CITY OF CHAMBLEE, GEORGIA

AUDITED BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

CITY OF CHAMBLEE, GEORGIA
AUDITED BASIC FINANCIAL STATEMENTS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

Independent Auditors' Report	**1**
MANAGEMENT'S DISCUSSION AND ANALYSIS	**2**
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets	**10**
Statement of Activities	**11**
Balance Sheet - Governmental Funds	**12**
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	**13**
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	**14**
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	**15**
Statement of Fund Net Assets - Proprietary Fund	**16**
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund	**17**
Statement of Cash Flows - Proprietary Fund	**18**
Notes to Financial Statements	**19**
REQUIRED AND OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	**41**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Rental Motor Vehicle Excise Tax Fund	**42**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Emergency 911 Telephone System Fund	**43**
Combining Balance Sheet - Nonmajor Governmental Funds	**44**
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	**45**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Confiscated Assets Fund	**46**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Hotel/Motel Tax Fund	**47**
Schedule of Revenues - Budget and Actual (Budgetary Basis) - General Fund	**48**
Schedule of Expenditures - Budget and Actual (Budgetary Basis) - General Fund	**50**

CITY OF CHAMBLEE, GEORGIA
AUDITED BASIC FINANCIAL STATEMENTS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

SCHEDULES REQUIRED BY THE STATE OF GEORGIA:

Schedule of Revenues, Expenditures and Changes in Fund Balance Rental Motor Vehicle Excise Tax Fund **51**

Annual Report of 9-1-1 Collections and Expenditures **52**

REPORT ON COMPLIANCE & INTERNAL CONTROL:

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* **56**

WILCOX & BIVINGS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

4485 Tench Road, Suite 1320
Suwanee, GA 30024
Phone: 770-904-0419
Fax: 770-904-5299

Independent Auditors' Report

To the Honorable Mayor
and Members of the City Council
City of Chamblee, Georgia

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Chamblee, Georgia as of and for the year ended December 31, 2007, 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 Chamblee, 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 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, each major fund, and the aggregate remaining fund information of the City of Chamblee, Georgia as of December 31, 2007, and the respective changes in financial position, and where applicable, cash flows, 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 June 12, 2008, on our consideration of the City of Chamblee, 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 read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 9 and 41 through 43, 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 inquires of management regarding the methods of measurement and presentation of the 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 Chamblee, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and the schedules shown on pages 48 through 55 are presented for purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedules shown on pages 48 through 55 have been subjected to the auditing procedures applied in the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wilcox & Bivings, P.C.

Suwanee, Georgia
June 12, 2008

CITY OF CHAMBLEE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Management of the City of Chamblee, Georgia (the "City") provides this Management Discussion and Analysis, as prescribed by the provisions of Governmental Accounting Standards Board Statement No. 34 (GASB 34). This narrative overview and analysis of the City's general purpose financial activities is for the fiscal year ending December 31, 2007. Please consider this information in conjunction with the City's basic financial statements, which follow.

FINANCIAL HIGHLIGHTS

- **The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $14,416,324 (presented as "net assets"). Of this amount, $3,617,929 was reported as "unrestricted net assets". Unrestricted net assets represent the amount available to be used to meet the City's obligations to citizens and creditors. $10,780,415 of net assets consisted of investments in capital assets. The remainder of net assets consisted of amounts restricted by state law or debt agreements, and totaled $17,980.**

- **The City's total net assets increased by $1,080,673 in fiscal year 2007.**

- **As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $3,503,952. Of this amount, 51% of this total amount or $1,792,371 is unreserved and available for use within the City's designation and policies.**

- **At the end of the current fiscal year, unreserved fund balance for the general fund was $2,892,495 or 37% of the total general fund expenditures.**

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

<u>Government-wide financial statements</u>
The government-wide financial statements are designed to provide readers with a broad view 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 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 City's net assets changed during the fiscal year. All changes in net assets are reported when 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 the future fiscal periods, such as uncollected property taxes and earned but unused compensated absences.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues ("governmental activities") from 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 and administration, public safety, public works, development and permits, parks and recreation, court, and emergency 911 telephone system. The business-type activity of the City includes the City's stormwater system.

The government-wide financial statements can be found on pages 10 and 11 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 two categories – governmental funds and proprietary 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, the governmental fund financial statements focus on current sources and uses 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 effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six 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, Rental Motor Vehicle Excise Tax, Emergency 911 Telephone System, and the other nonmajor governmental funds. The General, Rental Motor Vehicle Excise Tax, and Emergency 911 Telephone System funds are considered to be major funds. The other governmental funds are two nonmajor special revenue funds and one capital project fund. Data from the other 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 basic governmental fund financial statements can be found on pages 12 to 15 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its stormwater system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the stormwater fund. The stormwater fund is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 16 to 18 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 19 to 40 of this report.

Required Supplementary and Other Information

The schedules of revenues, expenditures and changes in fund balance - budget and actual of the major governmental funds are presented as required supplementary information and can be found on pages 41 through 43 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 44 to 47 of this report.

In addition to the basic financial statements, accompanying notes, and combining and individual fund statements this report also presents certain other supplementary information. This other supplementary information can be found on pages 48 to 55 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the City's basic financial statements, assets exceeded liabilities by $14,416,324 as of December 31, 2007 and by $13,335,651 as of December 31, 2006.

The largest portion of the City's net assets reflects its investments in capital assets (such as land, buildings and improvements, park improvements, infrastructure assets, furniture and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not 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.

CITY OF CHAMBLEE, GEORGIA'S NET ASSETS – PRIMARY GOVERNMENT

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	$ 4,481,177	$ 4,140,337	$ 113,402	$ 274,868	$ 4,594,579	$ 4,415,205
Capital assets	10,815,347	10,426,849	521,450	222,075	11,336,797	10,648,924
Total assets	15,296,524	14,567,186	634,852	496,943	15,931,376	15,064,129
Long-term liabilities	572,232	767,644	-	-	572,232	767,644
Other liabilities	942,820	750,858	-	209,976	942,820	960,834
Total liabilities	1,515,052	1,518,502	-	209,976	1,515,052	1,728,478
Net assets:						
Invested in capital assets, net of related debt	10,258,965	9,781,140	521,450	222,075	10,780,415	10,003,215
Restricted	17,980	11,754	-	-	17,980	11,754
Unrestricted	3,504,527	3,255,790	113,402	64,892	3,617,929	3,320,682
Total net assets	$ 13,781,472	$ 13,048,684	$ 634,852	$ 286,967	$ 14,416,324	$ 13,335,651

An additional portion of the City's net assets (0.12%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets $3,617,929 may be used to meet the government's ongoing obligations to citizens and creditors.

As of December 31, 2007 and December 31, 2006 the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate categories – governmental activities and business-type activities.

Analysis of the City's Operations

The following table provides a summary of the City's operations for the years ended December 31, 2007 and December 31, 2006. For the year ended December 31, 2007 governmental activities increased the City's net assets by $732,788. For the year ended December 31, 2006 governmental activities increased the City's net assets by $958,981. Business-type activities increased the City's net assets by $347,885 for the year ended December 31, 2007, and by $150,537 for the year ended December 31, 2006.

