

City of Daphne, Alabama

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year
Ending September 30, 2021



CITY OF DAPHNE, ALABAMA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**For the Fiscal Year Ended
September 30, 2021**

**Prepared By:
Finance Department**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	5
City of Daphne, Alabama Map	11
Organizational Chart	12
List of Principal Officials	13
Certificate of Achievement for Excellence in Financial Reporting	14
FINANCIAL SECTION	
Independent Auditors' Report	16
Management's Discussion and Analysis	18
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	36
Statement of Activities	38
Governmental Fund Financial Statements:	
Balance Sheet – Governmental Funds	40
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	41
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	42
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	43
Proprietary Fund Financial Statements:	
Statement of Net Position – Proprietary Funds	46
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	48
Statement of Cash Flows – Proprietary Funds	49
Fiduciary Fund Financial Statement:	
Statement of Fiduciary Net Position – Fiduciary Funds	50
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	51
Notes to Financial Statements	52
Required Supplementary Information:	
Budgetary Comparison Schedules – Major Funds:	
General Fund	93
Pension Schedules:	
Schedule of Changes in Net Pension Liability	102
Schedule of Employer Contributions – Pension	104
Other Post-Employment Benefits Schedule:	
Schedule of Changes in OPEB Liability	105
Schedule of Employer Contributions – OPEB	106
Schedule of Investment Returns – OPEB	107

TABLE OF CONTENTS, CONTINUED

Other Supplementary Information:	
Description of Non Major Governmental Funds	109
Combining Balance Sheet – Non Major Governmental Funds	110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non Major Governmental Funds	112
Combining Statement of Fiduciary Net Position – Custodial Funds	114
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds	115
Budgetary Comparison Schedules:	
Debt Service Fund	116
Capital Reserve Fund	117
COVID-19 Relief Fund	118
Non Major Special Revenue Funds	119

STATISTICAL SECTION

Guide to Statistical Section	125
Net Position by Activity Type	126
Changes in Net Position	128
Fund Balances of Governmental Funds	132
Changes in Fund Balances of Governmental Funds	134
Governmental Activities Tax Revenue by Source	136
Revenue Rates for General Sales Tax	137
Principal Revenue Remitters of Sales and Use Tax	138
Net Assessed Value of All Taxable Property	139
Principal Remitters of Property Tax	140
Property Tax Rates Direct and Overlapping Governments	141
Ad Valorem Levies and Collections	142
Legal Debt Margin	143
Outstanding Debt by Type	145
Net Bonded Debt by Type	146
Direct and Overlapping Governmental Activities Debt	147
Demographic and Economic Statistics	148
Principal Employers	149
City Government Employees by Function	150
Operating Indicators by Function	152
Capital Asset Statistics by Function	170

Introductory Section



February 28, 2022

TO: Citizens of the City of Daphne, Alabama

It is our privilege to present the Annual Comprehensive Financial Report (ACFR) on the operations of the City of Daphne, Alabama (the City) for the fiscal year ended September 30, 2021. 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 ACFR 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, 2020.

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 Standards 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 2021 were implemented.

City Profile

The City of Daphne was founded in 1927 and is the largest city within Baldwin County comprised of 19.05 square miles. Daphne is located on the eastern shore of Mobile Bay and is adjacent to Interstate 10, a major east/west corridor. The city is located 39 miles west of Pensacola, Florida and 9 miles east of Mobile, Alabama just across Mobile Bay. Many Daphne residents commute daily to Mobile as Daphne has developed into one of the most attractive bedroom communities along the Eastern Shore. The proximity to the Mobile and Pensacola metropolitan areas, combined with safe environments, strong schools, and quality of life, continues to drive residential growth at a rate that is one of the fastest growing in the country, with 1,277 single-family home sales in 2020. In addition to the strong residential growth, our close proximity to the I-10 corridor continues to drive steady retail growth and valuable sales tax dollars.

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 \$247,800. According to the most recent estimates from the U.S. Census Bureau (2020), the city's estimated population is 27,462, which represents a 27.3% increase in growth from 2010. 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 U.S. 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 346 full-time and part-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. Policymaking and legislative authority are vested in the City Council, which is responsible, among other things, 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

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 began 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, formerly known as Bombardier's C series; (ii) Austal USA shipbuilding for the U.S. Navy; (iii) ThyssenKrupp's \$5 billion 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 is 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 Airbus FAL, Austal USA, and Port of Mobile facilities 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. Daphne was also named as the sixth safest city in Alabama in 2019 according to National Council for Home Safety and Security. The city was listed as the 12th fastest growing city in Alabama by the U.S. Census Bureau, growing at more than 31% since 2010, and is now the 20th largest city in the state of Alabama. In addition, the Daphne-Fairhope-Foley Metropolitan Statistical Area (MSA), where Daphne is located, is the 11th fastest growing MSA in the United States from 2010 to 2019. The value of goods exported from the Daphne-Fairhope-Foley MSA increased by 456% from 2013 to 2019.

Major Initiatives

In 2021, the City continued its ongoing road repaving initiative and completed the large stand-alone project to build Baldwin County's first synthetic T-ball Field at our new sports complex. The City has continued its commitment to environmental programs affecting the Tiawasee watershed by completing two major projects to restore water quality along Tiawasee Creek. The construction of a new fire station (5 total in the city) was completed in 2021. Fire Station #5 will help respond to the large amount of commercial and residential growth along the easternmost part of the city. In the first half of 2022, Daphne will be awarding a contract to begin improving the streetscape and parking along Bayfront Drive. This is the first step in a long-range plan to develop and enhance the City's Bayfront Park, which sits directly on Mobile Bay and is adjacent to Village Point Park. In addition, a few of the Major 2022 Initiatives, to begin this year, include planning for the new Animal Shelter, Justice Center Expansion/renovations, construction of a new multipurpose sports field at Joe Louis Park and, with the award of a \$2 million grant from ALDOT, Phase 1 of widening of Highway 90.

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 ACFR for the fiscal year ended September 30, 2020. In 2012, this prestigious Certificate of Achievement was awarded to the City in its initial submission for consideration. The City has received this award for nine 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 ACFR 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,

Handwritten signature of Robin LeJeune in black ink, consisting of a stylized 'R' and 'L'.

Robin LeJeune
Mayor

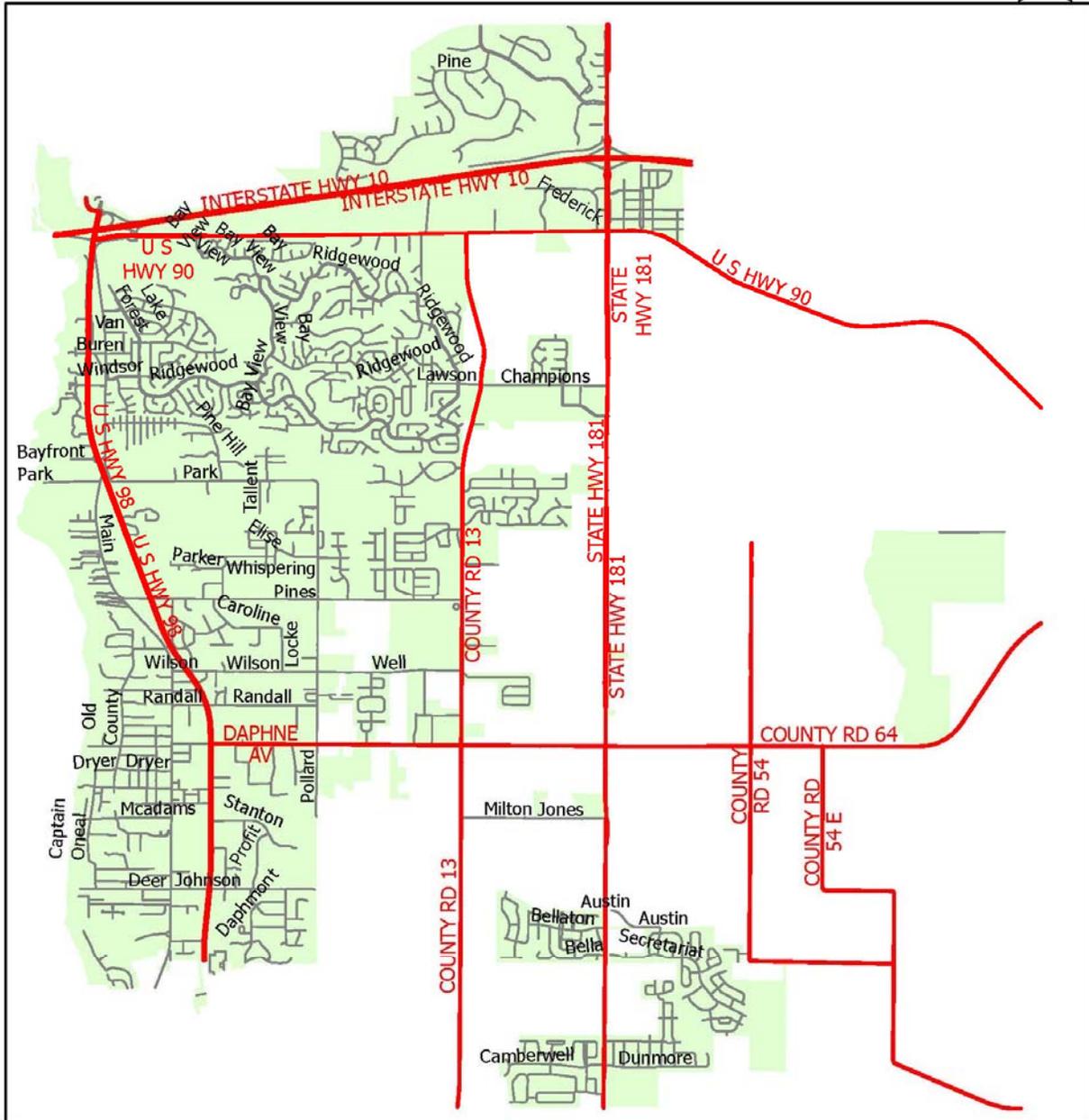
Handwritten signature of Kelli Kichler Reid in black ink, written in a cursive style.

Kelli Kichler Reid, CPA
Finance Director/Treasurer

MAP OF THE CITY OF DAPHNE

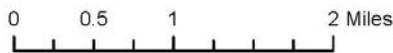


City of Daphne Overview



Maps are for graphical purposes only. They do not represent a legal survey.

The information contained in the data distributed by the City of Daphne is derived from a variety of public and private sources considered to be dependable, but the accuracy, completeness and currency thereof are not guaranteed. The City of Daphne makes no warranties, expressed or implied as to the accuracy, completeness, currency, reliability, or suitability for any particular purpose of the information or data contained in or generated from the City Geographic Information System. Additionally, the City of Daphne or any agent, servant, or employee thereof assume no liability associated with the use of the data, and assume no responsibility to maintain it in any manner or form. Any questions regarding zoning or any data should be directed to the City of Daphne Department of Community Development at 251-420-1000.

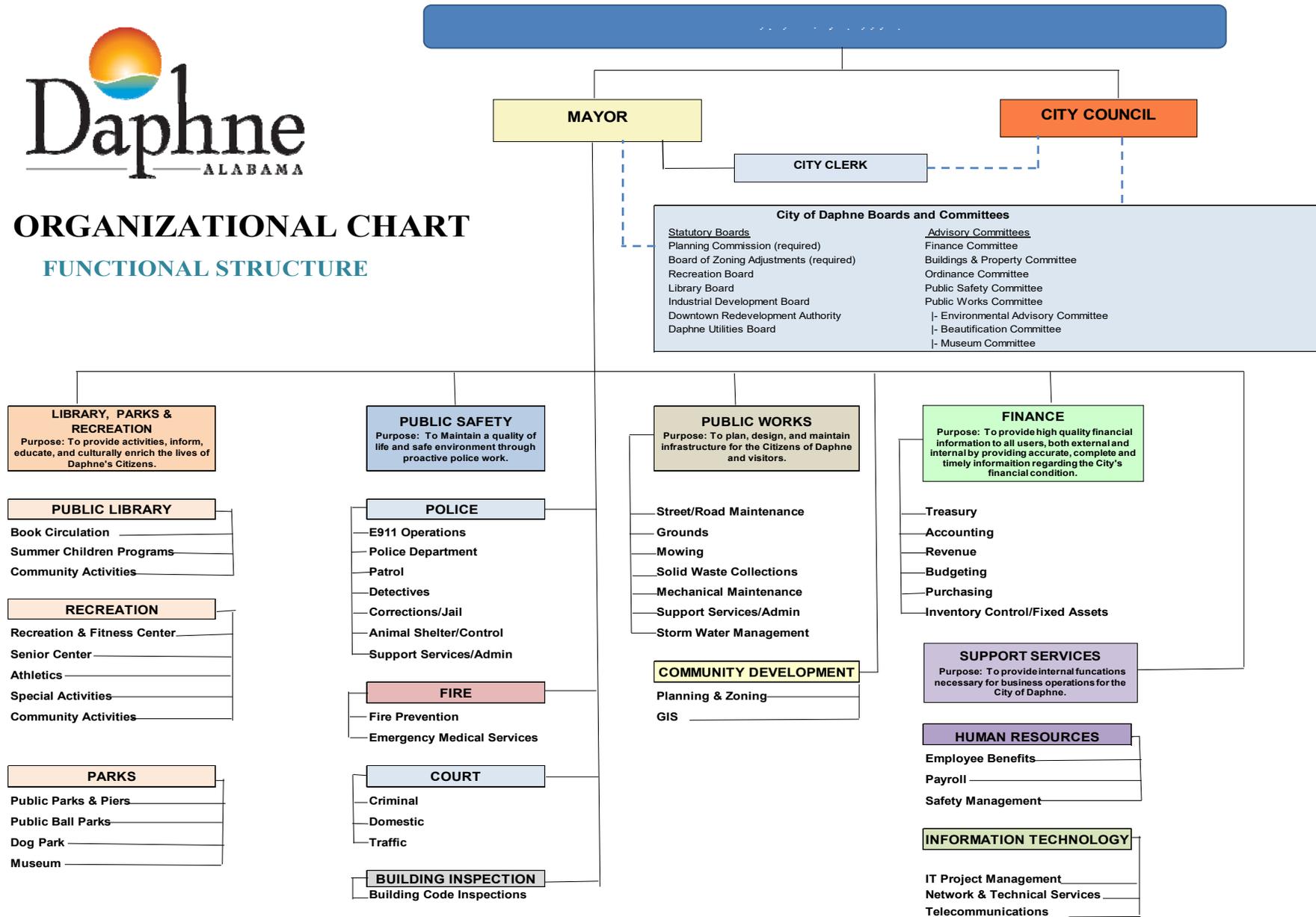


- Daphne
- Major Roads
- Streets



ORGANIZATIONAL CHART

FUNCTIONAL STRUCTURE



LIST OF PRINCIPAL OFFICIALS



Robin LeJeune, Mayor

CITY COUNCIL



Tommie Conaway
District 1



Steve Olen
District 2



Joel Coleman
District 3



Doug Goodlin
District 4



Ron Scott
District 5



Benjamin Hughes
District 6



Angie Phillips
District 7



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Daphne
Alabama**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO

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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

806 North Section Street • P.O. Box 1469 • Fairhope, AL 36532 • P 251-928-2443 • F 251-928-6921 • avizogroup.com

shareholders: J. Earl Blackmon, CPA • Dennis E. Sherrin, CPA • Rachel G. Young, CPA • G. Allen Cave, Jr., CPA
of counsel: Xavier A. Hartmann, III, CPA • Rucker T. Taylor, III, CPA • Sally S. Wagner, CPA

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 18-33 and 93-107 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022, 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

February 28, 2022
Fairhope, Alabama

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City's Annual Comprehensive Financial Report (ACFR) presents City management's discussion and analysis (MD&A) of the City's financial performance during the fiscal year that ended on September 30, 2021. 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 ACFR.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by \$144.8 million (net position). Of this amount, the City had unrestricted net position of \$33.56 million that is available to be used to meet the ongoing obligations of the City of Daphne.
- The City's net position of \$144.8 million reflected an increase of 15.9% (\$19.9 million) over the prior year's net position of \$124.9 million.
- The City's governmental funds reported a combined fund balance of \$35.5 million at the close of the current fiscal year, an increase of 23.6% (\$6.8 million) from the prior year.
- The City's General Fund reported a fund balance of \$24.3 million at the close of the current fiscal year, or 57.7% of total General Fund expenditures and other financing uses; total fund increased 24.4% (\$4.8 million) over the prior year. Total current year ending fund balances in the General Fund represented 51.9% of current fiscal year total revenues, and 64.8% of prior year total revenues.
- Sales, use, and luxury taxes, the City's single largest revenue source, increased 22.8% (\$5.2 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 226% (\$4.5 million) and miscellaneous revenue that increased 75% (\$389,000). Overall, current fiscal year revenues increased 26% (\$10.6 million) over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-Wide Statements

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

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

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

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

- *Governmental activities*. Most of the City's basic services are included in this category, such as the services provided by the public safety, public works, library and recreation, and general government functions. General revenues from sales and use taxes, licenses and permit fees, property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities*. The City charges fees to customers to help cover the costs of certain services it provides to the public. The City's Solid Waste and Civic Center 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 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, which are not presented for governmental funds.
- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs.

The City adopts an annual budget for its General Fund and most other governmental funds. A budgetary comparison schedule for the General Fund and major special revenue governmental funds has been provided in the *Required Supplementary Information* section of this document. The other adopted annual budgets are included in the *Other Supplementary Information* section of this document.

Notes to the Financial Statements

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

Other Information

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

Net Position

The following is a condensed version of the City's government-wide Statement of Net Position as of September 30, 2021 and 2020:

	Governmental Activities		Business-Type Activities		TOTAL	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 46,135,403	\$ 38,175,808	\$ 1,523,673	\$ 1,194,362	\$ 47,659,076	\$ 39,370,170
Capital assets	<u>140,969,901</u>	<u>133,101,818</u>	<u>1,296,968</u>	<u>1,157,983</u>	<u>142,266,869</u>	<u>134,259,801</u>
Total assets	<u>187,105,304</u>	<u>171,277,626</u>	<u>2,820,641</u>	<u>2,352,345</u>	<u>189,925,945</u>	<u>173,629,971</u>
Deferred outflow of resources	<u>4,361,578</u>	<u>3,537,351</u>	<u>313,297</u>	<u>236,501</u>	<u>4,674,875</u>	<u>3,773,852</u>
Current liabilities	5,490,802	3,125,390	614,725	124,651	6,105,527	3,250,041
Long-term debt and other liabilities	<u>39,272,231</u>	<u>44,937,470</u>	<u>1,743,530</u>	<u>1,693,853</u>	<u>41,015,761</u>	<u>46,631,323</u>
Total liabilities	<u>44,763,033</u>	<u>48,062,860</u>	<u>2,358,255</u>	<u>1,818,504</u>	<u>47,121,288</u>	<u>49,881,364</u>
Deferred inflow of resources	<u>2,511,197</u>	<u>2,418,766</u>	<u>168,809</u>	<u>163,468</u>	<u>2,680,006</u>	<u>2,582,234</u>
Net Position:						
Net investment in capital assets	109,125,523	97,095,352	290,106	140,858	109,415,629	97,236,210
Restricted	1,826,949	2,953,220	-	-	1,826,949	2,953,220
Unrestricted	<u>33,240,180</u>	<u>24,284,779</u>	<u>316,768</u>	<u>466,016</u>	<u>33,556,948</u>	<u>24,750,795</u>
Total net position	<u>\$ 144,192,652</u>	<u>\$ 124,333,351</u>	<u>\$ 606,874</u>	<u>\$ 606,874</u>	<u>\$ 144,799,526</u>	<u>\$ 124,940,225</u>

The City's *combined* net position increased \$19.9 million over the prior year. Revenues increased \$20.4 million over prior year with expenses only increased \$7.5 million from 2020.

Net position may serve as a useful indicator of a government's financial position. The City's combined assets exceeded combined liabilities by \$144.8 million, at September 30, 2021. The combined net position reflects a current year total unrestricted net position of \$33.56 million.

The largest component of the City's current fiscal year net position (75.6%) is the investment in capital assets (i.e., infrastructure, land, buildings, equipment, etc.) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources required to repay the debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

1.3% of the City'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, \$33.56 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, 2021:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Program Revenues:						
Charges for services	\$ 7,723,228	\$ 7,767,699	\$ 2,098,930	\$ 1,543,972	\$ 9,822,158	\$ 9,311,671
Operating grants and contributions	5,412,605	2,011,040	23,159	4,906	5,435,764	2,015,946
Capital grants and contributions	12,922,457	11,155,739	-	-	12,922,457	11,155,739
General Revenues:						
Taxes	36,003,463	30,231,241	-	-	36,003,463	30,231,241
Other	1,094,503	373,182	50,805	340,343	1,145,308	713,525
Total Revenues	63,156,256	51,538,901	2,172,894	1,889,221	65,329,150	53,428,122
Expenses:						
General government	7,633,646	6,128,965	-	-	7,633,646	6,128,965
Public safety	14,455,896	13,052,501	-	-	14,455,896	13,052,501
Public works	15,984,626	12,030,285	-	-	15,984,626	12,030,285
Culture and recreation	3,335,908	2,749,007	-	-	3,335,908	2,749,007
Interest on long-term debt	1,328,992	1,208,059	-	-	1,328,992	1,208,059
Solid Waste	-	-	2,132,063	2,019,256	2,132,063	2,019,256
Civic Center and Bayfront Park	-	-	598,718	626,973	598,718	626,973
Total Expenses	42,739,068	35,168,817	2,730,781	2,646,229	45,469,849	37,815,046
Change in Net Position,						
before transfers	20,417,188	16,370,084	(557,887)	(757,008)	19,859,301	15,613,076
Transfers	(557,887)	(757,008)	557,887	757,008	-	-
Change in Net Position	19,859,301	15,613,076	-	-	19,859,301	15,613,076
Net position, beginning						
	124,333,351	108,720,275	606,874	606,874	124,940,225	109,327,149
Net Position, end of year	\$ 144,192,652	\$ 124,333,351	\$ 606,874	\$ 606,874	\$ 144,799,526	\$ 124,940,225

Total net position reflected an increase of \$19.9 million over the prior year. This increase is primarily the effect of increases/decreases of balances within the Statement of Activities including a \$5.2 million increase in sales and use tax. This was mainly due to the continued increase in population and the addition of several new businesses. Grants and contributions also increased \$4.8 million due to funding received for Hurricane Sally recovery costs. Overall program revenues and general revenues increased significantly from the prior year and total expenses showed only a moderate increase from the previous year. Overall change in net position was slightly 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.

Governmental Activities (Continued)

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.

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	\$ 12,411,661	71.78%
Public works	(1,642,368)	-9.50%
General government	1,617,983	9.36%
Culture and recreation	2,964,510	17.15%
Interest on long-term debt	1,328,992	7.69%
Business-type activities	608,692	3.52%
	<u>\$ 17,289,470</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 Fund and Solid Waste Fund are funds that generally require such transfers. \$558,000 was transferred to these activities in the current fiscal year. This is a decrease of \$199,000 from the prior year.

\$247,000 was transferred to the Civic Center Fund in the current fiscal year. An overall significant revenue increase for the Civic Center due to the decreased effects of the COVID-19 pandemic coupled with only a moderate increase in expenses resulted in an overall decrease in transfers of \$26,000. Additionally, due to the overall continued decline in revenue for the Bayfront Park pavilion, the building was torn down in 2020 and the fund closed resulting in a decrease in the required transfer from the General Fund of \$76,000.

\$311,000 was transferred to the Solid Waste Fund in the current fiscal year. This was a decrease of \$98,000 from the prior year. Garbage fees revenue collected increased \$494,000 from prior year. The overall increase was partly due to an increase in overall customers. Additionally, in 2020, there was a three-month suspension of garbage fees to help citizens at the onset of the COVID-19 pandemic. Overall expenses increased approximately \$107,000 over those of the prior year. When separating the garbage, recycling, and solid waste components, solid waste expenses totaled \$748,000, garbage expenses totaled \$1,121,000, and recycling expenses totaled \$263,000. 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. In 2020, insurance proceeds were received for the facility resulting in a one-time gain of \$295,000.

