

City of Daphne, Alabama



Comprehensive Annual Financial Report

**For The Year Ended
September 30, 2013**

Michael V. Hinson CPA, Interim Finance Director/Treasurer

CITY OF DAPHNE, ALABAMA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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Part I
Introductory
Section

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DANE HAYGOOD
MAYOR

REBECCA HAYES
CITY CLERK

MICHAEL HINSON CPA
FINANCE DIRECTOR/TREASURER

DAVID CARPENTER II
POLICE CHIEF

JAMES "BO" WHITE
FIRE CHIEF



COUNCIL MEMBERS

TOMMIE B. CONAWAY
DISTRICT 1
PAT RUDICELL
DISTRICT 2
JOHN LAKE
DISTRICT 3
RANDY FRY
DISTRICT 4
RON SCOTT
DISTRICT 5
ROBIN LEJEUNE
DISTRICT 6
JOE DAVIS III
DISTRICT 7

April 30, 2014

TO: The Mayor, City Council Members, and the Citizens of the City of Daphne, Alabama

It is our privilege to present the Comprehensive Annual Financial Report (CAFR) on the operations of the City of Daphne, Alabama (the City) for the fiscal year ended September 30, 2013. This report is presented to give detailed information about the financial position and activities of the City to its citizens, City Council, City Staff, and Readers.

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

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

The Report

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

The *Introductory Section* is designed to provide the background and context that readers need to benefit fully from the information contained in the *Financial Section*, and includes this transmittal letter, City map, organization chart, list of principal officials, and the CAFR certificate for fiscal year ended September 30, 2013.

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

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

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

The Reporting Entity

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

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

The City has implemented the Governmental Accounting Standard Board's (GASB) statement on defining the reporting entity. As a result, the Renaissance Cooperative/Improvement District is included as a separately presented component unit of the reporting entity in the CAFR. See Note 19 for additional information.

GASB Requirements

Each year, management evaluates new GASB reporting requirements to determine applicability to the City. The requirements issued by GASB that became effective during this current fiscal year and those that will become effective in the next fiscal year and are applicable to this entity are described in this document. GASB Statement 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB 65 "Items Previously Reported as Assets and Liabilities", standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. These statements become effective during this current fiscal year, with the City implementing these statements appropriately.

City Profile

The City of Daphne was founded in 1927, and is the largest city within Baldwin County, comprising 16.6 square miles. The City is located on the eastern shore of Mobile Bay and is adjacent to Interstate 10, a major east/west thoroughfare. The City is 45 miles west of Pensacola, Florida and 15 miles east of Mobile, Alabama. Located just across Mobile Bay, many residents commute daily to Mobile and Daphne has developed as a bedroom community to the City of Mobile. The City's location along the Interstate, along with the availability of land, continues to drive retail and light industrial growth.

Wealth and income levels within the City are strong as median household income is 114% of the U.S. level. The median income as of 2013 was \$58,816 and the median housing valuation was \$214,900. According to the 2000 census, the City's population was 16,581; the 2010 census increased the population to 21,570; and local Chamber of Commerce estimates put the current population in excess of 29,000. Daphne's population is well-educated; according to 2010 data, approximately 30% of the population has a bachelor's degree; the US average is 18%. As the population has grown, the City of Daphne has responded in the quantity and quality of services it provides to meet the needs and expectations of its citizenry. Approximately 275 regular, full-time employees work to provide these services.

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

The City of Daphne has a Mayor-Council form of government. The City Council consists of seven members elected from seven single member districts; the Mayor is elected at large. The current Mayor was appointed by the City Council due to the untimely death of the Mayor elected at large in 2012. The Mayor and City Council are elected to serve four year terms. Policy making and legislative authority are vested in the City Council, who is, among other things, responsible for passing local ordinances, adopting budgets, appointing committees, and appointing board members of related organizations. The Mayor is responsible for carrying out the policies and ordinances of the City Council and supervising the day-to-day operations of the City.

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

Economic Condition

The recent economic down-turn impacted the City beginning in 2008 fiscal year, with **General Fund** Sales and Use Tax Revenues being the leading indicator. In 2008, these revenues were down \$600,000 from the prior year. The height of the City's economic down-turn was experienced during the 2009 and 2010 fiscal years, when Sales and Use Taxes were \$1.8 million and \$2 million, respectively, under pre-recession 2007 revenues. The rebound began in the 2011 fiscal year and has continued through the current fiscal year. Sales and Use Tax revenues in the current fiscal year exceeded pre-recession 2007 revenues by \$1.4 million (10.0%).

This recovery in the City has occurred sooner and stronger than other areas and is partially due to the thriving of the Eastern Shore Park retail development which includes Sam's and Lowes. Additionally, in the 2012 fiscal year, revenues begin to reflect the impact of new major retail businesses located to Daphne which includes Publix Supermarket and Dick's Sporting Goods. Both are located in shopping areas that were struggling and have spurred on retail activity in the neighboring businesses.

While Sales and Use Tax revenues were down in the 2008-2010 fiscal years, Ad Valorem Taxes continued to increase peaking at \$5.6 million in the 2010 fiscal year. As Ad Valorem revenues are collected one year in arrears, the revenue recognized in the governmental statements continued to increase until the 2011 and 2012 fiscal years when the deflating effects of re-valuation began. Current fiscal year Ad Valorem revenues total \$4.8 million, an increase of 2.1% (\$100,000). Net Assessed Property Values were \$367.8 million at the end of the 2008 fiscal year and \$345.3 million at September 30, 2013, an amount that is within 6.4% of full recovery.

Having gone through recent the economic downturn, the General Fund unreserved fund balance has now recovered to the 2008 fiscal year levels. The Unreserved Fund Balance at September 30, 2013 of \$10.6 million is up 6.4% (\$640,000) over the prior year.

Major Initiatives

In the 2011 fiscal year, the City set its priority of resurfacing City streets on a largely pay-as-you-go basis. With the 2010 fiscal year Unreserved Fund Balance of the General Fund being equal to approximately 55% of revenues, the City determined it prudent to use the accumulated funds to finance a city-wide project. Major road resurfacing projects had not been undertaken in the past two decades and this was determined to be the most critical infrastructure need. The City responded with a major resurfacing plan. Funds totaling \$7.1 million were spent between Fiscal 2011 and 2013.

The City also recognizes the need for recreation facilities. Recreation facilities have not been expanded to reach the City's increasing population. Therefore, this is another project the City Council has identified to be funded on a pay-as-you-go basis. This is reported in the Lodging Tax Fund, a Special Revenues Fund. Sports Complex Location II appropriations total \$1.1 million which is to be paid by present and future Lodging Tax collections. The General Fund is advancing the Lodging Tax Fund as needed and at the end of the current fiscal year, \$765,000 is due to the General Fund and is estimated to be paid by the 2017 fiscal year.

Financial Policies

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

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

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

Fund Balance The City has an informal policy of maintaining the Unassigned Fund Balance of the General Fund in the range of 3 to 4 months' worth of operating revenues. Furthermore, this Unassigned Fund Balance may only be used for capital projects and equipment.

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

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

Acknowledgments

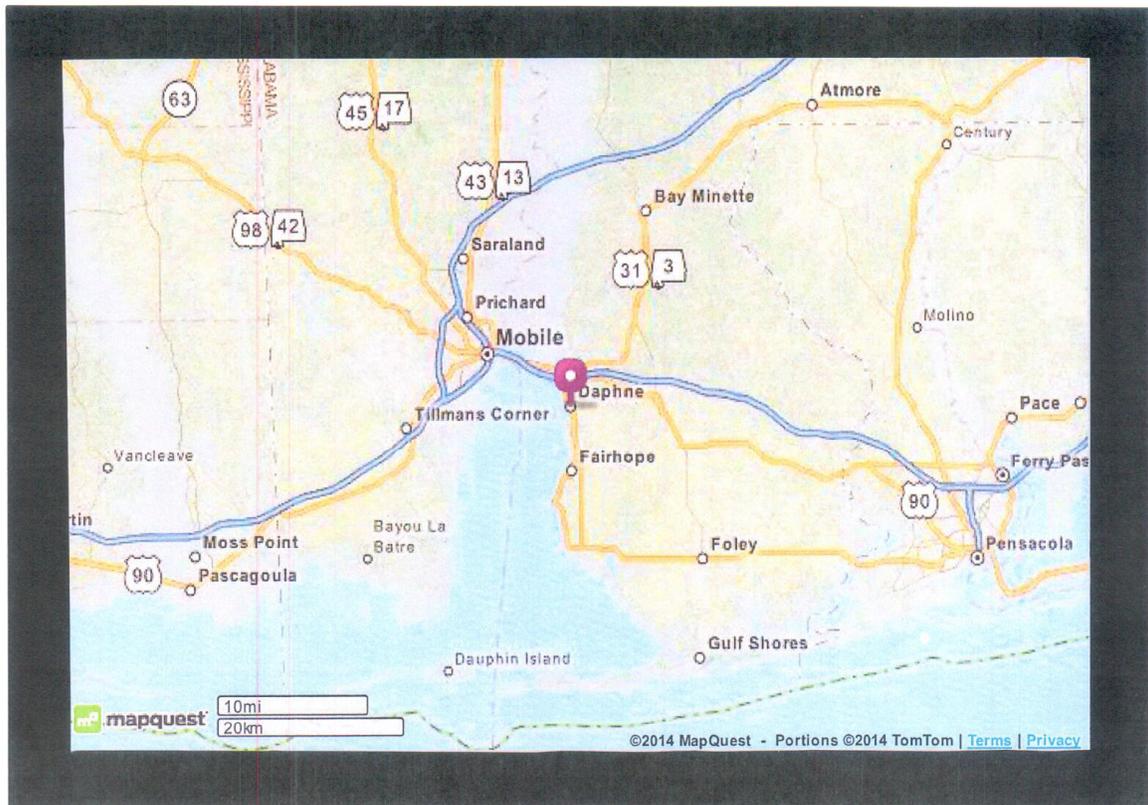
The preparation of this comprehensive annual financial report could not be accomplished without the dedicated services of an efficient Finance Department staff. We express appreciation to each member of the Department and to those members of other City departments for their contributions made in the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

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

Respectfully submitted,

Michael V. Hinson CPA
Interim Finance Director/Treasurer

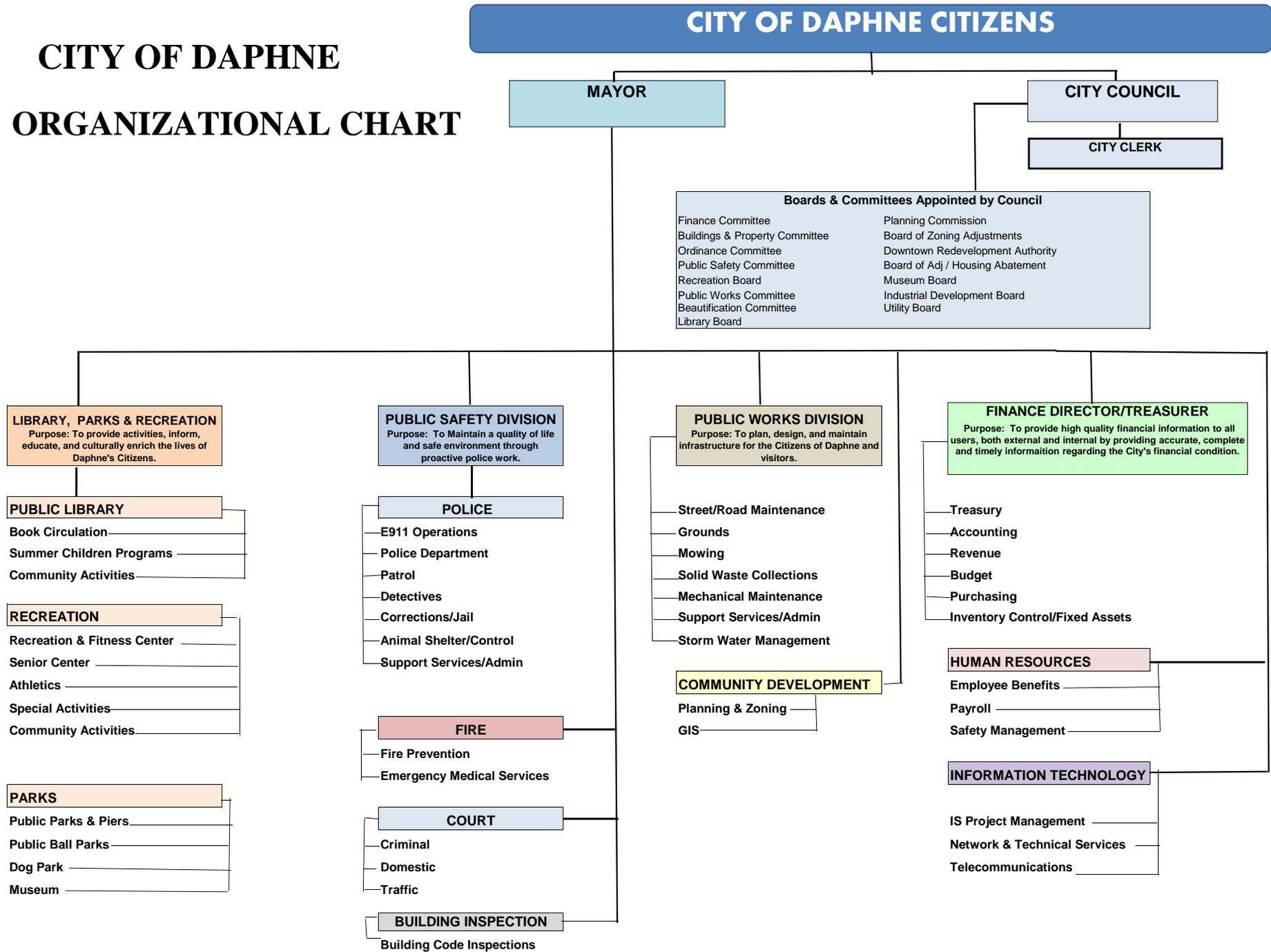
City of Daphne, Alabama



**Micropolitan Statistical Area (MSA) population
for Daphne, Fairhope and Foley: 190,790**

Source: US Census Bureau

CITY OF DAPHNE ORGANIZATIONAL CHART



**City of Daphne
List of Principal Officials
September 30, 2013**

Title	Name
Mayor	Dane Haygood
City Council:	
District 1	Tommie B. Conaway
District 2	Pat Rudicell
District 3	John Lake
District 4	Randy Fry
District 5	Ron Scott
District 6	Robin LeJeune
District 7	Joe Davis III
Finance Director/Treasurer	Michael V. Hinson CPA
City Clerk	Rebecca A. Hayes



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Daphne
Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



Part II
Financial
Section

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Daphne, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise City of Daphne, Alabama's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Renaissance Improvement District City of Daphne, Alabama, which represents four percent, four percent, and three percent, respectively, of the assets, net position, and revenues of the government wide statements. 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 the Renaissance Improvement District City of Daphne, Alabama, is based solely 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Daphne, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 22 and 70 through 78 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.

To the Honorable Mayor Dane Haygood and the City Council
Page Three

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2014 on our consideration of City of Daphne's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Daphne's internal control over financial reporting and compliance.

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

Mobile, Alabama
April 30, 2014

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Management's Discussion & Analysis



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City's Comprehensive Annual Financial Report (CAFR) presents City management's discussion and analysis (MD&A) of the City's financial performance during the fiscal year that ended on September 30, 2013. Please read this in conjunction with the City's financial statements and accompanying notes, which follow this section, and the additional information furnished in the letter of transmittal, which can be found in the introductory section of the CAFR.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources at the close of the current fiscal year by \$83.5 million (net position). Of this amount, the City had unrestricted net position of \$17.8 million that is available to be used to meet the ongoing obligations of the City of Daphne.
- The City's Net Position of \$83.5 million reflected an increase of 1.6% (\$0.9 million) over the prior year's Net Position of \$82.6 million, as adjusted.
- The City's governmental funds reported a combined fund balance of \$17.0 million at the close of the current fiscal year, a decrease of 11.5% (\$2.2 million) from the prior year. However, \$2.1 million of this decrease represents capital expenditures from the 2012 Construction Fund.
- The City's general fund reported a fund balance of \$10.9 million at the close of the current fiscal year, or 46.6% of total General Fund expenditures and other financing uses; total fund balance increased by 5.0% (\$500,000) over the prior year. Total current year ending fund balances in the General Fund represented 45.5% of current fiscal year total revenues, and 45.2% of prior year total revenues.
- Sales, use, and luxury taxes, the City's single largest revenue source, increased 4.3% (\$630,000) during the current fiscal year, reflecting a slight improvement in the economy.
- Other significant changes in revenue during the current fiscal year include licenses and permits that increased by 16.5% (\$310,000) and property taxes that decreased by 8.1% (\$400,000); Overall current fiscal year revenues increased 1.0% (\$260,000) over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Statements

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

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

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

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

- *Governmental activities*. Most of the City's basic services are included in this category, such as the services provided by the public safety, public works, library and recreation, and general government functions. General revenues from sales and use taxes, licenses and permit fees, property taxes, charges for services, and state and federal grants finance most of these activities.

- *Business-type activities.* The City charges fees to customers to help cover the costs of certain services it provides to the general public. The City's Garbage and Recycling Fund, Civic Center, and Bay Front Park operations are included in this category as enterprise funds.
- *Discretely Presented Component Units.* The City includes one entity in this report; the Renaissance Cooperative/Improvement District. Although a legally separate entity, this component unit is important because the City is financially accountable. Please refer to Note 1.C. within the Notes to the Financial Statements regarding the availability of separately issued component unit financial statements.

Fund Financial Statements

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

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

The City has three kinds of funds:

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

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

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

The City adopts an annual budget for its General Fund and most other governmental funds. A budgetary comparison statement for the General Fund has been provided in the *Required Supplementary Information* section of this document.

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

Net Position. Following is a condensed version of the City's government-wide Statement of Net Position as of September 30, 2013:

	Governmental Activities		Business-Type Activities		TOTAL	
	2013	2012	2013	2012	2013	2012
Current & Other Assets	\$ 23,961,729	\$ 26,873,762	\$ 350,684	\$ 469,335	\$ 24,312,413	\$ 27,343,097
Capital Assets	101,844,268	100,349,767	909,526	773,633	102,753,794	101,123,400
Total Assets	125,805,997	127,223,529	1,260,210	1,242,968	127,066,207	128,466,497
Deferred outflow of resources	1,162,360	-	-	-	1,162,360	-
Current Liabilities	4,860,987	3,359,142	348,579	229,547	5,209,566	3,588,689
Long-Term Debt Outstanding	38,363,468	41,751,691	301,939	479,977	38,665,407	42,231,668
Total Liabilities	43,224,455	45,110,833	650,518	709,524	43,874,973	45,820,357
Deferred inflow of resources	890,871	-	-	-	890,871	-
Net Position:						
Invested in Capital Assets,						
Net of Debt	62,254,836	61,029,696	493,334	326,659	62,748,170	61,356,355
Restricted	2,919,881	5,722,598	-	-	2,919,881	5,722,598
Unrestricted	17,678,314	15,360,403	116,358	206,785	17,794,672	15,567,188
Total Net Position	\$ 82,853,031	\$ 82,112,697	\$ 609,692	\$ 533,444	\$ 83,462,723	\$ 82,646,141

The City's *combined* Net position increased \$817,000 over the prior year.

Net Position may serve as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$83.5 million at September 30, 2013. The combined Net Position reflects a current year total unrestricted net position of \$17.8 million.

The largest component of the City of Daphne's current fiscal year net position (75.2%) is the investment in capital assets (i.e., infrastructure, land, buildings, equipment, etc.) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted 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.

3.5% of the City of Daphne's current fiscal year net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$17.8 million, may be used to meet the City's ongoing obligations to citizens and creditors.

Total net position reflected an increase of \$1.3 million over the prior year. This increase is primarily the effect of increases/decreases of balances within the Statement of Activities. Total General Revenues reflected an increase of 1.9% (\$460,000), while total Program Revenues reflected an increase of 7.8% (\$430,000).

The following is a summary of the government-wide Statement of Activities for the year ended September 30, 2013:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Program Revenues:						
Charges for services	\$ 1,457,803	\$ 1,265,621	\$ 1,684,247	\$ 1,567,771	\$ 3,142,050	\$ 2,833,392
Operating grants & contributions	263,800	266,074	-	-	263,800	266,074
Capital grants & contributions	2,592,709	2,465,034	-	-	2,592,709	2,465,034
General Revenues:						
Taxes	20,223,145	19,284,066	-	-	20,223,145	19,284,066
Licenses and permits	1,687,588	1,569,235	-	-	1,687,588	1,569,235
PILOT and franchise fees	2,268,871	2,234,494	-	-	2,268,871	2,234,494
Other	59,009	692,065	-	-	59,009	692,065
Total Revenues	28,552,925	27,776,589	1,684,247	1,567,771	30,237,172	29,344,360
Expenses:						
General government	3,851,858	3,741,854	-	-	3,851,858	3,741,854
Public safety	9,993,644	9,258,853	-	-	9,993,644	9,258,853
Public works	8,463,551	7,850,939	-	-	8,463,551	7,850,939
Sewer Contributions to Utility Bd	-	49,700	-	-	-	49,700
Library and recreation	2,672,958	2,690,448	-	-	2,672,958	2,690,448
Interest on long-term debt	1,945,618	2,149,919	-	(3,498)	1,945,618	2,146,421
Garbage/Recycling	-	-	1,312,441	1,349,453	1,312,441	1,349,453
Civic Center and Bay Front Park	-	-	703,749	704,981	703,749	704,981
Total Expenses	26,927,629	25,741,713	2,016,190	2,050,936	28,943,819	27,792,649
Change in Net Position, before Transfers	1,625,296	2,034,876	(331,943)	(483,165)	1,293,353	1,551,711
Transfers	(408,190)	(483,165)	408,190	483,165	-	-
Change in Net Position	1,217,106	1,551,711	76,247	-	1,293,353	1,551,711
Net Position, 10-1	82,112,697	80,560,986	533,444	500,443	82,646,141	81,061,429
Prior Period Adj	(476,772)	-	-	33,001	(476,772)	33,001
Net Position, end of year	\$ 82,853,031	\$ 82,112,697	\$ 609,691	\$ 533,444	\$ 83,462,722	\$ 82,646,141

Governmental Activities

The comprehensive Statement of Activities 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, Library and Recreation, 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.).

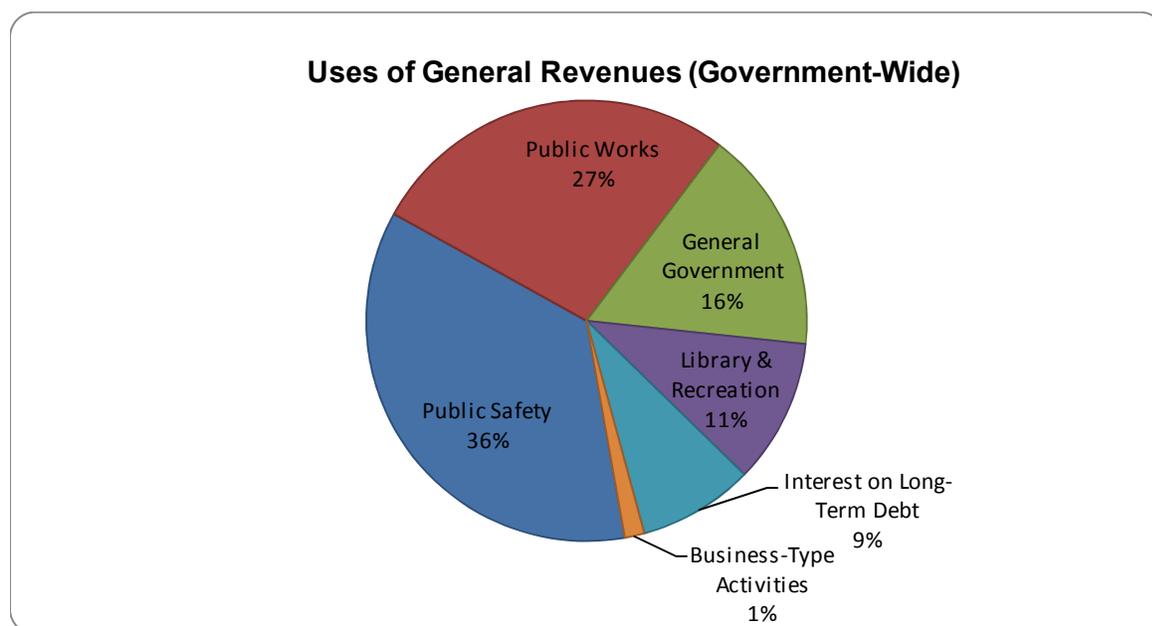
The Civic Center and Bay Front Park are funds that generally require such transfers; \$410,000 was transferred to these activities in the current fiscal year. This is a decrease of \$75,000 from the prior year. This change is due predominantly to an increase in booking revenues of \$18,000, along with an ongoing commitment by the department to reduce the cost of operations.

For the first time, the Garbage/Recycling Fund did not require transfers from the General Fund for funding operations. Garbage fees collected increased \$25,000, along with recycling grant funding of \$70,000. When separating the garbage and recycling components, the garbage function has a positive change in net position of \$395,000 while recycling had a negative change in net position of (\$315,000). In order to fund recycling, an amount equal to the negative change in net position (\$315,000) was transferred from the garbage component to the recycling component. Although the recycling program continues to operate at a loss, the City is committed to recycling and to public awareness of the need to recycle.

Total transfers to Business-type activities in the current fiscal year total \$410,000.

