

CITY COUNCIL BUSINESS MEETING AGENDA
1705 MAIN STREET, DAPHNE, AL
AUGUST 16, 2010
BUSINESS MEETING
6:30 P.M.

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

SWEARING IN: District #4 Councilman / Kelly D. Reese / Judge Bosch

- 3. APPROVE MINUTES:** Council meeting minutes / August 2, 2010
Work Session minutes / August 9, 2010
Special Called Council meeting minutes / August 11, 2010

PRESENTATION: NEP / Watershed Coalition

MOTION: Transfer \$1,000 from District #4 Training fund to the Legislative Training fund

DISCUSS: Public Works Employees Plan

4. REPORT STANDING COMMITTEES:

A. FINANCE COMMITTEE / Boulware

Review minutes / August 9th

1.) Ordinances:

- a.) Garbage Operating & Capital / **Ordinance 2010-53**
- b.) Bayfront Sub-Floor Repair / **Ordinance 2010-54**
- c.) Civic Center HVAC Control System Update / **Ordinance 2010-55**

2.) Resolutions:

- a.) Prepaid Travel / Rebecca Hayes / Municipal Clerk Certification Training / Tuscaloosa, AL / \$140 / **Resolution 2010-77**
- b.) Bid Award: Civic Center HVAC Upgrade / **Resolution 2010-78**
- c.) Declare Surplus Equipment / Vinyl Chairs / 1997 Chevrolet Astro Van / **Resolution 2010-79**
- d.) Declare Lost & Found Items Surplus / **Resolution 2010-80**

3.) Financial Reports:

- a.) Treasurers Report / July 31, 2010
- b.) Sales & Use Tax Collections / June 30, 2010
- c.) Lodging Tax Collections / June 30, 2010

B. BUILDINGS & PROPERTY - Lake

Review minutes / August 2nd

C. PUBLIC SAFETY –

Review minutes / August 11th

D. CODE ENFORCEMENT/ORDINANCE COMMITTEE - Palumbo

E. PUBLIC WORKS COMMITTEE / SOLID WASTE AUTHORITY - Yelding

Review Beautification minutes / August 6th

5. REPORTS OF SPECIAL BOARDS & COMMISSIONS:

A. Board of Zoning Adjustments – Jones

B. Downtown Redevelopment Authority – Barnette

C. Industrial Development Board – Yelding

Review minutes / July 26th

D. Library Board – Lake

E. Planning Commission – Barnette

F. Recreation Board -

Review minutes / July 7th

G. Utility Board - Scott

6. REPORTS OF OFFICERS:

A. Mayor’s Report

B. City Attorney’s Report

C. Department Head Comments

7. PUBLIC PARTICIPATION:

8. RESOLUTIONS & ORDINANCES:

RESOLUTIONS:

a.) Prepaid Travel / Rebecca Hayes/Resolution 2010-77

b.) Bid Award: Civic Center HVAC Control System Upgrade /
Engineered Cooling Services/Resolution 2010-78

c.) Declaring Certain Personal Property Surplus...../Resolution 2010-79

d.) Declaring Certain Personal Property Surplus /
Civic Center Lost & Found Items...../Resolution 2010-80

ORDINANCES:

2ND READ

- a.) Amend Ordinance 2008-21 / Civic Center Rates. /Ordinance 2010-49
- b.) Amend Ordinance 2008-50 / Bayfront Park Rental Rates. /Ordinance 2010-50

1ST READ

- c.) Amend Ordinance 1996-14 / City’s Drug & Alcohol Policy. /Ordinance 2010-51

d.) Lodging Tax Appropriation: May Day Boardwalk & Bluff Drainage Pipe Repair /Ordinance 2010-52
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e.) Garbage Personnel & Operating – Through September 2010. /Ordinance 2010-53

f.) Lodging Tax Appropriation: Improvements to Richard Scardamalia Pavilion Building. /Ordinance 2010-54

g.) Civic Center HVAC Control System Upgrade. /Ordinance 2010-55

- h.) Amend Ordinance 2003-11 / Animal Control Ordinance /Ordinance 2010-56

- g.) Establish the Salary of the Municipal Judge. /Ordinance 2010-57

9. COUNCIL COMMENTS

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__ __

COUNCILMAN BOULWARE

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

**AUGUST 2, 2010
CITY COUNCIL MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.**

1. CALL TO ORDER

Council President Palumbo called the meeting to order at 6:37 p.m.

2. ROLL CALL/INVOCATION/PLEDGE OF ALLEGIANCE

Invocation was given by Mr. Willie Robison.

COUNCIL MEMBERS PRESENT: Bailey Yelding; Cathy Barnette; John Lake; Ron Scott; Derek Boulware; August Palumbo.

Also present: Mayor Small; David Cohen, City Clerk; Rebecca Hayes, Assistant City Clerk; Jay Ross, City Attorney; Richard Johnson, Public Works Director; Margaret Thigpen, Civic Center Director; Kim Briley, Finance Director; David McKelroy, Recreation Director; Richard Merchant, Building Official; Tonja Young, Library Director; Vickie Hinman, Human Resource Director; James White, Fire Chief; Adrienne Jones, Planning Director; Lt. Kenny Hempfleng, Police Department; Jane Robins, Mayor's Assistant; Chip Martin, Fire Inspector; Ashley Campbell, Environmental Programs Manager; Tracey Miller, Solid Waste Coordinator; Frank Barnette, Maintenance Supervisor; Scott Hutchinson, City Engineer; Ed Kirby, Planning Commission; Joe Lemoine, Planning Commission; Willie Robison, BZA; Al Guarisco, Village Point Foundation; Bob Segalla, Utility Board; Mickey Boykin, Daphne Museum; Helen Callaway, Daphne Museum; Members of the Daphne Museum; Dorothy Morrison, Beautification Committee.

Absent: David Carpenter, Police Chief.

3. APPROVE MINUTES

MOTION BY Councilwoman Barnette to adopt the Council meeting minutes meeting held July 19, 2010. *Seconded by Councilman Scott.*

AYE	ALL IN FAVOR	NAY	NONE OPPOSED	MOTION CARRIED
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PRESENTATION: Recycle Contest Awards

Mrs. Tracey Miller, Daphne Solid Waste Coordinator, thanked Mrs. Barbara Brown with the Boys & Girls Club in Daphne for allowing them to come to the club and present a recycle awareness program, and to initiate a drawing contest for the boys and girls for recycling awareness. Mrs. Miller and Councilman Yelding presented the awards to the winners of the contest.

**AUGUST 2, 2010
CITY COUNCIL MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.**

2

CHANGE: September 6, 2010 Council Meeting Date / Labor Day

MOTION BY Councilman Yelding to change the September 6, 2010 council meeting date to Tuesday, September 7, 2010 at 6:30 p.m. *Seconded by Councilwoman Barnette.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

ACCEPT RESIGNATION: Greg Burnam, Councilman for District #4 effective July 31, 2010.

MOTION BY Councilwoman Barnette to accept the resignation of Councilman Greg Burnam, Councilman for District #4 effective July 31, 2010. *Seconded by Councilman Boulware.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

SET INTERVIEW DATE: District #4 Council Seat

MOTION BY Councilwoman Barnette to set Friday, August 6, 2010 at 12:00 noon as the closing date to receive resumes for the vacant District #4 seat. *Seconded by Councilman Lake.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilman Scott to set a Special Called Council meeting for August 11, 2010 at 6:00 p.m. to interview for the District #4 vacant seat on council. *Seconded by Councilman Lake.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

Council President Palumbo requested the City Clerk to inform the applicants to be present on August 11th at 6:00 p.m.

4. REPORT OF STANDING COMMITTEES:

A. FINANCE COMMITTEE – Boulware
No report. The next meeting will be August 9th at 4:00 p.m. in the Executive Conference room.

B. BUILDINGS AND PROPERTY COMMITTEE – Lake

The committee met prior to the council meeting. There are two ordinances on the agenda changing the fee structure for the Civic Center and Bayfront Park.

C. PUBLIC SAFETY COMMITTEE –

No report.

D. CODE ENFORCEMENT/ORDINANCE COMMITTEE – Palumbo

There are two ordinances on the agenda for tonight which are 2nd reads: Revision to the MOT ordinance and a revision to the Soliciting ordinance. The next meeting will be next Wednesday after the Public Safety meeting

E. PUBLIC WORKS COMMITTEE/SOLID WASTE AUTHORITY – Yelding

No report. The next meeting will be August 16th at 5:30 p.m.

5. REPORTS OF SPECIAL BOARDS & COMMISSIONS:

A. Board of Zoning Adjustments – Mrs. Jones

No report.

B. Downtown Redevelopment Authority – Barnette

The Authority met last Monday, and there is still one position open. The minutes will be in the next packet. They formed a sub-committee to work on one of their goals which is to work with the Chamber of Commerce on how to showcase the downtown merchants during the Jubilee Festival. The total accrued funds so far as of June 30th is \$17,787.31. The next meeting will be the fourth Monday of the month at 4:45 p.m. in the Executive Conference room.

C. Industrial Development Board – Yelding

No report. The meeting date has changed, and he will report the change at the next council meeting.

D. Library Board – Lake

The total circulation for last month was 34,828, and there were 25,185 patron visits to the library. The summer reading program had 3,079 participants. This Wednesday Harriet Outlaw and John Lewis will be at the Library for the Local History Forum.

E. Planning Commission – Barnette

There was a special called meeting last Thursday to consider the outdoor amusement zone, and unfortunately there was not a quorum for the meeting. They have deferred that to the meeting this month. The Site Preview meeting is at 8:30 a.m. on August 18th, and the regular Planning Commission meeting on August 26th at 6:00 p.m. A special committee to finalize the two items that the council has asked for the ice vending ordinance had a conference sub-committee meeting today for their final committee meeting so

that can come to council as well as the outdoor recreation ordinance. We are still on for the August 9th work session to continue with the Land Use ordinance changes.

MOTION BY Councilwoman Barnette to set a Public Hearing date for September 7, 2010 6:30 p.m. to consider revisions to the zoning map. *Seconded by Councilman Yelding.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

F. Recreation Board – Burnam

There are two openings on the board. The chairman of the Recreation Board asked that if possible to get people that are not involved in ball sports that there is a wide variety of activities and would like to get others involved. Council President Palumbo stated that if anyone is interested in serving on the board to contact their council member.

G. Utility Board – Scott

The minutes for the June 30th meeting are in the packet. Councilman Scott stated that he was not able to attend the last meeting, but a \$4.3 million bid award for the head works re-work contract, and he asked Mr. Bob Segalla to report on this.

Mr. Segalla stated that there were four bidders, and Creel Company was the lowest bidder at about \$4.5 million. They have done work for the utilities before, and Volkert, the engineer for the project, recommended them.

Councilman Scott stated that they are going to increase the capacity of the sewer plant, and part of that is moving some personnel.

Mr. Segalla stated there are some expansions that cannot be done until they get the operating field personnel who are located at the plant right now into another location. He said a lot of people know where the plant is by the smell that is there in the summer time, and that is because that equipment is worn out, and the contract that is awarded will solve that because they will get a new system in there that will absolutely fry the stuff and make it into a biodegradable waste product that golf courses use for fertilizer.

Councilman Scott stated that the funds are coming through the state from the state's revolving funds that the State of Alabama provides at low interest rates for municipalities and public utilities.

**AUGUST 2, 2010
CITY COUNCIL MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.**

6. REPORTS OF THE OFFICERS:

A. Mayor's Report

Parade Permit / 2nd Annual Miles for Maggie / 5K Charity Run/Walk / April 16, 2011

MOTION BY Councilwoman Barnette to approve the 2nd Annual Miles for Maggie / 5K Charity Run/Walk / April 16, 2011. *Seconded by Councilman Yelding.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

B. City Attorney Report

Requested that council call an Executive Session to discuss the good name and reputation of a person. He said they could wait until the end of the meeting and adjourn into Executive Session.

C. Department Head Comments

Richard Johnson – Public Works Director – handed out and discussed a summary report of what has gone on in Public Works for the last two weeks.

Margaret Thigpen – Civic Center Director – reported that since July 18th to “August 15th the Civic Center has been booked straight for 29 days, and Bayfront beginning in July every Friday and Saturday through December.

David McKelroy – Recreation Director - reported that registration for Youth football, soccer and cheerleading programs is going on, and the numbers will probably be similar to last years except registration for football which will probably go up. Mr. McKelroy said that they are pleased to be involved in the inaugural season of the I-10 Soccer League, a premier soccer league, for 14-18 year olds. He said when he says I-10 they have chosen Daphne because of the central location and the facilities. The city will be hosting three weekends with teams as far east as Panama City as well as from the Pascagoula area. They will be coming to the city’s facilities because of the location being along the I-10 corridor. He mentioned that he reported back in June that he attended a Playground Safety Inspection Certification class, and he is now a certified playground inspector.

7. PUBLIC PARTICIPATION

Mr. Kevin Spriggs – Owner of Eastern Shore Motel – spoke regarding changing the council representative to the Planning Commission.

Mrs. Mickey Boykin – 207 Beal Lane – Daphne Museum - spoke regarding odor and air conditioning problems with the museum building.

Mrs. Dorothy Morrison – Beautification Committee – spoke regarding more citizens of Daphne flying the American Flag.

8. RESOLUTIONS, ORDINANCES, ORDERS AND OTHER BUSINESS

RESOLUTIONS:

- a.) Acceptance of Donation of Property / White-Spunner/Resolution 2010-75
- b.) Revisions to Street Map...../Resolution 2010-76

MOTION BY Councilwoman Barnette to waive the reading of Resolutions 2010-75 and 2010-76. Seconded by Councilman Scott.

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilwoman Barnette to adopt Resolution 2010-75. Seconded by Councilman Lake.

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilwoman Barnette to adopt Resolution 2010-76. Seconded by Councilman Lake.

AYE Yelding, Barnette, Burnam, Scott, Boulware, Palumbo NAY Lake

MOTION CARRIED

ORDINANCES:

2ND READ

- a.) Rezone: Dale Family / R-2 to B-2/Ordinance 2010-39
- b.) Annexation: Dale Family / East Side of US Hwy 98
North of Dale Road...../Ordinance 2010-40
- c.) Annexation: Luther & Sharon Milstead / Northeast of
Pollard Road and Well Road/Ordinance 2010-41
- d.) Capital Reserve Appropriation: Whispering Pines Road-Phase I
Acquiring Right-of-Way for Round-About/Ordinance 2010-42
- e.) Windsor Drive/Court/Ordinance 2010-43

- f.) Civic Center/Bay Front Park Tables/Ordinance 2010-44
- g.) NRCS Grant Match...../Ordinance 2010-45
- h.) Establish Penalties and Enforcement Procedures for Violating
Municipal Ordinances/Ordinance 2010-46
- i.) Amending Ordinance 1995-08 Allowing An Expedited Process
Of Solicitor License Granting/Ordinance 2010-47
- j.) Garbage Personnel & Operating Through September 2010/Ordinance 2010-48

- 1ST READ
- k.) Amend Ordinance 2008-21 / Civic Center Rates/Ordinance 2010-49
- l.) Amend Ordinance 2008-50 / Bayfront Park Rental Rates/Ordinance 2010-50

MOTION BY Councilwoman Barnette to waive the reading of Ordinances 2010-39 and 2010-40. *Seconded by Councilman Yelding.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilwoman Barnette to adopt Ordinances 2010-39 and 2010-40. *Seconded by Councilman Yelding.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilwoman Barnette to waive the reading of Ordinance 2010-41. *Seconded by Councilman Scott.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilwoman Barnette to adopt Ordinance 2010-41. *Seconded by Councilman Scott.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilman Scott to waive the reading of Ordinances 2010-42, 2010-43 and 2010-44. *Seconded by Councilwoman Barnette.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilman Scott to adopt Ordinance 2010-42. *Seconded by Councilwoman Barnette.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilman Scott to adopt Ordinance 2010-43. *Seconded by Councilwoman Barnette.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilman Scott to adopt Ordinance 2010-44. *Seconded by Councilwoman Barnette.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilman Scott to waive the reading of Ordinance 2010-45, 2010-46 and 2010-47. *Seconded by Councilwoman Barnette.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilman Scott to adopt Ordinance 2010-45. *Seconded by Councilwoman Barnette.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilman Scott to adopt Ordinance 2010-46. *Seconded by Councilwoman Barnette.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilman Scott to adopt Ordinance 2010-47. *Seconded by Councilwoman Barnette.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilman Scott to waive the reading of Ordinance 2010-48. *Seconded by Councilman Yelding.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

MOTION BY Councilman Scott to adopt Ordinance 2010-48. *Seconded by Councilman Yelding.*

ROLL CALL VOTE

Yelding	Aye	Scott	Aye
Barnette	Nay	Boulware	Nay
Lake	Aye	Palumbo	Nay

AYE Yelding, Lake, Scott

NAY Barnette, Boulware, Palumbo

MOTION FAILED

MOTION BY Councilman Boulware for council to call for the termination of the three individuals not budgeted in this fiscal year in the garbage department. *Seconded by Councilwoman Barnette.*

AYE Boulware

NAY Yelding, Barnette, Lake, Scott, Palumbo

MOTION FAILED

MOTION BY Councilwoman Barnette that a plan for the three remaining personnel that have been operating out of the garbage department, and be shown where they are essential of non-essential employees, and what services they may or may not serve for the City of Daphne. *Seconded by Councilman Scott.*

Councilman Scott wanted to be sure that the motion was for the Mayor and Public Works Director to bring a recommendation to council as to where these individuals would be best utilized and slotted.

Mrs. Barnette stated that is her motion.

Mayor Small stated that the Parks Department would also be involved.

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

ORDINANCES 2010-49, 2010-50 WERE MADE 1ST READ.

8. COUNCIL COMMENTS

Mayor Small stated that they just said that they have the fiscal responsibility to do certain things, and as he looks at the ordinances just adopted some of it is appropriated for things that they should have had a fiscal responsibility for, but he thinks it is a little unfair that they have for three months now discussed this with these employees. All the council knew, and the different committees knew that they had to come up with a plan, and it would take the council's workings to do that. If council wanted to terminate people, and it was the majority of council that wanted to terminate them or not fund them, they could have done that, and give the employee plenty of time. He thinks it is a little unfair to come down at the last minute and say they are going to terminate these people. It is not right for the employee. He said these employees that they are talking about terminating are nine and ten dollar an hour people it is not people making \$30,000 and \$40,000 that is going to get laid off that may have had a chance to put some money back, and could see it coming. It is just a little disappointing when you spend \$6,200 on a right-of-way, and the cost should have been \$800, but there they should have had the fiscal responsibility to actually take care of that, but they didn't. They have the fiscal responsibility to lay somebody off in one meeting and never give them an opportunity to prepare even now, and these people without their next check could not feed their family.

Councilwoman Barnette said that they have been debating the recycling issue, and there has been so much confusion, and the timing fell at an awkward time with the departure of Mr. Eady, and the start of Mr. Johnson with the Public Works leadership of what is going to happen to the personnel. She does not think that anyone can make a decision lightly on what to do with personnel that are in the department have. They have, probably, been fearing for the fate of their jobs since they started talking about this back in January, February and March not knowing what was going to happen. She thinks the council has been trying to keep positions, and utilizing the attrition and find homes for these individuals as they can. She does want to stress that they do need a plan for where they go. Whether the language has changed it is not just a technicality, but they do need the tools to make decisions. She appreciates tremendously Mr. Johnson's presentation tonight, and the time he took to fill them in. She thinks sometimes if they can get information more quickly, and they have had some change over in Public Works, that this decision could have been clarified long ago, because it got mirrored with "Are we going to recycle, or Are we going to do all kinds of if, if, ifs" that stayed as part of the debate for such a long period of time. They know now what the issue is, it is the fate of three individuals, and where they should go, and whether or not they have employment. That is what she thinks they have asked for to be presented at the next meeting.

Councilman Lake asked the City Clerk and City Attorney to look at the Solid Waste Authority that was established when they started garbage collection, and give council information of what the powers and strengths of the Authority are. When the city took over garbage collection they started an Authority, and that Authority was supposed to have the power to set fees and also take care a lot of this that they have talked about tonight. They have not had that Authority for several years, and he feels that they need to look and re-implementing the Authority. He said he does not believe that anybody on the council was part of that Authority. He feels that by having the Authority in place to make these decisions they would not be having this discussion tonight.

Councilman Boulware said that whenever emotions get lit up, and they are all humans, and he hopes they will forgive him if he allowed his blood to get to him. The Mayor mentioned something about fiscal responsibility, and he mentioned the \$6,200 for the round-about or at least the section of property they agreed to pay this gentleman what he was asking, but something that is rarely reported, but needs to be understood is what is the alternative it is called condemnation, taking someone's private property against their will. Here is what the city could do pay his \$6,200 and take his property or they can take the property against his will and pay what the county assessed, and then go to court and the City Attorney has assured him that the cost to fight this battle in court, and this goes back to fiscal responsibility, will out weigh the \$6,200 quickly. They are talking about the impact on the citizen the tax payer start practicing taking peoples property when they don't want you to, and let's talk about fiscal responsibility. That is his answer to the \$6,200. It is easy for things to get personal, but he hopes they understand sometimes they have to make decisions that nobody else wants make, but that is what they signed up for, and they ought to do it.

Council President Palumbo stated that he agrees with Mr. Boulware the matter of appropriating \$6,200 as opposed to the lower amount was a matter of do we condemn the property. The city council has never condemned property since he has been on the council. He is not necessarily opposed to it if that is what they need to do, but he does agree with what Mr. Boulware and the City Attorney had the property owner decided to fight the city in court not only would it have cost the city multiple of the \$6,200, but the road would not be completed. There are people complaining already about how long Whispering Pines has been tied up. It would be tied up to infintedom until the matter proceeded through court. So he feels that \$6,200 was money wisely appropriated by council. He voted against the appropriation for recycling, and also voted against the layoff, and on principle they will be appropriating into reserves for operating expenses which should be a no-no. On the other hand he agrees with the Mayor they have had months to layoff, and they were aware that it would take a motion by the council to do it, and it has been discussed at previous council meetings, and that is why he ruled that the motion was in order. To do it at the 11th hour when there are about 60 days left in the budget, and then perhaps find the money in the upcoming budget, and having had to lay those folks off just did not make a whole lot of sense to him.

**AUGUST 2, 2010
CITY COUNCIL MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.**

10. ADJOURN

MOTION BY Councilman Scott to adjourn into Executive Session for the purpose of discussing the good name and character of an individual, and not return afterwards. The session will last for 30 minutes. Seconded by Councilman Lake.

The City Attorney certified that the going into Executive Session to discuss the good name and character of a person is appropriate according to the Open Meetings Act.

ROLL CALL VOTE

Yelding	Aye	Scott	Aye
Barnette	Aye	Boulware	Aye
Lake	Aye	Palumbo	Aye

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

THERE BEING NO FURTHER BUSINESS TO DISCUSS, THE MEETING ADJOURNED AT 8:27 P.M.

Respectfully submitted by,

David L. Cohen,
City Clerk

Certification by Presiding Officer:

August A. Palumbo,
Council President

**AUGUST 11, 2010
SPECIAL CITY COUNCIL MEETING
1705 MAIN STREET
DAPHNE, AL
6:00 P.M.**

1. CALL TO ORDER

Council President Palumbo called the meeting to order at 6:00 p.m.

2. ROLL CALL INVOCATION/PLEDGE OF ALLEGIANCE

Councilman Lake gave the invocation.

COUNCIL MEMBERS PRESENT: Bailey Yelding; Cathy Barnette; John Lake; Ron Scott; Derek Boulware; August Palumbo.

Also present: Mayor Small arrived at 6:15 p.m.; David Cohen, City Clerk; Erick Bussey, Attorney; Bob Segalla, Utility Board.

1. INTERVIEW FOR DISTRICT #4 COUNCIL SEAT

Council interviewed the following candidates for the District #4 Council Seat:

1. Douglas Dugat
2. Gary Reyes
3. Kelly Reese
4. Robert Ciani
5. Randy Fry

2. VOTE FOR DISTRICT #4 COUNCIL SEAT

MOTION BY Councilman Scott to vote tonight, August 11, 2010, for a replacement for the District #4 Council Seat. *Seconded by Councilman Boulware.*

AYE AL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

VOTE FOR TOP TWO

NAME	VOTES	TOTAL
Douglas Dugat	Palumbo	1
Gary Reyes		0
Kelly Reese	Yelding, Barnette, Lake, Scott, Boulware	5
Robert Ciani		0
Randy Fry	Yelding, Barnette, Lake, Scott, Boulware, Palumbo	6

TOP TWO CHOICES ARE KELLY RESSE AND RANDY FRY.

**AUGUST 11, 2010
SPECIAL CITY COUNCIL MEETING
1705 MAIN STREET
DAPHNE, AL
6:00 PM**

FINAL VOTE FOR DISTRICT #4 COUNCIL SEAT

Kelly Reese	Barnette, Lake, Scott, Boulware	4
Randy Fry	Yelding, Palumbo	2

Kelly Reese was appointed to fill the vacant District #4 Council Seat.

3. DISCUSS MUNICIPAL JUDGE AND PROSECUTOR

Council discussed the salaries for the Judge and Prosecutor, and requested the City Clerk to get a sampling of salaries in other cities in the area, and to prepare an ordinance for Monday’s council meeting as a first read.

MOTION BY Councilman Scott to adjourn. *Seconded by Councilman Lake.*

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

There being no further business to discuss the meeting adjourned at 9:00 p.m.

Respectfully submitted by,

David L. Cohen, City Clerk, MMC

Certification of Presiding Officer:

**August Palumbo,
Council President**

AUGUST 9, 2010
CITY COUNCIL WORK SESSION
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.

1

COUNCIL MEMBERS PRESENT: Cathy Barnette; John Lake; Ron Scott; Derek Boulware; August Palumbo.

ABSENT: Bailey Yelding.

Also present: David Cohen, City Clerk; Rebecca Hayes, Assistant City Clerk; Erick Bussey, Attorney; Kim Briley, Finance Director; Richard Johnson, Public Works Director; Adrienne Jones, Planning Director; Ashley Campbell, Environmental Programs Manager; Larry Chason, Planning Commission; Mike Maxwell, Eastern Shore Chamber of Commerce, Director of Business Development.

Absent: Mayor Small; Jay Ross, City Attorney.

Council President Palumbo called the meeting to order at 6:40 p.m.

1. PRESENTATION: EASTERN SHORE CHAMBER OF COMMERCE / MIKE MAXWELL

Mr. Maxwell reported on the results of the 2010 survey done by the Local Business Research Task Force. He said that, basically, Daphne is doing fine.

2. LAND USE ORDINANCE / PROPOSED REVISIONS

Mrs. Ashley Campbell, Environmental Programs Manager, reported on proposed changes to Section XVIII dealing with Drainage, Storm Water Management Facilities and Erosion/Sediment Control.

Council requested when using acronyms that when the phrase is first used to spell it out, and after the phrase put "hereto afterwards referred to as (*acronym*)."

Councilwoman Barnette wanted to make sure that the language is clear about signoffs, and the submitting of new pages.

Council suggested having an informational meeting with developers, engineers and architects to alert them of the revisions to the Land Use Ordinance.

3. DELIQUENT GARBAGE COLLECTION IN ARREARS

Council President Palumbo stated that there are two questions: How much is owed, and What is being done to collect them.

Mrs. Briley said that \$1680 has been collected. She said that she has not received an recent update from the utilities.

**AUGUST 9, 2010
CITY COUNCIL WORK SESSION
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.**

2

Council President Palumbo wanted to know are those still delinquent currently paying, how much are they in arrears and what is being done to collect. He said that if folks cannot afford to pay the whole amount they can make arrangements to make payments.

Councilman Scott suggested getting a report of names, and what has been paid, and review it at the Finance meeting next month.

Mr. Johnson, Public Works Director, stated that right now the report provided by the utilities as of today says there are 196 residential customers that are in arrears for a total of \$16,376.53. He said that the good news on the report is that only nine commercial companies that are behind for total of \$162.06. There are some chronic offenders on the list meaning that they have gone two – two and a half to three years without a single credit toward their payment. Some of them are 30 days or 60 days out which tells him that somebody is just running behind. He has already discussed with the Mayor that they have a Solid Waste Coordinator, and part of her job is to do that community outreach. He said that a lot of this can be quickly be cleaned up to determine if the customer still resides at the residence, then they will know if they have a customer that they can work with, but if that customer or tenant is gone then you cannot collect from a person that is no longer there. Mr. Johnson said that he will be glad to work with Mrs. Briley and the Finance Committee to clean this up, and identify those that seem to be chronic, and those that seem to be temporarily behind or in arrears, and go from there. He is led to believe that the Solid Waste Coordinator has some enforcement authority and has a citation book, and that if it is determined that there is an actual resident receiving the services then a citation can be issued to make them pay.

Council President Palumbo asked the City Clerk to provide Mr. Johnson with a copy of the ordinance or motion that council passed some time ago, and asked Mr. Bussey to give him a copy of the two letters that was sent to delinquent accounts. He asked Mr. Johnson if the delinquent accounts were paying their utility bill, but leaving off the garbage bill.

Mr. Johnson said that let's say that your total bill is \$100, and if you send in \$75 utilities get their cut first so garbage keeps going into arrears. They may keep their utilities service active by paying enough to keep the utility strung along, so to speak, and the city gets no garbage fees until a 100% of the arrears utility is paid so the city is the last to get a cut. So these could be folks who are making a partial payment or payment plan to the utility, but they have yet to pay to the amount before the city gets garbage payments.

Council President Palumbo asked Mr. Johnson get with Mrs. Briley to get them the information regarding the delinquent accounts so that council can proceed in some manner. He said if it is a question of poverty council made an outreach in the letters. At some point they owe it to the people who pay their garbage fees to make sure this revenue comes in. There is a problem and they do not want garbage out there piling up, but on the other hand they have a responsibility to the other taxpayers, and people who pay.

Mr. Johnson said that, unfortunately, there has been a tendency on the part of his staff to wait until too much time has gone by to ask for this report. This is going to be a monthly report, and the goal is when a new customer is in arrears to make that outreach and find out the status, and sometimes

it might be “I haven’t put that in the mail I will get that in the mail tomorrow”, and if they can be more proactive they may not shrink the number of arrears, but they can keep the list from growing.

Council President Palumbo stated that it is a credit to the folks that did come in and pay or make arrangements to pay.

4. ADJOURN

MOTION BY Councilman Scott to go adjourn into Executive Session to discuss the good name and character of a person. *Seconded by Councilwoman Barnette.*

The City Attorney certified that the reason stated was appropriate according to the Open Meetings Act.

ROLL CALL VOTE

Barnette	Aye	Boulware	Aye
Lake	Aye	Palumbo	Aye
Scott	Aye		

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

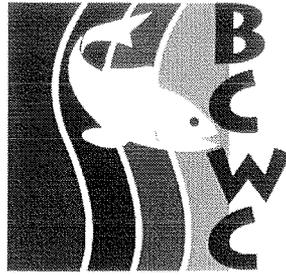
There being no further business to discuss the meeting adjourned at 8:10 p.m.

Respectfully submitted by,

**David L. Cohen,
City Clerk, MMC**

Certification of Presiding Officer:

**August A. Palumbo,
Council President**



The Baldwin County Watershed Coalition

A VOLUNTARY CONSORTIUM OF BALDWIN COUNTY INTERESTS that will support local communities in managing flooding, drainage, and issues related to storm water runoff in Baldwin County while preserving and improving water quality and the use of our water resources.

Baldwin County Watershed Coalition

- Broad stakeholder representation including political entities (Government, environmental groups, local watershed groups, private interests)
- Membership through a Memorandum of Agreement
- Program
 - Build watershed stewardship partnerships
 - Coordinate existing regulatory programs
 - Develop consistent standards and criteria
 - Undertake on the ground projects...

Public Stormwater Corporation

- Financing arm for on the ground projects of BCWC;
- Governed by a board of directors appointed by the executive committee of the BCWC (based on expertise, not politics)

What it can do:

- Ensure public participation
- Construct stormwater control projects on public lands in Baldwin County using at least 80% gross revenues for capital expenditures
- May act as agent of any member governing body for inspection and program implementation

What it can't do:

- NO Regulatory actions
- NO additional requirements other than those mandated by ADEM (unless within corporate municipal limits)
- NO establishment or enforcement of any building codes
- NO Subdivision regulations
- NO Zoning regulations
- NO Development plans
- NO Comprehensive plans
- NO other construction or development related regulations
- NO Relief from liability for compliance with NPDES

The Rate Structure

- The corporation can get about \$1.5-1.8 million on the ground per year
- The fee structure focused on level of impact (impervious area greater than 10% causes an adverse impact rule)
- The fee structure looked at impervious area regardless of whether it was commercial or residential
- Rates are calculated by average impervious area within ranges
- Rates are charged based on total impervious area per parcel
- 5-year program and fee structure review
- No credits in first phase; Smart growth and low impact design measures will be promoted by BCWC members to build awareness and individual action

IMPERVIOUS AREA		Annual Watershed Preservation Fee <i>(Charge to All Property Owners of Developed Properties)</i>	Stormwater Fee (\$12/ERU/Yr)	TOTAL FEE Watershed Fee plus Fee ERU Fee	Expected Number of Customers By Classification	Anticipated Annual Revenue
Lower Range (sq ft)	Upper Range (sq ft)					
> 80,001		\$12	Individually Calculated Based on Total Impervious Area ÷ 2,385 sq.ft.		63	\$39,662
75,000	79,999	\$12	\$390	\$402	3	\$1,206
70,000	74,999	\$12	\$365	\$377	14	\$5,275
65,000	69,999	\$12	\$340	\$352	15	\$5,274
60,000	64,999	\$12	\$314	\$326	30	\$9,794
55,000	59,999	\$12	\$289	\$301	30	\$9,039
50,000	54,999	\$12	\$264	\$276	33	\$9,113
45,000	49,999	\$12	\$239	\$251	60	\$15,060
40,000	44,999	\$12	\$214	\$226	88	\$19,874
35,000	39,999	\$12	\$189	\$201	138	\$27,694
30,000	34,999	\$12	\$164	\$176	200	\$35,104
25,000	29,999	\$12	\$138	\$150	247	\$37,140
20,000	24,999	\$12	\$113	\$125	347	\$43,447
15,000	19,999	\$12	\$88	\$100	575	\$57,529
11,000	14,999	\$12	\$65	\$77	625	\$48,381
7,000	11,000	\$12	\$45	\$57	1,236	\$70,802
4,000	6,999	\$12	\$28	\$40	4,056	\$160,914
3,000	3,999	\$12	\$18	\$30	6,254	\$185,181
1,000	2,999	\$12	\$12	\$24	68,487	\$1,643,688
201	999	\$12	\$0	\$12	15,156	\$174,532
Total					97,657	\$2,598,708

MEMORANDUM OF UNDERSTANDING

Baldwin County Watershed Coalition

This Memorandum of Understanding (MOU) is made and entered into among the members of the Baldwin County Watershed Coalition (BCWC). This agreement creates a voluntary network of independent agencies and organizations defined by the BCWC which share common goals and have come together to achieve these goals through coordinated collaboration and cooperation.

Mission Statement

“ to support local communities in managing flooding, drainage, and issues related to stormwater runoff In Baldwin County while preserving and improving water quality and the use of our water resources”

The secondary objectives of the BCWC's Mission are to:

- Improve community health
- Improve community safety
- Increase and enhance recreational opportunities
- Maintain property values
- Sustain our economy

Organization

Organizational structure and practices of the BCWC are outlined in the Bylaws and incorporated Policies and Procedures Manual, latest version, most current edition adopted by the BCWC Executive Committee.

It is mutually agreed and understood by and among the Members of the BCWC hereto that:

- This Memorandum of Understanding reflects an entirely voluntary commitment among the Members to cooperate and work together to achieve the vision and mission articulated herein. This Memorandum of Understanding in no way obligates or restricts the activity of any party hereto in any way.
- No Member shall obligate, or purport to obligate, any other Member with respect to any matter.
- Any Member may withdraw from the BCWC at any time by providing written notice of the Member's intent to withdraw from the coalition to the Chair of the BCWC. A Member may be removed for cause in accordance with the Bylaws and Polices and Procedures of the Bylaws to the BCWC.

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**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
FINANCE COMMITTEE MINUTES
August 9, 2010
4:00 P.M.

I. CALL TO ORDER/ROLL CALL

The meeting was called to order at 4:00 pm. Present were Chairman Derek Boulware, Councilman Ron Scott, Finance Director Kim Briley, Senior Accountant Suzânnne Henson, and Accountant Donna Page.

Councilman Bailey Yelding was absent.

Also in attendance were Mayor Fred Small, Human Resources Director Vickie Hinman, Civic Center Director Margaret Thigpen, Public Works Director Richard Johnson, Building Maintenance Supervisor Frank Barnett and Human Resources Payroll/Benefits Coordinator Sherree Hilburn.

II. PUBLIC PARTICIPATION

Mr. Kevin Spriggs spoke against the recycling program. He is concerned with the efficiency of the program with an estimated \$250,000 a year operating cost and a very low revenue stream.

