

City of Gulf Shores, Alabama

POPULAR ANNUAL FINANCIAL REPORT

Year Ended December 31, 2021



*Gulf Place
Gulf Shores Public Beach*



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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, please reach out to us.

The PAFR summarizes and draws from information that can already be found in the Annual Financial Report. The City is in compliance with GAAP (Generally Accepted Accounting Principles) when preparing the Annual Financial Report and then it is independently audited by Grant, Sanders and Taylor, P.C (A local public accounting firm). Our PAFR however is not presented in GAAP format nor is it put through an audit process. The PAFR does not include all information on the City's funds or the component units found within the Annual Financial Report. 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, 2021.

The City of Gulf Shores received the Government Finance Officers Association (GFOA) Award for Outstanding Achievement in Popular Annual Financial Reporting for the 2020 PAFR and will submit the 2021 PAFR for award consideration to GFOA.



Mayor Robert Craft

If you desire to view our Annual Financial Report it may be found online at <https://www.gulfshoresal.gov/ArchiveCenter/ViewFile/Item/75>.

Mayor & Council

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 4.85 square miles. The average annual temperature is 69 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.



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



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

Gulf Shores

Alabama

For its Annual Financial Report
for the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

Just the Facts

Our Citizens and the Economy

- **Residents** 15,736 (1,304 Veterans)
- **Median Household Income¹** \$53,209
- **Persons in Poverty¹** 9%
- **Per Capita Income** \$34,792

¹U.S. Census Bureau Quick Facts

All values in this section are as of 2020

Education

- **High School Graduates¹** 94.5%
- **Bachelor's Degree or Higher¹** 34.5%

¹U.S. Census Bureau Quick Facts

Geographic Characteristics

- **Land Area** 28.28 SQ Miles
- **Water Area** 4.85 SQ Miles
- **Avg. Annual Temperatures** 69 Degrees
- **Avg. Annual Rainfall** 61.57 Inches
- **Elevation** 8 Feet

Top Ten Employers in Gulf Shores

Employer	Total Employees	FT	PT
1. The Hangout	600	245	355
2. City of Gulf Shores	328	284	44
3. Wal-Mart	305	255	50
4. Gulf Shores Public Schools	265	245	20
5. Lulus Landing, Inc	250	135	115
6. Waterville	225	10	215
7. The Lodge at Gulf State Park	215	185	30
8. Rouse's Enterprises	200	200	0
9. Publix Alabama	135	80	55
10. Gulf State Park	108	90	18

Gulf Shores licensed 8,893 types of businesses in 2021

FT=Full Time

Total Employees – FT = Part Time

Governmental Activities



Recreation and Fitness



Transportation Improvements



Beach Safety

Component Units



Gulf Shores City School System

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 Gulf Shores International Airport, and Airport Authority. Component units are a legally separate organizations for which the City is financial accountable.

The PAFR does not include information on the component units, unless referenced. At right is the long-awaited Airport Tower completed in 2021.



