

# City of Foley, Alabama

Popular Annual Financial Report

For the year ended September 30, 2019



## About this Financial Report

The Foley Finance Division is pleased to present the City of Foley's first 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.

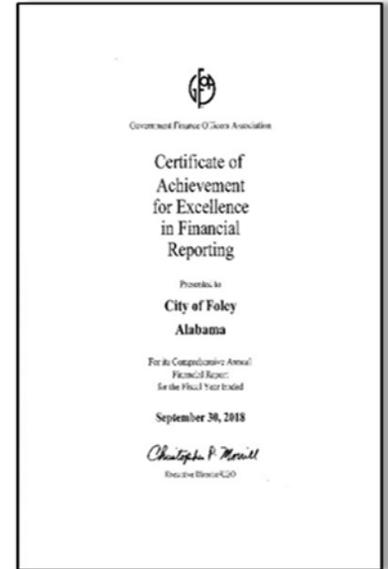
Information in the PAFR is taken from the City's Comprehensive Annual Financial Report (CAFR) that is prepared in conformance with generally accepted accounting principles (GAAP) and includes financial statements audited by Warren Averett, LLC. The GAAP basis of presentation in the CAFR includes the 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 is unaudited and presented on a non-GAAP basis.

The CAFR, PAFR and the City's most recent budget (FY2020) 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>

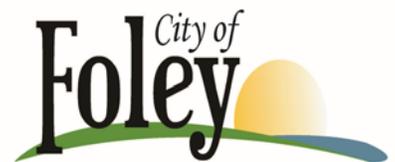
## Achievements

The Government Finance Officers Association of the United States and Canada (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, 2018. This was the sixth consecutive year that the city has achieved this prestigious award.



## City of Foley 2019 Council

Wayne Trawick, Council President /  
Vera Quaites / John Koniar, Mayor /  
Ralph Hellmich / Rick Blackwell /  
Charlie Ebert III



## 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 20,063 over a thirty-three square mile radius. We expect the population estimate to increase with the official 2020 census.



### Did you know:

City Council meetings are held on the first and third Monday of each month. Work session begins at 4:00 pm in the conference room at City Hall and the Council meeting begins at 5:30 pm in the Council Chambers. *Dates and times may be affected by holidays or other events.*

Meetings and workshops are open to the public.



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PO Box 1750

Foley, AL 36536

(251) 943 - 1545

(251) 952 - 4014 - fax

[www.cityoffoley.org](http://www.cityoffoley.org)

Facebook:

[@cityoffoleymunicipal](https://www.facebook.com/cityoffoleymunicipal)

[@visitfoley](https://www.facebook.com/visitfoley)

## 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 2018 Economic Impact report, Baldwin County's estimated 6.6 million visitors represented 23.8% of all visitors to the State. In addition, travel-related spending totaled \$4.8 billion (an increase of \$562 million from 2016) while total travel-related direct and indirect earnings of \$1.6 billion represented 30.0% of the statewide total. Baldwin County's total direct and indirect travel related employment of 53,161 represented 26.7% 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.



### Foley's Top 10 Employers

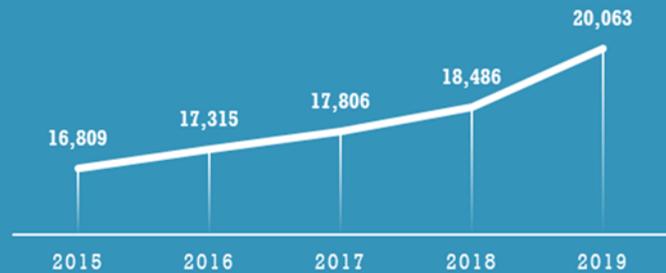
Company	Products/Service	Employees
Tanger Outlet Center	Retail Mall	1,500
Collins Aerospace	Aerospace	1,160
South Baldwin Medical Center	Medical Center	860
City of Foley	Government	314
Riviera Utilities	Utilities	275
Vulcan, Inc.	Manufacturing	270
Starr Laundry	Laundry Services	200
Baldwin County Annex	Government	150
Diversicare	Medical Services	147
Ascend Performance Materials	Manufacturing	100

### UNEMPLOYMENT RATE



Foley's unemployment rate decreased 1.8% since 2015.

### POPULATION GROWTH



Foley's population has increased by 3,254, or 19.4% , in the last five years.



