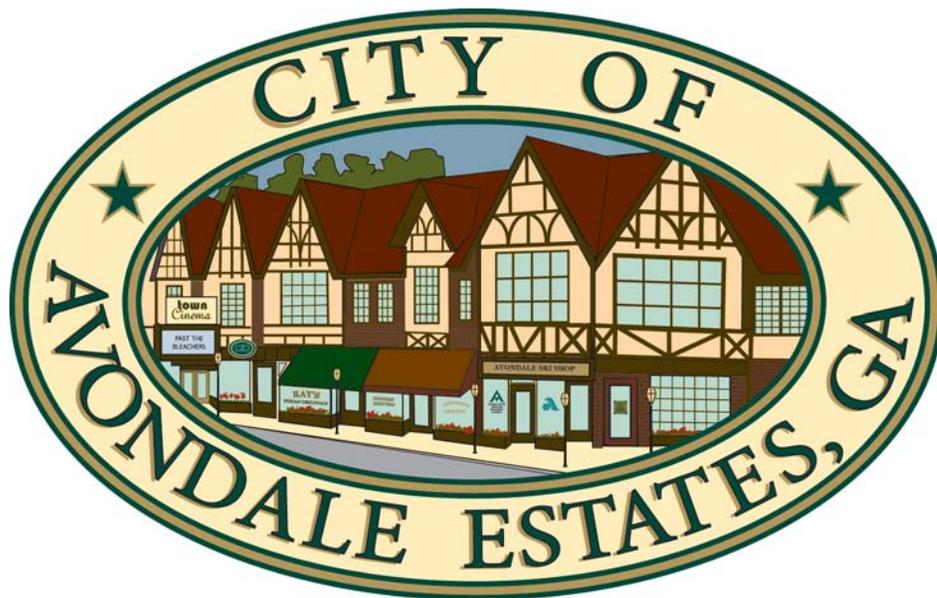


CITY OF AVONDALE ESTATES GEORGIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2015**

CITY OF
AVONDALE ESTATES,
GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL
REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2015

PREPARED BY:

Ken Turner
Finance Director

CITY OF AVONDALE ESTATES, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

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CITY OF AVONDALE ESTATES, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2015

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CITY OF AVONDALE ESTATES, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

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**BOARD OF MAYOR AND
COMMISSIONERS**

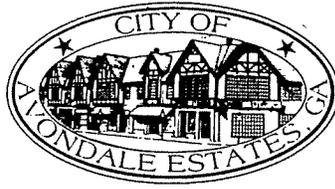
Jonathan Elmore
Mayor

Terry Giager
Mayor Pro Tem

Brian Fisher
Commissioner

Randy Beebe
Commissioner

Adela Yelton
Commissioner



R. Clai Brown
City Manager

Robert E. Wilson
City Attorney

Stephen W. Nicholas
City Judge

June 22, 2016

To the Citizens of Avondale Estates and the Board of Mayor and Commissioners:

The Comprehensive Annual Financial Report (CAFR) of the City of Avondale Estates for the fiscal year ending December 31, 2015, is hereby submitted. Responsibility for both the accuracy of the data, the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, the City's organizational chart and a list of principal officials. The financial section includes Management's Discussion and Analysis (MD&A), basic financial statements and combining and individual fund statements and schedules, notes to the financial statements, individual funds, as well as the independent certified public accountants report on the financial statements and schedules. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with MD&A. The City of Avondale Estate's MD&A can be found immediately following the Independent Auditor's Report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City did implement new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, as well as Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of January 1, 2015.

The financial reporting entity includes all the funds of the primary government. The City provides a limited range of municipal government services to some 3,356 citizens. Included in these services are traditional City functions, such as public works, public safety, sanitation, parks, courts and inherent support activities.

MAJOR INITIATIVES AND ECONOMIC OUTLOOK

Current Initiatives:

The City celebrated being a National Arbor Day Foundation Tree City USA for the 32nd year. To become a Tree City USA, a community must meet four standards: a tree board, a community tree care ordinance, a comprehensive community forestry program, and an Arbor Day observance and proclamation. The City of Avondale Estates also received a Tree City USA Growth Award again this year for demonstrating progress in its community forestry program. The prestigious Growth Award honors environmental improvement and higher levels of tree care in Tree City USA communities. The tree board conducted their annual tree planting. 52 trees were planted. It is important to note; the City of Avondale Estates was the first Tree City USA in DeKalb County.

The City was designated and awarded Classic Main Street status by the Department of Community Affairs in 2014. The City was re-designated and exceeded all requirements for the program in 2015. The City used Main Street Technical Services for design services associated with City owned lots proposed to be used for temporary parking, exterior architectural treatment of the Public Works building and wayfinding signage.

The City received a grant from the Georgia Department of Natural Resources Historic Preservation Division in 2014 to rehabilitate historic Carl's Corner. Work was completed in 2015.

Business:

Twenty-one (21) new businesses opened in the City during 2015. Our own independent consignment store has been named "Best of Atlanta" from 2010-2015. As our specialty retailers grow and succeed the City remains dedicated to being business-friendly while maintaining high standards. In 2014, the City added a new team member, Permit Concierge Coordinator, to assist new business and existing businesses with permitting which has been very successful throughout 2015. Throughout the year, the City celebrates new businesses with ribbon cutting ceremonies to welcome them to the City. This establishes a connection between the business owners and City officials.

The Downtown Development Authority participated in the American Express Initiative "Small Business Saturday" for the second year and funded a marketing campaign for the Month of Merry held from Thanksgiving to Christmas each year to promote shopping local.

Community Promotion:

The 2015 Community Promotion Program (CPP) was a great success. Over 16,000 people visited Avondale Estates during AutumnFest, Avondale Estates Farmers Market, and RAD Studio Cruise. The 2016 CPP funding awards have been made and the City looks forward to another successful year.

Downtown Master Plan Update and Feasibility Study:

The City completed a major update to the Downtown Master Plan in 2014 with extensive public participation. This effort was funded through a grant from the Atlanta Regional Commission. The Downtown Master Plan participants overwhelmingly supported and prioritized a redesign of US 278 to recapture it as the City's Main Street. A supplemental grant from the Atlanta Regional Commission funded a Feasibility Study in 2014/2015 for a possible road diet and roundabout along US 278. The City conducted a demonstration project in 2014 to illustrate, in real time and on location, the impact of the proposed project. The City also coordinated with Georgia Department of Transportation, DeKalb County and the City of Decatur who are integral partners moving forward. The City applied for and was awarded a grant to implement the planned US 278 Re-design project studied above in 2014-2015. Working with partner agencies and the community, the project now consists of completing the sidewalk system from Ashton Place to Sams Crossing and widening sidewalks where right-of-way is available as well as adding refuge islands throughout the corridor to increase safety and make it more aesthetically pleasing and enjoyable for residents and visitors. The first phase is engineering, which has a budget of \$160,000. The City of Avondale Estates is responsible for 20% of the project cost which is \$32,000 for Phase I. Phase II is right-of-way acquisition and Phase III is construction. The total project cost is approximately \$2.8 million dollars.

Redevelopment:

Fire Station #3 was completely rebuilt and held a ribbon cutting in 2015. This was a DeKalb County initiative but, positively impacts the Avondale Estates Community.

In 2014, the Tudor Square development was born. Four buildings, which were vacant and in substandard condition, were rehabilitated and rebranded. In 2015 the center continued to grow with a graphic design business and day care, in addition to the existing business including an art studio which holds day and evening classes, market, offices and a distillery with room for additional businesses.

In 2014, the Fenner Dunlop Site (13+ acres) and the Maple Street property (1.77 acres) were purchased. Plans from the developer are underway and negotiations have been held with the City for the Fenner Dunlop site. The 1.77-acre site held an abandoned, partially built building, known as the "Erector Set". At the request of the City, this structure was removed.

The 3.18 acres at the corner of Sams Crossing and US 278 to Hillyer Avenue is under contract and is being reviewed by City boards and Commissions for a proposed vertical mixed-use project with approximately 6,500 square feet of commercial space and 200 apartment units. The City and the Developer are pursuing a Development Agreement which will be site specific.

The Tudor Village continues to improve with overall building improvements, including a new roof, and tenant space improvements. The renovation of the Towne Cinema was completed in 2015 and the space has opened as a music and entertainment venue.

Recreation and Greenspace:

In 2014, the City worked with a consultant to solidify the site plan and design of amenities at Willis Park. Project bids were received and a contract was let for implementation. The total project cost is approximately \$670,000 and the site plan and design was completed in April of 2015. The plan features all new playground equipment, pavilion, walking paths, seating and passive fields as well as flood mitigation measures.

Planned Initiatives:

The City will move forward with Phase I of the Transportation Improvement Plan Funding Application to implement a redesign of US 278. The City Planner and Public Works Director earned Local Administered Project (LAP) certification to implement this project as is required by the Georgia Department of Transportation (GDOT).

The City received a grant from the Georgia Department of Natural Resources Historic Preservation Division in 2014 to rehabilitate historic Carl's Corner. Work was completed in 2015.

The City is required to update its Comprehensive Plan every 10 years. The City worked with Atlanta Regional Commission assistance, on this plan in 2015. The Comprehensive Plan is due in October of 2016.

Economic Outlook:

Avondale Estates is a rather unique and independent small City. It is located approximately 6.5 miles east of the Atlanta City limits and approximately nine (9) miles west of Stone Mountain, GA. The City encompasses 790 acres (approximately 1.25 square miles) and is the tenth most populated City in DeKalb County.

According to the U.S. Bureau of Census, approximately 90 percent of the residents have attended or completed college. The average per capita income of these residents for 2013 is approximately \$48,847. Most residents are well compensated, successful professionals. They demand a high level of service and are willing to absorb the additional cost to finance this enhanced effort.

The commercial area of the City is relatively stable. Avondale Estates is the home of the State Office of the Georgia Department of Juvenile Justice.

The major influence on the economic engines of the City in the foreseeable future will be re-development of the downtown commercial area. The combined efforts of the City, Avondale Estates Business Association, and the Downtown Development Authority are working diligently to increase the City's tax base by attracting new businesses to the downtown commercial district as well as working with current businesses on expansion plans.

Annexation:

The City annexed Stratford Green Townhomes which contains 154 units with approximately 400 residents. The annexation became effective in January of 2015.

FINANCIAL INFORMATION**General:**

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. It is further incumbent upon management to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are accomplished. The concept of reasonable assurance recognizes: (1) the cost of a control should not exceed the benefits likely to be received; and (2) the evaluation or costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

Budgetary Controls:

The City maintains budgetary controls to ensure compliance with the legal provision embodied in the annual appropriated budget as approved by the Board of Mayor and Commissioners. Activities of the general and capital project funds, as well as the Dottie Holmes Memorial Trust Fund, are included in the annual appropriated budget. The legal level of budget control (the level on which expenditures may not legally exceed appropriations) has been established at the department level. Administrative transfers of appropriations within a department may be authorized by the City Manager up to \$10,000.00 to satisfy unforeseen needs without Commission action.

Enterprise Operations:

The City currently has two enterprise funds, storm water utility and sanitation. Revenue collection for the storm water utility fund began in July 2005.

Retirement Plan:

The City of Avondale Estates Retirement Plan recommended contribution rate increased due to the unprecedented decline in the investment markets. The Board of Trustees of the Georgia Municipal Employees Benefit System approved an alternative recommended contribution that will allow the City to adopt a gradual increase to the higher funding requirements because of the investment downturn. Information concerning the City's Plan is found on Pages 56-60 and Pages 62-65 of this financial report. The Plan's investment portfolio reflects a reasonably conservative mix of investment vehicles. The annual actuarial valuation indicates compliance with state-mandated funding requirements.

Independent Audit:

State statutes require an annual audit by independent certified public accountants. The accounting firm of Clifton, Lipford, Hardison & Parker, LLC, C.P.A.s were selected by the Board of Mayor and Commissioners. The audit has been designed to meet all applicable requirements and standards. The auditor's report on the general purpose financial statements and the combined and individual fund statements and schedules are included in the financial section of this report.

Awards:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the year ended December 31, 2014. In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Excellence Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments:

The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated efforts of the entire staff of the City administrative department, and the auditors for the City. My sincere appreciation is extended to each individual for the contribution made in the preparation of this report. Without the leadership and support of the Board of Mayor and Commissioners and the citizens of Avondale Estates, preparation of this report would not have been possible.