JKA | Copyright by Private | Airport-Data.com



GULF SHORES
INTERNATIONAL AIRPORT
— JACK EDWARDS FIELD —



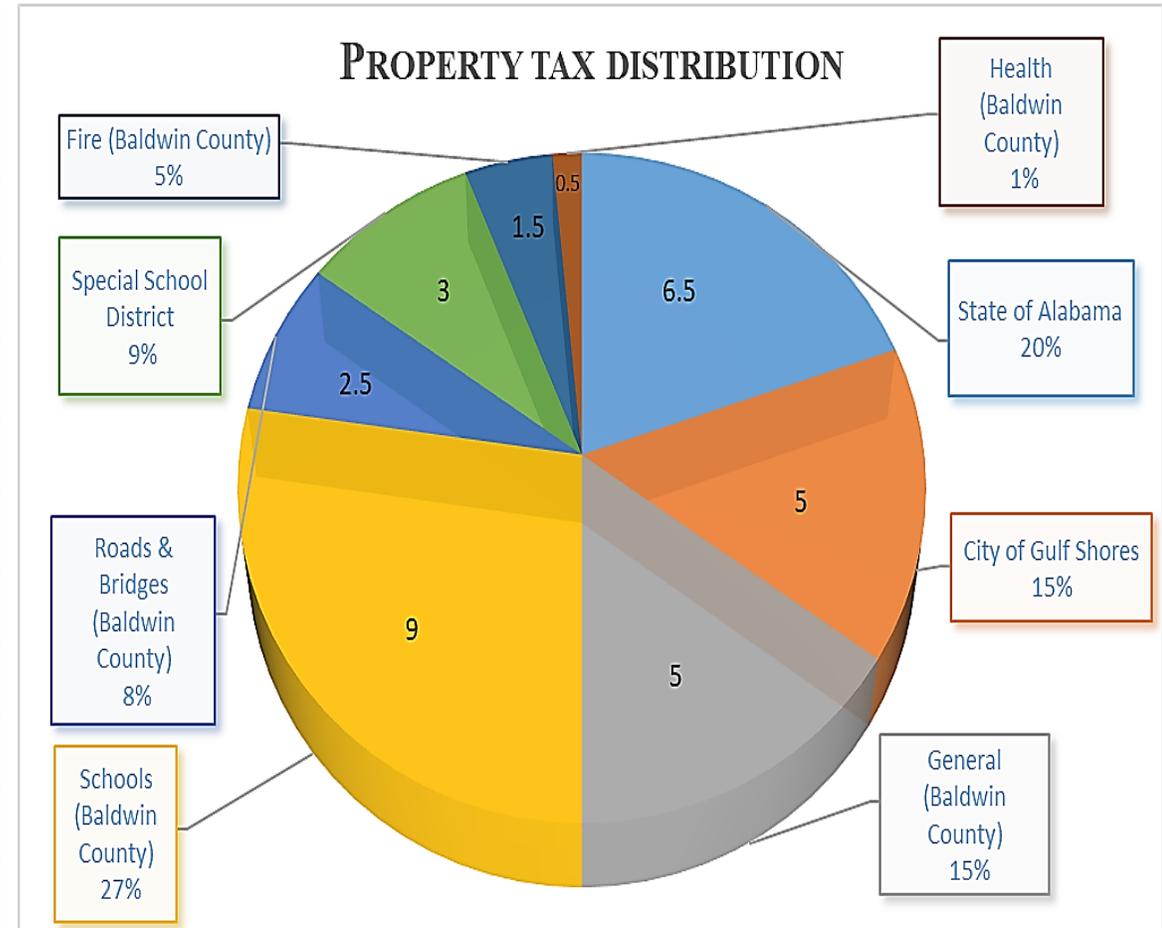
Operating Indicators by Function/Department

		2017	2018	2019	2020	2021
General Government	Building Permits Issued	896	1,295	998	1,879	2,131
	Building Inspections Conducted	3,914	6,246	7,602	5,783	7,590
	Business Licenses Issued	8,392	8,555	8,658	8,741	9,175
Police	Physical Arrests	1,879	1,831	970	994	1,455
	Traffic Violations	2,058	2,124	1,539	1,021	1,652
	Officers	47	50	50	51	52
Fire	Emergency Responses	3,149	3,297	3,090	3,335	3,357
	Fires Extinguished	54	63	72	71	78
	Inspections	1,950	1,650	2,110	1,160	681
	Full Time Staff	46	48	55	56	58
	Volunteer Firefighters	4	0	34	34	34
Engineering	Street Resurfacing (linear feet)	8,100	5,510	8,960	31,500	9,500
	Sidewalks (linear feet)	10,760	3,265	4,950	267	4,030
	Bike Lanes (linear feet)	2,800	40,800	11,800	19,200	6,100



Property Tax Collections and Distribution

Fiscal Year	Taxes Levied for the Year	Taxable Property Assessed Valuation	Current Collection	Subsequent Collections	Total Collections	Percent Parcels Paid
2021	4,077,256	790,117,460	4,042,137	0	4,042,137	99.76%
2020	3,792,564	818,167,820	3,930,206	0	3,930,206	99.76%
2019	3,658,541	734,155,980	3,652,684	3,970	3,656,654	99.82%
2018	3,327,805	668,109,200	3,326,030	166	3,326,196	99.90%
2017	3,074,056	616,090,320	3,071,391	1,591	3,072,975	99.84%
2016	2,822,072	566,085,720	2,820,939	380	2,821,319	99.84%
2015	2,666,050	534,967,860	2,664,330	466	2,664,796	99.75%
2014	2,491,031	499,994,940	2,487,820	1,388	2,489,208	99.72%
2013	2,390,195	478,341,860	2,385,827	1,288	2,387,115	99.66%
2012	2,335,949	468,268,740	2,330,828	1,173	2,332,001	99.72%



