CITY OF AVONDALE ESTATES
GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

CITY OF AVONDALE ESTATES, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

PREPARED BY:

Ken Turner
Finance Director

CITY OF AVONDALE ESTATES, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

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INTRODUCTORY SECTION

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BOARD OF MAYOR AND COMMISSIONERS

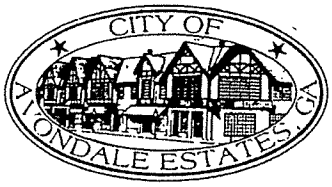
Jonathan Elmore
Mayor

Terry Giager
Mayor Pro Tem

Lindsay Forlines
Commissioner

Randy Beebe
Commissioner

John Quinn
Commissioner



R. Clai Brown
City Manager

Robert E. Wilson
City Attorney

Stephen W. Nicholas
City Judge

June 24, 2015

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

The Comprehensive Annual Financial Report (CAFR) of the City of Avondale Estates for the fiscal year ending December 31, 2014, is hereby submitted. Responsibility for both the accuracy of the data, the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

There were no accounting policy changes during 2014 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 some 2,960 citizens. Included in these services are traditional City functions, such as public works, public safety, sanitation, parks, courts and inherent support activities.

MAJOR INITIATIVES AND ECONOMIC OUTLOOK

Current Initiatives:

The City celebrated being a National Arbor Day Foundation Tree City USA for the 31st year. To become a Tree City USA, a community must meet four standards: a tree board, a community tree care ordinance, a comprehensive community forestry program, and an Arbor Day observance and proclamation.

The City of Avondale Estates also received a Tree City USA Growth Award again this year for demonstrating progress in its community forestry program. The prestigious Growth Award honors environmental improvement and higher levels of tree care in Tree City USA communities. The tree board conducted their annual tree plantings and 50 trees were planted. It is important to note, the City of Avondale Estates is the only designated Tree City USA in DeKalb County.

The City was designated and awarded Classic Main Street Status by the Department of Community Affairs. The City completed all necessary steps for program designation in 2014.

Public Safety conducted the 5th session of the Avondale Estates Citizens Police Academy. The topics included basic police procedures including incident reporting, courts and the law, police investigations, traffic enforcement, communications/911, special operations, firearms and the use of force. The Citizen's Patrol program was implemented and solicited volunteers from the Citizens Police Academy alumni who were interested in taking ownership in their community's safety by patrolling the neighborhoods. The Citizen's Patrol main purpose is to be additional "eyes and ears" on the street, reporting any suspicious activity or individuals to 911.

Business:

Twenty five (25) new businesses opened in the City during 2014. Our own independent record store was named the "Best Boutique Records Store" by Creative Loafing in 2014. 2014 saw the much anticipated opening of a resident owned high end sit-down restaurant which has received many local and regional accolades. Two new businesses have brought retail business along with art/craft classes to the area, enlivening the downtown area at night. The locally owned wine shop and brewery both have special events and tasting.

As our specialty retailers grow and succeed the City remains dedicated to being business-friendly while maintaining high standards. To that end, the City amended the Sign Ordinance to allow for office directory signs at the request of a local building owner who undertook a massive exterior renovation on his historic building in 2014. The City added a new team member, Permit Concierge, to assist new business and existing businesses with permitting.

Throughout the year the City celebrates new businesses with ribbon cutting ceremonies to welcome them to the City. This establishes a connection between the business owners and City officials.

Community Promotion:

The 2014 Community Promotion Program (CPP) was a great success. Over 15,000 people visited Avondale Estates during AutumnFest, Avondale Estates Farmers Market, RAD Studio Cruise and the Georgia Safe Schools Coalition Fun Run and 5K. The 2015 CPP funding awards have been made and the City looks forward to another successful year.

Downtown Master Plan Update and Feasibility Study:

The City completed a major update to the Downtown Master Plan with extensive public participation. This effort was funded through a grant from the Atlanta Regional Commission. The Downtown Master Plan participants overwhelmingly supported and prioritized a redesign of US 278 to recapture it as the City's Main Street. A supplemental grant from the Atlanta Regional Commission funded a Feasibility Study for a possible road diet and roundabout along US 278. The City conducted a demonstration project to illustrate, in real time and on location, the impact of the proposed project. The City also coordinated with Georgia Department of Transportation, DeKalb County and the City of Decatur who are integral partners moving forward.

Redevelopment:

In 2014, the Tudor Square development was born. Four buildings, which were vacant and in substandard condition, were rehabilitated and rebranded. The complex currently includes an art studio which holds day and evening classes, a beverage caterer, an event space, market, offices and a distillery with room for additional businesses.

The Fenner Dunlop Site (13+ acres) and the Maple Street property (1.77 acres) have been purchased. The developer worked diligently through 2014 to plan for the redevelopment of the sites. Plans for the Fenner Dunlop site are expected in 2015.

The City also met with a few developers interested in the 8 acres located at Sam's Crossing and US 278.

The Tudor Village continues to improve with overall building improvements and tenant space improvements. 2014 improvements included painting the entire exterior of the building and filling about five (5) tenant spaces. The renovation of the Towne Cinema is underway and expected to be completed in 2015. This space will hold approximately 400 people and feature concerts and performing arts.

Recreation and Greenspace:

The City worked with a consultant to solidify the site plan and design of amenities at Willis Park. An estimate of the cost was prepared and in 2015 the project bids will be received and a determination by the BOMC will be made on which proposed features will be funded and implemented. The park plan features improved drainage, a circular paved walking path, new playground equipment, a new pavilion and hardscape area and entrance.

Planned Initiatives:

The City plans to implement some or all of the proposed Willis Park Improvement Plan in 2015.

As the next step to the Downtown Master Plan and Fesibility Study, the City will apply for funding through the Transportation Improvement Plan Funding Application to implement a redesign of US 278. Funding announcements will be in the Summer/Fall of 2015, with projects expected to begin in 2016.

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

The City is required to update its Comprehensive Plan every 10 years. The City will complete this effort, with Atlanta Regional Commission assistance, in 2015. This plan will be for the entire City.

Economic Outlook:

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

According to the U.S. Bureau of Census, approximately 90 percent of the residents have attended or completed college. The average per capita income of these residents for 2013 is approximately $38,195. Most residents are well compensated, successful professionals. They demand a high level of service and are willing to absorb the additional cost to finance this enhanced effort.

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

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

FINANCIAL INFORMATION

General:

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

Budgetary Controls:

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

Enterprise Operations:

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

Retirement Plan:

The City of Avondale Estates Retirement Plan recommended contribution rate increased due to the unprecedented decline in the investment markets. The Board of Trustees of the Georgia Municipal Employees Benefit System approved an alternative recommended contribution that will allow the City to adopt a gradual increase to the

higher funding requirements because of the investment downturn. Information concerning the City's Plan is found on Page 55-58 and Page 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.

Independent Audit:

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

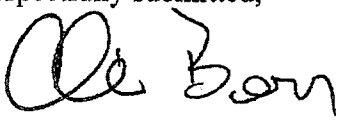
Awards:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the year ended December 31, 2013. In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Excellence Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments:

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

Respectfully submitted,



R. Clai Brown, City Manager

City of Avondale Estates

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

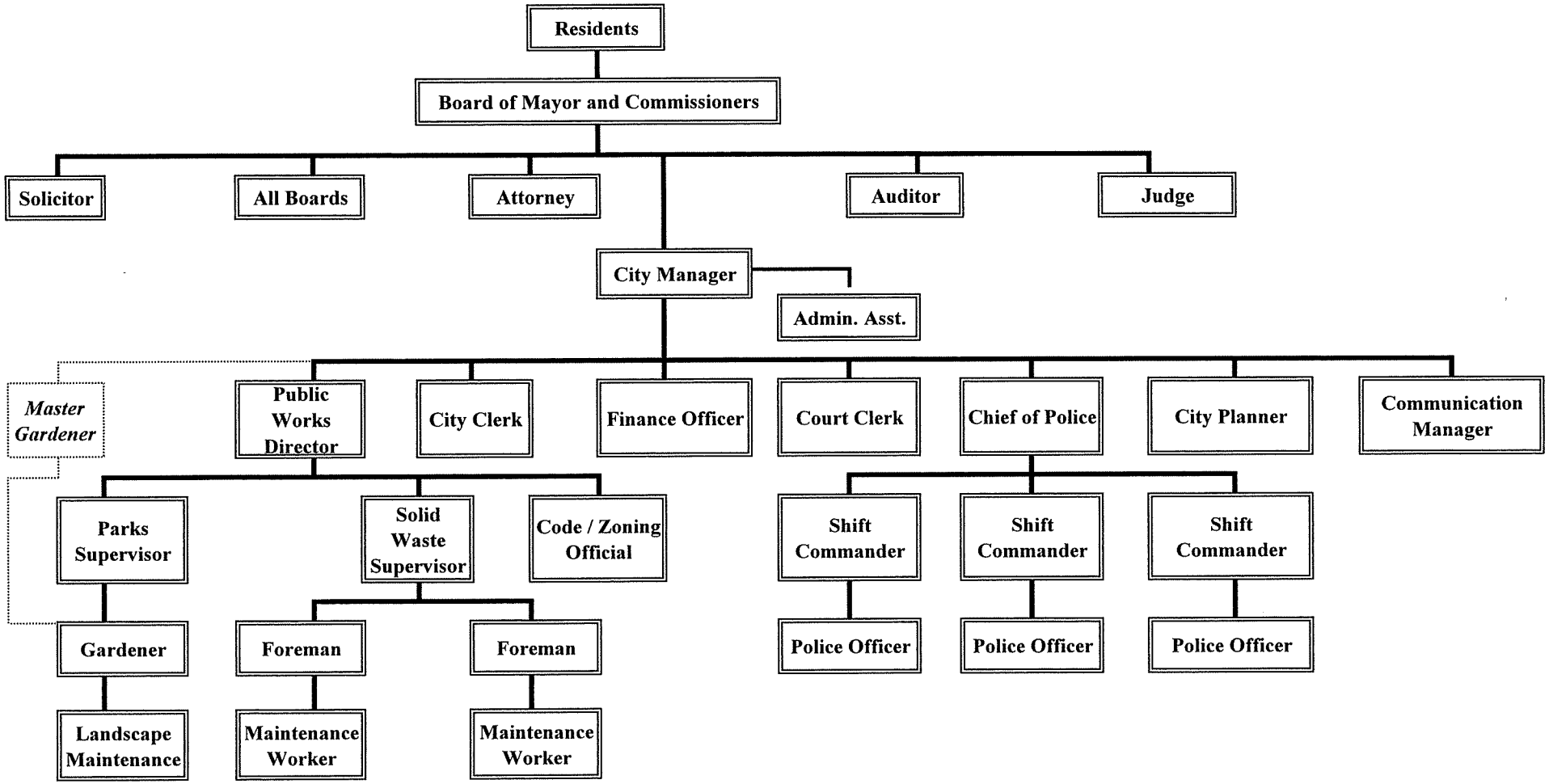
City of Avondale Estates

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO


Residents
Board of Mayor and Commissioners
Solicitor
All Boards
Attorney
Auditor
Judge
City Manager
Admin. Asst.
Master Gardener
Public Works Director
City Clerk
Finance Officer
Court Clerk
Chief of Police
City Planner
Communication Manager
Parks Supervisor
Solid Waste Supervisor
Code / Zoning Official
Shift Commander
Shift Commander
Shift Commander
Gardener
Foreman
Foreman
Police Officer
Police Officer
Police Officer
Landscape Maintenance
Maintenance Worker
Maintenance Worker

