

City of Gulf Shores, Alabama

POPULAR ANNUAL FINANCIAL REPORT

Year Ended December 31, 2022

THE BEACH IS *Only* THE BEGINNING



Gulf Coast Eco Center



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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 Comprehensive 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, 2022.

The City of Gulf Shores received the Government Finance Officers Association (GFOA) Award for Outstanding Achievement in Popular Annual Financial Reporting for the 2021 PAFR and will submit the 2022 PAFR for award consideration to GFOA.



Mayor Robert Craft

If you desire to view our Annual Comprehensive Financial Report it may be found online at <https://www.gulfshoresal.gov/Archive.aspx?ADID=78>

Mayor & Council

Top row left to right: Steve Jones, Joe Garris, Gary Sinak,
Jason Dyken 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 28.34 square miles and the water area is 4.76 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.





Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**City of Gulf Shores
Alabama**

For its Annual Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrell

Executive Director/CEO

Just the Facts

Our Citizens and the Economy

- **Residents** 16,193 (1,230 Veterans)
- **Median Household Income¹** \$53,048
- **Persons in Poverty¹** 8.2%
- **Per Capita Income** \$36,020

¹U.S. Census Bureau Quick Facts All values in this section are as of 2022

Education

- **High School Graduates¹** 94.5%
- **Bachelor's Degree or Higher¹** 34.9%

¹U.S. Census Bureau Quick Facts

Geographic Characteristics

- **Land Area** 28.34 SQ Miles
- **Water Area** 4.76 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 Lodge at Gulf State Park	600	275	325
2. The Hangout	538	294	244
3. City of Gulf Shores	318	289	29
4. Wal-Mart	313	250	63
5. Gulf Shores Public Schools	305	35	270
6. Lulus Landing, Inc	267	155	112
7. Waterville	215	12	230
8. Rouse's Enterprises	210	85	125
9. Publix Alabama	158	95	63
10. Gulf State Park	96	85	11

Gulf Shores licensed 9,443 types of businesses in 2022

FT= Full Time

Total Employees – FT = Part Time (PT)

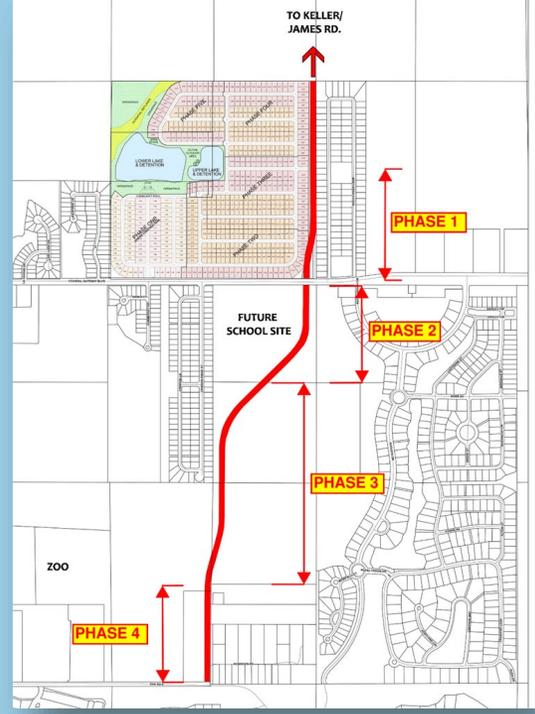
Governmental Activities



Recreation and Fitness
(Pickleball Court Groundbreaking)



Beach Safety



Transportation Improvements



Justice Center

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 financially accountable.

