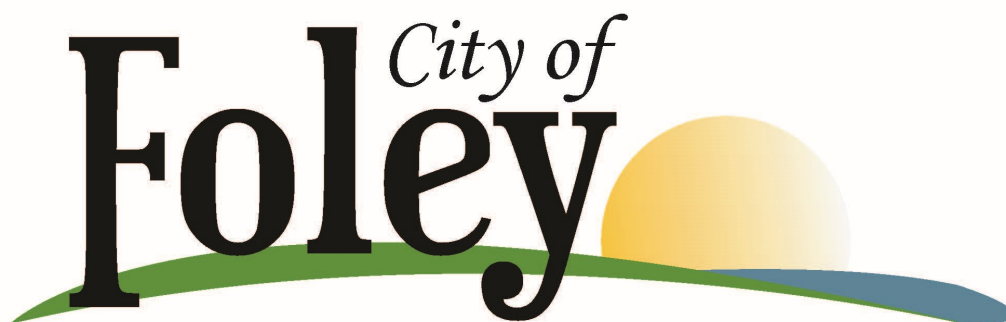


Popular Annual Financial Report

For the year ended September 30, 2020



About this Financial Report

The Foley Finance Division is pleased to present the City of Foley's Popular Annual Financial Report (PAFR). The purpose of the PAFR is to present a user friendly summary of the City's financial operations. It is designed to make the City's finances easier to understand and to communicate to citizens where dollars come from and how they are spent.

Information in the PAFR is taken from the City's Comprehensive Annual Financial Report (CAFR) that is prepared in conformance with Generally Accepted Accounting Principles (GAAP) and includes financial statements. The GAAP basis of presentation in the CAFR includes the City's component units and individual funds, as well as the notes to the financial statements that disclose all financial and non-financial material events. Unlike the CAFR, the PAFR excludes component units in order to focus on the primary government.

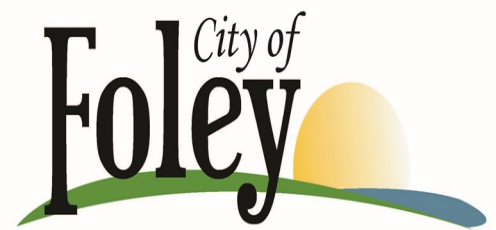
The CAFR, PAFR and the City's most recent budget (FY2021) can be found at the web address below. Questions about any of the reports or requests for additional financial information should be addressed to the City of Foley Finance Director, P.O. Box 1750, Foley, Alabama, 36536.

<https://www.cityoffoley.org/YourGovernment/Finance>

Did you know:

City Council meetings are held on the first and third Monday of each month. Currently work sessions and council meetings have been combined because of COVID-19 and the meetings begin at 4:00 pm in the civic center. *Dates and times may be affected by holidays or other events.*

Meetings are open to the public.



Government Finance Officers Associations Awards

Certificate of Achievement of Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (valid for one year only) to the City of Foley, Alabama, for its comprehensive annual financial report for the fiscal year ended September 30, 2019. This was the seventh consecutive year that the city has achieved this prestigious award.

Distinguished Budget Presentation Award

The Government Finance Officers Association (GFOA) awarded a Distinguished Budget Presentation Award (valid for one year only) to the City of Foley, Alabama, for its fiscal year 2020 budget. This was the first year that the city has achieved this prestigious award.

We believe our fiscal year 2021 budget complies to the Distinguished Budget Presentation Award Requirements and we have submitted it to the GFOA.

Popular Annual Financial Report

The Government Finance Officers Association (GFOA) has given an award for Outstanding Achievement in Popular Financial Report for the fiscal year ended September 30, 2019. This was the first year that the city has achieved this prestigious award.

We believe the current report continues to conform to the Popular Annual Financial Report requirements, and we are submitting it to the GFOA.

Our Community

Our community was named for its founder, Chicago businessman John B. Foley, who in 1901 purchased between 40,000 and 50,000 acres of land in the area and sold it through the Magnolia Land Company. He persuaded the Louisville and Nashville Railroad to run a spur to the area by promising to pay for the crossties needed for the line. By 1905, the town was large enough to warrant a post office, and it incorporated in 1915. Foley was primarily a farming community served by the L & N Railroad via a depot and warehouse for farm products, notably potatoes. The current Depot serves as a museum and was constructed in 1909 to replace the original 1905 depot that was destroyed by fire.

