

CITY COUNCIL BUSINESS MEETING AGENDA
1705 MAIN STREET, DAPHNE, AL
JULY 2, 2007
6:30 P.M.

- 1. CALL TO ORDER**
- 2. ROLL CALL/INVOCATION**
PLEDGE OF ALLEGIANCE

- 3. APPROVE MINUTES:** Work Session Minutes meeting held June 14, 2007
Council Meeting minutes meeting held June 18, 2007
Special Council Meeting minutes meeting held June 25, 2007
Amended Minutes from June 18, 2007 meeting / **No Action**

PRESENTATION: Financial Audit / Daphne Eddington with Smith, Dukes & Buckalew, LLP

PUBLIC HEARING: Rezone: Big Sandy, LLC / Property located SE of the intersection of Johnson Rd.
And US Highway 98 / Large Parcel – From R-2, Medium Density Single
Family Residential District to B-2, General Business District / Small Parcel
From R-4, High Density Single and Multi-Family Residential District to
B-2, General Business District

DISCUSS: Fire Chief Position

4. REPORT STANDING COMMITTEES:

- A. FINANCE COMMITTEE / Scott**
- B. BUILDINGS & PROPERTY - Lake**
- C. PUBLIC SAFETY - Burnam**
- D. CODE ENFORCEMENT/ORDINANCE COMMITTEE - Landry**
- E. PUBLIC WORKS COMMITTEE / SOLID WASTE AUTHORITY - Yelding**

5. REPORTS OF SPECIAL BOARDS & COMMISSIONS:

- A. Board of Zoning Adjustments - Eady**
- B. Downtown Redevelopment Authority – Barnette**
Review minutes meeting held June 19th
- C. Industrial Development Board - Yelding**
- D. Library Board - Lake**
Review minutes meeting held June 12th
- E. Planning Commission – Barnette**
Review minutes meeting held May 24th
- F. Recreation Board - Palumbo**
Review minutes meeting held June 13th
 - a.) Reappoint:
 - 1.) Matt Cunningham - Term beginning July 2007 and ending June 30, 2008
 - 2.) Matthew Banfield - Term beginning July 2007 and ending June 30, 2008
- G. Utility Board - Scott**
Review minutes meeting held April 25th
Review minutes meeting held May 30th
 - a.) Discuss Water Tower Property

6. REPORTS OF OFFICERS:

A. Mayors Report

a.) *NRCS Extension of Cooperative Agreement*

b.) **MOTION:** *Authorize Mayor to enter into an agreement for Inmate Housing with Spanish Fort*

B. City Attorney’s Report

C. Department Head Comments

7. PUBLIC PARTICIPATION:

Mrs. Susan McGhee Rowell

8. RESOLUTIONS & ORDINANCES:

RESOLUTIONS:

- a.) **Vacate Unnamed Right-of-Way within Highland Farms Subdivision/
Re-Platted as Dunmore, A Subdivision. /Resolution 2007-59**

ORDINANCES:

2ND READ

- a.) **Main Street Conceptual Streetscape Design /Ordinance 2007-28**
- b.) **Amending Ordinance 1998-02 / Flood Damage Prevention
Naming Building Official as Administrator. /Ordinance 2007-29**
- c.) **Rezone: Big Sandy, LLC / Property located on the SE Corner of the
intersection of Johnson Rd. and US Hwy 98 / From R-2, Medium Density Single
Family Residential District to B-2, General Business District / Small Parcel
From R-4, High Density Single and Multi-Family Residential District to
B-2, General Business District. Ordinance 2007-30**

9. COUNCIL COMMENTS

MOTION: Set retreat date for July 15, 2007, from 1:00 p.m. to 6:00 p.m.

10. ADJOURN

**CITY OF DAPHNE
CITY COUNCIL MEETING**

ROLL CALL

CITY COUNCIL:

CALL VOTES

COUNCILMAN YELDING

PRESENT__ ABSENT__ _

COUNCILWOMAN BARNETTE

PRESENT__ ABSENT__

COUNCILMAN LAKE

PRESENT__ ABSENT__ _

COUNCILMAN BURNAM

PRESENT__ ABSENT__ _

COUNCILMAN SCOTT

PRESENT__ ABSENT__ _

COUNCILWOMAN LANDRY

PRESENT__ ABSENT__ _

COUNCILMAN PALUMBO

PRESENT__ ABSENT__ _

MAYOR

MAYOR SMALL

PRESENT__ ABSENT__ _

CITY CLERK:

DAVID L. COHEN

PRESENT___ ABSENT___

CITY ATTORNEY:

CITY ATTORNEY JAY ROSS

PRESENT__ ABSENT

MINUTE NOTES:

**CITY COUNCIL MEETING
MINUTES**

NOTES:

COMMITTEE RECOMMENDATIONS

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COUNCIL MEMBERS PRESENT: Bailey Yelding, Cathy Barnette; John Lake; Greg Burnam; Ron Scott; August Palumbo.

ABSENT: Regina Landry

Also present: David Cohen, City Clerk; Rebecca Hayes, Assistant City Clerk; Mayor Fred Small; Jay Ross, City Attorney; Kim Briley, Finance Director; Kenny Hanak, Fire Chief; Capt. Joey Holasz, Fire Department; Melvin McCarley, Interim Public Works Director.

1. CALL TO ORDER

Council President Burnam called the meeting to order at 6:30 p.m.

2. HIGHWAY 13 INTERCHANGE / ALLEN COX

Mr. Allen Cox, Timber Creek Development, stated that he has for the last eight (8) or nine (9) months been discussing with the State of Alabama, Baldwin County officials, the City of Spanish Fort, some people with the City of Daphne, Mobile Infirmary Health Systems and several other parties concerning the Highway 13 extension. It is his understanding that it is important to Baldwin County officials that the north-south corridor on Highway 13 be completed and funded in a timely manner. The interchange on the north side of the interstate will all be on Timber Creek property, that is approximately 150 acres that was zoned B-2 by the Council in the last 12–18 months, and has already been annexed into the city, so all of this is in the City of Daphne. What they have been trying to do is work out how it would best benefit Baldwin County, the City of Daphne and Timber Creek, and then some other parties showed up. They reached a conclusion today, Timber Creek made a proposal to the Baldwin County Commission about four (4) weeks ago and what they basically proposed was that this interchange would be constructed on Timber Creek property, and there would be a service road, and that Timber Creek would donate the land, which is worth easily between \$1½ -2 million for the service road, and put up \$4.3 million in cash, which is more than the county is going to spend. There are some reasons for that, the 130 acres, once the interchange is completed, will be the most valuable parcel of land left in Baldwin County. The most recent land sell in that area was 2.2 acres between the Holiday Inn Express and Bassett Furniture, it closed about two weeks ago at over \$19.00 a foot, or \$800,000 per acre. They have an opportunity, they think, to bring a big plus to Baldwin County and the City of Daphne, and that is the Infirmary Health Care Systems. They have a written agreement with them where they are going to purchase approximately 100 acres of this land, and Mr. Cox has had two (2) meetings with Mayor Small and Mr. Burnam, and Mr. Burnam has been to another 25 meetings he has had with various people around the state so that somebody would have an idea of what they are trying to do. It is a big deal for the Infirmary to come here, that they would take 100 acres, when their current facility in Mobile only has 67 acres of land, so this allows them room for a major medical complex over time. He thinks that Daphne is one of the

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two largest cities in the state of Alabama that doesn't have it's own signature hospital within the city limits. The way that Timber Creek feels about it is that they did not ask for this interchange issue to come up, the State of Alabama showed up here two years ago to meet and made clear that it was coming, and the County and Daphne, truthfully, will benefit most from it, because once the north-south corridor is created there will be other developments and revenues generated to the city by this being done, and their choice is either to let the I-10 interchange come and fight it in some way saying that it is destroying 30-40 acres of their land and that they cannot build houses within "X" miles of it etc. But they think that the Infirmary is the perfect answer. First of all, it will take a number of years for it to occur. They will still have to go through Timber Creek Architecture and City of Daphne Planning, and he thinks that they can work with them long term. The way that it works out now, the service road and the interchange exits dead end on Timber Creek property, there will be no thorough traffic, there will not be retail traffic or anything else going through there. They have cut 60%-70% of the traffic out of it today. He wanted to get it out on the table that Cypress Equities, the other parties referred to earlier, is the one that came to him, who is building the Spanish Fort Town Center, about eight (8) months ago and said they understood that he was the guy to get this done, and he worked for them for eight (8) months and they didn't accept the final bottom line bill, so they are not involved any longer. So, the service road going from Highway 181 all the way to their development is not going to happen, it is going to dead end on Timber Creek property. There will be a written agreement with the county that no one else will have access to that road without Timber Creek permission for ten (10) years, so it effectively nullifies, because as soon as the hospital builds their building in front of the service road it is over. He thinks it is an extremely good deal for Baldwin County, particularly to get the north-south corridor, because it affects Fairhope, Daphne and lot of people going east and west. He thinks that Daphne and Baldwin County are both benefiting for the possibility of a major health center being located here. It will be the signature building development coming into Baldwin County from the west, so when you cross the interstate the Infirmary will be there along the interstate. Again, this is not something that will happen in the next few years, it will take three and a half years (3½) to get this project completed. It is 18 months of environmental permits, engineering, then they have to bid it out and then they will have to construct. One of the reasons for it coming to a head now is this is a \$20 million investment by the State of Alabama, and Montgomery could take it somewhere else, and then nothing will happen, and the county will have spent \$10 million dollars already for nothing. So there are some time constraints for this, and the county publicly this afternoon accepted Timber Creeks's proposal, and Timber Creek is prepared to put the money up and go forward, and the county has asked them to have their attorney get with the county's attorney and get an agreement signed. Now, where the City of Daphne is involved is that it is a minimum of \$5.3 million that it is costing Timber Creek, now they took the risk and went ahead and did this without consulting with the City of Daphne, and they are asking for no commitment from anyone from the City of Daphne in advance, because they really just knew that if they tried to involve everyone in those 25 meetings nothing would have gotten done, so they, as a private enterprise, made a commitment, and they met with the Infirmary and the Infirmary agreed to pay 20% of the price to bring the service road and the interchange access to the property, which is \$1,000,075. Now, they are asking the City of Daphne to do this also. Timber Creek will eat

60% of it, and truthfully, they have given the Infirmary a real estate deal of about 60 cents on the dollar to get them here, so he feels that Timber Creek has done their part. He said that a decision will not need to be made now, they do not need the money for about 18 months, and there is time for him to come back and meet with Council again. He wanted Council to hear his side of the story before it was in the paper Sunday. Mr. Cox stated that the State of Alabama has agreed to make a four (4) lane overpass, instead of the two originally planned, and that they are spending an extra \$1 million to make it a four (4) lane overpass, which helps Daphne, and they just recently agreed to make it four (4) lanes. It is a \$20 million construction project for that interchange. The next time Mr. Cox comes before Council he will have signed agreements with the Infirmary and the County, and he will have someone from the Infirmary with him so that he can relate to Council their level of commitment, the Infirmary has made up their minds that this is where they want to come. He pointed out that the Mayor had brought up some good questions like when are they going to build, what happens if they don't, and again he said that they have agreements with the Infirmary where they have to start within a certain time frame, and build a certain building or Timber Creek can buy the property back at what they paid for it. Timber Creek is not going to let the property sit for 10 years, and they are not going to let it be non-medical. There are agreements in place to protect Timber Creek and Daphne.

Council asked questions of Mr. Cox regarding the service road, the interchange and Daphne's share in the cost.

2. FIRE CHIEF POSITION

Council President Burnam asked Mrs. Cureton to call the top five (5) applicants to see if they minded being interviewed in the public.

Council discussed the possibility that names may drop off, and came to the consensus that if the names dropped down to two (2) they would go back and add some names, otherwise, they would go with what they had.

Council also agreed to set a Special Called Council meeting for Monday, June 25, 2007 at 6:30 p.m. at the Council meeting on Monday.

Council President Burnam asked Mrs. Cureton to supply Council with the top five (5) applications well before the meeting so that they can have time to review them before the meeting on June 25th.

3. PROPOSED BUDGET FOR EASTERN STAR RENOVATION / JEFF HUDSON

Mr. Hudson reported that the cost of renovation would be \$189 per foot, which will be around \$450,000. The building needs new plumbing and electrical wiring.

Council discussed with Mr. Hudson the cost of hiring a structural engineer to look at the building to see if it was sound. Mr. Hudson said that this would be on an hourly basis, and that they would do a walk through to see if he sees anything. He said that it would be better for him

to do that when everything is out of the building and the demo is done, because he really needs to see what is underneath the ceiling. He said that it would be a very minimal cost of about \$3,000, but it may be \$800 if the city can get in there and tear out some of the ceiling, and if he doesn't see anything where he will need to come back. He suggested that the city go ahead could go ahead with the bid and then they would know exactly how much it will cost whether they proceeded or not since the price range is so big.

Council discussed having a formal agreement with Huntingdon College if they are going to do these things, but either way it would be good to know what shape the building is in.

Council discussed this going through the budget process and discussed whether the city owns the building, and if the Order of the Eastern Star had the right to convey the building to the city. Mr. Ross stated that he had filed a lawsuit to have a judge decide who owns the building. He said that the city has had the property for 20 years without any interference from anybody, and that all by itself should carry today and make it the city's property beyond dispute. He said that it would be a good four (4) to six (6) months before a decision is made.

The consensus of the Council was to do the structural inspection as a first step and the next step to have Mr. Hudson prepare the specs and get the bid documents ready, and by the time this is done Mr. Ross may have the decision from the judge. This will be in time for the budget process and they can see where to go from there. Mr. Hudson stated that they may want to include a hazardous mitigation person to walk through to see if they can see anything.

Council also discussed a nominal fee, and who should pay the utilities and maintenance costs. They asked the Mayor to use as a sample agreement the one the city has with the Chamber of Commerce for the Overlook.

4. NO SMOKING ORDINANCE

Council agreed that a no smoking ordinance was inevitable and felt that the businesses affected should have some input as to what the ordinance will say. Council President Burnam suggested that the districts that this will affect get together and have community meetings to discuss the proposed ordinance.

5. ELECTRONIC SIGNS

Council discussed that it was wrong for the city to have electronic signs and other business cannot. They discussed different aspects of allowing or not allowing electronic signs in the city. Council did not come to a consensus.

6. RETREAT

Council discussed the best time to have a retreat. The majority agreed a weekend seemed to work the best in the past. They agreed that they did not accomplish much in just four (4) hours

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during the week when everyone was tired after work. They discussed setting the time from 8:00 a.m. to 1:00 p.m. on a Saturday or Sunday.

7. ANYOTHER BUSINESS DEEMED NECESSARY

Council President Burnam handed out a letter from Utilities regarding a request from the Utility Board to issue a quit claim deed for property owned by the city on 6th Street where there is a water tank, and said that this will be considered at Monday's Council meeting.

TAMERON HONDA GO ZONE LOAN REQUEST

Mr. Ross stated that they want to up the loan amount from \$8 million to \$10 million.

Council agreed that before they approve anything they want to see an agreement, because the first one they sent was offensive.

8. ADJOURN

There being no further business to discuss the meeting adjourned at 8:50 p.m.

Respectfully submitted by,

David L. Cohen,
City Clerk, MMC

Certification of Presiding Officer:

Greg Burnam,
Council President
Date & Time Signed: _____

**JUNE 18, 2007
CITY COUNCIL MEETING
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DAPHNE, AL
6:30 P.M.**

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1. CALL TO ORDER

Council President Burnam called the meeting to order at 6:30 p.m.

2. ROLL CALL/INVOCATION/PLEDGE OF ALLEGIANCE

Mr. Eady gave the invocation.

COUNCIL MEMBERS PRESENT: Bailey Yelding; Cathy Barnette; John Lake arrived at 7:00 p.m.; Greg Burnam; Ron Scott; Regina Landry; August Palumbo.

Also present: Mayor Small; David Cohen, City Clerk; Rebecca Hayes, Assistant City Clerk; Jay Ross, City Attorney; Bill Eady, Planning Department Director; Melvin McCarley, Public Works Supervisor; Tonja Young, Library Director; Sandra Morse, Civic Center Director; Kenneth Hanak, Fire Chief; David Carpenter, Police Chief; Kim Briley, Finance Director; David McKelroy, Recreation Director; Sharon Cureton, Human Resource Director; Richard Merchant, Building Official; Mr. Rob McElroy, General Manager of Utilities; Mr. Allen, Library Board; Ernie Seckinger, Library Board; Al Guarisco, Village Point; Tomasina Werner, Beautification; Starke Irvine, DRA.

3. APPROVE MINUTES:

**MOTION BY Mrs. Barnette to approve the Council meeting minutes meeting held June 4, 2007 with an amendment to page five (5) to the motion to waive the reading of Resolution 2007-45, it should read "MOTION BY Mrs. Barnette" instead of Ms. Landry as she was not present at the June 4th meeting .
*Secoded by Ms. Landry.***

AYE Barnette, Scott, Landry, Palumbo NAY NONE OPPOSED ABSTAIN Yelding

MOTION CARRIED

PRESENTATION: Police Department Promotions

Chief Carpenter introduced the policemen that recently received promotions:

Corporal Brian Hollinghead promoted to Sergeant
Officer Tim Birt promoted to Corporal
Officer Toby Pearce promoted to Detective

PRESENTATION: Hurricane Preparedness / Chief Hanak, Fire Dpt., Captain Scott Taylor, Police Dpt. and Melvin McCarley, Public Works

Each of the departments gave a synopsis of the plans in case of a hurricane. During storms each department sends a representative to stay at the EMA headquarters to keep them informed.

PRESENTATION: Library Board / Ernie Seckinger, Chairman

Mr. Seckinger spoke regarding the use of the Library, the need for expansion of the Library, and announced to Council that he was resigning from the board because he is retiring and moving away.

4. REPORT OF STANDING COMMITTEES:

A. FINANCE COMMITTEE – Scott

The minutes for the June 5th meeting are in the packet. There are several Resolutions and one (1) Ordinance that will be considered later in the meeting. The Ordinance is regarding an appropriation for Main Street conceptual streetscape design. Mr. Scott asked Mr. Irvine to explain the request for the funds. Before Mr. Irvine spoke, Mr. Scott stated that this group received a \$10,000 grant from the M.W. Smith Foundation for planting oak trees in the Daphne downtown area, and rather than doing this haphazardly the Downtown Redevelopment Authority felt like they needed to have a plan, and this is what the \$10,000 will do. In talking with the Mayor and others this is a group that has worked hard and the Council has not given them any financial backing, and he personally feels that this will be \$10,000 well spent, because the downtown area is so important to the overall health of the city.

Mr. Irvine said that, as Mr. Scott stated, the Authority has been give a \$10,000 grant from the M.W. Smith Foundation to plant oak trees on Main Street, and they would like to do it in an educated and planned out manner. He said that, as Council may recall five (5) or six (6) years ago the city hired Luis Wynne, who is a landscape architect, to do a streetscape for Main Street, and he did this all the way down to Bayfront Park Drive, and what they would like to do is to take that streetscape and upgrade it. He said that Ray Moore came up with what the Authority thinks is a pretty good idea, he took measurements and said that the space is there to broadened the sidewalks in front of the restaurants, and to put a median down the middle of Main Street in front of city hall which will run from in front of the Arthur Mancini building and coming down to Trione Street. He said that they would like to plan that out, and all in all to upgrade the design that they have, and to move forward with a plan for the front of city hall, and plant the oak trees so that they can make the street look better as city hall is completed.

MOTION: Refund of \$3,015 to Apalachee Development

Mr. Scott stated that some time ago Apalachee paid a land use disturbance fee of \$3,015 and when it expired at the end of 12 months they asked for a renewal which they were granted. Mr. Scott stated that Mr. Eady said the city's ordinance does not clarify whether there should be an additional fee charged or not, and to be on the safe side he asked the developer to pay the \$3,015. He said that since the Planning Commission did not give Mr. Eady any direction, and Apalachee asked that this be refunded. He said that the Mayor and Mr. Eady think that it would be appropriate to refund the \$3,015, and probably clarify in the future how to handle renewals of land disturbances. He said that they discussed this at the Finance Committee meeting, but the only members

present were Ms. Landry and himself so they did not make any formal recommendation. They felt that it would be more appropriate for the Council to consider it as a whole.

MOTION BY Mr. Scott to refund \$3,015 for the renewal of a land disturbance permit for Apalachee Development. *Seconded by Ms. Landry.*

AYE Yelding, Lake, Scott, Landry, Palumbo

NAY Barnette

MOTION CARRIED

Treasurers Report / Ending May 31, 2007

MOTION BY Mr. Scott to accept the Treasurers Report with and ending balance of \$24,142,494.33. *Seconded by Ms. Landry.*

AYE ALL IN FAVOR

NAY NONE OPPOSED

MOTION CARRIED

Sales Tax Collection

Again, collections were some \$28,000 under what was budgeted, and year to date collections are about \$85,000 under budget. Because of having an access of about \$200,000 in ad valorem taxes the city is still ahead revenue wise year-to-date, and it is down to the last five (5) months of the year.

Lodging Tax

\$47,594.84 in lodging taxes was collected, which was up about \$4,000 from last year. There are two (2) new hotels that will be coming on line soon. La Quinta will probably be completed in the next three (3) to four (4) months, and the new facility next to the Hilton Garden Inn will open in about nine (9) months.

B. BUILDINGS AND PROPERTY COMMITTEE – Lake

The minutes for the June 1st meeting are in the packet. Mr. Palumbo stated that the Committee approved a fence upgrade to the Scenic Overlook property. This is to develop a fence between the adjoining property that probably should have been done a long time ago. He said that they also discussed that the building will be in need of a roof very soon, and he believes that the Mayor is in the process of researching the lease agreement to determine who is responsible for redoing the roof. He said that they also discussed an expenditure for the city vault which the City Clerk suggested that the current door be used for the city records as opposed to an electronic surveillance vault. He stated there is a \$4,750 cost associated with moving the door, and he said that the Mayor has this as part of the construction fund, but he said that they may have to revisit it if the fund runs short. The Committee decided that if fund run short that the Committee will come back to the Council and look for an appropriation to replace that money. For the time being it is being paid from the construction fund in the City Hall project. The next meeting will be on the 1st Friday July at 10:00 a.m.

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C. PUBLIC SAFETY COMMITTEE – Burnam

The minutes for the June 5th meeting are in the packet, and no Council action is needed. The next meeting will be July 10th.

D. CODE ENFORCEMENT/ORDINANCE COMMITTEE – Landry

The next meeting will be July 10th.

E. PUBLIC WORKS COMMITTEE/SOLID WASTE AUTHORITY – Yelding

The minutes for the May 25th meeting are in the packet. Mr. Yelding stated that sidewalks on the major corridors under the grant are progressing, and the sidewalk on Whispering Pines Road is just about complete. He said that work is being done on the sidewalk on Main Street from Hwy 98, but they are going from eight (8) feet to six (6) feet. Mr. Yelding said that the sidewalks that were on the priority list provided by Council for their districts is just about complete, and in the future they will ask the Council to make another priority sidewalk list for their districts. The next meeting will be June 22nd 8:00 a.m. in the Council Chambers.

5. REPORTS OF SPECIAL BOARDS & COMMISSIONS:

A. Board of Zoning Adjustments – Eady

There will not be a meeting in June or July.

B. Downtown Redevelopment Authority – Barnette

The next meeting will be tomorrow at 5:30 in the Council Chambers. Mrs. Barnette further elaborated on Mr. Irvine's earlier comments saying this is the first time the Authority will be granted money for the streetscape, and that project was done by Luis Wynne in 1995, and so the matching grant, if the Council does award that, would put the oak trees in place for Olde Towne, as well as implement the downtown streetscape with the idea of creating a sense of place of Olde Towne. She said that would be a huge win for the downtown area and the Authority.

C. Industrial Development Board – Yelding

The next meeting will be June 21st at 6:00 p.m. in the Council Chambers. Mr. Yelding stated that the IDB has been reignited and excited about some plans that they want to work on, and he is excited for them.

D. Library Board – Lake

No report.

E. Planning Commission – Barnette

The next Site Review meeting is Wednesday at 6:00 p.m. and the Planning Commission meeting is June 28th at 6:00 p.m.

F. Recreation Board – Palumbo

The Board has gone over park rules for the city parks, and has made a recommendation to the Council to establish park rules that will be applicable to all city parks, and this will be coming to the Ordinance Committee for review. Mr. Palumbo said that rules for the Dog Park will also be ready for consideration by the Ordinance Committee. The Board has two members whose terms will expire in July, Mr. Cunningham and Mr. Banfield, and requested that this be on the agenda for the first meeting in July. He said that their terms were for one (1) year and he believes that they will rotate to the four year appointment. He stated that Mrs. Tipp will be sending the park rules for the Ordinance Committee.

G. Utility Board – Scott

Mr. Scott mentioned the authorizing of a quit claim deed that will be considered under the City Attorney's report.

Mr. Rob McElroy, Utilities General Manager, thanked the community for complying to the voluntary water restrictions recently, they are lifting the watering restrictions in Daphne. He also announced at the Eastern Shore Chamber of Commerce Annual Chairman's Gala the Utilities Board will be receiving the 2007 Environmental Award for their oil recycling and bio-diesel programs.

Mr. Scott said that Mobile is copying their oil recycling program. He said it says something about a city when another city emulates their programs.

6. REPORTS OF THE OFFICERS:

A. *Mayor's Report*

No report.

B. *City Attorney's Report*

a.) *Update on Abatement Refund*

Mrs. Betsy Turner stated that the first item is an update on the abatement refund, and Mr. Ross asked if this could go on the next Council agenda, because Mr. Sweet, who is the attorney for Mrs. Dunbar, is planning to be at the meeting. Mr. Ross expects it to take a good 30 minutes. She said that by ordinance the Council has to fix the cost, and there has been some negotiation going back and forth regarding the actual cost of the demolition and everything that went with it which is about \$6,600. Mr. Ross offered to settle it for \$6,200 which is the cost for the demolition, removal and top soil, but they came back with \$2,000 counter offer. So, it is just a matter of them presenting their case, so to speak, and the Council making a final decision on what the actual cost should be.

Council discussed whether this would be the appropriate place for the attorney to come and plead the case, because it would be like a court hearing.

Mrs. Turner stated that it is state law and it is in the city ordinance that this is the procedure you need to go through to fix the cost.

Council discussed that this maybe should go before some committee, and then they would make a recommendation to Council so that when it comes to Council they can just vote on it, and not get our Council meetings tied up with full blown hearings.

Council President Burnam stated that he wanted all the information in time line order regarding the abatement ahead of time before it will be on the agenda.

b.) *Deed Water Tower Land Behind City Hall to Utilities*

Mrs. Turner stated that a quit claim deed has been prepared for Council to consider.

MOTION BY Mr. Scott to authorize the Mayor and the City Attorney issue a quit claim deed for the property that the City of Daphne Utility Board water tower sits on behind city hall. Seconded by Mrs. Barnette

Council discussed the installation of equipment under the tower and putting fencing around tower. Council requested that Mr. McElroy convey to Verizon that they need to include landscaping around that area.

Mr. Scott stated that this property was intended to have been transferred to the Utility Board when they spun the Utility off, and it was an oversight of the city and Utilities part. This is not something that was not included in the original agreement.

Mayor Small stated that it might be a good to do a little swap. He said that Utilities has a piece of property that could be swapped, and that would make a nice parking lot to have for the downtown area. He said that now would be a good time to do it.

Mr. McElroy stated that they are checking all the properties that should belong to Utilities since this came out. He said that have been working on this deal for about six (6) months, and it makes them a little bit of money, but does not do anything for their capabilities. He said that if Council does not want to approve it, it is not a big deal to them. It did come up at the last minute, and it was that last hurdle of their legal review that uncovered the fact that the property did not belong to Utilities. He said that prompted them to pull a list of all their assets to find out if they have some other major assets where they do not own the property, and they may have to come back to Council for other items.

Council discussed that they were again making someone else's expediency their expediency, and they were extremely upset having this thrust upon them at the last minute.

The City Clerk mentioned to Council that he believes that this property should be conveyed by ordinance instead of a motion. He asked Council if they would table the motion until he can research the right procedure.

Council tabled the motion until the City Clerk could research the issue, and they will come back to the motion.

c.) Go Zone Loan Amendment for Tameron Honda

Mrs. Turner reported to Council that Tameron Honda is asking Council to amend the Go Zone Loan application amount from \$ 8,000,000 to \$ 10,000,000. She said that this does not affect the structure of the agreement.

Council agreed that Tameron Honda should present the inducement agreement before they passed the resolution approving the application. The first agreement was not acceptable to Council so they instructed Mr. Ross at the work session to convey to Mr. Martin to prepare another agreement for Council to review. They want it to be similar to what the city has with the Lowe's and the Toyota dealership.

Back to motion for a Quit Claim Deed for the property on 6th Street to the Utility Board

Mrs. Turner stated that when talking with Mr. Ross earlier today about this he thought that a motion on the quit claim deed would be sufficient, but the City Clerk brings up a good point, and out of an abundance of caution it might be a good idea to do this by ordinance which gives Council a first read and a second read.

**JUNE 18, 2007
CITY COUNCIL MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.**

7

Council President Burnam asked what if they go ahead and vote on doing the quit claim deed with the intentions of doing an ordinance, would that satisfy everybody.

Council discussed that if they make this motion to transfer the property to the Utility Board that would give Mr. McElroy the opportunity to tell Verizon that they have established the property, and they just have to go through a process of procedure.

Mr. McElroy said that he is assuming that it would be like a letter of intent or something like, that and just say that they have to work it through the system. He said that if they are going to do that, he would recommend that the Council do the first read and second read and tell Verizon that it will be a month, and take the normal process.

Council agreed with Mr. McElroy.

Mr. Yelding asked Mr. McElroy if he had a letter of intent.

Mr. McElroy stated that the letter would have to come from the Council or the Mayor.

Mr. Scott asked if they could make a motion to indicate the Council's willingness to pass an ordinance in a timely manner that will transfer the title of the property to the Utility Board.

Council President Burnam stated that in order to do that he would have to withdraw his original motion that is on the table.

Mr. Scott withdrew his motion. Mrs. Barnette withdrew her seconded.

MOTION BY Mr. Scott to indicate the Council's willingness to adopt an ordinance in a timely manner to transfer title of the property on 6th Street owned by the city, where there is a water tank owned by the Utility Board, to the Utility Board. *Seconded by Mr. Yelding.*

AYE ALL IN FAVOR

NAY NONE OPPOSED

MOTION CARRIED

Department Head Comments:

Sharon Cureton – Human Resource Director – informed Council that one of the applicants scheduled for the interview process has withdrawn his name, so there will just be four (4) applicants to interview Monday night at 6:30. She said that she would put all the information in their mailboxes tomorrow.

MOTION BY Mrs. Barnette to suspend the rules to consider a motion to set a date for a Special Council meeting on June 25, 2007 at 6:30 p.m. *Seconded by Mr. Yelding.*

ROLL CALL VOTE

Yelding	Aye	Landry	Aye
Barnette	Aye	Palumbo	Aye
Lake	Aye	Burnam	Aye
Scott	Aye		

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Mrs. Barnette to set the Special Council meeting date for June 25, 2007 at 6:30 p.m. to conduct interviews for the Fire Chief position. *Seconded by Mr. Scott.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

David McKelroy – Recreation Director – reported that they had to get three (3) quotes for the fence for the Dog Park and they have received two (2) of the three, and they have received the Utility quotes for providing water. He said that, hopefully, in three (3) weeks they will be ready for the dogs.

Sandra Morse – Civic Center Director – reported that tickets are on sale for the Taste of the Eastern Shore on August 3rd. This year it is a western theme.

Tonja Young – Library Director – reported that they are beginning a Public Awareness program for the Library expansion, and the Summer Reading program is going well with many teens participating this year. She stated that the Jubilee Book Club meets Wednesday at 10:00 a.m., and that Edwin Debus will speak on his impressions on D.C. on Monday June 25th at 6:30 p.m. The next meeting of the Library Board will be July 10th at 5:30 p.m.

7. PUBLIC PARTICIPATION

Mrs. Tomasina Werner – Daphne – spoke regard some utility digging holes and leaving trash in Lake Forest.

Mr. Willie Robison – 560 Stuart Street – spoke regarding Mrs. Werner’s comments saying that they are installing fiber optic stations in Lake Forest and when they are done they will be coming back to landscape around the stations.

8. RESOLUTIONS, ORDINANCES, ORDERS AND OTHER BUSINESS

RESOLUTIONS

- a.) Prepaid Travel / David Cohen. /Resolution 2007-46
- b.) Bid Award: Police Uniforms / Terry’s Uniforms & Screen Printing. /Resolution 2007-47
- c.) Bid Award: Police Uniforms Leather Gear / Lawmen’s & Shooters’ Supply Inc. /Resolution 2007-48
- d.) Bid Award: PD Dry Cleaning / Dixie Service Cleaners /Resolution 2007-49
- e.) Bid Award: Fuel / Minto Energy /Resolution 2007-50
- f.) Bid Award: Oil & Lubricants / Petroleum Energy Products Co. /Resolution 2007-51
- g.) Bid Award: Uniforms / Zoghby’s Uniforms Unlimited /Resolution 2007-52
- h.) Bid Award: Office Supplies / Gulf Coast Office Products /Resolution 2007-53
- i.) Bid Award: Plastic Pipe / Circle Pipe & Supply Co. /Resolution 2007-54
- j.) Bid Award: Sod & Hay / Craft Turf Farms. /Resolution 2007-55
- k.) Bid Award: Rock Material / Martin Marietta Aggregates /Resolution 2007-56
- l.) Bid Award: Asphalt / Mobile Asphalt Co. LLC. /Resolution 2007-57
- m.) Authorize the Mayor to enter into a Maintenance Agreement with ALDOT for “Welcome to Daphne” Signs on Hwy 181 & US Hwy 98. /Resolution 2007-58

MOTION BY Mr. Scott to *waive the reading of* Resolutions 2007-46, 2007-47, 2007-48, 2007-49, 2007-51, 2007-52, 2007-53, 2007-54, 2007-55, 2007-56 and 2007-58. *Seconded by Mrs. Barnette.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Mr. Scott to *adopt* Resolution 2007-46, 2007-47, 2007-48, 2007-49, 2007-51, 2007-52, 2007-53, 2007-54, 2007-55, 2007-56, 2007-57 and 2007-58. *Seconded by Mrs. Barnette.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

Regarding Resolution 2007-50, Fuel Bid, Mrs. Landry stated that the city had delivery problems with Minto Energy during Katrina and so the other company was just slightly above the cost so they are not officially the low bidder, but it was so close, and Pepco has a bigger fleet of trucks so that delivery may not be a problem. She stated that she does not know how to amend 2007-50. Mrs. Landry stated that the resolution came through Finance and they recommended Minto, but that has since changed because they received a letter about it.

Council asked the City Clerk how they should proceed with this bid.

The City Clerk stated that one option is that they can reject all the bids based upon performance issue, but you may have to defend this in court if the other company decides to sue.

Council agreed to table Resolution 2007-50.

ORDINANCES:

1ST READ

- a.) **Main Street Conceptual Streetscape Design /Ordinance 2007-28**
- b.) **Amending Ordinance 1998-02 / Flood Damage Prevention. /Ordinance 2007-29**
- c.)

Council made Ordinance 2007-28 and 2007-29 first read.

9. COUNCIL COMMENTS

Mr. Scott stated that Utilities now has a program to “Round Up” on your utility bills to help people who cannot afford to pay their bill. He said that there is a place on the utility bill to check if you want to participate in this program. He encouraged the citizens to sign up to help out.

Mr. Palumbo commended the Police Department on their quick work of solving a purse snatching case that happened at Wal-mart. He said they caught the purse snatcher within a couple of days. He also thanked Mr. Seckinger for his work on the Library Board and Friends of the Library. He wished him good luck on his retirement. Mr. Palumbo also congratulated the Utility Board for receiving another award.