CITY OF CHAMBLEE, GEORGIA'S CHANGES IN NET ASSETS – PRIMARY GOVERNMENT

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	$ 3,595,462	$ 3,457,222	$ 557,912	$ 477,723	$ 4,153,374	$ 3,934,945
Operating grants and Contributions	-	-	-	-	-	-
Capital grants and Contributions	200,836	238,054	-	-	200,836	238,054
General revenues:						
Taxes	4,863,429	4,606,622	-	-	4,863,429	4,606,622
Investment return	178,681	134,055	-	-	178,681	134,055
Gain/(loss) on sale of assets	27,078	-	-	-	27,078	-
Other	35,271	65,882	-	-	35,271	65,882
Total revenues	8,900,757	8,501,835	557,912	477,723	9,458,669	8,979,558
Expenses:						
General government	1,156,311	1,024,869	-	-	1,156,311	1,024,869
Public safety	3,432,825	3,279,217	-	-	3,432,825	3,279,217
Public works	1,651,774	1,534,782	-	-	1,651,774	1,534,782
Development and permits	480,057	291,134	-	-	480,057	291,134
Parks and recreation	708,043	684,098	-	-	708,043	684,098
Community development	-	73,486	-	-	-	73,486
Court	167,125	135,166	-	-	167,125	135,166
911 system	552,663	498,057	-	-	552,663	498,057
Interest	19,171	22,045	-	-	19,171	22,045
Stormwater	-	-	210,027	327,186	210,027	327,186
Total expenses	8,167,969	7,542,854	210,027	327,186	8,377,996	7,870,040
Change in net assets	732,788	958,981	347,885	150,537	1,080,673	1,109,518
Net assets January 1	13,048,684	12,089,703	286,967	136,430	13,335,651	12,226,133
Net assets December 31	$ 13,781,472	$ 13,048,684	$ 634,852	$ 286,967	$ 14,416,324	$ 13,335,651

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $3,503,952. Approximately 51% of this total amount or $1,792,371 constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for capital improvement projects ($1,500,000), 2) to pay for prepaid expenses ($71,027), 3) to pay for tree bank ($65,531), 4) to pay for encumbrances ($56,250), and 5) to pay for public safety ($18,773).

The General Fund is the chief fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was $2,892,495, while total fund balance reached $4,586,096. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to the fund's total expenditures. Unreserved fund balance represents 37% of total expenditures, while total fund balance represents 59% of that same amount.

The General Fund's fund balance increased by $382,922 during the current fiscal year. Key factors in this increase are as follows:

- **Total revenues increased by $274,514 for a percentage increase of 3.5%. This increase was mainly due to an increase in taxes and fines and forfeitures. Taxes increased by $299,482 for a percentage increase of 6.8%. Fines and forfeitures increased by $314,879 for a percentage increase of 33.3%.**

- **Total expenditures increased by $889,629 for a percentage increase of 12.9%. This increase was mainly due to the City expending more on public safety, public works, and parks and recreation. The City expended $388,128 more on public safety, $225,174 on public works, and $129,425 on parks and recreation expenditures during 2007.**

The Rental Motor Vehicle Excise Tax Fund's fund balance increased by $4,168 during the current fiscal year. The Rental Motor Vehicle Excise Tax Fund is supported by the Rental Motor Vehicle Excise Tax. These tax monies can only be spent on purposes set forth in the Rental Motor Vehicle Excise Tax ordinance. The fund balance increased because tax revenue exceeded expenditures by $4,168.

The Emergency 911 Telephone System Fund's fund balance decreased by $265,825 during the current fiscal year. The Emergency 911 Telephone System Fund is supported by line charges for land line and wireless line telephone subscribers. These monies can only be spent on purposes of supporting the City's emergency 911 telephone system. The fund balance decreased because the operating expenditures of the system increased by $92,986 during the year.

Proprietary fund

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted fund net assets of the Stormwater proprietary fund were $113,402 at December 31, 2007. Fund net assets invested in capital assets were $521,450 for the Stormwater Fund at December 31, 2007. The Stormwater Fund had an increase in fund net assets for the fiscal year of $347,885. The Stormwater Fund is supported by the City's stormwater utility fee, which is a fee imposed on its property owners, and accounts for the City's stormwater utility services.

General Fund Budgetary Highlights

The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in an increase from the original budget of $390,174. There were many small revisions, however, some of the major revisions were for increases for the capital improvement program of parks and recreation of $166,000, 2008 Centennial of $129,134, capital improvement program for general government of $53,575, and capital outlays for public safety of $45,765.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2007, amounts to $11,336,797, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, park improvements, infrastructure, furniture and equipment, and vehicles.

Major capital asset events during the current fiscal year included the following:

- **The City spent $305,404 on infrastructure improvements related to the LCI projects.**
- **The City spent $241,808 on stormwater improvements**
- **The City purchased furniture and equipment for public safety for $228,043.**
- **The City purchased vehicles for public works for $164,034.**
- **The City purchased vehicles for public safety for $122,963.**
- **The City purchased vehicles for stormwater for $95,400.**

CAPITAL ASSETS AT YEAR-END
NET OF ACCUMULATED DEPRECIATION – PRIMARY GOVERNMENT

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	$ 1,525,278	$ 1,525,278	$ -	$ -	$ 1,525,278	$ 1,525,278
Construction in progress	1,063,636	673,482	-	-	1,063,636	673,482
Buildings and improvements	5,593,473	5,593,473	-	-	5,593,473	5,593,473
Park improvements	2,303,347	2,303,347	-	-	2,303,347	2,303,347
Infrastructure	855,362	847,287	241,808	-	1,097,170	847,287
Furniture and equipment	1,354,525	1,533,789	-	-	1,354,525	1,533,789
Machinery and equipment	-	-	102,805	102,805	102,805	102,805
Vehicles	2,019,504	1,961,819	243,715	148,315	2,263,219	2,110,134
Accumulated depreciation	(3,899,778)	(4,011,626)	(66,878)	(29,045)	(3,966,656)	(4,040,671)
Total	$ 10,815,347	$ 10,426,849	$ 521,450	$ 222,075	$ 11,336,797	$ 10,648,924

Additional information on the City's capital assets can be found in Note 5.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had $556,382 in outstanding debt consisting of capital leases payable. All of the debt was secured by either buildings or equipment.

CITY OF CHAMBLEE, GEORGIA'S OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Capital leases payable	$ 556,382	$ 645,709	$ -	$ -	$ 556,382	$ 645,709
Total	$ 556,382	645,709	$ -	$ -	$ 556,382	$ 645,709

The City's total debt (including compensated absences and other long-term operating liabilities) decreased by $194,147 during the current fiscal year attributable to $89,327 of principle payments made on capital leases payable, and a $106,820 reduction in compensated absences. Additional information on the City's long-term debt can be found in Note 7.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2008 budget, general fund revenues are budgeted to increase by 6.0% from the 2007 budget year with taxes making up about 58% and charges for services making up about 18% of general fund budgeted revenues. The 2008 general fund budget increase is attributed mainly to an increase in fines and forfeitures of $250,000 and property tax revenues of $200,000.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors with general overview of the City's primary government finances. If you have questions about this report or need any additional information, contact the City Clerk at 5468 Peachtree Road, Chamblee, Georgia 30341-2398.

BASIC FINANCIAL STATEMENTS

CITY OF CHAMBLEE, GEORGIA
STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 236,953	$ -	$ 236,953
Investments	3,742,264	-	3,742,264
Receivables, net	391,290	113,402	504,692
Prepaid expenses	71,027	-	71,027
Due from other governments	-	25,795	25,795
Internal balances	25,795	(25,795)	-
Long term receivables, net	13,848	-	13,848
Nondepreciable capital assets	2,588,914	-	2,588,914
Net depreciable capital assets	8,226,433	521,450	8,747,883
Total assets	$ 15,296,524	$ 634,852	$ 15,931,376
LIABILITIES			
Current liabilities:			
Accounts payable	$ 406,448	$ -	$ 406,448
Accrued expenses	99,018	-	99,018
Due to other governments	40,823	-	40,823
Deferred revenue	165,132	-	165,132
Police bonds	142,059	-	142,059
Capital leases	89,340	-	89,340
Total current liabilities	942,820	-	942,820
Noncurrent liabilities:			
Deposits	6,284	-	6,284
Compensated absences	98,906	-	98,906
Capital leases	467,042	-	467,042
Total noncurrent liabilities	572,232	-	572,232
Total liabilities	1,515,052	-	1,515,052
NET ASSETS			
Invested in capital assets, net of related debt	10,258,965	521,450	10,780,415
Restricted for:			
Public safety	17,980	-	17,980
Unrestricted	3,504,527	113,402	3,617,929
Total net assets	13,781,472	634,852	14,416,324
Total liabilities and net assets	$ 15,296,524	$ 634,852	$ 15,931,376

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF CHAMBLEE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 1,156,311	$ 425,238	$ -	$ -
Public safety	3,432,825	1,166,357	-	-
Public works	1,651,774	118,974	-	-
Development and permits	480,057	255,991	-	200,836
Parks and recreation	708,043	84,011	-	-
Court	167,125	1,266,577	-	-
911 system	552,663	278,314	-	-
Interest	19,171	-	-	-
Total governmental activities	8,167,969	3,595,462	-	200,836
Business-type activities				
Stormwater	210,027	557,912	-	-
Total business-type activities	210,027	557,912	-	-
Total primary government	$ 8,377,996	$ 4,153,374	$ -	$ 200,836

