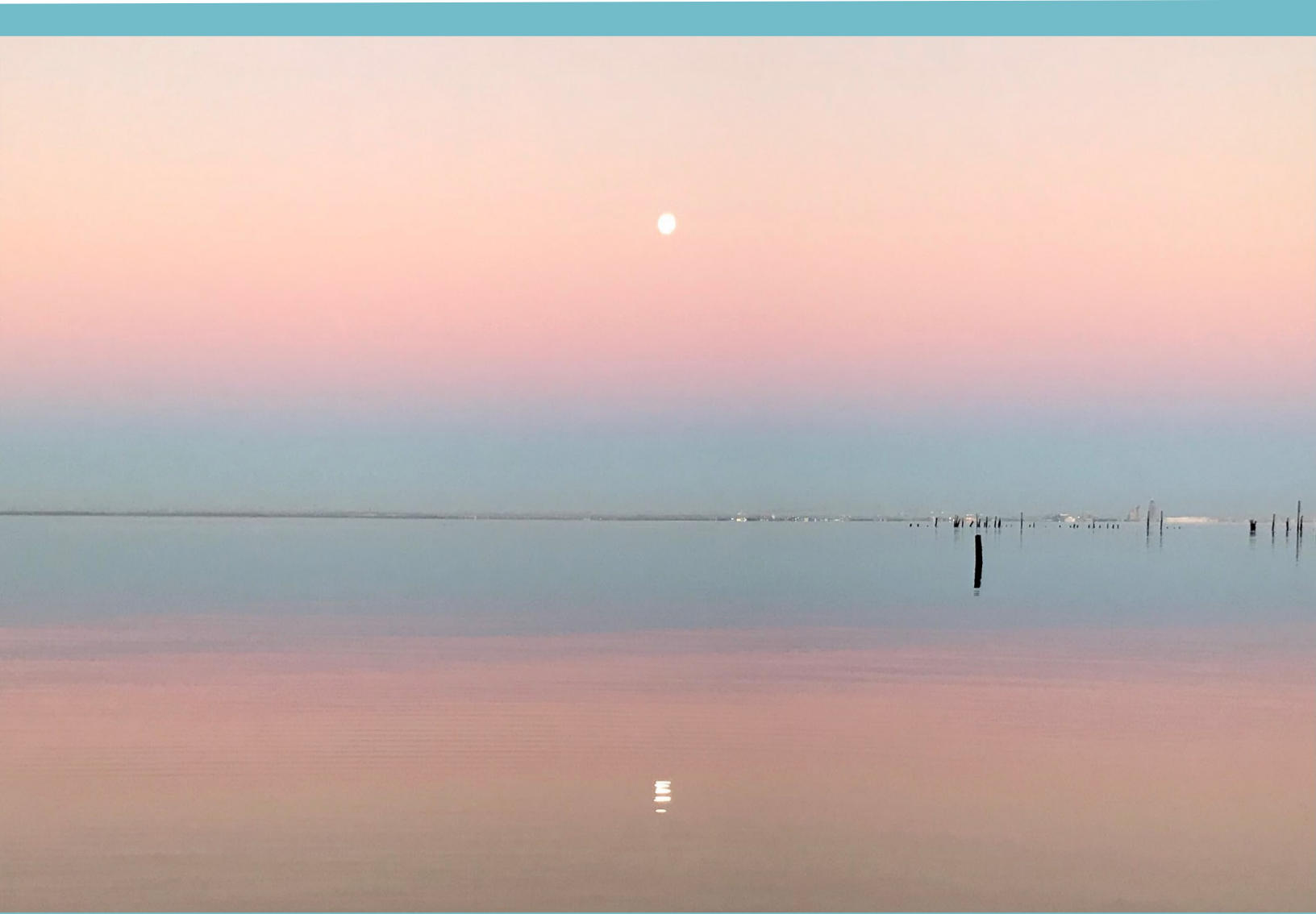


City of Daphne, Alabama

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year
Ending September 30, 2022



CITY OF DAPHNE, ALABAMA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year Ended
September 30, 2022**

**Prepared By:
Finance Department**

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Introductory Section



March 27, 2023

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 its 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 ACFR certificate for fiscal year ended September 30, 2021.

The *Financial Section* includes the auditor's report, Management's Discussion and Analysis (MD&A), audited government-wide and fund financial statements and related notes thereto, required supplementary information, and certain underlying combining fund financial statements, and other supplementary information.

The *Statistical Section* contains selected unaudited financial, economic and demographic data on a multi-year basis that is useful in evaluating the economic condition of the City.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter is designed to complement the MD&A and should be read in conjunction with it.

The Reporting Entity

The report includes all funds of the primary government. The primary government provides a full range of services. These services include public safety, public works, environmental services, culture and recreation, economic and community development and planning, and general administrative services.

The Utilities Board of the City of Daphne is a related entity, but it does not meet the established criteria for inclusion in the reporting entity, and accordingly, is excluded from this report. Additional information on the 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 2022 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, continue to drive residential growth at a rate that is one of the fastest growing in the country, with 494 single-family home certificate of occupancies issued in 2022. 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 108% of the U.S. level. The estimated median income as of 2021 was \$74,701 and the median housing valuation was \$231,000. According to the most recent estimates from the U.S. Census Bureau (2021), the city's estimated population is 28,777, which represents a 33.4% increase in growth from 2010. Daphne's population is well educated; according to recent census data, approximately 40.7% of the population has a bachelor's degree or higher; the U.S. average is 33.7%. As the population has grown, the City of Daphne has responded in the quantity and quality of services it provides with 369 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 department 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 4th fastest growing small metro MSA in the United States.

Major Initiatives

In 2022, the City of Daphne continued its ongoing road repaving initiative and continued to improve the quality of life for its citizens by investing over \$2 million in playgrounds, restrooms, and a splashpad for our children. Reinforcing the City's commitment to its environmental programs affecting major watersheds, over \$3 million of ARPA Funding was utilized for stormwater improvement projects, continuing to improve water quality throughout the community.

Completion of plans for our Justice Center expansion is expected in the fall of 2023. The expansion will serve our community, county, state and country. The \$8 million expansion will increase the City of Daphne's capabilities to reduce crime and expand law enforcement in southwest Alabama. Specifically, this Center will house larger evidence collection areas to improve enforcement of drug and human trafficking along the I-10 corridor. Further, the expanded area will increase our courtroom space, adding in more efficient court operations in order to prosecute the criminals in our area. This will be the first expansion to the Justice Center since its construction in 1995.

Daphne's long-awaited Bayfront Drive Streetscape improvements project began in the fall of 2022 when the City awarded a \$3.5 million 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 Preserve. Bayfront Park will be a future home to a 1,500-seat amphitheater for outdoor community events.

Additionally, other Major 2023 Initiatives beginning this year include construction of the City's new Animal Shelter; infrastructure improvements on U.S. Highway 98, Daphne Avenue, and Pollard Road; and finalization of plans for Phase 1 of the widening of Highway 90 with a \$2 million grant from ALDOT.

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, 2021. 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,



Robin LeJeune
Mayor



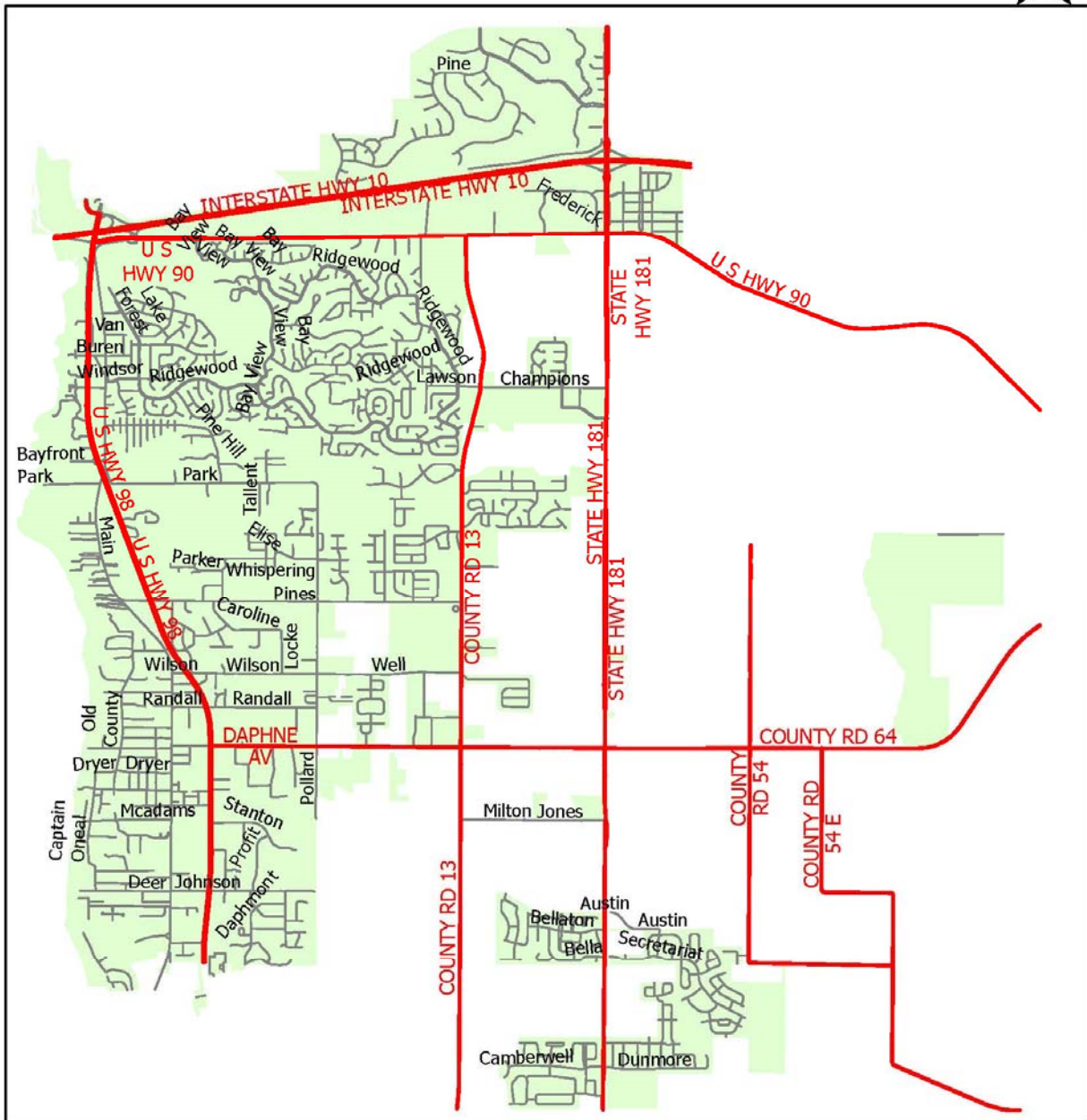
Kelli Kichler Reid, CPA
Finance Director/Treasurer

MAP OF THE CITY OF DAPHNE



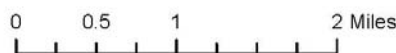
City of Daphne Overview

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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 251-620-1000.

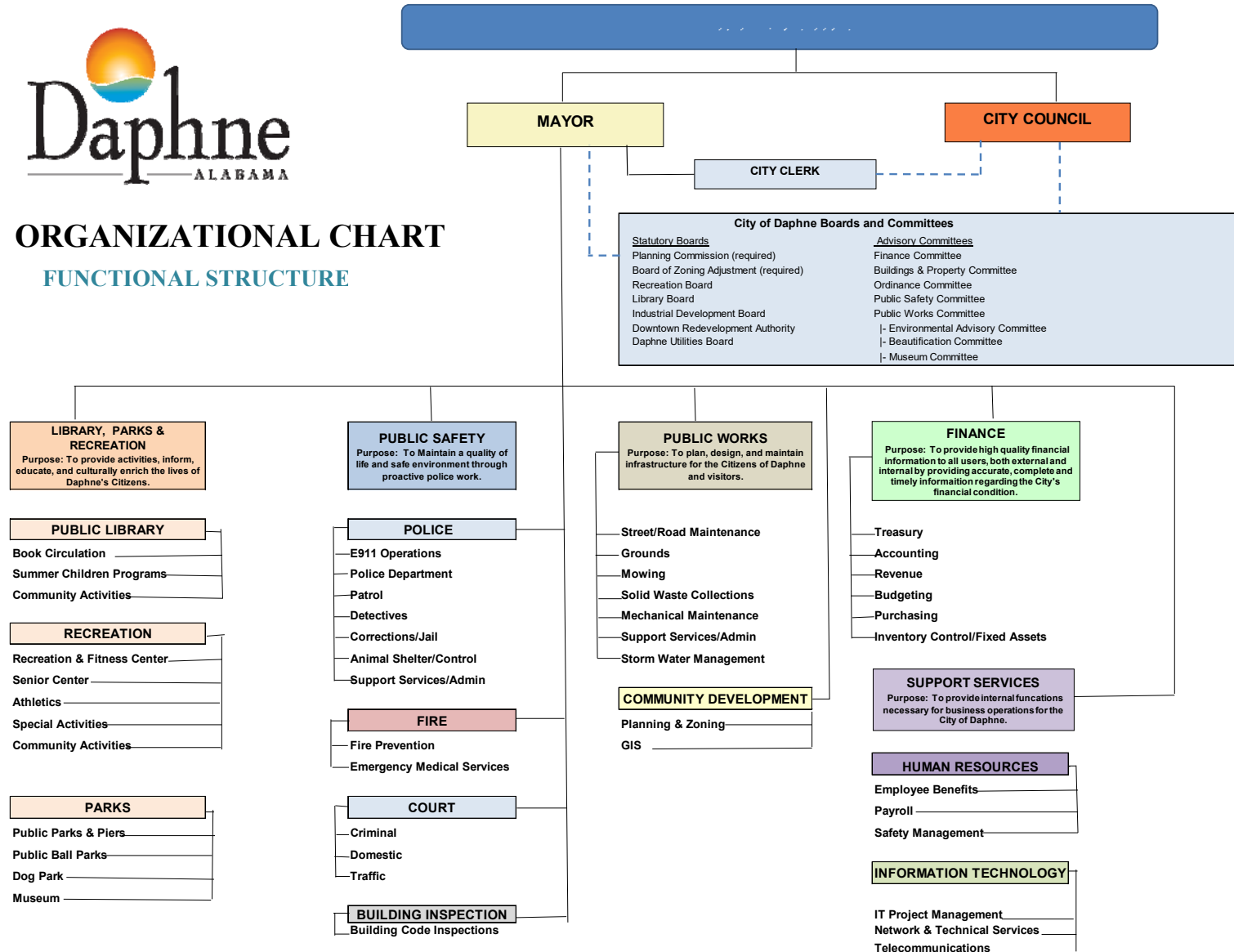


- Daphne
- Major Roads
- Streets



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, 2021

Christopher P. Morill

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

Opinions

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, 2022 and the related notes to the financial statements, which collectively comprise the City of Daphne, Alabama's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Daphne, Alabama, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Daphne, Alabama's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Daphne, Alabama's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Daphne, Alabama's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report

thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Emphasis of Matter

As discussed in Note 29, the 2021 ending balance of net position has been restated as part of the implementation of GASB Statement 87, *Leases*. Our conclusion is not modified with respect to this matter.

Avizo Group, Inc.

Certified Public Accountants

March 27, 2023
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, 2022. 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 \$159.7 million (net position). Of this amount, the City had unrestricted net position of \$41.6 million that is available to be used to meet the ongoing obligations of the City of Daphne.
- The City's net position of \$159.7 million reflected an increase of 10.3% (\$14.9 million) over the prior year's net position of \$144.8 million.
- The City's governmental funds reported a combined fund balance of \$40.4 million at the close of the current fiscal year, an increase of 13.8% (\$4.9 million) from the prior year.
- The City's General Fund reported a fund balance of \$26.5 million at the close of the current fiscal year, or 59.8% of total General Fund expenditures and other financing uses; total fund increased 9.1% (\$2.2 million) over the prior year. Total current year ending fund balances in the General Fund represented 58% of current fiscal year total revenues, and 56.6% of prior year total revenues.
- Sales, use, and luxury taxes, the City's single largest revenue source, increased 6% (\$1.7 million) during the current fiscal year, reflecting the continued steady local economy.
- Other significant changes in revenue during the current fiscal year include grants and contributions that decreased by 59.3% (\$3.9 million) and miscellaneous revenue that decreased 160.8% (\$1.46 million). Overall, current fiscal year revenues decreased 4.4% (\$2.3 million) over the prior year. The decrease in revenue was offset by a decrease in expenses of 28.5% (\$17.7 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, 2022 and 2021:

	Governmental Activities		Business-Type Activities		TOTAL	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 53,623,994	\$ 46,135,403	\$ 1,783,996	\$ 1,523,673	\$ 55,407,990	\$ 47,659,076
Capital assets	<u>146,054,992</u>	<u>140,969,901</u>	<u>1,331,245</u>	<u>1,296,968</u>	<u>147,386,237</u>	<u>142,266,869</u>
Total assets	<u>199,678,986</u>	<u>187,105,304</u>	<u>3,115,241</u>	<u>2,820,641</u>	<u>202,794,227</u>	<u>189,925,945</u>
Deferred outflow of resources	<u>4,746,876</u>	<u>4,361,578</u>	<u>372,703</u>	<u>313,297</u>	<u>5,119,579</u>	<u>4,674,875</u>
Current liabilities	3,014,454	5,490,802	203,321	614,725	3,217,775	6,105,527
Long-term debt and other liabilities	<u>37,966,389</u>	<u>39,272,231</u>	<u>1,809,279</u>	<u>1,743,530</u>	<u>39,775,668</u>	<u>41,015,761</u>
Total liabilities	<u>40,980,843</u>	<u>44,763,033</u>	<u>2,012,600</u>	<u>2,358,255</u>	<u>42,993,443</u>	<u>47,121,288</u>
Deferred inflow of resources	<u>4,355,639</u>	<u>2,511,197</u>	<u>868,470</u>	<u>168,809</u>	<u>5,224,109</u>	<u>2,680,006</u>
Net Position:						
Net investment in capital assets	116,205,821	109,125,523	169,453	290,106	116,375,274	109,415,629
Restricted	1,717,757	1,826,949	-	-	1,717,757	1,826,949
Unrestricted	<u>41,165,802</u>	<u>33,240,180</u>	<u>437,421</u>	<u>316,768</u>	<u>41,603,223</u>	<u>33,556,948</u>
Total net position	<u>\$ 159,089,380</u>	<u>\$ 144,192,652</u>	<u>\$ 606,874</u>	<u>\$ 606,874</u>	<u>\$ 159,696,254</u>	<u>\$ 144,799,526</u>

The City's *combined* net position increased \$14.9 million over the prior year. Revenues decreased \$7.8 million over the prior year with expenses decreasing \$2.9 from 2021.

Net position may serve as a useful indicator of a government's financial position. The City's combined assets exceeded combined liabilities by \$159.7 million, at September 30, 2022. The combined net position reflects a current year total unrestricted net position of \$41.6 million.

The largest component of the City's current fiscal year net position (72.9%) 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.

1.1% 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, \$41.6 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, 2022:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Program Revenues:						
Charges for services	\$ 8,685,743	\$ 7,723,228	\$ 2,246,619	\$ 2,098,930	\$ 10,932,362	\$ 9,822,158
Operating grants and contributions	654,408	5,412,605	-	23,159	654,408	5,435,764
Capital grants and contributions	7,257,521	12,922,457	-	-	7,257,521	12,922,457
General Revenues:						
Taxes	39,005,281	36,003,463	-	-	39,005,281	36,003,463
Other	(564,566)	1,094,503	214,220	50,805	(350,346)	1,145,308
Total Revenues	55,038,387	63,156,256	2,460,839	2,172,894	57,499,226	65,329,150
Expenses:						
General government	7,188,850	7,633,646	-	-	7,188,850	7,633,646
Public safety	15,189,249	14,455,896	-	-	15,189,249	14,455,896
Public works	11,124,032	15,984,626	-	-	11,124,032	15,984,626
Culture and recreation	5,386,224	3,335,908	-	-	5,386,224	3,335,908
Interest on long-term debt	641,688	1,328,992	-	-	641,688	1,328,992
Solid Waste	-	-	2,409,061	2,132,063	2,409,061	2,132,063
Civic Center	-	-	659,928	598,718	659,928	598,718
Total Expenses	39,530,043	42,739,068	3,068,989	2,730,781	42,599,032	45,469,849
Change in Net Position, before transfers	15,508,344	20,417,188	(608,150)	(557,887)	14,900,194	19,859,301
Transfers	(608,150)	(557,887)	608,150	557,887	-	-
Change in Net Position	14,900,194	19,859,301	-	-	14,900,194	19,859,301
Net position, beginning	144,192,652	124,333,351	606,874	606,874	144,799,526	124,940,225
Prior period adjustments	(3,466)	-	-	-	(3,466)	-
Net Position, end of year	\$ 159,089,380	\$ 144,192,652	\$ 606,874	\$ 606,874	\$ 159,696,254	\$ 144,799,526

Total net position reflected an increase of \$14.9 million over the prior year. This increase is primarily the effect of increases/decreases of balances within the Statement of Activities including a \$1.7 million increase in sales and use tax due to the continued increase in population (4.5% over last year) and the addition of several new businesses. The decrease in grants and contributions was offset by a corresponding decrease in grant related expenses. Overall change in net position was lower 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	\$ 12,560,577	52.88%
Public works	3,357,679	14.13%
General government	1,469,353	6.19%
Culture and recreation	4,903,074	20.64%
Interest on long-term debt	641,688	2.70%
Business-type activities	822,370	3.46%
	<u>\$ 23,754,741</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. \$608,000 was transferred to these activities in the current fiscal year. This is a slight increase of \$50,000 from the prior year.

\$247,000 was transferred to the Civic Center Fund in the current fiscal year, which was identical to the transfer required in 2021. Revenue increased by \$25,000 over prior year due to increased rentals but was offset by a corresponding increase in expenses of \$25,000.

\$361,000 was transferred to the Solid Waste Fund in the current fiscal year. This was an increase of \$50,000 from the prior year. Garbage fees revenue collected increased \$102,000 from the prior year due to an overall increase in customers resulting from new construction of residences. Overall expenses increased approximately \$281,000 over those of the prior year with the largest increases being \$101,000 in fuel costs and \$95,000 in depreciation. When separating the garbage, recycling, and solid waste components, solid waste expenses totaled \$863,000, garbage expenses totaled \$1,313,000, and recycling expenses totaled \$233,000. 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.