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



Gulf Shores International Airport at Jack Edwards Field

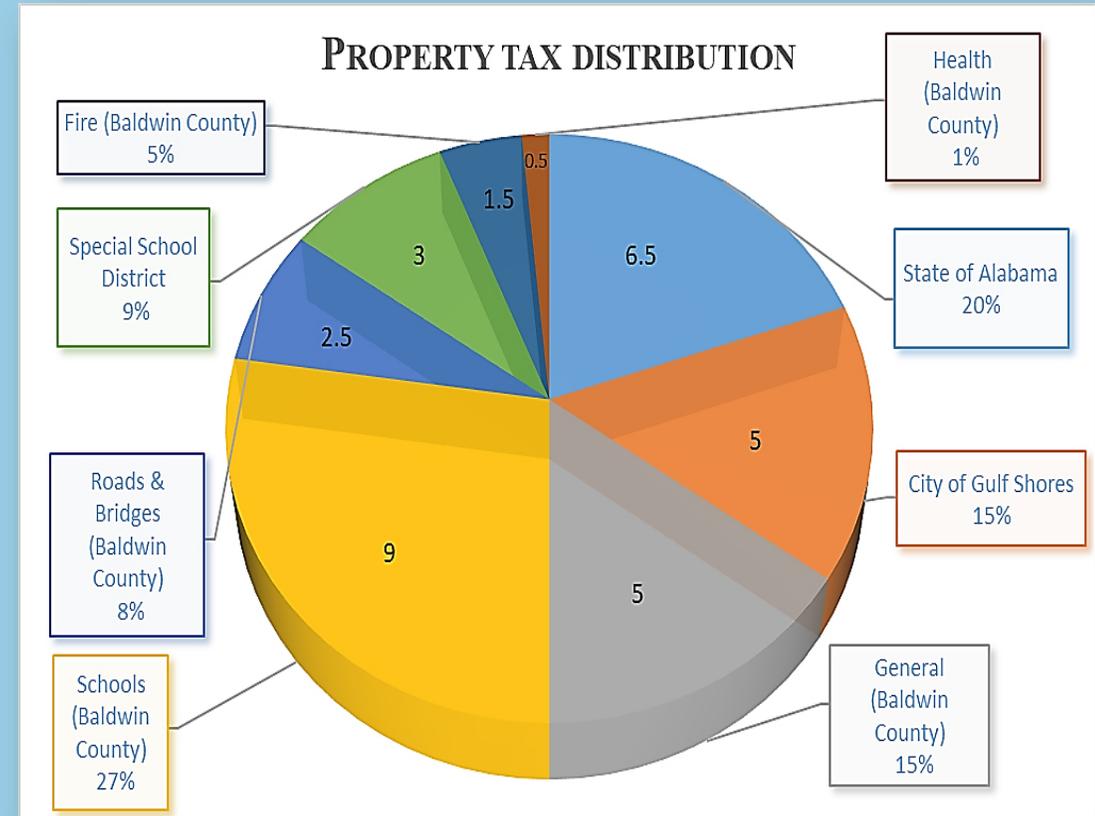


Operating Indicators by Function/Department

		2018	2019	2020	2021	2022
General Government	Building Permits Issued	1,295	998	1,879	2,131	1,477
	Building Inspections Conducted	6,246	7,602	5,783	7,590	8,071
	Business Licenses Issued	8,555	8,658	8,741	9,175	9,443
Police						
	Physical Arrests	1,831	970	994	1,455	1,652
	Traffic Violations	2,124	1,539	1,021	1,652	1,367
	Officers	50	50	51	52	52
Fire						
	Emergency Responses	3,297	3,090	3,335	4,195	3,811
	Fires Extinguished	63	72	71	77	74
	Inspections	1,650	2,110	1,160	2,098	3,265
	Full Time Staff	48	55	56	56	66
	Seasonal Lifeguards/Rangers	0	34	34	34	34
Engineering	Street Resurfacing (linear feet)	5,510	8,960	31,500	12,550	26,256
	Sidewalks (linear feet)	3,265	4,950	267	4,467	3,403
	Bike Lanes (linear feet)	40,800	11,800	19,200	9,420	7,200

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
2022	4,898,847	1,020,593,160	0	0	0	n/a
2021	4,077,122	818,167,820	4,074,468	0	4,074,468	99.93%
2020	3,931,508	790,117,460	3,930,206	97	3,930,303	99.96%
2019	3,658,541	734,155,980	3,652,684	3,992	3,656,676	99.83%
2018	3,327,805	668,109,200	3,326,030	339	3,326,369	99.94%
2017	3,074,056	616,090,320	3,071,391	1,606	3,072,977	99.91%
2016	2,822,072	566,085,720	2,820,939	380	2,821,319	99.95%
2015	2,666,050	534,967,860	2,664,330	466	2,664,796	99.93%
2014	2,491,031	499,994,940	2,487,820	1,389	2,489,209	99.87%
2013	2,390,195	478,341,860	2,385,827	1,288	2,387,115	99.81%