III. HUMAN RESOURCES BUSINESS

Ms. Vickie Hinman, Human Resources Director, presented the Human Resources activity update. Positions filled include two PSW (Parks) and a Mechanic. Applications are being reviewed for the Admin Tech (PD) and Library Services Tech. Open positions include a PSW (Grounds) – internal only, PT Crossing Guard and PT Library Aide.

The Safety Committee has determined additional training and supplies needed next FY are AED pads (\$380) and flagging training for the Street department (\$550). Two employees will be sent to the Governor's Safety and Health Conference in Orange Beach August 30 – September 1; and Public Works is receiving estimates on puncture and cut resistant gloves for their workers.

Projects for the Human Resources Department include amending the City's Drug/Alcohol policy, obtaining prices for a new payroll check printer; flexible spending open enrollment, and reviewing Munis upgrades for applicant tracking and evaluations. A new employee orientation was held July 21.

A meeting with Chappelle concerning self funded medical insurance versus fully insured was held July 28. Ms. Hinman noted that she is still gathering information, but that BCBS has notified her that they will not be going up on their premiums next year and that as of May 31 the City has a rate credit of \$731,948, with a projected credit at year end of \$822,000. It is her understanding that if we leave BCBS we will lose this credit.

IV. ISSUES REQUIRING ACTION BY CITY COUNCIL

A. Appropriation Requests

1. Garbage Operations & Personnel - \$80,800

Mr. Richard Johnson presented a request of the Council to appropriate \$80,797.22, for personnel (\$59,145.76) and related operating requirements (\$21,651.50), to the Garbage Department through FY 2010. He explained

that the overage in salaries resulted from the delayed transition to once-a-week garbage pickup using automated single crew trucks. The transition has now been made and no further solid waste workers draw pay or benefits from the Garbage budget. The operating deficit includes an increase in vehicle insurance since insurance coverage was required on old trucks until they were sold since they were still being used throughout the transition period and coverage for new trucks as they were received. Mr. Johnson also noted that fuel costs were not budgeted high enough for the current year. Mr. Scott discussed recommending the appropriation be approved by Council and discussion continued by Mr. Boulware that the request should be forwarded to the full Council for review.

Motion by Mr. Scott to recommend full Council review of the \$80,800 appropriation request for the Garbage Department. Seconded by Mr. Boulware. Motion carried.

2. Bayfront Subfloor Repair - \$30,000

Mr. Frank Barnett reported that the insulation underneath the Bayfront Pavilion has absorbed and held moisture and damaged the subfloor. Frank discussed that the subflooring needs immediate repair. The material estimate to repair the subfloor support structure is \$12,104.90 with labor provided by public works employees. An estimate of \$15,917 has been received to blow moisture proof foam insulation into the subfloors.

Motion by Mr. Scott to recommend Council adopt an ordinance appropriating \$30,000 from Lodging Tax to repair and insulate the Bayfront subfloor. Seconded by Mr. Boulware. Motion carried.

B. Prepaid Travel

Motion by Mr. Scott to recommend Council adopt a resolution approving the following prepaid travel:
Becky Hayes, City Clerk Assistant, Certification Training Institute for Municipal Clerks, Tuscaloosa, AL, August 18-20, 2010 – \$140.
Seconded by Mr. Boulware. Motion carried.

C. Bid – 2010-S-CIVIC CENTER HVAC CONTROL SYSTEM UPGRADE

Fifteen bid invitations were mailed/picked-up with five sealed bids received. Mr. Barnett recommended the low bid of \$35,924 from Engineered Cooling be accepted. It was discussed that this upgrade is an energy management system and should save 10%-20% or better on operating costs.

Motion by Mr. Scott to recommend Council (1) adopt an ordinance appropriating \$35,924 for the Civic Center HVAC Control System Upgrade and (2) adopt a resolution awarding bid 2010-S-CIVIC CENTER HVAC CONTROL SYSTEM UPGRADE to Engineered Cooling in the amount of \$35,924. Seconded by Mr. Boulware. Motion carried.

D. Declare City Property Surplus

1. Surplus Items for Sale

Dept	Tag/Veh#	Description	Vin # / Serial #
Civic Center		280 red Vinyl Chairs w/ Black Metal Frames	
Recycling	91	1997 Chevrolet Astro Van	1GNDM19WXVB225824

Motion by Mr. Scott to recommend Council adopt a resolution declaring the listed property surplus and authorizing the Mayor to dispose of such equipment. Seconded by Mr. Boulware. Motion carried.

2. Surplus Items for Donation to Goodwill

Several lost and found items from the Civic Center (coats, backpacks, shoes, etc) have collected over time and are recommended for disposal by donating them to Goodwill.

Motion by Mr. Scott to recommend Council adopt a resolution declaring the lost and found items surplus and authorizing the Mayor to dispose of such items by donating them to Goodwill. Seconded by Mr. Boulware. Motion carried.

V. CURRENT BUSINESS

Presentation of Fiscal Year 2009 Audit

Mr. Mark Chapman and Ms. Kelli Rice with Smith, Dukes & Buckalew CPA, LLP, reported that they are in the process of wrapping up the 2009 audit. They have presented a draft copy to the finance committee with an unqualified opinion and hope to have the final reports ready this week. Mr. Chapman reviewed that audit guidelines are set and followed as mandated Government Auditing Standards and standards set forth in the OMB Circular A-133 (Office of Management and Budget). Mr. Chapman discussed the three opinions required in an audit including compliance with Federal programs and compliance with Law. Mr. Chapman further discussed the Single Audit requirements and the new Other Post Employment Benefits (OPEB) reporting requirements for accounting for cost of healthcare for retirees. Mr. Chapman stated the Finance Department prepared all reports and notes and there were no findings in the audit.

VI. FINANCIAL REPORTS

A. Treasurer's Report: July 31, 2010

The Treasurer's Report totaling \$19,900,022.51 was presented.

Motion by Mr. Scott to accept the Treasurer's Report as of July 31, 2010, in the amount of \$19,900,022.51. Seconded by Mr. Boulware. Motion carried.

B. Sales and Use Taxes: June 30, 2010

Sales and Use Tax Collected for June 2010	- \$ 887,269
Sales and Use Tax Budgeted for June 2010	- \$ <u>846,847</u>
Over Budget (for June)	- \$ 40,616

YTD Budget Collections Variance – Over Budget - \$ 216,908

C. Lodging Tax Collections, June 30, 2010

The Lodging Tax Collections report shows \$79,822.84 collected for June 2010.

D. Summary Report of Revenues, Expenditures & Changes in Fund Balance – May 31, 2010

A Summary Statement of Revenue and Expenditures as of May 31, 2010 was presented showing expenditures over revenues of (\$393,169). It was noted that this in line with the budget. The amended budget deficit of 1,040,786 was noted.

E. Report: New Business Licenses – July 2010

A report showing new businesses licensed in the City for the month of July was presented.

F. Bills Paid Reports – July 2010

The July Bills Paid Report was included in Packet #2.

VII. ADJOURN

The meeting was adjourned at 5:15 p.m.

Fred Small
Mayor

Vickie Hinman
Human Resources Director



Sherree Hilburn
Payroll and Benefits Coordinator

Michele Hanson
Human Resources Assistant

The Jubilee City

August 5, 2010

HUMAN RESOURCES DEPARTMENT ACTIVITY UPDATE

Jobs Announced	Apps Received	Status
PSW (Parks) (2)		Transferred 7/29/10
Mechanic		DOH – 7/15/10
Admin. Tech (PD)	238	Reviewing Applications
Library Services Tech.	93	Reviewing Applications
PSW (Grounds)		Close Date – 8/10/10
PT Crossing Guard		Close Date – 8/10/10
PT Library Aide		Close Date – 8/17/10

Safety Committee Meeting:

July 28, 2010

- Additional Training/Supplies needed for next FY – AED pads (\$380); Flagging Training for Streets (\$550)
- Annual Alabama Governor's Safety & Health Conference (Aug. 30 - Sept. 1) Orange Beach –sending 2 employees.
- Admin. in Public Works is receiving estimates on puncture and cut resistant gloves for workers

Next meeting will be August 25, 2010 at 8:15 a.m.

Department Projects:

- Amend existing City's Drug/Alcohol policy (ALDOT 49 CFR Part 40) Changes in Observed Collections, Test Refusals, and Negative Dilute Results.
- Payroll check printer estimates
- Flexible Spending Open Enrollment
- New Employee Orientation – July 21, 2010 – (8 employees PD and Court)
- Self-Funded vs Fully Insured Medical (July 28, 2010 meeting)
- Reviewing Munis upgrades in HR Dept. for applicant tracking and evaluations
- Ongoing processing of FMLA, performance evaluations, payroll change notices, job postings/applications

Human Resources Department
P.O. Box 400 Daphne, Alabama 36526
Phone: (251) 621-3075 Fax: (251) 621-4506

Presentation to the Finance Committee
Garbage/Recycling Personnel and Budget

- Prior to initiating once-a-week garbage pickup using automated single crew trucks the frontline staffing requirements for Trash, Recycling & Garbage consisted of 20 Solid Waste Workers, 12 of which held "Senior" classifications. (See *Solid Waste Staffing – FY2010*)
- The projection provided to and approved by the City Council proposed a Reduction in Force (RIF) of Garbage frontline staff totaling six (6) Solid Waste Workers, with one (1) being "Senior" in classification. (See *Solid Waste Staffing – FY2010*)
- Through the first three (3) quarters of Fiscal Year (FY) 2010 this transition was made per direction of the Council.
- As of today (August 9, 2010) frontline staffing for Trash, Recycling & Garbage consist of 14 Solid Waste Workers, 11 of which hold "Senior" classifications. (See *Daphne Public Works Department Staffing Chart*)
- This RIF has been accomplished during this transition period through attrition and lateral moves internal and external to the Public Works Department.
- There remains a Solid Waste Worker budgeted from Recycling currently working in Mowing. However, there exists an equal classification opening in Grounds that could potentially accommodate a lateral move and settle the remaining surplus Solid Waste Worker position.
- Recycling is fully staffed and on budget to complete FY2010 with no deficit.
- During the transition period all RIF Solid Waste Workers from Garbage where paid their hourly rate and benefits from the Garbage budget until such time they were placed elsewhere.
- As of today (August 9, 2010), no Solid Waste Worker Classified Positions draw pay or benefits from Garbage's budget.
- However, during this RIF transition a deficit of \$59,145.76 was left in wages for Solid Waste Worker (Account 764542 50540). This account is static and will not increase for the remainder of FY2010. This deficit represents the cost of the RIF transition. (See *Year-To-Date Budget Report*)
- Furthermore, there is an operating deficit of \$7,730.00 in Vehicle Insurance (Account 764542 53546) and \$11,500.34 in Vehicle/Equipment Fuel (Account 764542 55251). The insurance is the result of acquiring new trucks mid-year that required insurance premiums after already paying full premiums on existing equipment during the 2nd quarter FY2010. The fuel budget was reduced prior to FY2010 in anticipation of once-a-week pickup. However, once-a-week pickup was not fully implemented until the 3rd Quarter FY2010. Thus, only half of the fuel savings will be realized resulting in the deficit.
- These costs are strictly associated with the transition from multi pick-up with a mix of automated and non-automated trucks to once-a-week pickup with fully automated trucks.
- It is respectfully asked of the Council to reconsider a modified Ordinance to amend the FY2010 Budget to include a General Fund appropriation in the amount of \$80,797.22 for personnel (\$59,145.76) and related operating requirements (\$21,651.50) required by the Garbage Department through FY2010.
- The \$21,651.50 includes projected fuel cost through the end of the fiscal year.

FRONT LINE STAFF

SWW SR. POSITIONS:

SEPT. 30, 2009	FY 2010 BUDGET	ACTUAL 8/12/10
12 SWW SR.	11 SWW SR.	11 SWW SR.
SWW SR. - GARBAGE	SWW SR. - GARBAGE	SWW SR. - GARBAGE
SWW SR. - GARBAGE	SWW SR. - GARBAGE	SWW SR. - GARBAGE
SWW SR. - GARBAGE	SWW SR. - GARBAGE	SWW SR. - GARBAGE
SWW SR. - GARBAGE	SWW SR. - GARBAGE	SWW SR. - GARBAGE
SWW SR. - GARBAGE	SWW SR. - GARBAGE	SWW SR. - TRASH
SWW SR. - TRASH	SWW SR. - TRASH	SWW SR. - TRASH
SWW SR. - TRASH	SWW SR. - TRASH	SWW SR. - TRASH
SWW SR. - TRASH	SWW SR. - TRASH	SWW SR. - TRASH
SWW SR. - RECYCLE	SWW SR. - RECYCLE	SWW SR. - RECYCLE
SWW SR. - RECYCLE	SWW SR. - RECYCLE	SWW SR. - RECYCLE
SWW SR. - RECYCLE	SWW SR. - RECYCLE	SWW SR. - RECYCLE
SWW SR. - OPEN		

SWW POSITIONS:

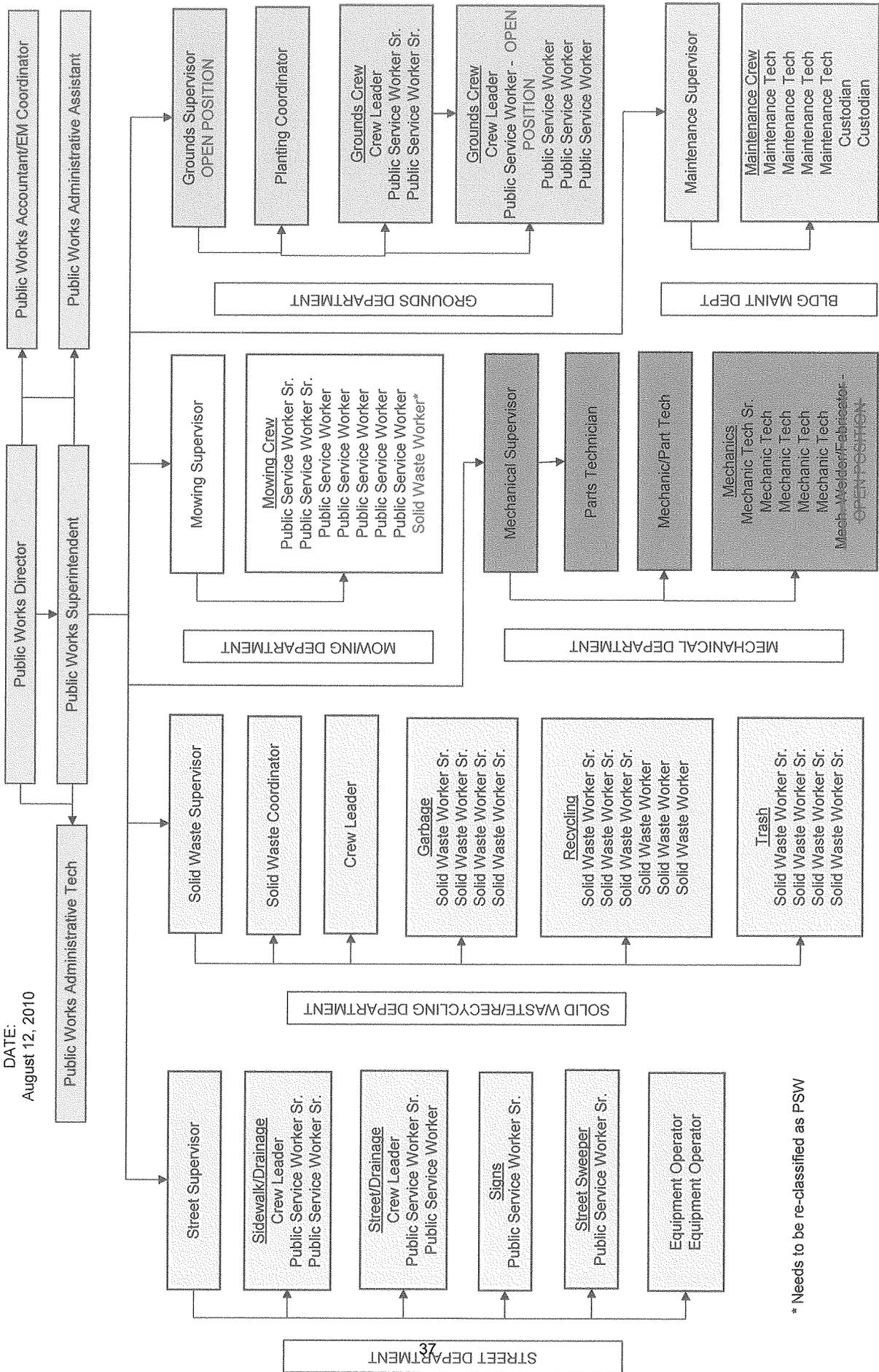
SEPT. 30, 2009	FY 2010 BUDGET	ACTUAL 8/12/10
8 SWW	7 SWW	3 SWW
SWW- GARBAGE	SWW- GARBAGE	
SWW - RECYCLE	SWW - RECYCLE	SWW - RECYCLE
SWW - RECYCLE	SWW - RECYCLE	SWW - RECYCLE
SWW - RECYCLE	SWW - RECYCLE	SWW - RECYCLE
SWW - OPEN		

EFFECTIVE 8/12/10 TOTAL FRONT LINE=11 SWW SR. AND 3 SWW

****AFTER TRANSFER TO GROUNDS OPEN POSITION 8/12/2010****

DAPHNE PUBLIC WORKS DEPARTMENT STAFFING CHART

DATE:
August 12, 2010



* Needs to be re-classified as PSW

GARBAGE

08/04/2010 16:21
kim

CITY OF DAPHNE
YEAR-TO-DATE BUDGET REPORT

GARBAGE/RECYCLING, 7-31-2010

PG 1
glytbdud

FOR 2010 10

ACCOUNTS FOR:	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
7000 GARBAGE/RECYCLING							

42 GARBAGE							

10 WAGES							

764542 50235 CREW LEADER	34,798	34,798	29,241.82	4,008.82	.00	5,556.18	84.0%*
764542 50463 SR SOLID WASTE WORKER	110,082	110,082	72,933.96	10,214.00	.00	37,148.04	66.3%
764542 50470 SOLID WASTE COORDINATO	39,874	39,874	32,865.08	4,590.62	.00	7,008.92	82.4%
764542 50540 SOLID WASTE WORKER	59,975	59,975	119,120.76	16,557.04	.00	-59,145.76	198.6%*
TOTAL WAGES	244,729	244,729	254,161.62	35,370.48	.00	-9,432.62	103.9%

12 OVERTIME							

764542 51178 OVERTIME	8,000	8,000	4,258.22	511.60	.00	3,741.78	53.2%
764542 51178 20 OT-CHRISTMAS PARADE	500	500	411.12	.00	.00	88.88	82.2%
764542 51178 21 OVERTIME-MARDI GRAS	800	800	702.86	.00	.00	97.14	87.9%*
764542 51178 27 OVERTIME-JUBILEE FE	750	750	.00	.00	.00	750.00	.0%
TOTAL OVERTIME	10,050	10,050	5,372.20	511.60	.00	4,677.80	53.5%

15 PAYROLL RELATED							

764542 51181 MEDICARE	3,665	3,665	3,347.30	464.05	.00	317.70	91.3%*
764542 51181 20 MEDICARE-CHRISTMAS	7	7	5.37	.00	.00	1.63	76.7%
764542 51181 21 MEDICARE-MARDI GRAS	12	12	18.04	.00	.00	-6.04	150.3%*
764542 51181 27 MEDICARE-JUBILEE FE	11	11	.00	.00	.00	11.00	.0%
764542 51182 SOCIAL SECURITY	15,670	15,670	14,312.73	1,984.22	.00	1,357.27	91.3%*
764542 51182 20 SOCIAL SECURITY-CHR	31	31	22.97	.00	.00	8.03	74.1%
764542 51182 21 SOCIAL SECURITY-MAR	50	50	77.14	.00	.00	-27.14	154.3%*
764542 51182 27 SOCIAL SECURITY-JUB	47	47	.00	.00	.00	47.00	.0%
764542 51183 RETIREMENT	17,061	17,061	16,872.66	2,346.68	.00	188.34	98.9%*
764542 51183 20 RETIREMENT-CHRISTMA	34	34	26.89	.00	.00	7.11	79.1%
764542 51183 21 RETIREMENT-MARDI GR	54	54	89.41	.00	.00	-35.41	165.6%*
764542 51183 27 RETIREMENT- JUBILEE	51	51	.00	.00	.00	51.00	.0%
TOTAL PAYROLL RELATED	36,693	36,693	34,772.51	4,794.95	.00	1,920.49	94.8%

18 OTHER PERSONNEL							

764542 51191 MEDICAL/DENTAL INSURAN	73,686	73,686	62,043.04	.00	.00	11,642.96	84.2%*

FOR 2010 10

ACCOUNTS FOR: 7000	GARBAGE/RECYCLING	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED

764542	51192	DISABILITY INSURANCE	2,748	2,748	1,637.12	.00	.00	1,110.88 59.6%
764542	51193	LIFE INSURANCE	850	850	522.48	.00	.00	327.52 61.5%
764542	51194	SUI	110	110	159.45	21.50	.00	-49.45 145.0%*
764542	51195	WORKERS COMPENSATION	22,000	22,000	16,041.44	4,132.62	.00	5,958.56 72.9%
	TOTAL OTHER PERSONNEL		99,394	99,394	80,403.53	4,154.12	.00	18,990.47 80.9%

23 EMPLOYEE SUPPORT								

764542	52211	TRAINING/TRAVEL	250	250	289.66	51.97	.00	-39.66 115.9%*
764542	52217	IMMUNIZATIONS	0	0	82.50	.00	.00	-82.50 100.0%*
	TOTAL EMPLOYEE SUPPORT		250	250	372.16	51.97	.00	-122.16 148.9%

30 PROFESSIONAL SVCS								

764542	53376	LEGAL FBES	1,000	1,000	.00	.00	.00	1,000.00 .0%
	TOTAL PROFESSIONAL SVCS		1,000	1,000	.00	.00	.00	1,000.00 .0%

34 OTHER SVCS								

764542	534259	CLEANING SERVICES-WAS	800	800	.00	.00	.00	800.00 .0%
764542	53431	GARBAGE REVENUE COLLEC	9,000	9,000	6,929.81	813.20	.00	2,070.19 77.0%
	TOTAL OTHER SVCS		9,800	9,800	6,929.81	813.20	.00	2,870.19 70.7%

36 INSURANCE								

764542	53545	PROPERTY/LIABILITY INS	1,600	1,600	1,727.88	.00	.00	-127.88 108.0%*
764542	53546	VEHICLE INSURANCE	3,750	3,750	11,480.00	.00	.00	-7,730.00 306.1%*
	TOTAL INSURANCE		5,350	5,350	13,207.88	.00	.00	-7,857.88 246.9%

38 ADVERTISING								

764542	53355	PUBLIC SERVICE ADVERTI	1,500	1,500	400.00	.00	.00	1,100.00 26.7%

FOR 2010 10

ACCOUNTS FOR:	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
7000 GARBAGE/RECYCLING	1,500	1,500	400.00	.00	.00	1,100.00	26.7%
TOTAL ADVERTISING							
47 GARBAGE/DEBRIS REMVL							
764542 53440 LANDFILL DISPOSAL	216,000	211,000	135,059.75	5,478.37	.00	75,940.25	64.0%
764542 553411 GARBAGE COLLECTION SU	1,000	1,000	496.09	179.00	510.08	-6.17	100.6%*
764542 553421 GARBAGE CONTAINERS	185,000	185,000	182,700.00	.00	.00	2,300.00	98.8%*
TOTAL GARBAGE/DEBRIS REMVL	402,000	397,000	318,255.84	5,657.37	510.08	78,234.08	80.3%
49 EMPLOYEE SUPPLIES							
764542 55110 UNIFORMS	1,000	1,000	92.50	.00	99.00	808.50	19.2%
764542 55115 SAFETY SUPPLIES	1,000	1,000	193.00	.00	99.00	708.00	29.2%
TOTAL EMPLOYEE SUPPLIES	2,000	2,000	285.50	.00	198.00	1,516.50	24.2%
50 OFFICE SUPPLIES							
764542 55211 OFFICE SUPPLIES	750	750	200.63	.00	.00	549.37	26.8%
764542 55212 POSTAGE	500	500	.00	.00	.00	500.00	.0%
TOTAL OFFICE SUPPLIES	1,250	1,250	200.63	.00	.00	1,049.37	16.1%
54 OPERATING SUPPLIES							
764542 55251 VEHICLE/EQUIPMENT FUEL	36,000	36,000	47,500.34	.00	.00	-11,500.34	131.9%*
764542 55358 INMATE ASSIGNMENTS	10,000	10,000	12,412.20	.00	.00	-2,412.20	124.1%*
TOTAL OPERATING SUPPLIES	46,000	46,000	59,912.54	.00	.00	-13,912.54	130.2%
57 EQUIPMENT PURCHASES							
764542 55571 EQUIPMENT PURCHASED	750	750	.00	.00	.00	750.00	.0%

Suzanne

From: CCDirector [ccdirc@bellsouth.net]
Sent: Tuesday, August 03, 2010 10:41 AM
To: hensonsm@bellsouth.net
Cc: 'Frank'; 'Jane Robbins'
Subject: Bayfront/Finance Committee
Importance: High

\$30,000

At the B & P meeting last night, I brought up the fact that as the insulation is removed underneath the Bayfront Pavilion, the damage to the subfloor is really revealed and in need of an immediate fix. As a matter of fact in some areas the subfloor is no more for it is either coming off with the insulation removal or the moisture has completed rotted and crumbled the subfloor. Frank estimated roughly \$12,104.90 to fix the entire subfloor however this does not include the \$17,000 for re-insulating after the subfloor is fixed. A motion was made and carried that I proceed to Finance with this request.

Jane – Will you please get Suzanne what she needs to put this on the agenda.

Frank – Will you please get the rough quote you presented to B & P last night and forward to Suzanne for her packet. Also, please include the insulation information.

Thank you all!!!!!! And please let me know what else I need to do.

Margaret Thiigpen, Director



daphneciviccenter.org
daphnebayfrontpark.org
251-626-5300

Suzanne

From: Frank [frankb@bellsouth.net]
Sent: Tuesday, August 03, 2010 2:06 PM
To: hensonsm@bellsouth.net
Cc: 'CCDirector'; 'Frank Barnett'; mayorsmall@bellsouth.net
Subject: Bayfront subfloor and Insulation

This is what I have from one insulation contractor and an inhouse estimate for subfloor bracing for the Bayfront floor.

Bayfront subfloor

Dimension 140' x 50'
38 bays across building
7000' sqft.

To brace up subfloor of entire building

220 sheets plywood	at \$26.97 ea.	\$5,933.40
950 2" x 4" x 12'	\$5.97 ea	\$5,671.50
Framing nails	\$47.98 case	\$ 200.00
Saw blades		\$ 100.00
Misc.		200.00
		<hr/>
		\$12,104.90

PREPAID TRAVEL REQUEST FORM

EMPLOYEE NAME/TITLE	REBECCA A. HAYES
DEPARTMENT	LEGISLATIVE
DATES OF TRAVEL	AUGUST 18-20, 2010
SCHOOL/ORGANIZATION	CERTIFICATION TRAINING INSTITUTE FOR MUNICIPAL CLERKS
LOCATION FOR TRAINING: CITY/STATE	TUSCALOOSA, AL
REGISTRATION FEE	\$235.00
LODGING	\$384.00
TOTAL ADVANCE REQUESTED (\$35 x # OF DAYS)	\$140.00

A complete Expenses Report with itemized receipts must be submitted upon return. The employee understands that proper itemized receipts must be submitted for all monies expended. Any remaining balance must be reimbursed to the City or this amount will be included as taxable income on the employee's W-2.

Employee Signature

Rebecca A. Hayes

David L. Coker
Department Head Approval

8069 120200 / 52211 / _____
 Vendor # Dept Org # Object # Proj #

***PREPAID TRAVEL IS APPROVED BY THE FINANCE COMMITTEE THEN COUNCIL -PLEASE SUBMIT IN TIME TO ALLOW SUFFICIENT TIME FOR THESE APPROVALS.**

***ATTACH A COPY OF THE BROCHURE/REGISTRATION FORM FOR TRAINING EVENT ATTENDING - THE ATTACHED COPY SHOULD DISPLAY PURPOSE, DATES, AND COST OF TRAINING EVENT.**

Revised 3/06

CERTIFICATION TRAINING INSTITUTE FOR MUNICIPAL CLERKS
 (tentative)
 BRYANT CONFERENCE CENTER, TUSCALOOSA, ALABAMA
 August 18-20, 2010

WEDNESDAY, AUGUST 18, 2010

RAST B

- 8:15 a.m. **LICENSE TAXES**
Perry Roquemore, Jr., Executive Director, Alabama League of Municipalities (ALM)
- 10:00 a.m. Break
- 10:15 a.m. **LEGAL AND LEGISLATIVE UPDATE**
Perry Roquemore, Jr., Executive Director, ALM
- 12:00 p.m. Lunch-on-your-own
- 1:30 p.m. **MANAGING ME**
Teresa Faulkner, HR Development Manager, The University of Alabama
- 3:00 p.m. Break
- 3:15 p.m. **ENERGY AND CREATIVITY OF TEAMS**
Teresa Faulkner, HR Development Manager, The University of Alabama

THURSDAY, AUGUST 19, 2010

RAST B

- 8:15 a.m. **ETHICS**
Hugh R. Evans, General Counsel, Alabama State Ethics Commission
- 10:00 a.m. Break
- 10:15 a.m. **RECORDS RETENTION AND DESTRUCTION**
Dr. Tom Turley, Local Governmental Records Archivist, Alabama Department of Archives and History
- 12:00 Noon Lunch-on-your-own
- 1:30 p.m. **BODY LANGUAGE**
Martha Ann Hill, Training Consultant, Fireball Enterprises
- 3:00 p.m. Break
- 3:15 p.m. **ORDINANCES AND RESOLUTIONS**
Ken Smith, Deputy Director/General Counsel, ALM

FRIDAY, AUGUST 20, 2010

RAST B

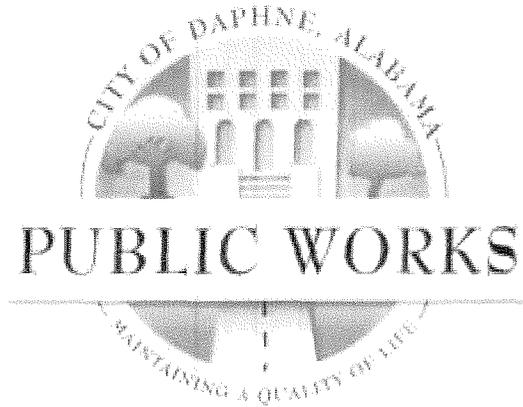
- 8:15 a.m. Recognition of Graduates
- 8:30 a.m. **TOP TEN LEGAL QUESTIONS**
Tracy Roberts, Assistant General Counsel, ALM
- 10:00 a.m. Break
- 10:30 a.m. **ASK YOUR GENERAL COUNSEL**
Ken Smith, Deputy Director/General Counsel, ALM
- 11:30 a.m. Adjourn

Fred Small
Mayor

David Cohen
City Clerk

Kimberly Briley
Finance Director/Treasurer

William H. Eady, Sr.
Director of Public Works



Bailey Yekling, Jr.
District 1

Cathy Barnett
District 2

John L. Lake
District 3

Greg W. Burnam
District 4

Rosahl Scott
District 5

Derek Boulware
District 6

August Palumbo
District 7

To: Kim Briley
Finance Director

From: Richard D. Johnson, P.E.
Public Works Director

A handwritten signature in black ink, appearing to read "Richard D. Johnson". The signature is fluid and cursive, with a large loop at the end.

Date: August 6, 2010

Re: BID 2010-S-Civic Center HVAC Control System Upgrade Bid Recommendation

Frank Barnett, Building Maintenance Supervisor, has reviewed the bids received and the bid from Engineered Cooling Services was the lowest bidder. They also met all required specifications in the bid.

