

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 6, 2023

NEW ISSUE – BOOK ENTRY ONLY
BANK QUALIFIED

RATINGS:
Moody's: "Aa1"
S&P: "AA+"
(See "Ratings" herein)

In the opinion of Bond Counsel, subject to the limitations and conditions described herein, interest on the Bonds (including any original issue discount properly allocable to a holder of the Bonds) is exempt from present State of Georgia income taxation, is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. See "LEGAL MATTERS – Tax Exemption" herein.

\$8,360,000*
Urban Redevelopment Agency of the City of Avondale Estates
Revenue Bonds, Series 2023

Dated: Date of Issuance

Due: December 1, as shown on the inside cover

The Urban Redevelopment Agency of the City of Avondale Estates (the "Agency"), a public body corporate and politic of the State of Georgia, is issuing its Revenue Bonds, Series 2023 (the "Bonds") for the purpose of (a) refinancing the costs of the 2019 Urban Redevelopment Projects (as defined in the hereinafter defined Resolution) by repaying the Agency's Drawdown Bond Anticipation Note, Series 2019, in the principal face amount of \$8,400,000, plus accrued interest and (b) paying the costs of issuing the Bonds. See "FINANCING PLAN" herein.

The Bonds are special limited obligations of the Agency payable solely from the Security (as herein defined), including amounts paid to the Agency pursuant to an Intergovernmental Contract, dated as of September 1, 2019 (the "Contract"), between the Agency and the City of Avondale Estates, Georgia (the "City"). Under the Contract, the Agency has agreed to, among other things, issue the Bonds, and the City has agreed to, among other things, (a) pay the Agency amounts sufficient to enable the Agency to pay the debt service on the Bonds (the "Contract Payments") and (b) levy an ad valorem property tax, unlimited as to rate or amount, on all property in the City subject to such tax in order to make such Contract Payments. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Interest on the Bonds is payable semiannually on June 1 and December 1 of each year (each such date, an "Interest Payment Date"), commencing June 1, 2024, by U.S. Bank Trust Company, National Association, Atlanta, Georgia, as Paying Agent and Bond Registrar. The Bonds bear interest from the Interest Payment Date next preceding their date of authentication, except as provided herein. See "THE BONDS – Description" herein. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Redemption" herein.

The Bonds will be issued in book-entry form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (the "Securities Depository"). The Securities Depository will act as securities depository for the Bonds. Purchases will be made only through the Participants (as herein defined) in the Securities Depository, and no physical delivery of the Bonds will be made to Beneficial Owners (as herein defined). Payment of principal of and interest on the Bonds will be made to Beneficial Owners by the Securities Depository through its Participants. Registrations of transfers and exchanges shall be made in accordance with the rules of the Securities Depository. See "THE BONDS – Book-Entry Only System" herein.

The Bonds will be offered through competitive bidding on November 15, 2023 (the "Bid Date"). The City will receive bids until 10:30 a.m. Eastern time on the Bid Date, as more fully set forth in the Official Notice of Sale.

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued by the Agency and subject to the approval of legality by Murray Barnes Finister LLP, Atlanta, Georgia, as Bond Counsel and Disclosure Counsel to the City. Certain matters will be passed upon for the Agency and for the City by Wilson, Morton & Downs, LLC, Decatur, Georgia. Davenport & Company LLC, Atlanta, Georgia is acting as the City's financial advisor. It is expected that the Bonds will be available for delivery through DTC on or about December __, 2023.

Dated: _____, 2023

*Preliminary, subject to change.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP⁽¹⁾ NOS.

<u>Maturity</u> <u>December 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾</u>
2024	\$125,000			
2027	130,000			
2026	140,000			
2027	145,000			
2028	155,000			
2029	160,000			
2030	170,000			
2031	175,000			
2032	185,000			
2033	195,000			
2034	205,000			
2035	215,000			
2036	225,000			
2037	235,000			
2038	250,000			
2039	260,000			
2040	275,000			
2041	290,000			
2042	305,000			
2043	320,000			
2044	335,000			
2045	350,000			
2046	370,000			
2047	385,000			
2048	405,000			
2049	425,000			
2050	445,000			
2051	470,000			
2052	495,000			
2053	520,000			

*Preliminary, subject to change.

- ⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein have been provided by CUSIP Global Services (CGS). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2022 CUSIP Global Services. All rights reserved. CUSIP numbers are set forth herein for the convenience of reference only and neither the City, the Agency, the Underwriter nor their respective agents take responsibility for the accuracy of such data.
- ⁽²⁾ Priced to the December 1, 2033 par call date.

**URBAN REDEVELOPMENT AGENCY OF THE
CITY OF AVONDALE ESTATES**

Jonathan Elmore, Chairman
Brian Fisher, Vice Chairman
Lionel Laratte
Dee Merriam
Lisa Shortell

CITY OF AVONDALE ESTATES, GEORGIA

Board of Mayor and Commissioners

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

Appointed Officials

Patrick Bryant, City Manager
Shannon Powell, Assistant City Manager
Brittany Marmol, Director of Finance

COUNSEL TO THE CITY AND THE AGENCY

Wilson, Morton & Downs, LLC
Decatur, Georgia

FINANCIAL ADVISOR

Davenport & Company LLC
Atlanta, Georgia

BOND COUNSEL AND DISCLOSURE COUNSEL

Murray Barnes Finister LLP
Atlanta, Georgia

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No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and the Appendices hereto and, if given or made, such other information or representations must not be relied upon as having been authorized by the Agency, the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and the Agency and other sources which are deemed to be reliable. The information and expression of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the City or the Agency since the date hereof.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES APPEARING ON THE COVER PAGE HEREOF.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF ANY BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS WHEREIN THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY, THE AGENCY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Preliminary Official Statement has been deemed final by the Agency and the City for purposes of U.S. Securities and Exchange Commission Rule 15c2-12, except for Permitted Omissions described in paragraph (b)(1) of Rule 15c2-12.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: www.i-dealprospectus.com. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

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\$8,360,000*
URBAN REDEVELOPMENT AGENCY OF THE CITY OF AVONDALE ESTATES
REVENUE BONDS, SERIES 2023

SUMMARY STATEMENT

The following information is furnished solely to provide limited introductory information regarding the terms of the Bonds (as hereinafter defined) and does not purport to be comprehensive. Such information is qualified in its entirety by reference to the more detailed descriptions appearing in the Official Statement. No person is authorized to detach this Summary Statement from the Official Statement or to otherwise use it without the entire Official Statement. Capitalized terms used and not defined herein have the same meaning ascribed to them in the Resolution and Contract. Certain defined terms are set forth in Appendix B.

The Agency

The Urban Redevelopment Agency of the City of Avondale Estates (the “Authority”) the issuer of the Bonds (hereinafter defined), is a public body corporate and politic of the State of Georgia (the “State”), created under the Urban Redevelopment Law (Section 36-61-1 *et seq.* of the Official Code of Georgia Annotated), as amended (the “Act”). The City of Avondale Estates, Georgia (the “City”) delegated the power to exercise certain “urban redevelopment project powers” to the Agency pursuant to a resolution adopted on June 13, 2019 (the “Delegation Resolution”). See “THE AGENCY.”

The City

The City is a municipal corporation of the State of Georgia located in DeKalb County (the “County”), approximately eight miles east of downtown Atlanta. The City had a 2023 estimated population of 3,748. See “THE CITY.”

Purpose of the Bonds

The Agency is issuing its Revenue Bonds, Series 2023 (the “Bonds”) for the purpose of (a) refinancing the costs of the 2019 Urban Redevelopment Projects (as defined in the hereinafter defined Resolution) by repaying the Agency’s Drawdown Bond Anticipation Note, Series 2019 (the “Note”) plus accrued interest, in the principal face amount of \$8,400,000 (the “Refunding”) and (b) paying the costs of issuing the Bonds. See “FINANCING PLAN.”

Security and Sources of Payment for the Bonds

The Bonds are special limited obligations of the Agency payable solely from the Security (defined below), including amounts paid to the Agency pursuant to an Intergovernmental Contract, dated as of September 1, 2019 (the “Contract”), between the Agency and the City. Under the Contract, the Agency has agreed to, among other things, issue the Bonds, and the City has agreed to, among other things, (a) pay the Agency amounts sufficient to enable the Agency to pay the debt service on the Bonds (the “Contract Payments”) and (b) levy an ad valorem property tax, unlimited as to rate or amount, on all property in the City subject to such tax in order to make such Contract Payments.

Pursuant to the Resolution, the Agency has pledged all of its rights, title and interest in the Contract (except for its right to receive notices and to indemnification), the Contract Payments and the moneys and investments on deposit in the Sinking Fund (the “Security”) as security for the Bonds.

See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “CITY AD VALOREM TAXATION” and Appendix B.

*Throughout this Preliminary Official Statement, an asterisk indicates that the information is preliminary and subject to change.

Description of the Bonds

Redemption. The Bonds are subject to redemption prior to their stated maturity. See “THE BONDS – Redemption.”

Denominations. The Bonds are issuable in denominations of \$5,000 and any integral multiple thereof.

Payments. Interest on the Bonds is payable semiannually on June 1 and December 1 of each year (each such date, an “Interest Payment Date”), commencing June 1, 2024, by U.S. Bank Trust Company, National Association, Atlanta, Georgia, as Paying Agent and Bond Registrar. The principal amount of the Bonds is payable at the times and in the amounts set forth on the inside cover page of this Official Statement. See “THE BONDS – Description.”

Book-Entry Bonds. The Bonds will be issued in book-entry form (“Book-Entry Form”) and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (the “Securities Depository”). The Securities Depository will act as securities depository for the Bonds. Purchases will be made only through the Participants (as hereinafter defined) in the Securities Depository, and no physical delivery of the Bonds will be made to Beneficial Owners (as hereinafter defined). Payment of principal of and interest on the Bonds will be made to Beneficial Owners by the Securities Depository through its Participants. Registrations of transfers and exchanges shall be made in accordance with the rules of the Securities Depository. See “THE BONDS – Book-Entry Only System.”

For a more complete description of the Bonds and the basic documentation pursuant to which they are being issued, see “THE BONDS” and Appendix B.

Tax Exemption

In the opinion of Bond Counsel, subject to the limitations and conditions described herein, interest on the Bonds (including any original issue discount properly allocable to a holder of the Bonds) is exempt from present State of Georgia income taxation, is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. See “LEGAL MATTERS – Tax Exemption” and see Appendix C hereto for the form of the opinion Bond Counsel proposes to deliver.

Professionals Involved in the Offering

Certain legal matters pertaining to the Agency and its authorization and issuance of the Bonds are subject to the approving opinion of Murray Barnes Finister LLP, Atlanta, Georgia, Bond Counsel and Disclosure Counsel to the City. Certain matters will be passed upon for the Agency and for the City by Wilson, Morton & Downs, LLC, Decatur, Georgia. See “APPROVAL OF LEGAL PROCEEDINGS.”

The City has employed Davenport & Company LLC, Atlanta, Georgia, as its financial advisor in connection with the issuance of the Bonds. See “FINANCIAL ADVISOR.”

U.S. Bank Trust Company, National Association, will act as Paying Agent and Bond Registrar for the Bonds and will act as the Bonds Project Fund Custodian and the Sinking Fund Custodian. The principal corporate trust office of the Paying Agent is 2 Concourse Parkway, Suite 800 Atlanta, GA, 30328-5588.

The City’s financial statements for the fiscal year ended December 31, 2022, are included as Appendix A hereto and have been audited by Mauldin & Jenkins, LLC, as indicated in their report included thereon. See “FINANCIAL STATEMENTS.”

Legal Authority

The Bonds are being issued and validated pursuant to (a) the Act and the Revenue Bond Law of the State (O.C.G.A. Section 36-82-60 *et seq.*, as amended) (the “Revenue Bond Law”) and (b) a resolution adopted by the Agency on August 12, 2019, as amended by a First Amendment to Bond Resolution adopted on October 26, 2022, and as supplemented on November ____, 2023 (collectively the “Resolution”). The Contract was executed and delivered pursuant to the Constitution of the State, the Act, the Resolution and a resolution adopted by the Governing Body on August 12, 2019.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued by the Agency and subject to the approval of legality by Murray Barnes Finister LLP, Atlanta, Georgia, as Bond and Disclosure Counsel to the City. The Bonds are expected to be delivered through DTC in New York, New York, on or about December __, 2023.

Continuing Disclosure

The Agency has determined that no financial or operating data concerning the Agency is material to any decision to purchase, hold or sell the Bonds, and the Agency will not provide any such information. The City has undertaken all responsibilities for any continuing disclosure as described below, and the Agency will have no liability to the Beneficial Owners of the Bonds or any other person with respect to such disclosure.

The City has covenanted in the Contract and a Continuing Disclosure Certificate (the “Disclosure Certificate”) for the benefit of the Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the City (the “Annual Report”) by not later than 270 days after the end of each fiscal year of the City, commencing with the fiscal year ended December 31, 2023, and to provide notices of the occurrence of certain enumerated events (the “Event Notices”). The Annual Report and the Event Notices will be filed by the City with the Municipal Securities Rulemaking Board’s (the “MSRB”) Electronic Municipal Market Access (“EMMA”) system in an electronic format as prescribed by the MSRB. See Appendix D hereto for the form of Disclosure Certificate the City proposes to execute. These covenants have been made in order to assist the original purchaser of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

The City has not previously entered into written undertakings similar to the Disclosure Certificate in connection with the issuance of other obligations as an obligated person under the Rule. However, the City has adopted a tax-exempt debt policy to ensure compliance with its continuing disclosure obligations.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement contains forecasts, projections and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Agency and the City disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in their respective expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Agency, the City, the Bonds, the Resolution, the Contract and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Resolution, the Contract and other documents are intended as summaries only

and are qualified in their entirety by reference to such constitutional provisions, statutes and documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Resolution. Copies of the Resolution, the Contract and other documents and information are available, upon request and upon payment to the City of a charge for copying, mailing and handling, from the City of Avondale Estates, Georgia, City Manager, 21 North Avondale Plaza, Avondale Estates, Georgia, telephone: (404) 294-5400. During the period of the offering of the Bonds, copies of such documents are available, upon request and upon payment to the Financial Advisor of a charge for copying, mailing and handling, from Davenport & Company LLC, 515 East Crossville Road, Suite 380, Roswell, Georgia 30075; telephone: 404-825-9467.

THE AGENCY

The Agency is a public body corporate and politic of the State created pursuant to the Act. The City delegated the power to exercise certain “urban redevelopment project powers” to the Agency pursuant to the Delegation Resolution. Under the terms of the Act and the Delegation Resolution, the Agency has the power to (a) acquire, construct, improve or modify, redevelop or rehabilitate and to cause to be placed into operation and operated, “urban redevelopment projects” within the City and (b) pay all or part of the cost of any urban redevelopment projects from proceeds of revenue bonds issued by the Agency. An urban redevelopment project may include undertakings or activities of a municipality, including the City, in an urban redevelopment area for the elimination and for the prevention of the development or spread of pockets of blight and may involve pocket of blight clearance and redevelopment in an urban redevelopment area, rehabilitation or conservation in an urban redevelopment area, the implementation of public improvements, including, but not limited to, surface transportation projects, or any combination or part thereof, in accordance with an urban redevelopment plan.

The powers of the Agency are exercised by or under the authority of, and the business and affairs of the Agency are managed and conducted under the direction of, a Board of Commissioners. The Mayor, with the advice and consent of the Board of Mayor and Commissioners (the “Governing Body”), designated the Board of Mayor and Commissioners as the Board of Commissioners of the Agency. The terms of each member of the Board of Commissioners is coterminous with such member’s term of office on the Governing Body of the City.

The Agency has authorized the use of this Official Statement but has not participated in the preparation of this Official Statement and, except for the information under the caption “THE AGENCY,” the Agency has not provided or made any investigation with respect to any of the information contained in this Official Statement and does not assume any responsibility for the accuracy or completeness of the information contained herein.

THE AGENCY HAS NO TAXING POWER AND HAS NO LEGAL RIGHT TO RECEIVE APPROPRIATIONS OR OTHER PAYMENTS FROM THE CITY THAT MAY BE APPLIED TO THE BONDS EXCEPT FOR THE PAYMENTS THE CITY HAS CONTRACTED TO MAKE UNDER THE CONTRACT.

THE BONDS

Description

The Bonds will be dated their date of issuance and will bear interest at the rates specified on the inside cover page of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months) from the Interest Payment Date next preceding their date of authentication to which interest has been paid (unless their date of authentication is an Interest Payment Date, in which case from such Interest Payment Date, unless their date of authentication is after a Record Date but before an Interest Payment date, in which case from the next Interest Payment Date, or unless their date of authentication is before the first Interest Payment Date, in which case from their date of original issuance). Interest will be payable semiannually on each Interest Payment Date, commencing June 1, 2024. The principal amount of the Bonds is payable at the times and in the amounts set forth on the inside cover page of this Official Statement. Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America.

The Bonds shall initially be issued in Book-Entry Form. As long as the Bonds are held in Book-Entry Form, the principal of and the interest on the Bonds shall be payable in accordance with the rules of the Securities Depository, as described more fully below under “Book-Entry Only System.” If the Bonds are no longer held in Book-Entry Form, the principal of and interest on the Bonds shall be payable in accordance with the terms of the Resolution.

As long as the Bonds are held in Book-Entry Form, registrations of transfers and exchanges shall be made in accordance with the rules of the Securities Depository, as described more fully below. If the Bonds are no longer held in Book-Entry Form, the Bonds may be registered as transferred and exchanged in accordance with the terms of the Resolution.

Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy and Security Position Report to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy). The Security Position Report includes each Participant's closing balance in any Bond along with their name, address, telephone number and proxy contact person.

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Agency on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agency or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Agency or the City. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE REGISTERED OWNER OF THE BONDS, THE AGENCY AND THE PAYING AGENT WILL TREAT CEDE & CO. AS THE ONLY OWNER OF THE BONDS FOR ALL PURPOSES UNDER THE RESOLUTION, INCLUDING RECEIPT OF ALL DISTRIBUTIONS ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE AGENCY OR THE PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE RESOLUTION. NEITHER THE AGENCY, THE CITY, NOR THE PAYING AGENT SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT WITH RESPECT TO ANY BENEFICIAL OWNERSHIP INTEREST IN ANY BONDS; (B) THE PAYMENT BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE DISTRIBUTIONS ON THE BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY

PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO OWNERS OF THE BONDS INCLUDING, WITHOUT LIMITATION, ANY NOTICE OF REDEMPTION; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO., AS REGISTERED OWNER.

Redemption

Optional Redemption. The Bonds maturing on or after December 1, 2034 may be redeemed prior to their respective maturities at the direction of the City, either in whole or in part, in any order of maturities, on any date not earlier than December 1, 2033 at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds maturing on _____ 1, _____ are subject to mandatory sinking fund redemption prior to their maturity in part at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the redemption date, in the following principal amounts and on the dates set forth below (the _____ 1, _____ amount to be paid rather than redeemed):

<u>December 1 of the Year</u>	<u>Amount</u>
-------------------------------	---------------

At its option, to be exercised on or before the 45th day next preceding such scheduled maturity redemption date, the Agency may (a) receive a credit with respect to its scheduled mandatory redemption obligation for any Bonds subject to scheduled mandatory redemption which are delivered to the Paying Agent for cancellation and not theretofore applied as a credit against a scheduled mandatory redemption obligation or (b) receive a credit with respect to its scheduled mandatory redemption obligation for any Bonds which prior to said date have been redeemed (otherwise than through scheduled mandatory redemption) and canceled by the Paying Agent and not theretofore applied as a credit against said scheduled mandatory redemption obligation. Each Bond so delivered or previously redeemed shall be credited by the Paying Agent, at the principal amount thereof, to the obligation of the Agency on such scheduled mandatory redemption date and the principal amount of the Bonds to be redeemed by operation of such scheduled mandatory redemption on such date shall be accordingly reduced.

Partial Redemption. If the Bonds are called for redemption in part, then the particular maturity or maturities to be redeemed shall be selected by the City. If less than all of the Bonds of a maturity are to be called for redemption, then Bonds within each maturity so called for redemption shall be selected (a) in the manner designated by the Securities Depository when the Bonds are held in Book-Entry Form and (b) by lot when the Bonds are not held in Book-Entry Form.

Notice of Redemption. Notice of redemption shall be given by the Paying Agent not less than 30 nor more than 60 days prior to the redemption date (a) in accordance with the rules of the Securities Depository as long as the Bonds are held in Book-Entry Form and (b) by first class mail, postage to all registered owners of the Bonds to be redeemed at addresses which appear upon the bond registration book as of the date of giving such notice. Any defect in such notice shall not affect the validity of the proceedings for such redemption or cause the interest to accrue on the principal amount of the Bonds so designated for redemption after the redemption date. Notice given in the manner set forth above shall be conclusively presumed to have been given, whether or not the registered owner receives the notice.

If at the time of mailing of notice of redemption there have not been deposited with the Paying Agent moneys sufficient to redeem all Bonds called for redemption, such notice will state that it is conditional upon the deposit of the redemption moneys with the Paying Agent not later than the opening of business on the date established for redemption, and such notice will be of no effect unless such moneys are so deposited.

FINANCING PLAN

Sources and Uses of Funds

Set forth below are the sources and uses of funds for the Bonds.

Sources:
Par Amount
Plus: [Net] Original Issue Premium
Total Sources
Uses:
Refunding of Note
Costs of Issuance ⁽¹⁾
Total Uses

⁽¹⁾ Includes underwriter's discount, legal fees, printing fees, rating fees and other miscellaneous transaction costs with respect to the Bonds.

The Refunding

Refunding. A portion of the proceeds of the Bonds will be used to pay off the Note including accrued interest on the date that the Bonds are issued. The proceeds of the Note were used to fund the 2019 Urban Redevelopment Projects, including a park known as "Town Green."

The proceeds of the Bonds that will be used to pay off the Note and the costs of issuing the Bonds will be deposited in the Sinking Fund. Prior to the expenditure of the proceeds of the Bonds held by the Sinking Fund Custodian, such moneys may be invested as set forth below under the heading "Investment of Bond Proceeds."

Investment of Bond Proceeds. The proceeds of the Bonds will be invested pending their disbursement in investments authorized by the laws of the State of Georgia. Presently, Section 36-82-7 of the Official Code of Georgia Annotated provides that the proceeds of the Bonds may be invested and reinvested by the governing authority of the City in the following investments, and no others:

- (1) the local government investment pool created in Chapter 83 of Title 36 of the Official Code of Georgia Annotated;
- (2) bonds or obligations of the City or bonds or obligations of the State of Georgia or other states or of other counties, municipal corporations, and political subdivisions of the State of Georgia;
- (3) bonds or other obligations of the United States or of subsidiary corporations of the United States government which are fully guaranteed by such government;
- (4) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence, provided however, that all such obligations shall have a current credit rating from a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;
- (5) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(6) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any such bond proceeds, provided the portion of the certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, must be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or of any City or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations described in (3) above, obligations of the agencies of the United States government described in (4) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities described in (5) above;

(7) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

(a) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations described in paragraph (3) and (4) above and repurchase agreements fully collateralized by any such obligations,

(b) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian,

(c) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value, and

(d) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State of Georgia; and

(8) interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys.

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Annual Debt Service Requirements*

The following table sets forth the principal and interest payment requirements with respect to the Bonds. The City has no long-term debt, other than the Bonds:

Fiscal Year	The Bonds			Total Debt Service
	Principal	Interest	Total	
2024	\$ 125,000			
2025	130,000			
2026	140,000			
2027	145,000			
2028	155,000			
2029	160,000			
2030	170,000			
2031	175,000			
2032	185,000			
2033	195,000			
2034	205,000			
2035	215,000			
2036	225,000			
2037	235,000			
2038	250,000			
2039	260,000			
2040	275,000			
2041	290,000			
2042	305,000			
2043	320,000			
2044	335,000			
2045	350,000			
2046	370,000			
2047	385,000			
2048	405,000			
2049	425,000			
2050	445,000			
2051	470,000			
2052	495,000			
2053	<u>520,000</u>			
Total	<u>\$8,360,000</u>			

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are special limited obligations of the Agency payable solely from the Security. The Agency has no taxing power and no other sources of revenue. The Bonds are not secured by any lien on or pledge of the 2019 Urban Redevelopment Projects or any other real estate.

THE BONDS DO NOT CONSTITUTE A DEBT OR A MORAL OBLIGATION OF THE STATE OR THE CITY. NO OWNER OF THE BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OR THE CITY TO PAY THE SAME OR THE INTEREST THEREON. HOWEVER, THE CITY’S TAXING POWER HAS BEEN PLEDGED TO THE PAYMENT OF THE CONTRACT PAYMENTS.

The Contract

Pursuant to the Contract, the City has agreed to, among other things, (a) pay the Agency the Contract Payments and (b) levy an ad valorem property tax, unlimited as to rate or amount, on all property in the City subject to such tax in order to make such Contract Payments. The obligations of the City to make the Contract Payments and to perform and observe various other agreements contained in the Contract are absolute and unconditional. The Agency has directed the City to make the Contract Payments directly to the Sinking Fund Custodian. For a more complete description of the Contract and the City's obligations under the Contract, see Appendix B.

Resolution

Pursuant to the Resolution, the Agency has pledged all of its rights, title and interest in the Security (except for its right to receive notices and to indemnification) as security for the Bonds. The Agency has covenanted not to create any other liens on the Security. For a more complete description of the Resolution and the Agency's obligations thereunder, see Appendix B.

BONDHOLDERS' RISKS

General

The purchase of the Bonds may involve certain risks. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors.

Decline in Property Tax Digest

There can be no assurance that the City's property tax digest will remain at its current levels and will not decline in the future. In the event that the City's property tax digest declines from its current level, it would be necessary for the City to decrease expenses to pay the Contract Payments or to increase the millage rate.

Cybersecurity

Despite the implementation of network security measures by the City, its information technology systems may be vulnerable to breaches, hacker and ransomware attacks, computer viruses, physical or electronic break-ins and other similar events or issues. State and local governments have recently been subject to such attacks.

The foregoing events or issues could lead to the inadvertent disclosure of confidential information, ransomware attacks holding critical information and operations hostage or could have an adverse effect on the City's ability to provide services and collect revenues. Any breach or cyberattack that compromises data could result in negative press. Despite efforts of the City, no assurances can be given that the City's measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the City.

Enforceability of Remedies

The realization of value from the pledge of the property assigned and pledged under the Resolution and the taxing power of the City under the Contract upon any default will depend upon the exercise of various remedies specified by the Resolution and the Contract. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights and remedies with respect to the Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. A court may decide not to order the specific performance of the covenants contained in the Resolution or the Contract.

Under the terms of the Resolution and the Contract, the owners of the Bonds do not have the right to accelerate the principal of Bonds upon a default. The owners of the Bonds do, however, have the right to bring an action for specific performance and pursue other remedies.

Section 36-80-5 of the Official Code of Georgia Annotated provides that no municipality or public body corporate created under the Constitution or laws of the State shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also provides that no chief executive, mayor, board of commissioners, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any municipality or public body corporate created under the Constitution or laws of the State of Georgia of any petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

THE CITY

Introduction

The City is a municipal corporation created and validly existing under the laws of the State. The City is located approximately eight miles south of downtown Atlanta in the County. The City is located near Interstates 20 and 285. The City was incorporated in 1927 and since that time the City’s population has grown to a 2023 estimated population of 3,748. There are 11 other municipalities in the County: Atlanta (small portion), Brookhaven, Chamblee, Clarkston, Decatur, Doraville, Dunwoody, Lithonia, Stone Mountain, Stonecrest and Tucker.

Form of Government

Under the City’s charter, all legislative powers are vested in the Governing Body, which is composed of a Board of Mayor and Commissioners. The members of the Governing Body are elected at large for four-year terms. The terms of office are staggered so that two Commissioners are up for election in every odd year. The Governing Body elects a Mayor Pro-Tem and appoints a City Clerk and City Manager. The current members, the expiration of their term of office and their principal occupation are as follows:

<u>Member</u>	<u>Title</u>	<u>Principal Occupation</u>	<u>Term Expires</u>
Jonathan Elmore	Mayor	Architect	12/31/2023
Brian Fisher	Mayor Pro Tem	Commercial Banker	12/31/2023
Lionel Laratte	Commissioner	Consultant	12/31/2025
Dee Merriam	Commissioner	Landscape Architect	12/31/2023
Lisa Shortell	Commissioner	Educator	12/31/2025

City Administration

The Governing Body appoints a full-time City Manager to run the day-to-day operations of the City. Patrick Bryant serves as City Manager. He joined Avondale Estates in September of 2018 and is responsible for executing the day-to-day operations of the City. He also works closely with the Board of Mayor and Commissioners to shape policy decisions and legislative action. Prior to joining the City, he was the City Manager of Talladega, Alabama. Mr. Bryant holds a Master’s degree in Public Administration from the University of Alabama-Birmingham.

The Governing Body also appoints an Assistant City Manager. Shannon Powell is the Assistant City Manager and Executive Director for the Avondale Estates Downtown Development Authority. She joined Avondale Estates in February 2020. She serves as the primary advisor to the City Manager, providing input on budgeting, financial strategies, long-range plans, and the tools to bring those aspirations to fruition. Prior to joining the City,

she was the Chief Operating Officer for the Midtown Alliance Community Improvement District. Ms. Powell holds a Master's degree in City and Regional Planning from the Georgia Institute of Technology.

The Governing Body also appoints a Director of Finance and Administrative Services. Brittany Marmol, CPA, serves as the Director of Finance and Administrative Services. She joined Avondale Estates in December 2022. As the Director of Finance and Administrative Services, she is responsible for managing the City's financial activities and preparing the City's budget, as well as overseeing the City Clerk and Court Clerk. Prior to joining the City, she was the Controller for the City of Johns Creek. Mrs. Marmol is a certified public accountant and holds bachelor's degrees in accounting and economics, both from Oglethorpe University.

