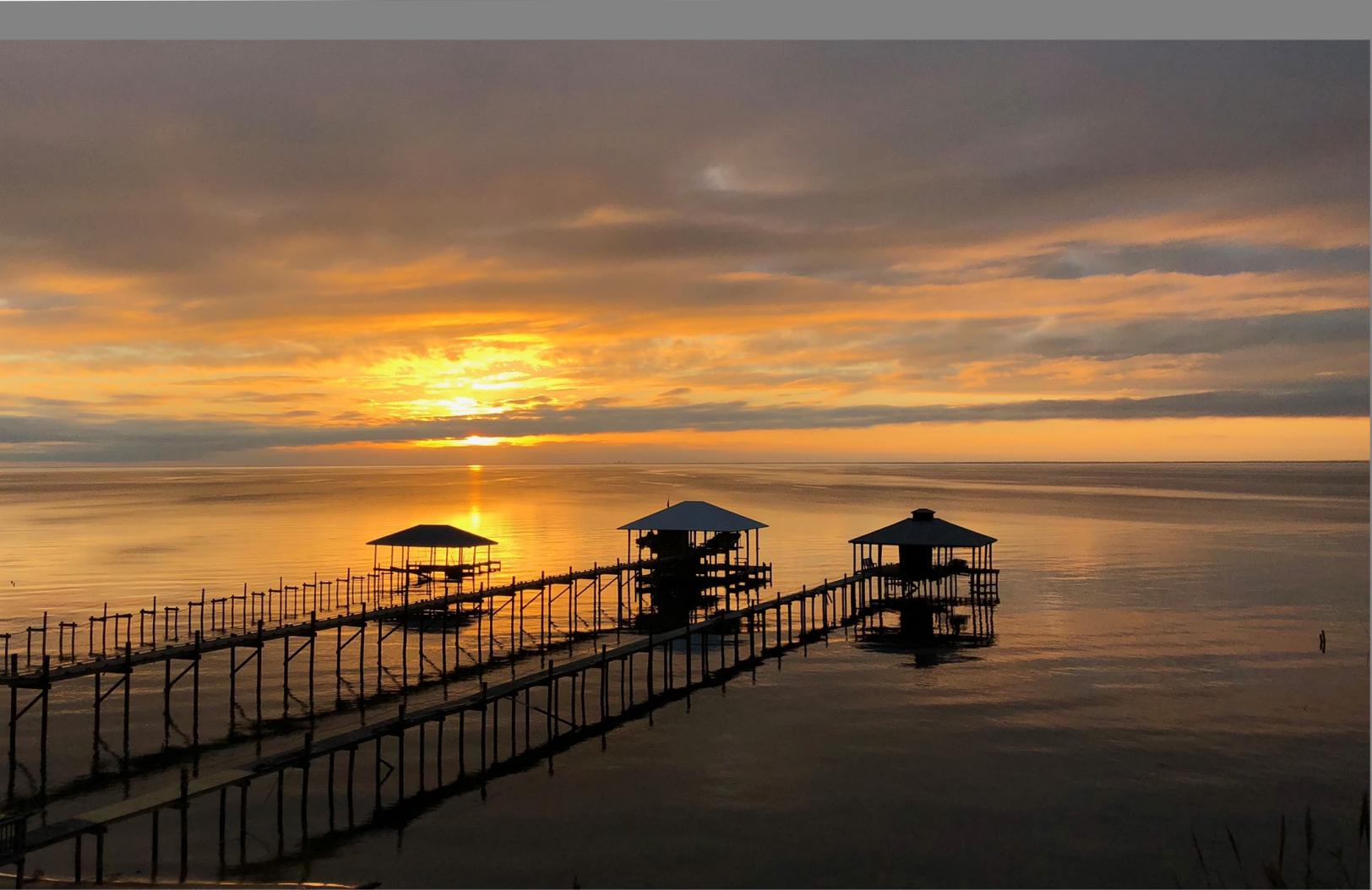


City of Daphne, Alabama

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year  
Ending September 30, 2017



# **City of Daphne, Alabama**

## **Comprehensive Annual Financial Report**

**For The Fiscal Year Ended  
September 30, 2017**

**Prepared by:  
Finance Department**

# CITY OF DAPHNE, ALABAMA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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## CITY OF DAPHNE, ALABAMA

### COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2017

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**Part I**  
**Introductory**  
**Section**



## OFFICE OF THE MAYOR MAYOR DANE HAYGOOD

January 22, 2018

**TO:** Citizens of the City of Daphne, Alabama

It is our privilege to present the Comprehensive Annual Financial Report (CAFR) on the operations of the City of Daphne, Alabama (the City) for the fiscal year ended September 30, 2017. This report is presented to give detailed information about the financial position and activities of the City to its citizens, City Council, City staff, and readers.

Management assumes full responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City, based upon a comprehensive framework of internal control that it has established for this purpose. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City has an audit of its financial reports annually by independent certified public accountants who must conduct the audit in accordance with generally accepted auditing standards. The accounting firm of Hartmann, Blackmon, & Kilgore, PC conducted the audit and their report on the City's financial statements is included herein.

### **The Report**

The CAFR has been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed in pronouncements by the Governmental Accounting Standards Board (GASB) and is presented in three sections: *Introductory*, *Financial*, and *Statistical*.

The *Introductory Section* is designed to provide the background and context that readers need to benefit fully from the information contained in the *Financial Section*, and includes this transmittal letter, City map, organization chart, list of principal officials, and the CAFR certificate for fiscal year ended September 30, 2017.

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

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

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

### **The Reporting Entity**

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

The Utilities Board of the City of Daphne is a related entity, but it does not meet the established criteria for inclusion in the reporting entity, and accordingly, is excluded from this report. Additional information on the Utility Board is available at the Board's business office at 900 Daphne Avenue, PO Box 2550, Daphne, Alabama 36526.

The City has implemented the Governmental Accounting Standard Board's (GASB) statement on defining the reporting entity. The City has no related entities that are required to be discretely presented or blended component units.

### **GASB Requirements**

Each year, management evaluates new GASB reporting requirements to determine applicability to the City. The requirements issued by GASB that became effective during this current fiscal year and those that will become effective in the next fiscal year and are applicable to this entity are described in this document. All GASB statements effective for fiscal year 2017 were implemented with no significant effect to the financial statements this year.

## **City Profile**

The City of Daphne was founded in 1927, and is the largest city within Baldwin County, comprising 17.71 square miles. The City is located on the eastern shore of Mobile Bay and is adjacent to Interstate 10, a major east/west thoroughfare. The City is 39 miles west of Pensacola, Florida and 9 miles east of Mobile, Alabama. Located just across Mobile Bay, many residents commute daily to Mobile, and Daphne has developed as a bedroom community to the City of Mobile. The proximity to Mobile and Pensacola metropolitan areas, combined with safe environments, strong schools, and quality of life, continue to drive residential growth at a rate that is one of the fastest growing in the country. Strong residential growth and the location along Interstate 10 continue to drive retail growth as well as homebuilding industry expansion. Growth has also led to a prospective entrance into the Class A office arena, which is being spurred by the Daphne Industrial Development Board (IDB) technology park project known as the Daphne Innovation and Science Complex or DISC.

Wealth and income levels within the City are strong as median household income is 112% of the U.S. level. The estimated median income as of 2016 was \$61,508 and the median housing valuation was \$184,600. According to the most recent estimates from the US Census Bureau (July 2016), the City's estimated population is 25,913. The last official census from 2010 indicated a population of 21,570 which represents tremendous population growth over the 2000 census population of 16,581. Daphne's population is well-educated; according to recent census data, approximately 41.9% of the population has a bachelor's degree or higher; the US average is 30%. As the population has grown, the City of Daphne has responded in the quantity and quality of services it provides to meet the needs and expectations of its citizenry. The City of Daphne employs approximately 271 regular, full-time workers to provide these services.

The City has been ranked 96<sup>th</sup> in the "Top 100 Best Places to Live" as presented on the CNN/Moneywise website. Also, Baldwin County, where Daphne is located, recently ranked as the 11<sup>th</sup> strongest metropolitan economy in the US and 4<sup>th</sup> in the southern United States.

The City of Daphne has a Mayor-Council form of government. The City Council consists of seven members elected from seven single member districts; the Mayor is elected at large. The Mayor and City Council are elected to serve four year terms. Policy making and legislative authority are vested in the City Council, who is, among other things, responsible for passing local ordinances, adopting budgets and appointing board members of related organizations. The Mayor is responsible for carrying out the policies and ordinances of the City, as well as supervising the day-to-day operations of the City.

The annual budget serves as the foundation for the City's financial planning and control. Annually, the Mayor prepares a proposed budget and submits his proposal to the City Council for consideration. Invariably, there are changes to the budget presented by the Mayor. These changes are made by amending the appropriations during the adoption process. Other budget revisions during the year require City Council action. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Budgetary control is on the departmental level.

## **Economic Condition**

Economic conditions continue to trend in a positive direction with strong growth in the City of Daphne and the surrounding area. City revenues remained strong in fiscal year 2017. Total revenue increased \$525,000 over 2016 levels (1.5% increase). The largest increase were in the sales, use and luxury tax collections, which increased \$872,000 over 2016 (4.7% increase). This large increase was offset by a \$832,000 decrease from 2016 in grants and contributions. Grants and contributions vary from year to year based on the receipt of grant awards. Strong residential growth and retail development in the City of Daphne suggests sales and use tax collections to continue in an upward trend.

With the exception of setbacks that occurred with the Great Recession and the Deepwater Horizon incident (commonly referred to as the BP oil spill), the City has experienced continued positive growth in revenue and property year over year. In the last ten years, sales and use tax revenue has increased from \$13.4 million to \$19.2 million, more than a 43.3% increase. In the same ten year period, property tax revenue has increased from \$3.5 million to \$5.5 million, more than a 57% increase. The City of Daphne revenue is expected to continue on an upward trend.

The City has continued to be accelerated by strong population growth combined with continued retail growth. Positive economic investment in the Coastal Alabama region should continue to drive growth. Such economic investment includes (i) the new Airbus North America Final Assembly Line (FAL), which has begun assembling the Airbus A320 single-aisle commercial aircraft at Brookley Field in 2015, (ii) Austal USA shipbuilding for the US Navy, (iii) ThyssenKrupp's five billion dollar investment in a state of the art steel plant now operated by ArcelorMittal Nippon Steel, and (iv) continued investment in a burgeoning Port of Mobile operated by the Alabama State Port Authority, which in 2014 was the 13<sup>th</sup> largest U.S. Port in Total Tonnage according to the American Association of Port Authorities. Geographic proximity to these regional economic generators is beneficial to the City with the Airbus FAL, Austal USA, and Port of Mobile facilities being located within 12 miles of the City of Daphne.

*Builder Magazine* ranked the Daphne-Fairhope-Foley MSA as one of the Top 10 Home Building Markets of 2014. The City of Daphne was ranked as the 4<sup>th</sup> most business friendly city in the State of Alabama by the Alabama Policy Institute. The City was also named as the 2nd safest city in Alabama in 2017 according to SafeHome. The Daphne-Fairhope-Foley MSA was ranked the 18<sup>th</sup> top growing areas according to U.S. Census Bureau population estimates. The Daphne-Fairhope-Foley MSA was also ranked 73<sup>rd</sup> in the Smartest Cities in America list according to NewGeography.

## **Major Initiatives**

In 2017, the City continued minor road repaving projects as part of our road repaving initiative. The decrease in road repaving activity can be attributed to the completion of major road projects in recent years and the quality of the current road infrastructure. Several large sidewalk projects were also started with the largest being a sidewalk project on County Road 13 to provide connectivity from Daphne East and Daphne Middle School to Daphne High School. The City has continued to work on phases of the large intergovernmental project to restore the impaired D'Olive watershed, with several smaller projects completed in 2017. These efforts are resulting in significant improvements to our stormwater infrastructure in highly sensitive areas within the City of Daphne. Projects were also initiated to provide sewer to the small group of unsewered pockets in the City of Daphne. Upon completion in 2018, the City of Daphne will no longer have any areas where sewer is not available. Additionally, major strides were made to improve the recreational facilities in the City, with projects to construct a new sport complex, as well as, renovations and expansions at existing park facilities. Construction began on these facilities in 2017. The implementation of this comprehensive recreation master plan will provide state of the art facilities for our growing population.

## **Financial Policies**

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate data are compiled to allow for the presentation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that valuation of costs and benefits requires estimates and judgments by management.

**Budgeting:** The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Accountability for budgetary compliance is held at the department level.

**Cash Management:** Cash temporarily not required for operating requirements is invested in government securities and securities backed by the full faith and credit of the US government. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, operating fund deposits are insured under the Security for State of Alabama Enhancement (SAFE) program. In the SAFE program, all public funds are protected through a collateral pool administered by the State of Alabama Treasury.

**Fund Balance:** In 2016, the City adopted a formal policy to maintain an unassigned fund balance in the General Fund of a minimum of three months of operating revenues. Furthermore, this unassigned fund balance may only be used for capital projects and equipment or in extreme economic downturns or a natural disaster.

**Operational Efficiency:** The Mayor's office continually challenges all City departments to improve their operations and the quality of services provided to citizens, while at the same time, holding personnel and operating costs consistently within the allotted budgeted amount.

## **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Daphne, Alabama for its CAFR for the fiscal year ended September 30, 2016. This prestigious Certificate of Achievement was awarded to the City in its initial submission for consideration in 2012. The City has received this award for five consecutive years. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **Acknowledgments**

The preparation of this comprehensive annual financial report could not be accomplished without the dedicated services of an efficient Finance Department staff. We express appreciation to each member of the department and to those members of other City departments for their contributions made in the preparation of this report.

In closing, the commitment to maintaining the highest standards of accountability in financial reporting speaks to the progressive leadership and dedication to public service of the Mayor and the City Council. Their support for a policy of financial integrity has been instrumental in the preparation of this report.

Respectfully submitted,

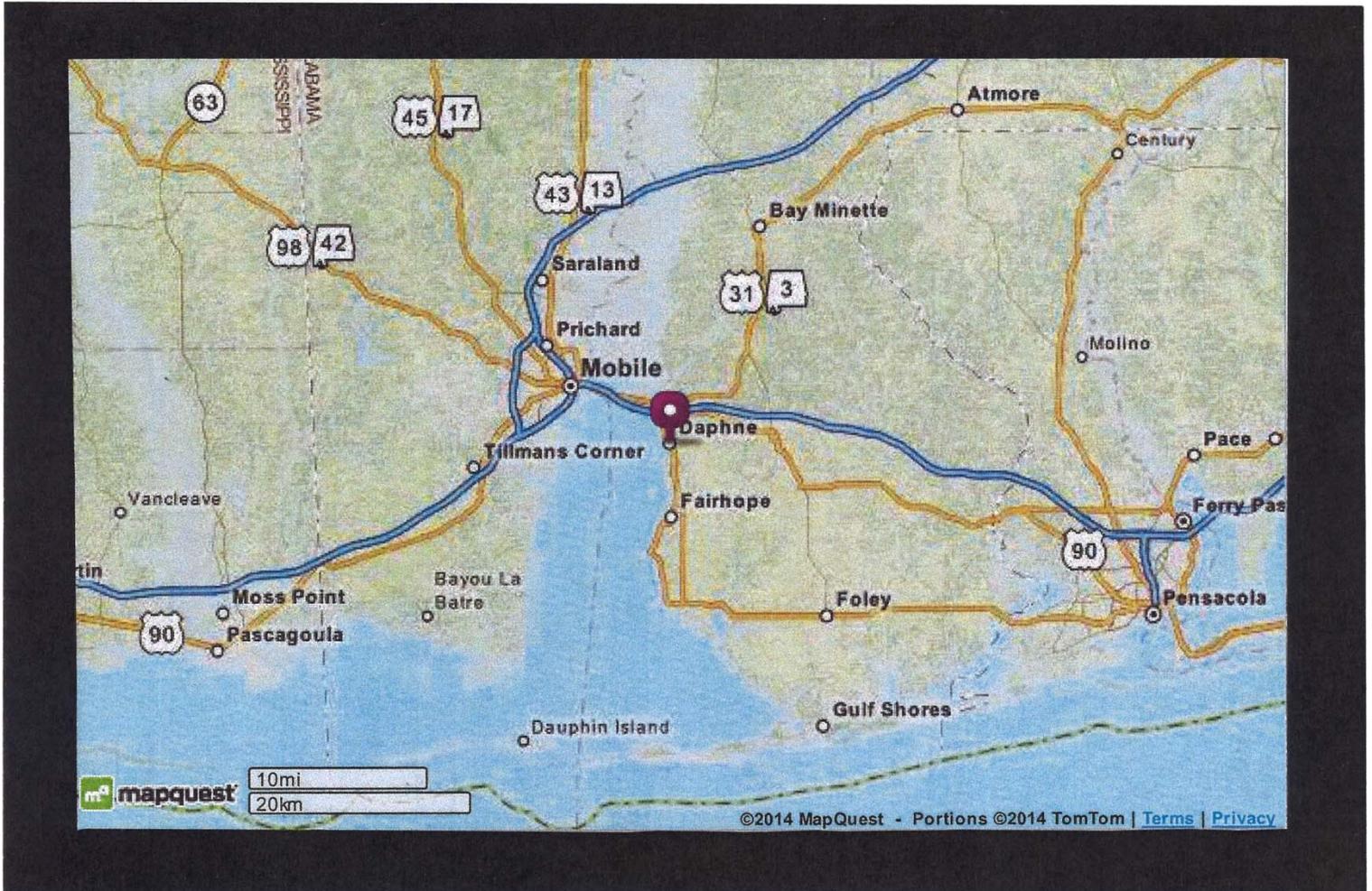


Dane Haygood  
Mayor



Kelli Kichler, CPA  
Finance Director/Treasurer

# City of Daphne, Alabama



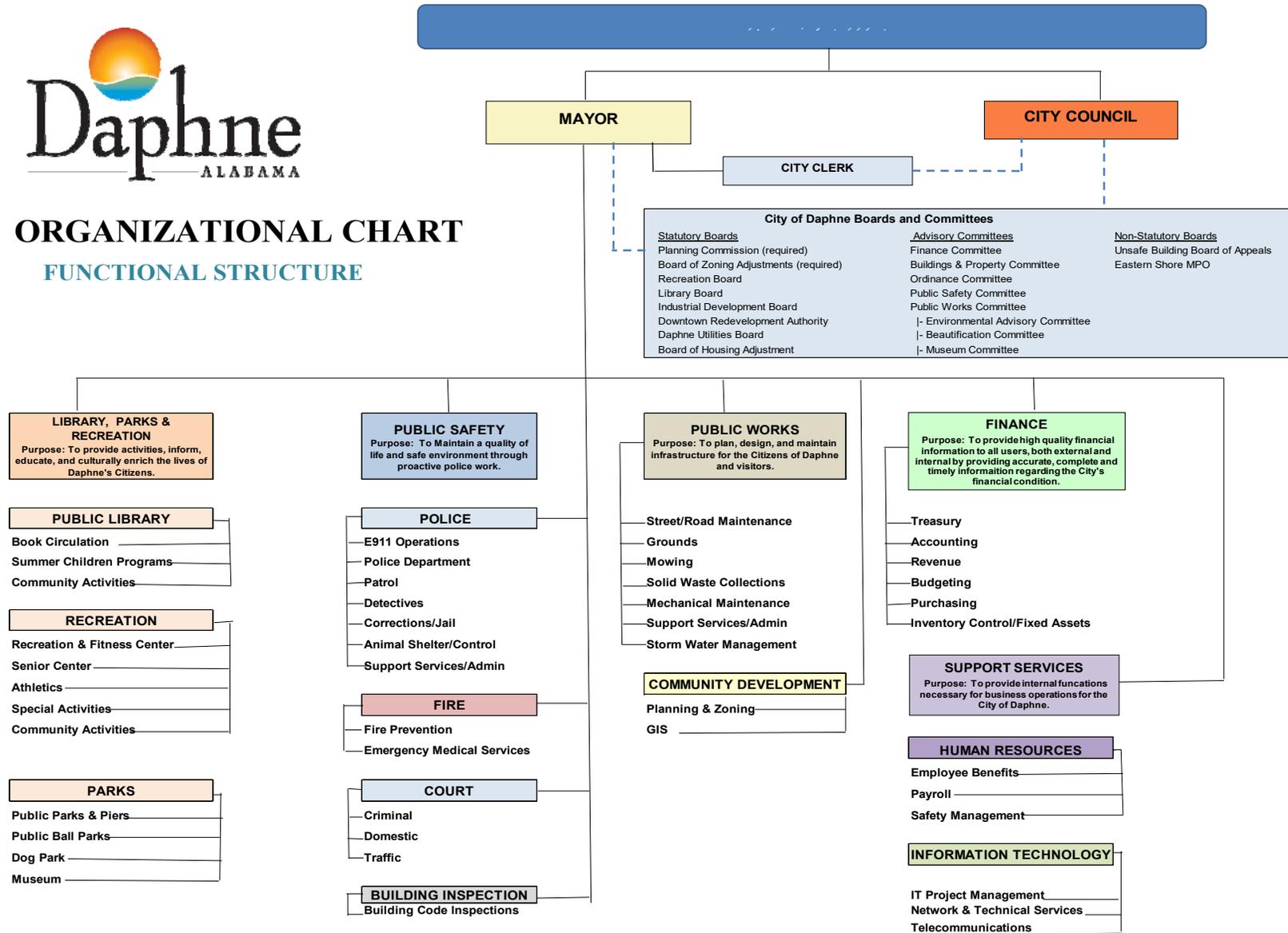
Metropolitan Statistical Area (MSA) population for  
Daphne, Fairhope and Foley: 208,563

Source: US Department of Commerce's Bureau of Economic Analysis  
2016 Estimated Population



# ORGANIZATIONAL CHART

## FUNCTIONAL STRUCTURE



**City of Daphne  
List of Principal Officials  
September 30, 2017**

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



Government Finance Officers Association

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

Presented to

**City of Daphne  
Alabama**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

Executive Director/CEO



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**Part II**  
**Financial**  
**Section**

## SHAREHOLDERS

J. Earl Blackmon, Jr., CPA  
B. Vance Kilgore, CPA  
Dennis E. Sherrin, CPA  
G. Allen Cave, Jr., CPA  
Rachel M. Godwin, CPA



**Hartmann, Blackmon & Kilgore, P.C.**  
Certified Public Accountants & Consultants

## OF COUNSEL

Xavier A. Hartmann, III, CPA  
Rucker T. Taylor, III, CPA  
Sally S. Wagner, CPA  
Jerry Gibbons, CPA

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Daphne, Alabama (the 'City') as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

## **Opinions**

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Daphne, Alabama, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and required pension schedules on pages 4–19 and 75-84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

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

### *Other Information*

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2018, on our consideration of the City of Daphne, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Daphne, Alabama's internal control over financial reporting and compliance. That report has been separately issued and is available upon request.

*Hartmann, Blackmon & Kilgore, PC*

Certified Public Accountants

Fairhope, Alabama  
January 22, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City's Comprehensive Annual Financial Report (CAFR) presents City management's discussion and analysis (MD&A) of the City's financial performance during the fiscal year that ended on September 30, 2017. Please read this in conjunction with the City's financial statements and accompanying notes, which follow this section, and the additional information furnished in the letter of transmittal, which can be found in the introductory section of the CAFR.

### FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources at the close of the current fiscal year by \$91.5 million (net position). Of this amount, the City had unrestricted net position of \$18.4 million that is available to be used to meet the ongoing obligations of the City of Daphne.
- The City's net position of \$91.5 million reflected an increase of 4.6% (\$4.0 million) over the prior year's net position of \$87.5 million.
- The City's governmental funds reported a combined fund balance of \$33.4 million at the close of the current fiscal year, an increase of 49.7% (\$11.1 million) from the prior year.
- The City's General Fund reported a fund balance of \$13.96 million at the close of the current fiscal year, or 47.7% of total General Fund expenditures and other financing uses; total fund increased 1.7% (\$229,000) over the prior year. Total current year ending fund balances in the General Fund represented 48.3% of current fiscal year total revenues, and 47.7% of prior year total revenues.
- Sales, use, and luxury taxes, the City's single largest revenue source, increased 4.35% (\$786,000) during the current fiscal year, reflecting the continuing improvement in the economy.
- Other significant changes in revenue during the current fiscal year include grants and contributions that decreased by 72% (\$1.96 million), other revenue that decreased by 62% (\$1.2 million), and ad valorem taxes that increased by 5% (\$281,000); Overall current fiscal year revenues decreased 5% (\$1.9 million) over the prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

## Government-Wide Statements

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

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

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

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

- *Governmental activities*. Most of the City's basic services are included in this category, such as the services provided by the public safety, public works, library and recreation, and general government functions. General revenues from sales and use taxes, licenses and permit fees, property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities*. The City charges fees to customers to help cover the costs of certain services it provides to the general public. The City's Solid Waste, Civic Center, and Bayfront Park operations are included in this category as enterprise funds.
- *Discretely Presented Component Units*. The City does not have any discretely presented or blended component units.

## Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are groupings of related accounts the City uses to keep track of specific revenues and spending for particular activities or objectives.

- State law requires gasoline tax funds to be accounted for separately, because the expenditures are restricted for specific uses.
- The City Council establishes other funds to control the use of monies for particular purposes, such as property taxes that are dedicated for specific purposes such as repayment of certain long-term debt.
- The City also establishes funds to demonstrate compliance with certain legally restricted revenue sources, such as tracking debt-financed capital projects and the spending of grant revenues.

The City has three kinds of funds:

- *Governmental funds.* Most of the City's basic services are accounted for in governmental funds, which focus on (1) how cash, and other financial assets that can readily be converted to cash, flows in and out, and (2) the balances left at year-end that are available for spending in subsequent years. Consequently, the governmental funds statements provide a detailed, short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs following the completion of a fiscal year.

Because governmental fund information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Doing so provides a better understanding of the long-term impact of the government's short-term funding decisions. Both the balance sheet and the statement of revenues, expenditures, and changes in fund balances for governmental funds provide a reconciliation to facilitate this comparison between governmental funds statements and government-wide statements on governmental activities.

- *Proprietary funds.* Services provided to the general public for which customers are charged a fee are generally reported in enterprise funds, which are a type of proprietary fund. Proprietary funds' financial statements, like the government-wide statements, provide both long and short term financial information. Proprietary funds function like a business activity; therefore, the financial statements provide additional information, such as depreciation expense and cash flows, which are not presented for governmental funds.
- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs.

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

### **Notes to the Financial Statements**

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

### **Other Information**

This report also presents required supplementary information related to the City's employee pension funding 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, 2017:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>TOTAL</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 41,411,812	\$ 30,110,686	\$ 966,098	\$ 795,524	\$ 42,377,910	\$ 30,906,210
Capital assets	<u>100,760,614</u>	<u>98,409,646</u>	<u>875,342</u>	<u>857,169</u>	<u>101,635,956</u>	<u>99,266,815</u>
Total assets	<u>142,172,426</u>	<u>128,520,332</u>	<u>1,841,440</u>	<u>1,652,693</u>	<u>144,013,866</u>	<u>130,173,025</u>
Deferred outflow of resources	<u>2,946,076</u>	<u>2,209,445</u>	<u>180,425</u>	<u>111,298</u>	<u>3,126,501</u>	<u>2,320,743</u>
Current liabilities	3,105,406	2,903,864	241,805	295,924	3,347,211	3,199,788
Long-term debt and other liabilities	<u>51,200,603</u>	<u>41,047,477</u>	<u>1,044,272</u>	<u>731,696</u>	<u>52,244,875</u>	<u>41,779,173</u>
Total liabilities	<u>54,306,009</u>	<u>43,951,341</u>	<u>1,286,077</u>	<u>1,027,620</u>	<u>55,592,086</u>	<u>44,978,961</u>
Deferred inflow of resources	<u>39,353</u>	<u>46,135</u>	<u>3,364</u>	<u>3,947</u>	<u>42,717</u>	<u>50,082</u>
Net Position:						
Net investment in capital assets	58,109,624	64,148,784	411,503	586,503	58,521,127	64,735,287
Restricted	14,546,308	4,352,194	-	-	14,546,308	4,352,194
Unrestricted	<u>18,117,208</u>	<u>18,231,323</u>	<u>320,921</u>	<u>145,921</u>	<u>18,438,129</u>	<u>18,377,244</u>
Total net position	<u>\$ 90,773,140</u>	<u>\$ 86,732,301</u>	<u>\$ 732,424</u>	<u>\$ 732,424</u>	<u>\$ 91,505,564</u>	<u>\$ 87,464,725</u>

The City's *combined* net position increased \$4.04 million over the prior year.

Net position may serve as a useful indicator of a government's financial position. The City's combined assets exceeded combined liabilities by \$91.5 million, at September 30, 2017. The combined net position reflects a current year total unrestricted net position of \$18.4 million.

The largest component of the City of Daphne's current fiscal year net position (64.0%) 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.

15.9% of the City of Daphne's current fiscal year net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$18.4 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, 2017:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Program Revenues:						
Charges for services	\$ 6,347,761	\$ 6,105,657	\$ 1,696,141	\$ 1,648,539	\$ 8,043,902	\$ 7,754,196
Operating grants and contributions	315,312	1,333,091	-	-	315,312	1,333,091
Capital grants and contributions	4,828,176	4,178,497	-	-	4,828,176	4,178,497
General Revenues:						
Taxes	25,067,336	23,856,427	6,988	-	25,074,324	23,856,427
Other	146,702	705,977	-	-	146,702	705,977
<b>Total Revenues</b>	<b>36,705,287</b>	<b>36,179,649</b>	<b>1,703,129</b>	<b>1,648,539</b>	<b>38,408,416</b>	<b>37,828,188</b>
Expenses:						
General government	5,011,264	5,210,215	-	-	5,011,264	5,210,215
Public safety	11,510,234	10,839,294	-	-	11,510,234	10,839,294
Public works	9,567,947	10,103,725	-	-	9,567,947	10,103,725
Library and recreation	2,981,534	2,837,070	-	-	2,981,534	2,837,070
Interest on long-term debt	1,569,279	1,687,530	-	-	1,569,279	1,687,530
Contribution to Utilities Board	1,075,420	364,363	-	-	1,075,420	364,363.00
Solid Waste	-	-	1,893,055	1,998,862	1,893,055	1,998,862
Civic Center and Bayfront Park	-	-	758,844	757,848	758,844	757,848
<b>Total Expenses</b>	<b>31,715,678</b>	<b>31,042,197</b>	<b>2,651,899</b>	<b>2,756,710</b>	<b>34,367,577</b>	<b>33,798,907</b>
Change in Net Position, before transfers	4,989,609	5,137,452	(948,770)	(1,108,171)	4,040,839	4,029,281
Transfers	(948,770)	(1,108,171)	948,770	1,108,171	-	-
<b>Change in Net Position</b>	<b>4,040,839</b>	<b>4,029,281</b>	<b>-</b>	<b>-</b>	<b>4,040,839</b>	<b>4,029,281</b>
Net position, beginning	86,732,301	82,703,020	732,424	732,424	87,464,725	83,435,444
<b>Net Position, end of year</b>	<b>\$90,773,140</b>	<b>\$86,732,301</b>	<b>\$ 732,424</b>	<b>\$ 732,424</b>	<b>\$91,505,564</b>	<b>\$87,464,725</b>

Total net position reflected an increase of \$4.04 million over the prior year. This increase is primarily the effect of increases/decreases of balances within the Statement of Activities. Overall program and general revenues were slightly over prior year revenues with total expenses showing a slight increase as well. Overall change in net position was almost the same as the prior year change in net position.