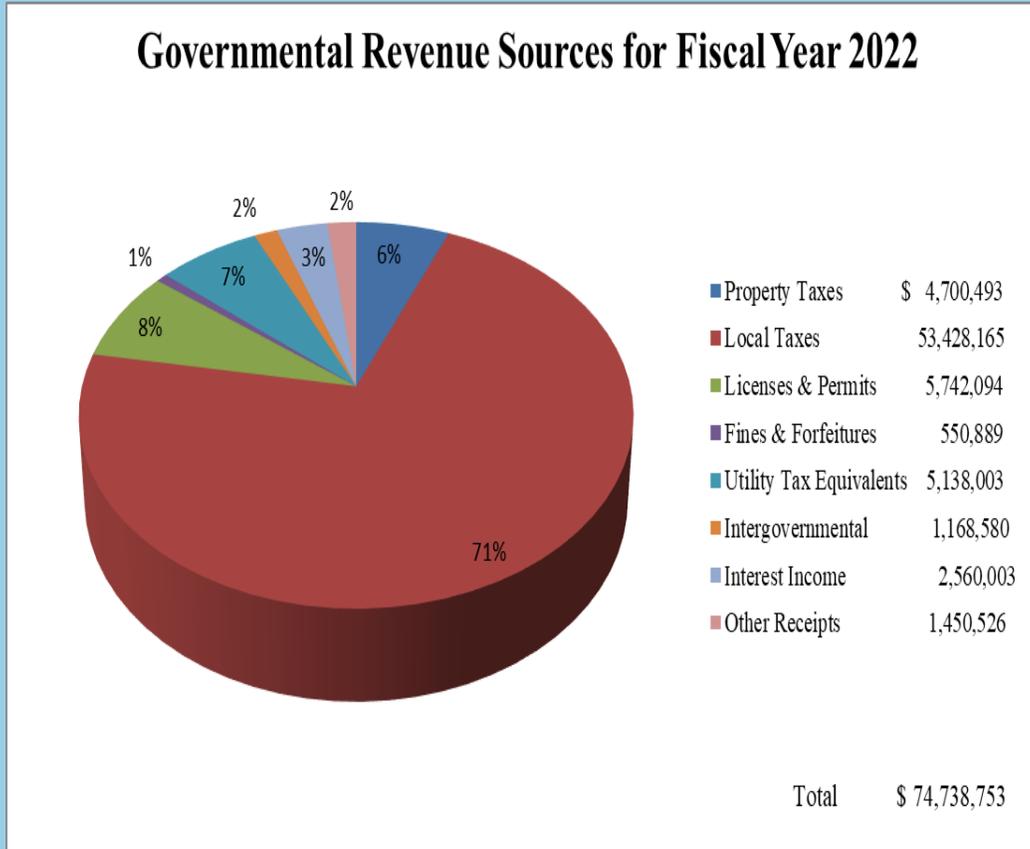


The total property tax mills collected is 33. The Pie Chart above shows the distribution by Governmental entity of total mills collected and percentage.

