

City of Gulf Shores, Alabama

POPULAR ANNUAL FINANCIAL REPORT

Year Ended December 31, 2023



*Gulf Place
Gulf Shores Public Beach*

CITY OF
GULF SHORESTM
ALABAMA

www.gulfshoresalabama.com

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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, 2023.

The City of Gulf Shores received the Government Finance Officers Association (GFOA) Award for Outstanding Achievement in Popular Annual Financial Reporting for the 2022 PAFR and will submit the 2023 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/ArchiveCenter/ViewFile/Item/80>

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, 2022

Christopher P. Morill

Executive Director/CEO

Just the Facts

Our Citizens and the Economy

- Residents 16,850 (1,132 Veterans)
- Median Household Income¹ \$62,021
- Persons in Poverty¹ 8.7%
- Per Capita Income \$41,513

¹U.S. Census Bureau Quick Facts All values in this section are as of 2023

Education

- High School Graduates¹ 95.1%
- Bachelor's Degree or Higher¹ 38.2%

¹U.S. Census Bureau Quick Facts

Geographic Characteristics

- Land Area 28.34 SQ Miles
- Water Area 4.76 SQ Miles
- Avg. Annual Temperatures 68.6 Degrees
- Avg. Annual Rainfall 64 Inches
- Elevation 8 Feet

Top Ten Employers in Gulf Shores

Employer	Total Employees	FT	PT
1. City of Gulf Shores	399	326	73
2. Gulf Shores City Schools	307	292	15
3. The Lodge at Gulf State Park	306	221	85
4. Wal-Mart	299	243	56
5. The Hangout	266	26	240
6. Waterville	240	17	223
7. Lulu's Gulf Shores	237	128	109
8. Publix Alabama	138	65	73
9. Gulf State Park	113	92	21
10. Rouse's Enterprises	105	37	68

Gulf Shores licensed 8,792 businesses in 2023

FT= Full Time

Total Employees - FT = Part Time (PT)

Governmental Activities



Recreation and Fitness
(Pickleball Court Groundbreaking)



Public Works



Beach Safety



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 beginning of construction for the new Airport Hangar.



