

City of Daphne, Alabama



**Comprehensive Annual
Financial Report**

**For The Year Ended
September 30, 2014**

Prepared by Finance Department

CITY OF DAPHNE, ALABAMA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

TABLE OF CONTENTS

	Pages
INTRODUCTORY SECTION	
Transmittal Letter	i
City of Daphne, Alabama Map	vii
Organizational Chart	viii
List of Principal Officials	ix
Certificate of Achievement for Excellence in Financial Reporting	x
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	23
Governmental Fund Financial Statements:	
Balance Sheet – Governmental Funds	25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	27
Statement of Revenues, Expenditures, and Changes in Fund Balances	28
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	30
Proprietary Fund Financial Statements:	
Statement of Net Position – Enterprise Funds	31
Statement of Revenues, Expenditures, and Changes in Net Position - Enterprise Funds	33
Statement of Cash Flows – Enterprise Funds	34
Fiduciary Fund Financial Statement:	
Statement of Assets and Liabilities – Agency Funds	35
Notes to Financial Statements	36
Required Supplementary Information:	
Schedule of Revenues and Expenditures – Budget & Actual, General Fund	69
Notes to Schedule of Revenues and Expenditures – Budget and Actual, General Fund	77

Supplementary Information:

Combining Financial Statements:

Balance Sheet – Summary – Non-Major Governmental Funds	78
Balance Sheet – Non-Major Special Revenue Funds	80
Statement of Assets and Liabilities – Agency Funds	82
Statement of Revenues, Expenditures, and Changes in Fund Balance – Summary – Non-Major Governmental Funds	83
Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Special Revenue Funds	85
Statement of Changes in Assets and Liabilities – All Agency Funds	87

Other Supplementary Information:

Capital Assets Used in the Operation of Governmental Funds – By Source	89
--	----

STATISTICAL SECTION

Net Position by Activity Type	96
Changes in Net Position	98
Fund Balances of Governmental Funds	102
Changes in Fund Balances of Governmental Funds	104
Governmental Activities Tax Revenue by Source	106
Revenue Rates for General Sales Tax	107
Principal Revenue Remitters of Sales and Use Tax	108
Net Assessed Value of All Taxable Property	109
Principal Remitters of Property Tax	110
Property Tax Rates Direct and Overlapping Governments	111
Ad Valorem Levies and Collections	113
Legal Debt Margin	114
Outstanding Debt by Type	116
Net Bonded Debt by Type	118
Direct and Overlapping Governmental Activities Debt	119
Demographic and Economic Statistics	120
Principal Employers	121
City Government Employees by Function	122
Operating Indicators by Function	124
Capital Asset Statistics by Function	133

THIS PAGE LEFT BLANK INTENTIONALLY



Part I
Introductory
Section

THIS PAGE LEFT BLANK INTENTIONALLY

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 24, 2015

TO: 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, 2014. 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 Crow Shields Bailey, PC conducted the audit and their report on the City's financial statements is included herein.

The Report

The CAFR has been prepared in conformity with Generally Accepted Accounting principles (GAAP) as prescribed in pronouncements by the Governmental Accounting Standards Board 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 22 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 67, "*Accounting and Financial Reporting for Pension Plans and amendment of GASB Statement No. 25*", was issued to establish standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability). This statement became 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 39 miles west of Pensacola, Florida and 9 miles east of Mobile, Alabama. Located just across Mobile Bay, many residents commute daily to Mobile and Daphne has developed as a bedroom community to the City of Mobile. The 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 201 estimates put the current population in excess of 31,000. 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 has been 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 Mayor and City Council are elected to serve four year terms. Policy making and legislative authority are vested in the City Council, who is, among other things, responsible for passing local ordinances, adopting budgets and appointing board members of related organizations. The Mayor is responsible for carrying out the policies and ordinances of the City Council and the Mayor supervises 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

Economic conditions continue to trend in a positive direction with strong growth. City revenues exhibited strong increase in fiscal year 2014. Current year Ad Valorem tax collections surpassed collections from the 2009 fiscal year, which marked a high revenue point prior to events of the 2007-2009 Great Recession and 2010 Deepwater Horizon Incident adversely impacting city revenues.

The 2007-2009 Recession first 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 \$1.7 million (14.3%).

The City has continued to be accelerated by strong population growth combined with continued retail growth. Positive economic investment in the Coastal Alabama region should continue to drive growth. Such economic investment includes (i) the new Airbus North America Final Assembly Line (FAL) which will assemble the A320 widebody commercial aircraft at Brookley Field, (ii) Austal USA shipbuilding for the US Navy, (iii) ThyssenKrupp's five billion dollar investment in a state of the art steel plant now operated by ArcelorMittal Nippon Steel, and (iv) continued investment in a burgeoning Port of Mobile operated by the Alabama State Port Authority which in 2013 was the 13th largest U.S. Port in Total Trade according to the American Association of Port Authorities. Geographic proximity to these regional economic generators is beneficial to the City with the Airbus FAL, Austal USA, and Port of Mobile facilities being located within 12 miles of the City of Daphne.

Builder Magazine ranked the Daphne-Fairhope-Foley MSA as one of the Top 10 Home Building Markets of 2014. The City of Daphne has been ranked 4th most business friendly city in the State of Alabama by the Alabama Policy Institute. The City was also named as one of the ninth safest city in Alabama in 2014 according to Safe Choice Security. The Daphne-Fairhope-Foley MSA was ranked the 14th fastest growing metropolitan area in the country from 2013 to 2014 and the 9th fastest from 2012 to 2013 according to U.S. Census Bureau population estimates. The Daphne-Fairhope-Foley MSA was also ranked 73rd in the Smartest Cities in America list according to NewGeography.

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, 2014 of \$9.5 million is down 10.6% (\$1.1 million) over the prior year primarily due to forgiving an approximate \$700,000 lodging tax advance to construct Sports Complex II.

Major Initiatives

In the 2014 fiscal year, the City continued to leverage grant funding from the ATRIP program provided by the Alabama Department of Transportation for major roadway projects. Resurfacing for local roads continued at minimum levels with a focus on implementing sustainable road repaving program once the ATRIP projects are completed. Significant

resources were consumed in repairing road and stormwater drainage infrastructure damaged as a result of the April 29-30th, 2014 rain event which adversely impacted the region. There is some carryover in fiscal year 2015 from these projects. The majority of these projects are reimbursable under FEMA or NRCS programs. Other initiatives included major capital improvements for city facilities, upgrade of the Police Department radio system, continued refresh of the City vehicle fleet and Public Works Equipment.

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, 2013. 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.

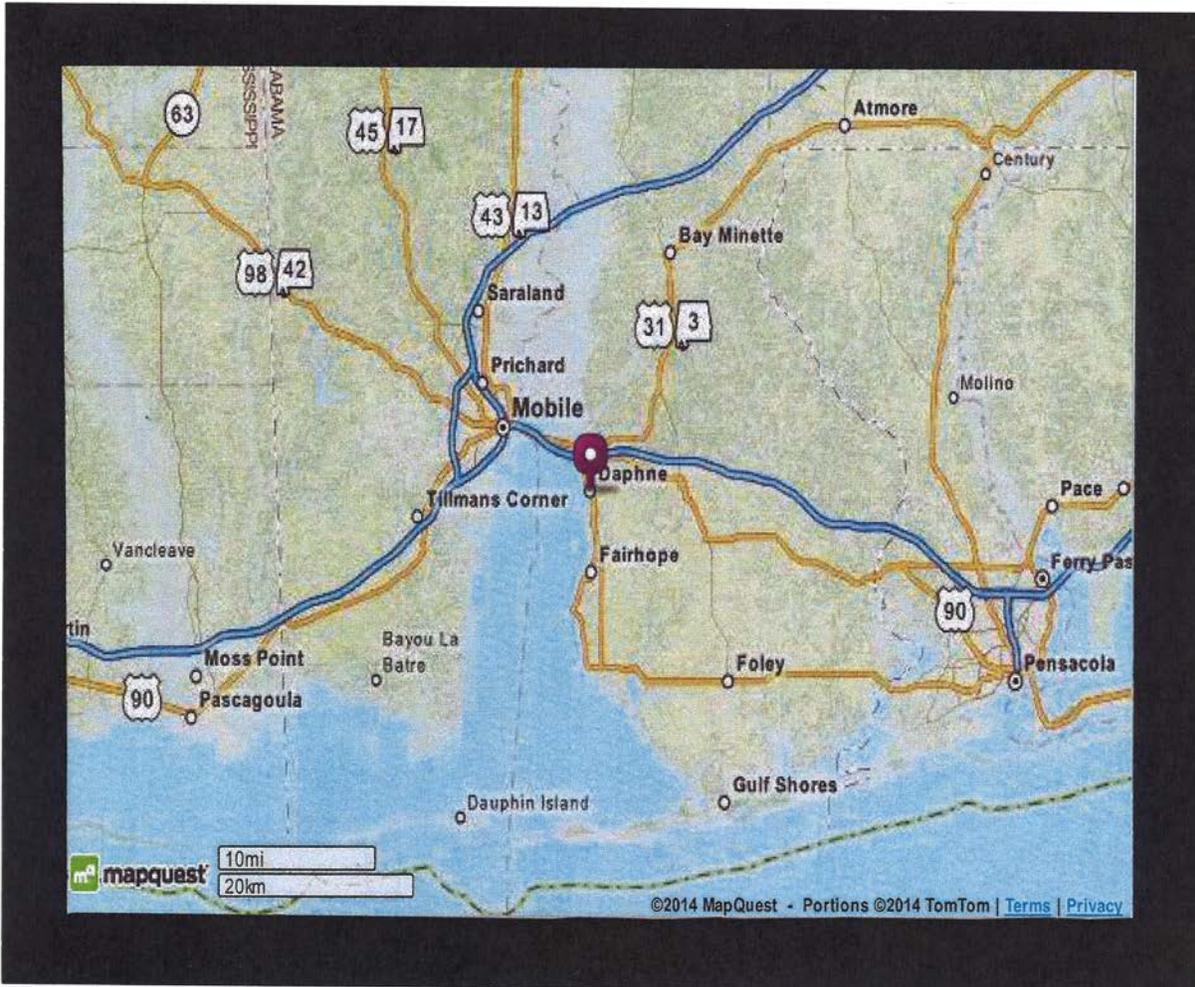
In closing, the commitment to maintaining the highest standards of accountability in financial reporting speaks to the progressive leadership and dedication to public service of the Mayor and the City Council. Their support for a policy of financial integrity has been instrumental in the preparation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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Dane Haygood", is written over a horizontal line.

Dane Haygood
Mayor

City of Daphne, Alabama

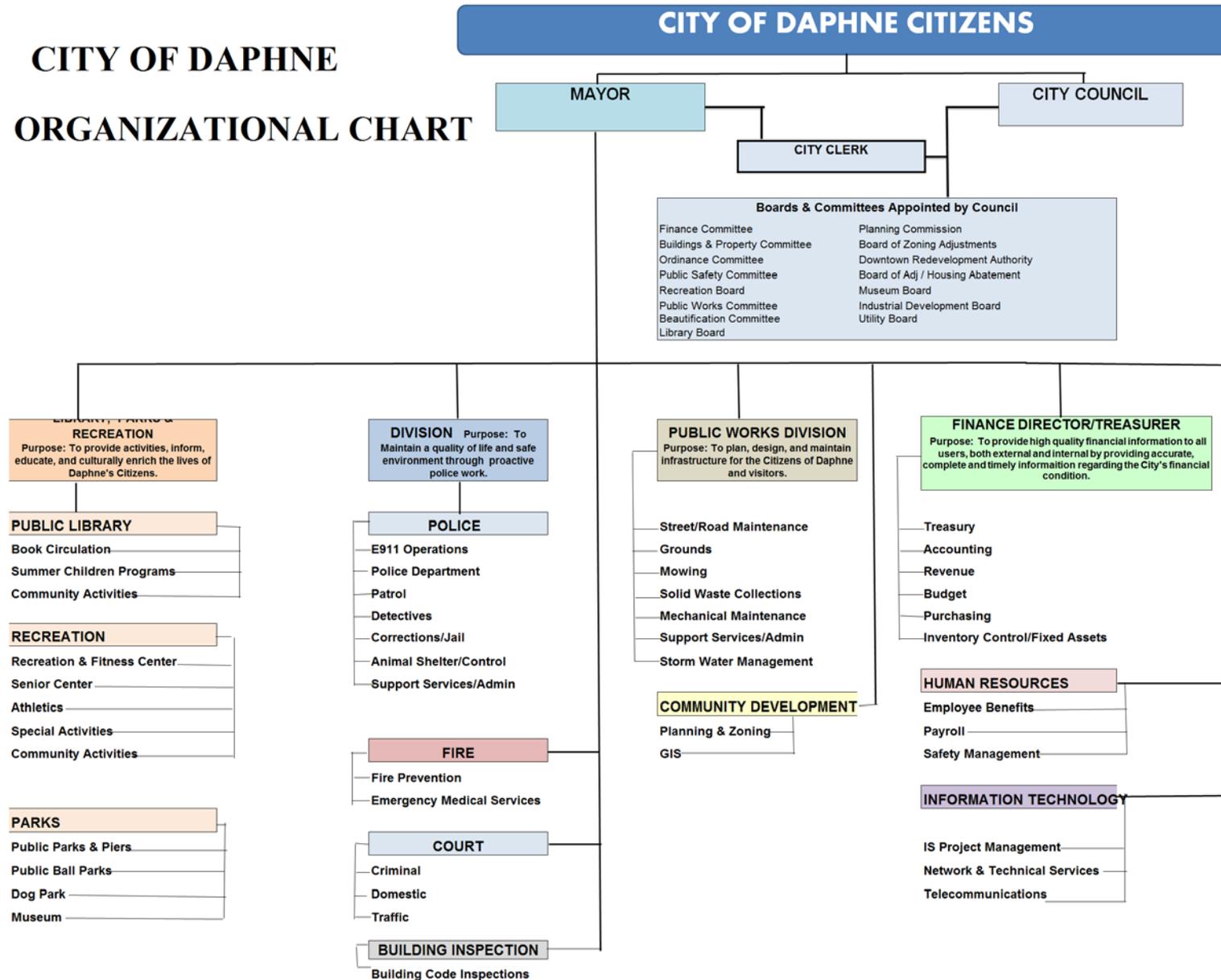


Metropolitan Statistical Area (MSA) population for Daphne, Fairhope and Foley: 195,540

Source: US Department of Commerce's Bureau of Economic Analysis

2013 Estimated Population

CITY OF DAPHNE ORGANIZATIONAL CHART



City of Daphne
List of Principal Officials
September 30, 2014

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
Deputy Finance Director	Christine Ciancetta
Treasurer	Suzanne Henson
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, 2013

Executive Director/CEO



Part II
Financial
Section

THIS PAGE LEFT BLANK INTENTIONALLY



J. Kenny Crow, Jr., CPA
John R. Shields, CPA
Joseph M. Bailey, CPA
Regina L. McKellar, CPA, CVA
Edward G. McDermott, CPA
Kristi B. Daughtery, CPA
Vivian V. Chateau, CPA
Colleen A. Keleher, CPA
A. Bruce Dudley, Jr., CPA, *Emeritus*

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, Alabama, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, which represents 3.9 percent, -3.7 percent, and 3.6 percent, respectively, of the assets, net position, and revenues of the government wide statements. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Renaissance Improvement District, City of Daphne, 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Daphne, Alabama, as of September 30, 2014, 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.

Correction of Error

As described in Note 28 to the financial statements, beginning government wide net position and beginning net assets of the Capital Reserve Fund have been reduced by \$200,000 to correct a prior year overstatement of accounts receivable. Our opinion is not modified with respect to that matter.

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 4–20 and 69–77 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Daphne, Alabama's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the capital assets disclosure schedules 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 nonmajor fund financial statements and the capital assets disclosure schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and the capital assets disclosure schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2015, on our consideration of the City of Daphne, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Daphne, Alabama's internal control over financial reporting and compliance. That report is included in the City of Daphne, Alabama's Single Audit Compliance and Internal Control Reports package.

CrowShieldsBailey
PC

Mobile, Alabama

April 24, 2015

Mobile Office
tel (251) 343.1012
fax (251) 343.1294
3742 Professional Parkway
Mobile, AL 36609

Daphne Office
tel (251) 621.1106
fax (251) 621.1108
7133 Stone Drive
Daphne, AL 36526

Gulf Shores Office
tel (251) 968.4337
fax (251) 968.8995
121 Cove Avenue | P.O. Box 2405
Gulf Shores, AL 36547

CSBcpa.com
toll free (800) 347.8583

Member of American Institute of Certified Public Accountants and Alabama Society of Certified Public Accountants.

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2014. 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 \$84.9 million (net position). Of this amount, the City had unrestricted net position of \$17.7 million that is available to be used to meet the ongoing obligations of the City of Daphne.
- The City's Net Position of \$84.9 million reflected an increase of 2.0% (\$1.7 million) over the prior year's Net Position of \$83.2 million, as adjusted.
- The City's governmental funds reported a combined fund balance of \$17.2 million at the close of the current fiscal year, an increase of 2.3% (\$0.4 million) from the prior year, as adjusted.
- The City's general fund reported a fund balance of \$10.2 million at the close of the current fiscal year, or 37.8% of total General Fund expenditures and other financing uses; total fund balance decreased by 6.2% (\$675,000) over the prior year. Total current year ending fund balances in the General Fund represented 38.8% of current fiscal year total revenues, and 42.7% of prior year total revenues.
- Sales, use, and luxury taxes, the City's single largest revenue source, increased 7.1% (\$1.1 million) during the current fiscal year, reflecting the continuing improvement in the economy.
- Other significant changes in revenue during the current fiscal year include contributions and donations that decreased by 78% (\$350,000) and property taxes that increased by 26.7% (\$1.2 million); Overall current fiscal year revenues increased 7.4% (\$2.0 million) over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual elements of the City government, reporting the City's operations in more detail than the government-wide statements
 - The governmental funds statements tell how general government services like public safety were financed in the short term, as well as what remains for future spending.
 - Proprietary funds statements offer short- and long-term financial information about the activities the government operates like businesses, such as the Civic Center.
 - Fiduciary funds statements convey information about financial relationships in which the City acts solely as a trustee for the benefit of others, 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 1A 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 as required by state law. 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

The following is a condensed version of the City's government-wide Statement of Net Position as of September 30, 2014:

	Governmental Activities		Business-Type Activities		TOTAL	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 24,815,283	\$ 23,761,729	\$ 393,875	\$ 350,684	\$ 25,209,158	\$ 24,112,413
Capital assets	100,689,148	101,844,268	692,622	909,526	101,381,770	102,753,794
Total assets	125,504,431	125,605,997	1,086,497	1,260,210	126,590,928	126,866,207
Deferred outflow of resources	1,064,061	1,162,360	-	-	1,064,061	1,162,360
Current liabilities	2,472,939	1,916,713	161,815	166,926	2,634,754	2,083,639
Long-term debt outstanding	38,848,507	41,307,742	333,995	483,592	39,182,502	41,791,334
Total liabilities	41,321,446	43,224,455	495,810	650,518	41,817,256	43,874,973
Deferred inflow of resources	888,411	890,871	-	-	888,411	890,871
Net Position:						
Invested in capital assets,						
Net of debt	63,388,217	62,254,836	446,828	493,334	63,835,045	62,748,170
Restricted	3,436,535	2,919,881	-	-	3,436,535	2,919,881
Unrestricted	17,533,883	17,478,314	143,859	116,358	17,677,742	17,594,672
Total net position	\$ 84,358,635	\$ 82,653,031	\$ 590,687	\$ 609,692	\$ 84,949,322	\$ 83,262,723

The City's *combined* net position increased \$1,687,000 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 \$84.9 million at September 30, 2014. The combined Net Position reflects a current year total unrestricted net position of \$17.7 million.

The largest component of the City of Daphne's current fiscal year net position (75.1%) 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.

4.0% 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, \$17.7 million, may be used to meet the City's ongoing obligations to citizens and creditors.

Statement of Activities

The following is a summary of the government-wide Statement of Activities for the year ended September 30, 2014:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Program Revenues:						
Charges for services	\$ 5,759,833	\$ 5,414,262	\$ 1,640,110	\$ 1,684,247	\$ 7,399,943	\$ 7,098,509
Operating grants and contributions	124,118	263,800	-	-	124,118	263,800
Capital grants and contributions	3,625,683	2,592,709	-	-	3,625,683	2,592,709
General Revenues:						
Taxes	21,592,278	20,223,145	-	-	21,592,278	20,223,145
Other	224,797	59,009	10,198	-	234,995	59,009
Total Revenues	31,326,709	28,552,925	1,650,308	1,684,247	32,977,017	30,237,172
Expenses:						
General government	3,859,574	3,851,858	-	-	3,859,574	3,851,858
Public safety	10,551,783	9,993,644	-	-	10,551,783	9,993,644
Public works	9,962,074	8,463,551	-	-	9,962,074	8,463,551
Library and recreation	2,828,313	2,672,958	-	-	2,828,313	2,672,958
Interest on long-term debt	1,921,906	1,945,618	-	-	1,921,906	1,945,618
Garbage and Recycling	-	-	1,359,874	1,312,441	1,359,874	1,312,441
Civic Center and Bay Front Park	-	-	806,894	703,749	806,894	703,749
Total Expenses	29,123,650	26,927,629	2,166,768	2,016,190	31,290,418	28,943,819
Change in Net Position, before Transfers	2,203,059	1,625,296	(516,460)	(331,943)	1,686,599	1,293,353
Transfers	(497,455)	(408,190)	497,455	408,190	-	-
Change in Net Position	1,705,604	1,217,106	(19,005)	76,247	1,686,599	1,293,353
Net Position, 10-1	82,853,031	82,112,697	609,692	533,445	83,462,723	82,646,142
Prior Period Adj	(200,000)	(476,772)	-	-	(200,000)	(476,772)
Net Position, end of year	\$ 84,358,635	\$ 82,853,031	\$ 590,687	\$ 609,692	\$ 84,949,322	\$ 83,462,723

Total net position reflected an increase of \$1.69 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 7.6% (\$1.55 million), while total program revenues reflected an increase of 12.0% (\$1.19 million).

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.).

