

Popular Annual Financial Report

City of Gulf Shores

Year Ended December 31, 2019



Gulf Shores Public Beach Gulf Place Renovation

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About this Report

The Popular Annual Financial Report (PAFR) of the City of Gulf Shores is displayed to translate between the gap of our financial reporting and the understanding of the general public through a user-friendly format. While reading this if you have any recommendations, concerns or thoughts we invite you to outreach to us.

The PAFR summarizes and draws from information that can already be found in the Comprehensive Annual Financial Report (CAFR). The City is in compliance with GAAP (Generally Accepted Accounting Principles) when preparing the CAFR and then it is independently audited by Grant, Sanders and Taylor, P.C (A local public accounting firm). Our PAFR is presented in GAAP format but is not put through an audit process. The PAFR does not include all information on the City's funds or the component units found within the CAFR. However we are confident to the best of our knowledge that the condensed financial information provided will give you insight into your city in regards to the financial position and results of operation for the fiscal year ending **December 31, 2019**.

If you desire to view our CAFR it may be found online at <https://www.gulfshoresal.gov/ArchiveCenter/ViewFile/Item/68>.



Mayor & Council



Top row left to right: Steve Jones, Jason Dyken, Gary Sinak
Bottom row: Phillip Harris, Mayor Robert Craft

The City is a municipal corporation incorporated under the Constitution and laws of the State of Alabama. The City is governed by a Council consisting of a mayor and five council members elected for terms of four years. Members of the City Council serve part-time and are responsible for adopting ordinances, resolutions and setting the policies of the City, including the appropriation of money. The Mayor, who is a member of the City Council, is elected for a four-year term and is the chief administrative officer of the City.

Government Profile and More Facts

The Town of Gulf Shores was incorporated on February 12, 1957 and became a city on April 18, 1985.

Gulf Shores is a world-class all-seasons resort area on the white sandy beaches of the southern tip of Baldwin County, Alabama on the warm waters of the Gulf of Mexico. The land area is 28.28 square miles and the water area is 4.76 square miles. The average annual temperature is 70 degrees.

The daily operations of the City are run by the City Administrator responsible to the Mayor and Council. The City's municipal services include police and fire protection, public works, recreation and cultural affairs, library, recreation center, planning and zoning, building, economic development, municipal court and general administrative services.

Just the Facts

Our Citizens and the Economy

- Residents¹ 12,517 (1,452 Veterans)
- Median Household Income¹ \$50,306
- Persons in Poverty¹ 9.1%
- Per Capita Income \$36,603

U.S. Census Bureau Quick Facts

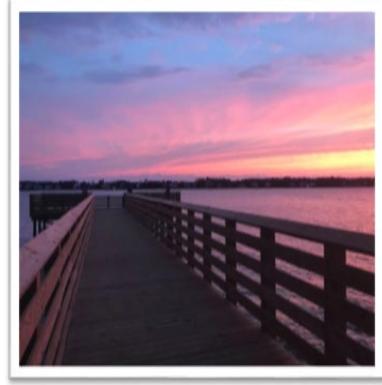
All values in this section are up to 2018

Top Ten Employers in Gulf Shores

Employer	Total Employees	FT
1. The Hangout	735	35
2. Hangout Music Festival	525	0
3. City of Gulf Shores	343	270
4. Waterville	330	20
5. Lulus Landing, Inc	320	225
6. Wal-Mart	275	275
7. The Lodge at Gulf State Park	270	183
8. Gulf Shores Public Schools	223	216
9. Rouse's Enterprises	185	185
10. Publix Alabama	155	65

Gulf Shores licensed 8,658 types of businesses in 2019

FT= Full Time, Total Employees-FT=Part Time



Education

- High School Graduates¹ 96.8%
- Bachelor's Degree or Higher¹ 35.7%

U.S. Census Bureau Quick Facts

Geographic Characteristics

- Land Area 28.28 SQ Miles
- Water Area 4.76 SQ Miles
- Avg Annual Temperature 70 Degrees
- Avg Annual Rainfall 65 Inches
- Elevation 8 Feet

Governmental Activities



Executive



Human Resources



Finance & Administrative Services



Building

Planning and Zoning



Municipal Court



Police



Fire Rescue



Recreation & Cultural Affairs



Public Works

Component Units



Gulf Shores City School System



Jack Edwards Airport/Airport Authority

The financial reporting entity (the City) includes all the funds of the primary government as well as the discretely presented component units of the Gulf Shores City School System, the Jack Edwards Airport, and Airport Authority.