FINANCIAL ANALYSIS OF CITY FUNDS

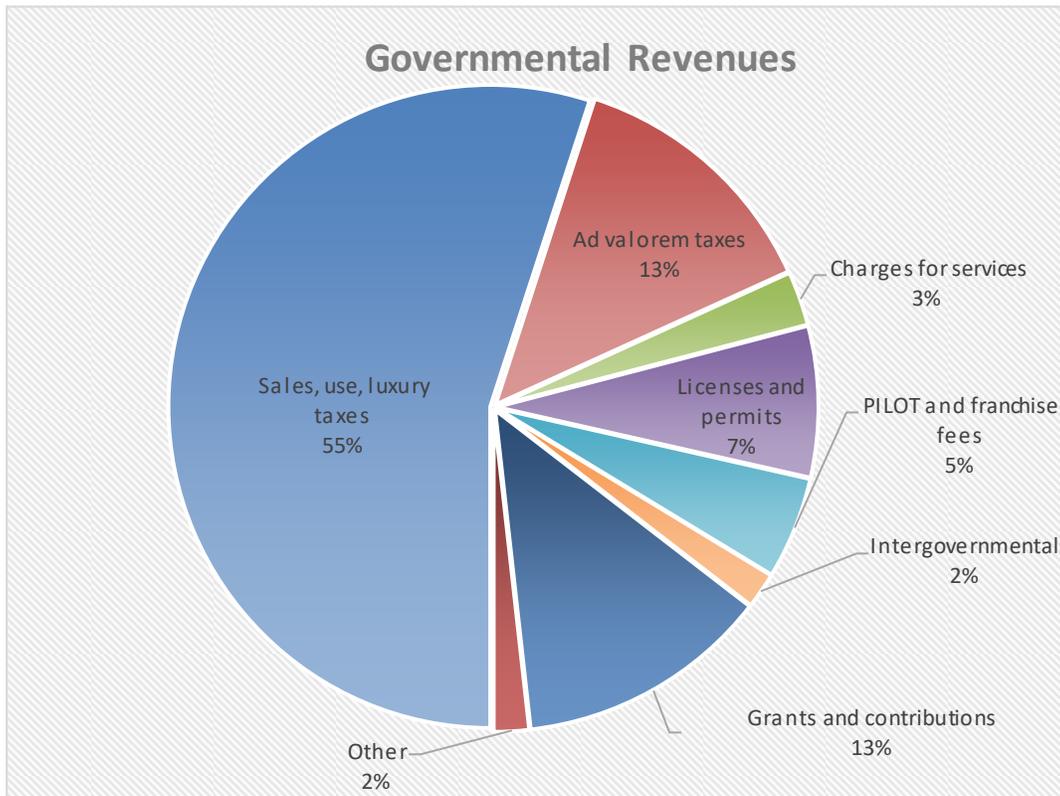
The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financial requirements. Specifically, the unreserved fund balance may serve as a useful tool for the measurement 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 \$35.5 million, a 23.6% (\$6.8 million) increase from the prior year.

Governmental Revenues

Total revenues of the governmental funds showed an increase of 26% (\$10.6 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 55%; Ad valorem taxes and grants and contributions are the next largest at 13% each; and licenses and permits are 7% of total revenues.

Governmental Revenues (Continued)

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

	2021	2020	Variance	% Change
Sales, use, luxury taxes	\$ 28,251,382	\$ 23,001,845	\$ 5,249,537	22.8%
Ad valorem taxes	6,786,084	6,426,270	359,814	5.6%
Charges for services	1,401,590	1,166,760	234,830	20.1%
Licenses and permits	3,904,382	3,948,199	(43,817)	-1.1%
PILOT and franchise fees	2,638,733	2,652,738	(14,005)	-0.5%
Intergovernmental	921,414	1,027,054	(105,640)	-10.3%
Grants and contributions	6,558,214	2,014,316	4,543,898	225.6%
Other	908,658	519,935	388,723	74.8%
	<u>\$ 51,370,457</u>	<u>\$ 40,757,117</u>	<u>\$ 10,613,340</u>	<u>26.0%</u>

A discussion of significant increases and decreases follows:

- Sales and use taxes increased \$5.2 million due to the continued strong economy and new business locating into the City. The City has also experienced significant population growth.
- Grants and contributions increased \$4.5 million. In 2021, \$4.8 million was received from the Federal Emergency Management Agency for costs related to cleanup and repair from Hurricane Sally.
- Other revenue increased \$389,000. This is largely the result of a recorded contingent liability of \$576,000 being written off in 2021 due to a previous lawsuit verdict being reversed.

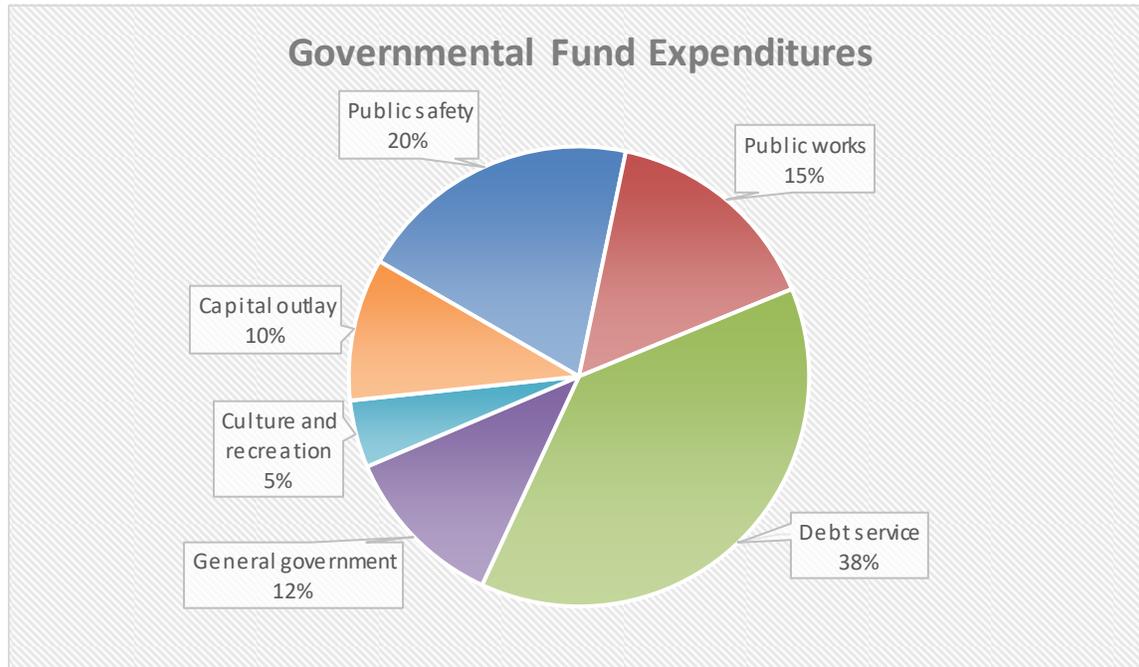
Governmental Expenditures

A summary of governmental expenditures is presented below:

Governmental Fund Expenditures		
Public safety	\$ 12,402,484	19.9%
Public works	9,656,550	15.5%
Debt service	23,701,987	38.1%
General government	7,257,682	11.7%
Culture and recreation	2,944,392	4.7%
Capital outlay	6,224,358	9.9%
	<u>\$ 62,187,453</u>	<u>100.0%</u>

Expenditures are graphically presented on the next page.

Governmental Expenditures (Continued)



This represents an increase in expenditures of 72.5% (\$26.1 million) over the prior year.

The principal drivers of this increase are an increase in debt service expenditures of \$19.1 million over the prior year and an increase in public works expenditures of \$3.5 million over the prior year.

- Debt service expenditures increased \$19.1 million. In 2021, two separate warrants were refunded into new warrants, resulting in one-time principal payments of \$17.9 million on the old warrants. Additionally an extra \$755,000 payment was made on one of the outstanding warrants to reduce overall debt.
- Public works expenditures increased \$3.5 million. This increase was due to Hurricane Sally cleanup expenditures totaling \$6.2 million in 2021. The cleanup had just begun in 2020 and only \$1.9 million in expenditures were recorded in 2020.

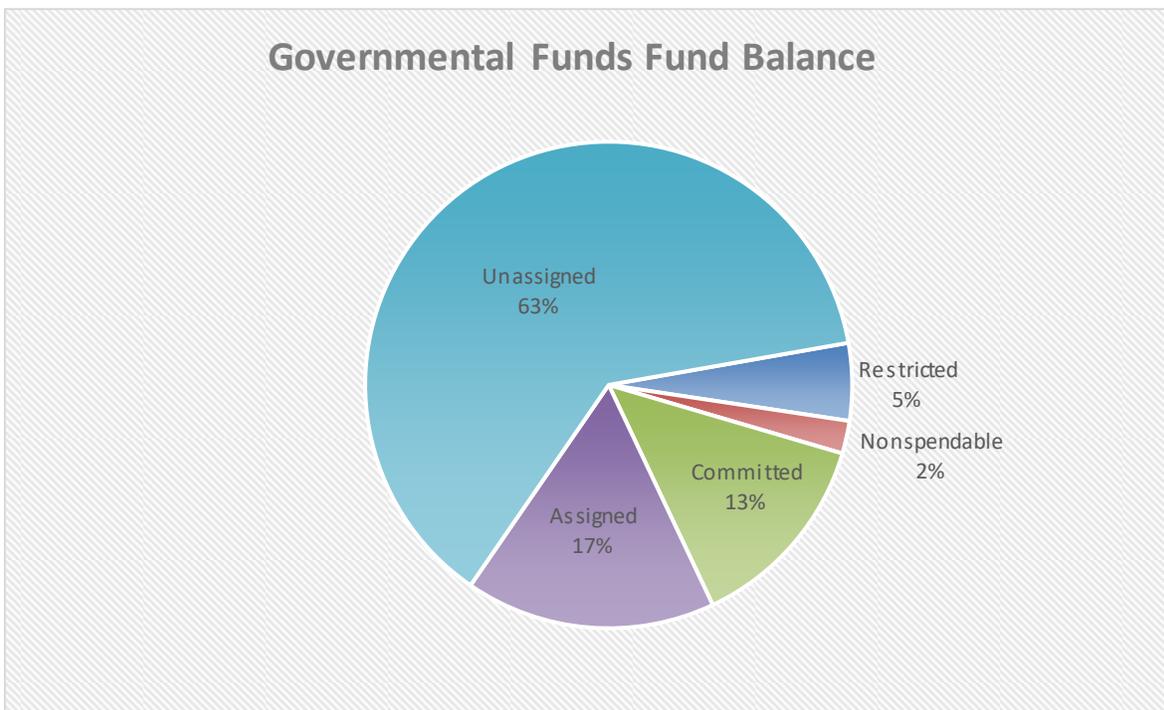
Departmental costs of \$32.2 million are the largest component of current fiscal year expenditures (51.9%). The department with the largest amount of governmental expenditures remains public safety at \$12.4 million (19.9% of total expenditures).

Personnel and related costs make up over 28.9% of total expenditures and totaled \$18 million for the year.

Governmental Fund Balance

Total fund balance of the governmental funds as of September 30, 2021 is \$35.5 million. Of this amount, \$22.2 million is unassigned. An illustration of the total fund balance for governmental funds is presented below:

	2021	2020	Variance	% Change
Restricted	\$ 1,826,949	\$ 2,953,220	\$ (1,126,271)	-38.1%
Nonspendable	773,493	666,965	106,528	16.0%
Committed	4,772,152	2,096,938	2,675,214	127.6%
Assigned	5,909,579	5,061,692	847,887	16.8%
Unassigned	22,249,938	17,963,738	4,286,200	23.9%
	<u>\$ 35,532,111</u>	<u>\$ 28,742,553</u>	<u>\$ 6,789,558</u>	<u>23.6%</u>



This represents a total fund balance increase of 23.6% (\$6.8 million) from the prior year. The General Fund fund balance increased 24.4% (\$4.8 million). The City 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 and Civic Center Fund. During the current fiscal year, \$558,000 was transferred from the governmental funds to subsidize enterprise fund operations. This amount represents 20.8% of the total enterprise funds revenues and transfers in. The total amount of transfers decreased \$199,000 from the prior fiscal year.

Proprietary Funds (Continued)

The Solid Waste Fund required transfers of \$311,000 during the current fiscal year, a decrease of 24% (\$98,000) from the prior year.

The Civic Center Fund required transfers of \$247,000 during the current fiscal year, an overall decrease of 9.2% (\$25,000) from the prior year.

Additionally, the Bayfront Park Fund required transfers of \$76,000 during fiscal year 2020. This fund was closed last year when the building was demolished by the City.

A summary and comparison of the enterprise funds' operating results for the 2021 and 2020 fiscal years are presented below:

	Solid Waste		Civic Center		Bayfront Park		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020
Fees and charges	\$ 1,761,072	\$ 1,267,421	\$ 333,678	\$ 251,569	\$ -	\$ 24,982	\$ 2,094,750	\$ 1,543,972
Other receipts	59,600	342,933	18,544	12,581	-	-	78,144	355,514
Transfers	311,391	408,902	246,496	272,338	-	75,768	557,887	757,008
Revenues	2,132,063	2,019,256	598,718	536,488	-	100,750	2,730,781	2,656,494
Personnel	912,449	820,103	277,145	153,961	-	40,367	1,189,594	1,014,431
Operating	1,191,153	1,175,986	321,573	382,527	-	60,383	1,512,726	1,618,896
Interest	28,461	23,167	-	-	-	-	28,461	23,167
Expenses	2,132,063	2,019,256	598,718	536,488	-	100,750	2,730,781	2,656,494
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, the COVID-19 Relief Fund and the Solid Waste Fund. The Debt Service Fund, the Capital Reserve Fund and the Solid Waste Fund have been major funds for several years in a row. The COVID-19 Relief Fund is a new fund created in 2021 to report the expenditures related to \$1.95 million received from the American Rescue Plan Act (ARPA).

General Fund (Governmental)

At the end of the current fiscal year, the total fund balance of the City's General Fund increased 24.4% (\$4.8 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 \$24.3 million, compared to \$19.56 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 23.6% (\$4.1 million) during the current fiscal year, over the cash and cash equivalents plus investments amount for the prior year. The large increase is a direct result of the increase in revenues over expenses for the year.

The contingency liability decreased to \$-0- from the \$577,000 balance in fiscal year 2020. A previous lawsuit verdict was reversed by the Supreme Court, which reversed the liability to the City. The balance was written off in fiscal year 2021 and recorded as miscellaneous income.

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 decrease in fund balance from fiscal year 2020 of \$1.9 million was due to excess cash funds being used to pay extra principal payments on outstanding debt.

Capital Reserve Fund (Governmental)

The Capital Reserve Fund reports financial resources transferred principally from the General Fund for capital purposes. The cash and cash equivalents and the fund balance were comparable to the balance 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 2021 are comparable to the amount in fiscal year 2020.

General Fund Budgetary Highlights

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

Detailed information for the General Fund budget is presented in the "Required Supplemental Information" section. The originally adopted budget reflected revenues over expenditures by \$4.4 million. The final amended budget reflected revenues under expenditures by \$6.1 million. Actual results reflect an excess of revenues over expenditures (budgetary basis) of \$4.3 million. This \$10.4 million positive variance is due to actual revenues in excess of budget estimates by \$7.6 million, and budgeted departmental personnel and operating costs under budget estimates by \$1.7 million and \$488,000, respectively. Capital outlay costs were under budget by \$47,000 and transfers were under budget by \$529,000.

General Fund Budgetary Highlights (Continued)

Revenues - The significant components that produced the excess of actual revenues over final budgeted estimates of \$7.6 million are:

- Sales, use and luxury taxes – The excess of actual over final budgeted estimates of \$5.0 million reflects the continued, strong local economy as evidenced by increasing business activity.
- Licenses and permits – The excess of actual over final budgeted estimates of \$835,000 reflects the improved and expanded business activity and also the current booming housing market with increased construction and housing improvements.
- Miscellaneous – The majority of the excess of actual over final budgeted estimates of \$666,000 is attributable to the aforementioned reversal of the contingency liability of \$577,000, which was recorded as miscellaneous income.

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 \$1.7 million (8.7%). 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 – Human Resources 23% (\$88,000); Building Maintenance 35% (\$104,000); and Facilities Admin 51% (\$86,000)
 - Public safety – Patrol 6% (\$172,000); Communications 13% (\$81,000); Fire 2% (\$76,000); and Building Inspection 16% (\$91,000)
 - Public works – Streets 33% (\$268,000); and Grounds 14% (\$110,000)
 - Culture and recreation – Recreation – Parks 11% (\$90,000); and Library 10% (\$75,000)
- Operating actual expenditures are less than final budgeted amounts by \$488,000 (3.7%). Significant operating expenditure components include:
 - Legislative 47% (\$42,000) under budget
 - Community Events 8% (\$77,000) under budget
 - Human Resources 19% (\$62,000) under budget
 - Building Maintenance 59% 36,000 over budget
 - Police Administration 18% (\$54,000) under budget
 - Corrections 27% (\$26,000) under budget
 - Fire 12% (\$68,000) under budget
 - Streets 6% \$50,000 over budget
 - Grounds – Parks 17% \$40,000 over budget
 - Mechanic shop net reimbursed costs 61% (\$101,000) under budget
 - Recreation Parks 15% (\$129,000) under budget
 - Recreation 14% (\$32,000) under budget
 - Project Wise 43% (\$26,000) under budget
 - Library 16% (\$33,000) under budget

CAPITAL ASSET AND DEBT MANAGEMENT

Capital Assets

As of September 30, 2021, the City owned \$142.3 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
	2021	2020	2021	2020	2021	2020	
Land	\$ 12,839,065	\$ 12,407,999	\$ -	\$ -	\$ 12,839,065	\$ 12,407,999	3.5%
Buildings	21,944,544	19,180,074	93,075	50,889	22,037,619	19,230,963	14.6%
Other Improvements	20,817,389	20,869,177	-	-	20,817,389	20,869,177	-0.2%
Machinery and Eqpt	3,549,188	3,599,554	1,124,302	1,078,794	4,673,490	4,678,348	-0.1%
Infrastructure	80,348,099	73,138,146	-	-	80,348,099	73,138,146	9.9%
Constr in Progress	1,471,616	3,906,868	79,591	28,300	1,551,207	3,935,168	-60.6%
TOTAL	\$ 140,969,901	\$ 133,101,818	\$ 1,296,968	\$ 1,157,983	\$ 142,266,869	\$ 134,259,801	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 7 in the Notes to Financial Statements section for more detailed information on the City's capital assets.

Long-Term Debt

As of September 30, 2021, the City owed \$29.2 million in long-term warrants outstanding, and \$1.7 million in capital leases outstanding, of which \$2.5 million will mature during the upcoming fiscal year. The following table summarizes the long-term debt:

	Governmental Activities		Business-Type Activities		TOTAL	
	2021	2020	2021	2020	2021	2020
Warrants	\$ 29,210,000	\$ 33,349,994	\$ -	\$ -	\$ 29,210,000	\$ 33,349,994
Note payable	-	595,495	-	-	-	595,495
Capital leases	634,438	1,154,221	1,337,655	1,017,126	1,972,093	2,171,347
	\$ 29,844,438	\$ 35,099,710	\$ 1,337,655	\$ 1,017,126	\$ 31,182,093	\$ 36,116,836

In fiscal year 2021, total principal payments on outstanding warrants amounted to \$21.4 million of which \$17.9 million was principal payments on old debt that was refunded into new debt. There was \$17.2 million in debt proceeds for this new debt.

Total principal payments on the note payable amounted to \$595,000 in fiscal year 2021.

Long-Term Debt (Continued)

There were two new capital leases issued during the current fiscal year. The overall decrease in the amount of capital leases outstanding of \$199,000 was the result of lease proceeds of \$675,000 and lease principal payments of \$874,000 made during the current year.

See Notes 9, 10, 11, 12, 13 and 14 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, 2021, the City's permissible debt limit exceeded actual debt by \$73.1 million. This debt margin is \$10.4 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 2022 General Fund budget reports an increase of 14.6% (\$2.8 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 with no significant effects from the COVID-19 pandemic. 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 \$11.7 million. At the end of the current fiscal year, the unassigned fund Balance is 47.5% of the fiscal year 2021 General Fund revenues.

With an unassigned fund balance of the General Fund at the beginning of the upcoming fiscal year of \$22.2 million, the City Council continues to have the resource reserves to fund capital expenditures on a pay-as-you-go basis during the upcoming year.

There have been no significant changes made in the business-type activities through the first four months of the 2022 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.



THIS PAGE LEFT INTENTIONALLY BLANK

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. They also serve as an introduction to the more detailed statements and schedules that follow. Separate columns are used for each fund type.

STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, equity in pooled cash	\$ 28,118,590	\$ 714,363	\$ 28,832,953
Cash, held in escrow for lease purchase	-	655,000	655,000
Investments	5,761,224	-	5,761,224
Receivables (net)	10,607,096	154,310	10,761,406
Due from Industrial Development Board	875,000	-	875,000
Inventories	368,058	-	368,058
Other assets	405,435	-	405,435
Capital assets:			
Non-depreciable	14,310,681	79,591	14,390,272
Depreciable, net	126,659,220	1,217,377	127,876,597
Total assets	<u>187,105,304</u>	<u>2,820,641</u>	<u>189,925,945</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred other post-employment benefits outflows	1,155,987	72,684	1,228,671
Deferred pension outflows	3,205,591	240,613	3,446,204
Total deferred outflows of resources	<u>4,361,578</u>	<u>313,297</u>	<u>4,674,875</u>
Total assets and deferred outflows of resources	<u>\$ 191,466,882</u>	<u>\$ 3,133,938</u>	<u>\$ 194,600,820</u>

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

STATEMENT OF NET POSITION, CONTINUED

AS OF SEPTEMBER 30, 2021

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
LIABILITIES			
Accounts payable	\$ 2,114,544	\$ 119,496	\$ 2,234,040
Accrued liabilities	406,686	21,919	428,605
Accrued interest payable	133,629	8,668	142,297
Bond deposits	81,175	-	81,175
Unearned revenue	-	84,687	84,687
Non-current liabilities:			
Due within one year:			
Compensated absences	211,537	13,702	225,239
Capital leases payable	284,025	366,253	650,278
Bonds payable	2,259,206	-	2,259,206
Due in more than one year:			
Other post-employment benefits liability	4,030,392	300,420	4,330,812
Net pension liability	5,799,667	462,572	6,262,239
Compensated absences	141,025	9,136	150,161
Capital leases payable	350,413	971,402	1,321,815
Bonds payable	28,950,734	-	28,950,734
Total liabilities	<u>44,763,033</u>	<u>2,358,255</u>	<u>47,121,288</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	424,308	41,455	465,763
Deferred other post-employment benefits inflows	2,086,889	127,354	2,214,243
Total deferred inflows of resources	<u>2,511,197</u>	<u>168,809</u>	<u>2,680,006</u>
NET POSITION			
Net investment in capital assets	109,125,523	290,106	109,415,629
Restricted for:			
Debt service	472,083	-	472,083
Law enforcement	233,745	-	233,745
Court and corrections	370,693	-	370,693
Streets and drainage	750,428	-	750,428
Unrestricted	33,240,180	316,768	33,556,948
Total net position	<u>144,192,652</u>	<u>606,874</u>	<u>144,799,526</u>
Total liabilities, deferred inflows of resources, and net position			
	<u>\$ 191,466,882</u>	<u>\$ 3,133,938</u>	<u>\$ 194,600,820</u>

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 7,633,646	\$ 5,402,187	\$ 613,476	\$ -
Public safety	14,455,896	2,027,506	16,729	-
Public works	15,984,626	40,196	4,717,476	12,869,322
Culture and recreation	3,335,908	253,339	64,924	53,135
Interest and costs on long-term debt	1,328,992	-	-	-
Total governmental activities	<u>42,739,068</u>	<u>7,723,228</u>	<u>5,412,605</u>	<u>12,922,457</u>
Business-type activities:				
Solid Waste	2,132,063	1,761,072	-	-
Civic Center	598,718	337,858	23,159	-
Total business-type activities	<u>2,730,781</u>	<u>2,098,930</u>	<u>23,159</u>	<u>-</u>
Total primary government	<u>\$ 45,469,849</u>	<u>\$ 9,822,158</u>	<u>\$ 5,435,764</u>	<u>\$ 12,922,457</u>

General revenues and transfers:

Sales, use, and luxury taxes

Ad valorem taxes

Investment and interest earnings

Miscellaneous revenue

Gain on disposal of assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

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

STATEMENT OF ACTIVITIES - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,617,983)	\$ -	\$ (1,617,983)
(12,411,661)	-	(12,411,661)
1,642,368	-	1,642,368
(2,964,510)	-	(2,964,510)
(1,328,992)	-	(1,328,992)
(16,680,778)	-	(16,680,778)
-	(370,991)	(370,991)
-	(237,701)	(237,701)
-	(608,692)	(608,692)
(16,680,778)	(608,692)	(17,289,470)
28,889,599	-	28,889,599
7,113,864	-	7,113,864
92,550	-	92,550
919,627	-	919,627
82,326	50,805	133,131
(557,887)	557,887	-
36,540,079	608,692	37,148,771
19,859,301	-	19,859,301
124,333,351	606,874	124,940,225
\$ 144,192,652	\$ 606,874	\$ 144,799,526

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

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2021

	General Fund	Debt Service Fund	Capital Reserve Fund	COVID-19 Relief Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash, equity in pooled cash	\$ 15,339,313	\$ 472,053	\$ 4,627,753	\$ 1,482,002	\$ 6,197,469	\$ 28,118,590
Investments	5,761,224	-	-	-	-	5,761,224
Taxes receivable	8,907,554	-	-	-	166,339	9,073,893
Grants receivable	229,884	-	55,798	-	43,474	329,156
Other receivables	1,201,204	30	-	-	2,813	1,204,047
Due from Industrial Development Board	875,000	-	-	-	-	875,000
Inventories	368,058	-	-	-	-	368,058
Other assets	405,435	-	-	-	-	405,435
Total assets	\$ 33,087,672	\$ 472,083	\$ 4,683,551	\$ 1,482,002	\$ 6,410,095	\$ 46,135,403
LIABILITIES						
Accounts payable	\$ 1,839,264	\$ -	\$ 94,092	\$ -	\$ 181,188	\$ 2,114,544
Accrued liabilities	406,686	-	-	-	-	406,686
Bond deposits	-	-	-	-	81,175	81,175
Total liabilities	2,245,950	-	94,092	-	262,363	2,602,405
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - grant revenue	815,197	-	-	1,482,002	-	2,297,199
Deferred revenue - property taxes	5,703,688	-	-	-	-	5,703,688
Total deferred inflows of resources	6,518,885	-	-	1,482,002	-	8,000,887
FUND BALANCES						
Nonspendable	773,493	-	-	-	-	773,493
Restricted	-	472,083	-	-	1,354,866	1,826,949
Committed	-	-	-	-	4,772,152	4,772,152
Assigned	1,299,406	-	4,589,459	-	20,714	5,909,579
Unassigned	22,249,938	-	-	-	-	22,249,938
Total fund balances	24,322,837	472,083	4,589,459	-	6,147,732	35,532,111
Total liabilities, deferred inflow of resources, and fund balances	\$ 33,087,672	\$ 472,083	\$ 4,683,551	\$ 1,482,002	\$ 6,410,095	\$ 46,135,403

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2021**

Total fund balances, governmental funds		\$ 35,532,111
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	279,075,799	
Less: accumulated depreciation	<u>(138,105,898)</u>	140,969,901
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		4,361,578
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	(29,210,000)	
Bond premium	(1,999,940)	
Obligations under capital leases	(634,438)	
Compensated absences	(352,562)	
Accrued interest	<u>(133,629)</u>	(32,330,569)
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	(4,030,392)	
Net pension liability	(5,799,667)	
Deferred inflows of resources	<u>(2,511,197)</u>	(12,341,256)
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	5,703,688	
Grant revenue	<u>2,297,199</u>	<u>8,000,887</u>
Net position of governmental activities in the Statement of Net Position		<u>\$ 144,192,652</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Debt Service Fund	Capital Reserve Fund	COVID-19 Relief Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Sales, use, luxury	\$ 25,099,130	\$ 901,773	\$ -	\$ -	\$ 2,250,479	\$ 28,251,382
Property	6,786,084	-	-	-	-	6,786,084
Total taxes	31,885,214	901,773	-	-	2,250,479	35,037,466
Licenses and permits	3,904,382	-	-	-	-	3,904,382
Payments in lieu of taxes	2,638,733	-	-	-	-	2,638,733
Fines and forfeitures	306,048	-	-	-	144,990	451,038
Charges for services	940,255	-	-	-	10,297	950,552
Intergovernmental	670,246	-	220,879	-	30,289	921,414
Grants	5,344,976	-	399,885	470,270	52,105	6,267,236
Interest and investment earnings	86,896	2,027	1,054	-	2,572	92,549
Contributions and donations	288,048	-	-	-	2,930	290,978
Miscellaneous	805,584	-	6,994	-	3,531	816,109
Total revenues	46,870,382	903,800	628,812	470,270	2,497,193	51,370,457
EXPENDITURES						
Current:						
General government	6,105,665	-	6,613	470,270	675,134	7,257,682
Public safety	12,344,850	-	-	-	57,634	12,402,484
Public works	4,734,617	-	-	-	32,472	4,767,089
Culture and recreation	2,840,829	-	-	-	103,563	2,944,392
Hurricane Sally	4,889,461	-	-	-	-	4,889,461
Capital outlay	3,737,641	-	2,277,106	-	209,611	6,224,358
Debt service:						
Principal	-	22,490,219	-	-	-	22,490,219
Interest	-	1,051,956	-	-	-	1,051,956
Cost of debt issuance	-	159,812	-	-	-	159,812
Total expenditures	34,653,063	23,701,987	2,283,719	470,270	1,078,414	62,187,453
Excess (deficiency) of revenues over (under) expenditures	12,217,319	(22,798,187)	(1,654,907)	-	1,418,779	(10,816,996)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	3,265,270	2,149,000	-	2,094,701	7,508,971
Transfers out	(7,469,670)	-	-	-	(597,188)	(8,066,858)
Issuance of debt	19,947	17,215,000	-	-	-	17,234,947
Premium on warrant	-	929,494	-	-	-	929,494
Total other financing sources (uses)	(7,449,723)	21,409,764	2,149,000	-	1,497,513	17,606,554
Net change in fund balances	4,767,596	(1,388,423)	494,093	-	2,916,292	6,789,558
Fund balances, beginning	19,555,241	1,860,506	4,095,366	-	3,231,440	28,742,553
Fund balances, ending	\$ 24,322,837	\$ 472,083	\$ 4,589,459	\$ -	\$ 6,147,732	\$ 35,532,111

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balances, total governmental funds		\$ 6,789,558
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are depreciated over their estimated useful lives.</p>		
Expenditures for capital assets	\$ 6,224,358	
Contributions of capital assets	10,298,727	
Less current year depreciation	<u>(8,629,151)</u>	7,893,934
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.</p>		
Property taxes	327,780	
Grant revenue	<u>1,185,147</u>	1,512,927
<p>In the Statement of Activities only the gain or loss on the disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.</p>		
Gain on the disposal of assets	82,326	
Proceeds from the sale of assets	<u>(108,177)</u>	(25,851)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in post-employment benefits and deferred inflows of resources	272,843	
Amortization of discount	(20,650)	
Amortization of premium	149,169	
Amortization of deferred amount on refunding	(292,209)	
Change in net pension liability and deferred inflows of resources	(1,896,513)	
Change in compensated absences	(12,587)	
Change in accrued interest	<u>46,466</u>	(1,753,481)
<p>Some expenditures reported in governmental funds are to be paid on a long-term basis and therefore are not reported as expenses in the Statement of Activities.</p>		
Change in deferred outflows - post-employment benefits	(156,317)	
Change in deferred outflows - employer retirement contributions	<u>1,272,753</u>	1,116,436

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES, CONTINUED**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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	(17,234,947)	
Bond premium	(929,494)	
Principal and other debt service payments	22,490,219	4,325,778
Change in net position of governmental activities		\$ 19,859,301

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



THIS PAGE LEFT INTENTIONALLY BLANK

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2021

	Major Fund		Total
	Solid Waste	Civic Center	
ASSETS			
Current assets:			
Cash, equity in pooled cash	\$ 508,631	\$ 205,732	\$ 714,363
Cash held in escrow for lease purchase	655,000	-	655,000
Due from Utilities Board	148,556	-	148,556
Other receivables	5,754	-	5,754
Total current assets	1,317,941	205,732	1,523,673
Noncurrent assets:			
Capital assets:			
Roads	135,102	-	135,102
Facilities	105,053	138,752	243,805
Vehicles	2,804,176	45,199	2,849,375
Rental equipment and supplies	-	26,388	26,388
Equipment and office furniture	90,318	160,583	250,901
Construction in progress	79,591	-	79,591
Total capital assets	3,214,240	370,922	3,585,162
Less: accumulated depreciation	(2,029,392)	(258,802)	(2,288,194)
Total noncurrent assets	1,184,848	112,120	1,296,968
Total assets	2,502,789	317,852	2,820,641
DEFERRED OUTFLOWS OF RESOURCES			
Deferred other post-employment benefits outflows	56,129	16,555	72,684
Deferred pension outflows	182,612	58,001	240,613
Total deferred outflows of resources	238,741	74,556	313,297
Total assets and deferred outflows of resources	\$ 2,741,530	\$ 392,408	\$ 3,133,938

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

STATEMENT OF NET POSITION, CONTINUED
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2021

	Major Fund		Total
	Solid Waste	Civic Center	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 80,622	\$ 38,874	\$ 119,496
Accrued liabilities	16,179	5,740	21,919
Interest payable	8,668	-	8,668
Unearned revenue	-	84,687	84,687
Compensated absences	10,058	3,644	13,702
Capital lease payable - current	366,253	-	366,253
Total current liabilities	481,780	132,945	614,725
Noncurrent liabilities:			
Capital lease payable - noncurrent	971,402	-	971,402
Compensated absences	6,706	2,430	9,136
Net pension liability	348,190	114,382	462,572
Other post-employment benefits liability	202,365	98,055	300,420
Total noncurrent liabilities	1,528,663	214,867	1,743,530
Total liabilities	2,010,443	347,812	2,358,255
DEFERRED INFLOWS OF RESOURCES			
Deferred other post-employment benefits inflows	100,456	26,898	127,354
Deferred pension inflows	23,757	17,698	41,455
Total deferred inflows of resources	124,213	44,596	168,809
NET POSITION			
Net investment in capital assets	177,986	112,120	290,106
Unrestricted net position	428,888	(112,120)	316,768
Total net position	606,874	-	606,874
Total liabilities, deferred inflows of resources, and net position	\$ 2,741,530	\$ 392,408	\$ 3,133,938

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Major Fund		Total
	Solid Waste	Civic Center	
OPERATING REVENUES			
Charges for services	\$ 1,761,072	\$ 333,678	\$ 2,094,750
Community events	-	4,180	4,180
Other revenues	-	20,000	20,000
Total operating revenues	<u>1,761,072</u>	<u>357,858</u>	<u>2,118,930</u>
OPERATING EXPENSES			
Wages	602,549	191,451	794,000
Overtime	14,027	9,144	23,171
Payroll related	119,713	32,386	152,099
Other personnel expense	176,160	44,164	220,324
Total personnel services	912,449	277,145	1,189,594
Advertising	13,694	8,822	22,516
Depreciation	314,359	18,241	332,600
Employee supplies and uniforms	8,490	385	8,875
Employee support	4,532	1,196	5,728
Equipment purchases, rentals, lease	22,281	40,190	62,471
Fuel	102,418	721	103,139
Garbage and recycle containers	76,335	-	76,335
Garbage and debris removal	-	2,773	2,773
Insurance	38,795	21,279	60,074
Landfill fees	320,266	-	320,266
Maintenance	238,621	38,006	276,627
Miscellaneous	213	3,016	3,229
Supplies	-	8,685	8,685
Other services	42,114	44,782	86,896
Professional services	8,645	7,530	16,175
Trustee assignments	-	3,055	3,055
Utilities	390	122,892	123,282
Total operating expenses	<u>2,103,602</u>	<u>598,718</u>	<u>2,702,320</u>
Operating loss	<u>(342,530)</u>	<u>(240,860)</u>	<u>(583,390)</u>
NON OPERATING REVENUES (EXPENSES)			
Grant revenue	-	3,159	3,159
Gain (loss) on sale of assets	59,600	(8,795)	50,805
Interest expense	(28,461)	-	(28,461)
Total non-operating revenues (expenses)	<u>31,139</u>	<u>(5,636)</u>	<u>25,503</u>
Loss before transfers	(311,391)	(246,496)	(557,887)
Transfers from other funds	311,391	246,496	557,887
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.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Major Fund Solid Waste	Civic Center	Total
Cash flows from operating activities:			
Receipts from customers	\$ 1,752,094	\$ 379,268	\$ 2,131,362
Payments to suppliers	(824,738)	(278,388)	(1,103,126)
Payments to employees	(880,359)	(267,665)	(1,148,024)
Net cash provided by (used in) operating activities	46,997	(166,785)	(119,788)
Cash flows from noncapital financing activities:			
Net contributions from other funds	311,391	246,496	557,887
Grant revenue	-	8,065	8,065
Net cash provided by noncapital financing activities	311,391	254,561	565,952
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(334,471)	-	(334,471)
Interest paid on capital debt	(24,612)	-	(24,612)
Purchases of capital assets	(406,763)	(73,617)	(480,380)
Proceeds from disposal of capital assets	59,600	-	59,600
Net cash used in capital and financing activities	(706,246)	(73,617)	(779,863)
Net change in cash and cash equivalents	(347,858)	14,159	(333,699)
Equity in pooled cash, beginning	856,489	191,573	1,048,062
Equity in pooled cash, ending	\$ 508,631	\$ 205,732	\$ 714,363
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (342,530)	\$ (240,860)	\$ (583,390)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	314,359	18,241	332,600
Change in assets and liabilities:			
Receivables	(12,916)	-	(12,916)
Deferred outflows of resources	(58,345)	(18,451)	(76,796)
Accounts payable	55,994	24,944	80,938
Accrued expenses	1,406	2,516	3,922
Unearned revenue	-	21,410	21,410
Compensated absences	2,003	1,922	3,925
Deferred inflows of resources	4,084	1,257	5,341
Net pension liability	106,431	28,968	135,399
Other post-employment benefits liability	(23,489)	(6,732)	(30,221)
Net cash provided by (used in) operating activities	\$ 46,997	\$ (166,785)	\$ (119,788)
Non cash investing and financing activities:			
Purchase of capital assets from initiation of capital lease	\$ 655,000	\$ -	\$ 655,000

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2021

	OPEB Trust Fund	Custodial Funds
ASSETS		
Cash, equity in pooled cash	\$ 28,885	\$ 250,046
Receivables	-	90
Investments:		
Equities	232,825	-
Other - marketable	93,280	-
Fixed Income	458,901	-
Total investments	785,006	-
Total assets	813,891	250,136
LIABILITIES		
Accounts payable	-	28,737
Total liabilities	-	28,737
NET POSTION		
Restricted for:		
Reserve for claims	-	221,399
OPEB	813,891	-
Total net position	813,891	221,399
Total liabilities and net postion	\$ 813,891	\$ 250,136

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	OPEB Trust Fund	Custodial Funds
	<u> </u>	<u> </u>
Additions:		
Employer contributions	\$ 250,000	\$ -
Employee contributions	-	181,733
Investment Income:		
Net increase in fair value of investments	13,498	-
Interest and dividends	31,595	-
Net investment income	<u>45,093</u>	<u>-</u>
Total additions	<u>295,093</u>	<u>181,733</u>
Deductions:		
Administrative expense	5,879	-
Dental payments for employees	<u>-</u>	<u>177,998</u>
Total deductions	<u>5,879</u>	<u>177,998</u>
Net increase in fiduciary net position	<u>289,214</u>	<u>3,735</u>
Net position - beginning	<u>524,677</u>	<u>217,664</u>
Net position - ending	<u>\$ 813,891</u>	<u>\$ 221,399</u>

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

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

INDEX

	Page
NOTE 1 Summary of Significant Accounting Policies	53
NOTE 2 Cash, Equity in Pooled Cash and Cash Equivalents	66
NOTE 3 Deposits and Investments	66
NOTE 4 Receivables	67
NOTE 5 Due from Industrial Development Board of the City of Daphne	67
NOTE 6 Inventories	68
NOTE 7 Capital Assets	68
NOTE 8 Interfund Transfers	70
NOTE 9 Note Payable	70
NOTE 10 Capital Leases	71
NOTE 11 Long Term Debt	71
NOTE 12 Conduit Debt Obligation: Jubilee Square	73
NOTE 13 Defeasance of Prior Debt	74
NOTE 14 Debt Limitation	74
NOTE 15 Fund Balances	75
NOTE 16 Pension Plan – Defined Benefit Pension Plan	76
NOTE 17 Other Post-Employment Benefits	82
NOTE 18 Deferred Compensation Plans	87
NOTE 19 Construction Commitments	87
NOTE 20 Non-Monetary Transactions	87
NOTE 21 Encumbrance Commitments	88
NOTE 22 Concentration – Revenue Source	88
NOTE 23 Litigation	88
NOTE 24 City of Daphne Utilities Board – Related Party	88
NOTE 25 Property Taxes	89
NOTE 26 Operating Leases	89
NOTE 27 Federal and State Grants	89
NOTE 28 Risk Management	90
NOTE 29 Fair Value Disclosures	90
NOTE 30 Uncertainties with Regard to COVID-19	91
NOTE 31 Subsequent Events	91

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

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 applicable to municipal governments. 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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

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. The funds are normally budgeted in this manner. 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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

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 Funds – 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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

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.
- The COVID-19 Relief Fund – This fund accounts for the grant funds received from the American Rescue Plan Act and the related expenditures.

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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Accrual Basis - Revenues are recognized when earned and expenses are recognized when incurred.
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, 2021, 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 certificates 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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

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, 2021, 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 an 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, 2021 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 who 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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

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 76 for the net pension liability as of September 30, 2021.

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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

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. The 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 that 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 that 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 has adopted a formal minimum fund balance policy. 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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

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, revenues from federal and state reimbursement grants for which eligibility requirements have been met have been accrued and recognized as revenues of the period. All other revenue items are considered 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 include 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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

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 2021, the following special revenue funds did not have an adopted budget: Flower Fund, Animal Shelter 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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Recently Issued Accounting Pronouncements

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 elimination 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 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 implemented GASB 90 in fiscal year 2021 with no significant impact to 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.

GASB Statement 92, *Omnibus 2020*, was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of GASB 92 are effective for fiscal year 2022. The City is currently evaluating the impact GASB 92 may have on its financial statements.

GASB Statement 93, *Replacement of Interbank Offered Rates*, was issued to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The requirements of GASB 93 are effective for fiscal year 2023. The City is currently evaluating the impact GASB 93 may have on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued to improve financial reporting by addressing issues related to public-private and public-public partnership agreements (PPPs). The requirements of GASB 94 are effective for fiscal year 2023. The City is currently evaluating the impact GASB 94 may have on its financial statements.

GASB Statement 96, *Subscription-Based Information Technology Arrangements*, was issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users (governments). The requirements of GASB 96 are effective for fiscal year 2023. The City is currently evaluating the impact GASB 96 may have on its financial statements.

GASB Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, was issued to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform and to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit plans (OPEB), and employee benefit plans other than pension or OPEB Plans. It also enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through these plans. Certain requirements of GASB 97 are due immediately with the remaining requirements effective for fiscal year 2022. The current requirements of GASB 97 have been implemented with no significant impact on the City's financial statements.

GASB Statement 98, *The Annual Comprehensive Financial Report*, was implemented to establish the term *annual comprehensive financial report* and its acronym *ACFR*. The requirements of GASB 98 are effective for fiscal year 2023 but the City has implemented the requirements this fiscal year with use of the new terminology throughout the report.

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 \$231,354 that is held in two investment accounts. The Securities Investor Protection Corporation (SIPC) insures balances up to \$500,000.

NOTES TO THE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021

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

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

	Equity in Pooled Funds	Non Pooled Funds	Total Cash and Cash Equivalents
Primary Government:			
Governmental activities:			
General Fund	\$ 15,032,364	\$ 306,949	\$ 15,339,313
Debt Service Fund	-	472,053	472,053
Capital Reserve Fund	-	4,627,753	4,627,753
COVID-19 Relief Fund	1,482,002	-	1,482,002
Other non major governmental funds	5,512,566	684,903	6,197,469
Total governmental activities	<u>22,026,932</u>	<u>6,091,658</u>	<u>28,118,590</u>
Business-type activities:			
Solid Waste Fund	508,631	-	508,631
Civic Center Fund	205,732	-	205,732
Total business-type activities	<u>714,363</u>	<u>-</u>	<u>714,363</u>
Total primary government	<u>\$ 22,741,295</u>	<u>\$ 6,091,658</u>	<u>\$ 28,832,953</u>

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Deposits and investments at September 30, 2021, consist of the following:

Investments:	
Federal Home Loan Bonds and Pools	\$ 2,712,443
United States Treasury Bonds and Notes	1,472,597
GNMA and FNMA Pools	445,634
Proprietary insured by US Government	1,099,487
Investment in AMIC	31,063
	<u>\$ 5,761,224</u>

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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, 2021, consist of the following:

Governmental activities:

Property, sales/use tax receivable	\$ 9,073,893
Grant receivables	329,156
Other receivables	<u>1,204,047</u>
Total governmental activities receivables	<u>\$ 10,607,096</u>

Business-type activities:

Due from other governments	\$ 148,556
Other receivables	<u>5,754</u>
Total business-type activities receivables	<u>\$ 154,310</u>

NOTE 5 –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, 2021 is \$875,000 with no payments being received in fiscal year 2021.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 6 –INVENTORIES

Inventory valuation at September 30, 2021 consisted of the following:

Mechanical Shop parts and supplies	\$ 345,799
Vehicle fuel	<u>22,259</u>
	<u><u>\$ 368,058</u></u>

NOTE 7 –CAPITAL ASSETS

Governmental Activities

The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2021:

	Balance 10/1/2020	Additions	Reclass/ Transfers	Retirements	Balance 9/30/2021
Capital assets not being depreciated:					
Land	\$ 12,407,999	\$ 431,066	\$ -	\$ -	\$ 12,839,065
Construction in progress	3,906,868	3,610,280	(6,045,532)	-	1,471,616
Total capital assets not being depreciated	16,314,867	4,041,346	(6,045,532)	-	14,310,681
Capital assets being depreciated:					
Buildings	29,784,375	78,619	3,514,297	(34,935)	33,342,356
Other improvements	26,659,405	826,806	444,668	-	27,930,879
Machinery and equipment	14,592,268	1,164,828	-	(396,577)	15,360,519
Infrastructure	175,633,311	10,411,486	2,086,567	-	188,131,364
Total capital assets being depreciated	246,669,359	12,481,739	6,045,532	(431,512)	264,765,118
Less: accumulated depreciation					
Buildings	(10,604,301)	(814,472)	-	20,961	(11,397,812)
Other improvements	(5,790,228)	(1,323,262)	-	-	(7,113,490)
Machinery and equipment	(10,992,714)	(1,203,317)	-	384,700	(11,811,331)
Infrastructure	(102,495,165)	(5,288,100)	-	-	(107,783,265)
Total accumulated depreciation	(129,882,408)	(8,629,151)	-	405,661	(138,105,898)
Total capital assets being depreciated	116,786,951	3,852,588	6,045,532	(25,851)	126,659,220
Governmental activities capital assets, net	\$ 133,101,818	\$ 7,893,934	\$ -	\$ (25,851)	\$140,969,901

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 7 –CAPITAL ASSETS (Continued)

Depreciation was charged to governmental functions as follows:

General government	\$ 291,304
Public safety	1,732,498
Public works	971,491
Culture and recreation	345,758
Infrastructure	<u>5,288,100</u>
	<u>\$ 8,629,151</u>

Business-type Activities

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2021:

	Balance 10/1/2020	Additions	Retirements	Balance 9/30/2021
Capital assets not being depreciated:				
Construction in progress	\$ 28,300	\$ 51,291	\$ -	\$ 79,591
Total capital assets not being depreciated	<u>28,300</u>	<u>51,291</u>	<u>-</u>	<u>79,591</u>
Capital assets being depreciated:				
Buildings	229,287	64,478	(49,960)	243,805
Machinery and equipment	3,014,203	364,610	(252,149)	3,126,664
Infrastructure	135,102	-	-	135,102
Total capital assets being depreciated	<u>3,378,592</u>	<u>429,088</u>	<u>(302,109)</u>	<u>3,505,571</u>
Less: accumulated depreciation				
Buildings	(178,398)	(13,498)	41,166	(150,730)
Machinery and equipment	(1,935,409)	(319,102)	252,149	(2,002,362)
Infrastructure	(135,102)	-	-	(135,102)
Total accumulated depreciation	<u>(2,248,909)</u>	<u>(332,600)</u>	<u>293,315</u>	<u>(2,288,194)</u>
Total capital assets being depreciated, net	<u>1,129,683</u>	<u>96,488</u>	<u>(8,794)</u>	<u>1,217,377</u>
Business-type activities capital assets, net	<u>\$ 1,157,983</u>	<u>\$ 147,779</u>	<u>\$ (8,794)</u>	<u>\$ 1,296,968</u>

Depreciation was charged in the amount of \$314,359 to the Solid Waste Fund and \$18,241 to the Civic Center Fund.