CITY OF AVONDALE ESTATES, GEORGIA

PRINCIPAL OFFICIALS

DECEMBER 31, 2014

CITY COMMISSION

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

ADMINISTRATION OFFICIALS

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

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Avondale Estates, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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P.O. Box 6315 Macon, Georgia 31208-6315
Phone 478-742-3313 ▪ Fax 478-742-0316

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American Institute of
Certified Public Accountants
www.clhp.com

468 South Houston Lake Road
Warner Robins, Georgia 31088
Phone 478-953-0125 ▪ Fax 478-953-0983

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Avondale Estates, Georgia, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedule of pension funding progress on pages 12-22, and 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, and Downtown Development Authority statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, and Downtown Development Authority statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2015 on our consideration of the City of Avondale Estates, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Avondale Estates, Georgia's internal control over financial reporting and compliance.



Macon, Georgia
June 24, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the City of Avondale Estates (the "City"), we offer readers of the City of Avondale Estates' financial statements, this narrative overview and analysis of the financial activities of the City of Avondale Estates for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with the financial statements and footnotes.

Financial Highlights

The net position of the City exceeded its liabilities at the close of the most recent fiscal year by $6,738,061. Of this amount, $3,428,750 (unrestricted net position) may be used to meet the government's ongoing obligations.

The City's net position from governmental activities increased approximately 13.99% when compared to the previous year, while business-type activities' net position increased by approximately 7.57% when compared to the previous year.

General Fund Revenues increased 16.34% or $509,414 compared to 2014, and expenditures increased 10.24% or $275,137 compared to 2014. The primary reasons for the increase in revenues is the increase in real estate values affecting property tax revenues of $40,263, an increase in HOST/Energy taxes of $234,466 and an increase in fines and forfeitures due to increased enforcement activities of $94,942. Licenses and permit revenues increased $79,081 primarily due to permit authorization revenues. During 2013, the City assumed the task of issuing permits, DeKalb County previously issued the permits. Intergovernmental revenues increased $87,011 due primarily to increased grant funding from the Livable Centers Initiative (LCI) for developing the downtown master plan for $12,000, the Local Maintenance Improvement Grant (LMIG) for municipal road resurfacing of $55,262, a decrease in the Georgia Department of Natural Resources for conducting a historical survey of commercial buildings and private residences of $1,840 and increased funding of $18,432 for the Atlanta Regional Commission road diet feasibility study.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $4,208,696 an increase of $603,149. At the end of the current fiscal year, unassigned fund balance for the general fund was $2,068,261 or 69.85% of total general fund expenditures. This amount is available for spending at the government's discretion, as it is unassigned fund balance.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 23-25 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

The basic governmental fund financial statements can be found on page 26 of this report.

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

The basic proprietary fund financial statements can be found on pages 31-34 of this report.

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

The basic fiduciary fund financial statements can be found on pages 35 and 36 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 37-59 of this report.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Avondale Estates, Georgia, assets exceeded liabilities by $6,738,061 at the close of the most recent fiscal year. Following is a description of the City's net position (in thousands) as compared to the previous year.

City of Avondale Estates Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Assets						
Current assets	$ 3,818	$ 4,391	$ 895	$ 1,007	$ 4,713	$ 5,398
Capital assets	2,335	2,288	71	43	2,406	2,331
Total assets	6,153	6,679	966	1,050	7,119	7,729
Liabilities						
Non-current liabilities	886	724	16	19	902	743
Other liabilities	200	179	55	69	255	248
Total liabilities	1,086	903	71	88	1,157	991
Net Position						
Investment in capital assets	2,335	2,288	71	43	2,406	2,331
Restricted	552	979	-	-	552	979
Unrestricted	2,180	2,509	823	919	3,003	3,428
Total net position	$ 5,067	$ 5,776	$ 894	$ 962	$ 5,961	$ 6,738

By far the largest portion of the City's net position (35%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). The City uses these capital assets to provide services; consequently, these assets are not currently available for future spending.

The remaining portions of the City's net position are either restricted ($978,893) or unrestricted ($3,428,750). Unrestricted net position may be used to meet the government's ongoing obligations. At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its business-type activities.

During the current fiscal year the City's total net position increased by $776,628.

Changes in Net Position

The following schedule presents a summary of changes in net position for the fiscal year ending December 31, 2014 (in thousands).

City of Avondale Estates Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Revenues						
Program revenues:						
Charges for services	$ 609	$ 776	$ 525	$ 785	$ 1,134	$ 1,561
Operating grants & contributions	93	144	-	-	93	144
General revenues:						
Property taxes	1,672	1,709	-	-	1,672	1,709
Franchise taxes	179	170	-	-	179	170
Insurance Premium taxes	153	146	-	-	153	146
Occupational taxes	89	101	-	-	89	101
HOST taxes	236	471	-	-	366	471
Other taxes	53	50	-	-	53	50
Other revenues	59	46	-	-	6	46
Investment earnings	5	4	2	3	7	7
Total revenues	3,148	3,617	527	788	3,752	4,405
Expenses						
General government	997	1,110	-	-	997	1,110
Public safety	1,080	1,077	-	-	1,080	1,077
Public works	320	286	-	-	320	286
Recreation	403	360	-	-	403	360
Interest	-	21	-	-	-	21
Sanitation			699	714	699	714
Stormwater	-	-	23	61	23	61
Total expenses	2,800	2,854	722	775	3,522	3,629
Increase in Net Position Before Transfers	348	763	(195)	13	230	776
Transfers	(303)	(54)	303	54	-	-
Change in net position	45	709	108	67	153	776
Net Position beginning of year	5,022	5,067	787	895	5,809	5,962
Net Position end of year	$ 5,067	$ 5,776	$ 895	$ 962	$ 5,962	$ 6,738

Governmental charges for services increased by $166,247 due primarily to the permit authorizations revenue sharing arrangement of $72,556 and fines and forfeitures increasing $83,970 due to increased enforcement activities. Operating grants and contributions increased $51,029 primarily due to increases in the Local Maintenance Improvement Grant (LMIG). Property taxes showed an increase is primarily due to increases in assessed property values. Other factors contributing to the changes are, decreases in franchise taxes of approximately $8,500 due to decreases in franchise taxable revenue, decreases in public utilities ad valorem taxes of $7,893 due to decreases in taxable values. The decrease in motor vehicle taxes of $6,6270 is due to decreases in values, and increases in real estate transfer taxes of $5,308 is attributed to the improving real estate environment. The increase in other taxes is primarily due to the increased HOST/Energy Excise tax of $234,466.

Total expenses increased approximately $54,467 across all categories. In the General Government category, salaries and related fringe benefits increased $63,473 primarily due to increases in salaries and related fringe benefits as well as a new position of permit concierge coordinator, legal services decreased $6,288, professional consultants increased $16,341 primarily due to the City Community-wide Survey, printing and binding increased $5,700 partially due to codifying the code of ordinances, Willis Park expenses increased $44,769 due to landscape and hardscape design services, building plan review/inspections increased $45,187 due to the outsourcing of this activity. The City receives revenues for plan review/inspections and the increase in expense is offset by those revenues, historic survey expense decreased $13,800 as the survey was completed, bad debt expense increased $6,705 due to setting up a 100% reserve for 39 Fairfield accounts receivable on the balance sheet – a lien has been placed upon the property, other grant expenditures decreased $43,743 due to phase out of several multiyear grants, liability insurance premiums increased $12,947 partially due to increasing the limits of liability. In the Public Safety category, expenses increased $3,020. The increase is attributed to a decrease in salaries and related fringe benefits of $1,772, a decrease in gasoline purchases of $10,141, an increase in small equipment of $3,639, an increase in repairs and maintenance – equipment of $4,099, an increase in uniform allowance of $5,371, and the increase of the cost of a new patrol vehicle of $4,956 due to the cost of a new radio in the vehicle – total cost of new patrol vehicle was $44,071. In the Public Works category, expenses decreased $33,849. The decrease is attributed to decreases in salaries and related fringe benefits of $2,211, cross walk expenditures decreasing $14,970, small equipment increasing $4,149, and expenses related to roadways and walkways increasing $6,642. In the Culture and Recreation category, expenses decreased $43,501. The decrease is primarily due to decreases in salaries and related fringe benefits of $37,548 due to vacancies in the department, decreases in tree removal of $6,825, and increases in repairs and maintenance – building of $4,752.

Net position on governmental activities funds increased by $708,957 as a result of revenues exceeding expenditures.

Business-type activities contain operations of the Storm Water utility and Sanitation. Business-type activities increased the City of Avondale Estates' net position by $67,671. The Storm Water and Sanitation charges are billed on the annual property tax bills.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Avondale Estates, Georgia's governmental funds reported combined ending fund balances of $4,208,696, an increase of $603,149 in comparison with the prior year. Approximately forty nine percent of the total amount ($2,068,261) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance ($2,140,435) is designated as follows: non spendable $1,140,070 (asset held for resale and prepaid expenses), restricted $978,893 ($948,854 HOST, $29,527 TAD, $512 Police Seizure), and assigned $21,472 ($21,155 Technology Fund, $27 Capital Projects, and $290 Lake Avondale Fund).