Principal Property Taxpayers

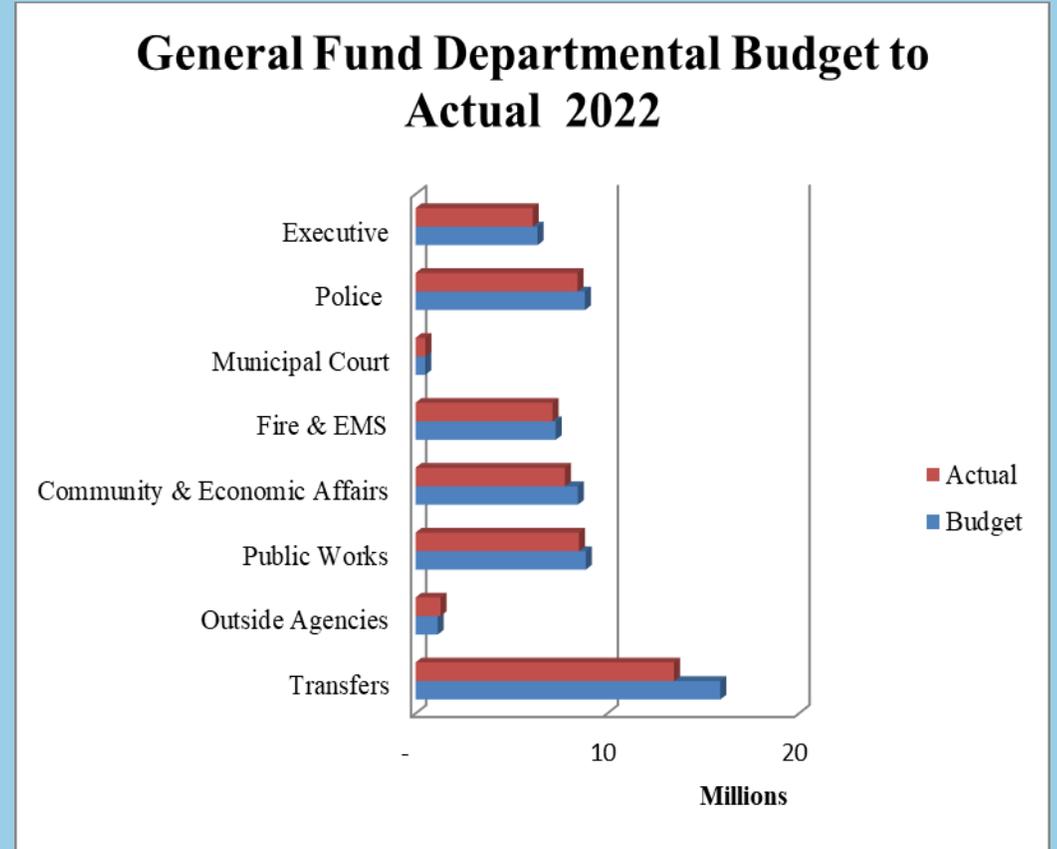
Taxpayer	Taxable Assessed Value	Rank	% of Total City Taxable Assessed Value
100 Emerald Greens LLC US Funds	\$9,374,840	1	1.28%
Mid America Apartments LP	\$8,899,760	2	1.21%
Baldwin Co Electric	\$6,737,480	3	0.92%
Regency Place LLC	\$6,486,560	4	0.88%
21300 Sweetwater LLC	\$4,889,880	5	0.67%
Villas at Bon Secour	\$4,661,520	6	0.63%
BFG SRID Gulf Shores Propco IV LLC	\$4,292,520	7	0.58%
Summer Trace Gulf Shores LLC	\$3,273,540	8	0.45%
RCG-Gulf Shores LLC	\$3,072,600	9	0.42%
East Beach Partners LLC	\$3,048,180	10	0.42%

Governmental Funds Revenue Sources



Property, sales, lodging, and business license taxes comprise 82.6% of all revenue collections. The largest collection is lodging tax. A 2% Lodging tax increase was implemented in 2022. Revenues increased 21% in 2022 from 2021.