### Governmental Activities

The comprehensive Statement of Activities is presented in a format that is significantly different from the traditional Statement of Revenues, Expenditures, and Changes in Fund Balance. Expenses are listed in the first column by function with revenues generated from the function reported to the right. This provides a total cost for each function. Next, revenues generated by each function are reported and deducted from the expenses. The result is the net revenue (expense) of the function, or the *Net Cost* for the activity. The Net Cost is the part of operations required to be funded by the taxpayers.

Included in governmental activities are the following functions: General government, public safety, public works, library and recreation, contribution to Utilities Board and interest on long-term debt.

## Governmental Activities (Continued)

The amount of funding required from general revenue sources (i.e. revenues other than fees, charges, grants, and other contributions, such as street, drainage, and other infrastructure acceptances) is presented below by function.

Uses of General Revenues		
Public safety	\$ 10,182,354	48.07%
Public works	4,424,988	20.89%
General government	154,295	0.73%
Library and recreation	2,818,093	13.31%
Interest on long-term debt	1,569,279	7.41%
Contribution to Utilities Board	1,075,420	5.08%
Business-type activities	955,758	4.51%
	<u>\$ 21,180,187</u>	<u>100.00%</u>

## Business-Type Activities

Revenues of the City's business-type activities do not always cover the costs of doing business, and such, activities require funding from the general revenues (taxes, licenses, etc.).

The Civic Center and Bayfront Park are funds that generally require such transfers. \$474,000 was transferred to these activities in the current fiscal year. This is a decrease of \$2,000 from the prior year. Revenue slightly increased for the Civic Center but was mainly offset by a slight increase in expenses. Bayfront Park showed a slight decrease in revenue but expenses showed a slight decrease as well. Thus, overall transfers showed very little change from the prior year.

In the past, the Solid Waste Fund did not require transfers from the General Fund for funding operations. However, effective at the beginning of fiscal year 2015, the expenses and assets related to the solid waste-debris were moved from the General Fund to the Solid Waste Fund. \$475,000 was transferred to the Solid Waste Fund in the current fiscal year. This was decrease of \$157,000 from the prior year.

Garbage fees and recycling revenue collected increased \$44,000 over prior year. Depreciation expense decreased \$135,000 from prior year. When separating the garbage, recycling, and solid waste components, solid waste expenses totaled \$552,317, garbage expenses totaled \$972,227, and recycling expenses totaled 368,512. In order to fund recycling, an amount equal to the expense less \$8,700 in revenue received was transferred from the garbage component to the recycling component. Although the recycling program continues to operate at a loss, the City is committed to recycling and to public awareness of the need to recycle.

Total transfers to business-type activities in the current fiscal year totaled \$948,770.

**FINANCIAL ANALYSIS OF CITY FUNDS**

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financial requirements. Specifically, the unreserved fund balance may serve as a useful tool for the measurement of resources available for future needs; including a provision for emergencies or an accumulation of funds for the purchase of capital assets.

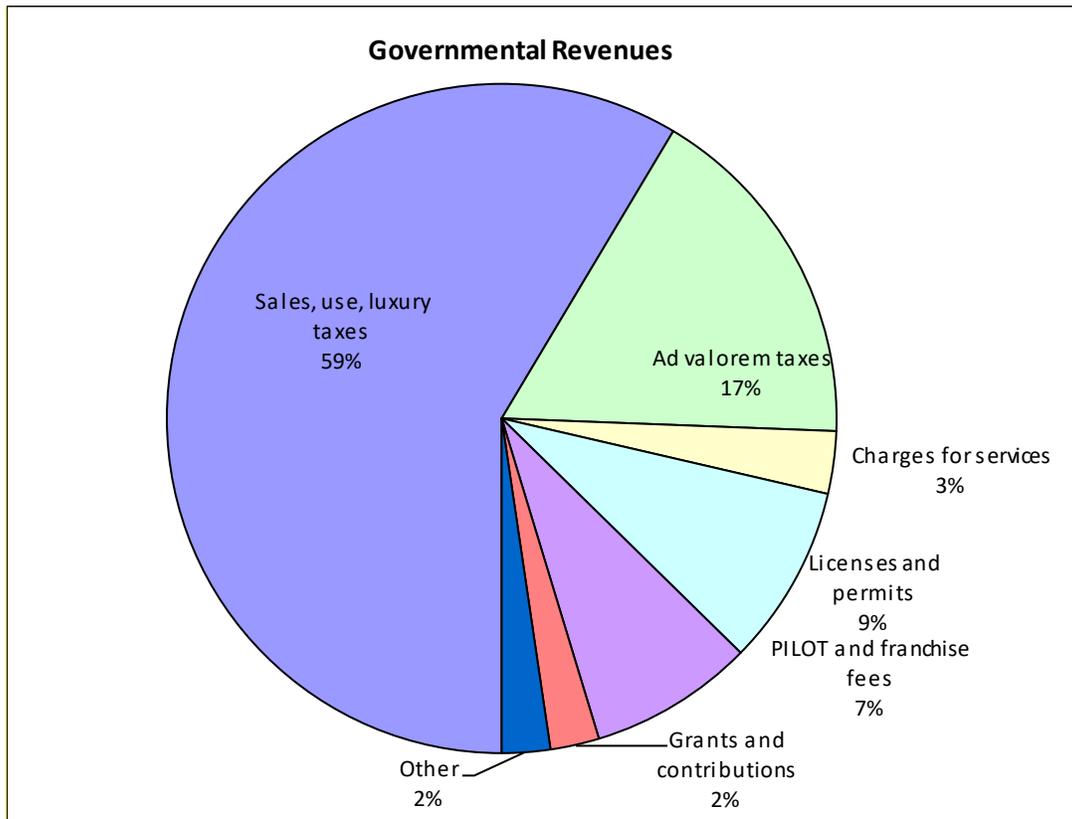
**Governmental Funds**

As the City completed the current fiscal year, its governmental funds reported a combined fund balance of \$33.4 million, a 49.7% (\$11.1 million) increase from the prior year.

**Governmental Revenues**

Total revenues of the governmental funds showed a decrease of 5.49% (\$1.88 million) over the prior year. The following chart and graph presents a summary of governmental revenues sources:

<b>Governmental Revenues</b>	
Sales, use, luxury taxes	\$ 18,865,496
Ad valorem taxes	5,490,960
Charges for services	971,814
Licenses and permits	2,811,350
PILOT and franchise fees	2,563,873
Grants and contributions	760,104
Other	751,525
	<b>\$ 32,215,122</b>



### **Governmental Revenues (Continued)**

Sales and use taxes are the largest source of revenues at 59%; Ad valorem taxes are the next largest at 17%; licenses and permits are next at 9%; and PILOT and franchise fees at 7% of total revenues.

The change in revenues is presented below:

	2017	2016	Variance	% Change
Sales, use, luxury taxes	\$ 18,865,496	\$ 18,079,176	\$ 786,320	4%
Ad valorem taxes	5,490,960	5,209,599	281,361	5%
Charges for services	971,814	974,421	(2,607)	0%
Licenses and permits	2,811,350	2,674,035	137,315	5%
PILOT and franchise fees	2,563,873	2,455,818	108,055	4%
Grants and contributions	760,104	2,721,304	(1,961,200)	-72%
Other	751,525	1,972,623	(1,221,098)	-62%
	<u>\$ 32,215,122</u>	<u>\$ 34,086,976</u>	<u>\$ (1,871,854)</u>	<u>-5%</u>

A discussion of significant increases and decreases follows:

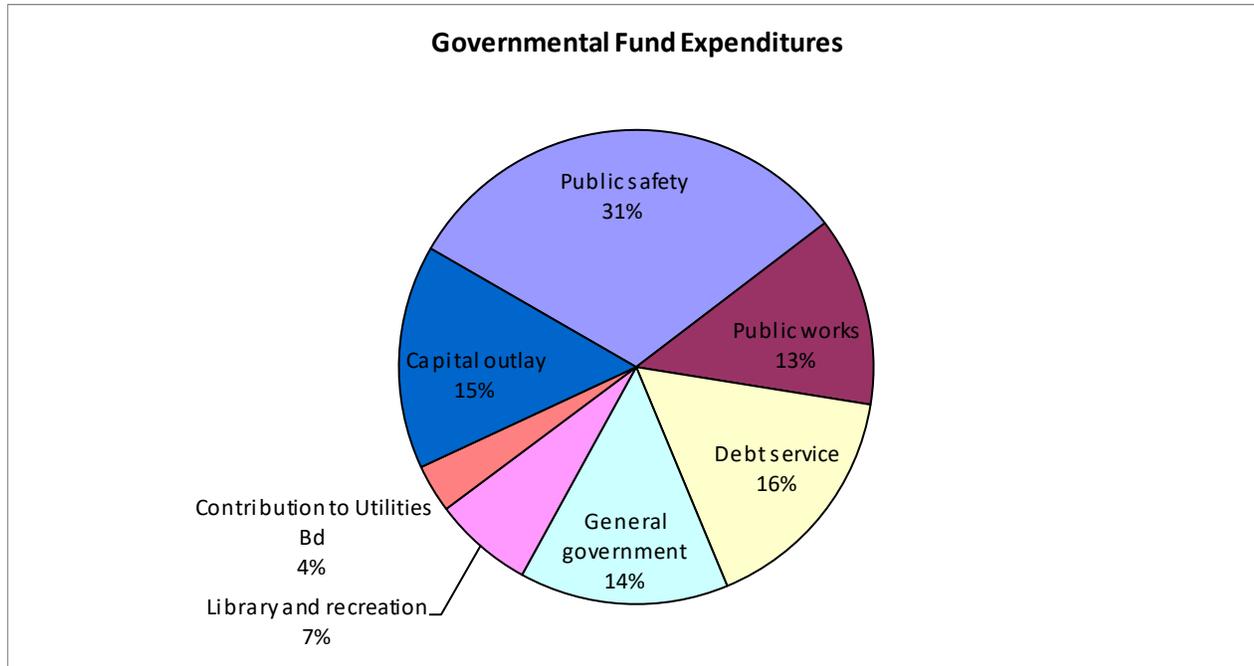
- Sales and use taxes increased \$786,000. This is due to the continued improving economy and new business locating into the City.
- Ad valorem taxes increased \$281,000. This can be attributed to the continued rebound of the housing market which has resulted in increased home growth and an increase in property values and also a large influx of new residents.
- Grants and contributions decreased \$1.96 million. This is reflective of a significant decrease in grant activity. Several large one-time grants including the Tiawasee Creek Project were received last year.
- Other revenue sources decreased \$1.2 million. Intergovernmental revenue received from FEMA decreased \$440,000 and there was a one-time recognition of deferred revenue from BP Oil Spill funds of \$427,000 in the prior year. Interest and investment earnings also decreased \$123,000 from the prior year.

### **Governmental Expenditures**

A summary of governmental expenditures is presented below:

<b>Governmental Fund Expenditures</b>		
Public safety	\$ 10,240,081	31.3%
Public works	4,230,430	12.9%
Debt service	5,302,013	16.2%
General government	4,666,815	14%
Library and recreation	2,223,838	7%
Contribution to Utilities Board	1,075,420	3%
Capital outlay	4,997,475	15%
	<u>\$ 32,736,072</u>	<u>100.0%</u>

**Governmental Expenditures (Continued)**



This represents an increase in expenditures of 0.9%; (\$297,000) over the prior year.

The principal drivers of this increase are a decrease in public works expenditures of \$812,000 over the prior year, an increase in contribution to Utilities Board of \$711,000 over the prior year, and an increase in debt service costs of \$329,000 over the prior year.

- Public works expenditures decreased \$812,000. During the previous fiscal year, the City expended over \$1.1 million dollars on the Tiawasee Creek restoration project. This project was completed last fiscal year.
- Debt service expenditures increased \$329,000. During the current fiscal year, there was a new bond issuance of \$12,000,000 resulting in increased debt service payments.
- Contributions to Utilities Board Increased \$711,000. A new sewer expansion along Whispering Pines Road was started in the previous fiscal year to complete the initiative to provide sewer service to all City residents. The majority of this project was completed in the current fiscal year. At the end of the project, the sewer infrastructure was contributed to Daphne Utilities Board for long-term upkeep and maintenance.

Departmental costs of \$21.3 million are the largest component of current fiscal year expenditures (65.3%); overall departmental costs decreased 2.5% (\$542,000) over the prior year.

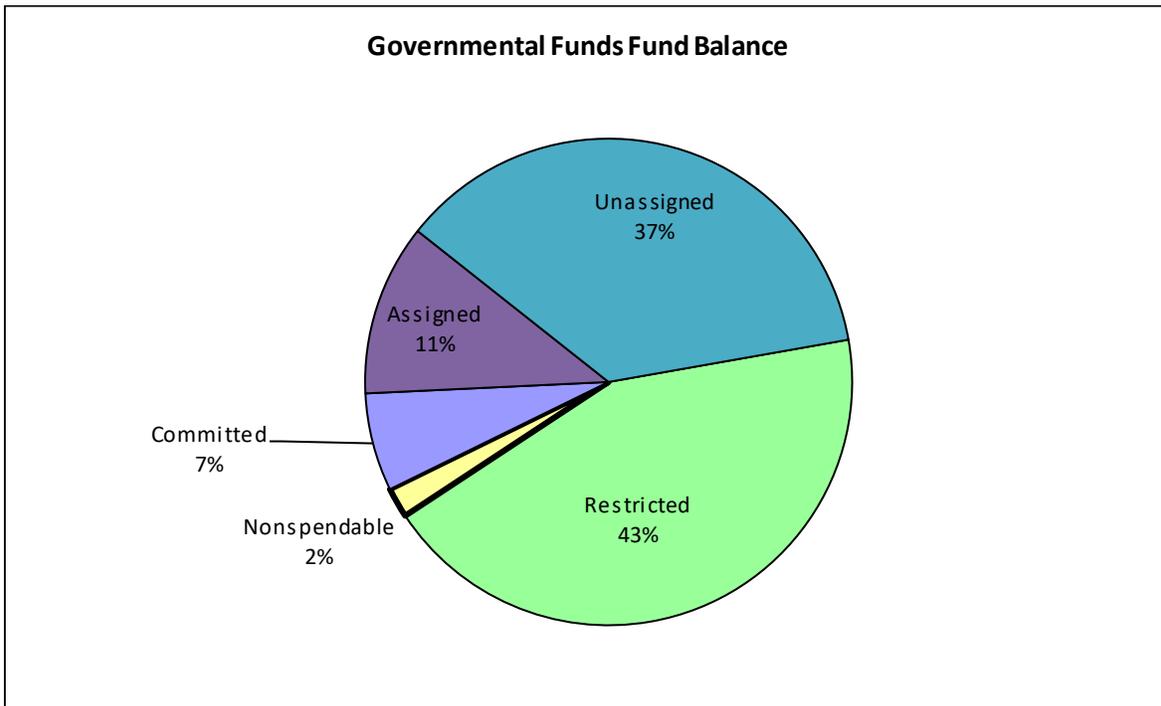
The department with the largest amount of governmental expenditures remains Public safety at \$10.2 million (31.3% of total expenditures). Personnel and related costs make up over 79.0% of these expenditures.

The next three largest components are: Debt service at 16% (\$5.3 million), Capital outlay at 15% (\$5.0 million), and Public works at 13% (\$4.2 million).

**Governmental Fund Balance**

Total fund balance of the governmental funds as of September 30, 2017 is \$33.4 million. Of this amount, \$12.2 million is unassigned. An illustration of the total fund balance for governmental funds is presented below:

	2017	2016	Variance	% Change
Restricted	\$ 14,546,308	\$ 4,352,194	\$10,194,114	234.2%
Nonspendable	672,414	425,200	247,214	58.1%
Committed	2,176,032	1,861,490	314,542	16.9%
Assigned	3,816,281	3,039,570	776,711	25.6%
Unassigned	12,226,005	12,657,746	(431,741)	-3.4%
<b>\$ 33,437,040</b>	<b>\$ 22,336,200</b>	<b>\$11,100,840</b>	<b>49.7%</b>	



This represents a total fund balance increase of 49.7% (\$11.1 million) from the prior year. The General Fund fund balance increased 1.7% (\$229,000). The City of Daphne has a healthy unassigned fund balance with a formal policy to maintain a minimum fund balance of three months of operating revenues. The City also has an informal policy to maintain a minimum unassigned General Fund fund balance of eight million dollars, if the three months of operating revenues fall below this threshold.

**Proprietary Funds**

The City’s proprietary funds are all categorized as enterprise operations, and consist of the Solid Waste Fund, Civic Center Fund, and the Bayfront Park Fund. During the current fiscal year, \$949,000 was transferred from the governmental funds to subsidize enterprise fund operations. This amount represents 35.9% of the total enterprise funds revenues and transfers in. The total amount of transfers approximates the prior fiscal year.

### Proprietary Funds (Continued)

Beginning in fiscal year 2015, assets and operating expenses for solid waste-debris were reported in the Solid Waste Fund instead of the General Fund. In fiscal year 2016, transfers were required in the amount of \$475,000 to cover operating losses. This represented a decrease of \$156,700. The net income of the garbage function was used to fund the losses of the recycle and solid waste-debris function. A detailed analysis of the Solid Waste fund was previously presented.

Civic Center and Bayfront Park required transfers of \$306,000 and \$168,000, respectively, during the current fiscal year, an decrease of 0.6% (\$3,000) from the prior year.

A summary and comparison of the enterprise fund's operating results for the 2016 and 2017 fiscal years is presented below:

	Solid Waste		Civic Center		Bayfront Park		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016
Fees and charges	\$ 1,411,119	\$ 1,367,146	\$ 208,797	\$ 182,446	\$ 74,305	\$ 75,307	\$ 1,694,221	\$ 1,624,899
Other receipts	6,988	-	1,920	23,640	-	-	8,908	23,640
Transfers	474,948	631,716	306,010	319,654	167,812	156,801	948,770	1,108,171
Revenues	1,893,055	1,998,862	516,727	525,740	242,117	232,108	2,651,899	2,756,710
Personnel	935,064	864,015	194,396	180,314	177,680	166,585	1,307,140	1,210,914
Operating	951,883	1,127,818	322,331	345,426	64,437	65,523	1,338,651	1,538,767
Interest	6,108	7,029	-	-	-	-	6,108	7,029
Expenses	1,893,055	1,998,862	516,727	525,740	242,117	232,108	2,651,899	2,756,710
Revenues Over								
(Under) Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

### Analysis of Changes in Major Funds

Major funds are funds whose revenues, expenditures/expenses, assets or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise fund and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. The General Fund is always considered a major fund. The major funds presented are considered to be of particular importance to financial statement users. In addition to the General Fund, other funds determined to be major governmental funds are the Debt Service Fund, the Capital Reserve Fund, the 2017 Construction Fund and the Solid Waste Fund. The Debt Service Fund has been a major fund for at least a decade. The Capital Reserve Fund and the Solid Waste Fund have been major funds periodically over the years. The 2017 Construction Fund was new this year as a major fund. The fund accounts for the \$12,000,000 received in debt proceeds for recreation park expansion and improvements. This was the first year of inception for this fund.

### General Fund (Governmental)

At the end of the current fiscal year, the total fund balance of the City's General Fund increased 1.7% (\$229,000) over the prior year's ending balance. Fund balance reflects the cumulative excess of revenues and other financing sources over expenditures and other financing uses. The current fiscal year ending fund balance was \$13.96 million, compared to \$13.7 million at the end of the prior year.

### **General Fund (Governmental) (Continued)**

Cash and cash equivalents (including equity in pooled cash) plus investments increased by 1.7% (\$208,000) during the current fiscal year, over the adjusted cash and cash equivalents amount for the prior year.

Overall receivables increased \$210,000 (3%) over prior year. The increase can be attributed to an increase in taxes receivable of \$387,000 that was partially offset by a \$75,000 decrease in the receivable from the Daphne Volunteer Fire Department, a decrease in grants receivable of \$78,000, and a \$24,000 decrease in other receivables.

Accounts payable increased \$239,000 (242.26%) over the prior year, reflecting more outstanding invoices due to vendors at the end of the year.

Deferred revenues (ad valorem tax assessments and grant revenue) increased \$168,000 over the prior year, reflecting increased ad valorem tax assessments of \$337,000 and a decrease in deferred grant revenue of \$169,000.

### **Debt Service Fund (Governmental)**

The Debt Service Fund is used to account for the accumulation of financial resources to be used for the payment of general long-term debt principal and interest. The fund balance decreased \$22,000 over the prior year. The fund balance in this fund fluctuates based on the timing of upcoming debt payments.

### **Capital Reserve Fund (Governmental)**

The Capital Reserve Fund reports financial resources transferred principally from the General Fund for capital resources. Cash and cash equivalents increased 19% (\$484,000). This increase was mainly from a \$2,000,000 transfer received from the General Fund for recreation improvements. All of this money was not expended by the end of fiscal year 2017.

### **2017 Construction Fund (Governmental)**

The 2017 Construction Fund was funded with the \$12,000,000 in bond proceeds received for recreational improvements and expansion. This was the first year of inception for this fund. Approximately \$11.1 million remains available in this fund to be expended for recreation.

### **Solid Waste (Proprietary)**

The Solid Waste Fund is associated with the City's self-collection of refuse and recycling materials. Total assets and liabilities in fiscal year 2017 are comparable to the amount in fiscal year 2016.

### **General Fund Budgetary Highlights**

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

## General Fund Budgetary Highlights (Continued)

Detailed information for the General Fund budget is presented in the “Required Supplemental Information” section. The originally adopted budget reflected revenues over expenditures by \$496,000. The final amended budget reflected revenues under expenditures by \$3.4 million. Actual results reflect an excess of expenditures over revenues (budgetary basis) of \$219,000. This \$3.2 million positive variance is due to actual revenues in excess of budget estimates by \$970,000, and budgeted departmental personnel and operating costs under budget estimates by \$1.04 million and \$863,000, respectively.

*Revenues* - The significant components that produced the excess of actual revenues over final budgeted estimates of \$970,000 are:

- Sales, use and Luxury Taxes – The excess of final budgeted estimates over actual of \$706,000 reflect the continued, steady improvement of the local economy as evidenced by increasing business activity.
- Licenses and permits – The excess of final budgeted estimates over actual of \$239,000 reflect the Improved and expanded business activity and also the rebound of the housing market and increased construction and housing improvements.

*Departmental costs* – Significant components that produced the excess of actual departmental expenditures under final budgeted amounts of \$1.4 million are:

- Personnel actual expenditures are under final budgeted amounts by \$1.04 million (6.6%). The personnel component of the budget is estimated based on all positions being filled for the full year; vacancies are experienced during the year, so this results in actual expenditures normally being less than the budgeted amounts. Significant personnel under budget components include:
  - General government – Executive 31.6% (\$63,000); Information Technology 32% (\$56,000); Human Resources 13% (\$45,000); Information Technology 29.4% (\$31,000) and Building Maintenance 46.3% (\$140,000).
  - Public safety – Detective 11.3% (106,000); Corrections 12% (\$83,000); Communications 14.4% (\$79,000) and Building Inspections 7.6% (\$32,000).
  - Public works – Streets 8.4% (63,500); Grounds 5.8% (\$38,000) and Mowing 7.3% (\$36,000).
  - Library and recreation – Library 11.4% (76,000).
- Operating actual expenditures are less than final budgeted amounts by \$863,000 (13.1%). Significant operating expenditure components include:
  - Community Events 16% (44,447) under budget
  - Patrol 12.6% (\$60,000) under budget.
  - Fire 16.4% (\$77,000) under budget.
  - Grounds 21.8% (49,000) under budget.
  - Mechanic shop net reimbursed costs 44.3% (\$86,000) under budget.
  - Recreation Parks 25.4% (77,000) under budget.
  - Building Maintenance 97.8% (45,000) over budget. Temporary services were utilized to cover the vacancies in the department during the year. This caused the significant variance in the budget.

**CAPITAL ASSET AND DEBT MANAGEMENT**

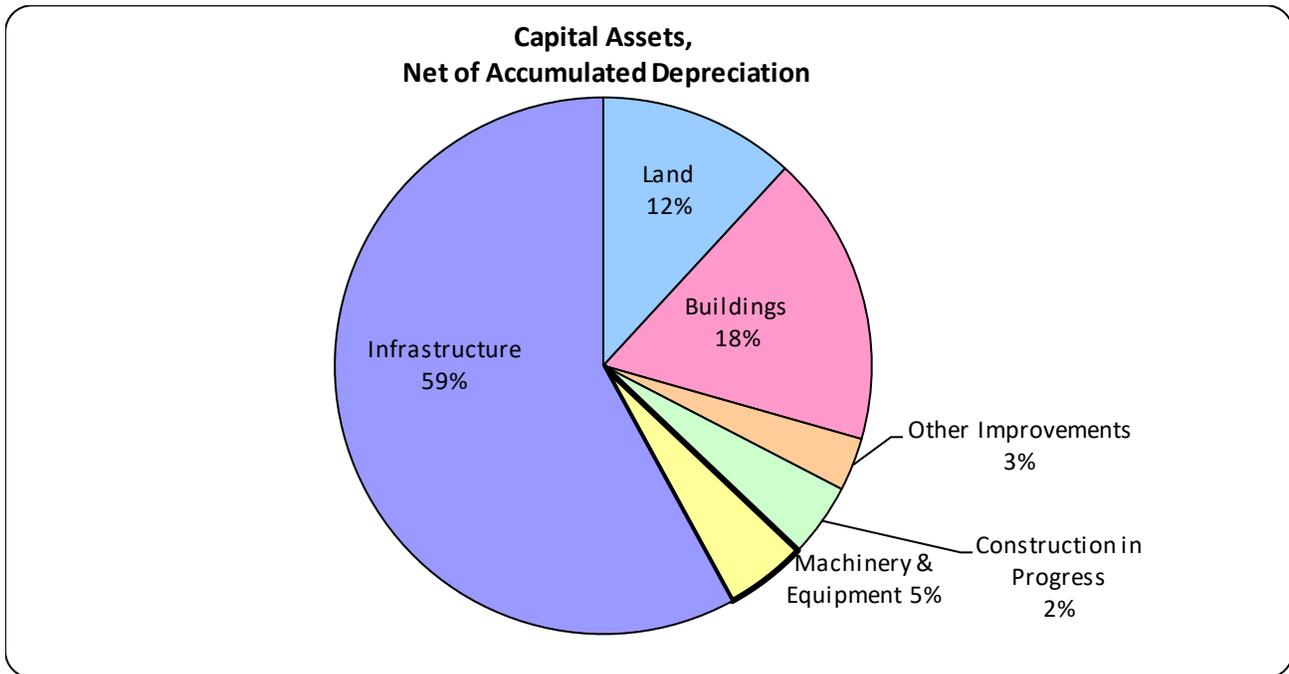
**Capital Assets**

As of September 30, 2017, the City owned \$101.6 million (net of accumulated depreciation) in capital assets, invested in a broad range of asset types, including land, buildings, park facilities, roads and bridges, sidewalks, vehicles and other equipment for governmental and business-type activities.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>TOTAL</u>		<u>% Change</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
Land	\$ 12,038,704	\$ 12,038,704	\$ -	\$ -	\$ 12,038,704	\$ 12,038,704	0.0%
Buildings	17,725,717	18,280,715	115,332	141,238	17,841,049	18,421,953	-3.2%
Other Improvements	3,263,493	3,453,843	-	-	3,263,493	3,453,843	-5.5%
Machinery and Eqpt	4,269,205	4,489,644	760,010	715,931	5,029,215	5,205,575	-3.4%
Infrastructure	58,917,181	58,917,991	-	-	58,917,181	58,917,991	0.0%
Constr in Progress	4,546,314	1,228,749	-	-	4,546,314	1,228,749	270.0%
<b>TOTAL</b>	<b>\$ 100,760,614</b>	<b>\$ 98,409,646</b>	<b>\$ 875,342</b>	<b>\$ 857,169</b>	<b>\$ 101,635,956</b>	<b>\$ 99,266,815</b>	<b>2.4%</b>

Components of Capital Assets:



Overall, during the current fiscal year, governmental capital assets, net of accumulated depreciation approximated showed a slight increase of 2.4% over prior year amounts.

See Note 6 in the Notes to Financial Statements section for more detailed information on the City’s capital assets.

## Long-Term Debt

As of September 30, 2017, the City owed \$42.0 million in long-term warrants outstanding and \$2.07 million in capital leases outstanding, of which \$3.61 million will mature during the upcoming fiscal year. The following table summarizes the long-term debt:

	Governmental Activities		Business-Type Activities		TOTAL	
	2017	2016	2017	2016	2017	2016
Warrants	\$ 41,972,457	\$ 33,270,204	\$ -	\$ -	\$ 41,972,457	\$33,270,204
Capital Leases	<u>1,523,042</u>	<u>1,460,889</u>	<u>463,839</u>	<u>270,666</u>	<u>1,986,881</u>	<u>1,731,555</u>
	<u>\$ 43,495,499</u>	<u>\$ 34,731,093</u>	<u>\$ 463,839</u>	<u>\$ 270,666</u>	<u>\$ 43,959,338</u>	<u>\$35,001,759</u>

In April 2017, the City issued the 2017 General Obligation Warrants in the amount of \$12,000,000. These warrants were issued to help fund recreational facilities improvements and expansion.

Total principal payments on outstanding warrants amounted to \$3.3 million in fiscal year 2017.

There were five new capital leases issued during the current fiscal year. The overall increase in the amount of capital leases outstanding of \$255,000 was the result of lease proceeds of \$882,000 and lease principal payments of \$627,000 made during the current year.

See Notes 9, 10, 11, 12 and 13 of the Notes to Financial Statements section for more detailed information concerning the debt issuances and debt outstanding of City.

Pursuant to State of Alabama statutes, the City's general obligation debt issuances are subject to a legal limitation of 20% of the net assessed real and personal property values. As of September 30, 2017, the City's permissible debt limit exceeded actual debt by \$42.9 million. This debt margin is \$5.1 million less than the prior year debt margin.

## Bond Ratings

In March 2010, the City received rating upgrades on its bond debt from the two major international rating agencies, Moody's Investor Services and Standard & Poor's Rating Services. The City's "stand-alone" rating (rating with no insurance) was upgraded by Moody's from A1 to Aa3 and by Standard & Poor's from A+ to AA. The ratings were affirmed in December 2011 with Standard & Poor's issuing an "AA Stable" rating. The City received a rating upgrade by Standard & Poor's to AA+ with the issuance of the 2014 General Obligation Refunding Warrants in November 2014. This rating with Standard & Poor's was reaffirmed in July 2016 with the issuance of the 2016 General Obligation Refunding Warrants.