The general fund is the chief operating fund of the City of Avondale Estates, Georgia. At the end of the current fiscal year, the unassigned fund balance of the general fund was $2,068,261. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 69.85% of total General Fund expenditures.

The table below compares general fund revenues and expenditures for 2013 and 2014 (in thousands).

General Fund

	2013	2014	$ Increase (Decrease)
Revenues			
Taxes	$ 2,388	$ 2,658	$ 270
Licenses & permits	36	115	79
Intergovernmental	56	143	87
Fines & forfeitures	555	639	84
Charges for services	19	22	3
Interest income	5	4	(1)
Other revenues	59	46	(13)
Total revenues	3,118	3,627	509
Expenditures			
General government	959	1,099	140
Public safety	1,070	1,074	4
Public works	256	258	2
Recreation	401	358	(43)
Debt Service:			
Principal retirements	-	151	151
Interest payments	-	21	21
Total expenditures	2,686	2,961	275
Excess of revenues over expenditures	432	666	234
Transfers to other funds	(303)	(54)	249
Capital lease	800	-	(800)
Net change in fund balances	928	611	(317)
Fund balances, beginning of year	2,639	3,567	928
Fund balances, end of year	$ 3,567	$ 4,178	$ 611

Revenues from taxes increased primarily due to increased HOST sales taxes in the amount of $234,466, an increase in property taxes of $40,263, a decrease in franchise fees of $8,499 and a decrease of insurance premium taxes of $6,310. Licenses and permits increased approximately $10,229 primarily due to an increase in permit authorizations of $8,522. Fines and forfeitures increased due to increased traffic enforcement. Charges for services increased $3,195 due to increases in donations for various City activities like the July 4th celebration and the Labor Day Race. Other revenues decreased due to elimination of the bike event, decreased donations for tree replacement and insurance reimbursement for claims.

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

Storm Water fees and Sanitation are billed on the City property tax bills, collected by DeKalb County and remitted by the County to the City. Revenue from Storm Water fees decreased $3,218 over last year. After accounting for operating expenses of $58,780, depreciation of $2,046 and interest income of $3,124, the Storm Water utility increased its net position by $67,671 for total net position of $962,041 at the end of the fiscal year. This increase is largely attributed to minimal expenses and interest income.

Sanitation revenues increased $263,023 due to the Board of Mayor and Commissioners increasing sanitation rates. After accounting for operating expenses of $687,139 and depreciation of $26,548, Sanitation had an operating loss of $54,432 before transfers from the General Fund of $54,432. At the end of the fiscal year, Sanitation did not have any net position.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The primary fiduciary fund is the Dottie Holmes Memorial Trust Fund that holds assets to be used for replanting certain flora around the City. The Dottie Holmes Memorial Trust Fund had a net increase of $53 to net position during 2014 for a total of $12,196 at year end.

General Fund Budgetary Highlights

In calendar year 2014, it was anticipated that there would be an increase in fund balance in the amount of $228,766 primarily due to anticipation of no transfers to the Sanitation Fund. The City's general fund balance as of December 31, 2014 is $4,178,340. This is equivalent to approximately one hundred sixty percent of the City's current estimate of the total general fund expenditures for calendar year 2014. It should be noted that the calendar year 2015 budget does not anticipate a change in fund balance.

The final amended budget for revenues was approximately 27.51% higher than the original budget. The final amended budget for expenditures was approximately 13.56% higher than the original budget.

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, 2014, amounts to $2,330,418 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixtures, improvements, machinery and equipment, vehicles, and infrastructure. The City's investment in capital assets increased less than 1.23% for the current calendar year. The increase is due to additions to capital assets in governmental activities of $49,852 and depreciation within the governmental activities. Additional information on the City's capital assets can be found in Note 6 on pages 50-51 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	
	2013	2014	2013	2014	2013	2014
Land	$ 1,859	$ 1,859	$ -	$ -	$ 1,859	$ 1,859
Infrastructure	186	172	8	6	194	178
Building & improvements	152	119	-	-	152	119
Furniture, Equipment & Vehicles	138	138	63	37	201	175
Total	$ 2,335	$ 2,288	$ 71	$ 43	$ 2,406	$ 2,331

Long-term Debt and Capital Leases.

The City has a $649,225 capital lease outstanding at December 31, 2014. The lease term is for five years with a 2.93% fixed rate with monthly amortization amounting to $14,350. The City has paid the first year of the obligation, there are four more years to completely amortize the loan. The City had long-term debt in the amount of $93,714, which is comprised of compensated absences. (Governmental Activities $74,888 and Business-type activities $18,826).

Additional information on the City's long-term debt can be found in Note 7 on pages 52-54 of this report.

Economic Factors

The unemployment rate for the City is currently 6.8%. The cost of living is 117 compared to the US median of 100. The median age is 43.9 compared to a US median of 37.6. Per capita income is $47,395 compared to a US per capita of approximately $28,051. Inflationary trends in the region compare favorably to national indices. There are on-going redevelopment efforts occurring throughout the City.

Next Year's Budget

At December 31, 2014, unassigned fund balance in the general fund was $2,068,261. Next year's budgeted revenues will largely be derived from property taxes (53.58%), the remaining 46.42% is to come from other revenue sources. General Fund budgeted revenues for 2015 are expected to increase slightly with a 3.23% increase or $91,599 compared to 2014. This is primarily due to anticipated increase in taxes of $16,278, decreases in franchise and other taxes of $11,513, increases in licenses, occupational taxes and permits of $93,035, increases in fines & forfeitures of $16,777 due to more defendants being placed on probation in order to pay their fines, and decreases in donations and fees of $23,800. The 2015 budgeted sanitation revenue amounts to $678,770 which is an increase of $16,351. It is anticipated the General Fund will no longer have to financially subsidize the Sanitation Fund. General Fund expenditures are expected to increase by 12.29% or $320,364 compared to 2014. This increase is primarily due to increases in Administration of $95,042 due to the addition of a permit concierge coordinator position and related fringe benefits as well as anticipated new web site design of $15,000, In the general government category, expenditures are expected to increase $72,578 due to the building plan

and review/inspections increase of $48,582 due to the revenue sharing arrangement with an outsourced vendor, liability insurance premiums are anticipated to increase $19,407 due to increasing the limits of liability, public safety expenses are anticipated to increase $34,076 due to salaries and related fringe benefit increases and technology, public works expenses are budgeted to increase $82,121 primarily due to increases in roadways and walkways expenditures.

Requests for Information

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

FINANCIAL STATEMENTS

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CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 1,834,119	$ 264,044	$ 2,098,163	$ 551,164
Certificate of deposits	1,250,695	702,445	1,953,140	-
Investments	1,687	-	1,687	-
Receivables, net of allowance				
Taxes	15,530	-	15,530	-
Accounts	72,794	13,692	86,486	-
Due from other governments	103,734	-	103,734	-
Internal balances	(27,514)	27,514	-	-
Asset held for resale	1,116,409	-	1,116,409	-
Prepaids	23,661	-	23,661	-
Noncurrent Assets:				
Non depreciable	1,859,463	-	1,859,463	600,000
Depreciable, net	428,214	42,741	470,955	10,425,000
Total Assets	6,678,792	1,050,436	7,729,228	11,576,164
LIABILITIES				
Accounts payable	115,763	59,395	175,158	33,339
Accrued payables	46,596	10,174	56,770	25,460
Due to others	16,300	-	16,300	-
Unearned revenue	-	-	-	175,908
Noncurrent liabilities				
Due within one year	220,253	15,000	235,253	1,387,578
Due in more than one year	503,860	3,826	507,686	3,882,851
Total Liabilities	902,772	88,395	991,167	5,505,136
NET POSITION				
Net investment in capital assets	2,287,677	42,741	2,330,418	5,754,571
Restricted for				
Capital outlay	978,381	-	978,381	-
Law enforcement	512	-	512	-
Unrestricted	2,509,450	919,300	3,428,750	316,457
Total Net Position	$ 5,776,020	$ 962,041	$ 6,738,061	$ 6,071,028

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	$ 1,110,461	$ 137,022	$ 143,554	$ -
Public safety	1,076,744	638,538	-	-
Public works	285,710	-	-	-
Culture and recreation	359,875	-	-	-
Interest expense	21,426	-	-	-
Total governmental activities	2,854,216	775,560	143,554	-
Business-Type Activities				
Stormwater Utility	60,826	125,373	-	-
Sanitation	713,687	659,255	-	-
Total business-type activities	774,513	784,628	-	-
Total Primary Government	$ 3,628,729	$ 1,560,188	$ 143,554	$ -
Component Unit:				
Downtown Development Authority	$ 1,092,990	$ 2,090,545	$ -	$ -
Total Component Unit	$ 1,092,990	$ 2,090,545	$ -	$ -
General Revenues				
Property tax				
Franchise tax				
Insurance premium tax				
Other tax				
Investment earnings				
Miscellaneous				
Total General Revenues				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		Component Unit
Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
$ (829,885)	$ -	$ (829,885)	$ -
(438,206)	-	(438,206)	-
(285,710)	-	(285,710)	-
(359,875)	-	(359,875)	-
(21,426)	-	(21,426)	-
(1,935,102)	-	(1,935,102)	-
-	64,547	64,547	-
-	(54,432)	(54,432)	-
-	10,115	10,115	-
(1,935,102)	10,115	(1,924,987)	-
			997,555
			997,555
1,709,401	-	1,709,401	-
170,238	-	170,238	-
146,379	-	146,379	-
622,234	-	622,234	-
4,158	3,124	7,282	889
46,081	-	46,081	3,000
2,698,491	3,124	2,701,615	3,889
(54,432)	54,432	-	-
2,644,059	57,556	2,701,615	3,889
708,957	67,671	776,628	1,001,444
5,067,063	894,370	5,961,433	5,069,584
$ 5,776,020	$ 962,041	$ 6,738,061	$ 6,071,028