The PAFR does not include information on the component units, unless referenced.

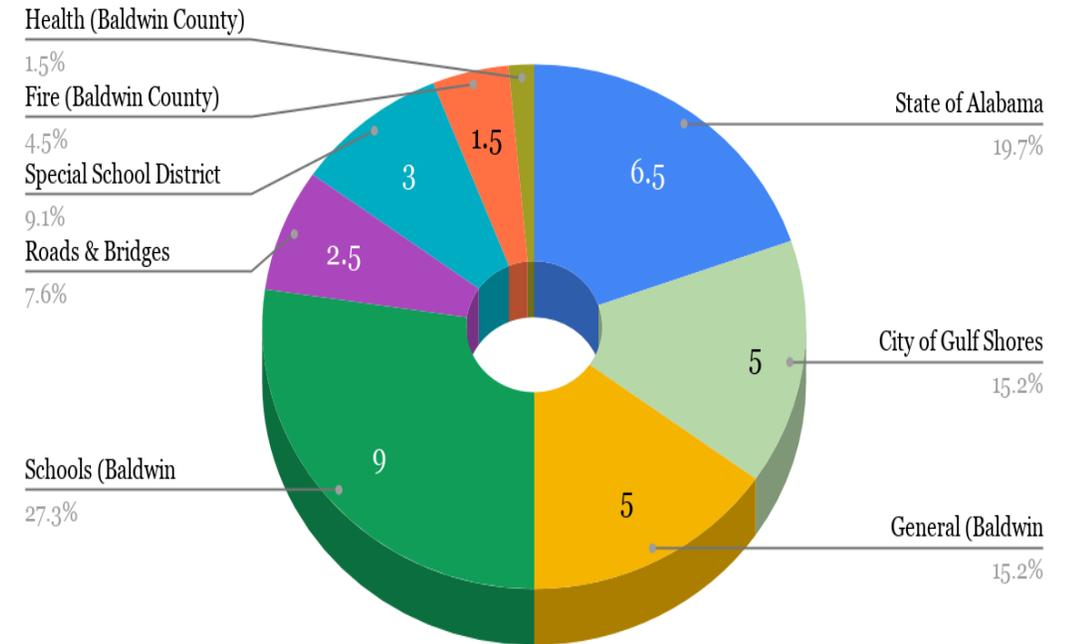
Operating Indicators by Function/Department

	2016	2017	2018	2019	
General Government	Building Permits Issued	782	896	1,295	998
	Building Inspections Conducted	3,098	3,914	6,246	7,602
	Business Licenses Issued	7,974	8,392	8,555	8,658
	Physical Arrests	2,048	1,879	1,831	970
Police	Traffic Violations	2,029	2,058	2,124	1,539
	Officers	47	47	50	20
Fire	Emergency Responses	3,146	3,149	3,297	3,090
	Fires Extinguished	83	54	63	72
	Inspections	1,975	1,950	1,650	2,110
	Full Time Staff	44	46	48	55
	Volunteer Firefighters	10	4	0	34
Engineering	Street Resurfacing (linear feet)	8,200	8,100	5,510	8,960
	Sidewalks (linear feet)	1,600	10,760	3,265	4,950
	Bike Lanes (linear feet)	780	2,800	40,800	11,800

Property Tax Collections and Distribution

Fiscal Year	Taxes Levied for the Year	Taxable Property Assessed Valuation	Current Collections	Subsequent Collections	Total Collections	Percent Parcels Paid
2019	3,653,718	734,155,980	3,524,790	0	3,524,790	96.47%
2018	3,327,805	668,109,200	3,263,930	166	3,326,196	99.95%
2017	3,074,056	616,090,320	3,071,391	1,584	3,072,975	99.97%
2016	2,822,072	566,085,720	2,820,939	380	2,821,319	99.97%
2015	2,666,050	534,967,860	2,664,330	466	2,664,796	99.95%
2014	2,491,031	499,994,940	2,487,820	1,388	2,489,208	99.93%
2013	2,390,195	478,341,860	2,385,827	1,288	2,387,115	99.87%
2012	2,335,949	468,268,740	2,330,828	1,173	2,332,001	99.83%
2011	2,443,936	487,433,360	2,432,011	4,270	2,436,281	99.69%
2010	2,672,688	524,154,540	2,650,756	10,810	2,661,566	99.58%