It is Frank's recommendation that the City accept the bid from Engineered Cooling Services in the amount of \$35,924.

c: Finance Committee
Frank Barnett – Building Maintenance Supervisor

SWC

CITY OF DAPHNE
2010-S-CIVIC CENTER HVAC CONTROL SYSTEM UPGRADE
August 3, 2010
11:30AM
CITY HALL

Those present were as follows:

Frank Barnett	Public Works
Melvin McCarley	PW Superintendent
Suzanne Henson	Senior Accountant

15 bid invitations were mailed/picked up , 5 sealed bids were received.
Mr. Melvin McCarley opened the bids presented and the bids were read aloud as follows:

<u>VENDOR</u>	<u>BID BOND</u>	<u>AMOUNT</u>
<u>Engineered Cooling</u>	<u> X </u>	<u>35,924.00</u>
<u>William Services</u>	<u> X </u>	<u>41,820.00</u>
<u>Trane</u>	<u> X </u>	<u>42,550.00</u>
<u>Trane</u>	<u> X Alternate </u>	<u>21,350.00</u>
<u>Johnsons Control</u>	<u> X </u>	<u>49,265.00</u>
<u>Honeywell</u>	<u> X </u>	<u>81,762.00</u>

TREASURER'S REPORT

As of July 31, 2010

TO: FINANCE COMMITTEE

FROM: KIMBERLY BRILEY, FINANCE DIRECTOR/TREASURER

<u>ACCT TITLE</u>	<u>BANK</u>	<u>BALANCE</u>
GENERAL FUND & ENTERPRISE FUNDS		
MMA ACCT	COMPASS	\$13,027,018.86
OPERATING ACCT	COMPASS	(\$406,264.49)
PAYROLL ACCT	COMPASS	(\$1,561.77)
		<u>\$12,619,192.60</u>
AGENCY FUNDS		
MUNICIPAL COURT	COMPASS	\$342,351.06
SPECIAL REVENUE FUNDS		
SAIL SITE	RBC BANK	\$5,161.49
4 CENT GAS TAX	RBC BANK	\$295,359.26
7 CENT GAS TAX	RBC BANK	\$333,348.26
		<u>\$633,869.01</u>
CAPITAL PROJECT FUNDS		
CAPITAL RESERVE	WACHOVIA	\$3,279,783.57
99 WARRANT CONS	REGIONS	\$1,385.13
2006 CONSTRUCTION	WACHOVIA	\$864,076.56
		<u>\$4,145,245.26</u>
DEBT SERVICE FUNDS		
DEBT SERVICE	WACHOVIA	\$1,551,095.04
2006 DEBT SERVICE	RBC BANK	\$608,269.54
		<u>\$2,159,364.58</u>
		<u>\$19,900,022.51</u>

SALES & USE TAXES

ACTUAL COLLECTIONS

	2003	2004	2005	2006	2007	2008	2009	2010
October	636,482.64	697,830.58	833,700.71	932,634.66	944,542.36	867,190.18	806,503.85	764,641.13
November	646,534.10	710,788.74	814,666.03	901,512.38	918,837.95	915,890.97	801,075.91	761,955.37
December	892,208.68	941,151.87	1,091,073.78	1,168,443.68	1,182,584.39	1,120,005.09	1,078,330.45	1,004,037.20
January	590,727.65	697,083.68	771,837.83	887,468.11	914,876.33	822,020.87	755,541.41	723,504.28
February	632,654.31	688,421.54	788,825.08	878,123.66	877,975.60	865,625.83	748,620.87	733,335.60
March	705,390.20	848,156.86	917,832.17	1,081,774.83	1,071,598.38	998,616.04	863,535.78	916,657.55
April	692,148.44	752,039.55	863,144.81	968,760.72	960,140.54	963,691.85	823,173.33	809,588.73
May	702,692.15	757,610.49	867,446.44	1,000,424.48	1,021,498.14	957,167.20	829,099.81	862,254.54
June	752,668.04	818,209.20	982,863.46	1,024,091.07	1,066,433.92	997,274.15	868,309.52	887,262.68
July	721,790.90	803,051.14	908,576.13	941,407.68	993,216.66	888,690.34	808,113.93	-
August	739,993.63	745,320.33	869,818.11	950,539.01	954,421.57	964,626.26	831,984.35	-
September	715,641.36	830,260.80	998,476.08	967,616.16	965,107.35	918,551.15	825,257.74	-
Totals	8,428,932.10	9,289,924.78	10,708,260.63	11,702,796.44	11,871,233.19	11,279,349.93	10,039,546.95	7,463,237.08

FY 2010 BUDGET/ACTUAL COMPARISONS

	Actual-2010	Budget	Monthly Variance	YTD Variance	% of Budget
October	764,641.13	752,167	12,473.91	12,473.91	1.66%
November	761,955.37	755,932	6,023.04	18,496.95	0.80%
December	1,004,037.20	1,009,741	(5,703.96)	12,792.99	-0.56%
January	723,504.28	726,313	(2,808.27)	9,984.72	-0.39%
February	733,335.60	718,521	14,814.39	24,799.11	2.06%
March	916,657.55	855,846	60,811.23	85,610.34	7.11%
April	809,588.73	787,606	21,982.29	107,592.63	2.79%
May	862,254.54	793,355	68,899.39	176,492.02	8.68%
June	887,262.68	846,847	40,416.16	216,908.18	4.77%
July	-	831,158	-	-	-
August	-	771,407	-	-	-
September	-	859,320	-	-	-
Totals	7,463,237.08	9,708,213	216,908.18		

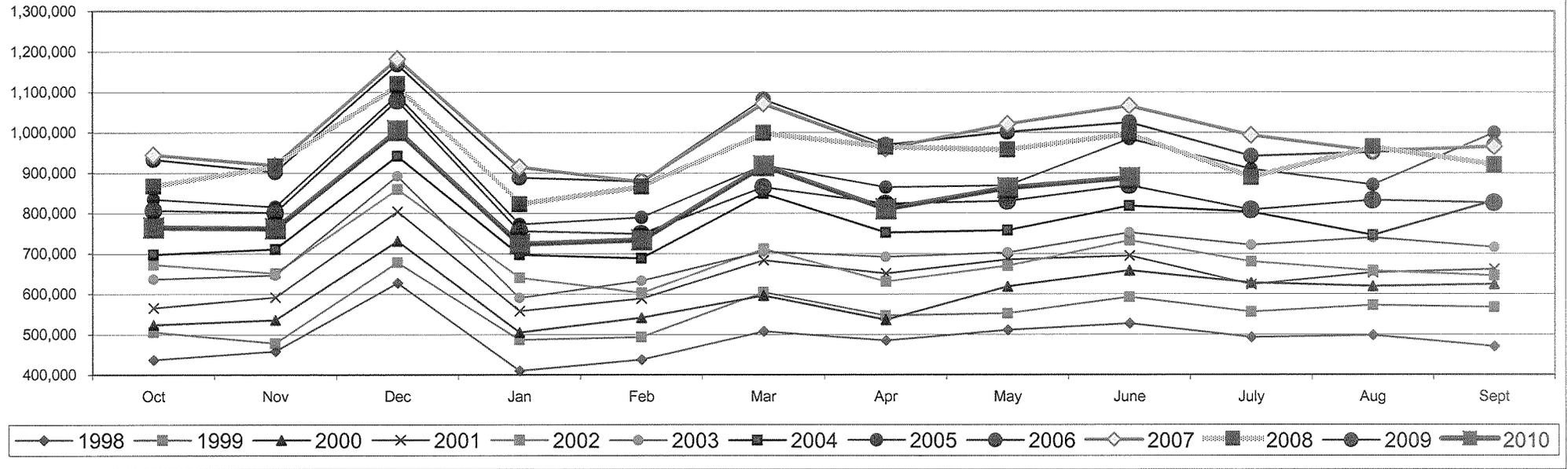
FISCAL YEAR COMPARISONS

	<u>\$ Change</u>							<u>Percent Change</u>						
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
October	61,347.94	135,870.13	98,933.95	11,907.70	(77,352.18)	(60,686.33)	(41,862.72)	9.64%	19.47%	11.87%	1.28%	-8.19%	-7.00%	-5.19%
November	64,254.64	103,877.29	86,846.35	17,325.57	(2,946.98)	(114,815.06)	(39,120.54)	9.94%	14.61%	10.66%	1.92%	-0.32%	-12.54%	-4.88%
December	48,943.19	149,921.91	77,369.90	14,140.71	(62,579.30)	(41,674.64)	(74,293.25)	5.49%	15.93%	7.09%	1.21%	-5.29%	-3.72%	-6.89%
January	106,356.03	74,754.15	115,630.28	27,408.22	(92,855.46)	(66,479.46)	(32,037.13)	18.00%	10.72%	14.98%	3.09%	-10.15%	-8.09%	-4.24%
February	55,767.23	100,403.54	89,298.58	(148.06)	(12,349.77)	(117,004.96)	(15,285.27)	8.81%	14.58%	11.32%	-0.02%	-1.41%	-13.52%	-2.04%
March	142,766.66	69,675.31	163,942.66	(10,176.45)	(72,982.34)	(135,080.26)	53,121.77	20.24%	8.21%	17.86%	-0.94%	-6.81%	-13.53%	6.15%
April	59,891.11	111,105.26	105,615.91	(8,620.18)	3,551.31	(140,518.52)	(13,584.60)	8.65%	14.77%	12.24%	-0.89%	0.37%	-14.58%	-1.65%
May	54,918.34	109,835.95	132,978.04	21,073.66	(64,330.94)	(128,067.39)	33,154.73	7.82%	14.50%	15.33%	2.11%	-6.30%	-13.38%	4.00%
June	65,541.16	164,654.26	41,227.61	42,342.85	(69,159.77)	(128,964.63)	18,953.16	8.71%	20.12%	4.19%	4.13%	-6.49%	-12.93%	2.18%
July	81,260.24	105,524.99	32,831.55	51,808.98	(104,526.32)	(80,576.41)	-	11.26%	13.14%	3.61%	5.50%	-10.52%	-9.07%	-
August	5,326.70	124,497.78	80,720.90	3,882.56	10,204.69	(132,641.91)	-	0.72%	16.70%	9.28%	0.41%	1.07%	-13.75%	-
September	114,619.44	168,215.28	(30,859.92)	(2,508.81)	(46,556.20)	(93,293.41)	-	16.02%	20.26%	-3.09%	-0.26%	-4.82%	-10.16%	-
Annual \$ Change	860,992.68	1,418,335.85	994,535.81	168,436.75	(591,883.26)	(1,239,802.98)	(110,953.85)	Annual % Change	10.21%	15.27%	9.29%	1.44%	-4.99%	-10.99%

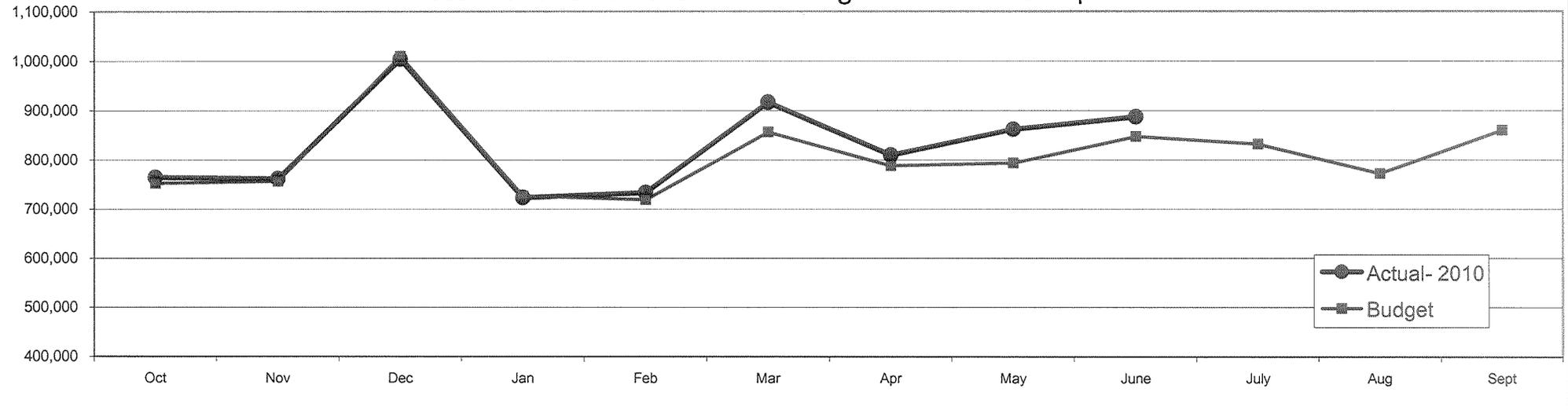
TOTAL collections: FY 09	10,039,547
TOTAL est. bdgt coll: FY 10	9,708,213
Budgeted Dollar Variance 08/09	(331,334)
Budgeted Percent Variance 08/09	-3.30%

TOTAL collections: 6-30-10	7,463,237
Budgeted: 10-1-09 to 6-30-10	7,246,329
Actual Coll > (<) Budget, 6-30-10	216,908
% Over/(Under) Budget, 6-30-10	2.99%

Sales & Use Tax Comparisons



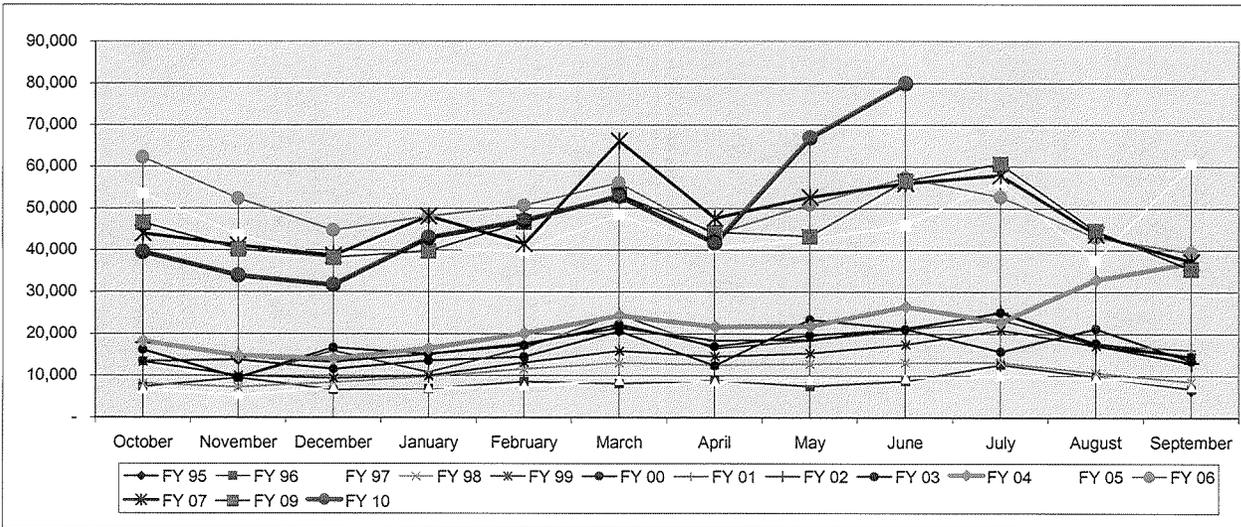
Fiscal 2010: Sales & Use Tax Budget vs. Actual Comparison



Monthly Lodging Tax Collections

	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>
October	7,228.60	6,701.69	8,042.55	13,241.96	13,344.97	16,021.98	17,757.16	16,103.81	18,110.90	53,490.95	62,191.49	43,874.01	46,360.47	46,543.20	39,405.56	
November	9,371.57	5,419.99	7,156.30	9,963.87	13,712.88	9,378.73	14,346.00	9,488.82	14,652.46	43,652.17	52,326.23	41,028.15	42,599.84	40,178.69	33,763.37	
December	6,580.10	7,076.44	8,327.51	9,303.23	11,505.34	15,885.37	13,257.40	16,693.64	13,940.92	38,197.96	44,694.55	38,605.47	31,081.14	38,144.69	31,571.38	
January	6,765.39	6,990.72	9,704.80	9,934.03	13,517.89	10,802.39	15,150.55	15,089.26	16,416.20	40,334.81	48,014.80	48,012.19	45,607.80	39,706.04	42,883.70	
February	8,466.36	7,536.69	11,579.98	13,024.87	14,425.61	16,482.91	17,680.30	17,174.37	19,952.91	39,797.68	50,684.11	41,381.78	47,340.33	46,699.01	46,998.32	
March	8,017.74	8,902.63	13,048.18	15,837.90	20,536.51	24,601.77	21,371.61	22,248.25	24,206.01	48,474.92	56,076.62	66,060.49	53,123.15	53,230.85	52,771.52	
April	8,802.85	8,533.40	12,559.65	14,513.45	12,327.50	16,532.24	18,354.06	16,974.57	21,626.29	40,666.33	43,813.91	47,594.84	46,736.02	44,277.75	41,531.05	
May	7,427.26	8,958.97	12,786.85	15,280.40	23,309.92	18,386.51	18,526.24	19,610.83	21,785.09	42,479.97	50,871.74	52,564.61	46,145.12	43,293.74	66,820.96	
June	8,672.68	9,359.82	13,101.68	17,379.01	21,073.57	20,948.57	21,322.07	21,031.35	26,336.81	46,037.59	57,338.25	55,924.22	64,626.19	56,494.11	79,822.84	
July	12,568.56	9,975.46	13,200.77	20,840.98	15,680.49	23,389.72	25,013.71	25,026.81	22,654.15	56,266.23	52,752.31	57,842.80	62,035.23	60,619.78		
August	9,721.13	9,549.66	10,730.24	17,009.26	21,117.00	17,432.39	17,223.03	17,749.12	32,788.35	37,501.21	43,139.77	43,701.41	55,792.89	44,636.82		
September	<u>6,371.27</u>	<u>6,806.02</u>	<u>7,400.70</u>	<u>8,586.97</u>	<u>14,397.17</u>	<u>13,393.86</u>	<u>16,116.04</u>	<u>12,997.60</u>	<u>14,563.86</u>	<u>36,847.13</u>	<u>60,635.33</u>	<u>39,398.90</u>	<u>37,180.99</u>	<u>49,698.91</u>	<u>35,430.62</u>	
Total	6,371.27	100,428.26	96,406.17	128,825.48	170,726.13	193,945.54	205,978.62	212,999.73	211,754.69	269,317.22	547,535.15	601,302.68	573,770.96	591,147.09	549,255.30	435,568.70

Ordinance 1997-28 adopted December 8, 1997 increased levy from 3% to 4%.



FY 2010 Budget
545,000
% Budget Collected,
<u>6/30/2010</u>
80%

GENERAL FUND

Summary Statement of Revenues and Expenditures

For the Month Ended May 31, 2010

with comparatives: 5-31-2005; 5-31-2006; 5-31-2007; 5-31-2008; and 5-31-2009

	5/31/2005	5/31/2006	5/31/2007	5/31/2008	5/31/2009	5/31/2010	Amended Budget	Adopted Budget	Budgetary Variance Over/(Under)	% Budget
Revenues										
Sales, Use, & Luxury Taxes	6,400,459	7,153,930	7,205,609	6,919,027	6,244,459	6,100,627	10,303,713	10,303,713	(4,203,086)	-41%
Payment in Lieu of Taxes	128,170	189,857	259,503	258,504	256,415	254,965	2,035,000	2,035,000	(1,780,035)	-87%
Ad Valorem Taxes	2,752,473	3,022,409	3,526,687	3,628,433	4,492,338	4,506,071	4,698,424	4,698,424	(192,353)	-4%
Licenses & Permits	1,590,859	1,794,766	2,035,813	2,148,368	1,599,210	1,605,174	1,480,175	1,480,175	124,999	8%
Other Revenues	759,622	1,323,681	1,021,609	863,744	849,064	974,329	1,312,434	1,304,137	(338,105)	-26%
Total Revenues	11,631,583	13,484,643	14,049,220	13,818,076	13,441,485	13,441,167	19,829,746	19,821,449	(6,388,579)	-32%
Expenditures										
General Government										
Personnel	964,473	1,009,456	1,107,234	1,183,266	1,255,368	1,189,837	1,917,368	1,913,814	(727,531)	-38%
Operating	581,277	611,325	717,718	648,757	808,902	727,123	1,098,574	1,082,056	(371,451)	-34%
Capital	6,920	113,660	-	7,970	-	-	-	-	-	#DIV/0!
	1,552,670	1,734,441	1,824,952	1,839,992	2,064,269	1,916,960	3,015,942	2,995,870	(1,098,982)	-36%
Public Safety										
Personnel	2,699,855	2,998,075	3,501,682	4,319,160	4,593,779	4,802,473	7,562,071	7,562,071	(2,759,598)	-36%
Operating	533,593	719,638	825,433	849,533	808,831	600,955	969,389	968,075	(368,434)	-38%
Capital	65,910	42,531	179,866	133,908	41,316	122,079	117,696	117,696	4,383	4%
	3,299,358	3,760,244	4,506,980	5,302,600	5,443,926	5,525,508	8,649,156	8,647,842	(3,123,648)	-36%
Public Works										
Personnel	1,260,806	1,291,947	1,498,212	1,336,325	1,484,400	1,427,269	2,348,880	2,348,880	(921,611)	-39%
Operating	708,482	829,571	853,378	802,551	772,787	605,602	1,152,509	1,152,509	(546,907)	-47%
Capital	61,875	366,816	111,163	11,062	7,485	576,815	636,285	353,700	(59,470)	-9%
	2,031,163	2,488,334	2,462,752	2,149,938	2,264,672	2,609,686	4,137,674	3,855,089	(1,527,988)	-37%
Parks & Recreation										
Personnel	603,711	613,956	642,088	768,309	786,916	776,827	1,231,886	1,231,886	(455,059)	-37%
Operating	390,496	418,211	440,544	408,470	359,950	359,900	550,916	541,633	(191,016)	-35%
Capital	46,287	-	200,000	200,000	192,000	201,724	184,000	184,000	17,724	10%
	1,040,493	1,032,167	1,282,632	1,376,779	1,338,866	1,338,451	1,966,802	1,957,519	(628,351)	-32%
Total Departmental										
Personnel	5,528,844	5,913,435	6,749,216	7,607,060	8,120,463	8,196,406	13,060,205	13,056,651	(4,863,799)	-37%
Operating	2,213,847	2,578,744	2,837,072	2,709,311	2,750,470	2,293,581	3,771,388	3,744,273	(1,477,807)	-39%
Capital	180,993	523,007	491,029	352,939	240,801	900,617	937,981	655,396	(37,364)	-4%
	7,923,684	9,015,185	10,077,317	10,669,309	11,111,733	11,390,604	17,769,574	17,456,320	(6,378,970)	-36%
Other Financing Sources & Uses										
Debt Proceeds	-	-	-	-	-	506,969	506,969	353,700	(0)	
Transfers to Debt Service	(1,512,121)	(1,374,481)	(2,074,723)	(2,090,383)	(2,184,883)	(2,383,890)	(2,831,612)	(2,831,612)	(447,722)	16%
Other Transfers & Uses	(327,781)	(182,943)	(738,810)	(291,091)	(436,412)	(566,810)	(776,315)	(472,207)	(209,505)	27%
Total Other Financing Sources/Uses	(1,839,902)	(1,557,424)	(2,813,532)	(2,381,474)	(2,621,295)	(2,443,731)	(3,100,958)	(2,950,119)	(657,228)	21%
Total Revenues Over Expenditures										
	1,867,997	2,912,034	1,158,371	767,292	(291,543)	(393,169)	(1,040,786)	(584,990)	647,618	
Unreserved Fund Balance, 10-01	4,106,801	5,968,130	8,298,621	10,050,583	10,510,392	11,226,993				
Unreserved Fund Balance, 5-31	5,974,798	8,880,164	9,456,992	10,817,876	10,349,210	10,833,824				

General Fund
Schedule of Budget Amendments
April 30, 2010

Adopted Appropriations> Rev	(584,990)	
Ordinance 09-48	(3,554)	Amending Job Classification: Benefits/Payroll Coordinator
Ordinance 09-57	(22,000)	Engineering: CR13 SRTS Sidewalk Grant
Ordinance 09-58	(59,400)	Civic Center Roof Repairs
Ordinance 09-63	(2,000)	FEMA Repetitive Loss Grant Application: 140 Lakeview Loop
Ordinance 09-64	(68,356)	Wilson Avenue Drainage
Ordinance 09-67	(7,459)	Jubilee Breeze Printing
Ordinance 09-68	(222,708)	Captain O'Neal Drainage Improvements
Ordinance 10-10	(13,960)	Old County Road Gulley Repairs
Ordinance 10-11	(45,000)	Windsor Court/Drive Drainage
Ordinance 10-12	(4,700)	Finance Servers and Back-Up
Ordinance 10-26	(6,659)	Jubilee Breeze Printing
	<u>(1,040,786)</u>	

Subsequent Amendments:

Ordinance 10-16	(3,743)	Baldwin County Economic Development Alliance
Ordinance 10-17	(47,751)	2 Used Backhoes
Ordinance 10-20	(10,000)	Trine Sports Complex Erosion & Sediment Control
Ordinance 10-21	(11,740)	Trione Sports Complex Electrical Design
Ordinance 10-22	(30,000)	Solid Waste/Garbage/Recycling Vehicle & Eqpt Mntc
Ordinance 10-28	(83,749)	Recycling Personnel & Operating
Ordinance 10-29	(7,500)	Whiting Court/Greenwood Drive Drainage
Ordinance 10-30	(4,500)	Museum Duct Work/Replacement
Ordinance 10-31	(2,000)	Heat Strips in Human Resources Office
Ordinance 10-43	(11,000)	Windsor Court/Drive Drainage
Ordinance 10-44	(10,125)	Civic Center/BayFront Table Leg Replacements
Ordinance 10-45	(80,000)	NRCS Projects
	<u>(302,108)</u>	

Amended Appropriations>Rev (1,342,894)

NEW BUSINESSES

July-10

CITY LIMITS		CONTRACTORS	
360 CLEAN	1	BAYSIDE FIRE PROTECTION, LLC	1
BYERS BYERS & ASSOCIATES PC	1	DOYLE DICKERSON TERRAZZ INC	1
COUNTRY INN & SUITES (NEW OWNERS)	1	PURPOSE DRIVEN PAINTING	1
COMPUTE-A-TECH LLC	1	H2O PLUMBING LLC	1
LARRY D FAISON	1	THE HONEY DO LIST	1
SASSY GIRL STUDIO	1	ROSE'S TREE SERVICE	1
TAX PLAN-IT LLC	1	AMERICAN STANDARD ROOFING	1
MARINE BUSINESS EXCHANGE LLC	1	URVIN HUBER JR PAINTING & DRYWALL CO LLC	1
JUBILEE GYMNASTICS AND TUMBLING LLC (NEW OWNER)	1	SPIVEY CONCRETE	1
TOTAL CITY LIMITS	9	S. ROLIN INC	1
		CREEL CONSTRUCTION	1
OUTSIDE CITY LIMITS		TOTAL CONTRACTORS	
			11
MILLENNIUM INFORMATION TECHNOLOGY	1	TOTAL NEW BUSINESSES	44
GOLF VENTURES WEST, LLC	1		
ROAD AMERICA SERVICE CLUB	1		
GARLAND COMMERCIAL RANGES, LTD	1		
APPLIANCE SURGEON	1		
CLUB SCRAP, INC	1		
GOTNEIMAGES, INC	1		
MEYER & CO	1		
FIRST NATIONAL MERCHANT SOLUTIONS	1		
ATLANTIC & SOUTH	1		
G TECH MAINTENANCE SERVICE	1		
WHITETAIL INSTITUTE	1		
TARGET COMMERCIAL INTERIORS	1		
DILLION SUPPLY COMPANY	1		
FUJIFILM NORTH AMERICA CORP	1		
THE VENDING CENTER	1		
SISKIN STEEL & SUPPLY COMPANY	1		
AT&T BROADBAND SVCS PALS, LLC	1		
CARBOLINE COMPANY	1		
LAWN & LAND SPECIALIST	1		
STANDARD CONCRETE PRODUCTS, INC	1		
OPEN RANGE COMMUNICATION, INC	1		
STI PREPAID	1		
BAYSIDE FIRE PROTECTION, LLC	1		
TOTAL OUTSIDE CITY LIMITS	24		

CITY OF DAPHNE, ALABAMA

FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2009**

Kimberly Briley, Finance Director

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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, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Daphne, Alabama as of and for the year ended September 30, 2009, 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 did not audit the financial statements of Renaissance Improvement District City of Daphne, Alabama, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Renaissance Improvement District City of Daphne, Alabama, is based on the report of the other auditors.

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 and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the audit of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Daphne, Alabama as of September 30, 2009, 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.

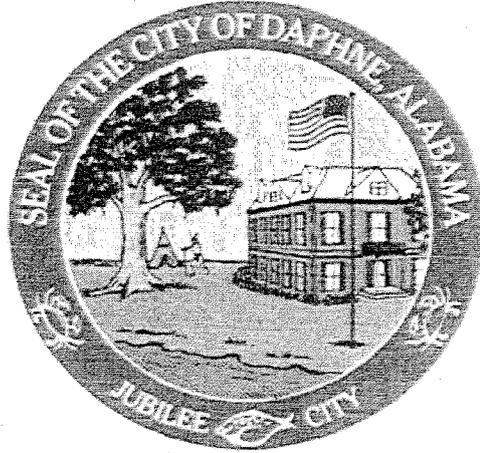
To the Honorable Mayor Fred Small and the City Council
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2010 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 16 and 57 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 as a whole. The combining non-major governmental fund financial statements and the schedules of capital assets are presented for purposes of additional analysis and are not a required part of the 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 also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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, 2009. 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, 2009 (Fiscal Year 2009):

- The City's assets exceeded its liabilities by \$79,804,298. Of this amount, \$21,723,380 (unrestricted net assets) may be used to meet the ongoing obligations to the City of Daphne's citizens and creditors.
- The City's net assets total \$79,804,298, an increase of \$7,631,134 from Fiscal 2008. The City's Unrestricted Net Assets total \$21,723,380; this is an increase of \$663,120 from September 30, 2008. The increase is, in large, the result of the acceptance of infrastructure (streets and drainage) with a valuation of \$8,447,234 netted with the decrease of revenues in the amount of \$1,276,163 and decrease in the amount of \$432,984 in expenses for governmental activities.
- The City's governmental funds report combined ending fund balances of \$20,953,294; a decrease of \$345,808 from the Fiscal Year 2008 ending balance and is largely the result of the effects of the economic recession on city operations.
- At the end of Fiscal Year 2009 the unreserved, undesignated fund balance for the General Fund was \$11,226,993 or fifty-three percent of total General Fund operating and capital expenditures and net transfers to other funds.

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.

DRAFT

The Statements 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 uses 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.

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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, 2009:

CITY OF DAPHNE, ALABAMA						
Net Assets						
September 30, 2009						
	Governmental Activities		Business-Type Activities		TOTAL	
	2009	2008	2009	2008	2009	2008
Current & Other Assets	28,926,594	28,674,196	161,821	131,122	29,088,415	28,805,318
Capital Assets	98,910,054	91,996,282	339,692	461,383	99,249,746	92,457,665
Total Assets	127,836,648	120,670,478	501,513	592,505	128,338,161	121,262,983
Current Liabilities	2,839,427	1,928,463	163,526	253,823	3,002,953	2,182,286
Long-Term Debt Outstanding	45,512,923	46,888,852	17,987	18,682	45,530,910	46,907,534
Total Liabilities	48,352,350	48,817,315	181,513	272,505	48,533,863	49,089,820
Net Assets:						
Invested in Capital Assets, Net of Debt	51,705,219	44,310,138	339,693	461,383	52,044,912	44,771,521
Restricted	6,036,006	6,341,384	-	-	6,036,006	6,341,384
Unrestricted	21,743,073	21,201,642	(19,693)	(141,383)	21,723,380	21,060,259
Total Net Assets	79,484,298	71,853,164	320,000	320,000	79,804,298	72,173,164

The City's *combined* Net Assets increased \$7,631,134 from Fiscal 2008 to Fiscal 2009.

Net Assets may serve as a useful indicator of a government's financial position. The City's assets exceed liabilities by \$79,804,298 at September 30, 2009. The combined Net Assets reflect an increase of \$7,631,132 and total unrestricted net assets of \$21,723,380.

The largest component of the City of Daphne's net assets (65%) 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.

Eight 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, \$21,723,380 may be used to meet the city's ongoing obligations to citizens and creditors.

Total net assets report an increase of \$7,631,134. Unrestricted net assets report an increase from Fiscal Year 2008 of \$663,120. This increase is the net effect of increases/decreases of balances within the Statement of Net Assets. Additionally, the increase is the result of the acceptance of streets and drainage (infrastructure) for city maintenance and the economic recession as discussed later in this analysis.

The following is a summary of the government-wide Statement of Activities for the year ended September 30, 2009:

CITY OF DAPHNE, ALABAMA
CHANGES IN NET ASSETS
September 30, 2009

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Program Revenues:						
Charges for Services	1,401,440	1,700,571	1,636,427	1,683,447	3,037,867	3,384,018
Operating Grants & Contributions	494,600	163,675	-	-	494,600	163,675
Capital Grants & Contributions	8,974,788	457,598	-	-	8,974,788	457,598
General Revenues:						
Taxes	18,049,059	19,179,039	-	-	18,049,059	19,179,039
Licenses	1,484,968	1,592,999	-	-	1,484,968	1,592,999
PILOT & Franchise Fees	2,046,309	1,861,149	-	-	2,046,309	1,861,149
Other	657,486	880,798	-	-	657,486	880,798
Total Revenues	33,108,650	25,835,829	1,636,427	1,683,447	34,745,077	27,519,276
Expenses:						
General Government	3,622,067	3,361,291	-	-	3,622,067	3,361,291
Public Safety	9,195,045	8,679,947	-	-	9,195,045	8,679,947
Public Works	7,228,904	6,909,881	-	-	7,228,904	6,909,881
Sewer Contributions to Utility Bd	17,825	1,149,523	-	-	17,825	1,149,523
Parks & Recreation	2,450,259	2,497,324	-	-	2,450,259	2,497,324
Interest on Long-Term Debt	2,363,482	2,712,599	-	-	2,363,482	2,712,599
Garbage/Recycling	-	-	1,350,096	1,422,255	1,350,096	1,422,255
Civic Center & Bay Front Park	-	-	886,265	938,257	886,265	938,257
Total Expenses	24,877,582	25,310,565	2,236,361	2,360,512	27,113,943	27,671,077
Change in Net Assets, before Transfers	8,231,068	525,264	(599,934)	(677,065)	7,631,134	(151,801)
Special Items	-	-	-	-	-	-
Transfers	(599,934)	(677,065)	599,934	677,065	-	-
Change in Net Assets	7,631,134	(151,801)	-	-	7,631,134	(151,801)
Net Assets, 10-1	71,853,164	72,004,902	320,000	320,000	72,173,164	72,324,902
Prior Period Adj: Property Taxes	-	63	-	-	-	63
Net Assets, 9-30	79,484,298	71,853,164	320,000	320,000	79,804,298	72,173,164

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 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; \$482,155 was transferred to these activities in Fiscal Year 2009. This is a decrease of \$58,337 from Fiscal 2008. This decrease is due predominantly to the decrease in operating expenses of \$51,992. Personnel costs decreased \$33,858 due to the partial year vacancy of the Director; other operating costs decreased \$18,134 as a result of decreased bookings and cost-cutting measures.

Bookings for events not sponsored by the City decreased from 312 in Fiscal 2008 to 261 in Fiscal 2009. Although bookings decreased, there is a slight increase in revenues of \$6,344. Civic Center revenues increased \$22,534 while Bay Front revenues decreased \$16,190. The Richard Scardamalia Pavilion at Bay Front Park underwent renovations in Fiscal 2009, in efforts to increase bookings in future years.

The Garbage/Recycling Fund requires transfers in the amount of \$117,779. While garbage fees collected increased \$15,646 from Fiscal 2008, revenues from the sale of recyclables decreased \$69,010. Therefore, revenues decreased \$53,364 from Fiscal 2008. Operating expenses decreased \$72,158 from Fiscal 2008. This is due, in part, to the net result of the following:

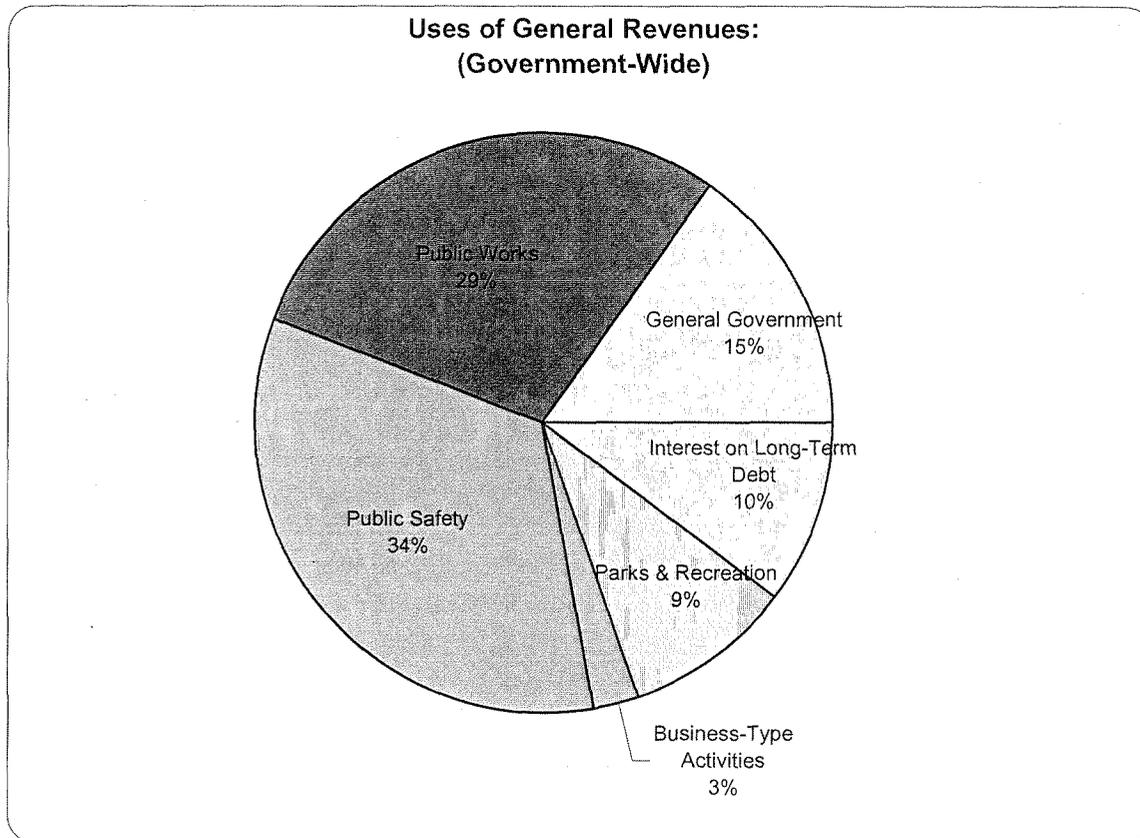
- \$ 44,077: increase on maintenance of aging fleet
- \$40,164: increase in personnel costs; \$9,355 is due to the reclassification of Solid Waste Workers holding a CDL and operating the equipment that requires a CDL to Solid Waste Seniors and the remainder is due to less position vacancies during the year
- (\$105,033): decrease in supplies due mostly to the purchase of garbage carts and recycle bins in the amount of \$107,000 in Fiscal 2008
- (\$ 9,452): decrease in landfill charges
- (\$ 36,623): decrease in vehicle fuel as a result of lower fuel costs

Total transfers to Business-Type activities in Fiscal 2009 total \$599,934.

The amount of funding required from general revenue sources (ie 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	7,735,249
Public Works	6,668,823
General Government	3,530,524
Interest on Long-Term Debt	2,363,482
Parks & Recreation	2,138,090
Business-Type Activities	599,934
	<hr/>
	23,036,102



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

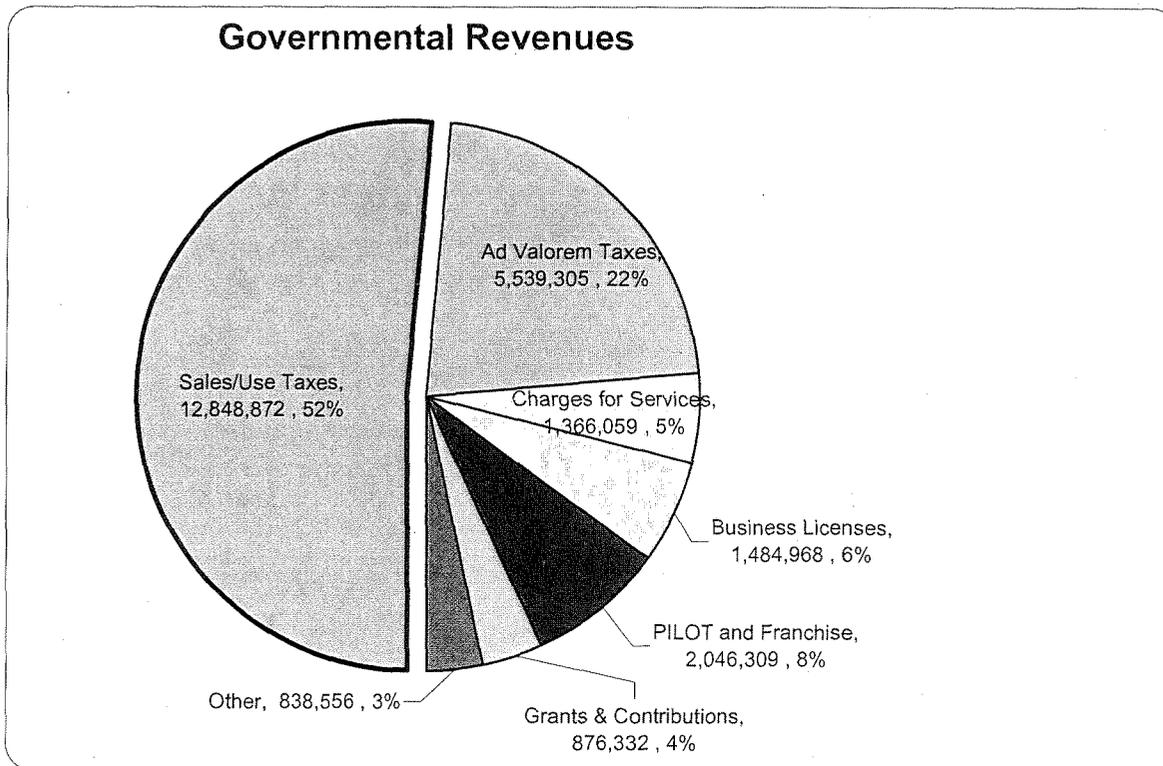
As stated above, governmental funds are reported in fund statements with a focus on *short-term* inflow and outflow of spendable financial resources. This information is useful for assessing available funds at year end and determining whether any funds will be available for future financing requirements.

