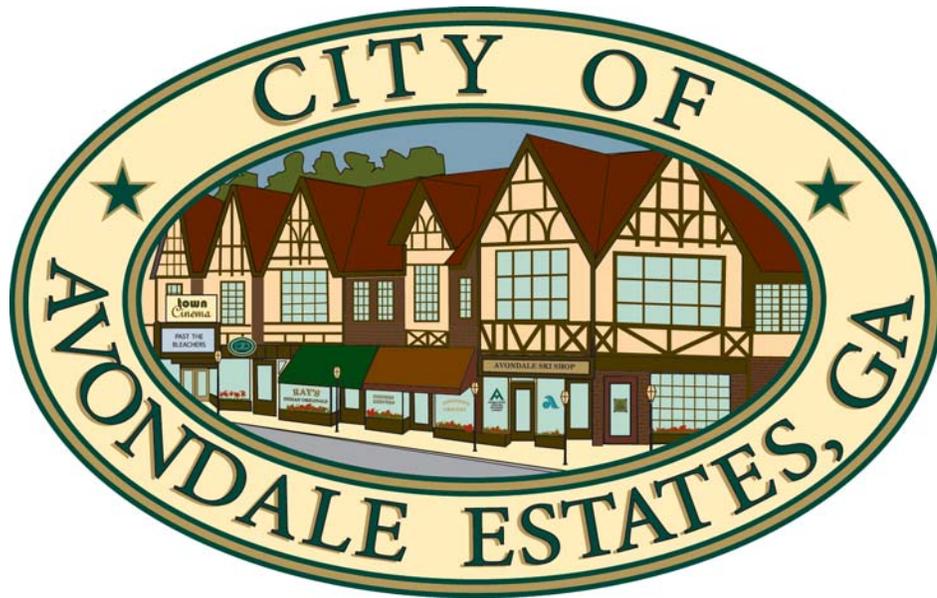


CITY OF AVONDALE ESTATES GEORGIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

CITY OF
AVONDALE ESTATES,
GEORGIA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2021

PREPARED BY:

Finance Department

CITY OF AVONDALE ESTATES, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

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CITY OF AVONDALE ESTATES, GEORGIA

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INTRODUCTORY SECTION

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**BOARD OF MAYOR AND
COMMISSIONERS**

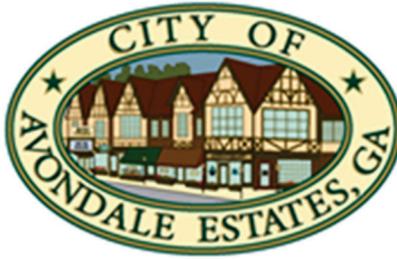
Jonathan Elmore
Mayor

Brian Fisher
Mayor Pro Tem

Lionel Laratte
Commissioner

Dee Merriam
Commissioner

Lisa Shortell
Commissioner



Patrick Bryant
City Manager

Stephen Quinn
City Attorney

Stephen W. Nicholas
City Judge

March 29, 2023

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

The Annual Comprehensive Financial Report (ACFR) of the City of Avondale Estates for the fiscal year ending December 31, 2021, 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. Readers should consult Management's Discussion and Analysis, beginning on page 16 of this report, to provide context and explanation for the financial statements and other information.

There were no accounting policy changes during 2021 that had a significant impact on the current period's financial statements.

The financial reporting entity includes all the funds of the primary government. The City provides a limited range of municipal government services to an estimated 3,567 citizens. Included in these services are traditional City functions, such as public works, public safety, sanitation, parks, courts and inherent support activities.

INDEPENDENT AUDIT

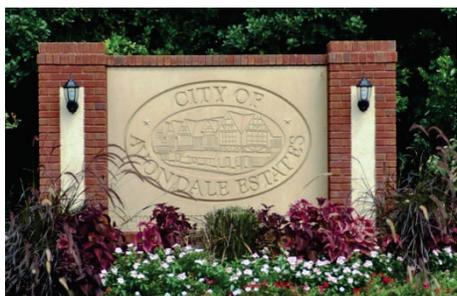
The City of Avondale Estates' financial statements have been audited by the firm of McNair, McLemore, Middlebrooks & Co., LLC of Macon, Georgia. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2021, are fairly

represented in conformity with GAAP. The independent auditor's report is the first component of the financial section of this report. The independent audit of financial statements of the City is sometimes part of a broader, federal and state mandated "single audit" designed to meet the special needs of federal and state grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards. The requirement for a single audit is the expense of \$750,000 or more in federal funds. Thus, a single audit was not required in 2021.

The financial statements included in this report conform to GAAP and the standards established by the Governmental Accounting Standards Board (GASB). This annual comprehensive financial report includes a narrative introduction from management that provides an overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD & A). This letter of transmittal is meant to complement the MD & A and should be read in conjunction with it. The City of Avondale Estates' MD & A can be found immediately following the Independent Auditor's Report.

City of Avondale Estates Profile

The City of Avondale Estates was founded by George Francis Willis in 1924. Willis' plans for the City were inspired by the trip he and his wife, Lottie, had taken to Stratford-upon-Avon, England. He aspired to recreate the majestic Tudor-Revival style architecture found at the birthplace of William Shakespeare. With the guidance of internationally known city planners, Willis proceeded to develop what would later be known as the only documented example of a planned city in the Southeast. Today, Avondale Estates is named on the National Registrar of Historic Places. The City was incorporated in 1927.



The City of Avondale Estates is located near Decatur, in DeKalb County, Georgia, and has a population of 3,360 residents. The City is known for its close-knit community, beautiful setting and diverse architectural styles. The first Waffle House, which opened its doors Labor Day weekend of 1955, is now a museum. Community amenities for residents include beautiful Lake Avondale, the Avondale Community Club, tennis courts and a swimming pool. Avondale Estates is entirely underlain by granite, and clay-rich soil developed on it. Some of this granite can be seen outcropped along the shore of Lake Avondale

The City is governed by a mayor and a board of commissioners, who sets policy and relies on the city manager to implement policy direction. Avondale Estates also has a city manager and other administrative positions. The City utilizes the DeKalb County Fire Service for fire and EMS calls but provides its own police service. The Avondale Estates Police Department (AEPD) has approximately 15 members providing around the clock coverage. Officers drive Dodge Chargers

equipped with PIT bumpers, LED lights, in-car computers with e-tickets, and digital video cameras. City Court is held multiple times a month. The Georgia Department of Juvenile Justice has its headquarters in Avondale Estates.

The mostly Tudor-style downtown area of Avondale Estates, known as the commercial district, is home to a variety of businesses including consignment stores. Pizza, southern comfort food, and Chicago style hot dogs are some of the restaurant fare options within the city limits. The city is the location of the first Waffle House restaurant which opened on Labor Day weekend in 1955 having been converted into a museum, along with an existing operational full-time Waffle House nearby, with numerous others in the Decatur, Georgia area as well. The Avondale Salad, featured on certain Waffle House lunch menus, derives its name from the city.

A selection of art galleries and studios are located in an area of the City known as the Rail Arts District. Little Tree Art Studios, located on Franklin Street, is a warehouse that includes multiple artist studios and a music rehearsal space. The movie, Instant Family (2018), starring Mark Wahlberg, was also filmed in Avondale Estates.

Budget Process

The City of Avondale Estates prepares an annual budget document as the basis for the City's financial planning and control. The City Manager meets with department heads about mid-September annually. The prior year's amended budget, along with 2 year's actual historical data, is used to develop a proposed operating budget. The proposed budget is presented to the Board of Mayor and Commissioners (BOMC) for review prior to October 20th. The BOMC is required to hold a public hearing on the proposed budget, which is typically done by mid-December, after all budget work sessions with Council are completed, but before adoption of the budget by BOMC in December.

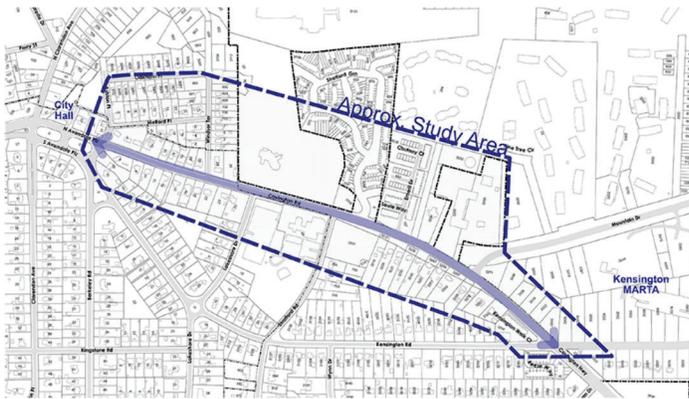
The General Fund is the City's operating fund – it contains the revenues and expenditures required for the day-to-day operations of the government. The annual budget is presented by fund and department. Budget to actual comparisons are provided in this report for each individual fund for which an appropriated budget has been adopted. For the general fund, this comparison extends to the department level. Budget to actual comparisons for all non-major special revenue governmental funds are presented in the other Required Supplementary Information (RSI) section of the financial statements. The legal level of budgetary control is at the department level.

Annual budgets are adopted in compliance with generally accepted accounting principles for the general and special revenue funds. Special Revenue funds are funds legally restricted to use for purposes and are accounted for separately. Special revenue funds include ARPA Fund, Tax Allocation District Fund and the Police Seizures Fund.

MAJOR INITIATIVES AND ECONOMIC OUTLOOK

Initiatives:

Entertainment District: In 2021 the City adopted an entertainment district for downtown. The entertainment district allows patrons to walk through the downtown area with alcohol if it is in an approved cup.



enjoyable for residents and visitors.

Complete Street: During 2021, the City continued work with the Georgia Department of Transportation on the US 278 Complete Streets project. The scope consists of completing and widening the sidewalk system from Ashton Place to Sam's Crossing, along with a mixed-mode (bike/pedestrian) path and refuge islands throughout the corridor to increase safety and make a more aesthetically pleasing multi-use thoroughfare that is

Stormwater Master Plan: During 2020, the City undertook a stormwater master plan to assess the condition of existing stormwater infrastructure throughout the City including the downtown, to identify aging and overburdened stormwater infrastructure. The Stormwater Master Plan was completed in 2021 and included an inventory and condition analysis of the stormwater infrastructure, a plan for addressing stormwater needs, and a list of five priority projects.

City-wide Zoning Code Adoption: After an extensive community input process that kicked off in 2019, the City official adopted a new zoning code for the enter city in 2021. In the Central Business District, the City established design standards which will transition the downtown from a more suburban layout to one that is more walkable and bikeable.

Downtown Urban Design Analysis: Completed in 2021, the downtown urban design study focuses on the physical parameters of the public and private realm to ensure that its development will be in harmony with the vision for downtown. Phase I focuses on analyzing and synthesizing the existing and proposed conditions for Downtown to establish a baseline to inform the citywide rezoning process. Phase II illustrates the physical aspects of Downtown's public and private realm as informed by the City's rezoning process and new street grid ratification. Those parameters were utilized to create technical frameworks for street types, sustainability, and development. The final phase included several "development test fits" or evaluating varying ways in which different types of development may fit on newly formed blocks and the general order of magnitude of their sizes to give the City and DDA a better understanding of the development potential of the new block sizes created through the recently adopted downtown street grid and new regulations to be adopted in the citywide zoning revisions which were under development.

Tree-City Designation: In 2021, the City celebrated 37 years as a Tree City USA through the National Arbor Day Foundation. To become a Tree City USA, a community must meet four standards: have a tree board, have a community tree care ordinance, participate in a

comprehensive community forestry program, have an Arbor Day observance, and issue a proclamation. Every year in celebration of Arbor Day, the City plants a tree to honor a community member who has passed. The City of Avondale Estates was the first Tree City USA in DeKalb County.

Business:

Increase in Permits: The City received 215 permit applications during 2021, a 4.7% decrease from the previous year, when 225 applications were received and processed. However, revenue receipts totaled only \$49,871 in 2020. The total revenue for 2021 was \$64,087, reflecting a 28.5% increase in revenue collections for 2021, indicating that property improvement valuations are increasing.

Added Businesses and Jobs: The City continues to attract independent specialty retailers and remains dedicated to being business-friendly while maintaining high standards. An estimated 106 new jobs were created in 33 new businesses downtown. Additionally, 18 businesses closed for a loss of 66 jobs. In total the city experienced a net increase of 40 new jobs.

Rising Commercial Tax Base: The commercial tax base increased substantially over the last couple of years; between 2018 and 2021, the appraised value of commercial properties has increased from about 25 million dollars to over 100 million. Commercial properties make up about 19% of the City's total tax base.

Parking Solutions: In 2021, the DDA added new trees and 5 state-of-the-art solar lights to create a more environmentally sensitive and attractive parking lot.

Community Promotion Program:

Mainstreet Promotions and Events: Due to limitations caused by the Covid-19 pandemic, the City canceled in-person events in 2020 and introduced promotions to attract customers into the downtown businesses. In 2021, the July 4th fireworks and a community procession marked the return to in-person events in 2021. Throughout the remainder of the year, there were several city-wide events and seven downtown events. In October, the City and the DDA implemented the first annual Avondale Ale Days to draw people to the burgeoning microbrewery scene. The breweries reported their best sales day ever.

In December, the DDA sponsored Winter Wonderland, a one-day event to encourage families to shop and dine in downtown Avondale Estates. Additionally, the Community Promotion Program (CPP), funded by the City and administered by the DDA, is a grant fund intended to catalyze downtown events. In 2021, Stompfest, Tiny House Festival, and Placita Latina, a series of events designed to celebrate Hispanic culture, held events in downtown supported through grants from the DDA and the City. The city has an active and engaged community. In 2021, over 180 people volunteered their time to assist with events.

Business Association: In 2021, the Avondale Estates Business Association (AEBA) joined forces with the DDA to host two business meetings.

Recreation and Greenspace:

Northwoods Trails and Raingardens: The North Woods area of Lake Avondale is a safety hazard. The Lake Master Plan (2008) identified projects in this area that can mitigate the erosion and sedimentation issues while enhancing the area as a passive, usable portion of the park. Design was undertaken and completed in 2021. Construction is expected in 2022 and 2023.

Town Green: The City acquired a four (4) acre site in the Central Business District for a new Town Green via capital leasing beginning in 2014; lease payments concluded in 2018. The Downtown Development Authority and the City hosted six (6) months of meetings to determine the community preferred design for a Town Green and mixed-use development on this property. Local professionals submitted ten (10) design concepts, and through online and in-person surveying one (1) concept was selected, Concept 9. The City and contracted designer, Site Solutions, executed an award-winning community engagement process to refine the concept plan for the Town Green. The BOMC adopted the plan in late spring of 2020, and the design team continued with the production of construction plans. In 2021, the City solicited bids for the project and started construction of the park which was completed in the second quarter of 2022.



Rendering of the Town Green Marketplace as seen from N. Avondale Rd.

North Avondale/East College Streetscape: In 2021, the city completed the plan for a federally funded streetscape, along a .75-mile street of US Highway 278 which is also known as North Avondale Road and East College Avenue. As proposed, the project will include a 10-foot bike and pedestrian path, a landscape strip between the sidewalk and the roadbed, and reduced travel lanes from five to three. Right of Way acquisition is to be completed in 2022 and construction to begin in 2023.

Economic Outlook:

Avondale Estates 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 - with an estimated population of 3,567, according to the 2021 American Community Survey (ACS) estimate.

According to the U.S. Bureau of Census, approximately 99 percent of the residents have at least a high school education. The median household income is \$112,050 (ACS). Most residents are well-compensated, successful professionals.