Property Tax Distribution

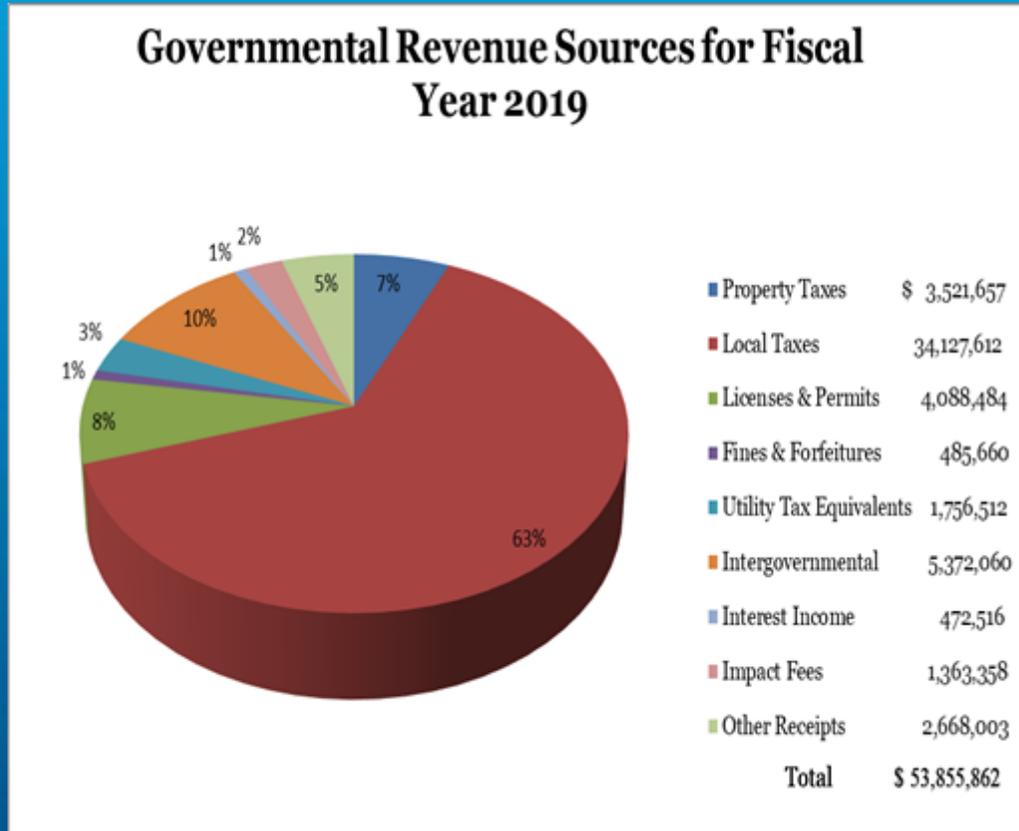


The total property tax mills collected is 33
 The Pie Chart above shows the distribution by Governmental entity of total mills collected and percentage.