Reasons cited for the upgrade included strong economy; strong conservative management; very strong budget flexibility and liquidity; strong budgetary performance; and strong state institutional characteristics. These upgrades reflect the ongoing commitment of the City's elected officials and management staff to make wise, financially responsible decisions.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The current fiscal year 2018 General Fund budget reports an increase of 6.0% (\$878,000) in sales and use taxes over the prior year budget. The fiscal year 2018 amount budgeted is still less than the actual amount collected in fiscal year 2017. The City's sales and use tax revenue has been showing steady increases as the economy has rebounded. The upcoming budget reflected this same increase in sales tax revenue. After three months of collections, actual collections are closely tracking budgeted amounts.

Effective in fiscal year 2016, the City adopted a formal policy targeted to maintain a minimum unassigned fund balance equal to three months of operating revenues for the General Fund. For the upcoming fiscal year, this would equate to an unassigned fund balance of \$7.23 million. At the end of the current fiscal year, the unassigned fund balance is 42.3% of the General Fund revenues.

With an unassigned fund balance of the General Fund at the beginning of the upcoming fiscal year of \$12.2 million, the City Council continues to have the resource reserves to fund capital expenditures on a pay-as-you-go basis during the upcoming year.

No major changes have been made in the business-type activities through the first four months of the 2018 fiscal year with the exception of slight increase in the monthly garbage fee charged to residents.

The City of Daphne continues to maintain a strong financial position that is aided by the continuing uptick in the local economy.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

## **Basic Financial Statements**

*These statements provide a summary overview of the financial position of all funds and the operating results by fund types for the City and its component unit. Separate columns are used for each fund type.*

**CITY OF DAPHNE, ALABAMA**

**Statement of Net Position  
September 30, 2017**

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b>ASSETS</b>			
Cash, equity in pooled cash	\$ 27,126,397	\$ 849,885	\$ 27,976,282
Investments	5,294,527	-	5,294,527
Receivables (net)	8,018,474	116,213	8,134,687
Due from Daphne Volunteer Fire Dept	300,000	-	300,000
Inventories	334,854	-	334,854
Other assets	337,560	-	337,560
Capital assets:			
Non-depreciable	16,585,018	-	16,585,018
Depreciable, net	84,175,596	875,342	85,050,938
Total assets	<u>142,172,426</u>	<u>1,841,440</u>	<u>144,013,866</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred expense on refunding of bonds	844,509	-	844,509
Deferred pension outflows	2,101,567	180,425	2,281,992
Total deferred outflows of resources	<u>2,946,076</u>	<u>180,425</u>	<u>3,126,501</u>

Total assets and deferred outflows of resources	<u>\$ 145,118,502</u>	<u>\$ 2,021,865</u>	<u>\$ 147,140,367</u>
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The accompanying notes are an integral part of the financial statements.

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b>LIABILITIES</b>			
Accounts payable	\$ 1,487,056	\$ 101,516	\$ 1,588,572
Accrued liabilities	723,576	46,776	770,352
Accrued interest payable	122,155	1,997	124,152
Unearned revenue	772,619	91,516	864,135
Non-current liabilities:			
Due within one year:			
Compensated absences	169,612	12,828	182,440
Capital leases payable	446,536	142,005	588,541
Bonds payable	3,025,605	-	3,025,605
Due in more than one year:			
Other post employment benefits	2,230,617	149,456	2,380,073
Net pension liability	4,782,626	409,597	5,192,223
Compensated absences	121,414	8,552	129,966
Capital leases payable	1,076,506	321,834	1,398,340
Bonds payable	39,347,687	-	39,347,687
Total liabilities	<u>54,306,009</u>	<u>1,286,077</u>	<u>55,592,086</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension inflows	39,353	3,364	42,717
Total deferred inflows of resources	<u>39,353</u>	<u>3,364</u>	<u>42,717</u>
<b>NET POSITION</b>			
Net investment in capital assets	58,109,624	411,503	58,521,127
Restricted for:			
Capital projects, including sewer and recreation	11,549,372	-	11,549,372
Debt service	1,914,314	-	1,914,314
Law enforcement	257,388	-	257,388
Court and corrections	350,386	-	350,386
Streets and drainage	474,848	-	474,848
Unrestricted	<u>18,117,208</u>	<u>320,921</u>	<u>18,438,129</u>
Total net position	<u>90,773,140</u>	<u>732,424</u>	<u>91,505,564</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 145,118,502</u>	<u>\$ 2,021,865</u>	<u>\$ 147,140,367</u>

**CITY OF DAPHNE, ALABAMA**

**Statement of Activities  
For the Year Ended September 30, 2017**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 5,011,264	\$ 4,853,694	\$ 3,275	\$ -
Public safety	11,510,234	1,266,204	16,566	45,110
Public works	9,567,947	127,433	232,460	4,783,066
Library and recreation	2,981,534	100,430	63,011	-
Contribution to Utilities Board	1,075,420	-	-	-
Interest and costs on long term debt	1,569,279	-	-	-
Total governmental activities	<u>31,715,678</u>	<u>6,347,761</u>	<u>315,312</u>	<u>4,828,176</u>
Business-type activities:				
Solid Waste	1,893,055	1,411,119	-	-
Civic Center	516,727	210,717	-	-
Bayfront Park	242,117	74,305	-	-
Total business-type activities	<u>2,651,899</u>	<u>1,696,141</u>	<u>-</u>	<u>-</u>
 Total primary government	 <u>\$ 34,367,577</u>	 <u>\$ 8,043,902</u>	 <u>\$ 315,312</u>	 <u>\$ 4,828,176</u>

**General revenues and transfers:**

Sales, use, and luxury taxes

Ad valorem taxes

Investment and interest earnings

Miscellaneous revenue

Gain on disposal of assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (154,295)	\$ -	\$ (154,295)
(10,182,354)	-	(10,182,354)
(4,424,988)	-	(4,424,988)
(2,818,093)	-	(2,818,093)
(1,075,420)	-	(1,075,420)
(1,569,279)	-	(1,569,279)
<u>(20,224,429)</u>	<u>-</u>	<u>(20,224,429)</u>
-	(481,936)	(481,936)
-	(306,010)	(306,010)
-	(167,812)	(167,812)
<u>-</u>	<u>(955,758)</u>	<u>(955,758)</u>
<u>(20,224,429)</u>	<u>(955,758)</u>	<u>(21,180,187)</u>
19,239,333	-	19,239,333
5,828,003	-	5,828,003
26,398	-	26,398
57,747	-	57,747
62,557	6,988	69,545
(948,770)	948,770	-
<u>24,265,268</u>	<u>955,758</u>	<u>25,221,026</u>
4,040,839	-	4,040,839
86,732,301	732,424	87,464,725
<u>\$ 90,773,140</u>	<u>\$ 732,424</u>	<u>\$ 91,505,564</u>

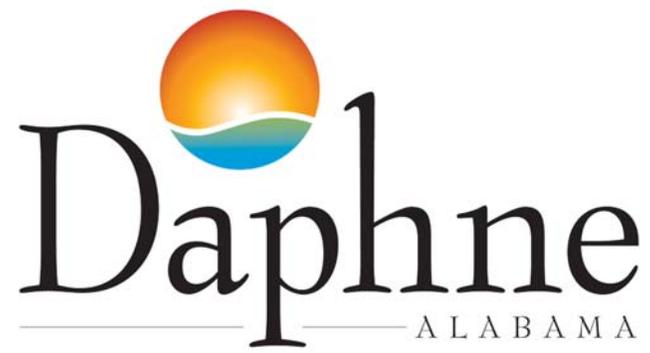
**CITY OF DAPHNE, ALABAMA**

**Balance Sheet  
Governmental Funds  
September 30, 2017**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Reserve Fund</u>
<b>ASSETS</b>			
Cash, equity in pooled cash	\$ 7,017,312	\$ 1,914,314	\$ 3,027,826
Investments	5,294,527	-	-
Taxes receivable	6,811,955	-	-
Grants receivable	168,044	-	10,943
Other receivables	109,253	-	772,619
Due from other funds	13,961	-	-
Due from Volunteer Fire Department	300,000	-	-
Inventories	334,854	-	-
Other assets	337,560	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 20,387,466</u>	<u>\$ 1,914,314</u>	<u>\$ 3,811,388</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 729,937	\$ -	\$ 289,298
Accrued liabilities	720,308	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	772,619
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>1,450,245</u>	<u>-</u>	<u>1,061,917</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - grant revenue	320,882	-	-
Deferred revenue - property taxes	4,656,675	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total deferred inflows of resources	<u>4,977,557</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	672,414	-	-
Restricted	-	1,914,314	-
Committed	-	-	-
Assigned	1,047,284	-	2,749,471
Unassigned	12,239,966	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>13,959,664</u>	<u>1,914,314</u>	<u>2,749,471</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 20,387,466</u>	<u>\$ 1,914,314</u>	<u>\$ 3,811,388</u>

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

2017 Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ 11,120,833	\$ 4,046,112	\$ 27,126,397
-	-	5,294,527
-	107,372	6,919,327
-	38,288	217,275
-	-	881,872
-	-	13,961
-	-	300,000
-	-	334,854
-	-	337,560
<u>\$ 11,120,833</u>	<u>\$ 4,191,772</u>	<u>\$ 41,425,773</u>
\$ 416,854	\$ 50,970	\$ 1,487,059
-	3,268	723,576
-	13,961	13,961
-	-	772,619
<u>416,854</u>	<u>68,199</u>	<u>2,997,215</u>
-	13,961	334,843
-	-	4,656,675
<u>-</u>	<u>13,961</u>	<u>4,991,518</u>
-	-	672,414
10,703,979	1,928,015	14,546,308
-	2,176,032	2,176,032
-	19,526	3,816,281
-	(13,961)	12,226,005
<u>10,703,979</u>	<u>4,109,612</u>	<u>33,437,040</u>
<u>\$ 11,120,833</u>	<u>\$ 4,191,772</u>	<u>\$ 41,425,773</u>



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**CITY OF DAPHNE, ALABAMA**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2017**

Total fund balances, governmental funds \$ 33,437,040

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	\$ 209,828,681	
Less: accumulated depreciation	<u>(109,068,067)</u>	100,760,614

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

Employment retirement contributions	2,101,567	
Deferred amount on refunding, net of amortization	<u>844,509</u>	2,946,076

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	(41,972,457)	
Bond discount	183,511	
Bond premium	(584,346)	
Obligations under capital leases	(1,523,042)	
Compensated absences	(291,026)	
Accrued interest	<u>(122,155)</u>	(44,309,515)

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	(2,230,617)	
Net pension liability	(4,782,626)	
Deferred inflows of resources	<u>(39,353)</u>	(7,052,596)

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	4,656,678	
Grant revenue	<u>334,843</u>	<u>4,991,521</u>

Net position of governmental activities in the Statement of Net Position \$ 90,773,140

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

**CITY OF DAPHNE, ALABAMA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2017**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Reserve Fund</u>
<b>REVENUES</b>			
Taxes:			
Sales, use, luxury	\$ 16,374,881	\$ 895,683	\$ -
Property	5,490,960	-	-
Total taxes	<u>21,865,841</u>	<u>895,683</u>	<u>-</u>
Licenses and permits	2,811,350	-	-
Payments in lieu of taxes	2,563,873	-	-
Fines and forfeitures	331,029	-	-
Charges for services	342,786	-	-
Intergovernmental	373,838	-	184,903
Grants	406,162	-	18,208
Special assessments	-	-	48,358
Interest and investment earnings	21,152	792	764
Contributions and donations	81,565	-	90,000
Miscellaneous	125,193	-	-
Total revenues	<u>28,922,789</u>	<u>896,475</u>	<u>342,233</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,138,844	-	-
Public safety	10,166,139	-	-
Public works	4,190,915	-	-
Library and recreation	1,836,500	-	22,900
Contribution to Utilities Board - Sewer	-	-	657,277
Capital outlay	1,814,769	-	1,307,103
Debt service:			
Principal	-	3,806,154	-
Interest	-	1,474,359	-
Cost of debt issuance	-	21,500	-
Total expenditures	<u>22,147,167</u>	<u>5,302,013</u>	<u>1,987,280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,775,622</u>	<u>(4,405,538)</u>	<u>(1,645,047)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	4,361,780	2,000,012
Transfers out	(7,117,149)	(11,978,500)	-
Issuance of debt	570,560	12,000,000	-
Total other financing sources (uses)	<u>(6,546,589)</u>	<u>4,383,280</u>	<u>2,000,012</u>
Net change in fund balances	229,033	(22,258)	354,965
Fund balances, beginning	13,730,631	1,936,572	2,394,506
Fund balances, ending	<u>\$ 13,959,664</u>	<u>\$ 1,914,314</u>	<u>\$ 2,749,471</u>

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

2017 Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,594,932	\$ 18,865,496
-	-	5,490,960
-	1,594,932	24,356,456
-	-	2,811,350
-	-	2,563,873
-	240,665	571,694
-	8,976	351,762
-	38,871	597,612
-	154,656	579,026
-	-	48,358
-	3,690	26,398
-	9,513	181,078
-	2,322	127,515
-	2,053,625	32,215,122
57	527,914	4,666,815
-	73,942	10,240,081
-	39,515	4,230,430
-	364,438	2,223,838
-	418,143	1,075,420
1,274,464	601,139	4,997,475
-	-	3,806,154
-	-	1,474,359
-	-	21,500
1,274,521	2,025,091	32,736,072
(1,274,521)	28,534	(520,950)
11,978,500	35,754	18,376,046
-	(229,167)	(19,324,816)
-	-	12,570,560
11,978,500	(193,413)	11,621,790
10,703,979	(164,879)	11,100,840
-	4,274,491	22,336,200
\$ 10,703,979	\$ 4,109,612	\$ 33,437,040



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## CITY OF DAPHNE, ALABAMA

### Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Year Ended September 30, 2017

Net change in fund balances, total governmental funds		\$ 11,100,840
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital assets	\$ 4,997,475	
Contributions of capital assets	4,451,045	
Less current year depreciation	<u>(7,091,065)</u>	2,357,455
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.</p>		
Property taxes	337,043	
Grant revenue	<u>(291,436)</u>	45,607
<p>In the Statement of Activities only the gain or loss on the disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.</p>		
Gain on the disposal of assets	62,557	
Proceeds from the sale of assets	<u>(69,044)</u>	(6,487)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in other post employment benefits	(380,896)	
Amortization of discount	(11,432)	
Amortization of premium	48,696	
Amortization of deferred amount on refunding	(63,821)	
Change in net pension liability and deferred inflows of resources	(1,029,374)	
Change in compensated absences	(8,932)	
Change in accrued interest	<u>(46,863)</u>	(1,492,622)
<p>Some expenditures reported in governmental funds are to be paid on a long-term basis and therefore are not reported as expenses in the Statement of Activities.</p>		
Change in deferred outflows - employer retirement contributions	<u>800,452</u>	800,452
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Bond and lease proceeds	(12,570,560)	
Principal and other debt service payments	<u>3,806,154</u>	<u>(8,764,406)</u>
Change in net position of governmental activities		<u>\$ 4,040,839</u>

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

**CITY OF DAPHNE, ALABAMA**

**Statement of Net Position  
Proprietary Funds  
September 30, 2017**

	Solid Waste	Non Major Funds	Total
<b>ASSETS</b>			
Current assets:			
Cash, equity in pooled cash	\$ 759,575	\$ 90,310	\$ 849,885
Due from Utilities Board	116,073	-	116,073
Other receivables	140	-	140
Total current assets	<u>875,788</u>	<u>90,310</u>	<u>966,098</u>
Noncurrent assets:			
Capital assets:			
Roads	135,102	-	135,102
Facilities	241,199	223,640	464,839
Vehicles	2,429,779	33,475	2,463,254
Rental equipment and supplies	-	26,388	26,388
Equipment and office furniture	132,338	187,349	319,687
Total capital assets	<u>2,938,418</u>	<u>470,852</u>	<u>3,409,270</u>
Less: accumulated depreciation	<u>(2,192,017)</u>	<u>(341,911)</u>	<u>(2,533,928)</u>
Total noncurrent assets	<u>746,401</u>	<u>128,941</u>	<u>875,342</u>
Total assets	<u>1,622,189</u>	<u>219,251</u>	<u>1,841,440</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension outflows	<u>129,845</u>	<u>50,580</u>	<u>180,425</u>
Total deferred outflows of resources	<u>129,845</u>	<u>50,580</u>	<u>180,425</u>
Total assets and deferred outflows of resources	<u>\$ 1,752,034</u>	<u>\$ 269,831</u>	<u>\$ 2,021,865</u>

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

	Solid Waste	Non Major Funds	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 72,645	\$ 28,871	\$ 101,516
Accrued liabilities	32,571	14,205	46,776
Interest payable	1,997	-	1,997
Unearned revenue	-	91,516	91,516
Compensated absences	8,741	4,087	12,828
Capital lease payable - current	142,005	-	142,005
Total current liabilities	<u>257,959</u>	<u>138,679</u>	<u>396,638</u>
Noncurrent liabilities:			
Capital lease payable - noncurrent	321,834	-	321,834
Compensated absences	5,828	2,724	8,552
Net pension liability	295,725	113,872	409,597
Post employment benefits	102,620	46,836	149,456
Total noncurrent liabilities	<u>726,007</u>	<u>163,432</u>	<u>889,439</u>
Total liabilities	<u>983,966</u>	<u>302,111</u>	<u>1,286,077</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension inflows	2,495	869	3,364
Total deferred inflows of resources	<u>2,495</u>	<u>869</u>	<u>3,364</u>
<b>NET POSITION</b>			
Net investment in capital assets	282,562	128,941	411,503
Unrestricted net position	483,011	(162,090)	320,921
Total net position	<u>765,573</u>	<u>(33,149)</u>	<u>732,424</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,752,034</u>	<u>\$ 269,831</u>	<u>\$ 2,021,865</u>

**CITY OF DAPHNE, ALABAMA**

**Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended September 30, 2017**

	Solid Waste	Non Major Funds	Total
Operating revenues:			
Charges for services	\$ 1,411,119	\$ 283,102	\$ 1,694,221
Community events	-	1,920	1,920
Total operating revenues	<u>1,411,119</u>	<u>285,022</u>	<u>1,696,141</u>
Operating expenses:			
Wages	583,039	264,976	848,015
Overtime	44,131	1,257	45,388
Payroll related	96,801	39,579	136,380
Other personnel expense	189,015	56,840	245,855
Other post employment benefits	22,078	9,424	31,502
Total personnel services	<u>935,064</u>	<u>372,076</u>	<u>1,307,140</u>
Advertising	2,347	18,603	20,950
Depreciation	227,462	22,176	249,638
Employee supplies and uniforms	9,291	518	9,809
Employee support	2,832	3,938	6,770
Equipment purchases, rentals, lease	34,133	16,672	50,805
Fuel	89,668	1,844	91,512
Garbage and recycle containers	44,756	-	44,756
Garbage and debris removal	-	3,998	3,998
Insurance	47,737	50,168	97,905
Landfill fees	254,117	-	254,117
Maintenance	212,796	50,867	263,663
Miscellaneous	57	-	57
Supplies	964	16,650	17,614
Other services	21,033	20,561	41,594
Professional services	-	5,250	5,250
Trustee assignments	-	16,883	16,883
Utilities	4,690	158,640	163,330
Total operating expenses	<u>1,886,947</u>	<u>758,844</u>	<u>2,645,791</u>
Operating loss	<u>(475,828)</u>	<u>(473,822)</u>	<u>(949,650)</u>
Non-operating revenues (expenses):			
Transfers from general fund	474,948	473,822	948,770
Gain on sale of assets	6,988	-	6,988
Interest expense	(6,108)	-	(6,108)
Total non-operating revenues (expenses)	<u>475,828</u>	<u>473,822</u>	<u>949,650</u>
Change in net position	-	-	-
Total net position, beginning	<u>765,573</u>	<u>(33,149)</u>	<u>732,424</u>
Total net position, ending	<u>\$ 765,573</u>	<u>\$ (33,149)</u>	<u>\$ 732,424</u>

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

**CITY OF DAPHNE, ALABAMA**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2017**

	Solid Waste	Non Major Funds	Total
Cash flows from operating activities:			
Receipts from customers	\$ 1,408,258	\$ 287,776	\$ 1,696,034
Payments to suppliers	(775,308)	(369,479)	(1,144,787)
Payments to employees	(901,430)	(356,945)	(1,258,375)
Net cash used in operating activities	<u>(268,480)</u>	<u>(438,648)</u>	<u>(707,128)</u>
Cash flows from noncapital financing activities:			
Contributions from general fund	<u>474,948</u>	<u>473,822</u>	<u>948,770</u>
Net cash provided by noncapital financing activities	474,948	473,822	948,770
Cash flows from capital and related financing activities:			
Proceeds from issuance of debt	43,551	-	43,551
Principal paid on capital debt	(118,189)	-	(118,189)
Interest paid on capital debt	(5,790)	-	(5,790)
Proceeds from sale of capital assets	6,988	-	6,988
Net cash provided by capital and financing activities	<u>(73,440)</u>	<u>-</u>	<u>(73,440)</u>
Net change in cash and cash equivalents	133,028	35,174	168,202
Equity in pooled cash, beginning	<u>626,547</u>	<u>55,136</u>	<u>681,683</u>
Equity in pooled cash, ending	<u>\$ 759,575</u>	<u>\$ 90,310</u>	<u>\$ 849,885</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (475,828)	\$ (473,822)	\$ (949,650)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	227,462	22,176	249,638
Change in assets and liabilities:			
Receivables	(2,372)	-	(2,372)
Deferred outflows of resources	(49,479)	(19,648)	(69,127)
Accounts payable	(51,376)	(4,887)	(56,263)
Accrued expenses	(1,467)	539	(928)
Unearned revenue	-	2,754	2,754
Compensated absences	(1,109)	(113)	(1,222)
Deferred inflows of resources	(419)	(164)	(583)
Net pension liability	64,029	25,093	89,122
Post employment benefits	<u>22,079</u>	<u>9,424</u>	<u>31,503</u>
Net cash used in operating activities	<u>\$ (268,480)</u>	<u>\$ (438,648)</u>	<u>\$ (707,128)</u>
Non cash investing and financing activities:			
Purchase of capital assets from initiation of capital lease	\$ 267,811	\$ -	\$ 267,811

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



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**CITY OF DAPHNE, ALABAMA**

**Statement of Assets and Liabilities  
Agency Funds  
September 30, 2017**

**ASSETS**

Cash	\$	229,851
Other receivables		<u>510</u>
Total assets	\$	<u><u>230,361</u></u>

**LIABILITIES**

Accounts payable	\$	14,899
Due to agencies		25,268
Bond deposits		54,077
Reserve for claims		<u>136,117</u>
Total liabilities	\$	<u><u>230,361</u></u>

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

# CITY OF DAPHNE, ALABAMA

## Notes to Financial Statements September 30, 2017

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**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Daphne, Alabama (the City) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

**A. Reporting Entity**

The City of Daphne, Alabama was founded in 1927 under provisions of the State of Alabama. The City is located in Baldwin County on the eastern shore of Mobile Bay. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture, recreation, public improvements, planning, zoning, and general administrative services.

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

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

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

The City has no discretely presented or blended component units.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Related Organizations**

The City's officials are responsible for appointing the members of the board of other organizations, but the City's accountability for these organizations do not extend beyond making the appointments. The following organizations are related organizations that are excluded from the reporting entity:

- Utilities Board of the City of Daphne
- Industrial Development Board
- Downtown Redevelopment Authority
- Library Board
- Planning Commission
- Recreation Board

**B. Government-Wide and Fund Financial Statements**

The basic financial statements include both the government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statement) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, library and recreation, etc.) which are otherwise being supported by general government revenues (sales and use taxes, property taxes, payments in lieu of taxes, business licenses, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. The program revenues must be directly associated with the function or business-type activity. Program revenues include charges for services, fees, and fines and forfeitures. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The remaining net expenses (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.)

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which the funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the City's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statement's governmental activities column, a reconciliation is presented on the page following each statement, which explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City's fiduciary funds are presented in the fund financial statements by type (all are agency). Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide statements.

**C. Basis of Presentation**

The financial transactions of the City are recorded in individual funds. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows, deferred outflows, fund balance, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**1. Governmental Funds**

The measurement focus of the governmental funds (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

*General Fund* – The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

*Debt Service Fund* – The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal and interest. All debt repayment transactions of the City flow through this fund.

*Special Revenue Funds* – The special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

*Capital Projects Fund* – The capital projects funds are used to account for financial resources to be used for the acquisition/construction of capital facilities and infrastructure (other than those financed by proprietary funds and trust funds).

**2. Proprietary Funds**

The proprietary funds account for activities for which a fee is charged to external users for goods and services. The focus of proprietary fund measurement is on determination of operating income, changes in net fund assets, financial position, and cash flows, which is similar to businesses. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for all of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Fiduciary Funds**

Fiduciary funds are used to report assets held by the City as trustee or agent for individuals, other governments and/or other funds. These assets are held in a trust capacity for the various associates and cannot be used to support the City's programs. These funds include Municipal Court Fund, Self-Insurance Fund, Flexible Spending Account Fund, and Confiscated Funds Fund.

**4. Major Funds**

GASB Statement No.34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining statements section.

The City reports the following major governmental funds:

- The General Fund (See note above).
- The Debt Service Fund (See note above).
- The Capital Reserve Fund – Financial resources are transferred from the General fund (principally) for capital purposes, such as road resurfacing and other capital appropriations. This fund also accounts for special assessments associated with the Highway 90 sewer project (a project funded by the City on behalf of the Daphne Utilities Board).
- The 2017 Construction Fund – Proceeds from the 2017 Warrants were deposited into this fund during fiscal year 2017. All proceeds are to be used for the improvements and expansion of the City recreational facilities.

The City reports the following major proprietary fund:

- The Solid Waste Fund - This fund is associated with the City's self-collection of refuse and recycling materials.

**D. Basis of Accounting**

Basis of accounting refers to the point at which revenues, expenditures, expenses, and transfers (and assets, deferred outflows of resources, liabilities, and deferred inflows of resources) are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statement are presented on a modified accrual basis.

1. Accrual Basis:

Revenues are recognized when earned and expenses are recognized when incurred.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2. Modified Accrual Basis:

Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual; i.e. both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City defines the length of time used for “available” (for purposes of revenue recognition in the governmental fund financial statements), to be 30-60 days. The major revenue source that is susceptible to the 60 day accrual period is property taxes. The revenues collected in October and November are considered to be revenues that pay for liabilities as of September 30. Sales and use taxes, lodging taxes, and certain intergovernmental revenues are subject to a 30 day accrual as those collections made in October are paid by businesses for September’s actual sales. Each year’s budget and actual financial statements include revenues collected over a twelve month period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, with an exception, which is in conformity with accounting principles generally accepted in the United States of America: general long-term obligation principal and interest is reported when due.

**E. Assets, Liabilities, and Fund Balance/Net Position**

**1. Cash and Cash Equivalents**

The City’s cash includes cash on hand and demand deposits. At September 30, 2017, 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. Investments**

State statutes authorize the City to invest in deposit accounts and certificate of deposits with banks, in direct obligations of the United States Treasury Department, and obligations of certain other federal agencies.

All investments 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.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**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, 2017, all accounts receivable were considered fully collectible, therefore, no allowance was recorded.

**4. Due From/Due to Other Funds**

Accounts receivable from, or payable to, other funds are reflected in the accounts of the fund until liquidated, usually with one year. Any residual balances outstanding between the governmental activities and business type activities are reported in the government-wide financial statements as “internal balances.”

**5. Inventories and Prepaid Items**

Inventory held consists of vehicle fuel and repair parts for all City equipment and vehicles. A physical inventory system is in place that establishes a base inventory level of mechanical department parts and supplies in addition to the fuel inventory. Inventories are recorded as an asset in the General Fund, and the cost of inventories is recorded as expenditure at the time used. Inventories are valued using the average cost method. Appropriate adjustments have been recorded for obsolete and surplus items.

Certain payments to vendors for services that will benefit periods beyond September 30, 2017 are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**6. Restricted Assets**

The City is obligated by various sources to restrict the availability of certain assets. Specifically, assets are restricted from external sources such as creditors, grantors, contributors, or laws or regulations of other governments. Assets are also subject to restriction through constitutional law provisions or enabling legislation. City net position is restricted for debt service, capital projects, and certain funds that are restricted by state law.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

**7. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The City’s policy defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight-line method over the estimated useful lives. The range of estimated useful lives by type of asset is as follows:

Buildings	25 to 50 years
Other improvements	5 to 25 years
Infrastructure (drainage, streets, bridges, sidewalks and docking)	20 to 30 years
Infrastructure (utilities and landscaping)	5 to 20 years
Machinery and equipment	3 to 10 years
Automotive equipment	5 to 10 years
Office equipment	3 to 10 years

**8. Bond Discounts, Bond Premiums, and Issuance Costs**

In the governmental funds, bond discounts and bond premiums are treated as period costs in the year of issue. Bond discounts and premiums are shown as an “Other Financing Sources (Uses)”.

In the proprietary funds (and for the governmental activities, in the government-wide statements), bond discounts and bond premiums are amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest rate method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the face amount of the revenue bonds payable.

Issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred.

**9. Deferred Inflows of Resources and Deferred Outflows of Resources Related to Pensions**

Deferred inflows of resources and deferred outflows of resources related to pensions that are derived from the difference between projected and actual earnings on the respective pension plan investments are amortized to pension expense over a closed five-year period. Deferred inflows of resources and deferred outflows of resources related to pensions that are derived from differences between expected and actual experience with regard to economic or demographic factors (difference between expected and actual experience) in the measurement of the respective pension plan’s total pension liability are amortized to pension expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the respective pension plan (active and inactive employees) determined as of the beginning of the measurement period. Contributions to the pension plan from the employer subsequent to the measurement date of net pension liability and before the end of the reporting period are reported as a deferred outflow of resources related to pensions and amortized over twelve months. This contribution is included as an increase in the respective pension plan fiduciary net position in the subsequent fiscal year.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**11. Unearned revenue**

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

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

**12. Compensated Absences**

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

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

**13. Net Pension Liability**

The City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27* (GASB 68), and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement 68* (GASB 71), as of October 1, 2014. The net pension liability as defined by GASB 68 is the difference between the actuarial present value of projected pension benefit payments attributable to employees' past service and the respective pension plan's fiduciary net position. See notes starting on page 59 for the net pension liability as of September 30, 2017.