10. ADJOURN

MOTION BY Mrs. Barnette to adjourn. *Seconded by Mr. Lake.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

**JUNE 18, 2007
CITY COUNCIL MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.**

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**THERE BEING NO FURTHER BUSINESS TO DISCUSS, THE MEETING ADJOURNED AT
8:41 P.M.**

Respectfully submitted by,

David L. Cohen
City Clerk

Certification of Presiding Officer:

Greg Burnam
Council President
Date & Time Signed: _____

**JUNE 25, 2007
SPECIAL CITY COUNCIL MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.**

1. CALL TO ORDER

Council Vice President Lake called the meeting to order at 6:35 p.m.

2. ROLL CALL

COUNCIL MEMBERS PRESENT: Bailey Yelding; Cathy Barnette; John Lake; Greg Burnam, arrived at 7:19 p.m.; Ron Scott; Regina Landry; August Palumbo.

Also present: Mayor Small; David Cohen, City Clerk; Rebecca Hayes, Assistant City Clerk; Sharon Cureton, Human Resource Director; Employees of Fire Department.

3. INTERVIEWS FOR POSITION OF FIRE CHIEF

Council interviewed the following for the Fire Chief position:

1. Paul Randall Smith
2. Glenn Davis
3. James White
4. Kenny Hanak

Council all agreed that they were impressed by all the candidates, and any of the four would make a fine Chief. They all agreed that they need to move with expediency.

Council agreed to have a Work Session at 5:30 p.m. before the Council meeting on Monday to discuss this further.

4. ADJOURN

MOTION BY Mrs. Barnette to adjourn. *Seconded by Ms. Landry.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

THERE BEING NO FURTHER BUSINESS TO DISCUSS, THE MEETING ADJOURNED AT 8:47 P.M.

Respectfully submitted by,

David L. Cohen, City Clerk, MMC

Certification of Presiding Officer:

MAY 15, 2007
SPECIAL CITY COUNCIL MEETING
1705 MAIN STREET
DAPHNE, AL
6:00 PM

John Lake
Council President Pro Tem
Date & Time Signed: _____

JUNE 4, 2007
CITY COUNCIL MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.

AMENDED MINUTES FROM THE
JUNE 18, 2007 COUNCIL MEETING

1

MOTION BY Mrs. Barnette to waive the reading of Resolutions 2007-44. *Seconded by Mr. Lake.*

AYE ALL IN FAVOR NAY NONE OPPOSED **MOTION CARRIED**

MOTION BY Mrs. Barnette to adopt Resolution 2007-44. *Seconded by Mr. Scott.*

AYE ALL IN FAVOR NAY NONE OPPOSED **MOTION CARRIED**

AMENDED FROM THE JUNE 18, 2007 COUNCIL MEETING
CHANGED MOTION BY MS. LANDRY TO MRS. BARNETTE

MOTION BY Mrs. Barnette to waive the reading of Resolution 2007-45. *Seconded by Mr. Scott.*

AYE ALL IN FAVOR NAY NONE OPPOSED **MOTION CARRIED**

MOTION BY Mrs. Barnette to adopt Resolutions 2007-45. *Seconded by Mr. Scott.*

Council discussed the property across from the Timber Creek entrance that did not annex into Spanish Fort, and so it is still in the county. They would like this area to stay in Daphne's Planning Jurisdiction because companies have been trying to put billboards on the property and the County keeps turning them down because it is in Daphne's jurisdiction. The Mayor suggested keeping the area across I-10, which would be Hwy 181 to Hwy 31 in the jurisdiction. Council asked Mr. Ross if the boundary could be extended and the agreement amended. He said that it could.

Mrs. Barnette withdrew her motion.

Mr. Scott withdrew his second.

Council agreed to table Resolution 2007-45 and be put back on the next agenda.

ORDINANCES:

2ND READ

a.) **Rezone: Arthur & Pina Witherington Property from R-5 to B-1. . . . /Ordinance 2007-24**

b.) **Amending the Animal Control Ordinance 2003-11 /Ordinance 2007-27**

PUBLIC HEARING LIST
FOR COUNCIL MEETING

JULY 2, 2007

Rezone: Big Sandy, LLC / Property located SE of the intersection of Johnson Rd.
and US Highway 98 / Large Parcel – From R-2,
Medium Density Single Family Residential District to B-2,
General Business District / Small Parcel from R-4, High
Density Single and Multi-Family Residential District to B-2,
General Business District

To: Office of the City Clerk
From: William H. Eady, Sr.,
Director of Community
Development
Subject: Big Sandy, L.L.C. - Zoning
Amendment

MEMORANDUM

Date: May 29, 2007

At the regular meeting of the City of Daphne Planning Commission on May 24, 2007, seven members were present and the motion carried for the affirmative recommendation of the above-mentioned ordinance.

Upon receipt thereof, please prepare an ordinance for placement on the agenda in order to set a public hearing and for subsequent action by the City Council.

Please be aware that the legal description is for two parcels (see agenda). The larger parcel is R-2 and the smaller parcel is R-4. The applicant is asking for B-2.

If you should have any questions, please do not hesitate to contact the undersigned.

Thank you,

WHE/jd

cc: file

TO: FRED SMALL, MAYOR RICHARD MERCHANT, BUILDING OFFICIAL
CC: ROB MCELROY, UTILITIES BOARD CHIP MARTIN, FIRE MARSHAL

CITY OF DAPHNE
PLANNING COMMISSION AGENDA
REGULAR MEETING OF MAY 24, 2007 - 6:00 P.M. FINAL
COUNCIL CHAMBERS, CITY HALL

D. PETITIONS:

ZONING AMENDMENT REVIEW:

1. **File Z07-05: Big Sandy, L.L.C. (APPROVED)**

Location: Southeast of the intersection of Johnson Road and U. S.
Highway 98
Area: 19.02 Acres ± and 0.83 Acres ±, respectively
Owner: Big Sandy, L.L.C.

(Large Parcel)	Present Zoning: R-2	Proposed Zoning: B-2
(Small Parcel)	Present Zoning: R-4	Proposed Zoning: B-2

E. ADMINISTRATIVE PRESENTATION:

1. **Presentation to be given by Ms. Ashley Campbell, Site Containment Officer, of a proposed revision to the City of Daphne Land Use and Development Ordinance for storm water detention basin maintenance. (APPROVED)**

2. **Presentation to be given by Mr. Christopher Baker, representing Hutchinson, Moore & Rauch, requesting Revised Master Plan approval for the Medical Office and Cancer Center.(APPROVED, GIVEN REVISED SITE PLAN APPROVAL).**

6. ATTORNEY'S REPORT

7. ADJOURNMENT

APPLICATION FOR ZONING AMENDMENT

STATE OF ALABAMA)
COUNTY OF BALDWIN)
CITY OF DAPHNE)

This is to certify that I (we) the undersigned am the owner(s) of said property and do hereby request the City of Daphne to grant a Zoning Amendment for said property for the reasons outlined herein:

1) Description of property for which amendment is requested:

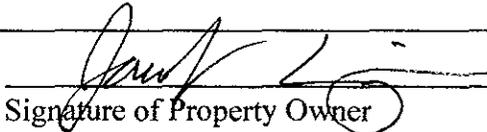
- a) Address N/A
- b) Name of Subdivision N/A
- c) Lot numbers involved in change N/A
- d) Total acreage of change 19.85 Acres
- e) Instrument # 949379 and 949380
- f) Owned in whole by the undersigned? whole
- g) If owned in part, name(s) of co-owner(s) :

2) Zoning change requested:

- a) Present classification of property R-2 / R-4
- b) Reclassification desired B2
- c) Character of neighborhood B-2, R-4, R-2, and R-1

3) Certifications:

- a) Owner's Name BIG SANDY LLC
- b) Address P O BOX 1040 MAGNOLIA
SPRINGS 36555
- c) Telephone Number 251-988-1997
- d) Date April 19, 2007



Signature of Property Owner

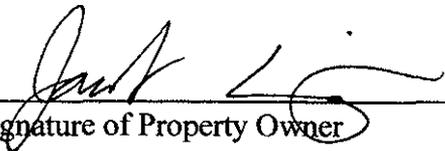
Signature of Property Owner

AGREEMENT

...ALLOWING THE CITY OF DAPHNE TO POST PUBLIC NOTICE SIGNS ON THE PROPERTY FOR WHICH AN APPLICATION FOR A ZONING AMENDMENT HAS BEEN SUBMITTED TO THE CITY COUNCIL.

I hereby agree to allow the City of Daphne to post on my property, for which an application for a zoning amendment has been submitted to the City Council, a sign or sign(s) notifying the general public of said request. I understand the City of Daphne shall erect and maintain said sign(s) for the prescribed period of time and remove the same.

April, 19, 2007
Date


Signature of Property Owner

BIG SANDY, L.L.C.
ZONING AMENDMENT
EXHIBIT "A"
LEGAL DESCRIPTION
(PROPERTY 19.85 AC)

PARCEL 1:

COMMENCE AT A RAILROAD SPIKE MARKER AT THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 5 SOUTH, RANGE 2 EAST, SAINT STEPHEN'S MERIDIAN AND RUN THENCE SOUTH 00 DEGREES 59 MINUTES 02 SECONDS EAST, A DISTANCE OF 739.72 FEET; THENCE RUN SOUTH 89 DEGREES 15 MINUTES 58 SECONDS EAST, A DISTANCE OF 14.68 FEET TO A 5/8" CAPPED IRON PIN MARKER ON THE EAST MARGIN OF DAPHMONT UNIT NO. ONE SUBDIVISION, AS SHOWN BY MAP OR PLAT THEREOF RECORDED IN MAP BOOK 5, PAGE 7, PROBATE RECORDS, BALDWIN COUNTY, ALABAMA, FOR A POINT OF BEGINNING; THENCE RUN SOUTH 01 DEGREES 14 MINUTES 38 SECONDS EAST, ALONG SAID DAPHMONT UNIT NO. ONE SUBDIVISION, A DISTANCE OF 418.00 FEET TO A 5/8" CAPPED IRON PIN MARKER; THENCE RUN SOUTH 54 DEGREES 05 MINUTES 59 SECONDS WEST, A DISTANCE OF 477.50 FEET TO A 3"X3" CONCRETE MONUMENT; THENCE RUN SOUTH 88 DEGREES 13 MINUTES 58 SECONDS WEST, A DISTANCE OF 680.42 FEET TO A CONCRETE MONUMENT; THENCE RUN NORTH 00 DEGREES 07 MINUTES 00 SECONDS WEST, A DISTANCE OF 820.70 FEET TO AN IRON PIN MARKER; THENCE RUN NORTH 89 DEGREES 17 MINUTES 59 SECONDS EAST, A DISTANCE OF 223.56 FEET TO A 4"X4" CONCRETE MONUMENT; THENCE RUN NORTH 00 DEGREES 29 MINUTES 22 SECONDS WEST, A DISTANCE OF 210.65 FEET TO A 5/8" CAPPED IRON PIN MARKER; THENCE RUN NORTH 89 DEGREES 31 MINUTES 17 SECONDS EAST, A DISTANCE OF 220.90 FEET TO A 5/8" CAPPED IRON PIN MARKER; THENCE RUN SOUTH 01 DEGREES 07 MINUTES 43 SECONDS EAST, A DISTANCE OF 210.00 FEET TO A 5/8" CAPPED IRON PIN MARKER; THENCE RUN NORTH 89 DEGREES 31 MINUTES 17 SECONDS EAST, A DISTANCE OF 354.00 FEET TO A 5/8" CAPPED IRON PIN MARKER; THENCE RUN SOUTH 01 DEGREES 07 MINUTES 43 SECONDS EAST, A DISTANCE OF 106.77 FEET TO A 5/8" CAPPED IRON PIN MARKER; THENCE RUN SOUTH 89 DEGREES 15 MINUTES 58 SECONDS EAST, A DISTANCE OF 256.65 FEET TO THE POINT OF BEGINNING. TRACT CONTAINS 19.02 ACRES, MORE OR LESS, AND LIES IN THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 5 SOUTH, RANGE 2 EAST, BALDWIN COUNTY, ALABAMA.

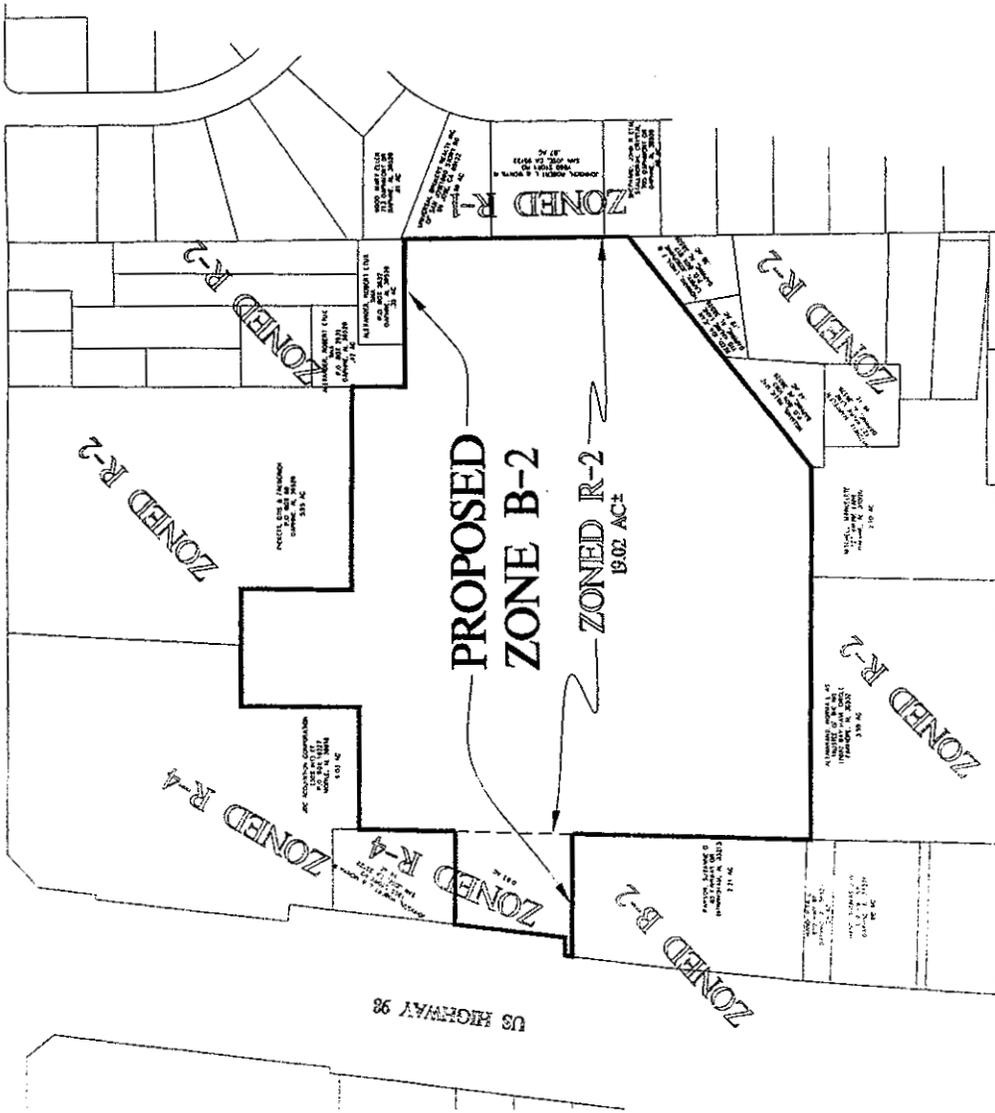
PARCEL 2:

COMMENCE AT A RAILROAD SPIKE MARKER AT THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 5 SOUTH, RANGE 2 EAST, SAINT STEPHEN'S MERIDIAN AND RUN THENCE SOUTH 00 DEGREES 59 MINUTES 02 SECONDS EAST, A DISTANCE OF 739.72 FEET; THENCE RUN SOUTH 89 DEGREES 15 MINUTES 58 SECONDS EAST, A DISTANCE OF 14.68 FEET TO A 5/8" CAPPED IRON PIN MARKER ON THE EAST MARGIN OF DAPHMONT UNIT NO. ONE SUBDIVISION, AS SHOWN BY MAP OR PLAT THEREOF RECORDED IN MAP BOOK 5, PAGE 7, PROBATE RECORDS, BALDWIN COUNTY, ALABAMA; THENCE RUN SOUTH 01 DEGREES 14 MINUTES 38 SECONDS EAST, ALONG SAID DAPHMONT UNIT NO. ONE SUBDIVISION, A DISTANCE OF 418.00 FEET TO A 5/8" CAPPED IRON PIN MARKER; THENCE RUN SOUTH 54 DEGREES 05 MINUTES 59 SECONDS WEST, A DISTANCE OF 477.50 FEET TO A 3"X3" CONCRETE MONUMENT; THENCE RUN SOUTH 88 DEGREES 13 MINUTES 58 SECONDS WEST, A DISTANCE OF 680.42 FEET TO A CONCRETE MONUMENT; THENCE RUN NORTH 00 DEGREES 07 MINUTES 00 SECONDS WEST, A DISTANCE OF 403.31 FEET TO A 3/4" CRIMP TOP IRON PIPE MARKER FOR A POINT OF BEGINNING; THENCE RUN SOUTH 89 DEGREES 17 MINUTES 47 SECONDS WEST, A DISTANCE OF 210.89 FEET TO A 3/4" CRIMP TOP IRON PIPE MARKER ON THE EAST RIGHT-OF-

September 10, 1994

WAY OF U.S. HIGHWAY NO. 98; THENCE RUN NORTH 05 DEGREES 39 MINUTES 46 SECONDS EAST, A DISTANCE OF 12.01 FEET TO A 6"X6" CONCRETE RIGHT-OF-WAY MONUMENT ON THE EAST RIGHT-OF-WAY OF SAID U.S. HIGHWAY NO. 98; THENCE RUN NORTH 89 DEGREES 35 MINUTES 44 SECONDS EAST, A DISTANCE OF 30.00 FEET TO A 5/8" CAPPED IRON PIN MARKER ON SAID RIGHT-OF-WAY; THENCE RUN NORTH 05 DEGREES 24 MINUTES 18 SECONDS EAST, A DISTANCE OF 199.72 FEET TO A 3/4" CRIMP TOP IRON PIPE MARKER ON SAID RIGHT-OF-WAY; THENCE RUN NORTH 89 DEGREES 55 MINUTES 06 SECONDS EAST, DEPARTING SAID RIGHT-OF-WAY, A DISTANCE OF 160.46 FEET TO A 1/2" CAPPED IRON PIN MARKER; THENCE RUN SOUTH 00 DEGREES 07 MINUTES 00 SECONDS EAST, A DISTANCE OF 208.63 FEET TO THE POINT OF BEGINNING. SUBJECT TO A 60 FOOT STATE HIGHWAY DEPARTMENT DRAINAGE EASEMENT. TRACT CONTAINS 0.83 ACRES, MORE OR LESS, AND LIES IN THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 5 SOUTH, RANGE 2 EAST, BALDWIN COUNTY, ALABAMA.

BIG SANDY PROPERTY



REZONING SKETCH
TO
ACCOMPANY DESCRIPTION
EXHIBIT "B"

ENGINEERING DEVELOPMENT SERVICES, LLC
 Engineering • Planning • Surveying • Construction Management
 2124 Pollock Road • Bayshore, Alabama 36605
 Phone: (205) 988-3300
 Fax: (205) 988-3333

BIG SANDY ADJACENT PROPERTY OWNER'S LIST

**POWE, ADELL
P O BOX 204
DAPHNE, AL 36526**

**BROWN, MATTIE SUE
P O BOX 473
DAPHNE, AL 36526**

**RUDOLPH, AMOS
ANNIE LEE RUDOLPH
701 DAPHMONT DRIVE
DAPHNE, AL 36526**

**SAPPINGTON, DEIDRE J
1301 OAK STREET
DAPHNE, AL 36526**

**HOBBS, MICHAEL
706 DAPHMONT DRIVE
DAPHNE, AL 36526**

**SHEPARD, JOHN R ETAL
STALLWORTH, CRYSTAL
705 DAPHMONT DRIVE
DAPHNE, AL 36526**

**JOHNSON, JAMES JR
JOHNSON, NORA L
142 ORANGE STREET
ENGLEWOOD, NJ 07631**

**JOHNSON, ROBERT L
MONYA R JOHNSON
1960 STORY ROAD
SAN JOSE, CA 95122**

**RUDOLPH, EDDIE CHARLES
710 DAPHMONT DRIVE
DAPHNE, AL 36526**

**RUDOLPH, CHARLIE & ALMA
P O BOX 864
DAPHNE, AL 36526**

**UNIVERSAL BROKERS
RALTY INC OF SAN JOSE
1960 STORY ROAD
SAN JOSE, CA 95122**

**WOOD, MARY ELLEN
713 DAPHMONT DRIVE
DAPHNE, AL 36526**

**LEWIS, WILLIS O
LEWIS, MARJORIE Y
P O BOX 309
DAPHNE, AL 36526**

**CITY OF DAPHNE
P O BOX 2550
DAPHNE, AL 36526**

**HARPER, ABE JR
1204 WARREN DRIVE
DAPHNE, AL 36526**

**WHITE, WILLIAM THOMAS
113 GREEN ALLEY
MOBILE, AL 36610**

**BIG SANDY
ADJACENT PROPERTY OWNER'S LIST**

**THOMPSON, R T &
STURTEVANT, JANE
P O BOX 746
DAPHNE, AL 36526**

**WRIGHT, LUCIUS W
WRIGHT, ELIZABETH
1112 JOHNSON ROAD
DAPHNE, AL 36526**

**ALEXANDER, ROBERT ETUX
ALEXANDER, TINA
P O BOX 2632
DAPHNE, AL 36526**

**WILLIAMS, BENNIE MF/K/A
BUCHANAN, BENNI
C/O HANKINS, TRINA
P O BOX 596
FAIRHOPE, AL 36532**

**ENTERPIRSES OF WBB INC
24674 US HWY 98
DAPHNE, AL 36526**

**OVERY, VINCENT A ETUX
LYNN M OVERY
10750 McKENZIE ROAD
FAIRHOPE, AL 36532**

**MOSLEY'S LLC
2012 WOODMILLCREST DR
MOBILE, AL 36609**

**JOHNSON, ROBERT L
ETUX MONYA M JOHNSON
1960 STORY ROAD
SAN JOSE, CA 95122**

**WALKER MATTHEW B JR
11650 JEFF HAMILTON ROAD
MOBILE, AL 36695**

**PARSON, SUZANNE D
85 FAIRWAY DRIVE
BIRMINGHAM, AL 35213**

**HAND, RITA L
602 HWY 98
DAPHNE, AL 36526**

**HAND, THOMAS J IV
602 HWY 98
DAPHNE, AL 36526**

**HAND, THOMAS J IV ETAL
HAND, RITA L
602 HWY 98
DAPHNE, AL 36526**

**ALTAMIRANO, NORMA L
AS TRUSTEE OF THE NO
10082 BAY HAVEN CIRCLE
FAIRHOPE, AL 36532**

**BIG SANDY
ADJACENT PROPERTY OWNER'S LIST**

**MITCHELL, MICHAEL
127 VALRIE LANE
DAPHNE, AL 36526**

**BROWN, ERNEST S
C/O SYLVIA BROWN
P O BOX 3165
DAPHNE, AL 36526**

**HARRIS, SHIRLEY ETAL
HARRIS, YOLANDA
5927 WESTHAVEN DRIVE
MOBILE, AL 36608**

**MITCHELL, MARCELETE
127 VALRIE LANE
DAPHNE, AL 36526**

**WILLIAMS, WILLIE MAE
P O BOX 1065
DAPHNE, AL 36526**

**REED, IDA JEAN
110 VALRIE LAND
DAPHNE, AL 36526**

**HOWARD, LIKND A F
LARRY, JOSEPHINE
P O BOX 817
DAPHNE, AL 36526**

**VALRIE, OLIVETTE
C/O ANDRE MCCONICO
113 VALRIE LANE
DAPHNE, AL 36526**

**WRIGHT, ELIZABETH
1112 JOHNSON RD
DAPHNE , AL 36526**

**ALEXANDER, ROBERT ETUX TINA
P O BOX 2632
DAPHNE , AL 36526**

**PICKETT, OTIS & FREDERICK
P O BOX 69
DAPHNE , AL 36526**

**JDC ACQUISITION CORPORATION
(30% INT) ET
P O BOX 16227
MOBILE , AL 36616**

**BIG SANDY L L C
P O BOX 1040
MAGNOLIA SPRINGS, AL 36555**

**CITY COUNCIL MEETING
STANDING COMMITTEE RECOMMENDATIONS:**

FINANCE COMMITTEE REPORT

BUILDINGS & PROPERTY COMMITTEE REPORT

PLANNING/ZONING/CODE ENFORCEMENT COMMITTEE REPORT

PUBLIC SAFETY/ORDINANCE COMMITTEE REPORT

PUBLIC WORKS/BEAUTIFICATION/MUSEUM COMMITTEE REPORT

CITY OF DAPHNE, ALABAMA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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Independent Auditor's Report

SMITH, DUKES & BUCKALEW, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

ONE MAISON BUILDING
3800 AIRPORT BOULEVARD
MOBILE, ALABAMA 36608

MAILING ADDRESS
P O BOX 160427
MOBILE, ALABAMA
36616
TELEPHONE (251) 343-1200
FAX: (251) 344-0966

GILBERT F. DUKES, JR.
YUELL B. BUSEY
G. TIMOTHY GASTON
J. WILBERT JORDAN, JR.
KERRY L. WEATHERFORD
E. LAMAR REEVES
KEVIN M. RITTELMAYER
APRIL B. BOUDREAU
MARK R. CHAPMAN
TIMOTHY B. SMITH

CAROL E. CROWE

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor Fred Small
and the City Council,
City of Daphne, Alabama

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Daphne, Alabama as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Daphne, Alabama as of September 30, 2006, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2007 on our consideration of the City of Daphne's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

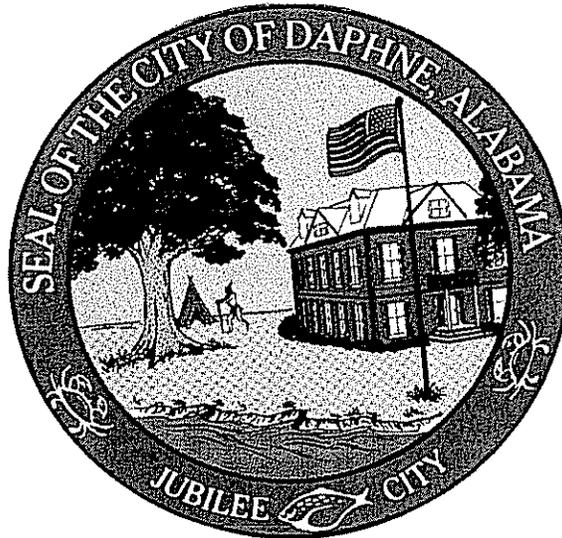
The Management's Discussion and Analysis and Schedule of Revenues and Expenditures – Budget and Actual on pages 59-63 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Daphne, Alabama's basic financial statements. The combining non-major governmental fund financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements of the City of Daphne, Alabama. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Smith, Inkes + Budealew, L.L.P.

Mobile, Alabama
June 15, 2007

Management's Discussion & Analysis



MANAGEMENT'S DISCUSSION AND ANALYSIS

The "Management's Discussion and Analysis" (hereinafter MD&A) provides an overview of the City of Daphne's (hereinafter City's) financial performance for the fiscal year ended September 30, 2006. It should be read in conjunction with the City's financial statements which begin immediately following this MD&A.

I. In Brief

As of September 30, 2006 (Fiscal Year 2006):

- The City's assets exceeded its liabilities by \$ 63,514,820. Of this amount, \$11,955,715 (unrestricted net assets) may be used to meet the ongoing obligations to the City of Daphne's citizens and creditors.
- The City's Unrestricted Net Assets total \$ 11,955,715; this is an increase of \$ 8,157,006 from September 30, 2005. This includes an increase in General Revenues in the amount of \$ 2,985,618.
- The City's governmental funds report combined ending fund balances of \$ 26,777,031; an increase of \$ 14,975,186 from the Fiscal Year 2005 ending balance.
- At the end of Fiscal Year 2006, the unreserved, undesignated fund balance for the General Fund was \$ 8,795,401, or 48 percent of total General Fund expenditures and net transfers to Other Funds.
- The City of Daphne's total debt increased \$ 18,753,573 during Fiscal 2006. During 2006, the City issued \$ 25,230,000 General Obligation Refunding and Improvement Warrants and \$ 6,856,524 Limited Obligation Special Tax Warrants.
- The City of Daphne was affected by Hurricanes Ivan and Katrina in late Fiscal 2004 and 2005, respectively. Fiscal 2006 expenditures, largely for repairs to bay front parks, total \$ 1,280,918. At September 30, 2006, the total due from FEMA is \$ 380,073.

II. Using This Annual Report

This annual report consists of a discussion and analysis intended to serve as an introduction to the City of Daphne's basic financial statements. The City of Daphne's basic financial statements consist of the following:

- 1) The *Statement of Net Assets* and the *Statement of Activities* provide information about the activities of the City as a whole and present a longer-term view of the City's finances. These statements are referred to as the "Government-Wide Financial Statements" and are designed to provide readers with a broad overview of the City of Daphne's finances, in a manner similar to a private-sector business.
- 2) The *Fund Financial Statements* report governmental and proprietary activities. These statements explain how programs and services are financed in the short-term (the most recently completed fiscal year), as well as the amounts available for future spending. The Fund Financial Statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.
- 3) The *Notes to the Financial Statements* provide additional information that is essential to the comprehensive understanding of the data provided in the Government-Wide and Fund Financial Statements.
- 4) *Required Supplementary Information* is presented in addition to the basic financial statements.

III. Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most important questions often asked about the City's finances is: "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received and paid.

These two statements report the City's *Net Assets* and changes in them. The difference between assets (what the City owns) and liabilities (what the City owes) is referred to as the 'Net Assets'. This is one method used to evaluate the City's financial health or *financial position*. Over time, *increases* or *decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. However, other non-financial matters must also be considered.

These considerations include: changes in the tax base; economic vitality of businesses; adequacy of response to emergencies; and condition of roads, buildings, drainage systems, and other infrastructure.

The Statement of Net Assets and the Statement of Activities divide the City into two kinds of activities:

- 1) **Governmental Activities-** Most of the City's basic services are reported in this classification. Included are police, fire, public works, parks, recreation, and general administration. Sales and Use Taxes and Property Taxes finance most of these activities.
- 2) **Business-Type Activities-** The City charges fees to customers to cover most, or part, of the cost of certain services and programs it provides. These services and programs are: Garbage/Recycling, Civic Center, and Bay Front Park.

IV. Reporting the City's Most Significant Funds

The Fund Financial Statements provide detailed information about the most significant funds- **not** the City as a whole. Some funds are required to be established by State Law (Gas Taxes, Law Enforcement Forfeitures, etc) and by bond covenants (Construction Funds). However, the City also establishes many other funds to facilitate the control and management of resources for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other funds (Federal Emergency Management Agency Funds, Lodging Taxes, Natural Resources and Conservation Services Grants, and Library Donations).

Two types of funds are included in the Fund Financial Statements: *Governmental* and *Proprietary*. Each of these fund types use different accounting approaches.

- **Governmental Funds**—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the year-end balances that may be available for future spending/projects. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information assists in the determination of whether there are more or fewer resources available to be spent in the near future to finance the City's programs.
- The relationship (or difference) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is presented in a separate reconciliation following each fund financial statement.

- **Proprietary Funds**—When the City charges customers for the services it provides, these services are generally reported in Proprietary Funds. Such funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The City's Enterprise Funds (a component of Proprietary Funds) are the same as the business-type activities reported in the government-wide statements; however, they provide more detail and additional information, such as cash flows.

V. Condensed Financial Information: The City as a Whole

Following is a condensed version of the City's government-wide Statement of Net Assets as of September 30, 2006:

CITY OF DAPHNE, ALABAMA
Net Assets
September 30, 2006

	Governmental Activities		Business-Type Activities		TOTAL	
	2006	2005	2006	2005	2006	2005
Current & Other Assets	31,702,708	13,728,637	36,085	168,888	31,738,793	13,897,525
Capital Assets	80,400,013	65,794,422	377,585	449,315	80,777,598	66,243,737
Total Assets	112,102,721	79,523,059	413,670	618,203	112,516,391	80,141,262
Current Liabilities	1,519,453	2,060,542	212,117	284,120	1,731,570	2,344,662
Long-Term Debt Outstanding	47,263,143	29,227,562	6,658	223,838	47,270,001	29,451,400
Total Liabilities	48,782,596	31,288,104	218,775	507,958	49,001,571	31,796,062
Net Assets:						
Invested in Capital Assets,						
Net of Debt	47,866,892	41,345,816	377,585	225,477	48,244,477	41,571,293
Restricted	3,314,628	2,975,198	-	-	3,314,628	2,975,198
Unrestricted	12,138,606	3,913,941	(182,891)	(115,232)	11,955,715	3,798,709
Total Net Assets	63,320,126	48,234,955	194,694	110,245	63,514,820	48,345,200

Net Assets may serve as a useful indicator of a government's financial position. The City's assets exceed liabilities by \$ 63,514,820 at September 30, 2006. The combined Net Assets reflect an increase of \$ 15,169,620 and total unrestricted net assets of \$ 11,955,715.

The largest component of the City of Daphne's net assets (76%) is the investment in capital assets (ie: 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 that the resources required to repay the debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Six percent of the City of Daphne's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$ 11,955,715, may be used to meet the city's ongoing obligations to citizens and creditors. This is an increase from Fiscal Year 2005 of \$ 8,157,006. Of this increase, forty percent or \$ 3,217,481 is due to the accrual of property tax revenues to be collected in Fiscal 2007 for taxes that were levied in Fiscal 2006. Fifteen percent, or \$ 1,249,340, of this increase is due to the continued trend of increasing retail and business activity. Also contributing to the increase was a NOAA grant reimbursement in the amount of \$ 613,143 for Fiscal 2004 and 2005 bay front property purchase installments and an increase in interest and investment earnings in the amount of \$ 519,000. Ad Valorem taxes also increased \$ 294,000 as a result of new construction and a county-wide revaluation of properties. A review of the financial statements reflects a decrease in expenses in the amount of \$ 1,012,030. This is due to the City not having any hurricanes in Fiscal 2006; and therefore, not having the large public works expenses for debris cleanup and emergency operations.