Principal Property Taxpayers

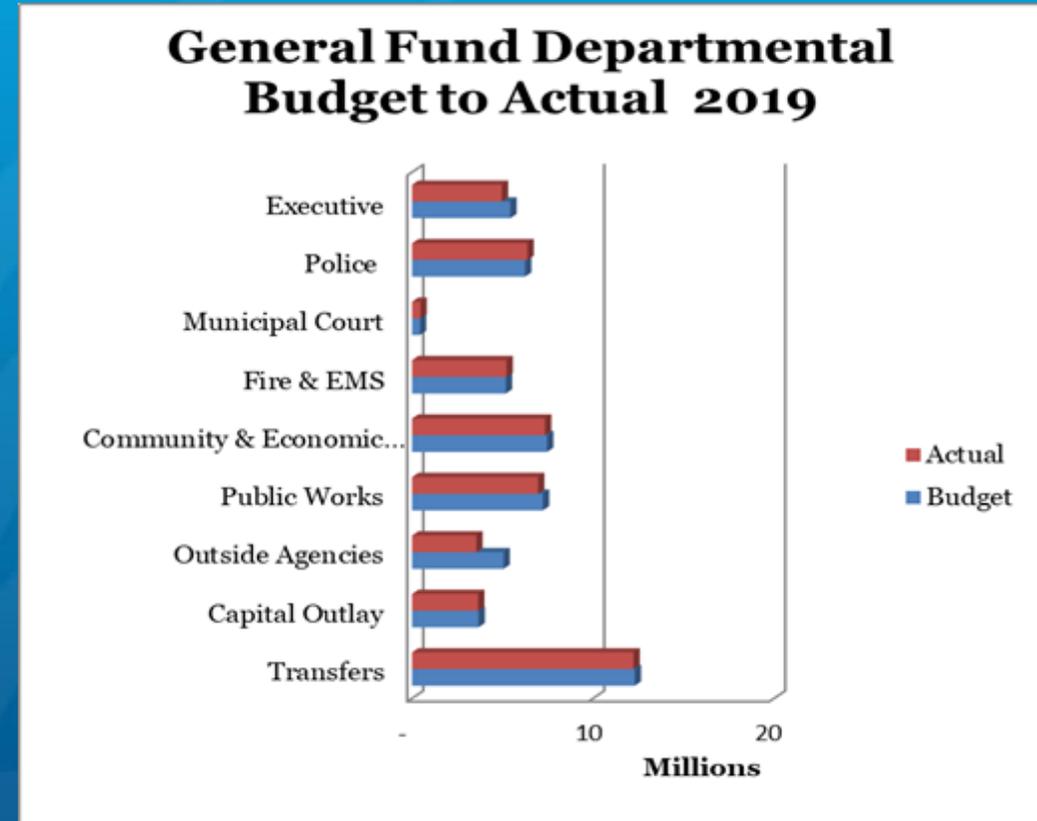
Taxpayer	Taxable Assessed Value	Rank	% of Total City Taxable Assessed Value
100 Emerald Greens KKC UC Funds	\$9,198,400	1	1.25%
Mid America Apartments LP	\$6,670,720	2	0.91%
Baldwin Co Electric	\$6,004,820	3	0.82%
RCG-Gulf Shores LLC	\$4,444,660	4	0.61%
21300 Sweetwater LLC	\$3,136,880	5	0.43%
Howard Resort Inns Inc	\$3,105,700	6	0.42%
Villas at Bon Secour	\$2,901,060	7	0.4%
Walmart Real Estate Business Trust	\$2,743,180	8	0.37%
Waterville USA	\$2,529,820	9	0.34%
Beach Place Development LLC	\$2,518,820	10	0.34%

General Fund Revenue Sources



Property, sales, lodging, and business license taxes comprise 70% of all revenue collections. The largest collection is sales tax.

