



CITY OF FAIRHOPE

POPULAR ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2025



OVERVIEW

The Popular Annual Financial Report (PAFR) is intended to provide the citizens and other interested parties a user-friendly overview of the City's financial operations. The financial information provided is obtained from the audited financial statements in the City's 2025 Annual Comprehensive Financial Report (ACFR) which are prepared in accordance with generally accepted accounting principles (GAAP). The ACFR provides full disclosure of all events and includes the City's component units. The Popular Annual Financial Report (PAFR) is not required to present the same level of detail as the ACFR, but rather to summarize the overall financial condition and health of the city; therefore, the PAFR may not fully conform to GAAP.

To view the City of Fairhope financial reports, please visit:
<https://www.fairhopeal.gov/city-government/finance>

It has been a pleasure for us, as the City of Fairhope, to serve each of you.



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MAYOR'S MESSAGE



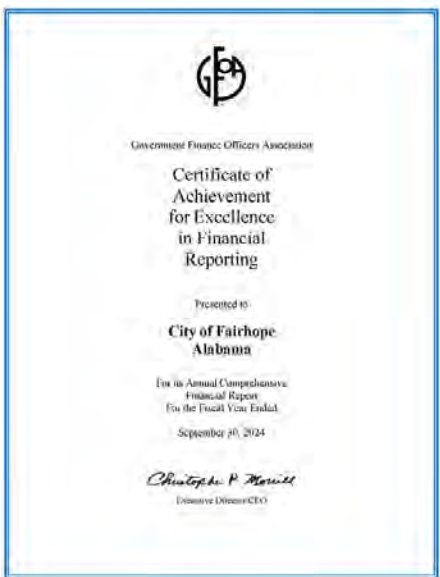
As Mayor of the City of Fairhope, I am pleased to present to you the City's Popular Annual Financial Report (PAFR) for the year ended September 30, 2025. This report offers a concise overview of our city's financial status, reflecting our dedication to transparency and accountability in managing tax dollars and utility fees. This report is a supplement to the audited Annual Comprehensive Financial Report (ACFR).

The PAFR highlights our financial activities and achievements, from the past year and is an illustration of our continued commitment to financial transparency. The PAFR is not intended to provide a complete financial picture of the City in accordance with GAAP.

I believe it is important for our citizens to understand where and how city funds are being utilized. The financial health of our city is a vital responsibility and citizen engagement is a large asset to our continued success.

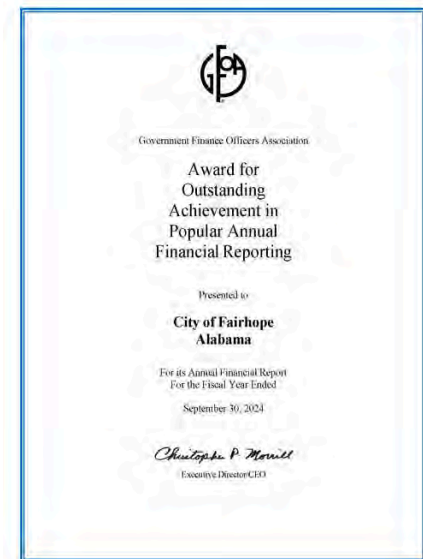
Thank you to the City Council, leadership team, and staff for their dedication to providing exceptional public service efficiently and responsibly.

Sincerely,
Sherry Sullivan
Mayor, City of Fairhope



Government Finance Officers Association Awards

For fiscal year ended September 30, 2024, the GFOA has awarded the City of Fairhope the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report and the Award for Outstanding Achievement in Popular Annual Financial Reporting.



CITY ORGANIZATION

The City is governed by a strong council-weak mayor form of government, with each official elected on an at-large basis for a four-year term. The five-member council is presided over by a rotating president who is chosen by the council members and is a voting member of the council. The Fairhope City Council typically meets the second and fourth Monday of every month at 6:00 p.m. The full meeting schedule and location can be found at fairhope.gov/news-calendar. All City Council meetings are recorded and can be watched on the City of Fairhope's [Facebook](#) or [YouTube Channel](#).