## 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.

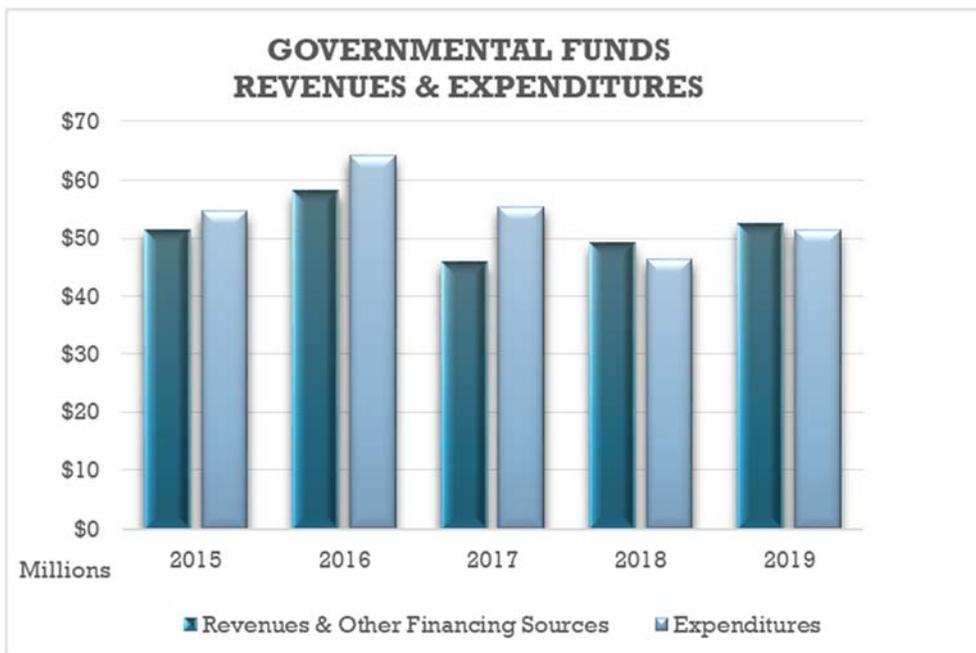
The General Fund accounts for revenues and expenditures associated with the general operations of the City that are not required to be accounted for in separate funds.

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, 2019, the City's Governmental Funds reflected a combined fund balance of \$24,628,791, an increase of \$1,176,894 from the prior year.



### Did you know:

On August 13, 2019, the City held a public meeting to obtain citizen input on a Roadway System Report which outlines major street and intersection improvements that are important to support long term growth and improved travel for citizens.

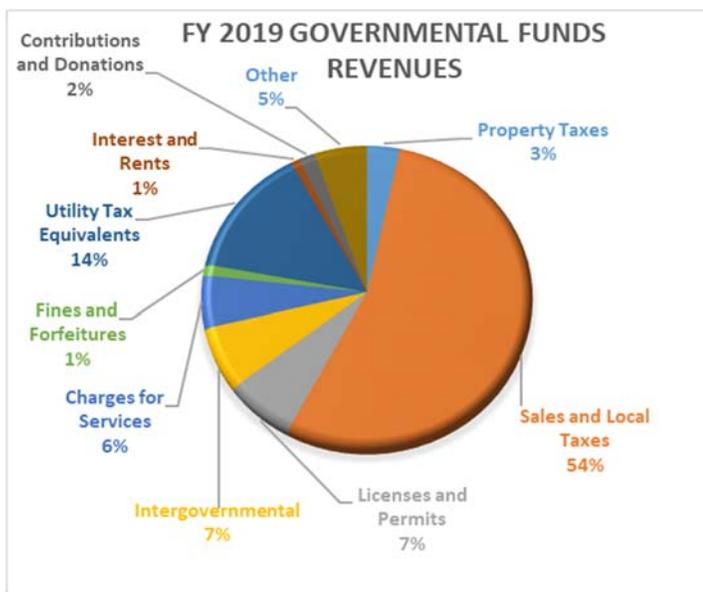
More information on the Roadway System Report is available in the City's FY 2020 Budget which can be found at <https://cityoffoley.org/finance/>.

The revenue and expenditure totals in 2015-2017 are higher than normal because money was borrowed and used to build the Foley Sports Tourism fields and event center.

## 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 2019, the total revenue for Governmental Funds was \$53,227,495, an increase of \$4,458,878 from 2018.