The following is a summary of the government-wide Statement of Activities for the year ended September 30, 2006:

CITY OF DAPHNE, ALABAMA						
CHANGES IN NET ASSETS						
September 30, 2006						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2004
Program Revenues:						
Charges for Services	1,549,606	1,439,842	1,506,453	1,431,137	3,056,059	2,870,979
Operating Grants & Contributions	761,502	2,517,918	-	-	761,502	2,517,918
Capital Grants & Contributions	8,260,819	5,937,458	-	-	8,260,819	5,937,458
General Revenues:						
Taxes	17,217,126	15,373,223	-	-	17,217,126	15,373,223
Licenses	1,398,473	1,228,901	-	-	1,398,473	1,228,901
PIL,OT & Franchise Fees	1,475,563	1,239,320	-	-	1,475,563	1,239,320
Other	1,298,758	562,857	-	-	1,298,758	562,857
Total Revenues	31,961,847	28,299,519	1,506,453	1,431,137	33,468,300	29,736,656
Expenses:						
General Government	2,805,098	2,529,651	-	-	2,805,098	2,529,651
Public Safety	6,393,164	5,761,839	-	-	6,393,164	5,761,839
Public Works	6,016,208	7,918,199	-	-	6,016,208	7,918,199
Sewer Contributions to Utility Bd	68,238	544,476	-	-	68,238	544,476
Parks & Recreation	2,210,204	2,452,831	-	-	2,210,204	2,452,831
Interest on Long-Term Debt	1,800,694	1,368,133	-	-	1,800,694	1,368,133
Garbage/Recycling	-	-	1,116,516	1,169,689	1,116,516	1,169,689
Civic Center & Bay Front Park	-	-	715,107	787,071	715,107	787,071
Total Expenses	19,293,606	20,575,129	1,831,623	1,956,760	21,125,229	22,531,889
Change in Net Assets:						
before Transfers	12,668,241	7,724,390	(325,170)	(525,623)	12,343,071	7,198,767
Special Items	-	1,000,000	-	-	-	1,000,000
Transfers	(409,619)	(525,623)	409,619	525,623	-	-
Change in Net Assets	12,258,622	8,198,767	84,449	-	12,343,071	8,198,767
Net Assets, 10-1	48,234,955	40,115,347	110,245	110,245	48,345,200	40,225,592
Prior Period Adj: Property Taxes	2,747,387	-	-	-	2,747,387	-
Prior Period Adjustments	79,162	(79,159)	-	-	79,162	(79,159)
Net Assets, 9-30	63,320,126	48,234,955	194,694	110,245	63,514,820	48,345,200

Governmental Activities

The comprehensive Statement of Net Assets is presented in a format that is significantly different from the traditional Statement of Revenues, Expenses, 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 that is required to be funded by the taxpayers.

Included in Governmental Activities are the following functions: General Government, Public Safety, Public Works, Parks & Recreation, Contributions to Utility Board, and Interest on Long-Term Debt.

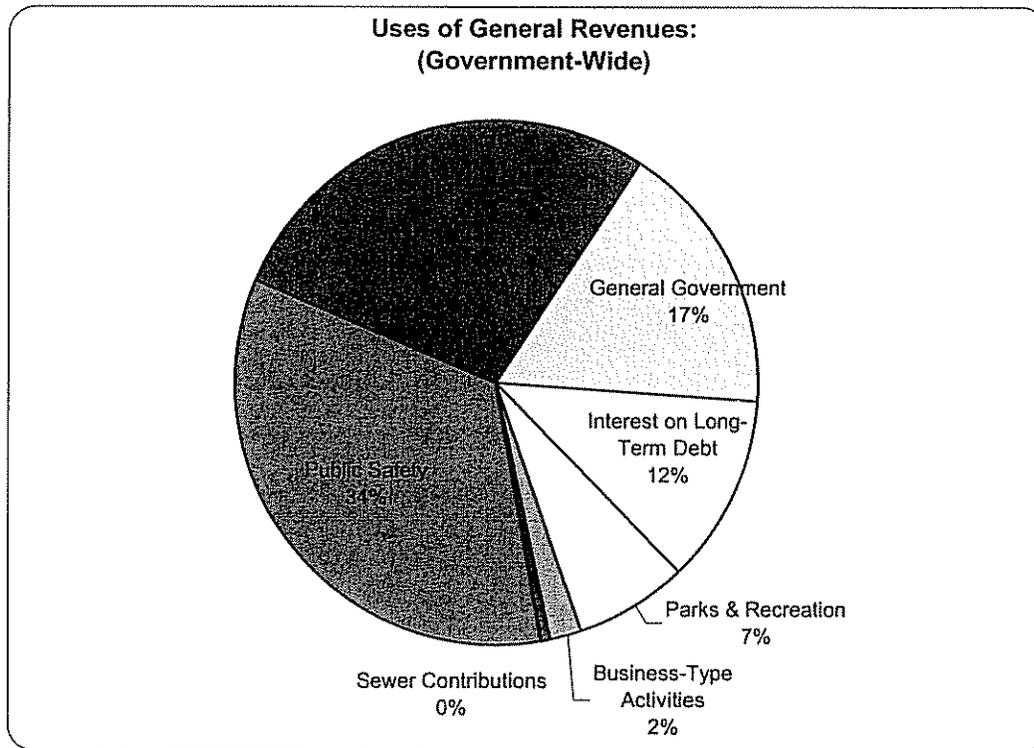
Business-type Activities

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 Bay Front Park are funds that generally require such transfers; \$ 409,619 was transferred to these activities in Fiscal Year 2006. This is a decrease of \$ 116,004 from Fiscal 2005. This decrease is due in large to the net effect of an increase in rental revenue of \$ 28,355 and a decrease in operating expenses of \$ 69,543. The Garbage/Recycling Fund required no transfers and reports \$ 84,451 revenues in excess of expenses.

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	\$ 5,189,039
Public Works	4,191,700
General Government	2,566,370
Interest on Long-Term Debt	1,800,694
Parks & Recreation	1,018,034
Business-Type Activities	325,169
Sewer Contributions	68,238
	<u>\$ 15,159,244</u>



THE CITY'S 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.

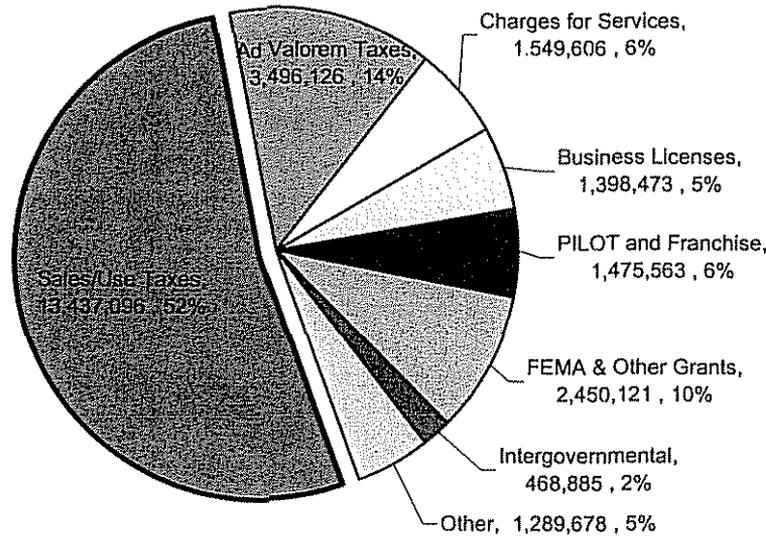
Governmental Funds

As stated above, governmental funds are reported in fund statements with a focus on *short-term* inflow and outflow of spendable financial resources. This information is useful for assessing available funds at year end and determining whether any funds will be available for future financing requirements.

Revenues

The following graph presents a summary of Governmental Revenues totaling \$ 25,565,548:

Governmental Revenues



Sales & Use Taxes continue to be the largest component of revenues (53%); Ad Valorem Taxes are the next largest (14%). Grants and Reimbursements from FEMA for Hurricanes Ivan and Katrina in the amount of \$ 2,450,121 total ten percent (10%) of Fiscal 2006 revenues.

Fiscal Year 2005 and 2006 governmental revenues present a total increase of \$ 2,804,677:

Governmental Fund Revenues Comparative: Fiscal Year 2005 and 2006

	2006	2005	Variance	% Change
Sales/Use Taxes	13,437,096	12,357,328	1,079,768	9%
Ad Valorem Taxes	3,496,126	3,015,895	480,231	16%
Charges for Services	1,549,606	1,439,842	109,764	8%
Business Licenses	1,398,473	1,228,901	169,572	14%
PILOT and Franchise	1,475,563	1,239,320	236,243	19%
Grants & Contributions	2,875,691	2,743,907	131,784	5%
Other	1,332,993	735,678	597,315	81%
	25,565,548	22,760,871	2,804,677	12%

The largest increase in revenues was \$ 1,079,768 for Sales and Use Taxes. Retail activity continues to increase within the City of Daphne. Sales and Use Taxes not restricted for use increased \$ 1,010,873 from Fiscal Year 2005. Sales & Use taxes which are applied to debt payments according to the terms of the Jubilee Square Development Agreement dated July 20, 2000 increased \$ 16,018 over Fiscal Year 2005. Lodging Taxes increased \$ 53,767. This increase was

largely realized in the first six months of Fiscal 2006 and is due in large to the increased demand for hotel rooms as a result of Hurricane Katrina.

Property Taxes report an increase of \$ 480,231. This is largely due to a change in accounting principal whereby taxes levied in September 2006 and collected in December are accrued back to fiscal 2006.

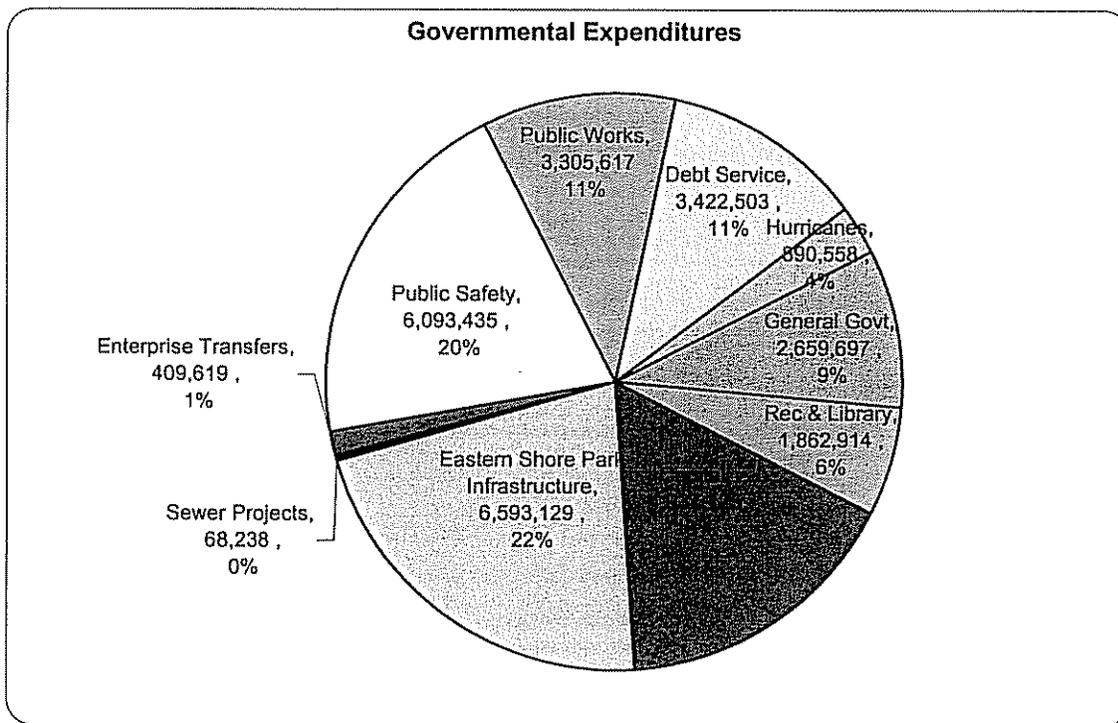
Another significant increase is \$ 597,315 in the classification of Other Revenues. This is predominantly due to an increase in interest earnings in the amount of \$ 519,452 as a result of the strong cash flow position during Fiscal 2006 and to interest earnings on the \$ 10,500,000 remaining 2006 warrant proceeds on deposit in the Construction Fund.

Other Financing Sources

This classification totals \$ 19,341,883 and is reflective of debt proceeds net of the refunding payments made to the escrow agent and discounts on the warrants issued.

Expenditures

A summary of Governmental Expenditures totaling \$ 30,242,835 is presented below:



The largest component of Governmental Fund Expenditures is \$ 6,593,129 for infrastructure at the Eastern Shore Park. On September 5, 2006, the City entered

into an agreement to issue up to \$ 9,090,000 of Limited Obligation Special Tax Warrants in consideration for certain public improvements that would be made at the Eastern Shore Park location. At September 30, 2006, the total approved public improvements totaled \$ 6,593,129.

Public Safety is the next largest component of governmental expenditures (20%); it is followed by Capital Outlay (16%), Public Works (11%), and Debt Service (11%).

The net change in expenditures was an increase of \$ 9,553,123 from Fiscal 2005 to Fiscal 2006.

Significant increases were as follows:

6,593,129	Eastern Shore Park infrastructure as discussed above
4,185,152	Departmental Capital Outlay which includes \$ 1,948,349 for the acquisition of Recreation property; \$ 1,079,519 for road projects; \$ 644,345 for repairs to parks damaged by Hurricane Katrina; and \$ 345,161 architectural fees for the City Hall construction project;
696,078	Personnel: <u>Excludes</u> hurricane-related expenditures; \$ 518,836 of the increase is due to the net increase in base wages and overtime; \$ 102,350 to the increased cost of employee benefits such as health and workers compensation insurance; \$ 74,892 of the increase is for FICA and retirement match;
642,338	Costs associated with issuance of the 2006 General Obligation Warrants and the 2006 Limited Obligation Special Tax Warrants.

These increases were largely offset by the following decreases:

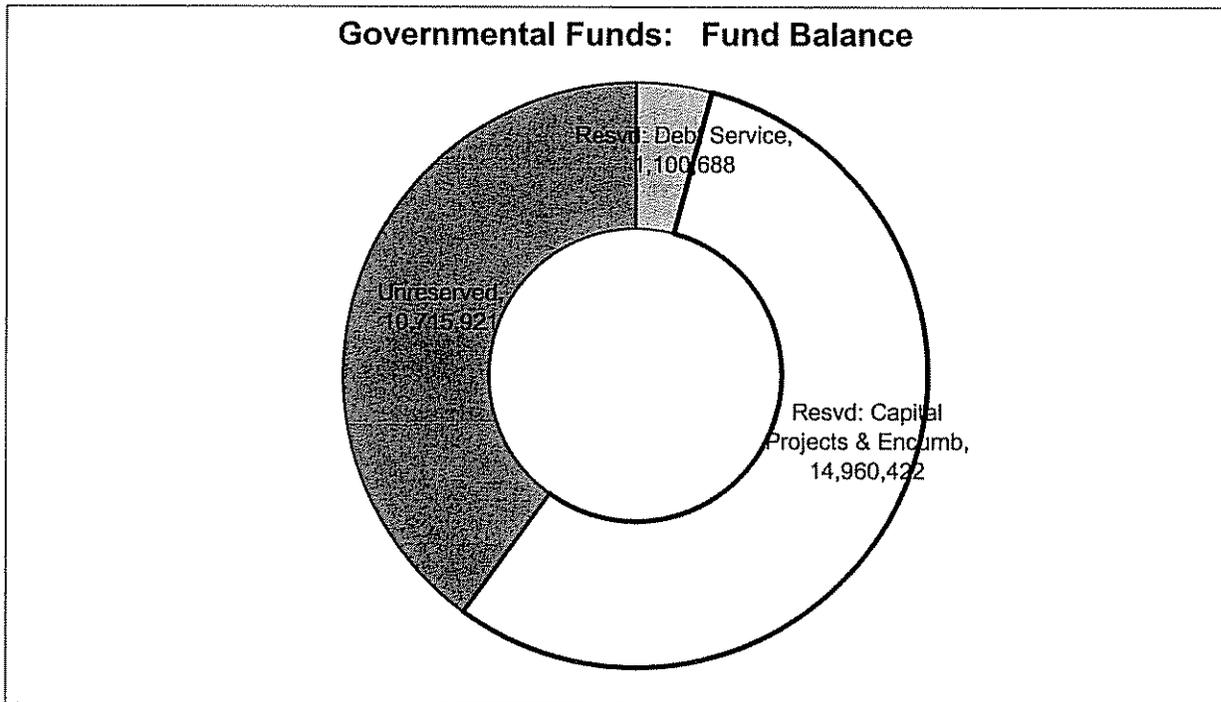
(1,264,373)	Decrease in expenditures related to Hurricanes Ivan and Katrina;
(476,237)	Decrease in expenditures for sewer projects;
(116,004)	Decrease in transfers to Enterprise Funds

Fund Balance

Total fund balance of the governmental funds as of September 30, 2006 is \$ 26,777,031. Of this amount, \$ 10,715,921 is unreserved. An illustration of the total fund balance for governmental funds is presented below:

Governmental Funds: Fund Balance

	<u>2006</u>	<u>2005</u>	<u>Variance</u>	<u>% Change</u>
Resvd: Debt Service	1,100,688	692,928	407,760	59%
Resvd: Capital Projects & Encum	14,960,422	4,122,244	10,838,178	263%
Unreserved	10,715,921	6,986,674	3,729,247	53%
	<u>26,777,031</u>	<u>11,801,846</u>	<u>14,975,185</u>	<u>127%</u>



This represents an increase of \$ 14,975,186 over Fiscal Year 2005. This increase is largely due to the difference between the Governmental Fund Revenues and Expenditures (as discussed above) and the \$ 10,577,210 unspent proceeds of the 2006 General Obligation Warrant issue.

Proprietary Funds

Enterprise Operations. The City's enterprise operations consist of the Garbage/Recycling Fund, Civic Center Fund, and the Bay Front Park Fund. As previously discussed, during Fiscal Year 2006 \$ 409,619 was transferred from the governmental funds to subsidize enterprise operations. This is a decrease of \$ 116,004 from Fiscal 2005 transfers. This decrease is largely attributable to the \$ 84,451 revenues in excess of expenses reported in the Garbage/Recycling Fund.

A summary and comparison of enterprise operating results for 2005 and 2006 is presented below:

**Enterprise Fund
Comparative: Fiscal Years 2005 and 2006**

	Garbage/Recycling		Civic Center		Bay Front Park		TOTAL	
	2006	2005	2006	2005	2006	2005	2006	2005
Fees & Charges	1,200,966	1,154,006	253,137	209,689	52,350	67,442	1,506,453	1,431,137
Transfers	-	15,684	315,557	440,847	94,062	69,093	409,619	525,623
Revenues	1,200,966	1,169,689	568,694	650,536	146,412	136,535	1,916,072	1,956,760
Personnel	589,052	571,811	167,710	171,671	102,929	92,475	859,691	835,957
Operating	521,445	580,391	400,962	476,422	43,483	44,059	965,890	1,100,872
Interest	6,018	17,487	22	2,444	-	-	6,040	19,930
Expenses	1,116,515	1,169,689	568,694	650,536	146,412	136,535	1,831,620	1,956,760
Rev Over (Under) Exp	84,451	-	-	-	-	-	84,451	-

VI. GENERAL FUND BUDGETARY HIGHLIGHTS

Detailed information for the General Fund budget is presented in the 'Required Supplemental Information' section. Revenues were budgeted (as amended) \$ 1,188,824 under Expenditures. However, actual results report that revenues exceed expenditures by \$ 2,259,536 (budgetary basis). This variance is due in large to:

- \$ 1,145,018 Sales & Use Tax revenue increases (previously discussed)
- \$ 411,376 Actual departmental operation costs less than budgeted
- \$ 426,278 Transfers from the Lodging Tax fund to reimburse the General Fund for transfers made in Fiscal Years 2004 and 2005 for bay front property. The Lodging Tax fund received a NOAA grant in FY 2006 which reimbursed the General Fund for the 2004 and 2005 installments for the property purchase.

VII. CAPITAL ASSET AND DEBT ADMINISTRATION

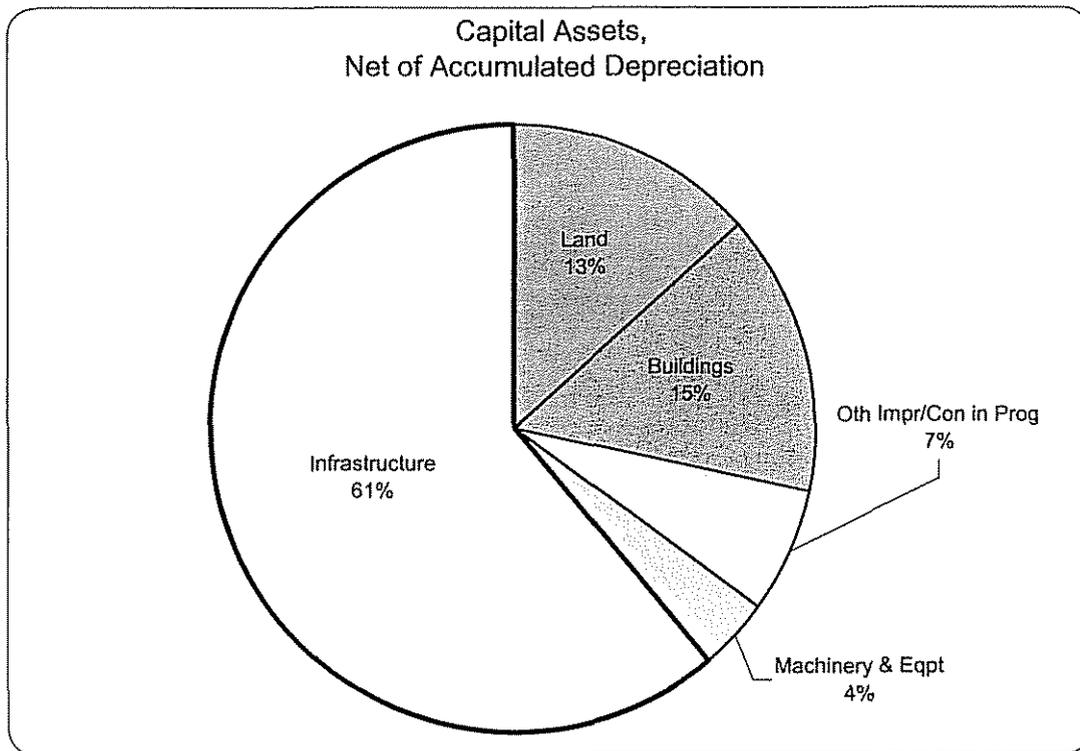
Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities total \$ 80.8 million at September 30, 2006. The following table summarizes the City's capital assets by asset type:

CAPITAL ASSETS
(Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		TOTAL		% Change 2005/2006
	2006	2005	2006	2005	2006	2005	
Land	10,765,355	8,847,565	-	-	10,765,355	8,847,565	21.7%
Buildings	11,876,115	12,165,779	134,883	118,108	12,010,998	12,283,887	-2.2%
Other Improvements	1,589,645	885,101	-	-	1,589,645	885,101	79.6%
Machinery & Eqpt	3,025,502	2,703,796	184,354	259,132	3,209,856	2,962,928	8.3%
Infrastructure	49,279,111	41,175,490	58,349	72,076	49,337,460	41,247,566	19.6%
Constr in Progress	3,864,285	16,691	-	-	3,864,285	16,691	23051.9%
TOTAL	80,400,013	65,794,422	377,586	449,316	80,777,599	66,243,738	21.9%

Components of Capital Assets:



Capital Assets, Net of Accumulated Depreciation increased \$ 14,533,861 over Fiscal 2005. Major increases in Capital Assets are for the following:

- \$ 6,112,396 acceptance of infrastructure (streets and drainage) located in various subdivisions
- \$ 6,593,129 Public Infrastructure (land, streets and drainage) at the Eastern Shore Park development, as discussed previously
- \$ 1,948,349 Acquisition of Recreation property
- \$ 644,345 Construction of piers and boardwalks damaged late in Fiscal 2005 by Hurricane Katrina.

Long-Term Debt

As of September 30, 2006, the City had \$ 47,353,116 of long-term warrants outstanding. The following table summarizes the long-term debt:

Debt Outstanding September 30, 2006 with with comparatives as of September 30, 2005

	Governmental Funds		Business-Type Funds		TOTAL	
	9/30/2006	9/30/2005	9/30/2006	9/30/2005	9/30/2006	9/30/2005
Warrants	47,353,116	28,193,151	-	152,008	47,353,116	28,345,159
Notes	-	-	-	-	-	-
Capital Leases	-	182,554	-	71,830	-	254,384
	47,353,116	28,375,705	-	223,838	47,353,116	28,599,543

This represents a fiscal year debt net increase of \$ 18,753,573. Debt issuances included the following:

- \$ 13,205,000 Capital Improvements and Refunding Debt issued, net of retirements on refunded debt
- \$ 6,856,524 Eastern Shore Park Limited Obligation Special Tax Warrants

Decreases of outstanding debt were as follows:

- \$ 1,053,566 Warrants
- \$ 254,384 Leases

The 1996, 2001, and 2003 Capital Leases were paid in full during Fiscal 2006. This represented the final payments on all leases outstanding.

Bond Ratings

All of the City's general obligation warrant issues are insured by Ambac Assurance Corporation and, therefore, carry the highest ratings from Moody's Investor Services (Aaa). The City's "stand-alone" rating (rating with no insurance) is A1 from Moody's and A+ from Standard & Poor's. 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, 2006, the City's permissible debt limit exceeded actual debt by \$ 17,264,896.

VIII. ECONOMIC FACTORS & NEXT YEAR'S BUDGETS & RATES

Fiscal Year 2006 General Fund reports a 9% (\$ 994,536) rate of growth in Sales & Use Taxes over Fiscal 2005. This trend has not continued into Fiscal 2007; collections for the first five months of Fiscal 2007 averaged a 1.5% rate of growth over the same months of Fiscal 2006. This decrease in the rate of growth is in part due to no major hurricanes, and the resulting influx of evacuees, impacting the area during late Fiscal 2006 and early Fiscal 2007. Additionally, a slow down in the housing market was realized in the first quarter of Fiscal 2007.

Fiscal 2007 General Fund departmental and capital appropriations are estimated to increase \$ 1,853,223 over 2006 actual expenditures. This includes a scheduled draw in the amount of \$ 1,010,000 on the unreserved fund balance for capital improvements.

No major changes have been made in the business-type activities and the rates charged to customers for services will remain the same.

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 Office of the Finance Director, City of Daphne, 1705 Main Street (PO Box 400) Daphne, Alabama, 36526

Basic Financial Statements

The financial statements contain Government-wide Financial Statements, Fund Financial Statements, and Notes to Financial Statements.

Statement of Net Assets

CITY OF DAPHNE, ALABAMA
Statement of Net Assets
September 30, 2006

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>TOTAL</u>
ASSETS			
<u>Current Assets:</u>			
Cash & Cash Equivalents	\$ 23,929,757	\$ 220	\$ 23,929,977
Investments	855,489	-	855,489
Receivables	5,889,065	104,574	5,993,639
Receivables from Fiduciary Funds	150,264	-	150,264
Internal Balances	68,709	(68,709)	-
Deferred Charges	617,082	-	617,082
Inventories	192,342	-	192,342
Total Current Assets	\$ 31,702,708	\$ 36,085	\$ 31,738,793
<u>Noncurrent Assets:</u>			
Capital Assets, Net of Accum Depreciation:			
Land	10,765,355	-	10,765,355
Buildings	11,876,115	134,883	12,010,998
Machinery & Eqpt	3,025,502	184,354	3,209,856
Other Improvements	1,589,645	-	1,589,645
Infrastructure	49,279,111	58,348	49,337,459
Construction in Progress	3,864,285	-	3,864,285
Total Noncurrent Assets	80,400,013	377,585	80,777,598
TOTAL ASSETS	\$ 112,102,721	\$ 413,670	\$ 112,516,391
LIABILITIES			
<u>Current Liabilities:</u>			
Accounts Payable	472,288	64,791	537,079
Salaries & Benefits Payable	846,310	5,133	851,443
Accrued Interest Payable	120,290	-	120,290
Internal Payables	-	-	-
Deferred Revenues	80,565	142,193	222,758
Total Current Liabilities	1,519,453	212,117	1,731,570
<u>Long Term Liabilities:</u>			
Warrants, Notes, & Leases Payable:			
Due within one year	1,697,237	2,744	1,699,981
Due after one year	45,565,906	4,115	45,570,021
Total Long Term Liabilities	47,263,143	6,858	47,270,002
TOTAL LIABILITIES	48,782,596	218,975	49,001,571
NET ASSETS			
Invested in Capital Assets, net of Related Debt	47,866,892	377,585	48,244,477
Restricted for:			
Capital Projects	90,710	-	90,710
Sewer Projects-Contrib to Ut Bd	1,722,359	-	1,722,359
Debt Service	1,100,688	-	1,100,688
Other Purposes	400,871	-	400,871
Unrestricted (deficit)	12,138,606	(182,891)	11,955,715
TOTAL NET ASSETS	63,320,126	194,694	63,514,820
Total Liabilities and Net Assets	\$ 112,102,721	\$ 413,670	\$ 112,516,391

The Accompanying Notes are an Integral part of the Financial Statements

CITY OF DAPHNE, ALABAMA
Statement of Activities
For the Year Ended September 30, 2006

		Program Revenues		
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	
Primary Government:				
<u>Governmental Activities:</u>				
General Government	\$ 2,805,098	\$ 236,953	\$ 1,775	\$ -
Public Safety	6,393,164	1,095,517	59,912	48,696
Public Works	6,016,208	27,337	643,287	7,266,280
Sewer Contributions to Util Bd	68,238	-	-	-
Parks & Recreation	2,210,204	189,800	56,528	945,843
Interest on Long Term Debt	1,800,694	-	-	-
Total Governmental Activities	19,293,606	1,549,606	761,502	8,260,819
<u>Business-Type Activities:</u>				
Garbage/Recycling	1,116,516	1,200,966	-	-
Civic Center	568,694	253,137	-	-
Bay Front Park	146,412	52,350	-	-
Total Business-Type Activities	1,831,622	1,506,453	-	-
Total Primary Government	\$ 21,125,228	\$ 3,056,059	\$ 761,502	\$ 8,260,819

General Revenues:

Sales, Use, & Luxury Taxes
Ad Valorem Taxes
Business Licenses
PILOT and Franchise Fees
Intergovernmental Revenue
Investment and Interest Earnings
Contributions not restricted to specific programs
Total General Revenues

Transfers

Total General Revenues & Transfers

Change in Net Assets

Net Assets, 10-1-2005
Prior Period Adjustment- Property Taxes
Prior Period Adjustment
Net Assets, 9-30-06

The Accompanying Notes are an Integral part of the Financial Statements

Net (Expense) Revenue and
Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (2,566,370)		\$ (2,566,370)
(5,189,039)		(5,189,039)
1,920,696		1,920,696
(68,238)		(68,238)
(1,018,034)		(1,018,034)
<u>(1,800,694)</u>		<u>(1,800,694)</u>
<u>(8,721,679)</u>		<u>(8,721,679)</u>
	84,451	84,451
	(315,557)	(315,557)
	<u>(94,062)</u>	<u>(94,062)</u>
	<u>(325,169)</u>	<u>(325,169)</u>
<u>\$ (8,721,679)</u>	<u>\$ (325,169)</u>	<u>\$ (9,046,847)</u>

\$ 13,437,096	\$ -	\$ 13,437,096
3,780,030	-	3,780,030
1,398,473	-	1,398,473
1,475,563	-	1,475,563
468,885	-	468,885
702,566	-	702,566
127,307	-	127,307
<u>21,389,920</u>	<u>-</u>	<u>21,389,920</u>
<u>(409,619)</u>	<u>409,619</u>	<u>-</u>
<u>20,980,301</u>	<u>409,619</u>	<u>21,389,920</u>
12,258,622	84,451	12,343,073
48,234,955	110,245	48,345,200
2,747,387	-	2,747,387
79,162	-	79,162
<u>\$ 63,320,126</u>	<u>\$ 194,696</u>	<u>\$ 63,514,822</u>

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Governmental Funds – Balance Sheet

CITY OF DAPHNE, ALABAMA
Balance Sheet
Governmental Funds
September 30, 2006

	General	Debt Service	Capital Reserve	2006 Construction
<u>ASSETS</u>				
Cash & Cash Equivalents	\$ 7,505,068	\$ 1,009,104	\$ 3,905,229	\$ 10,577,213
Investments	786,154	69,336	-	-
Taxes Receivable	4,393,557	-	-	-
Receivables from Other Govts	10,998	-	-	-
Due From Utility Board	39,178	-	-	-
Due From Other Funds	678,653	22,248	-	-
Other Receivables	61,617	-	-	-
Inventories	192,342	-	-	-
Total Assets	\$ 13,667,566	\$ 1,100,688	\$ 3,905,229	\$ 10,577,213
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities:</u>				
Accounts Payable	400,323	-	1,911	-
Wages/Accrued WH Payable	1,035,043	-	-	-
Due to Other Funds	-	-	1,050,000	-
Deferred Revenue	2,743,141	-	-	-
	\$ 4,178,507	\$ -	\$ 1,051,911	\$ -
<u>Fund Balances:</u>				
Reserved for:				
Capital Projects	515,646	-	2,087,886	10,400,000
Encumbrances	-	-	-	-
Debt Service	-	1,100,688	-	-
Sewer Projects	-	-	-	-
Other Purposes	178,012	-	-	-
Reserved	693,658	1,100,688	2,087,886	10,400,000
Unreserved, Reported In:				
General Fund	8,795,401	-	-	-
Special Revenues Funds	-	-	-	-
Capital Projects Funds	-	-	765,433	177,213
Unreserved	8,795,401	-	765,433	177,213
Total Fund Balances	9,489,060	1,100,688	2,853,318	10,577,213
Total Liabilities and Fund Balances	\$ 13,667,566	\$ 1,100,688	\$ 3,905,229	\$ 10,577,213

The Accompanying Notes are an Integral part of the Financial Statements

<u>2006 Ltd Ob Construction</u>	<u>Lodging Tax</u>	<u>Hurricane Ivan</u>	<u>Hurricane Katrina</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 933,143	\$ 23,929,757
-	-	-	-	-	855,490
-	-	-	-	-	4,393,557
-	935,843	21,018	359,055	10,683	1,337,597
-	-	-	-	-	39,178
-	-	-	-	1,333,508	2,034,409
-	-	-	-	57,116	118,733
-	-	-	-	-	192,342
<u>\$ -</u>	<u>\$ 935,843</u>	<u>\$ 21,018</u>	<u>\$ 359,055</u>	<u>\$ 2,334,449</u>	<u>\$ 32,901,062</u>
-	4,127	-	2,957	62,970	472,288
-	-	-	-	-	1,035,043
-	388,319	21,018	356,098	-	1,815,435
-	-	-	-	58,125	2,801,266
<u>\$ -</u>	<u>\$ 392,446</u>	<u>\$ 21,018</u>	<u>\$ 359,055</u>	<u>\$ 121,095</u>	<u>\$ 6,124,031</u>
-	-	-	-	1,778,878	14,782,410
-	-	-	-	-	-
-	-	-	-	-	1,100,688
-	-	-	-	-	-
-	-	-	-	-	178,012
-	-	-	-	1,778,878	16,061,110
-	-	-	-	-	8,795,401
-	543,397	-	-	465,544	1,008,941
-	-	-	-	(31,067)	911,579
-	543,397	-	-	434,477	10,715,921
-	543,397	-	-	2,213,355	26,777,031
<u>\$ -</u>	<u>\$ 935,843</u>	<u>\$ 21,018</u>	<u>\$ 359,055</u>	<u>\$ 2,334,449</u>	<u>\$ 32,901,062</u>

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CITY OF DAPHNE, ALABAMA
Reconciliation of the Balance Sheet Governmental Funds
to the Statement of Net Assets
For the Year Ended September 30, 2006

Fund Balances-- Total Governmental Funds **\$ 26,777,031**

**Amounts Reported for Governmental Activities in the
Statement of Net Assets are different because:**

Capital Assets used in governmental activities are not financial resources, and, therefore are not reported in the funds. **80,400,013**

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

	Bond Issuance Costs	642,338	
	Accumulated Amortization	<u>(25,256)</u>	617,082

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. -

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

	Accrued Interest	(120,290)	
	Deferred Amount on Refunding, Net of Accum Amortization	389,463	
	Discount on Warrants, Net of Accum Amortization	278,570	
	Warrants, Notes, Leases	<u>(47,742,444)</u>	(47,194,701)

Property Tax 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 funds. **2,720,701**

Net Assets of Governmental Activities **\$ 63,320,126**

The Accompanying Notes are an Integral part of the Financial Statements

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**Governmental Funds – Statement of
Revenues, Expenses, and Changes in
Fund Balance**