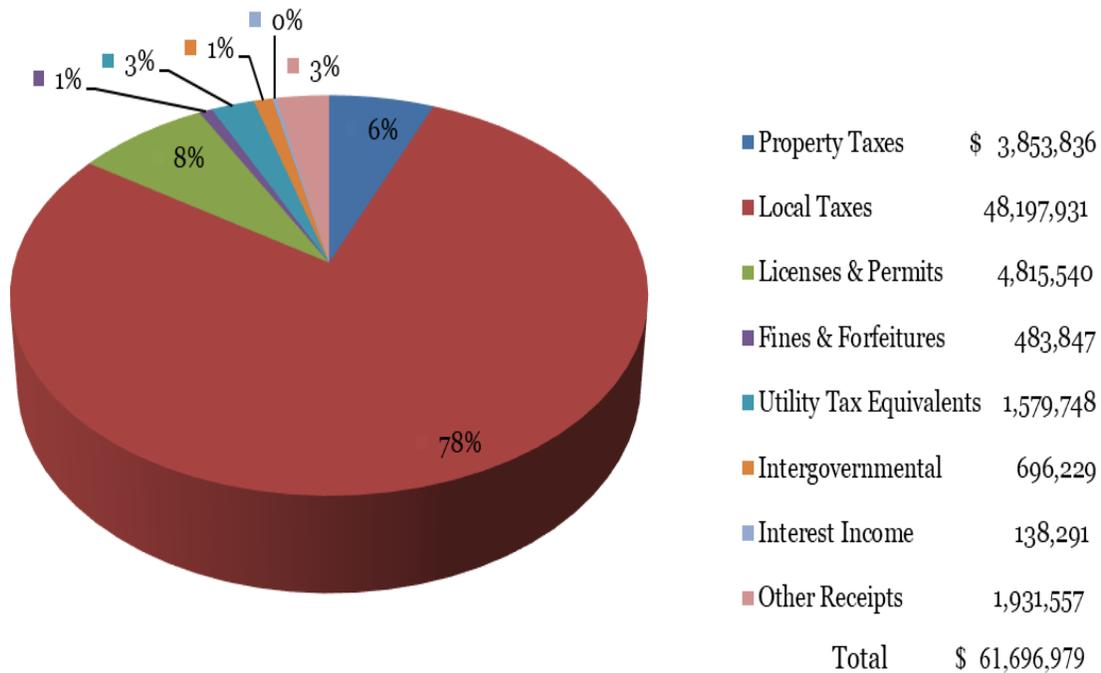
The total property tax mills collected is 33
 The Pie Chart above shows the distribution by Governmental entity of total mills collected and percentage.

Principal Property Taxpayers

Taxpayer	Taxable Assessed Value	Rank	% of Total City Taxable Assessed Value
100 Emerald Greens LLC UC Funds	\$9,006,780	1	1.10%
Mid America Apartments LP	\$6,774,760	2	0.83%
Baldwin Co Electric	\$6,488,960	3	0.79%
Villas at Bon Secour	\$3,675,580	4	0.45%
21300 Sweetwater LLC	\$3,621,660	5	0.44%
BFG SRID Gulf Shores Propco IV LLC	\$3,171,500	6	0.39%
RCG-Gulf Shores LLC	\$3,110,840	7	0.38%
Walmart Real Estate Business Trust	\$2,942,920	8	0.36%
Regency Place LLC	\$2,717,920	9	0.33%
Beach Place Development LLC	\$2,639,120	10	0.32%