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

Uses of General Revenues	
Public Safety	\$ 8,224,126
Public Works	6,246,957
General Government	3,760,379
Library & Recreation	2,436,237
Interest on Long-Term Debt	1,945,618
Business-Type Activities	331,943
	<u>\$ 22,945,260</u>



FINANCIAL ANALYSIS OF CITY FUNDS

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

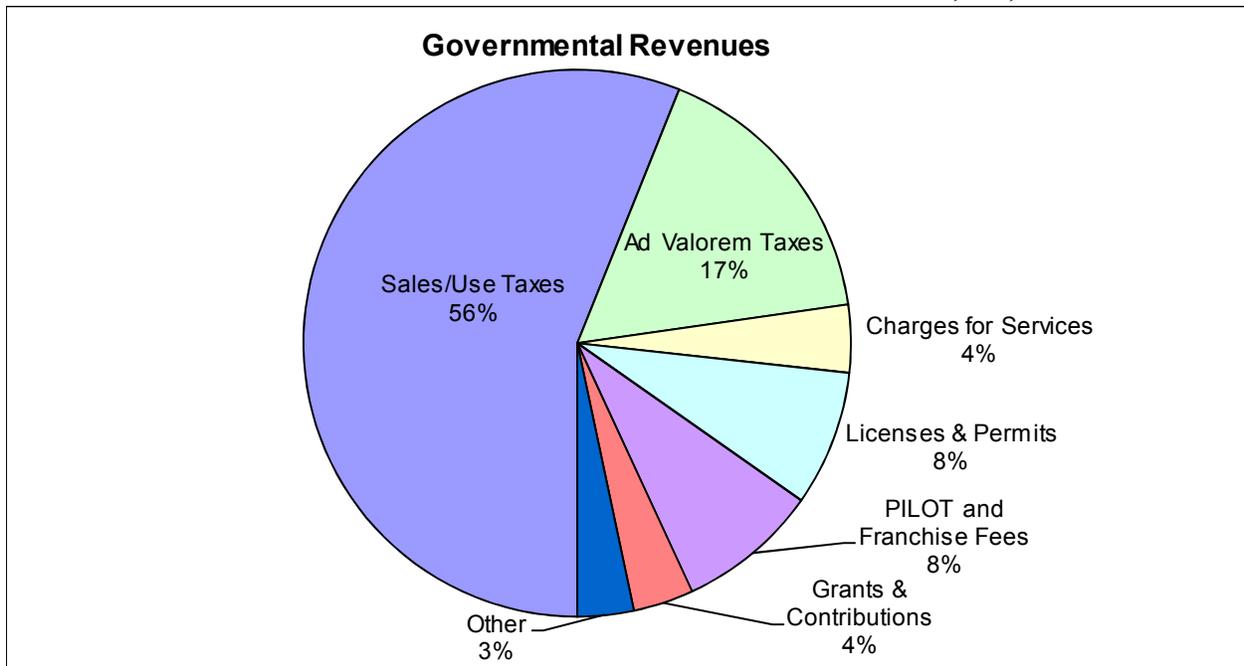
Governmental Funds

As the City completed the current fiscal year, its governmental funds reported a combined fund balance of \$17.0 million, an \$11.5% (\$2.2 million) decrease from the prior year. The principal component of this decrease is a \$2.15 million decrease in 2012 Construction Fund’s fund balance.

Governmental Revenues

Total revenues of the governmental funds showed growth of 1.0% (260,000) over the prior year. The following chart and graph presents a summary of Governmental Revenues sources:

Governmental Revenues	
Sales/Use Taxes	\$ 15,213,369
Ad Valorem Taxes	4,517,480
Charges for Services	1,088,021
Licenses and Permits	2,173,251
PILOT and Franchise Fees	2,268,871
Grants and Contributions	968,626
Other	900,932
	\$ 27,130,550



Sales and use taxes are the largest source of revenues at 56%; Ad valorem taxes are the next largest at 17%; PILOT, with Franchise Fees and Licenses and Permits next, each at 8% of total revenues.

The change in revenues is presented below:

	2013	2012	Variance	% Change
Sales/Use Taxes	\$ 15,213,369	\$ 14,583,646	629,723	4%
Ad Valorem Taxes	4,517,480	4,915,408	(397,928)	-8%
Charges for Services	1,088,021	1,105,808	(17,787)	-2%
Licenses and Permits	2,173,251	1,864,731	308,520	17%
PILOT and Franchise Fees	2,268,871	2,234,494	34,377	2%
Grants and Contributions	968,626	1,448,380	(479,754)	-33%
Other	900,932	718,540	182,392	25%
	<u>\$ 27,130,550</u>	<u>\$ 26,871,007</u>	<u>259,543</u>	<u>1%</u>

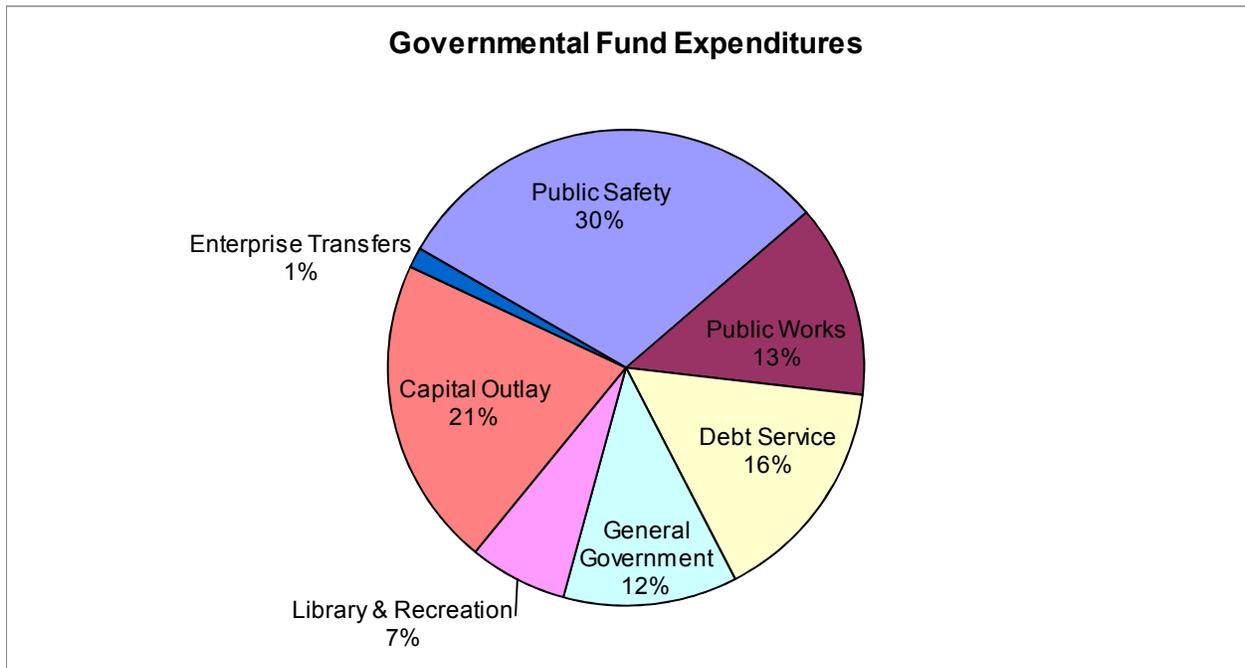
A discussion of significant increases and decreases follows:

- Sales and use taxes increased \$630,000. This is, in part, due to the rejuvenation of Jubilee Square beginning with the opening of Dick’s Sporting Goods in June 2011 and continuing with the opening of Fresh Market in October 2012. Dick’s and Fresh Market offer a distinct shopping experience to Daphne. Wal-Mart and Sam’s continue to be strong retail establishments.
- Licenses and permits increased \$310,000, reflective of the improving economic conditions in the area.
- Ad Valorem taxes decreased (\$400,000) due to a County-wide revaluation and resulting decrease in property assessed valuations county-wide. The improving economic conditions have not yet had an impact on property values, in part, because property assessment valuations have impact in arrears.
- Grants and contributions decreased (\$480,000). This is reflective of a decrease in grant activity during the current fiscal year.
- Other revenue sources increased \$180,000. The City’s share of distributions from the Alabama Trust Fund increased \$300,000 over the prior year, offsetting the decrease of \$120,000 from other components.

Governmental Expenditures

A summary of Governmental expenditures is presented below:

Governmental Fund Expenditures		
Public Safety	\$ 9,079,296	30%
Public Works	3,932,144	13%
Debt Service	4,662,953	16%
General Government	3,541,464	12%
Library & Recreation	1,990,272	7%
Capital Outlay	6,304,061	21%
Enterprise Transfers	408,190	1%
	<u>\$ 29,918,380</u>	



This represents an increase in expenditures of 6.7%; (\$1.9 million) over the prior year.

The principal drivers of this increase are an increase in Capital Outlay of \$1.0 million over the prior year, and an increase in Debt Service of \$500,000 over the prior year.

- Capital expenditures increased \$1.0 million. During the current fiscal year, the City expended \$4.7 million on infrastructure projects, an increase of \$200,000 over the prior year. In addition, an increase of \$915,000 was expended on vehicles and heavy equipment, which included 6 Police Patrol vehicles (\$245,000), and 2 Fire Pumper Trucks (\$745,000).

- Debt Service principal and interest payments increased \$500,000 over the prior year. In the current fiscal year, payments began on the 2012 bond issue resulting in an additional \$400,000 in principal and interest payments over the prior year.

Departmental costs of \$18.5 million are the largest component of current fiscal year expenditures (62.8%); overall departmental costs increased 2.5% (\$450,000) over the prior year.

The department with the largest amount of governmental expenditures remains Public Safety at \$9.1 million (30.8% of total expenditures). Capital expenditures totaling \$6.3 million is the next largest component (21.4%). Infrastructure projects (street resurfacing) are the largest category of capital at \$4.4 million.

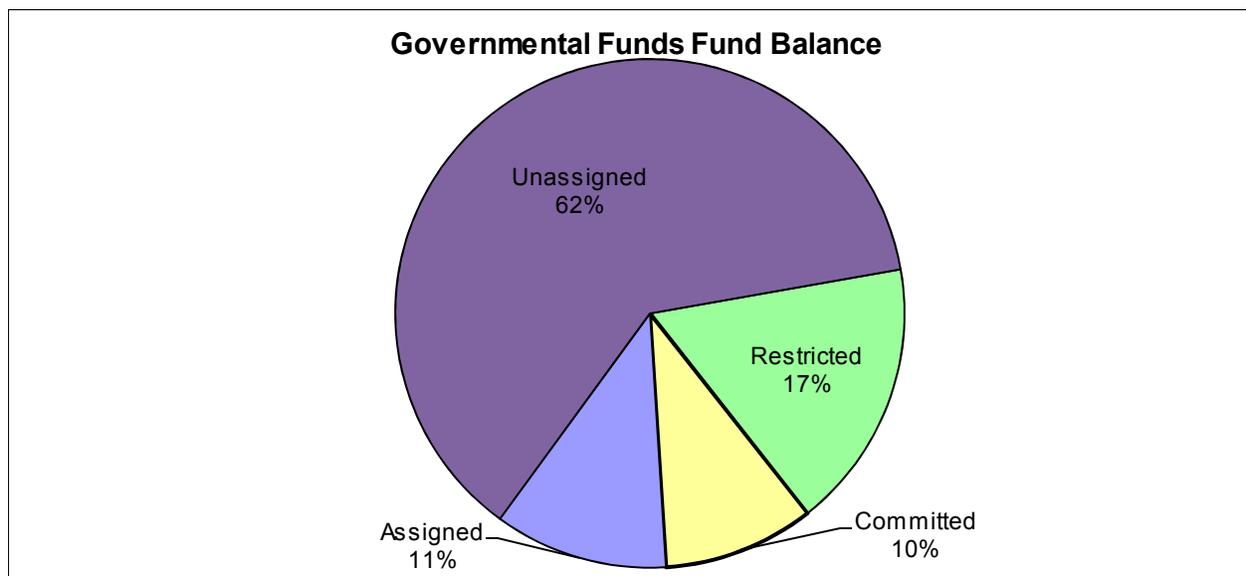
Debt Service totaling \$4.7 million is the third component of governmental expenditures (15.8%). This component is comprised of principal payments of \$2.8 million, and interest payments of \$1.9 million.

Governmental Fund Balance

Total fund balance of the governmental funds as of September 30, 2013 is \$17.0 million. Of this amount, \$10.6 million is unassigned. An illustration of the total fund balance for governmental funds is presented below:

**Governmental Funds:
Fund Balance**

	2013	2012	Variance	% Change
Restricted	\$ 2,919,881	\$ 5,722,598	\$ (2,802,717)	-49.0%
Committed	1,635,200	2,190,078	(554,878)	-25.3%
Assigned	1,878,537	427,782	1,450,755	339.1%
Unassigned	10,583,878	10,883,712	(299,834)	-2.8%
	<u>\$ 17,017,496</u>	<u>\$ 19,224,170</u>	<u>\$ (2,206,674)</u>	<u>-11.5%</u>



This represents a total fund balance decrease of \$11.5% (\$2.2 million) from the prior year. The General Fund fund balance increased 5.0% (\$500,000). The City of Daphne has a healthy unassigned fund balance with an informal policy to maintain the unassigned fund balance in the range of \$8.0 million or approximately four months' worth of General Fund revenues.

Proprietary Funds

The City's proprietary funds are all categorized as enterprise operations, and consist of the Garbage/Recycling Fund, Civic Center Fund, and the Bay Front Park Fund. During the current fiscal year, \$410,000 was transferred from the governmental funds to subsidize enterprise fund operations. This amount represents 19.5% of the total enterprise funds revenues and transfers in, and is a 15.5% (\$75,000) decrease from prior year transfers.

For the first time, the garbage/recycling fund required no transfers to cover operating expenses. The Recycling program continues to report operating losses, but the City is committed to the recycling program and its environmental benefits. The garbage program reported a net income of \$393,000. This net income was used to fund the recycling program loss of (\$313,000). A detailed analysis of the garbage/recycling function was previously presented.

Civic Center and Bay Front Park required transfers of \$261,000 and \$147,000, respectively, during the current fiscal year, a decrease of 15.5% (\$75,000) from the prior year.

A summary and comparison of the enterprise fund's operating results for the 2013 and 2012 fiscal years is presented below:

Enterprise Fund								
Comparative: Fiscal Years 2013 and 2012								
	<u>Garbage/Recycling</u>		<u>Civic Center</u>		<u>Bay Front Park</u>		<u>TOTAL</u>	
	2013	2012	2013	2012	2013	2012	2013	2012
Fees and charges	\$ 1,388,688	\$ 1,289,902	\$ 229,949	\$ 217,886	\$ 65,430	\$ 59,983	\$ 1,684,067	\$ 1,567,771
Other receipts	19,448	-	-	-	180	-	19,628	-
Transfers	-	56,053	261,239	279,061	146,951	148,050	408,190	483,165
Revenues	1,408,136	1,345,955	491,188	496,947	212,561	208,033	2,111,885	2,050,935
Personnel	568,892	566,233	149,878	163,317	141,676	148,553	860,446	878,103
Operating	748,475	783,220	341,310	333,630	70,885	59,480	1,160,670	1,176,330
Interest	14,522	(3,498)	-	-	-	-	14,522	(3,498)
Expenses	1,331,889	1,345,955	491,188	496,947	212,561	208,033	2,035,638	2,050,935
Revenues Over								
(Under) Expenses	\$ 76,247	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,247	\$ -

Analysis of Changes in Major Funds

Major funds are funds whose revenues, expenditures/expenses, assets or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise fund and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. The General Fund is always considered a major fund. The major funds presented are considered to be of particular importance to financial statement users. In addition to the General Fund, other funds determined to be major governmental funds are the Debt Service Fund, the Capital Reserve Fund, the 2006 Construction Fund, and the 2012 Construction Fund. Each of these funds have been a major fund for at least a decade, with the 2006 and 2012 Construction Funds included since their inception in 2006 and 2012, respectively.

General Fund (Governmental)

At the end of the current fiscal year, the total fund balance of the City's General Fund increased 5.0% (\$500,000) over the prior year's ending balance. Fund balance reflects the cumulative excess of revenues and other financing sources over expenditures and other financing uses. The current fiscal year ending fund balance was \$10.9 million, compared to \$10.4 million at the end of the prior year.

Cash and cash equivalents (including equity in pooled cash) plus investments increased by 6.4% (\$610,000) during the current fiscal year, over the adjusted cash and cash equivalents amount for the prior year. For the 2013 fiscal year, amounts that were previously reported as "Due to Other Funds" have been re-characterized as "Equity in Pooled Cash". As such, General Fund "Due to Other Funds" for the prior year has been netted against "Cash and cash equivalents", to arrive at the adjusted "Cash, equity in pooled cash" used for comparison purposes.

Taxes receivable were up \$130,000 over the prior year. Ad valorem taxes receivable were up \$105,000 representing increased collections during October 2014 over October of the prior year, and Sales taxes receivable for September 2013 were up \$25,000 over September of the prior year.

Grants receivable decreased \$180,000 from the prior year. At September 30, 2012, the City had grants receivable from a FEMA grant, a Fire Fighters grant, and a SAFER grant totaling \$178,000. These amounts were received in the current fiscal year.

Deferred revenues (ad valorem tax assessments) increased \$230,000 over the prior year, reflecting the increase in the ad valorem tax assessment over the prior year.

Debt Service Fund (Governmental)

The Debt Service Fund is used to account for the accumulation of financial resources to be used for the payment of general long-term debt principal and interest. The fund balance decreased (\$450,000) over the prior year. The fund balance in this fund fluctuates based on the timing of upcoming debt payments.

Capital Reserve Fund (Governmental)

The Capital Reserve Fund is used for capital purposes, such as road resurfacing and other capital appropriations. The fund balance increased \$430,000 over the prior year. Components of this increase include an excess of expenses over revenues of (\$220,000), offset by transfers of \$650,000 from the General Fund.

2006 Construction Fund (Governmental)

The 2006 Construction Fund reports special assessments associated with the 2006 Highway 90 sewer project. The balances due on these special assessments are being paid down at the rate of approximately \$95,000 per year, leaving a remaining balance of \$890,000 yet to be collected. The special assessment receipts are transferred to the Capital Reserve Fund to be used to finance other capital projects.

2012 Construction Fund (Governmental)

The 2012 Construction Fund contains debt proceeds from the 2012 bond issuance that are being used for road surfacing projects. During the current fiscal year, \$2.2 million of the original \$3.0 million debt proceeds was expended on these type projects, leaving a remaining balance of \$800,000.

General Fund Budgetary Highlights

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

Detailed information for the General Fund budget is presented in the 'Required Supplemental Information' section. The final amended budget reflected revenues under expenditures by \$1.8 million. Actual results reflect an excess of revenues over expenditures (budgetary basis) of \$490,000. This \$2.3 million positive variance is due equally to actual revenues in excess of budget estimates by \$1.1 million, and budgeted departmental personnel and operating costs under budget estimates by \$850,000 and \$470,000, respectively.

Revenues - The significant components that produced the excess of actual revenues over final budgeted estimates of \$1.1 million are:

- Sales, Use, and Luxury Taxes – The excess of actual over final budgeted estimates of \$620,000 reflect the continued steady improvement of the local economy principally led by the rejuvenation of Jubilee Square shopping area.

Licenses and Permits - The excess of actual over final budgeted estimates of \$310,000 is principally comprised of two components; building permits excess of \$125,000, and business licenses excess of \$175,000. As mentioned above, these excess amounts reflect the continued, steady improvement of the local economy as evidenced by increasing local construction activity and related increasing business activity.

Departmental costs – Significant components that produced the excess of actual departmental expenditures (under) final budgeted amounts of \$1.3 million are:

- Personnel actual expenditures are under final budgeted amounts by \$850,000 (6.1%). The personnel component of the budget is estimated based on all positions being filled for the full year; vacancies are experienced during the year, so this results in actual expenditures normally being less than the budgeted amounts. Significant personnel under budget components include:
 - General government – Legislative 19% (\$46,000); Finance 15% (\$83,000); and Planning 11% (\$26,000).
 - Public safety – Patrol 4% (\$97,000); Corrections 5% (\$35,000); and Fire 6% (\$180,000).
 - Public works – Street 7% (\$45,000); Grounds 9% (\$45,000); and Garage 11% (\$43,000).
 - Library and recreation – Parks 11% (\$41,000); and Library 10% (\$58,000).
- Operating actual expenditures are less than final budgeted amounts by \$470,000 (8.7%). Significant operating expenditure components include:
 - Parks and recreation operating costs \$118,000 (20%) under budget;
 - Legal fees \$76,000 (30%) under budget;
 - City Hall Facilities utilities \$64,000 (29%) under budget;
 - Mechanic shop net reimbursed costs \$59,000 (13%) under budget.

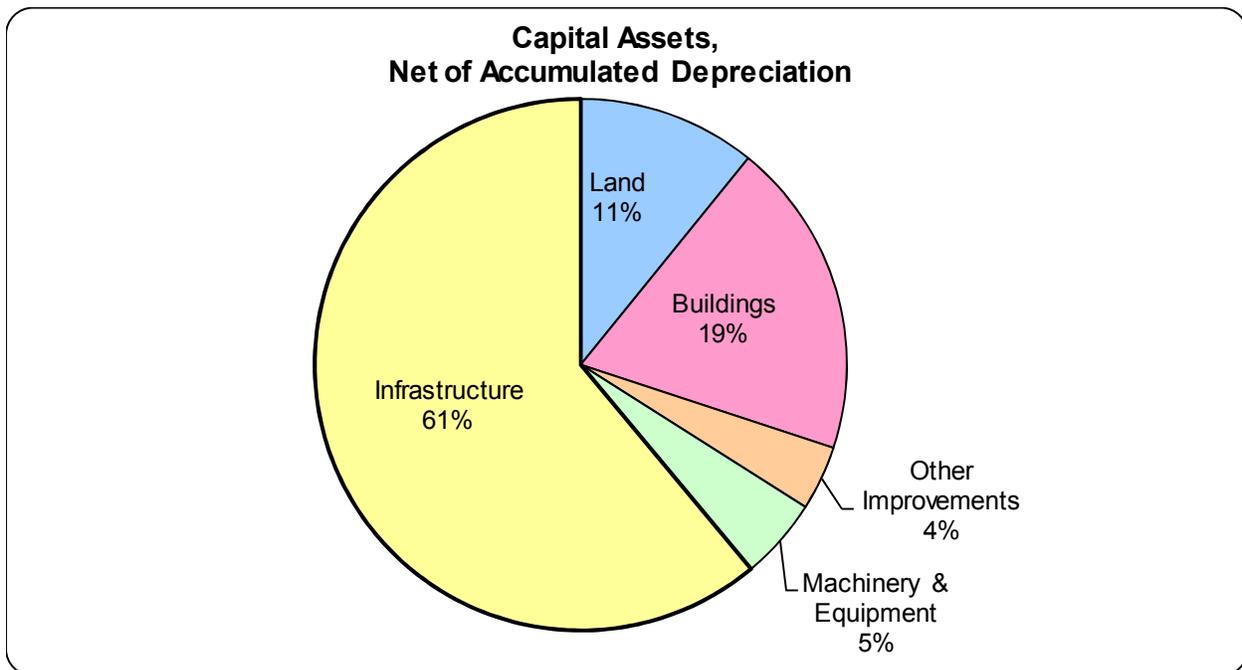
CAPITAL ASSET AND DEBT MANAGEMENT

Capital Assets

As of September 30, 2013, the City owned \$103.0 million (net of accumulated depreciation) in capital assets, invested in a broad range of asset types, including land, buildings, park facilities, roads and bridges, sidewalks, vehicles and other equipment for governmental and business-type activities. The following table summarizes the City's capital assets by asset type:

	Governmental Activities		Business-type Activities		TOTAL		% Change
	2013	2012	2013	2012	2013	2012	2013/2012
Land	\$ 11,134,449	\$ 11,134,449	\$ -	\$ -	\$ 11,134,449	\$ 11,134,449	0.0%
Buildings	19,607,158	19,958,299	150,863	120,728	19,758,021	20,079,027	-1.6%
Other Improvements	4,035,322	3,679,363	-	-	4,035,322	3,679,363	9.7%
Machinery & Eqpt	4,329,345	3,390,019	758,663	652,904	5,088,008	4,042,923	25.8%
Infrastructure	62,737,994	62,187,637	-	-	62,737,994	62,187,637	0.9%
TOTAL	\$ 101,844,268	\$ 100,349,767	\$ 909,526	\$ 773,632	\$ 102,753,794	\$ 101,123,399	1.6%

Components of Capital Assets:



Overall, during the current fiscal year, Governmental Capital Assets, Net of Accumulated Depreciation increased \$1.9 million over the prior year. Significant components of the increase include the following:

- \$4.75 million Infrastructure: Principally resurfacing projects as previously discussed, including \$1.15 million in streets/roads/drainage accepted from developers of new subdivisions.
- \$1.05 million Police and Fire vehicles, including 2 Pumper Fire Trucks (\$745,000).
- \$(5.9 million) Depreciation Expense

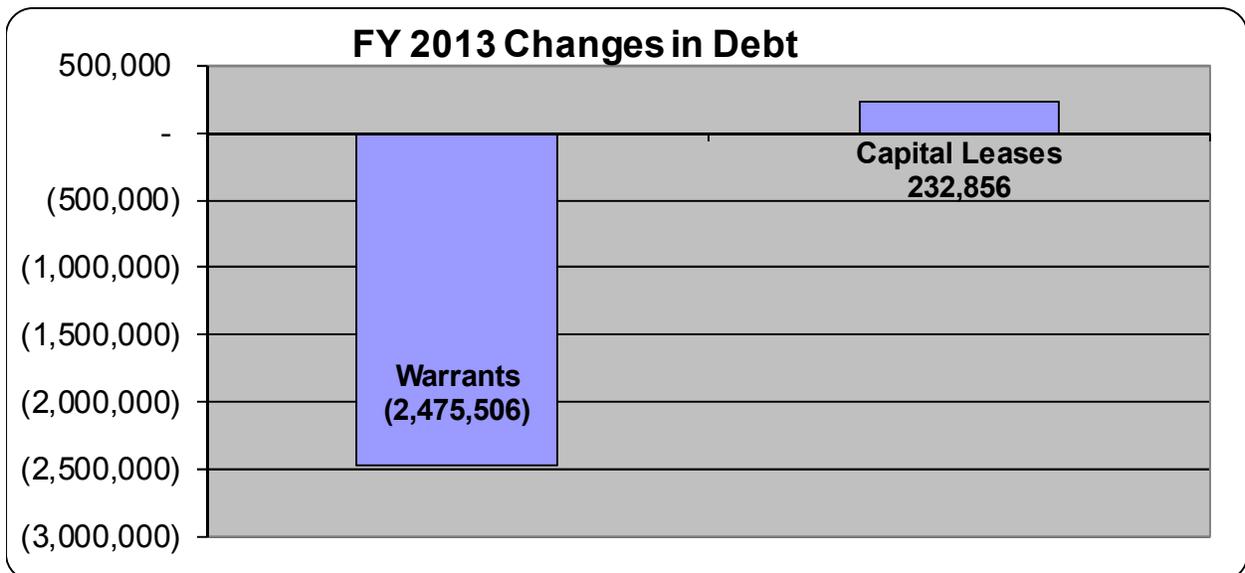
See Notes 5 and 6 in the Notes to Financial Statements section for more detailed information on the City’s Capital Assets.