Gulf Shores International Airport at Jack Edwards Field

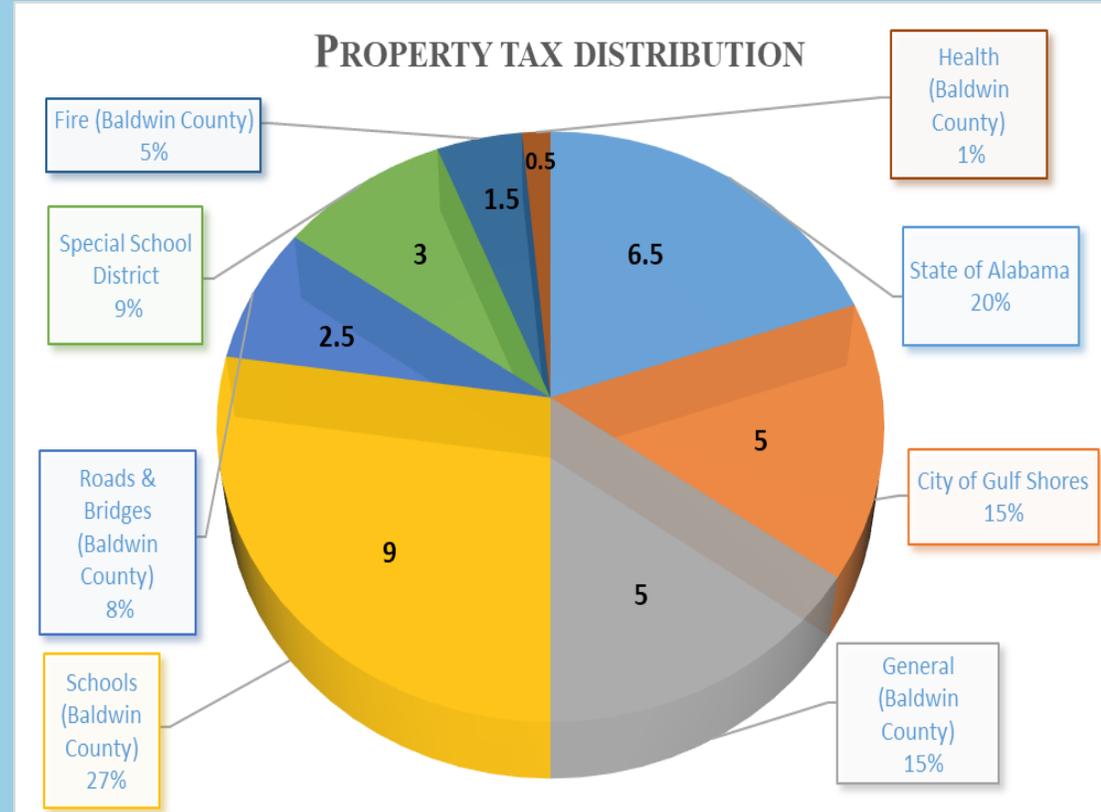


Operating Indicators by Function/Department

		2019	2020	2021	2022	2023
General Government	Building Permits Issued	998	1,879	2,131	1,477	1,317
	Building Inspections Conducted	7,602	5,783	7,590	8,071	10,481
	Business Licenses Issued	8,658	8,741	9,175	9,443	8,792
Police						
	Physical Arrests	970	994	1,455	1,652	1,198
	Traffic Violations	1,539	1,021	1,652	1,367	1,904
	Officers	50	51	52	52	57
Fire						
	Emergency Responses	3,090	3,335	4,195	3,811	4,250
	Fires Extinguished	72	71	77	74	44
	Inspections	2,110	1,160	2,098	3,265	2,943
	Full Time Staff	55	56	56	66	72
	Seasonal Lifeguards/Rangers	34	34	34	34	37
Engineering	Street Resurfacing (linear feet)	8,960	31,500	12,550	26,256	17,005
	Sidewalks (linear feet)	4,950	267	4,467	3,403	510
	Bike Lanes (linear feet)	11,800	19,200	9,420	7,200	0

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
2023	6,351,223	1,293,320,740	6,347,610	0	6,347,610	99.53%
2022	5,082,027	1,020,593,160	5,079,431	-448.4	5,078,982	99.84%
2021	4,073,801	818,167,820	4,073,713	-2,805	4,070,908	99.39%
2020	3,930,996	790,117,460	3,924,775	1,520	3,926,295	99.35%
2019	3,650,681	734,155,980	3,635,767	10,378	3,646,145	99.37%
2018	3,328,239	668,109,200	3,325,733	603	3,326,336	99.38%
2017	3,067,911	616,090,320	3,059,101	6,249	3,065,350	99.29%
2016	2,825,116	566,085,720	2,818,862	3,255	2,822,117	98.94%
2015	2,665,339	534,967,860	2,661,867	1,604	2,663,471	99.11%
2014	2,491,473	499,994,940	2,484,639	4,193	2,488,832	99.30%