CITY OF DAPHNE, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2006

	<u>General</u>	<u>Debt Service</u>	<u>Capital Reserve</u>	<u>2006 Construction</u>
<u>REVENUES</u>				
Taxes:				
Sales, Use, Luxury Property	\$ 12,288,352	\$ 427,524	\$ -	\$ -
	3,496,126	-	-	-
Total Taxes	<u>15,784,479</u>	<u>427,524</u>	<u>-</u>	<u>-</u>
Licenses & Permits	2,015,129	-	-	-
Payments in Lieu of Taxes	1,475,563	-	-	-
Fines	365,182	-	-	-
Charges for Services	416,813	-	-	-
Intergovernmental	369,426	-	99,459	-
Grants	89,689	-	-	-
Special Assessments	-	-	-	-
Interest/Invest Earnings	238,840	112,170	130,051	182,079
Drug Forfeitures	-	-	-	-
Contributions & Donations	342,123	-	-	-
Miscellaneous	59,549	-	-	-
TOTAL REVENUES	<u>21,156,792</u>	<u>539,694</u>	<u>229,510</u>	<u>182,079</u>
<u>EXPENDITURES</u>				
Current:				
General Government	2,607,770	-	-	-
Public Safety	6,054,541	-	-	-
Public Works	3,305,617	-	-	-
Parks & Recreation	1,706,491	-	-	-
Total Current	<u>13,674,419</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service:				
Principal	-	1,084,113	-	-
Interest	-	1,696,053	-	-
Cost of Debt Issuance	-	317,591	-	61,352
Total Debt Service	<u>-</u>	<u>3,097,756</u>	<u>-</u>	<u>61,352</u>
Capital Outlay:				
Vehicles & Heavy Eqpt	438,412	-	-	-
Equipment	107,353	-	-	-
Buildings & Land	434,437	-	237,067	1,711,282
Parks & Sidewalks	116,774	-	26,821	-
Other Improvements	31,403	-	-	-
Highways & Streets & Drainage	1,179,705	-	-	-
Total Capital Outlay	<u>2,308,085</u>	<u>-</u>	<u>263,888</u>	<u>1,711,282</u>
TOTAL EXPENDITURES	<u>15,982,504</u>	<u>3,097,756</u>	<u>263,888</u>	<u>1,772,634</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,174,287	(2,558,062)	(34,378)	(1,590,555)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	820,908	2,648,232	544,087	12,167,769
Transfers Out	(3,469,710)	(12,167,769)	-	-
Contribution to Utility Bd-Sewer Prj	(54,420)	-	-	-
Warrant Proceeds	-	25,230,000	-	-
Discount on Warrants	-	(291,232)	-	-
Payment to Refunded Bond Escrow Agent	-	(12,453,409)	-	-
Total Other Financing Sources/(Uses)	<u>(2,703,222)</u>	<u>2,965,823</u>	<u>544,087</u>	<u>12,167,769</u>
Net Change in Fund Balances	2,471,065	407,761	509,708	10,577,213
Fund Balances-- 10/1/2005	6,707,404	692,928	2,343,610	-
Prior Period Adjustment	310,590	-	-	-
Fund Balances-- 9/30/2006	<u>\$ 9,489,060</u>	<u>\$ 1,100,688</u>	<u>\$ 2,853,318</u>	<u>\$ 10,577,213</u>

The Accompanying Notes are an integral part of the Financial Statements

<u>2006 Ltd Ob Construction</u>	<u>Lodging Tax</u>	<u>Hurricane Ivan</u>	<u>Hurricane Katrina</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ 601,303	\$ -	\$ -	\$ 119,916	\$ 13,437,096
-	-	-	-	-	3,496,126
-	601,303	-	-	119,916	16,933,222
-	-	-	-	-	2,015,129
-	-	-	-	-	1,475,563
-	-	-	-	149,141	514,323
-	-	-	-	38,109	454,922
-	-	-	-	35,249	504,134
-	935,843	313,026	949,521	162,042	2,450,121
-	-	-	-	4,106	4,106
-	-	-	-	39,427	702,566
-	-	-	-	-	-
-	10,000	-	-	73,447	425,570
-	-	-	18,371	7,971	85,891
-	1,547,146	313,026	967,892	629,409	25,565,548
-	30,065	33,081	23,316	21,862	2,716,094
-	-	-	1,905	38,894	6,095,340
-	-	67	90,098	-	3,395,782
-	-	-	59,510	156,423	1,922,423
-	30,065	33,148	174,828	217,179	14,129,640
-	-	-	-	-	1,084,113
-	-	-	-	-	1,696,053
263,394	-	-	-	-	642,338
263,394	-	-	-	-	3,422,503
-	-	-	-	-	438,412
-	-	-	38,237	37,885	183,474
-	323,262	-	-	-	2,706,047
-	-	-	644,345	-	787,940
-	-	-	-	-	31,403
6,593,129	-	-	-	292,724	8,065,558
6,593,129	323,262	-	682,581	330,609	12,212,835
6,856,524	353,327	33,148	857,410	547,787	29,764,978
(6,856,524)	1,193,819	279,878	110,483	81,622	(4,199,430)
-	-	-	-	77,085	16,258,080
-	(591,503)	(279,878)	(110,483)	(48,356)	(16,667,699)
-	-	-	-	(13,818)	(68,238)
6,856,524	-	-	-	-	32,086,524
-	-	-	-	-	(291,232)
-	-	-	-	-	(12,453,409)
6,856,524	(591,503)	(279,878)	(110,483)	14,911	18,864,026
-	602,315	-	-	96,533	14,664,595
-	(58,918)	-	-	2,116,822	11,801,845
-	-	-	-	-	310,590
\$ -	\$ 543,397	\$ -	\$ -	\$ 2,213,355	\$ 26,777,031

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CITY OF DAPHNE, ALABAMA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2006

Net Change in Fund Balances--Total Governmental Funds \$ 14,664,595

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital Outlay Expenditures	12,212,835	
Less: Current Year Depreciation Expense	<u>(3,226,213)</u>	8,986,622

The net effect of various transactions involving capital assets.

Surplus Sale	-	
Asset Retirements	(11,836)	
Insurance Proceeds	(18,727)	
Hurricane Losses (Parks)	<u>(341)</u>	(30,904)

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

Contributed Capital: Infrastructure	6,112,396	
Property taxes	<u>283,904</u>	6,396,300

The issuance of long-term debt (eg. Warrants, Leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the issuance costs, premiums, discounts, and similar items when debt is first issued; whereas these amounts are deferred and amortized in the Statement of Activities. This is the net amount of these differences in the treatment of long-term debt and related items:

Warrant Proceeds	(32,086,524)	
Discount on Warrants Issued	291,232	
Amortization of Discount	(14,158)	
Bond Issuance Costs	642,338	
Amortization of Bond Issuance Costs	(25,256)	
Pmnt to Refunding Warrant Escow Agent	12,025,000	
Deferred Amount on Refunding	428,409	
Amortization Deferred Amt on Refunding	(38,946)	
Principal Payments	1,084,113	
Reverse FY 05 Accrued Interest	74,037	
Accrued Interest- Warrants	(138,237)	
Accrued Interest- Leases	<u>-</u>	(17,757,992)

Change in Net Assets of Governmental Activities \$ 12,258,622

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Proprietary Fund Financial Statements

CITY OF DAPHNE, ALABAMA
Enterprise Funds
Balance Sheet
September 30, 2006

	<u>Garbage/ Recy Coll</u>	<u>Civic Center</u>	<u>Bay Front Park</u>	<u>Total</u>
<u>ASSETS</u>				
<u>Current Assets:</u>				
Cash	\$ -	\$ 220	\$ -	\$ 220
Due From Other Funds	-	132,685	8,117	140,802
Due From Utility Board	93,262	-	-	93,262
Other Receivables	9,822	1,410	80	11,312
Total Current Assets	103,084	134,315	8,197	245,596
<u>Noncurrent Assets:</u>				
Capital Assets:				
Roads	137,266	-	-	137,266
Facilities	202,734	11,101	32,465	246,300
Vehicles	740,104	7,971	-	748,075
Equipment	171,237	-	-	171,237
Rental Eqpt & Supplies	-	124,153	4,105	128,258
Office Furniture & Eqpt	3,515	508,566	12,206	524,287
Total Capital Assets	1,254,856	651,790	48,776	1,955,422
Less: Accumulated Depn	(907,790)	(645,214)	(24,833)	(1,577,837)
Total Noncurrent Assets	347,066	6,576	23,944	377,585
TOTAL ASSETS	\$ 450,150	\$ 140,891	\$ 32,141	\$ 623,182
<u>LIABILITIES</u>				
<u>Current Liabilities:</u>				
Accounts Payable	\$ 55,487	\$ 6,058	\$ 3,246	\$ 64,791
Deferred Revenue	-	119,468	22,725	142,193
Accrued Wages/Benefits	3,359	1,533	241	5,133
Due to Other Funds	209,511	-	-	209,511
Interest Payable	-	-	-	-
Warrants Payable-Current	-	-	-	-
Cap Lease Payable-Current	-	-	-	-
Total Current Liabilities	268,357	127,058	26,212	421,627
<u>Noncurrent Liabilities:</u>				
Compensated Absences	2,877	2,389	1,593	6,859
Warrants Payable	-	-	-	-
Capital Lease Payable	-	-	-	-
Total Noncurrent Liabilities	2,877	2,389	1,593	6,859
TOTAL LIABILITIES	271,233	129,447	27,805	428,486
<u>NET ASSETS</u>				
Invested in Capital Assets, net of related debt	347,066	6,576	23,944	377,585
Restricted for Debt Service	-	-	-	-
Unrestricted	(168,149)	4,868	(19,608)	(182,889)
Total Net Assets	178,917	11,444	4,336	194,696
TOTAL LIABILITIES & NET ASSETS	\$ 450,150	\$ 140,891	\$ 32,141	\$ 623,182

The Accompanying Notes are an Integral part of the Financial Statements

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CITY OF DAPHNE, ALABAMA
Enterprise Funds
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
For the month ended September 30, 2006

	<u>Garbage/ Recy Coll</u>	<u>Civic Center</u>	<u>Bay Front Park</u>	<u>Total</u>
<u>Operating Revenues:</u>				
Rental Fees	\$ -	\$ 174,314	\$ 52,350	\$ 226,664
Community Events	-	78,816	-	78,816
Charges for services	1,038,980	-	-	1,038,980
Delinquent Collections	1,027	-	-	1,027
Charges: carts/recy bins	47,905	-	-	47,905
Grants	-	-	-	-
Other Revenues	113,054	8	-	113,062
Total Operating Revenues	1,200,966	253,138	52,350	1,506,454
<u>Operating Expenses:</u>				
Wages	371,954	118,334	72,637	562,925
Overtime	21,605	3,555	2,183	27,343
Payroll Related	53,285	15,905	9,723	78,913
Compensated Absences	(2,445)	413	275	(1,757)
Other Personnel Exp	144,653	29,504	18,110	192,267
Total Personnel Services	589,052	167,711	102,928	859,691
Advertising	12,970	2,044	734	15,748
Community Programs	-	69,067	-	69,067
Daphne High School	-	23,398	-	23,398
Contracted Services	8,703	21,491	-	30,194
Employee Support	1,948	4,015	-	5,963
Equipment Purchased	1,380	3,475	3,953	8,808
Equipment Lease/Rental	146	6,272	16	6,434
Grbg/Rcy Removal Supp	92,024	3,282	1,818	97,124
Grants	-	-	-	-
Insurance	14,510	41,072	6,018	61,600
Landfill Fees	159,030	-	-	159,030
Maintenance	108,083	28,107	1,987	138,177
Supplies	7,023	18,761	6,644	32,428
Temporary Services	9,354	38,865	3,628	51,847
Trustee Assignments	-	5,183	-	5,183
Uniforms	4,329	422	-	4,751
Utilities	6,051	126,272	13,926	146,249
Miscellaneous	34	17	-	49
Depreciation	95,860	9,219	4,760	109,839
Total Operating Expenses	1,110,497	568,674	146,412	1,825,581
Operating Income/(Loss)	90,469	(315,536)	(94,062)	(319,127)
<u>Nonoperating Revenue (Expenses)</u>				
Interest Expense	(6,018)	(22)	-	(6,040)
Total Nonoperating Revenue (Expense)	(6,018)	(22)	-	(6,040)
Income (Loss) before contributions & transfers	84,451	(315,557)	(94,062)	(325,168)
Capital Contributions- General Fund	-	315,557	94,062	409,619
Change in Net Assets	84,451	(0)	0	84,451
Total Net Assets, 10-1-05	94,466	11,444	4,336	110,245
Equity Transfers	-	-	-	-
Total Net Assets, 9-30-06	\$ 178,917	\$ 11,444	\$ 4,336	\$ 194,696

The Accompanying Notes are an Integral Part of the Financial Statements

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CITY OF DAPHNE, ALABAMA
Enterprise Funds
Statement of Cash Flows
For the month ended September 30, 2006

	Garbage/ Recy Coll	Civic Center	Bay Front Park	Total
<u>Cash Flows from Operating Activities</u>				
Receipts from customers	\$ 1,182,435	\$ 371,195	\$ 74,995	\$ 1,628,624
Payments to suppliers	(1,074,608)	(394,211)	(37,449)	(1,506,269)
Payments to employees	(146,960)	(167,249)	(102,603)	(416,812)
Payments to other funds	-	-	-	-
Net cash provided by operating activities	<u>(39,134)</u>	<u>(190,265)</u>	<u>(65,058)</u>	<u>(294,457)</u>
<u>Cash Flows from Capital & Related Financing Activities</u>				
Proceeds from capital debt	-	-	-	-
Capital Contributions	-	315,557	94,062	409,619
Purchases of capital assets	(38,108)	-	-	(38,108)
Principal paid on capital debt	(222,331)	(1,507)	-	(223,838)
Interest paid on capital debt	(6,018)	(22)	-	(6,040)
Net cash(used) by capital and financing activities	<u>(266,458)</u>	<u>314,028</u>	<u>94,062</u>	<u>141,633</u>
Net increase (decrease) in cash & equivalent:	(305,592)	123,763	29,005	(152,824)
Cash beginning, 10-01-05	96,081	9,142	(20,888)	84,335
Cash ending, 9-30-06	<u>\$ (209,511)</u>	<u>\$ 132,905</u>	<u>\$ 8,117</u>	<u>\$ (68,489)</u>

**Reconciliation of Operating Income (Loss)
to Net Cash Provided (Used) by Operating
Activities:**

Operating Income (Loss)	\$ 90,469	\$ (315,536)	\$ (94,062)	\$ (319,129)
Adjustments to Reconcile Operating Inc to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	95,860	9,219	4,760	109,839
Change in Assets & Liabilities:				
Receivables	(18,532)	(1,410)	(80)	(20,022)
Inventories	-	-	-	-
Deferred Revenue	-	119,468	22,725	142,193
Accounts Payable	(204,623)	(2,468)	1,274	(205,817)
Accrued Expenses	(2,308)	462	326	(1,520)
Net Cash Used by Operating Activities	<u>\$ (39,134)</u>	<u>\$ (190,266)</u>	<u>\$ (65,057)</u>	<u>\$ (294,457)</u>

**Reconciliation of Cash per Statement of Cash
Flows to the Balance Sheet:**

Cash ending, 9-30-06				
Cash	\$ -	\$ 220	\$ -	\$ 220
Due from other funds	-	132,685	8,117	140,802
Due to other funds	(209,511)	-	-	(209,511)
Total	<u>\$ (209,511)</u>	<u>\$ 132,905</u>	<u>\$ 8,117</u>	<u>\$ (68,489)</u>

The Accompanying Notes are an Integral part of the Financial Statements

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Fiduciary Fund Financial Statements

CITY OF DAPHNE, ALABAMA
STATEMENT OF ASSETS & LIABILITIES
AGENCY FUNDS
September 30, 2006

ASSETS:

Cash & Cash Equivalents	\$	140,012
Other Receivables		3,717
Total Assets	\$	<u>143,729</u>

LIABILITIES:

Bonds Payable		53,840
Accounts Payable		71,182
Due to Agencies		18,707
Total Liabilities	\$	<u>143,729</u>

The Accompanying Notes are an Integral part of the Financial Statements

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**CITY OF DAPHNE, ALABAMA
AGENCY FUNDS
Cash & Cash Equivalents
September 30, 2006**

	<u>Municipal Court</u>	<u>Self- Insurance</u>	<u>Confiscated Funds</u>	<u>Flexible Spending Acct</u>	<u>Short-Term Disability</u>	<u>TOTAL</u>
Cash	\$ 275,566.620	\$ -	\$ 14,709.450	\$ -	\$ -	\$ 290,276.070
Cash Equivalents:						
Due from Other Funds	-	43,349	-	10,097	-	53,446
Due to Other Funds	<u>(202,122)</u>	<u>-</u>	<u>(81)</u>	<u>-</u>	<u>(1,506)</u>	<u>(203,710)</u>
	(202,122)	43,349	(81)	10,097	(1,506)	(150,264)
Cash & Cash Equivalents	<u>\$ 73,444</u>	<u>\$ 43,349</u>	<u>\$ 14,628</u>	<u>\$ 10,097</u>	<u>\$ (1,506)</u>	<u>\$ 140,012</u>

The Accompanying Notes are an Integral part of the Financial Statements

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CITY OF DAPHNE, ALABAMA
COMBINING STATEMENT OF ASSETS & LIABILITIES
AGENCY FUNDS
September 30, 2006

	<u>Municipal Court</u>	<u>Self Insurance</u>	<u>Confiscated</u>	<u>Flexible Spending Acct</u>	<u>Short-Term Disability</u>	<u>TOTAL</u>
<u>ASSETS:</u>						
Cash & Cash Equivalents	\$ 73,444	\$ 43,349	\$ 14,628	\$ 10,097	\$ (1,506)	\$ 140,012
Other Receivables	<u>1,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,141</u>	<u>3,717</u>
Total Assets	<u>\$ 75,020</u>	<u>\$ 43,349</u>	<u>\$ 14,628</u>	<u>\$ 10,097</u>	<u>\$ 634</u>	<u>\$ 143,729</u>
<u>LIABILITIES:</u>						
Bonds Payable	53,840	-	-	-	-	53,840
Accounts Payable	2,474	43,349	14,628	10,097	634	71,182
Due to Agencies	<u>18,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,707</u>
Total Liabilities	<u>\$ 75,020</u>	<u>\$ 43,349</u>	<u>\$ 14,628</u>	<u>\$ 10,097</u>	<u>\$ 634</u>	<u>\$ 143,729</u>

The Accompanying Notes are an Integral part of the Financial Statements

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CITY OF DAPHNE, ALABAMA
Combining Statement of Changes in Assets & Liabilities-
ALL AGENCY FUNDS
For the Fiscal Year Ended September 30, 2006

	Balance, 10/1/2005	Additions	Deductions	Balance, 9/30/2006
<u>Municipal Court Fund</u>				
<u>ASSETS</u>				
Cash & Cash Equivalents	\$ 60,008	\$ 13,436	\$ -	\$ 73,444
Other Receivables	1,576	-	-	1,576
	<u>\$ 61,584</u>	<u>\$ 13,436</u>	<u>\$ -</u>	<u>\$ 75,020</u>
<u>LIABILITIES</u>				
Bonds Payable	41,812	12,029	-	53,840
Accounts Payable	3,444	-	(971)	2,474
Due to Agencies	16,328	2,378	-	18,707
	<u>\$ 61,584</u>	<u>\$ 14,407</u>	<u>\$ (971)</u>	<u>\$ 75,020</u>
<u>Self Insurance Fund</u>				
<u>ASSETS</u>				
Cash & Cash Equivalents	52,189	-	(8,840)	43,349
Other Receivables	-	-	-	-
	<u>\$ 52,189</u>	<u>\$ -</u>	<u>\$ (8,840)</u>	<u>\$ 43,349</u>
<u>LIABILITIES</u>				
Bonds Payable	-	-	-	-
Accounts Payable	4,874	1,159	-	6,033
Due to Agencies	47,314	-	(9,999)	37,315
	<u>\$ 52,189</u>	<u>\$ 1,159</u>	<u>\$ (9,999)</u>	<u>\$ 43,349</u>
<u>Confiscated Funds</u>				
<u>ASSETS</u>				
Cash & Cash Equivalents	16,195	-	(1,567)	14,628
Other Receivables	-	-	-	-
	<u>\$ 16,195</u>	<u>\$ -</u>	<u>\$ (1,567)</u>	<u>\$ 14,628</u>
<u>LIABILITIES</u>				
Bonds Payable	-	-	-	-
Accounts Payable	16,195	-	(1,567)	14,628
Due to Agencies	-	-	-	-
	<u>\$ 16,195</u>	<u>\$ -</u>	<u>\$ (1,567)</u>	<u>\$ 14,628</u>
<u>Short-Term Disability Fund</u>				
<u>ASSETS</u>				
Cash & Cash Equivalents	-	-	(1,506)	(1,506)
Other Receivables	-	2,141	-	2,141
	<u>\$ -</u>	<u>\$ 2,141</u>	<u>\$ (1,506)</u>	<u>\$ 634</u>
<u>LIABILITIES</u>				
Bonds Payable	-	-	-	-
Accounts Payable	-	634	-	634
Due to Agencies	-	-	-	-
	<u>\$ -</u>	<u>\$ 634</u>	<u>\$ -</u>	<u>\$ 634</u>
<u>Flexible Spending Plan</u>				
<u>ASSETS</u>				
Cash & Cash Equivalents	4,158	5,939	-	10,097
Other Receivables	-	-	-	-
	<u>\$ 4,158</u>	<u>\$ 5,939</u>	<u>\$ -</u>	<u>\$ 10,097</u>
<u>LIABILITIES</u>				
Bonds Payable	-	-	-	-
Accounts Payable	4,158	5,939	-	10,097
Due to Agencies	-	-	-	-
	<u>\$ 4,158</u>	<u>\$ 5,939</u>	<u>\$ -</u>	<u>\$ 10,097</u>
<u>TOTAL- ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash & Cash Equivalents	\$ 132,550	\$ 19,375	\$ (11,913)	\$ 140,012
Other Receivables	1,576	2,141	-	3,717
	<u>\$ 134,126</u>	<u>\$ 21,516</u>	<u>\$ (11,913)</u>	<u>\$ 143,729</u>
<u>LIABILITIES</u>				
Bonds Payable	41,812	12,029	-	53,840
Accounts Payable	28,672	7,732	(2,537)	33,867
Due to Agencies	63,643	2,378	(9,999)	56,022
	<u>\$ 134,126</u>	<u>\$ 22,139</u>	<u>\$ (12,537)</u>	<u>\$ 143,729</u>

The Accompanying Notes are an integral part of the Financial Statements

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Notes to Financial Statements

City of Daphne, Alabama
Notes to Financial Statements
September 30, 2006

Note 1 – Summary of Significant Accounting Policies

The City of Daphne, Alabama, was founded in 1926 under the 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.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." This statement provides for the most significant change in financial reporting in over twenty years and required implementation for the City of Daphne for the year ending September 30, 2003. As part of this statement, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, traffic signals, etc.). The City of Daphne timely implemented the basic model for fiscal year 2003 including the implementation of the infrastructure-related portion.

A. Financial Reporting Entity

The City of Daphne, Alabama (the City) operates as a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police & fire), streets, sanitation, health and social services, culture, recreation, public improvements, planning, zoning, and general administrative services.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship and the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity if its officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is potential for the organization to provide specific financial burdens on, the primary government.

The City's financial statements include only those funds, which are under the direct operations of the City. The City has no component units, as defined in GASB 14, for which it is financially accountable or for which it imposes its will.

The City's officials are responsible for appointing the members of the board of other organizations such as the Industrial Development Board and the Downtown Redevelopment Board, but the City's accountability for these organizations does not extend beyond making the appointments. The City Council appoints the board members of the Utilities Board of the City of Daphne and the Utilities Board of the City of Daphne is considered a related organization as defined by GASB Statement 14.

B. Basic Financial Statements – GASB Statement No. 34

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. While the previous model emphasized fund types (the total of all funds of a particular type), in the new reporting model the focus is on either the City as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (police, fire, public works, etc.) which are otherwise being supported by general governmental revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. The program revenues must be directly associated with the function (police, public works, recreation, etc.) or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.) Historically, the previous model did not summarize or present net cost by function or activity.

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.

The City does not currently employ an indirect cost allocation system.

The 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 fund financial statements are, in substance, very similar to the financial statements presented in the previous model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column.

Unless an internal service fund is combined with the business-type activities (deemed to be an infrequent event), totals on the business-type activity fund statements should directly reconcile to the business-type activity column presented in the government-wide statements.

The governmental funds major funds 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 these 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 budget or 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 column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

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

The focus of the revised model is on the City as a whole and fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Basis of Presentation

The financial statements of the City of Daphne are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The new model (Statement No. 34) 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 city electively added funds, as major funds, which either had debt outstanding or specific community focus. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a specific set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. 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.

The City uses the following fund categories and fund types:

Governmental Funds

General Fund - To account for all financial resources except those required to be accounted for in another fund. The General Fund is the City's operating fund.

Special Revenue Funds - 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 – To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Debt Service Fund – To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. In addition, special assessment transactions that are in the debt service phase are also accounted for in this fund.

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The focus of Proprietary Fund measurement is upon determination of operating income, changes in net fund assets, financial position, and cash flows, which is similar to businesses. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. 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 of all the City's enterprise 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. The following is a description of the major proprietary funds of the City:

Garbage & Recycling
Daphne Civic Center
Bay Front Park

Fiduciary Funds

Trust and Agency Funds – to account for assets held by the City as trustee or agent for individuals, other governments and/or funds. These include the *Municipal Court Fund, a Short-term Disability Fund, Self-Insurance Fund, Flexible Spending Account Fund, and Confiscated Funds.*

Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net Assets.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses 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 Statements are presented on a modified accrual basis.

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

Modified Accrual – Revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period (generally 60 days after the end of the fiscal year). Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City's cash includes cash on hand and demand deposits. At September 30, 2006, all bank balances were entirely insured and/or collateralized. All financial institutions holding the City's funds, which are 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.

Cash and short-term investments reported in the City's capital projects and debt service funds for construction projects and debt service payments are being held by trustees for the City, and were invested in short-term direct debt securities of the U.S. Government.

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.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business type activities are reported in the government-wide financial statements as "internal balances."

3. Inventories

Inventory held consists of vehicle fuel used in all city equipment and vehicles. Fiscal 2006 initiated a physical inventory system to establish a base inventory level of mechanical department parts and supplies in addition to the fuel inventory. Inventories are valued using the FIFO method. Inventory valuations are as follows:

Mechanical Shop Parts & Supplies	\$ 166,464
Vehicle Fuel	\$ 25,878

4. Restricted Assets

The City is obligated from various sources to restrict 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 assets are restricted for debt service, capital projects, and certain funds are restricted by state law.

5. Capital Assets

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements

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. Capital assets are defined, by the government, 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 or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' 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 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 20 years
Infrastructure (Drainage, Streets, Bridges, Sidewalks and Docking)	20 to 30 years
Infrastructure (Utilities and Landscaping)	10 to 20 years
Machinery and equipment	8 to 15 years
Automotive equipment	5 to 7 years
Office equipment	5 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

6. Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. The City vacation policy is such that a maximum amount (80 hours) of time accrued may be carried forward, if unused during the current year. The value of this vacation time and its related payroll tax and retirement portions total \$ 195,591 and are recorded in the financial statements. All other types of compensated absences are not accrued and are recorded as expenditures when they are paid.

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Warrants payable are reported net of the applicable premium or discount. Warrant issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. 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 10/01 tax assessment that is collected starting in October of the following 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.

F. Inter-fund 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. The accompanying financial statements reflect such transactions as transfers.

G. Budget Policy, Practice, Control and Basis

Budget Policy and Practice

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, 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.

Budgetary Control

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. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the City Council.

Budget Basis of Accounting

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.

Encumbrances

Encumbrance accounting is used for the General Fund, Special Revenue Funds, and Capital Projects Funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance on the statement of net assets.

Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated.

H. Pension Plan

The City participates in the Alabama Employees' Retirement System. Effective January 1, 2001 the member contributions rate for certified full time firefighters and law enforcement officers increased to 6% of the employee's compensation. All other eligible employees contribute 5% of their salaries. In Fiscal 2006, the City contributed 6.31% of employee salaries.

I. Use of Estimates

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

Note 2 – Reconciliation of Government-Wide and Fund Financial Statement

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets: Following the governmental fund balance sheet is a reconciliation between fund balance – total government funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains, "long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are explained in the above referenced financial statement.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities: Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are explained in the above referenced financial statement.

Another element of reconciliation states “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net assets.”

Note 3 – Cash Deposits and Investments

At year-end, the City’s carrying amount of cash and cash equivalents was \$ 23,929,977. All balances were 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 through a collateral pool administered by the Alabama State Treasury.

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

2006 Construction Fund	\$ 10,577,213
General Operating Fund	\$ 7,505,068
Capital Reserve Fund	\$ 3,905,229
Debt Service Fund	\$ 1,009,104
Other non-major Governmental Funds	\$ 933,143
Non Governmental Business Type Funds	\$ <u>220</u>
Total Cash Deposits	\$ <u>23,929,977</u>

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, or other securities which are 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.

Investments are included in the financials as follows:

Brokers Express:	
United States Treasury Bonds	\$ 180,304
Federal Home Loan Banks	354,223
GNMA Pools	12,333
Money Markets & Cash	208,231
Goldman Sachs:	
United States Treasury Bonds	69,336
 Alabama A.M.I.C. Pool Account	 31,062
	<u>\$ 855,489</u>

Fiduciary Funds report a cash balance of \$ 290,276.

Proprietary Funds have a total cash balance of \$ 220; however on the reconciliation of the Statement of Cash Flows, the cash and cash equivalents balance is (\$ 68,488.97). The cash equivalents for the Statement of Cash Flows includes amounts due to and from the General Fund; the Proprietary Funds do not have a separate bank account as they rely on transfers from the General Fund to operate.

Note 4 – Receivables

Receivables at September 30, 2006, consists of the following:

Governmental Activities:

Property, Sales/Use Taxes Receivable	\$ 4,393,557
Receivable from other Governments	1,337,597
Receivable from Utility Board	39,178
Other Receivables	<u>118,733</u>
<hr/>	
Total Government Type Receivables	\$ 5,889,065
<hr/>	
Business Type Receivables from Utility Board	\$ 93,262
Other Business Type Receivables	11,312
<hr/>	
Total Business Type Receivables	\$ 104,574
<hr/>	

Note 5 – Capital Assets

Governmental Activities

The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2006:

	Balance				Balance
	<u>October 1</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Deductions</u>	<u>September 30</u>
Capital assets not being depreciated:					
Land	\$ 8,847,565	\$ 2,031,778	\$ (113,988)	\$ -	\$ 10,765,355
Construction in progress	-	345,161	-	-	345,161
Construction in progress, infrastructure	16,691	3,502,433	-	-	3,519,124
Total capital assets not being depreciated	8,864,256	5,879,372	(113,988)	-	14,629,640
Capital assets, being depreciated					
Buildings	14,939,287	21,776	(7,052)	(17,245)	14,936,766
Other Improvements	1,237,247	712,398	121,040	(11,062)	2,059,623
Machinery & Equipment	7,258,919	621,887	-	(376,344)	7,504,462
Infrastructure	82,697,901	10,627,270	-	-	93,325,171
Total capital assets, being depreciated	106,133,354	11,983,331	113,988	(404,651)	117,826,022
Less accumulated depreciation for:					
Buildings	(2,773,508)	(296,066)	-	8,923	(3,060,651)
Other Improvements	(352,146)	(125,039)	-	7,207	(469,978)
Machinery & Equipment	(4,555,123)	(281,454)	-	357,617	(4,478,960)
Infrastructure	(41,522,408)	(2,523,652)	-	-	(44,046,060)
Total accumulated depreciation	(49,203,185)	(3,226,211)	-	373,747	(52,055,649)
Total capital assets, being depreciated, net	56,930,169	8,757,120	113,988	(30,904)	65,770,373
Governmental activities capital assets, net	\$ 65,794,425	\$ 14,636,492	\$ -	\$ (30,904)	\$ 80,400,013

Depreciation was charged to governmental functions as follows:

General government	\$ 51,085
Public Safety	279,096
Public Works	93,198
Infrastructure	2,523,652
Parks & recreation	279,180

Total governmental activities depreciation expense \$ 3,226,211

Business-type Activities

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2006.

	Balance				Balance	
	<u>October 1</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Deductions</u>	<u>September 30</u>	
Capital assets, being depreciated:						
Buildings	\$ 208,193	\$ 38,108	\$ -	\$ -	\$ 246,301	
Machinery & Equipment	1,571,857	-	-	-	1,571,857	
Infrastructure	137,266	-	-	-	137,266	
Total capital assets being depreciated	1,917,316	38,108	-	-	1,955,424	
Less accumulated depreciation for:						
Buildings	(90,084)	(21,334)	-	-	(111,418)	
Machinery & Equipment	(1,312,725)	(74,778)	-	-	(1,387,503)	
Infrastructure	(65,191)	(13,727)	-	-	(78,918)	
Total accumulated depreciation	(1,468,000)	(109,839)	-	-	(1,577,839)	
Business-type activities capital assets, net	\$ 449,316	\$ (71,731)	\$ -	\$ -	\$ 377,585	

Depreciation was charged to business-type activities as follows:

Garbage	\$ 60,531
Recycling	35,330
Civic Center	9,219
Bayfront	<u>4,760</u>
Total business-type activities depreciation expense	<u>\$ 109,839</u>

Note 6 – Construction Commitments

Governmental Activities report Construction in Progress in the amount of \$ 345,161. This consists of architectural and engineering services for the new City Hall addition and modification project. Actual construction is scheduled to begin in January 2007.

The City of Daphne issued Series 2006 Refunding and Capital Improvement Warrants in April 2006. At September 30, 2006, all proceeds are not expended and the following capital projects are scheduled for Fiscal 2007 and beyond:

\$ 7,000,000 City Hall Construction
\$ 2,400,000 US 90 Sewer Improvements
\$ 1,000,000 Library Expansion

At September 30, 2006, the City continued to have construction commitments to certain sewer projects. These projects are constructed by the City after which time the Utility Board assumes ownership, including maintenance. The original 1999 estimate for sewer construction was \$5,000,000. In fiscal 2004, the City Council approved additional transfers of \$1,050,000 from the General Fund to the 1999 Construction Fund to enable completion of the sewer projects approved in 1999. The transfers were necessary due to increases in the construction cost estimates, as the original estimates were prepared in 1999. At the end of fiscal 2006, two sewer projects in the 1999 Construction Fund were not yet complete, south Highway 64 and Dauphine Acres East- Phase III. Engineering was begun on these projects and total additional funds needed for project completion was estimated to total \$1,722,359; available funds on hand, including transfers were \$1,604,830 leaving a difference of \$117,528 to finalize the projects.

Note 7 – Inter-fund Accounts

As of September 30, 2006, inter-fund receivables and payables that resulted from various inter-fund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds		
General Fund	\$ 678,653	
Special Revenue Funds		\$ 481,927
Debt Service Fund	22,248	
Fiduciary – Agency Funds		150,264
Business Type		
Enterprise Funds		68,709
Totals	<u>\$ 700,901</u>	<u>\$ 700,901</u>

Note 8 – Inter-fund 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 inter-fund transfers for the year ended September 30, 2006.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 0	\$3,043,433
Special Revenue Funds	0	514,418
Debt Service Fund	0	9,519,537
Enterprise Fund	409,619	0
Capital Projects Fund	<u>12,667,769</u>	<u>0</u>
Totals	<u>\$13,077,388</u>	<u>\$ 13,077,388</u>

Note 9 – Capital Leases

During Fiscal 2006, the City paid off the 1996, 2001, and 2003 capital lease obligations. There are no remaining capital lease obligations.