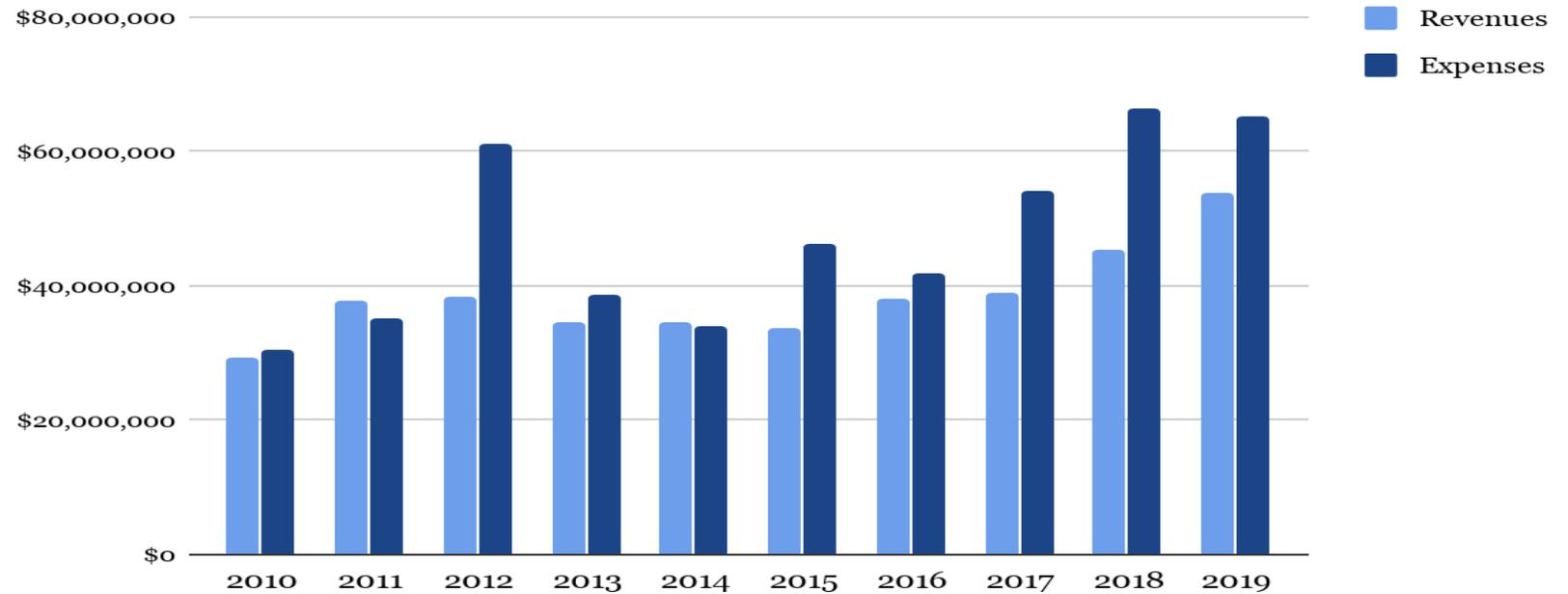
Departmental Budget Performance



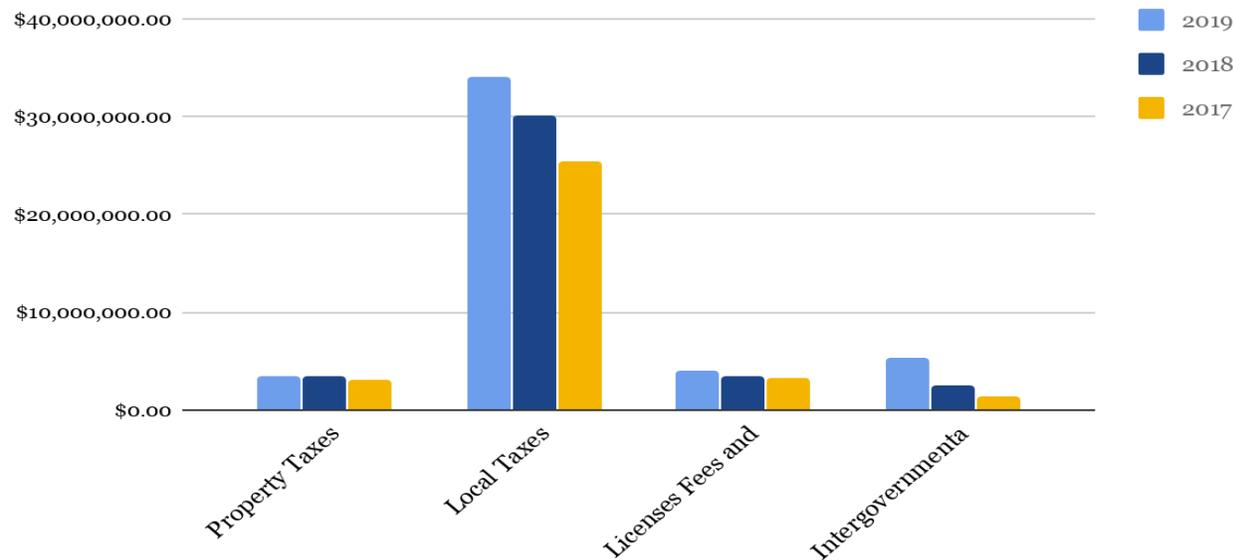
By careful management of resources the city's departments almost always operate within their budgets. Transfers represents amounts going to debt service payments.

Revenues & Expenses

10 Year Historical Perspective of Revenues and Expenses



Major Revenues 3 year trends

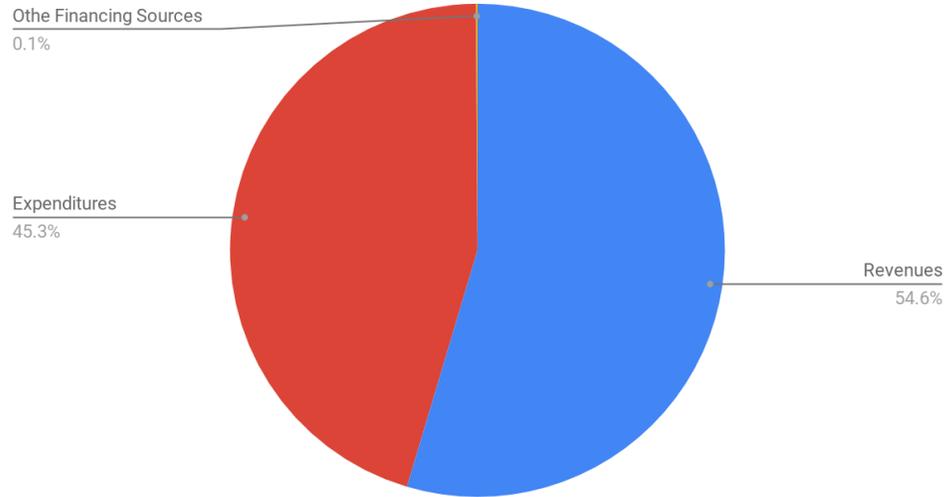


Expenses in excess of revenues reflects borrowing for bond issuances, however fund balances have continued to increase since 2010. The total amount borrowed reflects as an expense in the year that it is borrowed and the repayment will occur over a period of years.

