\$ (3,089,213)</u>	<u>\$ 1,499,694</u>	<u>\$ 4,588,907</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule, Continued
General Fund
For the Year Ended September 30, 2019

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, 2019:

GAAP Revenues Over Expenditures	\$ 1,532,888
Encumbrances outstanding at:	
September 30, 2019	(798,971)
September 30, 2018	848,386
Encumbrances released during FY 2019	<u>(82,609)</u>
Budgetary Revenues over Expenditures	<u>\$ 1,499,694</u>

CITY OF DAPHNE, ALABAMA

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

	2018	2017	2016	2015	2014
Total pension liability					
Service Cost	\$ 980,412	\$ 979,924	\$ 955,939	\$ 939,089	\$ 907,051
Interest	2,503,491	2,398,372	2,166,725	2,007,083	1,850,235
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(177,108)	(708,794)	378,237	(57,447)	-
Changes of assumptions	209,165	-	1,268,564	-	-
Benefit payments, including refunds of employee contributions	(1,504,465)	(1,027,132)	(998,271)	(788,143)	(805,216)
Transfers among employers	(310,889)	(47,331)	105,914	-	-
Net change in pension liability	1,700,606	1,595,039	3,877,108	2,100,582	1,952,070
Total pension liability - beginning	33,055,340	31,460,301	27,583,193	25,482,611	23,530,541
Total pension liability - ending (a)	\$ 34,755,946	\$ 33,055,340	\$ 31,460,301	\$ 27,583,193	\$ 25,482,611
Plan fiduciary net position					
Contributions - employer	\$ 626,766	\$ 637,713	\$ 641,261	\$ 633,555	\$ 632,854
Contributions - member	652,867	647,392	590,706	573,980	555,923
Net investment income	2,738,263	3,376,870	2,412,220	272,002	2,401,618
Benefit payments, including refunds of employee contributions	(1,504,465)	(1,027,132)	(998,271)	(788,143)	(805,216)
Transfers among employers	(310,889)	(47,331)	105,914	214,633	2,082
Net change in plan fiduciary net position	2,202,542	3,587,512	2,751,830	906,027	2,787,261
Plan net position - beginning	29,855,590	26,268,078	23,516,248	22,610,221	19,822,960
Plan net position - ending (b)	\$ 32,058,132	\$ 29,855,590	\$ 26,268,078	\$ 23,516,248	\$ 22,610,221
Net pension liability (a) - (b)	\$ 2,697,814	\$ 3,199,750	\$ 5,192,223	\$ 4,066,945	\$ 2,872,390
Plan fiduciary net position as a percentage of the total pension liability	92.24%	90.32%	83.50%	85.26%	88.73%
Covered payroll	\$ 11,459,499	\$ 11,055,399	\$ 10,535,450	\$ 11,081,322	\$ 11,081,322
Net pension liability as a percentage of covered payroll	23.54%	28.94%	49.28%	36.70%	25.92%

* 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 739,705	\$ 626,766	\$ 636,895	\$ 639,362	\$ 633,226
Contributions in relation to the actuarially determined contribution	<u>739,705</u>	<u>626,766</u>	<u>636,895</u>	<u>639,362</u>	<u>633,226</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 11,979,125	\$ 11,459,499	\$ 11,055,399	\$ 10,535,450	\$ 11,081,322
Contributions as a percentage of covered payroll	6.17%	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, 2016 actuarial valuation.

Methods and Assumptions used to determine contribution rates:

Actuarial Cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	17.2 years
Asset valuation method	Five year smoothed market
Inflation	2.875%
Salary increases	3.375% - 5.125%, net inflation
Investment rate of return	7.875%, 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**

	2019	2018
Total OPEB liability		
Service Cost	104,780	\$ 106,280
Interest	240,503	240,903
Changes of benefit terms	-	-
Differences between expected and actual experience	(451,267)	306,848
Changes of assumptions	841,543	(288,357)
Benefit payments	(207,502)	(165,191)
Net change in pension liability	528,057	200,483
Total OPEB liability - beginning	5,857,432	5,656,949
Total OPEB liability - ending	\$ 6,385,489	\$ 5,857,432
Covered payroll	\$ 10,866,806	\$ 10,695,256
Net OPEB liability as a percentage of covered payroll	58.76%	54.77%
Notes to Schedule:		
Benefits Changes	None	None
Changes of Assumptions:		
Discount Rate	2.66%	4.18%

* 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.

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. It was closed during fiscal year 2019.

2019 Construction Fund – This fund accounts for debt proceeds of approximately \$918,000 to be used for construction of a new fire station.

CITY OF DAPHNE, ALABAMA

**Combining Balance Sheet - Summary
Non-Major Governmental Funds
September 30, 2019**

	Special Revenue Funds	Capital Project Funds	Total Other Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash, equity in pooled cash	\$ 3,268,993	\$ 919,755	\$ 4,188,748
Taxes receivable	95,497	-	95,497
Other receivables	25,150	-	25,150
Total assets	<u>3,389,640</u>	<u>919,755</u>	<u>4,309,395</u>
 LIABILITIES			
Accounts payable	122,886	-	122,886
Bond deposits	67,404	-	67,404
Total liabilities	<u>190,290</u>	<u>-</u>	<u>190,290</u>
 FUND BALANCES			
Restricted	848,507	919,755	1,768,262
Committed	2,328,807	-	2,328,807
Assigned	22,036	-	22,036
Total fund balances	<u>3,199,350</u>	<u>919,755</u>	<u>4,119,105</u>
 Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 3,389,640</u>	<u>\$ 919,755</u>	<u>\$ 4,309,395</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, 2019**

	Special Revenue Funds	Capital Project Funds	Total Other Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Sales, use, luxury tax	\$ 1,703,298	\$ -	\$ 1,703,298
Fines and forfeitures	165,459	-	165,459
Charges for services	10,602	-	10,602
Intergovernmental	191,364	-	191,364
Grants	42,894	-	42,894
Interest and investment earnings	4,640	1,908	6,548
Contributions and donations	1,665	-	1,665
Miscellaneous	9,324	-	9,324
	<u>2,129,246</u>	<u>1,908</u>	<u>2,131,154</u>
EXPENDITURES			
Current expenditures:			
General government	648,508	-	648,508
Public safety	59,913	-	59,913
Culture and recreation	127,748	-	127,748
Total current expenditures	<u>836,169</u>	<u>-</u>	<u>836,169</u>
Capital outlay	<u>1,099,191</u>	<u>846,162</u>	<u>1,945,353</u>
Total expenditures	<u>1,935,360</u>	<u>846,162</u>	<u>2,781,522</u>
Excess (deficiency) of revenues over (under) expenditures	<u>193,886</u>	<u>(844,254)</u>	<u>(650,368)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	918,178	918,178
Transfers out	<u>(678,599)</u>	<u>(39)</u>	<u>(678,638)</u>
Total other financing sources (uses)	<u>(678,599)</u>	<u>918,139</u>	<u>239,540</u>
Net change in fund balances	<u>(484,713)</u>	<u>73,885</u>	<u>(410,828)</u>
Fund balances, beginning	<u>3,684,063</u>	<u>845,870</u>	<u>4,529,933</u>
Fund balances, ending	<u>\$ 3,199,350</u>	<u>\$ 919,755</u>	<u>\$ 4,119,105</u>

CITY OF DAPHNE, ALABAMA

**Combining Balance Sheet
Non-Major Special Revenue Funds
September 30, 2019**

	Four Cent	Seven Cent	Flower Fund	Federal Drug Recoveries
ASSETS				
Cash, equity in pooled cash	\$ 154,802	\$ 107,104	\$ 23,926	\$ 226,464
Taxes receivable	5,432	6,921	-	-
Other receivable	-	-	-	-
Total assets	<u>160,234</u>	<u>114,025</u>	<u>23,926</u>	<u>226,464</u>
LIABILITIES				
Accounts payable	24,839	4,669	-	-
Bond deposits	-	-	-	-
Total liabilities	<u>24,839</u>	<u>4,669</u>	-	-
FUND BALANCES				
Restricted	135,395	109,356	-	226,464
Committed	-	-	23,926	-
Assigned	-	-	-	-
Total fund balances	<u>135,395</u>	<u>109,356</u>	<u>23,926</u>	<u>226,464</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 160,234</u>	<u>\$ 114,025</u>	<u>\$ 23,926</u>	<u>\$ 226,464</u>

State Drug Recoveries	Library	Mun Court: Eq/Training	Mun Court: Judicial	Corrections/ Court	Lodging Tax	Renaissance Center	Total
\$ 50,406	\$ 25,966	\$ 36,521	\$ 139,218	\$ 267,726	\$ 2,236,860	\$ -	\$ 3,268,993
-	-	-	-	-	83,144	-	95,497
-	-	-	-	1,262	23,888	-	25,150
<u>50,406</u>	<u>25,966</u>	<u>36,521</u>	<u>139,218</u>	<u>268,988</u>	<u>2,343,892</u>	<u>-</u>	<u>3,389,640</u>
-	3,930	24	310	50,103	39,011	-	122,886
-	-	-	-	67,404	-	-	67,404
-	<u>3,930</u>	<u>24</u>	<u>310</u>	<u>117,507</u>	<u>39,011</u>	<u>-</u>	<u>190,290</u>
50,406	-	36,497	138,908	151,481	-	-	848,507
-	-	-	-	-	2,304,881	-	2,328,807
-	22,036	-	-	-	-	-	22,036
<u>50,406</u>	<u>22,036</u>	<u>36,497</u>	<u>138,908</u>	<u>151,481</u>	<u>2,304,881</u>	<u>-</u>	<u>3,199,350</u>
<u>\$ 50,406</u>	<u>\$ 25,966</u>	<u>\$ 36,521</u>	<u>\$ 139,218</u>	<u>\$ 268,988</u>	<u>\$ 2,343,892</u>	<u>\$ -</u>	<u>\$ 3,389,640</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, 2019**