Sherry Sullivan
Mayor



Jack Burrell
Council President



Corey Martin
Councilmember



Jay Robinson
Councilmember



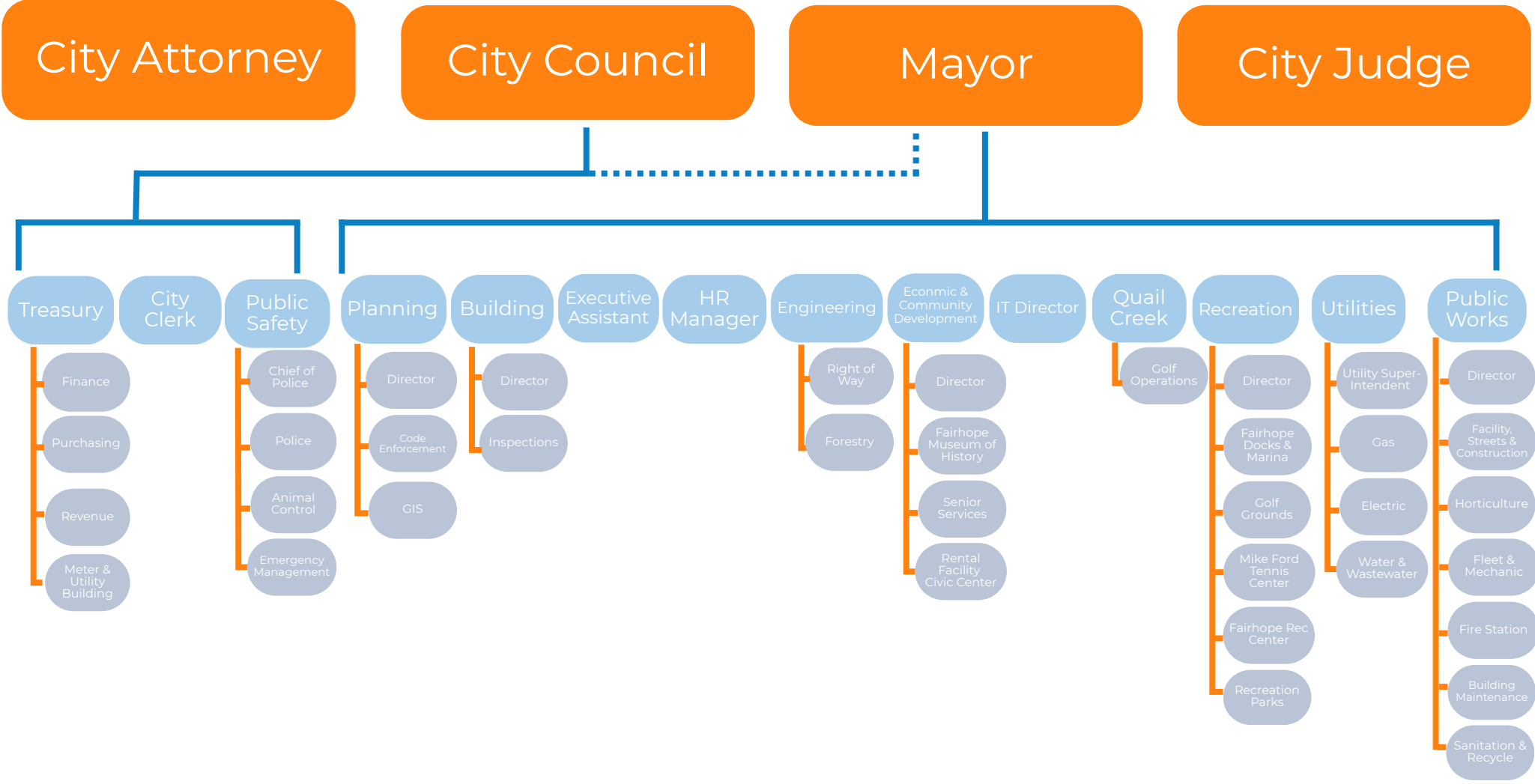
Jimmy Conyers
Councilmember



Kevin Boone
Councilmember

*The elected officials were those who held office as of September 30, 2025.

ORGANIZATION CHART



CITY DEMOGRAPHICS

Top Employers

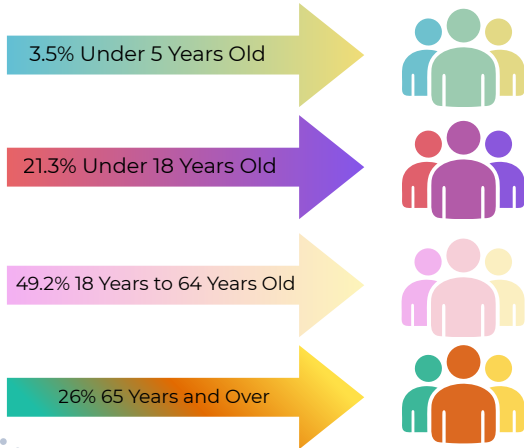
Thomas Hospital	-	1,375
Grand Hotel	-	900
Board of Education	-	586
City of Fairhope	-	407
Wal-Mart	-	320
Segers Aero Corp	-	211
Publix-Point Clear	-	160
Publix-Fairhope	-	130
Gulf Orthopedics	-	115
Piggly Wiggly	-	72



Population - 26,044

U.S Census Bureau

15.9% Increase Since 2020



Median Household Income

City of Fairhope - \$94,274
 State of Alabama - \$63,999

Education

95.1% Earned a High School Diploma or Higher
 53.5% Earned a Bachelor's Degree or Higher

14.48 Land Area in square miles

1552.80 Population per square miles

80.4% Home Ownership

\$1,689 Median Rent

2.7% Unemployment Rate

Per U.S Census Bureau, 2020-2024 & U.S Bureau of Labor Statistics





CITY HISTORY

The City of Fairhope began as a dream in the minds of a group of populist reformers who were seeking their own special utopia. Over a hundred similar utopian colonies had already come and gone in other locations including our very own founders' failed attempt at "The National Cooperative Company" colony in Louisiana. They went back to the planning stage and borrowed from Henry George's Single Tax philosophy trying to solve some of the economic and social problems of the day. After searching several Southern states for possible sites, they chose the Eastern shore of Mobile Bay and declared November 15, 1894 as "Round-Up Day." Our founders settled on the high bluff where they bought clear-cut wasteland for \$5.50 per acre. They thought using the Single Tax plan would give them at least a "fair hope" of succeeding. Thus, the Fairhope Single Tax Colony was founded, attracting supporters and financial backers from around the country and drawing an eclectic assemblage of industrious, creative and free-thinking people to Fairhope, Alabama.