General Fund Revenue Sources

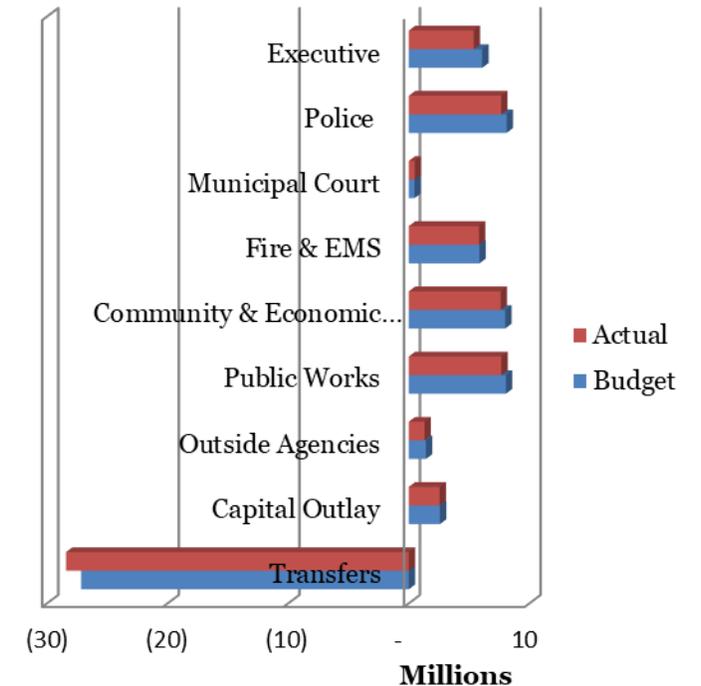
Governmental Revenue Sources for Fiscal Year 2021



Property, sales, lodging, and business license taxes comprise 81% of all revenue collections. The largest collection is lodging tax.

Departmental Budget Performance

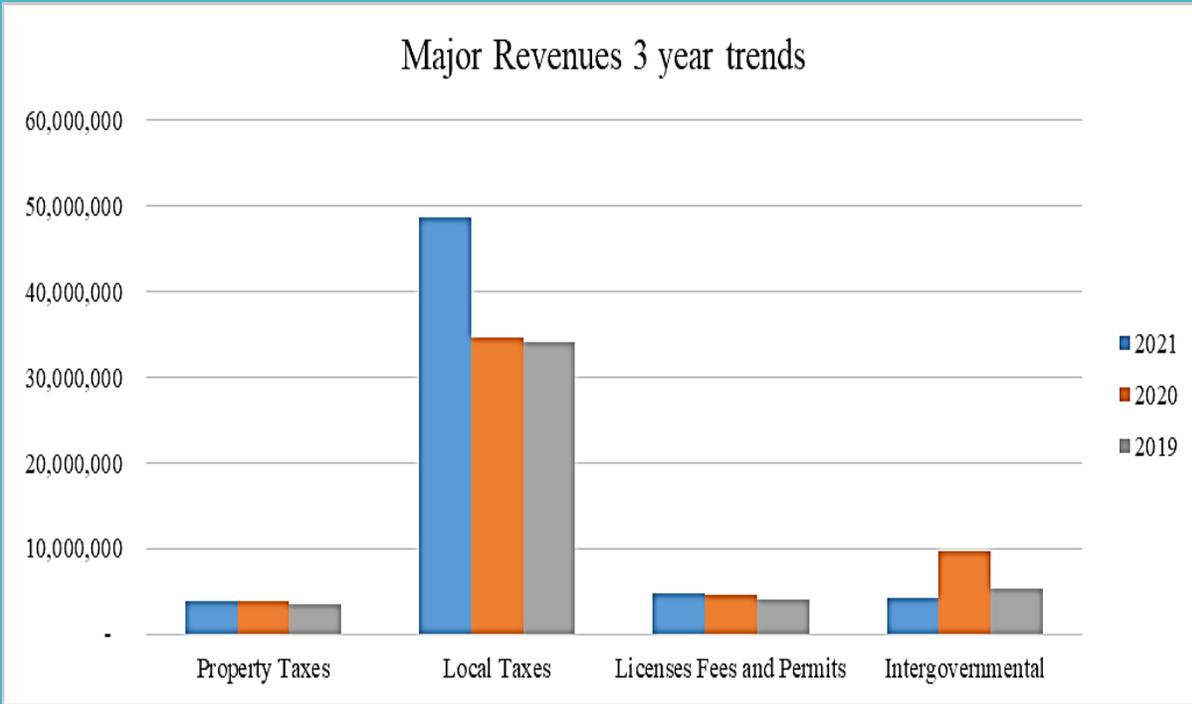
General Fund Departmental Budget to Actual 2021