General revenues:	
Taxes:	
Property	
Franchise	
Insurance premium	
Alcoholic beverage	
Sanitation	
Rental motor vehicle excise	
Other taxes	
Investment return	
Gain/(loss) on sale of capital assets	
Other	
Total general revenues	
Change in net assets	
Net assets – beginning	
Net assets – ending	

	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	$(731,073)	$ -	$(731,073)
	(2,266,468)	-	(2,266,468)
	(1,532,800)	-	(1,532,800)
	(23,230)	-	(23,230)
	(624,032)	-	(624,032)
	1,099,452	-	1,099,452
	(274,349)	-	(274,349)
	(19,171)	-	(19,171)
	(4,371,671)	-	(4,371,671)
	-	347,885	347,885
	-	347,885	347,885
	$(4,371,671)	$ 347,885	$(4,023,786)
	$ 2,551,520	$ -	$ 2,551,520
	958,567	-	958,567
	522,102	-	522,102
	339,135	-	339,135
	153,124	-	153,124
	109,493	-	109,493
	229,488	-	229,488
	178,681	-	178,681
	27,078	-	27,078
	35,271	-	35,271
	5,104,459	-	5,104,459
	732,788	347,885	1,080,673
	13,048,684	286,967	13,335,651
	$ 13,781,472	$ 634,852	$ 14,416,324

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF CHAMBLEE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General	Rental Motor Vehicle Excise Tax	Emergency 911 Telephone System	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 236,953	$ -	$ -	$ -	$ 236,953
Investments	3,742,264	-	-	-	3,742,264
Property taxes receivable	142,591	-	-	-	142,591
Other taxes receivable	38,244	7,636	-	-	45,880
Intergovernmental receivable	-	-	-	147,595	147,595
GCIC fees receivable, net	55,224	-	-	-	55,224
Note receivable, net	13,848	-	-	-	13,848
Prepaid expenses	71,027	-	-	-	71,027
Due from other funds	1,276,600	-	-	17,980	1,294,580
Total assets	$ 5,576,751	$ 7,636	$ -	$ 165,575	$ 5,749,962
LIABLILITIES					
Accounts payable	$ 406,448	$ -	$ -	$ -	$ 406,448
Accrued expenses	94,468	4,550	-	-	99,018
Due to other governments	40,823	-	-	-	40,823
Deferred revenue	282,593	-	-	-	282,593
Police bonds	142,059	-	-	-	142,059
Due to other funds	17,980	583,906	519,304	147,595	1,268,785
Deposits	6,284	-	-	-	6,284
Total liabilities	990,655	588,456	519,304	147,595	2,246,010
FUND BALANCES (DEFICITS)					
Reserved for:					
Capital Improvement Projects	1,500,000	-	-	-	1,500,000
Prepaid expenses	71,027	-	-	-	71,027
Tree bank	65,531	-	-	-	65,531
Encumbrances	56,250	-	-	-	56,250
Public safety	793	-	-	17,980	18,773
Unreserved	2,892,495	(580,820)	(519,304)	-	1,792,371
Total fund balances (deficits)	4,586,096	(580,820)	(519,304)	17,980	3,503,952
Total liabilities and fund balances (deficits)	$ 5,576,751	$ 7,636	$ -	$ 165,575	$ 5,749,962

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF CHAMBLEE, GEORGIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2007

Total Governmental Fund Balances	**$ 3,503,952**
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $3,899,778	**10,815,347**
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property taxes receivable	**117,461**
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	**(98,906)**
Capital leases payable	**(556,382)**
Net Assets of Governmental Activities	**$ 13,781,472**

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF CHAMBLEE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Rental Motor Vehicle Excise Tax	Emergency 911 Telephone System	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 4,687,063	$ 109,493	$ -	$ 46,221	$ 4,842,777
Charges for services	1,457,665	-	278,314	-	1,735,979
Fines and forfeitures	1,259,394	-	-	7,183	1,266,577
Licenses and permits	592,906	-	-	-	592,906
Intergovernmental revenue	-	-	-	200,836	200,836
Investment return	178,681	-	-	-	178,681
Other	35,271	-	-	-	35,271
Total revenues	8,210,980	109,493	278,314	254,240	8,853,027
EXPENDITURES					
Current operating					
General government	1,096,897	-	-	-	1,096,897
Public safety	3,611,838	-	-	957	3,612,795
Public works	1,694,265	-	-	-	1,694,265
Development and permits	455,152	-	-	26,519	481,671
Parks and recreation	745,916	-	-	-	745,916
Court	167,514	-	-	-	167,514
911 system	-	-	540,966	-	540,966
Capital outlay	-	-	-	305,404	305,404
Debt service	-	105,325	3,173	-	108,498
Total expenditures	7,771,582	105,325	544,139	332,880	8,753,926
Excess (deficiency) of revenues Over (under) expenditures	439,398	4,168	(265,825)	(78,640)	99,101
OTHER FINANCING SOURCES (USES)					
Sale of surplus property	28,390	-	-	-	28,390
Transfers	(84,866)	-	-	84,866	-
Net other financing sources (uses)	(56,476)	-	-	84,866	28,390
Net changes in fund balances	382,922	4,168	(265,825)	6,226	127,491
Fund balances (deficits) – beginning of year	4,203,174	(584,988)	(253,479)	11,754	3,376,461
Fund balances (deficits) – end of year	$ 4,586,096	$(580,820)	$(519,304)	$ 17,980	$ 3,503,952

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF CHAMBLEE, 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, 2007

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances – total governmental funds	**$**	**127,491**
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		**989,203**
Depreciation expense	**(**	**599,393)**
Sale of capital assets	**(**	**1,312)**
A certain amount of property tax revenues in the statement of activities that does not provide current financial resources and is not reported as revenue in the funds		**20,652**
Long-term compensated absences were reported in the statement of activities, but they did not require the use of current financial resources. Therefore, long-term compensated absences were not reported as expenditures in governmental funds		**106,820**
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:		
Capital leases payable		**89,327**
Change in Net Assets of Governmental Activities	**$**	**732,788**

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF CHAMBLEE, GEORGIA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2007

	STORMWATER ENTERPRISE FUND
ASSETS	
Current assets:	
Accounts receivable, net	$ 113,402
Due from other governments	25,795
Total current assets	139,197
Noncurrent assets:	
Net capital assets	521,450
Total noncurrent assets	521,450
Total assets	$ 660,647
LIABILITIES	
Current liabilities:	
Interfund payables	$ 25,795
Total current liabilities	25,795
FUND NET ASSETS	
Invested in capital assets	521,450
Unrestricted	113,402
Total fund net assets	634,852
Total liabilities and fund net assets	$ 660,647

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF CHAMBLEE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	STORMWATER ENTERPRISE FUND
OPERATING REVENUES	
Charges for services	**$ 557,912**
Total operating revenues	**557,912**
OPERATING EXPENSES	
Personal services	**46,911**
Contractual services	**100,547**
Repairs and maintenance	**22,841**
Materials and supplies	**1,895**
Depreciation	**37,833**
Total operating expenses	**210,027**
Total operating income	**347,885**
Fund net assets – beginning	**286,967**
Fund net assets – ending	**$ 634,852**

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF CHAMBLEE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	STORMWATER ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 509,402
Payments to suppliers	(361,054)
Payments to employees	(46,911)
Net cash provided (used) by operating activities	101,437
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Cash advances repaid from other funds	235,771
Net cash provided (used) by noncapital financing activities	235,771
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(337,208)
Net cash provided (used) by capital and related financing activities	(337,208)
Increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents – beginning of year	-
Cash and cash equivalents – end of year	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ 347,885
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	37,833
Change in assets and liabilities:	
Accounts receivable	(48,510)
Due from other governments	(25,795)
Accounts payable	(209,976)
Net cash provided by operating activities	$ 101,437

SEE NOTES TO FINANCIAL STATEMENTS.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Chamblee, Georgia ("the City") operates under a City Council - Manager form of government and provides the following services as authorized by its charter: public safety, public works, development and permits, parks and recreation, court, 911 services, stormwater, and general administrative services.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 are not applied in the preparation of the financial statements in accordance with GASB Statement No. 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

These financial statements are prepared in accordance with GASB issued Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.* This Statement established new financial reporting requirements for state and local governments throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in years prior to December 31, 2003 is affected. With the implementation of GASB Statement No. 34, the City has prepared required supplementary information titled *Management's Discussion and Analysis,* which precedes the primary government financial statements.