The City of Fairhope was established with around 500 residents in 1908, taking over responsibility for all municipal services. In the 1930s, the city became the caretaker of Fairhope's greatest assets, the beachfront park, the park lands on the bluff above the beach, Henry George Park, Knoll Park, and the quarter-mile long pier, all gifts of the Single Tax Colony, which continues to have an active presence in the city to this day.

Fairhope has always been a resort community, early visitors came by Bayboat from Mobile to vacation in the small bay cottages and hotels along the bluff top. Vacationers came to Fairhope in the early days for many of the same reasons they do today: its pleasant climate, peaceful surroundings, and inspiring scenery.

Over the years artists, writers, and craftsmen have found Fairhope to be an inspiring haven for their work and have helped to make the community what it is today.



FAIRHOPE FACTS

The city offers a comprehensive array of services for its residents, including natural gas, electricity, water and wastewater services. Additionally, it ensures police protection, sanitation and recycling services, maintenance of streets and infrastructure. The city is home to fifty-seven parks spanning 767 acres, a recreation center, a museum, a welcome center, a public golf course, a senior center, three swimming pools, a tennis complex, a skate park, a dog park, a marina and an airport. Furthermore, the city actively sponsors numerous cultural events.

200
Potholes
Repaired



1,454 Calls
for
Emergency
Services



1,217
Traffic
Violations



11,296 Tons
of Garbage
Collected

165 Miles of
Streets
Maintained &
3.8 Miles of
Streets
Resurfaced



60,070 Rounds
of Golf Played



26 Tennis/
Pickleball Court

PARKS



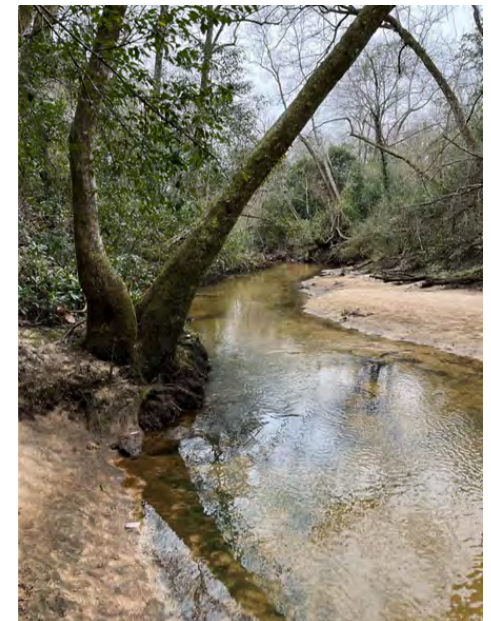
FLYING CREEK *Nature Preserve*

Flying Creek Nature Preserve

Fairhope is proud to preserve, enhance, and restore 108-acres of land between Veterans Boulevard and Fly Creek as a dedicated nature preserve. Reflecting Fairhope's founders' vision to set aside the best land for public benefit, this lush area offers a diverse forest and ecosystem for a peaceful retreat.

"Flying Creek" translates from French "Bayou Volante," named by early French explorers who left their mark on the region. These explorers named local waterways and landscapes in their native tongue. By naming it Flying Creek Nature Preserve, Fairhope honors the area's heritage and history.

Park amenities include a kayak/canoe launch, creek overlooks, outdoor classrooms, multi-use nature trails, and a bicycle repair station. Future plans include mountain biking, rugged hiking trails and other outdoor adventures. This project was, in part, funded by a GOMESA (Gulf of Mexico Energy Security Act) grant.



RECREATION



Mike Ford
Tennis Center



Quail Creek
Golf Course



Majors Field



Stimpson
Park



Founder's Park



Fairhope Recreation
Center & Pool



Nix Center



Fairhope Docks
Marina

PUBLIC SAFETY - POLICE



The mission of the Fairhope Police Department is to provide excellent service through community partnerships that build trust, reduce crime, create a safe environment, and enhance the quality of life in our community. Our department continues to invest significantly in in-house training far exceeding the standard requirements. Our commitment has culminated in a significant achievement this year with our department receiving State Accreditation from the Alabama Peace Officers' Standards and Training Commission.



PUBLIC SAFETY - FIRE



The Fairhope Volunteer Fire Department has been serving Fairhope and the surrounding community for over 75 years. There are currently 52 active members. All volunteer firefighters get a minimum of seventy-two hours of training every year and over three-fourths of our staff are professionally certified to the firefighter 1 or 2 levels and hold numerous other professional certifications in the Fire Service.