**14. Interfund Transactions**

During the course of normal operations the City has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. Loans are reported as receivables or payables as appropriate and are subject to elimination upon consolidation. The accompanying financial statements reflect all other such transactions as transfers.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**15. Fund Balance**

The City has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* includes amounts that are not in spendable form (such as inventory or prepaid assets) or are required to be maintained intact.
- *Restricted Fund Balance* includes those funds limited to restrictions by creditors, grantors, laws, and regulations of other governments.
- *Committed Fund Balance* includes those funds where the City, at its highest level of decision-making authority (City Council), takes formal action to place constraints on the use of its own resources. To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution, which are equally binding. This is typically done through adoption and amendment of the budget.
- *Assigned Fund Balance* includes those funds reserved for intended use by those purchase orders or designation of encumbrances which are not already included in restricted or committed fund balances. The City Council has in place a long-standing policy of delegating the authority for assigned fund balances to the Finance Department.
- *Unassigned Fund Balance* is the remaining amount available for appropriation within the General Fund which has not been classified with in the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if the nonspendable amount exceeds amounts restricted, committed, or assigned for those specific purposes.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City adopted a formal minimum fund balance policy in 2016. The General Fund unassigned fund balance should maintain a minimum balance of three months of operating revenues. The City also has an informal policy to maintain a minimum unassigned fund balance in the General Fund of eight million dollars, if the three months of operating revenues fall below this threshold. Minimum balance may only be appropriated for capital projects and equipment or to cover extraordinary circumstances such as economic downturns, natural disasters, or other states of emergencies.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**16. Net Position**

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is displayed as three components:

- *Net investment in capital assets* represents capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Also included in the calculation are related bond premiums and discounts and the deferred expense on refunding of bonds.
- *Restricted net position* consists of net position with constraints placed on their use by external groups such as creditors, grantors, contributors, or laws or regulations of other governments.
- *Unrestricted net position* represents the net position available for future operations.

**F. Revenues, Expenditures, and Expenses**

Substantially all governmental fund revenues (including sales taxes, franchise fees, and licenses) are accrued. In addition, revenue from federal and state reimbursement type grants for which eligibility requirements have been met have been accrued and recognized as revenues of the period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Operating revenues for proprietary operations generally result from providing services in connection with a proprietary fund's principal ongoing operation (e.g., solid waste collection and rentals). The principal operating revenue of the proprietary funds is receipts from customers. Operating expenses for these operations includes all costs related to providing the service. These costs include salaries, contractual services, depreciation, and administrative expenses. All other revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Expenditures are recognized when the related fund liability is incurred.

**1. Property Tax Revenue and Property Tax Calendar**

Property taxes attach as an enforceable lien on property as of October 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 1 of the following year.

Government-wide financial statements: Property tax revenues are recognized when they are assessed (legal claim is enforced at this time). The City recognizes total estimated tax collections for the October 1 tax assessment that is collected starting in October of the following fiscal year.

Fund financial statements: Property tax revenues are recognized when they become available. Available includes those property tax receivables to be collected within sixty days after year-end.

Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Budget Policy, Practice, Control and Basis**

Formal budgetary accounting is employed as a management control for all funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance for the general, special revenue (the majority of these funds), debt service, and proprietary funds, and the same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principal basis. Budgets for certain capital project funds are made on a project basis, spanning more than one fiscal year. In 2017, the Capital Reserve Fund and the 2017 Construction Fund were the only capital projects fund with an adopted budget.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel, operating, capital, transfers, and debt service. This constitutes the legal level of control. Budgeted amounts may be transferred among the line items within the department; however, expenditures may not exceed original appropriations at the department level. Budget revisions to increase total departmental appropriations require final review by the City Council.

The budgets for the operating funds and proprietary fund operations are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The budget and actual financial statements are reported on these bases. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

Encumbrance accounting is used for the General Fund. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as an assignment of fund balance on the Statement of Net Position. Encumbrances do not lapse at the close of the fiscal year but are carried forward as assigned fund balance until liquidated.

**H. Pensions**

The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires City management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Recently Issued Accounting Pronouncements**

GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans (OPEB)* was issued to establish new accounting and financial reporting requirements for governments whose employees are provided with OPEB. The requirements of GASB 74 are effective for fiscal year 2017. The City implemented the requirements of GASB 74 in fiscal year 2017 with no significant impact to the financial statements.

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension Plans* was issued to address new accounting and financial reporting for OPEB that is provided to the employees of state and local government employers. The requirements of GASB 75 are effective for fiscal year 2018. The City is currently evaluating the impact GASB 75 may have on its financial statements.

GASB Statement 77, *Tax Abatements Disclosures* was issued to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of GASB 77 are effective for fiscal year 2017. The City implemented the requirements of GASB 77 in fiscal year 2017 with no significant impact to the financial statements.

GASB Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* (GASB 78) was issued to address an issue regarding the scope and applicability of GASB 68. The issue is associated with pension provided through certain multiple-employer defined benefit pension plans and to state or local government employers whose employees are provided with such pensions. The requirements of GASB 78 are effective for fiscal year 2017. GASB 78 did not impact the City's financial statements since the City does not have a multiple-employer defined benefit pension plan.

GASB Statement 79, *Certain External Investment Pools and Pool Participants* (GASB 79) was issued to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The requirements of GASB 79 are effective for fiscal year 2016, except for the provisions of certain paragraphs, which are effective for fiscal year 2017. The City implemented the applicable requirements of GASB 79 in fiscal year 2016 and fiscal year 2017.

GASB Statement 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14* (GASB 80) was issued to amend the blending requirements for the financial statement presentation of component units of all state and local governments. The requirements of GASB 80 are effective for fiscal year 2017. The City implemented the requirements of GASB 80 in fiscal year 2017 with no significant impact to the financial statements.

GASB Statement 81, *Irrevocable Split-Interest Agreements* was issued to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirement of GASB 81 are effective for fiscal year 2018. The City is currently evaluating the impact GASB 81 may have on its financial statements.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

GASB Statement 85, *Omnibus 2017* was issued to address practice issues that have been identified during implementation and application of certain GASB statements. The requirements of GASB 85 are effective for fiscal year 2018. The City is currently evaluating the impact GASB 85 may have on its financial statements.

GASB Statement 86, *Certain Debt Extinguishment Issues* was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of GASB 86 are effective for fiscal year 2018. The City is currently evaluating the impact GASB 86 may have on its financial statements.

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

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 2 – CASH, EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

Cash balances available for investment by most City funds are maintained in pooled cash and investment accounts to improve investment opportunities. The equity in pooled cash balances in the accompanying combined balance sheet represents the undivided interest of each respective fund in pooled accounts.

Balances are collateralized with securities held by the Alabama State Treasury for Alabama Funds Enhancement (SAFE) Program. Each of the banks holding the City’s deposits is a certified participant in the SAFE program. Through the SAFE program, all public funds are protected in a collateral pool administered by the Alabama State Treasury. Included in cash is \$115,878 that is held in an investment account. The Securities Investor Protection Corporation (SIPC) insures balances up to \$500,000.

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

	Equity in Pooled Funds	Non Pooled Funds	Total Cash and Cash Equivalents
<b>Primary Government:</b>			
<b>Governmental activities:</b>			
General Fund	\$ 6,900,084	\$ 117,228	\$ 7,017,312
Debt Service Fund	-	1,914,314	1,914,314
Capital Reserve Fund	-	3,027,826	3,027,826
2017 Construction Fund	-	11,120,833	11,120,833
Other non major governmental funds	2,750,657	1,295,455	4,046,112
Total governmental activities	9,650,741	17,475,656	27,126,397
<b>Business-type activities:</b>			
Solid Waste Fund	759,575	-	759,575
Civic Center Fund	58,369	-	58,369
Bayfront Park Fund	31,941	-	31,941
Total business-type activities	849,885	-	849,885
<b>Total primary government</b>	<b>\$ 10,500,626</b>	<b>\$ 17,475,656</b>	<b>\$ 27,976,282</b>

**NOTE 3 – INVESTMENTS**

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

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 3 – INVESTMENTS (Continued)**

Investments at September 30, 2017 consist of the following:

Federal Home Loan Bonds and Pools	\$ 1,943,657
United States Treasury Bonds and Notes	1,077,600
GNMA and FNMA Pools	1,345,936
Proprietary insured by US Government	896,271
Investment in AMIC	31,063
	<u>\$ 5,294,527</u>

In addition to state laws governing allowable investment instruments, the City adopted a formal investment policy in 2016. The City is to invest idle funds based on the following objectives in order of priority: safety, liquidity, and yield. The City's investment portfolio shall be diversified by limiting investments to avoid a concentration in securities from a specific issuer or business sector, limiting investments to avoid a concentration in a single security type excluding U.S. Treasury securities, and investing in securities with varying maturities. The investment portfolio should be managed to obtain a market average rate of return during a market/economic environment of stable interest rates.

The investment policy is reviewed annually for any adjustments due to changes or developments within the investment spectrum that would provide opportunities to the City.

**NOTE 4 - RECEIVABLES**

Receivables at September 30, 2017, consist of the following:

Governmental activities:

Property, sales/use tax receivable	\$ 6,919,327
Grant receivables	217,275
Due from Daphne Volunteer Fire Dept	300,000
Other receivables	881,872
Total governmental activities receivables	<u>\$ 8,318,474</u>

Business-type activities:

Due from other governments	\$ 116,073
Other receivables	140
Total business-type activities receivables	<u>\$ 116,213</u>

The City entered into a cooperative agreement with the Daphne Volunteer Firefighters Association, Inc. (DVFF) in fiscal year 2016 in which the DVFF agreed to assist in the purchase of an aerial ladder truck. The DVFF agreed to reimburse the city \$450,000 of the cost over a six year period. The outstanding balance of the receivable at September 30, 2017 is \$300,000.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 5 –INVENTORIES**

Inventory valuation at September 30, 2017 consisted of the following:

Mechanical Shop parts and supplies	\$ 303,996
Vehicle fuel	<u>30,858</u>
	<u><u>\$ 334,854</u></u>

**NOTE 6 –CAPITAL ASSETS**

Governmental Activities

The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2017:

	Balance 10/1/16	Additions	Reclass/ Transfers	Retirements	Balance 9/30/17
Capital assets not being depreciated:					
Land	\$ 12,038,704	\$ -	\$ -	\$ -	\$ 12,038,704
Construction in progress	<u>1,228,749</u>	<u>3,524,769</u>	<u>(207,204)</u>	<u>-</u>	<u>4,546,314</u>
Total capital assets not being depreciated	<u>13,267,453</u>	<u>3,524,769</u>	<u>(207,204)</u>	<u>-</u>	<u>16,585,018</u>
Capital assets being depreciated:					
Buildings	26,232,883	102,322	-	-	26,335,205
Other improvements	6,677,727	232,579	-	-	6,910,306
Machinery and equipment	12,503,115	901,564	-	(499,876)	12,904,803
Infrastructure	<u>142,198,859</u>	<u>4,687,286</u>	<u>207,204</u>	<u>-</u>	<u>147,093,349</u>
Total capital assets being depreciated	<u>187,612,584</u>	<u>5,923,751</u>	<u>207,204</u>	<u>(499,876)</u>	<u>193,243,663</u>
Less: accumulated depreciation					
Buildings	(7,952,168)	(657,320)	-	-	(8,609,488)
Other improvements	(3,223,884)	(422,929)	-	-	(3,646,813)
Machinery and equipment	(8,013,471)	(1,115,516)	-	493,389	(8,635,598)
Infrastructure	<u>(83,280,868)</u>	<u>(4,895,300)</u>	<u>-</u>	<u>-</u>	<u>(88,176,168)</u>
Total accumulated depreciation	<u>(102,470,391)</u>	<u>(7,091,065)</u>	<u>-</u>	<u>493,389</u>	<u>(109,068,067)</u>
Total capital assets being depreciated	<u>85,142,193</u>	<u>(1,167,314)</u>	<u>207,204</u>	<u>(6,487)</u>	<u>84,175,596</u>
Governmental activities capital assets, net	<u><u>\$ 98,409,646</u></u>	<u><u>\$ 2,357,455</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (6,487)</u></u>	<u><u>\$100,760,614</u></u>

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 6 –CAPITAL ASSETS (Continued)**

Depreciation was charged to governmental functions as follows:

General government	\$ 270,337
Public safety	875,795
Public works	338,853
Library and recreation	710,780
Infrastructure	<u>4,895,300</u>
	<u><u>\$ 7,091,065</u></u>

Business-type Activities

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2017:

	Balance 10/1/16	Additions	Reclass/ Transfers	Retirements	Balance 9/30/17
Capital assets being depreciated:					
Buildings	\$ 464,839	\$ -	\$ -	\$ -	\$ 464,839
Machinery and equipment	2,708,671	267,811	-	(167,153)	2,809,329
Infrastructure	135,102	-	-	-	135,102
Total capital assets being depreciated	<u>3,308,612</u>	<u>267,811</u>	<u>-</u>	<u>(167,153)</u>	<u>3,409,270</u>
Less: accumulated depreciation					
Buildings	(323,601)	(25,906)	-	-	(349,507)
Machinery and equipment	(1,992,740)	(223,732)	-	167,153	(2,049,319)
Infrastructure	(135,102)	-	-	-	(135,102)
Total accumulated depreciation	<u>(2,451,443)</u>	<u>(249,638)</u>	<u>-</u>	<u>167,153</u>	<u>(2,533,928)</u>
Total capital assets being depreciated, net	<u>\$ 857,169</u>	<u>\$ 18,173</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 875,342</u>

Depreciation was charged to governmental functions as follows:

Solid Waste	\$ 227,462
Civic Center	17,044
Bayfront Park	<u>5,132</u>
	<u><u>\$ 249,638</u></u>

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 7 – DUE TO/FROM OTHER FUNDS**

As of September 30, 2017, Interfund receivables and payables that resulted from various interfund transactions are as follows:

	Due from other funds	Due to other funds
Governmental funds:		
General Fund	\$ 13,961	\$ -
Non-major special revenue funds	-	13,961
	<u>\$ 13,961</u>	<u>\$ 13,961</u>
Totals	<u>\$ 13,961</u>	<u>\$ 13,961</u>

All interfund transactions represent cash transfers for operating purposes. All amounts owed to the General Fund are expected to be repaid in 2018.

**NOTE 8 – INTERFUND TRANSFERS**

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and as transfers in (out) in the proprietary funds. Following is a summary of interfund transfers for the year ended September 30, 2017:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 7,117,149
Debt Service Fund	4,361,780	11,978,500
Capital Reserve Fund	2,000,012	-
2017 Construction Fund	11,978,500	-
Non-major special revenue funds	35,754	229,155
Non-major capital projects funds	-	12
Enterprise funds	948,770	-
	<u>\$ 19,324,816</u>	<u>\$ 19,324,816</u>
Totals	<u>\$ 19,324,816</u>	<u>\$ 19,324,816</u>

A summary of General Fund transfers out are as follows:

- 1) Capital Reserve Fund – Transfers were made in the amount of \$2,000,000 to fund future capital projects related to recreation improvements.
- 2) Debt Service Fund – Monthly transfers were made totaling \$4,132,625 to fund the current year debt service requirements.
- 3) Enterprise funds – Monthly transfers were made totaling \$948,770 to cover the net operating loss for the Solid Waste Fund, Civic Center Fund, and the Bayfront Park Fund.
- 4) Non major Special Revenue funds – Transfers were made in the amount of \$35,754 to one non-major special revenue fund (SAIL Fund) to cover operating expenses.

Debt Service Fund transfers out consisted of a one-time transfer of \$11,978,500 to transfer bond proceeds to the 2017 Construction Fund.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 8 – INTERFUND TRANSFERS (Continued)**

The non-major special revenue fund transfers out consisted of monthly transfers totaling \$229,155 from the Lodging Tax Fund to the Debt Service Fund to cover its portion of the debt service requirements.

The non-major capital projects fund transfers out consisted of a one-time transfer of \$12 from the 2014 Construction Fund to the Capital Reserve Fund to close out the bank account.

**NOTE 9 – CAPITAL LEASES**

As of September 30, 2017, the City of Daphne has several capital lease obligations through Hancock Bank for various vehicles and equipment. Total minimum lease payments are as follows:

	Governmental Activities	Business-Type Activities	Total
2018	\$ 479,777	\$ 152,399	\$ 632,176
2019	445,378	152,398	597,776
2020	367,118	97,174	464,292
2021	267,253	56,839	324,092
2022 and thereafter	38,857	28,420	67,277
Total minimum lease payments	1,598,383	487,230	2,085,613
Less amount representing interest	(75,341)	(23,391)	(98,732)
Present value of minimum lease payments	<u>\$ 1,523,042</u>	<u>\$ 463,839</u>	<u>\$ 1,986,881</u>

The assets acquired through outstanding capital leases are shown below.

	Governmental Activities	Business-Type Activities
Equipment	2,224,102	\$ 691,863
Less: accumulated depreciation	(370,895)	(209,131)
	<u>\$ 1,853,207</u>	<u>\$ 482,732</u>

Depreciation expense for the year ended September 30, 2017 for assets under capital leases was \$287,321 for governmental activities and \$84,810 for business-type activities.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 10 – LONG TERM DEBT**

The following is a description of general and limited obligation bonds/warrants at September 30, 2017:

<p>\$5,700,000 Limited Obligation Revenue Warrants, series 2002, dated April 1, 2001, with an interest rate equal to 9.75% payable monthly, and variable annual principal payments. Final maturity is January 1, 2021. (Infrastructure for the Jubilee Square development) See Note 11 for more detail.</p>	<p>\$ 2,887,457</p>
<p>\$13,495,000 General Obligation Refunding and Capital Improvement Warrants, series 2012, dated April 1, 2012, with interest rates ranging from 2.0% to 4.0% payable semi-annually along with variable annual principal payments. Final maturity is February 1, 2036. (Refunded 2002 Warrants and 2006 Limited Obligation Warrants; new money of \$3,008,000 for Resurfacing projects)</p>	<p>11,265,000</p>
<p>\$10,000,000 General Obligation Refunding and Improvement Warrants, series 2014, dated November 8, 2014, with interest rates ranging from 2.0% to 2.9% payable semi-annually along with variable annual principal payments. Final maturity is April 1, 2039. (Fully paid 2003 Warrants and refunded 2006 General Obligation Warrants; new money of \$780,000 for sewer projects)</p>	<p>8,665,000</p>
<p>\$8,600,000 General Obligation Refunding and Improvement Warrants, series 2016, dated July 28, 2016, with interest rates ranging from .65% to 2.17% payable semi-annually along with variable annual principal payments. Final maturity is April 1, 2029. (Refunded 2006 GO Refunding and Capital Improvements Warrants; new money of \$845,200 for recreation parks project)</p>	<p>7,155,000</p>
<p>\$12,000,000 General Obligation Warrant, series 2017, dated April 10, 2017, with an interest rate of 3.18% payable semi-annually along with variable annual principal payments. Final maturity is July 1, 2038.</p>	<p style="border-top: 1px solid black;">12,000,000</p>
<p>Total bonds and warrants payable</p>	<p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 41,972,457</p>

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 10 – LONG TERM DEBT (Continued)**

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

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,025,605	\$ 1,509,411	\$ 4,535,016
2019	3,205,946	1,311,826	4,517,772
2020	2,338,851	1,323,575	3,662,426
2021	2,602,391	1,062,075	3,664,466
2022	2,368,664	956,541	3,325,205
2023-2027	11,803,000	3,809,649	15,612,649
2028-2032	9,395,000	1,996,887	11,391,887
2033-2037	6,380,000	718,679	7,098,679
2038-2042	853,000	27,126	880,126
	<u>\$ 41,972,457</u>	<u>\$ 12,715,769</u>	<u>\$ 54,688,226</u>

The following is a summary of the changes in non-current liabilities reported in Statement of Net Position for the year ended September 30, 2017:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>10/1/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>9/30/17</u>	<u>One Year</u>
<b><u>Governmental Activities:</u></b>					
Bonds and warrants payable	\$ 33,270,204	\$ 12,000,000	\$ (3,297,747)	\$ 41,972,457	\$ 3,025,605
Plus: Bond premiums	633,042	-	(48,696)	584,346	-
Less: Bond discounts	(194,943)	-	11,432	(183,511)	-
Bonds and warrants payable, net	33,708,303	12,000,000	(3,335,011)	42,373,292	3,025,605
Obligations under capital lease	1,460,889	570,559	(508,406)	1,523,042	446,536
Compensated absences	282,094	539,029	(530,097)	291,026	169,612
Net pension liability	3,746,470	1,036,156	-	4,782,626	-
Other post-employment benefits	1,849,721	380,896	-	2,230,617	-
Total governmental activities	<u>\$ 41,047,477</u>	<u>\$ 14,526,640</u>	<u>\$ (4,373,514)</u>	<u>\$ 51,200,603</u>	<u>\$ 3,641,753</u>
<b><u>Business-type Activities:</u></b>					
Obligations under capital lease	\$ 270,666	\$ 311,362	\$ (118,189)	\$ 463,839	\$ 142,005
Compensated absences	22,602	57,763	(53,985)	26,380	12,828
Net pension liability	320,475	89,122	-	409,597	-
Other post-employment benefits	117,953	31,503	-	149,456	-
Total business-type activities	<u>\$ 731,696</u>	<u>\$ 489,750</u>	<u>\$ (172,174)</u>	<u>\$ 1,049,272</u>	<u>\$ 154,833</u>

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

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
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**NOTE 11 – CONDUIT DEBT OBLIGATION: JUBILEE SQUARE**

In July 2000, the City Council approved a resolution to enter into a Development Agreement with AIG Baker Development, LLC to acquire property and develop a shopping center in Daphne, Alabama. In November 2000, a new City Council affirmed the vote to enter into this Development Agreement. The Development Agreement required the City to provide financing, in the form of a warrant, in the amount of \$5,700,000. The warrant does not constitute a general obligation of the City and the interest and principal payable with respect to the warrant shall be payable only to the extent of the debt service limit, as defined by the Development Agreement which is a percentage of the sales tax revenues generated from the project once the project is completed. The debt service limit is calculated as follows: 1) Determination of the net Jubilee Square sales tax collections by subtracting the 1999 pledged tax from the total collections and 2) multiplying such net collections by 75%.

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

The Jubilee Square Mall facility was completed in late 2001. The revenue calculations for fiscal 2017 include a distribution to the City's General Fund in the amount of \$298,561 and \$895,683 in debt service payments on the 2002 Limited Obligation Warrant Conduit Debt Obligation. The fiscal 2017 principal balance of the limited debt obligation was \$2,887,457. As the debt service paid is subject to the terms of the Development Agreement, the fiscal 2017 principal and interest payments were approximately 24 months in arrears at year-end. As the City's liability for the payment of the warrant is solely from the proceeds of the sales tax revenues from the development, this arrearage has no negative financial impact to the City. The only impact is that the debt can be extended from the original 20 year pay-back period up to a 25 year pay-back period. At the end of 25 years, the debt goes away whether or not it is paid in full.

**NOTE 12 – NEW INDEBTEDNESS ISSUED BY THE CITY**

In April 2017, the City issued the 2017 General Obligation Warrant in the amount of \$12,000,000. The net proceeds of the warrant were deposited into the 2017 Construction Fund. Proceeds from the issuance of debt are to be used to fund recreation expansion and improvements at several City parks and sports complexes.

**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, 2017, there was no debt considered to be defeased.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
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**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 \$1,986,228.

The City of Daphne's total indebtedness at September 30, 2017, was \$43,495,499. Of this total, \$39,986,229 is chargeable to the constitutional debt limit. This chargeable debt is equal to 10.5% of the total assessed value of real and personal property located within the City. This leaves a \$42,853,192 margin available for future borrowings. Based on the City of Daphne's 2010 census, the per capita debt is \$2,016.

**NOTE 15 – CONSTRUCTION COMMITMENTS**

During the current fiscal year, the City continued its commitment to projects to improve and expand the recreational facilities within the City. At September 30, 2017, the City has outstanding commitments of approximately \$4.0 million dollars for recreation park improvements and expansion.

**NOTE 16 – NON-MONETARY TRANSACTIONS**

During the current fiscal year, non-monetary transactions totaled \$4,451,045. This is principally composed of land, street and drainage acceptances in the Caroline Woods (Phases 2C, 2D & 3B), Brookhaven (Unit 3), Old Field (Phase 2A), and Bellaton (Phase 4) subdivisions. These acceptances totaled \$4,427,015. Other land, street, and drainage acceptances include \$24,030 in miscellaneous land donations.

**NOTE 17 – 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, 2017, the City has encumbrance commitments in the General Fund in the amount of \$1,047,284. No other governmental funds had outstanding encumbrance commitments at year end.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
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**NOTE 18 – FUND BALANCES**

A schedule of City fund balances at September 30, 2017 is provided below:

	General Fund	Debt Service	Capital Reserve	2017 Construction Fund	Non Major Governmental Funds	Total
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Inventory	\$ 334,854	\$ -	\$ -	\$ -	\$ -	\$ 334,854
Prepaid items	337,560	-	-	-	-	337,560
Subtotal	<u>672,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>672,414</u>
<b>Restricted for:</b>						
Debt service	-	1,914,314	-	-	-	1,914,314
Streets and drainage	-	-	-	-	474,848	474,848
Law enforcement	-	-	-	-	257,388	257,388
Court and corrections	-	-	-	-	350,386	350,386
Recreation projects	-	-	-	10,703,979	845,393	11,549,372
Subtotal	<u>-</u>	<u>1,914,314</u>	<u>-</u>	<u>10,703,979</u>	<u>1,928,015</u>	<u>14,546,308</u>
<b>Committed to:</b>						
Bayfront improvements	-	-	-	-	1,301,886	1,301,886
Recreation projects	-	-	-	-	855,220	855,220
Landscaping	-	-	-	-	18,926	18,926
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,176,032</u>	<u>2,176,032</u>
<b>Assigned to:</b>						
Library	-	-	-	-	19,526	19,526
Capital projects	-	-	2,749,471	-	-	2,749,471
Various purposes	1,047,284	-	-	-	-	1,047,284
Subtotal	<u>1,047,284</u>	<u>-</u>	<u>2,749,471</u>	<u>-</u>	<u>19,526</u>	<u>3,816,281</u>
Unassigned:	<u>12,239,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,961)</u>	<u>12,226,005</u>
Total fund balances	<u>\$ 13,959,664</u>	<u>\$ 1,914,314</u>	<u>\$ 2,749,471</u>	<u>\$ 10,703,979</u>	<u>\$ 4,109,612</u>	<u>\$ 33,437,040</u>

**NOTE 19 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN**

**A. General Information about the Pension Plan**

*Plan Description*

The Employees' Retirement System of Alabama, an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
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**NOTE 19 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)**

The ERS Board of Control consists of 13 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) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
  - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
  - b. Two vested active state employees.
  - c. Two vested active employees of an employer participating in ERS pursuant to § 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. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. 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 (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

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

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

**CITY OF DAPHNE, ALABAMA**  
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**NOTE 19 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)**

The ERS serves approximately 846 local participating employers. These participating employers include 287 cities, 65 counties, and 494 other public entities. The ERS membership includes approximately 85,874 participants. As of September 30, 2017, the City of Daphne membership consisted of:

Retirees and beneficiaries	
currently receiving benefits	47
Vested inactive members	4
Non-vested inactive members	24
Active members	281
<b>Total</b>	<b>356</b>

*Contributions*

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes 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, 2017, the City's active employee contribution rate was 5-6% percent of covered employee payroll for Tier 1 employees 6-7% of covered employee payroll for Tier 2 employees, and the City's average contribution rate to fund the normal and accrued liability costs was 6.65% of covered employee payroll for Tier 1 employees and 3.99% of covered employee payroll for Tier 2 employees.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 19 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)**

City’s contractually required contribution rate for the year ended September 30, 2017 was 6.65% of pensionable pay for Tier 1 employees, and 3.99% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2014, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan (including fees) from the System were \$678,051 for the year ended September 30, 2017.

**B. Net Pension Liability**

The City’s net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2015 rolled forward to September 30, 2016 using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual -2015 Valuation Assumptions</u>	<u>Actual -2016 Valuation Assumptions</u>
(a) TLP as of September 30, 2015	\$ 27,583,193	\$ 27,933,413	\$ 29,171,740
(b) Discount rate	8.00%	8.00%	7.75%
(c) Entry Age Normal Cost for the period October 1, 2015 - September 30, 2016	955,939	955,939	958,791
(d) Transfers among Employers	-	105,914	105,914
(e) Actual Benefit Payments and Refunds for the period October 1, 2015 - September 30, 2016	<u>(998,271)</u>	<u>(998,271)</u>	<u>(998,271)</u>
(f) TPL as of September 30, 2016 = [ (a) x (1+(b))] + ( c ) + (d) + [ (e) x (1+0.5(b))]	<u>\$ 29,707,586</u>	<u>\$ 30,191,737</u>	<u>\$ 31,460,301</u>
(g) Difference between Expected and Actual		\$ 484,151	
(h) Less Liability Transferred for Immediate Recognition		<u>(105,914)</u>	
(i) Experience (Gain)/Loss = (g) - (h)		\$ 378,237	
(j) Difference between Actual (2015 Assumptions) and Actual (2016 Assumptions): Assumption Change (Gain) / Loss			\$ 1,268,564

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 19 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)**

*Actuarial assumptions.* The total pension liability in the September 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 5.0% for State and Local Employees and 4.5% for State Police, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the September 30, 2015 valuation were based on the results of an actuarial experience study for the period October 1, 2010 – September 30, 2015.

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

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability and a municipal bond rate was not used in determining the discount rate.

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.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
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**NOTE 19 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)**

The target asset allocation and best estimates of geometric real rates of return for each major asset class, as provided by RSA are summarized in the following table:

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

\*Includes assumed rate of inflation of 2.50%

*Sensitivity of the net pension liability to changes in the discount rate.* The following table presents the City's net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Plan's Net Pension Liability	\$ 9,353,970	\$ 5,192,223	\$ 1,713,170

*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, 2016. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2016. The auditor's report dated September 15, 2017 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
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**NOTE 19 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)**

**C. Changes in Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2015	\$ 27,583,193	\$ 23,516,248	\$ 4,066,945
Changes for the year:			
Service Cost	955,939	-	955,939
Interest	2,166,725	-	2,166,725
Changes of assumptions	1,268,564	-	1,268,564
Difference between expected and actual experience	378,237	-	378,237
Contributions - employer	-	641,261	(641,261)
Contributions - employee	-	590,706	(590,706)
Net investment income	-	2,412,220	(2,412,220)
Benefit payments, including refunds or employee contributions	(998,271)	(998,271)	-
Administrative expense	-	-	-
Transfers among employers	105,914	105,914	-
Net changes	<u>3,877,108</u>	<u>2,751,830</u>	<u>1,125,278</u>
Balances at September 30, 2016	<u>\$ 31,460,301</u>	<u>\$ 26,268,078</u>	<u>\$ 5,192,223</u>

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
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**NOTE 19 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)**

**D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2017, the City recognized pension expense (income) of \$887,062. Components of pension expense are as follows:

Service Cost	\$	955,939
Interest on the total pension liability		2,166,725
Current-period benefit changes		-
Expensed portion of current-period difference between expected and actual experience in the total pension liability		47,878
Expensed portion of current-period changes of assumptions		160,578
Member contributions		(590,706)
Projected earnings on plan investments		(1,894,884)
Expensed portion of current-period differences between actual and projected earnings on plan investments		(103,467)
Transfers among employers		-
Recognition of beginning deferred outflows of resources as pension expense		152,364
Recognition of beginning deferred inflows of resources as pension expense		(7,365)
Pension expense (income)	<u>\$</u>	<u>887,062</u>

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 330,359	\$ 42,717
Change of assumptions	1,107,986	-
Net difference between projected and actual earnings on plan investments	203,296	-
Employer contributions subsequent to the measurement date*	<u>640,351</u>	<u>-</u>
	<u>\$ 2,281,992</u>	<u>\$ 42,717</u>

\*Employer contributions made from 10/1/2016 - 9/30/2017, related to normal and accrued liability components of employer rate net of any refunds or error service payments. These amounts will be recognized in 2018 as a reduction of the net pension liability.