### GOVERNMENTAL FUNDS

REVENUES	2018	2019
Property taxes	\$ 1,711,873	\$ 1,765,580
Sales & local taxes	26,646,096	28,958,941
Licenses & permits	3,828,883	3,616,461
Intergovernmental	2,313,245	3,568,471
Charges for services	2,645,941	2,967,859
Fines & forfeitures	584,494	614,964
Utility tax equivalents	7,206,906	7,565,939
Interest & rents	438,707	445,739
Contributions & donations	789,317	879,261
Other	2,603,155	2,844,280
<b>Total revenues</b>	<b>\$ 48,768,617</b>	<b>\$ 53,227,495</b>

An increase in Intergovernmental revenues resulted from capital grants received from other agencies for roadway and airport projects. The main reason for the increase in charges for services in FY2019 was an increase in the monthly residential sanitation charge which began on August 1, 2019. This was the first increase since 2008.

Sales and use taxes are the City's primary sources of unrestricted revenue. On September 3, 2019, the council unanimously voted to extend the expiration date of a temporary one cent sales tax from August 31, 2020 to August 31, 2030, primarily to pay for new roads. This temporary sales tax contributed approximately \$8.5 million during FY2019.

## 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 2019, the largest part of the expenses were used for public safety and capital outlay. The total expenditures were \$51,383,263, an increase of \$4,888,866 from 2018.

### GOVERNMENTAL FUNDS

EXPENDITURES	2018	2019
General government	\$ 6,037,041	\$ 5,968,544
Public safety	11,995,342	12,838,863
Highways & streets	2,926,279	3,234,873
Sanitation	2,053,143	2,210,000
Culture & recreation	7,255,457	7,610,962
Economic development	2,048,752	1,737,324
Capital outlay	6,768,709	10,157,906
Debt service	7,409,674	7,624,791
<b>Total expenditures</b>	<b>\$ 46,494,397</b>	<b>\$ 51,383,263</b>

The largest amount spent in 2019 was for public safety which includes police, fire, community development and environmental services. The \$10 million spent for capital outlay included substantial investment for police and street department equipment, the purchase of a building, the construction of Fern Avenue east from Hwy 59 to the Beach Express and of 9th Avenue from Cedar to Hickory. The City also paid \$7.6 million in principal and interest payments in 2019.



## Understanding the City's Debt & Bond Rating

The following is a summary of the City's outstanding debt as of September 30, 2019. There was a principal reduction in debt of \$5,782,600 or 8.36%, since 2018.

2019 Total Outstanding Debt		
General Obligation Bonds	\$ 23,138,996	36.5%
Installment purchases	2,747,117	4.3%
Special Revenue Bonds	37,491,148	59.2%
<b>Total outstanding debt</b>	<b>\$ 63,377,261</b>	

Due to a strong and diverse economy, 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.

Moody's	S&P	RATING CATEGORIES
<b>SECURE RANGE:</b>		
Aaa	AAA	<b>PRIME:</b> Superior financial security. Highest safety.
Aa1 Aa2 Aa3	AA+ AA AA-	<b>HIGH GRADE:</b> Excellent financial Security. Highly safe.
A1 A2 A3	A+ A A-	<b>UPPER MEDIAN GRADE:</b> Good Financial Security. More Susceptible to economic changes than highly rated companies.
Baa1 Baa2 Baa3	BBB+ BBB BBB-	<b>LOWER MEDIAN GRADE:</b> Adequate financial security. More vulnerable to economic changes than highly rated companies.
<b>VULNERABLE RANGE:</b>		
Ba1 Ba2 Ba3	BB+ BB BB-	<b>NON INVESTMENT GRADE:</b> Speculative. Capacity to meet long-term policies is vulnerable.
B1 B2 B3	B+ B B-	<b>HIGHLY SPECULATIVE:</b> 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.		

### Did you know:

The City hosts a community shred event in April and October of each year. You can bring your personal paper documents to be shredded.

## 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, 2019, the City’s fund balance for all Governmental Funds total approximately \$24.6 million.

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	9/30/2019
Cash & Investments	\$ 16,735,346
Receivables	17,364,717
Inventories & Prepaid Items	835,535
<b>Total Assets</b>	<b>\$ 34,935,598</b>
Liabilities	
Accounts Payable	\$ 10,259,307
Unearned Revenues	47,500
<b>Total Liabilities</b>	<b>\$ 10,306,807</b>
<b>Total Fund Balance</b>	<b>\$ 24,627,791</b>

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.