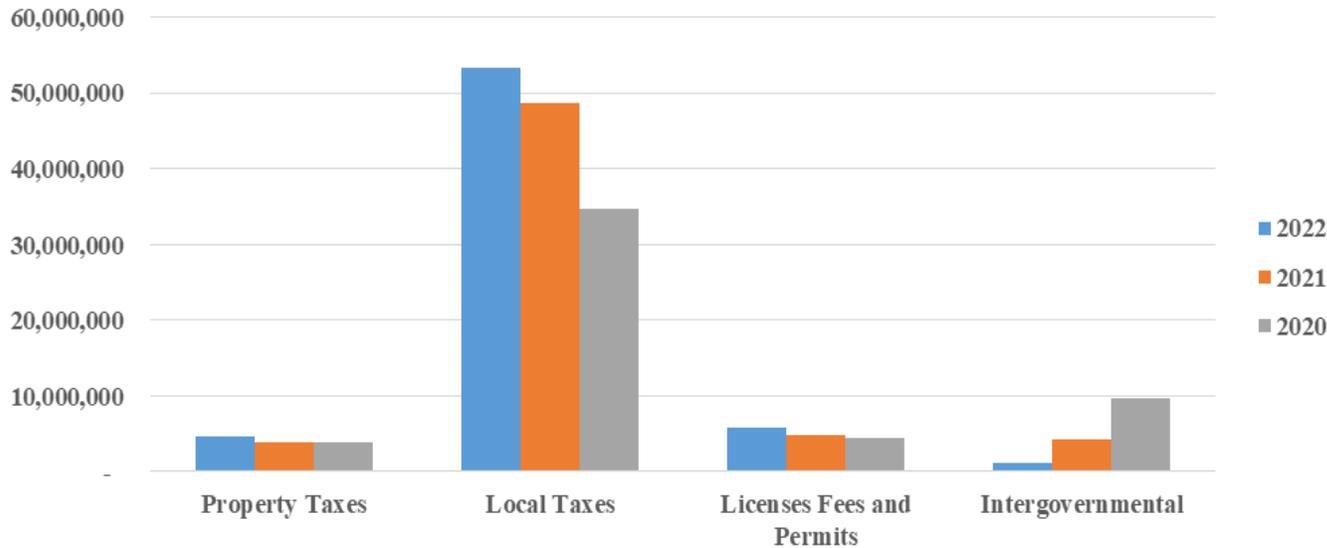
Departmental Budget Performance



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

Revenues & Expenses

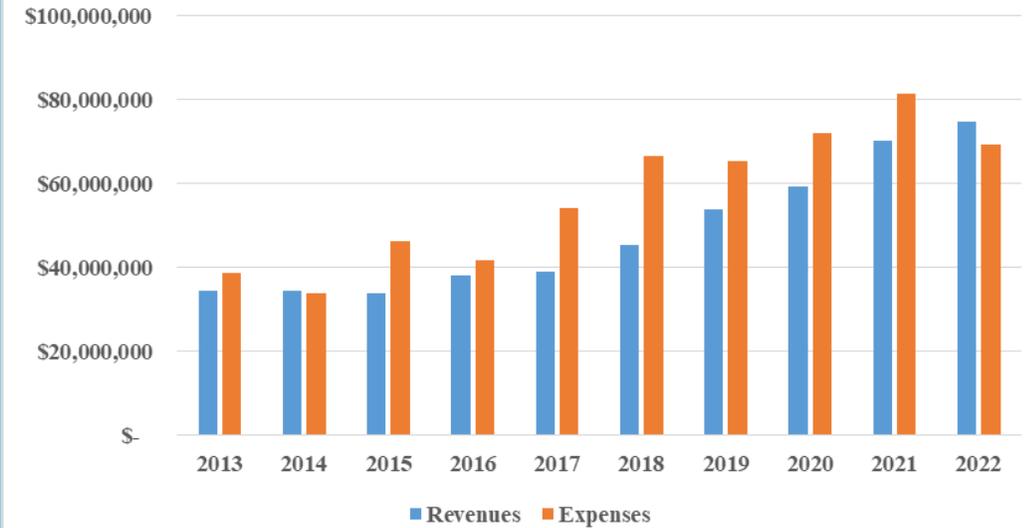
Major Revenues 3 year trends



Major Revenues 3 Years	2022	2021	2020
Property Taxes	\$4,700,493	\$3,853,836	\$3,807,136
Local Taxes	\$53,428,165	\$48,620,698	\$34,683,298
License Fees and Permits	\$5,742,094	\$4,815,540	\$4,538,687
Intergovernmental	\$1,168,580	\$4,279,081	\$9,626,095

The chart above shows 3 year trends for our major revenues and the chart on the right shows 10 years of revenues vs. expenses. Local taxes increased in 2021 due to increased tourism following the beach being closed 2 months in 2022. The 2022 Local Tax increase was due to a 2% Lodging Tax increase.

