CITY OF AVONDALE ESTATES
GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

CITY OF AVONDALE ESTATES, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

PREPARED BY:

Ken Turner
Finance Director

CITY OF AVONDALE ESTATES, GEORGIA

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FOR THE YEAR ENDED DECEMBER 31, 2010

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INTRODUCTORY SECTION

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BOARD OF MAYOR AND COMMISSIONERS

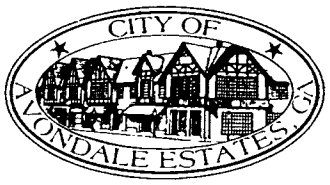
Ed Rieker
Mayor

David A. Milliron
Mayor pro tem

Terry Giager
Commissioner

Gene Lee
Commissioner

Michael D. Payne
Commissioner



R. Clai Brown
City Manager

Juliette Sims-Owens
City Clerk

Robert E. Wilson
City Attorney

Stephen W. Nicholas
City Judge

May 3, 2011

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

The Comprehensive Annual Financial Report (CAFR) of the City of Avondale Estates for the fiscal year ending December 31, 2010, is hereby submitted. Responsibility for both the accuracy of the data, the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

There were no accounting policy changes during 2010 that had a significant impact on the current period's financial statements.

The financial reporting entity includes all the funds of the primary government. The City provides a limited range of municipal government services to some 2,800 citizens. Included in these services are traditional City functions, such as public works, public safety, sanitation, parks, courts and inherent support activities.

MAJOR INITIATIVES AND ECONOMIC OUTLOOK

Current Initiatives

The City celebrated being a National Arbor Day Foundation Tree City USA for the 27th year. The City of Avondale Estates also received a Tree City USA Growth Award for demonstrating progress in its community forestry program.

The prestigious Growth Award honors environmental improvement and higher levels of tree care in Tree City USA communities. "Communities that are honored with a Tree City USA designation and a Growth Award make a strong commitment to planting and caring for trees, and we applaud their efforts," said John Rosenow, chief executive and founder of the Arbor Day Foundation. "We also commend a community's elected officials, volunteers and its citizens for providing needed care for its trees. They recognize that trees provide numerous environmental, economical and health benefits for the community every day."To become a Tree City USA, a community must meet four standards: a tree board, a community tree care ordinance, a comprehensive community forestry program, and an Arbor Day observance and proclamation. Our trees help clean the air, conserve soil and water, moderate temperature, and bring nature into our daily lives. It is important to note, the City of Avondale Estates is the only designated Tree City USA in Dekalb County.

The City annexed over 9 acres of land from unincorporated DeKalb County after a one and a half year period where the City, property owner and the public worked together to formulate a vision plan which served as the basis for the new zoning district, the Mill District (MD). This property is part of a larger development, known as the Fenner Dunlop Mill, which is over 13 acres in total. The intent of the Mill District is to require mixed- use development on the portion of the tract closest to the current Central Business District (CBD) and allow for, but not require, some apartments towards the MARTA and CSX lines. All development within the Mill District is required to have high quality materials and architectural treatment as well as development standards, including but not limited to, reestablishing the street grid and emphasizing open space. The ordinance provides for a density bonus when a developer provides senior housing or LEED certified structures not to exceed 44 units per acre. The maximum height when the developer provides a regulated amount of residential and commercial uses in the same building and a parking structure shall not to exceed six (6) stories. The City worked with the developer to ensure that both sides were comfortable with the final outcome of the ordinance. It was a prime example of the City's intent to be business and development friendly while protecting the interests of the community and maintaining the sense of place.

The City of Avondale Estates revised the Sign Ordinance to be more "business friendly" by allowing additional signage allowances for both temporary and permanent signs as well as establishing an overlay district to address the needs of business owners located in

a portion of the City which did not conform to the conditions under which the sign ordinance was developed.

Planned Initiatives

The Board of Mayor and Commissioners (BOMC) recommended the formation of the Ad Hoc Dog Park Committee to research options associated with a proposed dog park, based on public interest. The Ad Hoc Dog Park Committee is in charge of planning and making recommendations regarding all aspects of the dog park from layout and equipment to materials and rules and regulations. The Committee will present their findings and cost estimates at a public hearing in the Spring of 2011 and a decision will be made on whether or not the BOMC will support this project. If approved, an implementation schedule will be established.

The Comprehensive Plan of The City of Avondale Estates serves as a guide for making decisions and setting policies for City officials and staff concerning the future development of the City. The ten year update was completed November 2, 2007 and provides policy for the 2007-2027 planning period. This is required by the Georgia Department of Community Affairs (DCA).

To maintain Qualified Local Government Status under the Georgia Planning Act, local governments must have an approved and adopted Short Term Work Program (STWP) for implementation of their Comprehensive Plan. The STWP is a key implementation tool, which reflects those activities and strategies the local government has chosen to undertake in the current five-year period. This will also include a Report of Accomplishments outlining the progress the City has made in implementing the STWP.

Based on changes that have occurred in the City since the ten-year update was completed, the City has decided to expand parts of the Community Agenda to ensure that this document is a living, accurate representation of the City of Avondale Estates and will be the foundation document for decisions being made in the City for the next five years.

The new STWP added action items such as becoming a Preserve America Community, pursuing Better Home Town Community designation through the National Main Street Program, investigating branding opportunities, and revamping the website to include a vacant property database and demographic information.

Economic Outlook

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

According to the U.S. Bureau of Census, approximately 90 percent of the residents have attended or completed college. The average per capita income of these residents for 2010 is approximately $43,000. Most residents are well compensated, successful professionals.

They demand a high level of service and are willing to absorb the additional cost to finance this enhanced effort.

The commercial and industrial areas of the City are relatively stable. Avondale Estates is the home of the State office of the Georgia Department of Juvenile Justice.

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

FINANCIAL INFORMATION

General

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

Budgetary Controls

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

Enterprise Operations

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

Retirement Plan

The City of Avondale Estates Retirement Plan recommended contribution rate increased due to the unprecedented decline in the investment markets. The Board of Trustees of the Georgia Municipal Employees Benefit System approved an alternative recommended contribution that will allow the City to adopt a gradual increase to the higher funding requirements because of the investment downturn. Information concerning the City's Plan is found on Page 52-54 and Page 57 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.

Debt Administration

The City does not have any general obligation debt outstanding. Under current state statutes, the City's general obligation bond debt issuance is subject to a legal limitation based on 10 percent of total assessed value of real and personal property.

Cash Management

The City strives to keep abreast of current developments and procedures in cash management, as allowed under the law, to ensure efficient and profitable investments of available cash resources. Funds are deposited into bank interest bearing accounts which are FDIC insured and fully collateralized in accordance with state law. To maximize interest income, interest rates were negotiated with banking institutions resulting in an annual yield of .95%. Funds deposited into bank interest bearing accounts earned approximately .95% at year end.

Risk Management

The Georgia Municipal Association administrates the City's insurance program, whereby limits, premiums and improvements are reviewed annually. Any adjustments are scheduled for policy renewal. Informal safety inspections are performed by in-house personnel not less than weekly. Each associate is aware that safety is first and that we always seek to improve loss control functions claims management, insurance, placement and financing practices.

Independent Audit

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the year ended December 31, 2009. In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Excellence Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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

Respectfully submitted,

R. Clai Brown

R. Clai Brown, City Manager

City of Avondale Estates

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Avondale Estates

Georgia

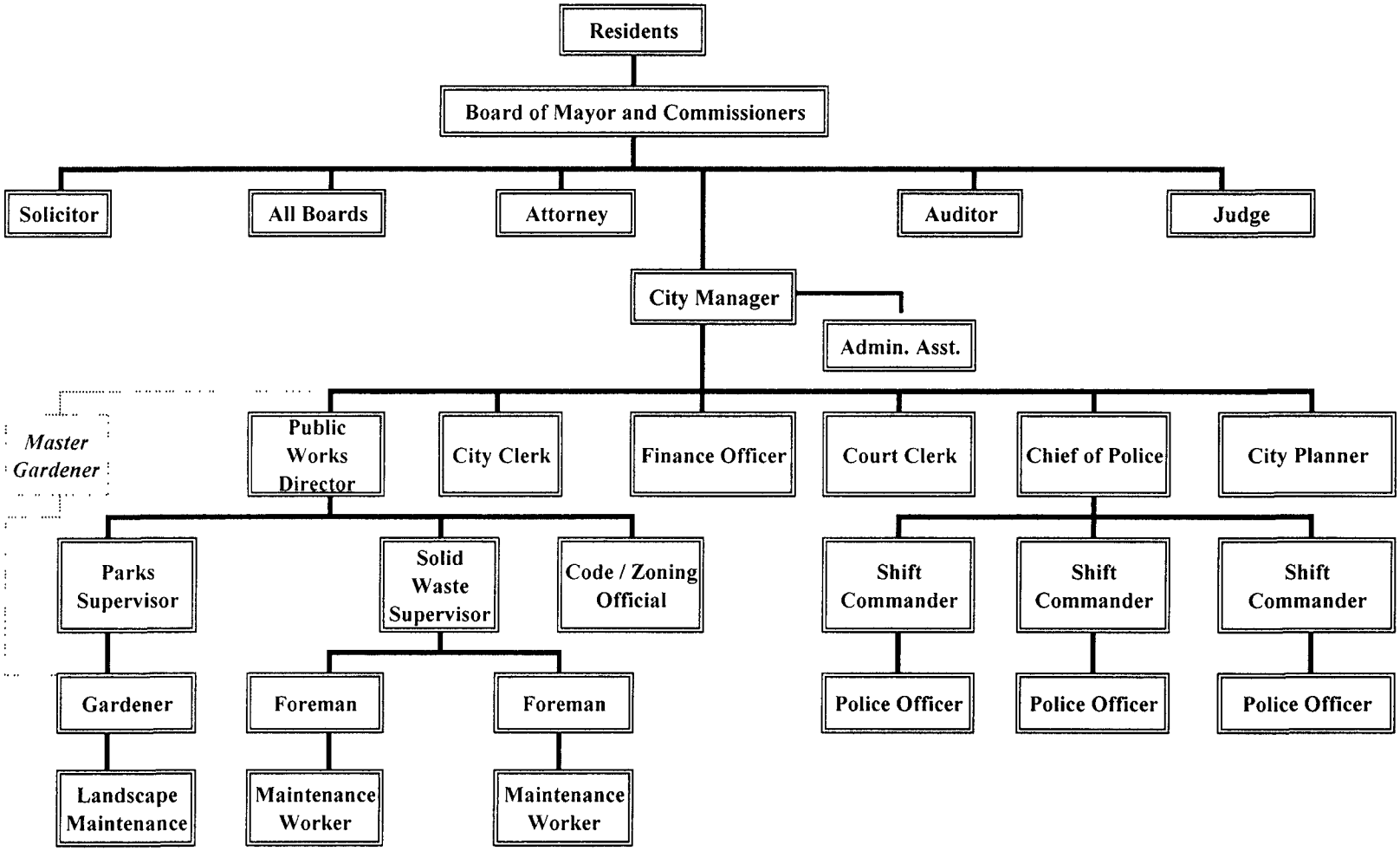
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director