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

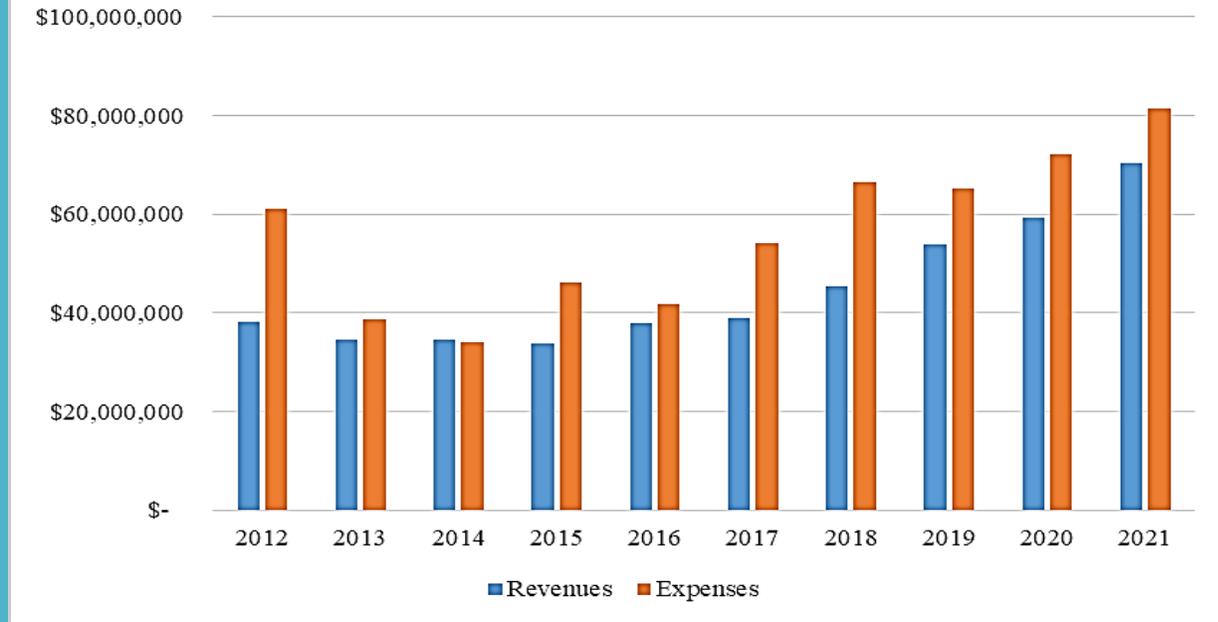
Major Revenues 3 year trends



Major Revenues 3 years	2021	2020	2019
Property Taxes	3,853,836	3,807,136	\$3,521,657
Local Taxes	48,620,698	34,683,298	\$34,127,612
Licenses Fees and Permits	4,815,540	4,538,687	\$4,088,484
Intergovernmental	4,279,081	9,626,095	\$5,372,060