Other GASB Statements were required to be implemented in conjunction with GASB Statement No. 34. Therefore, the City has implemented the following GASB Statements and Interpretations in the current fiscal year: Statement No. 33 – *Accounting and Financial Reporting for Nonexchange Transactions,* Statement No. 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues-An Amendment of GASB No. 33,* Statement No. 37 – *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus,* and Statement No. 38 – *Certain Financial Statement Note Disclosures,* Interpretation No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

The Reporting Entity

The City for financial reporting purposes includes all of the funds relevant to the operations of the City of Chamblee. The Government Accounting Standards Board has set forth criteria to determine if legally separate organizations are considered to be component units in which the City is considered to be financially accountable or other organizations whose nature and significant relationship with the City is such that exclusion would cause the City's financial statements to be incomplete or misleading. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City has no component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental activities columns, has been removed from these financial statements. Governmental activities, which normally are 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.

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

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund **– The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.**

Rental Motor Vehicle Excise Tax Fund **– The Rental Motor Vehicle Excise Tax Fund is used to account for financial resources of the rental motor vehicle excise tax. All rental motor vehicle excise tax revenues and related expenditures are accounted for in this fund.**

Emergency 911 Telephone Fund **– The Emergency 911 Telephone Fund is used to account for the financial resources of the City's emergency 911 telephone system. All 911 fees for telephone land line and wireless lines and related expenditures are accounted for in this fund.**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

Proprietary funds

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary fund:

***Stormwater Fund* – The Stormwater Fund is used to account for a special stormwater utility fee and other revenue dedicated to improving the City's stormwater drainage system. All costs are financed through charges to property owners with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.**

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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to be used to pay liabilities of the current period. The City considers property taxes and sanitation taxes as available if they are collected within 60 days after year-end. Charges for services are recognized as being earned when they have been billed. Grant revenues are recognized when the related expenditure has been incurred. Fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned when they are measurable and available. Taxes and licenses received prior to year-end for the subsequent year are reported as deferred revenue. Any portion of revenue recognized that has not been received is recorded as a receivable at the balance sheet date. Amounts received before revenue recognition criteria are met are reported as deferred revenue. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Budgets and Budgetary Accounting

Annual budgets are adopted for the General Fund, all Special Revenue Funds, and the Proprietary Fund. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) plus encumbrances. Revenues are budgeted in the year that they are expected to become both measurable and available. Expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. The "budget and actual" financial statements are reported on this basis, with the reconciliation to GAAP basis on the face of those statements.

A legally authorized, non-appropriated budget is prepared for the Grant Capital Project Fund. Expenditures for this fund are controlled on a project basis and are carried forward each year until the project is completed.

Budgeting Policy

The City follows these procedures in establishing the budgetary data reflected in the general purpose financial statements:

- **The initial budget is prepared based on revenues and expenditures of the prior year.**
- **Work sessions are held to amend the amounts based on expected revenues.**
- **The proposed budget is presented to the City Council in a regular Council meeting.**
- **The Council sets a date for a public hearing on the proposed budget.**
- **After the hearing, the Council adopts the budget.**
- **Over or under expended appropriations are not carried forward to the next year.**
- **Budget revisions that alter the total expenditures of any department or line item within a department must be approved by the Council.**
- **Budget amounts are as originally adopted, or as amended by the Council.**

Encumbrances

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reservations of fund balances since they do not constitute expenditures or liabilities. The City had encumbrances of $35,250 for parks and recreation, $15,500 for general government, and $5,500 for court for a total of $56,250 of encumbrances at December 31, 2007.

Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Additionally, the City considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Investments

Investments are reported at fair value based on the last reported sales price as of the balance sheet date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounts Receivable and Deferred Revenue

Accounts receivable are recorded in the General Fund. Receivables are stated at their net realizable value (face value less the allowance for uncollectible accounts). Delinquent taxes receivable are fully reserved by the deferral of the related revenues until payment is received. Allowances for doubtful accounts totaled $21,780 for the General Fund. No other funds had a balance in allowance for uncollectible accounts at December 31, 2007.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2007 are recorded as prepaid expenses.

Inventory

All governmental fund type inventories are accounted for using the purchase method, whereby inventories are charged to expenditures when purchased.

Capital Assets

Capital assets, which include land, buildings and improvements, park improvements, infrastructure assets, furniture and equipment, and vehicles. The City defines capital assets as assets with an initial individual cost of more than $5,000 and an estimated useful life of 5 years or more. Capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures; renewal and betterments are capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	**10 - 40 years**
Park improvements	**10 - 40 years**
Infrastructure	**10 - 40 years**
Furniture and equipment	**5 - 10 years**
Vehicles	**5 - 10 years**

The City has elected not to capitalize collections and works of art. Collections such as works of art and historical artifacts meet the definition of a capital asset. The requirement for capitalization is waived, however, for collections that meet the following conditions:

- **The collection is held for reasons other than financial gain.**
- **The collection is protected, kept unencumbered, cared for, and preserved.**
- **The collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.**

The sale or disposal of fixed assets is recorded by removing the cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

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

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Interest expense

Interest expense on long-term debt has been included as an indirect expense in the governmental and business-type activities. Total interest expense from governmental activities was $19,171. There was no interest expense from business-type activities.

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. There were no interest costs incurred by the City's proprietary funds for the year ended December 31, 2007.

Accrued Compensated Absences

The City has a policy, which states that all employees are required to take a minimum of ½ of their accrued vacation hours each year. If an employee does not take all of their accrued vacation hours during the year, up to ½ of the employee's hours will be placed in a Leave Bank. Hours in the Leave Bank will be available for use for illness or injury of the employee or employee's immediate family member after all current-year available vacation and sick time is exhausted. Leave Bank hours may also be accessed by the employee in the year immediately preceding the employee's retirement from the City in accordance with the retirement plan. The Leave Bank contains hours only, which will be paid at the employee's current rate of pay at the time accessed. Employees may not access hours in the Bank without prior approval of the Department Director and the City Manager. There is no limit to the amount of hours an employee may have in the Bank.

Employees who are terminated from employment with the City or are voluntarily separated from the City prior to employment shall not be compensated for any unused sick leave. Otherwise, employees may be compensated for unused sick leave in excess of 160 hours. Compensation will be paid at 50% of the value and will be paid in December of each year. An employee can choose to place the hours in the Leave Bank in lieu of compensation. The rules for accessing hours in the Leave Bank are referred to in the preceding paragraph. Only upon retirement from employment will employees be compensated for any unused sick leave not in the Leave Bank with pay at 50% of the value.

Accumulated compensated absences that are not expected to be liquidated with expendable available financial resources are reported as a long-term liability in the government-wide statement of net assets. Current amounts due are not recorded in the governmental-wide statement of net assets due to their immaterial nature.

Accrued compensated absences expected to be paid from governmental fund types are not recorded in the governmental fund financial statements. Payments of compensated absences are recorded as expenditures on the statement of revenues, expenditures and changes in fund balance in the governmental fund financial statements.

Long-term Debt

Long-term debt is recorded on the statement of net assets in the government-wide and proprietary fund financial statements, and any related interest expense is recorded on the statement of activities in the government-wide financial statements and the statement of revenues, expenses, and changes in net assets in the proprietary fund financial statements.

Long-term liabilities expected to be financed from governmental fund types are not recorded in the governmental fund financial statements. Payments of principal and interest are recorded as expenditures on the statement of revenues, expenditures and changes in fund balance in the governmental fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Reservations of Fund Balance

The City records reserves to indicate that a portion of the fund balance is legally segregated for a specific use.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Management Estimates

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

Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

Revenue Recognition – Property Taxes

Dekalb County bills and collects real and personal property taxes for the City. City property tax revenues are recognized when levied to the extent that they result in current receivables. Receivables outstanding more than 60 days after year-end are recorded as deferred revenue. Taxes are normally levied on September 1 and are due and payable by November 20. Property taxes attach as an enforceable lien on property as of January 1. All unpaid taxes levied in September become delinquent December 31 of the same year. The assessed valuation for 2007 was $526,702,761.