Redevelopment continued through 2021. In the past few years, Avondale's historic movie theater was renovated into a music performance venue called 37 Main. Three older buildings – located at 120 Olive Street, 2855 Washington Street, and 2869 Washington Street - were renovated to provide modern retail and office space. Additionally, a large mixed-use apartment development, Alexan Avondale, added 270 units and 7,700 square feet of retail space.

The most significant influence on the economy of the City in 2021 is still the redevelopment of the downtown commercial area, which continues. This redevelopment is accelerating and will propel the City's economy for the foreseeable future. The Board of Mayor and Commissioners and Downtown Development Authority are working to facilitate new development that meets the vision established in the 2014 Downtown Master Plan.

FINANCIAL INFORMATION

General:

The 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 of 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, special revenue and certain capital project funds 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 to satisfy unforeseen needs without Commission action.

Enterprise Operations:

The City currently has two enterprise (proprietary) funds: stormwater utility and sanitation. The Sanitation Fund is self-sufficient but pools cash for operations with the General Fund during the year to facilitate cash flow. Collection of fees is contracted with DeKalb County via the property tax bills issued annually.

The Stormwater Fund has historically funded only maintenance to the system, but the City began implementing major infrastructure projects in 2020. In 2021, the stormwater fund covered expenditures related to the Stormwater Master Plan Update, curb and drain repairs at 1141 Dunwick Drive, and new stormwater drain construction at Majestic Circle and Northwoods at Lake Avondale, both of which are infrastructure projects.

Retirement Plan:

The recommended contribution rate for the City Retirement Plan increased due to relatively weaker investment performance in 2021, as well as a change in actuarial assumptions. Information concerning the City's Plan is found on Pages 55-60 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.

Promotions and 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 of Avondale Estates for its annual comprehensive Financial Report for the fiscal year ended December 31, 2020. This was the twenty-fourth consecutive year that the government has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year only; the 2021 annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and will be submitted to GFOA to determine its eligibility for another certificate.

Mainstreet Promotions: The City continued its commitment to its Department of Community Affairs Main Street status for the 2021 calendar year. The website and Facebook page of the Downtown Development Authority/Main Street Board (the "DDA") continued to engage people in surrounding neighborhoods and regionally. The City and the DDA maintain an active presence on social media and not only promote city produced events but also promote events by others. The DDA sent 3 newsletters to local businesses and created a map of downtown businesses.

Placemaking: The DDA redesigned and hung new banners promoting downtown events, updated and expanded the holiday decorations, explored wayfinding alternatives.

Community Spirit Awards: As a way of continuing to build community, homes voted on by their fellow neighbors were given decoration awards for their Halloween and Christmas decorations.

Small Town Beer Scene: In 2021, the City of Avondale Estates was selected by USA Today as the Best Small-Town Beer Scene.



PRSA Georgia Phoenix Awards: An award of Excellence for Community Relations was given in recognition for the city’s Town Green community engagement and design process. The second award was for the Small-Town Beer Scene campaign for the most effective campaign on a shoestring budget (\$5,000 or less). The third award (which is the Phoenix – the highest award in the category) was for executive communication.

Acknowledgments:

The preparation of the annual comprehensive 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. I extend my sincere appreciation to everyone who contributed to the preparation of this report. Without the leadership and support of the Board of Mayor and Commissioners and the residents of Avondale Estates, preparation of this report would not have been possible.

Respectfully submitted,

Patrick Bryant

Patrick Bryant
City Manager,
City of Avondale Estates

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

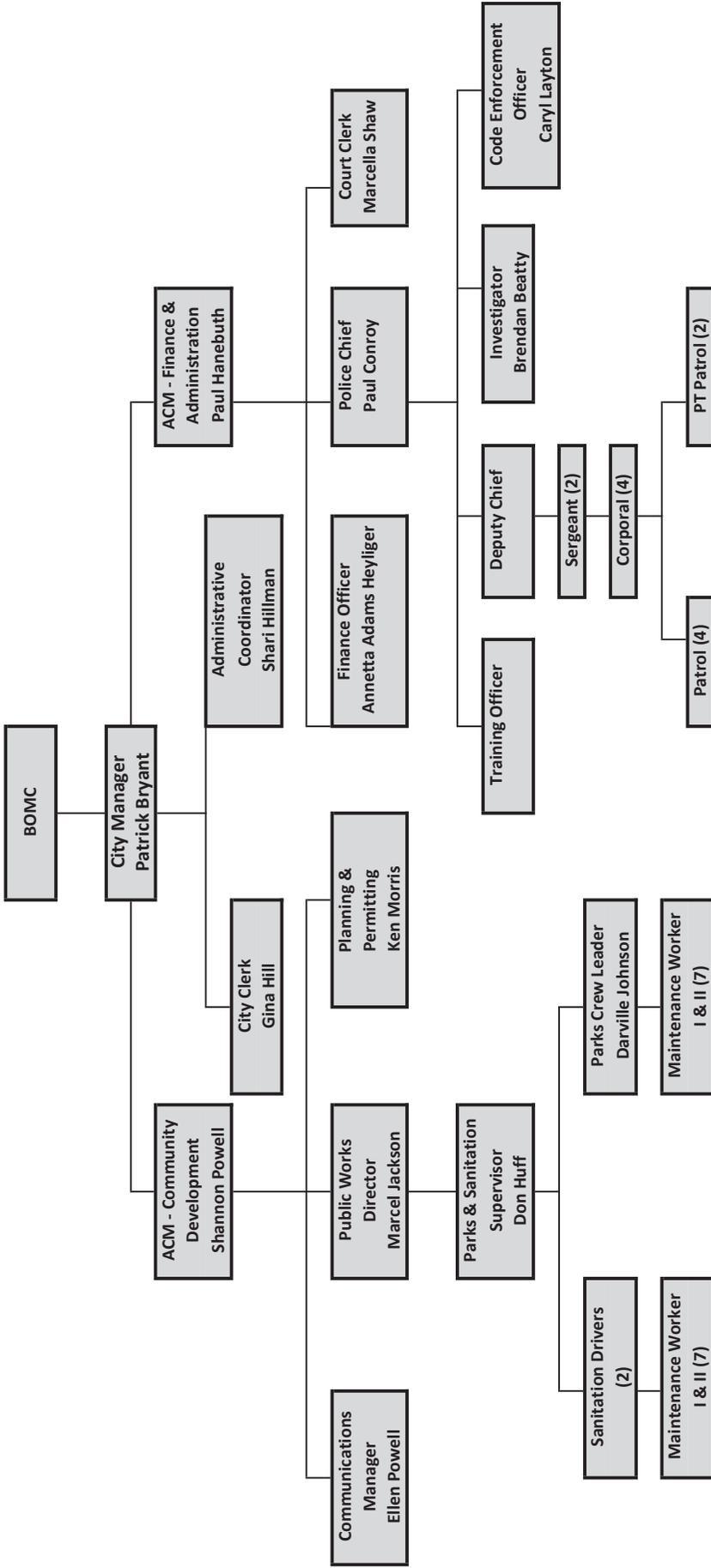
**City of Avondale Estates
Georgia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO



CITY OF AVONDALE ESTATES, GEORGIA

PRINCIPAL OFFICIALS

DECEMBER 31, 2021

CITY COMMISSION

Jonathan Elmore	Mayor
Brian Fisher	Mayor Pro-Tem
Lionel Laratte	Commissioner
Dee Merriam	Commissioner
Lisa Shortell	Commissioner

ADMINISTRATION OFFICIALS

Patrick Bryant	City Manager
Stephen Quinn	City Attorney
Paul Hanebuth	Assistant City Manager, Finance & Administration
Shannon Powell	Assistant City Manager, Economic & Community Development
Gina Hill	City Clerk
Harry Hess	Chief of Police
Marcel Jackson	Public Works Director
Ken Morris	Finance Officer
Shari Hillman	Permit & Planning Coordinator
Marcella Shaw	Municipal Court Clerk
Ellen Powell	Communications Manager
Shari Hillman	Administrative Assistant

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FINANCIAL SECTION

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March 29, 2023

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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 (the "City")** as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 16 through 26, the schedule of changes in the City's net pension liability and related ratios on page 66-67, the schedule of City contributions on page 68, and the notes to the required supplementary information on page 69-70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, the schedule of project expenditures with special sales tax proceeds, and the 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, the budgetary comparison schedules, the schedule of project expenditures with special sales tax proceeds, and the Downtown Development Authority statements are the responsibility of management and was 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, schedule of project expenditures with special sales tax proceeds, and the Downtown Development Authority's financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical tables but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of the City'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 solely 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 effectiveness of internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

MANAGEMENT'S DISCUSSION & ANALYSIS

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CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

(CONTINUED)

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 financial activity of the City of Avondale Estates for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements and footnotes.

Financial Highlights

The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$14,607,444. Of this amount, \$7,541,910 (unrestricted net position) may be used to meet the government's ongoing obligations. Additionally, \$5,817,474 is invested in capital assets. The remainder is restricted primarily for capital projects.

The City's net position from governmental activities increased approximately 11.6% (\$1.3 million) when compared to the previous year, while business-type activities' net position increased by approximately 20.4% (\$327,710) when compared to the previous year. The total increase for 2021 was 12.7%.

General Fund revenues decreased by \$393,674 (8.4%) compared to 2020. Intergovernmental revenue decreased by \$467,511, or 73%; fines and forfeitures decreased by \$45,476, or 9.9%; other revenues decreased by \$16,067, 24.8%; and interest earnings decreased by \$15,210, or 87.1%. These decreases were offset by an approximate \$124,000 increase in tax revenues and a \$25,892 increase in licenses and permits revenue. The large decrease in intergovernmental revenue is attributed to a \$500,000 one-time payment from the Downtown Development Authority for payment in lieu of taxes for a property sale, which occurred in 2020. Most other decreases are attributed to Covid-19 and the resulting business shutdowns during 2021.

General Fund expenses increased by 20.5%, or \$650,872 in 2021. Public safety expenditures increased by approximately \$367,000; culture and recreation expenses increased by about \$190,000. and general government expenses increased by \$103,000. Explanations for the variances follow in the document when comparing 2020 and 2021 operating results.

At the close of 2021, the City's governmental funds reported combined ending fund balances of \$7,682,959 as compared to \$7,843,655 at the end of 2020. This reflects a decrease of \$160,696, or 2%. The Capital Projects fund showed the only decrease in major funds fund balance (\$1,206,919) which was a result of the capital projects underway and the addition of assets during 2021. The URA fund showed a \$405,995 increase in fund balance which is a result of the receipt of bond revenues utilized to fund the capital projects underway at the end of 2021. Additionally, the General Fund's fund balance increased by \$447,706 during 2021 as a result of excess revenues during the current year. These revenues will be utilized to fund capital projects in future years.

Unassigned fund balance for the General Fund was \$4,127,324 at the end of 2021, as compared to \$3,686,984 at the end of 2020. This balance represents 108% of total General Fund expenditures. The City's reserves policy stipulates maintaining a balance of at least 25% of expenditures. While this requirement was far exceeded in 2021, the City anticipates expending the excess by the end of 2022 as major capital projects are fully implemented.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

(CONTINUED)

Overview of the Financial Statements

This discussion and analysis serves 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 similar to statements produced for a private-sector business.

The statement of net position presents information on all 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 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, culture and recreation, and housing and development. The business-type activities of the City are the Stormwater 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 (DDA), 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 Urban Redevelopment Agency (URA) is a blended component unit of the City; URA financial information is reported as a major Capital Project fund.

The government-wide financial statements can be found on pages 27-30 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. City funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021 (CONTINUED)

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. 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 seven 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, ARPA, 2018 SPLOST, URA and Capital Project Funds, which are reported as major funds. Data from the other two governmental funds (Police Seizures and Tax Allocation District) are combined into a single, aggregated presentation, but supplementary information on the individual non-major funds may be found beginning on page 71 of 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 31-36 of this report.

Proprietary funds. The City maintains two 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 Stormwater Utility and Sanitation functions. The basic proprietary fund financial statements can be found on pages 37-40 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 City has one fiduciary fund: Dottie Holmes Memorial Trust Fund. The basic fiduciary fund financial statements can be found on pages 41 and 42 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 43-65 of this report.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2021
 (CONTINUED)

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. The following chart is a depiction of the City's net position (in thousands) as compared to the previous year.

City of Avondale Estates Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 9,049	\$ 8,093	\$ 1,241	\$ 970	\$ 10,291	\$ 9,063
Capital assets	9,540	4,546	964	784	10,504	5,329
Total assets	18,589	12,639	2,206	1,754	20,795	14,393
Deferred outflows-Pension	256	453	45	80	301	533
Liabilities						
Non-current liabilities	4,475	1,459	198	177	4,674	1,637
Other liabilities	1,348	230	53	38	1,400	268
Total liabilities	5,823	1,689	251	215	6,074	1,904
Deferred inflows-Pension	352	53	62	9	414	62
Net Position						
Net Investment in						
capital assets	4,963	4,113	854	784	5,817	4,897
Restricted	1,248	2,181	-	-	1,248	2,181
Unrestricted	6,459	5,055	1,083	826	7,542	5,881
Total net position	\$ 12,670	\$ 11,349	\$ 1,937	\$ 1,610	\$ 14,607	\$ 12,959

The City's 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, represents about 44% of its total net position. 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 assets are either restricted (\$1.248 million) or unrestricted (\$7.542 million). Unrestricted net assets 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 assets, for both the government as a whole and its business-type activities. During fiscal 2021, the City's total primary government net position increased by \$1.648 million, or 12.7%.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(CONTINUED)

Changes in Net Position

The following schedule presents a summary of changes in net position for the fiscal year ending December 31, 2021 (in thousands).

City of Avondale Estates Changes in Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 532	\$ 550	\$ 1,372	\$ 960	\$ 1,904	\$ 1,511
Operating grants & contributions	173	972	-	-	173	972
Capital grants & contributions	982	606	-	-	982	606
General revenues:						
Property taxes	2,866	2,653	-	-	2,866	2,653
Franchise taxes	247	361	-	-	247	361
Insurance Premium taxes	245	237	-	-	245	237
Other taxes	277	241	-	-	277	241
Other revenues	49	65	-	-	49	65
Investment earnings	4	18	1	3	5	20
Total revenues	<u>5,375</u>	<u>5,703</u>	<u>1,373</u>	<u>963</u>	<u>6,747</u>	<u>6,666</u>
Expenses						
General government	666	1,209	-	-	666	1,209
Public safety	1,484	1,317	-	-	1,484	1,317
Public works	1,299	343	-	-	1,299	343
Recreation	550	476	-	-	550	476
Housing & Development	42	8	-	-	42	8
Interest	12	4	-	-	12	4
Sanitation	-	-	114	770	114	770
Stormwater	-	-	931	170	931	170
Total expenses	<u>4,054</u>	<u>3,357</u>	<u>1,045</u>	<u>940</u>	<u>5,099</u>	<u>4,296</u>
Change in net position	1,321	2,346	328	23	1,648	2,370
Net Position beginning of year	<u>11,350</u>	<u>9,003</u>	<u>1,610</u>	<u>1,586</u>	<u>12,959</u>	<u>10,590</u>
Net Position end of year	<u>\$ 12,670</u>	<u>\$ 11,350</u>	<u>\$ 1,937</u>	<u>\$ 1,610</u>	<u>\$ 14,607</u>	<u>\$ 12,959</u>

Governmental charges for services decreased by \$18,677 during 2021 primarily due to the reduction in fines and forfeitures because enforcement actions were curtailed due to the COVID-19 pandemic. Charges for services for business-type activities increased by approximately \$411,000 primarily due to the increased receipts (\$273,000) by the Stormwater utility fund, a direct result of the increase in fees from \$60 to \$180 in 2021. Operating grants and contributions were much higher in 2020 than 2021 because the City received about \$573,000 from its component unit, the Downtown Development Authority (DDA) and \$500,000 as a payment in lieu of taxes related to the sale of a DDA-owned building in 2020. The activity reflected in 2021 is mostly reimbursements for services rendered by city-paid staff from the DDA, which is the norm. The City also received about \$376,000 more in capital grants and

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

(CONTINUED)

contributions in 2021; these funds were utilized to purchase sanitation equipment and renovate the existing public works facility.