Employees

The City employed 40 full-time and no part-time employees in all departments of government as of October 20, 2023. No employees of the City are represented by labor organizations or are covered by collective bargaining agreements, and the City is not aware of any union organizing efforts at the present time. The City believes that employee relations are good. The City offers its full-time employees competitive benefits.

Retirement Plans and Other Post-Employment Benefits

Defined Benefit Plan. The City provides all full-time employees with a defined benefit retirement plan (the "Defined Benefit Plan"). The Defined Benefit Plan is a part of the Georgia Municipal Employees Benefit System ("GMEBS"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipalities in Georgia and that is administered by the Georgia Municipal Association. The benefit provisions and all other requirements of the Defined Benefit Plan are established by the Governing Body and may be amended by ordinance. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Defined Benefit Plan. That report may be obtained by writing to GMEBS, 201 Pryor Street, NW., Atlanta, Georgia 30303 or by calling (404) 688-0472 or on the internet at www.gmanet.com.

As authorized by the Governing Body of the City, the Defined Benefit Plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees who work at least thirty (30) hours a week are eligible to participate. Elected officials have no waiting period for eligibility. Benefits vest after ten years of service. A City employee who retires at age 65 with five (5) years of service is entitled to benefits based on average earnings and years credited service. An employee may elect early retirement at age 55 provided he or she has a minimum of ten (10) years total credited service to receive full benefits. All employees hired on or after January 1, 2013 are required to contribute 4% of gross income to the plan. The City is required to contribute to the Defined Benefit Plan for each participating employee at an actuarially determined rate. For the year ended December 31, 2022, the City's contribution was \$130,602, which represents 5.85% of annual payroll. The contribution requirements are established and may be amended by GMEBS' Board of Trustees. The City's funding policy for the Defined Benefit Plan is to contribute an amount equal to or greater than the recommended contribution. Administrative costs of the Defined Benefit Plan are funded through investment income.

As of July 1, 2023, the date of the most recent actuarial valuation, the Defined Benefit Plan had 80 Participants consisting of the following: 35 active vested participants, 22 retired participants and their beneficiaries currently receiving benefits and 23 terminated vested participants not yet receiving benefits.

As of July 1, 2023, (the most recent information available), the Defined Benefit Plan had an actuarial value of assets equal to \$2,823,905 and an actuarial accrued liability of \$3,288,485, resulting in an unfunded actuarial accrued liability of \$464,580.

See Note 10 of the audited financial statements for a detailed description of the Defined Benefit Plan.

Defined Contribution Plan. The City also provides all full-time employees with the option to participate in two defined contribution retirement plans (the "Defined Contribution Plans") administered by Newport Group and created in accordance with Internal Revenue Code Sections 457 and 401. The Defined Contribution Plans are

available to all City employees and permits each participating employee to defer a portion of his or her salary until future years. The City's contribution requirements to the Defined Contribution Plan are established, and may be amended, by the Governing Body.

The Defined Contribution Plans allow for employee contributions, and, after the employee's first six months of participation, the City makes a matching contribution for each employee equal to the lesser of \$25 or 50% of the employee contribution. During 2022, employees contributed \$76,320 to the Defined Contribution Plans while the City contributed \$73,616. As of December 31, 2022, there were 36 participants in the 457 Plan and 37 participants in the 401A Plan, and the fair value of assets was \$503,014 for the 457 Plan and \$156,793 for the 401A Plan.

The City has an inactive 457 deferred compensation plan that is administered by Nationwide. As of December 31, 2022, there were 8 participants in this plan.

See Note 11 to the audited financial statements of the City for a detailed description of the Defined Contribution Plans.

Other Post-Employment Benefits. The City does not currently offer other post-employment other than the retirement plans described above.

City Services

The City provides the following services, as authorized by its charter, to its citizens: public safety (police), public works (highways, streets and sanitation), culture and recreation, housing and development, and general and administrative services.

Education

Local Schools. The residents of the City are served by the DeKalb County School System (the "School System"), which is responsible for approximately 92,000 students throughout the entire County. The School System employs more than 14,000 full-time employees, including more than 6,000 teachers and other certified personnel, who work in 138 schools and administrative and support buildings. The School System has received district accreditation by Cognia (formerly known as AdvancED). School choice options are available in nearly 50 schools to include theme, magnet, IB, charter, and Montessori options. The School System's facilities located within the City consist of Avondale Elementary School.

There are multiple private schools and charter schools located throughout the County. The City has not undertaken any responsibility to verify the accuracy of the information provided on the School System's website and set forth above.

Higher Education. Due to the City's location in the County and the State and its proximity to the City of Atlanta, residents of the County have convenient access to higher education opportunities throughout the State of Georgia, including in particular a wide array of public and private universities and technical and vocational schools located in the City of Atlanta.

Transportation

The City is conveniently located near two of Atlanta's four major interstate routes: I-20 and I-285 and is approximately 23 miles from the world's busiest airport, Hartsfield-Jackson International Airport. The City is served by MARTA (the Metro Atlanta Rapid Transit Authority) connecting the City by public transit to the rest of metro Atlanta.

Recent Economic Activity

The City, in partnership with the Avondale Estates Downtown Development Authority (the "DDA"), contracted with Fabric Developers to build a 10,000-square-foot retail marketplace to front and activate the Town

Green. Construction is expected to begin in the first quarter of 2024. Negotiations between the City, the DDA, and development partners are also underway for live-work units, a parking deck, and hotel for the DDA/City owned properties between Lake and Locust Streets.

Category of Land by Use

The following table reflects the categories of land use in the City for the calendar year 2023.

<u>Land Type</u>	<u>Percentage⁽¹⁾</u>
Commercial	7.93%
Historical	0.04
Industrial	5.07
Residential	<u>86.96</u>
Total	<u>100.00%</u>

⁽¹⁾ Percentages are based on the number of acres excluding exempt property.
Source: Georgia Department of Revenue 2023 Digest Consolidation Sheet.

Demographic Information

The following information is provided to give prospective investors an overview of the general demographic conditions in the City. These statistics are not to be relied upon as a representation or guarantee of the City or the Agency.

Population. Set forth below is the population of the City for the census years 1980 through 2010 and an estimate for the year 2023 (the most recent information available).

<u>Year</u>	<u>Population</u>
1980	1,313
1990	2,209
2000	2,553
2010	2,960
2023	3,748

Source: U.S. Census Bureau, 1980, 1990, 2000 and 2010 U.S. Census; and 2023 Atlanta Regional Commission Population Estimates.

Population by Age; Median Age. The estimated median age of the City for the calendar year 2021 (the most recent information available) was 48.1 years. The following table presents the estimated population by age for the City for the calendar year 2021 (the most recent information available).

<u>Under 20 Years</u>	<u>20 to 44 Years</u>	<u>45 to 64 Years</u>	<u>65 Years and Over</u>
21.9%	21.5%	29.2%	27.5%

Source: U.S. Census Bureau, 2021 American Community Survey 5-Year Estimates.

Population by Race. The following table presents estimated population by race for the City for the calendar year 2021 (the most recent information available).

<u>White</u> ⁽¹⁾	<u>Black or African American</u> ⁽¹⁾	<u>Asian</u> ⁽¹⁾	<u>Native Hawaiian and Other Pacific Islander</u> ⁽¹⁾	<u>Other</u> ⁽¹⁾	<u>Two or More Races</u>	<u>Hispanic or Latino</u> ⁽²⁾
85.5%	7.2%	0.6%	0.4%	1.3%	5.0%	1.4%

⁽¹⁾ Includes persons reporting only one race.

⁽²⁾ Hispanics may be of any race, so also are included in applicable race categories.

Source: U.S. Census Bureau, 2021 American Community Survey 5-Year Estimates.

Level of Education. The following table presents the estimated level of educational attainment of the population 25 years and over for the City for the calendar year 2021 (the most recent information available).

Less than 9 th grade	0.0%
9 th to 12 grade, no diploma	1.9
High school graduate (including equivalency)	8.6
Some college, no degree	11.3
Associate degree	1.9
Bachelor's degree	40.2
Graduate or Professional degree	<u>36.1</u>
	<u>100.0%</u>
Percent high school graduate or higher	98.1%
Percent bachelor's degree or higher	76.3%

Source: U.S. Census Bureau, 2021 American Community Survey 5-Year Estimates.

Commuting Characteristics. The following table presents the estimated percentages of the City's population employed at jobs located within the County, those employed at jobs located outside of the County and those employed at jobs outside the State for the calendar year 2021 (the most recent information available).

Inside the County	55.7%
Outside the County (in State)	43.5
Outside the State	<u>0.8</u>
	<u>100.0%</u>

Source: U.S. Census Bureau, 2021 American Community Survey 5-Year Estimates.

Economic Information

The following information is provided to give prospective investors an overview of the general economic condition in the City. These statistics have not been adjusted to reflect economic trends and are not to be relied upon as a representation or guarantee of the City or the Agency.

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Per Capita Income. The following table reflects the per capita personal income for the City, the State and the United States for the calendar years 2017 through 2021 in inflation adjusted dollars (the most recent information available for the City).

<u>Year</u>	<u>City</u>	<u>State</u>	<u>United States</u>
2017	\$56,851	\$28,015	\$31,177
2018	64,090	29,523	32,621
2019	65,074	31,067	34,103
2020	65,902	32,427	35,384
2021	69,188	34,516	37,638

Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.

Poverty Levels. The following table reflects an estimate of the percentage of all people in the City, the State and the United States with incomes lower than the poverty level for the calendar years 2017 through 2021 (the most recent information available for the City).

<u>Year</u>	<u>City</u>	<u>State</u>	<u>United States</u>
2017	3.5%	16.9%	14.6%
2018	2.9	16.0	14.1
2019	3.4	15.1	13.4
2020	3.5	14.3	12.8
2021	3.3	13.9	12.6

Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.

Median Home Values. The following table reflects the median home value of owner-occupied housing for the City, the State and the United States for calendar years 2017 through 2021 (the most recent information available).

<u>Year</u>	<u>City</u>	<u>State</u>	<u>United States</u>
2017	\$318,200	\$158,400	\$193,500
2018	349,500	166,800	204,900
2019	371,400	176,000	217,500
2020	424,800	190,200	229,800
2021	442,300	206,700	244,900

Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.

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Household Income Distribution. The following table reflects the estimated income distribution of all households in the City for the calendar year 2021 (the most recent information available). The median household income for the calendar year 2021 was estimated to be \$122,009.

<u>Income</u>	<u>Percent of Population</u>
Less than \$10,000	2.9%
\$10,000 to \$14,999	0.3
\$15,000 to \$24,999	2.9
\$25,000 to \$34,999	5.6
\$35,000 to \$49,999	4.4
\$50,000 to \$74,999	10.2
\$75,000 to \$99,999	14.1
\$100,000 to \$149,999	20.6
\$150,000 to \$199,999	19.0
\$200,000 or more	<u>20.0</u>
	<u>100%</u>

Source: U.S. Census Bureau, 2021 American Community Survey 5-Year Estimates.

Building Permits Summary. The following table reflects the number and aggregate dollar value of commercial and residential building permits issued in the City for the last five fiscal years and year to date in the current fiscal year. Permits are categorized between commercial and residential, with each category including new construction, additions, alterations and conversions. The dollar value is based on an estimate of the value of the new construction or alternation submitted by the permit applicant. For presentation purposes, permits issued for mobile homes, single family homes and multifamily homes are included in the residential totals. All other permits are included in the commercial totals.

<u>Fiscal Year</u>	<u>Commercial</u>		<u>Residential</u>		<u>Total</u>	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
2018	18	\$ 2,668,000	184	\$ 2,417,168	202	\$ 5,085,168
2019	26	45,681,007	217	3,009,447	243	48,690,454
2020	22	325,331	146	2,059,768	168	2,385,099
2021	28	2,700,050	207	4,616,110	235	7,316,160
2022	50	3,030,898	226	13,593,900	276	16,624,798
2023 ⁽¹⁾	32	8,854,800	101	3,813,547	133	12,668,347

⁽¹⁾ Permits issued through August 1, 2023.

Source: City of Avondale Estates.

Labor Statistics. Set forth below are labor statistics for the County, the State and the United States for the past five calendar years and for the month of September 2023. Comparable information for the City is not available.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023⁽¹⁾</u>
County Labor Force	398,974	399,051	394,686	400,986	405,397	417,074
County Unemployment Rate	4.1%	3.6%	7.9%	4.5%	3.1%	3.7%
State Unemployment Rate	4.0	3.6	6.5	3.9	3.0	3.4
United States Unemployment Rate	3.9	3.7	8.1	5.3	3.6	3.6

⁽¹⁾ Reflects labor statistics for the month of September 2023 (State, County and USA are preliminary).

Source: Georgia Department of Labor.

Principal Employers. Set forth below are the 10 largest employers located in the City as of December 31, 2022. The type of business and the approximate number of employees are shown in the table. There can be no assurance that any employer listed below will continue to operate or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed below. See “THE CITY – Demographic Information – Commuting Characteristics.”

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Jollay Masonry	Construction	80
Davey Tree, dba Arboguard	Tree Service	53
Easter Seals North Georgia Inc.	Charity	30
My Parent’s Bookstore	Book Store	23
Oliver Restaurant Group LLC	Hospitality	22
Second Life Thrift Store, Inc.	Retail	21
Waffle House #1000	Restaurant	20
Shades of Green Permaculture	Landscaping	18
Majestic Banko International, LLC	Restaurant	16
Savage Pizza	Restaurant	16

Source: City of Avondale Estates.

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CITY DEBT STRUCTURE

Summary of City Debt by Category and Estimated Overlapping Debt

The following table sets forth the outstanding tax-supported debt of the City and certain overlapping governmental entities and assumes the issuance of the Bonds* and the refunding of the Note. Although the City has attempted to obtain accurate information as to the outstanding overlapping debt, it does not warrant its completeness or accuracy, as there is no central reporting entity that has this information available, and the amounts are based on information supplied by others. The information set forth below should be read in conjunction with the City's audited financial statements included as Appendix A.

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt:			
Intergovernmental Contracts ⁽²⁾	\$8,360,000*	100.00%	\$8,360,000*
Total Direct Debt ⁽⁵⁾	<u>8,360,000*</u>	<u>100.00</u>	<u>8,360,000*</u>
Overlapping Entities ⁽³⁾ :			
DeKalb County:			
General Obligation Bonds	90,595,000	0.793	718,418
Capital Leases ⁽⁴⁾	15,040,000	0.793	119,267
Intergovernmental Contracts ⁽²⁾	<u>42,777,000</u>	0.793	<u>339,223</u>
Total	<u>148,412,000</u>	0.793	<u>1,176,908</u>
Fulton-DeKalb Hospital Authority (DeKalb Portion):			
Intergovernmental Contracts ⁽²⁾	31,870,000	0.793	252,729
Total	31,870,000	0.793	252,729
DeKalb County School District:			
General Obligation Bonds ⁽¹⁾	57,225,000	0.898	513,880
Capital Leases ⁽⁴⁾	<u>13,367,000</u>	0.898	<u>120,036</u>
Total	<u>70,592,000</u>	0.898	<u>633,916</u>
Total Overlapping Debt	<u>250,874,000</u>		<u>2,063,553</u>
Total Direct and Overlapping	<u>\$259,234,000*</u>		<u>\$10,423,553*</u>

(1) General obligation bonds are general obligations of the issuer to which its full faith and credit and taxing powers are pledged and constitute debt for purposes of the constitutional debt limit and which are paid from an ad valorem property tax levy, unlimited as to rate or amount, separate and distinct from the operations and maintenance levy.

(2) The obligations under intergovernmental contracts are general obligations of the governmental entity to which its full faith and credit and taxing powers are pledged, but do not constitute debt for purposes of the constitutional debt limit. For DeKalb County this amount excludes any applicable GEFA and SRF loans because they are expected to be paid with revenues from an enterprise fund.

(3) The percentage of each overlapping entity's outstanding debt chargeable to property in the City is calculated by dividing the gross assessed valuation of property in the City in 2022 by the gross assessed valuation of property in the County or the School District, as applicable, in 2022.

(4) The financial obligations under the capital leases do not constitute general obligations of the governmental entity to which its full faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of general revenues being made by the governmental entity to pay the capital lease payments due in each year. The governmental entity's obligations under the capital leases are from year to year only and do not constitute mandatory payment obligations of the governmental entity in any year in which funds are not appropriated by the governmental entity to pay the capital lease payments due in such year. Capital leases do not constitute debt for purposes of the constitutional debt limit, but are subject to a similar statutory debt limit.

(5) The City paid its Capital Lease obligations in full on October 13, 2023.

Proposed Debt

The City will hold a one percent special purpose local option sales tax (“SPLOST”) referendum on November 7, 2023, which will include the authorization of up to \$4,000,000 of bonds payable from SPLOST for transportation and stormwater projects. Other than the foregoing, the City does not anticipate issuing any long-term tax supported debt within the next three years.

Limitations on City Debt

General Obligation Debt. The Constitution of the State of Georgia provides that the City may not incur long-term general obligation debt payable out of general property taxes without the approval of a majority of the qualified voters of the City voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the City may not incur long-term obligations payable out of general property taxes in excess of 10 percent of the assessed value of all taxable property within the City. Refunded obligations cease to count against the City’s debt limitations.

As computed in the table below, based upon the 2023 assessed value of all taxable property located in the City, the City could incur (upon necessary voter approval) approximately \$34,835,143 in additional long-term obligations payable out of general property taxes (or general obligation bonds).

Computation of Legal Debt Margin

Net Bond Digest	\$348,351,433
Debt Limit (10% of Assessed Value)	34,835,143
Less: Amount of Debt Applicable to Debt Limit	<u>0</u>
Legal Debt Margin	\$34,835,143

Other Debt. Short-term obligations (those payable within the same calendar year in which they are incurred) and intergovernmental obligations are not subject to the constitutional limitations described above. Georgia law provides that no lease or installment purchase contract subject to annual appropriation may be delivered if the principal portion of such contract, when added to the amount of debt subject to the debt limitation described above, exceeds 10 percent of the assessed value of all taxable property within the City. Georgia law also provides that no lease or installment purchase contract subject to annual appropriation with respect to real property may (with certain exceptions) be executed or renewed, refinanced, or restructured if the lesser of either of the following is exceeded:

- (a) the average annual payments on the aggregate of all such outstanding contracts exceed 7.5 percent of the governmental fund revenues of the City for the calendar year preceding the delivery of such contract plus any available special City one percent sales and use tax proceeds collected; or
- (b) the outstanding principal balance on the aggregate of all such outstanding contracts exceeds \$25 million.

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Tax Supported Debt Ratios

The following table sets forth certain debt ratios following issuance of the Bonds*.

	<u>Direct Tax Supported Debt*</u>	<u>Overlapping Tax Supported Debt</u>	<u>Overall Tax Supported Debt*</u>
Per Capita Debt ⁽¹⁾	\$2,230.52	\$550.57	\$2,781.09
Percentage of Gross Tax Digest ⁽²⁾	2.137%	0.528%	2.665%
Percentage of Fair Market Value ⁽³⁾	0.855%	0.211%	1.066%
Per Capita Debt as Percentage of Per Capita Income ⁽⁴⁾	3.224%	0.796%	4.020%

⁽¹⁾ Based upon 2023 estimated population figure of 3,748.

⁽²⁾ Based upon 2023 gross tax digest of \$391,111,774.

⁽³⁾ Based upon 2023 estimated fair market value of \$977,779,435.

⁽⁴⁾ Based upon a 2021 estimated per capita income figure of \$69,188.

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CITY FINANCIAL INFORMATION

Accounting System and Policies

See Note 1 of the audited financial statements of the City for a detailed description of the City's significant accounting policies.

Five Year General Fund History

Set forth below is a historical, comparative summary of the revenues, expenditures, and changes in fund balances of the City's General Fund for the past five fiscal years. Information in the following table has been extracted from the audited financial statements of the City. Although such information has been taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the City for the fiscal years shown. For more complete information, reference is made to the audited financial statements of the City, copies of which are available from the City upon request.

	Fiscal Year Ended December 31,				
	2018	2019	2020	2021	2022
Revenues:					
Taxes	\$3,042,424	\$3,101,682	\$3,401,706	\$3,525,497	\$3,757,502
Licenses and permits	153,317	759,084	89,771	115,663	193,298
Intergovernmental	245,537	299,806	640,319	172,808	40,078
Charges for services	22,071	19,520	3,643	4,550	1,816
Fines and forfeitures	565,323	636,277	457,007	411,531	280,455
Contributions	—	—	—	—	16,900
Interest earned	9,117	41,012	17,466	2,256	24,697
Miscellaneous	<u>65,886</u>	<u>55,886</u>	<u>64,685</u>	<u>48,618</u>	<u>63,091</u>
Total revenues	<u>4,103,675</u>	<u>4,913,267</u>	<u>4,674,597</u>	<u>4,280,923</u>	<u>4,377,837</u>
Expenditures:					
Current:					
General government	1,541,296	2,004,471	1,494,495	1,597,535	1,626,834
Public safety	1,224,273	1,209,948	989,693	1,356,650	1,377,398
Public works	299,336	398,748	230,893	218,367	315,696
Recreation	426,078	447,721	448,923	638,824	635,804
Housing and development	78,030	15,000	6,000	9,500	—
Debt service:					
Principal	169,499	—	—	—	—
Interest	<u>2,648</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>140,486</u>
Total expenditures	<u>3,741,160</u>	<u>4,075,888</u>	<u>3,170,004</u>	<u>3,820,876</u>	<u>4,096,218</u>
Excess (deficiency) of revenues over expenditures	362,515	837,379	1,504,593	460,047	281,619
Other financing sources (uses):					
Transfers in	103,073	—	—	—	—
Transfers out ⁽¹⁾	<u>—</u>	<u>(40,726)</u>	<u>(2,011,627)</u> ⁽¹⁾	<u>(12,341)</u>	<u>(375,900)</u>
Total other financing sources (uses)	<u>103,073</u>	<u>(40,726)</u>	<u>(2,011,627)</u>	<u>(12,341)</u>	<u>(375,900)</u>
Net change in fund balances	465,588	796,653	(507,034)	447,706	(94,281)
Fund balances, beginning of year	<u>4,095,726</u>	<u>4,561,314</u>	<u>5,357,967</u>	<u>4,850,933</u>	<u>5,298,639</u>
Fund balances, end of year	<u>\$4,561,314</u>	<u>\$5,357,967</u>	<u>\$4,850,933</u>	<u>\$5,298,639</u>	<u>\$5,204,358</u>

⁽¹⁾ Represents a transfer to the Capital Projects Fund (\$2,011,627).

Interim Financial Statements

Set forth below is a summary of the revenues, expenditures, and changes in fund balance of the City's General Fund for the nine-month periods ended September 30, 2022 and 2023. The information in the following table has not been audited and was prepared by the City's staff on a cash basis. Therefore, such information should not be compared with the financial information in the preceding table. The financial results for the nine-month period ended September 30, 2023 are not necessarily indicative of the actual financial results for the fiscal year ending December 31, 2023.

	<u>September 30,</u>	
	<u>2022</u>	<u>2023</u>
Revenues:		
Taxes	\$1,612,972	\$ 792,854
Licenses and permits	107,298	62,189
Intergovernmental	—	529
Charges for services	1,341	875
Fines and forfeitures	232,180	202,745
Contributions	16,900	36,955
Interest earned	11,629	33,626
Miscellaneous	<u>35,651</u>	<u>36,964</u>
Total revenues	<u>2,017,972</u>	<u>1,166,737</u>
Expenditures:		
Current:		
General government	1,433,328	1,379,035
Public safety	1,007,780	1,068,730
Public works	234,076	198,970
Recreation	417,072	492,212
Debt service:		
Interest	<u>71,037</u>	<u>226,869</u>
Total expenditures	3,163,294	3,365,817
Excess (deficiency) of revenues over expenditures	(1,145,322)	(2,199,080)
Other financing sources (uses):		
Transfers out ⁽¹⁾	<u>370,990</u>	—
Total other financing sources (uses)	<u>(370,990)</u>	<u>—</u>
Net change in fund balances	<u><u>\$(1,516,222)</u></u>	<u><u>\$(2,199,080)</u></u>

⁽¹⁾ Represents a transfer to Capital Projects Fund.

Management's Comments Concerning Material Trends in Revenues and Expenditures

The City has experienced sustained growth over the last five years. Certain items of note include the following. In fiscal year 2019, the City saw a substantial increase in its licenses and permits revenues due to two large permitted projects. As the City contracts out its licenses and permits operations, the City also saw a corresponding increase in general government expenditures. Fiscal year 2020 intergovernmental revenues reflects receipt of American Rescue Plan Act ("ARPA") funds, which are expected to be expended on capital projects in fiscal years 2024 and 2025. Additionally, in fiscal year 2020 the City established its Capital Projects Fund to fund various capital projects. The City made transfers from its General Fund to the Capital Projects Fund in 2020 of approximately \$2.0 million and 2022 of \$375,900, and the City anticipates transferring up to \$2 million from the General Fund unrestricted fund balance to the Capital Projects Fund at the end of the current fiscal year pursuant to an end of the year budget amendment. See "Capital Improvement Program" for a description of proposed capital expenditures in fiscal years 2024 and 2025.

For a narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022, see “Management’s Discussion and Analysis,” included in Appendix A to this Official Statement. The Management’s Discussion and Analysis is not a required part of the basic financial statements of the City but is supplementary information required by the Governmental Accounting Standards Board that has not been audited by the City’s auditor.

Budgetary Process and Budget

Georgia law requires each municipality to operate under an annual balanced budget adopted by ordinance or resolution. A budget ordinance or resolution is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations. The City adopts annual appropriated budgets for the general fund and special revenue funds. Formal budgetary integration is employed as a management control device during the year for the general fund and the proprietary funds.

Prior to October 20 of each year, the City Manager submits to the Governing Body a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means for financing them. A public hearing is then conducted in the City to obtain taxpayer comments on the proposed budget. The budget is legally enacted prior to January 1 through passage of an ordinance by the Governing Body in December. Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the Finance Director. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the Governing Body in the form of amendments to the budget ordinance. The City expects to adopt its fiscal year 2024 budget in due course during the second week of December. At this time, the City does not expect its fiscal year 2024 budget to materially deviate from the amended fiscal year 2023 budget set forth below. The City expects fiscal year 2023 General Fund operating results to be within budget.

Amended General Fund Budget for the Fiscal Year Ending December 31, 2023
Modified Accrual Basis of Accounting

Revenues:	
Property taxes	\$3,590,934
Franchise fees/insurance premium	482,750
Licenses and permits	105,210
Fines and forfeitures	278,500
Charges for services	5,105
Interest earnings	32,500
Miscellaneous income	101,313
Occupational and other taxes	237,150
Intergovernmental revenue	15,600
Transfers in	<u>0</u>
Total revenues	<u>\$4,849,062</u>
Expenditures:	
General government	\$1,923,521
Public safety	1,470,590
Public works	900,420
Communications and events	150,000
Transfers out ⁽¹⁾	<u>404,531</u>
Total expenditures	<u>\$4,849,062</u>

⁽¹⁾ Transfers out consist of transfers to Capital and Debt Service Funds.

Capital Improvement Program

As part of the annual budgetary process, the City develops a capital program budget (the “CIP”) to account for future capital acquisitions and capital asset replacements. The City’s most recent CIP for fiscal years 2024 and 2025 is set forth below:

Revenues	Revenues by Fund					
	Total Revenues	ARPA	Stormwater	SPLOST I	SPLOST II	Capital Project Fund
Est. Cash Bal. Jan. 2024	\$ 5,731,185	\$1,203,772	\$ 766,030	\$186,138	\$ —	\$3,575,245
Revenue in 2024 & 2025	<u>12,702,872</u>	<u>12,000</u>	<u>522,500</u>	<u>144,300</u>	<u>6,354,014</u>	<u>5,670,058⁽¹⁾</u>
Revenue Total	\$18,434,057	\$1,215,772	\$1,288,530	\$330,438	\$6,354,014	\$9,245,303

Expenses	Expenses by Fund					
	Total Expenses	ARPA	Stormwater	SPLOST I	SPLOST II	Capital Project Fund
Parks and Greenspace	\$ 1,043,058	\$ 650,000	\$ —	\$ —	\$ —	\$ 393,058
Transportation	10,577,778	—	—	278,000	2,440,000	7,859,778
Stormwater	4,763,330	—	1,229,200	—	3,534,130	—
Vehicles and Equipment	252,108	200,000	—	52,108	—	—
Administrative	<u>904,134</u>	<u>500,010</u>	<u>—</u>	<u>—</u>	<u>354,019</u>	<u>250,100</u>
Total Expenses	\$17,540,408	\$1,150,010	\$1,229,200	\$330,113	\$6,328,149	\$8,502,936
Revenue minus expenses	\$893,649	\$65,762	\$59,330	\$325	\$25,865	\$742,367

(1) Includes City funds and grants from the Georgia Department of Transportation.

Financial Policies

The City has established a fund balance policy (the “Fund Balance Policy”) setting forth guidelines regarding the use of fund balance and the maintenance of adequate financial reserves to help protect the fiscal health and stability of the City. The unassigned fund balance has been accumulated to meet this purpose, providing stability and flexibility to respond to financial adversity or strategic opportunities. The long-term plan set forth in the Fund Balance Policy is to maintain a rolling unassigned fund balance no less than 25% of current budgeted operating expenditures. Operating expenditures are non-capital expenditures from the General Fund.

Insurance Coverage and Governmental Immunity

Under Georgia law, the defense of sovereign immunity is available to the City, except for actions for the breach of written contracts and actions for the recovery of damage for any claim for which liability insurance protection has been provided, but only to the extent of the liability insurance provided. The City, however, may be unable to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of the federal antitrust laws by the City in the exercise of its delegated powers.