FINANCIAL ANALYSIS OF CITY FUNDS

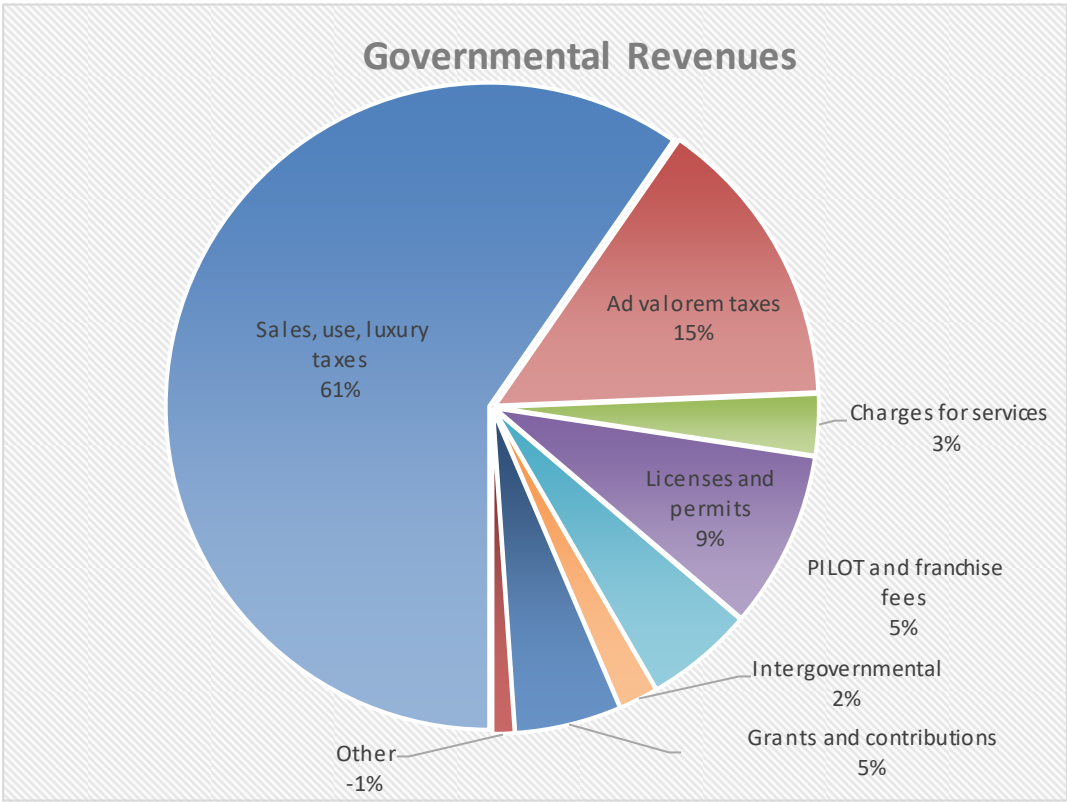
The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financial requirements. Specifically, the unassigned fund balance may serve as a useful tool for the measurement 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 \$40.4 million, a 13.8% (\$6.8 million) increase from the prior year.

Governmental Revenues

Total revenues of the governmental funds showed a decrease of 4.4% (\$2.3 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 61%; Ad valorem taxes are the next largest at 15%; and licenses and permits are 9% of total revenues.

Governmental Revenues (Continued)

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

	2022	2021	Variance	% Change
Sales, use, luxury taxes	\$ 29,954,245	\$ 28,251,382	\$ 1,702,863	6.0%
Ad valorem taxes	7,377,139	6,786,084	591,055	8.7%
Charges for services	1,536,032	1,401,590	134,442	9.6%
Licenses and permits	4,438,217	3,904,382	533,835	13.7%
PILOT and franchise fees	2,711,495	2,638,733	72,762	2.8%
Intergovernmental	980,494	921,414	59,080	6.4%
Grants and contributions	2,669,897	6,558,214	(3,888,317)	-59.3%
Other	(552,767)	908,658	(1,461,425)	-160.8%
	<u>\$ 49,114,752</u>	<u>\$ 51,370,457</u>	<u>\$ (2,255,705)</u>	<u>-4.4%</u>

A discussion of significant increases and decreases follows:

- Sales and use taxes increased \$1.7 million due to the continued strong economy and new business locating into the City. The City has also experienced continued significant population growth.
- Grants and contributions decreased \$3.9 million. In 2021, \$4.8 million was received from the Federal Emergency Management Agency for costs related to cleanup and repair from Hurricane Sally with the final \$1.3 million being received in 2022.
- Other revenue decreased \$1.4 million. This is a result of a recorded contingent liability of \$576,000 being written off in 2021 due to a previous lawsuit verdict being reversed. Additionally the city investment account had a loss of \$780,000 in 2022 due to the poor overall stock market.

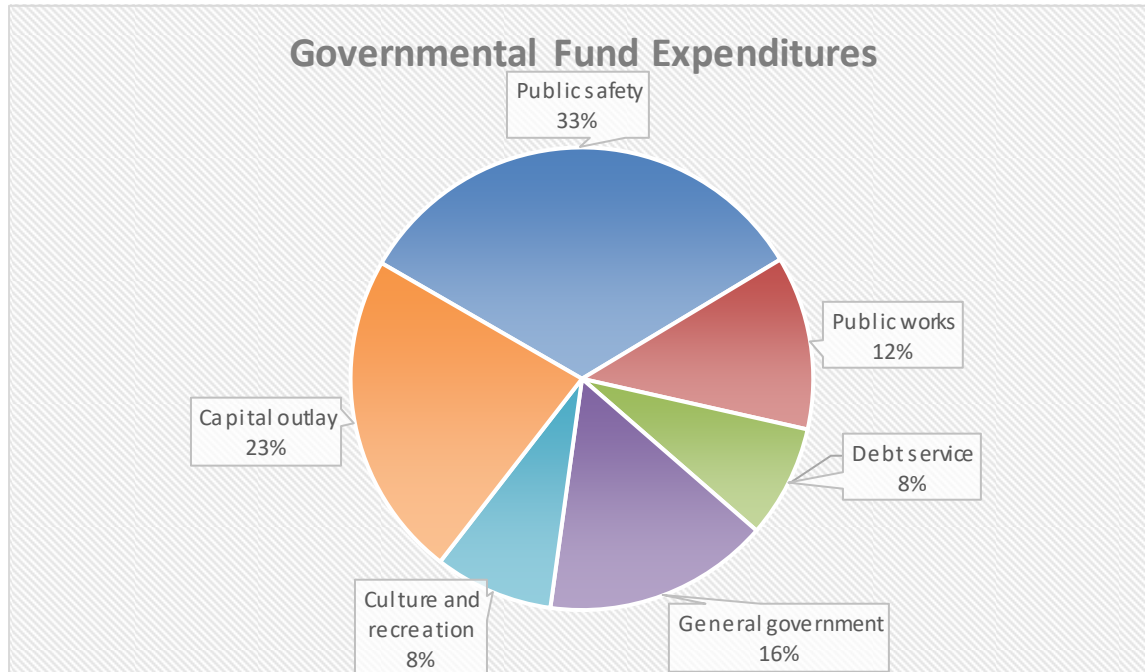
Governmental Expenditures

A summary of governmental expenditures is presented below:

Governmental Fund Expenditures		
Public safety	\$ 14,694,182	33.1%
Public works	5,392,009	12.1%
Debt service	3,501,672	7.9%
General government	7,019,675	15.8%
Culture and recreation	3,692,601	8.3%
Capital outlay	10,154,428	22.7%
	<u>\$ 44,454,567</u>	<u>100.0%</u>

Expenditures are graphically presented on the next page.

Governmental Expenditures (Continued)



This represents a decrease in expenditures of 28.5% (\$17.7 million) over the prior year.

The principal drivers of this decrease are a decrease in debt service expenditures of \$20.2 million over the prior year, a decrease in public works expenditures of \$4.3 million over the prior year, and an increase in capital outlay expenditures of \$3.9 million over the prior year.

- Debt service expenditures decreased \$20.2 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 in 2021, an extra \$755,000 payment was made on one of the outstanding warrants to reduce overall debt.
- Public works expenditures decreased \$4.3 million. This decrease was due to Hurricane Sally cleanup expenditures totaling \$6.2 million in 2021. The cleanup was completed in 2021. The decrease in Hurricane Sally expenditures was partially offset by an increase in other expenditures, most notably fuel and salaries. Annual expenditures overall were up due to the high inflation.
- Capital outlay expenditures increased \$3.9 million. A one-time land purchase was made in 2022 in the amount of \$1.42 million. Additional large capital expenditures included \$540,000 for the purchase of a new fire pumper and \$450,000 for the construction of a new restroom facility at a City park.

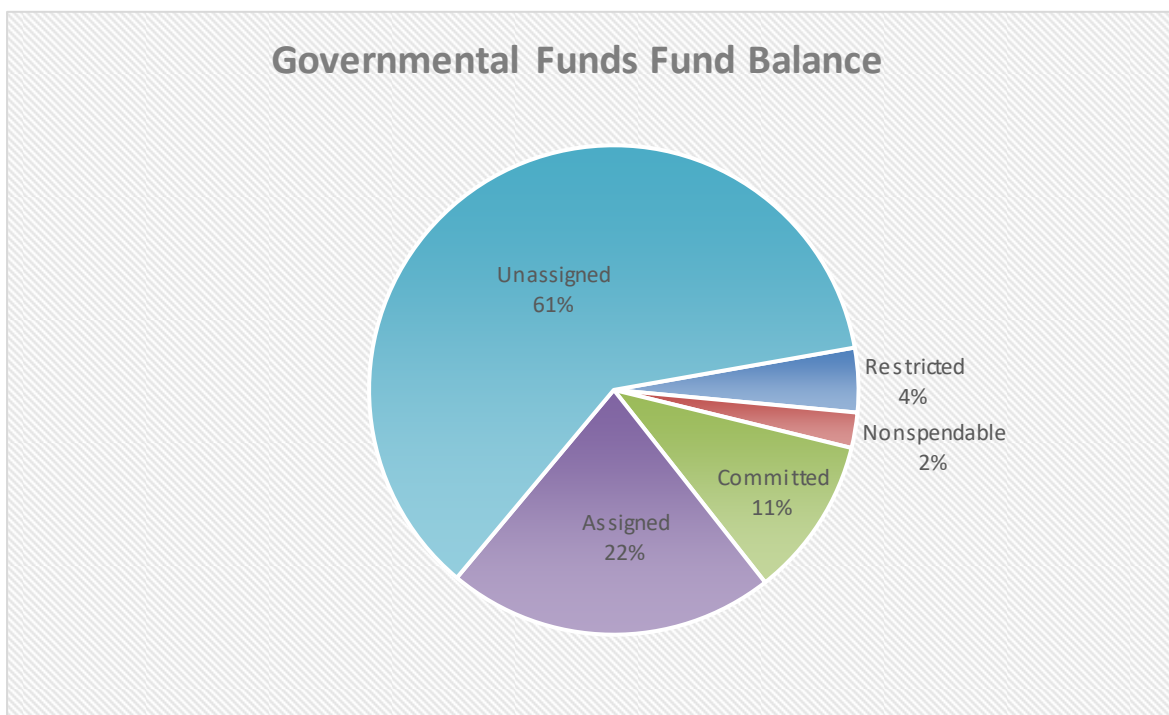
Departmental costs of \$30.8 million are the largest component of current fiscal year expenditures (69.3%). The department with the largest amount of governmental expenditures remains public safety at \$14.7 million (33.1% of total expenditures).

Personnel and related costs (included in departmental costs) make up over 47.02% of total expenditures and totaled \$20.9 million for the year.

Governmental Fund Balance

Total fund balance of the governmental funds as of September 30, 2022 is \$40.4 million. Of this amount, \$24.7 million is unassigned. An illustration of the total fund balance for governmental funds is presented below:

	2022	2021	Variance	% Change
Restricted	\$ 1,717,757	\$ 1,826,949	\$ (109,192)	-6.0%
Nonspendable	945,107	773,493	171,614	22.2%
Committed	4,280,787	4,772,152	(491,365)	-10.3%
Assigned	8,767,035	5,909,579	2,857,456	48.4%
Unassigned	24,724,161	22,249,938	2,474,223	11.1%
	<u>\$ 40,434,847</u>	<u>\$ 35,532,111</u>	<u>\$ 4,902,736</u>	<u>13.8%</u>



This represents a total fund balance increase of 13.8% (\$4.9 million) from the prior year. The General Fund fund balance increased 9.1% (\$2.2 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, \$608,000 was transferred from the governmental funds to subsidize enterprise fund operations. This amount represents 21.3% of the total enterprise funds revenues and transfers in. The total amount of transfers increased \$50,000 from the prior fiscal year.

Proprietary Funds (Continued)

The Solid Waste Fund required transfers of \$361,000 during the current fiscal year, an increase of 16.1% (\$50,000) from the prior year.

The Civic Center Fund required transfers of \$247,000 during the current fiscal year, which is identical to transfers from the prior year.

A summary and comparison of the enterprise funds' operating results for the 2022 and 2021 fiscal years are presented below:

	Solid Waste		Civic Center		TOTAL	
	2022	2021	2022	2021	2022	2021
Fees and charges	\$ 1,863,252	\$ 1,761,072	\$ 378,527	\$ 333,678	\$ 2,241,779	\$ 2,094,750
Other receipts	184,182	59,600	34,878	18,544	219,060	78,144
Transfers	361,627	311,391	246,523	246,496	608,150	557,887
Revenues	2,409,061	2,132,063	659,928	598,718	3,068,989	2,730,781
Personnel	950,983	912,449	309,911	277,145	1,260,894	1,189,594
Operating	1,433,670	1,191,153	350,017	321,573	1,783,687	1,512,726
Interest	24,408	28,461	-	-	24,408	28,461
Expenses	2,409,061	2,132,063	659,928	598,718	3,068,989	2,730,781
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 Capital Reserve Fund, the COVID-19 Relief Fund, the Solid Waste Fund, and the Civic Center 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 \$3.9 million received from the American Rescue Plan Act (ARPA) and has been a major fund since inception. With the implementation of GASB Statement 87, *Leases*, the Civic Center Fund is a major fund in 2022 due to the recording of a large long-term leasing agreement for the Civic Center facility.

General Fund (Governmental)

At the end of the current fiscal year, the total fund balance of the City's General Fund increased 9.1% (\$2.2 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 \$26.5 million, compared to \$24.3 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 7% (\$1.5 million) during the current fiscal year, over the cash and cash equivalents plus investments amount for the prior year. The increase is a direct result of the increase in fund balance for the year. In fiscal year 2022, \$5,000,000 was transferred to the investment account from excess cash held in the money market account.

As noted in others parts of the Management's Discussion and Analysis, the \$2.2 increase in fund balance is attributable to several things. Sales, use, and luxury tax increased \$1.7 million over fiscal year 2021. The population of Daphne increased 4.5% over last year contributing to the rise in this revenue. Additionally, several of the City's largest sales tax remitters are grocery stores and wholesalers, which showed significant increases due to the high inflation and corresponding cost of basic items needed by most households. Ad Valorem taxes increased \$591,000 due to the significant population growth and increase in number of households. The assessed value of property in the City increased 17.5% year over year. This was due to both new construction and also an overall increase in the value of property. The population increase and booming construction industry led to an increase of licenses and building permits of \$530,000 from the prior year. These large increases in revenue helped offset the high inflationary costs the City experienced in its day to day operations.

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 increased \$3.4 million, which approximated the amount the fund balance increased from fiscal year 2021. When the City transfers money from the General Fund for capital projects it can take one to two years to expend all of the funds while the projects are ongoing. There was a significant amount of projects started in fiscal year 2022 as seen from total transfers of \$5.3 million from the General Fund. The majority of these projects had not been completed as of the end of the year but are expected to be completed in fiscal year 2023.

COVID-19 Relief Fund (Governmental)

The COVID-19 Relief Fund reports funds received from the American Rescue Plan Act (ARPA) for COVID-19 relief. The City received 1.95 million in fiscal year 2021 and another \$1.95 million in fiscal year 2022. The funds received are considered deferred until the expenditure is incurred. There was very little activity in fiscal year 2022 resulting in the increase in cash and cash equivalents and the corresponding deferred revenue account. The majority of the funds is expected to be expended in fiscal year 2023.

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 2022 are comparable to the amount in fiscal year 2021 and there is no change in net position as the City General Fund provides monthly transfers to help offset the operating loss of this fund.

Civic Center Fund (Proprietary)

The Civic Center Fund is associated with the operation of the Civic Center, which includes renting the facility for both public and private events. With the exception of lease receivable and deferred lease inflow, the remaining total assets and liabilities in fiscal year 2022 are comparable to the amount in fiscal year 2021 and there is no change in net position as the City General Fund provides monthly transfers to help offset the operating loss of this fund. With the implementation of GASB Statement 87, *Leases*, the City recorded a lease receivable and a corresponding deferred lease inflow in the amount of \$559,428 for fiscal year 2022.

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 \$1.8 million. The final amended budget reflected revenues under expenditures by \$7.4 million. Actual results reflect an excess of revenues over expenditures (budgetary basis) of \$2.6 million. This \$10 million positive variance is due to actual revenues in excess of budget estimates by \$7.3 million, and budgeted departmental personnel and operating costs under budget estimates by \$1.3 million and \$739,000, respectively. Capital outlay costs were under budget by \$33,000 and transfers were under budget by \$693,000.

Revenues - The significant components that produced the excess of actual revenues over final budgeted estimates of \$7.3 million are:

- Sales, use and luxury taxes – The City was very conservative in the budgeting process due to the uncertainty of a possible recession and lingering effects of COVID-19. The excess of actual over final budgeted estimates of \$6 million reflects the continued, strong local economy as evidenced by increasing business activity and population growth and no effects from the aforementioned concerns. Sales, use, and luxury taxes showed an actual growth of \$1.7 million over fiscal year 2021. High inflation also contributed to this increase.
- Licenses and permits – The City was very conservative in the budgeting process for this category due to the uncertainty of a possible recession and a downturn in the construction industry. The excess of actual over final budgeted estimates of \$1.2 million reflects the current booming housing market with increased construction and housing improvements that continued into 2022 for the City. Certificates of occupancy for new residences and commercial buildings increased from 449 in fiscal year 2021 to 492 in fiscal year 2022.
- Interest and investment earnings – The deficit of actual over the final budgeted amount of (\$816,000) is directly attributable to the performance of the City investment account, which reported unrealized losses of \$780,000 in fiscal year 2022. The City holds this investment account for reserve cash purposes and does not intend to use these funds for operating purposes. With the overall market improving in fiscal year 2023, the investment account is currently recovering some of its losses in fiscal year 2022.
- Grants and contributions – The excess of actual over final budgeted amounts of \$1.4 million is directly attributable to FEMA proceeds received for Hurricane Sally recovery expenses. Expenses for the hurricane recovery were expended in fiscal years 2020 and 2021. However, the state portion of the proceeds in the amount of \$799,000 was not received until 2022 and therefore not budgeted. Additionally, Congress enacted a law in 2022 that increased FEMA's reimbursement portion of the costs for Hurricane Sally. The City received additional FEMA proceeds of \$525,000 in fiscal year 2022.

General Fund Budgetary Highlights (Continued)

Departmental costs – Significant components that produced the excess of actual departmental expenditures under final budgeted amounts of \$2.1 million are:

- Personnel actual expenditures are under final budgeted amounts by \$1.3 million (5.8%). The personnel component of the budget is estimated based on all positions being filled for the full year; vacancies are experienced during the year, so this results in actual expenditures normally being less than the budgeted amounts. Similar to the difficult labor market experienced across the country, the City is experiencing high turnover and significant difficulties in filling vacant positions. Significant personnel under budget components include:
 - General government – Human Resources 13% (\$49,000); Revenue 16% (\$27,000); Municipal Court 11% (\$27,000); Planning 20% (\$79,000); Building Maintenance 14% (\$56,000); and Janitorial 16% (\$16,000)
 - Public safety – Patrol 5% (\$141,000); Communications 9% (\$62,000); Animal Control 21% (\$42,000); and Building Inspection 7% (\$39,000)
 - Public works – Streets 36% (\$365,000); and Grounds 8% (\$80,000)
 - Culture and recreation – Recreation – Parks 17% (\$215,000); and Library 6% (\$52,000)
- Operating actual expenditures are less than final budgeted amounts by \$781,000 (8.5%). Significant operating expenditure components include:
 - Legislative 19% (\$31,000) under budget
 - Human Resources 11% (\$43,000) under budget
 - Finance 22% (\$37,000) under budget
 - Risk Management 5% (\$35,000) under budget
 - Police Administration 17% (\$57,000) under budget
 - Corrections 31% (\$31,000) under budget
 - Fire 5% (\$40,000) under budget
 - Mechanic shop net reimbursed costs 57% (\$93,000) under budget
 - Recreation Parks 13% (\$96,000) under budget
 - Athletic and Fitness Programs 25% (\$42,000) under budget
 - Library 15% (\$34,000) under budget

CAPITAL ASSET AND DEBT MANAGEMENT

Capital Assets

As of September 30, 2022, the City owned \$147.4 million (net of accumulated depreciation and amortization) 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.

Capital Assets (Continued)

The following table summarizes the City's capital assets by asset type:

	Governmental Activities		Business-Type Activities		TOTAL		% Change
	2022	2021	2022	2021	2022	2021	
Land	\$ 14,872,464	\$ 12,839,065	\$ -	\$ -	\$ 14,872,464	\$ 12,839,065	15.8%
Buildings	21,734,097	21,944,544	79,200	93,075	21,813,297	22,037,619	-1.0%
Other Improvements	19,771,466	20,817,389	-	-	19,771,466	20,817,389	-5.0%
Machinery and Eqpt	5,325,163	3,549,188	1,248,654	1,124,302	6,573,817	4,673,490	40.7%
Infrastructure	80,978,060	80,348,099	-	-	80,978,060	80,348,099	0.8%
Intangible Right-to-Use	33,666	-	-	-	33,666	-	100.0%
Constr in Progress	3,340,076	1,471,616	3,391	79,591	3,343,467	1,551,207	115.5%
TOTAL	\$ 146,054,992	\$ 140,969,901	\$ 1,331,245	\$ 1,296,968	\$ 147,386,237	\$ 142,266,869	3.6%

Overall, during the current fiscal year, governmental capital assets, net of accumulated depreciation, showed an increase of 3.6% 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, 2022, the City owed \$26.95 million in long-term warrants outstanding, and \$2.2 million in capital leases outstanding, of which \$2.98 million will mature during the upcoming fiscal year. The following table summarizes the long-term debt:

	Governmental Activities		Business-Type Activities		TOTAL	
	2022	2021	2022	2021	2022	2021
Warrants	\$ 26,950,794	\$ 29,210,000	\$ -	\$ -	\$ 26,950,794	\$29,210,000
Capital leases	1,047,606	634,438	1,161,792	1,337,655	2,209,398	1,972,093
	\$ 27,998,400	\$ 29,844,438	\$ 1,161,792	\$ 1,337,655	\$ 29,160,192	\$31,182,093

In fiscal year 2022, total principal payments on outstanding warrants amounted to \$2.3 million with no new warrant debt issued.

There were three new capital leases issued during the current fiscal year. The overall increase in the amount of capital leases outstanding of \$237,000 was the result of lease proceeds of \$1.03 million and lease principal payments of \$804,000 made during the current year.

See Notes 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.

Long-Term Debt (Continued)

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, 2022, the City's permissible debt limit exceeded actual debt by \$92.9 million. This debt margin is \$19.8 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 2023 General Fund budget reports an increase of 3.5% (\$870,000) in sales, use, and luxury taxes over the prior year budget. The City's sales and use tax revenue has been showing steady increases with no significant effects from the COVID-19 pandemic or other economic conditions. 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 \$11.4 million. At the end of the current fiscal year, the unassigned fund balance is 54% of the fiscal year 2022 General Fund revenues.

With an unassigned fund balance of the General Fund at the beginning of the upcoming fiscal year of \$24.7 million, the City Council continues to have the resource reserves to fund capital expenditures on a pay-as-you-go basis during the upcoming year.

