CITY OF CHAMBLEE, GEORGIA

AUDITED BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

CITY OF CHAMBLEE, GEORGIA
AUDITED BASIC FINANCIAL STATEMENTS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

Independent Auditors' Report	**1**
MANAGEMENT'S DISCUSSION AND ANALYSIS	**2**
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets	**11**
Statement of Activities	**12**
Balance Sheet - Governmental Funds	**13**
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	**14**
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	**15**
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	**16**
Statement of Fund Net Assets - Proprietary Fund	**17**
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund	**18**
Statement of Cash Flows - Proprietary Fund	**19**
Notes to Financial Statements	**20**
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**
Combining Balance Sheet - Nonmajor Governmental Funds	**43**
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	**44**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Emergency 911 Telephone System Fund	**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, 2008

SCHEDULES REQUIRED BY THE STATE OF GEORGIA:

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

Independent Accountants' Report on the Annual Report of 911 Collections and Expenditures 52

Annual Report of 9-1-1 Collections and Expenditures 53

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* 57

Schedule of Findings and Responses 59

WILCOX & BIVINGS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2008, 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, 2008, 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 May 28, 2009, 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 10 and 41 through 42, 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 56 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 56 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
May 28, 2009

CITY OF CHAMBLEE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

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, 2008. 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 $13,926,676 (presented as "net assets"). Of this amount, $1,261,883 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. $12,647,544 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 $17,249.**

- **The City's total net assets decreased by $489,648 in fiscal year 2008.**

- **As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1,189,804. Of this amount, 76% of this total amount or $904,470 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 $1,501,617 or 17% 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 11 and 12 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, and the other nonmajor governmental funds. The General and Rental Motor Vehicle Excise Tax funds are considered to be major funds. The other governmental funds are three 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 13 to 16 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 17 to 19 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 20 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 42 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 43 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 56 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 $13,926,676 as of December 31, 2008 and by $14,416,324 as of December 31, 2007.

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	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 2,379,439	$ 4,481,177	$ 372,048	$ 113,402	$ 2,751,487	$ 4,594,579
Capital assets	12,715,970	10,815,347	471,213	521,450	13,187,183	11,336,797
Total assets	15,095,409	15,296,524	843,261	634,852	15,938,670	15,931,376
Long-term liabilities	568,979	572,232	-	-	568,979	572,232
Other liabilities	1,138,853	942,820	304,162	-	1,443,015	942,820
Total liabilities	1,707,832	1,515,052	304,162	-	2,011,994	1,515,052
Net assets:						
Invested in capital assets, net of related debt	12,176,331	10,258,965	471,213	521,450	12,647,544	10,780,415
Restricted	17,249	17,980	-	-	17,249	17,980
Unrestricted	1,193,997	3,504,527	67,886	113,402	1,261,883	3,617,929
Total net assets	$ 13,387,577	$ 13,781,472	$ 539,099	$ 634,852	$ 13,926,676	$ 14,416,324

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 $1,261,883 may be used to meet the government's ongoing obligations to citizens and creditors.

As of December 31, 2008 and December 31, 2007 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, 2008 and December 31, 2007. For the year ended December 31, 2008 governmental activities decreased the City's net assets by $393,895. For the year ended December 31, 2007 governmental activities increased the City's net assets by $732,788. Business-type activities decreased the City's net assets by $95,753 for the year ended December 31, 2008, and increased the City's net assets by $347,885 for the year ended December 31, 2007.

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	$ 2,929,965	$ 3,595,462	$ 527,861	$ 557,912	$ 3,457,826	$ 4,153,374
Operating grants and Contributions	-	-	-	-	-	-
Capital grants and Contributions	493,845	200,836	-	-	493,845	200,836
General revenues:						
Taxes	4,950,932	4,863,429	-	-	4,950,932	4,863,429
Investment return	66,922	178,681	-	-	66,922	178,681
Gain/(loss) on sale of assets	-	27,078	-	-	-	27,078
Other	66,824	35,271	-	-	66,824	35,271
Total revenues	8,508,488	8,900,757	527,861	557,912	9,036,349	9,458,669
Expenses:						
General government	1,397,804	1,156,311	-	-	1,397,804	1,156,311
Public safety	3,752,432	3,432,825	-	-	3,752,432	3,432,825
Public works	1,827,141	1,651,774	-	-	1,827,141	1,651,774
Development and permits	479,695	480,057	-	-	479,695	480,057
Parks and recreation	606,506	708,043	-	-	606,506	708,043
Court	181,189	167,125	-	-	181,189	167,125
911 system	641,321	552,663	-	-	641,321	552,663
Interest	16,295	19,171	-	-	16,295	19,171
Stormwater	-	-	623,614	210,027	623,614	210,027
Total expenses	8,902,383	8,167,969	623,614	210,027	9,525,997	8,377,996
Change in net assets	(393,895)	732,788	(95,753)	347,885	(489,648)	1,080,673
Net assets January 1	13,781,472	13,048,684	634,852	286,967	14,416,324	13,335,651
Net assets December 31	$ 13,387,577	$ 13,781,472	$ 539,099	$ 634,852	$ 13,926,676	$ 14,416,324

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 $1,189,804. Approximately 76% of this total amount or $904,470 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 prepaid expenses ($195,299), 2) to pay for tree bank ($59,600), 3) to pay for encumbrances ($12,393), and 4) to pay for public safety ($18,042).

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 $1,501,617, while total fund balance reached $1,769,702. 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 17% of total expenditures, while total fund balance represents 20% of that same amount.