The City is a participating member of the Georgia Interlocal Risk Management Agency (“GIRMA”) Property and Liability Insurance Fund and the Workers’ Compensation Self-Insurance Fund (the “WCSIF Fund”). GIRMA and the WCSIF Fund are public entity risk pools operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association administers both risk pools. Each risk pool provides its members risk management services in order to reduce the risk of liability before litigation arises. 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 strategies established by the pools and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the pools being required to pay any claim of loss. Annual contributions by members are weighted to reflect the size of the member, the level of proprietary services offered to the member, its prior litigation history, and a risk analysis. Although protected by reinsurance purchased directly by GIRMA, the solvency of the pool is assured through the agreement of its members to be jointly and severally liable for the self-insurance pool’s obligations. Settled claims in the last three fiscal years have not exceeded the City’s coverages. See Note 13 to the City’s audited financial statements attached hereto as Appendix A.

Investment of Other Moneys

Section 36-80-3 of the Official Code of Georgia Annotated provides that the governing body of the City may invest and reinvest money subject to its control and jurisdiction in:

- (1) obligations of the United States and of its agencies and instrumentalities,
- (2) bonds or certificates of indebtedness of the State of Georgia and of its agencies and instrumentalities, and
- (3) certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured.

Section 36-83-4 of the Official Code of Georgia Annotated provides that the governing body of the City may invest and reinvest money subject to its control and jurisdiction in:

- (1) obligations of the State of Georgia or other states,
- (2) obligations issued by the United States government,
- (3) obligations fully insured or guaranteed by the United States government or a United States government agency,
- (4) obligations of any corporation of the United States government,
- (5) prime banker's acceptances,
- (6) the local government investment pool established by Section 36-83-8 of the Official Code of Georgia Annotated,
- (7) repurchase agreements, and
- (8) obligations of other political subdivisions of the State of Georgia.

Section 45-8-14 of the Official Code of Georgia Annotated provides that the City shall designate one or more solvent banks, insured federal savings and loan associations, or insured state chartered building and loan associations as depositories of moneys belonging to the City. Except as described below for certain operating funds, Section 45-8-12 of the Official Code of Georgia Annotated requires depositories to collateralize deposits in excess of the amount insured by the Federal Deposit Insurance Corporation. Banks participating in the State's Secure Deposit Program are required to pledge securities listed in Section 50-17-59 of the Official Code of Georgia Annotated having a value ranging from 25% to 110% of the uninsured deposit. The level of the collateral requirement is based upon the financial condition of the bank. Banks that do not participate in the State's Secure Deposit Program are required to pledge securities listed in Section 50-17-59 of the Official Code of Georgia Annotated or surety bonds having a value of 110% of the uninsured deposit. Section 45-8-11 of the Official Code of Georgia Annotated allows the City, in its discretion, to waive the requirement for security in the case of operating funds placed in demand deposit checking accounts. As of December 31, 2022, the City's deposits were collateralized in accordance with State law. See Note 4 to the City's audited financial statements attached hereto as Appendix A.

CITY AD VALOREM TAXATION

Introduction

An important source of revenue to fund the operations of the City is ad valorem property taxes. Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

Property Subject to Taxation

Ad valorem property taxes are levied on the assessed value of real and personal property within the City limits. There are, however, certain classes of property which are exempt from taxation, including the following: (a) public property, (b) places of burial, (c) places of religious worship, (d) property owned by religious groups and used only for single-family residences, (e) property of nonprofit hospitals used in connection with patient care, the delivery of healthcare services or training or educating physicians, nurses and other health care personnel, (f) buildings erected for and used as a college, incorporated academy or other seminary of learning, (g) funds or property held or used as endowment by colleges, nonprofit hospitals, incorporated academies or other seminaries of learning when the funds or property are not invested in real estate, (h) real and personal property of public libraries and literary associations, (i) all books, philosophical apparatus, paintings and statuary of any company or association which are kept in a public hall and which are not held as merchandise or for purposes of sale or gain, (j) certain air or water pollution control property, (k) property of a nonprofit home for the aged used in connection with the provision of residential or health care services for the aged, (l) property of any nonprofit home for the mentally disabled used in connection with the provision of residential or healthcare services for the mentally disabled, (m) property which is owned by and used exclusively as the headquarters, post home or similar facility of a veterans organization, (n) property which is owned by and used exclusively by any veterans organization organized for the purpose of refurbishing and operating historic military aircraft, (o) property that is owned by a historical fraternal benefit association and which is used exclusively for charitable, fraternal and benevolent purposes, (p) certain qualified farm products and harvested agricultural products, (q) personal property used within the home, (r) certain other personal property including personal property valued at less than \$7,500 and (s) certain fertilizers.

Cities and counties are not permitted under Georgia law to reduce or abate a company's property taxes. When a community wants to offer economic incentives to a company in order to create or retain jobs, the company's property is transferred to a development authority and leased back to the company. The development authority's fee ownership interest in the property becomes "public property" exempt from ad valorem taxation as described above. The company may or may not be taxed on the value of its leasehold interest. The City does not have control over the willingness of the development authorities in the County or the City to accept title to property in order to provide economic incentives. Therefore, property could be removed from the City's digest without the City's consent.

For purposes of reducing the burden of ad valorem taxation on property owned and occupied by a taxpayer as his or her legal residence, Georgia general law grants several types of homestead exemptions. The City, by virtue of a local law, does not offer additional homestead exemptions.

The City and the County are authorized by law to exempt from ad valorem taxation, including all such taxes levied for educational purposes and for state purposes, all or any combination of the following types of tangible personal property (a) (i) inventories of goods in the process of manufacture or production, (ii) inventory of finished goods manufactured or produced in Georgia held by the manufacturer or producer for a period not to exceed 12 months, (iii) inventory of finished goods which, on January 1, are stored in a warehouse, dock or wharf and which are destined for shipment to a final destination outside of Georgia and inventory of finished goods which are shipped into Georgia from outside of Georgia and stored for the transshipment to a final destination outside of Georgia for a period not to exceed 12 months and (iv) stock in trade of a fulfillment center which, on January 1, are stored in a fulfillment center and which are made available to remote purchasers who may make such purchases by electronic, Internet, telephonic or other remote means and where such stock in trade of a fulfillment center will be shipped from the fulfillment center and delivered to the purchaser at a location other than the location of the fulfillment center for a period not to exceed 12 months (the "Level 1 Freeport Exemption") and (b) goods, wares and merchandise of every character and kind constitution business inventory which would not otherwise qualify for the Level 1 Freeport Exemption (the "Level 2 Freeport Exemption"). Both the Level 1 Freeport Exemption and the

Level 2 Freeport Exemption must be approved by the voters and exempt either 20%, 40%, 60%, 80% or 100% of the property. The Level 2 Freeport Exemption may be granted either in lieu of or in addition to Level 1 Freeport Exemption. Once approved by the voters, the Level 1 Freeport Exemption and the Level 2 Freeport Exemption remain in effect until they are repealed by the voters. The County has approved items (i) – (iii) of the Level 1 Freeport Exemption at a 100% level.

Motor Vehicles

A 2012 Georgia law eliminated the ad valorem taxation of new vehicles and replaced it with a one-time title tax (the “Title Tax”) that is levied whenever the title to a vehicle is registered to a new owner (except if a transfer is made between immediate family members). The Title Tax is based upon the fair market value of the vehicle and is levied at a rate of 7% in 2023. The rate may be adjusted in future years; provided, however, the rate may not exceed 9%. The revenues are shared among the State and local governments by formula. As a result of this change in law, the assessed value of motor vehicles subject to ad valorem tax in the City has decreased, and the City expects the assessed value of motor vehicles to continue to decrease in future years as motor vehicles subject to ad valorem tax come out of service.

Assessed Value

Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires taxable tangible property to be assessed, with certain exceptions, at 40 percent of its fair market value and to be taxed on a levy made by each tax jurisdiction according to 40 percent of the property’s fair market value. Georgia law requires certain agricultural real property to be assessed for ad valorem property tax purposes at 75 percent of the value of which other real property is assessed, requires certain historical property to be valued at a lower fair market value for ad valorem property tax purposes, and requires certain agricultural, timber, and environmentally sensitive real property and certain single-family real property located in transitional developing areas to be valued at their “current use value” (as opposed to fair market value). Standing timber is assessed at 100% of its fair market value.

The chief appraiser of DeKalb County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within the City to the DeKalb County Board of Tax Assessors. The DeKalb County Board of Tax Assessors is required to receive the tax returns of the City by April 1 of each year. The DeKalb County Board of Tax Assessors is required to complete its revision and assessment of returns by June 1 of each year and to forward a copy of the completed digest to the State of Georgia Revenue Commissioner for examination and approval. The State of Georgia Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may also be subject to review at various stages by the DeKalb County Board of Equalization and by state courts.

The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State of Georgia Property Tax Unit assesses the value of the property of public utilities and divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these amounts to the City, which bills these taxes to the utilities.

Impact of Foreclosures on Assessment Procedures. A 2009 Georgia law requires tax assessors to consider foreclosure sales, bank sales, sales by other financial institutions, distressed sales and the decreased value of property subject to conservation easements in determining the fair market value of real property. In addition, Senate Bill 55 modifies the time that applications for conservation use assessments may be filed.

Annual Tax Levy

Generally. The City determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within its territorial limits, will produce the necessary amount of property tax revenues. The City then levies its ad valorem property taxes.

Rollback Procedural Requirements. A 2000 Georgia law known as “The Property Taxpayer’s Bill of Rights” (the “Taxpayer’s Act”) changes certain procedural requirements relating to the setting of the millage rate. One of the purposes of the Taxpayer’s Act was to prevent indirect tax increases resulting from increases to existing property values due purely to inflation. The Taxpayer’s Act requires that each taxing jurisdiction located within the State (including local governments, such as the City), roll back (or reduce) the millage rate in each year to offset any inflationary increases in the tax digest of such taxing jurisdiction that have occurred since the last tax year. Any local government or taxing jurisdiction that elects to set the millage rate higher than the rollback rate must follow certain requirements to notify the public of such increase, including three public hearings, the publication of a notice of the increase in the local newspaper and the publication of a press release to explain the intent of the increase in taxes.

Property Tax Collections

The City contracts with the County Tax Commissioner to collect and bill the City’s property taxes. Pursuant to the agreement with the County Tax Commissioner, the City pays the County a fee of two dollars per parcel, not to exceed \$25,000, plus \$200.00 which is retained by the County (the remaining amount is distributed as an annual salary supplement to the County Tax Commissioner by the County). Property tax bills are mailed during August of each year to the owner of record as of each January 1 of that same year. Taxes and assessments are payable in equal installments due on September 30 and November 15. Interest applies to taxes paid after the due date as prescribed in Section 48-2-40 of the Official Code of Georgia Annotated, and penalties apply to taxes paid more than 120 days after the due date as prescribed in Section 48-2-44. Interest on delinquent ad valorem taxes is required to be shared, pro rata, by each taxing jurisdiction based on each jurisdiction’s share of the total tax on which such penalties and interest are computed.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property taxed. The lien normally becomes enforceable 30 days after notification. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

Collection of delinquent real property taxes is enforceable by tax sale of such realty. Delinquent personal property taxes are similarly enforceable by seizure and sale of the taxpayer’s personal property. There can be no assurance, however, that the value of property sold, in the event of a tax sale, will be sufficient to produce the amount required to pay in full the delinquent taxes, including any interest or penalties thereon.

When the last day for the payment of taxes has arrived, the tax collector may notify the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after thirty days from giving the notice described in the preceding sentence, an execution for nonpayment of taxes may be issued. A notice of the sale is then published in a local newspaper weekly for four weeks and gives the taxpayer ten days written notice by registered or certified mail. A public sale of the property may then be made by third-party vendor at City Hall on the first Tuesday of the month after the required notices are given.

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Property Tax Millage Rates

The following table sets forth the millage rates⁽¹⁾ of the City and various taxing entities located within the City for the last five calendar years and the current calendar year.

<u>Calendar Year</u>	<u>City M&O</u>	<u>County (Avondale) M&O⁽²⁾</u>	<u>County Bond</u>	<u>SSD Bond Avondale Est</u>	<u>School</u>
2018	9.800	13.547	0.000	0.328	23.180
2019	9.800	13.063	0.362	0.000	23.080
2020	9.800	13.213	0.354	0.000	23.080
2021	9.800	12.538	0.000	0.000	23.080
2022	9.800	12.695	0.305	0.000	23.080
2023	9.550	12.502	0.000	0.000	22.052

⁽¹⁾ The tax rates per \$1,000 of assessed value. Includes both maintenance and operations and bond millage.

⁽²⁾ Includes General Fund, Fire Fund, Hospital Fund, and Police Services Fund (Non-Basic) millage.

Source: Dekalb County Tax Commissioner.

Ad Valorem Property Tax Digest

The State certified property tax digests, or the assessed valuations, of the City for the current year and the last four calendar years are set forth below.

<u>Property Type⁽¹⁾</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Commercial	\$ 33,076,479	\$ 44,291,916	\$ 64,949,139	\$ 76,207,715	\$ 81,355,802
Historical	724,800	700,320	468,840	515,480	280,560
Industrial	7,746,059	10,021,008	9,943,047	11,156,823	13,077,283
Residential	214,386,616	221,999,668	238,871,492	263,259,852	293,311,619
Utility	1,545,053	1,761,690	1,687,737	1,783,211	2,062,410
Motor Vehicle	<u>1,802,460</u>	<u>1,533,920</u>	<u>1,242,670</u>	<u>1,053,700</u>	<u>1,024,100</u>
Gross Digest	259,281,467	280,308,522	317,162,925	353,976,781	391,111,774
Bond Exemptions	<u>11,867,173</u>	<u>332,233</u>	<u>11,527,042</u>	<u>39,424,857</u>	<u>42,760,341</u>
Net Bond Digest	<u>247,414,294</u>	<u>279,976,289</u>	<u>305,635,883</u>	<u>314,551,924</u>	<u>348,351,433</u>
M&O Exemptions	<u>11,867,173</u>	<u>693,689</u>	<u>12,007,306</u>	<u>39,918,113</u>	<u>43,306,805</u>
Net M&O Digest	<u>247,414,294</u>	<u>279,614,833</u>	<u>305,155,619</u>	<u>314,058,668</u>	<u>347,804,969</u>
Estimated Actual Value	\$648,203,668	\$700,771,305	\$792,907,313	\$884,941,953	\$977,779,435

⁽¹⁾ Most real property other than timber is assessed at 40% of its fair market value. Standing timber is assessed at 100% of its fair market value and is subject to taxation even if the underlying land is exempt from taxation. Conservation Use property is assessed at its current use value rather than fair market value.

Source: Georgia Department of Revenue

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Tax Collections

The following table sets forth the real and personal property tax levy and collection record (in thousands) of the City for the last five fiscal years and the current fiscal year.

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year ⁽¹⁾	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ⁽³⁾	Total Collections to Date	
		Amount ⁽²⁾	Percentage of Levy		Amount	Percentage of Levy
2018	\$2,155	\$2,066	95.9%	\$ 88	\$2,154	99.95%
2019	2,393	2,256	94.3	123	2,379	99.41
2020	2,445	2,403	98.3	33	2,436	99.63
2021	2,869	2,813	98.0	21	2,834	98.78
2022	2,960	2,889	97.6	31	2,920	98.65
2023 ⁽³⁾	3,067	2,917	95.1	34	2,951	96.21

⁽¹⁾ Represents taxes levied for real and personal property and utilities only (excludes motor vehicles and mobile homes).
Relates to preceding calendar year tax digest and millage rates.

⁽²⁾ Collections within that fiscal year. Excludes collections from prior levies.

⁽³⁾ Collections through September 30, 2023.

Source: Avondale Estates.

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Ten Largest Taxpayers

Set forth below are the 10 largest taxpayers of the City for the fiscal year ended December 31, 2022, based upon the assessed valuation of property (in thousands) within the City. A determination of the largest taxpayers within the City can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels that have a taxpayer name match may have an aggregate assessment set forth in the table below. Furthermore, the taxpayers shown in the table below may own additional parcels within the City under other names that have not been aggregated. No independent investigation has been made of, and consequently no representation can be made as to, the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City.

	<u>Taxpayer⁽¹⁾</u>	<u>2022 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation⁽²⁾</u>
1.	278 Oak Holdings LLC	\$ 2,018	0.64%
2.	TOSC Properties LLC	1,160	0.37
3.	Toll Southeast LP Company Inc.	1,140	0.36
4.	Little Tree Properties	1,095	0.35
5.	OCP Avondale LLC	1,092	0.35
6.	Georgia Power Co.	1,056	0.34
7.	S 4110 Property LLC	976	0.31
8.	Brewcraft LLC	640	0.20
9.	TT and G LLC	627	0.20
10.	Gargiulo Joseph C	<u>586</u>	<u>0.19</u>
	Total	<u>\$10,390</u>	<u>3.31%</u>

⁽¹⁾ Does not include two properties titled in the name of DDA, which are subject to property tax abatements resulting in reduced property taxes over a 10-year period. The two properties have 2022 assessed values of \$38,235,360 and \$25,928,040, respectively, which collectively constitute (prior to the tax abatement being taken into account), approximately 20% of the 2022 total assessed valuation. During the respective abatement period for each property, the property will be assessed at 35% of its assessed value, increasing by 6.5% per year for 10 years until fully taxable. A general description of tax abatement structure is described under the heading “Property Subject to Taxation.”

⁽²⁾ Based upon the 2022 net maintenance and operations digest of \$314,058,668.
Source: City of Avondale Estates.

RATINGS

The Bonds have been assigned a rating of “Aa1” by Moody’s Investors Service (“Moody’s”) and “AA+” by S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (“S&P”). Any explanation of the significance of such ratings may only be obtained from Moody’s and S&P, respectively. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that either such rating will remain unchanged for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of either rating may have an adverse effect on the liquidity and market price of the Bonds. Neither the Agency nor the City has undertaken any responsibility to oppose any such revision, suspension or withdrawal.

LEGAL MATTERS

Pending Litigation

The City, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The City, after reviewing the current status of all pending and threatened litigation with its attorney, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the City or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the City.

Tax Exemption

Generally. Legal matters incident to the authorization, validity and issuance of the Bonds are subject to the unqualified approving opinion of Murray Barnes Finister LLP, Bond Counsel and Disclosure Counsel to the City. The form of opinion of Bond Counsel is attached to this Official Statement as Appendix C. Copies of such opinion will be available at the time of the initial delivery of the Bonds.

Federal Taxes. In the opinion of Murray Barnes Finister LLP, Bond Counsel, under existing statutes, rulings and court decisions, and assuming compliance by the Agency and the City with certain tax covenants, interest on the Bonds (including any original issue discount properly allocable to a holder of the Bonds) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. Except as provided below with respect to original issue premium and bank qualification, no opinion will be expressed with respect to any other federal tax consequences of the receipt or accrual of interest on, or the ownership of, the Bonds.

Ownership of the Bonds may result in other collateral federal income tax consequences to certain taxpayers, including, without limitation, banks, thrift institutions and other financial institutions, foreign corporations which conduct a trade or business in the United States, property and casualty insurance corporations, S corporations, individual recipients of social security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

In concluding that the interest on the Bonds is excludable from gross income for federal income tax purposes, Bond Counsel will (a) rely as to certain factual matters upon certificates and certified proceedings of public officials, including officials of the Agency and the City, and representations of the Agency and the City (including representations as to the use and investment of the proceeds of the Bonds), without undertaking to verify the same by independent investigation and (b) assume continued compliance by the Agency and the City with its covenants relating to the use of the proceeds of the Bonds and compliance with the requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, the arbitrage requirements contained in Section 148 of the Code. The inaccuracy of any such representations or noncompliance with such covenants may cause interest on the related to the Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issuance of such Bonds.

Original Issue Premium. An amount equal to the excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

The foregoing is a general discussion of certain federal income tax consequences of original issue premium and does not purport to deal with all tax questions that may be relevant to particular investors or circumstances.

Purchasers of any Bond at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Bonds.

Bank Qualification. The Bonds have been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Original Issue Discount. In the opinion of Bond Counsel, under existing statutes, rulings and court decisions and under applicable regulations, any original issue discount in the selling price of a Bond, to the extent properly allocable to a holder of such Bond, is excludable from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of such Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Bond was sold.

Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a constant yield to maturity basis. The amount of the original issue discount that accrues to an owner of a discount bond who acquires such discount bond during any accrual period generally equals (a) the issue price of such discount bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (b) the yield to maturity of such discount bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (c) any interest payable on such discount bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in a discount bond for the purpose of determining gain or loss upon a subsequent sale, exchange, payment, or redemption. Any gain realized by an owner from a sale, exchange, payment, or redemption of a discount bond would be treated as gain from the sale or exchange of such discount bond.

The foregoing is a general discussion of original issue discount. Purchasers of discount Bonds should consult their own tax advisors with respect to the determination and treatment of original issue discount for federal income tax purposes and with respect to state and local tax consequences of owing such discount Bonds.

Changes in Federal Tax Law. Current and future legislative proposals, if enacted by Congress, could cause interest on the Bonds to be subject, directly or indirectly, to Federal income taxation or to be subject to State income taxation or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds or could cause interest on the Bonds to be subject, directly or indirectly, to Federal income taxation or to be subject to State income taxation. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation.

State Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from all present state income taxation within the State of Georgia. Interest on the Bonds may or may not be subject to state or local income taxation in jurisdictions other than Georgia under applicable state or local laws. Purchasers of the Bonds should consult their tax advisors as to the taxable status of the Bonds in a particular state or local jurisdiction other than Georgia.

Validation Proceedings

The Bonds were validated by judgment of the Superior Court of Dekalb County, Georgia on September 10, 2019. Under Georgia law, the judgment of validation is final and conclusive with respect to the validity of the Bonds and the security therefor.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters pertaining to the Agency and its authorization and issuance of the Bonds are subject to the approving opinion of Murray Barnes Finister LLP, Atlanta, Georgia, Bond Counsel and Disclosure Counsel to the City. The form of opinion of Bond Counsel is attached to this Official Statement as Appendix C. Copies of such opinion will be available at the time of the initial delivery of the Bonds. Certain legal matters for the Agency and the City will be subject to the approval of Wilson, Morton & Downs, LLC, Decatur, Georgia.

FINANCIAL STATEMENTS

The financial statements of the City for the fiscal year ended December 31, 2022 included in Appendix A have been audited by Mauldin & Jenkins, LLC to the extent indicated in its report thereon, which appears in Appendix A. Such financial statements have been included herein in reliance upon the report of Mauldin & Jenkins, LLC. Mauldin & Jenkins, LLC has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Mauldin & Jenkins, LLC also has not performed any procedures relating to this Official Statement.

COMPETITIVE SALE OF BONDS

The Bonds are being purchased by _____ (the “Underwriter”), as the successful bidder pursuant to a competitive sale. The Underwriter has agreed to purchase the Bonds at a purchase price of \$_____ (representing par, plus [net] original issue premium of \$_____, less an underwriting discount of \$_____). The Underwriter’s obligation to purchase the Bonds is subject to certain conditions precedent set forth in the Notice of Sale. The Underwriter will be obligated to purchase all of the Bonds if any are purchased. The prices of the Bonds may be changed by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold by the Underwriter at prices other than the initial offering prices, including sales to dealers who may sell the Bonds to investment accounts.

FINANCIAL ADVISOR

Davenport & Company LLC, Atlanta, Georgia, is acting as the City’s financial advisor and has no underwriting responsibility to the City with respect to this transaction. As financial advisor, Davenport & Company LLC has advised the City in matters relating to the planning, structuring and issuance of the Bonds, assisted the City with the preparation of this Official Statement and provided to the City other advice with respect to the issuance and sale of the Bonds. The financial advisor’s fee will be paid from proceeds of the Bonds.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Underwriter and the purchasers or owners of any of the Bonds.

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AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been duly authorized by the City and the Agency.

**URBAN REDEVELOPMENT AGENCY OF THE CITY
OF AVONDALE ESTATES**

By: _____
Chairman

CITY OF AVONDALE ESTATES, GEORGIA

By: _____
Mayor

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APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

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CITY OF AVONDALE ESTATES, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

**Prepared by:
Finance Department**

CITY OF AVONDALE ESTATES, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

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CITY OF AVONDALE ESTATES, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

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INTRODUCTORY SECTION

**BOARD OF MAYOR AND
COMMISSIONERS**

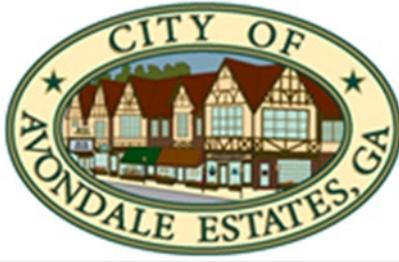
Jonathan Elmore
Mayor

Brian Fisher
Mayor Pro Tem

Lionel Laratte
Commissioner

Dee Merriam
Commissioner

Lisa Shortell
Commissioner



Patrick Bryant
City Manager

Stephen Quinn
City Attorney

Stephen W. Nicholas
City Judge

June 23, 2023

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

The Annual Comprehensive Financial Report (ACFR) of the City of Avondale Estates for the fiscal year ending December 31, 2022, is hereby submitted. State law and independent ordinances require local governments publish a complete set of audited financial statements each year. Responsibility for both the accuracy of the data, the completeness, and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Readers should consult Management's Discussion and Analysis of this report, to provide context and explanation for the financial statements and other information.

There were no accounting policy changes during 2022 that had a significant impact on the current period's financial statements although the City did implement Governmental Accounting Standards Board Statement No. 87, *Leases*.

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

INDEPENDENT AUDIT

The City of Avondale Estates' financial statements have been audited by the firm of Mauldin and Jenkins. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year

ended December 31, 2022, are fairly represented in conformity with GAAP. The independent auditor's report is the first component of the financial section of this report. The independent audit of City financial statements is sometimes part of a broader, federal, and state-mandated "single audit" designed to meet the special needs of federal and state grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards. The requirement for a single audit is the expense of \$750,000 or more in federal funds. Thus, a single audit was not required in 2022.

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

CITY OF AVONDALE ESTATES PROFILE

The City of Avondale Estates was founded by George Francis Willis in 1924. Willis' plans for the City aspired to recreate the majestic Tudor-Revival style architecture found at the birthplace of William Shakespeare. With the guidance of internationally known City planners, Willis proceeded to develop what would later be known as the only documented example of a planned City in the Southeast USA. Today, Avondale Estates is named on the National Registrar of Historic Places. The City was incorporated in 1927.



The City of Avondale Estates is located near Decatur, in DeKalb County, Georgia, and has a population of 3,567 residents. The City is known for its close-knit community, beautiful setting, and diverse architectural styles. The first Waffle House, which opened its doors on Labor Day weekend of 1955, is now a museum. Community amenities for residents include beautiful Lake Avondale, a Town Green in the center of downtown, the Avondale Community Club, tennis courts and a swimming pool, and several other pocket

parks throughout the City. Avondale Estates is entirely underlain by granite, and clay-rich soil developed on it. Some of this granite can be seen outcropped along the shore of Lake Avondale.

The mostly Tudor-style downtown area of Avondale Estates, known as the commercial district, is home to a variety of businesses including consignment stores. Pizza, southern comfort food, and Chicago-style hot dogs are some of the restaurant fare options within the City limits. The City is the location of the first Waffle House restaurant which opened on Labor Day weekend in 1955 having been converted into a museum, along with an existing operational full-time Waffle House nearby, with numerous others in the Decatur, Georgia area as well. In more recent years, the City has evolved as "the" place for craft beer having been awarded the designation of The Best Small-Town Beer Scene by USA Today.



Art galleries and studios are located in an area of the City known as the Rail Arts District. Little Tree Art Studios, located on Franklin Street, is a warehouse that includes multiple artist studios and a music rehearsal space.

The City is governed by a mayor and a board of commissioners, who sets policy and relies on the City manager to implement policy direction. The City utilizes the DeKalb County Fire Service for fire and EMS calls but provides its police service. The Avondale Estates Police Department (AEPD) has approximately 15 members providing around-the-clock coverage. Officers drive Dodge Chargers equipped with PIT bumpers, LED lights, in-car computers with e-tickets, and digital video cameras. City Court is held multiple times a month. The Georgia Department of Juvenile Justice has its headquarters in Avondale Estates.

BUDGET PROCESS

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

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

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

MAJOR INITIATIVES

PLANS AND STUDIES

Stormwater Hydrology Model: The City contracted with Dewberry Inc, to complete a hydrologic model of the City. The model, one of the key recommendations from the 2021 Stormwater Master Plan, will enable the City to plan for the appropriate stormwater infrastructure repairs. The concept plans developed from the hydrology model will help the City make educated decisions about repairs and greener infrastructure improvements.

Laredo Drive: Pond Engineering finalized the road reconstruction and resurfacing project for a portion of Laredo Drive between the Stone Mountain Bike Trail and Clarendon Ave. Improvements include pavement reconstruction, an addition of a protected two-lane cycle track, better posting and entrance to the Stone Mountain Trail, and Clarendon intersection improvements.

The City received a grant to complete this project, which should be done in the later months of 2023.

Covington Highway: The City wrapped up a high-level planning process that surveyed residents and interested parties about their vision for the future of Covington Highway. The plan provides general directions on land use and transportation options. This is the first step in defining future capital investments in this area.

Street Pavement Analysis: Inventory has been completed for all streets within City limits to determine severity based on assessments from Public Works as well as the Stormwater and Street form submissions. The top-priority streets have been prioritized and proposals received in late 2022. Repairs will be completed on high-priority roads in 2023.

Sidewalk and Curb Repair Assessment: Inventory has been completed for all curbs and sidewalks within City limits to determine severity based on assessments from Public Works as well as the Stormwater and Street form submissions. The top priority curbs and sidewalks have been prioritized and the request for proposals to complete repairs closed in February 2023. Repairs will be completed on high-priority sidewalks and curbs in late 2023.