CULTURAL EVENTS



Fairhope Mardi Gras season is packed full of grand balls and festive parades.



Baldwin Pops Free Concert

HGTV picked Fairhope in 2025 as “the best Christmas town in Alabama”.



For over 70 years, the Fairhope Arts and Crafts Festival has been held in March and is one of our largest and most visited annual events.

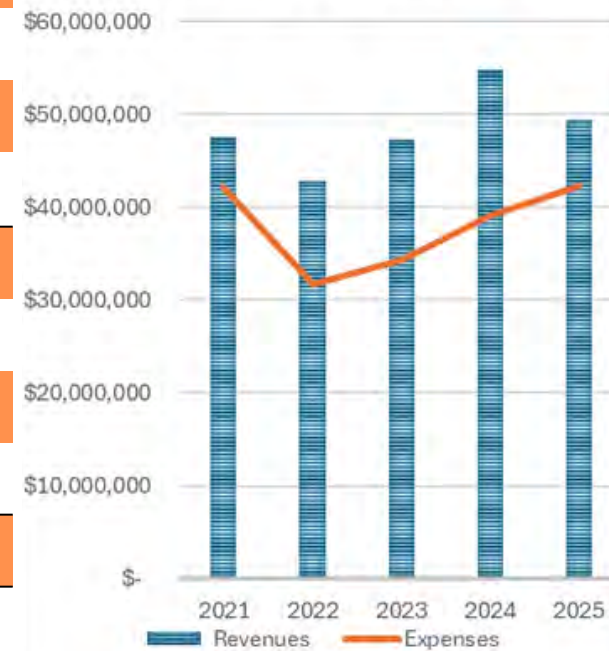


GOVERNMENTAL ACTIVITIES

Net position refers to the difference between what the City owns (assets) and what the city owes (liabilities). Increases or decreases in net position are useful indicators of whether the city's financial health is improving or declining. The City's financials are divided into two sections: Governmental activities and Business-type activities. Governmental activities include basic governmental functions such as police protection, recreation, infrastructure improvements and administrative services. The City's net position for governmental activities increased by \$21,280,070; an 14.4% increase from the previous fiscal year. This increase was primarily due to increases in tax revenues based on consumer spending habits, property values and growth along with additional capital grants. Overall, revenues continue to outpace expenses as total revenues increased by 19% while corresponding expenses increased only 10%, year over year.



REVENUES VS. EXPENSES



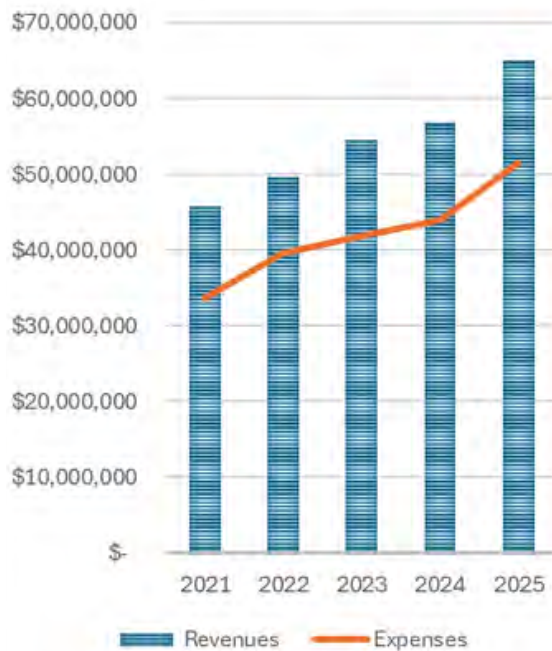
Net Position—Balance Sheet	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
Current & Other Assets	\$48,205,866	\$48,733,731	\$46,647,229	\$39,280,218	\$28,648,195
Capital Assets	\$143,314,973	\$122,653,701	\$107,329,390	\$101,800,012	\$100,341,725
Total Assets	\$191,520,839	\$171,387,432	\$153,976,619	\$141,080,230	\$128,989,920
Total Deferred Outflows of Resources	\$5,546,477	\$5,234,906	\$7,356,798	\$4,500,036	\$4,183,820
Long Term Liabilities	\$16,132,770	\$18,053,002	\$17,220,236	\$15,929,028	\$19,423,994
Other Liabilities	\$8,060,159	\$8,280,237	\$8,182,444	\$6,065,419	\$4,683,320
Total Liabilities	\$24,192,929	\$26,333,239	\$25,402,680	\$21,994,447	\$24,107,314
Total Deferred Inflows of Resources	\$3,523,162	\$2,217,944	\$3,462,977	\$4,330,140	\$2,479,839
Net Position	\$169,351,225	\$148,071,155	\$132,467,760	\$119,255,679	\$106,586,587
Total Revenues	\$64,167,600	\$54,640,960	\$47,497,097	\$44,377,883	\$49,112,669
Total Expenses	\$42,887,530	\$39,037,565	\$34,285,016	\$31,708,791	\$42,130,234
Change in Net Position	\$21,280,070	\$15,603,395	\$13,212,081	\$12,669,092	\$6,982,435

BUSINESS-TYPE ACTIVITIES



The Business-type activities for the City of Fairhope refer to the Electric, Natural Gas, Sanitation, Water and Wastewater departments. These departments are intended to be self-supporting by providing services to the customers where the expenses are recovered primarily through user charges. The City's net position for Business-type activities increased by \$13,968,982; a 10.7% increase from the previous fiscal year. This increase was due to current year operations as well as the growth of the city and an increase in utility customers.