The General Fund's fund balance decreased by $2,816,394 during the current fiscal year. Key factors in this decrease are as follows:

- **Total revenues decreased by $597,217 for a percentage decrease of 7.2%. This decrease was mainly due to decreases in charges for services and fines and forfeitures. Charges for services decreased by $386,241 for a percentage decrease of 26.5%. Fines and forfeitures decreased by $182,191 for a percentage decrease of 14.4%.**

- **Total expenditures increased by $1,266,560 for a percentage increase of 16.3%. This increase was mainly due to the City expending more on general government, public safety, public works, and parks and recreation. The City expended $273,078 more on general government, $175,108 more on public safety, $169,896 more on public works, and $664,833 more on parks and recreation expenditures during 2008.**

- **Transfers out to other funds increased by $1,399,061. This increase was mainly due to the City transferring $994,537 and $489,390 to the Emergency 911 Telephone System Fund and the Grant Fund. These transfers were done to eliminate the prior year amount due from the Emergency 911 Telephone System Fund to the General Fund and to subsidize the Emergency 911 Telephone System Fund and Grant Fund current year expenditures.**

The Rental Motor Vehicle Excise Tax Fund's fund balance decreased by $16,327 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 decreased because expenditures exceeded tax revenue by $16,327.

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 and unreserved fund net assets of the Stormwater proprietary fund were $32,886 at December 31, 2008. Unrestricted fund net assets reserved for projects and contingencies were $25,000 and $10,000 at December 31, 2008. Fund net assets invested in capital assets were $471,213 for the Stormwater Fund at December 31, 2008. The Stormwater Fund had a decrease in fund net assets for the fiscal year of $95,753. 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 in expenditure and transfer appropriations from the original budget of $2,237,005. There were many small revisions. However, some of the major revisions were for increases for the capital improvement program of general government of $196,443, transfers to other funds from the general government of $657,404, and capital improvement program of parks and recreation of $896,321.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2008, amounts to $13,187,183, 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 $926,778 on infrastructure improvements related to the LCI projects.**
- **The City spent $627,952 on infrastructure improvements related to the Chamblee multi-use trail.**
- **The City spent approximately $200,000 on park improvements.**
- **The City purchased furniture and equipment for public safety for $222,466.**
- **The City purchased furniture and equipment for the 911 system for $149,235.**
- **The City purchased vehicles for public safety for $92,249.**

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	$ 1,525,278	$ 1,525,278	$ -	$ -	$ 1,525,278	$ 1,525,278
Construction in progress	712,702	1,063,636	-	-	712,702	1,063,636
Buildings and improvements	5,529,849	5,593,473	-	-	5,529,849	5,593,473
Park improvements	2,470,102	2,303,347	-	-	2,470,102	2,303,347
Infrastructure	2,964,156	855,362	241,808	241,808	3,205,964	1,097,170
Furniture and equipment	1,663,006	1,354,525	-	-	1,663,006	1,354,525
Machinery and equipment	-	-	102,805	102,805	102,805	102,805
Vehicles	1,905,544	2,019,504	243,715	243,715	2,149,259	2,263,219
Accumulated depreciation	(4,054,667)	(3,899,778)	(117,115)	(66,878)	(4,171,782)	(3,966,656)
Total	$ 12,715,970	$ 10,815,347	$ 471,213	$ 521,450	$ 13,187,183	$ 11,336,797

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 $539,639 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	
	2008	2007	2008	2007	2008	2007
Capital leases payable	$ 539,639	$ 556,382	$ -	$ -	$ 539,639	$ 556,382
Total	$ 539,639	556,382	$ -	$ -	$ 539,639	$ 556,382

The City's total debt (including compensated absences and other long-term operating liabilities) increased by $16,188 during the current fiscal year attributable to $108,655 of principle payments made on capital leases payable, $91,912 in capital lease borrowings, and a $32,931 increase 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 2009 budget, general fund revenues are budgeted to remain relatively the same as the 2008 budget year with taxes making up about 67% and fines and forfeitures making up about 15% of general fund budgeted revenues. The 2009 general fund budget variance is attributed mainly to an increase in property tax revenues of $725,000 and a reduction of charges for services of $615,000.

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, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 376,667	$ -	$ 376,667
Investments	1,727,680	-	1,727,680
Receivables, net	404,415	32,886	437,301
Prepaid expenses	195,299	-	195,299
Internal balances	(339,162)	339,162	-
Long term receivables, net	14,540	-	14,540
Nondepreciable capital assets	2,237,980	-	2,237,980
Net depreciable capital assets	10,477,990	471,213	10,949,203
Total assets	$ 15,095,409	$ 843,261	$ 15,938,670
LIABILITIES			
Current liabilities:			
Accounts payable	$ 568,511	$ -	$ 568,511
Accrued expenses	158,162	-	158,162
Due to other governments	-	304,162	304,162
Deferred revenue	142,464	-	142,464
Police bonds	160,455	-	160,455
Capital leases	109,261	-	109,261
Total current liabilities	1,138,853	304,162	1,443,015
Noncurrent liabilities:			
Deposits	6,764	-	6,764
Compensated absences	131,837	-	131,837
Capital leases	430,378	-	430,378
Total noncurrent liabilities	568,979	-	568,979
Total liabilities	1,707,832	304,162	2,011,994
NET ASSETS			
Invested in capital assets, net of related debt	12,176,331	471,213	12,647,544
Restricted for:			
Public safety	17,249	-	17,249
Unrestricted	1,193,997	67,886	1,261,883
Total net assets	13,387,577	539,099	13,926,676
Total liabilities and net assets	$ 15,095,409	$ 843,261	$ 15,938,670

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF CHAMBLEE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

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	$ 1,397,804	$ 396,693	$ -	$ -
Public safety	3,752,432	792,214	-	11,908
Public works	1,827,141	127,342	-	44,549
Development and permits	479,695	155,565	-	437,388
Parks and recreation	606,506	85,390	-	-
Court	181,189	1,082,447	-	-
911 system	641,321	290,314	-	-
Interest	16,295	-	-	-
Total governmental activities	8,902,383	2,929,965	-	493,845
Business-type activities				
Stormwater	623,614	527,861	-	-
Total business-type activities	623,614	527,861	-	-
Total primary government	$ 9,525,997	$ 3,457,826	$ -	$ 493,845