NOTES TO THE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021

NOTE 8 – INTERFUND TRANSFERS

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and as transfers in (out) in the proprietary funds.

Following is a summary of interfund transfers for the year ended September 30, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 7,469,670
Debt Service Fund	3,265,270	-
Capital Reserve Fund	2,149,000	-
Non-major special revenue funds	2,094,701	597,188
Enterprise funds	557,887	-
Totals	<u>\$ 8,066,858</u>	<u>\$ 8,066,858</u>

A summary of General Fund transfers out are as follows:

- 1) Capital Reserve Fund – Transfers from the General Fund were made in the amount of \$2,149,000 to fund various capital projects during the year including \$1,000,000 for the future expansion of the Justice Center.
- 2) Debt Service Fund – Monthly transfers were made totaling \$2,668,082 to fund the current year debt service requirements.
- 3) Enterprise funds – Monthly transfers were made from the General Fund totaling \$557,887 to cover the net operating loss for the Solid Waste Fund and the Civic Center Fund.
- 4) Lodging Tax Fund – A one-time transfer in the amount of \$1,000,000 was made from the General Fund to help fund the future construction of an amphitheater to be located at Bayfront Park.
- 5) Animal Shelter Fund - A one-time transfer in the amount of \$1,094,701 was made from the General Fund to help fund the future construction of a new Animal Shelter.

The non-major special revenue fund transfers out consisted of monthly transfers totaling \$597,188 from the Lodging Tax Fund to the Debt Service Fund to cover its portion of the debt service requirements.

NOTE 9 – 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 was being charged at an annual rate of 3.95% and annual payments were due in the amount of \$214,382 for the next five years. Final maturity of the note payable was October 2022 but the remaining balance on the note payable was paid off in fiscal year 2021.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 10 – CAPITAL LEASES

As of September 30, 2021, 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
2022	\$ 301,489	\$ 392,799	\$ 694,288
2023	206,368	341,900	548,268
2024	139,722	319,421	459,143
2025	16,719	221,846	238,565
2026 and thereafter	-	124,281	124,281
Total minimum lease payments	664,298	1,400,247	2,064,545
Less amount representing interest	(29,860)	(62,582)	(92,442)
Present value of minimum lease payments	<u>\$ 634,438</u>	<u>\$ 1,337,665</u>	<u>\$ 1,972,103</u>

The assets acquired through outstanding capital leases are shown below.

	Governmental Activities	Business-Type Activities
Equipment	\$ 1,892,898	\$ 1,724,467
Less: accumulated depreciation	(974,930)	(666,635)
	<u>\$ 917,968</u>	<u>\$ 1,057,832</u>

Depreciation expense for the year ended September 30, 2021 for assets under capital leases was \$343,474 for governmental activities and \$290,859 for business-type activities.

NOTE 11 – LONG TERM DEBT

The following is a description of general and limited obligation bonds/warrants at September 30, 2021:

\$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) \$ 2,860,000

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 11 – LONG TERM DEBT (Continued)

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

\$7,295,000 General Obligation Refunding Warrants, series 2020-A, dated October 28, 2020, with interest rates ranging from 1.05% to 1.84% payable semi-annually along with variable annual principal payments. Final maturity is July 1, 2038. (Partially paid 2017 General Obligation Warrant) 7,295,000

\$3,600,000 General Obligation Refunding Warrants, series 2020-B (Federally Taxable), dated October 28, 2020, with interest rates ranging from 0.54% to 1.46% payable semi-annually along with variable annual principal payments. Final maturity is July 1, 2027. (Partially paid 2017 General Obligation Warrant) 3,325,000

\$6,320,000 General Obligation Warrant, series 2021, dated August 5, 2021, with an interest rate of 1.39% payable semi-annually along with variable annual principal payments. Final maturity is April 1, 2028. (Fully paid off the 2014 General Obligation Refunding and Improvement Warrants) 6,320,000

Total bonds and warrants payable \$ 29,210,000

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

Fiscal Year Ending September 30	Principal	Interest	Total
2022	\$ 2,259,206	\$ 742,349	\$ 3,001,555
2023	2,300,352	730,331	3,030,683
2024	2,331,540	685,913	3,017,453
2025	2,377,770	634,626	3,012,396
2026	2,424,045	578,795	3,002,840
2027-2031	9,307,087	1,984,919	11,292,006
2032-2036	6,700,000	786,425	7,486,425
2037-2041	1,510,000	68,250	1,578,250
	<u>\$ 29,210,000</u>	<u>\$ 6,211,608</u>	<u>\$ 35,421,608</u>

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 11 – LONG TERM DEBT (Continued)

The following is a summary of the changes in non-current liabilities reported in Statement of Net Position for the year ended September 30, 2021:

	Balance 10/1/2020	Additions	Reductions	Balance 9/30/2021	Due Within One Year
<u>Governmental Activities:</u>					
Bonds and warrants payable	\$ 33,349,994	\$ 17,215,000	\$ (21,354,994)	\$ 29,210,000	\$ 2,259,206
Plus: Bond premiums	1,219,615	929,494	(149,169)	1,999,940	-
Less: Bond discounts	(20,650)	-	20,650	-	-
Bonds and warrants payable, net	34,548,959	18,144,494	(21,483,513)	31,209,940	2,259,206
Obligations under capital lease	1,154,221	19,947	(539,730)	634,438	284,025
Note payable	595,495	-	(595,495)	-	-
Compensated absences	339,975	628,537	(615,950)	352,562	211,537
Net pension liability	3,789,284	2,010,383	-	5,799,667	-
Other post-employment benefits	4,509,539	-	(479,147)	4,030,392	-
Total governmental activities	<u>\$ 44,937,473</u>	<u>\$ 20,803,361</u>	<u>\$ (23,713,835)</u>	<u>\$ 42,026,999</u>	<u>\$ 2,754,768</u>
<u>Business-type Activities:</u>					
Obligations under capital lease	\$ 1,017,126	\$ 655,000	\$ (334,471)	\$ 1,337,655	\$ 366,253
Compensated absences	18,913	47,349	(43,424)	22,838	13,702
Net pension liability	327,173	135,399	-	462,572	-
Other post-employment benefits	330,641	-	(30,221)	300,420	-
Total business-type activities	<u>\$ 1,693,853</u>	<u>\$ 837,748</u>	<u>\$ (408,116)</u>	<u>\$ 2,123,485</u>	<u>\$ 379,955</u>

Repayment of principal and interest maturities is principally made from sales taxes. In addition, for governmental activities, compensated absences and pension obligations are generally liquidated by the General Fund.

NOTE 12 – 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%.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 12 – CONDUIT DEBT OBLIGATION: JUBILEE SQUARE (Continued)

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

The Jubilee Square Mall facility was completed in late 2001. The revenue calculations for fiscal 2021 include a distribution to the City's General Fund in the amount of \$329,170 and \$987,510 in debt service payments on the 2002 Limited Obligation Warrant Conduit Debt Obligation. The limited debt obligation was fully paid off as of July 2021.

NOTE 13 – DEFEASANCE OF PRIOR DEBT

The City has defeased certain outstanding warrants by placing the new warrants in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust accounts and the defeased debt are not included in the City's financial statements. At September 30, 2021, there was no debt considered to be defeased.

NOTE 14 – 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 \$793,936.

The City of Daphne's total indebtedness at September 30, 2021, was \$29,844,438. Of this total, \$28,416,064 is chargeable to the constitutional debt limit. This chargeable debt is equal to 5.88% of the total assessed value of real and personal property located within the City. This leaves a \$73,081,777 margin available for future borrowings. Based on the City of Daphne's 2020 census, the per capita debt is \$1,087.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 15 – FUND BALANCES

A schedule of City fund balances at September 30, 2021 is provided below:

	General Fund	Debt Service	Capital Reserve	Non Major Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Inventory	\$ 368,058	\$ -	\$ -	\$ -	\$ 368,058
Prepaid items	405,435	-	-	-	405,435
Subtotal	<u>773,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>773,493</u>
Restricted for:					
Debt service	-	472,083	-	-	472,083
Streets and drainage	-	-	-	750,428	750,428
Law enforcement	-	-	-	233,745	233,745
Court and corrections	-	-	-	370,693	370,693
Subtotal	<u>-</u>	<u>472,083</u>	<u>-</u>	<u>1,354,866</u>	<u>1,826,949</u>
Committed to:					
Bayfront improvements	-	-	-	2,768,338	2,768,338
Recreation projects	-	-	-	886,453	886,453
Animal shelter	-	-	-	1,094,701	1,094,701
Landscaping	-	-	-	22,660	22,660
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,772,152</u>	<u>4,772,152</u>
Assigned to:					
Library	-	-	-	20,714	20,714
Capital projects	-	-	4,589,459	-	4,589,459
Various purposes	1,299,406	-	-	-	1,299,406
Subtotal	<u>1,299,406</u>	<u>-</u>	<u>4,589,459</u>	<u>20,714</u>	<u>5,909,579</u>
Unassigned:	<u>22,249,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,249,938</u>
Total fund balances	<u>\$ 24,322,837</u>	<u>\$ 472,083</u>	<u>\$ 4,589,459</u>	<u>\$ 6,147,732</u>	<u>\$ 35,532,111</u>

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 16 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates in the Employees' Retirement System of Alabama (ERS). The ERS, an agency multiple-employer plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control, which consists of 13 trustees. Effective October 1, 2021, Act 390 of the Legislature of 2021 will create two additional representatives and change the composition of representatives with the ERS Board of Control. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* 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.

The ERS Board of Control consists of 13 trustees, including the Governor, ex officio; State Treasurer, ex officio; State Personnel Director, ex officio; State Director of Finance; ex officio; three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head; and six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:

- a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
- b. Two vested active state employees.
- c. Two vested active employees of an employer participating in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Benefits Provided

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

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

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 16 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

Members 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 equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to Code of Alabama 1975, Section 36-27-6 to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132.

The ERS serves approximately 853 local participating employers and approximately 101,245 participants. As of September 30, 2020 (the measurement date), the City of Daphne membership consisted of:

Retirees and beneficiaries	
currently receiving benefits	79
Vested inactive members	8
Non-vested inactive members	35
Active members	<u>277</u>
Total	<u>399</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 7.5% of earnable compensation with the exception of certified law enforcement, correctional officers and firefighters who contribute 8.5% of earnable compensation (after enactment of Act 201-132).

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, 2021, the City's covered payroll was \$13,974,720. The City's active employee contribution rate was Tier 1 Regular 5%, Tier 1 FLC 6%, Tier 2 Regular 7.5%, and Tier 2 FLC 8.5% of covered payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 5.82% of covered payroll.

The City's contractually required contribution rate for the year ended September 30, 2021 was 6.78% of pensionable pay for Tier 1 employees, and 3.60% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2018, 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 \$871,365 for the year ended September 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 16 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability

The City's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019, rolled forward to September 30, 2020, using standard roll-forward techniques shown in the following table:

	Expected	Actual	Actual After Act 2019-132
(a) TPL as of September 30, 2019	\$ 36,721,791	\$ 37,609,273	\$ 38,109,583
(b) Discount rate	7.70%	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2019 -September 30, 2020	1,047,182	1,047,182	1,164,058
(d) Transfers among Employers	-	19,482	19,482
(e) Actual Benefit Payments and Refunds for the period October 1, 2019 -September 30, 2020	(1,689,189)	(1,689,189)	(1,689,189)
(f) TPL as of September 30, 2020 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5(b))]	\$ 38,842,328	\$ 39,817,628	\$ 40,473,338
(g) Difference between Expected and Actual		\$ 975,300	
(h) Less Liability Transferred for Immediate Recognition		19,482	
(i) Experience (Gain)/Loss = (g) - (h)		\$ 955,818	
(j) Difference between Actual TPL Before and After Act 2019-132 - Benefit Change (Gain)/Loss			\$ 655,710

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

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 16 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

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.

The actuarial assumptions used in the actuarial valuation as of September 30, 2018, 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	100.0%	

* 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, 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the rates currently in effect and that employer contributions will be made in accordance with the funding policy adopted by the 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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 16 – 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, 2019	\$ 36,721,791	\$ 32,605,334	\$ 4,116,457
Changes for the year:			
Service Cost	1,047,182	-	1,047,182
Interest	2,762,544	-	2,762,544
Changes of benefit terms	655,710	-	655,710
Changes of assumptions	-	-	-
Difference between expected and actual experience	955,818	-	955,818
Contributions - employer	-	675,213	(675,213)
Contributions - employee	-	744,248	(744,248)
Net investment income	-	1,856,011	(1,856,011)
Benefit payments, including refunds or employee contributions	(1,689,189)	(1,689,189)	-
Administrative expense	-	-	-
Transfers among employers	19,482	19,482	-
Net changes	<u>3,751,547</u>	<u>1,605,765</u>	<u>2,145,782</u>
Balances at September 30, 2020	<u>\$ 40,473,338</u>	<u>\$ 34,211,099</u>	<u>\$ 6,262,239</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	\$ 11,443,989	\$ 6,262,239	\$ 1,913,387

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, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditor's report dated April 30, 2021 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.

NOTES TO THE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021

NOTE 16 – 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, 2021, the City recognized pension expense of \$871,365. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 985,846	\$ 465,763
Change of assumptions	592,273	-
Net difference between projected and actual earnings on plan investments	1,054,275	-
Employer contributions subsequent to the measurement date*	813,810	-
	\$ 3,446,204	\$ 465,763

*Employer contributions subsequent to the measurement date (\$813,810) reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September	
2022	\$ 361,897
2023	629,959
2024	704,048
2025	206,953
2026	148,970
Thereafter	114,804
	\$ 2,166,631

NOTES TO THE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021

NOTE 17– 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, 2021, 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>256</u>
Total	<u><u>276</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 16. 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 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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 17 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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.

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, 2021:

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, 23.81%; Baird Aggregate Bond Fund, 23.76%; Double Line Total Return Bond Fund, 10.12%; PGIM High Yield Fund, 6.79%; and Vanguard 500 Index Fund, 6.65%.

Asset Class	Actual Asset Allocation
Fixed Income	68%
Equity	29%
Money Market/CD	3%

Rate of Return

For the year ended September 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 7.05%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 17 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability

The components of the net OPEB liability of the City as of September 30, 2021, were as follows:

Total OPEB liability	\$ 5,144,703
Plan fiduciary net position	813,891
City's net OPEB liability	<u>\$ 4,330,812</u>

Plan fiduciary net position as a percentage of the total OPEB liability	15.82%
---	--------

The City's net OPEB liability was measured as of September 30, 2021, 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, 2021 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	5.5% 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, 2021 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2008 to September 30, 2021.

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, 2021 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%

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 17 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Discount rate. Although this plan is a defined benefit OPEB plan that 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, 2021, the measurement date at the end of the applicable measurement period. The discount rate used as of September 30, 2020, the measurement date at the end of the immediately preceding measurement period, was 5.5%.

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at September 30, 2020	\$ 5,366,106	\$ 525,929	\$ 4,840,177
Changes for the year:			
Service cost	96,764	-	96,764
Interest cost at 5.5%	289,182	-	289,182
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(390,855)	-	(390,855)
Employer contributions - Trust	-	250,000	(250,000)
Net investment income	-	43,841	(43,841)
Changes of assumptions	-	-	-
Benefit payments			
a. From Trust	-	-	-
b. Direct	(216,494)	-	(216,494)
Administrative expense			
a. From Trust	-	(5,879)	5,879
b. Direct	-	-	-
Net changes	<u>(221,403)</u>	<u>287,962</u>	<u>(509,365)</u>
Balances at September 30, 2021	<u>\$ 5,144,703</u>	<u>\$ 813,891</u>	<u>\$ 4,330,812</u>

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 17 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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	\$ 5,239,468	\$ 4,330,812	\$ 3,572,420

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	\$ 3,554,582	\$ 4,330,812	\$ 5,256,163

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

For the year ended September 30, 2021, the City recognized OPEB expense in the amount of \$92,618. At September 30, 2021, 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	\$ -	\$ (224,389)
Net difference between projected and actual earnings on		
OPEB plan investments	567,458	(689,587)
Changes in assumptions	661,213	(1,300,267)
	\$ 1,228,671	\$ (2,214,243)

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 17 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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	
2022	\$ (270,442)
2023	(270,442)
2024	(270,442)
2025	(266,332)
2026	(26,726)
Thereafter	<u>118,812</u>
	<u>\$ (985,572)</u>

Payable to the OPEB Plan

At September 30, 2021, the City did not have any outstanding amount of contributions to the OPEB plan as required for the year ended September 30, 2021.

NOTE 18 – 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 19 – CONSTRUCTION COMMITMENTS

The City had various capital improvement projects in progress at September 30, 2021. The projected outstanding commitments related to these projects are estimated by management to be \$1,533,000. The capital improvements in progress included the construction of a splash pad and road resurfacing of various City roads.

NOTE 20 – NON-MONETARY TRANSACTIONS

During the current fiscal year, non-monetary transactions totaled \$10,928,727. This is composed of land, street and drainage acceptances in Jubilee Farms subdivision (Phases 6-10 and 15) and Diamante Subdivision, Phase 3.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 21 – 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, 2021, the City had encumbrance commitments in the General Fund in the amount of \$1,299,406. No other governmental funds had outstanding encumbrance commitments at year end.

NOTE 22 – CONCENTRATION – REVENUE SOURCE

The City receives approximately 8.1% of its annual sales, use, and luxury taxes from one business within the City of Daphne; the top ten businesses account for 43.3% of the total of such collections.

NOTE 23 - 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 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 but the application was denied. As a result, the contingent liability was reversed in October 2020 resulting in a one-time recognition of \$576,867 in miscellaneous income.

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 24 – 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, 2021 was \$148,556.

NOTES TO THE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021

NOTE 25 – PROPERTY TAXES

In accordance with GASB 33, the City records property taxes receivable as of September 30 each year. The City assesses and levies property taxes each October 1 and begins collecting the following year. (i.e., the City assessed property taxes on October 1, 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, 2021 as revenue. Such revenue totals \$788,012. Deferred revenue in the amount of \$5,703,688 is recognized and is reflective of the anticipated upcoming fiscal year collections for the October 1, 2021 (Fiscal 2021) levy.

Government-Wide Financial Statements:

The City recognizes total estimated property tax collections in the amount of \$6,491,700 for the October 1, 2020 tax assessment that is collected starting in October of 2021 (Fiscal 2022).

NOTE 26 – OPERATING LEASES

The City's operating lease activities consist of seven 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, 2021:

<u>Fiscal Year</u>	<u>Future Minimum Rental Payments</u>
2022	\$ 108,590
2023	33,738
2024	-
	<u>\$ 142,328</u>

NOTE 27 – FEDERAL AND STATE GRANTS

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

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 28 – RISK MANAGEMENT

The City is self-insured for dental insurance only. The City’s insurance carrier, Blue Cross/Blue Shield (BCBS), manages the claims and the City remits weekly payments to BCBS to cover the claims and administrative fees. All other risk management services are assumed by private insurance companies. BCBS insures the City for medical insurance under a retrospectively rated plan and the City remits premiums to them on a monthly basis.

Liability Insurance coverage is detailed below:

Alabama Municipal Insurance Corporation:

General Liability (*No aggregate)

Public Officials Liability

Law Enforcement Liability (*No aggregate)

Workers Compensation

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

Employers Mutual Companies:

Equipment (Limit \$5,629,440)

Property (Limit \$66,876,484)

NOTE 29 – 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, 2021:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities:				
U.S. Treasuries	\$ 1,472,597	\$ 1,472,597	\$ -	\$ -
Federal Home Loan bonds and pools	2,712,443	-	2,712,443	-
GNMA and FNMA pools	445,634	-	445,634	-
Proprietary insured by US Government	1,099,487	-	1,099,487	-
Investment in AMIC	31,063	-	-	31,063
	<u>\$ 5,761,224</u>	<u>\$ 1,472,597</u>	<u>\$ 4,257,564</u>	<u>\$ 31,063</u>

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

NOTE 29 – FAIR VALUE DISCLOSURES (Continued)

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

NOTE 30 – 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 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 31 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through February 28, 2022, the date on which the financial statements were available to be issued, and determined that no subsequent events have occurred which require adjustment or disclosure in this report.