There have been no significant changes made in the business-type activities through the first four months of the 2023 fiscal year. The City of Daphne continues to maintain a strong financial position that is aided by the continuing uptick in the local economy.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

These statements provide a summary overview of the financial position of all funds and the operating results by fund types for the City. 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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, equity in pooled cash	\$ 30,679,908	\$ 973,505	\$ 31,653,413
Investments	10,092,221	-	10,092,221
Receivables (net)	11,061,758	810,491	11,872,249
Due from Industrial Development Board	845,000	-	845,000
Inventories	395,937	-	395,937
Other assets	549,170	-	549,170
Capital assets:			
Non-depreciable	18,212,540	3,391	18,215,931
Depreciable, net	127,808,786	1,327,854	129,136,640
Intangible right-to-use, net	33,666	-	33,666
Total assets	<u>199,678,986</u>	<u>3,115,241</u>	<u>202,794,227</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred other post-employment benefits outflows	858,562	91,031	949,593
Deferred pension outflows	3,888,314	281,672	4,169,986
Total deferred outflows of resources	<u>4,746,876</u>	<u>372,703</u>	<u>5,119,579</u>
Total assets and deferred outflows of resources	<u>\$ 204,425,862</u>	<u>\$ 3,487,944</u>	<u>\$ 207,913,806</u>

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

STATEMENT OF NET POSITION, CONTINUED
AS OF SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 2,250,049	\$ 110,094	\$ 2,360,143
Accrued liabilities	488,128	23,512	511,640
Accrued interest payable	159,274	6,531	165,805
Bond deposits	117,003	-	117,003
Unearned revenue	-	63,184	63,184
Non-current liabilities:			
Due within one year:			
Compensated absences	245,195	14,413	259,608
Capital leases payable	313,926	361,375	675,301
Bonds payable	2,300,352	-	2,300,352
Due in more than one year:			
Other post-employment benefits liability	4,449,224	325,690	4,774,914
Net pension liability	3,222,416	297,775	3,520,191
Intangible right-to-use lease liability	36,919	-	36,919
Compensated absences	163,464	9,609	173,073
Capital leases payable	733,680	800,417	1,534,097
Bonds payable	26,501,213	-	26,501,213
Total liabilities	40,980,843	2,012,600	42,993,443
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	3,142,373	215,257	3,357,630
Deferred lease inflows	284,278	559,428	843,706
Deferred other post-employment benefits inflows	928,988	93,785	1,022,773
Total deferred inflows of resources	4,355,639	868,470	5,224,109
NET POSITION			
Net investment in capital assets	116,205,821	169,453	116,375,274
Restricted for:			
Debt service	507,090	-	507,090
Law enforcement	275,570	-	275,570
Court and corrections	411,846	-	411,846
Streets and drainage	523,251	-	523,251
Unrestricted	41,165,802	437,421	41,603,223
Total net position	159,089,380	606,874	159,696,254
Total liabilities, deferred inflows of resources, and net position	<u>\$ 204,425,862</u>	<u>\$ 3,487,944</u>	<u>\$ 207,913,806</u>

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and Contributions	Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 7,188,850	\$ 5,716,094	\$ 3,403	\$ -
Public safety	15,189,249	2,476,185	19,607	132,880
Public works	11,124,032	132,063	514,596	7,119,694
Culture and recreation	5,386,224	361,401	116,802	4,947
Interest and costs on long-term debt	641,688	-	-	-
Total governmental activities	39,530,043	8,685,743	654,408	7,257,521
Business-type activities:				
Solid Waste	2,409,061	1,863,252	-	-
Civic Center	659,928	383,367	-	-
Total business-type activities	3,068,989	2,246,619	-	-
Total primary government	\$ 42,599,032	\$ 10,932,362	\$ 654,408	\$ 7,257,521

General revenues and transfers:

Sales, use, and luxury taxes

Ad valorem taxes

Investment loss and interest earnings (loss)

Miscellaneous revenue

Gain on disposal of assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Prior period adjustments

Restated net position, beginning of the year

Net position, end of year

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

STATEMENT OF ACTIVITIES - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (1,469,353)	\$ -	\$ (1,469,353)
(12,560,577)	-	(12,560,577)
(3,357,679)	-	(3,357,679)
(4,903,074)	-	(4,903,074)
(641,688)	-	(641,688)
(22,932,371)	-	(22,932,371)
-	(545,809)	(545,809)
-	(276,561)	(276,561)
-	(822,370)	(822,370)
(22,932,371)	(822,370)	(23,754,741)
30,651,129	-	30,651,129
8,354,152	-	8,354,152
(738,142)	26,039	(712,103)
124,645	-	124,645
48,931	188,181	237,112
(608,150)	608,150	-
37,832,565	822,370	38,654,935
14,900,194	-	14,900,194
144,192,652	606,874	144,799,526
(3,466)	-	(3,466)
144,189,186	-	144,796,060
<u>\$ 159,089,380</u>	<u>\$ 606,874</u>	<u>\$ 159,696,254</u>

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

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2022

	General Fund	Capital Reserve Fund	COVID-19 Relief Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, equity in pooled cash	\$ 12,698,176	\$ 8,070,950	\$ 3,419,583	\$ 6,491,199	\$ 30,679,908
Investments	10,092,221	-	-	-	10,092,221
Taxes receivable	10,265,573	-	-	144,716	10,410,289
Grants receivable	138,907	55,406	-	27,080	221,393
Other receivables	143,832	-	-	1,966	145,798
Lease receivable	284,278	-	-	-	284,278
Due from Industrial Development Board	845,000	-	-	-	845,000
Inventories	395,937	-	-	-	395,937
Other assets	549,170	-	-	-	549,170
Total assets	<u>\$ 35,413,094</u>	<u>\$ 8,126,356</u>	<u>\$ 3,419,583</u>	<u>\$ 6,664,961</u>	<u>\$ 53,623,994</u>
LIABILITIES					
Accounts payable	\$ 1,419,048	\$ 256,913	\$ 50,595	\$ 523,493	\$ 2,250,049
Accrued liabilities	487,905	-	-	223	488,128
Bond deposits	-	-	-	117,003	117,003
Total liabilities	<u>1,906,953</u>	<u>256,913</u>	<u>50,595</u>	<u>640,719</u>	<u>2,855,180</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - grant revenue	-	-	3,368,988	-	3,368,988
Deferred revenue - leases	284,278	-	-	-	284,278
Deferred revenue - property taxes	6,680,701	-	-	-	6,680,701
Total deferred inflows of resources	<u>6,964,979</u>	<u>-</u>	<u>3,368,988</u>	<u>-</u>	<u>10,333,967</u>
FUND BALANCES					
Nonspendable	945,107	-	-	-	945,107
Restricted	-	-	-	1,717,757	1,717,757
Committed	-	-	-	4,280,787	4,280,787
Assigned	871,894	7,869,443	-	25,698	8,767,035
Unassigned	24,724,161	-	-	-	24,724,161
Total fund balances	<u>26,541,162</u>	<u>7,869,443</u>	<u>-</u>	<u>6,024,242</u>	<u>40,434,847</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 35,413,094</u>	<u>\$ 8,126,356</u>	<u>\$ 3,419,583</u>	<u>\$ 6,664,961</u>	<u>\$ 53,623,994</u>

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, 2022**

Total fund balances, governmental funds		\$ 40,434,847
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	292,979,305	
Less: accumulated depreciation	<u>(146,924,313)</u>	146,054,992
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		4,746,876
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	(26,950,794)	
Bond premium	(1,850,771)	
Obligations under capital leases	(1,047,606)	
Compensated absences	(408,659)	
Intangible right-to-use lease liability	(36,919)	
Accrued interest	<u>(159,274)</u>	(30,454,023)
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	(4,449,224)	
Net pension liability	(3,222,416)	
Deferred inflows of resources	<u>(4,071,361)</u>	(11,743,001)
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	6,680,701	
Grant revenue	<u>3,368,988</u>	<u>10,049,689</u>
Net position of governmental activities in the Statement of Net Position		<u>\$ 159,089,380</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, 2022

	General Fund	Capital Reserve Fund	COVID-19 Relief Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Sales, use, luxury	\$ 27,568,956	\$ -	\$ -	\$ 2,385,289	\$ 29,954,245
Property	7,377,139	-	-	-	7,377,139
Total taxes	34,946,095	-	-	2,385,289	37,331,384
Licenses and permits	4,438,217	-	-	-	4,438,217
Payments in lieu of taxes	2,711,495	-	-	-	2,711,495
Fines and forfeitures	346,893	-	-	299,773	646,666
Charges for services	883,908	-	-	5,458	889,366
Intergovernmental	696,883	252,481	-	31,130	980,494
Grants	1,530,903	82,720	65,286	173,434	1,852,343
Interest and investment earnings (loss)	(741,165)	566	-	2,457	(738,142)
Contributions and donations	765,048	50,000	-	2,506	817,554
Miscellaneous	172,948	11,800	-	627	185,375
Total revenues	45,751,225	397,567	65,286	2,900,674	49,114,752
EXPENDITURES					
Current:					
General government	6,312,404	7	-	707,264	7,019,675
Public safety	14,552,089	-	-	142,093	14,694,182
Public works	5,314,158	-	-	47,707	5,361,865
Culture and recreation	3,392,820	-	-	299,781	3,692,601
Hurricane Sally	30,144	-	-	-	30,144
Capital outlay	6,025,996	2,427,535	65,286	1,635,611	10,154,428
Debt service:					
Principal	39,721	-	-	2,696,739	2,736,460
Interest	2,816	-	-	762,396	765,212
Total expenditures	35,670,148	2,427,542	65,286	6,291,591	44,454,567
Excess (deficiency) of revenues over (under) expenditures	10,081,077	(2,029,975)	-	(3,390,917)	4,660,185
OTHER FINANCING SOURCES (USES)					
Transfers in	-	5,309,959	-	3,495,344	8,805,303
Transfers out	(8,713,453)	-	-	(700,000)	(9,413,453)
Issuance of debt	850,701	-	-	-	850,701
Total other financing sources (uses)	(7,862,752)	5,309,959	-	2,795,344	242,551
Net change in fund balances	2,218,325	3,279,984	-	(595,573)	4,902,736
Fund balances, beginning	24,322,837	4,589,459	-	6,619,815	35,532,111
Fund balances, ending	\$ 26,541,162	\$ 7,869,443	\$ -	\$ 6,024,242	\$ 40,434,847

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, 2022**

Net change in fund balances, total governmental funds \$ 4,902,736

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

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

Expenditures for capital assets	\$ 10,154,428	
Contributions of capital assets	3,874,833	
Less current year depreciation and amortization	<u>(9,017,344)</u>	5,011,917

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

Property taxes	977,013	
Grant revenue	<u>1,071,789</u>	2,048,802

In the Statement of Activities only the gain or loss on the disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.

Gain on the disposal of assets	48,931	
Proceeds from the sale of assets	<u>(48,931)</u>	-

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

Change in post-employment benefits and deferred inflows of resources	137,551	
Amortization of premium	149,169	
Change in net pension liability and deferred inflows of resources	(140,814)	
Change in compensated absences	(56,097)	
Change in accrued interest	<u>(25,645)</u>	64,164

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

Change in deferred outflows - post-employment benefits	304,093	
Change in deferred outflows - employer retirement contributions	<u>682,723</u>	986,816

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, 2022

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	(850,701)	
Principal and other debt service payments	<u>2,736,460</u>	<u>1,885,759</u>
Change in net position of governmental activities		<u>\$ 14,900,194</u>

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



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STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2022

	Major Fund		
	Solid Waste	Civic Center	Total
ASSETS			
Current assets:			
Cash, equity in pooled cash	\$ 810,156	\$ 163,349	\$ 973,505
Due from Utilities Board	154,357	-	154,357
Other receivables	95,431	1,275	96,706
Lease receivable	-	559,428	559,428
Total current assets	1,059,944	724,052	1,783,996
Noncurrent assets:			
Capital assets:			
Roads	135,102	-	135,102
Facilities	105,053	138,752	243,805
Vehicles	2,880,511	15,828	2,896,339
Rental equipment and supplies	-	26,388	26,388
Equipment and office furniture	92,370	169,530	261,900
Construction in progress	3,391	-	3,391
Total capital assets	3,216,427	350,498	3,566,925
Less: accumulated depreciation	(1,986,540)	(249,140)	(2,235,680)
Total noncurrent assets	1,229,887	101,358	1,331,245
Total assets	2,289,831	825,410	3,115,241
DEFERRED OUTFLOWS OF RESOURCES			
Deferred other post-employment benefits outflows	70,181	20,850	91,031
Deferred pension outflows	214,207	67,465	281,672
Total deferred outflows of resources	284,388	88,315	372,703
Total assets and deferred outflows of resources	\$ 2,574,219	\$ 913,725	\$ 3,487,944

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

STATEMENT OF NET POSITION, CONTINUED
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2022

	Major Fund		
	Solid Waste	Civic Center	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 89,308	\$ 20,786	\$ 110,094
Accrued liabilities	17,991	5,521	23,512
Interest payable	6,531	-	6,531
Unearned revenue	-	63,184	63,184
Compensated absences	9,779	4,634	14,413
Capital lease payable - current	361,375	-	361,375
Total current liabilities	<u>484,984</u>	<u>94,125</u>	<u>579,109</u>
Noncurrent liabilities:			
Capital lease payable - noncurrent	800,417	-	800,417
Compensated absences	6,520	3,089	9,609
Net pension liability	219,862	77,913	297,775
Other post-employment benefits liability	221,719	103,971	325,690
Total noncurrent liabilities	<u>1,248,518</u>	<u>184,973</u>	<u>1,433,491</u>
Total liabilities	<u>1,733,502</u>	<u>279,098</u>	<u>2,012,600</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred other post-employment benefits inflows	74,746	19,039	93,785
Deferred lease inflows	-	559,428	559,428
Deferred pension inflows	159,097	56,160	215,257
Total deferred inflows of resources	<u>233,843</u>	<u>634,627</u>	<u>868,470</u>
NET POSITION			
Net investment in capital assets	68,095	101,358	169,453
Unrestricted net position	538,779	(101,358)	437,421
Total net position	<u>606,874</u>	<u>-</u>	<u>606,874</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,574,219</u>	<u>\$ 913,725</u>	<u>\$ 3,487,944</u>

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, 2022

	Major Fund		
	Solid Waste	Civic Center	Total
OPERATING REVENUES			
Charges for services	\$ 1,863,252	\$ 378,527	\$ 2,241,779
Community events	-	4,840	4,840
Total operating revenues	1,863,252	383,367	2,246,619
OPERATING EXPENSES			
Wages	645,979	220,583	866,562
Overtime	40,232	5,826	46,058
Payroll related	71,224	21,952	93,176
Other personnel expense	193,548	61,550	255,098
Total personnel services	950,983	309,911	1,260,894
Advertising	14,447	10,745	25,192
Depreciation	409,755	19,709	429,464
Employee supplies and uniforms	6,782	671	7,453
Employee support	5,555	2,980	8,535
Equipment purchases, rentals, lease	16,707	49,557	66,264
Fuel	177,251	1,384	178,635
Garbage and recycle containers	41,987	-	41,987
Garbage and debris removal	-	3,331	3,331
Insurance	47,184	21,083	68,267
Landfill fees	324,243	-	324,243
Maintenance	238,240	31,237	269,477
Miscellaneous	115	-	115
Supplies	-	13,224	13,224
Other services	63,567	49,432	112,999
Professional services	87,487	12,011	99,498
Trustee assignments	-	10,569	10,569
Utilities	350	124,084	124,434
Total operating expenses	2,384,653	659,928	3,044,581
Operating loss	(521,401)	(276,561)	(797,962)
NON OPERATING REVENUES (EXPENSES)			
Gain (loss) on sale of assets	184,182	3,999	188,181
Interest income	-	26,039	26,039
Interest expense	(24,408)	-	(24,408)
Total non-operating revenues (expenses)	159,774	30,038	189,812
Loss before transfers	(361,627)	(246,523)	(608,150)
Transfers from other funds	361,627	246,523	608,150
Change in net position	-	-	-
Total net position, beginning	606,874	-	606,874
Total net position, ending	\$ 606,874	\$ -	\$ 606,874

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Major Fund		
	Solid Waste	Civic Center	Total
Cash flows from operating activities:			
Receipts from customers	\$ 1,767,774	\$ 542,550	\$ 2,310,324
Payments to suppliers	(1,015,229)	(348,396)	(1,363,625)
Payments to employees	(994,627)	(504,151)	(1,498,778)
Net cash used in operating activities	(242,082)	(309,997)	(552,079)
Cash flows from noncapital financing activities:			
Net contributions from other funds	361,627	246,523	608,150
Net cash provided by noncapital financing activities	361,627	246,523	608,150
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(366,252)	-	(366,252)
Interest paid on capital debt	(26,545)	-	(26,545)
Purchases of capital assets	(264,405)	(8,947)	(273,352)
Proceeds from disposal of capital assets	184,182	3,999	188,181
Net cash used in capital and financing activities	(473,020)	(4,948)	(477,968)
Cash flows from investing activities:			
Interest income	-	26,039	26,039
Net cash provided by investing activities	-	26,039	26,039
Net change in cash and cash equivalents	(353,475)	(42,383)	(395,858)
Equity in pooled cash, beginning	1,163,631	205,732	1,369,363
Equity in pooled cash, ending	<u>\$ 810,156</u>	<u>\$ 163,349</u>	<u>\$ 973,505</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS, CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Major Fund		
	Solid Waste	Civic Center	Total
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (521,401)	\$ (276,561)	\$ (797,962)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	409,755	19,709	429,464
Change in assets and liabilities:			
Receivables	(95,478)	180,686	85,208
Deferred outflows of resources	(45,647)	(13,759)	(59,406)
Accounts payable	8,686	(18,088)	(9,402)
Accrued expenses	1,812	(219)	1,593
Unearned revenue	-	(21,503)	(21,503)
Compensated absences	(465)	1,649	1,184
Deferred inflows of resources	109,630	(151,358)	(41,728)
Net pension liability	(128,328)	(36,469)	(164,797)
Other post-employment benefits liability	19,354	5,916	25,270
Net cash used in operating activities	<u>\$ (242,082)</u>	<u>\$ (309,997)</u>	<u>\$ (552,079)</u>
Non cash investing and financing activities:			
Purchase of capital assets from initiation of capital lease	<u>\$ 190,389</u>	<u>\$ -</u>	<u>\$ 190,389</u>

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2022

	OPEB Trust Fund	Custodial Funds
ASSETS		
Cash, equity in pooled cash	\$ 34,666	\$ 262,805
Investments:		
Equities	202,684	-
Other - marketable	18,501	-
Fixed Income	624,758	-
Total investments	<u>845,943</u>	<u>-</u>
Total assets	<u><u>880,609</u></u>	<u><u>262,805</u></u>
LIABILITIES		
Accounts payable	<u>-</u>	<u>30,524</u>
Total liabilities	<u>-</u>	<u>30,524</u>
NET POSTION		
Restricted for:		
Reserve for claims	-	232,281
OPEB	<u>880,609</u>	<u>-</u>
Total net position	<u>880,609</u>	<u>232,281</u>
Total liabilities and net postion	<u><u>\$ 880,609</u></u>	<u><u>\$ 262,805</u></u>

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, 2022

	OPEB Trust Fund	Custodial Funds
Additions:		
Employer contributions	\$ 250,000	\$ -
Employee contributions	-	194,236
Investment Income:		
Net decrease in fair value of investments	(196,375)	-
Interest and dividends	18,545	-
Net investment income	(177,830)	-
Total additions	<u>72,170</u>	<u>194,236</u>
Deductions:		
Administrative expense	5,452	-
Dental payments for employees	-	183,254
Total deductions	<u>5,452</u>	<u>183,254</u>
Net increase in fiduciary net position	<u>66,718</u>	<u>10,982</u>
Net position - beginning	<u>813,891</u>	<u>221,399</u>
Net position - ending	<u><u>\$ 880,609</u></u>	<u><u>\$ 232,381</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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, 2022

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 Adjustment

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, 2022

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 on 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, 2022

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 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 funds:

- The Solid Waste Fund - This fund is associated with the City's self-collection of refuse and recycling materials.
- The Civic Center Fund – This fund is associated with the operation of the Civic Center, which includes renting the facilities for both public and private social events, as well as providing entertainment through certain City-sponsored events.

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, 2022

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, 2022, 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, 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, 2022

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, 2022, 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, 2022 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, 2022

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, 2022

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.

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, 2022

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, 2022

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, 2022

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 principle 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 instead 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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Recently Issued Accounting Pronouncements

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 implemented GASB 87 in fiscal year 2022. See Notes 8 and 12 for the impact on the 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 implemented GASB 89 in fiscal year 2022 with no significant impact to the 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 implemented GASB 92 in fiscal year 2022 with no significant impacts to the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 were due immediately in FY 2021 with the remaining requirements effective for fiscal year 2022. All 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 issued 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 implemented the requirements in fiscal year 2021 with use of the new terminology throughout the report.

GASB Statement 99, *Omnibus 2022*, was issued to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of GASB 99 were due immediately in FY 2022 with the remaining requirements effective for fiscal years 2024 and 2025. The requirements of GASB 99 due immediately were implemented with no significant impact on the City's financial statements.

GASB Statement 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement 62, was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of GASB 100 are effective for fiscal year 2024. The City is currently evaluating the impact GASB 100 may have on its financial statements.

GASB Statement 101, *Compensated Absences*, was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of GASB 101 are effective for fiscal 2025. The City is currently evaluating the impact GASB 101 may have on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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 \$134,651 that is held in two investment accounts. The Securities Investor Protection Corporation (SIPC) insures balances up to \$500,000.

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

	Equity in Pooled Funds	Non Pooled Funds	Total Cash and Cash Equivalents
Primary Government:			
Governmental activities:			
General Fund	\$ 12,596,981	\$ 101,195	\$ 12,698,176
Capital Reserve Fund	-	8,070,950	8,070,950
COVID-19 Relief Fund	3,419,583	-	3,419,583
Other non major governmental funds	4,742,750	1,748,449	6,491,199
Total governmental activities	20,759,314	9,920,594	30,679,908
Business-type activities:			
Solid Waste Fund	810,156	-	810,156
Civic Center Fund	163,349	-	163,349
Total business-type activities	973,505	-	973,505
Total primary government	\$ 21,732,819	\$ 9,920,594	\$ 31,653,413

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.

In addition to state laws governing allowable investment instruments, the City initially 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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Deposits and investments at September 30, 2022 consist of the following:

CMO and Asset Backed Securities	\$ 1,894,902
United States Treasury Bonds and Notes	2,624,207
Mortgage Pools	262,581
Proprietary insured by US Government	1,866,153
Bond Mutual Funds	3,413,315
Investment in AMIC	31,063
	<u>\$ 10,092,221</u>

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, 2022 consist of the following:

Governmental activities:

Property, sales/use tax receivable	\$ 10,410,289
Grant receivables	221,393
Other receivables	430,076
Total governmental activities receivables	<u>\$ 11,061,758</u>

Business-type activities:

Due from other governments	\$ 154,357
Other receivables	96,706
Lease receivable	559,428
Total business-type activities receivables	<u>\$ 810,491</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, 2022 is \$845,000.