Our city government operates under a strong council-weak mayor form of government. The council is presided over by a president who is chosen by the council members and is also a voting member of the council. The council votes on municipal ordinances to set rules, laws or statutes and resolutions to establish policies or order that a specific action be taken. The mayor is not a voting member of the council, although all ordinances and resolutions are subject to the mayor's veto power, which can then be overridden by a two-thirds vote of the council.

Services provided to residents and businesses include general administration, police and fire protection, building inspections, licenses and permits, emergency preparedness and response, refuse collection, construction and maintenance of highways, streets and related infrastructure, recreational and leisure activities and cultural enrichment. City employees currently service an estimated population of 25,245 over a thirty-three square mile radius.

Alabama



City of Foley 2020 Council

Vera Quaites / Richard Dayton / Wayne Trawich, Council President / Ralph Hellmich, Mayor / Rick Blackwell / Charlie Ebert III, Council Pro Temp

Local Economy

As a City in southern Baldwin County, our close proximity to beautiful white sandy beaches means that tourism plays an important role in our economy. According to the Alabama Department of Tourism's 2019 Economic Impact Report, Baldwin County's estimated 6.9 million visitors represented 20% of all visitors to the State. In addition, travel-related spending totaled \$5.2 billion (an increase of \$435 million from 2018) while total travel-related direct and indirect earnings of \$1.7 billion represented 29.4% of the statewide total. Baldwin County's total direct and indirect travel related employment of 54,262 represented 26% of all Alabama travel related employment.

In addition to the tourism and retail industries, other major employment opportunities for residents include health care and manufacturing jobs.

Did you know:

The Coastal Alabama Farmers' and Fishermen's Market is owned by a City formed non-profit and is the ideal place to pick up fresh locally-grown fruits and vegetables as well as seafood.

Median
Age 47
Years

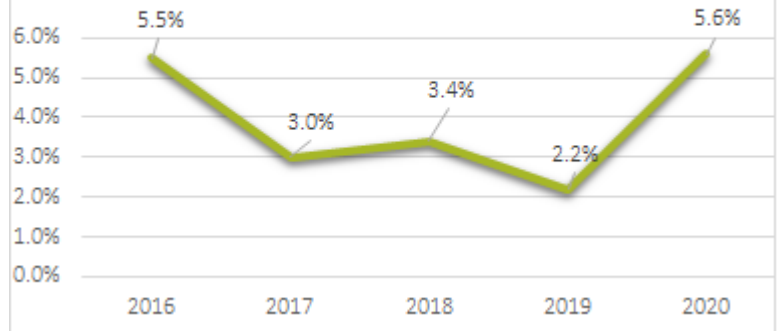
Male—
45.9%
Female—
54.1%

Business
Licenses
Issued
3,378

School
Enrollment
3,465

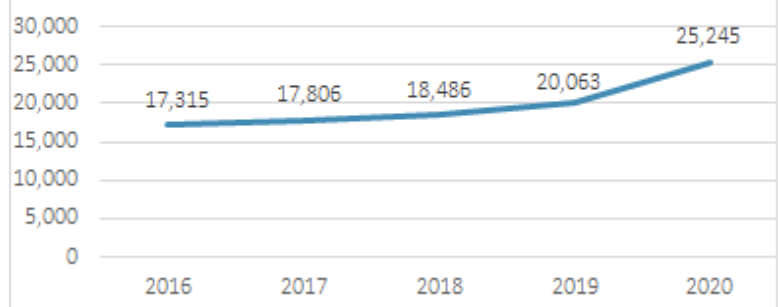
Graduation
Rate 84%

Unemployment Rate



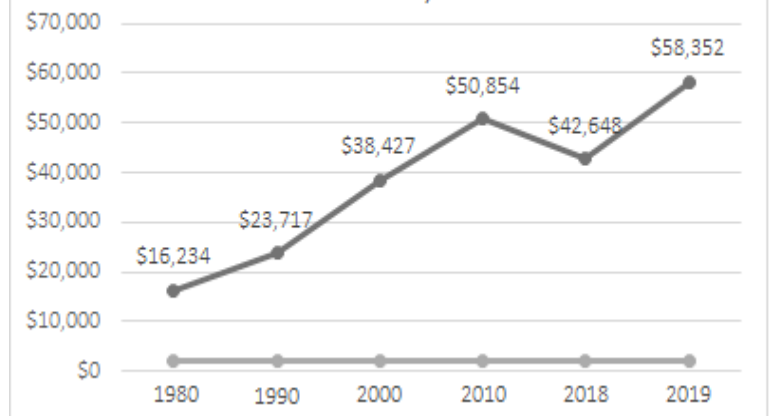
Foley's unemployment rate increased in 2020 due to COVID-19

Population Growth



Foley's population has increased by 7,930 or 45.8% , in the last five years.