10 Year Historical Perspective of Revenues and Expenses

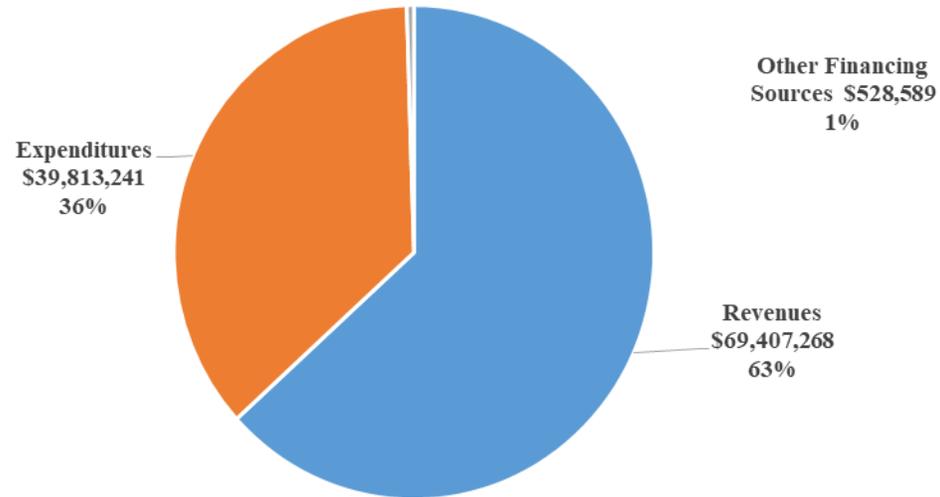


	Revenues	Expenses
2013	\$34,472,633	\$61,005,234
2014	\$34,457,494	\$38,720,105
2015	\$33,744,697	\$33,911,755
2016	\$37,957,081	\$46,213,129
2017	\$38,941,761	\$41,826,361
2018	\$45,364,922	\$54,108,644
2019	\$53,855,862	\$66,494,454
2020	\$59,226,577	\$65,288,208
2021	\$70,312,871	\$72,032,258
2022	\$74,738,753	\$69,238,134

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 2022



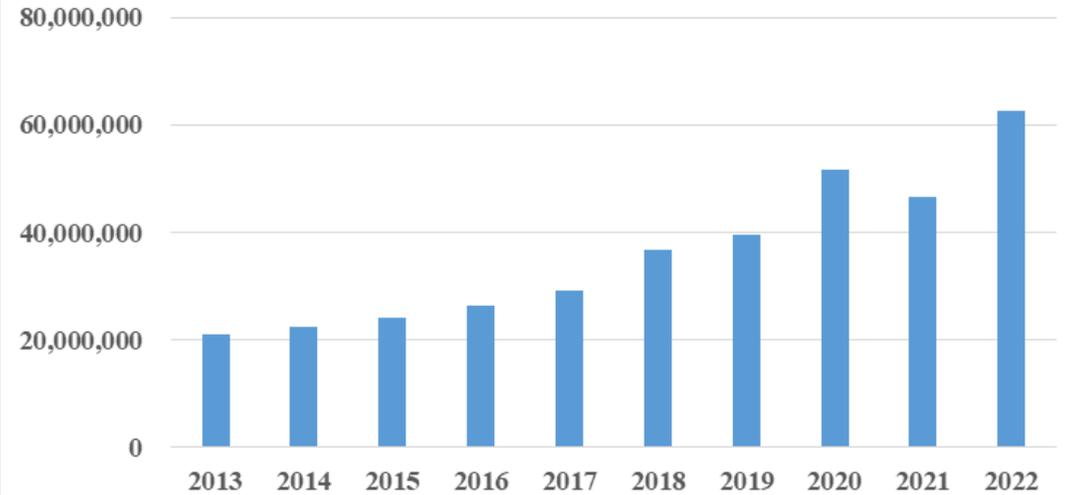
General Fund in 2022

Revenues = \$69,407,268

Expenditures = \$39,813,241

The City's balance sheet reflects the City's financial condition as of January 1, 2023. 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
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%
2022	\$62,560,370	35%

The City has through conservative spending increased the General Fund balance from \$20.9 million in 2013 to \$62.6 million in 2022. More tourists have been drawn to the area due to an increase in sports tourism, thereby increasing Lodging & Sales tax revenues. The General Fund balance for 2022 is 90% of \$69.4 million revenues and 109.8% of \$57 million expenses including debt service transfers.

In 2021 funds in excess of the 70% fund balance paid off short-term lines of credit used for Hurricane Sally expenses.