Revenues

The following graph presents a summary of Governmental Revenues totaling \$ 25,000,401:

Governmental Revenues

	<u>2009</u>	
Sales/Use Taxes	12,848,872	51%
Ad Valorem Taxes	5,539,305	22%
Charges for Services	1,366,059	5%
Business Licenses	1,484,968	6%
PILOT and Franchise	2,046,309	8%
Grants & Contributions	876,332	4%
Other	838,556	3%
	<u>25,000,401</u>	



Sales & Use Taxes continue to be the largest component of revenues (51%); Ad Valorem Taxes are the next largest (22%). PILOT/Franchise Fees are next at 8% of total revenues.

Fiscal Year 2008 and 2009 governmental revenues present a total increase of \$86,039.

This is largely the net effect of:

- \$ (1,155,580) Sales and Use Tax decrease
- \$ (432,257) Licenses and Permits decrease
- \$ (429,046) Interest/Investment earnings decrease
- \$ 1,216,560 Ad Valorem property tax increase
- \$ 435,292 Grant revenues increase
- \$ 185,160 PILOT/Franchise Fees increase

The change in revenues is presented below:

**Governmental Fund Revenues
Comparative: Fiscal Year 2008 and 2009**

	<u>2009</u>	<u>2008</u>	<u>Variance</u>	<u>% Change</u>
Sales/Use Taxes	12,848,872	14,004,452	(1,155,580)	-8%
Ad Valorem Taxes	5,539,305	4,322,745	1,216,560	28%
Charges for Services	1,366,059	1,649,502	(283,443)	-17%
Business Licenses	1,484,968	1,592,999	(108,031)	-7%
PILOT and Franchise	2,046,309	1,861,149	185,160	10%
Grants & Contributions	876,332	441,039	435,293	99%
Other	838,556	1,042,476	(203,920)	-20%
	<u>25,000,401</u>	<u>24,914,362</u>	<u>86,039</u>	<u>0%</u>

A discussion of significant increases and decreases follows:

- Sales and use taxes decrease 8% (\$ 1,155,580). This is the largest decrease in over twenty years and is a reflection of the economic recession that is impacting the United States.
- Ad Valorem property taxes increase 28% or \$ 1,216,560. Ad valorem collections are collected one year in arrears and this is reflective, in part, of the re-valuation in 2008. Additionally, the Baldwin County tax assessor was late in mailing out taxes in FY 08. Typically, taxes received in October & November are accrued back to the prior year and since taxes were mailed late and tax revenues were received later, FY08 had less of an accrual at year end than FY 09.
- Financial markets were impacted by the recession and interest rates declined leading to the lowest rates in over 20 years. While cash and investment valuations decrease \$ 1,214,436, a 6% decrease, the earnings on the City's funds dropped 78% or \$ 429,046.
- Permits, most significantly building/electrical/mechanical/plumbing, decrease \$ 303,690 or 44%. This is indicative of the economy and its reflection on the housing market.
- Another economic indicator is the decrease in Business Licenses collections of 7% or \$ 108,031.

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- Payments in Lieu of Taxes made by Riviera Utilities for the privilege of allowing Daphne citizens the use of its electricity services increase \$176,948.
- Grant revenues increase largely due to Natural Resource Conservation Services (NRCS) grant revenues totaling \$ 431,523 and Fire SAFER grant revenues totaling \$ 164,003 in Fiscal 2009.

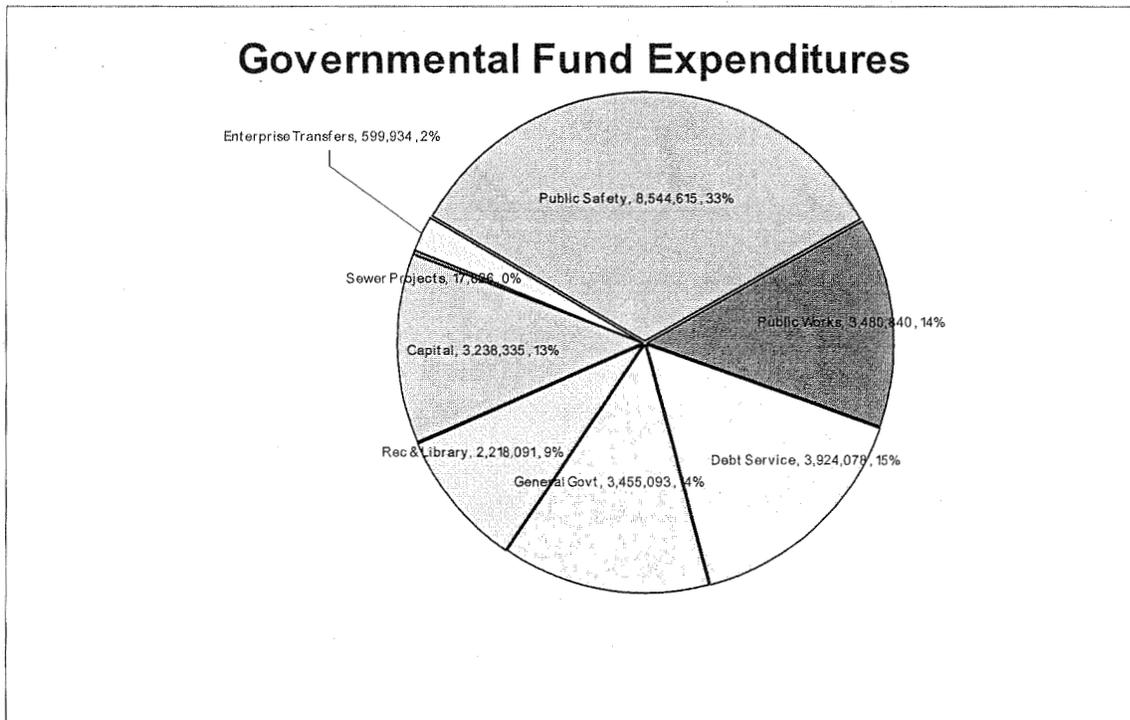
Sales, Use, & Luxury Taxes (including sales tax pledges) decrease \$1,155,580. When factoring out the sales tax pledges to the Jubilee Square, Eastern Shore Park, and Renaissance Center projects, the total sales tax decrease is \$1,252,693. These projects, largely due to strong collections in the Eastern Shore Park development, offset the City's decline in Sales, Use, & Luxury Taxes by approximately \$100,000.

Expenditures

A summary of Governmental Expenditures totaling \$25,478,812 is presented below:

Governmental Fund Expenditures

	<u>2009</u>	
Public Safety	8,544,615	33%
Public Works	3,480,840	14%
Debt Service	3,924,078	15%
General Govt	3,455,093	14%
Rec & Library	2,218,091	9%
Capital	3,238,335	13%
Sewer Projects	17,826	0%
Enterprise Transfers	<u>599,934</u>	2%
	<u>25,478,812</u>	



This represents a decrease in expenditures totaling \$ 2,091,695.

This is largely due to the \$ 1,131,697 decrease in expenditures for sewer projects, which become the property of the Daphne Utilities Board upon completion. There are no significant expenditures for sewer projects in Fiscal 2009 and one approved project remains and will begin in Fiscal 2010: South Highway 64.

Departmental costs totaling \$ 17,698,639 are the largest component of expenditures (70%); the Fiscal 2009 increase is \$ 618,236. The largest expenditure (\$ 8,544,615) is for Public Safety. This is also the largest area of increase with an increase of \$ 350,393. This includes \$ 164,003 for the Fire Department SAFER (Staffing for Adequate Fire and Emergency Response) grant which provided for the hiring of 9 firefighters in April 2009. The remainder increase in departmental costs is the net difference in decreases in operating costs, such as training and supplies, which are offset by increases in personnel due to a lower rate of turn-over and an increase in medical/dental insurance expenditures of \$ 242,936.

Debt Service totaling \$ 3,924,078 is the next largest component of governmental expenditures (15%) and reflects a decrease of \$ 253,452 from Fiscal 2008. Principal outstanding is reduced \$ 1,585,793; interest payments total \$ 2,338,284. Of the total debt service, \$ 1,104,384 is paid from pledged sales & use taxes (Jubilee Square and Eastern Shore Park).

The third largest component (13%) is Capital expenditures which reports a decrease in the amount of \$ 1,247,653. A summary of significant increases/(decreases) follows:

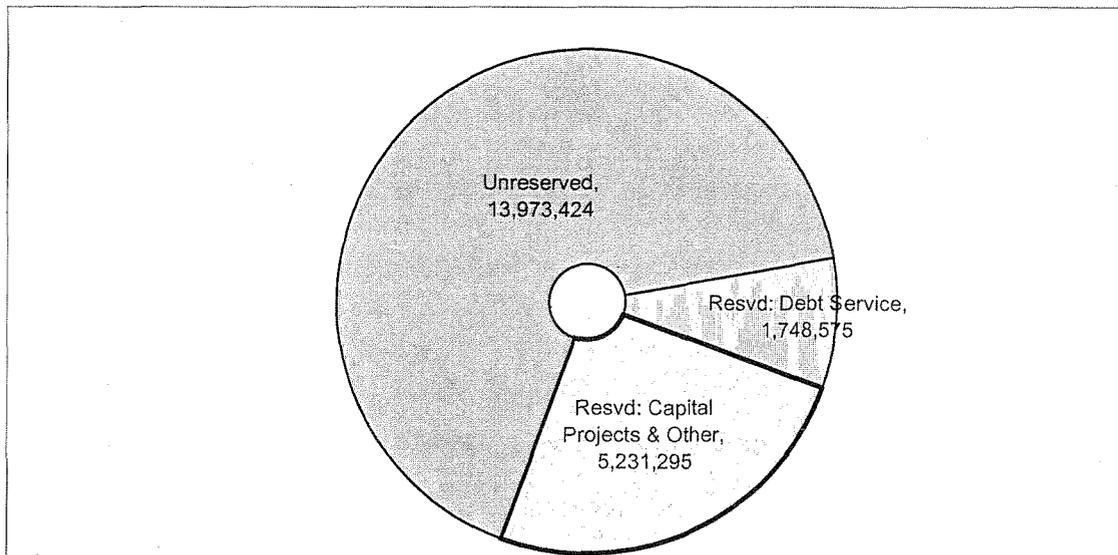
- (\$ 2,398,717): Land & Buildings, largely the result of the large capital expenditures for the new City Hall facility in Fiscal 2008
- \$ 932,501 : Expenditures for new fields at the Al Trione Soccer & Football Complex
- \$ 401,943 : NRCS drainage improvements

Fund Balance

Total fund balance of the governmental funds as of September 30, 2009 is \$20,953,295. Of this amount, \$ 13,973,424 is unreserved. An illustration of the total fund balance for governmental funds is presented below:

**Governmental Funds:
Fund Balance**

	<u>2009</u>	<u>2008</u>	<u>Variance</u>	<u>% Change</u>
Resvd: Debt Service	1,748,575	1,459,618	288,957	20%
Resvd: Capital Projects & Other	5,231,295	5,370,836	(139,541)	-3%
Unreserved	<u>13,973,424</u>	<u>14,468,715</u>	<u>(495,291)</u>	<u>-3%</u>
	20,953,294	21,299,169	(345,875)	-2%



This represents a total fund balance decrease of \$ 345,875 from Fiscal Year 2008. This decrease is due to the difference between the Governmental Fund Revenues and Expenditures as discussed above.

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 2009 \$ 599,934 was transferred from the governmental funds to subsidize enterprise operations. This is a decrease of \$77,130 from Fiscal 2008 transfers. As previously discussed, this decrease is largely attributable to the net effect of the \$ 124,150 decrease in operating costs and \$ 47,020 decrease in revenues.

A summary and comparison of enterprise operating results for 2008 and 2009 is presented below:

Enterprise Fund Comparative: Fiscal Years 2008 and 2009

	Garbage/Recycling		Civic Center		Bay Front Park		TOTAL	
	2009	2008	2009	2008	2009	2008	2009	2008
Fees & Charges	1,232,319	1,285,683	348,181	325,647	55,928	72,118	1,636,428	1,683,448
Transfers	117,778	136,572	377,822	425,754	104,334	114,739	599,934	677,065
Revenues	1,350,097	1,422,255	726,003	751,401	160,262	186,857	2,236,362	2,360,513
Personnel	756,408	716,244	196,753	222,590	112,365	120,386	1,065,526	1,059,220
Operating	593,689	706,011	529,250	528,811	47,897	66,471	1,170,836	1,301,293
Interest	-	-	-	-	-	-	-	-
Expenses	1,350,097	1,422,255	726,003	751,401	160,262	186,857	2,236,362	2,360,513
Rev Over (Under) Exp	-	-	-	-	-	-	-	-

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) \$594,927 under Expenditures. However, actual results report that revenues exceed expenditures by \$ 663,865 (budgetary basis). This \$ 1,258,792 variance is due in large to:

\$ 1,558,305 Ad Valorem revenue more than budgeted due to annual re-valuation

(\$ 1,199,619) Sales, use, and luxury taxes under budget due to economy

\$ 570,171 Actual personnel costs less than budgeted due to position vacancies

\$ 525,446 Actual departmental operating costs less than budgeted due to cost-cutting efforts

VII. CAPITAL ASSET AND DEBT ADMINISTRATION

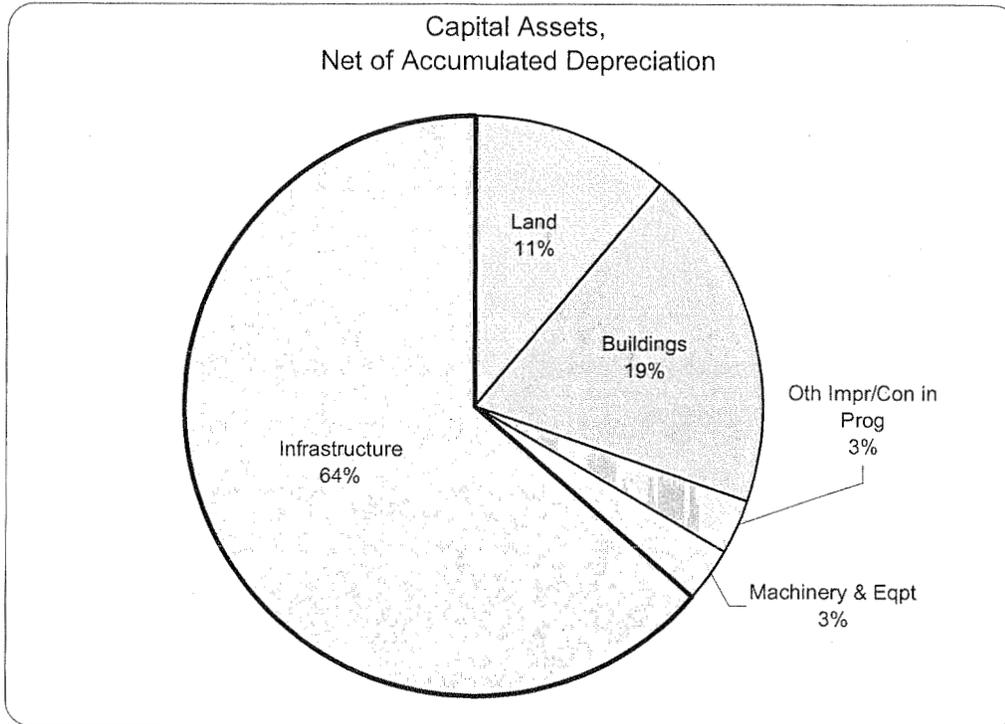
Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities total \$ 99.2 million at September 30, 2009. 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 2008/2009
<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
10,985,604	10,967,904	-	-	10,985,604	10,967,904	0.2%
18,814,844	11,339,451	119,872	144,817	18,934,716	11,484,268	64.9%
2,675,702	1,651,100	-	-	2,675,702	1,651,100	62.1%
2,945,582	3,104,688	201,509	285,669	3,147,091	3,390,357	-7.2%
63,091,387	57,453,058	18,311	30,897	63,109,698	57,483,955	9.8%
396,935	7,480,081	-	-	396,935	7,480,081	-94.7%
<u>98,910,054</u>	<u>91,996,282</u>	<u>339,692</u>	<u>461,383</u>	<u>99,249,746</u>	<u>92,457,665</u>	7.3%

Components of Capital Assets:



Overall, in Fiscal 2009, Governmental Capital Assets, Net of Accumulated Depreciation increase \$ 6,913,772 from Fiscal 2008. This increase is a result of the acceptance of streets and drainage with an infrastructure valuation of \$8,447,234. The net non-infrastructure capital assets acquired/constructed in Fiscal 2009 and the depreciation taken on assets acquired/constructed in previous years report a decrease of \$ 1,655,153 from Fiscal 2008.

\$ 9,149,473 Infrastructure: \$ 8,447,234 streets and drainage accepted; \$106,482 drainage improvements following March 2009 rain storms; \$ 575,694 NRCS drainage projects

\$ 1,115,275 Other Improvements: \$ 932,501 new soccer and football fields at Al Trione Sports Complex

\$ 506,436 Buildings: Completion of City Hall \$ 411,293

\$ 506,371 Machinery & Equipment: \$ 149,908 (6) police vehicles, \$146,677 street sweeper, \$36,790 jail locking system upgrade, \$ 35,520 fire department air compressor; \$ 33,687 police equipment; \$55,336 furnishings, fixtures, and other upgrades at new City Hall

\$ 309,965 Construction in Process: \$ 262,533 Library expansion

\$ 17,700 Land: Donation of property adjacent to museum

75
\$(4,691,448) Fiscal 2009 Depreciation Expense

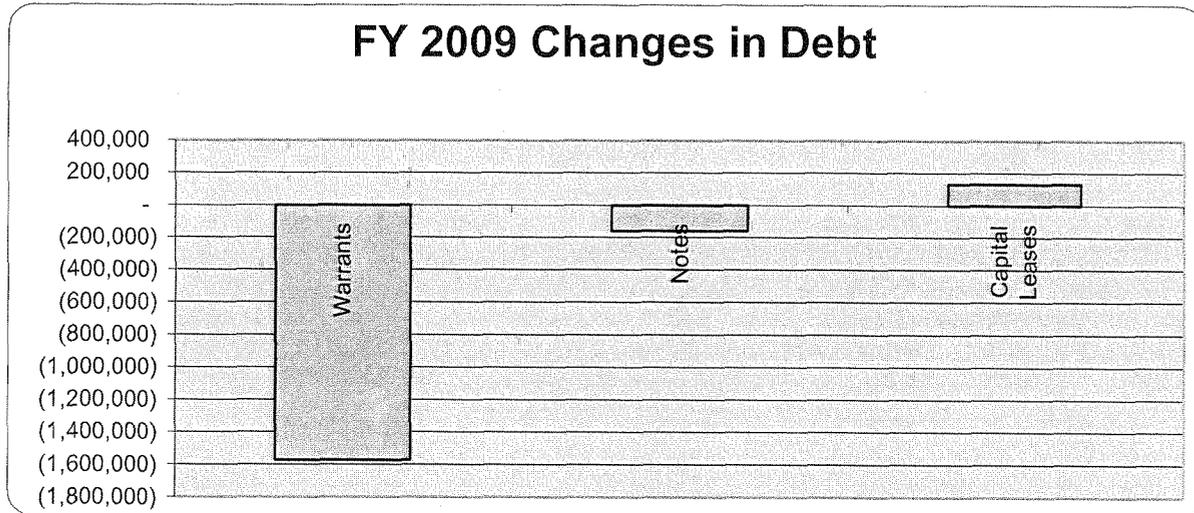
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Long-Term Debt

As of September 30, 2009, the City had \$ 44,915,032 of long-term warrants outstanding and 132,074 of capital leases outstanding. The following table summarizes the long-term debt:

Debt Outstanding September 30, 2009 with with comparatives as of September 30, 2008

	Governmental Funds		Business-Type Funds		TOTAL	
	9/30/2009	9/30/2008	9/30/2009	9/30/2008	9/30/2009	9/30/2008
Warrants	44,915,032	46,486,221	-	-	44,915,032	46,486,221
Notes	480,000	640,000	-	-	480,000	640,000
Capital Leases	132,074	-	-	-	132,074	-
	45,527,106	47,126,221	-	-	45,527,106	47,126,221
	Variance					
	<u>2008/2009</u>					
Warrants	(1,571,189)					
Notes	(160,000)					
Capital Leases	132,074					



Decreases of outstanding long term warrants total \$ 1,439,115.

Other Debt: In October 2007 the City entered into a Cooperation Agreement with the Baldwin County School Board to assist in funding the enlargement and renovation of the Daphne High School Stadium. The agreement and accompanying promissory note totaling \$ 1,000,000 plus 5% interest will be paid to the Baldwin County School Board over a period of 5 years. The City made a principal payment in the amount of \$ 160,000 in Fiscal 2009 and the balance due on this note is \$ 480,000.

Bond Ratings

In March 2010, the City's "stand-alone" rating (rating with no insurance) with Moody's and Standard & Poor's was upgraded. Moody's upgraded the City from A1 to Aa3 and Standard & Poor's upgraded the City from A+ to AA. 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, 2009, the City's permissible debt limit exceeded actual debt by \$ 45,439,792.

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

Fiscal Year 2009 General Fund reports a decrease of 11% (\$ 1,239,803) in Sales & Use Taxes when compared to Fiscal 2008. This is reflective of the economic recession and this decrease in collections is continuing into Fiscal 2010; the first seven months of fiscal 2010 report a 3% decrease from Fiscal 2009. Actual sales and use tax collections are at Fiscal 2004/2005 levels. The 2010 budget was prepared on this basis and actual collections through April are \$ 107,593 over budget. Fiscal 2010 General Fund departmental operations are budgeted at \$796,317 less than 2009 budget actual expenditures. The City continues to take cost-cutting measures and is monitoring monthly financial results carefully.

With the anticipated budget short-fall in Sales and Use Taxes, a scheduled draw from the fund balance in the amount of \$ 584,990 was originally budgeted for Fiscal 2010. Since then, additional appropriations have been considered and approved and the fund balance draw has been amended to total \$ 1,034,127. With a General Fund unreserved fund balance of \$ 11,226,993 (approximately 51% of annual Fiscal 2009 revenues) the City Council has approved these additional appropriations.

No major changes have been made in the business-type activities through the first six months of Fiscal 2010. At the present time, the City Council is debating whether to continue supplementing the recycling program and is searching for cost-saving alternatives to the present operation of the program.

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.

Government-Wide Financial Statements

CITY OF DAPHNE, ALABAMA

**Statement of Net Assets
September 30, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 18,992,484	\$ 100	\$ 18,992,584	\$ 1,603
Investments	904,067	-	904,067	-
Receivables	8,090,507	124,542	8,215,049	1,111
Receivables from Fiduciary Funds	233,267	-	233,267	-
Internal balances	(37,179)	37,179	-	-
Deferred charges	541,315	-	541,315	370,726
Prepaid items	7,940	-	7,940	4,375
Inventories	194,193	-	194,193	-
Total current assets	<u>28,926,594</u>	<u>161,821</u>	<u>29,088,415</u>	<u>377,815</u>
Noncurrent assets:				
Restricted investments	-	-	-	2,631,167
Capital assets, net of accumulated depreciation:				
Land	10,985,604	-	10,985,604	1,555,290
Buildings	18,814,844	119,875	18,934,719	-
Machinery and equipment	2,945,582	201,508	3,147,090	-
Other improvements	2,675,702	-	2,675,702	-
Infrastructure	63,091,387	18,309	63,109,696	-
Construction in progress	396,935	-	396,935	3,519,617
Total noncurrent assets	<u>98,910,054</u>	<u>339,692</u>	<u>99,249,746</u>	<u>7,706,074</u>
Total assets	<u>\$127,836,648</u>	<u>\$ 501,513</u>	<u>\$128,338,161</u>	<u>\$ 8,083,889</u>

The accompanying notes are an integral part of the Financial Statements.

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	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 785,913	\$ 36,070	\$ 821,983	\$ 1,071
Salaries and benefits payable	495,408	14,791	510,199	-
Contracts and retainage payable	-	-	-	180,727
Accrued interest payable	238,743	-	238,743	265,625
Deferred revenues	1,319,363	112,665	1,432,028	4,375
Total current liabilities	2,839,427	163,526	3,002,953	451,798
Long term liabilities:				
Warrants, notes, & leases payable; compensated absences:				
Due within one year	2,142,883	7,195	2,150,078	-
Due after one year	43,155,912	10,792	43,166,704	8,500,000
	45,298,795	17,987	45,316,782	8,500,000
Other non-current liability - net other post employment benefit liability	214,128	-	-	-
Total long term liabilities	45,512,923	17,987	45,316,782	8,500,000
Total liabilities	48,352,350	181,513	48,319,735	8,951,798
NET ASSETS				
Invested in capital assets, net of related debt	51,705,219	339,693	52,044,912	(1,934,397)
Restricted for:				
Capital projects	2,314,577	-	2,314,577	-
Sewer projects-contributed to Utility Bd	1,173,330	-	1,173,330	-
Debt service	1,748,575	-	1,748,575	1,064,845
Other purposes	799,524	-	799,524	-
Unrestricted (deficit)	21,743,073	(19,693)	21,723,380	1,643
Total net assets	79,484,298	320,000	79,804,298	(867,909)
Total liabilities and net assets	\$127,836,648	\$ 501,513	\$128,124,033	\$ 8,083,889

CITY OF DAPHNE, ALABAMA

**Statement of Activities
For the Year Ended September 30, 2009**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,622,068	\$ 86,266	\$ 5,278	\$ -
Public safety	9,195,045	1,100,437	304,170	55,189
Public works	7,228,904	22,223	104,354	8,880,742
Sewer contributions to Utility Board	17,826	-	-	-
Parks and recreation	2,450,258	192,514	80,798	38,857
Interest on long term debt	2,363,482	-	-	-
Total governmental activities	<u>24,877,583</u>	<u>1,401,440</u>	<u>494,600</u>	<u>8,974,788</u>
Business-type activities:				
Garbage/Recycling	1,350,097	1,232,318	-	-
Civic Center	726,003	348,181	-	-
Bay Front Park	160,261	55,928	-	-
Total business-type activities	<u>2,236,361</u>	<u>1,636,427</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 27,113,944</u>	<u>\$ 3,037,867</u>	<u>\$ 494,600</u>	<u>\$ 8,974,788</u>
Component unit:				
Renaissance Improvement District	<u>719,742</u>	<u>-</u>	<u>79,226</u>	<u>13,784</u>

General Revenues:

Sales, use, and luxury taxes

Ad valorem taxes

Business licenses

PILOT and franchise fees

Intergovernmental revenue

Investment and interest earnings

Contributions not restricted to specific programs

Transfers

Total general revenues and transfers

Change in net assets

Net assets, 10-1-08

Net assets, 9-30-09

The accompanying notes are an integral part of the Financial Statements.

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Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (3,530,524)		\$ (3,530,524)	
(7,735,249)		(7,735,249)	
1,778,415		1,778,415	
(17,826)		(17,826)	
(2,138,089)		(2,138,089)	
(2,363,482)		(2,363,482)	
<u>(14,006,755)</u>		<u>(14,006,755)</u>	
	(117,779)	(117,779)	
	(377,822)	(377,822)	
	(104,333)	(104,333)	
	<u>(599,934)</u>	<u>(599,934)</u>	
<u>\$ (14,006,755)</u>	<u>\$ (599,934)</u>	<u>\$ (14,606,689)</u>	
-	-	-	(626,732)
12,848,739	-	12,848,739	-
5,200,320	-	5,200,320	-
1,484,968	-	1,484,968	-
2,046,309	-	2,046,309	-
472,960	-	472,960	-
122,329	-	122,329	3
62,198	-	62,198	-
(599,934)	599,934	-	-
<u>21,637,889</u>	<u>599,934</u>	<u>22,237,823</u>	<u>3</u>
7,631,134	-	7,631,134	(626,729)
71,853,164	320,000	72,173,164	(241,180)
<u>\$ 79,484,298</u>	<u>\$ 320,000</u>	<u>\$ 79,804,298</u>	<u>\$ (867,909)</u>

Governmental Fund Financial Statements

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CITY OF DAPHNE, ALABAMA

**Balance Sheet
Governmental Funds
September 30, 2009**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Reserve</u>
ASSETS			
Cash and cash equivalents	\$ 11,871,055	\$ 1,661,971	\$ 3,390,016
Investments	904,067	-	-
Taxes receivable	6,066,495	-	-
Receivables from other governments	218,678	-	-
Due from Utility Board	29,116	-	-
Due from other funds	-	86,604	-
Other receivables	74,559	-	-
Prepaid items	7,940	-	-
Inventories	194,193	-	-
	<u>\$ 19,366,103</u>	<u>\$ 1,748,575</u>	<u>\$ 3,390,016</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 602,786	\$ -	\$ 1,029
Wages/accrued withholding payable	780,302	-	-
Due to other funds	1,186,413	-	667,978
Deferred revenue	4,677,124	-	-
Total liabilities	<u>7,246,625</u>	<u>-</u>	<u>669,007</u>
Fund balances:			
Reserved for:			
Capital projects	673,079	-	1,220,225
Encumbrances	219,406	-	-
Debt service	-	1,748,575	-
Sewer projects	-	-	-
Total reserved fund balances	<u>892,485</u>	<u>1,748,575</u>	<u>1,220,225</u>
Unreserved, reported in:			
General fund	11,226,993	-	-
Special revenues funds	-	-	-
Capital projects funds	-	-	1,500,784
Total unreserved fund balances	<u>11,226,993</u>	<u>-</u>	<u>1,500,784</u>
Total fund balances	<u>12,119,478</u>	<u>1,748,575</u>	<u>2,721,009</u>
	<u>\$ 19,366,103</u>	<u>\$ 1,748,575</u>	<u>\$ 3,390,016</u>
Total liabilities and fund balances	<u>\$ 19,366,103</u>	<u>\$ 1,748,575</u>	<u>\$ 3,390,016</u>

The accompanying notes are an integral part of the Financial Statements.

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2006 Construction	Other Governmental Funds	Total
\$ 1,461,044	\$ 608,398	\$ 18,992,484
-	-	904,067
-	-	6,066,495
-	478,756	697,434
-	-	29,116
-	2,377,598	2,464,202
1,181,446	41,456	1,297,461
-	-	7,940
-	-	194,193
<u>\$ 2,642,490</u>	<u>\$ 3,506,208</u>	<u>\$ 30,653,392</u>

\$ 28,842	\$ 153,256	\$ 785,913
-	-	780,302
177	413,546	2,268,114
1,181,446	7,199	5,865,769
<u>1,210,465</u>	<u>574,001</u>	<u>9,700,098</u>

1,141,247	804,009	3,838,560
-	-	219,406
340,000	-	2,088,575
-	833,329	833,329
<u>1,481,247</u>	<u>1,637,338</u>	<u>6,979,870</u>

-	-	11,226,993
-	1,447,327	1,447,327
(49,222)	(152,458)	1,299,104
<u>(49,222)</u>	<u>1,294,869</u>	<u>13,973,424</u>
<u>1,432,025</u>	<u>2,932,207</u>	<u>20,953,294</u>
<u>\$ 2,642,490</u>	<u>\$ 3,506,208</u>	<u>\$ 30,653,392</u>

CITY OF DAPHNE, ALABAMA

**Reconciliation of the Balance Sheet Governmental Funds
to the Statement of Net Assets
September 30, 2009**

Fund Balances-- Total Governmental Funds		\$ 20,953,294
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources, and, therefore are not reported in the funds.</p>		98,910,054
<p>Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Bond issuance costs	642,338	
Accumulated amortization	<u>(101,023)</u>	541,315
<p>Long-term liabilities, including warrants payable, are not due and payable in the current period, and, therefore are not reported in the funds.</p>		
Accrued interest	(238,743)	
Deferred amount on refunding, net of accumulated amortization	272,625	
Discount on warrants, net of accumulated amortization	240,584	
Warrants, Notes, Leases	<u>(45,527,108)</u>	(45,252,642)
<p>Other Post Employment Benefits are not due and payable in the current period, and, therefore are not reported in the funds.</p>		(214,128)
<p>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.</p>		<u>4,546,405</u>
Net Assets of Governmental Activities		<u><u>\$ 79,484,298</u></u>

The accompanying notes are an integral part of the Financial Statements.

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CITY OF DAPHNE, ALABAMA

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2009**

	General	Debt Service	Capital Reserve
Revenues			
Taxes:			
Sales, use, luxury	\$ 10,696,734	\$ 1,427,150	\$ -
Property	5,539,305	-	-
Total taxes	<u>16,236,039</u>	<u>1,427,150</u>	-
Licenses and permits	1,913,500	-	-
Payments in lieu of taxes	2,046,309	-	-
Fines	438,638	-	-
Charges for services	341,980	-	-
Intergovernmental	270,176	-	202,784
Grants	327,266	-	-
Special assessments	-	-	-
Interest/Investment earnings	78,083	10,335	21,690
Drug forfeitures	-	-	-
Contributions and donations	59,394	-	-
Miscellaneous	110,751	-	-
Total revenues	<u>21,822,136</u>	<u>1,437,485</u>	<u>224,474</u>
Expenditures			
Current:			
General government	3,323,876	-	21,091
Public safety	8,540,757	-	-
Public works	3,466,342	-	619
Parks and recreation	2,072,921	-	-
Debt service:			
Principal	-	1,585,793	-
Interest	-	2,338,284	-
Capital outlay:			
Vehicles and heavy equipment	239,600	-	-
Equipment	105,599	-	-
Buildings and land	61,417	-	-
Parks and sidewalks	17,700	-	-
Other improvements	-	-	932,501
Highways, streets and drainage	84,867	-	-
Total expenditures	<u>17,913,079</u>	<u>3,924,077</u>	<u>954,211</u>
Excess (deficiency) of revenues over (under) expenditures	3,909,057	(2,486,592)	(729,737)
<u>Other financing sources (uses)</u>			
Transfers in	6,799	2,775,549	-
Transfers out	(3,530,570)	-	-
Contribution to Utility Bd-Sewer Project	-	-	-
Capital lease proceeds	146,678	-	-
Total other financing sources (uses)	<u>(3,377,093)</u>	<u>2,775,549</u>	-
Net change in fund balances	531,964	288,957	(729,737)
Fund Balances-- 10/1/2008	11,587,514	1,459,618	3,450,746
Fund Balances-- 9/30/2009	<u>\$ 12,119,478</u>	<u>\$ 1,748,575</u>	<u>\$ 2,721,009</u>

The accompanying notes are an integral part of the Financial Statements.

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2006 Construction	Other Governmental Funds	Total
\$ -	\$ 724,988	\$ 12,848,872
-	-	5,539,305
-	724,988	18,388,177
-	-	1,913,500
-	-	2,046,309
-	128,816	567,454
-	26,609	368,589
-	35,992	508,952
-	549,066	876,332
-	1,484	1,484
8,916	3,305	122,329
-	14,361	14,361
-	4,096	63,490
-	18,673	129,424
8,916	1,507,390	25,000,401
(1,111)	111,237	3,455,093
-	18,001	8,558,758
-	13,879	3,480,840
-	145,170	2,218,091
-	-	1,585,793
-	-	2,338,284
-	73,384	312,984
23,478	64,309	193,386
659,552	48,000	768,969
-	217,220	234,920
12,985	-	945,486
-	697,722	782,589
694,904	1,388,922	24,875,193
(685,988)	118,468	125,208
119,268	194,383	3,095,999
-	(165,363)	(3,695,933)
(17,685)	(141)	(17,826)
-	-	146,678
101,583	28,879	(471,082)
(584,405)	147,347	(345,874)
2,016,430	2,784,860	21,299,168
\$ 1,432,025	\$ 2,932,207	\$ 20,953,294

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, 2009**

Net Change in Fund Balances--Total Governmental Funds \$ (345,874)

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	3,157,986	
Less: Current year depreciation expense	<u>(4,691,448)</u>	
		(1,533,462)

The net effect of accruing Post Employment Benefits is not reported on the governmental funds statements, but is reported on the Statement of Activities		(214,128)
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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	8,447,234	
Property taxes	<u>(338,985)</u>	
		8,108,249

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:

Lease payable proceeds	(146,678)	
Amortization of discount	(14,158)	
Amortization of bond issuance costs	(25,256)	
Amortization deferred amount on refunding	(38,946)	
Principal payments	1,585,793	
Daphne school board contribution payable	160,000	
Due to Baldwin County Commission	80,350	
Reverse FY 08 Accrued Interest	250,997	
Accrued interest- warrants	<u>(235,753)</u>	
		<u>1,616,349</u>

Change in Net Assets of Governmental Activities	\$ 7,631,134
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The accompanying notes are an integral part of the Financial Statements.