Median Family Income



General Financial Information

Most City services and projects are accounted for in a category referred to as Governmental Funds. Governmental Funds are typically used to account for tax supported governmental activities and are divided into four categories.

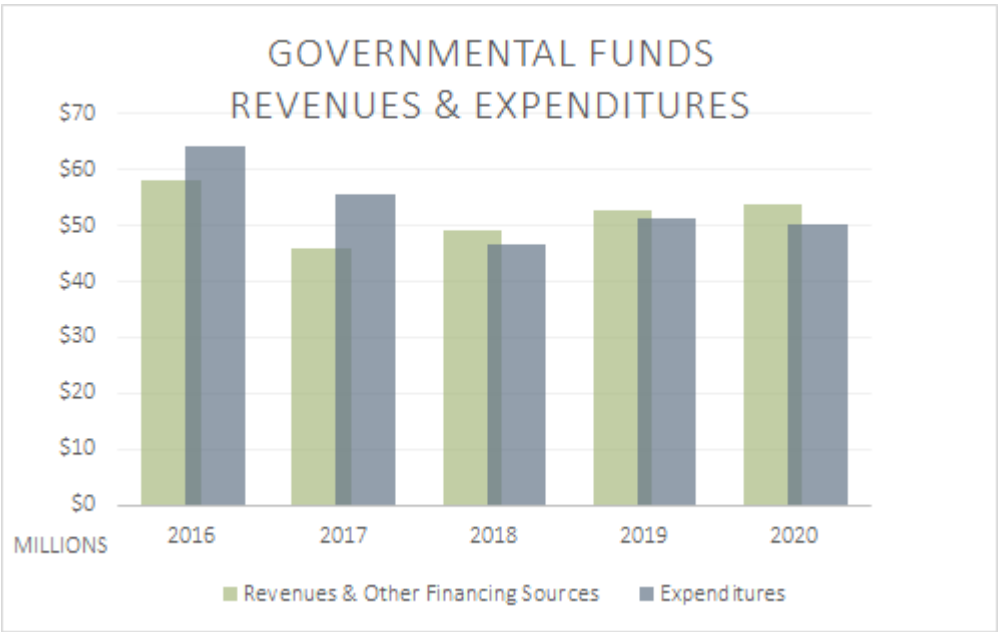
The General Fund accounts for revenues and expenditures associated with the general operations of the City that are not required to be accounted for in separate funds.

Capital Project Funds account for acquiring and/or constructing facilities, roads, drainage systems and other major capital improvements.

Special Revenue Funds account for proceeds of specific revenue sources that are restricted, committed, or assigned for specific purposes.

Debt Service Funds account for the accumulation of resources to be used for payment of principal and interest on general long-term debt.

As of September 30, 2020, the City’s Governmental Funds reflected a combined fund balance of \$28,138,496, an increase of \$3,509,705 from the prior year.



The revenue and expenditure totals in 2016-2017 are higher than normal because money was borrowed and used to build the Foley Sports Tourism fields and event center.

Did you know:

You can sign up to receive the City’s E-newsletter at <https://visitfoley.com/> and stay up to date on all City News!

407 East Laurel Ave.
PO Box 1750
Foley, AL 36536

Facebook:
[@cityoffoleymunicipal](#)
[@visitfoley](#)