Respectfully submitted,



R. Clai Brown, City Manager

City of Avondale Estates



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

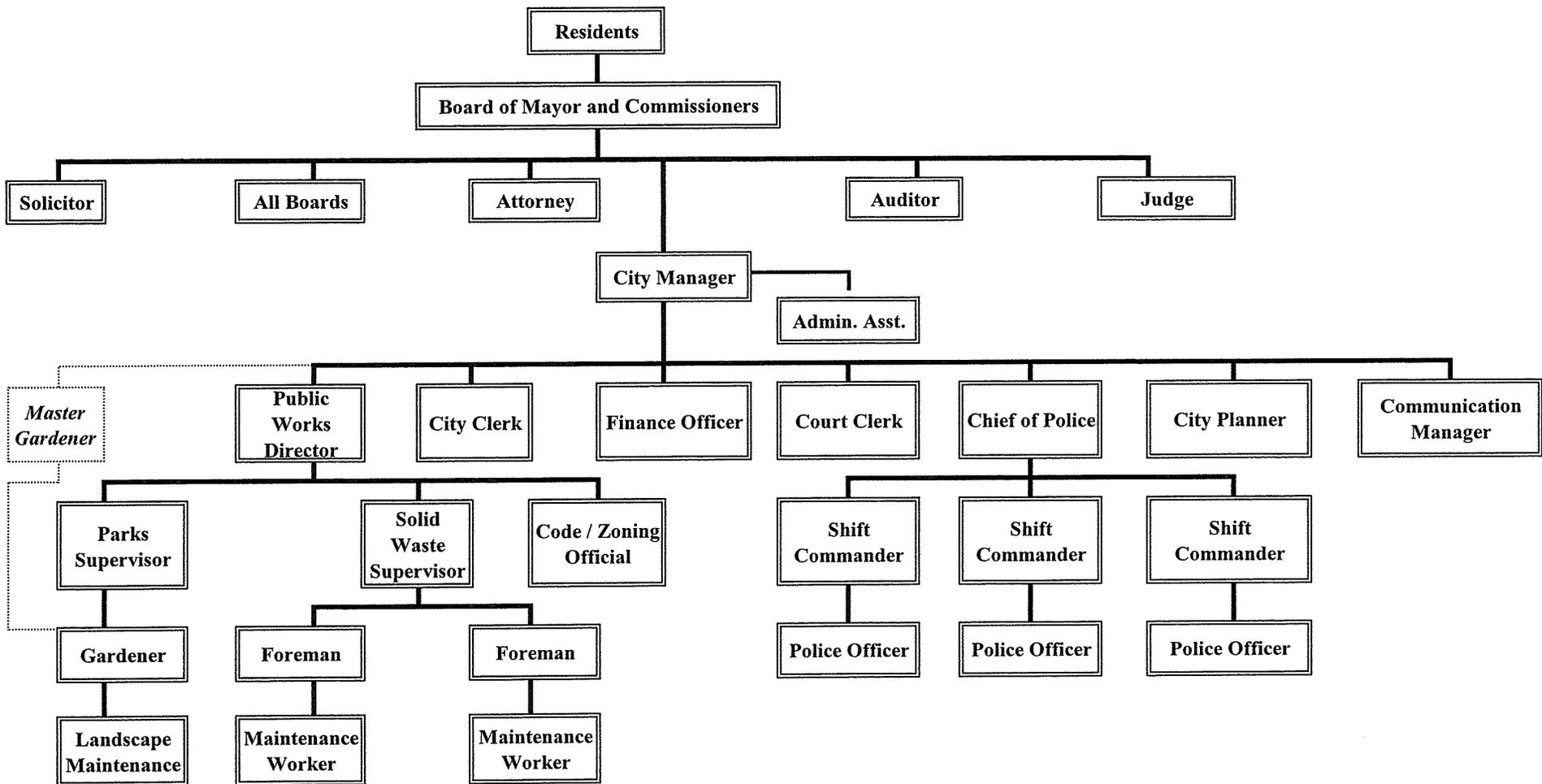
Presented to

**City of Avondale Estates
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO



CITY OF AVONDALE ESTATES, GEORGIA

PRINCIPAL OFFICIALS

DECEMBER 31, 2015

CITY COMMISSION

Jonathan Elmore	Mayor
Terry Giager	Mayor Pro-Tem
Lindsay Forlines	Commissioner
Randy Beebe	Commissioner
John Quinn	Commissioner

ADMINISTRATION OFFICIALS

Clai Brown	City Manager
Robert E. Wilson	City Attorney
Ken Turner	Finance Director
Gina Hill	City Clerk
Karen Holmes	Administrative Assistant
Marcella Shaw	Municipal Court Clerk
Gary Broden	Chief of Police
Oscar Griffin	Public Works Director
Keri Stevens	City Planner
Debbie Revzin	Communications Manager
Phil Howland	Permit Concierge Coordinator

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council
 City of Avondale Estates, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Avondale Estates, Georgia (the "City") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Avondale Estates, Georgia, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matter of Emphasis

As discussed in Note 18 to the financial statements, in 2015, the City implemented new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, as well as Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of January 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 13 through 23, the schedule of changes in the City's net pension liability and related ratios on page 62, the schedule of City contributions on page 63, and the notes to the required supplementary information on pages 64 and 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Avondale Estates, Georgia's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, statistical tables, and Downtown Development Authority statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, and Downtown Development Authority statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, and Downtown Development Authority statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2016 on our consideration of the City of Avondale Estates, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Avondale Estates, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
June 22, 2016



MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2015

As management of the City of Avondale Estates (the "City"), we offer readers of the City of Avondale Estates' financial statements, this narrative overview and analysis of the financial activities of the City of Avondale Estates for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the financial statements and footnotes.

Financial Highlights

The net position of the City exceeded its liabilities at the close of the most recent fiscal year by \$6,937,611. Of this amount, \$2,799,880 (unrestricted net position) may be used to meet the government's ongoing obligations.

The City's net position from governmental activities increased approximately 1.92% when compared to the previous year, while business-type activities' net position increased by approximately 9.20% when compared to the previous year.

General Fund Revenues increased .32% or \$11,340 compared to 2015, and expenditures increased 19.85% or \$587,889 compared to 2015. The primary reasons for the increase in revenues is the increase in real estate values affecting property tax revenues of \$102,084, an increase in Franchise Fees of \$16,085, an increase in Insurance Premium taxes of \$10,003, a decrease in Other Taxes of \$11,993 primarily due to the decrease in HOST/Energy taxes, a decrease in Licenses and Permits of \$3,140, Intergovernmental Revenues decreased \$72,552 due to a decrease in ARC-Livable Centers Initiative grants, Fines & Forfeitures decreased \$85,883 due to lower enforcement actions and Other Revenues increased primarily due to insurance reimbursements and cell tower lease revenue increases.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,170,052 a decrease of \$38,644. At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,673,020 or 47.14% of total general fund expenditures. This amount is available for spending at the government's discretion, as it is unassigned fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015
(CONTINUED)

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as total net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks, and municipal court. The business-type activities of the City are the Storm Water utility and Sanitation.

The government-wide financial statements include not only the City itself (known as the primary government), but also a discretely presented component unit, the Downtown Development Authority for which the City is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 24-27 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015
(CONTINUED)

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be the major fund. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 28-30 of this report.

Proprietary funds. The City maintains two (2) enterprise funds in the proprietary fund group. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Avondale Estates uses enterprise funds to account for its Storm Water Utility and Sanitation functions.

The basic proprietary fund financial statements can be found on pages 33-36 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 37 and 38 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-61 of this report.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Avondale Estates, Georgia, assets exceeded liabilities by \$6,937,611 at the close of the most recent fiscal year. Following is a description of the City's net position (in thousands) as compared to the previous year.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2015
 (CONTINUED)

City of Avondale Estates Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Assets						
Current assets	\$ 4,391	\$ 4,453	\$ 1,007	\$ 1,257	\$ 5,398	\$ 5,710
Capital assets	2,288	2,799	43	15	2,331	2,814
Total assets	6,679	7,252	1,050	1,272	7,729	8,524
Deferred outflows-Pension	-	115	-	28	-	143
Liabilities						
Non-current liabilities	724	1,183	19	160	743	1,343
Other liabilities	179	276	69	85	248	361
Total liabilities	903	1,459	88	245	991	1,704
Deferred inflows-Pension	-	22	-	5	-	27
Net Position						
Net Investment in						
capital assets	2,288	2,799	43	15	2,331	2,814
Restricted	979	1,324	-	-	979	1,324
Unrestricted	2,509	1,764	919	1,036	3,428	2,800
Total net position	\$ 5,776	\$ 5,887	\$ 962	\$ 1,051	\$ 6,738	\$ 6,938

By far the largest portion of the City's net position (41%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services; consequently, these assets are not currently available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portions of the City's net position are either restricted (\$1,324,042) or unrestricted (\$2,799,880). Unrestricted net position may be used to meet the government's ongoing obligations. At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its business-type activities.

During the current fiscal year the City's total net position increased by \$821,212.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015
(CONTINUED)

Changes in Net Position

The following schedule presents a summary of changes in net position for the fiscal year ending December 31, 2015 (in thousands).

	City of Avondale Estates Changes in Net Position							
	Governmental Activities			Business-type Activities			Total Primary Government	
	Restated 2014	(1) 2015		Restated 2014	(1) 2015	Restated 2014	2015	
Revenues								
Program revenues:								
Charges for services	\$ 776	\$ 684	\$ 785	\$ 864	\$ 1,561	\$ 1,548		
Operating grants & contributions	144	71	-	-	144	71		
General revenues:								
Property taxes	1,709	1,824	-	-	1,709	1,824		
Franchise taxes	170	186	-	-	170	186		
Insurance Premium taxes	146	156	-	-	146	156		
Occupational taxes	101	128	-	-	101	128		
HOST taxes	471	419	-	-	366	419		
Other taxes	50	63	-	-	50	63		
Other revenues	46	104	-	-	6	104		
Investment earnings	4	5	3	4	7	9		
Total revenues	<u>3,617</u>	<u>3,640</u>	<u>788</u>	<u>868</u>	<u>4,260</u>	<u>4,508</u>		
Expenses								
General government	1,611	1,165	-	-	1,611	1,165		
Public safety	1,077	1,115	-	-	1,077	1,115		
Public works	286	268	-	-	286	268		
Recreation	360	342	-	-	360	342		
Interest	21	17	-	-	21	17		
Sanitation	-	-	835	730	835	730		
Stormwater	-	-	61	49	61	49		
Total expenses	<u>3,355</u>	<u>2,907</u>	<u>896</u>	<u>779</u>	<u>4,251</u>	<u>3,686</u>		
Increase in Net Position Before								
Transfers	262	733	(108)	89	9	822		
Transfers	(54)	(121)	54	121	-	-		
Change in net position	208	612	(54)	210	154	822		
Net Position beginning of year, restated	5,067	5,275	895	841	5,962	6,116		
Net Position end of year	<u>\$ 5,275</u>	<u>\$ 5,887</u>	<u>\$ 841</u>	<u>\$ 1,051</u>	<u>\$ 6,116</u>	<u>\$ 6,938</u>		

(1) Restated for GASB

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015
(CONTINUED)

Governmental charges for services decreased \$91,462 due primarily to the decrease in fines and forfeitures due to lower enforcement activities. Operating grants and contributions decreased \$72,552 primarily due to decreases in ARC Livable Centers Initiative Grants. Property taxes showed an increase of \$114,959 primarily due to increases in assessed property values. Other factors contributing to the changes are, increases in franchise taxes of approximately \$16,086 due to decreases in franchise taxable revenue, decreases in public utilities ad valorem taxes of \$8,840 due to decreases in taxable values. The increase in motor vehicle taxes of \$3,231 is due to increases in values, and decreases in real estate transfer taxes of \$2,433 is attributed to a stabilized real estate environment. The decrease in other taxes is primarily due to the decreases in HOST/Energy Excise tax of \$51,028. Miscellaneous revenues increased \$58,269 due to increase in cell tower rental lease revenues of \$13,182 due to a one time incentive payment and an increase of insurance reimbursements of \$36,895 for lightning damage.

Total expenses increased approximately \$54,493 across all categories. In the General Government category, salaries and related fringe benefits increased \$85,662 primarily due to increases in salaries and related fringe benefits, legal services increased \$37,445, repairs and maintenance of building increased \$36,324 due to city hall elevator renovation, municipal election expense increased \$7,955 due to 2015 being an election year, Carl's Corner expense increased \$11,411 due to the rehabilitation of the structure. In the Public Safety category, expenses increased \$38,592. The increase is attributed to an increase in salaries and related fringe benefits of \$52,791 as the police department is now at full strength, a decrease in gasoline purchases of \$3,360 due to lower prices, a decrease in small equipment of \$5,327, increase in repairs and maintenance vehicles of \$5,668 and a decrease in uniform allowance of \$4,693. In the Public Works category, expenses decreased \$17,269. The decrease is attributed to decreases in salaries and related fringe benefits of \$12,706, small equipment decreased \$4,849, roadways and walkways increased \$2,976 and general supplies and materials increased \$2,089. In the Culture and Recreation category, expenses decreased \$17,385. The decrease is primarily due to decreases in salaries and related fringe benefits of \$25,311 due to vacancies in the department, decreases in gasoline expense of \$3,143 due to lower prices and increased expenses associated with the Christmas Comes to Avondale event of \$7,747.

The change in net position on governmental activities funds increased by \$611,863 as a result of revenues exceeding expenditures.

Business-type activities contain operations of the Storm Water utility and Sanitation. Business-type activities increased the City of Avondale Estates' net position by \$209,349. The Storm Water and Sanitation charges are billed on the annual property tax bills.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015
(CONTINUED)

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year or for use during the fiscal year to balance cash flow needs.

As of the end of the current fiscal year, the City of Avondale Estates, Georgia's governmental funds reported combined ending fund balances of \$4,170,052, a decrease of \$38,644 in comparison with the prior year. Approximately forty percent of the total amount (\$1,673,020) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$2,497,032) is designated as follows: non spendable \$1,146,275 (asset held for resale and prepaid expenses), restricted \$1,324,042 (\$944,974 HOST, \$29,556 TAD, \$512 Police Seizure, \$349,000 Road Projects), and assigned \$26,715 (\$23,130 Technology Fund, \$27 Capital Projects, and \$3,558 Lake Avondale Fund).

The general fund is the chief operating fund of the City of Avondale Estates, Georgia. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$1,673,020. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 47.14% of total General Fund expenditures.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2015
 (CONTINUED)

The table below compares general fund revenues and expenditures for 2014 and 2015 (in thousands).