Total Primary Government expenses increased approximately \$802,000 in 2021. General Government saw the largest decrease (\$542,816); Public Works expenses increased by about \$955,000 as roadway and sidewalk projects were resumed after the ease of COVID-19 pandemic restrictions. Public Safety expenses increased by \$167,600.

Reporting of business-type activities includes operations of the Stormwater utility and Sanitation Department. Business-type activities increased the City of Avondale Estates' net position by \$328,000 due to increases of about \$36,000 in the Sanitation Fund and \$290,000 in the Stormwater Fund. Expenses decreased by about \$55,000 in the Stormwater fund and increased by \$160,000 in the Sanitation Fund. The increases in the Sanitation Fund expenses were mainly due to employee wage and benefit increases, a recycling contract cost increase, and vehicle repair increases during 2021.

The City expects to spend down Stormwater reserves by 2023 as high-priority projects identified in the plan are completed. Both Stormwater and Sanitation fees are billed annually with property tax bills; the Sanitation Fund requires significant funding by the General Fund early in the year and then funds are transferred back to the General Fund as revenues are collected near the end of the year.

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.

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. Unassigned fund balance, especially, 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 \$7,682,959, a decrease of \$160,696 in comparison with the prior year. Of that total, \$4,127,324 constitutes unassigned General Fund balance, which is available for spending at the government's discretion. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned General Fund balance at the end of 2021 represents 108% of total General Fund expenditures for the year.

Of the total governmental fund balance, \$1,148,315 is non-spendable, with \$1,116,409 of that amount representing an asset held for resale, and the remainder being prepaid expenses. \$1,248,060 (consisting of \$945,727 in SPLOST collections and \$288,598 from the Tax Allocation District fund collections) is restricted for capital outlay projects and \$13,603 is restricted for law enforcement outlays. The final \$1,159,260 has been assigned by the Board of Mayor and Commissioners to be spent on approved capital outlay projects in the Urban Redevelopment and Capital Projects funds.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(CONTINUED)

The table below compares general fund revenues and expenditures for 2021 and 2020 (in thousands).

	General Fund		\$ Increase (Decrease)
	2021	2020	
Revenues			
Taxes	\$ 3,525	\$ 3,402	\$ 123
Licenses & permits	116	90	26
Intergovernmental	173	640	(467)
Fines & forfeitures	412	457	(45)
Charges for services	5	4	1
Interest income	2	17	(15)
Other revenues	49	65	(16)
Total revenues	<u>4,281</u>	<u>4,675</u>	<u>(393)</u>
Expenditures			
General government	1,598	1,494	104
Public safety	1,357	990	367
Public works	218	231	(13)
Recreation	639	449	190
Housing & Development	9	6	3
Total expenditures	<u>3,820</u>	<u>3,170</u>	<u>651</u>
Excess of revenues over expenditures	<u>460</u>	<u>1,505</u>	<u>(1,045)</u>
Transfers to/from other funds (Net)	<u>(12)</u>	<u>(2,012)</u>	<u>2,000</u>
Net change in fund balances	448	(507)	955
Fund balances, beginning of year	<u>4,851</u>	<u>5,358</u>	<u>(507)</u>
Fund balances, end of year	<u>\$ 5,299</u>	<u>\$ 4,851</u>	<u>\$ 448</u>

Intergovernmental revenues showed the largest decrease (\$467,000) from 2020 to 2021. The 2020 revenues for this category were significantly outside the norm for 2020 due to one-time transfers from the DDA to the General Fund, as discussed earlier in this document. The collections for 2021 reflect typical annual activity. Real property tax collections were about \$123,000 higher than in 2020 primarily to growth in the digest and economic development activities. Fines and forfeitures decreased by about \$46,000 due to restriction of enforcement efforts during the pandemic.

Public Safety expenditures showed an increase of approximately \$367,000 during 2021, as a result of employee wage increases, coupled with a one-time reduction in 2020 wages when public safety salaries were offset by CARES funding during the pandemic. Following that function, Culture and Recreation expenditures increased by \$190,000 mainly due to additional seasonal contract labor, a robust tree removal effort, and placing the July 4th fireworks project within that department in 2021. General Government increased by \$103,000 primarily due to the wage increases and a change in the City's deferred compensation matching program. Other revenues and expenses categories were in line with expectations, with the exceptions noted above in the discussion of governmental activities.

Proprietary funds. The Statement of Revenues, Expenses, and Changes in Net Position for 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, the Stormwater Utility Fund and Sanitation Fund, which are operated similarly to for-profit businesses, i.e., expenses incurred in providing services to residents are generally recouped through fees charged.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

(CONTINUED)

Revenue from Stormwater fees increased by 208%, or \$273,433, compared to 2020. After accounting for interest income of \$758 and operating expenses of \$114,827, the Stormwater utility net position increased by \$291,134 for total net position of \$1,807,697 at the end of the fiscal year. The City's stormwater assets are fully depreciated; however, the City anticipates strong infrastructure spending in 2022 and 2023.

Sanitation revenues increased \$138,015, or 16%, in 2021, primarily due to the increase in residential services provided. After accounting for operating expenses of \$930,563 and interest income in the amount of \$469, Sanitation had an operating income of \$36,107. The fund's net position increased by \$36,576 in 2021, for a total net position of \$129,692.

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 decrease of \$243 to net position during 2021 for a total of \$12,286 at year end.

General Fund Budgetary Highlights

The 2021 adopted and amended budgets anticipated no change in fund balance. In other words, the City operated on the revenues collected during the year and added an additional \$447,706 to the General Fund fund balance. The final budget included a transfer of about \$27,000 from the Technology fund to the General Fund when the Technology fund was closed out during 2021, an additional \$48,000 in franchise fees/insurance premium collections, an additional \$44,000 in licenses and permits revenue, and about \$38,000 in additional occupational tax receipts. Revenue categories projected to decrease with the final budget were property taxes, fines and forfeitures, charges for services, interest earnings, and miscellaneous revenues.

The final expenditures budget was \$3,932,900, while the adopted budget was \$3,857,450 – most functions saw their final budgets increase as changes related to the pandemic were made and costs increased. The City's General Fund balance as of December 31, 2021, was \$5,298,639, or about 139% of the City's actual General Fund expenditures for calendar year 2021.

Actual General Fund revenues for 2021 were 1.1% higher than the original budget and 0.2% lower than the final amended budget. Actual expenditures were 1% lower than the original budget and about 2.8% lower than the final amended budget as spending slowed in the last quarter of the year due to staff turnover and pandemic-related delays in service procurement.

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, 2021, amounts to \$10,504,303 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixtures, improvements, machinery and equipment, vehicles, and infrastructure. Governmental capital assets increased approximately 110% for the current calendar year; major additions included repaving and lighting the Lake Street parking lot (\$79,000), Franklin Street

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT’S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2021
 (CONTINUED)

land purchase (\$1 million), design of Town Green, Complete Streets, and Street Grid projects (\$3.7 million), renovation of Public Works facility (\$233,000) and two police vehicles (\$137,096). Business-type activities saw an increase in net assets of 9%, or \$70,457, as the City purchased a new Freightliner truck for yard waste removal and began work on two projects: Northwoods and Lake Avondale and Majestic Circle Drain construction. Accordingly, depreciation expenses also increased due to capitalization of PY projects completed during 2021. The City anticipates completing more significant capital projects, including the Town Green and Complete Streets projects, during 2022. Additional information on the City’s capital assets can be found in Note 8 on pages 54-55 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,901	\$ 1,899	\$ 102	\$ 102	\$ 3,002	\$ 2,001
Land Improvements	1,115	1,093	-	-	1,115	1,093
Infrastructure	65	80	592	-	658	80
Construction in Progress	5,041	1,086	101	605	5,142	1,692
Building & improvements	88	98	-	-	88	98
Furniture, Equipment & Vehicles	330	289	169	78	499	367
Total	<u>\$ 9,540</u>	<u>\$ 4,545</u>	<u>\$ 964</u>	<u>\$ 785</u>	<u>\$ 10,504</u>	<u>\$ 5,330</u>

The City acquired land at 250 Franklin Street during 2021, which is reflected in the increase in land. Under land improvements, the Lake Street Parking Lot improvements were completed in 2021. As of December 31, 2021, construction in progress included the following projects, which will be completed in future years:

- Highway 278/SR 10 Widening
- Street Grid Improvements
- Town Green
- Public Works Building Renovations

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021 (CONTINUED)

Long-term Debt

At the end of 2021, the City directly held long-term liabilities of \$131,241 for compensated absences and \$422,444 for net pension liability. Of these amounts, \$106,137 and \$359,077, respectively, were related to governmental activities with the remainder related to business-type activities. The City entered into a capital lease for the purchase of a Freightliner Yard Waste Removal Truck during 2021. The amount payable at December 31, 2021 in the Sanitation Fund was \$89,231.

The City also held long-term debt through component units. The Urban Redevelopment Agency of the City drew \$3,578,504 on a bond anticipation note, which was issued during 2021 to provide funding for various urban redevelopment projects, bringing the total bond payable to \$4,010,048.

Additional information on the City's long-term debt can be found in Note 9 on pages 56-57 of this report.

Economic and Demographic Factors

According to the American Community Survey estimates for 2021, the City's residents are somewhat older and more educated than the whole country. The median age in Avondale Estates is 49.1, compared to a US median of 37.9, and virtually every adult resident has a high school degree, as opposed to 87.7% of U.S. citizens. In fact, 77.2% of the City's residents have at least a bachelor's degree. Median household income is \$112,050, compared to the Georgia median of \$66,509 and the U.S. median household income of \$68,700. The City's population in 2021 was 3,567.

The City's employment rate was 81.8% in 2020 and 96.1% of residents had health coverage. At least 86.8% of the residents own their homes, with the median property value being \$424,800. There are a total of 1.726 housing units in the City and 1.289 total households. Additionally, on-going development and redevelopment efforts are occurring throughout the City.

Next Year's Budget

The 2022 budget anticipates General Fund revenues of \$4,752,800, which is almost \$472,000 more than total actual 2021 revenue collections in the amount of \$4,280,923. The City expects that permit revenue and police fines will revert to the historical mean and has created a dedicated capital projects fund; virtually all intergovernmental revenue will accrue to that fund rather than the General Fund. The General Fund budgeted expenditures also totaled \$4,752,800 for 2022. General Fund expenditures are projected to increase by about \$932,000 compared to the 2021 actual expenditures of \$3,820,876, as increased personnel and operation costs are expected to continue due to general economic and inflationary pressures.

The 2022 budgeted Sanitation Fund revenue amounts to \$959,100, an increase of about \$15,000 over 2021 due to expected increases in commercial usage and sanitation fees, as there was a 6% increase in fees. 2022 Expenditures are expected to actually decrease by about 4% from the 2021 amended budget of \$943,023. The 2022 Sanitation Fund expenditures budget is \$906,100. Any actual increase in fund balance is retained by the fund for future capital or operating expenses.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

(CONTINUED)

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.

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FINANCIAL STATEMENTS

CITY OF AVONDALE ESTATES, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>	<u>Downtown</u> <u>Development</u> <u>Authority</u>
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 4,219,137	\$ 2,056,129	\$ 6,275,266	\$ 9,395,085
Investments	2,406,022	-	2,406,022	-
Receivables, Net of Allowance				
Taxes	42,886	-	42,886	-
Accounts	169,011	28,012	197,023	-
Due from Other Governments	193,439	-	193,439	-
Due from Component Unit	27,576	-	27,576	-
Internal Balances	842,717	(842,717)	-	-
Asset Held for Resale	1,116,409	-	1,116,409	-
Prepays	31,906	-	31,906	-
Noncurrent Assets				
Nondepreciable	7,941,559	202,908	8,144,467	633,602
Depreciable, Net	1,598,518	761,318	2,359,836	691,887
Total Assets	<u>18,589,180</u>	<u>2,205,650</u>	<u>20,794,830</u>	<u>10,720,574</u>
Deferred Outflows of Resources				
Pensions	255,715	45,126	300,841	-
Total Deferred Outflows of Resources	<u>255,715</u>	<u>45,126</u>	<u>300,841</u>	<u>-</u>

See accompanying notes which are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Liabilities				
Accounts Payable	725,528	46,381	771,909	20,460
Accrued Payables	33,097	6,417	39,514	-
Due to Others	4,708	-	4,708	-
Due to Primary Government	-	-	-	27,576
Unearned Revenue	584,241	-	584,241	-
Noncurrent Liabilities				
Due Within One Year				
Capital Lease Payable	-	20,769	20,769	-
Compensated Absences	92,567	25,104	117,671	-
Due in More than One Year				
Bonds Payable	4,010,048	-	4,010,048	-
Capital Lease Payable	-	89,231	89,231	-
Compensated Absences	13,570	-	13,570	-
Net Pension Liability	359,077	63,367	422,444	-
Total Liabilities	5,822,836	251,269	6,074,105	48,036
Deferred Inflows of Resources				
Pensions	352,004	62,118	414,122	-
Total Deferred Inflows of Resources	352,004	62,118	414,122	-
Net Position				
Net Investment in Capital Assets	4,963,248	854,226	5,817,474	1,325,489
Restricted				
Capital Outlay	1,234,457	-	1,234,457	-
Law Enforcement	13,603	-	13,603	-
Unrestricted	6,458,747	1,083,163	7,541,910	9,347,049
Total Net Position	\$ 12,670,055	\$ 1,937,389	\$14,607,444	\$ 10,672,538

See accompanying notes which are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 665,775	\$ 120,213	\$ 170,315	\$ -
Public Safety	1,484,273	411,531	2,493	-
Public Works	1,298,746	-	-	903,346
Culture and Recreation	550,049	-	-	-
Housing and Development	42,385	-	-	78,829
Interest Expense	12,341	-	-	-
Total Governmental Activities	4,053,569	531,744	172,808	982,175
Business-Type Activities				
Stormwater Utility	114,827	405,203	-	-
Sanitation	930,563	966,670	-	-
Total Business-Type Activities	1,045,390	1,371,873	-	-
Total Primary Government	\$ 5,098,959	\$ 1,903,617	\$ 172,808	\$ 982,175
Component Unit				
Downtown Development Authority	\$ 379,719	\$ 129,894	\$ 9,500	\$ -
Total Component Unit	\$ 379,719	\$ 129,894	\$ 9,500	\$ -