Long-Term Debt

As of September 30, 2013, the City owed \$39.6 million in long-term warrants outstanding and \$850,000 in capital leases outstanding, of which \$2.9 million will mature during the upcoming fiscal year. The following table summarizes the long-term debt:

Debt Outstanding
September 30, 2013 with
with comparatives as of
September 30, 2012

	<u>Governmental Funds</u>		<u>Business-Type Funds</u>		<u>TOTAL</u>	
	<u>9/30/2013</u>	<u>9/30/2012</u>	<u>9/30/2013</u>	<u>9/30/2012</u>	<u>9/30/2013</u>	<u>9/30/2012</u>
Warrants	\$ 39,634,250	\$ 42,109,756	\$ -	\$ -	\$ 39,634,250	\$ 42,109,756
Capital Leases	432,882	169,158	416,106	446,974	848,988	616,132
	<u>\$ 40,067,132</u>	<u>\$ 42,278,914</u>	<u>\$ 416,106</u>	<u>\$ 446,974</u>	<u>\$ 40,483,238</u>	<u>\$ 42,725,888</u>



There was no new long term warrant debt issued during the current fiscal year. The decrease in the amount of warrants outstanding of \$2.5 million was solely the result of warrant principal payments made during the current year.

New Capital Leases of \$820,000 were incurred during the current fiscal year. This increase was offset by principal payments totaling \$585,000 that were made during the current fiscal year, resulting in a net increase of \$235,000.

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

Pursuant to State of Alabama statutes, the City's general obligation debt issuances are subject to a legal limitation of 20% of the net assessed real and personal property values. As of September 30, 2013, the City's permissible debt limit exceeded actual debt by \$32.7 million. This debt margin is \$4.25 million greater than the prior year debt margin. When issued, the 2006 Limited Obligation Special Tax Warrants were not chargeable to the debt limit, because a specific revenue source was pledged for the payment of the related debt. However, when refunded, the Limited Obligation became a part of a General Obligation issue, which is subject to the debt limit calculations.

Bond Ratings

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

Reasons cited for the upgrade included historic and projected new growth and development; conservative fiscal management resulting in sound financial operations; very strong financial reserves; and moderate overall debt burden. The City's financial management strengths were described by Moody's as "a healthy financial position given conservative budgeting of the City's major revenue, sales tax, track record of increasing reserves and management's stated goal of maintaining an undesignated unreserved fund balance of 20% to 25% of revenues". These upgrades reflect the ongoing commitment of the City's elected officials and management staff to make wise, financially responsible decisions.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The current fiscal year General Fund reports an increase of 11.1% (\$1.4 million) in Sales and Use Taxes over the prior year. During Fiscal 2011, the City seems to have begun a gradual recovery in economic activity. The City is mindful that the retail markets are still volatile and took this into consideration with the upcoming fiscal year budget. To reflect this volatility, the City conservatively projected a decrease for the upcoming fiscal year of 2.6% or \$400,000. After six months of collections, actual collections are closely tracking budgeted amounts.

The City continues to follow an informal policy targeted to maintain a fund balance equal to three to four months of operating revenues. For the upcoming fiscal year, this would equate to a fund balance between \$6.2 and \$8.3 million. At the end of the current fiscal year, the Unassigned Fund Balance is 44.4% of the General Fund revenues.

With an Unassigned Fund Balance of the General Fund at the beginning of the upcoming fiscal year of \$10.6 million, the City Council continues to have the resource reserves to fund capital expenditures on a pay-as-you-go basis during the upcoming year.

No major changes have been made in the business-type activities through the first six months of the 2014 fiscal year.

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

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

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Government-Wide Financial Statements

CITY OF DAPHNE, ALABAMA

**Statement of Net Position
September 30, 2013**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash, equity in pooled cash	\$ 10,308,899	\$ 197,433	\$ 10,506,332	\$ 25,361
Investments	5,513,230	-	5,513,230	23,798
Receivables	7,400,838	153,251	7,554,089	
Receivables from fiduciary funds	301,931	-	301,931	-
Inventories	316,460	-	316,460	-
Other assets	120,371	-	120,371	4,552
Restricted investments	-	-	-	1,009,633
Capital assets, net of accumulated depreciation:				
Land	11,134,449	-	11,134,449	3,154,895
Buildings	19,607,158	150,863	19,758,021	-
Machinery and equipment	4,329,345	758,663	5,088,008	-
Other improvements	4,035,322	-	4,035,322	-
Infrastructure	62,737,994	-	62,737,994	891,734
Construction in progress	-	-	-	-
Total assets	125,805,997	1,260,210	127,066,207	5,109,973
DEFERRED OUTFLOWS OF RESOURCES				
Deferred expense on refunding of bonds	1,162,360	-	1,162,360	-
Total deferred outflows of resources	\$ 1,162,360	\$ -	\$ 1,162,360	\$ -

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts payable	\$ 683,135	\$ 45,910	\$ 729,045	\$ 13,262
Salaries and benefits payable	671,029	22,619	693,648	-
Accrued interest payable	91,098	6,589	97,687	255,781
Other payables	19,780	-	19,780	-
Payables to fiduciary funds	24,903		24,903	
Unearned revenue	426,768	91,808	518,576	
Long term liabilities:				
Other post employment benefits	943,822	48,633	992,455	-
Warrants, notes, and leases payable; compensated absences:				
Due within one year	2,944,274	181,653	3,125,927	120,000
Due in more than one year	37,419,646	253,306	37,672,952	8,065,000
Total liabilities	43,224,455	650,518	43,874,973	8,454,043
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues	890,871	-	890,871	-
NET POSITION				
Net investment in capital assets	62,254,836	493,334	62,748,170	(4,138,371)
Restricted for:				
Capital projects	1,339,287	-	1,339,287	-
Debt service	1,258,400	-	1,258,400	745,675
Other purposes	322,194	-	322,194	-
Unrestricted	17,678,314	116,358	17,794,672	48,626
Total net position	\$ 82,853,031	\$ 609,692	\$ 83,462,723	\$ (3,344,070)

CITY OF DAPHNE, ALABAMA

**Statement of Activities
For the Year Ended September 30, 2013**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,851,856	\$ 39,814	\$ 51,663	\$ -
Public safety	9,993,644	1,259,980	92,131	417,407
Public works	8,463,551	6,597	59,219	2,150,778
Library and recreation	2,672,960	151,412	60,787	24,524
Interest on long term debt	1,945,618	-	-	-
Total governmental activities	<u>26,927,629</u>	<u>1,457,803</u>	<u>263,800</u>	<u>2,592,709</u>
Business-type activities:				
Garbage/Recycling	1,312,441	1,388,688	-	-
Civic Center	491,188	229,949	-	-
Bay Front Park	212,561	65,610	-	-
Total business-type activities	<u>2,016,190</u>	<u>1,684,247</u>	<u>-</u>	<u>-</u>
 Total primary government	<u>\$ 28,943,819</u>	<u>\$ 3,142,050</u>	<u>\$ 263,800</u>	<u>\$ 2,592,709</u>
Component unit:				
Renaissance Improvement District	<u>\$ 1,759,453</u>	<u>\$ 656,801</u>	<u>\$ 155,807</u>	<u>\$ -</u>

General revenues and transfers:

Sales, use, and luxury taxes
 Ad valorem taxes
 Business licenses
 PILOT and franchise fees
 Investment and interest earnings
 Contributions not restricted to specific programs
 Gain on disposition of assets
 Transfers

Total general revenues and transfers

Change in net position

Net position, as restated, beginning of year

Net position, end of year

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

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (3,760,379)	\$ -	\$ (3,760,379)	
(8,224,126)	-	(8,224,126)	
(6,246,957)	-	(6,246,957)	
(2,436,237)	-	(2,436,237)	
(1,945,618)	-	(1,945,618)	
<u>(22,613,317)</u>	<u>-</u>	<u>(22,613,317)</u>	
-	76,247	76,247	
-	(261,239)	(261,239)	
-	(146,951)	(146,951)	
<u>-</u>	<u>(331,943)</u>	<u>(331,943)</u>	
\$ (22,613,317)	\$ (331,943)	\$ (22,945,260)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (946,845)</u>
15,423,466	-	15,423,466	-
4,799,679	-	4,799,679	-
1,687,588	-	1,687,588	-
2,268,871	-	2,268,871	-
2,802	-	2,802	23
8,725	-	8,725	-
47,482	-	47,482	-
(408,190)	408,190	-	-
<u>23,830,423</u>	<u>408,190</u>	<u>24,238,613</u>	<u>23</u>
1,217,106	76,247	1,293,353	(946,822)
81,635,925	533,445	82,169,370	(2,397,248)
<u>\$ 82,853,031</u>	<u>\$ 609,692</u>	<u>\$ 83,462,723</u>	<u>\$ (3,344,070)</u>

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Governmental Fund Financial Statements

CITY OF DAPHNE, ALABAMA

**Balance Sheet
Governmental Funds
September 30, 2013**

	General Fund	Debt Service Fund	Capital Reserve Fund
ASSETS			
Cash, equity in pooled cash	\$ 4,893,062	\$ 1,258,400	\$ 1,616,743
Investments	5,164,072	-	-
Taxes receivable	5,504,880	-	-
Receivables from other governments	114,230	-	-
Grants receivable	3,513	-	76,787
Other receivables	137,476	-	542,394
Receivables from fiduciary funds	-	-	-
Inventories	316,460	-	-
Other assets	120,371	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 16,254,064</u>	<u>\$ 1,258,400</u>	<u>\$ 2,235,924</u>
LIABILITIES			
Accounts payable	\$ 448,646	\$ -	\$ 49,473
Wages/accrued withholding payable	967,818	-	-
Payables to fiduciary funds	24,903	-	-
Other payables	19,780	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>1,461,147</u>	<u>-</u>	<u>49,473</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	3,930,958	-	-
Deferred revenue - special assessments	-	-	-
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>3,930,958</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	-	1,258,400	-
Committed	-	-	603,470
Assigned	278,081	-	1,582,981
Unassigned	10,583,878	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>10,861,959</u>	<u>1,258,400</u>	<u>2,186,451</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 16,254,064</u>	<u>\$ 1,258,400</u>	<u>\$ 2,235,924</u>

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

2006 Construction Fund	2012 Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 559,784	\$ 1,980,910	\$ 10,308,899
-	349,158	-	5,513,230
-	-	56,334	5,561,214
-	-	-	114,230
-	-	74,353	154,653
888,711	-	2,160	1,570,741
-	-	301,931	301,931
-	-	-	316,460
-	-	-	120,371
<u>\$ 888,711</u>	<u>\$ 908,942</u>	<u>\$ 2,415,688</u>	<u>\$ 23,961,729</u>
\$ -	\$ 95,849	\$ 89,167	\$ 683,135
-	-	-	967,818
-	-	-	24,903
-	-	-	19,780
-	-	426,768	426,768
-	95,849	515,935	2,122,404
-	-	-	3,930,958
888,711	-	2,160	890,871
<u>888,711</u>	<u>-</u>	<u>2,160</u>	<u>4,821,829</u>
-	813,093	848,388	2,919,881
-	-	1,031,730	1,635,200
-	-	17,475	1,878,537
-	-	-	10,583,878
-	813,093	1,897,593	17,017,496
<u>\$ 888,711</u>	<u>\$ 908,942</u>	<u>\$ 2,415,688</u>	<u>\$ 23,961,729</u>

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CITY OF DAPHNE, ALABAMA

**Reconciliation of the Balance Sheet Governmental Funds
to the Statement of Net Position
September 30, 2013**

Total fund balances, governmental funds	\$ 17,017,496
Amounts reported for governmental activities in the Statement of Net position are different because:	
Capital assets used in governmental activities are not current financial resources, and, therefore are not reported in the governmental funds financial statement, but are reported in the governmental activities of the statement of net position.	
Governmental capital assets, net of accumulated depreciation	101,844,268
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Deferred amount on refunding, net of amortization	753,596
Discounts on warrants, net of amortization	<u>408,764</u>
	1,162,360
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.	
Accrued interest	(91,098)
Warrants, notes, leases	<u>(40,067,131)</u>
	(40,158,229)
Other post employment benefits are not due and payable in the current period, and, therefore are not reported in the fund financial statement.	(943,822)
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 fund financial statement.	<u>3,930,958</u>
Net position of governmental activities in the statement of net position	<u><u>\$ 82,853,031</u></u>

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

CITY OF DAPHNE, ALABAMA

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2013**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Reserve Fund</u>
Revenues			
Taxes:			
Sales, use, luxury	\$ 13,607,791	\$ 668,052	\$ -
Property	4,517,480	-	-
Total taxes	<u>18,125,271</u>	<u>668,052</u>	-
Licenses and permits	2,173,251	-	-
Payments in lieu of taxes	2,268,871	-	-
Fines	395,113	-	-
Charges for services	360,432	-	-
Intergovernmental	292,270	-	487,130
Grants	114,297	-	305,998
Special assessments	-	-	-
Interest/investment earnings	2,467	639	54
Contributions and donations	53,066	-	373,310
Miscellaneous	63,039	-	-
Total revenues	<u>23,848,077</u>	<u>668,691</u>	<u>1,166,492</u>
Expenditures			
Current:			
General government	3,293,969	-	-
Public safety	9,001,073	-	-
Public works	3,913,031	-	-
Recreation and library	1,802,829	-	-
Capital outlay:			
Vehicles and heavy equipment	1,047,290	-	373,310
Equipment	168,877	-	-
Buildings and land	249,303	-	-
Other improvements	-	-	8,300
Highways, streets and drainage	59,590	-	1,004,646
Debt service:			
Principal	-	2,792,936	-
Interest	-	1,870,017	-
Total expenditures	<u>19,535,962</u>	<u>4,662,953</u>	<u>1,386,256</u>
Excess (deficiency) of revenues over (under) expenditures	4,312,115	(3,994,262)	(219,764)
Other financing sources (uses):			
Transfers in	2,165	3,645,200	648,854
Transfers out	(4,379,238)	(105,829)	-
Debt proceeds	581,155	-	-
Total other financing sources (uses)	<u>(3,795,918)</u>	<u>3,539,371</u>	<u>648,854</u>
Net change in fund balances	516,197	(454,891)	429,090
Fund Balances, beginning	10,345,762	1,713,291	1,757,361
Fund Balances, ending	<u>\$ 10,861,959</u>	<u>\$ 1,258,400</u>	<u>\$ 2,186,451</u>

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

2006 Construction Fund	2012 Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 937,526	\$ 15,213,369
-	-	-	4,517,480
-	-	937,526	19,730,849
-	-	-	2,173,251
-	-	-	2,268,871
-	-	147,940	543,053
-	-	38,004	398,436
-	-	55,036	834,436
-	-	99,060	519,355
146,532	-	656	147,188
-	(1,336)	977	2,801
-	-	22,895	449,271
-	-	-	63,039
<u>146,532</u>	<u>(1,336)</u>	<u>1,302,094</u>	<u>27,130,550</u>
-	11,854	235,641	3,541,464
-	-	78,223	9,079,296
-	-	19,113	3,932,144
-	-	187,443	1,990,272
-	-	-	1,420,600
-	-	37,565	206,442
-	-	-	249,303
-	-	813,591	821,891
-	2,132,559	409,030	3,605,825
-	-	-	2,792,936
-	-	-	1,870,017
<u>-</u>	<u>2,144,413</u>	<u>1,780,606</u>	<u>29,510,190</u>
146,532	(2,145,749)	(478,512)	(2,379,640)
-	-	32,642	4,328,861
(146,532)	-	(105,452)	(4,737,051)
-	-	-	581,155
<u>(146,532)</u>	<u>-</u>	<u>(72,810)</u>	<u>172,965</u>
-	(2,145,749)	(551,322)	(2,206,675)
-	2,958,842	2,448,915	19,224,171
<u>\$ -</u>	<u>\$ 813,093</u>	<u>\$ 1,897,593</u>	<u>\$ 17,017,496</u>

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, 2013**

Net change in fund balances, total governmental funds \$ (2,206,675)

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

Governmental funds report capital outlays as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period

Capital outlay expenditures	7,444,236	
Less current year depreciation	<u>(5,949,735)</u>	1,494,501

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

Property taxes	282,202
----------------	---------

Other post employment benefits are not due and payable in the current period, and, therefore are not reported in the fund financial statement.

(489,102)

The issuance of long-term debt (e.g., 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:

Debt proceeds	(581,155)	
Amortization of discount	(24,472)	
Amortization deferred amount on refunding	(73,827)	
Principal payments	2,792,936	
Reversal of FY 12 accrued interest	113,796	
Accrued interest - warrants and leases	<u>(91,098)</u>	
		<u>2,136,180</u>

Change in net position of governmental activities	\$ 1,217,106
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The accompanying notes are an integral part of the financial statements.

Proprietary Fund Financial Statements

CITY OF DAPHNE, ALABAMA

**Statement of Net Position
Enterprise Fund
September 30, 2013**

	<u>Garbage/ Recycle</u>	<u>Civic Center</u>	<u>Bay Front Park</u>	<u>Total</u>
ASSETS				
Current assets:				
Equity in pooled cash	\$ 163,052	\$ 34,618	\$ (237)	\$ 197,433
Due from Utility Board	105,567	-	-	105,567
Grant receivable	33,063	-	-	33,063
Other receivables	14,621	-	-	14,621
Total current assets	<u>316,303</u>	<u>34,618</u>	<u>(237)</u>	<u>350,684</u>
Noncurrent assets:				
Capital assets:				
Roads	135,102	-	-	135,102
Facilities	241,199	85,708	80,476	407,383
Vehicles	1,479,271	15,047	-	1,494,318
Rental equipment and supplies	-	50,982	-	50,982
Equipment and office furniture	61,760	383,558	-	445,318
Total capital assets	1,917,332	535,295	80,476	2,533,103
Less: accumulated depreciation	<u>(1,147,798)</u>	<u>(443,925)</u>	<u>(31,854)</u>	<u>(1,623,577)</u>
Total noncurrent assets	<u>769,534</u>	<u>91,370</u>	<u>48,622</u>	<u>909,526</u>
Total assets	<u><u>\$ 1,085,837</u></u>	<u><u>\$ 125,988</u></u>	<u><u>\$ 48,385</u></u>	<u><u>\$ 1,260,210</u></u>

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

	Garbage/ Recycle	Civic Center	Bay Front Park	Total
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 28,109	\$ 15,221	\$ 2,580	\$ 45,910
Accrued wages/benefits	14,989	7,630	-	22,619
Interest payable	6,589	-	-	6,589
Compensated absences	11,632	2,109	5,026	18,767
Unearned revenue	-	62,510	29,298	91,808
Capital lease payable - current	170,393	-	-	170,393
Total current liabilities	<u>231,712</u>	<u>87,470</u>	<u>36,904</u>	<u>356,086</u>
Noncurrent liabilities:				
Capital lease payable - noncurrent	245,799	-	-	245,799
Post employment benefits	32,514	8,974	7,145	48,633
Total noncurrent liabilities	<u>278,313</u>	<u>8,974</u>	<u>7,145</u>	<u>294,432</u>
Total liabilities	<u>510,025</u>	<u>96,444</u>	<u>44,049</u>	<u>650,518</u>
NET POSITION				
Net investment in capital assets	353,342	91,370	48,622	493,334
Unrestricted net position	222,470	(61,826)	(44,286)	116,358
Total net position	<u>575,812</u>	<u>29,544</u>	<u>4,336</u>	<u>609,692</u>
Total liabilities and net position	<u>\$ 1,085,837</u>	<u>\$ 125,988</u>	<u>\$ 48,385</u>	<u>\$ 1,260,210</u>

CITY OF DAPHNE, ALABAMA

**Statement of Revenues, Expenses, and Changes in Net Position
Enterprise Fund**

For the Year Ended September 30, 2013

	Garbage/ Recycle	Civic Center	Bay Front Park	Total
Operating revenues:				
Rental fees	\$ -	\$ 191,594	\$ 65,430	\$ 257,024
Community events	-	38,355	-	38,355
Charges for services	1,208,352	-	-	1,208,352
Charges: carts/recycle bins	50,975	-	-	50,975
Grants	71,311	-	-	71,311
Other revenues	58,050	-	180	58,230
Total operating revenues	<u>1,388,688</u>	<u>229,949</u>	<u>65,610</u>	<u>1,684,247</u>
Operating expenses:				
Wages	366,493	106,775	98,052	571,320
Overtime	31,078	1,734	1,039	33,851
Payroll related	52,601	14,673	13,479	80,753
Compensated absences	3,734	(2,754)	1,784	2,764
Other personnel expense	104,649	26,736	24,743	156,128
Other post employment benefits	10,337	2,714	2,579	15,630
Total personnel services	568,892	149,878	141,676	860,446
Advertising	8,076	8,028	7,682	23,786
Community programs	-	27,206	-	27,206
Contracted services	12,228	21,160	-	33,388
Employee support	1,991	702	177	2,870
Equipment purchased	1,833	6,784	3,575	12,192
Equipment lease/rental	-	7,923	-	7,923
Fuel	110,034	1,681	1,681	113,396
Insurance	21,976	33,232	19,013	74,221
Landfill fees	190,471	-	-	190,471
Maintenance	150,980	47,452	4,241	202,673
Removal Costs	57,013	2,544	1,080	60,637
Supplies	5,129	12,920	2,575	20,624
Temporary services	-	12,920	6,799	19,719
Trustee assignments	-	17,667	-	17,667
Uniforms	3,703	373	-	4,076
Utilities	3,990	127,458	16,014	147,462
Depreciation	181,051	13,260	8,048	202,359
Total operating expenses	<u>1,317,367</u>	<u>491,188</u>	<u>212,561</u>	<u>2,021,116</u>
Operating income (loss)	<u>71,321</u>	<u>(261,239)</u>	<u>(146,951)</u>	<u>(336,869)</u>
Non-operating revenues (expenses):				
Gain on sale of assets	19,448	-	-	19,448
Interest expense	(14,522)	-	-	(14,522)
Total non-operating revenues (expenses)	<u>4,926</u>	<u>-</u>	<u>-</u>	<u>4,926</u>
Income (loss) before contributions	<u>76,247</u>	<u>(261,239)</u>	<u>(146,951)</u>	<u>(331,943)</u>
Capital contributions- general fund	-	261,239	146,951	408,190
Change in net position	<u>76,247</u>	<u>-</u>	<u>-</u>	<u>76,247</u>
Total net position, beginning	<u>499,565</u>	<u>\$ 29,544</u>	<u>\$ 4,336</u>	<u>\$ 533,445</u>
Total net position, ending	<u><u>\$ 575,812</u></u>	<u><u>\$ 29,544</u></u>	<u><u>\$ 4,336</u></u>	<u><u>\$ 609,692</u></u>

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

CITY OF DAPHNE, ALABAMA

**Statement of Cash Flows
Enterprise Fund
For the Year Ended September 30, 2013**

	Garbage/ Recycle	Civic Center	Bay Front Park	Total
Cash flows from operating activities:				
Receipts from customers	\$ 1,342,385	\$ 231,704	\$ 78,999	\$ 1,653,088
Payments to suppliers	(602,257)	(359,254)	(64,780)	(1,026,291)
Payments to employees	(553,335)	(148,723)	(137,312)	(839,370)
Net cash provided by (used in) operating activities	<u>186,793</u>	<u>(276,273)</u>	<u>(123,093)</u>	<u>(212,573)</u>
Cash flows from capital and related financing activities:				
Proceeds from capital debt	234,910	-	-	234,910
Principal paid on capital debt	(265,692)	-	-	(265,692)
Interest paid on capital debt	(10,067)	-	-	(10,067)
Capital contributions	-	261,239	146,951	408,190
Purchases of capital assets	(287,820)	(50,433)	-	(338,253)
Proceeds from sale of capital assets	19,448	-	-	19,448
Net cash provided by (used in) capital and financing activities	<u>(309,221)</u>	<u>210,806</u>	<u>146,951</u>	<u>48,536</u>
Net increase (decrease) in cash and cash equivalents	(122,428)	(65,467)	23,858	(164,037)
Equity in pooled cash, beginning	285,480	100,085	(24,095)	361,470
Equity in pooled cash, ending	<u>\$ 163,052</u>	<u>\$ 34,618</u>	<u>\$ (237)</u>	<u>\$ 197,433</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 71,321	\$ (261,239)	\$ (146,951)	\$ (336,869)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	181,051	13,260	8,048	202,359
Change in assets and liabilities:				
Receivables	(46,302)	915	-	(45,387)
Accounts payable	(34,834)	(31,205)	(1,943)	(67,982)
Accrued expenses	5,220	(1,558)	1,785	5,447
Unearned revenue	-	840	13,389	14,229
Deferred other post employment benefits	10,337	2,714	2,579	15,630
Net cash provided by (used in) operating activities	<u>\$ 186,793</u>	<u>\$ (276,273)</u>	<u>\$ (123,093)</u>	<u>\$ (212,573)</u>

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

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Fiduciary Fund Financial Statements

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CITY OF DAPHNE, ALABAMA

**Statement of Assets and Liabilities
Agency Funds
September 30, 2013**

ASSETS	
Cash, equity in pooled cash	\$ 81,565
Other receivables	<u>1,627</u>
Total assets	<u><u>\$ 83,192</u></u>
LIABILITIES	
Accounts payable	\$ 11,985
Due to agencies	38,805
Bond deposits	<u>32,402</u>
Total liabilities	<u><u>\$ 83,192</u></u>

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

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Notes to Financial Statements

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Basis of Accounting: Government-Wide and Fund Accounting

“Basis of Accounting” refers to when revenues and expenditures or 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 basic financial statements include both of the following: 1) The government-wide financial statements and the proprietary, fiduciary, and component unit fund statements which are presented on an accrual basis of accounting; and 2) The governmental funds in the fund financial statements which are presented on a modified accrual basis. Fiduciary activities of the City are not included in either one of these statements as, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government.

