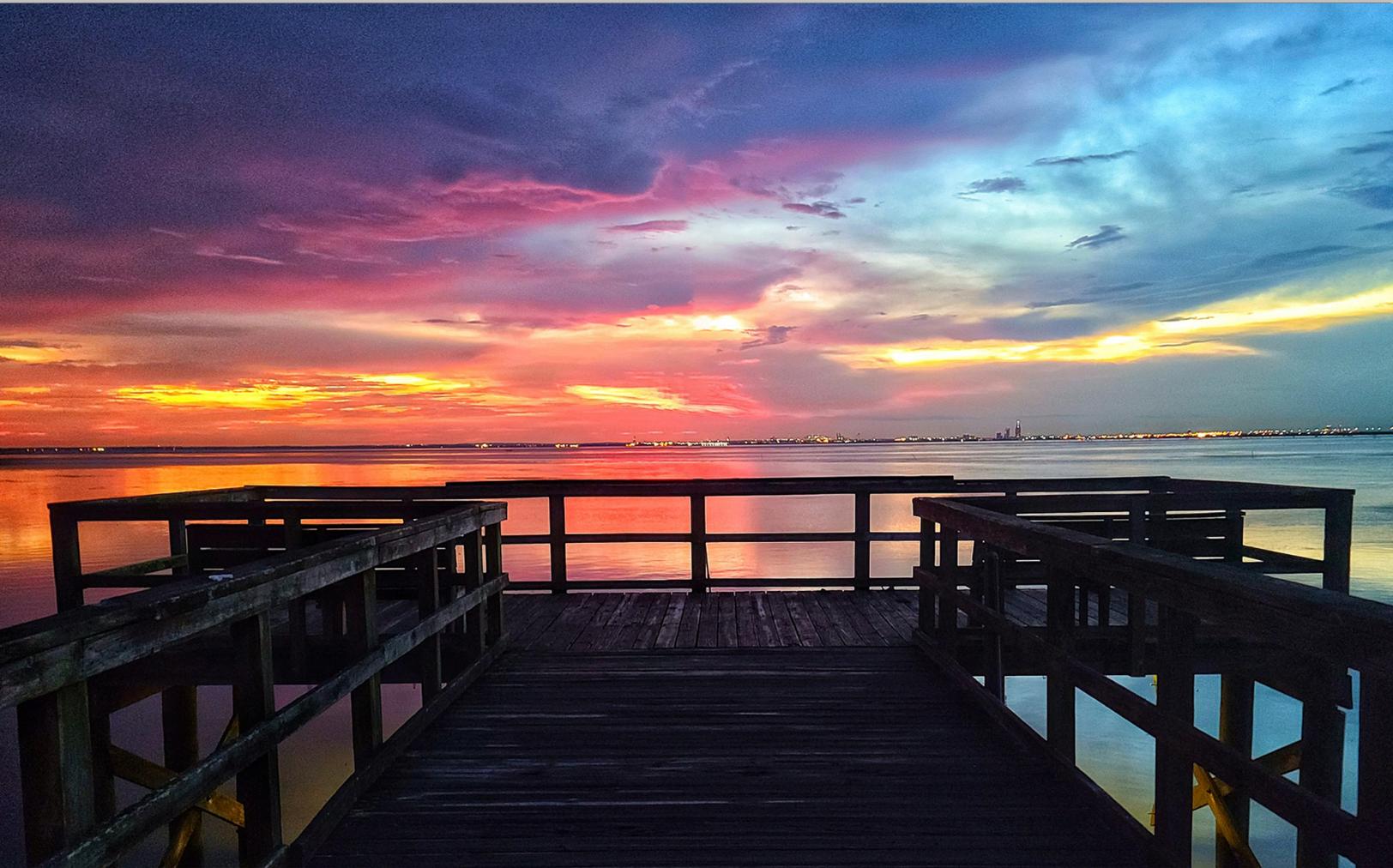


City of Daphne, Alabama

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year
Ending September 30, 2020



CITY OF DAPHNE, ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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CITY OF DAPHNE, ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2020

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Part I
Introductory
Section



March 22, 2021

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, 2020. 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 the City 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, organizational chart, list of principal officials, and the CAFR certificate for fiscal year ended September 30, 2019.

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 2020 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 109% of the U.S. level. The estimated median income as of 2019 was \$71,882 and the median housing valuation was \$201,400. According to the most recent estimates from the US Census Bureau (July 2019), the City's estimated population is 26,869. The last official census from 2010 indicated a population of 21,570 which represents tremendous population growth. Daphne's population is well-educated; according to recent census data, approximately 41.6% of the population has a bachelor's degree or higher; the US average is 33.1%. As the population has grown, the City of Daphne has responded in the quantity and quality of services it provides with 270 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, which 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 it 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 2020. Total revenue increased \$3.2 million over 2019 levels (8.4% increase). The largest increase was in the sales, use and luxury tax collections, which increased \$1.6 million over 2019 (7.4% increase). Strong residential growth and retail development in the City of Daphne suggest sales and use tax collections will continue in an upward trend.

With the exception of setbacks that occurred with the Great Recession and the Deepwater Horizon disaster (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 \$13.9 million to \$23.0 million, more than a 65.2% increase. In the same ten year period, property tax revenue has increased from \$5.0 million to \$6.4 million, more than a 27.3% increase. The City of Daphne's revenue is expected to continue on an upward trend.

The City has continued to experience 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 the 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 ranked 96th in the "Top 100 Best Places to Live" as presented on the CNN/Moneywise website. The City was also named as the 6th safest city in Alabama in 2019 according to National Council for Home Safety and Security. The City was listed as the eighth fastest growing city in Alabama by the US Census Bureau, growing at more than 25% since 2010 and is now the 20th largest City in the State of Alabama. Also, the Daphne-Fairhope-Foley MSA, where Daphne is located, is the 11th fastest growing MSA in the United States from 2010 to 2019.

Major Initiatives

In 2020, the City continued its ongoing road repaving initiative and completed the large stand alone project to pave Corte Road. The City has continued its commitment to environmental programs affecting the D'Olive Bay watershed by completing a dredging project to restore the boat channel in D'Olive Bay. The construction of a new fire station was started in 2020. Once completed, this station will help respond to the growing eastern side of the City. The City also awarded a contract to begin to improve the streetscape and parking along Bayfront Drive. This is the beginning step in a long range plan to develop and enhance the City's Bayfront Park which sits on Mobile Bay.

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 United States 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 Alabama Funds 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, 2019. 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,

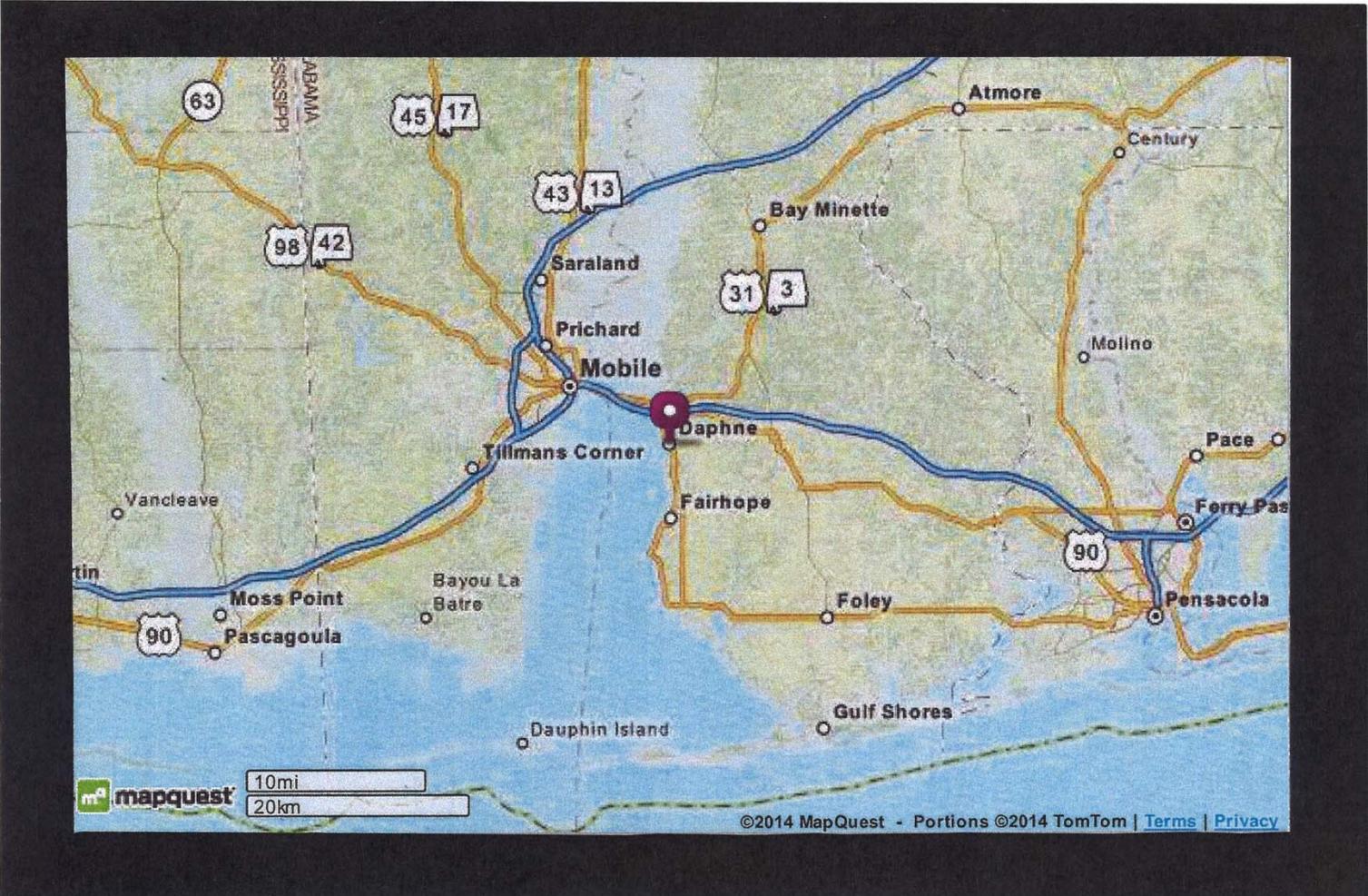


Robin LeJeune
Mayor



Kelli Kichler Reid, CPA
Finance Director/Treasurer

City of Daphne, Alabama



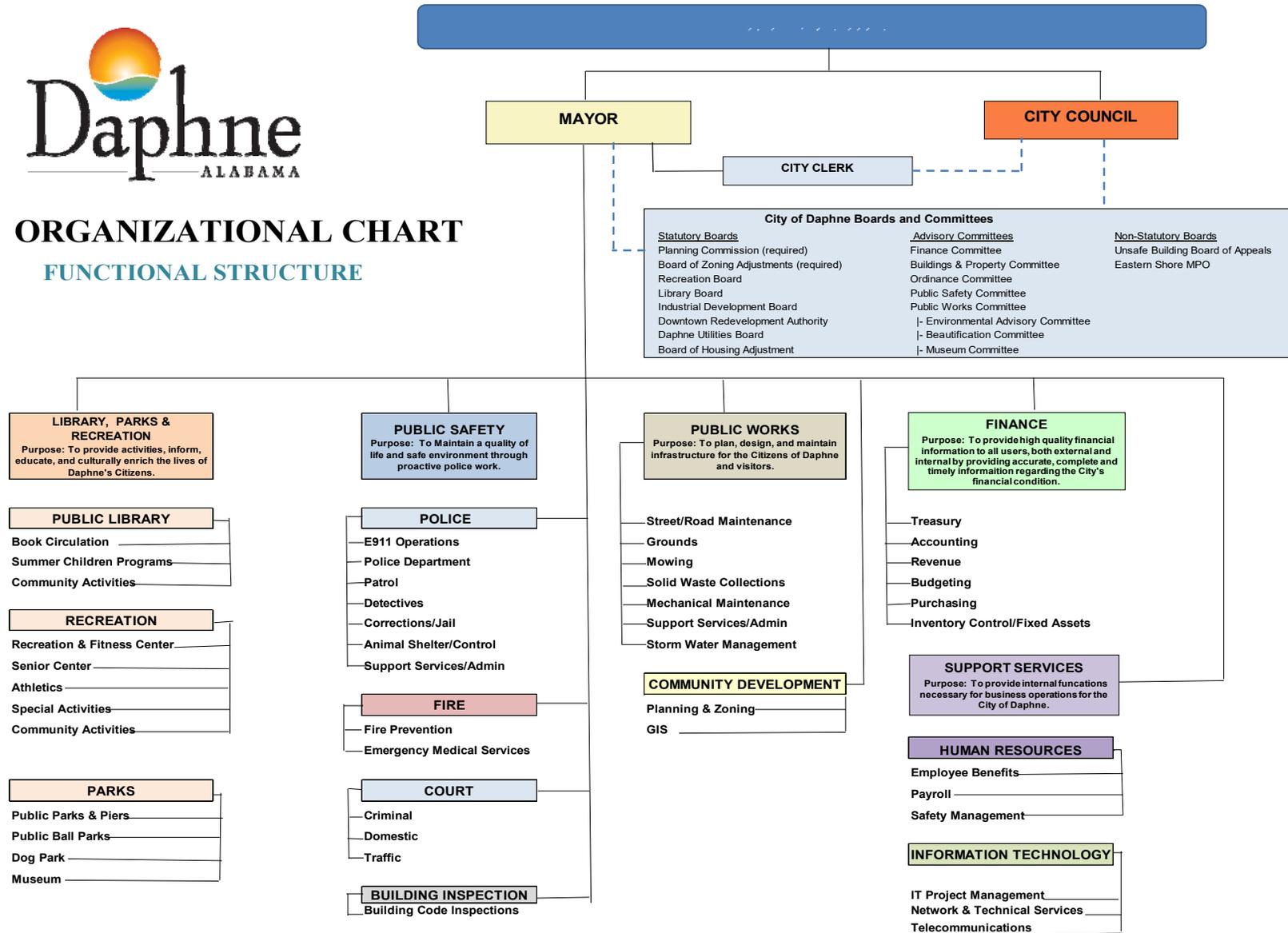
Metropolitan Statistical Area (MSA) population for
Daphne, Fairhope and Foley: 223,234

Source: United States Census Bureau
2019 Estimated Population



ORGANIZATIONAL CHART

FUNCTIONAL STRUCTURE



**City of Daphne
List of Principal Officials
September 30, 2020**

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, 2019

Christopher P. Morill

Executive Director/CEO



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Part II
Financial
Section



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor Robin LeJeune 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, as of and for the year ended September 30, 2020, 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. 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis budgetary comparison information and required pension and other post-employment benefit schedules on pages 3-18 and 75-89 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 March 22, 2021, 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

March 22, 2021
Fairhope, Alabama

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, 2020. 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 \$124.9 million (net position). Of this amount, the City had unrestricted net position of \$24.75 million that is available to be used to meet the ongoing obligations of the City of Daphne.
- The City's net position of \$124.9 million reflected an increase of 14.3% (\$15.6 million) over the prior year's net position of \$109.3 million.
- The City's governmental funds reported a combined fund balance of \$28.7 million at the close of the current fiscal year, an increase of 16.6% (\$4.1 million) from the prior year.
- The City's General Fund reported a fund balance of \$19.56 million at the close of the current fiscal year, or 56.8% of total General Fund expenditures and other financing uses; total fund increased 20.4% (\$3.3 million) over the prior year. Total current year ending fund balances in the General Fund represented 52.1% of current fiscal year total revenues, and 58.38% of prior year total revenues.
- Sales, use, and luxury taxes, the City's single largest revenue source, increased 7.4% (\$1.6 million) during the current fiscal year, reflecting the continued strong economy.
- Other significant changes in revenue during the current fiscal year include grants and contributions that increased by 230% (\$1.4 million), charges for services that decreased 40% (\$780,000), and licenses and permits that increased 20% (\$657,000). Overall current fiscal year revenues increased 8.4% (\$3.2 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 taxes that are dedicated for specific purposes or repayment of 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.

Fund Financial Statements (Continued)

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 term 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, that is 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, 2020 and 2019:

	Governmental Activities		Business-Type Activities		TOTAL	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 38,175,808	\$ 32,795,213	\$ 1,194,362	\$ 1,163,063	\$ 39,370,170	\$ 33,958,276
Capital assets	133,101,818	126,100,863	1,157,983	598,073	134,259,801	126,698,936
Total assets	<u>171,277,626</u>	<u>158,896,076</u>	<u>2,352,345</u>	<u>1,761,136</u>	<u>173,629,971</u>	<u>160,657,212</u>
Deferred outflow of resources	3,537,351	3,134,275	236,501	208,774	3,773,852	3,343,049
Current liabilities	3,125,390	2,777,062	124,651	217,649	3,250,041	2,994,711
Long-term debt and other liabilities	44,937,470	48,267,722	1,693,853	982,464	46,631,323	49,250,186
Total liabilities	<u>48,062,860</u>	<u>51,044,784</u>	<u>1,818,504</u>	<u>1,200,113</u>	<u>49,881,364</u>	<u>52,244,897</u>
Deferred inflow of resources	2,418,766	2,265,292	163,468	162,923	2,582,234	2,428,215
Net Position:						
Net investment in capital assets	97,095,352	89,146,653	140,858	287,908	97,236,210	89,434,561
Restricted	2,953,220	2,703,905	-	-	2,953,220	2,703,905
Unrestricted	<u>24,284,779</u>	<u>16,869,717</u>	<u>466,016</u>	<u>318,966</u>	<u>24,750,795</u>	<u>17,188,683</u>
Total net position	<u>\$ 124,333,351</u>	<u>\$ 108,720,275</u>	<u>\$ 606,874</u>	<u>\$ 606,874</u>	<u>\$ 124,940,225</u>	<u>\$ 109,327,149</u>

The City's *combined* net position increased \$15.6 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 \$124.9 million, at September 30, 2020. The combined net position reflects a current year total unrestricted net position of \$24.75 million.

The largest component of the City of Daphne's current fiscal year net position (77.8%) 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.

2.4% 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, \$24.75 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, 2020:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Program Revenues:						
Charges for services	\$ 7,767,699	\$ 7,889,321	\$ 1,543,972	\$ 2,056,911	\$ 9,311,671	\$ 9,946,232
Operating grants and contributions	2,011,040	179,252	4,906	-	2,015,946	179,252
Capital grants and contributions	11,155,739	9,700,436	-	-	11,155,739	9,700,436
General Revenues:						
Taxes	30,231,241	28,156,155	-	-	30,231,241	28,156,155
Other	373,182	639,823	340,343	29,593	713,525	669,416
Total Revenues	51,538,901	46,564,987	1,889,221	2,086,504	53,428,122	48,651,491
Expenses:						
General government	6,128,965	5,599,964	-	-	6,128,965	5,599,964
Public safety	13,052,501	12,260,317	-	-	13,052,501	12,260,317
Public works	12,030,285	9,255,484	-	-	12,030,285	9,255,484
Culture and recreation	2,749,007	3,484,797	-	-	2,749,007	3,484,797
Interest on long-term debt	1,208,059	2,045,633	-	-	1,208,059	2,045,633
Contribution to Utilities Board	-	12,551	-	-	-	12,551
Solid Waste	-	-	2,019,256	1,980,805	2,019,256	1,980,805
Civic Center and Bayfront Park	-	-	626,973	663,584	626,973	663,584
Total Expenses	35,168,817	32,658,746	2,646,229	2,644,389	37,815,046	35,303,135
Change in Net Position, before transfers	16,370,084	13,906,241	(757,008)	(557,885)	15,613,076	13,348,356
Transfers	(757,008)	(557,885)	757,008	557,885	-	-
Change in Net Position	15,613,076	13,348,356	-	-	15,613,076	13,348,356
Net position, beginning	108,720,275	95,371,919	606,874	606,874	109,327,149	95,978,793
Prior period adjustments	-	-	-	-	-	-
Net Position, end of year	\$ 124,333,351	\$ 108,720,275	\$ 606,874	\$ 606,874	\$ 124,940,225	\$ 109,327,149

Total net position reflected an increase of \$15.6 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	\$ 10,779,137	70.30%
Public works	(148,970)	-0.97%
General government	696,965	4.55%
Culture and recreation	1,699,148	11.08%
Interest on long-term debt	1,208,059	7.88%
Contribution to Utilities Board	-	0.00%
Business-type activities	1,097,351	7.16%
	<u>\$ 15,331,690</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 therefore these activities require funding from general revenues (taxes, licenses, etc.).

The Civic Center and Bayfront Park are funds that generally require such transfers. \$348,000 was transferred to these activities in the current fiscal year. This is an increase of \$130,000 from the prior year. An overall significant revenue decrease for the Civic Center due to the COVID-19 pandemic with only a slight decrease in expenses resulted in an overall increase in transfers of \$184,000. Due to the overall continued decline in revenue for the Bayfront Park pavilion, the building was torn down in February of this year and the fund closed. This resulted in an overall decrease of transfers from the General Fund of \$54,000.

The Solid Waste fund also typically requires funding transfers from the General Fund. \$409,000 was transferred to the Solid Waste Fund in the current fiscal year. This was an increase of \$69,000 from the prior year.

Garbage fees and recycling revenue collected decreased \$344,000 from prior year. The increase in total customers was offset by a three-month suspension of garbage fees to help citizens at the onset of the COVID-19 pandemic. Overall expenses were similar to those of the prior year. When separating the garbage, recycling, and solid waste components, solid waste expenses totaled \$573,872, garbage expenses totaled \$1,072,249, and recycling expenses totaled \$373,175. The recycling transfer facility was destroyed by fire in December 2019 and the curbside recycling program has been temporarily suspended until a new facility is constructed. Insurance proceeds were received for the facility resulting in a one-time gain of \$295,000.

Total transfers to business-type activities in the current fiscal year totaled \$757,008.

FINANCIAL ANALYSIS OF CITY FUNDS

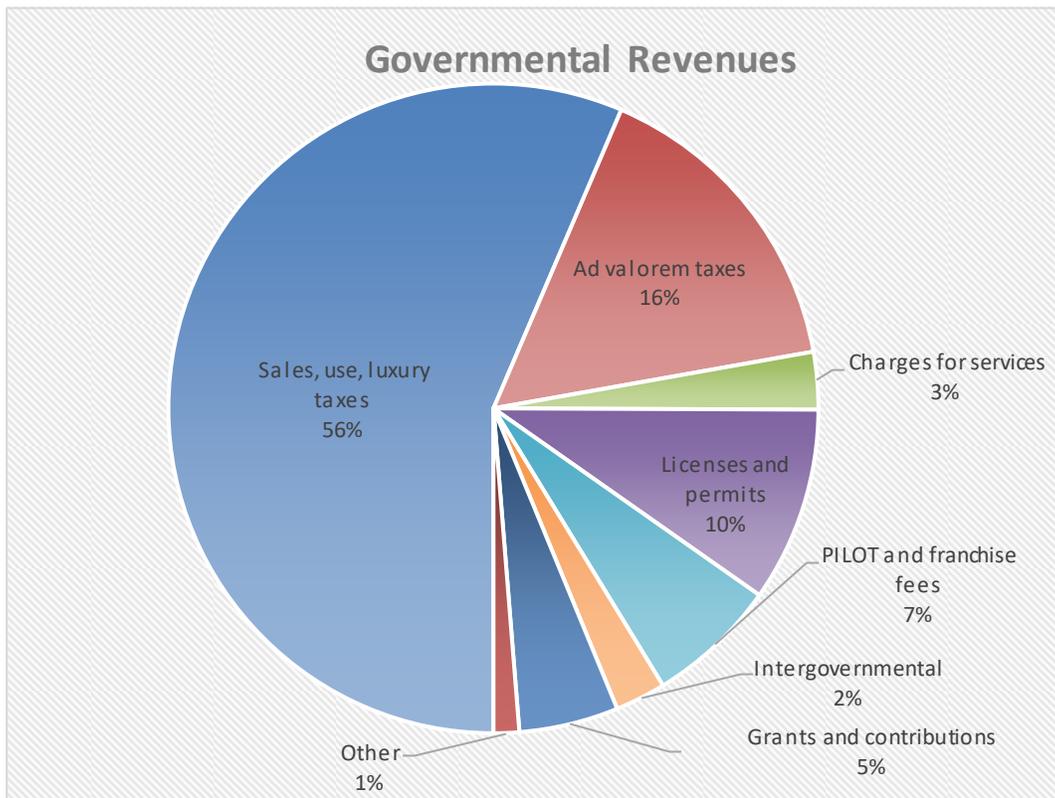
The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. Specifically, the unreserved fund balance may serve as a useful tool for the measurement 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 \$28.7 million, a 16.6% (\$4.1 million) increase from the prior year.