**CITY OF DAPHNE, ALABAMA**  
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**NOTE 19 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)**

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

Year Ended September	Deferred Inflows of Resources	Deferred Outflows of Resources
2018	\$ (7,365)	\$ 897,704
2019	(7,365)	257,355
2020	(7,365)	417,424
2021	(7,365)	104,988
2022	(7,365)	208,456
Thereafter	(5,892)	396,065
	\$ (42,717)	\$ 2,281,992

**NOTE 20– OTHER POST EMPLOYMENT BENEFITS**

In addition to providing pension benefits, the City provides certain health care and life insurance benefits, as allowed by Alabama law. These benefits are paid on a pay-as-you-go basis in the governmental funds and on an accrual basis in the government-wide statements. Presently, fifteen (15) retirees and/or their dependents are covered under the health care plan and fourteen (14) retirees are covered under the life insurance plan. The benefit plan offered by the City became effective December 22, 1997 and retirees are eligible to participate in the plan if they are less than 65 years of age with a minimum of twenty-five (25) years of creditable service with the City. The dependent(s) of retirees are only eligible for coverage under the health care plan, provided that they are covered under the City’s health care plan at least six months prior to the effective date of retirement.

The City pays retiree health care premiums at the same rate as it does for active employees, i.e. any portion of the monthly premium that is passed on to other employees as a payroll deduction is also paid to the City by the retirees. The City’s cost for retiree dependent coverage will not exceed the premium rate charged to the City for individual coverage (retirees must pay this difference between the individual and family coverage).

The life insurance benefit is for the benefit of the retiree only and the City pays 100% of the premium.

**Plan Description** - 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. The employees are covered by the Retirement System of Alabama and must meet the eligibility provisions adopted by resolution to receive retiree medical benefits. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called “Tier I members). Employees hired on and after January 1, 2013 (called “Tier II” members) are eligible to retire only after attainment of age 62 or later completion of 10 years of service.

The employer pays for 100% of the retiree life insurance coverage of \$5,000 until age 65 but it is based on the blended active and retired rate. Since GASB Codification Section P50 requires the use of unblended rates, we have used the mortality table described below to “unblend” the rates for purposes of this evaluation.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
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**NOTE 20 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Contribution Rates** - Employees do not contribute to their post-employment benefit costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy** - Until 2009, the City recognized the cost of providing post-employment medical and life benefits (the City's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In fiscal 2017, the City's portion of health care and life insurance funding cost for retired employees totaled \$108,628.

Effective October 1, 2009, the City implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

**Annual Required Contribution** - The City's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017	2016
Normal Cost	\$ 264,340	\$ 212,814
30-year UAL amortization amount	291,769	211,524
Annual required contributions (ARC)	\$ 556,109	\$ 424,338

**Net Post-employment Benefit Obligation** - The table below shows the City's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending September 30:

	2017	2016
Beginning Net OPEB Obligation	\$ 1,967,674	\$ 1,617,971
Annual required contribution	556,109	424,338
Interest on Net OPEB Obligation	78,709	64,719
ARC Adjustment	(113,791)	(93,567)
OPEB Cost	521,027	395,490
Current year retiree premium	(108,628)	(45,787)
Change in Net OPEB Obligation	412,399	349,703
Ending Net OPEB Obligation	\$ 2,380,073	\$ 1,967,674

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 20 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

The following table shows the City’s annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability for last year and this year:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
September 30, 2017	\$ 521,027	20.85%	\$ 2,380,073
September 30, 2016	\$ 395,489	11.58%	\$ 1,967,674

**Funded Status and Funding Progress** - In 2017, the City made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the October 1, 2014 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the September 30, 2017 year was \$5,247,216 which is defined as that portion, as determined by a particular actuarial cost method (the City uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	<u>2017</u>
Actuarial Accrued Liability (AAL)	\$ 5,247,216
Actuarial Value of Plan Assets (AVP)	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 5,247,216</u>
 Funded Ratio (AVP/AAL)	 0.00%
 Covered Payroll (active plan members)	 \$ 10,832,313
UAAL as a percentage of covered payroll	48.44%

**Actuarial Methods and Assumptions** - Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City and its employee plan members) at the time of valuation and on the pattern of sharing cost between the City and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 20 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Actuarial Cost Method** - The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

**Actuarial Value of Plan Assets** - There are no plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph 125 of GASB Codification Section P50.

**Turnover Rate** - An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

**Post-Employment Benefit Plan Eligibility Requirements** - Based on past experience, it has been assumed that entitlement to benefits will commence three years after retiree coverage eligibility, as described above under “Plan Description”. In addition, “Tier II” retirement plan members (those hired on and after January 1, 2013) would not be eligible to retire before age 62. Medical benefits are provided to employees upon actual retirement.

**Investment Return Assumption (Discount Rate)** - GASB Codification Section P50 states that the investment return assumption should be the estimated long term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

**Healthcare Cost Trend Rate** - The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

**Mortality Rate** - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

**Method of Determining Value of Benefits** - The “value of benefits” has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays for a portion of the retiree medical premium for retiree only (not dependents, which are paid for by the retiree at the blended rate) and only until age 65, but it is based on the blended premium. Since GASB Codification Section P50 requires use of an unblended premium, we have estimated the unblended premium to be 130% of the total blended (active and retiree blend) premium before age 65. The employer premium is thus that total unblended rate less the amount paid by the retiree. Because of the high premium required to be paid by the retiree for dependent coverage, we have assumed that 50% of future retirees decline dependent coverage. Employer provided retiree medical coverage ceases at age 65. See section below for details on retiree life insurance coverage.

**Inflation Rate** - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 20 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Projected Salary Increases** - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

**Post-Retirement Benefit Increases** - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last three fiscal years:

	OPEB Costs and Contributions		
	FY 2017	FY 2016	FY 2015
OPEB Cost	\$ 521,027	\$ 395,490	\$ 385,282
Contribution	-	-	-
Retiree Premium	(108,628)	(45,787)	(42,395)
Total contribution and premium	(108,628)	(45,787)	(42,395)
Change in net OPEB obligation	\$ 412,399	\$ 349,703	\$ 342,887
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	20.85%	11.58%	11.00%

**NOTE 21 – DEFERRED COMPENSATION PLANS**

The City offers its employees a choice of four deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. Three of the plans are administered by a nongovernmental third party and the other by the Retirement Systems of Alabama. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the individuals who participate in the deferred compensation plan and are not subject to the claims of the City's general creditors.

**NOTE 22 - 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 provision for losses has been recorded.

**NOTE 23 – CONCENTRATION – REVENUE SOURCE**

The City receives approximately 9.3% of its annual sales, use, and luxury taxes from one business within the City of Daphne; the top ten businesses account for 40.5% of total such collections.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**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 Utility Board provides services to the City of Daphne in its handling of the billing and collection of garbage fees. The Utility 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 Utility Board. The total due from the Utility Board at September 30, 2017 is \$116,073.

**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, 2016 and the County began collecting and remitting the taxes to the City in October 2017.)

Fund Financial Statements:

The City recognizes the taxes collected by the County tax assessor within the first 60 days after September 30, 2017 as revenue. Such revenue totals \$632,931. Deferred revenue in the amount of \$4,656,675 is recognized and is reflective of the anticipated upcoming fiscal year collections for the October 1, 2017 (Fiscal 2018) levy.

Government-Wide Financial Statements:

The City recognizes total estimated property tax collections in the amount of \$5,289,606 for the October 1, 2016 tax assessment that is collected starting in October of 2017 (Fiscal 2018).

**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.

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**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 \$5,737,290)
  - Property (Limit \$50,529,504)
  - Highway 98 Streetlight Coverage (Limit \$1,287,000)

**NOTE 28 – FAIR VALUE DISCLOSURES**

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value in a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value:

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

Investments’ fair value measurements are as follows at September 30, 2017:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities:				
U.S. Treasuries	\$ 1,077,600	\$ 1,077,600	\$ -	\$ -
Federal Home Loan Bonds and pools	1,943,657	-	1,943,657	-
GNMA and FNMA pools	1,345,936	-	1,345,936	-
Proprietary insured by US Government	896,271	-	896,271	-
Investment in AMIC	31,063	-	-	31,063
	<u>\$ 5,294,527</u>	<u>\$ 1,077,600</u>	<u>\$ 4,185,864</u>	<u>\$ 31,063</u>

**CITY OF DAPHNE, ALABAMA**  
**Notes to Financial Statements**  
**September 30, 2017**

**NOTE 28 – FAIR VALUE DISCLOSURES (Continued)**

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

**NOTE 29 – SUBSEQUENT EVENTS**

The City has evaluated subsequent events through January 22, 2018, the date which the financial statements were available to be issued and determined that no subsequent events have occurred which require adjustment of disclosure in this report.

**Required Supplementary Information**

**CITY OF DAPHNE, ALABAMA**

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

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
<b>Revenues</b>				
Sales, use, and luxury taxes	\$ 15,668,782	\$ 15,668,782	\$ 16,374,881	\$ 706,099
Payment lieu of taxes	2,535,000	2,535,000	2,563,873	28,873
Ad valorem taxes	5,632,500	5,632,500	5,490,960	(141,540)
Licenses and permits	2,572,275	2,572,275	2,811,350	239,075
Intergovernmental	226,500	226,500	373,838	147,338
Charges for services	352,050	357,840	342,786	(15,054)
Fines and forfeitures	376,000	376,000	331,029	(44,971)
Interest/investment earnings	85,000	85,000	21,152	(63,848)
Grants and contributions	90,000	420,959	487,727	66,768
Miscellaneous	60,500	78,324	125,193	46,869
<b>Total revenues</b>	<b>\$ 27,598,607</b>	<b>\$ 27,953,180</b>	<b>\$ 28,922,789</b>	<b>\$ 969,609</b>
<b>Expenditures</b>				
<i>GENERAL GOVERNMENT</i>				
Legislative				
Personnel	\$ 248,420	\$ 249,038	\$ 248,415	\$ (623)
Operating	171,100	177,100	167,044	(10,056)
	419,520	426,138	415,459	(10,679)
Municipal Court				
Operating	10,000	10,000	7,499	(2,501)
	10,000	10,000	7,499	(2,501)
Executive				
Personnel	187,065	201,346	138,245	(63,101)
Operating	38,150	42,150	29,446	(12,704)
	243,215	261,496	185,691	(75,805)
Community Events				
Personnel	86,242	61,139	54,337	(6,802)
Operating	336,392	276,392	231,945	(44,447)
	422,634	337,531	286,282	(51,249)
Information Tech Support				
Personnel	171,391	172,009	116,383	(55,626)
Operating	51,200	51,250	52,237	987
	222,591	223,259	168,620	(54,639)

**CITY OF DAPHNE, ALABAMA**

**Budgetary Comparison Schedule, Continued  
General Fund  
For the Year Ended September 30, 2017**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Human Resources				
Personnel	290,528	347,400	302,606	(44,794)
Operating	176,795	184,228	157,932	(26,296)
	<u>467,323</u>	<u>531,628</u>	<u>460,538</u>	<u>(71,090)</u>
Finance				
Personnel	520,216	522,710	508,935	(13,775)
Operating	190,150	189,150	152,429	(36,721)
	<u>710,366</u>	<u>711,860</u>	<u>661,364</u>	<u>(50,496)</u>
Revenue				
Personnel	159,047	160,278	155,595	(4,683)
Operating	45,230	45,230	22,959	(22,271)
	<u>204,277</u>	<u>205,508</u>	<u>178,554</u>	<u>(26,954)</u>
Municipal Court				
Personnel	179,442	180,369	161,604	(18,765)
Operating	115,200	115,200	104,866	(10,334)
	<u>294,642</u>	<u>295,569</u>	<u>266,470</u>	<u>(29,099)</u>
Legal/Risk Management				
Operating- Legal	294,700	389,859	366,826	(23,033)
Operating- Risk Management	290,000	285,946	275,509	(10,437)
	<u>584,700</u>	<u>675,805</u>	<u>642,335</u>	<u>(33,470)</u>
Planning/Zoning				
Personnel	265,403	266,639	260,359	(6,280)
Operating	46,550	46,050	37,581	(8,469)
	<u>311,953</u>	<u>312,689</u>	<u>297,940</u>	<u>(14,749)</u>
Building Maintenance				
Personnel	243,889	301,718	162,100	(139,618)
Operating	48,210	45,770	90,518	44,748
	<u>292,099</u>	<u>347,488</u>	<u>252,618</u>	<u>(94,870)</u>
City Hall Facilities Support				
Operating	214,300	238,680	229,346	(9,334)
Capital	-	6,600	8,384	1,784
	<u>214,300</u>	<u>245,280</u>	<u>237,730</u>	<u>(7,550)</u>

**CITY OF DAPHNE, ALABAMA**

**Budgetary Comparison Schedule, Continued  
General Fund  
For the Year Ended September 30, 2017**

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
Janitorial				
Personnel	87,032	87,650	78,410	(9,240)
Operating	61,750	58,250	45,897	(12,353)
	<u>148,782</u>	<u>145,900</u>	<u>124,307</u>	<u>(21,593)</u>
<b>TOTAL GENERAL GOVERNMENT</b>				
Personnel	2,438,675	2,550,296	2,186,989	(363,307)
Operating	2,089,727	2,155,255	1,972,034	(183,221)
Capital	18,000	24,600	26,384	1,784
	<u>4,546,402</u>	<u>4,730,151</u>	<u>4,185,407</u>	<u>(544,744)</u>
<i>PUBLIC SAFETY</i>				
Police Administration				
Personnel	441,895	443,988	426,949	(17,039)
Operating	264,610	253,285	228,713	(24,572)
Capital	-	21,872	21,872	-
	<u>706,505</u>	<u>719,145</u>	<u>677,534</u>	<u>(41,611)</u>
SWAT (Sp Weapons & Tactical Eqpt)				
Operating	10,925	10,925	10,288	(637)
	<u>10,925</u>	<u>10,925</u>	<u>10,288</u>	<u>(637)</u>
Traffic Homicide Investigation				
Operating	9,000	9,000	7,667	(1,333)
	<u>9,000</u>	<u>9,000</u>	<u>7,667</u>	<u>(1,333)</u>
Patrol				
Personnel	2,553,582	2,622,181	2,594,803	(27,378)
Operating	427,245	479,156	418,931	(60,225)
Capital	371,634	371,634	366,980	(4,654)
	<u>3,352,461</u>	<u>3,472,971</u>	<u>3,380,714</u>	<u>(92,257)</u>
Detective				
Personnel	899,946	943,374	836,928	(106,446)
Operating	115,010	129,658	104,508	(25,150)
Capital	-	38,203	37,317	(886)
	<u>1,014,956</u>	<u>1,111,235</u>	<u>978,753</u>	<u>(132,482)</u>
Communications				
Personnel	547,986	551,354	471,955	(79,399)
Operating	32,070	33,070	28,729	(4,341)
	<u>580,056</u>	<u>584,424</u>	<u>500,684</u>	<u>(83,740)</u>

**CITY OF DAPHNE, ALABAMA**

**Budgetary Comparison Schedule, Continued  
General Fund  
For the Year Ended September 30, 2017**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Corrections				
Personnel	688,727	693,388	609,914	(83,474)
Operating	81,855	81,955	58,690	(23,265)
	<u>770,582</u>	<u>775,343</u>	<u>668,604</u>	<u>(106,739)</u>
Animal Control				
Personnel	147,954	149,494	145,804	(3,690)
Operating	29,730	29,347	21,849	(7,498)
	<u>177,684</u>	<u>178,841</u>	<u>167,653</u>	<u>(11,188)</u>
<b>Police Subtotal</b>				
Personnel	5,280,090	5,403,779	5,086,353	(317,426)
Operating	970,445	1,026,396	879,375	(147,021)
Capital	371,634	431,709	426,169	(5,540)
	<u>6,622,169</u>	<u>6,861,884</u>	<u>6,391,897</u>	<u>(469,987)</u>
Central Communications				
Operating	10,000	10,000	5,388	(4,612)
	<u>10,000</u>	<u>10,000</u>	<u>5,388</u>	<u>(4,612)</u>
Fire				
Personnel	3,212,749	3,286,779	3,268,042	(18,737)
Operating	398,150	468,700	391,630	(77,070)
Capital	70,000	578,479	575,137	(3,342.00)
	<u>3,680,899</u>	<u>4,333,958</u>	<u>4,234,809</u>	<u>(99,149)</u>
Rescue				
Operating	25,750	24,775	22,437	(2,338)
	<u>25,750</u>	<u>24,775</u>	<u>22,437</u>	<u>(2,338)</u>
Building Inspections				
Personnel	415,000	417,233	385,437	(31,796)
Operating	50,220	50,270	34,831	(15,439)
	<u>465,220</u>	<u>467,503</u>	<u>420,268</u>	<u>(47,235)</u>
Code Enforcement				
Personnel	132,602	133,220	128,640	(4,580)
Operating	15,750	15,850	12,336	(3,514)
	<u>148,352</u>	<u>149,070</u>	<u>140,976</u>	<u>(8,094)</u>

CITY OF DAPHNE, ALABAMA

Budgetary Comparison Schedule, Continued  
 General Fund  
 For the Year Ended September 30, 2017

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
Emergency Management				
Operating	15,000	13,000	6,983	(6,017)
	15,000	13,000	6,983	(6,017)
<b>TOTAL PUBLIC SAFETY</b>				
Personnel	9,040,441	9,241,011	8,868,472	(372,539)
Operating	1,485,315	1,608,991	1,352,980	(256,011)
Capital	441,634	1,010,188	1,001,306	(8,882)
	10,967,390	11,860,190	11,222,758	(637,432)
<i>PUBLIC WORKS</i>				
Administration				
Personnel	418,390	420,783	371,378	(49,405)
Operating	91,770	105,965	82,779	(23,186)
Capital	-	138,011	138,011	-
	510,160	664,759	592,168	(72,591)
Public Works Facilities Support				
Operating	51,300	51,800	47,364	(4,436)
	51,300	51,800	47,364	(4,436)
Street				
Personnel	755,174	759,507	695,992	(63,515)
Operating	772,600	726,635	712,996	(13,639)
	1,527,774	1,486,142	1,408,988	(77,154)
Street-Infrastructure				
Operating	45,000	46,100	40,516	(5,584)
Capital	50,000	448,292	443,511	(4,781)
	95,000	494,392	484,027	(10,365)
Grounds				
Personnel	651,059	656,125	617,905	(38,220)
Operating	260,278	223,727	174,984	(48,743)
Capital	140,000	176,806	168,335	(8,471)
	1,051,337	1,056,658	961,224	(95,434)
Grounds- Parks				
Operating	79,620	108,344	80,876	(27,468)
Capital	25,000	32,035	30,831	(1,204)
	104,620	140,379	111,707	(28,672)

**CITY OF DAPHNE, ALABAMA**

**Budgetary Comparison Schedule, Continued  
General Fund  
For the Year Ended September 30, 2017**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Mowing				
Personnel	488,791	491,586	455,522	(36,064)
Operating	173,650	200,520	207,056	6,536
Capital	130,000	157,000	150,369	(6,631)
	<u>792,441</u>	<u>849,106</u>	<u>812,947</u>	<u>(36,159)</u>
Garage				
Personnel	404,338	410,468	383,973	(26,495)
Operating	155,950	154,300	68,396	(85,904)
	<u>560,288</u>	<u>564,768</u>	<u>452,369</u>	<u>(112,399)</u>
MS4 Compliance				
Operating	39,900	320,196	263,200	(56,996)
	<u>39,900</u>	<u>320,196</u>	<u>263,200</u>	<u>(56,996)</u>
<b>TOTAL PUBLIC WORKS</b>				
Personnel	2,717,752	2,738,469	2,524,770	(213,699)
Operating	1,670,068	1,937,587	1,678,167	(259,420)
Capital	345,000	952,144	931,057	(21,087)
	<u>4,732,820</u>	<u>5,628,200</u>	<u>5,133,994</u>	<u>(494,206)</u>
<i>RECREATION &amp; LIBRARY</i>				
Recreation Parks				
Personnel	274,763	276,751	268,370	(8,381)
Operating	337,700	341,745	264,911	(76,834)
	<u>612,463</u>	<u>618,496</u>	<u>533,281</u>	<u>(85,215)</u>
Recreation				
Personnel	275,231	276,467	270,386	(6,081)
Operating	191,130	191,110	174,193	(16,917)
	<u>466,361</u>	<u>467,577</u>	<u>444,579</u>	<u>(22,998)</u>
Athletic and Fitness Programs				
Personnel	24,263	24,634	26,274	1,640
Operating	103,900	103,900	82,173	(21,727)
	<u>128,163</u>	<u>128,534</u>	<u>108,447</u>	<u>(20,087)</u>
Arts and Leisure Programs				
Operating	57,250	57,250	28,461	(28,789)
	<u>57,250</u>	<u>57,250</u>	<u>28,461</u>	<u>(28,789)</u>

**CITY OF DAPHNE, ALABAMA**

**Budgetary Comparison Schedule, Continued  
General Fund  
For the Year Ended September 30, 2017**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Library				
Personnel	625,402	665,875	589,986	(75,889)
Operating	185,000	180,990	160,746	(20,244)
Capital	-	187,850	187,850	-
	<u>810,402</u>	<u>1,034,715</u>	<u>938,582</u>	<u>(96,133)</u>
<b>TOTAL LIBRARY AND RECREATION</b>				
Personnel	1,199,659	1,243,727	1,155,016	(88,711)
Operating	874,980	874,995	710,484	(164,511)
Capital	-	187,850	187,850	-
	<u>2,074,639</u>	<u>2,306,572</u>	<u>2,053,350</u>	<u>(253,222)</u>
Total Expenditures				
Personnel	15,396,527	15,773,503	14,735,247	(1,038,256)
Operating	6,120,090	6,576,828	5,713,665	(863,163)
Capital	804,634	2,174,782	2,146,597	(28,185)
	<u>22,321,251</u>	<u>24,525,113</u>	<u>22,595,509</u>	<u>(1,929,604)</u>
Excess of Revenues Over Expenditures Before Other Financing Uses	<u>5,277,356</u>	<u>3,428,067</u>	<u>6,327,280</u>	<u>2,899,213</u>
<i>OTHER FINANCING SOURCES/(USES)</i>				
Capital Lease Proceeds	556,634	556,634	570,560	13,926
Transfers to Debt Service Fund	(4,092,625)	(4,132,625)	(4,132,625)	-
Transfers to Capital Reserve Fund	-	(2,000,000)	(2,000,000)	-
Transfers to Civic Center Fund	(390,155)	(395,882)	(306,010)	89,872
Transfers to BayFront Fund	(189,462)	(194,705)	(167,812)	26,893
Transfer to Solid Waste Fund	(629,415)	(642,234)	(474,948)	167,286
Transfers to SAIL Site Fund	(36,119)	(37,204)	(35,754)	1,450
	<u>(4,781,142)</u>	<u>(6,846,016)</u>	<u>(6,546,589)</u>	<u>299,427</u>
Total Revenues Over (Under) Expenditures	<u>\$ 496,214</u>	<u>\$ (3,417,949)</u>	<u>\$ (219,309)</u>	<u>\$ 3,198,640</u>

CITY OF DAPHNE, ALABAMA

**Budgetary Comparison Schedule, Continued**  
**General Fund**  
**For the Year Ended September 30, 2017**

The reported budgetary data represents the final appropriated budget after amendments adopted by the City Council. An appropriated budget was legally adopted for the General Fund on the same modified-accrual basis used to present actual revenues and expenditures; except, for budgetary purposes, current year encumbrances are treated as expenditures. The following is a summary of the reconciliation of accounting principles accepted in the United States of America (GAAP) revenues over expenditures to budgetary revenues over expenditures for the fiscal year ended September 30, 2017:

GAAP Revenues Over Expenditures	\$	229,033
Encumbrances outstanding at:		
September 30, 2017		(1,047,284)
September 30, 2016		633,724
Encumbrances released during FY 2017		<u>(34,782)</u>
Budgetary Revenues over Expenditures	\$	<u>(219,309)</u>

**CITY OF DAPHNE, ALABAMA**

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

	2016	2015	2014
<b>Total pension liability</b>			
Service Cost	\$ 955,939	\$ 939,089	\$ 907,051
Interest	2,166,725	2,007,083	1,850,235
Changes of benefit terms	-	-	-
Differences between expected and actual experience	378,237	(57,447)	-
Changes of assumptions	1,268,564	-	-
Benefit payments, including refunds of employee contributions	(998,271)	(788,143)	(805,216)
Transfers among employers	105,914	-	-
<b>Net change in pension liability</b>	3,877,108	2,100,582	1,952,070
<b>Total pension liability - beginning</b>	27,583,193	25,482,611	23,530,541
<b>Total pension liability - ending (a)</b>	\$ 31,460,301	\$ 27,583,193	\$ 25,482,611
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 641,261	\$ 633,555	\$ 632,854
Contributions - member	590,706	573,980	555,923
Net investment income	2,412,220	272,002	2,401,618
Benefit payments, including refunds of employee contributions	(998,271)	(788,143)	(805,216)
Transfers among employers	105,914	214,633	2,082
<b>Net change in plan fiduciary net position</b>	2,751,830	906,027	2,787,261
<b>Plan net position - beginning</b>	23,516,248	22,610,221	19,822,960
<b>Plan net position - ending (b)</b>	\$ 26,268,078	\$ 23,516,248	\$ 22,610,221
<b>Net pension liability (a) - (b)</b>	\$ 5,192,223	\$ 4,066,945	\$ 2,872,390
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	83.50%	85.26%	88.73%
<b>Covered employee payroll</b>	\$ 11,055,399	\$ 10,535,450	\$ 10,266,165
<b>Net pension liability as a percentage of employee-covered payroll</b>	46.97%	38.60%	27.98%

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

**CITY OF DAPHNE, ALABAMA**

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

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

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2017 were based on the September 30, 2014 actuarial valuation.

Methods and Assumptions used to determine contribution rates:

Actuarial Cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	16 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75% - 7.25%, net inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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

**Other Supplementary Information**

## Non-Major Governmental Funds

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

*Four and Five Cent Gasoline Tax Fund* - This fund may be used for street resurfacing; cost of construction, improvement, and maintenance of highways, bridges, and streets; and certain other related purposes. This tax is levied by the State of Alabama and is legally restricted to these express purposes.

*Seven Cent Gasoline Tax and Fuel Inspection Fees Fund* - This fund may be used for street improvements and maintenance. This tax is levied by the State of Alabama and is legally restricted to these express purposes.

*Tree and Flower Fund* – This fund may be used for various landscaping improvements on City owned property.

*SAIL Site Fund* – Financial resources are provided for the operation of a Senior Assisted Independent Living Program (SAIL). Federal funds flow through the State to the South Alabama Regional Planning Commission, which are in turn remitted to the City on a monthly basis. The City also provides a matching portion of resources required for the operation of this program.

*Non Major Storms Fund* – This fund is used to track related costs incurred during storm events that are to be reimbursed by the Federal Emergency Management Agency (FEMA).

*Federal and State Drug Recoveries Fund* – Court-ordered confiscated funds are remitted to the City for public safety use as set forth by US Departments of Justice and/or Treasury.

*Library Fund* - Donations and library fines are used to support library operations, purchase capital equipment, and provide certain library materials.

*Municipal Court Equipment and Training Fund and Court & Judicial Administration Fund* - These funds are mandated by State Law and are maintained by fines levied by the City through its Municipal Court. Uses are restricted to providing additional support for the operations and capital needs of the Municipal Court.

*Corrections and Court Fund* – This fund is mandated by State Law and is maintained by fines levied by the City through its Municipal Court. Uses are restricted to providing additional support for the operations of the Municipal Court and the Municipal Jail.

*Lodging Tax Fund* – This fund represents a special tax levied by the City with proceeds used to support the maintenance and acquisition of Bayfront property; to support the acquisition of recreation capital equipment, grounds, and facilities; and to provide contributions to the Industrial Development Board and the Downtown Redevelopment Authority.

*Renaissance Center Fund* – A defined portion of sales and use taxes generated within the Renaissance Improvement District are remitted to the District to provide debt service coverage for this component unit's bond debt.

## **Non-Major Governmental Funds (Continued)**

**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).

*2014 Construction Fund* – This fund accounts for debt proceeds of \$780,000 to be used for sewer projects.

*2016 Construction Fund* – This fund accounts for debt proceeds of \$845,200 to be used for recreational facilities upgrades.