A. Accrual Basis

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

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

Expenses
<u>Less: Program Revenues</u>
(Fees and Charges)
(Operating Grants and Contributions)
<u>(Capital Grants and Contributions)</u>
Net Expenses to be paid by General Revenues

As a rule, interfund activity has been eliminated from the government-wide financial statements.

Note 1 – Summary of Significant Accounting Policies (continued)

Modified Accrual Basis - All of the governmental funds of the primary government are accounted for using the modified accrual basis.

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

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

Both the government-wide (accrual) and fund (modified accrual) financial statements (within the basic financial statements) categorize primary activities as either governmental or business type within the basic financial statements.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

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

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 demonstrate (a) legal and covenant compliance, (b) the source and use of liquid resources, and (c) that 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 adjustments necessary to transform the fund based financial statements into the governmental column in the government-wide presentation.

B. History

The City of Daphne, Alabama, was founded in 1927 under provisions of the State of Alabama. The City is located in Baldwin County on the eastern shore of Mobile Bay. The City operates under a Mayor-Council form of government.

Note 1 – Summary of Significant Accounting Policies (continued)

B. History (continued)

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 provided for the most significant change in financial reporting in several decades and required implementation by the City of Daphne for the year ending September 30, 2003. As part of this statement, a new reporting requirement was introduced 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.

C. Financial Reporting Entity

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

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. More detailed information on this component unit is available at: Wrathell, Hart, Hunt & Associates, 6131 Lyons Road – Suite 100, Coconut Creek, Florida 33073.

Note 1 – Summary of Significant Accounting Policies (continued)

C. 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.

D. Basis of Presentation

The accounts of the City are organized on the basis of individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. The various funds are reported by generic classification within the financial statements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The GASB Statement No. 34 model 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 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 and is considered a major governmental fund. All general tax revenue and other receipts that are not allocated by law or contractual agreement are accounted for in this fund. The general operating expenditures, fixed charges, and capital improvement costs not paid through other funds are paid from the General 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. The Special Revenues Funds are considered non-major governmental funds. Special Revenue Funds of the City are:

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

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds (continued)

- SAIL Site Fund – Financial resources are provided for the operation of a Senior Assisted Independent Living Program (SAIL). Federal funds flow through the State to the South Alabama Regional Planning Commission, which are in turn remitted to the City on a monthly basis. The City also provides a matching portion of resources required for the operation of this program.
- 2010 BP Oil Spill Recovery Fund – This fund was instituted by the State in 2010 to provide financial resources for the City’s response to the BP Oil Spill. Allowable uses are determined by the State.
- Federal and State Drug Recoveries Fund – Court-ordered confiscated funds are remitted to the City for public safety use as set forth by US Departments of Justice and/or Treasury.
- Library Fund - Donations and library fines are used to support library operations, purchase capital equipment, and provide certain library materials.
- Concession Stand Fund - Fees are charged for food and drink concessions at the Sports Complex and are used to cover the City’s cost of the operations as well as provide resources for capital equipment acquisitions.
- Municipal Court Equipment and Training Fund and Court & Judicial Administration Fund - These Funds are mandated by State Law and are maintained by fines levied by the City through its Municipal Court. Uses are restricted to providing additional support for the operations and capital needs of the Municipal Court.
- Corrections and Court Fund – This fund is mandated by State Law and is maintained by fines levied by the City through its Municipal Court. Uses are restricted to providing additional support for the operations of the Municipal Court and the Municipal Jail.
- Lodging Tax Fund – This fund represents a special tax levied by the City with proceeds used to support the maintenance and acquisition of bay-front property; to support acquisition of recreation capital equipment, grounds, and facilities; and to provide contributions to the Industrial Development Board (IDB) and Downtown Redevelopment Authority (DRA).
- Renaissance Center Fund – A defined portion of sales and use taxes generated within the Renaissance Improvement District (a Component Unit) are remitted to the District to provide debt service coverage for this component unit’s bond debt.

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

- Capital Reserve Fund – Financial resources are transferred from the General Fund (principally) for capital purposes, such as road resurfacing and other capital appropriations. This fund has been determined to be considered a major fund.
- 2006 Construction Fund – This Fund reports special assessments associated with the Highway 90 sewer project (a project funded by the City on behalf of the Utility Board). These special assessment revenues are transferred to the Capital Reserve Fund and used to finance other capital projects. This Fund has been determined to be considered a non-major fund.
- 2012 Construction Fund - Debt Proceeds for \$ 3,008,000 road resurfacing projects. This Fund has been determined to be considered a major fund.

Note 1 – Summary of Significant Accounting Policies (continued)

Debt Service Fund – To account for the accumulation of financial resources for, and the payment of, general long-term debt principal and interest. All debt repayment transactions of the City flow through this fund. This Fund has been determined to be considered a major fund.

Proprietary Funds

Proprietary funds – To account for activities for which a fee is charged to external users for goods and services. These 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 on 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 City's Proprietary Funds are further defined as Enterprise Funds. Enterprise funds operate much like business-type activities. 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. Enterprise Funds of the City are:

- Garbage and Recycling Fund - This fund is associated with the City's self-collection of refuse and recycling materials.
- Daphne Civic Center Fund and Bay Front Park Fund - These funds are associated with the operation of the Civic Center and Bay Front Park which includes the renting of the facilities for both public and private social events, as well as providing community entertainment through certain City-sponsored events.

Fiduciary Funds

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

Non-Current Governmental Assets/Liabilities

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

Note 1 – Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

The City’s cash includes cash on hand and demand deposits. At September 30, 2013, all bank balances were entirely insured and/or collateralized and/or guaranteed by the full faith and credit of the United States government. All financial institutions holding the City’s funds (deemed public funds), are members of the Security for Alabama Funds Enhancement (SAFE) pool established in the office of the State Treasurer. This plan became effective January 1, 2001.

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.

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.”

Inventories

Inventory held consists of repair parts for all city equipment and vehicles and vehicle fuel. A physical inventory system is in place that establishes a base inventory level of mechanical department parts and supplies in addition to the fuel inventory. Inventories are valued using the average cost method. Valuations at September 30, 2013 are as follows:

Mechanical Shop Parts and Supplies	\$ 284,590
Vehicle Fuel	\$ 31,870

Inventories are recorded as an asset in the General Fund, and the cost of inventories is recorded as expenditure at the time used.

Restricted Assets

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

Note 1 – Summary of Significant Accounting Policies (continued)

Restricted Assets (continued)

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.

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. The City's policy defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated 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 asset lives are not capitalized.

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

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

Buildings	25 to 40 years
Other improvements	5 to 20 years
Infrastructure (drainage, streets, bridges, sidewalks and docking)	20 to 30 years
Infrastructure (utilities and landscaping)	10 to 20 years
Machinery and equipment	8 to 15 years
Automotive equipment	5 to 7 years
Office equipment	5 years

Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City only has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source; property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

In the governmental funds, bond discounts and premiums are treated as period costs in the year of issuance. In the government-wide financial statements, bond discounts and premiums are deferred and amortized over the term of the bonds using the bonds outstanding method which approximates the effective interest method. Bond discounts/premiums are presented as a deferred outflow/inflow of resources.

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 \$315,555 and recorded as such in the financial statements.

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 position. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method and shown as deferred inflows/outflows on the Statement of Net Position. Warrant issuance costs are shown as an expense in the year they occur.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance

In accordance with GASB 54, the City reports in its governmental fund financial statements the following fund balance classifications:

Restricted Fund Balance	\$ 2,919,881
Committed Fund Balance	1,635,200
Assigned Fund Balance	1,878,537
Unassigned Fund Balance	<u>10,583,878</u>
	<u>\$ 17,017,496</u>

Restricted Fund Balance includes those funds limited to restrictions by creditors, grantors, laws, and regulations of other governments. Included in this classification for the City are funds related to debt service requirements, funds in the 2012 Construction Fund for road projects, and other special revenue funds limited to expenditures authorized through legislation from the State of Alabama. These include several Court Funds as well as the Four and Seven Cent Gas Tax Funds.

Committed Fund Balance includes those funds where the City, at its highest level of decision-making authority (City Council), takes formal action to place constraints on the use of its own resources. These constraints remains legally binding unless removed in the same manner. This includes the Lodging Tax Fund and the Capital Reserve Fund.

Assigned Fund Balance includes those funds reserved for intended use by those purchase orders or designation of encumbrances which are not already included in restricted or committed fund balances. . The City Council has in place a long-standing policy of delegating the authority for assigned fund balances to the Finance Department.

Unassigned Fund Balance is the remaining amount available for appropriation.

Committed, assigned, and unassigned are unrestricted amounts and are considered to have been spent when expenditures are incurred for purposes as stated above.

Property Tax Revenue and Property Tax Calendar

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

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

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. Budgeted amounts may be transferred among the line items within the department; however, expenditures may not exceed original appropriations at the department level. Budget revisions to increase total departmental appropriations require final review by the City Council.

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 an assignment of fund balance on the statement of net position. Encumbrances do not lapse at the close of the fiscal year but are carried forward as Assigned Fund Balance until liquidated.

Appropriation of Unassigned Fund Balance

The City has an informal minimum fund balance policy. The General Fund Unassigned Fund Balance should maintain a minimum balance within the range of 3 to 4 months of operating revenues and this minimum balance may only be appropriated for capital projects and equipment. At the end of the current fiscal year, General Fund Unassigned Fund Balance represented approximately 5.5 months of operating expenses and debt service as determined by the 2013 fiscal year budget. Related operating revenues as so determined were approximately 46% of the Unassigned Fund Balance.

Note 1 – Summary of Significant Accounting Policies (continued)

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 2013, the City contributed 6.8%.

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 position is presented in a reconciliation schedule following the governmental fund balance sheet. This reconciliation is between fund balance - total government funds and net position - governmental activities as reported in the government-wide statement of net position. 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 reconciliation schedule.

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 is presented in a reconciliation schedule following the governmental fund statement of revenues, expenditures, and changes in fund balances. The reconciliation is between net changes in fund balances - total governmental funds and changes in net position 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; whereas, 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 reconciliation schedule.

Another element of reconciliation explains "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 position.

Note 3 – Cash, Equity in Pooled Cash and Investments

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

At year-end, the City's carrying amount of cash and cash equivalents was \$10,506,332. This is a decrease of \$2,747,624 from the prior year.

Note 3 – Cash, Equity in Pooled Cash and Investments (continued)

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 in a collateral pool administered by the Alabama State Treasury.

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

	<u>2013</u>	<u>2012</u>
General operating fund	\$ 4,893,062	\$ 6,673,122
2012 Construction fund	559,784	3,008,636
Capital Reserve fund	1,616,743	1,157,725
Debt Service fund	1,258,400	1,660,179
Other non-major governmental funds	1,980,910	754,294
Non-governmental business-type funds	197,433	-
Total cash deposits	<u>\$ 10,506,332</u>	<u>13,253,956</u>

During the prior fiscal year, the City of Daphne issued the Series 2012 Refunding and Capital Improvements Warrants in the amount of \$13,495,000. Of this amount, \$3,008,000 was deposited into the 2012 Construction Fund to be used for Capital road projects; substantially all of such funds were not expended at September 30, 2012 and were held in cash. If the \$3,008,000 is factored out of the 2012 fiscal year total cash on hand, since it was not revenue generated from a governmental function or service, the result is an increase in cash from the prior year to the current year of \$62,943.

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

Investments at September 30, 2013 consist of the following:

Raymond James:	
Federal Home Loan Banks	\$ 1,278,277
United States Treasury Bonds and Notes	945,593
GNMA and FNMA Pools	1,984,983
Proprietary insured by US Government	1,106,531
Money Markets, Cash, and CD's	197,846
	<u>\$ 5,513,230</u>

The above investments report a loss, net of account management fees, in the amount of \$(63,228).

Fiduciary Funds report a cash balance of \$403,006.

Note 4 – Receivables

Receivables at September 30, 2013, consist of the following:

Governmental Activities:

Property, sales/use tax receivable	\$ 5,561,214
Receivables from other governments	268,883
Receivable from Daphne Volunteer Firefighters	540,454
Other receivables	<u>1,030,287</u>
Total governmental activities receivables	<u><u>\$ 7,400,838</u></u>

Business-type Activities:

Utility Board	\$ 105,567
Receivables from other governments	33,063
Other receivables	<u>14,621</u>
Total business-type receivables	<u><u>\$ 153,251</u></u>

The City entered into Cooperative Agreements with the Daphne Volunteer Firefighters (DVFF) in Fiscal 2011 whereby the City bids and enters into contracts for projects and the DVFF reimburses the City for expenses incurred. The City then owns facility improvements and equipment upon project completion. The City also entered into a \$600,000 agreement for the Burn Training Facility, fire truck, and equipment which will be repaid to the City over a five year period. These projects were completed in the current fiscal year. The current balance of this agreement is reflected in the schedule above.

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, 2013:

	Balance 10/1/12	Additions	Transfers	Retirements	Balance 9/30/13
Capital assets not being depreciated:					
Land	\$ 11,134,449	\$ -	\$ -	\$ -	\$ 11,134,449
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	11,134,449	-	-	-	11,134,449
Capital assets being depreciated:					
Buildings	25,383,541	269,303	(13,028)	-	25,639,816
Other improvements	5,777,616	801,891	13,028	-	6,592,535
Machinery and equipment	10,255,687	1,627,042	-	(436,012)	11,446,717
Infrastructure	127,761,955	4,746,000	-	-	132,507,955
Total capital assets being depreciated	169,178,799	7,444,236	-	(436,012)	176,187,023
Less: accumulated depreciation					
Buildings	(5,425,242)	(607,416)	-	-	(6,032,658)
Other improvements	(2,098,253)	(458,960)	-	-	(2,557,213)
Machinery and equipment	(6,865,668)	(687,716)	-	436,012	(7,117,372)
Infrastructure	(65,574,318)	(4,195,643)	-	-	(69,769,961)
Total accumulated depreciation	(79,963,481)	(5,949,735)	-	436,012	(85,477,204)
Total capital assets being depreciated	89,215,318	1,494,501	-	-	90,709,819
Governmental Activities capital assets, net	<u>\$ 100,349,766</u>	<u>\$ 1,494,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,844,268</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 248,718
Public safety	619,798
Public works	245,246
Parks and recreation	640,330
Infrastructure	4,195,643
	<u>\$ 5,949,735</u>

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, 2013:

	Balance 10/1/12	Additions	Transfers	Retirements	Balance 9/30/13
Capital assets being depreciated:					
Buildings	\$ 373,909	\$ 53,631	\$ -	\$ (20,157)	\$ 407,383
Machinery and equipment	2,029,798	284,618	-	(323,802)	1,990,614
Infrastructure	137,267	-	-	(2,165)	135,102
Total capital assets being depreciated	<u>2,540,974</u>	<u>338,249</u>	<u>-</u>	<u>(346,124)</u>	<u>2,533,099</u>
Less: accumulated depreciation					
Buildings	(253,180)	(23,497)	-	20,157	(256,520)
Machinery and equipment	(1,376,891)	(178,862)	-	323,802	(1,231,951)
Infrastructure	(137,267)	-	-	2,165	(135,102)
Total accumulated depreciation	<u>(1,767,337)</u>	<u>(202,359)</u>	<u>-</u>	<u>346,124</u>	<u>(1,623,573)</u>
Total capital assets being depreciated, net	<u>\$ 773,637</u>	<u>\$ 135,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 909,526</u>

Depreciation was charged to governmental functions as follows:

Garbage/Recycling	\$ 181,051
Civic Center	13,260
Bayfront	8,048
	<u>\$ 202,359</u>

Note 6 – Construction Commitments

During the current fiscal year, the City continued in its commitment to fund city-wide resurfacing projects. Some of these projects are funded on a pay-as-you-go basis with the source of funds being the Unreserved Balance of the General Fund and the Capital Reserve Fund. At September 30, 2013, the City had substantially completed road projects totaling \$3.6 million. These projects include:

Lake Forest (Phase III)	\$2,225,401
Main Street Resurfacing	\$ 700,185
Profit Drive Extension	\$ 266,841
Pedestrian Walkway	\$ 98,628

The City has construction commitments totaling \$1.2 million for Lake Forest; Main Street and various other projects scheduled for the upcoming fiscal year.

Note 7 – Inter-fund Accounts

As of September 30, 2013, 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	\$ -	\$ 24,903
Special Revenue funds	301,931	-
Fiduciary - Agency funds	-	277,028
Totals	<u>\$ 301,931</u>	<u>\$ 301,931</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, 2013.

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 2,165	\$ 4,379,238
Special revenue funds	32,642	-
Debt service fund	3,645,200	105,829
Capital projects funds	648,854	251,984
Enterprise funds	408,190	-
Totals	<u>\$ 4,737,051</u>	<u>\$ 4,737,051</u>

Note 9 – Capital Leases

As of September 30, 2013, the City of Daphne has capital lease obligations outstanding totaling \$848,988. Leases are for mowers for Public Works; Fire Truck for Fire Department; Two Recycle trucks and three Garbage trucks for the Garbage/Recycle Fund. The total cost of assets acquired under capital leases is \$1,258,495. Total minimum future lease payments follow:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 310,077	\$ 17,064	\$ 327,141
2015	316,528	10,613	327,141
2016	146,209	4,104	150,313
2017	76,260	1,577	77,837
2018 and thereafter	-	-	-
	<u>\$ 849,074</u>	<u>\$ 33,358</u>	<u>\$ 882,432</u>

Note 10 – Long-Term Debt

The following is a description of general and limited obligation bonds/warrants at September 30, 2013:

\$5,7000 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. (Infrastructure for the Jubilee Square development) See Note 11 for more detail. 4,324,250

\$6,455,000 General Obligation Refunding Warrants, series 2003, dated May 29, 2003, with interest rates ranging from 1.6% to 4.0% payable semi-annually along with variable annual principal payments. Final maturity is August 1, 2018. (Refunded Series 1993 and 1995 General Obligation Warrants) \$ 2,475,000

\$25,230,000 General Obligation Refunding and Capital Improvement Warrants, series 2006, dated April 27, 2006, with interest rates ranging from 3.5% to 5.0% payable semi-annually along with variable annual principal payments. Final maturity is August 1, 2029. (Refunded 1999 and 1997 GO Warrants and financed City Hall, Library improvements, Recreation Sports Complex, and Highway 90 Sewer Projects) 18,325,000

\$2,035,000 General Obligation Refunding Warrants, series 2010, dated April 1, 2010, with interest rates ranging from 2.0% to 2.75% payable semi-annually along with variable annual principal payments. Final maturity is April 1, 2017. (Refunded 1997 GO Warrants) 1,400,000

\$13,495,000 General Obligation Refunding and Capital Improvement Warrants, series 2012, dated April 1, 2012, with interest rates ranging from 2.0% to 3.6% payable semi-annually along with variable annual principal payments. Final maturity is February 1, 2036. (Refunded 2002 Warrants and 2006 Limited Obligation Warrants; new money of \$3,008,000 for Resurfacing projects) 13,110,000

Total bonds and warrants payable \$ 39,634,250

Note 10 – Long-Term Debt (continued)

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

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,626,517	\$ 1,769,327	\$ 4,395,844
2015	2,724,578	1,672,480	4,397,058
2016	2,824,887	1,552,303	4,377,190
2017	2,957,663	1,425,208	4,382,871
2018	2,563,148	1,250,350	3,813,498
2019-2023	10,447,457	4,674,924	15,122,381
2024-2028	8,885,000	2,268,281	11,153,281
2029-2033	4,690,000	738,130	5,428,130
2034-2038	1,915,000	116,900	2,031,900
	<u>\$ 39,634,250</u>	<u>\$ 15,467,903</u>	<u>\$ 55,102,153</u>

The following is a summary of the changes in non-current liabilities reported in the governmental activities section of the Statement of Net Position for the year ended September 30, 2013:

	<u>Balance 10/1/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/13</u>	<u>Due Within One Year</u>
General and Limited Obligation bonds and warrants	\$ 42,109,755	\$ -	\$ (2,475,505)	\$ 39,634,250	\$ 2,626,517
Obligations under capital lease	169,157	581,155	(317,430)	432,882	139,684
Compensated absences	278,717	466,554	(448,483)	296,788	178,073
Other post-employment benefits	454,720	489,102	-	943,822	-
Total	<u>\$ 43,012,349</u>	<u>\$ 1,536,811</u>	<u>\$ (3,241,418)</u>	<u>\$ 41,307,742</u>	<u>\$ 2,944,274</u>

The following is a summary of the changes in non-current liabilities reported in the business-type activities section of the Statement of Net Position for the year ended September 30, 2013:

	<u>Balance 10/1/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/13</u>	<u>Due Within One Year</u>
Obligations under capital lease	\$ 446,974	\$ 234,910	\$ (265,692)	\$ 416,192	\$ 170,393
Compensated absences	16,003	28,158	(25,394)	18,767	11,260
Other post-employment benefits	33,033	15,600	-	48,633	-
	<u>\$ 496,010</u>	<u>\$ 278,668</u>	<u>\$ (291,086)</u>	<u>\$ 483,592</u>	<u>\$ 181,653</u>

Note 11 – Conduit Debt Obligation: Jubilee Square

In July 2000 the City Council approved a resolution to enter into a Development Agreement with AIG Baker Development, LLC to acquire property and develop a shopping center in Daphne, Alabama. In November 2000 a new City Council affirmed the vote to enter into this Development Agreement.

The Development Agreement required the City to provide financing, in the form of a warrant, in the amount of \$5,700,000. 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 2013 include a distribution to the City's General Fund in the amount of \$239,318 and \$702,521 in debt service payments on the 2002 Limited Obligation Warrant Conduit Debt Obligation. The fiscal 2013 principal balance of the limited debt obligation was \$4,324,250. As the debt service paid is subject to the terms of the Development Agreement, the Fiscal 2013 principal and interest payments were approximately 41 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. At September 30, 2013, the term of the pay-back had increased from the initial 20 years to 23 years, 5 months.

Note 12 – Defeasance of Prior Debt

The City has defeased certain outstanding warrants by placing the new warrants in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust accounts and the defeased debt are not included in the City's financial statements. At September 30, 2013, there was no debt considered to be defeased.

Note 13 – Non-monetary Transactions

During the current fiscal year, non-monetary transactions totaled \$1,156,652. This is principally composed of street and drainage acceptances in the Caroline Woods and Dunmore Subdivisions in the amount of \$1,032,558. An additional amount of \$107,617 represents the acceptance of an existing road and bridge. The remaining \$16,477 is the fair market value donated labor in one of the City's special revenue funds.

Note 14 – Pension Plan – Defined Benefit Pension Plan

A. Plan Description

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

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

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

The Employees' Retirement System was established as of October 1, 1945, under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for State employees, State police, and on an elective basis to all cities, counties, towns, and quasi-public organizations. The responsibility for general administration and operation of the Employees' Retirement System is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended and Sections 36-27B-1 through 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the Commission authority to accept or reject various Cost-of-Living Adjustments (COLA's) granted to retirees.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Retirement Systems of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

The City's covered payroll, as of September 30, 2013, was \$10,460,064.

Note 14 – Pension Plan – Defined Benefit Pension Plan (continued)

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 2013, the City was required to contribute its covered payroll to the plan at a rate of 6.8%. The required contribution percentage was determined as a part of the September 30, 2012, 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 3.75% to 7.25% per year, (c) 3 % 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, 2012, was 16 years.

Total 2013 fiscal year contributions amounted to \$1,220,182, of which \$653,188 was made by the City, and \$566,994 was made by employees.

C. Annual Pension Cost and Funding Status

The State Retirement Systems of Alabama notified its participants of certain changes for the year-end valuations for the year ending 9/30/98 and future years. The adoption of GASB Statement No. 25 Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers, caused some local units to experience changes in the accrued liability rate. Additional general information provided by the state reporting agency indicated (1) There have been no changes in the actuarial cost method, and there have been no amendments to the System affecting the valuation, and (2) Actuarial gains and losses are reflected in the un-funded actuarial accrued liability, which is being amortized within a 16-year period.

Total pension benefit data from the Actuarial Valuation of the City Employee’s Retirement as of September 30, 2012, (the latest data available) were valued as follows:

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (NPO)</u>
09/30/2006	458,212	100%	\$0
09/30/2007	544,938	100%	\$0
09/30/2008	612,692	100%	\$0
09/30/2009	657,389	100%	\$0
09/30/2010	623,873	100%	\$0
09/30/2011	621,340	100%	\$0
09/30/2012	637,873	100%	\$0

Note 14 – Pension Plan – Defined Benefit Pension Plan (continued)

C. Annual Pension Cost and Funding Status (continued)

Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Liability Entry Age (AAL) (b)a	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-)/c)
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%
09/30/09	14,174,120	18,869,709	4,695,589	75.1%	10,433,064	45.0%
09/30/10b	14,985,122	20,053,299	5,068,177	74.7%	9,761,630	51.9%
09/30/11d	15,681,184	20,138,979	4,457,795	77.9%	9,465,348	47.1%
09/30/12c,e	16,764,199	20,190,629	3,426,430	83.0%	9,258,557	37.0%

- a Reflects liability for cost of living benefit increases granted on or after October 1, 1978.
- b Reflects the impact of Act 2011-27, which closes the DROP program to new applicants after March 24, 2011.
 Note: The City of Daphne has not elected to enroll in DROP or increase member contributions.
- c Reflects the impact of Act 2011-696, which increases the member contribution rates by 2.25% beginning October 1, 2011 and by an additional 0.25% beginning October 1, 2012.
- d Reflects changes in actuarial assumptions.
- e Reflects changes to interest smoothing methodology.
- * The actuarial value of assets was set equal to the market value of assets as of September 30, 2012.