Governmental Revenues

Total revenues of the governmental funds showed an increase of 8.4% (\$3.2 million) over the prior year. The City is heavily reliant on taxes to support governmental operations. The following graph presents a summary of governmental revenues sources:



Sales and use taxes are the largest source of revenues at 56%; Ad valorem taxes are the next largest at 16%; licenses and permits are next at 10%; and PILOT and franchise fees are 7% of total revenues.

Governmental Revenues (Continued)

The change in revenues from the prior year is presented below:

	2020	2019	Variance	% Change
Sales, use, luxury taxes	\$ 23,001,845	\$ 21,418,436	\$ 1,583,409	7.4%
Ad valorem taxes	6,426,270	6,190,619	235,651	3.8%
Charges for services	1,166,760	1,946,853	(780,093)	-40.1%
Licenses and permits	3,948,199	3,290,913	657,286	20.0%
PILOT and franchise fees	2,652,738	2,652,300	438	0.0%
Intergovernmental	1,027,054	806,009	221,045	27.4%
Grants and contributions	2,014,316	609,805	1,404,511	230.3%
Other	519,935	668,236	(148,301)	-22.2%
	<u>\$ 40,757,117</u>	<u>\$ 37,583,171</u>	<u>\$ 3,173,946</u>	<u>8.4%</u>

A discussion of significant increases and decreases follows:

- Sales and use taxes increased \$1.6 million due to the continued strong economy and new business locating into the City.
- Grants and contributions increased \$1.4 million. This is reflective of an increase in grant activity. Several large one-time grants, including one grant from the GOMESA Fund for the dredging of D'Olive Bay boat channel and another grant from the Federal Emergency Management Agency for the construction of a safe room, were received in the current year.
- Charges for services decreased \$780,000. This is largely the result of receiving a large final payment on a sewer assessment in the amount of \$737,000 in the previous year.
- Licenses and permits increased \$657,000 as a result of a booming construction industry causing a significant increase in both the quantity and value of building permits. Overall business license amounts increased as well due to the strong economy.

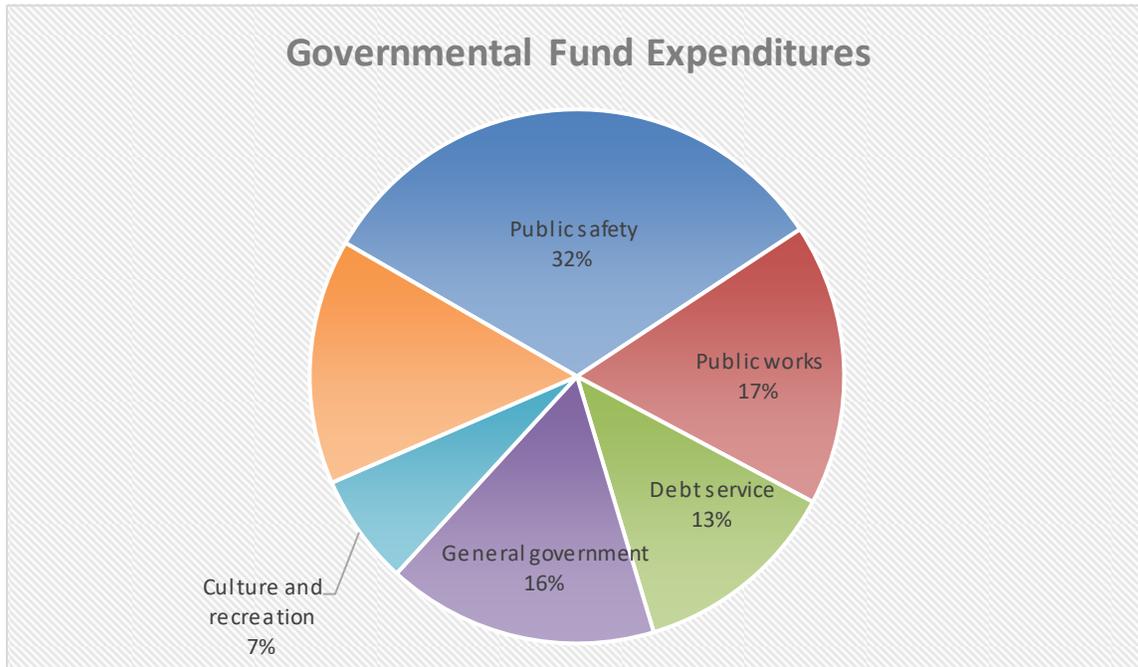
Governmental Expenditures

A summary of governmental expenditures is presented below:

Governmental Fund Expenditures		
Public safety	\$ 11,676,554	32.4%
Public works	6,157,112	17.1%
Debt service	4,531,477	12.6%
General government	5,922,934	16.4%
Culture and recreation	2,416,496	6.7%
Capital outlay	5,355,019	14.8%
	<u>\$ 36,059,592</u>	<u>100.0%</u>

Expenditures are graphically presented on the next page.

Governmental Expenditures (Continued)



This represents a decrease in expenditures of 20.3%; (\$9.2 million) over the prior year.

The principal drivers of this decrease are a decrease in capital outlay expenditures of \$10.9 million over the prior year and an increase in public works expenditures of \$2 million over the prior year.

- Capital outlay expenditures decreased \$10.9 million. During the previous fiscal year, several large projects were completed. This included the completion of the new Daphne Sports Park and significant improvements at other recreational facilities. There was also the extension and paving of Corte Road to help alleviate congestion.
- Public works expenditures increased \$2 million. This was a result of the damage, and the start of debris removal, from Hurricane Sally which resulted in expenditures of \$1.1 million. Additionally \$800,000 was expended for dredging of the D'Olive Bay boat channel.

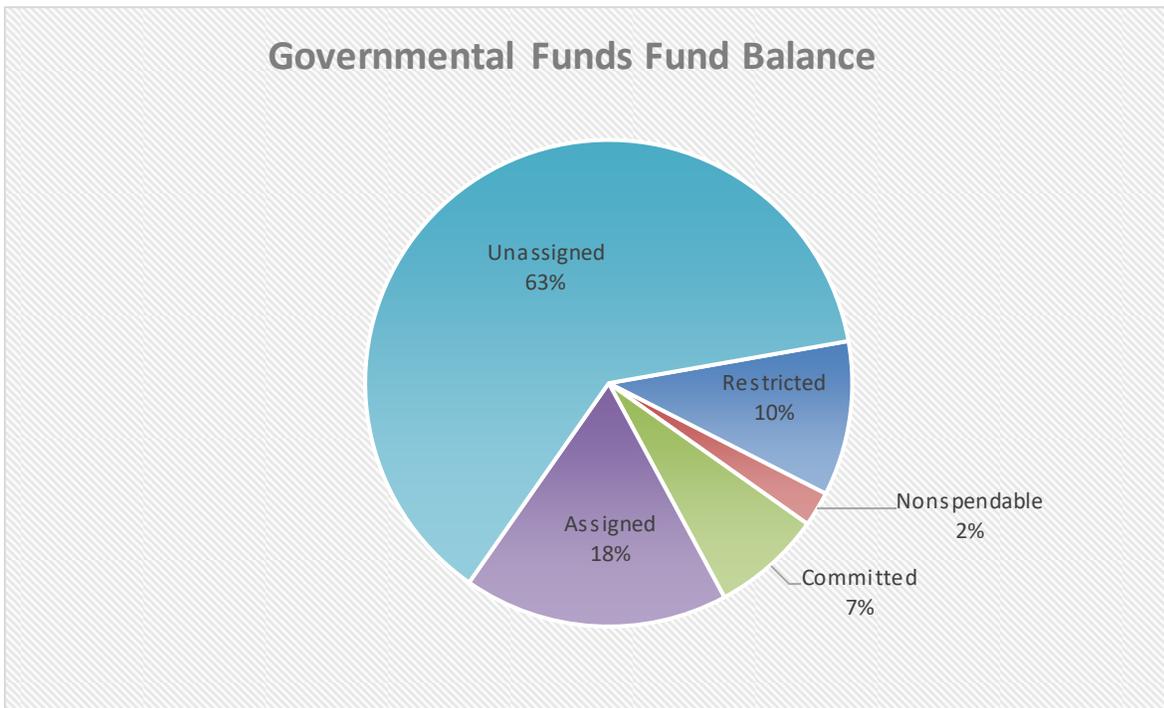
Departmental costs of \$26.1 million are the largest component of current fiscal year expenditures (72.3%). The department with the largest amount of governmental expenditures remains public safety at \$11.7 million (32.4% of total expenditures).

Personnel and related costs make up over 47.4% of total expenditures and totaled \$17.1 million for the year.

Governmental Fund Balance

Total fund balance of the governmental funds as of September 30, 2020 is \$28.7 million. Of this amount, \$17.96 million is unassigned. An illustration of the total fund balance for governmental funds is presented below:

	2020	2019	Variance	% Change
Restricted	\$ 2,953,220	\$ 3,623,660	\$ (670,440)	-18.5%
Nonspendable	666,965	669,267	(2,302)	-0.3%
Committed	2,096,938	2,328,807	(231,869)	-10.0%
Assigned	5,061,692	3,248,954	1,812,738	55.8%
Unassigned	17,963,738	14,774,723	3,189,015	21.6%
	<u>\$ 28,742,553</u>	<u>\$ 24,645,411</u>	<u>\$ 4,097,142</u>	<u>16.6%</u>



This represents a total fund balance increase of 16.6% (\$4.1 million) from the prior year. The General Fund fund balance increased 20.4% (\$3.3 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, \$757,000 was transferred from the governmental funds to subsidize enterprise fund operations. This amount represents 28.6% of the total enterprise funds revenues and transfers in. The total amount of transfers increased \$199,000 from the prior fiscal year.

Proprietary Funds (Continued)

The Solid Waste Fund required transfers of \$409,000 during the current fiscal year, an increase of 20.2% (\$69,000) from the prior year.

Civic Center and Bayfront Park required transfers of \$272,000 and \$76,000, respectively, during the current fiscal year, an overall increase of 60% (\$130,000) from the prior year.

A summary and comparison of the enterprise fund’s operating results for the 2020 and 2019 fiscal years are presented below:

	Solid Waste		Civic Center		Bayfront Park		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019
Fees and charges	\$ 1,267,421	\$ 1,611,090	\$ 251,569	\$ 382,592	\$ 24,982	\$ 57,189	\$ 1,543,972	\$ 2,050,871
Other receipts	342,933	29,471	12,581	6,162	-	-	355,514	35,633
Transfers	408,902	340,244	272,338	87,883	75,768	129,758	757,008	557,885
Revenues	2,019,256	1,980,805	536,488	476,637	100,750	186,947	2,656,494	2,644,389
Personnel	820,103	832,882	153,961	122,537	40,367	117,936	1,014,431	1,073,355
Operating	1,175,986	1,135,606	382,527	354,100	60,383	69,011	1,618,896	1,558,717
Interest	23,167	12,317	-	-	-	-	23,167	12,317
Expenses	2,019,256	1,980,805	536,488	476,637	100,750	186,947	2,656,494	2,644,389
Revenues Over								
(Under) Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Analysis of Changes in Major Funds

Major funds are funds whose total revenues, expenditures/expenses, assets or liabilities are at least 10 percent of corresponding totals for all funds of that category or type (governmental or enterprise fund) and at least 5 percent of the corresponding total for all governmental and enterprise funds combined. The General Fund is always considered a major fund. The major funds presented are considered to be of particular importance to financial statement users. In addition to the General Fund, other funds determined to be major governmental funds are the Debt Service Fund, the Capital Reserve Fund, and the Solid Waste Fund. The Debt Service Fund has been a major fund for at least a decade. The Capital Reserve Fund and the Solid Waste Fund have been major funds periodically over the years. The 2017 Construction Fund was a major fund since its inception three years ago but was closed in FY 2019. The fund accounted for the \$12,000,000 received in debt proceeds for recreation park expansion and improvements and was closed 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 20.4% (\$3.3 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 \$19.6 million, compared to \$16.2 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 31.5% (\$4.1 million) during the current fiscal year, over the adjusted cash and cash equivalents amount for the prior year. A portion of the increase can be attributed to an overall increase in investments of \$276,000 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 \$1.3 million (13.5%) over the prior year. A significant portion of the increase can be attributed to other receivables (\$896,000) due to a large receivable from the Federal Emergency Management Agency (FEMA) for Hurricane Sally.

Accounts payable increased \$911,000 (147.8%) over the prior year, reflecting more outstanding invoices due to vendors at the end of the year. Several of these were invoices related to debris removal from Hurricane Sally.

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 was similar to the balance in FY 2019.

Capital Reserve Fund (Governmental)

The Capital Reserve Fund reports financial resources transferred principally from the General Fund for capital purposes. Cash and cash equivalents increased 52.3% (\$1.5 million). This increase was mainly from current year transfers in the amount of \$3.6 million received from the General Fund for several capital projects not being fully expended in fiscal year 2020.

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 2020 are comparable to the amount in fiscal year 2019.

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 \$3.2 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 \$3.2 million. This \$6.26 million positive variance is due to actual revenues in excess of budget estimates by \$3.9 million, and budgeted departmental personnel and operating costs under budget estimates by \$1.25 million and \$451,000, respectively. Capital outlay costs were over budget by \$63,000 and transfers were under budget by \$715,000.

Revenues - The significant components that produced the excess of actual revenues over final budgeted estimates of \$3.1 million are:

- Sales, use and luxury taxes – The excess of actual over final budgeted estimates of \$2.0 million reflect the continued, strong local economy as evidenced by increasing business activity.
- Licenses and permits – The excess of actual over final budgeted estimates of \$997,000 reflect the improved and expanded business activity and also the current booming 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 \$1.7 million are:

- Personnel actual expenditures are under final budgeted amounts by \$1.25 million (6.8%). 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 – Community Events 15% (\$29,000); Information Technology 22% (\$53,000); Building Maintenance 40% (\$115,000); and Facilities Admin 57% (\$100,000)
 - Public safety – Fire 4% (\$141,000); and Building Inspection 14% (\$68,000)
 - Public works – Streets 28% (\$218,000); Grounds 14% (\$106,000); and Mowing 15% (\$77,000)
 - Culture and recreation – Recreation 14% (\$98,000); Recreation – Parks 41% (\$56,000); and Library 12% (\$88,000)
- Operating actual expenditures are less than final budgeted amounts by \$451,000 (5.2%). Significant operating expenditure components include:
 - Legislative 45% (\$42,000) under budget
 - Community Events 13% (\$69,000) under budget
 - Human Resources 18% (\$51,000) under budget
 - Finance 16% (\$28,000) under budget
 - Patrol 10% (\$43,000) under budget
 - Detective 31% (\$55,000) under budget
 - Fire 22% (\$102,000) under budget
 - Mowing 23% (\$55,000) under budget
 - Mechanic shop net reimbursed costs 44% (\$62,000) under budget
 - Recreation Parks 28% (\$188,000) under budget
 - Recreation 16% (\$29,000) under budget
 - Project Wise 46% (\$29,000) under budget
 - Library 16% (\$34,000) under budget

CAPITAL ASSET AND DEBT MANAGEMENT

Capital Assets

As of September 30, 2020, the City owned \$134.3 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
	2020	2019	2020	2019	2020	2019	
Land	\$ 12,407,999	\$ 12,258,180	\$ -	\$ -	\$ 12,407,999	\$ 12,258,180	1.2%
Buildings	19,180,074	19,855,627	50,889	79,213	19,230,963	19,934,840	-3.5%
Other Improvements	20,869,177	19,218,880	-	-	20,869,177	19,218,880	8.6%
Machinery and Eqpt	3,599,554	4,262,688	1,078,794	518,860	4,678,348	4,781,548	-2.2%
Infrastructure	73,138,146	65,101,634	-	-	73,138,146	65,101,634	12.3%
Constr in Progress	3,906,868	5,403,854	28,300	-	3,935,168	5,403,854	-27.2%
TOTAL	\$ 133,101,818	\$ 126,100,863	\$ 1,157,983	\$ 598,073	\$ 134,259,801	\$ 126,698,936	6.0%

Overall, during the current fiscal year, governmental capital assets, net of accumulated depreciation, showed an increase of 6% over prior year amounts.

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, 2020, the City owed \$33.3 million in long-term warrants outstanding, \$595,000 in note payable outstanding, and \$2.2 million in capital leases outstanding, of which \$3.6 million will mature during the upcoming fiscal year. The following table summarizes the long-term debt:

	Governmental Activities		Business-Type Activities		TOTAL	
	2020	2019	2020	2019	2020	2019
Warrants	\$ 33,349,994	\$ 35,874,840	\$ -	\$ -	\$ 33,349,994	\$ 35,874,840
Note payable	595,495	779,103	-	-	595,495	779,103
Capital leases	1,154,221	1,572,924	1,017,126	310,165	2,171,347	1,883,089
	\$ 35,099,710	\$ 38,226,867	\$ 1,017,126	\$ 310,165	\$ 36,116,836	\$ 38,537,032

Total principal payments on outstanding warrants amounted to \$2.5 million in fiscal year 2020.

Total principal payments on the note payable amounted to \$184,000 in fiscal year 2020.

Long-Term Debt (Continued)

There were two new capital leases issued during the current fiscal year. The overall increase in the amount of capital leases outstanding of \$288,000 was the result of lease proceeds of \$1.07 million and lease principal payments of \$782,000 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 City's debt issuances and debt outstanding.

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, 2020, the City's permissible debt limit exceeded actual debt by \$62.7 million. This debt margin is \$6.6 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, May 2019, and again in September 2020 with the issuance and/or refunding of debt.

Reasons cited for the upgrade included strong economy, strong management with good financial policies and practice, very strong budget flexibility and liquidity, adequate budgetary performance, and a strong institutional framework score. These ratings 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 2021 General Fund budget reports an increase of 8.33% (\$1.5 million) 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 four months of collections, actual collections are exceeding 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 \$9.4 million. At the end of the current fiscal year, the unassigned fund Balance is 47.8% of the General Fund revenues.

With an unassigned fund balance of the General Fund at the beginning of the upcoming fiscal year of \$17.96 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 no significant changes made in the business-type activities through the first four months of the 2021 fiscal year. The City of Daphne continues to maintain a strong financial position that is aided by the continuing uptick in the local economy.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



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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. Separate columns are used for each fund type.

CITY OF DAPHNE, ALABAMA

**Statement of Net Position
September 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, equity in pooled cash	\$ 20,606,341	\$ 1,048,062	\$ 21,654,403
Investments	5,941,015	-	5,941,015
Receivables (net)	9,886,487	146,300	10,032,787
Due from Industrial Development Board	875,000	-	875,000
Due from Volunteer Firefighters Association, Inc.	200,000	-	200,000
Inventories	328,216	-	328,216
Other assets	338,749	-	338,749
Capital assets:			
Non-depreciable	16,314,867	28,300	16,343,167
Depreciable, net	116,786,951	1,129,683	117,916,634
Total assets	<u>171,277,626</u>	<u>2,352,345</u>	<u>173,629,971</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred expense on refunding of bonds	292,209	-	292,209
Deferred other post-employment benefits outflows	1,312,304	82,543	1,394,847
Deferred pension outflows	1,932,838	153,958	2,086,796
Total deferred outflows of resources	<u>3,537,351</u>	<u>236,501</u>	<u>3,773,852</u>

Total assets and deferred outflows of resources	<u>\$ 174,814,977</u>	<u>\$ 2,588,846</u>	<u>\$ 177,403,823</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	\$ 1,905,187	\$ 38,558	\$ 1,943,745
Accrued liabilities	463,241	17,997	481,238
Accrued interest payable	180,095	4,819	184,914
Unearned revenue	-	63,277	63,277
Contingent liability	576,867	-	576,867
Non-current liabilities:			
Due within one year:			
Compensated absences	203,985	11,348	215,333
Capital leases payable	522,492	272,737	795,229
Note payable	190,860	-	190,860
Bonds payable	2,604,994	-	2,604,994
Due in more than one year:			
Other post-employment benefits liability	4,509,536	330,641	4,840,177
Net pension liability	3,789,284	327,173	4,116,457
Compensated absences	135,990	7,565	143,555
Note payable	404,635	-	404,635
Capital leases payable	631,729	744,389	1,376,118
Bonds payable	31,943,965	-	31,943,965
Total liabilities	<u>48,062,860</u>	<u>1,818,504</u>	<u>49,881,364</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	538,178	49,125	587,303
Deferred other post-employment benefits inflows	1,880,588	114,343	1,994,931
Total deferred inflows of resources	<u>2,418,766</u>	<u>163,468</u>	<u>2,582,234</u>
NET POSITION			
Net investment in capital assets	97,095,352	140,858	97,236,210
Restricted for:			
Debt service	1,860,506	-	1,860,506
Law enforcement	263,964	-	263,964
Court and corrections	346,744	-	346,744
Streets and drainage	482,006	-	482,006
Unrestricted	24,284,779	466,016	24,750,795
Total net position	<u>124,333,351</u>	<u>606,874</u>	<u>124,940,225</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 174,814,977</u>	<u>\$ 2,588,846</u>	<u>\$ 177,403,823</u>

CITY OF DAPHNE, ALABAMA

**Statement of Activities
For the Year Ended September 30, 2020**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,128,965	\$ 5,252,189	\$ 179,811	\$ -
Public safety	13,052,501	2,259,117	14,247	-
Public works	12,030,285	101,811	921,705	11,155,739
Culture and recreation	2,749,007	154,582	895,277	-
Interest and costs on long-term debt	1,208,059	-	-	-
Total governmental activities	<u>35,168,817</u>	<u>7,767,699</u>	<u>2,011,040</u>	<u>11,155,739</u>
Business-type activities:				
Solid Waste	2,019,256	1,267,421	-	-
Civic Center	536,488	251,569	4,906	-
Bayfront Park	90,485	24,982	-	-
Total business-type activities	<u>2,646,229</u>	<u>1,543,972</u>	<u>4,906</u>	<u>-</u>
Total primary government	<u>\$ 37,815,046</u>	<u>\$ 9,311,671</u>	<u>\$ 2,015,946</u>	<u>\$ 11,155,739</u>

General revenues and transfers:

Sales, use, and luxury taxes

Ad valorem taxes

Investment and interest earnings

Miscellaneous revenue

Gain (loss) 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
\$ (696,965)	\$ -	\$ (696,965)
(10,779,137)	-	(10,779,137)
148,970	-	148,970
(1,699,148)	-	(1,699,148)
(1,208,059)	-	(1,208,059)
<u>(14,234,339)</u>	<u>-</u>	<u>(14,234,339)</u>
-	(751,835)	(751,835)
-	(280,013)	(280,013)
-	(65,503)	(65,503)
<u>-</u>	<u>(1,097,351)</u>	<u>(1,097,351)</u>
<u>(14,234,339)</u>	<u>(1,097,351)</u>	<u>(15,331,690)</u>
23,589,566	-	23,589,566
6,641,675	-	6,641,675
386,567	-	386,567
71,527	-	71,527
(84,912)	340,343	255,431
(757,008)	757,008	-
<u>29,847,415</u>	<u>1,097,351</u>	<u>30,944,766</u>
15,613,076	-	15,613,076
108,720,275	606,874	109,327,149
<u>\$ 124,333,351</u>	<u>\$ 606,874</u>	<u>\$ 124,940,225</u>