Note 10 – Long-Term Debt

The following is a description of general and limited obligation bonds/warrants at September 30, 2006:

1. General obligation warrants, series 1997, dated August 1, 1997 with semi-annual interest payments each April 1 and October 1, and due in annual principal payments each April 1, beginning April 1, 1998 at interest rates of 3.90% to 5.125%. Final maturity of the warrant is April 1, 2017. \$ 2,235,000
2. General obligation warrants, series 2002, dated August 1, 2002, with a variable interest rate from 1.6% to 4.9% payable semi-annually along with variable annual principal payments. Final maturity February 1, 2032. \$ 2,460,000
3. General obligation refunding warrants, series 2003, dated May 29, 2003, with a variable interest rate from 1.6% to 4.0% payable semi-annually along with variable annual principal payments. Final maturity of the warrants is August 1, 2018. \$ 5,345,000

4. General obligation refunding and capital improvement warrants, series 2006, dated April 27, 2006 with a variable interest rate ranging from 3.5% to 5% payable semi-annually along with variable annual principal payments. Final maturity is April 1, 2029.	\$ 25,230,000
5. Limited obligation revenue warrants, series 2002, dated April 1, 2001, with an interest rate equal to 9.75% payable monthly, and with annual increasing principal payments. See Note 21 for more detail.	\$ 5,226,592
6. Limited obligation special tax warrants, series 2006, dated August 1, 2006, with an interest rate of 7.5% payable semi-annually along with variable annual principal payments. Final maturity August 1, 2036. See Note 22 for more detail.	<u>\$ 6,856,524</u>
Total Bonds & Warrants Payable	<u>\$ 47,353,116</u>

The annual requirements to amortize debt, including interest is as follows:

Fiscal Year Ending <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	1,518,539	2,273,421	3,791,960
2008	1,583,021	2,382,242	3,965,263
2009	1,723,117	2,319,607	4,042,724
2010	1,879,333	2,243,696	4,123,029
2011	1,876,021	2,159,789	4,035,810
2012-2016	11,832,513	9,241,419	21,073,932
2017-2021	10,388,658	6,134,731	16,523,389
2022-2026	7,741,276	3,614,360	11,355,636
2027-2031	6,255,758	1,684,970	7,940,728
2032-2036	2,554,880	567,538	3,122,418
SubTotals	<u>47,353,116</u>	<u>32,621,773</u>	<u>79,974,889</u>
Less: Deferred Bond Discount	(278,570)	278,570	--
Less: Deferred Amount On Refunding	<u>(389,463)</u>	<u>389,463</u>	--
Totals	<u>\$ 46,685,083</u>	<u>\$ 33,289,806</u>	<u>\$ 79,974,889</u>

The following is a summary of the changes in non-current liabilities reported in the governmental activities section of the Statement of Net Assets for the year ended September 30, 2006:

	Balance			Balance	Due Within
	<u>October 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30</u>	<u>One Year</u>
General and Limited Obligation					
bonds/warrants	28,193,151	32,086,524	(12,926,559)	47,353,116	1,518,539
Less: Bond Discount	-	(291,232)	12,662	(278,570)	(12,662)
Less: Deferred Amount on Refunding	<u>-</u>	<u>(428,409)</u>	<u>38,946</u>	<u>(389,463)</u>	<u>(38,946)</u>
Total General and Limited Obligation					
Bonds/Warrants	28,193,151	31,366,883	(12,874,950)	46,685,083	1,466,931
Notes Payable	544,524	-	(155,196)	389,328	154,813
Obligations Under Capital Lease	182,554	-	(182,554)	-	-
Purchase Agreements	307,333	-	(307,333)	-	-
Compensated Absences	<u>143,992</u>	<u>44,740</u>	<u>-</u>	<u>188,732</u>	<u>75,493</u>
Total	<u>\$29,371,554</u>	<u>\$31,411,622</u>	<u>\$(13,520,033)</u>	<u>\$47,263,143</u>	<u>\$1,697,237</u>

The following is a summary of the changes in non-current liabilities reported in the business-type activities section of the Statement of Net Assets for the year ended September 30, 2006.

	Balance			Balance	Due Within
	<u>October 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30</u>	<u>One Year</u>
General and Limited Obligation bonds/warrants	71,830	-	(71,830)	-	-
Obligations Under Capital Lease	152,008	-	(152,008)	-	-
Compensated Absences	<u>8,615</u>	<u>-</u>	<u>(1,757)</u>	<u>6,859</u>	<u>2,743</u>
Total	<u>\$160,624</u>	<u>-</u>	<u>\$(153,765)</u>	<u>\$6,859</u>	<u>\$2,743</u>

Note 11 – Advance Bond Refunding

On April 24, 2006 the City issued \$ 25,230,000 in 2006 General Obligation Refunding and Capital Improvement Warrants. Interest rates range from 3.61% to 5.0%. Of the total issue \$ 12,025,000 was applied to refundings: \$ 6,295,000 was for the partial refunding of the 1997 warrants and \$ 5,730,000 was for the full refunding of the 1999 warrants.

Advance Refunding – The advance partial refunding of the Series 1997 General Obligation Warrants consisted of \$ 6,295,000. The net proceeds of the refunding were used for the purchase of direct general obligations of the United States of America, State and Local Government series. These securities were deposited in an irrevocable trust to provide for partial redemption and payment of the Series 1997 Warrants on April 1, 2007. Series 1997 Warrant maturities dated after April 1, 2007 will be redeemed at a premium of 2%.

Advance Refunding – The advance refunding of the Series 1999 General Obligation Warrants consisted of the remaining outstanding balance of \$ 5,730,000. The net proceeds of the refunding were used for the purchase of direct general obligations of the United States of America, State and Local Government series. These securities were deposited in an irrevocable trust to provide for redemption and payment of the Series 1999 Warrants. Series 1999 Warrant maturities dated after April 1, 2009 will be redeemed at a premium of 2%.

The refunding decreased total debt service payments through 2029 by \$ 495,376. The maturity dates for the refunded issues are kept the same with the final maturity of 2029. The estimated economic gain (difference between the present values of the debt service payment on the old and new debt) totaled \$ 329,492, according to the bond and valuation advisors.

Note 12 – Defeasance of Prior Debt

The City has defeased certain outstanding general obligation warrants by placing the proceeds of new bonds 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, 2006, the following outstanding debt is considered defeased:

1997 General Obligation Warrants	6,295,000
1999 General Obligation Warrants	5,730,000

Note 13 – Non-monetary Transactions

During the year, non-monetary transactions occurred, which include infrastructure and other improvements constructed by subdivision developers. After the completion of subdivision construction, infrastructure and other such improvements are donated to the City for continued repair and maintenance. Prior to this non-monetary donation certain development standards must be met before acceptance is made. Valuations are based on developer cost and donations are recorded as capital contributions. Such transactions totaled \$ 6,112,396 in fiscal 2006.

Note 14 – Pension Plan – Defined Benefit Pension Plan

A. Plan Description

The City of Daphne contributes to the Employees' Retirement System of Alabama, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for various state agencies and departments.

Substantially all employees are members of the Employees' Retirement System of Alabama. Membership is mandatory for covered or eligible employees of the City of Daphne, Alabama. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service.

Retirement benefits are calculated by two methods with the retiree receiving payment under the method that yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, and (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method the retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members.

The Employees' Retirement System was established as of October 1, 1945, under the provisions of Act 515, Acts of Alabama 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 general administration and operation of the Employees' Retirement System is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended and Sections 36-27B-1 through 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the Commission authority to accept or reject various Cost-of-Living Adjustments (COLA's) granted to retirees.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Retirement Systems of Alabama. That report may be obtained by writing to The Retirement Systems of

Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

The City's covered payroll, as of 9/30/05, was \$ 7,317,079.

B. Contributions Required and Made

As of January 1, 2001, all certified full-time firefighters and law enforcement officers are required to pay 6% of their gross earnings to the pension plan. All other eligible employees of the City are required to pay 5% of their gross earnings to the pension plan. The City makes annual contributions to the pension plan equal to the amount required by the plan. During fiscal year 2006, the City was required to contribute 6.31% of its covered payroll to the plan. The required contribution percentage was determined as a part of the September 30, 2005, actuarial valuation (the latest valuation date) using the entry age actuarial cost method. The actuarial assumptions included are (a) an 8% investment rate of return (net administrative expenses), (b) projected salary increases ranging from 4.61% to 7.75% per year, (c) 4.5 % inflation, and (d) no cost-of-living adjustments. The actuarial value of ERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at September 30, 2005, was 15 years.

Total fiscal year 2006 contributions amounted to \$ 845,602, of which \$ 458,252, was made by the City, and \$ 387,350 was made by employees.

C. Annual Pension Cost and Funding Status

The State Retirement Systems of Alabama notified its participants of certain changes for the year-end valuations for the year ending 9/30/98 and future years. The adoption of GASB Statement No. 25 Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers, caused some local units to experience changes in the accrued liability rate. Additional general information provided by the state reporting agency indicated (1.) There have been no changes in the actuarial cost method, and there have been no amendments to the System affecting the valuation, and (2.) Actuarial gains and losses are reflected in the un-funded actuarial accrued liability, which is being amortized within a 20-year period.

Total pension benefit data from the Actuarial Valuation of the City Employee's Retirement as of September 30, 2005, were as follows:

Trend Information

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of <u>APC Contributed</u>	Net Pension <u>Obligation (NPO)</u>
09/30/2003	285,063	100%	\$0
09/30/2004	366,121	100%	\$0
09/30/2005	431,379	100%	\$0

Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)*	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-)/c)
09/30/99	5,082,896	4,760,346	(322,550)	106.8%	4,795,709	(6.7%)
09/30/00	5,889,970	5,364,569	(525,401)	109.8%	5,366,317	(9.8%)
09/30/01+	6,706,753	6,796,122	89,369	98.7%	5,921,919	1.5%
09/30/02*+	7,256,539	8,300,993	1,044,454	87.4%	6,106,825	17.1%
09/30/03**	7,936,305	9,055,917	1,119,612	87.6%	6,307,654	17.8%
09/30/04#	8,774,318	9,763,557	989,238	89.9%	6,745,447	14.7%
09/30/05	9,771,043	11,246,917	1,475,874	86.9%	7,317,079	20.2%

*Reflects liability cost of living benefit increases granted on or after October 1, 1978

+Reflects changes in actuarial assumptions (as of 9/30/2001). Also effect of DROP if unit elected to enroll.

*+Reflects effect of DROP if unit elected to enroll prior to June 30, 2003.

**Reflects effect of DROP if unit elected to enroll prior to May 18, 2004.

#Reflects effect of DROP if unit elected to enroll prior to August 4, 2005.

Note: The City of Daphne has not elected to enroll in DROP.

Summary of Employee Census Data

Number of Active Members	229
2005 Annual Compensation Base	\$ 7,317,079
Number of Retired Members and Beneficiaries	15
Annual Retirement Allowance	\$ 255,486
Actuarial Value of Assets	\$ 9,771,043
Actuarial Accrued Liability Entry Age	\$11,246,917
Un-funded Actuarial Accrued Liability	\$ 1,475,874
Funded Ratio	86.9%
Un-funded Actuarial Accrued Liability	20.2%

In addition to the trend data presented above, ten-year historical trend information is presented in the 2005 State Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

Note 15 – Other Retirement Plans and Other Employee Benefits

Post Employment Health Care 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. Presently, two (2) retirees and/or their dependents are covered under the health care plan and one (1) retiree is 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.

The total fiscal 2006 cost for these benefits is \$ 4,158.

Deferred Compensation Plans – The City offers its employees a choice of three 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. Two 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 16 – Restricted Net Assets

The City records restrictions in the Statement of Net Assets to indicate that a portion of the net assets is legally segregated for a specific future use. The following details the description and amount of all restricted net assets at September 30, 2006.

Restricted for Debt Service	
Debt Service Fund	\$ 1,100,688
Restricted for Capital Projects	
Construction Funds & Grants	1,813,068
Restricted for Other Purposes	
State Law Restricted Use	<u>400,871</u>
Total	<u>\$ 3,314,627</u>

Note 17 – 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 are not likely to have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

Note 18 – City of Daphne Utility Board – A 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 Statement 14.

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. Additionally, the City allows the Utility Board to use its vehicle maintenance facility for minor repairs and fuel. Maintenance and fuel charges are billed monthly to the Utility Board by the City. This generates an ongoing receivable balance due the City from the Utility Board. The specific receivable amounts are reflected in the General Fund and the Enterprise Funds and are summarized as follows:

Due From Utility Board for Fuel & Vehicle Maintenance	\$ 39,178
Due From Utility Board for Garbage Fees	<u>93,262</u>
Total Due From Utility Board @ 9/30/06	<u>\$132,440</u>

The City of Daphne and The Utilities Board have worked jointly on Capital Improvements (sewer) since fiscal year 2001. The City issued Series 1999 General Obligation Improvements Warrants in the amount of \$6,305,000 in October 1999. The primary portion of these funds (\$5,000,000) was designated for sewer additions within the City of Daphne (See Note 6 for additional detail). The City of Daphne and The Utilities Board have an agreement whereby the director of the Utility Board serves as the administrator of these sewer projects. Upon project completion, the Utility Board assumes ownership of the sewer projects and is responsible for maintenance and upkeep.

Note 19 – Federal and State Grants

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

Note 20 – Bay Front Property Purchase Agreement

On September 15, 2003, the City Council entered into a Purchase Agreement with Scenic 98 Ltd. for the acquisition of 11.5 +/- acres of additional bay front property located on the north side of Village Point Park Preserve. The total purchase price of the property totaled \$922,000. This amount plus interest "not to exceed 5%" was due and payable to Scenic 98 Ltd. over a 3-year term with the first payment due 10/01/2004. The City of Daphne made the final payment September 29, 2006.

The intent of the City was that Lodging Tax proceeds would pay for the property. However, in Fiscal Years 2004 and 2005, the General Fund transferred a combined sum of \$ 426,278 to the Lodging Tax Fund in order to make the payments required by the Purchase Agreement.

In August 2006, the City of Daphne received notification from NOAA (National Oceanic and Atmospheric Administration) that it had been awarded a grant in the amount of \$ 935,843. This grant allowed the cost of this land to be treated as a pre-award cost, so the City was able to be reimbursed for the purchase of this property. The City did not expect to receive a grant for the acquisition of the property and, accordingly, did not record a grant receivable in fiscal years 2004 and 2005. Therefore, the full amount of the grant award is recognized as a capital grant in Fiscal 2006 in the Lodging Tax Fund and \$ 426,278 is transferred back to the General Fund as a prior year reimbursement.

Note 21 – 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 requires the City of Daphne to provide financing, in the form of a warrant, in the amount of \$5,700,000. Subsequent to the Council's vote to enter into the Development Agreement, the validation of the warrants was challenged by a group of citizens. The validation hearing was appealed to the Alabama Supreme Court, which did affirm the validation of the warrants in January 2002. 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 2006 included an increase in the City's General Fund of \$ 142,508 and \$ 427,524 in debt service payments on the Limited Obligation warrant of Conduit Debt Obligation. The fiscal 2006 balance of the limited debt obligation was \$5,226,592. As the debt service paid is subject to the terms of the Development Agreement, the City did not make any of the scheduled principal payments in Fiscal 2006 and interest payments were approximately 10 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 22 – 2006 Limited Obligation Special Tax Warrants (Eastern Shore Park Project)

In April 2006 the City Council approved a resolution in the amount of \$ 8,800,000 to enter into a Development Agreement with Malbis Properties LLC for the acquisition of property and development of a shopping center in Daphne, Alabama. In September 2006, the resolution was amended to include issuance costs for a total indebtedness not to exceed \$ 9,090,000.

The Development Agreement requires the City of Daphne to provide financing, in the form of a warrant, in an amount not to exceed \$ 9,090,000. 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. (40% of sales, use, lodging, and other like taxes except 50% of such taxes for automobiles.)

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 (Malbis Properties LLC) 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 development was not open for retail activity until November 2006. Of the \$ 9,090,000 authorized for the warrant, \$ 6,856,524 was issued in fiscal 2006. The amount issued was \$ 263,394 for costs of issuance and \$ 6,593,130 for infrastructure and costs as authorized by the Development Agreement. A summary of the portion of these costs allocated for public improvements follows:

\$ 2,518,333	Drainage
2,438,495	Land/Landscaping
1,636,302	Roads/Traffic Signals/Signs

Note 23 – De-Annexation of Property

On April 18, 2005, the City of Daphne entered into a contract with Cypress/Spanish Fort I, LP, A *Texas Limited Partnership*. The contract called for the City of Daphne to de-annex approximately 39.73 acres of real property located north of I-10. For consideration in the amount of \$1,000,000, the City of Daphne granted the de-annexation request. The sum of \$1,000,000 was received by the City of Daphne on May 20, 2005. The City Council reserved the \$1,000,000 and accrued interest thereon to be held for future recreational purposes. In Fiscal 2006, interest in the amount of

\$ 37,769 was earned on this reserve and \$ 237,067 was disbursed for the purchase of property. The balance of this reserve at September 30, 2006 is \$ 814,855.

Note 24 – Federal Disaster Area

A) Hurricane Ivan

On September 15 and 16, 2004, Hurricane Ivan struck the Alabama gulf coast, causing extensive damage. The storm-related reimbursements to the City in fiscal 2006 for in-kind labor and equipment services totaled \$ 292,008. The costs sustained by the City of Daphne were predominately for debris cleanup. The area was declared a federal disaster area and, therefore, is eligible for cost reimbursements from the Federal Emergency Management Agency (FEMA) and the State of Alabama. A summary of the types of damages, the estimated total cost of such damages, and the funding sources are shown below:

Summary of Damages:

\$2,271,761	Debris Clean-up
200,996	Emergency Response Operations
175,213	Building Damage/Loss
119,387	Damages to Parks
87,403	Damages to Roads & Drainage Systems
<u>\$2,854,760</u>	

Summary of Cost Reimbursement:

\$2,421,862	FEMA
222,293	State of Alabama
205,960	Insurance & Other Reimbursements
4,645	City of Daphne
<u>\$2,854,760</u>	

At September 30, 2006, \$ 21,018 was due from FEMA and the State of Alabama for certain on-going relocation expenses for the planning and building inspections departments.

B) Hurricane Katrina

On August 28 and 29, 2005, Hurricane Katrina struck the Alabama gulf coast, causing extensive damage. At the end of fiscal 2006, total storm-related damages total \$1,637,676 (including \$ 27,105 for grant administration). Of this amount, \$ 967,892 was expended in fiscal 2006. The damages sustained by the City of Daphne were predominantly debris cleanup and damages to bay front parks. The area was declared a federal disaster area and, therefore, is eligible for cost reimbursements

from the Federal Emergency Management Agency (FEMA) and the State of Alabama.

Summary of Damages:

\$ 826,198	Damages to Bay Front Parks
652,763	Debris Clean-up
96,268	Emergency Response Operations
25,297	Building Damages
10,045	Damages to Roads & Drainage Systems
<u>\$1,610,571</u>	

Summary of Cost Reimbursements:

\$ 1,395,185	FEMA
86,154	State
129,232	City of Daphne
<u>\$ 1,610,571</u>	

At September 30, 2006, \$ 359,055 was due from FEMA and the State of Alabama for repairs made to bay front parks.

The City of Daphne experienced NO negative financial impacts due to Hurricanes Ivan and Katrina.

Note 25 – 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 City of Daphne's total indebtedness at September 30, 2006, was \$ 47,353,116. Of this total, \$ 35,955,192 is chargeable to the constitutional debt limit. This chargeable debt is equal to 17.8% of the total assessed value of real and personal property located within the City; this leaves a \$17,264,896 margin available for future borrowings. Based on the City of Daphne's 2000 census, the per capita debt is \$ 2,856.

Note 26 - Prior Period Adjustments

Property Taxes- Beginning in the current fiscal year ending September 30, 2006, in accordance with GASB 33, the City began to record property tax receivable as of 9/30 each year. The City assesses and levies property taxes each 10/01 and begins collecting the following year. (ie: The City assessed property taxes on 10/01/05 and the County began collecting and remitting the tax to the City in October 2006.)

Fund Financial Statements

The City recognizes the taxes collected within the first 60 days after 9/30. Beginning fund balances, taxes receivable, and deferred revenue have been increased by \$310,590; \$ 2,747,387; and \$ 2,436,797; respectively, to reflect additional property tax accounts receivable and deferred revenue at 9/30/05.

Government-wide Financial Statements

The City recognizes total estimated tax collections for the 10/01 tax assessment that is collected starting in October of the following year. Beginning net assets and receivables have been increased by \$ 2,747,387 to reflect additional property tax accounts receivable at 9/30/05.

Fiduciary Fund Receivables/Payables- For fiscal year ending 9/30/05, a prior period adjustment in the amount of \$ 79,161 was recognized in the Statement of Activities. This amount was for Payables from the Fiduciary Funds. This amount was reversed and corrected at 9/30/06.

Note 27 – Concentration – Revenue Source

The City receives approximately 19% of its annual sales, use & luxury taxes from one business within the City of Daphne.

Required Supplementary Information

CITY OF DAPHNE, ALABAMA
Schedule of Revenues and Expenditures - Budget & Actual
General Fund
For The Year Ended September 30, 2006

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)/Over Final Budget	% Budget
	Original	Final			
Revenues					
Sales, Use, & Luxury Taxes	\$ 11,143,334	\$ 11,143,334	\$ 12,288,352	\$ 1,145,018	110%
Payment in Lieu of Taxes	1,243,500	1,243,500	1,475,563	232,063	119%
Ad Valorem Taxes	3,267,000	3,267,000	3,309,937	42,937	101%
Licenses & Permits	1,740,220	1,740,220	2,015,129	274,909	116%
Intergovernmental	152,160	152,160	369,426	217,266	243%
Fees & Charges	341,390	341,390	416,813	75,423	122%
Fines	405,500	405,500	365,182	(40,318)	90%
Interest	65,000	65,000	238,840	173,840	367%
Grants	30,000	70,000	89,689	19,689	128%
Miscellaneous	12,400	330,129	401,672	71,543	122%
Sub-Total Revenues	18,400,504	18,758,233	20,970,602	2,212,369	112%
Volunteer Firefighters	-	-	-	-	N/A
FEMA & Insurance Proceeds	-	35,483	-	(35,483)	0%
Non-Recurring Rev	-	35,483	-	(35,483)	0%
TOTAL REVENUES	18,400,504	18,793,716	20,970,602	2,176,886	112%
Expenditures					
GENERAL GOVERNMENT					
Legislative					
Personnel	171,945	171,945	170,878	(1,067)	99%
Operating	170,933	270,048	244,703	(25,345)	91%
Capital	-	-	-	-	N/A
	342,878	441,993	415,582	(26,411)	94%
Municipal Elections					
Operating	25,500	25,500	-	(25,500)	0%
Executive					
Personnel	123,072	124,992	119,592	(5,400)	96%
Operating	26,015	34,175	28,876	(5,299)	84%
Capital	-	-	-	-	N/A
	149,087	159,167	148,469	(10,698)	93%
Human Resources					
Personnel	157,734	157,734	156,993	(741)	100%
Operating	67,401	69,151	63,145	(6,006)	91%
Capital	-	-	-	-	N/A
	225,135	226,885	220,138	(6,747)	97%
Finance					
Personnel	333,032	351,936	362,447	10,511	103%
Operating	131,413	129,863	121,110	(8,753)	93%
Capital	-	8,050	7,745	(305)	96%
	464,445	489,849	491,302	1,453	100%
Revenue					
Personnel	126,694	126,694	114,843	(11,851)	91%
Operating	37,098	43,098	36,725	(6,373)	85%
Capital	-	-	-	-	N/A
	163,792	169,792	151,567	(18,225)	89%
Planning/Zoning					
Personnel	312,470	312,470	259,394	(53,076)	83%
Operating	69,590	69,590	63,277	(6,313)	91%
Capital	-	-	-	-	N/A
	382,060	382,060	322,671	(59,389)	84%
Legal/Risk Management					
Operating - Legal	170,000	170,000	159,974	(10,026)	94%
Operating - Risk Mgt	132,320	132,320	132,745	425	100%
	302,320	302,320	292,719	(9,601)	97%

(continued)

CITY OF DAPHNE, ALABAMA
Schedule of Revenues and Expenditures - Budget & Actual
General Fund
For The Year Ended September 30, 2006

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)/Over Final Budget	% Budget
	Original	Final			
Municipal Court					
Personnel	\$ 169,093	\$ 169,093	\$ 155,929	\$ (13,164)	92%
Operating	56,946	56,946	51,704	(5,242)	91%
	<u>226,039</u>	<u>226,039</u>	<u>207,633</u>	<u>(18,406)</u>	<u>92%</u>
Building Maintenance					
Personnel	164,591	164,591	195,710	31,119	119%
Operating	24,450	23,791	20,103	(3,688)	84%
Capital	-	-	-	-	N/A
	<u>189,041</u>	<u>188,382</u>	<u>215,813</u>	<u>27,431</u>	<u>115%</u>
Janitorial					
Personnel	60,293	60,293	55,870	(4,423)	93%
Operating	14,305	14,565	8,460	(6,105)	58%
Capital	-	-	-	-	N/A
	<u>74,598</u>	<u>74,858</u>	<u>64,330</u>	<u>(10,528)</u>	<u>86%</u>
Facilities Support					
Operating	65,385	66,335	56,248	(10,087)	85%
Capital	-	585,000	584,999	(1)	100%
	<u>65,385</u>	<u>651,335</u>	<u>641,247</u>	<u>(10,088)</u>	<u>98%</u>
TOTAL GENERAL GOVERNMENT					
Personnel	1,618,924	1,639,748	1,591,656	(48,092)	97%
Operating	991,356	1,105,382	987,071	(118,311)	89%
Capital	-	593,050	592,744	(306)	100%
	<u>2,610,280</u>	<u>3,338,180</u>	<u>3,171,471</u>	<u>(166,709)</u>	<u>95%</u>
PUBLIC SAFETY					
Police					
Personnel	3,350,445	3,464,922	3,298,008	(166,914)	95%
Operating	653,488	663,799	732,589	68,790	110%
Capital	-	287,605	278,788	(8,817)	97%
	<u>4,003,933</u>	<u>4,416,326</u>	<u>4,309,386</u>	<u>(106,940)</u>	<u>98%</u>
Central Communications					
Operating	7,000	7,000	9,935	2,935	142%
Capital	-	-	-	-	N/A
	<u>7,000</u>	<u>7,000</u>	<u>9,935</u>	<u>2,935</u>	<u>142%</u>
Fire					
Personnel	1,070,490	1,199,244	1,209,798	10,554	101%
Operating	418,157	464,998	415,131	(49,867)	89%
Capital	-	35,483	74,778	39,295	211%
	<u>1,488,647</u>	<u>1,699,725</u>	<u>1,699,707</u>	<u>(18)</u>	<u>100%</u>
Rescue					
Operating	18,210	18,210	21,177	2,967	116%
Capital	-	-	-	-	N/A
	<u>18,210</u>	<u>18,210</u>	<u>21,177</u>	<u>2,967</u>	<u>116%</u>
Building Inspections					
Personnel	222,254	241,186	241,491	305	100%
Operating	36,300	39,300	39,950	650	102%
Capital	-	18,000	22,522	4,522	125%
	<u>258,554</u>	<u>298,486</u>	<u>303,963</u>	<u>5,477</u>	<u>102%</u>
Code Enforcement					
Personnel	47,775	47,775	48,017	242	101%
Operating	5,950	5,039	4,766	(273)	95%
Capital	-	-	-	-	N/A
	<u>53,725</u>	<u>52,814</u>	<u>52,784</u>	<u>(30)</u>	<u>100%</u>
TOTAL PUBLIC SAFETY					
Personnel	4,690,964	4,953,127	4,797,314	(155,813)	97%
Operating	1,139,105	1,198,346	1,223,549	25,203	102%
Capital	-	341,088	376,088	35,000	110%
	<u>5,830,069</u>	<u>6,492,561</u>	<u>6,396,952</u>	<u>(95,609)</u>	<u>99%</u>

(continued)

CITY OF DAPHNE, ALABAMA
Schedule of Revenues and Expenditures - Budget & Actual
General Fund
For The Year Ended September 30, 2006

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)/Over Final Budget	% Budget
	Original	Final			
PUBLIC WORKS					
Administration					
Personnel	\$ 248,527	\$ 248,527	\$ 244,260	\$ (4,267)	98%
Operating	82,817	95,442	78,846	(16,596)	83%
Capital	-	-	16,595	16,595	N/A
	<u>331,344</u>	<u>343,969</u>	<u>339,702</u>	<u>(4,267)</u>	<u>99%</u>
Facilities Support					
Operating	32,445	32,765	32,576	(189)	99%
Capital	-	-	-	-	N/A
	<u>32,445</u>	<u>32,765</u>	<u>32,576</u>	<u>(189)</u>	<u>99%</u>
Solid Waste					
Personnel	227,450	227,450	238,754	11,304	105%
Operating	139,300	139,300	127,996	(11,304)	92%
Capital	-	-	-	-	N/A
	<u>366,750</u>	<u>366,750</u>	<u>366,750</u>	<u>(0)</u>	<u>100%</u>
Street					
Personnel	447,548	447,548	461,523	13,975	103%
Operating	525,515	539,265	506,209	(33,056)	94%
Capital	-	25,300	44,380	19,080	175%
	<u>973,063</u>	<u>1,012,113</u>	<u>1,012,112</u>	<u>(1)</u>	<u>100%</u>
Street- Infrastructure					
Operating	-	-	-	-	N/A
Capital	242,821	1,087,358	1,203,152	115,794	111%
	<u>242,821</u>	<u>1,087,358</u>	<u>1,203,152</u>	<u>115,794</u>	<u>111%</u>
Grounds					
Personnel	472,349	477,349	447,508	(29,841)	94%
Operating	218,165	253,504	286,937	33,433	113%
Capital	-	5,795	5,795	-	100%
	<u>690,514</u>	<u>736,648</u>	<u>740,239</u>	<u>3,591</u>	<u>100%</u>
Mowing					
Personnel	329,304	329,304	315,739	(13,565)	96%
Operating	146,070	111,020	127,214	16,194	115%
Capital	-	119,905	120,076	171	100%
	<u>475,374</u>	<u>560,229</u>	<u>563,029</u>	<u>2,800</u>	<u>100%</u>
Garage					
Personnel	389,199	389,199	377,478	(11,721)	97%
Operating	452,985	454,235	417,521	(36,714)	92%
Capital	-	-	36,714	36,714	N/A
Reimbursements	(285,000)	(285,000)	(427,748)	(142,748)	150%
	<u>557,184</u>	<u>558,434</u>	<u>403,965</u>	<u>(154,469)</u>	<u>72%</u>
TOTAL PUBLIC WORKS					
Personnel	2,114,377	2,119,377	2,085,262	(34,115)	98%
Operating	1,597,297	1,625,531	1,577,300	(48,231)	97%
Capital	242,821	1,238,358	1,426,713	188,355	115%
Reimbursements	(285,000)	(285,000)	(427,748)	(142,748)	150%
	<u>3,669,495</u>	<u>4,698,266</u>	<u>4,661,527</u>	<u>(36,739)</u>	<u>99%</u>
RECREATION & LIBRARY					
Parks					
Personnel	127,727	299,992	286,814	(13,178)	96%
Operating	68,595	-	5,320	5,320	N/A
Capital	-	-	-	-	N/A
	<u>196,322</u>	<u>299,992</u>	<u>292,134</u>	<u>(7,858)</u>	<u>97%</u>
Recreation Parks					
Personnel	172,265	-	-	-	N/A
Operating	250,445	314,420	295,440	(18,980)	94%
Capital	-	-	17,500	17,500	N/A
	<u>422,710</u>	<u>314,420</u>	<u>312,940</u>	<u>(1,480)</u>	<u>100%</u>

(continued)

CITY OF DAPHNE, ALABAMA
Schedule of Revenues and Expenditures - Budget & Actual
General Fund
For The Year Ended September 30, 2006

	BUDGETED AMOUNTS		ACTUAL Budgetary Basis	Variance- (Under)/Over Final Budget	% Budget
	Original	Final			
Recreation					
Personnel	\$ 380,745	\$ 400,617	\$ 350,660	\$ (49,957)	88%
Operating	270,760	285,539	268,937	(16,602)	94%
Capital	-	-	-	-	N/A
	<u>651,505</u>	<u>686,156</u>	<u>619,597</u>	<u>(66,559)</u>	<u>90%</u>
Library					
Personnel	376,923	406,923	366,730	(40,193)	90%
Operating	113,745	133,745	137,515	3,770	103%
Capital	-	-	-	-	N/A
	<u>490,668</u>	<u>540,668</u>	<u>504,245</u>	<u>(36,423)</u>	<u>93%</u>
TOTAL LIBRARY AND RECREATION					
Personnel	1,057,660	1,107,532	1,004,205	(103,327)	91%
Operating	703,545	733,704	707,211	(26,493)	96%
Capital	-	-	17,500	17,500	N/A
	<u>1,761,205</u>	<u>1,841,236</u>	<u>1,728,916</u>	<u>(112,320)</u>	<u>94%</u>
Total Expenditures					
Personnel	9,481,925	9,819,784	9,478,437	(341,347)	97%
Operating	4,431,303	4,662,963	4,495,131	(167,832)	96%
Capital	242,821	2,172,496	2,413,045	240,549	111%
Reimbursement	(285,000)	(285,000)	(427,748)	(142,748)	150%
	<u>13,871,049</u>	<u>16,370,243</u>	<u>15,958,866</u>	<u>(411,377)</u>	<u>97%</u>
Excess (Deficit) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>4,529,455</u>	<u>2,423,473</u>	<u>5,011,736</u>	<u>2,588,263</u>	<u>207%</u>
<i>OTHER FINANCING SOURCES/(USES)</i>					
Gen Long-Term Debt Proceeds	-	-	-	-	N/A
Allowance for Pay Plan	-	(47,017)	-	47,017	0%
Transfers from Other Funds	-	-	820,908	820,908	N/A
Transfers to Debt Service	(1,858,006)	(2,483,006)	(2,483,006)	-	100%
Transfers to Capital Reserve	(500,000)	(500,000)	(500,000)	-	100%
Transfers to NRCS	(10,000)	(10,000)	(44,898)	(34,898)	449%
Transfers to Lodging Tax	-	-	-	-	N/A
Transfers to Major/Non Major Storms	-	-	-	-	N/A
Transfers to Sail Site	(26,987)	(26,987)	(32,187)	(5,200)	119%
Transfers to SWA Enterprise Fund	(59,689)	(113,813)	(94,144)	19,669	83%
Transfers to Civic Center Enterprise Fnd	(333,074)	(355,074)	(329,845)	25,229	93%
Transfers to Bay Front Enterprise Fund	(76,401)	(76,401)	(89,027)	(12,626)	117%
	<u>(2,864,157)</u>	<u>(3,612,298)</u>	<u>(2,752,200)</u>	<u>860,098</u>	<u>76%</u>
Total Revenues Over (Under) Expenditures	<u>\$ 1,665,298</u>	<u>\$ (1,188,825)</u>	<u>\$ 2,259,536</u>	<u>\$ 3,448,361</u>	<u>-190%</u>

City of Daphne, Alabama

Notes To
Schedule of Revenues and Expenditures-
Budget and Actual
General Fund
Year Ended September 30, 2006

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 revenue and expenditures, except, for budgetary purposes, current year encumbrances are treated as expenditures. Additionally, the adopted budget did not include an estimate for the accrual of property taxes to be collected within 60 days of the close of the fiscal year. The appropriated General Fund budget does not include certain non-cash transactions related to Proprietary Funds- such as adjustments for depreciation, principal payments, and allowances for compensated absences. The following is a summary of the reconciliation of generally accepted accounting principles (GAAP) revenues over expenditures to budgetary revenues over expenditures for the fiscal year ended September 30, 2006:

GAAP Revenues Over Expenditures	\$ 2,471,065
Encumbrances outstanding at	
September 30, 2006	(407,450)
September 30, 2005	449,493
Accrual of Property Taxes	(186,190)
Enterprise Fund Adjustments	<u>(67,383)</u>
Budgetary Revenues over Expenditures	<u><u>\$ 2,259,536</u></u>

**Combining Non-Major Governmental
Fund Financial Statements**

CITY OF DAPHNE, ALABAMA
Balance Sheet- Summary
Non-Major Governmental Funds
September 30, 2006

	CAPITAL PROJECTS FUNDS		
	1997	1999	2000
	<u>Construction</u>	<u>Construction</u>	<u>Construction</u>
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 5,039	\$ 554,830	\$ 90,710
Investments	-	-	-
Taxes Receivable	-	-	-
Receivables from Other Govts	-	-	-
Due From Utility Board	-	-	-
Due From Other Funds	-	1,050,000	-
Other Receivables	-	13,029	-
Inventories	-	-	-
Total Assets	5,039	1,617,859	90,710
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts Payable	-	-	-
Wages/Accrued WH Payable	-	-	-
Due to Other Funds	-	-	-
Deferred Revenue	-	13,029	-
	-	13,029	-
<u>Fund Balances:</u>			
Reserved for:			
Capital Projects	10,000	1,722,359	-
Encumbrances	-	-	-
Debt Service	-	-	-
Sewer Projects	-	-	-
Other Purposes	-	-	-
Reserved	10,000	1,722,359	-
Unreserved, Reported In:			
General Fund	-	-	-
Special Revenues Funds	-	-	-
Capital Projects Funds	(4,961)	(117,528)	90,710
Unreserved	(4,961)	(117,528)	90,710
Total Fund Balances	5,039	1,604,830	90,710
Total Liabilities and Fund Balances	\$ 5,039	\$ 1,617,859	\$ 90,710

The Accompanying Notes are an Integral part of the Financial Statements

CAPITAL PROJECTS FUNDS (cont.)			Special	Total Other
2002 Ltd Ob	CDBG		Revenue	Governmental
Rev Con Fund	SM-C-83-183	Sub-Total	Funds	
\$ -	\$ 712	\$ 651,291	\$ 281,852	\$ 933,143
-	-	-	-	-
-	-	-	-	-
-	-	-	10,683	10,683
-	-	-	-	-
-	-	1,050,000	283,508	1,333,508
44,087	-	57,116	-	57,116
-	-	-	-	-
44,087	712	1,758,407	576,042	2,334,449
-	-	-	62,970	62,970
-	-	-	-	-
-	-	-	-	-
44,087	-	57,116	1,009	58,125
44,087	-	57,116	63,979	121,095
-	-	1,732,359	46,520	1,778,878
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,732,359	46,520	1,778,878
-	-	-	-	-
-	-	-	465,544	465,544
-	712	(31,067)	-	(31,067)
-	712	(31,067)	465,544	434,477
-	712	1,701,291	512,064	2,213,355
\$ 44,087	\$ 712	\$ 1,758,407	\$ 576,042	\$ 2,334,449

CITY OF DAPHNE, ALABAMA
BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2006

	<u>4 CENT</u>	<u>7 CENT</u>	<u>SAIL SITE</u>	<u>LIBRARY</u>	<u>FED DRUG RECOVERIES</u>
<u>ASSETS</u>					
Cash & Cash Equivalents	\$ 97,054	\$ 183,063	\$ 1,736	\$ -	\$ -
Investments	-	-	-	-	-
Taxes Receivable	-	-	-	-	-
Receivables from Other Govts	4,720	5,963	-	-	-
Due From Utility Board	-	-	-	-	-
Due From Other Funds	-	-	-	38,857	25,240
Other Receivables	-	-	-	-	-
Inventories	-	-	-	-	-
Total Assets	<u>101,773</u>	<u>189,026</u>	<u>1,736</u>	<u>38,857</u>	<u>25,240</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities:</u>					
Accounts Payable	-	-	970	-	-
Wages/Accrued WH Payable	-	-	-	-	-
Due to Other Funds	-	-	321	-	-
Deferred Revenue	-	-	-	1,009	-
	<u>-</u>	<u>-</u>	<u>1,291</u>	<u>1,009</u>	<u>-</u>
<u>Fund Balances:</u>					
Reserved for:					
Capital Projects	25,123	21,396	-	-	-
Encumbrances	-	-	-	-	-
Debt Service	-	-	-	-	-
Sewer Projects	-	-	-	-	-
Other Purposes	-	-	-	-	-
Reserved	<u>25,123</u>	<u>21,396</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved, Reported In:					
General Fund	-	-	-	-	-
Special Revenues Funds	76,650	167,629	444	37,848	25,240
Capital Projects Funds	-	-	-	-	-
Unreserved	<u>76,650</u>	<u>167,629</u>	<u>444</u>	<u>37,848</u>	<u>25,240</u>
Total Fund Balances	<u>101,773</u>	<u>189,026</u>	<u>444</u>	<u>37,848</u>	<u>25,240</u>
Total Liabilities and Fund Balances	<u>\$ 101,773</u>	<u>\$ 189,026</u>	<u>\$ 1,736</u>	<u>\$ 38,857</u>	<u>\$ 25,240</u>

The Accompanying Notes are an Integral part of the Financial Statements

<u>STATE DRUG RECOVERIES</u>	<u>MUNI CT: EQ/TRAINING</u>	<u>CONCESSION STAND</u>	<u>NRCS GRANT</u>	<u>CORRECTIONS/ COURT FUND</u>	<u>NON-MAJOR STORMS</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 281,852
-	-	-	-	-	-	-
-	-	-	-	-	-	10,683
-	-	-	-	-	-	-
27,552	12,204	20,108	7,028	152,839	-	283,829
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>27,552</u>	<u>12,204</u>	<u>20,108</u>	<u>7,028</u>	<u>152,839</u>	<u>-</u>	<u>576,364</u>
-	-	-	7,028	54,972	-	62,970
-	-	-	-	-	-	-
-	-	-	-	-	-	321
-	-	-	-	-	-	1,009
-	-	-	7,028	54,972	-	64,300
-	-	-	-	-	-	46,520
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	46,520
-	-	-	-	-	-	-
27,552	12,204	20,108	-	97,868	-	465,544
-	-	-	-	-	-	-
<u>27,552</u>	<u>12,204</u>	<u>20,108</u>	<u>-</u>	<u>97,868</u>	<u>-</u>	<u>465,544</u>
<u>27,552</u>	<u>12,204</u>	<u>20,108</u>	<u>-</u>	<u>97,868</u>	<u>-</u>	<u>512,064</u>
<u>\$ 27,552</u>	<u>\$ 12,204</u>	<u>\$ 20,108</u>	<u>\$ 7,028</u>	<u>\$ 152,839</u>	<u>\$ -</u>	<u>\$ 576,364</u>

CITY OF DAPHNE, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance-SUMMARY
Non-Major Governmental Funds
For the Year Ended September 30, 2006

	CAPITAL PROJECTS FUNDS				
	1997	1999	2000	2002 Ltd Ob	CDBG
<u>REVENUES</u>	<u>Construction</u>	<u>Construction</u>	<u>Construction</u>	<u>Rev Con Fund</u>	<u>SM-C-83-183</u>
Taxes:					
Sales, Use, Luxury Property	\$ -	\$ -	\$ -	\$ -	\$ -
Total Taxes	-	-	-	-	-
Licenses & Permits	-	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-
Fines	-	-	-	-	-
Charges for Services	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Grants	-	-	-	-	-
Special Assessments	-	4,106	-	-	-
Interest/Invest Earnings	138	24,000	655	-	19
Drug Forfeitures	-	-	-	-	-
Contributions & Donations	-	22,137	-	44,087	-
Miscellaneous	-	-	-	-	219
TOTAL REVENUES	138	50,244	655	44,087	238
<u>EXPENDITURES</u>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Parks & Recreation	-	-	-	-	-
Total Current	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Cost of Debt Issuance	-	-	-	-	-
Total Debt Service	-	-	-	-	-
Capital Outlay:					
Vehicles	-	-	-	-	-
Equipment	-	-	-	-	-
Buildings & Property	-	-	-	-	-
Parks & Sidewalks	-	-	-	-	-
Highways & Streets & Drainage	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (deficiency) of Revenues Over (Under) Expenditures	138	50,244	655	44,087	238
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(44,087)	-
Contribution to Utility Board	-	(13,818)	-	-	-
Capital Lease Proceeds	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	(13,818)	-	(44,087)	-
Net Change in Fund Balances	138	36,425	655	-	238
Fund Balances— 10/1/2005	4,901	1,568,405	90,055	-	474
Fund Balances— 9/30/2006	\$ 5,039	\$ 1,604,830	\$ 90,710	\$ -	\$ 712

The Accompanying Notes are an Integral part of the Financial Statements

Capital Projects Funds	Special Revenue Funds	Total Other Governmental
Sub-Total	Funds	Governmental
\$ -	\$ 119,916	\$ 119,916
-	-	-
-	119,916	119,916
-	-	-
-	-	-
-	149,141	149,141
-	38,109	38,109
-	35,249	35,249
-	162,042	162,042
4,106	-	4,106
24,813	14,614	39,427
-	-	-
66,224	7,224	73,447
219	7,752	7,971
<u>95,362</u>	<u>534,047</u>	<u>629,409</u>
-	21,862	21,862
-	38,894	38,894
-	-	-
-	156,423	156,423
-	217,179	217,179
-	-	-
-	-	-
-	-	-
-	-	-
-	37,885	37,885
-	-	-
-	-	-
-	292,724	292,724
-	330,609	330,609
-	547,787	547,787
95,362	(13,740)	81,622
-	77,085	77,085
(44,087)	(4,269)	(48,356)
(13,818)	-	(13,818)
-	-	-
<u>(57,905)</u>	<u>72,816</u>	<u>14,911</u>
37,457	59,076	96,533
1,663,834	452,988	2,116,822
<u>\$ 1,701,291</u>	<u>\$ 512,064</u>	<u>\$ 2,213,355</u>

CITY OF DAPHNE, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>4 CENT</u>	<u>7 CENT</u>	<u>SAIL SITE</u>	<u>LIBRARY</u>	<u>FED DRUG RECOVERIES</u>	<u>STATE DRUG RECOVERIES</u>
Taxes:						
Sales, Use, Luxury Property	\$ 52,649	\$ 67,267	\$ -	\$ -	\$ -	\$ -
Total Taxes	<u>52,649</u>	<u>67,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Licenses & Permits	-	-	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-	-
Fines	-	-	-	22,937	16,407	19,449
Charges for Services	-	-	-	2,688	-	-
Intergovernmental	-	-	17,018	18,231	-	-
Grants	-	-	-	2,150	-	-
Special Assessments	-	-	-	-	-	-
Interest/Invest Earnings	4,038	4,193	-	-	632	1,109
Drug Forfeitures	-	-	-	-	-	-
Contributions & Donations	-	-	-	7,224	-	-
Miscellaneous	-	-	7,752	-	-	-
TOTAL REVENUES	<u>56,687</u>	<u>71,460</u>	<u>24,770</u>	<u>53,231</u>	<u>17,039</u>	<u>20,558</u>
<u>EXPENDITURES</u>						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	3,935	329
Public Works	-	-	-	-	-	-
Parks & Recreation	-	-	56,957	73,156	-	-
Total Current	<u>-</u>	<u>-</u>	<u>56,957</u>	<u>73,156</u>	<u>3,935</u>	<u>329</u>
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Cost of Debt Issuance	-	-	-	-	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay:						
Vehicles	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Buildings & Property	-	-	-	-	-	-
Parks & Sidewalks	-	-	-	-	-	-
Highways & Streets & Drainage	85,000	7,204	-	-	-	-
Total Capital Outlay	<u>85,000</u>	<u>7,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>85,000</u>	<u>7,204</u>	<u>56,957</u>	<u>73,156</u>	<u>3,935</u>	<u>329</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	(28,313)	64,257	(32,187)	(19,925)	13,104	20,229
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	-	-	32,187	-	-	-
Transfers Out	-	-	-	-	-	-
Contribution to Utility Board	-	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>32,187</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(28,313)	64,257	-	(19,925)	13,104	20,229
Fund Balances— 10/1/2005	130,086	124,769	444	57,773	12,135	7,323
Fund Balances— 9/30/2006	<u>\$ 101,773</u>	<u>\$ 189,026</u>	<u>\$ 444</u>	<u>\$ 37,848</u>	<u>\$ 25,240</u>	<u>\$ 27,552</u>

The Accompanying Notes are an Integral part of the Financial Statements

<u>MUNI CT: EQ/TRAINING</u>	<u>CONCESSION STAND</u>	<u>NRCS GRANT</u>	<u>CORRECTIONS/ COURT FUND</u>	<u>NON-MAJOR STORMS</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,916
-	-	-	-	-	-
-	-	-	-	-	119,916
-	-	-	-	-	-
4,962	-	-	85,386	-	149,141
-	35,421	-	-	-	38,109
-	-	-	-	-	35,249
-	-	155,623	-	4,269	162,042
-	-	-	-	-	-
335	-	-	4,306	-	14,614
-	-	-	-	-	-
-	-	-	-	-	7,224
-	-	-	-	-	7,752
<u>5,297</u>	<u>35,421</u>	<u>155,623</u>	<u>89,692</u>	<u>4,269</u>	<u>534,047</u>
2,407	-	-	19,454	-	21,862
-	-	-	34,631	-	38,894
-	-	-	-	-	-
-	26,310	-	-	-	156,423
<u>2,407</u>	<u>26,310</u>	-	<u>54,085</u>	-	<u>217,179</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	200,520	-	-	292,724
-	-	<u>200,520</u>	<u>37,885</u>	-	<u>330,609</u>
<u>2,407</u>	<u>26,310</u>	<u>200,520</u>	<u>91,970</u>	-	<u>547,787</u>
2,890	9,111	(44,898)	(2,278)	4,269	(13,740)
-	-	44,898	-	-	77,085
-	-	-	-	(4,269)	(4,269)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	<u>44,898</u>	-	<u>(4,269)</u>	<u>72,816</u>
2,890	9,111	-	(2,278)	-	59,076
9,314	10,997	-	100,146	-	452,988
<u>\$ 12,204</u>	<u>\$ 20,108</u>	<u>\$ -</u>	<u>\$ 97,868</u>	<u>\$ -</u>	<u>\$ 512,064</u>

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Supporting Schedules

CITY OF DAPHNE, ALABAMA
Disclosure: Capital Assets
9/30/2006

Primary Government

	Primary Government				Ending Balance, 9-30-2006
	Beginning Balance, 9-30-2005	Additions	Reclassifications	Retirements	
<u>Governmental Activities:</u>					
Land	\$ 8,847,565	\$ 2,031,778	\$ (113,988)	\$ -	\$ 10,765,355
Buildings	14,939,287	21,776	(7,052)	(17,245)	14,936,766
Other Improvements	1,237,247	712,398	121,040	(11,062)	2,059,623
Machinery & Equipment	7,258,919	621,887	-	(376,344)	7,504,462
Infrastructure	82,714,592	14,129,703	-	-	96,844,295
Construction in Progress	-	345,161	-	-	345,161
Total Historical Cost	<u>114,997,610</u>	<u>17,862,703</u>	<u>-</u>	<u>(404,651)</u>	<u>132,455,662</u>
<u>Less Accumulated Depreciation For:</u>					
Buildings	(2,773,508)	(296,066)	-	8,923	(3,060,651)
Other Improvements	(352,146)	(125,039)	-	7,207	(469,978)
Machinery & Equipment	(4,555,123)	(281,454)	-	357,617	(4,478,960)
Infrastructure	(41,522,408)	(2,523,652)	-	-	(44,046,060)
Total Accumulated Depreciation	<u>(49,203,185)</u>	<u>(3,226,211)</u>	<u>-</u>	<u>373,747</u>	<u>(52,055,649)</u>
Governmental Activities Capital Assets, Net	<u>\$ 65,794,425</u>	<u>\$ 14,636,492</u>	<u>\$ -</u>	<u>\$ (30,904)</u>	<u>\$ 80,400,013</u>
<u>Business-Type Activities:</u>					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Roads	137,266	-	-	-	137,266
Buildings & Facilities Improvments	208,191	38,108	-	-	246,299
Equipment	1,571,857	-	-	-	1,571,857
Total Historical Cost	<u>1,917,314</u>	<u>38,108</u>	<u>-</u>	<u>-</u>	<u>1,955,422</u>
<u>Less Accumulated Depreciation For:</u>					
Roads	(65,191)	(13,727)	-	-	(78,918)
Buildings & Facilities Improvments	(90,084)	(21,334)	-	-	(111,418)
Equipment	(1,312,725)	(74,778)	-	-	(1,387,503)
Total Accumulated Depreciation	<u>(1,468,000)</u>	<u>(109,839)</u>	<u>-</u>	<u>-</u>	<u>(1,577,839)</u>
Business-Type Activities Capital Assets, Net	<u>449,314</u>	<u>(71,730)</u>	<u>-</u>	<u>-</u>	<u>377,584</u>
Total Governmental and Business-Type Activities	\$ 66,243,739	\$ 14,564,762	\$ -	\$ (30,904)	\$ 80,777,597

Depreciation Expense was charged to Governmental functions as follows:

General Government	\$ 51,086
Public Safety	279,097
Public Works	93,198
Infrastructure	2,523,652
Parks & Recreation	279,180
	<u>\$ 3,226,213</u>

Depreciation Expense was charged to Business-Type Activities as follows:

Garbage	\$ 60,531
Recycling	35,330
Civic Center	9,219
Bayfront	4,760
	<u>\$ 109,839</u>

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CITY OF DAPHNE
Disclosure: Capital Assets
 General Fund

	Primary Government				Ending Balance, 9-30-2006
	Beginning Balance, 9-30-2005	Additions	Reclassifications	Retirements	
Governmental Activities:					
Land	\$ 166,200	\$ 67,500	\$ (12,434)	\$ -	\$ 221,266
Buildings	1,656,647	21,776	(7,052)	(17,245)	1,654,126
Other Improvements	118,082	68,053	19,486	(11,062)	194,559
Machinery & Equipment	5,700,345	545,765	-	(172,143)	6,073,967
Infrastructure	-	-	-	-	-
Construction in Progress	-	345,161	-	-	345,161
Total Historical Cost	<u>7,641,274</u>	<u>1,048,255</u>	<u>-</u>	<u>(200,450)</u>	<u>8,489,079</u>
<u>Less Accumulated Depreciation For:</u>					
Buildings	(494,119)	(23,259)	-	8,923	(508,455)
Other Improvements	(90,828)	(59,312)	-	7,207	(142,933)
Machinery & Equipment	(3,016,646)	(273,406)	-	153,416	(3,136,636)
Infrastructure	-	-	-	-	-
Total Accumulated Depreciation	<u>(3,601,593)</u>	<u>(355,977)</u>	<u>-</u>	<u>169,546</u>	<u>(3,788,024)</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,039,681</u>	<u>\$ 692,278</u>	<u>\$ -</u>	<u>\$ (30,904)</u>	<u>\$ 4,701,055</u>

Depreciation Expense was charged to governmental functions as follows:

General Government	\$ 45,210
Public Safety	201,748
Public Works	84,803
Parks & Recreation	24,216
	<u>\$ 355,977</u>

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CITY OF DAPHNE, ALABAMA
Disclosure: Capital Assets
 Capital Projects Funds

	Primary Government				
	Beginning	Additions	Reclassifications	Retirements	Ending
	Balance, 9-30-2005				Balance, 9-30-2006
Governmental Activities:					
Land	\$ 2,391,731	\$ 1,948,349	\$ (79,473)	\$ -	\$ 4,260,607
Buildings	12,167,779	-	-	-	12,167,779
Other Improvements	910,843	-	79,473	-	990,316
Machinery & Equipment	882,524	-	-	(127,679)	754,845
Infrastructure	-	-	-	-	-
Construction in Progress	-	-	-	-	-
Total Historical Cost	<u>16,352,877</u>	<u>1,948,349</u>	<u>-</u>	<u>(127,679)</u>	<u>18,173,547</u>
<u>Less Accumulated Depreciation For:</u>					
Buildings	(1,938,409)	(247,466)	-	-	(2,185,875)
Other Improvements	(202,007)	(48,420)	-	-	(250,427)
Machinery & Equipment	(882,529)	-	-	127,679	(754,850)
Infrastructure	-	-	-	-	-
Total Accumulated Depreciation	<u>(3,022,945)</u>	<u>(295,886)</u>	<u>-</u>	<u>127,679</u>	<u>(3,191,152)</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,329,932</u>	<u>\$ 1,652,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,982,395</u>

Depreciation Expense was charged to governmental functions as follows:

General Government	\$ 384
Public Safety	72,854
Public Works	3,602
Parks & Recreation	219,048
	<u>\$ 295,888</u>

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CITY OF DAPHNE, ALABAMA
Disclosure: Capital Assets
Special Revenue Funds

	Primary Government			
	Beginning			Ending
	<u>Balance, 9-30-2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, 9-30-2006</u>
<u>Governmental Activities:</u>				
Land	\$ 5,288,203	\$ 15,929	\$ -	\$ 5,304,132
Buildings	745,693	-	-	745,693
Other Improvements	208,322	644,345	-	852,667
Machinery & Equipment	245,059	76,122	-	321,181
Infrastructure	-	-	-	-
Construction in Progress	-	-	-	-
Total Historical Cost	<u>6,487,277</u>	<u>736,396</u>	<u>-</u>	<u>7,223,673</u>
<u>Less Accumulated Depreciation For:</u>				
Buildings	(117,940)	(15,389)	-	(133,329)
Other Improvements	(59,311)	(17,307)	-	(76,618)
Machinery & Equipment	(224,957)	(8,048)	-	(233,005)
Infrastructure	-	-	-	-
Total Accumulated Depreciation	<u>(402,208)</u>	<u>(40,744)</u>	<u>-</u>	<u>(442,952)</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,085,069</u>	<u>\$ 695,652</u>	<u>\$ -</u>	<u>\$ 6,780,721</u>

Depreciation Expense was charged to governmental functions as follows:

General Government	\$ -
Public Safety	4,070
Public Works	4,793
Parks & Recreation	31,881
	<u>\$ 40,744</u>

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CITY OF DAPHNE, ALABAMA
Disclosure: Capital Assets
 General Fund/Revenue Sharing

	Primary Government				
	Beginning Balance, 9-30-2005	Additions	Retirements	Reclassifications	
Governmental Activities:					
Land	\$ 1,001,431	\$ -	\$ -	\$ (22,081)	\$ 979,350
Buildings	369,168	-	-	-	369,168
Other Improvements	-	-	-	22,081	22,081
Machinery & Equipment	430,991	-	(76,522)	-	354,469
Infrastructure	-	-	-	-	-
Construction in Progress	-	-	-	-	-
Total Historical Cost	<u>1,801,590</u>	<u>-</u>	<u>(76,522)</u>	<u>-</u>	<u>1,725,068</u>
Less Accumulated Depreciation For:					
Buildings	(223,040)	(9,952)	-	-	(232,992)
Other Improvements	-	-	-	-	-
Machinery & Equipment	(430,991)	-	76,522	-	(354,469)
Infrastructure	-	-	-	-	-
Total Accumulated Depreciation	<u>(654,031)</u>	<u>(9,952)</u>	<u>76,522</u>	<u>-</u>	<u>(587,461)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,147,559</u>	<u>\$ (9,952)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,137,607</u>

Depreciation Expense was charged to governmental functions as follows:

General Government	\$ 5,492
Public Safety	425
Public Works	-
Parks & Recreation	4,035
	<u>\$ 9,952</u>

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CITY OF DAPHNE, ALABAMA
Disclosure: Capital Assets
 Infrastructure

	Primary Government			
	Beginning Balance, 9-30-2005	Additions	Retirements	Ending Balance, 9-30-2006
<u>Governmental Activities:</u>				
Land	\$ 6,097,776	\$ 2,779,222	\$ -	\$ 8,876,998
Buildings	-	-	-	-
Other Improvements	6,381,163	964,205	-	7,345,368
Machinery & Equipment	-	-	-	-
Infrastructure	70,218,962	6,883,843	-	77,102,805
Construction in Progress	16,691	3,519,124	(16,691)	3,519,124
Total Historical Cost	<u>82,714,592</u>	<u>14,146,394</u>	<u>(16,691)</u>	<u>96,844,295</u>
<u>Less Accumulated Depreciation For:</u>				
Buildings	-	-	-	-
Other Improvements	(1,317,378)	(445,258)	-	(1,762,636)
Machinery & Equipment	-	-	-	-
Infrastructure	<u>(40,205,030)</u>	<u>(2,078,394)</u>	<u>-</u>	<u>(42,283,424)</u>
Total Accumulated Depreciation	<u>(41,522,408)</u>	<u>(2,523,652)</u>	<u>-</u>	<u>(44,046,060)</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,192,184</u>	<u>\$ 11,622,742</u>	<u>\$ (16,691)</u>	<u>\$ 52,798,235</u>

Depreciation Expense was charged to governmental functions as follows:

General Government	\$ -
Public Safety	-
Public Works	-
Infrastructure	2,523,652
Parks & Recreation	-
	<u>\$ 2,523,652</u>

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Single Audit

CITY OF DAPHNE, ALABAMA
Schedule of Expenditures of Federal Awards
September 30, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Number	Award Amount	Revenue Receivable 10/1/2005	Revenue Recognized	Expenditures	Revenue Receivable 9/30/2006
Department of Health & Human Services							
Pass-through Program from:							
South Alabama Regional Planning Commission							
Special Programs for the Aging, Title III, Part C, Nutrition	93 045	308-AAA-03	17,018	-	17,018	17,018	-
Total Department of Health & Human Services			17,018	-	17,018	17,018	-
Department of Commerce							
Direct:							
Habitat Conservation	11 463	NA06NOS4630251	935,843	-	935,843	935,843	935,843
Pass-through Program from:							
Alabama Department of Conservation & Natural Resources							
Coastal Zone Management Administration Awards	11 419	06NOS4190235	25,000	-	-	-	-
Total Department of Commerce			960,843	-	935,843	935,843	935,843
Department of Agriculture							
Direct:							
Watershed Protection and Flood Prevention	10 904	EWP-69-4101-5-18	168,500	-	155,623	155,623	-
Watershed Protection and Flood Prevention	10 904	EWP-69-4101-6-30	1,628,500	-	-	-	-
	NRC Sub Total		1,797,000	-	155,623	155,623	-
Auburn University Urban & Comm Forestry							
Cooperative Forestry Assistance	10 664	05-DG-11083150-020	40,000	-	39,936	39,936	-
	Forest Service SubTotal		40,000	-	39,936	39,936	-
Total Department of Agriculture			1,837,000	-	195,558	195,558	-
Department of Homeland Security							
Pass-through Program from:							
Alabama Emergency Management Agency							
Disaster Grants - Public Assistance	97 036	FEMA-1593-DR-AL	59,723	56,698	3,025	3,025	-
Disaster Grants - Public Assistance	97 036	FEMA-3237-DR-AL	80,418	58,072	22,346	22,346	-
Disaster Grants - Public Assistance	97 036	FEMA-1605-DR-AL	1,689,924	803,314	841,021	841,021	272,901
Disaster Grants - Public Assistance	97 036	FEMA-1549-DR-AL	2,421,862	395,072	294,137	294,137	21,018
Total Department of Homeland Security			4,231,926	1,313,156	1,160,529	1,160,529	293,919
Department of Transportation							
Pass-through Program from:							
Alabama Department of Transportation							
Highway Planning and Construction	20 205	STPTE-TE05(933)	814,960	-	-	-	-
Pass-through Program from:							
Alabama Department of Economic & Community Affairs							
Recreational Trails Program	20 219	06-RT-53-001	64,000	-	-	-	-
Total Department of Transportation			878,960	-	-	-	-
Department of Justice							
Direct:							
Bulletproof Vest Partnership Program	16 607	03015316	6,094	-	3,509	3,509	-
Office of Community Oriented Policing Services	16 710	2004-UM-WX-0001	75,000	10,617	40,729	40,729	10,998
Total Department of Justice			81,094	10,617	44,238	44,238	10,998
National Endowment for the Arts							
Pass-through Program from:							
Alabama State Council on the Arts							
Public Safety Partnership and Community Policing Grants ("COPS")	45 024	2006-14159	5,515	-	5,515	5,515	-
Total National Endowment for the Arts			5,515	-	5,515	5,515	-
Total Expenditures of Federal Awards			\$ 8,012,356	\$ 1,323,773	\$ 2,358,701	\$ 2,358,701	\$ 1,240,760

City of Daphne, Alabama
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2006

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Daphne, Alabama and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the City's basic financial statements. The schedule of expenditures of federal awards is presented on the previous page.

Note 2 – Subrecipients

The City of Daphne, Alabama, did not have any subrecipient grants during the audit period.

Note 3 – Department of Agriculture NRCS (EWP) Grants Reconciliation

In a letter dated March 31, 1998, the US Department of Agriculture indicates that the agency has adopted an alternative approach to implementing the EWP (Emergency Watershed Program) regarding cost sharing (matching).

Current program policy of the Department of Agriculture requires local project sponsors, (the City of Daphne) to provide at least 25% of the construction cost in cash, in-kind services, or a combination of cash and in-kind services. The department further indicates that the average cost for providing survey, design, contracting, and inspection services, will equal or exceed 25% of the construction cost for a typical EWP project.

Therefore, the Department of Agriculture has adopted the alternative operating policy in Alabama that if a local sponsor (the City of Daphne, Alabama) of an EWP project provides the services outlined above for a typical EWP project, they will have satisfied all cost share requirements and no additional cash or in-kind contributions will be required.

CITY OF DAPHNE, ALABAMA

Schedule of Findings and Questioned Costs
September 30, 2006

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
11.463	Habitat Conservation

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II – Findings - Financial Statement Audit

No matters were reported.

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

No matters were reported.

SMITH, DUKES & BUCKALEW, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

ONE MAISON BUILDING
3600 AIRPORT BOULEVARD
MOBILE, ALABAMA 36608

MAILING ADDRESS
P O BOX 160427
MOBILE, ALABAMA
36616
TELEPHONE (251) 343-1200
FAX: (251) 344-0966

GILBERT F. DUKES, JR.
YUELL B. BUSEY
G. TIMOTHY GASTON
J. WILBERT JORDAN, JR.
KERRY L. WEATHERFORD
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MARK R. CHAPMAN
TIMOTHY B. SMITH

CAROL E. CROWE

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Daphne, Alabama
Mobile, Alabama

Compliance

We have audited the compliance of the City of Daphne, Alabama (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2006. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Mayor and City Council, management and federal, state and local awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Smith, Dukes + Buckalew, L.L.P.

Mobile, Alabama
June 15, 2007

Other Report

SMITH, DUKES & BUCKALEW, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

ONE MAISON BUILDING
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MAILING ADDRESS
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36616
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**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members
of the City Council of the
City of Daphne, Alabama

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Daphne, Alabama, (the City) as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 15, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Mayor and City Council, management, and federal, state and local awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Smith, Duke & Buckalew, L.L.P.

Mobile, Alabama
June 15, 2007

SMITH, DUKES & BUCKALEW, L.L.P.

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GILBERT F. DUKES, JR.
YUELL B. BUSEY
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—————
CAROL E. CROWE
CAROLYN T. LEE

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ONE MAISON BUILDING
3800 AIRPORT BOULEVARD
MOBILE, ALABAMA 36608

MAILING ADDRESS
P. O. BOX 160427
MOBILE, ALABAMA
36616
TELEPHONE (251) 343-1200
FAX: (251) 344-0966

June 15, 2007

To the Finance Committee of the
City of Daphne, Alabama
Daphne, Alabama

We have audited the financial statements of the City of Daphne, Alabama for the year ended September 30, 2006, and have issued our report thereon dated June 15, 2007. Professional standards require that we provide the following information to entities that have established an audit committee. Although the City has not designated a formal audit committee, we have decided to communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter, our responsibility as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the City of Daphne, Alabama. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City of Daphne, Alabama's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Daphne, Alabama are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2006. We noted no transactions entered into by the City of Daphne, Alabama during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. During the year there were no new accounting estimates formulated that would be particularly sensitive because of their significance to the financial statements.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the City of Daphne, Alabama's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded, either individually or in the aggregate, indicate matters that could have a significant effect on the City of Daphne, Alabama's financial reporting process. In addition, the attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Daphne, Alabama's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the City of Daphne, Alabama and its management and is not intended to be and should not be used by anyone other than these specified parties.

Smith, Duke & Buckalew, L.L.P.

SMITH, DUKES & BUCKALEW, L.L.P.

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June 15, 2007

To the City Council
City of Daphne, Alabama
Daphne, Alabama

In planning and performing our audit of the financial statements of the City of Daphne, Alabama for the year ended September 30, 2006, we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the City's internal control in our report dated June 15, 2007. This letter does not affect our report dated June 15, 2007, on the financial statements of the City of Daphne, Alabama.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and recommendations with various City personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing these recommendations.

Segregation of Duties – Payroll Processing

One person is responsible for preparing payroll input, reviewing the payroll journals from the payroll system, finalizing each payroll for employees and amounts, printing the checks and distributing the checks to the department heads. This combination of duties significantly increases the chance of an error or irregularity going undetected. We suggest that some of these functions be segregated among other employees to protect the assets of the organization. At a minimum, we suggest having someone else finalize each payroll and print the checks.

Page two:

Segregation of Duties -- Human Resources and Payroll

The duties of the human resources department and the payroll department are not adequately segregated. The payroll clerk has access to enter new hires and pay rate changes into the payroll system and the human resources assistant has access to process payroll checks. The combination of these duties is a conflict and opens the way for the payroll information to be manipulated, whether intentional or unintentional. If it is not economically justifiable to completely separate these two functions, we recommend surprise payroll audits be performed by the Human Resources Director who has inquire only rights into the payroll module. This review should include which employees are listed on payroll and the amounts at which they are paid.

This report is intended solely for the information and use of the Mayor, City Council, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Smith, Duker + Buckalew, L.L.P.

Mobile, Alabama
June 15, 2007

**CITY COUNCIL MEETING
REPORTS OF SPECIAL COMMITTEES**

NOTES:

BOARD OF ZONING ADJUSTMENTS REPORT:

DOWNTOWN REDEVELOPMENT AUTHORITY REPORT:

INDUSTRIAL DEVELOPMENT BOARD:

LIBRARY BOARD:

PLANNING COMMISSION REPORT:

RECREATION BOARD REPORT:

UTILITY BOARD REPORT:

**DOWNTOWN REDEVELOPMENT AUTHORITY
DAPHNE, AL
1705 MAIN STREET
JUNE 19, 2007
5:30 P.M.**

1. CALL TO ORDER/ROLLCALL

Starke Irvine called the meeting to order with a quorum present at 5:45 p.m.

Members Present: Starke Irvine; Ceann Wachter; Kit Smith; Jackie Ward

Absent: Chris Donald; Lad Drago; Glenn Glass

Board Members Present: Cathy Barnette; Mayor Small.

Board Members Absent: Jeff Hudson; Andy Citrin.

Also present: Rebecca Hayes, Recording Secretary.

MINUTES

MOTION BY Kit Smith to approve the minutes meetings held May 14, 2007. Seconded by Ceann Wachter.

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

ARCHITECTURAL REVIEW COMMITTEE

Mary and Bob Lloyd left a packet with all the information with Chris.