Major Projects



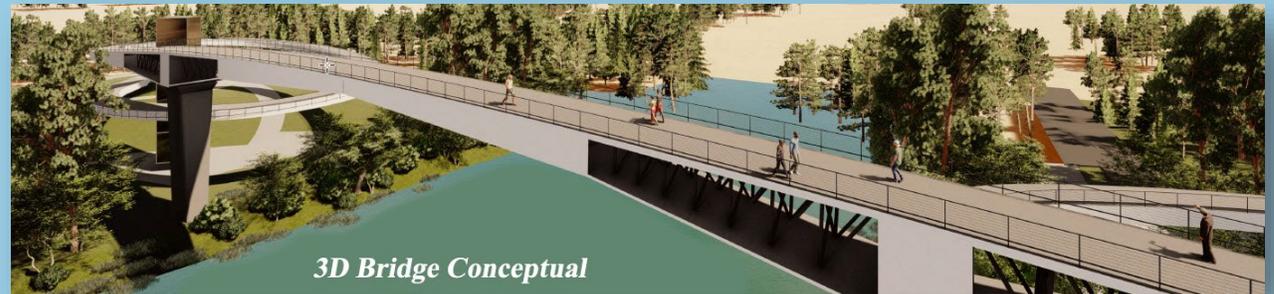
**New Pickleball Courts: Started July 2022,
Substantial Completion December 2022
\$800,000**



**Clubhouse Dr. Roundabout: Bid process began March 2022.
Construction started December 2023,
Completed April 2023
\$600,000**



**Beach Walking District Improvements Phase I:
Started November 2021, Completion April 2023
\$6.9 million**



**Waterway Village Pedestrian Bridge: Design process started in 2021.
Construction to start fall 2023
\$24 million**

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

Medical - In 2022, the City provided funds for additional paramedics for an ambulance crew to supplement the existing Medstar private ambulance service. Pictured below is the ambulance purchased in June of 2022.



Education – In 2022, the City of Gulf Shores borrowed \$150 million for construction of a new high school off Coastal Gateway Boulevard and renovation of the buildings on the existing campus. The construction of a Science, Technology, Engineering, Arts and Math (STEAM) lab building was completed on the existing campus. The photo on the right is an aquarium inside the STEAM lab.



Waterway District– In 2022, the Gulf Shores Airport Authority entered into a public-private partnership with TBI/Vinci Airports for the construction and operation of interim and permanent passenger terminal facilities to accommodate commercial air service at Gulf Shores International Airport.



Gulf Beach District– In 2022 permits were issued for a new hotel with conference room to be built on Beach Boulevard. At right is a photo of the West 6th Street Beach Access improvements made in 2022.



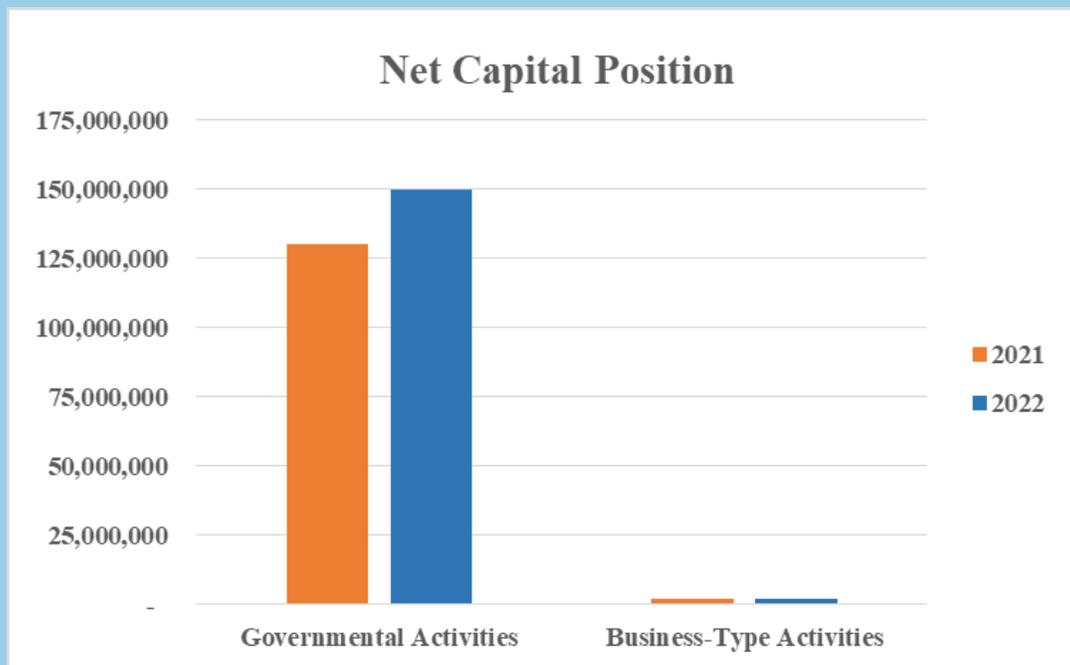
Gulf State Park– The State of Alabama completed construction of a 350 room Hilton-branded lodge, 180 seat restaurant and 40,000 square foot conference facility that opened fall 2018. Over 9 miles of new pedestrian- and bike-friendly trails have been completed within Gulf State Park. The City advocates the development of local environmental programs and initiatives to help support environmental improvement projects within Gulf State Park. Pictured right is Gov. Kay Ivey and staff at the Ribbon Cutting ceremony for The Lodge.