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

CITY OF AVONDALE ESTATES, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalent	$ 1,802,267	$ 31,852	$ 1,834,119
Certificates of deposit	1,250,695	-	1,250,695
Investments	1,660	27	1,687
Receivables, net of allowance			
Taxes	15,530	-	15,530
Accounts	72,794	-	72,794
Due from other governments	103,734	-	103,734
Asset held for resale	1,116,409	-	1,116,409
Prepaids	23,661	-	23,661
Total Assets	$ 4,386,750	$ 31,879	$ 4,418,629
LIABILITIES			
Accounts payable	$ 115,763	$ -	$ 115,763
Accrued liabilities	46,596	-	46,596
Due to others	14,777	1,523	16,300
Due to other funds	27,514	-	27,514
Total Liabilities	204,650	1,523	206,173
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	3,760	-	3,760
Total Deferred Inflows of Resources	3,760	-	3,760
FUND BALANCES			
Nonspendable			
Prepaid items	23,661	-	23,661
Assets held for resale	1,116,409	-	1,116,409
Restricted			
Law enforcement	-	512	512
Special assessment project	-	29,527	29,527
Capital outlay	823,854	-	823,854
Road Projects	125,000	-	125,000
Assigned			
Capital outlay	21,155	317	21,472
Unassigned	2,068,261	-	2,068,261
Total Fund Balances	4,178,340	30,356	4,208,696
Total Liabilities, Deferred inflows of Resources, and Fund Balances	$ 4,386,750	$ 31,879	$ 4,418,629

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

CITY OF AVONDALE ESTATES, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2014

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

Total fund balances - governmental funds	$	4,208,696
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,287,677
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		3,760
Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the funds.		(724,113)
Net Position of Governmental Activities	$	5,776,020

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 2,657,682	$ -	$ 2,657,682
License and permits	114,981	-	114,981
Intergovernmental	143,554	-	143,554
Fines and forfeitures	638,538	-	638,538
Charges for Services	22,041	-	22,041
Interest earnings	4,122	36	4,158
Other revenues	46,081	-	46,081
Total Revenues	3,626,999	36	3,627,035
Expenditures			
Current:			
General government	1,099,491	8,313	1,107,804
Public safety	1,073,373	-	1,073,373
Public works	257,802	-	257,802
Culture and recreation	358,274	-	358,274
Debt service	172,201	-	172,201
Total Expenditures	2,961,141	8,313	2,969,454
Excess (Deficiency) of Revenues Over (Under) Expenditures	665,858	(8,277)	657,581
Other Financing Sources (Uses)			
Transfers to other funds	(54,432)	-	(54,432)
Total other financing sources (uses)	(54,432)	-	(54,432)
Net change in fund balances	611,426	(8,277)	603,149
Fund Balance, beginning of year	3,566,914	38,633	3,605,547
Fund Balance, end of year	$ 4,178,340	$ 30,356	$ 4,208,696

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

CITY OF AVONDALE ESTATES, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

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

Net Change in Fund Balances - total governmental funds	$ 603,149
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.	(47,126)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(9,430)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	162,364
Change in Net Position of Governmental Activities	$ 708,957

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

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CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues:				
Taxes	$ 2,179,326	$ 2,657,682	$ 2,657,682	$ -
Licenses and permits	16,050	114,981	114,981	-
Intergovernmental	-	143,554	143,554	-
Fines and forfeitures	559,239	628,167	638,538	10,371
Charges for services	12,000	22,041	22,041	-
Interest income	5,000	4,122	4,122	-
Miscellaneous	64,723	46,081	46,081	-
Total Revenue	2,836,338	3,616,628	3,626,999	10,371
Expenditures:				
Current:				
General government	896,282	1,099,496	1,099,491	5
Public safety	1,061,875	1,073,373	1,073,373	-
Public works	270,018	257,802	257,802	-
Culture and recreation	379,397	358,305	358,274	31
Debt service	-	172,201	172,201	-
Total Expenditures	2,607,572	2,961,177	2,961,141	36
Excess Revenue Over (Under) Expenditures	228,766	655,451	665,858	10,407
Other Financing Sources (Uses):				
Transfer to other funds	-	(54,432)	(54,432)	-
Total Other Financing Sources (Uses)	-	(54,432)	(54,432)	-
Net change in fund balance	228,766	601,019	611,426	10,407
Fund balance, beginning of year	3,566,914	3,566,914	3,566,914	-
Fund balance, end of year	$ 3,795,680	$ 4,167,933	$ 4,178,340	$ 10,407

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Business-type Activities-Enterprise Funds		
	Stormwater Utility Fund	Sanitation Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 264,044	$ -	$ 264,044
Certificate of deposit	702,445	-	702,445
Accounts receivable, net	1,529	12,163	13,692
Due from other funds	-	27,514	27,514
Total current assets	968,018	39,677	1,007,695
Noncurrent assets:			
Capital assets:			
Depreciable, net	6,137	36,604	42,741
Total noncurrent assets	6,137	36,604	42,741
Total Assets	974,155	76,281	1,050,436
LIABILITIES			
Current liabilities:			
Accounts payable	12,114	47,281	59,395
Accrued salaries	-	10,174	10,174
Accrued vacation	-	10,000	10,000
Total current liabilities	12,114	67,455	79,569
Noncurrent liabilities:			
Accrued vacation	-	8,826	8,826
Total noncurrent liabilities	-	8,826	8,826
Total Liabilities	12,114	76,281	88,395
NET POSITION			
Investment in Capital Assets	6,137	36,604	42,741
Unrestricted	955,904	(36,604)	919,300
Total Net Position	$ 962,041	$ -	$ 962,041

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities-Enterprise Funds		
	Stormwater Utility Fund	Sanitation Fund	Total
Operating revenues:			
Charges and fees	$ 125,373	$ 659,255	$ 784,628
Total operating revenues	125,373	659,255	784,628
Operating expenses:			
Salaries and benefits	-	480,285	480,285
Cost of sales	58,780	114,136	172,916
Other operating expenses	-	60,868	60,868
Repairs and maintenance	-	31,850	31,850
Depreciation	2,046	26,548	28,594
Total operating expenses	60,826	713,687	774,513
Operating income (loss)	64,547	(54,432)	10,115
Nonoperating revenues (expenses):			
Interest income	3,124	-	3,124
Total nonoperating revenues (expenses)	3,124	-	3,124
Net income (loss) before transfers	67,671	(54,432)	13,239
Transfers in	-	54,432	54,432
Change in net position	67,671	-	67,671
Total Net Position - Beginning of Year	894,370	-	894,370
Total Net Position - Ending of Year	$ 962,041	$ -	$ 962,041

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities-Enterprise Funds		
	Stormwater Utility Fund	Sanitation Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	$ 126,530	$ 658,836	$ 785,366
Cash paid to employees	-	(475,340)	(475,340)
Cash paid to suppliers for goods and services	(35,170)	(237,928)	(273,098)
Net Cash Flows Provided by (Used for) Operating Activities	91,360	(54,432)	36,928
Cash Flows from Noncapital Financing Activities:			
Transfers from General Fund	-	54,432	54,432
Net Cash Provided by Noncapital Financing Activities	-	54,432	54,432
Cash Flows from Investing Activities:			
Interest income	3,124	-	3,124
Net Cash Flows Provided by (Used for) Investing Activities	3,124	-	3,124
Net Increase (Decrease) in Cash and Cash Equivalents	94,484	-	94,484
Cash and Cash Equivalents, Beginning of Year	872,005	-	872,005
Cash and Cash Equivalents, End of Year	$ 966,489	$ -	$ 966,489

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

	Business-type Activities-Enterprise Funds		
	Stormwater Utility Fund	Sanitation Fund	Total
Cash Flows From Operating Activities:			
Operating income	$ 64,547	$ (54,432)	$ 10,115
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	2,046	26,548	28,594
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	1,157	(419)	738
(Increase) decrease in due from other funds	11,496	(27,514)	(16,018)
Increase (decrease) in accounts payable	12,114	(19)	12,095
Increase (decrease) in accrued liabilities	-	1,782	1,782
Increase (decrease) in due to other funds	-	(3,541)	(3,541)
Increase (decrease) in compensated absences	-	3,163	3,163
Total Adjustments	26,813	-	26,813
Net Cash Provided by (Used for) Operating Activities	$ 91,360	$ (54,432)	$ 36,928

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2014

	Dottie Holmes Memorial Private-Purpose Trust
ASSETS	
Cash and cash equivalents	$ 12,196
Total Assets	$ 12,196
NET POSITION	
Held in trust	$ 12,196
Total net position	$ 12,196

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Dottie Holmes Memorial Private-Purpose Trust
ADDITIONS	
Interest earnings	$ 53
Total additions	53
Change in net position	53
Total net position, beginning of year	12,143
Total net position, end of year	$ 12,196

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

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

The component unit discussed below is included in the City's reporting entity because of the significance of their operational and financial relationships with the City. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14, The Financial Reporting Entity, which was adopted by the City as of July 1, 1995, the financial statements of each component unit has be included as a discretely presented component unit. The component unit column in the combined financial statements includes the financial data for the Avondale Estates Downtown Development Authority, as of December 31, 2014. The financial information for the component unit is reported in columns separate from the City's financial information to emphasize that it is legally separate from the City.

The Avondale Estates Downtown Development Authority (the "DDA") has been included as a discretely presented component unit in the accompanying financial statements. The DDA was created in 2001 by local legislation enacted by the Georgia General Assembly. The members (7) of the DDA are appointed by the Mayor and Board of Commissioners and each member serves a 4-year term. The City provides significant operating subsidies to the DDA. The DDA's mission is to encourage redevelopment activities and to provide assistance to private and public partners for the purpose of improving the downtown area. The DDA is empowered under state law to borrow money, enter into contracts, receive grants and gifts, sell revenue bonds, purchase property and provide loans. The Avondale Estates Downtown Development Authority is presented as a governmental fund type and only maintains a General Fund. Separate financial statements for the Avondale Estates Downtown Development Authority are not prepared.

B. Government-wide and Fund Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

The City also reports the following fund type:

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

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

D. Budgets

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

Formal budgetary integration is employed as a management control device during the year. The budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The General Fund is subject to budgetary control on a departmental basis, while the Special Revenue Funds are subject to budgetary control on an individual fund basis. Budgets are prepared for the Capital Projects Funds on a project basis, which usually covers two or more fiscal years. Budgeted amounts are as originally adopted, or as amended by the Board of Mayor and Commissioners. Individual amendments are not material in relation to the original appropriations.

E. Deposits and Investments

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

F. Receivables and Payables

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

G. Prepaid Items

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

H. Capital Assets

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

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

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:

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

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

I. Compensated Absences

Annual Leave (Vacation)

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

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

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

Sick Leave

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

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

J. Long-Term Obligations

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

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

K. Deferred Outflows / Inflows of Resources

In addition to 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only 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.