NOTES TO THE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022

NOTE 6 –INVENTORIES

Inventory valuation at September 30, 2022 consisted of the following:

Mechanical Shop parts and supplies	\$ 372,072
Vehicle fuel	<u>23,865</u>
	<u><u>\$ 395,937</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, 2022:

	Balance 10/1/2021	Additions	Reclass/ Transfers	Retirements	Balance 9/30/2022
Capital assets not being depreciated:					
Land	\$ 12,839,065	\$ 2,033,399	\$ -	\$ -	\$ 14,872,464
Construction in progress	<u>1,471,616</u>	<u>3,679,582</u>	<u>(1,811,122)</u>	<u>-</u>	<u>3,340,076</u>
Total capital assets not being depreciated	<u>14,310,681</u>	<u>5,712,981</u>	<u>(1,811,122)</u>	<u>-</u>	<u>18,212,540</u>
Capital assets being depreciated:					
Buildings	33,342,356	225,158	404,693	-	33,972,207
Other improvements	27,930,879	339,027	-	-	28,269,906
Machinery and equipment	15,360,519	2,295,844	796,881	(239,070)	18,214,174
Infrastructure	<u>188,131,364</u>	<u>5,456,251</u>	<u>566,630</u>	<u>-</u>	<u>194,154,245</u>
Total capital assets being depreciated	<u>264,765,118</u>	<u>8,316,280</u>	<u>1,768,204</u>	<u>(239,070)</u>	<u>274,610,532</u>
Less: accumulated depreciation					
Buildings	(11,397,812)	(840,298)	-	-	(12,238,110)
Other improvements	(7,113,490)	(1,384,950)	-	-	(8,498,440)
Machinery and equipment	(11,811,331)	(1,359,668)	42,918	239,070	(12,889,011)
Infrastructure	<u>(107,783,265)</u>	<u>(5,392,920)</u>	<u>-</u>	<u>-</u>	<u>(113,176,185)</u>
Total accumulated depreciation	<u>(138,105,898)</u>	<u>(8,977,836)</u>	<u>42,918</u>	<u>239,070</u>	<u>(146,801,746)</u>
Total capital assets being depreciated, net	<u>126,659,220</u>	<u>(661,556)</u>	<u>1,811,122</u>	<u>-</u>	<u>127,808,786</u>

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

NOTE 7 –CAPITAL ASSETS (Continued)

Intangible right-to-use assets:

Leased equipment	156,233	-	-	-	156,233
Less: accumulated amortization	(83,059)	(39,508)	-	-	(122,567)
Net intangible right-to-use-assets	<u>73,174</u>	<u>(39,508)</u>	<u>-</u>	<u>-</u>	<u>33,666</u>
Governmental activities capital assets, net	<u>\$ 141,043,075</u>	<u>\$ 5,011,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$146,054,992</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 310,981
Public safety	1,046,808
Public works	436,448
Culture and recreation	1,790,678
Infrastructure	<u>5,392,921</u>
	<u>\$ 8,977,836</u>

Business-type Activities

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2022:

	Balance 10/1/2021	Additions	Reclass/ Transfers	Retirements	Balance 9/30/2022
Capital assets not being depreciated:					
Construction in progress	\$ 79,591	\$ -	\$ (76,200)	\$ -	\$ 3,391
Total capital assets not being depreciated	<u>79,591</u>	<u>-</u>	<u>(76,200)</u>	<u>-</u>	<u>3,391</u>
Capital assets being depreciated:					
Buildings	243,805	-	-	-	243,805
Machinery and equipment	3,126,664	463,741	119,118	(524,896)	3,184,627
Infrastructure	<u>135,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,102</u>
Total capital assets being depreciated	<u>3,505,571</u>	<u>463,741</u>	<u>119,118</u>	<u>(524,896)</u>	<u>3,563,534</u>

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

NOTE 7 –CAPITAL ASSETS (Continued)

	Balance 10/1/2021	Additions	Reclass/ Transfers	Retirements	Balance 9/30/2022
Less: accumulated depreciation					
Buildings	(150,730)	(13,875)	-	-	(164,605)
Machinery and equipment	(2,002,362)	(415,589)	(42,918)	524,896	(1,935,973)
Infrastructure	(135,102)	-	-	-	(135,102)
Total accumulated depreciation	(2,288,194)	(429,464)	(42,918)	524,896	(2,235,680)
Total capital assets being depreciated, net	1,217,377	34,277	76,200	-	1,327,854
Business-type activities capital assets, net	\$ 1,296,968	\$ 34,277	\$ -	\$ -	\$ 1,331,245

Depreciation was charged in the amount of \$409,755 to the Solid Waste Fund and \$19,709 to the Civic Center Fund.

NOTE 8 – INTANGIBLE RIGHT-TO-USE ASSETS

In FY 2022, the City implemented the guidance in GASB Statement 87, *Leases*, and recognized the value of several pieces of equipment leased under long-term contracts. As of September 30, 2022, the City has four lease agreements in place for four pieces of heavy equipment. Details of the leasing arrangements are as follows:

In February 2019, the City leased a fairway mower to be used by the Recreation Department for a period of five years. The intangible right-to-use asset is being amortized over five years, the term of the current lease.

In June 2019, the City leased a 420F2IT Backhoe Loader to be used by the Streets Department for a period of four years. The intangible right-to-use asset is being amortized over four years, the term of the current lease.

In April 2020, the City leased a 333G Compact Loader to be used by the Grounds Department for a period of three years. The intangible right-to-use asset is being amortized over three years, the term of the current lease.

In May 2020, the City leased a 332G Skid Steer to be used by the Streets Department for a period of three years. The intangible right-to-use asset is being amortized over three years, the term of the current lease.

Terms of the aforementioned leases are described in Note 12.

NOTE 9 – INTERFUND TRANSFERS

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

NOTES TO THE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022

NOTE 9 – INTERFUND TRANSFERS (Continued)

Following is a summary of interfund transfers for the year ended September 30, 2022:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 8,713,453
Capital Reserve Fund	5,309,959	-
Debt Service Fund	3,494,045	-
Non-major special revenue funds	1,299	700,000
Enterprise funds	675,650	67,500
Totals	<u>\$ 9,480,953</u>	<u>\$ 9,480,953</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 \$5,242,459 to fund various capital projects during the year, including \$1,794,734 for the Bayfront Drive streetscape project and \$693,708 for the expansion of the Pickleball courts.
- 2) Debt Service Fund – Monthly transfers were made totaling \$2,794,045 to fund the current year debt service requirements.
- 3) Enterprise funds – Monthly transfers were made from the General Fund totaling \$675,650 to cover the net operating loss for the Solid Waste Fund and the Civic Center Fund.
- 4) Animal Shelter Fund - A one-time transfer in the amount of \$1,299 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 \$700,000 from the Lodging Tax Fund to the Debt Service Fund to cover its portion of the debt service requirements.

Additionally, there was a one-time transfer from the Solid Waste Fund to the Capital Reserve Fund in the amount of \$67,500 to transfer insurance proceeds received for the construction of a new Public Works building.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

NOTE 10 – CAPITAL LEASES

As of September 30, 2022, the City of Daphne has several capital lease obligations through three banks for various vehicles and equipment. Total minimum lease payments are as follows:

	Governmental Activities	Business-Type Activities	Total
2023	\$ 332,854	\$ 382,791	\$ 715,645
2024	297,268	360,312	657,580
2025	174,775	262,737	437,512
2026	158,056	165,161	323,217
2027 and thereafter	125,513	40,891	166,404
Total minimum lease payments	1,088,466	1,211,892	2,300,358
Less amount representing interest	(40,860)	(50,100)	(90,960)
Present value of minimum lease payments	<u>\$ 1,047,606</u>	<u>\$ 1,161,792</u>	<u>\$ 2,209,398</u>

The assets acquired through outstanding capital leases are shown below.

	Governmental Activities	Business-Type Activities
Equipment	\$ 1,906,197	\$ 1,976,706
Less: accumulated depreciation	(618,167)	(723,711)
	<u>\$ 1,288,030</u>	<u>\$ 1,252,995</u>

Depreciation expense for the year ended September 30, 2022 for assets under capital leases was \$254,092 for governmental activities and \$282,132 for business-type activities.

NOTE 11 – LONG TERM DEBT

The following is a description of general and limited obligation bonds/warrants at September 30, 2022:

\$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)

\$ 2,545,000

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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)

8,890,000

\$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)

2,785,000

\$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)

5,435,794

Total bonds and warrants payable

\$ 26,950,794

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

Fiscal Year Ending September 30	Principal	Interest	Total
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	2,475,363	519,958	2,995,321
2028-2032	8,216,724	1,703,812	9,920,536
2033-2037	6,060,000	592,875	6,652,875
2038-2042	765,000	22,950	787,950
	<u>\$ 26,950,794</u>	<u>\$ 5,469,260</u>	<u>\$ 32,420,054</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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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, 2022:

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022	Due Within One Year
<u>Governmental Activities:</u>					
Bonds and warrants payable	\$ 29,210,000	\$ -	\$ (2,259,206)	\$ 26,950,794	\$ 2,300,352
Plus: Bond premiums	1,999,940	-	(149,169)	1,850,771	-
Bonds and warrants payable, net	31,209,940	-	(2,408,375)	28,801,565	2,300,352
Obligations under capital lease	634,438	850,701	(437,533)	1,047,606	313,926
Compensated absences	352,562	700,867	(644,770)	408,659	245,195
Net pension liability	5,799,667	-	(2,577,251)	3,222,416	-
Other post-employment benefits	4,030,392	418,832	-	4,449,224	-
Total governmental activities	\$ 42,026,999	\$ 1,970,400	\$ (6,067,929)	\$ 37,929,470	\$ 2,859,473
<u>Business-type Activities:</u>					
Obligations under capital lease	\$ 1,337,655	\$ 190,389	\$ (366,252)	\$ 1,161,792	\$ 361,375
Compensated absences	22,838	42,043	(40,859)	24,022	14,413
Net pension liability	462,572	-	(164,797)	297,775	-
Other post-employment benefits	300,420	25,270	-	325,690	-
Total business-type activities	\$ 2,123,485	\$ 257,702	\$ (571,908)	\$ 1,809,279	\$ 375,788

NOTE 12 – INTANGIBLE RIGHT-TO-USE LEASE LIABILITY

In FY 2022, the City implemented the guidance in GASB Statement 87, *Leases*, for accounting and reporting leases that had been previously reported as operating leases. The City leases four pieces of heavy equipment with details of the leasing arrangements as follows:

The City leases a fairway mower from DLL Financial Solutions for a term of 60 months. The lease requires an annual payment of \$11,621, plus additional charges for excess usage and excluding applicable taxes.

The City leases a 420F2IT Backhoe Loader from CAT Financial for a term of 48 months. The lease requires quarterly payments of \$4,401, plus additional charges for excess usage and excluding applicable taxes.

The City leases a 333G Compact Loader from John Deere Financial for a term of 36 months. The lease requires an annual payment of \$7,621, plus additional charges for excess usage and excluding applicable taxes.

The City leases a 332G Skid Steer from John Deere Financial for a term of 36 months. The lease requires an annual payment of \$5,694, plus additional charges for excess usage and excluding applicable taxes.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

NOTE 12 – INTANGIBLE RIGHT-TO-USE LEASE LIABILITIES (Continued)

For purposes of discounting future payments on the leases, the City used the interest rate 4% (lessee's incremental borrowing rate) on its financing agreements to determine an appropriate discount rate. The lease equipment and accumulated amortization of the right-to-use assets are outlined in Note 8.

Minimum lease payments over the next five years are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2023	\$ 36,919	\$ 1,218	\$ 38,137
2024	-	-	-
Thereafter	-	-	-
	<u>\$ 36,919</u>	<u>\$ 1,218</u>	<u>\$ 38,137</u>

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, 2022, 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 \$706,492.

The City of Daphne's total indebtedness at September 30, 2022 was \$27,998,339. Of this total, \$26,244,302 is chargeable to the constitutional debt limit. This chargeable debt is equal to 4.7% of the total assessed value of real and personal property located within the City. This leaves a \$92,949,001 margin available for future borrowings. Based on the City of Daphne's 2020 census, the per capita debt is \$1,020.

NOTES TO THE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022

NOTE 15 – FUND BALANCES

A schedule of City fund balances at September 30, 2022 is provided below:

	General Fund	COVID-19 Relief Fund	Capital Reserve Fund	Non Major Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Inventory	\$ 395,937	\$ -	\$ -	\$ -	\$ 395,937
Prepaid items	549,170	-	-	-	549,170
Subtotal	945,107	-	-	-	945,107
Restricted for:					
Debt service	-	-	-	507,090	507,090
Streets and drainage	-	-	-	523,251	523,251
Law enforcement	-	-	-	275,570	275,570
Court and corrections	-	-	-	411,846	411,846
Subtotal	-	-	-	1,717,757	1,717,757
Committed to:					
Bayfront improvements	-	-	-	2,906,850	2,906,850
Recreation projects	-	-	-	489,069	489,069
Animal shelter	-	-	-	862,208	862,208
Landscaping	-	-	-	22,660	22,660
Subtotal	-	-	-	4,280,787	4,280,787
Assigned to:					
Library	-	-	-	25,698	25,698
Capital projects	-	-	7,869,443	-	7,869,443
Various purposes	871,894	-	-	-	871,894
Subtotal	871,894	-	7,869,443	25,698	8,767,035
Unassigned:	24,724,161	-	-	-	24,724,161
Total fund balances	\$26,541,162	\$ -	\$ 7,869,443	\$ 6,024,242	\$40,434,847

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 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control effective October 1, 2021.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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

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 15 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Eight 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. One full time employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - d. One full time employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - e. One full time employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - f. One full time employee of a participating employer other than a municipality, city or county 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. Benefits for ERS members vest after 10 years of creditable service. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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

State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of 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, including the City of Daphne, adopted Act 2019-132.

The ERS serves approximately 879 local participating employers and approximately 104,501 participants. As of September 30, 2021 (the measurement date), the City of Daphne membership consisted of:

Retirees and beneficiaries	
currently receiving benefits	80
Vested inactive members	11
Non-vested inactive members	50
Active members	300
Total	<u>441</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, 2022, the City's covered payroll was \$15,586,132. 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 6.13% of covered payroll.

The City's contractually required contribution rate for the year ended September 30, 2022 was 7.46% of pensionable pay for Tier 1 employees, and 5.47% of pensionable pay for Tier 2 employees.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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

These required contribution rates are based upon the actuarial valuation dated September 30, 2019, 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 \$1,016,396 for the year ended September 30, 2022.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020, rolled forward to September 30, 2021, using standard roll-forward techniques shown in the following table:

	Expected	Actual Before Act 2019-132	Actual After Act 2019-132	Actual After 2020 Experience Study
(a) TPL as of September 30, 2019	\$ 40,473,338	\$ 40,823,645	\$ 40,823,645	\$ 42,637,791
(b) Discount rate	7.70%	7.70%	7.70%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2020 - September 30, 2021	1,207,312	1,207,312	1,207,312	1,336,350
(d) Transfers among Employers	-	(48,846)	(48,846)	(48,846)
(e) Actual Benefit Payments and Refunds for the period October 1, 2019 - September 30, 2020	<u>(1,776,738)</u>	<u>(1,776,738)</u>	<u>(1,776,738)</u>	<u>(1,776,738)</u>
(f) TPL as of September 30, 2020 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5(b))]	<u>\$ 42,951,955</u>	<u>\$ 43,280,390</u>	<u>\$ 43,280,390</u>	<u>\$ 45,259,082</u>
(g) Difference between Expected and Actual		\$ 328,435		
(h) Less Liability Transferred for Immediate Recognition		<u>(48,846)</u>		
(i) Experience (Gain)/Loss = (g) - (h)		\$ 377,281		
(j) Difference between Actual TPL Before and After Act 2019-132 - Benefit Change (Gain)/Loss			\$ 655,710	
(j) Difference between Actual TPL Before and After 2020 Experience Study - Assumption Change (Gain)/Loss				\$ 1,978,692

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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

Actuarial assumptions. The total pension liability at September 30, 2021 was determined based on the annual funding valuation report prepared as of September 30, 2020. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected Salary increases	3.25% - 6.00%
Investment rate of return	7.45%, including inflation

Mortality rates were based on Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

The actuarial assumptions used in September 30, 2020 valuations were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Health Below Median	Male:+2, Female:+2	Male: 90% ages <65, 96% ages >=65 Female: 96% all ages
FLC/ State Police Service Retirees	Public Safety Healthy Below Median	Male:+1, Female:none	None
Beneficiaries	Contingent Survivor Below Median	Male:+2, Female:+2	None
Non-FLC Disabled Retirees	General Disability	Male:+7, Female:+3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male:+7, Female:none	None

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:

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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

	Target Allocation	Long-Term Expected Rate of Return *
Fixed Income	15.0%	2.8%
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%	9.0%
Real Estate	10.0%	6.5%
Cash Equivalents	5.0%	1.5%
Total	100.0%	

* Includes assumed rate of inflation of 2.00%.

Discount rate. The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. 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.

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, 2021. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2021. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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, 2020	\$ 40,473,338	\$ 34,211,099	\$ 6,262,239
Changes for the year:			
Service Cost	1,207,312	-	1,207,312
Interest	3,048,043	-	3,048,043
Changes of benefit terms	-	-	-
Changes of assumptions	1,978,692	-	1,978,692
Difference between expected and actual experience	377,281	-	377,281
Contributions - employer	-	813,810	(813,810)
Contributions - employee	-	949,387	(949,387)
Net investment income	-	7,590,179	(7,590,179)
Benefit payments, including refunds or employee contributions	(1,776,738)	(1,776,738)	-
Administrative expense	-	-	-
Transfers among employers	(48,846)	(48,846)	-
Net changes	<u>4,785,744</u>	<u>7,527,792</u>	<u>(2,742,048)</u>
Balances at September 30, 2021	<u>\$ 45,259,082</u>	<u>\$ 41,738,891</u>	<u>\$ 3,520,191</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 7.45%, 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 (6.45%) or 1 percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Plan's Net Pension Liability	\$ 9,531,760	\$ 3,520,191	\$ (1,481,363)

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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, 2022, the City recognized pension expense of \$1,016,396. At September 30, 2022, 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	\$ 1,114,913	\$ 344,224
Change of assumptions	2,100,195	-
Net difference between projected and actual earnings on plan investments	-	3,013,406
Employer contributions subsequent to the measurement date*	954,878	-
	<u>\$ 4,169,986</u>	<u>\$ 3,357,630</u>

*Employer contributions subsequent to the measurement date (\$954,878) 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, 2023. 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	
2023	\$ (25,139)
2024	48,950
2025	(448,145)
2026	(506,129)
2027	451,371
Thereafter	336,571
	<u>\$ (142,521)</u>

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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, 2022, the Plan's membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments (retirees)	23
Inactive employees entitled to but not yet receiving benefits	-
Active employees (employees)	274
Total	297

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, 2022

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, 2022:

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

Concentrations

The Trust has over 5% investment in the following funds: Fidelity Investment Grade Bond Fund, 25.68%; Baird Aggregate Bond Fund, 25.68%; PGIM High Yield Fund, 7.19%; and Vanguard 500 Index Fund, 5.28%.

Asset Class	Actual Asset Allocation
Fixed Income	73%
Equity	23%
Money Market/CD	4%

Rate of Return

For the year ended September 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -17.52%. 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, 2022

NOTE 17 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability

The components of the net OPEB liability of the City as of September 30, 2022 were as follows:

Total OPEB liability	\$ 5,655,524
Plan fiduciary net position	880,610
City's net OPEB liability	<u>\$ 4,774,914</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 15.57%

The City's net OPEB liability was measured as of September 30, 2022, 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, 2022 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, 2022 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, 2022 are summarized in the following table:

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

NOTES TO THE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022

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, 2022, the measurement date at the end of the applicable measurement period. The discount rate used as of September 30, 2021, 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, 2021	\$ 5,144,703	\$ 813,892	\$ 4,330,811
Changes for the year:			
Service cost	106,520	-	106,520
Interest cost at 5.5%	276,678	-	276,678
Changes of benefit terms	-	-	-
Difference between expected and actual experience	356,024	-	356,024
Employer contributions - Trust	-	250,000	(250,000)
Net investment income	-	(177,830)	177,830
Changes of assumptions	-	-	-
Benefit payments			
a. From Trust	-	-	-
b. Direct	(228,401)	-	(228,401)
Administrative expense	-	-	-
a. From Trust	-	(5,452)	5,452
b. Direct	-	-	-
Net changes	510,821	66,718	444,103
Balances at September 30, 2022	\$ 5,655,524	\$ 880,610	\$ 4,774,914

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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	\$ 5,773,792	\$ 4,774,915	\$ 3,941,222

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	\$ 3,921,613	\$ 4,774,915	\$ 5,792,145

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 \$214,554. At September 30, 2022, 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	\$ 183,455	\$ (13,931)
Net difference between projected and actual earnings on OPEB plan investments	165,036	-
Changes in assumptions	601,102	(1,008,842)
	<u>\$ 949,593</u>	<u>\$ (1,022,773)</u>

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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	
2023	\$ (122,607)
2024	(122,607)
2025	(118,497)
2026	69,999
2027	24,135
Thereafter	196,397
	<u>\$ (73,180)</u>

Payable to the OPEB Plan

At September 30, 2022, the City did not have any outstanding amount of contributions to the OPEB plan as required for the year ended September 30, 2022.

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, 2022. The projected outstanding commitments related to these projects is estimated by management to be \$8,125,000. The capital improvements in progress include several drainage projects, the Bayfront Drive Streetscape project, construction of a new Public Works storage building, expansion of Pickleball courts, renovation of an existing parking lot at the D'Olive Bay boat launch, and construction of sidewalks along US Highway 98.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

NOTE 20 – NON-MONETARY TRANSACTIONS

During the current fiscal year, non-monetary transactions totaled \$3,874,833. This is composed of land, street and drainage acceptances in Jubilee Farms subdivision, Phases 11 and 14, and French Settlement Subdivision, Phase 4A.

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, 2022, the City had encumbrance commitments in the General Fund in the amount of \$871,894. No other governmental funds had outstanding encumbrance commitments at year end.

NOTE 22 – CONCENTRATION – REVENUE SOURCE

The City receives approximately 7.2% of its annual sales, use, and luxury taxes from one business within the City of Daphne; the top ten businesses account for 36.05% 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. In the opinion of the City governmental officials and its legal counsel, the outcome of these legal proceedings is not likely to have a material adverse effect on the accompanying financial statements and accordingly, no 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, 2022 was \$154,357.

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

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, 2020 and the County began collecting and remitting the taxes to the City in October 2021.)

Fund Financial Statements:

The City recognizes the taxes collected by the County tax assessor within the first 60 days after September 30, 2022 as revenue. Such revenue totals \$949,468. Deferred revenue in the amount of \$6,680,701 is recognized and is reflective of the anticipated upcoming fiscal year collections for the October 1, 2022 (Fiscal 2022) levy.

Government-Wide Financial Statements:

The City recognizes total estimated property tax collections in the amount of \$7,630,170 for the October 1, 2021 tax assessment that is collected starting in October of 2022 (Fiscal 2023).