General Revenues

Property Tax
Franchise Tax
Insurance Premium Tax
Intangible Tax
Occupational Tax
Other Tax
Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See accompanying notes which are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
\$ (375,247)	\$ -	\$ (375,247)	\$ -
(1,070,249)	-	(1,070,249)	-
(395,400)	-	(395,400)	-
(550,049)	-	(550,049)	-
36,444	-	36,444	-
(12,341)	-	(12,341)	-
<u>(2,366,842)</u>	<u>-</u>	<u>(2,366,842)</u>	<u>-</u>
-	290,376	290,376	-
-	36,107	36,107	-
-	326,483	326,483	-
<u>(2,366,842)</u>	<u>326,483</u>	<u>(2,040,359)</u>	<u>-</u>
			(240,325)
			<u>(240,325)</u>
2,865,874	-	2,865,874	-
247,237	-	247,237	-
245,174	-	245,174	-
109,731	-	109,731	-
88,327	-	88,327	-
79,003	-	79,003	-
3,722	1,227	4,949	7,616
48,618	-	48,618	732
<u>3,687,686</u>	<u>1,227</u>	<u>3,688,913</u>	<u>8,348</u>
1,320,844	327,710	1,648,554	(231,977)
<u>11,349,211</u>	<u>1,609,679</u>	<u>12,958,890</u>	<u>10,904,515</u>
<u>\$ 12,670,055</u>	<u>\$ 1,937,389</u>	<u>\$ 14,607,444</u>	<u>\$ 10,672,538</u>

See accompanying notes which are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	ARPA Fund	2018 SPLOST Fund	URA Fund	Capital Projects Fund	NonMajor Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	\$1,336,556	\$584,373	\$ 751,283	\$888,391	\$ 352,726	\$ 305,808	\$ 4,219,137
Investments	2,000,246	-	-	-	405,776	-	2,406,022
Receivables, Net of Allowance							
Taxes	41,785	-	-	-	-	1,101	42,886
Accounts	169,011	-	-	-	-	-	169,011
Due from Other Governments	600	-	52,034	-	140,805	-	193,439
Due from Component Unit	27,576	-	-	-	-	-	27,576
Due from Other Funds	852,722	-	152,415	63,032	22,382	-	1,090,551
Asset Held for Resale	1,116,409	-	-	-	-	-	1,116,409
Prepays	31,906	-	-	-	-	-	31,906
Total Assets	\$5,576,811	\$584,373	\$ 955,732	\$951,423	\$ 921,689	\$ 306,909	\$ 9,296,937
Liabilities							
Accounts Payable	\$ 158,746	\$ -	\$ -	\$547,281	\$ 19,501	\$ -	\$ 725,528
Unearned Revenue	-	584,241	-	-	-	-	584,241
Accrued Liabilities	33,097	-	-	-	-	-	33,097
Due to Others	-	-	-	-	-	4,708	4,708
Due to Other Funds	67,759	-	10,005	-	170,070	-	247,834
Total Liabilities	259,602	584,241	10,005	547,281	189,571	4,708	1,595,408
Deferred Inflows of Resources							
Unavailable Revenue - Property Taxes	18,570	-	-	-	-	-	18,570
Total Deferred Inflows of Resources	18,570	-	-	-	-	-	18,570
Fund Balances							
Nonspendable	1,148,315	-	-	-	-	-	1,148,315
Restricted	-	132	945,727	-	-	302,201	1,248,060
Assigned	23,000	-	-	404,142	732,118	-	1,159,260
Unassigned	4,127,324	-	-	-	-	-	4,127,324
Total Fund Balances	5,298,639	132	945,727	404,142	732,118	302,201	7,682,959
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$5,576,811	\$584,373	\$ 955,732	\$951,423	\$ 921,689	\$ 306,909	\$ 9,296,937

See accompanying notes which are an integral part of these financial statements.

**CITY OF AVONDALE ESTATES, GEORGIA
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Total Fund Balances - Governmental Funds \$ 7,682,959

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

Capital Assets

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of the Assets	11,485,545
Accumulated Depreciation	(1,945,468)

Deferred Outflows of Resources

Pensions	255,715
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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:

Bonds Payable	(4,010,048)
Compensated Absences	(106,137)
Net Pension Liability	(359,077)

Deferred Inflows of Resources

Pensions	(352,004)
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Revenues

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

18,570

Total Net Position of Governmental Activities \$ 12,670,055

See accompanying notes which are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	ARPA Fund	2018 SPLOST Fund	URA Fund	Capital Projects Fund	NonMajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$3,525,497	\$ -	\$ -	\$ -	\$ -	\$ 110,892	\$ 3,636,389
Licenses and Permits	115,663	-	-	-	-	-	115,663
Intergovernmental	172,808	-	530,308	-	372,679	-	1,075,795
Fines and Forfeitures	411,531	-	-	-	-	-	411,531
Charges for Services	4,550	-	-	-	-	-	4,550
Interest earnings	2,256	132	359	302	835	197	4,081
Other Revenues	48,618	-	-	-	-	-	48,618
Total Revenues	4,280,923	132	530,667	302	373,514	111,089	5,296,627
Expenditures							
Current							
General Government	1,597,535	-	-	121,895	3,831	-	1,723,261
Public Safety	1,356,650	-	90,711	-	-	-	1,447,361
Public Works	218,367	-	358,655	-	-	-	577,022
Culture and Recreation	638,824	-	-	-	-	-	638,824
Housing and Development	9,500	-	-	-	-	-	9,500
Debt Service							
Interest	-	-	-	12,341	-	-	12,341
Capital Outlay	-	-	-	3,050,916	1,576,602	-	4,627,518
Total Expenditures	3,820,876	-	449,366	3,185,152	1,580,433	-	9,035,827
Excess (Deficiency) of Revenues Over (Under) Expenditures	460,047	132	81,301	(3,184,850)	(1,206,919)	111,089	(3,739,200)
Other Financing Sources (Uses)							
Transfers From Other Funds	(12,341)	-	-	-	-	-	(12,341)
Transfers To Other Funds	-	-	-	12,341	-	-	12,341
Issuance of Debt	-	-	-	3,578,504	-	-	3,578,504
Total Other Financing Sources (Uses)	(12,341)	-	-	3,590,845	-	-	3,578,504
Net Change in Fund Balances	447,706	132	81,301	405,995	(1,206,919)	111,089	(160,696)
Fund Balance - Beginning of Year	4,850,933	-	864,426	(1,853)	1,939,037	191,112	7,843,655
Fund Balance - End of Year	\$5,298,639	\$ 132	\$ 945,727	\$ 404,142	\$ 732,118	\$ 302,201	\$ 7,682,959

See accompanying notes which are an integral part of these 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, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ (160,696)

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

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	5,171,828
Total Depreciation	(176,763)

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	(197,515)
--	-----------

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:

Bonds Payable	(3,578,504)
Compensated Absences	13,096
Net Pension Liability	549,380

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	(298,937)
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Revenues

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

<u>(1,044)</u>

Change in Net Position of Governmental Activities	<u><u>\$ 1,320,844</u></u>
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See accompanying notes which are an integral part of these 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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,527,200	\$ 3,506,000	\$ 3,525,497	\$ 19,497
Licenses and Permits	-	104,800	115,663	10,863
Intergovernmental	171,500	197,300	172,808	(24,492)
Fines and Forfeitures	450,000	430,700	411,531	(19,169)
Charges for Services	17,400	5,200	4,550	(650)
Interest Income	15,000	1,700	2,256	556
Miscellaneous	53,100	43,200	48,618	5,418
Total Revenues	<u>4,234,200</u>	<u>4,288,900</u>	<u>4,280,923</u>	<u>(7,977)</u>
Expenditures				
Current				
General Government	1,634,800	1,662,400	1,597,535	64,865
Public Safety	1,430,000	1,392,000	1,356,650	35,350
Public Works	222,950	226,600	218,367	8,233
Culture and Recreation	554,700	642,400	638,824	3,576
Housing and Development	15,000	9,500	9,500	-
Total Expenditures	<u>3,857,450</u>	<u>3,932,900</u>	<u>3,820,876</u>	<u>112,024</u>
Excess Revenue Over (Under) Expenditures	<u>376,750</u>	<u>356,000</u>	<u>460,047</u>	<u>104,047</u>
Other Financing Sources (Uses)				
Transfer from Other Funds	-	27,300	-	(27,300)
Transfer to Other Funds	(376,750)	(383,300)	(12,341)	370,959
Total Other Financing Sources (Uses)	<u>(376,750)</u>	<u>(356,000)</u>	<u>(12,341)</u>	<u>343,659</u>
Net Change in Fund Balance	-	-	447,706	447,706
Fund balance - Beginning of Year	<u>4,850,933</u>	<u>4,850,933</u>	<u>4,850,933</u>	<u>-</u>
Fund balance - End of Year	<u>\$ 4,850,933</u>	<u>\$ 4,850,933</u>	<u>\$ 5,298,639</u>	<u>\$ 447,706</u>

See accompanying notes which are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ARPA FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Operating Grants	\$ 584,241	\$ 584,241	\$ -	\$ (584,241)
Interest Income	133	133	132	(1)
Total Revenues	<u>584,374</u>	<u>584,374</u>	<u>132</u>	<u>(584,242)</u>
Expenditures				
Current				
General Government	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	584,374	584,374	132	(584,242)
Fund balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - End of Year	<u>\$ 584,374</u>	<u>\$ 584,374</u>	<u>\$ 132</u>	<u>\$ (584,242)</u>

See accompanying notes which are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Business-type Activities		
	Enterprise Funds		
	Stormwater Utility Fund	Sanitation Fund	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 1,023,226	\$ 1,032,903	\$ 2,056,129
Accounts Receivable, Net	15,614	12,398	28,012
Total Current Assets	1,038,840	1,045,301	2,084,141
Noncurrent Assets			
Capital Assets			
Nondepreciable	202,908	-	202,908
Depreciable, Net	592,424	168,894	761,318
Total Noncurrent Assets	795,332	168,894	964,226
Total Assets	1,834,172	1,214,195	3,048,367
Deferred Outflows of Resources			
Related to Pensions	-	45,126	45,126
Total Deferred Outflows of Resources	-	45,126	45,126
Liabilities			
Current Liabilities			
Accounts Payable	19,945	26,436	46,381
Accrued Salaries	-	6,417	6,417
Compensated Absences	-	25,104	25,104
Capital Lease Payable	-	20,769	20,769
Due to Other Funds	6,530	836,187	842,717
Total Current Liabilities	26,475	914,913	941,388
Long-Term Liabilities			
Net Pension Liability	-	63,367	63,367
Capital Lease Payable	-	89,231	89,231
Total Long-Term Liabilities	-	152,598	152,598
Total Liabilities	26,475	1,067,511	1,093,986
Deferred Inflows of Resources			
Related to Pensions	-	62,118	62,118
Total Deferred Inflows of Resources	-	62,118	62,118
Net Position			
Net Investment in Capital Assets	795,332	58,894	854,226
Unrestricted	1,012,365	70,798	1,083,163
Total Net Position	\$ 1,807,697	\$ 129,692	\$ 1,937,389

See accompanying notes which are an integral part of these 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, 2021

	Business-Type Activities		
	Enterprise Funds		
	Stormwater Utility Fund	Sanitation Fund	Total
Operating Revenues			
Charges and Fees	\$ 405,203	\$ 966,670	\$ 1,371,873
Total Operating Revenues	<u>405,203</u>	<u>966,670</u>	<u>1,371,873</u>
Operating Expenses			
Salaries and Benefits	-	556,989	556,989
Cost of Sales	102,737	194,851	297,588
Other Operating Expenses	-	54,740	54,740
Repairs and Maintenance	-	65,425	65,425
Depreciation	12,090	58,558	70,648
Total Operating Expenses	<u>114,827</u>	<u>930,563</u>	<u>1,045,390</u>
Operating Income	<u>290,376</u>	<u>36,107</u>	<u>326,483</u>
Nonoperating Revenues (Expenses)			
Interest Income	758	469	1,227
Total Nonoperating Revenues (Expenses)	<u>758</u>	<u>469</u>	<u>1,227</u>
Change in Net Position	291,134	36,576	327,710
Total Net Position - Beginning of Year	<u>1,516,563</u>	<u>93,116</u>	<u>1,609,679</u>
Total Net Position - Ending of Year	<u>\$ 1,807,697</u>	<u>\$ 129,692</u>	<u>\$ 1,937,389</u>

See accompanying notes which are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities		
	Enterprise Funds		
	Stormwater		
	Utility	Sanitation	Total
	Fund	Fund	
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 395,061	\$ 977,836	\$ 1,372,897
Cash Paid to Employees	-	(555,807)	(555,807)
Cash Paid to Suppliers for Goods and Services	(105,602)	(73,497)	(179,099)
Net Cash Flows Provided by (Used for) Operating Activities	289,459	348,532	637,991
Cash Flows from Capital and Related Financing Activities			
Purchases of Capital Assets	(101,403)	(39,700)	(141,103)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(101,403)	(39,700)	(141,103)
Cash Flows from Investing Activities			
Interest Income	758	469	1,227
Net Cash Flows Provided by (Used for) Investing Activities	758	469	1,227
Net Increase (Decrease) in Cash and Cash Equivalents	188,814	309,301	498,115
Cash and Cash Equivalents - Beginning of Year	834,412	723,602	1,558,014
Cash and Cash Equivalents - End of Year	\$ 1,023,226	\$ 1,032,903	\$ 2,056,129

See accompanying notes which are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities		
	Enterprise Funds		
	Stormwater	Sanitation	Total
	Utility	Fund	Fund
	Fund	Fund	Total
Cash Flows From Operating Activities			
Operating income	\$ 290,376	\$ 36,107	\$ 326,483
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	12,090	58,558	70,648
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(10,142)	11,166	1,024
(Increase) Decrease in Deferred Outflows of Resources	-	34,856	34,856
Increase (Decrease) in Accounts Payable	(4,733)	17,918	13,185
Increase (Decrease) in Accrued Liabilities	-	2,421	2,421
Increase (Decrease) in Due to Other Funds	1,868	223,601	225,469
Increase (Decrease) in Compensated Absences	-	8,101	8,101
Increase (Decrease) in Deferred Inflows of Resources	-	52,753	52,753
Increase (Decrease) in Net Pension Liability	-	(96,949)	(96,949)
Total Adjustments	(917)	312,425	311,508
Net Cash Provided by (Used for) Operating Activities	\$ 289,459	\$ 348,532	\$ 637,991

See accompanying notes which are an integral part of these financial statements.

**CITY OF AVONDALE ESTATES, GEORGIA
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2021**

	<u>Dottie Holmes Memorial Private-Purpose Trust</u>
Assets	
Cash and Cash Equivalents	<u>\$ 12,536</u>
Total Assets	<u><u>\$ 12,536</u></u>
Liabilities and Net Position	
Liabilities	
Due to Other Funds	<u>\$ 250</u>
Total Liabilities	<u>250</u>
Net Position	
Held in Trust	<u>12,286</u>
Total Net Position	<u>12,286</u>
Total Liabilites and Net Position	<u><u>\$ 12,536</u></u>

See accompanying notes which are an integral part of these financial statements.

**CITY OF AVONDALE ESTATES, GEORGIA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Dottie Holmes Memorial Private-Purpose Trust</u>
Additions	
Interest Earnings	\$ 7
Total Additions	7
Deductions	
Maintenance	250
Total Deductions	250
Change in Net Position	(243)
Total Net Position - Beginning of Year	12,529
Total Net Position - End of Year	\$ 12,286

See accompanying notes which are an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

(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, culture and recreation, and general and administrative services. The more significant of the City's accounting policies are described below.

Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (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 units 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 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 or a blended component unit. The component unit column in the combined financial statements includes the financial data for the Avondale Estates Downtown Development Authority (the DDA), as of December 31, 2021. 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 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 five-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 DDA is presented as a governmental fund type and only maintains a General Fund. Separate financial statements for the DDA are not prepared.