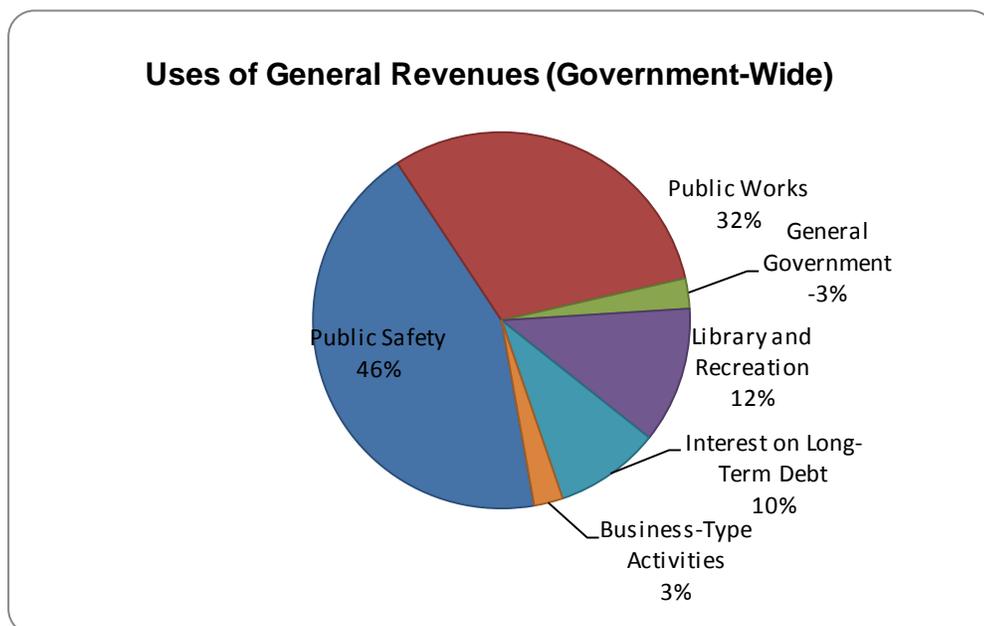
The Civic Center and Bay Front Park are funds that generally require such transfers. \$497,000 was transferred to these activities in the current fiscal year. This is an increase of \$89,000 from the prior year. This change is due predominantly to an increase in expenses in the Civic Center fund of \$106,000, including a \$44,000 increase in maintenance costs and a \$15,000 increased in personnel services costs. The increase in expenses was partially offset by a \$19,000 increase in Bay Front Park rental fees.

The Garbage and 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 \$37,000. When separating the garbage and recycling components, the garbage function has a positive change in net position of \$418,000 while recycling had a negative change in net position of (\$437,000). In order to fund recycling, an amount equal to the negative change in net position (\$437,000) 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 \$497,000.

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	\$ 9,235,621
Public Works	6,522,031
General Government	(549,613)
Library and Recreation	2,484,071
Interest on Long-Term Debt	1,921,906
Business-Type Activities	526,658
	<u>\$ 20,140,674</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

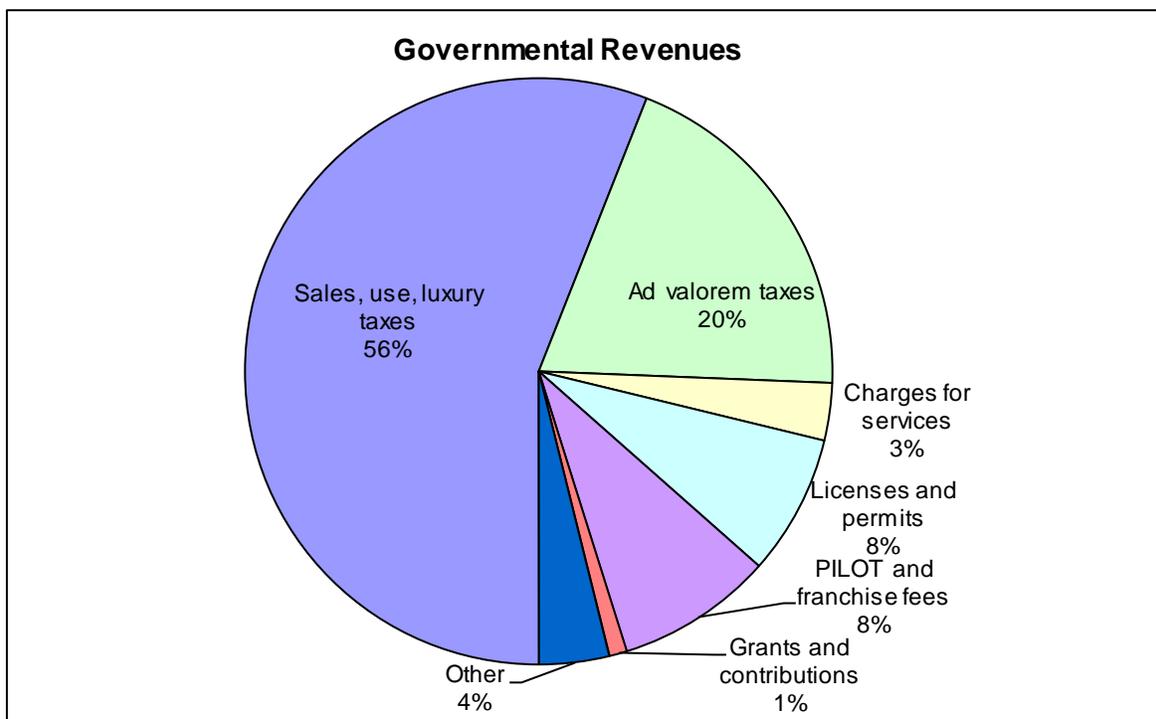
As the City completed the current fiscal year, its governmental funds reported a combined fund balance of \$17.2 million, a 2.4% (\$358,000) increase from the prior year.

Governmental Revenues

Total revenues of the governmental funds showed growth of 7.0% (\$1.97 million) over the prior year. The following chart and graph presents a summary of governmental revenues sources:

Governmental Revenues

Sales, use, luxury taxes	\$ 16,288,104
Ad valorem taxes	5,720,564
Charges for services	921,842
Licenses and permits	2,250,864
PILOT and franchise fees	2,510,663
Grants and contributions	282,318
Other	1,126,223
	<u>\$ 29,100,578</u>



Governmental Revenues (Continued)

Sales and use taxes are the largest source of revenues at 56%; Ad valorem taxes are the next largest at 20%; PILOT, with franchise fees and licenses and permits next, each at 8% of total revenues.

The change in revenues is presented below:

	2014	2013	Variance	% Change
Sales, use, luxury taxes	\$ 16,288,104	\$ 15,213,369	\$ 1,074,735	7%
Ad valorem taxes	5,720,564	4,517,480	1,203,084	27%
Charges for services	921,842	1,088,021	(166,179)	-15%
Licenses and permits	2,250,864	2,173,251	77,613	4%
PILOT and franchise fees	2,510,663	2,268,871	241,792	11%
Grants and contributions	282,318	968,626	(686,308)	-71%
Other	1,126,223	900,932	225,291	25%
	<u>\$ 29,100,578</u>	<u>\$ 27,130,550</u>	<u>\$ 1,970,028</u>	<u>7%</u>

A discussion of significant increases and decreases follows:

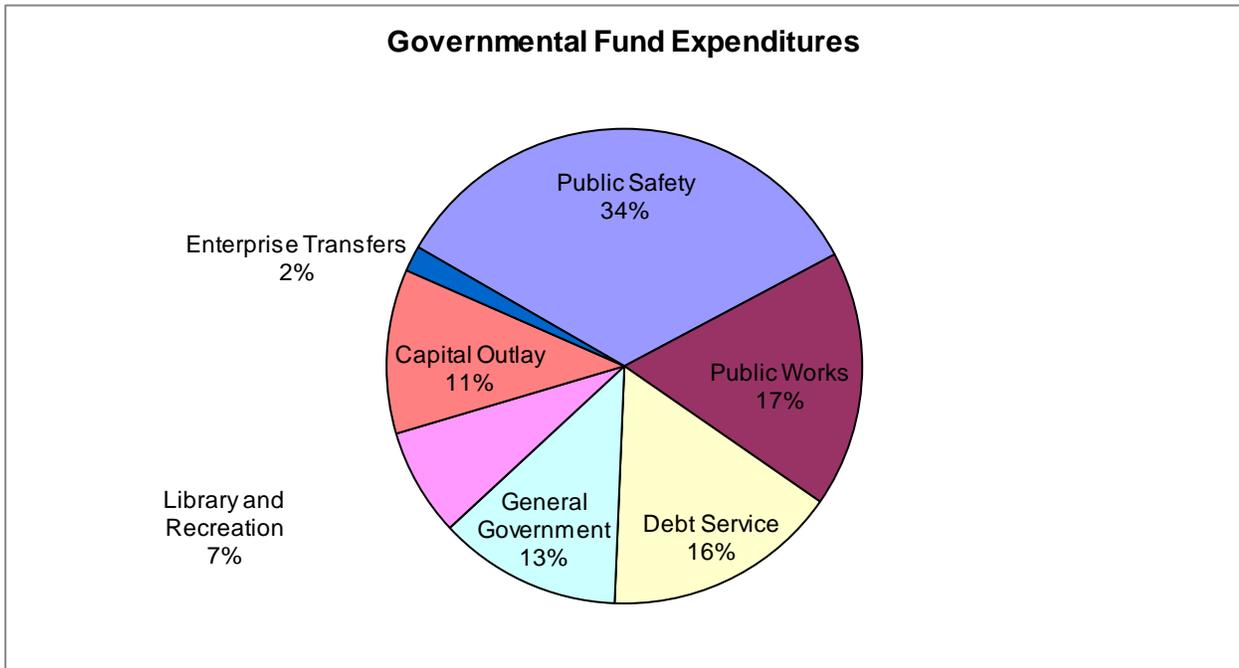
- Sales and use taxes increased \$1.1 million. This is, in part, due to the rejuvenation of Jubilee Square beginning with the opening of Dick's Sporting Goods in June 2011 and continuing with the opening of Fresh Market in October 2012. Dick's and Fresh Market offer a distinct shopping experience to Daphne. Wal-Mart and Sam's continue to be strong retail establishments. Additionally, sales tax generated from luxury good retailers such as furniture, cell phones, restaurants and automotive products have steadily increased as well.
- Ad valorem taxes increased (\$1,200,000) due to improving economic conditions having a positive impact on property values. Also, the amount of property taxes levied and received within 60 days of year end and considered available, and thus recognized as revenue, increased over the prior year by \$800,000.
- Grants and contributions decreased (\$686,000). This is reflective of a decrease in grant activity during the current fiscal year.
- Other revenue sources increased \$225,000. Interest earnings increased \$73,000 and miscellaneous revenue including insurance settlements increased \$104,000.

Governmental Expenditures

A summary of governmental expenditures is presented below:

Governmental Fund Expenditures	
Public Safety	\$ 9,740,349
Public Works	5,008,458
Debt Service	4,599,762
General Government	3,575,499
Library and Recreation	2,105,906
Capital Outlay	3,215,113
Enterprise Transfers	497,455
	<u>\$ 28,742,542</u>

Governmental Expenditures (Continued)



This represents a decrease in expenditures of 3.9%; (\$1.2 million) over the prior year.

The principal drivers of this increase are a decrease in capital outlay of \$3.1 million over the prior year, and an increase in public works expenditures of \$1.1 million over the prior year.

- Capital expenditures decreased \$3.1 million. During the current fiscal year, the City expended \$3.8 million on infrastructure projects, a decrease of \$900,000 over the prior year. In addition, an increase of \$1,159,000 was expended on vehicles and heavy equipment, which included 9 Police Patrol vehicles and (\$345,000), radio equipment and GPS tracking software (\$217,000) and a new dump truck (\$149,000).
- Public works expenditures included \$500,000 of emergency repairs and related costs related to a significant rainfall and flooding event in April 2014. There was an overall increase in payroll related costs as well as additional employees were hired.

Departmental costs of \$20.4 million are the largest component of current fiscal year expenditures (71.1%); overall departmental costs increased 9.83% (\$1.8 million) over the prior year.

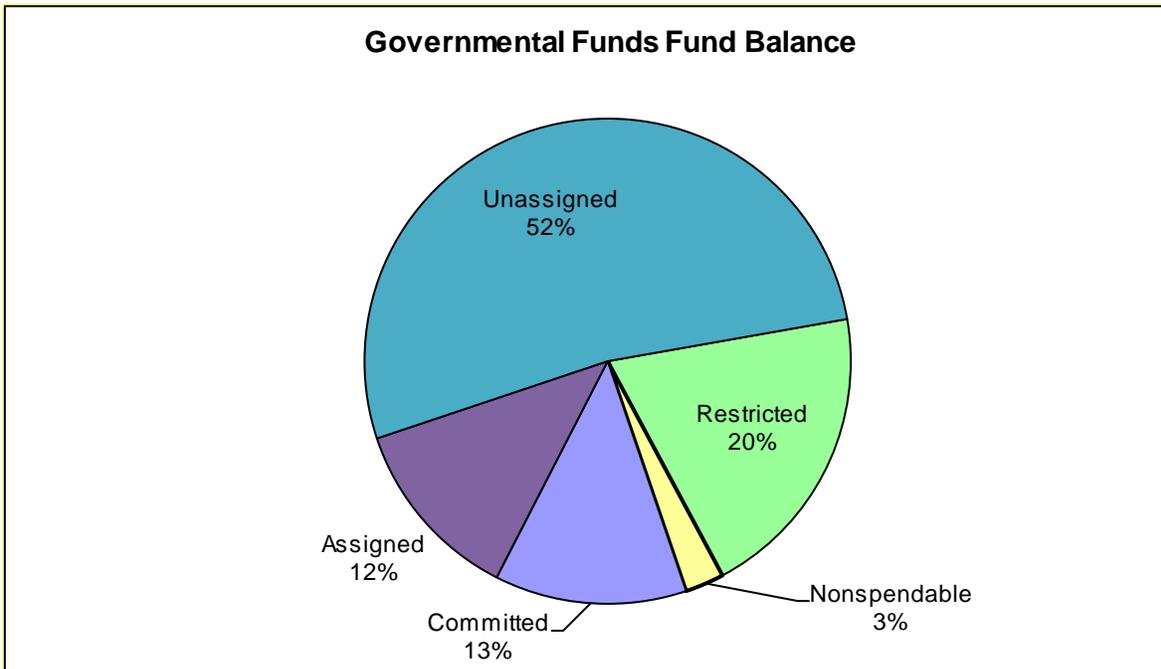
The department with the largest amount of governmental expenditures remains Public Safety at \$9.7 million (33.9% of total expenditures). Public Works is the second largest component of expenditures at \$5.0 million (17.4% of total expenditures).

Debt Service totaling \$4.6 million is the third component of governmental expenditures (16.0%). This component is comprised of principal payments of \$2.8 million, and interest payments of \$1.8 million.

Governmental Fund Balance

Total fund balance of the governmental funds as of September 30, 2014 is \$17.2 million. Of this amount, \$9.1 million is unassigned. An illustration of the total fund balance for governmental funds is presented below:

	2014	2013	Variance	% Change
Restricted	\$ 3,436,535	\$ 2,919,881	\$ 516,654	17.7%
Nonspendable	445,276	405,768	39,508	9.7%
Committed	2,198,674	1,635,200	563,474	34.5%
Assigned	2,122,037	1,878,537	243,500	13.0%
Unassigned	8,973,010	10,178,110	(1,205,100)	-11.8%
	<u>\$ 17,175,532</u>	<u>\$ 17,017,496</u>	<u>\$ 158,036</u>	<u>0.9%</u>



This represents a total fund balance decrease of 2.4% (\$158,000) from the prior year, as adjusted. The General Fund fund balance decreased 6.2% (\$675,000). 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 and Recycling Fund, Civic Center Fund, and the Bay Front Park Fund. During the current fiscal year, \$497,000 was transferred from the governmental funds to subsidize enterprise fund operations. This amount represents 30.1% of the total enterprise funds revenues and transfers in, and is a 21.9% (\$89,000) increase from prior year transfers.

Proprietary Funds (Continued)

For the second consecutive year, the Garbage and 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 \$418,000. This net income was used to fund the recycling program loss of (\$437,000). A detailed analysis of the Garbage and Recycling function was previously presented.

Civic Center and Bay Front Park required transfers of \$373,000 and \$124,000, respectively, during the current fiscal year, an increase of 21.9% (\$89,000) from the prior year.

A summary and comparison of the enterprise fund's operating results for the 2014 and 2013 fiscal years is presented below:

	Garbage/Recycling		Civic Center		Bay Front Park		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
Fees and charges	\$ 1,284,535	\$ 1,388,688	\$ 224,967	\$ 229,949	\$ 83,886	\$ 65,430	\$ 1,593,388	\$ 1,684,067
Other receipts	56,334	19,448	-	-	586	180	56,920	19,628.00
Transfers	-	-	372,780	261,239	124,675	146,951	497,455	408,190
Revenues	1,340,869	1,408,136	597,747	491,188	209,147	212,561	2,147,763	2,111,885
Personnel	569,660	568,892	164,481	149,878	143,704	141,676	877,845	860,446
Operating	787,616	748,475	433,266	341,310	65,443	70,885	1,286,325	1,160,670
Interest	2,598	14,522	-	-	-	-	2,598	14,522
Expenses	1,359,874	1,331,889	597,747	491,188	209,147	212,561	2,166,768	2,035,638
Revenues Over								
(Under) Expenses	\$ (19,005)	\$ 76,247	\$ -	\$ -	\$ -	\$ -	\$ (19,005)	\$ 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 Non Major Storms Fund, the 2006 Construction Fund, and the 2012 Construction Fund. The Debt Service Fund has been a major fund for at least a decade, and the 2006 and 2012 Construction Fund included since their inception. The Non Major Storms fund was a major fund for the first time this year. The Capital Reserve fund was not a major fund for the first time since its inception.

General Fund (Governmental)

At the end of the current fiscal year, the total fund balance of the City's General Fund decreased 6.2% (\$675,000) 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 \$10.2 million, compared to \$10.9 million at the end of the prior year.

General Fund (Governmental)

Cash and cash equivalents (including equity in pooled cash) plus investments decreased by 15.4% (\$1,500,000) during the current fiscal year, over the adjusted cash and cash equivalents amount for the prior year.

Taxes receivable were up \$230,000 over the prior year. Ad valorem taxes receivable were up \$190,000 representing increased property tax assessments, and sales taxes receivable for September 2014 were up \$45,000 over September of the prior year.

Grants receivable increased \$92,000 from the prior year. At September 30, 2014, the City had grants receivable from FEMA grants totaling \$50,000 and a Coastal Impact Assistance grant totaling \$45,000.

Deferred revenues (ad valorem tax assessments) decreased \$610,000 over the prior year, reflecting increased collections of the ad valorem tax assessments in October and November 2014.

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 increased \$867,000 over the prior year. The fund balance in this fund fluctuates based on the timing of upcoming debt payments.

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. There were no significant collections received in FY 2014.

Non Major Storms (Governmental)

The Non Major Storms is used to track related costs incurred during storm events that are to be reimbursed through FEMA. This fund was utilized this year to record the costs related to the significant rainfall event in April 2014. There was no activity in the fund in the previous year.

General Fund Budgetary Highlights

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

Detailed information for the General Fund budget is presented in the 'Required Supplemental Information' section. The originally adopted budget reflected revenues over expenditures by \$202,000. The final amended budget reflected revenues under expenditures by \$1.7 million. Actual results reflect an excess of expenditures over revenues (budgetary basis) of \$600,000. This \$1.1 million positive variance is due equally to actual revenues in excess of budget estimates by \$1.4 million, and budgeted departmental personnel and operating costs under budget estimates by \$805,000 and \$613,000, respectively.

General Fund Budgetary Highlights (continued)

Revenues - The significant components that produced the excess of actual revenues over final budgeted estimates of \$1.4 million are:

- Ad Valorem Taxes – The excess of actual over final budgeted estimates of \$750,000 reflect an improvement in the property tax values and growth of ownership within the City of Daphne. Also, the amount of property taxes collected within 60 days of year end and, thus “available” and recognized as revenue, was significantly higher than in the previous year.
- Licenses and Permits – The excess of actual over final budgeted estimates of \$154,000 reflect the continued, steady improvement of the local economy as evidenced by increasing business activity.
- Payments in Lieu of Taxes – The excess of actual over final budgeted estimates of \$281,000 is mainly due to a rate increase from the local utility company and increased usage from citizens within the City.

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

- Personnel actual expenditures are under final budgeted amounts by \$805,000 (5.5%). The personnel component of the budget is estimated based on all positions being filled for the full year; vacancies are experienced during the year, so this results in actual expenditures normally being less than the budgeted amounts. Significant personnel under budget components include:
 - General government – Executive 25% (\$60,000) and Finance 25% (\$133,000)
 - Public safety – Patrol 5% (\$130,000); Corrections 7% (\$53,000); and Communications 9% (\$49,000).
 - Public works – Street 4% (\$30,000); and Mechanical Shop 13% (\$53,000).
 - Library and recreation – Recreation 15% (\$54,000); Recreation Sports 39% (\$149,000) and Library 15% (\$97,000).
- Operating actual expenditures are less than final budgeted amounts by \$613,000 (10.3%). Significant operating expenditure components include:
 - Parks and recreation operating costs \$127,000 (19%) under budget;
 - City Hall Facilities support \$140,000 (45%) under budget;
 - Mechanic shop net reimbursed costs \$143,000 (62%) under budget.

CAPITAL ASSET AND DEBT MANAGEMENT

Capital Assets

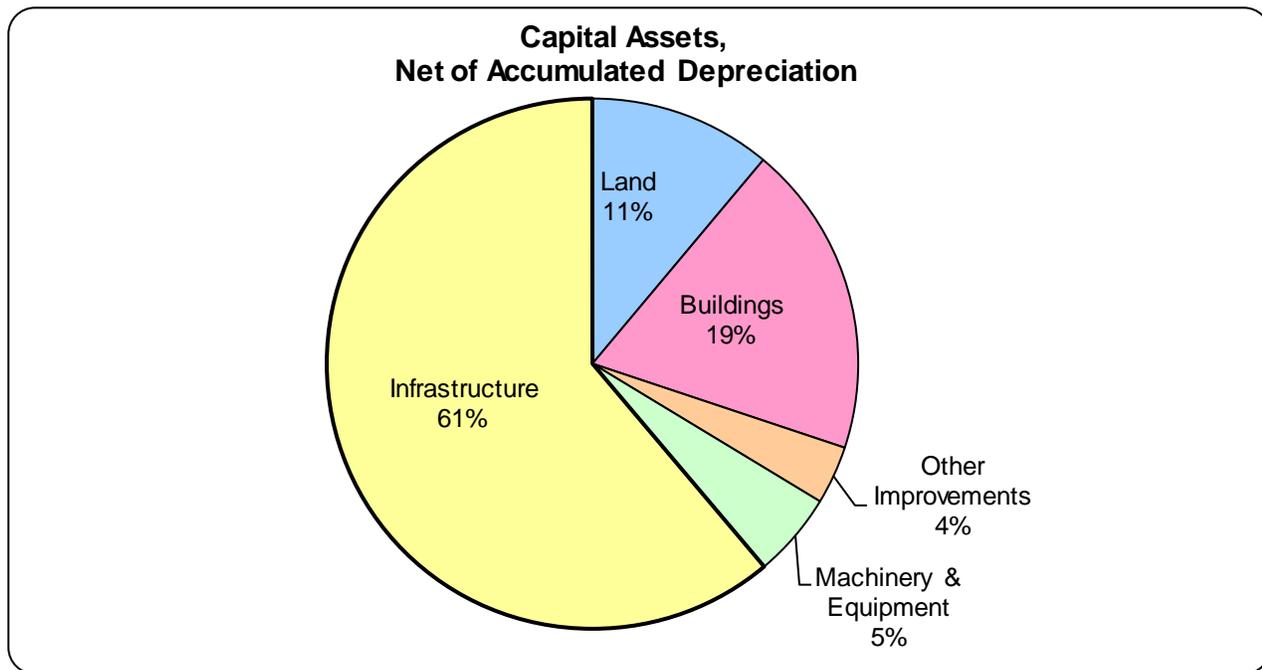
As of September 30, 2014, the City owned \$101.4 million (net of accumulated depreciation) in capital assets, invested in a broad range of asset types, including land, buildings, park facilities, roads and bridges, sidewalks, vehicles and other equipment for governmental and business-type activities.