	<u>Four Cent</u>	<u>Seven Cent</u>	<u>Flower Fund</u>	<u>Federal Drug Recoveries</u>
REVENUES				
Sales, use, luxury taxes	\$ 59,571	\$ 75,792	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Charges for services	-	-	2,500	-
Intergovernmental	-	-	-	-
Grants	-	22,894	-	-
Interest and investment earnings	804	733	-	1,573
Contributions and donations	-	-	-	-
Miscellaneous revenue	-	5,804	-	-
Total revenues	<u>60,375</u>	<u>105,223</u>	<u>2,500</u>	<u>1,573</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	8,911
Culture and recreation	-	-	-	-
Total current	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,911</u>
Capital outlay	<u>235,522</u>	<u>238,750</u>	<u>-</u>	<u>103,364</u>
Total expenditures	<u>235,522</u>	<u>238,750</u>	<u>-</u>	<u>112,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(175,147)</u>	<u>(133,527)</u>	<u>2,500</u>	<u>(110,702)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(175,147)</u>	<u>(133,527)</u>	<u>2,500</u>	<u>(110,702)</u>
Fund balances, beginning	<u>310,542</u>	<u>242,883</u>	<u>21,426</u>	<u>337,166</u>
Fund balances, ending	<u>\$135,395</u>	<u>\$ 109,356</u>	<u>\$ 23,926</u>	<u>\$ 226,464</u>

State Drug Recoveries	Library	Mun Court Eq/Training	Mun Court Judicial	Corrections Court	Lodging Tax	Renaissance Center	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,241,568	\$ 326,367	\$1,703,298
19,781	10,892	5,321	40,940	88,525	-	-	165,459
-	8,102	-	-	-	-	-	10,602
-	24,146	-	-	-	167,218	-	191,364
-	20,000	-	-	-	-	-	42,894
269	-	233	-	1,028	-	-	4,640
-	1,665	-	-	-	-	-	1,665
3,520	-	-	-	-	-	-	9,324
<u>23,570</u>	<u>64,805</u>	<u>5,554</u>	<u>40,940</u>	<u>89,553</u>	<u>1,408,786</u>	<u>326,367</u>	<u>2,129,246</u>
-	-	5,648	17,175	63,083	236,235	326,367	648,508
-	-	-	-	51,002	-	-	59,913
-	59,494	-	-	-	68,254	-	127,748
-	59,494	5,648	17,175	114,085	304,489	326,367	836,169
-	-	-	-	-	521,555	-	1,099,191
-	59,494	5,648	17,175	114,085	826,044	326,367	1,935,360
<u>23,570</u>	<u>5,311</u>	<u>(94)</u>	<u>23,765</u>	<u>(24,532)</u>	<u>582,742</u>	<u>-</u>	<u>193,886</u>
-	-	-	-	-	(678,599)	-	(678,599)
-	-	-	-	-	(678,599)	-	(678,599)
23,570	5,311	(94)	23,765	(24,532)	(95,857)	-	(484,713)
26,836	16,725	36,591	115,143	176,013	2,400,738	-	3,684,063
<u>\$ 50,406</u>	<u>\$ 22,036</u>	<u>\$ 36,497</u>	<u>\$ 138,908</u>	<u>\$ 151,481</u>	<u>\$ 2,304,881</u>	<u>\$ -</u>	<u>\$3,199,350</u>

CITY OF DAPHNE, ALABAMA

**Combining Balance Sheet
Non-Major Capital Projects Funds
September 30, 2019**

	2016 Construction Fund	2019 Construction Fund	Total Capital Projects Funds
ASSETS			
Cash, equity in pooled cash	\$ -	\$ 919,755	\$ 919,755
Total assets	<u>-</u>	<u>919,755</u>	<u>919,755</u>
LIABILITIES			
Accounts payable	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	-	919,755	919,755
Total fund balances	<u>-</u>	<u>919,755</u>	<u>919,755</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ -</u>	<u>\$ 919,755</u>	<u>\$ 919,755</u>

CITY OF DAPHNE, ALABAMA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended September 30, 2019**

	2016 Construction Fund	2019 Construction Fund	Total Capital Projects Funds
REVENUES			
Interest and investment earnings	\$ 331	\$ 1,577	\$ 1,908
Total revenues	<u>331</u>	<u>1,577</u>	<u>1,908</u>
EXPENDITURES			
Current expenditures:			
Public works	-	-	-
Total current expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	846,162	-	846,162
Total expenditures	<u>846,162</u>	<u>-</u>	<u>846,162</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(845,831)</u>	<u>1,577</u>	<u>(844,254)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	918,178	918,178
Transfers out	<u>(39)</u>	<u>-</u>	<u>(39)</u>
Total other financing sources (uses)	<u>(39)</u>	<u>918,178</u>	<u>918,139</u>
Net change in fund balances	(845,870)	919,755	73,885
Fund balances, beginning	845,870	-	845,870
Fund balances, ending	<u>\$ -</u>	<u>\$ 919,755</u>	<u>\$ 919,755</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, 2019**

	<u>Civic Center</u>	<u>Bayfront Park</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash, equity in pooled cash	\$ 119,144	\$ 90,755	\$ 209,899
Total current assets	<u>119,144</u>	<u>90,755</u>	<u>209,899</u>
Noncurrent assets:			
Capital assets:			
Facilities	124,234	80,476	204,710
Vehicles	45,199	-	45,199
Rental equipment and supplies	26,388	-	26,388
Equipment and office furniture	145,369	-	145,369
Total capital assets	<u>341,190</u>	<u>80,476</u>	<u>421,666</u>
Less: accumulated depreciation	<u>(262,461)</u>	<u>(65,079)</u>	<u>(327,540)</u>
Total noncurrent assets	<u>78,729</u>	<u>15,397</u>	<u>94,126</u>
 Total assets	 <u>197,873</u>	 <u>106,152</u>	 <u>304,025</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred post-employment benefits outflows	7,784	7,367	15,151
Deferred pension outflows	20,735	17,013	37,748
Total deferred outflows of resources	<u>28,519</u>	<u>24,380</u>	<u>52,899</u>
 Total assets and deferred outflows of resources	 <u>\$ 226,392</u>	 <u>\$ 130,532</u>	 <u>\$ 356,924</u>

	<u>Civic Center</u>	<u>Bayfront Park</u>	<u>Total</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 31,975	\$ 2,083	\$ 34,058
Accrued liabilities	8,077	-	8,077
Unearned revenue	61,440	16,286	77,726
Compensated absences	1,684	562	2,246
Total current liabilities	<u>103,176</u>	<u>18,931</u>	<u>122,107</u>
Noncurrent liabilities:			
Compensated absences	1,123	374	1,497
Net pension liability	39,089	31,997	71,086
Other post-employment benefits liability	62,826	57,971	120,797
Total noncurrent liabilities	<u>103,038</u>	<u>90,342</u>	<u>193,380</u>
Total liabilities	<u>206,214</u>	<u>109,273</u>	<u>315,487</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred other post-employment benefits inflows	5,256	5,006	10,262
Deferred pension inflows	14,922	16,253	31,175
Total deferred inflows of resources	<u>20,178</u>	<u>21,259</u>	<u>41,437</u>
NET POSITION			
Net investment in capital assets	78,729	15,397	94,126
Unrestricted net position	(78,729)	(15,397)	(94,126)
Total net position	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 226,392</u>	<u>\$ 130,532</u>	<u>\$ 356,924</u>

CITY OF DAPHNE, ALABAMA

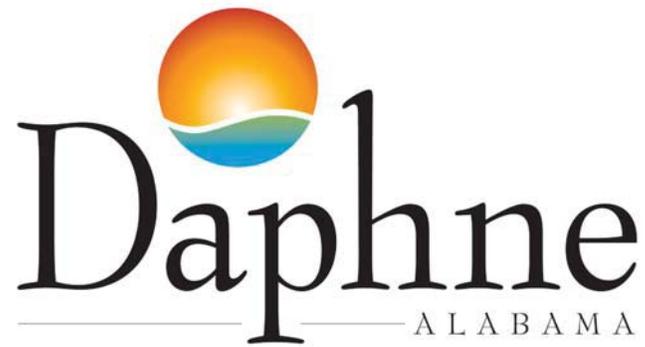
**Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Special Proprietary Funds
For the Year Ended September 30, 2019**

	Civic Center	Bayfront Park	Total
Operating revenues:			
Charges for services	\$ 382,592	\$ 57,189	\$ 439,781
Community events	6,040	-	6,040
Total operating revenues	<u>388,632</u>	<u>57,189</u>	<u>445,821</u>
Operating expenses:			
Wages	84,515	79,692	164,207
Overtime	4,639	4,314	8,953
Payroll related	10,609	10,245	20,854
Other personnel expense	22,774	23,685	46,459
Total personnel services	122,537	117,936	240,473
Advertising	5,902	120	6,022
Depreciation	18,105	5,133	23,238
Employee supplies and uniforms	694	-	694
Employee support	734	75	809
Equipment purchases, rental, and lease	13,115	-	13,115
Fuel	853	853	1,706
Garbage and debris removal	3,475	1,466	4,941
Insurance	23,495	20,248	43,743
Maintenance	39,201	8,207	47,408
Supplies	12,243	3,588	15,831
Other services	70,418	15,183	85,601
Professional services	3,666	-	3,666
Trustee assignments	16,755	-	16,755
Utilities	145,444	14,138	159,582
Total operating expenses	<u>476,637</u>	<u>186,947</u>	<u>663,584</u>
Operating loss	<u>(88,005)</u>	<u>(129,758)</u>	<u>(217,763)</u>
Non-operating revenues (expenses):			
Transfers from general fund	87,883	129,758	217,641
Gain on sale of assets	122	-	122
Total non-operating revenues (expenses)	<u>88,005</u>	<u>129,758</u>	<u>217,763</u>
Change in net position	-	-	-
Total net position, beginning	-	-	-
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, 2019**