The URA Fund is a blended presented component unit of the City. The Board of Directors of the URA are appointed by the Mayor and Board of Commissioners. The City also has the ability to impose its will on the URA as the City can remove appointed members at will. The URA provides a means to issue revenue bonds for development within the City. Although it is legally separate from the City, the URA is reported as if it were a part of the primary government because all of the URA's debt is expected to be repaid by the City. The URA's financial information is maintained by the City's Finance Department, however, separate financial statements are not prepared.

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.

(1) Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

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.

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.

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.

(1) Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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.

American Rescue Plan Act (ARPA) Fund - The ARPA Fund accounts for the receipts of Federal ARPA funds in response to the COVID-19 pandemic, and subsequent economic conditions.

2018 SPLOST Fund - The 2018 SPLOST Fund was established to account for the proceeds and various projects associated with the 2018 SPLOST.

Urban Redevelopment Agency (URA) Fund - The URA Fund accounts for the activity (predominately capital outlay in spending proceeds of URA bonds and debt service on those bonds which is paid by the City) of the City's blended component unit.

Capital Projects Fund - (Formerly reported as the "Lake Avondale Fund") Capital Project Fund was established to account for the financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition and construction of capital facilities, other capital assets, and the maintenance and upkeep of the lake.

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.

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.

(1) Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The City also reports the following fund type:

Fiduciary Funds - 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.

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

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.

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."

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.

(1) Summary of Significant Accounting Policies (Continued)

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 acquisition 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.

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
Vehicle	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.

Compensated Absences

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 less than 20	18 Days (12 Hours / Month)
At Least 20 Years Completed Service	21 Days (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 but 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 these hours 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.

(1) Summary of Significant Accounting Policies (Continued)

Compensated Absences (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.

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.

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 assets 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 element, *deferred inflows of resources*, represents an acquisition of net assets 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 inflow that 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 inflow that 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.

(1) Summary of Significant Accounting Policies (Continued)

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.

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. The General Fund is the only fund that reports a positive unassigned fund balance.

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

(1) Summary of Significant Accounting Policies (Continued)

Fund Equity (Continued)

The following is a summary of the fund balance classifications as of December 31, 2021:

	General Fund	2018 ARPA Fund	SPLOST Fund	URA Fund	Capital Projects Fund	Nonmajor Governmental	Total
Fund Balances							
Nonspendable							
Prepays	\$ 31,906	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,906
Assets Held for Resale	1,116,409	-	-	-	-	-	1,116,409
Restricted							
Capital Outlay	-	132	945,727	-	-	288,598	1,234,457
Law Enforcement	-	-	-	-	-	13,603	13,603
Assigned							
Capital Outlay	23,000	-	-	404,142	732,118	-	1,159,260
Unassigned	4,127,324	-	-	-	-	-	4,127,324
Total Fund Balances	\$ 5,298,639	\$ 132	\$ 945,727	\$ 404,142	\$ 732,118	\$ 302,201	\$ 7,682,959

Minimum Fund Balance Policy

The Board of Mayor and Commissioners has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at 25 percent of current budgeted operating expenditures. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a “revenue” source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level.

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.

(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 employs the following procedures in establishing its annual budget:

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.

(2) Legal Compliance – Budgets (Continued)

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.

(3) Deposits and Investments

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, 2021, the City had no bank balances that were exposed to custodial credit risk.

Investments

	<u>Credit Rating</u>	<u>Investment Value</u>	<u>Weighted Average Maturity</u>
Georgia Fund I	AAAf/ S1+	\$ 2,406,022	60 Days or Less

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty 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, 2021.

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.

(4) Property Taxes

State law requires that property taxes be based on assessed value, which is 40 percent 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.

(4) Property Taxes (Continued)

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 40 percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40 percent level is not reached.

The property tax calendar is as follows:

	<u>Real / Personal Property (Excluding Vehicles)</u>	<u>Motor Vehicles</u>
Assessment Date	January 1st	January 1st
Levy Date	July 1st	January 1st
Due Date and Collection Date	October 1st and November 15th	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.

(5) Receivables

Receivables at December 31, 2021, 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 Fund	Nonmajor Governmental Funds	Stormwater Utility	Sanitation Fund	Total
Receivables					
Taxes	\$ 44,650	\$ 1,101	\$ -	\$ -	\$ 45,751
Accounts	169,011	-	15,614	12,398	197,023
Gross Receivables	213,661	1,101	15,614	12,398	242,774
Allowance for Uncollectibles	(2,865)	-	-	-	(2,865)
Net Total Receivables	\$ 210,796	\$ 1,101	\$ 15,614	\$ 12,398	\$ 239,909

(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.

(7) Due from Other Governments

Amounts due from other governments at December 31, 2021, are as follows:

Fund	Federal	State	Other	Total
General Fund	\$ -	\$ -	\$ 600	\$ 600
2018 SPLOST Fund	-	52,034	-	52,034
Capital Projects Fund	140,805	-	-	140,805
Net Total Receivables	\$ 140,805	\$ 52,034	\$ 600	\$ 193,439

The amounts due from the federal government are grant funds and the amounts due from the state government are for sale tax collections.

(8) Capital Assets

Primary Government

Governmental capital asset activity for the year ended December 31, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Nondepreciable Capital Assets					
Land	\$ 1,899,463	\$ 1,001,509	\$ -	\$ -	\$ 2,900,972
Construction in Progress	1,086,193	3,954,394	-	-	5,040,587
Total Nondepreciable Capital Assets	<u>2,985,656</u>	<u>4,955,903</u>	<u>-</u>	<u>-</u>	<u>7,941,559</u>
Depreciable Capital Assets					
Land Improvements	1,143,760	78,829	-	-	1,222,589
Buildings and Improvements	937,395	-	-	-	937,395
Infrastructure and Improvements	327,493	-	-	-	327,493
Vehicles	757,544	137,096	-	-	894,640
Machinery and Equipment	161,868	-	-	-	161,868
Total Depreciable Capital Assets	<u>3,328,060</u>	<u>215,925</u>	<u>-</u>	<u>-</u>	<u>3,543,985</u>
Accumulated Depreciation					
Land Improvements	(50,630)	(57,035)	-	-	(107,665)
Buildings and Improvements	(839,775)	(9,418)	-	-	(849,193)
Infrastructure and Improvements	(247,928)	(14,239)	-	-	(262,167)
Vehicles	(519,928)	(84,757)	-	-	(604,685)
Machinery and Equipment	(110,443)	(11,314)	-	-	(121,757)
Total Accumulated Depreciation	<u>(1,768,704)</u>	<u>(176,763)</u>	<u>-</u>	<u>-</u>	<u>(1,945,467)</u>
Total Depreciable Capital Assets, Net	<u>1,559,356</u>	<u>39,162</u>	<u>-</u>	<u>-</u>	<u>1,598,518</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,545,012</u>	<u>\$ 4,995,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>9,540,077</u>
					Less Related Long-Term Debt Outstanding (4,010,048)
					Less Other (Non-debt) Capital Related Liabilities (566,781)
					<u>Net Investments in Capital Assets \$ 4,963,248</u>

(8) Capital Assets (Continued)

Primary Government (Continued)

Business-type capital asset activity for the year ended December 31, 2021, is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending</u> <u>Balance</u>
Business-Type Activities					
Nondepreciable Capital Assets					
Land	\$ 101,505	\$ -	\$ -	\$ -	\$ 101,505
Construction in Progress	604,515	101,403	(604,515)	-	101,403
Total Nondepreciable Capital Assets	706,020	101,403	(604,515)	-	202,908
Depreciable Capital Assets					
Infrastructure and Improvements	135,004	-	604,515	-	739,519
Machinery and Equipment	736,998	149,700	-	-	886,698
Total Depreciable Capital Assets	872,002	149,700	604,515	-	1,626,217
Accumulated Depreciation					
Infrastructure and Improvements	(135,004)	(12,091)	-	-	(147,095)
Machinery and Equipment	(659,247)	(58,557)	-	-	(717,804)
Total Accumulated Depreciation	(794,251)	(70,648)	-	-	(864,899)
Total Depreciable Capital Assets, Net	77,751	79,052	604,515	-	761,318
Business-Type Activities					
Capital Assets, Net	<u>\$ 783,771</u>	<u>\$ 180,455</u>	<u>\$ -</u>	<u>\$ -</u>	964,226
					<u>(110,000)</u>
					<u>Net Investments in Capital Assets \$ 854,226</u>

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental Activities

General Government	\$ 10,043
Public Safety	80,418
Public Works	20,376
Culture and Recreation	33,041
Housing and Development	32,885

Total Depreciation Expense - Governmental Activities \$ 176,763

Business-Type Activities

Stormwater	\$ 12,091
Sanitation	58,557

Total Depreciation Expense - Business-Type Activities \$ 70,648

(8) Capital Assets (Continued)***Downtown Development Authority of Avondale Estates***

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Downtown Development Authority					
Nondepreciable Capital Assets					
Land	\$ 633,602	\$ -	\$ -	\$ -	\$ 633,602
Total Nondepreciable Capital Assets	<u>633,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>633,602</u>
Depreciable Capital Assets					
Buildings	766,398	-	-	-	766,398
Total Depreciable Capital Assets	<u>766,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>766,398</u>
Accumulated Depreciation					
Buildings	(48,964)	(25,547)	-	-	(74,511)
Total Accumulated Depreciation	<u>(48,964)</u>	<u>(25,547)</u>	<u>-</u>	<u>-</u>	<u>(74,511)</u>
Total Depreciable Capital Assets, Net	<u>717,434</u>	<u>(25,547)</u>	<u>-</u>	<u>-</u>	<u>691,887</u>
Downtown Development Authority Capital Assets, Net	<u>\$ 1,351,036</u>	<u>\$ (25,547)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,325,489</u>

(9) Long-Term Debt***Primary Government***

Long-term liability activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable	\$ 431,544	\$ 3,578,504	\$ -	\$ 4,010,048	\$ -
Compensated Absences	119,233	55,652	(68,748)	106,137	92,567
Net Pension Liability	908,457	-	(549,380)	359,077	-
Governmental Activity Long-Term Liabilities	<u>\$ 1,459,234</u>	<u>\$ 3,634,156</u>	<u>\$ (618,128)</u>	<u>\$ 4,475,262</u>	<u>\$ 92,567</u>
Business-Type Activities					
Capital Lease Payable	\$ -	\$ 110,000	\$ -	\$ 110,000	\$ 20,769
Compensated Absences	17,003	23,001	(14,900)	25,104	25,104
Net Pension Liability	160,316	-	(96,949)	63,367	-
Business-Type Activities Long-Term Liabilities	<u>\$ 177,319</u>	<u>\$ 133,001</u>	<u>\$ (111,849)</u>	<u>\$ 198,471</u>	<u>\$ 45,873</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.

(9) Long-Term Debt (Continued)

Primary Government (Continued)

Bonds Payable

2019 Revenue Bonds

On September 17, 2019, the Urban Redevelopment Agency of the City of Avondale Estates entered into a contract with PNC Bank, National Association for the issuance of \$8,400,000 in drawdown bond anticipation note, series 2019 to provide financing for the acquisition, construction and equipping of the 2019 Urban Redevelopment Projects. The City may draw down funds up to \$8,400,000. The total amount of drawdowns on this contract as of December 31, 2021, was \$4,010,048. Interest expense for 2021 was \$12,341.

Capital Lease Payable

On April 14, 2021, the City and the Georgia Municipal Association, Inc. entered into an installment agreement for \$110,000 with an interest rate of 2.88 percent to purchase a Knuckleboom Truck. Principal and interest payments in the amount of \$23,937 are due on April 12th of each year through 2026. The debt is secured by the truck. As of December 31, 2021, the accumulated depreciation for this truck was \$19,960.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 20,769	\$ 3,168
2023	21,367	2,570
2024	21,982	1,954
2025	22,615	1,321
2026	23,267	670
	<u>\$ 110,000</u>	<u>\$ 9,683</u>

(10) 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 \$41,782 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 for the years ending December 31 are as follows:

<u>Year Ending</u>	<u>General Fund</u>
2022	\$ 37,907
2023	38,353
2024	38,813
2025	39,286
2026	39,774
2027-2031	168,457
2032-2036	115,155
2037-2039	69,093
Total Minimum Future Rentals	<u><u>\$ 546,838</u></u>

(11) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2021, is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	2018 SPLOST Fund	\$ 10,005
	Sanitation Fund	836,187
	Stormwater Fund	6,530
SPLOST Fund	Capital Projects Fund	152,415
URA Fund	General Fund	45,377
	Capital Projects Fund	17,655
Capital Projects Fund	General Fund	22,382
		<u>\$ 1,090,551</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>
URA Fund	General Fund	\$ 12,341
		<u>\$ 12,341</u>

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.

(12) Retirement Benefits

Plan Description

The City, as authorized by the Mayor and Commission, has established a defined benefit pension plan (The City of Avondale Estates Retirement Plan) covering all full-time employees. Between January 1, 1989 and December 31, 2012, employees did not contribute to the fund; employees hired or rehired on or after January 1, 2013 are required to contribute 4 percent of gross income. 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.

(12) Retirement Benefits (Continued)

Plan Description (Continued)

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 are enrolled in the plan. Elected officials are not eligible. Benefits vest after 7 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, 2021, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	21
Terminated vested participants not yet receiving benefits	19
Active vested employees	12
Active nonvested employees	<u>25</u>
Total	<u><u>77</u></u>

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 6.67 percent 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, 2021, the City reported a net pension liability. The net pension liability was measured as of March 31, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of July 1, 2021.

For the year ended December 31, 2021, the City recognized pension expense relative to GMEBS in the amount of \$66,066. At December 31, 2021, 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	\$ 178,187	\$ (414,122)
Changes of Assumptions	28,181	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-
Employer Contributions Subsequent to the Measurement Date	94,473	-
	<u>\$ 300,841</u>	<u>\$ (414,122)</u>

(12) Retirement Benefits (Continued)

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

City contributions subsequent to the measurement date of March 31, 2021, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense for the years ended are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ (19,875)
2023	18,858
2024	(61,345)
2025	(145,392)

Actuarial Assumptions - The total pension liability as of December 31, 2021, was determined by an actuarial valuation as of July 1, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%	
Salary Increase	2.25%	
Investment Rate of Return	7.375%,	On-going basis, based on long-term expected rate of return of pension plan investments

Mortality rates:

- Healthy Retirees and Beneficiaries: Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- Disabled Participants: Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- Active Participants, Terminated Vested Participants, and Deferred Beneficiaries: Sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Plan Termination Basis (All Lives): 1994 Group Annuity Reserving Unisex Table.

The mortality tables (other than the one used for the plan termination basis) are adjusted from 2012 to future years using 60% of the sex-distinct improvement rates under the 2019 OASDI Trustees Report used for the intermediate alternative.

(12) Retirement Benefits (Continued)

Net Pension Liability

The City’s net pension liability is recorded in the government-wide statement of net position in the amounts of \$359,077 and \$63,367 respectively.