General revenues:	
Taxes:	
Property	
Franchise	
Insurance premium	
Alcoholic beverage	
Sanitation	
Rental motor vehicle excise	
Motor vehicle tax	
Other taxes	
Investment return	
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
	$(1,001,111)	$ -	$(1,001,111)
	(2,948,310)	-	(2,948,310)
	(1,655,250)	-	(1,655,250)
	113,258	-	113,258
	(521,116)	-	(521,116)
	901,258	-	901,258
	(351,007)	-	(351,007)
	(16,295)	-	(16,295)
	(5,478,573)	-	(5,478,573)
	-	(95,753)	(95,753)
	-	(95,753)	(95,753)
	$(5,478,573)	$(95,753)	$(5,574,326)
	$ 2,563,354	$ -	$ 2,563,354
	1,028,123	-	1,028,123
	534,608	-	534,608
	321,814	-	321,814
	197,308	-	197,308
	88,976	-	88,976
	79,380	-	79,380
	137,369	-	137,369
	66,922	-	66,922
	66,824	-	66,824
	5,084,678	-	5,084,678
	(393,895)	(95,753)	(489,648)
	13,781,472	634,852	14,416,324
	$ 13,387,577	$ 539,099	$ 13,926,676

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF CHAMBLEE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	General	Rental Motor Vehicle Excise Tax	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 376,667	$ -	$ -	$ 376,667
Investments	1,727,680	-	-	1,727,680
Property taxes receivable	200,904	-	-	200,904
Other taxes receivable	38,040	8,566	-	46,606
Intergovernmental receivable	-	-	107,913	107,913
GCIC fees receivable, net	48,992	-	-	48,992
Note receivable, net	14,540	-	-	14,540
Prepaid expenses	195,299	-	-	195,299
Due from other funds	709,804	-	17,249	727,053
Total assets	$ 3,311,926	$ 8,566	$ 125,162	$ 3,445,654
LIABLILITIES				
Accounts payable	$ 568,511	$ -	$ -	$ 568,511
Accrued expenses	154,340	3,822	-	158,162
Deferred revenue	295,743	-	-	295,743
Police bonds	160,455	-	-	160,455
Due to other funds	356,411	601,891	107,913	1,066,215
Deposits	6,764	-	-	6,764
Total liabilities	1,542,224	605,713	107,913	2,255,850
FUND BALANCES (DEFICITS)				
Reserved for:				
Prepaid expenses	195,299	-	-	195,299
Tree bank	59,600	-	-	59,600
Encumbrances	12,393	-	-	12,393
Public safety	793	-	17,249	18,042
Unreserved	1,501,617	(597,147)	-	904,470
Total fund balances (deficits)	1,769,702	(597,147)	17,249	1,189,804
Total liabilities and fund balances (deficits)	$ 3,311,926	$ 8,566	$ 125,162	$ 3,445,654

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF CHAMBLEE, GEORGIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008

Total Governmental Fund Balances	**$ 1,189,804**
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 $4,054,667	**12,715,970**
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property taxes receivable	**153,279**
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	**(131,837)**
Capital leases payable	**(539,639)**
Net Assets of Governmental Activities	**$ 13,387,577**

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, 2008

	General	Rental Motor Vehicle Excise Tax	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 4,789,653	$ 88,976	$ 36,485	$ 4,915,114
Charges for services	1,071,924	-	290,314	1,362,238
Fines and forfeitures	1,077,203	-	5,244	1,082,447
Licenses and permits	485,280	-	-	485,280
Intergovernmental revenue	56,457	-	437,388	493,845
Investment return	66,922	-	-	66,922
Other	66,824	-	-	66,824
Total revenues	7,614,263	88,976	769,431	8,472,670
EXPENDITURES				
Current operating				
General government	1,369,975	-	-	1,369,975
Public safety	3,786,946	-	5,975	3,792,921
Public works	1,864,161	-	-	1,864,161
Development and permits	426,029	-	36,485	462,514
Parks and recreation	1,410,749	-	-	1,410,749
Court	180,782	-	-	180,782
911 system	-	-	765,547	765,547
Capital outlay	-	-	926,778	926,778
Debt service	-	105,303	-	105,303
Total expenditures	9,038,642	105,303	1,734,785	10,878,730
Excess (deficiency) of revenues Over (under) expenditures	(1,424,379)	(16,327)	(965,354)	(2,406,060)
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	91,912	-	-	91,912
Transfers	(1,483,927)	-	1,483,927	-
Net other financing sources (uses)	(1,392,015)	-	1,483,927	91,912
Net changes in fund balances	(2,816,394)	(16,327)	518,573	(2,314,148)
Fund balances (deficits) – beginning of year	4,586,096	(580,820)	(501,324)	3,503,952
Fund balances (deficits) – end of year	$ 1,769,702	$(597,147)	$ 17,249	$ 1,189,804

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, 2008

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances – total governmental funds	**$(2,314,148)**
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	**2,532,785**
Depreciation expense	**(632,162)**
A certain amount of property tax revenues in the statement of activities that does not provide current financial resources and is not reported as revenue in the funds	**35,818**
Long-term compensated absences were reported in the statement of activities, but they did not require the use of current financial resources. Therefore, long-term compensated absences were not reported as expenditures in governmental funds	**(32,931)**
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:	
Capital leases payable	**108,655**
The issuance of long-term debt provides current financial resources to governmental funds, which increases long-term liabilities on the statement of activities:	
Capital leases payable	**(91,912)**
Change in Net Assets of Governmental Activities	**$(393,895)**

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF CHAMBLEE, GEORGIA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2008

	STORMWATER ENTERPRISE FUND
ASSETS	
Current assets:	
Accounts receivable, net	$ 32,886
Interfund receivables	339,162
Total current assets	372,048
Noncurrent assets:	
Net capital assets	471,213
Total noncurrent assets	471,213
Total assets	$ 843,261
LIABILITIES	
Current liabilities:	
Due to other governments	$ 304,162
Total current liabilities	304,162
FUND NET ASSETS	
Invested in capital assets	471,213
Unrestricted – reserved for projects	25,000
Unrestricted – reserved for contingencies	10,000
Unrestricted	32,886
Total fund net assets	539,099
Total liabilities and fund net assets	$ 843,261