**CITY OF DAPHNE, ALABAMA**

**Combining Balance Sheet - Summary  
Non-Major Governmental Funds  
September 30, 2017**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash, equity in pooled cash	\$ 3,200,719	\$ 845,393	\$ 4,046,112
Taxes receivable	107,372	-	107,372
Grants receivable	38,288	-	38,288
Total assets	<u>3,346,379</u>	<u>845,393</u>	<u>4,191,772</u>
 <b>LIABILITIES</b>			
Accounts payable	50,970	-	50,970
Accrued expenses	3,268	-	3,268
Due to other funds	13,961	-	13,961
Total liabilities	<u>68,199</u>	<u>-</u>	<u>68,199</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - grant revenue	13,961	-	13,961
Total deferred inflows of resources	<u>13,961</u>	<u>-</u>	<u>13,961</u>
 <b>FUND BALANCES</b>			
Restricted	1,082,622	845,393	1,928,015
Committed	2,176,032	-	2,176,032
Assigned	19,526	-	19,526
Unassigned	(13,961)	-	(13,961)
Total fund balances	<u>3,264,219</u>	<u>845,393</u>	<u>4,109,612</u>
 Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 3,346,379</u>	<u>\$ 845,393</u>	<u>\$ 4,191,772</u>

**CITY OF DAPHNE, ALABAMA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Summary  
Non-Major Governmental Funds  
For the Year Ended September 30, 2017**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
<b>REVENUES</b>			
Sales, use, luxury tax	\$ 1,594,932	\$ -	\$ 1,594,932
Fines and forfeitures	240,665	-	240,665
Charges for services	8,976	-	8,976
Intergovernmental	38,871	-	38,871
Grants	154,656	-	154,656
Interest and investment earnings	3,446	244	3,690
Contributions and donations	9,513	-	9,513
Miscellaneous	2,322	-	2,322
Total revenues	<u>2,053,381</u>	<u>244</u>	<u>2,053,625</u>
<b>EXPENDITURES</b>			
Current expenditures:			
General government	527,914	-	527,914
Public safety	73,942	-	73,942
Public works	39,515	-	39,515
Library and recreation	364,438	-	364,438
Total current expenditures	<u>1,005,809</u>	<u>-</u>	<u>1,005,809</u>
Contribution to Utilities Board	-	418,143	418,143
Capital outlay	601,139	-	601,139
Total expenditures	<u>1,606,948</u>	<u>418,143</u>	<u>2,025,091</u>
Excess (deficiency) of revenues over (under) expenditures	<u>446,433</u>	<u>(417,899)</u>	<u>28,534</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	35,754	-	35,754
Transfers out	(229,155)	(12)	(229,167)
Total other financing sources (uses)	<u>(193,401)</u>	<u>(12)</u>	<u>(193,413)</u>
Net change in fund balances	253,032	(417,911)	(164,879)
Fund balances, beginning	3,011,187	1,263,304	4,274,491
Fund balances, ending	<u>\$ 3,264,219</u>	<u>\$ 845,393</u>	<u>\$ 4,109,612</u>

**CITY OF DAPHNE, ALABAMA**

**Combining Balance Sheet  
Non-Major Special Revenue Funds  
September 30, 2017**

	4 Cent	7 Cent	Flower Fund	SAIL Site	Non Major Storms	Federal Drug Recoveries
<b>ASSETS</b>						
Cash, equity in pooled cash	\$ 271,220	\$ 178,841	\$ 18,926	\$ 3,294	\$ -	\$ 242,471
Taxes receivable	5,358	6,814	-	-	-	-
Grants receivable	-	24,327	-	-	13,961	-
<b>Total assets</b>	<b>276,578</b>	<b>209,982</b>	<b>18,926</b>	<b>3,294</b>	<b>13,961</b>	<b>242,471</b>
<b>LIABILITIES</b>						
Accounts payable	-	11,712	-	1,552	-	-
Accrued expenses	-	-	-	1,742	-	-
Due to other funds	-	-	-	-	13,961	-
<b>Total liabilities</b>	<b>-</b>	<b>11,712</b>	<b>-</b>	<b>3,294</b>	<b>13,961</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue - grant revenue	-	-	-	-	13,961	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,961</b>	<b>-</b>
<b>FUND BALANCES</b>						
Restricted	276,578	198,270	-	-	-	242,471
Committed	-	-	18,926	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(13,961)	-
<b>Total fund balances</b>	<b>276,578</b>	<b>198,270</b>	<b>18,926</b>	<b>-</b>	<b>(13,961)</b>	<b>242,471</b>
<b>Total liabilities, deferred inflow of resources, and fund balances</b>	<b>\$ 276,578</b>	<b>\$ 209,982</b>	<b>\$ 18,926</b>	<b>\$ 3,294</b>	<b>\$ 13,961</b>	<b>\$ 242,471</b>

State Drug Recoveries	Library	Mun Court: Eq/Training	Mun Court: Judicial	Corrections/ Court	Lodging Tax	Renaissance Center	Total
\$ 14,917	\$ 27,385	\$ 35,720	\$ 134,615	\$ 188,557	\$ 2,084,773	\$ -	\$ 3,200,719
-	-	-	-	-	95,200	-	107,372
-	-	-	-	-	-	-	38,288
14,917	27,385	35,720	134,615	188,557	2,179,973	-	3,346,379
-	7,416	(2)	(28)	7,453	22,867	-	50,970
-	443	-	-	1,083	-	-	3,268
-	-	-	-	-	-	-	13,961
-	7,859	(2)	(28)	8,536	22,867	-	68,199
-	-	-	-	-	-	-	13,961
-	-	-	-	-	-	-	13,961
14,917	-	35,722	134,643	180,021	-	-	1,082,622
-	-	-	-	-	2,157,106	-	2,176,032
-	19,526	-	-	-	-	-	19,526
-	-	-	-	-	-	-	(13,961)
14,917	19,526	35,722	134,643	180,021	2,157,106	-	3,264,219
\$ 14,917	\$ 27,385	\$ 35,720	\$ 134,615	\$ 188,557	\$ 2,179,973	\$ -	\$ 3,346,379

**CITY OF DAPHNE, ALABAMA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Non-Major Special Revenue Funds  
For the Year Ended September 30, 2017**

	4 Cent	7 Cent	Flower Fund	SAIL Site	Non Major Storms	Federal Drug Recoveries
<b>REVENUES</b>						
Sales, use, luxury taxes	\$ 58,451	\$ 74,716	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	84,183
Charges for services	-	-	-	-	-	-
Intergovernmental	-	-	-	16,953	-	-
Grants	-	52,006	-	-	-	-
Interest/investment earnings	454	525	-	4	-	1,093
Contributions and donations	-	-	-	7,752	-	-
Miscellaneous revenue	-	-	-	-	-	-
<b>Total revenues</b>	<b>58,905</b>	<b>127,247</b>	<b>-</b>	<b>24,709</b>	<b>-</b>	<b>85,276</b>
<b>EXPENDITURES</b>						
Current:						
General government	-	362	-	-	-	-
Public safety	-	-	-	-	-	23,257
Public works	-	39,515	-	-	-	-
Library and recreation	-	-	-	61,662	-	-
<b>Total current</b>	<b>-</b>	<b>39,877</b>	<b>-</b>	<b>61,662</b>	<b>-</b>	<b>23,257</b>
Capital outlay	-	275,748	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>315,625</b>	<b>-</b>	<b>61,662</b>	<b>-</b>	<b>23,257</b>
Excess (deficiency) of revenues over (under) expenditures	58,905	(188,378)	-	(36,953)	-	62,019
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	35,754	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing     sources/(uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,754</b>	<b>-</b>	<b>-</b>
Net change in fund balances	58,905	(188,378)	-	(1,199)	-	62,019
Fund balances, beginning	\$217,673	\$386,648	\$ 18,926	\$ 1,199	\$ (13,961)	\$ 180,452
Fund balances, ending	\$276,578	\$198,270	\$ 18,926	\$ -	\$ (13,961)	\$ 242,471

State Drug Recoveries	Library	Mun Court Eq/Training	Mun Court Judicial	Corrections Court	Lodging Tax	Renaissance Center	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,198,611	\$ 263,154	\$ 1,594,932
7,752	12,553	5,187	40,155	90,835	-	-	240,665
-	8,976	-	-	-	-	-	8,976
-	21,918	-	-	-	-	-	38,871
-	20,000	-	-	-	82,650	-	154,656
39	-	201	-	1,130	-	-	3,446
-	1,761	-	-	-	-	-	9,513
2,322	-	-	-	-	-	-	2,322
<u>10,113</u>	<u>65,208</u>	<u>5,388</u>	<u>40,155</u>	<u>91,965</u>	<u>1,281,261</u>	<u>263,154</u>	<u>2,053,381</u>
-	-	4,861	8,279	39,101	212,157	263,154	527,914
-	-	-	-	50,685	-	-	73,942
-	-	-	-	-	-	-	39,515
-	57,022	-	-	-	245,754	-	364,438
-	57,022	4,861	8,279	89,786	457,911	263,154	1,005,809
-	-	-	8,580	37,158	279,653	-	601,139
-	57,022	4,861	16,859	126,944	737,564	263,154	1,606,948
<u>10,113</u>	<u>8,186</u>	<u>527</u>	<u>23,296</u>	<u>(34,979)</u>	<u>543,697</u>	<u>-</u>	<u>446,433</u>
-	-	-	-	-	-	-	35,754
-	-	-	-	-	(229,155)	-	(229,155)
-	-	-	-	-	(229,155)	-	(193,401)
10,113	8,186	527	23,296	(34,979)	314,542	-	253,032
\$ 4,804	\$ 11,340	\$ 35,195	\$ 111,347	\$ 215,000	\$ 1,842,564	\$ -	\$ 3,011,187
<u>\$ 14,917</u>	<u>\$ 19,526</u>	<u>\$ 35,722</u>	<u>\$ 134,643</u>	<u>\$ 180,021</u>	<u>\$ 2,157,106</u>	<u>\$ -</u>	<u>\$ 3,264,219</u>

**CITY OF DAPHNE, ALABAMA**

**Combining Balance Sheet  
Non-Major Capital Projects Funds  
September 30, 2017**

	2014 Construction Fund	2016 Construction Fund	Total Capital Projects Funds
<b>ASSETS</b>			
Cash, equity in pooled cash	\$ -	\$ 845,393	\$ 845,393
Total assets	<u>-</u>	<u>845,393</u>	<u>845,393</u>
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted	-	845,393	845,393
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>845,393</u>	<u>845,393</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ -</u>	<u>\$ 845,393</u>	<u>\$ 845,393</u>

**CITY OF DAPHNE, ALABAMA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Non-Major Special Capital Projects Funds  
For the Year Ended September 30, 2017**

	2014 Construction Fund	2016 Construction Fund	Total Capital Projects Funds
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Grants	-	-	-
Interest and investment earnings	55	189	244
Total revenues	55	189	244
<b>EXPENDITURES</b>			
Current expenditures:			
General government	-	-	-
Public works	-	-	-
Total current expenditures	-	-	-
Contribution to Utilities Board - Sewer	418,143	-	418,143
Capital outlay	-	-	-
Total expenditures	418,143	-	418,143
Excess (deficiency) of revenues over (under) expenditures	(418,088)	189	(417,899)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(12)	-	(12)
Total other financing sources (uses)	(12)	-	(12)
Net change in fund balances	(418,100)	189	(417,911)
Fund balances, beginning	418,100	845,204	1,263,304
Fund balances, ending	\$ -	\$ 845,393	\$ 845,393



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## **Non-Major Proprietary Funds**

*Daphne Civic Center Fund and Bayfront Park Fund* - These funds are associated with the operation of the Civic Center and Bayfront Park which includes the renting of the facilities for both public and private social events, as well as providing community entertainment through certain City-sponsored events.

**CITY OF DAPHNE, ALABAMA**

**Combining Statement of Net Position  
Non-Major Proprietary Funds  
September 30, 2017**

	<u>Civic Center</u>	<u>Bayfront Park</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash, equity in pooled cash	\$ 58,369	\$ 31,941	\$ 90,310
Total current assets	<u>58,369</u>	<u>31,941</u>	<u>90,310</u>
Noncurrent assets:			
Capital assets:			
Facilities	143,164	80,476	223,640
Vehicles	33,475	-	33,475
Rental equipment and supplies	26,388	-	26,388
Equipment and office furniture	187,349	-	187,349
Total capital assets	390,376	80,476	470,852
Less: accumulated depreciation	<u>(287,098)</u>	<u>(54,813)</u>	<u>(341,911)</u>
Total noncurrent assets	<u>103,278</u>	<u>25,663</u>	<u>128,941</u>
Total assets	<u>161,647</u>	<u>57,604</u>	<u>219,251</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension outflows	<u>27,317</u>	<u>23,263</u>	<u>50,580</u>
Total deferred outflows of resources	<u>27,317</u>	<u>23,263</u>	<u>50,580</u>
Total assets and deferred outflows of resources	<u>\$ 188,964</u>	<u>\$ 80,867</u>	<u>\$ 269,831</u>

	<u>Civic Center</u>	<u>Bayfront Park</u>	<u>Total</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 27,618	\$ 1,253	\$ 28,871
Accrued liabilities	14,205	-	14,205
Unearned revenue	61,628	29,888	91,516
Compensated absences	3,065	1,022	4,087
Total current liabilities	<u>106,516</u>	<u>32,163</u>	<u>138,679</u>
Noncurrent liabilities:			
Compensated absences	2,043	681	2,724
Net pension liability	60,682	53,190	113,872
Post employment benefits	25,269	21,567	46,836
Total noncurrent liabilities	<u>87,994</u>	<u>75,438</u>	<u>163,432</u>
Total liabilities	<u>194,510</u>	<u>107,601</u>	<u>302,111</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension inflows	(346)	1,215	869
Total deferred inflows of resources	<u>(346)</u>	<u>1,215</u>	<u>869</u>
<b>NET POSITION</b>			
Net investment in capital assets	103,278	25,663	128,941
Unrestricted net position	<u>(108,478)</u>	<u>(53,612)</u>	<u>(162,090)</u>
Total net position	<u>(5,200)</u>	<u>(27,949)</u>	<u>(33,149)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 188,964</u>	<u>\$ 80,867</u>	<u>\$ 269,831</u>

**CITY OF DAPHNE, ALABAMA**

**Combining Statement of Revenues, Expenses, and Changes in Net Position  
Non-Major Special Proprietary Funds  
For the Year Ended September 30, 2017**

	<u>Civic Center</u>	<u>Bayfront Park</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 208,797	\$ 74,305	\$ 283,102
Community events	1,920	-	1,920
Total operating revenues	<u>210,717</u>	<u>74,305</u>	<u>285,022</u>
Operating expenses:			
Wages	137,876	127,100	264,976
Overtime	655	602	1,257
Payroll related	21,438	18,141	39,579
Other personnel expense	29,510	27,330	56,840
Other post employment benefits	4,917	4,507	9,424
Total personnel services	<u>194,396</u>	<u>177,680</u>	<u>372,076</u>
Advertising	16,058	2,545	18,603
Depreciation	17,044	5,132	22,176
Employee supplies and uniforms	518	-	518
Employee support	3,863	75	3,938
Equipment purchases, rental, and lease	10,000	6,672	16,672
Fuel	922	922	1,844
Garbage and debris removal	2,789	1,209	3,998
Insurance	33,733	16,435	50,168
Maintenance	43,649	7,218	50,867
Supplies	12,152	4,498	16,650
Other services	15,493	5,068	20,561
Professional services	5,250	-	5,250
Trustee assignments	16,883	-	16,883
Utilities	143,977	14,663	158,640
Total operating expenses	<u>516,727</u>	<u>242,117</u>	<u>758,844</u>
Operating loss	<u>(306,010)</u>	<u>(167,812)</u>	<u>(473,822)</u>
Non-operating revenues (expenses):			
Transfers from general fund	<u>306,010</u>	<u>167,812</u>	<u>473,822</u>
Total non-operating revenues (expenses)	<u>306,010</u>	<u>167,812</u>	<u>473,822</u>
Change in net position	-	-	-
Total net position, beginning	<u>(5,200)</u>	<u>(27,949)</u>	<u>(33,149)</u>
Total net position, ending	<u>\$ (5,200)</u>	<u>\$ (27,949)</u>	<u>\$ (33,149)</u>

**CITY OF DAPHNE, ALABAMA**

**Combining Statement of Cash Flows  
Non-Major Proprietary Funds  
For the Year Ended September 30, 2017**

	<u>Civic Center</u>	<u>Bayfront Park</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 209,270	\$ 78,506	\$ 287,776
Payments to suppliers	(310,061)	(59,418)	(369,479)
Payments to employees	<u>(185,437)</u>	<u>(171,508)</u>	<u>(356,945)</u>
Net cash used in operating activities	<u>(286,228)</u>	<u>(152,420)</u>	<u>(438,648)</u>
Cash flows from noncapital financing activities:			
Contributions from general fund	<u>306,010</u>	<u>167,812</u>	<u>473,822</u>
Net cash provided by noncapital financing activities	<u>306,010</u>	<u>167,812</u>	<u>473,822</u>
Net change in cash and cash equivalents	19,782	15,392	35,174
Equity in pooled cash, beginning	38,587	16,549	55,136
Equity in pooled cash, ending	<u>\$ 58,369</u>	<u>\$ 31,941</u>	<u>\$ 90,310</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (306,010)	\$ (167,812)	\$ (473,822)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	17,044	5,132	22,176
Change in assets and liabilities:			
Deferred outflows of resources	(9,379)	(10,269)	(19,648)
Accounts payable	(4,774)	(113)	(4,887)
Accrued expenses	539	-	539
Unearned revenue	(1,447)	4,201	2,754
Compensated absences	(85)	(28)	(113)
Deferred inflows of resources	(86)	(78)	(164)
Net pension liability	13,053	12,040	25,093
Post employment benefits	<u>4,917</u>	<u>4,507</u>	<u>9,424</u>
Net cash used in operating activities	<u>\$ (286,228)</u>	<u>\$ (152,420)</u>	<u>\$ (438,648)</u>



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**CITY OF DAPHNE, ALABAMA**

**Combining Statement of Assets and Liabilities  
All Agency Funds  
September 30, 2017**

	<u>Municipal Court</u>	<u>Self Insurance</u>	<u>Confiscated Funds</u>	<u>Flexible Spending Account</u>	<u>Total</u>
<b>ASSETS</b>					
Cash	\$ 82,496	\$ 136,117	\$ 1,905	\$ 9,333	\$ 229,851
Other receivables	510	-	-	-	510
Total assets	<u>\$ 83,006</u>	<u>\$ 136,117</u>	<u>\$ 1,905</u>	<u>\$ 9,333</u>	<u>\$ 230,361</u>
 <b>LIABILITIES</b>					
Accounts payable	\$ 3,661	\$ -	\$ 1,905	\$ 9,333	\$ 14,899
Due to agencies	25,268	-	-	-	25,268
Bond deposits	54,077	-	-	-	54,077
Reserve for claims	-	136,117	-	-	136,117
Total liabilities	<u>\$ 83,006</u>	<u>\$ 136,117</u>	<u>\$ 1,905</u>	<u>\$ 9,333</u>	<u>\$ 230,361</u>

CITY OF DAPHNE, ALABAMA

Combining Statement of Changes in Assets and Liabilities -  
All Agency Funds  
For the Year Ended September 30, 2017

	Balance, 10/1/2016	Additions	Deductions	Balance, 9/30/2017
<u>Municipal Court Fund</u>				
<b>ASSETS</b>				
Cash	\$ 85,640	\$ -	\$ (3,144)	\$ 82,496
Other receivables	1,816	-	(1,306)	510
	<u>87,456</u>	<u>-</u>	<u>(4,450)</u>	<u>83,006</u>
<b>LIABILITIES</b>				
Accounts payable	2,223	1,438	-	3,661
Due to agencies	31,093	-	(5,825)	25,268
Bond deposits	54,140	-	(63)	54,077
	<u>\$ 87,456</u>	<u>\$ 1,438</u>	<u>\$ (5,888)</u>	<u>\$ 83,006</u>
<u>Self Insurance Fund</u>				
<b>ASSETS</b>				
Cash	\$ 124,076	\$ 12,041	\$ -	\$ 136,117
Other receivables	-	-	-	-
	<u>124,076</u>	<u>12,041</u>	<u>-</u>	<u>136,117</u>
<b>LIABILITIES</b>				
Accounts payable	1,981	-	(1,981)	-
Reserve for claims	122,095	14,022	-	136,117
	<u>\$ 124,076</u>	<u>\$ 14,022</u>	<u>\$ (1,981)</u>	<u>\$ 136,117</u>
<u>Confiscated Funds</u>				
<b>ASSETS</b>				
Cash	\$ 7,704	\$ -	\$ (5,799)	\$ 1,905
Other receivables	-	-	-	-
	<u>7,704</u>	<u>-</u>	<u>(5,799)</u>	<u>1,905</u>
<b>LIABILITIES</b>				
Accounts payable	7,704	-	(5,799)	1,905
	<u>\$ 7,704</u>	<u>\$ -</u>	<u>\$ (5,799)</u>	<u>\$ 1,905</u>

	Balance, 10/1/2016	Additions	Deductions	Balance, 9/30/2017
<u>Flexible Spending Plan</u>				
<b>ASSETS</b>				
Cash	\$ 9,775	\$ -	\$ (442)	\$ 9,333
Other receivables	-	-	-	-
	<u>9,775</u>	<u>-</u>	<u>(442)</u>	<u>9,333</u>
<b>LIABILITIES</b>				
Accounts payable	9,775	-	(442)	9,333
	<u>\$ 9,775</u>	<u>\$ -</u>	<u>\$ (442)</u>	<u>\$ 9,333</u>
 <b><u>TOTAL- ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash	\$ 227,195	\$ 12,041	\$ (9,385)	\$ 229,851
Other receivables	1,816	-	(1,306)	510
	<u>229,011</u>	<u>12,041</u>	<u>(10,691)</u>	<u>230,361</u>
<b>LIABILITIES</b>				
Accounts payable	21,683	1,438	(8,222)	14,899
Due to agencies	31,093	-	(5,825)	25,268
Bond deposits	54,140	-	(63)	54,077
Reserve for claims	122,095	14,022	-	136,117
	<u>\$ 229,011</u>	<u>\$ 15,460</u>	<u>\$ (14,110)</u>	<u>\$ 230,361</u>

**CITY OF DAPHNE, ALABAMA**

**Budgetary Comparison Schedule  
Debt Service Fund  
For the Year Ended September 30, 2017**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
<b>REVENUES</b>				
Sales, use, luxury tax	\$ 775,000	\$ 775,000	\$ 895,683	\$ 120,683
Interest/investment earnings	-	-	792	792
Total revenues	775,000	775,000	896,475	121,475
<b>EXPENDITURES</b>				
Debt service:				
Principal	3,625,493	3,723,493	3,806,154	82,661
Interest	1,364,667	1,446,287	1,474,359	28,072
Cost of debt issuance	-	21,500	21,500	-
Total expenditures	4,990,160	5,191,280	5,302,013	110,733
Excess expenditures over revenue	(4,215,160)	(4,416,280)	(4,405,538)	10,742
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,215,160	4,361,780	4,361,780	-
Transfers out	-	(11,978,500)	(11,978,500)	-
Issuance of debt	-	12,000,000	12,000,000	-
Total other financing sources	4,215,160	4,383,280	4,383,280	-
Net change in fund balance	\$ -	\$ (33,000)	\$ (22,258)	\$ 10,742

**CITY OF DAPHNE, ALABAMA**

**Budgetary Comparison Schedule  
Capital Reserve Fund  
For the Year Ended September 30, 2017**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 190,000	\$ 190,000	\$ 184,903	\$ (5,097)
Grants	-	-	18,208	18,208
Special assessments	55,000	55,000	48,358	(6,642)
Interest/investment earnings	-	-	764	764
Contributions and donations	-	-	90,000	90,000
Total revenues	<u>245,000</u>	<u>245,000</u>	<u>342,233</u>	<u>97,233</u>
<b>EXPENDITURES</b>				
Current:				
Library and recreation	20,000	20,000	22,900	2,900
Contribution to Utilities Board - Sewer	-	25,019	657,277	632,258
Capital outlay	215,000	2,278,709	1,307,103	(971,606)
Total expenditures	<u>235,000</u>	<u>2,323,728</u>	<u>1,987,280</u>	<u>(336,448)</u>
Excess expenditures over revenue	<u>10,000</u>	<u>(2,078,728)</u>	<u>(1,645,047)</u>	<u>433,681</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	2,000,000	2,000,012	12
Total other financing sources	<u>-</u>	<u>2,000,000</u>	<u>2,000,012</u>	<u>12</u>
Net change in fund balance	<u>\$ 10,000</u>	<u>\$ (78,728)</u>	<u>\$ 354,965</u>	<u>\$ (433,693)</u>

**CITY OF DAPHNE, ALABAMA**

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

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	-	-	-	-
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
General government	-	-	57	57
Capital outlay	-	4,244,099	1,274,464	(2,969,635)
Total expenditures	-	4,244,099	1,274,521	(2,969,578)
Excess expenditures over revenue	-	(4,244,099)	(1,274,521)	2,969,578
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	11,978,500	11,978,500	-
Total other financing sources	-	11,978,500	11,978,500	-
Net change in fund balance	\$ -	\$ 7,734,401	\$ 10,703,979	\$ (2,969,578)

**CITY OF DAPHNE, ALABAMA**

**Budgetary Comparison Schedules  
Non Major Special Revenue Funds  
For the Year Ended September 30, 2017**

**Four Cent Gas Tax Fund:**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
<b>REVENUES</b>				
Sales, use, luxury taxes	\$ 56,750	\$ 56,750	\$ 58,451	\$ 1,701
Interest and investment earnings	50	50	454	404
Total revenues	56,800	56,800	58,905	2,105
<b>EXPENDITURES</b>				
Current:				
Public works	-	28,780	-	(28,780)
Total expenditures	-	28,780	-	(28,780)
Excess expenditures over revenue	56,800	28,020	58,905	30,885
Net change in fund balance	\$ 56,800	\$ 28,020	\$ 58,905	\$ (30,885)

**Seven Cent Gas Tax Fund:**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
<b>REVENUES</b>				
Sales, use, luxury taxes	\$ 73,300	\$ 73,300	\$ 74,716	\$ 1,416
Grants	-	52,006	\$ 52,006	-
Interest and investment earnings	150	150	525	375
Total revenues	73,450	125,456	127,247	1,791
<b>EXPENDITURES</b>				
Current:				
General government	-	-	362	362
Public works	-	6,400	39,515	33,115
Capital outlay	-	168,563	275,748	107,185
Total expenditures	-	174,963	315,625	140,662
Excess expenditures over revenue	73,450	(49,507)	(188,378)	(138,871)
Net change in fund balance	\$ 73,450	\$ (49,507)	\$ (188,378)	\$ 138,871

**CITY OF DAPHNE, ALABAMA**

**Budgetary Comparison Schedules  
Non Major Special Revenue Funds (Continued)  
For the Year Ended September 30, 2017**

**SAIL Fund:**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 16,953	\$ 16,953	\$ 16,953	\$ -
Contributions and donations	7,752	7,752	7,752	-
Interest and investment earnings	-	-	4	4
Total revenues	<u>24,705</u>	<u>24,705</u>	<u>24,709</u>	<u>4</u>
<b>EXPENDITURES</b>				
Current:				
Library and recreation	<u>61,415</u>	<u>61,909</u>	<u>61,662</u>	<u>(247)</u>
Total expenditures	<u>61,415</u>	<u>61,909</u>	<u>61,662</u>	<u>(247)</u>
Excess expenditures over revenue	<u>(36,710)</u>	<u>(37,204)</u>	<u>(36,953)</u>	<u>251</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>36,119</u>	<u>37,204</u>	<u>35,754</u>	<u>(1,450)</u>
Total other financing sources	<u>36,119</u>	<u>37,204</u>	<u>35,754</u>	<u>(1,450)</u>
Net change in fund balance	<u>\$ (591)</u>	<u>\$ -</u>	<u>\$ (1,199)</u>	<u>\$ (1,199)</u>

**CITY OF DAPHNE, ALABAMA**

**Budgetary Comparison Schedules  
Non Major Special Revenue Funds (Continued)  
For the Year Ended September 30, 2017**

**Library Fund:**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
<b>REVENUES</b>				
Fines and forfeitures	\$ 16,500	\$ 16,500	\$ 12,553	\$ (3,947)
Charges for services	8,000	8,000	8,976	976
Intergovernmental	19,000	21,918	21,918	-
Grants	20,000	20,000	20,000	-
Contributions and donations	2,500	2,500	1,761	(739)
Total revenues	<u>66,000</u>	<u>68,918</u>	<u>65,208</u>	<u>(3,710)</u>
<b>EXPENDITURES</b>				
Current:				
Library and recreation	65,570	73,688	57,022	(16,666)
Capital outlay	-	-	-	-
Total expenditures	<u>65,570</u>	<u>73,688</u>	<u>57,022</u>	<u>(16,666)</u>
Excess revenue over expenditures	<u>430</u>	<u>(4,770)</u>	<u>8,186</u>	<u>(12,956)</u>
Net change in fund balance	<u>\$ 430</u>	<u>\$ (4,770)</u>	<u>\$ 8,186</u>	<u>\$ (12,956)</u>

**CITY OF DAPHNE, ALABAMA**

**Budgetary Comparison Schedules  
Non Major Special Revenue Funds (Continued)  
For the Year Ended September 30, 2017**

**Corrections and Court Fund:**

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 105,000	\$ 105,000	\$ 90,835	\$ (14,165)
Interest and investment earnings	400	400	1,130	730
Total revenues	105,400	105,400	91,965	(13,435)
<b>EXPENDITURES</b>				
Current:				
General government	31,250	52,559	39,101	(13,458)
Public safety	70,000	70,000	50,685	(19,315)
Capital outlay	-	-	37,158	37,158
Total expenditures	101,250	122,559	126,944	4,385
Excess expenditures over revenue	4,150	(17,159)	(34,979)	(17,820)
Net change in fund balance	\$ 4,150	\$ (17,159)	\$ (34,979)	\$ 17,820

**Municipal Court Training and Equipment Fund:**

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)Over Final Budget
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 6,500	\$ 6,500	\$ 5,187	\$ (1,313)
Interest and investment earnings	50	50	201	151
Total revenues	6,550	6,550	5,388	(1,162)
<b>EXPENDITURES</b>				
Current:				
General government	5,550	5,550	4,861	(689)
Total expenditures	5,550	5,550	4,861	(689)
Excess expenditures over revenue	1,000	1,000	527	(473)
Net change in fund balance	\$ 1,000	\$ 1,000	\$ 527	\$ 473

**CITY OF DAPHNE, ALABAMA**

**Budgetary Comparison Schedules  
Non Major Special Revenue Funds (Continued)  
For the Year Ended September 30, 2017**

**Municipal Court Judicial Administration Fund:**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
<b>REVENUES</b>				
Fines and forfeitures	\$ 46,000	\$ 46,000	\$ 40,155	\$ (5,845)
Interest/investment earnings	-	-	-	-
Total revenues	46,000	46,000	40,155	(5,845)
<b>EXPENDITURES</b>				
Current:				
General government	46,000	46,000	8,279	(37,721)
Capital outlay	-	-	8,580	8,580
Total expenditures	46,000	46,000	16,859	(29,141)
Excess expenditures over revenue	-	-	23,296	23,296
Net change in fund balance	\$ -	\$ -	\$ 23,296	\$ (23,296)

**Renaissance Center Fund:**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
<b>REVENUES</b>				
Sales, use, luxury tax	\$ 205,800	\$ 205,800	\$ 263,154	\$ 57,354
Total revenues	205,800	205,800	263,154	57,354
<b>EXPENDITURES</b>				
Current:				
General government	205,800	205,800	263,154	57,354
Total expenditures	205,800	205,800	263,154	57,354
Excess expenditures over revenue	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

**CITY OF DAPHNE, ALABAMA**

**Budgetary Comparison Schedules  
Non Major Special Revenue Funds (Continued)  
For the Year Ended September 30, 2017**

**Lodging Tax Fund:**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
<b>REVENUES</b>				
Sales, use, luxury tax	\$ 1,090,000	\$ 1,090,000	\$ 1,198,611	\$ 108,611
Grants	-	-	82,650	82,650
Total revenues	<u>1,090,000</u>	<u>1,090,000</u>	<u>1,281,261</u>	<u>191,261</u>
<b>EXPENDITURES</b>				
Current:				
General government	193,500	193,500	212,157	18,657
Library and recreation	-	234,900	245,754	10,854
Capital outlay	275,000	337,844	279,653	(58,191)
Total expenditures	<u>468,500</u>	<u>766,244</u>	<u>737,564</u>	<u>(28,680)</u>
Excess expenditures over revenue	<u>621,500</u>	<u>323,756</u>	<u>543,697</u>	<u>219,941</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(147,535)	(229,155)	(229,155)	-
Total other financing sources (uses)	<u>(147,535)</u>	<u>(229,155)</u>	<u>(229,155)</u>	<u>-</u>
Net change in fund balance	<u>\$ 473,965</u>	<u>\$ 94,601</u>	<u>\$ 314,542</u>	<u>\$ 219,941</u>