Capital Assets (Continued)

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

	Governmental Activities		Business-type Activities		TOTAL		% Change
	2014	2013	2014	2013	2014	2013	
Land	\$ 11,228,727	\$ 11,134,449	\$ -	\$ -	\$ 11,228,727	\$ 11,134,449	0.8%
Buildings	19,198,415	19,607,158	124,099	146,489	19,322,514	19,753,647	-2.2%
Other Improvements	3,564,955	4,035,322	-	-	3,564,955	4,035,322	-11.7%
Machinery and Eqpt	4,660,372	4,329,345	568,523	763,039	5,228,895	5,092,384	2.7%
Infrastructure	59,940,951	62,737,994	-	-	59,940,951	62,737,994	-4.5%
Constr in Progress	2,095,728	-	-	-	2,095,728	-	100.0%
TOTAL	\$ 100,689,148	\$ 101,844,268	\$ 692,622	\$ 909,528	\$ 101,381,770	\$ 102,753,796	-1.3%

Components of Capital Assets:



Overall, during the current fiscal year, governmental capital assets, net of accumulated depreciation decreased \$1.4 million over the prior year. Significant components of the decrease include the following:

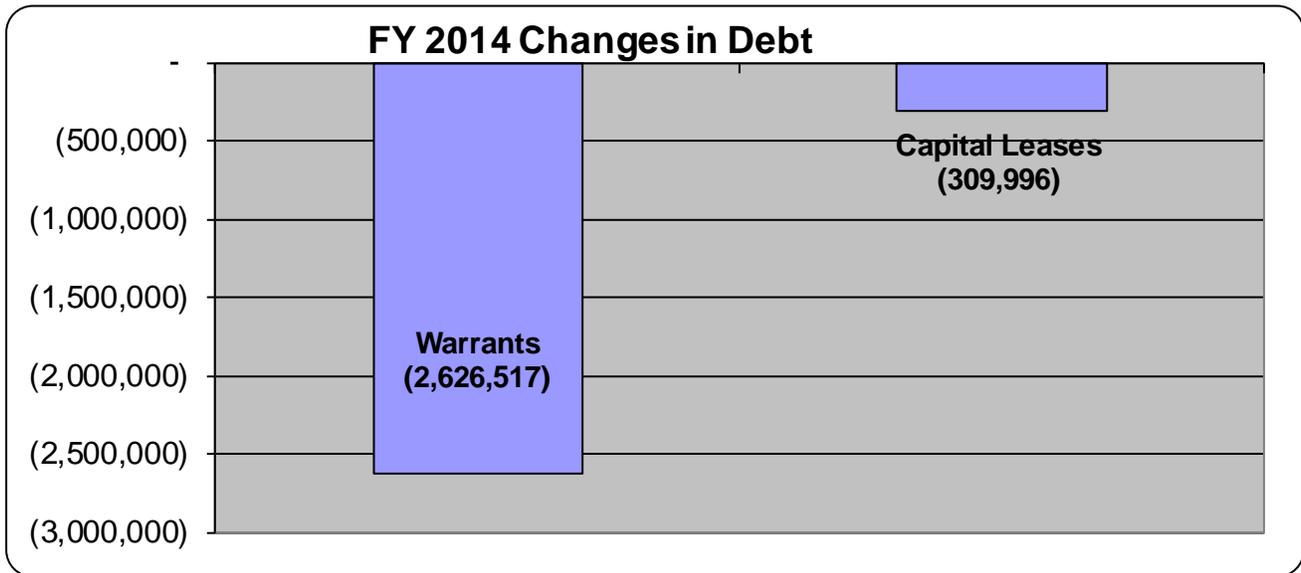
- \$3.8 million Infrastructure: Principally resurfacing projects as previously discussed, including \$1.8 million in streets/roads/drainage accepted from developers of new subdivisions.
- \$1.16 million Police and Fire vehicles,
- \$(6.5 million) Depreciation Expense

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

Long-Term Debt

As of September 30, 2014, the City owed \$37.0 million in long-term warrants outstanding and \$539,000 in capital leases outstanding, of which \$3.04 million will mature during the upcoming fiscal year. The following table summarizes the long-term debt:

	Governmental Funds		Business-Type Funds		TOTAL	
	9/30/2014	9/30/2013	9/30/2014	9/30/2013	9/30/2014	9/30/2013
Warrants	\$ 37,007,733	\$ 39,634,250	\$ -	\$ -	\$ 37,007,733	\$ 39,634,250
Capital Leases	293,198	432,882	245,794	416,106	538,992	848,988
	<u>\$ 37,300,931</u>	<u>\$ 40,067,132</u>	<u>\$ 245,794</u>	<u>\$ 416,106</u>	<u>\$ 37,546,725</u>	<u>\$ 40,483,238</u>



There was no new long term warrant debt issued during the current fiscal year. The decrease in the amount of warrants outstanding of \$2.6 million was solely the result of warrant principal payments made during the current year.

There was no new capital leases issued during the current fiscal year. The decrease in the amount of capital leases outstanding of \$310,000 was solely the result of warrant principal payments made during the current year.

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, 2014, the City's permissible debt limit exceeded actual debt by \$37.8 million. This debt margin is \$5.1 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.

Long Term Debt (Continued)

Subsequent to year end, in November 2014 the city issued the 2014 General Obligation Refunding and Improvement Warrants in the amount of \$10,000,000. These warrants refunded the outstanding balance of the 2003 General Obligation Refunding Warrants and partially refunded the balance of the 2006 General Obligation Refunding and Capital Improvement Warrants.

Bond Ratings

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The current fiscal year General Fund reports an increase of 5.3% (\$730,000) in Sales and Use Taxes over the prior year. The City seems to have begun a gradual recovery in economic activity over the past couple of years. 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 2.0% 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 \$6.6 and \$8.75 million. At the end of the current fiscal year, the Unassigned Fund Balance is 36.2% of the General Fund revenues.

With an Unassigned Fund Balance of the General Fund at the beginning of the upcoming fiscal year of \$9.5 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 2015 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.*

THIS PAGE LEFT BLANK INTENTIONALLY

Government-Wide Financial Statements

CITY OF DAPHNE, ALABAMA

**Statement of Net Position
September 30, 2014**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash, equity in pooled cash	\$ 11,035,101	\$ 248,946	\$ 11,284,047	\$ 18,695
Investments	4,999,712	-	4,999,712	-
Receivables (net)	8,000,946	144,929	8,145,875	23,798
Receivables from fiduciary funds	337,303	-	337,303	-
Inventories	345,187	-	345,187	-
Other assets	131,152	-	131,152	-
Restricted investments	-	-	-	1,116,016
Capital assets:				
Non-depreciable	13,324,455	-	13,324,455	3,154,895
Depreciable, net	87,364,693	692,622	88,057,315	846,540
Total assets	125,538,549	1,086,497	126,625,046	5,159,944
DEFERRED OUTFLOWS OF RESOURCES				
Deferred expense on refunding of bonds	679,769	-	679,769	-
Deferred expense on bond discounts	384,292	-	384,292	-
Total deferred outflows of resources	\$ 1,064,061	\$ -	\$ 1,064,061	\$ -

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts payable	\$ 1,435,136	\$ 69,391	\$ 1,504,527	\$ 26,137
Accrued liabilities	474,581	26,588	501,169	-
Accrued interest payable	81,144	803	81,947	246,563
Payables to fiduciary funds	82,550	-	82,550	-
Unearned revenue	433,646	65,033	498,679	-
Non-current liabilities:				
Due within one year:				
Compensated absences	202,261	14,156	216,417	-
Capital leases payable	142,392	174,216	316,608	-
Bonds payable	2,724,578	-	2,724,578	250,000
Due in more than one year:				
Other post employment benefits	1,210,475	64,608	1,275,083	-
Compensated absences	134,840	9,437	144,277	-
Capital leases payable	150,806	71,578	222,384	-
Bonds payable	34,283,155	-	34,283,155	7,640,000
Total liabilities	<u>41,355,564</u>	<u>495,810</u>	<u>41,851,374</u>	<u>8,162,700</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - special assessments	888,411	-	888,411	-
Total deferred inflows of resources	<u>888,411</u>	<u>-</u>	<u>888,411</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	63,388,217	446,828	63,835,045	(3,768,565)
Restricted for:				
Capital projects	482,597	-	482,597	-
Debt service	2,125,245	-	2,125,245	716,182
Other purposes	828,693	-	828,693	-
Unrestricted	17,533,883	143,859	17,677,742	49,627
Total net position	<u>\$ 84,358,635</u>	<u>\$ 590,687</u>	<u>\$ 84,949,322</u>	<u>\$ (3,002,756)</u>

CITY OF DAPHNE, ALABAMA

**Statement of Activities
For the Year Ended September 30, 2014**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,859,574	\$ 4,400,562	\$ 8,625	\$ -
Public safety	10,551,783	1,163,401	22,837	129,924
Public works	9,962,074	58,914	-	3,381,129
Library and recreation	2,828,313	136,956	92,656	114,630
Interest on long term debt	1,921,906	-	-	-
Total governmental activities	<u>29,123,650</u>	<u>5,759,833</u>	<u>124,118</u>	<u>3,625,683</u>
Business-type activities:				
Garbage and Recycling	1,359,874	1,330,671	-	-
Civic Center	597,747	224,967	-	-
Bay Front Park	209,147	84,472	-	-
Total business-type activities	<u>2,166,768</u>	<u>1,640,110</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 31,290,418</u>	<u>\$ 7,399,943</u>	<u>\$ 124,118</u>	<u>\$ 3,625,683</u>
Component unit:				
Renaissance Improvement District	<u>\$ 901,645</u>	<u>\$ 1,088,770</u>	<u>\$ 154,187</u>	<u>\$ -</u>

General revenues and transfers:

Sales, use, and luxury taxes

Ad valorem taxes

Investment and interest earnings

Miscellaneous revenue

Gain on disposition of assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Prior period adjustment

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
\$ 549,613	\$ -	\$ 549,613	
(9,235,621)	-	(9,235,621)	
(6,522,031)	-	(6,522,031)	
(2,484,071)	-	(2,484,071)	
(1,921,906)	-	(1,921,906)	
<u>(19,614,016)</u>	<u>-</u>	<u>(19,614,016)</u>	
-	(29,203)	(29,203)	
-	(372,780)	(372,780)	
-	(124,675)	(124,675)	
<u>-</u>	<u>(526,658)</u>	<u>(526,658)</u>	
<u>\$ (19,614,016)</u>	<u>\$ (526,658)</u>	<u>\$ (20,140,674)</u>	
			<u>\$ 341,312</u>
16,482,126	-	16,482,126	-
5,110,152	-	5,110,152	-
75,559	-	75,559	2
81,594	-	81,594	-
67,644	10,198	77,842	-
(497,455)	497,455	-	-
<u>21,319,620</u>	<u>507,653</u>	<u>21,827,273</u>	<u>2</u>
1,705,604	(19,005)	1,686,599	341,314
82,853,031	609,692	83,462,723	(3,344,070)
(200,000)	-	(200,000)	
<u>\$ 84,358,635</u>	<u>\$ 590,687</u>	<u>\$ 84,949,322</u>	<u>\$ (3,002,756)</u>

THIS PAGE LEFT BLANK INTENTIONALLY

Governmental Fund Financial Statements

CITY OF DAPHNE, ALABAMA

**Balance Sheet
Governmental Funds
September 30, 2014**

	General Fund	Debt Service Fund	2006 Construction Fund
ASSETS			
Cash, equity in pooled cash	\$ 3,513,288	\$ 2,125,245	\$ -
Investments	4,999,712	-	-
Taxes receivable	5,739,693	-	-
Receivables from other governments	116,017	-	-
Grants receivable	95,634	-	-
Other receivables	106,344	-	886,251
Due from other funds	431,091	-	-
Receivables from fiduciary funds	34,118	-	-
Inventories	345,187	-	-
Other assets	131,152	-	-
Total assets	<u>\$ 15,512,236</u>	<u>\$ 2,125,245</u>	<u>\$ 886,251</u>
LIABILITIES			
Accounts payable	\$ 1,055,440	\$ -	\$ -
Accrued liabilities	809,844	-	-
Due to other funds	-	-	-
Payables to fiduciary funds	82,550	-	-
Unearned revenue	6,878	-	-
Total liabilities	<u>1,954,712</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - grant revenue	95,371	-	-
Deferred revenue - property taxes	3,320,546	-	-
Deferred revenue - special assessments	-	-	886,251
Total deferred inflows of resources	<u>3,415,917</u>	<u>-</u>	<u>886,251</u>
FUND BALANCES			
Nonspendable	445,276	-	-
Restricted	-	2,125,245	-
Committed	-	-	-
Assigned	235,433	-	-
Unassigned	9,460,898	-	-
Total fund balances	<u>10,141,607</u>	<u>2,125,245</u>	<u>-</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 15,512,236</u>	<u>\$ 2,125,245</u>	<u>\$ 886,251</u>

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

Non Major Storms	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 5,396,568	\$ 11,035,101
-	-	4,999,712
-	82,667	5,822,360
-	-	116,017
439,527	367,199	902,360
-	167,614	1,160,209
-	-	431,091
-	303,185	337,303
-	-	345,187
-	-	131,152
<u>\$ 439,527</u>	<u>\$ 6,317,233</u>	<u>\$ 25,280,492</u>
\$ 286,402	\$ 93,294	\$ 1,435,136
-	1,838	811,682
255,048	176,043	431,091
-	-	82,550
-	426,768	433,646
<u>541,450</u>	<u>697,943</u>	<u>3,194,105</u>
369,897	236,630	701,898
-	-	3,320,546
-	2,160	888,411
<u>369,897</u>	<u>238,790</u>	<u>4,910,855</u>
-	-	445,276
-	1,311,290	3,436,535
-	2,198,674	2,198,674
-	1,886,604	2,122,037
(471,820)	(16,068)	8,973,010
<u>(471,820)</u>	<u>5,380,500</u>	<u>17,175,532</u>
<u>\$ 439,527</u>	<u>\$ 6,317,233</u>	<u>\$ 25,280,492</u>

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF DAPHNE, ALABAMA

**Reconciliation of the Balance Sheet Governmental Funds
to the Statement of Net Position
September 30, 2014**

Total fund balances, governmental funds \$ 17,175,532

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 100,689,148

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	679,769	
Discounts on warrants, net of amortization	384,292	
		1,064,061

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	(81,144)	
Warrants, notes, leases	(37,300,931)	
		(37,382,075)

Other post employment benefits are not due and payable in the current period, and, therefore are not reported in the fund financial statement. (1,210,475)

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.

Property taxes	3,320,546	
Grant revenue	701,898	
		4,022,444

Net position of governmental activities in the statement of net position \$ 84,358,635

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, 2014**

	General Fund	Debt Service Fund	2006 Construction Fund
REVENUES			
Taxes:			
Sales, use, luxury	\$ 14,334,075	\$ 755,331	\$ -
Property	5,720,564	-	-
Total taxes	20,054,639	755,331	-
Licenses and permits	2,250,864	-	-
Payments in lieu of taxes	2,510,663	-	-
Fines	366,073	-	-
Charges for services	351,877	-	-
Intergovernmental	273,690	-	-
Grants	93,840	-	-
Special assessments	-	-	2,562
Interest/investment earnings	76,960	55	-
Contributions and donations	65,139	-	-
Miscellaneous	165,902	-	-
Total revenues	26,209,647	755,386	2,562
EXPENDITURES			
Current:			
General government	3,262,423	-	-
Public safety	9,656,544	-	-
Public works	4,490,598	-	-
Recreation and library	1,860,630	-	-
Capital outlay	1,487,821	-	-
Debt service:			
Principal	-	2,766,201	-
Interest	-	1,833,561	-
Total expenditures	20,758,016	4,599,762	-
Excess (deficiency) of revenues over (under) expenditures	5,451,631	(3,844,376)	2,562
OTHER FINANCING SOURCES (USES)			
Transfers in	-	4,711,221	-
Transfers out	(6,171,983)	-	(2,562)
Issuance of debt	-	-	-
Total other financing sources (uses)	(6,171,983)	4,711,221	(2,562)
Net change in fund balances	(720,352)	866,845	-
Fund balances, beginning	10,861,959	1,258,400	-
Prior period adjustment	-	-	-
Fund balances, ending	\$ 10,141,607	\$ 2,125,245	\$ -

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

Non Major Storms	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,198,698	\$ 16,288,104
-	-	5,720,564
-	1,198,698	22,008,668
-	-	2,250,864
-	-	2,510,663
-	173,094	539,167
-	28,236	380,113
386,234	224,098	884,022
69,630	20,000	183,470
-	-	2,562
-	(1,456)	75,559
-	33,709	98,848
-	740	166,642
<u>455,864</u>	<u>1,677,119</u>	<u>29,100,578</u>
-	313,076	3,575,499
-	83,805	9,740,349
492,672	25,188	5,008,458
-	245,276	2,105,906
435,012	1,292,280	3,215,113
-	-	2,766,201
-	-	1,833,561
<u>927,684</u>	<u>1,959,625</u>	<u>28,245,087</u>
<u>(471,820)</u>	<u>(282,506)</u>	<u>855,491</u>
-	1,147,650	5,858,871
-	(181,781)	(6,356,326)
-	-	-
<u>-</u>	<u>965,869</u>	<u>(497,455)</u>
(471,820)	683,363	358,036
-	4,897,137	17,017,496
-	(200,000)	(200,000)
<u>\$ (471,820)</u>	<u>\$ 5,380,500</u>	<u>\$ 17,175,532</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, 2014**

Net change in fund balances, total governmental funds \$ 358,036

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	3,215,113	
Contributions of capital assets	2,152,049	
Less current year depreciation	<u>(6,504,877)</u>	(1,137,715)

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	(610,412)	
Grant revenue	<u>701,898</u>	91,486

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

Proceeds from disposal of assets	(85,048)	
Gain on disposal of assets	<u>67,644</u>	(17,404)

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

Other post employment benefits	(266,655)	
Amortization of discount	(24,472)	
Amortization deferred amount on refunding	(73,827)	
Change in accrued interest	<u>9,954</u>	(355,000)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments		<u>2,766,201</u>
--------------------	--	------------------

Change in net position of governmental activities \$ 1,705,604

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

Proprietary Fund Financial Statements

CITY OF DAPHNE, ALABAMA

**Statement of Net Position
Enterprise Funds
September 30, 2014**

	<u>Garbage and Recycling</u>	<u>Civic Center</u>	<u>Bay Front Park</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash, equity in pooled cash	\$ 201,256	\$ 45,149	\$ 2,541	\$ 248,946
Due from Utility Board	107,198	-	-	107,198
Grant receivable	37,000	-	-	37,000
Other receivables, net of allowance for doubtful accounts of \$115,761	-	-	731	731
Total current assets	<u>345,454</u>	<u>45,149</u>	<u>3,272</u>	<u>393,875</u>
Noncurrent assets:				
Capital assets:				
Roads	135,102	-	-	135,102
Facilities	241,199	93,778	80,476	415,453
Vehicles	1,315,987	15,047	-	1,331,034
Rental equipment and supplies	-	61,761	-	61,761
Equipment and office furniture	88,787	377,152	-	465,939
Total capital assets	<u>1,781,075</u>	<u>547,738</u>	<u>80,476</u>	<u>2,409,289</u>
Less: accumulated depreciation	<u>(1,195,680)</u>	<u>(481,572)</u>	<u>(39,415)</u>	<u>(1,716,667)</u>
Total noncurrent assets	<u>585,395</u>	<u>66,166</u>	<u>41,061</u>	<u>692,622</u>
 Total assets	 <u>\$ 930,849</u>	 <u>\$ 111,315</u>	 <u>\$ 44,333</u>	 <u>\$ 1,086,497</u>

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

	Garbage and Recycling	Civic Center	Bay Front Park	Total
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 52,962	\$ 15,133	\$ 1,296	\$ 69,391
Accrued liabilities	17,808	8,780	-	26,588
Interest payable	803	-	-	803
Unearned revenue	-	38,657	26,376	65,033
Capital lease payable - current	174,216	-	-	174,216
Total current liabilities	<u>245,789</u>	<u>62,570</u>	<u>27,672</u>	<u>336,031</u>
Noncurrent liabilities:				
Capital lease payable - noncurrent	71,578	-	-	71,578
Compensated absences	13,984	7,207	2,402	23,593
Post employment benefits	42,691	11,994	9,923	64,608
Total noncurrent liabilities	<u>128,253</u>	<u>19,201</u>	<u>12,325</u>	<u>159,779</u>
Total liabilities	<u>374,042</u>	<u>81,771</u>	<u>39,997</u>	<u>495,810</u>
NET POSITION				
Net investment in capital assets	339,601	66,166	41,061	446,828
Unrestricted net position	217,206	(36,622)	(36,725)	143,859
Total net position	<u>556,807</u>	<u>29,544</u>	<u>4,336</u>	<u>590,687</u>
Total liabilities and net position	<u>\$ 930,849</u>	<u>\$ 111,315</u>	<u>\$ 44,333</u>	<u>\$ 1,086,497</u>

CITY OF DAPHNE, ALABAMA

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

For the Year Ended September 30, 2014

	Garbage and Recycling	Civic Center	Bay Front Park	Total
Operating revenues:				
Rental fees	\$ -	\$ 195,772	\$ 83,886	\$ 279,658
Community events	-	29,195	-	29,195
Charges for services	1,234,460	-	-	1,234,460
Charges: carts/recycle bins	50,075	-	-	50,075
Other revenues	9,136	-	586	9,722
Total operating revenues	<u>1,293,671</u>	<u>224,967</u>	<u>84,472</u>	<u>1,603,110</u>
Operating expenses:				
Wages	361,739	111,669	102,625	576,033
Overtime	21,119	1,947	1,879	24,945
Payroll related	51,595	15,471	14,158	81,224
Compensated absences	2,352	5,098	(2,624)	4,826
Other personnel expense	122,678	27,276	24,888	174,842
Other post employment benefits	10,177	3,020	2,778	15,975
Total personnel services	<u>569,660</u>	<u>164,481</u>	<u>143,704</u>	<u>877,845</u>
Advertising	1,381	3,530	1,655	6,566
Community programs	-	20,822	-	20,822
Contracted services	12,421	21,369	-	33,790
Employee support	3,578	762	177	4,517
Equipment purchased	223	-	97	320
Equipment lease/rental	-	35,748	-	35,748
Fuel	118,069	1,424	1,424	120,917
Insurance	22,599	33,255	15,757	71,611
Landfill fees	179,151	-	-	179,151
Maintenance	104,763	91,495	3,824	200,082
Removal costs	89,274	2,682	1,102	93,058
Supplies	3,848	13,594	3,705	21,147
Temporary services	1,297	14,599	12,241	28,137
Trustee assignments	-	17,086	-	17,086
Uniforms	3,818	462	-	4,280
Utilities	4,151	138,791	17,900	160,842
Depreciation	243,043	37,647	7,561	288,251
Total operating expenses	<u>1,357,276</u>	<u>597,747</u>	<u>209,147</u>	<u>2,164,170</u>
Operating loss	<u>(63,605)</u>	<u>(372,780)</u>	<u>(124,675)</u>	<u>(561,060)</u>
Non-operating revenues (expenses):				
Grants	37,000	-	-	37,000
Gain on sale of assets	10,198	-	-	10,198
Interest expense	(2,598)	-	-	(2,598)
Total non-operating revenues (expenses)	<u>44,600</u>	<u>-</u>	<u>-</u>	<u>44,600</u>
Loss before contributions	<u>(19,005)</u>	<u>(372,780)</u>	<u>(124,675)</u>	<u>(516,460)</u>
Capital contributions- general fund	<u>-</u>	<u>372,780</u>	<u>124,675</u>	<u>497,455</u>
Change in net position	<u>(19,005)</u>	<u>-</u>	<u>-</u>	<u>(19,005)</u>
Total net position, beginning	575,812	29,544	4,336	609,692
Total net position, ending	<u>\$ 556,807</u>	<u>\$ 29,544</u>	<u>\$ 4,336</u>	<u>\$ 590,687</u>