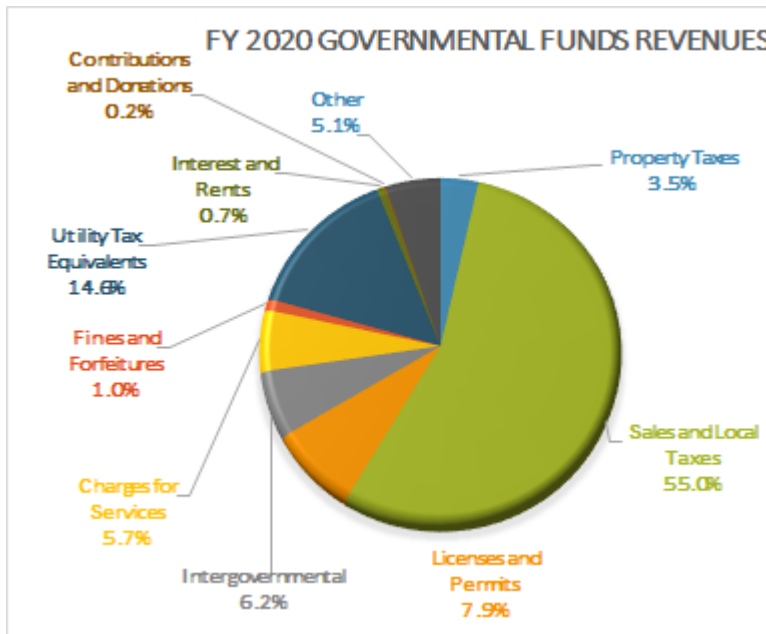
(251) 943 - 1545
(251) 952 - 4014 - fax
www.cityoffoley.org

Where the Money Comes From

The City uses money from taxes (property, sales, lodging, etc.) and fees (licenses, permits, etc.) to pay for governmental activities. Certain governmental activities (sanitation, recreational activities, etc.) require a fee or charge for the service.

The majority of money comes from sales & local taxes, utility tax equivalents, and licenses & permits. In 2020, the total revenue for Governmental Funds was \$53,692,167 an increase of \$464,672 from 2019.

GOVERNMENTAL FUNDS		
REVENUES	2019	2020
Property taxes	\$ 1,765,580	\$ 1,880,124
Sales & local taxes	28,958,941	29,550,402
Licenses & permits	3,616,461	4,229,647
Intergovernmental	3,568,471	3,339,731
Charges for services	2,967,859	3,085,966
Fines & forfeitures	614,964	556,795
Utility tax equivalents	7,565,939	7,845,678
Interest & rents	445,739	365,108
Contributions & donations	879,261	87,306
Other	2,844,280	2,746,410
Total revenues	\$ 53,227,495	\$ 53,692,167



Sales and use taxes are the City's primary sources of unrestricted revenue. FY 2020 sales and use tax increased by approximately \$654,000 or 2.6 percent. License and permits also increased by approximately \$614,000 as a result of increased business license and building permits issued.

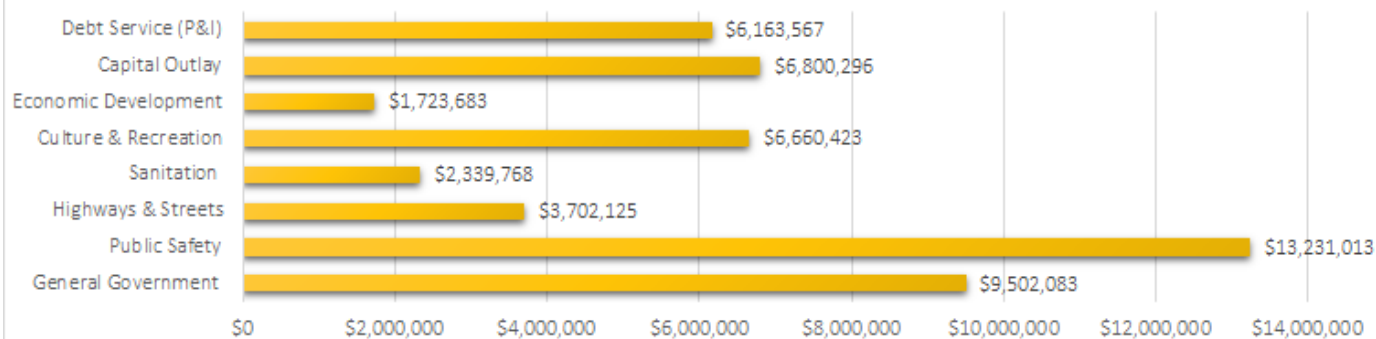
Where the Money Goes

The City of Foley provides a multitude of services for residents, businesses and visitors through its public safety, culture & recreation, sanitation, economic development, and highways & streets functions of government. In 2020, the largest part of the expenses were used for public safety. General Government expenses increased as a result of hurricane sally clean up and costs associated with the COVID-19 pandemic. The total expenditures were \$50,122,958, a decrease of \$1,260,305 from 2019.