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

CITY OF AVONDALE ESTATES, GEORGIA

PRINCIPAL OFFICIALS

DECEMBER 31, 2010

CITY COMMISSION

Ed Rieker	Mayor
David Milliron	Mayor Pro-Tem
Terry Giager	Commissioner
Gene Lee	Commissioner
Michael Payne	Commissioner

ADMINISTRATION OFFICIALS

Clai Brown	City Manager
Robert E. Wilson	City Attorney
Ken Turner	Finance Director
Juliette Sims-Owens	City Clerk
Karen Holmes	Administrative Assistant
Hazel Baker	Municipal Court Clerk
Gary Broden	Chief of Police
Bryan Armstead	Public Works Director

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FINANCIAL SECTION

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CLH&P

CLIFTON, LIPFORD, HARDISON & PARKER, LLC

J. Russell Lipford, Jr., CPA
Mark O. Hardison, CPA
Terry I. Parker, CPA
Christopher S. Edwards, CPA
Lynn S. Hudson, CPA
Kevin E. Lipford, CPA

Member of
American Institute of
Certified Public Accountants
Truman W. Clifton (1902-1989)

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Avondale Estates, Georgia as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Avondale Estates, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Avondale Estates, Georgia, as of December 31, 2010, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2011, on our consideration of the City of Avondale Estates, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

The management's discussion and analysis information and the schedule of pension funding progress on pages 12 through 21 and page 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Avondale Estates, Georgia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and the budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macon, Georgia
May 3, 2011

MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the City of Avondale Estates (the "City"), we offer readers of the City of Avondale Estates' financial statements this narrative overview and analysis of the financial activities of the City of Avondale Estates for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with the financial statements and footnotes.

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $5,183,436 (net assets). Of this amount, $2,856,663 (unrestricted net assets) may be used to meet the government's ongoing obligations.

The City's net assets from governmental activities increased approximately 5.12% when compared to the previous year, while business-type activities' net assets increased by approximately 16.76% when compared to the previous year.

General Fund Revenues decreased 3.73% or $109,397 compared to 2009, and expenditures increased $273 compared to 2009 The primary reason for the decrease in revenue is due to the current economic environment. Real estate values have decreased resulting in a decrease in tax revenue. Business gross receipts have decreased resulting in a decrease in licenses and fees. Interest income has decreased due to the lower interest rates.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $2,353,840 an increase of $159,225. At the end of the current fiscal year, unreserved fund balance for the general fund was $2,052,790 or 94.37% of total general fund expenditures. This amount is available for spending at the government's discretion, as it is unreserved fund balance.

Overview of the Financial Statements

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

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

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as total net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g , uncollected taxes and earned but unused vacation leave).

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

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

The government-wide financial statements can be found on pages 22-24 of this report

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 25 - 29 of this report.

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

The basic proprietary fund financial statements can be found on pages 30-33 of this report.

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

The basic fiduciary fund financial statements can be found on pages 34 and 35 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 36-56 of this report.

Government-wide Financial Analysis

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Avondale Estates, Georgia, assets exceeded liabilities by $5,183,436 at the close of the most recent fiscal year. Following is a description of the City's net assets (in thousands) as compared to the previous year.

City of Avondale Estates Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2010	2009	2010	2009	2010
Assets						
Current assets	$ 2,386	$ 2,547	$ 573	$ 620	$ 2,959	$ 3,167
Capital assets	2,162	2,242	65	68	2,227	2,310
Total assets	4,548	4,789	638	688	5,186	5,477
Liabilities						
Non-current liabilities	44	60	48	24	92	84
Other liabilities	167	171	54	39	221	210
Total liabilities	211	231	102	63	313	294
Net assets						
Invested in capital assets, net of related debt	2,162	2,242	53	56	2,215	2,298
Restricted	24	28	-	-	24	28
Unrestricted	2,151	2,288	482	569	2,633	2,857
Total net assets	$ 4,337	$ 4,558	$ 535	$ 625	$ 4,872	$ 5,183

By far the largest portion of the City's net assets (44%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services; consequently, these assets are not currently available for future spending Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portions of the City's net assets are either restricted ($28,676) or unrestricted ($2,856,663). Unrestricted net assets may be used to meet the government's ongoing obligations. At the end of the current fiscal year, the City is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its business-type activities

During the current fiscal year the City's total net assets increased by $311,235.

Changes in Net Assets

The following schedule presents a summary of changes in net assets for the fiscal year ending December 31, 2010 (in thousands).

City of Avondale Estates Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2010	2009	2010	2009	2010
Revenues						
Program revenues:						
Charges for services	$ 404	$ 479	$ 409	$ 407	$ 813	$ 886
Capital grants & contributions	12	1	2	-	14	1
General revenues:						
Property taxes	1,909	1,795	-	-	1,909	1,795
Franchise taxes	226	180	-	-	226	180
Insurance Premium taxes	145	140	-	-	145	140
Occupational taxes	98	91	-	-	98	91
Other taxes	134	117	-	-	134	117
Investment earnings	30	26	11	7	41	33
Total revenues	2,958	2,829	422	414	3,380	3,243
Expenses						
General government	716	961	-	-	716	961
Public safety	875	914	-	-	875	914
Public works	338	87	-	-	338	87
Recreation	237	328	-	-	237	328
Sanitation	-	-	638	617	638	617
Stormwater	-	-	32	25	32	25
Total expenses	2,166	2,290	670	642	2,836	2,932
Increase in Net Assets Before Transfers	792	539	(248)	(228)	544	311
Transfers	(335)	(318)	335	318	-	-
Change in net assets	457	221	87	90	544	311
Net assets beginning of year	3,880	4,337	448	535	4,328	4,872
Net assets end of year	$ 4,337	$ 4,558	$ 535	$ 625	$ 4,872	$ 5,183

Governmental charges for services increased by $74,452. Capital grants and contributions decreased by $10,422 due to the elimination of Georgia LARP grant funding. Property taxes showed an approximate decrease of $114,279. This decrease is primarily due to decreased assessed property values. Other factors contributing to the changes are, decrease in franchise taxes of approximately $45,709 due to a decrease in franchise taxable revenue, increase in public utilities ad valorem taxes of $5,436 due to taxable values increasing. The decrease in motor vehicle taxes of $2,319 and real estate transfer taxes of $253 are attributed to the current economic downturn. The decrease in investment earnings of $3,748 is due to lower interest rates on investments.

Total expenses increased approximately $94,158. Increases in salaries and related fringe benefits comprise $123,998 across all categories. In the general government category, legal services increased $13,454, insurance – liability premiums decreased $16,417, travel expense decreased $5,006, repairs and maintenance of buildings decreased $5,268, postage increased $4,475 due to the consolidation of mailing expense into one account, the purchase of small equipment decreased $4,701, refunds of cash bonds decreased $2,830, road paving expenditures decreased $10,932 due to the lack of LARP funding, and other grant expenditures increased $6,109 due to health promotion activities. In the Public Safety category, gasoline expense increased $4,231 due to increased cost, computer expense increased $5,169 due to the purchase of three lap top computers, and repairs and maintenance – vehicles decreased $2,816 due to lower repair costs. Vehicles purchased decreased $88,085 as no police cars were purchased during 2010.

Net assets on governmental activities funds increased by $221,495 as a result of revenues exceeding expenditures.

Business-type activities contain operations of the Storm Water utility and Sanitation. Business-type activities increased the City of Avondale Estates' net assets by $89,740. The Storm Water and Sanitation charges are billed on the annual property tax bills.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Avondale Estates, Georgia's governmental funds reported combined ending fund balances of $2,353,840, an increase of $159,225 in comparison with the prior year. Approximately Eighty-seven percent of the total amount ($2,052,790) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance ($301,050) is reserved to indicate it is restricted for public safety expenditures ($5,460), capital outlay projects ($277,732) and prepaids ($17,858)

The general fund is the chief operating fund of the City of Avondale Estates, Georgia. At the end of the current fiscal year, the unreserved fund balance of the general fund was $2,052,790. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unreserved fund balance represents 94.41% of total General Fund expenditures.

The table below compares general fund revenues and expenditures for 2009 and 2010 (in thousands).