	Civic Center	Bayfront Park	Total
	<u> </u>	<u> </u>	<u> </u>
Cash flows from operating activities:			
Receipts from customers	\$ 394,415	\$ 51,679	\$ 446,094
Payments to suppliers	(322,780)	(63,355)	(386,135)
Payments to employees	(125,729)	(117,605)	(243,334)
Net cash used in operating activities	<u>(54,094)</u>	<u>(129,281)</u>	<u>(183,375)</u>
 Cash flows from noncapital financing activities:			
Contributions from General Fund	87,883	129,758	217,641
Net cash provided by noncapital financing activities	<u>87,883</u>	<u>129,758</u>	<u>217,641</u>
 Cash flows from capital and related financing activities:			
Purchases of capital assets	(10,601)	-	(10,601)
Proceeds from sale of capital assets	122	-	122
Net cash used in capital and financing activities	<u>(10,479)</u>	<u>-</u>	<u>(10,479)</u>
 Net change in cash and cash equivalents	23,310	477	23,787
Equity in pooled cash, beginning	95,834	90,278	186,112
Equity in pooled cash, ending	<u>\$ 119,144</u>	<u>\$ 90,755</u>	<u>\$ 209,899</u>
 Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (88,005)	\$ (129,758)	\$ (217,763)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	18,105	5,133	23,238
Change in assets and liabilities:			
Deferred outflows of resources	(3,701)	(3,140)	(6,841)
Accounts payable	13,215	523	13,738
Accrued expenses	(2,759)	-	(2,759)
Unearned revenue	5,783	(5,510)	273
Compensated absences	(742)	(247)	(989)
Deferred inflows of resources	3,836	3,581	7,417
Net pension liability	(3,262)	(3,062)	(6,324)
Other post-employment benefits liability	3,436	3,199	6,635
Net cash used in operating activities	<u>\$ (54,094)</u>	<u>\$ (129,281)</u>	<u>\$ (183,375)</u>



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CITY OF DAPHNE, ALABAMA

Combining Statement of Assets and Liabilities
 All Agency Funds
 September 30, 2019

	Self Insurance	Confiscated Funds	Flexible Spending Account	Total
ASSETS				
Cash	\$ 170,616	\$ 11,802	\$ 11,100	\$ 193,518
Total assets	<u>\$ 170,616</u>	<u>\$ 11,802</u>	<u>\$ 11,100</u>	<u>\$ 193,518</u>
 LIABILITIES				
Accounts payable	\$ -	\$ 11,802	\$ 11,100	\$ 22,902
Reserve for claims	<u>170,616</u>	<u>-</u>	<u>-</u>	<u>170,616</u>
Total liabilities	<u>\$ 170,616</u>	<u>\$ 11,802</u>	<u>\$ 11,100</u>	<u>\$ 193,518</u>

CITY OF DAPHNE, ALABAMA

**Combining Statement of Changes in Assets and Liabilities -
All Agency Funds
For the Year Ended September 30, 2019**

	Balance, 10/1/2018	Additions	Deductions	Balance, 9/30/2019
<u>Self Insurance Fund</u>				
ASSETS				
Cash	\$ 165,216	\$ 5,400	\$ -	\$ 170,616
	<u>165,216</u>	<u>5,400</u>	<u>-</u>	<u>170,616</u>
LIABILITIES				
Reserve for claims	165,216	5,400	-	170,616
	<u>\$ 165,216</u>	<u>\$ 5,400</u>	<u>\$ -</u>	<u>\$ 170,616</u>
<u>Confiscated Funds</u>				
ASSETS				
Cash	\$ 7,295	\$ 4,507	\$ -	\$ 11,802
	<u>7,295</u>	<u>4,507</u>	<u>-</u>	<u>11,802</u>
LIABILITIES				
Accounts payable	7,295	4,507	-	11,802
	<u>\$ 7,295</u>	<u>\$ 4,507</u>	<u>\$ -</u>	<u>\$ 11,802</u>
<u>Flexible Spending Plan</u>				
ASSETS				
Cash	\$ 4,527	\$ 6,573	\$ -	\$ 11,100
	<u>4,527</u>	<u>6,573</u>	<u>-</u>	<u>11,100</u>
LIABILITIES				
Accounts payable	4,527	6,573	-	11,100
	<u>\$ 4,527</u>	<u>\$ 6,573</u>	<u>\$ -</u>	<u>\$ 11,100</u>
TOTAL- ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 177,038	\$ 16,480	\$ -	\$ 193,518
	<u>177,038</u>	<u>16,480</u>	<u>-</u>	<u>193,518</u>
LIABILITIES				
Accounts payable	11,822	11,080	-	22,902
Reserve for claims	165,216	5,400	-	170,616
	<u>\$ 177,038</u>	<u>\$ 16,480</u>	<u>\$ -</u>	<u>\$ 193,518</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended September 30, 2019**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury tax	\$ 890,000	\$ 890,000	\$ 993,898	\$ 103,898
Interest and investment earnings	-	-	12,458	12,458
Total revenues	<u>890,000</u>	<u>890,000</u>	<u>1,006,356</u>	<u>116,356</u>
EXPENDITURES				
Debt service:				
Principal	3,728,232	3,770,272	4,053,293	283,021
Interest	1,572,602	1,578,433	1,390,608	(187,825)
Cost of debt issuance	-	-	91,475	91,475
Total expenditures	<u>5,300,834</u>	<u>5,348,705</u>	<u>5,535,376</u>	<u>186,671</u>
Excess expenditures over revenue	<u>(4,410,834)</u>	<u>(4,458,705)</u>	<u>(4,529,020)</u>	<u>(70,315)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,410,834	4,548,704	4,339,537	(209,167)
Transfers out	-	-	(1,909,704)	(1,909,704)
Issuance of debt	-	-	9,515,000	9,515,000
Premium on warrants	-	-	879,024	879,024
Payment to refunded bond escrow agent	-	-	(9,384,371)	(9,384,371)
Total other financing sources	<u>4,410,834</u>	<u>4,548,704</u>	<u>3,439,486</u>	<u>(1,109,218)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 89,999</u>	<u>\$ (1,089,534)</u>	<u>\$ (1,179,533)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule
Capital Reserve Fund
For the Year Ended September 30, 2019**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Intergovernmental	\$ 185,000	\$ 185,000	\$ 195,583	\$ 10,583
Grants	-	56,552	10,322	(46,230)
Special assessments	5,000	5,000	737,190	732,190
Interest and investment earnings	250	250	4,779	4,529
Total revenues	<u>190,250</u>	<u>246,802</u>	<u>947,874</u>	<u>701,072</u>
EXPENDITURES				
Current:				
Culture and recreation	-	-	74,505	74,505
Contribution to Utilities Board - Sewer	-	10,332	12,551	2,219
Capital outlay	-	4,732,161	6,484,490	1,752,329
Total expenditures	<u>-</u>	<u>4,742,493</u>	<u>6,571,546</u>	<u>1,829,053</u>
Excess expenditures over revenue	<u>190,250</u>	<u>(4,495,691)</u>	<u>(5,623,672)</u>	<u>(1,127,981)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	4,420,804	4,420,843	39
Total other financing sources	<u>-</u>	<u>4,420,804</u>	<u>4,420,843</u>	<u>39</u>
Net change in fund balance	<u>\$ 190,250</u>	<u>\$ (74,887)</u>	<u>\$ (1,202,829)</u>	<u>\$ 1,127,942</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule
 2017 Construction Fund
 For the Year Ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Capital outlay	-	-	5,240,836	5,240,836
Total expenditures	-	-	5,240,836	5,240,836
Excess expenditures over revenue	-	-	(5,240,836)	(5,240,836)
Net change in fund balance	\$ -	\$ -	\$ (5,240,836)	\$ 5,240,836

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedules
Non Major Special Revenue Funds
For the Year Ended September 30, 2019**

Four Cent Gas Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary	(Under)Over
			Basis	Final Budget
REVENUES				
Sales, use, luxury taxes	\$ 58,300	\$ 58,300	\$ 59,571	\$ 1,271
Interest and investment earnings	400	400	804	404
Total revenues	58,700	58,700	60,375	1,675
EXPENDITURES				
Capital outlay	-	35,522	235,522	200,000
Total expenditures	-	35,522	235,522	200,000
Excess expenditures over revenue	58,700	23,178	(175,147)	(198,325)
Net change in fund balance	\$ 58,700	\$ 23,178	\$ (175,147)	\$ 198,325

Seven Cent Gas Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary	(Under)Over
			Basis	Final Budget
REVENUES				
Sales, use, luxury taxes	\$ 75,300	\$ 75,300	\$ 75,792	\$ 492
Grants	-	22,894	22,894	-
Interest and investment earnings	300	300	733	433
Miscellaneous revenue	-	-	5,804	5,804
Total revenues	75,600	98,494	105,223	6,729
EXPENDITURES				
Capital outlay	-	48,650	238,750	190,100
Total expenditures	-	48,650	238,750	190,100
Excess expenditures over revenue	75,600	49,844	(133,527)	(183,371)
Net change in fund balance	\$ 75,600	\$ 49,844	\$ (133,527)	\$ 183,371

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedules
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2019**

Library Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 12,000	\$ 12,000	\$ 10,892	\$ (1,108)
Charges for services	8,500	8,500	8,102	(398)
Intergovernmental	21,918	21,918	24,146	2,228
Grants	20,000	20,000	20,000	-
Contributions and donations	2,500	3,679	1,665	(2,014)
Total revenues	<u>64,918</u>	<u>66,097</u>	<u>64,805</u>	<u>(1,292)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>64,340</u>	<u>65,519</u>	<u>59,494</u>	<u>(6,025)</u>
Total expenditures	<u>64,340</u>	<u>65,519</u>	<u>59,494</u>	<u>(6,025)</u>
Excess revenue over expenditures	<u>578</u>	<u>578</u>	<u>5,311</u>	<u>(4,733)</u>
Net change in fund balance	<u>\$ 578</u>	<u>\$ 578</u>	<u>\$ 5,311</u>	<u>\$ (4,733)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedules
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2019**

Corrections and Court Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 95,000	\$ 95,000	\$ 88,525	\$ (6,475)
Interest and investment earnings	500	500	1,028	528
Total revenues	95,500	95,500	89,553	(5,947)
EXPENDITURES				
Current:				
General government	52,281	52,281	63,083	10,802
Public safety	47,700	47,700	51,002	3,302
Total expenditures	99,981	99,981	114,085	14,104
Excess expenditures over revenue	(4,481)	(4,481)	(24,532)	(20,051)
Net change in fund balance	\$ (4,481)	\$ (4,481)	\$ (24,532)	\$ 20,051

Municipal Court Training and Equipment Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 5,321	\$ 321
Interest and investment earnings	100	100	233	133
Total revenues	5,100	5,100	5,554	454
EXPENDITURES				
Current:				
General government	4,525	4,525	5,648	1,123
Total expenditures	4,525	4,525	5,648	1,123
Excess expenditures over revenue	575	575	(94)	(669)
Net change in fund balance	\$ 575	\$ 575	\$ (94)	\$ 669

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedules
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2019**