UPDATE ON STREETScape FOR OLDE TOWNE DISTRICT

Starke is working on the streetscape. He said that the update will cost about \$2,500 - \$4,000. He talked about taking the median down to College Avenue instead of Trione Street.

The members discussed different scenarios that might occur with widening the sidewalks and putting a median down Main Street. Starke said that Jeff Hudson told him a landscape design has already been done. Jackie said she will check with Maria Bueche to see if one exists.

UPDATE ON PLAN FOR THE OLDE TOWNE DISTRICT

Starke stated that he is working on a plan to expand the district and is also working on the rezoning. He said that he will have the whole plan together and will present it at the July 9th meeting. The members also discussed the possibility of opening up Hall's Lane and Guarisco Street to make them a through street.

NEXT MEETING

The next meeting will be July 9, 2007.

ADJOURN

The meeting adjourned at 6:42 p.m.

**Daphne Public Library Board
June 12, 2007
Meeting Minutes**

In Attendance:

Library Director Tonja Young; Board Member Cassandra Day; Board Chairman Ernie Seckinger, and Vice Board Chairman Ron Allen; City Council Liaison Gus Palumbo.

Call to Order:

After a quorum was established, Board Chairman Ernie Seckinger called the meeting to order at 5:35 pm.

Reading and Approval of the Minutes:

The minutes of the May 14, 2007 meeting were reviewed and approved.

Monthly Statistical Report:

The monthly statistical report for May, 2007 was reviewed. The report form was reformatted and updated for easier reading, more information, and better organization. YA statistics were broken out as separate numbers and several new categories were added to the report which was reformatted to a legal sheet to show more statistics.

Public Participation:

None.

Old Business of the Board:

The new bylaws based on the Alabama Guidelines for Trustees were read and discussed. Changes included more specific terms and term limits, addressing the problem of multiple absences, addition of a treasurer position, and the addition of a budget report to the board. Mr. Scully agreed to look at the State laws concerning libraries. There was a motion to accept the bylaws and a second. The bylaws were unanimously accepted with small changes concerning punctuation and the rule concerning absences.

The Library Director announced that NCDS had not yet provided a final report on the feasibility study. The need for a public awareness campaign was discussed. The Board would also like the Mayor and Council to hear the official results of the study.

The Library Director announced that Jeff Hudson said the Board cannot get a final set of construction plans drawn up until the city has a contract with his company for construction. He did agree to make updates and changes to existing plans for the purpose of the public awareness campaign. Jeff also graciously agreed to take part in the campaign and be present at functions.

New Business of the Board:

Chair Ernie Seckinger announced his plans to present a final report to the Council at their next session. He also announced that his resignation would be forthcoming shortly.

Capital Campaign Foundation Committee

No report.

Library Director:

The Library Director announced the hire of two new employees and requested approval. Donna Paige has been hired for the part time circulation position and Rhonda Moss has been hired to fill the full time children's librarian assistant position. Both are doing very well. The Board unanimously agreed that the Library Director have the authority to choose and hire employees. The Chair stated that it was the Board's role to oversee the Director and the Director's role to manage the library.

There were 26 applications for children's librarian and interviews are under way.

It was announced that Howard Benson plans to present the final NCDS report at the July 10 Board meeting. The Director will invite the Mayor to attend.

Closing Comments:

Everyone agreed that the Library sorely needs the added space to continue offering a high quality of service to the community, and to continue to add new services. The Library Director will continue searching for grant opportunities and other funding sources.

Adjourn:

The meeting adjourned at 6:53 pm.

Respectfully submitted by Tonja Young, Library Director, June 28, 2007.

THE CITY OF DAPHNE
PLANNING COMMISSION MINUTES
REGULAR MEETING OF MAY 24, 2007
COUNCIL CHAMBERS, CITY HALL - 6:00 P.M.

SUMMARIZATION OF MINUTES:

THIS DOCUMENT IS A SUMMARIZATION OF THE MINUTES OF CITY OF DAPHNE PLANNING COMMISSION MEETING AND IS TO BE USED FOR REVIEW PURPOSES ONLY. THE OFFICIAL MINUTES OF THIS MEETING MAY BE OBTAINED IN THE CITY CLERK'S OFFICE UPON APPROVAL.

CALL TO ORDER:

The number of members present constitutes a quorum and the regular meeting of the City of Daphne Planning Commission was called to order at 6:00 p.m.

CALL OF ROLL:

Members Present:

Victoria Phelps
Don Terry
Warren West, Vice Chairman
Larry Chason, Secretary
Cathy Barnette, Councilwoman
Ed Kirby

Members Absent:

Fred Small, Mayor
DeLeon Thomas
Jeff Carrico, Chairman

Staff Present:

William H. Eady, Sr., Director of Community Development
Jan Dickson, Planning Coordinator
Nancy Anderson, GIS Technician
Adrienne Jones, Planner
Jay Ross, Attorney
Missty C. Gray, Associate Attorney

The first order of business is the call to order. Please let the record reflect that Mr. Carrico, Mayor Small, and Mr. Thomas are not present. The next order of business is approval of the minutes.

APPROVAL OF MINUTES:

The minutes of April 26, 2007 regular meeting were considered for approval. A copy of the minutes was furnished to us previously. Do any of the Commissioners have any questions or comments? If there are no additions, deletions, or further corrections at this time, the Chair will entertain a motion.

It was noted for the record that the Planning Coordinator was asked by

THE CITY OF DAPHNE
PLANNING COMMISSION MINUTES
REGULAR MEETING OF MAY 24, 2007
COUNCIL CHAMBERS, CITY HALL - 6:00 P.M.

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Ms. Phelps to revise the portion of the minutes in which the agenda item for Value Place Hotel was presented to reflect the verbatim discussion that transpired due to the pending litigation.

Ms. Barnette: I think the minutes should be tabled until the next regular meeting in order to allow all of the members to review the revised minutes.

Mr. Chason: I concur. I have not seen the email containing the revised minutes.

The consensus of the Planning Commission was to table the minutes of the April 26, 2007 regular meeting to allow appropriate time for review by all of the members of the Planning Commission.

The first order of business under new business is site plan review for Daphne Business Park, Lot 12, Block C, Trite Commercial Park.

NEW BUSINESS:

SITE PLAN REVIEW:

File S07-12:

**Site: Daphne Business Park, Lot 12, Block C
(Trite Commercial Park)**

Location: On Profit Drive
Area: 1.53 Acres +
Owner: Trite Builders - Brian Wright
Engineer: Hutchinson, Moore & Rauch - Christopher Baker

An introductory presentation was given by Mr. Christopher Baker, representing Hutchinson, Moore & Rauch, requesting site plan review for a business office and warehouse facility located on Profit Drive. We have provided detention for the site and addressed the previous comments of the Commission by adding an energy dissipater. I will be happy to answer any questions you may have.

Vice Chairman: Do any of the Commissioners have any questions or comments? If there is no objection, the Chair will entertain a motion.

A **Motion** was made by Ms. Barnette and **Seconded** by Mr. Kirby **to approve the site plan for Daphne Business Park, Lot 12, Block C, Trite**

THE CITY OF DAPHNE
PLANNING COMMISSION MINUTES
REGULAR MEETING OF MAY 24, 2007
COUNCIL CHAMBERS, CITY HALL - 6:00 P.M.

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Commercial Park. The Motion carried unanimously.

The next order of business is site plan review for Lot 5, Block A, Daphne Business Park, Unit 2, Cypress Enterprises.

File S07-13:

**Site: Lot 5, Block A, Daphne Business Park, Unit 2
(Cypress Enterprises)**

Location: On Profit Drive
Area: 1.77 Acres +
Owner: Cypress Enterprises, L.L.C. - Kenneth Ronsisvalle
Engineer: Lyle Stover Engineering - John Shirley

An introductory presentation was given by Mr. Kenneth Ronsisvalle, the owner, representing Cypress Enterprises, L.L.C., requesting site plan review for a business office and warehouse facility located on Stanton Road. I would like to make a correction to the agenda. The site is located on Stanton Road not Profit Drive. The facility will consist of our business office facility and office space sufficient for six tenants. We have revised the plans to reflect a detention area and address the comments of the Utilities Board. I will be happy to answer any questions you may have.

Vice Chairman: Do any of the Commissioners have any questions or comments? If there is no objection, the Chair will entertain a motion.

A Motion was made by Mr. Kirby and Seconded by Ms. Barnette to approve the site plan for Lot 5, Block A, Daphne Business Park, Unit 2 Cypress Enterprises. The Motion carried unanimously.

The next order of business is site plan review for Malbis Parkway Pediatric Dentistry.

File S07-15:

Site: Malbis Parkway Pediatric Dentistry

THE CITY OF DAPHNE
PLANNING COMMISSION MINUTES
REGULAR MEETING OF MAY 24, 2007
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Location: On the Northwest corner of McSara Court and Mill Lane
Area: 0.81 Acres +
Owner: Kelly Jones
Engineer: Rester & Coleman Engineers - Andy Bobe

An introductory presentation was given by Mr. Andy Bobe, representing Rester & Coleman Engineers, requesting site plan review for a medical (dental) office facility located on the Northwest corner of McSara Court and Mill Lane. The site is located in TimberCreek Business Park, Unit 2. The detention facility was previously provided in the development is functioning properly. I will be happy to answer any questions you may have.

Vice Chairman: Do any of the Commissioners have any questions or comments? If there is no objection, the Chair will entertain a motion.

A **Motion** was made by Ms. Barnette and **Seconded** by Mr. Kirby **to approve the site plan for Malbis Parkway Pediatric Dentistry. The Motion carried unanimously.**

The next order of business is site plan review for Hancock Bank - U. S. Highway 98.

File S07-16:

Site: Hancock Bank - U. S. Highway 98

Location: On the West side of U. S. Highway 98 just South of Wal-Mart Drive
Area: 3.54 Acres +
Owner: Hancock Bank - Ms. Jackie Dennison
Engineer: Hutchinson, Moore & Rauch - Christopher Baker

An introductory presentation was given by Mr. Christopher Baker, representing Hutchinson, Moore & Rauch, requesting site plan review for a banking facility located on the West side of U. S. Highway 98 just South of Wal-Mart Drive. Based on the comments at the site preview meeting, we have added an oil/grease separator to the plans. I will be happy to answer any questions you may have.

Vice Chairman: Do any of the Commissioners have any questions or comments? If there is no objection, the Chair will entertain a motion.

A **Motion** was made by Ms. Barnette and **Seconded** by Mr. Kirby **to approve**

THE CITY OF DAPHNE
PLANNING COMMISSION MINUTES
REGULAR MEETING OF MAY 24, 2007
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the site plan for Hancock Bank - U. S. Highway 98. The Motion carried unanimously.

The next order of business is site plan review for Hancock Bank - TimberCreek.

File S07-17:

Site: Hancock Bank - TimberCreek

Location: On the West side of Alabama Highway 181, Lot 2,
TimberCreek Commercial Subdivision, Resubdivision
of Parcel A, Unit One
Area: 1.25 Acres +
Owner: Hancock Bank
Engineer: Rester & Coleman Engineers - Andy Bobe

An introductory presentation was given by Mr. Andy Bobe, representing Rester & Coleman Engineers, requesting site plan review for a banking facility located on the West side of Alabama Highway 181, Lot 2, TimberCreek Commercial Subdivision, Resubdivision of Parcel A, Unit One. Based on the discussion at the site preview meeting, we have moved the temporary building away from the property line and added landscaping. I will be happy to answer any questions you may have.

Mr. Chason: I have visited the site, and I am concerned about the access onto McSara Court and Mill Lane and Alabama Highway 181. I have met and discussed the possibility of an extension of Mill Lane in order to have a better access to Alabama Highway 181 without a U-turn. The owner of this lot could purchase the lot to the North for an alternative connection.

Mr. Bobe: I do not think it would be monetarily feasible for the property owner to construct the bank and have to acquire additional property to extend the right-of-way. I honestly believe the access to the North would not alleviate the traffic problem in this area because I do not think the Alabama Department of Transportation would allow another median cut onto Alabama Highway 181.

Mr. Chason: I do think the access is a safety issue and should be a concern addressed by the owner. I would like to see us table this until the next regular meeting so that the owner could work the traffic problem out.

**THE CITY OF DAPHNE
PLANNING COMMISSION MINUTES
REGULAR MEETING OF MAY 24, 2007
COUNCIL CHAMBERS, CITY HALL - 6:00 P.M.**

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Mr. Kirby: Do we not have the same situation on U. S. Highway 98? All along U. S. Highway 98 you have to make a U-turn in order to enter into a business. This highway is also regulated by the Alabama Department of Transportation and this type of situation is not considered a problem.

Vice Chairman: Do any of the Commissioners have any further questions or comments? If there is no objection, the Chair will entertain a motion.

A **Motion** was made by Mr. Kirby and **Seconded** by Ms. Barnette **to approve the site plan for Hancock Bank - TimberCreek. The Motion carried. Mr. Chason opposed.**

The next order of business is site plan review for Riviera Utilities, Western Division - Daphne Addition.

File S07-18:

Site: Riviera Utilities, Western Division - Daphne Addition

Location: The intersection of U. S. Highway 98 and Whispering Pines Road

Area: 3.06 Acres +

Owner: Riviera Utilities

Architect: PHJ Architects, Inc. - Curtis Russell

An introductory presentation was given by Mr. Curtis Russell, representing PHJ Architects, and Tom Burns, Superintendent for Riviera Utilities, requesting site plan review for an addition to the existing business office facility located at the intersection of U. S. Highway 98 and Whispering Pines Road. To address the comments given to us at site preview, we have proposed to close the first entrance to the facility and make it a construction entrance only. We will post signs at this entrance indicating that. The engineer for the site plan has stated that the regulations for the City of Daphne dictate that detention/retention is required for the site and will remain in the front near U. S. Highway 98.

Mr. Russell: We will also add additional landscaping and irrigation along U. S. Highway 98 as requested. The generator has been relocated to the South side of the building. Because of time restraints we were unable to submit revised plans, but new plans will be submitted to the Community Development office. I will be happy to answer any questions you may have.

THE CITY OF DAPHNE
PLANNING COMMISSION MINUTES
REGULAR MEETING OF MAY 24, 2007
COUNCIL CHAMBERS, CITY HALL - 6:00 P.M.

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Vice Chairman: Do any of the Commissioners have any further questions or comments? If there is no objection, the Chair will entertain a motion.

A **Motion** was made by Mr. Kirby and **Seconded** by Ms. Barnette **to approve the site plan for Riviera Utilities, Western Division - Daphne Addition. The Motion carried unanimously.**

The next order of business is site plan review for Daphne Commercial Park, Lot 3.

File S07-19:

Site: Daphne Commercial Park, Lot 3

Location: On American Way
Area: 0.64 Acres +
Owner: Project 64, L.L.C. - Rance Reehl
Engineer: Frank Dagley & Associates - Frank Dagley

An introductory presentation was given by Mr. Patrick Tolbert, representing Frank Dagley & Associates, requesting site plan review for an office and warehouse facility located on American Way. The concerns expressed at the work session were regarding the utilities comments and a construction entrance. We have addressed the Utility Board concerns and added a construction entrance for the site. I cannot address the issue of the detention pond. I will be happy to answer any questions you may have.

Vice Chairman: Do any of the Commissioners have any questions or comments? If there is no objection, the Chair will entertain a motion.
Mr. Eady: I spoke with the owner of the subdivision and he has cleaned out the detention ponds with the exception of some sand that he had agreed to remove from one of the detention ponds next week.

A **Motion** was made by Ms. Barnette and **Seconded** by Mr. Kirby **to approve the site plan for Daphne Commercial Park, Lot 3. The Motion carried unanimously.**

The next order of business is final plat review for Beau Chene Estates Subdivision.

THE CITY OF DAPHNE
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FINAL PLAT REVIEW:

File SDF07-03:

Subdivision: Beau Chene Estates

Location: At the East end of Redfern Road West of Bay Branch Estates Subdivision
Area: 81.72 Acres +, (59) lots
Owner: South Malbis, L.L.C.
Engineer: Engineering Development Services - David Diehl

An introductory presentation was given by Mr. David Diehl, representing, Engineering Development Services, requesting final plat review of an eighty one-point seven-two acre subdivision consisting of fifty-nine lots located at the East end of Redfern Road West of Bay Branch Estates Subdivision. I will be happy to answer any questions you may have.

Vice Chairman: Do any of the Commissioners have any questions or comments? If there is no objection, the Chair will entertain a motion.

A **Motion** was made by Ms. Barnette and **Seconded** by Mr. Kirby **to approve the final plat for Beau Chene Estates Subdivision. The Motion carried unanimously.**

The next order of business is master plan review for Stephen Springs Subdivision.

An introductory presentation was given by Mr. Christopher Baker, representing Hutchinson, Moore & Rauch, requesting master plan approval for Stephen Springs Subdivision. I will be happy to answer any questions you may have.

Vice Chairman: Do any of the Commissioners have any questions or comments? If there is no objection, the Chair will entertain a motion.

Mr. Baker: We are asking for final plat approval, not master plan.

Ms. Barnette: The agenda states that you are asking for approval of the master plan and then final plat approval. We have to approve the overall master plan first.

THE CITY OF DAPHNE
PLANNING COMMISSION MINUTES
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A **Motion** was made by Ms. Barnette and **Seconded** by Mr. Kirby **to approve the master plan for Stephen Springs Subdivision. The Motion carried unanimously.**

The next order of business is final plat review for Stephen Springs Subdivision.

File SDF07-04:

Subdivision: Stephen Springs

Location: Highway 54 West
Area: 2.93 Acres +, (4) lots
Owner: Stephen Springs, L.L.C. - Lee Davenport
Engineer: Hutchinson, Moore & Rauch - Ray Moore

An introductory presentation was given by Mr. Christopher Baker, representing Hutchinson, Moore & Rauch, requesting final plat review of a two-point nine three-acre subdivision consisting of four lots located on Highway 54 West. We were given preliminary plat approval previously by this Commission. We revised the plan to reflect the location of the access (driveways) to the lots which was approved by Baldwin County, and now we are submitting it to you for final approval. I will be happy to answer any questions you may have.

Vice Chairman: Do any of the Commissioners have any questions or comments? If there is no objection, the Chair will entertain a motion.

A **Motion** was made by Ms. Barnette and **Seconded** by Mr. Kirby **to approve the final plat for Stephen Springs Subdivision. The Motion carried unanimously.**

The next order of business is final plat review for the Gardens on Randall.

File SDF07-05:

Subdivision: The Gardens on Randall

Location: The North side of Randall Avenue West of Pollard Road
Area: 2.10 Acres +, (5) lots
Owner: Irvine Co., Inc. - Starke Irvine
Engineer: Hutchinson, Moore & Rauch - Tom Granger

THE CITY OF DAPHNE
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An introductory presentation was given by Mr. Starke Irvine, representing Irvine Co., Inc., requesting final plat review of a two-point one acre subdivision consisting of five lots located on the North side of Randall Avenue West of Pollard Road. I will be happy to answer any questions you may have.

Vice Chairman: Do any of the Commissioners have any questions or comments? If there is no objection, the Chair will entertain a motion.

A **Motion** was made by Mr. Kirby and **Seconded** by Ms. Barnette **to approve the final plat for the Gardens on Randall Subdivision. The Motion carried unanimously.**

The next order of business is preliminary/final plat review for Jubilee Square Subdivision, Resubdivision of Lots 6, 3B, 3D, and 3E.

PRELIMINARY/FINAL PLAT REVIEW:

File SDPF07-07:

Subdivision: Jubilee Square Subdivision, Resubdivision of Lots 6, 3B, 3D, and 3E

Location: On the South side of U. S. Highway 90, in the Jubilee Square Shopping Center

Area: 30.01 Acres +, (4) lots

Owner: AIG Baker Daphne, L.L.C. and the City of Daphne

Engineer: Rester & Coleman Engineers - Andy Bobe or Don Coleman

An introductory presentation was given by Mr. Andy Bobe, representing Rester & Coleman Engineers, requesting preliminary/final plat review of a thirty-acre subdivision consisting of four lots located on the South side of U. S. Highway 90 in the Jubilee Square Shopping Center. I will be happy to answer any questions you may have.

Vice Chairman: Do any of the Commissioners have any questions or comments? He opened the floor to public participation. With no adjacent property owners present, he closed public participation. If there is no objection, the Chair will entertain a motion.

A **Motion** was made by Mr. Kirby and **Seconded** by Ms. Barnette **to approve the preliminary/final plat for the Jubilee Square Subdivision,**

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property values in adjacent subdivision. The residents stated that they had contacted their council representative, Mr. Yelding, to discuss this matter and express their concerns.

The Commission addressed the concerns of the adjacent property owner and discussed at length its possible effect on the adjacent property.

Vice Chairman: Do any of the Commissioners have any questions or comments?

Mr. Chason: If you look at a zoning map along the U. S. Highway 98 and Johnson Road corridor this is one of the very few parcels that are not zoned B-2, General Business.

Ms. Barnette: I appreciate your concerns, but this parcel does not abut your property, therefore, you would not be affected. The Planning Commission will only make a recommendation to the City Council and that meeting is where the public hearing will be held for you to express your concerns. I would be happy to work with you to help you convey your concerns to the City Council or you may contact Mr. Yelding.

Ms. Phelps: Should we take a recess to allow the engineer to meet with the adjacent property owners in order to provide them with some information and answer their questions regarding the project.

Mr. Barnette: The Planning Commission is only a recommending body. The adjacent property owners will have approximately a month or month and a half to meet with Mr. Diehl prior to the presentation to the City Council.

Vice Chairman: He closed public participation. He questioned whether or not the concerns of the adjacent property owners had all been addressed. Do any of the Commissioners have any questions or comments? I appreciated you coming to address the Planning Commission with your concerns. If there is no objection, the Chair will entertain a motion.

A **Motion** was made by Ms. Barnette and **Seconded** by Mr. Kirby **for the affirmative recommendation by the Planning Commission to the City Council of Daphne of a nineteen point zero two acre and a zero point eight three acre parcel located Southeast of the intersection of**

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Johnson Road and U. S. Highway 98 from an R-2, Medium Density Single Family Residential, to a B-2, General Business, zone and R-4, High Density Single and Multi-Family Residential, to B-2, General Business, zone, respectively, located Southeast of the intersection of Johnson Road and U. S. Highway 98, contingent upon the communication to the owner/developer of a proposed probated deed-restricted buffer zone of fifty feet in width. The Motion carried unanimously.

The next order of business is an administrative review of a proposed revision to the City of Daphne Land Use and Development Ordinance.

ADMINISTRATIVE PRESENTATION:

An introductory presentation was given by Ms. Barnette in Ms. Ashley Campbell, Site Containment Officer's absence, of a proposed revision to the City of Daphne Land Use and Development Ordinance for storm water detention basin maintenance.

Vice Chairman: Do any of the Commissioners have any questions or comments?

Mr. Eady: Ms. Barnette, did you write the storm water detention basin maintenance ordinance.

Ms. Barnette: I assisted Ms. Campbell in the composition, but I did not prepare the document.

Mr. Eady: I would like to request that the Planning Commission remove the reference to the Community Development Director in the ordinance with reference to inspections. Ms. Campbell and staff are in the Building Department, and I am in Community Development; therefore, it would be very difficult to coordinate or assist in inspections. That should be the responsibility of the Site Containment Officer and staff to do the inspections.

Ms. Barnette: I felt that it should be both because this is an amendment to the City of Daphne Land Use and Development Ordinance.

Mr. Eady: That is fine. I will address the issue at a later date.

Vice Chairman: Do any of the Commissioners have any questions or comments? If there is no objection, the Chair will entertain a motion.

A **Motion** was made by Mr. Kirby and **Seconded** by Ms. Barnette **for the affirmative recommendation by the Planning Commission to the City**

THE CITY OF DAPHNE
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Council of Daphne of a proposed revision to the City of Daphne Land Use and Development Ordinance for storm water detention basin maintenance, as submitted. The Motion carried unanimously.

The next order of business is an administrative review is master plan review for the Medical Office and Cancer Center.

An introductory presentation was given by Mr. Christopher Baker, representing Hutchinson, Moore & Rauch, and the representatives, the affiliates of the M.D. Anderson cancer facility, requesting revised master plan approval for the Medical Office and Cancer Center. The owner/developer of the facility had previously received approval for the facility on the twenty-five acre parcel. The proposal consisted of a one hundred forty thousand square foot facility, the cancer treatment facility and associated medical/office facility for rental space, parking, landscaping, etc. The owner/developer is now requesting to relocate the building on the site and construct only the forty thousand square foot cancer facility while the remainder of the project is under negotiation.

Presentations were given by the representatives of the affiliates of the M.D. Anderson cancer facility with regard to the affiliation and accreditation of the physicians and the proposed staging of the development. The commencement of the construction of the forty thousand square foot building is imperative in order to relocate the physicians to this facility. The additional medical/office rental space will be proposed at a later date.

The Commission questioned whether or not Mr. Baker was requesting master plan or revised site plan approval.

Mr. Baker: This site has never had a master plan. They submitted for a site plan for a temporary building then they elected to construct the facility and submitted for site plan review again. Now they are proposing to relocate the building and construction only the cancer treatment facility.

Mr. Eady: The owner is only proposing to relocate the cancer treatment facility on the site, realign the right-of-way, and construct the remainder of the medical/office facility for rental space at a later date. Other than the location of the building the concept is still the same as the original site plan.

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Vice Chairman: Do any of the Commissioners have any questions or comments? If there is no objection, the Chair will entertain a motion.

A **Motion** was made by Mr. Kirby and **Seconded** by Ms. Barnette **to approve the revised site plan review for the Medical Office and Cancer Center. The Motion carried unanimously.**

The next order of business is the attorney's report.

ATTORNEY'S REPORT:

Mr. Ross, attorney: no report.

ADJOURNMENT:

Vice Chairman: Do any of the Commissioners have any questions or comments? If there is no objection, the Chair will entertain a motion to adjourn.

A **Motion** was made and **Seconded to adjourn. The Motion carried unanimously.**

There being no further business, the meeting was adjourned at 7:40 p.m.

Respectfully submitted by:

Jan Dickson, Planning Coordinator

APPROVED: June 28, 2007

Warren West, Vice Chairman

THE CITY OF DAPHNE
PLANNING COMMISSION MINUTES
REGULAR MEETING OF MAY 24, 2007
COUNCIL CHAMBERS, CITY HALL - 6:00 P.M.

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City of Daphne Recreation Board Minutes
1705 Main Street
Daphne, AL
June 13, 2007
6:00 p.m.

Members Present: Chairman Ed Nelson, Erick Smith, Kit Smith, Coach Glenn Vickery, John Peterson, Matt Cunningham, Rick Cleveland, Matthew Banfield, Gus Palumbo

Advisory Staff Present: David McKelroy, Director of Recreation, Councilman Greg Burnam,

Others Present: Scott Hutchinson, Linda Tipp, Mayor Fred Small

Call to Order

The meeting was called to order by Chairman Ed Nelson at 6:00 p.m.

Review and Approval of Minutes

Minutes from the May 9 meeting were approved. Rick Cleveland made a motion to approve the minutes and Erick Smith seconded the motion. Motion carried.

Public Participation

Marshall Parsons, from Daphne Public Works, gave a presentation concerning proposed improvements to Alligator Alley, which is a combined effort of the Beautification Committee and Public Works. Marshall discussed such items as guard rails, sidewalk enhancement, asphalt paving, and fencing. The proposed improvement will cost \$5000.00 and is part of the Beautification Committee budget. Kit Smith made a motion to endorse and support the project and the motion was seconded by John Peterson. Motion carried.

Old/New Business

1. Welcome New Board Member

Matthew Banfield was welcomed as the newest Recreation Board member by all members. Matthew will fill the unexpired term of James Foster.

2. Master Plan-New Recreation Complex

Chairman Nelson advised the board that the presentation concerning the Master Plan was made to the Council on May 21. Mayor Small said that the Council endorses the plan and discussion was held on the next steps in the process.

A motion was made by John Peterson to recommend to the Council that they authorize the Mayor to enter into a contract with HMR to start of topographical

survey and a wetlands determination on the new Tallent property. Erick Smith seconded the motion and the motion carried.

Kit Smith mentioned to the Board that we need to think about starting a steering committee for the Lott Park Tennis Center. He would like to see Rick Cleveland placed on that committee because of his expertise. John Peterson made a motion that a Tennis Center steering committee be formed. Rick Cleveland seconded and the motion carried.

3. Land Use Ordinance revision

- a. A committee has been formed to look at sample Land Use ordinances in order to recommend a revision to the existing Daphne recreation land use ordinance. The committee will consist of John Peterson, Kit Smith, Scott Hutchinson, Chris Baker, David McKelroy, and Linda Tipp. Mayor Small suggested that Jay Ross and Mr. Eady be added to that committee, since Mr. Eady has gathered information on this topic. The committee will meet before the next board meeting to draft a resolution changing the existing ordinance and will present at the July meeting.

4. Uniformity of Park Rules

Attachment I includes rules that can be used at all parks. After some discussion, the Recreation Board will send to the Ordinance committee.

5. Dog Park Rules

Attachment II will be sent to the Ordinance committee.

6. Recreation Budget 2008 fiscal year

Chairman Nelson handed out copies of the 2007 budget for board members to review and generate ideas for the 2008 fiscal year. The budget committee will make a recommendation in August to the full board and submit to the Mayor.

Comments from Recreation Director

David McKelroy stated that we are in the bid process for defibrillators for the Senior Center and the Fitness Center. Staff members will be trained once they are in place. One concern is that the Fitness Center is not staffed all hours of operation. Chairman Nelson asked the board to look at ways we could increase the staffing level for the Fitness Center.

Adjourn

The meeting adjourned at 7:35 p.m.



Daphne Utilities

MINUTES

Utilities Board Meeting

City of Daphne Council Chambers ♦ April 25, 2007 ♦ 5:00 p.m.

I. CALL TO ORDER

The April 25, 2007, regular Board meeting for the Utilities Board of the City of Daphne was called to order by Chairman, Mr. Segalla, at 5:00 p.m.

II. ROLL CALL

Members Present: Robert Segalla, Chairman
Ron Scott, Vice Chairman
Lon Johnston, Secretary Treasurer
Fred Small, Mayor

Members Absent: James "Bo" White

Others Present: Rob McElroy – General Manager
Danny Lyndall – Operations Manager
Jerry Speegle – Board Attorney
Teresa Logiotatos – Finance Manager
Deloris Brown – Human Resources Manager
Lori Scharles – Administrative Assistant
Melinda Immel, Engineer– Volkert
Tim Patton, Engineer – Volkert
Ray Moore, Engineer – HMR

Others Absent: Drew Klumpp

III. PLEDGE OF ALLEGIANCE

The Chairman led the Board and meeting attendees in the Pledge of Allegiance.

IV. APPROVAL OF MINUTES

a. *Utilities Board Minutes from March 28, 2007*

The Chairman inquired if corrections or editorial editing was recommended for the Minutes from the March 28, 2007, Utilities Board meeting. The Chairman requested a grammatical error be corrected on Page 2 VI "New Business".

MOTION BY Mr. Johnston to approve the Utilities Board of the City of Daphne minutes from the regular Board meeting conducted March 28, 2007; Seconded by Mayor Small.

AYE: SEGALLA, SCOTT, JOHNSTON, SMALL NAY: NONE OPPOSED MOTION CARRIED

V. OLD BUSINESS

a. *Park City Agreement:*

Mr. Speegle stated that changes were made to the Park City agreement after Mr. McElroy's comments last week and the draft will be forwarded to Park City for review and comments. He stated that Mr. McElroy's comments encompassed a unified billing for Park City customers and Daphne customers for garbage and water and all other related utilities, and that we have as agent of Park City the authority to disconnect water service and potentially sewer service if there are defaults in payments.

b. *Bio-diesel Production:*

Mr. McElroy presented the 5-minute video of the City of Daphne that was filmed for the Alabama League of Municipalities. He also notified the Board that there is a stockpile of fuel and the City has been advised of this for use in the City's recycling truck and that it may be expanded to another vehicle.

c. *Surplus Sale:*

Mr. McElroy advised the Board that both the Personal Property Surplus Sale and Property Exchange with Riviera Utilities ordinances have passed the City and will move forward with both of these items expeditiously.

d. *Items in Abeyance:*

1. Utilities Board Property – 19 acres; On hold.
2. Rick Fine Agreement – Request to take off the agenda.

Chairman Segalla suggested that the gas franchise with the City of Daphne should be included under this heading, it will be saved for discussion in executive session, but included on the "Items in Abeyance."

VI. NEW BUSINESS

a. *Municipal Water Pollution Prevention (MWPP) program*

Mr. Lyndall explained that this is a standard board motion to pass to send off along with a survey by May 31, 2007.

MOTION BY Mr. Scott to approve the Resolution 2007-05 Municipal Water Pollution Prevention (MWPP) program; Seconded by Mr. Johnston

AYE: SEGALLA, SCOTT, JOHNSTON, SMALL NAY: NONE OPPOSED MOTION CARRIED

VII. BOARD ATTORNEY'S REPORT

Mr. Speegle stated that there were some issues to review in executive session.

VIII. FINANCIAL REPORT

Mrs. Logiotatos reviewed the highlights of the Financial Reports which included pointing out that State Revolving Funding is reflected in the Operating account but will be moved during April; she noted that interest from a CD will be recorded next month; an error was noted by Mr. Scott on the Financial Summary for the Expenses for the Year which were reported at \$5,917,889.67. Mrs. Logiotatos agreed. Chairman Segalla inquired as to when the Buzbee Easement would be complete. Mrs. Logiotatos stated that it is being paid off. No other questions or discussion took place.

IX. GENERAL MANAGER'S REPORT

a. *GM Report*

Mr. McElroy informed the Board that the Lend-A-Hand continues to gain momentum with more people becoming involved. He also mentioned the Utilities participation in the Earth Day Celebration and that it was well received.

b. *Operations Report*

Chairman Segalla asked to see a breakdown between commercial and residential of the new services installed. Mr. Lyndall agreed. Chairman Segalla also inquired as to the billing of the two bores at Windsor and D'Olive entrances to Lake Forest. Mr. Lyndall answered that to his knowledge no one had been billed and agreed with

Chairman Segalla that it was a community service. Chairman Segalla commented on the good job that Arthur Anderson did for successfully passing his Grade II Certification exam and noted that the remaining employees should persevere and be proud of taking the exam. Mayor Small questioned if a meter can be installed at the D'Olive entrance at Lake Forest since it is still the City right-of-way and not be charged for the meter deposit. Mr. McElroy stated that would not be a problem, and further commented that anywhere the City wanted to erect a "Welcome To Daphne" sign that the Utilities would want to provide water for that in order to present Daphne in the best positive manner. There was a misunderstanding as to if the Lake Forest Garden Club would be responsible for the irrigation meter charges. Chairman Segalla requested that this be put in writing so as to avoid any further misunderstandings.

Melinda Immel answered Chairman Segalla question regarding the approval time for the test well and that she estimates that it will be offered for bid in approximately two months. She indicated that plans are to have it all on line before next spring. Chairman Segalla asked what the capacity of the two wells will be. Ms. Immel answered that based on the test well data, that expectations are that it will be over 600 (gallons per minute) for both of them.

X. BOARD ACTION –

The MWPP Resolution 2007-05 was passed under "New Business".

XI. PUBLIC PARTICIPATION - None

XII. BOARD COMMENTS – None

XIII. EXECUTIVE SESSION

MOTION BY Secretary Johnston to go into Executive Session to discuss pending legal matters at 5:23 pm. Seconded by Vice Chairman Scott. Executive Session concluded at 6:02 pm.

AYE: ALL IN FAVOR NAY: NONE OPPOSED MOTION CARRIED

XIV. ADJOURNMENT

MOTION BY Vice Chairman Scott to adjourn the meeting. Seconded by Mr. Johnston.