General Fund

	2009	2010	$ Increase (Decrease)
Revenues			
Taxes	$ 2,408	$ 2,249	$ (159)
Licenses & permits	24	12	(12)
Intergovernmental	12	1	(11)
Fines & forfeitures	362	438	76
Charges for services	18	24	6
Interest income	30	25	(5)
Other revenues	75	71	(4)
Total revenues	2,929	2,820	(109)
Expenditures			
General government	706	745	39
Public safety	899	864	(35)
Public works	267	237	(30)
Recreation	303	329	26
Total expenditures	2,175	2,175	-
Excess of revenues over expenditures	754	645	(109)
Transfers from other funds	1	-	1
Transfers to other funds	(385)	(625)	(240)
Net change in fund balances	370	20	(350)
Fund balances, beginning of year	1,681	2,051	370
Fund balances, end of year	$ 2,051	$ 2,071	$ 20

Revenue from taxes decreased mainly due to revaluation of property values by the county tax assessor. The offset to the decrease are increases in assessed values Licenses and permits decreased approximately $11,818 due to a decrease in permit authorizations of $3,249 and a decrease in alcohol beverage licenses of $7,775 Intergovernmental decreased $10,422 primarily due to the elimination of Georgia D.O.T. – LARP grant funding Fines and forfeitures increased $75,706 due to increased traffic enforcement, full law enforcement staff, and cash bond schedule revisions. Interest income decreased due to lower interest rates on investible funds. Other revenues decreased a net of $4,573 due to reduced developer administration fee reimbursements of $12,500, decreases in sales of surplus equipment of $5,679, decreases in insurance reimbursements of $14,230 (due to lower claims), increases in cell tower rental $2,625, increases of other grants-health promotion grant of $6,889-safety grant of $7,314-GBI police grant of $6,444, and other miscellaneous revenue increased $4,000.

Total expenditures did not increase over the prior year. The increases in General Government were due to increases in salaries and related fringe benefits $56,500, increases in legal services of $13,454, decrease in property and casualty insurance premiums of $16,417, a decrease in small equipment purchases of $4,701, a decrease in roads and drainage expenditures of $10,932, increases in other grant expenditures of $6,109 (health promotion activities) and a decrease in travel expenses of $5,089. The $30,023 decrease in Public Works was due to increases in salaries and related fringe benefits of $7,747, roadways and walkways decreased $8,426, East/West entrance signage decreased $13,848, decrease in repairs and maintenance – buildings $2,202, general supplies reduced $2,642 due to decreased purchases and sites decreased $6,600. Public Safety expenses decreased $34,356. This decrease was due to salaries and related fringe benefits increases of $48,770, gasoline expense increased $4,231 due to increase cost, $5,169 was computers purchased for the department (these computers were funded by the GBI police grant), decreases in repairs and maintenance – vehicles amounted to $2,816 (newer fleet) and vehicles purchased decreased $88,085 as the City purchased two new vehicles during 2009 and none in 2010. The $25,797 increase in Recreation is primarily due to increases in salary and related fringe benefits expenses of $11,067, increased tree removal costs of $2,850 due to more trees requiring removal, increases in cultural affairs funding of $5,000, increases in Fourth of July celebration expenses of $4,821 due to increased costs, and increases in Labor Day race activities of $2,403 due to increase costs.

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

Storm Water fees and Sanitation are billed on the City property tax bills, collected by Dekalb County and remitted by the County to the City. Revenue from Storm Water fees remained basically the same as last year at $108,029. After accounting for operating expenses of $23,494 and depreciation of $2,046 and interest income of $7,251, the Storm Water utility increased its net assets by $89,740 for total net assets of $625,198 at the end of the fiscal year. This increase is largely attributed to minimal expenses and interest income.

Sanitation revenues decreased approximately $1,467 due to decreased collections. After accounting for operating expenses of $596,659 and depreciation of $19,087, Sanitation had an operating loss of $316,618 before interest expense of $1,106 and transfers from the General Fund of $317,724. At the end of the fiscal year, Sanitation did not have any net assets. It is expected for the General Fund to continue to transfer funds to cover expenditures.

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 $162 to net assets during 2010 for a total of $12,004 at year end.

General Fund Budgetary Highlights

In calendar year 2010, it was anticipated that there would be an excess of revenues over expenditures amounting to $20,194. The City's general fund balance as of December 31, 2010 is $2,070,648. This is equivalent to approximately ninety-five percent of the City's current estimate of general fund expenditures for calendar year 2010. It should be noted that the calendar year 2011 budget does not anticipate any changes in fund balance.

The final amended budget for revenues was approximately 4.83% higher than the original budget. The final amended budget for expenditures was approximately less than 2.73% lower than the original budget.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2010, amounts to $2,309,902 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and fixtures, improvements, machinery and equipment, vehicles, and infrastructure. The City's investment in capital assets increased 3.71 percent for the current calendar year because of additions to capital assets in governmental activities of $184,320 and depreciation within the governmental activities. Additional information on the City's capital assets can be found in Note 5 on pages 46-47 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	
	2009	2010	2009	2010	2009	2010
Land	$ 1,435	$ 1,435	$ -	$ -	$ 1,435	$ 1,435
Infrastructure	250	231	16	14	266	245
Construction in Progress	-	174	-	-	-	174
Building & improvements	284	255	-	-	284	255
Furniture, Equipment & Vehicles	193	147	49	54	242	201
Total	$ 2,162	$ 2,242	$ 65	$ 68	$ 2,227	$ 2,310

Long-term Debt and Capital Leases.
The City has entered into lease agreements for financing the acquisition of vehicles and equipment. The carrying amount of machinery, equipment and vehicles under capital leases at December 31, 2010, was $30,470.

At December 31, 2010, the City had long-term debt in the amount of $83,098, which was comprised of, $11,805 in Business-type activities capital leases and $71,293 in compensated absences. (Governmental Activities $59,516 and Business-type activities $11,777).

Additional information on the City's long-term debt can be found in Note 6 on pages 48-50 of this report.

Economic Factors

The unemployment rate for the City is currently 10.5%. The cost of living is 104.35 compared to the US median of 100. The median age is 42.9 compared to a US median of 33.4. Per capita income is $51,925 compared to a US median of approximately $40,584. Inflationary trends in the region compare favorably to national indices. There are on-going redevelopment efforts occurring throughout the City.

Next Year's Budget

At December 31, 2010, unreserved fund balance in the general fund was $2,053,552. Next year's budgeted revenues will largely be derived from property taxes (65.81%); the remaining 34.19% is to come from other revenue sources. General Fund budgeted revenues for 2011 are expected to increase by 1.92% or $51,705 compared to 2010. This is primarily due to increases in court receipts of $36,054, an increase in property tax collections of $8,461, and higher franchise taxes due to higher taxable franchise values of $7,890. The 2011 budgeted sanitation revenue amounts to $290,000 plus a General Fund transfer of $429,111. General Fund expenditures are expected to increase by 2 94% or $79,091 compared to 2010. This increase is primarily due to increases in salaries and related fringe benefits. The 2011 General Fund budget includes a transfer to the Sanitation Fund of $429,111 to cover budgeted 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.

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FINANCIAL STATEMENTS

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CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 2,455,591	$ 605,522	$ 3,061,113	$ 484,353
Investments	870	-	870	-
Receivables, net of allowance				
Taxes	46,256	-	46,256	-
Accounts	21,879	19,830	41,709	-
Internal balances	4,921	(4,921)	-	-
Prepaids	17,858	-	17,858	-
Noncurrent Assets:				
Non depreciable	1,608,651	-	1,608,651	600,000
Depreciable, net	633,125	68,126	701,251	11,537,000
Total Assets	4,789,151	688,557	5,477,708	12,621,353
LIABILITIES				
Accounts payable	130,437	34,865	165,302	35,121
Retainage payable	15,082	-	15,082	-
Accrued payables	21,275	4,912	26,187	-
Due to others	4,603	-	4,603	-
Unearned revenue	-	-	-	162,828
Noncurrent liabilities				
Due within one year	43,000	21,805	64,805	962,523
Due in more than one year	16,516	1,777	18,293	8,760,090
Total Liabilities	230,913	63,359	294,272	9,920,562
NET ASSETS				
Invested in capital assets, net of related debt	2,241,776	56,321	2,298,097	2,414,387
Restricted for				
Restricted for capital outlay	28,676	-	28,676	-
Unrestricted	2,287,786	568,877	2,856,663	286,404
Total Net Assets	$ 4,558,238	$ 625,198	$ 5,183,436	$ 2,700,791

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	$ 960,953	$ 36,690	$ -	$ 1,193
Public safety	913,663	441,991	-	-
Public works	86,601	-	-	-
Culture and recreation	328,511	-	-	-
Total governmental activities	2,289,728	478,681	-	1,193
Business-Type Activities				
Stormwater Utility	25,540	108,029	-	-
Sanitation	616,852	299,128	-	-
Total business-type activities	642,392	407,157	-	-
Total Primary Government	$ 2,932,120	$ 885,838	$ -	$ 1,193
Component Unit:				
Downtown Development Authority	$ 1,270,024	$ 1,935,499	$ -	$ -
Total Component Unit	$ 1,270,024	$ 1,935,499	$ -	$ -

General Revenues
Property tax
Franchise tax
Insurance premium tax
Other tax
Investment earnings
Miscellaneous
Total General Revenues

Transfers
Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		Component Unit
Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
$ (923,070)	$ -	$ (923,070)	$ -
(471,672)	-	(471,672)	-
(86,601)	-	(86,601)	-
(328,511)	-	(328,511)	-
(1,809,854)	-	(1,809,854)	-
-	82,489	82,489	-
-	(317,724)	(317,724)	-
-	(235,235)	(235,235)	-
(1,809,854)	(235,235)	(2,045,089)	-
			665,475
			665,475
1,795,202	-	1,795,202	-
180,456	-	180,456	-
140,447	-	140,447	-
135,743	-	135,743	-
26,682	7,251	33,933	3,408
70,543	-	70,543	833
2,349,073	7,251	2,356,324	4,241
(317,724)	317,724	-	-
2,031,349	324,975	2,356,324	4,241
221,495	89,740	311,235	669,716
4,336,743	535,458	4,872,201	2,031,075
$ 4,558,238	$ 625,198	$ 5,183,436	$ 2,700,791