L. Net Position Flow Assumption

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

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

M. Fund Equity

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

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

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

- Committed
- Assigned
- Unassigned

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

The following is a summary of the fund balance classifications as of December 31, 2014:

	General Fund	Nonmajor Governmental	Total
Fund Balances:			
Nonspendable			
Prepaids	$ 23,661	$ -	$ 23,661
Assets held for resale	1,116,409	-	1,116,409
Restricted for:			
Capital outlay	948,854	29,527	978,381
Law enforcement	-	512	512
Assigned to:			
Technology	21,155	-	21,155
Capital projects	-	27	27
Lake Avondale	-	290	290
Unassigned	2,068,261	-	2,068,261
Total fund balances	$ 4,178,340	$ 30,356	$ 4,208,696

N. Management Estimates

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

NOTE 2 – LEGAL COMPLIANCE – BUDGETS

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Custodial Credit Risk — Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statues, 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, 2014, the City had no bank balances that were exposed to custodial credit risk.

B. Investments

	Credit Rating	Investment Value	Weighted Average Maturity
Georgia Fund 1	AAAf rated	$ 1,687	60 day

Custodial credit risk. For an investment, the custodial risk is the risk that in the event of the failure of the counter-party to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Georgia Fund 1 is not required to disclose custodial credit risk. The City had no such investments with such risk as of December 31, 2014.

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. The State of Georgia Office of Treasury operates Georgia Fund 1 in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Georgia Fund 1 is a stable net asset value investment pool that follows Standard & Poor's criteria for AAAf rated money market funds. The City has no investment policy that would further limit its investment choices.

NOTE 4 – PROPERTY TAXES

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

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

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

The property tax calendar is as follows:

	Real / Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	July 24th	January 1
Due Date and Collection Date	October 1 and November 15	Staggered

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

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

NOTE 5 – RECEIVABLES

Receivables at December 31, 2014, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts (if any) are as follows:

	General	Stormwater Utility	Sanitation Fund	Total
Receivables:				
Taxes	$ 16,403	$ -	$ -	$ 16,403
Accounts	72,794	1,529	12,163	86,486
Gross total receivables	89,197	1,529	12,163	102,889
Less allowance for uncollectible	(873)	-	-	(873)
Net total receivables	$ 88,324	$ 1,529	$ 12,163	$ 102,016

NOTE 6 – CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended December 31, 2014, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,859,463	$ -	$ -	$ 1,859,463
Total	1,859,463	-	-	1,859,463
Capital assets, being depreciated:				
Buildings and improvements	817,447	-	-	817,447
Infrastructure and improvements	346,840	-	-	346,840
Machinery and equipment	1,024,211	49,852	-	1,074,063
Total	2,188,498	49,852	-	2,238,350
Less accumulated depreciation for:				
Buildings and improvements	(665,252)	(33,489)	-	(698,741)
Infrastructure and improvements	(161,217)	(14,239)	-	(175,456)
Machinery and equipment	(886,689)	(49,250)	-	(935,939)
Total	(1,713,158)	(96,978)	-	(1,810,136)
Total capital assets, being depreciated, net	475,340	(47,126)	-	428,214
Governmental activities capital assets, net	$ 2,334,803	$ (47,126)	$ -	$ 2,287,677
Business-type activities:				
Capital assets, being depreciated:				
Infrastructure	$ 135,004	$ -	$ -	$ 135,004
Machinery and equipment	408,908	-	-	408,908
Total	543,912	-	-	543,912
Less accumulated depreciation for:				
Infrastructure	(126,823)	(2,046)	-	(128,869)
Machinery and equipment	(345,755)	(26,548)	-	(372,302)
Total	(472,578)	(28,594)	-	(501,171)
Business-type activities capital assets, net	$ 71,334	$ (28,594)	$ -	$ 42,741

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

Governmental activities:	
General government	$ 20,026
Public safety	47,443
Public works	27,908
Economic development	1,601
Total depreciation expense - governmental activities	$ 96,978
Business-type activities:	
Stormwater	$ 2,046
Sanitation	26,548
Total depreciation expense - business-type activities	$ 28,594

Downtown Development Authority of Avondale Estates

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 600,000	$ -	$ -	$ 600,000
Total	600,000	-	-	600,000
Capital assets, being depreciated:				
Buildings	13,900,000	-	-	13,900,000
Total	13,900,000	-	-	13,900,000
Less accumulated depreciation for:				
Buildings	(3,197,000)	(278,000)	-	(3,475,000)
Total	(3,197,000)	(278,000)	-	(3,475,000)
Total capital assets, being depreciated, net	10,703,000	(278,000)	-	10,425,000
Downtown Development Authority capital assets, net	$ 11,303,000	$ (278,000)	$ -	$ 11,025,000

NOTE 7 – LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital lease	$ 800,000	$ -	$ (150,775)	$ 649,225	$ 155,253
Compensated absences	86,477	90,365	(101,954)	74,888	65,000
Governmental activity Long-term liabilities	$ 886,477	$ 90,365	$ (252,729)	$ 724,113	$ 220,253
Business-type activities:					
Compensated absences	$ 15,663	$ 28,368	$ (25,205)	$ 18,826	$ 15,000
Business-type activities Long-term liabilities	$ 15,663	$ 28,368	$ (25,205)	$ 18,826	$ 15,000

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

Capital Lease Payable:

The City obtained an $800,000 capital lease from BB&T Government Finance for the financing of the 4.09 acres purchased as an asset held for resale. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 were as follows:

Year Ending December 30th	Governmental Activities Principal	Interest
2015	$ 155,253	$ 16,948
2016	159,863	12,338
2017	164,610	7,590
2018	169,499	2,702
Total	$ 649,225	$ 39,578

Component Unit

Long-term liability activity for the year ended December 31, 2014 for the Downtown Development Authority of Avondale Estates was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Discreetly Presented Component Unit:					
2002 Revenue Bonds	$ 4,501,073	$ -	$ (875,061)	$ 3,626,012	$ 955,244
2003 Revenue Bonds	2,039,805	-	(395,388)	1,644,417	432,334
Discretely Presented Component Unit Long-term liabilities	$ 6,540,878	$ -	$ (1,270,449)	$ 5,270,429	$ 1,387,578

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

2002 Revenue Bonds

On May 29, 2002, the Downtown Development Authority of Avondale Estates issued $10,000,000 of Series 2002 Revenue Bonds for the purpose of providing funds to pay the costs of acquiring, constructing, and installing a governmental offices building. These revenue bonds carry an interest rate of 5.75% with principal and interest payments due monthly. The 2002 Series Bonds mature on May 1, 2018. As of December 31, 2014, the outstanding balance was $3,626,012.

Year Ending December 31,	Principal	Interest	Total
2015	$ 955,244	$ 179,206	$ 1,134,451
2016	1,040,875	121,641	1,162,516
2017	1,132,292	58,974	1,191,266
2018	497,600	4,791	502,391
Total	$ 3,626,012	$ 364,612	$ 3,990,624

2003 Revenue Bonds

On May 12, 2003, the Downtown Development Authority of Avondale Estates issued $4,500,000 of Series 2003 Revenue Bonds for the purpose of providing funds to pay the costs of acquiring, constructing, and installing a governmental offices building. These revenue bonds carry an interest rate of 5.9% with principal and interest payments due monthly. The 2003 Series Bonds mature on May 1, 2018. As of December 31, 2014, the outstanding balance was $1,644,417.

Year Ending December 31,	Principal	Interest	Total
2015	$ 432,333	$ 83,422	$ 515,756
2016	471,843	56,666	528,508
2017	514,080	27,492	541,572
2018	226,161	2,235	228,396
Total	$ 1,644,417	$ 169,815	$ 1,814,232

NOTE 8 – 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 $40,828 and is reported as other revenue in the City's General Fund.

The following is a schedule of minimum future rentals to be received under the operating leases at December 31, 2014:

Fiscal Year Ending December 31,	General Fund
2015	$ 23,135
2016	23,498
2017	23,872
2018	19,657
2019	13,613
2020-2024	74,444
2025-2029	86,300
Total minimum future rentals	$ 264,519

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2014, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
Sanitation Fund	General Fund	$ 27,514
		$ 27,514

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:

Transfer In	Transfer Out	Amount
Sanitation Fund	General Fund	$ 54,432

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 subsides or matching funds for various grant programs.

NOTE 10 – PENSION PLAN

A. Plan Description

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

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

At July 1, 2014, the date of the most recent actuarial valuation, there were 47 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	10
Terminated vested participants not yet receiving benefits	11
Active vested employees	19
Active nonvested employees	11
Total	51

B. Funding Policy

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2014, the actuarially determined contribution rate was 10.65% of covered payroll.

The City's annual pension cost of $141,995 was equal to the City's required contributions. The recommended contribution was determined as part of the July 1, 2014 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include a 7.75% rate of return on investments and projected salary increases of 3.5% (plus age and service based merit increases) and a 0% cost of living adjustment. The normal cost and actuarial accrued liability are calculated on an individual basis and are allocated by service. The Plan's unfunded actuarial accrued liability is being amortized (closed level dollar method) over 30 years from 1981 and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year which such changes arise. Interest on these amounts from the valuation date to the date of contributions is paid (assumed monthly). The total level dollar amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/ (surplus) actuarial accrued liability.

C. Annual Pension Costs

The funding policy for the Plan is to contribute an amount equal to the recommended contribution as determined by the Plan's actuary. The recommended contribution was determined as part of the July 1, 2014 actuarial valuation. The chart below shows the annual pension cost for the current year and prior two years along with the percentage actually contributed by the City.

Fiscal Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2014	$ 141,995	100%	$ -
2013	138,483	100%	-
2012	125,772	100%	-
2011	99,626	100%	-
2010	72,192	100%	-

As of the most recent valuation date, July 1, 2014, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Ratio	UAAL as a Percentage of Covered Payroll
July 1, 2014	$ 1,285,144	$ 1,728,643	$ 443,499	74.34%	$ 1,445,320	30.69%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2014.

The assumptions used in the July 1, 2014 actuarial valuation are as follows.

Actuarial Assumptions

Actuarial Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return On Investments	7.75%
Projected Salary Increases	3.5% plus age and service based merit increases
Inflation Rate	3.5%
Cost-of-living Adjustment	0%
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.

The City had the no changes to their actuarial assumptions since last valuation.