REVENUES VS. EXPENSES



Net Position—Balance Sheet	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
Current & Other Assets	\$50,825,878	\$54,488,628	\$35,539,456	\$40,175,124	\$39,648,614
Capital Assets	\$138,850,607	\$121,826,845	\$106,665,599	\$88,503,173	\$79,119,256
Total Assets	\$189,676,485	\$176,315,473	\$142,205,055	\$128,678,297	\$118,767,870
Total Deferred Outflows of Resources	\$2,557,507	\$2,453,249	\$3,635,953	\$2,000,702	\$1,389,966
Long Term Liabilities	\$9,559,632	\$37,268,381	\$14,591,840	\$18,133,048	\$17,919,664
Other Liabilities	\$36,949,695	\$10,323,765	\$12,126,800	\$5,997,569	\$5,400,156
Total Liabilities	\$46,509,327	\$47,592,146	\$26,718,640	\$24,130,617	\$23,319,820
Total Deferred Inflows of Resources	\$1,597,714	\$1,018,607	\$1,765,608	\$1,819,997	\$730,663
Net Position	\$144,126,951	\$130,157,969	\$117,356,760	\$104,728,385	\$96,107,353
Total Revenues	\$63,561,478	\$56,750,200	\$54,449,179	\$48,103,628	\$44,235,156
Total Expenses	\$49,592,496	\$43,948,991	\$41,820,804	\$39,482,596	\$33,591,465
Change in Net Position	\$13,968,982	\$12,801,209	\$12,628,375	\$8,621,032	\$10,643,691

CITY WIDE FINANCIALS

▶ Sales & Use tax increased by approximately \$846,450 or 5.5% due to an increase in consumer spending.

▶ Property tax increased by approximately \$1,221,435 or 12% due to an increase in assessed property values and growth.

▶ Capital grants and contributions increased by \$6,556,543 or 66.7% due to an increase in capital projects

▶ The City's net position at fiscal year-end was \$313,478,176 which is a \$35,249,052 or 12.7% increase from last fiscal year end.

Net Position—Balance Sheet	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
Current & Other Assets	\$99,031,744	\$103,222,359	\$82,186,685	\$79,455,342	\$68,296,809
Capital Assets	\$282,165,580	\$244,480,546	\$213,994,989	\$190,303,185	\$179,460,981
Total Assets	\$381,197,324	\$347,702,905	\$296,181,674	\$269,758,527	\$247,757,790
Total Deferred Outflows of Resources	\$8,103,984	\$7,688,155	\$10,992,751	\$6,500,738	\$5,573,786
Long Term Liabilities	\$25,692,402	\$55,321,383	\$34,217,137	\$34,062,076	\$37,343,658
Other Liabilities	\$45,009,854	\$18,604,002	\$17,904,183	\$12,062,988	\$10,083,476
Total Liabilities	\$70,702,256	\$73,925,385	\$52,121,320	\$46,125,064	\$47,427,134
Total Deferred Inflows of Resources	\$5,120,876	\$3,236,551	\$5,228,585	\$6,150,137	\$3,210,502
Net Position	\$313,478,176	\$278,229,124	\$249,824,520	\$223,984,064	\$202,693,940
Total Revenues	\$127,729,078	\$111,391,160	\$101,946,276	\$92,481,511	\$93,347,825
Total Expenses	\$92,480,026	\$82,986,556	\$76,105,820	\$71,191,387	\$75,721,699
Change in Net Position	\$35,249,052	\$28,404,604	\$25,840,456	\$21,290,124	\$17,626,126