Municipal Court Judicial Administration Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 40,000	\$ 40,000	\$ 40,940	\$ 940
Total revenues	40,000	40,000	40,940	940
EXPENDITURES				
Current:				
General government	40,000	40,000	17,175	(22,825)
Total expenditures	40,000	40,000	17,175	(22,825)
Excess expenditures over revenue	-	-	23,765	23,765
Net change in fund balance	\$ -	\$ -	\$ 23,765	\$ (23,765)

Renaissance Center Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury tax	\$ 285,500	\$ 285,500	\$ 326,367	\$ 40,867
Total revenues	285,500	285,500	326,367	40,867
EXPENDITURES				
Current:				
General government	285,500	285,500	326,367	40,867
Total expenditures	285,500	285,500	326,367	40,867
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, 2019**

Lodging Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary	(Under)Over
			Basis	Final Budget
REVENUES				
Sales, use, luxury tax	\$ 1,180,929	\$ 1,180,929	\$ 1,241,568	\$ 60,639
Grants	-	-	167,218	167,218
Total revenues	<u>1,180,929</u>	<u>1,180,929</u>	<u>1,408,786</u>	<u>227,857</u>
EXPENDITURES				
Current:				
General government	227,140	327,140	236,235	(90,905)
Culture and recreation	-	-	68,254	68,254
Capital outlay	-	291,394	521,555	230,161
Total expenditures	<u>227,140</u>	<u>618,534</u>	<u>826,044</u>	<u>207,510</u>
Excess expenditures over revenue	<u>953,789</u>	<u>562,395</u>	<u>582,742</u>	<u>20,347</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(678,599)</u>	<u>(678,599)</u>	<u>(678,599)</u>	-
Total other financing sources (uses)	<u>(678,599)</u>	<u>(678,599)</u>	<u>(678,599)</u>	-
Net change in fund balance	<u>\$ 275,190</u>	<u>\$ (116,204)</u>	<u>\$ (95,857)</u>	<u>\$ 20,347</u>

Part III
Statistical
Section

CITY OF DAPHNE, ALABAMA

STATISTICAL SECTION

PAGE

FINANCIAL TRENDS - *These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.*

Net Position by Activity Type	109
Change in Net Position	111
Fund Balances of Governmental Funds	115
Changes in Fund Balances of Governmental Funds	117

REVENUE CAPACITY - *These schedules contain information to help the reader assess the government's local revenue sources.*

Governmental Activities Tax Revenue by Source	119
Revenue Rates for General Sales Tax	120
Principal Revenue Remitters of Sales and Use Tax	121
Net Assessed Value of All Taxable Property	122
Principal Remitters of Property Tax	123
Property Tax Rates Direct and overlapping Governments	124
Ad Valorem Levies and Collections	126

DEBT CAPACITY - *These schedules contain information to help the reader assess the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.*

Legal Debt Margin Information	127
Outstanding Debt by Type	129
Net Bonded Debt by Type	131
Direct and Overlapping Governmental Activities Debt	132

DEMOGRAPHIC & ECONOMIC INFORMATION - *These schedules contain demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

Demographic and Economic Statistics	133
Principal Employers	134

OPERATING INFORMATION - *These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

City Government Employees by Function	135
Operating Indicators by Function	137
Capital Asset Statistics by Function	155

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



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CITY OF DAPHNE, ALABAMA

**Net Position by Activity Type
Last Ten Fiscal Years**

	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
Governmental activities				
Net investment in capital assets	\$ 89,146,653	\$ 73,073,736	\$ 58,109,624	\$ 64,148,784
Restricted	2,703,905	5,035,976	14,546,308	4,352,194
Unrestricted	16,869,717	17,262,207	18,117,208	18,231,323
Total governmental activities net position	\$ 108,720,275	\$ 95,371,919	\$ 90,773,140	\$ 86,732,301
Business-type activities				
Net investment in capital assets	\$ 287,908	\$ 362,045	\$ 411,503	\$ 586,503
Restricted	-	-	-	-
Unrestricted	318,966	244,829	320,921	145,921
Total business-type activities net position	\$ 606,874	\$ 606,874	\$ 732,424	\$ 732,424
Primary government				
Net investment in capital assets	\$ 89,434,561	\$ 73,435,781	\$ 58,521,127	\$ 64,735,287
Restricted	2,703,905	5,035,976	14,546,308	4,352,194
Unrestricted	17,188,683	17,507,036	18,438,129	18,377,244
Total primary government activities net position	\$ 109,327,149	\$ 95,978,793	\$ 91,505,564	\$ 87,464,725

FISCAL YEAR

FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
\$ 61,391,398	\$ 63,388,217	\$ 62,254,836	\$ 61,029,696	\$ 62,202,611	\$ 60,727,350
4,114,055	3,436,535	2,919,881	5,722,598	3,798,626	5,197,531
17,197,567	17,533,883	17,478,314	15,360,403	14,559,748	14,648,236
\$ 82,703,020	\$ 84,358,635	\$ 82,653,031	\$ 82,112,697	\$ 80,560,985	\$ 80,573,117
\$ 720,777	\$ 466,828	\$ 493,334	\$ 326,660	\$ 311,903	\$ 319,059
-	-	-	-	-	-
11,647	143,859	116,358	206,785	188,538	17,438
\$ 732,424	\$ 610,687	\$ 609,692	\$ 533,445	\$ 500,441	\$ 336,497
\$ 62,112,175	\$ 63,855,045	\$ 62,748,170	\$ 61,356,356	\$ 62,514,514	\$ 61,046,409
4,114,055	3,436,535	2,919,881	5,722,598	3,798,626	5,197,531
17,209,214	17,677,742	17,594,672	15,567,188	14,748,286	14,665,674
\$ 83,435,444	\$ 84,969,322	\$ 83,262,723	\$ 82,646,142	\$ 81,061,426	\$ 80,909,614

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
EXPENSES				
Governmental activities:				
General government	\$ 5,599,964	\$ 5,991,913	\$ 5,011,264	\$ 5,210,215
Public safety	12,260,317	11,973,798	11,510,234	10,839,294
Public works	9,255,484	9,144,870	9,567,947	10,103,725
Culture and recreation	3,484,797	2,909,886	2,981,534	2,837,070
Contribution to Utilities Board	12,551	224,705	1,075,420	364,363
Interest and costs on long term debt	2,045,633	1,678,214	1,569,279	1,687,530
Total governmental activities expenses	32,658,746	31,923,386	31,715,678	31,042,197
Business-type activities:				
Solid Waste	1,980,805	1,917,834	1,893,055	1,998,862
Civic Center	476,637	471,520	516,727	525,740
Bayfront Park	186,947	228,087	242,117	232,108
Total business-type activities expenses	2,644,389	2,617,441	2,651,899	2,756,710
Total primary government activities expenses	35,303,135	34,540,827	34,367,577	33,798,907
PROGRAM REVENUES				
Governmental activities:				
Fees and charges for services:				
General government	5,128,591	5,034,708	4,853,694	4,621,753
Public safety	1,743,544	1,619,721	1,266,204	1,253,702
Public works	823,980	101,829	127,433	112,707
Culture and recreation	193,206	108,705	100,430	117,495
Operating grants and contributions	179,252	248,280	315,312	1,333,091
Capital grants and contributions	9,700,436	6,454,560	4,828,176	4,178,497
Total governmental program activities revenues	17,769,009	13,567,803	11,491,249	11,617,245
Business-type activities:				
Fees and charges for services:				
Solid Waste	1,611,090	1,550,100	1,411,119	1,367,146
Civic Center	388,632	229,123	210,717	206,086
Bayfront Park	57,189	68,287	74,305	75,307
Operating grants and contributions	-	-	-	-
Total business-type activities revenues	2,056,911	1,847,510	1,696,141	1,648,539
Total primary government activities revenues	19,825,920	15,415,313	13,187,390	13,265,784

FISCAL YEAR

FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
\$ 4,095,602	\$ 3,859,574	\$ 3,851,858	\$ 3,741,854	\$ 4,003,928	\$ 3,386,270
10,540,355	10,551,783	9,993,644	9,258,856	9,173,085	9,182,198
8,958,122	9,962,074	8,463,551	7,850,939	7,368,818	7,338,137
2,682,066	2,828,313	2,672,960	2,690,448	2,768,462	2,733,538
-	-	-	49,700	1,676,000	129,586
1,908,810	1,921,906	1,945,618	2,149,919	2,051,932	2,205,629
28,184,955	29,123,650	26,927,631	25,741,716	27,042,225	24,975,358
2,075,134	1,359,874	1,312,441	1,345,955	1,164,039	1,448,740
504,049	597,747	491,188	496,947	566,907	578,789
209,983	209,147	212,561	208,033	190,448	165,724
2,789,166	2,166,768	2,016,190	2,050,935	1,921,394	2,193,253
30,974,121	31,290,418	28,943,821	27,792,651	28,963,619	27,168,611
4,582,032	4,400,562	3,996,273	3,918,677	3,840,247	3,426,492
1,621,665	1,163,401	1,259,980	893,427	1,019,856	1,022,496
234,174	58,914	6,597	60,011	60,260	32,066
107,612	136,956	151,412	197,235	240,660	202,031
211,613	124,118	263,800	266,074	492,707	890,180
1,563,187	3,625,683	2,592,709	2,465,034	2,295,405	2,627,634
8,320,283	9,509,634	8,270,771	7,800,458	7,949,135	8,200,899
1,329,308	1,330,671	1,388,688	1,289,902	1,337,207	1,345,811
209,924	224,967	229,949	217,886	223,005	321,555
67,727	84,472	65,610	59,983	60,744	57,119
36,287	-	-	-	-	-
1,643,246	1,640,110	1,684,247	1,567,771	1,620,956	1,724,485
9,963,529	11,149,744	9,955,018	9,368,229	9,570,091	9,925,384