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Proprietary Fund Financial Statements

CITY OF DAPHNE, ALABAMA

**Balance Sheet
Enterprise Fund
September 30, 2009**

	Garbage/ Recycle Coll	Civic Center	Bay Front Park	Total
ASSETS				
Current assets:				
Cash	\$ -	\$ 100	\$ -	\$ 100
Due from other funds	-	68,119	8,615	76,734
Due from Utility Board	99,953	-	-	99,953
Other receivables	24,589	-	-	24,589
Total current assets	<u>124,542</u>	<u>68,219</u>	<u>8,615</u>	<u>201,376</u>
Noncurrent assets:				
Capital assets:				
Roads	137,266	-	-	137,266
Facilities	248,115	30,031	32,465	310,611
Vehicles	935,265	7,971	-	943,236
Equipment	149,637	-	-	149,637
Rental equipment and supplies	-	169,127	4,105	173,232
Office furniture and equipment	3,515	502,074	12,206	517,795
Total capital assets	<u>1,473,798</u>	<u>709,203</u>	<u>48,776</u>	<u>2,231,777</u>
Less: accumulated depreciation	<u>(1,208,507)</u>	<u>(648,891)</u>	<u>(34,687)</u>	<u>(1,892,085)</u>
Total noncurrent assets	<u>265,291</u>	<u>60,312</u>	<u>14,089</u>	<u>339,692</u>
Total assets	<u>\$ 389,833</u>	<u>\$ 128,531</u>	<u>\$ 22,704</u>	<u>\$ 541,068</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 21,777	\$ 13,182	\$ 1,111	\$ 36,070
Deferred revenue	-	98,722	13,943	112,665
Accrued wages/benefits	10,614	2,591	1,586	14,791
Due to other funds	39,555	-	-	39,555
Total current liabilities	<u>71,946</u>	<u>114,495</u>	<u>16,640</u>	<u>203,081</u>
Noncurrent liabilities:				
Compensated absences	13,667	2,592	1,728	17,987
Total liabilities	<u>85,613</u>	<u>117,087</u>	<u>18,368</u>	<u>221,068</u>
NET ASSETS				
Invested in capital assets, net of related debt	265,291	60,313	14,089	339,693
Unrestricted	38,929	(48,869)	(9,753)	(19,693)
Total net assets	<u>304,220</u>	<u>11,444</u>	<u>4,336</u>	<u>320,000</u>
Total liabilities and net assets	<u>\$ 389,833</u>	<u>\$ 128,531</u>	<u>\$ 22,704</u>	<u>\$ 541,068</u>

The accompanying notes are an integral part of the Financial Statements.

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CITY OF DAPHNE, ALABAMA

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Fund
For the Year Ended September 30, 2009**

	Garbage/ Recycle Coll	Civic Center	Bay Front Park	Total
Operating revenues:				
Rental fees	\$ -	\$ 264,974	\$ 55,928	\$ 320,902
Community events	-	83,128	-	83,128
Charges for services	1,104,094	-	-	1,104,094
Delinquent collections	1,680	-	-	1,680
Charges: carts/recycle bins	56,552	-	-	56,552
Other revenues	69,992	79	-	70,071
Total operating revenues	<u>1,232,318</u>	<u>348,181</u>	<u>55,928</u>	<u>1,636,427</u>
Operating expenses:				
Wages	486,322	139,078	79,491	704,891
Overtime	15,321	4,327	2,471	22,119
Payroll related	67,693	19,802	11,320	98,815
Compensated absences	-	(809)	(539)	(1,348)
Other personnel expense	187,072	34,355	19,622	241,049
Total personnel eervices	<u>756,408</u>	<u>196,753</u>	<u>112,365</u>	<u>1,065,526</u>
Advertising	4,422	2,063	900	7,385
Community programs	-	136,615	-	136,615
Contracted services	12,783	19,937	-	32,720
Employee support	1,881	589	-	2,470
Equipment purchased	-	1,629	634	2,263
Equipment lease/rental	290	4,079	-	4,369
Fuel	62,604	-	1,159	63,763
Garbage/Rcy removal support	7,955	4,438	2,268	14,661
Insurance	16,261	56,435	9,915	82,611
Landfill fees	177,641	-	-	177,641
Maintenance	155,790	62,981	2,344	221,115
Supplies	2,246	38,317	6,892	47,455
Temporary services	-	36,365	7,072	43,437
Trustee assignments	22,918	-	-	22,918
Uniforms	627	(33)	-	594
Utilities	5,988	155,508	13,797	175,293
Miscellaneous	115	-	-	115
Depreciation	122,168	10,327	2,915	135,410
Total operating expenses	<u>1,350,097</u>	<u>726,003</u>	<u>160,261</u>	<u>2,236,361</u>
Loss before contributions	(117,779)	(377,822)	(104,333)	(599,934)
Capital contributions- General Fund	117,779	377,822	104,333	599,934
Change in net assets	-	-	-	-
Total net assets, 10-1-08	<u>304,220</u>	<u>11,444</u>	<u>4,336</u>	<u>320,000</u>
Total net assets, 9-30-09	<u>\$ 304,220</u>	<u>\$ 11,444</u>	<u>\$ 4,336</u>	<u>\$ 320,000</u>

The accompanying notes are an integral part of the Financial Statements.

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CITY OF DAPHNE, ALABAMA

**Statement of Cash Flows
Enterprise Fund
For the Year Ended September 30, 2009**

	Garbage/ Recycle Coll	Civic Center	Bay Front Park	Total
Cash flows from operating activities:				
Receipts from customers	\$ 1,203,979	\$ 341,640	\$ 48,170	\$ 1,593,789
Payments to suppliers	(527,695)	(539,042)	(44,364)	(1,111,101)
Payments to employees	(755,995)	(197,653)	(113,105)	(1,066,753)
Net cash used in operating activities	(79,711)	(395,055)	(109,299)	(584,065)
Cash flows from capital and related financing activities:				
Capital contributions	117,779	377,822	104,334	599,935
Purchases of capital assets	(5,043)	(8,678)	-	(13,721)
Net cash provided by capital and financing activities	112,736	369,144	104,334	586,214
Net increase (decrease) in cash and cash equivalents	33,025	(25,911)	(4,965)	2,149
Balance, 10-01-08	(72,580)	94,130	13,580	35,130
Balance, 9-30-09	\$ (39,555)	\$ 68,219	\$ 8,615	\$ 37,279
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (117,779)	\$ (377,821)	\$ (104,334)	\$ (599,934)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation expense	122,168	10,327	2,915	135,410
Change in assets and liabilities:				
Receivables	(28,550)	-	-	(28,550)
Deferred revenue	-	(6,541)	(7,758)	(14,299)
Accounts payable	(55,963)	(20,120)	619	(75,464)
Accrued expenses	413	(900)	(741)	(1,228)
Net cash used in operating activities	\$ (79,711)	\$ (395,055)	\$ (109,299)	\$ (584,065)
Reconciliation of cash per statement of cash flows to the balance sheet:				
Cash ending, 9-30-09				
Cash	\$ -	\$ 100	\$ -	\$ 100
Due from other funds	-	68,119	8,615	76,734
Due to other funds	(39,555)	-	-	(39,555)
	\$ (39,555)	\$ 68,219	\$ 8,615	\$ 37,279

The accompanying notes are an integral part of the Financial Statements.

DRAFT

Component Unit Financial Statements

CITY OF DAPHNE, ALABAMA

Statement of Net Assets
Component Unit
September 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 1,603
Due from developer	1,111
Prepays	4,375
Deferred charges	370,726
Noncurrent assets:	
Restricted investments	2,631,167
Nondepreciable capital assets	<u>5,074,907</u>
Total assets	<u>\$ 8,083,889</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,071
Contracts and retainage payable	180,727
Accrued interest payable	265,625
Deferred revenue	4,375
Long-term liabilities:	
Due in more than one year	<u>8,500,000</u>
Total liabilities	<u>8,951,798</u>
NET ASSETS	
Invested in capital assets, net of related debt	(1,934,397)
Restricted for debt service	1,064,845
Unrestricted	<u>1,643</u>
Total net assets	<u>(867,909)</u>
Total liabilities and net assets	<u>\$ 8,083,889</u>

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

DRAFT

CITY OF DAPHNE, ALABAMA

**Statement of Activities
Component Unit
For the Year Ended September 30, 2009**

				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Primary government:				
Governmental activities:				
General government	\$ 69,272	\$ 69,412	\$ -	\$ 140
Maintenance and operations	-	-	13,784	13,784
Interest on long term debt	650,470	9,814	-	(640,656)
Total governmental activities	719,742	79,226	13,784	(626,732)
General revenues:				
Unrestricted investments earnings				3
Total general revenues				3
Change in net assets				(626,729)
Net assets - beginning				(241,180)
Net assets (deficit) - ending				\$ (867,909)

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

DRAFT

Fiduciary Fund Financial Statements

CITY OF DAPHNE, ALABAMA

**Statement of Assets and Liabilities
Agency Funds
September 30, 2009**

ASSETS

Cash and cash equivalents	\$	56,764
Other receivables		<u>18,049</u>
Total assets	\$	<u><u>74,813</u></u>

LIABILITIES

Bonds payable	\$	32,300
Accounts payable		17,800
Due to agencies		<u>24,713</u>
Total liabilities	\$	<u><u>74,813</u></u>

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

CITY OF DAPHNE, ALABAMA

**Cash and Cash Equivalents
Agency Funds
September 30, 2009**

	<u>Municipal Court</u>	<u>Self- Insurance</u>	<u>Confiscated Funds</u>	<u>Flexible Spending Acct</u>
Cash	\$ 287,255	\$ -	\$ 2,776	\$ -
Cash equivalents:				
Due from other funds	-	-	-	3,163
Due to other funds	<u>(227,294)</u>	<u>(9,503)</u>	<u>-</u>	<u>-</u>
	<u>(227,294)</u>	<u>(9,503)</u>	<u>-</u>	<u>3,163</u>
Cash and cash equivalents	<u>\$ 59,961</u>	<u>\$ (9,503)</u>	<u>\$ 2,776</u>	<u>\$ 3,163</u>

Short-Term Disability	TOTAL
\$ -	\$ 290,031
367	3,530
-	(236,797)
<u>367</u>	<u>(233,267)</u>
<u>\$ 367</u>	<u>\$ 56,764</u>

CITY OF DAPHNE, ALABAMA

**Combining Statement of Assets and Liabilities
Agency Funds
September 30, 2009**

	<u>Municipal Court</u>	<u>Self Insurance</u>	<u>Confiscated Funds</u>	<u>Flexible Spending Acct</u>
ASSETS				
Cash & cash equivalents	\$ 59,961	\$ (9,503)	\$ 2,776	\$ 3,163
Other receivables	1,576	16,327	-	146
Total assets	<u>61,537</u>	<u>6,824</u>	<u>2,776</u>	<u>3,309</u>
LIABILITIES				
Bonds payable	32,300	-	-	-
Accounts payable	4,524	6,824	2,776	3,309
Due to agencies	24,713	-	-	-
Total liabilities	<u>\$ 61,537</u>	<u>\$ 6,824</u>	<u>\$ 2,776</u>	<u>\$ 3,309</u>

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

DRAFT

<u>Short-Term Disability</u>	<u>Total</u>
\$ 367	\$ 56,764
-	18,049
<u>367</u>	<u>74,813</u>
-	32,300
367	17,800
-	24,713
<u>\$ 367</u>	<u>\$ 74,813</u>

CITY OF DAPHNE, ALABAMA

**Combining Statement of Changes in Assets and Liabilities -
All Agency Funds
For the Fiscal Year Ended September 30, 2009**

	Balance, 10/1/2008	Additions	Deductions	Balance, 9/30/2009
<u>Municipal Court Fund</u>				
<i>ASSETS</i>				
Cash & cash equivalents	\$ 86,837	\$ -	\$ (26,876)	\$ 59,961
Other receivables	1,576	-	-	1,576
	<u>88,413</u>	<u>-</u>	<u>(26,876)</u>	<u>61,537</u>
<i>LIABILITIES</i>				
Bonds payable	55,222	-	(22,922)	32,300
Accounts payable	-	4,524	-	4,524
Due to agencies	33,191	-	(8,478)	24,713
	<u>\$ 88,413</u>	<u>\$ 4,524</u>	<u>\$ (31,400)</u>	<u>\$ 61,537</u>
<u>Self Insurance Fund</u>				
<i>ASSETS</i>				
Cash & cash equivalents	\$ (2,672)	\$ -	\$ (6,831)	\$ (9,503)
Other receivables	-	16,327	-	16,327
	<u>(2,672)</u>	<u>16,327</u>	<u>(6,831)</u>	<u>6,824</u>
<i>LIABILITIES</i>				
Bonds payable	-	-	-	-
Accounts payable	11,916	-	(5,092)	6,824
Due to agencies	(14,588)	-	14,588	-
	<u>\$ (2,672)</u>	<u>\$ -</u>	<u>\$ 9,496</u>	<u>\$ 6,824</u>
<u>Confiscated Funds</u>				
<i>ASSETS</i>				
Cash & cash equivalents	\$ 2,228	\$ 548	\$ -	\$ 2,776
Other receivables	-	-	-	-
	<u>2,228</u>	<u>548</u>	<u>-</u>	<u>2,776</u>
<i>LIABILITIES</i>				
Bonds payable	-	-	-	-
Accounts payable	2,228	548	-	2,776
Due to agencies	-	-	-	-
	<u>\$ 2,228</u>	<u>\$ 548</u>	<u>\$ -</u>	<u>\$ 2,776</u>

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

	Balance, 10/1/2008	Additions	Deductions	Balance, 9/30/2009
<u>Short-Term Disability Fund</u>				
<u>ASSETS</u>				
Cash & cash equivalents	\$ 467	\$ -	\$ (100)	\$ 367
Other receivables	1,378	-	(1,378)	-
	<u>1,845</u>	<u>-</u>	<u>(1,478)</u>	<u>367</u>
<u>LIABILITIES</u>				
Bonds payable	-	-	-	-
Accounts payable	1,845	-	(1,478)	367
Due to agencies	-	-	-	-
	<u>\$ 1,845</u>	<u>\$ -</u>	<u>\$ (1,478)</u>	<u>\$ 367</u>
<u>Flexible Spending Plan</u>				
<u>ASSETS</u>				
Cash & cash equivalents	\$ 6,491	\$ -	\$ (3,328)	3,163
Other receivables	-	146	-	146
	<u>6,491</u>	<u>146</u>	<u>(3,328)</u>	<u>3,309</u>
<u>LIABILITIES</u>				
Bonds payable	-	-	-	-
Accounts payable	6,491	-	(3,182)	3,309
Due to agencies	-	-	-	-
	<u>\$ 6,491</u>	<u>\$ -</u>	<u>\$ (3,182)</u>	<u>\$ 3,309</u>
<u>TOTAL- ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash & cash equivalents	\$ 93,351	\$ 548	\$ (37,135)	\$ 56,764
Other receivables	2,954	16,473	(1,378)	18,049
	<u>96,305</u>	<u>17,021</u>	<u>(38,513)</u>	<u>74,813</u>
<u>LIABILITIES</u>				
Bonds payable	55,222	-	(22,922)	32,300
Accounts payable	22,480	5,072	(9,752)	17,800
Due to agencies	18,603	-	6,110	24,713
	<u>\$ 96,305</u>	<u>\$ 5,072</u>	<u>\$ (26,564)</u>	<u>\$ 74,813</u>

Notes to Financial Statements

Notes to Financial Statements

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 funds, which are under the direct operations of the City.

The City has one component unit, as defined in GASB 14 and amended by GASB 39, for which it is financially accountable. This component unit is the Renaissance Cooperative/Improvement District. Although this entity is legally separate and the City does not appoint a voting majority of the board, it would be misleading to exclude it from discrete presentation as a component unit because of the financial relationship with the City. The Economic Development Agreement approved by Resolution 2007-83 pledges a percentage of certain taxes collected by the City in the Cooperative District to be remitted monthly from the City to the District. Such arrangement qualifies as a tax-increment financing. Such incremental taxes are recognized as revenue in the City's financial statements and are offset by an expense- allocation to Cooperative District. The debt to be retired with the incremental taxes totals \$ 8,500,000 and will mature in 2038.

A. Financial Reporting Entity (continued)

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 Authority, 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.

B. Basic Financial Statements – GASB Statement No. 34 (continued)

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.

C. Basis of Presentation (continued)

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, 2009, 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.”

E. Assets, Liabilities, and Net Assets or Equity (continued)

3. Inventories

Inventory held consists of vehicle fuel and repair parts for 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. Fiscal 2009 ending inventory of mechanical parts and supplies was adjusted \$20,536 to record the difference in actual inventory on hand and calculated inventory. Inventories are valued using the FIFO method. Valuations at September 30, 2009 are as follows:

Mechanical Shop Parts & Supplies	\$ 181,112
Vehicle Fuel	\$ 13,081

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 City, 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

5. Capital Assets (continued)

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 totals \$302,883 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 2009, the City contributed 6.59%.

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 \$18,992,584. 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:

General Operating Fund	\$ 11,871,055
2006 Construction Fund	1,461,044
Capital Reserve Fund	3,390,016
Debt Service Fund	1,661,971
Other non-major Governmental Funds	608,398
Non Governmental Business Type Funds	100
Total Cash Deposits	<u>\$ 18,992,584</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.

Note 3 – Cash Deposits and Investments (continued)

Investments are included in the financials as follows:

Brokers Express:

Federal Home Loan Banks	\$ 99,314
United States Treasury Bonds	426,954
GNMA & FNMA Pools	58,099
Money Markets, Cash, & CDS	288,638
Alabama A.M.I.C. Pool Account	<u>31,062</u>
	<u>\$ 904,067</u>

Fiduciary Funds report a cash balance of \$290,031.

Proprietary Funds have a total cash balance of \$100; however on the reconciliation of the Statement of Cash Flows, the cash and cash equivalents balance is \$37,279. 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, 2009, consist of the following:

Governmental Activities:

Property, Sales/Use Taxes Receivable	\$ 6,066,495
Receivable from other Governments	697,433
Receivable from Utility Board	29,116
Other Receivables	<u>1,297,463</u>
Total Government Type Receivables	<u>\$ 8,090,507</u>

Business Type Receivables:

Utility Board	\$ 99,953
Other Business Type Receivables	<u>24,589</u>
Total Business Type Receivables	<u>\$ 124,542</u>

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, 2009:

	Balance October 1	Additions	Reclassifications	Deductions	Balance September 30
Capital assets not being depreciated:					
Land	\$ 10,967,904	\$ 17,700	\$ -	\$ -	\$ 10,985,604
Construction in progress	7,480,081	309,965	(7,393,111)	-	396,935
Total capital assets not being depreciated	18,447,985	327,665	(7,393,111)	-	11,382,539
Capital assets being depreciated:					
Buildings	15,020,693	506,436	7,276,990	-	22,804,119
Other improvements	2,517,730	1,115,275	116,121	-	3,749,126
Machinery and equipment	8,650,256	506,371	-	(347,330)	8,809,297
Infrastructure	107,965,097	9,149,473	-	-	117,114,570
Total capital assets being depreciated	134,153,776	11,277,555	7,393,111	(347,330)	152,477,112
Less: accumulated depreciation					
Buildings	(3,681,242)	(308,033)			(3,989,275)
Other improvements	(866,630)	(206,794)			(1,073,424)
Machinery and equipment	(5,545,568)	(665,477)		347,330	(5,863,715)
Infrastructure	(50,512,039)	(3,511,144)			(54,023,183)
Total accumulated depreciation	(60,605,479)	(4,691,448)	-	347,330	(64,949,597)
Total capital assets being depreciated	73,548,297	6,586,107	7,393,111	-	87,527,515
Governmental Activities capital assets, net	\$ 91,996,282	\$ 6,913,772	\$ -	\$ -	\$ 98,910,054

Depreciation was charged to governmental functions as follows:

General government	\$ 99,069
Public Safety	509,555
Public Works	198,979
Infrastructure	3,511,144
Parks & Recreation	<u>372,701</u>

Total governmental activities depreciation expense \$ 4,691,448

Note 5 - Capital Assets (continued)

Business-type Activities

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2009:

	Balance October 1	Additions	Deductions	Balance September 30
Capital assets being depreciated:				
Buildings	\$ 305,570	\$ 5,044	\$ -	\$ 310,614
Machinery and equipment	1,820,377	8,678	(45,153)	1,783,902
Infrastructure	137,266	-	-	137,266
Total capital assets being depreciated	<u>2,263,213</u>	<u>13,722</u>	<u>(45,153)</u>	<u>2,231,782</u>
Less: accumulated depreciation				
Buildings	(160,751)	(29,988)		(190,739)
Machinery and equipment	(1,534,708)	(92,839)	45,153	(1,582,394)
Infrastructure	(106,374)	(12,583)		(118,957)
Total accumulated depreciation	<u>(1,801,833)</u>	<u>(135,410)</u>	<u>45,153</u>	<u>(1,892,090)</u>
Total capital assets being depreciated, net	<u>\$ 461,380</u>	<u>\$ (121,688)</u>	<u>\$ -</u>	<u>\$ 339,692</u>

Depreciation was charged to business-type activities as follows:

Garbage	\$ 94,802
Recycling	27,366
Civic Center	10,327
Bayfront	2,915
Total business-type activities depreciation expense	<u>\$ 135,410</u>

Note 6 - Construction Commitments

Governmental Activities report a reclassification from Construction in Process totaling \$7,393,111. Of this amount, \$7,276,990 is to Buildings due to the substantial completion of the New City Hall addition and modification project. The remaining \$116,121 is for the completion of the improvements to the Recreation Complex.

The City of Daphne issued Series 2006 Refunding and Capital Improvement Warrants in April 2006. At September 30, 2009, all proceeds are not expended and the following are the balances remaining for capital projects for Fiscal 2010 and beyond:

\$ 340,000	Highway 64 South Sewer
\$ 650,497	Library Expansion

Note 6 – Construction Commitments (continued)

At September 30, 2008, 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 2008, one sewer project in the 1999 Construction Fund is not yet under construction: South Highway 64. Some preliminary engineering has begun on this project and total funds needed for project completion are estimated to total \$1,782,805; available funds on hand, including transfers, are \$1,007,978 leaving a difference of \$774,827. During Fiscal 2009, the City made application for a CDBG (Community Development Block Grant) to fund \$500,000 of the amount needed. The grant application was approved and the project is projected to begin in Fiscal 2010.

Note 7 – Inter-fund Accounts

As of September 30, 2009, 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	\$ -	\$ 1,186,413
Special Revenue Funds	1,296,074	-
Capital Projects Funds	-	177
Debt Service Fund	86,604	-
Fiduciary - Agency Funds	-	233,267
Business Type Funds		
Enterprise Funds	37,179	-
Totals	<u>\$ 1,419,857</u>	<u>\$ 1,419,857</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, 2009.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 3,523,771
Special Revenue Funds	29,020	-
Debt Service Fund	2,775,549	-
Enterprise Fund	599,934	-
Capital Projects Fund	119,628	-
Totals	<u>\$ 3,524,131</u>	<u>\$ 3,523,771</u>

Note 9 – Capital Leases

As of September 30, 2009, the City of Daphne has capital lease obligations totaling \$146,678. The City purchased a street sweeper and entered into a four year lease agreement for the same amount. The lease required a \$15,000 payment on October 1, 2009 and 4 additional yearly payments of \$35,447. Yearly interest is being charged at 2.9% on outstanding debt.

Note 10 – Long-Term Debt

The following is a description of general and limited obligation bonds/warrants at September 30, 2009:

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.	\$ 2,060,000
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.	\$ 2,295,000
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.	\$ 4,175,000
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.	\$ 22,485,000
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 19 for more detail.	\$ 4,915,034
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 20 for more detail.	<u>\$ 8,985,000</u>
Total Bonds & Warrants Payable	<u>\$ 44,915,034</u>

On October 16, 2006, the City executed a Cooperation Agreement and Promissory Note in the amount of \$1,000,000 plus 5% interest with the Baldwin County Board of Education for the enlargement and renovation of the Daphne High School stadium. The City made a principal payment of \$160,000 in Fiscal 2009 with the remainder of the balance due to be paid in annual installments with a maturity of October 2011. Total liability at September 30, 2009 is \$480,000.

Note 10 – Long-Term Debt (continued)

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

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,080,532	\$ 2,451,320	\$ 4,531,852
2011	2,078,893	2,357,854	4,436,747
2012	2,253,983	2,258,390	4,512,373
2013	2,320,965	2,149,054	4,470,019
2014	2,399,578	2,035,651	4,435,229
2015-2019	12,120,626	8,243,752	20,364,378
2020-2024	8,897,529	5,262,593	14,160,122
2025-2029	8,755,000	2,926,377	11,681,377
2030-2034	3,210,000	1,208,168	4,418,168
2035-2038	1,410,000	160,500	1,570,500
Subtotal	45,527,106	29,053,659	\$ 74,580,765
Less: Deferred Bond Discount	(240,583)	240,583	-
Less: Deferred amount on refunding	(272,624)	272,624	-
	<u>\$ 45,013,899</u>	<u>\$ 29,566,866</u>	<u>\$ 74,580,765</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, 2009:

	<u>Balance October 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30</u>	<u>Due Within One Year</u>
General and Limited Obligation					
bonds and warrants	\$ 46,486,221	\$ -	\$ (1,571,187)	\$ 44,915,034	\$ 1,888,917
Less: Bond discount	(253,246)	-	12,662	(240,584)	(12,662)
Less: Deferred amount on refunding	(311,571)	-	38,946	(272,625)	(38,946)
Total General and Limited Obligation bonds and warrants	45,921,404	-	(1,519,579)	44,401,825	1,837,309
Notes payable	720,350		(240,350)	480,000	160,000
Obligations under capital lease	-	146,678	(14,604)	132,074	31,616
Compensated absences	247,096	37,800		284,896	113,958
Total	<u>\$ 46,888,850</u>	<u>\$ 184,478</u>	<u>\$ (1,774,533)</u>	<u>\$ 45,298,795</u>	<u>\$ 2,142,883</u>

Note 10 – Long-Term Debt (continued)

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, 2009:

	Balance October 1	Additions	Reductions	Balance September 30	Due Within One Year
Compensated absences	\$ 18,682	\$ (695)	\$ -	\$ 17,987	\$ 7,195
	<u>\$ 18,682</u>	<u>\$ (695)</u>	<u>\$ -</u>	<u>\$ 17,987</u>	<u>\$ 7,195</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.

The advance refunding of the Series 1997 General Obligation Warrants with maturities after April 1, 2007, were redeemed on April 1, 2007 at a premium of 2%.

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 were redeemed at a premium of 2%.

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, 2009, the outstanding debt is satisfied.

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. Also included in this valuation is the estimated value of Rights of Way accepted by the City. Such transactions total \$8,447,234 in fiscal 2009.

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.

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A. Plan Description (continued)

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 September 30, 2008, was \$9,640,807.

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 2009, the City was required to contribute its covered payroll to the plan at a rate of 6.59%. The required contribution percentage was determined as a part of the September 30, 2008, 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, 2008, was 20 years.

Total fiscal year 2009 contributions amounted to \$ 1,244,142, of which \$ 657,288, was made by the City, and \$ 586,854 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 unfunded 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, 2008, were as follows:

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of <u>APC</u> Contributed	Net Pension Obligation (NPO)
09/30/2005	431,379	100%	\$0
09/30/2006	458,212	100%	\$0
09/30/2007	544,938	100%	\$0
09/30/2008	612,692	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)
09/30/01+	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%
09/30/06###	10,915,934	12,410,616	1,494,682	88.0%	7,810,368	19.1%
09/30/07	12,029,203	14,138,830	2,109,628	85.1%	8,713,460	24.2%
09/30/08	13,346,350	16,588,010	3,241,660	80.5%	9,640,807	33.6%

*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.

###Reflects changes in actuarial assumptions (as of 9/30/2006)

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

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C. Annual Pension Cost and Funding Status (continued)

Summary of Employee Census Data

Number of Active Members	253
2008 Annual Compensation Base	\$ 9,640,807
Number of Retired Members and Beneficiaries	20
Annual Retirement Allowance	\$ 330,937
Actuarial Value of Assets	\$ 13,346,350
Actuarial Accrued Liability Entry Age	\$ 16,588,010
Un-funded Actuarial Accrued Liability	\$ 3,241,660
Funded Ratio	80.5%
Un-funded Actuarial Accrued Liability	33.6%

In addition to the trend data presented above, ten-year historical trend information is presented in the 2008 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 in the governmental funds and on an accrual basis in the government-wide statements. 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 2008 governmental cost for these benefits is \$1,421.

GASB 45 Post Employment Benefits Other than Pensions

In June 2004, the GASB issued Statement 45 for the government-wide accounting of Post-Employment Benefits Other than Pensions. As a GASB 34 Phase II government, the City of Daphne was required to implement this accounting pronouncement in Fiscal 2009. The City met the implementation date and its requirements and reports an unfunded liability in the government-wide statements of \$214,128. Following is a description of the plan and the actuarial determination of the unfunded liability:

Note 15 – Other Retirement Plans and Other Employee Benefits (continued)

Plan Description. The City of Daphne’s medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

Employees must be covered by the Retirement System of Alabama and must meet the eligibility provisions adopted by resolution to receive retiree medical benefits. Those eligibility provisions are as follows: 10 years of consecutive service and attainment of age 60; or, 25 years of service at any age. Complete plan provisions are included in the official plan documents. This valuation combines Medical and Dental benefits for cost and liability purposes.

The employer pays 100% of the retiree life coverage of \$5,000 until age 65 at a flat rate of \$.85/\$1,000 of insurance coverage. This rate is an unblended rate and has therefore been used in this valuation as required by GASB 45.

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

Fund Policy. Until 2008, the City of Daphne recognized the cost of providing post-employment medical and life benefits (City of Daphne’s portion of the retiree medical and life benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2008/2009, the City of Daphne’s portion of health care funding cost for retired employees totaled \$19,146 and the life insurance totaled \$51.

Annual Required Contribution. The City of Daphne’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning October 1, 2008 is \$ 250,198 for medical and \$727 for life, as set forth below:

	<u>Medical</u>	<u>Life</u>
Normal Cost	\$ 145,474	\$ 412
30-Year UAL amortization amount	<u>104,724</u>	<u>315</u>
Annual Required Contribution (ARC)	250,198	727

Net Post-employment Benefit Obligation. The table below shows the City’s Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending September 30, 2009:

	<u>Medical</u>	<u>Life</u>
Beginning Net OPEB, 10-1-2008	\$ 0	\$ 0
ARC	250,198	727
Interest on Net OPEB Obligation	0	0
ARC Adjustment	<u>0</u>	<u>0</u>
OPEB Cost	250,198	727
Contribution	0	0
Current Year Retiree Premium	<u>(19,146)</u>	<u>(51)</u>
Change in Net OPEB Obligation	231,052	676
Ending Net OPEB, 9-30-2009	\$ 231,052	\$ 676

Note 15 – Other Retirement Plans and Other Employee Benefits (continued)

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

Post Employment Benefit	Fiscal Year	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
Medical	9-30-2009	\$ 250,198	7.65%	\$ 231,052
Life	9-30-2009	727	7.02%	676

Funded Status and Funding Progress. In the fiscal year ending September 30, 2009, the City made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of October 1, 2008, the first and most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$1,810,956 (medical) and \$5,539 (life), which is defined as that portion, as determined by a particular actuarial cost method (the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. The plan was not funded in fiscal year 2008/2009; therefore the funded ratio is 0%. Covered payroll is \$10,014,326 and the UAAL is 18.08% for medical and .06% for life.

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, 2009:

Restricted for Capital Projects	
Construction Funds & Grants	\$ 2,314,577
Restricted for Debt Service	
Debt Service Fund	1,748,575
Restricted for Other Purposes	
State Law Restricted Use	<u>799,524</u>
Total	<u>\$ 4,862,676</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	\$ 29,116
Due From Utility Board for Garbage Fees	<u>99,953</u>
Total Due From Utility Board @ September 30, 2009	<u>\$ 129,069</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 – Renaissance Cooperative/Improvement District- Component Unit

The Renaissance Cooperative/Improvement District is a component unit, as defined in GASB 14 and amended by GASB 39, for which the City is financially accountable. Although this entity is legally separate and the City does not appoint a voting majority of the board, it would be misleading to exclude it from discrete presentation as a component unit because of the financial relationship with the City. The Economic Development Agreement approved by Resolution 2007-83 pledges a percentage of certain taxes collected by the City in the Cooperative District to be remitted monthly from the City to the District. (40% of sales, use, lodging, and like taxes; 50% of motor vehicle taxes) Such arrangement qualifies as a tax-increment financing. Such incremental taxes are recognized as revenue in the City's financial statements and are offset by an expense- allocation to Cooperative District. The debt to be retired with the incremental taxes totals \$8,500,000 and will mature in 2038. Total paid to the Cooperative District in fiscal 2009 is \$59,122.

Note 20 – 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 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 2009 include an increase in the City's General Fund of \$104,459 and \$313,377 in debt service payments on the 2002 Limited Obligation Warrant Conduit Debt Obligation. The fiscal 2009 balance of the limited debt obligation was \$4,915,032. As the debt service paid is subject to the terms of the Development Agreement, the Fiscal 2009 principal and interest payments were approximately 25 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.

Note 22 – 2006 Limited Obligation Special Tax Warrants (Eastern Shore Park Project) (continued)

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 opened for retail activity in November 2006. Of the \$9,090,000 authorized for the warrant, \$6,856,524 was issued in fiscal 2006 and the remaining \$2,233,476 was issued in fiscal 2007. The warrant total was \$290,000 for costs of issuance and \$8,800,000 for infrastructure and costs as authorized by the Development Agreement. The outstanding balance due as of September 30, 2009 is \$8,985,000.

In Fiscal 2009, the City made interest payments in the amount of \$681,750 and principal payments of \$105,000 as scheduled.

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 2009, interest in the amount of \$2,596 was earned on this reserve and \$718,169 was disbursed for the new sports fields at the Trione Sports Complex. As of September 30, 2009 this fund has been fully expended and has a balance of -0-.

Note 24 – Federal Disaster Area

A) Hurricane Gustav

On September 1, 2008, the outer fringes of Hurricane Gustav were felt on the Alabama gulf coast. Damage was minimal and was largely attributable to storm surge and debris cleanup. Total cost to the City of Daphne was \$67,991 of which reimbursement in the amount of \$50,993 (federal) was received in November 2008. The project was closed in fiscal 2009.

B) March 2009 Storms (Non-Major)

On March 25-April 3, 2009 the City experienced a significant rain event. This resulted in the City being eligible for federal funds. Projects to repair drainage systems are on-going and the total cost to the City is estimated to be \$243,279. Federal funding received in fiscal 2009 totals \$60,827.

The City of Daphne experienced NO negative financial impacts due to Hurricane Gustav and Non-Major Storms.

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, 2009, was \$45,047,105. Of this total, \$31,882,732 is chargeable to the constitutional debt limit. This chargeable debt is equal to 11.65% of the total assessed value of real and personal property located within the City; this leaves a \$45,439,792 margin available for future borrowings. Based on the City of Daphne's 2000 census, the per capita debt is \$2,717.

Note 26 – Property Taxes

Property Taxes- In accordance with GASB 33, the City records 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 10/01/08 and the County began collecting and remitting the tax to the City in October 2009.)

Fund Financial Statements

The City recognizes as revenue the taxes collected within the first 60 days after 9/30/2009. Such revenue totals \$517,077. Deferred revenue in the amount of \$4,546,405 is recognized and is reflective of the anticipated Fiscal 2010 collections for the 10/01/2008 (Fiscal 2009) levy.

Government-wide Financial Statements

The City recognizes total estimated property tax collections in the amount of \$5,539,305 for the 10/01/2009 tax assessment that is collected starting in October of 2009 (Fiscal 2010).

Note 27 – Concentration – Revenue Source

The City receives approximately 14% of its annual sales, use, and luxury taxes from one business within the City of Daphne.

Note 28 - Subsequent Events

The City has evaluated subsequent events through June 30, 2010, the date which the financial statements were issued. There were no material subsequent events which require disclosure at September 30, 2009.