Changes in the Net Pension Liability	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2020	\$ 3,027,441	\$ 1,958,668	\$ 1,068,773
Changes for the Year			
Service Cost	74,378	-	74,378
Interest	222,588	-	222,588
Difference Between Expected and Actual Experience	93,076	-	93,076
Contributions - Employer	-	113,115	(113,115)
Contributions - Employee	-	67,692	(67,692)
Net Investment Income	-	871,325	(871,325)
Benefit Payments	(167,357)	(167,357)	-
Administrative Expense	-	(15,761)	15,761
Net Changes	222,685	869,014	(646,329)
Balance at December 31, 2021	\$ 3,250,126	\$ 2,827,682	\$ 422,444

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 included in the pension plan’s target asset allocation as of March 31, 2021, is summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic Equity	45%	6.40%
International Equity	20%	7.05%
Real Estate	10%	4.50%
Global Fixed Income	5%	1.25%
Domestic Fixed Income	20%	1.15%
Cash	0%	
Total	100%	

Discount Rate: The discount rate used to measure the total pension liability was 7.375 percent. 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.

(12) Retirement Benefits (Continued)

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 7.375 percent, 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 (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current discount rate (7.375%)	1% Increase (8.375%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 783,017	\$ 422,444	\$ 120,125

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 publicly available at www.gmanet.com.

(13) Defined Contribution Pension Plans

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 Newport Group 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, after the employee's first six months of participation, the City makes a matching contribution for each employee equal to the lesser of \$25 or 50 percent of the employee contribution. During 2021, employees contributed \$68,009 to the Plans while the City contributed \$42,961. As of December 31, 2021, there were 37 participants in the 457 Plan and 29 participants in the 401A Plan, and the fair value was \$817,888 for the 457 Plan and \$268,275 for the 401A Plan.

The City of Avondale Estate's has an inactive 457 deferred compensation plan that is administered by Nationwide. As of December 31, 2021, there were 8 participants in this plan, and the fair value of the plan was \$66,170.

(14) 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' financial statements.

(15) 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.

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

(17) 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.

(18) Tax Abatements

The City enters into property tax abatement agreements with local businesses under the Georgia Development Authority Law, adopted in 1969, for the purpose of attracting or retaining businesses within the City. The abatements may be granted to any business located within or promising to relocate to the City and meeting the eligibility criteria to "develop and promote trade, commerce, industry and employment opportunities for the public good and general welfare and to promote the general welfare of the state" (OCGA 36-62-9). The Downtown Development Authorities Law (O.C.G.A. 36-42-1) provides that the Downtown Development Authority of Avondale Estates is created to revitalize and redevelop the central business district so as to develop and promote trade, commerce, industry and employment opportunities and promote the general welfare of the State of Georgia by creating a climate favorable to the location of new industry, trade, and commerce and the development of existing industry, trade and commerce within the corporate limits of the City and is authorized by the Downtown Development Authority of Avondale Estates to issue its revenue obligations, in accordance with the applicable provisions of the Revenue Bond Law of the State of Georgia (O.C.G.A. 36-82-60), for the purpose of acquiring, constructing and installing any project which includes the acquisition, construction, installation, modification, renovation, or rehabilitation of land, interest in land, buildings, structures, facilities, or other improvements located or to be located within the downtown development area of the City.

(18) Tax Abatements (Continued)

The City offers a reduction in property taxes through the structure of these financing arrangements. Specifically, the Downtown Development Authority of Avondale Estates, a tax-exempt public organization created independently from the City, may enter into agreements with private individuals or entities in order to incentivize these businesses to build, relocate, expand, or renovate in the City of Avondale Estates. These agreements involve a bond issuance and sale-leaseback transaction, whereby the Downtown Development Authority takes title to property and leases it back to the company. The company is responsible for making ad valorem tax payments on its leasehold interest. The rental payments for the leasehold offset the debt service on the bonds over a fixed term, so that at the end of the incentive period the bonds are fully retired, and the company regains title of the property through an option to purchase. Following completion of construction, the company pays property taxes on its leasehold interest in the project of 35 percent of the fair market value of the real and/or personal property in the first year, with a 6.5 percent increase each year over a 10-year period, after which the company takes title back to the property and must then pay taxes on the full fair market value of the property. The company has a smaller property tax obligation through this financing arrangement than it would under outright ownership of the property due to the reduced value of the company’s leasehold interest in the property over the designated ramp-up period.

Tax abatement information for FY 2021 is included below:

Purpose	Description	Amount of City Taxes Abated during the Fiscal Year	Abatement Ends
Revitalize and Redevelop the Central Business District	100% Real Property Taxes with PILOT	\$ 398,863	2031

The City has not made additional commitments as part of the agreement.

(19) Conduit Debt - Downtown Development Authority of Avondale Estates (Component Unit)

The Authority has issued Taxable Revenue Bonds to provide financial assistance to a private sector entity for the acquisition, construction, and equipping of commercial facilities to promote trade, commerce, industry, and employment opportunities within the City and serve to revitalize and redevelop the central business district of the City. The bonds are secured by the property, property improvements, and equipment financed with the bond proceeds and are payable solely from rents, revenues, and receipts derived from the lease agreement with the private sector entity. Upon repayment of the bonds, ownership of the acquired property, property improvements, and equipment transfers to the private-sector entity served by the bond issuance. The Authority, the City, the State, or any political subdivision, thereof, is not obligated in any manner for repayment of the bonds. Accordingly, they are not reported as liabilities in the accompanying financial statements. As of December 31, 2021, there were two series of Taxable Revenue Bonds outstanding, as follows:

(19) Conduit Debt - Downtown Development Authority of Avondale Estates (Component Unit) (Continued)

	<u>Face Amount</u>	<u>Outstanding</u>
Downtown Development Authority of Avondale Estates Taxable Revenue Bonds (SCP Avondale Owner, LLC Project Series 2017)	\$ 42,000,000	\$ 24,570,000
Downtown Development Authority of Avondale Estates Taxable Revenue Bonds (Maple Multi-Family Land SE, L.P., Series 2018)	<u>65,000,000</u>	<u>65,000,000</u>
Total Conduit Debt	<u>\$ 107,000,000</u>	<u>\$ 89,570,000</u>

(20) Evaluation of Subsequent Events

The City has evaluated subsequent events through March 29, 2023, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF AVONDALE ESTATES, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

	2021	2020
Total Pension Liability		
Service Cost	\$ 74,378	\$ 88,685
Interest on Total Pension Liability	222,588	201,889
Difference Between Expected and Actual Experience	93,076	186,407
Changes of Assumptions	-	-
Change of Benefit Terms	-	-
Benefit Payments, Including Refunds of Employee Contributions	(167,357)	(183,315)
Other	-	38,944
	222,685	332,610
Net Change in Total Pension Liability		
	222,685	332,610
Total Pension Liability - Beginning of Year	3,027,441	2,694,831
Total Pension Liability - End of Year	\$ 3,250,126	\$ 3,027,441
Plan Fiduciary Net Position		
Contributions - Employer	\$ 113,115	\$ 109,189
Contributions - Employee	67,692	55,462
Net Investment Income	871,325	(144,793)
Benefit Payments, Including Refunds of Member Contributions	(167,357)	(183,315)
Administrative Expenses	(15,761)	(16,992)
	869,014	(180,449)
Net Change in Plan Fiduciary Net Position		
	869,014	(180,449)
Plan Fiduciary Net Position - Beginning of Year	1,958,668	2,139,117
Plan Fiduciary Net Position - End of Year	\$ 2,827,682	\$ 1,958,668
City's Net Pension Liability (Asset) - End of Year	\$ 422,444	\$ 1,068,773
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00%	64.70%
Covered Payroll	2,207,709	1,868,807
Net Pension Liability as a Percentage of Covered Payroll	19.13%	57.19%

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

See accompanying notes which are an integral part of these financial statements.

**CITY OF AVONDALE ESTATES, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

2019	2018	2017	2016	2015
\$ 64,294	\$ 80,361	\$ 72,663	\$ 73,516	\$ 62,436
189,403	182,289	175,205	163,670	149,093
37,941	(98,621)	(68,950)	1,470	43,086
-	-	-	-	(8,799)
-	-	-	-	26,800
(115,784)	(81,427)	(93,599)	(86,034)	(83,009)
-	43,547	-	-	-
175,854	126,149	85,319	152,622	189,607
2,518,977	2,392,828	2,307,509	2,154,887	1,965,280
<u>\$ 2,694,831</u>	<u>\$ 2,518,977</u>	<u>\$ 2,392,828</u>	<u>\$ 2,307,509</u>	<u>\$ 2,154,887</u>
\$ 114,558	\$ 144,663	\$ 154,645	\$ 146,523	\$ 142,543
41,989	28,157	22,901	18,911	10,067
72,670	219,434	191,557	5,556	121,731
(115,784)	(81,427)	(93,599)	(86,034)	(83,009)
(16,019)	(15,960)	(16,214)	(8,674)	(7,116)
97,414	294,867	259,290	76,282	184,216
2,041,703	1,746,836	1,487,546	1,411,264	1,227,048
<u>\$ 2,139,117</u>	<u>\$ 2,041,703</u>	<u>\$ 1,746,836</u>	<u>\$ 1,487,546</u>	<u>\$ 1,411,264</u>
<u>\$ 555,714</u>	<u>\$ 477,274</u>	<u>\$ 645,992</u>	<u>\$ 819,963</u>	<u>\$ 743,623</u>
79.38%	81.05%	73.00%	64.47%	65.49%
2,055,295	1,681,314	1,795,145	1,691,563	1,608,490
27.04%	28.39%	35.99%	48.47%	46.23%

See accompanying notes which are an integral part of these financial statements.

**CITY OF AVONDALE ESTATES, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

SCHEDULE OF CITY CONTRIBUTIONS

	2021	2020	2019	2018	2017	2016	2015
Schedule of City Contributions							
Actuarially Determined Contributions	\$ 125,967	\$ 105,668	\$ 103,133	\$ 127,023	\$ 151,009	\$ 157,127	\$ 142,989
Contributions in Relation to the Actuarially Determined Contribution	125,967	105,668	103,133	125,330	151,009	157,127	142,989
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ 1,693	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 1,888,561	\$ 2,039,923	\$ 1,704,678	\$ 1,825,043	\$ 1,717,964	\$ 1,635,036	\$ 1,471,080
Contributions as a Percentage of Covered Payroll	6.67%	5.18%	6.05%	6.87%	8.79%	9.61%	9.72%

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

See accompanying notes which are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021

Changes of Assumptions

Amounts reported for the fiscal year ending in 2020 and later reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

- The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Future mortality improvement is based on projecting generationally from 2012 using 60 percent of the sex-distinct rates under the 2019 OASDI Trustees Report used for intermediate alternative. Previously future mortality improvements were not explicitly projected.
- The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after 65, the prior assumption was 60 percent at ages 65 to 69 and 100 percent at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10 percent at ages 55 to 59, 20 percent at age 60, 25 percent at age 61, 35 percent at age 62, 40 percent at age 63, 45 percent at age 64, 50 percent at ages 65 to 69, and 100 percent at age 70 and older as long as a participant was at least eligible for early retirement.
- The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5 percent at age 55 to 59, 7 percent at ages 60 and 61, 20 percent at age 62, 10 percent at ages 63 and 64, 35 percent at age 65, 25 percent at ages 66 to 71 and 100 percent at ages 72 and older.
- Where normal retirement is available to a given participant at age 62, 63, 64, the new retirement rates are 3 percent when first eligible for early retirement through age 60, 10 percent at ages 61 to 64, 35 percent at age 65, 25 percent at ages 66 to 71 and 100 percent at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30 percent.
- Where normal retirement is available at age 60 or 61, the new retirement rates are 3 percent when first eligible for early retirement through age 59, 10 percent at ages 60 to 64, 35 percent at age 65, 25 percent at ages 66 to 71 and 100 percent at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20 percent.
- Where normal retirement is available prior to age 60, the new retirement rates are 3 percent when first eligible for early retirement through the year prior to normal retirement eligibility, 10 percent from normal retirement eligibility through age 59, 20 percent at age 60, 25 percent at age 61, 35 percent at age 62, 40 percent at age 63, 45 percent at age 64, 50 percent at age 65, 25 percent at ages 66 to 71 and 100 percent at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10 percent.
- The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.

- The disability rates were changed to 50 percent of the rates in the prior age-based table.
- The inflation assumption was decreased from 2.75 percent to 2.25 percent.
- The salary increase assumption was changed from a service-based salary scale starting at 8.25 percent for the first two years of service with an ultimate rate of 3.25 percent at ten years of service to a service-based scale starting at 8.50 percent for the first two years of service with an ultimate rate of 3.00 percent at 15 years of service.
- The investment return assumption was decreased from 7.50 percent to 7.375 percent.

Benefit Changes

There were no changes in benefit provisions in the last two fiscal years.

Valuation date	The actuarially determined contribution rate was determined as of July 1, 2021, 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, 2022.
----------------	--

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
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 11 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 fair value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of fair value.
Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service-based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	NRA attained before 60: Ages 55-59 rate of 3% - 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%, age 65 rate of 50%, ages 66-71 rate of 25% and age 72 and over rate of 100%. NRA attained between 60 and 64: Ages 55-59 rate of 3%, age 60 rate of 3% - 10%, ages 61-64 rate of 10%, age 65 rate of 35%, ages 66-71 rate of 25% and age 72 and over rate of 100%. NRA attained after 64: Ages 55-59 rate of 5%, age 60-61 rate of 7%, age 62 rate of 20%, ages 63-64 rate of 10%, age 65 rate of 35%, ages 66-71 rate of 25%, and age 72 and over rate of 100%
Mortality	
<i>Health Retirees and Beneficiaries</i>	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
<i>Disabled Participants</i>	Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
<i>Active Participants, Terminated Vested Participants, and Deferred Beneficiaries</i>	Sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
<i>Plan Termination Basis (All Lives)</i>	1994 Group Annuity Reserving Unisex Table.

SUPPLEMENTARY INFORMATION

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**CITY OF AVONDALE ESTATES GEORGIA
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.