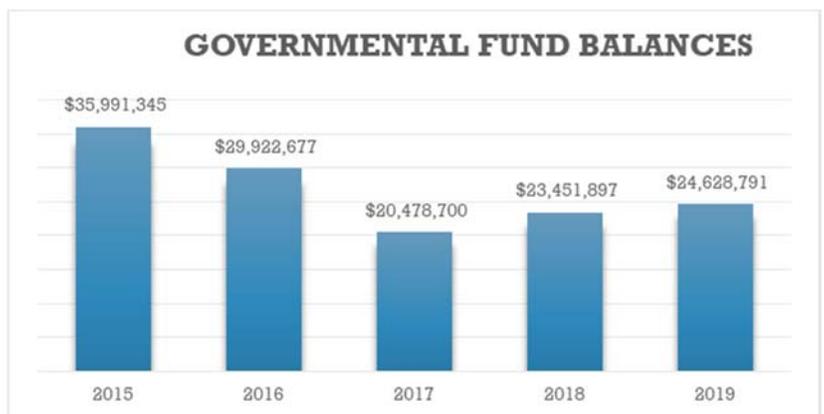
Committed funds can only be used for specific purpose determined by an ordinance by City Council.

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.





58,051  
Calls for Police  
service



1,605  
Calls for Fire  
emergency  
service

7,271  
Tons of household garbage taken to landfill

---

391  
Tons of material were recycled



93  
Sports tourism  
events booked

43  
Environmental  
field trips,  
camps &  
workshops

159  
Miles of  
streets  
maintained

37  
Miles of  
sidewalks  
maintained

2,406  
Building permits issued

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\$109,379,355  
Value of construction

613  
Tree City  
Program—  
Trees planted

25  
Environmental  
explore &  
observe  
programs

7  
Youth sports  
programs  
offered

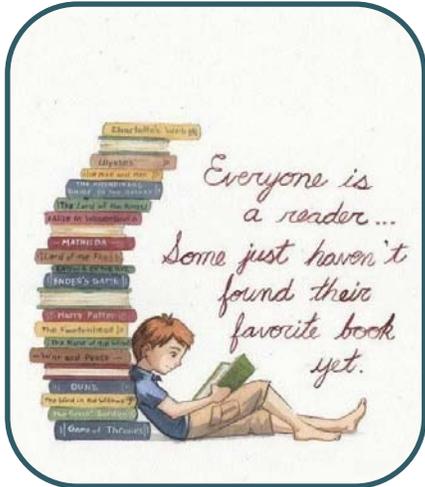
54  
Senior  
programs  
offered



425,750  
Library patron visits

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1,181,974  
Total items  
circulated



Graham Creek Nature Preserve is 484 acres of natural habitats, including pine savannas, bottom land wetlands, mixed forests and tidal marshes. Trails cross multiple habitats where visitors can see rare carnivorous plants and wildflowers year round. The Preserve has a visitor's center, and offers hiking and biking trails and disc-golf courses.

For more information on Graham Creek Nature Preserve, please go to <http://grahamcreekpreserve.org/> .



The Foley Library received the Gold Standard Award for good customer service and community relations.

The Library offers over 30,000 free streaming movies and documentaries to patrons through Kanopy.

For more information on services provided by the Foley Library, please go to <http://www.foleylibrary.org/> .



**Stay up to date on all City news!**

**You can sign up to receive the City's**

**E-newsletter at [https://  
visitfoley.com/](https://visitfoley.com/)**

**Did you know:**

There is no need to call to have bulk items such as furniture and appliances picked up? Just put those in a separate pile near the curb, at least three feet from limbs and yard waste.

The sanitation schedule, including holiday pickup times, is available on the City's website. [https://  
cityoffoley.org/sanitation/](https://cityoffoley.org/sanitation/)

Described as one of the top public exhibits of toy trains in the country, Foley's Model Train Exhibit is free and enjoyed by kids of all ages. The museum-quality exhibit was featured in the September 2019 issue of Classic Toy Trains Magazine. The trains are operated by talented volunteers called the Caboose Club.

The Depot Museum is open Monday through Saturday 10 am—3 pm & the train exhibit is open Tuesday, Thursday & Saturday 10 am—2 pm.