GOVERNMENTAL FUNDS		
EXPENDITURES	2019	2020
General government	\$ 5,968,544	\$ 9,502,083
Public safety	12,838,863	13,231,031
Highways & streets	3,234,873	3,702,125
Sanitation	2,210,000	2,339,768
Culture & recreation	7,610,962	6,660,423
Economic development	1,737,324	1,723,683
Capital outlay	10,157,906	6,800,296
Debt service	7,624,791	6,163,567
Total expenditures	\$ 51,383,263	\$ 50,122,958

The largest amount spent in 2020 was for public safety which includes police, fire, community development and environmental services. The \$6.8 million spent for capital outlay included substantial investment for police and street department equipment, completion of airport improvements, the purchase of land for an environmental improvement project and the completion of various road projects. The City also paid \$6.1 million in principal and interest payments in 2020.

FY 2020 Governmental Fund Type Expenditures by Function



Understanding the City's Debt & Bond Rating

The following is a summary of the City's outstanding debt as of September 30, 2020. There was a principal reduction in debt of \$4,010,788 or 6.33%, since 2019.

2020 Total Outstanding Debt		
General Obligation Bonds	\$ 19,936,424	33.6%
Installment purchases	2,403,289	4.0%
Special Revenue Bonds	37,026,760	62.4%
Total outstanding debt	\$ 59,366,473	

Moody's	S&P	RATING CATEGORIES
SECURE RANGE:		
Aaa	AAA	PRIME: Superior financial security. Highest safety.
Aa1 Aa2 Aa3	AA+ AA AA-	HIGH GRADE: Excellent financial security. Highly safe.
A1 A2 A3	A+ A A-	UPPER MEDIAN GRADE: Good financial security. More susceptible to economic changes than highly rated companies.
Baa1 Baa2 Baa3	BBB+ BBB BBB-	LOWER MEDIAN GRADE: Adequate financial security. More vulnerable to economic changes than highly rated companies.
VULNERABLE RANGE:		
Ba1 Ba2 Ba3	BB+ BB BB-	NON INVESTMENT GRADE: Speculative. Capacity to meet long-term policies is vulnerable.
B1 B2 B3	B+ B B-	HIGHLY SPECULATIVE: Vulnerable financial security.
Any rating below a "B" rating is extremely vulnerable and possibly in default status with little prospect for recovery and questionable ability to meet obligations.		

The City currently maintains a Standard and Poor's rating of AA- and a Moody's Investors rating of Aa3. Rating agencies evaluate the economic well-being of an area from information such as the median income, how dependent the community is on certain employers or industries, the diversity of the tax base, the rate of population growth, stability of revenue, and outstanding debt. It is the goal of management to raise the City's rating by forecasting multiple year revenue and expense, and paying down debt. Higher ratings allow the City to issue debt with lower interest rates, which reduces the total interest paid on bond issues.

Fund Balance

A key measure of the City's overall financial health is the fund balance. The fund balance is the difference between assets, liabilities, deferred outflows and deferred inflows of resources. Deferred inflows of resources represent an inflow of resources that are related to a future period; for example, lease revenue collected in September for the next year. For fiscal year ended September 30, 2020, the City's fund balance for all Governmental Funds total approximately \$28.1million.

The Balance Sheet presents information about the assets, liabilities and fund balance. Assets are what the City has, owns or amounts owed to the City. Liabilities are what the City owes or any debt they are legally required to pay. A positive fund balance reflects the solvency or health of the City's finances.

Assets	9/30/2020
Cash & Investments	\$ 23,373,240
Receivables	17,026,340
Inventories & Prepaid Items	283,089
Total Assets	\$ 40,682,669
Liabilities	
Accounts Payable	\$ 12,499,548
Unearned Revenues	44,625
Total Liabilities	\$ 12,544,173
Total Fund Balance	\$ 28,138,496

The City's fund balance is broken into five categories: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable funds represent items such as inventories and prepaid items.

Restricted funds can only be used for specific purposes because of City Code, state or federal law, or conditions by grantors or creditors.