**CITY OF AVONDALE ESTATES, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2021**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Police Seizure Fund	Tax Allocation District Fund		
Assets				
Cash and Cash Equivalents	\$ 18,311	\$ 287,497	\$	305,808
Tax Receivable	-	1,101		1,101
Total Assets	\$ 18,311	\$ 288,598	\$	306,909
Liabilities and Fund Balances				
Liabilities				
Due to Other Funds	\$ 4,708	\$ -	\$	4,708
Total Liabilities	4,708	-	-	4,708
Fund Balances				
Restricted	13,603	288,598		302,201
Total Fund Balances	13,603	288,598		302,201
Total Liabilities and Fund Balances	\$ 18,311	\$ 288,598	\$	306,909

**CITY OF AVONDALE ESTATES, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021**

	Special Revenue		Total Nonmajor Governmental Funds
	Police Seizure Fund	Tax Allocation District Fund	
Revenues			
Taxes	\$ -	\$ 110,892	\$ 110,892
Interest Earnings	8	189	197
Total Revenues	8	111,081	111,089
Expenditures			
Current			
General Government	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balances	8	111,081	111,089
Fund Balance - Beginning of Year	13,595	177,517	191,112
Fund Balance - End of Year	\$ 13,603	\$ 288,598	\$ 302,201

**CITY OF AVONDALE ESTATES GEORGIA
POLICE SEIZURE FUND
BALANCE SHEET
DECEMBER 31, 2021**

Assets

Cash and Cash Equivalents \$ 18,311

Total Assets \$ 18,311

Liabilities and Fund Balances

Liabilities

Due to Others \$ 4,708

Total Liabilities 4,708

Fund Balances

Restricted 13,603

Total Fund Balances 13,603

Total Liabilities and Fund Balances \$ 18,311

**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, 2021**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest Earnings	\$ 5	\$ 8	\$ 3
Total Revenues	5	8	3
Expenditures			
Public Safety	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balances	5	8	3
Fund Balance - Beginning of Year	13,595	13,595	-
Fund Balance - End of Year	\$ 13,600	\$ 13,603	\$ 3

**CITY OF AVONDALE ESTATES GEORGIA
TAX ALLOCATION DISTRICT FUND
BALANCE SHEET
DECEMBER 31, 2021**

Assets	
Cash and Cash Equivalents	\$ 287,497
Tax Receivable	1,101
	288,598
Total Assets	\$ 288,598
 Liabilities and Fund Balances	
Liabilities	
Accounts Payable	\$ -
	-
Total Liabilities	-
 Fund Balances	
Restricted	288,598
	288,598
Total Fund Balances	288,598
Total Fund Balances	\$ 288,598

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, 2021

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 109,000	\$ 110,892	\$ 1,892
Interest Earnings	200	189	(11)
Total Revenues	109,200	111,081	1,881
Expenditures			
Current			
General Government	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balances	109,200	111,081	1,881
Fund Balance - Beginning of Year	177,517	177,517	-
Fund Balance - End of Year	\$ 286,717	\$ 288,598	\$ 1,881

CITY OF AVONDALE ESTATES, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Project	Original Estimated Budget	Expenditures Prior Years	Expenditures Current Year	Total
2018 Referendum				
Road Resurfacing / Paving	\$ 2,106,616	\$ -	\$ -	-
Transportation Improvements	2,200,000	101,120	358,655	459,775
Public Safety	349,435	258,723	90,711	349,434
Total	\$ 4,656,051	\$ 359,843	\$ 449,366	\$ 809,209

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**CITY OF AVONDALE ESTATES, GEORGIA
BALANCE SHEET
DOWNTOWN DEVELOPMENT AUTHORITY
COMPONENT UNIT
DECEMBER 31, 2021**

Assets

Cash and Cash Equivalents	\$ 9,395,085
---------------------------	--------------

Total Assets	<u>\$ 9,395,085</u>
---------------------	---------------------

Liabilities and Fund Balance

Liabilities

Accounts Payable	\$ 20,460
------------------	-----------

Due to Primary Government	<u>27,576</u>
---------------------------	---------------

Total Liabilities	<u>48,036</u>
-------------------	---------------

Fund Balance

Unassigned	<u>9,347,049</u>
------------	------------------

Total Fund Balance	<u>9,347,049</u>
--------------------	------------------

Total Liabilities and Fund Balance	<u><u>\$ 9,395,085</u></u>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Cost of the Assets	\$ 1,400,000
--------------------	--------------

Accumulated Depreciation	<u>(74,511)</u>
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Total Net Position of Governmental Activities	<u><u>\$ 10,672,538</u></u>
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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, 2021

Revenues	
Rental Income	\$ 129,894
Intergovernmental	9,500
Interest Earnings	7,616
Other Miscellaneous Revenues	<u>732</u>
Total Revenues	<u>147,742</u>
Expenditures	
Current	
General Government	<u>354,172</u>
Total Expenditures	<u>354,172</u>
Net Change in Fund Balance	(206,430)
Fund Balance - Beginning of Year	<u>9,553,479</u>
Fund Balance - End of Year	<u><u>\$ 9,347,049</u></u>
 Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital Assets	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Total depreciation	<u>\$ (25,547)</u>
Total Change in Net Position of Governmental Activities	<u><u>\$ (231,977)</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.

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. 80-85

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes. 86-90

Debt Capacity

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. 91-93

Demographic and Economic Information

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. 94-96

Operating Information

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. 97-98

CITY OF AVONDALE ESTATES, GEORGIA

**NET POSITION BY COMPONENT
LAST TEN YEARS**

(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities										
Net Investment in Capital Assets	\$ 4,963	\$ 4,113	\$ 3,231	\$ 3,097	\$ 2,928	\$ 2,988	\$ 2,799	\$ 2,288	\$ 2,335	\$ 2,394
Restricted	1,248	2,181	1,930	1,500	1,288	1,405	1,324	979	552	355
Unrestricted	6,459	5,055	3,842	2,933	2,111	1,710	1,764	2,509	2,180	2,273
Total Governmental Activities Net Position	\$ 12,670	\$ 11,349	\$ 9,003	\$ 7,530	\$ 6,327	\$ 6,103	\$ 5,887	\$ 5,776	\$ 5,067	\$ 5,022
Business-Type Activities										
Net Investment in Capital Assets	\$ 854	\$ 784	\$ 224	\$ 208	\$ 219	\$ 104	\$ 15	\$ 43	\$ 71	\$ 100
Unrestricted	1,083	826	1,363	1,209	1,064	1,060	1,035	919	823	687
Total Business-Type Activities Net Position	\$ 1,937	\$ 1,610	\$ 1,586	\$ 1,417	\$ 1,283	\$ 1,164	\$ 1,050	\$ 962	\$ 894	\$ 787
Primary Government										
Net Investment in Capital Assets	\$ 5,817	\$ 4,897	\$ 3,455	\$ 3,305	\$ 3,147	\$ 3,092	\$ 2,814	\$ 2,331	\$ 2,406	\$ 2,494
Restricted	1,248	2,181	1,930	1,500	1,288	1,405	1,324	979	552	355
Unrestricted	7,542	5,881	5,205	4,142	3,175	2,770	2,799	3,428	3,003	2,960
Total Primary Government Net Position	\$ 14,607	\$ 12,959	\$ 10,589	\$ 8,947	\$ 7,610	\$ 7,267	\$ 6,937	\$ 6,738	\$ 5,961	\$ 5,809

CITY OF AVONDALE ESTATES, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS

(accrual basis of accounting)
(amounts expressed in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities:										
General government	\$ 666	\$ 1,209	\$ 1,799	\$ 1,241	\$ 1,369	\$ 1,393	\$ 1,166	\$ 1,110	\$ 997	\$ 862
Public safety	1,484	1,317	1,261	1,264	1,236	1,112	1,115	1,078	1,080	1,009
Public works	1,299	343	432	322	958	679	269	286	320	242
Recreation	550	476	472	426	384	392	342	359	403	412
Housing and development	42	8	15	78	180	36	-	-	-	-
Interest on long-term debt	12	4	1	3	8	12	17	21	-	-
Total governmental activities expenses	4,054	3,357	3,980	3,334	4,135	3,624	2,909	2,854	2,800	2,525
Business-type activities:										
Stormwater	115	169	-	1	16	26	49	61	23	34
Sanitation	931	770	799	749	691	720	730	714	699	673
Total business-type activities expenses	1,045	939	799	750	707	746	779	775	722	707
Total primary government expenses	5,099	4,296	4,779	4,084	4,842	4,370	3,688	3,629	3,522	3,232
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 120	\$ 93	\$ 779	\$ 175	\$ 382	\$ 114	\$ 132	\$ 137	\$ 55	\$ 49
Public safety	412	457	648	574	455	514	552	639	554	477
Operating grants and contributions	173	972	58	421	52	68	71	143	93	15
Capital grants and contributions	982	606	696	154	-	-	-	-	-	-
Total governmental activities program revenues	1,687	2,128	2,181	1,324	889	696	755	919	702	541
Business-type activities:										
Charges for services:										
Stormwater	405	132	132	132	132	136	134	125	129	116
Sanitation	967	828	833	852	739	735	730	659	396	301
Capital grants and contributions	-	-	-	-	133	-	-	-	-	-
Total business-type activities program revenues	1,372	960	965	984	1,004	871	864	784	525	417
Total primary government program revenues	3,059	3,088	3,146	2,308	1,893	1,567	1,619	1,703	1,227	958

CITY OF AVONDALE ESTATES, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS

(accrual basis of accounting)
(amounts expressed in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net (expense)/revenue										
Governmental activities	\$ (2,387)	\$ (1,229)	\$ (1,799)	\$ (2,010)	\$ (3,246)	(2,928)	\$ (2,154)	\$ (1,935)	\$ (2,098)	\$ (1,984)
Business-type activities	326	21	166	234	297	125	85	9	(197)	(290)
Total primary government net expense	\$ (2,040)	\$ (1,208)	\$ (1,633)	\$ (1,776)	\$ (2,949)	(2,803)	\$ (2,069)	\$ (1,926)	\$ (2,295)	\$ (2,274)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 2,866	\$ 2,653	\$ 2,498	\$ 2,258	\$ 2,102	1,986	\$ 1,824	\$ 1,709	\$ 1,672	\$ 1,536
Franchise taxes	247	361	228	217	192	191	186	170	179	189
Other taxes	522	478	450	560	931	889	767	769	531	587
Unrestricted investment earnings	5	18	41	9	5	5	5	4	5	5
Miscellaneous	49	65	56	66	60	58	105	46	58	56
Transfers	(0)	(0)	(0)	103	180	15	(121)	(54)	(303)	(372)
Total governmental activities	3,688	3,574	3,272	3,213	3,470	3,144	2,766	2,644	2,142	2,001
Business-type activities:										
Unrestricted investment earnings	1	3	3	3	3	3	3	3	2	2
Transfers	(0)	(0)	(0)	(103)	(180)	(15)	121	54	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total business-type activities	1	2	3	(100)	(177)	(12)	124	57	2	2
Total primary government	\$ 3,689	\$ 3,577	\$ 3,276	\$ 3,113	\$ 3,293	3,132	\$ 2,890	\$ 2,701	\$ 2,144	\$ 2,003
Change in Net Position										
Governmental activities	\$ 1,321	\$ 2,346	\$ 1,473	\$ 1,203	\$ 224	216	\$ 612	\$ 709	\$ 44	\$ 17
Business-type activities	328	23	169	134	120	113	209	68	108	84
Total primary government	\$ 1,649	\$ 2,369	\$ 1,642	\$ 1,337	\$ 344	329	\$ 821	\$ 777	\$ 152	\$ 101

CITY OF AVONDALE ESTATES, GEORGIA

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMMOUNTS EXPRESSED IN THOUSANDS)**

Fiscal Year	Property Tax (1)	Franchise Tax	Insurance Premium Tax	Occupational Tax	HOST Sales Tax (2)	SPLOST Sales Tax (2)	Other Taxes	Total
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
2016	1,986	191	185	119	504	-	80	3,065
2017	2,102	192	196	121	536	-	78	3,225
2018	2,258	217	212	122	131	329	95	3,364
2019	2,498	228	225	138	-	453	87	3,629
2020	2,653	361	237	108	-	441	133	3,933
2021	2,866	247	245	88	-	530	189	4,166

(1) Property taxes include auto ad valorem taxes.

CITY OF AVONDALE ESTATES, GEORGIA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS**

(modified accrual basis of accounting)
(amounts expressed in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable	\$ 1,148	\$ 1,137	\$ 1,129	\$ 1,151	\$ 1,136	\$ 1,139	\$ 1,146	\$ 1,140	\$ 1,091	\$ 17
Restricted	-	-	1,071	1,133	1,258	1,375	1,294	949	522	325
Assigned	23	27	26	259	199	379	23	21	16	12
Unassigned	4,127	3,687	3,132	2,018	1,502	1,188	1,673	2,068	1,937	2,284
Total General Fund	\$ 5,299	\$ 4,851	\$ 5,358	\$ 4,561	\$ 4,095	\$ 4,081	\$ 4,136	\$ 4,178	\$ 3,566	\$ 2,638
All Other Governmental Funds										
Restricted	\$ 1,248	\$ 2,181	\$ 859	\$ 367	\$ 30	\$ 30	\$ 34	\$ 30	\$ 30	\$ 30
Assigned	1,136	814	16	11	14	9	-	-	9	13
Unassigned (Deficit)	-	(2)	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 2,384	\$ 2,993	\$ 875	\$ 378	\$ 44	\$ 39	\$ 34	\$ 30	\$ 39	\$ 43

CITY OF AVONDALE ESTATES, GEORGIA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS**

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Taxes	\$ 3,636	\$ 3,498	\$ 3,153	\$ 3,042	\$ 3,218	\$ 3,069	\$ 2,774	\$ 2,658	\$ 2,388	\$ 2,315
Licenses and Permits	116	90	759	153	359	93	112	115	36	26
Intergovernmental	1,076	1,578	753	575	52	68	71	143	92	15
Fines and Forfeitures	412	457	648	574	455	513	552	639	555	477
Charges for Services	5	4	20	22	23	21	20	22	19	23
Interest Income	4	18	42	9	5	5	5	4	5	5
Other Revenues	49	65	56	66	60	58	104	46	59	56
Total Revenues	5,297	5,709	5,431	4,441	4,172	3,827	3,638	3,627	3,154	2,917
Expenditures										
General Government	1,723	1,519	2,039	1,542	1,449	1,474	1,685	1,099	959	818
Public Safety	1,447	1,272	1,217	1,224	1,190	1,158	1,108	1,074	1,070	949
Public Works	577	273	399	299	953	661	243	258	292	236
Recreation	639	449	448	426	383	391	341	358	401	412
Housing and Development	10	6	15	78	180	36	-	-	-	-
Capital Outlay	4,628	890	357	-	-	-	-	-	4	3
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal Retirements	-	-	-	169	165	160	155	151	-	-
Interest and Fiscal Charges	12	4	1	3	8	12	17	21	-	-
Total Expenditures	9,036	4,413	4,476	3,742	4,328	3,892	3,549	2,961	2,726	2,418
Excess of Revenues Over (Under)	(3,739)	1,296	955	363	(155)	(64)	89	666	428	499
Expenditures										
Other Financing Sources (Uses)										
Transfers In	(12)	2,012	41	103	179	25	-	-	-	-
Transfers Out	12	(2,012)	(41)	-	(10)	(10)	(131)	(54)	(303)	(372)
Capital Lease	-	-	-	-	-	-	-	-	800	-
Issuance of Long-Term Debt	3,579	314	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	3,579	314	-	103	169	15	(131)	(54)	497	(372)
Net Change in Fund Balances	\$ (161)	\$ 1,610	\$ 955	\$ 466	\$ 14	\$ (49)	\$ (42)	\$ 612	\$ 925	\$ 127
Debt Service as a Percentage of Noncapital Expenditures	0.28%	0.10%	0.02%	4.60%	4.00%	4.42%	4.85%	5.81%	0.00%	0.00%

CITY OF AVONDALE ESTATES, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year	Property Tax (1)	Franchise Tax	Insurance Premium Tax	Occupational Tax	HOST Sales Tax (2)	SPLOST Sales Tax (2)	Other Taxes	Total
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
2016	1,990	191	156	119	504	-	80	3,040
2017	2,113	192	196	121	536	-	78	3,236
2018	2,261	217	212	122	131	329	95	3,367
2019	2,523	228	225	138	-	453	87	3,654
2020	2,647	361	237	108	-	441	133	3,927
2021	2,847	247	245	88	-	530	189	4,146

(1) Property taxes include auto ad valorem taxes

(2) In May 2018 the HOST was replaced by a Special Purpose Local Option Sales Tax (SPLOST)

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			Motor Vehicle	Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property	Public Utility	Personal Property						
2012	\$ 129,159	\$ 1,152	\$ 2,711	\$ 8,015	\$ 231	\$ 140,806	\$ 11	\$ 352,015	40.00%
2013	138,170	1,213	1,750	8,451	211	149,373	11	373,433	40.00%
2014	145,302	1,114	1,656	7,456	469	155,059	11	387,648	40.00%
2015	175,082	1,145	1,628	5,565	371	183,049	10	457,623	40.00%
2016	186,008	1,218	2,210	4,307	489	193,254	10	483,135	40.00%
2017	198,972	1,281	2,699	3,999	513	206,438	10	516,095	40.00%
2018	217,074	1,401	2,653	2,436	550	223,014	10	557,535	40.00%
2019	253,252	1,545	2,682	1,802	11,867	247,414	10	618,536	40.00%
2020	274,816	1,762	2,197	1,534	694	279,615	10	699,038	40.00%
2021	312,214	1,688	2,019	1,243	12,007	305,156	10	762,889	40.00%