Property tax revenues are recognized when they become available. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

2. CASH AND INVESTMENTS

Cash

Custodial credit risk **for cash deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. State statutes require all deposits to be 110% collateralized by depository insurance, obligations of the United States or certain obligations guaranteed by the U.S. Government, obligations of the State of Georgia, or industrial revenue bonds or bonds of public or development authorities, counties, or municipalities of the State of Georgia. The collateral pledged by the banks' trust department in the City's name is composed of bonds of U.S. Government Agencies. The City has no policy on custodial credit risk other than it complies with the State of Georgia requirements.**

At December 31, 2007, the carrying amount of the City's cash was $236,953 and the bank balance was $579,609. The bank balances differ from the carrying amounts due to outstanding checks and deposits, and reconciling items. The City's deposits are covered by Federal Depository Insurance or by collateral held by pledging financial institution or it's agent in the City's name. The City has not adopted a formal deposit policy.

Investments

State statutes authorize the City to invest and reinvest any money subject to its control and jurisdiction in, obligations of the state of Georgia or of other states, obligations issued by the United States government, obligations fully insured or guaranteed by the United States government or a United States government agency, obligations of any corporation of the United States government, prime bankers' acceptances, the local government investment pool established by Georgia Code Section 36-83-8, repurchase agreements, and obligations of other political subdivision of the state of Georgia. The City has not adopted a formal investment policy.

As of December 31, 2007, the City had the following investments:

Investment	Rating	Maturity	Fair Value
Primary Government			
Governmental activities			
Georgia Fund 1	AAAm	22 day WAM	$ 3,742,264
Total			$ 3,742,264

Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The Office of Treasury and Fiscal Services manages the Fund. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share.

Credit Risk. **The City's investment in Georgia Fund 1 is an investment in an investment pool. Therefore, this investment is exempt from this requirement.**

Custodial Credit Risk. **For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Custodial Credit Risk is not required for external investment pools, therefore, the investment in Georgia Fund 1 is exempt from this requirement.**

2. CASH AND INVESTMENTS - Continued

Interest Rate Risk. **Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. The City uses weighted average maturity (WAM). The portfolio's WAM is a key determinant of the tolerance of a fund's investments to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates.**

Concentration of Credit Risk. **The City places no limit on the amount that the City may invest in any one issuer. External investment pools are excluded from the concentration of credit risk requirement, therefore, the City's investment in Georgia Fund 1 is exempt from this requirement.**

Foreign Currency Risk. **The City has no foreign currency risk as all investments are in U.S. dollar-denominated assets.**

3. RECEIVABLES

Receivables as of year-end for the City's individual major funds and aggregate nonmajor funds, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			
	General	Rental Motor Vehicle Excise Tax	Nonmajor Governmental Funds	Total
Receivables:				
Property taxes	$ 142,591	$ -	$ -	$ 142,591
Other taxes	38,244	7,636	-	45,880
Intergovernmental	-	-	147,595	147,595
GCIC	77,004	-	-	77,004
Gross receivables	257,839	7,636	147,595	413,070
Less: allowance for uncollectibles	21,780	-	-	21,780
Receivables, net	$ 236,059	$ 7,636	$ 147,595	$ 391,290
Long term receivables:				
Notes receivable	$ 56,107	$ -	$ -	$ 56,107
Less: discount on note receivable	(42,259)	-	-	(42,259)
Long term receivables, net	$ 13,848	$ -	$ -	$ 13,848

The long-term note receivable has a 0% stated interest rate. The note has been discounted at a 5% imputed interest rate.

3. RECEIVABLES - Continued

	Business-Type Activities
	Stormwater
Receivables:	
Accounts	$ 113,402
Gross receivables	113,402
Less: allowance for uncollectibles	-
Receivables, net	$ 113,402

4. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded, and payment between funds are made.

Interfund receivables and payables consisted of the following at December 31, 2007:

Fund	Interfund Receivables	Interfund Payables
Governmental Funds		
General Fund		
Due from Rental Motor Vehicle Excise Tax Fund	$ 583,906	$ -
Due from Emergency 911 Telephone Fund	519,304	-
Due from Grant Fund	147,595	-
Due to Confiscated Assets Fund	-	17,980
Due to Stormwater Fund	25,795	-
Total general fund	$ 1,276,600	$ 17,980
Rental Motor Vehicle Excise Tax Fund		
Due from General Fund	$ -	$ 583,906
Total rental motor vehicle excise tax fund	$ -	$ 583,906
Emergency 911 Telephone System Fund		
Due to General Fund	$ -	$ 519,304
Total emergency 911 telephone system fund	$ -	$ 519,304
Other Governmental Funds		
Confiscated Assets Fund		
Due from General Fund	$ 17,980	$ -
Grant Fund		
Due to General Fund	-	147,595
Total other governmental funds	$ 17,980	$ 147,595
Enterprise Fund		
Stormwater Fund		
Due from General Fund	$ -	$ 25,795
Total enterprise fund	$ -	$ 25,795

5. CAPITAL ASSETS

Following is a summary of changes in the capital assets of governmental activities:

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
GOVERNMENTAL ACTIVITIES:				
Not being depreciated:				
Land	$ 1,525,278	$ -	$ -	$ 1,525,278
Construction in progress:				
Infrastructure	673,482	390,154	-	1,063,636
Subtotal	2,198,760	390,154	-	2,588,914
Other capital assets:				
Buildings and improvements	5,593,473	-	-	5,593,473
Park improvements	2,303,347	-	-	2,303,347
Infrastructure	847,287	8,075	-	855,362
Furniture and equipment	1,533,789	285,606	(464,870)	1,354,525
Vehicles	1,961,819	305,368	(247,683)	2,019,504
Subtotal	12,239,715	599,049	(712,553)	12,126,211
Accumulated depreciation:				
Buildings and improvements	(906,203)	(141,103)	-	(1,047,306)
Park improvements	(500,323)	(67,471)	-	(567,794)
Infrastructure	(127,458)	(30,435)	-	(157,893)
Furniture and equipment	(994,093)	(191,324)	464,870	(720,547)
Vehicles	(1,483,549)	(169,060)	246,371	(1,406,238)
Subtotal	(4,011,626)	(599,393)	711,241	(3,899,778)
Net other capital assets	8,228,089	(344)	(1,312)	8,226,433
Total governmental activities capital assets	$ 10,426,849	$ 389,810	$(1,312)	$ 10,815,347

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 61,908
Public safety	244,578
Public works	139,490
Permitting and inspection	4,078
Parks and recreation	112,132
Community development	12,198
Court	-
911 system	25,009
Total governmental activities depreciation expense	$ 599,393

5. CAPITAL ASSETS - Continued

Following is a summary of changes in the capital assets of business-type activities, at December 31, 2007:

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
BUSINESS-TYPE ACTIVITIES:				
Other capital assets:				
Infrastructure	$ -	$ 241,808	$ -	$ 241,808
Machinery and equipment	102,805	-	-	102,805
Vehicles	148,315	95,400	-	243,715
Subtotal	251,120	337,208	-	588,328
Accumulated depreciation:				
Infrastructure	(-)	(-)	-	(-)
Machinery and equipment	(19,158)	(10,281)	-	(29,439)
Vehicles	(9,887)	(27,552)	-	(37,439)
Subtotal	(29,045)	(37,833)	-	(66,878)
Net other capital assets	222,075	299,375	-	521,450
Net business-type activities capital assets	$ 222,075	$ 299,375	$ -	$ 521,450

Depreciation was charged to functions as follows:

Business-type activities:	
Stormwater	$ 37,833
Total business-type activities depreciation expense	$ 37,833

6. DEFERRED REVENUE

Deferred revenue consisted of the following at December 31, 2007:

Governmental Activities

	Total Governmental Activities
Prepaid licenses	$ 149,350
Occupational taxes	15,782
Total	$ 165,132