NOTE 11 – DEFINED CONTRIBUTION PENSION PLAN

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

The Plans allow for employee contributions and in addition the City makes a matching contribution per employee of the lesser of $25 or 50% of the employee contribution. During 2014, employees contributed $34,658 to the Plans while the City contributed $11,958. As of December 31, 2014, there were 34 and 30 active participants in the 457 Plan and 401A Plan, respectively. The market values for the 457 Plan and 401A Plan as of December 31, 2014 were $540,074 and $155,332, respectively.

NOTE 12 – JOINT VENTURE

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

Separate financial statements may be obtained from ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

NOTE 13 – 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.

NOTE 14 – 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AVONDALE ESTATES, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014
UNAUDITED

SCHEDULE OF PENSION FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a percentage of covered payroll (b - a) / c
July 1, 2014	$1,285,144	$1,728,643	$ 443,499	74.34%	$ 1,445,320	30.69%
July 1, 2013	1,137,100	1,561,182	424,082	72.84%	1,310,812	32.35%
July 1, 2012	1,014,837	1,418,777	403,940	71.53%	1,205,309	33.51%
July 1, 2011	930,797	1,270,120	339,323	73.28%	1,125,406	30.15%
July 1, 2010	873,565	1,163,969	290,404	75.05%	891,382	32.58%
July 1, 2009	763,710	1,079,603	315,893	70.74%	736,064	42.92%

Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the net positions available for benefits as a percentage of the actuarial accrued liability provides on indication of funding status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan.

Trends in unfunded actuarial liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Plan's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plan.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Annual Required Contribution	Actual Pension Contribution	Percentage Contributed
2014	$ 141,995	$ 141,995	100.00%
2013	138,483	138,483	100.00%
2012	125,772	125,772	100.00%
2011	99,626	99,626	100.00%
2010	72,192	72,192	100.00%
2009	62,870	62,870	100.00%

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Police Seizure Fund	To account for the use of restricted confiscated drug money by the City's Police Department.
Tax Allocation District Fund	To account for the redevelopment of the downtown business district by means of a Redevelopment Plan and with restricted funding from a Tax Allocation District.

CAPITAL PROJECT FUNDS

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

Capital Project Fund	To account for locally funded acquisition and construction of major capital facilities financed by unrestricted local funds.
Lake Avondale Fund	To account for the maintenance and upkeep of the lake.

CITY OF AVONDALE ESTATES, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Police Seizure Fund	Tax Allocation District Fund	Capital Project Fund	Lake Avondale Fund	
ASSETS					
Cash and cash equivalent	$ 512	$ 29,527	$ -	$ 1,813	$ 31,852
Investments	-	-	27	-	27
Total Assets	$ 512	$ 29,527	$ 27	$ 1,813	$ 31,879
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to others	$ -	$ -	$ -	$ 1,523	$ 1,523
Total Liabilities	-	-	-	1,523	1,523
Fund Balances:					
Restricted	512	29,527	-	-	30,039
Assigned	-	-	27	290	317
Total Fund Balances	512	29,527	27	290	30,356
Total Liabilities and Fund Balances	$ 512	$ 29,527	$ 27	$ 1,813	$ 31,879

CITY OF AVONDALE ESTATES, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Police Seizure Fund	Tax Allocation District Fund	Capital Project Fund	Lake Avondale Fund	
Revenues:					
Interest earnings	$ -	$ 30	$ -	$ 6	$ 36
Total Revenues	-	30	-	6	36
Expenditures:					
Current:					
General government	-	-	-	8,313	8,313
Total Expenditures	-	-	-	8,313	8,313
Net change in fund balances	-	30	-	(8,307)	(8,277)
Fund Balance, beginning of year	512	29,497	27	8,597	38,633
Fund Balance, end of year	$ 512	$ 29,527	$ 27	$ 290	$ 30,356

CITY OF AVONDALE ESTATES GEORGIA

POLICE SEIZURE FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS	
Cash and cash equivalent	$ 512
Accounts receivable	-
Total Assets	$ 512
LIABILITIES AND FUND BALANCES	
Liabilities:	
Due to others	$ -
Total Liabilities	-
Fund Balances:	
Restricted	512
Total Fund Balances	512
Total Liabilities and Fund Balances	$ 512

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, 2014

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

CITY OF AVONDALE ESTATES GEORGIA

TAX ALLOCATION DISTRICT FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS	
Cash and cash equivalent	$ 29,527
Total Assets	$ 29,527
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ -
Total Liabilities	-
Fund Balances:	
Restricted	29,527
Total Fund Balances	29,527
Total Liabilities and Fund Balances	$ 29,527

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, 2014

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Taxes	$ 575	$ -	$ (575)
Interest earnings	35	30	(5)
Total Revenues	610	30	(580)
Expenditures:			
Current:			
General government	-	-	-
Total Expenditures	-	-	-
Net change in fund balances	610	30	(580)
Fund balance - beginning of year	29,497	29,497	-
Fund balance - end of year	$ 30,107	$ 29,527	$ (580)

CITY OF AVONDALE ESTATES GEORGIA

CAPITAL PROJECT FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS	
Investments	$ 27
Total Assets	$ 27
LIABILITIES AND FUND BALANCES	
Liabilities:	
Due to other funds	$ -
Total Liabilities	-
Fund Balances:	
Assigned	27
Total Fund Balances	27
Total Liabilities and Fund Balances	$ 27

CITY OF AVONDALE ESTATES GEORGIA

CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2014

Revenues:	
Intergovernmental	$ -
Total Revenues	-
Expenditures:	
Current:	
Public works	-
Total Expenditures	-
Net change in fund balances	-
Fund Balance - beginning of year	27
Fund balance - end of year	$ 27

CITY OF AVONDALE ESTATES GEORGIA

LAKE AVONDALE FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS	
Cash and cash equivalent	$ 1,813
Total Assets	$ 1,813
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 1,523
Total Liabilities	1,523
Fund Balances:	
Assigned	290
Total Fund Balances	290
Total Liabilities and Fund Balances	$ 1,813

CITY OF AVONDALE ESTATES GEORGIA

LAKE AVONDALE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2014

Revenues:	
Interest revenue	$ 6
Total Revenues	6
Expenditures:	
Current:	
General government	8,313
Total Expenditures	8,313
Net change in fund balances	(8,307)
Fund Balance - beginning of year	8,597
Fund balance - end of year	$ 290

CITY OF AVONDALE ESTATES, GEORGIA

BALANCE SHEET
DOWNTOWN DEVELOPMENT AUTHORITY
COMPONENT UNIT
DECEMBER 31, 2014

ASSETS		
Cash and cash equivalents	$	551,164
Total Assets	$	551,164
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$	33,339
Unearned revenues		175,908
Total Liabilities		209,247
Fund Balance:		
Unassigned		341,917
Total Fund Balance		341,917
Total Liabilities and Fund Balance	$	551,164

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, 2014

Revenues:		
Rental income	$	2,090,545
Interest earnings		889
Other miscellaneous revenues		3,000
Total Revenues		2,094,434
Expenditures:		
Current:		
General government		474,079
Debt Service		
Principal		1,270,449
Interest		347,048
Total Expenditures		2,091,576
Net change in fund balance		2,858
Fund Balance, beginning of year		339,059
Fund Balance, end of year	$	341,917

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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.

Contents **Page**

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. 73-78

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. 79-84

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. 85-87

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. 88-90

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. 91-92

CITY OF AVONDALE ESTATES, GEORGIA

NET POSITION BY COMPONENT
LAST TEN YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Invested in capital assets, net of related debt	**$ 2,288**	$ 2,335	$ 2,394	$ 2,497	$ 2,242	$ 2,162	$ 2,157	$ 2,176	$ 2,242	$ 2,280
Restricted	**979**	552	355	211	29	24	14	1	70	-
Unrestricted	**2,509**	2,180	2,273	2,213	2,288	2,151	1,709	1,548	1,318	1,270
Total governmental activities net position	**$ 5,776**	$ 5,067	$ 5,022	$ 4,921	$ 4,559	$ 4,337	$ 3,880	$ 3,725	$ 3,630	$ 3,550
Business-type activities										
Invested in capital assets, net of related debt	**$ 43**	$ 71	$ 100	$ 141	$ 56	$ 32	$ 18	$ 20	$ 22	$ -
Unrestricted	**919**	823	687	646	569	503	430	324	206	101
Total business-type activities net position	**$ 962**	$ 894	$ 787	$ 787	$ 625	$ 535	$ 448	$ 344	$ 228	$ 101
Primary government										
Invested in capital assets, net of related debt	**$ 2,331**	$ 2,406	$ 2,494	$ 2,638	$ 2,298	$ 2,194	$ 2,175	$ 2,196	$ 2,264	$ 2,280
Restricted	**979**	552	355	211	29	24	14	1	70	-
Unrestricted	**3,428**	3,003	2,960	2,859	2,857	2,654	2,140	1,872	1,524	1,371
Total primary government net position	**$ 6,738**	$ 5,961	$ 5,809	$ 5,708	$ 5,184	$ 4,872	$ 4,329	$ 4,069	$ 3,858	$ 3,651

CITY OF AVONDALE ESTATES, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
General government	$ 1,110	$ 997	$ 862	$ 783	$ 961	$ 716	$ 918	$ 820	$ 679	$ 646
Public safety	1,078	1,080	1,009	961	914	875	859	824	658	667
Public works	286	320	242	296	86	339	857	1,002	998	936
Recreation	359	403	412	354	329	237	239	225	241	245
Interest on long-term debt	21						4	7	5	5
Total governmental activities expenses	2,854	2,800	2,525	2,394	2,290	2,167	2,877	2,878	2,581	2,499
Business-type activities:										
Stormwater	61	23	34	42	25	33	10	3	5	4
Sanitation	714	699	673	664	617 (1)	638				
Total business-type activities expenses	775	722	707	706	642	671	10	3	5	4
Total primary government expenses	$ 3,629	$ 3,522	$ 3,232	$ 3,100	$ 2,932	$ 2,838	$ 2,887	$ 2,880	$ 2,586	$ 2,503
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 137	$ 55	$ 49	$ 34	$ 37	$ 42	$ 58	$ 85	$ 71	$ 148
Public safety	639	554	477	473	442	362	357	263	143	277
Public works	-	-	-	-	-	-	-	-	-	292
Recreation	-	-	-	-	-	-	-	3	9	12
Operating grants and contributions	143	93	15	19	-	-	-	9	3	2
Capital grants and contributions	-	-	-	-	1	12	37	44	-	-
Total governmental activities program revenues	919	702	541	526	480	416	452	404	226	731
Business-type activities:										
Charges for services:										
Stormwater	125	129	116	115	108	108	108	111	105	105
Sanitation	659	396	301	301	299	301	-	-	-	-
Capital grants and contributions	-	-	-	-	-	2	-	-	-	-
Total business-type activities program revenues	784	525	417	416	407	411	108	111	105	105
Total primary government program revenues	$ 1,703	$ 1,227	$ 958	$ 942	$ 887	$ 827	$ 560	$ 515	$ 331	$ 836