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, 2008

	STORMWATER ENTERPRISE FUND
OPERATING REVENUES	
Charges for services	$ 527,861
Total operating revenues	527,861
OPERATING EXPENSES	
Personal services	55,188
Contractual services	386,180
Repairs and maintenance	8,219
Materials and supplies	1,434
Depreciation	50,237
Bad debt expense	122,356
Total operating expenses	623,614
Total operating income	(95,753)
Fund net assets – beginning	634,852
Fund net assets – ending	$ 539,099

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF CHAMBLEE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	STORMWATER ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 486,021
Payments to suppliers	(65,876)
Payments to employees	(55,188)
Net cash provided (used) by operating activities	364,957
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Cash advances paid to other funds	(364,957)
Net cash provided (used) by noncapital financing activities	(364,957)
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)	$(95,753)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	50,237
Change in assets and liabilities:	
Accounts receivable	80,516
Due from other governments	329,957
Net cash provided by operating activities	$ 364,957

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 financial reporting requirements for state and local governments throughout the United States. As part of 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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

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.**

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Budgeting Policy

The City follows these procedures in establishing the budgetary data reflected in the basic 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 $9,913 for public safety and $2,480 for public works for a total of $12,393 of encumbrances at December 31, 2008.

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.

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 $23,768 for the General Fund and $122,356 for the Stormwater Fund. No other funds had a balance in allowance for uncollectible accounts at December 31, 2008.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2008 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 capital 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 $16,537. 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, 2008.

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 2008 was $1,332,493,015.

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, 2008, the carrying amount of the City's cash was $376,667 and the bank balance was $656,962. 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, 2008, the City had the following investments:

Investment	Rating	Maturity	Fair Value
Primary Government			
Governmental activities			
Georgia Fund 1	AAAm	46 day WAM	$ 1,727,680
Total			$ 1,727,680

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	$ 200,904	$ -	$ -	$ 200,904
Other taxes	38,040	8,566	-	46,606
Intergovernmental	-	-	107,913	107,913
GCIC	72,760	-	-	72,760
Gross receivables	311,704	8,566	107,913	428,183
Less: allowance for uncollectibles	23,768	-	-	23,768
Receivables, net	$ 287,936	$ 8,566	$ 107,913	$ 404,415
Long term receivables:				
Notes receivable	$ 56,107	$ -	$ -	$ 56,107
Less: discount on note receivable	(41,567)	-	-	(41,567)
Long term receivables, net	$ 14,540	$ -	$ -	$ 14,540

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	$ 155,242
Gross receivables	155,242
Less: allowance for uncollectibles	(122,356)
Receivables, net	$ 32,886

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, 2008:

Fund	Interfund Receivables	Interfund Payables
Governmental Funds		
General Fund		
Due from Rental Motor Vehicle Excise Tax Fund	$ 601,891	$ -
Due from Grant Fund	107,913	-
Due to Confiscated Assets Fund	-	17,249
Due to Stormwater Fund	-	339,162
Total general fund	$ 709,804	$ 356,411
Rental Motor Vehicle Excise Tax Fund		
Due to General Fund	$ -	$ 601,891
Total rental motor vehicle excise tax fund	$ -	$ 601,891
Other Governmental Funds		
Confiscated Assets Fund		
Due from General Fund	$ 17,249	$ -
Grant Fund		
Due to General Fund	-	107,913
Total other governmental funds	$ 17,249	$ 107,913
Enterprise Fund		
Stormwater Fund		
Due from General Fund	$ 339,162	$ -
Total enterprise fund	$ 339,162	$ -

5. CAPITAL ASSETS

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

	Balance January 1, 2008	Increases	Decreases	Balance December 31, 2008
GOVERNMENTAL ACTIVITIES:				
Not being depreciated:				
Land	$ 1,525,278	$ -	$ -	$ 1,525,278
Construction in progress:				
Infrastructure	1,063,636	627,952	(978,886)	712,702
Subtotal	2,588,914	627,952	(978,886)	2,237,980
Other capital assets:				
Buildings and improvements	5,593,473	-	(63,624)	5,529,849
Park improvements	2,303,347	166,755	-	2,470,102
Infrastructure	855,362	2,108,794	-	2,964,156
Furniture and equipment	1,354,525	489,758	(181,277)	1,663,006
Vehicles	2,019,504	176,733	(290,693)	1,905,544
Subtotal	12,126,211	2,942,040	(535,594)	14,532,657
Accumulated depreciation:				
Buildings and improvements	(1,047,306)	(139,497)	5,303	(1,181,500)
Park improvements	(567,794)	(67,138)	-	(634,932)
Infrastructure	(157,893)	(33,614)	-	(191,507)
Furniture and equipment	(720,547)	(208,860)	181,277	(748,130)
Vehicles	(1,406,238)	(183,053)	290,693	(1,298,598)
Subtotal	(3,899,778)	(632,162)	477,273	(4,054,667)
Net other capital assets	8,226,433	2,309,878	(58,321)	10,477,990
Total governmental activities capital assets	$ 10,815,347	$ 2,937,830	$(1,037,207)	$ 12,715,970

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 59,941
Public safety	269,449
Public works	140,750
Development and permits	17,037
Parks and recreation	119,976
Court	-
911 system	25,009
Total governmental activities depreciation expense	$ 632,162

5. CAPITAL ASSETS - Continued

Following is a summary of changes in the capital assets of business-type activities:

	Balance January 1, 2008	Increases	Decreases	Balance December 31, 2008
BUSINESS-TYPE ACTIVITIES:				
Other capital assets:				
Infrastructure	$ 241,808	$ -	$ -	$ 241,808
Machinery and equipment	102,805	-	-	102,805
Vehicles	243,715	-	-	243,715
Subtotal	588,328	-	-	588,328
Accumulated depreciation:				
Infrastructure	(-)	(6,045)	-	(6,045)
Machinery and equipment	(29,439)	(10,280)	-	(39,719)
Vehicles	(37,439)	(33,912)	-	(71,351)
Subtotal	(66,878)	(50,237)	-	(117,115)
Net other capital assets	521,450	(50,237)	-	471,213
Net business-type activities capital assets	$ 521,450	$(50,237)	$ -	$ 471,213