	General Fund		\$ Increase (Decrease)
	2014	2015	
Revenues			
Taxes	\$ 2,658	\$ 2,774	\$ 116
Licenses & permits	115	112	(3)
Intergovernmental	143	71	(72)
Fines & forfeitures	639	552	(87)
Charges for services	22	20	(2)
Interest income	4	5	1
Other revenues	46	104	58
Total revenues	<u>3,627</u>	<u>3,638</u>	<u>11</u>
Expenditures			
General government	1,099	1,685	586
Public safety	1,074	1,108	34
Public works	258	243	(15)
Recreation	358	341	(17)
Debt Service:			
Principal retirements	151	155	4
Interest payments	21	17	(4)
Total expenditures	<u>2,961</u>	<u>3,549</u>	<u>588</u>
Excess of revenues over expenditures	<u>666</u>	<u>89</u>	<u>(577)</u>
Transfers to other funds	<u>(54)</u>	<u>(131)</u>	<u>(77)</u>
Net change in fund balances	611	(42)	(653)
Fund balances, beginning of year	3,567	4,178	611
Fund balances, end of year	<u>\$ 4,178</u>	<u>\$ 4,136</u>	<u>\$ (42)</u>

Revenues from taxes increased primarily due to increased property taxes of \$102,084 due to increased values, increased franchise taxes of \$16,085, increased insurance premium taxes of \$10,003, HOST sales taxes decreased \$51,028, intangible taxes increased \$11,821, occupational taxes increased \$26,292 due to the improving economic environment. Licenses & Permits decreased due to permit authorizations decreasing \$12,112 due to less construction, other permits increased \$7,037 due to an increase of film permits issued. Intergovernmental revenues decreased \$72,552 due to less ARC Livable Centers Initiative grants. Fines and forfeitures decreased \$85,883 due to lower traffic enforcement activities, other revenues increased \$58,269 due to a one time incentive payment for renewing a cell tower lease and escalation of cell tower rental rates of \$13,182, sale of surplus equipment increased \$4,958 and an insurance reimbursement of \$36,895 due to a lightning damage claim.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015
(CONTINUED)

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City maintains two enterprise funds that account for activities of the City that are operated in a business fashion. The funds are the Storm Water Utility Fund and Sanitation.

Storm Water fees and Sanitation are billed on the City property tax bills, collected by DeKalb County and remitted by the County to the City. Revenue from Storm Water fees increased \$8,591 over last year. After accounting for operating expenses of \$47,164, depreciation of \$2,046 and interest income of \$3,744, the Storm Water utility increased its net position by \$88,498 for total net position of \$1,050,539 at the end of the fiscal year. This increase is largely attributed to minimal expenses and interest income.

Sanitation revenues increased \$70,398 due to annexation activities. After accounting for operating expenses of \$704,276 and depreciation of \$26,746, Sanitation had an operating loss of \$399 before transfers from the General Fund of \$121,250 to cover the restated 2014 Net Position due to implementation of GASB 68. At the end of the fiscal year, Sanitation did not have any net position.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The primary fiduciary fund is the Dottie Holmes Memorial Trust Fund that holds assets to be used for replanting certain flora around the City. The Dottie Holmes Memorial Trust Fund had a net increase of \$48 to net position during 2015 for a total of \$12,244 at year end.

General Fund Budgetary Highlights

In calendar year 2015, it was anticipated that there would not be an increase in fund balance. The City's general fund balance as of December 31, 2015 is \$4,136,399. This is equivalent to approximately one hundred forty one percent of the City's current estimate of the total general fund expenditures for calendar year 2015. It should be noted that the calendar year 2015 budget does not anticipate a change in fund balance.

The final amended budget for revenues was approximately 23.93% higher than the original budget. The final amended budget for expenditures was approximately 21.0% higher than the original budget.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2015
 (CONTINUED)

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2015, amounts to \$2,813,689 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixtures, improvements, machinery and equipment, vehicles, and infrastructure. The City's investment in capital assets increased less than 1.23% for the current calendar year. The increase is due to additions to capital assets in governmental activities of \$49,852 and depreciation within the governmental activities. Additional information on the City's capital assets can be found in Note 7 on pages 51-52 of this report. The following table summarizes the capital assets (net of depreciation) for governmental activities, business-type activities and the total for the primary government (in thousands).

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Land	\$ 1,859	\$ 1,859	\$ -	\$ -	\$ 1,859	\$ 1,859
Infrastructure	172	157	6	4	178	161
Construction in Progress	-	524	-	-	-	524
Building & improvements	119	132	-	-	119	132
Furniture, Equipment & Vehicles	138	126	37	11	175	137
Total	<u>\$ 2,288</u>	<u>\$ 2,798</u>	<u>\$ 43</u>	<u>\$ 15</u>	<u>\$ 2,331</u>	<u>\$ 2,813</u>

Long-term Debt and Capital Leases.

The City has a \$493,972 capital lease outstanding at December 31, 2015. The lease term is for five years with a 2.93% fixed rate with monthly amortization amounting to \$14,350. The City has paid the first two years of the obligation, there are three more years to completely amortize the loan. The City had long-term debt in the amount of \$104,987, which is comprised of compensated absences. (Governmental Activities \$89,691 and Business-type activities \$15,296).

Additional information on the City's long-term debt can be found in Note 8 on pages 53-54 of this report.

Economic Factors

The unemployment rate for the City is currently 4.1%. The cost of living is 123 compared to the US median of 100. The median age is 44.7 compared to a US median of 37.6. Per capita income is \$47,395 compared to a US per capita of approximately \$28,051. Inflationary trends in the region compare favorably to national indices. There are on-going redevelopment efforts occurring throughout the City.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015

(CONTINUED)

Next Year's Budget

At December 31, 2015, unassigned fund balance in the general fund was \$1,673,020. Next year's budgeted revenues will largely be derived from property taxes (56.81%), the remaining 43.19% is to come from other revenue sources. General Fund budgeted revenues for 2015 are expected to increase slightly with a 3.24% increase or \$94,740 compared to 2015. This is primarily due to anticipated increase in taxes of \$148,335, increases in franchise and other taxes of \$29,560, decreases in licenses, occupational taxes and permits of \$10,476, decreases in fines & forfeitures of \$37,643 due to more defendants being placed on probation in order to pay their fines. The 2015 budgeted sanitation revenue amounts to \$742,670 which is an increase of \$63,900. It is anticipated the General Fund will no longer have to financially subsidize the Sanitation Fund. General Fund expenditures are expected to increase by 3.24% or \$94,739 compared to 2015. This increase is primarily due to increases in Administration of \$53,800 due to salaries and related fringe benefit increases of \$29,514, the increase is the retirement plan actuary costs of \$6,885 and the expected increase in repairs and maintenance for buildings of \$20,000. In the general government category, expenditures are expected to decrease \$11,479 due to anticipated reduction in building plan and review/inspections of \$14,605 and liability insurance premium decrease of \$6,327. Public safety expenses are anticipated to increase \$37,852 due to salaries and related fringe benefit increases and technology, public works expenses are budgeted to increase \$18,748 primarily due to increases in roadways and walkways expenditures and electricity for streetlights.

Requests for Information

This financial report is designed to provide a general overview of the City of Avondale Estates' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, 21 North Avondale Plaza, City of Avondale Estates, Avondale Estates, Georgia 30002.

FINANCIAL STATEMENTS

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 1,978,747	\$ 381,376	\$ 2,360,123	\$ 470,793
Certificate of deposits	1,252,689	705,493	1,958,182	-
Investments	1,690	-	1,690	-
Receivables, net of allowance				
Taxes	18,880	-	18,880	-
Accounts	57,489	16,606	74,095	-
Due from other governments	151,659	-	151,659	-
Internal balances	(154,043)	154,043	-	-
Asset held for resale	1,116,409	-	1,116,409	-
Land deposits	-	-	-	500
Prepays	29,866	-	29,866	-
Noncurrent Assets:				
Non depreciable	2,383,503	-	2,383,503	689,622
Depreciable, net	415,234	14,952	430,186	10,147,000
Total Assets	7,252,123	1,272,470	8,524,593	11,307,915
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows of resources related to pensions	115,318	27,828	143,146	-
Total deferred outflows of resources	115,318	27,828	143,146	-

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2015
(CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<u>LIABILITIES</u>				
Accounts payable	210,698	74,893	285,591	42,146
Accrued payables	56,620	9,818	66,438	18,757
Due to others	8,810	-	8,810	-
Unearned revenue	-	-	-	179,385
Noncurrent liabilities				
Due within one year				
Capital lease	159,863	-	159,863	-
Bonds payable	-	-	-	1,512,718
Compensated absences	65,000	15,000	80,000	-
Due in more than one year				
Capital lease	334,109	-	334,109	-
Bonds payable	-	-	-	2,370,133
Compensated absences	24,691	296	24,987	-
Net pension liability	599,063	144,560	743,623	-
Total Liabilities	1,458,854	244,567	1,703,421	4,123,139
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows of resources related to pensions	21,515	5,192	26,707	-
Total Deferred Inflows of Resources	21,515	5,192	26,707	-
<u>NET POSITION</u>				
Net investment in capital assets	2,798,737	14,952	2,813,689	10,836,622
Restricted for				
Capital outlay	1,323,530	-	1,323,530	-
Law enforcement	512	-	512	-
Unrestricted	1,764,293	1,035,587	2,799,880	(3,651,846)
Total Net Position	\$ 5,887,072	\$ 1,050,539	\$ 6,937,611	\$ 7,184,776

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities			
General government	\$ 1,165,494	\$ 132,223	\$ 71,002
Public safety	1,115,336	551,875	-
Public works	268,441	-	-
Culture and recreation	342,490	-	-
Interest expense	16,948	-	-
Total governmental activities	<u>2,908,709</u>	<u>684,098</u>	<u>71,002</u>
Business-Type Activities			
Stormwater Utility	49,210	133,964	-
Sanitation	730,022	729,623	-
Total business-type activities	<u>779,232</u>	<u>863,587</u>	<u>-</u>
Total Primary Government	<u>\$ 3,687,941</u>	<u>\$ 1,547,685</u>	<u>\$ 71,002</u>
Component Unit:			
Downtown Development Authority	\$ 1,037,924	\$ 2,131,759	\$ -
Total Component Unit	<u>\$ 1,037,924</u>	<u>\$ 2,131,759</u>	<u>\$ -</u>
General Revenues			
Property tax			
Franchise tax			
Insurance premium tax			
Other tax			
Investment earnings			
Miscellaneous			
Total General Revenues			
Transfers			
Total General Revenues and Transfers			
Change in Net Position			
Net Position - Beginning of year, restated			
Net Position - End of year			

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position				
Primary Government				Component Unit
Governmental Activities	Business-Type Activities	Total		Downtown Development Authority
\$ (962,269)	\$ -	\$ (962,269)	\$	-
(563,461)	-	(563,461)		-
(268,441)	-	(268,441)		-
(342,490)	-	(342,490)		-
(16,948)	-	(16,948)		-
<u>(2,153,609)</u>	<u>-</u>	<u>(2,153,609)</u>		<u>-</u>
-	84,754	84,754		-
-	(399)	(399)		-
-	84,355	84,355		-
<u>(2,153,609)</u>	<u>84,355</u>	<u>(2,069,254)</u>		<u>-</u>
				<u>1,093,835</u>
				<u>1,093,835</u>
1,824,360	-	1,824,360		-
186,324	-	186,324		-
156,382	-	156,382		-
610,241	-	610,241		-
5,065	3,744	8,809		882
104,350	-	104,350		19,031
<u>2,886,722</u>	<u>3,744</u>	<u>2,890,466</u>		<u>19,913</u>
<u>(121,250)</u>	<u>121,250</u>	<u>-</u>		<u>-</u>
<u>2,765,472</u>	<u>124,994</u>	<u>2,890,466</u>		<u>19,913</u>
611,863	209,349	821,212		1,113,748
<u>5,275,209</u>	<u>841,190</u>	<u>6,116,399</u>		<u>6,071,028</u>
<u>\$ 5,887,072</u>	<u>\$ 1,050,539</u>	<u>\$ 6,937,611</u>	<u>\$</u>	<u>7,184,776</u>

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalent	\$ 1,944,606	\$ 34,141	\$ 1,978,747
Certificates of deposit	1,252,689	-	1,252,689
Investments	1,663	27	1,690
Receivables, net of allowance			
Taxes	18,880	-	18,880
Accounts	57,489	-	57,489
Due from other governments	151,659	-	151,659
Asset held for resale	1,116,409	-	1,116,409
Prepays	29,866	-	29,866
Total Assets	\$ 4,573,261	\$ 34,168	\$ 4,607,429
<u>LIABILITIES</u>			
Accounts payable	\$ 210,183	\$ 515	\$ 210,698
Accrued liabilities	56,620	-	56,620
Due to others	8,810	-	8,810
Due to other funds	154,043	-	154,043
Total Liabilities	429,656	515	430,171
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	7,206	-	7,206
Total Deferred Inflows of Resources	7,206	-	7,206
<u>FUND BALANCES</u>			
Nonspendable			
Prepaid items	29,866	-	29,866
Assets held for resale	1,116,409	-	1,116,409
Restricted			
Law enforcement	-	512	512
Special assessment project	-	29,556	29,556
Capital outlay	944,974	-	944,974
Road Projects	349,000	-	349,000
Assigned			
Capital outlay	23,130	3,585	26,715
Unassigned	1,673,020	-	1,673,020
Total Fund Balances	4,136,399	33,653	4,170,052
Total Liabilities, Deferred inflows of Resources, and Fund Balances	\$ 4,573,261	\$ 34,168	\$ 4,607,429

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 4,170,052
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	4,660,897
Accumulated depreciation	(1,862,160)
Deferred outflows of resources	
Related to pensions	115,318
Long-term Liabilities	
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:	
Capital leases	(493,972)
Compensated absences	(89,691)
Net pension liability	(599,063)
Deferred Inflows of resources	
Related to pensions	(21,515)
Revenues	
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	
	<u>7,206</u>
Net Position of Governmental Activities	<u>\$ 5,887,072</u>

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Revenues</u>			
Taxes	\$ 2,773,861	\$ -	\$ 2,773,861
License and permits	111,841	-	111,841
Intergovernmental	71,002	-	71,002
Fines and forfeitures	551,875	-	551,875
Charges for Services	20,382	-	20,382
Interest earnings	5,028	37	5,065
Other revenues	104,350	-	104,350
	<hr/>		
Total Revenues	3,638,339	37	3,638,376
<hr/>			
<u>Expenditures</u>			
Current:			
General government	1,684,634	6,740	1,691,374
Public safety	1,107,814	-	1,107,814
Public works	243,492	-	243,492
Culture and recreation	340,889	-	340,889
Debt service	172,201	-	172,201
	<hr/>		
Total Expenditures	3,549,030	6,740	3,555,770
<hr/>			
Excess (Deficiency) of Revenues Over (Under) Expenditures	89,309	(6,703)	82,606
<hr/>			
<u>Other Financing Sources (Uses)</u>			
Transfers to other funds	(131,250)	10,000	(121,250)
	<hr/>		
Total other financing sources (uses)	(131,250)	10,000	(121,250)
<hr/>			
Net change in fund balances	(41,941)	3,297	(38,644)
<hr/>			
Fund Balance, beginning of year	4,178,340	30,356	4,208,696
<hr/>			
Fund Balance, end of year	\$ 4,136,399	\$ 33,653	\$ 4,170,052
<hr/>			

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - total governmental funds	\$ (38,644)
--	-------------

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Total capital outlays	595,189
Total depreciation	(84,129)

Deferred outflows of resources related to pensions is not available during the current period and therefore is not reported in the funds.