*Component Units not included

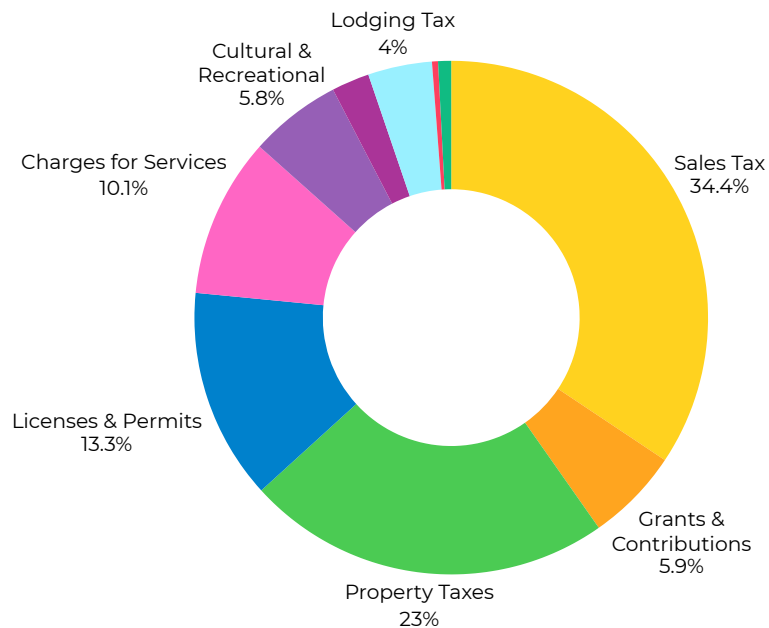


CITY FUNDS

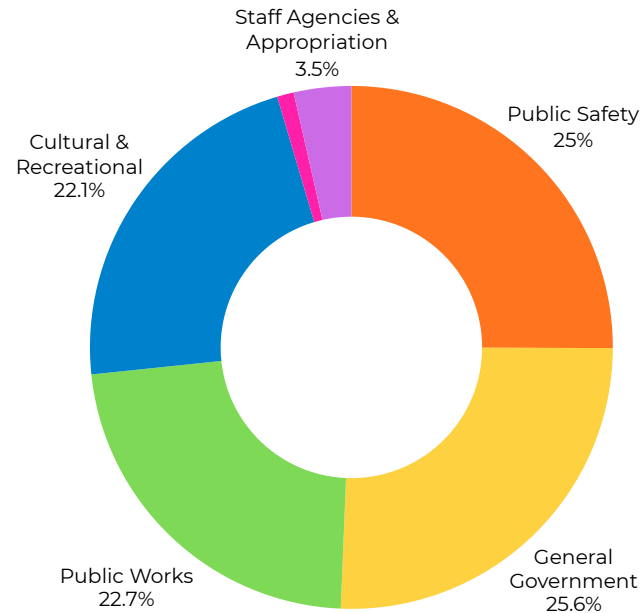
The City oversees ten governmental funds, which include four major funds and six non-major funds. The four major funds are General, Capital Projects, American Rescue Plan and Federal Grants. The ACFR presents the major funds separately, while combining the non-major funds into a single aggregated report. The total governmental fund balance was \$41.1M with \$10M set aside for Council approved emergencies and \$18.7M available for any unexpected expenses, economic downturns, or to fund new initiatives.

For the purpose of the PAFR, we will only focus on the General Fund.

Where the Money Comes From



Where the Money Goes



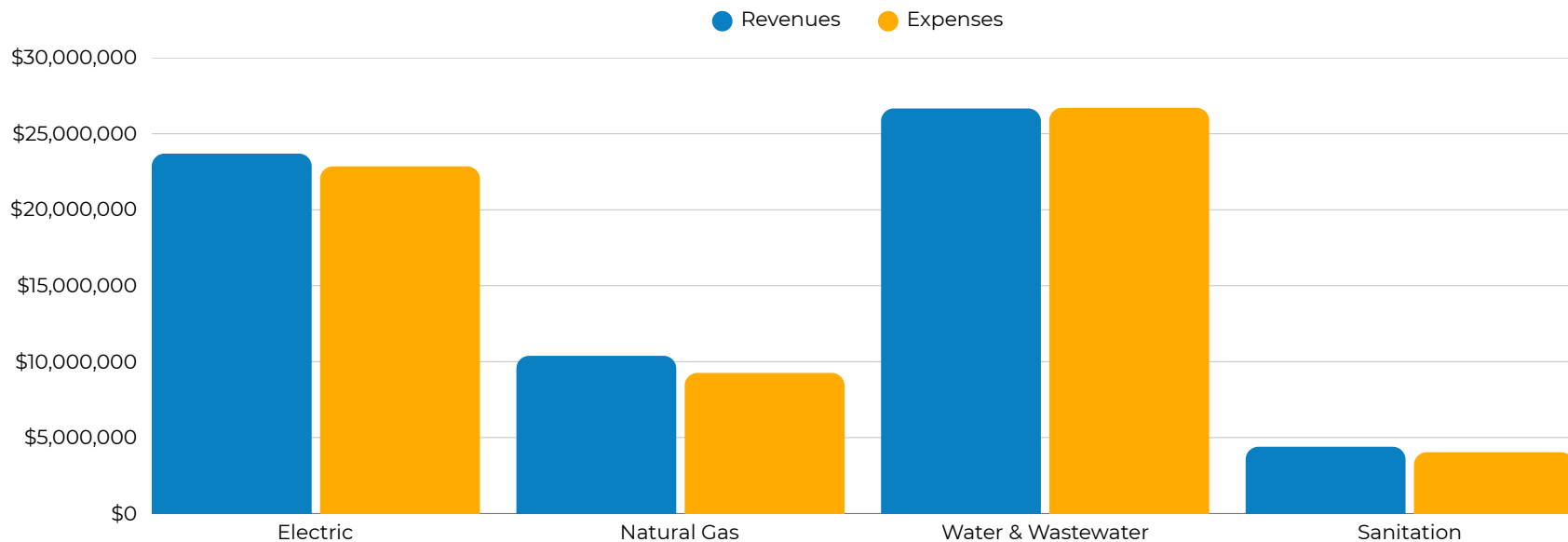
The General Fund is the primary operating fund and accounts for all revenues and expenditures needed to carry out basic operations of the City such as police protection, maintenance of parks, administrative services, recreation and public works. Local taxes, which includes property tax and sales tax, is the City's largest revenue stream comprising 61% of the general fund revenues.