CITY OF DAPHNE, ALABAMA

**Balance Sheet
Governmental Funds
September 30, 2020**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Reserve Fund</u>
ASSETS			
Cash, equity in pooled cash	\$ 11,127,613	\$ 1,860,506	\$ 4,357,390
Investments	5,941,015	-	-
Taxes receivable	8,333,338	-	-
Grants receivable	414,393	-	-
Other receivables	1,001,164	-	-
Due from Industrial Development Board	875,000	-	-
Due from Volunteer Firefighters Association, Inc.	200,000	-	-
Inventories	328,216	-	-
Other assets	338,749	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 28,559,488</u>	<u>\$ 1,860,506</u>	<u>\$ 4,357,390</u>
LIABILITIES			
Accounts payable	\$ 1,527,095	\$ -	\$ 262,024
Accrued liabilities	412,325	-	-
Contingent liability	576,867	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,516,287</u>	<u>-</u>	<u>262,024</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - grant revenue	1,112,052	-	-
Deferred revenue - property taxes	5,375,908	-	-
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>6,487,960</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	666,965	-	-
Restricted	-	1,860,506	-
Committed	-	-	-
Assigned	924,538	-	4,095,366
Unassigned	17,963,738	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>19,555,241</u>	<u>1,860,506</u>	<u>4,095,366</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 28,559,488</u>	<u>\$ 1,860,506</u>	<u>\$ 4,357,390</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 3,260,832	\$ 20,606,341
-	5,941,015
135,551	8,468,889
-	414,393
2,041	1,003,205
-	875,000
-	200,000
-	328,216
-	338,749
<u>\$ 3,398,424</u>	<u>\$ 38,175,808</u>
\$ 116,068	\$ 1,905,187
50,916	463,241
-	576,867
<u>166,984</u>	<u>2,945,295</u>
-	1,112,052
-	5,375,908
<u>-</u>	<u>6,487,960</u>
-	666,965
1,092,714	2,953,220
2,096,938	2,096,938
41,788	5,061,692
-	17,963,738
<u>3,231,440</u>	<u>28,742,553</u>
<u>\$ 3,398,424</u>	<u>\$ 38,175,808</u>



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CITY OF DAPHNE, ALABAMA

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2020**

Total fund balances, governmental funds \$ 28,742,553

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	\$ 262,984,226	
Less: accumulated depreciation	<u>(129,882,408)</u>	133,101,818

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	3,245,142	
Deferred amount on refunding, net of amortization	<u>292,209</u>	3,537,351

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

Bonds and warrants payable	(33,349,994)	
Note payable	(595,495)	
Bond discount	20,650	
Bond premium	(1,219,615)	
Obligations under capital leases	(1,154,221)	
Compensated absences	(339,975)	
Accrued interest	<u>(180,095)</u>	(36,818,745)

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	(4,509,536)	
Net pension liability	(3,789,284)	
Deferred inflows of resources	<u>(2,418,766)</u>	(10,717,586)

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	5,375,908	
Grant revenue	<u>1,112,052</u>	<u>6,487,960</u>

Net position of governmental activities in the Statement of Net Position \$ 124,333,351

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, 2020**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Reserve Fund</u>
REVENUES			
Taxes:			
Sales, use, luxury	\$ 20,550,804	\$ 914,719	\$ -
Property	6,426,270	-	-
Total taxes	26,977,074	914,719	-
Licenses and permits	3,948,199	-	-
Payments in lieu of taxes	2,652,738	-	-
Fines and forfeitures	323,646	-	-
Charges for services	599,135	-	-
Intergovernmental	587,723	-	409,893
Grants	1,846,423	-	51,157
Special assessments	-	-	48,611
Interest and investment earnings	371,273	6,922	1,574
Contributions and donations	113,552	-	-
Miscellaneous	133,367	-	-
Total revenues	<u>37,553,130</u>	<u>921,641</u>	<u>511,235</u>
EXPENDITURES			
Current:			
General government	4,926,152	-	500,000
Public safety	11,596,570	-	-
Public works	5,077,660	-	-
Culture and recreation	2,321,703	-	6,994
Hurricane Sally	1,079,452	-	-
Capital outlay	2,132,250	-	1,901,841
Debt service:			
Principal	-	3,283,782	-
Interest	-	1,247,695	-
Total expenditures	<u>27,133,787</u>	<u>4,531,477</u>	<u>2,408,835</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,419,343</u>	<u>(3,609,836)</u>	<u>(1,897,600)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	15,591	3,614,944	3,565,019
Transfers out	(7,279,279)	-	-
Issuance of debt	156,625	-	-
Total other financing sources (uses)	<u>(7,107,063)</u>	<u>3,614,944</u>	<u>3,565,019</u>
Net change in fund balances	3,312,280	5,108	1,667,419
Fund balances, beginning	16,242,961	1,855,398	2,427,947
Fund balances, ending	<u>\$ 19,555,241</u>	<u>\$ 1,860,506</u>	<u>\$ 4,095,366</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 1,536,322	\$ 23,001,845
-	6,426,270
1,536,322	29,428,115
-	3,948,199
-	2,652,738
190,862	514,508
4,506	603,641
29,438	1,027,054
-	1,897,580
-	48,611
6,799	386,568
3,184	116,736
-	133,367
1,771,111	40,757,117
496,782	5,922,934
79,984	11,676,554
-	5,077,660
87,799	2,416,496
-	1,079,452
1,320,928	5,355,019
-	3,283,782
-	1,247,695
1,985,493	36,059,592
(214,382)	4,697,525
138,908	7,334,462
(812,191)	(8,091,470)
-	156,625
(673,283)	(600,383)
(887,665)	4,097,142
4,119,105	24,645,411
\$ 3,231,440	\$ 28,742,553

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, 2020**

Net change in fund balances, total governmental funds \$ 4,097,142

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 are depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 5,355,019	
Contributions of capital assets	10,007,917	
Less current year depreciation	<u>(8,215,228)</u>	7,147,708

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	215,406	
Grant revenue	<u>705,216</u>	920,622

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.

Loss on the disposal of assets	(84,912)	
Proceeds from the sale of assets	<u>(61,842)</u>	(146,754)

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	207,254	
Amortization of discount	(11,706)	
Amortization of premium	97,530	
Amortization of deferred amount on refunding	(60,692)	
Change in net pension liability and deferred inflows of resources	(231,428)	
Change in compensated absences	(12,029)	
Change in accrued interest	<u>14,504</u>	3,433

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	328,358	
Change in deferred outflows - employer retirement contributions	<u>135,410</u>	463,768

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, 2020**

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	(156,625)	
Principal and other debt service payments	<u>3,283,782</u>	<u>3,127,157</u>
Change in net position of governmental activities		<u>\$ 15,613,076</u>

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

CITY OF DAPHNE, ALABAMA

**Statement of Net Position
Proprietary Funds
September 30, 2020**

	Solid Waste	Non Major Funds	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash, equity in pooled cash	\$ 856,489	\$ 191,573	\$ 1,048,062
Due from Utilities Board	139,578	-	139,578
Other receivables	1,816	-	1,816
Grant receivable	-	4,906	4,906
Total current assets	<u>997,883</u>	<u>196,479</u>	<u>1,194,362</u>
Noncurrent assets:			
Capital assets:			
Roads	135,102	-	135,102
Facilities	105,053	124,234	229,287
Vehicles	2,700,853	45,199	2,746,052
Rental equipment and supplies	-	26,388	26,388
Equipment and office furniture	90,318	151,445	241,763
Construction in progress	28,300	-	28,300
Total capital assets	<u>3,059,626</u>	<u>347,266</u>	<u>3,406,892</u>
Less: accumulated depreciation	<u>(1,967,182)</u>	<u>(281,727)</u>	<u>(2,248,909)</u>
Total noncurrent assets	<u>1,092,444</u>	<u>65,539</u>	<u>1,157,983</u>
Total assets	<u>2,090,327</u>	<u>262,018</u>	<u>2,352,345</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred other post-employment benefits outflows	63,792	18,751	82,543
Deferred pension outflows	116,604	37,354	153,958
Total deferred outflows of resources	<u>180,396</u>	<u>56,105</u>	<u>236,501</u>
Total assets and deferred outflows of resources	<u>\$ 2,270,723</u>	<u>\$ 318,123</u>	<u>\$ 2,588,846</u>

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

	Solid Waste	Non Major Funds	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 24,628	\$ 13,930	\$ 38,558
Accrued liabilities	14,773	3,224	17,997
Interest payable	4,819	-	4,819
Unearned revenue	-	63,277	63,277
Compensated absences	8,857	2,491	11,348
Capital lease payable - current	272,737	-	272,737
Total current liabilities	<u>325,814</u>	<u>82,922</u>	<u>408,736</u>
Noncurrent liabilities:			
Capital lease payable - noncurrent	744,389	-	744,389
Compensated absences	5,904	1,661	7,565
Net pension liability	241,759	85,414	327,173
Post-employment benefits liability	225,854	104,787	330,641
Total noncurrent liabilities	<u>1,217,906</u>	<u>191,862</u>	<u>1,409,768</u>
Total liabilities	<u>1,543,720</u>	<u>274,784</u>	<u>1,818,504</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred other post-employment benefits inflows	90,343	24,000	114,343
Deferred pension inflows	29,786	19,339	49,125
Total deferred inflows of resources	<u>120,129</u>	<u>43,339</u>	<u>163,468</u>
NET POSITION			
Net investment in capital assets	75,318	65,540	140,858
Unrestricted net position	531,556	(65,540)	466,016
Total net position	<u>606,874</u>	<u>-</u>	<u>606,874</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,270,723</u>	<u>\$ 318,123</u>	<u>\$ 2,588,846</u>

CITY OF DAPHNE, ALABAMA

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2020**

	Solid Waste Fund	Non Major Funds	Total
OPERATING REVENUES			
Charges for services	\$ 1,267,421	\$ 276,551	\$ 1,543,972
Total operating revenues	<u>1,267,421</u>	<u>276,551</u>	<u>1,543,972</u>
OPERATING EXPENSES			
Wages	546,919	142,539	689,458
Overtime	23,973	3,827	27,800
Payroll related	80,864	20,777	101,641
Other personnel expense	168,347	27,185	195,532
Total personnel services	820,103	194,328	1,014,431
Advertising	8,888	1,296	10,184
Depreciation	353,887	24,398	378,285
Employee supplies and uniforms	8,223	75	8,298
Employee support	175	-	175
Equipment purchases, rentals, lease	5,851	103,706	109,557
Fuel	80,515	773	81,288
Garbage and recycle containers	56,659	-	56,659
Garbage and debris removal	-	3,878	3,878
Insurance	45,254	21,213	66,467
Landfill fees	280,510	-	280,510
Maintenance	218,556	27,883	246,439
Miscellaneous	61,658	4,906	66,564
Supplies	-	7,710	7,710
Other services	48,112	64,563	112,675
Professional services	4,900	29,961	34,861
Trustee assignments	-	7,472	7,472
Utilities	2,798	134,811	137,609
Total operating expenses	<u>1,996,089</u>	<u>626,973</u>	<u>2,623,062</u>
Operating loss	<u>(728,668)</u>	<u>(350,422)</u>	<u>(1,079,090)</u>
NON OPERATING REVENUES (EXPENSES)			
Grant revenue	-	4,906	4,906
Gain (loss) on sale of assets	342,933	(2,590)	340,343
Interest expense	(23,167)	-	(23,167)
Total non-operating revenues (expenses)	<u>319,766</u>	<u>2,316</u>	<u>322,082</u>
Loss before transfers	(408,902)	(348,106)	(757,008)
Transfers from other funds	408,902	348,106	757,008
Change in net position	-	-	-
Total net position, beginning	606,874	-	606,874
Total 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, 2020**

	<u>Solid Waste Fund</u>	<u>Non Major Funds</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 1,262,493	\$ 262,102	\$ 1,524,595
Payments to suppliers	(861,741)	(428,375)	(1,290,116)
Payments to employees	(856,824)	(201,758)	(1,058,582)
Net cash used in operating activities	<u>(456,072)</u>	<u>(368,031)</u>	<u>(824,103)</u>
Cash flows from noncapital financing activities:			
Net contributions from other funds	<u>408,902</u>	<u>348,106</u>	<u>757,008</u>
Net cash provided by noncapital financing activities	408,902	348,106	757,008
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(207,123)	-	(207,123)
Interest paid on capital debt	(19,534)	-	(19,534)
Purchases of capital assets	(28,300)	(6,076)	(34,376)
Proceeds from disposal of capital assets	<u>342,933</u>	<u>7,675</u>	<u>350,608</u>
Net cash provided by capital and financing activities	<u>87,976</u>	<u>1,599</u>	<u>89,575</u>
Net change in cash and cash equivalents	40,806	(18,326)	22,480
Equity in pooled cash, beginning	<u>815,683</u>	<u>209,899</u>	<u>1,025,582</u>
Equity in pooled cash, ending	<u>\$ 856,489</u>	<u>\$ 191,573</u>	<u>\$ 1,048,062</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (728,668)	\$ (350,422)	\$ (1,079,090)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	353,887	24,398	378,285
Change in assets and liabilities:			
Receivables	(3,913)	-	(3,913)
Deferred outflows of resources	(24,521)	(3,206)	(27,727)
Accounts payable	(40,657)	(20,128)	(60,785)
Accrued expenses	(16,544)	(4,853)	(21,397)
Unearned revenue	-	(14,449)	(14,449)
Compensated absences	1,388	409	1,797
Deferred inflows of resources	(1,357)	1,902	545
Net pension liability	73,344	14,328	87,672
Other post-employment benefits liability	<u>(69,031)</u>	<u>(16,010)</u>	<u>(85,041)</u>
Net cash used in operating activities	<u>\$ (456,072)</u>	<u>\$ (368,031)</u>	<u>\$ (824,103)</u>
Non cash investing and financing activities:			
Purchase of capital assets from initiation of capital lease	<u>\$ 914,084</u>	<u>\$ -</u>	<u>\$ 914,084</u>

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

CITY OF DAPHNE, ALABAMA

**Statement of Fiduciary Net Position
Agency Funds
September 30, 2020**

	OPEB Trust Fund	Custodial Funds	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash, equity in pooled cash	\$ 23,879	\$ 251,685	\$ 275,564
Investments:			
Equities	130,133	-	130,133
Other - marketable	192,759	-	192,759
Fixed Income	<u>177,906</u>	<u>-</u>	<u>177,906</u>
Total investments	<u>500,798</u>	<u>-</u>	<u>500,798</u>
Total assets	<u><u>524,677</u></u>	<u><u>251,685</u></u>	<u><u>776,362</u></u>
LIABILITIES			
Accounts payable	<u>-</u>	<u>34,021</u>	<u>34,021</u>
Total liabilities	<u>-</u>	<u>34,021</u>	<u>34,021</u>
NET POSTION			
Restricted for:			
Reserve for claims	-	217,664	217,664
OPEB	<u>524,677</u>	<u>-</u>	<u>524,677</u>
Total net position	<u><u>\$ 524,677</u></u>	<u><u>\$ 217,664</u></u>	<u><u>\$ 742,341</u></u>

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

CITY OF DAPHNE, ALABAMA

**Statement of Changes in Fiduciary Net Position
Agency Funds
September 30, 2020**

	OPEB Trust Fund	Custodial Funds	Total
Additions:			
Employer contributions	\$ 500,000	\$ -	\$ 500,000
Employee contributions	-	177,225	177,225
Investment Income:			
Net increase in fair value of investments	18,142	-	18,142
Interest and dividends	7,787	-	7,787
Net investment income	25,929	-	25,929
Total additions	525,929	177,225	703,154
Deductions:			
Administrative expense	1,252	-	1,252
Dental payments for employees	-	130,177	130,177
Total deductions	1,252	130,177	131,429
Net increase in fiduciary net position	524,677	47,048	571,725
Net position - beginning	-	170,616	170,616
Net position - ending	\$ 524,677	\$ 217,664	\$ 742,341

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

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

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CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Daphne, Alabama (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The 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 the laws 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 be 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, 2020

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 does 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
- Education Advisory Board
- Board of Zoning Adjustments

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 demonstrate (a) legal and covenant compliance, (b) the source and use of liquid resources, and (c) 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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City's fiduciary funds are presented in the fund financial statements by type. 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, 2020

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 beneficiaries and cannot be used to support the City's programs. These funds include Self-Insurance Fund, Flexible Spending Account Fund, Other Post-Employment Benefits (OPEB) Trust 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 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, 2020

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) to 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 the exception, which is in conformity with accounting principles generally accepted in the United States of America, that general long-term obligation principal and interest are 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, 2020, 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, 2020

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, 2020, 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 within 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, 2020 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.

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, 2020

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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

11. Unearned revenue

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

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

12. Compensated Absences

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

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

13. Net Pension Liability

The City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27* (GASB 68), and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement 68* (GASB 71), as of October 1, 2014. The net pension liability as defined by GASB 68 is the difference between the actuarial present value of projected pension benefit payments attributable to employees' past service and the respective pension plan's fiduciary net position. See notes starting on page 60 for the net pension liability as of September 30, 2020.

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, 2020

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 within 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 balances are 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, 2020

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 consists of 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, 2020

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 2020, 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 approval 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, 2020

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 2020. 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 2021. The City implemented GASB 84 in fiscal year 2019 that 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 2022. 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 2020. The City implemented GASB 88 in fiscal year 2019 with no significant impact to the City.

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 2022. 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 Statements 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 2021. 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 2023. 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, 2020

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 the Security 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 \$45,154 that is held in two investment accounts. 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	\$ 11,037,983	\$ 89,630	\$ 11,127,613
Debt Service Fund	-	1,860,506	1,860,506
Capital Reserve Fund	-	4,357,390	4,357,390
Other non major governmental funds	2,800,210	460,622	3,260,832
Total governmental activities	13,838,193	6,768,148	20,606,341
Business-type activities:			
Solid Waste Fund	856,489	-	856,489
Civic Center Fund	191,573	-	191,573
Total business-type activities	1,048,062	-	1,048,062
Total primary government	\$ 14,886,255	\$ 6,768,148	\$ 21,654,403

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, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Deposits and investments at September 30, 2020 consist of the following:

Investments:

Federal Home Loan Bonds and Pools	\$ 1,261,085
United States Treasury Bonds and Notes	1,272,426
GNMA and FNMA Pools	1,877,890
Proprietary insured by US Government	1,498,551
Investment in AMIC	31,063
	<u>\$ 5,941,015</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, 2020, consist of the following:

Governmental activities:

Property, sales/use tax receivable	\$ 8,468,889
Grant receivables	414,393
Other receivables	1,003,205
Total governmental activities receivables	<u>\$ 9,886,487</u>

Business-type activities:

Due from other governments	\$ 139,578
Grant receivables	4,906
Other receivables	1,816
Total business-type activities receivables	<u>\$ 146,300</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

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, 2020 is \$200,000 with \$100,000 being received in fiscal year 2020.

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, 2020 is \$875,000 with \$325,000 being received in fiscal year 2020.

NOTE 7 –INVENTORIES

Inventory valuation at September 30, 2020 consisted of the following:

Mechanical Shop parts and supplies	\$ 316,331
Vehicle fuel	<u>11,885</u>
	<u><u>\$ 328,216</u></u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

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, 2020:

	Balance 10/1/2019	Additions	Reclass/ Transfers	Retirements	Balance 9/30/2020
Capital assets not being depreciated:					
Land	\$ 12,258,180	\$ 149,819	\$ -	\$ -	\$ 12,407,999
Construction in progress	5,403,854	4,251,924	(5,748,910)	-	3,906,868
Total capital assets not being depreciated	<u>17,662,034</u>	<u>4,401,743</u>	<u>(5,748,910)</u>	<u>-</u>	<u>16,314,867</u>
Capital assets being depreciated:					
Buildings	29,840,055	124,268	123,047	(302,995)	29,784,375
Other improvements	23,770,148	250,495	2,638,762	-	26,659,405
Machinery and equipment	14,362,610	497,651	208,546	(476,539)	14,592,268
Infrastructure	162,645,426	10,088,778	2,899,107	-	175,633,311
Total capital assets being depreciated	<u>230,618,239</u>	<u>10,961,192</u>	<u>5,869,462</u>	<u>(779,534)</u>	<u>246,669,359</u>
Less: accumulated depreciation					
Buildings	(9,984,428)	(804,378)	-	184,505	(10,604,301)
Other improvements	(4,551,268)	(1,238,960)	-	-	(5,790,228)
Machinery and equipment	(10,099,922)	(1,220,517)	(120,552)	448,277	(10,992,714)
Infrastructure	(97,543,792)	(4,951,373)	-	-	(102,495,165)
Total accumulated depreciation	<u>(122,179,410)</u>	<u>(8,215,228)</u>	<u>(120,552)</u>	<u>632,782</u>	<u>(129,882,408)</u>
Total capital assets being depreciated	<u>108,438,829</u>	<u>2,745,964</u>	<u>5,748,910</u>	<u>(146,752)</u>	<u>116,786,951</u>
Governmental activities capital assets, net	<u>\$ 126,100,863</u>	<u>\$ 7,147,707</u>	<u>\$ -</u>	<u>\$ (146,752)</u>	<u>\$133,101,818</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 277,498
Public safety	1,643,276
Public works	979,099
Culture and recreation	363,982
Infrastructure	<u>4,951,373</u>
	<u>\$ 8,215,228</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

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, 2020:

	Balance 10/1/2019	Additions	Reclass/ Transfers	Retirements	Balance 9/30/2020
Capital assets not being depreciated:					
Construction in progress	\$ -	\$ 28,300	\$ -	\$ -	\$ 28,300
Total capital assets not being depreciated	-	28,300	-	-	28,300
Capital assets being depreciated:					
Buildings	445,909	-	-	(216,622)	229,287
Machinery and equipment	2,570,283	920,160	(120,552)	(355,688)	3,014,203
Infrastructure	135,102	-	-	-	135,102
Total capital assets being depreciated	3,151,294	920,160	(120,552)	(572,310)	3,378,592
Less: accumulated depreciation					
Buildings	(366,696)	(18,059)	-	206,357	(178,398)
Machinery and equipment	(2,051,423)	(360,226)	120,552	355,688	(1,935,409)
Infrastructure	(135,102)	-	-	-	(135,102)
Total accumulated depreciation	(2,553,221)	(378,285)	120,552	562,045	(2,248,909)
Total capital assets being depreciated, net	598,073	541,875	-	(10,265)	1,129,683
Business-type activities capital assets, net	\$ 598,073	\$ 570,175	\$ -	\$ (10,265)	\$ 1,157,983

Depreciation was charged to business-type activities as follows:

Solid Waste	\$ 353,887
Civic Center	19,266
Bayfront Park	5,132
	<u>\$ 378,285</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, 2020

NOTE 9 – INTERFUND TRANSFERS (Continued)

Following is a summary of interfund transfers for the year ended September 30, 2020:

	Transfers In	Transfers Out
General Fund	\$ 15,591	\$ 7,279,279
Debt Service Fund	3,614,944	-
Capital Reserve Fund	3,565,019	-
Non-major special revenue funds	138,908	812,191
Enterprise funds	757,008	-
Totals	\$ 8,091,470	\$ 8,091,470

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 \$3,565,019 to fund various capital projects during the year.
- 2) Debt Service Fund – Monthly transfers were made totaling \$2,941,661 to fund the current year debt service requirements.
- 3) Enterprise funds – Monthly transfers were made from the General Fund totaling \$772,599 to cover the net operating loss for the Solid Waste Fund, Civic Center Fund, and the Bayfront Park Fund.

Additionally, a one-time transfer totaling \$15,591 was made from the Bayfront Park Fund to the General fund when closing the Bayfront Park Fund.