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
NET (EXPENSES) / REVENUES				
Governmental activities	\$ (14,889,737)	\$ (18,355,583)	\$ (20,224,429)	\$ (19,424,952)
Business-type activities	(587,478)	(769,931)	(955,758)	(1,108,171)
Total primary government net expense	(15,477,215)	(19,125,514)	(21,180,187)	(20,533,123)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
General revenues				
Sales, use, and luxury taxes	21,837,498	20,665,705	19,239,333	18,367,765
Ad valorem taxes	6,318,657	6,088,719	5,828,033	5,488,662
Intergovernmental revenues	-	-	-	-
Interest and investment earnings	482,378	62,517	26,398	187,203
Gain/(loss) on disposition of assets	82,951	1,765	62,557	-
Miscellaneous	74,494	55,507	57,747	518,774
Total general revenues	28,795,978	26,874,213	25,214,068	24,562,404
Transfers	(557,885)	(865,119)	(948,770)	(1,108,171)
Total governmental activities	28,238,093	26,009,094	24,265,298	23,454,233
Business-type activities:				
Gain/(loss) on disposition of assets	29,593	1,406	6,988	-
Transfers	557,885	865,119	948,770	1,108,171
Total business-type activities	587,478	866,525	955,758	1,108,171
Total primary government	28,825,571	26,875,619	25,221,056	24,562,404
CHANGES IN NET POSITION				
Governmental activities	13,348,356	7,653,511	4,040,869	4,029,281
Business-type activities	-	96,594	-	-
Total primary government	\$ 13,348,356	\$ 7,750,105	\$ 4,040,869	\$ 4,029,281

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

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
General Fund				
Nonspendable	\$ 669,267	\$ 680,850	\$ 672,414	\$ 425,200
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	798,971	848,386	1,047,284	633,724
Unassigned	14,774,723	13,180,837	12,239,966	12,671,707
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	\$ 16,242,961	\$ 14,710,073	\$ 13,959,664	\$ 13,730,631
All Other Governmental Funds				
Restricted	\$ 3,623,660	\$ 10,276,812	\$ 14,546,308	\$ 4,352,194
Committed	2,328,807	2,422,164	2,176,032	1,861,490
Assigned	2,449,983	3,647,501	2,768,997	2,405,846
Unassigned	-	-	(13,961)	(13,961)
Reserved	-	-	-	-
Unreserved:				
Capital Reserve	-	-	-	-
Capital Construction	-	-	-	-
Capital Projects	-	-	-	-
Special Revenues	-	-	-	-
Total All Other Governmental Funds	8,402,450	16,346,477	19,477,376	8,605,569
Total All Governmental Funds	\$ 24,645,411	\$ 31,056,550	\$ 33,437,040	\$ 22,336,200

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

FISCAL YEAR

FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
\$ 413,384	\$ 445,276	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
200,121	235,433	278,081	398,903	253,448	-
10,967,353	9,460,898	10,583,878	9,946,859	10,965,330	-
-	-	-	-	-	419,581
-	-	-	-	-	12,087,465
\$ 11,580,858	\$ 10,141,607	\$ 10,861,959	\$ 10,345,762	\$ 11,218,778	\$ 12,507,046
\$ 4,114,055	\$ 3,436,535	\$ 2,919,881	\$ 5,722,598	\$ 3,633,499	\$ -
2,854,833	2,198,674	1,635,200	2,190,078	4,181,490	-
1,680,915	1,886,604	1,400,456	965,733	(328,860)	-
(685,893)	(487,888)	-	-	-	-
-	-	-	-	-	4,911,103
-	-	-	-	-	1,472,928
-	-	-	-	-	42,745
-	-	-	-	-	2,591
-	-	-	-	-	1,862,468
7,963,910	7,033,925	5,955,537	8,878,408	7,486,128	8,291,835
\$ 19,544,768	\$ 17,175,532	\$ 16,817,496	\$ 19,224,170	\$ 18,704,906	\$ 20,798,881

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
Revenues				
Taxes	\$ 30,261,355	\$ 28,672,686	\$ 26,920,329	\$ 25,744,593
Licenses and permits	3,290,913	3,160,105	2,811,350	2,674,035
Intergovernmental	806,009	567,105	597,612	1,164,734
Changes for services	703,089	373,933	351,762	369,011
Fines and forfeitures	506,574	638,011	571,694	559,513
Grants and contributions	609,805	1,421,233	760,104	2,721,304
Interest and investment earnings	482,377	62,517	26,398	187,202
Other	923,049	116,460	175,873	666,584
Total Revenues	37,583,171	35,012,050	32,215,122	34,086,976
Expenditures				
General government	5,355,778	5,722,939	4,666,815	4,765,650
Public safety	11,367,514	10,925,824	10,240,081	9,999,719
Public works	4,187,278	4,095,667	4,230,430	5,042,520
Culture and recreation	2,552,217	2,162,526	2,223,838	2,094,896
Contribution to Utilities Board	12,551	224,705	1,075,420	364,363
	23,475,338	23,131,661	22,436,584	22,267,148
Debt Service				
Principal	4,053,293	3,555,258	3,806,154	3,603,942
Interest	1,390,608	1,542,661	1,474,359	1,247,830
Cost of debt issuance	91,475	10,750	21,500	121,150
	5,535,376	5,108,669	5,302,013	4,972,922
Capital outlay	16,240,719	9,571,655	4,997,475	5,199,050
Total Expenditures	45,251,433	37,811,985	32,736,072	32,439,120
Excess of Revenues Over (Under) Expenditures	(7,668,262)	(2,799,935)	(520,950)	1,647,856
Other Financing Sources (Uses)				
Transfers in	9,678,558	6,532,533	18,376,046	5,653,613
Transfers out	(10,236,443)	(7,397,652)	(19,324,816)	(6,761,784)
Issuance of debt	805,355	1,284,564	570,560	1,285,397
Refunding warrant proceeds (net of discounts)	10,394,024	-	12,000,000	9,281,737
Payment to refunded bond escrow agent	(9,384,371)	-	-	(8,315,387)
Total Other Financing Sources (Uses)	1,257,123	419,445	11,621,790	1,143,576
Net Change in Fund Balances	\$ (6,411,139)	\$ (2,380,490)	\$ 11,100,840	\$ 2,791,432
Debt Service as a Percentage of Non-Capital Expenditures	18.77%	18.05%	19.04%	17.81%

FISCAL YEAR

FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
\$ 23,906,257	\$ 24,519,331	\$ 21,999,720	\$ 21,733,548	\$ 21,244,492	\$ 20,434,290
2,654,101	2,250,864	2,173,251	1,864,731	1,840,438	1,733,817
701,508	884,022	834,436	463,986	338,737	365,453
358,786	380,113	398,436	480,719	471,144	462,946
866,801	539,167	543,053	491,236	560,938	526,094
1,026,219	183,470	519,355	946,681	1,351,147	1,221,711
213,194	75,559	2,801	206,289	241,311	83,697
213,797	268,052	659,498	683,817	1,485,586	754,504
29,940,663	29,100,578	27,130,550	26,871,007	27,533,793	25,582,512
3,815,611	3,575,499	3,541,464	3,493,943	3,722,384	3,132,794
9,737,257	9,740,349	9,079,296	8,811,758	8,530,766	8,658,596
3,927,456	5,008,458	3,932,144	3,726,692	3,358,205	3,285,211
1,957,963	2,105,906	1,990,272	2,057,739	2,541,230	2,392,960
-	-	-	49,700	1,676,000	129,586
19,438,287	20,430,212	18,543,176	18,139,832	19,828,585	17,599,148
4,562,582	2,766,201	2,792,936	2,110,150	1,962,276	1,957,735
1,600,130	1,833,561	1,870,017	1,872,584	2,117,367	2,103,713
124,738	-	-	179,549	-	65,924
6,287,450	4,599,762	4,662,953	4,162,283	4,079,642	4,127,373
4,468,018	3,215,113	6,304,061	5,301,508	5,232,424	4,115,548
30,193,755	28,245,087	29,510,190	27,603,623	29,140,651	25,842,068
(253,092)	855,491	(2,379,640)	(732,615)	(1,606,858)	(259,556)
5,599,443	5,858,871	4,328,861	5,142,923	6,318,974	3,662,356
(6,744,641)	(6,356,326)	(4,737,051)	(5,626,088)	(6,806,092)	(4,131,123)
481,289	-	581,155	-	-	506,969
9,983,232	-	-	13,271,188	-	2,024,108
(7,034,096)	-	-	(11,536,144)	-	(1,957,167)
2,285,227	(497,455)	172,965	1,251,879	(487,117)	105,143
\$ 2,032,135	\$ 358,036	\$ (2,206,675)	\$ 519,264	\$ (2,093,975)	\$ (154,414)

23.96%	18.38%	20.09%	17.86%	17.06%	18.69%
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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
2019	\$ 19,958,146	\$ 218,722	\$ 2,652,300	\$ 6,190,619	\$ 1,241,568
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

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
2019	2.5%	3.0%	4.0%	9.5%
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%	2.0%	4.0%	8.5%
2011	2.5%	2.0%	4.0%	8.5%
2010	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 2019 RANK	FY 2019 % of Total Taxable Sales	FY 2010 RANK	FY 2010 % of Total Taxable Sales
Walmart Stores	1	10.37%	1	14.67%
Sam's Club	2	8.12%	2	8.63%
Lowes Home Center	3	5.40%	3	5.13%
Target	4	3.86%	4	4.65%
Home Depot	5	3.60%	5	3.38%
Daphne Automotive	6	3.23%	6	3.19%
Chris Myers Pontiac GMC	7	3.22%	7	2.48%
Publix	8	2.68%	-	-
Tameron Automotive Eastern Shore	9	2.56%	9	2.01%
Terry Thompson Chevrolet	10	2.22%	10	1.83%
Winn-Dixie	-	-	8	2.38%

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		
2019	\$ 513,000	\$179,079,620	\$ 278,763,680	\$ 46,009,298	\$ 12,140	\$504,377,738	15.00
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

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 2019			FY 2010		
	Assessed Value	Rank	% of Total Net Assessed Value	Assessed Value	Rank	% of Total Net Assessed Value
Audubon 344 LLC	\$ 6,850,980	1	1.36%	\$ -	-	-
Jubilee Square LLC	6,826,280	2	1.35%	-	-	-
Colonnade at Eastern Shore LLC	5,005,680	3	0.99%	-	-	-
Esfahani Real Estate Holdings	4,440,580	4	0.88%	2,577,660	5	0.73%
Ashley Gates Holdings LLC	4,180,300	5	0.83%	-	-	-
Myers Familily Limited Partnership	3,575,520	6	0.71%	3,151,900	2	0.89%
OCP Whispering Pines LLC	3,245,000	7	0.64%	-	-	-
Palladian at Daphne LLC	2,728,460	8	0.54%	-	-	-
Daphne 451 I LLC	2,489,460	9	0.49%	-	-	-
Jubilee Ridge LLC	2,424,540	10	0.48%	-	-	-
AIG Baker, LLC	-	-	-	5,433,380	1	1.53%
Walmart Real Estate Business Trust	-	-	-	3,123,020	3	0.88%
Lowe's Home Centers Inc	-	-	-	2,662,940	4	0.75%
Whispering Pines Park LLC	-	-	-	2,565,640	6	0.72%
Sam's Real Estate Business Trust	-	-	-	2,455,200	7	0.69%
Tameron Properties LLC	-	-	-	2,038,380	8	0.57%
Jubilee Hotels Inc	-	-	-	1,990,140	9	0.56%
Renaissance Center LLC	-	-	-	1,969,880	10	0.55%