The chart above shows 10 years of revenues vs. expenses and the chart on the left shows 3 year trends for our major revenues

Fund Balances

General Fund pie chart: revenue earned vs expenses paid in 2019

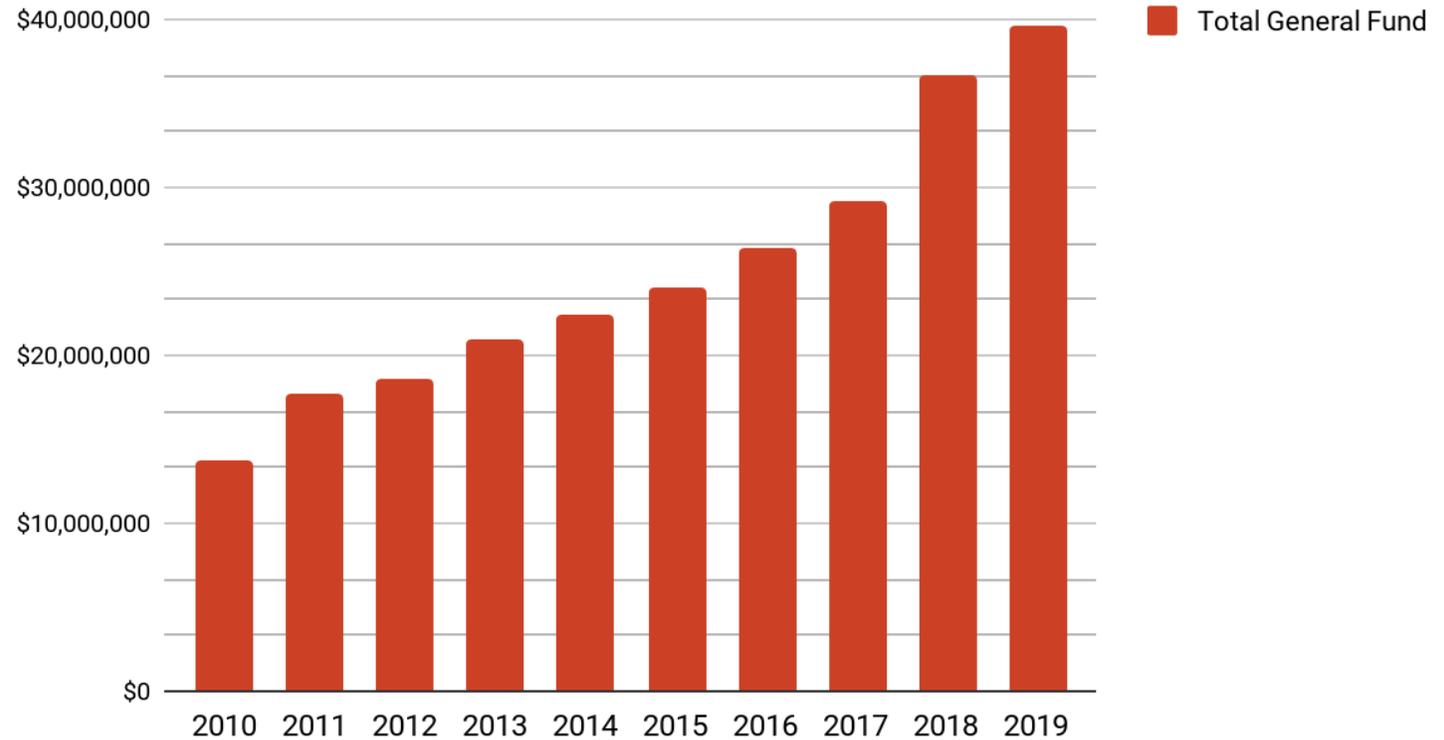


General Fund In 2019

Revenues = \$46,403,765

Expenditures = \$38,501,402

General Fund Balance



The City's balance sheet reflects the City's financial condition as of January 1, 2019. The balance sheet is a summary of what the City owns (assets and deferred outflows) and owes (liabilities and deferred inflows). The chart on the right shows 10 years of General Fund balances.