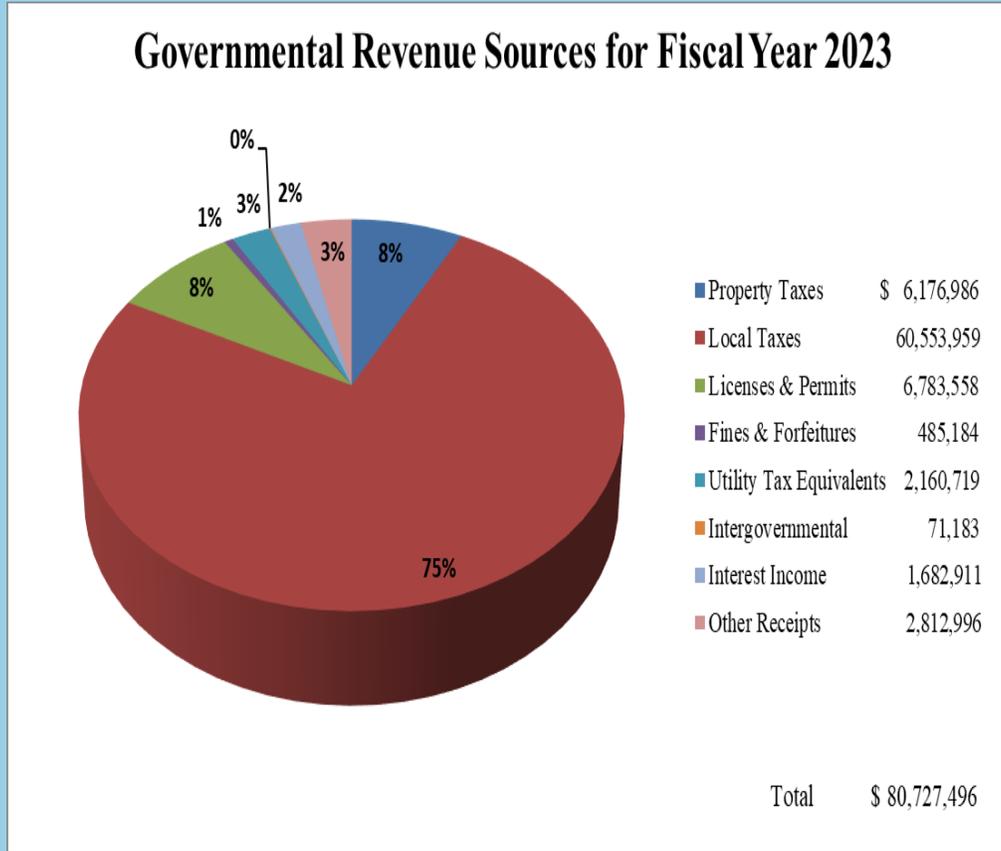


The total property tax mills collected is 33. The Pie Chart above shows the distribution by Governmental entity of total mills collected and percentage.

Principal Property Taxpayers

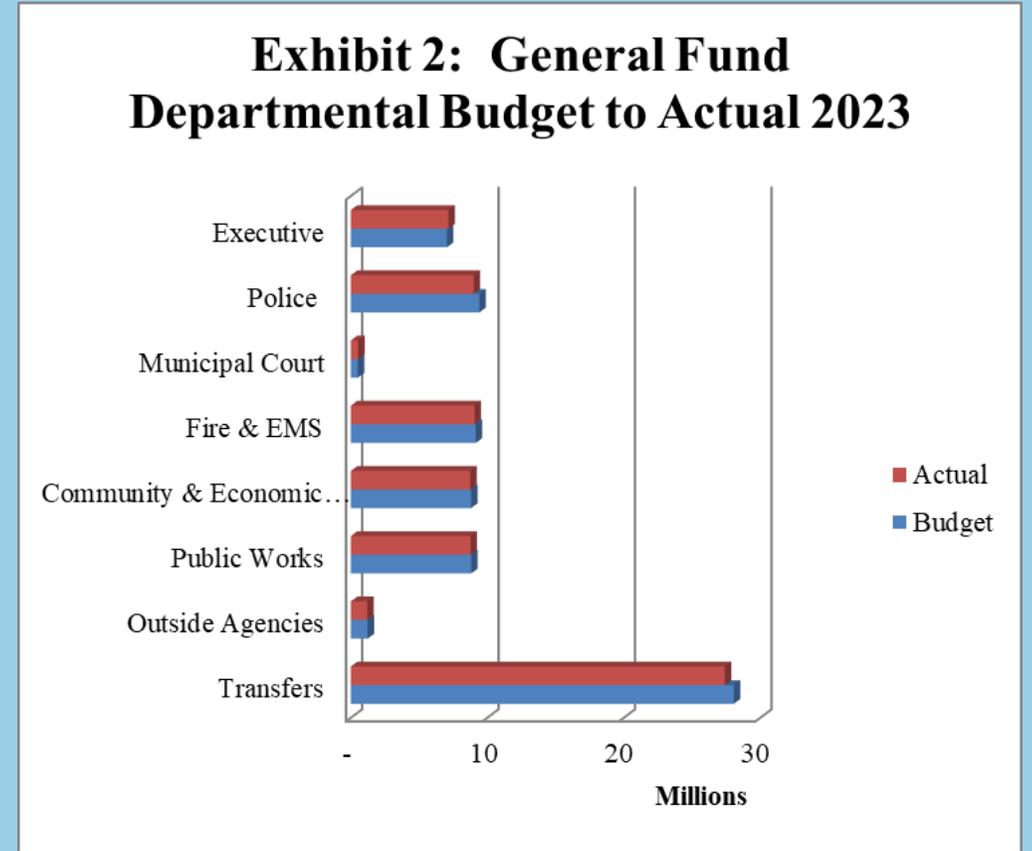
Taxpayer	Taxable Assessed Value	Rank	% of Total City Taxable Assessed Value
Mid America Apartments LP	\$9,600,020	1	.74%
100 Emerald Green LLC UC Funds	\$8,998,420	2	.70%
Baldwin Co Electric	\$7,443,800	3	.58%
Regency Place LLC	\$7,151,220	4	.55%
Terry Elkins	\$6,708,200	5	.52%
21300 Sweetwater LLC	\$5,258,960	6	.41%
Villas at Bon Secour	\$4,894,460	7	.38%
100 Emerald Greens LLC	\$3,915,100	8	.30%
Weir LLC	\$3,725,640	9	.29%
East Beach Partners LLC	\$3,675,820	10	.28%