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

CITY OF DAPHNE, ALABAMA

**Statement of Cash Flows
Enterprise Funds
For the Year Ended September 30, 2014**

	<u>Garbage and Recycling</u>	<u>Civic Center</u>	<u>Bay Front Park</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from customers	\$ 1,269,661	\$ 201,114	\$ 80,819	\$ 1,551,594
Payments to suppliers	(519,720)	(395,707)	(59,166)	(974,593)
Payments to employees	(554,312)	(155,213)	(143,550)	(853,075)
Net cash provided by (used in) operating activities	<u>195,629</u>	<u>(349,806)</u>	<u>(121,897)</u>	<u>(276,074)</u>
Cash flows from capital and related financing activities:				
Capital grants	33,063	-	-	33,063
Principal paid on capital debt	(170,398)	-	-	(170,398)
Interest paid on capital debt	(8,384)	-	-	(8,384)
Capital contributions	-	372,780	124,675	497,455
Purchases of capital assets	(58,904)	(12,443)	-	(71,347)
Proceeds from sale of capital assets	10,198	-	-	10,198
Net cash provided by (used in) capital and financing activities	<u>(194,425)</u>	<u>360,337</u>	<u>124,675</u>	<u>290,587</u>
Net increase in cash and cash equivalents	<u>1,204</u>	<u>10,531</u>	<u>2,778</u>	<u>14,513</u>
Equity in pooled cash, beginning	163,052	34,618	(237)	197,433
Equity in pooled cash, ending	<u>\$ 164,256</u>	<u>\$ 45,149</u>	<u>\$ 2,541</u>	<u>\$ 211,946</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (63,605)	\$ (372,780)	\$ (124,675)	\$ (561,060)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation expense	243,043	37,647	7,561	288,251
Change in assets and liabilities:				
Receivables	(24,010)	-	(731)	(24,741)
Accounts payable	24,853	(88)	(1,284)	23,481
Accrued expenses	5,171	6,248	(2,624)	8,795
Unearned revenue	-	(23,853)	(2,922)	(26,775)
Deferred other post employment benefits	10,177	3,020	2,778	15,975
Net cash provided by (used in) operating activities	<u>\$ 195,629</u>	<u>\$ (349,806)</u>	<u>\$ (121,897)</u>	<u>\$ (276,074)</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

Fiduciary Fund Financial Statements

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF DAPHNE, ALABAMA

**Statement of Assets and Liabilities
Agency Funds
September 30, 2014**

ASSETS

Cash	\$	412,010
Due from other funds		82,550
Other receivables		7,652
		<hr/>
Total assets	\$	<u>502,212</u>

LIABILITIES

Accounts payable	\$	88,985
Due to agencies		40,245
Due to other funds		337,303
Bond deposits		35,679
		<hr/>
Total liabilities	\$	<u>502,212</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

Notes to Financial Statements

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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.

In evaluating the City as a reporting entity, management has addressed all component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. The City 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 financial statements are formatted to allow the reader to distinguish between the primary government and its discretely presented component unit.

1. Discretely Presented Component Unit:

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 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, 2300 Glades Road Suite 410W, Boca Raton, Florida 33431.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Related Organizations

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

- Utilities Board of the City of Daphne
- Industrial Development Board
- Downtown Redevelopment Authority

B. Government-Wide and Fund Financial Statements

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (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.)

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

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

C. Basis of Presentation

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

The GASB Statement 34 *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining statements section.

1. Governmental Funds

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

General Fund – The General Fund is used 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.

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

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. With the exception of the Non Major Storms fund, the Special Revenues Funds are considered non-major governmental funds.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Special Revenue Funds of the City are as follows:

- *Four and Five Cent Gasoline Tax Fund* - This fund may be used for street resurfacing; cost of construction, improvement, and maintenance of highways, bridges, and streets; and certain other related purposes. This tax is levied by the State of Alabama and is legally restricted to these express purposes.
- *Seven Cent Gasoline Tax and Fuel Inspection Fees Fund* - This fund may be used for street improvements and maintenance. This tax is levied by the State of Alabama and is legally restricted to these express purposes.
- *Tree and Flower Fund* – This fund may be used for various landscaping improvements on City owned property.
- *SAIL Site Fund* – Financial resources are provided for the operation of a Senior Assisted Independent Living Program (SAIL). Federal funds flow through the State to the South Alabama Regional Planning Commission, which are in turn remitted to the City on a monthly basis. The City also provides a matching portion of resources required for the operation of this program.
- *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.
- *Non Major Storms Fund* – This fund is used to track related costs incurred during storm events that are to be reimbursed by the Federal Emergency Management Agency (FEMA.) This fund has been determined to be a major fund.
- *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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Fund – The Capital Projects Funds are used to account for financial resources to be used for the acquisition/construction of capital facilities and infrastructure (other than those financed by proprietary funds and trust funds). 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.
- *1999 Construction Fund* – This fund reports special assessments associated with sewer projects.
- *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 a major fund.
- *2012 Construction Fund* – This fund accounts for debt proceeds of \$3,008,000 to be used in road resurfacing projects.

2. Proprietary Funds

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

- *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.

3. Fiduciary Funds

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

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

The Government-Wide financial statements and the Proprietary and Fiduciary fund financial statements are presented on an accrual basis of accounting. The Governmental Funds in the fund financial statement are presented on a modified accrual basis.

1. Accrual Basis:

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

2. Modified Accrual Basis:

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

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

E. Assets, Liabilities, and Net Position or Equity

1. Cash and Cash Equivalents

The City’s cash includes cash on hand and demand deposits. At September 30, 2014, 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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City's cash management pool is treated as a cash equivalent for financial reporting purposes because each individual fund can deposit additional cash or make withdrawals (at any time) without prior notice or penalty.

2. Investments

All investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities and/or money market accounts traded on a national or international exchange are valued at the last reported sales price at current exchange rates. However, because of the inherent uncertainty of valuation, the estimated fair values for investments without quoted market prices may differ significantly from the values that would have been used had a ready market for the investments existed.

3. Accounts Receivable

Accounts receivable are recorded in the governmental, business-type, and component unit funds, and are reflected net of an allowance for doubtful accounts. As of September 30, 2014 the allowance for doubtful accounts in these funds was \$115,761.

4. Due From/Due to Other Funds:

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

5. Inventories and Prepaid Items:

Inventory held consists of 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 recorded as an asset in the General Fund, and the cost of inventories is recorded as expenditure at the time used. Inventories are valued using the average cost method. Appropriate adjustments have been recorded for obsolete and surplus items.

Certain payments to vendors for services that will benefit periods beyond September 30, 2014 are recorded as prepaid items in both the government-wide and fund financial statements.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Restricted Assets

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

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

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The City's policy defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated 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)	5 to 20 years
Machinery and equipment	3 to 10 years
Automotive equipment	5 to 10 years
Office equipment	3 to 5 years

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. 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 that qualifies for reporting in this category on the government-wide financial statements. Deferred inflows of resources reported on the government-wide statement of net position consist of unearned revenue from special assessments. Additional items which arise only under a modified accrual basis of accounting qualify for reporting in this category. Accordingly, these items, unavailable revenue, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources; property taxes and grants. These amounts are 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.

9. Deferred Revenue

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

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

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. 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 (generally 80 hours) of time accrued may be carried forward if unused during the current year. The estimated realizable cost of earned vacation time and its related payroll tax and retirement totals \$360,694 and is recorded as such in the financial statements.

11. Interfund Transactions

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

12. Fund Balance

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

Nonspendable Fund Balance includes amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

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. To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution, which are equally binding. This is typically done through adoption and amendment of the budget. 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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned Fund Balance is the remaining amount available for appropriation within the General Fund which has not been classified with in the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if the nonspendable amount exceeds amounts restricted, committed, or assigned for those specific purposes.

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

F. Revenues, Expenditures, and Expenses

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

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

Expenditures are recognized when the related fund liability is incurred.

1. Property Tax Revenue and Property Tax Calendar

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

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

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

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

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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.

I. Recently Issued Accounting Pronouncements

GASB Statement 67, *Accounting and Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25* was issued to establish standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. The implementation of GASB 67 did not have a material impact on the City's financial statements.

GASB Statement 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27* was issued to establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit pensions, the Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. The requirements of GASB 68 are effective for fiscal year 2015. The City is currently evaluating the impact that GASB 68 may have on its financial statements.

GASB Statement 69, *Government Combinations and Disposals of Government Operations* was issued to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations. The requirements of GASB 69 are effective for fiscal year 2015. The City is currently evaluating the impact that GASB 69 may have on its financial statements.

GASB Statement 70, *Accounting and Financial Reporting for NonExchange Financial Guarantees* was issued to enhance the comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. The implementation of GASB 70 did not have a material impact on the City's financial statements.

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement 68* was issued to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of GASB 71 are required to be applied simultaneously with the provisions of GASB 68(fiscal year 2015). The City is currently evaluating the impact that GASB 71 may have on its financial statements.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

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

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

Balances are collateralized with securities held by the Alabama State Treasury for Alabama Funds Enhancement (SAFE) Program. Each of the banks holding the City’s deposits is a certified participant in the SAFE program. Through the SAFE program, all public funds are protected in a collateral pool administered by the Alabama State Treasury. Included in cash is \$187,025 that is held in an investment account. The Securities Investor Protection Corporation (SPIC) insures balances up to \$500,000.

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

	Equity in Pooled Funds	Non Pooled Funds	Total Cash and Cash Equivalents
Primary Government:			
Governmental activities:			
General operating fund	\$ 3,326,263	\$ 187,025	\$ 3,513,288
2012 Construction fund	-	504,272	504,272
Capital Reserve fund	-	1,770,919	1,770,919
Debt Service fund	-	2,125,245	2,125,245
Other non-major governmental funds	2,619,427	501,950	3,121,377
Total governmental activities	5,945,690	5,089,411	11,035,101
Business-type activities:			
Garbage and Recycling fund	201,256	-	201,256
Civic Center fund	45,149	-	45,149
Bay Front Park fund	2,541	-	2,541
Total business-type activities	248,946	-	248,946
Total primary government	6,194,636	5,089,411	11,284,047
Component Unit:			
Renaissance District	-	18,695	18,695
Total reporting entity	\$ 6,194,636	\$ 5,108,106	\$ 11,302,742

NOTE 3 – INVESTMENTS

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

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 3 – INVESTMENTS (Continued)

Investments at September 30, 2014 consist of the following:

Raymond James:	
Federal Home Loan Bonds and Pools	\$ 745,429
United States Treasury Bonds and Notes	1,007,259
GNMA and FNMA Pools	1,664,122
Proprietary insured by US Government	1,582,902
	<u>\$ 4,999,712</u>

Interest Rate Risk – The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 4 - RECEIVABLES

Receivables at September 30, 2014, consist of the following:

Governmental Activities:

Property, sales/use tax receivable	\$ 5,822,360
Receivables from other governments	116,017
Receivable from Daphne Volunteer Firefighters	165,454
Grant receivables	902,360
Other receivables	994,755
Total governmental activities receivables	<u>\$ 8,000,946</u>

Business-Type Activities:

Utility Board	\$ 107,198
Grant receivables	37,000
Other receivables	116,492
	<u>260,690</u>
Less: Allowance for doubtful accounts	<u>(115,761)</u>
Total business-type receivables	<u>\$ 144,929</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 prior fiscal year. The current balance of this agreement is reflected in the schedule above.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 5 –INVENTORIES

Inventory valuation at September 30, 2014 consisted of the following:

Mechanical Shop Parts and Supplies	\$ 301,316
Vehicle Fuel	43,871
	<u>\$ 345,187</u>

NOTE 6 –CAPITAL ASSETS

Governmental Activities

The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2014:

	Balance 10/1/13	Additions	Retirements	Balance 9/30/14
Capital assets not being depreciated:				
Land	\$ 11,134,449	\$ 94,278	\$ -	\$ 11,228,727
Construction in progress	879,703	1,216,025	-	2,095,728
Total capital assets not being depreciated	<u>12,014,152</u>	<u>1,310,303</u>	<u>-</u>	<u>13,324,455</u>
Capital assets being depreciated:				
Buildings	25,639,816	186,645	-	25,826,461
Other improvements	6,592,535	24,028	-	6,616,563
Machinery and equipment	11,446,717	1,196,835	(307,964)	12,335,588
Infrastructure	131,628,251	2,649,351	-	134,277,602
Total capital assets being depreciated	<u>175,307,319</u>	<u>4,056,859</u>	<u>(307,964)</u>	<u>179,056,214</u>
Less: accumulated depreciation				
Buildings	(6,032,658)	(595,388)	-	(6,628,046)
Other improvements	(2,557,213)	(494,395)	-	(3,051,608)
Machinery and equipment	(7,117,372)	(848,404)	290,560	(7,675,216)
Infrastructure	(69,769,961)	(4,566,690)	-	(74,336,651)
Total accumulated depreciation	<u>(85,477,204)</u>	<u>(6,504,877)</u>	<u>290,560</u>	<u>(91,691,521)</u>
Total capital assets being depreciated	<u>89,830,115</u>	<u>(2,448,018)</u>	<u>(17,404)</u>	<u>87,364,693</u>
Governmental activities capital assets, net	<u>\$ 101,844,267</u>	<u>\$ (1,137,715)</u>	<u>\$ (17,404)</u>	<u>\$ 100,689,148</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 6 –CAPITAL ASSETS (Continued)

Depreciation was charged to governmental functions as follows:

General government	\$ 251,739
Public safety	647,555
Public works	335,521
Parks and recreation	703,372
Infrastructure	4,566,690
	<u>\$ 6,504,877</u>

Business-type Activities

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2014:

	Balance 10/1/13	Additions	Retirements	Balance 9/30/14
Capital assets being depreciated:				
Buildings	\$ 403,011	\$ 12,442	\$ -	\$ 415,453
Machinery and equipment	1,994,992	58,903	(195,161)	1,858,734
Infrastructure	135,102	-	-	135,102
Total capital assets being depreciated	<u>2,533,105</u>	<u>71,345</u>	<u>(195,161)</u>	<u>2,409,289</u>
Less: accumulated depreciation				
Buildings	(256,522)	(34,832)	-	(291,354)
Machinery and equipment	(1,231,953)	(253,419)	195,161	(1,290,211)
Infrastructure	(135,102)	-	-	(135,102)
Total accumulated depreciation	<u>(1,623,577)</u>	<u>(288,251)</u>	<u>195,161</u>	<u>(1,716,667)</u>
Total capital assets being depreciated, net	<u>\$ 909,528</u>	<u>\$ (216,906)</u>	<u>\$ -</u>	<u>\$ 692,622</u>

Depreciation was charged to governmental functions as follows:

Garbage and Recycling	\$ 243,043
Civic Center	37,647
Bayfront	7,561
	<u>\$ 288,251</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 7 – DUE TO/FROM OTHER FUNDS

As of September 30, 2014, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
Governmental funds		
General fund	\$ 431,091	\$ 48,432
Non Major Storms fund	-	255,048
Capital Reserve fund	-	160,452
Non major special revenue funds	303,185	15,591
Fiduciary - Agency funds	82,550	337,303
Totals	<u>\$ 816,826</u>	<u>\$ 816,826</u>

NOTE 8 – INTERFUND TRANSFERS

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financing sources (uses) in the Governmental Funds and as transfers in (out) in the Proprietary Funds. Following is a summary of inter-fund transfers for the year ended September 30, 2014.

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 6,171,983
Special revenue funds	675,871	137,838
Debt service fund	4,711,221	-
Capital projects funds	471,779	46,505
Enterprise funds	497,455	-
Totals	<u>\$ 6,356,326</u>	<u>\$ 6,356,326</u>

NOTE 9 – CAPITAL LEASES

As of September 30, 2014, the City of Daphne has capital lease obligations outstanding totaling \$538,992. Leases are for mowers for Public Works; fire truck for Fire Department; two recycle trucks and three garbage trucks for the Garbage and Recycling Fund. The total cost of assets acquired under capital leases is \$1,283,675.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 9 – CAPITAL LEASES (Continued)

Total minimum future lease payments follow:

	Principal	Interest	Total
2015	\$ 316,608	\$ 10,613	\$ 327,221
2016	146,209	4,104	150,313
2017	76,175	1,577	77,752
2018	-	-	-
2019 and thereafter	-	-	-
	\$ 538,992	\$ 16,294	\$ 555,286

NOTE 10 – LONG TERM DEBT

The following is a description of general and limited obligation bonds/warrants at September 30, 2014:

<p>\$5,700,000 Limited Obligation Revenue Warrants, series 2002, dated April 1, 2001, with an interest rate equal to 9.75% payable monthly, and with annual increasing principal payments. (Infrastructure for the Jubilee Square development) See Note 11 for more detail.</p>	\$ 4,087,733
<p>\$6,455,000 General Obligation Refunding Warrants, series 2003, dated May 29, 2003, with interest rates ranging from 1.1% 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)</p>	2,015,000
<p>\$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)</p>	17,185,000
<p>\$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)</p>	1,060,000

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 10 – LONG TERM DEBT (Continued)

\$13,495,000 General Obligation Refunding and Capital Improvement Warrants, series 2012, dated April 1, 2012, with interest rates ranging from 2.0% to 4.0% payable semi-annually along with variable annual principal payments. Final maturity is February 1, 2036. (Refunded 2002 Warrants and 2006 Limited Obligation Warrants; new money of \$3,008,000 for Resurfacing projects)

12,660,000

Total bonds and warrants payable

\$ 37,007,733

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>
2015	\$ 2,724,578	\$ 1,616,920	\$ 4,341,498
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	2,130,605	1,134,603	3,265,208
2020-2024	9,956,852	4,135,791	14,092,643
2025-2029	9,255,000	1,895,881	11,150,881
2030-2034	3,295,000	579,360	3,874,360
2035-2039	1,300,000	52,600	1,352,600
	<u>\$ 37,007,733</u>	<u>\$ 13,643,016</u>	<u>\$ 50,650,749</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, 2014:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>10/1/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>9/30/14</u>	<u>One Year</u>
General and Limited Obligation					
bonds and warrants	\$ 39,634,250	\$ -	\$ (2,626,517)	\$ 37,007,733	\$ 2,724,578
Obligations under capital lease	432,882	-	(139,684)	293,198	142,392
Compensated absences	296,788	735,161	(694,848)	337,101	202,261
Other post-employment benefits	943,822	266,653	-	1,210,475	-
Total	<u>\$ 41,307,742</u>	<u>\$ 1,001,814</u>	<u>\$ (3,461,049)</u>	<u>\$ 38,848,507</u>	<u>\$ 3,069,231</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 10 – LONG TERM DEBT (Continued)

The following is a summary of the changes in non-current liabilities reported in the business-type activities section of the Statement of Net Position for the year ended September 30, 2014:

	Balance 10/1/13	Additions	Reductions	Balance 9/30/14	Due Within One Year
Obligations under capital lease	\$ 416,192	\$ -	\$ (170,398)	\$ 245,794	\$ 174,216
Compensated absences	18,767	49,920	(45,094)	23,593	14,156
Other post-employment benefits	48,633	15,975	-	64,608	-
	<u>\$ 483,592</u>	<u>\$ 65,895</u>	<u>\$ (215,492)</u>	<u>\$ 333,995</u>	<u>\$ 188,372</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. 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 2014 include a distribution to the City's General Fund in the amount of \$251,774 and \$755,331 in debt service payments on the 2002 Limited Obligation Warrant Conduit Debt Obligation. The fiscal 2014 principal balance of the limited debt obligation was \$4,087,733. As the debt service paid is subject to the terms of the Development Agreement, the Fiscal 2014 principal and interest payments were approximately 37 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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

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, 2014, there was no debt considered defeased.

NOTE 13 – 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, 2014, the City had ongoing construction projects for continued paving in the Lake Forest subdivision. The Lake Forest paving project totals approximately \$2.1 million dollars with the majority of the cost being directly paid by the Alabama Department of Transportation (ALDOT) through the ATRIP grant program. The required match of \$425,000 was paid by the City in 2014 and no significant additional costs are expected.

NOTE 14 – ENCUMBRANCE COMMITMENTS

Encumbrances outstanding at year end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. All governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end.

At September 30, 2014, the City has encumbrance commitments in the General Fund in the amount of \$235,433. No other governmental funds had outstanding encumbrance commitments at year end.

NOTE 15 – 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, 2014:

Restricted for capital projects construction:	
Construction funds and grants	\$ 482,597
Restricted for debt service:	
Debt service fund	2,125,245
Restricted for other purposes:	
State law restricted use	828,693
	<u>\$ 3,436,535</u>

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 16 – NON-MONETARY TRANSACTIONS

During the current fiscal year, non-monetary transactions totaled \$1,782,715. This is principally composed of land, street and drainage acceptances in the Bellaton, Timber Creek Phase II, and Brookhaven Subdivisions in the amount of \$1,782,715.

NOTE 17 – 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 estimated covered payroll, as of September 30, 2014, was \$10,467,360.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 17 – 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 2014, 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, 2013, 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, 2013, was 16 years.

Total 2014 fiscal year contributions amounted to \$1,229,855, of which \$673,841 was made by the City, and \$556,014 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 September 30, 1998 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.