Change in deferred outflows of resources related to pensions	(5,185)
--	---------

Long-Term Debt

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:

Capital leases	155,253
Compensated absences	(14,803)
Net pension liability	(4,343)

Deferred inflows of resources related to pensions is not available during the current period and therefore is not reported in the funds

Change in deferred inflows of resources related to pensions	5,079
---	-------

Revenues

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

3,446

Change in Net Position of Governmental Activities

<u>\$ 611,863</u>

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes	\$ 2,190,646	\$ 2,773,861	\$ 2,773,861	\$ -
Licenses and permits	101,810	111,841	111,841	-
Intergovernmental	-	71,002	71,002	-
Fines and forfeitures	576,016	551,875	551,875	-
Charges for services	11,600	20,382	20,382	-
Interest income	4,392	5,028	5,028	-
Miscellaneous	43,473	104,350	104,350	-
Total Revenue	2,927,937	3,638,339	3,638,339	-
<u>Expenditures:</u>				
<u>Current:</u>				
General government	1,075,343	1,684,634	1,684,634	-
Public safety	1,093,540	1,107,814	1,107,814	-
Public works	352,138	243,492	243,492	-
Culture and recreation	396,916	340,889	340,889	-
Debt service	-	172,201	172,201	-
Total Expenditures	2,917,937	3,549,030	3,549,030	-
Excess Revenue Over (Under) Expenditures	10,000	89,309	89,309	-
<u>Other Financing Sources (Uses):</u>				
Transfer to other funds	(10,000)	(131,250)	(131,250)	-
Total Other Financing Sources (Uses)	(10,000)	(131,250)	(131,250)	-
Net change in fund balance	-	(41,941)	(41,941)	-
Fund balance, beginning of year	4,178,340	4,178,340	4,178,340	-
Fund balance, end of year	\$ 4,178,340	\$ 4,136,399	\$ 4,136,399	\$ -

The notes to the financial statements are an integral part of the basic financial statements.

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CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2015

	Business-type Activities- Enterprise Funds		
	Stormwater		
	Utility Fund	Sanitation Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 381,376	\$ -	\$ 381,376
Certificate of deposit	705,493	-	705,493
Accounts receivable, net	2,642	13,964	16,606
Due from other funds	-	154,043	154,043
Total current assets	1,089,511	168,007	1,257,518
Noncurrent assets:			
Capital assets:			
Depreciable, net	4,091	10,861	14,952
Total noncurrent assets	4,091	10,861	14,952
Total Assets	1,093,602	178,868	1,272,470
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources related to pensions	-	27,828	27,828
Total Deferred outflows of resources related to pensions	-	27,828	27,828
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	43,063	31,830	74,893
Accrued salaries	-	9,818	9,818
Accrued vacation	-	10,000	10,000
Total current liabilities	43,063	51,648	94,711
Long-term liabilities:			
Accrued vacation	-	5,296	5,296
Net pension liability	-	144,560	144,560
Total noncurrent liabilities	-	149,856	149,856
Total Liabilities	43,063	201,504	244,567
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows of resources related to pensions	-	5,192	5,192
Total Deferred inflows of resources related to pensions	-	5,192	5,192
<u>NET POSITION</u>			
Investment in Capital Assets	4,091	10,861	14,952
Unrestricted (Deficit)	1,046,448	(10,861)	1,035,587
Total Net Position	\$ 1,050,539	\$ -	\$ 1,050,539

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities- Enterprise Funds		
	Stormwater		
	Utility Fund	Sanitation Fund	Total
<u>Operating revenues:</u>			
Charges and fees	\$ 133,964	\$ 729,623	\$ 863,587
Total operating revenues	133,964	729,623	863,587
<u>Operating expenses:</u>			
Salaries and benefits	-	475,935	475,935
Cost of sales	47,165	127,753	174,918
Other operating expenses	-	51,984	51,984
Repairs and maintenance	-	48,605	48,605
Depreciation	2,045	25,745	27,790
Total operating expenses	49,210	730,022	779,232
Operating income (loss)	84,754	(399)	84,355
<u>Nonoperating revenues (expenses):</u>			
Interest income	3,744	-	3,744
Total nonoperating revenues (expenses)	3,744	-	3,744
Net income (loss) before transfers	88,498	(399)	88,099
Transfers out	-	121,250	121,250
Change in net position	88,498	120,851	209,349
Total Net Position (Deficit) - Beginning of Year, restated	962,041	(120,851)	841,190
Total Net Position - Ending of Year	\$ 1,050,539	\$ -	\$ 1,050,539

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities- Enterprise Funds		
	Stormwater Utility Fund	Sanitation Fund	Total
<u>Cash Flows from Operating Activities:</u>			
Cash received from customers	\$ 132,851	\$ 727,822	\$ 860,673
Cash paid to employees	-	(478,748)	(478,748)
Cash paid to suppliers for goods and services	(16,216)	(370,325)	(386,541)
Net Cash Flows Provided by (Used for) Operating Activities	116,635	(121,251)	(4,616)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers to General Fund	-	121,251	121,251
Net Cash Provided by Noncapital Financing Activities	-	121,251	121,251
<u>Cash Flows from Investing Activities:</u>			
Interest income	3,745	-	3,745
Net Cash Flows Provided by (Used for) Investing Activities	3,745	-	3,745
Net Increase (Decrease) in Cash and Cash Equivalents	120,380	-	120,380
Cash and Cash Equivalents, Beginning of Year	966,489	-	966,489
Cash and Cash Equivalents, End of Year	\$ 1,086,869	\$ -	\$ 1,086,869

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Stormwater		
	Utility Fund	Sanitation Fund	Total
<u>Cash Flows From Operating Activities:</u>			
Operating income	\$ 84,754	\$ (399)	\$ 84,355
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	2,045	25,745	27,790
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(1,113)	(1,801)	(2,914)
(Increase) decrease in due from other funds	-	(126,529)	(126,529)
(Increase) decrease in deferred outflows of resources	-	1,251	1,251
Increase (decrease) in accounts payable	30,949	(15,454)	15,495
Increase (decrease) in accrued liabilities	-	(356)	(356)
Increase (decrease) in compensated absences	-	(3,530)	(3,530)
Increase (decrease) in deferred inflows of resources	-	(1,226)	(1,226)
Increase (decrease) in net pension liability	-	1,048	1,048
Total Adjustments	31,881	(120,852)	(88,971)
Net Cash Provided by (Used for) Operating Activities	\$ 116,635	\$ (121,251)	\$ (4,616)

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2015

	<u>Dottie Holmes Memorial Private-Purpose Trust</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 12,244
Total Assets	<u>\$ 12,244</u>
 <u>NET POSITION</u>	
Held in trust	\$ 12,244
Total net position	<u>\$ 12,244</u>

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF AVONDALE ESTATES, GEORGIA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Dottie Holmes Memorial Private-Purpose Trust
<u>ADDITIONS</u>	
Interest earnings	\$ 48
Total additions	48
Change in net position	48
Total net position, beginning of year	12,196
Total net position, end of year	\$ 12,244

The notes to the financial statements are an integral part of the basic financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Avondale Estates, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City operates under a modified commission/manager form of government and provides the following services as authorized by its charter to its citizens: public safety (police), public works (highways, streets, and sanitation), public improvements, planning and zoning, and general and administrative services. The more significant of the City's accounting policies are described below.

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Avondale Estates (the primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component unit discussed below is included in the City's reporting entity because of the significance of their operational and financial relationships with the City. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards Board (GASB) No. 61 "The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34," the City's relationships with other governments and agencies have been examined. The financial statements of each component unit have been included as a discretely presented component unit. The component unit column in the combined financial statements includes the financial data for the Avondale Estates Downtown Development Authority, as of December 31, 2015. The financial information for the component unit is reported in columns separate from the City's financial information to emphasize that it is legally separate from the City.

The Avondale Estates Downtown Development Authority (the "DDA") has been included as a discretely presented component unit in the accompanying financial statements. The DDA was created in 2001 by local legislation enacted by the Georgia General Assembly. The members (7) of the DDA are appointed by the Mayor and Board of Commissioners and each member serves a 4-year term. The City provides significant operating subsidies to the DDA. The DDA's mission is to encourage redevelopment activities and to provide assistance to private and public partners for the purpose of improving the downtown area. The DDA is empowered under state law to borrow money, enter into contracts, receive grants and gifts, sell revenue bonds, purchase property and provide loans. The Avondale Estates Downtown Development Authority is

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(CONTINUED)

presented as a governmental fund type and only maintains a General Fund. Separate financial statements for the Avondale Estates Downtown Development Authority are not prepared.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's public utilities and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

(CONTINUED)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, insurance premium taxes, occupational taxes, other taxes licenses, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expense, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The City reports the following major governmental funds:

General Fund – The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(CONTINUED)

Additionally, the City reports the following fund types within the nonmajor governmental funds:

Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Funds – Capital Project Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition and construction of capital facilities and other capital assets.

The City reports the following major proprietary funds:

Stormwater Utility Fund – The Stormwater Utility Fund accounts for the collection of fees for upgrades to stormwater drains and related expenses.

Sanitation Fund – The Sanitation Fund accounts for the collection of garbage fees and related expenses.

The City also reports the following fund type:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net positions and the changes in net positions and is reported using accounting principles similar to proprietary funds. These funds are not incorporated into the government-wide statements.

The City's only fiduciary fund is named the Dottie Holmes Memorial Trust Fund and is used to account for the operations for purposes of maintaining the rhododendron plant thicket and abelia plant hedge at Lake Avondale. Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

D. Budgets

The annual budget document is the financial plan for the operation of the City. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the City.

Formal budgetary integration is employed as a management control device during the year. The budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The General Fund is subject to budgetary control on a departmental basis, while the Special Revenue Funds are subject to budgetary control on an individual fund basis. Budgets are prepared for the Capital Projects Funds on a project basis, which usually covers two or more fiscal years. Budgeted amounts are as originally adopted, or as amended by the Board of Mayor and

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(CONTINUED)

Commissioners. Individual amendments are not material in relation to the original appropriations.

E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Expenditure recognition occurs during the benefiting period.

H. Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

(CONTINUED)

Capital assets of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery and equipment	5 - 10
Vehicles	5
Land improvements	15 - 20
Infrastructure	10 - 20
Buildings and improvements	20-50

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, sidewalks, and similar items. The City implemented the provisions of GASB Statement 34 for the year ended December 31, 2003. The City was not required to retroactively report infrastructure assets in governmental activities.

I. Compensated Absences

Annual Leave (Vacation)

Annual Leave (Vacation) - An employee's annual leave (vacation) is credited as it is accrued from the employee's date of full-time employment in accordance with the following schedule:

<u>Years of Service</u>	<u>Annual Leave Accrual Rate</u>
Less than 1 year of service	6 days (4 hours/month)
At least 1 year completed service but less than 5	12 days (8 hours/month)
At least 5 years completed service but less than 10	15 days (10 hours/month)
At least 10 years completed service but no less than 20	18 days (12 hours/month)
At least 20 years service	21 day (14 hours/month)

An employee may choose to have the City buy back accrued, unused annual leave during the last pay period in December of each year, provided funds have been budgeted for such purposes. The employee shall notify the City Clerk, on or before December 15th of each year that he/she desires to sell back accrued, unused annual leave; the employee may sell back at least eight (8) hours but no more than forty (40) hours of accrued, unused annual leave; unused, accrued annual leave may be carried forward in a particular year shall not exceed thirty (30) days (240 hours); any employee may convert up to forty (40) hours accrued, unused annual leave to sick leave credits instead of selling back these hours back to the city as long as notice is given to the City Clerk before December 15th of each year; employees whose annual leave exceeds the maximum carryover at the end of the year after the buy-back of the maximum amount accrued, unused annual leave may convert up to an additional twenty (20) hours of accrued, unused annual leave to sick leave credits; checks for accrued, unused annual leave sold to the City shall be issued on the last payday of the year. Annual leave in excess of thirty (30) days or 240 hours are forfeited on the first day of the new calendar or fiscal year.

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(CONTINUED)

Sick Leave

Each full-time career status employee will accrue sick leave at the rate of eight (8) hours per month. Sick leave may be accumulated up to a maximum of one hundred and eighty (180) days (1,440 hours). When an employee has accumulated the maximum hours of sick leave, no additional hours of sick leave shall be credited until such time as enough of the accrued sick leave has been used to bring the employee below the maximum accumulation. Part-time employees who work at least twenty-five (25) hours per week shall earn sick leave on a pro-rated basis. Career status employees who terminate their employment with the City (other than retirement) may be granted and paid for one (1) day for each fifteen (15) days of unused sick leave not to exceed twelve (12) days. At retirement, any accumulated sick leave shall be converted into credited service. Each twenty (20) days (160 hours) of sick leave will equal one month (1/12 year) of service. The maximum conversion shall be nine (9) months of credited service. Conversion of accumulated sick leave may not qualify an employee for vesting in retirement.

All vacation and sick pay, if expected to be paid out, is accrued when incurred in the government-wide fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net positions. Bond premiums and discounts are amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources.

K. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expenses / expenditures) until then. The City has one item that qualifies for reporting in this category. The deferred outflow of resources related to the pension plans. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of deferred inflows, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has one type of deferred inflows, which arises under the accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred inflows of resources related to pensions, is reported only in the governmental activities and proprietary funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

L. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

M. Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Mayor and Commissioners through adoption of a resolution. The Board of Mayor and Commissioners also may modify or rescind the commitment.
- Assigned – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Mayor and Commissioners has authorized the City Manager or designee to assign fund balances.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes within the General Fund.