Required Supplementary Information

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Revenues				
Sales, use, and luxury taxes	\$ 20,066,517	\$ 20,066,517	\$ 25,099,130	\$ 5,032,613
Payments in lieu of taxes	2,665,000	2,665,000	2,638,733	(26,267)
Ad valorem taxes	6,543,900	6,543,900	6,786,084	242,184
Licenses and permits	3,069,700	3,069,700	3,904,382	834,682
Intergovernmental	336,162	364,060	670,246	306,186
Charges for services	583,575	638,575	940,255	301,680
Fines and forfeitures	316,500	316,500	306,048	(10,452)
Interest and investment earnings	110,000	110,000	86,896	(23,104)
Grants and contributions	169,355	5,336,621	5,633,024	296,403
Miscellaneous	65,000	139,887	805,584	665,697
Total revenues	\$ 33,925,709	\$ 39,250,760	\$ 46,870,382	\$ 7,619,622
Expenditures				
<i>GENERAL GOVERNMENT</i>				
Legislative				
Personnel	\$ 245,715	\$ 257,269	\$ 257,471	\$ 202
Operating	87,350	87,350	45,880	(41,470)
	<u>333,065</u>	<u>344,619</u>	<u>303,351</u>	<u>(41,268)</u>
Municipal Court				
Operating	13,500	13,500	17,946	4,446
	<u>13,500</u>	<u>13,500</u>	<u>17,946</u>	<u>4,446</u>
Executive				
Personnel	310,902	329,972	292,130	(37,842)
Operating	36,500	56,202	44,193	(12,009)
Capital	-	15,000	5,252	(9,748)
	<u>347,402</u>	<u>401,174</u>	<u>341,575</u>	<u>(59,599)</u>
Community Events				
Personnel	168,556	173,113	170,568	(2,545)
Operating	443,500	1,018,500	941,265	(77,235)
Capital	-	43,085	44,923	1,838
	<u>612,056</u>	<u>1,234,698</u>	<u>1,156,756</u>	<u>(77,942)</u>
Information Tech Support				
Personnel	236,399	245,399	239,620	(5,779)
Operating	51,800	51,800	46,652	(5,148)
	<u>288,199</u>	<u>297,199</u>	<u>286,272</u>	<u>(10,927)</u>

BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
Human Resources				
Personnel	359,890	386,698	298,888	(87,810)
Operating	303,400	332,400	270,378	(62,022)
	<u>663,290</u>	<u>719,098</u>	<u>569,266</u>	<u>(149,832)</u>
Finance				
Personnel	573,723	590,209	584,339	(5,870)
Operating	178,650	173,650	155,596	(18,054)
	<u>752,373</u>	<u>763,859</u>	<u>739,935</u>	<u>(23,924)</u>
Revenue				
Personnel	174,455	179,636	171,772	(7,864)
Operating	31,350	31,350	20,728	(10,622)
	<u>205,805</u>	<u>210,986</u>	<u>192,500</u>	<u>(18,486)</u>
Municipal Court				
Personnel	222,172	227,423	202,069	(25,354)
Operating	109,950	109,950	100,954	(8,996)
	<u>332,122</u>	<u>337,373</u>	<u>303,023</u>	<u>(34,350)</u>
Legal/Risk Management				
Operating- Legal	295,360	313,984	335,023	21,039
Operating- Risk Management	378,700	593,700	604,542	10,842
Capital	-	430,000	431,066	1,066
	<u>674,060</u>	<u>1,337,684</u>	<u>1,370,631</u>	<u>32,947</u>
Planning/Zoning				
Personnel	349,776	360,083	335,994	(24,089)
Operating	56,600	147,560	134,167	(13,393)
	<u>406,376</u>	<u>507,643</u>	<u>470,161</u>	<u>(37,482)</u>
Building Maintenance				
Personnel	293,308	302,279	197,904	(104,375)
Operating	74,750	61,694	97,854	36,160
Capital	-	42,069	42,069	-
	<u>368,058</u>	<u>406,042</u>	<u>337,827</u>	<u>(68,215)</u>
Facilities - Administration				
Personnel	184,931	168,639	82,457	(86,182)
Operating	23,450	23,450	21,667	(1,783)
	<u>208,381</u>	<u>192,089</u>	<u>104,124</u>	<u>(87,965)</u>
City Hall Facilities Support				
Operating	245,320	354,641	354,389	(252)
Capital	-	391,237	381,770	(9,467)
	<u>245,320</u>	<u>745,878</u>	<u>736,159</u>	<u>(9,719)</u>

BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
Janitorial				
Personnel	82,839	84,983	73,959	(11,024)
Operating	13,250	11,250	12,998	1,748
	96,089	96,233	86,957	(9,276)
TOTAL GENERAL GOVERNMENT				
Personnel	3,202,666	3,305,703	2,907,171	(398,532)
Operating	2,343,430	3,380,981	3,204,232	(176,749)
Capital	-	921,391	905,080	(16,311)
	5,546,096	7,608,075	7,016,483	(591,592)
<i>PUBLIC SAFETY</i>				
Police Administration				
Personnel	471,229	484,907	465,534	(19,373)
Operating	297,575	306,970	252,986	(53,984)
Capital	-	51,759	38,685	(13,074)
	768,804	843,636	757,205	(86,431)
SWAT (Sp Weapons & Tactical Eqpt)				
Operating	15,725	15,925	8,495	(7,430)
	15,725	15,925	8,495	(7,430)
Traffic Homicide Investigation				
Operating	10,500	10,500	10,038	(462)
	10,500	10,500	10,038	(462)
Patrol				
Personnel	2,686,974	2,749,465	2,577,654	(171,811)
Operating	413,675	432,233	403,607	(28,626)
Capital	-	368,120	368,120	-
	3,100,649	3,549,818	3,349,381	(200,437)
Detective				
Personnel	1,525,416	1,615,880	1,567,424	(48,456)
Operating	176,925	174,767	154,291	(20,476)
	1,702,341	1,790,647	1,721,715	(68,932)
Communications				
Personnel	612,248	629,217	548,531	(80,686)
Operating	37,000	37,000	25,445	(11,555)
	649,248	666,217	573,976	(92,241)

BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Corrections				
Personnel	770,183	786,514	774,846	(11,668)
Operating	97,250	98,501	72,039	(26,462)
	<u>867,433</u>	<u>885,015</u>	<u>846,885</u>	<u>(38,130)</u>
Animal Control				
Personnel	163,056	185,306	167,274	(18,032)
Operating	40,550	39,852	27,144	(12,708)
	<u>203,606</u>	<u>225,158</u>	<u>194,418</u>	<u>(30,740)</u>
Police Subtotal				
Personnel	6,229,106	6,451,289	6,101,263	(350,026)
Operating	1,089,200	1,115,748	954,045	(161,703)
Capital	-	419,879	406,805	(13,074)
	<u>7,318,306</u>	<u>7,986,916</u>	<u>7,462,113</u>	<u>(524,803)</u>
Central Communications				
Operating	10,000	10,000	9,762	(238)
	<u>10,000</u>	<u>10,000</u>	<u>9,762</u>	<u>(238)</u>
Fire				
Personnel	3,730,576	4,168,569	4,092,108	(76,461)
Operating	465,850	573,071	505,072	(67,999)
Capital	-	32,801	26,802	(5,999)
	<u>4,196,426</u>	<u>4,774,441</u>	<u>4,623,982</u>	<u>(150,459)</u>
Rescue				
Operating	25,550	25,550	10,601	(14,949)
	<u>25,550</u>	<u>25,550</u>	<u>10,601</u>	<u>(14,949)</u>
Building Inspections				
Personnel	492,379	556,978	465,797	(91,181)
Operating	57,600	60,509	41,553	(18,956)
Capital	-	42,362	31,611	(10,751)
	<u>549,979</u>	<u>659,849</u>	<u>538,961</u>	<u>(120,888)</u>
Code Enforcement				
Personnel	144,273	147,938	146,260	(1,678)
Operating	15,050	15,050	8,079	(6,971)
	<u>159,323</u>	<u>162,988</u>	<u>154,339</u>	<u>(8,649)</u>
Emergency Management				
Operating	13,000	13,000	9,724	(3,276)
	<u>13,000</u>	<u>13,000</u>	<u>9,724</u>	<u>(3,276)</u>

BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
TOTAL PUBLIC SAFETY				
Personnel	10,596,334	11,324,774	10,805,428	(519,346)
Operating	1,676,250	1,812,928	1,538,836	(274,092)
Capital	-	495,042	465,218	(29,824)
	12,272,584	13,632,744	12,809,482	(823,262)
PUBLIC WORKS				
Administration				
Personnel	411,639	422,164	385,803	(36,361)
Operating	106,000	112,884	101,811	(11,073)
Capital	-	46,525	52,169	5,644
	517,639	581,573	539,783	(41,790)
Public Works Facilities Support				
Operating	57,400	74,596	68,977	(5,619)
Capital	-	74,960	74,360	(600)
	57,400	149,556	143,337	(6,219)
Street				
Personnel	779,769	802,023	534,083	(267,940)
Operating	854,600	836,301	885,881	49,580
Capital	-	148,120	148,186	66
	1,634,369	1,786,444	1,568,150	(218,294)
Street-Infrastructure				
Operating	54,100	122,803	103,895	(18,908)
Capital	-	174,325	174,325	-
	54,100	297,128	278,220	(18,908)
Grounds				
Personnel	781,703	806,504	696,845	(109,659)
Operating	367,650	375,300	343,581	(31,719)
Capital	-	111,398	111,604	206
	1,149,353	1,293,202	1,152,030	(141,172)
Grounds- Parks				
Personnel	16,258	16,701	14,455	(2,246)
Operating	110,450	233,901	194,330	(39,571)
Capital	-	55,899	45,399	(10,500)
	126,708	306,501	254,184	(52,317)
Mowing				
Personnel	517,922	532,725	497,697	(35,028)
Operating	237,100	313,000	290,289	(22,711)
Capital	-	127,011	126,958	(53)
	755,022	972,736	914,944	(57,792)

BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
Garage				
Personnel	464,377	477,688	431,646	(46,042)
Operating	166,300	165,334	63,963	(101,371)
Capital	-	32,250	31,880	(370)
	<u>630,677</u>	<u>675,272</u>	<u>527,489</u>	<u>(147,783)</u>
MS4 Compliance				
Operating	45,885	45,885	18,135	(27,750)
Capital	-	395,686	396,699	1,013
	<u>45,885</u>	<u>441,571</u>	<u>414,834</u>	<u>(26,737)</u>
TOTAL PUBLIC WORKS				
Personnel	2,971,668	3,057,805	2,560,529	(497,276)
Operating	1,999,485	2,280,004	2,070,862	(209,142)
Capital	-	1,166,174	1,161,580	(4,594)
	<u>4,971,153</u>	<u>6,503,983</u>	<u>5,792,971</u>	<u>(711,012)</u>
<i>RECREATION & LIBRARY</i>				
Recreation Parks				
Personnel	699,266	823,880	734,234	(89,646)
Operating	659,150	843,204	714,159	(129,045)
Capital	-	1,887,328	1,886,785	(543)
	<u>1,358,416</u>	<u>3,554,412</u>	<u>3,335,178</u>	<u>(219,234)</u>
Recreation				
Personnel	134,787	137,294	134,623	(2,671)
Operating	173,350	219,252	187,462	(31,790)
Capital	-	8,180	11,255	3,075
	<u>308,137</u>	<u>364,726</u>	<u>333,340</u>	<u>(31,386)</u>
Athletic and Fitness Programs				
Personnel	44,269	45,401	18,372	(27,029)
Operating	95,500	100,700	75,230	(25,470)
	<u>139,769</u>	<u>146,101</u>	<u>93,602</u>	<u>(52,499)</u>
Project Wise Program				
Operating	68,850	60,089	34,100	(25,989)
	<u>68,850</u>	<u>60,089</u>	<u>34,100</u>	<u>(25,989)</u>
SAIL Site Program				
Personnel	49,581	51,181	50,197	(984)
Operating	19,602	19,602	16,452	(3,150)
	<u>69,183</u>	<u>70,783</u>	<u>66,649</u>	<u>(4,134)</u>

BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
Library				
Personnel	759,542	783,302	708,477	(74,825)
Operating	201,570	202,348	169,696	(32,652)
Capital	-	-	-	-
	<u>961,112</u>	<u>985,650</u>	<u>878,173</u>	<u>(107,477)</u>
TOTAL LIBRARY AND RECREATION				
Personnel	1,687,445	1,841,058	1,645,903	(195,155)
Operating	1,218,022	1,445,195	1,197,099	(248,096)
Capital	-	1,895,508	1,898,040	2,532
	<u>2,905,467</u>	<u>5,181,761</u>	<u>4,741,042</u>	<u>(440,719)</u>
Hurricane Sally				
Personnel	-	160,042	64,267	(95,775)
Operating	-	4,404,867	4,825,194	420,327
Capital	-	11,205	12,806	1,601
	<u>-</u>	<u>4,576,114</u>	<u>4,902,267</u>	<u>326,153</u>
Total Expenditures				
Personnel	18,458,113	19,689,382	17,983,298	(1,706,084)
Operating	7,237,187	13,323,975	12,836,223	(487,752)
Capital	-	4,489,320	4,442,724	(46,596)
	<u>25,695,300</u>	<u>37,502,677</u>	<u>35,262,245</u>	<u>(2,240,432)</u>
Excess of Revenues Over Expenditures Before Other Financing Uses	<u>8,230,409</u>	<u>1,748,083</u>	<u>11,608,137</u>	<u>9,860,054</u>
<i>OTHER FINANCING SOURCES/(USES)</i>				
Capital Lease Proceeds	-	19,947	19,947	-
Transfers to Debt Service Fund	(2,994,204)	(2,668,084)	(2,668,082)	2
Transfers to Capital Reserve Fund	-	(2,149,000)	(2,149,000)	-
Transfer to Solid Waste Fund	(563,580)	(759,297)	(311,391)	447,906
Transfers to Civic Center Fund	(270,308)	(328,089)	(246,495)	81,594
Transfers to Special Revenues Funds	-	(2,000,000)	(2,000,000)	-
	<u>(3,828,092)</u>	<u>(7,884,523)</u>	<u>(7,355,021)</u>	<u>529,502</u>
Total Revenues Over (Under) Expenditures	<u>\$ 4,402,317</u>	<u>\$ (6,136,440)</u>	<u>\$ 4,253,116</u>	<u>\$ 10,389,556</u>

BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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 GAAP revenues over expenditures to budgetary revenues over expenditures for the fiscal year ended September 30, 2021:

GAAP Revenues Over Expenditures	\$	4,767,596
Encumbrances outstanding at:		
September 30, 2021		(1,299,405)
September 30, 2020		924,538
Encumbrances released during FY 2021		<u>(139,613)</u>
Budgetary Revenues over Expenditures	\$	<u>4,253,116</u>



THIS PAGE LEFT INTENTIONALLY BLANK

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30

	2020	2019	2018	2017
Total pension liability				
Service Cost	\$ 1,047,182	\$ 1,016,908	\$ 980,412	\$ 979,924
Interest	2,762,544	2,615,666	2,503,491	2,398,372
Changes of benefit terms	655,710	-	-	-
Differences between expected and actual experience	955,818	43,498	(177,108)	(708,794)
Changes of assumptions	-	-	209,165	-
Benefit payments, including refunds of employee contributions	(1,689,189)	(1,572,504)	(1,504,465)	(1,027,132)
Transfers among employers	19,482	(137,723)	(310,889)	(47,331)
Net change in pension liability	<u>3,751,547</u>	<u>1,965,845</u>	<u>1,700,606</u>	<u>1,595,039</u>
Total pension liability - beginning	<u>36,721,791</u>	<u>34,755,946</u>	<u>33,055,340</u>	<u>31,460,301</u>
Total pension liability - ending (a)	<u><u>\$ 40,473,338</u></u>	<u><u>\$ 36,721,791</u></u>	<u><u>\$ 34,755,946</u></u>	<u><u>\$ 33,055,340</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 675,213	\$ 721,366	\$ 626,766	\$ 637,713
Contributions - member	744,248	716,370	652,867	647,392
Net investment income	1,856,011	819,693	2,738,263	3,376,870
Benefit payments, including refunds of employee contributions	(1,689,189)	(1,572,504)	(1,504,465)	(1,027,132)
Transfers among employers	19,482	(137,723)	(310,889)	(47,331)
Net change in plan fiduciary net position	<u>1,605,765</u>	<u>547,202</u>	<u>2,202,542</u>	<u>3,587,512</u>
Plan net position - beginning	<u>32,605,334</u>	<u>32,058,132</u>	<u>29,855,590</u>	<u>26,268,078</u>
Plan net position - ending (b)	<u><u>\$ 34,211,099</u></u>	<u><u>\$ 32,605,334</u></u>	<u><u>\$ 32,058,132</u></u>	<u><u>\$ 29,855,590</u></u>
Net pension liability (a) - (b)	\$ 6,262,239	\$ 4,116,457	\$ 2,697,814	\$ 3,199,750
Plan fiduciary net position as a percentage of the total pension liability	84.53%	88.79%	92.24%	90.32%
Covered payroll	\$ 12,785,057	\$ 11,979,125	\$ 11,459,499	\$ 11,055,399
Net pension liability as a percentage of covered payroll	48.98%	34.36%	23.54%	28.94%

* 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.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY, CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30

	2016	2015	2014
Total pension liability			
Service Cost	\$ 955,939	\$ 939,089	\$ 907,051
Interest	2,166,725	2,007,083	1,850,235
Changes of benefit terms	-	-	-
Differences between expected and actual experience	378,237	(57,447)	-
Changes of assumptions	1,268,564	-	-
Benefit payments, including refunds of employee contributions	(998,271)	(788,143)	(805,216)
Transfers among employers	105,914	-	-
Net change in pension liability	3,877,108	2,100,582	1,952,070
Total pension liability - beginning	27,583,193	25,482,611	23,530,541
Total pension liability - ending (a)	\$ 31,460,301	\$ 27,583,193	\$ 25,482,611
Plan fiduciary net position			
Contributions - employer	\$ 641,261	\$ 633,555	\$ 632,854
Contributions - member	590,706	573,980	555,923
Net investment income	2,412,220	272,002	2,401,618
Benefit payments, including refunds of employee contributions	(998,271)	(788,143)	(805,216)
Transfers among employers	105,914	214,633	2,082
Net change in plan fiduciary net position	2,751,830	906,027	2,787,261
Plan net position - beginning	23,516,248	22,610,221	19,822,960
Plan net position - ending (b)	\$ 26,268,078	\$ 23,516,248	\$ 22,610,221
Net pension liability (a) - (b)	\$ 5,192,223	\$ 4,066,945	\$ 2,872,390
Plan fiduciary net position as a percentage of the total pension liability	83.50%	85.26%	88.73%
Covered payroll	\$ 10,535,450	\$ 11,081,322	\$ 11,081,322
Net pension liability as a percentage of covered payroll	49.28%	36.70%	25.92%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION
LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Actuarially determined contribution	\$ 813,810	\$ 675,213	\$ 739,705	\$ 626,766
Contributions in relation to the actuarially determined contribution	<u>813,810</u>	<u>675,213</u>	<u>739,705</u>	<u>626,766</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$13,974,720	\$12,785,057	\$11,979,125	\$11,459,499
Contributions as a percentage of covered payroll	5.82%	5.28%	6.17%	5.47%
	2017	2016	2015	
Actuarially determined contribution	\$ 636,895	\$ 639,362	\$ 633,226	
Contributions in relation to the actuarially determined contribution	<u>636,895</u>	<u>639,362</u>	<u>633,226</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$11,055,399	\$10,535,450	\$11,081,322	
Contributions as a percentage of covered payroll	5.76%	6.07%	5.71%	

* 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.

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 2021 were based on the September 30, 2018 actuarial valuation. Methods and Assumptions used to determine contribution rates are as follows:

Actuarial Cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	15.6 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25% - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

SCHEDULE OF CHANGES IN OPEB LIABILITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30

	2021	2020	2019	2018
Total OPEB liability				
Service Cost	\$ 96,764	\$ 140,575	\$ 104,780	\$ 106,280
Interest	289,182	167,094	240,503	240,903
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(390,855)	513,657	(451,267)	306,848
Changes of assumptions	-	(1,633,207)	841,543	(288,357)
Benefit payments	(216,494)	(207,502)	(207,502)	(165,191)
Net change in pension liability	(221,403)	(1,019,383)	528,057	200,483
Total OPEB liability - beginning	5,366,106	6,385,489	5,857,432	5,656,949
Total OPEB liability - ending (a)	\$ 5,144,703	\$ 5,366,106	\$ 6,385,489	\$ 5,857,432
 Plan Fiduciary Net Position				
Contributions - employer	\$ 250,000	\$ 500,000	\$ -	\$ -
Contributions - member	-	-	-	-
Net investment income	43,841	27,181	-	-
Benefit payments	-	-	-	-
Administrative expense	(5,879)	(1,252)	-	-
Net change in fiduciary net position	287,962	525,929	-	-
Plan Fiduciary net position - beginning	525,929	-	-	-
Plan Fiduciary net position - ending (b)	\$ 813,891	\$ 525,929	\$ -	\$ -
 Net OPEB liability - ending (a) - (b)	\$ 4,330,812	\$ 4,840,177	\$ 6,385,489	\$ 5,857,432
 Covered payroll	\$ 12,076,556	\$ 11,301,478	\$ 10,866,806	\$ 10,695,256
 Net OPEB liability as a percentage of covered payroll	35.86%	42.83%	58.76%	54.77%

* 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.

SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB
LAST TEN FISCAL YEARS

	2021	2020
Actuarially determined contribution	\$ 429,793	\$ 452,204
Contributions in relation to the actuarially determined contribution		
Employer contributions to trust	250,000	500,000
Employer paid retiree premiums	216,494	207,502
Employer paid expenses	-	-
	466,494	707,502
Contribution deficiency (excess)	\$ (36,701)	\$ (255,298)
Covered payroll	\$ 12,076,556	\$ 11,301,478
Contributions as a percentage of covered payroll	3.86%	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	5.5% 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 2) 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.

SCHEDULE OF INVESTMENT RETURNS – OPEB
LAST TEN FISCAL YEARS

	2021	2020
Annual money-weighted rate of return, net of investment expense	7.05%	5.65%

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

Description of 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.

Animal Shelter Fund – This fund accounts for funding received for the construction of a new animal shelter to replace the current outdated building.

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.

COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2021

	Four Cent	Seven Cent	Ten Cent	Flower	Animal Shelter	Federal Drug Recoveries
ASSETS						
Cash, equity in pooled cash	\$ 245,260	\$ 184,209	\$ 255,434	\$ 22,660	\$ 1,094,701	\$ 177,061
Taxes receivable	5,316	6,689	14,447	-	-	-
Other receivable	-	-	-	-	-	-
Grants receivable	-	43,474	-	-	-	-
Total assets	250,576	234,372	269,881	22,660	1,094,701	177,061
LIABILITIES						
Accounts payable	-	4,401	-	-	-	3,940
Bond deposits	-	-	-	-	-	-
Total liabilities	-	4,401	-	-	-	3,940
FUND BALANCES						
Restricted	250,576	229,971	269,881	-	-	173,121
Committed	-	-	-	22,660	1,094,701	-
Assigned	-	-	-	-	-	-
Total fund balances	250,576	229,971	269,881	22,660	1,094,701	173,121
 Total liabilities, deferred inflow of resources, and fund balances	 \$ 250,576	 \$ 234,372	 \$ 269,881	 \$ 22,660	 \$ 1,094,701	 \$ 177,061

State Drug Recoveries	Library	Mun Court: Eq/Training	Corrections/ Court	Lodging Tax	Renaissance Center	Total
\$ 60,624	\$ 26,283	\$ 43,863	\$ 441,377	\$ 3,645,997	\$ -	\$ 6,197,469
-	-	-	-	139,887	-	166,339
-	-	-	2,813	-	-	2,813
-	-	-	-	-	-	43,474
<u>60,624</u>	<u>26,283</u>	<u>43,863</u>	<u>444,190</u>	<u>3,785,884</u>	<u>-</u>	<u>6,410,095</u>
-	5,569	-	36,185	131,093	-	181,188
-	-	-	81,175	-	-	81,175
-	<u>5,569</u>	-	<u>117,360</u>	<u>131,093</u>	-	<u>262,363</u>
60,624	-	43,863	326,830	-	-	1,354,866
-	-	-	-	3,654,791	-	4,772,152
-	20,714	-	-	-	-	20,714
<u>60,624</u>	<u>20,714</u>	<u>43,863</u>	<u>326,830</u>	<u>3,654,791</u>	<u>-</u>	<u>6,147,732</u>
<u>\$ 60,624</u>	<u>\$ 26,283</u>	<u>\$ 43,863</u>	<u>\$ 444,190</u>	<u>\$ 3,785,884</u>	<u>\$ -</u>	<u>\$ 6,410,095</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Four Cent	Seven Cent	Ten Cent	Flower	Animal Shelter	Federal Drug Recoveries
REVENUES						
Sales, use, luxury taxes	\$ 57,911	\$ 73,333	\$ 156,368	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Charges for services	-	-	-	6,250	-	-
Intergovernmental	-	-	-	-	-	-
Grants	-	52,105	-	-	-	-
Interest and investment earnings	820	766	649	-	-	154
Contributions and donations	-	-	-	-	-	-
Miscellaneous revenue	-	3,531	-	-	-	-
Total revenues	58,731	129,735	157,017	6,250	-	154
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	35,133
Public works	-	24,956	-	7,516	-	-
Culture and recreation	-	-	-	-	-	-
Total current	-	24,956	-	7,516	-	35,133
Capital outlay	-	52,105	-	-	-	-
Total expenditures	-	77,061	-	7,516	-	35,133
Excess (deficiency) of revenues over (under) expenditures	58,731	52,674	157,017	(1,266)	-	(34,979)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	1,094,701	-
Transfers out	-	-	-	-	-	-
Total other financing sources/(uses)	-	-	-	-	1,094,701	-
Net change in fund balances	58,731	52,674	157,017	(1,266)	1,094,701	(34,979)
Fund balances, beginning	191,845	177,297	112,864	23,926	-	208,100
Fund balances, ending	\$250,576	\$ 229,971	\$ 269,881	\$ 22,660	\$1,094,701	\$ 173,121