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**					Total County Millage
	City of Daphne		Baldwin County					
	Operating Millage	General Millage	Road / Bridge Millage	Fire Millage	School Millage	Health Care Authority Millage		
2019	15.0	5.0	2.5	1.5	12.0	0.5	21.5	
2018	15.0	5.0	2.5	1.5	12.0	0.5	21.5	
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	

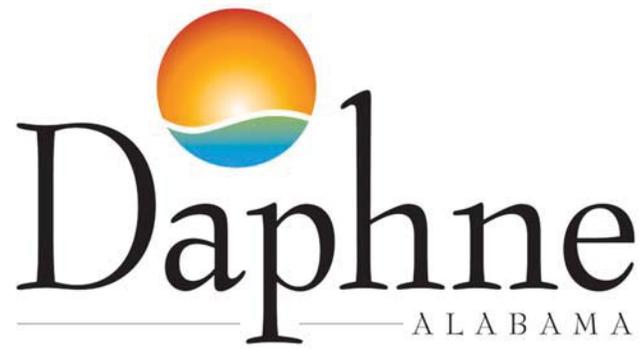
Source: Baldwin County Revenue Commissioner

** 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
2019	\$ 6,081,780	\$3,474,459	57.13%	\$ -	\$ 3,474,459	57.13%
2018	5,813,829	5,791,638	99.62%	1,857	5,793,495	99.65%
2017	5,464,020	5,457,542	99.88%	3,332	5,460,494	99.94%
2016	5,185,562	5,180,576	99.90%	4,102	5,182,604	99.94%
2015	4,898,061	4,889,546	99.83%	1,540	4,893,036	99.90%
2014	4,740,854	4,715,793	99.47%	23,111	4,738,364	99.95%
2013	4,513,658	4,498,136	97.99%	10,575	4,508,357	97.99%
2012	4,411,487	4,395,066	99.63%	12,859	4,407,784	99.85%
2011	4,674,857	4,660,367	99.69%	6,649	4,666,793	99.91%
2010	4,895,120	4,847,801	99.03%	5,836	4,853,477	99.30%

Source: Baldwin County Revenue Commissioner

Note: Property taxes are collected starting October 1 of the following year, thus 2019 collections represent collections received through the issuance of this report

CITY OF DAPHNE, ALABAMA

**Legal Debt Margin
Last Fiscal Ten Years**

	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
Constitutional Debt Limit	\$ 90,674,320	\$ 87,170,767	\$ 82,839,421	\$ 78,881,544
Total Net Debt Applicable to Limit	<u>(34,563,180)</u>	<u>(37,240,809)</u>	<u>(39,986,229)</u>	<u>(30,882,844)</u>
Legal Debt Margin	<u>\$ 56,111,140</u>	<u>\$ 49,929,958</u>	<u>\$ 42,853,192</u>	<u>\$ 47,998,700</u>
 Total Net Debt Applicable to Limit as a Percentage of Debt Limit	38.12%	42.72%	48.27%	39.15%

Legal Debt Margin Calculation

Assessed Value	<u>\$ 453,371,598</u>	<u>\$ 435,853,834</u>	<u>\$ 414,197,104</u>	<u>\$ 394,407,722</u>
Debt Limit (20% of Total Assessed Value)	<u>\$ 90,674,320</u>	<u>\$ 87,170,767</u>	<u>\$ 82,839,421</u>	<u>\$ 78,881,544</u>
Debt Applicable to Limit:				
General Obligation Bonds	\$ 35,874,840	\$ 38,895,305	\$ 41,972,457	\$ 33,270,204
Less: Exempt Debt	<u>(1,311,660)</u>	<u>(1,654,496)</u>	<u>(1,986,228)</u>	<u>(2,387,360)</u>
Total Net Debt Applicable to Limit	<u>\$ 34,563,180</u>	<u>\$ 37,240,809</u>	<u>\$ 39,986,229</u>	<u>\$ 30,882,844</u>
Legal Debt Margin	<u>\$ 56,111,140</u>	<u>\$ 49,929,958</u>	<u>\$ 42,853,192</u>	<u>\$ 47,998,700</u>

FISCAL YEAR

FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
\$ 74,898,600	\$ 71,732,586	\$ 69,063,384	\$ 67,093,475	\$ 69,944,786	\$ 71,098,156
(33,291,384)	(33,914,432)	(36,335,750)	(38,614,155)	(28,984,716)	(30,484,799)
\$ 41,607,216	\$ 37,818,154	\$ 32,727,634	\$ 28,479,320	\$ 40,960,070	\$ 40,613,357
44.45%	47.28%	52.61%	57.55%	41.44%	42.88%
\$ 374,493,002	\$ 394,407,722	\$ 374,493,002	\$ 358,662,928	\$ 335,467,376	\$ 345,316,918
\$ 74,898,600	\$ 71,732,586	\$ 74,898,600	\$ 71,732,586	\$ 67,093,475	\$ 69,063,384
\$ 36,038,064	\$ 37,007,732	\$ 39,634,250	\$ 42,725,887	\$ 42,388,164	\$ 43,996,777
(2,746,680)	(3,093,300)	(3,298,500)	(4,111,732)	(13,403,448)	(13,511,978)
\$ 33,291,384	\$ 33,914,432	\$ 36,335,750	\$ 38,614,155	\$ 28,984,716	\$ 30,484,799
\$ 41,607,216	\$ 37,818,154	\$ 38,562,850	\$ 33,118,431	\$ 38,108,759	\$ 38,578,585

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
2019	\$ 34,242,000	\$ 1,632,840	\$ 1,284,789	\$ 2,352,027	\$ -	\$ 310,165
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

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
\$ 39,821,821	2.66%	1,195
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

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⁾
2019	\$ 37,656,258	7.47%	1,130
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%	1,688

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 \$1,855,398 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	\$ 37,656,258	100.00%	\$ 37,656,258
Subtotal:	\$ 37,656,258		\$ 37,656,258
Overlapping Debt			
Utilities Board of the City of Daphne ⁽¹⁾	14,279,771	100.00%	14,279,771
Baldwin County General Bonded Debt & Warrants ⁽²⁾	84,823,407	9.57%	8,117,972
Subtotal:	\$ 99,103,178		\$ 22,397,743
Total Direct & Overlapping Debt			<u>\$ 60,054,001</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 (\$504,377,738) to net assessed value of property in Baldwin County (\$5,270,163,060) on 10/1/2019.

CITY OF DAPHNE, ALABAMA

Demographic and Economic Statistics Last Fiscal Ten Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capital Person Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2019	33,993	\$ 1,689,959,630	\$ 49,715	40.04	5,567	2.1%
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%
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 2019 % of			FY 2010 % of		
	FY 2019 # of Employees	Total Employees	FY 2019 RANK	FY 2010 # of Employees	Total Employees	FY 2010 RANK
Baldwin County Board of Educat	400	3.28%	1	300	0.35%	2
City of Daphne	318	2.61%	2	287	0.33%	3
Wal-Mart Super Center	306	2.51%	3	416	0.49%	1
Lowe's	200	1.64%	4	163	0.19%	5
Eastern Shore Toyota / Hyundai	186	1.52%	5	168	0.20%	3
Publix	150	1.23%	6	0	0.00%	
Bayside Academy	136	1.11%	7	110	0.13%	7
Thomas Hospital/Infirmary	130	1.07%	8			
Chris Myers	125	1.02%	9	106	0.12%	9
The Brennty	119	0.98%	10	0	0.00%	
Target				110	0.13%	8
Home Depot			Tie 7	121	0.14%	6
Sam's Club			Tie 9	159	0.19%	4
Home Relief Services			-	65	0.08%	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			
	2019	FY 2018	FY 2017	FY 2016
General Government:				
Legislative	2	2	2	2
Executive and Marketing	6	5	4	3
Information Technology	3	3	3	2
Human Resources	5	5	5	5
Finance	7	7	7	7
Revenue	3	3	3	3
Planning	3	4	4	4
Court	3	4	4	3
Building Maintenance & Janitorial	9	8	8	7
Total General Government	41	41	40	36
Public Safety:				
Police Department	100	100	97	91
Fire Department	58	58	57	55
Building Inspection	7	6	6	6
Code Enforcement	2	2	2	2
Total Public Safety	167	166	162	154
Public Works:				
Public Works Administration	7	5	5	5
Streets	13	13	13	13
Grounds	14	14	14	14
Museum	1	0	0	0
Mowing	9	9	9	9
Mechanical	8	8	8	8
Solid Waste	17	18	17	17
Total Public Works	69	67	66	66
Library and Recreation:				
Parks	11	9	6	6
Recreation	4	6	6	6
S.A.I.L. Site	2	2	2	2
Library	17	17	17	17
Civic Center	7	7	7	7
Total Library & Recreation	41	41	38	38
Total Employees	318	315	306	294

Source: City of Daphne Human Resources Department

FISCAL YEAR

FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
2	2	2	2	2	2
3	2	2	1	1	1
2	1	1	0	0	0
4	3	3	3	3	3
7	8	8	8	8	8
3	2	2	2	2	3
4	4	4	4	4	7
3	3	3	4	4	4
7	7	7	7	7	7
35	32	32	31	31	35
91	91	85	84	84	84
54	54	54	51	51	51
5	5	5	5	5	7
2	1	1	1	1	1
152	151	145	141	141	143
5	5	5	5	5	5
13	13	11	11	11	11
14	14	12	12	12	12
0	0	0	0	0	0
8	8	8	8	8	9
8	8	8	8	8	8
17	17	17	17	17	23
65	65	61	61	61	68
6	6	9	9	9	9
8	8	8	7	7	9
2	3	3	3	3	3
17	16	14	15	15	15
7	6	6	7	7	8
40	39	40	41	41	44
292	287	278	274	274	290

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
Municipal Court				
Cases Filed:				
Traffic	3,729	3,236	3,366	3,808
Non- Traffic	514	327	416	462
Parking	-	-	-	-
Total Cases Filed:	4,243	3,563	3,782	4,270
Cases Disposed of:				
Traffic	3,590	2,997	3,527	3,958
Non- Traffic	556	457	427	439
Parking	-	-	-	-
Total Cases Disposed of:	4,146	3,454	3,954	4,397
Cases Appealed:				
Traffic	31	12	39	45
Non- Traffic	19	23	43	52
Parking	-	-	-	-
Total Appeals:	50	35	82	97
Cases by Disposition Type:				
Guilty	2,230	3,309	3,215	2,589
Not Guilty	10	76	48	7
Nol pros / Dismissal	1,818	1,431	1,489	1,643
Continued	*N/A	*N/A	*N/A	6,303
Total Cases:	4,058	4,816	4,752	10,542

*N/A – The Municipal Court upgraded reporting software during the year and the information is no longer available and being reported.