Major Projects



Improvements-Gulf Place Redesign
\$2.4 million
Gulf Place Land
\$2 million

Last phase of Gulf Place Revitalization



Phase V
\$772,140

The final phase of the Commerce Drive loop within the Business and Aviation Park. This roadway and utility expansion will provide access to over 80 acres of industrial property bordering Jack Edwards National Airport.



Land for Medical Facility
\$4.3 million

Land Purchased for Medical Complex



Hwy 182 Improvements
\$803,216

Hwy 182: The City partnered with ALDOT & the Gulf State Park to implement transportation improvements to better accommodate eastbound traffic.



Coastal Gateway Blvd Improvements
\$2.6 million

Roadway Expansion to provide better commercial access to the city.

Five Critical Actions of Focus for Vision 2025 (5 year plan)

MEDICAL – In 2019, the City partnered with AirMedCare Network to provide ground and air ambulance transport coverage from within Baldwin County to all Gulf Shores residents. This program will eliminate virtually all out-of-pocket expenses for ambulance transport for residents.

GULF STATE PARK –The State of Alabama completed construction of a 350 room Hilton-branded lodge, 180 seat restaurant and 40,000 square foot conference facility that opened fall 2018. Over 9 miles of new pedestrian- and bike-friendly trails are currently being completed within Gulf State Park.

GULF BEACH DISTRICT – In 2019, the City of Gulf Shores completed the last phase of the Gulf Place Revitalization. In 2019, the City partnered with ALDOT and the Gulf State Park to implement transportation improvements to better accommodate eastbound traffic (currently 22% of all traffic utilizes the W.C. Holmes Bridge) to the State Park and Orange Beach.



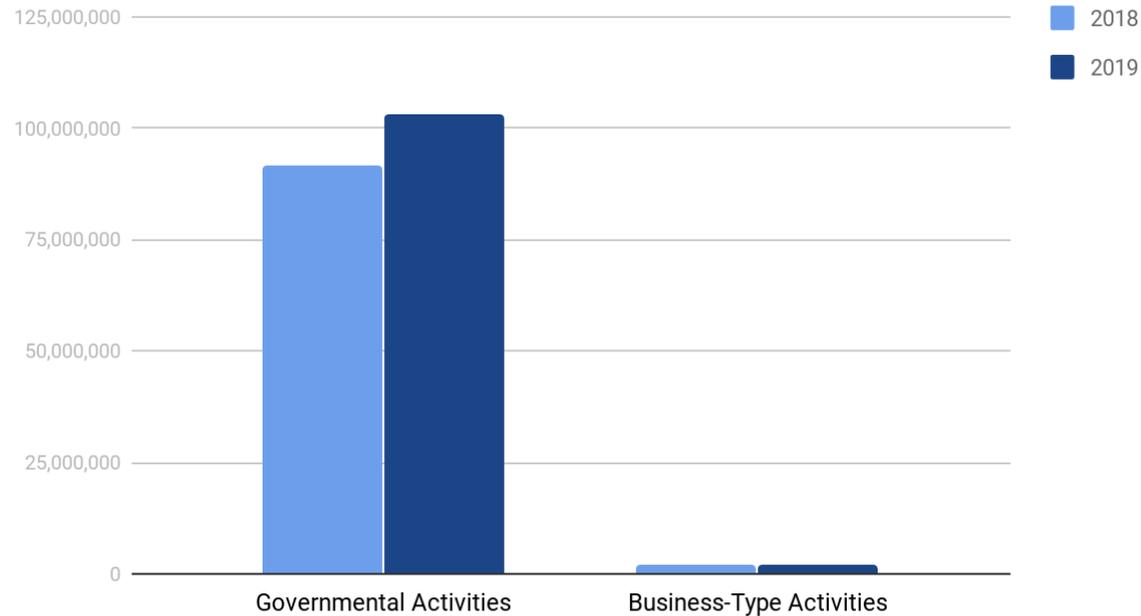
EDUCATION – In 2019, Gulf Shores City Schools officially began as the first independent city school system in Baldwin County. The City completed over \$8 million in renovations and improvements to the school campuses to enhance safety, security, vehicle and pedestrian circulation, and the overall learning environment for the school system’s 2,200 students.