Required Supplementary Information

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual
General Fund
For the Year Ended September 30, 2009**

	BUDGETED AMOUNTS		ACTUAL	Variance-	% Budget
	Original	Final	Budgetary	(Under)Over	
Revenues			Basis	Final Budget	
Sales, Use, & Luxury Taxes	\$11,896,353	\$11,896,353	\$10,696,734	\$(1,199,619)	-10%
Pmnt Lieu of Taxes/Franchise Fees	2,035,000	2,035,000	2,046,309	11,309	1%
Ad Valorem Taxes	3,981,000	3,981,000	5,539,305	1,558,305	39%
Licenses & Permits	2,078,575	2,078,575	1,913,500	(165,075)	-8%
Intergovernmental	286,162	297,796	270,176	(27,620)	-9%
Fees & Charges	345,120	339,120	341,980	2,860	1%
Fines	344,000	344,000	438,638	94,638	28%
Interest	270,000	270,000	78,083	(191,917)	-71%
Grants	-	306,010	327,266	21,256	7%
Miscellaneous	13,300	91,805	170,145	78,340	85%
Total revenues	\$21,249,510	\$21,639,659	\$21,822,136	\$ 182,477	1%
Expenditures					
<i>GENERAL GOVERNMENT</i>					
Legislative					
Personnel	232,293	231,723	222,294	(9,429)	-4%
Operating	292,500	357,966	264,732	(93,234)	-26%
Capital	-	-	-	-	0%
	524,793	589,689	487,026	(102,663)	-17%
Municipal Elections					
Operating	40,500	17,938	18,733	795	4%
Executive					
Personnel	154,677	154,107	147,939	(6,168)	-4%
Operating	99,650	73,212	48,523	(24,689)	-34%
Capital	-	-	-	-	0%
	254,327	227,319	196,462	(30,857)	-14%
Human Resources					
Personnel	190,743	189,883	181,120	(8,763)	-5%
Operating	89,340	104,554	70,095	(34,459)	-33%
Capital	-	-	-	-	0%
	280,083	294,437	251,215	(43,222)	-15%

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund**

For the Year Ended September 30, 2009

	BUDGETED AMOUNTS		ACTUAL	Variance-	
	Original	Final	Budgetary Basis	(Under)Over Final Budget	% Budget
Finance					
Personnel	459,972	457,687	461,762	4,075	1%
Operating	136,058	141,058	126,490	(14,568)	-10%
Capital	-	13,712	12,977	(735)	-5%
	<u>596,030</u>	<u>612,457</u>	<u>601,229</u>	<u>(11,228)</u>	<u>-2%</u>
Revenue					
Personnel	137,230	136,375	114,433	(21,942)	-16%
Operating	36,416	36,416	29,126	(7,290)	-20%
Capital	-	-	-	-	0%
	<u>173,646</u>	<u>172,791</u>	<u>143,559</u>	<u>(29,232)</u>	<u>-17%</u>
Planning/Zoning					
Personnel	360,446	337,206	254,570	(82,636)	-25%
Operating	55,550	55,550	39,143	(16,407)	-30%
Capital	-	-	-	-	0%
	<u>415,996</u>	<u>392,756</u>	<u>293,713</u>	<u>(99,043)</u>	<u>-25%</u>
Legal/Risk Management					
Operating- Legal	170,000	170,000	231,044	61,044	36%
Operating- Risk Mgt	173,000	173,000	185,258	12,258	7%
	<u>343,000</u>	<u>343,000</u>	<u>416,302</u>	<u>73,302</u>	<u>21%</u>
Municipal Court					
Personnel	207,834	206,694	198,795	(7,899)	-4%
Operating	66,754	66,754	73,958	7,204	11%
	<u>274,588</u>	<u>273,448</u>	<u>272,753</u>	<u>(695)</u>	<u>0%</u>
Building Maintenance					
Personnel	248,086	264,477	267,927	3,450	1%
Operating	34,371	23,981	14,777	(9,204)	-38%
Capital	-	-	-	-	0%
	<u>282,457</u>	<u>288,458</u>	<u>282,704</u>	<u>(5,754)</u>	<u>-2%</u>
Janitorial					
Personnel	71,051	70,481	69,946	(535)	-1%
Operating	11,633	11,658	8,933	(2,725)	-23%
Capital	-	-	-	-	0%
	<u>82,684</u>	<u>82,139</u>	<u>78,879</u>	<u>(3,260)</u>	<u>-4%</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund**

For the Year Ended September 30, 2009

	BUDGETED AMOUNTS		ACTUAL	Variance-	% Budget
	Original	Final	Budgetary Basis	(Under)Over Final Budget	
City Hall Facilities Support					
Operating	160,200	240,164	270,047	29,883	12%
Capital	-	13,102	13,102	-	0%
	<u>160,200</u>	<u>253,266</u>	<u>283,149</u>	<u>29,883</u>	<u>12%</u>
TOTAL GENERAL GOVERNMENT					
Personnel	2,062,332	2,048,633	1,918,786	(129,847)	-6%
Operating	1,365,972	1,472,251	1,380,859	(91,392)	-6%
Capital	-	26,814	26,079	(735)	-3%
	<u>3,428,304</u>	<u>3,547,698</u>	<u>3,325,724</u>	<u>(221,974)</u>	<u>-6%</u>
<i>PUBLIC SAFETY</i>					
Police Administration					
Personnel	378,679	377,539	381,885	4,346	1%
Operating	245,682	244,654	238,195	(6,459)	-3%
Capital	-	-	-	-	0%
	<u>624,361</u>	<u>622,193</u>	<u>620,080</u>	<u>(2,113)</u>	<u>0%</u>
SWAT (Sp Weapons & Tactical Eqpt)					
Personnel	-	-	-	-	0%
Operating	11,086	9,086	7,167	(1,919)	-21%
Capital	-	-	-	-	0%
	<u>11,086</u>	<u>9,086</u>	<u>7,167</u>	<u>(1,919)</u>	<u>-21%</u>
Patrol					
Personnel	2,123,666	2,114,810	2,053,643	(61,167)	-3%
Operating	247,739	349,102	367,326	18,224	5%
Capital	-	85,167	91,804	6,637	8%
	<u>2,371,405</u>	<u>2,549,079</u>	<u>2,512,773</u>	<u>(36,306)</u>	<u>-1%</u>
Detective					
Personnel	777,956	774,956	780,211	5,255	1%
Operating	90,287	97,322	90,043	(7,279)	-7%
Capital	-	-	-	-	0%
	<u>868,243</u>	<u>872,278</u>	<u>870,254</u>	<u>(2,024)</u>	<u>0%</u>
Communications					
Personnel	462,304	459,734	448,507	(11,227)	-2%
Operating	27,720	27,743	25,948	(1,795)	-6%
Capital	-	-	-	-	0%
	<u>490,024</u>	<u>487,477</u>	<u>474,455</u>	<u>(13,022)</u>	<u>-3%</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund**

For the Year Ended September 30, 2009

	BUDGETED AMOUNTS		ACTUAL	Variance-	% Budget
	Original	Final	Budgetary Basis	(Under)Over Final Budget	
Corrections					
Personnel	696,871	693,441	660,886	(32,555)	-5%
Operating	138,283	136,657	134,597	(2,060)	-2%
Capital	-	-	-	-	0%
	<u>835,154</u>	<u>830,098</u>	<u>795,483</u>	<u>(34,615)</u>	<u>-4%</u>
Animal Control					
Personnel	143,722	142,862	142,399	(463)	0%
Operating	33,483	39,988	37,653	(2,335)	-6%
Capital	-	-	-	-	0%
	<u>177,205</u>	<u>182,850</u>	<u>180,052</u>	<u>(2,798)</u>	<u>-2%</u>
Police Subtotal					
Personnel	4,583,198	4,563,342	4,467,531	(95,811)	-2%
Operating	794,280	904,552	900,929	(3,623)	0%
Capital	-	85,167	91,804	6,637	8%
	<u>5,377,478</u>	<u>5,553,061</u>	<u>5,460,264</u>	<u>(92,797)</u>	<u>-2%</u>
Central Communications					
Operating	7,000	7,000	9,749	2,749	39%
Capital	-	-	-	-	0%
	<u>7,000</u>	<u>7,000</u>	<u>9,749</u>	<u>2,749</u>	<u>39%</u>
Fire					
Personnel	2,208,276	2,383,323	2,376,838	(6,485)	0%
Operating	370,115	464,345	341,405	(122,940)	-26%
Capital	-	41,319	41,316	(3)	0%
	<u>2,578,391</u>	<u>2,888,987</u>	<u>2,759,559</u>	<u>(129,428)</u>	<u>-4%</u>
Rescue					
Operating	28,028	28,028	21,633	(6,395)	-23%
Capital	-	-	-	-	0%
	<u>28,028</u>	<u>28,028</u>	<u>21,633</u>	<u>(6,395)</u>	<u>-23%</u>
Building Inspections					
Personnel	392,678	367,148	337,825	(29,323)	-8%
Operating	58,070	58,070	32,789	(25,281)	-44%
Capital	-	-	-	-	0%
	<u>450,748</u>	<u>425,218</u>	<u>370,614</u>	<u>(54,604)</u>	<u>-13%</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund**

For the Year Ended September 30, 2009

	BUDGETED AMOUNTS		ACTUAL	Variance-	% Budget
	Original	Final	Budgetary Basis	(Under)Over Final Budget	
Code Enforcement					
Personnel	53,953	53,663	53,685	22	0%
Operating	5,925	5,925	5,387	(538)	-9%
Capital	-	-	-	-	0%
	59,878	59,588	59,072	(516)	-1%

TOTAL PUBLIC SAFETY					
Personnel	7,238,105	7,367,476	7,235,879	(131,597)	-2%
Operating	1,263,418	1,467,920	1,311,892	(156,028)	-11%
Capital	-	126,486	133,120	6,634	5%
	8,501,523	8,961,882	8,680,891	(280,991)	-3%

PUBLIC WORKS

Administration					
Personnel	304,085	324,750	305,733	(19,017)	-6%
Operating	80,375	69,175	54,810	(14,365)	-21%
Capital	-	-	-	-	0%
	384,460	393,925	360,543	(33,382)	-8%

Public Works Facilities Support					
Operating	46,517	46,517	42,163	(4,354)	-9%
Capital	-	-	-	-	0%
	46,517	46,517	42,163	(4,354)	-9%

Solid Waste- Trash					
Personnel	262,303	265,697	236,088	(29,609)	-11%
Operating	180,650	206,457	185,462	(20,995)	-10%
Capital	-	-	-	-	0%
	442,953	472,154	421,550	(50,604)	-11%

Street					
Personnel	541,405	538,545	553,167	14,622	3%
Operating	579,800	602,131	529,736	(72,395)	-12%
Capital	-	146,678	146,678	-	0%
	1,121,205	1,287,354	1,229,581	(57,773)	-4%

Street-Infrastructure					
Operating	-	68,050	110,756	42,706	63%
Capital	80,350	80,350	95,114	14,764	18%
	80,350	148,400	205,870	57,470	39%

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund
For the Year Ended September 30, 2009**

	BUDGETED AMOUNTS		ACTUAL	Variance-	% Budget
	Original	Final	Budgetary Basis	(Under)Over Final Budget	
Grounds					
Personnel	553,169	539,776	452,672	(87,104)	-16%
Operating	244,610	193,865	166,538	(27,327)	-14%
Capital	-	7,485	7,485	-	0%
	<u>797,779</u>	<u>741,126</u>	<u>626,695</u>	<u>(114,431)</u>	<u>-15%</u>
Grounds- Parks					
Personnel	-	-	-	-	0%
Operating	20,455	24,455	16,634	(7,821)	-32%
Capital	-	-	-	-	0%
	<u>20,455</u>	<u>24,455</u>	<u>16,634</u>	<u>(7,821)</u>	<u>-32%</u>
Mowing					
Personnel	428,654	426,509	370,019	(56,490)	-13%
Operating	124,994	156,664	120,153	(36,511)	-23%
Capital	-	-	-	-	0%
	<u>553,648</u>	<u>583,173</u>	<u>490,172</u>	<u>(93,001)</u>	<u>-16%</u>
Garage					
Personnel	377,605	375,890	353,075	(22,815)	-6%
Operating	189,145	189,145	89,591	(99,554)	-53%
Capital	-	-	-	-	0%
	<u>566,750</u>	<u>565,035</u>	<u>442,666</u>	<u>(122,369)</u>	<u>-22%</u>

TOTAL PUBLIC WORKS					
Personnel	2,467,221	2,471,167	2,270,754	(200,413)	-8%
Operating	1,466,546	1,556,459	1,315,843	(240,616)	-15%
Capital	80,350	234,513	249,277	14,764	6%
	<u>4,014,117</u>	<u>4,262,139</u>	<u>3,835,874</u>	<u>(426,265)</u>	<u>-10%</u>

RECREATION & LIBRARY

Parks & Playgrounds

Personnel	-	-	-	-	0%
Operating	17,130	26,143	28,334	2,191	8%
Capital	-	-	18,200	18,200	100%
	<u>17,130</u>	<u>26,143</u>	<u>46,534</u>	<u>20,391</u>	<u>78%</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund
For the Year Ended September 30, 2009**

	BUDGETED AMOUNTS		ACTUAL	Variance-	% Budget
	Original	Final	Budgetary	(Under)Over	
Recreation Parks-Sports			Basis	Final Budget	
Personnel	365,017	373,321	353,409	(19,912)	-5%
Operating	178,205	213,050	206,696	(6,354)	-3%
Capital	200,000	200,912	200,912	-	0%
	<u>743,222</u>	<u>787,283</u>	<u>761,017</u>	<u>(26,266)</u>	<u>-3%</u>
Recreation					
Personnel	395,920	403,675	378,906	(24,769)	-6%
Operating	109,745	108,995	102,342	(6,653)	-6%
Capital	-	-	-	-	0%
	<u>505,665</u>	<u>512,670</u>	<u>481,248</u>	<u>(31,422)</u>	<u>-6%</u>
Athletic & Fitness Programs					
Personnel	38,968	38,968	38,006	(962)	-2%
Operating	95,830	112,530	97,843	(14,687)	-13%
Capital	-	-	-	-	0%
	<u>134,798</u>	<u>151,498</u>	<u>135,849</u>	<u>(15,649)</u>	<u>-10%</u>
Special Events					
Personnel	-	-	-	-	0%
Operating	35,250	37,328	39,992	2,664	7%
Capital	-	-	-	-	0%
	<u>35,250</u>	<u>37,328</u>	<u>39,992</u>	<u>2,664</u>	<u>7%</u>
Library					
Personnel	537,639	544,742	496,214	(48,528)	-9%
Operating	141,262	141,262	126,692	(14,570)	-10%
Capital	-	-	-	-	0%
	<u>678,901</u>	<u>686,004</u>	<u>622,906</u>	<u>(63,098)</u>	<u>-9%</u>
TOTAL LIBRARY AND RECREATION					
Personnel	1,337,544	1,360,706	1,266,535	(94,171)	-7%
Operating	577,422	639,308	601,899	(37,409)	-6%
Capital	200,000	200,912	219,112	18,200	9%
	<u>2,114,966</u>	<u>2,200,926</u>	<u>2,087,546</u>	<u>(113,380)</u>	<u>-5%</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund
For the Year Ended September 30, 2009**

	BUDGETED AMOUNTS		ACTUAL	Variance-	% Budget
	Original	Final	Budgetary Basis	(Under)Over Final Budget	
Total Expenditures					
Personnel	13,105,202	13,247,982	12,691,954	(556,028)	-4%
Operating	4,673,358	5,135,938	4,610,493	(525,445)	-10%
Capital	280,350	588,725	627,588	38,863	7%
	<u>18,058,910</u>	<u>18,972,645</u>	<u>17,930,035</u>	<u>(1,042,610)</u>	<u>-5%</u>
Excess (Deficit) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	3,190,600	2,667,014	3,892,101	1,225,087	46%
<i>OTHER FINANCING SOURCES/(USES)</i>					
Lease Proceeds		146,678	146,678	-	0%
Transfers from Other Funds	-	-	6,799	6,799	100%
Transfers to Debt Service	(2,610,186)	(2,610,186)	(2,610,186)	-	0%
Transfers to Capital Projects	-	-	(119,268)	(119,268)	-100%
Transfers to Major/Non-Major Storm	-	(40,000)	(22,876)	17,124	-43%
Transfers to Special Revenue Funds	-	(2,283)	(2,283)	-	0%
Transfers to SWA Enterprise Fund	(54,448)	(107,746)	5,042	112,788	-105%
Transfers to Civic Center Ent Fund	(360,605)	(360,605)	(368,304)	(7,699)	2%
Transfers to BayFront Ent Fund	(112,583)	(112,583)	(101,958)	10,625	-9%
Transfers to NRCS	-	(144,000)	(144,171)	(171)	0%
Transfers to SAIL Site	(31,216)	(31,216)	(31,852)	(636)	2%
	<u>(3,169,038)</u>	<u>(3,261,941)</u>	<u>(3,242,379)</u>	<u>19,562</u>	<u>-1%</u>
Total Revenues Over (Under) Expenditures	<u>\$ 21,562</u>	<u>\$ (594,927)</u>	<u>\$ 649,722</u>	<u>\$ 1,244,649</u>	

City of Daphne, Alabama
Notes To Schedule of Revenues and Expenditures-Budget and Actual
General Fund
Year Ended September 30, 2009

The reported budgetary data represents the final appropriated budget after amendments adopted by the City Council. An appropriated budget was legally adopted for the General Fund on the same modified-accrual basis used to present actual revenues and expenditures; except, for budgetary purposes, current year encumbrances are treated as expenditures. 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, 2009:

GAAP Revenues Over Expenditures	\$ 531,964
Encumbrances outstanding at	
September 30, 2009	(134,773)
September 30, 2008	117,817
Enterprise Fund Adjustments	<u>134,714</u>
Budgetary Revenues over Expenditures	<u>\$ 649,722</u>

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

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CITY OF DAPHNE, ALABAMA

**Balance Sheet - Summary
Non-Major Governmental Funds
September 30, 2009**

	1999 Construction	Special Revenue Funds	Total Other Governmental
ASSETS			
Cash and cash equivalents	\$ 12,893	\$ 595,505	\$ 608,398
Taxes receivable	-	-	-
Receivables from other governments	-	478,756	478,756
Due from other funds	667,978	1,709,620	2,377,598
Other receivables	7,199	34,257	41,456
Total assets	<u>\$ 688,070</u>	<u>\$ 2,818,138</u>	<u>\$ 3,506,208</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 153,256	\$ 153,256
Due to other funds	-	413,546	413,546
Deferred revenue	7,199	-	7,199
Total liabilities	<u>7,199</u>	<u>566,802</u>	<u>574,001</u>
Fund balances:			
Reserved for:			
Capital projects	-	804,009	804,009
Encumbrances	-	-	-
Sewer projects	833,329	-	833,329
Total reserved fund balances	<u>833,329</u>	<u>804,009</u>	<u>1,637,338</u>
Unreserved, reported in:			
Special revenues funds	-	1,447,327	1,447,327
Capital projects funds	(152,458)	-	(152,458)
Total unreserved fund balances	<u>(152,458)</u>	<u>1,447,327</u>	<u>1,294,869</u>
Total fund balances	<u>680,871</u>	<u>2,251,336</u>	<u>2,932,207</u>
Total liabilities and fund balances	<u>\$ 688,070</u>	<u>\$ 2,818,138</u>	<u>\$ 3,506,208</u>

CITY OF DAPHNE, ALABAMA

**Balance Sheet
Non-Major Special Revenue Funds
September 30, 2009**

	4 Cent	7 Cent	Sail Site	Library	Federal Drug Recoveries	State Drug Recoveries
ASSETS						
Cash and cash equivalents	\$ 252,738	\$ 340,383	\$ 2,384	\$ -	\$ -	\$ -
Taxes receivable	-	-	-	-	-	-
Receivables from other governments	4,491	5,745	-	-	-	-
Due from other funds	-	-	-	53,300	31,576	4,745
Other receivables	-	631	-	-	-	-
Total assets	<u>257,229</u>	<u>346,759</u>	<u>2,384</u>	<u>53,300</u>	<u>31,576</u>	<u>4,745</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	-	-	10	3,940	-	-
Due to other funds	-	-	1,930	-	-	-
	-	-	1,940	3,940	-	-
Fund Balances:						
Reserved for:						
Capital projects	17,500	47,322	-	-	-	-
Encumbrances	-	-	-	-	-	-
Unreserved, reported in:						
Special revenues funds	239,729	299,437	444	49,360	31,576	4,745
Total fund balances	<u>257,229</u>	<u>346,759</u>	<u>444</u>	<u>49,360</u>	<u>31,576</u>	<u>4,745</u>
Total liabilities and fund balances	<u>\$ 257,229</u>	<u>\$ 346,759</u>	<u>\$ 2,384</u>	<u>\$ 53,300</u>	<u>\$ 31,576</u>	<u>\$ 4,745</u>

<u>Muni Ct: Eq/Training</u>	<u>Concession Stand</u>	<u>Corrections/ Court Fund</u>	<u>NCRS</u>	<u>Non Major Storms</u>	<u>Lodging Tax Fund</u>	<u>Renaissance Center</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 595,505
-	-	-	-	-	-	-	-
-	-	-	431,523	36,997	-	-	478,756
22,954	1,573	173,340	-	-	1,361,676	60,456	1,709,620
-	-	-	-	-	33,626	-	34,257
<u>22,954</u>	<u>1,573</u>	<u>173,340</u>	<u>431,523</u>	<u>36,997</u>	<u>1,395,302</u>	<u>60,456</u>	<u>2,818,138</u>
-	434	756	29,580	27,324	30,756	60,456	153,256
-	-	-	401,943	9,673	-	-	413,546
-	<u>434</u>	<u>756</u>	<u>431,523</u>	<u>36,997</u>	<u>30,756</u>	<u>60,456</u>	<u>566,802</u>
-	-	-	-	-	739,187	-	804,009
-	-	-	-	-	-	-	-
22,954	1,139	172,584	-	-	625,359	-	1,447,327
<u>22,954</u>	<u>1,139</u>	<u>172,584</u>	<u>-</u>	<u>-</u>	<u>1,364,546</u>	<u>-</u>	<u>2,251,336</u>
<u>\$ 22,954</u>	<u>\$ 1,573</u>	<u>\$ 173,340</u>	<u>\$ 431,523</u>	<u>\$ 36,997</u>	<u>\$ 1,395,302</u>	<u>\$ 60,456</u>	<u>\$ 2,818,138</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Summary
Non-Major Governmental Funds
For the Year Ended September 30, 2009**

	1999	Special Revenue	Total Other
	Construction	Funds	Governmental
REVENUES			
Sales, use, luxury tax	\$ -	\$ 724,988	\$ 724,988
Fines	-	128,816	128,816
Charges for services	-	26,609	26,609
Intergovernmental	-	35,992	35,992
Grants	-	549,066	549,066
Special assessments	1,484	-	1,484
Interest/Investment earnings	25	3,280	3,305
Drug forfeitures	-	14,361	14,361
Contributions and donations	-	4,096	4,096
Miscellaneous	-	18,673	18,673
Total revenues	<u>1,509</u>	<u>1,505,881</u>	<u>1,507,390</u>
EXPENDITURES			
Current:			
General government	-	111,237	111,237
Public safety	-	18,001	18,001
Public works	-	13,879	13,879
Parks and recreation	-	145,170	145,170
Total current	<u>-</u>	<u>288,287</u>	<u>288,287</u>
Capital outlay:			
Vehicles and heavy equipment	-	73,384	73,384
Equipment	-	64,309	64,309
Buildings and property	-	48,000	48,000
Parks and sidewalks	-	217,220	217,220
Highways, streets and drainage	-	697,722	697,722
Total capital outlay	<u>-</u>	<u>1,100,635</u>	<u>1,100,635</u>
Total expenditures	<u>-</u>	<u>1,388,922</u>	<u>1,388,922</u>
Excess of revenues over expenditures	<u>1,509</u>	<u>116,959</u>	<u>118,468</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	194,383	194,383
Transfers out	-	(165,363)	(165,363)
Contribution to Utility Board	(141)	-	(141)
Total other financing (uses)	<u>(141)</u>	<u>29,020</u>	<u>28,879</u>
Net change in fund balances	1,368	145,979	147,347
Fund Balances-- 10/1/2008	679,503	2,105,357	2,784,860
Fund Balances-- 9/30/2009	<u>\$ 680,871</u>	<u>\$ 2,251,336</u>	<u>\$ 2,932,207</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended September 30, 2009**

REVENUES	4 Cent	7 Cent	Sail Site	Library	Federal Drug Recoveries	State Drug Recoveries
Sales, use, luxury taxes	\$ 50,936	\$ 65,677	\$ -	\$ -	\$ -	\$ -
Fines	-	-	-	22,591	-	-
Charges for services	-	-	-	4,615	-	-
Intergovernmental	-	-	17,018	18,974	-	-
Grants	-	-	-	19,719	-	-
Special assessments	-	-	-	-	-	-
Interest/Investment earnings	983	1,397	-	-	70	100
Drug forfeitures	-	-	-	-	10,180	4,181
Contributions and donations	-	-	-	4,096	-	-
Miscellaneous	-	631	7,752	-	-	2,411
Total revenues	51,919	67,705	24,770	69,995	10,250	6,692
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	56,622	61,525	-	-
Total current	-	-	56,622	61,525	-	-
Capital outlay:						
Vehicles and heavy equipment	-	-	-	-	-	47,201
Equipment	-	-	-	-	-	-
Buildings and property	-	-	-	-	-	-
Parks and sidewalks	-	-	-	-	-	-
Highways, street and drainage	-	15,546	-	-	-	-
Total capital outlay	-	15,546	-	-	-	47,201
Total expenditures	-	15,546	56,622	61,525	-	47,201
Excess (deficiency) of revenues over (under) expenditures	51,919	52,159	(31,852)	8,470	10,250	(40,509)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	31,852	-	-	2,283
Transfers out	-	-	-	-	-	-
Total other financing sources/(uses)	-	-	31,852	-	-	2,283
Net change in fund balances	51,919	52,159	-	8,470	10,250	(38,226)
Fund Balances-- 10/1/2007	205,310	294,600	444	40,890	21,326	42,971
Fund Balances-- 9/30/2008	\$ 257,229	\$ 346,759	\$ 444	\$ 49,360	\$ 31,576	\$ 4,745

Muni Court Eq/Training	Concession Stand	Corrections Court Fund	NCRS	Non Major Storms	Lodging Tax Fund	Renaissance Center	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 549,253	\$ 59,122	\$ 724,988
5,780	-	100,445	-	-	-	-	128,816
-	21,994	-	-	-	-	-	26,609
-	-	-	-	-	-	-	35,992
-	-	-	431,523	97,824	-	-	549,066
-	-	-	-	-	-	-	-
67	-	663	-	-	-	-	3,280
-	-	-	-	-	-	-	14,361
-	-	-	-	-	-	-	4,096
-	-	1,419	-	6,460	-	-	18,673
5,847	21,994	102,527	431,523	104,284	549,253	59,122	1,505,881
2,379	-	22,268	-	-	27,468	59,122	111,237
-	-	18,001	-	-	-	-	18,001
-	-	-	-	13,879	-	-	13,879
-	26,024	-	-	-	999	-	145,170
2,379	26,024	40,269	-	13,879	28,467	59,122	288,287
-	-	26,183	-	-	-	-	73,384
-	9,110	55,199	-	-	-	-	64,309
-	-	-	-	-	48,000	-	48,000
-	-	-	-	-	217,220	-	217,220
-	-	-	575,694	106,482	-	-	697,722
-	9,110	81,382	575,694	106,482	265,220	-	1,100,635
2,379	35,134	121,651	575,694	120,361	293,687	59,122	1,388,922
3,468	(13,140)	(19,124)	(144,171)	(16,077)	255,566	-	116,959
-	-	-	144,171	16,077	-	-	194,383
-	-	-	-	-	(165,363)	-	(165,363)
-	-	-	144,171	16,077	(165,363)	-	29,020
3,468	(13,140)	(19,124)	-	-	90,203	-	145,979
19,486	14,279	191,708	-	-	1,274,343	-	2,105,357
\$ 22,954	\$ 1,139	\$ 172,584	\$ -	\$ -	\$ 1,364,546	\$ -	\$ 2,251,336

Supporting Schedules

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
September 30, 2009**

	Primary Government			Ending Balance 9/30/2009
	Beginning Balance 9/30/2008	Additions	Retirements	
Governmental activities:				
Land	\$ 10,967,904	\$ 17,700	\$ -	\$ 10,985,604
Buildings	15,020,693	7,783,426	-	22,804,119
Other improvements	2,517,730	1,231,396	-	3,749,126
Machinery and equipment	8,650,256	506,371	(347,330)	8,809,297
Infrastructure	107,965,097	9,149,473	-	117,114,570
Construction in progress	7,480,081	309,965	(7,393,111)	396,935
Total historical cost	<u>152,601,761</u>	<u>18,998,331</u>	<u>(7,740,441)</u>	<u>163,859,651</u>
Less accumulated depreciation for:				
Buildings	(3,681,242)	(308,033)	-	(3,989,275)
Other improvements	(866,630)	(206,794)	-	(1,073,424)
Machinery and equipment	(5,545,568)	(665,477)	347,330	(5,863,715)
Infrastructure	(50,512,039)	(3,511,144)	-	(54,023,183)
Total accumulated depreciation	<u>(60,605,479)</u>	<u>(4,691,448)</u>	<u>347,330</u>	<u>(64,949,597)</u>
Governmental activities capital assets, net	<u>\$ 91,996,282</u>	<u>\$ 14,306,883</u>	<u>\$ (7,393,111)</u>	<u>\$ 98,910,054</u>
Business-type activities:				
Roads	\$ 137,266	\$ -	\$ -	\$ 137,266
Buildings & facilities improvements	305,570	5,044	-	310,614
Equipment	1,820,377	8,678	(45,153)	1,783,902
Total historical cost	<u>2,263,213</u>	<u>13,722</u>	<u>(45,153)</u>	<u>2,231,782</u>
Less accumulated depreciation for:				
Roads	(106,374)	(12,583)	-	(118,957)
Buildings and facilities improvements	(160,751)	(29,988)	-	(190,739)
Equipment	(1,534,708)	(92,839)	45,153	(1,582,394)
Total accumulated depreciation	<u>(1,801,833)</u>	<u>(135,410)</u>	<u>45,153</u>	<u>(1,892,090)</u>
Business-type activities capital assets, net	<u>\$ 461,380</u>	<u>\$ (121,688)</u>	<u>\$ -</u>	<u>\$ 339,692</u>
Total governmental and business-type activities	<u>\$ 92,457,662</u>	<u>\$ 14,185,195</u>	<u>\$ (7,393,111)</u>	<u>\$ 99,249,746</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 99,069
Public safety	509,555
Public works	198,979
Infrastructure	3,511,144
Parks and recreation	372,701
	<u>\$ 4,691,448</u>

Depreciation expense was charged to business-type activities as follows:

Garbage	\$ 94,802
Recycling	27,366
Civic Center	10,327
Bayfront	2,915
	<u>\$ 135,410</u>

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
General Fund
September 30, 2009**

	Primary Government			Ending Balance 9/30/2009
	Beginning Balance 9/30/2008	Additions	Retirements	
	Governmental Activities:			
Land	\$ 422,742	\$ 17,700	\$ -	\$ 440,442
Buildings	1,654,126	649,407	-	2,303,533
Other improvements	447,272	-	-	447,272
Machinery and equipment	6,923,466	345,200	(301,139)	6,967,527
Infrastructure	-	-	-	-
Construction in progress	587,990	-	(587,990)	-
Total historical cost	<u>10,035,596</u>	<u>1,012,307</u>	<u>(889,129)</u>	<u>10,158,774</u>
Less accumulated depreciation for:				
Buildings	(580,390)	(32,239)	-	(612,629)
Other improvements	(292,406)	(80,706)	-	(373,112)
Machinery and equipment	(4,225,860)	(606,265)	301,139	(4,530,986)
Infrastructure	-	-	-	-
Total accumulated depreciation	<u>(5,098,656)</u>	<u>(719,210)</u>	<u>301,139</u>	<u>(5,516,727)</u>
Governmental activities capital assets, net	<u>\$ 4,936,940</u>	<u>\$ 293,097</u>	<u>\$ -</u>	<u>\$ 4,642,047</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 63,295
Public safety	416,120
Public works	186,352
Parks and recreation	53,443
	<u>\$ 719,210</u>

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
Capital Projects Fund
September 30, 2009**

	Primary Government			
	Beginning			Ending
	Balance			Balance
	9/30/2008	Additions	Retirements	9/30/2009
Governmental Activities:				
Land	\$ 4,261,118	\$ -	\$ -	\$ 4,261,118
Buildings	12,251,706	7,086,019	-	19,337,725
Other improvements	1,195,710	1,055,829	-	2,251,539
Machinery and equipment	896,651	23,478	(13,435)	906,694
Infrastructure	-	-	-	-
Construction in progress	6,892,091	268,312	(6,805,121)	355,282
Total historical cost	<u>25,497,276</u>	<u>8,433,638</u>	<u>(6,818,556)</u>	<u>27,112,358</u>
Less accumulated depreciation for:				
Buildings	(2,684,274)	(250,878)	-	(2,935,152)
Other improvements	(361,269)	(68,960)	-	(430,229)
Machinery and equipment	(705,718)	(21,099)	13,435	(713,382)
Infrastructure	-	-	-	-
Total accumulated depreciation	<u>(3,751,261)</u>	<u>(340,937)</u>	<u>13,435</u>	<u>(4,078,763)</u>
Governmental activities capital assets, net	<u>\$ 21,746,015</u>	<u>\$ 8,092,701</u>	<u>\$ (6,805,121)</u>	<u>\$ 23,033,595</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 28,021
Public safety	72,854
Public works	3,602
Parks and recreation	236,460
	<u>\$ 340,937</u>

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
Special Revenue Fund
September 30, 2009**

	Primary Government			Ending Balance 9/30/2009
	Beginning Balance 9/30/2008	Additions	Retirements	
	Governmental Activities:			
Land	\$ 5,304,694	\$ -	\$ -	\$ 5,304,694
Buildings	745,693	48,000	-	793,693
Other improvements	852,667	175,567	-	1,028,234
Machinery and equipment	485,670	137,693	-	623,363
Infrastructure	-	-	-	-
Construction in progress	-	41,653	-	41,653
Total historical cost	<u>7,388,724</u>	<u>402,913</u>	<u>-</u>	<u>7,791,637</u>
Less accumulated depreciation for:				
Buildings	(164,107)	(15,389)	-	(179,496)
Other improvements	(190,874)	(57,128)	-	(248,002)
Machinery and equipment	(269,521)	(38,113)	-	(307,634)
Infrastructure	-	-	-	-
Total accumulated depreciation	<u>(624,502)</u>	<u>(110,630)</u>	<u>-</u>	<u>(735,132)</u>
Governmental activities capital assets, net	<u>\$ 6,764,222</u>	<u>\$ 292,283</u>	<u>\$ -</u>	<u>\$ 7,056,505</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 2,261
Public safety	20,581
Public works	9,025
Parks and recreation	78,763
	<u>\$ 110,630</u>

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
General Fund/ Revenue Sharing
September 30, 2009**

	Primary Government			Ending Balance 9/30/2009
	Beginning Balance 9/30/2008	Additions	Retirements	
	Governmental Activities:			
Land	\$ 979,350	\$ -	\$ -	\$ 979,350
Buildings	369,168	-	-	369,168
Other improvements	22,081	-	-	22,081
Machinery and equipment	344,469	-	(32,756)	311,713
Infrastructure	-	-	-	-
Construction in progress	-	-	-	-
Total historical cost	<u>1,715,068</u>	<u>-</u>	<u>(32,756)</u>	<u>1,682,312</u>
Less accumulated depreciation for:				
Buildings	(252,471)	(9,527)	-	(261,998)
Other improvements	(22,081)	-	-	(22,081)
Machinery and equipment	(344,469)	-	32,756	(311,713)
Infrastructure	-	-	-	-
Total accumulated depreciation	<u>(619,021)</u>	<u>(9,527)</u>	<u>32,756</u>	<u>(595,792)</u>
Governmental activities capital assets, net	<u>\$ 1,096,047</u>	<u>\$ (9,527)</u>	<u>\$ -</u>	<u>\$ 1,086,520</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 5,492
Public safety	-
Public works	-
Parks and recreation	4,035
	<u>\$ 9,527</u>

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
Infrastructure
September 30, 2009**

	Primary Government			Ending Balance 9/30/2009
	Beginning Balance 9/30/2008	Additions	Retirements	
	Governmental Activities:			
Land	\$ 9,651,408	\$ 415,073	\$ -	\$ 10,066,481
Buildings	-	-	-	-
Other improvements	7,428,324	-	-	7,428,324
Machinery and equipment	-	-	-	-
Infrastructure	90,885,365	8,734,400	-	99,619,765
Construction in Progress	-	-	-	-
Total historical cost	<u>107,965,097</u>	<u>9,149,473</u>	<u>-</u>	<u>117,114,570</u>
Less accumulated depreciation for:				
Buildings	-	-	-	-
Other improvements	(2,581,191)	(449,133)	-	(3,030,324)
Machinery and equipment	-	-	-	-
Infrastructure	<u>(47,930,848)</u>	<u>(3,062,011)</u>	<u>-</u>	<u>(50,992,859)</u>
Total accumulated depreciation	<u>(50,512,039)</u>	<u>(3,511,144)</u>	<u>-</u>	<u>(54,023,183)</u>
Governmental activities capital assets, net	<u>\$ 57,453,058</u>	<u>\$ 5,638,329</u>	<u>\$ -</u>	<u>\$ 63,091,387</u>

Depreciation Expense was charged to governmental functions as follows:

General government	\$ -
Public safety	-
Public works	-
Infrastructure	3,511,144
Parks and recreation	-
	<u>\$ 3,511,144</u>

Single Audit Section

CITY OF DAPHNE, ALABAMA

**Schedule of Expenditures of Federal Awards
September 30, 2009**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
US Dept 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-2009	17,018	17,018
US Dept of Agriculture				
Pass-Through Program from:				
Natural Resources Conservation Dept				
Emergency Watershed Protection	10.904	EWP-69-4101-9-04	431,523	431,523
US Dept of Homeland Security				
Assistance to Firefighters Program	97.044	EMW-2008-FO-02786	38,919	38,919
Assistance to Firefighters Program	97.044	EMW-2008-FF-00552	164,003	164,003
Pass-Through Program from:				
Alabama Emergency Management Agency:				
Hazard Mitigation Grant	97.039	HMGP-DR-1605-197	12,245	12,245
Disaster Grants - Public Assistance	97.036	FEMA-1835-DR-AL	80,316	80,316
SubTotal			295,483	295,483
National Highway Traffic Safety Administration				
Pass-Through Program from:				
Alabama Department of Economic and Community Affairs				
State and Community Highway Safety	20.600	09-SP-PT-008	4,563	4,563
Alcohol Impaired Driving Countermeasures Incentive	20.601	07-HS-K8-006	1,998	1,998
Safety Belt Performance	20.609	07-HS-K4-015	2,380	2,380
SubTotal			8,941	8,941
US Dept of Justice				
Recovery Act - Justice Assistance Grants	16.804	2009-SB-B9-1496	8,592	8,592
COPS Technology Program	16.710	2008-CKWX0328	93,181	93,181
Bullet Proof Vest Partnership	16.607		1,315	1,315
SubTotal			103,088	103,088
US Environmental Protection Agency				
Pass-Through Program from:				
Mobile Bay National Estuary Program				
Invasive Species Control Grant	66.456		70	70
Institute of Museum & Library Services				
Pass-Through Program from:				
Alabama Public Library Services				
Grants to States	45.310	LSTA-CF-2008	1,499	1,499
Grants to States	45.310	LSTA-CF-2009	18,220	18,220
SubTotal			19,719	19,719

Total Federal Financial Assistance

\$ 875,842 \$ 875,842

CITY OF DAPHNE, ALABAMA

Notes to the Schedule of Expenditures of Federal Awards September 30, 2009

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, 2009

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
Significant deficiency(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
Significant deficiency(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>
10.904	Emergency Watershed Protection
97.044	Assistance to Firefighters Program

Dollar threshold used to distinguish between
Type A and Type B programs: \$300,000
Auditee qualified as low-risk auditee? No

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.