Look Book: The City with the support of the Downtown Development Authority, developed and posted an illustrated guide for developers and architects to articulate the zoning codes and the downtown vision.

Speed Study: A speed study for Clarendon Ave and Kensington Rd was completed to determine the need for reducing the posted speed limit. The study was completed at the end of December 2022.

CAPITAL PROJECTS – CONSTRUCTION PLANS AND CONSTRUCTION

Northwoods Trails and Raingardens: The first phase of the project which includes the installation of the ADA-accessible walking trail extension connecting the sidewalk at the northwest entrance of the North Woods to the Lake Trail was completed in 2022. The Lake Master Plan (2008) identified projects in this area that can mitigate the erosion and sedimentation issues while enhancing the area as a passive, usable portion of the park. The design was undertaken and completed in 2021. The second phase, which includes adding rain gardens and stopping further erosion of Cobbs Creek will begin in 2023.

North Avondale/East College Streetscape: In 2022, the City completed construction plans and right-of-way acquisition. This is a multi-year, federally funded streetscape, along a .75-mile street of US Highway 278 which is also known as North Avondale Road and East College Avenue. As proposed, the project will include a 10-foot bike and pedestrian path, a landscape strip between the sidewalk and the roadbed, and reduced travel lanes from five to three. The project has three phases:

1. Preliminary engineering.
2. Right of Way Acquisition.
3. Construction.



Phases 1 and 2 were largely completed in 2022 and will be completed in 2023. The project is expected to be put out to bid in 2023 and construction is to start in 2024.

Town Green: Construction was completed in 2022 for a new Town Green. The City acquired a four (4) acre site in the Central Business District for a new Town Green via capital leasing beginning in 2014; lease payments concluded in 2018. In 2020, the City and contracted designer, Site Solutions, executed an award-winning community engagement process to refine the concept plan for the Town Green. The BOMC adopted the plan in late spring of 2020, and the design team continued with the production of construction plans. In 2021, the City solicited bids for the project and started construction of the park.



Majestic Circle drainage improvement project: The drainage improvement project is now complete. New stormwater conveyance pipes and a new outfall with rip rap guide stormwater to prevent flooding and ponding.

Berkley sinkhole: The sinkhole on Berkley was repaired with a new stormwater drainage pipe and junction box.

Stormwater and Street Concerns Form: A form was created for residents to be able to submit inquiries about potholes, road signs, road safety issues, flooding issues, curb or sidewalk repairs, etc. This has allowed the City to create a database and manage the completion of citizen requests. Since the creation of the form in July of 2022, the staff has received over 50 requests. 40% of the requests have already been completed, while the other 60% are currently in progress.

Washington and Pine: A storm drain cleaning for the intersection of Washington and Pine was completed to assess and assist with drainage issues. The initial cleaning is complete, and the more permanent concept solution will be complete in 2023.

Public Works Building Renovations: Completed upgrades to the Public Works building including new bathrooms, upgraded breakroom, more efficient storage, and general improvements to walls, doors, and floors.

GREEN INITIATIVES

Maintained and Update Tree Inventory: The City has an online database that records all public trees especially street and park trees along with their species, size, condition, and risk rating. The database is updated regularly. This tool is used to guide decisions on canopy management through the inventory of vacant sites. This plan will save tax dollars by focusing on pruning, mulching, and maintenance to keep trees alive and healthy rather than relying on reactive, more expensive removals of dying and diseased trees.

36 New Trees Planted: On February 18th, the City held an Arbor Day Celebration and planted 1 tree. In November there was a volunteer tree planting. Staff and volunteers planted 35 new trees.

35 Dead or Dying Trees Removed from Public Rights of Ways

29 out of 46 Maintenance Issues Resolved: Concerns reported by residents, businesses, or staff are tracked based on 3 categories: 1. will resolve, 2. can't resolve, or 3. resolved. Communications are sent to reporters within 72 hours of a call.

Abelia Hedge Community Workday: With the help of volunteers including the Gardeners for the Common Good, the Avon Garden Club, and the Avondale Estates Garden Club, we continue to beautify our garden City. The work done on rejuvenating the close to one-hundred-year-old abelia hedge illustrates the achievements that can be made through the partnership and collaboration between our community members and staff.

Police Fleet Vehicles: The City police department purchased three new EV fleet vehicles. There were charging stations installed at City Hall to provide a green alternative to fleet management.

Plastic Bag Recycling Pilot: The City was the first City in the nation to institute a unique recycling pilot program with SC Johnson and Nexus Circular to collect plastic bags and film and break it down into a molecular level. Using this cutting-edge technology to close the loop on these hard-to-recycle items.

POLICE PROGRESS

National Search for New Police Chief Completed: The City completed an extensive search to identify police chief, Harry Hess. This was a national search with the assistance of the Georgia Association of Chiefs of Police and support from community 4 stakeholders in the interview process.

New Staff: A new Deputy Chief of Police was also hired, Tony Cappuccio. All vacant positions were filled.

Upgraded Fleet: The fleet was updated with 3 new fully electric vehicles. Charging stations were installed at City Hall to accommodate this new technology.

ECONOMIC OUTLOOK

Avondale Estates is located approximately 6.5 miles east of the Atlanta City limits and approximately nine (9) miles west of Stone Mountain, GA. The City encompasses 790 acres - approximately 1.25 square miles - with an estimated population of 3,567, according to the 2021 American Community Survey (ACS) estimate.

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

ECONOMIC GROWTH

Added Businesses and Jobs: The City continues to attract independent specialty retailers and remains dedicated to being business-friendly while maintaining high standards. The City experienced a net increase of 40 new jobs.

Rising Commercial Tax Base: Commercial properties make up about 19% of the City's total tax base. The appraised value of commercial and industrial properties has increased from ~ \$182 million to \$217 million from 2021 to 2022 alone.

Building Permits:

200+ Residential Building or Repair Permits

100+ Commercial Buildings and Repair Permits

26 Historic Preservation Commission applications processed

Development Projects: Facilitated, attracted, and collaborated with developers to further the downtown vision as a live, work, and play community. Nearing development agreements on public-private partnerships; working with developers to find appropriate locations for projects in the City; facilitated the redevelopment of major projects such as Olive and Pine.

Increase in Permits: In 2022, there were 324 permits received with 292 of those processed and \$142,593 revenue received.

DOWNTOWN REDEVELOPMENT EFFORTS

The most significant influence on the economy of the City in 2022 is still the redevelopment of the downtown commercial area, which continues. This redevelopment is accelerating and will propel the City's economy for the foreseeable future. The Board of Mayor and Commissioners and Downtown Development Authority are working to facilitate new development that meets the vision established in the 2014 Downtown Master Plan.

Redevelopment continued through 2022. In the past few years, Avondale's historic movie theater was renovated into a music performance venue called 37 Main. Two large mixed-use apartment developments, Alexan Avondale and the Jade combined to add 450+ units and over 15,000 square feet of retail space. Adding to the four buildings that were adaptively reused in 2021 were three additional buildings located at 119 Center Street, 40 Franklin Street and 31 North Avondale Road. New owners renovated the properties to provide modern retail, restaurant, and office space. Additionally, developers are adaptively reusing 25,000-square-foot old industrial buildings, named Olive and Pine, into an open market. Renovations are underway and scheduled to open in 2023.

The City, in partnership with the Downtown Development Authority, contracted with Fabric Developers to build a 10,000-square-foot retail marketplace to front and activate the Town Green. Construction is expected to begin in 2023. Negotiations between the City, the DDA, and development partners are also underway for live-work units, a parking deck, and hotel for the DDA/City owned properties between Lake and Locust Streets.



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

PROMOTIONS AND EVENTS

Mainstreet Promotions: The City continued its commitment to its Department of Community Affairs Main Street status for the 2022 calendar year. The website and Facebook page of the Downtown Development Authority/Main Street Board (the “DDA”) continued to engage people in surrounding neighborhoods and regionally. The City and the DDA maintain an active presence on social media and not only promote City-produced events but also promote events by others.

Black History Month: In 2022, the City also led a social media recognition campaign to bring attention to ten amazing black-owned businesses during Black History Month.

Winterfest Quest Promotion: The Winterfest Quest mobile pass is a program that ran from November 28 through December 24. Over 30 businesses participated in the promotion. The pass encouraged visitors and locals to check in at local businesses to earn points toward City prizes and redeem optional business discounts.



4 Concerts on the Town Green: In April, the City hosted the State of the City in our new Town Green. It was a soft opening. In June, the City invited the public to four consecutive weekly Sunday evening performances beginning the first week of June.

July 4th fireworks with the DeKalb Symphony Orchestra

Avondale Ale Days: In October the City and the DDA implemented the second annual Avondale Ale Days to draw people to the burgeoning microbrewery scene. The breweries reported their best sales day ever for another year in a row.

4 Holiday Events – A December to Remember. These events included the Annual Tree Lighting, holiday concerts, and a movie on the Green.

3 Downtown Sponsored Events: Additionally, the Community Promotion Program (CPP), funded by the City and administered by the DDA, provided grants to catalyze downtown events. In 2022, funds and support were provided to Stompfest, Früelingsfest, a spring festival celebrating German culture, and Winter Wanderland, a one-day event to encourage families to shop and dine downtown.



5 Outreach Events:

- State of the City
- Spring Open House – Planning and Capital Projects Discussion
- Fall Open House – Planning and Capital Projects Discussion
- Downtown Business Meeting
- Coffee with a Cop

COMMUNICATIONS

- 66 Weekly City and DDA E-News emails sent to 1,978 subscribers
 - o Open rate = 63%; +18% v. previous year, +26% v. industry standard
 - o Net increase of +171 contacts
 - o 101,914 sends
 - o Click rate of 8% v. industry standard of 4%
- 6 News from the City print newsletters
 - o Social Media: Nextdoor, Twitter, Instagram, LinkedIn, Facebook
- City Facebook:
 - o Reach = 28,390, +173.2% v. last year
 - o Page visits +312.1%
 - o New likes = 312 +129.4%
 - o Followers = 2,706
- City Instagram:
 - o Reach = 6,837, +317.1%
 - o Profile visits +508.6%
 - o New followers = 675, Total followers = 2,041
 - o Added Google Analytics to City and DDA websites

RECOGNITION AND AWARDS

Atlanta Regional Commission Regional Excellence Award: The City of Avondale Estates and the Avondale Estates Downtown Development Authority received the 2022 Regional Excellence Award in the Great Places category for the Town Green project from the Atlanta Regional Commission (ARC). The ARC's annual awards honor visionary projects that are improving the quality of life in communities across metro Atlanta.



Small-Town Beer Scene: for the second year in a row, the City of Avondale Estates was selected by USA Today as The Best Small-Town Beer Scene.

Tree-City Designation: In 2022, the City celebrated 38 years as a Tree City USA through the National Arbor Day Foundation. To become a Tree City USA, a community must meet four standards: have a tree board, have a community tree care ordinance, participate in a comprehensive community forestry program, have an Arbor Day observance, and issue a proclamation. Every year in celebration of Arbor Day, the City plants a tree to honor a community member who has passed. The City of Avondale Estates was the first Tree City USA in DeKalb County.

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

FINANCIAL INFORMATION

GENERAL

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

BUDGETARY CONTROLS

The City maintains budgetary controls to ensure compliance with the legal provision embodied in the annual appropriated budget as approved by the Board of Mayor and Commissioners. Activities of the general and special revenue funds are included in the annual appropriated budget. Project length budgets are adopted for capital project funds. The legal level of budget control (the level on which expenditures may not legally exceed appropriations) has been established at the department level. Administrative transfers of appropriations within a department may be authorized by the City Manager to satisfy unforeseen needs without Commission action.

ENTERPRISE OPERATIONS

The City currently has two enterprise (proprietary) funds: stormwater utility and sanitation. The Sanitation Fund is self-sufficient but pools cash for operations with the General Fund during the year to facilitate cash flow. DeKalb County collects annual fees on behalf of the City via property tax bills. The Stormwater Fund has historically funded only maintenance of the system, but the City began implementing major infrastructure projects in 2020. In 2022, the stormwater fund covered expenditures as referenced above.

RETIREMENT PLAN

The recommended contribution rate for the City retirement plan increased due to relatively weaker investment performance in 2021, as well as a change in actuarial assumptions. Information concerning the City's Plan is found in Note 10 in the Notes to Financial Statements 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.

ACKNOWLEDGMENTS

The preparation of the annual comprehensive financial report could not have been accomplished without the efficient and dedicated efforts of the entire staff of the City administrative department, and the auditor's for the City. I extend my sincere appreciation to everyone who contributed to the preparation of this report. Without the leadership and support of the Board of Mayor and Commissioners and the residents of Avondale Estates, the preparation of this report would not have been possible.

Respectfully submitted,

Brittany Marmol

Brittany Marmol
Finance Director,
City of Avondale Estates

CITY OF AVONDALE ESTATES, GEORGIA

PRINCIPAL OFFICIALS

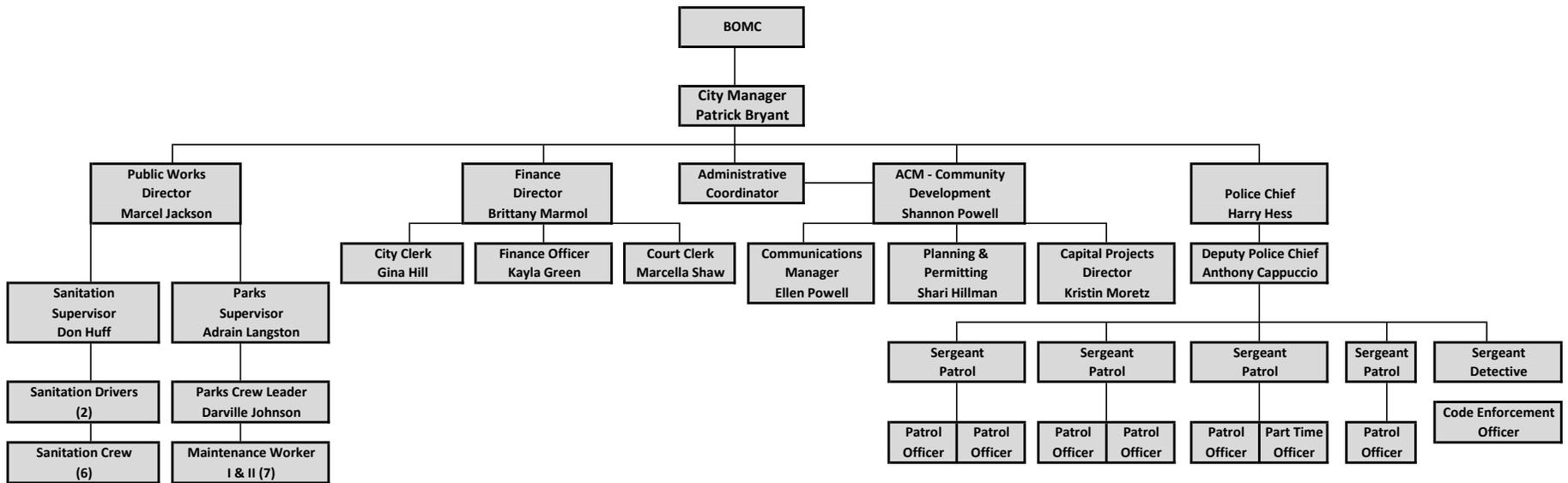
DECEMBER 31, 2022

CITY COMMISSION

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

ADMINISTRATION OFFICIALS

Patrick Bryant	City Manager
Stephen Quinn	City Attorney
Shannon Powell	Assistant City Manager, Economic & Community Development
Brittany Marmol	Director of Finance and Administrative Services
Gina Hill	City Clerk
Harry Hess	Chief of Police
Marcel Jackson	Public Works Director
Kayla Green	Finance Officer
Shari Hillman	Permit & Planning Coordinator
Marcella Shaw	Municipal Court Clerk
Ellen Powell	Communications Manager



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**The Honorable Mayor and Members
of the Board of Commissioners of
the City of Avondale Estates, Georgia**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Avondale Estates, Georgia** (the "City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and ARPA Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 6 to the financial statements, as of January 1, 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the City's Net Pension Liability and Related Ratios and the Schedule of City Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of projects constructed with special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 fund financial statements and schedules and schedule of projects constructed with special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 23, 2023

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

As management of the City of Avondale Estates (the "City"), we offer readers of the City of Avondale Estates' financial statements, this narrative overview and analysis of financial activity of the City of Avondale Estates for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the financial statements and footnotes.

Financial Highlights

The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$15,700,008. Of this amount, \$5,534,726 (unrestricted net position) may be used to meet the government's ongoing obligations. Additionally, \$8,155,223 is invested in capital assets. The remainder is restricted primarily for capital projects.

The City's net position from governmental activities increased approximately 6.8% (or \$858,598) when compared to the previous year, while business-type activities' net position increased by approximately 12.1% (or \$233,966) when compared to the previous year. The total increase for 2022 was 7.5%.

General Fund revenues increased in total by \$96,914 (2.3%) compared to 2021. Taxes increased by approximately \$232,000, licenses and permits increased by over \$77,000 due to new development permits, interest earnings rose by approximately \$23,000 and miscellaneous (other) revenues showed an approximate \$14,000 increase in 2022. The increases in revenue were offset by reductions in fines and forfeitures revenues of approximately of \$131,000 or 30% due to community minded policing, and a \$132,730 reduction in intergovernmental revenue.

General Fund expenses increased by 7.2%, or \$275,342, in 2022. Interest expense for debt service added \$140,486 to expenses in 2022. Additionally, public safety expenditures increased by approximately \$20,748; and public works expenses increased by \$97,329. Explanations for the variances follow in the document when comparing 2021 and 2022 operating results.

At the close of 2022, the City's governmental funds reported combined ending fund balances of \$7,349,672 as compared to \$7,682,959 at the end of 2021. This reflects a decrease of \$333,287, or 4.3%. The SPLOST fund showed the largest increase in fund balance for 2022, at \$544,951, due to debt funding used for vehicles instead of SPLOST collections. The TAD fund balance also increased by \$210,178, simply because no funds were expended during the year. On the other hand, the capital projects fund balance decreased by \$650,701 and the URA fund balance decreased by \$346,945; both reductions were related to capital projects budgeted and funded during the year.

Unassigned fund balance for the General Fund was \$4,055,563 at the end of 2022, as compared to \$4,127,324 at the end of 2021. This balance represents 99% of total General Fund expenditures. The City's reserves policy stipulates maintaining a balance of at least 25% of expenditures. While this requirement was far exceeded in 2022, the City anticipates expending the excess by the end of 2023 as major capital projects are fully implemented.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a discretely presented component unit, the Downtown Development Authority (DDA), for which the City is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself. The Urban Redevelopment Agency (URA) is a blended component unit of the City; URA financial information is reported as a major capital projects fund.

The government-wide financial statements can be found on pages 16-18 of this report.

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

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

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

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

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, ARPA, SPLOST, URA and Capital Project Funds, which are reported as major funds. Data from the other two governmental funds (Police Seizures and Tax Allocation District) are combined into a single, aggregated presentation, but supplementary information on the individual non-major funds may be found beginning on page 62 of this report.

The City adopts an annual appropriated budget for its General Fund and special revenue funds. Project length budgets are adopted for capital project funds. A budgetary comparison statement has been provided for the General Fund and special revenue funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 19-21 of this report.

Proprietary funds. The City maintains two enterprise funds in the proprietary fund group. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Avondale Estates uses enterprise funds to account for its Stormwater Utility and Sanitation functions. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund: Dottie Holmes Memorial Trust Fund. The basic fiduciary fund financial statements can be found on pages 27 and 28 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 29-58 of this report.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following chart is a depiction of the City’s net position (in thousands) as compared to the previous year.

City of Avondale Estates Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Assets						
Current assets	\$ 9,521	\$ 9,049	\$ 879	\$ 1,241	\$ 10,400	\$ 10,291
Capital assets	14,977	9,540	1,489	964	16,466	10,504
Total assets	24,498	18,589	2,368	2,206	26,866	20,795
Deferred outflows-Pension	208	256	31	45	239	301
Liabilities						
Non-current liabilities	8,791	4,475	147	198	8,938	4,674
Other liabilities	1,597	1,348	46	53	1,643	1,400
Total liabilities	10,388	5,823	193	251	10,581	6,074
Deferred inflows-Lease	555	-	-	-	555	-
Deferred inflows-Pension	234	352	35	62	269	414
Net Position						
Net Investment in						
capital assets	6,723	4,963	1,432	854	8,155	5,817
Restricted	2,010	1,248	-	-	2,010	1,248
Unrestricted	4,796	6,459	739	1,083	5,535	7,542
Total net position	\$ 13,529	\$ 12,670	\$ 2,171	\$ 1,937	\$ 15,700	\$ 14,607

The City’s investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, represents about 51.9% of its total net position. The City uses these capital assets to provide services; consequently, these assets are not currently available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portions of the City’s net position are either restricted (\$2 million) or unrestricted (\$5.535 million). 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 assets, for both the government as a whole and its business-type activities. During fiscal year 2022, the City's total primary government net position increased by \$1.093 million, or 7.5%. Several major projects, including the Town Green Park and the Public Works Building renovation, were completed during 2022.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Changes in Net Position

The following schedule presents a summary of changes in net position for the fiscal year ending December 31, 2022 (in thousands):

City of Avondale Estates Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 513	\$ 532	\$ 1,353	\$ 1,372	\$ 1,866	\$ 1,904
Operating grants & contributions	-	173	-	-	-	173
Capital grants & contributions	621	982	-	-	621	982
General revenues:						
Property taxes	3,194	2,866	-	-	3,194	2,866
Franchise taxes	240	247	-	-	240	247
Insurance Premium taxes	286	245	-	-	286	245
Other taxes	247	277	-	-	247	277
Other revenues	80	48	-	-	80	48
Investment earnings	36	4	4	-	40	4
Total revenues	<u>5,217</u>	<u>5,374</u>	<u>1,357</u>	<u>1,372</u>	<u>6,574</u>	<u>6,746</u>
Expenses						
General government	1,707	666	-	-	1,707	666
Public safety	1,449	1,484	-	-	1,449	1,484
Public works	351	1,299	-	-	351	1,299
Recreation	670	550	-	-	670	550
Housing & Development	-	42	-	-	-	42
Economic Development	35	-	-	-	35	-
Interest	146	13	-	-	146	13
Sanitation	-	-	990	931	990	931
Stormwater	-	-	133	114	133	114
Total expenses	<u>4,358</u>	<u>4,054</u>	<u>1,123</u>	<u>1,045</u>	<u>5,481</u>	<u>5,099</u>
Change in net position	859	1,320	234	327	1,093	1,647
Net Position beginning of year	<u>12,670</u>	<u>11,350</u>	<u>1,937</u>	<u>1,610</u>	<u>14,607</u>	<u>12,960</u>
Net Position end of year	<u>\$ 13,529</u>	<u>\$ 12,670</u>	<u>\$ 2,171</u>	<u>\$ 1,937</u>	<u>\$ 15,700</u>	<u>\$ 14,607</u>

Governmental charges for services decreased during 2022 primarily due to the reduction in fines and forfeitures because a change to a more community focused policing strategy was adopted. Operating grants and contributions were down from 2021 primarily due to several grants that were received by the City in 2021. Property taxes reflect a gain of about \$328,000 over 2021 due to an increase in the City's tax digest. Most other revenue sources were consistent with prior years.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Total Primary Government expenses increased approximately \$383,000 in 2022. General government saw the largest increase (about \$1 million) as there was a change in the way expenses were allocated which also accounts for the Public Works decrease of \$948,000. Interest expenses increased by about \$134,000 due to the expense incurred for the Town Green Park project.

Reporting of business-type activities includes operations of the Stormwater utility and Sanitation Department. Business-type activities increased the City of Avondale Estates' net position by \$234,000 due to a decrease of about \$45,000 in the Sanitation Fund and an increase of \$279,000 in the Stormwater Fund. Expenses decreased by about \$19,000 in the Stormwater Fund and by about \$59,000 in the Sanitation Fund. The increases in the Sanitation Fund expenses were mainly due to employee wage and benefit increases, a recycling contract cost increase, and vehicle repair increases during 2022.

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

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Avondale Estates, Georgia's governmental funds reported combined ending fund balances of \$7,349,672, a decrease of \$333,287 in comparison with the prior year. Of that total, \$4,055,563 constitutes unassigned General Fund balance, which is available for spending at the government's discretion. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned General Fund balance at the end of 2022 represents 99% of total General Fund expenditures for the year.

Of the total governmental fund balance, \$1,333,283 is non-spendable, with \$1,116,409 of that amount representing an asset held for resale, and the remainder being prepaid expenses and lease receivable. \$1,804,966 (consisting of \$1,306,190 in SPLOST collections and \$498,776 from the Tax Allocation District Fund collections) is restricted for capital outlay projects and \$13,636 is restricted for law enforcement outlays. The remainder has been assigned by the Board of Mayor and Commissioners to be spent on approved capital outlay projects in the Urban Redevelopment and Capital Projects Funds.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

The table below compares general fund revenues and expenditures for 2022 and 2021 (in thousands):

	General Fund		
	2022	2021	\$ Increase (Decrease)
Revenues			
Taxes	\$ 3,757	\$ 3,525	\$ 232
Licenses & permits	193	116	77
Intergovernmental	40	173	(133)
Fines & forfeitures	280	412	(132)
Charges for services	2	5	(3)
Interest income	25	1	24
Other revenues	80	49	31
Total revenues	<u>4,377</u>	<u>4,281</u>	<u>96</u>
Expenditures			
General government	1,627	1,598	29
Public safety	1,377	1,357	20
Public works	316	218	98
Recreation	636	639	(3)
Housing & Development	-	9	(9)
Debt Service:			
Principal retirements	-	-	-
Interest payments	140	-	140
Total expenditures	<u>4,096</u>	<u>3,821</u>	<u>275</u>
Excess of revenues over expenditures	<u>281</u>	<u>460</u>	<u>(179)</u>
Transfers to/from other funds (Net)	<u>(376)</u>	<u>(12)</u>	<u>(364)</u>
Net change in fund balances	(95)	448	(543)
Fund balances, beginning of year	<u>5,299</u>	<u>4,851</u>	<u>448</u>
Fund balances, end of year	<u>\$ 5,204</u>	<u>\$ 5,299</u>	<u>\$ (95)</u>

Fines and forfeitures showed the only significant decrease (\$131,076) from 2021 to 2022 primarily because a change to a more community focused policing strategy was adopted in 2022. Real property tax collections were about \$27,000 higher than in 2021 primarily to growth in the digest and economic development activities. Licenses and permits increased by \$77,000 due to several large construction projects that were permitted in the city during the year. Other revenues (miscellaneous and intangibles) increased by about \$81,000 due to increased donations to the city for events, police vehicle usage, and refunds.

Public safety expenditures showed an increase of approximately \$20,000 during 2022, as a result of repairs to several police vehicles and increased cost of gasoline. Following that function, public works expenditures increased by \$98,000 due to a new position in the department and an increase in the amount paid for electricity for street lights.

SPLOST Fund - The SPLOST Fund collected \$577,465 in sales taxes and has a remaining fund balance of \$1,490,678 restricted for capital projects by the 2018 SPLOST referendum.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Capital Projects Fund - The Capital Projects Fund received a transfer in of \$475,900 from the General Fund and spent \$1,031,981 on capital construction during the year. Remaining fund balance of \$81,417 is assigned by the City for future capital construction.

URA Fund - The URA Fund drew \$3,789,545 on the BAN note during the year and spent \$4,171,926 on capital construction during the year. The remaining fund balance of \$57,197 is assigned by the City for future capital construction. The URA intends to issue bonds once rates become more attractive.

ARPA Fund - The ARPA Fund is holding cash of \$1,188,240 until the City identifies eligible costs to charge for the program. The cash is considered unearned revenue and the only fund balance is from interest income.

Proprietary funds. The Statement of Revenues, Expenses, and Changes in Net Position for the City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City maintains two enterprise funds, the Stormwater Utility Fund and Sanitation Fund, which are operated similarly to for-profit businesses, i.e., expenses incurred in providing services to residents are generally recouped through fees charged.

Revenue from Stormwater fees remained fairly consistent with 2021, at \$407,990. After accounting for interest income of \$4,039 and operating expenses of \$133,359, the Stormwater utility net position increased by \$278,670 for total net position of \$2,086,367 at the end of the fiscal year. The City anticipates strong infrastructure spending in 2023 and 2024.

Sanitation revenues decreased \$21,111, or 2.2%, in 2022, primarily due to a higher prior year receivable balance in 2021. After accounting for operating expenses of \$990,276, interest expense in the amount of \$2,987 and interest income in the amount of \$3,000, Sanitation had an operating loss of \$44,714. The fund's net position at the end of 2022 was \$84,988.

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 \$27 to net position during 2022 for a total of \$12,313 at year end.

General Fund Budgetary Highlights

The 2022 adopted budget anticipated no change in fund balance and served as the final budget at year-end. When closing the year, fund balance decreased very slightly, by only \$94,281, primarily due to interest expenses for the Town Green Park project. The final revenue budget included an additional \$240,000 in property taxes, an additional \$45,000 in motor vehicle taxes, and about \$93,000 transferred in to reimburse salaries for stormwater staff who are paid in the general fund. Revenue categories projected to decrease with the final budget were grants received and a reduction in funding/donations for some city activities. The revenue budget for 2022 was \$4,752,800. Actual revenue collections were \$4,377,837, or \$374,963 less than projected, mostly due to the community minded policing which resulted in less fines and forfeiture revenues.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

The final expenditures budget was \$4,752,800 also. There were no budget amendments for 2022, even though some departments were over budget at year-end. Some departments had surplus funds which were utilized to cover overages within the government operations. The City's General Fund balance as of December 31, 2022, was \$5,204,358, or about 127% of the City's actual General Fund expenditures for calendar year 2022. Actual expenditures (including transfers out) were about \$280,682 less than projected, which netted with revenues to show only a \$94,281 reduction in fund balance for the year.