The non-major special revenue fund transfers out consisted of monthly transfers totaling \$673,283 from the Lodging Tax Fund to the Debt Service Fund to cover its portion of the debt service requirements. Additionally to consolidate two non-major funds, \$138,908 was transferred to the Corrections and Court Fund from the Judicial Administration Fund.

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 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, 2020 is \$595,495.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

NOTE 11 – CAPITAL LEASES

As of September 30, 2020, the City of Daphne has several capital lease obligations through Hancock Whitney Bank and Regions Bank for various vehicles and equipment. Total minimum lease payments are as follows:

	Governmental Activities	Business-Type Activities	Total
2021	\$ 553,713	\$ 296,948	\$ 850,661
2022	300,622	268,528	569,150
2023	205,501	217,629	423,130
2024	138,562	195,151	333,713
2025 and thereafter	16,719	97,575	114,294
Total minimum lease payments	1,215,117	1,075,831	2,290,948
Less amount representing interest	(60,896)	(58,705)	(119,601)
Present value of minimum lease payments	<u>\$ 1,154,221</u>	<u>\$ 1,017,126</u>	<u>\$ 2,171,347</u>

The assets acquired through outstanding capital leases are shown below.

	Governmental Activities	Business-Type Activities
Equipment	\$ 3,132,965	\$ 1,400,260
Less: accumulated depreciation	(1,288,543)	(375,776)
	<u>\$ 1,844,422</u>	<u>\$ 1,024,484</u>

Depreciation expense for the year ended September 30, 2020 for assets under capital leases was \$495,673 for governmental activities and \$219,113 for business-type activities.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

NOTE 12 – LONG TERM DEBT

The following is a description of general and limited obligation bonds/warrants at September 30, 2020:

<p>\$5,700,000 Limited Obligation Revenue Warrants, series 2002, dated April 1, 2001, with an interest rate equal to 9.75% payable monthly, and variable annual principal payments. Final maturity is January 1, 2021. (Infrastructure for the Jubilee Square development) See Note 13 for more detail.</p>	<p>\$ 833,994</p>
<p>\$13,495,000 General Obligation Refunding and Capital Improvement Warrants, series 2012, dated April 1, 2012, with interest rates ranging from 2.0% to 4.0% payable semi-annually along with variable annual principal payments. 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.</p>	<p>515,000</p>
<p>\$10,000,000 General Obligation Refunding and Improvement Warrants, series 2014, dated November 8, 2014, with interest rates ranging from 2.0% to 2.9% payable semi-annually along with variable annual principal payments. Final maturity is April 1, 2039. (Fully paid 2003 Warrants and refunded 2006 General Obligation Warrants; new money of \$780,000 for sewer projects)</p>	<p>7,260,000</p>
<p>\$8,600,000 General Obligation Refunding and Improvement Warrants, series 2016, dated July 28, 2016, with interest rates ranging from .65% to 2.17% payable semi-annually along with variable annual principal payments. Final maturity is April 1, 2029. (Refunded 2006 GO Refunding and Capital Improvements Warrants; new money of \$845,200 for recreation parks project)</p>	<p>3,775,000</p>
<p>\$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.</p>	<p>11,556,000</p>
<p>\$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)</p>	<p style="border-top: 1px solid black;">9,410,000</p>
<p>Total bonds and warrants payable</p>	<p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 33,349,994</p>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

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
2021	\$ 2,795,854	\$ 1,098,889	\$ 3,894,743
2022	2,362,399	975,923	3,338,322
2023	2,432,236	909,376	3,341,612
2024	2,290,000	837,897	3,127,897
2025	2,357,000	766,809	3,123,809
2026-2030	11,569,000	2,621,909	14,190,909
2031-2035	6,988,000	1,107,020	8,095,020
2036-2038	3,151,000	169,495	3,320,495
	<u>\$ 33,945,489</u>	<u>\$ 8,487,318</u>	<u>\$ 42,432,807</u>

The following is a summary of the changes in non-current liabilities reported in Statement of Net Position for the year ended September 30, 2020:

	Balance 10/1/2019	Additions	Reductions	Balance 9/30/2020	Due Within One Year
<u>Governmental Activities:</u>					
Bonds and warrants payable	\$ 35,874,840	\$ -	\$ (2,524,846)	\$ 33,349,994	\$ 2,604,994
Plus: Bond premiums	1,317,145	-	(97,530)	1,219,615	-
Less: Bond discounts	(32,356)	-	11,706	(20,650)	-
Bonds and warrants payable, net	37,159,629	-	(2,610,670)	34,548,959	2,604,994
Obligations under capital lease	1,572,924	156,625	(575,328)	1,154,221	522,492
Note payable	779,103	-	(183,608)	595,495	190,860
Compensated absences	327,946	571,381	(559,352)	339,975	203,985
Net pension liability	2,458,313	1,330,971	-	3,789,284	-
Other post-employment benefits	5,969,807	-	(1,460,271)	4,509,536	-
Total governmental activities	<u>\$ 48,267,722</u>	<u>\$ 2,058,977</u>	<u>\$ (5,389,229)</u>	<u>\$ 44,937,470</u>	<u>\$ 3,522,331</u>
<u>Business-type Activities:</u>					
Obligations under capital lease	\$ 310,165	\$ 914,084	\$ (207,123)	\$ 1,017,126	\$ 272,737
Compensated absences	17,116	38,628	(36,831)	18,913	11,348
Net pension liability	239,501	87,672	-	327,173	-
Other post-employment benefits	415,682	-	(85,041)	330,641	-
Total business-type activities	<u>\$ 982,464</u>	<u>\$ 1,040,384</u>	<u>\$ (328,995)</u>	<u>\$ 1,693,853</u>	<u>\$ 284,085</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

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 2020 include a distribution to the City's General Fund in the amount of \$304,877 and \$914,632 in debt service payments on the 2002 Limited Obligation Warrant Conduit Debt Obligation. The fiscal 2020 principal balance of the limited debt obligation was \$833,994. As the debt service paid is subject to the terms of the Development Agreement, the fiscal 2020 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, 2020, there was no debt considered to be defeased.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

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 \$1,047,940.

The City of Daphne’s total indebtedness at September 30, 2020, was \$35,099,709. Of this total, \$32,302,054 is chargeable to the constitutional debt limit. This chargeable debt is equal to 7.39% of the total assessed value of real and personal property located within the City. This leaves a \$62,657,428 margin available for future borrowings. Based on the City of Daphne’s 2010 census, the per capita debt is \$1,627.

NOTE 16 – FUND BALANCES

A schedule of City fund balances at September 30, 2020 is provided below:

	General Fund	Debt Service	Capital Reserve	Non Major Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Inventory	\$ 328,216	\$ -	\$ -	\$ -	\$ 328,216
Prepaid items	338,749	-	-	-	338,749
Subtotal	<u>666,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>666,965</u>
Restricted for:					
Debt service	-	1,860,506	-	-	1,860,506
Streets and drainage	-	-	-	482,006	482,006
Law enforcement	-	-	-	263,964	263,964
Court and corrections	-	-	-	346,744	346,744
Subtotal	<u>-</u>	<u>1,860,506</u>	<u>-</u>	<u>1,092,714</u>	<u>2,953,220</u>
Committed to:					
Bayfront improvements	-	-	-	1,443,725	1,443,725
Recreation projects	-	-	-	629,287	629,287
Landscaping	-	-	-	23,926	23,926
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,096,938</u>	<u>2,096,938</u>
Assigned to:					
Library	-	-	-	41,788	41,788
Capital projects	-	-	4,095,366	-	4,095,366
Various purposes	924,538	-	-	-	924,538
Subtotal	<u>924,538</u>	<u>-</u>	<u>4,095,366</u>	<u>41,788</u>	<u>5,061,692</u>
Unassigned:	<u>17,963,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,963,738</u>
Total fund balances	<u>\$ 19,555,241</u>	<u>\$ 1,860,506</u>	<u>\$ 4,095,366</u>	<u>\$ 3,231,440</u>	<u>\$ 28,742,553</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

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 (ERS), 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 93,986 participants from approximately 907 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 being 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, 2020

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

Employees are eligible for disability retirement if they have 10 years of creditable 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 based on the member’s age, service credit, employment status and eligibility for retirement.

As of September 30, 2019 (the measurement date), the City of Daphne membership consisted of:

Retirees and beneficiaries	
currently receiving benefits	70
Vested inactive members	7
Non-vested inactive members	37
Active members	<u>277</u>
Total	<u><u>391</u></u>

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, 2020, the City’s covered payroll was \$12,785,057. The City’s active employee contribution rate was Tier 1 Regular 5%, Tier 1 FLC 6%, Tier 2 Regular 6%, and Tier 2 FLC 7% of covered payroll, and the City’s average contribution rate to fund the normal and accrued liability costs was 5.03% 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. These required contribution rates are based upon the actuarial valuation dated September 30, 2017, 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 City were \$728,248 for the year ended September 30, 2020.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

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

Net Pension Liability

The City's net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018 rolled forward to September 30, 2019 using standard roll-forward techniques shown in the following table:

	<u>Expected</u>	<u>Actual</u>
(a) TLP as of September 30, 2018	\$ 34,755,946	\$ 34,796,334
(b) Discount rate	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2018 -September 30, 2019	1,016,908	1,016,908
(d) Transfers among Employers	-	(137,723)
(e) Actual Benefit Payments and Refunds for the period October 1, 2018 -September 30, 2019	<u>(1,572,504)</u>	<u>(1,572,504)</u>
(f) TPL as of September 30, 2018 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5(b))]	<u>\$ 36,816,016</u>	<u>\$ 36,721,791</u>
(g) Difference between Expected and Actual		\$ (94,225)
(h) Less Liability Transferred for Immediate Recognition		<u>(137,723)</u>
(i) Experience (Gain)/Loss = (g) - (h)		\$ 43,498

Actuarial assumptions. The total pension liability at September 30, 2019 was determined based on the annual funding valuation report prepared as of September 30, 2018. 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, 2020

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	17.0%	4.4%
US Large Stocks	32.0%	8.0%
US Mid Stocks	9.0%	10.0%
US Small Stocks	4.0%	11.0%
Int'l Developed Mkt Stocks	12.0%	9.5%
Int'l Emerging Mkt Stocks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real Estate	10.0%	7.5%
Cash Equivalents	3.0%	1.5%
Total	<u>100.0%</u>	

* Includes assumed rate of inflation of 2.5%.

Discount rate. The discount rate used to measure the total pension liability was the long term rate of return, 7.7%. 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 ERS Board of Control. 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, 2020

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, 2018	\$ 34,755,946	\$ 32,058,132	\$ 2,697,814
Changes for the year:			
Service Cost	1,016,908	-	1,016,908
Interest	2,615,666	-	2,615,666
Changes of assumptions	-	-	-
Difference between expected and actual experience	43,498	-	43,498
Contributions - employer	-	721,366	(721,366)
Contributions - employee	-	716,370	(716,370)
Net investment income	-	819,693	(819,693)
Benefit payments, including refunds or employee contributions	(1,572,504)	(1,572,504)	-
Administrative expense	-	-	-
Transfers among employers	(137,723)	(137,723)	-
Net changes	<u>1,965,845</u>	<u>547,202</u>	<u>1,418,643</u>
Balances at September 30, 2019	<u>\$ 36,721,791</u>	<u>\$ 32,605,334</u>	<u>\$ 4,116,457</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	\$ 8,878,857	\$ 4,116,457	\$ 121,768

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, 2019. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2019. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at www.rsa-al.gov.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

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, 2020, the City recognized pension expense of \$759,532.

At September 30, 2020, 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	\$ 224,345	\$ 587,303
Change of assumptions	780,373	-
Net difference between projected and actual earnings on plan investments	406,864 -	-
Employer contributions subsequent to the measurement date*	<u>675,214</u>	<u>-</u>
	<u>\$ 2,086,796</u>	<u>\$ 587,303</u>

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

<u>Year Ended September</u>	
2021	\$ (11,123)
2022	92,343
2023	360,405
2024	434,494
2025	(62,601)
Thereafter	<u>10,761</u>
	<u>\$ 824,279</u>

*Employer contributions of \$675,214 made from 10/1/2019 - 9/30/2020 related to normal and accrued liability components of employer rate net of any refunds or error service payments. These amounts will be recognized in 2020 as a reduction of the net pension liability.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

NOTE 18– OTHER POST-EMPLOYMENT BENEFITS

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

Plan Description and Administration

The City of Daphne administers the City of Daphne Retiree Benefits Plan (the Plan) - a single-employer defined benefit plan that is used to provide post-employment benefits other than pensions (OPEB) for all permanent full-time employees of the City. The Plan was established in January 2020.

Management of the Plan

The City appointed Regions Bank to serve as the Trustee for the Plan in which Regions Bank shall hold, manage, invest and reinvest the Trust, collect the income thereof, and make payments therefrom.

Plan Membership

At September 30, 2020, the Plan’s membership consisted of the following:

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>

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.

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

NOTE 18 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Contributions

The City has the authority to establish and amend the contribution requirements for the City and its plan members. Plan members are not required to contribute to their post-employment benefit costs.

Investments

Investment Policy

The City's management meets with the Trust's investment advisor on a periodic basis to review the asset allocation and make any changes deemed necessary. The following was the asset allocation policy as of September 30, 2020:

Asset Class	Target Allocation
Fixed Income	72%
Equity	25%
Money Market/CD	3%

Concentrations

The Trust has over 5% investment in the following funds: Fidelity Investment Grade Bond Fund, 25.19%; Baird Aggregate Bond Fund, 24.79%; Double Line Total Return Bond Fund, 10.23%; PGIM High Yield Fund, 7.12%; and Vanguard 500 Index Fund, 6.58%.

Asset Class	Actual Asset Allocation
Fixed Income	72%
Equity	24%
Money Market/CD	4%

Rate of Return

For the year ended September 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 5.65%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

NOTE 18 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability

The components of the net OPEB liability of the City as of September 30, 2020, were as follows:

Total OPEB liability	\$ 5,366,106
Plan fiduciary net position	525,929
City's net OPEB liability	<u>\$ 4,840,177</u>
Plan fiduciary net position as a percentage of the total OPEB liability	9.8%

The City's net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	2.66% annually (Beginning of year to determine Actuarially Determined Contribution)
	5.5% annually (As of end of year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually
Mortality	RP-2000 Table

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2008 – September 30, 2020.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of September 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	7.5%
Corporate Bonds	3.0%
Agency Bonds	2.0%
Cash	1.0%

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

NOTE 18 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Discount rate. Although this plan is a defined benefit OPEB plan which meets the requirements of paragraph 4 of GASB Statement No. 75, the funded ratio is only 1.1% and the total actual and deemed employer contributions are well below the actuarially determined contribution. We have therefore used a discount rate which would be applicable had the requirements of paragraph 4 not been met. The investment return assumption is determined in accordance with paragraph 155 of GASB 75. We have therefore used discount rates of 5.5%, which is the value of the 20 Bond General obligation municipal bond index as of September 30, 2020, the measurement date at the end of the applicable measurement period. The discount rate used as of September 30, 2019, the measurement date at the end of the immediately preceding measurement period, was 2.66%.

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at September 30, 2019	\$ 6,385,490	\$ -	\$ 6,385,490
Changes for the year:			
Service cost	140,575	-	140,575
Interest cost at 2.66%	167,094	-	167,094
Changes of benefit terms	-	-	-
Difference between expected and actual experience	513,657	-	513,657
Employer contributions - Trust	-	500,000	(500,000)
Net investment income	-	27,181	(27,181)
Changes of assumptions	(1,633,208)	-	(1,633,208)
Benefit payments			
a. From Trust	-	-	-
b. Direct	(207,502)	-	(207,502)
Administrative expense			
a. From Trust	-	(1,252)	1,252
b. Direct	-	-	-
Net changes	<u>(1,019,384)</u>	<u>525,929</u>	<u>(1,545,313)</u>
Balances at September 30, 2020	<u>\$ 5,366,106</u>	<u>\$ 525,929</u>	<u>\$ 4,840,177</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.5%) or 1 percentage point higher (6.5%) than the current discount rate:

	1% Decrease (4.5%)	Current Discount Rate (5.5%)	1% Increase (6.5%)
Net OPEB Liability	\$ 5,350,137	\$ 4,840,177	\$ 4,388,061

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

NOTE 18 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City’s net OPEB 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%)
Net OPEB Liability	\$ 4,365,506	\$ 4,840,177	\$ 5,373,838

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

For the year ended September 30, 2020, the City recognized OPEB expense in the amount of \$140,697. At September 30, 2020, 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	\$ -	\$ 16,438
Net difference between projected and actual earnings on OPEB plan investments	673,524	386,801
Changes in assumptions	721,323	1,591,692
	\$ 1,394,847	\$ 1,994,931

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	
2021	\$ (161,592)
2022	(161,592)
2023	(161,592)
2024	(161,592)
2025	(157,482)
Thereafter	203,766
	\$ (600,084)

Payable to the OPEB Plan

At September 30, 2020, the City did not have any outstanding amount of contributions to the OPEB plan as required for the year ended September 30, 2020.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

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 and rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the individuals who participate in the deferred compensation plan and are not subject to the claims of the City's general creditors.

NOTE 20 – CONSTRUCTION COMMITMENTS

The City had various capital improvement projects in progress at September 30, 2020. The projected outstanding commitments related to these projects is estimated by management to be approximately \$2,736,000. The capital improvements in progress included the construction of a new tennis building, road resurfacing of various City roads, and the Bayfront Drive improvement and streetscape project.

NOTE 21 – NON-MONETARY TRANSACTIONS

During the current fiscal year, non-monetary transactions totaled \$10,007,917. This is composed of land, street and drainage acceptances in the Winged Foot (Phase 3), Old Field (Phase 3B), and Jubilee Farms (Phases 1-5) subdivisions and land along Corte Road and Austin Road.

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, 2020, the City has encumbrance commitments in the General Fund in the amount of \$924,538. No other governmental funds had outstanding encumbrance commitments at year end.

NOTE 23 – CONCENTRATION – REVENUE SOURCE

The City receives approximately 7.3% of its annual sales, use, and luxury taxes from one business within the City of Daphne; the top ten businesses account for 34.9% of the total of such collections.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

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 would 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 judgment. However, the plaintiffs in the case filed an application for rehearing. As a result, the contingent liability is still recorded for the year ended September 30, 2020.

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

NOTE 25 – CITY OF DAPHNE UTILITIES BOARD – RELATED PARTY

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

The Utilities Board provides services to the City of Daphne in its handling of the billing and collection of garbage fees. The Utilities Board remits to the City on a monthly cycle all funds collected for the previous month's garbage billings. The result of this billing and remittance cycle creates an ongoing balance due the City from the Utilities Board. The total due from the Utilities Board at September 30, 2020 is \$139,578.

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, 2019 and the County began collecting and remitting the taxes to the City in October 2020.)

Fund Financial Statements:

The City recognizes the taxes collected by the County tax assessor within the first 60 days after September 30, 2020 as revenue. Such revenue totals \$778,448. Deferred revenue in the amount of \$5,375,908 is recognized and is reflective of the anticipated upcoming fiscal year collections for the October 1, 2020 (Fiscal 2020) levy.

Government-Wide Financial Statements:

The City recognizes total estimated property tax collections in the amount of \$6,154,356 for the October 1, 2019 tax assessment that is collected starting in October of 2020 (Fiscal 2021).

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

NOTE 27 – OPERATING LEASES

The City’s operating lease activities consist of eight 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, 2020:

Fiscal Year	Future Minimum Rental Payments
2021	\$ 119,474
2022	108,590
2023	33,738
2024	-
	<hr/>
	\$ 261,802

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 \$5,715,218)
 - Property (Limit \$60,388,294)

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2020

NOTE 30 – FAIR VALUE DISCLOSURES

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on 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

Investments’ fair value measurements are as follows at September 30, 2020:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities:				
U.S. Treasuries	\$ 1,272,426	\$ 1,272,426	\$ -	\$ -
Federal Home Loan bonds and pools	1,261,085	-	1,261,085	-
GNMA and FNMA pools	1,877,890	-	1,877,890	-
Proprietary insured by US Government	1,498,551	-	1,498,551	-
Investment in AMIC	31,063	-	-	31,063
	<u>\$ 5,941,015</u>	<u>\$ 1,272,426</u>	<u>\$ 4,637,526</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 – UNCERTAINTIES WITH REGARD TO COVID-19

On January 30, 2020, the World Health Organization declared the COVID-19 (Coronavirus) outbreak a “Public Health Emergency of International Concern.” On March 11, 2020, it was declared to be a pandemic. The spread of the virus has caused business disruption. Actions taken to mitigate the spread include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. While it is unknown how long these conditions will last and what complete financial effect this will have on the City, the City has taken action to mitigate this risk and does not expect a significant decline in revenue.

NOTE 32 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 22, 2021, the date on which the financial statements were available to be issued and determined that no subsequent events have occurred which require adjustment. However, subsequent to year end, in October 2020, the City refunded the 2017 General Obligation Warrants into the 2020A and 2020 B General Obligation Refunding Warrants. The savings from the refunding of \$1,560,929 were used to decrease the future debt service on the bond.