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

CITY OF AVONDALE ESTATES, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	Lake Avondale Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalent	$ 2,101,034	$ 320,694	$ 33,863	$ 2,455,591
Investments	843	-	27	870
Receivables, net of allowance				
Taxes	45,799	-	457	46,256
Accounts	21,867	-	12	21,879
Due from other funds	2,258	2,663	-	4,921
Prepaids	17,858	-	-	17,858
Total Assets	$ 2,189,659	$ 323,357	$ 34,359	$ 2,547,375
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 71,191	$ 59,246	$ -	$ 130,437
Retainage payable	-	15,082	-	15,082
Accrued liabilities	21,275	-	-	21,275
Deferred revenues	22,138	-	-	22,138
Due to others	4,407	-	196	4,603
Total Liabilities	119,011	74,328	196	193,535
Fund Balances:				
Reserved for:				
Public safety	-	-	5,460	5,460
Prepaids	17,858	-	-	17,858
Capital outlay	-	249,029	28,703	277,732
Unreserved, reported in				
General Fund	2,052,790	-	-	2,052,790
Total Fund Balances	2,070,648	249,029	34,163	2,353,840
Total Liabilities and Fund Balances	$ 2,189,659	$ 323,357	$ 34,359	$ 2,547,375

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

CITY OF AVONDALE ESTATES, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Total Fund Balances per Balance Sheet of Governmental Funds	$	2,353,840
Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:		
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the assets		3,639,678
Accumulated depreciation		(1,397,902)
Revenues		
Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		22,138
Long-term Liabilities		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of the following:		
Compensated absences		(59,516)
Total Net Assets of Governmental Activities	$	4,558,238

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Lake Avondale Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 2,249,197	$ -	$ 4,402	$ 2,253,599
License and permits	12,210	-	-	12,210
Intergovernmental	1,193	-	-	1,193
Fines and forfeitures	437,559	-	4,432	441,991
Charges for Services	24,480	-	-	24,480
Interest earnings	24,858	1,487	337	26,682
Other revenues	70,543	-	-	70,543
Total Revenues	2,820,040	1,487	9,171	2,830,698
Expenditures				
Current:				
General government	745,278	3,764	-	749,042
Public safety	864,158	-	-	864,158
Public works	237,309	-	-	237,309
Culture and recreation	328,511	-	-	328,511
Capital outlay	-	174,729	-	174,729
Total Expenditures	2,175,256	178,493	-	2,353,749
Excess (Deficiency) of Revenues Over (Under) Expenditures	644,784	(177,006)	9,171	476,949
Other Financing Sources (Uses)				
Transfers to other funds	(625,352)	307,628	-	(317,724)
Total other financing sources (uses)	(625,352)	307,628	-	(317,724)
Net change in fund balances	19,432	130,622	9,171	159,225
Fund Balance, beginning of year	2,051,216	118,407	24,992	2,194,615
Fund Balance, end of year	$ 2,070,648	$ 249,029	$ 34,163	$ 2,353,840

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

CITY OF AVONDALE ESTATES, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses Per Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances	$ 159,225
Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:	
Capital Assets	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Total capital outlays	184,320
Total depreciation	(104,792)
Long-term Debt	
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:	
Compensated absences	(15,507)
Revenues	
Because some revenues will not be collected for several months after the government's year end, they are not considered available revenues and are deferred in the governmental funds.	
Deferred revenues increased by this amount during the year.	(1,751)
Change in Net Assets of Governmental Activities	$ 221,495

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 2,247,247	$ 2,233,566	$ 2,249,197	$ 15,631
Licenses and permits	12,100	12,210	12,210	-
Intergovernmental	-	1,193	1,193	-
Fines and forfeitures	359,969	437,559	437,559	-
Charges for services	16,700	24,480	24,480	-
Interest income	15,630	24,858	24,858	-
Miscellaneous	38,473	70,543	70,543	-
Total Revenue	2,690,119	2,804,409	2,820,040	15,631
Expenditures:				
Current:				
General government	760,356	745,413	745,278	135
Public safety	902,023	864,158	864,158	-
Public works	240,634	237,309	237,309	-
Culture and recreation	333,402	328,511	328,511	-
Total Expenditures	2,236,415	2,175,391	2,175,256	135
Excess Revenue Over (Under) Expenditures	453,704	629,018	644,784	15,766
Other Financing Sources (Uses):				
Transfer to other funds	(453,704)	(658,642)	(625,352)	33,290
Total Other Financing Sources (Uses)	(453,704)	(658,642)	(625,352)	33,290
Net change in fund balance	$ -	$ (29,624)	19,432	$ 49,056
Fund balance, beginning of year			2,051,216	
Fund balance, end of year			$ 2,070,648	

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

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CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Business-type Activities-Enterprise Funds		
	Stormwater Utility Fund	Sanitation Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 605,522	$ -	$ 605,522
Accounts receivable, net	5,357	14,473	19,830
Total current assets	610,879	14,473	625,352
Long-term assets:			
Capital assets:			
Depreciable, net	14,319	53,807	68,126
Total long-term assets	14,319	53,807	68,126
Total Assets	625,198	68,280	693,478
LIABILITIES			
Current liabilities:			
Accounts payable	-	34,865	34,865
Accrued salaries	-	4,912	4,912
Accrued vacation	-	10,000	10,000
Capital leases	-	11,805	11,805
Due to other funds	-	4,921	4,921
Total current liabilities	-	66,503	66,503
Long-term liabilities:			
Accrued vacation	-	1,777	1,777
Total Long-term liabilities	-	1,777	1,777
Total Liabilities	-	68,280	68,280
NET ASSETS			
Invested in capital assets, net of related debt	14,319	42,002	56,321
Unrestricted	610,879	(42,002)	568,877
Total Net Assets	$ 625,198	$ -	$ 625,198

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities-Enterprise Funds		
	Stormwater Utility Fund	Sanitation Fund	Total
Operating revenues:			
Charges and fees	$ 108,029	$ 299,128	$ 407,157
Total operating revenues	108,029	299,128	407,157
Operating expenses:			
Salaries and benefits	-	413,277	413,277
Cost of sales	23,494	108,465	131,959
Other operating expenses	-	46,642	46,642
Repairs and maintenance	-	28,275	28,275
Depreciation	2,046	19,087	21,133
Total operating expenses	25,540	615,746	641,286
Operating income	82,489	(316,618)	(234,129)
Nonoperating revenues (expenses):			
Interest income	7,251	-	7,251
Interest expense	-	(1,106)	(1,106)
Total nonoperating revenues (expenses)	7,251	(1,106)	6,145
Net income (loss) before transfers	89,740	(317,724)	(227,984)
Transfers in	-	317,724	317,724
Change in net assets	89,740	-	89,740
Total Net Assets - Beginning of Year	535,458	-	535,458
Total Net Assets - Ending of Year	$ 625,198	$ -	$ 625,198

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities-Enterprise Funds		
	Stormwater Utility Fund	Sanitation Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	$ 105,680	$ 294,294	$ 399,974
Cash paid to employees	-	(414,945)	(414,945)
Cash paid to suppliers for goods and services	(38,289)	(150,392)	(188,681)
Net Cash Flows Provided by (Used for) Operating Activities	67,391	(271,043)	(203,652)
Cash Flows from Noncapital Financing Activities:			
Transfers from General Fund	-	317,724	317,724
Net Cash Provided by Noncapital Financing Activities	-	317,724	317,724
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	-	(24,141)	(24,141)
Principal paid on capital leases	-	(21,434)	(21,434)
Interest paid on capital leases	-	(1,106)	(1,106)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(46,681)	(46,681)
Cash Flows from Investing Activities:			
Interest income	7,251	-	7,251
Net Cash Flows Provided by (Used for) Investing Activities	7,251	-	7,251
Net Increase (Decrease) in Cash and Cash Equivalents	74,642	-	74,642
Cash and Cash Equivalents, Beginning of Year	530,880	-	530,880
Cash and Cash Equivalents, End of Year	$ 605,522	$ -	$ 605,522

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Business-type Activities-Enterprise Funds		
	Stormwater Utility Fund	Sanitation Fund	Total
Cash Flows From Operating Activities:			
Operating income	$ 82,489	$ (316,618)	$ (234,129)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	2,046	19,087	21,133
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(2,349)	(4,834)	(7,183)
(Increase) decrease in due from other funds	-	28,978	28,978
Increase (decrease) in accounts payable	(14,795)	(909)	(15,704)
Increase (decrease) in accrued liabilities	-	1,167	1,167
Increase (decrease) in due to other funds	-	4,921	4,921
Increase (decrease) in compensated absences	-	(2,835)	(2,835)
Total Adjustments	(15,098)	45,575	30,477
Net Cash Provided by (Used for) Operating Activities	$ 67,391	$ (271,043)	$ (203,652)

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2010

	Dottie Holmes Memorial Private-Purpose Trust
ASSETS	
Cash and cash equivalents	$ 12,004
Total Assets	$ 12,004
NET ASSETS	
Held in trust	$ 12,004
Total net assets	$ 12,004

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

CITY OF AVONDALE ESTATES, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Dottie Holmes Memorial Private-Purpose Trust
ADDITIONS	
Interest earnings	$ 162
Total additions	162
Change in net assets	162
Total net assets, beginning of year	11,842
Total net assets, end of year	$ 12,004

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

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship to the City. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14, *The Financial Reporting Entity*, the financial statements of the component unit have been included as a discretely presented component unit.

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

B. Government-wide and Fund Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private- sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

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

Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

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

Lake Avondale Fund – The Lake Avondale Fund is a capital projects fund used to maintain the upkeep of the lake.

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Project Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The City reports the following major proprietary fund:

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

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

The City also reports the following fund type:

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

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

D. Budgets

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary fund are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal 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.

E. Deposits and Investments

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

F. Receivables and Payables

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

G. Prepaid Items

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

H. Capital Assets

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

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

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

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

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

I. Compensated Absences

Annual Leave (Vacation)

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

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

An employee may choose to have the City buy back accrued, unused annual leave during the last pay period in December of each year, provided funds have been budgeted for such purposes.

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

Sick Leave

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

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

J. Long-Term Obligations

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

Proprietary fund type loans payable are reported as liabilities at their outstanding value. Loan issuance costs are reported as deferred charges and amortized over the term of the loan using the effective interest method.