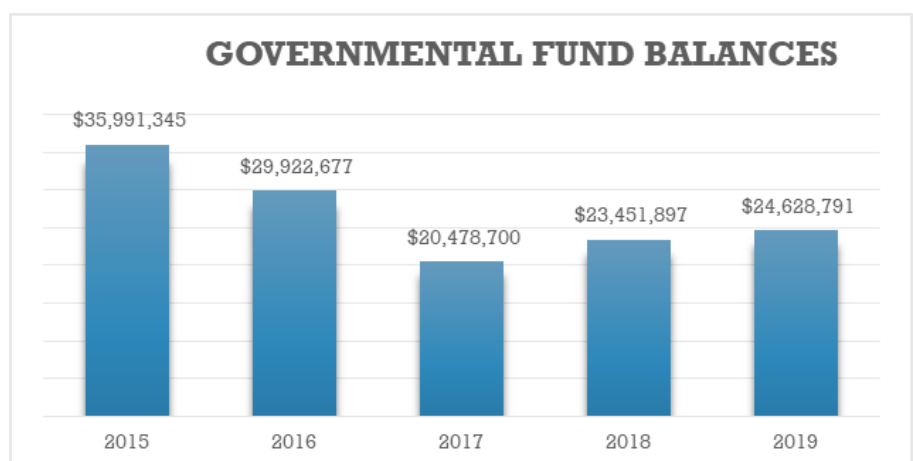
Committed funds can only be used for specific purposes determined by an ordinance by City Council.

Assigned funds can only be used for purposes constrained by City Council.

Unassigned fund balance represents the residual amount of the balances that do not meet the criterion above.

Fund balance in 2015 & 2016 was higher than normal because of money borrowed to fund investments in infrastructure and sports tourism. The fund balance decreased as the bond money was spent.

Over the last 2 years, the City has focused on rebuilding reserves, while maintaining and improving services to citizens and adding and replacing capital equipment for City departments.





2,087
Calls for Fire
emergency
service



43,747
Calls for Police
service

8,308
Tons of household garbage taken to landfill

341
Tons of material were recycled

2,891
Number of
street lights
maintained

161
Miles of streets
maintained

37
Miles of
sidewalks
maintained



12
Environmental
explore &
observe
programs

15
Environmental
field trips, camps
& workshops

726
Tree City
Program—Trees
planted

3,711
Building permits
issued

42
Senior programs
offered

51
Sports tourism
events booked

7
Youth sports
programs
offered

271,670
Sports tourism
visitors to Foley



266,837
Library patron
visits

1,151,268
Total items
circulated



Upcoming Grants

The City has been awarded multiple large grants that will assist with funding projects in the upcoming years. Utilizing grant funding from outside sources, helps the City make substantial improvements while reducing cost to the citizens. Below is a list of the larger grants that the City has been awarded that will be occurring over the next couple of years.

Grantor	Description	Grant	
		Awarded	Match
ADECA-VW Settlement	Dump trucks and street sweeper	\$548,000	\$137,000
ALDOT-ATRIP	Intersection improvements at Hwy 59 & CR 12	\$1,000,560	\$250,140
ALDOT-HSIP	Safety improvements on FBE from CR12-CR28	\$152,712	\$16,968
ALDOT-HSIP	FBE safety improvements	\$1,529,115	\$152,911
GOMESA	Land acquisition, park enhancements & connectivity	\$3,000,000	\$0.00
NFWF	Bon Secour River restoration	\$5,100,000	\$0.00
NFWF	Wolf Creek restoration	\$500,000	\$0.00

Main Street Partnership

In 2018, the City was selected as a Main Street Alabama community. The main street program works to enhance the downtown area while providing economic growth.

Currently the Foley Main Street efforts include new benches, flower pots, outdoor seating for restaurants and new murals or street art.

Downtown is also undergoing a rebranding which will include updated street signs, banners and pedestrian way finding signs.

For additional information on Foley Main Street, visit <https://cityoffoley.org/> or <https://www.foleymainstreet.com/>



Hurricane Sally Recovery

Hurricane Sally made landfall on the Alabama Gulf coast as a slow moving category 2 hurricane on September 16, 2020. This was sixteen years to the day after Hurricane Ivan came ashore in the same location. The intensity of the storm in combination with how slowly it was moving, caused substantial flooding, widespread wind damage and large quantities of debris.

Immediately after the storm passed through the area, the City began clearing roads, securing public buildings and preparing for recovery. The City activated debris removal and monitoring contracts to expedite the clean up efforts. These companies in combination with city forces removed approximately 965,000 cubic yards of debris. It has been estimated that Foley has lost 40 percent of the overhead tree canopy.

The City estimates there are approximately 20 City owned buildings and 5 public parks that sustained damage during the storm.

Foley is currently working with FEMA and State EMA for reimbursement of approximately \$13 million spent to date.