Required Supplementary Information

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2020

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Revenues				
Sales, use, and luxury taxes	\$ 18,564,712	\$ 18,564,712	\$ 20,550,804	\$ 1,986,092
Payments in lieu of taxes	2,650,000	2,650,000	2,652,738	2,738
Ad valorem taxes	6,291,200	6,291,200	6,426,270	135,070
Licenses and permits	2,950,850	2,950,850	3,948,199	997,349
Intergovernmental	335,162	339,258	587,723	248,465
Charges for services	603,575	604,069	599,135	(4,934)
Fines and forfeitures	316,000	316,000	323,646	7,646
Interest and investment earnings	85,000	85,000	371,273	286,273
Grants and contributions	160,705	1,791,253	1,959,975	168,722
Miscellaneous	46,000	58,713	133,367	74,654
Total revenues	\$ 32,003,204	\$ 33,651,055	\$ 37,553,130	\$ 3,902,075
Expenditures				
<i>GENERAL GOVERNMENT</i>				
Legislative				
Personnel	\$ 241,633	\$ 244,183	\$ 242,740	\$ (1,443)
Operating	168,575	93,575	51,908	(41,667)
	410,208	337,758	294,648	(43,110)
Municipal Court				
Operating	47,000	47,671	22,796	(24,875)
	47,000	47,671	22,796	(24,875)
Executive				
Personnel	278,456	293,205	275,957	(17,248)
Operating	36,150	36,155	14,548	(21,607)
	314,606	329,360	290,505	(38,855)
Community Events				
Personnel	181,725	187,496	158,642	(28,854)
Operating	386,688	529,708	460,760	(68,948)
	568,413	717,204	619,402	(97,802)
Information Tech Support				
Personnel	241,966	244,244	191,168	(53,076)
Operating	52,600	54,553	49,069	(5,484)
	294,566	298,797	240,237	(58,560)
Human Resources				
Personnel	366,471	380,903	369,676	(11,227)
Operating	287,350	289,418	238,175	(51,243)
	653,821	670,321	607,851	(62,470)

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule (Continued)
General Fund
For the Year Ended September 30, 2020**

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
Finance				
Personnel	556,597	568,578	563,852	(4,726)
Operating	177,650	171,150	142,988	(28,162)
	<u>734,247</u>	<u>739,728</u>	<u>706,840</u>	<u>(32,888)</u>
Revenue				
Personnel	173,295	176,939	151,219	(25,720)
Operating	38,300	34,408	19,442	(14,966)
Capital	-	11,156	9,852	(1,304)
	<u>211,595</u>	<u>222,503</u>	<u>180,513</u>	<u>(41,990)</u>
Municipal Court				
Personnel	187,766	204,194	193,094	(11,100)
Operating	111,350	111,350	98,879	(12,471)
	<u>299,116</u>	<u>315,544</u>	<u>291,973</u>	<u>(23,571)</u>
Legal/Risk Management				
Operating- Legal	293,500	404,693	372,266	(32,427)
Operating- Risk Management	363,800	360,727	336,554	(24,173)
Capital	-	172,112	149,820	(22,292)
	<u>657,300</u>	<u>937,532</u>	<u>858,640</u>	<u>(78,892)</u>
Planning/Zoning				
Personnel	340,315	347,089	342,114	(4,975)
Operating	60,350	60,350	40,888	(19,462)
Capital	30,000	33,911	33,911	-
	<u>430,665</u>	<u>441,350</u>	<u>416,913</u>	<u>(24,437)</u>
Building Maintenance				
Personnel	280,084	290,235	175,287	(114,948)
Operating	69,050	68,807	48,180	(20,627)
	<u>349,134</u>	<u>359,042</u>	<u>223,467</u>	<u>(135,575)</u>
Facilities - Administration				
Personnel	171,560	173,720	74,119	(99,601)
Operating	30,700	28,200	8,403	(19,797)
	<u>202,260</u>	<u>201,920</u>	<u>82,522</u>	<u>(119,398)</u>
City Hall Facilities Support				
Operating	226,500	257,277	240,710	(16,567)
Capital	-	70,354	73,147	2,793
	<u>226,500</u>	<u>327,631</u>	<u>313,857</u>	<u>(13,774)</u>
Janitorial				
Personnel	87,777	90,532	79,363	(11,169)
Operating	61,450	38,342	20,770	(17,572)
	<u>149,227</u>	<u>128,874</u>	<u>100,133</u>	<u>(28,741)</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule (Continued)
 General Fund
 For the Year Ended September 30, 2020

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
TOTAL GENERAL GOVERNMENT				
Personnel	3,107,645	3,201,318	2,817,231	(384,087)
Operating	2,411,013	2,586,384	2,166,336	(420,048)
Capital	30,000	287,533	266,730	(20,803)
	<u>5,548,658</u>	<u>6,075,235</u>	<u>5,250,297</u>	<u>(824,938)</u>
<i>PUBLIC SAFETY</i>				
Police Administration				
Personnel	461,001	469,682	468,737	(945)
Operating	306,875	309,519	257,452	(52,067)
Capital	-	13,350	13,350	-
	<u>767,876</u>	<u>792,551</u>	<u>739,539</u>	<u>(53,012)</u>
SWAT (Sp Weapons & Tactical Eqpt)				
Operating	15,675	15,825	8,398	(7,427)
	<u>15,675</u>	<u>15,825</u>	<u>8,398</u>	<u>(7,427)</u>
Traffic Homicide Investigation				
Operating	60,000	60,000	59,096	(904)
	<u>60,000</u>	<u>60,000</u>	<u>59,096</u>	<u>(904)</u>
Patrol				
Personnel	2,448,869	2,551,334	2,488,760	(62,574)
Operating	376,175	416,740	373,807	(42,933)
Capital	-	173,250	157,085	(16,165)
	<u>2,825,044</u>	<u>3,141,324</u>	<u>3,019,652</u>	<u>(121,672)</u>
Detective				
Personnel	1,498,150	1,555,014	1,517,594	(37,420)
Operating	186,025	178,552	123,433	(55,119)
	<u>1,684,175</u>	<u>1,733,566</u>	<u>1,641,027</u>	<u>(92,539)</u>
Communications				
Personnel	574,749	576,433	554,278	(22,155)
Operating	37,400	37,400	28,528	(8,872)
	<u>612,149</u>	<u>613,833</u>	<u>582,806</u>	<u>(31,027)</u>
Corrections				
Personnel	759,738	786,311	770,573	(15,738)
Operating	83,915	89,872	73,914	(15,958)
	<u>843,653</u>	<u>876,183</u>	<u>844,487</u>	<u>(31,696)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule (Continued)
General Fund
For the Year Ended September 30, 2020**

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
Animal Control				
Personnel	157,194	161,648	142,119	(19,529)
Operating	38,150	38,089	33,589	(4,500)
Capital	70,000	70,000	70,000	-
	<u>265,344</u>	<u>269,737</u>	<u>245,708</u>	<u>(24,029)</u>
Police Subtotal				
Personnel	5,899,701	6,100,422	5,942,061	(158,361)
Operating	1,104,215	1,145,997	958,217	(187,780)
Capital	70,000	256,600	240,435	(16,165)
	<u>7,073,916</u>	<u>7,503,019</u>	<u>7,140,713</u>	<u>(362,306)</u>
Central Communications				
Operating	10,000	10,745	12,204	1,459
	<u>10,000</u>	<u>10,745</u>	<u>12,204</u>	<u>1,459</u>
Fire				
Personnel	3,602,817	3,802,632	3,661,813	(140,819)
Operating	423,250	462,581	360,343	(102,238)
Capital	99,879	66,759	66,420	(339)
	<u>4,125,946</u>	<u>4,331,972</u>	<u>4,088,576</u>	<u>(243,396)</u>
Rescue				
Operating	28,550	28,047	14,509	(13,538)
	<u>28,550</u>	<u>28,047</u>	<u>14,509</u>	<u>(13,538)</u>
Building Inspections				
Personnel	488,729	497,825	429,721	(68,104)
Operating	54,600	44,307	41,018	(3,289)
Capital	-	15,296	11,384	(3,912)
	<u>543,329</u>	<u>557,428</u>	<u>482,123</u>	<u>(75,305)</u>
Code Enforcement				
Personnel	140,254	143,520	142,629	(891)
Operating	15,550	15,550	10,878	(4,672)
	<u>155,804</u>	<u>159,070</u>	<u>153,507</u>	<u>(5,563)</u>
Emergency Management				
Operating	13,000	21,077	14,901	(6,176)
	<u>13,000</u>	<u>21,077</u>	<u>14,901</u>	<u>(6,176)</u>
TOTAL PUBLIC SAFETY				
Personnel	10,131,501	10,544,399	10,176,224	(368,175)
Operating	1,649,165	1,728,304	1,412,070	(316,234)
Capital	169,879	338,655	318,239	(20,416)
	<u>11,950,545</u>	<u>12,611,358</u>	<u>11,906,533</u>	<u>(704,825)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule (Continued)
General Fund
For the Year Ended September 30, 2020**

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
<i>PUBLIC WORKS</i>				
Administration				
Personnel	408,595	415,710	386,030	(29,680)
Operating	100,200	93,239	78,100	(15,139)
Capital	-	510,300	538,230	27,930
	<u>508,795</u>	<u>1,019,249</u>	<u>1,002,360</u>	<u>(16,889)</u>
Public Works Facilities Support				
Operating	50,000	71,985	60,002	(11,983)
Capital	-	5,050	5,050	-
	<u>50,000</u>	<u>77,035</u>	<u>65,052</u>	<u>(11,983)</u>
Street				
Personnel	723,818	781,465	563,555	(217,910)
Operating	834,100	871,458	851,315	(20,143)
	<u>1,557,918</u>	<u>1,652,923</u>	<u>1,414,870</u>	<u>(238,053)</u>
Street-Infrastructure				
Operating	20,000	315,796	297,060	(18,736)
Capital	-	-	13,707	13,707
	<u>20,000</u>	<u>315,796</u>	<u>310,767</u>	<u>(5,029)</u>
Grounds				
Personnel	676,158	747,637	641,883	(105,754)
Operating	336,600	355,339	324,098	(31,241)
Capital	60,000	60,000	59,676	(324)
	<u>1,072,758</u>	<u>1,162,976</u>	<u>1,025,657</u>	<u>(137,319)</u>
Grounds- Parks				
Personnel	18,073	18,611	13,407	(5,204)
Operating	95,575	912,419	872,979	(39,440)
Capital	-	354,718	354,003	(715)
	<u>113,648</u>	<u>1,285,748</u>	<u>1,240,389</u>	<u>(45,359)</u>
Mowing				
Personnel	501,091	511,537	434,275	(77,262)
Operating	235,500	234,300	179,585	(54,715)
Capital	70,000	70,000	74,647	4,647
	<u>806,591</u>	<u>815,837</u>	<u>688,507</u>	<u>(127,330)</u>
Garage				
Personnel	451,076	461,765	445,676	(16,089)
Operating	140,800	141,530	79,265	(62,265)
Capital	65,000	65,000	63,567	(1,433)
	<u>656,876</u>	<u>668,295</u>	<u>588,508</u>	<u>(79,787)</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule (Continued)
 General Fund
 For the Year Ended September 30, 2020

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
MS4 Compliance				
Operating	45,000	50,903	40,119	(10,784)
Capital	-	31,594	31,594	-
	<u>45,000</u>	<u>82,497</u>	<u>71,713</u>	<u>(10,784)</u>
TOTAL PUBLIC WORKS				
Personnel	2,778,811	2,936,725	2,484,826	(451,899)
Operating	1,857,775	3,046,969	2,782,523	(264,446)
Capital	195,000	1,096,662	1,140,474	43,812
	<u>4,831,586</u>	<u>7,080,356</u>	<u>6,407,823</u>	<u>(672,533)</u>
<i>RECREATION & LIBRARY</i>				
Recreation Parks				
Personnel	550,757	722,977	624,775	(98,202)
Operating	675,000	681,532	493,806	(187,726)
Capital	22,000	79,588	156,533	76,945
	<u>1,247,757</u>	<u>1,484,097</u>	<u>1,275,114</u>	<u>(208,983)</u>
Recreation				
Personnel	130,450	135,741	79,939	(55,802)
Operating	161,600	178,214	149,255	(28,959)
Capital	-	90,332	83,345	(6,987)
	<u>292,050</u>	<u>404,287</u>	<u>312,539</u>	<u>(91,748)</u>
Athletic and Fitness Programs				
Personnel	42,173	42,173	19,045	(23,128)
Operating	103,500	100,400	71,500	(28,900)
	<u>145,673</u>	<u>142,573</u>	<u>90,545</u>	<u>(52,028)</u>
Project Wise Program				
Operating	62,750	63,000	33,894	(29,106)
	<u>62,750</u>	<u>63,000</u>	<u>33,894</u>	<u>(29,106)</u>
SAIL Site Program				
Personnel	46,581	48,742	47,733	(1,009)
Operating	19,652	19,652	16,755	(2,897)
	<u>66,233</u>	<u>68,394</u>	<u>64,488</u>	<u>(3,906)</u>
Library				
Personnel	665,153	709,990	622,276	(87,714)
Operating	185,050	209,328	174,853	(34,475)
Capital	-	84,795	75,000	(9,795)
	<u>850,203</u>	<u>1,004,113</u>	<u>872,129</u>	<u>(131,984)</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule (Continued)
 General Fund
 For the Year Ended September 30, 2020

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
TOTAL LIBRARY AND RECREATION				
Personnel	1,435,114	1,659,623	1,393,768	(265,855)
Operating	1,207,552	1,252,126	940,063	(312,063)
Capital	22,000	254,715	314,878	60,163
	<u>2,664,666</u>	<u>3,166,464</u>	<u>2,648,709</u>	<u>(517,755)</u>
Hurricane Sally				
Personnel	-	-	217,254	217,254
Operating	-	-	862,198	862,198
	<u>-</u>	<u>-</u>	<u>1,079,452</u>	<u>1,079,452</u>
Total Expenditures				
Personnel	17,453,071	18,342,065	17,089,303	(1,252,762)
Operating	7,125,505	8,613,783	8,163,190	(450,593)
Capital	416,879	1,977,565	2,040,321	62,756
	<u>24,995,455</u>	<u>28,933,413</u>	<u>27,292,814</u>	<u>(1,640,599)</u>
Excess of Revenues Over Expenditures Before Other Financing Uses	<u>7,007,749</u>	<u>4,717,642</u>	<u>10,260,316</u>	<u>5,542,674</u>
<i>OTHER FINANCING SOURCES/(USES)</i>				
Capital Lease Proceeds	-	173,250	156,625	(16,625)
Transfers to Debt Service Fund	(2,903,662)	(2,941,661)	(2,941,661)	-
Transfers to Capital Reserve Fund	-	(3,565,019)	(3,565,019)	-
Transfer to Solid Waste Fund	(573,680)	(1,082,129)	(408,902)	673,227
Transfers to Civic Center Fund	(202,956)	(308,349)	(363,697)	(55,348)
Transfers to BayFront Fund	(98,448)	(98,448)	15,591	114,039
	<u>(3,778,746)</u>	<u>(7,822,356)</u>	<u>(7,107,063)</u>	<u>715,293</u>
Total Revenues Over (Under) Expenditures	<u>\$ 3,229,003</u>	<u>\$ (3,104,714)</u>	<u>\$ 3,153,253</u>	<u>\$ 6,257,967</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule (Continued)
General Fund
For the Year Ended September 30, 2020

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 that 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, 2020:

GAAP Revenues Over Expenditures	\$ 3,312,280
Encumbrances outstanding at:	
September 30, 2020	(924,538)
September 30, 2019	798,971
Encumbrances released during FY 2020	<u>(33,460)</u>
Budgetary Revenues over Expenditures	<u>\$ 3,153,253</u>

CITY OF DAPHNE, ALABAMA

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

	2019	2018	2017	2016
Total pension liability				
Service Cost	\$ 1,016,908	\$ 980,412	\$ 979,924	\$ 955,939
Interest	2,615,666	2,503,491	2,398,372	2,166,725
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	43,498	(177,108)	(708,794)	378,237
Changes of assumptions	-	209,165	-	1,268,564
Benefit payments, including refunds of employee contributions	(1,572,504)	(1,504,465)	(1,027,132)	(998,271)
Transfers among employers	(137,723)	(310,889)	(47,331)	105,914
Net change in pension liability	1,965,845	1,700,606	1,595,039	3,877,108
Total pension liability - beginning	34,755,946	33,055,340	31,460,301	27,583,193
Total pension liability - ending (a)	<u>\$ 36,721,791</u>	<u>\$ 34,755,946</u>	<u>\$ 33,055,340</u>	<u>\$ 31,460,301</u>
Plan fiduciary net position				
Contributions - employer	\$ 721,366	\$ 626,766	\$ 637,713	\$ 641,261
Contributions - member	716,370	652,867	647,392	590,706
Net investment income	819,693	2,738,263	3,376,870	2,412,220
Benefit payments, including refunds of employee contributions	(1,572,504)	(1,504,465)	(1,027,132)	(998,271)
Transfers among employers	(137,723)	(310,889)	(47,331)	105,914
Net change in plan fiduciary net position	547,202	2,202,542	3,587,512	2,751,830
Plan net position - beginning	32,058,132	29,855,590	26,268,078	23,516,248
Plan net position - ending (b)	<u>\$ 32,605,334</u>	<u>\$ 32,058,132</u>	<u>\$ 29,855,590</u>	<u>\$ 26,268,078</u>
Net pension liability (a) - (b)	\$ 4,116,457	\$ 2,697,814	\$ 3,199,750	\$ 5,192,223
Plan fiduciary net position as a percentage of the total pension liability	88.79%	92.24%	90.32%	83.50%
Covered payroll	\$ 11,979,125	\$ 11,459,499	\$ 11,055,399	\$ 10,535,450
Net pension liability as a percentage of covered payroll	34.36%	23.54%	28.94%	49.28%

* 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.

<u>2015</u>	<u>2014</u>
\$ 939,089	\$ 907,051
2,007,083	1,850,235
-	-
(57,447)	-
-	-
(788,143)	(805,216)
-	-
<u>2,100,582</u>	<u>1,952,070</u>
<u>25,482,611</u>	<u>23,530,541</u>
<u>\$ 27,583,193</u>	<u>\$ 25,482,611</u>

\$ 633,555	\$ 632,854
573,980	555,923
272,002	2,401,618
(788,143)	(805,216)
214,633	2,082
<u>906,027</u>	<u>2,787,261</u>
<u>22,610,221</u>	<u>19,822,960</u>
<u>\$ 23,516,248</u>	<u>\$ 22,610,221</u>

\$ 4,066,945 \$ 2,872,390

85.26% 88.73%

\$ 11,081,322 \$ 11,081,322

36.70% 25.92%

CITY OF DAPHNE, ALABAMA

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 675,213	\$ 739,705	\$ 626,766	\$ 636,895
Contributions in relation to the actuarially determined contribution	<u>675,213</u>	<u>739,705</u>	<u>626,766</u>	<u>636,895</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 12,785,057	\$ 11,979,125	\$ 11,459,499	\$ 11,055,399
Contributions as a percentage of covered payroll	5.28%	6.17%	5.47%	5.76%

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 2020 were based on the September 30, 2017 actuarial valuation.

Methods and Assumptions used to determine contribution rates:

Actuarial Cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	16.3 years
Asset valuation method	Five year smoothed market
Inflation	2.85%
Salary increases	3.25% - 5.00%, net inflation
Investment rate of return	7.75%, 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.

<u>2016</u>	<u>2015</u>
\$ 639,362	\$ 633,226
<u>639,362</u>	<u>633,226</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 10,535,450	\$ 11,081,322
6.07%	5.71%

CITY OF DAPHNE, ALABAMA

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service Cost	\$ 140,575	\$ 104,780	\$ 106,280
Interest	167,094	240,503	240,903
Changes of benefit terms	-	-	-
Differences between expected and actual experience	513,657	(451,267)	306,848
Changes of assumptions	(1,633,207)	841,543	(288,357)
Benefit payments	<u>(207,502)</u>	<u>(207,502)</u>	<u>(165,191)</u>
Net change in pension liability	(1,019,383)	528,057	200,483
Total OPEB liability - beginning	<u>6,385,489</u>	<u>5,857,432</u>	<u>5,656,949</u>
Total OPEB liability - ending (a)	<u>\$ 5,366,106</u>	<u>\$ 6,385,489</u>	<u>\$ 5,857,432</u>
 Plan Fiduciary Net Position			
Contributions - employer	\$ 500,000	\$ -	\$ -
Contributions - member	-	-	-
Net investment income	27,181	-	-
Benefit payments	-	-	-
Administrative expense	<u>(1,252)</u>	<u>-</u>	<u>-</u>
Net change in fiduciary net position	525,929	-	-
Plan Fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary net position - ending (b)	<u>\$ 525,929</u>	<u>\$ -</u>	<u>\$ -</u>
 Net OPEB liability - ending (a) - (b)	<u>\$ 4,840,177</u>	<u>\$ 6,385,489</u>	<u>\$ 5,857,432</u>
 Covered payroll	\$ 11,301,478	\$ 10,866,806	\$ 10,695,256
 Net OPEB liability as a percentage of covered payroll	42.83%	58.76%	54.77%
 Notes to Schedule:			
Benefits Changes	None	None	None
 Changes of Assumptions:			
Discount Rate	5.50%	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.

CITY OF DAPHNE, ALABAMA

**Schedule of Employer Contributions – Other Post-Employment Benefits
Last Ten Fiscal Years**

	<u>2020</u>
Actuarially determined contribution	\$ 452,204
Contributions in relation to the actuarially determined contribution	
Employer contributions to trust	500,000
Employer paid retiree premiums	207,502
Employer paid expenses	<u>-</u>
	<u>707,502</u>
Contribution deficiency (excess)	<u>\$ (255,298)</u>
Covered payroll	\$ 11,301,478
Contributions as a percentage of covered payroll	6.26%

Notes to Schedule

Actuarially determined contribution rates are calculated as of the last day of the fiscal year in which contributions are reported.

Methods and Assumptions used to determine contribution rates:

Actuarial Cost method	Individual Entry Age Normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	2.5% annual
Healthcare trend	Flat 5.5% annually
Salary increases	4% annually
Discount Rate	2.66% annually (Beginning of year to determine Actuarially Determined Contribution)
	5.5% annually (As of end of year measurement date)
Retirement Age	3 year delay after the earlier of 25 years of service at any age or attainment of age 60 and 10 years of service; employees hired on and after January 1, 2013 (Tier II) are not eligible to retire until age 62; employees hired after 1/31/2018 receive a maximum of three years of retiree medical coverage after retirement
Mortality	RP-2000 combined mortality table without projection
Turnover	Age specific table with an average of 15% when applied to the active census

* 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 Investment Returns – Other Post-Employment Benefits
Last Ten Fiscal Years**

2020

Annual money-weighted rate of return, net of investment expense	5.65%
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Source: Regions Wealth Platform (RWP)

* 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.

Ten Cent Gasoline Tax 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).

2019 Construction Fund – This fund accounts for debt proceeds of approximately \$918,000 to be used for construction of a new fire station. It was closed during fiscal year 2020.