**Part III**  
**Statistical**  
**Section**



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# CITY OF DAPHNE, ALABAMA

## STATISTICAL SECTION

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

CITY OF DAPHNE, ALABAMA

Net Position by Activity Type  
Last Ten Fiscal Years

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

**FISCAL YEAR**

<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>
\$ 62,254,836	\$ 61,029,696	\$ 62,202,611	\$ 60,727,350	\$ 51,705,219	\$ 44,310,138
2,919,881	5,722,598	3,798,626	5,197,531	6,036,006	6,341,383
17,478,314	15,360,403	14,559,748	14,648,236	21,743,073	21,201,642
<b>\$ 82,653,031</b>	<b>\$ 82,112,697</b>	<b>\$ 80,560,985</b>	<b>\$ 80,573,117</b>	<b>\$ 79,484,298</b>	<b>\$ 71,853,163</b>
\$ 493,334	\$ 326,660	\$ 311,903	\$ 319,059	\$ 339,692	\$ 461,383
-	-	-	-	-	-
116,358	206,785	188,538	17,438	(19,694)	(141,382)
<b>\$ 609,692</b>	<b>\$ 533,445</b>	<b>\$ 500,441</b>	<b>\$ 336,497</b>	<b>\$ 319,998</b>	<b>\$ 320,001</b>
\$ 62,748,170	\$ 61,356,356	\$ 62,514,514	\$ 61,046,409	\$ 52,044,911	\$ 44,771,521
2,919,881	5,722,598	3,798,626	5,197,531	6,036,006	6,341,383
17,594,672	15,567,188	14,748,286	14,665,674	21,723,379	21,060,260
<b>\$ 83,262,723</b>	<b>\$ 82,646,142</b>	<b>\$ 81,061,426</b>	<b>\$ 80,909,614</b>	<b>\$ 79,804,296</b>	<b>\$ 72,173,164</b>

**CITY OF DAPHNE, ALABAMA**

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

	<b>FISCAL YEAR</b>			
	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>EXPENSES</b>				
<b>Governmental activities:</b>				
General government	\$ 5,011,264	\$ 5,210,215	\$ 4,095,602	\$ 3,859,574
Public safety	11,510,234	10,839,294	10,540,355	10,551,783
Public works	9,567,947	10,103,725	8,958,122	9,962,074
Library and recreation	2,981,534	2,837,070	2,682,066	2,828,313
Contribution to Utilities Board	1,075,420	364,363	-	-
Interest on long term debt	1,569,279	1,687,530	1,908,810	1,921,906
<b>Total governmental activities expenses</b>	<b>31,715,678</b>	<b>31,042,197</b>	<b>28,184,955</b>	<b>29,123,650</b>
<b>Business-type activities:</b>				
Solid Waste	1,893,055	1,998,862	2,075,134	1,359,874
Civic Center	516,727	525,740	504,049	597,747
Bayfront Park	242,117	232,108	209,983	209,147
<b>Total business-type activities expenses</b>	<b>2,651,899</b>	<b>2,756,710</b>	<b>2,789,166</b>	<b>2,166,768</b>
<b>Total primary government activities expenses</b>	<b>34,367,577</b>	<b>33,798,907</b>	<b>30,974,121</b>	<b>31,290,418</b>
<b>PROGRAM REVENUES</b>				
<b>Governmental activities:</b>				
Fees and charges for services:				
General government	4,853,694	4,621,753	4,582,032	4,400,562
Public safety	1,266,204	1,253,702	1,621,665	1,163,401
Public works	127,433	112,707	234,174	58,914
Library and recreation	100,430	117,495	107,612	136,956
Operating grants and contributions	315,312	1,333,091	211,613	124,118
Capital grants and contributions	4,828,176	4,178,497	1,563,187	3,625,683
<b>Total governmental program activities revenues</b>	<b>11,491,249</b>	<b>11,617,245</b>	<b>8,320,283</b>	<b>9,509,634</b>
<b>Business-type activities:</b>				
Fees and charges for services:				
Solid Waste	1,411,119	1,367,146	1,329,308	1,330,671
Civic Center	210,717	206,086	209,924	224,967
Bayfront Park	74,305	75,307	67,727	84,472
Operating grants and contributions	-	-	36,287	-
<b>Total business-type activities revenues</b>	<b>1,696,141</b>	<b>1,648,539</b>	<b>1,643,246</b>	<b>1,640,110</b>
<b>Total primary government activities revenues</b>	<b>13,187,390</b>	<b>13,265,784</b>	<b>9,963,529</b>	<b>11,149,744</b>

**FISCAL YEAR**

<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>
\$ 3,851,858	\$ 3,741,854	\$ 4,003,928	\$ 3,386,270	\$ 3,622,067	\$ 3,361,291
9,993,644	9,258,856	9,173,085	9,182,198	9,195,045	8,679,947
8,463,551	7,850,939	7,368,818	7,338,137	7,228,904	6,909,881
2,672,960	2,690,448	2,768,462	2,733,538	2,450,259	2,497,324
-	49,700	1,676,000	129,586	17,826	1,149,523
1,945,618	2,149,919	2,051,932	2,205,629	2,363,482	2,712,599
<b>26,927,631</b>	<b>25,741,716</b>	<b>27,042,225</b>	<b>24,975,358</b>	<b>24,877,583</b>	<b>25,310,565</b>
1,312,441	1,345,955	1,164,039	1,448,740	1,350,097	1,422,255
491,188	496,947	566,907	578,789	726,003	751,401
212,561	208,033	190,448	165,724	160,262	186,856
<b>2,016,190</b>	<b>2,050,935</b>	<b>1,921,394</b>	<b>2,193,253</b>	<b>2,236,362</b>	<b>2,360,512</b>
<b>28,943,821</b>	<b>27,792,651</b>	<b>28,963,619</b>	<b>27,168,611</b>	<b>27,113,945</b>	<b>27,671,077</b>
3,996,273	3,918,677	3,840,247	3,426,492	3,617,542	3,591,058
1,259,980	893,427	1,019,856	1,022,496	1,100,437	1,353,739
6,597	60,011	60,260	32,066	22,223	21,830
151,412	197,235	240,660	202,031	192,514	188,093
263,800	266,074	492,707	890,180	494,600	163,675
2,592,709	2,465,034	2,295,405	2,627,634	8,974,788	457,598
<b>8,270,771</b>	<b>7,800,458</b>	<b>7,949,135</b>	<b>8,200,899</b>	<b>14,402,104</b>	<b>5,775,993</b>
1,388,688	1,289,902	1,337,207	1,345,811	1,232,319	1,285,683
229,949	217,886	223,005	321,555	348,181	325,647
65,610	59,983	60,744	57,119	55,928	72,118
-	-	-	-	-	-
<b>1,684,247</b>	<b>1,567,771</b>	<b>1,620,956</b>	<b>1,724,485</b>	<b>1,636,428</b>	<b>1,683,448</b>
<b>9,955,018</b>	<b>9,368,229</b>	<b>9,570,091</b>	<b>9,925,384</b>	<b>16,038,532</b>	<b>7,459,441</b>

**CITY OF DAPHNE, ALABAMA**

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

	<b>FISCAL YEAR</b>			
	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>NET (EXPENSES) / REVENUES</b>				
Governmental activities	\$ (20,224,429)	\$ (19,424,952)	\$ (19,864,672)	\$ (19,614,016)
Business-type activities	(955,758)	(1,108,171)	(1,145,920)	(526,658)
<b>Total primary government net expense</b>	<b>(21,180,187)</b>	<b>(20,533,123)</b>	<b>(21,010,592)</b>	<b>(20,140,674)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
<b>Governmental activities:</b>				
General revenues				
Sales, use, and luxury taxes	19,239,333	18,367,765	17,175,134	16,482,126
Ad valorem taxes	5,828,033	5,488,662	5,219,736	5,110,152
Intergovernmental revenues	-	-	-	-
Interest and investment earnings	26,398	187,203	213,194	75,559
Gain/(loss) on disposition of assets	62,557	-	(78,360)	77,842
Miscellaneous	57,747	518,774	41,014	81,594
<b>Total general revenues</b>	<b>25,214,068</b>	<b>24,562,404</b>	<b>22,570,718</b>	<b>21,827,273</b>
Transfers	(948,770)	(1,108,171)	(1,529,222)	(497,455)
<b>Total governmental activities</b>	<b>24,265,298</b>	<b>23,454,233</b>	<b>21,041,496</b>	<b>21,329,818</b>
<b>Business-type activities:</b>				
Gain/(loss) on disposition of assets	6,988	-	722	-
Transfers	948,770	1,108,171	1,529,222	497,455
<b>Total business-type activities</b>	<b>955,758</b>	<b>1,108,171</b>	<b>1,529,944</b>	<b>497,455</b>
<b>Total primary government</b>	<b>25,221,056</b>	<b>24,562,404</b>	<b>22,571,440</b>	<b>21,827,273</b>
<b>CHANGES IN NET POSITION</b>				
Governmental activities	4,040,869	4,029,281	1,176,824	1,715,802
Business-type activities	-	-	384,024	(29,203)
<b>Total primary government</b>	<b>\$ 4,040,869</b>	<b>\$ 4,029,281</b>	<b>\$ 1,560,848</b>	<b>\$ 1,686,599</b>

**FISCAL YEAR**

<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>
\$ (18,656,860)	\$ (17,941,258)	\$ (19,093,090)	\$ (16,774,459)	\$ (10,475,479)	\$ (19,534,572)
(331,943)	(483,164)	(300,438)	(468,768)	(599,934)	(677,064)
<b>(18,988,803)</b>	<b>(18,424,422)</b>	<b>(19,393,528)</b>	<b>(17,243,227)</b>	<b>(11,075,413)</b>	<b>(20,211,636)</b>
15,423,466	14,583,177	13,925,921	12,878,685	12,848,739	13,998,257
4,799,679	4,700,889	5,007,964	4,960,922	5,200,320	5,180,782
-	425,843	304,457	331,400	472,960	315,279
2,802	206,079	241,238	83,697	122,329	551,374
-	-	-	-	-	-
56,207	60,143	64,159	77,342	62,198	14,145
<b>20,282,154</b>	<b>19,976,131</b>	<b>19,543,739</b>	<b>18,332,046</b>	<b>18,706,546</b>	<b>20,059,837</b>
(408,190)	(483,165)	(462,780)	(468,767)	(599,934)	(677,065)
<b>19,873,964</b>	<b>19,492,966</b>	<b>19,080,959</b>	<b>17,863,279</b>	<b>18,106,612</b>	<b>19,382,772</b>
-	-	-	-	-	-
408,190	483,165	462,780	468,767	599,934	677,065
<b>408,190</b>	<b>483,165</b>	<b>462,780</b>	<b>468,767</b>	<b>599,934</b>	<b>677,065</b>
<b>20,282,154</b>	<b>19,976,131</b>	<b>19,543,739</b>	<b>18,332,046</b>	<b>18,706,546</b>	<b>20,059,837</b>
1,217,104	1,551,708	(12,131)	1,088,820	7,631,133	(151,800)
76,247	1	162,342	(1)	-	1
<b>\$ 1,293,351</b>	<b>\$ 1,551,709</b>	<b>\$ 150,211</b>	<b>\$ 1,088,819</b>	<b>\$ 7,631,133</b>	<b>\$ (151,799)</b>

**CITY OF DAPHNE, ALABAMA**

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

	<b>FISCAL YEAR</b>			
	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>General Fund</b>				
Nonspendable	\$ 672,414	\$ 425,200	\$ 413,384	\$ 445,276
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	1,047,284	633,724	200,121	235,433
Unassigned	12,239,966	12,671,707	10,967,353	9,460,898
Reserved	-	-	-	-
Unreserved	-	-	-	-
<b>Total General Fund</b>	<b>\$ 13,959,664</b>	<b>\$ 13,730,631</b>	<b>\$ 11,580,858</b>	<b>\$ 10,141,607</b>
<b>All Other Governmental Funds</b>				
Restricted	\$ 14,546,308	\$ 4,352,194	\$ 4,114,055	\$ 3,436,535
Committed	2,176,032	1,861,490	2,854,833	2,198,674
Assigned	2,768,997	2,405,846	1,680,915	1,886,604
Unassigned	(13,961)	(13,961)	(685,893)	(487,888)
Reserved	-	-	-	-
Unreserved:				
Capital Reserve	-	-	-	-
Capital Construction	-	-	-	-
Capital Projects	-	-	-	-
Special Revenues	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>19,477,376</b>	<b>8,605,569</b>	<b>7,963,910</b>	<b>7,033,925</b>
<b>Total All Other Governmental Funds</b>	<b>\$ 33,437,040</b>	<b>\$ 22,336,200</b>	<b>\$ 19,544,768</b>	<b>\$ 17,175,532</b>

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

**FISCAL YEAR**

<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
278,081	398,903	253,448	-	-	-
10,583,878	9,946,859	10,965,330	-	-	-
-	-	-	419,581	892,485	1,077,122
-	-	-	12,087,465	11,226,993	10,510,392
<b>\$ 10,861,959</b>	<b>\$ 10,345,762</b>	<b>\$ 11,218,778</b>	<b>\$ 12,507,046</b>	<b>\$ 12,119,478</b>	<b>\$ 11,587,514</b>
\$ 2,919,881	\$ 5,722,598	\$ 3,633,499	\$ -	\$ -	\$ -
1,635,200	2,190,078	4,181,490	-	-	-
1,400,456	965,733	(328,860)	-	-	-
-	-	-	-	-	-
-	-	-	4,911,103	6,087,386	5,753,332
-	-	-	1,472,928	1,500,784	2,383,746
-	-	-	42,745	(49,222)	(96,853)
-	-	-	2,591	(152,458)	(153,967)
-	-	-	1,862,468	1,447,327	1,825,396
<b>5,955,537</b>	<b>8,878,408</b>	<b>7,486,128</b>	<b>8,291,835</b>	<b>8,833,817</b>	<b>9,711,655</b>
<b>\$ 16,817,496</b>	<b>\$ 19,224,170</b>	<b>\$ 18,704,906</b>	<b>\$ 20,798,881</b>	<b>\$ 20,953,295</b>	<b>\$ 21,299,169</b>

**CITY OF DAPHNE, ALABAMA**

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

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

**FISCAL YEAR**

<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>
\$ 21,999,720	\$ 21,733,548	\$ 21,244,492	\$ 20,434,290	\$ 20,434,486	\$ 20,188,346
2,173,251	1,864,731	1,840,438	1,733,817	1,913,500	2,348,757
834,436	463,986	338,737	365,453	508,952	354,810
398,436	480,719	471,144	462,946	368,588	384,661
543,053	491,236	560,938	526,094	581,816	539,834
519,355	946,681	1,351,147	1,221,711	876,332	441,039
2,801	206,289	241,311	83,697	122,329	551,374
659,498	683,817	1,485,586	754,504	194,398	105,541
<b>27,130,550</b>	<b>26,871,007</b>	<b>27,533,793</b>	<b>25,582,512</b>	<b>25,000,401</b>	<b>24,914,363</b>
3,541,464	3,493,943	3,722,384	3,132,794	3,455,093	3,251,284
9,079,296	8,811,758	8,530,766	8,658,596	8,544,615	8,194,222
3,932,144	3,726,692	3,358,205	3,285,211	3,480,840	3,341,961
1,990,272	2,057,739	2,541,230	2,392,960	2,218,091	2,292,933
-	49,700	1,676,000	129,586	17,826	1,149,523
18,543,176	18,139,832	19,828,585	17,599,148	17,716,465	18,229,924
2,792,936	2,110,150	1,962,276	1,957,735	1,585,793	1,581,832
1,870,017	1,872,584	2,117,367	2,103,713	2,338,284	2,595,697
-	179,549	-	65,924	-	-
4,662,953	4,162,283	4,079,642	4,127,373	3,924,078	4,177,530
6,304,061	5,301,508	5,232,424	4,115,548	3,238,335	4,485,988
<b>29,510,190</b>	<b>27,603,623</b>	<b>29,140,651</b>	<b>25,842,068</b>	<b>24,878,877</b>	<b>26,893,442</b>
<b>(2,379,640)</b>	<b>(732,615)</b>	<b>(1,606,858)</b>	<b>(259,556)</b>	<b>121,524</b>	<b>(1,979,079)</b>
4,328,861	5,142,923	6,318,974	3,662,356	3,095,999	2,968,436
(4,737,051)	(5,626,088)	(6,806,092)	(4,131,123)	(3,695,934)	(3,645,501)
581,155	-	-	506,969	146,678	-
-	13,271,188	-	2,024,108	-	-
-	(11,536,144)	-	(1,957,167)	-	-
<b>172,965</b>	<b>1,251,879</b>	<b>(487,117)</b>	<b>105,143</b>	<b>(453,257)</b>	<b>(677,065)</b>
<b>\$ (2,206,675)</b>	<b>\$ 519,264</b>	<b>\$ (2,093,975)</b>	<b>\$ (154,414)</b>	<b>\$ (331,733)</b>	<b>\$ (2,656,144)</b>

20.09%

17.86%

17.06%

18.69%

18.13%

18.64%

**CITY OF DAPHNE, ALABAMA**

**Governmental Activities Tax Revenue by Source  
Last Ten Fiscal Years**

<b><u>FISCAL YEAR</u></b>	<b><u>Sales, Use and Luxury Tax</u></b>	<b><u>Gasoline Tax</u></b>	<b><u>Payment In Lieu of Taxes</u></b>	<b><u>Ad Valorem Tax</u></b>	<b><u>Lodging Tax</u></b>
2017	\$ 17,666,885	\$ 202,720	\$2,563,873	\$5,490,960	\$1,198,611
2016	15,511,827	191,906	2,455,818	5,209,599	1,113,150
2015	14,491,340	192,497	2,251,462	5,219,736	1,136,521
2014	14,127,698	206,377	2,510,663	5,720,564	922,598
2013	13,558,046	122,515	2,268,872	4,517,480	680,474
2012	13,805,081	124,086	2,234,494	4,915,408	654,479
2011	13,149,327	116,989	2,269,687	5,048,884	659,605
2010	12,118,036	117,202	1,952,460	5,603,130	643,462
2009	12,183,006	116,611	2,046,309	5,539,305	549,255
2008	13,296,369	117,036	1,861,149	4,322,745	591,147

**CITY OF DAPHNE, ALABAMA**

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

<b><u>Fiscal Year</u></b>	<b><u>City Sales Tax Rate</u></b>	<b><u>County Sales Tax Rate</u></b>	<b><u>State Sales Tax Rate</u></b>	<b><u>Total Sales Tax Rate</u></b>
2017	2.5%	3.0%	4.0%	9.5%
2016	2.5%	3.0%	4.0%	9.5%
2015	2.5%	3.0%	4.0%	9.5%
2014	2.5%	3.0%	4.0%	9.5%
2013	2.5%	3.0%	4.0%	9.5%
2012	2.5%	3.0%	4.0%	9.5%
2011	2.5%	2.0%	4.0%	8.5%
2010	2.5%	2.0%	4.0%	8.5%
2009	2.5%	2.0%	4.0%	8.5%
2008	2.5%	2.0%	4.0%	8.5%

Source: State of Alabama Department of Revenue

Note: The 1% sales tax increase in FY 2011 was for the Baldwin County School System. In FY 2012, voters made this increase permanent.



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**CITY OF DAPHNE, ALABAMA**

**Principal Revenue Remitters of Sales and Use Tax  
Current Year and Nine Years Ago**

<b>ORGANIZATION</b>	<b>FISCAL YEAR</b>			
	<b>FY 2017 RANK</b>	<b>FY 2017 % of Total Taxable Sales</b>	<b>FY 2008 RANK</b>	<b>FY 2008 % of Total Taxable Sales</b>
Walmart Stores	1	10.61%	1	14.35%
Sam's Club	2	7.97%	2	8.06%
Lowes Home Center	3	5.57%	3	5.60%
Daphne Automotive LLC	4	3.25%	-	-
Target	5	3.74%	4	4.99%
Home Depot	6	3.61%	6	3.97%
Chris Myers Pontiac GMC	7	3.07%	5	4.48%
Tameron Automotive Eastern Shore	8	2.60%	-	-
Terry Thompson Chevrolet	9	2.55%	9	2.16%
Publix	10	2.46%	-	-
Winn Dixie	-	-	7	2.91%
Eastern Shore Toyota	-	-	8	2.72%
NFL Building Center	-	-	10	1.49%

Source: Eastern Shore Chamber of Commerce

City of Daphne's Revenue Department

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

**CITY OF DAPHNE, ALABAMA**

**Net Assessed Value of All Taxable Property  
Last Ten Fiscal Years**

**Total Direct Rates**

<b>Fiscal Year Ended September 30</b>	<b>Real Property</b>			<b>Personal Property</b>		<b>Total Net Assessed Value</b>	<b>Total Direct Tax Rate</b>
	<b>Utilities</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Automobiles</b>	<b>Penalties</b>		
2017	\$ 53,240	\$140,513,700	\$ 226,752,080	\$ 46,863,344	\$ 14,740	\$414,197,104	15.00
2016	798,240	130,803,220	215,173,580	47,557,362	75,320	394,407,722	15.00
2015	966,980	124,961,900	203,847,660	44,532,382	184,080	374,493,002	15.00
2014	964,900	119,181,840	195,800,920	42,506,788	208,480	358,662,928	15.00
2013	1,041,260	113,879,000	187,922,280	42,317,820	156,558	345,316,918	15.00
2012	709,820	112,479,560	182,406,220	39,796,596	75,180	335,467,376	15.00
2011	730,820	119,145,080	193,254,400	36,500,570	93,060	349,723,930	15.00
2010	743,840	125,107,200	197,194,000	32,357,080	88,660	355,490,780	15.00
2009	801,920	135,778,460	214,951,780	34,981,920	98,540	386,612,620	15.00
2008	679,600	135,577,300	204,038,780	27,405,940	78,060	367,779,680	15.00

Source: Baldwin County Revenue Commissioner

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

**CITY OF DAPHNE, ALABAMA**

**Principal Remitters of Property Tax  
Current Year and Nine Years Ago**

<b>Taxpayers</b>	<b>FY 2017</b>			<b>FY 2008</b>		
	<b>Assessed Value</b>	<b>Rank</b>	<b>% of Total Net Assessed Value</b>	<b>Assessed Value</b>	<b>Rank</b>	<b>% of Total Net Assessed Value</b>
Jubilee Square LLC	\$ 6,826,280	1	1.71%	-	-	-
Audubon Park Apartments LLC	6,763,540	2	1.69%	-	-	-
Colonnade At Eastern Shore LLC	4,883,760	3	1.22%	-	-	-
Ashley Gates - Brookfield LLC	3,985,260	4	1.00%	-	-	-
Esfahani Real Estate Holding of AL	3,840,740	5	0.96%	1,758,260	10	0.48%
Myers Family Limited Partnership	3,449,520	6	0.86%	2,537,920	5	0.69%
Whispering Pines Park LLC	3,409,440	7	0.85%	-	-	-
Inn of Daphne Inc	2,847,420	8	0.71%	1,834,200	8	0.50%
Jubilee Ridge LLC	2,654,220	9	0.66%	-	-	-
Bay Breeze II, LLC	2,347,180	10	0.59%	-	-	-
AIG Baker Daphne LLC	-	-	-	6,891,940	1	1.87%
Wynchase LLC	-	-	-	4,364,680	2	1.19%
Walmart Stores Inc	-	-	-	3,369,200	3	0.92%
Lowes	-	-	-	2,826,040	4	0.77%
Sam's Real Estate Business Trust	-	-	-	2,494,820	6	0.68%
Budget Inn of Daphne Inc	-	-	-	1,936,480	7	0.53%
Brentwood Investors LLC	-	-	-	1,759,220	9	0.48%

Esfahani Real Estate Holding of AL

Source: Baldwin County Revenue Commissioner

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

**CITY OF DAPHNE, ALABAMA**

**Property Tax Rates Direct and Overlapping Governments  
Last Fiscal Ten Years**

<b>Fiscal Year</b>	<b>Direct Rate</b>	<b>Overlapping Rates**</b>					
	<b>City of Daphne</b>	<b>Baldwin County</b>					
	<b>Operating Millage</b>	<b>General Millage</b>	<b>Road / Bridge Millage</b>	<b>Fire Millage</b>	<b>School Millage</b>	<b>Health Care Authority Millage</b>	<b>Total County Millage</b>
2017	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2016	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2015	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2014	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2013	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2012	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2011	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2010	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2009	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2008	15.0	5.0	2.5	1.5	12.0	0.5	21.5

Source: Baldwin County Revenue Commissioner

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

**Overlapping Rates\*\***

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**State of Alabama**

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<b>General Millage</b>	<b>School Millage</b>	<b>Soldier Millage</b>	<b>Total State Millage</b>	<b>Total Direct &amp; Overlapping Rates</b>
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0



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**CITY OF DAPHNE, ALABAMA**

**Ad Valorem Levies and Collections  
Last Fiscal Ten Years**

<b>Fiscal Year Ending September 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2017	\$ 5,488,396	\$1,249,617	22.77%	\$ -	\$ 2,111,155	38.47%
2016	5,185,562	5,180,576	99.90%	2,028	5,182,604	99.94%
2015	4,898,061	4,889,546	99.83%	3,490	4,893,036	99.90%
2014	4,740,854	4,715,793	99.47%	22,571	4,738,364	99.95%
2013	4,513,658	4,498,136	97.99%	10,221	4,508,357	97.99%
2012	4,411,487	4,395,066	99.63%	12,718	4,407,784	99.85%
2011	4,674,857	4,660,367	99.69%	6,426	4,666,793	99.91%
2010	4,895,120	4,847,801	99.03%	5,676	4,853,477	99.30%
2009	5,152,580	5,109,720	99.17%	6,822	5,116,542	99.75%
2008	4,961,414	4,641,192	93.55%	211,510	4,852,702	98.91%

Source: Baldwin County Revenue Commissioner

**CITY OF DAPHNE, ALABAMA**

**Legal Debt Margin  
Last Fiscal Ten Years**

**FISCAL YEAR**

	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
Constitutional Debt Limit	\$ 82,839,421	\$ 78,881,544	\$ 74,898,600	\$ 71,732,586
Total Net Debt Applicable to Limit	(39,986,229)	(30,882,844)	(33,291,384)	(33,914,432)
<b>Legal Debt Margin</b>	<b>\$ 42,853,192</b>	<b>\$ 47,998,700</b>	<b>\$ 41,607,216</b>	<b>\$ 37,818,154</b>
 <b>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</b>	48.27%	39.15%	44.45%	47.28%

**Legal Debt Margin Calculation**

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

**FISCAL YEAR**

<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>
\$ 69,063,384	\$ 67,093,475	\$ 69,944,786	\$ 71,098,156	\$ 77,322,524	\$ 73,555,936
(36,335,750)	(38,614,155)	(28,984,716)	(30,484,799)	(31,882,732)	(33,177,921)
<b>\$ 32,727,634</b>	<b>\$ 28,479,320</b>	<b>\$ 40,960,070</b>	<b>\$ 40,613,357</b>	<b>\$ 45,439,792</b>	<b>\$ 40,378,015</b>
52.61%	57.55%	41.44%	42.88%	41.23%	45.11%
<b>\$ 358,662,928</b>	<b>\$ 345,316,918</b>	<b>\$ 335,467,376</b>	<b>\$ 335,467,376</b>	<b>\$ 349,723,930</b>	<b>\$ 355,490,780</b>
<b>\$ 71,732,586</b>	<b>\$ 69,063,384</b>	<b>\$ 67,093,475</b>	<b>\$ 67,093,475</b>	<b>\$ 69,944,786</b>	<b>\$ 71,098,156</b>
\$ 39,634,250	\$ 42,725,887	\$ 42,388,164	\$ 43,996,777	\$ 45,047,105	\$ 46,486,221
(3,298,500)	(4,111,732)	(13,403,448)	(13,511,978)	(13,164,373)	(13,308,300)
\$ 36,335,750	\$ 38,614,155	\$ 28,984,716	\$ 30,484,799	\$ 31,882,732	\$ 33,177,921
<b>\$ 35,396,836</b>	<b>\$ 30,449,229</b>	<b>\$ 38,108,759</b>	<b>\$ 36,608,676</b>	<b>\$ 38,062,054</b>	<b>\$ 37,920,235</b>

**CITY OF DAPHNE, ALABAMA**

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>				<b>Business Activities</b>	
	<b>General Obligation Debt</b>	<b>Limited Obligation Debt</b>	<b>Net Premiums/ (Discounts)</b>	<b>Capital Leases</b>	<b>General Obligation Debt</b>	<b>Capital Leases</b>
2017	\$ 39,085,000	\$ 2,887,457	\$ 400,835	\$ 1,523,042	\$ -	\$ 463,839
2016	29,990,000	3,280,204	438,099	1,460,889	-	270,666
2015	32,215,000	3,823,064	(308,284)	581,574	-	415,879
2014	32,920,000	4,087,733	(384,292)	293,198	-	245,794
2013	35,310,000	4,324,250	(408,764)	432,882	-	416,191
2012	37,570,000	4,539,755	(433,236)	169,158	-	446,974
2011	27,935,000	13,491,116	(233,896.00)	332,948	-	629,101
2010	29,540,000	13,689,799	(249,416)	491,540	-	275,439
2009	31,015,000	13,900,032	(240,584)	132,074	-	-
2008	32,480,000	14,006,221	(253,245)	-	-	-

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

<b>Total Primary Government Debt</b>	<b>Total Debt as a Percentage of Personal Income</b>	<b>Total Debt Per Capita</b>
\$ 44,360,173	3.22%	1,338
35,439,858	2.81%	1,128
36,727,233	3.10%	1,211
37,162,433	3.00%	1,173
40,074,559	3.47%	1,338
42,292,651	3.81%	1,450
42,154,268	4.27%	1,551
43,747,361	4.87%	2,028
44,806,521	4.77%	1,729
46,232,976	5.06%	1,777

**CITY OF DAPHNE, ALABAMA**

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

<b>Fiscal Year</b>	<b>Net Debt</b>	<b>Net Debt as a Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Net Debt Per Capita (2)</b>
2017	\$ 44,360,173	10.71%	1,338
2016	35,439,858	8.99%	1,128
2015	36,727,233	9.81%	1,211
2014	37,162,433	10.36%	1,173
2013	40,074,559	11.61%	1,338
2012	42,292,651	12.61%	1,450
2011	42,154,268	12.05%	1,551
2010	43,747,361	12.31%	2,028
2009	44,806,521	11.59%	1,729
2008	46,232,976	12.57%	1,777

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

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

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

**CITY OF DAPHNE, ALABAMA**

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

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>(1)</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>City of Daphne Direct Debt</b>			
Net Direct Debt	\$ 44,360,173	100.00%	\$ 44,360,173
<b>Subtotal:</b>	<b>\$ 44,360,173</b>		<b>\$ 44,360,173</b>
<b>Overlapping Debt</b>			
Utilities Board of the City of Daphne <sup>(1)</sup>	13,360,000	100.00%	13,360,000
Baldwin County General Bonded Debt & Warrants <sup>(2)</sup>	102,959,812	9.84%	10,132,033
<b>Subtotal:</b>	<b>\$ 116,319,812</b>		<b>\$ 23,492,033</b>
<b>Total Direct &amp; Overlapping Debt</b>			<b><u>\$ 67,852,206</u></b>

Source: Baldwin County Revenue Commissioner

(1) - The Utilities Board of the City of Daphne is a subordinate entity.  
This amount as of 9/15/2017 represents an unaudited amount.