Governmental Funds

	General Fund	Rental Motor Vehicle Excise Tax Fund	Emergency 911 Telephone Fund	Nonmajor Governmental Funds	Total Governmental Funds
Prepaid licenses	$ 149,350	$ -	$ -	$ -	$ 149,350
Property taxes	117,461	-	-	-	117,461
Occupational taxes	15,782	-	-	-	15,782
Total	$ 282,593	$ -	$ -	$ -	$ 282,593

7. LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended December 31, 2007:

Type of Debt	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007	Amounts Due within One Year
Governmental activities:					
Capital lease obligations	$ 645,709	$ -	$(89,327)	$ 556,382	$ 89,340
Compensated absences	205,726	-	(106,820)	98,906	-
Total general long-term debt	$ 851,435	$ -	$(196,147)	$ 655,288	$ 89,340

7. LONG-TERM DEBT – Continued

GOVERNMENTAL ACTIVITIES:

CAPITAL LEASE OBLIGATIONS

The City leases the public safety facility under a capital lease. In accordance with Financial Accounting Standards Board (FASB) Statement No. 23, the capital lease payable and the related assets have been recorded at the present value of the future minimum lease payments at the inception of the leases. The total cost to construct the public safety facility was $2,170,934 of which $1,600,000 was assumed under capital lease. The present value of the future minimum lease payments of the lease at December 31, 2007 was $556,382 with a fixed interest rate of 3.20%. The following is a schedule of future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at December 31, 2007:

2008	**$ 106,030**
2009	**106,030**
2010	**106,030**
2011	**106,030**
2012	**106,030**
2013 - 2017	**81,052**
Total minimum lease payments	**611,202**
Amount representing interest	**(54,820)**
Present value of lease obligations for governmental activities	**$ 556,382**
Current portion of capital leases payable	**$ 89,340**
Long-term portion of capital leases payable	**467,042**
Total capital leases payable	**$ 556,382**

Leased capital assets under capital leases at December 31, 2007, include the following:

Buildings and improvements	**$ 2,170,934**
	2,170,934
Less: accumulated depreciation	**(434,187)**
Total	**$ 1,736,747**

Total depreciation expense on the leased capital assets for the year ended December 31, 2007, was $54,273. This depreciation is included in the total depreciation expense shown in Note 5.

COMPENSATED ABSENCES

City employees are entitled to receive, upon termination of or retirement from employment, all accumulated sick pay benefits as referred to in Note 1. The General Fund has been used to liquidate compensated absences from Governmental Activities in prior years.

Noncurrent portion	**$ 98,906**

7. LONG-TERM DEBT – Continued

ANNUAL DEBT SERVICE REQUIREMENTS

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31, 2007, are as follows:

CAPITAL LEASES PAYABLE

	Governmental Activities		
Year Ending December 31,	Principal	Interest	Total
2008	$ 89,340	$ 16,690	$ 106,030
2009	92,233	13,797	106,030
2010	95,221	10,809	106,030
2011	98,304	7,726	106,030
2012	101,488	4,542	106,030
2012-2016	79,796	1,256	81,052
Total	$ 556,382	$ 54,820	$ 611,202

8. TRANSFERS

	Transfers In	Transfers Out
Governmental Funds		
General Fund:		
Hotel/Motel Tax Fund	$ 19,702	$ -
Grant Fund	-	104,568
Total General Fund	19,702	104,568
Hotel/Motel Tax Fund:		
General Fund	-	19,702
Total Hotel/Motel Tax Fund	-	19,702
Grant Fund:		
General Fund	104,568	-
Total Grant Fund	104,568	-
Total governmental funds	$ 124,270	$ 124,270

Transfers are primarily used to move funds from:

- **The Hotel/Motel Tax Fund to the General Fund for the administrative portion of the Hotel/Motel Tax revenues.**
- **The General Fund to the Grant Fund for City matching monies for grant expenditures.**

During the year ended December 31, 2007, the City made transfers of $19,702 from the Hotel/Motel Tax Fund to the General Fund for the administrative portion of collecting Hotel/Motel Tax revenues. In addition, the City made transfers of $104,568 from the General Fund to the Grant Fund for matching grant expenditures.

9. RESERVATIONS OF FUND BALANCE

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. At December 31, 2007, the financial statements of the City contain the following reservations of fund balance:

Governmental Funds

	General Fund	Rental Motor Vehicle Excise Tax Fund	Emergency 911 Telephone System Fund	Nonmajor Governmental Funds	Total
Reserved for capital improvement projects	$ 1,500,000	$ -	$ -	$ -	$ 1,500,000
Reserved for prepaid expenses	71,027	-	-	-	71,027
Reserved for tree bank	65,531	-	-	-	65,531
Reserved for encumbrances	56,250	-	-	-	56,250
Reserved for public safety	793	-	-	17,980	18,773
Total	$ 1,693,601	$ -	$ -	$ 17,980	$ 1,711,581

10. RESTRICTED NET ASSETS

Governmental Activities

Restricted net assets are comprised of the following at December 31, 2007:

Restricted for:	
Public safety	$ 17,980
Total net assets restricted for governmental activities	$ 17,980

11. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation plan is not available to employees until termination, retirement, death or unforeseeable emergencies.

In accordance with Section 457 of the Internal Revenue Code, plan assets are held in trust for the exclusive benefit of participants and beneficiaries. Accordingly, the assets and liabilities of the deferred compensation plans are not included in the accompanying basic financial statements.

12. PENSION PLAN

Plan Description

The City's defined benefit pension plan, City of Chamblee Retirement Plan ("CRP"), provides retirement, disability, and death benefits to plan members and beneficiaries. CRP plan is affiliated with the Georgia Municipal Employees Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association assigns the authority to establish and amend the benefit provisions of the plans that participate in GMEBS to the respective employer entities; for CRP, that authority rests with the City of Chamblee. 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 written request to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Funding Policy

CRP members are not required and do not contribute to CRP. CRP is a noncontributory plan. The City is required to contribute 100% of the amount necessary to fund CRP at an actuarially determined rate; the current rate is 12.84% of covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of Statement No. 27. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Annual Pension Cost

For 2007, the City's annual pension cost of $415,708 for CRP was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation based on the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The actuarial assumptions included the following:

- **Rate of return on investment** — **8.0% per year**
- **Projected salary increases** — **5.5% per year**
- **Cost of living adjustments** — **5.0% per year**

Three-Year Trend Information for CRP

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/05	$382,894	100%	$0
12/31/06	$336,923	100%	$0
12/31/07	$415,708	100%	$0

12. PENSION PLAN – Continued

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for CRP

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/05	$9,839,181	$10,347,767	$508,586	95.1%	$2,522,549	20.2%
07/01/06	$10,463,640	$10,377,263	$(86,377)	100.8%	$2,800,618	(3.1)%
07/01/07	$11,140,165	$11,485,956	$345,791	96.99%	$3,237,732	10.68%

Effect of Plan Changes on the Actuarial Accrued Liability

The plan provisions valued and the actuarial assumptions are the same as those used in the preceding valuation.

Effect of Plan Changes on Recommended Contributions

The plan provisions valued and the actuarial assumptions and cost methods are the same as those used to determine the contribution requirement for the preceding year.

Method used to determine the Actuarial Value of Assets

Actuarial value of assets is calculated by the sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

13. HOTEL/MOTEL LODGING TAX

The City has levied a 3% hotel/motel lodging tax. The amount of total tax collected in excess of a rate of 3% (0% of the total tax collected) is required to be expended for the promotion of tourism, conventions and trade shows in accordance with O.C.G.A. 48-13-51. A summary of the transactions for the year ending December 31, 2007 follows:

Total hotel/motel tax receipts	**$ 46,221**
Less: hotel/motel tax collected at a rate of 3%	**46,221**
Hotel/motel tax collected at a rate in excess of 3% to be expended for the promotion of tourism, conventions and trade shows at December 31, 2007	**$ -**

14. DEFICIT FUND BALANCES

The Rental Motor Vehicle Excise Tax Special Revenue Fund had a deficit in fund balance of $580,820 at December 31, 2007. This deficit is the result of revenues inadequate to cover expenses for prior years. Over the next few years, revenues should exceed expenditures for this fund, as the City's debt service payments should be less than expected revenues. This will enabled the fund to generate an annual surplus to repay the General Fund.