CITY OF DAPHNE, ALABAMA

**Combining Balance Sheet - Summary
Non-Major Governmental Funds
September 30, 2020**

	Special Revenue Funds	2019 Construction Fund	Total Other Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash, equity in pooled cash	\$ 3,260,832	\$ -	\$ 3,260,832
Taxes receivable	135,551	-	135,551
Other receivables	2,041	-	2,041
Total assets	<u>3,398,424</u>	<u>-</u>	<u>3,398,424</u>
 LIABILITIES			
Accounts payable	116,068	-	116,068
Accrued liabilities	68	-	68
Bond deposits	50,848	-	50,848
Total liabilities	<u>166,984</u>	<u>-</u>	<u>166,984</u>
 FUND BALANCES			
Restricted	1,092,714	-	1,092,714
Committed	2,096,938	-	2,096,938
Assigned	41,788	-	41,788
Total fund balances	<u>3,231,440</u>	<u>-</u>	<u>3,231,440</u>
 Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 3,398,424</u>	<u>\$ -</u>	<u>\$ 3,398,424</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, 2020**

	Special Revenue Funds	2019 Construction Fund	Total Other Governmental Funds
REVENUES			
Sales, use, luxury tax	\$ 1,536,322	\$ -	\$ 1,536,322
Fines and forfeitures	190,862	-	190,862
Charges for services	4,506	-	4,506
Intergovernmental	29,438	-	29,438
Interest and investment earnings	3,911	2,888	6,799
Contributions and donations	3,184	-	3,184
Total revenues	<u>1,768,223</u>	<u>2,888</u>	<u>1,771,111</u>
EXPENDITURES			
Current expenditures:			
General government	496,782	-	496,782
Public safety	79,984	-	79,984
Culture and recreation	87,799	-	87,799
Total current expenditures	<u>664,565</u>	<u>-</u>	<u>664,565</u>
Capital outlay	398,285	922,643	1,320,928
Total expenditures	<u>1,062,850</u>	<u>922,643</u>	<u>1,985,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>705,373</u>	<u>(919,755)</u>	<u>(214,382)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	138,908	-	138,908
Transfers out	(812,191)	-	(812,191)
Total other financing sources (uses)	<u>(673,283)</u>	<u>-</u>	<u>(673,283)</u>
Net change in fund balances	32,090	(919,755)	(887,665)
Fund balances, beginning	3,199,350	919,755	4,119,105
Fund balances, ending	<u>\$ 3,231,440</u>	<u>\$ -</u>	<u>\$ 3,231,440</u>



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CITY OF DAPHNE, ALABAMA

**Combining Balance Sheet
Non-Major Special Revenue Funds
September 30, 2020**

	Four Cent	Seven Cent	Ten Cent	Flower Fund	Federal Drug Recoveries
ASSETS					
Cash, equity in pooled cash	\$ 186,816	\$ 170,947	\$ 102,859	\$ 23,926	\$ 208,100
Taxes receivable	5,029	6,350	10,005	-	-
Other receivable	-	-	-	-	-
Total assets	<u>191,845</u>	<u>177,297</u>	<u>112,864</u>	<u>23,926</u>	<u>208,100</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Bond deposits	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	191,845	177,297	112,864	-	208,100
Committed	-	-	-	23,926	-
Assigned	-	-	-	-	-
Total fund balances	<u>191,845</u>	<u>177,297</u>	<u>112,864</u>	<u>23,926</u>	<u>208,100</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 191,845</u>	<u>\$ 177,297</u>	<u>\$ 112,864</u>	<u>\$ 23,926</u>	<u>\$ 208,100</u>

State Drug Recoveries	Library	Mun Court: Eq/Training	Mun Court: Judicial	Corrections/ Court	Lodging Tax	Renaissance Center	Total
\$ 55,864	\$ 49,676	\$ 40,032	\$ -	\$ 383,103	\$ 2,039,509	\$ -	\$ 3,260,832
-	-	-	-	-	114,167	-	135,551
-	-	-	-	2,041	-	-	2,041
<u>55,864</u>	<u>49,676</u>	<u>40,032</u>	<u>-</u>	<u>385,144</u>	<u>2,153,676</u>	<u>-</u>	<u>3,398,424</u>
-	7,888	22	-	27,494	80,664	-	116,068
-	-	-	-	68	-	-	68
-	-	-	-	50,848	-	-	50,848
<u>-</u>	<u>7,888</u>	<u>22</u>	<u>-</u>	<u>78,410</u>	<u>80,664</u>	<u>-</u>	<u>166,984</u>
55,864	-	40,010	-	306,734	-	-	1,092,714
-	-	-	-	-	2,073,012	-	2,096,938
-	41,788	-	-	-	-	-	41,788
<u>55,864</u>	<u>41,788</u>	<u>40,010</u>	<u>-</u>	<u>306,734</u>	<u>2,073,012</u>	<u>-</u>	<u>3,231,440</u>
<u>\$ 55,864</u>	<u>\$ 49,676</u>	<u>\$ 40,032</u>	<u>\$ -</u>	<u>\$ 385,144</u>	<u>\$ 2,153,676</u>	<u>\$ -</u>	<u>\$ 3,398,424</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, 2020**

	Four Cent	Seven Cent	Ten Cent	Flower Fund	Federal Drug Recoveries
REVENUES					
Sales, use, luxury taxes	\$ 55,614	\$ 70,654	\$ 112,629	\$ -	\$ -
Fines and forfeitures	-	-	-	-	62,174
Charges for services	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Interest and investment earnings	836	707	235	-	1,077
Contributions and donations	-	-	-	-	-
Total revenues	<u>56,450</u>	<u>71,361</u>	<u>112,864</u>	<u>-</u>	<u>63,251</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	41,053
Culture and recreation	-	-	-	-	-
Total current	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,053</u>
Capital outlay	<u>-</u>	<u>3,420</u>	<u>-</u>	<u>-</u>	<u>40,562</u>
Total expenditures	<u>-</u>	<u>3,420</u>	<u>-</u>	<u>-</u>	<u>81,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>56,450</u>	<u>67,941</u>	<u>112,864</u>	<u>-</u>	<u>(18,364)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	56,450	67,941	112,864	-	(18,364)
Fund balances, beginning	135,395	109,356	-	23,926	226,464
Fund balances, ending	<u>\$191,845</u>	<u>\$ 177,297</u>	<u>\$ 112,864</u>	<u>\$ 23,926</u>	<u>\$ 208,100</u>

State Drug Recoveries	Library	Mun Court Eq/Training	Mun Court Judicial	Corrections Court	Lodging Tax	Renaissance Center	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,011,489	\$ 285,936	\$1,536,322
5,212	6,374	4,301	-	112,801	-	-	190,862
-	4,506	-	-	-	-	-	4,506
-	29,438	-	-	-	-	-	29,438
246	-	170	-	640	-	-	3,911
-	3,184	-	-	-	-	-	3,184
5,458	43,502	4,471	-	113,441	1,011,489	285,936	1,768,223
-	-	958	-	58,165	151,723	285,936	496,782
-	-	-	-	38,931	-	-	79,984
-	23,750	-	-	-	64,049	-	87,799
-	23,750	958	-	97,096	215,772	285,936	664,565
-	-	-	-	-	354,303	-	398,285
-	23,750	958	-	97,096	570,075	285,936	1,062,850
5,458	19,752	3,513	-	16,345	441,414	-	705,373
-	-	-	-	138,908	-	-	138,908
-	-	-	(138,908)	-	(673,283)	-	(812,191)
-	-	-	(138,908)	138,908	(673,283)	-	(673,283)
5,458	19,752	3,513	(138,908)	155,253	(231,869)	-	32,090
50,406	22,036	36,497	138,908	151,481	2,304,881	-	3,199,350
\$ 55,864	\$ 41,788	\$ 40,010	\$ -	\$ 306,734	\$ 2,073,012	\$ -	\$3,231,440



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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, 2020**

	<u>Civic Center</u>	<u>Bayfront Park</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash, equity in pooled cash	\$ 191,573	\$ -	\$ 191,573
Grant receivable	4,906	-	4,906
Total current assets	<u>196,479</u>	<u>-</u>	<u>196,479</u>
Noncurrent assets:			
Capital assets:			
Facilities	124,234	-	124,234
Vehicles	45,199	-	45,199
Rental equipment and supplies	26,388	-	26,388
Equipment and office furniture	151,445	-	151,445
Total capital assets	<u>347,266</u>	<u>-</u>	<u>347,266</u>
Less: accumulated depreciation	<u>(281,727)</u>	<u>-</u>	<u>(281,727)</u>
Total noncurrent assets	<u>65,539</u>	<u>-</u>	<u>65,539</u>
Total assets	<u>262,018</u>	<u>-</u>	<u>262,018</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred post-employment benefits outflows	18,751	-	18,751
Deferred pension outflows	37,354	-	37,354
Total deferred outflows of resources	<u>56,105</u>	<u>-</u>	<u>56,105</u>
Total assets and deferred outflows of resources	<u>\$ 318,123</u>	<u>\$ -</u>	<u>\$ 318,123</u>

	Civic Center	Bayfront Park	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 13,930	\$ -	\$ 13,930
Accrued liabilities	3,224	-	3,224
Unearned revenue	63,277	-	63,277
Compensated absences	2,491	-	2,491
Total current liabilities	<u>82,922</u>	<u>-</u>	<u>82,922</u>
Noncurrent liabilities:			
Compensated absences	1,661	-	1,661
Net pension liability	85,414	-	85,414
Other post-employment benefits liability	104,787	-	104,787
Total noncurrent liabilities	<u>191,862</u>	<u>-</u>	<u>191,862</u>
Total liabilities	<u>274,784</u>	<u>-</u>	<u>274,784</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred other post-employment benefits inflows	24,000	-	24,000
Deferred pension inflows	19,339	-	19,339
Total deferred inflows of resources	<u>43,339</u>	<u>-</u>	<u>43,339</u>
NET POSITION			
Net investment in capital assets	65,540	-	65,540
Unrestricted net position	(65,540)	-	(65,540)
Total net position	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 318,123</u>	<u>\$ -</u>	<u>\$ 318,123</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, 2020**

	<u>Civic Center</u>	<u>Bayfront Park</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 251,569	\$ 24,982	\$ 276,551
Total operating revenues	<u>251,569</u>	<u>24,982</u>	<u>276,551</u>
OPERATING EXPENSES			
Wages	118,300	24,239	142,539
Overtime	2,798	1,029	3,827
Payroll related	13,063	7,714	20,777
Other personnel expense	19,800	7,385	27,185
Total personnel services	<u>153,961</u>	<u>40,367</u>	<u>194,328</u>
Advertising	1,266	30	1,296
Depreciation	19,266	5,132	24,398
Employee supplies and uniforms	75	-	75
Equipment purchases, rental, and lease	103,706	-	103,706
Fuel	773	-	773
Garbage and debris removal	3,232	646	3,878
Insurance	21,213	-	21,213
Maintenance	26,321	1,562	27,883
Miscellaneous	4,906	-	4,906
Supplies	6,232	1,478	7,710
Other services	56,022	8,541	64,563
Professional services	3,128	26,833	29,961
Trustee assignments	7,472	-	7,472
Utilities	128,915	5,896	134,811
Total operating expenses	<u>536,488</u>	<u>90,485</u>	<u>626,973</u>
Operating loss	<u>(284,919)</u>	<u>(65,503)</u>	<u>(350,422)</u>
NON OPERATING REVENUES (EXPENSES)			
Grant revenue	4,906	-	4,906
Gain (loss) on sale of assets	7,675	(10,265)	(2,590)
Total non-operating revenues (expenses)	<u>12,581</u>	<u>(10,265)</u>	<u>2,316</u>
Loss before transfers	<u>(272,338)</u>	<u>(75,768)</u>	<u>(348,106)</u>
Transfers from other funds	<u>272,338</u>	<u>75,768</u>	<u>348,106</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, 2020**

	<u>Civic Center</u>	<u>Bayfront Park</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 253,406	\$ 8,696	\$ 262,102
Payments to suppliers	(381,306)	(47,069)	(428,375)
Payments to employees	(73,608)	(128,150)	(201,758)
Net cash used in operating activities	<u>(201,508)</u>	<u>(166,523)</u>	<u>(368,031)</u>
Cash flows from noncapital financing activities:			
Net contributions from other funds	<u>272,338</u>	<u>75,768</u>	<u>348,106</u>
Net cash provided by noncapital financing activities	<u>272,338</u>	<u>75,768</u>	<u>348,106</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(6,076)	-	(6,076)
Proceeds from sale of capital assets	<u>7,675</u>	<u>-</u>	<u>7,675</u>
Net cash provided by capital and financing activities	<u>1,599</u>	<u>-</u>	<u>1,599</u>
Net change in cash and cash equivalents	72,429	(90,755)	(18,326)
Equity in pooled cash, beginning	119,144	90,755	209,899
Equity in pooled cash, ending	<u>\$ 191,573</u>	<u>\$ -</u>	<u>\$ 191,573</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (284,919)	\$ (65,503)	\$ (350,422)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	19,266	5,132	24,398
Change in assets and liabilities:			
Deferred outflows of resources	(27,586)	24,380	(3,206)
Accounts payable	(18,045)	(2,083)	(20,128)
Accrued expenses	(4,853)	-	(4,853)
Unearned revenue	1,837	(16,286)	(14,449)
Compensated absences	1,345	(936)	409
Deferred inflows of resources	23,161	(21,259)	1,902
Net pension liability	46,325	(31,997)	14,328
Other post-employment benefits liability	41,961	(57,971)	(16,010)
Net cash used in operating activities	<u>\$ (201,508)</u>	<u>\$ (166,523)</u>	<u>\$ (368,031)</u>

CITY OF DAPHNE, ALABAMA

**Combining Statement of Fiduciary Net Position
Custodial Funds
September 30, 2020**

	Self Insurance	Confiscated Funds	Flexible Spending Account	Total
ASSETS				
Cash, equity in pooled cash	\$ 217,664	\$ 11,833	\$ 22,188	\$ 251,685
Total assets	<u>\$ 217,664</u>	<u>\$ 11,833</u>	<u>\$ 22,188</u>	<u>\$ 251,685</u>
LIABILITIES				
Accounts payable	\$ -	\$ 11,833	\$ 22,188	\$ 34,021
Total liabilities	<u>-</u>	<u>11,833</u>	<u>22,188</u>	<u>34,021</u>
NET POSITION				
Restricted for:				
Reserve for claims	217,664	-	-	217,664
Total net position	<u>\$ 217,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,664</u>

CITY OF DAPHNE, ALABAMA

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended September 30, 2020

	Self Insurance	Confiscated Funds	Flexible Spending Account	Total
Additions:				
Employer contributions	\$ -	\$ -	\$ -	\$ -
Employee contributions	177,225	-	-	177,225
Total additions	177,225	-	-	177,225
Deductions:				
Dental payments for employees	130,177	-	-	130,177
Total deductions	130,177	-	-	130,177
Net increase in fiduciary net position	47,048	-	-	47,048
Net position - beginning	170,616	-	-	170,616
Net position - ending	\$ 217,664	\$ -	\$ -	\$ 217,664

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended September 30, 2020**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury tax	\$ 975,000	\$ 975,000	\$ 914,719	\$ (60,281)
Interest and investment earnings	-	-	6,922	6,922
Total revenues	<u>975,000</u>	<u>975,000</u>	<u>921,641</u>	<u>(53,359)</u>
EXPENDITURES				
Debt service:				
Principal	3,299,256	3,337,256	3,283,782	(53,474)
Interest	<u>1,252,689</u>	<u>1,252,689</u>	<u>1,247,695</u>	<u>(4,994)</u>
Total expenditures	<u>4,551,945</u>	<u>4,589,945</u>	<u>4,531,477</u>	<u>(58,468)</u>
Excess expenditures over revenue	<u>(3,576,945)</u>	<u>(3,614,945)</u>	<u>(3,609,836)</u>	<u>5,109</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>3,576,945</u>	<u>3,614,945</u>	<u>3,614,944</u>	<u>(1)</u>
Total other financing sources	<u>3,576,945</u>	<u>3,614,945</u>	<u>3,614,944</u>	<u>(1)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,108</u>	<u>\$ 5,108</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule
Capital Reserve Fund
For the Year Ended September 30, 2020**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Intergovernmental	\$ 190,000	\$ 190,000	\$ 409,893	\$ 219,893
Grants	-	-	51,157	51,157
Special assessments	-	-	48,611	48,611
Interest and investment earnings	1,000	1,000	1,574	574
Total revenues	<u>191,000</u>	<u>191,000</u>	<u>511,235</u>	<u>320,235</u>
EXPENDITURES				
Current:				
General government	-	500,000	500,000	-
Culture and recreation	-	-	6,994	6,994
Capital outlay	-	3,755,019	1,901,841	(1,853,178)
Total expenditures	<u>-</u>	<u>4,255,019</u>	<u>2,408,835</u>	<u>(1,846,184)</u>
Excess expenditures over revenue	<u>191,000</u>	<u>(4,064,019)</u>	<u>(1,897,600)</u>	<u>2,166,419</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,565,019	3,565,019	-
Total other financing sources	<u>-</u>	<u>3,565,019</u>	<u>3,565,019</u>	<u>-</u>
Net change in fund balance	<u>\$ 191,000</u>	<u>\$ (499,000)</u>	<u>\$ 1,667,419</u>	<u>\$ (2,166,419)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedules
Non Major Special Revenue Funds
For the Year Ended September 30, 2020**

Four Cent Gas Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury taxes	\$ 58,100	\$ 58,100	\$ 55,614	\$ (2,486)
Interest and investment earnings	400	400	836	436
Total revenues	58,500	58,500	56,450	(2,050)
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess expenditures over revenue	58,500	58,500	56,450	(2,050)
Net change in fund balance	\$ 58,500	\$ 58,500	\$ 56,450	\$ 2,050

Seven Cent Gas Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury taxes	\$ 74,250	\$ 74,250	\$ 70,654	\$ (3,596)
Interest and investment earnings	400	400	707	307
Total revenues	74,650	74,650	71,361	(3,289)
EXPENDITURES				
Capital outlay	-	35,000	3,420	(31,580)
Total expenditures	-	35,000	3,420	(31,580)
Excess expenditures over revenue	74,650	39,650	67,941	28,291
Net change in fund balance	\$ 74,650	\$ 39,650	\$ 67,941	\$ (28,291)

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedules
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2020**

Library Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 12,000	\$ 12,000	\$ 6,374	\$ (5,626)
Charges for services	8,500	8,500	4,506	(3,994)
Intergovernmental	21,918	29,437	29,438	1
Grants	20,000	-	-	-
Contributions and donations	1,025	1,025	3,184	2,159
Total revenues	<u>63,443</u>	<u>50,962</u>	<u>43,502</u>	<u>(7,460)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>63,443</u>	<u>50,962</u>	<u>23,750</u>	<u>(27,212)</u>
Total expenditures	<u>63,443</u>	<u>50,962</u>	<u>23,750</u>	<u>(27,212)</u>
Excess revenue over expenditures	<u>-</u>	<u>-</u>	<u>19,752</u>	<u>(19,752)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,752</u>	<u>\$ (19,752)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedules
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2020**

Corrections and Court Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 124,000	\$ 124,000	\$ 112,801	\$ (11,199)
Interest and investment earnings	1,000	1,000	640	(360)
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>113,441</u>	<u>(11,559)</u>
EXPENDITURES				
Current:				
General government	76,957	78,457	58,165	(20,292)
Public safety	47,900	46,400	38,931	(7,469)
Total expenditures	<u>124,857</u>	<u>124,857</u>	<u>97,096</u>	<u>(27,761)</u>
Excess expenditures over revenue	<u>143</u>	<u>143</u>	<u>16,345</u>	<u>16,202</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	138,908	138,908
Total other financing sources	<u>-</u>	<u>-</u>	<u>138,908</u>	<u>138,908</u>
Net change in fund balance	<u>\$ 143</u>	<u>\$ 143</u>	<u>\$ 155,253</u>	<u>\$ (155,110)</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedules
Non Major Special Revenue Funds (Continued)
For the Year Ended September 30, 2020**

Municipal Court Training and Equipment Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary	(Under)Over
			Basis	Final Budget
REVENUES				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 4,301	\$ (699)
Interest and investment earnings	100	100	170	70
Total revenues	5,100	5,100	4,471	(629)
EXPENDITURES				
Current:				
General government	5,100	5,100	958	(4,142)
Total expenditures	5,100	5,100	958	(4,142)
Excess expenditures over revenue	-	-	3,513	3,513
Net change in fund balance	\$ -	\$ -	\$ 3,513	\$ (3,513)

Renaissance Center Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary	(Under)Over
			Basis	Final Budget
REVENUES				
Sales, use, luxury tax	\$ 312,750	\$ 312,750	\$ 285,936	\$ (26,814)
Total revenues	312,750	312,750	285,936	(26,814)
EXPENDITURES				
Current:				
General government	312,750	312,750	285,936	(26,814)
Total expenditures	312,750	312,750	285,936	(26,814)
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, 2020**

Lodging Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary	(Under)Over
			Basis	Final Budget
REVENUES				
Sales, use, luxury tax	\$ 1,262,368	\$ 1,262,368	\$ 1,011,489	\$ (250,879)
Total revenues	1,262,368	1,262,368	1,011,489	(250,879)
EXPENDITURES				
Current:				
General government	189,356	189,356	151,723	(37,633)
Culture and recreation	-	76,523	64,049	(12,474)
Capital outlay	-	1,603,477	354,303	(1,249,174)
Total expenditures	189,356	1,869,356	570,075	(1,299,281)
Excess expenditures over revenue	1,073,012	(606,988)	441,414	1,048,402
OTHER FINANCING SOURCES (USES)				
Transfers out	(673,283)	(673,283)	(673,283)	-
Total other financing sources (uses)	(673,283)	(673,283)	(673,283)	-
Net change in fund balance	\$ 399,729	\$ (1,280,271)	\$ (231,869)	\$ 1,048,402

Part III
Statistical
Section

CITY OF DAPHNE, ALABAMA

STATISTICAL SECTION

PAGE

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



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CITY OF DAPHNE, ALABAMA

Net Position by Activity Type
Last Ten Fiscal Years

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
Governmental activities				
Net investment in capital assets	\$ 97,095,352	\$ 89,146,653	\$ 73,073,736	\$ 58,109,624
Restricted	2,953,220	2,703,905	5,035,976	14,546,308
Unrestricted	24,284,779	16,869,717	17,262,207	18,117,208
Total governmental activities net position	\$ 124,333,351	\$ 108,720,275	\$ 95,371,919	\$ 90,773,140
Business-type activities				
Net investment in capital assets	\$ 140,858	\$ 287,908	\$ 362,045	\$ 411,503
Restricted	-	-	-	-
Unrestricted	466,016	318,966	244,829	320,921
Total business-type activities net position	\$ 606,874	\$ 606,874	\$ 606,874	\$ 732,424
Primary government				
Net investment in capital assets	\$ 97,236,210	\$ 89,434,561	\$ 73,435,781	\$ 58,521,127
Restricted	2,953,220	2,703,905	5,035,976	14,546,308
Unrestricted	24,750,795	17,188,683	17,507,036	18,438,129
Total primary government activities net position	\$ 124,940,225	\$ 109,327,149	\$ 95,978,793	\$ 91,505,564

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
\$ 64,148,784	\$ 61,391,398	\$ 63,388,217	\$ 62,254,836	\$ 61,029,696	\$ 62,202,611
4,352,194	4,114,055	3,436,535	2,919,881	5,722,598	3,798,626
18,231,323	17,197,567	17,533,883	17,478,314	15,360,403	14,559,748
\$ 86,732,301	\$ 82,703,020	\$ 84,358,635	\$ 82,653,031	\$ 82,112,697	\$ 80,560,985
\$ 586,503	\$ 720,777	\$ 466,828	\$ 493,334	\$ 326,660	\$ 311,903
-	-	-	-	-	-
145,921	11,647	143,859	116,358	206,785	188,538
\$ 732,424	\$ 732,424	\$ 610,687	\$ 609,692	\$ 533,445	\$ 500,441
\$ 64,735,287	\$ 62,112,175	\$ 63,855,045	\$ 62,748,170	\$ 61,356,356	\$ 62,514,514
4,352,194	4,114,055	3,436,535	2,919,881	5,722,598	3,798,626
18,377,244	17,209,214	17,677,742	17,594,672	15,567,188	14,748,286
\$ 87,464,725	\$ 83,435,444	\$ 84,969,322	\$ 83,262,723	\$ 82,646,142	\$ 81,061,426

CITY OF DAPHNE, ALABAMA

Changes in Net Position
Last Ten Fiscal Years

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
EXPENSES				
Governmental activities:				
General government	\$ 6,128,965	\$ 5,599,964	\$ 5,991,913	\$ 5,011,264
Public safety	13,052,501	12,260,317	11,973,798	11,510,234
Public works	12,030,285	9,255,484	9,144,870	9,567,947
Culture and recreation	2,749,007	3,484,797	2,909,886	2,981,534
Contribution to Utilities Board	-	12,551	224,705	1,075,420
Interest and costs on long term debt	1,208,059	2,045,633	1,678,214	1,569,279
Total governmental activities expenses	35,168,817	32,658,746	31,923,386	31,715,678
Business-type activities:				
Solid Waste	2,019,256	1,980,805	1,917,834	1,893,055
Civic Center	536,488	476,637	471,520	516,727
Bayfront Park	90,485	186,947	228,087	242,117
Total business-type activities expenses	2,646,229	2,644,389	2,617,441	2,651,899
Total primary government activities expenses	37,815,046	35,303,135	34,540,827	34,367,577
PROGRAM REVENUES				
Governmental activities:				
Fees and charges for services:				
General government	5,252,189	5,128,591	5,034,708	4,853,694
Public safety	2,259,117	1,743,544	1,619,721	1,266,204
Public works	101,811	823,980	101,829	127,433
Culture and recreation	154,582	193,206	108,705	100,430
Operating grants and contributions	2,011,040	179,252	248,280	315,312
Capital grants and contributions	11,155,739	9,700,436	6,454,560	4,828,176
Total governmental program activities revenues	20,934,478	17,769,009	13,567,803	11,491,249
Business-type activities:				
Fees and charges for services:				
Solid Waste	1,267,421	1,611,090	1,550,100	1,411,119
Civic Center	251,569	388,632	229,123	210,717
Bayfront Park	24,982	57,189	68,287	74,305
Operating grants and contributions	4,906	-	-	-
Total business-type activities revenues	1,548,878	2,056,911	1,847,510	1,696,141
Total primary government activities revenues	22,483,356	19,825,920	15,415,313	13,187,390