Summary of Employee Census Data

Number of Active Members	258
2013 Annual Compensation	\$ 9,776,216
Number of Retired Members and Beneficiaries	33
Annual Retirement Allowances	\$ 562,167

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 17 – PENSION PLAN – DEFINED BENEFIT PENSION PLAN (Continued)

Total pension benefit data from the Actuarial Valuation of the City Employee’s Retirement as of September 30, 2013, (the latest data available) were valued as follows:

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
9/30/2009	\$ 657,389	100%	\$ -
9/30/2010	\$ 623,873	100%	\$ -
9/30/2011	\$ 621,340	100%	\$ -
9/30/2012	\$ 637,873	100%	\$ -
9/30/2013	\$ 649,561	100%	\$ -

Required Supplementary Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets *	Actuarial Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Date	(a)	(b) ^a	(b-a)	(a/b)	(c)	((b-a)/c)
9/30/2008	\$ 13,346,650	\$ 16,588,010	\$ 3,241,360	80.5%	\$ 9,640,807	33.6%
9/30/2009	\$ 14,174,121	\$ 18,869,709	\$ 4,695,588	75.1%	\$ 10,433,064	45.0%
9/30/2010 ²	\$ 14,985,122	\$ 20,053,299	\$ 5,068,177	74.7%	\$ 9,761,630	51.9%
9/30/2011 ⁴	\$ 15,681,184	\$ 20,138,979	\$ 4,457,795	77.9%	\$ 9,465,348	47.1%
9/30/2012 ⁵	\$ 16,764,199	\$ 20,106,304	\$ 3,342,105	83.4%	\$ 9,258,557	36.1%
9/30/2013 ⁶	\$ 18,936,051	\$ 22,469,719	\$ 3,533,668	84.3%	\$ 9,776,216	36.1%
9/30/2013 ^{3,6}	\$ 18,936,051	\$ 22,553,575	\$ 3,617,524	84.0%	\$ 9,776,216	37.0%

¹ Reflects liability for cost of living benefit increases granted on October 1, 1978

² Reflects the impact of Act 2011-27, which closes the DROP program to new applicants after March 24, 2011

³ Reflects the impact of 2011-676, which increases the member contribution rates by 2.25% beginning October 1, 2011 and by an additional .25% beginning October 1, 2012

⁴ Reflects change in actuarial assumptions

⁵ Reflects changes to smoothing methodology

⁶ Reflects implementation of Board Funding Policy

* The actuarial value of assets was set equal to market value of assets as of September 30, 2012.

Market value of assets as of September 30, 2013: \$19,822,960

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 18 – OTHER POST EMPLOYMENT BENEFITS

In addition to providing pension benefits, the City provides certain health care and life insurance benefits, as allowed by Alabama law. These benefits are paid on a pay-as-you-go basis in the governmental funds and on an accrual basis in the government-wide statements. Presently, 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.

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.

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 2014 and 2013, the City's portion of health care and life insurance funding cost for retired employees totaled \$24,837 and \$22,997, respectively.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 18 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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:

	2014	2013
Normal Cost	\$ 165,517	\$ 159,151
30-year UAL amortization amount	143,021	137,520
Annual required contributions (ARC)	\$ 308,538	\$ 296,671

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:

	2014	2013
Beginning Net OPEB Obligation	\$ 1,009,380	\$ 749,062
Annual required contribution	308,538	296,671
Interest on Net OPEB Obligation	40,375	29,962
ARC Adjustment	(58,373)	(43,318)
OPEB Cost	290,540	283,315
Current year retiree premium	(24,837)	(22,997)
Change in Net OPEB Obligation	265,703	260,318
Ending Net OPEB Obligation	\$ 1,275,083	\$ 1,009,380

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, 2014	\$ 290,540	8.55%	\$ 1,275,083
September 30, 2013	\$ 283,315	8.12%	\$ 1,009,380

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 18 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress - In 2014 and 2013, 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, 2014 year was \$2,572,270 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.

	2014	2013
Actuarial Accrued Liability (AAL)	\$ 2,572,270	\$ 2,473,337
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 2,572,270	\$ 2,473,337
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 10,467,360	\$ 10,460,064
UAAL as a percentage of covered payroll	24.57%	23.65%

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.

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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 18 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

Investment Return Assumption (Discount Rate) - GASB 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 Codification Section P50 requires use of an unblended premium, we have estimated the unblended premium to be 130% of the total blended (active and retiree blend) premium before age 65. The employer premium is thus that total unblended rate less the amount paid by the retiree. Employer provided retiree medical coverage ceases at age 65.

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

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 18 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

	FY 2014	FY 2013	FY 2012
OPEB Cost	\$ 290,540	\$ 283,315	\$ 274,716
Contribution	-	-	-
Retiree Premium	24,837	22,997	13,377
Total contribution and premium	24,837	22,997	13,377
Change in net OPEB obligation	\$ 265,703	\$ 260,318	\$ 261,339
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	8.55%	8.12%	4.87%

NOTE 19 – 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 20 - 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.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 21 – CITY OF DAPHNE UTILITY BOARD – RELATED PARTY

As described in Note 1 of this report, the City Council appoints the board members of the Utilities Board of the City of Daphne and the Utilities Board is considered a related organization as defined by GASB 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, 2014 is \$107,198.

NOTE 22 – RENAISSANCE COOPERATIVE/IMPROVEMENT DISTRICT

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 \$7,890,000 at September 30, 2014 and will mature in 2038. Total paid to the Cooperative District during 2014 was \$152,910.

NOTE 23 – 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 \$3,093,300.

The City of Daphne's total indebtedness at September 30, 2014, was \$37,300,930. Of this total, \$33,914,432 is chargeable to the constitutional debt limit. This chargeable debt is equal to 10.4% of the total assessed value of real and personal property located within the City. This leaves a \$37,818,153 margin available for future borrowings. Based on the City of Daphne's 2010 census, the per capita debt is \$1,729.

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 24 – PROPERTY TAXES

In accordance with GASB 33, the City records property taxes receivable as of September 30 each year. The City assesses and levies property taxes each October 1 and begins collecting the following year. (i.e.: The City assessed property taxes on October 1, 2013 and the County began collecting and remitting the taxes to the City in October 2014.)

Fund Financial Statements:

The City recognizes the taxes collected by the County tax assessor within the first 60 days after September 30, 2014 as revenue. Such revenue totals \$1,232,102. Deferred revenue in the amount of \$3,320,546 is recognized and is reflective of the anticipated upcoming fiscal year collections for the October 1, 2013 (Fiscal 2014) levy.

Government-Wide Financial Statements:

The City recognizes total estimated property tax collections in the amount of \$4,552,648 for the October 1, 2013 tax assessment that is collected starting in October of 2013 (Fiscal 2014).

NOTE 25 – 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 26 – CONCENTRATION – REVENUE SOURCE

The City receives approximately 27% of its annual sales, use, and luxury taxes from three businesses within the City of Daphne; the top ten businesses account for 48% of total such collections.

NOTE 27 – RISK MANAGEMENT

The City is Self-Insured for dental insurance only. The City's insurance carrier, Blue Cross/Blue Shield (BCBS), manages the claims and the City remits weekly payments to BCBS to cover the claims and administrative fees. All other risk management services are assumed by private insurance companies. BCBS insures the City for medical insurance under a retrospectively rated plan and the City remits premiums to them on a monthly basis. At September 30, 2014, the City has a cumulative required reserve contribution surplus of \$917,232. No rate adjustments were necessary in Fiscal 2014.

Liability Insurance coverage is detailed below:

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

CITY OF DAPHNE, ALABAMA
Notes to Financial Statements
September 30, 2014

NOTE 27 – RISK MANAGEMENT (Continued)

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 \$52,730,893)

NOTE 28 – PRIOR PERIOD ADJUSTMENT

Beginning net assets for the Capital Reserve fund was reduced \$200,000 to correct an overstatement of accounts receivable at the end of September 30, 2013.

NOTE 29 – SUBSEQUENT EVENTS

In November 2014, the City issued the 2014 General Obligation Refunding and Improvement Warrants in the amount of \$10,000,000. Of this amount, \$2,042,000 was for the defeasance of the Series 2003 General Obligation Refunding Warrants and \$7,034,000 was for the partial defeasance of the 2006 General Obligation Refunding and Capital Improvement Warrants. Of the remaining amount, \$782,000 was deposited into the Capital Improvements Fund (costs of issuance netted out) to be used for future projects. The City has evaluated subsequent events through April 24, 2015, the date which the financial statements were available to be issued.

Required Supplementary Information

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual
General Fund
For the Year Ended September 30, 2014**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Revenues				
Sales, use, and luxury taxes	\$ 14,242,081	\$ 14,242,081	\$ 14,334,075	\$ 91,994
Payment lieu of taxes/franchise fe	2,230,000	2,230,000	2,510,663	280,663
Ad valorem taxes	4,972,000	4,972,000	5,720,564	748,564
Licenses and permits	2,096,535	2,096,535	2,250,864	154,329
Intergovernmental	230,978	230,978	273,690	42,712
Charges for services	332,960	332,960	351,877	18,917
Fines	443,000	443,000	366,073	(76,927)
Interest	112,000	112,000	76,960	(35,040)
Grants and contributions	99,950	99,950	158,979	59,029
Miscellaneous	14,300	14,300	165,902	151,602
Total revenues	\$ 24,773,804	\$ 24,773,804	\$ 26,209,647	\$ 1,435,843
Expenditures				
<i>GENERAL GOVERNMENT</i>				
Legislative				
Personnel	\$ 231,933	\$ 231,933	\$ 217,401	\$ (14,532)
Operating	235,290	235,290	170,639	(64,651)
Capital	-	28,000	27,699	(301)
	<u>467,223</u>	<u>495,223</u>	<u>415,739</u>	<u>(79,484)</u>
Executive				
Personnel	239,874	239,874	180,313	(59,561)
Operating	61,920	61,920	38,471	(23,449)
	<u>301,794</u>	<u>301,794</u>	<u>218,784</u>	<u>(83,010)</u>
Information Tech Support				
Personnel	55,430	55,430	53,947	(1,483)
Operating	60,390	60,390	15,180	(45,210)
	<u>115,820</u>	<u>115,820</u>	<u>69,127</u>	<u>(46,693)</u>
Human Resources				
Personnel	208,915	234,915	200,707	(34,208)
Operating	97,091	97,091	95,333	(1,758)
	<u>306,006</u>	<u>332,006</u>	<u>296,040</u>	<u>(35,966)</u>

CITY OF DAPHNE, ALABAMA

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

For the Year Ended September 30, 2014

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Finance				
Personnel	533,580	533,580	400,626	(132,954)
Operating	201,170	201,170	172,122	(29,048)
	<u>734,750</u>	<u>734,750</u>	<u>572,748</u>	<u>(162,002)</u>
Revenue				
Personnel	103,895	103,895	90,482	(13,413)
Operating	52,590	52,590	33,562	(19,028)
	<u>156,485</u>	<u>156,485</u>	<u>124,044</u>	<u>(32,441)</u>
Planning/Zoning				
Personnel	231,065	231,065	218,137	(12,928)
Operating	35,050	35,050	21,514	(13,536)
	<u>266,115</u>	<u>266,115</u>	<u>239,651</u>	<u>(26,464)</u>
Legal/Risk Management				
Operating- Legal	240,000	240,000	204,093	(35,907)
Operating- Risk Mgt	285,350	297,350	291,650	(5,700)
	<u>525,350</u>	<u>537,350</u>	<u>495,743</u>	<u>(41,607)</u>
Municipal Court				
Personnel	165,080	165,080	152,395	(12,685)
Operating	108,486	108,486	102,289	(6,197)
	<u>273,566</u>	<u>273,566</u>	<u>254,684</u>	<u>(18,882)</u>
Building Maintenance				
Personnel	264,550	264,550	252,958	(11,592)
Operating	43,745	43,745	34,635	(9,110)
	<u>308,295</u>	<u>308,295</u>	<u>287,593</u>	<u>(20,702)</u>
Janitorial				
Personnel	83,040	83,040	79,261	(3,779)
Operating	65,380	65,380	55,823	(9,557)
Capital	-	-	2,295	2,295
	<u>148,420</u>	<u>148,420</u>	<u>137,379</u>	<u>(11,041)</u>
City Hall Facilities Support				
Operating	297,830	314,830	173,696	(141,134)
Capital	-	-	-	-
	<u>297,830</u>	<u>314,830</u>	<u>173,696</u>	<u>(141,134)</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund
For the Year Ended September 30, 2014**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
TOTAL GENERAL GOVERNMENT				
Personnel	2,117,362	2,143,362	1,846,227	(297,135)
Operating	1,784,292	1,813,292	1,409,007	(404,285)
Capital	-	28,000	29,994	1,994
	<u>3,901,654</u>	<u>3,984,654</u>	<u>3,285,228</u>	<u>(699,426)</u>
PUBLIC SAFETY				
Police Administration				
Personnel	401,605	401,605	376,711	(24,894)
Operating	257,097	257,097	266,551	9,454
Capital	-	247,182	217,099	(30,083)
	<u>658,702</u>	<u>905,884</u>	<u>860,361</u>	<u>(45,523)</u>
SWAT (Sp Weapons & Tactical Eqpt)				
Operating	4,473	4,473	4,369	(104)
	<u>4,473</u>	<u>4,473</u>	<u>4,369</u>	<u>(104)</u>
Traffic Homicide Investigation				
Operating	7,705	7,705	4,379	(3,326)
	<u>7,705</u>	<u>7,705</u>	<u>4,379</u>	<u>(3,326)</u>
Patrol				
Personnel	2,347,590	2,491,940	2,361,609	(130,331)
Operating	343,543	379,019	410,787	31,768
Capital	-	303,008	309,606	6,598
	<u>2,691,133</u>	<u>3,173,967</u>	<u>3,082,002</u>	<u>(91,965)</u>
Detective				
Personnel	809,510	809,510	795,662	(13,848)
Operating	105,601	105,601	92,794	(12,807)
	<u>915,111</u>	<u>915,111</u>	<u>888,456</u>	<u>(26,655)</u>
Communications				
Personnel	489,530	530,020	480,812	(49,208)
Operating	27,800	27,800	24,223	(3,577)
	<u>517,330</u>	<u>557,820</u>	<u>505,035</u>	<u>(52,785)</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund
For the Year Ended September 30, 2014**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Corrections				
Personnel	715,670	725,670	673,068	(52,602)
Operating	92,042	92,042	95,456	3,414
Capital	-	-	-	-
	<u>807,712</u>	<u>817,712</u>	<u>768,524</u>	<u>(49,188)</u>
Animal Control				
Personnel	151,305	151,305	132,786	(18,519)
Operating	25,900	25,900	21,725	(4,175)
	<u>177,205</u>	<u>177,205</u>	<u>154,511</u>	<u>(22,694)</u>
Police Subtotal				
Personnel	4,915,210	5,110,050	4,820,648	(289,402)
Operating	864,161	899,637	920,284	20,647
Capital	-	550,190	526,705	(23,485)
	<u>5,779,371</u>	<u>6,559,877</u>	<u>6,267,637</u>	<u>(292,240)</u>
Central Communications				-
Operating	22,000	22,000	30,906	8,906
	<u>22,000</u>	<u>22,000</u>	<u>30,906</u>	<u>8,906</u>
Fire				
Personnel	2,979,390	2,989,390	3,103,928	114,538
Operating	349,080	349,080	341,299	(7,781)
Capital	-	86,000	109,563	23,563
	<u>3,328,470</u>	<u>3,424,470</u>	<u>3,554,790</u>	<u>130,320</u>
Rescue				
Operating	29,175	29,175	22,486	(6,689)
Capital	-	-	-	-
	<u>29,175</u>	<u>29,175</u>	<u>22,486</u>	<u>(6,689)</u>
Building Inspections				
Personnel	319,855	319,855	315,180	(4,675)
Operating	35,955	35,955	25,519	(10,436)
Capital	-	25,000	22,398	(2,602)
	<u>355,810</u>	<u>380,810</u>	<u>363,097</u>	<u>(17,713)</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund
For the Year Ended September 30, 2014**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Code Enforcement				
Personnel	58,385	58,385	56,569	(1,816)
Operating	7,465	7,465	7,276	(189)
	<u>65,850</u>	<u>65,850</u>	<u>63,845</u>	<u>(2,005)</u>
Emergency Management				
Operating	15,000	15,000	3,536	(11,464)
	<u>15,000</u>	<u>15,000</u>	<u>3,536</u>	<u>(11,464)</u>
TOTAL PUBLIC SAFETY				
Personnel	8,272,840	8,477,680	8,296,325	(181,355)
Operating	1,322,836	1,358,312	1,351,306	(7,006)
Capital	-	661,190	658,666	(2,524)
	<u>9,595,676</u>	<u>10,497,182</u>	<u>10,306,297</u>	<u>(190,885)</u>
<i>PUBLIC WORKS</i>				
Administration				
Personnel	353,765	353,765	355,230	1,465
Operating	73,560	73,560	57,062	(16,498)
	<u>427,325</u>	<u>427,325</u>	<u>412,292</u>	<u>(15,033)</u>
Public Works Facilities Support				
Operating	44,610	39,610	54,479	14,869
Capital	-	14,500	-	(14,500)
	<u>44,610</u>	<u>54,110</u>	<u>54,479</u>	<u>369</u>
Solid Waste- Trash				
Personnel	294,535	294,535	291,799	(2,736)
Operating	205,690	205,690	223,381	17,691
Capital	-	-	-	-
	<u>500,225</u>	<u>500,225</u>	<u>515,180</u>	<u>14,955</u>
Street				
Personnel	634,845	713,730	684,184	(29,546)
Operating	758,590	809,590	800,956	(8,634)
Capital	-	240,000	246,808	6,808
	<u>1,393,435</u>	<u>1,763,320</u>	<u>1,731,948</u>	<u>(31,372)</u>
Street-Infrastructure				
Operating	53,900	53,900	50,355	(3,545)
Capital	65,000	140,000	86,670	(53,330)
	<u>118,900</u>	<u>193,900</u>	<u>137,025</u>	<u>(56,875)</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund
For the Year Ended September 30, 2014**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Grounds				
Personnel	527,245	527,245	576,441	49,196
Operating	220,418	236,418	239,301	2,883
Capital	-	36,000	63,309	27,309
	<u>747,663</u>	<u>799,663</u>	<u>879,051</u>	<u>79,388</u>
Grounds- Parks				
Operating	16,265	16,265	12,350	(3,915)
	<u>16,265</u>	<u>16,265</u>	<u>12,350</u>	<u>(3,915)</u>
Mowing				
Personnel	417,060	417,060	441,478	24,418
Operating	183,910	183,910	194,187	10,277
Capital	-	10,000	8,011	(1,989)
	<u>600,970</u>	<u>610,970</u>	<u>643,676</u>	<u>32,706</u>
Garage				
Personnel	411,120	411,120	357,728	(53,392)
Operating	230,385	230,385	87,330	(143,055)
Capital	-	13,000	-	(13,000)
	<u>641,505</u>	<u>654,505</u>	<u>445,058</u>	<u>(209,447)</u>
MS4 Compliance				
Operating	32,800	32,800	68,437	35,637
Capital	500	500	(861)	(1,361)
	<u>33,300</u>	<u>33,300</u>	<u>67,576</u>	<u>34,276</u>
TOTAL PUBLIC WORKS				
Personnel	2,638,570	2,717,455	2,706,860	(10,595)
Operating	1,820,128	1,882,128	1,787,838	(94,290)
Capital	65,500	454,000	403,937	(50,063)
	<u>4,524,198</u>	<u>5,053,583</u>	<u>4,898,635</u>	<u>(154,948)</u>
<i>RECREATION & LIBRARY</i>				
Parks & Playgrounds				
Operating	27,910	27,910	26,219	(1,691)
	<u>27,910</u>	<u>27,910</u>	<u>26,219</u>	<u>(1,691)</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund
For the Year Ended September 30, 2014**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Recreation Parks-Sports				
Personnel	386,505	386,505	237,146	(149,359)
Operating	281,180	378,180	321,850	(56,330)
Capital	10,000	91,765	94,520	2,755
	<u>677,685</u>	<u>856,450</u>	<u>653,516</u>	<u>(202,934)</u>
Recreation				
Personnel	314,835	365,265	310,947	(54,318)
Operating	134,200	134,200	110,381	(23,819)
Capital	-	35,625	35,625	-
	<u>449,035</u>	<u>535,090</u>	<u>456,953</u>	<u>(78,137)</u>
Athletic and Fitness Programs				
Personnel	41,375	41,375	25,445	(15,930)
Operating	104,500	104,500	63,049	(41,451)
	<u>145,875</u>	<u>145,875</u>	<u>88,494</u>	<u>(57,381)</u>
Special Events				
Operating	54,200	54,200	49,081	(5,119)
	<u>54,200</u>	<u>54,200</u>	<u>49,081</u>	<u>(5,119)</u>
Library				
Personnel	610,535	635,545	538,819	(96,726)
Operating	174,085	174,085	194,702	20,617
Capital	-	20,000	(1,165)	(21,165)
	<u>784,620</u>	<u>829,630</u>	<u>732,356</u>	<u>(97,274)</u>
Civic Center Facilities				
Capital	-	-	136,120	136,120
	<u>-</u>	<u>-</u>	<u>136,120</u>	<u>136,120</u>
TOTAL LIBRARY AND RECREATION				
Personnel	1,353,250	1,428,690	1,112,357	(316,333)
Operating	776,075	873,075	765,282	(107,793)
Capital	10,000	147,390	265,100	117,710
	<u>2,139,325</u>	<u>2,449,155</u>	<u>2,142,739</u>	<u>(306,416)</u>

CITY OF DAPHNE, ALABAMA

**Schedule of Revenues and Expenditures - Budget & Actual, Continued
General Fund
For the Year Ended September 30, 2014**

	BUDGETED AMOUNTS		ACTUAL	Variance-
	Original	Final	Budgetary Basis	(Under)Over Final Budget
Total Expenditures				
Personnel	14,382,022	14,767,187	13,961,769	(805,418)
Operating	5,703,331	5,926,807	5,313,433	(613,374)
Capital	75,500	1,290,580	1,357,697	67,117
	<u>20,160,853</u>	<u>21,984,574</u>	<u>20,632,899</u>	<u>(1,351,675)</u>
Excess of Revenues Over Expenditures				
Before Other Financing Uses	<u>4,612,951</u>	<u>2,789,230</u>	<u>5,576,748</u>	<u>2,787,518</u>
<i>OTHER FINANCING SOURCES/(USES)</i>				
Transfers to Debt Service Fund	(3,720,144)	(3,720,144)	(4,573,383)	(853,239)
Transfers to Capital Reserve Fund	(200,000)	(200,000)	(425,274)	(225,274)
Transfers to Civic Center Ent Fund	(299,070)	(386,070)	(372,780)	13,290
Transfers to BayFront Ent Fund	(153,090)	(185,590)	(124,675)	60,915
Transfer to Lodging Tax	-	-	(643,643)	(643,643)
Transfers to SAIL Site Fund	(38,423)	(38,423)	(32,228)	6,195
	<u>(4,410,727)</u>	<u>(4,530,227)</u>	<u>(6,171,983)</u>	<u>(1,641,756)</u>
Total Revenues Over				
(Under) Expenditures	<u>\$ 202,224</u>	<u>\$ (1,740,997)</u>	<u>\$ (595,235)</u>	<u>\$ 1,145,762</u>

City of Daphne, Alabama
Notes to Schedule of Revenues and Expenditures-Budget and Actual
General Fund
Year Ended September 30, 2014

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, 2014:

GAAP Revenues Over Expenditures	\$	(720,352)
Encumbrances outstanding at:		
September 30, 2014		(235,433)
September 30, 2013		360,550
		360,550
Budgetary Revenues over Expenditures	\$	(595,235)
		(595,235)