State Drug Recoveries	Library	Mun Court Eq/Training	Corrections Court	Lodging Tax	Renaissance Center	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,618,261	\$ 344,606	\$2,250,479
4,716	6,174	4,997	129,103	-	-	144,990
-	4,047	-	-	-	-	10,297
-	30,289	-	-	-	-	30,289
-	-	-	-	-	-	52,105
44	-	33	106	-	-	2,572
-	2,930	-	-	-	-	2,930
-	-	-	-	-	-	3,531
<u>4,760</u>	<u>43,440</u>	<u>5,030</u>	<u>129,209</u>	<u>1,618,261</u>	<u>344,606</u>	<u>2,497,193</u>
-	-	1,177	86,612	242,739	344,606	675,134
-	-	-	22,501	-	-	57,634
-	-	-	-	-	-	32,472
-	64,514	-	-	39,049	-	103,563
-	64,514	1,177	109,113	281,788	344,606	868,803
-	-	-	-	157,506	-	209,611
-	64,514	1,177	109,113	439,294	344,606	1,078,414
<u>4,760</u>	<u>(21,074)</u>	<u>3,853</u>	<u>20,096</u>	<u>1,178,967</u>	<u>-</u>	<u>1,418,779</u>
-	-	-	-	1,000,000	-	2,094,701
-	-	-	-	(597,188)	-	(597,188)
-	-	-	-	402,812	-	1,497,513
4,760	(21,074)	3,853	20,096	1,581,779	-	2,916,292
55,864	41,788	40,010	306,734	2,073,012	-	3,231,440
<u>\$ 60,624</u>	<u>\$ 20,714</u>	<u>\$ 43,863</u>	<u>\$ 326,830</u>	<u>\$ 3,654,791</u>	<u>\$ -</u>	<u>\$6,147,732</u>

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
AS OF SEPTEMBER 30, 2021**

	Self Insurance	Confiscated Funds	Flexible Spending Account	Total
ASSETS				
Cash, equity in pooled cash	\$ 221,399	\$ 10,390	\$ 18,257	\$ 250,046
Other receivables	-	90	-	90
Total assets	<u>\$ 221,399</u>	<u>\$ 10,480</u>	<u>\$ 18,257</u>	<u>\$ 250,136</u>
LIABILITIES				
Accounts payable	\$ -	\$ 10,480	\$ 18,257	\$ 28,737
Total liabilities	<u>-</u>	<u>10,480</u>	<u>18,257</u>	<u>28,737</u>
NET POSITION				
Restricted for:				
Reserve for claims	<u>221,399</u>	<u>-</u>	<u>-</u>	<u>221,399</u>
Total net position	<u>221,399</u>	<u>-</u>	<u>-</u>	<u>221,399</u>
Total liabilities and net position	<u>\$ 221,399</u>	<u>\$ 10,480</u>	<u>\$ 18,257</u>	<u>\$ 250,136</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Self Insurance	Confiscated Funds	Flexible Spending Account	Total
Additions:				
Employer contributions	\$ -	\$ -	\$ -	\$ -
Employee contributions	181,733	-	-	181,733
Total additions	<u>181,733</u>	<u>-</u>	<u>-</u>	<u>181,733</u>
Deductions:				
Dental payments for employees	177,998	-	-	177,998
Total deductions	<u>177,998</u>	<u>-</u>	<u>-</u>	<u>177,998</u>
Net increase in fiduciary net position	<u>3,735</u>	<u>-</u>	<u>-</u>	<u>3,735</u>
Net position - beginning	217,664	-	-	217,664
Net position - ending	<u>\$ 221,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,399</u>

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury tax	\$ 975,000	\$ 975,000	\$ 901,773	\$ (73,227)
Interest and investment earnings	-	-	2,027	2,027
Total revenues	975,000	975,000	903,800	(71,200)
EXPENDITURES				
Debt service:				
Principal	3,502,883	3,907,858	22,490,218	18,582,360
Interest	1,139,802	1,144,827	1,051,957	(92,870)
Cost of debt issuance	-	-	159,812	159,812
Total expenditures	4,642,685	5,052,685	23,701,987	18,649,302
Excess expenditures over revenue	(3,667,685)	(4,077,685)	(22,798,187)	(18,720,502)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,667,685	3,341,565	3,265,270	(76,295)
Issuance of debt	-	-	17,215,000	17,215,000
Premium on warrants	-	-	929,494	929,494
Total other financing sources	3,667,685	3,341,565	21,409,764	18,068,199
Net change in fund balance	\$ -	\$ (736,120)	\$ (1,388,423)	\$ (652,303)

BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Intergovernmental	\$ 190,000	\$ 190,000	\$ 220,879	\$ 30,879
Grants	-	398,003	399,885	1,882
Interest and investment earnings	1,000	1,000	1,054	54
Miscellaneous	-	-	6,994	6,994
Total revenues	<u>191,000</u>	<u>589,003</u>	<u>628,812</u>	<u>39,809</u>
EXPENDITURES				
Current:				
General government	-	-	6,613	6,613
Capital outlay	<u>191,000</u>	<u>2,738,003</u>	<u>2,277,106</u>	<u>(460,897)</u>
Total expenditures	<u>191,000</u>	<u>2,738,003</u>	<u>2,283,719</u>	<u>(454,284)</u>
Excess expenditures over revenue	<u>-</u>	<u>(2,149,000)</u>	<u>(1,654,907)</u>	<u>494,093</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>2,149,000</u>	<u>2,149,000</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>2,149,000</u>	<u>2,149,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 494,093</u>	<u>\$ (494,093)</u>

BUDGETARY COMPARISON SCHEDULE
COVID-19 RELIEF FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Grants	-	-	470,270	470,270
Total revenues	-	-	470,270	470,270
EXPENDITURES				
Current:				
General government	-	-	470,270	470,270
Capital outlay	-	-	-	-
Total expenditures	-	-	470,270	470,270
Excess expenditures over revenue	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

BUDGETARY COMPARISON SCHEDULES
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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	\$ 57,911	\$ (189)
Interest and investment earnings	500	500	820	320
Total revenues	58,600	58,600	58,731	131
EXPENDITURES				
Capital outlay	-	100,000	-	(100,000)
Total expenditures	-	100,000	-	(100,000)
Excess expenditures over revenue	58,600	(41,400)	58,731	100,131
Net change in fund balance	\$ 58,600	\$ (41,400)	\$ 58,731	\$ (100,131)

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	\$ 73,333	\$ (917)
Grants	-	52,107	52,105	(2)
Interest and investment earnings	500	500	766	266
Miscellaneous revenue	-	-	3,531	3,531
Total revenues	74,750	126,857	129,735	2,878
EXPENDITURES				
Current:				
Public works	-	-	24,956	24,956
Capital outlay	-	152,107	52,105	(100,002)
Total expenditures	-	152,107	77,061	(75,046)
Excess expenditures over revenue	74,750	(25,250)	52,674	77,924
Net change in fund balance	\$ 74,750	\$ (25,250)	\$ 52,674	\$ (77,924)

BUDGETARY COMPARISON SCHEDULES, CONTINUED
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Ten Cent Gas Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury taxes	\$ 115,000	\$ 115,000	\$ 156,368	\$ 41,368
Interest and investment earnings	200	200	649	449
Total revenues	<u>115,200</u>	<u>115,200</u>	<u>157,017</u>	<u>41,817</u>
EXPENDITURES				
Capital outlay	-	200,000	-	(200,000)
Total expenditures	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Excess expenditures over revenue	<u>115,200</u>	<u>(84,800)</u>	<u>157,017</u>	<u>241,817</u>
Net change in fund balance	<u>\$ 115,200</u>	<u>\$ (84,800)</u>	<u>\$ 157,017</u>	<u>\$ (241,817)</u>

Library Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 12,000	\$ 12,000	\$ 6,174	\$ (5,826)
Charges for services	8,000	8,000	4,047	(3,953)
Intergovernmental	29,500	30,362	30,289	(73)
Contributions and donations	2,000	2,500	2,930	430
Total revenues	<u>51,500</u>	<u>52,862</u>	<u>43,440</u>	<u>(9,422)</u>
EXPENDITURES				
Current:				
Culture and recreation	51,500	62,712	64,514	1,802
Total expenditures	<u>51,500</u>	<u>62,712</u>	<u>64,514</u>	<u>1,802</u>
Excess revenue over expenditures	<u>-</u>	<u>(9,850)</u>	<u>(21,074)</u>	<u>11,224</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (9,850)</u>	<u>\$ (21,074)</u>	<u>\$ 11,224</u>

BUDGETARY COMPARISON SCHEDULES, CONTINUED
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Corrections and Court Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 128,000	\$ 128,000	\$ 129,103	\$ 1,103
Interest and investment earnings	1,000	1,000	106	(894)
Total revenues	<u>129,000</u>	<u>129,000</u>	<u>129,209</u>	<u>209</u>
EXPENDITURES				
Current:				
General government	58,328	67,828	86,612	18,784
Public safety	47,000	47,000	22,501	(24,499)
Total expenditures	<u>105,328</u>	<u>114,828</u>	<u>109,113</u>	<u>(5,715)</u>
Excess expenditures over revenue	<u>23,672</u>	<u>14,172</u>	<u>20,096</u>	<u>5,924</u>
Net change in fund balance	<u>\$ 23,672</u>	<u>\$ 14,172</u>	<u>\$ 20,096</u>	<u>\$ (5,924)</u>

Municipal Court Training and Equipment Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 4,997	\$ (3)
Interest and investment earnings	100	100	33	(67)
Total revenues	<u>5,100</u>	<u>5,100</u>	<u>5,030</u>	<u>(70)</u>
EXPENDITURES				
Current:				
General government	5,100	5,100	1,177	(3,923)
Total expenditures	<u>5,100</u>	<u>5,100</u>	<u>1,177</u>	<u>(3,923)</u>
Excess expenditures over revenue	<u>-</u>	<u>-</u>	<u>3,853</u>	<u>3,853</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,853</u>	<u>\$ (3,853)</u>

BUDGETARY COMPARISON SCHEDULES, CONTINUED
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Lodging Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury tax	\$ 1,215,000	\$ 1,215,000	\$ 1,618,261	\$ 403,261
Total revenues	<u>1,215,000</u>	<u>1,215,000</u>	1,618,261	403,261
EXPENDITURES				
Current:				
General government	182,250	182,250	242,739	60,489
Culture and recreation	-	-	39,049	39,049
Capital outlay	-	1,000,000	157,506	(842,494)
Total expenditures	<u>182,250</u>	<u>1,182,250</u>	<u>439,294</u>	<u>(742,956)</u>
Excess expenditures over revenue	<u>1,032,750</u>	<u>32,750</u>	<u>1,178,967</u>	<u>1,146,217</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,000,000	1,000,000	-
Transfers out	(673,481)	(673,481)	(597,188)	76,293
Total other financing sources (uses)	<u>(673,481)</u>	<u>326,519</u>	<u>402,812</u>	<u>76,293</u>
Net change in fund balance	<u>\$ 359,269</u>	<u>\$ 359,269</u>	<u>\$ 1,581,779</u>	<u>\$ 1,222,510</u>

BUDGETARY COMPARISON SCHEDULES, CONTINUED
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Renaissance Center Fund:

	BUDGETED AMOUNTS		ACTUAL Budgetary	Variance- (Under)Over
	Original	Final	Basis	Final Budget
REVENUES				
Sales, use, luxury tax	\$ 312,500	\$ 312,500	\$ 344,606	\$ 32,106
Total revenues	<u>312,500</u>	<u>312,500</u>	<u>344,606</u>	<u>32,106</u>
EXPENDITURES				
Current:				
General government	312,500	312,500	344,606	32,106
Total expenditures	<u>312,500</u>	<u>312,500</u>	<u>344,606</u>	<u>32,106</u>
Excess expenditures over revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Part III Statistical Section

GUIDE TO STATISTICAL SECTION

This part of the City of Daphne’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

CONTENTS	PAGE
-----------------	-------------

FINANCIAL TRENDS	126
-------------------------	------------

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

REVENUE CAPACITY	136
-------------------------	------------

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

DEBT CAPACITY	143
----------------------	------------

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

DEMOGRAPHIC & ECONOMIC INFORMATION	148
---	------------

These schedules contain demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

OPERATING INFORMATION	150
------------------------------	------------

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

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

NET POSITION BY ACTIVITY TYPE
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Governmental activities					
Net investment in capital assets	\$ 109,125,523	\$ 97,095,352	\$ 89,146,653	\$ 73,073,736	\$ 58,109,624
Restricted	1,826,949	2,953,220	2,703,905	5,035,976	14,546,308
Unrestricted	33,240,180	24,284,779	16,869,717	17,262,207	18,117,208
Total governmental activities net position	<u>\$ 144,192,652</u>	<u>\$ 124,333,351</u>	<u>\$ 108,720,275</u>	<u>\$ 95,371,919</u>	<u>\$ 90,773,140</u>
Business-type activities					
Net investment in capital assets	\$ 290,106	\$ 140,858	\$ 287,908	\$ 362,045	\$ 411,503
Restricted	-	-	-	-	-
Unrestricted	316,768	466,016	318,966	244,829	320,921
Total business-type activities net position	<u>\$ 606,874</u>	<u>\$ 606,874</u>	<u>\$ 606,874</u>	<u>\$ 606,874</u>	<u>\$ 732,424</u>
Primary government					
Net investment in capital assets	\$ 109,415,629	\$ 97,236,210	\$ 89,434,561	\$ 73,435,781	\$ 58,521,127
Restricted	1,826,949	2,953,220	2,703,905	5,035,976	14,546,308
Unrestricted	33,556,948	24,750,795	17,188,683	17,507,036	18,438,129
Total primary government activities net position	<u>\$ 144,799,526</u>	<u>\$ 124,940,225</u>	<u>\$ 109,327,149</u>	<u>\$ 95,978,793</u>	<u>\$ 91,505,564</u>

NET POSITION BY ACTIVITY TYPE, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Governmental activities					
Net investment in capital assets	\$ 64,148,784	\$ 61,391,398	\$ 63,388,217	\$ 62,254,836	\$ 61,029,696
Restricted	4,352,194	4,114,055	3,436,535	2,919,881	5,722,598
Unrestricted	18,231,323	17,197,567	17,533,883	17,478,314	15,360,403
Total governmental activities net position	\$ 86,732,301	\$ 82,703,020	\$ 84,358,635	\$ 82,653,031	\$ 82,112,697
Business-type activities					
Net investment in capital assets	\$ 586,503	\$ 720,777	\$ 466,828	\$ 493,334	\$ 326,660
Restricted	-	-	-	-	-
Unrestricted	145,921	11,647	143,859	116,358	206,785
Total business-type activities net position	\$ 732,424	\$ 732,424	\$ 610,687	\$ 609,692	\$ 533,445
Primary government					
Net investment in capital assets	\$ 64,735,287	\$ 62,112,175	\$ 63,855,045	\$ 62,748,170	\$ 61,356,356
Restricted	4,352,194	4,114,055	3,436,535	2,919,881	5,722,598
Unrestricted	18,377,244	17,209,214	17,677,742	17,594,672	15,567,188
Total primary government activities net position	\$ 87,464,725	\$ 83,435,444	\$ 84,969,322	\$ 83,262,723	\$ 82,646,142

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
EXPENSES					
Governmental activities:					
General government	\$ 7,633,646	\$ 6,128,965	\$ 5,599,964	\$ 5,991,913	\$ 5,011,264
Public safety	14,455,896	13,052,501	12,260,317	11,973,798	11,510,234
Public works	15,984,626	12,030,285	9,255,484	9,144,870	9,567,947
Culture and recreation	3,335,908	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	1,328,992	1,208,059	2,045,633	1,678,214	1,569,279
Total governmental activities expenses	42,739,068	35,168,817	32,658,746	31,923,386	31,715,678
Business-type activities:					
Solid Waste	2,132,063	2,019,256	1,980,805	1,917,834	1,893,055
Civic Center	598,718	536,488	476,637	471,520	516,727
Bayfront Park		90,485	186,947	228,087	242,117
Total business-type activities expenses	2,730,781	2,646,229	2,644,389	2,617,441	2,651,899
Total primary government activities expenses	45,469,849	37,815,046	35,303,135	34,540,827	34,367,577
PROGRAM REVENUES					
Governmental activities:					
Fees and charges for services:					
General government	5,402,187	5,252,189	5,128,591	5,034,708	4,853,694
Public safety	2,027,506	2,259,117	1,743,544	1,619,721	1,266,204
Public works	40,196	101,811	823,980	101,829	127,433
Culture and recreation	253,339	154,582	193,206	108,705	100,430
Operating grants and contributions	5,412,605	2,011,040	179,252	248,280	315,312
Capital grants and contributions	12,922,457	11,155,739	9,700,436	6,454,560	4,828,176
Total governmental program activities revenues	26,058,290	20,934,478	17,769,009	13,567,803	11,491,249
Business-type activities:					
Fees and charges for services:					
Solid Waste	1,761,072	1,267,421	1,611,090	1,550,100	1,411,119
Civic Center	337,858	251,569	388,632	229,123	210,717
Bayfront Park	-	24,982	57,189	68,287	74,305
Operating grants and contributions	23,159	4,906	-	-	-
Total business-type activities revenues	2,122,089	1,548,878	2,056,911	1,847,510	1,696,141
Total primary government activities revenues	28,180,379	22,483,356	19,825,920	15,415,313	13,187,390
NET (EXPENSES) / REVENUES					
Governmental activities	\$ (16,680,778)	\$ (14,234,339)	\$ (14,889,737)	\$ (18,355,583)	\$ (20,224,429)
Business-type activities	(608,692)	(1,097,351)	(587,478)	(769,931)	(955,758)
Total primary government net expense	(17,289,470)	(15,331,690)	(15,477,215)	(19,125,514)	(21,180,187)

CHANGES IN NET POSITION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
EXPENSES					
Governmental activities:					
General government	\$ 5,210,215	\$ 4,095,602	\$ 3,859,574	\$ 3,851,858	\$ 3,741,854
Public safety	10,839,294	10,540,355	10,551,783	9,993,644	9,258,856
Public works	10,103,725	8,958,122	9,962,074	8,463,551	7,850,939
Culture and recreation	2,837,070	2,682,066	2,828,313	2,672,960	2,690,448
Contribution to Utilities Board	364,363	-	-	-	49,700
Interest and costs on long term debt	1,687,530	1,908,810	1,921,906	1,945,618	2,149,919
Total governmental activities expenses	31,042,197	28,184,955	29,123,650	26,927,631	25,741,716
Business-type activities:					
Solid Waste	1,998,862	2,075,134	1,359,874	1,312,441	1,345,955
Civic Center	525,740	504,049	597,747	491,188	496,947
Bayfront Park	232,108	209,983	209,147	212,561	208,033
Total business-type activities expenses	2,756,710	2,789,166	2,166,768	2,016,190	2,050,935
Total primary government activities expenses	33,798,907	30,974,121	31,290,418	28,943,821	27,792,651
PROGRAM REVENUES					
Governmental activities:					
Fees and charges for services:					
General government	4,621,753	4,582,032	4,400,562	3,996,273	3,918,677
Public safety	1,253,702	1,621,665	1,163,401	1,259,980	893,427
Public works	112,707	234,174	58,914	6,597	60,011
Culture and recreation	117,495	107,612	136,956	151,412	197,235
Operating grants and contributions	1,333,091	211,613	124,118	263,800	266,074
Capital grants and contributions	4,178,497	1,563,187	3,625,683	2,592,709	2,465,034
Total governmental program activities revenues	11,617,245	8,320,283	9,509,634	8,270,771	7,800,458
Business-type activities:					
Fees and charges for services:					
Solid Waste	1,367,146	1,329,308	1,330,671	1,388,688	1,289,902
Civic Center	206,086	209,924	224,967	229,949	217,886
Bayfront Park	75,307	67,727	84,472	65,610	59,983
Operating grants and contributions	-	36,287	-	-	-
Total business-type activities revenues	1,648,539	1,643,246	1,640,110	1,684,247	1,567,771
Total primary government activities revenues	13,265,784	9,963,529	11,149,744	9,955,018	9,368,229
NET (EXPENSES) / REVENUES					
Governmental activities	\$ (19,424,952)	\$ (19,864,672)	\$ (19,614,016)	\$ (18,656,860)	\$ (17,941,258)
Business-type activities	(1,108,171)	(1,145,920)	(526,658)	(331,943)	(483,164)
Total primary government net expense	(20,533,123)	(21,010,592)	(20,140,674)	(18,988,803)	(18,424,422)

CHANGES IN NET POSITION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities:					
General revenues					
Sales, use, and luxury taxes	28,889,599	23,589,566	21,837,498	20,665,705	19,239,333
Ad valorem taxes	7,113,864	6,641,675	6,318,657	6,088,719	5,828,033
Intergovernmental revenues	-	-	-	-	-
Interest and investment earnings	92,550	386,567	482,378	62,517	26,398
Gain/(loss) on disposition of assets	82,326	(84,912)	82,951	1,765	62,557
Miscellaneous	919,627	71,527	74,494	55,507	57,747
Total general revenues	37,097,966	30,604,423	28,795,978	26,874,213	25,214,068
Transfers	(557,887)	(757,008)	(557,885)	(865,119)	(948,770)
Total governmental activities	36,540,079	29,847,415	28,238,093	26,009,094	24,265,298
Business-type activities:					
Gain/(loss) on disposition of assets	50,805	340,343	29,593	1,406	6,988
Transfers	557,887	757,008	557,885	865,119	948,770
Total business-type activities	608,692	1,097,351	587,478	866,525	955,758
Total primary government	37,148,771	30,944,766	28,825,571	26,875,619	25,221,056
CHANGES IN NET POSITION					
Governmental activities	19,859,301	15,613,076	13,348,356	7,653,511	4,040,869
Business-type activities	-	-	-	96,594	-
Total primary government	\$ 19,859,301	\$ 15,613,076	\$ 13,348,356	\$ 7,750,105	\$ 4,040,869

CHANGES IN NET POSITION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities:					
General revenues					
Sales, use, and luxury taxes	18,367,765	17,175,134	16,482,126	15,423,466	14,583,177
Ad valorem taxes	5,488,662	5,219,736	5,110,152	4,799,679	4,700,889
Intergovernmental revenues	-	-	-	-	425,843
Interest and investment earnings	187,203	213,194	75,559	2,802	206,079
Gain/(loss) on disposition of assets	-	(78,360)	77,842	-	-
Miscellaneous	518,774	41,014	81,594	56,207	60,143
Total general revenues	24,562,404	22,570,718	21,827,273	20,282,154	19,976,131
Transfers	(1,108,171)	(1,529,222)	(497,455)	(408,190)	(483,165)
Total governmental activities	23,454,233	21,041,496	21,329,818	19,873,964	19,492,966
Business-type activities:					
Gain/(loss) on disposition of assets	-	722	-	-	-
Transfers	1,108,171	1,529,222	497,455	408,190	483,165
Total business-type activities	1,108,171	1,529,944	497,455	408,190	483,165
Total primary government	24,562,404	22,571,440	21,827,273	20,282,154	19,976,131
CHANGES IN NET POSITION					
Governmental activities	4,029,281	1,176,824	1,715,802	1,217,104	1,551,708
Business-type activities	-	384,024	(29,203)	76,247	1
Total primary government	\$ 4,029,281	\$ 1,560,848	\$ 1,686,599	\$ 1,293,351	\$ 1,551,709

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
General Fund					
Nonspendable	\$ 773,493	\$ 666,965	\$ 669,267	\$ 680,850	\$ 672,414
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	1,299,406	924,538	798,971	848,386	1,047,284
Unassigned	22,249,938	17,963,738	14,774,723	13,180,837	12,239,966
Total General Fund	<u>\$ 24,322,837</u>	<u>\$ 19,555,241</u>	<u>\$ 16,242,961</u>	<u>\$ 14,710,073</u>	<u>\$ 13,959,664</u>
All Other Governmental Funds					
Restricted	\$ 1,826,949	\$ 2,953,220	\$ 3,623,660	\$ 10,276,812	\$ 14,546,308
Committed	4,772,152	2,096,938	2,328,807	2,422,164	2,176,032
Assigned	4,610,173	4,137,154	2,449,983	3,647,501	2,768,997
Unassigned	-	-	-	-	(13,961)
Total All Other Governmental Funds	<u>11,209,274</u>	<u>9,187,312</u>	<u>8,402,450</u>	<u>16,346,477</u>	<u>19,477,376</u>
Total All Governmental Funds	<u>\$ 35,532,111</u>	<u>\$ 28,742,553</u>	<u>\$ 24,645,411</u>	<u>\$ 31,056,550</u>	<u>\$ 33,437,040</u>