NOTE 26 – FEDERAL AND STATE GRANTS

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

NOTE 27 – 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 \$6,087,573)

Property (Limit \$71,459,553)

NOTES TO THE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

NOTE 28 – 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, 2022:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities:				
U.S. Treasuries	\$ 2,624,207	\$ 2,624,207	\$ -	\$ -
CMO and Asset backed securities	1,894,902	-	1,894,902	-
Mortgage pools	262,581	-	262,581	-
Bond mutual funds	3,413,315		3,413,315	
Proprietary insured by US Government	1,866,153	-	1,866,153	-
Investment in AMIC	31,063	-	-	31,063
	<u>\$ 10,092,221</u>	<u>\$ 2,624,207</u>	<u>\$ 7,436,951</u>	<u>\$ 31,063</u>

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

NOTE 29 – PRIOR PERIOD ADJUSTMENT

In fiscal year 2022, the City implemented the guidance in GASB Statement 87, *Leases*, for accounting and reporting leases that had been previously reported as operating leases. As a result, beginning net position on the government-wide statements was restated to reflect a reduction in the amount of \$3,466 to record beginning intangible right-to-use lease liability of \$76,640 and beginning intangible-right-to-use assets of \$73,174.

NOTE 30 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 27, 2023, 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, 2022

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Revenues				
Sales, use, and luxury taxes	\$ 22,937,642	\$ 22,937,642	\$ 27,568,956	\$ 4,631,314
Payments in lieu of taxes	2,700,000	2,700,000	2,711,495	11,495
Ad valorem taxes	6,948,490	6,948,490	7,377,139	428,649
Licenses and permits	3,282,600	3,282,600	4,438,217	1,155,617
Intergovernmental	380,662	380,662	696,883	316,221
Charges for services	760,575	767,200	883,908	116,708
Fines and forfeitures	316,500	316,500	346,893	30,393
Interest and investment earnings	75,000	75,000	(741,165)	(816,165)
Grants and contributions	28,205	956,627	2,295,951	1,339,324
Miscellaneous	80,000	89,156	172,948	83,792
Total revenues	<u>\$ 37,509,674</u>	<u>\$ 38,453,877</u>	<u>\$ 45,751,225</u>	<u>\$ 7,297,348</u>
Expenditures				
<i>GENERAL GOVERNMENT</i>				
Legislative				
Personnel	\$ 263,538	\$ 271,877	\$ 270,480	\$ (1,397)
Operating	87,850	164,895	134,058	(30,837)
	<u>351,388</u>	<u>436,772</u>	<u>404,538</u>	<u>(32,234)</u>
Executive				
Personnel	455,010	478,650	466,036	(12,614)
Operating	47,250	45,481	19,850	(25,631)
Capital	40,000	34,424	34,423	(1)
	<u>542,260</u>	<u>558,555</u>	<u>520,309</u>	<u>(38,246)</u>
Community Events				
Personnel	178,154	186,401	183,611	(2,790)
Operating	499,200	499,200	470,757	(28,443)
	<u>677,354</u>	<u>685,601</u>	<u>654,368</u>	<u>(31,233)</u>
Information Tech Support				
Personnel	254,470	269,479	265,915	(3,564)
Operating	65,200	71,976	67,275	(4,701)
	<u>319,670</u>	<u>341,455</u>	<u>333,190</u>	<u>(8,265)</u>
Human Resources				
Personnel	349,940	367,976	319,089	(48,887)
Operating	319,735	388,478	345,538	(42,940)
Capital	41,436	34,565	31,000	(3,565)
	<u>711,111</u>	<u>791,019</u>	<u>695,627</u>	<u>(95,392)</u>

BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

		BUDGETED AMOUNTS		ACTUAL	Variance-
		Original	Final	Budgetary	(Under)Over
				Basis	Final Budget
Finance					
	Personnel	595,295	619,862	615,918	(3,944)
	Operating	176,850	172,360	134,875	(37,485)
		772,145	792,222	750,793	(41,429)
Revenue					
	Personnel	162,640	170,194	143,490	(26,704)
	Operating	31,100	29,482	19,130	(10,352)
		193,740	199,676	162,620	(37,056)
Municipal Court					
	Personnel	232,927	247,695	220,406	(27,289)
	Operating	110,300	110,300	101,602	(8,698)
		343,227	357,995	322,008	(35,987)
Legal/Risk Management					
	Operating- Legal	379,861	489,017	478,321	(10,696)
	Operating- Risk Management	660,700	771,801	736,706	(35,095)
	Capital	-	2,030,600	2,033,399	2,799
		1,040,561	3,291,418	3,248,426	(42,992)
Planning/Zoning					
	Personnel	315,145	404,706	325,770	(78,936)
	Operating	57,400	57,250	55,632	(1,618)
		372,545	461,956	381,402	(80,554)
Building Maintenance					
	Personnel	377,095	391,149	335,297	(55,852)
	Operating	64,750	54,429	51,859	(2,570)
	Capital	50,000	8,001	8,000	(1)
		491,845	453,579	395,156	(58,423)
City Hall Facilities Support					
	Operating	280,560	294,448	278,827	(15,621)
		280,560	294,448	278,827	(15,621)
Janitorial					
	Personnel	95,315	99,961	83,840	(16,121)
	Operating	12,500	10,813	11,100	287
		107,815	110,774	94,940	(15,834)
TOTAL GENERAL GOVERNMENT					
	Personnel	3,279,529	3,507,950	3,229,852	(278,098)
	Operating	2,793,256	3,159,930	2,905,530	(254,400)
	Capital	131,436	2,107,590	2,106,822	(768)
		6,204,221	8,775,470	8,242,204	(533,266)

BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

		BUDGETED AMOUNTS		ACTUAL	Variance-
		Original	Final	Budgetary	(Under)Over
				Basis	Final Budget
PUBLIC SAFETY					
Police Administration					
Personnel		478,810	514,122	498,520	(15,602)
Operating		329,290	340,974	283,764	(57,210)
Capital		-	31,780	31,780	-
		808,100	886,876	814,064	(72,812)
SWAT (Sp Weapons & Tactical Eqpt)					
Operating		15,925	15,925	13,337	(2,588)
		15,925	15,925	13,337	(2,588)
Traffic Homicide Investigation					
Operating		14,000	14,003	13,657	(346)
		14,000	14,003	13,657	(346)
Patrol					
Personnel		2,804,746	2,948,459	2,807,235	(141,224)
Operating		431,675	517,290	496,820	(20,470)
Capital		70,000	558,270	558,270	-
		3,306,421	4,024,019	3,862,325	(161,694)
Detective					
Personnel		1,641,060	1,839,685	1,856,833	17,148
Operating		184,525	180,235	159,499	(20,736)
		1,825,585	2,019,920	2,016,332	(3,588)
Communications					
Personnel		634,920	664,318	602,521	(61,797)
Operating		37,000	40,500	35,396	(5,104)
Capital		85,000	82,299	82,299	-
		756,920	787,117	720,216	(66,901)
Corrections					
Personnel		796,720	868,699	875,151	6,452
Operating		97,150	99,327	68,412	(30,915)
		893,870	968,026	943,563	(24,463)
Animal Control					
Personnel		197,835	205,208	162,762	(42,446)
Operating		46,800	59,540	49,592	(9,948)
		244,635	264,748	212,354	(52,394)

BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
Police Subtotal				
Personnel	6,554,091	7,040,491	6,803,022	(237,469)
Operating	1,156,365	1,267,794	1,120,477	(147,317)
Capital	155,000	672,349	672,349	-
	7,865,456	8,980,634	8,595,848	(384,786)
Central Communications				
Operating	10,000	29,580	26,878	(2,702)
	10,000	29,580	26,878	(2,702)
Fire				
Personnel	4,581,070	4,985,291	5,043,561	58,270
Operating	518,070	838,220	798,100	(40,120)
Capital	514,718	903,139	890,672	(12,467)
	5,613,858	6,726,650	6,732,333	5,683
Rescue				
Operating	23,850	24,110	20,988	(3,122)
	23,850	24,110	20,988	(3,122)
Building Inspections				
Personnel	525,734	545,490	506,112	(39,378)
Operating	66,400	70,565	47,644	(22,921)
Capital	80,000	80,000	72,496	(7,504)
	672,134	696,055	626,252	(69,803)
Code Enforcement				
Personnel	150,670	156,142	135,711	(20,431)
Operating	14,300	14,125	10,643	(3,482)
	164,970	170,267	146,354	(23,913)
Emergency Management				
Operating	13,000	13,000	10,880	(2,120)
	13,000	13,000	10,880	(2,120)
TOTAL PUBLIC SAFETY				
Personnel	11,811,565	12,727,414	12,488,406	(239,008)
Operating	1,801,985	2,257,394	2,035,610	(221,784)
Capital	749,718	1,655,488	1,635,517	(19,971)
	14,363,268	16,640,296	16,159,533	(480,763)

BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

		BUDGETED AMOUNTS		ACTUAL	Variance-
		Original	Final	Budgetary	(Under)Over
				Basis	Final Budget
PUBLIC WORKS					
Administration					
	Personnel	491,070	443,182	409,988	(33,194)
	Operating	125,900	110,137	106,164	(3,973)
	Capital	40,000	39,450	39,448	(2)
		656,970	592,769	555,600	(37,169)
Public Works Facilities Support					
	Operating	62,500	79,947	77,057	(2,890)
		62,500	79,947	77,057	(2,890)
Street					
	Personnel	783,680	1,016,023	651,322	(364,701)
	Operating	883,150	890,856	920,019	29,163
	Capital	138,000	203,180	202,879	(301)
		1,804,830	2,110,059	1,774,220	(335,839)
Street-Infrastructure					
	Operating	222,600	129,039	129,035	(4)
		222,600	129,039	129,035	(4)
Grounds					
	Personnel	791,260	1,005,393	925,547	(79,846)
	Operating	359,400	412,946	400,369	(12,577)
	Capital	115,000	117,784	102,852	(14,932)
		1,265,660	1,536,123	1,428,768	(107,355)
Museum					
	Personnel	16,435	17,370	16,262	(1,108)
	Operating	21,700	16,700	12,092	(4,608)
	Capital	-	10,051	10,051	-
		38,135	44,121	38,405	(5,716)
Grounds- Parks					
	Operating	111,400	150,988	139,773	(11,215)
	Capital	347,000	502,442	502,416	(26)
		458,400	653,430	642,189	(11,241)
Mowing					
	Personnel	520,495	615,142	631,051	15,909
	Operating	249,300	313,795	304,982	(8,813)
	Capital	200,000	200,100	206,493	6,393
		969,795	1,129,037	1,142,526	13,489

BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

		BUDGETED AMOUNTS		ACTUAL	Variance-
		Original	Final	Budgetary	(Under)Over
				Basis	Final Budget
Garage					
	Personnel	476,780	500,014	472,601	(27,413)
	Operating	159,200	163,722	70,523	(93,199)
	Capital	170,000	161,587	159,978	(1,609)
		805,980	825,323	703,102	(122,221)
MS4 Compliance					
	Operating	43,000	43,000	21,916	(21,084)
	Capital	-	125,369	126,951	1,582
		43,000	168,369	148,867	(19,502)
TOTAL PUBLIC WORKS					
	Personnel	3,079,720	3,597,124	3,106,771	(490,353)
	Operating	2,238,150	2,311,130	2,181,930	(129,200)
	Capital	1,010,000	1,359,963	1,351,068	(8,895)
		6,327,870	7,268,217	6,639,769	(628,448)
RECREATION & LIBRARY					
Recreation Parks					
	Personnel	1,034,405	1,301,180	1,086,442	(214,738)
	Operating	725,950	761,490	664,861	(96,629)
	Capital	876,435	858,984	856,737	(2,247)
		2,636,790	2,921,654	2,608,040	(313,614)
Recreation					
	Operating	161,150	190,860	168,604	(22,256)
	Capital	25,000	-	-	-
		186,150	190,860	168,604	(22,256)
Athletic and Fitness Programs					
	Personnel	42,805	44,128	45,734	1,606
	Operating	170,500	170,500	128,513	(41,987)
		213,305	214,628	174,247	(40,381)
Project Wise Program					
	Personnel	84,065	107,839	91,698	(16,141)
	Operating	69,350	68,350	60,869	(7,481)
		153,415	176,189	152,567	(23,622)
SAIL Site Program					
	Personnel	50,863	54,388	53,314	(1,074)
	Operating	19,602	19,602	16,430	(3,172)
		70,465	73,990	69,744	(4,246)

BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

		BUDGETED AMOUNTS		ACTUAL	Variance-
		Original	Final	Budgetary	(Under)Over
				Basis	Final Budget
Library					
Personnel		808,395	882,313	830,084	(52,229)
Operating		225,310	234,474	199,983	(34,491)
Capital		20,000	18,062	17,269	(793)
		1,053,705	1,134,849	1,047,336	(87,513)
TOTAL LIBRARY AND RECREATION					
Personnel		2,020,533	2,389,848	2,107,272	(282,576)
Operating		1,371,862	1,445,276	1,239,260	(206,016)
Capital		921,435	877,046	874,006	(3,040)
		4,313,830	4,712,170	4,220,538	(491,632)
Hurricane Sally					
Operating		-	-	30,146	30,146
		-	-	30,146	30,146
Debt Service					
Principal		-	-	39,721	39,721
Interest		-	-	2,816	2,816
		-	-	42,537	42,537
Total Expenditures					
Personnel		20,191,347	22,222,336	20,932,301	(1,290,035)
Operating		8,205,253	9,173,730	8,392,476	(781,254)
Debt Service		-	-	42,537	42,537
Capital		2,812,589	6,000,087	5,967,413	(32,674)
		31,209,189	37,396,153	35,334,727	(2,061,426)
Excess of Revenues Over Expenditures					
Before Other Financing Uses		6,300,485	1,057,724	10,416,498	9,358,774
OTHER FINANCING SOURCES/(USES)					
Capital Lease Proceeds		-	850,256	850,256	-
Transfers to Debt Service Fund		(2,724,044)	(2,794,044)	(2,794,044)	-
Transfers to Capital Reserve Fund		(850,000)	(5,166,512)	(5,166,512)	-
Transfer to Solid Waste Fund		(621,277)	(1,011,935)	(429,127)	582,808
Transfers to Civic Center Fund		(286,890)	(356,692)	(246,523)	110,169
		(4,482,211)	(8,478,927)	(7,785,950)	692,977
Total Revenues Over					
(Under) Expenditures		\$ 1,818,274	\$ (7,421,203)	\$ 2,630,548	\$ 10,051,751

BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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, 2022:

GAAP Revenues Over Expenditures	\$ 2,218,325
Encumbrances outstanding at:	
September 30, 2022	(871,894)
September 30, 2021	1,299,405
Encumbrances released during FY 2022	<u>(15,288)</u>
Budgetary Revenues over Expenditures	<u><u>\$ 2,630,548</u></u>



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

	2021	2020	2019	2018
Total pension liability				
Service Cost	\$ 1,207,312	\$ 1,047,182	\$ 1,016,908	\$ 980,412
Interest	3,048,043	2,762,544	2,615,666	2,503,491
Changes of benefit terms	-	655,710	-	-
Differences between expected and actual experience	377,281	955,818	43,498	(177,108)
Changes of assumptions	1,978,692	-	-	209,165
Benefit payments, including refunds of employee contributions	(1,776,738)	(1,689,189)	(1,572,504)	(1,504,465)
Transfers among employers	(48,846)	19,482	(137,723)	(310,889)
Net change in pension liability	4,785,744	3,751,547	1,965,845	1,700,606
Total pension liability - beginning	40,473,338	36,721,791	34,755,946	33,055,340
Total pension liability - ending (a)	\$ 45,259,082	\$ 40,473,338	\$ 36,721,791	\$ 34,755,946
Plan fiduciary net position				
Contributions - employer	\$ 813,810	\$ 675,213	\$ 721,366	\$ 626,766
Contributions - member	949,387	744,248	716,370	652,867
Net investment income	7,590,179	1,856,011	819,693	2,738,263
Benefit payments, including refunds of employee contributions	(1,776,738)	(1,689,189)	(1,572,504)	(1,504,465)
Transfers among employers	(48,846)	19,482	(137,723)	(310,889)
Net change in plan fiduciary net position	7,527,792	1,605,765	547,202	2,202,542
Plan net position - beginning	34,211,099	32,605,334	32,058,132	29,855,590
Plan net position - ending (b)	\$ 41,738,891	\$ 34,211,099	\$ 32,605,334	\$ 32,058,132
Net pension liability (a) - (b)	\$ 3,520,191	\$ 6,262,239	\$ 4,116,457	\$ 2,697,814
Plan fiduciary net position as a percentage of the total pension liability	92.22%	84.53%	88.79%	92.24%
Covered payroll	\$ 13,974,720	\$ 12,785,057	\$ 11,979,125	\$ 11,459,499
Net pension liability as a percentage of covered payroll	25.19%	48.98%	34.36%	23.54%

* 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

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

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION
LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Actuarially determined contribution	\$ 954,878	\$ 813,810	\$ 675,213	\$ 739,705
Contributions in relation to the actuarially determined contribution	954,878	813,810	675,213	739,705
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 15,586,132	\$ 13,974,720	\$ 12,785,057	\$ 11,979,125
Contributions as a percentage of covered payroll	6.13%	5.82%	5.28%	6.17%
	2018	2017	2016	2015
Actuarially determined contribution	\$ 626,766	\$ 636,895	\$ 639,362	\$ 633,226
Contributions in relation to the actuarially determined contribution	626,766	636,895	639,362	633,226
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 11,459,499	\$ 11,055,399	\$ 10,535,450	\$ 11,081,322
Contributions as a percentage of covered payroll	5.47%	5.76%	6.07%	5.71%

* 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 2022 were based on the September 30, 2019 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	16.6 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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service Cost	\$ 106,520	\$ 96,764	\$ 140,575	\$ 104,780	\$ 106,280
Interest	276,678	289,182	167,094	240,503	240,903
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	356,024	(390,855)	513,657	(451,267)	306,848
Changes of assumptions	-	-	(1,633,207)	841,543	(288,357)
Benefit payments	(228,401)	(216,494)	(207,502)	(207,502)	(165,191)
Net change in pension liability	510,821	(221,403)	(1,019,383)	528,057	200,483
Total OPEB liability - beginning	5,144,703	5,366,106	6,385,489	5,857,432	5,656,949
Total OPEB liability - ending (a)	<u>\$ 5,655,524</u>	<u>\$ 5,144,703</u>	<u>\$ 5,366,106</u>	<u>\$ 6,385,489</u>	<u>\$ 5,857,432</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 250,000	\$ 250,000	\$ 500,000	\$ -	\$ -
Contributions - member	-	-	-	-	-
Net investment income	(177,829)	43,841	27,181	-	-
Benefit payments	-	-	-	-	-
Administrative expense	(5,452)	(5,879)	(1,252)	-	-
Net change in fiduciary net position	66,719	287,962	525,929	-	-
Plan Fiduciary net position - beginning	813,891	525,929	-	-	-
Plan Fiduciary net position - ending (b)	<u>\$ 880,610</u>	<u>\$ 813,891</u>	<u>\$ 525,929</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 4,774,914</u>	<u>\$ 4,330,812</u>	<u>\$ 4,840,177</u>	<u>\$ 6,385,489</u>	<u>\$ 5,857,432</u>
 Covered payroll	 \$ 12,559,618	 \$ 12,076,556	 \$ 11,301,478	 \$ 10,866,806	 \$ 10,695,256
 Net OPEB liability as a percentage of covered payroll	 38.02%	 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

	2022	2021	2020
Actuarially determined contribution	\$ 404,503	\$ 429,793	\$ 452,204
Contributions in relation to the actuarially determined contribution			
Employer contributions to trust	250,000	250,000	500,000
Employer paid retiree premiums	228,401	216,494	207,502
Employer paid expenses	-	-	-
	<u>478,401</u>	<u>466,494</u>	<u>707,502</u>
Contribution deficiency (excess)	<u>\$ (73,898)</u>	<u>\$ (36,701)</u>	<u>\$ (255,298)</u>
Covered payroll	\$ 12,559,618	\$ 12,076,556	\$ 11,301,478
Contributions as a percentage of covered payroll	3.81%	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

	2022	2021	2020
Annual money-weighted rate of return, net of investment expense	1.27%	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

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. The majority of debt repayment transactions of the City flow through this fund.

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 District's bond debt.

COMBINING BALANCE SHEET - SUMMARY
NON MAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2022

	Special Revenue Funds	Debt Service Fund	Total Other Governmental Funds
ASSETS			
Cash, equity in pooled cash	\$ 5,984,109	\$ 507,090	\$ 6,491,199
Taxes receivable	144,716	-	144,716
Grants receivable	27,080	-	27,080
Other receivables	1,966	-	1,966
Total assets	<u>6,157,871</u>	<u>507,090</u>	<u>6,664,961</u>
LIABILITIES			
Accounts payable	523,493	-	523,493
Accrued liabilities	223	-	223
Bond deposits	117,003	-	117,003
Total liabilities	<u>640,719</u>	<u>-</u>	<u>640,719</u>
FUND BALANCES			
Restricted	1,210,667	507,090	1,717,757
Committed	4,280,787	-	4,280,787
Assigned	25,698	-	25,698
Total fund balances	<u>5,517,152</u>	<u>507,090</u>	<u>6,024,242</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 6,157,871</u>	<u>\$ 507,090</u>	<u>\$ 6,664,961</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - SUMMARY
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Special Revenue Funds	Debt Service Fund	Total Other Governmental Funds
REVENUES			
Sales, use, luxury taxes	\$ 2,385,289	\$ -	\$ 2,385,289
Fines and forfeitures	299,773	-	299,773
Charges for services	5,458	-	5,458
Intergovernmental	31,130	-	31,130
Grants	173,434	-	173,434
Interest and investment earnings (loss)	2,360	97	2,457
Contributions and donations	2,506	-	2,506
Miscellaneous	627	-	627
Total revenues	<u>2,900,577</u>	<u>97</u>	<u>2,900,674</u>
EXPENDITURES			
Current expenditures:			
General government	707,264	-	707,264
Public safety	142,093	-	142,093
Public works	47,707	-	47,707
Culture and recreation	299,781	-	299,781
Total current expenditures	1,196,845	-	1,196,845
Capital outlay	1,635,611	-	1,635,611
Debt service:			
Principal	-	2,696,739	2,696,739
Interest	-	762,396	762,396
Total expenditures	<u>2,832,456</u>	<u>3,459,135</u>	<u>6,291,591</u>
Excess (deficiency) of revenues over (under) expenditures	<u>68,121</u>	<u>(3,459,038)</u>	<u>(3,390,917)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,299	3,494,045	3,495,344
Transfers out	(700,000)	-	(700,000)
Total other financing sources (uses)	<u>(698,701)</u>	<u>3,494,045</u>	<u>2,795,344</u>
Net change in fund balances	(630,580)	35,007	(595,573)
Fund balances, beginning	6,147,732	472,083	6,619,815
Fund balances, ending	<u>\$ 5,517,152</u>	<u>\$ 507,090</u>	<u>\$ 6,024,242</u>

COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS
AS OF SEPTEMBER 30, 2022

	Four Cent	Seven Cent	Ten Cent	Flower	Animal Shelter	Federal Drug Recoveries
ASSETS						
Cash, equity in pooled cash	\$ 207,448	\$ 183,742	\$ 252,017	\$ 22,660	\$ 957,355	\$ 236,205
Taxes receivable	5,459	6,862	17,723	-	-	-
Grants receivable	-	27,080	-	-	-	-
Other receivable	-	-	-	-	-	-
Total assets	<u>212,907</u>	<u>217,684</u>	<u>269,740</u>	<u>22,660</u>	<u>957,355</u>	<u>236,205</u>
LIABILITIES						
Accounts payable	-	27,080	150,000	-	95,147	36,680
Accrued liabilities	-	-	-	-	-	-
Bond deposits	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>27,080</u>	<u>150,000</u>	<u>-</u>	<u>95,147</u>	<u>36,680</u>
FUND BALANCES						
Restricted	212,907	190,604	119,740	-	-	199,525
Committed	-	-	-	22,660	862,208	-
Assigned	-	-	-	-	-	-
Total fund balances	<u>212,907</u>	<u>190,604</u>	<u>119,740</u>	<u>22,660</u>	<u>862,208</u>	<u>199,525</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 212,907</u>	<u>\$ 217,684</u>	<u>\$ 269,740</u>	<u>\$ 22,660</u>	<u>\$ 957,355</u>	<u>\$ 236,205</u>