Depreciation was charged to functions as follows:

Business-type activities:	
Stormwater	$ 50,237
Total business-type activities depreciation expense	$ 50,237

6. DEFERRED REVENUE

Deferred revenue consisted of the following at December 31, 2008:

Governmental Activities

	Total Governmental Activities
Prepaid licenses	$ 123,000
Occupational taxes	19,464
Total	$ 142,464

Governmental Funds

	General Fund	Rental Motor Vehicle Excise Tax Fund	Emergency 911 Telephone Fund	Nonmajor Governmental Funds	Total Governmental Funds
Prepaid licenses	$ 123,000	$ -	$ -	$ -	$ 123,000
Property taxes	153,279	-	-	-	153,279
Occupational taxes	19,464	-	-	-	19,464
Total	$ 295,743	$ -	$ -	$ -	$ 295,743

7. LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended December 31, 2008:

Type of Debt	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008	Amounts Due within One Year
Governmental activities:					
Capital lease obligations	$ 556,382	$ 91,912	$(108,655)	$ 539,639	$ 109,261
Compensated absences	98,906	32,931	-	131,837	-
Total general long-term debt	$ 655,288	$ 124,843	$(108,655)	$ 671,476	$ 109,261

7. LONG-TERM DEBT – Continued

GOVERNMENTAL ACTIVITIES:

CAPITAL LEASE OBLIGATIONS

The City leases the public safety facility and equipment under capital leases. In accordance with Financial Accounting Standards Board (FASB) Statement No. 23, capital leases 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 total cost of the equipment was $91,912 of which all was assumed under capital lease. The present value of the future minimum lease payments of the public safety facility and equipment leases were $467,374 and $72,265 at December 31, 2008. The public safety facility lease has a fixed interest rate of 3.2% and the equipment lease has a fixed interest rate of 3.96%. The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at December 31, 2008:

2009	**$ 125,920**
2010	**125,920**
2011	**125,919**
2012	**125,919**
2013	**79,523**
Total minimum lease payments	**583,201**
Amount representing interest	**(43,562)**
Present value of lease obligations for governmental activities	**$ 539,639**
Current portion of capital leases payable	**$ 109,261**
Long-term portion of capital leases payable	**430,378**
Total capital leases payable	**$ 539,639**

Leased capital assets under capital leases at December 31, 2008, include the following:

Buildings and improvements	**$ 2,170,934**
Equipment	**91,912**
	2,262,846
Less: accumulated depreciation	**(494,588)**
Total	**$ 1,768,258**

Total depreciation expense on the leased capital assets for the year ended December 31, 2008, was $60,401. 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	**$ 131,837**

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, 2008, are as follows:

CAPITAL LEASES PAYABLE

	Governmental Activities		
Year Ending December 31,	Principal	Interest	Total
2009	$ 109,961	$ 15,959	$ 125,920
2010	112,923	12,997	125,920
2011	116,707	9,212	125,919
2012	120,620	5,299	125,919
2013	79,428	95	79,523
Total	$ 539,639	$ 43,562	$ 583,201

8. TRANSFERS

	Transfers In	Transfers Out
Governmental Funds		
General Fund:		
Emergency 911 Telephone System Fund	$ -	$ 994,537
Grant Fund	-	489,390
Total General Fund	-	1,483,927
Emergency 911 Telephone System Fund:		
General Fund	994,537	-
Total Emergency 911 Telephone System Fund	994,537	-
Grant Fund:		
General Fund	489,390	-
Total Grant Fund	489,390	-
Total governmental funds	$ 1,483,927	$ 1,483,927

Transfers are primarily used to move funds from:

- **The General Fund to the Emergency 911 Telephone System Fund to supplement operating costs of the Emergency 911 Telephone System.**
- **The General Fund to the Grant Fund for City matching monies for grant expenditures.**

During the year ended December 31, 2008, the City made transfers of $994,537 from the General Fund to the Emergency 911 Telephone System Fund to supplement current and prior year operating costs of the Emergency 911 Telephone System Fund. In addition, the City made transfers of $489,390 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, 2008, the financial statements of the City contain the following reservations of fund balance:

Governmental Funds

	General Fund	Rental Motor Vehicle Excise Tax Fund	Nonmajor Governmental Funds	Total
Reserved for prepaid expenses	$ 195,299	$ -	$ -	$ 195,299
Reserved for tree bank	59,600	-	-	59,600
Reserved for encumbrances	12,393	-	-	12,393
Reserved for public safety	793	-	17,249	18,042
Total	$ 268,085	$ -	$ 17,249	$ 285,334

10. RESTRICTED NET ASSETS

Governmental Activities

Restricted net assets are comprised of the following at December 31, 2008:

Restricted for:	
Public safety	$ 17,249
Total net assets restricted for governmental activities	$ 17,249

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 14.64% 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 2008, the City's annual pension cost of $489,019 for CRP was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2008 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
12/31/06	$336,923	100%	$0
12/31/07	$415,708	100%	$0
12/31/08	$489,019	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)
07/01/06	$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%
07/01/08	$11,833,740	$12,471,756	$638,016	94.88%	$3,339,770	19.10%

Projection of Benefits for Financial Reporting Purposes

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations, if applicable.

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, 2008 follows:

Total hotel/motel tax receipts	**$ 36,485**
Less: hotel/motel tax collected at a rate of 3%	**36,485**
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, 2008	**$ -**

14. DEFICIT FUND BALANCES

The Rental Motor Vehicle Excise Tax Special Revenue Fund had a deficit in fund balance of $597,147 at December 31, 2008. 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.