Governmental Funds Revenue Sources



Property, Sales, Lodging, and Business license taxes comprise 82% of all revenue collections. The largest collection is Lodging Tax. A 3% Lodging Tax increase was implemented in 2023. Revenues increased 8% in 2023 from 2022 primarily due to the Lodging Tax increase.

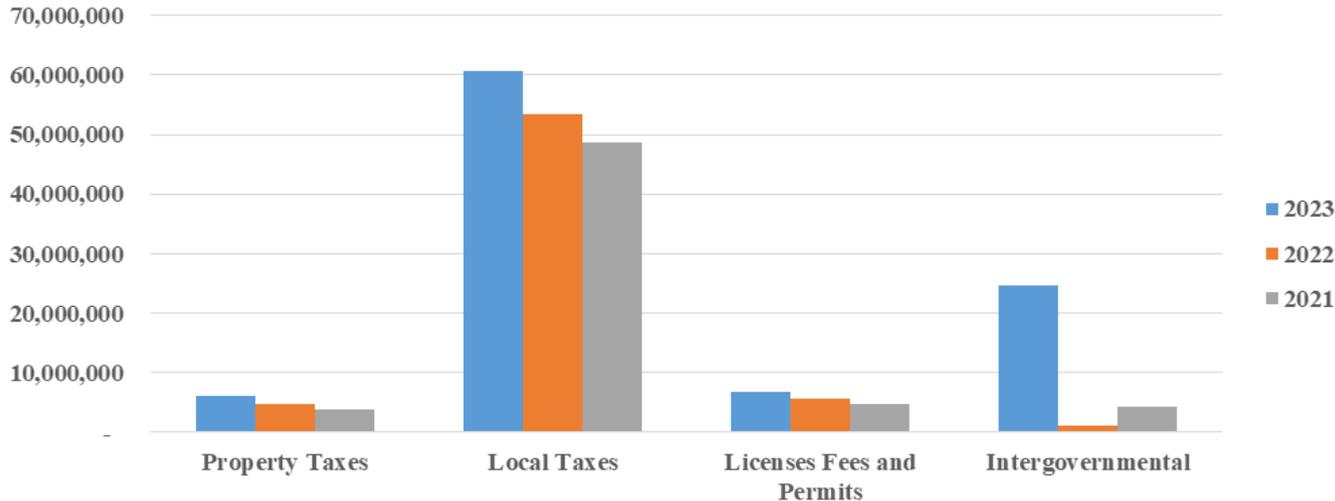
Departmental Budget Performance



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

Revenues & Expenditures

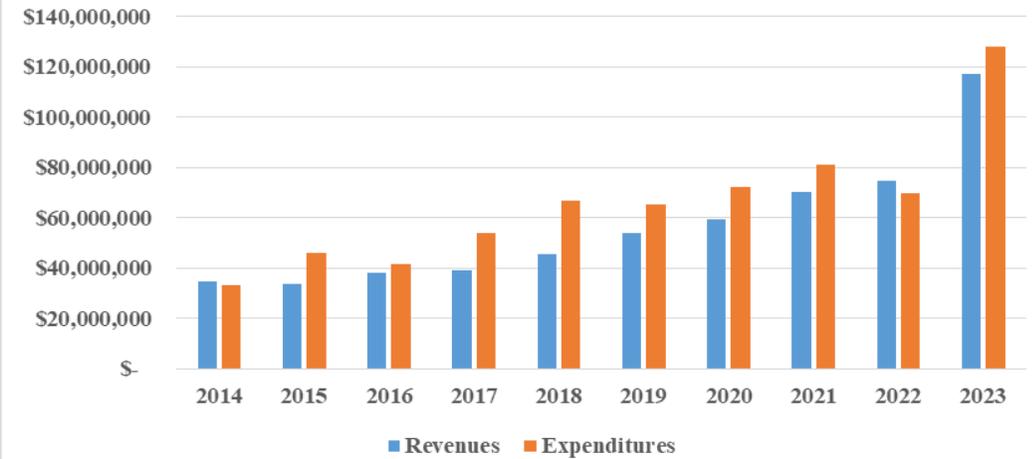
Major Revenues 3 year trends



Major Revenues 3 years	2023	2022	2021
Property Taxes	6,176,986	4,700,493	3,853,836
Local Taxes	60,571,020	53,428,165	48,620,698
Licenses Fees and Permits	6,783,558	5,742,094	4,815,540
Intergovernmental	24,691,471	1,168,580	4,279,081