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

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. Management Estimates

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

NOTE 2 – LEGAL COMPLIANCE – BUDGETS

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Custodial Credit Risk — Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statues, and City policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2010, the City had no bank balances that were exposed to custodial credit risk.

B. Investments

	Credit Rating	Investment Value	Weighted Average Maturity
Georgia Fund 1	AAAm rated	$ 870	40 day

Custodial credit risk. For an investment, the custodial risk is the risk that in the event of the failure of the counter-party to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Georgia Fund 1 is not required to disclose custodial credit risk. The City had no such investments with such risk as of December 31, 2010.

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

Credit risk. Georgia law allows investments in obligation of the U.S. Treasury, other U.S. Governmental Agencies, State of Georgia, other states, prime banker's acceptances, repurchase agreements, other political subdivisions of Georgia and the State Georgia Fund 1 investment pool. The Georgia Fund 1 is not registered with the SEC. The State of Georgia Office of Treasury operates Georgia Fund 1 in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Georgia Fund 1 is a stable net asset value investment pool that follows Standard & Poor's criteria for AAAm rated money market funds. The City has no investment policy that would further limit its investment choices.

NOTE 4 – 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 June 24, 2010, and are due and payable in two installments. The first installment is due August 15 and the second installment is due November 15. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

Enterprise fund storm water fees are billed annually on June 24, 2010 along with the property taxes and are due and payable in two installments. The first installment is due August 15 and the second installment is due November 15. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

Receivables at December 31, 2010, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts (if any) are as follows:

	General	Nonmajor Governmental Fund	Stormwater Utility	Sanitation Fund	Total
Receivables:					
Taxes	$ 48,983	$ 457	$ -	$ -	$ 49,440
Accounts	21,867	12	5,357	14,473	41,709
Less allowance for uncollectible	(3,184)	-	-	-	(3,184)
Net total receivable	$ 67,666	$ 469	$ 5,357	$ 14,473	$ 87,965

NOTE 5 – CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended December 31, 2010, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,434,931	$ -	$ -	$ 1,434,931
Construction in Progress	-	173,720	-	173,720
Total	1,434,931	173,720	-	1,608,651
Capital assets, being depreciated:				
Buildings and improvements	811,947	5,500	-	817,447
Infrastructure and improvements	346,840	-	-	346,840
Machinery and equipment	861,640	5,100	-	866,740
Total	2,020,427	10,600	-	2,031,027
Less accumulated depreciation for:				
Buildings and improvements	(528,204)	(34,262)	-	(562,466)
Infrastructure and improvements	(96,742)	(19,006)	-	(115,748)
Machinery and equipment	(668,164)	(51,524)	-	(719,688)
Total	(1,293,110)	(104,792)	-	(1,397,902)
Total capital assets, being depreciated, net	727,317	(94,192)	-	633,125
Governmental activities capital assets, net	$ 2,162,248	$ 79,528	$ -	$ 2,241,776
Business-type activities:				
Capital assets, being depreciated:				
Infrastructure	$ 135,004	$ -	$ -	$ 135,004
Machinery and equipment	403,167	24,141	(55,000)	372,308
Total	538,171	24,141	(55,000)	507,312
Less accumulated depreciation for:				
Infrastructure	(118,640)	(2,046)	-	(120,686)
Machinery and equipment	(354,414)	(19,087)	55,000	(318,500)
Total	(473,054)	(21,133)	55,000	(439,186)
Business-type activities capital assets, net	$ 65,117	$ 3,008	$ -	$ 68,126

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

Governmental activities:	
General government	$ 21,675
Public safety	54,605
Public works	28,512
Total depreciation expense - governmental activities	$ 104,792
Business-type activities:	
Stormwater	$ 2,046
Sanitation	19,087
Total depreciation expense - business-type activities	$ 21,133

Downtown Development Authority of Avondale Estates

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 600,000	$ -	$ -	$ 600,000
Total	600,000	-	-	600,000
Capital assets, being depreciated:				
Buildings	13,900,000	-	-	13,900,000
Total	13,900,000	-	-	13,900,000
Less accumulated depreciation for:				
Buildings	(2,085,000)	(278,000)	-	(2,363,000)
Total	(2,085,000)	(278,000)	-	(2,363,000)
Total capital assets, being depreciated, net	11,815,000	(278,000)	-	11,537,000
Downtown Development Authority capital assets, net	$12,415,000	$ (278,000)	$ -	$12,137,000

NOTE 6 – LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended December 31, 2010, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 44,009	$ 92,515	$ (77,008)	$ 59,516	$ 43,000
Governmental activity Long-term liabilities	$ 44,009	$ 92,515	$ (77,008)	$ 59,516	$ 43,000
Business-type activities:					
Capital leases	$ 33,239	$ -	$ (21,434)	$ 11,805	$ 11,805
Compensated absences	14,612	14,701	(17,536)	11,777	10,000
Business-type activities Long-term liabilities	$ 47,851	$ 14,701	$ (38,970)	$ 23,582	$ 21,805

For governmental funds, compensated absences are liquidated by the General Fund.

Capital Leases - Equipment

The City has entered into lease agreements as lessee for financing the acquisition of vehicles used in the business-type activities. The lease agreements qualify as capital leases for accounting purposes (the present value of the minimum lease payments at the beginning of the lease term equals or exceeds 90% of the excess of the fair value of the leased property to the lessor at the inception of the lease) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions.

The following is an analysis of equipment leased under capital leases as of December 31, 2010:

	Governmental Activities	Business-type Activities	Total
Equipment cost	$ 106,721	$ 112,712	$ 219,433
Less accumulated depreciation	(106,721)	(82,242)	(188,963)
Carrying value	$ -	$ 30,470	$ 30,470

The City's total capital lease debt service requirements to maturity are as follows:

Fiscal Year Ending December 31,	Business-type Activities
2011	$ 13,706
Total minimum lease payments	13,706
Less amount representing interest	1,901
Present value of future minimum lease payments	$ 11,805

Component Unit

Long-term liability activity for the year ended December 31, 2010 for the Downtown Development Authority of Avondale Estates was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Discreetly Presented Component Unit:					
2002 Revenue Bonds	$ 7,249,705	$ -	$ (554,772)	$ 6,694,933	$ 664,082
2003 Revenue Bonds	3,276,521	-	(248,841)	3,027,680	298,441
Discretely Presented Component Unit Long-term liabilities	$ 10,526,226	$ -	$ (803,613)	$ 9,722,613	$ 962,523

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

2002 Revenue Bonds

On May 29, 2002, the Downtown Development Authority of Avondale Estates issued $10,000,000 of Series 2002 Revenue Bonds for the purpose of providing funds to pay the costs of acquiring, constructing, and installing a governmental offices building. These revenue bonds carry an interest rate of 5.75% with principal and interest payments due monthly. The 2002 Series Bonds mature on May 1, 2018. As of December 31, 2010, the outstanding balance was $6,694,933.

Year Ending December 31,	Principal	Interest	Total
2011	$ 664,082	$ 367,821	$ 1,031,903
2012	729,773	327,928	1,057,701
2013	800,004	284,139	1,084,143
2014	875,061	236,186	1,111,247
2015	955,244	183,783	1,139,027
2016-2018	2,670,769	198,204	2,868,973
Total	$ 6,694,933	$ 1,598,061	$ 8,292,994

2003 Revenue Bonds

On May 12, 2003, the Downtown Development Authority of Avondale Estates issued $4,500,000 of Series 2003 Revenue Bonds for the purpose of providing funds to pay the costs of acquiring, constructing, and installing a governmental offices building. These revenue bonds carry an interest rate of 5.9% with principal and interest payments due monthly. The 2003 Series Bonds mature on May 1, 2018. As of December 31, 2010, the outstanding balance was $3,027,681.

Year Ending December 31,	Principal	Interest	Total
2011	$ 298,440	$ 170,734	$ 469,174
2012	328,583	152,321	480,904
2013	360,853	132,074	492,927
2014	395,388	109,862	505,250
2015	432,333	85,548	517,881
2016-2018	1,212,083	92,351	1,304,434
Total	$ 3,027,680	$ 742,890	$ 3,770,570

NOTE 7 – OPERATING LEASES

Lessor Agreements

The City of Avondale Estates leases certain parcels of land for use by others (cell towers) for varying terms. The leases are accounted for as operating leases and revenues are recorded when earned. Revenue derived from these leases during the current year amounted to $38,286 and is reported as other revenue in the City's General Fund.

The following is a schedule of minimum future rentals to be received under the operating leases at December 31, 2010:

Fiscal Year Ending December 31,	General Fund
2011	$ 20,346
2012	20,669
2013	21,001
2014	11,743
2015	12,095
2016-2020	78,237
2021-2025	76,677
2026-2029	70,045
Total minimum future rentals	$ 310,813

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2010, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Sanitation Fund	$ 2,258
Lake Avondale Fund	Sanitation Fund	2,663
		$ 4,921

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

Interfund transfers:

	Transfer In:		
	Lake Avondale Fund	Sanitation Fund	Totals
Transfer Out:			
General Fund	$ 307,628	$ 317,724	$ 625,352
Total	$ 307,628	$ 317,724	$ 625,352

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

NOTE 9 – PENSION PLAN

A. Plan Description

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

GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

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

At July 1, 2010, the date of the most recent actuarial valuation, there were 42 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	9
Terminated vested participants not yet receiving benefits	10
Active vested employees	14
Active nonvested employees	9
Total	42

B. Funding Policy

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2010, the actuarially determined contribution rate was 10.99% of covered payroll.

The City's annual pension cost of $72,192 was equal to the City's required contributions. The recommended contribution was determined as part of the July 1, 2010 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include a 7.75% rate of return on investments and projected salary increases of 3.5% (plus age and service based merit increases) and a 0% cost of living adjustment. The normal cost and actuarial accrued liability are calculated on an individual basis and are allocated by service. The Plan's unfunded actuarial accrued liability is being amortized (closed level dollar method) over 30 years from 1981 and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year which such changes arise. Interest on these amounts from the valuation date to the

date of contributions is paid (assumed monthly). The total level dollar amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/ (surplus) actuarial accrued liability.