PROPRIETARY FUNDS

The Proprietary Fund includes the Internal Service Fund and Enterprise Funds. The Enterprise Funds are Electric, Natural Gas, Sanitation and Water & Wastewater. Maintaining separate funds allows the city to maintain control over resources that have been segregated for specific activities or objectives.

For the purpose of the PAFR, we will only focus on the Enterprise Funds.

Enterprise Funds Revenue vs. Expenses



The Enterprise funds are set up for the City’s Business-type activities: the Electric Fund, Natural Gas Fund, Sanitation Fund and the Water & Wastewater Fund. These funds rely on the fees charged to customers for services rendered. The Total Net Position increased by 10.7% in 2025 from the previous year. This growth was driven by higher utility service fees across all departments. There was an increase in the number of customers for Water, Wastewater, Gas, and Electric services, while both Sanitation and Water & Wastewater services also experienced rate increases.

*These expenses include capital outlay

MAJOR CAPITAL INVESTMENTS



Working Waterfront Project

A \$10M project that is nearing completion, which includes renovating the city's shoreline with new restrooms, sidewalks, improved lighting, pathways, and upgrades to the municipal pier and seawalls along Mobile Bay. This project is primarily funded by the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act (RESTORE Grant).

K-1 Center Renovation Project

Construction has started on the over \$6M K-1 Center renovation. Funding for the project will partially come from \$3.5M in federal and state grants. Preserving the City's original 1925 schoolhouse, the revitalized property will house the headquarters of Hatch Fairhope, which offers resources like co-working spaces and education programs to support tech entrepreneurs in an effort to foster local economic growth.



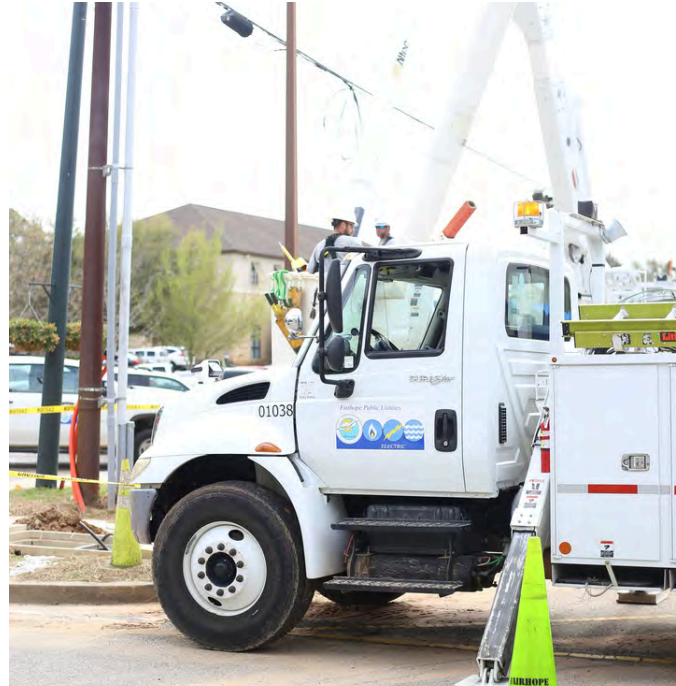
Roundabout Veterans Drive

Construction was primarily completed on the new roundabout at one of the City's busier intersections. This project was partially funded by an Eastern Shore Metropolitan Planning Organization (ESMPO) Grant of \$1.5M with the City's contribution being approximately \$379,000.