FUND BALANCES OF GOVERNMENTAL FUNDS, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
General Fund					
Nonspendable	\$ 425,200	\$ 413,384	\$ 445,276	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	633,724	200,121	235,433	278,081	398,903
Unassigned	12,671,707	10,967,353	9,460,898	10,583,878	9,946,859
Total General Fund	\$ 13,730,631	\$ 11,580,858	\$ 10,141,607	\$ 10,861,959	\$ 10,345,762
All Other Governmental Funds					
Restricted	\$ 4,352,194	\$ 4,114,055	\$ 3,436,535	\$ 2,919,881	\$ 5,722,598
Committed	1,861,490	2,854,833	2,198,674	1,635,200	2,190,078
Assigned	2,405,846	1,680,915	1,886,604	1,400,456	965,733
Unassigned	(13,961)	(685,893)	(487,888)	-	-
Total All Other Governmental Funds	8,605,569	7,963,910	7,033,925	5,955,537	8,878,408
Total All Governmental Funds	\$ 22,336,200	\$ 19,544,768	\$ 17,175,532	\$ 16,817,496	\$ 19,224,170

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Revenues					
Taxes	\$ 37,676,199	\$ 32,080,853	\$ 30,261,355	\$ 28,672,686	\$ 26,920,329
Licenses and permits	3,904,382	3,948,199	3,290,913	3,160,105	2,811,350
Intergovernmental	921,414	1,027,054	806,009	567,105	597,612
Charges for services	950,552	603,641	703,089	373,933	351,762
Fines and forfeitures	451,038	514,508	506,574	638,011	571,694
Grants and contributions	6,558,214	2,014,316	609,805	1,421,233	760,104
Interest and investment earnings	92,549	386,568	482,377	62,517	26,398
Other	816,109	181,978	923,049	116,460	175,873
Total Revenues	51,370,457	40,757,117	37,583,171	35,012,050	32,215,122
Expenditures					
General government	7,257,682	5,922,934	5,355,778	5,722,939	4,666,815
Public safety	12,402,484	11,676,554	11,367,514	10,925,824	10,240,081
Public works	9,656,550	6,157,112	4,187,278	4,095,667	4,230,430
Culture and recreation	2,944,392	2,416,496	2,552,217	2,162,526	2,223,838
Contribution to Utilities Board	-	-	12,551	224,705	1,075,420
	32,261,108	26,173,096	23,475,338	23,131,661	22,436,584
Debt Service					
Principal	22,490,219	3,283,782	4,053,293	3,555,258	3,806,154
Interest	1,051,956	1,247,695	1,390,608	1,542,661	1,474,359
Cost of debt issuance	159,812	-	91,475	10,750	21,500
	23,701,987	4,531,477	5,535,376	5,108,669	5,302,013
Capital outlay	6,224,358	5,355,019	16,240,719	9,571,655	4,997,475
Total Expenditures	62,187,453	36,059,592	45,251,433	37,811,985	32,736,072
Excess of Revenues					
Over (Under) Expenditures	(10,816,996)	4,697,525	(7,668,262)	(2,799,935)	(520,950)
Other Financing Sources (Uses)					
Transfers in	7,508,971	7,334,462	9,678,558	6,532,533	18,376,046
Transfers out	(8,066,858)	(8,091,470)	(10,236,443)	(7,397,652)	(19,324,816)
Issuance of debt	19,947	156,625	805,355	1,284,564	570,560
Refunding warrant proceeds (net of discounts)	18,144,494	-	10,394,024	-	12,000,000
Payment to refunded bond escrow agent	-	-	(9,384,371)	-	-
Total Other Financing Sources (Uses)	17,606,554	(600,383)	1,257,123	419,445	11,621,790
Net Change in Fund Balances	\$ 6,789,558	\$ 4,097,142	\$ (6,411,139)	\$ (2,380,490)	\$ 11,100,840
Debt Service as a Percentage of					
Non-Capital Expenditures	42.07%	14.76%	18.77%	18.05%	19.04%

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Revenues					
Taxes	\$ 25,744,593	\$ 23,906,257	\$ 24,519,331	\$ 21,999,720	\$ 21,733,548
Licenses and permits	2,674,035	2,654,101	2,250,864	2,173,251	1,864,731
Intergovernmental	1,164,734	701,508	884,022	834,436	463,986
Charges for services	369,011	358,786	380,113	398,436	480,719
Fines and forfeitures	559,513	866,801	539,167	543,053	491,236
Grants and contributions	2,721,304	1,026,219	183,470	519,355	946,681
Interest and investment earnings	187,202	213,194	75,559	2,801	206,289
Other	666,584	213,797	268,052	659,498	683,817
Total Revenues	34,086,976	29,940,663	29,100,578	27,130,550	26,871,007
Expenditures					
General government	4,765,650	3,815,611	3,575,499	3,541,464	3,493,943
Public safety	9,999,719	9,737,257	9,740,349	9,079,296	8,811,758
Public works	5,042,520	3,927,456	5,008,458	3,932,144	3,726,692
Culture and recreation	2,094,896	1,957,963	2,105,906	1,990,272	2,057,739
Contribution to Utilities Board	364,363	-	-	-	49,700
	22,267,148	19,438,287	20,430,212	18,543,176	18,139,832
Debt Service					
Principal	3,603,942	4,562,582	2,766,201	2,792,936	2,110,150
Interest	1,247,830	1,600,130	1,833,561	1,870,017	1,872,584
Cost of debt issuance	121,150	124,738	-	-	179,549
	4,972,922	6,287,450	4,599,762	4,662,953	4,162,283
Capital outlay	5,199,050	4,468,018	3,215,113	6,304,061	5,301,508
Total Expenditures	32,439,120	30,193,755	28,245,087	29,510,190	27,603,623
Excess of Revenues					
Over (Under) Expenditures	1,647,856	(253,092)	855,491	(2,379,640)	(732,615)
Other Financing Sources (Uses)					
Transfers in	5,653,613	5,599,443	5,858,871	4,328,861	5,142,923
Transfers out	(6,761,784)	(6,744,641)	(6,356,326)	(4,737,051)	(5,626,088)
Issuance of debt	1,285,397	481,289	-	581,155	-
Refunding warrant proceeds (net of discounts)	9,281,737	9,983,232	-	-	13,271,188
Payment to refunded bond escrow agent	(8,315,387)	(7,034,096)	-	-	(11,536,144)
Total Other Financing Sources (Uses)	1,143,576	2,285,227	(497,455)	172,965	1,251,879
Net Change in Fund Balances	\$ 2,791,432	\$ 2,032,135	\$ 358,036	\$ (2,206,675)	\$ 519,264
Debt Service as a Percentage of					
Non-Capital Expenditures	17.81%	23.96%	18.38%	20.09%	17.86%

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
2021	\$ 26,415,512	\$ 217,609	\$ 2,638,733	\$ 6,786,084	\$ 1,618,261
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

REVENUE RATES FOR GENERAL SALES TAX
LAST TEN FISCAL YEARS

Fiscal Year	City Sales Tax Rate	County Sales Tax Rate	State Sales Tax Rate	Total Sales Tax Rate
2021	2.5%	3.0%	4.0%	9.5%
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%

Source: State of Alabama Department of Revenue

PRINCIPAL REVENUE REMITTERS OF SALES AND USE TAX
CURRENT YEAR AND NINE YEARS AGO

ORGANIZATION	FISCAL YEAR			
	FY 2021 RANK	FY 2021 % of Total Taxable Sales	FY 2012 RANK	FY 2012 % of Total Taxable Sales
Walmart Stores	1	8.07%	1	12.17%
Sam's Club	2	7.86%	2	8.01%
Lowes Home Center	3	6.17%	3	4.55%
Target	4	4.20%	4	3.85%
Home Depot	5	4.02%	6	3.40%
Daphne Automotive	6	3.51%	5	3.40%
Tameron Automotive Eastern Shore	7	2.61%	9	2.12%
Publix	8	2.47%	7	2.60%
Terry Thompson Chevrolet	9	2.00%	10	1.55%
Eastern Shore Hyundai	10	1.41%		
Chris Myers Pontiac GMC		2.09%	8	2.59%

NET ASSESSED VALUE OF ALL TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Total Direct Rates								
		Real Property			Personal Property			
Fiscal Year Ended September 30	Utilities	Residential Property	Commercial Property	Automobiles	Penalties	Total Net Assessed Value	Total Direct Tax Rate	
2021	\$ 547,700	\$208,060,880	\$ 297,151,220	\$ 57,870,627	\$ 164,640	\$563,795,067	15.00	
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	

Source: Baldwin County Revenue Commissioner

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

PRINCIPAL REVENUE REMITTERS OF PROPERTY TAX
CURRENT YEAR AND NINE YEARS AGO

Taxpayers	FY 2021			FY 2012		
	Assessed Value	Rank	% of Total Net Assessed Value	Assessed Value	Rank	% of Total Net Assessed Value
Audubon 344 LLC	\$ 6,651,020	1	1.32%			
Jubilee Square LLC	6,294,960	2	1.25%			
Colonnade at Eastern Shore LLC	5,310,920	3	1.05%			
Ashley Gates Holdings LLC	4,453,600	4	0.88%			
Belforest Aparments LLC	4,279,600	5	0.85%			
D R Horton Inc - Birmingham	4,158,440	6	0.82%			
Palladian at Daphne LLC	4,098,520	7	0.81%			
Esfahani Real Estate Holdings	4,042,460	8	0.80%	2,402,980	5	0.72%
OCP Whispering Pines LLC	3,354,600	9	0.67%			
Myers Familily Limited Partnership	3,175,000	10	0.63%	2,974,620	2	0.89%
L-A Daphne, LLC				5,241,300	1	1.56%
Sam's Real Estate Business Trust				2,659,420	3	0.79%
Lowe's Home Centers Inc				2,498,820	4	0.74%
Whispering Pines Park LLC				2,399,900	6	0.72%
Walmart Real Estate Business Trust				2,283,540	7	0.68%
North Fork Apartments LP				2,217,040	8	0.66%
Tameron Properties LLC				2,038,380	9	0.61%
Dayton Hudson Corporation				2,029,200	10	0.60%

Source: Baldwin County Revenue Commissioner

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

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Direct Rate	Overlapping Rates**						Overlapping Rates**					Total Direct & Overlapping Rates
	City of Daphne	Baldwin County						State of Alabama					
		Operating Millage	General Millage	Road / Bridge Millage	Fire Millage	School Millage	Health Care Authority Millage	Total County Millage	General Millage	School Millage	Soldier Millage	Total State Millage	
2021	15.0	5.0	2.5	1.5	12.0	0.5	21.5	2.5	3.0	1.0	6.5	43.0	
2020	15.0	5.0	2.5	1.5	12.0	0.5	21.5	2.5	3.0	1.0	6.5	43.0	
2019	15.0	5.0	2.5	1.5	12.0	0.5	21.5	2.5	3.0	1.0	6.5	43.0	
2018	15.0	5.0	2.5	1.5	12.0	0.5	21.5	2.5	3.0	1.0	6.5	43.0	
2017	15.0	5.0	2.5	1.5	12.0	0.5	21.5	2.5	3.0	1.0	6.5	43.0	
2016	15.0	5.0	2.5	1.5	12.0	0.5	21.5	2.5	3.0	1.0	6.5	43.0	
2015	15.0	5.0	2.5	1.5	12.0	0.5	21.5	2.5	3.0	1.0	6.5	43.0	
2014	15.0	5.0	2.5	1.5	12.0	0.5	21.5	2.5	3.0	1.0	6.5	43.0	
2013	15.0	5.0	2.5	1.5	12.0	0.5	21.5	2.5	3.0	1.0	6.5	43.0	
2012	15.0	5.0	2.5	1.5	12.0	0.5	21.5	2.5	3.0	1.0	6.5	43.0	

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
2021	\$ 6,762,187	\$ 5,135,683	75.95%	\$ -	\$ 5,135,683	75.95%
2020	6,362,692	6,358,329	99.93%	-	6,358,329	99.93%
2019	6,066,142	6,060,319	99.90%	3,010	6,063,329	99.95%
2018	5,813,829	5,791,368	99.61%	2,870	5,794,238	99.66%
2017	5,464,020	5,457,542	99.88%	3,595	5,461,137	99.94%
2016	5,185,562	5,180,576	99.90%	4,224	5,184,800	99.98%
2015	4,898,061	4,889,546	99.82%	4,540	4,894,086	99.91%
2014	4,740,854	4,715,793	99.47%	23,295	4,739,088	99.96%
2013	4,513,658	4,498,086	99.65%	10,575	4,508,661	99.88%
2012	4,411,487	4,394,649	99.61%	12,859	4,407,509	99.90%

Source: Baldwin County Revenue Commissioner

Note: Property taxes are collected starting October 1 of the following year, thus 2021 collections represent collections received through the issuance of this report

LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Constitutional Debt Limit	\$ 101,497,841	\$ 94,959,482	\$ 90,674,320	\$ 87,170,767	\$ 82,839,421
Total Net Debt Applicable to Limit	(28,416,064)	(32,302,054)	(34,563,180)	(37,240,809)	(39,986,229)
Legal Debt Margin	\$ 73,081,777	\$ 62,657,428	\$ 56,111,140	\$ 49,929,958	\$ 42,853,192
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	28.00%	34.02%	38.12%	42.72%	48.27%
Legal Debt Margin Calculation					
Assessed Value	\$ 507,489,207	\$ 474,797,409	\$ 453,371,598	\$ 435,853,834	\$ 414,197,104
Debt Limit (20% of Total Assessed Value)	\$ 101,497,841	\$ 94,959,482	\$ 90,674,320	\$ 87,170,767	\$ 82,839,421
Debt Applicable to Limit:					
General Obligation Bonds	\$ 29,210,000	\$ 33,349,994	\$ 35,874,840	\$ 38,895,305	\$ 41,972,457
Less: Exempt Debt	(793,936)	(1,047,940)	(1,311,660)	(1,654,496)	(1,986,228)
Total Net Debt Applicable to Limit	\$ 28,416,064	\$ 32,302,054	\$ 34,563,180	\$ 37,240,809	\$ 39,986,229
Legal Debt Margin	\$ 73,081,777	\$ 62,657,428	\$ 56,111,140	\$ 49,929,958	\$ 42,853,192

LEGAL DEBT MARGIN, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Constitutional Debt Limit	\$ 78,881,544	\$ 74,898,600	\$ 71,732,586	\$ 69,063,384	\$ 67,093,475
Total Net Debt Applicable to Limit	(30,882,844)	(33,291,384)	(33,914,432)	(36,335,750)	(38,614,155)
Legal Debt Margin	\$ 47,998,700	\$ 41,607,216	\$ 37,818,154	\$ 32,727,634	\$ 28,479,320
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	39.15%	44.45%	47.28%	52.61%	57.55%
Legal Debt Margin Calculation					
Assessed Value	\$ 394,407,722	\$ 374,493,002	\$ 394,407,722	\$ 374,493,002	\$ 358,662,928
Debt Limit (20% of Total Assessed Value)	\$ 78,881,544	\$ 74,898,600	\$ 71,732,586	\$ 74,898,600	\$ 71,732,586
Debt Applicable to Limit:					
General Obligation Bonds	\$ 33,270,204	\$ 36,038,064	\$ 37,007,732	\$ 39,634,250	\$ 42,725,887
Less: Exempt Debt	(2,387,360)	(2,746,680)	(3,093,300)	(3,298,500)	(4,111,732)
Total Net Debt Applicable to Limit	\$ 30,882,844	\$ 33,291,384	\$ 33,914,432	\$ 36,335,750	\$ 38,614,155
Legal Debt Margin	\$ 47,998,700	\$ 41,607,216	\$ 37,818,154	\$ 38,562,850	\$ 33,118,431

OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business Activities	Total Primary Government Debt	Total Debt as a Percentage of Personal Income ⁽¹⁾	Total Debt Per Capita ⁽¹⁾
	General Obligation Debt	Limited Obligation Debt	Net Premiums/ (Discounts)	Note Payable and Capital Leases	Capital Leases			
2021	\$ 29,210,000	\$ -	\$ 1,999,940	\$ 634,438	\$ 1,337,655	\$ 33,182,033	*	*
2020	32,516,000	833,994	1,198,965	1,749,716	1,017,126	37,315,801	2.67%	1,359
2019	34,242,000	1,632,840	1,284,789	2,352,027	310,165	39,821,821	3.07%	1,482
2018	36,620,000	2,275,305	362,210	2,329,500	492,456	42,079,471	2.81%	1,263
2017	39,085,000	2,887,457	400,835	1,523,042	463,839	44,360,173	3.22%	1,338
2016	29,990,000	3,280,204	438,099	1,460,889	270,666	35,439,858	2.81%	1,128
2015	32,215,000	3,823,064	(308,284)	581,574	415,879	36,727,233	3.10%	1,211
2014	32,920,000	4,087,733	(384,292)	293,198	245,794	37,162,433	3.00%	1,173
2013	35,310,000	4,324,250	(408,764)	432,882	416,191	40,074,559	3.47%	1,338
2012	37,570,000	4,539,755	(433,236)	169,158	446,974	42,292,651	3.81%	1,450

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

* Data not available at time of publication

⁽¹⁾ See the Schedule of Demographic and Economic Statistics for personal income and population data

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⁾
2021	\$ 30,737,857	5.45%	*
2020	32,688,453	6.20%	1,190
2019	35,304,231	7.00%	1,314
2018	39,257,515	9.01%	1,461
2017	42,373,292	10.23%	1,599
2016	33,708,303	8.55%	1,298
2015	35,729,780	9.54%	1,379
2014	36,623,441	10.21%	1,471
2013	39,225,486	11.36%	1,608
2012	41,676,519	12.42%	1,763

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 \$472,083 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

* Data not available at time of publication

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	\$ 31,844,378	100.00%	\$ 31,844,378
Subtotal:	\$ 31,844,378		\$ 31,844,378
Overlapping Debt			
Utilities Board of the City of Daphne ⁽¹⁾	16,115,000	100.00%	16,115,000
Baldwin County General Bonded Debt & Warrants	95,130,499	8.28% ⁽²⁾	7,876,845
Subtotal:	\$ 111,245,499		\$ 23,991,845
Total Direct & Overlapping Debt			<u>\$ 55,836,223</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 (\$450,812,480) to net assessed value of property in Baldwin County (\$5,444,567,660) on 10/1/2020.

5,444,567,660 Baldwin
450,812,480 Daphne
8.28% Daphne Percentage

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capital Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾
2021	*	*	*	3.1%
2020	27,462	\$ 1,399,271,286	\$ 50,953	3.2%
2019	26,869	1,296,966,630	48,270	2.1%
2018	26,506	1,243,263,930	46,905	3.5%
2017	25,960	1,178,506,120	45,397	3.0%
2016	25,913	1,141,312,172	44,044	5.1%
2015	24,896	1,057,806,144	42,489	5.2%
2014	24,395	986,850,935	40,453	6.3%
2013	23,633	922,750,485	39,045	6.3%
2012	22,845	885,883,410	38,778	7.0%

(1) U.S. Census Bureau

(2) "Population" multiplied by "Per Capital Personal Income"

(3) U.S. Department of Commerce, Bureau of Economic Analysis (data reported for Daphne-Fairhope-Foley MSA)

(4) U.S. Bureau of Labor Statistics

* Data not available at time of publication

PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

EMPLOYER	FY 2021 % of			FY 2012 % of		
	FY 2021 # of Employees	Total Employees	FY 2021 RANK	FY 2012 # of Employees	Total Employees	FY 2012 RANK
Baldwin County Board of Education	400	3.10%	1			
City of Daphne	346	2.68%	2	273	2.73%	2
Wal-Mart Super Center	269	2.08%	3	318	3.18%	1
Eastern Shore Toyota / Hyundai	198	1.53%	4	189	1.89%	4
Lowe's	165	1.28%	5	153	1.53%	7
Thomas Hospital/Infirmary	160	1.24%	6			
Publix	150	1.16%	7			
Bayside Academy	140	1.08%	8	100	0.12%	10
Chris Myers	130	1.01%	9	161	0.19%	6
Home Depot	120	0.93%	Tie 10			
The Brenntity	120	0.93%	Tie 10	162	0.19%	5
Eastern Shore Rehab				250	0.29%	3
Sam's Club				147	0.17%	8
Target				120	0.14%	9

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

CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	FISCAL YEAR				
	2021	2020	2019	FY 2018	FY 2017
General Government:					
Legislative	2	2	2	2	2
Executive and Marketing	6	6	6	5	4
Information Technology	3	3	3	3	3
Human Resources	4	5	5	5	5
Finance	7	7	7	7	7
Revenue	3	3	3	3	3
Planning	4.5	4.5	4	4	4
Court	4	4	4	4	4
Building Maintenance & Janitorial	10	9	9	8	8
Total General Government	44	44	43	41	40
Public Safety:					
Police Department	103	101	100	100	97
Fire Department	68	59	59	58	57
Building Inspection	7.5	6.5	6.5	6	6
Code Enforcement	2	2	2	2	2
Total Public Safety	181	169	168	166	162
Public Works:					
Public Works Administration	7	7	7	5	5
Streets	14	14	14	13	13
Grounds	15	15	14	14	14
Museum	1	1	1	0	0
Mowing	9	9	9	9	9
Mechanical	8	8	8	8	8
Solid Waste	15	17	17	18	17
Total Public Works	69	71	70	67	66
Library and Recreation:					
Parks	21	14	11	9	6
Recreation	4	4	4	6	6
S.A.I.L. Site	2	2	2	2	2
Library	19	19	18	17	17
Civic Center	7	7	7	7	7
Total Library & Recreation	53	46	42	41	38
Total Employees	346	329	323	315	306

Source: City of Daphne Human Resources Department

CITY GOVERNMENT EMPLOYEES BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

Function	FISCAL YEAR				
	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
General Government:					
Legislative	2	2	2	2	2
Executive and Marketing	3	3	2	2	1
Information Technology	2	2	1	1	0
Human Resources	5	4	3	3	3
Finance	7	7	8	8	8
Revenue	3	3	2	2	2
Planning	4	4	4	4	4
Court	3	3	3	3	4
Building Maintenance & Janitorial	7	7	7	7	7
Total General Government	36	35	32	32	31
Public Safety:					
Police Department	91	91	91	85	84
Fire Department	55	54	54	54	51
Building Inspection	6	5	5	5	5
Code Enforcement	2	2	1	1	1
Total Public Safety	154	152	151	145	141
Public Works:					
Public Works Administration	5	5	5	5	5
Streets	13	13	13	11	11
Grounds	14	14	14	12	12
Museum	0	0	0	0	0
Mowing	9	8	8	8	8
Mechanical	8	8	8	8	8
Solid Waste	17	17	17	17	17
Total Public Works	66	65	65	61	61
Library and Recreation:					
Parks	6	6	6	9	9
Recreation	6	8	8	8	7
S.A.I.L. Site	2	2	3	3	3
Library	17	17	16	14	15
Civic Center	7	7	6	6	7
Total Library & Recreation	38	40	39	40	41
Total Employees	294	292	287	278	274

Source: City of Daphne Human Resources Department

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2021	FY 2020	FY 2019	FY 2018
Municipal Court				
Cases Filed:				
Traffic	3,305	2,339	3,729	3,236
Non- Traffic	408	390	514	327
Parking	-	-	-	-
Total Cases Filed:	3,713	2,729	4,243	3,563
Cases Disposed of:				
Traffic	3,044	2,998	3,590	2,997
Non- Traffic	603	417	556	457
Parking	-	-	-	-
Total Cases Disposed of:	3,647	3,415	4,146	3,454
Cases Appealed:				
Traffic	26	23	31	12
Non- Traffic	20	24	19	23
Parking	-	-	-	-
Total Appeals:	46	47	50	35
Cases by Disposition Type:				
Guilty	1,660	1,500	2,230	3,309
Not Guilty	7	5	10	76
Nol pros / Dismissal	1,766	1,801	1,818	1,431
Continued	*N/A	*N/A	*N/A	*N/A
Total Cases:	3,433	3,306	4,058	4,816