The chart above shows 3 year trends for our major revenues and the chart on the right shows 10 years of revenues vs. expenditures. Local taxes increased in 2022 due to a 2% Lodging Tax Increase. The 2023 Local Tax increase was due to full implementation of a 3% Lodging Tax increase. Intergovernmental Revenues increased due to federal RESTORE grants for the building of an Ecotourism Center.

10 Year Historical Perspective of Revenues and Expenditures

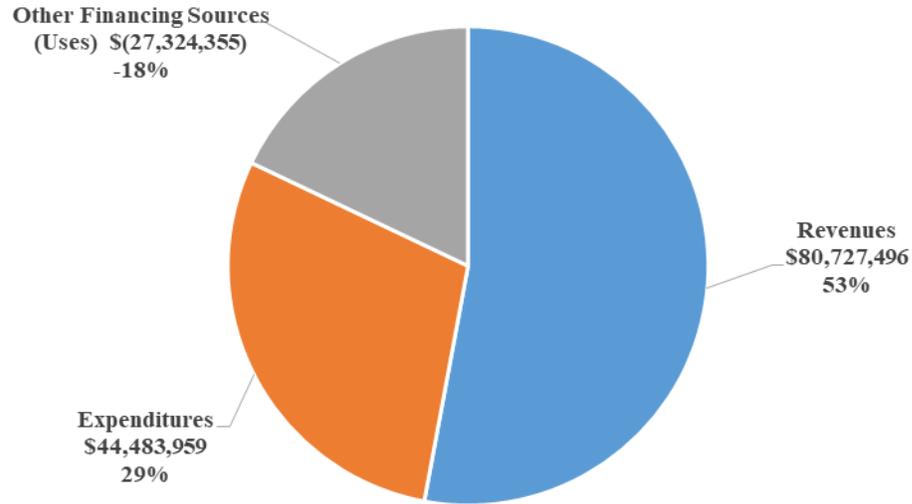


	Revenues	Expenditures
2014	\$ 34,457,494	\$ 33,358,033
2015	\$ 33,744,697	\$ 46,213,129
2016	\$ 37,957,081	\$ 41,826,361
2017	\$ 38,941,761	\$ 54,108,644
2018	\$ 45,364,922	\$ 66,574,193
2019	\$ 53,855,862	\$ 65,288,208
2020	\$ 59,226,577	\$ 72,032,258
2021	\$ 70,312,871	\$ 81,307,714
2022	\$ 74,738,753	\$ 69,838,134
2023	\$ 117,086,065	\$ 128,011,507

Expenditures 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 expenditure 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 expenditures paid in 2023