UTILITIES CAPITAL INVESTMENTS & SYSTEM IMPROVEMENTS

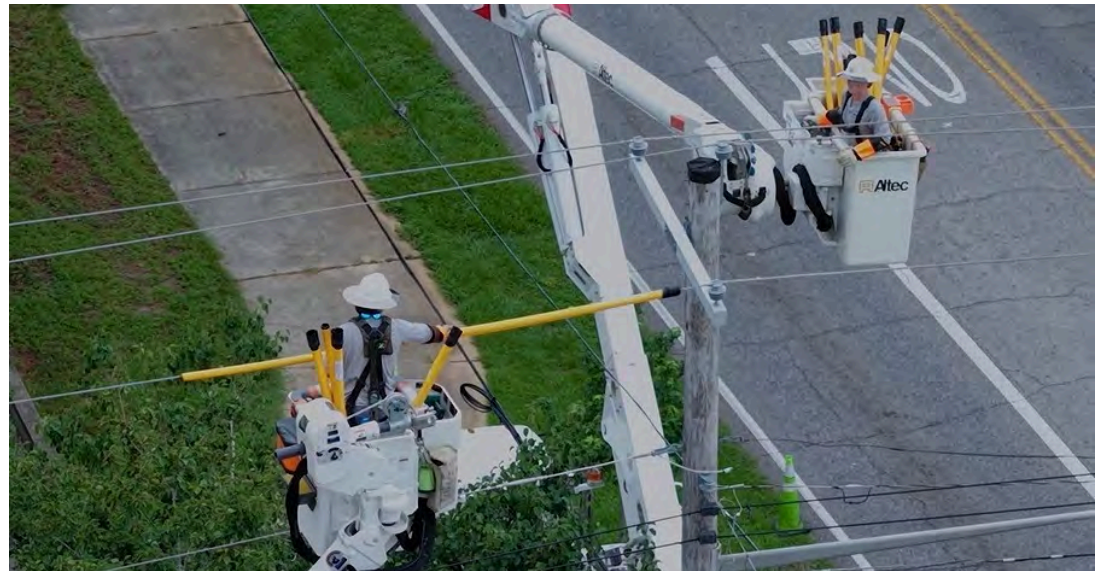


The Gas Department recently completed Phase 1 of the cast iron replacement, investing a total of \$2.2 million. Additionally, a 4-inch gas line was relocated at the intersection of Hwy 181 and County Road 32, costing \$65,000. Various other infrastructure improvements were made totaling \$434,000.



The Electric Department completed the Morphy Ave Substation project, investing a total of \$2.3 million. In addition, we spent \$50,000 on underground electric feeds and \$148,000 on various infrastructure improvements. The fleet was expanded with the acquisition of two bucket trucks and one reach truck, costing \$777,000 and an F750 truck equipped with a Vermeer Vac System was added for \$246,000.

Fairhope Public Utilities



UTILITIES CAPITAL INVESTMENTS & SYSTEM IMPROVEMENTS



The Sanitation Department is continuing to enhance its operations with the addition of cameras for sanitation trucks, with a cost of \$57,000. Additionally, an automated gate was installed at the landfill for \$15,000, improving both efficiency and security.



The Water and Wastewater Department projects involve several key improvements, including the rehabilitation of two water storage tanks, costing \$1.8 million, and an upgrade to the water treatment plant for \$1.6 million. Additionally, \$4.5 million was allocated for miscellaneous infrastructure improvements, such as lift stations, force mains, and wells. New equipment purchases included an excavator for \$138,000, a Vermeer drill and vacuum excavator for \$328,000, a bypass pump for \$144,000, a water treatment plant generator for \$197,000, and a compact track loader for \$92,000.

GLOSSARY



ACFR - Annual Comprehensive Financial Report

Assets - Anything tangible or intangible that has economic value.

Business Type Activities - Operations that provide goods or services to the public for a fee.

Capital Assets - Land, buildings, permanent improvements, machinery, and equipment with a value of \$5,000 or more.

Fund - Refers to a self-balancing set of accounts used to track all financial transactions for a specific activity or government function. For example:

- Enterprise Fund - Self-supporting fund that accounts for activities providing goods or services to the public for a fee
- General Fund – The primary operating fund for day-to-day operations.

Fund Balance - Fund balance is the difference between a fund's total assets and total liabilities. It represents the net worth of a fund at any given point in time and reflects the residual equity available for future expenditures.

General Accepted Accounting Principles (GAAP) - Set of accounting rules for preparing, presenting, and reporting financial statements in the United States. These principles help to ensure that financial statements are complete, consistent, and comparable.

Governmental Activities – Essential services including basic governmental functions such as police protection, recreation, infrastructure improvements, and administrative services.

Liabilities – A debt or an obligation owed to others.

Net Position – The difference between total assets and total liabilities.

PAFR – Popular Annual Financial Report



The preparation of the Popular Annual Financial Report would not have been possible without the expertise and dedication of the Treasury Department staff, alongside all City Departments committed to fiscal responsibility. We extend our gratitude to all City personnel who assisted and contributed to the development of this report. The unwavering commitment to maintaining the highest standards of accountability in financial reporting reflects the leadership and dedication to public service of the Mayor and City Council. Their support for policies of financial integrity has been instrumental in the preparation of this report.

Respectfully,
Kim Creech
 City Treasurer

Animal Control	251-928-2385	Treasury Department	251-928-2136
Building Department	251-990-2385	Fire Department (non-emergencies only)	251-928-2371
Civic Center	251-990-0130	Human Resources Dept.	251-928-8003
City Clerk's Office	251-928-2136	James P. Nix Senior Center	251-928-2835
City Hall / Mayor's Office	251-928-2136	Planning Department	251-990-0214
Court Clerk's Office	251-279-6237	Police Department	251-928-2385
City Treasurer	251-929-0346	Purchasing Department	251-928-8003
Customer Service / Billing	251-928-2136	Quail Creek Pro Shop	251-990-0240
General Information	251-928-8003	Recreation Department	251-990-0174
Garbage, Trash and Recycling	251-990-0192	Fairhope Recreation Center	251-928-7270
Fairhope Municipal Pool	251-990-0175	Revenue Department/ Business License	251-990-0165
Fairhope Public Library	251-928-7483	Events/Tourism	251-929-1466
Fairhope Public Utilities (Electric, Gas, Water and Sewer)	251-928-8003	Mike Ford Tennis Center	251-990-9526
Fairhope Public Works Dept.	251-928-8003	Fairhope Museum	251-929-1471