Source: DeKalb County, Georgia Board of Tax Assessors

CITY OF AVONDALE ESTATES, GEORGIA

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS (Per \$1,000 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			
2012	10.957	0.000	10.957	45.39	0.20	56.547
2013	10.957	0.000	10.957	41.66	0.15	52.767
2014	10.957	0.000	10.957	36.77	0.10	47.827
2015	9.957	0.000	9.957	38.79	0.00	48.747
2016	9.957	0.000	9.957	37.03	0.00	46.984
2017	9.957	0.000	9.957	36.40	0.00	46.356
2018	9.800	0.000	9.800	36.73	0.00	46.527
2019	9.800	0.000	9.800	36.14	0.00	45.943
2020	9.800	0.000	9.800	36.29	0.00	46.093
2021	9.800	0.000	9.800	36.32	0.00	46.120

CITY OF AVONDALE ESTATES, GEORGIA

PRINCIPAL TAXPAYERS CURRENT AND TEN YEARS AGO (AMOUNTS EXPRESSED IN THOUSANDS)

Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
278 Oak Holdings LLC	\$ 2,018	1	0.72 %	\$ -		0.00 %
Georgia Power Co.	1,100	2	0.39	716	4	0.55
Little Tree Properties	1,088	3	0.39	-		0.00
S 4110 Property LLC	976	4	0.35	-		0.00
BC Residential LLC	677	5	0.24	-		0.00
Brewcraft LLC	640	6	0.23	-		0.00
TOSC Properties LLC	601	7	0.21	-		0.00
Gargiulo Joseph C	569	8	0.20	-		0.00
CEED Properties LLC	540	9	0.19	373	9	0.29
Macenczak Lee	520	10	0.19	-		0.00
Century A G Avondale LLC				2,094	1	1.62
Georgia Duck and Cottage Mill				1,322	2	1.02
KJA/Eckerd #1 LLC				768	3	0.59
Michael Plasker				580	5	0.45
David Ladet				451	6	0.35
Michael Gerard				420	7	0.33
William Spencer Rosenfield				410	8	0.32
Atlanta Gas Light				369	10	0.29
	<u>\$ 8,729</u>		<u>3.12 %</u>	<u>\$ 7,503</u>		<u>5.81 %</u>

Source: Dekalb County Tax Commissioners Office

CITY OF AVONDALE ESTATES, GEORGIA

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

(AMMOUNTS 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
2012	\$ 1,414	\$ 1,392	98.4%	\$ 22	\$ 1,414	100.00%
2013	1,499	1,461	97.5%	38	1,499	100.00%
2014	1,566	1,550	99.0%	16	1,566	100.00%
2015	1,725	1,666	96.6%	59	1,725	100.00%
2016	1,834	1,799	98.1%	35	1,834	100.00%
2017	2,001	1,923	96.1%	77	2,000	99.92%
2018	2,155	2,066	95.9%	88	2,154	99.94%
2019	2,393	2,256	94.3%	123	2,379	99.43%
2020	2,445	2,403	98.3%	33	2,435	99.60%
2021	2,869	2,813	98.0%	0	2,813	98.04%

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			Capital Leases					
	Obligation Bonds	Certificates of Participation	Capital Leases	Notes Payable	Capital Leases	-			
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.00%	-
2013	-	-	800 (2)	-	-	800	800	0.60%	264
2014	-	-	649 (2)	-	-	649	649	0.47%	212
2015	-	-	494 (2)	-	-	494	494	0.36%	160
2016	-	-	334 (2)	-	-	334	334	0.24%	107
2017	-	-	169 (2)	-	-	169	169	0.11%	53
2018	-	-	-	-	-	-	-	0.00%	-
2019	117	-	-	-	-	117	117	0.07%	37
2020	432	-	-	-	-	432	432	0.21%	137
2021	4,010	0.00	110 (2)	-	-	4,120	4,120	2.01%	1,155

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

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	\$ 195,873	0.949%	\$ 1,859
Fulton DeKalb Hospital Authority	31,870		-
Total Overlapping Debt	<u>227,743</u>		<u>1,859</u>
City Direct Debt	<u>4,120</u>	100.000%	<u>4,120</u>
Total Direct and Overlapping Debt	<u>\$ 231,863</u>		<u>\$ 5,979</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 the taxable assessed property values below. 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.

Avondale Estates Taxable Value	\$ 312,213,871	
DeKalb County Taxable Value	\$ 32,900,495,681	

CITY OF AVONDALE ESTATES, GEORGIA

LEGAL DEBT MARGIN INFORMATION

(AMOUNTS EXPRESSED IN THOUSANDS)

Assessed Value	\$	305,156
Add Back: Exempt Real Property		<u>12,007</u>
Total Assessed Value		317,163
Debt Limit (10% of Total Assessed Value)		31,716
Total Debt		<u>4,120</u>
Legal Debt Margin	\$	<u><u>27,596</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 or after the end of 2018.

CITY OF AVONDALE ESTATES, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Fiscal Year	Population (1)	Personal Income (4) (in thousands)	Per Capita Personal Income (1)	Median Age (1)	Percentage of Population Age 25 and Older with Greater than 12 Years of			Unemployment Rate (2)
					Formal Schooling (1)	School Enrollment (3)		
2012	\$ 2,985	\$ 119,361	40	45.0	67%	824	8.9%	
2013	3,030	134,177	44	45.0	68%	784	10.4%	
2014	3,058	137,272	45	45.0	70%	898	6.8%	
2015	3,088	137,637	45	44.7	75%	926	4.1%	
2016	3,129	155,488	50	44.6	75%	912	4.1%	
2017	3,159	166,452	53	46.8	75%	962	4.1%	
2018	3,173	177,204	56	47.7	76%	1,028	3.6%	
2019	3,135	202,339	65	48.4	78%	988	3.2%	
2020	3,144	204,593	65	48.5	78%	995	3.3%	
2021	3,567	237,562	67	49.1	81%	960	4.8%	

(1) Source: U.S. Census Bureau estimates

(2) Source: Georgia Department of Labor

CITY OF AVONDALE ESTATES, GEORGIA

PRINCIPAL EMPLOYERS
LAST TEN YEARS

2021 Employers	2020 Employers	2019 Employers	2018 Employers	2017 Employers
5 Star Office Furniture Bonnie Carter Fine Art Davey Tree, dba Arborguard DeKalb Collision Center Easter Seals North Georgia Inc. Financial Control Group Finders Keepers Consignment Home Forge Remodeling LLC Jollay Masonry Waffle House # 1000	Community Development Insititute Davey Tree, dba Arborguard Family Dollar Stores #30491 Home Forge Remodeling Jollay Masonry My Parents' Basement Savage Pizza Second Life Thrift Store Waffle House # 1000 Zest Atlanta	Clarendon Group, Inc. Community Development Insititute Davey Tree, dba Arborguard Jollay Masonry Lanier-Jones LifeLine Animal Project Mann Mechanical My Parents' Basement Savage Pizza Waffle House # 1000	Community Development Insititute Davey Tree, dba Arborguard Globe Chemical Jollay Masonry Lanier-Jones LifeLine Animal Project Mann Mechanical Rite Aid # 11690 Savage Pizza Waffle House # 1000	Ace & A Heating and Air Arborguard Tree Service Globe Chemical Jollay Masonry LifeLine Animal Project Mann Mechanical PCA Head Start Rite Aid # 11690 Savage Pizza Waffle House # 1000
2016 Employers Arborguard Tree Globe Chemical Jollay Masonry Lanier Jones Mechanical LifeLine Animal Project Mann Mechanical PCA Head Start Rite Aid # 11690 Savage Pizza Waffle House # 1000	2015 Employers Ace & A Heating and Air Arborguard Tree DeKalb Collision Center Globe Chemical Jollay Masonry Lanier Jones Mechanical Mann Mechanical PCA Head Start Rite Aid # 11690 Savage Pizza Waffle House # 1000	2014 Employers Ace & A Heating and Air Arborguard Tree Avondale Pizza Café DeKalb Collision Center Jollay Masonry Mann Mechanical Paste PCA Head Start Rite Aid # 11690 Waffle House # 1000	2013 Employers Ace & A Heating and Air Arborguard Tree Avondale Pizza Café DeKalb Collision Center Jollay Masonry Mann Mechanical Paste Rite Aid # 11690 Simon Roofing Waffle House # 1000	2012 Employers Ace & A Heating and Air Arborguard Tree Avondale Pizza Café DeKalb Collision Center Jollay Masonry Mann Mechanical Paste Rite Aid # 11690 Simon Roofing 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. Additional years will be added as in formation becomes available.

CITY OF AVONDALE ESTATES, GEORGIA

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

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government	9	9	8	8	8	8	8	8	7	7
Public Safety										
Police										
Officers	12	15	14	14	14	14	13	13	12	12
Public Works	1	1	2	2	2	2	2	2	2	2
Sanitation	9	10	11	11	11	11	11	12	11	11
Culture and Recreation	6	8	7	7	7	6	6	3	6	6
Total	37	43	42	42	42	41	40	38	38	38

Source: City of Avondale Estates department records

CITY OF AVONDALE ESTATES, GEORGIA

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function										
Police										
Homicide	-	-	-	-	-	-	-	-	-	-
Robbery	2	2	2	2	2	4	1	-	3	2
Aggravated Assault	1	1	1	-	3	1	-	1	4	1
Auto Theft	7	5	3	4	5	3	6	2	8	5
Burglary	11	10	4	13	14	18	12	7	9	25
Larceny	116	26	55	58	44	48	49	37	66	65
Municipal Court										
Traffic Citations Issued	1,881	1,558	3,866	3,104	2,870	2,580	3,030	3,123	4,368	2,929

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**

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	8	8	8	7	6	5	4	4
Public Works										
Streets (Miles)	19	19	19	19	19	19	19	18	18	18
Number of Street Lights	387	387	387	387	387 (2)	385	385	369	369	369
Collection Trucks	4	3	3	3	3	-	-	-	-	-
Dump Trucks	-	-	-	-	-	-	-	-	-	-
Street Sweeper	-	-	-	-	-	-	-	-	-	-

Source: Various City departments

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

(1) Increase due to annexation

(2) Increase due to Maple Street installation

GOVERNMENTAL REPORT

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March 29, 2023

**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
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 (the "City")**, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 29, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as item 2021-004.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McNair, McLemore, Middlebrooks & Co., LLC
MCNAIR, MCLEMORE, MIDDLEBROOKS & CO., LLC

CITY OF AVONDALE ESTATES, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

(1) Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)	None Reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

There was not an audit of major federal award programs for the year ended December 31, 2021, due to the total amount expended being less than \$750,000.

(2) Financial Statement Findings

Findings noted on the 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*:

2021-001 *Timely Financial Reporting and Closeout*

CRITERIA

Timely and accurate financial reports are essential to perform analysis of the financial condition of the City, review data for accuracy and completeness, monitor compliance with budget appropriations, and to prepare annual financial statements. Georgia code establishes requirements of audits for local governments. Each annual audit report of a local unit of government shall be completed and a copy of the report forwarded to the state auditor within 180 days after the close of the unit’s fiscal year.

CONDITION

Some of the monthly accounting and reconciliation procedures were not performed on a timely basis during the fiscal year. Subsequent to year end, the City contracted with a governmental consultant to provide significant supervision of the City’s accounting staff.

CONTEXT

- Material adjustments were made by the City’s consultant several months after fiscal year end 2021.
- Adjustments were required by auditors to correct beginning fund balances as follows:
 - Sanitation Fund \$3,121
 - Downtown Development Authority \$30,378

EFFECT

The City was not prepared and ready for the annual audit in a timely manner to meet the State of Georgia’s audit submission deadline of June 30, 2022 and the City did not record all prior year adjusting journal entries.

CAUSE

The City did not have controls in place to ensure timely financial reporting, closeout and recording of prior year adjusting journal entries.

(2) Financial Statement Findings (Continued)

2021-001 *Timely Financial Reporting and Closeout (Continued)*

RECOMMENDATION

We recommend that the City enhance internal control procedures over the financial reporting system to ensure that accounting activity is recorded properly during the fiscal year. The City should establish new internal due dates that require the accounting records to be ready for the annual audit within 75 days after the fiscal year end of December 31st.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. During March 2022, the City experienced turnover in the accounting department which required the City to contract with a consultant to complete the closeout process. The City hired a Finance Director in December 2022 and will ensure timely financial reporting, closeout and posting of all prior year adjusting journal entries going forward.

2021-002 *Timely Deposits*

CRITERIA

Internal controls over receipts require that all deposits received are recorded and deposited in the bank in a timely manner.

CONDITION

Receipts for December 2021 were not deposited into the bank in a timely manner.

CONTEXT

During testing, auditors noted that deposits in transit totaling \$40,472 as of December 31, 2021, did not clear the bank statement until February and/or March of 2022.

EFFECT

Failure to deposit receipts on a timely basis increases the likelihood of error or misappropriation.

CAUSE

The City did not have controls in place to ensure timely deposits.

RECOMMENDATION

The City should enhance internal controls to ensure deposits are made on a timely basis.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The City was on an emergency COVID pause during December 2021 and January 2022 and staff was not in the office to make deposits. During the pause, deposits were kept in a locked safe. Management will ensure deposits are made timely going forward. Deposits are currently made on a weekly basis.

2021-003 *Accounts Payable / Retainage Payable*

CRITERIA

Generally accepted accounting principles require expenditures to be recognized as soon as a liability is incurred.

CONDITION

Expenditures were not recorded in the proper fiscal period for fiscal year 2021.

CONTEXT

During our testing, audit adjustments were required as follows:

- Material adjustments of \$196,187 and \$33,596 were required in the URA Fund to record retainage and accounts payable at year-end.

(2) Financial Statement Findings (Continued)

2021-003 *Accounts Payable / Retainage Payable (Continued)*

EFFECT

Material audit adjustments of approximately \$229,783 were needed to correctly report the City's liabilities for the fiscal year ended December 31, 2021.

CAUSE

The City does not have adequate accounting procedures in place to ensure that expenditures are recorded when a liability is incurred.

RECOMMENDATION

The City should implement/enhance internal controls surrounding the recording of liabilities.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The City has implemented controls to make sure liabilities are recorded in the correct period.

(3) Compliance Findings

2021-004 *Violation of Georgia Law – SPLOST Fund*

CRITERIA

The Official Code of Georgia (O.C.G.A) Section 48-8-121(a)(1) requires that SPLOST proceeds be used exclusively for the purposes specified in the SPLOST resolution.

CONDITION

At December 31, 2021, the SPLOST Fund had a receivable from the Capital Projects Fund.

CONTEXT

The City used SPLOST proceeds to fund non-SPLOST activity during the current fiscal year.

EFFECT

The City is in violation of O.C.G.A Section 48-8-121(a)(1).

CAUSE

The City's internal controls did not identify non-SPLOST activity prior to expending SPLOST proceeds.

RECOMMENDATION

The City should enhance internal controls to ensure SPLOST proceeds are only used for approved SPLOST projects.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The City has implemented controls to ensure SPLOST proceeds are only used for approved SPLOST projects.

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