Summary of Employee Census Data

Number of Active Members	253
2012 Annual Compensation	\$ 9,258,557
Number of Retired Members and Beneficiaries	30
Annual Retirement Allowances	\$ 487,324
Actuarial Value of Assets	\$ 16,764,199
Actuarial Accrued Liability Entry Age	\$ 20,190,629
Unfunded Actuarial Accrued Liability (UAAL)	\$ 3,426,430
Funded Ratio	83.0%
UAAL as a Percentage of Covered Payroll	37.0%

In addition to the trend data presented above, ten-year historical trend information is presented in the 2012 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, four (4) retirees and/or their dependents are covered under the health care plan and three (3) retirees are covered under the life insurance plan. The benefit plan offered by the City became effective December 22, 1997 and retirees are eligible to participate in the plan if they are less than 65 years of age with a minimum of twenty-five (25) years of creditable service with the City. The dependent(s) of retirees are only eligible for coverage under the health care plan, provided that they are covered under the City's health care plan at least six months prior to the effective date of retirement.

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

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

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 \$487,723 as of September 30, 2012. Actuarial valuations and the resulting liability are computed every other year as they are not considered material to the financial statements and no significant changes are experienced every year.

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

This valuation combines Medical and Dental benefits for cost and liability purposes. The employees are covered by the Retirement System of Alabama and must meet the eligibility provisions adopted by resolution to receive retiree medical benefits. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called "Tier I members). Employees hired on and after January 1, 2013 (called "Tier II" members) are eligible to retire only after attainment of age 62 or later completion of 10 years of service. See the section below entitled "Post Employment Benefit Plan eligibility Requirements" for the assumption concerning actual assumed retirement.

The employer pays for 100% of the retiree life coverage of \$5,000 until age 65 but it is based on the blended active and retired rate. Since GASB 45 requires the use of unblended rates, we have used the mortality table described below to "unblend" the rates for purposes of this evaluation.

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.

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

Fund Policy - Until 2009, the City recognized the cost of providing post-employment medical and life benefits (the City’s portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In fiscal 2013 and 2012, the City’s portion of health care and life insurance funding cost for retired employees totaled \$22,997 and \$13,377, respectively.

Effective October 1, 2009, the City implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution - The City’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2013	2012
Normal Cost	\$ 159,151	\$ 158,750
30-year UAL amortization amount	137,520	124,663
Annual required contributions (ARC)	<u>\$ 296,671</u>	<u>\$ 283,413</u>

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

	2013	2012
Beginning Net OPEB Obligation	\$ 749,062	\$ 487,722
Annual required contribution	296,671	283,412
Interest on Net OPEB Obligation	29,962	19,509
ARC Adjustment	(60,243)	(28,204)
OPEB Cost	266,390	274,717
Contribution to Irrevocable Trust	-	-
Current year retiree premium	(22,997)	(13,377)
Change in Net OPEB Obligation	<u>243,393</u>	<u>261,340</u>
Ending Net OPEB Obligation	<u>\$ 992,455</u>	<u>\$ 749,062</u>

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 post-employment benefits (PEB) liability for last year and this year:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
September 30, 2013	\$ 283,315	8.12%	\$ 1,009,380
September 30, 2012	\$ 274,717	4.87%	\$ 749,062

Funded Status and Funding Progress - In the fiscal years 2013 and 2012, the City made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the October 1, 2012 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the September 30, 2013 year was \$2,473,337 which is defined as that portion, as determined by a particular actuarial cost method (the City uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	2013	2012
Actuarial Accrued Liability (AAL)	\$ 2,473,337	\$ 2,155,879
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Actuarial Accrued Liability (UAAL)	2,473,337	2,155,879
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 10,460,064	\$ 9,708,362
UAAL as a percentage of covered payroll	23.65%	22.21%

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

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

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

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

Actuarial Value of Plan Assets - There are no plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP6, as provided in paragraph 125 of GASB Statement 45.

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

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

Investment Return Assumption (Discount Rate) - GASB Statement 45 states that the investment return assumption should be the estimated long term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

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

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

Method of Determining Value of Benefits - The “value of benefits” has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays for a portion of the retiree medical premium for retiree only (not dependents) and only until age 65, but it is based on the blended premium. Since GASB 45 requires use of an unblended premium, we have estimated the unblended premium to be 130% of the total blended (active and retiree blend) premium before age 65. The employer premium is thus that total unblended rate less the amount paid by the retiree. Employer provided retiree medical coverage ceases at age 65.

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

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

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

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

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

	OPEB Costs and Contributions		
	FY 2013	FY 2012	FY 2011
OPEB Cost	\$ 283,315	\$ 274,717	\$ 268,380
Contribution	-	-	-
Retiree Premium	22,997	13,377	12,386
Total contribution and premium	22,997	13,377	12,386
Change in net OPEB obligation	\$ 260,318	\$ 261,340	\$ 255,994
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	8.12%	4.87%	4.62%

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 Position

The City records restrictions in the Statement of Net Position to indicate that a portion of the net position is legally segregated for a specific future use. The following details the description and amount of all restricted net position at September 30, 2013:

Restricted for capital projects construction:	
Construction funds and grants	\$ 813,093
Restricted for Debt service:	
Debt service fund	1,258,400
Restricted for other purposes:	
State law restricted use	848,388
	<hr/>
	\$ 2,919,881
	<hr/>

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 is 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. The total due from the Utility Board at September 30, 2013 is \$105,567.

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 \$8,185,000 at September 30, 2013 and will mature in 2038. Total paid to the Cooperative District during the current fiscal year is \$145,230.

Note 20 – Debt Limitation

The constitution of Alabama provides that cities having a population of six thousand or more may not become indebted in an amount in excess of 20% of the assessed valuation of the property situated therein. The Constitution exempts from this debt limitation several categories of indebtedness, including temporary loans of less than one year, bonds or other obligations issued for the purpose of acquiring, providing or constructing schoolhouses, waterworks and sewers; and obligations incurred and bonds issued for street or sidewalk improvements where the cost of the same is to be assessed against the property abutting said improvements.

The City has outstanding debt obligations issued for Sewer Projects that are exempt from the debt limitation. The total outstanding is \$3,298,500.

The City of Daphne's total indebtedness at September 30, 2013, was \$40,067,131. Of this total, \$36,335,750 is chargeable to the constitutional debt limit. This chargeable debt is equal to 11.60% of the total assessed value of real and personal property located within the City; this leaves a \$32,727,834 margin available for future borrowings. Based on the City of Daphne's 2010 census, the per capita debt is \$1,858.

Note 21 – 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 22- Risk Management

The City is Self-Insured for dental insurance only. The City's insurance carrier, Blue Cross/Blue Shield (BCBS), manages the claims and the City remits weekly payments to BCBS to cover the claims and administrative fees. All other risk management services are assumed by private insurance companies.

BCBS insures the City for medical insurance and the City remits premiums to them on a monthly basis. At September 30, 2013, the City has a cumulative required reserve contribution surplus of \$ 903,077. No rate adjustments were necessary in Fiscal 2013.

Liability Insurance coverage is detailed below:

- Alabama Municipal Insurance Corporation:
 - General Liability (*No aggregate)
 - Public Officials Liability
 - Law Enforcement Liability (*No aggregate)
 - Workers Compensation

The City is insured on these policies at the limits of \$5,000,000 per occurrence and \$5,000,000 aggregate unless otherwise noted above:

- Employers Mutual Companies:
 - Commercial Automobile (\$1,000,000)
 - Equipment (Limit \$5,046,000)
 - Property (Limit \$50,529,000)

Note 23 – BP Oil Spill: Mississippi Canyon 252 Incident (DeepWater Horizon Incident)

On April 20, 2010, an explosion occurred on the oil rig, Transocean Deepwater Horizon, approximately fifty miles off the coast of Louisiana. The amount of oil released into the Gulf of Mexico led to the declaration of the site as a Spill of National Significance (SONS). The oil spread, in large, to the coastlines of Louisiana, Mississippi, and Alabama. The oil flow into the Gulf of Mexico was contained on July 15, 2010 with a reported 205,000,000 gallons of oil released. As a result of the spill, BP was ordered to pay to the state (ADEM) funds to governments to compensate for oil clean-up and measures taken to prepare for the arrival of the oil on the coast. The State allocated the funds to the local governments who were having impacts or who could potentially have impacts. As a result, the City of Daphne received \$965,000. These funds were used by the City to make preparations in the event that oil did reach the coastline of Daphne. Oil never reached Daphne's coastline. Remaining funds are eligible for re-allocation, upon approval by the State of Alabama, to other activities to bring tourists back to the area as well as equip the City to better address future disasters. There were no such re-allocations in the current fiscal year.

At the end of the current fiscal year, the City has funds in the amount of \$426,768 that are not obligated but are eligible for future re-allocation. Such funds are deferred and separately reported in a Special Revenues Fund.

The City of Daphne experienced NO negative financial impacts due to the Oil Spill.

Note 24 – Concentration – Revenue Source

The City receives approximately 26% of its annual sales, use, and luxury taxes from three businesses within the City of Daphne; the top ten businesses account for 46% of total such collections.

Note 25 – Property Taxes

Property Taxes- In accordance with GASB 33, the City records property tax receivable as of September 30 each year. The City assesses and levies property taxes each October 1 and begins collecting the following year. (i.e.: The City assessed property taxes on October 1, 2012 and the County began collecting and remitting the taxes to the City in October 2013.)

Fund Financial Statements

The City recognizes the taxes collected within the first 60 days after September 30, 2013 as revenue. Such revenue totals \$431,959. Deferred Revenue in the amount of \$3,930,958 is recognized and is reflective of the anticipated upcoming fiscal year collections for the October 1, 2012 (Fiscal 2013) levy.

Government-wide Financial Statements

The City recognizes total estimated property tax collections in the amount of \$4,517,480 for the October 1, 2012 tax assessment that is collected starting in October of 2012 (Fiscal 2013).

Note 26 - Subsequent Events

The City has evaluated subsequent events through April 30, 2014, the date which the financial statements were issued. There were no material subsequent events which require disclosure at April 30, 2014.

Note 27 – Net Position Restatement

For the 2013 fiscal year, the City adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. With the adoption of the GASB statements, bond issuance costs are now expensed in the year of issuance and are no longer amortized over the term of the bond. As a result, beginning net position was restated and reduced in the amount of \$476,772 for the unamortized portion of the bond issuance costs previously reported on the Statement of Net Position.

Required Supplementary Information

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual
General Fund
For the Year Ended September 30, 2013**

	BUDGETED AMOUNTS		ACTUAL	Variance-	
	Original	Final	Budgetary Basis	(Under)Over Final Budget	% Budget
Revenues					
Sales, use, and luxury taxes	\$ 12,987,590	\$ 12,987,590	\$ 13,607,791	\$ 620,201	5%
Payment lieu of taxes/franchise fees	2,285,000	2,285,000	2,268,871	(16,129)	-1%
Ad valorem taxes	4,602,000	4,602,000	4,517,480	(84,520)	-2%
Licenses and permits	1,861,700	1,861,700	2,173,251	311,551	17%
Intergovernmental	197,683	197,683	292,270	94,587	48%
Charges for services	280,100	280,100	360,432	80,332	29%
Fines	443,000	443,000	395,113	(47,887)	-11%
Interest	240,000	240,000	2,467	(237,533)	-99%
Grants	123,500	154,298	114,297	(40,001)	-26%
Miscellaneous	319,700	320,791	697,260	376,469	117%
Total revenues	\$ 23,340,273	\$ 23,372,162	\$ 24,429,232	\$ 1,057,070	5%
Expenditures					
<i>GENERAL GOVERNMENT</i>					
Legislative					
Personnel	230,710	236,060	190,210	(45,850)	-19%
Operating	189,960	305,019	240,863	(64,156)	-21%
Capital	-	25,000	25,000	-	0%
	<u>420,670</u>	<u>566,079</u>	<u>456,073</u>	<u>(110,006)</u>	<u>-19%</u>
Municipal Elections					
Operating	-	-	-	-	0%
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
Executive					
Personnel	186,013	189,268	177,982	(11,286)	-6%
Operating	42,265	48,706	39,412	(9,294)	-19%
	<u>228,278</u>	<u>237,974</u>	<u>217,394</u>	<u>(20,580)</u>	<u>-9%</u>
Information Tech Support					
Personnel	56,715	56,715	53,605	(3,110)	-5%
Operating	21,950	21,950	11,663	(10,287)	-47%
	<u>78,665</u>	<u>78,665</u>	<u>65,268</u>	<u>(13,397)</u>	<u>-17%</u>
Human Resources					
Personnel	204,666	205,017	199,840	(5,177)	-3%
Operating	86,975	90,866	76,358	(14,508)	-16%
	<u>291,641</u>	<u>295,883</u>	<u>276,198</u>	<u>(19,685)</u>	<u>-7%</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund
For the Year Ended September 30, 2013**

	BUDGETED AMOUNTS		ACTUAL	Variance-	% Budget
	Original	Final	Budgetary Basis	(Under)Over Final Budget	
Finance					
Personnel	537,007	539,853	456,857	(82,996)	-15%
Operating	210,970	210,970	149,656	(61,314)	-29%
	<u>747,977</u>	<u>750,823</u>	<u>606,513</u>	<u>(144,310)</u>	<u>-19%</u>
Revenue					
Personnel	99,489	99,489	82,019	(17,470)	-18%
Operating	52,800	52,800	36,966	(15,834)	-30%
	<u>152,289</u>	<u>152,289</u>	<u>118,985</u>	<u>(33,304)</u>	<u>-22%</u>
Planning/Zoning					
Personnel	228,477	232,367	206,837	(25,530)	-11%
Operating	40,411	40,411	33,008	(7,403)	-18%
	<u>268,888</u>	<u>272,778</u>	<u>239,845</u>	<u>(32,933)</u>	<u>-12%</u>
Legal/Risk Management					
Operating- Legal	250,000	250,000	174,395	(75,605)	-30%
Operating- Risk Mgt	255,200	255,200	267,007	11,807	5%
	<u>505,200</u>	<u>505,200</u>	<u>441,402</u>	<u>(63,798)</u>	<u>-13%</u>
Municipal Court					
Personnel	152,631	143,120	131,904	(11,216)	-8%
Operating	70,836	94,169	88,983	(5,186)	-6%
	<u>223,467</u>	<u>237,289</u>	<u>220,887</u>	<u>(16,402)</u>	<u>-7%</u>
Building Maintenance					
Personnel	256,483	256,483	247,816	(8,667)	-3%
Operating	37,540	37,130	28,528	(8,602)	-23%
	<u>294,023</u>	<u>293,613</u>	<u>276,344</u>	<u>(17,269)</u>	<u>-6%</u>
Janitorial					
Personnel	79,814	79,814	74,117	(5,697)	-7%
Operating	65,030	61,030	53,527	(7,503)	-12%
Capital	-	20,000	20,000	-	0%
	<u>144,844</u>	<u>160,844</u>	<u>147,644</u>	<u>(13,200)</u>	<u>-8%</u>
City Hall Facilities Support					
Operating	276,550	290,950	224,592	(66,358)	-23%
Capital	-	110,000	74,751	(35,249)	-32%
	<u>276,550</u>	<u>400,950</u>	<u>299,343</u>	<u>(101,607)</u>	<u>-25%</u>

CITY OF DAPHNE, ALABAMA

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

For the Year Ended September 30, 2013

	BUDGETED AMOUNTS		ACTUAL	Variance-	% Budget
	Original	Final	Budgetary Basis	(Under)Over Final Budget	
TOTAL GENERAL GOVERNMENT					
Personnel	2,032,005	2,038,186	1,821,187	(216,999)	-11%
Operating	1,600,487	1,759,201	1,424,958	(334,243)	-19%
Capital	-	155,000	119,751	(35,249)	-23%
	<u>3,632,492</u>	<u>3,952,387</u>	<u>3,365,896</u>	<u>(586,491)</u>	<u>-15%</u>
<i>PUBLIC SAFETY</i>					
Police Administration					
Personnel	396,830	398,394	385,085	(13,309)	-3%
Operating	249,989	238,418	231,465	(6,953)	-3%
	<u>646,819</u>	<u>636,812</u>	<u>616,550</u>	<u>(20,262)</u>	<u>-3%</u>
SWAT (Sp Weapons & Tactical Eqpt)					
Operating	4,638	4,638	6,102	1,464	32%
	<u>4,638</u>	<u>4,638</u>	<u>6,102</u>	<u>1,464</u>	<u>32%</u>
Traffic Homicide Investigation					
Operating	7,705	7,705	5,439	(2,266)	100%
	<u>7,705</u>	<u>7,705</u>	<u>5,439</u>	<u>(2,266)</u>	<u>100%</u>
Patrol					
Personnel	2,185,696	2,214,226	2,117,489	(96,737)	-4%
Operating	312,098	346,144	375,062	28,918	8%
Capital	-	266,050	246,779	(19,271)	-7%
	<u>2,497,794</u>	<u>2,826,420</u>	<u>2,739,330</u>	<u>(87,090)</u>	<u>-3%</u>
Detective					
Personnel	793,034	794,439	762,979	(31,460)	-4%
Operating	112,036	102,390	110,851	8,461	8%
	<u>905,070</u>	<u>896,829</u>	<u>873,830</u>	<u>(22,999)</u>	<u>-3%</u>
Communications					
Personnel	478,223	479,125	470,132	(8,993)	-2%
Operating	27,800	28,460	30,864	2,404	8%
	<u>506,023</u>	<u>507,585</u>	<u>500,996</u>	<u>(6,589)</u>	<u>-1%</u>
Corrections					
Personnel	695,775	695,775	660,783	(34,992)	-5%
Operating	81,387	79,354	81,839	2,485	3%
	<u>777,162</u>	<u>775,129</u>	<u>742,622</u>	<u>(32,507)</u>	<u>-4%</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund
For the Year Ended September 30, 2013**

	BUDGETED AMOUNTS		ACTUAL	Variance-	% Budget
	Original	Final	Budgetary	(Under)Over	
			Basis	Final Budget	
Animal Control					
Personnel	147,178	147,943	140,119	(7,824)	-5%
Operating	23,960	27,454	32,676	5,222	19%
	<u>171,138</u>	<u>175,397</u>	<u>172,795</u>	<u>(2,602)</u>	<u>-1%</u>
Police Subtotal					
Personnel	4,696,736	4,729,902	4,536,587	(193,315)	-4%
Operating	819,613	834,563	874,298	39,735	5%
Capital	-	266,050	246,779	(19,271)	-7%
	<u>5,516,349</u>	<u>5,830,515</u>	<u>5,657,664</u>	<u>(172,851)</u>	<u>-3%</u>
Central Communications				-	
Operating	7,000	17,940	15,357	(2,583)	-14%
	<u>7,000</u>	<u>17,940</u>	<u>15,357</u>	<u>(2,583)</u>	<u>-14%</u>
Fire					
Personnel	2,911,080	2,916,331	2,736,590	(179,741)	-6%
Operating	325,589	348,314	402,344	54,030	16%
Capital	-	75,848	449,248	373,400	492%
	<u>3,236,669</u>	<u>3,340,493</u>	<u>3,588,182</u>	<u>247,689</u>	<u>7%</u>
Rescue					
Operating	18,157	18,757	16,347	(2,410)	-13%
Capital	-	25,000	23,557	(1,443)	-6%
	<u>18,157</u>	<u>43,757</u>	<u>39,904</u>	<u>(3,853)</u>	<u>-9%</u>
Building Inspections					
Personnel	312,277	312,277	303,040	(9,237)	-3%
Operating	36,236	36,236	30,977	(5,259)	-15%
	<u>348,513</u>	<u>348,513</u>	<u>334,017</u>	<u>(14,496)</u>	<u>-4%</u>
Code Enforcement					
Personnel	57,130	57,130	54,630	(2,500)	-4%
Operating	7,145	7,155	9,397	2,242	31%
	<u>64,275</u>	<u>64,285</u>	<u>64,027</u>	<u>(258)</u>	<u>0%</u>
Emergency Management					
Operating	15,000	15,000	11,702	(3,298)	-22%
	<u>15,000</u>	<u>15,000</u>	<u>11,702</u>	<u>(3,298)</u>	<u>-22%</u>

CITY OF DAPHNE, ALABAMA

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

For the Year Ended September 30, 2013

	BUDGETED AMOUNTS		ACTUAL	Variance-	% Budget
	Original	Final	Budgetary Basis	(Under)Over Final Budget	
TOTAL PUBLIC SAFETY					
Personnel	7,977,223	8,015,640	7,630,847	(384,793)	-5%
Operating	1,228,740	1,277,965	1,360,422	82,457	6%
Capital	-	366,898	719,584	352,686	96%
	<u>9,205,963</u>	<u>9,660,503</u>	<u>9,710,853</u>	<u>50,350</u>	<u>1%</u>
<i>PUBLIC WORKS</i>					
Administration					
Personnel	340,302	340,302	348,332	8,030	2%
Operating	82,840	66,840	57,590	(9,250)	-14%
Capital	-	39,362	21,635	(17,727)	-45%
	<u>423,142</u>	<u>446,504</u>	<u>427,557</u>	<u>(18,947)</u>	<u>-4%</u>
Public Works Facilities Support					
Operating	52,670	51,070	33,359	(17,711)	-35%
	<u>52,670</u>	<u>51,070</u>	<u>33,359</u>	<u>(17,711)</u>	<u>-35%</u>
Solid Waste- Trash					
Personnel	293,535	293,535	279,698	(13,837)	-5%
Operating	198,660	198,660	219,822	21,162	11%
Capital	-	140,000	120,552	(19,448)	-14%
	<u>492,195</u>	<u>632,195</u>	<u>620,072</u>	<u>(12,123)</u>	<u>-2%</u>
Street					
Personnel	609,339	610,243	565,378	(44,865)	-7%
Operating	688,020	611,943	648,223	36,280	6%
Capital	-	36,619	21,853	(14,766)	-40%
	<u>1,297,359</u>	<u>1,258,805</u>	<u>1,235,454</u>	<u>(23,351)</u>	<u>-2%</u>
Street-Infrastructure					
Operating	25,940	15,925	16,623	698	4%
Capital	-	57,821	59,590	1,769	3%
	<u>25,940</u>	<u>73,746</u>	<u>76,213</u>	<u>2,467</u>	<u>3%</u>
Grounds					
Personnel	473,064	481,767	436,720	(45,047)	-9%
Operating	242,013	249,403	231,098	(18,305)	-7%
Capital	-	7,910	7,907	(3)	0%
	<u>715,077</u>	<u>739,080</u>	<u>675,725</u>	<u>(63,355)</u>	<u>-9%</u>
Grounds- Parks					
Operating	16,965	16,965	11,180	(5,785)	-34%
	<u>16,965</u>	<u>16,965</u>	<u>11,180</u>	<u>(5,785)</u>	<u>-34%</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund
For the Year Ended September 30, 2013**

	BUDGETED AMOUNTS		ACTUAL	Variance-	% Budget
	Original	Final	Budgetary Basis	(Under)Over Final Budget	
Mowing					
Personnel	391,917	392,646	412,097	19,451	5%
Operating	176,900	176,900	174,179	(2,721)	-2%
Capital	306,500	434,500	321,114	(113,386)	0%
	<u>875,317</u>	<u>1,004,046</u>	<u>907,390</u>	<u>(96,656)</u>	<u>-10%</u>
Garage					
Personnel	399,086	399,086	356,174	(42,912)	-11%
Operating	164,820	164,820	107,688	(57,132)	-35%
Capital	-	75,000	69,341	(5,659)	0%
	<u>563,906</u>	<u>638,906</u>	<u>533,203</u>	<u>(105,703)</u>	<u>-17%</u>
MS4 Compliance					
Operating	27,300	33,204	14,412	(18,792)	-57%
Capital	6,000	48,096	48,000	(96)	0%
	<u>33,300</u>	<u>81,300</u>	<u>62,412</u>	<u>(18,888)</u>	<u>-23%</u>
TOTAL PUBLIC WORKS					
Personnel	2,507,243	2,517,579	2,398,399	(119,180)	-5%
Operating	1,676,128	1,585,730	1,514,174	(71,556)	-5%
Capital	312,500	839,308	669,992	(169,316)	-20%
	<u>4,495,871</u>	<u>4,942,617</u>	<u>4,582,565</u>	<u>(360,052)</u>	<u>-7%</u>
<i>RECREATION & LIBRARY</i>					
Parks & Playgrounds					
Operating	25,500	25,775	27,937	2,162	8%
	<u>25,500</u>	<u>25,775</u>	<u>27,937</u>	<u>2,162</u>	<u>8%</u>
Recreation Parks-Sports					
Personnel	358,467	367,170	325,901	(41,269)	-11%
Operating	260,605	260,330	228,396	(31,934)	-12%
Capital	-	29,000	25,602	(3,398)	-12%
	<u>619,072</u>	<u>656,500</u>	<u>579,899</u>	<u>(76,601)</u>	<u>-12%</u>
Recreation					
Personnel	315,885	315,885	298,078	(17,807)	-6%
Operating	126,870	131,070	104,256	(26,814)	-20%
Capital	-	95,000	88,942	(6,058)	0%
	<u>442,755</u>	<u>541,955</u>	<u>491,276</u>	<u>(50,679)</u>	<u>-9%</u>

CITY OF DAPHNE, ALABAMA

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

For the Year Ended September 30, 2013

	BUDGETED AMOUNTS		ACTUAL	Variance-	% Budget
	Original	Final	Budgetary Basis	(Under)Over Final Budget	
Athletic & Fitness Programs					
Personnel	43,850	43,850	28,784	(15,066)	-34%
Operating	133,900	133,900	75,406	(58,494)	-44%
	<u>177,750</u>	<u>177,750</u>	<u>104,190</u>	<u>(73,560)</u>	<u>-41%</u>
Special Events					
Operating	54,000	54,000	50,768	(3,232)	-6%
	<u>54,000</u>	<u>54,000</u>	<u>50,768</u>	<u>(3,232)</u>	<u>-6%</u>
Library					
Personnel	559,956	570,302	512,560	(57,742)	-10%
Operating	162,840	162,840	134,921	(27,919)	-17%
Capital	-	23,500	-	(23,500)	0%
	<u>722,796</u>	<u>756,642</u>	<u>647,481</u>	<u>(109,161)</u>	<u>-14%</u>
TOTAL LIBRARY AND RECREATION					
Personnel	1,278,158	1,297,207	1,165,323	(131,884)	-10%
Operating	763,715	767,915	621,684	(146,231)	-19%
Capital	-	147,500	114,544	(32,956)	-22%
	<u>2,041,873</u>	<u>2,212,622</u>	<u>1,901,551</u>	<u>(311,071)</u>	<u>-14%</u>
Total Expenditures					
Personnel	13,794,629	13,868,612	13,015,756	(852,856)	-6%
Operating	5,269,070	5,390,811	4,921,238	(469,573)	-9%
Capital	312,500	1,508,706	1,623,871	115,165	8%
	<u>19,376,199</u>	<u>20,768,129</u>	<u>19,560,865</u>	<u>(1,207,264)</u>	<u>-6%</u>
Excess of Revenues Over Expenditures Before Other Financing Uses	3,964,074	2,604,033	4,868,367	2,264,334	87%