CITY OF AVONDALE ESTATES, GEORGIA

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Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy.

The following is a summary of the fund balance classifications as of December 31, 2015:

	General Fund	Nonmajor Governmental	Total
Fund Balances:			
Nonspendable			
Prepays	\$ 29,866	\$ -	\$ 29,866
Assets held for resale	1,116,409	-	1,116,409
Restricted for:			
Capital outlay	944,974	29,556	974,530
Law enforcement	-	512	512
Road projects	349,000	-	349,000
Assigned to:			
Capital outlay	23,130	3,585	26,715
Unassigned	1,673,020	-	1,673,020
 Total fund balances	 \$ 4,136,399	 \$ 33,653	 \$ 4,170,052

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

NOTE 2 – LEGAL COMPLIANCE – BUDGETS

As set forth in the City Charter, the Board of Mayor and Commissioners adopt an annual budget for all funds. The annual budget is prepared in accordance with the basis of accounting utilized by each fund. The City of Avondale Estates, Georgia employs the following procedures in establishing its annual budget:

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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 (CONTINUED)

1. The City Manager submits to the Board of Mayor and Commissioners proposed operating budgets for the fiscal year commencing the following January 1. The operating budgets for adoption include proposed expenditures and the means of financing them for all governmental funds.
2. Public meetings are held to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance. Budgeted amounts as stated in the financial statements are as originally adopted or as amended by the Board of Mayor and Commissioners.
4. The legal level of control (the level at which expenditures may not exceed appropriations) for each of the above legally adopted budgets is at the department level. Increases in the total appropriations of a department, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the recommendation of the City Manager and approval of the Mayor and Commission. The City Manager may authorize transfers of appropriations between line items within any departmental budget without Commission approval. Appropriations that are not expended or encumbered by year end are allowed to lapse.

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Custodial Credit Risk — Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and City policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2015, the City had no bank balances that were exposed to custodial credit risk.

At December 31, 2015, the City’s certificates of deposit were as follows:

<u>Investments</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of deposit - General Fund	6 months or less	\$ 1,252,689
Certificates of deposit - Stormwater Fund	6-12 months	705,493
Certificates of deposit - Dottie Holmes Memorial	6-12 months	12,163
		<u>\$ 1,970,345</u>

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

(CONTINUED)

B. Investments

	<u>Credit Rating</u>	<u>Investment Value</u>	<u>Weighted Average Maturity</u>
Georgia Fund 1	AAAf rated	\$ 1,690	60 day

Custodial credit risk. For an investment, the custodial risk is the risk that in the event of the failure of the counter-party to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Georgia Fund 1 is not required to disclose custodial credit risk. The City had no such investments with such risk as of December 31, 2015.

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. Georgia law allows investments in obligation of the U.S. Treasury, other U.S. Governmental Agencies, State of Georgia, other states, prime banker's acceptances, repurchase agreements, other political subdivisions of Georgia and the State Georgia Fund 1 investment pool. The Georgia Fund 1 is not registered with the SEC. Georgia Fund 1 is a stable net asset value investment pool that follows Standard & Poor's criteria for AAAf rated money market funds. The City has no investment policy that would further limit its investment choices.

NOTE 4 – PROPERTY TAXES

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) is valued as of January 1 of each year and must be returned for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Dekalb County Board of Tax Assessors.

Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by state and local laws.

Upon completion of all assessments and tax returns, the information is compiled to form the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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The property tax calendar is as follows:

	Real / Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	July 21st	January 1
Due Date and Collection Date	October 1 and November 15	Staggered

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period.

Enterprise fund storm water fees were billed on August 15th along with the property taxes and are due and payable in two installments. The first installment is due October 1st and the second installment is due November 15th. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

NOTE 5 – RECEIVABLES

Receivables at December 31, 2015, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts (if any) are as follows:

	General	Stormwater Utility	Sanitation Fund	Total
Receivables:				
Taxes	\$ 20,017	\$ -	\$ -	\$ 20,017
Accounts	57,489	2,642	13,964	74,095
Gross total receivables	77,506	2,642	13,964	94,112
Less allowance for uncollectible	(1,137)	-	-	(1,137)
Net total receivables	<u>\$ 76,369</u>	<u>\$ 2,642</u>	<u>\$ 13,964</u>	<u>\$ 92,975</u>

NOTE 6 – ASSET HELD FOR RESALE

During 2013 the City purchased 4.09 acres of land for resale. The City's total investment in asset held for resale is \$1,116,409.

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(CONTINUED)

NOTE 7 – CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended December 31, 2015, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,859,463	\$ -	\$ -	\$ 1,859,463
Construction in Progress	-	524,040	-	524,040
Total	<u>1,859,463</u>	<u>524,040</u>	<u>-</u>	<u>2,383,503</u>
Capital assets, being depreciated:				
Buildings and improvements	817,447	38,753	-	856,200
Infrastructure and improvements	346,840	-	-	346,840
Machinery and equipment	1,074,063	32,396	(32,105)	1,074,354
Total	<u>2,238,350</u>	<u>71,149</u>	<u>(32,105)</u>	<u>2,277,394</u>
Less accumulated depreciation for:				
Buildings and improvements	(698,741)	(25,794)	-	(724,535)
Infrastructure and improvements	(175,456)	(14,239)	-	(189,695)
Machinery and equipment	(935,939)	(44,096)	32,105	(947,930)
Total	<u>(1,810,136)</u>	<u>(84,129)</u>	<u>32,105</u>	<u>(1,862,160)</u>
Total capital assets, being depreciated, net	<u>428,214</u>	<u>(12,980)</u>	<u>-</u>	<u>415,234</u>
Governmental activities capital assets, net	<u>\$ 2,287,677</u>	<u>\$ 511,060</u>	<u>\$ -</u>	<u>\$ 2,798,737</u>
Business-type activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 135,004	\$ -	\$ -	\$ 135,004
Machinery and equipment	408,908	-	-	408,908
Total	<u>543,912</u>	<u>-</u>	<u>-</u>	<u>543,912</u>
Less accumulated depreciation for:				
Infrastructure	(128,869)	(2,045)	-	(130,914)
Machinery and equipment	(372,302)	(25,745)	-	(398,046)
Total	<u>(501,171)</u>	<u>(27,790)</u>	<u>-</u>	<u>(528,960)</u>
Business-type activities capital assets, net	<u>\$ 42,741</u>	<u>\$ (27,790)</u>	<u>\$ -</u>	<u>\$ 14,952</u>

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 17,661
Public safety	39,918
Public works	24,949
Culture and recreation	<u>1,601</u>

Total depreciation expense - governmental activities	<u>\$ 84,129</u>
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Business-type activities:

Stormwater	\$ 2,045
Sanitation	<u>25,745</u>

Total depreciation expense - business-type activities	<u>\$ 27,790</u>
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Downtown Development Authority of Avondale Estates

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 600,000	\$ -	\$ -	\$ 600,000
Construction in progress	-	89,622	-	89,622
Total	<u>600,000</u>	<u>89,622</u>	<u>-</u>	<u>689,622</u>
Capital assets, being depreciated:				
Buildings	13,900,000	-	-	13,900,000
Total	<u>13,900,000</u>	<u>-</u>	<u>-</u>	<u>13,900,000</u>
Less accumulated depreciation for:				
Buildings	(3,475,000)	(278,000)	-	(3,753,000)
Total	<u>(3,475,000)</u>	<u>(278,000)</u>	<u>-</u>	<u>(3,753,000)</u>
Total capital assets, being depreciated, net	<u>10,425,000</u>	<u>(278,000)</u>	<u>-</u>	<u>10,147,000</u>
Downtown Development Authority capital assets, net	<u>\$ 11,025,000</u>	<u>\$ (188,378)</u>	<u>\$ -</u>	<u>\$ 10,836,622</u>

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2015
 (CONTINUED)

NOTE 8 – LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital lease	\$ 649,225	\$ -	\$ (155,253)	\$ 493,972	\$ 159,863
Compensated absences	74,888	104,906	(90,103)	89,691	65,000
Net pension liability	594,720	4,343	-	599,063	-
Governmental activity Long-term liabilities	<u>\$ 1,318,833</u>	<u>\$ 109,249</u>	<u>\$ (245,356)</u>	<u>\$ 1,182,726</u>	<u>\$ 224,863</u>
Business-type activities:					
Compensated absences	\$ 18,826	\$ 30,937	\$ (34,467)	\$ 15,296	\$ 15,000
Net pension liability	143,512	1,048	-	144,560	-
Business-type activities Long-term liabilities	<u>\$ 162,338</u>	<u>\$ 31,985</u>	<u>\$ (34,467)</u>	<u>\$ 159,856</u>	<u>\$ 15,000</u>

For governmental activities, compensated absences and net pension liability are generally liquidated by the General Fund. For business-type activities, compensated absences and net pension liability are liquidated by the Sanitation Fund.

Capital Lease Payable:

The City obtained an \$800,000 capital lease from BB&T Government Finance for the financing of the 4.09 acres purchased as an asset held for resale. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015 were as follows:

Year Ending December 31st	Governmental Activities	
	Principal	Interest
2016	\$ 159,863	\$ 12,338
2017	164,610	7,590
2018	169,499	2,702
Total	<u>\$ 493,972</u>	<u>\$ 22,630</u>

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2015
 (CONTINUED)

Component Unit

Long-term liability activity for the year ended December 31, 2015 for the Downtown Development Authority of Avondale Estates was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Discreetly Presented Component Unit:					
2002 Revenue Bonds	\$ 3,626,012	\$ -	\$ (955,245)	\$ 2,670,767	\$ 1,040,875
2003 Revenue Bonds	1,644,417	-	(432,333)	1,212,084	471,843
Discreetly Presented Component Unit					
Long-term liabilities	<u>\$ 5,270,429</u>	<u>\$ -</u>	<u>\$ (1,387,578)</u>	<u>\$ 3,882,851</u>	<u>\$ 1,512,718</u>

The Downtown Development Authority's debt service requirements to maturity are as follows:

2002 Revenue Bonds

On May 29, 2002, the Downtown Development Authority of Avondale Estates issued \$10,000,000 of Series 2002 Revenue Bonds for the purpose of providing funds to pay the costs of acquiring, constructing, and installing a governmental offices building. These revenue bonds carry an interest rate of 5.75% with principal and interest payments due monthly. The 2002 Series Bonds mature on May 1, 2018. As of December 31, 2015, the outstanding balance was \$2,670,767.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,040,875	\$ 121,641	\$ 1,162,516
2017	1,132,292	58,974	1,191,266
2018	497,600	4,791	502,391
Total	<u>\$ 2,670,767</u>	<u>\$ 185,406</u>	<u>\$ 2,856,173</u>

2003 Revenue Bonds

On May 12, 2003, the Downtown Development Authority of Avondale Estates issued \$4,500,000 of Series 2003 Revenue Bonds for the purpose of providing funds to pay the costs of acquiring, constructing, and installing a governmental offices building. These revenue bonds carry an interest rate of 5.9% with principal and interest payments due monthly. The 2003 Series Bonds mature on May 1, 2018. As of December 31, 2015, the outstanding balance was \$1,212,084.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 471,843	\$ 56,666	\$ 528,509
2017	514,080	27,492	541,572
2018	226,161	2,235	228,396
Total	<u>\$ 1,212,084</u>	<u>\$ 86,393</u>	<u>\$ 1,298,477</u>

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(CONTINUED)

NOTE 9 – OPERATING LEASES

Lessor Agreements

The City of Avondale Estates leases certain parcels of land for use by others (cell towers) for varying terms. The leases are accounted for as operating leases and revenues are recorded when earned. Revenue derived from these leases during the current year amounted to \$54,010 and is reported as other revenue in the City's General Fund.

The following is a schedule of minimum future rentals to be received under the operating leases at December 31, 2015:

<u>Fiscal Year Ending December 31,</u>	<u>General Fund</u>
2016	\$ 46,529
2017	46,903
2018	42,688
2019	36,644
2020	37,053
2021-2025	191,832
2026-2030	185,200
2031-2035	115,155
2036-2039	<u>92,124</u>
Total minimum future rentals	<u>\$ 794,128</u>

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2015, is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sanitation Fund	General Fund	\$ 154,043
		<u>\$ 154,043</u>

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Sanitation Fund	\$ 121,250
	Nonmajor Governmental Fund	10,000

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

NOTE 11 – RETIREMENT BENEFITS

Plan Description

The City, as authorized by the Mayor and Commission, has established a non-contributory defined benefit pension plan (The City of Avondale Estates Retirement Plan) covering all full-time employees. The current plan supersedes an existing retirement plan (effective date January 1, 1973) as of January 1, 1989 (the date that participants no longer contributed to the plan, but some still have contributions in the fund). The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Mayor and Commission, the plan provides pension benefits and death and disability benefits for all full-time employees. Regular, full time employees who work at least 30 hours per week may participate in the plan after they have completed three (3) years of continuous service. Employees who were participants in the plan prior to January 1, 1989 who worked at least 30 hours per week may participate in the plan after they have completed one (1) year of continuous service. Elected officials are not eligible. Benefits vest after 5 years of service. City employees who retire at age 65 with five (5) years of service are entitled to a monthly retirement benefit based upon average earnings and years credited service. Early retirement is permitted provided the participant is at least 55 years of age and has completed ten (10) years of service.

Plan Membership

As of July 1, 2015, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	11
Terminated vested participants not yet receiving benefits	13
Active vested employees	20
Active nonvested employees	<u>19</u>
Total	<u><u>63</u></u>

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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Benefits Provided

The GMEBS Plan provides retirement, disability and death benefits to plan members and beneficiaries. Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits. Effective July 1, 2015, the City Manager position was added to the plan with normal retirement eligibility at age 55 with 5 years of service.

Contributions

The plan members are not required to contribute to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 9.72% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the City reported a net pension liability. The net pension liability was measured as of March 31, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of July 1, 2015. An expected total pension liability as of December 31, 2014 was determined using standard roll-forward techniques.