AYE: ALL IN FAVOR NAY: NONE OPPOSED MOTION CARRIED

The meeting adjourned at 6:03 pm.



Daphne Utilities

APPROVED MINUTES

Utilities Board Meeting

City of Daphne Council Chambers ♦ May 30, 2007 ♦ 5:00 p.m.

I. CALL TO ORDER

The May 30, 2007, regular Board meeting for the Utilities Board of the City of Daphne was called to order by Chairman, Mr. Segalla, at 5:00 p.m.

II. ROLL CALL

Members Present: Robert Segalla, Chairman
Ron Scott, Vice Chairman
Lon Johnston, Secretary Treasurer
Fred Small, Mayor
James "Bo" White

Members Absent:

Others Present: Rob McElroy – General Manager
Danny Lyndall – Operations Manager
Jerry Speegle – Board Attorney
Rebecca Williamson
Cedric Goodloe
Lori Scharles – Executive Assistant
Melinda Immel, Engineer– Volkert
Tim Patton, Engineer – Volkert
Ray Moore, Engineer – HMR

Others Absent: Deloris Brown – Human Resources Manager
Teresa Logiotatos – Finance Manager

III. PLEDGE OF ALLEGIANCE

The Chairman led the Board and meeting attendees in the Pledge of Allegiance.

IV. APPROVAL OF MINUTES

a. *Utilities Board Minutes from April 25, 2007*

The Chairman inquired if corrections or editorial editing was recommended for the Minutes from the April 25, 2007, Utilities Board meeting. The Chairman requested a spelling correction of Mr. Lon Johnston's last name on Page 3 of the April 25, 2007, minutes.

MOTION BY Mr. Johnston to approve the Utilities Board of the City of Daphne minutes from the regular Board meeting conducted April 25, 2007; Seconded by Mayor Small.

AYE: ALL IN FAVOR

NAY: NONE OPPOSED

MOTION CARRIED

V. OLD BUSINESS

a. *Park City Agreement:*

Mr. Speegle notified the Board that the proposed agreement was forwarded to Park City and advised that Mobile attorney Mr. Tim Grogan is the new council for them and would be reviewing the agreement. Chairman Segalla inquired if Mr. Grogan had a problem with our agreement to sell Park City water. Mr. Speegle advised that Mr. Grogan has never seen the agreement. Mr. Scott asked if collection problems are a major part of the agreement. Mr. Speegle responded that it is a major motivator to enter into the proposed agreement to continue to provide services including billing, and also to include the authority to cut off water service for non-payment of entire bill. Mr. Scott asked if a timeline was given. Mr. Speegle stated that Mr. McElroy would make the decision when enough time has been given to consider the agreement and if an when it appears that Park City does not want to work with Daphne Utilities, at that time Park City Water will be responsible for reading their own meters, line repairs, and ultimately sewer disconnects to force a decision. Mr. Scott reminded that six months has elapsed with this agreement and that a deadline needs to be in place for a decision on the agreement. Mr. McElroy explained that since Park City does have new counsel, adequate time for review should be given. Mr. Scott suggested that action be taken in 90 days. Mr. Johnston remarked that the Utilities Board Attorney should indicate to Park City that the Board is expecting action on this within the 90 days. Mr. Speegle agreed and said he would pass that message along.

b. *Land Swap / Surplus Sale:*

Mr. Speegle stated that all the necessary paperwork has been sent to the closing agent and expects the transaction to close within the next week. Chairman Segalla remarked that a few topics of discussion were missing, such as the 19 acres – Utilities Board Property that was placed on hold but was still active. Mr. McElroy stated that this item is on hold until the other issue has been resolved. Chairman Segalla also stated that the other topic he wanted to continue to appear on the agenda was the Gas Franchise.

VI. NEW BUSINESS

No New Business discussed for this meeting.

VII. BOARD ATTORNEY'S REPORT

Mr. Speegle stated that there were some issues to review in executive session. He also notified the Board that the boundaries with Belforest Water System have been adjusted by agreement and that he is in the process of drafting a petition to the Circuit Court to change the Belforest boundary line order to include the last agreement. He stated that since the boundary agreement was entered as a court order, the Judge would have to change it. He said that the representative for Belforest suggested to ask the Judge to grant Daphne Utilities and Belforest Water System authority to change the boundaries by agreement.

VIII. FINANCIAL REPORT

Rebecca Williamson reviewed the highlights of the Financial Reports. Vice Chairman Scott suggested that the Financial Highlights accurately reflect the detailed figures as well as a more detailed explanation of the negative and positive variances for Total Expenses under "Budgetary Comments". Chairman Segalla asked about the Restricted Assets – Inventory – Gas Appliances. Mrs. Williamson responded that she would investigate and advise the Board via e-mail. Vice Chairman Scott made favorable comments regarding the remainder of the Financials. Mr. McElroy reviewed the detailed Natural Gas Services hand-out with the Board.

IX. GENERAL MANAGER'S REPORT

a. *GM Report*

Mr. McElroy informed the Board of the Water Conservation Plan – Phase I enacted in May. He provided and explained a detailed graph of past and current Water Demand for Daphne and informed the Board that new wells should be planned and prepared for with the water demand that the City of Daphne's growth will be facing. Mr. Johnston inquired as to agreements with neighboring municipalities in instances of emergencies. Mr. McElroy informed him that he has been in contact with the Fairhope Utilities director to work out an agreement that addresses water emergencies, as well as other areas. Chairman Segalla stated that the feeling of the Board is not to bundle utilities in any situation.

Mr. McElroy also informed the Board that positive media coverage still continues, most recently with WKRG's

County Road 5. Chairman Segalla suggested that the Water Conservation Plan may need small revisions. Vice Chairman Scott asked that customers be informed of future actions and plans to address Water Conservation measures and stressed improving communications with the community. Mr. Johnston inquired as to what is planned for pay practices in order to avoid loss of personnel. Mr. McElroy explained that annual pay raise evaluations take place in September to be effective for November, but that he was unaware of salary pressures causing employee loss. Mr. Johnston added that he is more attentive to this situation after incidents occurring with the Fire Department and Police Department. Mr. McElroy assured him that Daphne Utilities is running a good operation with a team that works well together and opportunities for advancement. Chairman Segalla agreed with approving comments. Vice Chairman Scott asked when work on the budget will begin. Mr. McElroy stated that work begins typically around August.

Vice Chairman Scott then referred back to the discussion of additional wells and the cost of a well. Melinda Immel explained the various costs incurred involved in drilling for a well.

b. Operations Report

Mr. Lyndall informed the Board that long-time employee, Vanna Trott, passed her Grade II Certification. He also praised Larry Jackson for taking action with a contractor on a building site to avoid damage to a water line and effecting water service to neighboring businesses. Chairman Segalla expressed appreciation for Mr. Jackson's foresight and Ms. Trott's determination. He also commented on the landscaping at the Eastern Shore Centre and the partnership with them to maintain the landscaping.

Melinda Immel reviewed the Volkert status report with the Board.

Ray Moore also reviewed the HMR status report with the Board. He also informed the Board and Utilities staff of plans for Spanish Fort to install a new tank in their area.

X. **BOARD ACTION** – None

XI. **PUBLIC PARTICIPATION** – None

XII. **BOARD COMMENTS** – None

XIII. **EXECUTIVE SESSION**

MOTION BY Vice Chairman Scott to go into Executive Session to discuss pending legal matters at 6:00 pm. Seconded by Secretary Johnston. Executive Session concluded at 6:40 pm.

AYE: ALL IN FAVOR NAY: NONE OPPOSED MOTION CARRIED

XIV. **ADJOURNMENT**

MOTION BY Mayor Small to adjourn the meeting. Seconded by Mr. Johnston.

AYE: ALL IN FAVOR NAY: NONE OPPOSED MOTION CARRIED

The meeting adjourned at 6:41 pm.

**CITY COUNCIL MEETING
MAYOR'S REPORT**

NOTES:

AGREEMENT NO.: 69-4101-6-30
STATE: ALABAMA

COOPERATIVE AGREEMENT
between
CITY OF DAPHNE
and the
UNITED STATES DEPARTMENT OF AGRICULTURE
NATURAL RESOURCES CONSERVATION SERVICE

AMENDMENT NO. 3

- I. Subject agreement is hereby amended to extend the completion date from 15 May 2007 to 15 August 2007. Paragraph B 1 of the agreement is amended accordingly.
- II. All other terms and conditions remain unchanged.

III. APPROVED:

CITY OF DAPHNE

This action is authorized at an official
Meeting of the _____ on
On the ____ day of _____, 2007 at

BY: _____

State of Alabama

TITLE: _____

(Signature)

DATE: _____

Date: _____

UNITED STATES DEPARTMENT OF AGRICULTURE
NATURAL RESOURCES CONSERVATION SERVICE

BY: _____

TITLE: State Conservationist

DATE: _____

United States Department of Agriculture



Natural Resources Conservation Service
207 Faulkner Drive, Suite 107
Bay Minette, AL 36507
(251) 937-3297, Ext. 3
(251) 580-0026 FAX

June 18, 2007

City of Daphne
Fred Small, Mayor
P.O. Box 400
Daphne, AL 36526

RE: EWP Cooperative Agreement#69-4101-6-30

Dear City of Daphne:

Enclosed you will find your request for extension for the above referenced EWP agreement. Please vote on this at your next meeting. Complete all three copies of the Cooperative Agreement and return to our office.

If you have questions, please feel free to contact our office.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry Morris", written over a horizontal line.

Larry Morris
District Conservationist

Enclosure

3. **THAT SPANISH FORT** shall compensate **DAPHNE** the sum of Thirty-five (\$35.00) Dollars per day for each detainee housed. An inmate date shall commence at time of arrival and there shall be no proration should said inmate be within the confines of the Daphne Municipal Jail for any period of time less than twenty-four (24) hours. For example, an inmate brought in at 1900 hours Sunday and released at 0700 hours on Monday, **DAPHNE** shall bill for one full inmate day. If an inmate is brought in at 0100 hours Sunday and released at 1239 hours Monday, **DAPHNE** shall have the right to bill for one inmate day. Any time over twenty-four (24) hours that an inmate is detained, said twenty-four (24) hour interval shall constitute one (1) day and there shall be no proration for any time less than a twenty-four (24) hour period. **DAPHNE** will not bill for the last day incarcerated for any period less than 24 hours.
4. **THAT** in providing said services, **DAPHNE** shall ensure compliance with all applicable federal, state laws, regulations, fire and safety codes, policies and procedures as established by state law and other city ordinances with the type and level of services being those that **DAPHNE** routinely affords to other inmates.
5. **THAT DAPHNE** shall receive and discharge **SPANISH FORT** inmates only by properly identified **SPANISH FORT** personnel or other properly identified law enforcement officials with prior approval of **SPANISH FORT** personnel. Further, the City of Daphne Municipal Court Clerk Magistrate shall not function nor is authorized to conduct any bond reviews or any other such magistrate functions as any such action shall be performed by the **SPANISH FORT** Magistrate to ensure that such inmates are afforded the legal rights as it shall be expressly agreed between the parties that all such bond reviews and other functions as proscribed by state law shall be conducted by **SPANISH FORT** personnel.
6. **THAT** except for transportation for medical emergencies, it shall be the sole responsibility of **SPANISH FORT** to transport **SPANISH FORT** prisoners to and from the Daphne Municipal Jail for incarceration subject to the provisions of paragraph seven (7) herein.
7. **THAT SPANISH FORT** shall agree to pay and be responsible for any and all emergency medical care associated with such inmate while so incarcerated within the City of Daphne Municipal Jail. Should any emergency medical condition arise or occur to an inmate while incarcerated within the City jail, City jail personnel shall solicit prior

approval before proceeding with such medical care if appropriate or if time constraints allow. If, however, time constraints are not allowed or if **SPANISH FORT** personnel cannot be promptly reached, **DAPHNE** Jail personnel shall have the sole right to arrange medical care and treatment and advise **SPANISH FORT** as soon as possible thereafter. Further, any routine medical or dental visits shall be handled by **SPANISH FORT** upon reasonable notice given thereto except that **DAPHNE** may transport prisoners for such routine medical services, if **DAPHNE** so elects. **SPANISH FORT** must designate a local pharmacy, physician, and dentist for their detainees. **DAPHNE** will not provide transportation outside the city limits.

8. **THAT** within twelve (12) hours of receiving a detainee sentenced by the **SPANISH FORT** Municipal Court, all paperwork concerning detainee shall be submitted to the Daphne city jailer, however, **DAPHNE** will not accept any detainee without an arrest report or Court Order at time of presentation for incarceration.
9. **THAT SPANISH FORT** shall be required to maintain a metal or other secure safe box within the Daphne Municipal Jail Control Room which shall be within the exclusive providence of **SPANISH FORT** for which Daphne Jail personnel shall utilize said box to secure and deposit payment of bonds from **SPANISH FORT** detainees.
10. **THAT SPANISH FORT** shall be required to submit and have on file with the Daphne municipal jailer, emergency contact numbers of the Chief of Police, Assistant Chief of Police, Spanish Fort Court Personnel and any other authorized representative designated by **SPANISH FORT** to be utilized by **DAPHNE** in the event of any emergency. **SPANISH FORT** shall also be required to update said contact personnel as the occasion arises.
11. **THAT DAPHNE** shall invoice **SPANISH FORT** monthly and shall provide itemization as to the name of each such inmate and dates of incarceration. **SPANISH FORT** shall remit full payment thereof within thirty (30) days from receipt thereof.
12. **THAT SPANISH FORT** specifically recognizes that, as a condition precedent to utilization of the hereinabove described facilities and the premises of the Daphne Municipal Jail, **SPANISH FORT** shall obtain, at its own expense, a comprehensive general liability policy, addendum or other rider to its existing municipal comprehensive general liability

policy during the entire term of this agreement with **DAPHNE** and Daphne Municipal Jail Facility to be named as additional insureds on said policy. Said policy shall provide limits of liability coverage of a minimum amount per occurrence of not less than one million (\$1,000,000.00) dollars for personal bodily injury and property damage. A copy of said insurance policy and/or letter of commitment from **SPANISH FORT** shall provide proof of said coverage on a semi-annual basis, or upon reasonable request, for as long as this agreement shall remain in full force and effect.

13. **THAT DAPHNE** shall operate, maintain and manage the municipal jail in compliance with all federal, state, county and municipal ordinances and orders of Court.
14. **THAT** the term of this agreement shall be for a period of one (1) year from the effective date of this agreement and shall automatically extend for successive one (1) year intervals by the same terms and conditions herein. However, either party to this agreement shall have the right to terminate the same upon giving the other no less than fifteen (15) days written notice to all parties, pursuant to the requirements of paragraph fifteen (15) hereinafter.
15. **THAT** any notice required hereunder shall be personally delivered or sent by U.S. Mail, First Class, Postage Prepaid to the address listed below unless another address has been given or provided, in writing, to the other party.

FOR THE CITY OF DAPHNE

The Chief of Police
City of Daphne Police Department
Post Office Drawer 400
Daphne, Alabama 36526

FOR THE CITY OF SPANISH FORT

The Chief of Police
Spanish Fort Police Department
Post Office Box 7226
Spanish Fort, Alabama 36577

16. **THAT** the respective parties hereto do further consent and agree as follows:
- A. **THAT DAPHNE** shall indemnify and hold **SPANISH FORT**, its officers, officials and employees harmless from and against any and all claims or damages arising from the operation and management of the Daphne Municipal Jail incident to **SPANISH FORT** detainees, within the scope and control of **DAPHNE**.
 - B. **THAT SPANISH FORT** shall indemnify and hold **DAPHNE**, its officers, officials, agents and employees harmless from and against any and all claims and any causes of action, damages arising from, but not limited to, claims for false imprisonment, imposition of sentence, issuance of warrants, negligence, and/or any other matter incident to the incarceration of a detainee at the direction of **SPANISH FORT** in the **DAPHNE** jail. Further, **SPANISH FORT** indemnifies and agrees to hold **DAPHNE** harmless relating to any and all medical costs or care that may be taxed or charged against **DAPHNE** for providing jail and/or medical services to or for the benefit of any **SPANISH FORT** inmate in the Daphne Municipal Jail. In addition to such indemnification, **SPANISH FORT** shall agree to pay and be responsible for any and all attorney fees, and all costs associated or incurred by **DAPHNE** in conjunction with such defense of any such claims.
17. **THAT** if any provision contained in this agreement is held to be invalid, illegal or unenforceable, such determination shall not affect any provisions of this contract.
18. **THAT** this agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which shall constitute one contract.
19. **THAT** this agreement shall be interpreted in accordance with the laws of the State of Alabama.
20. **THAT** any headings contained in this agreement are for reference purposes only and shall not affect the meaning or interpretation of this agreement.

21. **THAT** all personal pronouns that may be used in this agreement, whether of masculine or feminine or neutral gender, shall include all genders. The singular shall include the plural and the plural shall include the singular.
22. **THAT** this agreement shall not be altered, amended, or changed except by written instruments signed by all parties.
23. **THAT** no prior agreements or understandings, verbal or otherwise, among the parties and/or their agents shall be valid or enforceable unless embodied in this Agreement or any written amendment thereto.
24. **THAT** neither this agreement nor any duties or obligations hereunder shall be assignable except by written agreement of all parties.
25. **THAT** subject to the provisions contained herein, this agreement shall be binding on the legal representatives, successors and assigns of each party hereto.

IN WITNESS WHEREOF, the **CITY OF DAPHNE** has caused this Agreement regarding Inmate Housing between the **CITY OF DAPHNE** and the **CITY OF SPANISH FORT** to be executed by its Mayor, Fred Small, as ratified by the City Council of the City of Daphne, all having been ratified as of the _____ day of June, 2007.

THE CITY OF DAPHNE, ALABAMA

BY:

HONORABLE FRED SMALL

AS ITS: MAYOR

ATTEST:

DAVID L. COHEN, CITY CLERK MMC

IN WITNESS WHEREOF, the **CITY OF SPANISH FORT** has caused this Agreement regarding Inmate Housing between the **CITY OF DAPHNE** and the **CITY OF SPANISH FORT** to be executed by its Mayor, Joe Bonner, as ratified by the City Council of the **CITY OF SPANISH FORT**, all having been ratified as of the 25th day of June, 2007.

THE CITY OF SPANISH FORT, ALABAMA

BY:



HONORABLE JOE BONNER

Honorable Joseph C. Bonner

AS ITS:

MAYOR

ATTEST:



MARY LYNN WILLIAMS, CITY CLERK

CITY ATTORNEY'S REPORT

NOTES:

DEPARTMENT HEAD'S COMMENTS

CITY OF DAPHNE, ALABAMA
CITY CLERK'S OFFICE

Public
Participation

REQUEST FOR PUBLIC RECORDS

Date: 6/26/07

Name of Person (s) Requesting: Susan McGhee - Rowell

Street Address: 27825 CR 13 Daphne AL 36526

Mailing Address: same

Home Phone # 621-5052 Business Phone # 490-7676 Fax # 621-5052

Reason Requested: Not notified in writing of the Meeting.

Records Requested: ① All minutes or records pertaining to the approval of the Estates of Tiawase including planning sessions & city planning & zoning meetings.

② Written definition from the city Attorney of what "adjacent" property owner is.

I, the undersigned, do hereby request copies of the above records of the City of Daphne and certify by my signature below that I have read, understand and agree with the terms and conditions of the document attached titled Terms and Conditions for Handling Public Information Requests.

③ 2006 & year to date 2007

payments to Hutcherson, Moore & Raugh Surveying from the city of Daphne.

[Signature]
Signature

FOR OFFICIAL USE ONLY

DATE COMPLETED:	<u>6/26/07</u>
APPROVED BY:	<u>[Signature]</u>
NOTIFICATION:	

**CITY COUNCIL MEETING
RESOLUTIONS, ORDINANCES, ORDERS & OTHER BUSINESS**

NOTES:

RECOMMENDATIONS

COUNCIL COMMENTS:

RESOLUTION 2007-59

RESOLUTION TO VACATE UNNAMED RIGHT-OF-WAYS WITHIN HIGHLAND FARMS SUBDIVISION, RE-PLATTED AS DUNMORE, A SUBDIVISION

WHEREAS, THE MITCHELL COMPANY, INC.; BERTOLLA PROPERTIES, L.L.C.; ROBERT C. ABBOTT; MARY N. ABBOTT; MICHAEL D. ABBOTT; ALEECIA C. ABBOTT; WILLIAM A. MANCI; RICHARD S. HIGBEE; JOSEPH A. MANCI are the owners and holders of interest of the lands abutting certain unnamed easements/right-of-ways within Highland Farms subdivision described as follows, to-wit:

That area 15 feet in width located South of Lot 11, Section 26, Township 5 South, Range 2 East; and,

That area 30 feet in width located South of Lot 12 and North of Lot 21, Section 26, Township 5 South, Range 2 East; and,

That area 20 feet in width North of Lots 6, 7, and 8, Section 35, Township 5 South, Range 2 East; and,

That area 40 feet in width located South of Lot 28, Section 26, Township 5 South, Range 2 East, and North of Lot 5, Section 35, Township 5 South, Range 2 East; and,

That area 20 feet in width located North of Lots 3 and 4, Section 35, Township 5 South, Range 2 East; and,

That area 30 feet in width located South of Lots 9, 10, and 11 and North of Lots 22, 23, and 24, Section 35, Township 5 South, Range 2 East; and,

That area 15 feet in width located South of Lots 12, 13, and 14, Section 35, Township 5 South, Range 2 East.

WHEREAS, those portions of the unnamed easements/right-of-ways at issue are highlighted in yellow and the area lying within the municipal limits of the City of Daphne is outlined in red on the plat attached hereto as Exhibit "A" to this resolution; and,

WHEREAS, that Petitioners have filed a Petition to the City of Daphne, Baldwin County, Alabama requesting it to adopt a Resolution to Vacate the above described portions of the unnamed easements/right-of-ways within Highland Farms subdivision; and,

WHEREAS, that Petitioners, pursuant to Code of Alabama, Section 23-4-20 (1992 Repl. Vol.), herein desire to vacate that portion of the unnamed easements/right-of-ways described hereinabove, and pursuant to applicable law, destroy the force and effect of the dedication of those portions as set forth herein on the plat of the Highland

Farms subdivision in Baldwin County, Alabama, dated November 17, 1910, as recorded in Book 1, page 290, in the Office of the Judge of Probate, Baldwin County, Alabama, and to divest all public rights, including any and all rights which may have been acquired by prescription; and,

WHEREAS, the above unnamed easements/right-of-ways at issue are located in the City of Daphne, Baldwin County, Alabama; and,

WHEREAS, the above unnamed easements/right-of-ways at issue are not now used by the public for any purpose; and,

WHEREAS, the above unnamed easements/right-of-ways at issue are of no use to the public as a street; and,

WHEREAS, it is in the interest of the public that the above described unnamed easements/right-of-ways be closed and vacated; and,

WHEREAS, the vacation of the above described unnamed easements/right-of-ways shall not deprive other property owners of such rights as they may have the convenient and reasonable means of ingress and egress to and from their property.

NOW, THEREFORE, BE IT RESOLVED that the City of Daphne, Alabama, does hereby assent to the vacation of those portions of the unnamed easements/right-of-ways of the Highland Farms subdivision, re-platted as Dunmore, a subdivision, as described hereinabove and said portions of the unnamed easements/right-of-ways of the Highland Farms subdivision are vacated and annulled and all public rights and easements therein divested of the lands described in this Resolution.

THE CITY OF DAPHNE,
A Municipal Corporation

Greg Burnam
Council President
Date/Time Signed:_____

Fred Small
Mayor
Date/Time Signed:_____

ATTEST:

**David L. Cohen,
City Clerk, MMC**

I, David L. Cohen, the Clerk for the City of Daphne, Alabama, certify that the above and foregoing is a true and correct transcript of a Resolution duly adopted by the City of Daphne, Alabama, on the ___ day of _____, 2007, and that the aforesaid Resolution is duly recorded in Minute Book ___, at pages ___ through ___, of the official minutes and records of the City of Daphne, Alabama.

Given under my hand and official seal this the ___ day of _____, 2007.

**David L. Cohen,
City Clerk, MMC**

ORDINANCE 2007 - 28

Main Street Conceptual Streetscape Design

WHEREAS, Ordinance 2006-75 approved and adopted the Fiscal Year 2007 Budget on October 2, 2006; and

WHEREAS, subsequent to the adoption of the Fiscal Year 2007 budget, the City Council has determined that a certain appropriation is required and should be approved and made a part of the Fiscal Year 2007 budget; and

WHEREAS, the City of Daphne recognizes that the Down Town Redevelopment Authority has received a \$10,000 grant from the MW Smith Jr Foundation for the placement of oak trees in the downtown redevelopment area; and

WHEREAS, the City of Daphne wishes to match the grant in order to provide funding for a Main Street Conceptual Streetscape Design.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Daphne, Alabama, that a General Fund appropriation not to exceed \$ 10,000 is hereby approved for such Main Street Conceptual Streetscape Design.

APPROVED AND ADOPTED by the Mayor and City Council of the City of Daphne, Alabama, this _____ day of _____, 2007.

Greg Burnam, Council President
Date & Time Signed: _____

Fred Small, Mayor
Date & Time Signed: _____

ATTEST:

David L. Cohen, City Clerk MMC

**CITY OF DAPHNE
ORDINANCE 2007 – 29**

**AN ORDINANCE AMENDING ORDINANCE 1998-02
FLOOD DAMAGE PREVENTIOIN**

WHEREAS, the City Council of the City of Daphne, Alabama, heretofore, adopted Ordinance 1998-02 entitled Flood Damage Prevention; and

WHEREAS, the City Council recognizes the importance of promoting the health, safety and welfare of its citizens; and

WHEREAS, the City Council desires to amend Ordinance 1998-02 regarding the designation of ordinance administrator.

NOW, THEREFORE, BE IT ORDAINED that the City Council of the City of Daphne, Alabama that all references herein made to the Planning Director/Zoning Administrator be amended to the Building Official as follows:

SECTION I

ARTICLE 3. ADMINISTRATION

SECTION A. DESIGNATION OF ORDINANCE ADMINISTRATOR

That the Building Official is hereby appointed to administer and implement the provisions of this ordinance.

SECTION B. PERMIT PROCEDURES

That an application for a Development Permit shall be made to the Building Official on forms furnished by the community PRIOR to any development activities, and may include, but not be limited to the following: plans in duplicate drawn to scale showing the elevations of the area in question and the nature, location, dimensions of existing or proposed structures, earthen fill placement, storage of materials or equipment and drainage facilities.

**SECTION B-2 CONSTRUCTION STAGE
PARAGRAPH #2**

That the Building Official shall review the above referenced certification data submitted.

**SECTION C-11 DUTIES AND RESPONSIBILITIES OF THE
ADMINISTRATOR**

That all records pertaining to the provisions of this ordinance shall be maintained in the office of the Building Official and shall be open for public inspection.

SECTION II:

That all other provisions of Ordinance 1998-02, not otherwise referred herein, be and are hereby reaffirmed.

SECTION III: SEVERABILITY

The provisions of this Ordinance are severable. If any provision, section, paragraph, sentence or part thereof shall be held to be unconstitutional or invalid, such decision shall not affect or impair the remainder of this Ordinance, it being the legislative intent to ordain and enact each provision, section, paragraph, sentence and part thereof separately and independently of each other.

SECTION IV: REPEALER

All other City Ordinances or parts thereof in conflict with the provisions of this Ordinance, in so far as they conflict, are hereby repealed.

SECTION V: EFFECTIVE DATE

This Ordinance shall take effect and be in force from and after the date of its approval by the City Council of the City of Daphne and publication as required by law.

ADOPTED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA on this _____ day of _____, 2007.

Greg Burnam,
Council President
Date & Time Signed: _____

Fred Small,
Mayor
Date & Time Signed: _____

ATTEST:

**David L. Cohen,
City Clerk, MMC**

ORDINANCE NO. 2007 - 30

**Ordinance to Rezone Property Located on Southeast Corner of the Intersection of
Johnson Road and U.S. Highway 98 (19.85 Acres)
Big Sandy, L.L.C.**

WHEREAS, the owners of certain real property within the City of Daphne, Alabama, have requested that said property be rezoned from R-2, Medium Density Single Family Residential District and R-4 High Density Multi Family Residential District, to B-2, General Business District, to said property is located on Southeast of the intersection of Johnson Road and U.S. Highway 98, Alabama, being more particularly described as follows:

Legal Description:

(PROPERTY 19.85 AC)

PARCEL 1:

COMMENCE AT A RAILROAD SPIKE MARKER AT THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 5 SOUTH, RANGE 2 EAST, SAINT STEPHEN'S MERIDIAN AND RUN THENCE SOUTH 00 DEGREES 59 MINUTES 02 SECONDS EAST, A DISTANCE OF 739.72 FEET; THENCE RUN SOUTH 89 DEGREES 15 MINUTES 58 SECONDS EAST, A DISTANCE OF 14.68 FEET TO A 5/8" CAPPED IRON PIN MARKER ON THE EAST MARGIN OF DAPHMONT UNIT NO. ONE SUBDIVISION, AS SHOWN BY MAP OR PLAT THEREOF RECORDED IN MAP BOOK 5, PAGE 7, PROBATE RECORDS, BALDWIN COUNTY, ALABAMA, FOR A POINT OF BEGINNING; THENCE RUN SOUTH 01 DEGREES 14 MINUTES 38 SECONDS EAST, ALONG SAID DAPHMONT UNIT NO. ONE SUBDIVISION, A DISTANCE OF 418.00 FEET TO A 5/8" CAPPED IRON PIN MARKER; THENCE RUN SOUTH 54 DEGREES 05 MINUTES 59 SECONDS WEST, A DISTANCE OF 477.50 FEET TO A 3"X3" CONCRETE MONUMENT; THENCE RUN SOUTH 88 DEGREES 13 MINUTES 58 SECONDS WEST, A DISTANCE OF 680.42 FEET TO A CONCRETE MONUMENT; THENCE RUN NORTH 00 DEGREES 07 MINUTES 00 SECONDS WEST, A DISTANCE OF 820.70 FEET TO AN IRON PIN MARKER; THENCE RUN NORTH 89 DEGREES 17 MINUTES 59 SECONDS EAST, A DISTANCE OF 223.56 FEET TO A 4"X4" CONCRETE MONUMENT; THENCE RUN NORTH 00 DEGREES 29 MINUTES 22 SECONDS WEST, A DISTANCE OF 210.65 FEET TO A 5/8" CAPPED IRON PIN MARKER; THENCE RUN NORTH 89 DEGREES 31 MINUTES 17 SECONDS EAST, A DISTANCE OF 220.90 FEET TO A 5/8" CAPPED IRON PIN MARKER; THENCE RUN SOUTH 01 DEGREES 07 MINUTES 43 SECONDS EAST, A DISTANCE OF 210.00 FEET TO A 5/8" CAPPED IRON PIN MARKER; THENCE RUN NORTH 89 DEGREES 31 MINUTES 17 SECONDS EAST, A DISTANCE OF 354.00 FEET TO A 5/8" CAPPED IRON PIN MARKER; THENCE RUN SOUTH 01 DEGREES 07 MINUTES 43 SECONDS EAST, A DISTANCE OF 106.77 FEET TO A 5/8" CAPPED IRON PIN MARKER; THENCE RUN SOUTH 89 DEGREES 15 MINUTES 58 SECONDS EAST, A DISTANCE OF 256.65 FEET TO THE POINT OF BEGINNING. TRACT CONTAINS 19.02 ACRES, MORE OR LESS, AND LIES IN THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 5 SOUTH, RANGE 2 EAST, BALDWIN COUNTY, ALABAMA.

PARCEL 2:

COMMENCE AT A RAILROAD SPIKE MARKER AT THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 5 SOUTH, RANGE 2 EAST, SAINT STEPHEN'S MERIDIAN AND RUN THENCE SOUTH 00 DEGREES 59 MINUTES 02 SECONDS EAST, A DISTANCE OF 739.72 FEET; THENCE RUN SOUTH 89 DEGREES 15 MINUTES 58 SECONDS EAST, A DISTANCE OF 14.68 FEET TO A 5/8" CAPPED IRON PIN MARKER ON THE EAST MARGIN OF DAPHMONT UNIT NO. ONE SUBDIVISION, AS SHOWN BY MAP OR PLAT THEREOF RECORDED IN MAP BOOK 5, PAGE 7, PROBATE RECORDS, BALDWIN COUNTY, ALABAMA: THENCE RUN SOUTH 01 DEGREES 14 MINUTES 38 SECONDS EAST, ALONG SAID DAPHMONT UNIT NO. ONE SUBDIVISION, A DISTANCE OF 418.00 FEET TO A 5/8" CAPPED IRON PIN MARKER; THENCE RUN SOUTH 54 DEGREES 05 MINUTES 59 SECONDS WEST, A DISTANCE OF 477.50 FEET TO A 3"X3" CONCRETE MONUMENT; THENCE RUN SOUTH 88 DEGREES 13 MINUTES 58 SECONDS WEST, A DISTANCE OF 680.42 FEET TO A CONCRETE MONUMENT; THENCE RUN NORTH 00 DEGREES 07 MINUTES 00 SECONDS WEST, A DISTANCE OF 403.31 FEET TO A 3/4" CRIMP TOP IRON PIPE MARKER FOR A POINT OF BEGINNING; THENCE RUN SOUTH 89 DEGREES 17 MINUTES 47 SECONDS WEST, A DISTANCE OF 210.89 FEET TO A 3/4" CRIMP TOP IRON PIPE MARKER ON THE EAST RIGHT-OF-WAY OF U.S. HIGHWAY NO. 98; THENCE RUN NORTH 05 DEGREES 39 MINUTES 46 SECONDS EAST, A DISTANCE OF 12.01 FEET TO A 6"X6" CONCRETE RIGHT-OF-WAY MONUMENT ON THE EAST RIGHT-

OF-WAY OF SAID U.S. HIGHWAY NO. 98; THENCE RUN NORTH 89 DEGREES 35 MINUTES 44 SECONDS EAST, A DISTANCE OF 30.00 FEET TO A 5/8" CAPPED IRON PIN MARKER ON SAID RIGHT-OF-WAY; THENCE RUN NORTH 05 DEGREES 24 MINUTES 18 SECONDS EAST, A DISTANCE OF 199.72 FEET TO A 3/4" CRIMP TOP IRON PIPE MARKER ON SAID RIGHT-OF-WAY; THENCE RUN NORTH 89 DEGREES 55 MINUTES 06 SECONDS EAST, DEPARTING SAID RIGHT-OF-WAY, A DISTANCE OF 160.46 FEET TO A 1/2" CAPPED IRON PIN MARKER; THENCE RUN SOUTH 00 DEGREES 07 MINUTES 00 SECONDS EAST, A DISTANCE OF 208.63 FEET TO THE POINT OF BEGINNING. SUBJECT TO A 60 FOOT STATE HIGHWAY DEPARTMENT DRAINAGE EASEMENT. TRACT CONTAINS 0.83 ACRES, MORE OR LESS, AND LIES IN THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 5 SOUTH, RANGE 2 EAST, BALDWIN COUNTY, ALABAMA.

WHEREAS, the Planning Commission of the City of Daphne on May 24, 2007 has considered said request and set forth an affirmative recommendation to the City Council of the City of Daphne that said property be rezoned; and,

WHEREAS, after proper publication, a public hearing was held by the City Council on Monday, July 2, 2007 concerning the requested rezoning.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA, that said property described above is hereby rezoned from R-2, Medium Density Single Family Residential District and R-4 High Density Multi-Family Residential, to B-2, General Business District and that the zoning ordinance and zoning map be amended to reflect the said zoning change.

ADOPTED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA, THIS _____ day of _____, 2007.

Greg Burnam, Council President
Date & Time Signed: _____

Fred Small, Mayor
Date & Time Signed: _____

ATTEST:

David L. Cohen
City Clerk, MMC