15. EXCESS EXPENDITURES OVER APPROPRIATIONS

The City had two instances of actual expenditures exceeding budgeted expenditures for the year ended December 31, 2008. The Rental Motor Vehicle Excise Tax Fund had debt service expenditures in excess of $4,303 of the final budget. The Emergency 911 Telephone System Fund had 911 expenditures of $11,496 in excess of the final budget. There were no other instances of actual expenditures exceeding budgeted expenditures.

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"). The Georgia Environmental Protection Division has required that the City and Dekalb County to fund testing activities to show that the levels of contaminants in the soil at the landfill are below the highest acceptable levels so that the City can hopefully close this matter. The City's attorney estimates that there will be no additional financial liability incurred by the City other than testing costs of approximately $4,000.

The City is also involved in another legal proceeding, which normally occurs, in governmental operations. The case has been forwarded to the City's insurance claims representative and the City's attorney believes that there will not be any determination of liability against the City.

The City is a plaintiff in a civil action pending in DeKalb Superior Court in regards to an intergovernmental agreement between several cities and DeKalb County involving Homestead Option Sales Tax Proceeds (HOST). If the Cities win the suit against the County, the City may be awarded considerable sums of HOST proceeds.

The City had no other material commitments or contingencies at December 31, 2008.

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, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES				
Taxes	$ 4,905,300	$ 4,905,300	$ 4,789,653	$(115,647)
Charges for services	1,507,700	1,507,700	1,071,924	(435,776)
Fines and forfeitures	1,250,000	1,250,000	1,077,203	(172,797)
Licenses and permits	632,500	632,500	485,280	(147,220)
Intergovernmental revenue	-	-	56,457	56,457
Investment return	155,000	155,000	66,922	(88,078)
Other	14,450	14,450	66,824	52,374
Total revenues	8,464,950	8,464,950	7,614,263	(850,687)
EXPENDITURES				
Current operating				
General government	1,092,009	1,450,067	1,354,475	95,592
Public safety	3,734,276	3,847,784	3,796,859	50,925
Public works	1,865,765	1,896,188	1,866,641	29,547
Development and permits	509,460	511,474	426,029	85,445
Parks and recreation	796,463	1,855,311	1,375,499	479,812
Court	186,835	191,275	175,282	15,993
Total expenditures	8,184,808	9,752,099	8,994,785	757,314
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	280,142	(1,287,149)	(1,380,522)	(93,373)
Adjustments				
To adjust for encumbrances	-	-	(43,857)	(43,857)
Excess (deficiency) of revenues over (under) expenditures (GAAP Basis)	280,142	(1,287,149)	(1,424,379)	(137,230)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	1,500	1,500	-	(1,500)
Proceeds from capital leases	-	-	91,912	91,912
Transfers	-	(669,714)	(1,483,927)	(814,213)
Net other financing sources (uses)	1,500	(668,214)	(1,392,015)	(723,801)
Net changes in fund balance	281,642	(1,955,363)	(2,816,394)	(861,031)
Fund balance - beginning of year	4,586,096	4,586,096	4,586,096	-
Fund balance - end of year	$ 4,867,738	$ 2,630,733	$ 1,769,702	$(861,031)

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, 2008

	Rental Motor Vehicle Excise Tax Fund			
	Original Budget	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES				
Taxes	$ 101,000	$ 101,000	$ 88,976	$(12,024)
Total revenues	101,000	101,000	88,976	(12,024)
EXPENDITURES				
Debt service	106,031	101,000	105,303	(4,303)
Total expenditures	106,031	101,000	105,303	(4,303)
Excess (deficiency) of revenues over (under) expenditures	(5,031)	-	(16,327)	(16,327)
Fund balance - beginning of year	(580,820)	(580,820)	(580,820)	-
Fund balance - end of year	$(585,851)	$(580,820)	$(597,147)	$(16,327)

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

CITY OF CHAMBLEE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	Special Revenue			Capital Projects	
	Emergency 911 Telephone System	Confiscated Assets	Hotel/ Motel Tax	Grant	Totals
ASSETS					
Intergovernmental receivable	$ -	$ -	$ -	$ 107,913	$ 107,913
Due from other funds	-	17,249	-	-	17,249
Total assets	$ -	$ 17,249	$ -	$ 107,913	$ 125,162
LIABILITIES					
Due to other funds	$ -	$ -	$ -	$ 107,913	$ 107,913
Total liabilities	-	-	-	107,913	107,913
FUND BALANCES					
Reserved:					
Public safety	-	17,249	-	-	17,249
Total fund balance	-	17,249	-	-	17,249
Total liabilities and fund balances	$ -	$ 17,249	$ -	$ 107,913	$ 125,162

CITY OF CHAMBLEE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Special Revenue			Capital Projects	
	Emergency 911 Telephone System	Confiscated Assets	Hotel/ Motel Tax	Grant	Totals
REVENUES					
Taxes	$ -	$ -	$ 36,485	$ -	$ 36,485
Charges for services	290,314	-	-	-	290,314
Fines and forfeitures	-	5,244	-	-	5,244
Intergovernmental	-	-	-	437,388	437,388
Total Revenues	290,314	5,244	36,485	437,388	769,431
EXPENDITURES					
Current operating					
Public safety	-	5,975	-	-	5,975
Development	-	-	36,485	-	36,485
911 system	765,547	-	-	-	765,547
Capital outlay	-	-	-	926,778	926,778
Total Expenditures	765,547	5,975	36,485	926,778	1,734,785
Excess (deficiency) of revenues Over (under) expenditures	(475,233)	(731)	-	(489,390)	(965,354)
OTHER FINANCING SOURCES (USES)					
Transfers	994,537	-	-	489,390	1,483,927
Net other financing sources (uses)	994,537	-	-	489,390	1,483,927
Net changes in fund balances	519,304	(731)	-	-	518,573
Fund balances, January 1	(519,304)	17,980	-	-	(501,324)
Fund balances, December 31	$ -	$ 17,249	$ -	$ -	$ 17,249