C. Annual Pension Costs

The funding policy for the Plan is to contribute an amount equal to the recommended contribution as determined by the Plan's actuary. The recommended contribution was determined as part of the July 1, 2010 actuarial valuation. The chart below shows the annual pension cost for the current year and prior two years along with the percentage actually contributed by the City.

Fiscal Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2010	$ 72,192	100%	$ -
2009	62,870	100%	-
2008	60,193	100%	-
2007	48,614	100%	-

As of the most recent valuation date, July 1, 2010, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Ratio	UAAL as a Percentage of Covered Payroll
2010	$ 873,565	$ 1,163,969	$ 290,404	75.05%	$ 891,382	32.58%

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2010.

The assumptions used in the July 1, 2010 actuarial valuation are as follows.

Actuarial Assumptions

Actuarial Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 44% of market value.
Assumed Rate of Return On Investments	7.75%
Projected Salary Increases	Table of rates based on age and service
Cost-of-living Adjustment	3.5%
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases.

The City had the following changes to their actuarial assumptions since last valuation. The rate of return on the investment of present and future assets decreased from 8.0% to 7.75%. The projected salary increases were changed from 5.5% to a table of rates based upon both age and service. The inflation assumption was changed from 5% to 3.5% per annum. In addition, the asset method was changed to temporarily widen the corridor.

The mortality table for healthy participants was changed from the 1983 Group Annuity Mortality Table without Margin to the sex-distinct RP-2000 Combined Mortality Table set forward two years in age for males and one year in age for females. The mortality table for disabled participants was changed from the 1944 Railroad Retirement Board Male Ultimate Mortality to the sex-distinct RP-2000 Disabled Retiree Mortality Table set forward two years in age for males and one year in age for females.

NOTE 10 – DEFINED CONTRIBUTION PENSION PLAN

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

The Plans allow for employee contributions and in addition the City makes a matching contribution per employee of the lesser of $25 or 50% of the employee contribution. During 2010, employees contributed $37,092 to the Plans while the City contributed $10,315. As of December 31, 2010, there were 19 and 19 active participants in the 457 Plan and 401A Plan, respectively. The market values for the 457 Plan and 401A Plan as of December 31, 2010 were $328,298 and $94,470, respectively.

NOTE 11 – JOINT VENTURE

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

NOTE 12 – RISK MANAGEMENT

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

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. Settlements have not exceeded insurance coverage in the last three years.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Contingencies

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AVONDALE ESTATES, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2010
UNAUDITED

SCHEDULE OF PENSION FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ration (a / b)	Annual Covered Payroll (c)	UAAL as a percentage of covered payroll (b - a) / c
2010	$ 873,565	$1,163,969	$ 290,404	75.05%	$ 891,382	32.58%
2009	763,710	1,079,603	315,893	70.74%	736,064	42.92%
2008	815,841	997,179	181,338	81.81%	648,613	27.96%
2007	783,803	985,046	201,243	79.57%	610,771	32.95%
2006	758,784	879,427	120,643	86.28%	663,587	18.18%
2005	741,157	881,963	140,806	84.03%	589,068	23.90%

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

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Annual Required Contribution	Actual Pension Contribution	Percentage Contributed
2010	$ 72,192	$ 72,192	100.00%
2009	62,870	62,870	100.00%
2008	60,193	60,193	100.00%
2007	48,614	48,614	100.00%

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Police Seizure Fund	To account for the use of 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 funding from a Tax Allocation District.

CAPITAL PROJECT FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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

CITY OF AVONDALE ESTATES, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Special Revenue Funds		Capital Project Funds	Total Nonmajor Governmental Funds
	Police Seizure Fund	Tax Allocation District Fund	Capital Project Fund	
ASSETS				
Cash and cash equivalent	$ 5,644	$ 28,219	$ -	$ 33,863
Investments	-	-	27	27
Tax receivable	-	457	-	457
Receivables - other	12	-	-	12
Total Assets	$ 5,656	$ 28,676	$ 27	$ 34,359
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to others	$ 196	$ -	$ -	$ 196
Total Liabilities	196	-	-	196
Fund Balances:				
Reserved				
Public safety	5,460	-	-	5,460
Capital outlay	-	28,676	27	28,703
Total Fund Balances	5,460	28,676	27	34,163
Total Liabilities and Fund Balances	$ 5,656	$ 28,676	$ 27	$ 34,359

CITY OF AVONDALE ESTATES, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds		Capital Project Funds	Total Nonmajor Governmental Funds
	Police Seizure Fund	Tax Allocation District Fund	Capital Project Fund	
Revenues:				
Taxes	$ -	$ 4,402	$ -	$ 4,402
Interest earnings	2	335	-	337
Confiscated revenues	4,432	-	-	4,432
Total Revenues	4,434	4,737	-	9,171
Expenditures:				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances	4,434	4,737	-	9,171
Fund Balance, beginning of year	1,026	23,939	27	24,992
Fund Balance, end of year	$ 5,460	$ 28,676	$ 27	$ 34,163

CITY OF AVONDALE ESTATES GEORGIA

POLICE SEIZURE FUND
BALANCE SHEET
DECEMBER 31, 2010

ASSETS		
Cash and cash equivalent	$	5,644
Accounts receivable		12
Total Assets	$	5,656
LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to others	$	196
Total Liabilities		196
Fund Balances:		
Reserved for:		
Public safety		5,460
Total Fund Balances		5,460
Total Liabilities and Fund Balances	$	5,656

CITY OF AVONDALE ESTATES GEORGIA

POLICE SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:			
Interest earnings	$ 2	$ 2	$ -
Confiscated revenues	4,628	4,432	(196)
Total Revenues	4,630	4,434	-
Expenditures:			
General government	-	-	-
Total Expenditures	-	-	-
Net change in fund balances	$ 4,630	4,434	$ (196)
Fund balance - beginning of year		1,026	
Fund balance - end of year		$ 5,460	

CITY OF AVONDALE ESTATES GEORGIA

TAX ALLOCATION DISTRICT FUND
BALANCE SHEET
DECEMBER 31, 2010

ASSETS		
Cash and cash equivalent	$	28,219
Tax receivable		457
Total Assets	$	28,676
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$	-
Total Liabilities		-
Fund Balances:		
Reserved for:		
Capital outlay		28,676
Total Fund Balances		28,676
Total Liabilities and Fund Balances	$	28,676

CITY OF AVONDALE ESTATES GEORGIA

TAX ALLOCATION DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:			
Taxes	$ 3,945	$ 4,402	$ (457)
Interest earnings	335	335	-
Total Revenues	4,280	4,737	(457)
Expenditures:			
Current:			
General government	-	-	-
Total Expenditures	-	-	-
Net change in fund balances	$ 4,280	4,737	$ (457)
Fund balance - beginning of year		23,939	
Fund balance - end of year		$ 28,676	

CITY OF AVONDALE ESTATES GEORGIA

CAPITAL PROJECT FUND
BALANCE SHEET
DECEMBER 31, 2010

ASSETS	
Cash and cash equivalent	$ 27
Total Assets	$ 27
LIABILITIES AND FUND BALANCES	
Liabilities:	
Due to other funds	$ -
Total Liabilities	-
Fund Balances:	
Reserved	27
Total Fund Balances	27
Total Liabilities and Fund Balances	$ 27

CITY OF AVONDALE ESTATES GEORGIA

CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

Revenues:	
Interest revenue	$ -
Total Revenues	-
Expenditures:	
Capital outlay	-
Total Expenditures	-
Net change in fund balances	-
Fund Balance - beginning of year	27
Fund balance - end of year	$ 27

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STATISTICAL SECTION

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Statistical Section

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

Contents **Page**

Financial Trends
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. 66-72

Revenue Capacity
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes. 73-77

Debt Capacity
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future. 78-80

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments. 81-83

Operating Information
These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs. 84-85

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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CITY OF AVONDALE ESTATES, GEORGIA

NET ASSETS BY COMPONENT
LAST EIGHT YEARS[1]
(accrual basis of accounting)
(amounts expressed in thousands)

	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities								
Invested in capital assets, net of related debt	$ 2,242	$ 2,162	$ 2,157	$ 2,176	$ 2,242	$ 2,280	$ 2,356	$ 898
Restricted	29	24	14	1	70	-	-	-
Unrestricted	2,288	2,151	1,709	1,548	1,318	1,270	1,093	1,135
Total governmental activities net assets	$ 4,559	$ 4,337	$ 3,880	$ 3,725	$ 3,630	$ 3,550	$ 3,449	2,033
Business-type activities								
Invested in capital assets, net of related debt	$ 56	$ 32	$ 18	$ 20	$ 22	$ -	$ -	$ -
Unrestricted	569	503	430	324	206	101	-	-
Total business-type activities net assets	$ 625	$ 535	$ 448	$ 344	$ 228	$ 101	$ -	$ -
Primary government								
Invested in capital assets, net of related debt	$ 2,298	$ 2,194	$ 2,175	$ 2,196	$ 2,264	$ 2,280	$ 2,356	$ 898
Restricted	29	24	14	1	70	-	-	-
Unrestricted	2,857	2,654	2,140	1,872	1,524	1,371	1,093	1,135
Total primary government net assets	$ 5,184	$ 4,872	$ 4,329	$ 4,069	$ 3,858	$ 3,651	$ 3,449	$ 2,033

Notes:
(1) Government-wide financial information is only available since 2003; therefore, only eight (8) years of information is presented.