For the year ended December 31, 2015, the City recognized pension expense relative to GMEBS in the amount of \$138,736. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,905	\$ -
Changes of assumptions	-	(7,335)
Net difference between projected and actual earnings on pension plan investments	-	(19,372)
Employer contributions subsequent to the measurement date	107,241	-
	<u>\$ 143,146</u>	<u>\$ (26,707)</u>

City contributions subsequent to the measurement date of March 31, 2014 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Year ended December 31:</u>	
2016	\$ 871
2017	871
2018	871
2019	871
2020	5,714
2021 and thereafter	-

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

Actuarial Assumptions: The total pension liability as of December 31, 2015 was determined by an actuarial valuation as of July 1, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	3.25%, plus service based merit increases
Investment rate of return	7.75%, On-going basis, based on long-term expected rate of return of pension plan investments

Mortality rates were based on the RP-2000 Combined Mortality Table with sex-distinct rates, set forward two years for males and one year for females, and the RP-2000 Disabled Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014.

Net Pension Liability:

Changes in the Net Pension Liability:	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2014	\$ 1,965,280	\$ 1,227,048	\$ 738,232
Changes for the year:			
Service cost	62,436	-	62,436
Interest	149,093	-	149,093
Difference between expected and actual experience	43,086	-	43,086
Contributions - employer	-	142,543	(142,543)
Contributions - employee	-	10,067	(10,067)
Net investment income	-	121,731	(121,731)
Benefit payments	(83,009)	(83,009)	-
Administrative expense	-	(7,116)	7,116
Other	18,001	-	18,001
Net changes	189,607	184,216	5,391
Balance at December 31, 2015	\$ 2,154,887	\$ 1,411,264	\$ 743,623

The City's net pension liability is recorded in the Government-Wide Statement of Net Position in the amounts of \$599,063 and \$144,560 respectively.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(CONTINUED)

included in the pension plan's target asset allocation as of March 31, 2015 is summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Expected real rate of return</u>	<u>Nominal real rate of return</u>
Domestic Equity	50%	5.95%	9.20%
International Equity	15%	6.45%	9.70%
Fixed Income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	<u>100%</u>		

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount rate: The following presents the City's net pension liability calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current discount rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 1,020,827	\$ 743,623	\$ 512,099

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report which is publically available at www.gmanet.com.

NOTE 12 – DEFINED CONTRIBUTION PENSION PLAN

The City of Avondale Estate's Internal Revenue Code Section 457 Plan and 401 Plan (the "Plans") are deferred compensation plans and qualify as defined contribution pension plans. The Plans are administered by MetLife for all full time employees. Plan provisions and contribution requirements are established and may be amended by the Mayor and City Commission.

The Plans allow for employee contributions and in addition the City makes a matching contribution per employee of the lesser of \$25 or 50% of the employee contribution. During

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

(CONTINUED)

2015, employees contributed \$65,338 to the Plans while the City contributed \$12,578. As of December 31, 2015, there were 35 and 35 active participants in the 457 Plan and 401A Plan, respectively. The market values for the 457 Plan and 401A Plan as of December 31, 2015 were \$581,564 and \$157,523, respectively.

NOTE 13 – SPECIAL FUNDING DEFINED BENEFIT PENSION PLAN

Peace Officers' Annuity and Benefit Fund of Georgia

The City's Deputies are covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its court systems. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Avondale Estates's financial statements.

NOTE 14 – JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid by DeKalb County. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

NOTE 15 – RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Inter-local Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance program for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim or loss.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(CONTINUED)

expenses incurred for investigation, negotiation or defense. Settlements have not exceeded insurance coverage in the last three years.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

NOTE 17 – EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through June 22, 2016, the date which the financial statements were available to be issued.

NOTE 18 – RESTATEMENT FOR NEW ACCOUNTING STANDARD

During 2015, the City implemented new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, as well as Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of January 1, 2015.

The effect of this adjustment is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Sanitation Fund</u>
Net position December 31, 2014, as previously reported	\$ 5,776,020	\$ 962,041	\$ 6,738,061	\$ -
Implementation of GASB 68 / 71 for pensions:				
Record net pension liability	<u>(500,811)</u>	<u>(120,851)</u>	<u>(621,662)</u>	<u>(120,851)</u>
Net position (Deficit) December 31, 2014 restated	<u>\$ 5,275,209</u>	<u>\$ 841,190</u>	<u>\$ 6,116,399</u>	<u>\$ (120,851)</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AVONDALE ESTATES, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS

Total pension liability	
Service cost	\$ 62,436
Interest on total pension liability	149,093
Difference between expected and actual experience	43,086
Changes of assumptions	(8,799)
Change of benefit terms	26,800
Benefit payments, including refunds of employee contributions	(83,009)
Net change in total pension liability	<u>189,607</u>
Total pension liability - beginning, January 1, 2015	<u>1,965,280</u>
Total pension liability - ending, December 31, 2015 (a)	<u><u>\$ 2,154,887</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 142,543
Contributions - employee	10,067
Net investment income	121,731
Benefit payments, including refunds of member contributions	(83,009)
Administrative expenses	(7,116)
Net change in plan fiduciary net position	<u>184,216</u>
Plan fiduciary net position - beginning, January 1, 2015	<u>1,227,048</u>
Plan fiduciary net position - ending, December 31, 2015 (b)	<u><u>\$ 1,411,264</u></u>
City's net pension liability (asset) - ending (a) - (b)	<u><u>\$ 743,623</u></u>
Plan fiduciary net position as a percentage of the total pension liability	65.49%
Covered-employee payroll	1,608,490
Net pension liability as a percentage of covered-employee payroll	46.23%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

The accompanying notes to the required supplementary information are an integral part of this schedule

CITY OF AVONDALE ESTATES, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF CITY CONTRIBUTIONS

	2015
Actuarially determined contributions	\$ 142,989
Contributions in relation to the actuarially determined contribution	142,989
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$ 1,608,490
Contributions as a percentage of covered-employee payroll	8.89%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

The accompanying notes to the required supplementary information are an integral part of this schedule

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

Changes of assumptions:

As a result of the plan change to provide immediate participation for employees, for the fiscal year ending 2016, the eligibility assumption has been changed from one year (Class 1 and 2 Employees) and three years (Class 3 and 4 Employees) to immediate for all employees. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

Amounts reported for the fiscal year ending in 2016, and later reflect the following assumption changes approved by the Board in December, 2014 based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates were normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at age 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
- The inflation assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

Effective July 1, 2015, the City Manager position was added to the Plan with normal retirement eligibility at age 55 with 5 years of service.

Valuation date

The actuarially determined contribution rate was determined as of January 1, 2015, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the year ending December 31, 2016.

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for the remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, ages 65-69 rate of 50% and age 70 and over rate of 100%
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Police Seizure Fund To account for the use of restricted confiscated drug money by the City's Police Department.

Tax Allocation District Fund To account for the redevelopment of the downtown business district by means of a Redevelopment Plan and with restricted funding from a Tax Allocation District.

CAPITAL PROJECT FUNDS

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Capital Project Fund To account for locally funded acquisition and construction of major capital facilities financed by unrestricted local funds.

Lake Avondale Fund To account for the maintenance and upkeep of the lake.

CITY OF AVONDALE ESTATES, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Police Seizure Fund	Tax Allocation District Fund	Capital Project Fund	Lake Avondale Fund	
<u>ASSETS</u>					
Cash and cash equivalent	\$ 512	\$ 29,556	\$ -	\$ 4,073	\$ 34,141
Investments	-	-	27	-	27
Total Assets	<u>\$ 512</u>	<u>\$ 29,556</u>	<u>\$ 27</u>	<u>\$ 4,073</u>	<u>\$ 34,168</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 515	\$ 515
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>515</u>	<u>515</u>
Fund Balances:					
Restricted	512	29,556	-	-	30,068
Assigned	-	-	27	3,558	3,585
Total Fund Balances	<u>512</u>	<u>29,556</u>	<u>27</u>	<u>3,558</u>	<u>33,653</u>
Total Liabilities and Fund Balances	<u>\$ 512</u>	<u>\$ 29,556</u>	<u>\$ 27</u>	<u>\$ 4,073</u>	<u>\$ 34,168</u>

CITY OF AVONDALE ESTATES, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Police Seizure Fund	Tax Allocation District Fund	Capital Project Fund	Lake Avondale Fund	
<u>Revenues:</u>					
Interest earnings	\$ -	\$ 29	\$ -	\$ 8	\$ 37
Total Revenues	-	29	-	8	37
<u>Expenditures:</u>					
Current:					
General government	-	-	-	6,740	6,740
Total Expenditures	-	-	-	6,740	6,740
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	29	-	(6,732)	(6,703)
<u>Other Financing Sources (Uses):</u>					
Transfers from other funds	-	-	-	10,000	10,000
Total other financing sources (uses)	-	-	-	10,000	10,000
Net change in fund balances	-	29	-	3,268	3,297
Fund Balance, beginning of year	512	29,527	27	290	30,356
Fund Balance, end of year	\$ 512	\$ 29,556	\$ 27	\$ 3,558	\$ 33,653

CITY OF AVONDALE ESTATES GEORGIA

POLICE SEIZURE FUND
BALANCE SHEET
DECEMBER 31, 2015

ASSETS

Cash and cash equivalent	\$	512
Accounts receivable		<u>-</u>
Total Assets	\$	<u><u>512</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:		
Due to others	\$	<u>-</u>
Total Liabilities		<u>-</u>
Fund Balances:		
Restricted		<u>512</u>
Total Fund Balances		<u>512</u>
Total Liabilities and Fund Balances	\$	<u><u>512</u></u>

CITY OF AVONDALE ESTATES GEORGIA

POLICE SEIZURE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Confiscated revenues	\$ -	\$ -	\$ -
Total Revenues	-	-	-
<u>Expenditures:</u>			
Public safety	-	-	-
Total Expenditures	-	-	-
Net change in fund balances	-	-	-
Fund balance - beginning of year	512	512	-
Fund balance - end of year	\$ 512	\$ 512	\$ -

CITY OF AVONDALE ESTATES GEORGIA

TAX ALLOCATION DISTRICT FUND
BALANCE SHEET
DECEMBER 31, 2015

ASSETS

Cash and cash equivalent	\$ 29,556
Total Assets	<u>\$ 29,556</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts payable	<u>\$ -</u>
Total Liabilities	<u>-</u>
Fund Balances:	
Restricted	<u>29,556</u>
Total Fund Balances	<u>29,556</u>
Total Liabilities and Fund Balances	<u>\$ 29,556</u>

CITY OF AVONDALE ESTATES GEORGIA

TAX ALLOCATION DISTRICT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	\$ 575	\$ -	\$ (575)
Interest earnings	35	29	(6)
Total Revenues	610	29	(581)
<u>Expenditures:</u>			
Current:			
General government	-	-	-
Total Expenditures	-	-	-
Net change in fund balances	610	29	(581)
Fund balance - beginning of year	29,527	29,527	-
Fund balance - end of year	\$ 30,137	\$ 29,556	\$ (581)

CITY OF AVONDALE ESTATES GEORGIA

CAPITAL PROJECT FUND
BALANCE SHEET
DECEMBER 31, 2015

ASSETS

Investments	\$ 27
Total Assets	<u>\$ 27</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Due to other funds	\$ -
Total Liabilities	<u>-</u>
Fund Balances:	
Assigned	<u>27</u>
Total Fund Balances	<u>27</u>
Total Liabilities and Fund Balances	<u>\$ 27</u>

CITY OF AVONDALE ESTATES GEORGIA

CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Revenues:</u>	
Intergovernmental	\$ -
	<hr/>
Total Revenues	-
	<hr/>
<u>Expenditures:</u>	
Current:	
Public works	-
	<hr/>
Total Expenditures	-
	<hr/>
Net change in fund balances	-
	<hr/>
Fund Balance - beginning of year	27
	<hr/>
Fund balance - end of year	\$ 27
	<hr/> <hr/>

CITY OF AVONDALE ESTATES GEORGIA

LAKE AVONDALE FUND
BALANCE SHEET
DECEMBER 31, 2015

ASSETS

Cash and cash equivalent	\$ 4,073
Total Assets	<u>\$ 4,073</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts payable	\$ 515
Total Liabilities	<u>515</u>
Fund Balances:	
Assigned	<u>3,558</u>
Total Fund Balances	<u>3,558</u>
Total Liabilities and Fund Balances	<u>\$ 4,073</u>

CITY OF AVONDALE ESTATES GEORGIA

LAKE AVONDALE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Revenues:</u>	
Interest revenue	\$ 8
Total Revenues	<u>8</u>
<u>Expenditures:</u>	
Current:	
General government	<u>6,740</u>
Total Expenditures	<u>6,740</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,732)</u>
<u>Other Financing Sources (Uses):</u>	
Transfers from other funds	<u>10,000</u>
Total Other Financing Sources (Uses)	<u>10,000</u>
Net change in fund balances	3,268
Fund Balance - beginning of year	<u>290</u>
Fund balance - end of year	<u>\$ 3,558</u>

CITY OF AVONDALE ESTATES, GEORGIA

BALANCE SHEET
DOWNTOWN DEVELOPMENT AUTHORITY
COMPONENT UNIT
DECEMBER 31, 2015

ASSETS

Cash and cash equivalents	\$	470,793
Other assets		<u>500</u>
Total Assets	\$	<u><u>471,293</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$	42,146
Unearned revenues		<u>179,385</u>
Total Liabilities		<u>221,531</u>
Fund Balance:		
Unassigned		<u>249,762</u>
Total Fund Balance		<u>249,762</u>
Total Liabilities and Fund Balance	\$	<u><u>471,293</u></u>