State Drug Recoveries	Library	Mun Court: Eq/Training	Corrections/ Court	Lodging Tax	Renaissance Center	Total
\$ 76,045	\$ 26,144	\$ 42,898	\$ 524,104	\$ 3,455,491	\$ -	\$ 5,984,109
-	-	-	-	114,672	-	144,716
-	-	-	-	-	-	27,080
-	-	-	1,966	-	-	1,966
76,045	26,144	42,898	526,070	3,570,163	-	6,157,871
-	446	445	39,451	174,244	-	523,493
-	-	-	223	-	-	223
-	-	-	117,003	-	-	117,003
-	446	445	156,677	174,244	-	640,719
76,045	-	42,453	369,393	-	-	1,210,667
-	-	-	-	3,395,919	-	4,280,787
-	25,698	-	-	-	-	25,698
76,045	25,698	42,453	369,393	3,395,919	-	5,517,152
\$ 76,045	\$ 26,144	\$ 42,898	\$ 526,070	\$ 3,570,163	\$ -	\$ 6,157,871

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Four Cent	Seven Cent	Ten Cent	Flower	Animal Shelter	Federal Drug Recoveries
REVENUES						
Sales, use, luxury taxes	\$ 61,810	\$ 78,140	\$ 199,283	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	132,041
Charges for services	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Grants	-	120,280	-	-	-	-
Interest and investment earnings	521	440	576	-	-	409
Contributions and donations	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-
Total revenues	62,331	198,860	199,859	-	-	132,450
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	106,046
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total current	-	-	-	-	-	106,046
Capital outlay	100,000	238,227	350,000	-	233,792	-
Total expenditures	100,000	238,227	350,000	-	233,792	106,046
Excess (deficiency) of revenues over (under) expenditures	(37,669)	(39,367)	(150,141)	-	(233,792)	26,404
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	1,299	-
Transfers out	-	-	-	-	-	-
Total other financing sources/(uses)	-	-	-	-	1,299	-
Net change in fund balances	(37,669)	(39,367)	(150,141)	-	(232,493)	26,404
Fund balances, beginning	250,576	229,971	269,881	22,660	1,094,701	173,121
Fund balances, ending	\$212,907	\$ 190,604	\$ 119,740	\$ 22,660	\$ 862,208	\$ 199,525

State Drug Recoveries	Library	Mun Court Eq/Training	Corrections Court	Lodging Tax	Renaissance Center	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,653,985	\$ 392,071	\$2,385,289
14,664	9,057	5,174	138,837	-	-	299,773
-	5,458	-	-	-	-	5,458
-	31,130	-	-	-	-	31,130
-	53,154	-	-	-	-	173,434
130	-	75	209	-	-	2,360
-	2,506	-	-	-	-	2,506
627	-	-	-	-	-	627
15,421	101,305	5,249	139,046	1,653,985	392,071	2,900,577
-	-	6,659	60,436	248,098	392,071	707,264
-	-	-	36,047	-	-	142,093
-	-	-	-	47,707	-	47,707
-	96,321	-	-	203,460	-	299,781
-	96,321	6,659	96,483	499,265	392,071	1,196,845
-	-	-	-	713,592	-	1,635,611
-	96,321	6,659	96,483	1,212,857	392,071	2,832,456
15,421	4,984	(1,410)	42,563	441,128	-	68,121
-	-	-	-	-	-	1,299
-	-	-	-	(700,000)	-	(700,000)
-	-	-	-	(700,000)	-	(698,701)
15,421	4,984	(1,410)	42,563	(258,872)	-	(630,580)
60,624	20,714	43,863	326,830	3,654,791	-	6,147,732
\$ 76,045	\$ 25,698	\$ 42,453	\$ 369,393	\$ 3,395,919	\$ -	\$5,517,152

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
AS OF SEPTEMBER 30, 2022

	Self Insurance	Confiscated Funds	Flexible Spending Account	Total
ASSETS				
Cash, equity in pooled cash	\$ 232,281	\$ 10,480	\$ 20,044	\$ 262,805
Total assets	<u>\$ 232,281</u>	<u>\$ 10,480</u>	<u>\$ 20,044</u>	<u>\$ 262,805</u>
LIABILITIES				
Accounts payable	\$ -	\$ 10,480	\$ 20,044	\$ 30,524
Total liabilities	<u>-</u>	<u>10,480</u>	<u>20,044</u>	<u>30,524</u>
NET POSITION				
Restricted for:				
Reserve for claims	232,281	-	-	232,281
Total net position	<u>232,281</u>	<u>-</u>	<u>-</u>	<u>232,281</u>
Total liabilities and net position	<u>\$ 232,281</u>	<u>\$ 10,480</u>	<u>\$ 20,044</u>	<u>\$ 262,805</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Self Insurance	Confiscated Funds	Flexible Spending Account	Total
Additions:				
Employer contributions	\$ -	\$ -	\$ -	\$ -
Employee contributions	194,236	-	-	194,236
Total additions	194,236	-	-	194,236
Deductions:				
Dental payments for employees	183,254	-	-	183,254
Total deductions	183,254	-	-	183,254
Net increase in fiduciary net postion	10,982	-	-	10,982
Net position - beginning	221,399	-	-	221,399
Net position - ending	\$ 232,381	\$ -	\$ -	\$ 232,381

BUDGETARY COMPARISON SCHEDULE
COVID-19 RELIEF FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary	(Under)Over
			Basis	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Grants	-	-	65,286	65,286
Total revenues	-	-	65,286	65,286
EXPENDITURES				
Current:				
General government	-	-	-	-
Capital outlay	-	1,042,176	65,286	(976,890)
Total expenditures	-	1,042,176	65,286	(976,890)
Excess expenditures over revenue	-	(1,042,176)	-	1,042,176
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	\$ -	\$ (1,042,176)	\$ -	\$ (1,042,176)

BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Intergovernmental	\$ 215,000	\$ 215,000	\$ 252,481	\$ 37,481
Grants	-	82,722	82,720	(2)
Interest and investment earnings	1,000	1,000	566	(434)
Contributions and donations	-	-	50,000	50,000
Miscellaneous	-	-	11,800	11,800
Total revenues	216,000	298,722	397,567	98,845
EXPENDITURES				
Current:				
General government	-	-	7	7
Capital outlay	1,066,000	5,608,681	2,427,535	(3,181,146)
Total expenditures	1,066,000	5,608,681	2,427,542	(3,181,139)
Excess expenditures over revenue	(850,000)	(5,309,959)	(2,029,975)	3,279,984
OTHER FINANCING SOURCES (USES)				
Transfers in	850,000	5,309,959	5,309,959	-
Total other financing sources	850,000	5,309,959	5,309,959	-
Net change in fund balance	\$ -	\$ -	\$ 3,279,984	\$ (3,279,984)

BUDGETARY COMPARISON SCHEDULE
NON MAJOR DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary	(Under)Over
			Basis	Final Budget
REVENUES				
Interest and investment earnings	\$ -	\$ -	\$ 97	\$ 97
Total revenues	-	-	97	97
EXPENDITURES				
Debt service:				
Principal	2,645,231	2,704,231	2,696,739	(7,492)
Interest	778,813	789,813	762,396	(27,417)
Total expenditures	3,424,044	3,494,044	3,459,135	(34,909)
Excess expenditures over revenue	(3,424,044)	(3,494,044)	(3,459,038)	35,006
OTHER FINANCING SOURCES (USES)				
Transfers in	3,424,044	3,494,044	3,494,045	1
Total other financing sources	3,424,044	3,494,044	3,494,045	1
Net change in fund balance	\$ -	\$ -	\$ 35,007	\$ 35,007

BUDGETARY COMPARISON SCHEDULES
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Four Cent Gas Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary	(Under)Over
			Basis	Final Budget
REVENUES				
Sales, use, luxury taxes	\$ 57,000	\$ 57,000	\$ 61,810	\$ 4,810
Interest and investment earnings	750	750	521	(229)
Total revenues	57,750	57,750	62,331	4,581
EXPENDITURES				
Capital outlay	-	-	100,000	100,000
Total expenditures	-	-	100,000	100,000
Excess expenditures over revenue	57,750	57,750	(37,669)	(95,419)
Net change in fund balance	\$ 57,750	\$ 57,750	\$ (37,669)	\$ 95,419

Seven Cent Gas Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary	(Under)Over
			Basis	Final Budget
REVENUES				
Sales, use, luxury taxes	\$ 71,000	\$ 71,000	\$ 78,140	\$ 7,140
Grants	-	120,280	120,280	-
Interest and investment earnings	750	750	440	(310)
Total revenues	71,750	192,030	198,860	6,830
EXPENDITURES				
Capital outlay	-	138,228	238,227	99,999
Total expenditures	-	138,228	238,227	99,999
Excess expenditures over revenue	71,750	53,802	(39,367)	(93,169)
Net change in fund balance	\$ 71,750	\$ 53,802	\$ (39,367)	\$ 93,169

BUDGETARY COMPARISON SCHEDULES, CONTINUED
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Ten Cent Gas Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury taxes	\$ 145,000	\$ 145,000	\$ 199,283	\$ 54,283
Interest and investment earnings	750	750	576	(174)
Total revenues	145,750	145,750	199,859	54,109
EXPENDITURES				
Capital outlay	150,000	150,000	350,000	200,000
Total expenditures	150,000	150,000	350,000	200,000
Excess expenditures over revenue	(4,250)	(4,250)	(150,141)	(145,891)
Net change in fund balance	\$ (4,250)	\$ (4,250)	\$ (150,141)	\$ 145,891

Library Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Fines and forfeitures	\$ 11,000	\$ 11,000	\$ 9,057	\$ (1,943)
Charges for services	9,000	9,000	5,458	(3,542)
Intergovernmental	30,362	30,362	31,130	768
Grants	-	58,154	53,154	(5,000)
Contributions and donations	3,500	4,000	2,506	(1,494)
Total revenues	53,862	112,516	101,305	(11,211)
EXPENDITURES				
Current:				
Culture and recreation	53,862	112,516	96,321	(16,195)
Total expenditures	53,862	112,516	96,321	(16,195)
Excess revenue over expenditures	-	-	4,984	(4,984)
Net change in fund balance	\$ -	\$ -	\$ 4,984	\$ (4,984)

BUDGETARY COMPARISON SCHEDULES, CONTINUED
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Corrections and Court Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary	(Under)Over
			Basis	Final Budget
REVENUES				
Fines and forfeitures	\$ 130,000	\$ 130,000	\$ 138,837	\$ 8,837
Interest and investment earnings	500	500	209	(291)
Total revenues	130,500	130,500	139,046	8,546
EXPENDITURES				
Current:				
General government	83,000	83,000	60,436	(22,564)
Public safety	47,500	47,500	36,047	(11,453)
Total expenditures	130,500	130,500	96,483	(34,017)
Excess expenditures over revenue	-	-	42,563	42,563
Net change in fund balance	\$ -	\$ -	\$ 42,563	\$ (42,563)

Municipal Court Training and Equipment Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary	(Under)Over
			Basis	Final Budget
REVENUES				
Fines and forfeitures	\$ 4,500	\$ 4,500	\$ 5,174	\$ 674
Interest and investment earnings	100	100	75	(25)
Total revenues	4,600	4,600	5,249	649
EXPENDITURES				
Current:				
General government	1,950	1,950	6,659	4,709
Total expenditures	1,950	1,950	6,659	4,709
Excess expenditures over revenue	2,650	2,650	(1,410)	(4,060)
Net change in fund balance	\$ 2,650	\$ 2,650	\$ (1,410)	\$ 4,060

BUDGETARY COMPARISON SCHEDULES, CONTINUED
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Lodging Tax Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury taxes	\$ 1,289,743	\$ 1,289,743	\$ 1,653,985	\$ 364,242
Total revenues	1,289,743	1,289,743	1,653,985	364,242
EXPENDITURES				
Current:				
General government	193,462	193,462	248,098	54,636
Public works	-	50,202	47,707	(2,495)
Culture and recreation	280,000	71,120	203,460	132,340
Capital outlay	-	1,130,346	713,592	(416,754)
Total expenditures	473,462	1,445,130	1,212,857	(232,273)
Excess expenditures over revenue	816,281	(155,387)	441,128	596,515
OTHER FINANCING SOURCES (USES)				
Transfers out	(700,000)	(700,000)	(700,000)	-
Total other financing sources (uses)	(700,000)	(700,000)	(700,000)	-
Net change in fund balance	\$ 116,281	\$ (855,387)	\$ (258,872)	\$ 596,515

BUDGETARY COMPARISON SCHEDULES, CONTINUED
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Renaissance Center Fund:

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
REVENUES				
Sales, use, luxury taxes	\$ 327,500	\$ 327,500	\$ 392,071	\$ 64,571
Total revenues	327,500	327,500	392,071	64,571
EXPENDITURES				
Current:				
General government	327,500	327,500	392,071	64,571
Total expenditures	327,500	327,500	392,071	64,571
Excess expenditures over revenue	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

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.

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FINANCIAL TRENDS	130
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These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.

REVENUE CAPACITY	140
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These schedules contain information to help the reader assess the government's local revenue sources.

DEBT CAPACITY	147
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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	152
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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	154
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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 2022	FY 2021	FY 2020	FY 2019	FY 2018
Governmental activities					
Net investment in capital assets	\$ 116,205,821	\$ 109,125,523	\$ 97,095,352	\$ 89,146,653	\$ 73,073,736
Restricted	1,717,757	1,826,949	2,953,220	2,703,905	5,035,976
Unrestricted	41,165,802	33,240,180	24,284,779	16,869,717	17,262,207
Total governmental activities net position	\$ 159,089,380	\$ 144,192,652	\$ 124,333,351	\$ 108,720,275	\$ 95,371,919
Business-type activities					
Net investment in capital assets	\$ 169,453	\$ 290,106	\$ 140,858	\$ 287,908	\$ 362,045
Restricted	-	-	-	-	-
Unrestricted	437,421	316,768	466,016	318,966	244,829
Total business-type activities net position	\$ 606,874	\$ 606,874	\$ 606,874	\$ 606,874	\$ 606,874
Primary government					
Net investment in capital assets	\$ 116,375,274	\$ 109,415,629	\$ 97,236,210	\$ 89,434,561	\$ 73,435,781
Restricted	1,717,757	1,826,949	2,953,220	2,703,905	5,035,976
Unrestricted	41,603,223	33,556,948	24,750,795	17,188,683	17,507,036
Total primary government activities net position	\$ 159,696,254	\$ 144,799,526	\$ 124,940,225	\$ 109,327,149	\$ 95,978,793

NET POSITION BY ACTIVITY TYPE, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Governmental activities					
Net investment in capital assets	\$ 58,109,624	\$ 64,148,784	\$ 61,391,398	\$ 63,388,217	\$ 62,254,836
Restricted	14,546,308	4,352,194	4,114,055	3,436,535	2,919,881
Unrestricted	18,117,208	18,231,323	17,197,567	17,533,883	17,478,314
Total governmental activities net position	\$ 90,773,140	\$ 86,732,301	\$ 82,703,020	\$ 84,358,635	\$ 82,653,031
Business-type activities					
Net investment in capital assets	\$ 411,503	\$ 586,503	\$ 720,777	\$ 466,828	\$ 493,334
Restricted	-	-	-	-	-
Unrestricted	320,921	145,921	11,647	143,859	116,358
Total business-type activities net position	\$ 732,424	\$ 732,424	\$ 732,424	\$ 610,687	\$ 609,692
Primary government					
Net investment in capital assets	\$ 58,521,127	\$ 64,735,287	\$ 62,112,175	\$ 63,855,045	\$ 62,748,170
Restricted	14,546,308	4,352,194	4,114,055	3,436,535	2,919,881
Unrestricted	18,438,129	18,377,244	17,209,214	17,677,742	17,594,672
Total primary government activities net position	\$ 91,505,564	\$ 87,464,725	\$ 83,435,444	\$ 84,969,322	\$ 83,262,723

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
EXPENSES					
Governmental activities:					
General government	\$ 7,188,850	\$ 7,633,646	\$ 6,128,965	\$ 5,599,964	\$ 5,991,913
Public safety	15,189,249	14,455,896	13,052,501	12,260,317	11,973,798
Public works	11,124,032	15,984,626	12,030,285	9,255,484	9,144,870
Culture and recreation	5,386,224	3,335,908	2,749,007	3,484,797	2,909,886
Contribution to Utilities Board	-	-	-	12,551	224,705
Interest and costs on long term debt	641,688	1,328,992	1,208,059	2,045,633	1,678,214
Total governmental activities expenses	39,530,043	42,739,068	35,168,817	32,658,746	31,923,386
Business-type activities:					
Solid Waste	2,409,061	2,132,063	2,019,256	1,980,805	1,917,834
Civic Center	659,928	598,718	536,488	476,637	471,520
Bayfront Park	-	-	90,485	186,947	228,087
Total business-type activities expenses	3,068,989	2,730,781	2,646,229	2,644,389	2,617,441
Total primary government activities expenses	42,599,032	45,469,849	37,815,046	35,303,135	34,540,827
PROGRAM REVENUES					
Governmental activities:					
Fees and charges for services:					
General government	5,716,094	5,402,187	5,252,189	5,128,591	5,034,708
Public safety	2,476,185	2,027,506	2,259,117	1,743,544	1,619,721
Public works	132,063	40,196	101,811	823,980	101,829
Culture and recreation	361,401	253,339	154,582	193,206	108,705
Operating grants and contributions	654,408	5,412,605	2,011,040	179,252	248,280
Capital grants and contributions	7,257,521	12,922,457	11,155,739	9,700,436	6,454,560
Total governmental program activities revenues	16,597,672	26,058,290	20,934,478	17,769,009	13,567,803
Business-type activities:					
Fees and charges for services:					
Solid Waste	1,863,252	1,761,072	1,267,421	1,611,090	1,550,100
Civic Center	383,367	337,858	251,569	388,632	229,123
Bayfront Park	-	-	24,982	57,189	68,287
Operating grants and contributions	-	23,159	4,906	-	-
Total business-type activities revenues	2,246,619	2,122,089	1,548,878	2,056,911	1,847,510
Total primary government activities revenues	18,844,291	28,180,379	22,483,356	19,825,920	15,415,313
NET (EXPENSES) / REVENUES					
Governmental activities	\$ (22,932,371)	\$ (16,680,778)	\$ (14,234,339)	\$ (14,889,737)	\$ (18,355,583)
Business-type activities	(822,370)	(608,692)	(1,097,351)	(587,478)	(769,931)
Total primary government net expense	(23,754,741)	(17,289,470)	(15,331,690)	(15,477,215)	(19,125,514)

CHANGES IN NET POSITION, CONTINUED

LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
EXPENSES					
Governmental activities:					
General government	\$ 5,011,264	\$ 5,210,215	\$ 4,095,602	\$ 3,859,574	\$ 3,851,858
Public safety	11,510,234	10,839,294	10,540,355	10,551,783	9,993,644
Public works	9,567,947	10,103,725	8,958,122	9,962,074	8,463,551
Culture and recreation	2,981,534	2,837,070	2,682,066	2,828,313	2,672,960
Contribution to Utilities Board	1,075,420	364,363	-	-	-
Interest and costs on long term debt	1,569,279	1,687,530	1,908,810	1,921,906	1,945,618
Total governmental activities expenses	31,715,678	31,042,197	28,184,955	29,123,650	26,927,631
Business-type activities:					
Solid Waste	1,893,055	1,998,862	2,075,134	1,359,874	1,312,441
Civic Center	516,727	525,740	504,049	597,747	491,188
Bayfront Park	242,117	232,108	209,983	209,147	212,561
Total business-type activities expenses	2,651,899	2,756,710	2,789,166	2,166,768	2,016,190
Total primary government activities expenses	34,367,577	33,798,907	30,974,121	31,290,418	28,943,821
PROGRAM REVENUES					
Governmental activities:					
Fees and charges for services:					
General government	4,853,694	4,621,753	4,582,032	4,400,562	3,996,273
Public safety	1,266,204	1,253,702	1,621,665	1,163,401	1,259,980
Public works	127,433	112,707	234,174	58,914	6,597
Culture and recreation	100,430	117,495	107,612	136,956	151,412
Operating grants and contributions	315,312	1,333,091	211,613	124,118	263,800
Capital grants and contributions	4,828,176	4,178,497	1,563,187	3,625,683	2,592,709
Total governmental program activities revenues	11,491,249	11,617,245	8,320,283	9,509,634	8,270,771
Business-type activities:					
Fees and charges for services:					
Solid Waste	1,411,119	1,367,146	1,329,308	1,330,671	1,388,688
Civic Center	210,717	206,086	209,924	224,967	229,949
Bayfront Park	74,305	75,307	67,727	84,472	65,610
Operating grants and contributions	-	-	36,287	-	-
Total business-type activities revenues	1,696,141	1,648,539	1,643,246	1,640,110	1,684,247
Total primary government activities revenues	13,187,390	13,265,784	9,963,529	11,149,744	9,955,018
NET (EXPENSES) / REVENUES					
Governmental activities	\$ (20,224,429)	\$ (19,424,952)	\$ (19,864,672)	\$ (19,614,016)	\$ (18,656,860)
Business-type activities	(955,758)	(1,108,171)	(1,145,920)	(526,658)	(331,943)
Total primary government net expense	(21,180,187)	(20,533,123)	(21,010,592)	(20,140,674)	(18,988,803)

CHANGES IN NET POSITION, CONTINUED

LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities:					
General revenues					
Sales, use, and luxury taxes	30,651,129	28,889,599	23,589,566	21,837,498	20,665,705
Ad valorem taxes	8,354,152	7,113,864	6,641,675	6,318,657	6,088,719
Interest and investment earnings (loss)	(738,142)	92,550	386,567	482,378	62,517
Gain/(loss) on disposition of assets	48,931	82,326	(84,912)	82,951	1,765
Miscellaneous	124,645	919,627	71,527	74,494	55,507
Total general revenues	38,440,715	37,097,966	30,604,423	28,795,978	26,874,213
Transfers	(608,150)	(557,887)	(757,008)	(557,885)	(865,119)
Total governmental activities	37,832,565	36,540,079	29,847,415	28,238,093	26,009,094
Business-type activities:					
Gain/(loss) on disposition of assets	188,181	50,805	340,343	29,593	1,406
Interest and investment earnings (loss)	26,039				
Transfers	608,150	557,887	757,008	557,885	865,119
Total business-type activities	822,370	608,692	1,097,351	587,478	866,525
Total primary government	38,654,935	37,148,771	30,944,766	28,825,571	26,875,619
CHANGES IN NET POSITION					
Governmental activities	14,900,194	19,859,301	15,613,076	13,348,356	7,653,511
Business-type activities	-	-	-	-	96,594
Total primary government	\$ 14,900,194	\$ 19,859,301	\$ 15,613,076	\$ 13,348,356	\$ 7,750,105