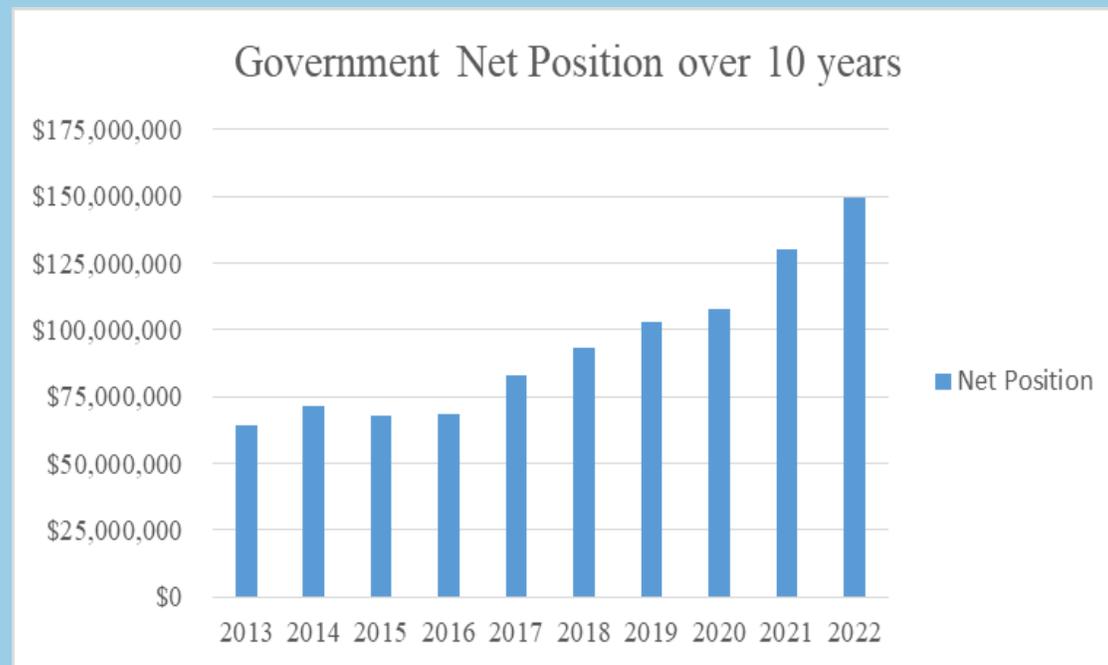
More information on the City's 5 year Strategic Plan is available starting on page 21 of the 2023 Budget and is available on the City website at

<https://www.gulfshoresal.gov/DocumentCenter/View/11799/2023-Annual-Financial-Budget>.

Capital Assets



At December 31, 2022, the City of Gulf Shores reported net capital position of \$149,665,698 from governmental activities, and increase of \$19,435,082 from the adjusted governmental activities capital assets net for December 31, 2021. Net capital position from business-type activities is reported as \$2,069,779 which is a decrease of \$2,451 from December 31, 2021.



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 a 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 more than doubling over a 10 year period from \$64.6 million to \$149.7 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 Baa2 Baa3	BBB+ BBB BBB-

As of year-end, the City had \$233,927,349 in debt outstanding which included long term compensated absences of \$2,182,101 compared to \$92,758,033 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
2015 G.O.	12/15/2028	Aa2	AA+/Stable
2017 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
2020-A G.O.	12/15/2025	Aa2	AA+/Stable
2020-B G.O.	12/15/2040	Aa2	AA+/Stable
2020-C G.O.	12/15/2040	Aa2	AA+/Stable
2022-A G.O.	3/15/2042	Aa2	AA+/Stable
2022-B G.O.	3/15/2042	Aa2	AA+/Stable