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
\$ 5,210,215	\$ 4,095,602	\$ 3,859,574	\$ 3,851,858	\$ 3,741,854	\$ 4,003,928
10,839,294	10,540,355	10,551,783	9,993,644	9,258,856	9,173,085
10,103,725	8,958,122	9,962,074	8,463,551	7,850,939	7,368,818
2,837,070	2,682,066	2,828,313	2,672,960	2,690,448	2,768,462
364,363	-	-	-	49,700	1,676,000
1,687,530	1,908,810	1,921,906	1,945,618	2,149,919	2,051,932
31,042,197	28,184,955	29,123,650	26,927,631	25,741,716	27,042,225
1,998,862	2,075,134	1,359,874	1,312,441	1,345,955	1,164,039
525,740	504,049	597,747	491,188	496,947	566,907
232,108	209,983	209,147	212,561	208,033	190,448
2,756,710	2,789,166	2,166,768	2,016,190	2,050,935	1,921,394
33,798,907	30,974,121	31,290,418	28,943,821	27,792,651	28,963,619
4,621,753	4,582,032	4,400,562	3,996,273	3,918,677	3,840,247
1,253,702	1,621,665	1,163,401	1,259,980	893,427	1,019,856
112,707	234,174	58,914	6,597	60,011	60,260
117,495	107,612	136,956	151,412	197,235	240,660
1,333,091	211,613	124,118	263,800	266,074	492,707
4,178,497	1,563,187	3,625,683	2,592,709	2,465,034	2,295,405
11,617,245	8,320,283	9,509,634	8,270,771	7,800,458	7,949,135
1,367,146	1,329,308	1,330,671	1,388,688	1,289,902	1,337,207
206,086	209,924	224,967	229,949	217,886	223,005
75,307	67,727	84,472	65,610	59,983	60,744
-	36,287	-	-	-	-
1,648,539	1,643,246	1,640,110	1,684,247	1,567,771	1,620,956
13,265,784	9,963,529	11,149,744	9,955,018	9,368,229	9,570,091

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
NET (EXPENSES) / REVENUES				
Governmental activities	\$ (14,234,339)	\$ (14,889,737)	\$ (18,355,583)	\$ (20,224,429)
Business-type activities	(1,097,351)	(587,478)	(769,931)	(955,758)
Total primary government net expense	(15,331,690)	(15,477,215)	(19,125,514)	(21,180,187)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
General revenues				
Sales, use, and luxury taxes	23,589,566	21,837,498	20,665,705	19,239,333
Ad valorem taxes	6,641,675	6,318,657	6,088,719	5,828,033
Intergovernmental revenues	-	-	-	-
Interest and investment earnings	386,567	482,378	62,517	26,398
Gain/(loss) on disposition of assets	(84,912)	82,951	1,765	62,557
Miscellaneous	71,527	74,494	55,507	57,747
Total general revenues	30,604,423	28,795,978	26,874,213	25,214,068
Transfers	(757,008)	(557,885)	(865,119)	(948,770)
Total governmental activities	29,847,415	28,238,093	26,009,094	24,265,298
Business-type activities:				
Gain/(loss) on disposition of assets	340,343	29,593	1,406	6,988
Transfers	757,008	557,885	865,119	948,770
Total business-type activities	1,097,351	587,478	866,525	955,758
Total primary government	30,944,766	28,825,571	26,875,619	25,221,056
CHANGES IN NET POSITION				
Governmental activities	15,613,076	13,348,356	7,653,511	4,040,869
Business-type activities	-	-	96,594	-
Total primary government	\$ 15,613,076	\$ 13,348,356	\$ 7,750,105	\$ 4,040,869

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
\$ (19,424,952)	\$ (19,864,672)	\$ (19,614,016)	\$ (18,656,860)	\$ (17,941,258)	\$ (19,093,090)
(1,108,171)	(1,145,920)	(526,658)	(331,943)	(483,164)	(300,438)
(20,533,123)	(21,010,592)	(20,140,674)	(18,988,803)	(18,424,422)	(19,393,528)
18,367,765	17,175,134	16,482,126	15,423,466	14,583,177	13,925,921
5,488,662	5,219,736	5,110,152	4,799,679	4,700,889	5,007,964
-	-	-	-	425,843	304,457
187,203	213,194	75,559	2,802	206,079	241,238
-	(78,360)	77,842	-	-	-
518,774	41,014	81,594	56,207	60,143	64,159
24,562,404	22,570,718	21,827,273	20,282,154	19,976,131	19,543,739
(1,108,171)	(1,529,222)	(497,455)	(408,190)	(483,165)	(462,780)
23,454,233	21,041,496	21,329,818	19,873,964	19,492,966	19,080,959
-	722	-	-	-	-
1,108,171	1,529,222	497,455	408,190	483,165	462,780
1,108,171	1,529,944	497,455	408,190	483,165	462,780
24,562,404	22,571,440	21,827,273	20,282,154	19,976,131	19,543,739
4,029,281	1,176,824	1,715,802	1,217,104	1,551,708	(12,131)
-	384,024	(29,203)	76,247	1	162,342
\$ 4,029,281	\$ 1,560,848	\$ 1,686,599	\$ 1,293,351	\$ 1,551,709	\$ 150,211

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
General Fund				
Nonspendable	\$ 666,965	\$ 669,267	\$ 680,850	\$ 672,414
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	924,538	798,971	848,386	1,047,284
Unassigned	17,963,738	14,774,723	13,180,837	12,239,966
Total General Fund	\$ 19,555,241	\$ 16,242,961	\$ 14,710,073	\$ 13,959,664
 All Other Governmental Funds				
Restricted	\$ 2,953,220	\$ 3,623,660	\$ 10,276,812	\$ 14,546,308
Committed	2,096,938	2,328,807	2,422,164	2,176,032
Assigned	4,137,154	2,449,983	3,647,501	2,768,997
Unassigned	-	-	-	(13,961)
Total All Other Governmental Funds	9,187,312	8,402,450	16,346,477	19,477,376
 Total All Governmental Funds	\$ 28,742,553	\$ 24,645,411	\$ 31,056,550	\$ 33,437,040

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
\$ 425,200	\$ 413,384	\$ 445,276	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
633,724	200,121	235,433	278,081	398,903	253,448
12,671,707	10,967,353	9,460,898	10,583,878	9,946,859	10,965,330
\$ 13,730,631	\$ 11,580,858	\$ 10,141,607	\$ 10,861,959	\$ 10,345,762	\$ 11,218,778
\$ 4,352,194	\$ 4,114,055	\$ 3,436,535	\$ 2,919,881	\$ 5,722,598	\$ 3,633,499
1,861,490	2,854,833	2,198,674	1,635,200	2,190,078	4,181,490
2,405,846	1,680,915	1,886,604	1,400,456	965,733	(328,860)
(13,961)	(685,893)	(487,888)	-	-	-
8,605,569	7,963,910	7,033,925	5,955,537	8,878,408	7,486,128
\$ 22,336,200	\$ 19,544,768	\$ 17,175,532	\$ 16,817,496	\$ 19,224,170	\$ 18,704,906

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
Revenues				
Taxes	\$ 32,080,853	\$ 30,261,355	\$ 28,672,686	\$ 26,920,329
Licenses and permits	3,948,199	3,290,913	3,160,105	2,811,350
Intergovernmental	1,027,054	806,009	567,105	597,612
Charges for services	603,641	703,089	373,933	351,762
Fines and forfeitures	514,508	506,574	638,011	571,694
Grants and contributions	2,014,316	609,805	1,421,233	760,104
Interest and investment earnings	386,568	482,377	62,517	26,398
Other	181,978	923,049	116,460	175,873
Total Revenues	40,757,117	37,583,171	35,012,050	32,215,122
Expenditures				
General government	5,922,934	5,355,778	5,722,939	4,666,815
Public safety	11,676,554	11,367,514	10,925,824	10,240,081
Public works	6,157,112	4,187,278	4,095,667	4,230,430
Culture and recreation	2,416,496	2,552,217	2,162,526	2,223,838
Contribution to Utilities Board	-	12,551	224,705	1,075,420
	26,173,096	23,475,338	23,131,661	22,436,584
Debt Service				
Principal	3,283,782	4,053,293	3,555,258	3,806,154
Interest	1,247,695	1,390,608	1,542,661	1,474,359
Cost of debt issuance	-	91,475	10,750	21,500
	4,531,477	5,535,376	5,108,669	5,302,013
Capital outlay	5,355,019	16,240,719	9,571,655	4,997,475
Total Expenditures	36,059,592	45,251,433	37,811,985	32,736,072
Excess of Revenues Over (Under) Expenditures	4,697,525	(7,668,262)	(2,799,935)	(520,950)
Other Financing Sources (Uses)				
Transfers in	7,334,462	9,678,558	6,532,533	18,376,046
Transfers out	(8,091,470)	(10,236,443)	(7,397,652)	(19,324,816)
Issuance of debt	156,625	805,355	1,284,564	570,560
Refunding warrant proceeds (net of discounts)	-	10,394,024	-	12,000,000
Payment to refunded bond escrow agent	-	(9,384,371)	-	-
Total Other Financing Sources (Uses)	(600,383)	1,257,123	419,445	11,621,790
Net Change in Fund Balances	\$ 4,097,142	\$ (6,411,139)	\$ (2,380,490)	\$ 11,100,840
Debt Service as a Percentage of Non-Capital Expenditures	14.76%	18.77%	18.05%	19.04%

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
\$ 25,744,593	\$ 23,906,257	\$ 24,519,331	\$ 21,999,720	\$ 21,733,548	\$ 21,244,492
2,674,035	2,654,101	2,250,864	2,173,251	1,864,731	1,840,438
1,164,734	701,508	884,022	834,436	463,986	338,737
369,011	358,786	380,113	398,436	480,719	471,144
559,513	866,801	539,167	543,053	491,236	560,938
2,721,304	1,026,219	183,470	519,355	946,681	1,351,147
187,202	213,194	75,559	2,801	206,289	241,311
666,584	213,797	268,052	659,498	683,817	1,485,586
34,086,976	29,940,663	29,100,578	27,130,550	26,871,007	27,533,793
4,765,650	3,815,611	3,575,499	3,541,464	3,493,943	3,722,384
9,999,719	9,737,257	9,740,349	9,079,296	8,811,758	8,530,766
5,042,520	3,927,456	5,008,458	3,932,144	3,726,692	3,358,205
2,094,896	1,957,963	2,105,906	1,990,272	2,057,739	2,541,230
364,363	-	-	-	49,700	1,676,000
22,267,148	19,438,287	20,430,212	18,543,176	18,139,832	19,828,585
3,603,942	4,562,582	2,766,201	2,792,936	2,110,150	1,962,276
1,247,830	1,600,130	1,833,561	1,870,017	1,872,584	2,117,367
121,150	124,738	-	-	179,549	-
4,972,922	6,287,450	4,599,762	4,662,953	4,162,283	4,079,642
5,199,050	4,468,018	3,215,113	6,304,061	5,301,508	5,232,424
32,439,120	30,193,755	28,245,087	29,510,190	27,603,623	29,140,651
1,647,856	(253,092)	855,491	(2,379,640)	(732,615)	(1,606,858)
5,653,613	5,599,443	5,858,871	4,328,861	5,142,923	6,318,974
(6,761,784)	(6,744,641)	(6,356,326)	(4,737,051)	(5,626,088)	(6,806,092)
1,285,397	481,289	-	581,155	-	-
9,281,737	9,983,232	-	-	13,271,188	-
(8,315,387)	(7,034,096)	-	-	(11,536,144)	-
1,143,576	2,285,227	(497,455)	172,965	1,251,879	(487,117)
\$ 2,791,432	\$ 2,032,135	\$ 358,036	\$ (2,206,675)	\$ 519,264	\$ (2,093,975)
17.81%	23.96%	18.38%	20.09%	17.86%	17.06%

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
2020	\$ 21,796,694	\$ 193,662	\$ 2,652,738	\$ 6,426,270	\$ 1,011,489
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

CITY OF DAPHNE, ALABAMA

**Revenue Rates for General Sales Tax
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>City Sales Tax Rate</u>	<u>County Sales Tax Rate</u>	<u>State Sales Tax Rate</u>	<u>Total Sales Tax Rate</u>
2020	2.5%	3.0%	4.0%	9.5%
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%	2.0%	4.0%	8.5%
2012	2.5%	2.0%	4.0%	8.5%
2011	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 2020 RANK	FY 2020 % of Total Taxable Sales	FY 2011 RANK	FY 2011 % of Total Taxable Sales
Walmart Stores	1	7.28%	1	12.97%
Sam's Club	2	6.47%	2	8.68%
Lowes Home Center	3	4.89%	3	4.38%
Home Depot	4	3.19%	5	3.15%
Target	5	2.92%	4	4.09%
Daphne Automotive	6	2.65%	6	3.06%
Publix	7	2.20%	7	2.97%
Chris Myers Pontiac GMC	8	2.09%	8	2.84%
Tameron Automotive Eastern Shore	9	1.68%	9	2.09%
Terry Thompson Chevrolet Winn-Dixie	10	1.48%	10	1.77%

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		
2020	\$ 513,000	\$191,051,540	\$ 286,746,580		\$ 48,608,520	\$ 155,309	\$527,074,949	15.00
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

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 2020			FY 2011		
	Assessed Value	Rank	% of Total Net Assessed Value	Assessed Value	Rank	% of Total Net Assessed Value
Jubilee Square LLC	\$ 7,323,320	1	1.45%	-	-	-
Audubon 344 LLC	6,650,640	2	1.32%	-	-	-
Colonnade at Eastern Shore LLC	5,311,780	3	1.05%	-	-	-
Ashley Gates Holdings LLC	4,417,660	4	0.88%	2,375,100	8	0.68%
Palladian at Daphne LLC	4,036,460	5	0.80%	-	-	-
Esfahani Real Estate Holdings	3,861,500	6	0.77%	3,286,240	2	0.94%
OCP Whispering Pines LLC	3,368,660	7	0.67%	-	-	0.00%
ECP Property LLC	3,260,420	8	0.65%	-	-	0.00%
Myers Familily Limited Partnership	3,039,540	9	0.60%	3,136,140	3	0.90%
D R Horton Inc - Birmingham	2,857,720	10	0.57%	-	-	0.00%
L-A Daphne, LLC				5,420,820	1	1.55%
Sam's Real Estate Business Trust	-	-	-	2,799,180	4	0.80%
Walmart Real Estate Business Trust	-	-	-	2,769,540	5	0.79%
Whispering Pines Park LLC	-	-	-	2,562,860	6	0.73%
Lowe's Home Centers Inc	-	-	-	2,451,760	7	0.70%
North Fork Apartments LP				2,349,160	9	0.67%
Tameron Properties LLC	-	-	-	2,038,380	10	0.58%

Source: Baldwin County Revenue Commissioner

- Data was only available for the top 10 organizations each year and some property owners have changed names

CITY OF DAPHNE, ALABAMA

**Property Tax Rates Direct and Overlapping Governments
Last Ten Fiscal 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		
2020	15.0	5.0	2.5	1.5	12.0	0.5	21.5	
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	

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 Ten Fiscal 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
2020	\$ 6,154,355	\$5,675,536	92.22%	\$ -	\$ 5,675,536	92.22%
2019	6,081,780	6,060,319	99.65%	-	6,060,319	99.65%
2018	5,813,829	5,791,368	99.61%	1,949	5,793,317	99.65%
2017	5,464,020	5,457,542	99.88%	3,541	5,461,083	99.94%
2016	5,185,562	5,180,576	99.90%	4,171	5,184,747	99.94%
2015	4,898,061	4,889,546	99.83%	4,540	4,894,086	99.90%
2014	4,740,854	4,715,793	99.47%	23,295	4,739,088	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%

Source: Baldwin County Revenue Commissioner

Note: Property taxes are collected starting October 1 of the following year, thus 2020 collections represent collections received through the issuance of this report

CITY OF DAPHNE, ALABAMA

**Legal Debt Margin
Last Ten Fiscal Years**

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
Constitutional Debt Limit	\$ 94,959,482	\$ 90,674,320	\$ 87,170,767	\$ 82,839,421
Total Net Debt Applicable to Limit	<u>(32,302,054)</u>	<u>(34,563,180)</u>	<u>(37,240,809)</u>	<u>(39,986,229)</u>
Legal Debt Margin	<u>\$ 62,657,428</u>	<u>\$ 56,111,140</u>	<u>\$ 49,929,958</u>	<u>\$ 42,853,192</u>
 Total Net Debt Applicable to Limit as a Percentage of Debt Limit	34.02%	38.12%	42.72%	48.27%

Legal Debt Margin Calculation

Assessed Value	<u>\$ 474,797,409</u>	<u>\$ 453,371,598</u>	<u>\$ 435,853,834</u>	<u>\$ 414,197,104</u>
Debt Limit (20% of Total Assessed Value)	<u>\$ 94,959,482</u>	<u>\$ 90,674,320</u>	<u>\$ 87,170,767</u>	<u>\$ 82,839,421</u>
Debt Applicable to Limit:				
General Obligation Bonds	\$ 33,349,994	\$ 35,874,840	\$ 38,895,305	\$ 41,972,457
Less: Exempt Debt	<u>(1,047,940)</u>	<u>(1,311,660)</u>	<u>(1,654,496)</u>	<u>(1,986,228)</u>
Total Net Debt Applicable to Limit	<u>\$ 32,302,054</u>	<u>\$ 34,563,180</u>	<u>\$ 37,240,809</u>	<u>\$ 39,986,229</u>
Legal Debt Margin	<u>\$ 62,657,428</u>	<u>\$ 56,111,140</u>	<u>\$ 49,929,958</u>	<u>\$ 42,853,192</u>

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
\$ 78,881,544	\$ 74,898,600	\$ 71,732,586	\$ 69,063,384	\$ 67,093,475	\$ 69,944,786
(30,882,844)	(33,291,384)	(33,914,432)	(36,335,750)	(38,614,155)	(28,984,716)
\$ 47,998,700	\$ 41,607,216	\$ 37,818,154	\$ 32,727,634	\$ 28,479,320	\$ 40,960,070
39.15%	44.45%	47.28%	52.61%	57.55%	41.44%
\$ 394,407,722	\$ 374,493,002	\$ 394,407,722	\$ 374,493,002	\$ 358,662,928	\$ 335,467,376
\$ 78,881,544	\$ 74,898,600	\$ 71,732,586	\$ 74,898,600	\$ 71,732,586	\$ 67,093,475
\$ 33,270,204	\$ 36,038,064	\$ 37,007,732	\$ 39,634,250	\$ 42,725,887	\$ 42,388,164
(2,387,360)	(2,746,680)	(3,093,300)	(3,298,500)	(4,111,732)	(13,403,448)
\$ 30,882,844	\$ 33,291,384	\$ 33,914,432	\$ 36,335,750	\$ 38,614,155	\$ 28,984,716
\$ 47,998,700	\$ 41,607,216	\$ 37,818,154	\$ 38,562,850	\$ 33,118,431	\$ 38,108,759

CITY OF DAPHNE, ALABAMA

**Outstanding Debt by Type
Last Ten Fiscal 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
2020	\$ 32,516,000	\$ 833,994	\$ 1,198,965	\$ 1,749,716	\$ -	\$ 1,017,126
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

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

Total Primary Government Debt	Total Debt as a Percentage of Personal Income	Total Debt Per Capita
\$ 37,315,801	2.07%	1,080
39,821,821	2.36%	1,171
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

CITY OF DAPHNE, ALABAMA

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

Fiscal Year	Net Debt ⁽¹⁾	Net Debt as a Percentage of Estimated Actual Taxable Value of Property ⁽²⁾	Net Debt Per Capita ⁽³⁾
2020	\$ 32,688,453	6.20%	946
2019	35,304,231	7.00%	1,039
2018	39,257,515	9.01%	1,155
2017	42,373,292	10.23%	1,271
2016	33,708,303	8.55%	1,017
2015	35,729,780	9.54%	1,137
2014	36,623,441	10.21%	1,207
2013	39,225,486	11.36%	1,238
2012	41,676,519	12.42%	1,392
2011	41,192,220	11.78%	1,412

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

(1) - Net debt included a reduction in the amount of \$1,860,506 for resources that have been restricted for the repayment of debt. Notes payable and capital leases are also excluded.

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

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

CITY OF DAPHNE, ALABAMA

**Direct and Overlapping Governmental Activities Debt
Last Ten Fiscal Years**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Daphne Direct Debt			
Net Direct Debt	\$ 37,315,801	100.00%	\$ 37,315,801
Subtotal:	\$ 37,315,801		\$ 37,315,801
Overlapping Debt			
Utilities Board of the City of Daphne ⁽¹⁾	7,825,000	100.00%	7,825,000
Baldwin County General Bonded Debt & Warrants	83,652,086	9.40% ⁽²⁾	7,865,825
Subtotal:	\$ 91,477,086		\$ 15,690,825
Total Direct & Overlapping Debt			<u><u>\$ 53,006,626</u></u>

Source: Baldwin County Revenue Commissioner

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

(2) - The percentage of net assessed value of property in the City of Daphne (\$527,074,949) to net assessed value of property in Baldwin County (\$5,605,377,574) on 10/1/2019.

CITY OF DAPHNE, ALABAMA

**Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income	Per Capital Person Income	Median Age	School Enrollment	Unemployment Rate
2020	34,565	\$ 1,802,044,200	52,135	36.20	5,602	3.2%
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%

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 2020 % of			FY 2011 % of		
	FY 2020 # of Employees	Total Employees	FY 2020 RANK	FY 2011 # of Employees	Total Employees	FY 2011 RANK
Baldwin County Board of Education	400	3.20%	1	300	3.00%	2
City of Daphne	325	2.60%	2	275	2.75%	3
Wal-Mart Super Center	269	2.15%	3	325	3.25%	1
Eastern Shore Toyota / Hyundai	198	1.58%	4	170	1.70%	5
Lowe's	165	1.32%	5	160	1.60%	6
Thomas Hospital/Infirmary	153	1.22%	6			
Chris Myers	150	1.20%	7	120	0.14%	10
Bayside Academy	140	1.12%	8	125	0.15%	9
Publix	135	1.08%	9			
Home Depot	120	0.96%	Tie 10			
The Brennnity	120	0.96%	Tie 10	150	0.18%	7
Eastern Shore Rehab				250	0.29%	4
Sam's Club				145	0.17%	8

Source: Eastern Shore Chamber of Commerce

- Data was only available for the top 10 employers each year

CITY OF DAPHNE, ALABAMA

**City Government Employees by Function
Last Ten Fiscal Years**

Function	FISCAL YEAR			
	2020	2019	FY 2018	FY 2017
General Government:				
Legislative	2	2	2	2
Executive and Marketing	6	6	5	4
Information Technology	3	3	3	3
Human Resources	5	5	5	5
Finance	7	7	7	7
Revenue	3	3	3	3
Planning	4.5	4	4	4
Court	4	4	4	4
Building Maintenance & Janitorial	9	9	8	8
Total General Government	44	43	41	40
Public Safety:				
Police Department	101	100	100	97
Fire Department	59	59	58	57
Building Inspection	6.5	6.5	6	6
Code Enforcement	2	2	2	2
Total Public Safety	169	168	166	162
Public Works:				
Public Works Administration	7	7	5	5
Streets	14	14	13	13
Grounds	15	14	14	14
Museum	1	1	0	0
Mowing	9	9	9	9
Mechanical	8	8	8	8
Solid Waste	17	17	18	17
Total Public Works	71	70	67	66
Library and Recreation:				
Parks	14	11	9	6
Recreation	4	4	6	6
S.A.I.L. Site	2	2	2	2
Library	19	18	17	17
Civic Center	7	7	7	7
Total Library & Recreation	46	42	41	38
Total Employees	329	323	315	306

Source: City of Daphne Human Resources Department

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
2	2	2	2	2	2
3	3	2	2	1	1
2	2	1	1	0	0
5	4	3	3	3	3
7	7	8	8	8	8
3	3	2	2	2	2
4	4	4	4	4	4
3	3	3	3	4	4
7	7	7	7	7	7
36	35	32	32	31	31
91	91	91	85	84	84
55	54	54	54	51	51
6	5	5	5	5	5
2	2	1	1	1	1
154	152	151	145	141	141
5	5	5	5	5	5
13	13	13	11	11	11
14	14	14	12	12	12
0	0	0	0	0	0
9	8	8	8	8	8
8	8	8	8	8	8
17	17	17	17	17	17
66	65	65	61	61	61
6	6	6	9	9	9
6	8	8	8	7	7
2	2	3	3	3	3
17	17	16	14	15	15
7	7	6	6	7	7
38	40	39	40	41	41
294	292	287	278	274	274

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
Municipal Court				
Cases Filed:				
Traffic	2,339	3,729	3,236	3,366
Non- Traffic	390	514	327	416
Parking	-	-	-	-
Total Cases Filed:	2,729	4,243	3,563	3,782
Cases Disposed of:				
Traffic	2,998	3,590	2,997	3,527
Non- Traffic	417	556	457	427
Parking	-	-	-	-
Total Cases Disposed of:	3,415	4,146	3,454	3,954
Cases Appealed:				
Traffic	23	31	12	39
Non- Traffic	24	19	23	43
Parking	-	-	-	-
Total Appeals:	47	50	35	82
Cases by Disposition Type:				
Guilty	1,500	2,230	3,309	3,215
Not Guilty	5	10	76	48
Nol pros / Dismissal	1,801	1,818	1,431	1,489
Continued	*N/A	*N/A	*N/A	*N/A
Total Cases:	3,306	4,058	4,816	4,752

*N/A – The Municipal Court upgraded reporting software during the fiscal year 2017 and the information is no longer available and/or being reported.