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund
For the Year Ended September 30, 2013**

	BUDGETED AMOUNTS		ACTUAL	Variance-	% Budget
	Original	Final	Budgetary	(Under)Over	
<i>OTHER FINANCING SOURCES/(USES)</i>			Basis	Final Budget	
Transfers from Major/Non-Major Sto	-	-	1,716	1,716	100%
Transfers to Debt Service Fund	(3,313,048)	(3,313,048)	(3,436,291)	(123,243)	4%
Transfers to Capital Reserve Fund	-	(501,666)	(501,666)	-	0%
Transfers to Garbage/Recycle Ent Fui	(19,189)	(19,189)	-	19,189	100%
Transfers to Civic Center Ent Fund	(339,775)	(339,775)	(261,239)	78,536	-23%
Transfers to BayFront Ent Fund	(173,275)	(173,275)	(146,951)	26,324	-15%
Transfers to SAIL Site Fund	(34,800)	(34,800)	(32,642)	2,158	-6%
	<u>(3,880,087)</u>	<u>(4,381,753)</u>	<u>(4,377,073)</u>	<u>4,680</u>	<u>0%</u>
Total Revenues Over					
(Under) Expenditures	<u>\$ 83,987</u>	<u>\$ (1,777,720)</u>	<u>\$ 491,294</u>	<u>\$ 2,269,014</u>	

City of Daphne, Alabama
Notes To Schedule of Revenues and Expenditures-Budget and Actual
General Fund
Year Ended September 30, 2013

The reported budgetary data represents the final appropriated budget after amendments adopted by the City Council. An appropriated budget was legally adopted for the General Fund on the same modified-accrual basis used to present actual revenues and expenditures; except, for budgetary purposes, current year encumbrances are treated as expenditures. The following is a summary of the reconciliation of generally accepted accounting principles (GAAP) revenues over expenditures to budgetary revenues over expenditures for the fiscal year ended September 30, 2013:

GAAP Revenues Over Expenditures	\$	516,197
Encumbrances outstanding at:		
September 30, 2013		(423,806)
September 30, 2012		398,903
		398,903
Budgetary Revenues over Expenditures	\$	<u>491,294</u>

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Combining Financial Statements

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CITY OF DAPHNE, ALABAMA

**Balance Sheet - Summary
Non-Major Governmental Funds
September 30, 2013**

	<u>1999 Construction</u>	<u>Special Revenue Funds</u>	<u>Total Other Governmental</u>
ASSETS			
Cash, equity in pooled cash	\$ -	\$ 1,980,910	\$ 1,980,910
Taxes receivable	-	56,334	56,334
Grants receivable	-	74,353	74,353
Other receivables	2,160	-	2,160
Receivables from fiduciary funds	-	301,931	301,931
Total assets	<u>\$ 2,160</u>	<u>\$ 2,413,528</u>	<u>\$ 2,415,688</u>
LIABILITIES			
Accounts payable	-	89,167	89,167
Unearned revenue	-	426,768	426,768
Total liabilities	<u>-</u>	<u>515,935</u>	<u>515,935</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - special assessments	<u>2,160</u>	<u>-</u>	<u>2,160</u>
FUND BALANCES			
Restricted	-	848,388	848,388
Committed	-	1,031,730	1,031,730
Assigned	-	17,475	17,475
Total fund balances	<u>-</u>	<u>1,897,593</u>	<u>1,897,593</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 2,160</u>	<u>\$ 2,413,528</u>	<u>\$ 2,415,688</u>

CITY OF DAPHNE, ALABAMA

**Balance Sheet
Non-Major Special Revenue Funds
September 30, 2013**

	4 Cent	7 Cent	Sail Site	Non Major Storms	Oil Spill	Federal Drug Recoveries	State Drug Recoveries
ASSETS							
Cash, equity in pooled cash	\$ 114,037	\$ 400,971	\$ 3,275	\$ -	\$ 426,768	\$ 51,154	\$ 7,989
Taxes receivable	4,922	6,264	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Receivables from fiduciary funds	-	-	-	-	-	-	-
Total assets	<u>118,959</u>	<u>407,235</u>	<u>3,275</u>	<u>-</u>	<u>426,768</u>	<u>51,154</u>	<u>7,989</u>
LIABILITIES							
Accounts payable	-	-	680	-	-	1,980	-
Unearned revenue	-	-	-	-	426,768	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>680</u>	<u>-</u>	<u>426,768</u>	<u>1,980</u>	<u>-</u>
FUND BALANCE							
Restricted	118,959	407,235	2,595	-	-	49,174	7,989
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Total fund balance	<u>118,959</u>	<u>407,235</u>	<u>2,595</u>	<u>-</u>	<u>-</u>	<u>49,174</u>	<u>7,989</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 118,959</u>	<u>\$ 407,235</u>	<u>\$ 3,275</u>	<u>\$ -</u>	<u>\$ 426,768</u>	<u>\$ 51,154</u>	<u>\$ 7,989</u>

Library	Concession Stand	Mun Court: Eq/Training	Mun Court Judicial	Corrections/ Court	Lodging Tax	Renaissance Center	Total
\$ 30,410	\$ (2,004)	\$ -	\$ -	\$ (62)	\$ 948,372	\$ -	\$ 1,980,910
-	-	-	-	-	45,148	-	56,334
-	-	-	-	-	74,353	-	74,353
-	-	23,904	45,721	232,306	-	-	301,931
30,410	(2,004)	23,904	45,721	232,244	1,067,873	-	2,413,528
10,027	904	60	-	39,373	36,143	-	89,167
-	-	-	-	-	-	-	426,768
10,027	904	60	-	39,373	36,143	-	515,935
-	-	23,844	45,721	192,871	-	-	848,388
-	-	-	-	-	1,031,730	-	1,031,730
20,383	(2,908)	-	-	-	-	-	17,475
20,383	(2,908)	23,844	45,721	192,871	1,031,730	-	1,897,593
\$ 30,410	\$ (2,004)	\$ 23,904	\$ 45,721	\$ 232,244	\$1,067,873	\$ -	\$ 2,413,528

CITY OF DAPHNE, ALABAMA

**Combining Statement of Assets and Liabilities
Agency Funds
September 30, 2013**

	<u>Municipal Court</u>	<u>Self Insurance</u>	<u>Confiscated Funds</u>	<u>Flexible Spending Account</u>	<u>Short- Term Disability</u>	<u>Total</u>
ASSETS						
Cash, equity in pooled cash	\$ 69,618	\$ 2,368	\$ 1,346	\$ 8,233	\$ -	\$ 81,565
Other receivables	1,627	-	-	-	-	1,627
Total assets	<u>\$ 71,245</u>	<u>\$ 2,368</u>	<u>\$ 1,346</u>	<u>\$ 8,233</u>	<u>\$ -</u>	<u>\$ 83,192</u>
 LIABILITIES						
Accounts payable	\$ 38	\$ 2,368	\$ 1,346	\$ 8,233	\$ -	\$ 11,985
Due to agencies	38,805	-	-	-	-	38,805
Bond deposits	32,402	-	-	-	-	32,402
Total liabilities	<u>\$ 71,245</u>	<u>\$ 2,368</u>	<u>\$ 1,346</u>	<u>\$ 8,233</u>	<u>\$ -</u>	<u>\$ 83,192</u>

CITY OF DAPHNE, ALABAMA

**Statements of Revenues, Expenditures, and Changes in Fund Balance - Summary
Non-Major Governmental Funds
For the Year Ended September 30, 2013**

	1999 Construction	Special Revenue Funds	Total Other Governmental
REVENUES			
Sales, use, luxury tax	\$ -	\$ 937,526	\$ 937,526
Fines	-	147,940	147,940
Charges for services	-	38,004	38,004
Intergovernmental	-	55,036	55,036
Grants	-	99,060	99,060
Interest/Investment earnings	-	977	977
Contributions and donations	-	22,895	22,895
Special assessments	656	-	656
Total revenues	<u>656</u>	<u>1,301,438</u>	<u>1,302,094</u>
EXPENDITURES			
Current expenditures:			
General government	-	235,641	235,641
Public safety	-	78,223	78,223
Public works	-	19,113	19,113
Parks and recreation	-	187,443	187,443
Total current expenditures	<u>-</u>	<u>520,420</u>	<u>520,420</u>
Capital outlay:			
Equipment	-	37,565	37,565
Other improvements	-	813,591	813,591
Highways, streets and drainage	-	409,030	409,030
Total capital outlay	<u>-</u>	<u>1,260,186</u>	<u>1,260,186</u>
Total expenditures	<u>-</u>	<u>1,780,606</u>	<u>1,780,606</u>
Excess of revenues over expenditures	<u>656</u>	<u>(479,168)</u>	<u>(478,512)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	32,642	32,642
Transfers out	<u>(656)</u>	<u>(104,796)</u>	<u>(105,452)</u>
Total other financing (uses)	<u>(656)</u>	<u>(72,154)</u>	<u>(72,810)</u>
Net change in fund balance	-	(551,322)	(551,322)
Fund balance, beginning	-	2,448,915	2,448,915
Fund balance, ending	<u>\$ -</u>	<u>\$ 1,897,593</u>	<u>\$ 1,897,593</u>

CITY OF DAPHNE, ALABAMA

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended September 30, 2013**

	4 Cent	7 Cent	Sail Site	Non Major Storms	Oil Spill	Federal Drug Recoveries	State Drug Recoveries
REVENUES							
Sales, use, luxury taxes	\$ 53,803	\$ 68,711	\$ -	\$ -	\$ -	\$ -	\$ -
Fines	-	-	-	-	-	-	4,001
Charges for services	-	-	-	-	-	-	-
Intergovernmental	-	-	17,018	16,081	-	-	-
Grants	-	-	1,000	-	-	-	-
Interest/investment earnings	112	168	-	-	-	96	17
Contributions and donations	-	-	7,752	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Total revenues	53,915	68,879	25,770	16,081	-	96	4,018
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	2,558	-
Public works	-	4,748	-	14,365	-	-	-
Parks and recreation	-	-	56,262	-	-	-	-
Total current	-	4,748	56,262	14,365	-	2,558	-
Capital outlay:							
Vehicles and heavy equipment	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Buildings and property	-	-	-	-	-	-	-
Parks and sidewalks	-	-	-	-	-	-	-
Other improvements	-	-	-	-	-	-	-
Highways, street and drainage	302,227	-	-	-	-	-	-
Total capital outlay	302,227	-	-	-	-	-	-
Total expenditures	302,227	4,748	56,262	14,365	-	2,558	-
Excess (deficiency) of revenues over (under) expenditures	(248,312)	64,131	(30,492)	1,716	-	(2,462)	4,018
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	32,642	-	-	-	-
Transfers out	-	-	-	(1,716)	-	-	-
Total other financing sources/(uses)	-	-	32,642	(1,716)	-	-	-
Net change in fund balance	(248,312)	64,131	2,150	-	-	(2,462)	4,018
Fund balance, beginning	367,271	343,104	445	-	-	51,636	3,971
Fund balance, ending	\$ 118,959	\$ 407,235	\$ 2,595	\$ -	\$ -	\$ 49,174	\$ 7,989

Library	Concession Stand	Mun Court Eq/Training	Mun Court Judicial	Corrections Court	Lodging Tax	Renaissance Center	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 680,474	\$ 134,538	\$ 937,526
19,841	-	5,002	36,940	82,156	-	-	147,940
7,950	30,054	-	-	-	-	-	38,004
21,937	-	-	-	-	-	-	55,036
-	-	-	-	-	98,060	-	99,060
-	-	47	-	537	-	-	977
15,143	-	-	-	-	-	-	22,895
-	-	-	-	-	-	-	-
<u>64,871</u>	<u>30,054</u>	<u>5,049</u>	<u>36,940</u>	<u>82,693</u>	<u>778,534</u>	<u>134,538</u>	<u>1,301,438</u>
-	-	3,300	-	29,754	68,049	134,538	235,641
-	-	-	-	75,665	-	-	78,223
-	-	-	-	-	-	-	19,113
75,708	30,621	-	-	-	24,852	-	187,443
<u>75,708</u>	<u>30,621</u>	<u>3,300</u>	<u>-</u>	<u>105,419</u>	<u>92,901</u>	<u>134,538</u>	<u>520,420</u>
-	-	-	-	-	-	-	-
-	-	-	-	37,565	-	-	37,565
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	813,591	-	813,591
-	-	-	-	-	106,803	-	409,030
-	-	-	-	37,565	920,394	-	1,260,186
<u>75,708</u>	<u>30,621</u>	<u>3,300</u>	<u>-</u>	<u>142,984</u>	<u>1,013,295</u>	<u>134,538</u>	<u>1,780,606</u>
(10,837)	(567)	1,749	36,940	(60,291)	(234,761)	-	(479,168)
-	-	-	-	-	-	-	32,642
-	-	-	-	-	(103,080)	-	(104,796)
-	-	-	-	-	(103,080)	-	(72,154)
<u>(10,837)</u>	<u>(567)</u>	<u>1,749</u>	<u>36,940</u>	<u>(60,291)</u>	<u>(337,841)</u>	<u>-</u>	<u>(551,322)</u>
31,220	(2,341)	22,095	8,781	253,162	1,369,571	-	2,448,915
<u>\$ 20,383</u>	<u>\$ (2,908)</u>	<u>\$ 23,844</u>	<u>\$ 45,721</u>	<u>\$ 192,871</u>	<u>\$ 1,031,730</u>	<u>\$ -</u>	<u>\$ 1,897,593</u>

CITY OF DAPHNE, ALABAMA

**Combining Statement of Changes in Assets and Liabilities -
All Agency Funds
For the Year Ended September 30, 2013**

	Balance, 10/1/2012	Additions	Deductions	Balance, 9/30/2013
<u>Municipal Court Fund</u>				
ASSETS				
Cash & cash equivalents	\$ 65,260	\$ 336,400	\$ -	\$ 401,660
Other receivables	1,660	-	(33)	1,627
	<u>66,920</u>	<u>336,400</u>	<u>(33)</u>	<u>403,287</u>
LIABILITIES				
Accounts payable	4,377	2,063	-	6,440
Due to agencies	38,218	-	(5,815)	32,403
Due to other funds	-	332,042	-	332,042
Bond Deposits	24,325	8,077	-	32,402
	<u>\$ 66,920</u>	<u>\$ 342,182</u>	<u>\$ (5,815)</u>	<u>\$ 403,287</u>
 <u>Self Insurance Fund</u>				
ASSETS				
Cash & cash equivalents	\$ 7,896	\$ -	\$ (5,528)	\$ 2,368
Other receivables	-	-	-	-
	<u>7,896</u>	<u>-</u>	<u>(5,528)</u>	<u>2,368</u>
LIABILITIES				
Accounts payable	7,896	-	(5,528)	2,368
	<u>\$ 7,896</u>	<u>\$ -</u>	<u>\$ (5,528)</u>	<u>\$ 2,368</u>
 <u>Confiscated Funds</u>				
ASSETS				
Cash & cash equivalents	\$ 325	\$ 1,021	\$ -	\$ 1,346
Other receivables	-	-	-	-
	<u>325</u>	<u>1,021</u>	<u>-</u>	<u>1,346</u>
LIABILITIES				
Accounts payable	325	1,021	-	1,346
Due to agencies	-	-	-	-
Bond Deposits	-	-	-	-
	<u>\$ 325</u>	<u>\$ 1,021</u>	<u>\$ -</u>	<u>\$ 1,346</u>

	Balance, 10/1/2012	Additions	Deductions	Balance, 9/30/2013
Short-Term Disability Fund				
ASSETS				
Cash & cash equivalents	\$ 500	\$ -	\$ (500)	\$ -
Other receivables	-	-	-	-
	<u>500</u>	<u>-</u>	<u>(500)</u>	<u>-</u>
LIABILITIES				
Accounts payable	500	-	(500)	-
Due to agencies	-	-	-	-
Bond Deposits	-	-	-	-
	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ (500)</u>	<u>\$ -</u>
Flexible Spending Plan				
ASSETS				
Cash & cash equivalents	\$ 2,116	\$ 6,117	\$ -	8,233
Other receivables	130	-	(130)	-
	<u>2,246</u>	<u>6,117</u>	<u>(130)</u>	<u>8,233</u>
LIABILITIES				
Accounts payable	2,246	5,987	-	8,233
	<u>\$ 2,246</u>	<u>\$ 5,987</u>	<u>\$ -</u>	<u>\$ 8,233</u>
TOTAL- ALL AGENCY FUNDS				
ASSETS				
Cash & cash equivalents	\$ 76,097	\$ 343,538	\$ (6,028)	\$ 413,607
Other receivables	1,790	-	(163)	1,627
	<u>77,887</u>	<u>343,538</u>	<u>(6,191)</u>	<u>415,234</u>
LIABILITIES				
Accounts payable	15,344	9,071	(6,028)	18,387
Due to agencies	38,218	-	(5,815)	32,403
Due to other funds	-	332,042	-	332,042
Bond Deposits	24,325	8,077	-	32,402
	<u>\$ 77,887</u>	<u>\$ 349,190</u>	<u>\$ (11,843)</u>	<u>\$ 415,234</u>

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Other Supplementary Information

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
September 30, 2013**

Primary Government

	Beginning Balance 10/1/2012	Additions	Transfers
Governmental activities:			
Land	\$ 11,134,449	\$ -	\$ -
Buildings	25,383,541	269,303	(13,028)
Other improvements	5,777,616	801,891	13,028
Machinery and equipment	10,255,687	1,627,042	-
Infrastructure	127,761,955	4,746,000	-
Construction in progress	-	-	-
Total historical cost	<u>180,313,248</u>	<u>7,444,236</u>	<u>-</u>
Less accumulated depreciation for:			
Buildings	(5,425,242)	(607,416)	-
Other improvements	(2,098,253)	(458,960)	-
Machinery and equipment	(6,865,668)	(687,716)	-
Infrastructure	(65,574,318)	(4,195,643)	-
Total accumulated depreciation	<u>(79,963,481)</u>	<u>(5,949,735)</u>	<u>-</u>
Governmental activities capital assets, net	<u>100,349,767</u>	<u>1,494,501</u>	<u>-</u>
Business-type activities:			
Infrastructure	137,267	-	-
Buildings and facilities improvements	373,909	53,631	-
Machinery and equipment	2,029,798	284,618	-
Total historical cost	<u>2,540,974</u>	<u>338,249</u>	<u>-</u>
Less accumulated depreciation for:			
Infrastructure	(137,267)	-	-
Buildings and facilities improvements	(253,180)	(23,497)	-
Machinery and equipment	(1,376,891)	(178,862)	-
Total accumulated depreciation	<u>(1,767,338)</u>	<u>(202,359)</u>	<u>-</u>
Business-type activities capital assets, net	<u>773,636</u>	<u>135,890</u>	<u>-</u>
Total governmental and business-type activities	<u>\$ 101,123,403</u>	<u>\$ 1,630,391</u>	<u>\$ -</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 248,718
Public safety	619,798
Public works	245,246
Library and recreation	640,330
Infrastructure	4,195,643
	<u>\$ 5,949,735</u>

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

Garbage/Recycling	\$ 181,051
Civic Center	13,260
Bayfront	8,048
	<u>\$ 202,359</u>

Primary Government

Retirements	Ending Balance 9/30/2013
\$ -	\$ 11,134,449
-	25,639,816
-	6,592,535
(436,012)	11,446,717
-	132,507,955
-	-
(436,012)	187,321,472
-	(6,032,658)
-	(2,557,213)
436,012	(7,117,372)
-	(69,769,961)
436,012	(85,477,204)
-	101,844,268
(2,165)	135,102
(20,157)	407,383
(323,802)	1,990,614
(346,124)	2,533,099
2,165	(135,102)
20,157	(256,520)
323,802	(1,231,951)
346,124	(1,623,573)
-	909,526
\$ -	\$ 102,753,794

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
General Fund
September 30, 2013**

	Primary Government				Ending Balance 9/30/2013
	Beginning Balance 10/1/2012	Additions	Transfers	Retirements	
	Governmental Activities:				
Land	\$ 589,287	\$ -	\$ -	\$ -	\$ 589,287
Buildings	2,363,333	249,303	(13,028)	-	2,599,608
Other improvements	1,119,924	-	13,028	-	1,132,952
Machinery and equipment	8,214,220	1,216,167	-	(290,452)	9,139,935
Construction in progress	-	-	-	-	-
Total historical cost	<u>12,286,764</u>	<u>1,465,470</u>	<u>-</u>	<u>(290,452)</u>	<u>13,461,782</u>
Less accumulated depreciation for:					
Buildings	(757,356)	(52,733)	-	-	(810,089)
Other improvements	(518,009)	(107,901)	-	-	(625,910)
Machinery and equipment	<u>(5,304,906)</u>	<u>(566,345)</u>	<u>-</u>	<u>290,452</u>	<u>(5,580,799)</u>
Total accumulated depreciation	<u>(6,580,271)</u>	<u>(726,979)</u>	<u>-</u>	<u>290,452</u>	<u>(7,016,798)</u>
Governmental activities - capital assets, net	<u>\$ 5,706,493</u>	<u>\$ 738,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,444,984</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 56,845
Public safety	399,391
Public works	224,509
Library and recreation	46,234
	<u>\$ 726,979</u>

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
Capital Projects Fund
September 30, 2013**

	Primary Government			
	Beginning			Ending
	Balance	Additions	Retirements	Balance
	10/1/2012			9/30/2013
Governmental Activities:				
Land	\$ 4,261,118	\$ -	\$ -	\$ 4,261,118
Buildings	21,495,456	-	-	21,495,456
Other improvements	2,343,305	8,300	-	2,351,605
Machinery and equipment	893,013	373,310	(145,560)	1,120,763
Construction in progress	-	-	-	-
Total historical cost	<u>28,992,892</u>	<u>381,610</u>	<u>(145,560)</u>	<u>29,228,942</u>
Less accumulated depreciation for:				
Buildings	(4,114,993)	(494,306)	-	(4,609,299)
Other improvements	(966,478)	(180,154)	-	(1,146,632)
Machinery and equipment	<u>(745,494)</u>	<u>(25,902)</u>	<u>145,560</u>	<u>(625,836)</u>
Total accumulated depreciation	<u>(5,826,965)</u>	<u>(700,362)</u>	<u>145,560</u>	<u>(6,381,767)</u>
Governmental activities - capital assets, net	<u>\$ 23,165,927</u>	<u>\$ (318,752)</u>	<u>\$ -</u>	<u>\$ 22,847,175</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 184,120
Public safety	154,181
Public works	3,602
Library and recreation	<u>358,459</u>
	<u>\$ 700,362</u>

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
Special Revenue Fund
September 30, 2013**

	Primary Government			
	Beginning Balance 10/1/2012	Additions	Retirements	Ending Balance 9/30/2013
Governmental Activities:				
Land	\$ 5,304,694	\$ -	\$ -	\$ 5,304,694
Buildings	1,155,584	20,000	-	1,175,584
Other improvements	2,292,306	793,591	-	3,085,897
Machinery and equipment	887,259	37,565	-	924,824
Total historical cost	<u>9,639,843</u>	<u>851,156</u>	<u>-</u>	<u>10,490,999</u>
Less accumulated depreciation for:				
Buildings	(262,314)	(50,850)	-	(313,164)
Other improvements	(591,685)	(170,905)	-	(762,590)
Machinery and equipment	(554,073)	(95,469)	-	(649,542)
Total accumulated depreciation	<u>(1,408,072)</u>	<u>(317,224)</u>	<u>-</u>	<u>(1,725,296)</u>
Governmental activities - capital assets, net	<u>\$ 8,231,771</u>	<u>\$ 533,932</u>	<u>\$ -</u>	<u>\$ 8,765,703</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 2,261
Public safety	66,226
Public works	17,135
Library and recreation	231,602
	<u>\$ 317,224</u>

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
General Fund/ Revenue Sharing
September 30, 2013**

	Primary Government			
	Beginning			Ending
	Balance			Balance
	10/1/2012	Additions	Retirements	9/30/2013
Governmental Activities:				
Land	\$ 979,350	\$ -	\$ -	\$ 979,350
Buildings	369,168	-	-	369,168
Other improvements	22,081	-	-	22,081
Machinery and equipment	261,195	-	-	261,195
Total historical cost	1,631,794	-	-	1,631,794
Less accumulated depreciation for:				
Buildings	(290,579)	(9,527)	-	(300,106)
Other improvements	(22,081)	-	-	(22,081)
Machinery and equipment	(261,195)	-	-	(261,195)
Total accumulated depreciation	(573,855)	(9,527)	-	(583,382)
Governmental activities capital assets, net	<u>\$ 1,057,939</u>	<u>\$ (9,527)</u>	<u>\$ -</u>	<u>\$ 1,048,412</u>

Depreciation expense was charged to governmental functions as follows:

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

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
Infrastructure
September 30, 2013**