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, 2008

	Emergency 911 Telephone System Fund			
	Original Budget	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES				
Charges for services	$ 260,000	$ 260,000	$ 290,314	$ 30,314
Total revenues	260,000	260,000	290,314	30,314
EXPENDITURES				
Current operating				
911 System	782,051	754,051	765,547	(11,496)
Total expenditures	782,051	754,051	765,547	(11,496)
Excess (deficiency) of revenues over (under) expenditures	(522,051)	(494,051)	(475,233)	18,818
OTHER FINANCING SOURCES (USES)				
Transfers	-	519,304	994,537	475,223
Net other financing sources (uses)	-	519,304	994,537	475,223
Net changes in fund balances	(522,051)	25,253	519,304	494,041
Fund balance - beginning of year	(519,304)	(519,304)	(519,304)	-
Fund balance - end of year	$(1,041,355)	$(494,051)	$ -	$ 494,041

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 – CONFISCATED ASSETS FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Confiscated Assets Fund			
	Original Budget	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES				
Fines and forfeitures	$ 5,975	$ 5,975	$ 5,244	$(731)
Total revenues	5,975	5,975	5,244	(731)
EXPENDITURES				
Current operating				
Public safety	5,975	5,975	5,975	-
Total expenditures	5,975	5,975	5,975	-
Excess (deficiency) of revenues over (under) expenditures	-	-	(731)	(731)
Fund balance - beginning of year	17,980	17,980	17,980	-
Fund balance - end of year	$ 17,980	$ 17,980	$ 17,249	$(731)

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, 2008

	Hotel/Motel Tax Fund			
	Original Budget	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES				
Taxes	$ 43,000	$ 43,000	$ 36,485	$(6,515)
Total revenues	43,000	43,000	36,485	(6,515)
EXPENDITURES				
Current operating				
Development	43,000	43,000	36,485	6,515
Total expenditures	43,000	43,000	36,485	6,515
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
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, 2008

	FINAL BUDGET	ACTUAL	OVER (UNDER)
Taxes			
Property	$ 2,700,000	$ 2,527,537	$(172,463)
Franchise	960,000	1,028,123	68,123
Insurance premium	522,000	534,608	12,608
Alcoholic beverage	334,000	321,814	(12,186)
Sanitation	205,000	197,308	(7,692)
Ad valorem – motor vehicle	78,000	79,380	1,380
Financial institutions	45,000	31,485	(13,515)
Intangible	35,000	43,368	8,368
Insurance companies	15,000	14,530	(470)
Real estate transfer	10,000	9,996	(4)
Rail car equipment	1,300	1,504	204
Total taxes	4,905,300	4,789,653	(115,647)
Charges for Services			
GCIC fees	1,115,000	742,836	(372,164)
Development fees	120,000	73,308	(46,692)
Sanitation fees commercial	70,000	74,612	4,612
Stormwater management	16,000	21,783	5,783
Fingerprint fees	40,000	34,752	(5,248)
Garbage and trash special	30,000	29,675	(325)
Youth soccer	28,000	22,591	(5,409)
Adult softball	36,800	22,173	(14,627)
Camp	22,000	25,566	3,566
False alarm fees	6,000	2,125	(3,875)
Road race	5,000	5,840	840
Land disturbance & NPDES fees	4,000	2,224	(1,776)
Youth T-ball	3,500	6,080	2,580
Report fees	3,000	3,178	178
Keswick building rent	2,700	1,730	(970)
Rezoning filing fees	2,000	-	(2,000)
Youth misc. activities	1,000	1,410	410
Sale of cardboard and paper	1,000	863	(137)
Alcohol investigation fees	1,000	700	(300)
Animal control services	500	410	(90)
Miscellaneous fees processing	200	68	(132)
Total charges for services	1,507,700	1,071,924	(435,776)
Fines and forfeitures			
Court fines and forfeitures	1,250,000	1,077,203	(172,797)
Total fines and forfeitures	1,250,000	1,077,203	(172,797)

CITY OF CHAMBLEE, GEORGIA
SCHEDULE OF REVENUES – BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	FINAL BUDGET	ACTUAL	OVER (UNDER)
Licenses and Permits			
Business licenses	$ 230,000	$ 221,208	$(8,792)
Alcohol beverage licenses	200,000	167,935	(32,065)
Building permits	130,000	49,174	(80,826)
Electrical permits	20,000	13,751	(6,249)
Heating and A/C permits	12,000	6,312	(5,688)
Permits taxi/alcohol	11,500	9,322	(2,178)
Plumbing permits	11,000	4,278	(6,722)
Prior year business licenses	10,000	6,850	(3,150)
Miscellaneous permits	8,000	6,450	(1,550)
Total licenses and permits	632,500	485,280	(147,220)
Intergovernmental Revenue			
Grants	-	56,457	56,457
Total intergovernmental revenue	-	56,457	56,457
Investment Return			
Interest	155,000	66,922	(88,078)
Total investment return	155,000	66,922	(88,078)
Other			
Miscellaneous	6,450	25,434	18,984
Centennial sponsorship	-	23,746	23,746
MARTA shelters	5,000	12,038	7,038
Tree bank	-	3,188	3,188
Penalties	3,000	2,418	(582)
Total other	14,450	66,824	52,374
Total Revenues	$ 8,464,950	$ 7,614,263	$(850,687)

CITY OF CHAMBLEE, GEORGIA
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	FINAL BUDGET	ACTUAL	OVER (UNDER)
Current Operating			
General government	$ 1,450,067	$ 1,354,475	$ 95,592
Public safety	3,847,784	3,796,859	50,925
Public works	1,896,188	1,866,641	29,547
Development and permits	511,474	426,029	85,445
Parks and recreation	1,855,311	1,375,499	479,812
Court	191,275	175,282	15,993
Total Expenditures	$ 9,752,099	$ 8,994,785	$ 757,314

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, 2008

REVENUES	
Rental motor vehicle excise tax	**$ 88,976**
Total Revenues	**88,976**
EXPENDITURES	
Debt service	**105,303**
Total Expenditures	**105,303**
Excess (deficiency) of revenues over (under) expenditures	**(16,327)**
Fund balance, January 1	**(580,820)**
Fund balance, December 31	**$ (597,147)**

WILCOX & BIVINGS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REPORT ON THE ANNUAL REPORT OF 911 COLLECTIONS AND EXPENDITURES

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

We have examined management's assertion included in the accompanying report about the City of Chamblee, Georgia's compliance during the fiscal year ended December 31, 2008 with the requirement to expend 911 funds in compliance with the expenditure requirements specified in the Official Code of Georgia Annotated (OCGA), Section 46-5-134(m)(1).