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 DOWNTOWN DEVELOPMENT AUTHORITY
 COMPONENT UNIT
 FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Revenues:</u>	
Rental income	\$ 2,131,759
Interest earnings	882
Other miscellaneous revenues	<u>19,031</u>
Total Revenues	<u>2,151,672</u>
<u>Expenditures:</u>	
Current:	
General government	496,297
Debt Service	
Principal	1,387,577
Interest	270,331
Capital outlay	<u>89,622</u>
Total Expenditures	<u>2,243,827</u>
Net change in fund balance	(92,155)
Fund Balance, beginning of year	<u>341,917</u>
Fund Balance, end of year	<u><u>\$ 249,762</u></u>

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STATISTICAL SECTION

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Statistical Section

This part of the City's Statistical comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</i>	78-83
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.</i>	84-89
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.</i>	90-92
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.</i>	93-95
Operating Information <i>These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</i>	96-97

CITY OF AVONDALE ESTATES, GEORGIA

NET POSITION BY COMPONENT
 LAST TEN YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Invested in capital assets, net of related debt	\$ 2,799	\$ 2,288	\$ 2,335	\$ 2,394	\$ 2,497	\$ 2,242	\$ 2,162	\$ 2,157	\$ 2,176	\$ 2,242
Restricted	1,324	979	552	355	211	29	24	14	1	70
Unrestricted	1,764	2,509	2,180	2,273	2,213	2,288	2,151	1,709	1,548	1,318
Total governmental activities net assets	<u>\$ 5,887</u>	<u>\$ 5,776</u>	<u>\$ 5,067</u>	<u>\$ 5,022</u>	<u>\$ 4,921</u>	<u>\$ 4,559</u>	<u>\$ 4,337</u>	<u>\$ 3,880</u>	<u>\$ 3,725</u>	<u>\$ 3,630</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 15	\$ 43	\$ 71	\$ 100	\$ 141	\$ 56	\$ 32	\$ 18	\$ 20	\$ 22
Unrestricted	1035	919	823	687	646	569	503	430	324	206
Total business-type activities net assets	<u>\$ 1050</u>	<u>\$ 962</u>	<u>\$ 894</u>	<u>\$ 787</u>	<u>\$ 787</u>	<u>\$ 625</u>	<u>\$ 535</u>	<u>\$ 448</u>	<u>\$ 344</u>	<u>\$ 228</u>
Primary government										
Invested in capital assets, net of related debt	\$ 2,814	\$ 2,331	\$ 2,406	\$ 2,494	\$ 2,638	\$ 2,298	\$ 2,194	\$ 2,175	\$ 2,196	\$ 2,264
Restricted	1,324	979	552	355	211	29	24	14	1	70
Unrestricted	2,799	3,428	3,003	2,960	2,859	2,857	2,654	2,140	1,872	1,524
Total primary government net assets	<u>\$ 6,937</u>	<u>\$ 6,738</u>	<u>\$ 5,961</u>	<u>\$ 5,809</u>	<u>\$ 5,708</u>	<u>\$ 5,184</u>	<u>\$ 4,872</u>	<u>\$ 4,329</u>	<u>\$ 4,069</u>	<u>\$ 3,858</u>

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CITY OF AVONDALE ESTATES, GEORGIA

CHANGES IN NET POSITION
 LAST TEN YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities:										
General government	\$ 1,166	\$ 1,110	\$ 997	\$ 862	\$ 783	\$ 961	\$ 716	\$ 918	\$ 820	\$ 679
Public safety	1,115	1,078	1,080	1,009	961	914	875	859	824	658
Public works	269	286	320	242	296	86	339	857	1,002	998
Recreation	342	359	403	412	354	329	237	239	225	241
Interest on long-term debt	17	21	-	-	-	-	-	4	7	5
Total governmental activities expenses	<u>2,909</u>	<u>2,854</u>	<u>2,800</u>	<u>2,525</u>	<u>2,394</u>	<u>2,290</u>	<u>2,167</u>	<u>2,877</u>	<u>2,878</u>	<u>2,581</u>
Business-type activities:										
Stormwater	49	61	23	34	42	25	33	10	3	5
Sanitation	730	714	699	673	664	617	638 (1)	-	-	-
Total business-type activities expenses	<u>779</u>	<u>775</u>	<u>722</u>	<u>707</u>	<u>706</u>	<u>642</u>	<u>671</u>	<u>10</u>	<u>3</u>	<u>5</u>
Total primary government expenses	<u>\$ 3,688</u>	<u>\$ 3,629</u>	<u>\$ 3,522</u>	<u>\$ 3,232</u>	<u>\$ 3,100</u>	<u>\$ 2,932</u>	<u>\$ 2,838</u>	<u>\$ 2,887</u>	<u>\$ 2,880</u>	<u>\$ 2,586</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 132	\$ 137	\$ 55	\$ 49	\$ 34	\$ 37	\$ 42	\$ 58	\$ 85	\$ 71
Public safety	552	639	554	477	473	442	362	357	263	143
Public works	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	3	9
Operating grants and contributions	71	143	93	15	19	-	-	-	9	3
Capital grants and contributions	-	-	-	-	-	1	12	37	44	-
Total governmental activities program revenues	<u>755</u>	<u>919</u>	<u>702</u>	<u>541</u>	<u>526</u>	<u>480</u>	<u>416</u>	<u>452</u>	<u>404</u>	<u>226</u>
Business-type activities:										
Charges for services:										
Stormwater	134	125	129	116	115	108	108	108	111	105
Sanitation	730	659	396	301	301	299	301	-	-	-
Capital grants and contributions	-	-	-	-	-	-	2	-	-	-
Total business-type activities program revenues	<u>864</u>	<u>784</u>	<u>525</u>	<u>417</u>	<u>416</u>	<u>407</u>	<u>411</u>	<u>108</u>	<u>111</u>	<u>105</u>
Total primary government program revenues	<u>\$ 1,619</u>	<u>\$ 1,703</u>	<u>\$ 1,227</u>	<u>\$ 958</u>	<u>\$ 942</u>	<u>\$ 887</u>	<u>\$ 827</u>	<u>\$ 560</u>	<u>\$ 515</u>	<u>\$ 331</u>

Note:

(1) The City elected to report Sanitation in a separate enterprise fund.

CITY OF AVONDALE ESTATES, GEORGIA

CHANGES IN NET POSITION
 LAST TEN YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)
 (CONTINUED)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net (expense)/revenue										
Governmental activities	\$ (2,154)	\$ (1,935)	\$ (2,098)	\$ (1,984)	\$ (1,868)	\$ (1,810)	\$ (1,751)	\$ (2,425)	\$ (2,474)	\$ (2,355)
Business-type activities	-	10	(197)	(290)	(291)	(235)	(260)	98	108	100
Total primary government net expense	<u>\$ (2,154)</u>	<u>\$ (1,925)</u>	<u>\$ (2,295)</u>	<u>\$ (2,274)</u>	<u>\$ (2,159)</u>	<u>\$ (2,045)</u>	<u>\$ (2,011)</u>	<u>\$ (2,327)</u>	<u>\$ (2,366)</u>	<u>\$ (2,255)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 1,824	\$ 1,709	\$ 1,672	\$ 1,536	\$ 1,793	\$ 1,795	\$ 1,909	\$ 1,721	\$ 1,741	\$ 1,604
Franchise taxes	186	170	179	189	189	180	226	208	225	232
Other taxes	767	769	531	587	630	276	287	625	574	562
Unrestricted investment earnings	5	4	5	5	14	27	30	26	29	38
Miscellaneous	105	46	58	56	48	71	90	-	-	-
Intergovernmental - Unrestricted	-	-	-	-	-	-	-	-	-	-
Transfers	(121)	(54)	(303)	(372)	(359)	(318)	(335)	-	-	-
Total governmental activities	<u>2,766</u>	<u>2,644</u>	<u>2,142</u>	<u>2,001</u>	<u>2,315</u>	<u>2,031</u>	<u>2,207</u>	<u>2,580</u>	<u>2,569</u>	<u>2,436</u>
Business-type activities:										
Unrestricted investment earnings	3	3	2	2	3	7	12	6	8	-
Transfers	121	54	-	-	-	318	335	-	-	-
Miscellaneous	-	-	-	-	6	-	-	-	-	-
Total business-type activities	<u>124</u>	<u>57</u>	<u>2</u>	<u>2</u>	<u>9</u>	<u>325</u>	<u>347</u>	<u>6</u>	<u>8</u>	<u>-</u>
Total primary government	<u>\$ 2,890</u>	<u>\$ 2,701</u>	<u>\$ 2,144</u>	<u>\$ 2,003</u>	<u>\$ 2,324</u>	<u>\$ 2,356</u>	<u>\$ 2,554</u>	<u>\$ 2,586</u>	<u>\$ 2,577</u>	<u>\$ 2,436</u>
Change in Net Position										
Governmental activities	\$ 612	\$ 709	\$ 44	\$ 17	\$ 448	\$ 221	\$ 456	\$ 155	\$ 95	\$ 81
Business-type activities	209	68	108	84	77	90	87	104	116	100
Total primary government	<u>\$ 821</u>	<u>\$ 777</u>	<u>\$ 152</u>	<u>\$ 101</u>	<u>\$ 525</u>	<u>\$ 311</u>	<u>\$ 543</u>	<u>\$ 259</u>	<u>\$ 211</u>	<u>\$ 181</u>

CITY OF AVONDALE ESTATES, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 LAST TEN YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax (1) (3)</u>	<u>Franchise Tax</u>	<u>Insurance Premium Tax</u>	<u>Occupational Tax</u>	<u>HOST Sales Tax (5)</u>	<u>Sanitation</u>	<u>Other Taxes</u>	<u>Total</u>
2006	\$ 1,604	\$ 232 (2)	\$ 137 (2)	\$ 106 (2)	\$ -	\$ 293	\$ 26 (2)	\$ 2,399
2007	1,741	225	143	94	-	296	41	2,540
2008	1,734 (3)	208	146	92	-	304 (4)	46	2,530
2009	1,909	226	145	98	-	-	44	2,422
2010	1,795	180	140	91	-	-	45	2,251
2011	1,793	189	139	78	366	-	47	2,246
2012	1,536	189	147	80	302	-	56	2,310
2013	1,672	179	153	89	236	-	53	2,382
2014	1,709	170	146	101	471	-	50	2,647
2015	1,824	186	156	128	419	-	63	2,776

Notes:

- (1) Property taxes include auto ad valorem taxes.
- (2) During these years, amounts were reported as either gross receipts or other taxes. Amounts modified based on allocation and total taxes noted during each of these fiscal years per previous financial reports as actual amounts are not readily available.
- (3) Property taxes higher than previous years due to millage rate increase.
- (4) The City elected to report Sanitation activities in a separate enterprise fund
- (5) This is the first year the City has collected HOST (Home Owner Sales Tax)

CITY OF AVONDALE ESTATES, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN YEARS
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General fund										
Nonspendable	\$ 1,146	\$ 1,140	\$ 1,091 (2)	\$ 17	\$ 13	\$ 18	\$ 19	\$ -	\$ -	\$ -
Restricted	1,294	949	522	325	167	-	-	-	-	-
Assigned	23	21	16	12	6	-	-	-	-	-
Unassigned	1,673	2,068	1,937	2,284	2,238	2,053	2,032	1,681	1,483	1,275
Total general fund	<u>\$ 4,136</u>	<u>\$ 4,178</u>	<u>\$ 3,566</u>	<u>\$ 2,638</u>	<u>\$ 2,424</u>	<u>\$ 2,071</u>	<u>\$ 2,051</u>	<u>\$ 1,681</u>	<u>\$ 1,483</u>	<u>\$ 1,275</u>
All other governmental funds										
Restricted	\$ 30	\$ 30	30	\$ 30	\$ 30	\$ 283	\$ 143	\$ 77	\$ 87 (1)	\$ -
Assigned	-	-	9	13	16	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	347
Capital projects funds	4	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 34</u>	<u>\$ 30</u>	<u>\$ 39</u>	<u>\$ 43</u>	<u>\$ 46</u>	<u>\$ 283</u>	<u>\$ 143</u>	<u>\$ 77</u>	<u>\$ 87</u>	<u>\$ 347</u>

(1) Represents amounts reserved for the Police Seizure Special Revenue Fund created in FY 07

(2) Includes \$1,116,409 for assets held for resale.

CITY OF AVONDALE ESTATES, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN YEARS
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	\$ 2,774	\$ 2,658	\$ 2,388	\$ 2,315	\$ 2,612	\$ 2,254	\$ 2,419	\$ 2,530	\$ 2,540	\$ 2,372
Licenses and permits	112	115	36	26	15	12	24	35	14	7
Intergovernmental	71	143	92	15	19	1	12	37	53	3
Fines and forfeitures	552	639	555	477	473	442	362	357	262	200
Charges for services	20	22	19	23	19	24	18	23	11	11
Interest income	5	4	5	5	15	27	30	26	29	35
Other revenues	104	46	59	56	48	71	89	23	63	15
Total revenues	<u>3,638</u>	<u>3,627</u>	<u>3,154</u>	<u>2,917</u>	<u>3,201</u>	<u>2,831</u>	<u>2,954</u>	<u>3,031</u>	<u>2,972</u>	<u>2,643</u>
Expenditures										
General government	1,685	1,099	959	818	773	749	706	802	780	616
Public safety	1,108	1,074	1,070	949	994	864	899	821	780	582
Public works	243	258	292	236	289	237	267	850	911	873
Recreation	341	358	401	412	353	329	303	239	224	239
Non-departmental	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	4	3	232	175	8	80	53	219
Debt service	-	-	-	-	-	-	-	-	-	-
Principal retirements	155	151	-	-	-	-	-	46	58	64
Interest and fiscal charges	17	21	-	-	-	-	-	4	7	6
Total expenditures	<u>3,549</u>	<u>2,961</u>	<u>2,726</u>	<u>2,418</u>	<u>2,641</u>	<u>2,354</u>	<u>2,183</u>	<u>2,842</u>	<u>2,813</u>	<u>2,599</u>
Excess of revenues over (under) expenditures	89	666	428	499	560	477	771	189	159	44
Other financing sources (uses)										
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	91
Transfers in	-	-	-	-	-	307	51	65	-	272
Transfers out	(131)	(54)	(303)	(372)	(444)	(625)	(386)	(65)	-	(272)
Capital Lease	-	-	800	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(131)</u>	<u>(54)</u>	<u>497</u>	<u>(372)</u>	<u>(444)</u>	<u>(318)</u>	<u>(335)</u>	<u>-</u>	<u>-</u>	<u>91</u>
Net change in fund balances	<u>\$ (42)</u>	<u>\$ 612</u>	<u>925</u>	<u>\$ 127</u>	<u>\$ 116</u>	<u>\$ 159</u>	<u>\$ 436</u>	<u>\$ 189</u>	<u>\$ 159</u>	<u>\$ 135</u>
Debt service as a percentage of noncapital expenditures	4.85%	5.81%	0.00%	0.00%	0.00%	0.00% (1)	0.00% (1)	1.81%	2.36%	2.94%

(1) The City has elected to report Sanitation activities in a separate enterprise fund with the related debt.