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

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

FISCAL YEAR					
FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
3,366	3,808	4,269	3,552	3,280	3,177
416	462	458	396	441	501
-	-	1	-	-	-
3,782	4,270	4,728	3,948	3,721	3,678
3,527	3,958	4,259	3,812	3,355	3,494
427	439	458	420	537	567
-	-	-	-	-	-
3,954	4,397	4,717	4,232	3,892	4,061
39	45	69	55	69	43
43	52	53	39	35	49
-	-	-	-	-	-
82	97	122	94	104	92
3,215	2,589	2,814	2,472	2,424	2,518
48	7	9	11	13	14
1,489	1,643	1,711	1,505	1,195	1,274
*N/A	6,303	4,912	4,083	3,002	2,412
4,752	10,542	9,446	8,071	6,634	6,218

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2021	FY 2020	FY 2019	FY 2018
Municipal Court (continued)				
Local Receipts:				
Fines	\$ 243,459	\$ 263,008	\$ 264,749	\$ 266,468
Corrections	75,327	65,376	82,578	37,762
Municipal ETC	7,013	4,305	5,493	4,963
Bonds Forfeited	20,858	24,967	15,763	14,000
Other Local	97,991	89,472	104,134	137,258
Total Local Receipts:	\$ 444,648	\$ 447,128	\$ 472,717	\$ 460,451
State Receipts:				
Fair Trial Tax	\$ 40,058	\$ 24,879	\$ 44,145	\$ 39,871
Driver Education	18,917	16,255	21,447	19,405
State General DUI	9,930	7,162	5,830	4,720
AHSCI Trust Fund	11,065	6,809	3,012	1,590
Chemical Forensic	10,016	9,997	13,139	8,596
State General Fund	52,721	45,340	57,710	51,989
DNA Database	31,074	26,855	31,504	28,931
Criminal History	13,474	10,941	9,316	9,195
Traffic Safety Trust Fund	4,950	6,129	3,286	3,001
Peace Officers Annuity and Training Fund	4,361	5,324	5,695	10,919
Advance Tech Data	8,586	7,938	9,480	8,016
Crime Victims Fund	6,763	6,568	7,396	6,686
DUI/Interlock	8,839	-	7,574	2,404
Forensic Trust	*N/A	*N/A	*N/A	*N/A
Drivers License Fee	*N/A	*N/A	*N/A	*N/A
Drug Docket Fee	*N/A	*N/A	*N/A	*N/A
Other State	155,344	222,773	175,641	158,844
Total State Receipts:	\$ 376,098	\$ 396,970	\$ 395,175	\$ 354,167
Other Receipts:				
Restitution	\$ 20,551	\$ 11,246	\$ 8,621	\$ 10,307
Cash Bonds	\$ 141,385	\$ 76,521	\$ 230,868	\$ 209,278
Total Other Receipts:	\$ 161,936	\$ 87,767	\$ 239,489	\$ 219,585

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

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

FISCAL YEAR					
FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
\$ 251,085	\$ 260,762	\$ 246,491	\$ 259,223	\$ 284,804	\$ 265,397
79,781	93,536	96,646	82,753	74,885	70,109
5,185	6,240	6,447	5,551	5,002	4,688
2,193	30,148	29,591	15,475	13,712	18,540
109,911	123,575	122,275	115,508	114,494	74,190
\$ 448,155	\$ 514,261	\$ 501,450	\$ 478,510	\$ 492,897	\$ 432,924
\$ 42,146	\$ 50,084	\$ 52,161	\$ 44,585	\$ 40,108	\$ 44,697
20,688	24,448	25,610	21,511	18,722	20,560
7,617	9,214	9,314	14,625	16,867	13,397
1,195	*N/A	*N/A	*N/A	*N/A	*N/A
9,301	9,061	6,068	8,032	7,247	6,794
54,865	65,811	68,016	58,295	52,605	58,339
30,413	36,798	37,740	33,036	29,689	18,714
8,272	10,645	10,593	11,256	12,899	15,288
3,762	*N/A	*N/A	*N/A	*N/A	*N/A
15,394	16,131	16,745	14,321	12,921	9,836
7,978	9,356	9,688	8,347	7,517	8,246
6,785	8,288	8,483	7,591	7,404	8,502
5,011	5,263	5,719	8,186	8,108	7,068
2,307	2,623	2,310	2,069	2,608	1,935
*N/A	13,774	12,154	12,571	13,218	15,206
*N/A	1,117	797	800	960	1,025
173,011	195,103	197,132	149,624	135,941	93,793
\$ 388,745	\$ 457,716	\$ 462,530	\$ 394,849	\$ 366,814	\$ 323,400
\$ 6,810	\$ 9,659	\$ 9,452	\$ 4,285	\$ 9,638	\$ 7,105
\$ 178,022	\$ 193,220	\$ 168,056	\$ 149,700	\$ 147,179	\$ 209,396
\$ 184,832	\$ 202,879	\$ 177,508	\$ 153,985	\$ 156,817	\$ 216,501

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2021	FY 2020	FY 2019	FY 2018
Public Safety				
Police Department:				
Patrol Division:				
Complaints	14,383	12,747	15,113	15,292
Accidents - Private Property	178	178	190	247
Accidents - Roadway	1,074	831	1,010	969
Accidents - Traffic Homicides	3	4	4	2
Arrests - Controlled Substance	55	67	42	50
Arrests - Drug Paraphernalia	54	75	69	69
Arrests - Felony Marijuana	4	4	7	8
Arrests - Misdemeanor Marijuana	77	72	78	62
Arrests - Alias Warrant	150	253	555	578
Arrests - D.U.I.	211	163	142	146
Arrests - Felony	73	74	99	90
Arrests - Misdemeanor	719	766	1,000	1,011
Assists - Motorist / Citizens	2,303	1,733	1,688	1,721
Citations	3,150	2,114	3,338	2,978
Searches - Vehicles	327	287	315	233
Security Checks	20,316	17,022	15,581	10,904
Warnings	3,061	1,700	2,193	1,255
Drug Report - Routine Patrol & Special Ops:				
Drugs Seized	102	136	112	12
Vehicles Seized	-	-	-	7
Commercial Vehicle Inspections	47	11	147	294
Monies Seized	\$ 229,000	\$ 372,000	\$ 1,580,000	\$ 3,344,000
Detective Division:				
New Cases Received	691	687	879	893
Previous Unsolved Cases	93	76	60	67
Cases Solved	479	463	609	548
Arrests:				
Cases Solved - Felony	94	54	101	67
Cases Solved - Misdemeanor	37	33	80	40
Total Warrants Arrests	131	87	181	107

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

FISCAL YEAR					
FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
17,287	14,569	14,871	14,044	13,002	13,322
194	212	170	194	194	208
883	1,776	862	804	731	791
7	3	2	2	2	1
61	31	25	19	29	10
58	51	44	38	32	26
10	4	7	2	7	3
121	57	42	29	40	26
510	520	438	357	286	431
127	133	138	141	152	149
174	89	70	71	95	61
1,102	973	844	695	702	927
2,073	1,808	1,856	2,345	2,541	2,785
3,400	3,908	4,368	3,374	3,289	3,255
1,145	1,145	1,145	489	454	340
9,241	11,722	8,266	3,017	466	n/a
2,171	2,495	4,540	2,603	2,105	2,429
102	92	6	48	39	-
-	2	-	-	-	-
317	404	483	433	412	230
\$ 10	\$ -	\$ -	\$ -	\$ 1,445	\$ -
739	804	752	726	795	734
69	95	91	73	93	66
511	554	466	403	473	481
81	97	63	58	162	112
17	27	16	3	9	22
98	124	79	61	171	134

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2021	FY 2020	FY 2019	FY 2018
Detective Division (continued)				
Sex Offenders:				
Contact Verification	70	79	61	47
 Total # of Offenders	9	8	6	6
D.A.R.E.:				
Hours Report Writing	48	56	70	51
Police Reports by S.R.O.	48	42	65	43
Arrests by S.R.O.	23	20	26	26
Code Enforcement:				
Warnings	523	394	550	573
Citations	-	5	17	10
Warning Compliance	522	393	550	566
Business License Enforcement	83	51	227	200
Jail:				
Arrestees Received & Processed	1,216	1,405	1,999	2,022
Inmate Meals Served	\$ 17,846	\$ 35,281	\$ 38,617	\$ 44,878
Inmate Medical Cost	\$ 8,176	\$ 13,386	\$ 17,264	\$ 7,661
Worker Inmate Hours	-	1,190	1,320	754
Animal Control:				
Complaints	434	465	560	625
Follow-Up	2,488	2,950	323	256
Citations	18	16	25	25
Warnings	328	311	163	205
Felines Captured	286	226	175	231
Canines Captured	189	218	218	192
Other Captured	-	22	55	55
Returned to Owner	98	93	105	86
Adopted	176	188	113	124
Euthanized	34	47	123	120

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

FISCAL YEAR						
FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	
75	54	35	36	45	18	
8	5	5	7	8	8	
21	41	34	41	32	48	
21	42	32	31	30	32	
10	12	7	17	13	14	
780	548	95	40	41	41	
44	285	25	15	33	45	
609	760	273	190	248	312	
204	333	333	312	379	427	
1,967	2,065	2,092	2,256	2,351	2,259	
\$ 18,459	\$ 20,343	\$ 30,082	\$ 29,137	\$ 27,883	\$ 21,055	
\$ 19,304	\$ 25,515	\$ 30,257	\$ 24,063	\$ 23,788	\$ 20,002	
948	2,130	2,217	2,328	1,879	2,005	
597	641	665	836	703	618	
237	313	564	1,458	1,326	1,169	
15	67	43	62	153	55	
198	293	210	157	391	276	
159	170	215	297	299	259	
198	175	224	310	365	345	
80	153	139	125	67	71	
96	88	91	130	179	186	
98	105	137	191	191	139	
167	136	276	332	277	204	

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2021	FY 2020	FY 2019	FY 2018
Crimes Reported:				
Arson	1	1	-	1
Burglary - Commercial	9	13	7	16
Burglary - Residential	7	19	39	52
Burglary - Vehicle	69	85	117	156
Criminal Mischief	67	58	70	61
Disorderly Conduct	12	10	23	19
Domestic Disturbance	334	355	381	408
False Information to Police	3	31	20	4
Felony Assault	2	6	4	5
Felony Theft	101	111	149	173
Forgery/Fraud	62	46	87	52
Harassment	97	92	125	96
Identity Theft	12	20	24	22
Indecent Exposure	2	1	3	5
Kidnapping	-	-	-	1
Menacing	14	11	10	8
Misdemeanor Assault	10	15	18	24
Misdemeanor Theft	180	192	263	203
Murder/Attempted Murder	-	1	1	1
Other Death Investigations	29	35	22	24
Public Intoxication	37	15	23	21
Public Lewdness	2	1	2	5
Receiving Stolen Property	7	3	11	11
Reckless Endangerment	7	11	8	7
Resisting Arrest	4	1	11	9
Robbery	3	5	4	15
Sex Crime Investigations	7	10	9	14
Suicide	-	-	6	1
Suicide, Attempted	46	28	27	25
Theft of Services	3	32	7	6
Unauthorized Use of Services	3	9	12	9
Weapon Offenses	57	55	9	34

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

FISCAL YEAR					
FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
-	-	-	-	-	-
15	17	21	42	35	17
30	59	48	51	49	82
162	148	78	120	145	109
56	53	48	62	45	74
9	6	4	10	12	4
198	120	109	127	274	308
11	15	14	11	14	11
4	5	4	6	5	7
136	135	133	134	149	136
6	-	-	-	-	-
78	56	63	43	56	87
5	5	6	17	50	80
2	2	-	2	1	3
-	-	-	-	1	-
8	6	7	4	4	6
7	11	30	13	11	17
192	174	217	170	181	207
-	-	-	1	-	-
12	3	-	6	20	16
16	19	10	6	7	11
1	2	-	1	1	2
7	7	8	7	9	5
7	4	15	5	7	7
8	8	13	11	10	4
14	7	5	6	6	5
4	4	8	10	26	21
-	-	-	-	-	-
14	-	-	6	22	25
20	3	-	-	-	1
4	5	14	8	4	6
32	12	16	8	16	7

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2021	FY 2020	FY 2019	FY 2018
Fire Department:				
Suppression:				
Fire / Explosion:				
Structure Fires	45	45	31	41
Vehicle Fires	17	15	12	17
Brush Fires/Trash Fires	21	24	12	30
Fire, Other	3	3	6	12
Medical Assists**	652	429	N/A	N/A
Motor Vehicle Collisions**	349	294	N/A	N/A
Emergency Medical Calls	1,834	1,673	2,563	2,486
Hazardous Conditions	131	94	57	94
Public Service Assistance	351	289	238	198
Unauthorized Burning**	24	19	N/A	N/A
Other Rescues **	8	6	N/A	N/A
EMS Standby **	9	9	N/A	N/A
Animal Rescues**	1	5	N/A	N/A
False Calls	469	311	567	541
Fire Alarm Activations**	308	298	N/A	N/A
Other Incidents	14	17	15	2
Total Mutual Aid Given **	118	64	N/A	N/A
Fire Prevention Awareness & Education:				
Classes Held	-	-	253	283
Persons Attending	-	-	5,756	4,698
Bureau of Fire Prevention:				
Plan Reviews	45	44	30	49
Final / Certificates of Occupancy	13	9	9	16
General / Annual Inspections	869	920	1,028	911
Business Licenses	126	114	428	94
Consultations	36	-	258	310
All Other / Miscellaneous Activity	142	110	117	48
Miscellaneous Reporting:				
Training Hours	16,859	13,537	2,357	4,061
Property Loss (\$\$)	\$ 1,490,750	\$ 1,438,676	\$ 943,650	\$ 2,227,000
Personnel & Civilian Injuries by Fire:	2	2	-	2
Advanced Life Support Rescues**	N/A	N/A	1,788	2,040
Number of Patients Treated:	2,126	1,975	2,127	2,369
Child Passenger Safety Seat Inspections & Installs:	56	82	157	128

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

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

FISCAL YEAR					
FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
33	34	39	37	23	29
13	14	26	22	19	15
30	12	21	24	21	25
6	12	13	19	11	6
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
2,230	2,285	2,077	1,981	1,959	1,674
64	45	37	45	39	48
220	198	167	180	193	155
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
483	425	451	443	412	489
N/A	N/A	N/A	N/A	N/A	N/A
2	9	2	2	3	1
N/A	N/A	N/A	N/A	N/A	N/A
343	293	150	48	19	61
4,334	3,451	1,165	686	898	1,465
46	36	20	24	29	189
25	14	15	7	6	3
743	711	992	523	462	291
304	275	61	84	69	156
89	77	-	-	-	-
56	52	158	188	158	23
6,350	5,325	4,530	4,684	2,773	9,601
\$ 431,950	\$ 615,153	\$ 1,980,630	\$ 1,489,315	\$ 866,200	\$ 1,027,815
-	-	-	-	-	2
1,830	1,212	1,611	1,444	1,434	687
2,151	1,523	2,018	1,945	1,898	978
106	211	169	115	105	426

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2021	FY 2020	FY 2019	FY 2018
Building Inspection:				
Permits:				
Building Permits:				
Non-Residential	90	77	103	103
Residential	1,180	1,041	989	723
Electrical Permits:				
Non-Residential	48	29	57	73
Residential	237	111	104	92
Electrical Permits - New Construction:				
Non-Residential	-	22	-	-
Residential	544	525	284	186
Land Disturbance Permits:				
Residential	378	348	128	273
Mechanical Permits:				
Non-Residential	25	23	49	37
Residential	236	142	109	79
Mechanical Permits - New Construction:				
Non-Residential	15	18	-	-
Residential	492	497	229	218
Plumbing Permits:				
Non-Residential	29	25	39	46
Residential	66	40	46	68
Plumbing Permits - New Construction:				
Non-Residential	-	15	-	-
Residential	557	598	276	204
	3,897	3,511	2,413	2,102
Inspections:				
Building Permit	3,938	3,657	3,325	3,296
Electrical Permit	289	168	305	310
Land Disturbance Permit	-	-	194	17
Mechanical Permit Inspections	105	54	52	50
Mechanical - New Construction Permit Inspections	-	-	155	194
Plumbing Permit Inspections	1,171	917	534	649
	5,503	4,796	4,565	4,516
Environmental Inspections:				
Site Containment - Permitted	3,683	1,947	1,109	1,043
Site Containment - All Other	-	11	309	273
Total # of Environmental Inspections	3,683	1,958	1,418	1,316

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

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

FISCAL YEAR					
FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
99	84	70	50	86	82
640	548	451	482	465	361
52	55	48	38	52	29
171	131	58	47	36	39
-	-	-	-	1	5
223	187	170	155	169	109
26	88	97	92	152	102
58	38	29	26	39	34
60	63	57	54	41	42
-	-	-	-	-	3
212	185	166	148	152	123
				49	
40	41	29	20	26	24
31	38	40	46		32
-	-	-	-	1	1
209	199	57	155	176	118
1,821	1,657	1,272	1,313	1,445	1,104
3,605	3,444	3,196	3,217	2,420	1,416
422	375	271	264	262	196
16	33	-	28	6	8
43	43	36	58	33	27
186	164	151	155	171	126
529	490	450	454	513	321
4,801	4,549	4,104	4,176	3,405	2,094
1,679	1,702	863	857	877	339
125	404	321	301	276	87
1,804	2,106	1,184	1,158	1,153	426

OPERATING INDICATORS BY FUNCTION, CONTINUED

LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2021	FY 2020	FY 2019	FY 2018
Public Works:				
Asphalt Street Repairs:				
Asphalt Used (tons)	46	46	71	343
Repairs (# of repairs)	111	76	90	89
Street Sweeping:				
Miles Swept	711	65	585	865
Dredge:				
Materials Removed/Dredged (yards)	42	107	-	25
Storm Drain & Heavy Equipment:				
Drains Cleaned (# of Jobs)	155	113	138	109
Materials Hauled (cubic yards)	127	100	-	22
Solid Waste:				
Waste Removed (tons)	10,292	11,631	7,377	7,294
Recycled (tons)	14	120	1,941	1,836
Special Events	7	-	4	4
Trash Division:				
Trash Picked Up (tons)	9,706	6,505	5,400	4,401
Pay Pile Loads	9	47	16	25
Recreation:				
Tournament Events & Participants:				
Adult Softball:				
No. of Events	8	12	15	24
Participants	750	300	1,450	2,700
Girls Fast pitch Softball:				
No. of Events	10	12	16	17
Participants	4,000	4,320	6,500	7,100
Soccer:				
No. of Events	8	5	8	7
Participants	7,000	6,400	10,000	9,400
Baseball				
No. of Events	7	8	5	3
Participants	750	3,800	1,500	275
Football				
No. of Events	4	6	5	4
Participants	2,500	1,500	2,400	2,000
Lacrosse:				
No. of Events	3	2	2	2
Participants	450	250	300	300

OPERATING INDICATORS BY FUNCTION, CONTINUED

LAST TEN FISCAL YEARS

FISCAL YEAR

FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
331	679	653	580	230	152
155	335	958	12	123	285
671	1,337	1,183	1,813	2,107	1,735
-	750	728	980	1,000	40 tons
139	189	105	172	150	112
1,270	1,400	998	1,340	75	52
7,124	6,929	6,597	6,533	6,359	6,316
1,867	2,009	2,020	3,045	3,539	2,919
5	5	5	6	7	6
3,565	4,873	4,633	4,008	3,950	3,518
12	12	10	22	13	24
14	19	19	18	26	21
1,500	1,200	2,200	1,750	3,700	3,000
13	15	12	14	8	6
5,200	6,000	4,950	5,800	3,300	2,500
10	11	10	9	9	8
1,300	1,400	1,300	1,200	1,100	1,050
3	4	1	1		
250	350	110	140		
4	4	1	1		
1,400	1,400	750	480		
2	2	2	1	4	4
300	700	300	140	900	900

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2021	FY 2020	FY 2019	FY 2018
Recreation (continued):				
League Participants by Sport:				
Youth Soccer	475	700	850	750
Youth Football	123	125	175	210
Youth Cheerleading	50	60	75	85
Fall Men's Open Softball	126	120	215	230
Fall Co-Ed Softball	112	100	120	130
Fall Adult Soccer	70	-	105	110
Dixie Youth Baseball (ages 5-12)	358	403	400	450
Dixie Boys Baseball (ages 13-14)	45	40	30	46
Youth Softball	100	110	115	95
Youth Spring Soccer	300	300	360	350
Spring Adult League Softball	145	130	-	255
Spring Co-Ed Softball	110	120	-	150
Spring Adult Soccer	115	120	95	100
Summer Men's Open Softball	195	150	-	250
Summer Co-Ed Softball	125	130	-	200
Summer Adult Soccer	115	-	-	100
Youth Basketball	193	193	-	-
Fall Basketball	164	-	-	-
<hr/>				
Library				
Patrons Visits	88,796	83,952	142,272	148,820
Items Circulated	290,796	328,815	375,398	361,688
Children's Program Attendance	4,762	3,939	6,497	5,842
Teen Program Attendance	1,394	273	613	612
Adult Program Attendance	203	122	431	664
Computer Users	2,470	2,660	12,430	14,058
Ancestry Database Users	1,930	2,863	2,499	3,394
Heritage Quest Database Users	492	408	1,168	1,160
E-Books Circulation	26,382	29,938	30,428	23,274
Reference Questions Answered	887	709	1,594	1,319
Meeting Rooms Use Hours	714	6,701	13,237	13,528
Special Displays	84	53	145	161

Source: Various City Departments

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

FISCAL YEAR					
FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
825	850	760	790	775	550
210	205	195	199	195	205
65	46	45	50	75	80
240	250	275	255	234	220
150	150	150	165	143	156
80	140	115	120	120	100
475	443	500	480	525	435
50	35	50	60	63	60
85	135	115	120	95	80
410	420	350	375	380	250
175	190	240	270	208	192
180	170	160	180	195	132
90	100	110	90	84	80
240	600	400	435	312	264
190	200	225	210	247	132
90	100	110	110	95	80
180	187				
190	191				
<hr/>					
201,490	203,607	274,619	262,786	197,384	220,738
331,803	368,275	431,305	443,471	293,033	276,093
10,734	10,333	6,756	5,800	5,822	7,378
975	1,428	1,251	1,158	1,656	735
415	256	664	167	176	531
18,832	26,739	31,176	25,537	26,368	30,892
12,030	6,489	7,106	7,612	8,752	7,047
2,738	1,525	1,957	1,204	2,265	1,263
20,809	20,809	18,215	15,802	9,156	6,277
1,691	1,512	1,175	25,822	8,643	8,046
20,098	18,247	11,003	7,363	6,002	6,330
80	78	211	94	47	45

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	FISCAL YEAR			
	FY 2021	FY 2020	FY 2019	FY 2018
Public Safety:				
Fire:				
Number of Fire Stations	5	4	4	4
Number of Fire Trucks	9	8	8	8
Number of All Other Vehicles	12	12	11	13
Police:				
Number of Police Stations	2	2	2	2
Number of Patrol Units	62	60	65	66
Public Works:				
Miles of Streets (maintained by the City)	176.6	164.7	164.7	143.0
Number of Signalized Traffic Intersections ⁽¹⁾	9	9	9	9
Number of Vehicles	37	36	36	34
Number of Sanitation Trucks	16	14	15	14
Culture and Recreation:				
Parks	18	18	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	8	7

⁽¹⁾ All other traffic lights throughout the City are maintained by the State of Alabama

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

FISCAL YEAR					
FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
4	4	4	4	4	4
8	8	8	7	6	6
14	13	14	14	15	16
2	2	2	2	2	2
61	60	58	62	64	64
139.8	139.8	138.7	137.5	135.7	135.4
9	9	9	10	10	10
38	40	55	54	54	55
17	18	9	9	9	9
17	17	17	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
7	8	9	9	5	6