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, 2022, amounts to \$16,465,818 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixtures, improvements, machinery and equipment, vehicles, and infrastructure. Governmental capital assets increased approximately 57% for the current calendar year. Major additions included nine public safety vehicles (\$404,000), public works building renovations (\$351,000), and the Town Green Park (\$7.7 million).

Additionally, another \$999,000 was added to construction in progress for the Highway 278/SR 10 project and street grid improvements currently under way. Accordingly, depreciation expenses also increased due to capitalization of projects completed during 2022. The City anticipates completing more significant capital projects, including the 278 Redesign, during 2023. Additional information on the City's capital assets can be found in Note 7 on pages 45-47 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	
	2022	2021	2022	2021	2022	2021
Land	\$ 2,901	\$ 2,901	\$ 102	\$ 102	\$ 3,003	\$ 3,003
Land Improvements	8,759	1,115	-	-	8,759	1,115
Infrastructure	51	65	1,166	592	1,217	657
Construction in Progress	2,200	5,041	45	101	2,245	5,143
Building & Improvements	424	88	-	-	424	88
Furniture, Equipment & Vehicles	642	330	176	169	818	499
Total	<u>\$ 14,977</u>	<u>\$ 9,540</u>	<u>\$ 1,489</u>	<u>\$ 964</u>	<u>\$ 16,466</u>	<u>\$ 10,505</u>

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Under land improvements for governmental activities, the Town Green Park and the Public Works Building renovations were completed in 2022. As of December 31, 2022, construction in progress included the following projects, which are scheduled for completion in future years:

- Highway 278/SR 10 Widening
- Street Grid Improvements

Business-type activities included the following infrastructure additions:

- Berkley Road Improvements
- Northwoods at Lake Avondale
- Majestic Circle Drain

Additionally, construction in progress at year-end included Washington and Pine Stormwater Infrastructure and Hydraulic Modeling Software. These projects will be completed in future years.

Long-term Debt

At the end of 2022, the City directly held long-term liabilities of \$109,091 for compensated absences and \$455,386 for net pension liability. Of these amounts, \$78,149 and \$396,414, respectively, were related to governmental activities with the remainder related to business-type activities. The City entered into financed purchases agreements with outstanding balances of \$573,713 as of December 31, 2022.

The City also held long-term debt through component units. The Urban Redevelopment Agency of the City drew \$3,789,545 on a bond anticipation note, which was issued during 2021 to provide funding for various urban redevelopment projects, bringing the total bond payable to \$7,799,593.

Additional information on the City's long-term debt can be found in Note 8 on pages 47-49 of this report.

Economic and Demographic Factors

According to the Bestplaces.net, the City of Avondale Estates, GA is an attractive place to live with a cost of living that is slightly below the US average. The 2 bedroom rent in Avondale Estates is \$1,140 compared to the US average of \$1,430. The Grocery Cost Index in Avondale Estates is 102 versus 100 in the US. Local companies in Avondale Estates include shops like The Book Exchange and restaurants such as Brickstore Pub. It's also home to antique mall Estates Emporium and coffee shop Banjo Coffee.

Avondale Estates has an unemployment rate of 4.8%. The US average is 6.0%. The City has seen the job market increase by 2.9% over the last year. Future job growth over the next ten years is predicted to be 44.7%, which is higher than the US average of 33.5%. The Sales Tax Rate for Avondale Estates is 7.0%. The US average is 7.3%. The Income Tax Rate for Avondale Estates is 6.0%, while the US average is 4.6%.

The average income of an Avondale Estates resident is \$49,563 a year. The US average is \$28,555 a year. The Median household income of an Avondale Estates resident is \$88,125 a year., while the US average is \$53,482 a year.

CITY OF AVONDALE ESTATES, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Next Year's Budget

The 2023 budget anticipates General Fund revenues of \$5,289,567, which is \$911,730 more than total actual 2022 revenue collections in the amount of \$4,377,837. The City expects greater permit revenue and occupational tax fees and has also created a dedicated capital projects fund; virtually all intergovernmental revenue will accrue to that fund rather than the General Fund. The General Fund budgeted expenditures also totaled \$5,289,567 for 2023. General Fund expenditures are projected to increase by about \$633,702 compared to the 2022 actual expenditures of \$4,096,216, as increased personnel and operation costs are expected to continue due to general economic and inflationary pressures.

The 2023 budgeted Sanitation Fund revenue amounts to \$1,006,212, an increase of about \$47,112 over 2022 due to expected increases in commercial usage and sanitation fees. The 2023 Sanitation Fund expenditures budget is \$1,006,212. Any actual increase in fund balance is retained by the fund for future capital or operating expenses.

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.

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF NET POSITION DECEMBER 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	\$ 5,982,037	\$ 1,949,799	\$ 7,931,836	\$ 9,407,950
Accounts receivable	329,851	49,930	379,781	-
Property taxes receivable, net	50,079	-	50,079	-
Due from other governments	56,108	-	56,108	-
Lease receivables, due in one year	39,060	-	39,060	-
Lease receivables, due in more than one year	521,287	-	521,287	-
Due from component unit	100,287	-	100,287	-
Internal balances	1,120,883	(1,120,883)	-	-
Prepaid items	205,511	-	205,511	-
Asset held for redevelopment	1,116,409	-	1,116,409	-
Capital assets:				
Nondepreciable	5,101,190	146,650	5,247,840	633,602
Depreciable, net of accumulated depreciation	9,875,473	1,342,505	11,217,978	666,340
Total assets	24,498,175	2,368,001	26,866,176	10,707,892
TOTAL DEFERRED OUTFLOWS OF RESOURCES				
Pensions	207,894	30,927	238,821	-
Total deferred inflows of resources	207,894	30,927	238,821	-
LIABILITIES				
Accounts payable	372,166	45,994	418,160	29,962
Due to primary government	-	-	-	100,287
Accrued liabilities	40,260	-	40,260	-
Unearned revenue	1,184,630	-	1,184,630	-
Compensated absences, due within one year	78,149	30,942	109,091	-
Notes payable, due in more than one year	7,799,593	-	7,799,593	-
Financed purchases payable, due within one year	104,377	22,545	126,922	-
Financed purchases payable, due in more than one year	412,572	34,219	446,791	-
Net pension liability	396,414	58,972	455,386	-
Total liabilities	10,388,161	192,672	10,580,833	130,249
DEFERRED INFLOWS OF RESOURCES				
Lease revenue, deferred	554,649	-	554,649	-
Pensions	234,606	34,901	269,507	-
Total deferred inflows of resources	789,255	34,901	824,156	-
NET POSITION				
Net investment in capital assets	6,722,832	1,432,391	8,155,223	1,299,942
Restricted for law enforcement	13,636	-	13,636	-
Restricted for grant program	3,610	-	3,610	-
Restricted for capital construction	1,992,813	-	1,992,813	-
Unrestricted	4,795,762	738,964	5,534,726	9,277,701
Total net position	\$ 13,528,653	\$ 2,171,355	\$ 15,700,008	\$ 10,577,643

The accompanying notes are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,707,717	\$ 195,114	\$ -	\$ -
Public safety	1,448,874	280,455	-	48,614
Public works	350,694	-	-	572,715
Housing and development	-	36,658	-	-
Culture and recreation	669,889	-	-	-
Economic development	35,375	-	-	-
Interest and fiscal charges	146,229	-	-	-
Total governmental activities	4,358,778	512,227	-	621,329
Business-type activities:				
Stormwater	133,359	407,990	-	-
Sanitation	990,276	945,559	-	-
Total primary government	\$ 5,482,413	\$ 1,865,776	\$ -	\$ 621,329
Component unit:				
Downtown development authority	\$ 308,101	\$ 63,754	\$ -	\$ -
Total component unit	\$ 308,101	\$ 63,754	\$ -	\$ -

General revenues:
 Property taxes
 Franchise taxes
 Alcohol & excise taxes
 Insurance premium taxes
 Intangible taxes
 Unrestricted investment earnings
 Miscellaneous revenues
 Total general revenues
 Change in net position
Net position, beginning of year
Net position, end of year

The accompanying notes are an integral part of these financial statements.

**Net (Expenses) Revenues and
Changes in Net Position**

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
\$ (1,512,603)	\$ -	\$ (1,512,603)	\$ -
(1,119,805)	-	(1,119,805)	-
222,021	-	222,021	-
36,658	-	36,658	-
(669,889)	-	(669,889)	-
(35,375)	-	(35,375)	-
(146,229)	-	(146,229)	-
<u>(3,225,222)</u>	<u>-</u>	<u>(3,225,222)</u>	<u>-</u>
-	274,631	274,631	-
<u>-</u>	<u>(44,717)</u>	<u>(44,717)</u>	<u>-</u>
<u>(3,225,222)</u>	<u>229,914</u>	<u>(2,995,308)</u>	<u>-</u>
-	-	-	(244,347)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (244,347)</u>
\$ 3,193,965	\$ -	\$ 3,193,965	\$ -
239,751	-	239,751	-
197,057	-	197,057	-
286,472	-	286,472	-
50,199	-	50,199	-
36,385	-	36,385	147,337
79,991	4,052	84,043	2,115
<u>4,083,820</u>	<u>4,052</u>	<u>4,087,872</u>	<u>149,452</u>
858,598	233,966	1,092,564	(94,895)
12,670,055	1,937,389	14,607,444	10,672,538
<u>\$ 13,528,653</u>	<u>\$ 2,171,355</u>	<u>\$ 15,700,008</u>	<u>\$ 10,577,643</u>

CITY OF AVONDALE ESTATES, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2022

	General Fund	SPLOST Fund	Capital Projects Fund	URA Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 2,718,764	\$ 1,325,275	\$ 174,843	\$ 58,966	\$ 1,188,240	\$ 515,949	\$ 5,982,037
Accounts receivable	329,851	-	-	-	-	-	329,851
Taxes receivable, net of allowance	48,908	-	-	-	-	1,171	50,079
Intergovernmental receivable	-	56,108	-	-	-	-	56,108
Lease receivables	560,347	-	-	-	-	-	560,347
Due from other funds	1,212,031	-	63,834	-	-	-	1,275,865
Due from component unit	100,287	-	-	-	-	-	100,287
Prepaid items	21,023	184,488	-	-	-	-	205,511
Asset held for redevelopment	1,116,409	-	-	-	-	-	1,116,409
Total assets	\$ 6,107,620	\$ 1,565,871	\$ 238,677	\$ 58,966	\$ 1,188,240	\$ 517,120	\$ 9,676,494
LIABILITIES							
Accounts payable	\$ 245,681	\$ 3,359	\$ 118,418	\$ -	\$ -	\$ 4,708	\$ 372,166
Accrued liabilities	40,260	-	-	-	-	-	40,260
Due to other funds	42,537	71,834	38,842	1,769	-	-	154,982
Unearned revenue	-	-	-	-	1,184,630	-	1,184,630
Total liabilities	328,478	75,193	157,260	1,769	1,184,630	4,708	1,752,038
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	20,135	-	-	-	-	-	20,135
Deferred lease revenue	554,649	-	-	-	-	-	554,649
Total deferred inflows of resources	574,784	-	-	-	-	-	574,784
FUND BALANCES							
Fund balances:							
Nonspendable:							
Prepaid items	21,023	184,488	-	-	-	-	205,511
Asset held for redevelopment	1,116,409	-	-	-	-	-	1,116,409
Long term lease receivable	11,363	-	-	-	-	-	11,363
Restricted:							
Law enforcement	-	-	-	-	-	13,636	13,636
Grant program	-	-	-	-	3,610	-	3,610
Capital construction	-	1,306,190	-	-	-	498,776	1,804,966
Assigned:							
Capital construction	-	-	81,417	57,197	-	-	138,614
Unassigned	4,055,563	-	-	-	-	-	4,055,563
Total fund balances	5,204,358	1,490,678	81,417	57,197	3,610	512,412	7,349,672
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,107,620	\$ 1,565,871	\$ 238,677	\$ 58,966	\$ 1,188,240	\$ 517,120	
Amounts reported for governmental activities in the statement of net position are different because:							
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.							14,976,663
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.							(8,394,691)
Net pension liability is not due and payable in the current period and, therefore, not reported in the governmental funds, along with related deferred inflows and outflows of resources.							(423,126)
Some revenues are not available in the current period and, therefore, are not reported in the governmental funds.							20,135
Net position of governmental activities							<u>\$ 13,528,653</u>

The accompanying notes are an integral part of these statements.

CITY OF AVONDALE ESTATES, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	SPLOST Fund	Capital Projects Fund	URA Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes	\$ 2,984,023	\$ -	\$ -	\$ -	\$ -	\$ 208,377	\$ 3,192,400
Franchise taxes	239,751	-	-	-	-	-	239,751
Alcohol excise taxes	42,173	-	-	-	-	-	42,173
Excise taxes	154,884	-	-	-	-	-	154,884
Insurance premium taxes	286,472	-	-	-	-	-	286,472
Intangible taxes	50,199	-	-	-	-	-	50,199
Licenses and permits	193,298	-	-	-	-	-	193,298
Intergovernmental	40,078	577,465	-	-	-	-	617,543
Charges for services	1,816	-	-	-	-	-	1,816
Fines and forfeitures	280,455	-	-	-	-	-	280,455
Contributions	16,900	-	-	-	-	-	16,900
Interest earned	24,697	3,786	5,380	996	3,478	1,834	40,171
Miscellaneous	63,091	-	-	36,658	-	-	99,749
Total revenues	4,377,837	581,251	5,380	37,654	3,478	210,211	5,215,811
Expenditures:							
Current:							
General government	1,626,834	-	-	53,926	-	-	1,680,760
Public safety	1,377,398	-	-	-	-	-	1,377,398
Public works	315,696	-	-	-	-	-	315,696
Recreation	635,804	-	-	-	-	-	635,804
Capital outlay	-	547,506	1,031,981	4,120,218	-	-	5,699,705
Debt service:							
Principal	-	34,058	-	-	-	-	34,058
Interest	140,486	5,743	-	-	-	-	146,229
Total expenditures	4,096,218	587,307	1,031,981	4,174,144	-	-	9,889,650
Excess (deficiency) of revenues over expenditures	281,619	(6,056)	(1,026,601)	(4,136,490)	3,478	210,211	(4,673,839)
Other financing sources (uses):							
Transfers in	-	-	375,900	-	-	-	375,900
Transfers out	(375,900)	-	-	-	-	-	(375,900)
Issuance of long-term debt	-	551,007	-	3,789,545	-	-	4,340,552
Total other financing sources (uses)	(375,900)	551,007	375,900	3,789,545	-	-	4,340,552
Net change in fund balances	(94,281)	544,951	(650,701)	(346,945)	3,478	210,211	(333,287)
Fund balances, beginning of year	5,298,639	945,727	732,118	404,142	132	302,201	7,682,959
Fund balances, end of year	\$ 5,204,358	\$ 1,490,678	\$ 81,417	\$ 57,197	\$ 3,610	\$ 512,412	\$ 7,349,672

The accompanying notes are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Net change in fund balances - total governmental funds	\$	(333,287)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those 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.		5,436,586
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		1,565
The issuance of long-term debt 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 transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt.		(4,306,494)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>60,228</u>
Change in net position - governmental activities	\$	<u><u>858,598</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 3,164,700	\$ 3,164,700	\$ 2,984,023	\$ (180,677)
Franchise taxes	240,000	240,000	239,751	(249)
Alcohol excise taxes	35,000	35,000	42,173	7,173
Excise taxes	145,300	145,300	154,884	9,584
Insurance premium taxes	240,000	240,000	286,472	46,472
Intangible taxes	35,000	35,000	50,199	15,199
Licenses and permits	100,200	100,200	193,298	93,098
Intergovernmental	173,500	173,500	40,078	(133,422)
Charges for services	18,000	18,000	1,816	(16,184)
Fines and forfeitures	550,000	550,000	280,455	(269,545)
Contributions	-	-	16,900	16,900
Interest earned	3,000	3,000	24,697	21,697
Miscellaneous	48,100	48,100	63,091	14,991
Total revenues	<u>4,752,800</u>	<u>4,752,800</u>	<u>4,377,837</u>	<u>(374,963)</u>
Expenditures:				
Current:				
General government	1,680,900	1,680,900	1,626,834	54,066
Public safety	1,403,850	1,403,850	1,377,398	26,452
Public works	215,000	215,000	315,696	(100,696)
Recreation	612,500	612,500	635,804	(23,304)
Housing and development	15,000	15,000	-	15,000
Debt service:				
Interest	-	-	140,486	(140,486)
Total expenditures	<u>3,927,250</u>	<u>3,927,250</u>	<u>4,096,218</u>	<u>(168,968)</u>
Excess (deficiency) of revenues over expenditures	825,550	825,550	281,619	(543,931)
Other financing uses:				
Transfers out	(825,550)	(825,550)	(375,900)	449,650
Total other financing uses	<u>(825,550)</u>	<u>(825,550)</u>	<u>(375,900)</u>	<u>449,650</u>
Net change in fund balance	-	-	(94,281)	(94,281)
Fund balance, beginning of year	<u>5,298,639</u>	<u>5,298,639</u>	<u>5,298,639</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,298,639</u>	<u>\$ 5,298,639</u>	<u>\$ 5,204,358</u>	<u>\$ (94,281)</u>

CITY OF AVONDALE ESTATES, GEORGIA

**ARPA FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 584,275	\$ 584,275	\$ -	\$ (584,275)
Interest earned	-	-	3,478	3,478
Total revenues	<u>584,275</u>	<u>584,275</u>	<u>3,478</u>	<u>(580,797)</u>
Expenditures:				
Current:				
General government	584,275	584,275	-	584,275
Total expenditures	<u>584,275</u>	<u>584,275</u>	<u>-</u>	<u>584,275</u>
Net change in fund balance	-	-	3,478	3,478
Fund balance, beginning of year	<u>132</u>	<u>132</u>	<u>132</u>	<u>-</u>
Fund balance, end of year	<u>\$ 132</u>	<u>\$ 132</u>	<u>\$ 3,610</u>	<u>\$ 3,478</u>

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2022

ASSETS	Business-Type Activities		
	Enterprise Funds		
	Stormwater Fund	Sanitation Fund	Total Business-Type Activities
CURRENT ASSETS			
Cash	\$ 864,705	\$ 1,085,094	\$ 1,949,799
Accounts receivable	26,775	23,155	49,930
Due from other funds	-	42,037	42,037
Total current assets	891,480	1,150,286	2,041,766
NONCURRENT ASSETS			
Capital assets, non-depreciable	146,650	-	146,650
Capital assets, depreciable	1,329,351	940,870	2,270,221
Accumulated depreciation	(162,977)	(764,739)	(927,716)
Total capital assets, net	1,313,024	176,131	1,489,155
Total assets	2,204,504	1,326,417	3,530,921
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	-	30,927	30,927
Total deferred outflows of resources	-	30,927	30,927
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	30,804	15,190	45,994
Due to other funds	86,278	1,076,642	1,162,920
Compensated absences	1,055	29,887	30,942
Financed purchases payable	-	22,545	22,545
Total current liabilities	118,137	1,144,264	1,262,401
NONCURRENT LIABILITIES			
Financed purchases payable	-	34,219	34,219
Net pension liability	-	58,972	58,972
Total current liabilities	-	93,191	93,191
Total liabilities	118,137	1,237,455	1,355,592
DEFERRED INFLOWS OF RESOURCES			
Pension related items	-	34,901	34,901
Total deferred inflows of resources	-	34,901	34,901
NET POSITION			
Net investment in capital assets	1,313,024	119,367	1,432,391
Unrestricted	773,343	(34,379)	738,964
Total net position	\$ 2,086,367	\$ 84,988	\$ 2,171,355

The accompanying notes are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-Type Activities		Total Business-Type Activities
	Enterprise Funds		
	Stormwater Fund	Sanitation Fund	
OPERATING REVENUE			
Stormwater fees	\$ 407,990	\$ -	\$ 407,990
Sanitation fees	-	945,559	945,559
Total operating revenues	<u>407,990</u>	<u>945,559</u>	<u>1,353,549</u>
OPERATING EXPENSES			
Personnel services	83,648	613,427	697,075
Contracted services	33,829	329,914	363,743
Depreciation	15,882	46,935	62,817
Total operating expenses	<u>133,359</u>	<u>990,276</u>	<u>1,123,635</u>
Operating income (loss)	274,631	(44,717)	229,914
NONOPERATING REVENUE (EXPENSE)			
Interest income	4,039	3,000	7,039
Interest expense	-	(2,987)	(2,987)
Change in net position	278,670	(44,704)	233,966
Total net position, beginning	<u>1,807,697</u>	<u>129,692</u>	<u>1,937,389</u>
Total net position, ending	<u>\$ 2,086,367</u>	<u>\$ 84,988</u>	<u>\$ 2,171,355</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-Type Activities		Total Business-Type Activities
	Enterprise Funds		
	Stormwater Fund	Sanitation Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 396,829	\$ 892,765	\$ 1,289,594
Payments to employees	(2,845)	(392,019)	(394,864)
Payments to suppliers	(22,970)	(341,160)	(364,130)
Net cash provided by operating activities	<u>371,014</u>	<u>159,586</u>	<u>530,600</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	4,039	3,000	7,039
Interest expense	-	(2,987)	(2,987)
Net cash provided by noncapital financing activities	<u>4,039</u>	<u>13</u>	<u>4,052</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment on financed purchases	-	(53,236)	(53,236)
Purchase of capital assets	(533,574)	(54,172)	(587,746)
Net cash used in capital and related financing activities	<u>(533,574)</u>	<u>(107,408)</u>	<u>(640,982)</u>
Net change in cash	(158,521)	52,191	(110,382)
Cash, beginning of year	<u>1,023,226</u>	<u>1,032,903</u>	<u>2,056,129</u>
Cash, end of year	<u>\$ 864,705</u>	<u>\$ 1,085,094</u>	<u>\$ 1,945,747</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 274,631	\$ (44,717)	\$ 229,914
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	15,882	46,935	62,817
Change in assets and liabilities:			
Increase in accounts receivable	(11,161)	(10,757)	(21,918)
Increase in due from other funds	-	(42,037)	(42,037)
Decrease in deferred outflows of resources	-	14,199	14,199
Increase in compensated absences	1,055	4,783	5,838
Increase in due to other funds	79,748	240,455	320,203
Decrease in net pension liability	-	(4,395)	(4,395)
Decrease in deferred inflows of resources	-	(27,217)	(27,217)
Increase (decrease) in accounts payable	10,859	(17,663)	(6,804)
Net cash provided by operating activities	<u>\$ 371,014</u>	<u>\$ 159,586</u>	<u>\$ 530,600</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

**STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022**

	Dottie Holmes Memorial Private Purpose Trust Fund
ASSETS	
Cash and cash equivalents	\$ 12,313
Total assets	<u>\$ 12,313</u>
NET POSITION	
Restricted for maintenance	\$ 12,313
	<u>\$ 12,313</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2022**

	Dottie Holmes Memorial Private Purpose Trust Fund
ADDITIONS:	
Interest income	\$ 27
Total additions	<u>27</u>
Change in net position	<u>27</u>
NET POSITION:	
Beginning of fiscal year	<u>12,286</u>
End of fiscal year	<u><u>\$ 12,313</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF AVONDALE ESTATES, GEORGIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

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 government 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 Board of Commissioners/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), culture and recreation, housing and development, and general and administrative services. The more significant of the City’s accounting policies are described below.

A. Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the “primary government”) and its component units. The component units discussed below are included in the City’s reporting entity because of the significance of their operational or financial relationship with the City.

Discretely Presented Component Unit - In conformity with generally accepted accounting principles, the financial statements of the Avondale Estates Downtown Development Authority (the “DDA”) are presented as a discretely presented component unit. The DDA was created in 2001 by the Board of Commissioners pursuant to the Georgia Downtown Development Authorities Law. It operates through a Board of Directors consisting of seven (7) members appointed by the board of commissioners and the Mayor and they may also be removed by the Mayor and Board of Commissioners. The purpose of the DDA is to promote, to preserve, and to enhance a safe and economically viable central business district by focusing both public and private resources on maximizing the potential the historic downtown. Separate financial statements for the Downtown Development Authority are not prepared.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Unit - The Urban Redevelopment Agency of the City of Avondale Estates was established as a legally separate entity. The five members of the Urban Redevelopment Agency are appointed by the Mayor and Board of Commissioners and they may also be removed by the Mayor and Board of Commissioners. The Urban Redevelopment Agency provides a means to issue revenue bonds for development within the City. Although it is legally separate from the City, the Urban Redevelopment Agency is reported as if it were a part of the primary government because its sole purpose is to finance the City's acquisition of property within the City, and the City is repaying the debt. The Urban Redevelopment Agency is reported as a capital project fund.

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 units. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

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 those 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 properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and 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 generally are 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 payment is due. Property taxes, alcoholic beverage taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period, if the available criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

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.

The **SPLOST Fund** is used to account for the special purpose local option sales tax revenue collected and payments made for capital project expenditures of those funds for major capital projects.

The **Capital Projects Fund** is to account for the financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition and construction of capital facilities, other capital assets, and the maintenance and upkeep of the lake.

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

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

The City reports the following major proprietary funds:

The **Stormwater Fund** is used to account for the charges and expenses of maintaining the City's stormwater infrastructure.

The **Sanitation Fund** is used to account for the collection of garbage fees and related expenses.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The City also reports the following fund type:

The **Dottie Holmes Memorial Private Purpose Trust Fund** accounts for assets held by the City under the terms of a formal trust agreement to be used for the purpose of maintaining the rhododendron plant thicket and hedge at Lake Avondale.

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. Likewise, general revenues include all taxes.

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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets

Annual appropriated budgets are adopted for the general fund and special revenue funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets for governmental funds are adopted on a modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America, for governmental funds. All appropriations lapse at year end. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City. A project length budget is adopted for all capital projects funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value as determined by quoted market prices.

F. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the 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

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., stormwater catch basins and piping, 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Machinery and equipment	5-10 years
Vehicle	5 years
Land improvements	15-20 years
Infrastructure	10-20 years
Buildings and improvements	20-50 years

I. Leases

Lessor

The City is a lessor for noncancellable leases of cell tower space. The City recognizes a lease receivable and a deferred inflow of resources in the governmental activities financial statements. The City recognizes lease receivables with an initial, individual value of \$25,000 or more.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The lease agreements entered into by the City do not contain a stated interest rate. Therefore, the City has used its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments and purchase option prices that the City is reasonably certain to collect.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflow if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits. Vacation time is allowed to be carried over from the current calendar year up to a maximum of 240 hours without special approval from the City Administrator. All vacation pay is accrued when incurred in the government-wide and proprietary 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.

K. 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 position. Bond premiums and discounts (if any) are deferred and amortized over the life of the bonds using the effective interest method. Bonds payables are reported net of the applicable bond premium or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types report the face amount of debt issued and any related premiums or discounts as other financing sources and debt issuance costs and debt service payments as expenditures.

L. Deferred Inflows/Outflows 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 assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's unavailable revenue, which arises under a modified accrual basis of accounting and, therefore, qualifies for reporting in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The City also reports deferred revenue on lease receivables, which is reported both at the fund level and the government wide level.

The City also has deferred inflows of resources and deferred outflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Inflows/Outflows of Resources (Continued)

Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

M. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets, deferred inflows of resources, and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal vote of the Board of Commissioners through the adoption of a resolution. The same formal action is required to subsequently remove or modify a commitment of fund balance.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the board of commissioners has authorized the City's finance director to assign fund balances. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular governmental fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

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: (1) Committed, (2) Assigned, and (3) Unassigned.

N. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the Fund Equity section. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. 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, deferred outflows of resources, deferred inflows of resources, 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.

P. Interfund Transactions

Interfund services provided and used in the fund financial statements are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Avondale Estates Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$8,394,691 difference are as follows:

Notes payable	\$ (7,799,593)
Financed purchases payable	(516,949)
Compensated absences (i.e., vacation)	<u>(78,149)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (8,394,691)</u></u>

Another element of that reconciliation explains that "net pension liability is not due and payable in the current period and, therefore, are not reported in the funds, along with related deferred inflows and outflows of resources." The details of this \$423,136 difference are as follows:

Net pension liability	\$ (396,414)
Deferred inflows of resources - pension	(234,606)
Deferred outflows of resources - pension	<u>207,894</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (423,126)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$5,436,586 difference are as follows:

Capital outlay	\$ 5,657,961
Depreciation expense	<u>(221,375)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ 5,436,586</u>

Another element of the reconciliation states that “the issuance of long-term debt 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 transaction, however, has any effect on net position.” This amount is the net effect of these differences in the treatment of long-term debt. The details of this \$4,306,494 difference are as follows:

Principal payments	\$ 34,058
Issuance of financed purchases payable	(551,007)
Issuance of notes payable	<u>(3,789,545)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ (4,306,494)</u>

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$60,228 difference are as follows:

Compensated absences	\$ 27,988
Net pension liability and deferred inflow/outflows of resources	<u>32,240</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ 60,228</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Budgets and Budgetary Accounting

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the Finance Director. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget ordinance.

The following fund had departments with excess of actual expenditures over appropriations for the year ended December 31, 2022:

General Fund:		
Public works	\$	100,696
Recreation		23,304
Debt service- interest		140,486

These over expenditures were funded by available fund balance, and expenditures less than appropriations in other departments.

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NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and City policy, require all deposits and investments (other than Federal or State government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of December 31, 2022, the City's bank balances were properly collateralized as defined by State Statutes.

Credit Risk – Investments: The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf/S1 rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The City has classified the Georgia Fund 1 funds as cash equivalents; therefore, cash equivalents includes \$10,220,139 in Georgia Fund 1. As of December 31, 2022, the Georgia Fund 1 had a weighted average maturity of 23 days and a credit rating of AAAf/S1.