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

10 Year Historical Perspective of Revenues and Expenses

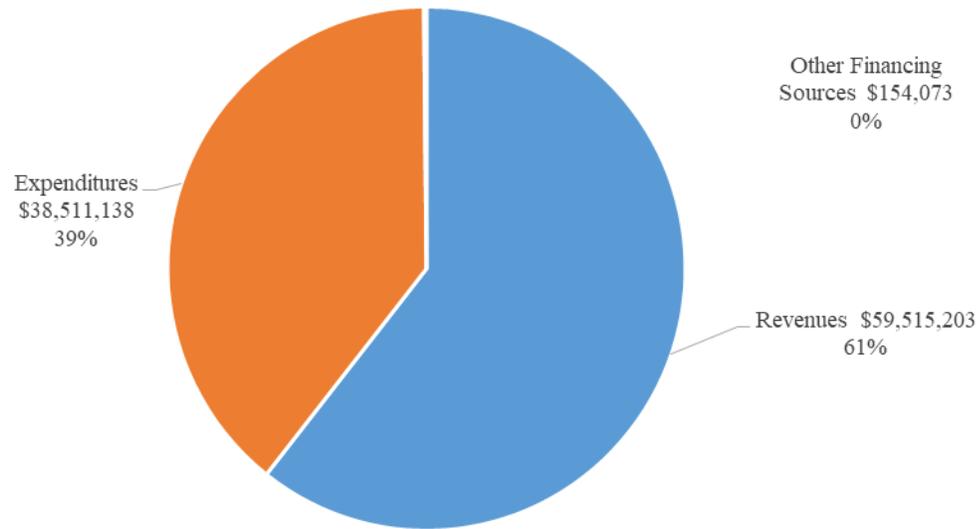


	Revenues	Expenses
2012	\$ 38,237,798	\$ 61,005,234
2013	\$ 34,472,633	\$ 38,720,105
2014	\$ 34,457,494	\$ 33,911,755
2015	\$ 33,744,697	\$ 46,213,129
2016	\$ 37,957,081	\$ 41,826,361
2017	\$ 38,941,761	\$ 54,108,644
2018	\$ 45,364,922	\$ 66,494,454
2019	\$ 53,855,862	\$ 65,288,208
2020	\$ 59,226,577	\$ 72,032,258
2021	\$ 70,312,871	\$ 81,307,714

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.

Fund Balances

General Fund pie chart: revenue earned vs expenses paid in 2021



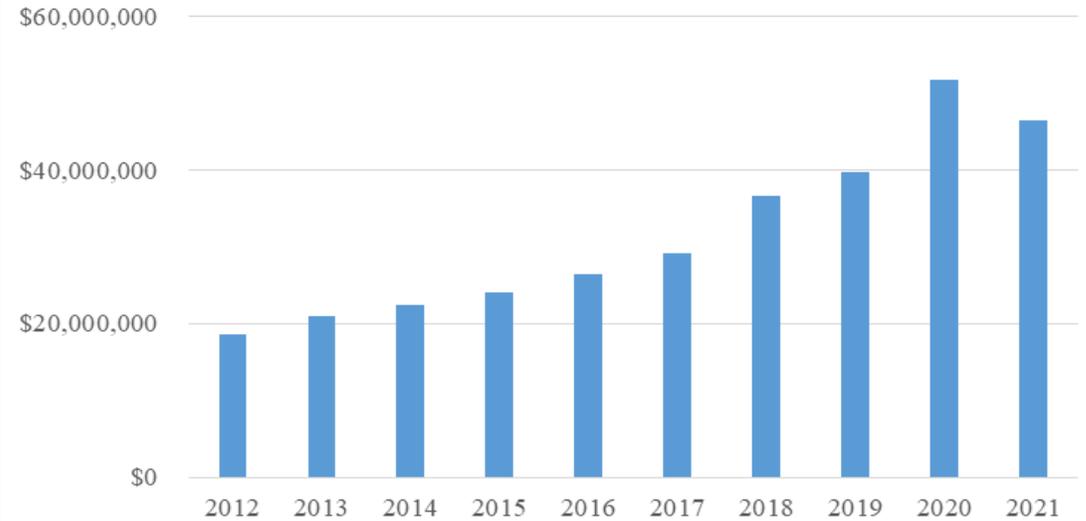
General Fund In 2021

Revenues = \$59,515,203

Expenditures = \$38,511,138

The City's balance sheet reflects the City's financial condition as of January 1, 2021. The balance sheet is a summary of what the City owns (assets and deferred outflows) and owes (liabilities and deferred inflows).

General Fund Balance



Year	General Fund Balance	% Change
2012	18,604,609	
2013	20,994,052	13%
2014	22,399,386	7%
2015	24,005,631	7%
2016	26,455,361	10%
2017	29,169,601	10%
2018	36,624,646	26%
2019	39,653,592	8%
2020	51,693,606	30%
2021	46,450,165	-10%

In 2021 funds in excess of the 70% fund balance target were used to pay off short-term lines of credit used for Hurricane Sally expenses. The City has through conservative spending increased the General Fund balance from \$18.6 million in 2012 to \$46.45 million in 2021. The General Fund balance for 2021 is 82% of \$59.5 million revenues and 120% of \$38.5 million expenses.