The Emergency 911 Telephone Fund had a deficit in fund balance of $519,304 at December 31, 2007. This deficit is a result of revenues inadequate to cover expenses for the current year due to increased operating expenses and the City purchasing equipment for the 911 system. Over the next few years, the City may have to transfer funds from the General Fund to cover expense overages.

15. EXCESS EXPENDITURES OVER APPROPRIATIONS

There were no instances of actual expenditures exceeding budgeted expenditures for the year ended December 31, 2007.

16. COMMITMENTS AND CONTINGENT LIABILITIES

Since 1996, the City has been named a responsible party with respect to a Hazardous Waste Site known as Laurelwood Landfill. The Laurelwood Landfill Site is 2.38 acres in Dekalb County, which were used and operated as a non-permitted industrial landfill from approximately 1955 to the mid-1970s. The old landfill is not located within the City limits of Chamblee. General Motors Corporation and Wattyl Paints are the remaining members of the responsible party group. Considerable testing of the site was performed at the expense of the responsible parties and all required reports were submitted to the Georgia Environmental Protection Division ("EPD"). Approximately four years ago, this group advised Georgia EPD that the landfill was such a "low level" site with respect to hazardous waste that no remediation was necessary and that the site should remain dormant as a fenced area. The site had been fenced with chain link when the EPD first advised that the responsible parties would need to report on the status of the buried waste. As of the audit report date, none of the responsible parties have received any notice from EPD of any further activity required with respect to this site. The City will await notice from EPD before undertaking any work on the site.

In a prior year the City was awarded multiple Federal grants under the Livable Centers Initiative Program. The project amounts total $2,392,150. The City is required to match 20% of the project totals or $470,270. The Federal grant awards will fund the remaining 80% of the project totals, or $1,921,880. The City has completed two of the projects, and is currently in the preliminary engineering phase on four of the projects and in the construction phase on one of the projects, in which the total project amounts are $2,261,150. The City has entered into a construction contract in the amount of $484,000 on one of the projects that will be funded by the grant awards. At December 31, 2007 the City had incurred $170,900 on the construction contract leaving $313,100 remaining on the contract. At December 31, 2007 the City had incurred a cumulative total of $625,451 of reimbursable grant expenses, and had received $477,855 of federal grant reimbursements.

The City had no other material commitments or contingencies at December 31, 2007.

17. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft 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 Interlocal 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 of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds.

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 cost 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.

18. FEDERAL AND STATE GRANTS

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material.

19. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the 10 county metro Atlanta area, is a member of the Atlanta Regional Commission ("ARC"). The City pays no annual dues to ARC. Membership in a Regional Development Center ("RDC") is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes each county commission chairman in the region, one mayor from each county (except Fulton County) chosen by a caucus of mayors, one mayor from the northern half and one mayor from the southern half of Fulton County elected by a caucus of mayors within northern and southern Fulton County, the mayor of the City of Atlanta, one member of the Atlanta City Council, fifteen private citizens, one from each of the 15 multi-jurisdictional districts of roughly equal population, elected by the 23 public officials, and one member appointed by the Board of the Georgia Department of Community Affairs. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from Atlanta Regional Commission, 40 Courtland St, NE, Atlanta, GA 30303.

20. LANDFILL CLOSURE AND POSTCLOSURE CARE

The Keswick Drive solid waste landfill was closed prior to April 1990. During 1990, the City took corrective action at the closed landfill site by covering the site with a geotechnical screen and a two and one half to five foot layer of dirt to stabilize it. The EPD approved the stabilization in September of 1992, and approved the City to construct an adult recreational field on the closed landfill site in 1994. The adult recreational field was constructed on the landfill site in 1996.

There is no recognition of a liability for closure and postclosure care costs based on landfill capacity used to date. The percentage of landfill capacity used to date is 100%, and it has an estimated remaining landfill life of zero years. There is no reported liability for closure and postclosure care at the balance sheet date. There is no estimated total current cost of closure and postclosure care remaining to be recognized. There are no assets restricted for payment of closure and postclosure care costs. Per City officials, the City will maintain the adult recreational field on the landfill site for the foreseeable future, and the City is not aware of any proposed changes in EPD legislation or regulations.

REQUIRED AND OTHER SUPPLEMENTARY INFORMATION

CITY OF CHAMBLEE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES				
Taxes	$ 4,568,850	$ 4,568,850	$ 4,687,063	$ 118,213
Charges for services	1,658,160	1,658,160	1,457,665	(200,495)
Fines and forfeitures	1,000,000	1,000,000	1,259,394	259,394
Licenses and permits	628,500	628,500	592,906	(35,594)
Investment return	110,000	110,000	178,681	68,681
Other	14,050	14,050	35,271	21,221
Total revenues	7,979,560	7,979,560	8,210,980	231,420
EXPENDITURES				
Current operating				
General government	977,788	1,192,447	1,112,397	80,050
Public safety	3,695,220	3,767,385	3,611,838	155,547
Public works	1,862,908	1,865,658	1,694,265	171,393
Development and permits	508,906	510,206	455,152	55,054
Parks and recreation	701,603	867,603	781,166	86,437
Court	246,971	180,271	173,014	7,257
Total expenditures	7,993,396	8,383,570	7,827,832	555,738
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	(13,836)	(404,010)	383,148	787,158
Adjustments				
To adjust for encumbrances	-	-	56,250	56,250
Excess (deficiency) of revenues over (under) expenditures (GAAP Basis)	(13,836)	(404,010)	439,398	843,408
OTHER FINANCING SOURCES (USES)				
Sale of surplus property	6,500	6,500	28,390	21,890
Transfers	-	-	(84,866)	(84,866)
Net other financing sources (uses)	6,500	6,500	(56,476)	(62,976)
Net changes in fund balance	(7,336)	(397,510)	382,922	780,432
Fund balance - beginning of year	4,203,174	4,203,174	4,203,174	-
Fund balance - end of year	$ 4,195,838	$ 3,805,664	$ 4,586,096	$ 780,432

NOTE: The budgetary basis of accounting used is modified accrual.

CITY OF CHAMBLEE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – RENTAL MOTOR VEHICLE EXCISE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Rental Motor Vehicle Excise Tax Fund			
	Original Budget	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES				
Taxes	$ 125,000	$ 125,000	$ 109,493	$(15,507)
Total revenues	125,000	125,000	109,493	(15,507)
EXPENDITURES				
Debt service	106,031	106,031	105,325	706
Total expenditures	106,031	106,031	105,325	706
Excess (deficiency) of revenues over (under) expenditures	18,969	18,969	4,168	(14,801)
Fund balance - beginning of year	(584,988)	(584,988)	(584,988)	-
Fund balance - end of year	$(566,019)	$(566,019)	$(580,820)	$(14,801)

NOTE: The budgetary basis of accounting used is modified accrual.

CITY OF CHAMBLEE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – EMERGENCY 911 TELEPHONE SYSTEM FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Emergency 911 Telephone System Fund			
	Original Budget	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES				
Charges for services	$ 287,000	$ 287,000	$ 278,314	$(8,686)
Total revenues	287,000	287,000	278,314	(8,686)
EXPENDITURES				
Current operating				
Public safety	556,204	567,769	540,966	26,803
Debt service	3,173	3,173	3,173	-
Total expenditures	568,942	570,942	544,139	26,803
Excess (deficiency) of revenues over (under) expenditures	(281,942)	(283,942)	(265,825)	18,117
Fund balance - beginning of year	(253,479)	(253,479)	(253,479)	-
Fund balance - end of year	$(535,421)	$(537,421)	$(519,304)	$ 18,117

NOTE: The budgetary basis of accounting used is modified accrual.