(2) - The percentage of net assessed value of property in the City of Daphne (\$414,197,104) to net assessed value of property in Baldwin County (\$4,208,993,120) on 10/1/2017.

## CITY OF DAPHNE, ALABAMA

### Demographic and Economic Statistics Last Fiscal Ten Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capital Person Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2017	33,151	\$ 1,377,711,000	\$ 41,559	36.70	5,266	3.0%
2016	31,431	1,261,030,223	40,121	40.60	5,226	5.1%
2015	30,337	1,184,368,541	39,040	40.40	4,643	5.2%
2014	31,683	1,238,792,986	39,100	39.80	4,040	6.3%
2013	29,946	1,154,369,772	38,548	39.80	3,250	6.3%
2012	29,176	1,109,376,941	38,024	38.39	3,129	7.0%
2011	27,182	986,993,655	36,311	37.91	3,100	8.1%
2010	21,570	898,840,160	41,671	37.90	2,989	8.9%
2009	25,922	939,528,351	36,244	37.79	3,143	8.8%
2008	26,019	913,935,561	35,126	37.99	3,193	4.1%

Sources: Bureau of Economic Analysis  
Alabama Department of Labor  
Eastern Shore Chamber of Commerce  
[www.schooldigger.com](http://www.schooldigger.com)

**CITY OF DAPHNE, ALABAMA**

**Principal Employers  
Current and Nine Years Ago**

<b>EMPLOYER</b>	<b>FY 2017 % of</b>			<b>FISCAL YEAR</b>		
	<b>FY 2017 # of Employees</b>	<b>Total Employees</b>	<b>FY 2017 RANK</b>	<b>FY 2008 # of Employees</b>	<b>FY 2008 % of Total Employees</b>	<b>FY 2008 RANK</b>
Wal-Mart Super Center	300	2.46%	1	400	3.28%	1
City of Daphne	297	2.43%	2	282	2.31%	2
The Brenntity	233	1.91%	3	-	-	-
Eastern Shore Toyota / Hyundai	190	1.56%	4	120	0.98%	7
Lowe's	180	1.48%	5	151	1.24%	5
Sam's Club	130	1.07%	6 (tie)	185	1.52%	4
Home Depot	130	1.07%	6 (tie)	110	0.90%	8
Target	125	1.02%	7	125	1.02%	6
Bayside Academy	119	0.98%	8	-	-	-
Nolan Eastern Shore	106	0.87%	9	-	-	-
Publix	100	0.82%	10 (tie)	-	-	-
Winn Dixie	100	0.82%	10 (tie)	-	-	-
Home Relief Services	-	-	-	89	0.73%	9
Chris Myers	-	-	-	200	1.64%	3

Source: Eastern Shore Chamber of Commerce

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

**CITY OF DAPHNE, ALABAMA**

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

<b>Function</b>	<b>FISCAL YEAR</b>			
	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>General Government:</b>				
Legislative	2	2	2	2
Executive and Marketing	5	4	4	3
Information Technology	3	2	2	1
Human Resources	5	5	4	3
Finance	7	7	7	8
Revenue	3	3	3	2
Planning	4	4	4	4
Court	4	3	3	3
Building Maintenance & Janitorial	8	7	7	7
<b>Total General Government</b>	<b>41</b>	<b>37</b>	<b>36</b>	<b>33</b>
<b>Public Safety:</b>				
Police Department	97	91	91	91
Fire Department	57	55	54	54
Building Inspection	6	6	5	5
Code Enforcement	2	2	2	1
<b>Total Public Safety</b>	<b>162</b>	<b>154</b>	<b>152</b>	<b>151</b>
<b>Public Works:</b>				
Public Works Administration	5	5	5	5
Streets	13	13	13	13
Grounds	14	14	14	14
Mowing	9	9	8	8
Mechanical	8	8	8	8
Solid Waste	17	17	17	17
<b>Total Public Works</b>	<b>66</b>	<b>66</b>	<b>65</b>	<b>65</b>
<b>Library and Recreation:</b>				
Parks	6	6	6	6
Recreation	6	6	8	8
S.A.I.L. Site	2	2	2	3
Library	17	17	17	16
Civic Center	7	7	7	6
<b>Total Library &amp; Recreation</b>	<b>38</b>	<b>38</b>	<b>40</b>	<b>39</b>
<b>Total Employees</b>	<b>307</b>	<b>295</b>	<b>293</b>	<b>288</b>

Source: City of Daphne Human Resources Department

**FISCAL YEAR**

<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>
2	2	2	2	2	2
3	2	2	2	2	2
1	0	0	0	0	0
3	3	3	3	3	3
8	8	8	8	8	8
2	2	2	3	3	3
4	4	4	7	7	7
3	4	4	4	4	4
7	7	7	7	7	7
<b>33</b>	<b>32</b>	<b>32</b>	<b>36</b>	<b>36</b>	<b>36</b>
85	84	84	84	84	84
54	51	51	51	42	39
5	5	5	7	7	7
1	1	1	1	1	1
<b>145</b>	<b>141</b>	<b>141</b>	<b>143</b>	<b>134</b>	<b>131</b>
5	5	5	5	6	6
11	11	11	11	11	11
12	12	12	12	13	13
8	8	8	9	9	9
8	8	8	8	8	8
17	17	17	23	23	23
<b>61</b>	<b>61</b>	<b>61</b>	<b>68</b>	<b>70</b>	<b>70</b>
9	9	9	9	9	9
8	7	7	9	9	9
3	3	3	3	3	3
14	15	15	15	15	15
6	7	7	8	8	8
<b>40</b>	<b>41</b>	<b>41</b>	<b>44</b>	<b>44</b>	<b>44</b>
<b>279</b>	<b>275</b>	<b>275</b>	<b>291</b>	<b>284</b>	<b>281</b>

CITY OF DAPHNE, ALABAMA

Operating Indicators by Function  
Last Eight Fiscal Years

	FISCAL YEAR			
	FY 2017	FY 2016	FY 2015	FY 2014
<b>Municipal Court</b>				
Cases Pending:				
Traffic	*N/A	3,127	2,964	2,761
Non- Traffic	*N/A	906	865	852
Parking	-	-	-	-
<b>Total Pending Cases:</b>	<b>-</b>	<b>4,033</b>	<b>3,829</b>	<b>3,613</b>
Cases Filed:				
Traffic	3,366	3,808	4,269	3,552
Non- Traffic	416	462	458	396
Parking	-	-	1	-
<b>Total Cases Filed:</b>	<b>3,782</b>	<b>4,270</b>	<b>4,728</b>	<b>3,948</b>
Cases Disposed of:				
Traffic	3,527	3,958	4,259	3,812
Non- Traffic	427	439	458	420
Parking	-	-	-	-
<b>Total Cases Disposed of:</b>	<b>3,954</b>	<b>4,397</b>	<b>4,717</b>	<b>4,232</b>
Failure-to-appear Cases:				
Traffic	*N/A	1,267	1,234	989
Non- Traffic	*N/A	216	133	135
Parking	-	-	-	-
<b>Total Failure-to-appear:</b>	<b>-</b>	<b>1,483</b>	<b>1,367</b>	<b>1,124</b>
Cases Appealed:				
Traffic	39	45	69	55
Non- Traffic	43	52	53	39
Parking	-	-	-	-
<b>Total Appeals:</b>	<b>82</b>	<b>97</b>	<b>122</b>	<b>94</b>
Cases by Disposition Type:				
Guilty	3,215	2,589	2,814	2,472
Not Guilty	48	7	9	11
Nol pros / Dismissal	*N/A	1,643	1,711	1,505
Continued	*N/A	6,303	4,912	4,083
<b>Total Cases:</b>	<b>3,263</b>	<b>10,542</b>	<b>9,446</b>	<b>8,071</b>

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

**FISCAL YEAR**

FY 2013	FY 2012	FY 2011	FY 2010
2,957	2,529	2,457	2,815
849	845	859	842
-	-	-	2
<b>3,806</b>	<b>3,374</b>	<b>3,316</b>	<b>3,659</b>
3,280	3,177	3,094	4,157
441	501	510	491
-	-	-	1
<b>3,721</b>	<b>3,678</b>	<b>3,604</b>	<b>4,649</b>
3,355	3,494	4,056	4,401
537	567	561	557
-	-	2	-
<b>3,892</b>	<b>4,061</b>	<b>4,619</b>	<b>4,958</b>
898	684	981	1,023
122	46	73	19
-	-	-	-
<b>1,020</b>	<b>730</b>	<b>1,054</b>	<b>1,042</b>
69	43	55	318
35	49	53	122
-	-	-	-
<b>104</b>	<b>92</b>	<b>108</b>	<b>440</b>
2,424	2,518	3,014	3,354
13	14	16	16
1,195	1,274	1,571	1,588
3,002	2,412	2,012	3,398
<b>6,634</b>	<b>6,218</b>	<b>6,613</b>	<b>8,356</b>

**CITY OF DAPHNE, ALABAMA**

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

	FISCAL YEAR			
	FY 2017	FY 2016	FY 2015	FY 2014
<b>Municipal Court (continued)</b>				
Local Receipts:				
Fines	\$ 251,085	\$ 260,762	\$ 246,491	\$ 259,223
Corrections	79,781	93,536	96,646	82,753
Municipal ETC	5,185	6,240	6,447	5,551
# of Bonds Forfeited	*N/A	58	58	31
Bonds Forfeited	*N/A	30,148	29,591	15,475
Other Local	109,911	123,575	122,275	115,508
<b>Total Local Receipts:</b>	<b>\$ 445,962</b>	<b>\$ 514,261</b>	<b>\$ 501,450</b>	<b>\$ 478,510</b>
State Receipts:				
Fair Trial Tax	\$ 42,146	\$ 50,084	\$ 52,161	\$ 44,585
Driver Education	20,688	24,448	25,610	21,511
State General DUI	7,617	9,214	9,314	14,625
AHSCI Trust Fund	1,195	*N/A	*N/A	*N/A
Chemical Forensic	9,301	9,061	6,068	8,032
State General Fund	54,865	65,811	68,016	58,295
DNA Database	30,413	36,798	37,740	33,036
Criminal History	8,272	10,645	10,593	11,256
Traffic Safety Trust Fund	3,762	*N/A	*N/A	*N/A
Peace Officers Annuity and Training Fund	15,394	16,131	16,745	14,321
Advance Tech Data	7,978	9,356	9,688	8,347
Crime Victims Fund	6,785	8,288	8,483	7,591
DUI/Interlock	5,011	5,263	5,719	8,186
Forensic Trust	*N/A	2,623	2,310	2,069
Drivers License Fee	*N/A	13,774	12,154	12,571
Drug Docket Fee	*N/A	1,117	797	800
Other State	173,011	195,103	197,132	149,624
<b>Total State Receipts:</b>	<b>\$ 386,438</b>	<b>\$ 457,716</b>	<b>\$ 462,530</b>	<b>\$ 394,849</b>
Other Receipts:				
Restitution	\$ 6,810	\$ 9,659	\$ 9,452	\$ 4,285
# of Cash Bonds	*N/A	368	550	287
Cash Bonds	\$ 178,022	\$ 193,220	\$ 168,056	\$ 149,700
<b>Total Other Receipts:</b>	<b>\$ 184,832</b>	<b>\$ 202,879</b>	<b>\$ 177,508</b>	<b>\$ 153,985</b>

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

**FISCAL YEAR**

FY 2013	FY 2012	FY 2011	FY 2010
\$ 284,804	\$ 265,397	\$ 326,406	\$ 310,318
74,885	70,109	70,757	81,929
5,002	4,688	4,731	5,483
26	39	48	37
13,712	18,540	23,809	17,056
114,494	74,190	61,930	73,270
<b>\$ 492,897</b>	<b>\$ 432,924</b>	<b>\$ 487,633</b>	<b>\$ 488,056</b>

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

\$ 9,638	\$ 7,105	\$ 5,564	\$ 7,837
290	392	381	404
\$ 147,179	\$ 209,396	\$ 199,110	\$ 213,919
<b>\$ 156,817</b>	<b>\$ 216,501</b>	<b>\$ 204,674</b>	<b>\$ 221,756</b>

**CITY OF DAPHNE, ALABAMA**

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

	<b>FISCAL YEAR</b>			
	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>Public Safety</b>				
<b>Police Department:</b>				
<b>Patrol Division:</b>				
Complaints	17,287	14,569	14,871	14,044
Accidents - Roadway	883	212	170	804
Accidents - Private Property	194	1,776	862	194
Accidents - Traffic Homicides	7	3	2	2
Arrests - Controlled Substance	61	31	25	19
Arrests - Drug Paraphernalia	58	51	44	38
Arrests - Felony Marijuana	10	4	7	2
Arrests - Misdemeanor Marijuana	121	57	42	29
Arrests - Alias Warrant	510	520	438	357
Arrests - D.U.I.	127	133	138	141
Arrests - Felony	174	89	70	71
Arrests - Misdemeanor	1,102	973	844	695
Assists - Motorist / Citizens	2,073	1,808	1,856	2,345
Citations	3,400	3,908	4,368	3,374
Security Checks	9,241	11,722	8,266	3,017
Close Patrols				
Warnings	2,171	2,495	4,540	2,603
<b>Drug Report - Routine Patrol &amp; Special Ops:</b>				
Drugs Seized	102	92	6	48
Vehicles Seized	-	2	-	-
Commercial Vehicle Inspections	317	404	483	433
Monies Seized	\$ 10	\$ -	\$ -	\$ -
<b>Detective Division:</b>				
New Cases Received	739	804	752	726
Previous Unsolved Cases	69	95	91	73
Cases Solved	511	554	466	403
<b>Arrests:</b>				
Cases Solved - Felony	81	97	63	58
Cases Solved - Misdemeanor	17	27	16	3
Houses Searched	-	-	-	-
<b>Total Warrants Arrests</b>	<b>98</b>	<b>124</b>	<b>79</b>	<b>61</b>

**FISCAL YEAR**

FY 2013	FY 2012	FY 2011	FY 2010
13,002	13,322	13,532	13,004
194	791	742	760
731	208	169	175
2	1	4	1
29	10	9	15
32	26	31	47
7	3	10	7
40	26	23	29
286	431	366	302
152	149	128	165
95	61	82	65
702	927	773	731
2,541	2,785	5,376	2,917
3,289	3,255	3,241	4,218
466	n/a	n/a	n/a
	5,273	4,905	4,769
2,105	2,429	1,819	995
39	-	-	3
-	-	-	-
412	230	65	79
\$ 1,445	\$ -	\$ -	\$ -
795	734	849	629
93	66	91	168
473	481	482	499
162	112	144	214
9	22	47	39
1	-	-	-
<b>171</b>	<b>134</b>	<b>191</b>	<b>253</b>

**CITY OF DAPHNE, ALABAMA**

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

	FISCAL YEAR			
	FY 2017	FY 2016	FY 2015	FY 2014
<b>Detective Division (continued)</b>				
<b>Warrants:</b>				
Warrants Served	177	275	327	436
Agency Assists	2	13	42	59
Recalls	228	244	85	190
<b>Total Warrants Served</b>	<b>407</b>	<b>532</b>	<b>454</b>	<b>685</b>
<b>Sex Offenders:</b>				
Contact Verification	75	54	35	36
<b>Total # of Offenders</b>				
<b>Registered in Daphne</b>	<b>8</b>	<b>5</b>	<b>5</b>	<b>7</b>
<b>D.A.R.E.:</b>				
Hours Report Writing	21	41	34	41
Students Instructed S.R.O.	2,160	2,736	4,925	5,665
Students Instructed D.A.R.E.	3,770	3,634	4,815	7,195
Police Reports by S.R.O.	21	42	32	31
Arrests by S.R.O.	10	12	7	17
<b>Code Enforcement:</b>				
Warnings	780	548	95	40
Citations	44	285	25	15
Warning Compliance	609	760	273	190
Business License Enforcement	204	333	333	312
<b>Jail:</b>				
Arrestees Received & Processed	1,967	2,065	2,092	2,256
Inmate Meals Served	18,459	20,343	30,082	29,137
Inmate Medical Cost	\$ 19,304	\$ 25,515	\$ 30,257	\$ 24,063
Worker Inmate Hours	948	2,130	2,217	2,328
<b>Animal Control:</b>				
Complaints	597	641	665	836
Follow-Up	237	313	564	1,458
Citations	15	67	43	62
Warnings	198	293	210	157
Felines Captured	159	170	215	297
Canines Captured	198	175	224	310
Other Captured	80	153	139	125
Returned to Owner	96	88	91	130
Adopted	98	105	137	191
Euthanized	167	136	276	332

**FISCAL YEAR**

<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>
491	378	578	549
67	163	253	212
93	139	276	301
<b>651</b>	<b>680</b>	<b>1,107</b>	<b>1,062</b>
45	18	20	15
<b>8</b>	<b>8</b>	<b>2</b>	<b>3</b>
32	48	69	42
3,860	2,795	3,540	3,938
5,030	2,180	5,820	2,031
30	32	57	22
13	14	24	13
41	41	60	89
33	45	51	36
248	312	251	242
379	427	307	294
2,351	2,259	2,131	2,107
27,883	21,055	20,557	30,540
\$ 23,788	\$ 20,002	\$ 14,322	\$ 37,040
1,879	2,005	3,206	10,203
703	618	721	837
1,326	1,169	1,224	1,256
153	55	80	77
391	276	132	124
299	259	273	316
365	345	337	363
67	71	129	250
179	186	143	184
191	139	183	180
277	204	174	293

**CITY OF DAPHNE, ALABAMA**

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

	<b>FISCAL YEAR</b>			
	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>Crimes Reported:</b>				
Burglary - Commercial	15	17	21	42
Burglary - Residential	30	59	48	51
Burglary - Vehicle	162	148	78	120
Criminal Mischief	56	53	48	62
Disorderly Conduct	9	6	4	10
Domestic Disturbance	198	120	109	127
False Information to Police	11	15	14	11
Felony Assault	4	5	4	6
Felony Theft	136	135	133	134
Forgery/Fraud	6	-	-	-
Harassment	78	56	63	43
Identity Theft	5	5	6	17
Indecent Exposure	2	2	-	2
Kidnapping	-	-	-	-
Menacing	8	6	7	4
Misdemeanor Assault	7	11	30	13
Misdemeanor Theft	192	174	217	170
Murder	-	-	-	1
Other Death Investigations	12	3	-	6
Public Intoxication	16	19	10	6
Public Lewdness	1	2	-	1
Receiving Stolen Property	7	7	8	7
Reckless Endangerment	7	4	15	5
Resisting Arrest	8	8	13	11
Robbery	14	7	5	6
Sex Crime Investigations	4	4	8	10
Suicide	-	-	-	-
Suicide, Attempted	14	-	-	6
Theft of Services	20	3	-	-
Unauthorized Use of Services	4	5	14	8
Weapon Offenses	32	12	16	8
White Collar Crimes	35	27	32	48

FISCAL YEAR

FY 2013	FY 2012	FY 2011	FY 2010
35	17	31	12
49	82	94	57
145	109	123	22
45	74	83	88
12	4	8	8
274	308	253	175
14	11	17	11
5	7	6	2
149	136	165	191
-	-	-	-
56	87	87	94
50	80	54	41
1	3	2	6
1	-	-	-
4	6	3	4
11	17	14	13
181	207	191	210
-	-	1	-
20	16	23	10
7	11	11	8
1	2	-	2
9	5	17	2
7	7	5	5
10	4	4	2
6	5	14	12
26	21	13	4
-	-	-	3
22	25	24	16
-	1	-	5
4	6	7	8
16	7	9	3
46	30	38	30

**CITY OF DAPHNE, ALABAMA**

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

	FISCAL YEAR			
	FY 2017	FY 2016	FY 2015	FY 2014
<b>Fire Department:</b>				
<b>Suppression:</b>				
Fire / Explosion:				
Fire, Other	3	8	9	13
Structure Fire - Commercial	8	4	18	6
Structure Fire - Residential	25	30	21	31
Fire in mobile property	2	-	5	6
Vehicle / Mobile Property Fire	11	14	21	16
Natural Vegetation Fire	29	8	14	18
Outside Rubbish Fire	1	4	7	6
Special Outside Fire	3	4	4	6
Cultivated Vegetable Crop Fire	-	-	-	-
Overpressure Rupture	1	1	1	-
Rescue Call & Emerg Medical Service	2,230	2,285	2,077	1,981
Hazardous Conditions (No Fire)	61	42	34	37
Service Calls	220	198	167	180
Good Intent Calls	197	213	182	208
False Alarm & False Calls	286	212	269	235
Severe Weather & Natural Disasters	2	2	2	8
Other Situations	2	9	2	2
<b>Fire Prevention Awareness &amp; Education:</b>				
Classes Held	343	293	150	48
Persons Attending	4,334	3,451	1,165	686
<b>Bureau of Fire Prevention:</b>				
Plan Reviews	46	36	20	24
Final / Certificates of Occupancy	25	14	15	7
General / Annual Inspections	743	711	992	523
Business Licenses	304	275	61	84
Consultations	89	77	-	-
All Other / Miscellaneous Activity	56	52	158	188
<b>Miscellaneous Reporting:</b>				
Training Hours	6,350	5,325	4,530	4,684
Property Loss (\$\$)	\$ 431,950	\$ 615,153	\$ 1,980,630	\$ 1,489,315
Personnel & Civilian Injuries by Fire:	-	-	-	-
Advanced Life Support Rescues:	1,830	1,212	1,611	1,444
Number of Patients Treated:	2,151	1,523	2,018	1,945
Child Passenger Safety Seat Inspections	106	211	169	115

**FISCAL YEAR**

<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>
8	3	6	5
3	7	3	6
20	22	35	28
2	1	1	1
17	14	9	14
11	14	20	11
10	10	17	4
3	3	6	6
-	1	-	2
2	1	3	1
1,959	1,674	1,710	1,693
34	42	46	34
193	155	153	245
195	240	202	193
217	249	286	205
3	5	4	1
3	1	2	-
19	61	83	74
898	1,465	5,893	5,091
29	189	30	27
6	3	7	6
462	291	781	1,003
69	156	72	64
-	-	-	-
158	23	11	-
2,773	9,601	1,187	1,324
\$ 866,200	\$ 1,027,815	\$ 1,171,212	\$ 1,151,542
-	2	1	-
1,434	687	1,105	1,103
1,898	978	1,692	1,586
105	426	141	180

**CITY OF DAPHNE, ALABAMA**

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

	FISCAL YEAR			
	FY 2017	FY 2016	FY 2015	FY 2014
<b>Building Inspection:</b>				
Permits:				
Building Permits:				
Non-Residential	99	84	70	50
Residential	640	548	451	482
Electrical Permits:				
Non-Residential	52	55	48	38
Residential	171	131	58	47
Electrical Permits - New Construction:				
Non-Residential	-	-	-	-
Residential	223	187	170	155
Land Disturbance Permits:				
Non-Residential	-	-	-	-
Residential	26	88	97	92
Mechanical Permits:				
Non-Residential	58	38	29	26
Residential	60	63	57	54
Mechanical Permits - New Construction:				
Non-Residential	-	-	-	-
Residential	212	185	166	148
Plumbing Permits:				
Non-Residential	40	41	29	20
Residential	31	38	40	46
Plumbing Permits - New Construction:				
Non-Residential	-	-	-	-
Residential	209	199	57	155
<b>Total Number of Permits</b>	<b>1,821</b>	<b>1,657</b>	<b>1,272</b>	<b>1,313</b>
Inspections:				
Building Permit	3,605	3,444	3,196	3,217
Electrical Permit	236	213	119	109
Electrical - New Construction Permit	186	162	152	155
Land Disturbance Permit	16	33	-	28
Mechanical Permit Inspections	43	43	36	58
Mechanical - New Construction Permit	186	164	151	155
Plumbing Permit Inspections	108	103	96	98
Plumbing - New Construction Permit	421	387	354	356
<b>Total Number of Inspections</b>	<b>4,801</b>	<b>4,549</b>	<b>4,104</b>	<b>4,176</b>
Environmental Inspections:				
Site Containment - Permitted	1,679	1,702	863	857
Site Containment - All Other	125	404	321	301

**FISCAL YEAR**

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

**CITY OF DAPHNE, ALABAMA**

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

	FISCAL YEAR			
	FY 2017	FY 2016	FY 2015	FY 2014
<b>Public Works (1):</b>				
Asphalt Street Repairs:				
Asphalt Used (tons)	331	679	653	580
Repairs (# of repairs)	155	335	958	12
Street Sweeping:				
Miles Swept	671	1,337	1,183	1,813
Dredge:				
Materials Removed/Dredged (yards)	-	750	728	980
Storm Drain & Heavy Equipment:				
Drains Cleaned (# of Jobs)	139	189	105	172
Materials Hauled (cubic yards)	1,270	1,400	998	1,340
Solid Waste:				
Waste Removed (tons)	7,124	6,929	6,597	6,533
Recycled (tons)	1,867	2,009	2,020	3,045
Special Events	5	5	5	6
Trash Division:				
Trash Picked Up (tons)	3,565	4,873	4,633	4,008
Pay Pile Loads	12	12	10	22
<b>Library &amp; Recreation:</b>				
Tournament Events & Participants (1):				
Adult Softball:				
No. of Events	14	19	19	18
Participants	1,500	1,200	2,200	1,750
Girls Fast pitch Softball:				
No. of Events	13	15	12	14
Participants	5,200	6,000	4,950	5,800
Soccer:				
No. of Events	10	11	10	9
Participants	1,300	1,400	1,300	1,200
Baseball				
No. of Events	3	4	1	1
Participants	250	350	110	140
Football				
No. of Events	4	4	1	1
Participants	1,400	1,400	750	480
Lacrosse:				
No. of Events	2	2	2	1
Participants	300	700	300	140
Cross Country Run				
No. of Events	-	1		
Participants	-	400		

**FISCAL YEAR**

FY 2013	FY 2012	FY 2011	FY 2010
230	152		
123	285		
2,107	1,735		
1,000	40 tons		
150	112		
75	52		
6,359	6,316		
3,539	2,919		
7	6		
3,950	3,518		
13	24		

26	21
3,700	3,000
8	6
3,300	2,500
9	8
1,100	1,050

4	4
900	900

**CITY OF DAPHNE, ALABAMA**

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

	<b>FISCAL YEAR</b>			
	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>Library &amp; Recreation (continued):</b>				
League Participants by Sport:				
Youth Soccer	825	850	760	790
Youth Football	210	205	195	199
Youth Cheerleading	65	46	45	50
Fall Men's Open Softball	240	250	275	255
Fall Co-Ed Softball	150	150	150	165
Fall Adult Soccer	80	140	115	120
Dixie Youth Baseball (ages 5-12)	475	443	500	480
Dixie Boys Baseball (ages 13-14)	50	35	50	60
Youth Softball	85	135	115	120
Youth Spring Soccer	410	420	350	375
Men's Church League Softball	175	190	240	270
Spring Co-Ed Softball	180	170	160	180
Spring Adult Soccer	90	100	110	90
Summer Men's Open Softball	240	600	400	435
Summer Co-Ed Softball	190	200	225	210
Summer Adult Soccer	90	100	110	110
Youth Basketball	180	187		
Fall Basketball	190	191		
<b>Library</b>				
Patrons Visits	201,490	203,607	274,619	262,786
Items Circulated	331,803	368,275	431,305	443,471
Children's Program Attendance	10,734	10,333	6,756	5,800
Teen Program Attendance	975	1,428	1,251	1,158
Adult Program Attendance	415	256	664	167
Computer Users	18,832	26,739	31,176	25,537
Ancestry Database Users	12,030	6,489	7,106	7,612
Heritage Quest Database Users	2,738	1,525	1,957	1,204
E-Books Circulation	20,809	20,809	18,215	15,802
Gutenberg Downloads	-	781	2,109	1,868
Reference Questions Answered	1,691	1,512	1,175	25,822
Meeting Rooms Use Hours	20,098	18,247	11,003	7,363
Special Displays	80	78	211	94

Source: Various City Departments

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

**FISCAL YEAR**

<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>
775	550	540	525
195	205	195	200
75	80	80	65
234	220	17	168
143	156	10	144
120	100	10	120
525	435	450	480
63	60	55	60
95	80	85	75
380	250	-	-
208	192	216	288
195	132	180	144
84	80	80	80
312	264	372	312
247	132	192	192
95	80	90	80

197,384	220,738	214,982	224,367
293,033	276,093	296,712	314,218
5,822	7,378	10,323	10,889
1,656	735	827	1,143
176	531	575	721
26,368	30,892	31,676	17,234
8,752	7,047	6,976	-
2,265	1,263	1,256	-
9,156	6,277	767	-
5,107	1,498	405	-
8,643	8,046	8,639	8,976
6,002	6,330	6,836	7,251
47	45	39	47

**CITY OF DAPHNE, ALABAMA**

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

Function	FISCAL YEAR				
	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Public Safety:					
Fire:					
Number of Fire Stations	4	4	4	4	4
Number of Fire Trucks	8	8	8	7	6
Number of All Other Vehicles	14	13	14	14	15
Police:					
Number of Police Stations	2	2	2	2	2
Number of Patrol Units	61	60	58	62	64
Public Works <sup>(1)</sup> :					
Miles of Streets (maintained by the City)	139.8	139.8	138.7	137.5	135.7
Number of Signalized Traffic Intersections <sup>(2)</sup>	9	9	9	10	10
Number of Vehicles	38	40	55	54	54
Solid Waste					
Number of Sanitation Trucks	17	18	9	9	9
Library & Recreation:					
Parks	17	17	17	16	16
Dog Parks	1	1	1	1	1
Fitness Center	1	1	1	1	1
Senior Center	1	1	1	1	1
Library	1	1	1	1	1
Number of Vehicles	7	8	9	9	5

Source: Various City Departments, FY 2009 was the first year of available data.

<sup>(1)</sup> Public Works began tracking this data in FY 2012.

<sup>(2)</sup> All other traffic lights throughout the city are maintained by the State of Alabama

FISCAL YEAR

<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>
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4	4	4	4
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6	6	6	6
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16	16	17	16
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2	2	2	2
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64	64	64	64
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135.4

10

55	55	56	55
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9	8	9	10
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16	16	16	16
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1	1	1	1
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1	1	1	1
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1	1	1	1
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1	1	1	1
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6	5	4	4
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