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

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

Compliance

We have audited the compliance of City of Daphne, Alabama, 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, 2009. City of Daphne, Alabama'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 City of Daphne, Alabama's management. Our responsibility is to express an opinion on City of Daphne, Alabama'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 City of Daphne, Alabama'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 of City of Daphne, Alabama's compliance with those requirements.

In our opinion, City of Daphne, Alabama, 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, 2009.

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

Internal Control Over Compliance

Management of City of Daphne, Alabama, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Daphne, Alabama's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Daphne, Alabama's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mobile, Alabama
June 30, 2010

Other Report

**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, the business-type activities, the aggregately discretely presented component units, 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, 2009, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2010. 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 as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 and use of management, City Council, others within the City, 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.

Mobile, Alabama
June 30, 2010

**Buildings & Property Committee Meeting
Monday, August 2, 2010 5:00 PM
Daphne City Hall**

Committee

Councilman John Lake
Councilman August A. Palumbo
Mayor Fred Small
Richard Merchant, Building Inspector
Frank Barnett, Maintenance Supervisor
Margaret Thigpen, Civic Center Director

Committee Minutes (Summary)

Present: Councilman John Lake, Councilman Gus Palumbo, Mayor Fred Small, Frank Barnett, Maintenance Supervisor, Margaret Thigpen, Civic Center Director, Jane Robbins, Al Guarisco, Richard Merchant, Building Inspection Department.

Meeting began around 5:00 pm.

Minutes from June Meeting: Motion made to approve minutes from July Meeting. Approved.

Bocce Courts – Al Guarisco distributed the cost estimates for Bocce Court improvements. They would prefer to be at Bayfront rather than current location. Gus raised the continued concerns of this location would interfere with functions at Bayfront. Al said that in his opinion Bayfront was a park first for the citizens and a rental facility second. And there are very few functions going on at 9:00 AM on Wednesday mornings. No one is usually there at that time. John Lake said maybe at some other time we can look at moving it there. After further discussion **motion was made that Public Works work up cost for them doing the concrete work, etc. to trim costs. Frank will present at next B & P Committee meeting.**

Property - Kit Smith represents Dr. Barry Booth in the recent purchase of a piece of property located at McAdams and Vann Avenue. The City of Daphne owns the piece adjoining this property. It is irregular and contains mostly gulleys. Barry donated the house that was located on the property to Habitat for Humanity. He would like to buy just the triangle area to square his property up. He has agreed to clean the gully area – it is zoned R1 but this is strictly for his family's use – to build a house on it. The city's property would need to be appraised at Barry's expense. There may be a possibility that we could swap this property for another piece that Barry owns in Daphne. Kit will discuss with Barry and bring back to the next B & P Committee Meeting.

Voting at Civic Center - Mayor Small received a call from a concerned citizen addressing some issues at the most recent county election. Vehicles with signs (trucks) were parked up front taking up parking spaces. She didn't think there were enough handicapped spaces but the city is in compliance with required spaces. The south doors were not open for use of entry. There is a law that says you can't politic or solicit votes 30 feet from entrance. There was discussion of an ordinance that would prohibit this and designate a certain area for trucks/signs. The Mayor suggested that while we were on the topic of elections that the city should consider having municipal elections at the Civic Center and perhaps Trojan Hall. Two locations that everyone is familiar with instead of multiple locations.

Civic Center – Margaret Thigpen, Director, reported on the following items:

- Volkert/ALDOT are requesting fees be waived for a public meeting. It was recommended that we waive fees for rental but not for labor.
- Cat Coalition Request – Proceed with same agreement as last year. Waive rental for facility but not labor.
- Martin Luther King Celebration – they are asking that all fees be waived. We have done that in the past but the Mayor feels like we just can't continue to do this and have not done it for any other groups. John Lake said they bring in about 1000 people to the city, etc. Labor and cleaning costs would be approximately \$900. **Gus made a motion that we waive rental fee and they pay for cleaning and labor. Mayor seconded it – motion approved.**
- Rate Ordinance – go into effect August 16th. Is on the agenda for this evening's council meeting – 1st read.
- City Hall Rental – The question has been raised about renting city hall when other facilities are not available or someone wants to. After discussion the consensus is that majority of committee not in favor of doing this and Margaret pointed out that there is not enough staff to handle this facility too.
- Part Time Assistant vs. Temps – She is proposing that she reorganize and shift dollars spent on temps and hire part time assistant. No extra dollars spent just better control and use of employee vs. temp. All agreed to move forward with this request and the Mayor said she needed to get with Kim to reflect this in her budget.
- Sponsorship Package – Margaret has put together a package whereby businesses could obtain a package where they would benefit from all civic center events instead of asking for their support for each individual event. Pensacola CC takes this approach and others as well.
- Bayfront Emergency Needs - Margaret and Frank reported that as they have been replacing the insulation under the building they have found the sub floor underneath is rotting and underneath the dance floor area is the worst. This is a

huge safety concern and needs to be replaced. Approximately cost of \$30,000.

Motion made to take to Finance Committee and then to council for appropriation approval. Seconded and approved.

- Tree Removal at Museum – Arborist looked at tree that is in question located on the property next to the museum. It is in bad shaped and needs to come down. In fact, two trees need to come down. If they fall they could hit the museum. According to the law it is the responsibility of the property owner to remove the tree – not the city. **Committee agreed that the city would not pay for the removal of these trees and will communicate this decision to the property owner.**

Civic Center Sign - Frank recommended Modern Signs – they are the least expensive and offer a better warranty. Gus said this sign falls within our sign ordinance guidelines. **Mayor made motion to move forward with this sign and Gus seconded the motion – motion approved.**

Utility Board Property – They want to donate 19 acres to the city. Gus said it is a nice piece of property. It will be preserved – not developed. We can look for grants to place boardwalk over grassland area. **Motion made to authorize Mayor to negotiate transfer of property on behalf of the city.**

Building Inspection Monthly Reports – Richard presented July reports. He has talked with Dick’s Sporting Goods and should be getting their plans next week.

Selena Vaughn asked about the status of the bathrooms at Bayfront – we are waiting on utilities to put in a semi portable building that will house the bathrooms and could be moved if a hurricane or storm should come our way.

Meeting Adjourned 6:20 p.m.

Public Safety Committee
Wednesday, August 11, 2010

Councilman , Chairman
Councilman Gus Palumbo
Councilman Derek Boulware
Fire Chief James White
Public Works Director, Richard Johnson

Police Chief David Carpenter
Captain Scott Taylor
Captain Daniel Bell
Tracy Bishop - Secretary

Committee Members Attending:

Councilman Derek Boulware, Councilman Gus Palumbo, Chief David Carpenter, Lt. Kenny Hempfleng, Chief James White.

Others Present:

Councilman Yelding, Councilwoman Barnette, Battalion Chiefs Kenny Hanak and Joey Holasz

CALL TO ORDER

Councilman Palumbo **convened** the meeting at 4:35 p.m.

PUBLIC PARTICIPATION –

Jasmine Lee, a 15 year old who is Miss National Miss Alabama Junior Teen 2010, gave a speech on texting and driving. She stated in her speech that she would never text and drive and that she would like for Daphne to pass a “No Texting” ordinance against it. Chief stated that the state law failed to pass, but that there were several municipalities in Alabama that have passed these ordinances. Councilman Palumbo told Jasmine that she had made the first step in bringing that to reality and explained to her the process that passing an ordinance would take. He invited her back next month to see where that process was.

APPROVAL OF MINUTES FROM PREVIOUS MEETING

Minutes from July 2010 Meeting – Councilman Boulware made a motion to approve the minutes. Councilman Palumbo seconded. The motion passed.

FIRE DEPARTMENT

- A. **New Business** –Chief White stated that most citizens go to bed at night knowing that they are safe. He stated that recently it took the fire department 12 minutes to get to a fire in Daphmont. He made a presentation to the members present to try and improve the protection on the south end of town as well as improve their response time. He stated that it takes 9 firefighters (3 per shift) to man a station. They have a rescue truck with 6 firefighters. He’d like to move the 6 firefighter from the rescue truck to the new station in Beat 1 (Stanton Rd), move the fire inspector back to a

shift which eliminates off duty call outs, and hire two additional firefighters to man the new station. Chief White talked with the mayor and stated that the mayor was not enthused, but was glad about having more protection on the south end. Cathy Barnette wanted to make sure he was talking about the Stanton Road location and White agreed. The property is owned by the city and the building is bought by the volunteers. White stated that the volunteers have no problem with the building being manned by fulltime firefighters. Councilman Palumbo mentioned that they should get a letter from the volunteers to that effect.

Councilman Palumbo was upset that the rescue truck would not be used when they man the station on Stanton Road. He stated that the fire department begged for it two years ago and now it will not be used. Hanak and Holasz were present and assured Mr. Palumbo that it would still be used. They stated that the equipment that was in that truck would be moved to a pumper and that fire inspection would utilize that truck until they could run a rescue truck again. They will start manning the station on Stanton Road around April or May 2011 to take care of the needs on the south end of the city.

Councilman Palumbo stated that it would take around \$50,000 for each of the two additional firefighters they need to hire and suggested to Chief White that he put that package in his budget and send it to council for approval. Chief White then went over the stats for the month of June 2010.

B. Old Business

POLICE DEPARTMENT

- A. New Business** – Chief Carpenter went over the stats and D runs. He advised members present that he had already had to transfer money from the jail fund to cover deficits in prisoner meals and prisoner meds. He announced that our SRO, Mike Williams, would be retiring January 1, 2011. Officer Williams has been in law enforcement for 33 years and 9 months and has been with the city 25 years. He advised that he was already accepting names from the officers who were interested in replacing Mike so they can shadow him for the first few months of school to learn the ropes.

School is starting next week. Chief stated that we will be stretched thin but will help maintain safety throughout the city.

Councilman Palumbo then told Chief Carpenter that he heard that someone was arrested and went to court and was placed in jail. When he was taken to the back he was handcuffed to a rail for three hours while waiting to appeal. He asked was that normal procedure? Chief Carpenter stated “yes” that when prisoners are sent to the back that they are handcuffed to a rail with a bench to sit on until the correction officers received the commitment order and the appeal bonds from the court. Then they can be processed by the correction officers. Palumbo then asked why they could not be placed in a holding cell and Chief Carpenter responded that when they come from court they are not under arrest and cannot be placed in the holding cells with arrestees. They are just being detained until they can be processed. Councilman Yelding, who was in attendance, made a comment to Chief asking him “wasn’t that normal procedure for everyone in jail?” To which Chief Carpenter replied “Yes”. Chief commented that safety is our primary concern in our jail.

B. Old Business

OTHER BUSINESS

ADJOURN

There being no further business to discuss, Mr. Palumbo adjourned the meeting at 5:45 p.m. The next meeting will be Wednesday, September 8, 2010 at 4:30 p.m. at City Hall Council Chambers.

Respectfully submitted,
Daphne Public Safety Committee

Monthly Report

June 1, 2010

DARE/SRO:

Robin Snider

Class Taught:	# of Kids:	Lesson:
Art in the Park	400	Summer Safety, Kids ID
Shinning Star Summer Camp	125	Effect of Drugs, Fatal Vision
Eastern Shore Center Kids Night	250	Summer Safety, Kids ID, Fatal Vision
Old Navy Kids Day	60	Fatal Vision, Kids ID, Summer Safety
Wet N Wild Wednesday	750	Summer Safety
Snook YMCA	70	Summer Safety
Robertsdale YMCA	30	Effects of Drugs, Fatal Vision, Summer Safety

Training:

TAASRO Conference
 Play by the Rules Training

Meetings:

PBR
 Target
 Baldwin County Mental Health (Board Member)
 Optimist Club
 DARE Alabama
 DARE National
 TAASRO

Mike Williams

Patrol - Voting Poles	Motorist Assist	3
SRO Conference	Officer Assist	4
Art in the Park	Assited with Presidential Escort	
Shinning Start Day Camp	With Captain Bell in Mobile at a funeral	
Wet & Wild	Assisted with K-9 Training & Drugs	
Vacation Days	Hours spent at DHS: 37.0	

Approved By:

CITY OF DAPHNE
FIRE DEPARTMENT MONTHLY REPORT
Report Period: June 2010

	Current:	FY to Date:
Suppression:		
1-Fire/Explosion:	-	-
10-Fire, Other	0	3
11-Structure Fire/Commercial	1	5
11-Structure Fire/Residential	2	14
12-Fire in Mobile Property used as fixed structure	0	0
13-Mobile Property (vehicle) Fire	1	9
14-Natural Vegetation Fire	1	7
15-Outside Rubbish Fire	0	2
16-Special Outside Fire	0	4
17-Cultivated Vegetable Crop Fire	0	0
2-Overpressure Rupture:	0	1
3-Rescue Call and Emergency Medical Service Incidents:	138	887
4-Hazardous Conditions (No fire):	4	15
5-Service Call:	21	148
6-Good Intent Call:	17	99
7-False Alarm & False Call:	21	98
8-Severe Weather & Natural Disaster:	0	1
9-Other Situation:	0	0
Total Emergency Calls:	205	1272
Monthly Total Calls:	210	1319
Highest:		
	17	17
Lowest:		
	<1	<1
Average (Minutes/Seconds) :		
	5:24	5:24
Miscellaneous Reports:		
Training Hours	76.50	1091
Property Loss - \$	532,000	755,792
Fire Personnel Injuries by Fire/Civilian Injuries by Fire	0	0
Advance Life Support Rescues	135	565
Number of Patients Treated	84	806
Child Passenger Safety Seat Inspections/Installations	20	96
Classes		
	3	19
Persons Attending		
	850	2919
Plan Reviews		
	1	14
Final/Certificate of Occupancy		
	1	2
General/Annual Inspections		
	90	150
General/Re-Inspections (Violation Follow-up - Annual)		
	7	51
Business Licenses		
	7	29
Consultations-		
	0	0
All Other/Misc. Activities		
	0	0
Total Activities:	106	646

Authorized by:

James White

Chief James White

Patrol Division		Detective Division:		JAIL:			Animal Control		Crimes Reported This Month:	
(Capt. Bell/Lt. Hempfleng)		(Capt. Bell/Lt. Beedy)		(Capt. Taylor/Lt. Yelding)			(Capt. Taylor/ Lt. Yelding)			
						YTD				
# Complaints	1,010	# New Cases Received:	52	Total Arrestees Received & Processed:	187	1,739			Arson	0
# Misd. Arrests	54	# Previous Unsolved Cases:	167	Arrestees by Agency:			#Complaints	76	Burglary – Commercial	1
# Felony Arrests	4	# Cases Solved:	32	Daphne PD	114	1,105	#Follow-ups	104	Burglary – Residence	3
DUI Arrests	16	Resulting in Total Arrests:	7	BCSO	18	162	#Citations	22	Burglary - Vehicle	0
Alias Warrant Arrests	20	Felonies:	5	Spanish Fort PD	40	361	#Warnings	11	Criminal Mischief	6
Citations	298	Misdemeanors:	2	Silverhill PD	9	76	#Felines Captured	24	Disorderly Conduct	0
Close Patrols	346	Houses Searched	0	Troopers	6	33	#Canines Captured	33	Domestic Disturbance	22
Warnings	86			Other Agencies	0	2	#Other Captured	31	False Info to Police	1
Motorist Assists	248						#Returned to Owner	10	Felony Assault	0
Roadway Accidents	54	Warrants:					#Adopted Out	18	Felony Theft	10
Private Property Accidents	10	Bettner Served	0				#Euthanized	22	Harassment	3
Traffic Homicide	0	Agency Assists	16	Highest	33				Identity Theft	5
		Recalls (Pd Fines)	25	Lowest	21				Indecent Exposure	0
DRUG REPORT		Total Warrants Served	41						Kidnapping	0
ROUTINE PATROL/SPECIAL OPS				Meals Served	2,352	24,292			Menacing	0
		Sex Offender:		Medical Cost	\$3,311.09	\$25,203.67			Misdemeanor Assault	3
# Misd. Marijuana Arrest	5	New Registration:	0	Worker Inmate Hours	966	7,847			Misdemeanor Theft	15
# Felony Marijuana Arrest	1	Contact Verification	0						Murder	0
# Controlled Substance Arrest:	1	Total # registered in Daphne	3						Other Death Investigations	2
# Drug Paraphernalia Arrest	1	DARE: (SEE ATTACHED)							Public Intoxication	2
Vehicles Searched	17	# Hours Report Writing:	0						Public Lewdness	0
		# Students Instructed SRO	0						Receiving Stolen Property	0
Drugs Seized:	0	# Students Instructed DARE	0						Reckless Endangerment	1
Type:	0	# Police Reports by SRO	0						Resisting Arrest	0
Money Seized	0	# Arrest by SRO	0						Robbery Investigation	1
Vehicles Seized	0								Sex Crime Investigations	2
		CODE ENFORCEMENT:							Suicide	0
Commercial Vehicle Inspections	4	Warnings:	6						Suicide, attempted	5
		Citations	1						Theft of Services	0
		Warning Compliance	23						Unauthorized Use of Services	0
		Follow – Up	22						Weapon Offenses	0
<i>Approved by:</i>		<i>David Carpenter, Chief of Police</i>							White Collar Crimes	4



CITY OF DAPHNE
 PO Box 400
 DAPHNE, AL 36526

August 6, 2010 Meeting Minutes

District 1
 Vacant

Introductions were made for new Public Works Director, Richard Johnson and new member representing district 7, Rebecca Trosclair.

District 2
 Carolyn Coleman
 Dorothy Morrison, Chair
Marilyn O'Conner
 Bea Wilson

June meeting minutes were approved. There was not a meeting in July as that was a workday at Public Works, when DBC volunteers worked on checking and changing out bulbs on holiday decorations.

District 3
 Vacant

Treasury reported a balance of \$5,786.02 and that the budget for 2011 had been submitted.

District 4
 Tomasina Werner, Publicity
 Selena Vaughn, Treasurer

Parks and Recreation Report:

Dorothy reported the long discussed concept for a pavilion in Centennial Park was approved by Public Works, Buildings and Property and Parks and Recreation. Originally the City wanted to look into a prefabricated pavilion but now is researching having one built locally.

District 5
 Patty Kearney

District 6
 Elaine Maxime

Public Works Report:

The landscaping plan for Hwy 98 medians will hopefully be submitted by Margorie to Richard this month meaning it should be ready to submit to ALDOT shortly.

In answer to the committee's question about responsibility for the intersection of 181 and the interstate, Spanish Fort is responsible for the northeast quadrant.

A thousand dollars was approved for Margorie to order the replacement lights she needs for the holiday decorations. Three thousand dollars was approved to purchase 10 more poinsettia light pole fixtures to match the ones we already have.

The items for the Top Ten list were discussed. See "August Top Ten".

City Liaisons
 Margorie Bellue
 Richard Johnson
 David McKelroy
 Denise Penry
 Pat Wilden

Sub-Committee Reports:

Main Street—Dorothy reported she had 32 flags donated for our goal to add/replace a hundred US flags on Main Street. Public Works reported that new brackets and poles are also required so the cost for this project is climbing.

New Business:

Need to research getting a large live oak planted at Whispering Pines and Main Street.

Need a plan to relandscape the new sign being installed at the Civic Center or at the very least remove the dwindling flower beds that are there now.

Meeting adjourned.





CITY OF DAPHNE
 PO Box 400
 DAPHNE, AL 36526

August 2010 List

Parks and Recreation Department

Ongoing:

A cost and design plan for a pavilion for Centennial Park needs to be researched. This is a cooperative effort with Public Works.

Public Works Department

Carried over from previous list:

- Vines are covering a sign post on 98 south side, looking north to D'Olive Bay bridge
- Chain link fence on North Main Street across from hotels needs popcorn tree and vines cleared from west end and mimosa growing through at east end and vines on fence at D'Olive Creek.
- Santa Rosa at Veteran's Point has cogon grass in shrubs.
- All 98 nose points have weeds taking over.
- Welcome to Daphne sign on north 98 needs sprucing and maybe trimming of tree and Shrubs
- All the Hwy 98 intersections that have beds need weeding, mulch and trash removal
- Hwy 98 Median master plan to be completed and submitted to ALDOT
- The landscaping at the 181 and I-10 needs attention. - Master landscaping plan needed for Hwy 98 at Main Street intersection
- Master plan needed for all Daphne I-10 exits
- Hwy 98 guard rails at Planet Fitness and Jubilee Point need shrubs added to fill in or remove the ones existing.

New to list:

Hwy 98 traffic circle at I-10 is needs weed removal.

Pot hole repairs needed on 98 at Target entrance.

Curbs have been grown over on Academy Drive, Santa Rosa and Main, north of Flowers, Etc.

Kudzu growing over guard rail shrubs on N. Main north of Gator Alley.

Guard rail shrubs on west side of north 98, between service road north 98, missing shrubs and needs trimming and weed removal.

Many oaks along 98 have vines or been totally overgrown & need to be cleared around:

East side 98 in front of Compass—about 5 or so oaks over grown

East side 98 north of Jubilee point shopping center in front of dental office

East side 98 along backside of Gator Alley

West side 98 from Main crossing along side of KFC—several oaks

West side 98 just south of Santa Rosa—privet or suckers growing



Please just ride 98 and look at all of the oaks. There are more than those listed which have vines and other growth.

**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:

**JULY 26, 2010
CITY OF DAPHNE, AL
INDUSTRIAL DEVELOPMENT BOARD MEETING
1705 MAIN STREET
DAPHNE, AL
6:00 P.M.**

1. CALL TO ORDER/ROLL CALL

Chairman Toni Fassbender called the meeting to order at 6:30 p.m.

Members present – Toni Fassbender, Dan Romanchuk, Doug Bailey, Tom Byrnes, Pokey Miller.

Absent: Brian Groeschell, Denis Kerney.

Also present – Rebecca Hayes, Josh Thornton.

2. OLD BUSINESS

No report.

3. TREASURERS REPORT

No report.

4. NEW BUSINESS

Members discussed how often they should meet, because sometimes there is nothing to discuss.

MOTION BY Tom Byrnes to meet quarterly unless there is business that needs discussing before that time. Seconded by Dan Romanchuk.

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

The next meeting will be in September unless there is something that needs discussing before that time.

Mrs. Fassbender asked again that Mr. Cohen alert the members a week ahead of time of meetings by e-mail.

5. OTHER BUSINESS

Baldwin County Alliance Update

Josh Thornton gave a update on perspective businesses coming to the area. He also reported on the air show in London.

**JULY 26, 2010
CITY OF DAPHNE, AL
INDUSTRIAL DEVELOPMENT BOARD MEETING
1705 MAIN STREET
DAPHNE, AL
6:00 P.M.**

5. ADJOURN

MOTION BY Tom Byrnes to adjourn. Seconded by Mr. Romanchuk.

AYE ALL IN FAVOR NAY NONE OPPOSED MOTION CARRIED

**THERE BEING NO FURTHER BUSINESS TO DISCUSS THE MEETING
ADJOURNED AT 7:00 P.M.**

Respectfully Submitted,

Rebecca A Hayes,
Acting Secretary

Approved:

Toni Fassbender,
Chairman

City of Daphne Recreation Board Minutes
2605 Hwy 98
Daphne, AL. 36526
July 7, 2010
6:30pm

Members Present: Eric Smith, Matt Cunningham, Kit Smith and Valeria Johnson

Members Absent: Rick Cleveland, John Peterson and Lynne Thompson-Yates

Advisory Staff Present: Councilman Greg Burnam and David McKelroy, Parks & Recreation Director

Call to Order

Eric Smith called the meeting to order at 6:30pm.

Review and approval of Minutes

Motion was made by Kit Smith and seconded by Matt Cunningham to approve the June 9, 2010 minutes. Motion passed.

Public Participation

Dorothy Morse made a presentation with regard to a Gazebo at Centennial Park. Motion was made and passed that the gazebo be built by a local builder.

Program Reports

Athletics – Charlie McDavid provided information on summer programs. Registration for fall sports (football, cheerleading and soccer) will be July 10, 17 & 24. Dixie Boys 14 year old won district tournament and will play July 16 in the state tournament in Scottsboro.

Senior Adults – Mary Jensen provide information for senior activities and participation numbers for the senior center.

Community Recreation Programs – It was announced to the board that Megan White's last day would be July 9.

Old Business

1. Trione Sports Complex Updates
 - a. Electrical Design Bayfour Design is in the process of completing the design and should be complete by the next board meeting.
 - b. Concession Stand & Restroom Design The board approved the floor plan for the Concession/Restrooms. Marc Bell will complete the plans.
2. Mayday Park Update Completion of the boat ramp is scheduled for the end of July. Motion was made and passed to keep access to Mayday Park boat

ramp public.

3. Board Member Replacement The Recreation Board made a recommendation to remove Lynne Thompson-Yates from the board due to lack of participation. It was requested by the board that the Council nominate two members to bring the board to seven members.
4. National Playground Safety Inspector Training Dwayne Coley and David McKelroy attend training for playground safety June 29 to July 1.

Comments from Advisors

The board members thanked Greg Burnam for his many years of dedicated service to the Recreation Board.

Adjourn

The meeting was adjourned at 7:35pm.

**CITY COUNCIL MEETING
MAYOR'S REPORT**

NOTES:

CITY ATTORNEY'S REPORT

NOTES:

DEPARTMENT HEAD'S COMMENTS

**CITY COUNCIL MEETING
RESOLUTIONS, ORDINANCES, ORDERS & OTHER BUSINESS**

NOTES:

RECOMMENDATIONS

COUNCIL COMMENTS:

**RESOLUTION 2010-77
PREPAID TRAVEL**

**BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA
HEREBY AUTHORIZES THE FOLLOWING:**

Prepaid travel expenses are approved for the purpose and amount indicated below for the following:

Rebecca Hayes, Assistant City Clerk, Certification Training Institute for Municipal Clerks, Tuscaloosa, AL, August 18-20, 2010 - \$140

A complete expense summary with receipts will be submitted and approved by the Mayor upon return from the above.

**APPROVED AND ADOPTED BY THE CITY COUNCIL, CITY OF DAPHNE, ALABAMA on
this _____ day of _____, 2010.**

August A. Palumbo, Council President

Fred Small, Mayor

ATTEST:

David L. Cohen, City Clerk MMC

RESOLUTION NO. 2010-78
2010-S-CIVIC CENTER HVAC CONTROL SYSTEM UPGRADE

WHEREAS, The City of Daphne is required under section 41-16-20 of the Code of Alabama to secure competitive bids for items in excess of 50,000; and

WHEREAS, After opening the bids The City of Daphne acknowledges that the cost for the CIVIC CENTER HVAC CONTROL SYSTEM UPGRADE did not exceed this amount but will award the contract through the bid process; and

WHEREAS, Staff has reviewed the bids for the CIVIC CENTER HVAC CONTROL SYSTEM UPGRADE and determined that the bid as presented is reasonable; and

WHEREAS, Staff recommends the bid for the CIVIC CENTER HVAC CONTROL SYSTEM UPGRADE be awarded to Engineered Cooling Services.

NOW, THEREFORE BE IT RESOLVED, AND IT IS HEREBY RESOLVED, THAT THE MAYOR AND CITY COUNCIL OF THE CITY OF DAPHNE, hereby accept the bid of Engineered Cooling Services for the amount of \$35,924 as specified in BID SPECIFICATION NO. 2010-S-CIVIC CENTER HVAC CONTROL SYSTEM UPGRADE.

ADOPTED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA, THIS ____ day of _____, 2010.

August A. Palumbo, Council President

Fred Small, Mayor

ATTEST:

David L. Cohen, City Clerk MMC

RESOLUTION 2010 - 79

A RESOLUTION DECLARING CERTAIN PERSONAL PROPERTY SURPLUS AND AUTHORIZING THE MAYOR TO DISPOSE OF SUCH PROPERTY

WHEREAS, the Department Heads of the City of Daphne have determined that the items listed below are no longer required for public or municipal purposes; and

WHEREAS, the items listed below are recommended for disposal.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of Daphne that

- 1- The property listed below is hereby declared to be surplus property, and

DEPT	TAG/VEH#	DESCRIPTION	VIN # / SERIAL #
Civic Center		280 Red Vinyl Chairs w/Black Metal frames	
Recycling	91	1997 CHEVROLET ASTRO VAN	1GNDM19WXVB225824 1FDXF80E7VVA33106

- 2- The Mayor is authorized to advertise and accept bids through Govdeals.com as contracted for the sale of such personal property, and

- 3- The Mayor is authorized to sell said property to the highest bidder and deposit any and all proceeds to the General Fund. The Mayor is further authorized to direct the disposition of any property which is not claimed by any bidder.

ADOPTED AND APPROVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA, this _____ day of _____, 2010.

August A. Palumbo, Council President

Fred Small, Mayor

ATTEST:

David L. Cohen, City Clerk MMC

RESOLUTION 2010 - 80

A RESOLUTION DECLARING CERTAIN PERSONAL PROPERTY SURPLUS AND AUTHORIZING DISPOSITION

WHEREAS, the City of Daphne Civic Center has collected several Lost & Found Items (Coats/backpacks/shoes...) and have determined that these used items are not needed for public or municipal purposes; and

WHEREAS, the Civic Center Lost & Found items are recommended for disposal; and

WHEREAS, the items can be donated to Goodwill; and

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of Daphne that

- 1- The Mayor is authorized to direct the disposition of the Civic Center Lost & Found Items as a donation to Goodwill.

ADOPTED AND APPROVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA, this _____ day of _____, 2010.

August A. Palumbo, Council President

Fred Small, Mayor

ATTEST:

David L. Cohen, City Clerk CMC

**CITY OF DAPHNE
ORDINANCE 2010-49**

**AN ORDINANCE TO REPEAL ORDINANCE NO. 2008-21 AND TO AMEND
ORDINANCE NO. 2004-20 CONCERNING CIVIC CENTER RATES**

WHEREAS, the City Council of the City of Daphne desires to increase the rental rates at the Daphne Civic Center; and

WHEREAS, the Building and Property Committee after consideration propose that the Daphne Civic Center rates be amended; and

WHEREAS, the Daphne City Council of the City of Daphne, after due consideration, deems that the amendments requested are proper and believe it to be in the best interest of the City that said amendments be affirmed;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA, AS FOLLOWS:

SECTION I: REPEALER

Ordinance No. 2008-21 and the revised Civic Center rental fees established by the same is hereby repealed in its entirety.

SECTION II: AMENDMENT TO RENTAL FEES

Sections “XVII A” and “XVII B” of Ordinance No. 2004-20 shall be and are hereby Amended as follows:

SECTION XVII: RENTAL FEES

A. Base rates and cleaning rates shall start as listed below:

Meeting Room	Sq. Ft.	Rate
Entire Facility		\$1250.00 base
		\$375.00 cleaning *some groups of 500+ may require an extra cleaning fee of \$300.00

		\$20.00 hourly
Exhibit Hall/Stage	11,800	\$565.00 base
		\$250.00 cleaning *some groups of 500+ may require an extra cleaning fee of \$300.00
		\$20.00 hourly
Exhibit Hall w/ Stage, 2 dressing rms		\$690.00 base
		\$250.00 cleaning *some groups of 500+ may require an extra cleaning fee of \$300.00
		\$20.00 hourly
The Wisteria Reception Area + Gallery	3,700	\$345.00 base
		\$250.00 cleaning *some groups of 500+ may require an extra cleaning fee of \$300.00
		\$20.00 hourly
North Gallery	1,200	\$65.00 base
		\$65.00 cleaning
		\$20.00 hourly
South Gallery	1,200	\$65.00 base
		\$65.00 cleaning
		\$20.00 hourly
The Willow (Meeting room B & C)	1,505	\$190.00 base
		\$125.00 cleaning
		\$20.00 hourly
Kitchen Full Service		\$220.00 base
		\$100.00 cleaning
		\$20.00 hourly

Kitchen Service Only		\$100.00 base
		\$65.00 cleaning
		\$20.00 hourly
Greenroom	384	\$250.00 base
		\$100.00 cleaning
		\$20.00 hourly
Greenroom/DR 2		\$375.00 base
		\$125.00 cleaning
		\$20.00 hourly
Greenroom/DR 2 & Stage		\$375.00 base
		\$250.00 cleaning
		\$20.00 hourly
Greenroom/DR 1,2 & Stage		\$425.00 base
		\$250.00 cleaning
		\$20.00 hourly
Parking Lot		\$25.00 per displayed vehicle

- B. In addition to the base rental fees the following hourly rates shall apply: \$20.00 per hour for each hour of usage and \$50.00 per hour for each hour of usage for all holiday and city off days.

In addition to the base rental fees and hourly rates an extra labor fee may apply and will be at the discretion of the Director. This fee will be based on each events setup and needs to have successful event at the Daphne Civic Center.

The Director shall maintain an updated list of rental items which is to be treated as part of this Ordinance's fee schedule.

SECTION III: SEVERABILITY

If any article, section, sentence, clause or phrase in this Ordinance is, for any reason, held to be invalid or unconstitutional by declaration of any Court of competent jurisdiction, such declaration shall not affect the validity of the remaining portions of this Ordinance.

SECTION IV: REAFFIRMATION

That all other sections of Ordinance 2004-20 not specifically referenced or amended herein shall remain in full force and effect.

SECTION V: EFFECTIVE DATE

That the provisions of this ordinance shall become effective upon the approval and publication as prescribed by law.

ADOPTED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA, ON THIS THE _____ DAY OF _____, 2010.