WATERWAY DISTRICT – In 2019, the City began construction on the final phase of the Commerce Drive loop within the Business and Aviation Park. This roadway and utility expansion will provide access to over 80 acres of industrial property bordering Jack Edwards National Airport. Also in 2019, the Gulf Shores Airport Authority initiated the design of an air traffic control tower and commercial flight terminal at Jack Edwards National Airport to further efforts to establish regional commercial flights to and from Gulf Shores.

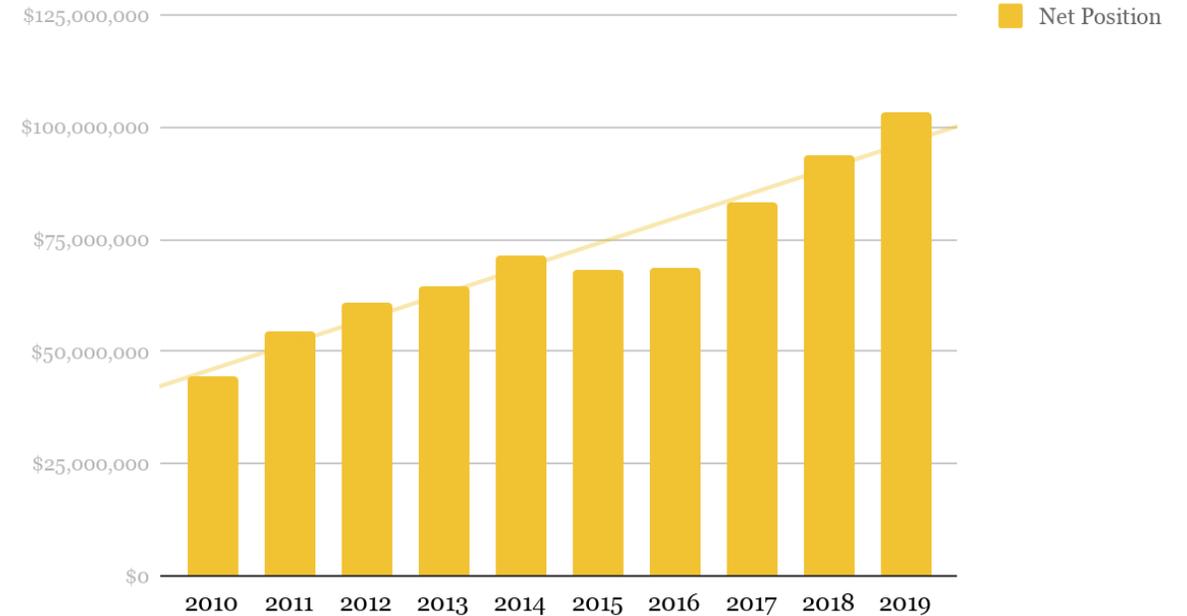
More information on the City’s 5 year Strategic Plan is available starting on page 28 of the 2020 Budget and is available on the City website at <https://www.gulfshoresal.gov/ArchiveCenter/ViewFile/Item/67>.

Capital Assets

Net Capital Position



Government Net Position over 10 Years



At December 31, 2019, the City of Gulf Shores reported net capital position of \$103,283,719 from governmental activities, an increase of \$11,590,531 from the adjusted governmental activities capital assets net for December 31, 2018.

Net capital position from business-type activities is reported as \$1,971,847 which is an increase of \$95,855 from December 31, 2018.

Debt & Debt Repayment

	Moody's	Standard & Poor's
Best Quality	<u>Aaa</u>	AAA
High Quality	Aa1	AA+
	Aa2	AA
	Aa3	AA-
Upper Medium Quality	A1	A+
	A2	A
	A3	A-
Medium Grade	Baa1	BBB+
	Baa2	BBB
	Baa3	BBB-

As of year-end, the City had \$91,213,984 in debt outstanding (which includes long term compensated absences of \$1,514,258 compared to \$79,148,733 for the prior year. All debt service payments were made timely. The City's outstanding debt is rated Aa2 by Moody's and AA+ by S&P. The City is able to save money by borrowing at lower rates due to high quality ratings.

Warrant	Final Payment	Moody's	S&P
2006-B G.O.	12/15/2025	Aa2	AA+/Stable
2008-A G.O.	12/15/2028	Aa2	AA+/Stable
2012-D G.O.	12/15/2021	Aa2	AA+/Stable
2017-A G.O.	12/15/2027	Aa2	AA+/Stable
2018-A G.O.	12/15/2038	Aa2	AA+/Stable
2018-B G.O.	12/15/2033	Aa2	AA+/Stable