CITY OF AVONDALE ESTATES, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
 LAST TEN YEARS
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax (1)</u>	<u>Franchise Tax</u>	<u>Insurance Premium Tax</u>	<u>Occupational Tax</u>	<u>HOST Sales Tax (4)</u>	<u>Sanitation</u>	<u>Other Taxes</u>	<u>Total</u>
2006	\$ 1,604	\$ 232	\$ 137	\$ 106	\$ -	\$ 293	\$ 26	\$ 2,398
2007	1,741 (2)	225	143	94	-	296	41	2,540
2008	1,734	208	146	92	-	304	46	2,530
2009	1,905	226	145	98	-	- (3)	44	2,418
2010	1,797	180	140	91	-	-	45	2,253
2011	1,793	189	139	78	366	-	47	2,612
2012	1,534	189	147	80	302	-	56	2,308
2013	1,666	179	153	89	236	-	53	2,376
2014	1,700	170	146	101	471	-	50	2,638
2015	1,829	186	156	128	419	-	63	2,781

(1) Property taxes include auto ad valorem taxes

(2) Property taxes higher than previous years due to millage rate increase.

(3) The City elected to report Sanitation activities in a separate enterprise fund.

(4) This is the first year the City has collected HOST (Home Owner Sales Tax).

CITY OF AVONDALE ESTATES, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY
 LAST TEN YEARS
 (amounts expressed in thousands)

Fiscal Year	Assessed Value			
	Real Property	Public Utility	Personal Property	Motor Vehicle
2006	\$ 148,199	\$ 768	\$ 1,556	\$ 8,473
2007	150,819	867	1,776	9,199
2008	153,202	852	2,542	8,929
2009	154,377	773	2,303	9,411
2010	154,202	819	2,156	7,917
2011	155,276	837	2,337	7,854
2012	129,159	1,152	2,711	8,015
2013	138,170	1,213	1,750	8,451
2014	145,302	1,114	1,656	7,456
2015	175,082	1,145	1,628	5,565

Source: Dekalb County, Georgia Board of Tax Assessors

CITY OF AVONDALE ESTATES, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY
 LAST TEN YEARS
 (amounts expressed in thousands)
 (CONTINUED)

Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 4,456	\$ 154,540	\$ 10	\$ 357,312	43.25%
4,140	158,521	10	386,351	41.03%
3,969	161,556	11	396,303	40.77%
3,933	162,931	11	402,182	40.51%
3,876	161,218	11	403,045	40.00%
117	166,187	11	415,468	40.00%
231	140,806	11	352,015	40.00%
211	149,373	11	373,433	40.00%
469	155,059	11	387,648	40.00%
371	183,049	10	457,623	40.00%

CITY OF AVONDALE ESTATES, GEORGIA

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
 (Per \$1000 of Assessed Value)
 LAST TEN YEARS

Calendar Year	City of Avondale Estates, Georgia			Dekalb County	State	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage			
2005	9.995	0.000	9.995	37.29	0.25	47.535
2006	10.100	0.000	10.100	37.41	0.25	47.760
2007	11.000	0.000	11.000	36.69	0.25	47.940
2008	11.000	0.000	11.000	39.05	0.25	50.300
2009	11.000	0.000	11.000	39.84	0.25	51.090
2010	11.000	0.000	11.000	39.84	0.25	51.090
2011	10.957	0.000	10.957	44.19	0.25	55.397
2012	10.957	0.000	10.957	45.39	0.20	56.547
2013	10.957	0.000	10.957	45.19	0.10	56.247
2014	10.957	0.000	10.957	44.59	0.05	55.597

CITY OF AVONDALE ESTATES, GEORGIA

PRINCIPAL TAXPAYERS
CURRENT AND SIX YEARS AGO
(amounts expressed in thousands)

Taxpayer	Fiscal Year 2015			Fiscal Year 2009		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
278 Oak Holdings LLC	\$ 1,817	1	0.99 %	\$ -		- %
Joseph Gargiulo	1,543	2	0.84	-		-
Lockman Home Building Company	753	3	0.41	-		-
Georgia Power Company	715	4	0.39	526	4	0.34
TOSC Properties LLC	712	5	0.39	-		-
OCP Avondale LLC	499	6	0.27	-		-
Waffle House	489	7	0.27	-		-
TT and G LLC	476	8	0.26	-		-
KJA/Eckerd #1 LLC	464	9	0.25	494	6	0.32
Atlanta Gas Light	406	10	0.22	-		-
Century AG Avondale LLC	-		-	1,672	1	1.08
Georgia Duck and Cordage Mill	-		-	979	2	0.63
Michael Plasker	-		-	682	3	0.44
Harold C. Johnson, Jr	-		-	510	5	0.33
Rite Aid 11690	-		-	389	7	0.25
Michael Gerard	-		-	383	8	0.25
Dave Ladet	-		-	360	9	0.23
Diane Mahaffey	-		-	357	10	0.23
	<u>\$ 7,874</u>		<u>4.30 %</u>	<u>\$ 6,352</u>		<u>4.11 %</u>

Source: Dekalb County Tax Commissioners Office

CITY OF AVONDALE ESTATES, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS

(amounts expressed in thousands)

Tax Year*	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 1,472	\$ 1,468	99.7%	\$ 4	\$ 1,472	100.00%
2007	1,514	1,492	98.5%	21	1,513	99.93%
2008	1,619	1,595	98.5%	-	1,595	98.52%
2009	1,561	1,541	98.7%	18	1,559	99.87%
2010	1,723	1,676	97.3%	25	1,701	98.72%
2011	1,705	1,663	97.5%	30	1,693	99.30%
2012	1,439	1,392	96.7%	41	1,433	99.58%
2013	1,499	1,461	97.5%	10	1,482	98.87%
2014	1,566	1,550	99.0%	19	1,564	99.87%
2015	1,691	1,666	98.5%	31	1,670	98.76%

Source: DeKalb County Tax Commissioners Office

CITY OF AVONDALE ESTATES, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Notes Payable	Capital Leases			
2006	\$ -	\$ -	\$ 170	\$ -	\$ -	\$ 170	0.10%	\$ 68
2007	-	-	112	-	-	112	0.10%	42
2008	-	-	66	-	-	66	0.06%	25
2009	-	-	- (2)	-	33 (2)	33	0.03%	12
2010	-	-	-	-	12 (2)	12	0.01%	5
2011	-	-	-	-	- (3)	-	0.00%	-
2012	-	-	-	-	-	-	0.00%	-
2013	-	-	800 (4)	-	-	800	0.69%	270
2014	-	-	649 (4)	-	-	649	0.54%	219
2015	-	-	494 (4)	-	-	494	0.43%	147

(1) See the Demographic and Economic Statistics for personal income and population data.

(2) The City elected to report Sanitation activities as a separate enterprise fund and the related capital leases.

(3) The City has paid off all capital leases as of this year.

(4) The City purchased an asset to be held for resale and financed the purchase with a capital lease.

CITY OF AVONDALE ESTATES, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(amounts expressed in thousands)

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Avondale Estates (1)	Amount Applicable to City of Avondale Estates
Overlapping General Obligation Debt:			
Dekalb County	\$ 280,150	0.743%	\$ 2,082
Fulton Dekalb Hospital Authority	36	0.743%	-
Total overlapping debt	<u>280,186</u>		<u>2,082</u>
City direct debt	<u>-</u>	100.000%	<u>-</u>
Total direct and overlapping debt	<u>\$ 280,186</u>		<u>\$ 2,082</u>

Source: Assessed value data used to estimate applicable percentages provided by the Dekalb County Tax Assessors Office. Debt outstanding data provided by Dekalb County Finance Department.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Avondale Estates, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

CITY OF AVONDALE ESTATES, GEORGIA

LEGAL DEBT MARGIN INFORMATION
(amounts expressed in thousands)

Assessed Value	\$	183,049
Add back: exempt real property		<u>371</u>
Total assessed value		183,420
Debt limit (10% of total assessed value)		<u>18,342</u>
Legal debt margin	\$	<u><u>18,342</u></u>

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. The City currently has no outstanding general obligation debt.

The City did not have any general obligation debt outstanding prior to fiscal year 2012.

CITY OF AVONDALE ESTATES, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (1)	Median Age (1)	Percentage of Population Age 25 and Older with Greater than 12 Years of Formal Schooling (3)	School Enrollment (2)	Unemployment Rate (4)
2006	2,506	\$ 106,768	\$ 43	42.9	N/A	428	4.7%
2007	2,648	112,818	43	42.9	67%	415	4.6%
2008	2,648	112,818	43	42.9	67%	450	7.7%
2009	2,648	112,818	43	42.9	67%	450	9.1%
2010	2,648	115,638	43	42.9	67%	462	10.5%
2011	2,960	117,373	46	45.0	67%	637 (5)	9.7%
2012	2,960	117,960	40	45.0	67%	824 (5)	8.9%
2013	2,960	115,601	40	45.0	68%	784 (5)	10.4%
2014	2,960	119,231	45	45.0	70%	898 (5)	6.8%
2015	3,356	113,934	50	44.7	75%	926 (5)	4.1%

(1) Source: U.S. Census (available every tenth year)

(2) Source: Dekalb County School System (Avondale Elementary School)

(3) Source: 2015 American Community Survey

(4) Source: Georgia Department of Labor

(5) Avondale Estates Museum School Enrollment is included

CITY OF AVONDALE ESTATES, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT AND LAST FOUR YEARS

2015 Employers	2014 Employers	2013 Employers	2012 Employers	2011 Employers
Ace & A Heating and Air	Arboguard Tree			
Arboguard Tree	Arboguard Tree	Arboguard Tree	Arboguard Tree	Avondale Pizza Café
DeKalb Collision Center	Avondale Pizza Café	Avondale Pizza Café	Avondale Pizza Café	D & R Towing
Globe Chemical	DeKalb Collision Center	DeKalb Collision Center	DeKalb Collision Center	DeKalb Collision Center
Jollay Masonry				
Lanier Jones Mechanical	Mann Mechanical	Mann Mechanical	Mann Mechanical	Lifeline Animal Project
Mann Mechanical	Paste	Paste	Paste	Mann Mechanical
PCA Head Start	PCA Head Start	Rite Aid # 11690	Rite Aid # 11690	Rite Aid # 11696
Rite Aid # 11690	Rite Aid # 11690	Simon Roofing	Simon Roofing	Salvation Army Thrift Store
Waffle House # 1000				

Source: City of Avondale Estates Occupational Tax Department

Notes: Employers are listed in alphabetical order only and not ranked in any way.
Number of employees cannot be listed due to privacy issues

N/A - Information not available N/A - Information not available N/A - Information not available

CITY OF AVONDALE ESTATES, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2015	2014	2012	2011	2010	2009	2008	2007	2006
General government	8	8	7	6	6	5	5	4	4
Public safety									
Police									
Officers	13	13	12	12	12	12	12	10	10
Public Works	2	2	2	2	2	2	13	18	18
Sanitation	11	12	11	11	11	11 (1)	-	-	-
Culture & Recreation	6	3	6	6	6	6	6	4	4
Total	40	38	38	37	37	36	36	36	36

Source: City of Avondale Estates department records

(1) The City elected to report Sanitation activities in a separate enterprise fund

CITY OF AVONDALE ESTATES, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Function										
Police										
Homicide	-	-	-	-	-	1	-	-	-	-
Robbery	1	-	3	2	2	3	-	3	3	4
Aggravated Assault	-	1	4	1	3	-	1	1	2	-
Auto Theft	6	2	8	5	8	8	8	5	6	12
Burglary	12	7	9	25	8	7	18	20	23	15
Larceny Theft	49	37	66	65	53	80	59	110	71	77
Municipal Court										
Traffic Citations Issued	3,030	3,123	4,368	2,929	2,965	3,155	3,127	3,062	2,065	1,134

Source: City of Avondale Estates Departments

Note: Fluctuations experienced in traffic violations from year to year result from the number of officers on the streets during these periods.

CITY OF AVONDALE ESTATES, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Function											
Public safety											
Police											
Stations	1	1	1	1	1	1	1	1	1	1	1
Patrol units *	-	-	-	-	-	-	-	1	1	-	1
Public Works											
Streets (miles)	19 (1)	18	18	18	18	18	18	18	18	18	18
Number of Street Lights	385 (1)	369	369	369	369	369	369	363	363	372	372
Collection Trucks *	-	-	-	-	-	-	-	-	-	1	-
Dump Trucks *	-	-	-	-	-	-	-	-	-	-	1
Street Sweeper	-	-	-	-	-	-	-	-	-	-	-

* Currently Under Capital Lease

Source: Various City departments

Note: Capital asset indicators are not available for the general government function

(1) Increase due to annexation

GOVERNMENTAL REPORTS

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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of City Council
 The City of Avondale Estates, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Avondale Estates, Georgia, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Avondale Estates, Georgia’s basic financial statements, and have issued our report thereon dated June 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Avondale Estates, Georgia’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Avondale Estates, Georgia’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Avondale Estates, Georgia’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Avondale Estates, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macon, Georgia
June 22, 2016

A handwritten signature in black ink, appearing to read "Cheryl L. Hill". The signature is written in a cursive style with a large initial "C".