**AUGUST A. PALUMBO,
COUNCIL PRESIDENT**

**FRED SMALL,
MAYOR**

ATTEST:

**DAVID COHEN,
CITY CLERK, MMC**

**CITY OF DAPHNE
ORDINANCE 2010-50**

**ORDINANCE TO AMEND ORDINANCE 2004-21
CONCERNING BAYFRONT PARK RENTAL RATES**

WHEREAS, the City Council of the City of Daphne desires to increase the rental rates at the Bayfront Park; and

WHEREAS, the Building and Property Committee after consideration propose that the Bayfront Park rates be amended; and

WHEREAS, the Daphne City Council of the City of Daphne, after due consideration, deems that the amendments requested are proper and believe it to be in the best interest of the City that said amendments be affirmed,

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA, AS FOLLOWS:

SECTION I: AMENDMENT TO RENTAL FEES

Sections “XVII A” and “XVII B” of Ordinance No. 2004-21 shall be and are hereby Amended as follows:

SECTION XVII: RENTAL FEES

A. Base rates shall start as listed below:

Meeting Room	Rate
Entire Facility	\$475.00 base
	\$20.00 hourly
The Sunset	\$300.00 base
	\$20.00 hourly
The Jubilee	\$150.00 base
	\$20.00 hourly
The Kitchen	\$40.00 base
	\$20.00 hourly
Cleaning (Optional)	\$200.00

- B. In addition to the base rental fees the following hourly rates shall apply: \$20.00 per hour for each hour of usage and \$50.00 per hour for each hour of usage for all holiday and city off days.

In addition to the base rental fees and hourly rates an extra labor fee may apply and will be at the discretion of the Director. This fee will be based on each events setup and needs to have a successful event at Bayfront Park.

The Director shall maintain an updated list of rental items which is to be treated as part of this Ordinance's fee schedule.

SECTION II: SEVERABILITY

If any article, section, sentence, clause or phrase in this Ordinance is, for any reason, held to be invalid or unconstitutional by declaration of any Court of competent jurisdiction, such declaration shall not affect the validity of the remaining portions of this Ordinance.

SECTION III: REAFFIRMATION

That all other sections of Ordinance 2004-21 not specifically referenced or amended herein shall remain in full force and effect.

SECTION IV: EFFECTIVE DATE

That the provisions of this ordinance shall become effective upon the approval and publication as prescribed by law.

ADOPTED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA, ON THIS THE _____ DAY OF _____, 2010.

**AUGUST A. PALUMBO,
COUNCIL PRESIDENT**

**FRED SMALL,
MAYOR**

ATTEST:

**DAVID COHEN
CITY CLERK, MMC**

**CITY OF DAPHNE
ORDINANCE NO. 2010-51**

**AN ORDINANCE TO AMEND ORDINANCE NO. 1996-14 CONCERNING THE
CITY'S DRUG AND ALCOHOL POLICY**

WHEREAS the City Council of the City of Daphne has determined that certain amendments to the City's drug and alcohol policy currently in effect are necessary to effectuate and implement regulations mandated by the Alabama Department of Transportation for workplace drug and alcohol testing programs; and

WHEREAS the City Council of the City of Daphne has determined that such amendments are in the interest of the public health, safety and welfare of the citizens of the City of Daphne.

NOW, THEREFORE, BE IT HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA as follows:

SECTION I: That Section VI (E) of the City's Drug and Policy, labeled as "Exhibit A" of Ordinance 1996-14, is hereby repealed in its entirety and replaced with the following:

SECTION VII (E): COLLECTING AND TESTING PROCEDURES

E. Collecting and Testing Procedures

The City, TPA, and the laboratory have developed and will maintain a procedure for collecting, shipping and accessing urine and alcohol specimens in compliance with Federal Regulations, as amended. The City, TPA, and the laboratory will utilize a standard Urine Custody and Control Form for all employee drug testing and a standard Breath Alcohol Testing Form for all employee alcohol testing. A tamper-proof sealing system, identifying numbers, labels, and sealed shipping containers will also be used for urine sample transportation.

The City has adopted the direct observation procedures as set out in Section 40.25 of the Department of Transportation regulations, as amended. An employer or medical representative at the collection site may directly observe an employee provide the specimen where there is reason to believe that an individual may alter or substitute the specimen or when the requirements of Section 40.25 (e)(2) have been met.

Observed Collections are required in the following circumstances:

- a. Anytime the employee is directed to provide another specimen because the temperature on the original specimen was out of the accepted temperature range of 90°F-100°F;
- b. Anytime the employee is directed to provide another specimen because the original specimen appears to have been tampered with;
- c. Anytime a collector observes materials brought to the collection site or the employee's conduct clearly indicates an attempt to tamper with a specimen;
- d. Anytime the employee is directed to provide another specimen because the laboratory reported to the MRO that the original specimen was invalid and the MRO determined that there was not an adequate medical explanation for the result;
- e. Anytime the employee is directed to provide another specimen because the MRO determined that the original specimen was positive, adulterated or substituted, but had to be cancelled because the test of the spilt specimen could not be performed;
- f. The employee who is being observed will be required to raise his or her shirt, blouse, or dress/skirt, as appropriate, above the waist; and lower clothing and underpants to show the collector, by turning around that they do not have a prosthetic device.

The City of Daphne does not maintain, nor make provisions for, a "2nd Chance" policy.

All employees will also be required to execute the Drug and Alcohol Policy Consent / Release form.

SECTION II: That the definition of "Refusal to Submit to an Alcohol or Controlled Test" in Section III of the City's Drug and Policy, labeled as "Exhibit A" of Ordinance 1996-14, is hereby repealed in its entirety and replaced with the following:

SECTION III: DEFINITIONS

Refusal to Submit to an Alcohol or Controlled Substances Test

Refusal to submit to testing shall include any or all of the following:

- Failure to provide an adequate amount of breath during testing without a valid medical explanation after he or she has received notice of the requirement for urine testing; or
- Engaging in conduct that obstructs or interferes with the testing process; or
- Failure or refusal to execute the required forms provided in conjunction with the receipt of this policy or which are a part of the testing; or
- Failure to be readily available for post-accident testing; or
- Failure to report to, and undergo alcohol and prohibited substances testing, at a collection site as required; or
- Failure to appear for any test (except for pre-employment) within a reasonable time, as determined by the employer; or
- Failure to remain at the testing site until the testing process is complete; or
- Failure to provide a urine specimen for any required drug test; or
- Failure to permit the observation or monitoring of the specimen collection when required to do so; or
- Failure to provide a sufficient amount of urine when directed and there is no adequate medical explanation for the failure; or
- Failure to take a second test when directed to do so by the employer or collector; or
- Failure to undergo a medical examination when directed to do so by the MRO or employer; or
- Failure to cooperate with any part of the testing process (e.g., refuse to empty pockets when directed by the collector, behave in a confrontational way that disrupts the collection process, fail to wash hands after being directed to do so by the collector); or
- Failure to follow the observer's instructions during an observed collection including instructions to raise clothing above the waist, lower clothing and underpants, and to turn around to permit the observer to determine if you have any type of prosthetic or other device that could be used to interfere with the collection process; or
- Possess or wear a prosthetic or other device that could be used to interfere with the collection process; or
- Admit to the collector or MRO that you adulterated or substituted the specimen.

SECTION III: That Section VI (G) of the City's Drug and Policy, labeled as "Exhibit A" of Ordinance 1996-14, is hereby repealed in its entirety and replaced with the following:

SECTION VI (G): RETEST

G. Retest

Where a split specimen has been collected, an employee may request a retest of the split specimen within 72 hours of notification of the final test result. Where

only one sample is submitted for testing, the employee may request the MRO to conduct a retest of the original sample within 72 hours after notification of the final test result.

Following a negative dilute drug test result the employee/applicant will be required to undergo another test. Should this second test result in a negative dilute result, the test will be considered a negative and no additional testing will be required unless directed to do so by the MRO.

SECTION IV: That Section VI (A) of the City's Drug and Policy, labeled as "Exhibit A" of Ordinance 1996-14, is hereby repealed in its entirety and replaced with the following:

SECTION VI (A): GENERAL GUIDELINES

A. General Guidelines

The City of Daphne and the laboratory shall rely on the guidance of the Federal Department of Transportation, Procedures for Transportation Work Place Drug Testing Programs, 49 C.F.R. Parts 40.1 through 40.39, as amended, and on the further guidance of the of the OTETA provided in 49 C.F.R., §§ 40.51 to 40.83 (1994), as amended.

The City reserves the right to utilize blood, hair, breath, saliva or urinalysis testing procedures. Only urinalysis and breath tests will be utilized in the pre-employment and random testing. All initial "positive" urine specimens will be confirmed by gas chromatography / mass spectrometry.

Testing will be performed at the Federal minimum rate for drug and alcohol.

SECTION V: AMENDMENT TO EMPLOYEE HANDBOOK

The City of Daphne Employee Handbook shall be amended to reflect the policy provisions and amendments to the City of Daphne Drug and Alcohol Policy enacted by this Ordinance upon its adoption as provided by law.

SECTION VI: CONFLICT WITH OTHER ORDINANCES

Any Ordinance heretofore adopted by the City Council of the City of Daphne, Alabama which is in conflict with this Ordinance is hereby repealed to the extent of such conflict.

SECTION VII: SEVERABILITY

The provisions of this Ordinance are severable. If any provision, section, paragraph, sentence, or part thereof shall be held unconstitutional or invalid, such decision shall not affect or impair the remainder of the 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 VIII: EFFECTIVE DATE

This Ordinance shall be in full force and effect upon its adoption as provided by law by the City Council of the City of Daphne.

ADOPTED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA ON THIS THE _____ day of _____, 2010.

**THE CITY OF DAPHNE,
AN ALABAMA MUNICIPAL CORPORATION**

**AUGUST PALUMBO
COUNCIL PRESIDENT**

**FRED SMALL
MAYOR**

ATTEST:

**DAVID L. COHEN,
CITY CLERK, MMC**

ORDINANCE 2010-52

Lodging Tax Appropriation: May Day Boardwalk & Bluff Drainage Pipe Repair

WHEREAS, Ordinance 2010-52 approved and adopted the Fiscal Year 2010 Budget on October 19, 2010; and

WHEREAS, subsequent to the adoption of the Fiscal Year 2010 budget, the City Council has determined that certain appropriations are required and should be approved and made a part of the Fiscal Year 2010 budget; and

WHEREAS, Lodging Tax funds may be used for the purchase, development, and maintenance of beachfront property; and

WHEREAS, it has been discovered that corrugated metal pipes, that are 30 years old, are rusting out at the bottom and emergency repairs are needed for the drainage system at May Day Park; and

WHEREAS, failures and resulting damage of the drainage system at May Day Park has been found from the top of the bluff to the bottom near the discharge point as follows:

- 1.) Collapse of a concrete top over a paved flume.
- 2.) Multiple pipe failures resulting in sink holes and carrying of sediment into the bay;
- 3.) Undermining of wooden piers supporting the wooden walk way; and

WHEREAS, an emergency appropriation is needed due to the following: 1.) An imminent hazard to the public using this portion of the park. (At the concrete failure there is exposed, jagged and rusted rebar); 2.) The wooden walk way may be structurally compromised and could fail under heavy loading; and 3.) The potential for catastrophic failure during a major weather event. (Failure of the system could lead to the loss of sections of the walk way as well as a high volume of bluff soil); and

WHEREAS , repairs will be conducted by Public Works crews.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Daphne, Alabama, that the Fiscal Year 2010 Budget is hereby amended to include an additional Lodging Tax appropriation in the amount of **\$5,000** for the required repairs at May Day Park.

APPROVED AND ADOPTED by the Mayor and City Council of the City of Daphne, Alabama, this _____ day of _____ , 2010.

August Palumbo, Council President

Fred Small, Mayor

ATTEST:

David L. Cohen, City Clerk MMC

ORDINANCE 2010-53

GARBAGE PERSONNEL & OPERATING - THROUGH SEPTEMBER 2010

WHEREAS, Ordinance 2009-52 approved and adopted the Fiscal Year 2010 Budget on October 19, 2009; and

WHEREAS, subsequent to the adoption of the Fiscal Year 2010 budget, the City Council has determined that certain appropriations are required and should be approved and made a part of the Fiscal Year 2010 budget; and

WHEREAS, the garbage budget was cut in the anticipation of a reduction in costs when services were decreased to one day per week; and

WHEREAS, transitional cost were incurred implementing the once a week garbage pickup and the reduction in operating costs will not be realized until next fiscal year.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Daphne, Alabama, that: the Fiscal Year 2010 Budget is hereby amended to include a General Fund appropriation in the amount of \$ 80,798 for personnel (\$59,146 and related operating requirements (\$21,652) required by the Garbage Department through Fiscal 2010.

APPROVED AND ADOPTED by the Mayor and City Council of the City of Daphne, Alabama, this _____ day of _____, 2010.

August Palumbo, Council President

Fred Small, Mayor

ATTEST:

David L. Cohen, City Clerk MMC

ORDINANCE 2010-54

**Lodging Tax Appropriation
Improvements to Richard Scardamelia Pavilion Building: Subfloor Repair**

WHEREAS, Ordinance 2009-52 approved and adopted the Fiscal Year 2010 Budget on October 19, 2009; and

WHEREAS, subsequent to the adoption of the Fiscal Year 2010 budget, the City Council has determined that certain appropriations are required and should be approved and made a part of the Fiscal Year 2010 budget; and

WHEREAS, Lodging Tax funds may be used for the purchase, development, and maintenance of beachfront property; and

WHEREAS, certain improvements are needed for the Richard Scardamelia Pavilion Building Subfloor to ensure the integrity of the building and the safety of the occupants.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Daphne, Alabama, that the Fiscal Year 2010 Budget is hereby amended to include a Lodging Tax appropriation in the amount of \$30,000 for Subfloor repairs and insulation to the Richard Scardamelia Pavilion Building.

APPROVED AND ADOPTED by the Mayor and City Council of the City of Daphne, Alabama, this _____ day of _____, 2010.

August Palumbo, Council President

Fred Small, Mayor

ATTEST:

David L. Cohen, City Clerk MMC

ORDINANCE 2010-55

Civic Center HVAC Control System Upgrade

WHEREAS, Ordinance 2009-52 approved and adopted the Fiscal Year 2010 Budget on October 19, 2009; and

WHEREAS, subsequent to the adoption of the Fiscal Year 2010 budget, the City Council has determined that certain appropriations are required and should be approved and made a part of the Fiscal Year 2010 budget; and

WHEREAS, the adopted budget did not include an appropriation for an HVAC HVAC Control System Upgrade for the Civic Center; and

WHEREAS, the Civic Center could save up to 10%-20% or more on energy costs as a result of implementing the new HVAC Control System Upgrade.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Daphne, Alabama, that: the Fiscal Year 2010 Budget is hereby amended to include an appropriation in the amount of \$35,924 for the Civic Center HVAC Control System Upgrade.

APPROVED AND ADOPTED by the Mayor and City Council of the City of Daphne, Alabama, this _____ day of _____, 2010.

August Palumbo, Council President

Fred Small, Mayor

ATTEST:

David L. Cohen, City Clerk MMC

**CITY OF DAPHNE
ORDINANCE NO. 2010-56**

**AN ORDINANCE TO AMEND ORDINANCE NO. 2003-11 CONCERNING
ANIMAL CONTROL WITHIN THE CITY OF DAPHNE**

WHEREAS the City Council of the City of Daphne has determined that certain amendments to the animal control ordinance currently in effect are necessary to effectuate and implement more efficient means of animal control within the City of Daphne; and

WHEREAS the City Council of the City of Daphne has determined that such amendments are in the interest of the public health, safety and welfare of the citizens of the City of Daphne.

NOW, THEREFORE, BE IT HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA as follows:

SECTION I: That Section II of Ordinance 2003-11 is hereby repealed in its entirety and replaced with the following:

SECTION II: DEFINITIONS

Animal. The term shall mean any nonhuman, animate being which is endowed with the power of voluntary motion to include, but not limited to: Mammals, i.e. dogs, cats, horses, hogs, cows, sheep, goats, rabbits, etc.; reptiles; birds; salamanders; toads; frogs; sharks; snakes; rays; bony fishes; and amphibians.

Animal shelter. The place designated or used as such by the city for the maintenance and operation of a pound.

Animal Control Officers. All enforcement officers assigned to the City of Daphne Animal Shelter.

At large. Any animal which is off the property of its owner or person in charge and not carried by said person, kept in an effective closure or under control or restraint by such person by means of a leash in such a way as to prevent its free movement, and so as to prevent said animal from freely charging or attacking persons or animals.

Bitten. Seized with teeth or jaws such that the skin of the person or thing seized has been nipped or gripped or has been wounded or pierced and there has been probable contact of saliva with the break or abrasion of the skin.

Caged. Confinement in a container, which may include a vehicle but not its trunk, in such a way that the free movement of such animal is restrained and so as to prevent the animal caged from biting or attacking a person or animal.

Cat. All members of the domestic feline family.

City of Daphne Animal Shelter. The location designated or used as such by the City for a place of confinement of animals held pursuant to the authority of this Ordinance.

Corral. Any uncovered, enclosed parcel of land where large animals are kept.

Dog. All members of the domestic canine family.

Dogs Presumed to be vicious. Any dog which is known by the owner or person in charge to habitually chase moving vehicles or charge persons on the public streets and other public ways shall be presumed to be vicious, whether or not such dog has actually bitten or attacked a person or other animal.

Domesticated Animal. Shall mean, but is not limited to rabbits, squirrels, raccoons, pot-bellied pigs or any other animal used as a pet.

Fowl. Chicken, turkey, ducks, geese, guineas or other domestic fowl.

Livestock. Horses, mules, donkeys, oxen, sheep, goats, cows, buffaloes and swine, or any one of them.

Owner. means any person, firm, corporation, organization, or department having a right of property in the animal, or who keeps or harbors the animal, or who has it in his care, or acts as its custodian, or who permits the animal to remain on or about any premises occupied by him or her.

Person in Charge. Any person who feeds a dog or cat not owned by him or her or who otherwise cares for the animal. This definition shall not include individuals who perform humane acts for the health and safety of an animal on a one time or temporary basis.

Vicious and dangerous animal.

- (1) Any dog with a known propensity, tendency or disposition to attack unprovoked, to cause injury to, or otherwise threaten the safety of human beings or domestic animals.

- (2) Any dog which because of its size, physical nature or vicious propensity is capable of inflicting serious physical harm or death to humans and which constitutes a danger to human life or property if it were not kept in the manner required by this chapter.
- (3) Any dog which, without provocation, attacks or bites or has attacked or bitten a human being or domestic animal.
- (4) Any dog owned or harbored primarily or in part for the purpose of dog fighting, or any dog trained for dog fighting.

The terms “potentially dangerous” and “vicious” shall not apply to dogs used by law enforcement officials for legitimate law enforcement purposes, nor dogs used as certified guide dogs for the blind, hearing dogs for the deaf nor aid dogs for the handicapped nor shall it apply to licensed kennels, humane society shelters, animal control facilities, or veterinarians.

SECTION II: That Section V of Ordinance 2003-11 is hereby repealed in its entirety and replaced with the following:

SECTION V: DOG, CAT, OR DOMESTICATED ANIMAL AT LARGE

A. GENERAL PROHIBITION

No owner or person in charge of a dog, cat or domesticated animal shall permit the dog, cat or domesticated animal to be at large at any time within the City of Daphne.

B. OWNER LIABILITY

If the owner of any dog, cat or domesticated animal carelessly manages said dog, cat or domesticated animal or permits said animal to be at large, and another person, without fault suffers damage thereby, such owner shall be liable for damages.

SECTION III: That Section XXI (B) of Ordinance 2003-11 is hereby repealed in its entirety and replaced with the following:

SECTION XXI: MINIMUM PENALTIES

B. SCHEDULE OF FINES:

Any person found guilty of the provisions of this Ordinance as referenced herein, the minimum fines shall apply as follows:

<u>INFRACTION</u>	<u>FINE</u>	
Allowing dog to defecate another's property	1 st offense within a twelve month period	\$15
	2 nd offense within a twelve month period	\$25
	3 rd offense within a twelve month period	\$50
Animal restrained by leash or restraining device less than six (6) feet long	1 st offense within a twelve month period	\$15
	2 nd offense within a twelve month period	\$25
	3 rd offense within a twelve month period	\$50
Cat at large/ destruction damage to property (no tag)	1 st offense within a twelve month period	\$15
	2 nd offense within a twelve month period	\$25
	3 rd offense within a twelve month period	\$50
Cat at large/ destruction damage to property (with tag)	1 st offense within a twelve month period	\$10
	2 nd offense within a twelve month period	\$25
	3 rd offense within a twelve month period	\$50
Cruelty to animals	1 st offense	Court
	2 nd offense	Court
	3 rd offense	Court
Dog on runner less than twenty (20) feet long	1 st offense within a twelve month period	\$15
	2 nd offense within a twelve month period	\$25
	3 rd offense within a twelve month period	\$50
Dog at large (with tag)	1 st offense within a twelve month period	\$10
	2 nd offense within a twelve month period	\$25
	3 rd offense within a twelve month period	\$50
Dog at large (no tag)	1 st offense within a twelve month period	\$15
	2 nd offense within a twelve month period	\$25
	3 rd offense within a twelve month period	\$50

Fowl at large	1 st offense within a twelve month period	\$15
	2 nd offense within a twelve month period	\$25
	3 rd offense within a twelve month period	\$50
Failure to quarantine	1 st offense within a twelve month period	Court
animal that has bitten	2 nd offense within a twelve month period	Court
Failure to notify	1 st offense within a twelve month period	Court
authorities of bite	2 nd offense within a twelve month period	Court
Failure to obtain rabies	1 st offense within a twelve month period	\$15
vaccination	2 nd offense within a twelve month period	\$25
	3 rd offense within a twelve month period	\$50
Failure to attach rabies tag	1 st offense within a twelve month period	\$15
	2 nd offense within a twelve month period	\$25
	3 rd offense within a twelve month period	\$50
Failure to attach tag	1 st offense within a twelve month period	\$15
(dog/cat)	2 nd offense within a twelve month period	\$25
	3 rd offense within a twelve month period	\$50
Failure to license	1 st offense within a twelve month period	\$15
(dog/cat)	2 nd offense within a twelve month period	\$25
	3 rd offense within a twelve month period	\$50
Failure to surrender	1 st offense	Court
Dangerous/Vicious animal	2 nd offense	Court
Failure to confine dog/cat	1 st offense within a twelve month period	\$25
in heat	2 nd offense within a twelve month period	\$50
	3 rd offense within a twelve month period	\$100

Failure to provide adequate shelter/ food and or water	1 st offense within a twelve month period	\$25
	2 nd offense within a twelve month period	\$50
	3 rd offense within a twelve month period	Court
Interfering/ opposing Animal Control Officer	1 st offense within a twelve month period	Court
	2 nd offense within a twelve month period	Court
Keeping prohibited livestock in city limits	3 rd offense within a twelve month period	Court
	1 st offense within a twelve month period	\$25
	2 nd offense within a twelve month period	\$50
Keeping prohibited fowl in city limits	3 rd offense within a twelve month period	Court
	1 st offense within a twelve month period	\$25
	2 nd offense within a twelve month period	\$50
Livestock at large	3 rd offense within a twelve month period	Court
	1 st offense within a twelve month period	\$15
	2 nd offense within a twelve month period	\$25
Noisy animals	3 rd offense within a twelve month period	\$50
	1 st offense within a twelve month period	\$15
	2 nd offense within a twelve month period	\$25
Operating illegal horse stable	3 rd offense within a twelve month period	\$50
	1 st offense within a twelve month period	Court
Promoting animal fighting	2 nd offense within a twelve month period	Court
	1 st offense	Court
Refusing to allow inspection	2 nd offense	Court
	1 st offense within a twelve month period	Court
	2 nd offense within a twelve month period	Court

Tamper with animal trap/ removing animal from trap/interfering with ACO in setting/servicing trap	1 st offense within a twelve month period 2 nd offense within a twelve month period 3 rd offense within a twelve month period	Court Court Court
Unsanitary living condition- fowl/livestock	1 st offense within a twelve month period 2 nd offense within a twelve month period 3 rd offense within a twelve month period	\$25 \$50 Court
Unsanitary/inhumane living condition (any animal)	1 st offense within a twelve month period 2 nd offense within a twelve month period 3 rd offense within a twelve month period	\$50 \$100 Court
Dangerous and vicious animal at large	1 st offense 2 nd offense 3 rd offense	Court Court Court

SECTION IV: ADDITION OF SECTION XXIV

Ordinance 2003-11 is hereby amended to include the following additional section concerning vicious animals.

SECTION XXV: VICIOUS ANIMALS

A. Harboring

No person shall own or harbor any animal for the purpose of animal fighting, or train, torment, badger, bait or use any animal for the purpose of causing or encouraging said animal to attack human beings or domestic animals when not provoked.

No person shall sell, offer for sale, breed, buy or attempt to buy any vicious animal within the city.

B. Registration of Dogs

The tag and a certificate of registration or license shall be of such form and design and shall contain such information as the City shall prescribe and shall be issued to the owner or keeper upon payment of the registration fee. The registration fee for all

neutered and spayed dogs shall be \$0.00 and the registration fee for all un-neutered and un-spayed dogs shall be \$5.00.

The owner or person in charge shall at all times, keep the tag affixed to said dog or cat. It shall be unlawful for any owner or person in charge of an animal to fail to comply fully with all of the requirements of this section by failing to register a dog or a cat. It shall also be unlawful for any person, except the owner or person in charge and upon its own premises, to remove a tag from a dog or cat tagged under the provisions of this section or to place a tag upon a dog or cat for which said tag was not issued, to procure a tag from the City by fraud or misrepresentation, or to disfigure or alter the words or figures upon a tag.

If a tag becomes lost or mutilated it shall be replaced with a tag or decal marked “duplicate” upon payment of the fee of \$3.00. No duplicate tag or decal shall be issued unless the dog or cat has been inoculated for rabies within twelve (12) months of the date of issuance of the duplicate tag.

In addition to the information listed above, if an animal is vicious or presumed to be vicious, as defined herein or as is determined at a hearing for such purpose, then the owner shall provide two identification color photographs of the animal clearly showing the color, any markings and approximate size of the animal.

C. Insurance

All owners or keepers of a vicious dog or dog presumed to be vicious, as previously defined or as shall be determined to be vicious after judicial review, shall provide proof of liability insurance in a single incident amount of at least \$100,000.00, specifically covering any damage or injury which may result from the ownership, keeping or maintenance of such animal.

The policy shall contain a provision requiring the City to be named as an additional insured for the sole purpose of being notified by the insurer of any cancellation, termination or expiration of the liability insurance policy.

D. Investigation of Vicious Dogs

When any person claims that an animal is vicious, he or she shall make a sworn statement setting forth the name of the animal’s owner, the location where the animal is being kept in the city, and the reason he or she believes the animal to be vicious.

The sworn statement will be delivered to the Animal Control Officer who will complete a vicious animal investigation.

Animal Control Officers are authorized to initiate a vicious animal investigation in cases where a bite or serious injury to any person has been reported or when the officer has other reason to believe a dog may be vicious.

Police officers and/or animal control officers shall be permitted to enter the exterior property where a vicious animal or animal presumed to be vicious is located for

the purpose of investigating the allegation of viciousness. If the police officer and/or animal control officer has reason to believe an animal poses an immediate threat to the health, safety or welfare of the general public, the officer may seize the animal and impound the animal at the animal shelter pending completion of the investigation and hearing.

If an animal control officer or a law enforcement officer has investigated and determined that there exists probable cause to believe that an animal is potentially dangerous or vicious, the animal control officer, the chief officer of the public pound or animal control department or his or her immediate supervisor or the head of the local law enforcement agency, or his or her designee, shall petition the Municipal Court of the City of Daphne for a hearing for the purpose of determining whether or not the animal in question should be declared potentially dangerous or vicious. Whenever possible, any complaint received from a member of the public which serves as the evidentiary basis for the animal control officer or law enforcement officer to find probable cause shall be sworn to and verified by the complainant and shall be attached to the petition.

In the event the vicious animal investigation leads the Animal Control Officer to believe the allegation is unfounded, the Animal Control Officer shall advise the complainant of his findings and submit the results of the investigation to the Municipal Court and his animal control supervisor.

E. Notice, Court Hearing, and Appeal

- (a) The owner or keeper of the animal shall be served with notice of the hearing and a copy of the petition, either personally or by first-class mail with return receipt requested. [The hearing shall be held no less than ten (10) days nor more than twenty (20) days after such notice is mailed to the owner or keeper of the animal] and shall be open to the public.
- (b) At such hearing all interested persons shall have the opportunity to present evidence on the issue of the animal's dangerousness. The court may admit all relevant evidence, including incident reports and the affidavits of witnesses, photographs and video tapes, limit the scope of discovery, and may shorten the time to produce records or witnesses.

In the event that the animal in question has caused injury to any person, the municipal judge may impound the animal, at the owner's expense, pending the hearing and determination of the complaint. If the court finds that the animal is potentially dangerous or vicious, it may make any orders authorized by this chapter or other laws, including but not limited to assessment of fines and costs as provided in this Code.

- (c) If a determination is made that the animal is potentially dangerous or vicious and no appeal is filed, the owner or keeper shall comply with the municipal court's order no later than fourteen (14) days following the rendering of the decision. If the owner or keeper of the animal contests the

determination, he or she may, within fourteen (14) days of the municipal court's decision appeal the decision to the circuit court of the county. All filing fees and costs shall be paid by the owner or keeper of the animal. The owner or keeper of the animal shall serve notice upon the city that the appeal has been filed.

- (d) The Circuit Court shall conduct a hearing de novo, and make its own determination as to potential danger and viciousness and make other orders authorized by this chapter, based upon the evidence presented. The court may admit all relevant evidence, including incident reports and the affidavits of witnesses, limit the scope of discovery, and may shorten the time to produce records or witnesses. If the court rules the animal to be potentially dangerous or vicious, compliance with the order shall begin within seven (7) days of the date of the court's determination.
- (e) The determination of the circuit court shall be final and conclusive upon all parties. However, the animal control authority shall have the right, following due process, to later declare an animal to be vicious or to determine that the animal constitutes a threat to the public health and safety, for any subsequent actions of the animal.

F. Regulation of Potentially Dangerous or Vicious Animals

If it is determined at the hearing that the animal is dangerous or vicious, the Court may order the following:

- (a) Confinement:
 - (1) Owners shall provide an exterior perimeter fence suitable to contain an average animal of the same type. The perimeter fence shall be constructed of chain link or wooden privacy type and shall be at least four (4) feet in height.
 - (2) Owners shall provide an additional fence or pen of adequate size inside the perimeter fence to humanely confine the vicious animal.
 - (a) This additional fence or pen may not share common fencing with the perimeter fence.
 - (b) This additional fence or pen must have secure sides and a secure top attached at all sides.
 - (c) All four sides of this additional fence or pen must be sunk at least two feet into the ground or the fence or pen must be built over a concrete pad to prevent the animal from digging out.
 - (d) The additional fence or pen must have an inward-opening gate and shall be kept locked at all times by pad lock or key lock except when tending to the care of the animal.

- (e) The sides of this additional fence or pen shall be from ground to top at least twice the height of the animal, the height of the animal being measured from its shoulders.
 - (f) The additional fence or pen must not be positioned so that neighbors or passers by have access to the animal. It must be no less than twenty (20) feet from any neighboring property line.
 - (g) Signs shall be posted on each side of this additional fence or pen stating that a vicious animal is enclosed and shall specify the type of animal enclosed, i.e. "Vicious Dog". Signs must be printed and legible from 20 feet.
 - (h) The pen or structure must also provide the animal with protection from the elements and must at all times be kept in sanitary condition.
- (3) Whenever the animal is outside either the additional fence or pen provided for this section:
- (a) It must be attended by the owner; and
 - (b) It must be restrained by a secure collar and leash or rope to no longer than eight (8) feet and of sufficient strength to prevent escape; and
 - (c) It must be securely muzzled so as to effectively prevent such animal from biting another animal or person
- (4) No vicious animal shall be allowed outside the owner's property except in emergencies or for normal or necessary medical or health related treatment.

(b) Destruction of a Vicious Dog

In the event it is determined at the hearing that the release of the animal would create a significant threat to the public health, safety and welfare, the animal may be humanely destroyed by the Department of Animal Control.

(c) When it is Determined that the Animal is not Dangerous or Vicious

In the event it is determined at the hearing that the animal is not vicious, the court shall inform the complainant of said findings.

G. Minor Owner or Keeper

In the event that the owner or keeper of a potentially dangerous or vicious animal is a minor, the parent or guardian of such minor shall be liable for all injuries and

property damage sustained by any person or domestic animal caused by a unprovoked attack by such potentially dangerous or vicious animal.

H. Procedure Upon Loss, Sale or Transfer of Animal

The owner or keeper of a potentially dangerous or vicious animal shall notify the department of animal control or the police department immediately if such potentially dangerous or vicious animal is loose or missing or if the potentially dangerous or vicious animal has attacked or wounded a human being or another animal. If the animal in question dies, or is sold, transferred, or permanently removed from the city or county where the owner or keeper resides, the owner of a potentially dangerous or vicious animal shall notify the animal control department of the changed condition and new location of the animal in writing within two (2) working days. If the owner or keeper of a potentially dangerous or vicious animal moves the animal to a different address within the city limits of the city, such owner or keeper shall notify the department of animal control of such fact and the new address within twenty-four (24) hours.

I. Keeping Potentially Dangerous or Vicious Animals

It shall be unlawful for any owner, keeper or other person to be in violation of any provision of this chapter or any order of any court as provided in this chapter. Any owner or keeper found to be in violation of this section shall be guilty of a misdemeanor and shall be punishable as provided in Subsection J of this Section.

J. Penalty for Violation

The penalty for violation of any provision of this Section shall be as follows:

1 st Offense	Not less than \$100.00 or more than \$350.00 and/or not to exceed 6 months in jail;
2 nd and Subsequent Offenses	Not less than \$350.00 or more than \$500.00 and/or not to exceed six (6) months in jail.

In addition, the Court shall assess the violator with any and all costs incurred for the impoundment and/or destruction of the dog.

K. Confinement Generally

No owner, keeper or harbinger of an animal shall permit a vicious or dangerous dog to be kept on a chain, rope or other type of leash outside of its fence and/or pen unless it is under physical control of a leash. Such dogs may not be leashed or chained to inanimate objects such as trees, posts, buildings, etc. outside of the perimeter fence and/or pen. No vicious or dangerous dog may be kept on a porch, patio or in any other

portion of the house or structure that would allow the dog to exit such building or structure on its own volition. In addition, no such animal may be kept in a house or structure where screen doors are the only obstacle preventing the dog from exiting the structure.

L. Registration of Vicious Dogs

All dangerous or vicious dogs as defined herein or as found to be vicious after a Municipal Court hearing shall be registered on the City's website. Such registry shall include the address where the dog is located and identifying information on the dog, including two (2) identifying color photographs of the dog. The registry shall not contain the name or names of the owners or tenants at said location.

SECTION V: ADDITION OF SECTION XXVI

Ordinance 2003-11 is hereby amended to include the following additional section concerning donations to the City.

SECTION XXVI: DONATIONS TO ANIMAL SHELTER

This section shall establish an additional procedure for donations to the City of Daphne Animal Shelter via online payment at the City of Daphne Animal Shelter website through generally accepted credit cards.

SECTION VI: CONFLICT WITH OTHER ORDINANCES

Any Ordinance heretofore adopted by the City Council of the City of Daphne, Alabama which is in conflict with this Ordinance is hereby repealed to the extent of such conflict.

SECTION VII: SEVERABILITY

The provisions of this Ordinance are severable. If any provision, section, paragraph, sentence, or part thereof shall be held unconstitutional or invalid, such

decision shall not affect or impair the remainder of the 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 VIII: EFFECTIVE DATE

This Ordinance shall be in full force and effect upon its adoption as provided by law by the City Council of the City of Daphne.

ADOPTED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA ON THIS THE _____ day of _____, 2010.

**THE CITY OF DAPHNE,
AN ALABAMA MUNICIPAL CORPORATION**

**AUGUST PALUMBO,
COUNCIL PRESIDENT**

**FRED SMALL,
MAYOR**

ATTEST:

**DAVID L. COHEN,
CITY CLERK, MMC**

CITY OF DAPHNE

ORDINANCE NO. 2010-57

=====

AN ORDINANCE TO ESTABLISH THE SALARY OF THE MUNICIPAL JUDGE

=====

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DAPHNE,
ALABAMA, AS FOLLOWS:**

SECTION ONE:

That the salary of the Municipal Judge of the City of Daphne, commencing at the beginning of the new two year term to begin September 1, 2010, shall be and the same is hereby set at Thirty-five thousand dollars annually, to be paid in twenty-four (24) equal installments on the first and second payroll of each month.

SECTION TWO:

Any ordinance which set forth the salary of the Municipal Judge is hereby repealed to the extent that the provisions of such Ordinance conflict with the provisions hereof.

SECTION THREE:

That this Ordinance shall become effective upon adoption and publication as required by law, and shall continue in force and effect until repealed by action of the Council.

**ADOPTED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF DAPHNE,
ALABAMA** on this _____ day of _____, 2010.

**August A. Palumbo,
Council President**

**Fred Small,
Mayor**

ATTEST:

**David L. Cohen,
City Clerk, MMC**