Major Projects



Beach Walking District Improvements
\$3.9 million



Finished Ft. Morgan Trail Improvements
\$537,000



Medical Village Boulevard
\$3.8 million



Bodenhamer Center Lobby Renovations
\$300,000

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

MEDICAL – In 2021, the regional healthcare facility completed its first year serving the Alabama Gulf Coast. The development of this new facility is a culmination of an ongoing regional cooperative effort. The City completed roadway infrastructure work for the Medical Village area in 2021.



EDUCATION – In 2021, Gulf Shores City Schools started the third year as the first independent city school system in Baldwin County. The City continued to spend the \$17 million of borrowed funds for renovations and improvements to the school campuses to enhance safety, security, vehicle and pedestrian circulation, and the overall learning environment.

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 have been completed within Gulf State Park.



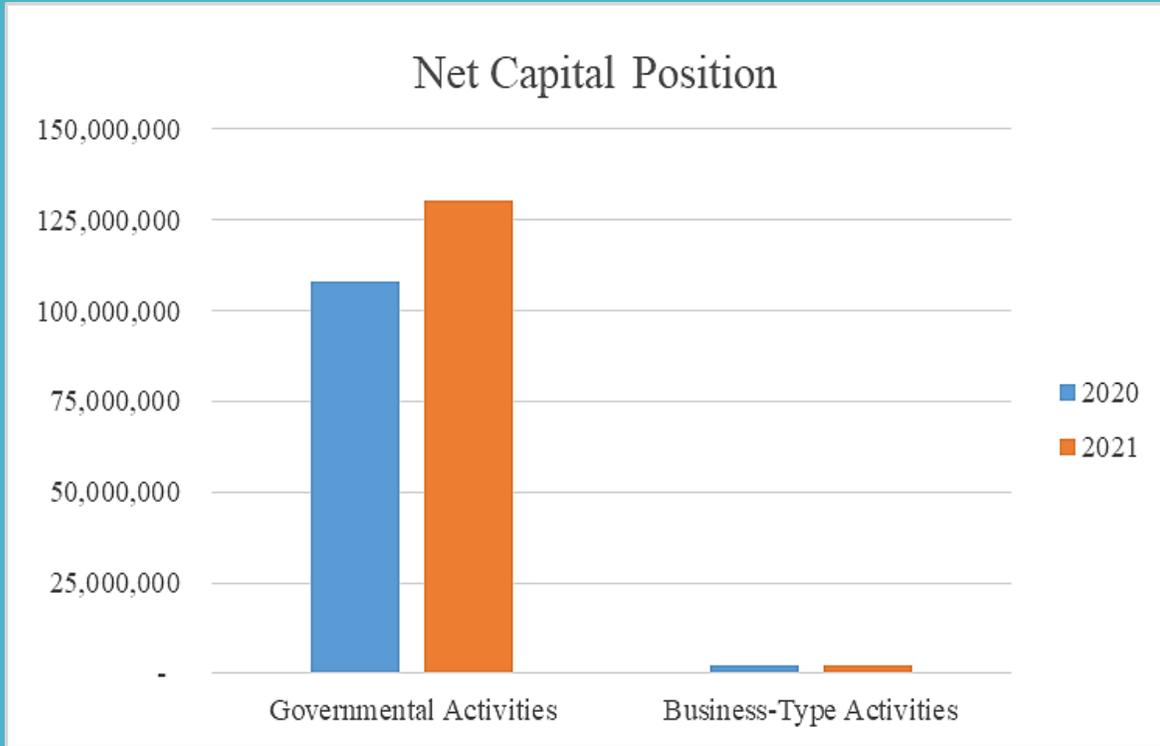
WATERWAY DISTRICT – In 2021, the Gulf Shores Airport Authority completed a \$6.1 million air traffic control tower. A commercial flight terminal at Jack Edwards National Airport is being built to further efforts to establish regional commercial flights to and from Gulf Shores.