CHANGES IN NET POSITION, CONTINUED

LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities:					
General revenues					
Sales, use, and luxury taxes	19,239,333	18,367,765	17,175,134	16,482,126	15,423,466
Ad valorem taxes	5,828,033	5,488,662	5,219,736	5,110,152	4,799,679
Interest and investment earnings	26,398	187,203	213,194	75,559	2,802
Gain/(loss) on disposition of assets	62,557	-	(78,360)	77,842	-
Miscellaneous	57,747	518,774	41,014	81,594	56,207
Total general revenues	25,214,068	24,562,404	22,570,718	21,827,273	20,282,154
Transfers	(948,770)	(1,108,171)	(1,529,222)	(497,455)	(408,190)
Total governmental activities	24,265,298	23,454,233	21,041,496	21,329,818	19,873,964
Business-type activities:					
Gain/(loss) on disposition of assets	6,988	-	722	-	-
Transfers	948,770	1,108,171	1,529,222	497,455	408,190
Total business-type activities	955,758	1,108,171	1,529,944	497,455	408,190
Total primary government	25,221,056	24,562,404	22,571,440	21,827,273	20,282,154
CHANGES IN NET POSITION					
Governmental activities	4,040,869	4,029,281	1,176,824	1,715,802	1,217,104
Business-type activities	-	-	384,024	(29,203)	76,247
Total primary government	\$ 4,040,869	\$ 4,029,281	\$ 1,560,848	\$ 1,686,599	\$ 1,293,351

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
General Fund					
Nonspendable	\$ 945,107	\$ 773,493	\$ 666,965	\$ 669,267	\$ 680,850
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	871,894	1,299,406	924,538	798,971	848,386
Unassigned	24,724,161	22,249,938	17,963,738	14,774,723	13,180,837
Total General Fund	\$ 26,541,162	\$ 24,322,837	\$ 19,555,241	\$ 16,242,961	\$ 14,710,073
All Other Governmental Funds					
Restricted	\$ 1,717,757	\$ 1,826,949	\$ 2,953,220	\$ 3,623,660	\$ 10,276,812
Committed	4,280,787	4,772,152	2,096,938	2,328,807	2,422,164
Assigned	7,895,141	4,610,173	4,137,154	2,449,983	3,647,501
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	13,893,685	11,209,274	9,187,312	8,402,450	16,346,477
Total All Governmental Funds	\$ 40,434,847	\$ 35,532,111	\$ 28,742,553	\$ 24,645,411	\$ 31,056,550

FUND BALANCES OF GOVERNMENTAL FUNDS, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
General Fund					
Nonspendable	\$ 672,414	\$ 425,200	\$ 413,384	\$ 445,276	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	1,047,284	633,724	200,121	235,433	278,081
Unassigned	12,239,966	12,671,707	10,967,353	9,460,898	10,583,878
Total General Fund	\$ 13,959,664	\$ 13,730,631	\$ 11,580,858	\$ 10,141,607	\$ 10,861,959
All Other Governmental Funds					
Restricted	\$ 14,546,308	\$ 4,352,194	\$ 4,114,055	\$ 3,436,535	\$ 2,919,881
Committed	2,176,032	1,861,490	2,854,833	2,198,674	1,635,200
Assigned	2,768,997	2,405,846	1,680,915	1,886,604	1,400,456
Unassigned	(13,961)	(13,961)	(685,893)	(487,888)	-
Total All Other Governmental Funds	19,477,376	8,605,569	7,963,910	7,033,925	5,955,537
Total All Governmental Funds	\$ 33,437,040	\$ 22,336,200	\$ 19,544,768	\$ 17,175,532	\$ 16,817,496

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Revenues					
Taxes	\$ 40,042,879	\$ 37,676,199	\$ 32,080,853	\$ 30,261,355	\$ 28,672,686
Licenses and permits	4,438,217	3,904,382	3,948,199	3,290,913	3,160,105
Intergovernmental	980,494	921,414	1,027,054	806,009	567,105
Charges for services	889,366	950,552	603,641	703,089	373,933
Fines and forfeitures	646,666	451,038	514,508	506,574	638,011
Grants and contributions	2,669,897	6,558,214	2,014,316	609,805	1,421,233
Interest and investment earnings	(738,142)	92,549	386,568	482,377	62,517
Other	185,375	816,109	181,978	923,049	116,460
Total Revenues	49,114,752	51,370,457	40,757,117	37,583,171	35,012,050
Expenditures					
General government	7,019,675	7,257,682	5,922,934	5,355,778	5,722,939
Public safety	14,694,182	12,402,484	11,676,554	11,367,514	10,925,824
Public works	5,392,009	9,656,550	6,157,112	4,187,278	4,095,667
Culture and recreation	3,692,601	2,944,392	2,416,496	2,552,217	2,162,526
Contribution to Utilities Board	-	-	-	12,551	224,705
	30,798,467	32,261,108	26,173,096	23,475,338	23,131,661
Debt Service					
Principal	2,736,460	22,490,219	3,283,782	4,053,293	3,555,258
Interest	765,212	1,051,956	1,247,695	1,390,608	1,542,661
Cost of debt issuance	-	159,812	-	91,475	10,750
	3,501,672	23,701,987	4,531,477	5,535,376	5,108,669
Capital outlay	10,154,428	6,224,358	5,355,019	16,240,719	9,571,655
Total Expenditures	44,454,567	62,187,453	36,059,592	45,251,433	37,811,985
Excess of Revenues					
Over (Under) Expenditures	4,660,185	(10,816,996)	4,697,525	(7,668,262)	(2,799,935)
Other Financing Sources (Uses)					
Transfers in	8,805,303	7,508,971	7,334,462	9,678,558	6,532,533
Transfers out	(9,413,453)	(8,066,858)	(8,091,470)	(10,236,443)	(7,397,652)
Issuance of debt	850,701	19,947	156,625	805,355	1,284,564
Refunding warrant proceeds (net of discounts)	-	18,144,494	-	10,394,024	-
Payment to refunded bond escrow agent	-	-	-	(9,384,371)	-
Total Other Financing Sources (Uses)	242,551	17,606,554	(600,383)	1,257,123	419,445
Net Change in Fund Balances	\$ 4,902,736	\$ 6,789,558	\$ 4,097,142	\$ (6,411,139)	\$ (2,380,490)
Debt Service as a Percentage of					
Non-Capital Expenditures	10.21%	42.07%	14.76%	18.77%	18.05%

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS, CONTINUED

LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Revenues					
Taxes	\$ 26,920,329	\$ 25,744,593	\$ 23,906,257	\$ 24,519,331	\$ 21,999,720
Licenses and permits	2,811,350	2,674,035	2,654,101	2,250,864	2,173,251
Intergovernmental	597,612	1,164,734	701,508	884,022	834,436
Charges for services	351,762	369,011	358,786	380,113	398,436
Fines and forfeitures	571,694	559,513	866,801	539,167	543,053
Grants and contributions	760,104	2,721,304	1,026,219	183,470	519,355
Interest and investment earnings	26,398	187,202	213,194	75,559	2,801
Other	175,873	666,584	213,797	268,052	659,498
Total Revenues	32,215,122	34,086,976	29,940,663	29,100,578	27,130,550
Expenditures					
General government	4,666,815	4,765,650	3,815,611	3,575,499	3,541,464
Public safety	10,240,081	9,999,719	9,737,257	9,740,349	9,079,296
Public works	4,230,430	5,042,520	3,927,456	5,008,458	3,932,144
Culture and recreation	2,223,838	2,094,896	1,957,963	2,105,906	1,990,272
Contribution to Utilities Board	1,075,420	364,363	-	-	-
	22,436,584	22,267,148	19,438,287	20,430,212	18,543,176
Debt Service					
Principal	3,806,154	3,603,942	4,562,582	2,766,201	2,792,936
Interest	1,474,359	1,247,830	1,600,130	1,833,561	1,870,017
Cost of debt issuance	21,500	121,150	124,738	-	-
	5,302,013	4,972,922	6,287,450	4,599,762	4,662,953
Capital outlay	4,997,475	5,199,050	4,468,018	3,215,113	6,304,061
Total Expenditures	32,736,072	32,439,120	30,193,755	28,245,087	29,510,190
Excess of Revenues					
Over (Under) Expenditures	(520,950)	1,647,856	(253,092)	855,491	(2,379,640)
Other Financing Sources (Uses)					
Transfers in	18,376,046	5,653,613	5,599,443	5,858,871	4,328,861
Transfers out	(19,324,816)	(6,761,784)	(6,744,641)	(6,356,326)	(4,737,051)
Issuance of debt	570,560	1,285,397	481,289	-	581,155
Refunding warrant proceeds (net of discounts)	12,000,000	9,281,737	9,983,232	-	-
Payment to refunded bond escrow agent	-	(8,315,387)	(7,034,096)	-	-
Total Other Financing Sources (Uses)	11,621,790	1,143,576	2,285,227	(497,455)	172,965
Net Change in Fund Balances	\$ 11,100,840	\$ 2,791,432	\$ 2,032,135	\$ 358,036	\$ (2,206,675)
Debt Service as a Percentage of					
Non-Capital Expenditures	19.04%	17.81%	23.96%	18.38%	20.09%

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
2022	\$ 28,076,698	\$ 223,562	\$ 2,711,495	\$ 7,377,139	\$ 1,653,985
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

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
2022	2.5%	3.0%	4.0%	9.5%
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%	2.0%	4.0%	8.5%
2013	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 2022 RANK	FY 2022 % of Total Taxable Sales	FY 2013 RANK	FY 2013 % of Total Taxable Sales
Sam's Club	1	7.20%	2	8.77%
Walmart Stores	2	6.81%	1	12.30%
Lowes Home Center	3	4.94%	3	4.95%
Target	4	3.66%	4	4.00%
Home Depot	5	3.47%	6	3.28%
Daphne Automotive	6	3.15%		
Publix	7	2.23%	9	2.33%
Tameron Automotive Eastern Shore	8	1.93%	8	2.39%
Terry Thompson Chevrolet	9	1.46%		
Tameron Coastal	10	1.19%		
Eastern Shore Toyota		2.09%	5	3.39%
Chris Myers			7	2.84%
Winn Dixie			10	1.94%

Source: City of Daphne's Revenue Department

* Data was only available for the top 10 organizations each year

NET ASSESSED VALUE OF ALL TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Total Direct Rates							
Fiscal Year Ended September 30	Real Property			Personal Property		Total Net Assessed Value	Total Direct Tax Rate
	Utilities	Residential Property	Commercial Property	Automobiles	Penalties		
2022	\$ 500,960	\$243,816,120	\$ 349,731,540	\$ 67,372,054	\$ 254,800	\$661,675,474	15.00
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

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 2022			FY 2013		
	Assessed Value	Rank	% of Total Net Assessed Value	Assessed Value	Rank	% of Total Net Assessed Value
Colonnade at Eastern Shore LLC	\$ 8,062,960	1	1.60%			
Audubon 344 LLC	7,876,100	2	1.56%			
Jubilee Square LLC	6,910,040	3	1.37%			
Ashley Gates Holdings LLC	6,171,500	4	1.22%			
Belforest Aparments LLC	5,979,180	5	1.19%			
Esfahani Real Estate Holdings	5,031,660	6	1.00%	\$ 2,103,560	7	0.61%
Palladian at Daphne LLC	4,609,060	7	0.91%			
OCP Whispering Pines LLC	4,304,380	8	0.85%			
D R Horton Inc - Birmingham	4,275,020	9	0.85%			
EGP Property LLC	3,979,880	10	0.79%			
L-A Daphne, LLC				5,182,020	1	1.50%
Myers Family Limited Partnership				2,964,980	2	0.86%
Audubon Park Apartments LLC				2,788,600	3	0.81%
Lowe's Home Centers Inc				2,416,200	4	0.70%
Whispering Pines Park LLC				2,376,800	5	0.69%
Walmart Real Estate Business Trust				2,242,080	6	0.65%
Health Care REIT Inc				2,068,200	8	0.60%
Sam's Real Estate Business Trust				1,999,780	9	0.58%
Tameron Properties LLC				1,998,980	10	0.58%

Source: Baldwin County Revenue Commissioner

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

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

	Direct Rate	Overlapping Rates**						Overlapping Rates**				
	City of Daphne	Baldwin County						State of Alabama				
						Health Care	Total County				Total State	Total Direct & Overlapping Rates
Fiscal Year	Operating Millage	General Millage	Road / Bridge Millage	Fire Millage	School Millage	Authority Millage	County Millage	General Millage	School Millage	Soldier Millage	State Millage	
2022	15.0	5.0	2.5	1.5	12.0	0.5	21.5	2.5	3.0	1.0	6.5	43.0
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

Source: Baldwin County Revenue Commissioner

** Overlapping rates are those of county and state governments that apply to property owners within the City of Daphne.

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
2022	\$ 7,630,109	\$ 6,943,619	91.00%	\$ -	\$ 6,943,619	91.00%
2021	6,729,663	6,721,981	99.89%	-	6,721,981	99.89%
2020	6,362,692	6,358,329	99.93%	3,936	6,362,265	99.99%
2019	6,066,142	6,060,319	99.90%	4,019	6,064,338	99.97%
2018	5,813,829	5,791,368	99.61%	3,364	5,794,732	99.67%
2017	5,464,020	5,457,542	99.88%	3,619	5,461,161	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%	4,545	4,894,091	99.91%
2014	4,740,854	4,715,793	99.47%	23,300	4,739,093	99.96%
2013	4,513,658	4,498,086	99.65%	10,580	4,508,666	99.88%

Source: Baldwin County Revenue Commissioner

Note: Property taxes are collected starting October 1 of the following year, thus 2022 collections represent collections received through the issuance of this report

LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Constitutional Debt Limit	\$ 119,193,303	\$ 101,497,841	\$ 94,959,482	\$ 90,674,320	\$ 87,170,767
Total Net Debt Applicable to Limit	(26,244,302)	(28,416,064)	(32,302,054)	(34,563,180)	(37,240,809)
Legal Debt Margin	\$ 92,949,001	\$ 73,081,777	\$ 62,657,428	\$ 56,111,140	\$ 49,929,958
 Total Net Debt Applicable to Limit as a Percentage of Debt Limit	 22.02%	 28.00%	 34.02%	 38.12%	 42.72%

Legal Debt Margin Calculation

Assessed Value	<u>\$ 595,966,514</u>	<u>\$ 507,489,207</u>	<u>\$ 474,797,409</u>	<u>\$ 453,371,598</u>	<u>\$ 435,853,834</u>
Debt Limit (20% of Total Assessed Value)	<u>\$ 119,193,303</u>	<u>\$ 101,497,841</u>	<u>\$ 94,959,482</u>	<u>\$ 90,674,320</u>	<u>\$ 87,170,767</u>
Debt Applicable to Limit:					
General Obligation Bonds	\$ 26,950,794	\$ 29,210,000	\$ 33,349,994	\$ 35,874,840	\$ 38,895,305
Less: Exempt Debt	(706,492)	(793,936)	(1,047,940)	(1,311,660)	(1,654,496)
Total Net Debt Applicable to Limit	\$ 26,244,302	\$ 28,416,064	\$ 32,302,054	\$ 34,563,180	\$ 37,240,809
Legal Debt Margin	\$ 92,949,001	\$ 73,081,777	\$ 62,657,428	\$ 56,111,140	\$ 49,929,958

LEGAL DEBT MARGIN, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR				
	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Constitutional Debt Limit	\$ 82,839,421	\$ 78,881,544	\$ 74,898,600	\$ 71,732,586	\$ 69,063,384
Total Net Debt Applicable to Limit	(39,986,229)	(30,882,844)	(33,291,384)	(33,914,432)	(36,335,750)
Legal Debt Margin	\$ 42,853,192	\$ 47,998,700	\$ 41,607,216	\$ 37,818,154	\$ 32,727,634
 Total Net Debt Applicable to Limit as a Percentage of Debt Limit	 48.27%	 39.15%	 44.45%	 47.28%	 52.61%

Legal Debt Margin Calculation

Assessed Value	<u>\$ 414,197,104</u>	<u>\$ 394,407,722</u>	<u>\$ 374,493,002</u>	<u>\$ 394,407,722</u>	<u>\$ 374,493,002</u>
Debt Limit (20% of Total Assessed Value)	<u>\$ 82,839,421</u>	<u>\$ 78,881,544</u>	<u>\$ 74,898,600</u>	<u>\$ 71,732,586</u>	<u>\$ 74,898,600</u>
Debt Applicable to Limit:					
General Obligation Bonds	\$ 41,972,457	\$ 33,270,204	\$ 36,038,064	\$ 37,007,732	\$ 39,634,250
Less: Exempt Debt	(1,986,228)	(2,387,360)	(2,746,680)	(3,093,300)	(3,298,500)
Total Net Debt Applicable to Limit	\$ 39,986,229	\$ 30,882,844	\$ 33,291,384	\$ 33,914,432	\$ 36,335,750
Legal Debt Margin	\$ 42,853,192	\$ 47,998,700	\$ 41,607,216	\$ 37,818,154	\$ 38,562,850

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			
2022	\$ 26,950,794	\$ -	\$ 1,850,771	\$ 1,047,606	\$ 1,161,792	\$ 31,010,963	*	*
2021	29,210,000	-	1,999,940	634,438	1,337,655	33,182,033	2.24%	1,153
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

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⁾
2022	\$ 28,294,475	4.28%	*
2021	30,737,857	5.45%	1,068
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

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 \$507,090 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	\$ 29,849,171	100.00%	\$ 29,849,171
Subtotal:	\$ 29,849,171		\$ 29,849,171
Overlapping Debt			
Utilities Board of the City of Daphne ⁽¹⁾	14,905,000	100.00%	14,905,000
Baldwin County General Bonded Debt & Warrants	71,501,296	8.08% ⁽²⁾	5,780,541
Subtotal:	\$ 86,406,296		\$ 20,685,541
Total Direct & Overlapping Debt			<u>\$ 50,534,712</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 (\$529,868,700) to net assessed value of property in Baldwin County (\$6,554,109,700) on 10/1/2021.

\$6,554,109,700 Baldwin
\$529,868,700 Daphne
8.08% 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⁾
2022	*	*	*	2.4%
2021	28,777	\$ 1,482,965,141	\$ 51,533	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%

⁽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 2022 % of			FY 2013 % of		
	FY 2022 # of Employees	Total Employees	FY 2022 RANK	FY 2013 # of Employees	Total Employees	FY 2013 RANK
Thomas Medical Center/ER	648	4.93%	1			
Baldwin County Board of Education	604	4.60%	2			
City of Daphne	369	2.81%	3	276	1.51%	2
Wal-Mart Super Center	269	2.05%	4	290	1.58%	1
Chris Myers	225	1.71%	5	150	0.82%	6(tie)
Eastern Shore Toyota / Hyundai	220	1.67%	6	189	1.03%	4
Lowe's	165	1.26%	7	174	0.95%	5
Publix	150	1.14%	8			
Bayside Academy	140	1.07%	9	105	0.57%	9
Target	131	1.00%	10			
The Brennnity				101	0.55%	10
Eastern Shore Rehab				250	1.36%	3
Sam's Club				150	0.82%	6(tie)
Mercy Medical				150	0.82%	6(tie)

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				
	FY 2022	2021	2020	2019	FY 2018
General Government:					
Legislative	2	2	2	2	2
Executive and Marketing	7	6	6	6	5
Information Technology	3	3	3	3	3
Human Resources	5	4	5	5	5
Finance	7	7	7	7	7
Revenue	3	3	3	3	3
Planning	5	4.5	4.5	4	4
Court	4	4	4	4	4
Building Maintenance & Janitorial	9	10	9	9	8
Total General Government	45	43.5	43.5	43	41
Public Safety:					
Police Department	107	103	101	100	100
Fire Department	68	68	59	59	58
Building Inspection	8	7.5	6.5	6.5	6
Code Enforcement	2	2	2	2	2
Total Public Safety	185	180.5	168.5	167.5	166
Public Works:					
Public Works Administration	7	7	7	7	5
Streets	17	14	14	14	13
Grounds	18	15	15	14	14
Museum	1	1	1	1	0
Mowing	11	9	9	9	9
Mechanical	8	8	8	8	8
Solid Waste	17	15	17	17	18
Total Public Works	79	69	71	70	67
Library and Recreation:					
Parks	26	21	14	11	9
Recreation	4	4	4	4	6
S.A.I.L. Site	2	2	2	2	2
Library	21	19	19	18	17
Civic Center	7	7	7	7	7
Total Library & Recreation	60	53	46	42	41
Total Employees	369	346	329	323	315

Source: City of Daphne Human Resources Department

CITY GOVERNMENT EMPLOYEES BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

Function	FISCAL YEAR				
	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
General Government:					
Legislative	2	2	2	2	2
Executive and Marketing	4	3	3	2	2
Information Technology	3	2	2	1	1
Human Resources	5	5	4	3	3
Finance	7	7	7	8	8
Revenue	3	3	3	2	2
Planning	4	4	4	4	4
Court	4	3	3	3	3
Building Maintenance & Janitorial	8	7	7	7	7
Total General Government	40	36	35	32	32
Public Safety:					
Police Department	97	91	91	91	85
Fire Department	57	55	54	54	54
Building Inspection	6	6	5	5	5
Code Enforcement	2	2	2	1	1
Total Public Safety	162	154	152	151	145
Public Works:					
Public Works Administration	5	5	5	5	5
Streets	13	13	13	13	11
Grounds	14	14	14	14	12
Museum	0	0	0	0	0
Mowing	9	9	8	8	8
Mechanical	8	8	8	8	8
Solid Waste	17	17	17	17	17
Total Public Works	66	66	65	65	61
Library and Recreation:					
Parks	6	6	6	6	9
Recreation	6	6	8	8	8
S.A.I.L. Site	2	2	2	3	3
Library	17	17	17	16	14
Civic Center	7	7	7	6	6
Total Library & Recreation	38	38	40	39	40
Total Employees	306	294	292	287	278

Source: City of Daphne Human Resources Department

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2022	FY 2021	FY 2020	FY 2019
Municipal Court				
Cases Filed:				
Traffic	2,909	3,305	2,339	3,729
Non- Traffic	486	408	390	514
Parking	-	-	-	-
Total Cases Filed:	3,395	3,713	2,729	4,243
Cases Disposed of:				
Traffic	3,097	3,044	2,998	3,590
Non- Traffic	535	603	417	556
Parking	-	-	-	-
Total Cases Disposed of:	3,632	3,647	3,415	4,146
Cases Appealed:				
Traffic	10	26	23	31
Non- Traffic	18	20	24	19
Parking	-	-	-	-
Total Appeals:	28	46	47	50
Cases by Disposition Type:				
Guilty	3,368	1,660	1,500	2,230
Not Guilty	22	7	5	10
Nol pros / Dismissal	1,707	1,766	1,801	1,818
Continued	*N/A	*N/A	*N/A	*N/A
Total Cases:	5,097	3,433	3,306	4,058

*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 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
3,236	3,366	3,808	4,269	3,552	3,280
327	416	462	458	396	441
-	-	-	1	-	-
3,563	3,782	4,270	4,728	3,948	3,721
2,997	3,527	3,958	4,259	3,812	3,355
457	427	439	458	420	537
-	-	-	-	-	-
3,454	3,954	4,397	4,717	4,232	3,892
12	39	45	69	55	69
23	43	52	53	39	35
-	-	-	-	-	-
35	82	97	122	94	104
3,309	3,215	2,589	2,814	2,472	2,424
76	48	7	9	11	13
1,431	1,489	1,643	1,711	1,505	1,195
*N/A	*N/A	6,303	4,912	4,083	3,002
4,816	4,752	10,542	9,446	8,071	6,634

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2022	FY 2021	FY 2020	FY 2019
Municipal Court (continued)				
Local Receipts:				
Fines	\$ 277,354	\$ 243,459	\$ 263,008	\$ 264,749
Corrections	78,306	75,327	65,376	82,578
Municipal ETC	5,184	7,013	4,305	5,493
Bonds Forfeited	54,470	20,858	24,967	15,763
Other Local	114,548	97,991	89,472	104,134
Total Local Receipts:	\$ 529,862	\$ 444,648	\$ 447,128	\$ 472,717
State Receipts:				
Fair Trial Tax	\$ 41,748	\$ 40,058	\$ 24,879	\$ 44,145
Driver Education	19,019	18,917	16,255	21,447
State General DUI	7,226	9,930	7,162	5,830
AHSCI Trust Fund	11,900	11,065	6,809	3,012
Chemical Forensic	8,680	10,016	9,997	13,139
State General Fund	54,583	52,721	45,340	57,710
DNA Database	33,341	31,074	26,855	31,504
Criminal History	15,808	13,474	10,941	9,316
Traffic Safety Trust Fund	5,352	4,950	6,129	3,286
Peace Officers Annuity and Training Fund	18,637	4,361	5,324	5,695
Advance Tech Data	8,676	8,586	7,938	9,480
Crime Victims Fund	8,183	6,763	6,568	7,396
DUI/Interlock	4,519	8,839	-	7,574
Forensic Trust	99	*N/A	*N/A	*N/A
Drivers License Fee	1,100	*N/A	*N/A	*N/A
Drug Docket Fee	120	*N/A	*N/A	*N/A
Other State	177,288	155,344	222,773	175,641
Total State Receipts:	\$ 416,279	\$ 376,098	\$ 396,970	\$ 395,175
Other Receipts:				
Restitution	\$ 9,663	\$ 20,551	\$ 11,246	\$ 8,621
Cash Bonds	\$ 370,693	\$ 141,385	\$ 76,521	\$ 230,868
Total Other Receipts:	\$ 380,356	\$ 161,936	\$ 87,767	\$ 239,489

*N/A – The Municipal Court upgraded reporting software during the fiscal year 2017 and the information is no longer available and/or being reported. The reporting software was changed again at the end of fiscal year 2022.