Supplementary Information

Combining Financial Statements

CITY OF DAPHNE, ALABAMA

**Combining Balance Sheet - Summary
Non-Major Governmental Funds
September 30, 2014**

	1999 Construction Fund	Capital Reserve Fund	2012 Construction Fund
ASSETS			
Cash, equity in pooled cash	\$ -	\$ 1,770,919	\$ 504,271
Taxes receivable	-	-	-
Grants receivable	-	327,171	26,327
Other receivables	2,160	165,454	-
Receivables from fiduciary funds	-	-	-
Total assets	<u>\$ 2,160</u>	<u>\$ 2,263,544</u>	<u>\$ 530,598</u>
LIABILITIES			
Accounts payable	\$ -	\$ 920	\$ 26,939
Accrued expenses	-	-	-
Due to other funds	-	160,452	-
Unearned revenue	-	-	-
Total liabilities	<u>-</u>	<u>161,372</u>	<u>26,939</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - grant revenue	-	215,568	21,062
Deferred revenue - special assessments	2,160	-	-
Total deferred inflows of resources	<u>2,160</u>	<u>215,568</u>	<u>21,062</u>
FUND BALANCES			
Restricted	-		482,597
Committed	-	-	-
Assigned	-	1,886,604	-
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>1,886,604</u>	<u>482,597</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 2,160</u>	<u>\$ 2,263,544</u>	<u>\$ 530,598</u>

Special Revenue Funds	Total Other Governmental Funds
\$ 3,121,378	\$ 5,396,568
82,667	82,667
13,701	367,199
-	167,614
303,185	303,185
<u>\$ 3,520,931</u>	<u>\$ 6,317,233</u>

\$ 65,435	\$ 93,294
1,838	1,838
15,591	176,043
426,768	426,768
<u>509,632</u>	<u>697,943</u>

-	236,630
-	2,160
<u>-</u>	<u>238,790</u>

828,693	1,311,290
2,198,674	2,198,674
-	1,886,604
(16,068)	(16,068)
<u>3,011,299</u>	<u>5,380,500</u>

<u>\$ 3,520,931</u>	<u>\$ 6,317,233</u>
---------------------	---------------------

CITY OF DAPHNE, ALABAMA

**Combining Balance Sheet
Non-Major Special Revenue Funds
September 30, 2014**

	4 Cent	7 Cent	Flower Fund	Sail Site	Oil Spill	Federal Drug Recoveries	State Drug Recoveries
ASSETS							
Cash, equity in pooled cash	\$ 100,760	\$ 386,508	\$ 17,200	\$ 3,248	\$ 426,768	\$ 38,483	\$ 21,855
Taxes receivable	4,873	6,004	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Receivables from fiduciary funds	-	-	-	-	-	-	-
Total assets	<u>105,633</u>	<u>392,512</u>	<u>17,200</u>	<u>3,248</u>	<u>426,768</u>	<u>38,483</u>	<u>21,855</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 653	\$ -	\$ 22,694	\$ -
Accrued expenses	-	-	-	1,396	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	426,768	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,049</u>	<u>426,768</u>	<u>22,694</u>	<u>-</u>
FUND BALANCE							
Restricted	105,633	392,512	-	1,199	-	15,789	21,855
Committed	-	-	17,200	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balance	<u>105,633</u>	<u>392,512</u>	<u>17,200</u>	<u>1,199</u>	<u>-</u>	<u>15,789</u>	<u>21,855</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 105,633</u>	<u>\$ 392,512</u>	<u>\$ 17,200</u>	<u>\$ 3,248</u>	<u>\$ 426,768</u>	<u>\$ 38,483</u>	<u>\$ 21,855</u>

Library	Concession Stand	Mun Court: Eq/Training	Mun Court Judicial	Corrections/ Court	Lodging Tax	Renaissance Center	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$2,126,556	\$ -	\$ 3,121,378
-	-	-	-	-	71,790	-	82,667
13,701	-	-	-	-	-	-	13,701
-	-	27,398	86,374	189,413	-	-	303,185
13,701	-	27,398	86,374	189,413	2,198,346	-	3,520,931
\$ 12,406	\$ 1,355	\$ -	\$ -	\$ 11,455	\$ 16,872	\$ -	\$ 65,435
288	154	-	-	-	-	-	1,838
11,856	3,710	-	-	25	-	-	15,591
-	-	-	-	-	-	-	426,768
24,550	5,219	-	-	11,480	16,872	-	509,632
-	-	27,398	86,374	177,933	-	-	828,693
-	-	-	-	-	2,181,474	-	2,198,674
-	-	-	-	-	-	-	-
(10,849)	(5,219)	-	-	-	-	-	(16,068)
(10,849)	(5,219)	27,398	86,374	177,933	2,181,474	-	3,011,299
\$ 13,701	\$ -	\$ 27,398	\$ 86,374	\$ 189,413	\$2,198,346	\$ -	\$ 3,520,931

CITY OF DAPHNE, ALABAMA

**Combining Statement of Assets and Liabilities
Agency Funds
September 30, 2014**

	<u>Municipal Court</u>	<u>Self Insurance</u>	<u>Confiscated Funds</u>	<u>Flexible Spending Account</u>	<u>Total</u>
ASSETS					
Cash	\$ 411,035	\$ -	\$ 975	\$ -	\$ 412,010
Due from other funds	-	74,274	-	8,276	82,550
Other receivables	7,652	-	-	-	7,652
Total assets	<u>\$ 418,687</u>	<u>\$ 74,274</u>	<u>\$ 975</u>	<u>\$ 8,276</u>	<u>\$ 502,212</u>
 LIABILITIES					
Accounts payable	\$ 5,460	\$ 74,274	\$ 975	\$ 8,276	\$ 88,985
Due to other funds	337,303	-	-	-	337,303
Due to agencies	40,245	-	-	-	40,245
Bond deposits	35,679	-	-	-	35,679
Total liabilities	<u>\$ 418,687</u>	<u>\$ 74,274</u>	<u>\$ 975</u>	<u>\$ 8,276</u>	<u>\$ 502,212</u>

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF DAPHNE, ALABAMA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Summary
Non-Major Governmental Funds
For the Year Ended September 30, 2014**

	1999 Construction Fund	Capital Reserve Fund	2012 Construction Fund
REVENUES			
Sales, use, luxury tax	\$ -	\$ -	\$ -
Fines	-	-	-
Charges for services	-	-	-
Intergovernmental	-	185,151	-
Grants	-	-	-
Interest/investment earnings (loss)	-	63	(2,422)
Contributions and donations	-	-	-
Special assessments	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>-</u>	<u>185,214</u>	<u>(2,422)</u>
EXPENDITURES			
Current expenditures:			
General government	-	-	420
Public safety	-	-	-
Public works	-	25,188	-
Parks and recreation	-	-	-
Total current expenditures	<u>-</u>	<u>25,188</u>	<u>420</u>
Capital outlay	-	731,652	283,711
Total expenditures	<u>-</u>	<u>756,840</u>	<u>284,131</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(571,626)</u>	<u>(286,553)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	471,779	-
Transfers out	-	-	(43,943)
Total other financing sources (uses)	<u>-</u>	<u>471,779</u>	<u>(43,943)</u>
Net change in fund balance	-	(99,847)	(330,496)
Fund balance, beginning	-	2,186,451	813,093
Prior period adjustment	-	(200,000)	-
Fund balance, ending	<u>\$ -</u>	<u>\$ 1,886,604</u>	<u>\$ 482,597</u>

Special Revenue Funds	Total Other Governmental Funds
\$ 1,198,698	\$ 1,198,698
173,094	173,094
28,236	28,236
38,947	224,098
20,000	20,000
903	(1,456)
33,709	33,709
-	-
740	740
<u>1,494,327</u>	<u>1,677,119</u>
312,656	313,076
83,805	83,805
-	25,188
245,276	245,276
<u>641,737</u>	<u>667,345</u>
276,917	1,292,280
918,654	1,959,625
<u>575,673</u>	<u>(282,506)</u>
675,871	1,147,650
(137,838)	(181,781)
<u>538,033</u>	<u>965,869</u>
1,113,706	683,363
1,897,593	4,897,137
-	(200,000)
<u>\$ 3,011,299</u>	<u>\$ 5,380,500</u>

CITY OF DAPHNE, ALABAMA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended September 30, 2014**

	4 Cent	7 Cent	Flower Fund	Sail Site	Oil Spill	Federal Drug Recoveries	State Drug Recoveries
REVENUES							
Sales, use, luxury taxes	\$ 54,104	\$ 69,086	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	15,780
Charges for services	-	-	-	-	-	-	-
Intergovernmental	-	-	-	17,018	-	-	-
Grants	-	-	-	-	-	-	-
Interest/investment earnings	54	204	-	4	-	89	32
Contributions and donations	-	-	17,200	7,752	-	-	-
Miscellaneous revenue	-	-	-	-	-	740	-
Total revenues	54,158	69,290	17,200	24,774	-	829	15,812
EXPENDITURES							
Current:							
General government	36	486	-	-	-	-	-
Public safety	-	-	-	-	-	11,520	1,946
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	58,398	-	-	-
Total current	36	486	-	58,398	-	11,520	1,946
Capital outlay	67,448	83,527	-	-	-	22,694	-
Total expenditures	67,484	84,013	-	58,398	-	34,214	1,946
Excess (deficiency) of revenues over (under) expenditures	(13,326)	(14,723)	17,200	(33,624)	-	(33,385)	13,866
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	32,228	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources/(uses)	-	-	-	32,228	-	-	-
Net change in fund balance	(13,326)	(14,723)	17,200	(1,396)	-	(33,385)	13,866
Fund balance, beginning	118,959	407,235	-	2,595	-	49,174	7,989
Fund balance, ending	\$ 105,633	\$ 392,512	\$ 17,200	\$ 1,199	\$ -	\$ 15,789	\$ 21,855

Library	Concession Stand	Mun Court Eq/Training	Mun Court Judicial	Corrections Court	Lodging Tax	Renaissance Center	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 922,598	\$ 152,910	\$ 1,198,698
19,573	-	5,559	40,653	91,529	-	-	173,094
8,398	19,838	-	-	-	-	-	28,236
21,929	-	-	-	-	-	-	38,947
20,000	-	-	-	-	-	-	20,000
-	-	59	-	461	-	-	903
8,757	-	-	-	-	-	-	33,709
-	-	-	-	-	-	-	740
<u>78,657</u>	<u>19,838</u>	<u>5,618</u>	<u>40,653</u>	<u>91,990</u>	<u>922,598</u>	<u>152,910</u>	<u>1,494,327</u>
-	-	2,064	-	21,967	135,193	152,910	312,656
-	-	-	-	70,339	-	-	83,805
-	-	-	-	-	-	-	-
109,889	22,149	-	-	-	54,840	-	245,276
<u>109,889</u>	<u>22,149</u>	<u>2,064</u>	<u>-</u>	<u>92,306</u>	<u>190,033</u>	<u>152,910</u>	<u>641,737</u>
-	-	-	-	14,622	88,626	-	276,917
<u>109,889</u>	<u>22,149</u>	<u>2,064</u>	<u>-</u>	<u>106,928</u>	<u>278,659</u>	<u>152,910</u>	<u>918,654</u>
<u>(31,232)</u>	<u>(2,311)</u>	<u>3,554</u>	<u>40,653</u>	<u>(14,938)</u>	<u>643,939</u>	<u>-</u>	<u>575,673</u>
-	-	-	-	-	643,643	-	675,871
-	-	-	-	-	(137,838)	-	(137,838)
-	-	-	-	-	505,805	-	538,033
<u>(31,232)</u>	<u>(2,311)</u>	<u>3,554</u>	<u>40,653</u>	<u>(14,938)</u>	<u>1,149,744</u>	<u>-</u>	<u>1,113,706</u>
<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>
<u>\$ (10,849)</u>	<u>\$ (5,219)</u>	<u>\$ 27,398</u>	<u>\$ 86,374</u>	<u>\$ 177,933</u>	<u>\$ 2,181,474</u>	<u>\$ -</u>	<u>\$ 3,011,299</u>

CITY OF DAPHNE, ALABAMA

**Combining Statement of Changes in Assets and Liabilities -
All Agency Funds
For the Year Ended September 30, 2014**

	Balance, 10/1/2013	Additions	Deductions	Balance, 9/30/2014
<u>Municipal Court Fund</u>				
ASSETS				
Cash	\$ 401,660	\$ 9,375	\$ -	\$ 411,035
Other receivables	1,627	6,025	-	7,652
	<u>\$ 403,287</u>	<u>\$ 15,400</u>	<u>\$ -</u>	<u>\$ 418,687</u>
LIABILITIES				
Accounts payable	6,440	-	(980)	5,460
Due to agencies	32,403	7,842	-	40,245
Due to other funds	332,042	5,261		337,303
Bond deposits	32,402	3,277	-	35,679
	<u>\$ 403,287</u>	<u>\$ 16,380</u>	<u>\$ (980)</u>	<u>\$ 418,687</u>
 <u>Self Insurance Fund</u>				
ASSETS				
Due from other funds	\$ 46,780	\$ 27,494	\$ -	\$ 74,274
Other receivables	-	-	-	-
	<u>\$ 46,780</u>	<u>\$ 27,494</u>	<u>\$ -</u>	<u>\$ 74,274</u>
LIABILITIES				
Accounts payable	46,780	27,494	-	74,274
	<u>\$ 46,780</u>	<u>\$ 27,494</u>	<u>\$ -</u>	<u>\$ 74,274</u>
 <u>Confiscated Funds</u>				
ASSETS				
Cash	\$ 1,346	\$ -	\$ (371)	\$ 975
Other receivables	-	-	-	-
	<u>\$ 1,346</u>	<u>\$ -</u>	<u>\$ (371)</u>	<u>\$ 975</u>
LIABILITIES				
Accounts payable	1,346	-	(371)	975
	<u>\$ 1,346</u>	<u>\$ -</u>	<u>\$ (371)</u>	<u>\$ 975</u>

	Balance, 10/1/2013	Additions	Deductions	Balance, 9/30/2014
Flexible Spending Plan				
ASSETS				
Due from other funds	\$ 8,233	\$ 43	\$ -	8,276
Other receivables	-	-	-	-
	<u>\$ 8,233</u>	<u>\$ 43</u>	<u>\$ -</u>	<u>\$ 8,276</u>
LIABILITIES				
Accounts payable	8,233	43	-	8,276
	<u>\$ 8,233</u>	<u>\$ 43</u>	<u>\$ -</u>	<u>\$ 8,276</u>
 TOTAL- ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 403,006	\$ 9,375	\$ (371)	\$ 412,010
Due from other funds	55,013	27,537	-	82,550
Other receivables	1,627	6,025	-	7,652
	<u>\$ 459,646</u>	<u>\$ 42,937</u>	<u>\$ (371)</u>	<u>\$ 502,212</u>
LIABILITIES				
Accounts payable	62,799	27,537	(1,351)	88,985
Due to agencies	32,403	7,842	-	40,245
Due to other funds	332,042	5,261	-	337,303
Bond deposits	32,402	3,277	-	35,679
	<u>\$ 459,646</u>	<u>\$ 43,917</u>	<u>\$ (1,351)</u>	<u>\$ 502,212</u>

THIS PAGE LEFT BLANK INTENTIONALLY

Other Supplementary Information

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
September 30, 2014**

	Primary Government			
	Beginning	Additions	Retirements	Ending
	Balance			Balance
	10/1/2013			9/30/2014
Governmental activities:				
Land	\$ 11,134,449	\$ 94,278	\$ -	\$ 11,228,727
Buildings	25,639,816	186,645	-	25,826,461
Other improvements	6,592,535	24,028	-	6,616,563
Machinery and equipment	11,446,717	1,196,835	(307,964)	12,335,588
Infrastructure	131,628,251	2,649,351	-	134,277,602
Construction in progress	879,703	1,216,025	-	2,095,728
Total historical cost	<u>187,321,471</u>	<u>5,367,162</u>	<u>(307,964)</u>	<u>192,380,669</u>
Less accumulated depreciation for:				
Buildings	(6,032,658)	(595,388)	-	(6,628,046)
Other improvements	(2,557,213)	(494,395)	-	(3,051,608)
Machinery and equipment	(7,117,372)	(848,404)	290,560	(7,675,216)
Infrastructure	(69,769,961)	(4,566,690)	-	(74,336,651)
Total accumulated depreciation	<u>(85,477,204)</u>	<u>(6,504,877)</u>	<u>290,560</u>	<u>(91,691,521)</u>
Governmental activities capital assets, net	<u>101,844,267</u>	<u>(1,137,715)</u>	<u>(17,404)</u>	<u>100,689,148</u>
Business-type activities:				
Infrastructure	135,102	-	-	135,102
Buildings and facilities improvments	403,011	12,442	-	415,453
Machinery and equipment	1,994,992	58,903	(195,161)	1,858,734
Total historical cost	<u>2,533,105</u>	<u>71,345</u>	<u>(195,161)</u>	<u>2,409,289</u>
Less accumulated depreciation for:				
Infrastructure	(135,102)	-	-	(135,102)
Buildings and facilities improvement:	(256,522)	(34,832)	-	(291,354)
Machinery and equipment	(1,231,953)	(253,419)	195,161	(1,290,211)
Total accumulated depreciation	<u>(1,623,577)</u>	<u>(288,251)</u>	<u>195,161</u>	<u>(1,716,667)</u>
Business-type activities capital assets, net	<u>909,528</u>	<u>(216,906)</u>	<u>-</u>	<u>692,622</u>
Total governmental and business-type activities	<u>\$ 102,753,795</u>	<u>\$ (1,354,621)</u>	<u>\$ (17,404)</u>	<u>\$ 101,381,770</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 251,739
Public safety	647,555
Public works	335,521
Library and recreation	703,372
Infrastructure	4,566,690
	<u>\$ 6,504,877</u>

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

Garbage/Recycling	\$ 243,043
Civic Center	37,647
Bayfront	7,561
	<u>\$ 288,251</u>

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
General Fund
September 30, 2014**

	Primary Government			
	Beginning			Ending
	Balance	Additions	Retirements	Balance
	10/1/2013			9/30/2014
Governmental Activities:				
Land	\$ 589,287	\$ 47,139	\$ -	\$ 636,426
Buildings	2,599,608	186,645	-	2,786,253
Other improvements	1,132,952	-	-	1,132,952
Machinery and equipment	9,139,935	1,159,519	(172,100)	10,127,354
Construction in progress	-	7,850	-	7,850
Total historical cost	<u>13,461,782</u>	<u>1,401,153</u>	<u>(172,100)</u>	<u>14,690,835</u>
Less accumulated depreciation for:				
Buildings	(810,089)	(78,489)	-	(888,578)
Other improvements	(625,910)	(102,976)	-	(728,886)
Machinery and equipment	<u>(5,580,799)</u>	<u>(708,398)</u>	<u>154,696</u>	<u>(6,134,501)</u>
Total accumulated depreciation	<u>(7,016,798)</u>	<u>(889,863)</u>	<u>154,696</u>	<u>(7,751,965)</u>
Governmental activities - capital assets, net	<u>\$ 6,444,984</u>	<u>\$ 511,290</u>	<u>\$ (17,404)</u>	<u>\$ 6,938,870</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 62,340
Public safety	440,098
Public works	314,784
Library and recreation	72,641
	<u>\$ 889,863</u>

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
Capital Projects Fund
September 30, 2014**

	Primary Government			
	Beginning			Ending
	Balance	Additions	Retirements	Balance
	10/1/2013			9/30/2014
Governmental Activities:				
Land	\$ 4,261,118	\$ -	\$ -	\$ 4,261,118
Buildings	21,495,456	-	-	21,495,456
Other improvements	2,351,605	-	-	2,351,605
Machinery and equipment	1,120,763	-	-	1,120,763
Construction in progress	-	-	-	-
Total historical cost	<u>29,228,942</u>	<u>-</u>	<u>-</u>	<u>29,228,942</u>
Less accumulated depreciation for:				
Buildings	(4,609,299)	(456,073)	-	(5,065,372)
Other improvements	(1,146,632)	(180,834)	-	(1,327,466)
Machinery and equipment	<u>(625,836)</u>	<u>(48,315)</u>	<u>-</u>	<u>(674,151)</u>
Total accumulated depreciation	<u>(6,381,767)</u>	<u>(685,222)</u>	<u>-</u>	<u>(7,066,989)</u>
Governmental activities -				
capital assets, net	<u>\$ 22,847,175</u>	<u>\$ (685,222)</u>	<u>\$ -</u>	<u>\$ 22,161,953</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 181,646
Public safety	141,665
Public works	3,602
Library and recreation	<u>358,309</u>
	<u>\$ 685,222</u>

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
Special Revenue Fund
September 30, 2014**

	Primary Government			
	Beginning Balance 10/1/2013	Additions	Retirements	Ending Balance 9/30/2014
Governmental Activities:				
Land	\$ 5,304,694	\$ 47,139	\$ -	\$ 5,351,833
Buildings	1,175,584	-	-	1,175,584
Other improvements	3,085,897	24,028	-	3,109,925
Machinery and equipment	924,824	37,316	(115,864)	846,276
Construction in progress	-	17,459	-	17,459
Total historical cost	<u>10,490,999</u>	<u>125,942</u>	<u>(115,864)</u>	<u>10,501,077</u>
Less accumulated depreciation for:				
Buildings	(313,164)	(52,171)	-	(365,335)
Other improvements	(762,590)	(210,585)	-	(973,175)
Machinery and equipment	(649,542)	(91,691)	115,864	(625,369)
Total accumulated depreciation	<u>(1,725,296)</u>	<u>(354,447)</u>	<u>115,864</u>	<u>(1,963,879)</u>
Governmental activities - capital assets, net	<u>\$ 8,765,703</u>	<u>\$ (228,505)</u>	<u>\$ -</u>	<u>\$ 8,537,198</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 2,261
Public safety	65,792
Public works	17,135
Library and recreation	269,259
	<u>\$ 354,447</u>

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
General Fund/ Revenue Sharing
September 30, 2014**

	Primary Government			
	Beginning			Ending
	Balance	Additions	Retirements	Balance
	10/1/2013			9/30/2014
Governmental Activities:				
Land	\$ 979,350	\$ -	\$ -	\$ 979,350
Buildings	369,168	-	-	369,168
Other improvements	22,081	-	-	22,081
Machinery and equipment	261,195	-	(20,000)	241,195
Total historical cost	1,631,794	-	(20,000)	1,611,794
Less accumulated depreciation for:				
Buildings	(300,106)	(8,655)	-	(308,761)
Other improvements	(22,081)	-	-	(22,081)
Machinery and equipment	(261,195)	-	20,000	(241,195)
Total accumulated depreciation	(583,382)	(8,655)	20,000	(572,037)
Governmental activities capital assets, net	<u>\$ 1,048,412</u>	<u>\$ (8,655)</u>	<u>\$ -</u>	<u>\$ 1,039,757</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 5,492
Public safety	-
Public works	-
Library and recreation	3,163
	<u>\$ 8,655</u>