Interest Rate Risk: The City does not have a formal policy that addresses interest rate risk. At December 31, 2022, the above investments were subject to interest rate risk. Interest rate risk is the risk that a government may face should changes in interest rates affect the fair value of its investments.

Credit Risk Policy: State statutes authorize the City to invest in obligations of the State of Georgia or other States; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the State of Georgia's Local Government Investment Pool (Georgia Fund 1) established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of December 31, 2022, the City's only investments were in the local government pool established by State law.

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Property taxes attach as an enforceable lien on property as of January 1 and are based on property values as of January 1. Property taxes were levied on July 2, 2022 and are due and payable in two installments. The first installment was due on September 30, 2022, and the second installment was due on November 16, 2022. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

In governmental funds, property taxes are recorded as receivables and unavailable revenues (deferred inflows of resources) when assessed. Revenues are recognized when available.

In the enterprise funds, stormwater and sanitation fees are billed annually on July 2 along with the property taxes and are due and payable in two installments. The first installment was due on September 30, 2022, and the second installment was due on November 16, 2022. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

Receivables at December 31, 2022 for the City's individual major funds, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>SPLOST</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Nonmajor Governmental</u>
Receivables:					
Taxes	\$ 51,486	\$ -	\$ -	\$ -	\$ -
Accounts	329,851	-	23,155	26,775	1,171
Intergovernmental	-	56,108	-	-	-
Less allowance for uncollectible	(2,578)	-	-	-	-
Net total receivable	<u>\$ 378,759</u>	<u>\$ 56,108</u>	<u>\$ 23,155</u>	<u>\$ 26,775</u>	<u>\$ 1,171</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LEASES RECEIVABLE

The City leased parcels of land to third parties for cell towers. The City receives variable monthly payments in amounts ranging from \$2,207 to \$2,807 and annual payments in amounts ranging from \$14,876 to \$16,743 which includes the principal and interest components of the payments. As the leases do not contain a specific interest rate, the City has used its incremental borrowing rate of .5% as the discount rate for the leases. For the current year, the City recognized \$44,725 in lease revenue and \$2,333 in interest revenue related to the leases. As of December 31, 2022, the City's receivable for lease payments was \$560,347. Also, the City has a deferred inflow of resources associated with the leases that will be recognized over the lease terms which end on January 1, 2026 and November 1, 2039. The deferred inflow of resources has a balance of \$554,649 as of December 31, 2022.

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease receivable - AT&T	\$ 78,173	\$ -	\$ (14,876)	\$ 63,297	\$ 15,006
Lease receivable - T-Mobile	521,201	-	(24,151)	497,050	24,054
	<u>\$ 599,374</u>	<u>\$ -</u>	<u>\$ (39,027)</u>	<u>\$ 560,347</u>	<u>\$ 39,060</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS

Primary Government

Capital asset activity for the City for the year ended December 31, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 2,900,972	\$ -	\$ -	\$ -	\$ 2,900,972
Construction in progress	5,040,587	999,158	-	(3,839,527)	2,200,218
Total	<u>7,941,559</u>	<u>999,158</u>	<u>-</u>	<u>(3,839,527)</u>	<u>5,101,190</u>
Capital assets, being depreciated:					
Land improvements	1,222,589	4,118,449	-	3,606,192	8,947,230
Buildings and improvements	937,395	117,338	-	233,335	1,288,068
Infrastructure and improvements	327,493	-	-	-	327,493
Vehicles	894,640	403,882	-	-	1,298,522
Machinery and equipment	161,868	19,134	-	-	181,002
Total	<u>3,543,985</u>	<u>4,658,803</u>	<u>-</u>	<u>3,839,527</u>	<u>12,042,315</u>
Less accumulated depreciation for:					
Land improvements	(107,665)	(80,983)	-	-	(188,648)
Buildings and improvements	(849,193)	(15,252)	-	-	(864,445)
Infrastructure and improvements	(262,167)	(14,239)	-	-	(276,406)
Vehicles	(604,685)	(98,089)	-	-	(702,774)
Machinery and equipment	(121,757)	(12,812)	-	-	(134,569)
Total	<u>(1,945,467)</u>	<u>(221,375)</u>	<u>-</u>	<u>-</u>	<u>(2,166,842)</u>
Capital assets, net depreciation	<u>1,598,518</u>	<u>4,437,428</u>	<u>-</u>	<u>3,839,527</u>	<u>9,875,473</u>
Governmental activities capital assets, net	<u>\$ 9,540,077</u>	<u>\$ 5,436,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,976,663</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 101,505	\$ -	\$ -	\$ 101,505
Construction in progress	101,403	476,104	(532,362)	45,145
Total	<u>202,908</u>	<u>476,104</u>	<u>(532,362)</u>	<u>146,650</u>
Capital assets, being depreciated:				
Infrastructure and improvements	739,519	57,470	532,362	1,329,351
Machinery and equipment	886,698	54,172	-	940,870
Total	<u>1,626,217</u>	<u>111,642</u>	<u>532,362</u>	<u>2,270,221</u>
Less accumulated depreciation for:				
Infrastructure and improvements	(147,095)	(15,882)	-	(162,977)
Machinery and equipment	(717,804)	(46,935)	-	(764,739)
Total	<u>(864,899)</u>	<u>(62,817)</u>	<u>-</u>	<u>(927,716)</u>
Capital assets, net depreciation	<u>761,318</u>	<u>48,825</u>	<u>532,362</u>	<u>1,342,505</u>
Business-type activities capital assets, net	<u>\$ 964,226</u>	<u>\$ 524,929</u>	<u>\$ -</u>	<u>\$ 1,489,155</u>

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

Governmental activities:	
General government	\$ 10,045
Public safety	94,036
Public works	36,311
Culture and recreation	45,608
Housing and development	35,375
Total depreciation expense - governmental activities	<u>\$ 221,375</u>
Business-type activities:	
Stormwater	\$ 15,882
Sanitation	46,935
Total depreciation expense - business-type activities	<u>\$ 62,817</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS (CONTINUED)

Downtown Development Authority of Avondale Estates

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 633,602	\$ -	\$ -	\$ 633,602
Total	<u>633,602</u>	<u>-</u>	<u>-</u>	<u>633,602</u>
Capital assets, being depreciated:				
Buildings	766,398	-	-	766,398
Total	<u>766,398</u>	<u>-</u>	<u>-</u>	<u>766,398</u>
Less accumulated depreciation for:				
Buildings	(74,511)	(25,547)	-	(100,058)
Total	<u>(74,511)</u>	<u>(25,547)</u>	<u>-</u>	<u>(100,058)</u>
Total capital assets being depreciated, net	<u>\$ 1,325,489</u>	<u>\$ (25,547)</u>	<u>\$ -</u>	<u>\$ 1,299,942</u>

NOTE 8. LONG-TERM DEBT

The following is a summary of long-term debt activity of the City for the year ended December 31, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Note payable - direct borrowing	\$ 4,010,048	\$ 3,789,545	\$ -	\$ 7,799,593	\$ -
Financed purchase payable	-	551,007	(34,058)	516,949	104,377
Compensated absences	106,137	59,492	(87,480)	78,149	78,149
Net pension liability	<u>359,077</u>	<u>348,416</u>	<u>(311,079)</u>	<u>396,414</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 4,475,262</u>	<u>\$ 4,748,460</u>	<u>\$ (432,617)</u>	<u>\$ 8,791,105</u>	<u>\$ 182,526</u>
Business-Type activities:					
Financed purchase payable	\$ 110,000	\$ -	\$ (53,236)	\$ 56,764	\$ 22,545
Compensated absences	25,104	24,378	(18,540)	30,942	30,942
Net pension liability	<u>63,367</u>	<u>41,882</u>	<u>(46,277)</u>	<u>58,972</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 198,471</u>	<u>\$ 66,260</u>	<u>\$ (118,053)</u>	<u>\$ 146,678</u>	<u>\$ 53,487</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Note Payable from Direct Borrowing – Governmental Activities On September 17, 2019, the Urban Redevelopment Agency of the City of Avondale Estates entered into a contract with PNC Bank, for the issuance of an \$8,400,000 bond anticipation note to finance certain redevelopment projects. The City is drawing on the \$8,400,000 and making interest only payments at a rate of 3.8% until bond rates decline and the City decides to issue a bond. As of December 31, 2022 the City has drawn a total of \$7,799,593 which is all considered due in more than one year. The City made interest payments of \$164,332 during the year ended December 31, 2022.

Financed Purchases from Direct Borrowings – Governmental Activities On August 20, 2022 the City entered into a lease agreement as lessee for financing the acquisition of various public safety vehicles for \$551,007 at an interest rate of 3.19%. The lease agreement qualifies as a financed purchase from direct borrowings for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The City has not yet received vehicles totaling \$184,488 related to the debt and those vehicles are recorded as a prepaid asset. Monthly principal and interest payments of \$9,950 are due through maturity on August 20, 2027.

The total debt service requirements to maturity for the governmental activities financed purchase is as follows:

Year ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 104,377	\$ 15,024	\$ 119,401
2024	107,768	11,634	119,402
2025	111,268	8,133	119,401
2026	114,882	4,519	119,401
2027	78,654	947	79,601
Total	<u>\$ 516,949</u>	<u>\$ 40,257</u>	<u>\$ 557,206</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Financed Purchases from Direct Borrowings – Business Type Activities On April 14, 2021, the City entered into a lease agreement as lessee for financing the acquisition of a Knuckleboom Truck for \$110,000 with an interest rate of 2.88%. The lease agreement qualifies as a financed purchase from direct borrowings for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. Annual principal and interest payments of \$23,776 are due annually through Maturity on January 1, 2025.

The total debt service requirements to maturity for the business-type activities financed purchase is as follows:

Year ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 22,545	\$ 1,231	\$ 23,776
2024	22,787	989	23,776
2025	11,432	330	11,762
Total	<u>\$ 56,764</u>	<u>\$ 2,550</u>	<u>\$ 59,314</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2022, is as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General Fund	SPLOST Fund	\$ 8,500
General Fund	URA Fund	1,769
General Fund	Capital Projects Fund	38,842
General Fund	Stormwater Fund	86,278
General Fund	Sanitation Fund	1,076,642
Capital Projects Fund	SPLOST Fund	63,334
Capital Projects Fund	General Fund	500
Sanitation Fund	General Fund	42,037
		\$ 1,317,902

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. SPLOST Fund payables are for allowable SPLOST project expenditures incurred in other funds.

Due to/from primary government and component unit:

Receivable Entity	Payable Entity	Amount
Primary government - General Fund	Downtown Development Authority	\$ 100,287

Interfund transfers:

Transfers In	Transfers Out	Amount
Capital Projects Fund	General Fund	\$ 375,900

Transfers are used to move unrestricted General Fund revenues to finance the purchase and construction of capital assets in the Capital Projects Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description

The City, as authorized by the Mayor and Board of Commissioners, has established a defined benefit pension plan (the "City of Avondale Estates Retirement Plan") covering all full-time employees. The board of commissioners in its role as the Plan Sponsor, has the sole authority to amend the provisions, including specific benefit provisions and contribution requirements of the Plan as provided by the Plan document. 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 or on the internet at www.gmanet.com.

As provided by State law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by the Mayor and Board of Commissioners, the Plan provides pension benefits and death and disability benefits for Plan members and beneficiaries. All employees who work at least thirty (30) hours a week are eligible to participate. Elected officials have no waiting period for eligibility. Benefits vest after ten years of service. A City employee who retires at age 65 with five (5) years of service is entitled to benefits based on average earnings and years credited service. An employee may elect early retirement at age 55 provided he or she has a minimum of ten (10) years total credited service to receive full benefits. All employees hired on or after January 1, 2013 are required to contribute 4% of gross income to the plan.

At July 1, 2022, the date of the most recent actuarial valuation, there were 79 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	21
Terminated vested participants not yet receiving benefits	22
Active participants - vested	36
Total	<u>79</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Contributions

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 the year ended December 31, 2022, the actuarially determined contribution rate was 5.85% of covered payroll. For year ended December 31, 2022, the City's contribution to the Plan was \$130,602.

Net Pension Liability of the City

The City's net pension liability was measured as of March 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2022.

Actuarial assumptions. The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00-8.50% including inflation
Investment rate of return	7.375%

Mortality rates for the July 1, 2022 valuation were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25 for healthy retirees and beneficiaries and the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25 for disabled participants.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015–June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2022 are summarized in the table below:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.55%
International equity	20	7.30
Real estate	10	3.65
Global fixed income	5	0.50
Domestic fixed income	20	0.40
Cash	—	
Total	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.375%, this was the same rate used in the prior year. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended December 31, 2022, were as follows:

Primary Government:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/21	\$ 3,250,126	\$ 2,827,682	\$ 422,444
Changes for the year:			
Service cost	95,133	-	95,133
Interest	238,616	-	238,616
Differences between expected and actual experience	40,538	-	40,538
Contributions—employer	-	112,934	(112,934)
Contributions—employee	-	73,731	(73,731)
Net investment income	-	170,691	(170,691)
Benefit payments	(219,588)	(219,588)	-
Administrative expense	-	(16,011)	16,011
Net changes	154,699	121,757	32,942
Balances at 12/31/22	\$ 3,404,825	\$ 2,949,439	\$ 455,386

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	\$ 835,160	\$ 455,386	\$ 136,785

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Sensitivity of the net pension liability to changes in the discount rate (continued). 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 December 31, 2022 and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2022, the City recognized pension expense of \$66,760. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 131,133	\$ -
Change of assumptions	9,736	-
Net difference between projected and actual earnings on pension plan investments	-	(269,507)
City contributions subsequent to the measurement date	97,952	-
Total	\$ 238,821	\$ (269,507)

City contributions subsequent to the measurement date of \$97,952 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:

2023		\$	36,202	
2024			(44,001)	
2025			(128,048)	
2026			7,209	
Total		\$	(128,638)	

NOTES TO FINANCIAL STATEMENTS

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 Newport Group for all full-time employees. Plan provisions and contribution requirements are established and may be amended by the Mayor and Board of Commissioners.

The Plans allow for employee contributions, and, after the employee's first six months of participation, the City makes a matching contribution for each employee equal to the lesser for \$25 or 50% of the employee contribution. During 2022, employees contributed \$76,320 to the Plans while the City contributed \$73,616. As of December 31, 2022, there were 36 participants in the 457 Plan and 37 participants in the 401A Plan, and the fair value was \$503,014 for the 457 Plan and \$156,793 for the 401A Plan.

The City of Avondale Estate's has an inactive 457 deferred compensation plan that is administered by Nationwide. As of December 31, 2022, there were 8 participants in this plan.

NOTE 12. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which DeKalb County has paid on behalf of the City of Avondale Estates. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality 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, 229 Peachtree Street NE, Suite 100, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT (CONTINUED)

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.

Settled claims have not exceeded the coverages 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 arising 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. TAX ABATEMENTS

For the year ended December 31, 2022, City property tax revenues were reduced by \$532,155 under agreements entered into by the Avondale Estates Development Authority. Under the agreements, taxes on both real property and personal property are reduced based on investments made by the corporation to whom the incentives were offered as long as the corporation meets certain investment targets.

NOTE 16. CONDUIT DEBT

The Downtown Development Authority (the "DDA") issues private activity tax exempt and taxable revenue bonds to private sector entities for projects located within the city limits of Avondale Estates. The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the private-sector entities on the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the private-sector entities, and maintenance of the tax-exempt status of the conduit debt obligation were extended by the DDA for any of the bonds. As of December 31, 2022, the DDA disclosed the aggregate original issue amount to be \$107,000,000. The amount outstanding at December 31, 2022 was \$84,110,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AVONDALE ESTATES, GEORGIA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability				
Service cost	\$ 95,133	\$ 74,378	\$ 88,685	\$ 64,294
Interest on total pension liability	238,616	222,588	201,889	189,403
Differences between expected and actual experience	40,538	93,076	186,407	37,941
Changes of assumptions	-	-	-	-
Change in benefit terms	-	-	-	-
Benefit payments, including refunds of employee contributions	(219,588)	(167,357)	(183,315)	(115,784)
Other	-	-	38,944	-
Net change in total pension liability	<u>154,699</u>	<u>222,685</u>	<u>332,610</u>	<u>175,854</u>
Total pension liability - beginning	<u>3,250,126</u>	<u>3,027,441</u>	<u>2,694,831</u>	<u>2,518,977</u>
Total pension liability - ending (a)	<u><u>\$3,404,825</u></u>	<u><u>\$ 3,250,126</u></u>	<u><u>\$3,027,441</u></u>	<u><u>\$2,694,831</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 112,934	\$ 113,115	\$ 109,189	\$ 114,558
Contributions - employee	73,731	67,692	55,462	41,989
Net investment income	170,691	871,325	(144,793)	72,670
Benefit payments, including refunds of member contributions	(219,588)	(167,357)	(183,315)	(115,784)
Administrative expenses	(16,011)	(15,761)	(16,992)	(16,019)
Net change in plan fiduciary net position	<u>121,757</u>	<u>869,014</u>	<u>(180,449)</u>	<u>97,414</u>
Plan fiduciary net position - beginning	<u>2,827,682</u>	<u>1,958,668</u>	<u>2,139,117</u>	<u>2,041,703</u>
Plan fiduciary net position - ending (b)	<u><u>\$2,949,439</u></u>	<u><u>\$ 2,827,682</u></u>	<u><u>\$1,958,668</u></u>	<u><u>\$2,139,117</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 455,386</u></u>	<u><u>\$ 422,444</u></u>	<u><u>\$1,068,773</u></u>	<u><u>\$ 555,714</u></u>
Plan fiduciary net position as a percentage of the total pension liability	86.63%	87.00%	64.70%	79.38%
Covered payroll	\$2,224,598	\$ 2,207,709	\$1,868,807	\$2,055,295
City's net pension liability as a percentage of covered payroll	20.47%	19.13%	57.19%	27.04%

(Continued)

CITY OF AVONDALE ESTATES, GEORGIA

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability				
Service cost	\$ 80,361	\$ 72,663	\$ 73,516	\$ 62,436
Interest on total pension liability	182,289	175,205	163,670	149,093
Differences between expected and actual experience	(98,621)	(68,950)	1,470	43,086
Changes of assumptions	-	-	-	(8,799)
Change in benefit terms	-	-	-	26,800
Benefit payments, including refunds of employee contributions	(81,427)	(93,599)	(86,034)	(83,009)
Other	43,547	-	-	-
Net change in total pension liability	<u>126,149</u>	<u>85,319</u>	<u>152,622</u>	<u>189,607</u>
Total pension liability - beginning	<u>2,392,828</u>	<u>2,307,509</u>	<u>2,154,887</u>	<u>1,965,280</u>
Total pension liability - ending (a)	<u><u>\$2,518,977</u></u>	<u><u>\$ 2,392,828</u></u>	<u><u>\$2,307,509</u></u>	<u><u>\$2,154,887</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 144,663	\$ 154,645	\$ 146,523	\$ 142,543
Contributions - employee	28,157	22,901	18,911	10,067
Net investment income	219,434	191,557	5,556	121,731
Benefit payments, including refunds of member contributions	(81,427)	(93,599)	(86,034)	(83,009)
Administrative expenses	(15,960)	(16,214)	(8,674)	(7,116)
Net change in plan fiduciary net position	<u>294,867</u>	<u>259,290</u>	<u>76,282</u>	<u>184,216</u>
Plan fiduciary net position - beginning	<u>1,746,836</u>	<u>1,487,546</u>	<u>1,411,264</u>	<u>1,227,048</u>
Plan fiduciary net position - ending (b)	<u><u>\$2,041,703</u></u>	<u><u>\$ 1,746,836</u></u>	<u><u>\$1,487,546</u></u>	<u><u>\$1,411,264</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 477,274</u></u>	<u><u>\$ 645,992</u></u>	<u><u>\$ 819,963</u></u>	<u><u>\$ 743,623</u></u>
Plan fiduciary net position as a percentage of the total pension liability	81.05%	73.00%	64.47%	65.49%
Covered payroll	\$1,681,314	\$ 1,795,145	\$1,691,563	\$1,608,490
City's net pension liability as a percentage of covered payroll	28.39%	35.99%	48.47%	46.23%

Notes: The schedule will present 10 years of information once it is accumulated.

CITY OF AVONDALE ESTATES, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS

	2022	2021	2020	2019
Actuarially determined contribution	\$ 130,602	\$ 125,967	\$ 105,668	\$ 103,133
Contributions in relation to the actuarially determined contribution	130,602	125,967	105,668	103,133
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,232,513	\$ 1,888,561	\$ 2,039,923	\$ 1,704,678
Contributions as a percentage of covered payroll	5.85%	6.67%	5.18%	6.05%
	2018	2017	2016	2015
Actuarially determined contribution	\$ 127,023	\$ 204,600	\$ 175,594	\$ 165,303
Contributions in relation to the actuarially determined contribution	125,330	204,600	175,594	165,303
Contribution deficiency (excess)	\$ 1,693	\$ -	\$ -	\$ -
Covered payroll	\$ 1,825,043	\$ 1,717,964	\$ 1,635,036	\$ 1,471,080
Contributions as a percentage of covered payroll	6.87%	11.91%	10.74%	11.24%

Notes to the Schedule of City Contributions:

(1) Actuarial Assumptions used to determine contributions:

Valuation Date	July 1, 2022
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 amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost-of-living Adjustment	N/A
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	amortization period of 10 years.

(2) The schedule will present 10 years of information once it is accumulated.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenues funds are used to accounts for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than capital projects.

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

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

CITY OF AVONDALE ESTATES, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Police Seizure Fund	TAD Fund	
ASSETS			
Cash and cash equivalents	\$ 18,344	\$ 497,605	\$ 515,949
Taxes receivable	-	1,171	1,171
Total assets	\$ 18,344	\$ 498,776	\$ 517,120
LIABILITIES			
Accounts payable	\$ 4,708	\$ -	\$ 4,708
Total liabilities	4,708	-	4,708
FUND BALANCES			
Restricted:			
Law enforcement	13,636	-	13,636
Capital construction	-	498,776	498,776
Total fund balances	13,636	498,776	512,412
Total liabilities, deferred inflows of resources and fund balances	\$ 18,344	\$ 498,776	\$ 517,120

CITY OF AVONDALE ESTATES, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Police Seizure Fund</u>	<u>TAD Fund</u>	
Revenues			
Property taxes	\$ -	\$ 208,377	\$ 208,377
Interest earned	33	1,801	1,834
Total revenues	<u>33</u>	<u>210,178</u>	<u>210,211</u>
Excess of revenues over expenditures	<u>33</u>	<u>210,178</u>	<u>210,211</u>
Net change in fund balances	33	210,178	210,211
Fund balances, beginning of year	<u>13,603</u>	<u>288,598</u>	<u>302,201</u>
Fund balances, end of year	<u>\$ 13,636</u>	<u>\$ 498,776</u>	<u>\$ 512,412</u>

CITY OF AVONDALE ESTATES, GEORGIA
POLICE SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Interest	\$ 5	\$ 5	\$ 33	\$ 28
Total revenues	5	5	33	28
Net change in fund balances	5	5	33	28
Fund balances, beginning of year	13,603	13,603	13,603	-
Fund balances, end of year	<u>\$ 13,608</u>	<u>\$ 13,608</u>	<u>\$ 13,636</u>	<u>\$ 28</u>

CITY OF AVONDALE ESTATES, GEORGIA
TAD FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 97,700	\$ 97,700	\$ 208,377	\$ 110,677
Interest	100	100	1,801	1,701
Total revenues	<u>97,700</u>	<u>97,700</u>	<u>210,178</u>	<u>110,677</u>
Net change in fund balances	97,700	97,700	210,178	112,478
Fund balances, beginning of year	<u>288,598</u>	<u>288,598</u>	<u>288,598</u>	<u>-</u>
Fund balances, end of year	<u>\$ 386,298</u>	<u>\$ 386,298</u>	<u>\$ 498,776</u>	<u>\$ 112,478</u>

CITY OF AVONDALE ESTATES, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED DECEMBER 31, 2022

PROJECT	ORIGINAL ESTIMATED COST	REVISED ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENT COMPLETE
2018 SPLOST:						
Road Resurfacing/Paving	\$ 2,106,616	\$ 2,106,616	\$ -	\$ -	\$ -	0.00 %
Transportation Improvements	2,200,000	2,200,000	459,775	108,133	567,908	25.81
Public safety	349,435	349,435	349,434	479,174	828,608	237.13
Total SPLOST	<u>\$ 4,656,051</u>	<u>\$ 4,656,051</u>	<u>\$ 809,209</u>	<u>\$ 587,307</u>	<u>\$ 1,396,516</u>	

DOWNTOWN DEVELOPMENT AUTHORITY

CITY OF AVONDALE ESTATES, GEORGIA

BALANCE SHEET COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY DECEMBER 31, 2022

ASSETS		
Cash		\$ 9,407,950
Total current assets		<u>\$ 9,407,950</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable		\$ 29,962
Due to primary government		<u>100,287</u>
Total liabilities		<u>130,249</u>
 FUND BALANCE		
Unassigned		<u>9,277,701</u>
Total liabilities and fund balance		<u>\$ 9,407,950</u>

CITY OF AVONDALE ESTATES, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2022

REVENUES

Rent	\$	63,754
Interest		147,337
Miscellaneous		<u>2,115</u>
Total revenues		<u>213,206</u>

EXPENDITURES

Economic development		<u>282,554</u>
Total expenditures		<u>282,554</u>

Net change in fund balance		(69,348)
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FUND BALANCE, beginning of year		<u>9,347,049</u>
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FUND BALANCE, end of year	\$	<u><u>9,277,701</u></u>
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STATISTICAL SECTION

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

	<u>Page</u>
Financial Trends	69
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	76
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	
Debt Capacity	80
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.	
Demographic and Economic Information	83
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	85
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

CITY OF AVONDALE ESTATES, GEORGIA

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets	\$ 6,723	\$ 5,530	\$ 4,113	\$ 3,231	\$ 3,097	\$ 2,928	\$ 2,988	\$ 2,799	\$ 2,288	\$ 2,335
Restricted	2,010	1,248	2,181	1,930	1,500	1,288	1,405	1,324	979	552
Unrestricted	4,796	5,892	5,055	3,842	2,933	2,111	1,710	1,764	2,509	2,180
Total governmental activities net position	<u>\$ 13,529</u>	<u>\$ 12,670</u>	<u>\$ 11,349</u>	<u>\$ 9,003</u>	<u>\$ 7,530</u>	<u>\$ 6,327</u>	<u>\$ 6,103</u>	<u>\$ 5,887</u>	<u>\$ 5,776</u>	<u>\$ 5,067</u>
Business-type activities										
Net investment in capital assets	\$ 1,432	\$ 875	\$ 784	\$ 224	\$ 208	\$ 219	\$ 104	\$ 15	\$ 43	\$ 71
Unrestricted	739	1,062	826	1,363	1,209	1,064	1,060	1,035	919	823
Total business-type activities net position	<u>\$ 2,171</u>	<u>\$ 1,937</u>	<u>\$ 1,610</u>	<u>\$ 1,586</u>	<u>\$ 1,417</u>	<u>\$ 1,283</u>	<u>\$ 1,164</u>	<u>\$ 1,050</u>	<u>\$ 962</u>	<u>\$ 894</u>
Primary government										
Net investment in capital assets	\$ 8,155	\$ 6,405	\$ 4,897	\$ 3,455	\$ 3,305	\$ 3,147	\$ 3,092	\$ 2,814	\$ 2,331	\$ 2,406
Restricted	2,010	1,248	2,181	1,930	1,500	1,288	1,405	1,324	979	552
Unrestricted	5,535	6,954	5,881	5,205	4,142	3,175	2,770	2,799	3,428	3,003
Total primary government net position	<u>\$ 15,700</u>	<u>\$ 14,607</u>	<u>\$ 12,959</u>	<u>\$ 10,589</u>	<u>\$ 8,947</u>	<u>\$ 7,610</u>	<u>\$ 7,267</u>	<u>\$ 6,937</u>	<u>\$ 6,738</u>	<u>\$ 5,961</u>

CITY OF AVONDALE ESTATES, GEORGIA

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities:										
General government	\$ 1,708	\$ 666	\$ 1,209	\$ 1,799	\$ 1,241	\$ 1,369	\$ 1,393	\$ 1,166	\$ 1,110	\$ 997
Public safety	1,449	1,484	1,317	1,261	1,264	1,236	1,112	1,115	1,078	1,080
Public works	350	1,299	343	432	322	958	679	269	286	320
Recreation	670	550	476	472	426	384	392	342	359	403
Housing and development	-	42	8	15	78	180	36	-	-	-
Economic Development	35	-	-	-	-	-	-	-	-	-
Interest on long-term debt	146	12	4	1	3	8	12	17	21	-
Total governmental activities expenses	<u>4,358</u>	<u>4,054</u>	<u>3,357</u>	<u>3,980</u>	<u>3,334</u>	<u>4,135</u>	<u>3,624</u>	<u>2,909</u>	<u>2,854</u>	<u>2,800</u>
Business-type activities:										
Stormwater	133	115	169	-	1	16	26	49	61	23
Sanitation	990	931	770	799	749	691	720	730	714	699
Total business-type activities expenses	<u>1,123</u>	<u>1,045</u>	<u>939</u>	<u>799</u>	<u>750</u>	<u>707</u>	<u>746</u>	<u>779</u>	<u>775</u>	<u>722</u>
Total primary government expenses	<u>\$ 5,481</u>	<u>\$ 5,099</u>	<u>\$ 4,296</u>	<u>\$ 4,779</u>	<u>\$ 4,084</u>	<u>\$ 4,842</u>	<u>\$ 4,370</u>	<u>\$ 3,688</u>	<u>\$ 3,629</u>	<u>\$ 3,522</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 195	\$ 120	\$ 93	\$ 779	\$ 175	\$ 382	\$ 114	\$ 132	\$ 137	\$ 55
Public safety	280	412	457	648	574	455	514	552	639	554
Housing and development	37	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	173	972	58	421	52	68	71	143	93
Capital grants and contributions	621	982	606	696	154	-	-	-	-	-
Total governmental activities program revenues	<u>1,133</u>	<u>1,687</u>	<u>2,128</u>	<u>2,181</u>	<u>1,324</u>	<u>889</u>	<u>696</u>	<u>755</u>	<u>919</u>	<u>702</u>
Business-type activities:										
Charges for services:										
Stormwater	408	405	132	132	132	132	136	134	125	129
Sanitation	945	967	828	833	852	739	735	730	659	396
Capital grants and contributions	-	-	-	-	-	133	-	-	-	-
Total business-type activities program revenues	<u>1,353</u>	<u>1,372</u>	<u>960</u>	<u>965</u>	<u>984</u>	<u>1,004</u>	<u>871</u>	<u>864</u>	<u>784</u>	<u>525</u>
Total primary government program revenues	<u>\$ 2,486</u>	<u>\$ 3,059</u>	<u>\$ 3,088</u>	<u>\$ 3,146</u>	<u>\$ 2,308</u>	<u>\$ 1,893</u>	<u>\$ 1,567</u>	<u>\$ 1,619</u>	<u>\$ 1,703</u>	<u>\$ 1,227</u>