FISCAL YEAR

FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
4,269	3,552	3,280	3,177	3,094	4,157
458	396	441	501	510	491
1	-	-	-	-	1
4,728	3,948	3,721	3,678	3,604	4,649
4,259	3,812	3,355	3,494	4,056	4,401
458	420	537	567	561	557
-	-	-	-	2	-
4,717	4,232	3,892	4,061	4,619	4,958
69	55	69	43	55	318
53	39	35	49	53	122
-	-	-	-	-	-
122	94	104	92	108	440
2,814	2,472	2,424	2,518	3,014	3,354
9	11	13	14	16	16
1,711	1,505	1,195	1,274	1,571	1,588
4,912	4,083	3,002	2,412	2,012	3,398
9,446	8,071	6,634	6,218	6,613	8,356

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
Municipal Court (continued)				
Local Receipts:				
Fines	\$ 264,749	\$ 266,468	\$ 251,085	\$ 260,762
Corrections	82,578	37,762	79,781	93,536
Municipal ETC	5,493	4,963	5,185	6,240
Bonds Forfeited	15,763	14,000	2,193	30,148
Other Local	104,134	137,258	109,911	123,575
Total Local Receipts:	\$ 472,717	\$ 460,451	\$ 448,155	\$ 514,261
State Receipts:				
Fair Trial Tax	\$ 44,145	\$ 39,871	\$ 42,146	\$ 50,084
Driver Education	21,447	19,405	20,688	24,448
State General DUI	5,830	4,720	7,617	9,214
AHSCI Trust Fund	3,012	1,590	1,195	*N/A
Chemical Forensic	13,139	8,596	9,301	9,061
State General Fund	57,710	51,989	54,865	65,811
DNA Database	31,504	28,931	30,413	36,798
Criminal History	9,316	9,195	8,272	10,645
Traffic Safety Trust Fund	3,286	3,001	3,762	*N/A
Peace Officers Annuity and Training Fund	5,695	10,919	15,394	16,131
Advance Tech Data	9,480	8,016	7,978	9,356
Crime Victims Fund	7,396	6,686	6,785	8,288
DUI/Interlock	7,574	2,404	5,011	5,263
Forensic Trust	*N/A	*N/A	2,307	2,623
Drivers License Fee	*N/A	*N/A	*N/A	13,774
Drug Docket Fee	*N/A	*N/A	*N/A	1,117
Other State	175,641	158,844	173,011	195,103
Total State Receipts:	\$ 395,175	\$ 354,167	\$ 388,745	\$ 457,716
Other Receipts:				
Restitution	\$ 8,621	\$ 10,307	\$ 6,810	\$ 9,659
Cash Bonds	\$ 230,868	\$ 209,278	\$ 178,022	\$ 193,220
Total Other Receipts:	\$ 239,489	\$ 219,585	\$ 184,832	\$ 202,879

*N/A – The Municipal Court upgraded reporting software during the year and the information is no longer available and being reported.

FISCAL YEAR

FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
\$ 246,491	\$ 259,223	\$ 284,804	\$ 265,397	\$ 326,406	\$ 310,318
96,646	82,753	74,885	70,109	70,757	81,929
6,447	5,551	5,002	4,688	4,731	5,483
29,591	15,475	13,712	18,540	23,809	17,056
122,275	115,508	114,494	74,190	61,930	73,270
\$ 501,450	\$ 478,510	\$ 492,897	\$ 432,924	\$ 487,633	\$ 488,056

\$ 52,161	\$ 44,585	\$ 40,108	\$ 44,697	\$ 38,588	\$ 38,168
25,610	21,511	18,722	20,560	17,530	16,876
9,314	14,625	16,867	13,397	18,856	16,101
*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
6,068	8,032	7,247	6,794	10,166	9,746
68,016	58,295	52,605	58,339	50,474	49,840
37,740	33,036	29,689	18,714	4,137	28,425
10,593	11,256	12,899	15,288	15,450	15,991
*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
16,745	14,321	12,921	9,836	8,616	8,685
9,688	8,347	7,517	8,246	7,114	7,016
8,483	7,591	7,404	8,502	7,597	7,937
5,719	8,186	8,108	7,068	10,604	9,647
2,310	2,069	2,608	1,935	1,386	2,953
12,154	12,571	13,218	15,206	15,036	13,716
797	800	960	1,025	548	1,080
197,132	149,624	135,941	93,793	107,074	94,134
\$ 462,530	\$ 394,849	\$ 366,814	\$ 323,400	\$ 313,176	\$ 320,315

\$ 9,452	\$ 4,285	\$ 9,638	\$ 7,105	\$ 5,564	\$ 7,837
\$ 168,056	\$ 149,700	\$ 147,179	\$ 209,396	\$ 199,110	\$ 213,919
\$ 177,508	\$ 153,985	\$ 156,817	\$ 216,501	\$ 204,674	\$ 221,756

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
Public Safety				
Police Department:				
Patrol Division:				
Complaints	15,113	15,292	17,287	14,569
Accidents - Private Property	190	247	194	212
Accidents - Roadway	1,010	969	883	1,776
Accidents - Traffic Homicides	4	2	7	3
Arrests - Controlled Substance	42	50	61	31
Arrests - Drug Paraphernalia	69	69	58	51
Arrests - Felony Marijuana	7	8	10	4
Arrests - Misdemeanor Marijuana	78	62	121	57
Arrests - Alias Warrant	555	578	510	520
Arrests - D.U.I.	142	146	127	133
Arrests - Felony	99	90	174	89
Arrests - Misdemeanor	1,000	1,011	1,102	973
Assists - Motorist / Citizens	1,688	1,721	2,073	1,808
Citations	3,338	2,978	3,400	3,908
Searches - Vehicles	315	233	1,145	1,145
Security Checks	15,581	10,904	9,241	11,722
Warnings	2,193	1,255	2,171	2,495
Drug Report - Routine Patrol & Special Ops:				
Drugs Seized	112	12	102	92
Vehicles Seized	-	7	-	2
Commercial Vehicle Inspections	147	294	317	404
Monies Seized	\$ 1,580,000	\$ 3,344,000	\$ 10	\$ -
Detective Division:				
New Cases Received	879	893	739	804
Previous Unsolved Cases	60	67	69	95
Cases Solved	609	548	511	554
Arrests:				
Cases Solved - Felony	101	67	81	97
Cases Solved - Misdemeanor	80	40	17	27
Total Warrants Arrests	181	107	98	124

FISCAL YEAR

FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
14,871	14,044	13,002	13,322	13,532	13,004
170	194	194	208	169	175
862	804	731	791	742	760
2	2	2	1	4	1
25	19	29	10	9	15
44	38	32	26	31	47
7	2	7	3	10	7
42	29	40	26	23	29
438	357	286	431	366	302
138	141	152	149	128	165
70	71	95	61	82	65
844	695	702	927	773	731
1,856	2,345	2,541	2,785	5,376	2,917
4,368	3,374	3,289	3,255	3,241	4,218
1,145	489	454	340	305	348
8,266	3,017	466	n/a	n/a	n/a
4,540	2,603	2,105	2,429	1,819	995
6	48	39	-	-	3
-	-	-	-	-	-
483	433	412	230	65	79
\$ -	\$ -	\$ 1,445	\$ -	\$ -	\$ -
752	726	795	734	849	629
91	73	93	66	91	168
466	403	473	481	482	499
63	58	162	112	144	214
16	3	9	22	47	39
79	61	171	134	191	253

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
Detective Division (continued)				
Sex Offenders:				
Contact Verification	61	47	75	54
Total # of Offenders				
Registered in Daphne	6	6	8	5
D.A.R.E.:				
Hours Report Writing	70	51	21	41
Police Reports by S.R.O.	65	43	21	42
Arrests by S.R.O.	26	26	10	12
Code Enforcement:				
Warnings	550	573	780	548
Citations	17	10	44	285
Warning Compliance	550	566	609	760
Business License Enforcement	227	200	204	333
Jail:				
Arrestees Received & Processed	1,999	2,022	1,967	2,065
Inmate Meals Served	\$ 38,617	\$ 44,878	\$ 18,459	\$ 20,343
Inmate Medical Cost	\$ 17,264	\$ 7,661	\$ 19,304	\$ 25,515
Worker Inmate Hours	1,320	754	948	2,130
Animal Control:				
Complaints	560	625	597	641
Follow-Up	323	256	237	313
Citations	25	25	15	67
Warnings	163	205	198	293
Felines Captured	175	231	159	170
Canines Captured	218	192	198	175
Other Captured	55	55	80	153
Returned to Owner	105	86	96	88
Adopted	113	124	98	105
Euthanized	123	120	167	136

FISCAL YEAR

FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
35	36	45	18	20	15
5	7	8	8	2	3
34	41	32	48	69	42
32	31	30	32	57	22
7	17	13	14	24	13
95	40	41	41	60	89
25	15	33	45	51	36
273	190	248	312	251	242
333	312	379	427	307	294
2,092	2,256	2,351	2,259	2,131	2,107
\$ 30,082	\$ 29,137	\$ 27,883	\$ 21,055	\$ 20,557	\$ 30,540
\$ 30,257	\$ 24,063	\$ 23,788	\$ 20,002	\$ 14,322	\$ 37,040
2,217	2,328	1,879	2,005	3,206	10,203
665	836	703	618	721	837
564	1,458	1,326	1,169	1,224	1,256
43	62	153	55	80	77
210	157	391	276	132	124
215	297	299	259	273	316
224	310	365	345	337	363
139	125	67	71	129	250
91	130	179	186	143	184
137	191	191	139	183	180
276	332	277	204	174	293