Management is responsible for the City of Chamblee, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about the City of Chamblee, Georgia's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City of Chamblee, Georgia's compliance with this requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of Chamblee, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that the City of Chamblee, Georgia complied with the aforementioned requirement for the fiscal year ended December 31, 2008 is fairly stated, in all material respects.

Wilcox & Bivings, P.C.

Suwanee, Georgia
May 28, 2009

REPORT ON COMPLIANCE & INTERNAL CONTROL

WILCOX & BIVINGS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2008, which collectively comprise the City of Chamblee, Georgia's basic financial statements and have issued our report thereon dated May 28, 2009. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. Significant deficiencies are noted in the accompanying schedule of findings and responses as items 2008-1, 2008-2, 2008-3, 2008-4, 2008-5, 2008-6, 2008-7, 2008-8, 2008-9 and 2008-10.

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. However, of the significant deficiencies described above, we consider items 2008-1, 2008-2, 2008-3, 2008-4, 2008-5, and 2008-6 to be material weaknesses.

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*.

The City of Chamblee, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Chamblee, Georgia's response and, accordingly we express no opinion on it. We also noted certain other matters that we reported to management of the City of Chamblee, Georgia, in a separate letter dated May 28, 2009.

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
May 28, 2009

CITY OF CHAMBLEE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008

Finding 2008-1
The City did not reconcile its bank accounts to the general ledger on a monthly basis.

Response
The City reconciled its bank accounts to the general ledger after year end.

The Finance Director will reconcile the bank statements no later than the 20th day of each month.

Finding 2008-2
The City did not reconcile the GCIC receivables aging report to the general ledger on a monthly basis.

Response
The City prepared a GCIC receivable aging report after year end to adjust the receivable balance to the general ledger.

The Finance Director working with the Police Department shall establish a process to ensure that the GCIC receivables are reconciled monthly and all necessary transactions are recorded in the general ledger, effective August 1, 2009.

Finding 2008-3
The GCIC receivable aging report had an extraordinarily high amount of customers with credit balances that were included in the total receivable balance that had to be reclassified to revenue.

Response
The City has reviewed the GCIC receivable aging report and will monitor and adjust the customer credit balances for refunds or write offs on a monthly basis.

As a part of the monthly reconciliation process of GCIC receivables which will be maintained between the Finance Director and the Police Department, all billing adjustments and refunds to customers shall be identified during the monthly reconciliation process and properly handled, effective August 1, 2009.

Finding 2008-4
The City did not reverse all of its prior year accounts payable accrued at the prior year end, therefore, the accounts payable general ledger account and the accounts payable outstanding listing were not reconciled.

Response
The Finance Director shall ensure that all prior year accruals are reversed the subsequent month and shall reconcile the accounts payable general ledger and accountings payable outstanding listing by the 10th of each month.

Finding 2008-5
The City did not have its court bonds on hand reconciled to the general ledger on a monthly basis.

Response
The City prepared a listing of all court bonds on hand after year end to adjust the bonds on hand balance to the general ledger.

The City shall establish a separate escrow checking account for which all court bond funds shall be deposited. Working with the Court, the Finance Director shall reconcile the court bonds on hand detail listing to the general ledger ensuring that only pre-court date money is recorded as court bonds on hand on the general ledger and the money is deposited into the escrow checking account. The Finance Director shall establish and implement additional cash management procedures to ensure that all court financial transactions are properly recorded in the general ledger on a daily basis to become effective in August of 2009.

CITY OF CHAMBLEE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008

Finding 2008-6
The City posts some revenue and expenditure items to an account called the "clearing account". Some of these items represented actual revenues and expenditures, therefore, they should have been recorded as revenues and expenditures.

Response
The City will no longer post revenue and expenditure items to the "clearing account".

Finding 2008-7
The City did not have current employee pay rates in multiple employee personnel files. The City Council did approve a rate sheet that listed employees with approved pay rates when the original budget was adopted. However, the approved rate sheet did not account for any new hires or pay rate adjustments during the year.

Response
The City will examine all employee personnel files and will ensure that the proper pay rate documentation is included in all employee personnel files.

Finding 2008-8
The City did not properly report gift cards given to employees for gifts as taxable income in the employee's year end Form W-2 wage and tax statement. In addition, an employee received a retirement gift that was not included in that employee's year end Form W-2.

Response
The Finance Director will ensure that the City complies with the Internal Revenue Service's Fringe Benefits guidelines for local governments to ensure that all taxable benefits are properly accounted for and reported as income on employees W-2 Forms.

Finding 2008-9
The City did not remit the portion of payments of fines and forfeitures required to be remitted to the Local Crime Victims Assistance Fund and the Drug Abuse Treatment and Education Fund were 12 months in arrears at year end. These fines and forfeitures are required to be remitted monthly.

Response
The City will begin paying the portion of fines required to be remitted to the Local Crime Victims Assistance Fund and the Drug Abuse Treatment and Education Fund monthly.

Finding 2008-10
Expenditures exceeded final budget appropriations in two funds, the Rental Motor Vehicle Excise Tax Fund and the Emergency 911 Telephone System Fund. The expenditures did not exceed the original budget, however, in both funds a portion of the original budget appropriations were reclassified to General Fund appropriations causing the excess expenditures in these two funds.

Response
The City will monitor its budget to ensure that there are no expenditures exceeding final budget appropriations in the future.