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

FISCAL YEAR					
FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
\$ 266,468	\$ 251,085	\$ 260,762	\$ 246,491	\$ 259,223	\$ 284,804
37,762	79,781	93,536	96,646	82,753	74,885
4,963	5,185	6,240	6,447	5,551	5,002
14,000	2,193	30,148	29,591	15,475	13,712
137,258	109,911	123,575	122,275	115,508	114,494
\$ 460,451	\$ 448,155	\$ 514,261	\$ 501,450	\$ 478,510	\$ 492,897
\$ 39,871	\$ 42,146	\$ 50,084	\$ 52,161	\$ 44,585	\$ 40,108
19,405	20,688	24,448	25,610	21,511	18,722
4,720	7,617	9,214	9,314	14,625	16,867
1,590	1,195	*N/A	*N/A	*N/A	*N/A
8,596	9,301	9,061	6,068	8,032	7,247
51,989	54,865	65,811	68,016	58,295	52,605
28,931	30,413	36,798	37,740	33,036	29,689
9,195	8,272	10,645	10,593	11,256	12,899
3,001	3,762	*N/A	*N/A	*N/A	*N/A
10,919	15,394	16,131	16,745	14,321	12,921
8,016	7,978	9,356	9,688	8,347	7,517
6,686	6,785	8,288	8,483	7,591	7,404
2,404	5,011	5,263	5,719	8,186	8,108
*N/A	2,307	2,623	2,310	2,069	2,608
*N/A	*N/A	13,774	12,154	12,571	13,218
*N/A	*N/A	1,117	797	800	960
158,844	173,011	195,103	197,132	149,624	135,941
\$ 354,167	\$ 388,745	\$ 457,716	\$ 462,530	\$ 394,849	\$ 366,814
\$ 10,307	\$ 6,810	\$ 9,659	\$ 9,452	\$ 4,285	\$ 9,638
\$ 209,278	\$ 178,022	\$ 193,220	\$ 168,056	\$ 149,700	\$ 147,179
\$ 219,585	\$ 184,832	\$ 202,879	\$ 177,508	\$ 153,985	\$ 156,817

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2022	FY 2021	FY 2020	FY 2019
Public Safety				
Police Department:				
Patrol Division:				
Complaints	25,180	14,383	12,747	15,113
Accidents - Private Property	150	178	178	190
Accidents - Roadway	991	1,074	831	1,010
Accidents - Traffic Homicides	1	3	4	4
Arrests - Controlled Substance	31	55	67	42
Arrests - Drug Paraphernalia	78	54	75	69
Arrests - Felony Marijuana	-	4	4	7
Arrests - Misdemeanor Marijuana	77	77	72	78
Arrests - Alias Warrant	443	150	253	555
Arrests - D.U.I.	76	211	163	142
Arrests - Felony	133	73	74	99
Arrests - Misdemeanor	1,288	719	766	1,000
Assists - Motorist / Citizens	3,037	2,303	1,733	1,688
Citations	2,863	3,150	2,114	3,338
Searches - Vehicles	-	327	287	315
Security Checks	16,806	20,316	17,022	15,581
Warnings	2,134	3,061	1,700	2,193
Drug Report - Routine Patrol & Special Ops:				
Drugs Seized	78	102	136	112
Vehicles Seized	-	-	-	-
Commercial Vehicle Inspections	-	47	11	147
Monies Seized	\$ 126	\$ 229,000	\$ 372,000	\$ 1,580,000
Detective Division:				
New Cases Received	587	691	687	879
Previous Unsolved Cases	131	93	76	60
Cases Solved	409	479	463	609
Arrests:				
Cases Solved - Felony	145	94	54	101
Cases Solved - Misdemeanor	682	37	33	80
Total Warrants Arrests	827	131	87	181

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

FISCAL YEAR					
FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
15,292	17,287	14,569	14,871	14,044	13,002
247	194	212	170	194	194
969	883	1,776	862	804	731
2	7	3	2	2	2
50	61	31	25	19	29
69	58	51	44	38	32
8	10	4	7	2	7
62	121	57	42	29	40
578	510	520	438	357	286
146	127	133	138	141	152
90	174	89	70	71	95
1,011	1,102	973	844	695	702
1,721	2,073	1,808	1,856	2,345	2,541
2,978	3,400	3,908	4,368	3,374	3,289
233	1,145	1,145	1,145	489	454
10,904	9,241	11,722	8,266	3,017	466
1,255	2,171	2,495	4,540	2,603	2,105
12	102	92	6	48	39
7	-	2	-	-	-
294	317	404	483	433	412
\$ 3,344,000	\$ 10	\$ -	\$ -	\$ -	\$ 1,445
893	739	804	752	726	795
67	69	95	91	73	93
548	511	554	466	403	473
67	81	97	63	58	162
40	17	27	16	3	9
107	98	124	79	61	171

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2022	FY 2021	FY 2020	FY 2019
Detective Division (continued)				
Sex Offenders:				
Contact Verification	48	70	79	61
Total # of Offenders	14	9	8	6
D.A.R.E.:				
Hours Report Writing	75	48	56	70
Police Reports by S.R.O.	75	48	42	65
Arrests by S.R.O.	47	23	20	26
Code Enforcement:				
Warnings	428	523	394	550
Citations	26	-	5	17
Business License Enforcement	231	83	51	227
Jail:				
Arrestees Received & Processed	1,817	1,216	1,405	1,999
Inmate Meals Served	\$ 34,328	\$ 17,846	\$ 35,281	\$ 38,617
Inmate Medical Cost	\$ 15,892	\$ 8,176	\$ 13,386	\$ 17,264
Worker Inmate Hours	-	-	1,190	1,320
Animal Control:				
Complaints	588	434	465	560
Follow-Up	5,011	2,488	2,950	323
Citations	36	18	16	25
Warnings	238	328	311	163
Felines Captured	134	286	226	175
Canines Captured	166	189	218	218
Other Captured	-	-	22	55
Returned to Owner	102	98	93	105
Adopted	208	176	188	113
Euthanized	14	34	47	123

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

FISCAL YEAR					
FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
47	75	54	35	36	45
6	8	5	5	7	8
51	21	41	34	41	32
43	21	42	32	31	30
26	10	12	7	17	13
573	780	548	95	40	41
10	44	285	25	15	33
200	204	333	333	312	379
2,022	1,967	2,065	2,092	2,256	2,351
\$ 44,878	\$ 18,459	\$ 20,343	\$ 30,082	\$ 29,137	\$ 27,883
\$ 7,661	\$ 19,304	\$ 25,515	\$ 30,257	\$ 24,063	\$ 23,788
754	948	2,130	2,217	2,328	1,879
625	597	641	665	836	703
256	237	313	564	1,458	1,326
25	15	67	43	62	153
205	198	293	210	157	391
231	159	170	215	297	299
192	198	175	224	310	365
55	80	153	139	125	67
86	96	88	91	130	179
124	98	105	137	191	191
120	167	136	276	332	277

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2022	FY 2021	FY 2020	FY 2019
Crimes Reported:				
Arson	-	1	1	-
Burglary - Commercial	4	9	13	7
Burglary - Residential	14	7	19	39
Burglary - Vehicle	64	69	85	117
Criminal Mischief	36	67	58	70
Disorderly Conduct	16	12	10	23
Domestic Disturbance	202	334	355	381
False Information to Police	9	3	31	20
Felony Assault	2	2	6	4
Felony Theft	132	101	111	149
Forgery/Fraud	72	62	46	87
Harassment	140	97	92	125
Identity Theft	1	12	20	24
Indecent Exposure	3	2	1	3
Kidnapping	-	-	-	-
Menacing	9	14	11	10
Misdemeanor Assault	9	10	15	18
Misdemeanor Theft	134	180	192	263
Murder/Attempted Murder	2	-	1	1
Other Death Investigations	-	29	35	22
Public Intoxication	78	37	15	23
Public Lewdness	5	2	1	2
Receiving Stolen Property	6	7	3	11
Reckless Endangerment	7	7	11	8
Resisting Arrest	10	4	1	11
Robbery	-	3	5	4
Sex Crime Investigations	21	7	10	9
Suicide	2	-	-	6
Suicide, Attempted	29	46	28	27
Theft of Services	8	3	32	7
Unauthorized Use of Services	-	3	9	12
Weapon Offenses	16	57	55	9

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

FISCAL YEAR					
FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
1	-	-	-	-	-
16	15	17	21	42	35
52	30	59	48	51	49
156	162	148	78	120	145
61	56	53	48	62	45
19	9	6	4	10	12
408	198	120	109	127	274
4	11	15	14	11	14
5	4	5	4	6	5
173	136	135	133	134	149
52	6	-	-	-	-
96	78	56	63	43	56
22	5	5	6	17	50
5	2	2	-	2	1
1	-	-	-	-	1
8	8	6	7	4	4
24	7	11	30	13	11
203	192	174	217	170	181
1	-	-	-	1	-
24	12	3	-	6	20
21	16	19	10	6	7
5	1	2	-	1	1
11	7	7	8	7	9
7	7	4	15	5	7
9	8	8	13	11	10
15	14	7	5	6	6
14	4	4	8	10	26
1	-	-	-	-	-
25	14	-	-	6	22
6	20	3	-	-	-
9	4	5	14	8	4
34	32	12	16	8	16

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2022	FY 2021	FY 2020	FY 2019
Fire Department:				
Suppression:				
Fire / Explosion:				
Structure Fires	47	45	45	31
Vehicle Fires	17	17	15	12
Brush Fires/Trash Fires	28	21	24	12
Fire, Other	2	3	3	6
Medical Assists**	805	652	429	N/A
Motor Vehicle Collisions**	356	349	294	N/A
Emergency Medical Calls	1,560	1,834	1,673	2,563
Hazardous Conditions	147	131	94	57
Public Service Assistance	367	351	289	238
Unauthorized Burning**	18	24	19	N/A
Other Rescues **	10	8	6	N/A
EMS Standby **	12	9	9	N/A
Animal Rescues**	3	1	5	N/A
False Calls	428	469	311	567
Fire Alarm Activations**	345	308	298	N/A
Other Incidents	11	14	17	15
Total Mutual Aid Given **	107	118	64	N/A
Fire Prevention Awareness & Education:				
Classes Held	5	-	-	253
Persons Attending	86	-	-	5,756
Bureau of Fire Prevention:				
Plan Reviews	52	45	44	30
Final / Certificates of Occupancy	13	13	9	9
General / Annual Inspections	1,184	869	920	1,028
Business Licenses	75	126	114	428
Consultations	40	36	-	258
All Other / Miscellaneous Activity	150	142	110	117
Miscellaneous Reporting:				
Training Hours	20,883	16,859	13,537	2,357
Property Loss (\$\$)	\$ 384,550	\$ 1,490,750	\$ 1,438,676	\$ 943,650
Personnel & Civilian Injuries by Fire:	-	2	2	-
Advanced Life Support Rescues**	N/A	N/A	N/A	1,788
Number of Patients Treated:	1,883	2,126	1,975	2,127
Child Passenger Safety Seat Inspections & Installs:	52	56	82	157

** 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 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
41	33	34	39	37	23
17	13	14	26	22	19
30	30	12	21	24	21
12	6	12	13	19	11
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
2,486	2,230	2,285	2,077	1,981	1,959
94	64	45	37	45	39
198	220	198	167	180	193
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
541	483	425	451	443	412
N/A	N/A	N/A	N/A	N/A	N/A
2	2	9	2	2	3
N/A	N/A	N/A	N/A	N/A	N/A
283	343	293	150	48	19
4,698	4,334	3,451	1,165	686	898
49	46	36	20	24	29
16	25	14	15	7	6
911	743	711	992	523	462
94	304	275	61	84	69
310	89	77	-	-	-
48	56	52	158	188	158
4,061	6,350	5,325	4,530	4,684	2,773
\$ 2,227,000	\$ 431,950	\$ 615,153	\$ 1,980,630	\$ 1,489,315	\$ 866,200
2	-	-	-	-	-
2,040	1,830	1,212	1,611	1,444	1,434
2,369	2,151	1,523	2,018	1,945	1,898
128	106	211	169	115	105

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2022	FY 2021	FY 2020	FY 2019
Building Inspection:				
Permits:				
Building Permits:				
Non-Residential	110	90	77	103
Residential	1,010	1,180	1,041	989
Electrical Permits:				
Non-Residential	30	48	29	57
Residential	240	237	111	104
Electrical Permits - New Construction:				
Non-Residential	67	-	22	-
Residential	329	544	525	284
Land Disturbance Permits:				
Residential	302	378	348	128
Mechanical Permits:				
Non-Residential	38	25	23	49
Residential	241	236	142	109
Mechanical Permits - New Construction:				
Non-Residential	40	15	18	-
Residential	433	492	497	229
Plumbing Permits:				
Non-Residential	8	29	25	39
Residential	42	66	40	46
Plumbing Permits - New Construction:				
Non-Residential	62	-	15	-
Residential	470	557	598	276
	<u>3,422</u>	<u>3,897</u>	<u>3,511</u>	<u>2,413</u>
Inspections:				
Building Permit	3,225	3,938	3,657	3,325
Electrical Permit	546	289	168	305
Land Disturbance Permit	-	-	-	194
Mechanical Permit Inspections	68	105	54	52
Mechanical - New Construction Permit Inspections	-	-	-	155
Plumbing and Gas Permit Inspections	989	1,171	917	534
	<u>4,828</u>	<u>5,503</u>	<u>4,796</u>	<u>4,565</u>
Environmental Inspections:				
Site Containment - Permitted	2,432	3,683	1,947	1,109
Site Containment - All Other	12	-	11	309
Total # of Environmental Inspections	<u>2,444</u>	<u>3,683</u>	<u>1,958</u>	<u>1,418</u>

*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 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
103	99	84	70	50	86
723	640	548	451	482	465
73	52	55	48	38	52
92	171	131	58	47	36
-	-	-	-	-	1
186	223	187	170	155	169
273	26	88	97	92	152
37	58	38	29	26	39
79	60	63	57	54	41
-	-	-	-	-	-
218	212	185	166	148	152
					49
46	40	41	29	20	26
68	31	38	40	46	
-	-	-	-	-	1
204	209	199	57	155	176
2,102	1,821	1,657	1,272	1,313	1,445
3,296	3,605	3,444	3,196	3,217	2,420
310	422	375	271	264	262
17	16	33	-	28	6
50	43	43	36	58	33
194	186	164	151	155	171
649	529	490	450	454	513
4,516	4,801	4,549	4,104	4,176	3,405
1,043	1,679	1,702	863	857	877
273	125	404	321	301	276
1,316	1,804	2,106	1,184	1,158	1,153

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2022	FY 2021	FY 2020	FY 2019
Public Works:				
Asphalt Street Repairs:				
Asphalt Used (tons)	47	46	46	71
Repairs (# of repairs)	159	111	76	90
Street Sweeping:				
Miles Swept	3,044	711	65	585
Dredge:				
Materials Removed/Dredged (yards)	16	42	107	-
Storm Drain & Heavy Equipment:				
Drains Cleaned (# of Jobs)	430	155	113	138
Materials Hauled (cubic yards)	49	127	100	-
Solid Waste:				
Waste Removed (tons)	10,566	10,292	11,631	7,377
Recycled (tons)	77	14	120	1,941
Special Events	8	7	-	4
Trash Division:				
Trash Picked Up (tons)	7,887	9,706	6,505	5,400
Pay Pile Loads	190	9	47	16
Recreation:				
Tournament Events & Participants:				
Adult Softball:				
No. of Events	4	8	12	15
Participants	500	750	300	1,450
Girls Fast pitch Softball:				
No. of Events	10	10	12	16
Participants	3,850	4,000	4,320	6,500
Soccer:				
No. of Events	6	8	5	8
Participants	5,500	7,000	6,400	10,000
Baseball				
No. of Events	16	7	8	5
Participants	7,000	750	3,800	1,500
Football				
No. of Events	4	4	6	5
Participants	2,500	2,500	1,500	2,400
Lacrosse:				
No. of Events	6	3	2	2
Participants	1,000	450	250	300

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

FISCAL YEAR					
FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
343	331	679	653	580	230
89	155	335	958	12	123
865	671	1,337	1,183	1,813	2,107
25	-	750	728	980	1,000
109	139	189	105	172	150
22	1,270	1,400	998	1,340	75
7,294	7,124	6,929	6,597	6,533	6,359
1,836	1,867	2,009	2,020	3,045	3,539
4	5	5	5	6	7
4,401	3,565	4,873	4,633	4,008	3,950
25	12	12	10	22	13
24	14	19	19	18	26
2,700	1,500	1,200	2,200	1,750	3,700
17	13	15	12	14	8
7,100	5,200	6,000	4,950	5,800	3,300
7	10	11	10	9	9
9,400	1,300	1,400	1,300	1,200	1,100
3	3	4	1	1	
275	250	350	110	140	
4	4	4	1	1	
2,000	1,400	1,400	750	480	
2	2	2	2	1	4
300	300	700	300	140	900

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

	FISCAL YEAR			
	FY 2022	FY 2021	FY 2020	FY 2019
Recreation (continued):				
League Participants by Sport:				
Youth Soccer	450	475	700	850
Youth Football	200	123	125	175
Youth Cheerleading	100	50	60	75
Fall Men's Open Softball	140	126	120	215
Fall Co-Ed Softball	100	112	100	120
Fall Adult Soccer	75	70	-	105
Dixie Youth Baseball (ages 5-12)	425	358	403	400
Dixie Boys Baseball (ages 13-14)	40	45	40	30
Youth Softball	135	100	110	115
Youth Spring Soccer	350	300	300	360
Spring Adult League Softball	160	145	130	-
Spring Co-Ed Softball	75	110	120	-
Spring Adult Soccer	115	115	120	95
Summer Men's Open Softball	-	195	150	-
Summer Co-Ed Softball	-	125	130	-
Summer Adult Soccer	100	115	-	-
Youth Basketball	265	193	193	-
Fall Basketball	-	164	-	-
Library				
Patrons Visits	102,903	88,796	83,952	142,272
Items Circulated	299,846	290,796	328,815	375,398
Children's Program Attendance	5,214	4,762	3,939	6,497
Teen Program Attendance	1,940	1,394	273	613
Adult Program Attendance	804	203	122	431
Computer Users	15,920	2,470	2,660	12,430
Ancestry Database Users	3,600	1,930	2,863	2,499
Heritage Quest Database Users	338	492	408	1,168
E-Books Circulation	36,473	26,382	29,938	30,428
Reference Questions Answered	1,690	887	709	1,594
Meeting Rooms Use Hours	4,277	714	6,701	13,237

Source: Various City Departments

OPERATING INDICATORS BY FUNCTION, CONTINUED
LAST TEN FISCAL YEARS

FISCAL YEAR					
FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
750	825	850	760	790	775
210	210	205	195	199	195
85	65	46	45	50	75
230	240	250	275	255	234
130	150	150	150	165	143
110	80	140	115	120	120
450	475	443	500	480	525
46	50	35	50	60	63
95	85	135	115	120	95
350	410	420	350	375	380
255	175	190	240	270	208
150	180	170	160	180	195
100	90	100	110	90	84
250	240	600	400	435	312
200	190	200	225	210	247
100	90	100	110	110	95
-	180	187			
-	190	191			
148,820	201,490	203,607	274,619	262,786	197,384
361,688	331,803	368,275	431,305	443,471	293,033
5,842	10,734	10,333	6,756	5,800	5,822
612	975	1,428	1,251	1,158	1,656
664	415	256	664	167	176
14,058	18,832	26,739	31,176	25,537	26,368
3,394	12,030	6,489	7,106	7,612	8,752
1,160	2,738	1,525	1,957	1,204	2,265
23,274	20,809	20,809	18,215	15,802	9,156
1,319	1,691	1,512	1,175	25,822	8,643
13,528	20,098	18,247	11,003	7,363	6,002

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	FISCAL YEAR			
	FY 2022	FY 2021	FY 2020	FY 2019
Public Safety:				
Fire:				
Number of Fire Stations	5	5	4	4
Number of Fire Trucks	9	9	8	8
Number of All Other Vehicles	12	12	12	11
Police:				
Number of Police Stations	2	2	2	2
Number of Police Units	74	62	60	65
Public Works:				
Miles of Streets (maintained by the City)	182.2	176.6	164.7	164.7
Number of Signalized Traffic Intersections ⁽¹⁾	9	9	9	9
Number of Vehicles	45	37	36	36
Number of Sanitation Trucks	17	16	14	15
Culture and Recreation:				
Parks	19	18	18	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	10	8	8	8

⁽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 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
4	4	4	4	4	4
8	8	8	8	7	6
13	14	13	14	14	15
2	2	2	2	2	2
66	61	60	58	62	64
143.0	139.8	139.8	138.7	137.5	135.7
9	9	9	9	10	10
34	38	40	55	54	54
14	17	18	9	9	9
17	17	17	17	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	7	8	9	9	5