CITY OF AVONDALE ESTATES, GEORGIA

CHANGES IN NET ASSETS
LAST EIGHT YEARS[1]
(accrual basis of accounting)
(amounts expressed in thousands)

	2010	2009	2008	2007	2006	2005	2004	2003
Expenses								
Governmental activities:								
General government	$ 961	$ 716	$ 918	$ 820	$ 679	$ 646	$ 678	$ 652
Public safety	914	875	859	824	658	667	617	624
Public works	86	339	857	1,002	998	936	911	883
Recreation	329	237	239	225	241	245	244	241
Interest on long-term debt	-	-	4	7	5	5	-	-
Total governmental activities expenses	2,290	2,167	2,877	2,878	2,581	2,499	2,450	2,400
Business-type activities:								
Stormwater	25	33	10	3	5	4	-	-
Sanitation[2]	617	638	-	-	-	-	-	-
Total business-type activities expenses	642	671	10	3	5	4	-	-
Total primary government expenses	$ 2,932	$ 2,838	$ 2,887	$ 2,880	$ 2,586	$ 2,503	$ 2,450	$ 2,400
Program Revenues								
Governmental activities:								
Charges for services:								
General government	$ 37	$ 42	$ 58	$ 85	$ 71	$ 148	$ 136	$ 99
Public safety	442	362	357	263	143	277	240	260
Public works	-	-	-	-	-	292	287	255
Recreation	-	-	-	3	9	12	12	14
Operating grants and contributions	-	-	-	9	3	2	12	195
Capital grants and contributions	1	12	37	44	-	-	-	-
Total governmental activities program revenues	480	416	452	404	226	731	687	823
Business-type activities:								
Charges for services:								
Stormwater	108	108	108	111	105	105	-	-
Sanitation[2]	299	301	-	-	-	-	-	-
Capital grants and contributions	-	2	-	-	-	-	-	-
Total business-type activities program revenues	407	411	108	111	105	105	-	-
Total primary government program revenues	$ 887	$ 827	$ 560	$ 515	$ 331	$ 836	$ 687	$ 823

CITY OF AVONDALE ESTATES, GEORGIA

CHANGES IN NET ASSETS
LAST EIGHT YEARS[1]
(accrual basis of accounting)
(amounts expressed in thousands)

	2010	2009	2008	2007	2006	2005	2004	2003
Net (expense)/revenue								
Governmental activities	$(1,810)	$(1,751)	$(2,425)	$(2,474)	$(2,355)	$(1,768)	$(1,763)	$(1,577)
Business-type activities[2]	(235)	(260)	98	108	100	101	-	-
Total primary government net expense	$(2,045)	$(2,011)	$(2,326)	$(2,365)	$(2,255)	$(1,667)	$(1,763)	$(1,577)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes	$ 1,795	$ 1,909	$ 1,721	$ 1,741	$ 1,604	$ 1,444	$ 1,378	$ 1,313
Franchise taxes	180	226	208	225	232	349	331	345
Other taxes	276	287	625	574	562	12	11	11
Unrestricted investment earnings	27	30	26	29	38	26	12	10
Miscellaneous	71	90	-	-	-	-	-	-
Intergovernmental - Unrestricted	-	-	-	-	-	37	11	14
Transfers	(318)	(335)	-	-	-	-	-	-
Total governmental activities	2,031	2,207	2,580	2,569	2,436	1,868	1,743	1,693
Business-type activities[2]:								
Unrestricted investment earnings	7	12	6	8	-	1	-	-
Transfers	318	335	-	-	-	-	-	-
Total business-type activities[2]	325	347	6	8	-	1	-	-
Total primary government	$ 2,356	$ 2,554	$ 2,586	$ 2,577	$ 2,436	$ 1,869	$ 1,743	$ 1,693
Change in Net Assets								
Governmental activities	$ 221	$ 456	$ 155	$ 95	$ 81	$ 100	$ (20)	$ 116
Business-type activities[2]	90	87	104	116	100	102	-	-
Total primary government	$ 311	$ 543	$ 259	$ 211	$ 181	$ 202	$ (20)	$ 116

Notes:

(1) Government-wide financial information is only available since 2003; therefore, only eight (8) years of information is presented.

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

CITY OF AVONDALE ESTATES, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST EIGHT YEARS[1]
(accrual basis of accounting)
(amounts expressed in thousands)

Year	Property Tax(2)	Franchise Tax	Insurance Premium Tax	Occupational Tax	Sanitation	Other Taxes	Total
2003	$ 1,323	$ 152 (3)	$ 89 (3)	$ 69 (3)	$ 258	$ 20 (3)	$ 1,911
2004	1,437	170 (3)	100 (3)	77 (3)	292	22 (3)	2,098
2005	1,371	161 (3)	94 (3)	73 (3)	287	20 (3)	2,006
2006	1,604	232	137	106	293	26	2,398
2007	1,741 (4)	225	143	94	296	41	2,540
2008	1,721	208	146	92	304	61	2,532
2009	1,909	226	145	98	- (5)	44	2,422
2010	1,795	180	140	91	- (5)	45	2,251

Notes:

(1) Government-wide financial information is only available since 2003; therefore, only eight (8) years of information is presented.

(2) Property taxes include audo ad valorem taxes.

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

(4) Property taxes higher than in previous years due to increase in millage rates.

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

CITY OF AVONDALE ESTATES, GEORGIA

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General fund										
Reserved	$ 18	$ 19	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	2,053	2,032	1,681	1,483	1,275	1,291	1,124	1,047	1,126	983
Total general fund	$2,071	$2,051	$1,681	$1,483	$1,275	$1,291	$1,124	$1,047	$1,126	$ 983
All other governmental funds										
Reserved	$ 283	$ 143	$ 77 (1)	$ 87 (1)	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds(2)	-	-	-	-	-	-	-	-	1	1
Capital projects funds	-	-	-	-	136	19	32	144	111	161
Total all other governmental funds	$ 283	$ 143	$ 77	$ 87	$ 136	$ 19	$ 32	$ 144	$ 112	$ 162

Notes:

(1) Represents amounts reserved for the Police Seizure Special Revenue Fund which was created in FY 2007.

(2) From FY 2004 throught FY 2006, the City did not have a Special Revenue Fund (FY 2003 amount of $152 not shown since amounts are expressed in thousands).

CITY OF AVONDALE ESTATES, GEORGIA

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

	2010	2009	2008	2007	2006
Revenues					
Taxes	$ 2,254	$ 2,419	$ 2,530	$ 2,540	$ 2,372
Licenses and permits	12	24	35	14	7
Intergovernmental	1	12	37	53	3
Fines and forfeitures	442	362	357	262	200
Charges for services	24	18	23	11	11
Interest income	27	30	26	29	35
Other revenues	71	89	23	63	15
Total revenues	2,831	2,954	3,031	2,972	2,643
Expenditures					
General government	749	706	802	780	616
Public safety	864	899	821	780	582
Public works	237	267	850	911	873
Recreation	329	303	239	224	239
Capital outlay	175	8	80	53	219
Debt service					
Principal retirements	-	-	46	58	64
Interest and fiscal charges	-	-	4	7	6
Total expenditures	2,354	2,183	2,842	2,813	2,599
Excess of revenues over (under) expenditures	477	771	189	159	44
Other financing sources (uses)					
Proceeds from capital leases	-	-	-	-	91
Transfers in	307	51	65	-	272
Transfers out	(625)	(386)	(65)	-	(272)
Total other financing sources (uses)	(318)	(335)	-	-	91
Net change in fund balances	$ 159	$ 436	$ 189	$ 159	$ 135
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	1.81%	2.36%	2.94%

Notes:

(1) Previous reports (2006 and prior) combined debt service payments within the functions instead of separately. Amounts are modified to break out debt service payments separately.

(2) Information to break out years prior to 2005 not readily available.

CITY OF AVONDALE ESTATES, GEORGIA

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

2005	2004	2003	2002	2001	2000
$ 2,098	$ 2,007	$ 1,925	$ 1,911	$ 1,821	$ 1,668
97	114	78	85	85	88
36	12	209	227	88	61
276	240	260	228	249	329
-	-	-	-	-	-
-	-	-	-	-	-
93	57	45	99	56	74
2,600	2,430	2,517	2,550	2,299	2,220
615	687	669	597	576	552
598 [1]	577	596	512	567	506
861 [1]	839	831	989	828	740
242	240	244	278	236	253
133	122	224	228	19	52
46 [1]	-	-	-	-	-
5 [1]	-	-	-	-	-
2,500	2,465	2,564	2,604	2,226	2,103
100	(35)	(47)	(54)	73	117
54	-	-	135	-	-
65	-	120	25	25	117
(65)	-	(120)	(25)	(25)	(117)
54	-	-	135	-	-
$ 154	$ (35)	$ (47)	$ 81	$ 73	$ 117
2.15%	0.00% [2]	0.00% [2]	0.00% [2]	0.00% [2]	0.00% [2]

CITY OF AVONDALE ESTATES, GEORGIA

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

Year	Property Tax(1)	Franchise Tax	Insurance Premium Tax	Occupational Tax	Sanitation	Other Taxes	Total
2001	$ 1,225	$ 117 (2)	$ 69 (2)	$ 53 (2)	$ 189	$ 16 (2)	$ 1,669
2002	1,305	168 (2)	99 (2)	77 (2)	255	22 (2)	1,926
2003	1,323	152 (2)	89 (2)	69 (2)	258	20 (2)	1,911
2004	1,437	170 (2)	100 (2)	77 (2)	292	22 (2)	2,098
2005	1,371	161 (2)	94 (2)	73 (2)	287	20 (2)	2,006
2006	1,604	232	137	106	293	26	2,398
2007	1,741	225	143	94	296	41	2,540
2008	1,734	208	146	92	304	46	2,530
2009	1,905	226	145	98	- (1)	44	2,418
2010	1,797	180	140	91	- (1)	45	2,253

Notes:

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

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

CITY OF AVONDALE ESTATES, GEORGIA

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

Year	Assessed Value				Less:				Assessed Value
	Real Property	Public Utility	Personal Property	Motor Vehicle	Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	as a Percentage of Actual Value
2001	$ 111,291	$ 792	$ 4,181	$ 8,942	$ 3,489	$ 121,717	10.500	$ 304,292	40.00%
2002	115,953	774	3,798	8,812	3,597	125,740	10.500	314,350	40.00%
2003	125,381	752	1,767	8,918	3,827	132,991	9.800	332,478	40.00%
2004	132,441	719	1,634	8,948	4,028	139,714	9.800	349,285	40.00%
2005	136,325	735	1,511	8,359	4,005	142,925	9.995	357,312	40.00%
2006	148,199	768	1,556	8,473	4,456	154,540	10.100	386,351	40.00%
2007	150,819	867	1,776	9,199	4,140	158,521	11.000	396,303	40.00%
2008	153,202	852	2,542	8,929	3,969	161,556	11.000	396,303	40.77%
2009	154,377	773	2,303	9,411	3,933	162,931	11.000	402,182	40.51%
2010	154,202	819	2,156	7,917	3,876	161,218	11.000	403,045	40.00%

Source: Dekalb County, Georgia Board of Tax Assessors

CITY OF AVONDALE ESTATES, GEORGIA

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

Calendar Year	City of Avondale Estates, Georgia			Dekalb County	State	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage			
2001	10.500	0.000	10.500	36.50	0.25	47.250
2002	10.500	0.000	10.500	37.58	0.25	48.330
2003	9.800	0.000	9.800	38.01	0.25	48.060
2004	9.800	0.000	9.800	37.97	0.25	48.020
2005	9.9950	0.000	9.995	37.29	0.25	47.535
2006	10.100	0.000	10.100	37.41	0.25	47.760
2007	11.000	0.000	11.000	36.69	0.25	47.940
2008	11.000	0.000	11.000	39.05	0.25	50.300
2009	11.000	0.000	11.000	39.84	0.25	51.090
2010	11.000	0.000	11.000	39.84	0.25	51.090

Source: DeKalb County Tax Commissioners Office

CITY OF AVONDALE ESTATES, GEORGIA

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

	Year 2010			Year 2007 [1]		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Century AG Avondale LLC	$ 2,004	1	1.24%	$ -		0.00%
Georgia Duck & Cordage Mill	1,051	2	0.65%	930	1	0.59%
Michael Plasker	614	3	0.38%	-		0.00%
Harold Johnson, Jr.	539	4	0.33%	-		0.00%
David Ladet	536	5	0.33%	-		0.00%
Michael Gerard	476	6	0.29%	-		0.00%
KJA / Eckerd	415	7	0.26%	549	3	0.35%
William S. Rosenfeld	410	8	0.25%	-		0.00%
Bonnie or Parker Kallenburg	397	9	0.25%	-		0.00%
Thomas Colquitt	365	10	0.23%	-		0.00%
Twin Oaks	-		0.00%	715	2	0.45%
Avondale Independent Honda	-		0.00%	360	4	0.23%
Tudor Village	-		0.00%	357	5	0.23%
Coal Mountain Farms, LLC	-		0.00%	342	6	0.22%
James Joyce Irish Pub	-		0.00%	288	7	0.18%
Waffle House LLC	-		0.00%	264	8	0.17%
68 North Avondale LP	-		0.00%	246	9	0.16%
Godfather Vans	-		0.00%	243	10	0.15%
	$ 6,807		4.21%	$ 4,294		2.73%

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

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
2001	$ 1,185	$ 1,182	99.7%	3	$ 1,185	100.00%
2002	1,128	1,105	98.0%	22	1,127	99.91%
2003	1,134	1,117	98.5%	17	1,134	100.00%
2004	1,464	1,454	99.3%	10	1,464	100.00%
2005	1,468	1,463	99.7%	5	1,468	100.00%
2006	1,472	1,468	99.7%	4	1,472	100.00%
2007	1,514	1,492	98.5%	21	1,513	99.93%
2008	1,619	1,595	98.5%	-	1,595	98.52%
2009	1,561	1,541	98.7%	18	1,559	99.87%
2010	1,723	1,676	97.3%	25	1,701	98.72%

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)

	Governmental Activities			Business-type Activities				
Year	General Obligation Bonds	Certificates of Participation	Capital Leases	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita (1)
2001	$ -	$ -	$ -	$ -	$ -	$ -	1.45%	-
2002	-	-	89	-	-	89	1.43%	33
2003	-	-	43	-	-	43	0.12%	16
2004	-	-	134	-	-	134	0.13%	51
2005	-	-	142	-	-	142	0.15%	54
2006	-	-	170	-	-	170	0.10%	68
2007	-	-	112	-	-	112	0.10%	42
2008	-	-	66	-	-	66	0.06%	25
2009	-	-	- (2)	-	33 (2)	33	0.03%	12
2010	-	-	- (2)	-	12 (2)	12	0.01%	5

(1) See the Demographic and Economic Statistics for personal income and population data.
(2) The City elected to report Sanitation activities as a separate enterprise fund and the related capital leases.

Note: The City had no debt outstanding in the years 1999-2001

CITY OF AVONDALE ESTATES, GEORGIA

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

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Avondale Estates (1)	Amount Applicable to City of Avondale Estates
Overlapping General Obligation Debt:			
Dekalb County	$ 331,305	0.910%	$ 3,014
Fulton Dekalb Hospital Authority	200,060	0.910%	1,820
Total overlapping debt	531,365		4,834
City direct debt	-	100.000%	-
Total direct and overlapping debt	$ 531,365		$ 4,834

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

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

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

CITY OF AVONDALE ESTATES, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST TEN CALENDAR YEARS
(amounts expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	$ 12,521	$ 12,934	$ 13,682	$ 14,374	$ 14,693	$ 15,900	$ 16,266	$ 16,553	$ 16,686	$ 16,509
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 12,521	$ 12,934	$ 13,682	$ 14,374	$ 14,693	$ 15,900	$ 16,266	$ 16,553	$ 16,686	$ 16,509
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2010	
Assessed Value	$161,218
Add back: exempt real property	3,876
Total assessed value	165,094
Debt limit (10% of total assessed value)	16,509
Legal debt margin	$ 16,509

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

The City did not have any general obligation debt outstanding prior to year 2007.

CITY OF AVONDALE ESTATES, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Fiscal Year	Population[1]	Personal Income (in thousands)	Per Capita Personal Income[1]	Median Age[1]	Percentage of Population Age 25 and Older with Greater than 12 Years of Formal Schooling[3]	School Enrollment[2]	Unemployment Rate[4]
2001	2,724	$ 116,056	$ 43	42.9	N/A	428	4.1%
2002	2,724	116,056	43	42.9	N/A	428	5.7%
2003	2,724	116,056	43	42.9	N/A	428	4.5%
2004	2,627	111,923	43	42.9	N/A	428	5.2%
2005	2,627	111,923	43	42.9	N/A	428	6.1%
2006	2,506	106,768	43	42.9	N/A	428	4.7%
2007	2,648	112,818	43	42.9	67%	415	4.6%
2008	2,648	112,818	43	42.9	67%	450	7.7%
2009	2,648	112,818	43	42.9	67%	450	9.1%
2010	2,648	115,638	43	42.9	67%	462	10.5%

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

CITY OF AVONDALE ESTATES, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT AND TWO YEARS AGO

2010 Employers	2008 Employers
Arborguard Tree	Arborguard Tree
Avondale Pizza Café	CEO Motorsports, LLC.
D & R Towing	D & R Towing
DeKalb Collision Center	DeKalb Collision Center
Jollay Masonry	Jollay Masonry
Lifeline Animal Project	Lifeline Animal Project
Mann Mechanical	Mann Mechanical
Rite Aid # 11690	Rite Aid # 11690
Salvation Army Thrift Store	Salvation Army Thrift Store
Waffle House #1000	Waffle House #1000

Source: City of Avondale Estates Occupational Tax Department

Notes: Employers are listed in alphabetical order only and not ranked in any way.
Number of employees cannot be listed due to privacy issues.
Information above is presented with a comparison to 2008

CITY OF AVONDALE ESTATES, GEORGIA

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Function										
General government	6	5	5	4	4	4	4	4	4	4
Public safety										
Police										
Officers	12	12	12	10	10	10	10	8	8	8
Public Works	2	2	13	18	18	18	18	18	19	18
Sanitation	11	11 (1)	-	-	-	-	-	-	-	-
Culture & Recreation	6	6	6	4	4	4	4	4	4	4
Total	37	36	36	36	36	36	36	34	35	34

Source: City of Avondale Estates department records.

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

CITY OF AVONDALE ESTATES, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

Function	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Police										
Homicide	1	1	-	-	-	-	1	-	-	-
Robbery	3	1	3	3	4	1	2	2	1	1
Aggravated Assault	-	1	1	2	-	1	3	-	-	1
Auto Theft	8	8	5	6	12	3	10	8	10	4
Burglary	7	18	20	23	15	18	10	22	13	31
Larceny Theft	80	59	110	71	77	35	70	62	61	50
Municipal Court										
Traffic Citations Issued	3,155	3,127	3,062	2,065	1,134	N/A	1,879	N/A	2,190	2,689

Source: City of Avondale Estates Departments

N/A - Information not available

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

CITY OF AVONDALE ESTATES, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Function										
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units *	-	-	1	1	-	1	2	-	-	-
Public Works										
Streets (miles)	18	18	18	18	18	18	18	18	18	18
Number of Street Lights	369	369	363	363	372	372	372	372	372	354
Collection Trucks *	-	-	-	-	1	-	-	-	-	-
Dump Trucks *	-	-	-	-	-	1	1	-	-	-
Street Sweeper	-	-	-	-	-	-	1	-	-	-

* Currently Under Capital Lease

Source: Various City departments

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

GOVERNMENTAL REPORTS

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Truman W. Clifton (1902-1989)

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

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

We have audited the financial statements of the City of Avondale Estates, Georgia as of and for the year ended December 31, 2010, and have issued our report thereon dated May 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Avondale Estates, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Avondale Estates, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Avondale Estates, Georgia's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, City Council, and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
May 3, 2011