Note:

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

CITY OF AVONDALE ESTATES, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (expense)/revenue										
Governmental activities	**$ (1,935)**	$ (2,098)	$ (1,984)	$ (1,868)	$ (1,810)	$ (1,751)	$ (2,425)	$ (2,474)	$ (2,355)	$ (1,768)
Business-type activities	**10**	(197)	(290)	(291)	(235)	(260)	98	108	100	101
Total primary government net expense	**$ (1,925)**	$ (2,295)	$ (2,274)	$ (2,159)	$ (2,045)	$ (2,011)	$ (2,327)	$ (2,366)	$ (2,255)	$ (1,667)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	**$ 1,709**	$ 1,672	$ 1,536	$ 1,793	$ 1,795	$ 1,909	$ 1,721	$ 1,741	$ 1,604	$ 1,444
Franchise taxes	**170**	179	189	189	180	226	208	225	232	349
Other taxes	**769**	531	587	630	276	287	625	574	562	12
Unrestricted investment earnings	**4**	5	5	14	27	30	26	29	38	26
Miscellaneous	**46**	58	56	48	71	90	-	-	-	-
Intergovernmental - Unrestricted	**-**	-	-	-	-	-	-	-	-	37
Transfers	**(54)**	(303)	(372)	(359)	(318)	(335)	-	-	-	-
Total governmental activities	**2,644**	2,142	2,001	2,315	2,031	2,207	2,580	2,569	2,436	1,868
Business-type activities:										
Unrestricted investment earnings	**3**	2	2	3	7	12	6	8	-	1
Transfers	**54**	-	-	-	318	335	-	-	-	-
Miscellaneous	**-**	-	-	6	-	-	-	-	-	-
Total business-type activities	**57**	2	2	9	325	347	6	8	-	1
Total primary government	**$ 2,701**	$ 2,144	$ 2,003	$ 2,324	$ 2,356	$ 2,554	$ 2,586	$ 2,577	$ 2,436	$ 1,869
Change in Net Position										
Governmental activities	**$ 709**	$ 44	$ 17	$ 448	$ 221	$ 456	$ 155	$ 95	$ 81	$ 100
Business-type activities	**68**	108	84	77	90	87	104	116	100	102
Total primary government	**$ 777**	$ 152	$ 101	$ 525	$ 311	$ 543	$ 259	$ 211	$ 181	$ 202

CITY OF AVONDALE ESTATES, GEORGIA

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

Fiscal Year	Property Tax (1) (3)	Franchise Tax	Insurance Premium Tax	Occupational Tax	HOST Sales Tax	Sanitation	Other Taxes	Total
2005	$ 1,371	$ 161 (2)	$ 94 (2)	$ 73 (2)	$ - (2)	$ 287	$ 20 (2)	$ 2,007
2006	1,604	232	137	106	-	293	26	2,398
2007	1,741 (3)	225	143	94	-	296	41	2,540
2008	1,734	208	146	92	-	304	46	2,530
2009	1,909	226	145	98	-	- (4)	44	2,422
2010	1,795	180	140	91	-	-	45	2,251
2011	1,793	189	139	78	366 (5)	-	47	2,612
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

Notes:

(1) Property taxes include auto ad valorem taxes.

(2) During these years, amounts were reported as either gross receipts or other taxes. Amounts modified based on allocation and total taxes noted during each of these fiscal years per previous financial reports as actual amounts are not readily available.

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

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

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

CITY OF AVONDALE ESTATES, GEORGIA

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General fund										
Nonspendable	**$ 1,140**	$ 1,091	$ 17	$ 13	$ 18	$ 19	$ -	$ -	$ -	$ -
Restricted	**949**	522	325	167	-	-	-	-	-	-
Assigned	**21**	16	12	6	-	-	-	-	-	-
Unassigned	**2,068**	1,937	2,284	2,238	2,053	2,032	1,681	1,483	1,275	1,291
Total general fund	**$ 4,178**	$ 3,566	$ 2,638	$ 2,424	$ 2,071	$ 2,051	$ 1,681	$ 1,483	$ 1,275	$ 1,291
All other governmental funds										
Restricted	**$ 30**	$ 30	$ 30	$ 30	$ 283	$ 143	$ 77	$ 87	$ -	$ -
Assigned										
Special revenue funds	**-**	-	-	-	-	-	-	-	347	(1)
Capital projects funds	**-**	9	13	16	-	-	-	-	-	-
Total all other governmental fund	**$ 30**	$ 39	$ 43	$ 46	$ 283	$ 143	$ 77	$ 87	$ 347	$ (1)

(1) Represents amounts reserved for the Police Seizure Special Revenue Fund created in FY 07
(2) From FY 2004 through FY 2006, the City did not have a Special Revenue Fund (FY 2003 amount of $152 not shown since amounts are expressed in thousands).
(3) Includes $1,116,409 for assets held for resale.

CITY OF AVONDALE ESTATES, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Taxes	**$ 2,658**	$ 2,388	$ 2,315	$ 2,612	$ 2,254	$ 2,419	$ 2,530	$ 2,540	$ 2,372	$ 2,098
Licenses and permits	**115**	36	26	15	12	24	35	14	7	97
Intergovernmental	**143**	92	15	19	1	12	37	53	3	36
Fines and forfeitures	**639**	555	477	473	442	362	357	262	200	276
Charges for services	**22**	19	23	19	24	18	23	11	11	-
Interest income	**4**	5	5	15	27	30	26	29	35	-
Other revenues	**46**	59	56	48	71	89	23	63	15	93
Total revenues	**3,627**	3,154	2,917	3,201	2,831	2,954	3,031	2,972	2,643	2,600
Expenditures										
General government	**1,108**	959	818	773	749	706	802	780	616	615
Public safety	**1,074**	1,070	949	994	864	899	821	780	582	598
Public works	**258**	292	236	289	237	267	850	911	873	861
Recreation	**358**	401	412	353	329	303	239	224	239	242
Capital outlay		4	3	232	175	8	80	53	219	133
Debt service										
Principal retirements	**151**	-	-	-	-	-	46	58	64	46
Interest and fiscal charges	**21**	-	-	-	-	-	4	7	6	5
Total expenditures	**2,970**	2,726	2,418	2,641	2,354	2,183	2,842	2,813	2,599	2,500
Excess of revenues over (under) expenditures	**657**	428	499	560	477	771	189	159	44	100
Other financing sources (uses)										
Proceeds from capital leases	**-**	-	-	-	-	-	-	-	91	54
Transfers in	**-**	-	-	-	307	51	65	-	272	65
Transfers out	**(54)**	(303)	(372)	(444)	(625)	(386)	(65)	-	(272)	(65)
Capital Lease	**-**	800	-	-	-	-	-	-	-	-
Total other financing sources (uses)	**(54)**	497	(372)	(444)	(318)	(335)	-	-	91	54
Net change in fund balances	**$ 603**	$ 925	$ 127	$ 116	$ 159	$ 436	$ 189	$ 159	$ 135	$ 154
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00% (1)	0.00% (1)	1.81%	2.36%	2.94%	2.15%

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

CITY OF AVONDALE ESTATES, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

Fiscal Year	Property Tax (1)	Franchise Tax	Insurance Premium Tax	Occupational Tax	HOST Sales Tax (5)	Sanitation	Other Taxes	Total
2005	$ 1,371	$ 161 (2)	$ 94 (2)	$ 73 (2)	$ -	$ 287	$ 20 (2)	$ 2,006
2006	1,604	232	137	106	-	293	26	2,398
2007	1,741 (3)	225	143	94	-	296	41	2,540
2008	1,734	208	146	92	-	304	46	2,530
2009	1,905	226	145	98	-	- (4)	44	2,418
2010	1,797	180	140	91	-	-	45	2,253
2011	1,793	189	139	78	366	-	47	2,612
2012	1,534	189	147	80	302	-	56	2,308
2013	1,666	179	153	89	236	-	53	2,376
2014	1,700	170	146	101	471	-	50	2,638

(1) Property taxes include auto ad valorem taxes

(2) During these years, amounts were reported as either gross receipts or other taxes. Amounts modified based on allocation and total taxe noted during each of these years per previous financial reports as actual amounts are not readily available.

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

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

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

CITY OF AVONDALE ESTATES, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY
LAST TEN YEARS

(amounts expressed in thousands)

Fiscal Year	Real Property	Public Utility	Personal Property	Motor Vehicle
2005	$ 136,325	$ 735	$ 1,511	$ 8,359
2006	148,199	768	1,556	8,473
2007	150,819	867	1,776	9,199
2008	153,202	852	2,542	8,929
2009	154,377	773	2,303	9,411
2010	154,202	819	2,156	7,917
2011	155,276	837	2,337	7,854
2012	129,159	1,152	2,711	8,015
2013	138,170	1,213	1,750	8,451
2014	145,302	1,114	1,656	7,456

Source: Dekalb County, Georgia Board of Tax Assessors

CITY OF AVONDALE ESTATES, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY
LAST TEN YEARS

(amounts expressed in thousands)

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ 4,005	$ 142,925	9.800	$ 349,285	40.92%
4,456	154,540	9.995	357,312	43.25%
4,140	158,521	10.100	386,351	41.03%
3,969	161,556	11.000	396,303	40.77%
3,933	162,931	11.000	402,182	40.51%
3,876	161,218	11.000	403,045	40.00%
117	166,187	10.957	415,468	40.00%
231	140,806	10.957	352,015	40.00%
211	149,373	10.957	373,433	40.00%
469	155,059	10.957	387,648	40.00%

CITY OF AVONDALE ESTATES, GEORGIA

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

Calendar Year	City of Avondale Estates, Georgia			Dekalb County	State	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage			
2004	9.800	0.000	9.800	37.97	0.25	48.020
2005	9.995	0.000	9.995	37.29	0.25	47.535
2006	10.100	0.000	10.100	37.41	0.25	47.760
2007	11.000	0.000	11.000	36.69	0.25	47.940
2008	11.000	0.000	11.000	39.05	0.25	50.300
2009	11.000	0.000	11.000	39.84	0.25	51.090
2010	11.000	0.000	11.000	39.84	0.25	51.090
2011	10.957	0.000	10.957	44.19	0.25	55.397
2012	10.957	0.000	10.957	45.39	0.20	56.547
2013	10.957	0.000	10.957	45.19	0.10	56.247