CITY OF DAPHNE, ALABAMA

**Disclosure: Capital Assets
Infrastructure
September 30, 2014**

	Primary Government			
	Beginning			Ending
	Balance	Additions	Retirements	Balance
	10/1/2013			9/30/2014
Governmental Activities:				
Land	\$ 11,044,907	\$ 369,334	\$ -	\$ 11,414,241
Buildings	-	-	-	-
Other improvements	9,736,747	110,236	-	9,846,983
Machinery and equipment	-	-	-	-
Infrastructure	110,846,597	2,169,781	-	113,016,378
Construction in progress	879,703	1,190,716	-	2,070,419
Total historical cost	<u>132,507,954</u>	<u>3,840,067</u>	<u>-</u>	<u>136,348,021</u>
Less accumulated depreciation for:				
Buildings	-	-	-	-
Other improvements	(6,168,090)	(595,648)	-	(6,763,738)
Machinery and equipment	-	-	-	-
Infrastructure	<u>(63,601,871)</u>	<u>(3,971,042)</u>	<u>-</u>	<u>(67,572,913)</u>
Total accumulated depreciation	<u>(69,769,961)</u>	<u>(4,566,690)</u>	<u>-</u>	<u>(74,336,651)</u>
Governmental activities capital assets, net	<u>\$ 62,737,993</u>	<u>\$ (726,623)</u>	<u>\$ -</u>	<u>\$ 62,011,370</u>

Depreciation Expense was charged to governmental functions as follows:

General government	\$ -
Public safety	-
Public works	-
Infrastructure	4,566,690
Library and recreation	-
	<u>\$ 4,566,690</u>

THIS PAGE LEFT BLANK INTENTIONALLY



Part III
Statistical
Section

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF DAPHNE, ALABAMA

STATISTICAL SECTION

	PAGE
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>	
Net Position by Activity Type	96
Change in Net Position	98
Fund Balances of Governmental Funds	102
Changes in Fund Balances of Governmental Funds	104
 REVENUE CAPACITY - <i>These schedules contain information to help the reader assess the government's local revenue sources.</i>	
Governmental Activities Tax Revenue by Source	106
Revenue Rates for General Sales Tax	107
Principal Revenue Remitters of Sales and Use Tax	108
Net Assessed Value of All Taxable Property	109
Principal Remitters of Property Tax	110
Property Tax Rates Direct and overlapping Governments	111
Ad Valorem Levies and Collections	113
 DEBT CAPACITY - <i>These schedules contain information to help the reader assess the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Legal Debt Margin Information	114
Outstanding Debt by Type	116
Net Bonded Debt by Type	118
Direct and Overlapping Governmental Activities Debt	119
 DEMOGRAPHIC & ECONOMIC INFORMATION - <i>These schedules contain demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Demographic and Economic Statistics	120
Principal Employers	121
 OPERATING INFORMATION - <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	
City Government Employees by Function	122
Operating Indicators by Function	124
Capital Asset Statistics by Function	133

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 2014	FY 2013	FY 2012	FY 2011
Governmental Activities				
Invested in capital assets, net of related debt	63,388,217	\$ 62,254,836	\$ 61,029,696	\$ 62,202,611
Restricted	3,436,535	2,919,881	5,722,598	3,798,626
Unrestricted	17,533,883	17,478,314	15,360,403	14,559,748
Total governmental activities net assets	\$ 84,358,635	\$ 82,653,031	\$ 82,112,697	\$ 80,560,985
Business-Type Activities				
Invested in capital assets, net of related debt	466,828	493,334	326,660	311,903
Restricted	-	-	-	-
Unrestricted	143,859	116,358	206,785	188,538
Total business-type activities net assets	\$ 610,687	\$ 609,692	\$ 533,445	\$ 500,441
Primary Government				
Invested in capital assets, net of related debt	63,855,045	62,748,170	61,356,356	62,514,514
Restricted	3,436,535	2,919,881	5,722,598	3,798,626
Unrestricted	17,677,742	17,594,672	15,567,188	14,748,286
Total primary government activities net assets	\$ 84,969,322	\$ 83,262,723	\$ 82,646,142	\$ 81,061,426

FISCAL YEAR

FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
\$ 60,727,350	\$ 51,705,219	\$ 44,310,138	\$ 44,405,012	\$ 47,866,892	\$ 41,345,816
5,197,531	6,036,006	6,341,383	8,528,096	3,314,628	2,975,199
14,648,236	21,743,073	21,201,642	19,071,793	12,138,606	3,913,941
\$ 80,573,117	\$ 79,484,298	\$ 71,853,163	\$ 72,004,901	\$ 63,320,126	\$ 48,234,956
319,059	339,692	461,383	599,593	377,585	225,477
-	-	-	-	-	-
17,438	(19,694)	(141,382)	(279,594)	(182,890)	(115,232)
\$ 336,497	\$ 319,998	\$ 320,001	\$ 319,999	\$ 194,695	\$ 110,245
61,046,409	52,044,911	44,771,521	45,004,605	48,244,477	41,571,293
5,197,531	6,036,006	6,341,383	8,528,096	3,314,628	2,975,199
14,665,674	21,723,379	21,060,260	18,792,199	11,955,716	3,798,709
\$ 80,909,614	\$ 79,804,296	\$ 72,173,164	\$ 72,324,900	\$ 63,514,821	\$ 48,345,201

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2014	FY 2013	FY 2012	FY 2011
EXPENSES				
Governmental Activities:				
General government	3,859,574	\$ 3,851,858	\$ 3,741,854	\$ 4,003,928
Public safety	10,551,783	9,993,644	9,258,856	9,173,085
Public works	9,962,074	8,463,551	7,850,939	7,368,818
Sewer Contributions to Utilities Board	-	-	49,700	1,676,000
Parks and recreation	2,828,313	2,672,960	2,690,448	2,768,462
Interest on long term debt	1,921,906	1,945,618	2,149,919	2,051,932
Total governmental activities expenses	29,123,650	26,927,631	25,741,716	27,042,225
Business-type Activities:				
Garbage and Recycling	1359874	1,312,441	1,345,955	1,164,039
Civic Center	597747	491,188	496,947	566,907
Bay Front Park	209147	212,561	208,033	190,448
Total business-type activities expenses	2,166,768	2,016,190	2,050,935	1,921,394
Total primary government activities expenses	31,290,418	28,943,821	27,792,651	28,963,619
PROGRAM REVENUES				
Governmental Activities:				
Fees and charges for services:				
General government	4,400,562	3,996,273	3,918,677	3,840,247
Public safety	1,163,401	1,259,980	893,427	1,019,856
Public works	58,914	6,597	60,011	60,260
Parks and recreation	136,956	151,412	197,235	240,660
Operating grants and contributions	124,118	263,800	266,074	492,707
Capital grants and contributions	3,625,683	2,592,709	2,465,034	2,295,405
Total governmental program activities revenues	9,509,634	8,270,771	7,800,458	7,949,135
Business-type Activities:				
Fees and Charges for Services:				
Garbage and Recycling	1,330,671	1,388,688	1,289,902	1,337,207
Civic Center	224,967	229,949	217,886	223,005
Bay Front Park	84,472	65,610	59,983	60,744
Total business-type activities revenues	1,640,110	1,684,247	1,567,771	1,620,956
Total primary government activities revenues	11,149,744	9,955,018	9,368,229	9,570,091

FISCAL YEAR

FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
\$ 3,386,270	\$ 3,622,067	\$ 3,361,291	\$ 2,980,326	\$ 2,805,098	\$ 2,529,651
9,182,198	9,195,045	8,679,947	7,632,581	6,393,164	5,761,839
7,338,137	7,228,904	6,909,881	6,829,765	6,410,839	7,918,199
129,586	17,826	1,149,523	1,797,449	68,238	544,476
2,733,538	2,450,259	2,497,324	3,164,514	2,210,204	2,452,831
2,205,629	2,363,482	2,712,599	2,056,967	1,800,694	1,368,134
24,975,358	24,877,583	25,310,565	24,461,602	19,688,237	20,575,130
1,448,740	1,350,097	1,422,255	1,121,222	1,116,516	1,169,689
578,789	726,003	751,401	645,899	568,694	650,536
165,724	160,262	186,856	179,709	146,412	136,535
2,193,253	2,236,362	2,360,512	1,946,830	1,831,622	1,956,760
27,168,611	27,113,945	27,671,077	26,408,432	21,519,859	22,531,890
3,426,492	3,617,542	3,591,058	3,378,737	3,110,989	2,570,546
1,022,496	1,100,437	1,353,739	1,480,802	1,095,517	1,127,232
32,066	22,223	21,830	23,686	27,337	17,383
202,031	192,514	188,093	176,126	189,800	192,902
890,180	494,600	163,675	96,047	1,156,133	2,517,918
2,627,634	8,974,788	457,598	7,722,235	8,260,819	5,937,458
8,200,899	14,402,104	5,775,993	12,877,633	13,840,595	12,363,439
1,345,811	1,232,319	1,285,683	1,246,525	1,200,966	1,154,006
321,555	348,181	325,647	336,498	253,137	209,689
57,119	55,928	72,118	85,038	52,350	67,442
1,724,485	1,636,428	1,683,448	1,668,061	1,506,453	1,431,137
9,925,384	16,038,532	7,459,441	14,545,694	15,347,048	13,794,576

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2014	FY 2013	FY 2012	FY 2011
NET (EXPENSES) / REVENUES				
Governmental Activities	\$ (19,614,016)	\$ (18,656,860)	\$ (17,941,258)	\$ (19,093,090)
Business-Type Activities	(526,658)	(331,943)	(483,164)	(300,438)
Total primary government net expense	(20,140,674)	(18,988,803)	(18,424,422)	(19,393,528)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental Activities:				
General Revenues				
Sales, use, and luxury taxes	16,482,126	15,423,466	14,583,177	13,925,921
Ad valorem taxes	5,110,152	4,799,679	4,700,889	5,007,964
Intergovernmental revenues	-	-	425,843	304,457
Interest and investment earnings	75,559	2,802	206,079	241,238
Gain on disposition of assets	77,842			
Miscellaneous	81,594	56,207	60,143	64,159
Total General Revenues	21,827,273	20,282,154	19,976,131	19,543,739
Special Item: De-Annexation proceeds		-	-	-
Transfers	(497,455)	(408,190)	(483,165)	(462,780)
Total governmental activities	21,329,818	19,873,964	19,492,966	19,080,959
Business-type Activities:				
Transfers	497,455	408,190	483,165	462,780
Total business-type activities	497,455	408,190	483,165	462,780
Total primary government	21,827,273	20,282,154	19,976,131	19,543,739
CHANGES IN NET POSITION				
Governmental activities	1,715,802	1,217,104	1,551,708	(12,131)
Business-type activities	(29,203)	76,247	1	162,342
Total primary government	\$ 1,686,599	\$ 1,293,351	\$ 1,551,709	\$ 150,211

FISCAL YEAR

FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
\$ (16,774,459)	\$ (10,475,479)	\$ (19,534,572)	\$ (11,583,969)	\$ (5,847,642)	\$ (8,211,691)
(468,768)	(599,934)	(677,064)	(278,769)	(325,169)	(525,623)
(17,243,227)	(11,075,413)	(20,211,636)	(11,862,738)	(6,172,811)	(8,737,314)
12,878,685	12,848,739	13,998,257	14,024,339	13,437,096	12,357,328
4,960,922	5,200,320	5,180,782	5,009,864	3,309,937	3,015,895
331,400	472,960	315,279	411,033	468,885	297,164
83,697	122,329	551,374	1,142,787	702,566	183,114
77,342	62,198	14,145	84,794	127,307	82,579
18,332,046	18,706,546	20,059,837	20,672,817	18,045,791	15,936,080
-	-	-	-	-	1,000,000
(468,767)	(599,934)	(677,065)	(404,072)	(409,619)	(525,623)
17,863,279	18,106,612	19,382,772	20,268,745	17,636,172	16,410,457
468,767	599,934	677,065	404,072	409,619	525,623
468,767	599,934	677,065	404,072	409,619	525,623
18,332,046	18,706,546	20,059,837	20,672,817	18,045,791	16,936,080
1,088,820	7,631,133	(151,800)	8,684,776	11,788,530	8,198,766
(1)	-	1	125,303	84,450	-
\$ 1,088,819	\$ 7,631,133	\$ (151,799)	\$ 8,810,079	\$ 11,872,980	\$ 8,198,766

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR			
	FY 2014	FY 2013	FY 2012	FY 2011
General Fund				
Nonspendable	\$ 445,276	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	235,433	278,081	398,903	253,448
Unassigned	9,460,898	10,583,878	9,946,859	10,965,330
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	\$ 10,141,607	\$ 10,861,959	\$ 10,345,762	\$ 11,218,778
All Other Governmental Funds				
Restricted	3,436,535	2,919,881	5,722,598	3,633,499
Committed	2,198,674	1,635,200	2,190,078	4,181,490
Assigned	1,886,604	1,400,456	965,733	(328,860)
Unassigned	(487,888)			
Reserved	-	-	-	-
Unreserved:				
Capital Reserve	-	-	-	-
Capital Construction	-	-	-	-
Capital Projects	-	-	-	-
Special Revenues	-	-	-	-
Total All Other Governmental Funds	7,033,925	5,955,537	8,878,408	7,486,128
Total All Other Governmental Funds	\$ 17,175,532	\$ 16,817,496	\$ 19,224,170	\$ 18,704,906

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

FISCAL YEAR

FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
419,581	892,485	1,077,122	575,175	693,658	739,274
12,087,465	11,226,993	10,510,392	10,050,517	8,298,621	5,968,130
\$ 12,507,046	\$ 12,119,478	\$ 11,587,514	\$ 10,625,692	\$ 8,992,279	\$ 6,707,404
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,911,103	6,087,386	5,753,332	9,190,485	15,367,452	4,075,898
1,472,928	1,500,784	2,383,746	2,149,331	765,433	924,566
42,745	(49,222)	(96,853)	629,297	177,213	(246,798)
2,591	(152,458)	(153,967)	(101,204)	(31,067)	85,430
1,862,468	1,447,327	1,825,396	1,461,645	1,008,941	255,346
8,291,835	8,833,817	9,711,655	13,329,555	17,287,972	5,094,442
\$ 20,798,881	\$ 20,953,295	\$ 21,299,169	\$ 23,955,247	\$ 26,280,251	\$ 11,801,845

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

	FISCAL YEAR			
	FY 2014	FY 2013	FY 2012	FY 2011
Revenues				
Taxes	\$ 24,519,331	\$ 21,999,720	\$ 21,733,548	\$ 21,244,492
Licenses and Permits	2,250,864	2,173,251	1,864,731	1,840,438
Intergovernmental	884,022	834,436	463,986	338,737
Changes for Services	380,113	398,436	480,719	471,144
Fines and Forfeitures	539,167	543,053	491,236	560,938
Grants	183,470	519,355	946,681	1,351,147
Interest	75,559	2,801	206,289	241,311
Other	268,052	659,498	683,817	1,485,586
Total Revenues	29,100,578	27,130,550	26,871,007	27,533,793
Expenditures				
General Government	3,575,499	3,541,464	3,493,943	3,722,384
Public Safety	9,740,349	9,079,296	8,811,758	8,530,766
Public Works	5,008,458	3,932,144	3,726,692	3,358,205
Parks and Recreation	2,105,906	1,990,272	2,057,739	2,541,230
	20,430,212	18,543,176	18,090,132	18,152,584
Debt Service:				
Principal	2,766,201	2,792,936	2,110,150	1,962,276
Interest	1,833,561	1,870,017	1,872,584	2,117,367
Cost of Debt Issuance	-	-	179,549	-
	4,599,762	4,662,953	4,162,283	4,079,642
Capital Outlay	3,215,113	6,304,061	5,301,508	5,232,424
Total Expenditures	28,245,087	29,510,190	27,553,923	27,464,651
Excess of Revenues				
Over (Under) Expenditures	855,491	(2,379,640)	(682,915)	69,143
Other Financing Sources (Uses)				
Transfers In	5,858,871	4,328,861	5,142,923	6,318,974
Transfers Out	(6,356,326)	(4,737,051)	(5,626,088)	(6,806,092)
Contribution to Utility Board	-	-	(49,700)	(1,676,000)
Capital Lease Proceeds	-	581,155	-	-
Refunding Warrant Proceeds (net of discounts)	-	-	13,271,188	-
Payment to Refunded Bond Escrow Agent	-	-	(11,536,144)	-
Total Other Financing Sources (Uses)	(497,455)	172,965	1,202,179	(2,163,118)
Extraordinary Item				
Proceeds from De-Annexation	-	-	-	-
Net Change in Fund Balances	\$ 358,036	\$ (2,206,675)	\$ 519,264	\$ (2,093,975)
Debt Service as a Percentage of				
Non-Capital Expenditures	18.38%	20.09%	18.70%	18.35%

FISCAL YEAR

FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
\$ 20,434,290	\$ 20,434,486	\$ 20,188,346	\$ 19,443,875	\$ 18,222,595	\$ 16,612,543
1,733,817	1,913,500	2,348,757	2,434,848	2,015,129	1,811,698
365,453	508,952	354,810	448,429	504,134	330,087
462,946	368,588	384,661	382,061	454,922	352,134
526,094	581,816	539,834	508,605	514,323	484,914
1,221,711	876,332	441,039	2,146,483	2,450,121	2,551,014
83,697	122,329	551,374	1,142,787	702,566	183,114
754,504	194,398	105,541	318,516	910,198	435,367
25,582,512	25,000,401	24,914,363	26,825,603	25,773,988	22,760,871
3,132,794	3,455,093	3,251,284	2,869,871	2,716,094	2,482,654
8,658,596	8,544,615	8,194,222	7,109,886	6,095,340	5,407,238
3,285,211	3,480,840	3,341,961	3,781,084	3,790,413	5,500,171
2,392,960	2,218,091	2,292,933	2,003,166	1,922,423	2,042,364
17,469,561	17,698,639	17,080,401	15,764,007	14,524,270	15,432,426
1,957,735	1,585,793	1,581,832	1,518,539	1,084,113	1,360,408
2,103,713	2,338,284	2,595,697	1,963,773	1,696,053	1,392,226
65,924	-	-	-	642,338	-
4,127,373	3,924,078	4,177,530	3,482,312	3,422,503	2,752,633
4,115,548	3,238,335	4,485,988	10,432,957	12,212,835	1,434,554
25,712,482	24,861,051	25,743,919	29,679,277	30,159,608	19,619,613
(129,970)	139,350	(829,556)	(2,853,673)	(4,385,620)	3,141,257
3,662,356	3,095,999	2,968,436	3,861,959	15,863,450	2,704,161
(4,131,123)	(3,695,934)	(3,645,501)	(4,266,031)	(16,273,069)	(3,229,784)
(129,586)	(17,826)	(1,149,523)	(1,797,449)	(68,238)	(544,476)
506,969	146,678	-	-	-	-
2,024,108	-	-	2,233,476	31,795,292	-
(1,957,167)	-	-	-	(12,453,409)	-
(24,444)	(471,083)	(1,826,588)	31,955	18,864,025	(1,070,099)
-	-	-	-	-	1,000,000
\$ (154,414)	\$ (331,733)	\$ (2,656,144)	\$ (2,821,718)	\$ 14,478,405	\$ 3,071,159

19.11%

18.15%

19.65%

18.09%

19.07%

15.14%

CITY OF DAPHNE, ALABAMA

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

FISCAL YEAR	Sales, Use and Luxury Tax	Gasoline Tax	Payment In Lieu of Taxes	Ad Valorem Tax	Lodging Tax
2014	\$ 14,127,698	\$ 206,377	\$ 2,510,663	\$ 5,720,564	\$ 922,598
2013	13,558,046	122,515	2,268,872	4,517,480	680,474
2012	13,805,081	124,086	2,234,494	4,915,408	654,479
2011	13,149,327	116,989	2,269,687	5,048,884	659,605
2010	12,118,036	117,202	1,952,460	5,603,130	643,462
2009	12,183,006	116,611	2,046,309	5,539,305	549,255
2008	13,296,369	117,036	1,861,149	4,322,745	591,147
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

CITY OF DAPHNE, ALABAMA

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

<u>Fiscal Year</u>	<u>City Sales Tax Rate</u>	<u>County Sales Tax Rate</u>	<u>State Sales Tax Rate</u>	<u>Total Sales Tax Rate</u>
2014	2.5%	3.0%	4.0%	9.5%
2013	2.5%	3.0%	4.0%	9.5%
2012	2.5%	3.0%	4.0%	9.5%
2011	2.5%	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.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF DAPHNE, ALABAMA

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

ORGANIZATION	FISCAL YEAR			
		FY 2014		FY 2005
	FY 2014	% of	FY 2005	% of
RANK	Total	RANK	Total	
	Taxable		Taxable	
	Sales		Sales	
Walmart Stores	1	12.50%	1	16.48%
Sam's	2	8.99%	-	-
Lowes Home Center	3	5.39%	-	-
Target Corp	4	4.06%	4	4.77%
Daphne Automotive	5	3.55%	-	-
Home Depot USA	6	3.51%	2	6.53%
Chris Myers Pontiac-GMC	7	3.13%	3	4.56%
Tameron Automotive Eastern Shore	8	2.58%	8	1.70%
Publix	9	2.43%	-	-
Winn Dixie	10	1.95%	6	2.48%
Terry Thompson Chevrolet	-	-	5	2.62%
Bayview Ford	-	-	9	1.28%
NFL Building Center	-	-	7	2.11%
Office Depot	-	-	10	1.14%

Source: Eastern Shore Chamber of Commerce

City of Daphne's Revenue Department

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

CITY OF DAPHNE, ALABAMA

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

Total Direct Rates

Fiscal Year Ended September 30	Real Property			Personal Property		Total Net Assessed Value	Total Direct Tax Rate
	Utilities	Residential Property	Commercial Property	Automobiles	Penalties		
2014	\$ 964,900	\$ 195,800,920	\$ 119,181,840	\$ 42,506,788	\$ 208,480	\$ 358,662,928	15.00
2013	1,041,260	187,922,280	113,879,000	42,317,820	156,558	345,316,918	15.00
2012	709,820	182,406,220	112,479,560	39,796,596	75,180	335,467,376	15.00
2011	730,820	193,254,400	119,145,080	36,500,570	93,060	349,723,930	15.00
2010	743,840	197,194,000	125,107,200	32,357,080	88,660	355,490,780	15.00
2009	801,920	214,951,780	135,778,460	34,981,920	98,540	386,612,620	15.00
2008	679,600	204,038,780	135,577,300	27,405,940	78,060	367,779,680	15.00
2007	608,520	183,170,800	123,626,220	29,844,100	100,020	337,349,660	15.00
2006	586,640	139,953,720	96,791,040	28,769,040	-	266,100,440	15.00
2005	593,240	123,771,900	84,247,620	26,262,500	69,740	234,945,000	15.00