General Fund 2023

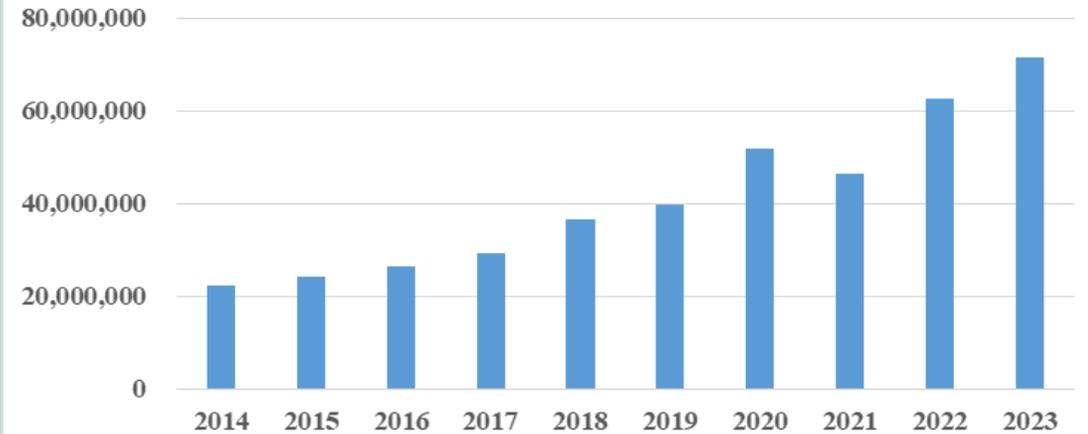
Revenues = \$80,727,496

Expenditures = \$44,483,959

Other Financing Sources (Uses) = (\$27,324,355)

The City's balance sheet reflects the City's financial condition as of December 31, 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
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%
2023	\$71,479,549	14%

The City has through conservative spending increased the General Fund balance from \$22.4 million in 2014 to \$71.5 million in 2023. 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 2023 is 88.5% of \$80.7 million revenues and 98.4% of \$72.7 million expenditures 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 2023



LED Lighting Upgrades Sims Park Tennis Courts



Waterway East under construction



EcoCenter under construction



New Dune walkover W 4th Street

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

Medical - In 2023, the City provided funds for Life Scans for all City employees. An additional ambulance to supplement existing service pictured below was purchased in May of 2023.



Education – In 2023, design of the new high school began for the \$150 million borrowed for construction of the new high school off Coastal Gateway Boulevard.



Waterway District– In 2023, the City constructed a new roadway extension linking the Business and Aviation Park and Waterway East Boulevard to Cotton Creek Drive and the Foley Beach Express. Map shown below.



Gulf Beach District– In 2023 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



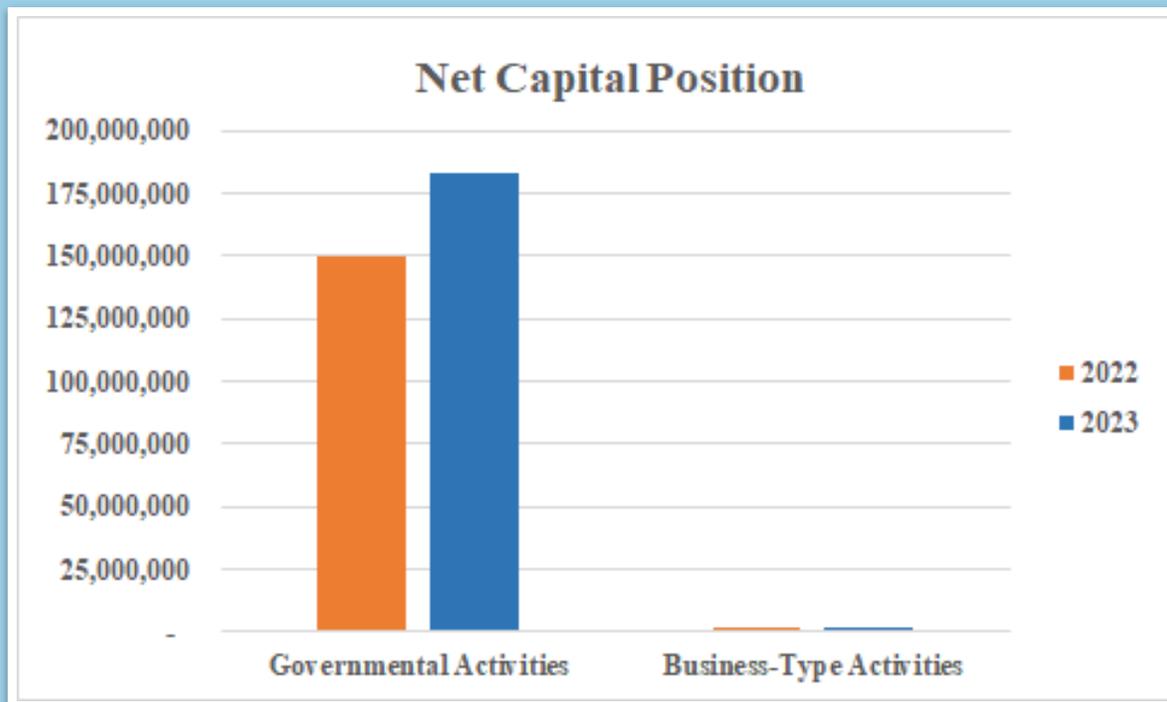
Gulf State Park– The State of Alabama completed construction of a 350 room Hilton-branded lodge, 180 seat restaurant and 40,000 square foot conference facility that opened fall 2018. Over 9 miles of new pedestrian- and bike-friendly trails have been completed within Gulf State Park. The City advocates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