	Primary Government			
	Beginning	Additions	Retirements	Ending
	Balance			Balance
	10/1/2012			9/30/2013
Governmental Activities:				
Land	\$ 10,810,091	\$ 234,817	\$ -	\$ 11,044,908
Buildings	-	-	-	-
Other improvements	7,518,584	-	-	7,518,584
Machinery and equipment	-	-	-	-
Infrastructure	109,433,280	3,631,480	-	113,064,760
Construction in Progress	-	879,703	-	879,703
Total historical cost	<u>127,761,955</u>	<u>4,746,000</u>	<u>-</u>	<u>132,507,955</u>
Less accumulated depreciation for:				
Buildings	-	-	-	-
Other improvements	(4,284,690)	(383,485)	-	(4,668,175)
Machinery and equipment	-	-	-	-
Infrastructure	<u>(61,289,628)</u>	<u>(3,812,158)</u>	<u>-</u>	<u>(65,101,786)</u>
Total accumulated depreciation	<u>(65,574,318)</u>	<u>(4,195,643)</u>	<u>-</u>	<u>(69,769,961)</u>
Governmental activities capital assets, net	<u>\$ 62,187,636</u>	<u>\$ 550,357</u>	<u>\$ -</u>	<u>\$ 62,737,994</u>

Depreciation Expense was charged to governmental functions as follows:

General government	\$ -
Public safety	-
Public works	-
Infrastructure	4,195,643
Library and recreation	-
	<u>\$ 4,195,643</u>



Part III
Statistical
Section

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CITY OF DAPHNE, ALABAMA

STATISTICAL SECTION

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FINANCIAL TRENDS - <i>These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.</i>	
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Sources: Unless otherwise noted, the information in this section is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DAPHNE, ALABAMA

**Net Position by Activity Type
Last Ten Fiscal Years**

	FISCAL YEAR			
	FY 2013	FY 2012	FY 2011	FY 2010
Governmental Activities				
Invested in capital assets, net of related debt	\$ 62,254,836	\$ 61,029,696	\$ 62,202,611	\$ 60,727,350
Restricted	2,919,881	5,722,598	3,798,626	5,197,531
Unrestricted	17,678,314	15,360,403	14,559,748	14,648,236
Total governmental activities net assets	\$ 82,853,031	\$ 82,112,697	\$ 80,560,985	\$ 80,573,117
Business-Type Activities				
Invested in capital assets, net of related debt	493,334	326,660	311,903	319,059
Restricted	-	-	-	-
Unrestricted	116,358	206,785	188,538	17,438
Total business-type activities net assets	\$ 609,692	\$ 533,445	\$ 500,441	\$ 336,497
Primary Government				
Invested in capital assets, net of related debt	62,748,170	61,356,356	62,514,514	61,046,409
Restricted	2,919,881	5,722,598	3,798,626	5,197,531
Unrestricted	17,794,672	15,567,188	14,748,286	14,665,674
Total primary government activities net assets	\$ 83,462,723	\$ 82,646,142	\$ 81,061,426	\$ 80,909,614

FISCAL YEAR

FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
\$ 51,705,219	\$ 44,310,138	\$ 44,405,012	\$ 47,866,892	\$ 41,345,816	\$ 36,489,001
6,036,006	6,341,383	8,528,096	3,314,628	2,975,199	3,203,426
21,743,073	21,201,642	19,071,793	12,138,606	3,913,941	422,920
\$ 79,484,298	\$ 71,853,163	\$ 72,004,901	\$ 63,320,126	\$ 48,234,956	\$ 40,115,347
339,692	461,383	599,593	377,585	225,477	4,711
-	-	-	-	-	-
(19,694)	(141,382)	(279,594)	(182,890)	(115,232)	105,534
\$ 319,998	\$ 320,001	\$ 319,999	\$ 194,695	\$ 110,245	\$ 110,245
52,044,911	44,771,521	45,004,605	48,244,477	41,571,293	36,493,712
6,036,006	6,341,383	8,528,096	3,314,628	2,975,199	3,203,426
21,723,379	21,060,260	18,792,199	11,955,716	3,798,709	528,454
\$ 79,804,296	\$ 72,173,164	\$ 72,324,900	\$ 63,514,821	\$ 48,345,201	\$ 40,225,591

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2013	FY 2012	FY 2011	FY 2010
EXPENSES				
Governmental Activities:				
General Government	\$ 3,851,858	\$ 3,741,854	\$ 4,003,928	\$ 3,386,270
Public Safety	9,993,644	9,258,856	9,173,085	9,182,198
Public Works	8,463,551	7,850,939	7,368,818	7,338,137
Sewer Contributions to Utilities Board	-	49,700	1,676,000	129,586
Parks & Recreation	2,672,960	2,690,448	2,768,462	2,733,538
Interest on Long Term Debt	1,945,618	2,149,919	2,051,932	2,205,629
Total governmental activities expenses	26,927,631	25,741,716	27,042,225	24,975,358
Business-type Activities:				
Garbage / Recycling	1,312,441	1,345,955	1,164,039	1,448,740
Civic Center	491,188	496,947	566,907	578,789
Bay Front Park	212,561	208,033	190,448	165,724
Total business-type activities expenses	2,016,190	2,050,935	1,921,394	2,193,253
Total primary government activities expenses	28,943,821	27,792,651	28,963,619	27,168,611
PROGRAM REVENUES				
Governmental Activities:				
Fees and Charges for Services:				
General Government	39,814	114,948	109,860	73,628
Public Safety	1,259,980	893,427	1,019,856	1,022,496
Public Works	6,597	60,011	60,260	32,066
Parks & Recreation	151,412	197,235	240,660	202,031
Operating Grants & Contributions	263,800	266,074	492,707	890,180
Capital Grants & Contributions	2,592,709	2,465,034	2,295,405	2,627,634
Total governmental program activities revenues	4,314,312	3,996,729	4,218,748	4,848,035
Business-type Activities:				
Fees and Charges for Services:				
Garbage / Recycling	1,388,688	1,289,902	1,337,207	1,345,811
Civic Center	229,949	217,886	223,005	321,555
Bay Front Park	65,610	59,983	60,744	57,119
Capital Grants & Contributions	-	-	-	-
Total business-type activities revenues	1,684,247	1,567,771	1,620,956	1,724,485
Total primary government activities revenues	5,998,559	5,564,500	5,839,704	6,572,520

FISCAL YEAR

FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
\$ 3,622,067	\$ 3,361,291	\$ 2,980,326	\$ 2,805,098	\$ 2,529,651	\$ 2,356,010
9,195,045	8,679,947	7,632,581	6,393,164	5,761,839	5,233,759
7,228,904	6,909,881	6,829,765	6,410,839	7,918,199	5,953,793
17,826	1,149,523	1,797,449	68,238	544,476	1,371,411
2,450,259	2,497,324	3,164,514	2,210,204	2,452,831	1,943,334
2,363,482	2,712,599	2,056,967	1,800,694	1,368,134	2,158,202
24,877,583	25,310,565	24,461,602	19,688,237	20,575,130	19,016,509
1,350,097	1,422,255	1,121,222	1,116,516	1,169,689	1,030,382
726,003	751,401	645,899	568,694	650,536	631,035
160,262	186,856	179,709	146,412	136,535	121,452
2,236,362	2,360,512	1,946,830	1,831,622	1,956,760	1,782,869
27,113,945	27,671,077	26,408,432	21,519,859	22,531,890	20,799,379
86,265	136,910	198,075	236,953	102,325	92,762
1,100,437	1,353,739	1,480,802	1,095,517	1,127,232	933,022
22,223	21,830	23,686	27,337	17,383	13,792
192,514	188,093	176,126	189,800	192,902	239,611
494,600	163,675	96,047	1,156,133	2,517,918	1,047,580
8,974,788	457,598	7,722,235	8,260,819	5,937,458	701,216
10,870,827	2,321,845	9,696,971	10,966,559	9,895,218	3,027,982
1,232,319	1,285,683	1,246,525	1,200,966	1,154,006	1,055,466
348,181	325,647	336,498	253,137	209,689	213,216
55,928	72,118	85,038	52,350	67,442	64,541
-	-	-	-	-	26,000
1,636,428	1,683,448	1,668,061	1,506,453	1,431,137	1,359,222
12,507,255	4,005,293	11,365,032	12,473,012	11,326,355	4,387,204

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2013	FY 2012	FY 2011	FY 2010
NET (EXPENSES) / REVENUES				
Governmental Activities	\$ (22,613,319)	\$ (21,744,987)	\$ (22,823,477)	\$ (20,127,323)
Business-Type Activities	(331,943)	(483,164)	(300,438)	(468,768)
Total primary government net expense	(22,945,262)	(22,228,151)	(23,123,915)	(20,596,091)
GENERAL REVENUES & OTHER CHANGES IN NET POSITION				
Governmental Activities:				
General Revenues				
Sales, Use, & Luxury Taxes	15,423,466	14,583,177	13,925,921	12,878,685
Ad Valorem Taxes	4,799,679	4,700,889	5,007,964	4,960,922
Business Licenses	1,687,588	1,569,235	1,460,700	1,400,404
PILOT/Franchise Fees	2,268,871	2,234,494	2,269,687	1,952,460
Intergovernmental Revenues	-	425,843	304,457	331,400
Interest & Investment Earnings	2,802	206,079	241,238	83,697
Contributions not restricted to specific programs	56,207	60,143	64,159	77,342
Total General Revenues	24,238,613	23,779,860	23,274,126	21,684,910
Special Item: De-Annexation proceeds	-	-	-	-
Transfers	(408,190)	(483,165)	(462,780)	(468,767)
Total governmental activities	23,830,423	23,296,695	22,811,346	21,216,143
Business-type Activities:				
Transfers	408,190	483,165	462,780	468,767
Total business-type activities	408,190	483,165	462,780	468,767
Total primary government	24,238,613	23,779,860	23,274,126	21,684,910
CHANGES IN NET POSITION				
Governmental Activities	1,217,104	1,551,708	(12,131)	1,088,820
Business-Type Activities	76,247	1	162,342	(1)
Total primary government	\$ 1,293,351	\$ 1,551,709	\$ 150,211	\$ 1,088,819

FISCAL YEAR

FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
\$ (14,006,756)	\$ (22,988,720)	\$ (14,764,631)	\$ (8,721,678)	\$ (10,679,912)	\$ (15,988,528)
(599,934)	(677,064)	(278,769)	(325,169)	(525,623)	(423,647)
(14,606,690)	(23,665,784)	(15,043,400)	(9,046,847)	(11,205,535)	(16,412,175)
12,848,739	13,998,257	14,024,339	13,437,096	12,357,328	10,851,626
5,200,320	5,180,782	5,009,864	3,309,937	3,015,895	2,935,349
1,484,968	1,592,999	1,464,404	1,398,473	1,228,901	1,226,599
2,046,309	1,861,149	1,716,258	1,475,563	1,239,320	1,218,170
472,960	315,279	411,033	468,885	297,164	254,949
122,329	551,374	1,142,787	702,566	183,114	99,535
62,198	14,145	84,794	127,307	82,579	117,060
22,237,823	23,513,985	23,853,479	20,919,827	18,404,301	16,703,287
-	-	-	-	1,000,000	-
(599,934)	(677,065)	(404,072)	(409,619)	(525,623)	(474,730)
21,637,889	22,836,920	23,449,407	20,510,208	18,878,678	16,228,558
599,934	677,065	404,072	409,619	525,623	474,730
599,934	677,065	404,072	409,619	525,623	474,730
22,237,823	23,513,985	23,853,479	20,919,827	19,404,301	16,703,287
7,631,133	(151,800)	8,684,776	11,788,530	8,198,766	240,030
-	1	125,303	84,450	-	51,083
\$ 7,631,133	\$ (151,799)	\$ 8,810,079	\$ 11,872,980	\$ 8,198,766	\$ 291,113

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2013	FY 2012	FY 2011	FY 2010
General Fund				
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	278,081	398,903	253,448	-
Unassigned	10,583,878	9,946,859	10,965,330	-
Reserved	-	-	-	419,581
Unreserved	-	-	-	12,087,465
Total General Fund	\$ 10,861,959	\$ 10,345,762	\$ 11,218,778	\$ 12,507,046
All Other Governmental Funds				
Restricted	2,919,881	5,722,598	3,633,499	-
Committed	1,635,200	2,190,078	4,181,490	-
Assigned	1,600,456	965,733	(328,860)	-
Reserved	-	-	-	4,911,103
Unreserved:				
Capital Reserve	-	-	-	1,472,928
Capital Construction	-	-	-	42,745
Capital Projects	-	-	-	2,591
Special Revenues	-	-	-	1,862,468
Total All Other Governmental Funds	6,155,537	8,878,408	7,486,128	8,291,835
Total All Other Governmental Funds	\$ 17,017,496	\$ 19,224,170	\$ 18,704,906	\$ 20,798,881

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

FISCAL YEAR

FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
892,485	1,077,122	575,175	693,658	739,274	606,473
11,226,993	10,510,392	10,050,517	8,298,621	5,968,130	4,106,801
\$ 12,119,478	\$ 11,587,514	\$ 10,625,692	\$ 8,992,279	\$ 6,707,404	\$ 4,713,273
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,087,386	5,753,332	9,190,485	15,367,452	4,075,898	3,269,761
1,500,784	2,383,746	2,149,331	765,433	924,566	538,626
(49,222)	(96,853)	629,297	177,213	(246,798)	(11,090)
(152,458)	(153,967)	(101,204)	(31,067)	85,430	89,925
1,447,327	1,825,396	1,461,645	1,008,941	255,346	130,191
8,833,817	9,711,655	13,329,555	17,287,972	5,094,442	4,017,413
\$ 20,953,295	\$ 21,299,169	\$ 23,955,247	\$ 26,280,251	\$ 11,801,845	\$ 8,730,687

CITY OF DAPHNE, ALABAMA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	FISCAL YEAR			
	FY 2013	FY 2012	FY 2011	FY 2010
Revenues				
Taxes	\$ 21,999,720	\$ 21,733,548	\$ 21,244,492	\$ 20,434,290
Licenses and Permits	2,173,251	1,864,731	1,840,438	1,733,817
Intergovernmental	834,436	463,986	338,737	365,453
Changes for Services	398,436	480,719	471,144	462,946
Fines and Forfeitures	543,053	491,236	560,938	526,094
Grants	519,355	946,681	1,351,147	1,221,711
Interest	2,801	206,289	241,311	83,697
Other	659,498	683,817	1,485,586	754,504
Total Revenues	27,130,550	26,871,007	27,533,793	25,582,512
Expenditures				
General Government	3,541,464	3,493,943	3,722,384	3,132,794
Public Safety	9,079,296	8,811,758	8,530,766	8,658,596
Public Works	3,932,144	3,726,692	3,358,205	3,285,211
Parks and Recreation	1,990,272	2,057,739	2,541,230	2,392,960
	18,543,176	18,090,132	18,152,584	17,469,561
Debt Service:				
Principal	2,792,936	2,110,150	1,962,276	1,957,735
Interest	1,870,017	1,872,584	2,117,367	2,103,713
Cost of Debt Issuance	-	179,549	-	65,924
	4,662,953	4,162,283	4,079,642	4,127,373
Capital Outlay	6,304,061	5,301,508	5,232,424	4,115,548
Total Expenditures	29,510,190	27,553,923	27,464,651	25,712,482
Excess of Revenues				
Over (Under) Expenditures	(2,379,640)	(682,915)	69,143	(129,970)
Other Financing Sources (Uses)				
Transfers In	4,328,861	5,142,923	6,318,974	3,662,356
Transfers Out	(4,737,051)	(5,626,088)	(6,806,092)	(4,131,123)
Contribution to Utility Board	-	(49,700)	(1,676,000)	(129,586)
Capital Lease Proceeds	581,155	-	-	506,969
Refunding Warrant Proceeds (net of discounts)	-	13,271,188	-	2,024,108
Payment to Refunded Bond Escrow Agent	-	(11,536,144)	-	(1,957,167)
Total Other Financing Sources (Uses)	172,965	1,202,179	(2,163,118)	(24,444)
Extraordinary Item				
Proceeds from De-Annexation	-	-	-	-
Net Change in Fund Balances	\$ (2,206,675)	\$ 519,264	\$ (2,093,975)	\$ (154,414)
Debt Service as a Percentage of				
Non-Capital Expenditures	20.09%	18.70%	18.35%	19.11%

FISCAL YEAR

FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
\$ 20,434,486	\$ 20,188,346	\$ 19,443,875	\$ 18,222,595	\$ 16,612,543	\$ 15,005,145
1,913,500	2,348,757	2,434,848	2,015,129	1,811,698	1,590,786
508,952	354,810	448,429	504,134	330,087	1,174,748
368,588	384,661	382,061	454,922	352,134	335,496
581,816	539,834	508,605	514,323	484,914	503,165
876,332	441,039	2,146,483	2,450,121	2,551,014	546,781
122,329	551,374	1,142,787	702,566	183,114	99,535
194,398	105,541	318,516	910,198	435,367	475,613
25,000,401	24,914,363	26,825,603	25,773,988	22,760,871	19,731,269
3,455,093	3,251,284	2,869,871	2,716,094	2,482,654	2,306,308
8,544,615	8,194,222	7,109,886	6,095,340	5,407,238	4,909,254
3,480,840	3,341,961	3,781,084	3,790,413	5,500,171	3,750,897
2,218,091	2,292,933	2,003,166	1,922,423	2,042,364	1,673,060
17,698,639	17,080,401	15,764,007	14,524,270	15,432,426	12,639,519
1,585,793	1,581,832	1,518,539	1,084,113	1,360,408	1,092,867
2,338,284	2,595,697	1,963,773	1,696,053	1,392,226	2,057,082
-	-	-	642,338	-	-
3,924,078	4,177,530	3,482,312	3,422,503	2,752,633	3,149,948
3,238,335	4,485,988	10,432,957	12,212,835	1,434,554	1,754,906
24,861,051	25,743,919	29,679,277	30,159,608	19,619,613	17,544,373
139,350	(829,556)	(2,853,673)	(4,385,620)	3,141,257	2,186,896
3,095,999	2,968,436	3,861,959	15,863,450	2,704,161	3,590,257
(3,695,934)	(3,645,501)	(4,266,031)	(16,273,069)	(3,229,784)	(4,064,987)
(17,826)	(1,149,523)	(1,797,449)	(68,238)	(544,476)	(1,371,411)
146,678	-	-	-	-	6,738
-	-	2,233,476	31,795,292	-	-
-	-	-	(12,453,409)	-	-
(471,083)	(1,826,588)	31,955	18,864,025	(1,070,099)	(1,839,403)
-	-	-	-	1,000,000	-
\$ (331,733)	\$ (2,656,144)	\$ (2,821,718)	\$ 14,478,405	\$ 3,071,159	\$ 347,493

18.15%

19.65%

18.09%

19.07%

15.14%

19.95%

CITY OF DAPHNE, ALABAMA

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

<u>FISCAL YEAR</u>	<u>Sales, Use & Luxury Tax</u>	<u>Gasoline Tax</u>	<u>Payment In Lieu of Taxes</u>	<u>Ad Valorem Tax</u>	<u>Lodging Tax</u>
2013	\$ 13,558,046	\$ 122,515	\$ 2,268,872	\$ 4,517,480	\$ 680,474
2012	13,805,081	124,086	2,234,494	4,915,408	654,479
2011	13,149,327	116,989	2,269,687	5,048,884	659,605
2010	12,118,036	117,202	1,952,460	5,603,130	643,462
2009	12,183,006	116,611	2,046,309	5,539,305	549,255
2008	13,296,369	117,036	1,861,149	4,322,745	591,147
2007	13,330,805	119,764	1,716,258	3,703,278	573,771
2006	12,715,877	119,916	1,475,563	3,309,937	601,303
2005	11,688,989	120,803	1,239,320	3,015,895	547,535
2004	10,463,371	118,937	1,218,170	2,935,349	269,317

CITY OF DAPHNE, ALABAMA

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

Fiscal Year	City Sales Tax Rate	County Sales Tax Rate	State Sales Tax Rate	Total Sales Tax Rate
2013	2.5%	3.0%	4.0%	9.5%
2012	2.5%	3.0%	4.0%	9.5%
2011	2.5%	3.0%	4.0%	9.5%
2010	2.5%	2.0%	4.0%	8.5%
2009	2.5%	2.0%	4.0%	8.5%
2008	2.5%	2.0%	4.0%	8.5%
2007	2.5%	2.0%	4.0%	8.5%
2006	2.5%	2.0%	4.0%	8.5%
2005	2.5%	2.0%	4.0%	8.5%
2004	2.5%	2.0%	4.0%	8.5%

Source: State of Alabama Department of Revenue

Note: The 1% sales tax increase in FY 2009 was for the Baldwin County School System. In FY 2012, voters made this increase permanent.

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CITY OF DAPHNE, ALABAMA

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

EMPLOYER	FISCAL YEAR			
	FY 2013 RANK	FY 2013 % of Total Taxable Sales	FY 2004 RANK	FY 2004 % of Total Taxable Sales
WAL MART	1	12.30%	1	19.79%
SAM'S	2	8.77%	-	-
LOWES	3	4.95%	-	-
TARGET	4	4.00%	3	4.78%
EASTERN SHORE TOYOTA	5	3.39%	-	-
HOME DEPOT	6	3.28%	2	6.17%
CHRIS MYERS	7	2.84%	4	4.58%
TAMERON AUTOMOTIVE	8	2.39%	-	-
PUBLIX	9	2.33%	-	-
WINN-DIXIE	10	1.94%	7	2.66%
DILLARDS	-	-	5	3.55%
TERRY THOMPSON	-	-	6	3.14%
BAYVIEW FORD	-	-	8	1.89%
NFL BUILDING CENTER	-	-	9	0.00%
OFFICE DEPOT	-	-	-	-
TJ MAXX	-	-	10	1.33%

Source: Eastern Shore Chamber of Commerce
City of Daphne's Revenue Department

CITY OF DAPHNE, ALABAMA

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

Fiscal Year Ended September 30	Real Property			Personal Property		Total Net Assessed Value
	Utilities	Residential Property	Commercial Property	Automobiles	Penalties	
2013	\$1,041,260	\$ 187,922,280	\$ 113,879,000	\$ 42,317,820	\$ 156,558	\$ 345,316,918
2012	709,820	182,406,220	112,479,560	39,796,596	75,180	335,467,376
2011	730,820	193,254,400	119,145,080	36,500,570	93,060	349,723,930
2010	743,840	197,194,000	125,107,200	32,357,080	88,660	355,490,780
2009	801,920	214,951,780	135,778,460	34,981,920	98,540	386,612,620
2008	679,600	204,038,780	135,577,300	27,405,940	78,060	367,779,680
2007	608,520	183,170,800	123,626,220	29,844,100	100,020	337,349,660
2006	586,640	139,953,720	96,791,040	28,769,040	-	266,100,440
2005	593,240	123,771,900	84,247,620	26,262,500	69,740	234,945,000
2004	609,740	102,712,390	77,617,420	24,075,280	37,720	205,052,550

Source: Baldwin County Revenue Commissioner

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

CITY OF DAPHNE, ALABAMA

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

Taxpayers	FY 2013			FY 2004		
	Assessed Value	Rank	% of Total Net Assessed Value	Assessed Value	Rank	% of Total Net Assessed Value
L-A Daphne LLC	\$ 5,182,020	1	1.50%	-	-	0.00%
Myers Family Limited Partnership	2,964,980	2	0.86%	-	-	0.00%
Audubon Park Apartments LLC	2,788,600	3	0.81%	-	-	0.00%
Lowe's Home Centers Inc.	2,416,200	4	0.70%	-	-	0.00%
Whispering Pines Park LLC	2,376,800	5	0.69%	-	-	0.00%
Wal-Mart Real Estate Business Trust	2,242,080	6	0.65%	2,272,140	3	1.11%
Esfahani Real Estate Holding of AL	2,103,560	7	0.61%	-	-	0.00%
Health Care REIT Inc	2,068,200	8	0.60%	-	-	0.00%
Sam's Real Estate Business Trust	1,999,780	9	0.58%	-	-	0.00%
Tamerson Properties LLC	1,998,980	10	0.58%	-	-	0.00%
AIG Baker Daphne LLC				4,386,240	1	2.14%
Wynchase LLC				2,698,060	2	1.32%
Timbercreek Land Co Inc.				1,446,940	4	0.71%
Inn of Daphne Inc.				1,356,460	5	0.66%
Timbercreek Gold Co Inc.				1,320,360	6	0.64%
Woodland Park Apartments LLC				1,293,260	7	0.63%
Dayton Hudson Corporation				1,247,900	8	0.61%
Charles K. Breland Jr.				1,336,020	9	0.65%
Daphne Apartments Ltd				1,137,700	10	0.55%

Source: Baldwin County Revenue Commissioner

CITY OF DAPHNE, ALABAMA

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

Fiscal Year	Direct Rates	Overlapping Rates**					
	City of Daphne	Baldwin County					
	Total City Millage	General Millage	Road / Bridge Millage	Fire Millage	School Millage	Health Care Authority Millage	Total County Millage
2013	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2012	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2011	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2010	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2009	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2008	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2007	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2006	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2005	15.0	5.0	2.5	1.5	12.0	0.5	21.5
2004	15.0	5.0	2.5	1.5	12.0	0.5	21.5

Source: Baldwin County Revenue Commissioner

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

Overlapping Rates**

State of Alabama

General Millage	School Millage	Soldier Millage	Total State Millage	Total Direct & Overlapping Rates
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0
2.5	3.0	1.0	6.5	43.0

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CITY OF DAPHNE, ALABAMA

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

Fiscal Year Ending September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 4,516,311	\$4,425,485	97.99%		\$ 4,425,485	97.99%
2012	\$ 4,411,487	\$4,395,066	99.63%	\$ 9,940	\$ 4,405,006	99.85%
2011	\$ 4,674,857	\$4,660,367	99.69%	\$ 10,151	\$ 4,670,518	99.91%
2010	\$ 4,895,120	\$4,847,801	99.03%	\$ 13,297	\$ 4,861,098	99.30%
2009	\$ 5,152,580	\$5,109,720	99.17%	\$ 29,990	\$ 5,139,710	99.75%
2008	\$ 4,961,414	\$4,641,192	93.55%	\$ 266,332	\$ 4,907,524	98.91%
2007	\$ 4,492,072	\$4,221,907	93.99%	\$ 227,378	\$ 4,449,285	99.05%
2006	\$ 3,543,150	\$3,523,375	99.44%	\$ 15,748	\$ 3,539,123	99.89%
2005	\$ 3,051,139	\$3,026,403	99.19%	\$ 18,968	\$ 3,045,371	99.81%
2004	\$ 2,693,680	\$2,686,676	99.74%	\$ 2,753	\$ 2,689,429	99.84%