(continued)

CITY OF AVONDALE ESTATES, GEORGIA

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net (expense)/revenue										
Governmental activities	\$ (3,225)	\$ (2,367)	\$ (1,229)	\$ (1,799)	\$ (2,010)	\$ (3,246)	\$ (2,928)	\$ (2,154)	\$ (1,935)	\$ (2,098)
Business-type activities	230	326	21	166	234	297	125	85	9	(197)
Total primary government net expense	<u>\$ (2,995)</u>	<u>\$ (2,040)</u>	<u>\$ (1,208)</u>	<u>\$ (1,633)</u>	<u>\$ (1,776)</u>	<u>\$ (2,949)</u>	<u>\$ (2,803)</u>	<u>\$ (2,069)</u>	<u>\$ (1,926)</u>	<u>\$ (2,295)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 3,194	\$ 2,866	\$ 2,653	\$ 2,498	\$ 2,258	\$ 2,102	\$ 1,986	\$ 1,824	\$ 1,709	\$ 1,672
Franchise taxes	240	247	361	228	217	192	191	186	170	179
Other taxes	533	522	478	450	560	931	889	767	769	531
Unrestricted investment earnings	36	5	18	41	9	5	5	5	4	5
Miscellaneous	80	49	65	56	66	60	58	105	46	58
Transfers	-	-	-	-	103	180	15	(121)	(54)	(303)
Total governmental activities	<u>4,083</u>	<u>3,688</u>	<u>3,574</u>	<u>3,272</u>	<u>3,213</u>	<u>3,470</u>	<u>3,144</u>	<u>2,766</u>	<u>2,644</u>	<u>2,142</u>
Business-type activities:										
Unrestricted investment earnings	4	1	3	3	3	3	3	3	3	2
Transfers	-	-	-	-	(103)	(180)	(15)	121	54	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>4</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>(100)</u>	<u>(177)</u>	<u>(12)</u>	<u>124</u>	<u>57</u>	<u>2</u>
Total primary government	<u>\$ 4,087</u>	<u>\$ 3,689</u>	<u>\$ 3,577</u>	<u>\$ 3,276</u>	<u>\$ 3,113</u>	<u>\$ 3,293</u>	<u>\$ 3,132</u>	<u>\$ 2,890</u>	<u>\$ 2,701</u>	<u>\$ 2,144</u>
Change in Net Position										
Governmental activities	\$ 858	\$ 1,321	\$ 2,346	\$ 1,473	\$ 1,203	\$ 224	\$ 216	\$ 612	\$ 709	\$ 44
Business-type activities	234	328	23	169	134	120	113	209	68	108
Total primary government	<u>\$ 1,092</u>	<u>\$ 1,649</u>	<u>\$ 2,369</u>	<u>\$ 1,642</u>	<u>\$ 1,337</u>	<u>\$ 344</u>	<u>\$ 329</u>	<u>\$ 821</u>	<u>\$ 777</u>	<u>\$ 152</u>

CITY OF AVONDALE ESTATES, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General fund										
Nonspendable	\$1,148	\$1,148	\$ 1,137	\$ 1,129	\$ 1,151	\$ 1,136	\$ 1,139	\$ 1,146	\$ 1,140	\$ 1,091
Restricted	-	-	-	1,071	1,133	1,258	1,375	1,294	949	522
Assigned	-	23	27	26	259	199	379	23	21	16
Unassigned	4,056	4,128	3,687	3,132	2,018	1,502	1,188	1,673	2,068	1,937
Total general fund	<u>\$5,204</u>	<u>\$5,299</u>	<u>\$ 4,851</u>	<u>\$ 5,358</u>	<u>\$ 4,561</u>	<u>\$ 4,095</u>	<u>\$ 4,081</u>	<u>\$ 4,136</u>	<u>\$ 4,178</u>	<u>\$ 3,566</u>
All other governmental funds										
Nonspendable	\$ 184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,822	1,248	2,181	859	367	30	30	34	30	30
Assigned	139	1,136	814	16	11	14	9	-	-	9
Unassigned (Deficit)	-	-	(2)	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$2,145</u>	<u>\$2,384</u>	<u>\$ 2,993</u>	<u>\$ 875</u>	<u>\$ 378</u>	<u>\$ 44</u>	<u>\$ 39</u>	<u>\$ 34</u>	<u>\$ 30</u>	<u>\$ 39</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues										
Taxes	\$ 3,965	\$ 3,636	\$ 3,498	\$ 3,153	\$ 3,042	\$ 3,218	\$ 3,069	\$ 2,774	\$ 2,658	\$ 2,388
Licenses and permits	193	116	90	759	153	359	93	112	115	36
Intergovernmental	618	1,076	1,578	753	575	52	68	71	143	92
Fines and forfeitures	280	412	457	648	574	455	513	552	639	555
Charges for services	2	5	4	20	22	23	21	20	22	19
Interest income	40	4	18	42	9	5	5	5	4	5
Other revenues	118	48	65	56	66	60	58	104	46	59
Total revenues	<u>5,216</u>	<u>5,297</u>	<u>5,710</u>	<u>5,431</u>	<u>4,441</u>	<u>4,172</u>	<u>3,827</u>	<u>3,638</u>	<u>3,627</u>	<u>3,154</u>
Expenditures										
General government	1,681	1,723	1,519	2,039	1,542	1,449	1,474	1,685	1,099	959
Public safety	1,377	1,447	1,272	1,217	1,224	1,190	1,158	1,108	1,074	1,070
Public works	316	577	273	399	299	953	661	243	258	292
Recreation	636	639	449	448	426	383	391	341	358	401
Housing and development	-	10	6	15	78	180	36	-	-	-
Capital outlay	5,700	4,628	890	357	-	-	-	-	-	4
Debt service										
Principal retirements	34	-	-	-	169	165	160	155	151	-
Interest and fiscal charges	146	13	4	1	3	8	12	17	21	-
Total expenditures	<u>9,890</u>	<u>9,037</u>	<u>4,413</u>	<u>4,476</u>	<u>3,742</u>	<u>4,328</u>	<u>3,892</u>	<u>3,549</u>	<u>2,961</u>	<u>2,726</u>
Excess of revenues over (under) expenditures	(4,674)	(3,740)	1,297	955	363	(155)	(64)	89	666	428
Other financing sources (uses)										
Transfers in	376	(12)	2,012	41	103	179	25	-	-	-
Transfers out	(376)	12	(2,012)	(41)	-	(10)	(10)	(131)	(54)	(303)
Issuance of long-term debt	4,341	3,579	314	-	-	-	-	-	-	800
Total other financing sources (uses)	<u>4,341</u>	<u>3,579</u>	<u>314</u>	<u>-</u>	<u>103</u>	<u>169</u>	<u>15</u>	<u>(131)</u>	<u>(54)</u>	<u>497</u>
Net change in fund balances	<u>\$ (333)</u>	<u>\$ (161)</u>	<u>\$ 1,610</u>	<u>\$ 955</u>	<u>\$ 466</u>	<u>\$ 14</u>	<u>\$ (49)</u>	<u>\$ (42)</u>	<u>\$ 612</u>	<u>\$ 925</u>
Debt service as a percentage of noncapital expenditures	4.25%	0.15%	0.10%	0.02%	4.60%	4.00%	4.42%	4.85%	5.81%	0.00%

CITY OF AVONDALE ESTATES, GEORGIA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax (1)</u>	<u>Franchise Tax</u>	<u>Insurance Premium Tax</u>	<u>Occupational Tax</u>	<u>HOST Sales Tax (2)</u>	<u>SPLOST Sales Tax (2)</u>	<u>Other Taxes</u>	<u>Total</u>
2013	\$ 1,672	\$ 179	\$ 153	\$ 89	\$ 236	\$ -	\$ 53	2,382
2014	1,709	170	146	101	471	-	50	2,647
2015	1,824	186	156	128	419	-	63	2,776
2016	1,986	191	185	119	504	-	80	3,065
2017	2,102	192	196	121	536	-	78	3,225
2018	2,258	217	212	122	131	329	95	3,364
2019	2,498	228	225	138	-	453	87	3,629
2020	2,653	361	237	108	-	441	133	3,933
2021	2,866	247	245	89	-	530	189	4,166
2022	3,194	240	287	140	-	577	247	4,685

(1) Property taxes include auto ad valorem taxes.

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

CITY OF AVONDALE ESTATES, GEORGIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax (1)	Franchise Tax	Insurance Premium Tax	Occupational Tax	HOST Sales Tax (2)	SPLOST Sales Tax (2)	Other Taxes	Total
2013	\$ 1,666	\$ 179	\$ 153	\$ 89	\$ 236	\$ -	\$ 53	\$ 2,376
2014	1,700	170	146	101	471	-	50	2,638
2015	1,829	186	156	128	419	-	63	2,781
2016	1,990	191	156	119	504	-	80	3,040
2017	2,113	192	196	121	536	-	78	3,236
2018	2,261	217	212	122	131	329	95	3,367
2019	2,523	228	225	138	-	453	87	3,654
2020	2,647	361	237	108	-	441	133	3,927
2021	2,847	247	245	88	-	530	189	4,146
2022	3,192	240	287	140	-	577	107	4,543

(1) Property taxes include auto ad valorem taxes

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

CITY OF AVONDALE ESTATES, GEORGIA

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

(amounts expressed in thousands)

Fiscal Year	Assessed Value				Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property	Public Utility	Personal Property	Motor Vehicle					
2013	\$ 138,170	\$ 1,213	\$ 1,750	\$ 8,451	\$ 211	\$ 149,373	10.957	\$ 373,433	40.00%
2014	145,302	1,114	1,656	7,456	469	155,059	10.957	387,648	40.00%
2015	175,082	1,145	1,628	5,565	371	183,049	9.957	457,623	40.00%
2016	186,008	1,218	2,210	4,307	489	193,254	9.957	483,135	40.00%
2017	198,972	1,281	2,699	3,999	513	206,438	9.957	516,095	40.00%
2018	217,074	1,401	2,653	2,436	550	223,014	9.800	557,535	40.00%
2019	253,252	1,545	2,682	1,802	11,867	247,414	9.800	618,535	40.00%
2020	274,816	1,762	2,197	1,534	694	279,615	9.800	699,038	40.00%
2021	312,214	1,688	2,019	1,243	12,007	305,157	9.800	762,893	40.00%
2022	348,916	1,783	2,223	1,054	39,918	314,058	9.800	785,145	40.00%

Source: DeKalb County, Georgia Board of Tax Assessors

CITY OF AVONDALE ESTATES, GEORGIA
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
(Per \$1,000 of Assessed Value)
LAST TEN YEARS

<u>Calendar Year</u>	<u>City of Avondale Estates, Georgia</u>			<u>Overlapping Rates</u>		<u>Total Direct & Overlapping Rates</u>
	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total City Millage</u>	<u>DeKalb County</u>	<u>State</u>	
2013	10.957	0.000	10.957	41.66	0.15	52.767
2014	10.957	0.000	10.957	36.77	0.10	47.827
2015	9.957	0.000	9.957	38.79	0.00	48.747
2016	9.957	0.000	9.957	37.03	0.00	46.984
2017	9.957	0.000	9.957	36.40	0.00	46.356
2018	9.800	0.000	9.800	36.73	0.00	46.527
2019	9.800	0.000	9.800	36.14	0.00	45.943
2020	9.800	0.000	9.800	36.29	0.00	46.093
2021	9.800	0.000	9.800	36.32	0.00	46.120
2022	9.800	0.000	9.800	35.62	0.00	45.418

CITY OF AVONDALE ESTATES, GEORGIA

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

Taxpayer	Fiscal Year 2022			Fiscal Year 2013		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
278 Oak Holdings LLC	\$ 2,018	1	0.64 %			%
TOSC Properties LLC	1,160	2	0.37			
Toll Southeast LP Company Inc	1,140	3	0.36			
Little Tree Properties	1,095	4	0.35			
OCP Avondale LLC	1,092	5	0.35	\$ 430	8	0.29
Georgia Power Co.	1,056	6	0.34	639	4	0.43
S 4110 Property LLC	976	7	0.31			
Brewcraft LLC	640	8	0.20			
TT and G LLC	627	9	0.20			
Gargiulo Joseph C	586	10	0.19	1,576	1	1.06
Georgia Duck and Cortage Mill				1,322	2	0.89
Flagstar Bank				1,305	3	0.87
Michael Plasker				580	5	0.39
Cleveland Construction Inc				466	6	0.31
David Ladet				451	7	0.30
Waffle House Inc				421	9	0.28
Southcrest Bank				420	10	0.28
All others	303,668		96.69	141,763		94.91
	<u>\$ 314,058</u>		<u>100 %</u>	<u>\$ 149,373</u>		<u>100 %</u>

Source: DeKalb County Tax Commissioners Office

CITY OF AVONDALE ESTATES, GEORGIA

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

Tax Year*	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 1,499	\$ 1,461	97.5%	\$ 38	\$ 1,499	100.00%
2014	1,566	1,550	99.0%	16	1,566	100.00%
2015	1,725	1,666	96.6%	59	1,725	100.00%
2016	1,834	1,799	98.1%	35	1,834	100.00%
2017	2,001	1,923	96.1%	77	2,000	99.95%
2018	2,155	2,066	95.9%	88	2,154	99.95%
2019	2,393	2,256	94.3%	123	2,379	99.41%
2020	2,445	2,403	98.3%	33	2,436	99.63%
2021	2,869	2,813	98.0%	21	2,834	98.78%
2022	2,960	2,889	97.6%	-	2,889	97.60%

Source: DeKalb County Tax Commissioners Office

CITY OF AVONDALE ESTATES, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Financed Purchases	Notes Payable	Financed Purchases			
2013	\$ -	-	\$ 800	\$ -	\$ -	\$ 800	0.60%	\$ 264
2014	-	-	649	-	-	649	0.47%	212
2015	-	-	494	-	-	494	0.36%	160
2016	-	-	334	-	-	334	0.21%	107
2017	-	-	169	-	-	169	0.10%	53
2018	-	-	-	-	-	-	0.00%	-
2019	-	117	117	-	-	234	0.12%	75
2020	-	432	432	-	-	864	0.42%	275
2021	-	4,010	4,010	-	110	8,130	3.42%	2,279
2022	-	7,800	517	-	57	8,374	3.47%	2,397

CITY OF AVONDALE ESTATES, GEORGIA

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

	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Avondale Estates (1)</u>	<u>Amount Applicable to City of Avondale Estates</u>
Overlapping General Obligation Debt:			
DeKalb County	\$ 161,247	0.955%	\$ 1,539
Fulton-DeKalb Hospital Authority (DeKalb Portion)	29,926	0.955%	286
DeKalb County Board of Education	<u>218,089</u>	0.955%	<u>2,082</u>
Total overlapping debt	409,262		1,539
City direct debt	<u>8,374</u>	100.000%	<u>8,374</u>
Total direct and overlapping debt	<u><u>\$ 417,636</u></u>		<u><u>\$ 9,913</u></u>

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

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

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. 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	\$	314,058
Add back: exempt real property		<u>39,918</u>
Total assessed value		353,976
Debt limit (10% of total assessed value)		35,398
Total debt		<u>8,374</u>
Legal debt margin	\$	<u><u>27,024</u></u>

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

CITY OF AVONDALE ESTATES, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (4) (in thousands)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>Percentage of Population Age 25 and Older with Greater than 12 Years of Formal Schooling (1)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (2)</u>
2013	3,030	\$ 134,177	\$ 44	45.0	68%	784	10.4%
2014	3,058	137,272	45	45.0	70%	898	6.8%
2015	3,088	137,637	45	44.7	75%	926	4.1%
2016	3,129	155,488	50	44.6	75%	912	4.1%
2017	3,159	166,452	53	46.8	75%	962	4.1%
2018	3,173	177,204	56	47.7	76%	1,028	3.6%
2019	3,135	202,339	65	48.4	78%	988	3.2%
2020	3,144	204,593	65	48.5	78%	995	3.3%
2021	3,567	237,562	67	49.1	81%	960	4.8%
2022	3,494	241,086	69	47.7	86%	1,010	4.8%

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

(2) Source: Georgia Department of Labor

(3) Avondale Estates Museum School Enrollment is included

(4) American Community Survey estimates, 2020

CITY OF AVONDALE ESTATES, GEORGIA

PRINCIPAL EMPLOYERS LAST TEN YEARS

2022 Employers	2021 Employers	2020 Employers	2019 Employers	2018 Employers
Davey Tree, dba Arboguard DeKalb Collision Center Easter Seals North Georgia Inc. Financial Control Group Harley Collision Centers Home Forge Remodeling LLC Jollay Masonry Jordon Construction Company Waffle House # 1000 Wild Heaven Craft Beers	5 Star Office Furniture Bonnie Carter Fine Art Davey Tree, dba Arboguard DeKalb Collision Center Easter Seals North Georgia Inc. Financial Control Group Finders Keepers Consignment Home Forge Remodeling LLC Jollay Masonry Waffle House # 1000	Community Development Institute Davey Tree, dba Arboguard Family Dollar Stores #30491 Home Forge Remodeling Jollay Masonry My Parents' Basement Savage Pizza Second Life Thrift Store Waffle House # 1000 Zest Atlanta	Clarendon Group, Inc. Community Development Institute Davey Tree, dba Arboguard Jollay Masonry Lanier-Jones LifeLine Animal Project Mann Mechanical My Parents' Basement Savage Pizza Waffle House # 1000	Community Development Institute Davey Tree, dba Arboguard Globe Chemical Jollay Masonry Lanier-Jones LifeLine Animal Project Mann Mechanical Rite Aid # 11690 Savage Pizza Waffle House # 1000
2017 Employers	2016 Employers	2015 Employers	2014 Employers	2013 Employers
Ace & A Heating and Air Arboguard Tree Service Globe Chemical Jollay Masonry LifeLine Animal Project Mann Mechanical PCA Head Start Rite Aid # 11690 Savage Pizza Waffle House # 1000	Arboguard Tree Globe Chemical Jollay Masonry Lanier Jones Mechanical LifeLine Animal Project Mann Mechanical PCA Head Start Rite Aid # 11690 Savage Pizza Waffle House # 1000	Ace & A Heating and Air Arboguard Tree DeKalb Collision Center Globe Chemical Jollay Masonry Lanier Jones Mechanical Mann Mechanical PCA Head Start Rite Aid # 11690 Waffle House # 1000	Ace & A Heating and Air Arboguard Tree Avondale Pizza Café DeKalb Collision Center Jollay Masonry Mann Mechanical Paste PCA Head Start Rite Aid # 11690 Waffle House # 1000	Ace & A Heating and Air Arboguard Tree Avondale Pizza Café DeKalb Collision Center Jollay Masonry Mann Mechanical Paste Rite Aid # 11690 Simon Roofing Waffle House # 1000

Source: City of Avondale Estates Occupational Tax Department

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

CITY OF AVONDALE ESTATES, GEORGIA

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

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General government	9	9	9	8	8	8	8	8	8	7
Public safety										
Police Officers	12	12	15	14	14	14	14	13	13	12
Public Works	1	1	1	2	2	2	2	2	2	2
Sanitation	9	9	10	11	11	11	11	11	12	11
Culture & Recreation	7	6	8	7	7	7	6	6	3	6
Total	<u>38</u>	<u>37</u>	<u>43</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>41</u>	<u>40</u>	<u>38</u>	<u>38</u>

Source: City of Avondale Estates department records

CITY OF AVONDALE ESTATES, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	<u>2022 (1)</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Police</u>										
Homicide	-	-	-	-	-	-	-	-	-	-
Robbery	3	2	2	2	2	2	4	1	-	3
Aggravated Assault	3	1	1	1	-	3	1	-	1	4
Auto Theft	5	7	5	3	4	5	3	6	2	8
Burglary	9	11	10	4	13	14	18	12	7	9
Larceny	81	116	26	55	58	44	48	49	37	66
<u>Municipal Court</u>										
Traffic Citations Issued	1,206	1,881	1,558	3,866	3,104	2,870	2,580	3,030	3,123	4,368

Source: City of Avondale Estates Departments

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

(1) Decrease in traffic citations was due to community minded policing efforts which resulted in fewer citations.

CITY OF AVONDALE ESTATES, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	19	12	12	8	8	8	7	6	5	4
Public Works										
Streets (miles)	19	19	19	19	19	19	19	19 (1)	18	18
Number of Street Lights	387	387	387	387	387	387 (2)	385	385 (1)	369	369
Collection Trucks	4	4	3	3	3	3	-	-	-	-
Dump Trucks	1	-	-	-	-	-	-	-	-	-
Street Sweeper	-	-	-	-	-	-	-	-	-	-

Source: Various City departments

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

(1) Increase due to annexation

(2) Increase due to Maple Street installation

APPENDIX B
SUMMARIES OF THE PRINCIPAL DOCUMENTS

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SUMMARIES OF THE PRINCIPAL DOCUMENTS

The following is a summary of certain provisions of the Resolution and Contract. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Resolution and the Contract. Copies of the Resolution and the Contract are on file with the City.

DEFINITIONS OF CERTAIN TERMS

The following is a summary of the definitions of certain terms contained in the Resolution and Contract.

“Act” means the Urban Redevelopment Law of the State of Georgia (O.C.G.A Section 36-61-1, *et seq.*, as amended.

“Agency” means the Urban Redevelopment Agency of the City of Avondale Estates, Georgia, and its successors or assigns.

“Authorized City Representative” means the person at the time designated to act on behalf of the City by written certificate furnished to the Agency and the Bonds Project Fund Custodian, containing the specimen signature of such person and signed on behalf of the City by its Mayor or Mayor-Pro Tem. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

“Bond Registrar” means the commercial bank appointed by the Agency to serve as bond registrar pursuant to the Resolution.

“Bonds” means the Agency’s Revenue Bonds, Series 2023 in the total principal amount not to exceed \$8,900,000.

“Bonds Project Fund” means the Urban Redevelopment Agency of the City of Avondale Estates, Georgia Bonds Project Fund created in the Resolution.

“Bonds Project Fund Custodian” means U.S. Bank Trust Company, National Association appointed by the Agency to maintain the Bonds Project Fund in accordance with the terms of the Resolution.

“Book-Entry Form” or **“Book-Entry System”** means, with respect to the Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the Bonds and bond service charges may be transferred only through book-entry and (b) physical Bonds in fully registered form are registered only in the name of a Securities Depository or a Securities Depository Nominee as holder, with physical Bonds in the custody of a Securities Depository or a Securities Depository Nominee.

“City” means the City of Avondale Estates, Georgia, and its successors and assigns.

“Contract” means the Intergovernmental Contract, dated as of September 1, 2019, between the Agency and the City, and any amendments thereto.

“Contract Payments” means the amount sufficient to pay the principal of and interest on the Bonds coming due on the next succeeding Interest Payment Date; provided, however, the City will receive a credit against any Contract Payment to the extent moneys are on deposit in the Sinking Fund and not previously credited to the Contract Payments.

“Disclosure Certificate” means the written undertakings executed by the City in connection with the issuance of the Bonds as required by the Rule.

“Funds” means the Bonds Project Fund and the Sinking Fund.

“Government Obligations” means (a) direct obligations of the United States of America and (b) obligations which are unconditionally insured or guaranteed by the United States, in either case which are not callable except at the option on the holder therewith.

“Interest Payment Date” means each June 1 and December 1, commencing June 1, 2024.

“Note” means the Agency’s Drawdown Bond Anticipation Note, Series 2019.

“Paying Agent” means the Secretary of the Agency or the financial institution at the time serving as paying agent in accordance with the terms of the Resolution.

“Pledged Security” means the Contract (except for the Unassigned Rights), the Contract Payments and the moneys and securities on deposit in the Sinking Fund.

“Resolution” means the resolution of the Agency adopted on August 12, 2019 (the “Original Resolution”), as amended by a First Amendment to Bond Resolution adopted on October 26, 2022, and as supplemented on November ____, 2023 (the “collectively the “Resolution”), authorizing the issuance of the Bonds, as supplemented from time to time.

“Revenue Bond Law” means the Revenue Bond Law of the State (O.C.G.A. Section 36-82-60 *et seq.*, as amended).

“Rule” means Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

“Securities Depository” means any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to provisions of Section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interest in bonds and bond service charges, and to effect transfers of bonds in Book-Entry Form, and means, initially, The Depository Trust Company (a limited purpose trust company), New York, New York.

“Securities Depository Nominee” means any nominee of a Securities Depository and initially means Cede and Co., New York, New York, as nominee of The Depository Trust Company.

“Sinking Fund” means the means the Urban Redevelopment Agency of the City of Avondale Estates, Georgia Sinking Fund created in the Resolution.

“Sinking Fund Custodian” means the commercial bank appointed by the Agency to maintain the Sinking Fund in accordance with the terms of the Resolution.

“Sinking Fund Investments” means (a) Government Obligations and forward purchase agreements and repurchase agreements with respect thereto, (b) demand deposits or certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured and (c) the local government investment pool created by O.C.G.A. Section 36-83-8.

“State” means the State of Georgia.

“Unassigned Rights” means the Agency’s right to receive notices and to indemnification.

“Urban Redevelopment Plans” means the 2019 Stormwater Urban Redevelopment Plan and the 2019 Downtown Urban Redevelopment Plan as adopted by the City on June 13, 2019, with respect to the urban redevelopment projects described therein, including the 2019 Urban Redevelopment Projects.

“2019 Urban Redevelopment Projects” means the acquisition, construction and equipping of the Urban Redevelopment Projects consisting of (a) a park and road improvements, including street grid, within the Downtown Urban Redevelopment Area and (b) stormwater improvements within the Stormwater Urban Redevelopment Area, all as further described in the Urban Redevelopment Plans.

THE RESOLUTION

Funds

Generally. Under the terms of the Resolution, the Agency has established the following funds:

- (a) Bonds Project Fund; and
- (b) Sinking Fund.

Bonds Project Fund. Under the Resolution, a special trust fund is created and designated as the “Urban Redevelopment Agency of the City of Avondale Estates Bonds Project Fund.” The Bonds Project Fund will be kept as a trust fund with the Bonds Project Fund Custodian separate from other deposits of the Agency.

Moneys on deposit in the Bonds Project Fund shall be used to pay the Costs of Closing. The Costs of Closing shall include the costs of issuing the Bonds.

The Costs of Closing shall be paid in accordance with a closing memo prepared by the financial advisor dated the date of issuance of the Bonds and signed by an officer (or officers) of the City properly authorized and designated to sign on the City’s behalf for this purpose.

Any balance remaining in the Bonds Project Fund 90 days after payment of the Costs of Closing shall without further authorization be transferred to the Paying Agent for deposit in the Sinking Fund.

Sinking Fund. Under the Resolution, a special trust fund is created and designated as the “Urban Redevelopment Agency of the City of Avondale Estates, Georgia Sinking Fund.” The Sinking Fund will be kept as a trust fund with the Sinking Fund Custodian separate from other deposits of the Agency. All Contract Payments will be deposited into the Sinking Fund for the purpose of paying the principal of and interest on the Bonds as the same become due and payable. Moneys on deposit in the Sinking Fund will be invested or reinvested at the direction of the City only in Sinking Fund Investments.

Moneys in the Sinking Fund shall be used for (a) the payment of the principal of and interest on the Note and the Bonds as the same become due, (b) the prepayment or redemption of the Note and the Bonds prior to maturity at the price and under the conditions provided therefor in this Resolution, (c) the purchase price of the Note or the Bonds in the open market and (d) the payment of the necessary charges of the Paying Agent, the Authenticating Agent, the Bond Registrar and the custodians and depositories for the funds and accounts established under the Resolution.

Pledge of Security

Except for the Unassigned Rights, the Pledged Security is pledged to the payment of the principal of and the interest on the Bonds and all amounts owing under the Resolution. The Pledged Security will immediately be subject to the lien of the pledge without any physical delivery thereof or further act. The lien of the pledge will be valid and binding against the Agency and against all parties having claims of any kind against the Agency, whether such claims have arisen in contract, tort or otherwise and irrespective of whether or not such parties have notice hereof.

No Preference or Priority

All of the Bonds are of equal rank and dignity without preference, priority or distinction as to lien or otherwise on the Pledged Security securing the payment thereof and interest thereon.

No Liens

No other obligations of any kind or nature will hereafter be issued which are payable from or enjoy a lien on the Pledged Security.

Defeasance

When the Sinking Fund Custodian, the Paying Agent or an escrow agent has sufficient moneys or Government Obligations, which, without any reinvestment thereof, will (based upon a verification report of an independent certified public accountant or firm thereof) provide for the payment of all or a portion of the Bonds and the interest due or to become due thereon, such Bonds will be deemed to be paid. The owners of such Bonds will no longer be entitled to the benefits of the security afforded by the Resolution, and such Bonds will, except for the purposes of registration, exchange and transfer, no longer be deemed outstanding thereunder.