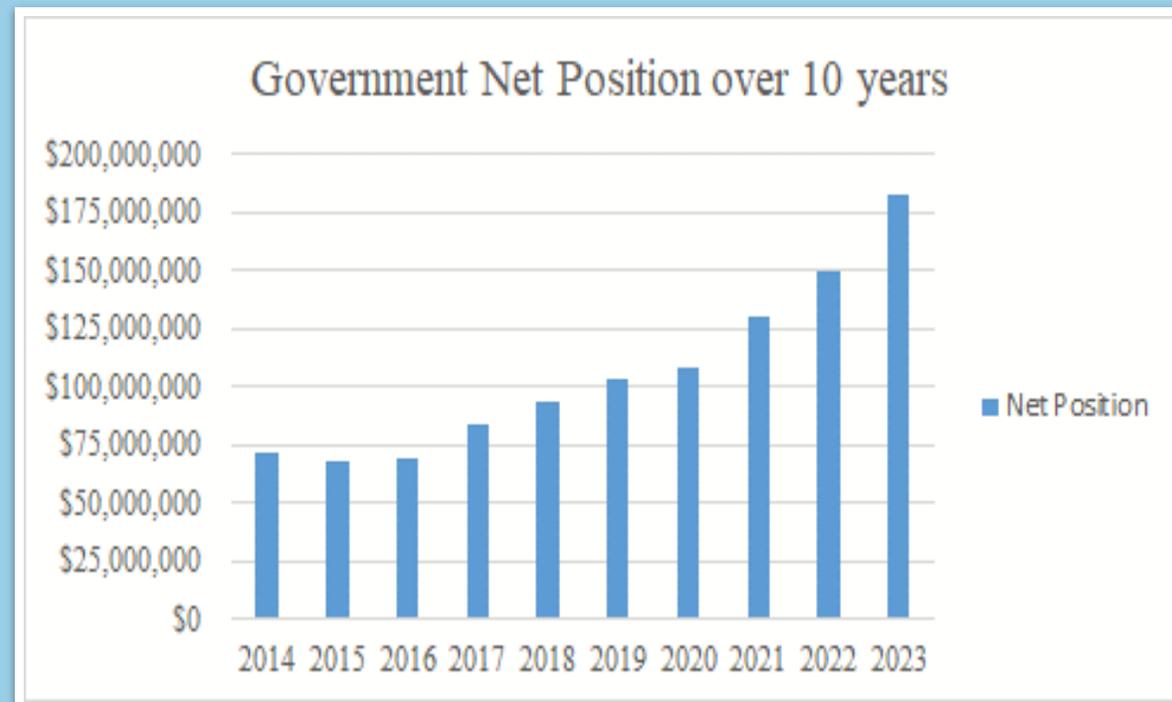
More information on the City's 5 year Strategic Plan is available starting on page 22 of the 2024 Budget and is available on the City website at

https://www.gulfshoresal.gov/DocumentCenter/View/12906/2024_Annual_Financial_Budget.

Capital Assets



At December 31, 2023, the City of Gulf Shores reported net capital position of \$182,364,837 from governmental activities, an increase of \$32,699,139 from the adjusted governmental activities capital assets net for December 31, 2022. Net capital position from business-type activities is reported as \$1,943,271 which is a decrease of \$126,508 from December 31, 2022.



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 \$71.4 million to \$182.3 million.

Debt & Debt Repayment

	Moody's	Standard & Poor's
Best Quality	Aaa	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 \$242,928,167 in debt outstanding which included long term compensated absences of \$2,180,763 compared to \$233,927,349 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