Source: Baldwin County Revenue Commissioner

CITY OF DAPHNE, ALABAMA

**Legal Debt Margin
Last Fiscal Ten Years**

	FISCAL YEAR			
	FY 2013	FY 2012	FY 2011	FY 2010
Constitutional Debt Limit	\$ 69,063,384	\$ 67,093,475	\$ 69,944,786	\$ 71,098,156
Total Net Debt Applicable to Limit	(36,335,750)	(38,614,155)	(28,984,716)	(30,484,799)
Legal Debt Margin	\$ 32,727,634	\$ 28,479,320	\$ 40,960,070	\$ 40,613,357

Total Net Debt Applicable to Limit as a Percentage of Debt Limit	52.61%	57.55%	41.44%	42.88%
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Legal Debt Margin Calculation

Assessed Value	345,316,918	335,467,376	349,723,930	355,490,780
Debit Limit (20% of Total Assessed Value)	\$ 69,063,384	\$ 67,093,475	\$ 69,944,786	\$ 71,098,156
Debt Applicable to Limit:				
General Obligation Bonds	39,634,250	42,725,887	42,388,164	43,996,777
Less: Exempt Debt	(3,298,500)	(4,111,732)	(13,403,448)	(13,511,978)
Total Net Debt Applicable to Limit	\$ 36,335,750	\$ 38,614,155	\$ 28,984,716	\$ 30,484,799
Legal Debt Margin	\$ 32,727,634	\$ 28,479,320	\$ 40,960,070	\$ 40,613,357

FISCAL YEAR

FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
\$ 77,322,524	\$ 73,555,936	\$ 67,469,932	\$ 53,220,088	\$ 46,989,000	\$ 41,010,510
(31,882,732)	(33,177,921)	(34,595,053)	(35,955,192)	(23,661,159)	(24,598,557)
\$ 45,439,792	\$ 40,378,015	\$ 32,874,879	\$ 17,264,896	\$ 23,327,841	\$ 16,411,953
41.23%	45.11%	51.27%	67.56%	50.35%	59.98%
386,612,620	367,779,680	337,349,660	266,100,440	234,945,000	205,052,550
\$ 77,322,524	\$ 73,555,936	\$ 67,469,932	\$ 53,220,088	\$ 46,989,000	\$ 41,010,510
45,047,105	46,486,221	48,068,053	47,353,116	28,599,543	30,214,699
(13,164,373)	(13,308,300)	(13,473,000)	(11,397,924)	(4,938,384)	(5,616,142)
\$ 31,882,732	\$ 33,177,921	\$ 34,595,053	\$ 35,955,192	\$ 23,661,159	\$ 24,598,557
\$ 45,439,792	\$ 40,378,015	\$ 32,874,879	\$ 17,264,896	\$ 23,327,841	\$ 16,411,953

CITY OF DAPHNE, ALABAMA

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

Fiscal Year	Governmental Activities			Business Activities		
	General Obligation Debt	Limited Obligation Debt	Notes Payable	Capital Leases	General Obligation Debt	Capital Leases
2013	\$ 35,310,000	\$ 4,324,250	\$ -	\$ 432,882	\$ -	\$ 416,191
2012	37,570,000	4,539,755	-	169,158	-	446,974
2011	27,935,000	13,491,116	-	332,948	-	629,101
2010	29,540,000	13,689,799	-	491,540	-	275,439
2009	31,015,000	13,900,032	-	132,074	-	-
2008	32,480,000	14,006,221	-	-	-	-
2007	33,900,000	14,168,053	-	-	-	-
2006	35,270,000	12,083,116	-	-	-	-
2005	22,966,559	5,226,592	-	182,554	152,008	71,830
2004	23,739,807	5,361,935	100,609	533,761	176,206	302,381

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

Total Primary Government Debt	Total Debt as a Percentage of Personal Income	Total Debt Per Capita
\$ 40,483,323	3.51%	\$ 1,352
42,725,887	3.85%	1,464
42,388,164	4.29%	1,559
43,996,777	4.89%	2,040
45,047,105	4.79%	1,738
46,486,221	5.09%	1,787
48,068,053	5.63%	1,902
47,353,116	6.23%	1,946
28,599,543	4.12%	1,216
30,214,699	4.84%	1,330

CITY OF DAPHNE, ALABAMA

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

Fiscal Year	Net Debt	Net Debt as a Percentage of Estimated Actual Taxable Value of Property (1)	Net Debt Per Capita (2)
2013	\$ 36,335,750	10.52%	1,213
2012	38,614,155	11.51%	1,323
2011	28,984,716	8.29%	1,066
2010	30,484,799	8.58%	1,413
2009	31,882,732	8.25%	1,230
2008	33,177,921	9.02%	1,275
2007	34,595,053	10.25%	1,369
2006	35,955,192	13.51%	1,478
2005	23,661,159	10.07%	1,006
2004	24,598,557	12.00%	1,083

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

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

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

CITY OF DAPHNE, ALABAMA

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

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
City of Daphne Direct Debt			
Net Direct Debt	\$ 40,067,131	100.00%	\$ 40,067,131
Overlapping Debt			
Utilities Board of the City of Daphne (1)	20,395,000	100.00%	20,395,000
Baldwin County General Bonded Debt & Warrants (2)	130,161,349	9.14%	<u>11,896,747</u>
Total Direct & Overlapping Debt			<u><u>\$ 72,358,878</u></u>

Source: Baldwin County Revenue Commissioner

(1) - The Utilities Board of the City of Daphne is a subordinate entity.

(2) - The percentage of net assessed value of property in the City of Daphne (\$345,316,918) to net assessed value of property in Baldwin County (\$3,778,063,762) on 10/1/2013.

CITY OF DAPHNE, ALABAMA

**Demographic and Economic Statistics
Last Fiscal Ten Years**

Fiscal Year	Population	Personal Income	Per Capital Person Income	Median Age	School Enrollment	Unemployment Rate
2013	29,946	\$ 1,154,369,772	\$ 38,548	39.80	3,250	6.3%
2012	29,176	\$ 1,109,376,941	\$ 38,024	38.39	3,129	7.0%
2011	27,182	\$ 986,993,655	\$ 36,311	37.91	3,100	8.1%
2010	21,570	\$ 898,840,160	\$ 41,671	37.90	2,989	8.9%
2009	25,922	\$ 939,528,351	\$ 36,244	37.79	3,143	8.8%
2008	26,019	\$ 913,935,561	\$ 35,126	37.99	3,193	4.1%
2007	25,274	\$ 853,270,240	\$ 33,761	38.08	2,528	2.7%
2006	24,328	\$ 759,940,280	\$ 31,237	37.65	3,423	2.8%
2005	23,514	\$ 693,464,073	\$ 29,492	37.39	3,191	3.4%
2004	22,710	\$ 624,425,846	\$ 27,496	36.99	3,130	4.6%

Sources: Bureau of Economic Analysis
Alabama Department of Labor
Eastern Shore Chamber of Commerce
www.shcooldigger.com

CITY OF DAPHNE, ALABAMA

**Principal Employers
Current and Nine Years Ago**

EMPLOYER	FISCAL YEAR					
	FY 2013 # of Employees	FY 2013 % of Total Employees	FY 2012 RANK	FY 2004 # of Employees	FY 2004 % of Total Employees	FY 2004 RANK
Wal-Mart Super Center	290	1.58%	1	400	2.88%	1
City of Daphne	276	1.51%	2	0	0.00%	-
Eastern Shore Rehab	250	1.36%	3	0	0.00%	-
Eastern Shore Toyota / Hyundai	189	1.03%	4	0	0.00%	-
Lowe's	174	0.95%	5	0	0.00%	-
Chris Myers	150	0.82%	6 (tie)	0	0.00%	-
Sam's Club	150	0.82%	6 (tie)	0	0.00%	-
Mercy Medical	150	0.82%	6 (tie)	0	0.00%	-
Bayside Academy	105	0.57%	9	0	0.00%	-
The Breneity	101	0.55%	10	0	0.00%	-
Target	0	0.00%	-	175	1.26%	2
Home Depot	0	0.00%	-	120	0.86%	3 (tie)
Dillard's	0	0.00%	-	120	0.86%	3 (tie)
Home Relief Services	0	0.00%	-	75	0.54%	5 (tie)
Ruby Tuesdays	0	0.00%	-	75	0.54%	5 (tie)
Winn Dixie	0	0.00%	-	65	0.47%	7 (tie)
NFL Warehouse	0	0.00%	-	65	0.47%	7 (tie)
Riviera Utilities	0	0.00%	-	55	0.40%	9

Source: Eastern Shore Chamber of Commerce

CITY OF DAPHNE, ALABAMA

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

Function	FISCAL YEAR			
	FY 2013	FY 2012	FY 2011	FY 2010
General Government:				
Legislative	9	9	9	9
Executive	4	2	2	2
Human Resources	3	3	3	3
Finance	8	8	8	8
Revenue	2	2	2	3
Planning	4	4	4	7
Court	3	4	4	4
Building Maintenance & Janitorial	7	7	7	7
Total General Government	40	39	39	43
Public Safety:				
Police Department	83	84	84	84
Fire Department	45	41	41	41
Building Inspection	5	5	5	7
Code Enforcement	1	1	1	1
Total Public Safety	134	131	131	133
Public Works:				
Public Works Administration	5	5	5	5
Solid Waste	5	5	5	5
Streets	11	11	11	11
Grounds	10	10	10	12
Mowing	8	8	8	9
Mechanical	8	8	8	8
Garbage & Recycling	12	12	12	18
Total Public Works	59	59	59	68
Library & Recreation:				
Parks	8	8	8	9
Recreation	8	9	9	11
Concessions	2	2	2	2
S.A.I.L. Site	3	3	3	3
Library	16	15	15	15
Civic Center	6	7	7	8
Total Library & Recreation	43	44	44	48
Total Employees	276	273	273	292

Source: City of Daphne Human Resources Department

FISCAL YEAR

FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
9	9	9	9	9	9
2	2	2	2	2	2
3	3	3	3	3	2
8	8	8	7	7	7
3	3	3	3	3	2
7	7	7	6	5	5
4	4	4	5	5	4
7	7	7	6	6	7
43	43	43	41	40	38
84	84	84	83	76	73
32	29	26	20	20	19
7	7	6	3	3	3
1	1	1	1	1	1
124	121	117	107	100	96
6	6	5	5	5	5
5	5	5	5	5	5
11	11	11	11	12	12
13	13	17	13	13	13
9	9	9	9	9	9
8	8	9	9	9	8
18	18	18	18	17	18
70	70	74	70	70	70
9	9	5	9	8	9
11	11	11	11	10	10
2	2	2	2	2	2
3	3	3	3	3	2
15	15	13	12	12	11
8	8	7	7	7	7
48	48	41	44	42	41
285	282	275	262	252	245

CITY OF DAPHNE, ALABAMA

**Operating Indicators By Function
Last Five Fiscal Years**

	FISCAL YEAR				
	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Municipal Court					
Cases Pending:					
Traffic	2,957	2,529	2,457	2,815	2,800
Non- Traffic	849	845	859	842	874
Parking	0	0	0	2	0
Total Pending Cases:	3,806	3,374	3,316	3,659	3,674
Cases Filed:					
Traffic	3,280	3,177	3,094	4,157	4,409
Non- Traffic	441	501	510	491	576
Parking	0	0	0	1	0
Total Cases Filed:	3,721	3,678	3,604	4,649	4,985
Cases Disposed of:					
Traffic	3,355	3,494	4,056	4,401	4,437
Non- Traffic	537	567	561	557	648
Parking	0	0	2	0	0
Total Cases Disposed of:	3,892	4,061	4,619	4,958	5,085
Failure-to-appear Cases:					
Traffic	898	684	981	1,023	1,032
Non- Traffic	122	46	73	19	91
Parking	0	0	0	0	0
Total Failure-to-appear:	1,020	730	1,054	1,042	1,123
Cases Appealed:					
Traffic	69	43	55	318	361
Non- Traffic	35	49	53	122	135
Parking	0	0	0	0	0
Total Appeals:	104	92	108	440	496
Cases by Disposition Type:					
Guilty	2,424	2,518	3,014	3,354	3,102
Not Guilty	13	14	16	16	9
Nol pros / Dismissal	1,195	1,274	1,571	1,588	1,399
Continued	3,002	2,412	2,012	3,398	1,958
Total Cases:	6,634	6,218	6,613	8,356	6,468

CITY OF DAPHNE, ALABAMA

**Operating Indicators By Function (Continued)
Last Five Fiscal Years**

	FISCAL YEAR				
	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Public Safety					
Police Department:					
Patrol Division:					
Complaints	13,002	13,322	13,532	13,004	12,634
Accidents - Roadway	194	791	742	760	596
Accidents - Private Property	731	208	169	175	183
Accidents - Traffic Homicides	2	1	4	1	2
Arrests - Controlled Substance	29	10	9	15	13
Arrests - Drug Paraphernalia	32	26	31	47	21
Arrests - Felony Marijuana	7	3	10	7	3
Arrests - Misdemeanor Marijuana	40	26	23	29	30
Arrests - Alias Warrant	286	431	366	302	633
Arrests - D.U.I.	152	149	128	165	181
Arrests - Felony	95	61	82	65	57
Arrests - Misdemeanor	702	927	773	731	779
Assists - Motorist / Citizens	2,541	2,785	5,376	2,917	2,717
Citations	3,289	3,255	3,241	4,218	4,379
Searches - Vehicles	454	340	305	348	695
Securiy Checks	466	n/a	n/a	n/a	n/a
Warnings	2,105	2,429	1,819	995	1,692
Drug Report - Routine Patrol & Special Ops:					
Drugs Seized	39	0	0	3	27
Monies Seized	\$1,445	\$0	\$0	\$0	\$0
Vehicles Seized	0	0	0	0	0
Commercial Vehicle Inspections	412	230	65	79	89
Detective Division:					
New Cases Received	795	734	849	629	618
Previous Unsolved Cases	934	66	91	168	94
Cases Solved	473	481	482	499	367
Arrests:					
Cases Solved - Resulting in Felony	162	112	144	214	103
Cases Solved - Resulting in Misdemeanor	9	22	47	39	25
Houses Searched	1	0	0	0	0
Total Warrants Arrests:	171	134	191	253	128

CITY OF DAPHNE, ALABAMA

**Operating Indicators By Function (Continued)
Last Five Fiscal Years**

	FISCAL YEAR				
	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Detective Division (continued)					
Warrants:					
Warrants Served	491	378	578	549	629
Agency Assists	67	163	253	212	279
Recalls	93	139	276	301	337
Total Warrants Served:	651	680	1,107	1,062	1,245
Sex Offenders:					
Contact Verification	45	18	20	15	18
Total # of Offenders					
Registered in Daphne	8	8	2	3	3
D.A.R.E.:					
Hours Report Writing	32	48	69	42	58
Students Instructed S.R.O.	3,860	2,795	3,540	3,938	4,740
Students Instructed D.A.R.E.	5,030	2,180	5,820	2,031	3,095
Police Reports by S.R.O.	30	32	57	22	28
Arrests by S.R.O.	13	14	24	13	19
Code Enforcement:					
Warnings	41	41	60	89	85
Citations	33	45	51	36	65
Warning Compliance	248	312	251	242	206
Follow-Up	379	427	307	294	114
Jail:					
Arrestees Received & Processed	2,351	2,259	2,131	2,107	2,099
Inmate Meals Served	27,883	21,055	20,557	30,540	34,937
Inmate Medical Cost	\$23,788	\$20,002	\$14,322	\$37,040	\$53,801
Worker Inmate Hours	1,879	2,005	3,206	10,203	8,210
Animal Control:					
Complaints	703	618	721	837	692
Follow-Up	1,326	1,169	1,224	1,256	1,149
Citations	153	55	80	77	47
Warnings	391	276	132	124	96
Felines Captured	299	259	273	316	345
Canines Captured	365	345	337	363	367
Other Captured	67	71	129	250	160
Returned to Owner	179	186	143	184	153
Adopted	191	139	183	180	241
Euthanized	277	204	174	293	305

CITY OF DAPHNE, ALABAMA

**Operating Indicators By Function (Continued)
Last Five Fiscal Years**

	FISCAL YEAR				
	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Crimes Reported:					
Arson	0	0	0	0	0
Burglary - Commercial	35	17	31	12	31
Burglary - Residential	49	82	94	57	38
Burglary - Vehicle	145	109	123	22	20
Criminal Mischief	45	74	83	88	532
Disorderly Conduct	12	4	8	8	10
Domestic Disturbance	274	308	253	175	249
False Information to Police	14	11	17	11	8
Felony Assault	5	7	6	2	3
Felony Theft	149	136	165	191	164
Harassment	56	87	87	94	109
Identity Theft	50	80	54	41	69
Indecent Exposure	1	3	2	6	2
Kidnapping	1	0	0	0	1
Menacing	4	6	3	4	3
Misdemeanor Assault	11	17	14	13	8
Misdemeanor Theft	181	207	191	210	225
Murder	26	0	1	15	1
Other Death Investigations	20	16	23	10	20
Public Intoxication	7	11	11	8	10
Public Lewdness	1	2	0	2	0
Receiving Stolen Property	9	5	17	2	3
Reckless Endangerment	7	7	5	5	11
Resisting Arrest	10	4	4	2	3
Robbery	6	5	14	12	13
Sex Crime Investigations	26	21	13	4	8
Suicide	0	0	0	3	0
Suicide, Attempted	22	25	24	16	13
Theft of Services	0	1	0	5	0
Unauthorized Use of Services	4	6	7	8	7
Weapon Offenses	16	7	9	3	5
White Collar Crimes	46	30	38	30	31

CITY OF DAPHNE, ALABAMA

**Operating Indicators By Function (Continued)
Last Five Fiscal Years**

	FISCAL YEAR				
	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Fire Department:					
Suppression:					
Fire / Explosion:					
Fire, Other	8	3	6	5	13
Structure Fire - Commercial	3	7	3	6	4
Structure Fire - Residential	20	22	35	28	23
Fire in mobile property	2	1	1	1	0
Vehicle / Mobile Property Fire	17	14	9	14	6
Natural Vegetation Fire	11	14	20	11	13
Outside Rubbish Fire	10	10	17	4	5
Special Outside Fire	3	3	6	6	3
Cultivated Vegetable Crop Fire	0	1	0	2	0
Overpressure Rupture	2	1	3	1	0
Rescue Call & Emergency Medical Srv	1,959	1,674	1,710	1,693	1,466
Hazardous Conditions (No Fire)	34	42	46	34	39
Service Calls	193	155	153	245	207
Good Intent Calls	195	240	202	193	123
False Alarm & False Calls	217	249	286	205	155
Severe Weather & Natural Disasters	3	5	4	1	1
Other Situations	3	1	2	0	2
Fire Prevention Awareness & Education:					
Classes Held		61	83	74	89
Persons Attending	19	1,465	5,893	5,091	3,138
Bureau of Fire Prevention:	898				
Plan Reviews	29	189	30	27	47
Final / Certificates of Occupancy	6	3	7	6	10
General / Annual Inspections	462	291	781	1,003	1,120
General / Re-Inspections (Violation Fo	143	315	188	87	209
Business Licenses	69	156	72	64	75
Consultations	0	0	0	0	5
All Other / Miscellaneous Activity	158	23	11	0	9
Miscellaneous Reporting:					
Training Hours	2,773	9,601	1,187	1,324	1,308
Property Loss (\$\$)	\$ 866,200	\$ 1,027,815	\$ 1,171,212	\$ 1,151,542	\$ 1,127,030
Fire Personnel & Civilian Injuries by F	0	2	1	0	2
Advanced Life Support Rescues:	1,434	687	1,105	1,103	835
Number of Patients Treated:	1,898	978	1,692	1,586	1,158
Child Passenger Safety Seat Inspection	105	426	141	180	72

CITY OF DAPHNE, ALABAMA

**Operating Indicators By Function (Continued)
Last Five Fiscal Years**

	FISCAL YEAR				
	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Building Inspection:					
Permits:					
Building Permits:					
Non-Residential	86	82	78	62	71
Residential	465	361	316	346	458
Electrical Permits:					
Non-Residential	52	29	38	38	42
Residential	36	39	122	134	181
Electrical Permits - New Construction:					
Non-Residential	1	5	0	0	0
Residential	169	109	16	0	0
Land Disturbance Permits:					
Non-Residential	0	0	1	0	0
Residential	152	102	60	15	1
Mechanical Permits:					
Non-Residential	39	34	45	18	36
Residential	41	42	130	177	184
Mechanical Permits - New Construction:					
Non-Residential	0	3	0	0	0
Residential	152	123	18	0	0
Plumbing Permits:	49				
Non-Residential	26	24	34	23	26
Residential		32	167	129	166
Plumbing Permits - New Construction:					
Non-Residential	1	1	0	0	0
Residential	176	118	23	0	0
Total # of Permits	1,445	1,104	1,048	942	1,165
Inspections:					
Building Permit Inspections	2,420	1,416	1,291	1,156	1,438
Electrical Permit Inspections	90	66	213	206	196
Electrical - New Construction Permit	172	130	12	0	0
Land Disturbance Permit	6	8	68	3	0
Mechanical Permit Inspections	33	27	143	161	109
Mechanical - New Construction					
Permit Inspections	171	126	19	0	0
Plumbing Permit Inspections	86	77	373	383	445
Plumbing - New Construction Permit	427	244	25	0	0
Total # of Inspections	3,405	2,094	2,144	1,909	2,188

CITY OF DAPHNE, ALABAMA

**Operating Indicators By Function (Continued)
Last Five Fiscal Years**

	FISCAL YEAR				
	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Environmental:					
Site Containment Insp - Permitted	877	339	181	324	196
Site Containment Insp - All Other	276	87	115	110	162
Total # of Environmental					
Inspections	1,153	426	296	434	358
Public Works (1):					
Concrete & Sidewalk Repair:					
Concrete Poured (yards)	265	300			
Repairs (feet)	5,280	900			
Asphalt Street Repairs:					
Asphalt Used (tons)	230	152			
Repairs (miles)	123	285			
Street Sweeping:					
Miles Swept	21,065	17,345			
Dredge:					
Materials Removed/Dredged (yards)	1,000	40 tons			
Storm Drain & Heavy Equipment:					
Drains Cleaned (miles)	150	112			
Materials Hauled (cubic yards)	75	52			
Solid Waste:					
Waste Removed (tons)	6,359	6,316			
Recycled (tons)	3,539	2,919			
Special Events	7	6			
Trash Division:					
Trash Picked Up (tons)	3,950	3,518			
Pay Pile Loads	13	24			
Library & Recreation:					
Tournament Events & Participants (1):					
Adult Softball:					
No. of Events	26	21			
Participants	3,700	3,000			
Girls Fastpitch Softball:					
No. of Events	8	6			
Participants	3,300	2,500			
Soccer:					
No. of Events	9	8			
Participants	11,000	10,500			

CITY OF DAPHNE, ALABAMA

**Operating Indicators By Function (Continued)
Last Five Fiscal Years**

	FISCAL YEAR				
	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Library & Recreation (continued):					
Tournament Events & Participants (1):					
Lacrosse:					
No. of Events	4	4			
Participants	900	900			
League Participants by Sport:					
Youth Soccer	775	550	540	525	550
Youth Football	195	205	195	200	190
Youth Cheerleading	75	80	80	65	65
Fall Men's Open Softball	234	220	17	168	168
Fall Co-Ed Softball	143	156	10	144	144
Fall Adult Soccer	120	100	10	120	0
Dixie Youth Baseball (ages 5-12)	525	435	450	480	440
Dixie Boys Baseball (ages 13-14)	63	60	55	60	66
Youth Softball	95	80	85	75	88
Youth Spring Soccer	380	250	0	0	0
Men's Church League Softball	208	192	216	288	288
Spring Co-Ed Softball	195	132	180	144	144
Spring Adult Soccer	84	80	80	80	120
Summer Men's Open Softball	312	264	372	312	192
Summer Co-Ed Softball	247	132	192	192	192
Summer Adult Soccer	95	80	90	80	80

Library

Patrons Visits	197,384	220,738	214,982	224,367	220,042
Items Circulated	293,033	276,093	296,712	314,218	294,144
Children's Program Attendance	5,822	7,378	10,323	10,889	8,838
Teen Program Attendance	1,656	735	827	1,143	177
Adult Program Attendance	176	531	575	721	791
Computer Users	26,368	30,892	31,676	17,234	15,804
Rosetta Stone Hours Used	194	470	309	0	0
Ancestry Database Users	8,752	7,047	6,976	0	0
Heritage Quest Database Users	2,265	1,263	1,256	0	0
E-Books Circulation	9,156	6,277	767	0	0
Gutenberg Downloads	5,107	1,498	405	0	0
Reference Questions Answered	8,643	8,046	8,639	8,976	8,775

CITY OF DAPHNE, ALABAMA

**Operating Indicators By Function (Continued)
Last Five Fiscal Years**

	FISCAL YEAR				
	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Library & Recreation (continued):					
Meeting Rooms Used	6,002	6,330	6,836	7,251	7,004
Special Displays	47	45	39	47	45
Library Facebook	103,965	47,615	2,112	0	0

Source: Various City Departments

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

CITY OF DAPHNE, ALABAMA

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

Function	FISCAL YEAR				
	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Public Safety:					
Fire:					
Number of Fire Stations	4	4	4	4	4
Number of Fire Trucks	6	6	6	6	6
Number of All Other Vehicles	15	16	16	17	16
Police:					
Number of Police Stations	2	2	2	2	2
Number of Patrol Units	64	64	64	64	64
Public Works (1):					
Miles of Streets (maintained by the City)	135.7	135.4			
Number of Signalized Traffic Intersections (2)	10	10			
Number of Vehicles	54	55	55	56	55
Garbage & Recycling					
Number of Sanitation Trucks	9	9	8	9	10
Library & Recreation:					
Parks	16	16	16	16	16
Dog Parks	1	1	1	1	1
Fitness Center	1	1	1	1	1
Senior Center	1	1	1	1	1
Library	1	1	1	1	1
Number of Vehicles	5	6	5	4	4

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

- (1) Public Works began tracking this data in FY 2012.
- (2) All other traffic lights throughout the city are maintained by the State of Alabama