Events of Defaults

Each of the following events is an “event of default” under the Resolution: (a) payment of any installment of principal of the Bonds will not be made when the same becomes due and payable; or (b) payment of any installment of interest will not be made when the same becomes due and payable; (c) an order or decree shall be entered, with the consent or acquiescence of the Agency, appointing a receiver, or receivers, of the Agency, or any proceedings shall be instituted, with the consent or acquiescence of the Agency, for the purpose of effecting a composition between the Agency and its creditors, pursuant to any federal or state statute now or hereafter enacted, or if such order or decree, having been entered without the consent and acquiescence of the Agency, shall not be vacated or discharged or stayed on appeal within 60 days after entry thereof, or if such proceeding, having been instituted with the consent or acquiescence of the Agency, shall not be withdrawn, or any orders entered shall not be vacated, discharged or stayed on appeal within 60 days after the institution of such proceedings, or the entry of such orders; or (d) an “event of default” has occurred under the Contract; or (e) the Agency makes a default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds or in the Resolution on the part of the Agency to be performed, and such default will continue for 30 days after written notice, specifying such default and requiring same to be remedied, will have been given to the Agency by any bondholder; provided, however, if the default stated in the notice cannot be corrected within such 30-day period, it will not be a default under the Resolution if the Agency institutes corrective action and diligently pursue it until the default is cured.

Remedies

Upon the happening and continuance of any event of default, then and in every such case any bondholder may proceed, subject to the provisions described below, to protect and enforce the rights of the bondholders under the Resolution by a suit, action or special proceedings, for the special performance of any covenant or agreement contained in the Resolution or in the Contract or granted in the Contract, or for the enforcement of any proper legal or equitable remedy as such bondholder shall deem most effectual to protect and enforce the rights aforesaid. Notwithstanding the foregoing, the bondholders do not have the right to accelerate the Bonds.

In case any proceeding taken by any bondholder on account of any event of default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to such bondholder, then and in every such case the Agency and the bondholders will be restored to their former positions and rights under the Resolution, respectively, and all rights, remedies, powers and duties of the bondholders will continue as though no such proceedings had been taken.

No one, or more, bondholders secured by the Resolution will have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security granted and provided for in the Resolution, or to enforce any right thereunder, except in the manner therein provided, and all proceedings at law or in equity will be instituted, had and maintained for the equal benefit of all owners of such outstanding Bonds.

No remedy conferred by the Resolution upon the bondholders is intended to be exclusive of any other remedy, or remedies, and each and every such remedy will be cumulative, and will be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity, or by statute.

No delay or omission of any bondholder to exercise any right or power accruing upon any event of default occurring and continuing as aforesaid, will impair any such event of default or be construed as an acquiescence therein and every power and remedy given by the Resolution to the bondholders, may be exercised from time to time and as often as may be deemed expedient.

Supplemental Proceedings

The Agency may, with the consent of the owners of a majority in principal amount of the Bonds as described below, adopt such resolution or resolutions supplemental to the Resolution as will be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Resolution or in any supplemental resolution or in the Bonds; provided, however, that nothing contained in the Resolution will permit, or be construed as permitting, without the consent of the owners of all the Bonds: (a) the extension of the maturity of any Bond issued under the Resolution; (b) the reduction in the principal amount of any Bond or the alteration of the rate or rates of interest thereon or any other modification of the terms of payment of such principal or interest; (c) the reduction of the percentage of the principal amount of Bonds required for consent to such supplemental resolution; or (d) the creation of any lien on the Pledged Security prior to or superior to the lien created as the security for the payment of the Bonds.

The Agency may, without the consent of the owners of the Bonds, adopt such resolution or resolutions supplemental to the Resolution as will be necessary or desirable to (a) cure any ambiguity or formal defect or omission in the Resolution or in any supplemental proceedings; (b) grant any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the bondholders by the Agency; (c) further expand or clarify the amounts required to be paid into the Sinking Fund and the timing thereof; (d) modify, amend or supplement the Resolution or any proceedings supplemental thereto in such manner as to permit the qualification of the Resolution under the Trust Indenture Act of 1939 or any federal statute hereinafter in effect; (e) make any modification or amendment of the Resolution required in order to make the Bonds eligible for acceptance by the Securities Depository; (f) make any modification or amendment of the Resolution required in order to preserve the tax-exempt status of the Bonds; or (g) make any other changes that in the opinion of counsel are not materially adverse to the interests of the bondholders.

After any supplemental resolution shall have been adopted, the Agency will cause a notice of the adoption of such resolution to be mailed, postage prepaid, to all registered owners of Bonds appearing on the bond registration book kept by the Bond Registrar.

No supplemental resolution requiring the consent of the bondholders will become effective unless the owners of at least a majority of the principal amount of Bonds outstanding have filed with the Agency within three months after the date of adoption of such supplemental resolution properly executed instruments approving the adoption of such supplemental resolution, each such instrument to be accompanied by proof of ownership of the Bonds to which such instrument refers, which proof will be such as is permitted by the Resolution.

THE CONTRACT

Agreement to Construct and Equip the 2019 Urban Redevelopment Projects

The City will be solely responsible for the construction and equipping of the 2019 Urban Redevelopment Projects. The City will prepare the Requisitions required by the Resolution.

The City has agreed to obtain all necessary approvals from any and all governmental agencies requisite to the construction and equipping of the 2019 Urban Redevelopment Projects. The 2019 Urban Redevelopment Projects will be constructed and equipped in compliance with all federal, state and local laws, ordinances and regulations applicable thereto. The City will take such action and institute such proceedings as it deems appropriate to assure that the construction and equipping of the 2019 Urban Redevelopment Projects will proceed in an efficient and workmanlike manner.

The City will acquire, construct and equip the 2019 Urban Redevelopment Projects with all reasonable dispatch and will use its best efforts to cause the acquisition, construction and equipping of the 2019 Urban Redevelopment Projects to be completed as soon as may be practical, delays incident to strikes, riots, acts of God or the public enemy beyond the reasonable control of the City excepted.

The proceeds of the Note were used to finance the 2019 Urban Redevelopment Projects. The Agency has not made any warranty, either express or implied, that the proceeds derived from the sale of the Note will be sufficient to pay all the costs of the 2019 Urban Redevelopment Projects. In the event that the proceeds derived from the sale of the Note was insufficient to pay all the costs of 2019 Urban Redevelopment Projects intended to be financed with Note proceeds, the City will pay the remaining costs, and the City will not be entitled to be any reimbursement therefor from the Agency or a reduction in Contract Payments.

Effective Date; Contract Term

The Contract will become effective as of September 1, 2019, and, subject to the other provisions of the Contract, the Contract will expire when the Bonds and the fees and expenses of the Agency, the custodians and depositories, the Paying Agent, the Bond Registrar and the Authenticating Agent shall have been fully paid or provision made for such payment, whichever is later, but in no event later than 50 years from September 1, 2019.

Contract Payments

The City has agreed to pay the Contract Payments at least one day before the applicable Interest Payment Date on the Bonds. The Agency has assigned the Contract (except for Unassigned Rights) and the Contract Payments to the owners of the Bonds, and the City has consented to such assignment. Pursuant to the Contract, the Agency has directed the City to make the Contract Payments directly to the Sinking Fund Custodian. In the event the City should fail to make any of the Contract Payments, the item or installment so in default will continue as an obligation of the City until the amount in default will have been fully paid, and the City has agreed to pay the same with interest thereon at the rate borne by the Bonds, to the extent permitted by law, from the date thereof.

Prepayment of Contract Payments

The City may prepay the Contract Payments in whole or in part at any time and may elect to apply such prepayments to redeem Bonds in accordance with the provisions of the Resolution.

Obligations of City Absolute and Unconditional

The obligations of the City to make the Contract Payments and to perform and observe the other agreements on its part contained in the Contract will be absolute and unconditional. Until such time as the principal of and interest on the Bonds outstanding under the Resolution has been paid in full or provision for the payment thereof has been made in accordance with the Resolution, the City (a) will not suspend, abate, reduce, abrogate, diminish, postpone, modify or discontinue any Contract Payments, (b) will perform and observe all of its other agreements contained in the Contract and (c) will not terminate the Contract for any cause, including, without limiting the generality of the foregoing, failure of title to and in the 2019 Urban Redevelopment Projects or any part thereof, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the 2019 Urban Redevelopment Projects, the taking of eminent domain of title to or the use of any part of the 2019 Urban Redevelopment Projects or any part thereof, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either, the invalidity of any provision of the Contract, or any failure of the Agency to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Contract or the Resolution. However, nothing contained in the Contract will be construed to release the Agency from the performance or recover damages for nonperformance of any of the agreements on its part contained in the Contract; and if the Agency should fail to perform any such agreement, the City may institute such action against the Agency as the City may deem necessary to compel performance as long as such action will not do violence to or adversely affect the agreements on the part of the City in the Contract and to make the Contract Payments.

Tax Levy to Pay Contract Payments

The City agreed to (a) levy an ad valorem tax, unlimited as to rate or amount, on all property located within the City subject to such tax in the amounts necessary to make the Contract Payments and (b) make available and use for such Contract Payments all taxes levied and collected for that purpose. The City has also agreed that it will, in its general revenue, appropriation, and budgetary measures whereby its tax funds or revenues and the allocation thereof are controlled or provided for, include sums sufficient to timely make the Contract Payments. The obligation of the City to pay the Contract Payments constitutes a general obligation for which the full faith, credit, and taxing power of the City are pledged; provided, nothing in the Contract shall limit the right of the City to make Contract Payments out of its general funds or other lawfully available sources.

Enforcement of Obligations

The obligation of the City to make Contract Payments under this Article may be enforced by (a) the Agency, (b) the owner of the Note, independently of the Agency, (c) the bondholders, independently of the Agency, or (d) such receiver or receivers as may be appointed pursuant to this Resolution or applicable law. The covenants and agreements hereunder, including specifically the obligation to make the Contract Payments, shall be enforceable by specific performance; it being acknowledged and agreed by the Agency and the City that no other remedy at law is adequate to protect the interests of the parties hereto or the interests of the owner of the Note or the bondholders.

Maintenance and Operation of the 2019 Urban Redevelopment Projects

The City agreed to maintain the 2019 Urban Redevelopment Projects in good working order. The City also agreed to operate the 2019 Urban Redevelopment Projects or to cause the 2019 Urban Redevelopment Projects to be operated and to pay all costs of operating the 2019 Urban Redevelopment Projects or to cause all costs of operating the 2019 Urban Redevelopment Projects to be paid, including, without limitation, salaries, wages, employee benefits, the payment of any contractual obligations incurred pertaining to the operation of the 2019 Urban Redevelopment Projects, cost of materials and supplies, rentals of leased property, real or personal, insurance premiums, audit fees, any incidental expenses and such other charges as may properly be made for the purpose of operating the 2019 Urban Redevelopment Projects in accordance with sound business practice.

Insurance

The City has agreed to insure the 2019 Urban Redevelopment Projects or to cause the 2019 Urban Redevelopment Projects to be insured in accordance with its customary insurance practices.

Payment of Fees of Fiscal Agents

The City will pay the Paying Agent, Bond Registrar and Authenticating Agent for their services under the Resolution.

Compliance with Resolution

The City has agreed to comply with all of its obligations under the Resolution.

Indemnification

To the extent permitted by law, the City has agreed to release the Agency from and to indemnify the Agency for any and all liabilities and claims against the Agency arising from the issuance of the Bonds and the City's acquisition, construction, ownership and operation of the 2019 Urban Redevelopment Projects, including without limitation, (a) any condition of the 2019 Urban Redevelopment Projects, (b) any breach or default on the part of the City in the performance of any of its obligations under the Contract, (c) any act or negligence of the City or of any of its agents, contractors, servants, employees or licensees, (d) any act or negligence of any assignee or lessee of the City, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the City or (e) any material misstatement or omission in connection with the sale of the Bonds. Notwithstanding the foregoing, the City will not be required to indemnify the Agency for its gross negligence or willful misconduct.

If any such claim is asserted, the Agency or any individual indemnified in the Contract, as the case may be, will give prompt written notice to the City, and the City will promptly assume the defense thereof, including the employment of counsel and payment of all expenses of such defense, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Agency will have the right to approve in writing all counsel engaged by the City to conduct such defense, which approval will not be unreasonably withheld.

The Agency will have the right to employ separate counsel in any such action and to participate in the defense thereof, but the City will not be required to pay the fees and expenses of such separate counsel unless the separate counsel is employed with the approval of the City.

Notwithstanding anything in the Contract to the contrary, the indemnification provisions of the Contract will survive the termination of the Contract.

Disclosure Certificate

The City has agreed to comply with its obligations under the Disclosure Certificate; provided, however, a failure of the City to comply with its obligations under the Disclosure Certificate will not constitute a default or an event of default under the Contract and the only action that may be taken under the Contract is an action for specific performance.

Tax Covenants

The Agency and the City have agreed to do all things necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds and not to do anything that would adversely affect such exclusion.

Assignments

Except for the assignment of the Contract pursuant to the Resolution, the Contract may not be assigned, as a whole or in part, by the Agency. The Agency has assigned this Contract to the owners of the Bonds, and the City has consented to such assignment.

Events of Default

The following are “events of default” and “defaults” under the Contract:

- (a) Failure by the City to make the Contract Payments when due; or
- (b) Failure by the City or the Agency to observe and perform any covenant, condition or agreement of the Contract on its part to be observed or performed, other than as referred to in subsection (a) above, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City or the Agency, as appropriate, by the non-defaulting party, the bondholders or any other assignee of the Agency, unless the non-defaulting party and the bondholders will agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the 30-day period it shall not be an event of default if corrective action is instituted within the applicable period and diligently pursued until the default is corrected; or
- (c) Any representation in the Contract shall be untrue.
- (d) An “event of default” shall have occurred under the Resolution.

Remedies

Whenever any event of default referred to above will have happened and be existing, the non-defaulting party or the owner of any of the Bonds may take any action and pursue any remedy available under the Resolution and the

laws of the State, including, without limitation, bringing an action for specific performance. Notwithstanding the foregoing, the non-defaulting party and the bondholders do not have the right to accelerate the Contract Payments.

No remedy conferred in the Contract or the Resolution is intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Contract or the Resolution or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any event of default will impair any such right or power or will be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to exercise any remedy reserved in the Contract, it will not be necessary to give any notice, other than such notice or notices as may be expressly required by the Contract. Such rights and remedies as are given to the Agency under the Contract will also extend to the bondholders, and the bondholders will be deemed third party beneficiaries of all covenants and agreements contained in the Contract.

If an event of default occurs under the Contract and the non-defaulting party should employ attorneys or consultants or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the City or the Agency contained in the Contract, the defaulting party has agreed that it will on demand therefor pay to the non-defaulting party or the bondholders the reasonable fee of such attorneys and consultants and such other reasonable expenses so incurred by the non-defaulting party and the bondholders.

If any agreement contained in the Contract should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach thereunder.

Third Party Beneficiaries

The owners of the Bonds secured by the Contract are the sole third-party beneficiaries thereof.

Amendments, Changes and Modifications

The Contract may be amended, changed and modified without the consent of the owners of the Bonds to (a) cure any ambiguity or formal defect or omission in the Contract; (b) grant any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon bondholders by the City; (c) further expand or clarify the amounts required to be paid into the Sinking Fund and the timing thereof; (d) conform to supplements to the Resolution; or (e) make any other amendments, changes and modifications that in the opinion of counsel are not materially adverse to the interest of the bondholders. Any other amendments, changes and modification in the Contract will become effective only with the consent of the owners of a majority in aggregate principal amount of the Bonds secured by the Contract. In no event, however, may any such amendments, changes and modifications permit (a) the reduction of Contract Payments required to be made to ensure the payment of the Bonds and the other obligations secured by the Resolution; or (b) the reduction of the percentage of the principal amount of the Bonds required for consent to any such amendment, change or modification.

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APPENDIX C
FORM OF OPINION OF BOND COUNSEL

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MURRAY BARNES FINISTER LLP

3525 PIEDMONT ROAD • 5 PIEDMONT CENTER • SUITE 515 • ATLANTA, GEORGIA 30305

_____, 2023

City of Avondale Estates, Georgia
Avondale Estates, Georgia

[Purchaser]

Urban Redevelopment Agency of the City
of Avondale Estates
Avondale Estates, Georgia

U.S. Bank Trust Company, National Association
Atlanta, Georgia

Re: \$_____ Urban Redevelopment Agency of the City of Avondale Estates
Revenue Bonds, Series 2023

To the Addressees:

We have acted as Bond Counsel and Disclosure Counsel to the City of Avondale Estates, Georgia (the “City”) in connection with the issuance by the Urban Redevelopment Agency of the City of Avondale Estates (the “Agency”) of \$_____ in aggregate principal amount of its Revenue Bonds, Series 2023 (the “Bonds”). In our capacity as Bond Counsel, we have examined (a) the Constitution and laws of the State of Georgia, including specifically the Urban Redevelopment Law of the State of Georgia (O.C.G.A. Section 36-61-1 *et seq.*, as amended) (the “Act”) and the Revenue Bond Law of the State of Georgia (O.C.G.A. Section 36-82-60 *et seq.*, as amended); (b) the resolution of the Agency adopted on August 12, 2019, as amended by a First Amendment to Bond Resolution adopted on October 26, 2022, and as supplemented on _____, 2023 (collectively, (the “Resolution”) authorizing, among other things, the issuance of the Bonds; (c) a certified copy of the transcript of the validation proceeding concluded in the Superior Court of DeKalb County, Georgia related to the Bonds; and (d) such other documents, records, agreements, certificates and opinions as we have considered necessary or appropriate to enable us to render the opinions expressed herein. In all such examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies submitted to us as certified, conformed or photographic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate. All capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Resolution.

The Bonds are being issued for the purpose of (a) refinancing the costs of the 2019 Urban Redevelopment Projects (as defined in the Resolution) by repaying the Agency’s Drawdown Bond Anticipation Note, Series 2019, in the principal face amount of \$8,400,000, plus accrued interest, and (b) paying the costs of issuing the Bonds.

The Agency and the City have entered into an Intergovernmental Contract, dated as of September 1, 2019 (the “Contract”), pursuant to which the Agency has agreed to, among other

things, issue the Bonds, and the City has agreed to, among other things, (a) pay the Agency amounts sufficient to enable the Agency to pay the debt service on the Bonds (the “Contract Payments”) and (b) levy an ad valorem property tax, unlimited as to rate or amount, on all property in the City subject to such tax in order to make such Contract Payments.

The Bonds are secured by the Contract (except for the Unassigned Rights), the Contract Payments and moneys and investments on deposit in the Sinking Fund (the “Security”).

In rendering our opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, we have (a) relied as to questions of fact material to our opinion upon certificates and certified proceedings of public officials, including officials of the Agency and the City, and representations of the Agency and the City (including representations as to the use and investment of the proceeds of the Bonds), without undertaking to verify the same by independent investigation and (b) assumed continued compliance by the Agency and the City with their covenants relating to the use of the proceeds of the Bonds and compliance with other requirements of the Internal Revenue Code of 1986, as amended (the “Code”), including the arbitrage requirements contained in Section 148 of the Code. The inaccuracy of any such certificates or representations or the failure of the Agency or the City to comply with any of such covenants may cause interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance of the Bonds.

In our capacity as Bond Counsel, we express no opinion (a) with respect to the accuracy, completeness or sufficiency of the Official Statement or any other offering materials distributed in connection with the offering or sale of the Bonds or (b) as to compliance by the Agency, the City or the initial purchasers of the Bonds with any federal or state statute, regulation or ruling with respect to the sale or distribution of the Bonds.

Based upon the foregoing, we are of the opinion as of this date that:

(1) The Agency is a duly created and validly existing public body corporate and politic of the State of Georgia with the corporate power to (a) adopt the Resolution and perform its obligations thereunder; (b) issue, execute, deliver and perform its obligations under the Bonds; and (c) execute, deliver and perform its obligations under the Contract.

(2) The Resolution has been duly adopted by the Agency and constitutes a legal, valid, binding and enforceable obligation of the Agency. The Resolution creates a lien on the Security as security for the Bonds.

(3) The Bonds have been duly authorized, executed and delivered by the Agency and constitute the legal, valid and binding limited obligations of the Agency, payable solely from the Security. The Bonds have been validated by the Superior Court of DeKalb County as required by law.

(4) The Contract has been duly authorized, executed and delivered by the Agency and the City and constitutes a legal, valid, binding and enforceable obligation of the Agency and the City; provided, however, no opinion is given with respect to the enforceability of the indemnification provisions contained therein.

(5) Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. Other than as set forth in paragraph (7) below, we express no opinion regarding any other federal tax consequences caused by the receipt or accrual of interest on the Bonds.

(6) The interest on the Bonds is exempt from all present State of Georgia income taxes.

(7) The Bonds have been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Resolution and the Contract may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and to the exercise of judicial discretion in appropriate cases.

We are members of the State Bar of Georgia. Our opinions herein are limited to the laws of the State of Georgia and any applicable federal laws of the United States. This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. This opinion is intended solely for the use of the addressees and their permitted successors and/or assigns and may not be relied upon by any other person for any purpose without our prior written consent in each instance. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law that may affect any of the opinions expressed herein.

Very truly yours,

MURRAY BARNES FINISTER LLP

By: _____
A Partner

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Avondale Estates, Georgia (the “City”) in connection with the issuance by the Urban Redevelopment Agency of the City of Avondale Estates, Georgia (the “Agency”) of its Revenue Bonds, Series 2023 in an aggregate principal amount of \$ _____ (the “Bonds”). The City hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Beneficial Owners (as herein defined) and in order to assist the Participating Underwriter (as herein defined) in complying with the Rule (as herein defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution (as herein defined), which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the City pursuant to the Rule and this Disclosure Certificate.

“Beneficial Owner” means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding the Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any of the Bonds for federal income tax purposes.

“Dissemination Agent” shall mean any person(s) appointed from time to time by the City to assist in carrying out its obligations under this Disclosure Certificate.

“EMMA” means the MSRB’s Electronic Municipal Market Access System, which receives electronic submissions of the Annual Report on the EMMA website at <http://www.emma.msrb.org>.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) of this definition. The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means any period of twelve consecutive months adopted by the City, as the case may be, as its fiscal year for financial reporting purposes, and shall initially mean the period beginning on January 1 of each calendar year and ending on December 31 of such calendar year.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto.

“Official Statement” means the Official Statement of the Agency and the City relating to the Bonds.

“Participating Underwriter” means _____.

“Resolution” means the bond resolution adopted by the Authority on August 12, 2019, as amended by a First Amendment to Bond Resolution adopted on October 26, 2022, and as supplemented on November ____, 2023.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” means the State of Georgia.

SECTION 3. Provision of Annual Reports.

(a) *Annual Report.*

Not later than 270 days after the end of each Fiscal Year (the “Reporting Date”), commencing with Fiscal Year 2023, the City shall file, or shall cause the Dissemination Agent to file, an Annual Report on EMMA. Not later than 15 business days prior to the Reporting Date, the City shall provide the Annual Report to the Dissemination Agent (if any). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. The audited financial statements of the City may be submitted separately from the balance of the Annual Report in the event that the audited financial statements have not been completed by the Reporting Date. In the event that the audited financial statements have not been completed by the Reporting Date, the City shall include its unaudited financial statements (excluding notes) in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements are expected to be filed on EMMA. The City shall file the audited financial statements on EMMA when they are available.

(b) The City or the Dissemination Agent (if any) shall also:

(i) determine each year prior to the Reporting Date the manner of filing with EMMA; and

(ii) if the Annual Report is not filed by the date required in subsection (a), file a notice on EMMA in substantially the form attached as Exhibit A in a timely manner.

(c) If the City retains a Dissemination Agent, the Dissemination Agent shall file a report with the City certifying that the Annual Report has been filed pursuant to this Disclosure Certificate and the date filed.

SECTION 4. Content of Annual Reports. The City’s Annual Report for each Fiscal Year shall contain or incorporate by reference the following:

(a) The City’s basic financial statements for the preceding Fiscal Year, which are to be prepared in accordance with generally accepted accounting principles, as in effect from time to time and which shall be accompanied by an opinion letter, if available at the time of the submission of the Annual Report to the MSRB pursuant to Section 3(a) hereof, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards.

(b) If generally accepted accounting principles changed from the previous Fiscal Year and if such changes are material to the City, a narrative description (as required by Section 8 of this Disclosure Certificate) of the impact of the changes on the City.

(c) To the extent not included in items provided pursuant to subsection (a) above, information for the preceding Fiscal Year regarding the following categories of financial information and operating data substantially in the form contained in the Official Statement in the tables under the headings (1) “CITY FINANCIAL INFORMATION – Five Year General Fund History” and (2) “CITY AD VALOREM TAXATION – Property Tax Millage Rates,” “– Ad Valorem Property Tax Digest,” “– Tax Collections” and “– Ten Largest Taxpayers.”

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The City shall clearly identify each such other document so incorporated by reference. The Annual Report shall be in the appropriate electronic format and form prescribed by the MSRB.

SECTION 5. Reporting of Significant Events.

(a) Within ten (10) business days of the occurrence of one of the following Listed Events with respect to the Bonds, the City shall file, or shall cause the Dissemination Agent to file, a notice of such occurrence on EMMA:

- (i) Principal and interest payment delinquencies.
 - (ii) Non-payment related defaults, if material.
 - (iii) Unscheduled draw on debt service reserves reflecting financial difficulties.
 - (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
 - (v) Substitution of credit or liquidity providers, or their failure to perform.
 - (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5071-TEB) or other material notices or determinations with respect to the tax status of the Series 2023 Bonds, or other material events affecting the tax status of the Series 2023 Bonds.
 - (vii) Modifications to rights of the Beneficial Owners, if material.
 - (viii) Bond calls, if material, and tender offers.
 - (ix) Defeasances.
 - (x) Release, substitution or sale of property securing repayment of the Bonds, if material.
 - (xi) Appointment of an additional or a successor trustee, or the change in name of a trustee, if material.
 - (xii) Rating changes.
 - (xiii) Bankruptcy, insolvency, receivership or other similar event of the City including any of the following: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.
 - (xiv) The consummation of a merger, consolidation or acquisition involving the City, or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
 - (xv) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the City, any of which affect Beneficial Owners, if material.
 - (xvi) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.
 - (xvii) Appointment of an additional or a successor trustee, or the change in name of a trustee, if material.
- (b) The Listed Event shall be in the appropriate electronic format and form prescribed by the MSRB.

(c) The content of any notice of the occurrence of a Listed Event shall be determined by the City and shall be in substantially the form attached as Exhibit B.

SECTION 6. Termination of Reporting Obligations. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance (within the meaning of the Rule), prior redemption or payment in full of all of the Bonds. The City shall notify EMMA that the City's obligations under this Disclosure Certificate have terminated. If the City's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the City.

SECTION 7. Dissemination Agent. The City may, from time to time, appoint a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and the City may, from time to time, discharge the Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not a designated Dissemination Agent, the City shall be the Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the City has received an opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

In the event that this Disclosure Certificate is amended or any provision of the Disclosure Certificate is waived, the notice of a Listed Event pursuant to Section 5(a)(vii) or the first Annual Report after such amendment hereof shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided in the applicable Annual Report. If an amendment or waiver is made in this Disclosure Certificate which allows for a change in the accounting principles to be used in preparing financial statements, the applicable Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and impact of the change in the accounting principles on the presentation of the financial information. The City shall file a notice of the change of accounting principles in the same manner as for a Listed Event under Section 5 hereof on or before the effective date of any such amendment or waiver.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any Beneficial Owner may take such action as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a "default" or an "event of default" under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure to any party to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the City has provided such information to the Dissemination Agent as required by this Disclosure Certificate. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Beneficial Owners of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the City's failure to report to the Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the City has complied with this Disclosure Certificate. The Dissemination Agent may conclusively rely upon certifications of the City at all times.

The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the City.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Certificate shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 14. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State.

SECTION 15. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

[Signature Page to Follow]

Date: November ____, 2023.

CITY OF AVONDALE ESTATES, GEORGIA

By: _____
Mayor

Attest: _____
City Clerk

(Continuing Disclosure Certificate)

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Urban Redevelopment Agency of the City of Avondale Estates, Georgia
Obligated Person: City of Avondale Estates, Georgia
Name of Bond Issue: Urban Redevelopment Agency of the City of Avondale Estates, Georgia Revenue Bonds, Series 2023
CUSIP Number: _____
Date of Issuance: December 1, 2023

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report due with respect to the Bonds as required by its Disclosure Certificate, dated November __, 2023. The City anticipates that the Annual Report will be filed by _____.

This notice is based on the best information available at the time of dissemination. Any questions regarding this notice should be directed to _____.

Dated: _____

CITY OF AVONDALE ESTATES, GEORGIA

By: _____
Mayor

EXHIBIT B

NOTICE TO REPOSITORIES OF THE OCCURRENCE OF
[INSERT THE LISTED EVENT]

Relating to

Urban Redevelopment Agency of the City of Avondale Estates, Georgia Revenue Bonds, Series 2023

CUSIP NUMBER _____

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of the Listed Events described in Section 5(a)(ix) shall include the following:

The City hereby expressly reserves the right to redeem such refunded or defeased bonds prior to their stated maturity date in accordance with the optional/extraordinary redemption provisions of said defeased bonds.

OR

The City hereby covenants not to exercise any optional or extraordinary redemption provisions under the Resolution; however, the sinking fund provision will survive the defeasance.

AND

The Bonds have been defeased to [maturity/the first call date, which is _____]. This notice does not constitute a notice of redemption and no bonds should be delivered to the City as a result of this mailing. A Notice of Redemption instructing you where to submit your bonds for payment will be mailed _____ to _____ days prior to the redemption date.]

Dated: _____

CITY OF AVONDALE ESTATES, GEORGIA

By: _____
Mayor