CITY OF AVONDALE ESTATES, GEORGIA

PRINCIPAL TAXPAYERS
CURRENT AND EIGHT YEARS AGO

(amounts expressed in thousands)

	Fiscal Year 2014			Fiscal Year 2007 (1)		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Georgia Duck and Cordage Mill	$ 1,265	1	0.82 %	$ 930	1	0.59 %
Joseph Gargiulo	1,055	2	0.68	-		0.00
Georgia Power Company	636	3	0.41	-		0.00
TOSC Properties	580	4	0.37	-		0.00
OCP Avondale LLC	430	5	0.28	-		0.00
Waffle House, Inc.	421	6	0.27	264	8	0.17
Jill Joyner Bush	409	7	0.26	-		0.00
KJA/Eckerd # 1 LLC	400	8	0.26	-		0.00
Southcrest Bank	383	9	0.25	-		0.00
Atlanta Gas Light	367	10	0.24	-		0.00
Twin Oaks				715	2	0.45
KJA/Eckerd # 1 LLC				549	3	0.35
Avondale Independent Honda				360	4	0.23
Tudor Village				357	5	0.23
Coal Mountain Farms, LLC				342	6	0.22
James Joyce Irish Pub				288	7	0.18
68 North Avondale LP				246	9	0.16
Godfather Vans				243	10	0.15
	$ 5,946		3.83 %	$ 4,294		2.73 %

Source: Dekalb County Tax Commissioners Office

Note: (1) The City of Avondale Estates implemented GASB 44 during 2007.

CITY OF AVONDALE ESTATES, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(amounts expressed in thousands)

Tax Year*	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	$ 1,468	$ 1,463	99.7%	$ 5	$ 1,468	100.00%
2006	1,472	1,468	99.7%	4	1,472	100.00%
2007	1,514	1,492	98.5%	21	1,513	99.93%
2008	1,619	1,595	98.5%	-	1,595	98.52%
2009	1,561	1,541	98.7%	18	1,559	99.87%
2010	1,723	1,676	97.3%	25	1,701	98.72%
2011	1,705	1,663	97.5%	30	1,693	99.30%
2012	1,439	1,392	96.7%	41	1,433	99.58%
2013	1,499	1,461	97.5%	10	1,482	98.87%
2014	1,566	1,550	99.0%	19	1,564	99.87%

Source: DeKalb County Tax Commissisoners Office

CITY OF AVONDALE ESTATES, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Notes Payable	Capital Leases			
2005	$ -	$ -	$ 142	-	$ -	$ 142	0.15%	$ 54
2006	-	-	170	-	-	170	0.10%	68
2007	-	-	112	-	-	112	0.10%	42
2008	-	-	66	-	-	66	0.06%	25
2009	-	-	- (2)	-	33 (2)	33	0.03%	12
2010	-	-	-	-	12 (2)	12	0.01%	5
2011	-	-	-	-	- (3)	-	0.00%	-
2012	-	-	-	-	-	-	0.00%	-
2013	-	-	800 (4)	-	-	800	0.69%	270
2014	-	-	649 (4)	-	-	649	0.54%	219

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

Note: The City had no debt outstanding in the year 2001

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

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	$ 177,309	0.694%	$ 1,230
Fulton Dekalb Hospital Authority	10	0.694%	-
Total overlapping debt	177,319		1,230
City direct debt	-	100.000%	-
Total direct and overlapping debt	$ 177,319		$ 1,230

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

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

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

CITY OF AVONDALE ESTATES, GEORGIA

LEGAL DEBT MARGIN INFORMATION

(amounts expressed in thousands)

Assessed Value	$	155,059
Add back: exempt real property		469
Total assessed value		155,528
Debt limit (10% of total assessed value)		15,553
Legal debt margin	$	15,553

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

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

CITY OF AVONDALE ESTATES, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (1)	Median Age (1)	Percentage of Population Age 25 and Older with Greater than 12 Years of Formal Schooling (3)	School Enrollment (2)	Unemployment Rate (4)
2005	2,627	$ 111,923	$ 43	42.9	N/A	428	6.1%
2006	2,506	106,768	43	42.9	N/A	428	4.7%
2007	2,648	112,818	43	42.9	67%	415	4.6%
2008	2,648	112,818	43	42.9	67%	450	7.7%
2009	2,648	112,818	43	42.9	67%	450	9.1%
2010	2,648	115,638	43	42.9	67%	462	10.5%
2011	2,960	117,373	46	45.0	67%	637 (5)	9.7%
2012	2,960	117,960	40	45.0	67%	824 (5)	8.9%
2013	2,960	115,601	40	45.0	68%	784 (5)	10.4%
2014	2,960	119,231	45	45.0	70%	898 (5)	6.8%

(1) Source: U.S. Census (available every tenth year)
(2) Source: Dekalb County School System (Avondale Elementary School)
(3) Source: U.S. Census and Department of Community Affairs
(4) Source: Georgia Department of Labor

CITY OF AVONDALE ESTATES, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT AND LAST FOUR YEARS

2014 Employers	2013 Employers	2012 Employers	2011 Employers	2010 Employers
Ace & A Heating and Air	Ace & A Heating and Air	Ace & A Heating and Air	Arborguard Tree	Arborguard Tree
Arborguard Tree	Arborguard Tree	Arborguard Tree	Avondale Pizza Café	Avondale Pizza Café
Avondale Pizza Café	Avondale Pizza Café	Avondale Pizza Café	D & R Towing	D & R Towing
DeKalb Collision Center	DeKalb Collision Center	DeKalb Collision Center	DeKalb Collision Center	DeKalb Collision Center
Jollay Masonry	Jollay Masonry	Jollay Masonry	Jollay Masonry	Jollay Masonry
Mann Mechanical	Mann Mechanical	Mann Mechanical	Lifeline Animal Project	Lifeline Animal Project
Paste	Paste	Paste	Mann Mechanical	Mann Mechanical
PCA Head Start	Rite Aid # 11690	Rite Aid # 11690	Rite Aid # 11690	Rite Aid # 11690
Rite Aid # 11690	Simon Roofing	Simon Roofing	Salvation Army Thrift Store	Salvation Army Thrift Store
Waffle House # 1000	Waffle House # 1000	Waffle House # 1000	Waffle House # 1000	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 emp;loyees cannot be listed due to privacy issues

N/A - Information not available

N/A - Information not available

N/A - Information not available

CITY OF AVONDALE ESTATES, GEORGIA

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Function										
General government	**8**	7	7	6	6	5	5	4	4	4
Public safety										
Police										
Officers	**13**	12	12	12	12	12	12	10	10	10
Public Works	**2**	2	2	2	2	2	13	18	18	18
Sanitation	**12**	11	11	11	11	11 (1)	-	-	-	-
Culture & Recreation	**3**	6	6	6	6	6	6	4	4	4
Total	**38**	38	38	37	37	36	36	36	36	36

Source: City of Avondale Estates department records

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

CITY OF AVONDALE ESTATES, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	**2014**	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Homicide	-	-	-	-	1	-	-	-	-	-
Robbery	-	3	2	2	3	-	3	3	4	1
Aggravated Assault	**1**	4	1	3	-	1	1	2	-	1
Auto Theft	**2**	8	5	8	8	8	5	6	12	3
Burglary	**7**	9	25	8	7	18	20	23	15	18
Larceny Theft	**37**	66	65	53	80	59	110	71	77	35
Municipal Court										
Traffic Citations Issued	**3,123**	4,368	2,929	2,965	3,155	3,127	3,062	2,065	1,134	N/A

Source: City of Avondale Estates Departments

N/A - Information not available

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	**2014**	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Public safety											
Police											
Stations	**1**	1	1	1	1	1	1	1	1	1	1
Patrol units *	**-**	-	-	-	-	-	1	1	-	1	2
Public Works											
Streets (miles)	**18**	18	18	18	18	18	18	18	18	18	18
Number of Street Lights	**369**	369	369	369	369	369	363	363	372	372	372
Collection Trucks *	**-**	-	-	-	-	-	-	-	1	-	-
Dump Trucks *	**-**	-	-	-	-	-	-	-	-	1	1
Street Sweeper	**-**	-	-	-	-	-	-	-	-	-	1

* Currently Under Capital Lease

Source: Various City departments

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

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GOVERNMENTAL REPORT

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Avondale Estates, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Avondale Estates, Georgia's basic financial statements, and have issued our report thereon dated June 24, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness. 2014-001

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Compliance and Other Matters

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

City of Avondale Estates, Georgia's Response to Findings

City of Avondale Estates, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. City of Avondale Estates, Georgia's response was not subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Macon, Georgia
June 24, 2015

CITY OF AVONDALE ESTATES, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014

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*:

2014-001 Collections – City Clerk's Office

CRITERIA
Accounting and control procedures should be designed to insure that all cash receipts issued from the City's deposit books are reconciled to the daily deposits.

CONDITION
The City Clerk issued numerous cash receipts during 2014 that were not remitted to the finance department for deposit and inclusion into the City's general ledger control system. In addition, the City's finance department identified several discrepancies of the amounts that were remitted to the department.

CONTEXT
Additional audit procedures identified numerous cash receipts during 2014 that were not remitted to the finance department for deposit and inclusion into the City's general ledger control system.

EFFECT
The breakdown in internal control procedures resulted in the ability for the City Clerk to collect cash payments and fail to include them in the daily cash deposit.

CAUSE
The City's accounting procedures were inadequate in reconciling daily deposits to the cash receipt book. In addition, the City Clerk was writing receipts out of multiple receipt books simultaneously which made it harder to identify missing receipts.

RECOMMENDATION
The City should develop a control sheet that summarizes all daily cash receipts issued or voided to be submitted to the finance department along with the daily deposit. In addition, the City should consider utilizing customized receipt books which are controlled by the finance department.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
We agree with the finding. The City will have printed consecutively pre-numbered cash receipts. Cash receipt books will be kept in the finance director's locked office and a log of issuance will be maintained. One individual will have primary responsibility to issue cash receipts. Once a cash receipt book is full, it will turned into the finance director for reconciliation with the general ledger.