Source: Baldwin County Revenue Commissioner

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

CITY OF DAPHNE, ALABAMA

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

Taxpayers	FY 2014			FY 2005		
	Assessed Value	Rank	% of Total Net Assessed Value	Assessed Value	Rank	% of Total Net Assessed Value
Jubilee Square LLC	\$7,040,680	1	1.96%	-	-	0.00%
Audubon Park Apartments LLC	3,793,400	2	1.06%	-	-	0.00%
Myers Family Limited Partnership	2,952,360	3	0.82%	1,551,900	6	0.66%
Jubilee Hotels Inc.	2,862,180	4	0.80%	-	-	0.00%
Whispering Pines Park LLC	2,555,040	5	0.71%	-	-	0.00%
Lowe's Home Centers Inc.	2,326,560	6	0.65%	-	-	0.00%
Budget Inn of Daphne Inc.	2,164,540	7	0.60%	-	-	0.00%
Wal-Mart Real Estate Business Trust	2,138,420	8	0.60%	-	-	0.00%
Esfahani Real Estate Holding of AL	2,088,360	9	0.58%	-	-	0.00%
Health Care Reit Inc.	2,045,160	10	0.57%	-	-	0.00%
AIG Baker Daphne LLC	-	-	0.00%	4,260,920	1	1.81%
Wynchase LLC	-	-	0.00%	2,916,760	2	1.24%
Wal-Mart Stores Inc	-	-	0.00%	2,399,380	3	1.02%
Timbercreek Land Co. Inc.	-	-	0.00%	2,023,540	4	0.86%
Inn of Daphne Inc.	-	-	0.00%	1,564,980	5	0.67%
Woodland Park Apartments LLC	-	-	0.00%	1,526,000	7	0.65%
Dayton Hudson Corporation	-	-	0.00%	1,431,900	8	0.61%
Timbercreek Gulf Co. Inc.	-	-	0.00%	1,282,760	9	0.55%
Breland, Charles K Jr.	-	-	0.00%	1,275,620	10	0.54%

Source: Baldwin County Revenue Commissioner

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

CITY OF DAPHNE, ALABAMA

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

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

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

THIS PAGE LEFT BLANK INTENTIONALLY

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
2014	\$ 4,742,550	\$4,673,758	98.55%	\$ -	\$ 4,673,758	98.55%
2013	\$ 4,516,311	\$4,425,485	97.99%	\$ 8,672	\$ 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%

Source: Baldwin County Revenue Commissioner

CITY OF DAPHNE, ALABAMA

**Legal Debt Margin
Last Fiscal Ten Years**

	FISCAL YEAR			
	FY 2014	FY 2013	FY 2012	FY 2011
Constitutional Debt Limit	\$ 71,732,586	\$ 69,063,384	\$ 67,093,475	\$ 69,944,786
Total Net Debt Applicable to Limit	(33,914,432)	(36,335,750)	(38,614,155)	(28,984,716)
Legal Debt Margin	\$ 37,818,154	\$ 32,727,634	\$ 28,479,320	\$ 40,960,070
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	47.28%	52.61%	57.55%	41.44%
Legal Debt Margin Calculation				
Assessed Value	358,662,928	345,316,918	335,467,376	349,723,930
Debit Limit (20% of Total Assessed Value)	\$ 71,732,586	\$ 69,063,384	\$ 67,093,475	\$ 69,944,786
Debt Applicable to Limit:				
General Obligation Bonds	37,007,732	39,634,250	42,725,887	42,388,164
Less: Exempt Debt	(3,093,300)	(3,298,500)	(4,111,732)	(13,403,448)
Total Net Debt Applicable to Limit	\$ 33,914,432	\$ 36,335,750	\$ 38,614,155	\$ 28,984,716
Legal Debt Margin	\$ 37,818,154	\$ 32,727,634	\$ 28,479,320	\$ 40,960,070

FISCAL YEAR

FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
\$ 71,098,156	\$ 77,322,524	\$ 73,555,936	\$ 67,469,932	\$ 53,220,088	\$ 46,989,000
(30,484,799)	(31,882,732)	(33,177,921)	(34,595,053)	(35,955,192)	(23,661,159)
\$ 40,613,357	\$ 45,439,792	\$ 40,378,015	\$ 32,874,879	\$ 17,264,896	\$ 23,327,841
42.88%	41.23%	45.11%	51.27%	67.56%	50.35%
355,490,780	386,612,620	367,779,680	337,349,660	266,100,440	234,945,000
\$ 71,098,156	\$ 77,322,524	\$ 73,555,936	\$ 67,469,932	\$ 53,220,088	\$ 46,989,000
43,996,777	45,047,105	46,486,221	48,068,053	47,353,116	28,599,543
(13,511,978)	(13,164,373)	(13,308,300)	(13,473,000)	(11,397,924)	(4,938,384)
\$ 30,484,799	\$ 31,882,732	\$ 33,177,921	\$ 34,595,053	\$ 35,955,192	\$ 23,661,159
\$ 40,613,357	\$ 45,439,792	\$ 40,378,015	\$ 32,874,879	\$ 17,264,896	\$ 23,327,841

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
2014	\$ 32,920,000	\$ 4,087,733	\$ -	\$ 293,198	\$ -	\$ 245,794
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

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
37,546,725	3.03%	1,185
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

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)
2014	\$ 33,914,432	9.46%	1,070
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

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**

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
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)	106,707,902	10.16%	<u>10,839,218</u>
Total Direct & Overlapping Debt			<u><u>\$ 71,301,349</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 (\$3,567,849,840) on 10/1/2014.

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
2014	31,683	\$1,238,792,986	\$ 39,100	39.80	4,040	6.3%
2013	29,946	\$ 1,154,369,772	\$ 38,548	39.80	3,250	6.3%
2012	29,176	\$ 1,109,376,941	\$ 38,024	38.39	3,129	7.0%
2011	27,182	\$ 986,993,655	\$ 36,311	37.91	3,100	8.1%
2010	21,570	\$ 898,840,160	\$ 41,671	37.90	2,989	8.9%
2009	25,922	\$ 939,528,351	\$ 36,244	37.79	3,143	8.8%
2008	26,019	\$ 913,935,561	\$ 35,126	37.99	3,193	4.1%
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%

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

CITY OF DAPHNE, ALABAMA

**Principal Employers
Current and Nine Years Ago**

EMPLOYER	FISCAL YEAR					
	FY 2014 # of Employees	FY 2014 % of Total Employees	FY 2014 RANK	FY 2005 # of Employees	FY 2005 % of Total Employees	FY 2005 RANK
Wal-Mart Super Center	300	0.37%	1	325	0.40%	1
City of Daphne	292	0.36%	2	-	0.00%	-
Eastern Shore Toyota / Hyundai	189	0.23%	3	-	0.00%	-
Lowe's	174	0.21%	4	-	0.00%	-
Chris Myers	150	0.19%	5 (tie)	140	0.17%	3
Sam's Club	150	0.19%	5 (tie)	-	0.00%	-
Bayside Academy	105	0.13%	6	-	0.00%	-
The Brenneity	101	0.12%	7	-	0.00%	-
Target	100	0.12%	8 (tie)	150	0.19%	2
Home Depot	100	0.12%	8 (tie)	120	0.15%	-
Home Relief Services	-	0.00%	-	75	0.09%	5
Ruby Tuesdays	-	0.00%	-	51	0.06%	7
Winn Dixie	-	0.00%	-	85	0.10%	4
NFL Warehouse	-	0.00%	-	50	0.06%	8
Riviera Utilities	-	0.00%	-	55	0.07%	6

Source: Eastern Shore Chamber of Commerce

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

CITY OF DAPHNE, ALABAMA

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

Function	FISCAL YEAR			
	FY 2014	FY 2013	FY 2012	FY 2011
General Government:				
Legislative	9	9	9	9
Executive	4	4	2	2
Human Resources	4	3	3	3
Finance	8	8	8	8
Revenue	2	2	2	2
Planning	4	4	4	4
Court	3	3	4	4
Building Maintenance & Janitorial	7	7	7	7
Total General Government	41	40	39	39
Public Safety:				
Police Department	91	83	84	84
Fire Department	44	45	41	41
Building Inspection	5	5	5	5
Code Enforcement	1	1	1	1
Total Public Safety	141	134	131	131
Public Works:				
Public Works Administration	5	5	5	5
Solid Waste	5	5	5	5
Streets	13	11	11	11
Grounds	12	10	10	10
Mowing	8	8	8	8
Mechanical	8	8	8	8
Garbage and Recycling	12	12	12	12
Total Public Works	63	59	59	59
Library and Recreation:				
Parks	9	8	8	8
Recreation	9	8	9	9
Concessions	2	2	2	2
S.A.I.L. Site	3	3	3	3
Library	18	16	15	15
Civic Center	6	6	7	7
Total Library & Recreation	47	43	44	44
Total Employees	292	276	273	273

Source: City of Daphne Human Resources Department

FISCAL YEAR

FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
9	9	9	9	9	9
2	2	2	2	2	2
3	3	3	3	3	3
8	8	8	8	7	7
3	3	3	3	3	3
7	7	7	7	6	5
4	4	4	4	5	5
7	7	7	7	6	6
43	43	43	43	41	40
84	84	84	84	83	76
41	32	29	26	20	20
7	7	7	6	3	3
1	1	1	1	1	1
133	124	121	117	107	100
5	6	6	5	5	5
5	5	5	5	5	5
11	11	11	11	11	12
12	13	13	17	13	13
9	9	9	9	9	9
8	8	8	9	9	9
18	18	18	18	18	17
68	70	70	74	70	70
9	9	9	5	9	8
11	11	11	11	11	10
2	2	2	2	2	2
3	3	3	3	3	3
15	15	15	13	12	12
8	8	8	7	7	7
48	48	48	41	44	42
292	285	282	275	262	252

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR				
	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Municipal Court					
Cases Pending:					
Traffic	2,761	2,957	2,529	2,457	2,815
Non- Traffic	852	849	845	859	842
Parking	0	0	0	0	2
Total Pending Cases:	3,613	3,806	3,374	3,316	3,659
Cases Filed:					
Traffic	3,552	3,280	3,177	3,094	4,157
Non- Traffic	396	441	501	510	491
Parking	-	-	-	-	1
Total Cases Filed:	3,948	3,721	3,678	3,604	4,649
Cases Disposed of:					
Traffic	3,812	3,355	3,494	4,056	4,401
Non- Traffic	420	537	567	561	557
Parking	0	0	0	2	0
Total Cases Disposed of:	4,232	3,892	4,061	4,619	4,958
Failure-to-appear Cases:					
Traffic	989	898	684	981	1,023
Non- Traffic	135	122	46	73	19
Parking	-	-	-	-	-
Total Failure-to-appear:	1,124	1,020	730	1,054	1,042
Cases Appealed:					
Traffic	55	69	43	55	318
Non- Traffic	39	35	49	53	122
Parking	-	-	-	-	-
Total Appeals:	94	104	92	108	440
Cases by Disposition Type:					
Guilty	2,472	2,424	2,518	3,014	3,354
Not Guilty	11	13	14	16	16
Nol pros / Dismissal	1,505	1,195	1,274	1,571	1,588
Continued	4,083	3,002	2,412	2,012	3,398
Total Cases:	8,071	6,634	6,218	6,613	8,356

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR				
	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Public Safety					
Police Department:					
Patrol Division:					
Complaints	14,044	13,002	13,322	13,532	13,004
Accidents - Roadway	804	194	791	742	760
Accidents - Private Property	194	731	208	169	175
Accidents - Traffic Homicides	2	2	1	4	1
Arrests - Controlled Substance	19	29	10	9	15
Arrests - Drug Paraphernalia	38	32	26	31	47
Arrests - Felony Marijuana	2	7	3	10	7
Arrests - Misdemeanor Marijuana	29	40	26	23	29
Arrests - Alias Warrant	357	286	431	366	302
Arrests - D.U.I.	141	152	149	128	165
Arrests - Felony	71	95	61	82	65
Arrests - Misdemeanor	695	702	927	773	731
Assists - Motorist / Citizens	2,345	2,541	2,785	5,376	2,917
Citations	3,374	3,289	3,255	3,241	4,218
Searches - Vehicles	489	454	340	305	348
Securiy Checks	3,017	466	n/a	n/a	n/a
Warnings	2,603	2,105	2,429	1,819	995
Drug Report - Routine Patrol & Special Ops:					
Drugs Seized	48	39	0	0	3
Monies Seized	\$0	\$1,445	\$0	\$0	\$0
Vehicles Seized	0	0	0	0	0
Commercial Vehicle Inspections	433	412	230	65	79
Detective Division:					
New Cases Received	726	795	734	849	629
Previous Unsolved Cases	73	93	66	91	168
Cases Solved	403	473	481	482	499
Arrests:					
Cases Solved - Resulting in Felony	58	162	112	144	214
Cases Solved - Resulting in Misdemeanor	3	9	22	47	39
Houses Searched	0	1	0	0	0
Total Warrants Arrests:	61	171	134	191	253

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR				
	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Detective Division (continued)					
Warrants:					
Warrants Served	436	491	378	578	549
Agency Assists	59	67	163	253	212
Recalls	190	93	139	276	301
Total Warrants Served:	685	651	680	1,107	1,062
Sex Offenders:					
Contact Verification	36	45	18	20	15
Total # of Offenders					
Registered in Daphne	7	8	8	2	3
D.A.R.E.:					
Hours Report Writing	41	32	48	69	42
Students Instructed S.R.O.	5,665	3,860	2,795	3,540	3,938
Students Instructed D.A.R.E.	7,195	5,030	2,180	5,820	2,031
Police Reports by S.R.O.	31	30	32	57	22
Arrests by S.R.O.	17	13	14	24	13
Code Enforcement:					
Warnings	40	41	41	60	89
Citations	15	33	45	51	36
Warning Compliance	190	248	312	251	242
Follow-Up	312	379	427	307	294
Jail:					
Arrestees Received & Processed	2,256	2,351	2,259	2,131	2,107
Inmate Meals Served	29,137	27,883	21,055	20,557	30,540
Inmate Medical Cost	\$24,063	\$23,788	\$20,002	\$14,322	\$37,040
Worker Inmate Hours	2,328	1,879	2,005	3,206	10,203
Animal Control:					
Complaints	836	703	618	721	837
Follow-Up	1,458	1,326	1,169	1,224	1,256
Citations	62	153	55	80	77
Warnings	157	391	276	132	124
Felines Captured	297	299	259	273	316
Canines Captured	310	365	345	337	363
Other Captured	125	67	71	129	250
Returned to Owner	130	179	186	143	184
Adopted	191	191	139	183	180
Euthanized	332	277	204	174	293

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR				
	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Crimes Reported:					
Arson	0	0	0	0	0
Burglary - Commercial	42	35	17	31	12
Burglary - Residential	51	49	82	94	57
Burglary - Vehicle	120	145	109	123	22
Criminal Mischief	62	45	74	83	88
Disorderly Conduct	10	12	4	8	8
Domestic Disturbance	127	274	308	253	175
False Information to Police	11	14	11	17	11
Felony Assault	6	5	7	6	2
Felony Theft	134	149	136	165	191
Harassment	43	56	87	87	94
Identity Theft	17	50	80	54	41
Indecent Exposure	2	1	3	2	6
Kidnapping	0	1	0	0	0
Menacing	4	4	6	3	4
Misdemeanor Assault	13	11	17	14	13
Misdemeanor Theft	170	181	207	191	210
Murder	1	26	0	1	15
Other Death Investigations	6	20	16	23	10
Public Intoxication	6	7	11	11	8
Public Lewdness	1	1	2	0	2
Receiving Stolen Property	7	9	5	17	2
Reckless Endangerment	5	7	7	5	5
Resisting Arrest	11	10	4	4	2
Robbery	6	6	5	14	12
Sex Crime Investigations	10	26	21	13	4
Suicide	0	0	0	0	3
Suicide, Attempted	6	22	25	24	16
Theft of Services	0	0	1	0	5
Unauthorized Use of Services	8	4	6	7	8
Weapon Offenses	8	16	7	9	3
White Collar Crimes	48	46	30	38	30

CITY OF DAPHNE, ALABAMA

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

FISCAL YEAR

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Fire Department:					
Suppression:					
Fire / Explosion:					
Fire, Other	13	8	3	6	5
Structure Fire - Commercial	6	3	7	3	6
Structure Fire - Residential	31	20	22	35	28
Fire in mobile property	6	2	1	1	1
Vehicle / Mobile Property Fire	16	17	14	9	14
Natural Vegetation Fire	18	11	14	20	11
Outside Rubbish Fire	6	10	10	17	4
Special Outside Fire	6	3	3	6	6
Cultivated Vegetable Crop Fire	0	0	1	0	2
Overpressure Rupture	0	2	1	3	1
Rescue Call & Emerg Medical Srv Incidents	1,981	1,959	1,674	1,710	1,693
Hazardous Conditions (No Fire)	37	34	42	46	34
Service Calls	180	193	155	153	245
Good Intent Calls	208	195	240	202	193
False Alarm & False Calls	235	217	249	286	205
Severe Weather & Natural Disasters	8	3	5	4	1
Other Situations	2	3	1	2	0
Fire Prevention Awareness & Education:					
Classes Held	48	19	61	83	74
Persons Attending	686	898	1,465	5,893	5,091
Bureau of Fire Prevention:					
Plan Reviews	24	29	189	30	27
Final / Certificates of Occupancy	7	6	3	7	6
General / Annual Inspections	523	462	291	781	1,003
General / Re-Inspections	214	143	315	188	87
Business Licenses	84	69	156	72	64
Consultations	0	0	0	0	0
All Other / Miscellaneous Activity	188	158	23	11	0
Miscellaneous Reporting:					
Training Hours	4,684	2,773	9,601	1,187	1,324
Property Loss (\$\$)	\$ 1,489,315	\$ 866,200	\$ 1,027,815	\$ 1,171,212	\$ 1,151,542
Fire Personnel & Civilian Injuries by Fire:	0	0	2	1	0
Advanced Life Support Rescues:	1,444	1,434	687	1,105	1,103
Number of Patients Treated:	1,945	1,898	978	1,692	1,586
Child Passenger Safety Seat Inspections & Installs:	115	105	426	141	180

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR				
	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Building Inspection:					
Permits:					
Building Permits:					
Non-Residential	50	86	82	78	62
Residential	482	465	361	316	346
Electrical Permits:					
Non-Residential	38	52	29	38	38
Residential	47	36	39	122	134
Electrical Permits - New Construction:					
Non-Residential	0	1	5	0	0
Residential	155	169	109	16	0
Land Disturbance Permits:					
Non-Residential	0	0	0	1	0
Residential	92	152	102	60	15
Mechanical Permits:					
Non-Residential	26	39	34	45	18
Residential	54	41	42	130	177
Mechanical Permits - New Construction:					
Non-Residential	0	0	3	0	0
Residential	148	152	123	18	0
Plumbing Permits:					
Non-Residential	20	26	24	34	23
Residential	46	49	32	167	129
Plumbing Permits - New Construction:					
Non-Residential	0	1	1	0	0
Residential	155	176	118	23	0
Total # of Permits	1,313	1,445	1,104	1,048	942
Inspections:					
Building Permit Inspections	3,217	2,420	1,416	1,291	1,156
Electrical Permit Inspections	109	90	66	213	206
Electrical - New Construction Permit	155	172	130	12	0
Land Disturbance Permit	28	6	8	68	3
Mechanical Permit Inspections	58	33	27	143	161
Mechanical - New Construction Permit Inspections	155	171	126	19	0
Plumbing Permit Inspections	98	86	77	373	383
Plumbing - New Construction Permit	356	427	244	25	0
Total # of Inspections	4,176	3,405	2,094	2,144	1,909

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR				
	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Environmental:					
Site Containment Insp - Permitted	857	877	339	181	324
Site Containment Insp - All Other	301	276	87	115	110
Total # of Environmental					
Inspections	1,158	1,153	426	296	434
Public Works (1):					
Concrete & Sidewalk Repair:					
Concrete Poured (yards)	650	265	300		
Repairs (Linear Feet)	9,050	5,280	900		
Asphalt Street Repairs:					
Asphalt Used (tons)	580	230	152		
Repairs (# of repairs)	12	123	285		
Street Sweeping:					
Miles Swept	18,125	21,065	17,345		
Dredge:					
Materials Removed/Dredged (yards)	980	1,000	40 tons		
Storm Drain & Heavy Equipment:					
Drains Cleaned (# of Jobs)	172	150	112		
Materials Hauled (cubic yards)	1,340	75	52		
Solid Waste:					
Waste Removed (tons)	6,533	6,359	6,316		
Recycled (tons)	3,045	3,539	2,919		
Special Events	6	7	6		
Trash Division:					
Trash Picked Up (tons)	4,008	3,950	3,518		
Pay Pile Loads	22	13	24		
Library & Recreation:					
Tournament Events & Participants (1):					
Adult Softball:					
No. of Events	18	26	21		
Participants	1,750	3,700	3,000		
Girls Fastpitch Softball:					
No. of Events	14	8	6		
Participants	5,800	3,300	2,500		
Soccer:					
No. of Events	9	9	8		
Participants	12,000	11,000	10,500		

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR				
	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Baseball					
No. of Events	1				
Participants	140				
Football					
No. of Events	1				
Participants	480				
Library & Recreation (continued):					
Tournament Events & Participants (1):					
Lacrosse:					
No. of Events	1	4	4		
Participants	140	900	900		
League Participants by Sport:					
Youth Soccer	790	775	550	540	525
Youth Football	199	195	205	195	200
Youth Cheerleading	50	75	80	80	65
Fall Men's Open Softball	255	234	220	17	168
Fall Co-Ed Softball	165	143	156	10	144
Fall Adult Soccer	120	120	100	10	120
Dixie Youth Baseball (ages 5-12)	480	525	435	450	480
Dixie Boys Baseball (ages 13-14)	60	63	60	55	60
Youth Softball	120	95	80	85	75
Youth Spring Soccer	375	380	250	0	0
Men's Church League Softball	270	208	192	216	288
Spring Co-Ed Softball	180	195	132	180	144
Spring Adult Soccer	90	84	80	80	80
Summer Men's Open Softball	435	312	264	372	312
Summer Co-Ed Softball	210	247	132	192	192
Summer Adult Soccer	110	95	80	90	80

Library

Patrons Visits	262,786	197,384	220,738	214,982	224,367
Items Circulated	443,471	293,033	276,093	296,712	314,218
Children's Program Attendance	5,800	5,822	7,378	10,323	10,889
Teen Program Attendance	1,158	1,656	735	827	1,143
Adult Program Attendance	167	176	531	575	721
Computer Users	25,537	26,368	30,892	31,676	17,234

CITY OF DAPHNE, ALABAMA

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

	FISCAL YEAR				
	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Rosetta Stone Hours Used	120	194	470	309	0
Ancestry Database Users	7,612	8,752	7,047	6,976	0
Heritage Quest Database Users	1,204	2,265	1,263	1,256	0
E-Books Circulation	15,802	9,156	6,277	767	0
Gutenberg Downloads	1,868	5,107	1,498	405	0
Reference Questions Answered	25,822	8,643	8,046	8,639	8,976
Library & Recreation (continued):					
Meeting Rooms Used	7,363	6,002	6,330	6,836	7,251
Special Displays	94	47	45	39	47
Library Facebook	59,947	103,965	47,615	2,112	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 2014	FY 2013	FY 2012	FY 2011	FY 2010
Public Safety:					
Fire:					
Number of Fire Stations	4	4	4	4	4
Number of Fire Trucks	7	6	6	6	6
Number of All Other Vehicles	14	15	16	16	17
Police:					
Number of Police Stations	2	2	2	2	2
Number of Patrol Units	62	64	64	64	64
Public Works (1):					
Miles of Streets (maintained by the City)	137.5	135.7	135.4		
Number of Signalized Traffic Intersections (2)	10	10	10		
Number of Vehicles	54	54	55	55	56
Garbage & Recycling					
Number of Sanitation Trucks	9	9	9	8	9
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	9	5	6	5	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