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
Crimes Reported:				
Arson	-	1	-	-
Burglary - Commercial	7	16	15	17
Burglary - Residential	39	52	30	59
Burglary - Vehicle	117	156	162	148
Criminal Mischief	70	61	56	53
Disorderly Conduct	23	19	9	6
Domestic Disturbance	381	408	198	120
False Information to Police	20	4	11	15
Felony Assault	4	5	4	5
Felony Theft	149	173	136	135
Forgery/Fraud	87	52	6	-
Harassment	125	96	78	56
Identity Theft	24	22	5	5
Indecent Exposure	3	5	2	2
Kidnapping	-	1	-	-
Menacing	10	8	8	6
Misdemeanor Assault	18	24	7	11
Misdemeanor Theft	263	203	192	174
Murder/Attempted Murder	1	1	-	-
Other Death Investigations	22	24	12	3
Public Intoxication	23	21	16	19
Public Lewdness	2	5	1	2
Receiving Stolen Property	11	11	7	7
Reckless Endangerment	8	7	7	4
Resisting Arrest	11	9	8	8
Robbery	4	15	14	7
Sex Crime Investigations	9	14	4	4
Suicide	6	1	-	-
Suicide, Attempted	27	25	14	-
Theft of Services	7	6	20	3
Unauthorized Use of Services	12	9	4	5
Weapon Offenses	9	34	32	12

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
8	16	7	9	3

CITY OF DAPHNE, ALABAMA

**Operating Indicators by Function (Continued)
Last Ten 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
Child Passenger Safety Seat Inspections	128	106	211	169

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
115	105	426	141	180

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
Building Inspection:				
Permits:				
Building Permits:				
Non-Residential	103	103	99	84
Residential	989	723	640	548
Electrical Permits:				
Non-Residential	57	73	52	55
Residential	104	92	171	131
Electrical Permits - New Construction:				
Non-Residential	-	-	-	-
Residential	284	186	223	187
Land Disturbance Permits:				
Non-Residential	-	-	-	-
Residential	128	273	26	88
Mechanical Permits:				
Non-Residential	49	37	58	38
Residential	109	79	60	63
Mechanical Permits - New Construction:				
Non-Residential	-	-	-	-
Residential	229	218	212	185
Plumbing Permits:				
Non-Residential	39	46	40	41
Residential	46	68	31	38
Plumbing Permits - New Construction:				
Non-Residential	-	-	-	-
Residential	276	204	209	199
Total Number of Permits	2,413	2,102	1,821	1,657
Inspections:				
Building Permit	3,325	3,296	3,605	3,444
Electrical Permit	147	154	236	213
Electrical - New Construction Permit	158	156	186	162
Land Disturbance Permit	194	17	16	33
Mechanical Permit Inspections	52	50	43	43
Mechanical - New Construction Permit	155	194	186	164
Plumbing Permit Inspections	146	161	108	103
Plumbing - New Construction Permit	388	488	421	387
Total Number of Inspections	4,565	4,516	4,801	4,549
Environmental Inspections:				
Site Containment - Permitted	1,109	1,043	1,679	1,702
Site Containment - All Other	309	273	125	404
Total # of Environmental Inspections	1,418	1,316	1,804	2,106

FISCAL YEAR

FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
70	50	86	82	78	62
451	482	465	361	316	346
48	38	52	29	38	38
58	47	36	39	122	134
-	-	1	5	-	-
170	155	169	109	16	-
-	-	-	-	1	-
97	92	152	102	60	15
29	26	39	34	45	18
57	54	41	42	130	177
-	-	-	3	-	-
166	148	152	123	18	-
		49			
29	20	26	24	34	23
40	46		32	167	129
-	-	1	1	-	-
57	155	176	118	23	-
1,272	1,313	1,445	1,104	1,048	942
3,196	3,217	2,420	1,416	1,291	1,156
119	109	90	66	213	206
152	155	172	130	12	-
-	28	6	8	68	3
36	58	33	27	143	161
151	155	171	126	19	-
96	98	86	77	373	383
354	356	427	244	25	-
4,104	4,176	3,405	2,094	2,144	1,909
863	857	877	339	181	324
321	301	276	87	115	110
1,184	1,158	1,153	426	296	434

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
Public Works ⁽¹⁾:				
Asphalt Street Repairs:				
Asphalt Used (tons)	274	343	331	679
Repairs (# of repairs)	14	89	155	335
Street Sweeping:				
Miles Swept	585	865	671	1,337
Dredge:				
Materials Removed/Dredged (yards)	-	25	-	750
Storm Drain & Heavy Equipment:				
Drains Cleaned (# of Jobs)	138	109	139	189
Materials Hauled (cubic yards)	-	22	1,270	1,400
Solid Waste:				
Waste Removed (tons)	7,377	7,294	7,124	6,929
Recycled (tons)	1,941	1,836	1,867	2,009
Special Events	4	4	5	5
Trash Division:				
Trash Picked Up (tons)	5,400	4,401	3,565	4,873
Pay Pile Loads	16	25	12	12
Recreation:				
Tournament Events & Participants ⁽¹⁾ :				
Adult Softball:				
No. of Events	15	24	14	19
Participants	1,450	2,700	1,500	1,200
Girls Fast pitch Softball:				
No. of Events	16	17	13	15
Participants	6,500	7,100	5,200	6,000
Soccer:				
No. of Events	8	7	10	11
Participants	10,000	9,400	1,300	1,400
Baseball				
No. of Events	5	3	3	4
Participants	400	275	250	350
Football				
No. of Events	5	4	4	4
Participants	2,400	2,000	1,400	1,400
Lacrosse:				
No. of Events	2	2	2	2
Participants	300	300	300	700

FISCAL YEAR

FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
653	580	230	152		
958	12	123	285		
1,183	1,813	2,107	1,735		
728	980	1,000	40 tons		
105	172	150	112		
998	1,340	75	52		
6,597	6,533	6,359	6,316		
2,020	3,045	3,539	2,919		
5	6	7	6		
4,633	4,008	3,950	3,518		
10	22	13	24		

19	18	26	21
2,200	1,750	3,700	3,000
12	14	8	6
4,950	5,800	3,300	2,500
10	9	9	8
1,300	1,200	1,100	1,050
1	1		
110	140		
1	1		
750	480		
2	1	4	4
300	140	900	900

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
Recreation (continued):				
League Participants by Sport:				
Youth Soccer	850	750	825	850
Youth Football	175	210	210	205
Youth Cheerleading	75	85	65	46
Fall Men's Open Softball	215	230	240	250
Fall Co-Ed Softball	120	130	150	150
Fall Adult Soccer	105	110	80	140
Dixie Youth Baseball (ages 5-12)	400	450	475	443
Dixie Boys Baseball (ages 13-14)	30	46	50	35
Youth Softball	115	95	85	135
Youth Spring Soccer	360	350	410	420
Men's Church League Softball	-	255	175	190
Spring Co-Ed Softball	-	150	180	170
Spring Adult Soccer	95	100	90	100
Summer Men's Open Softball	-	250	240	600
Summer Co-Ed Softball	-	200	190	200
Summer Adult Soccer	-	100	90	100

Library

Patrons Visits	142,272	148,820	201,490	203,607
Items Circulated	375,398	361,688	331,803	368,275
Children's Program Attendance	6,497	5,842	10,734	10,333
Teen Program Attendance	613	612	975	1,428
Adult Program Attendance	431	664	415	256
Computer Users	12,430	14,058	18,832	26,739
Ancestry Database Users ⁽¹⁾	2,499	3,394	12,030	6,489
Heritage Quest Database Users ⁽¹⁾	1,168	1,160	2,738	1,525
E-Books Circulation ⁽¹⁾	30,428	23,274	20,809	20,809
Reference Questions Answered	1,594	1,319	1,691	1,512
Meeting Rooms Use Hours	13,237	13,528	20,098	18,247
Special Displays	145	161	80	78

Source: Various City Departments

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

FISCAL YEAR

FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
760	790	775	550	540	525
195	199	195	205	195	200
45	50	75	80	80	65
275	255	234	220	17	168
150	165	143	156	10	144
115	120	120	100	10	120
500	480	525	435	450	480
50	60	63	60	55	60
115	120	95	80	85	75
350	375	380	250	-	-
240	270	208	192	216	288
160	180	195	132	180	144
110	90	84	80	80	80
400	435	312	264	372	312
225	210	247	132	192	192
110	110	95	80	90	80

274,619	262,786	197,384	220,738	214,982	224,367
431,305	443,471	293,033	276,093	296,712	314,218
6,756	5,800	5,822	7,378	10,323	10,889
1,251	1,158	1,656	735	827	1,143
664	167	176	531	575	721
31,176	25,537	26,368	30,892	31,676	17,234
7,106	7,612	8,752	7,047	6,976	-
1,957	1,204	2,265	1,263	1,256	-
18,215	15,802	9,156	6,277	767	-
1,175	25,822	8,643	8,046	8,639	8,976
11,003	7,363	6,002	6,330	6,836	7,251
211	94	47	45	39	47

CITY OF DAPHNE, ALABAMA

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

Function	FISCAL YEAR			
	FY 2019	FY 2018	FY 2017	FY 2016
Public Safety:				
Fire:				
Number of Fire Stations	4	4	4	4
Number of Fire Trucks	8	8	8	8
Number of All Other Vehicles	11	13	14	13
Police:				
Number of Police Stations	2	2	2	2
Number of Patrol Units	65	66	61	60
Public Works:				
Miles of Streets (maintained by the City) ⁽¹⁾	164.7	143.0	139.8	139.8
Number of Signalized Traffic Intersections ⁽²⁾	9	9	9	9
Number of Vehicles	36	34	38	40
Number of Sanitation Trucks	15	14	17	18
Culture and 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	8	7	7	8

⁽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

FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
4	4	4	4	4	4
8	7	6	6	6	6
14	14	15	16	16	17
2	2	2	2	2	2
58	62	64	64	64	64
138.7	137.5	135.7	135.4		
9	10	10	10		
55	54	54	55	55	56
9	9	9	9	8	9
17	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	9	5	6	5	4