GULF BEACH DISTRICT – In 2021, the City began improvements to the Beach Walking District, including new roadways, sidewalks, landscaping, on-street parking, street lighting and storm water infrastructure.

More information on the City's 5 year Strategic Plan is available starting on page 25 of the 2022 Budget and is available on the City website at <https://www.gulfshoresal.gov/ArchiveCenter/ViewFile/Item/74>.

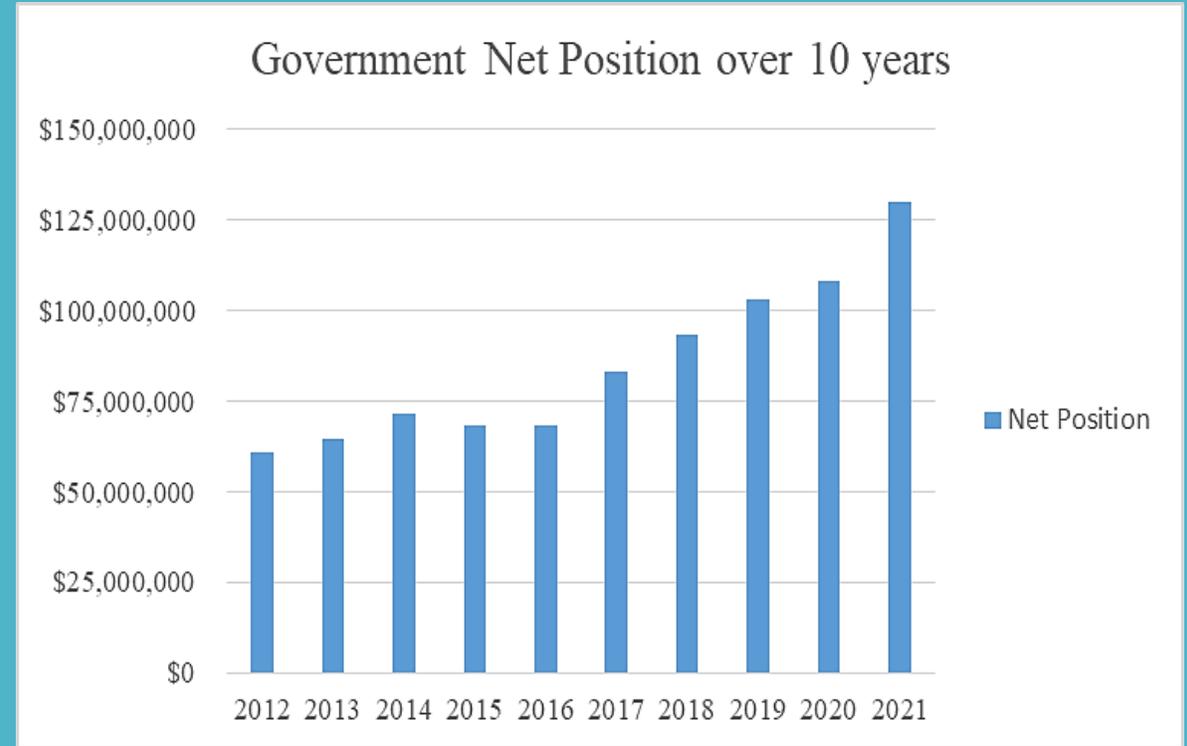
Capital Assets

Net Capital Position



At December 31, 2021, the City of Gulf Shores reported net capital position of \$130,230,616 from governmental activities, an increase of \$22,254,167 from the adjusted governmental activities capital assets net for December 31, 2020. Net capital position from business-type activities is reported as \$2,067,328 which is a decrease of \$9,069 from December 31, 2020.

Government Net Position over 10 years



Over time, Net position serves as a useful indicator of a government's financial condition. Net position reflects assets minus liabilities for a given year. Net position represents net investments in capital assets plus restricted and unrestricted funds. In the bar graph above, the Net position for the City of Gulf Shores is shown doubling over a 10 year period from \$60.8 million to \$130.2 million.

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 \$92,758,034 in debt outstanding which includes long term compensated absences of \$1,762,604 compared to \$108,905,328 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
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