CITY OF CHAMBLEE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	Special Revenue		Capital Projects	
	Confiscated Assets	Hotel/ Motel Tax	Grant	Totals
ASSETS				
Intergovernmental receivable	$ -	$ -	$ 147,595	$ 147,595
Due from other funds	17,980	-	-	17,980
Total assets	$ 17,980	$ -	$ 147,595	$ 165,575
LIABILITIES				
Due to other funds	$ -	$ -	$ 147,595	$ 147,595
Total liabilities	-	-	147,595	147,595
FUND BALANCES				
Reserved:				
Public safety	17,980	-	-	17,980
Total fund balance	17,980	-	-	17,980
Total liabilities and fund balances	$ 17,980	$ -	$ 147,595	$ 165,575

CITY OF CHAMBLEE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Special Revenue		Capital Projects	
	Confiscated Assets	Hotel/ Motel Tax	Grant	Totals
REVENUES				
Taxes	$ -	$ 46,221	$ -	$ 46,221
Fines and forfeitures	7,183	-	-	7,183
Intergovernmental	-	-	200,836	200,836
Total Revenues	7,183	46,221	200,836	254,240
EXPENDITURES				
Current operating				
Public safety	957	-	-	957
Development	-	26,519	-	26,519
Capital outlay	-	-	305,404	305,404
Total Expenditures	957	26,519	305,404	332,880
Excess (deficiency) of revenues Over (under) expenditures	6,226	19,702	(104,568)	(78,640)
OTHER FINANCING SOURCES (USES)				
Transfers	-	(19,702)	104,568	84,866
Net other financing sources (uses)	-	(19,702)	104,568	84,866
Net changes in fund balances	6,226	-	-	6,226
Fund balances, January 1	11,754	-	-	11,754
Fund balances, December 31	$ 17,980	$ -	$ -	$ 17,980

CITY OF CHAMBLEE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – CONFISCATED ASSETS FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Confiscated Assets Fund			
	Original Budget	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES				
Fines and forfeitures	$ 957	$ 957	$ 7,183	$ 6,226
Total revenues	957	957	7,183	6,226
EXPENDITURES				
Current operating				
Public safety	957	957	957	-
Total expenditures	957	957	957	-
Excess (deficiency) of revenues over (under) expenditures	-	-	6,226	6,226
Fund balance - beginning of year	11,754	11,754	11,754	-
Fund balance - end of year	$ 11,754	$ 11,754	$ 17,980	$ 6,226

NOTE: The budgetary basis of accounting used is modified accrual.

CITY OF CHAMBLEE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – HOTEL/MOTEL TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Hotel/Motel Tax Fund			
	Original Budget	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES				
Taxes	$ 36,000	$ 36,000	$ 46,221	$ 10,221
Total revenues	36,000	36,000	46,221	10,221
EXPENDITURES				
Current operating				
Development	36,000	36,000	26,519	9,481
Total expenditures	36,000	36,000	26,519	9,481
Excess (deficiency) of revenues over (under) expenditures	-	-	19,702	19,702
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(19,702)	(19,702)
Net other financing sources (uses)	-	-	(19,702)	(19,702)
Net changes in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	$ -	$ -	$ -	$ -

NOTE: The budgetary basis of accounting used is modified accrual.

CITY OF CHAMBLEE, GEORGIA
SCHEDULE OF REVENUES – BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	FINAL BUDGET	ACTUAL	OVER (UNDER)
Taxes			
Property	$ 2,500,000	$ 2,532,272	$ 32,272
Franchise	900,000	958,567	58,567
Insurance premium	500,500	522,101	21,601
Alcoholic beverage	330,000	339,135	9,135
Sanitation	146,250	151,720	5,470
Ad valorem – motor vehicle	72,000	83,417	11,417
Financial institutions	48,000	43,836	(4,164)
Intangible	45,000	32,014	(12,986)
Real estate transfer	14,000	7,969	(6,031)
Insurance companies	12,000	14,725	2,725
Rail car equipment	1,100	1,307	207
Total taxes	4,568,850	4,687,063	118,213
Charges for Services			
GCIC fees	1,300,000	1,109,290	(190,710)
Development fees	100,000	93,450	(6,550)
Sanitation fees commercial	63,860	70,614	6,754
Stormwater management	35,000	16,000	(19,000)
Fingerprint fees	32,000	40,827	8,827
Garbage and trash special	30,000	31,081	1,081
Youth soccer	28,000	24,555	(3,445)
Adult softball	27,000	25,695	(1,305)
Camp	15,000	22,015	7,015
False alarm fees	6,000	1,850	(4,150)
Road race	4,500	4,836	336
Youth T-ball	3,500	3,990	490
Report fees	3,000	2,856	(144)
Keswick building rent	2,700	2,150	(550)
Land disturbance & NPDES fees	2,000	5,391	3,391
Rezoning filing fees	2,000	-	(2,000)
Sale of cardboard and paper	1,000	1,262	262
Alcohol investigation fees	1,000	900	(100)
Youth misc. activities	1,000	770	(230)
Animal control services	500	16	(484)
Miscellaneous fees processing	100	117	17
Total charges for services	1,658,160	1,457,665	(200,495)
Fines and forfeitures			
Police	1,000,000	1,259,394	259,394
Total fines and forfeitures	1,000,000	1,259,394	259,394

CITY OF CHAMBLEE, GEORGIA
SCHEDULE OF REVENUES – BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	FINAL BUDGET	ACTUAL	OVER (UNDER)
Licenses and Permits			
Business licenses	$ 230,000	$ 223,623	$(6,377)
Alcohol beverage licenses	200,000	191,367	(8,633)
Building permits	130,000	100,334	(29,666)
Electrical permits	20,000	21,794	1,794
Heating and A/C permits	10,000	15,950	5,950
Plumbing permits	13,000	10,383	(2,617)
Prior year business licenses	10,000	9,348	(652)
Permits taxi/alcohol	9,500	11,535	2,035
Miscellaneous permits	6,000	8,572	2,572
Total licenses and permits	628,500	592,906	(35,594)
Investment Return			
Interest	110,000	178,681	68,681
Total investment return	110,000	178,681	68,681
Other			
Centennial sponsorship	-	16,802	16,802
Tree bank	-	7,382	7,382
Miscellaneous	6,450	3,631	(2,819)
MARTA shelters	4,600	5,000	400
Penalties	3,000	2,456	(544)
Total other	14,050	35,271	21,221
Total Revenues	$ 7,979,560	$ 8,210,980	$ 231,420

CITY OF CHAMBLEE, GEORGIA
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	FINAL BUDGET	ACTUAL	OVER (UNDER)
Current Operating			
General government	**$ 1,192,447**	**$ 1,112,397**	**$ 80,050**
Public safety	**3,767,385**	**3,611,838**	**155,547**
Public works	**1,865,658**	**1,694,265**	**171,393**
Development and permits	**510,206**	**455,152**	**55,054**
Parks and recreation	**867,603**	**781,166**	**86,437**
Court	**180,271**	**173,014**	**7,257**
Total Expenditures	**$ 8,383,570**	**$ 7,827,832**	**$ 555,738**

SCHEDULES REQUIRED BY THE STATE OF GEORGIA

CITY OF CHAMBLEE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
RENTAL MOTOR VEHICLE EXCISE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

REVENUES	
Rental motor vehicle excise tax	**$ 109,493**
Total Revenues	**109,493**
EXPENDITURES	
Debt service	**105,325**
Total Expenditures	**105,325**
Excess (deficiency) of revenues over (under) expenditures	**4,168**
Fund balance, January 1	**(584,988)**
Fund balance, December 31	**$ (580,820)**

REPORT ON COMPLIANCE & INTERNAL CONTROL

WILCOX & BIVINGS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

4485 Tench Road, Suite 1320
Suwanee, GA 30024
Phone: 770-904-0419
Fax: 770-904-5299

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*

To the Honorable Mayor
and Members of the City Council
City of Chamblee, Georgia

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Chamblee, Georgia as of and for the year ended December 31, 2007, which collectively comprise the City of Chamblee, Georgia's basic financial statements and have issued our report thereon dated June 12, 2008. 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 Chamblee, Georgia's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Chamblee, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Chamblee, Georgia's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Chamblee, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Chamblee, Georgia's financial statements that is more than inconsequential will not be prevented or detected by the City of Chamblee, Georgia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Chamblee, Georgia's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Chamblee, Georgia's 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*.

We noted certain matters that we reported to management of the City of Chamblee, Georgia, in a separate letter dated June 12, 2008.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wilcox & Bivings, P.C.

Suwanee, Georgia
June 12, 2008