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
3,808	4,269	3,552	3,280	3,177	3,094
462	458	396	441	501	510
-	1	-	-	-	-
4,270	4,728	3,948	3,721	3,678	3,604
3,958	4,259	3,812	3,355	3,494	4,056
439	458	420	537	567	561
-	-	-	-	-	2
4,397	4,717	4,232	3,892	4,061	4,619
45	69	55	69	43	55
52	53	39	35	49	53
-	-	-	-	-	-
97	122	94	104	92	108
2,589	2,814	2,472	2,424	2,518	3,014
7	9	11	13	14	16
1,643	1,711	1,505	1,195	1,274	1,571
6,303	4,912	4,083	3,002	2,412	2,012
10,542	9,446	8,071	6,634	6,218	6,613

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
Municipal Court (continued)				
Local Receipts:				
Fines	\$ 263,008	\$ 264,749	\$ 266,468	\$ 251,085
Corrections	65,376	82,578	37,762	79,781
Municipal ETC	4,305	5,493	4,963	5,185
Bonds Forfeited	24,967	15,763	14,000	2,193
Other Local	89,472	104,134	137,258	109,911
Total Local Receipts:	\$ 447,128	\$ 472,717	\$ 460,451	\$ 448,155
State Receipts:				
Fair Trial Tax	\$ 24,879	\$ 44,145	\$ 39,871	\$ 42,146
Driver Education	16,255	21,447	19,405	20,688
State General DUI	7,162	5,830	4,720	7,617
AHSCI Trust Fund	6,809	3,012	1,590	1,195
Chemical Forensic	9,997	13,139	8,596	9,301
State General Fund	45,340	57,710	51,989	54,865
DNA Database	26,855	31,504	28,931	30,413
Criminal History	10,941	9,316	9,195	8,272
Traffic Safety Trust Fund	6,129	3,286	3,001	3,762
Peace Officers Annuity and Training Fund	5,324	5,695	10,919	15,394
Advance Tech Data	7,938	9,480	8,016	7,978
Crime Victims Fund	6,568	7,396	6,686	6,785
DUI/Interlock	-	7,574	2,404	5,011
Forensic Trust	*N/A	*N/A	*N/A	2,307
Drivers License Fee	*N/A	*N/A	*N/A	*N/A
Drug Docket Fee	*N/A	*N/A	*N/A	*N/A
Other State	222,773	175,641	158,844	173,011
Total State Receipts:	\$ 396,970	\$ 395,175	\$ 354,167	\$ 388,745
Other Receipts:				
Restitution	\$ 11,246	\$ 8,621	\$ 10,307	\$ 6,810
Cash Bonds	\$ 76,521	\$ 230,868	\$ 209,278	\$ 178,022
Total Other Receipts:	\$ 87,767	\$ 239,489	\$ 219,585	\$ 184,832

*N/A – The Municipal Court upgraded reporting software during the fiscal year 2017 and the information is no longer available and/or being reported.

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
\$ 260,762	\$ 246,491	\$ 259,223	\$ 284,804	\$ 265,397	\$ 326,406
93,536	96,646	82,753	74,885	70,109	70,757
6,240	6,447	5,551	5,002	4,688	4,731
30,148	29,591	15,475	13,712	18,540	23,809
123,575	122,275	115,508	114,494	74,190	61,930
\$ 514,261	\$ 501,450	\$ 478,510	\$ 492,897	\$ 432,924	\$ 487,633

\$ 50,084	\$ 52,161	\$ 44,585	\$ 40,108	\$ 44,697	\$ 38,588
24,448	25,610	21,511	18,722	20,560	17,530
9,214	9,314	14,625	16,867	13,397	18,856
*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
9,061	6,068	8,032	7,247	6,794	10,166
65,811	68,016	58,295	52,605	58,339	50,474
36,798	37,740	33,036	29,689	18,714	4,137
10,645	10,593	11,256	12,899	15,288	15,450
*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
16,131	16,745	14,321	12,921	9,836	8,616
9,356	9,688	8,347	7,517	8,246	7,114
8,288	8,483	7,591	7,404	8,502	7,597
5,263	5,719	8,186	8,108	7,068	10,604
2,623	2,310	2,069	2,608	1,935	1,386
13,774	12,154	12,571	13,218	15,206	15,036
1,117	797	800	960	1,025	548
195,103	197,132	149,624	135,941	93,793	107,074
\$ 457,716	\$ 462,530	\$ 394,849	\$ 366,814	\$ 323,400	\$ 313,176

\$ 9,659	\$ 9,452	\$ 4,285	\$ 9,638	\$ 7,105	\$ 5,564
\$ 193,220	\$ 168,056	\$ 149,700	\$ 147,179	\$ 209,396	\$ 199,110
\$ 202,879	\$ 177,508	\$ 153,985	\$ 156,817	\$ 216,501	\$ 204,674

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
Public Safety				
Police Department:				
Patrol Division:				
Complaints	12,747	15,113	15,292	17,287
Accidents - Private Property	178	190	247	194
Accidents - Roadway	831	1,010	969	883
Accidents - Traffic Homicides	4	4	2	7
Arrests - Controlled Substance	67	42	50	61
Arrests - Drug Paraphernalia	75	69	69	58
Arrests - Felony Marijuana	4	7	8	10
Arrests - Misdemeanor Marijuana	72	78	62	121
Arrests - Alias Warrant	253	555	578	510
Arrests - D.U.I.	163	142	146	127
Arrests - Felony	74	99	90	174
Arrests - Misdemeanor	766	1,000	1,011	1,102
Assists - Motorist / Citizens	1,733	1,688	1,721	2,073
Citations	2,114	3,338	2,978	3,400
Searches - Vehicles	287	315	233	1,145
Security Checks	17,022	15,581	10,904	9,241
Warnings	1,700	2,193	1,255	2,171
Drug Report - Routine Patrol & Special Ops:				
Drugs Seized	136	112	12	102
Vehicles Seized	-	-	7	-
Commercial Vehicle Inspections	11	147	294	317
Monies Seized	\$ 372,000	\$ 1,580,000	\$ 3,344,000	\$ 10
Detective Division:				
New Cases Received	687	879	893	739
Previous Unsolved Cases	76	60	67	69
Cases Solved	463	609	548	511
Arrests:				
Cases Solved - Felony	54	101	67	81
Cases Solved - Misdemeanor	33	80	40	17
Total Warrants Arrests	87	181	107	98

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
14,569	14,871	14,044	13,002	13,322	13,532
212	170	194	194	208	169
1,776	862	804	731	791	742
3	2	2	2	1	4
31	25	19	29	10	9
51	44	38	32	26	31
4	7	2	7	3	10
57	42	29	40	26	23
520	438	357	286	431	366
133	138	141	152	149	128
89	70	71	95	61	82
973	844	695	702	927	773
1,808	1,856	2,345	2,541	2,785	5,376
3,908	4,368	3,374	3,289	3,255	3,241
1,145	1,145	489	454	340	305
11,722	8,266	3,017	466	n/a	n/a
2,495	4,540	2,603	2,105	2,429	1,819
92	6	48	39	-	-
2	-	-	-	-	-
404	483	433	412	230	65
\$ -	\$ -	\$ -	\$ 1,445	\$ -	\$ -
804	752	726	795	734	849
95	91	73	93	66	91
554	466	403	473	481	482
97	63	58	162	112	144
27	16	3	9	22	47
124	79	61	171	134	191

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
Detective Division (continued)				
Sex Offenders:				
Contact Verification	79	61	47	75
Total # of Offenders				
Registered in Daphne	8	6	6	8
D.A.R.E.:				
Hours Report Writing	56	70	51	21
Police Reports by S.R.O.	42	65	43	21
Arrests by S.R.O.	20	26	26	10
Code Enforcement:				
Warnings	394	550	573	780
Citations	5	17	10	44
Warning Compliance	393	550	566	609
Business License Enforcement	51	227	200	204
Jail:				
Arrestees Received & Processed	1,405	1,999	2,022	1,967
Inmate Meals Served	\$ 35,281	\$ 38,617	\$ 44,878	\$ 18,459
Inmate Medical Cost	\$ 13,386	\$ 17,264	\$ 7,661	\$ 19,304
Worker Inmate Hours	1,190	1,320	754	948
Animal Control:				
Complaints	465	560	625	597
Follow-Up	2,950	323	256	237
Citations	16	25	25	15
Warnings	311	163	205	198
Felines Captured	226	175	231	159
Canines Captured	218	218	192	198
Other Captured	22	55	55	80
Returned to Owner	93	105	86	96
Adopted	188	113	124	98
Euthanized	47	123	120	167

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
54	35	36	45	18	20
5	5	7	8	8	2
41	34	41	32	48	69
42	32	31	30	32	57
12	7	17	13	14	24
548	95	40	41	41	60
285	25	15	33	45	51
760	273	190	248	312	251
333	333	312	379	427	307
2,065	2,092	2,256	2,351	2,259	2,131
\$ 20,343	\$ 30,082	\$ 29,137	\$ 27,883	\$ 21,055	\$ 20,557
\$ 25,515	\$ 30,257	\$ 24,063	\$ 23,788	\$ 20,002	\$ 14,322
2,130	2,217	2,328	1,879	2,005	3,206
641	665	836	703	618	721
313	564	1,458	1,326	1,169	1,224
67	43	62	153	55	80
293	210	157	391	276	132
170	215	297	299	259	273
175	224	310	365	345	337
153	139	125	67	71	129
88	91	130	179	186	143
105	137	191	191	139	183
136	276	332	277	204	174

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
Crimes Reported:				
Arson	1	-	1	-
Burglary - Commercial	13	7	16	15
Burglary - Residential	19	39	52	30
Burglary - Vehicle	85	117	156	162
Criminal Mischief	58	70	61	56
Disorderly Conduct	10	23	19	9
Domestic Disturbance	355	381	408	198
False Information to Police	31	20	4	11
Felony Assault	6	4	5	4
Felony Theft	111	149	173	136
Forgery/Fraud	46	87	52	6
Harassment	92	125	96	78
Identity Theft	20	24	22	5
Indecent Exposure	1	3	5	2
Kidnapping	-	-	1	-
Menacing	11	10	8	8
Misdemeanor Assault	15	18	24	7
Misdemeanor Theft	192	263	203	192
Murder/Attempted Murder	1	1	1	-
Other Death Investigations	35	22	24	12
Public Intoxication	15	23	21	16
Public Lewdness	1	2	5	1
Receiving Stolen Property	3	11	11	7
Reckless Endangerment	11	8	7	7
Resisting Arrest	1	11	9	8
Robbery	5	4	15	14
Sex Crime Investigations	10	9	14	4
Suicide	-	6	1	-
Suicide, Attempted	28	27	25	14
Theft of Services	32	7	6	20
Unauthorized Use of Services	9	12	9	4
Weapon Offenses	55	9	34	32

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
-	-	-	-	-	-
17	21	42	35	17	31
59	48	51	49	82	94
148	78	120	145	109	123
53	48	62	45	74	83
6	4	10	12	4	8
120	109	127	274	308	253
15	14	11	14	11	17
5	4	6	5	7	6
135	133	134	149	136	165
-	-	-	-	-	-
56	63	43	56	87	87
5	6	17	50	80	54
2	-	2	1	3	2
-	-	-	1	-	-
6	7	4	4	6	3
11	30	13	11	17	14
174	217	170	181	207	191
-	-	1	-	-	1
3	-	6	20	16	23
19	10	6	7	11	11
2	-	1	1	2	-
7	8	7	9	5	17
4	15	5	7	7	5
8	13	11	10	4	4
7	5	6	6	5	14
4	8	10	26	21	13
-	-	-	-	-	-
-	-	6	22	25	24
3	-	-	-	1	-
5	14	8	4	6	7
12	16	8	16	7	9

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
Fire Department:				
Suppression:				
Fire / Explosion:				
Structure Fires	45	31	41	33
Vehicle Fires	15	12	17	13
Brush Fires/Trash Fires	24	12	30	30
Fire, Other	3	6	12	6
Medical Assists**	429	N/A	N/A	N/A
Motor Vehicle Collisions**	294	N/A	N/A	N/A
Emergency Medical Calls	1,673	2,563	2,486	2,230
Hazardous Conditions	94	57	94	64
Public Service Assistance	289	238	198	220
Unauthorized Burning**	19	N/A	N/A	N/A
Other Rescues **	6	N/A	N/A	N/A
EMS Standby **	9	N/A	N/A	N/A
Animal Rescues**	5	N/A	N/A	N/A
False Calls	311	567	541	483
Fire Alarm Activations**	298	N/A	N/A	N/A
Other Incidents	17	15	2	2
Total Mutual Aid Given **	64	N/A	N/A	N/A
Fire Prevention Awareness & Education:				
Classes Held	-	253	283	343
Persons Attending	-	5,756	4,698	4,334
Bureau of Fire Prevention:				
Plan Reviews	44	30	49	46
Final / Certificates of Occupancy	9	9	16	25
General / Annual Inspections	920	1,028	911	743
Business Licenses	114	428	94	304
Consultations	-	258	310	89
All Other / Miscellaneous Activity	110	117	48	56
Miscellaneous Reporting:				
Training Hours	13,537	2,357	4,061	6,350
Property Loss (\$\$)	\$ 1,438,676	\$ 943,650	\$ 2,227,000	\$ 431,950
Personnel & Civilian Injuries by Fire:	2	-	2	-
Advanced Life Support Rescues**	N/A	1,788	2,040	1,830
Number of Patients Treated:	1,975	2,127	2,369	2,151
Child Passenger Safety Seat Inspections	82	157	128	106

** Changes in report tracking were made in FY 2020 resulting in both the addition and/or consolidation of categories

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
34	39	37	23	29	38
14	26	22	19	15	10
12	21	24	21	25	37
12	13	19	11	6	12
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
2,285	2,077	1,981	1,959	1,674	1,710
45	37	45	39	48	53
198	167	180	193	155	153
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
425	451	443	412	489	488
N/A	N/A	N/A	N/A	N/A	N/A
9	2	2	3	1	2
N/A	N/A	N/A	N/A	N/A	N/A
293	150	48	19	61	83
3,451	1,165	686	898	1,465	5,893
36	20	24	29	189	30
14	15	7	6	3	7
711	992	523	462	291	781
275	61	84	69	156	72
77	-	-	-	-	-
52	158	188	158	23	11
5,325	4,530	4,684	2,773	9,601	1,187
\$ 615,153	\$ 1,980,630	\$ 1,489,315	\$ 866,200	\$ 1,027,815	\$ 1,171,212
-	-	-	-	2	1
1,212	1,611	1,444	1,434	687	1,105
1,523	2,018	1,945	1,898	978	1,692
211	169	115	105	426	141

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
Building Inspection:				
Permits:				
Building Permits:				
Non-Residential	77	103	103	99
Residential	1,041	989	723	640
Electrical Permits:				
Non-Residential	29	57	73	52
Residential	111	104	92	171
Electrical Permits - New Construction:				
Non-Residential	22	-	-	-
Residential	525	284	186	223
Land Disturbance Permits:				
Residential	348	128	273	26
Mechanical Permits:				
Non-Residential	23	49	37	58
Residential	142	109	79	60
Mechanical Permits - New Construction:				
Non-Residential	18	-	-	-
Residential	497	229	218	212
Plumbing Permits:				
Non-Residential	25	39	46	40
Residential	40	46	68	31
Plumbing Permits - New Construction:				
Non-Residential	15	-	-	-
Residential	598	276	204	209
Total Number of Permits	3,511	2,413	2,102	1,821
Inspections:				
Building Permit	3,657	3,325	3,296	3,605
Electrical Permit	168	147	154	236
Electrical - New Construction Permit	-	158	156	186
Land Disturbance Permit	-	194	17	16
Mechanical Permit Inspections	54	52	50	43
Mechanical - New Construction Permit	-	155	194	186
Plumbing Permit Inspections	917	146	161	108
Plumbing - New Construction Permit	-	388	488	421
Total Number of Inspections	4,796	4,565	4,516	4,801
Environmental Inspections:				
Site Containment - Permitted	1,947	1,109	1,043	1,679
Site Containment - All Other	11	309	273	125
Total # of Environmental Inspections	1,958	1,418	1,316	1,804

*New software was fully implemented in FY 2020, resulting in changes in tracking categories

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
84	70	50	86	82	78
548	451	482	465	361	316
55	48	38	52	29	38
131	58	47	36	39	122
-	-	-	1	5	-
187	170	155	169	109	16
88	97	92	152	102	60
38	29	26	39	34	45
63	57	54	41	42	130
-	-	-	-	3	-
185	166	148	152	123	18
			49		
41	29	20	26	24	34
38	40	46		32	167
-	-	-	1	1	-
199	57	155	176	118	23
1,657	1,272	1,313	1,445	1,104	1,047
3,444	3,196	3,217	2,420	1,416	1,291
213	119	109	90	66	213
162	152	155	172	130	12
33	-	28	6	8	68
43	36	58	33	27	143
164	151	155	171	126	19
103	96	98	86	77	373
387	354	356	427	244	25
4,549	4,104	4,176	3,405	2,094	2,144
1,702	863	857	877	339	181
404	321	301	276	87	115
2,106	1,184	1,158	1,153	426	296

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
Public Works ⁽¹⁾:				
Asphalt Street Repairs:				
Asphalt Used (tons)	46	71	343	331
Repairs (# of repairs)	76	90	89	155
Street Sweeping:				
Miles Swept	65	585	865	671
Dredge:				
Materials Removed/Dredged (yards)	107	-	25	-
Storm Drain & Heavy Equipment:				
Drains Cleaned (# of Jobs)	113	138	109	139
Materials Hauled (cubic yards)	100	-	22	1,270
Solid Waste:				
Waste Removed (tons)	11,631	7,377	7,294	7,124
Recycled (tons)	120	1,941	1,836	1,867
Special Events	-	4	4	5
Trash Division:				
Trash Picked Up (tons)	6,505	5,400	4,401	3,565
Pay Pile Loads	47	16	25	12
Recreation:				
Tournament Events & Participants ⁽¹⁾ :				
Adult Softball:				
No. of Events	12	15	24	14
Participants	300	1,450	2,700	1,500
Girls Fast pitch Softball:				
No. of Events	12	16	17	13
Participants	4,320	6,500	7,100	5,200
Soccer:				
No. of Events	5	8	7	10
Participants	6,400	10,000	9,400	1,300
Baseball				
No. of Events	8	5	3	3
Participants	3,800	1,500	275	250
Football				
No. of Events	6	5	4	4
Participants	1,500	2,400	2,000	1,400
Lacrosse:				
No. of Events	2	2	2	2
Participants	250	300	300	300

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
679	653	580	230	152	
335	958	12	123	285	
1,337	1,183	1,813	2,107	1,735	
750	728	980	1,000	40 tons	
189	105	172	150	112	
1,400	998	1,340	75	52	
6,929	6,597	6,533	6,359	6,316	
2,009	2,020	3,045	3,539	2,919	
5	5	6	7	6	
4,873	4,633	4,008	3,950	3,518	
12	10	22	13	24	

19	19	18	26	21	
1,200	2,200	1,750	3,700	3,000	
15	12	14	8	6	
6,000	4,950	5,800	3,300	2,500	
11	10	9	9	8	
1,400	1,300	1,200	1,100	1,050	
4	1	1			
350	110	140			
4	1	1			
1,400	750	480			
2	2	1	4	4	
700	300	140	900	900	

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
Recreation (continued):				
League Participants by Sport ⁽¹⁾ :				
Youth Soccer	700	850	750	825
Youth Football	125	175	210	210
Youth Cheerleading	60	75	85	65
Fall Men's Open Softball	120	215	230	240
Fall Co-Ed Softball	100	120	130	150
Fall Adult Soccer	-	105	110	80
Dixie Youth Baseball (ages 5-12)	403	400	450	475
Dixie Boys Baseball (ages 13-14)	40	30	46	50
Youth Softball	110	115	95	85
Youth Spring Soccer	300	360	350	410
Spring Adult League Softball	130	-	255	175
Spring Co-Ed Softball	120	-	150	180
Spring Adult Soccer	120	95	100	90
Summer Men's Open Softball	150	-	250	240
Summer Co-Ed Softball	130	-	200	190
Youth Basketball	193	-	-	180

Library				
Patrons Visits	83,952	142,272	148,820	201,490
Items Circulated	328,815	375,398	361,688	331,803
Children's Program Attendance	3,939	6,497	5,842	10,734
Teen Program Attendance	273	613	612	975
Adult Program Attendance	122	431	664	415
Computer Users	2,660	12,430	14,058	18,832
Ancestry Database Users	2,863	2,499	3,394	12,030
Heritage Quest Database Users	408	1,168	1,160	2,738
E-Books Circulation	29,938	30,428	23,274	20,809
Reference Questions Answered	709	1,594	1,319	1,691
Meeting Rooms Use Hours	6,701	13,237	13,528	20,098
Special Displays	53	145	161	80

Source: Various City Departments

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

FISCAL YEAR

FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
850	760	790	775	550	540
205	195	199	195	205	195
46	45	50	75	80	80
250	275	255	234	220	17
150	150	165	143	156	10
140	115	120	120	100	10
443	500	480	525	435	450
35	50	60	63	60	55
135	115	120	95	80	85
420	350	375	380	250	-
190	240	270	208	192	216
170	160	180	195	132	180
100	110	90	84	80	80
600	400	435	312	264	372
200	225	210	247	132	192
187					

203,607	274,619	262,786	197,384	220,738	214,982
368,275	431,305	443,471	293,033	276,093	296,712
10,333	6,756	5,800	5,822	7,378	10,323
1,428	1,251	1,158	1,656	735	827
256	664	167	176	531	575
26,739	31,176	25,537	26,368	30,892	31,676
6,489	7,106	7,612	8,752	7,047	6,976
1,525	1,957	1,204	2,265	1,263	1,256
20,809	18,215	15,802	9,156	6,277	767
1,512	1,175	25,822	8,643	8,046	8,639
18,247	11,003	7,363	6,002	6,330	6,836
78	211	94	47	45	39

CITY OF DAPHNE, ALABAMA

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

Function	FISCAL YEAR			
	FY 2020	FY 2019	FY 2018	FY 2017
Public Safety:				
Fire:				
Number of Fire Stations	4	4	4	4
Number of Fire Trucks	8	8	8	8
Number of All Other Vehicles	12	11	13	14
Police:				
Number of Police Stations	2	2	2	2
Number of Patrol Units	60	65	66	61
Public Works:				
Miles of Streets (maintained by the City) ⁽¹⁾	164.7	164.7	143.0	139.8
Number of Signalized Traffic Intersections ⁽²⁾	9	9	9	9
Number of Vehicles	36	36	34	38
Number of Sanitation Trucks	14	15	14	17
Culture and Recreation:				
Parks	18	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	8	7	7

⁽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 2016	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